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Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

Vermont Housing Finance Agency
164 St. Paul Street, Burlington
Thursday, December 15, 2005 at 9:30 a.m.

VHFA Board Members Present:
Lisa Mitiguy Randall – Chair, Paul Beaulieu, Thomas Candon (designee for Crowley), Kevin Dorn, Bart Frisbie, Beth Pearce (designee for Spaulding), Gus Seelig

VHFA Board Member Absent:
Dagyne Canney

Staff: Dave Adams, Sarah Carpenter, Renee Couture, Pat Crady, Elizabeth Mullikin Drake, Joe Erdelyi, Sam Falzone, Rick Jean, Pat Loller, Gary Marini, Liza Plantilla

Chair Randall called the meeting to order at 9:37 a.m. A quorum of the Board was present.

BOARD MINUTES

Mr. Seelig made a motion to approve the November 10, 2005 Board of Commissioners meeting minutes. Mr. Candon seconded the motion which was approved by all except Mr. Beaulieu and Ms. Pearce who abstained.

CONSENT AGENDA

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

~ Resolution Re: Construction Financing and Proposed Use of Bond Housing Credits for Green Mountain Apartments, Northfield
~ Resolution Re: Reduction in Allocation of State Housing Credits for Creekview Housing, Vergennes
~ Resolution Re: Increased Allocation of State Housing Credits for Groton Community Housing, Groton

Mr. Beaulieu seconded the motion which was unanimously approved.

FINANCE

Multifamily Bonding Authority

Mr. Marini distributed a resolution to authorize the issuance of up to $25 million in bonds for multifamily projects, explaining that $25 million is the approximate annual amount issued.

Mr. Candon made a motion to approve the "Resolution Authorizing the Issuance and Sale of a Maximum of $25,000,000 of Bonds In One or More Series to Finance Multi-Family Projects." Mr. Seelig seconded the motion which was unanimously approved.

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Volume Cap Update
Ms. Carpenter explained that the state issuing agencies met by phone and agreed on the reallocation of 2005 private activity bond cap. The recommendation was sent to the Governor. The Emergency Board will meet in mid-January to approve the request for allocation of 2006 bond cap.

Quarterly Reports
Mr. Marini answered questions about the Quarterly Reports.

Ms. Randall asked whether the notation used in the year-end financial statements with respect to the VHCB Participation Loans could be duplicated on these interim reports. In general, she indicated that it would be desirable to reflect the information in the year-end financials on a monthly basis, if it doesn't create a lot of additional work. Mr. Marini replied that this formatting could be duplicated on the Statement of Net Assets, a quarterly report.

Ms. Randall also asked staff to keep in mind the production of more timely reports when researching a new software system. Mr. Marini explained that, even with the current software systems, staff should be able to issue quarterly reports within 30 days after the quarter and that staff is progressing toward that goal.

DEVELOPMENT
Underwriting Among Funding Agencies
Mr. Erdelyi explained that developers work three tracks in parallel to bring a project forward: permitting, site control and financing. When a developer submits an application for financing, staff at the various agencies (VHFA, CDBG, or VHCB) applies different skill sets and analyses, depending on the regulations associated with the source of funds.

Discussion ensued regarding how the process of obtaining funding might be streamlined for the developer and how the agencies (funders) might attain greater efficiency by working together to underwrite projects. Mr. Dorn asked that staff present the VHFA Board with recommendations to this end, or that it inform the Board that the goal is not achievable.

Mr. Erdelyi said that the common application form is expected to be ready in February or March. Mr. Erdelyi is also pursuing agreement among agencies regarding their technical and financial underwriting guidelines. Other thoughts for achieving the goal of streamlining the process include encouraging earlier communication among the various agencies' staff, providing recommendations to developers for the order of application to various funders, clarifying for developers the regulations associated with the various sources of funds, achieving efficiencies among the agencies in the monitoring of projects, and unification of priorities conveyed in the Qualified Allocation Plan and the Consolidated Plan. The obvious issue with more difficulty is whether any of these steps or processes should be consolidated with one agency or another.

Ms. Carpenter suggested that the next steps, after rollout of the common application and agreement among agencies about underwriting guidelines, would be to seek input from developers regarding their observation of the system of application and their recommendations for changes in protocol, and for the boards of the three agencies to specify their comfort level with delegating any parts of the review and decisions about applications.

As an aside, Ms. Carpenter explained that the VHFA Underwriting Guidelines may need modest updating and that the Audit/Risk Management Board Committee should look at them.

LEGISLATIVE UPDATES – 2006 SESSION

VHFA Act

Ms. Carpenter referred the Board to the white paper which summarizes changes that will be made to S.127 based on discussion and action taken at the November 10, 2005 Board meeting.

Mr. Candon made a motion to approve the use of the white paper as the basis for changes to be made to S.127. Mr. Beaulieu seconded the motion which was unanimously approved.

Property Transfer Tax Exemption

Ms. Carpenter reviewed the reasons staff is seeking to increase the property transfer tax exemption for VHFA borrowers. She added that the vehicle for pursuing would, again, be S.127.

Mr. Frisbie made a motion to authorize staff to seek a legislative change to the Property Transfer Tax Exemption for VHFA borrowers, raising the exemption limit from $100,000 to $140,000. Mr. Beaulieu seconded the motion which was approved by all except Mr. Seelig who abstained.

"HOMES FOR VERMONTERS" – Governor's Housing Initiatives

Referencing the draft presented at the October Board Retreat, Ms. Carpenter walked through the proposals of the Governor's Housing Initiatives (Initiatives), "Homes for Vermonters," updating the Board with feedback she's been hearing, explaining roles that VHFA could play and setting out her thinking so that the Board might determine how she should respond publicly to questions of the Initiatives.

Ms. Randall asked that the Governor's Initiatives be kept on the Agenda on an ongoing basis so that the Board is kept apprised of changes or new developments.

Mr. Dorn expressed that the Board should inform staff as to how staff should respond to questions of these Initiatives. Discussion followed. Both Mr. Seelig and Mr. Dorn conveyed that the New Neighborhood Program, some form of land banking program and Employer Assisted Housing should be priorities. Mr. Seelig relayed that the Executive Director should communicate with the Board Chair and, to the extent issues become controversial, the rest of the Board should be informed as necessary. Ms. Randall expressed her confidence in Ms. Carpenter to convey the Board's position in an apolitical way. She also mentioned that email could be used when issues are moving quickly and that Board members should respond to those emails if only to say that it was received. There was also consensus among the Board members around its enthusiasm about seeing these Initiatives come from the state.

Ms. Pearce requested an update at the January 3, 2006 Board meeting.

ADMINISTRATIVE

Software Replacement

Ms. Loller reviewed her memo regarding staff's request for conceptual approval to conduct due diligence with respect to the purchase of software to replace Mitas. She added that, if the Board grants approval, staff would hold off on implementing Mitas' newest release. Discussion followed about the alternatives to Mitas.

Mr. Candon moved to approve that staff should conduct due diligence with respect to finding an alternative to Mitas software. Mr. Beaulieu seconded the motion which was unanimously approved.

Imaging Software
Ms. Loller explained that staff has acquired an estimate for imaging software. Mr. Jean added that this software will interface with whatever software is purchased to replace Mitas. He also explained that staff would like to move forward with the purchase of imaging software as staff has time now for implementation. Staff intends to return to the Board at its January 2006 meeting with a proposal.

HUD Reporting Software
Ms. Loller explained that the Agency will need to replace its HUD reporting software in the next year as the current vendor has announced that it will no longer enhance the product. This may or may not be done in conjunction with replacing Mitas.

HOMEOWNERSHIP

Federal Recapture Tax Reimbursement
Ms. Crady reviewed her memo regarding reimbursement of the Federal Recapture Tax (Tax). The Board's decision to hold a borrower harmless from payment of this Tax would pose negligible risk and eliminate a big perception problem, as the Agency would be able to market that it has done away with recapture. She added that, if the Agency should pay a borrower's Tax, it would then issue a 1099-M, which would represent taxable income to the borrower.

Ms. Pearce made a motion to approve staff's request to reimburse recapture tax paid by borrowers meeting the conditions outlined in Ms. Crady's memo dated December 8, 2005. Mr. Beaulieu seconded the motion which was unanimously approved.

Delinquency Reports
Homeownership Delinquency Reports (Fiscal Year 2006 through November 30, 2005) were distributed by Ms. Crady.

DEVELOPMENT

Winooski Downtown Redevelopment – Barlow Square Update
Mr. Erdelyi announced that the developer of Barlow Square (for which the Board has approved a total of $2.2 million in low income housing tax credits) is expected to close on the acquisition in the next couple of weeks. Mr. Erdelyi reviewed the final unit mix, total development cost, expected completion date and structure of ownership and financing. He added that a lot of work was going on to get Barlow Square closed.

Both Mr. Seelig and Ms. Randall thanked Mr. Erdelyi, Ms. Mullikin Drake and Mr. Adams for their outstanding work on Barlow Square and the Winooski Downtown Redevelopment Project.

Courtyard, Winooski

Mr. Erdelyi explained to the Board that a proposal in which Winooski Housing Authority is to buy and renovate a 100-unit senior housing project in Winooski may come before the Agency in the next few months. This is a difficult project because a transfer by the current owners disqualified the project from receiving tax credits for five more years, but it is very marketable and probably should be preserved now.

ADJOURNMENT

Mr. Seelig made a motion to adjourn the meeting. Mr. Candon seconded the motion and the Board unanimously approved to adjourn the meeting at 1:20 p.m.

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Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Director of Development JE

DATE: January 3, 2006

RE: Applications for Allocated 2006 Housing Credits

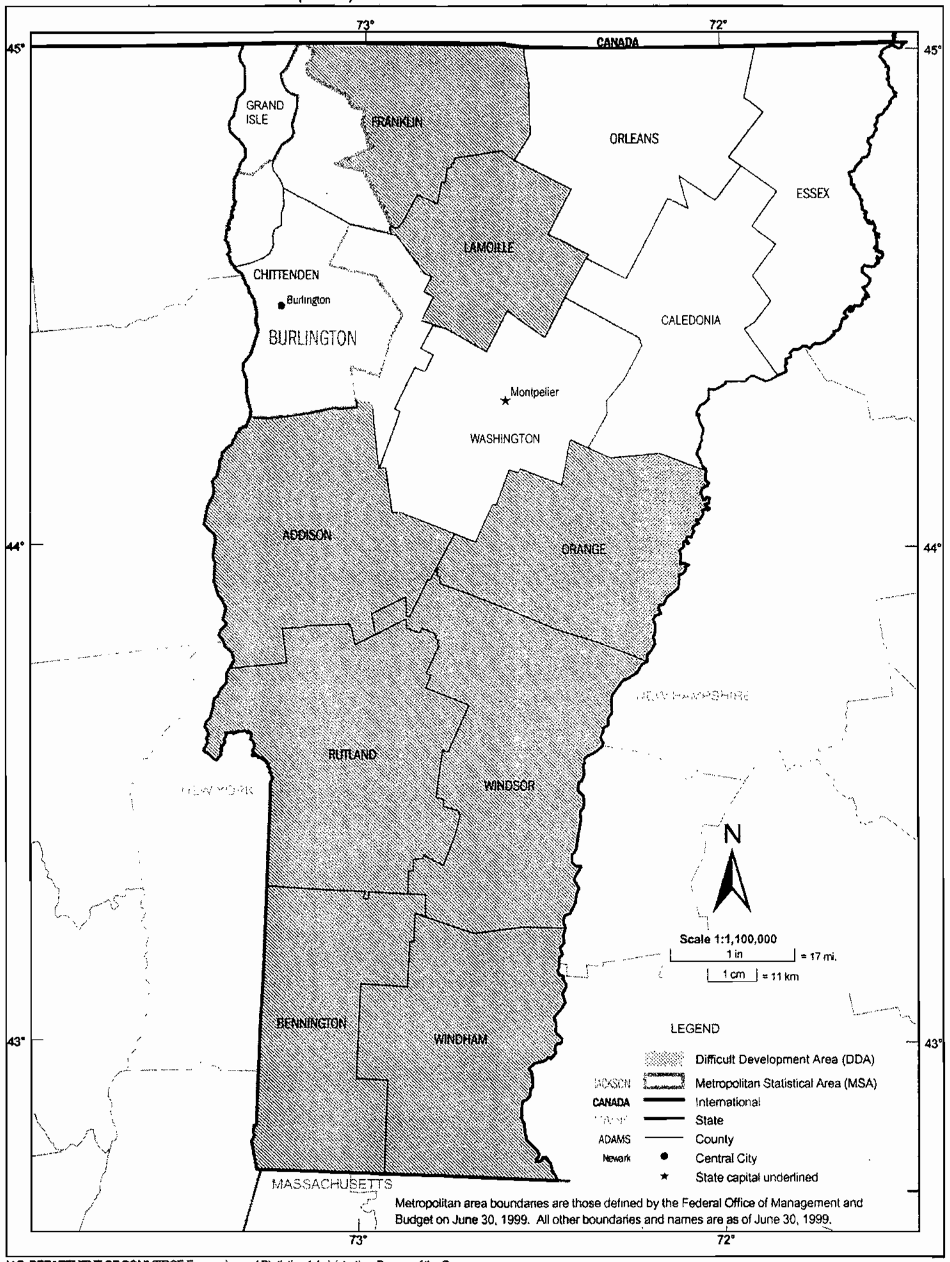
Recommendation:
No action is requested at this time.

Applications for Credit:
Attached are the maps showing the different areas qualifying as Difficult Development Area ("DDAs") in 2005 and 2006. Projects in these areas qualify for up to 30% more credits due to high housing costs. The rules were changed in the Federal tax code within the last two years to accommodate applications "in-process." Developers who had put together budgets and financing plans were feeling blindsided by the annual changes in DDAs published by HUD (i.e., the developer counts on the 130% boost in basis when preparing a budget and finds out that, due to timing issues, the project no longer qualifies). The new rules allow for developers to submit an application and have a one-year period to get an allocation of credits. The allocating agency must determine the application to be complete. If the project is located in an area that was a DDA at the time of application but is no longer (at the start of the following year), the project retains its eligibility for the boost in basis. The important consideration here is that the developer get a Carryover Allocation of credits within a year of the application date; the Code is very specific about what constitutes an allocation. A Reservation Certificate, Binding Agreement to Allocate Credits, and a Letter of Intent to Allocate Credits do not meet the test. Therefore, only projects in DDAs that get credits from the 2006 credit ceiling can get the basis increase. (Should any of those areas dropped from the DDA list in 2006 regain their status in 2007, they would again be eligible. This would be quite a gamble though. Maura Collins has looked at the HUD methodology and told staff it is not possible to forecast the DDA changes with any accuracy.) Staff's first effort at resolving this situation was to look at the approved projects and see if any could be postponed to use 2007 credits and one could (West River Valley Senior Housing in Townshend). The funding and site control issues were not time-critical, and the sponsors have agreed to return their Reservation of 2006 credits in exchange for a reservation of 2007 credits.

In 2006 the available credit ceiling is $1,484,540. The applications for allocated ceiling credit total $1,787,500 (see attached). However, one of those applications (Callahan) is in the Old North End of Burlington. This area is a so-called Qualified Census Tract ("QCT"), which also can get the 130% basis boost. On the assumption that this area will continue to be a QCT in 2007, staff suggested to the developer that the Callahan project be considered for funding from the 2007 credit ceiling, which puts less demand on the 2006 credit ceiling. Excluding Callahan, the 2006 credit requests (as outlined in the attached status report total $1,532,500. The difference between requests and available credit ($47,960) could be made up by shifting costs to other funding sources including the State tax credit. Staff feel this is achievable, and therefore all of the 2006 applications can be funded. If the State were to receive the same credit ceiling in 2007 as 2006 (and it will probably receive more, as credits are indexed and grow annually), the State would have no 2006 credits and $1,505,000 in 2007 credits after doing all of these developments.

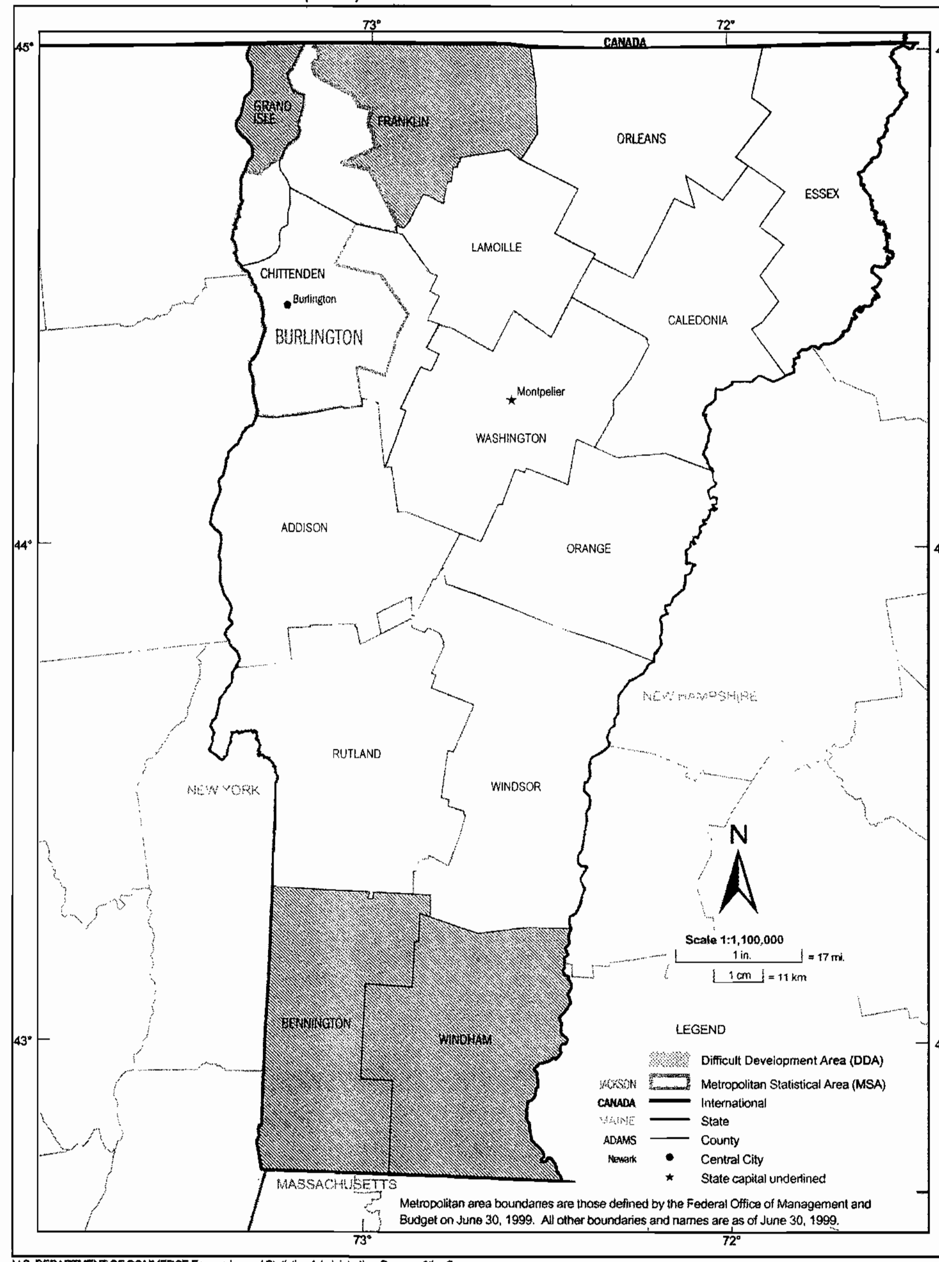
The two projects being brought forward this month (Callahan and Bradford) are time-sensitive for both site control and funding. Virtually all of the other funding is committed to these two projects, and the sellers of buildings in both of these developments have repeatedly extended the purchase and sales contracts.

DIFFICULT DEVELOPMENT AREAS (DDAs) > 2005



U.S. DEPARTMENT OF COMMERCE Economics and Statistics Administration Bureau of the Census

DIFFICULT DEVELOPMENT AREAS (DDAs) > 2006



U.S. DEPARTMENT OF COMMERCE Economics and Statistics Administration Bureau of the Census

Housing Credit Status Report

2004 Carry Forward to 2005		2,220,830	
Total 2005 Available		2,125,000	
Total 2006 Available		2,190,000	
2005 Returns		7,170	
Total 2005-06 Available:		6,543,000	
Less: LOI, Res, CA issued in 2005		5,058,460	
Remaining Available in 2005-06:			1,484,540

Project Name	City	County	MSA / Non MSA	Total # of Units	# of LIHTC Units	Project Type	Housing Credit Allocation	Status
Pipeline								
New Construction - Family	Vergennes	Addison	Non MSA	40		New Construction	370,000	
Norwich	Norwich	Windsor	Non MSA			New Construction	430,000	
Leader Property	St Albans	Franklin	MSA	30		New Construction	525,000	
Warren	Warren	Washington	Non MSA	36		New Construction	385,000	
Woodstock	Woodstock	Windsor	Non MSA	26		New Construction	510,000	
							2,220,000	
Pre-Applicaton Meetings								
Callahan Housing	Burlington	Chittenden	MSA	28	28	Rehabilitation	255,000	to use 2007 credits
Bradford	Bradford	Orange	Non MSA	31	32	Rehabilitation	397,500	to use 2006 credits
Rutland Scattered	Rutland	Rutland	Non MSA	13	12	New Construction/Rehab	227,000	to use 2006 credits
Stowe	Stowe	Lamoille	Non MSA	28	23	New Construction	510,000	to use 2006 credits
Middlebury South Village	Middlebury	Addison	Non MSA	30	25	New Construction	398,000	to use 2006 credits
Letter of Intent, Reservation, or Carryover Allocation Issued								
Enosburg Falls Downtown Redevelopment	Enosburg Falls	Franklin	Non MSA	28	25	New Construction/Rehab	509,250	Board Approved Nov-05
Main Street Mill Redevelopment	Richford	Franklin	Non MSA	12	12	Rehabilitation	162,500	Board Approved 9/22/05
Wilder Building	Brattleboro	Windham	Non MSA	8	8	Rehabilitation	118,500	Board Approved 9/22/06
West River Valley Senior Housing	Townshend	Windham	Non MSA	52	34	New Construction	430,000	Board Approved 6/9/05; to use 2007 credits
Southview Apartments	Springfield	Windsor	Non MSA	69	54	Acq/Rehab	360,000	Board Approved 6/9/05
Sadawga Springs Apartments	Whitingham	Windham	Non MSA	9	7	Acq/Rehab	112,350	Board Approved 5/19/05
Oak & Homestead	Brattleboro	Windham	Non MSA	16	15	Rehab	224,000	Board Approved 1/20/05; LOI issued
Dorset Housing	Dorset	Bennington	Non MSA	20	16	Rehab	273,000	Board Approved 12/04; 05 Res Cert Issued
Stone Hill	Middlebury	Addison	Non MSA	27	22	New Construction	378,000	Board Approved 12/04
Waugh Opera Block	St Albans	Franklin	MSA	20	16	New Construction	233,600	Has 2005 Reservation & Carryover
Whitcomb Terrace	Essex Junction	Chittenden	MSA	19	15	New Construction	168,000	Has 2004 Reservation & Carryover
River Station	Montpelier	Washington	Non MSA	36	29	New Construction	465,000	Board Approval 4/29/04; 05 res cert issued
Barlow Square	Winooski	Chittenden	MSA	213	98	New Construction	2,214,260	Board approval 10/7/05
Butterfield Family	West Dover	Windham	Non MSA	7	7	Rehab	147,500	Has 2004 Reservation & Carryover
Stony Creek	Wilder	Windsor	Non MSA	18	18	New Construction	271,374	Construction Complete; 8609s Issued
Templeton Court Rehab	White River Jct	Windsor	Non MSA	10	10	New Construction	147,525	Construction Complete; 8609s Issued
Waterfront	Burlington	Chittenden	MSA	40	28	New Construction	485,000	Has Carryover; Construction Complete
Shelburne Interfaith	Shelburne	Chittenden	MSA	20	16	New Construction	280,000	Construction Complete; 8609s Issued
Island Housing	Grand Isle	Grand Isle	MSA	16	15	Rehab	183,750	Construction Complete; 8609s Issued
Monarch Apartments	Essex Jct	Chittenden	MSA	30	26	Rehab	366,722	Has 03 Carryover; Construction complete
Tuttle Building	Rutland	Rutland	Non MSA	13	13	New Construction	160,000	Has 2003 Carryover

State Consolidated Plan Priorities / Other Priorities Table

2006-2007	First Tier						Second Tier						
	Rehab or Vacancy <3.5%	Family Housing	Settlement Pattern	Downtown or Village Center	Removal of Blight	Special Needs	Mixed Income	Unique Design	<30% or targets homeless	Public Housing	Eventual Tenant Ownership	Total	
Bradford Scattered Sites	XX	XX	XX	XX								47%	$ 397,500
Callahan	XX	XX	XX	XX								47%	$ 255,000
Middlebury South Village	XX	XX	XX	XX								47%	$ 398,000
Rutland Scattered Sites	XX	XX	XX	XX			X					53%	$ 227,000
Stowe Family Housing	XX	XX	XX	XX								47%	$ 510,000

2004-2005													
Sadawga Springs Apartments	XX	XX	XX	XX	XX		X					65%	$ 112,350
Southview, Springfield	XX	XX	XX	XX			X		X			59%	$ 360,000
Oak & Homestead	XX	XX	XX	XX			X		X			59%	$ 224,000
Waugh Opera House	XX		XX	XX	XX		X	X				59%	$ 233,600
Barlow Square	XX	XX	XX	XX			X					53%	$ 2,214,260
River Station	XX	XX	XX	XX			X					53%	$ 460,000
Whitcomb Terrace	XX		XX			XX	X	X	X			53%	$ 168,000
Stone Hill	XX	XX	XX	XX			X					53%	$ 36,000
West River Valley Senior			XX	XX		XX	X		X			47%	$ 430,000
Wilder Block	XX		XX	XX	XX							47%	$ 118,500
Main Street Mill Revelopmt Richford	XX		XX	XX	XX							47%	$ 162,500
Enosburg Falls Housing			XX	XX	XX			X				41%	$ 509,250
Dorset Housing	XX	XX					X					33%	$ 260,000

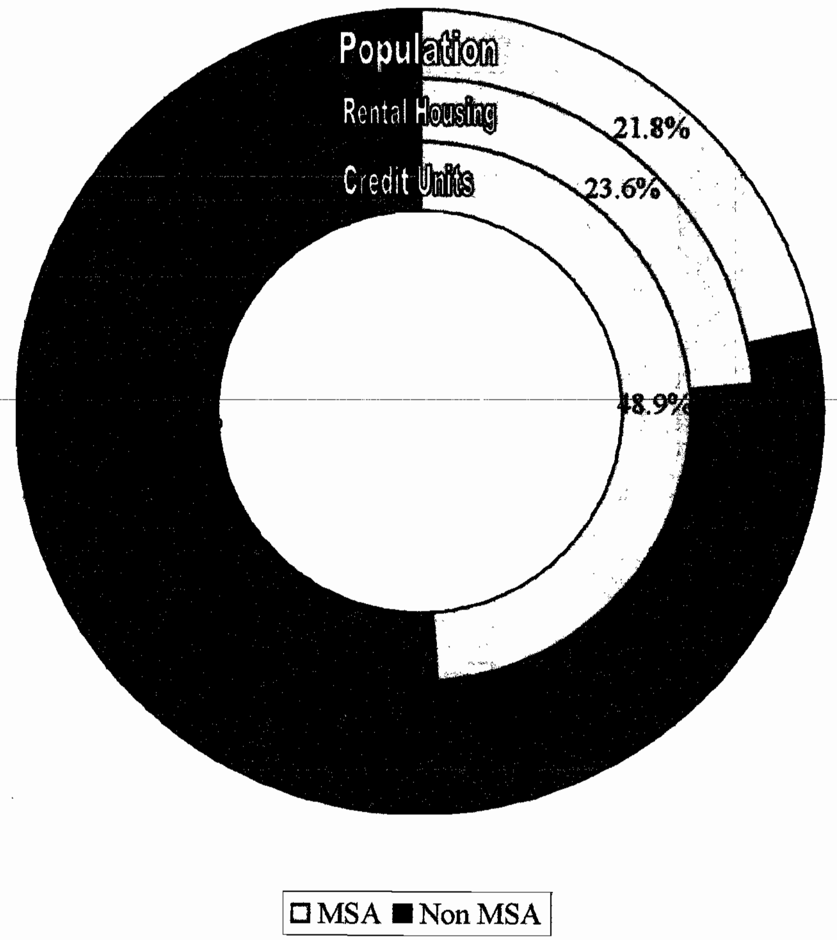
2003 Round One	First Tier						Second Tier						
	Rehab or Vacancy <2%	Family Housing	Settlement Pattern	Downtown	Removal of Blight	Special Needs	Mixed Income	Growth Center	<30%	Public Housing	Eventual Tenant Ownership	Total	Credits Requested
Roosevelt Apartments	XX	XX	XX	XX				X	X			59%	$ 387,189
Shelburne Family Housing	XX	XX	XX		X		X	X	X			59%	$ 272,000
203 Pearl Street	XX	XX	XX		X		X	X				53%	$ 350,143
Essex Village Family Housing	XX	XX	XX				X	X				47%	$ 580,000
Island Housing	XX	XX	XX				X					41%	$ 175,000
Whetstone Housing	XX		XX	XX				X				41%	$ 135,000
Tuttle Building	XX		XX	XX								35%	$ 160,000
Arbor Gardens Phase II	XX	XX						X				29%	$ 240,682

2003 Round Two	First Tier						Second Tier						
	Rehab or Vacancy <2%	Family Housing	Settlement Pattern	Downtown	Removal of Blight	Special Needs	Mixed Income	Growth Center	<30%	Public Housing	Eventual Tenant Ownership	Total	Credits Requested
Roosevelt Apartments	XX	XX	XX	XX				X	X			59%	$ 387,079
Riverside Village	XX	XX	XX				X	X				47%	$ 580,000
Butterfield Commons Family	XX	XX	XX					X				41%	$ 119,000
Stony Creek	XX	XX	XX					X				41%	$ 271,374
Arbor Gardens Phase II	XX	XX					X	X				35%	$ 196,371

2002 Round One	First Tier						Second Tier						
	Rehab or Vacancy <2%	Family Housing	Settlement Pattern	Downtown	Removal of Blight	Special Needs	Mixed Income	Growth Center	<30%	Public Housing	Eventual Tenant Ownership	Total	Credits Requested
Depot Street	XX	XX	XX	XX			X	X				59%	$ 415,000
Randolph Family Housing	X	XX	XX	XX			X	X	X			59%	$ 120,000
Templeton Court Rehab	XX	XX	XX					X	X	X		53%	$ 140,500
Burlington Family Rehab	XX		XX	XX				X	X			47%	$ 85,000
Old North End Renaissance	XX		XX	XX				X	X			47%	$ 127,000
Arbor Gardens	XX	XX						X				29%	$ 32,357
Park Village II	XX	X							X			24%	$ 352,369
Sunrise Settlement		XX	XX									24%	$ 363,530

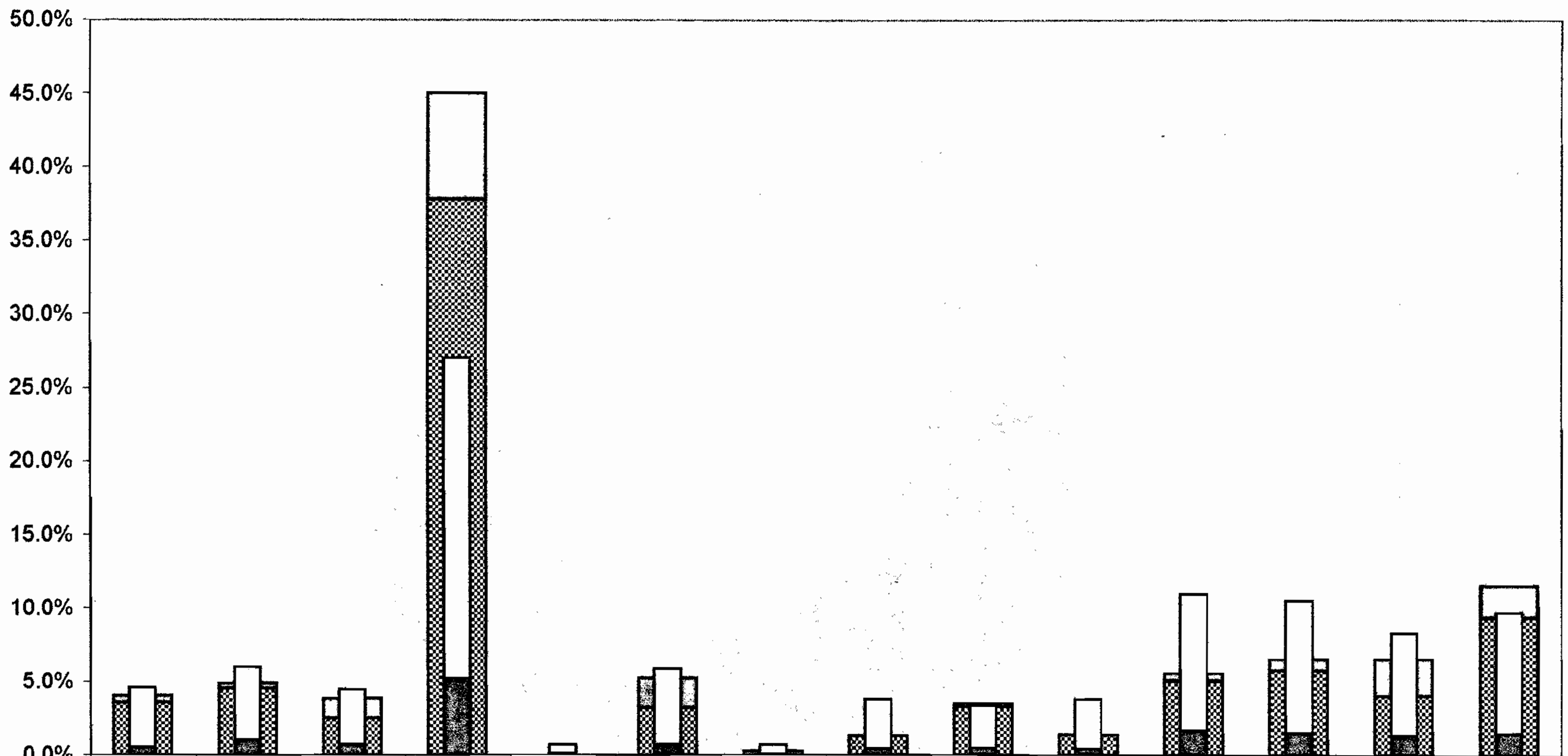
2002 Round Two	First Tier						Second Tier						
	Rehab or Vacancy <2%	Family Housing	Settlement Pattern	Downtown	Removal of Blight	Special Needs	Mixed Income	Growth Center	<30%	Public Housing	Eventual Tenant Ownership	Total	Credits Requested
Waterfront Housing	XX	XX	XX	XX			X	X				59%	$ 485,000
Roosevelt Apartments	XX	XX	XX	XX				X				53%	$ 374,422
203 Pearl Street	XX	XX	XX					X				41%	$ 369,713
Highgate Redevelopment	XX	XX	XX						X			41%	$ 310,000
Manchester Commons	XX	XX	XX					X				41%	$ 108,149
Arbor Gardens Phase II	XX	XX						X				29%	$ 244,060
Stowe Housing	XX	XX										24%	$ 505,000

MSA / Non MSA



Population
Rental Housing
Credit Units
21.8%
23.6%
48.9%
MSA
Non MSA

Geographic Distribution



	Addison	Bennington	Caledonia	Chittenden	Essex	Franklin	Grand Isle	Lamoille	Orange	Orleans	Rutland	Washington	Windham	Windsor
units in process	0.5%	0.4%	1.4%	7.2%	0.0%	2.0%	0.3%	0.0%	0.2%	0.0%	0.5%	0.8%	2.5%	2.2%
units in service	3.6%	4.5%	2.5%	37.8%	0.0%	3.2%	0.0%	1.3%	3.3%	1.4%	5.1%	5.8%	4.1%	9.4%
all assisted units	0.56%	1.06%	0.74%	5.24%	0.11%	0.74%	0.07%	0.46%	0.50%	0.47%	1.67%	1.55%	1.34%	1.52%
all rental housing	4.6%	6.0%	4.5%	27.0%	0.8%	5.9%	0.7%	3.8%	3.4%	3.8%	11.0%	10.5%	8.3%	9.7%

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Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Liza Vedder Plantilla, Multifamily Development Underwriter LVP

DATE: December 28, 2005

RE: Request for Allocated Credit: Callahan Housing

Name:	Callahan Housing	**Location:**	Burlington
Housing Type:	General Occupancy	**Unit Type:**	Flats
Unit Count:	28 Total Units 28 Housing Credit Units	**Unit Sizes:**	10 studios @ 374 sq. ft. 3 one-bedrooms@ 626 sq. ft. 12 two-bedrooms @ 725 sq. ft. 3 three-bedrooms @ 1100 sq. ft.
Total Cost:	$4,290,147	**Per S.F. Acquisition & Construction Cost:**	$189
Loan Requested:	n/a	**Sponsors:**	Burlington Community Land Trust and Housing Vermont
Housing Credits:	$255,000 (Ceiling "9%" Credits)		
Other Funding:	HOME, VHCB, VCDP, REEP, AHP, City of Burlington, BED & VT Gas, Neighborworks, VHCB LEAD funds, City of Burlington LEAD funds		

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

Project Summary: The Burlington Community Land Trust is requesting allocated tax credits for the rehabilitation of twenty eight (28) units in six buildings in Burlington's Old North End. The buildings are located at 31-33 North St., 132-136 North St., 44 Front St., 163-165 Intervale Ave., 171-173 Intervale Ave and 177 Intervale Ave. Four of the buildings (ten units) are currently part of BCLT's portfolio of rental co-ops. They are in good condition and will be acquired for their outstanding debt. The remaining two buildings on North Street are owned by Bill Bissonette. Rehabilitation to the BCLT units will be moderate. The North Street properties will see more substantial rehabilitation; 132-136 North Street is being gutted. Scott + Partners have prepared the scope of work for 132-136 North Street . Tom Dillon prepared the estimates for the co-ops and 33 North Street. All funding is in place with the exception of the City of Burlington Lead Funds. Overall, the City has been very supportive of the project, and funding is likely.

Overview: The Burlington Community Land Trust has been helping to manage a number of rental co-ops, and has been the primary borrower on the mortgages for these properties since the mid-eighties. Experience has taught the Land Trust that small rental co-ops (those less than 20 units) do not thrive, and it has been helping the co-ops to restructure themselves to lessen both BCLT's financial risk and management expense. Currently, there are four co-ops that the Land Trust would like to convert to Tax Credit apartments. Economies of scale demand that these projects be rolled into a larger project, and Bill Bissonette is selling two of his building in the Old North End which are very near to the co-ops.

This project will rehabilitate two buildings that, while providing affordable housing to Section 8 Voucher holders, are very run down and in need of better management. It will also help to secure these units' affordability. Currently, the rental coops are a liability to BCLT; due to their small size, they are unable to afford a management fee. Conversion of these units to LIHTC units will help ensure that BCLT can cover the costs a management fee. Conversion of these units to LIHTC units will help ensure that BCLT can cover the costs that they incur for the management work that they do going forward. There are few market concerns as there is no net increase in units, and many tenants will remain in place. The study does indicate that there is sufficient demand for the number of efficiency units, due largely to the sizable population of residents in Burlington who do not own cars as well as BCLT's long waitlist for such units. It was also stated that the Land Trust should aim to retain as many of the tenants with Section 8 vouchers as possible for the health of the project. Many of the current tenants at the North Street buildings do have vouchers.

Tax Credit Discussion: The project meets four top tier criteria: rehabilitation in a community with vacancy less than 3.5%, family housing (meaning a majority of units are two bedroom or larger), maintains the historic settlement pattern, and is close to a designated downtown.

28-Dec-05 **Callahan**

Total Residential Units:	28	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	28	Increase in Income from Other Sources:	1.50%
Percent Restricted:	100.00%	Increase in Income from Commercial:	0.00%
Total Development Cost:	4,290,147	Expense increase:	3.00%
Total Development Cost per Unit:	153,220	Vacancy Rate:	5%
Total Development Cost Per SF:	240	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	262,089	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	255,000	Sponsor's Estimated Yield:	99.37%

LIHTC - 9%	8.08%	1-Dec-2005
LIHTC - 4%	3.46%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
Commercial Debt	225,000	5.24%	4.00%	30	20
VHCB Old	178,910	4.17%	0.00%		30
VHCB New	450,000	10.49%	0.00%		30
HOME Old	143,920	3.35%	0.00%		30
HOME New	450,000	10.49%	5.75%	30	30
CDBG New	24,172	0.56%	0.00%		30
City of Burl Housing Trust	30,000	0.70%	0.00%		30
BED & VT Gas	14,000	0.33%	0.00%		30
NW-Front & Heritage	33,000	0.77%	0.00%		30
NW Additional	50,000	1.17%	0.00%		30
VHCB/VCDP Planning	0	0.00%	0.00%		30
VHCB Lead Old	10,500	0.24%	0.00%		30
City of Burl Lead Funds	42,000	0.98%	0.00%		30
AHP New	130,000	3.03%			
Total Equity	2,508,645	58.47%	N/A	N/A	
TOTAL SOURCES	4,290,147	100.00%			

USES

Acquisition	1,659,743	38.69%
Construction Hard Costs	1,726,552	40.24%
Soft Costs	903,852	21.07%
TOTAL USES	4,290,147	100%
Gap	0	

General Partner's Capital Contribution	25,086	1.00%
Limited Partner's Capital Contribution	2,483,559	99.00%
Total Equity	2,508,645	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	28
Total Units	28
Unit Fraction	100.00%
Tax Credit Square Footage	17,870
Total Residential Square Footage	17,870
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

28-Dec-05 **Callahan**

#		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	247,536					
2	Purchase of Building(s)	1,402,707	1,402,707		1,402,707		
3	Demolition (without replacement)	0			0		
4	Property Appraisal	5,000	5,000		5,000	5,000	
5	Legal - Title and Recording	4,500	4,500		4,500		
	Subtotal - Acquisition	1,659,743					
	CONSTRUCTION HARD COSTS						
6	Rehabilitation	1,424,710		1,424,710	1,424,710	1,424,710	
7	New Building(s)						
8	Accessory Buildings						
9	Sitework	80,519		80,519	80,519	20,130	
10	Commercial Space Costs (if any)	0					
11	General Requirements	0			0		
12	Contractor Overhead	0			0		
13	Contractor Profit	0			0		
14	Construction Contingency	160,523		160,523	160,523	160,523	
15	Construction Management	0			0		
16	Construction Bond Fee	0			0		
17	Hazardous Materials Abatement	30,000		30,000	30,000	30,000	
18	Off-Site Improvements	0			0		
19	Furnishings, Fixtures, & Equipment	30,800		30,800	0		
20	Other (____________)	0			0		
	Subtotal - Hard Costs	1,726,552					
	SOFT COSTS						
21	Architectural	103,914		103,914	103,914	103,914	
22	Engineering	0			0	0	
23	Legal/Accounting	35,000		35,000	35,000	35,000	
24	Relocation	140,000		140,000	140,000	140,000	
25	Environmental Assessment	8,110		8,110	8,110	8,110	
26	Energy Assessment	0			0	0	
27	Permits/Fees	0			0	0	
28	Independent Market Study	3,000		3,000	3,000	3,000	
29	Construction Period Insurance	7,500		7,500	7,500	7,500	
30	Construction Interest	56,250		56,250	56,250	56,250	
31	Construction Loan Origination Fee	38,750		38,750	38,750	38,750	
32	Taxes During Construction	0			0	0	
33	Clerk of the Works	21,000		21,000	21,000	21,000	
34	Marketing	4,500			4,500	0	
35	Tax Credit Fees	6,850		6,850	6,850	6,850	
36	Soft Cost Contingency	5,500		5,500	5,500	5,500	
37	Permanent Loan Origination Fee	18,478		18,478	18,478	18,478	
38	Lender's Counsel's Fee	0			0	0	
39	Other (__________)	15,000		15,000	15,000	15,000	
	SYNDICATION COSTS						
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES						
44	Developer's Fees	165,000		165,000	165,000	165,000	
45	Other Partnership Fees	165,000		165,000	165,000	165,000	
46	Consultant Fees	0			0		
	RESERVES						
47	Working Capital	0					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves	40,000					
50	Sinking Fund	0					
51	Replacement Reserves	70,000					
	Subtotal - Soft Costs	903,852					
	TOTALS	4,290,147	1,412,207	2,515,904	3,901,811	2,429,715	
	LESS: Amount of Non-qualified Financing						
	LESS: Historic tax Credit (Residential Portion)			485,943	485,943	20%	Historic Credit Rate
	Total Eligible Basis		1,412,207	2,029,961		485,943	Annual Historic Credit
	TIMES: Adjusted for QCT/DDA	130.0%		2,638,949			
	TIMES: Applicable Fraction	100.00%	1,412,207	2,638,949			
	Total Qualified Basis		1,412,207	2,638,949	3,415,868	Long Term Depreciable Basis	
	TIMES: Applicable Percentage		3.46%	8.08%	27.5	Depreciation Schedule	
	Total Annual Credit Qualified		48,862	213,227	124,213	Annual Depreciation	
					0	Short Term Depreciable Basis	
					7	Depreciation Schedule	
					0	Annual Depreciation	

Total Tax Credits Requested	255,000
Estimated Net Syndication Proceeds (**excluding historic credit equity**)	2,508,645
Estimated Yield - Housing Credit Syndication	99.37%
Equity Gap	2,508,645
Credits Needed to fill Equity Gap	255,000

28-Dec-05 **Callahan**

#	Item	Budget	Per Unit	Per s.f.	Equity	Commercial Debt	VHCB old	VHCB new	HOME old	HOME new	CDBG new	City of Burl. Housing Trus	BED & Vt Gas	NW Front & Heritage	NW Additional	VHCB Leac old	City of Burl Lead Funds	AHP new	TOTAL SOURCES
	Allocation of Sources																		
	ACQUISITION				2,508,645	225,000	178,910	450,000	143,920	450,000	24,172	30,000	14,000	33,000	50,000	10,500	42,000	130,000	
1	Land	247,536	8,841	13.85	113,086		26,837	67,500	21,588			4,500		4,950	7,500	1,575			247,536
2	Purchase of Building(s)	1,402,707	50,097	78.50	640,827		152,073	382,500	122,332			25,500		28,050	42,500	8,925			1,402,707
3	Demolition (without replacement)		0	0.00															0
4	Property Appraisal	5,000	179	0.28	4,500														4,500
5	Legal - Title and Recording	4,500	161	0.25	5,000														5,000
	Subtotal - Acquisition	1,659,743	59,277	92.88															
	CONSTRUCTION HARD COSTS																		
6	Rehabilitation	1,424,710	50,883	79.73	755,320	225,000				262,500			9,890				42,000	130,000	1,424,710
7	New Building(s)		0	0.00															0
8	Accessory Buildings		0	0.00															0
9	Sitework	80,519	2,876	4.51	80,519														80,519
10	Commercial Space Costs (if any)		0	0.00															0
11	General Requirements		0	0.00															0
12	Contractor Overhead		0	0.00															0
13	Contractor Profit		0	0.00															0
14	Construction Contingency	160,523	5,733	8.98	150,523														150,523
15	Construction Management		0	0.00															0
16	Construction Bond Fee		0	0.00															0
17	Hazardous Materials Abatement	30,000	1,071	1.68	15,000					15,000									30,000
18	Off-Site Improvements		0	0.00															0
19	Furnishings, Fixtures, & Equipment	30,800	1,100	1.72	30,800														30,800
20	Other (__________)		0	0.00															0
	Subtotal - Hard Costs	1,726,552	61,663	96.62															
	SOFT COSTS																		
21	Architectural	103,914	3,711	5.81	29,742					50,000	24,172								103,914
22	Engineering		0	0.00															0
23	Legal/Accounting	35,000	1,250	1.96	20,000					15,000									35,000
24	Relocation	140,000	5,000	7.83	70,000					70,000									140,000
25	Environmental Assessment	8,110	290	0.45						4,000			4,110						8,110
26	Energy Assessment		0	0.00															0
27	Permits/Fees		0	0.00						9,000									9,000
28	Independent Market Study	3,000	107	0.17	1,500					1,500									3,000
29	Construction Period Insurance	7,500	268	0.42	4,500					3,000									7,500
30	Construction Interest	56,250	2,009	3.15	56,250														56,250
31	Construction Loan Origination Fee	38,750	1,384	2.17	38,750														38,750
32	Taxes During Construction		0	0.00															0
33	Clerk of the Works	21,000	750	1.18	11,000					10,000									21,000
34	Marketing	4,500	161	0.25	2,000					2,500									4,500
35	Tax Credit Fees	6,850	245	0.38	6,850														6,850
36	Soft Cost Contingency	5,500	196	0.31	5,500														5,500
37	Permanent Loan Origination Fee	18,478	660	1.03	9,478														9,478
38	Lender's Counsel's Fee		0	0.00															0
39	Other (__________)	15,000	536	0.84	7,500					7,500									15,000
	SYNDICATION COSTS																		
40	Organizational (Partnership)		0	0.00															0
41	Bridge Loan Fees and Expenses		0	0.00															0
42	Syndication Consultant		0	0.00															0
43	Tax Opinion		0	0.00															0
	DEVELOPER'S FEES																		
44	Developer's Fees	165,000	5,893	9.23	170,000														170,000
45	Other Partnership Fees	165,000	5,893	9.23	170,000														170,000
46	Consultant Fees		0	0.00															0
	RESERVES																		
47	Working Capital		0	0.00															0
48	Rent-up (Deficit Escrow) Reserve		0	0.00															0
49	Other Operating Reserves	40,000	1,429	2.24	40,000														40,000
50	Sinking Fund		0	0.00															0
51	Replacement Reserves	70,000	2,500	3.92	70,000														70,000
	Subtotal - Soft Costs	903,852	32,280	50.58															
	TOTAL DEVELOPMENT COSTS	4,290,147	153,220	240	2,508,645	225,000	178,910	450,000	143,920	450,000	24,172	30,000	14,000	33,000	50,000	10,500	42,000	130,000	4,290,147

28-Dec-05 **Callahan**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br		374	9	490	0	52,920
1 Br		626	4	568	0	27,264
2 Br		725	12	703	0	101,232
3 Br		1,100	3	760	0	27,360
4+ Br		0	0	0	0	0
	Totals	17,870	28			208,776

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br			0	0	0	0
1 Br		0	0	0	0	0
2 Br			0	0	0	0
3 Br			0	0	0	0
4+ Br		0	0	0	0	0
	Totals	0	0			0
All Units						
	Grand Totals	17,870	28			208,776
		Less Vacancy	5.00%			(10,439)
					NET RENT	198,337

OTHER INCOME

Laundry	
Parking	0
Commercial Space Income	
Other	500
TOTAL INCOME	198,837

28-Dec-05 **Callahan**

	Annual	Monthly	Per Unit Per Month
Administration			
Management Fee	21,840	1,820	65
Supportive Services		0	0
Audit/Accounting	3,528	294	11
Legal	1,680	140	5
Compliance Monitoring	1,008	84	3
Marketing	672	56	2
Other	2,688	224	8
TOTAL ADMINISTRATIVE	31,416	2,618	94
Utilities			
Electricity	5,040	420	15
Fuel	16,800	1,400	50
Water and Sewer	10,752	896	32
Fire Alarm / Emergency		0	0
Other	1,008	84	3
TOTAL UTILITIES	33,600	2,800	100
Maintenance			
Maintenance / Janitor Payroll	20,160	1,680	60
Janitor Supplies		0	0
Exterminating		0	0
Trash Removal	10,416	868	31
Snow Removal		0	0
Grounds	8,400	700	25
Repairs Material		0	0
Repairs Contract		0	0
HVAC Repairs / Maintenance	5,040	420	15
Elevator Contract / Repairs		0	0
Painting and Decorating	5,040	420	15
Other		0	0
TOTAL MAINTENANCE	49,056	4,088	146
Real Estate Taxes	23,146	1,929	69
Property Insurance	10,080	840	30
Replacement Reserves	13,440	1,120	40
Primary Debt Service		0	0
Other "must pay" debt service		0	0
Other		0	0
Total	160,738	13,395	478

Callahan

Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+
		Check all Applicable								A					B: OCCUPIED BY: Income level of residents to be served:						C: AFFORDABLE TO: Units affordable to residents at:					
44 Front Street	1	1			1	1				2	840	660	32	692		1						1				
	2	1			1	1				3	1,100	760	38	798		1						1				
	3				1	1				1	670	550	24	574		1						1				
163-165 Intervale	4	1			1	1				3	1,100	760	38	798		1						1				
	5	1			1	1				3	1,100	760	38	798		1						1				
	6	1			1	1				2	840	660	32	692		1						1				
171-173 Intervale	7	1			1	1				2	840	660	32	692		1						1				
	8	1			1	1				1	670	550	24	574		1						1				
	9	1			1	1				2	840	660	32	692		1						1				
177 Intervale	10	1			1	1				2	840	660	32	692		1						1				
	11				1	1				2	840	660	32	692		1						1				
33 North Street	12				1	1				2	610	745	32	777			1						1			
	13				1	1				2	610	745	32	777			1						1			
	14				1	1				2	610	745	32	777			1						1			
	15				1	1				2	610	745	32	777			1						1			
	16				1	1				2	610	745	32	777			1						1			
	17				1	1				2	610	745	32	777			1						1			
132 North Street	18				1	1				0	385	510	16	526		1						1				
	19	1			1	1				0	370	465	16	481		1						1				
	20	1			1	1				1	585	550	24	574		1						1				
	21	1			1	1	1			0	308	465	16	481		1						1				
	22	1			1	1				0	312	465	16	481		1						1				
	23	1			1	1	1			0	317	465	16	481			1						1			
	24				1	1				0	357	510	16	526			1						1			
	25				1	1				0	357	510	16	526			1						1			
	26				1	1				0	578	620	24	644			1						1			
	27				1	1				1	451	510	16	526			1						1			
	28				1	1				0	505	510	16	526			1						1			
Total # Units	**28**	**14**	**0**	**0**	**28**	**28**	**2**	**0**	**0**	**Totals:**	17,865	17,390		**Total # Units:**	0	16	12	0	0	0	0	16	12	0	0	0

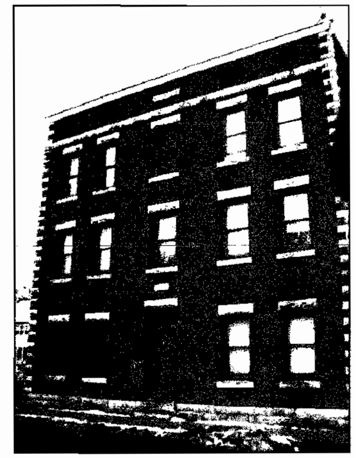
28-Dec-05	Callahan															
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		208,776	211,908	215,086	218,313	221,587	224,911	228,285	231,709	235,185	238,712	242,293	245,927	249,616	253,361	257,161
Other Income		500	508	515	523	531	539	547	555	563	572	580	589	598	607	616
Vacancy and other losses		(10,439)	(10,595)	(10,754)	(10,916)	(11,079)	(11,246)	(11,414)	(11,585)	(11,759)	(11,936)	(12,115)	(12,296)	(12,481)	(12,668)	(12,858)
Total Operating Income		198,837	201,820	204,847	207,920	211,039	214,204	217,417	220,678	223,989	227,348	230,759	234,220	237,733	241,299	244,919
Operating Expenses																
Total Expenses (excl. Reserves)		147,298	151,717	156,268	160,957	165,785	170,759	175,882	181,158	186,593	192,190	197,956	203,895	210,012	216,312	222,801
Reserves		13,440	13,642	13,846	14,054	14,265	14,479	14,696	14,916	15,140	15,367	15,598	15,832	16,069	16,310	16,555
Total Operating Expense		160,738	165,359	170,115	175,010	180,050	185,237	190,577	196,074	201,733	207,558	213,554	219,727	226,081	232,622	239,356
Net Operating Income		38,099	36,461	34,732	32,909	30,989	28,967	26,840	24,604	22,256	19,791	17,205	14,494	11,653	8,677	5,563
Less Primary Debt Service		12,890	12,890	12,890	12,890	12,890	12,890	12,890	12,890	12,890	12,890	12,890	12,890	12,890	12,890	12,890
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		25,209	23,571	21,842	20,019	18,098	16,076	13,950	11,714	9,366	6,901	4,315	1,603	(1,238)	(4,213)	(7,328)
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	1,238	4,213	7,328
Net Cash		25,209	23,571	21,842	20,019	18,098	16,076	13,950	11,714	9,366	6,901	4,315	1,603	0	0	0
DCR		295.57%	282.86%	269.45%	255.30%	240.40%	224.72%	208.22%	190.87%	172.66%	153.53%	133.47%	112.44%	90.40%	67.32%	43.15%
Cumulative Cash Flow																
Beginning Balance		40,000	65,461	89,268	111,328	131,548	149,827	166,064	180,153	191,985	201,444	208,413	212,771	214,391	213,153	208,940
Deposits		25,209	23,571	21,842	20,019	18,098	16,076	13,950	11,714	9,366	6,901	4,315	1,603	0	0	0
Interest	2.0%	252	236	218	200	181	161	139	117	94	69	43	16	0	0	0
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	(1,238)	(4,213)	(7,328)
Ending Balance		65,461	89,268	111,328	131,548	149,827	166,064	180,153	191,985	201,444	208,413	212,771	214,391	213,153	208,940	201,612
Cumulative Replacement Reserves																
Beginning Balance		70,000	71,535	86,031	100,879	116,086	34,654	49,630	64,976	80,700	96,807	16,296	32,224	48,548	65,276	82,416
Deposits		13,440	13,642	13,846	14,054	14,265	14,479	14,696	14,916	15,140	15,367	15,598	15,832	16,069	16,310	16,555
Interest	2.0%	1,534	852	999	1,149	1,304	491	643	799	958	1,122	319	481	646	816	990
Withdrawals		1	2	3	4	(97,000)	6	7	8	9	(97,000)	11	12	13	14	(97,000)
Ending Balance		71,535	86,031	100,879	116,086	34,654	49,630	64,976	80,700	96,807	16,296	32,224	48,548	65,276	82,416	2,961

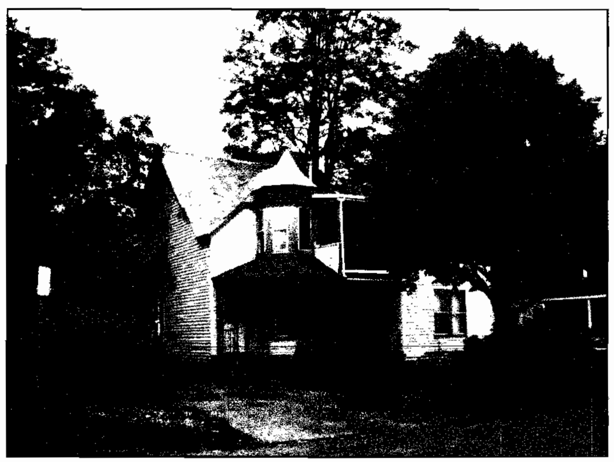


Vermont Housing Finance Agency

CALLAHAN

CLOCKWISE, FROM UPPER-LEFT: 132 North St., corner of North and Rose; 132 North St., from Rose St.; 44 Front St.; 33 North St.; 177 Intervale; 171-173 Intervale; and 163-165 Intervale






VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS FOR CALLAHAN HOUSING, CITY OF BURLINGTON

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Burlington Community Land Trust (the "Sponsors") on behalf of a to be formed limited partnership in which the Sponsors or their subsidiaries will be the general partners (the "Owner") involving the rehabilitation of a total of twenty-eight (28) units of general occupancy rental housing in six (6) buildings in the City of Burlington (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Liza Vedder Plantilla dated December 28, 2005, containing information and recommendations about the Development (the "Memorandum");

1. The recommendations for the allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved;

2. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of $255,000 for Callahan Housing project in the City of Burlington, Vermont.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Liza Vedder Plantilla LVP

DATE: December 28, 2005

RE: Request for Commitment of Allocated Housing Credits

Name:	Bradford Scattered Site Housing	**Location:**	Bradford
Housing Type:	General Occupancy	**Unit Type:**	Flats
Unit Count:	32 Total Units 27 Housing Credit Units	**Unit Sizes:**	17 one-bedroom 9 two-bedroom 5 three-bedroom 1 four-bedroom
Total Cost:	$6,511,599	**Per S.F. Acquisition & Construction Cost:**	$155
Loan Requested:	n/a	**Sponsor:**	Central Vermont Community Land Trust (CVCLT) &HVT
Housing Credits:	$397,500 (Ceiling "9%" Credits) $62,500 State Credit		
Other Funding:	HOME, VHCB, VCDP, HUD EDI, Neighborworks, REEP, Preservation Trust, VHCB Lead, Town of Bradford		

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

Project Summary: In 2003, the Bradford Steering Committee requested help from the Central Vermont Community Land Trust (CVCLT) in addressing the poor management and the deterioration of its rental stock, especially those units in its historic downtown area. CVCLT worked to identify buildings that were most sorely in need of rehabilitation, and identified seven multifamily rental properties in the downtown core. These buildings are located at 64, 68,108, 234, and 235 Main Street, as well as 33 South Pleasant Street and 25 Cobblestone Alley. All of these properties have serious code violations, and are being rented above HUD Median rents, despite their substandard quality. Shortage of affordable rental housing in the area is due largely in part to the growth in the Hanover-Lebanon region, and much of this dilapidated housing is housing of "last resort". These units draw tenants from many communities outside of Bradford. The town's resources are overwhelmed by the demand that these troubled populations create. The rehabilitation of these buildings will not only remove blight from the downtown but will also help Bradford meet its larger community revitalization goals of stabilizing the community, revitalizing its historic core, and reducing criminal activity. CVCLT will manage the properties once completed.

Currently there are (7) seven buildings which are divided into thirty one (31) units. CVCLT plans to rehabilitate six of these historic buildings. However, one of the buildings is in such poor condition, that they are seeking to demolish it and replace it with an appropriate new structure. Ylian Snyder is the architect. The costs of this project are high, which is due in part to the historic nature of the buildings and the expense of rehabilitation. Acquisition costs seem high at first blush, but the purchase price is supported by appraisals and the fact that due to housing shortage, severely compromised units will remain occupied at high rents, and therefore retain value. The developers have researched their options carefully, and rehabilitation is more affordable than demolition and reconstruction.

The new construction will reconfigure the units and add one unit to the town's rental stock. Thirteen of the current units' tenants will be staying with the project, and the remaining nineteen units will be filled by new residents. The market study predicts that the units will be filled within two months of completion, assuming a four month pre-leasing period, and finds sufficient demand for the unit mix. The project has received funding from VCDP and VHCB, and will also be pursuing Historic Tax Credits.

Tax Credit Discussion: The project meets three of the Top Tier Consolidated Plan priorities: *1) Rehabilitation for the six buildings, and infill new construction in a community with a vacancy of 3.5% or less 2) Planned to maintain the historic settlement pattern 3) Project is close to a designated downtown or village center.* The designation is pending, but theses buildings are within blocks of the central business core of Bradford. It also meets one Second Tier criteria: *Geographic Targeting of a region that has underserved historically in having its affordable housing needs met.* This project must receive 2006 credit in order to retain its 130% basis boost. All other projects vying for these credits will be applying in one session in March 2006. However, the closing for Bradford must happen by February 15th, due to the seller's reluctance to extend the purchase and sale agreement a third time.

28-Dec-05 **Bradford**

Total Residential Units:	32	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	27	Increase in Income from Other Sources:	1.50%
Percent Restricted:	84.38%	Increase in Income from Commercial:	0.00%
Total Development Cost:	6,511,600	Expense increase:	3.00%
Total Development Cost per Unit:	203,488	Vacancy Rate:	5%
Total Development Cost Per SF:	257	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	426,602	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	397,500	Sponsor's Estimated Yield:	83.78%

LIHTC - 9%	8.08%	1-Dec-2005
LIHTC - 4%	3.46%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage-VCLF	270,000	4.15%	6.65%	30	30
HOME	265,000	4.07%	5.75%	30	int. only
VCDP	537,500	8.25%	6.50%	30	30
VHCB	500,000	7.68%	0.00%	30	30
VCDP Admin Grant	12,500	0.19%	0.00%		grant
NRI	240,000	3.69%	0.00%	30	30
REEP	16,000	0.25%	0.00%	30	30
HUD Edi	192,500	2.96%	5.75%	30	30
Preservation Trust	25,000	0.38%	0.00%		grant
Developer Loan	90,000	1.38%	2.00%	15	15
Bradford Town	10,000	0.15%	0.00%	30	30
VHCB Lead	42,000	0.65%	0.00%		30
State Credit Equity	262,625	4.03%	N/A	N/A	
Historic equity	745,063	11.44%	N/A	N/A	
Tax Credit Equity	3,303,412	50.73%	N/A	N/A	
TOTAL SOURCES	6,511,600	100.00%			

USES

Acquisition	944,501	14.50%
Construction Hard Costs	4,243,953	65.18%
Soft Costs	1,323,146	20.32%
TOTAL USES	6,511,600	100%
Gap	0	

General Partner's Capital Contribution	33,034	1.00%
Limited Partner's Capital Contribution	3,270,378	99.00%
Total Equity	3,303,412	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	27
Total Units	32
Unit Fraction	84.38%
Tax Credit Square Footage	21,733
Total Residential Square Footage	25,349
Square Footage Fraction	85.74%
Applicable Fraction	84.38%

28-Dec-05 **Bradford**

		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis
	ACQUISITION					
1	Land	157,313				
2	Purchase of Building(s)	774,688	774,688		774,688	
3	Demolition (without replacement)	0				
4	Property Appraisal	7,000	4,297		4,469	
5	Legal - Title and Recording	5,500	5,469		5,688	6,344
	Subtotal - Acquisition	944,501				
	CONSTRUCTION HARD COSTS					
6	Rehabilitation	2,903,590		2,903,590	2,346,390	2,903,590
7	New Building(s)	875,640		875,640	875,640	
8	Accessory Buildings	0			0	
9	Sitework	0			0	
10	Commercial Space Costs (if any)	0				
11	General Requirements	0			0	
12	Contractor Overhead	0			0	
13	Contractor Profit	0			0	
14	Construction Contingency	377,923		377,923	307,062	342,493
15	Construction Management	0			0	
16	Construction Bond Fee	0			0	
17	Hazardous Materials Abatement	59,600		59,600	48,425	54,013
18	Off-Site Improvements	0			0	
19	Furnishings, Fixtures, & Equipment	27,200		27,200	0	
20	Other (________________)	0			0	
	Subtotal - Hard Costs	4,243,953				
	SOFT COSTS					
21	Architectural	283,442		283,442	230,297	256,870
22	Engineering	0			0	
23	Legal/Accounting	28,000		28,000	22,750	25,375
24	Relocation	83,200		83,200	67,600	75,400
25	Environmental Assessment	17,000		17,000	13,813	15,406
26	Energy Assessment	0			0	
27	Permits/Fees	24,230		24,230	19,687	21,959
28	Independent Market Study	3,500		3,500	2,844	3,172
29	Construction Period Insurance	25,500		25,500	20,719	23,109
30	Construction Interest	57,000		57,000	46,313	51,656
31	Construction Loan Origination Fee	28,200		28,200	22,913	25,556
32	Taxes During Construction	0			0	
33	Clerk of the Works	0			0	
34	Marketing	5,000			4,063	
35	Tax Credit Fees	30,050		30,050	24,416	27,233
36	Soft Cost Contingency	7,500		7,500	6,094	6,797
37	Permanent Loan Origination Fee					
38	Lender's Counsel's Fee	0			0	
39	Other (____________)	0			0	
	SYNDICATION COSTS					
40	Organizational (Partnership)	0				
41	Bridge Loan Fees and Expenses	0				
42	Syndication Consultant	0				
43	Tax Opinion	0				
	DEVELOPER'S FEES					
44	Developer's Fees	615,000		600,000	499,688	543,750
45	Other Partnership Fees	0			0	
46	Consultant Fees	0			0	
	RESERVES					
47	Working Capital	51,344				
48	Rent-up (Deficit Escrow) Reserve	0				
49	Other Operating Reserves	64,180				
50	Sinking Fund	0				
51	Replacement Reserves	0				
	Subtotal - Soft Costs	1,323,146				
	TOTALS	6,511,600	784,454	5,431,575	5,343,559	4,382,723
LESS:	Amount of Non-qualified Financing					
LESS:	Adjustment for per unit cost limits	0		0		
LESS:	Historic tax Credit (Residential Portion)			876,545	876,545	20%
	Total Eligible Basis		784,454	4,555,030		876,545
TIMES:	Adjusted for QCT/DDA	130.0%		5,921,540		
TIMES:	Applicable Fraction	84.38%	661,883	4,996,299		
	Total Qualified Basis		661,883	4,996,299	4,467,014	Long Term Depreciable Basi
TIMES:	Applicable Percentage		3.46%	8.08%	27.5	Depreciation Schedule
	Total Annual Credit Qualified		22,901	403,701	162,437	Annual Depreciation

Total Tax Credits Requested	397,500	0	Short Term Depreciable Basi
Estimated Net Syndication Proceeds **(excluding historic credit equity)**	3,297,034	7	Depreciation Schedule
Estimated Yield - Housing Credit Syndication	83.78%	0	Annual Depreciation
Equity Gap	4,048,475		
Credits Needed to fill Equity Gap	488,096		

28-Dec-05 **Bradford**

#		Budget	Per Unit	Per s.f.	Equity	Debt	VHCB	HOME	VCDP Loan	VCDP grant	NW	REEP	HUD edi	State Credit	Pres. Trust	Additional N'	VHCB Lea	Dev. Loan	Bradford	TOTAL SOURCES
					Allocation of Sources															
	ACQUISITION				4,045,474	270,000	500,000	265,000	537,500	12,500	114,182	16,000	192,500	265,625	25,000	125,818	42,000	90,000	10,000	
1	Land	157,313	4,916	6.21	44,813		75,000				17,127					18,873			1,500	157,313
2	Purchase of Building(s)	774,688	24,209	30.56	137,188		425,000				97,055					106,945			8,500	774,688
3	Demolition (without replacement)		0	0.00															0	0
4	Property Appraisal	7,000	219	0.28	7,000															7,000
5	Legal - Title and Recording	5,500	172	0.22	5,500															5,500
	Subtotal - Acquisition	944,501	29,516	37.26																
	CONSTRUCTION HARD COSTS																			
6	Rehabilitation	2,903,590	90,737	114.54	1,289,965	270,000		265,000	537,500			16,000	192,500	265,625	25,000		42,000			2,903,590
7	New Building(s)	875,640	27,364	34.54	875,640															875,640
8	Accessory Buildings		0	0.00																0
9	Sitework		0	0.00																* 0
10	Commercial Space Costs (if any)		0	0.00																0
11	General Requirements		0	0.00																0
12	Contractor Overhead		0	0.00																0
13	Contractor Profit		0	0.00																0
14	Construction Contingency	377,923	11,810	14.91	377,923															377,923
15	Construction Management		0	0.00																0
16	Construction Bond Fee		0	0.00																0
17	Hazardous Materials Abatement	59,600	1,863	2.35	59,600															59,600
18	Off-Site Improvements		0	0.00																0
19	Furnishings, Fixtures, & Equipment	27,200	850	1.07	27,200															27,200
20	Other (_____________)		0	0.00																0
	Subtotal - Hard Costs	4,243,953	132,624	167.42																
	SOFT COSTS																			
21	Architectural	283,442	8,858	11.18	283,442															283,442
22	Engineering		0	0.00																0
23	Legal/Accounting	28,000	875	1.10	28,000															28,000
24	Relocation	83,200	2,600	3.28	83,200															83,200
25	Environmental Assessment	17,000	531	0.67	17,000															17,000
26	Energy Assessment		0	0.00																0
27	Permits/Fees	24,230	757	0.96	24,230															24,230
28	Independent Market Study	3,500	109	0.14	3,500															3,500
29	Construction Period Insurance	25,500	797	1.01	25,500															25,500
30	Construction Interest	57,000	1,781	2.25	57,000															57,000
31	Construction Loan Origination Fee		0	0.00																0
32	Taxes During Construction		0	0.00																0
33	Clerk of the Works		0	0.00																0
34	Marketing	5,000	156	0.20	5,000															5,000
35	Tax Credit Fees	30,050	939	1.19	17,550					12,500										30,050
36	Soft Cost Contingency	7,500	234	0.30	7,500															7,500
37	Permanent Loan Origination Fee	28,200	881	1.11	28,200															28,200
38	Lender's Counsel's Fee		0	0.00																0
39	Other (__________)		0	0.00																0
	SYNDICATION COSTS																			
40	Organizational (Partnership)		0	0.00																0
41	Bridge Loan Fees and Expenses		0	0.00																0
42	Syndication Consultant		0	0.00																0
43	Tax Opinion		0	0.00																0
	DEVELOPER'S FEES																			
44	Developer's Fees	615,000	19,219	24.26	525,000													90,000		615,000
45	Other Partnership Fees		0	0.00																0
46	Consultant Fees		0	0.00																0
	RESERVES																			
47	Working Capital	51,344	1,605	2.03	51,344															51,344
48	Rent-up (Deficit Escrow) Reserve		0	0.00																0
49	Other Operating Reserves	64,180	2,006	2.53	64,180															64,180
50	Sinking Fund		0	0.00																0
51	Replacement Reserves		0	0.00																0
	Subtotal - Soft Costs	1,323,146	41,348	52.20																
	TOTAL DEVELOPMENT COSTS	6,511,600	203,488	257	4,045,475	270,000	500,000	265,000	537,500	12,500	114,182	16,000	192,500	265,625	25,000	125,818	42,000	90,000	10,000	6,511,600

28-Dec-05 **Bradford**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		646	13	481	0	75,036
2 Br		841	9	587	0	63,396
3 Br		1,103	4	706	0	33,888
4+ Br		1,354	1	699	0	8,388
	Totals	21,733	27			180,708

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		629	4	580	0	27,840
2 Br		0	0	0	0	0
3 Br		1,100	1	820	0	9,840
4+ Br		0	0	0	0	0
	Totals	3,616	5			37,680

All Units

Grand Totals	25,349	32	218,388
Less Vacancy		5.00%	(10,919)
NET RENT			207,469

OTHER INCOME

Laundry	0
Parking	0
Commercial Space Income	0
Other	0
TOTAL INCOME	207,469

28-Dec-05 **Bradford**

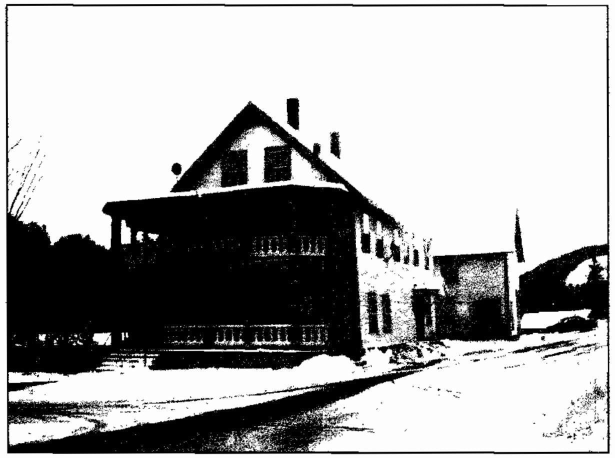
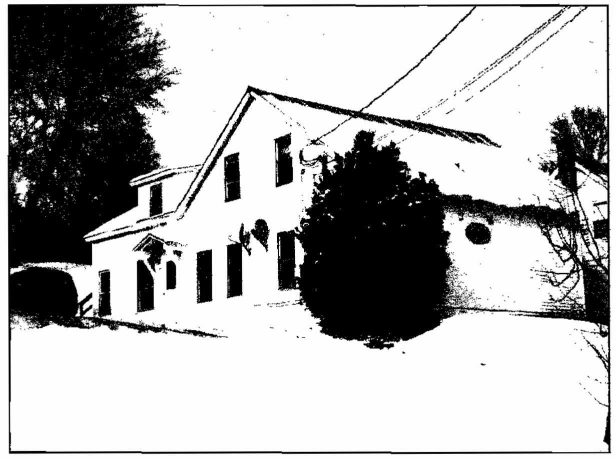
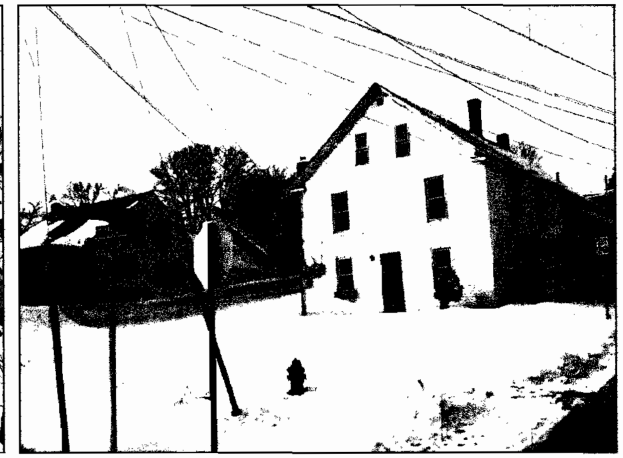
	Annual	Monthly	Per Unit Per Month
Administration			
Management Fee	24,960	2,080	65
Supportive Services		0	0
Audit/Accounting	3,456	288	9
Legal	3,072	256	8
Compliance Monitoring	1,296	108	3
Marketing	1,536	128	4
Other	2,592	216	7
TOTAL ADMINISTRATIVE	36,912	3,076	96
Utilities			
Electricity	3,840	320	10
Fuel	23,040	1,920	60
Water and Sewer	13,440	1,120	35
Fire Alarm / Emergency		0	0
Other	1,920	160	5
TOTAL UTILITIES	42,240	3,520	110
Maintenance			
Maintenance / Janitor Payroll	9,600	800	25
Janitor Supplies	5,760	480	15
Exterminating	1,920	160	5
Trash Removal	6,144	512	16
Snow Removal	6,144	512	16
Grounds	7,680	640	20
Repairs Material		0	0
Repairs Contract		0	0
HVAC Repairs / Maintenance		0	0
Elevator Contract / Repairs		0	0
Painting and Decorating	3,072	256	8
Other		0	0
TOTAL MAINTENANCE	40,320	3,360	105
Real Estate Taxes	23,040	1,920	60
Property Insurance	11,520	960	30
Replacement Reserves	15,360	1,280	40
Primary Debt Service		0	0
Other "must pay" debt service		0	0
Other		0	0
Total	169,392	14,116	441

form revision date: 2/27/97

Bradford

		Check all Applicable								A					B						C					
Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	OCCUPIED BY: Income level of residents to be served:						AFFORDABLE TO: Units affordable to residents at:					
															<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+
Clogston	1				1	1				2	780	610	80	690			1						1			
	2								1	3	1,100	820	111	931					1						1	
	3				1	1				4	1,350	695	141	836		1						1				
Farmers Ex	4	1	1		1	1				1	550	449	51	500		1						1				
	5		1		1	1				1	550	449	51	500		1						1				
	6		1		1	1				1	550	449	51	500		1						1				
	7		1		1	1				1	550	508	51	559			1						1			
	8		1		1	1				1	796	508	51	559			1						1			
	9		1		1	1				1	600	508	51	559			1						1			
	10		1		1	1				1	600	580	51	631					1						1	
	11		1						1	1	570	449	51	500		1						1				
	12	1	1		1	1				1	1,100	705	111	816			1						1			
Hopkins	13		1		1	1				2	670	539	80	619		1						1				
	14	1	1		1	1				2	880	610	80	690			1						1			
	15		1		1	1				3	1,327	705	111	816			1						1			
Mill Apts	16	1	1		1	1				1	685	449	51	500		1						1				
	17		1		1	1				1	685	508	51	559			1						1			
	18		1		1	1				1	685	508	51	559			1						1			
	19		1						1	1	685	580	51	631					1						1	
Peavey	20		1				1		1	1	680	580	51	631					1						1	
	21		1		1	1				1	610	508	51	559			1						1			
	22		1		1	1				2	750	610	80	690			1						1			
	23	1	1		1	1				2	920	539	80	619		1						1				
	24		1		1	1				3	990	705	111	816			1						1			
	25		1		1	1				3	990	705	111	816			1						1			
Nutting	26		1		1	1	1			1	680	449	51	500		1						1				
	27		1		1	1	1			1	890	508	51	559			1						1			
	28	1	1		1	1				2	890	539	80	619		1						1				
	29		1		1	1				2	890	610	80	690			1						1			
	30		1		1	1				2	890	610	80	690			1						1			
Batchelder	31		1						1	1	550	580	51	631					1						1	
	32		1		1	1				2	900	610	80	690			1						1			
Total # Units	32	6	29	0	27	27	3	0	5	Totals:	25,343	18,182		Total # Units:	0	10	17	0	5	0	0	10	17	0	5	0

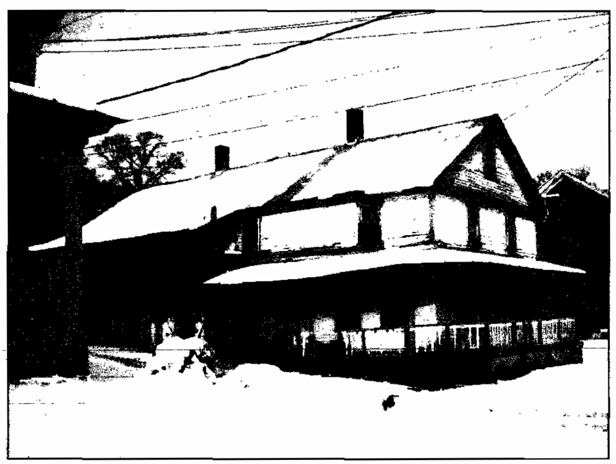
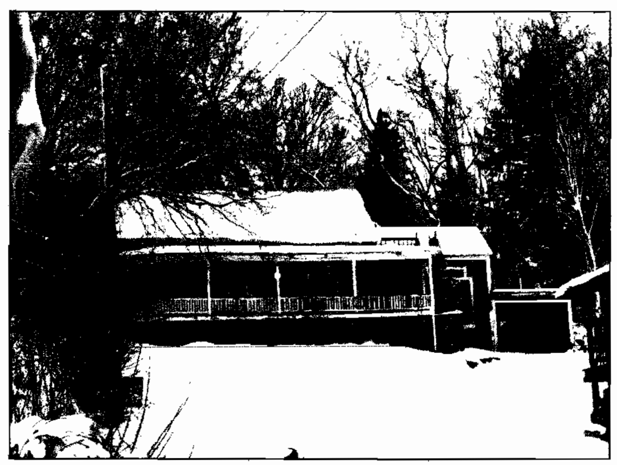
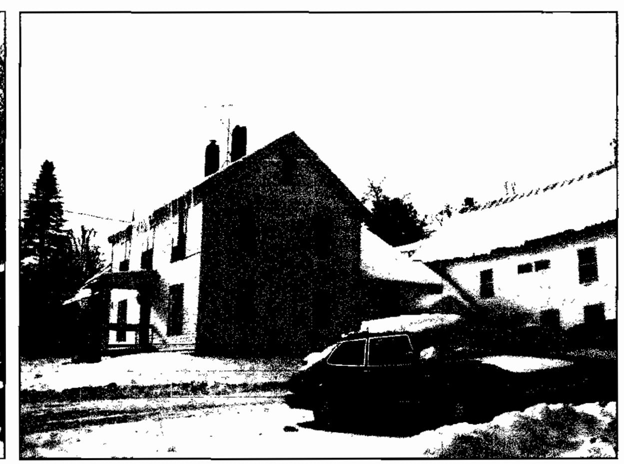
28-Dec-05	**Bradford**															
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		218,388	221,664	224,989	228,364	231,789	235,266	238,795	242,377	246,012	249,703	253,448	257,250	261,109	265,025	269,001
Other Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vacancy and other losses		(10,919)	(11,083)	(11,249)	(11,418)	(11,589)	(11,763)	(11,940)	(12,119)	(12,301)	(12,485)	(12,672)	(12,862)	(13,055)	(13,251)	(13,450)
Total Operating Income		207,469	210,581	213,739	216,945	220,200	223,503	226,855	230,258	233,712	237,218	240,776	244,387	248,053	251,774	255,551
Operating Expenses																
Total Expenses (excl. Reserves)		154,032	158,653	163,413	168,315	173,364	178,565	183,922	189,440	195,123	200,977	207,006	213,216	219,613	226,201	232,987
Reserves		15,360	15,590	15,824	16,062	16,303	16,547	16,795	17,047	17,303	17,562	17,826	18,093	18,365	18,640	18,920
Total Operating Expense		169,392	174,243	179,237	184,377	189,667	195,112	200,718	206,487	212,426	218,539	224,832	231,310	237,977	244,841	251,907
Net Operating Income		38,077	36,337	34,503	32,569	30,533	28,390	26,138	23,771	21,286	18,678	15,944	13,078	10,076	6,933	3,644
Less Primary Debt Service		20,800	20,800	20,800	20,800	20,800	20,800	20,800	20,800	20,800	20,800	20,800	20,800	20,800	20,800	20,800
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		17,277	15,538	13,703	11,769	9,733	7,591	5,338	2,971	486	(2,121)	(4,856)	(7,722)	(10,724)	(13,867)	(17,156)
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	2,121	4,856	7,722	10,724	13,867	17,156
Net Cash		17,277	15,538	13,703	11,769	9,733	7,591	5,338	2,971	486	0	0	0	0	0	0
DCR		183.06%	174.70%	165.88%	156.58%	146.79%	136.49%	125.66%	114.28%	102.34%	89.80%	76.65%	62.88%	48.44%	33.33%	17.52%
Cumulative Cash Flow																
Beginning Balance		64,180	81,630	97,323	111,163	123,050	132,880	140,546	145,938	148,939	149,429	147,308	142,452	134,730	124,006	110,139
Deposits		17,277	15,538	13,703	11,769	9,733	7,591	5,338	2,971	486	0	0	0	0	0	0
Interest	2.0%	173	155	137	118	97	76	53	30	5	0	0	0	0	0	0
Withdrawals		0	0	0	0	0	0	0	0	0	(2,121)	(4,856)	(7,722)	(10,724)	(13,867)	(17,156)
Ending Balance		81,630	97,323	111,163	123,050	132,880	140,546	145,938	148,939	149,429	147,308	142,452	134,730	124,006	110,139	92,983
Cumulative Replacement Reserves																
Beginning Balance		0	15,514	31,570	48,184	65,370	3,143	19,918	37,280	55,243	73,824	13,039	31,304	50,204	69,756	89,978
Deposits		15,360	15,590	15,824	16,062	16,303	16,547	16,795	17,047	17,303	17,562	17,826	18,093	18,365	18,640	18,920
Interest	2.0%	154	466	790	1,124	1,470	228	566	916	1,278	1,652	439	807	1,188	1,582	1,989
Withdrawals		0	0	0	0	80,000	0	0	0	0	80,000	0	0	0	0	80,000
Ending Balance		15,514	31,570	48,184	65,370	3,143	19,918	37,280	55,243	73,824	13,039	31,304	50,204	69,756	89,978	30,887

vhfa
Vermont Housing Finance Agency

BRADFORD

CLOCKWISE, FROM UPPER-LEFT: Farmer's Exchange, Mill River, Clogstan, Peavey, Batchelder, Nutting

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS AND STATE HOUSING CREDITS FOR BRADFORD SCATTERED SITE HOUSING, TOWN OF BRADFORD

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Central Vermont Community Land Trust (the "Sponsors") on behalf of a to be formed limited partnership in which the Sponsors or their subsidiaries will be the general partners (the "Owner") involving the rehabilitation and construction of a total of thirty-two (32) units of general occupancy rental housing in seven (7) buildings in the Town of Bradford (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Liza Vedder Plantilla dated December 28, 2005, containing information and recommendations about the Development (the "Memorandum");

1. The recommendations for the allocation of Allocated Housing Credits and State Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved;

2. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of $397,500 and the proposed allocation of State Housing Credits in the amount of $62,500 for the Bradford Scattered Site Housing project in the Town of Bradford, Vermont.

Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

by Telephone Conference
initiated at
Vermont Housing Finance Agency
164 St. Paul Street, Burlington, Vermont
Tuesday, January 3, 2006 at 10:00 a.m.

VHFA Board Members Present:
Lisa Mitiguy Randall – Chair, Paul Beaulieu, Thomas Candon (designee for Crowley), Dagyne Canney, Kevin Dorn, Bart Frisbie, Beth Pearce (designee for Spaulding), Gus Seelig

Staff: Dave Adams, Sarah Carpenter, Maura Collins, Renee Couture, Joe Erdelyi, John Fairbanks, Sam Falzone, Rick Jean, Pat Loller, Gary Marini, Liza Plantilla, Cindy Reid

Guests: Bill Bissonette (Property Owner), Amy Demetrowitz (Burlington Community Land Trust), Will Giblin (Central Vermont Community Land Trust), Erik Hoekstra (Housing Vermont), Nancy Owens (Housing Vermont), Brenda Torpy (Burlington Community Land Trust)

Chair Randall called the meeting to order at 10:05 a.m. A quorum of the Board was in attendance.

BOARD MINUTES

Ms. Pearce asked that the following sentence in the "Homes for Vermonters" section of the minutes be amended by adding the underlined phrase: "There was also consensus among the Board members around its enthusiasm about seeing these Initiatives come from the State, pending additional details." Mr. Beaulieu made a motion to approve the December 15, 2005 Board of Commissioners meeting minutes with Ms. Pearce's change. Mr. Seelig seconded the motion which was approved by all except Ms. Canney who abstained.

DEVELOPMENT

Allocated Tax Credit Applications

Mr. Erdelyi reviewed his memo regarding the remaining 2006 Low Income Housing Tax Credits with respect to applications for such, and the efforts to maximize basis for qualified projects using the transitional rule adopted by HUD.

Winooski Downtown Redevelopment Project - Update

Mr. Adams explained that Barlow Square (previously known as Central Block) closed last Friday, December 30, 2005. Wright & Morrissey have moved onsite and ground has been broken. Mr. Adams added that Ms. Mullikin Drake worked hard to ensure a timely closing and, as a result, VHFA received accolades from Aegon (the Tax Credit Investor) and Bank of America (providing both construction and permanent financing) as well as the City of Winooski

mailing address P.O. Box 408, Burlington, VT 05402-0408 **delivery address** 164 Saint Paul St., Burlington, VT 05401-4364
phone (802) 864-5743 **fax** (802) 864-5746 **www.vhfa.org**

and HallKeen. Mr. Adams also explained that Mr. Erdelyi put forth great effort, as well, to analyze the construction budget and operating proformas, received at the last minute.

Mr. Dorn, on behalf of the Governor and the State, expressed appreciation to VHFA staff for their hard work. Ms. Randall also thanked staff on behalf of the Board.

Callahan Housing, Burlington
Ms. Plantilla introduced Ms. Torpy, Ms. Demetrowitz, Mr. Bissonette and Mr. Hoekstra. She reviewed her memo regarding Callahan Housing, Burlington.

Mr. Seelig made a motion to approve the "Resolution Re: Proposed Allocation of Allocated Housing Credits for Callahan Housing, City of Burlington." Ms. Pearce seconded the motion which was unanimously approved.

Mr. Dorn raised concerns about this project not resulting in net new units to the community. He asked that the Board and the State consider how it is allocating resources. Mr. Candon concurred. Mr. Seelig explained that the preservation of housing is a critical issue. He agreed that there should be a discussion about the allocation of resources, the preservation of existing stock and the creation of new. Ms. Plantilla pointed out that the first bullet of the tax credit evaluation criteria (taken from the State Consolidated Plan) prioritizes "rehabilitation … or infill new construction in communities with a vacancy rate of 3.5% or less …" Ms. Randall requested that staff add this issue (of rehabilitation vs. net new units, as well as the criteria to which Ms. Plantilla referred) to the Agenda of a future Board meeting for further discussion.

Bradford Scattered Site Housing
Ms. Plantilla introduced Will Giblin and Nancy Owens. She reviewed her memo regarding Bradford Scattered Site Housing. Discussion followed. Mr. Seelig explained that the fruition of this proposal will provide a lot of public benefit to the Town of Bradford. Mr. Erdelyi further explained that similar rehabs have inspired neighboring property owners and improved the whole tenor of a community, an intangible benefit.

Mr. Seelig made a motion to approve the "Resolution Re: Proposed Allocation of Allocated Housing Credits and State Housing Credits for Bradford Scattered Site Housing, Town of Bradford." Mr. Beaulieu seconded the motion which was unanimously approved.

"HOMES FOR VERMONTERS" – Governor's Housing Initiatives
Mr. Dorn explained that the Governor is zeroing in on the final set of Initiatives and is expected to move forward with a consensus package in the next 10 to 14 days. He will have an announcement at that time. Draft language will be introduced by a sponsor or committee in the next couple of weeks for items requiring legislation.

ADMINISTRATIVE
Imaging Software
Ms. Loller reviewed her memo, reiterating that a budget adjustment will not be necessary to purchase and implement imaging software.

ADJOURNMENT
Mr. Seelig made a motion to adjourn the meeting. Ms. Canney seconded the motion and the Board unanimously approved to adjourn the meeting at 11:05 a.m.

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Director of Development

DATE: January 30, 2006

RE: Request for Financing: The Courtyard Apartments, Winooski

Name:	The Courtyard Apartments	**Location:**	Winooski
Housing Type:	Senior Occupancy	**Unit Type:**	Flats
Unit Count:	101 total units, including 1 resident manager unit	**Unit Sizes:**	86 1-Br @ 590-742 s.f. 15 2-Br @ 750-954 s.f.
Total Cost:	$5,003,443	**Per S.F. Acquisition & Construction Cost:**	$72.92
Loan Requested:	$3,700,000 Permanent Loan $300,000 Zero Percent Loan	**Sponsor:**	The Chittenden Housing Corporation (a nonprofit subsidiary of the Winooski Housing Authority)
Housing Credits:	n/a		
Other Funding:	Vermont Community Loan Fund, possible seller financing, Winooski Housing Authority equity contribution		

Recommendation: Staff recommends that the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board 1) authorize the Executive Director to issue a Letter of Interest and/or a Commitment Letter to finance this property upon satisfactory completion of staff underwriting and due diligence.

Project Summary: The Winooski Housing Authority has been in long negotiations with Winn Development of Boston to purchase this development, and they have site control in a purchase and sales agreement. The apartments were created around 1980 in a single building of four wings, in a renovated commercial building that previously housed the Porter Screen Manufacturing Company (activities undertaken on this site then included sawing, painting and varnishing, packing, assembly, and storage). The site is currently served by municipal water, sewer, and natural gas. The wings have one-to-three stories and the property has two elevators, several common areas, tenant storage rooms, a manager's office, and two attached warehouse spaces. The apartments are in fair condition but are heated by electric resistance heat, which WHA would replace after acquisition. The seller purchased a number of individual heating units and they are currently stored on site, and will transfer with the real estate. Those heating units (still in their original packaging) apparently would be an acceptable and energy-efficient system. WHA has had Tom Dillon Consulting perform a capital needs assessment.

Although Winn Development was the original developer, they did a related-party property transfer in 2001. Because of the so-called "ten-year" rule, this makes the property ineligible for the federal Housing Credit until ten years from the date of that transfer. Without the acquisition credits, the property can raise very little equity to pay for the heating conversion and other capital needs. WHA has hired Mike Richardson to work on the financing and he and VHFA staff have structured a plan to purchase the property now, and to transfer it to a tax credit partnership when it becomes eligible for the acquisition credit (in 2012). The budget calls for either seller financing or a loan from the Vermont Community Loan Fund (or both) to bridge the financing gap (which totals $650,000) until that time. An appraisal has been completed by Kurt Kaffenberger and the acquisition price and the VHFA loan amount are supported by the appraisal. A Phase I Environmental Site Assessment was completed by Heindel and Noyes. Based on the historical use of the property as a manufacturing concern (with on-site chemical storage tanks and floor drains at that time), they recommend monitoring wells be installed so that soil and groundwater can be tested. The property does, however, have municipal water service and a 25-year occupancy history, with no adverse conditions arising in that time.

The property has been through the HUD mark-to-market process and as such is eligible for some annual rent increases. (Many older developments with project-based Section 8 rent assistance are currently ineligible for any rent increases.) In addition, WHA is the contract administrator and would manage the property upon acquisition. WHA has agreed to a perpetual affordability covenant as part of this acquisition. The original Housing Assistance Payments (HAP) contract has expired and is being renewed by HUD in five-year terms, the latest of which will expire in September of this year. (Underwriting assumes continued renewal of the contract by HUD at similar terms). Although it is difficult to tell with certainty what will happen in six years, it appears that upon transfer to a tax credit partnership sufficient equity will be raised to pay off the gap financing, pay for any unmet capital needs at that time, and possibly pay down the balance of the VHFA financing. The VHFA loan will need to be refinanced at that time anyway, using the so-called "exempt-facility" bonds, in order to generate the Housing Credits.

31-Jan-06	**Courtyard Acquisition**		
Total Residential Units:	101	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	101	Increase in Income from Other Sources:	1.50%
Percent Restricted:	100.00%	Increase in Income from Commercial:	3.00%
Total Development Cost:	5,003,443	Expense increase:	3.00%
Total Development Cost per Unit:	49,539	Vacancy Rate:	2.50%
Total Development Cost Per SF:	78	Partner's Tax Rate:	
Credit Election:		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	0	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	172,928	Sponsor's Estimated Yield:	
LIHTC - 9%	8.05%	February-06	
LIHTC - 4%	3.45%		

SOURCES	1.14	% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	3,700,000	73.95%	6.50%	40	7
Replacement Reserve	150,000	3.00%	N/A	N/A	
Return of Deposit	20,000	0.40%	6.50%	30	grant
Tenant Security Accounts	22,472	0.45%	N/A	N/A	
Seller Financing	250,000	5.00%	10.0%	7	7
heaters	133,866	2.68%	N/A	N/A	
Chittenden Housing Corp equity	25,000	0.50%	N/A	N/A	
VCLF	400,000	7.99%	6.75%	30	7
VHFA 0% loan	300,000	6.00%	0.00%	30	
Tax Credit Equity	0	0.00%	N/A	N/A	
TOTAL SOURCES	5,001,338	99.96%			
USES					
Acquisition	4,032,000	80.58%			
Construction Hard Costs	639,876	12.79%			
Soft Costs	331,567	6.63%			
TOTAL USES	5,003,443	100%			
Gap	2,105				

31-Jan-06	**Courtyard Acquisition**			72.92
		Budget	Per Unit	Per s.f.
	ACQUISITION			
1	Land	400,000	3,960	6.24
2	Purchase of Building(s)	3,600,000	35,644	56.19
3	Demolition (without replacement)	15,000	149	0.23
4	Property Appraisal	7,000	69	0.11
5	Legal - Title and Recording	10,000	99	0.16
	Subtotal - Acquisition	4,032,000	39,921	62.93
	CONSTRUCTION HARD COSTS			
6	Rehabilitation	506,010	5,010	7.90
7	New Building(s)		0	0.00
8	Accessory Buildings		0	0.00
9	Sitework		0	0.00
10	Commercial Space Costs (if any)		0	0.00
11	General Requirements		0	0.00
12	Contractor Overhead		0	0.00
13	Contractor Profit		0	0.00
14	Construction Contingency		0	0.00
15	Construction Management		0	0.00
16	Construction Bond Fee		0	0.00
17	Other	133,866	341	0.54
18	Off-Site Improvements		0	0.00
19	Furnishings, Fixtures, & Equipment		0	0.00
20	Other (_______________)		0	0.00
	Subtotal - Hard Costs	639,876	6,335	9.99
	SOFT COSTS			
21	Architectural		0	0.00
22	Engineering	7,500	74	0.12
23	Legal/Accounting	20,000	198	0.31
24	Needs Assesment	2,700	27	0.04
25	Environmental Assessment	1,500	15	0.02
26	Energy Assessment	2,500	25	0.04
27	Permits/Fees		0	0.00
28	Independent Market Study		0	0.00
29	Construction Period Insurance		0	0.00
30	Construction Interest		0	0.00
31	Construction Loan Origination Fee		0	0.00
32	Taxes During Construction		0	0.00
33	2006 Winter Heating premium	34,477	341	0.54
34	Short Term Financing Fee		0	0.00
35	Tax Credit Fees		0	0.00
36	Soft Cost Contingency	12,418	123	0.19
37	Permanent Loan Origination Fee	55,500	550	0.87
38	Lender's Counsel's Fee	7,500	74	0.12
39	Other (_______________)		0	0.00
	SYNDICATION COSTS			
40	Organizational (Partnership)		0	0.00
41	Bridge Loan Fees and Expenses		0	0.00
42	Syndication Consultant		0	0.00
43	Tax Opinion	5,000	50	0.08
	DEVELOPER'S FEES			
44	Developer's Fees		0	0.00
45	Other Partnership Fees HVT Legal		0	0.00
46	Consultant Fees	10,000	99	0.16
	RESERVES			
47	Working Capital	75,000	743	1.17
48	Rent-up (Deficit Escrow) Reserve		0	0.00
49	Other Operating Reserves		0	0.00
50	Tenant Security Accounts	22,472	222	0.35
51	Replacement Reserves	75,000	743	1.17
	Subtotal - Soft Costs	331,567	3,283	5.18
	TOTAL DEVELOPMENT COSTS	5,003,443	49,539.04	78.10

31-Jan-06 **Courtyard Acquisition**

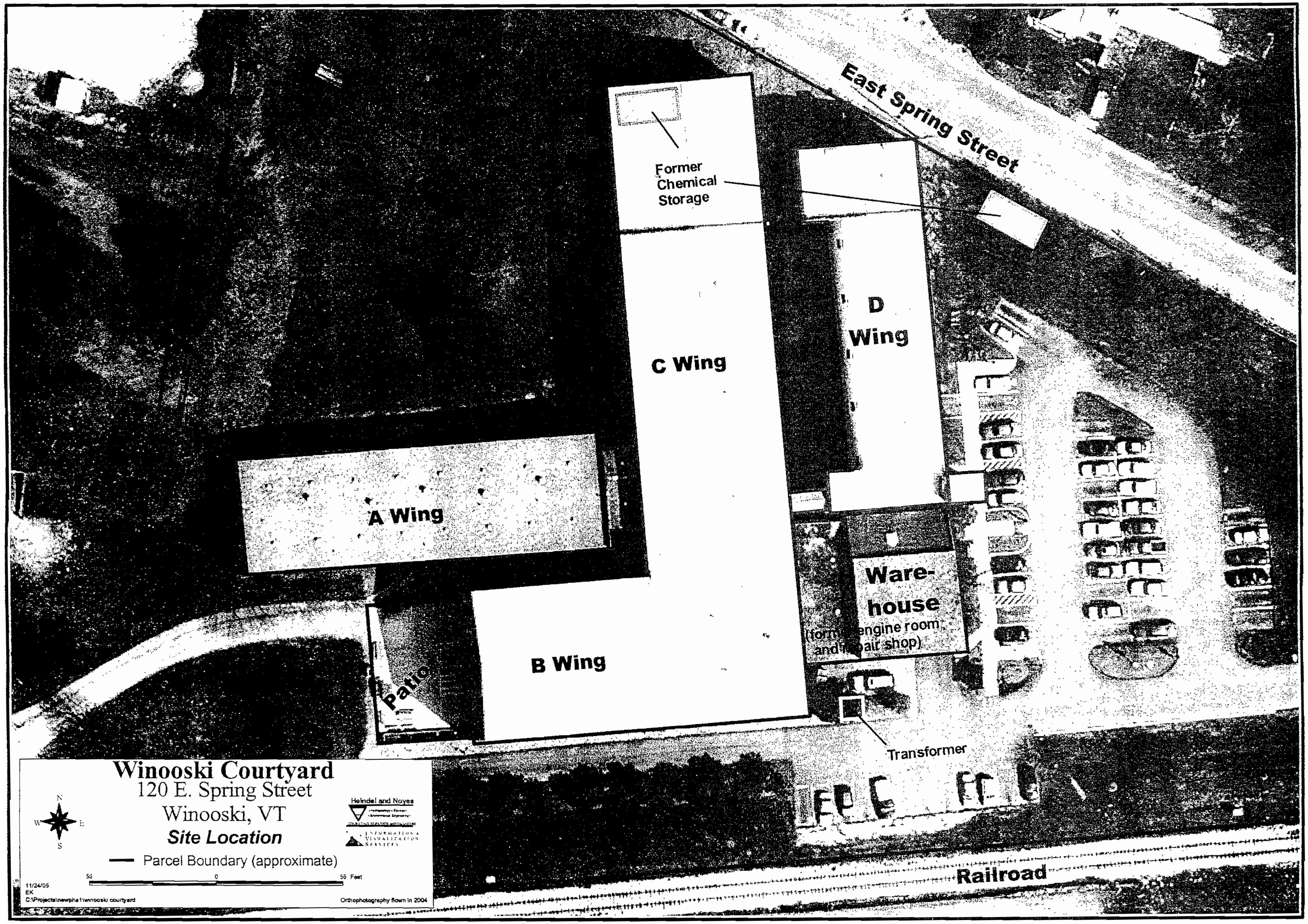
HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
1 Br		615	2	786		18,864
1 Br		590	56	786		528,192
1 Br		592	9	786		84,888
1 Br		585	12	786		113,184
1 Br		655	1	786		9,432
1 Br		622	4	786		37,728
1 Br		742	2	786		18,864
2 Br		750	2	949		22,776
2 Br		954	1	949		11,388
2 Br		768	1	949		11,388
2 Br		860	6	949		68,328
2 Br		888	5	949		56,940
resid. s.f.		64,067	101			981,972
common area		43,268				
total s.f.		107,335				
86	Less Vacancy		2.50%			(24,265)
15	less mgr unit		949			(11,388)
				955,000	NET RENT	946,319
	OTHER INCOME					
				97.25%		
	Laundry					4,000
	Parking					0
	Commercial Space Income					1,080
	Other					0
					TOTAL INCOME	951,399

31-Jan-06	**Courtyard Acquisition**			
	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	43,836	3,653	36	4.6%
Office Expenses	23,430	1,953	19	
Office Salaries	56,931	4,744	47	
Accounting/Audit	8,000	667	7	
Workmen's Comp	4,108	342	3	
Health Insurance	25,581	677	7	
Payroll Taxes	8,123	0	0	
LIHTC Monitoring Fee	0	933	9	
Misc.	11,192	933	9	
TOTAL ADMINISTRATIVE	181,201	15,100	150	
Utilities				
Electricity	74,726	6,227	62	
Fuel		0	0	
Water and Sewer	25,149	2,096	21	
Fire Alarm / Emergency		0	0	
Gas	32,125	2,677	27	
TOTAL UTILITIES	132,000	11,000	109	
Maintenance				
Maintenance / Janitor Payroll	70,000	5,833	58	
Maintenance Supplies	8,000	667	7	
Exterminating		0	0	
Trash Removal	7,895	658	7	
Snow Removal	4,817	401	4	
Grounds		0	0	
Repairs Material		0	0	
Repairs Contract	55,000	4,583	45	
HVAC Repairs / Maintenance		0	0	
Elevator Contract / Repairs		0	0	
Painting and Decorating		0	0	
Other		0	0	
TOTAL MAINTENANCE	145,712	12,143	120	
				per unit month
Real Estate Taxes	122,096	10,175	101	excl. ds & res.
Property Insurance	35,782	2,982	30	509
Replacement Reserves	45,450	3,788	38	
Primary Debt Service	259,943	21,662	214	
Other "must pay" debt service		0	0	
Other	880	73	1	
Total	923,064	76,922	762	

Courtyard Acquisition

31-Jan-06

	Year	1	2	3	4	5	6	7
Operating Income								
Gross Rent		989,337	1,004,177	1,019,239	1,034,528	1,050,046	1,065,797	1,081,784
Other Income		5,080	5,156	5,234	5,312	5,392	5,473	5,555
Vacancy and other losses		(35,653)	(36,187)	(36,730)	(37,281)	(37,840)	(38,408)	(38,984)
Total Operating Income		958,764	973,146	987,743	1,002,559	1,017,597	1,032,861	1,048,354
Operating Expenses								
Total Expenses (excl. Reserves)		617,671	636,202	655,288	674,946	695,195	716,050	737,532
Reserves		45,450	46,132	46,824	47,526	48,239	48,963	49,697
Total Operating Expense		663,121	682,333	702,111	722,472	743,434	765,013	787,229
Net Operating Income		295,643	290,812	285,632	280,087	274,164	267,848	261,125
Less Primary Debt Service		259,943	259,943	259,943	259,943	259,943	259,943	230,386
balloon of principal								3,557,790
Annual Cash Flow		35,700	30,870	25,689	20,144	14,221	7,906	(3,527,051)
Operating Subsidies / Sinking Fund								
Net Cash		35,700	30,870	25,689	20,144	14,221	7,906	(3,527,051)
DCR		114%	112%	110%	108%	105%	103%	n/a
Cumulative Cash Flow								
Beginning Balance		75,000	76,500	78,030	79,591	81,182	82,806	84,462
Deposits		35,700	30,870	25,689	20,144	14,221	7,906	
Interest	2.0%	1,500	1,530	1,561	1,592	1,624	1,656	
Withdrawals:								
Project Operating Needs		0	0	0	0	0	0	
Special LP or GP Fee	3.00%	0	0	0	0	0	0	
Repayment of Deferred Devel. Fee		0	0	0	0	0	0	
Partnership Audit or K-1 Fee	1.50%	0	0	0	0	0	0	
Distribution of Cash to vclf		(35,700)	(30,870)	(25,689)	(20,144)	(14,221)	(7,906)	
Ending Balance		76,500	78,030	79,591	81,182	82,806	84,462	
Cumulative Replacement Reserves								
Beginning Balance		75,000	122,859	(17,424)	(26,661)	(48,337)	(195,926)	(199,854)
Deposits		45,450	46,132	46,824	47,526	48,239	48,963	49,697
Interest	2.0%	2,409	3,380	936	951	965	979	994
Withdrawals		0	(189,795)	(56,997)	(70,153)	(196,793)	(53,870)	(28,718)
Ending Balance		122,859	(17,424)	(26,661)	(48,337)	(195,926)	(199,854)	(177,881)



East Spring Street
Former Chemical Storage
D Wing
C Wing
A Wing
B Wing
Patio
Ware-house
(form engine room and air shop)
Transformer
Railroad
Winooski Courtyard
120 E. Spring Street
Winooski, VT
Site Location
Parcel Boundary (approximate)
55 0 55 Feet
N
S
W
E
Heindel and Noyes
11/24/05
EK
C:\Projects\newpha1\winooski courtyard
Orthophotography flown in 2004

Subject


St Peter St
Hawthorne St
Bruce St
Lapointe St
Leclair St
Moyette Ct
W Spring St
Lafountain St
Lark St
Franklin St
Russell St
North St
Corrine St
High St
Union St
Platt St
Hood St
Manseau St
Dion St
Mallets Bay Ave
Maple St
Mansion St
E Allen St
E Spring St
W Allen St
Winooski
W Center St
W Canal St
E Canal St
Winooski River Bridge
Winooski Falls
Mill St
Barrett St
Chase St
Rumsey Ln
Chase Ln
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© 2005 Google
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RESOLUTION RE: PERMANENT FINANCING FOR THE COURTYARD APARTMENTS, WINOOSKI

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

WHEREAS, an application has been submitted to the Agency by The Chittenden Housing Corporation (the "Borrower") involving the acquisition and rehabilitation of a total of one hundred one (101) units of senior rental housing in the City of Winooski (the "Development"); and

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

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

WHEREAS, the application contemplates a mortgage loan for improvements for the Development with a 0% deferred loan in the amount of $300,000; and

WHEREAS, the Development does not create zero percent pool monies and therefore, a loan of the zero percent pool funds to the Development in excess of $100,000 requires Board action; and

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

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi dated January 30, 2006, containing information and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

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

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

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and

moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

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

5. The security value of the Development will equal at least the amount of the Agency's loan.

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

WHEREFORE, it is hereby RESOLVED:

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

2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the acquisition financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter shall be conditioned on the satisfaction by the Borrower of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The issuance of the Bonds for the purpose of financing one or more loans to the Borrower is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval described in the preceding paragraph does not obligate the Agency to give final approval for the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by independent action, which may contain such conditions thereto as the Agency may deem appropriate. The Agency in

its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. A loan to the Borrower in an amount up to $300,000.00 may be funded with excess yield zero percent pool funds.

6. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions described in the Memorandum.

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Gary Marini

RE: Twenty-Eighth Supplemental Resolution for Series 24 Bonds and Notes

DATE: February 20, 2006

Board Action Requested: Adoption of the attached resolution.

The attached resolution authorizes the current structure options for the Series 24 Single Family Housing Bonds and Notes. The structure for Series 24 will be similar to resolutions previously approved by the Board. This Resolution and the Preliminary Official Statement will allow for the implementation of the F35 program (previously known as 5/30). This program was previously authorized by the Board on September 22, 2005 when it approved an allocation of $5 million of Series 23 to this program. Implementation of this program is now planned for Series 24.

Please feel free to call Gary at (802) 652-3436 or Dave at (802) 652-3478 if you have any questions regarding this request.

mailing address P.O. Box 408, Burlington, VT 05402-0408 **delivery address** 164 Saint Paul St., Burlington, VT 05401-4364
phone (802) 864-5743 **fax** (802) 864-5746 **www.vhfa.org**

VERMONT HOUSING FINANCE AGENCY

TWENTY-EIGHTH SUPPLEMENTAL SINGLE FAMILY HOUSING BOND RESOLUTION

Adopted March [ ], 2006

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TWENTY-EIGHTH SUPPLEMENTAL SINGLE FAMILY HOUSING BOND RESOLUTION

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

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Short Title. This resolution is hereinafter sometimes referred to as the "Twenty-Eighth Supplemental Resolution."

Section 1.02. Definitions and Interpretation.

(a) Except as provided in Paragraph (B) of this Section, all terms used herein shall have the same meanings as are given such terms in Section 101 of the Resolution.

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

"*Adjusted Interest Rate*" means the rate or rates of interest to be borne by all Adjusted Rate Bonds subsequent to the Adjustment Date as determined pursuant to Section 2.03(a)(iv) hereof.

"*Adjusted Rate Bonds*" means all Series 24 Tender Bonds on which the interest rate has been adjusted to the Adjusted Interest Rate on the Adjustment Date and any Series 24 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 24 Tender Bonds is adjusted to the Adjusted Interest Rate as determined in accordance with Section 2.03(a)(ii) hereof.

"*Adjustment Option Period*" means the period set forth in the Series Certificate during which the Agency may exercise its right to cause the mandatory tender of Series 24 Bonds in accordance with Section 2.03 hereof.

"*Adjustment Rating Certificate*" means (i) a certificate of an Authorized Officer to the effect that the Agency has notified each Nationally Recognized Credit Rating Agency then maintaining a credit rating on any Bonds Outstanding that the interest rate on the Series 24 Tender Bonds will be adjusted to the Adjusted Interest Rate on the Adjustment Date and has furnished each such Nationally Recognized Credit Rating Agency with a Remarketing Projection of Revenues satisfying the requirements of Section 2.03(a)(vi) hereof, accompanied by (ii) a letter from each such Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that adjustment of the interest rate on the Series 24 Tender Bonds will not cause such Nationally Recognized Credit Rating Agency to change the unenhanced credit ratings then assigned by it to any Bonds Outstanding.

"*Arbitrage Projection Certificate*" means a certificate of an Authorized Officer setting forth the Agency's reasonable expectations that adjustment of the interest rate on the Series 24 Tender Bonds on the Adjustment Date to the Adjusted Interest Rate and the purchase thereafter of Loans at a certain specified rate or rates with proceeds allocable to the Adjusted Rate Bonds will not cause the Series 24 Obligations to be "arbitrage bonds" within the meaning of Section 143(g) or Section 148(a) of the Code, accompanied by an opinion of Bond Counsel to the effect that the adjustment of the interest rate on the Series 24 Tender Bonds on the Adjustment Date will not adversely affect the excludability of interest on the Series 24 Obligations from the gross income of the holders thereof for federal income tax purposes and that no matters have come to the attention of such counsel which make unreasonable or incorrect the representations made in such certificate.

"*Authenticating Agent*" with respect to all Series 24 Obligations, means the Trustee.

"*Beneficial Owner*" means the person or entity that is considered to be the beneficial owner of any Series 24 Obligation pursuant to the arrangements for book entry determination of ownership applicable to the Bond Depository.

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

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

"*Bond Insurer*" means the provider of municipal bond insurance with respect to the Series 24 Bonds, if any, as shall be set forth in the Series Certificate.

"*Bond Year*" means the twelve month period beginning on each April 1 and ending on the following March 31; provided that the initial Bond Year shall commence on the date of issuance of the Series 24 Obligations and end on March 31, 2006.

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

"*Calculation Date*" means the date, if any, on which the Adjusted Interest Rate is determined, which date shall be any Business Day selected by the Tender Bond Remarketing Agent with the approval of the Agency not earlier than 15 days prior to the Adjustment Date and not later than seven days prior to the Adjustment Date.

"*Code*" means the Internal Revenue Code of 1986, as amended, and all Treasury Regulations thereunder to the extent applicable to the Series 24 Obligations.

"*Hedge Agreement*" shall mean a payment exchange agreement, swap agreement, forward purchase agreement or any other hedge agreement entered into by the Agency authorized by the Agency's then current Swap Management Plan and a Qualified Institution providing for payments between the parties based on levels of, or changes in interest rates, stock or other indices or contracts to exchange cash flows or a series of payments or contracts, including without limitation, interest rate floors, or caps, options, puts or calls, which allows the Agency to manage or hedge payment, rate, spread or similar risk with respect to all or a portion of the Series 24 Bonds or any assets pledged under the Resolution.

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

"*Loan Loss*" means the amount, certified to the Trustee by an Authorized Officer, of any loss realized by the Agency upon the default on a Loan held under the Resolution for the account of the Series 24 Bonds, which amount shall not exceed the sum of (i) the unpaid principal balance of the Loan at the date of the default, (ii) the amount of accumulated delinquent interest due on the Loan (excluding late charges and penalty interest), and (iii) the amount of advances made by or for the account of the Agency with respect to such Loan for regularly scheduled payments of principal and interest in arrears, hazard insurance premiums, property taxes, property protection and preservation expenses and foreclosure costs, less the sum of (iv) the amount of all rents, sale proceeds, foreclosure proceeds, insurance settlements, self-insurance proceeds (other than Loan Loss Claim Fund Withdrawals) and other payments (excluding proceeds of fire and extended coverage insurance) collected or received by the Agency from or on account of such Loan and the property securing the same, (v) the amount of cash remaining in any escrow account maintained for such Loan, (vi) the amount paid under any fire and extended coverage policy which is in excess of the amount applied to the restoration of the property or the payment of the Loan and (vii) the amount of any Loan Loss on account of such Loan previously paid from amounts on deposit in the Series 24 Loan Loss Claim Fund.

"*Loan Loss Claim Fund Withdrawals*" means amounts withdrawn from the Series 24 Loan Loss Claim Fund pursuant to Section 3.06(b) hereof on account of a Loan Loss.

"*Municipal Bond Insurance Policy*" means, to the extent required by the Series Certificate, the municipal bond insurance policy issued by the Bond Insurer insuring the scheduled payment when due of the principal of and interest on all or a portion of the Series 24 Bonds as provided therein.

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

"*Notice Date*" means the Business Day which is 30 days prior to the Adjustment Date.

"*Official Statement*" or "*Official Statements*" means any Official Statement of the Agency describing the Series 24 Bonds or the Series 24 Notes, dated the date of execution of the related Purchase Contract.

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

"*Principal Amount*" for purposes of Section 204(B) of the Resolution and at any date of computation, means, with respect to any Series 24 Obligation, the stated principal amount thereof.

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

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

"*Purchase Contracts*"" means the Series 24 Bond Purchase Contract and the Series 24 Note Purchase Contract.

"*Qualified Institution*" shall mean (i) a bank, a trust company, a national banking association, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America, a corporation, a trust, a partnership, an unincorporated organization, or a government or an agency, instrumentality, program, account, fund, political subdivision or corporation thereof, in each case the unsecured or uncollateralized long-term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such organization, at the time a Hedge Agreement is entered into by the Agency are either (a) rated at least as high as the Series 24 Bonds (without giving effect to the existence of a municipal bond insurance policy or other credit enhancement thereon) by each Nationally Recognized Credit Rating Agency which rates such obligations or (b) such that entering into a Hedge Agreement with such entity will not adversely effect the then current ratings, if any, assigned to the Series 24 Bonds by each Nationally Recognized Credit Rating Agency or (ii) the Government National Mortgage Association or any successor thereto, Fannie Mae or any successor thereto, or any other federal agency or instrumentality, the obligations of which are backed by the full faith and credit of the United States of America.

"*Record Date*" with respect to the payment of interest on a Series 24 Obligation, means, except as may otherwise be provided in the Series Certificate, the fifteenth day of the month next preceding the date on which interest is to be paid on such Series 24 Obligation or, if such fifteenth day is not a Business Day, the next preceding Business Day; provided that, with respect to overdue interest or interest payable on a Series 24 Obligation other than on an Interest Payment Date or interest on any overdue amount, the Trustee may establish a special record date, which date shall be not more than twenty Business Days before the date set for payment; and provided further that the Trustee shall give notice of a special record date by mailing a copy of such notice to the Holders of all Series 24 Obligations Outstanding to which such special record date is applicable in the manner provided in Section 801 of the Resolution at least ten days before the special record date or in such other time and manner as the Trustee may deem appropriate.

"*Remarketing Agent*" means the investment banking firm or firms selected by the Agency to remarket any of the Series 24 Bonds that are issued as Variable Rate Bonds, as shall be set forth in the Series Certificate.

"*Remarketing Agreement*" means the Remarketing Agreement, if any, executed in connection with the issuance of any Series 24 Bonds as Variable Rate Bonds.

"*Remarketing Projection of Revenues*" means a Projection of Revenues satisfying the requirements of Section 2.03(a)(vi) hereof calculated on the assumption that the Adjusted Rate Bonds will bear interest at the Adjusted Interest Rate and will mature on the dates determined in accordance with Section 2.03(a)(v) hereof.

"*Representation Letter*" means, with respect to the Series 24 Obligations held in book-entry only form with the Bond Depository, the Blanket Letter of Representations of the Agency dated April 4, 1995.

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

"*Series Certificate*" means the Series Certificate of the Chair or Vice Chairman and Executive Director and Secretary of the Agency dated on or before the date of issuance of the Series 24 Obligations which Series Certificate shall establish certain terms of the Series 24 Obligations as provided herein.

"*Series 22 Bonds*" means the $41,960,000 aggregate principal amount of the Agency's Single Family Housing Bonds, Series 22C issued on June 8, 2005.

"*Series 22 Notes*" means the $15,000,000 aggregate principal amount of the Agency's Single Family Housing Bonds, Series 22A and the $15,000,000 aggregate principal amount of the Agency's Single Family Housing Bonds, Series 22B, each issued on April 28, 2005.

"*Series 24 Bond Purchase Contract*" means the Purchase Contract, or Contracts, by and among the Agency, the Underwriters named therein and the direct institutional purchaser of the Series 24 Bonds, if any, providing for the terms and conditions of the sale of the Series 24 Bonds in substantially the form of the Bond Purchase Contract executed in connection with the Agency's Series 22 Bonds; provided, however, that if the Series Certificate provides for the issuance of Series 24 Notes or Variable Rate Bonds, the Agency may execute additional Purchase Contracts as provided in Section 5.07 hereof.

"*Series 24 Bond Reserve Requirement*" means an amount with respect to the Series 24 Obligations at least equal to the lesser of (i) 50% of the maximum amount of Debt Service payable on all Series 24 Bonds Outstanding in the current or any subsequent Fiscal Year and (ii) 10% of the original net proceeds of the Series 24 Bonds.

"*Series 24 Bonds*" means the Series 24 Bonds of the Agency authorized to be issued in one or more Series by this Twenty-Eighth Supplemental Resolution; provided, however, that as provided in Section 2.01 hereof and as may be provided in the Series Certificate, a portion of the Series 24 Bonds may be issued as a separate issue for federal tax purposes and shall be designated as Series 25 Bonds. References herein to the Series 24 Bonds shall be deemed to include the Series 25 Bonds, if any.

"*Series 24 Contingency Account*" means the account in the Redemption Fund so designated and created pursuant to Section 3.01(e) hereof.

"*Series 24 Contingency Account Deposits*" means the Series 24 Contingency Account Surety Bond, cash or any one or more of the following to the extent its deposit in the Series 24 Contingency Account will not adversely affect the then current unenhanced ratings, if any, assigned to the Bonds by each Nationally Recognized Credit Rating Agency then maintaining a credit rating on the Bonds: (i) irrevocable and unexpired letters of credit issued by banking institutions, (ii) irrevocable policies of insurance in full force and effect issued by insurers, (iii) irrevocable guarantees by banks, bank holding companies, insurance companies or surety companies or (iv) any other similar security or source thereof; in any case deposited or held under the Resolution for the credit of the Series 24 Contingency Account.

"*Series 24 Contingency Account Surety Bond*" means the irrevocable surety bond issued by the Series 24 Contingency Account Deposit Provider to be held for the credit of the Series 24 Contingency Account and any extension thereof or substitute surety bond therefor deposited with the Trustee pursuant to Section 3.02(c) thereof.

"*Series 24 Contingency Account Deposit Provider*" means the provider of any other Series 24 Contingency Account Deposit as shall be provided in the Series Certificate

"*Series 24 Cost of Issuance Account*" means the account in the Program Fund so designated and created by Section 3.01(c) hereof.

"*Series 24 Funded Loan Loss Claim Fund Requirement*" means, at any date of computation, an amount equal to the Series 24 Loan Loss Claim Fund Requirement less the stated and unpaid amounts, if any, of all Series 24 Loan Loss Claim Fund Deposits in full force and effect held for the account of the Series 24 Loan Loss Claim Fund.

"*Series 24 Loan Loss Claim Fund*" means the fund so designated and created pursuant to Section 3.01(a) hereof.

"*Series 24 Loan Loss Claim Fund Deposit Provider*" means the provider of any other Series 24 Loan Loss Claim Fund Deposit as shall be provided in the Series Certificate.

"*Series 24 Loan Loss Claim Fund Deposits*" means cash or any one or more of the following to the extent its deposit in the Series 24 Loan Loss Claim Fund will not adversely affect the then current unenhanced ratings, if any, assigned to the Bonds by each Nationally Recognized Credit Rating Agency then maintaining a credit rating on the Bonds: (i) irrevocable and unexpired letters of credit issued by banking institutions, (ii) irrevocable policies of insurance in full force and effect issued by insurers, (iii) irrevocable guarantees by banks, bank holding companies, insurance companies or surety companies or (iv) any other similar security or source thereof; in any case deposited or held under the Resolution for the credit of the Series 24 Loan Loss Claim Fund and providing for the payment of sums available to pay Loan Loss Claim Fund Withdrawals.

"*Series 24 Loan Loss Claim Fund Requirement*" means, as of any date of computation, (i) an amount at least equal to (A) one and eighty-five hundredths percent (1.85%) of the sum of (1) the aggregate unpaid principal amount of all Loans purchased under the Resolution from amounts on deposit in the Series 24

Program Account plus (2) the aggregate amount, if any, then held in the Series 24 Program Account which may be applied to the purchase of such Loans, less (B) the aggregate amount of all Loan Loss Claim Fund Withdrawals that have been theretofore made from the Series 24 Loan Loss Claim Fund, or (ii) such lesser amount as each Nationally Recognized Credit Rating Agency confirms to the Agency will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

"*Series 24 Loan Loss Claim Fund Surety Bond*" means, if so provided in the Series Certificate, the irrevocable surety bond issued by the Bond Insurer to be held for the credit of the Series 24 Loan Loss Claim Fund and any extension thereof or substitute surety bond deposited with the Trustee pursuant to Section 3.02(b) hereof.

"*Series 24 Note Purchase Contract*" means the Purchase Contract, or Contracts, between the Agency and UBS Securities LLC, providing for the terms and conditions of the sale of the Series 24 Notes in substantially the form of the Note Purchase Contract executed in connection with the Agency's Series 22 Notes.

"*Series 24 Notes*" means the Series 24 Notes of the Agency authorized to be issued in one or more Series by this Twenty-Eighth Supplemental Resolution; provided, however, that as provided in Section 2.01 hereof and as may be provided in the Series Certificate, a portion of the Series 24 Notes may be issued as a separate issue for federal tax purposes and shall be designated as Series 25 Notes. References herein to the Series 24 Notes shall be deemed to include the Series 25 Notes, if any.

"*Series 24 Obligations*" means, collectively, the Series 24 Bonds and the Series 24 Notes.

"*Series 24 Program Account*" means the one or more Series 24 Program Accounts authorized to be established in the Series Certificate.

"*Series 24 Rebate Account*" means the account in the Rebate Fund so designated and created pursuant to Section 3.01(f) hereof.

"*Series 24 Rebate Requirement*" with respect to the Series 24 Obligations, means an amount equal to the cumulative net sum calculated and determined from time to time in accordance with the requirements of Section 148(f) of the Code that must be paid to the United States pursuant to Section 3.05 hereof.

"*Series 24 Reimbursement Agreements*" means, as applicable, (i) the agreement by and between the Agency and the Series 24 Loan Loss Claim Fund Deposit Provider in connection with the Series 24 Loan Loss Claim Fund Deposit, (ii) the agreement by and between the Agency and the Series 24 Contingency Account Deposit Provider in connection with the Series 24 Contingency Account Deposit and, (iii) the agreement by and between the Agency and the provider of a

Liquidity Facility in connection with the issuance of any Variable Rate Bonds and, in each case, as such agreement or agreements may be amended from time to time in accordance therewith.

"*Series 24 Tender Bonds*" means the Series 24 Bonds selected in accordance with Section 2.03(A)(3) hereof for mandatory tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds.

"*Series 24 Tender Bonds Proceeds Subaccount*" means the Series 24 Program Account Tender Bonds Proceeds Subaccount established pursuant to Section 3.01(b) hereof.

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

"*Tender Bond Remarketing Agreement*" means the Remarketing Agreement executed in connection with the remarketing of Series 24 Tender Bonds, in such form as shall be approved by the Agency prior to the Adjustment Date.

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

"*Underwriters*" means, collectively, UBS Securities LLC, Citigroup Global Markets Inc. and A.G. Edwards & Sons, Inc., as underwriters of the Series 24 Bonds and UBS Securities LLC as underwriter of the Series 24 Notes; provided, however, that if the Series Certificate provides for the issuance of Variable Rate Bonds, such Variable Rate Bonds initially may be sold to one or more of the Underwriters.

"*Yield*" means the yield on the Series 24 Obligations or the yield on any Loan or any other investment held under the Resolution and allocable to the Series 24 Obligations calculated as required by Sections 148(h) and 143(g) of the Code.

(c) Unless a different meaning clearly appears from the context, for all purposes of the Resolution and this Twenty-Eighth Supplemental Resolution, the term "Interest Payment Date" shall mean (i) with respect to the Series 24 Bonds issued as Fixed Rate Bonds, May 1 and November 1 of each year commencing on November 1, 2005, (ii) with respect to any Series 24 Bonds issued as Variable Rate Bonds, such dates as shall be set forth in the Series Certificate, (iii) with respect to the Series 24 Notes, if any, such dates as shall be set forth in the Series Certificate and (iv) with respect to all Series 24 Bonds, any redemption date of any Series 24 Bonds and any other date on which interest on the Series 24 Bonds is required or permitted by the Resolution to be paid.

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

ARTICLE II

AUTHORIZATION OF SERIES 24 OBLIGATIONS

Section 2.01. Series 24 Obligations; Authorization; Purpose; Findings.

(a) The Agency hereby authorizes the issuance of one or more Series of Bonds to be designated "Single Family Housing Bonds, Series 24" for the purpose of funding mortgage loans, costs of issuance, reserve funds and the refunding of certain obligations of the Agency. Each separate Series of Bonds shall have its own letter designation (i.e. Series 24A, Series 24B, Series 24C, etc.) as shall be set forth in the Series Certificate. In addition, the Agency hereby authorizes the issuance of one or more Series of Notes to be designated "Single Family Housing Notes, Series 24;" such Series of Notes shall be issued as short term obligations with a maturity of less than three years from the date of issuance thereof, the proceeds of which shall not be made available for the funding of mortgage loans until such obligations have been refunded with a series of long-term Bonds. Each Series of Notes shall have its own letter designation as shall be set forth in the Series Certificate (i.e. Series 24A, Series 24B, Series 24C, etc.). In addition, in order to distinguish between Bonds and Notes of different tax plans for federal tax purposes, the Bonds of such Series or the Notes of such Series may be designated (as herein provided and as may be provided in the Series Certificate or Certificates delivered in connection with such Bonds) as Series 25 Bonds and as the Series 25 Notes, and, within such designation(s), may be further designated as Series 25A, Series 25B, and so forth. References herein to the Series 24 Bonds and the Series 24 Notes shall be deemed to include the Series 25 Bonds and Series 25 Notes, if any.

Collectively, the aggregate Principal Amount of the Series 24 Bonds and the Series 24 Notes shall not to exceed $105,000,000. The Agency hereby determines (i) that the original aggregate Principal Amount of the Series 24 Obligations is necessary to provide sufficient funds to be used and expended for the Program, (ii) that Loans made on behalf of the Agency with moneys allocable to the Series 24 Bonds can be issued bearing rates of interest which will be less than the prevailing rate of interest on comparable loans available in the State of Vermont without the assistance of the Agency and (iii) that the Agency will derive receipts, revenues or other income from the Loans purchased with moneys allocable to the Series 24 Bonds as provided herein and from the investment of the proceeds of the Series 24 Notes sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of the Series 24 Obligations and the payment of all costs and expenses incurred by the Agency with respect to the Program for which the Series 24 Obligations are being issued. For purposes of Section 204(B) of the Resolution, the Series 24 Bonds may be issued as "Fixed Rate Bonds" as described in Section 203(B) of the Resolution or as "Variable-Rate Bonds" as described in Section 203(C) of the Resolution (or any combination of Fixed-Rate Bonds and Variable-Rate Bonds) and all or a portion of the

Series 24 Bonds shall be issued as "Tender Bonds" as described in Section 203(D) of the Resolution.

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

(b) The Series 24 Obligations are being issued to provide funds for the refunding of certain outstanding obligations of the Agency and to make deposits in one or more of the Series 24 Program Accounts, the Series 24 Cost of Issuance Account, the Series 24 Capitalized Interest Account, the Debt Service Fund and the Bond Reserve Fund, subject to the limitations and provisions provided in Article V of the Resolution. The amounts of the deposits described in this paragraph (b) shall be as set forth in the Series Certificate.

(c) Except as may otherwise be provided in the Series Certificate with respect to the issuance of Variable-Rate Bonds and subject to Section 2.02 hereof, all Series 24 Obligations shall be issued only in the form of fully registered bonds each in the denomination of $5,000 or any whole multiple thereof and shall be lettered and numbered separately from one consecutively upward in order of maturity preceded by the letters "RA," "RB" or "RC," etc., as applicable, and with such further or alternate designation as the Trustee shall determine with the approval of the Agency.

(d) The Series 24 Obligations shall be dated as shall be set forth in the Series Certificate. Subject to Section 2.03 hereof, the Series 24 Obligations shall mature on the dates and in the Principal Amounts and shall bear interest at the rates set forth in the Series Certificate; provided, however, that in no event shall the Yield on the Series 24 Obligations exceed a Yield which would result in an interest rate on the zero point Mortgage Loans to be financed with the proceeds of the Series 24 Bonds in excess of 7.50% per annum nor may the final maturity date of the Series 24 Bonds be later than November 1, 2040.

(e) The Principal Amount and Redemption Price of the Series 24 Obligations shall be payable at the Principal Office of the Trustee. Interest on the Series 24 Obligations shall be payable solely by check or draft drawn upon the Trustee, bearing on its face or by attached notation the CUSIP number of the Series 24 Obligation on account of which such payment is made, mailed to the address of the registered owner thereof as it appears on the registry books of the Agency, determined as of the close of business on the applicable Record Date. The Principal Amount or Redemption Price of and interest on the Series 24 Obligations shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by the Resolution. Notwithstanding anything in the Resolution or this Paragraph (e) to the contrary, if at any time the Series 24 Obligations are not restricted to being registered in the registry books of the Agency in the name of Cede & Co., as nominee of the Bond Depository, as provided in Section 2.02 hereof, the Principal Amount and Redemption Price of and interest on the Series 24 Obligations of any registered owner of Series 24 Obligations of $1,000,000 or more in Principal Amount shall be payable, at the option of such registered owner expressed in a written notice delivered to the Trustee, in immediately available funds by wire transfer to the account of such registered owner on file with the Trustee. Each such wire transfer shall bear a notation of the CUSIP number of the Series 24 Obligations on account of which such payment is made.

(f) Pursuant to Section 305(C) of the Resolution, the Agency in its sole discretion may charge for every exchange or transfer of a Series 24 Obligation a fee sufficient to reimburse the Agency for the cost of preparing each new Series 24 Obligation delivered upon such exchange or transfer and for any other expenses of the Agency or the Trustee incurred in connection therewith (in addition to any applicable tax, fee or other governmental charge other than one imposed by the Agency), which fee shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

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

(a) The Series 24 Obligations shall be initially issued in the form of a single separate fully registered bond for each Series and maturity of the Series 24 Obligations in the amount of such maturity. Upon initial issuance, the ownership of the Series 24 Obligations shall be registered in the registry books of the Agency kept by the Trustee in the name of Cede & Co., as nominee of the Bond Depository. With respect to Series 24 Obligations registered in the registry books kept by the Trustee in the name of Cede & Co., as nominee of the Bond Depository, the Agency and the Trustee shall have no responsibility or obligation to any Participant or to any Beneficial Owner of the Series 24 Obligations. Without limiting the immediately preceding sentence, the Agency and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Bond Depository, Cede & Co. or any Participant with respect to any ownership interest in the Series 24 Obligations, (ii) the delivery to any Participant, any Beneficial Owner or any other person, other than the Bond Depository, of any notice with respect to the Series 24 Obligations, including any notice of redemption, or (iii) the payment to any Participant, any Beneficial Owner or any other person, other than the Bond Depository, of any amount with respect to the Principal Amount or Redemption Price of, or interest on, the Series 24 Obligations. The Trustee shall pay the Principal Amount or Redemption Price of, and interest on, the Series 24 Obligations only to or upon the order of the Bond Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligations with respect to the Principal Amount or Redemption Price of, and interest on, the Series 24 Obligations to the extent of the sum or sums so paid. No person other than the Bond Depository shall receive an authenticated Series 24 Obligation evidencing the obligation of the Agency to make payments of Principal Amount or Redemption Price of, and interest pursuant to the Resolution. Upon delivery by the Bond Depository to the Trustee of written notice to the effect that the Bond Depository has determined to substitute a new nominee in place of Cede & Co., the words "Cede & Co." in this Twenty-Eighth Supplemental Resolution shall refer to such new nominee of the Bond Depository.

(b) Upon receipt by the Agency and the Trustee of written notice from the Bond Depository to the effect that the Bond Depository is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of the Bond Depository hereunder can be found which is able to undertake such functions upon reasonable and customary terms, then the Series 24 Obligations shall no longer be restricted to being registered in the registry books of the Agency kept by the Trustee in the name of Cede & Co., as nominee of the Bond Depository, but may be registered in whatever name or names the owners transferring or exchanging Series 24 Obligations shall designate, in accordance with the provisions of the Resolution.

(c) In the event the Agency determines that Beneficial Owners should be able to obtain certificates for the Series 24 Obligations, the Agency shall notify the Bond Depository and the Trustee of the availability of such certificates. In such event, the Trustee shall issue, transfer and exchange certificates as requested by the Bond Depository (or, pursuant to Section 2.02(b) hereof, any other owner of Series 24 Obligations) in appropriate amounts, and, whenever the Bond Depository requests the Agency and the Trustee to do so, the Trustee and the Agency will cooperate with the Bond Depository in taking appropriate action after reasonable notice (i) to transfer the certificates to any Participant having Series 24 Obligations credited to its Bond Depository account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 24 Obligations.

(d) Notwithstanding any other provision of this Twenty-Eighth Supplemental Resolution to the contrary, so long as any Series 24 Obligation is registered in the name of Cede & Co., as nominee of the Bond Depository, all payments with respect to the Principal Amount or Redemption Price of, and interest on, such Bond and all notices with respect to such Bond shall be made and given, respectively, to or on the order of the Bond Depository as provided in the Representation Letter.

Section 2.03. Adjusted Rate Bonds.

(a) The Series 24 Bonds are issued subject to the provision that all or part of such Series 24 Bonds issued as Fixed-Rate Bonds (other than any Series 24 Bonds designated as Series 24 Notes) may be called for mandatory tender on the Adjustment Date and exchanged for or remarketed as an equal Principal Amount of Series 24 Bonds bearing interest at the Adjusted Interest Rate determined in accordance with this Section 2.03.

(i) If at any time and from time to time during the Adjustment Option Period (but not less than 40 days prior to the end of the Adjustment Option Period) any amount attributable to the Series 24 Bonds remains on deposit in the Series 24 Program Account and the Agency has determined (A) that the rate of interest to be borne by Loans allocable to Series 24 Bonds bearing interest at the rates set forth in the Series Certificate either (1) exceeds that rate which the Agency reasonably determines is the maximum rate which eligible Borrowers can then afford or (2) exceeds the maximum rate at which Mortgage Lenders are willing, in the judgment of the Agency, to commit to sell Loans for the Agency or

(B) that Loans made by or on behalf of the Agency, directly or indirectly, with the proceeds of Series 24 Bonds bearing interest at the rates set forth in the Series Certificate cannot be issued bearing a rate or rates of interest which is less than the prevailing rate of interest on comparable loans available in the State without the assistance of the Agency, the Agency may deliver to the Tender Bond Remarketing Agent a certificate of an Authorized Officer directing the Tender Bond Remarketing Agent to determine and certify to the Agency a Pro-Forma Adjusted Interest Rate as of a date (the "Certification Date") specified in such Certificate (which date shall be not less than two Business Days after the date of such certificate). The certificate of an Authorized Officer shall also specify a Principal Amount of Series 24 Bonds which are Fixed-Rate Bonds (not in excess of the amount then on deposit in the Series 24 Program Account and in a multiple of $5,000) for which the Pro-Forma Adjusted Interest Rate shall be determined (hereinafter referred to as the "Pro-Forma Tender Bonds"). On the Certification Date, the Tender Bond Remarketing Agent shall determine and certify to the Agency and the Trustee the Pro-Forma Adjusted Interest Rate with respect to the Pro-Forma Tender Bonds. The Pro-Forma Adjusted Interest Rate shall be the lowest rate or rates which, in the Tender Bond Remarketing Agent's judgment on the basis of prevailing market conditions, would permit the resale of the Pro-Forma Tender Bonds at par plus accrued interest, if any, on the Certification Date.

(ii) If on or after any Certification Date (A) the Agency determines that the yield (calculated as of the Certification Date) on the Pro-Forma Tender Bonds bearing interest at the Pro-Forma Adjusted Interest Rate is at least 1/2 of 1% lower than the yield on the Series 24 Bonds (calculated as of the original date of authentication and delivery of the Series 24 Bonds) and (B) the Agency determines that the rate of interest to be borne by Loans allocable to proceeds of Series 24 Bonds bearing interest at the Pro-Forma Adjusted Interest Rate does not exceed that rate which the Agency reasonably determines is the maximum rate which eligible Borrowers can afford and does not exceed the maximum rate which is allowable under Section 143(g) or Section 148(a) of the Code without causing the Series 24 Bonds to become "arbitrage bonds" within the meaning of Section 143(g) or Section 148(a) of the Code and (C) the Agency determines that Loans made by or on behalf of the Agency, directly or indirectly, with proceeds allocable to Series 24 Bonds bearing interest at the Pro-Forma Adjusted Interest Rate can be issued bearing a rate or rates of interest which will be less than the prevailing rate of interest on comparable loans available in the State without the assistance of the Agency and (D) the Agency determines that the rate of interest on such Loans will be sufficient, together with all other Revenues and other funds available for the purpose, to pay in the current and each subsequent Fiscal Year Aggregate Debt Service when due and all Program Expenses (on the assumption that the Pro-Forma Tender Bonds will bear interest at the Pro-Forma Adjusted Interest Rate subsequent to the Certification Date), the Agency may elect in a certificate of an Authorized Officer delivered to the Trustee and the Tender Bond Remarketing Agent to call a Principal Amount of Series 24 Bonds which are Fixed-Rate Bonds (not in excess of the Principal Amount of Pro-Forma Tender

Bonds) for mandatory tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds. The certificate of an Authorized Officer delivered to the Trustee shall also specify the Adjustment Date after with the Adjusted Rate Bonds shall bear interest at the Adjusted Interest Rate, which Adjustment Date, in the sole discretion of the Agency, shall be any date within the Adjustment Option Period not less than 33 days after the date such certificate is delivered to the Trustee.

(iii) If the Agency shall have elected to call a Principal Amount of Series 24 Bonds which are Fixed-Rate Bonds for tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds as provided in Paragraph (ii) of this Section 2.03, the Trustee shall select the Outstanding Series 24 Bonds which are Fixed-Rate Bonds (hereinafter refereed to as "Series 24 Tender Bonds") to be tendered (in aggregate Principal Amount equal to the Principal Amount of Series 24 Bonds specified by the Agency pursuant to Paragraph (a)(ii) of this Section 2.03). If less than all Series 24 Bonds which are Fixed-Rate Bonds are to be tendered, Series 24 Bonds which are Fixed-Rate Bonds of each maturity Outstanding shall be called for tender, as nearly as practicable, in accordance with the ratio which the aggregate Principal Amount of Series 24 Bonds which are Fixed-Rate Bonds of each maturity Outstanding bears to the aggregate Principal Amount of all Series 24 Bonds which are Fixed-Rate Bonds of all maturities Outstanding. If less than all Series 24 Bonds which are Fixed-Rate Bonds of any particular maturity are to be tendered, the Trustee shall select by lot the Series 24 Bonds which are Fixed-Rate Bonds within such maturity to be tendered. Not later than the Notice Date, notice of tender shall be given by the Trustee, in the name of the Agency, by first-class registered mail to all Holders of Series 24 Tender Bonds at their addresses appearing on the registration books of the Agency maintained by the Trustee (or at such other address as may have been provided to the Trustee for such purpose). A copy of such notice shall be furnished by the Agency on or before the Notice Date to each Nationally Recognized Credit Rating Agency then maintaining a rating on any Bonds Outstanding. In addition to the purposes provided in this Section 2.03, the notice of tender shall also constitute a notice of redemption of the Series 24 Tender Bonds on the Adjustment Date in whole or in part pursuant to Section 2.04(d) and Section 3.03(c) to the extent the conditions provided in Paragraphs (a)(iv) or (vii) of this Section 2.03 shall occur. Each such notice shall state in effect:

(A) the Principal Amount of Series 24 Tender Bonds owned by such Holder and the bond numbers and maturity dates thereof;

(B) the calendar date on which the Adjustment Date will occur and that, unless the conditions provided in Paragraph (iv) or Paragraph (vii) of this Section 2.03(a) shall occur, Series 24 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 24 Tender Bonds for which they were exchanged;

(C) that the Holders of Series 24 Tender Bonds will no longer be entitled to receive interest on such Bonds after the Adjustment Date, except in the case of Series 24 Tender Bonds retained as provided in Section 2.03(b)(iii) hereof and not purchased (in which case such Bonds shall, from and after the Adjustment Date, bear interest at the Adjusted Interest Rate);

(D) that each Series 24 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 24 Tender Bonds (which portion shall not be less than $5,000 and shall be in whole multiples of $5,000 in Principal Amount) upon compliance by such Bondholder with the provisions of clause (iii) of Section 2.03(b);

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

(F) that if the Series 24 Tender Bonds had been exchanged for Adjusted Rate Bonds on the Certification Date, they would have borne interest thereafter at the Pro-Forma Adjusted Interest Rate and that the actual Adjusted Interest Rate will be determined on the Calculation Date (describing the dates on which the Calculation Date may occur and the method by which the actual Adjusted Interest Rate will be determined);

(G) that, whether or not each Bondholder elects to direct the Agency and the Trustee not to purchase any or all of such Bondholder's Series 24 Tender Bonds in accordance with Section 2.03(b)(iii), unless such Bonds are registered in the name of the Bond Depository or its nominee, such Bondholder shall deliver such Bond or Bonds to the Trustee no later than 10:30 a.m. (New York City time) on the Adjustment Date duly endorsed in blank for transfer (the Trustee and the Bond Depository may agree as to any procedures to be followed by them with respect to the delivery of Series 24 Tender Bonds); and

(H) that if no adjustment of interest rate takes place as a result of a failure of or inability of the Tender Bond Remarketing Agent to set the Adjusted Interest Rate on the Calculation Date, or otherwise as provided herein, whether or not a Bondholder has elected to direct the Agency or the Trustee not to purchase all or a portion of such Bondholder's Series 24 Tender Bonds, all of such Series 24 Tender Bonds will be subject to mandatory redemption on the Adjustment Date.

(iv) On the Calculation Date the Tender Bond Remarketing Agent shall determine and announce to the Trustee and the Agency, in addition to those matters set forth in Paragraph (v) of this Section 2.03(a), the Adjusted Interest Rate that the Adjusted Rate Bonds of each applicable maturity shall bear as of the Adjustment Date. The Adjusted Interest Rate shall be the interest rate which, in the judgment of the Tender Bond Remarketing Agent, as of the date of such determination and under prevailing market conditions, would permit the resale of the Adjusted Rate Bonds on such date at par plus accrued interest, if any. If the Tender Bond Remarketing Agent shall fail or be unable to set the Adjusted Interest Rate on the Calculation Date, all Series 24 Tender Bonds shall be subject to mandatory redemption on the Adjustment Date. The Tender Bond Remarketing Agent shall announce the Adjusted Interest Rate by telephone to the Trustee and the Agency prior to 12:00 Noon, New York City time, on the Calculation Date, and shall confirm such notice by telex, facsimile or in writing or by wire sent on the same day or by next-day delivery service. Subject to Paragraph (vii) of this Section 2.03(a), as soon as possible after the Calculation Date the Trustee shall notify Bondholders who elected not to have their Series 24 Tender Bonds purchased pursuant to subparagraph (b)(iii) below of the Adjusted Interest Rate applicable to the Adjusted Rate Bonds to be retained by such holders. Following the Calculation Date, but in no event later than the second Business Day prior to the Adjustment Date, the Agency shall also deliver to the Trustee (1) an Arbitrage Projection Certificate, (2) a Remarketing Projection of Revenues satisfying the provisions of Paragraph (vi) of this Section 2.03(a), (iii) an Adjustment Rating Certificate and (3) a certificate of an Authorized Officer to the effect that the balance on deposit in the Bond Reserve Fund and the Series 24 Loan Loss Claim Fund as of the Adjustment Date will not be less than the Bond Reserve Fund Requirement and the Series 24 Loan Loss Claim Fund Requirement, respectively, calculated as of the Adjustment Date.

(v) On the Certification Date and on the Calculation Date, the Tender Bond Remarketing Agent shall deliver to the Agency and the Trustee a schedule of Principal Installments (including Sinking Fund Installments, if any) of the Pro-Forma Tender Bonds and the Adjusted Rate Bonds, as applicable. The maturity dates of, and schedule of Principal Installments for, the Pro-Forma Tender Bonds and the Adjusted Rate Bonds, as applicable, shall be the same dates and schedule as established pursuant to Sections 2.01 and 2.04(d) hereof for the Series 24 Bonds for which they are to be exchanged, provided that, the Sinking Fund Installments, if any, for the Adjusted Rate Bonds of any maturity shall be the pro-rata proportion of each Sinking Fund Installment established for such maturity by the Tender Bond Remarketing Agent pursuant to Section 2.04(d) hereof determined, as nearly as practicable, in accordance with the ratio which the aggregate Outstanding Principal Amount of Adjusted Rate Bonds of such maturity bears to the aggregate Outstanding Principal Amount of all Series 24 Bonds of such maturity.

(vi) In addition to the requirements of Section 610 of the Resolution, the Remarketing Projection of Revenues delivered in connection with the remarketing of the Adjusted Rate Bonds shall assume the schedule of Principal Installments for the Adjusted Rate Bonds delivered to the Agency on the Calculation Date in accordance with Paragraph (v) of this Section 2.03(a) and shall demonstrate that following such remarketing expected Revenues and other funds available for the purpose will be sufficient to pay in the current and each subsequent Fiscal Year Aggregate Debt Service when due and all Program Expenses or, if not, that the amount of Revenues and other funds available to pay Aggregate Debt Service in the current and each subsequent Fiscal Year on all Bonds Outstanding other than the Series 24 Tender Bonds, and to pay all Program Expenses allocable to such Bonds, will be greater following adjustment of the Series 24 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 24 Tender Bonds in accordance with Section 2.04(b) hereof. A copy of the Remarketing Projection of Revenues, together with a schedule of Investment Obligations in which the proceeds of the Series 24 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 24 Bonds not later than five days prior to the Adjustment Date. In addition to the foregoing requirements, the Remarketing Projection of Revenues shall also take into account the provisions of Section 3.03(c) hereof. No moneys, other than Revenues, and no other amounts, Reserve Deposits or Series 24 Loan Loss Claim Fund Deposits, other than amounts, Reserve Deposits and Series 24 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 24 Bonds, shall be assumed in such Remarketing Projection of Revenues to be available to pay the Series 24 Bonds unless at or prior to such Adjustment Date the Agency shall have deposited such moneys, Reserve Deposits or Series 24 Loan Loss Claim Fund Deposits in one or more of the Funds or Accounts held under the Resolution, or shall have assigned or delivered such Additional Security to the Trustee, and shall have delivered to the Trustee an opinion of Bond Counsel to the effect that such moneys, Reserve Deposits, Series 24 Loan Loss Claim Fund Deposits or Additional Security have been validly pledged as security for the payment of the Principal Amount and Redemption Price of and interest on the Bonds and that such assignment or delivery will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Series 24 Obligation Outstanding.

(vii) If on or prior to the second Business Day immediately preceding the Adjustment Date either (A) the Agency shall fail to deliver to the Trustee the Arbitrage Projection Certificate, Adjustment Rating Certificate or Remarketing Projection of Revenues or certificate of an Authorized Officer described in Paragraph (iv) of this Section 2.03(a) or (B) either (1) the Agency shall determine (and certify to the Trustee) that the rate of interest to be borne by Loans to be acquired with the proceeds attributable to the Adjusted Rate Bonds exceeds the rate which the Agency reasonably determines is the maximum rate which eligible Borrowers can afford or (2) the Agency shall have reasonably determined (and shall so certify to the Trustee) that Mortgage Lenders would be unable or unwilling to originate Loans for sale to the Agency at such rate or in a principal amount sufficient to fully apply all proceeds allocable to the Adjusted Rate Bonds as herein provided, or (3) the Agency shall determine that Loans made by or on behalf of the Agency, directly or indirectly, with proceeds attributable to the Adjusted Rate Bonds cannot be issued bearing a rate or rates of interest which will be less than the prevailing rate of interest on comparable loans available in the State without the assistance of the Agency, the Series 24 Tender Bonds (or such portion of the Principal Amount thereof as the Agency shall determine is necessary to satisfy the provisions of this Paragraph (vii)) shall not be exchanged for or remarketed as Adjusted Rate Bonds on the Adjustment Date but shall be redeemed on the Adjustment Date in accordance with Section 2.04(B) hereof.

(b) (i) Subject to Paragraph (b)(iii) of this Section 2.03, all Series 24 Tender Bonds shall be subject to mandatory tender for purchase on the Adjustment Date. Subject to the following sentence, any Series 24 Tender Bond subject to purchase on the Adjustment Date shall be purchased on the Adjustment Date from moneys transferred to the Debt Service Fund pursuant to Section 3.04(c) hereof at a purchase price equal to the Principal Amount thereof (including any initial issue premium paid with respect to the related maturity of the Series 24 Bonds) plus accrued interest, if any, thereon to the Adjustment Date, and without premium. There shall not be purchased from such moneys:

(A) Series 24 Tender Bonds purchased with remarketing proceeds as contemplated by subparagraph (ii) hereof;

(B) Series 24 Tender Bonds with respect to which the Trustee shall have received directions from the Holder thereof in accordance with subparagraph (c) hereof not to purchase the same; or

(C) Series 24 Tender Bonds issued in exchange for or upon the transfer of Series 24 Tender Bonds referred to in the preceding sub clauses (A) or (B).

(ii) In lieu of purchase from moneys held in the Debt Service Fund in accordance with Section 3.04(c) hereof, the purchase price of Series 24 Tender Bonds subject to purchase on the Adjustment Date may be paid from the proceeds of sale of the Adjusted Rate Bonds to a person or persons designated by the Remarketing Agent (who may but need not be the Tender Bond Remarketing Agent) at par plus accrued interest, if any. Adjusted Rate Bonds shall be sold to the person or persons designated by the Tender Bond Remarketing Agent if the purchase price in immediately available funds is delivered to the Trustee by 10:30 a.m., New York City time on the Adjustment Date. The Tender Bond Remarketing Agent, acting pursuant to the Tender Bond Remarketing Agreement, shall notify the Trustee in writing no later than the close of business on the third Business Day immediately preceding the Adjustment Date of the identity of the purchasers to whom the Adjusted Rate Bonds shall be remarketed as of the Adjustment Date, the names in which such Bonds are to be registered and addresses and tax identification number of such purchasers and the Principal Amount, denominations, maturity date or dates and interest rate or rates of the Adjusted Rate Bonds which shall be so purchased.

(A) Any Series 24 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 24 Tender Bond deemed tendered and purchased shall not bear interest from and after the Adjustment Date and shall not be entitled to any rights under, or be secured by the pledge of, the Resolution, but shall have only the right to receive the purchase price thereof.

(B) For all Series 24 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 24 Tender Bonds presented to the Trustee after the Adjustment Date for payment shall be paid from the aforementioned amounts set aside and shall be cancelled in accordance with Section 308 of the Resolution.

(iii) Any Holder of Series 24 Tender Bonds who has received notice that such Holder's Series 24 Tender Bonds will be exchanged for Adjusted Rate Bonds may direct in writing by mail or by telex or facsimile received by an officer in the Corporate Trust Division of the Trustee no later than 4:00 p.m. (New York City time) on the fifteenth (15th) day prior to the Adjustment Date (or if such day is not a Business Day, on the next succeeding Business Day), as specified in such notice, that all or any specified portion of such Holder's Series 24 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 24 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 24 Tender Bonds for an amount of Adjusted Rate Bonds equal in Principal Amount to the Series 24 Tender Bonds tendered for exchange and of the same maturity as the Series 24 Tender Bonds so exchanged. The Trustee and the Bond Depository may agree to other arrangements for evidencing the exchange of Series 24 Tender Bonds for Adjusted Rate Bonds in the case of Series 24 Tender Bonds registered in the name of the Bond Depository or its nominee. The Trustee shall notify the Remarketing Agent and the Agency by 5:00 p.m. (New York City time) on the Fifteenth (15th) day prior to the Adjustment Date (or if such day is not a Business Day, on the next succeeding Business Day) of the aggregate amount of Series 24 Tender Bonds with respect to which notices were so received and the maturity dates thereof.

(iv) Unless otherwise agreed to by the Trustee with respect to Series 24 Tender Bonds registered in the name of the Bond Depository or its nominee, the direction of a Holder of Series 24 Tender Bonds described in subparagraph (iii) of this Section 2.03(b) shall be substantially in the form of Exhibit A hereto and shall state:

(A) the maturity date or dates of the Adjusted Rate Bonds for which the Holder's Series 24 Tender Bonds are to be exchanged and the Principal Amount or Amounts applicable to such maturity date(s) but shall acknowledge that if the conditions described in Section 2.03(a)(iv) or Section 2.03(a)(vii) hereof shall occur, such Holder's Series 24 Tender Bonds shall be subject to mandatory redemption despite direction to the contrary; and

(B) that such person is the owner of the Series 24 Tender Bonds to be exchanged for Adjusted Rate Bonds.

(v) Series 24 Tender Bonds purchased with moneys on deposit in the Debt Service Fund pursuant to Section 2.03(b)(i) hereof shall be cancelled by the Trustee.

(vi) Notwithstanding anything herein to the contrary, the aggregate principal amount of Adjusted Rate Bonds may be in an amount which exceeds the aggregate principal amount of Series 24 Tender Bonds (which increased amount reflects the unamortized premium paid with respect to any Series 24 Tender Bonds) upon receipt by the Trustee and the Agency of an opinion of Bond Counsel to the effect that the remarketing of the Adjusted Rate Bonds in such amount will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Series 24 Obligation.

Section 2.04. Redemption Provisions.

(a) The Series 24 Bonds shall be subject to optional redemption as set forth in the Series Certificate.

(b) All Series 24 Tender Bonds shall be subject to redemption prior to maturity in whole or in part on the Adjustment Date as provided in Section 2.03(a)(iv) and Section 2.03(a)(vii) hereof from moneys deposited in the Special Redemption Account pursuant to Section 3.04(b) hereof at a Redemption Price of par plus accrued interest to the redemption date.

(c) The Series 24 Bonds shall be subject to special redemption as set forth in the Series Certificate upon compliance with the provisions of Section 509 of the Resolution.

(d) If so provided in the Series Certificate, Series 24 Bonds maturing on the dates set forth in the Series Certificate shall be subject to redemption prior to maturity in part on the dates and in the amounts set forth in the Series Certificate through application of Sinking Fund Installments at a Redemption Price equal to the Principal Amount of each Series 24 Bond or portion thereof to be redeemed, plus accrued interest to the redemption date.

(e) Except as otherwise provided herein, notice of redemption of Series 24 Bonds, bearing, in addition to such other information as may be required by Section 405 of the Resolution, the "CUSIP" number of each Series 24 Bond or portion thereof to be redeemed, the date and interest rate of such Bond or portion and the name and telephone number of a representative of the Trustee from whom information regarding such redemption can be obtained, shall be given by mailing a copy of such notice not more than 60 days and not less than 30 days prior to the redemption date to the registered owners of all Series 24 Bonds or portions thereof to be redeemed. Notwithstanding anything herein or in the Resolution to the contrary, notice of redemption of any Series 24 Bonds or portions thereof given to the registered owner of $1,000,000 or more Principal Amount of Series 24 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 24 Bond or any defect therein shall not affect the redemption of any other Series 24 Bonds for which the required notice of redemption shall have been given. Not less than two Business Days prior to the giving of any notice of redemption of Series 24 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 24 Bonds on the redemption date therefor). If any Series 24 Bonds called for redemption as provided herein are not presented for payment within 60 days of the redemption date, the Trustee shall mail an additional notice of the redemption of such Series 24 Bonds to the registered owners thereof, provided failure to mail such notice or any defect therein shall not affect the redemption of such Series 24 Bonds on the redemption date therefor.

Section 2.05. Sale of Series 24 Obligations.

(a) The Series 24 Obligations shall be sold to the Underwriters and any other direct purchasers of the Series 24 Obligations on the terms and conditions, and upon the representations set forth in the related Purchase Contract, which Purchase Contract (or Purchase Contracts) may be executed and delivered on behalf of the Agency by the Chair, the Executive Director and Secretary, or any other Authorized Officer in such form as shall be approved by Counsel to the Agency; provided, however, that in no event shall the Yield on the Series 24 Obligations exceed a Yield which would result in an interest rate on the zero point Mortgage Loans to be financed with the proceeds of the Series 24 Bonds in excess of 7.50% per annum nor may any Series 24 Bond mature later than November 1, 2040.

(b) The distribution of the preliminary Official Statements in a form comparable to the forms previously used by the Agency and acceptable to Counsel to the Agency is hereby authorized in all respects. The final Official Statements in substantially the form of the related preliminary Official Statement, as modified and supplemented to reflect the pricing of the Series 24 Obligations, is hereby approved and the execution and delivery thereof to the Underwriters and any other direct purchasers is hereby authorized in all respects.

(c) The Series 24 Obligations shall be delivered upon compliance with the provisions of Section 204 of the Resolution, at the time and place provided by the related Purchase Contract.

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

ARTICLE III

ESTABLISHMENT OF ACCOUNTS AND APPLICATION OF PROCEEDS OF SERIES 24 OBLIGATIONS

Section 3.01. Establishment of Funds and Accounts.

(a) In accordance with Section 502 of the Resolution, the Series 24 Loan Loss Claim Fund is hereby established to be held by the Trustee. The Series 24 Loan Loss Claim Fund shall be deemed to be Additional Security for the Series 24 Bonds within the meaning and with the effect given by Section 207 of the Resolution, and the Series 24 Loan Loss Claim Fund Surety Bond, Investment Obligations and Series 24 Loan Loss Claim Fund Deposits held in such Fund shall be used for the purposes and as provided in Section 3.06 of this Twenty-Eighth Supplemental Resolution.

(b) There are hereby ordered to be established in the Program Fund one or more separate accounts to be designated as "Program Accounts" and "Premium Accounts" moneys in each of which shall be used for the purposes and as authorized by Section 504 of the Resolution and Section 3.03 of this Twenty-Eighth Supplemental Resolution. The actual number of such Program Accounts and Premium Accounts shall be set forth in the Series Certificate. There shall also be established within any Program Account relating to the Series 24 Bonds a separate subaccount designated the "Series 24 Tender Bonds Proceeds Subaccount," moneys in which shall be used solely for the purposes and as authorized by Section 3.04 hereof. Except as provided in Section 3.04 hereof, amounts on deposit in the Series 24 Tender Bonds Proceeds Subaccount shall be considered for all proposes of the Resolution as on deposit in the related Program Account for such Series 24 Bonds.

(c) In accordance with Section 502 of the Resolution, a separate account is hereby established in the Program Fund designated the "Series 24 Cost of Issuance Account," moneys in which shall be used for the purposes and as authorized by Section 505(A) of the Resolution.

(d) In accordance with Section 502 of the Resolution, a separate account is hereby established in the Program Fund designated the "Series 24 Capitalized Interest

Account," moneys in which shall be used for the purposes and as authorized by Section 505(B) of the Resolution.

(e) In accordance with Section 502 of the Resolution, a separate account is hereby established in the Redemption Fund to be held by the Trustee designated the "Series 24 Contingency Account," the amounts in which shall be used for the purposes and as authorized by Section 3.05 of this Twenty-Eighth Supplemental Resolution. The Series 24 Contingency Account shall be deemed to be Additional Security for the Series 24 Bonds within the meaning and with the effect given by Section 207 of the Resolution.

(f) There is hereby established in the Rebate Fund a separate account designated the "Series 24 Rebate Account," moneys in which shall be used for the purposes and as authorized by Section 510 of the Resolution and Section 3.07 of this Twenty-Eighth Supplemental Resolution.

(g) The Series Certificate may establish such additional funds or accounts as may be required upon the issuance of any Series 24 Notes, Variable-Rate Bonds or upon the execution of any Hedge Agreement.

Section 3.02. Application of Proceeds and Other Moneys.

(a) Upon the authentication and delivery of the Series 24 Obligations, the proceeds of sale of the Series 24 Obligations shall be deposited by the Trustee as provided in the Series Certificate.

(b) On or before the original delivery date of the Series 24 Obligations, the Agency shall deliver to the Trustee cash, the Series 24 Loan Loss Claim Fund Surety Bond or Series 24 Loan Loss Claim Fund Deposits, in an aggregate stated amount equal to the Series 24 Loan Loss Claim Fund Requirement, to be held by the Trustee for the credit of the Series 24 Loan Loss Claim Fund, as provided in Section 3.06 hereof.

(c) On or before the original delivery date of the Series 24 Obligations, the Agency shall deliver cash, the Series 24 Contingency Account Surety Bond or Series 24 Contingency Account Deposits to the Trustee in the amount provided in the Series Certificate. If a Series 24 Contingency Account Deposit is other than cash, the Series 24 Contingency Account Deposit shall have an initial term of at least five years from its date and shall be held by the Trustee for the credit of the Series 24 Contingency Account.

Section 3.03. Application of Certain Amounts in Series 24 Program Accounts.

(a) Notwithstanding anything in the Resolution to the contrary, except as hereinafter provided or as otherwise provided in the Series Certificate, amounts deposited in any Program Account created with respect to the Series 24 Bonds in accordance with the Series Certificate shall be applied solely to the purchase or making of Mortgage Loans (excluding Mortgage Loans for the construction of Residential Housing) as provided herein, in the Series Certificate and in Section 504 of the Resolution. Amounts deposited in any Program Account created with respect to the Series 24 Bonds as provided herein, in the Series Certificate or in the Resolution may be applied by the

Agency to the purchase or making of Cooperative Housing Loans, Mortgage Loans for the construction of Residential Housing or Home Improvement Loans provided that at or prior to the purchase or making of any such Loan (i) the Agency shall furnish to each Nationally Recognized Credit Rating Agency the form of purchase agreement, servicing agreement, operations manual and other Program instruments and guidelines pursuant to which such Loans will be purchased or made, and (ii) the Agency shall deliver to the Trustee a letter from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) to the effect that the purchase or making of such Loans will not cause such agency to lower, suspend or otherwise modify adversely the unenhanced credit ratings then assigned to any Bonds Outstanding. In connection with the purchase of Cooperative Housing Loans, Mortgage Loans for the construction of Residential Housing or Home Improvement Loans, if any, hereunder the Agency may adopt a Supplemental Resolution pursuant to Section 701 of the Resolution specifying the terms of such Loans and any conditions to the purchase or making thereof and providing for any Additional Security therefor or for the Series 24 Obligations in accordance with Section 207 of the Resolution.

(b) Amounts on deposit in any Program Account allocable to the Series 24 Bonds shall be applied by the Agency to the purchase or origination of Loans bearing interest at rates not less than the rates set forth in the Series Certificate for each type of Loan authorized by the Series Certificate. Notwithstanding the foregoing, the Agency may purchase or make Loans with provisions differing from the foregoing restriction if at or prior to the purchase or making of such Loans the Agency delivers to the Trustee (i) a Projection of Revenues demonstrating that following the purchase or making of such Loans, expected Revenues and other funds available for the purpose will be sufficient to pay in the current and each subsequent Fiscal Year Aggregate Debt Service when due and all Program Expenses, and (ii) an opinion of Bond Counsel to the effect that the purchase or making of such Loans will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 24 Obligations.

(c) Amounts on deposit in any Program Account allocable to the Series 24 Notes shall be retained therein and applied to the payment of principal and interest on the applicable Series of Series 24 Notes.

(d) Amounts, if any, of deposit in any Premium Account allocable to the Series 24 Bonds of the Program Fund shall be applied by the Agency to provide down payment and closing cost assistance to borrowers who elect to receive Downpayment Assistance Loans as described in the Series Certificate. Notwithstanding the foregoing, the Agency may use amounts on deposit in any Premium Account allocable to the Series 24 Bonds to purchase or make Loans which do not constitute Downpayment Assistance Loans if at or prior to the purchase or making of such Loans to the Agency delivers to the Trustee the Protection of Revenues and opinion of Bond Counsel described in clause (i) and (ii) of paragraph (b) of this Section 3.03.

Upon the mandatory tender of Series 24 Bonds pursuant to Section 2.03(b) hereof, the redemption of Series 24 Tender Bonds pursuant to Section 2.04(b) hereof or the redemption of Series 24 Bonds from unexpended proceeds pursuant to Section 2.04(c) hereof, amounts on deposit in the Series 24 Premium Account allocable to the initial issue premium, if any, paid with respect to the Series 24 Bonds, shall be transferred to the Series 24 Tender Bonds Proceeds Subaccount or the Special Redemption Account, as applicable, to pay a portion of the tender price or redemption price, as applicable, of the Series 24 Bonds.

Section 3.04. Application of Series 24 Tender Bond Proceeds Subaccount.

(a) Notwithstanding anything in Section 504 of the Resolution to the contrary, upon receipt by the Trustee of the certificate of an Authorized Officer described in Section 2.03(a)(ii) hereof to the effect that the Agency has elected to call a Principal Amount of Series 24 Bonds for exchange for or remarketing as Adjusted Rate Bonds on the Adjustment Date, the Trustee shall withdraw (i) from the Program Accounts allocable to the Series 24 Bonds and deposit in the Series 24 Tender Bonds Proceeds Subaccount an amount equal to the Principal Amount of Series 24 Bonds so certified and (ii) from any Premium Account allocable to the Series 24 Bonds and deposit in the Series 24 Tender Bonds Proceeds Subaccount an amount equal to the initial issue premium paid with respect to any Series 24 Tender Bonds. Until the Adjustment Date, the amount so deposited shall be applied solely as provided in Paragraph (b) and (c) of this Section 3.04.

(b) Notwithstanding anything in Section 504 of the Resolution to the contrary, if the conditions specified in Section 2.03(a)(iv) or Section 2.03(a)(vii) hereof shall have occurred, the Trustee shall transfer from the Series 24 Tender Bonds Proceeds Subaccount to the Series 24 Special Redemption Account in the Redemption Fund all or such portion of such funds on deposit in the Series 24 Tender Bonds Proceeds Subaccount as shall be directed by the Agency for application to the redemption of all Series 24 Tender Bonds in accordance with Section 2.04(b) hereof.

(c) Notwithstanding anything in Section 504 of the Resolution to the contrary, if on the Adjustment Date any Series 24 Tender Bonds have not been remarketed as Adjusted Rate Bonds in accordance with Section 2.03(b)(ii) hereof, the Trustee shall transfer from the Series 24 Tender Bonds Proceeds Subaccount to the Debt Service Fund an amount equal to the sum of (i) the Principal Amount of all such Series 24 Tender Bonds not so remarketed and (ii) the initial issue premium allocable to any Series 24 Tender Bonds issued with such premium not so remarketed. The amounts so transferred shall be applied on the Adjustment Date to the purchase of Series 24 Tender Bonds as provided in Section 2.03(b)(i) hereof.

(d) Notwithstanding anything herein to the contrary, on the Adjustment Date, but only upon compliance with Paragraph (b) and (c) of this Section 3.04, the Trustee shall return the entire balance then remaining in the Series 24 Tender Bonds Proceeds Subaccount to the related Program Account allocable to the Series 24 Bonds and any Premium Account allocable to the Series 24 Bonds, as applicable, for application thereafter as provided in Section 504 of the Resolution and Section 3.03 hereof.

Section 3.05. Application of Series 24 Contingency Account.

(a) Notwithstanding anything in the Resolution to the contrary, in connection with the purchase or redemption of Bonds with funds on deposit in a Special Redemption Account pursuant to Section 509(C) of the Resolution, the Agency may pay to the Trustee for deposit in the Revenue Fund amounts from the General Fund or from any other lawful source available to the Agency to the extent that the Projection of Revenues required by Section 509(G) of the Resolution shows that the balance to be on deposit and available for such purpose on the redemption date of such Bonds in all Funds and Accounts under the Resolution, other than the Rebate Fund, will be insufficient to satisfy the requirements of said Section 509(G) of the Resolution with respect to such purchase or redemption.

(b) The Trustee shall hold the cash deposited by the Agency, the Series 24 Contingency Account Surety Bond or the Series 24 Contingency Account Deposit, as applicable, for the credit of the Series 24 Contingency Account as security for the payment to the Trustee for deposit in the Revenue Fund of amounts, if any, necessary to satisfy the requirements of Section 509(G) of the Resolution upon any redemption of Series 24 Bonds (and, to the extent provided in the Series Certificate, any other Bonds of the Agency) as described in Paragraph (a) of this Section 3.05 and, to the extent provided in the applicable Supplemental Resolution and, if the Agency has provided a Series 24 Contingency Account Deposit, with the prior approval of the Series 24 Contingency Account Deposit Provider, upon the redemption of any other Series of Bonds Outstanding under the Resolution. The Agency hereby instructs the Trustee, as applicable, to withdraw funds on deposit in the Series 24 Contingency Account or to give notice to the Series 24 Contingency Account Deposit Provider and to draw upon the Series 24 Contingency Account Deposit in accordance with its terms to the extent that the amount on deposit and available therefor in all Funds and Accounts under the Resolution (other than amounts available under the Series 24 Contingency Account Deposit and amounts on deposit in or held for the credit of the Series 24 Loan Loss Claim Fund), after consideration of any other amounts deposited in the Revenue Fund pursuant to Paragraph (a) of this Section 3.05 or the related provision of any applicable Supplemental Resolution set forth in the Series Certificate is insufficient to enable the Agency to satisfy the requirements of Section 509(G) of the Resolution with respect to the purchase or redemption of Series 24 Bonds (and any other Bonds of the Agency set forth in the Series Certificate) as described in Paragraph (a) of this Section 3.05. Any such certificate shall include instructions to the Trustee to draw upon the Series 24 Contingency Account Deposit to the extent of such deficiency and otherwise in accordance with its terms and to deposit the amount so drawn in the Revenue Fund.

(c) At any time while a Series 24 Contingency Account Deposit is held under the Resolution for the account of the Series 24 Bonds, the Agency may direct the Trustee to reduce the stated amount thereof or to cancel the Series 24 Contingency Account Deposit and return it to the Series 24 Contingency Account Deposit Provider upon the filing with the Trustee of a certificate of an Authorized Officer to the effect that the Agency has informed each Nationally Recognized Credit Rating Agency of such reduction or cancellation and each such Agency has confirmed that such reduction or cancellation will not adversely affect the unenhanced ratings then assigned to any Bonds Outstanding. In the event the Agency has deposited cash with the Trustee in lieu of a Series 24 Contingency Account Deposit, the Agency may direct the Trustee to withdraw any or all funds on deposit in the Series 24 Contingency Account and return such funds to the Agency upon the same conditions as a reduction or cancellation of the Series 24 Contingency Account Deposit.

(d) If the Trustee shall receive a notice from the Series 24 Contingency Account Deposit Provider pursuant to the Series 24 Reimbursement Agreement, if any, to the effect that an Event of Default has occurred and is continuing under the Series 24 Reimbursement Agreement and the Series 24 Contingency Account Deposit Provider has elected to direct the Trustee to make a drawing of an amount equal to the stated and unpaid amount of the Series 24 Contingency Account Deposit, the Trustee shall make such drawing and shall deposit the amount so drawn in the Series 24 Contingency Account.

(e) Subject to the provisions of Paragraph (c) of this Section 3.05, not less than five Business Days prior to the date of expiration of the Series 24 Contingency Account Deposit the Agency shall deposit with the Trustee an extension thereof or a substitute Series 24 Contingency Account Deposit therefor (the deposit of which will not adversely affect the unenhanced ratings then assigned to any Bonds Outstanding by any Nationally Recognized Credit Rating Agency) in a stated amount equal to the stated amount of the initial Series 24 Contingency Account Deposit. If the Agency shall fail to deposit such extension or substitute letter of credit, not less than three Business Days prior to the expiration date of the Series 24 Contingency Account Deposit the Trustee shall draw upon the Series 24 Contingency Account Deposit the full amount then available to be drawn thereunder and shall deposit such amount in the Series 24 Contingency Account. If at any time thereafter the Agency shall certify to the Trustee in accordance with Paragraph (c) of this Section 3.05 that all or a portion of the amount on deposit in the Series 24 Contingency Account is not required for the purposes of such account, the Trustee shall pay the surplus in the Series 24 Contingency Account (as determined by the Agency) or the entire balance therein, as appropriate, to the Agency.

(f) Withdrawals from the Series 24 Contingency Account pursuant to Paragraphs (b) or (c) of this Section 3.05 shall be made by the Trustee, *first*, from cash and Investment Obligations, if any, on deposit in the Series 24 Contingency Account and *second*, from amounts drawn on any Series 24 Contingency Account Deposit. If at the time of making any withdrawal the amount of cash and Investment Obligations on deposit in the Series 24 Contingency Account is less than the withdrawal to be made, the Trustee shall notify the Agency of the amount of the deficiency and, unless the Agency shall pay to the Trustee for deposit in the Series 24 Contingency Account not later than the close of business on the Business Day next succeeding the date which such notice is received by the Agency an amount equal to such deficiency, the Trustee shall draw on the Series 24 Contingency Account Deposit the amount of the deficiency (or such portion thereof that has not been funded by such a deposit by the Agency) or, if less, the full amount available under the Series 24 Contingency Account Deposit.

(g) Interest or other income derived from the investment or deposit of moneys, if any, in the Series 24 Contingency Account shall be transferred by the Trustee to the Agency.

Section 3.06. Application of Series 24 Loan Loss Claim Fund.

(a) The Trustee shall deposit in the Series 24 Loan Loss Claim Fund (i) the amount, if any, set forth in the Series Certificate, (ii) all amounts drawn on the Series 24 Loan Loss Claim Fund Deposit, if any, in accordance with this Section 3.06, (iii) any amount deposited therein from the Revenue Fund pursuant to Section 3.08 of this Twenty-Eighth Supplemental Resolution, (iv) all interest and other earnings on investment or deposit of amounts on deposit in the Series 24 Loan Loss Claim Fund and (v) any other amounts (not required by the Resolution to be otherwise deposited), as determined by the Agency. Except as otherwise provided herein, amounts on deposit in the Series 24 Loan Loss Claim Fund, including, without limitation, amounts drawn on the Series 24 Loan Loss Claim Fund Deposit, shall be used solely for the purposes provided in Paragraphs (b) and (c) of this Section 3.06.

(b) Upon receipt by the Trustee of a certificate of an Authorized Officer to the effect that a Loan Loss has been realized on a defaulted Loan allocable to the Series 24 Bonds and specifying the amount of such Loan Loss, the Trustee shall withdraw from the Series 24 Loan Loss Claim Fund and deposit in the Revenue Fund the amount of such Loan Loss as so specified, or such lesser amount as directed in such certificate. Upon deposit thereof in the Revenue Fund, each Loan Loss Claim Fund Withdrawal shall constitute Revenues for all purposes of the Resolution.

(c) Notwithstanding anything herein to the contrary, if at any time the conditions described in Section 3.05(b) hereof shall occur and the amount on deposit in or held for the credit of the Series 24 Contingency Account shall be insufficient for the purposes of such account, the Trustee shall give notice to the Series 24 Loan Loss Claim Fund Deposit Provider and shall draw the amount of the deficiency from the Series 24 Loan Loss Claim Fund provided following such drawing and application of the amount withdrawn to the redemption of Bonds as contemplated by Section 3.05(b) hereof the amount on deposit in the Series 24 Loan Loss Claim Fund, together with the stated and unpaid amount of the Series 24 Loan Loss Claim Fund Deposit, if any, shall be not less than the Series 24 Loan Loss Claim Fund Requirement. Any amounts withdrawn from the Series 24 Loan Loss Claim Fund in accordance with this Paragraph (c) shall be deposited in the Revenue Fund and shall be applied to the redemption of Bonds as contemplated by Section 3.05(b) hereof.

(d) Withdrawals from the Series 24 Loan Loss Claim Fund pursuant to Paragraphs (b) or (c) of this Section 3.06 shall be made by the Trustee, *first*, from cash and Investment Obligations, if any, on deposit in the Series 24 Loan Loss Claim Fund and *second*, from amounts drawn on any Loan Loss Claim Fund Deposit. If at the time of making any withdrawal the amount of cash and Investment Obligations on deposit in the Series 24 Loan Loss Claim Fund is less than the withdrawal to be made, the Trustee shall notify the Agency of the amount of the deficiency and, unless the Agency shall pay to the Trustee for deposit in the Series 24 Loan Loss Claim Fund not later than the close of business on the Business Day next succeeding the date which such notice is received by the Agency an amount equal to such deficiency, the Trustee shall draw on the Series 24 Loan Loss Claim Fund Deposit the amount of the deficiency (or such portion thereof that has not been funded by such a deposit by the Agency) or, if less, the full amount available under the Series 24 Loan Loss Claim Fund Deposit.

(e) Notwithstanding the foregoing provisions of this Section 3.06, nothing in the Resolution or this Twenty-Eighth Supplemental Resolution shall obligate the Agency to deposit in the Series 24 Loan Loss Claim Fund an amount which would cause the balance in the Series 24 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 24 Loan Loss Claim Fund Requirement. Unless otherwise directed by the Agency, no Loan Loss Claim Fund Withdrawal shall be made by the Trustee if the amount of such Loan Loss Claim Fund Withdrawal, together with the amount of all Loan Loss Claim Fund Withdrawals theretofore made by the Trustee, would exceed an amount equal to (i) 1.85% of the sum of (A) the aggregate original principal amount of all Loans purchased under the Resolution from amounts on deposit in any Program Account allocable to the Series 24 Bonds plus (B) the aggregate amount, if any, then held in any Program Account allocable to the Series 24 Bonds which may be applied to the purchase of such Loans, or (ii) such lesser amount as each Nationally Recognized Credit Rating Agency confirms to the Agency will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

(f) Notwithstanding anything herein or in the Resolution to the contrary, at any time the Agency may direct the Trustee to withdraw from the Series 24 Loan Loss Claim Fund and pay to the Agency all or any part of the moneys on deposit in the Series 24 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 24 Loan Loss Claim Fund following such withdrawal, equal to not less than the Series 24 Loan Loss Claim Fund Requirement, (ii) letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that such withdrawal will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding and (iii) an opinion of Bond Counsel to the effect that such withdrawal will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds Outstanding. In connection with any such withdrawal and the deposit of any Reserve Deposit with the Trustee, the Agency may adopt a Supplemental Resolution pursuant to Section 701 of the Resolution specifying the terms and conditions under which such Reserve Deposit is held for the credit of the Series 24 Loan Loss Claim Fund.

(g) Subject to Paragraph (h) of this Section 3.06, if at any time the amount of cash and Investment Obligations on deposit in the Series 24 Loan Loss Claim Fund exceeds the Series 24 Loan Loss Claim Fund Requirement, the Trustee, at the request of the Agency, shall withdraw the excess (or such portion thereof as directed by the Agency) and deposit it in the Revenue Fund.

(h) If at any time (i) the amount of cash and Investment Obligations in the Series 24 Loan Loss Claim Fund exceeds the Series 24 Funded Loan Loss Claim Fund Requirement, and/or (ii) the stated and unpaid amount of the Series 24 Loan Loss Claim Fund Deposit exceeds the Series 24 Loan Loss Claim Fund Requirement, the Agency may direct the Trustee to notify the Series 24 Loan Loss Claim Fund Deposit Provider of a reduction in the stated amount of the Series 24 Loan Loss Claim Fund Deposit; provided that if any such excess has resulted from a decrease in the Series 24 Loan Loss Claim Fund Requirement other than due to the payment of Loan Loss Claim Fund Withdrawals in accordance with this Section 3.06, the direction of the Agency shall be accompanied by letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) to the effect that the reduction of the Series 24 Loan Loss Claim Fund Deposit will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

(i) If the Trustee shall receive a notice from the Series 24 Loan Loss Claim Fund Deposit Provider pursuant to the Series 24 Reimbursement Agreement, if any, to the effect that an Event of Default has occurred and is continuing under the Series 24 Reimbursement Agreement and the Series 24 Loan Loss Claim Fund Deposit Provider has elected to direct the Trustee to make a drawing of an amount equal to the lesser of the Series 24 Loan Loss Claim Fund Requirement or the stated and unpaid amount of the Series 24 Loan Loss Claim Fund Deposit, the Trustee shall make such drawing and shall deposit the amount so drawn in the Series 24 Loan Loss Claim Fund.

(j) Not less than five Business Days prior to the date of expiration of the Series 24 Loan Loss Claim Fund Deposit, the Agency shall deposit with the Trustee either an extension of the Series 24 Loan Loss Claim Fund Deposit in a stated amount available to be drawn thereunder not less than the lesser of (i) an amount equal to the Series 24 Loan Loss Claim Fund Requirement calculated at such date less the aggregate amount of cash and Investment Obligations, if any, on deposit in the Series 24 Loan Loss Claim Fund at such date and (ii) the stated amount of the Series 24 Loan Loss Claim Fund Deposit at such date. If the Agency shall fail to deposit such extension of the Series 24 Loan Loss Claim Fund Deposit with the Trustee, not less than three Business Days prior to the expiration date of the Series 24 Loan Loss Claim Fund Deposit, the Trustee shall draw on the Series 24 Loan Loss Claim Fund Deposit and deposit in the Series 24 Loan Loss Claim Fund an amount sufficient to cause the Series 24 Funded Loan Loss Claim Fund Requirement to equal the Series 24 Loan Loss Claim Fund Requirement as of such date or, if less, the full amount then available to be drawn under the Series 24 Loan Loss Claim Fund Deposit.

(k) Notwithstanding anything herein or in the Resolution to the contrary, the Series 24 Loan Loss Claim Fund Requirement shall be reduced to zero if at any time the Agency shall file with the Trustee (i) a certificate of an Authorized Officer to the effect that the Agency then maintains or has caused to be maintained in full force and effect a policy or policies of insurance obtained by the Agency under which an insurance company qualified to do business in the State insures the Agency on a portfolio basis, for so long as any Series 24 Bonds are Outstanding under the Resolution, against loss arising out of default on Loans purchased or made from moneys on deposit in any Program

Account allocable to the Series 24 Bonds during the period of insurance eligibility specified in such policy up to such aggregate loss limit as the Agency shall determine in its discretion, and (ii) letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that the provision of such insurance and the reduction of the Series 24 Loan Loss Claim Fund requirement will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

Section 3.07. Series 24 Rebate Account.

(a) Pursuant to the requirements of Section 148(f) of the Code, the Agency shall pay to the United States at least once every five years an amount determined in accordance with said Section 148(f) equal to the sum of (i) the excess of the amount earned on all Nonpurpose Investments (hereinafter defined) (other than investments attributable to an excess described in this clause) over the amount which would have been earned if such Nonpurpose Investments were invested at a yield equal to the Yield on the Series 24 Obligations, plus (ii) any income attributable to the investment of the excess described in clause (i) above. The Agency further covenants to pay such amount to the United States, in a manner consistent with the requirements of Section 148(f) of the Code, whether or not the amount on deposit in the Series 24 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 24 Rebate Requirement.

(b) Within 30 days of the end of each Bond Year, the Agency shall furnish to the Trustee a certificate of an Authorized Officer, upon which the Trustee may conclusively rely, setting forth the Series 24 Rebate Requirement for such Bond Year.

(c) Within 60 days after the close of the fifth Bond Year, and at least once in each five-year period thereafter, the Trustee shall pay from the Series 24 Rebate Account to the United States on behalf of the Agency the full amount then required to be paid under Section 148(f) as certified and directed by the Agency in a certificate of an Authorized Officer delivered to the Trustee prior to the due date of such payment. Within 60 days after the Series 24 Obligations have been paid in full, the Trustee shall pay to the United States from the Series 24 Rebate Account on behalf of the Agency the full amount then required to be paid under Section 148(f) as certified by the Agency in a certificate of an Authorized Officer delivered to the Trustee prior to the due date of such payment. Each such payment shall be filed with the Internal Revenue Service Center, 1600 W. 1200 S., Ogden, UT 84201 or any successor location specified by the Internal Revenue Service, accompanied by a copy (furnished to the Trustee by the Agency) of the Form 8038-T (or other similar information reporting form).

(d) In the event that, at the time of any required payment of the Series 24 Rebate Requirement, the amount in the Series 24 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 24 Obligations the amount on deposit in the Series 24 Rebate Account exceeds the Series 24 Rebate Requirement (calculated as of such Interest Payment Date), the Trustee, at the written direction of an Authorized Officer, shall withdraw such excess amount and deposit it in the Revenue Fund.

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

(g) The Agency and the Trustee shall keep such records as will enable them to fulfill the responsibilities under this section and Section 148(f) of the Code and shall retain such records for at least six years following final payment of the Series 24 Obligations.

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

Section 3.08. Application of Certain Amounts in Revenue Fund.

(a) Notwithstanding anything in Section 506(B) of the Resolution to the contrary, on or before each Interest Payment Date of the Series 24 Obligations, after satisfying the requirements of Clauses (i) through (vii), inclusive, of Section 506(B), the Trustee shall apply any balance on deposit in the Revenue Fund attributable to the Series 24 Bonds to the Series 24 Loan Loss Claim Fund to the extent the amount therein is less than the Series 24 Funded Loan Loss Claim Fund Requirement calculated at such Interest Payment Date.

(b) Notwithstanding anything in Section 506(B)(7) of the Resolution, the amount of moneys in the Revenue Fund allocable to the Series 24 Obligations that may be applied to the payment or reimbursement of Program Expenses in any one Fiscal Year pursuant to such Section 506(B)(7) shall not exceed the sum of (i) $10,000 plus (ii) the sum of the fees and reimbursement amounts payable to the Series 24 Loan Loss Claim Fund Deposit Provider in connection with the Series 24 Loan Loss Claim Fund Deposit, the fees and reimbursement amounts payable to the Series 24 Contingency Account Deposit Provider in connection with the Series 24 Contingency Account Deposit, the expenses and reimbursements payable to the Bond Insurer in connection with the Municipal Bond Insurance Policy, the amount of the Municipal Bond Insurance Policy Premium, any fees, expenses and reimbursements payable to the provider of any Hedge Agreement, any fees, expenses and reimbursements payable to the providers of any Liquidity Facility and any fees, expenses and reimbursements payable with respect to the issuance of Variable-Rate Bonds unless the Agency shall file with the Trustee a certificate of an Authorized Officer to the effect that the Agency has confirmed that a greater amount (specified in such certificate) will not adversely affect the unenhanced ratings then assigned to any Bonds Outstanding by any Nationally Recognized Credit Rating Agency.

(c) Notwithstanding anything in Section 506(B)(8) of the Resolution to the contrary, no amount on deposit in the Revenue Fund attributable to the Series 24 Obligations shall be transferred to the General Fund pursuant to such Section 506(B)(viii) unless (i) there are no amounts owed to the Series 24 Loan Loss Claim Fund Deposit Provider or the Series 24 Contingency Account Deposit Provider under either of the Series 24 Reimbursement Agreements, (ii) there are no amounts owed to the provider of any Hedge Agreement or Liquidity Facility, and (iii) the Projection of Revenues filed with the Trustee in accordance with said Section 506(B)(viii) shows that on the date of such Projection of Revenues the unpaid balance of all Loans then held under the Resolution for the account of the Series 24 Obligations, plus the amount then held in all Funds and Accounts under the Resolution attributable to the Series 24 Obligations, other than amounts held in the Rebate Fund, the Series 24 Contingency Account and the Series 24 Loan Loss Claim Fund and the amounts attributable to the Series 24 Obligations then to be paid to the Agency in accordance with said Section 506(B)(viii), are at least equal to 101% of the Principal Amount of all Series 24 Obligations plus all interest accrued and unpaid thereon as of such date.

(d) The Agency hereby acknowledges and agrees that amounts payable under each of the Series 24 Reimbursement Agreements and any fees, expenses or reimbursements under any Hedge Agreement constitute Program Expenses and shall be paid in accordance with Section 506(B)(7) of the Resolution and Section 3.08(b) hereof.

ARTICLE IV

FORM OF SERIES 24 OBLIGATIONS

Section 4.01. Form of Series 24 Obligations.

(a) All Series 24 Obligations authenticated and delivered hereunder prior to the Adjustment Date shall be in such form and shall bear such terms and conditions, not inconsistent with the Resolution or this Twenty-Eighth Supplemental Resolution, as the Chair, Executive Director and Secretary or other Authorized Officer of the Agency shall determine and certify to the Trustee on or prior to the date of original authentication and delivery of any Series 24 Obligations hereunder.

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

ARTICLE V

MISCELLANEOUS

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

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

Section 5.03. Reimbursement Agreement. The Chair, Vice-Chairman, or any other Commissioner, Executive Director and Secretary, Chief Financial Officer and Treasurer or Chief of Program Operations are hereby authorized to execute the Series 24 Reimbursement Agreements in such form as shall be approved by Counsel to the Agency and to deliver the same to the Series 24 Loan Loss Claim Fund Deposit Provider, the Series 24 Contingency Account Deposit Provider and the provider of any Liquidity Facility, as applicable.

Section 5.04. Hedging Transactions.

(a) In furtherance of the powers of the Agency granted in the Act, the Agency is hereby authorized to enter into a Hedge Agreement in connection with the issuance of the Series 24 Bonds so long as the Hedge Agreement and the terms thereof is consistent with the Agency's then existing Swap Management Plan and so long as the provider of the Hedge Agreement is, at the time the Agency enters into the Hedge Agreement, a Qualified Institution or the provider's obligations under the Hedge Agreement are unconditionally guaranteed by a Qualified Institution;

(b) If the Agency shall enter into any Hedge Agreement with respect to the Series 24 Bonds, then during the term of the Hedge Agreement and so long as the provider of the Hedge Agreement is not in default:

(i) for purposes of any calculation of Debt Service, the interest rate on the Series 24 Bonds with respect to which the Hedge Agreement applies shall be determined as if such Series 24 Bonds had interest payments equal to the interest payable on those Series 24 Bonds less any payments reasonably expected to be made to the Agency by the provider and plus any payments reasonably expected to be made by the Agency to the provider in accordance with the terms of the Hedge Agreement (other than fees or termination payments payable to such provider for providing the Hedge Agreement);

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

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

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

Section 5.05. Tender Bond Remarketing Agent.

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

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

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

Section 5.06. Continuing Disclosure Agreement. The Continuing Disclosure Agreement is hereby approved in substantially the form of the Continuing Disclosure Agreement executed in connection with the issuance by the Agency of its Series 22 Bonds with such changes, omissions, insertions and revisions thereto as the Chair, the Executive Director and Secretary or any other Authorized Officer executing the same may deem advisable, the execution thereof by such person to be conclusive evidence of the approval thereof. The aforementioned officers of the Agency are, and each of them is, hereby authorized to execute the Continuing

Disclosure Agreement and, upon such execution, to deliver it to the Continuing Disclosure Agent.

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

Section 5.08. Private Activity Volume Cap. The Agency hereby authorizes the use of its available private activity volume cap in an amount not to exceed $75,000,000 in connection with the issuance of the Series 24 Obligations. The actual amount of private activity volume cap to be utilized for the Series 24 Obligations shall be set forth in the Series Certificate.

Section 5.09. Agency Contribution. The Agency is hereby authorized to contribute to the Resolution available funds of the Agency in an amount not to exceed three percent (3%) of the aggregate principal amount of the Series 24 Obligations for such purposes as shall be set forth in the Series Certificate, including, but without limitation, the payment of Costs of Issuance and capitalized interest.

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

ARTICLE VI

MUNICIPAL BOND INSURANCE POLICY

Section 6.01. Municipal Bond Insurance Policy. If the Series Certificate provides for the acquisition of a Municipal Bond Insurance Policy in connection with all or a portion of the Series 24 Bonds, the Agency shall deposit such Municipal Bond Insurance Policy with the Trustee on the date of issuance of the Series 24 Bonds.

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

(a) If, on the third Business Day prior to the related scheduled Interest Payment Date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Resolution, moneys sufficient to pay the principal of and interest on the Series 24 Bonds due on such Payment Date, the Trustee shall give notice to the Bond Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or facsimile of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 24 Bonds due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the

Bond Insurer and the Bond Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 24 Bonds and the amount required to pay principal of the Series 24 Bonds, confirmed in writing to the Bond Insurer and the Bond Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

(b) In the event the claim to be made is for a Sinking Fund Installment, upon receipt of the moneys due, the Trustee shall authenticate and deliver to affected Bondholders who surrender their Series 24 Bonds a new Series 24 Bond or Series 24 Bonds in the aggregate principal amount equal to the unredeemed portion of the Series 24 Bond surrendered. The Trustee shall designate any portion of payment of principal on Series 24 Bonds paid by the Bond Insurer, whether by virtue of Sinking Fund Redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 24 Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Series 24 Bond to the Insurer, registered in the name of the Bond Insurer or its designee, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series 24 Bond shall have no effect on the amount of principal or interest payable by the Agency on any Series 24 Bond or the subrogation rights of the Bond Insurer.

(c) The Trustee shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Series 24 Policy Payments Account of the Debt Service Fund (which Series 24 Policy Payments Account is hereby created) and the allocation of such funds to payment of interest on and principal paid in respect of any Series 24 Bond. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(d) Upon payment of a claim under the Municipal Bond Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of holders of the Series 24 Bonds referred to herein as the "Series 24 Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Municipal Bond Insurance Policy in trust on behalf of holders of the Series 24 Bonds and shall deposit any such amount in the Series 24 Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to holders of the Series 24 Bonds in the same manner as principal and interest payments are to be made with respect to the Series 24 Bonds under the sections hereof regarding payment of Series 24 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

(e) Funds held in the Series 24 Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee or of any other person or entity.

(f) Any funds remaining in the Series 24 Policy Payments Account following a payment date with respect to the Series 24 Bonds shall promptly be remitted to the Bond Insurer.

(g) The Bond Insurer shall, to the extent it makes any payment of principal of or interest on the Series 24 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond Insurance Policy.

Section 6.03. Notices to the Bond Insurer.

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

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

(ii) a copy of any notice to be given to the registered owners of the Series 24 Bonds, including, without limitation, notice of any redemption of or defeasance of Series 24 Bonds, and any certificate rendered pursuant to the Resolution relating to the security for the Series 24 Bonds;

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

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

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

(vi) prior notice of the advance refunding or redemption of any of the Series 24 Bonds, including the principal amount, maturities and CUSIP numbers thereof;

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

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

(ix) notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 24 Bonds;

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

(xi) A full original transcript of all proceedings relating to the execution of any amendment or supplement to the Resolution, the Twenty-Eighth Supplemental Resolution or any other document executed in connection with issuance of the Series 24 Bonds;

(xii) all reports, notices and correspondence with respect to the Series 24 Bonds to be delivered under the terms of the Resolution, the Twenty-Eighth Supplemental Resolution or any other document executed in connection with the issuance of the Series 24 Bonds;

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

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

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

(c) The Agency will permit the Bond Insurer to discuss the affairs, finances and accounts of the Agency or any information the Bond Insurer may reasonably request regarding the security for the Series 24 Bonds with appropriate officers of the Agency. The Trustee and the Agency will permit the Bond Insurer to have access to and to make copies of all books and records relating to the Series 24 Bonds at any reasonable time.

(d) The Bond Insurer shall have the right to direct an accounting at the Agency's expense, and the Agency's failure to comply with such direction within 30 days after receipt of written notice of the direction from the Bond Insurer shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Series 24 Bonds.

(e) Notwithstanding any other provision of the Resolution, the Trustee shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest on the Series 24 Bonds as required and immediately upon the occurrence of any Event of Default with respect to the Series 24 Bonds.

Section 6.04. Consent of the Bond Insurer. While any Municipal Bond Insurance Policy is in effect, no modification, amendment or supplement to the Resolution, the Twenty-Eighth Supplemental Resolution or any other document executed in connection with the Series 24 Bonds that requires the consent of the owners of the Series 24 Bonds may become effective except upon obtaining the prior written consent of the Bond Insurer. Additionally, no amendment, modification or supplement to the Resolution or the Twenty-Eighth Supplemental Resolution shall be permitted unless the Bond Insurer receives a written confirmation from Standard and Poor's and Moody's that, after giving effect to such amendment, modification or supplement, the Series 24 Bonds will be rated no less than "A+" and "A1" respectively (without giving effect to the Municipal Bond Insurance Policy). Copies of any modification or amendment to the Resolution, the Twenty-Eighth Supplemental Resolution or any other document executed in connection with the Series 24 Bonds shall be sent to each Nationally Recognized Credit Rating Agency at least 10 days prior to the effective date thereof.

Section 6.05. Consent of the Bond Insurer in the Event of Insolvency. Any reorganization or liquidation plan with respect to the Agency must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation, the Bond Insurer shall have the right to vote on behalf of all Series 24 Bondholders absent a default by the Bond Insurer under the Municipal Bond Insurance Policy.

Section 6.06. Rights of Bond Insurer. The Bond Insurer shall be deemed to be the sole holder of the Series 24 Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Series 24 Bonds insured by it are entitled to take pursuant to Article IX (pertaining to defaults and remedies) and Article X (pertaining to the Trustee) of the Resolution. The Trustee shall take no action with respect to the Series 24 Bonds pursuant to such Article IX and Article X except with the consent, or at the direction, of the Bond Insurer.

In addition, in the event the maturity of the Series 24 Bonds is accelerated, the Bond Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Agency) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Bond Insurer's obligations under the Municipal Bond Insurance Policy with respect to such Series 24 Bonds shall be fully discharged.

Section 6.07. Defeasance of Series 24 Bonds. Notwithstanding anything in the Resolution to the contrary, in the event that the principal and/or interest due on the Series 24 Bonds shall be paid by the Bond Insurer pursuant to the Municipal Bond Insurance Policy, the Series 24 Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Agency, and the assignment and pledge of the Resolution and all covenants, agreements and other obligations of the Agency to the registered owners of the Series 24 Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners.

Notwithstanding anything in Article XI of the Resolution to the contrary, only (a) cash and (b) non-callable direct obligations of the United States of America shall be authorized to be used to effect defeasance of the Series 24 Bonds unless the Bond Insurer otherwise approves. In addition, in order to accomplish a defeasance the Agency shall cause to be delivered to the Bond Insurer (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Bond Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Series 24 Bonds in full on the Bond maturity and redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Bond Insurer), and (iii) an opinion of nationally recognized bond counsel to the effect that the Series 24 Bonds are no longer "Outstanding" under the Resolution; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Agency, the Trustee and the Bond Insurer. In the event a forward purchase agreement will be employed in the refunding, such agreement shall be subject to the approval of the Bond Insurer and shall be accompanied by such opinions of counsel as may be required by the Bond Insurer. The Bond Insurer shall be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow. The Series 24 Bonds shall be deemed "Outstanding" under the Resolution unless and until they are in fact paid and retired or the above criteria are met.

Section 6.08. Payment of Municipal Bond Insurance Premium; Expenses. Notwithstanding any provision of Section 506 of the Resolution to the contrary, amounts on deposit in the Revenue Fund and allocable to the Series 24 Bonds shall be used to pay the Municipal Bond Insurance Policy Premium prior to being deposited in the Bond Reserve Fund to replenish any deficiency therein as provided in Section 506(B)(2) of the Resolution.

In addition, the Agency shall pay or reimburse the Bond Insurer as a Program Expense pursuant to Section 5.06(B)(7) of the Resolution, but only to the extent of the trust estate pledged under the Resolution, any and all charges, fees, costs and expenses which the Bond Insurer may reasonably pay or incur in connection with (a) the administration, enforcement, defense or preservation of any rights or security under the Resolution, this Twenty-Eighth Supplemental Resolution or any other document executed in connection with the issuance of the Series 24 Bonds; (b) the pursuit of any remedies under the Resolution, this Twenty-Eighth Supplemental Resolution or any other document executed in connection with the issuance of the Series 24 Bonds or otherwise afforded by law or equity, (c) any amendment, waiver or other action with respect to, or related to, the Resolution, this Twenty-Eighth Supplemental Resolution or any other document executed in connection with the issuance of the Series 24 Bonds whether or not executed or completed, (d) the violation by the Agency of any law, rule or regulation, or any judgment, order or decree applicable to it or (e) any litigation or other dispute in connection with the Resolution, this Twenty-Eighth Supplemental Resolution or any other document executed in connection with the issuance of the Series 24 Bonds or the transactions contemplated thereby, other than amounts resulting from the failure of the Bond Insurer to honor its obligations under the Municipal Bond Insurance Policy. The Agency acknowledges that the Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Resolution, this Twenty-Eighth Supplemental Resolution or any other document executed in connection with the issuance of the Series 24 Bonds.

Section 6.09. Payments by Bond Insurer. The Bond Insurer shall be entitled to pay principal or interest on the Series 24 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Agency (as such terms are defined in the Municipal Bond Insurance Policy) and any amounts due on the Series 24 Bonds as a result of acceleration of the maturity thereof in accordance with the Resolution, whether or not the Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the Municipal Bond Insurance Policy) or a claim upon the Municipal Bond Insurance Policy.

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

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

Section 6.12. Parties Interested Herein; References to Ratings. Nothing in this Twenty-Eighth Supplemental Resolution expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Agency, the Trustee, the Bond Insurer and the registered owners of the Series 24 Obligations, any right, remedy or claim under or by reason of this Twenty-Eighth Supplemental Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Twenty-Eighth Supplemental Resolution contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the Agency, the Trustee, the Bond Insurer and the registered owners of the Series 24 Obligations.

Notwithstanding anything in the Resolution or this Twenty-Eighth Supplemental Resolution to the contrary, any reference in the Resolution or the Twenty-Eighth Supplemental Resolution with respect to the ratings maintained in the Series 24 Obligations by any Nationally Recognized Credit Rating Agency shall mean the unenhanced credit rating on the Series 24 Obligations.

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EXHIBIT A

DIRECTION TO TENDER

VERMONT HOUSING FINANCE AGENCY
SINGLE FAMILY HOUSING BONDS
Series 24 Tender Bonds Selected
For Tender on ______________

TD Banknorth, N.A.
Burlington, VT 05402-0409
Attention: Corporate Trust Department

Re: Election to Retain Adjusted Rate Bonds

Dear Sir or Madam:

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

In accordance with the information given in the Trustee's Notice dated _________, we hereby give you irrevocable notice that we elect to retain $_________ aggregate principal amount of Series 24 Tender Bonds and to exchange such Bonds for Adjusted Rate Bonds as described below.

The principal amount or amounts of Series 24 Tender Bonds which we have elected to retain in exchange for Adjusted Rate Bonds and the maturity date or dates thereof are listed below:

Series	**Maturity**	**Amount**

[Remainder of page intentionally left blank]

We acknowledge that if certain conditions described in the Agency's Twenty-Eighth Supplemental Single Family Housing Bond Resolution shall occur on or prior to the Adjustment Date, such Series 24 Tender Bonds will be subject to mandatory redemption on the Adjustment Date despite this direction to exchange such Bonds for Adjusted Rate Bonds.

CEDE & CO., a nominee of The Depository Trust Company

____

Signature

____

Name

____

Date

vhfa

Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes
AARP / Chittenden Bank Building
112 State Street, 5th Floor, Montpelier
Monday, February 6, 2006 at 9:30 a.m.

VHFA Board Members Present:
Lisa Mitiguy Randall – Chair, Paul Beaulieu, Thomas Candon (designee for Crowley), Dagyne Canney (by phone), Kevin Dorn, Bart Frisbie, Beth Pearce (designee for Spaulding), Gus Seelig

Staff: Dave Adams, Sarah Carpenter, Renee Couture, Joe Erdelyi, Pat Loller, Gary Marini

Guests: Cory Hoeppner (Citigroup Global Markets Inc.), Michael Richardson (Capital Ideas)

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

BOARD MINUTES
Mr. Candon made a motion to approve the January 3, 2006 Board of Commissioners meeting minutes. Mr. Seelig seconded the motion which was unanimously approved.

DEVELOPMENT
The Courtyard Apartments, Winooski
Mr. Erdelyi reviewed his memo regarding The Courtyard Apartments in Winooski. He added that, although Winooski Housing Authority (WHA) is a new borrower for VHFA, he is confident that the development budget is solid due to Mr. Richardson's involvement.

Mr. Erdelyi reviewed the two foremost challenges facing the project and their likely solutions: the electric heat will be replaced with gas heat after acquisition, substantially cutting the borrower's utility expenses; and the developer is attempting to fill a six-year funding gap with a bridge loan from Vermont Community Loan Fund.

Ms. Randall expressed concern about the size of the zero percent loan, $300,000 of the approximately $350,000 in zero percent loans made each year. Mr. Erdelyi replied that he would not want to reduce the amount of the zero percent loan as doing so would increase the already existing funding gap. Ms. Carpenter added that this zero percent loan is a good investment in return for the $3.7 million permanent loan. She doesn't believe it will take away from other existing portfolio projects' needs in the next 12 months.

Mr. Richardson explained that the proforma assumes $250,000 in take back financing from the seller at 10% compounding. A bridge loan from VCLF that includes this $250,000 will save $85,000 in interest over 6 years. In addition, other economies may be uncovered over the next six years. He suggested a proviso to the zero percent loan to the effect that, in six years when refinancing occurs, a portion of the $300,000 zero percent loan would be repaid as long as it was not required for financing or rehabilitation.

Mr. Erdelyi added that WHA is not taking any developer fee until The Courtyard Apartments becomes a tax credit project, an unusual step and a sign of its commitment.

Mr. Seelig made a motion to approve the "Resolution Re: Permanent Financing for The Courtyard Apartments, Winooski." Mr. Candon seconded the motion which was unanimously approved.

HOMEOWNERSHIP

Mortgage Insurance Premiums (Financing of / New Rates)

Mr. Adams reviewed his and Ms. Crady's memo which describes Mortgage Guarantee Insurance Coporation's (MGIC) FirstState Rate Plan to be offered to VHFA borrowers, which reduces mortgage insurance rates for eligible buyers, thereby making upfront financing of mortgage insurance premiums feasible. The objective is to recapture market share being lost to piggy back mortgages. Mr. Adams added that the FirstState Rate Plan and the upfront financing option would be implemented in the next two to three months.

Ms. Randall pointed out that the demonstration on page 3 of the memo assumes 30-year second mortgages when, in fact, terms of piggy back seconds are 15 years, making the option for upfront financing of the FirstState mortgage insurance premiums even more compelling.

Mr. Seelig made a motion to approve the upfront financing of mortgage insurance premiums insured by MGIC which may result in a loan-to-value of 102.85%. Mr. Beaulieu seconded the motion which was unanimously approved.

FINANCE

Refunding of Multi-Family Housing Bonds 1995 Series A (1995 Series A)

Mr. Marini reviewed his memo regarding the refunding of 1995 Series A. He explained that the Agency could do about 80 basis points better by refunding the bonds.

Mr. Marini also explained that the "Bond Team" (composed of folks from Kutak Rock, Piper Jaffray and UBS Financial Services) met at VHFA last Thursday (February 2nd). Bond Counsel again discussed doing a new bond resolution and possibly combining Single Family and Multifamily into one. The 1995 Series A could be refunded and the mortgages rolled into a new, combined resolution. The spread would effectively increase from 1.5 to 1.75; and, a combined resolution would provide more flexibility for using excess yield.

Mr. Marini solicited feedback from Board members about pursuing the refunding and a new, combined resolution. He explained that staff would return to the Board with specifics before the refunding was done. No opposition was voiced. However, Ms. Pearce urged staff to fully understand the generation and booking of excess yield beforehand.

Mr. Adams explained that a refunding will require a TEFRA hearing. Staff will inform project owners of the refunding by letter and phone call prior to publication of the TEFRA Notice.

Mr. Marini also explained that the Agency is being encouraged by Freddie Mac and the Bond Team to obtain a bond rating from Fitch. A double-A rating from Fitch would eliminate the need for bond insurance and save basis points. Mr. Marini is looking into obtaining a shadow rating from Fitch.

Interim Budget Reports
The Interim General Fund Budget Report for fiscal year 2006 through December 31, 2005 was distributed.

LEGISLATIVE UPDATES
"Homes for Vermonters" - Governor's Housing Initiatives
Mr. Dorn focused on three outcomes of the Governor's Housing Initiatives which have been fine tuned and for which draft legislative language has been developed.

1. Virtual Land Bank (Land Bank) – Surplus State or municipal land or donated land will be entered into an MLS-like system managed by the Agency of Commerce and Community Development (ACCD). ACCD will work with other state agencies to identify these parcels and work with communities to (a) determine whether land is suitable for housing and (b) put out an RFP for selection of a developer. Once a project is chosen, the land will transfer from the landowner to the end user via the Joint Fiscal Committee. There will be two mortgages; one on the structure and the second, a VHFA low-interest loan, on the land. To achieve recapture or prolonged affordability, a new owner would need to qualify for the second mortgage or pay it off, or have the subsidy remain with the project to add additional subsidy to affordable units. Any payoffs would transfer to VHCB to be reinvested in land or additional housing construction.
2. New Neighborhood Initiative – This initiative would allow communities that have planning, zoning, subdivision and development review capability of their own to develop land contiguous to an existing neighborhood with a different Act 250 threshold (Act 250 would not be triggered at or under 2 new units per 100 residents of the existing community with a cap of 100 new units.) The increase in tax revenue would stay in the community for three years.
3. Employer Assisted Housing – This proposal is tied to an increase (from \$150,000 to \$500,000) in the Vermont low-income housing tax credit. Of the \$500,000, \$100,000 would be available to Employer Assisted Housing (EAH). An employer could provide up to \$5,000 in housing assistance to an employee and take a \$1,000 credit per year for 5 years with a 2 year carryover. This proposed program would become effective in fiscal year 2008 (July 1, 2007.)

Discussion followed. Ms. Carpenter explained that VHFA would play a significant role in two of these initiatives, which may include the following:
- Land Bank: Provide staff support to the Joint Committee on Tax Credits (JCTC) during the development of guidelines and implementation phases;
- Land Bank: Administrate mortgages that run with the land;
- EAH: Support JCTC in development of an allocation process for EAH credits;
- EAH: Allocation of EAH credits.

She added that this could impact the VHFA budget. She further explained that, although VHCB could fill the role equally well, VHFA is well-suited given its current mortgage programs, administration of low-income housing tax credits, Housing Ventures and Homeownership Construction programs. Mr. Seelig added that the VHCB Board asked him to convey that VHCB is available to support this activity in any way desired.

Mr. Candon made a motion to support, in a general sense, the administrative and policy efforts VHFA may be asked to provide to implement these initiatives. Mr. Beaulieu seconded the motion which was unanimously approved.

VHFA Single Family Excess Yield Funds
Ms. Carpenter distributed and reviewed her memo regarding using Single Family excess yield funds from Series 23 for the Governor's Housing Initiatives. Discussion followed.

Mr. Seelig made a motion to authorize the allocation of $1 million of the Series 23 excess yield to the development of a program (restricted as defined in the memo) that will support the Governor's Housing Initiatives with the understanding that staff will return to the Board for approval of the specifics of the program. Ms. Randall added that the other $2 million of excess yield in Series 23 should not necessarily be committed to subsidize interest rates in the next bond issue. Ms. Canney seconded the motion which was unanimously approved.

HOMEOWNERSHIP
Production Reports
Ms. Randall, in reference to the Homeownership Production Reports, asked Mr. Adams to speak to the heads of the mortgage origination group of the Chittenden Bank and Banknorth on behalf of the Board to find out why they are not supporting VHFA programs, believing that a top down message is most effective. Mr. Adams replied that he will speak with Phil Daniels and Paul Perrault (Presidents of Banknorth and Chittenden Bank respectively) and would be happy to do so. He added that he is pleased to see production spread more evenly across many lenders.

ADJOURNMENT
Mr. Seelig made a motion to adjourn the meeting. Mr. Beaulieu seconded the motion and the Board unanimously approved to adjourn the meeting at 11:40 a.m.

vhfa
Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes
by Telephone Conference
initiated at
Vermont Housing Finance Agency
164 St. Paul Street, Burlington, Vermont
Friday, February 24, 2006 at 11:00 a.m.

VHFA Board Members Present:
Lisa Mitiguy Randall – Chair, Robert Alberts, Paul Beaulieu, Bart Frisbie, Beth Pearce (designee for Spaulding), Gus Seelig

VHFA Board Members Absent:
Thomas Candon (designee for Crowley), Dagyne Canney, Kevin Dorn

Staff: Scott Baker, Sarah Carpenter, Renee Couture, Pat Crady, Gary Marini

Guests: Cory Hoeppner (Citigroup Global Markets Inc.)

Chair Randall called the meeting to order at 11:04 a.m. A quorum of the Board was in attendance.

FINANCE
Mr. Marini explained that staff is seeking authority to move forward on Series 24 (which will consist of approximately $40 million in lendable proceeds and approximately $30 million in notes to bring the rate down.) A swap structure will make up about 25% of the issue. The resulting rate will be approximately 5.70.

Mr. Seelig made a motion to approve the "Twenty-Eighth Supplemental Single Family Housing Bond Resolution." Mr. Beaulieu seconded the motion which was unanimously approved.

LEGISLATIVE UPDATES
Ms. Carpenter provided updates on S.127 (the VHFA Act) and other, housing-related bills. She explained that there are lots of moving targets, including other non-housing-related initiatives and all of these proposals' impact on revenue, so that the outcomes cannot be foreseen.

ADJOURNMENT
Mr. Seelig made a motion to adjourn the meeting. Mr. Frisbie seconded the motion and the Board unanimously approved to adjourn the meeting at 11:15 a.m.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Liza Vedder Plantilla, Multifamily Development Underwriter LVP

DATE: March 13, 2006

RE: Request for: Construction, Permanent and Zero Percent Financing, Out of Cap and State Credit; Conant Square Inn Apartments

Name:	Conant Square Inn	**Location:**	Brandon
Housing Type:	~~General Occupancy~~ Senior Housing	**Unit Type:**	Flats
Unit Count:	19 Total Units 19 Housing Credit Units	**Unit Sizes:**	1 studio @ 597 sq. ft. 17 one-bedroom @ 644 sq. ft. 1 two-bedroom @ 737 sq. ft.
Total Cost:	$2,167,825	**Per S.F. Acquisition & Construction Cost:**	$142
Loan Requested:	$1,100,000 Construction $291,000 Permanent $100,000 0% Loan	**Sponsors:**	Rutland County Community Land Trust
Housing Credits:	$32,500 State Credit $73,000 Bond Credit		
Other Funding:	HOME, VHCB, REEP, VHCB Feasibility, VT Preservation Trust, Historic Tax Credits.		

Recommendation: That the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

Project Summary: Conant Square Inn Apartments is a highly visible historic property on Route 7 in Brandon. This historic property was built in 1810 as an inn, and was expanded in 1850; during this era it was used as part of the Underground Railroad. In 1979 a three story addition was added to the rear and the building was converted to a 19 unit senior housing project that is currently owned by Frank Guillot. Currently all 19 units have project based Section 8 which is slated to expire in 2009, but will likely receive a five year renewal. The project is one of three sites at which the Housing and Supportive Services program is run in Rutland County. This is funded by the state and run by the Rutland VNA. The intent of the program is to enable seniors to age in place in affordable independent living units by providing a service coordinator to address individual needs by connecting residents with services in the community. The Rutland County Community Land Trust is managing the property; Jeffrey Kantor is the development consultant.

Overview: The Rutland County Community Land Trust is proposing to purchase and renovate this historic and aging Section 8 Property. The current owner is looking to sell the building, and these units are at risk of leaving the pool of affordable senior housing at the expiration of the project's Section 8 contract. We currently have a loan on this property and would like to see it remain affordable after the sale and potential Section 8 expiration. This is especially important because current housing policy is doing little to stimulate the production of new senior housing due to the greater need for new family units. Retaining the affordable senior housing that currently exists is crucial.

There is much deferred maintenance at this building, as in many older Section 8 Projects. This is partly because the current owner chose to keep rents low over the years and did not take Section 8 rent increases, believing he should not take them unless absolutely necessary. Now, however, there is substantial work to be done, some of which could not have been anticipated. The rear "new" addition is desperately in need of new windows and siding from an improper clapboard installation, but also the boilers and roof are at the end of their natural life, and the interior finishes need updating. A CNA has been completed by Arnold and Scangas Architects, and the budget reflects the estimates that they provided for improving all major systems and interior finishes.

The major issue in this project is that it has requested a zero percent loan in the amount of $100,000. This is partly due to the drop in funding availability from other sources. VHCB is asking that requests for HOME be capped at $200,000, as their resources are diminished this fiscal year. This $100,000 zero percent loan will ensure that the rehabilitation on these units is done to a high standard. As we have seen, there will not likely be a substantial increase in Section 8 rents that will be available to update the units any time soon; the renovation must be done well at the outset of this project's new life. Staff recommends approval of the tax credits and loans.

6-Mar-06	Conant Square, Brandon

			during HAP	post HAP
Total Residential Units:	19	Increase in Income from Rental Units:	0.0%	1.5%
Housing Credit Restricted Units:	19	Increase in Income from Other Sources:	1.0%	1.5%
Percent Restricted:	100%	Increase in Income from Commercial:	0%	0%
Total Development Cost:	2,167,825	Expense increase:	1.5%	2.5%
Total Development Cost per Unit:	114,096	Vacancy Rate:	1.0%	3.0%
Total Development Cost Per SF:	142	Partner's Tax Rate:	35%	35%
		Long Depreciation Schedule:	27.5	27.5
		Short Depreciation Schedule:	7	7
VT State Housing Credit	**32,500**			
Max **Non-Allocated** Credit	72,680	Sponsor's Estimated Yield:	88.80%	88.80%
Total Amount of Credit	**71,500**			
Historic Credit	277,740			
LIHTC - 4%	3.46%	DCR Yr 1 & 15	145%	89.01%
LIHTC - 4%	3.44%			

SOURCES		% TDC	Interest Rate	Amortization	Term
VHFA	291,000	13.42%	6.40%	30	30
HOME	200,000	9.23%	0.00%	30	30
VHFA 0% loan	100,000	4.61%	0.00%	30	deferred
VHCB	475,000	21.91%	0.00%	30	deferred
REEP, VHCB Feasibility & CHDO TA	18,725	0.86%		GP Captial Contribution	
Reserves	25,000	1.15%		Project reserves	
VT Preservation Trust	25,000	1.15%		GP Captial Contribution	
VT State Housing Credit Equity	138,500	6.39%			Equity
RITC Equity	266,000	12.27%			Equity
Tax Credit Equity (LP Cap Contrib)	628,600	29.00%			Equity
TOTAL SOURCES	2,167,825	100.00%		100.00%	
VHFA Construction Loan	**1,100,000**		6.00%	10 months	

USES		
Acquisition	707,900	32.65%
Construction Hard Costs	1,034,500	47.72%
Soft Costs	425,425	19.62%
TOTAL USES	2,167,825	100.00%
Gap	**0**	

General Partner's Capital Contribution	2,929	1.00%
Limited Partner's Capital Contribution	628,600	99.00%
Total Equity	631,529	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	19
Total Units	19
Unit Fraction	100.00%
Tax Credit Square Footage	15,303
Total Residential Square Foo	15,303
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

Conant Square, Brandon 06-Mar-06

#	USES OF FUNDS	Budget	Per Unit	Per s.f.	VHCB	VHFA	Equity	HOME	REEP, PTVT, VHCB Feas
	ACQUISITION	Total			475,000	391,000	1,033,100	200,000	
1	Land	40,000	2,105	2.61		40,000			
2	Purchase of Building(s)	660,000	34,737	43.13		269,275	390,725		
3	Demolition (without replacement)	0	0	0.00					
4	Property Appraisal	2,900	153	0.19					2,900
5	Legal - Title and Recording	5,000	263	0.33		5,000			
6	**Subtotal - Acquisition**	707,900	37,258	46.26					
	CONSTRUCTION HARD COSTS								
7	Rehabilitation	930,000	48,947	60.77	154,400	33,600	510,775	200,000	31,225
8	SEVCA Wx		0	0.00					
9	Additional work		0	0.00					
10	Sitework		0	0.00					
11	Commercial Space Costs (if any)		0	0.00					
12	General Requirements		0	0.00					
13	Contractor Overhead		0	0.00					
14	HC access		0	0.00					
15	Construction Contingency	87,000	4,579	5.69			87,000		
16	Hazardous Mat Abatement	5,500	289	0.36	5,500				
17	Asbestos Abatement & Testing		0	0.00					
18	Off-Site Improvements		0	0.00					
19	Furnishings, Fixtures, & Equipment	12,000	632	0.78			12,000		
20	Other		0	0.00					
21	**Subtotal - Hard Costs**	1,034,500	54,447	67.60					
	SOFT COSTS								
22	Architectural	95,000	5,000	6.21	91,600				3,400
23	Engineering	incld							
24	Legal/Accounting	15,000	789	0.98	15,000				
25	Relocation	10,000	526	0.65	0		10,000		
26	Environmental Assessment	2,200	116	0.14					2,200
27	Survey / Topo	2,000	105	0.13	2,000				
28	Permits/Fees	6,500	342	0.42	6,500				
29	Market Study	1,500	79	0.10					1,500
30	Construction Period Insurance	0	0	0.00					
31	Construction Interest	28,000	1,474	1.83	5,400	22,600			
32	VHFA Loan Origination Fee		0	0.00					
33	Taxes During Construction	0	0	0.00					
34	Clerk of the Works		0	0.00					
35	Marketing		0	0.00					
36	VHFA Tax Credit Fees	4,500	237	0.29		4,500			
37	Inspection Fees	4,500	237	0.29		4,500			
38	Soft Cost Contingency	6,000	316	0.39			6,000		
39	Permanent Loan Origination Fee	5,625	296	0.37		5,625			
40	Lenders Counsel's Fee	3,500	184	0.23		3,500			
41	Historic Consult & fees	3,500	184	0.23	3,500				
42	Other (_CNA_)	1,600	84	0.10	1,600				
	SYNDICATION COSTS								
43	Organizational (Partnership)	1,000	53	0.07	1,000				
44	Bridge Loan Fees and Expenses	9,000	474	0.59		2,400	6,600		
45	Syndication Consultant	2,500	132	0.16					2,500
46	Tax Opinion	0	0	0.00					
	DEVELOPER'S FEES								
47	Developer's Fees	150,000	7,895	9.80	150,000				
48	Other Partnership Fees for Reserves	0	0	0.00					
49	Consultant Fees	38,500	2,026	2.52	38,500				
	RESERVES								
50	Working Capital	10,000	526	0.65			10,000		
51	Rent-up (Deficit Escrow) Reserve	0	0	0.00					
52	Other Operating Reserves	0	0	0.00					
53	Sinking Fund	0	0	0.00					
54	Replacement Reserves	25,000	1,316	1.63					25,000
55	**Subtotal - Soft Costs**	425,425	22,391	27.80					
	TOTAL DEVELOPMENT COSTS	**2,167,825**	114,096	141.66	475,000	391,000	1,033,100	200,000	68,725

Conant Square, Brandon		06-Mar-06				
		TOTAL BUDGET	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Basis
	#REF!					
1	Land	40,000				
2	Purchase of Building(s)	660,000	660,000		660,000	
3	Demolition (without replacement)	0	0			
4	Property Appraisal	2,900	2,900		2,900	
5	Legal - Title and Recording	5,000	5,000		5,000	
6	**Subtotal - Acquisition**	707,900				
	CONSTRUCTION HARD COSTS					
7	Rehabilitation	930,000		930,000	930,000	930,000
8	New Building(s)	0		0	0	0
9	Additonal work	0			0	0
10	Sitework	0		0	0	0
11	Commercial Space Costs (if any)	0		0		
12	General Requirements	0		0	0	0
13	Contractor Overhead	0		0	0	0
14	Selective Demo for Asbetos	0		0	0	0
15	Construction Contingency	87,000		87,000	87,000	87,000
16	Site Lighting	0		0	0	0
17	Asbestos Contingency	5,500		5,500	5,500	5,500
18	Asbestos Abatement & Testing	0		0	0	0
19	Off-Site Improvements	0		0	0	0
20	Furnishings, Fixtures, & Equipment	12,000		12,000	12,000	
21	Other	0		0	0	
22	**Subtotal - Hard Costs**	1,034,500				
	SOFT COSTS					
23	Architectural	95,000		95,000	95,000	95,000
24	Engineering	incld		incld	incld	incld
25	Legal/Accounting	15,000		15,000	15,000	15,000
26	Relocation	10,000		10,000	10,000	10,000
27	Environmental Assessment	2,200		2,200	2,200	2,200
28	Survey / Topo	2,000		2,000	2,000	2,000
29	Permits/Fees	6,500		6,500	6,500	6,500
30	Testing	1,500		1,500	1,500	1,500
31	Construction Period Insurance	0		0	0	0
32	Construction Interest	28,000		28,000	28,000	28,000
33	VHFA Loan Origination Fee	0		0	0	0
34	Taxes During Construction	0			0	0
35	Clerk of the Works	0		0	0	0
36	Marketing	0				0
37	VHFA Tax Credit Fees	4,500			0	0
38	VHFA Inspection Fee	4,500		4,500	4,500	4,500
39	Soft Cost Contingency	6,000		6,000	6,000	6,000
40	Permanent Loan Origination Fee	5,625			0	0
41	Lenders Counsel's Fee	3,500		3,500	3,500	3,500
42	Historic Consult & fees	3,500		3,500	3,500	3,500
43	CAN	1,600		1,600		
	SYNDICATION COSTS					
44	Organizational (Partnership)	1,000				
45	Bridge Loan Fees and Expenses	9,000				
46	Syndication Consultant	2,500				
47	Tax Opinion	0				
	DEVELOPER'S FEES					
47	Developer's Fees	150,000		150,000	150,000	150,000
48	Other Partnership Fees for Reserves	0		0	0	0
49	Consultant Fees	38,500		38,500	38,500	38,500
	RESERVES					
50	Working Capital	10,000				
51	Rent-up (Deficit Escrow) Reserve	0		0		
52	Other Operating Reserves	0		0		
53	Sinking Fund	0		0		
54	Replacement Reserves	25,000				
55	**Subtotal - Soft Costs**	425,425				
	TOTAL DEVELOPMENT COSTS	**2,167,825**	667,900	1,402,300	2,056,600	1,388,700
ESS:	Amount of Non-qualified Financing			22,500	22,500	
ESS:	Adjustment for per unit cost limits	0%		0		
ESS:	Historic tax Credit (Residential Portion)			277,740	277,740	1,388,700
	Total Eligible Basis		667,900	1,102,060	1,756,360	277,740
1ES:	Adjusted for QCT/DDA	130.0%		1,432,678		
1ES:	Applicable Fraction	100.00%	667,900	1,432,678		
	Total Qualified Basis		667,900	1,432,678		
1ES:	Applicable Percentage		3.46%	3.46%		
	Total Annual Credit Qualified		23,109	49,571		
	Total Allocated Tax Credits	71,500	TOTAL 4% HC'S	72,680		

Estimated Net Syndication Proceeds (excluding historic credit equity)	628,600
Estimated Yield - Housing Credit Syndication	88.80%
Equity Gap	628,600
Credits Needed to fill Equity Gap	71,500

1,756,360	Long Term Depreciable Basis
27.5	Depreciation Schedule
63,868	Annual Depreciation
0	Mid Ter m Deprecitation
15	Depreciation Schedule
0	Annual Depreciation
12,000	Short Term Depreciable Basis
7	Depreciation Schedule
1,714	Annual Depreciation

06-Mar-06 **Conant Square, Brandon**

Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br		0	1	597		7,164
1 Br		0	17	644		131,376
2 Br		0	1	737		8,844
	Totals	15,303	19			147,384

Less Vacancy	1.00%	(1,474)
NET RENT		145,910

OTHER INCOME

Laundry	1,900
Parking	0
Commercial Space Income	0
Interest & Fees	0
TOTAL INCOME	147,810

PROJECTIONS AT FAIR MARKET RENTS

Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br		0	1	425		5,100
1 Br		0	17	556		113,424
2 Br		0	1	647		7,764
	Totals	15,303	19			126,288

Vacancy Allow	
NET RENT	126,288

OTHER INCOME

Laundry	1,300
Parking	0
Commercial Space Income	0
Other	0
TOTAL INCOME	127,588

06-Mar-06 Conant Square, Brandon

	Check all Applicable									A					B						C					
Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant Paid Utilities)	OCCUPIED BY: Income level of residents to be served: (ESTIMATED)						AFFORDABLE TO: Units affordable to residents at: With Sect 8; Sect 60% of Median Post					
															<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+
1	1			X	1	X				1		644	0	644		1					1					
1	2			X	1	X				1		644	0	644		1					1					
1	3			X	1	X				1		644	0	644		1					1					
1	4			X	1	X				1		644	0	644		1					1					
1	5			X	1	X				1		644	0	644		1					1					
1	6			X	1	X				1		644	0	644		1					1					
1	7			X	1	X				1		644	0	644		1					1					
1	8			X	1	X				1		644	0	644		1					1					
1	9			X	1	X				1		644	0	644		1					1					
1	10			X	1	X				0		597	0	597		1					1					
1	11			X	1	X				1		644	0	644		1					1					
1	12			X	1	X				1		644	0	644		1					1					
1	13			X	1	X				1		644	0	644		1					1					
1	14			X	1	X				1		644	0	644		1					1					
1	15			X	1	X				1		644	0	644		1					1					
1	16			X	1	X				1		644	0	644		1					1					
1	17			X	1	X				2		737	0	737		1					1					
1	18			X	1	X				1		644	0	644		1					1					
1	19			X	1	X				1		644	0	644		1					1					
Total # Units	.				19					Totals:	15,303	12,282		Total # Units:	0	19	0	0	0	0	19	0	0	0	0	0

06-Mar-06 **Conant Square, Brandon**

	Annual	Monthly	Per Unit Per Month
Administration			
Management Fee	14,627	1,219	64
Supportive Services	1,800	150	8
Audit/Accounting	3,800	317	17
Legal	500	42	2
Compliance Monitoring	912	76	4
Marketing	100	8	0
Other	350	29	2
TOTAL ADMINISTRATIVE	22,089	1,841	97
Utilities			
Electricity	10,000	833	44
Fuel	16,000	1,333	70
Water and Sewer	6,000	500	26
Fire Alarm / Emergency	600	50	3
Other	0	0	0
TOTAL UTILITIES	32,600	2,717	143
Maintenance			
Maintenance / Janitor Payroll	10,500	875	46
Janitor Supplies	0	0	0
Exterminating	0	0	0
Trash Removal	2,000	167	9
Snow Removal	2,000	167	9
Grounds	1,200	100	5
Repairs Material	2,500	208	11
Repairs Contract	5,000	417	22
HVAC Repairs / Maintenance	0	0	0
Elevator Contract / Repairs	2,000	167	9
Painting and Decorating	1,500	125	7
Other	0	0	0
TOTAL MAINTENANCE	26,700	2,225	117
Real Estate Taxes	20,000	1,667	88
Property Insurance	7,000	583	31
Flood Insurance		0	0
Replacement Reserves	7,750	646	34
Other "must pay" debt service		0	0
Other		0	0
Total	116,139	9,678	509

per unit month excl. ds & res.
475

06-Mar-06

Conant Square, Brandon

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Year	2,006	2,007	2,008	**2,009**	2,010	2,011	2,012	2,013	**2,014**	2,015	2,016	2,017	2,018	2,019	2,020
Operating Income																
Gross Rent		147,384	147,384	147,384	147,384	149,595	151,839	154,116	156,428	158,774	161,156	163,573	166,027	168,517	171,045	173,611
Other Income		1,900	1,919	1,938	1,958	1,977	1,997	2,017	2,037	2,057	2,078	2,099	2,120	2,141	2,162	2,184
Vacancy and other losses		(1,474)	(1,474)	(1,474)	(1,474)	(1,496)	(1,518)	(1,541)	(1,564)	(1,588)	(4,835)	(4,907)	(4,981)	(5,056)	(5,131)	(5,208)
Total Operating Income		147,810	147,829	147,848	147,868	150,076	152,317	154,592	156,901	159,244	158,399	160,765	163,166	165,603	168,076	170,587
Operating Expenses																
Total Expenses (excl. Reserves)		108,389	110,015	111,665	113,340	115,040	116,766	118,517	120,295	122,099	125,152	128,281	131,488	134,775	138,144	141,598
Reserves		7,750	7,866	7,984	8,104	8,226	8,349	8,474	8,601	8,730	8,861	8,994	9,129	9,266	9,405	9,546
Total Operating Expense		116,139	117,881	119,649	121,444	123,266	125,115	126,991	128,896	130,830	134,013	137,275	140,617	144,041	147,549	151,144
Net Operating Income		31,671	29,948	28,199	26,424	26,810	27,203	27,601	28,005	28,414	24,386	23,490	22,549	21,562	20,527	19,443
Less Primary Debt Service		21,843	21,843	21,843	21,843	21,843	21,843	21,843	21,843	21,843	21,843	21,843	21,843	21,843	21,843	21,843
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		9,828	8,105	6,356	4,581	4,968	5,360	5,758	6,162	6,572	2,544	1,647	706	(281)	(1,316)	(2,400)
perating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	281	1,316	2,400
Net Cash		9,828	8,105	6,356	4,581	4,968	5,360	5,758	6,162	6,572	2,544	1,647	706	0	0	0
DCR		**145.00%**	**137.11%**	**129.10%**	**120.97%**	**122.74%**	**124.54%**	**126.36%**	**128.21%**	**130.09%**	**111.64%**	**107.54%**	**103.23%**	**98.71%**	**93.98%**	**89.01%**
Cumulative Cash Flow																
Beginning Balance		10,000	20,027	28,414	35,118	40,096	45,514	51,382	57,712	64,512	71,795	75,082	77,497	78,985	79,494	78,973
Deposits		9,828	8,105	6,356	4,581	4,968	5,360	5,758	6,162	6,572	2,544	1,647	706	0	0	0
Interest	2.0%	198	281	348	397	451	509	571	639	711	743	767	782	790	795	790
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	(281)	(1,316)	(2,400)
Ending Balance		20,027	28,414	35,118	40,096	45,514	51,382	57,712	64,512	71,795	75,082	77,497	78,985	79,494	78,973	77,363
Cumulative Replacement Reserves																
Beginning Balance		25,000	33,328	41,606	50,086	58,772	67,667	76,776	86,103	55,533	24,787	33,985	43,409	36,155	45,875	55,833
Deposits		7,750	7,866	7,984	8,104	8,226	8,349	8,474	8,601	8,730	8,861	8,994	9,129	9,266	9,405	9,546
Interest	2.0%	578	412	496	582	670	760	853	947	643	336	430	525	454	553	654
Withdrawals			0		0	0	0	0	(40,118)	(40,119)	0	0	(16,909)	0	0	0
Ending Balance		33,328	41,606	50,086	58,772	67,667	76,776	86,103	55,533	24,787	33,985	43,409	36,155	45,875	55,833	66,033
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		31,671	29,948	28,199	26,424	26,810	27,203	27,601	28,005	28,414	24,386	23,490	22,549	21,562	20,527	19,443
Plus Reserves		7,750	7,866	7,984	8,104	8,226	8,349	8,474	8,601	8,730	8,861	8,994	9,129	9,266	9,405	9,546
Less Interest Expense		(18,528)	(18,309)	(18,077)	(17,828)	(17,564)	(17,282)	(16,981)	(16,661)	(16,319)	(15,955)	(15,567)	(15,153)	(14,712)	(14,242)	(13,741)
Less Bridge Loan interes																
Less Capitalized Expense	20yr schedule of reserve expense								(2,006)	(4,012)	(4,012)	(4,012)	(4,857)	(4,857)	(4,857)	(4,857)
Less Long Depreciation		(63,868)	(63,868)	(63,868)	(63,868)	(63,868)	(63,868)	(63,868)	(63,868)	(63,868)	(63,868)	(63,868)	(63,868)	(63,868)	(63,868)	(63,868)
Less Mid Depreciation		0	0	0	0	0	0	0	0	0	0					
Less Short Depreciation		(1,714)	(1,714)	(1,714)	(1,714)	(1,714)	(1,714)	(1,714)	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(44,689)	(46,077)	(47,475)	(48,883)	(48,110)	(47,312)	(46,488)	(45,928)	(47,054)	(50,587)	(50,962)	(52,200)	(52,609)	(53,035)	(53,477)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		15,641	16,127	16,616	17,109	16,838	16,559	16,271	16,075	16,469	17,706	17,837	18,270	18,413	18,562	18,717
Plus Tax Credits		349,240	71,500	71,500	71,500	71,500	71,500	71,500	71,500	71,500	71,500					
After Tax Cash Flow		364,881	87,627	88,116	88,609	88,338	88,059	87,771	87,575	87,969	89,206	17,837	18,270	18,413	18,562	18,717
Total Years	15															
Reinvestment Rate	8.00%															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Current After Tax Cash Flows		364,881	87,627	88,116	88,609	88,338	88,059	87,771	87,575	87,969	89,206	17,837	18,270	18,413	18,562	18,717
ure Value of Cash Flows at Yr 15:		1,157,464	257,377	239,643	223,132	205,973	190,113	175,454	162,095	150,763	141,558	26,208	24,856	23,195	21,651	20,214
Discount Rate:	3.00%															
Capital Contribution Number:	1	2	3	4	5	6	7	8								
Date of Capital Contribution:	15-Mar-06	15-Jun-06	01-Oct-06	01-Mar-07												
Amount of Capital Contribution:	0	10,000	750,000	134,600		0	0	0								
Present Value of Contributions:	0	9,924	737,604	130,720	0	0	0	0								
Cash Flows	(878,248)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,019,699

IRR: 8.58%

894,600

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: CONSTRUCTION AND PERMANENT FINANCING AND PROPOSED ALLOCATION OF STATE AND USE OF BOND HOUSING CREDITS FOR CONANT SQUARE HOUSING, BRANDON

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

WHEREAS, an application has been submitted to the Agency by Rutland County Community Land Trust (the "Sponsor") on behalf of a to be formed limited partnership in which the Sponsor or its subsidiary will be the general partner (the "Borrower") involving the acquisition and rehabilitation of nineteen (19) units of general occupancy rental housing in the Town of Brandon (the "Development"); and

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

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

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

WHEREAS, the application contemplates a mortgage loan for improvements for the Development with a 0% deferred loan in the amount of $100,000; and

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

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Liza Vedder Plantilla dated March 13, 2006, containing information and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

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

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

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

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

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The Sponsor is financially responsible and is a qualified housing sponsor within the meaning of the Act. The Borrower will be required to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

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

2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the construction and permanent financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsor as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions described in the Memorandum.

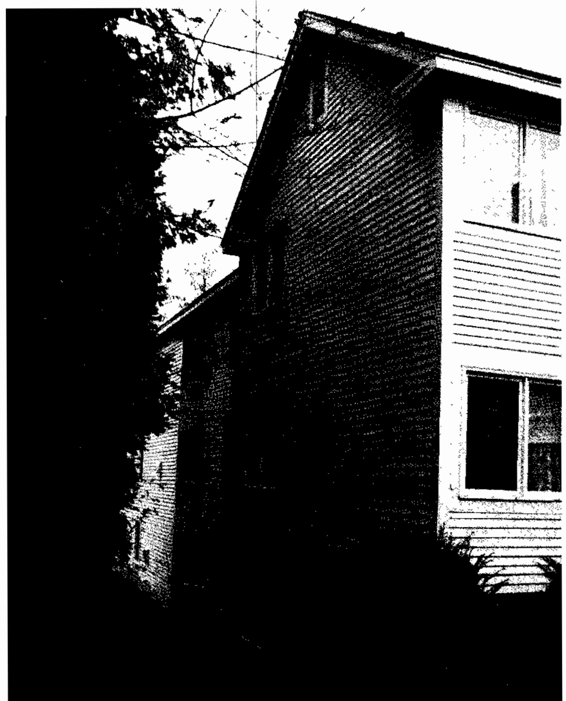
4. A loan in the amount of $100,000.00 to the Borrower may be funded with excess yield zero percent pool funds.

5. The recommendations for the use of Bond Housing Credits and the allocation of State Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.

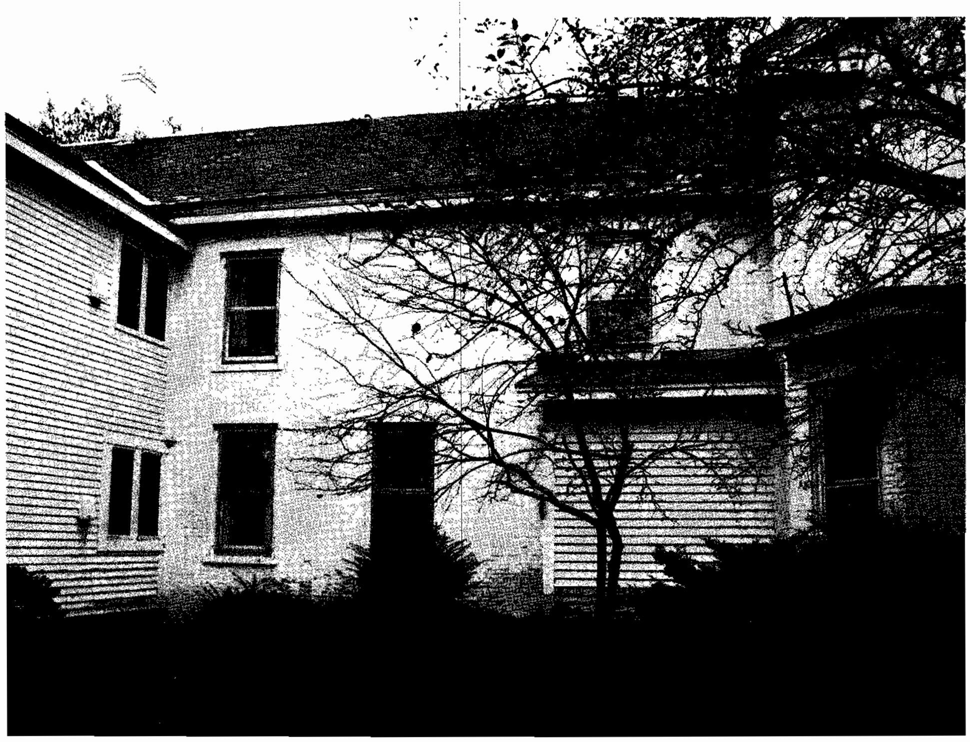
6. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the use of Bond Housing Credits in an amount necessary for the Development's feasibility and the proposed allocation of State Housing Credits in the amount of $32,500.00 for the Conant Square project in the Town of Brandon, Vermont.

Detail at Exterior, Conant Square

Detail at Exterior, Conant Square



South Elevation at Addition, Conant Square



East Elevation at Addition, Conant Square

TO: VHFA Board of Commissioners

FROM: Liza Vedder Plantilla LVP

DATE: March 13, 2006

RE: Request for Commitment of Allocated Housing Credits

Name:	AFS Scattered Site	**Location:**	Rutland
Housing Type:	General Occupancy	**Unit Type:**	Flats and one Townhouse
Unit Count:	13 Total Units 13 Housing Credit Units	**Unit Sizes:**	1 one-beds @ 700 sq. ft. 10 two-beds @ 770-850 sq. ft. 2 three-beds @ 920-970 sq.ft.
Total Cost:	$2,853,700	**Per S.F. Acquisition & Construction Cost:**	$156
Loan Requested:	n/a	**Sponsor:**	Rutland County Community Land Trust (RCCLT)
Housing Credits:	$227,000 (Ceiling "9%" Credits)		
Other Funding:	HOME, VHCB, HUD Special Purpose, REEP, Historic Credit		

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

Project Summary: The Rutland County Community Land Trust is proposing to redevelop three properties that ring the downtown of Rutland. The three properties are as follows: 44-46 Allen Street, 35 Forest Street and 8 Seabury Street. RCCLT currently owns Allen Street and has the other two properties under contract. Closing is scheduled for July. Jeffrey Kantor is the development consultant and Arnold & Scangas is the architect.

Overview: The project will be a combination of much needed rehabilitation and construction of new units. The project accomplishes numerous goals. This project rehabilitates five (5) units and creates eight (8) new units, all of which will be tax credit units. All thirteen (13) of these units will be affordable to families at or below 60% of Area Median Income (AMI). Two of these units will be accessible and one of these units will be adaptable. While there are a substantial number of rental units in Rutland, their quality and safety leaves much to be desired, as evidenced by the area's recent bout of apartment fires. 44 Allen Street is currently a two unit building. 46 Allen Street is the adjacent lot which is currently vacant. The current building will be updated and a two unit addition will be added on the adjacent lot. These are the three bedroom units; they will likely be townhouse style, though the plans are not yet finalized. 35 Forest Street, a neighborhood eyesore, is an existing three unit building that will undergo a much needed gut renovation. Finally, 8 Seabury Street is the site of a burned building, on which will be constructed a new two-story six unit structure. Construction is slated to begin after closing in July with completion and occupancy slated for next spring. Currently, three units are occupied by tax credit eligible households. They will be relocated permanently during construction to comparable units. The VHCB request will be reviewed at its June board meeting; the HUD Special Purpose funds have been secured for the project by Senator Jeffords.

Tax Credit Discussion: The project meets four of the Top Tier Consolidated Plan priorities: *1) Rehabilitation for the two buildings, and infill new construction in a community with a vacancy of 3.5% or less 2) Family Housing (most units 2-bed or larger) 3) Planned to maintain the historic settlement pattern 4) Project is close to a designated downtown or village center.* All the buildings are in different neighborhoods, ringing the downtown. This project must receive 2006 credit in order to retain its 130% basis boost.

Market Study: The study says that "the project is very marketable" thanks to a low vacancy rate and a pent up demand for quality units. The project will need to capture a small number of potential renters to be successful; between 1-2%. The project can be expected to be 90% occupied within 2-3 months. Furthermore, the study suggests that the market easily supports rents that are 5-10% higher. This is irrelevant to tax-credit restricted property, but it is an indicator of the potential strength of the property.

6-Mar-06	Allen, Forest & Seabury STs, Rutland

Total Residential Units:	13	Increase in Income from Rental Units:	2.0%
Housing Credit Restricted Units:	13	Increase in Income from Other Sources:	1.0%
Percent Restricted:	100%	Increase in Income from Commercial:	0%
Total Development Cost:	2,853,700	Expense increase:	3.5%
Total Development Cost per Unit:	219,515	Vacancy Rate:	5.0%
Total Development Cost Per SF:	201	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5
Historic Credit	**91,929**	Short Depreciation Schedule:	7
Max **Allocated** Credit	245,980	Sponsor's Estimated Yield:	82.94%
Credits Requested	227,000		
Total Amount of Credit	**227,000**		
LIHTC - 4%	3.46%	DCR Yr 1 & 15 N/A	N/A
LIHTC - 4%	8.07%		

SOURCES		% TDC	Interest Rate	Amortization	Term
HOME	435,200	15.25%	6.00%	30	deferred
VHCB Feasiblity	10,000	0.35%		GP Captial Contribution	
VHCB	325,000	11.39%	0.00%	30	deferred
REEP Grant (GP Cap Contrib)	8,500	0.30%		GP Captial Contribution	
HUD SP	125,000	4.38%	0.00%	30	deferred
RITC Equity	86,000	3.01%			Equity
Tax Credit Equity (LP Cap Contrib)	1,864,000	65.32%			Equity
TOTAL SOURCES	2,853,700	100.00%		100.00%	

USES		
Acquisition	304,500	10.67%
Construction Hard Costs	1,904,500	66.74%
Soft Costs	644,700	22.59%
TOTAL USES	2,853,700	100.00%
Gap	0	

General Partner's Capital Contribution	18,828	1.00%
Limited Partner's Capital Contribution	1,864,000	99.00%
Total Equity	1,882,828	

Allen, Forest & Seabury STs, 06-Mar-06

	USES OF FUNDS	Budget	Per Unit	Per s.f.	VHCB	HUD SP	Equity	HOME	REEP+Feas
	ACQUISITION	Total			325,000	125,000	1,950,000	435,200	8,500
1	Land	154,000	11,000	10.85	154,000				
2	Purchase of Building(s)	135,000	9,643	9.51	135,000				
3	Demolition (without replacement)	10,000	714	0.70				10,000	
4	Property Appraisal	2,000	143	0.14					2,000
5	Legal - Title and Recording	3,500	250	0.25	3,500				
6	**Subtotal - Acquisition**	304,500	21,750	21.46					
	CONSTRUCTION HARD COSTS								
7	New Construction Seabury	727,000	51,929	*110.99*			724,000		3,000
8	Rehabilitation Forest ST	367,000	26,214	*125.68*			257,000	107,500	2,500
9	Rehab/New Allen ST	644,000	46,000	*136.44*		125,000	517,000		2,000
10	Sitework		0	0.00					
11	Commercial Space Costs (if any)		0	0.00					
12	General Requirements		0	0.00					
13	Contractor Overhead		0	0.00					
14	HC access		0	0.00					
15	Construction Contingency	147,000	10,500	10.36			147,000		
16			0	0.00					
17	Hazardous Mat Abatement	5,000	357	0.35				5,000	
18	Asbestos Abatement & Testing		0	0.00					
19	Off-Site Improvements		0	0.00					
20	Furnishings, Fixtures, & Equipment	14,500	1,036	1.02			14,500		
21	Other (Vacancy Operating Losses)		0	0.00					
22	**Subtotal - Hard Costs**	1,904,500		134.21					
	SOFT COSTS								
23	Architectural	150,000	10,714	10.57	32,500		36,500	75,000	6,000
24	Engineering		0	0.00					
25	Legal/Accounting	16,000	1,143	1.13			6,000	10,000	
26	Relocation	5,000	357	0.35				5,000	
27	Environmental Assessment	4,500	321	0.32				2,500	2,000
28	Survey / Topo	6,500	464	0.46				5,500	1,000
29	Permits/Fees	18,000	1,286	1.27				18,000	
30	Market Study	2,000	143	0.14				2,000	
31	Construction Period Insurance	10,500	750	0.74				10,500	
32	Construction Interest	46,000	3,286	3.24			31,000	15,000	
33	Loan Origination Fee	5,000	357	0.35				5,000	
34	Taxes During Construction	5,000	357	0.35			5,000		
35	Clerk of the Works		0	0.00					
36	Marketing	500	36	0.04			500		
37	VHFA Tax Credit Fees	9,200	657	0.65				9,200	
38	Inspection Fees	4,000	286	0.28				4,000	
39	Soft Cost Contingency	6,000	429	0.42			6,000		
40	Permanent Loan Origination Fee		0	0.00					
41	Lenders Counsel's Fee	3,500	250	0.25				3,500	
42	Historic Consultant & Fees	3,500	250	0.25				3,500	
43	Other (_CNA_)	3,500	250	0.25			3,500		
	SYNDICATION COSTS								
44	Other Non Basis Costs		0	0.00					
45	Bridge Loan Fees and Expenses	26,000	1,857	1.83			26,000		
46	Syndication Consultant	2,500	179	0.18			2,500		
47	Tax Opinion	1,000	71	0.07			1,000		
	DEVELOPER'S FEES								
47	Developer's Fees	240,000	17,143	16.91			120,000	120,000	
48	Other Partnership		0	0.00					
49	Consultant Fees	48,000	3,429	3.38			24,000	24,000	
	RESERVES								
50	Working Capital	10,000	714	0.70			10,000		
51	Rent-up (Deficit Escrow) Reserve	3,500	250	0.25			3,500		
52	Other Operating Reserves	0	0	0.00					
53	Sinking Fund	0	0	0.00					
54	Replacement Reserves	15,000	1,071	1.06			15,000		
55	**Subtotal - Soft Costs**	644,700	46,050	45.43					
	TOTAL DEVELOPMENT COSTS	**2,853,700**	203,836	201.11	325,000	125,000	1,950,000	435,200	18,500

#	Allen, Forest & Seabury STs, Rutland	06-Mar-06	8 Seabury Street			44 Allen Street			35 Forest Street			
		TOTAL BUDGET	Acquisition Basis	Construction Basis	Residential Depreciation	Acquisition Basis	Construction Basis	Residential Depreciation	Acquisition Basis	Construction Basis	Residential Depreciation	Historic tax credit
	#REF!											
1	Land	154,000										
2	Purchase of Building(s)	135,000			0	70,000		70,000	65,000		65,000	
3	Demolition (without replacement)	10,000										
4	Property Appraisal	2,000	923		923	665		665	412		412	
5	Legal - Title and Recording	3,500	1,616		1,616	1,164		1,164	720		720	
6	Subtotal - Acquisition	304,500										
	CONSTRUCTION HARD COSTS											
7	New Construction Seabury	727,000		727,000	727,000			0			0	
8	Rehabilitation Forest ST	367,000			0		0	0		367,000	367,000	367,000
9	Rehab/New Allen ST	644,000			0		644,000	644,000			0	
10	Sitework	0		0	0		0	0		0	0	
11	Commercial Space Costs (if any)	0		0			0			0		
12	General Requirements	0		0	0		0	0		0	0	
13	Contractor Overhead	0		0	0		0	0		0	0	
14	Selective Demo for Asbetos	0		0	0		0	0		0	0	
15	Construction Contingency	147,000		67,854	67,854		48,896	48,896		30,249	30,249	30,249
16	Site Lighting	0		0	0		0	0		0	0	
17	Asbestos Contingency	5,000		2,308	2,308		1,663	1,663		1,029	1,029	
18	Asbestos Abatement & Testing	0		0	0		0	0		0	0	
19	Off-Site Improvements	0		0	0		0	0		0	0	
20	Furnishings, Fixtures, & Equipment	14,500		6,693	6,693		4,823	4,823		2,984	2,984	
21	Other (Vacancy Operating Losses)	0		0	0		0	0		0	0	
22	Subtotal - Hard Costs	1,904,500										
	SOFT COSTS											
23	Architectural	150,000		69,239	69,239		49,894	49,894		30,867	30,867	30,867
24	Engineering	0		0	0		0	0		0	0	
25	Legal/Accounting	16,000		7,385	7,385		5,322	5,322		3,292	3,292	3,292
26	Relocation	5,000		2,308	2,308		1,663	1,663		1,029	1,029	1,029
27	Environmental Assessment	4,500		2,077	2,077		1,497	1,497		926	926	926
28	Survey / Topo	6,500		3,000	3,000		2,162	2,162		1,338	1,338	1,338
29	Permits/Fees	18,000		8,309	8,309		5,987	5,987		3,704	3,704	3,704
30	Market Study	2,000		923	923		665	665		412	412	412
31	Construction Period Insurance	10,500		4,847	4,847		3,493	3,493		2,161	2,161	2,161
32	Construction Interest	46,000		21,233	21,233		15,301	15,301		9,466	9,466	9,466
33	Loan Origination Fee	5,000		2,308	2,308		1,663	1,663		1,029	1,029	1,029
34	Taxes During Construction			0	0		0	0		0	0	0
35	Clerk of the Works	0		0	0		0	0		0	0	0
36	Marketing	500										0
37	VHFA Tax Credit Fees	9,200		4,247	4,247		3,060	3,060		1,893	1,893	1,893
38	VHFA Inspection Fee	4,000		1,846	1,846		1,331	1,331		823	823	823
39	Soft Cost Contingency	6,000		2,770	2,770		1,996	1,996		1,235	1,235	1,235
40	Permanent Loan Origination Fee	0		0	0		0	0		0	0	0
41	Lenders Counsel's Fee	3,500		1,616	1,616		1,164	1,164		720	720	720
42	Historic Consultant & Fees	3,500								3,500	3,500	3,500
43	Capital Needs Assess	3,500										
	SYNDICATION COSTS											
44	Other Non Basis Costs	0										
45	Bridge Loan Fees and Expenses	26,000										
46	Syndication Consultant	2,500										
47	Tax Opinion	1,000										
	DEVELOPER'S FEES											
47	Developer's Fees	240,000		110,782	110,782		79,831	79,831		49,387	49,387	
48	Other Partnership Fees for Reserves	0		0	0		0	0		0	0	
49	Consultant Fees	48,000		22,156	22,156		15,966	15,966		9,877	9,877	
	RESERVES											
50	Working Capital	10,000										
51	Rent-up (Deficit Escrow) Reserve	3,500										
52	Other Operating Reserves	0		0			0			0		
53	Sinking Fund	0		0			0			0		
54	Replacement Reserves	15,000										
55	Subtotal - Soft Costs	639,700										
	TOTAL DEVELOPMENT COSTS	**2,848,700**	2,539	1,068,902	1,071,440	71,829	890,378	962,207	66,132	522,920	589,052	459,643
	ESS: Amount of Non-qualified Financing		0			0			0			
	ESS: Adjustment for per unit cost limits	0%		0			0			0		459,643
	ESS: Historic tax Credit (Residential Portion)			91,929			0			91,929		91,929
	Total Eligible Basis		2,539	976,973		71,829	890,378		66,132	430,992		
	IES: Adjusted for QCT/DDA	**130.0%**		1,270,065			1,157,491			560,289		
	IES: Applicable Fraction	**100.00%**	2,539	1,270,065		71,829	1,157,491	100.00%	66,132	560,289	100.00%	
	Total Qualified Basis		2,539	1,270,065		71,829	1,157,491		66,132	560,289		
	IES: Applicable Percentage		3.46%	8.07%		3.46%	8.07%		3.46%	8.07%		
	Total Annual Credit Qualified		88	102,494		2,485	93,410		2,288	45,215		
	Total Allocated Tax Credits	227,000	TOTAL HC'S	102,582		TOTAL HC'S	95,895		TOTAL HC'S	47,503		

Estimated Net Syndication Proceeds (excluding historic credit equity)	1,864,000
Estimated Yield - Housing Credit Syndication	82.94%
Equity Gap	1,739,000
Credits Needed to fill Equity Gap	211,777

8 Seabury Street		44 Allen Street		35 Forest Street	
972,819	Long Term Depreciable Basis	957,384	Long Term Depreciable Basis	494,140	Long Term Depreciable Basis
27.5	Depreciation Schedule	27.5	Depreciation Schedule	27.5	Depreciation Schedule
35,375	Annual Depreciation	34,814	Annual Depreciation	17,969	Annual Depreciation
0	Mid Term Depreciation	0	Mid Term Deprecitation	0	Mid Term Deprecitation
15	Depreciation Schedule	15	Depreciation Schedule	15	Depreciation Schedule
0	Annual Depreciation	0	Annual Depreciation	0	Annual Depreciation
6,693	Short Term Depreciable Basis	4,823	Short Term Depreciable Basis	2,984	Short Term Depreciable Basis
7	Depreciation Schedule	7	Depreciation Schedule	7	Depreciation Schedule
956	Annual Depreciation	689	Annual Depreciation	426	Annual Depreciation

06-Mar-06 **Allen, Forest & Seabury STs, Rutland**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
Seabury						
2 Br	60%	700	1	650	44	7,800
2 Br	60%	770	2	650	44	15,600
2 Br	60%	865	1	650	44	7,800
2 Br	60%	800	1	650	44	7,800
2 Br	60%	865	1	650	44	7,800
						0
	Common	1,780				0
Allen ST						
2 Br	50%	720	1	575	44	6,900
2 Br	50%	745	1	575	44	6,900
3 Br	60%	920	1	700	60	8,400
3 Br	60%	970	1	700	60	8,400
	Common	1,365				
Forest ST						
1 Br	60%	700	1	525	29	6,300
2 Br	50%	850	1	565	44	6,780
2 Br	50%	850	1	565	44	6,780
	Common	520				0
	Totals	14,190	13			97,260
All Units	**Grand Total**	**14,190**	**13**			**97,260**

Less Vacancy	5.00%	(4,863)
	NET RENT	92,397
OTHER INCOME		
Laundry		0
Other		250
	TOTAL INC	92,647

		Check all Applicable								A					B						C					
Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage (NET)	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant Paid Utilities)	OCCUPIED BY: Income level of residents to be served:						AFFORDABLE TO: Units affordable to residents at:					
															<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+
Seabury ST	1				1	1		1		2	770	650	44	694			1						1			
	2				1	1	1			2	700	650	44	694			1						1			
	3				1	1				2	770	650	44	694			1						1			
	4				1	1				2	865	650	44	694			1						1			
	5				1	1				2	800	650	44	694			1						1			
	6				1	1				2	865	650	44	694					1				1			
Allen ST	1		X		1	1				2	720	575	44	619		1						1				
	2		X		1	1	1			2	745	575	44	619		1						1				
	3				1	1				3	920	700	60	760			1						1			
	4				1	1				3	970	700	60	760			1						1			
Forest ST	1		X		1	1				1	700	525	29	554		1							1			
	2		X		1	1				2	850	565	44	609		1						1				
	3		X		1	1				2	850	565	44	609		1						1				
Total # Units					13					Totals:	10,525	8,105		Total # Units:	0	5	7	0	1	0	0	4	9	0	0	0

06-Mar-06 **Allen, Forest & Seabury STs, Rutland**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	9,360	720	55	
Supportive Services		0	0	
Audit/Accounting	3,900	300	23	
Legal	1,000	77	6	
Compliance Monitoring	576	44	3	
Marketing	150	12	1	
Other	500	38	3	
TOTAL ADMINISTRATIVE	15,486	1,191	92	
Utilities				
Electricity	2,000	154	12	
Fuel	10,000	769	59	
Water and Sewer	3,500	269	21	
Fire Alarm / Emergency	0	0	0	
Other	0	0	0	
TOTAL UTILITIES	15,500	1,192	92	
Maintenance				
Maintenance / Janitor Payrol	5,000	385	30	
Janitor Supplies	0	0	0	
Exterminating	0	0	0	
Trash Removal	2,700	208	16	
Snow Removal	1,900	146	11	
Grounds	1,600	123	9	
Repairs Material	1,000	77	6	
Repairs Contract	2,000	154	12	
HVAC Repairs / Maintenanc	750	58	4	
Elevator Contract / Repairs	0	0	0	
Painting and Decorating	1,500	115	9	
Other	0	0	0	
TOTAL MAINTENANCE	16,450	1,265	97	
				per unit montl
Real Estate Taxes	15,000	1,154	89	excl. ds & res
Property Insurance	8,000	615	47	417
Flood Insurance	0	0	0	
Replacement Reserves	7,000	538	41	
Other "must pay" debt service		0	0	
Other		0	0	
Total	77,436	5,957	458	

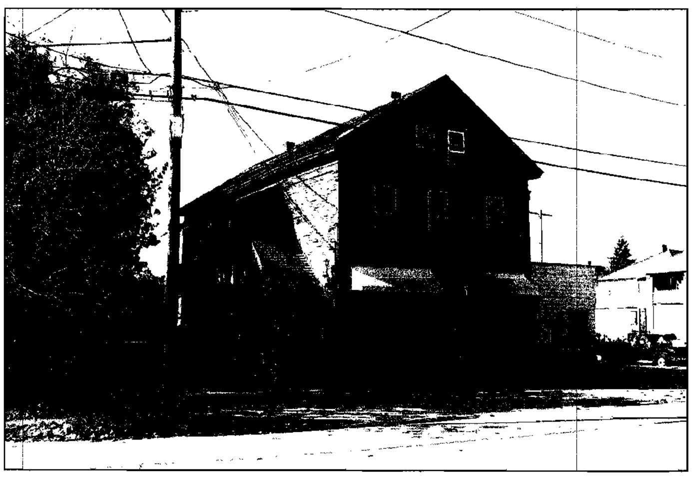
06-Mar-06

Allen, Forest & Seabury STs, Rutland

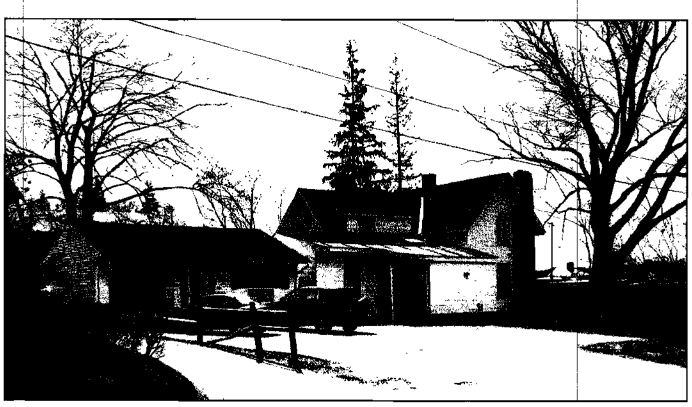
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
		2,005	2,006	2,007	2,008	2,009	2,010	2,011	2,012	2,013	2,014	2,015	2,016	2,017	2,018	2,019	
Operating Income																	
Gross Rent		97,260	99,205	101,189	103,213	105,277	107,383	109,531	111,721	113,956	116,235	118,559	120,931	123,349	125,816	128,333	
Other Income		250	253	255	258	260	263	265	268	271	273	276	279	282	285	287	
Vacancy and other losses		(4,863)	(4,960)	(5,059)	(5,161)	(5,264)	(5,369)	(5,477)	(5,586)	(5,698)	(5,812)	(5,928)	(6,047)	(6,167)	(6,291)	(6,417)	
Total Operating Income		92,647	94,497	96,385	98,310	100,274	102,277	104,319	106,403	108,529	110,696	112,908	115,163	117,463	119,810	122,203	
Operating Expenses																	
Total Expenses (excl. Reserves)		70,436	72,901	75,453	78,094	80,827	83,656	86,584	89,614	92,751	95,997	99,357	102,834	106,434	110,159	114,014	
Reserves		7,000	7,140	7,283	7,428	7,577	7,729	7,883	8,041	8,202	8,366	8,533	8,704	8,878	9,055	9,236	
Total Operating Expense		77,436	80,041	82,736	85,522	88,404	91,384	94,467	97,655	100,952	104,363	107,890	111,538	115,311	119,214	123,251	
Net Operating Income		15,211	14,456	13,649	12,788	11,870	10,892	9,852	8,748	7,576	6,334	5,018	3,625	2,152	596	(1,047)	
Less Primary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Annual Cash Flow		15,211	14,456	13,649	12,788	11,870	10,892	9,852	8,748	7,576	6,334	5,018	3,625	2,152	596	(1,047)	
)perating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,047	
Net Cash		15,211	14,456	13,649	12,788	11,870	10,892	9,852	8,748	7,576	6,334	5,018	3,625	2,152	596	0	
DCR		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Cumulative Cash Flow																	
Beginning Balance		10,000	25,463	40,318	54,507	67,968	80,636	92,444	103,319	113,188	121,972	129,588	135,952	140,973	144,556	146,604	
Deposits		15,211	14,456	13,649	12,788	11,870	10,892	9,852	8,748	7,576	6,334	5,018	3,625	2,152	596	0	
Interest	2.0%	252	399	540	673	798	915	1,023	1,121	1,208	1,283	1,346	1,396	1,431	1,452	1,466	
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	(1,047)	
Ending Balance		25,463	40,318	54,507	67,968	80,636	92,444	103,319	113,188	121,972	129,588	135,952	140,973	144,556	146,604	147,022	
Cumulative Replacement Reserves																	
Beginning Balance		15,000	22,370	29,805	37,459	45,336	2,442	10,273	18,337	26,642	35,192	(7,007)	1,541	10,347	19,417	28,757	
Deposits		7,000	7,140	7,283	7,428	7,577	7,729	7,883	8,041	8,202	8,366	8,533	8,704	8,878	9,055	9,236	
Interest	2.0%	370	295	371	449	529	102	182	264	348	436	15	102	192	285	380	
Withdrawals			0		0	(51,000)	0	0			(51,000)	0		0	0	(51,000)	
Ending Balance		22,370	29,805	37,459	45,336	2,442	10,273	18,337	26,642	35,192	(7,007)	1,541	10,347	19,417	28,757	(12,626)	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Net Operating Income		15,211	14,456	13,649	12,788	11,870	10,892	9,852	8,748	7,576	6,334	5,018	3,625	2,152	596	(1,047)	
Plus Reserves		7,000	7,140	7,283	7,428	7,577	7,729	7,883	8,041	8,202	8,366	8,533	8,704	8,878	9,055	9,236	
Less Interest Expense		(26,112)	(27,679)	(29,339)	(31,100)	(32,966)	(34,944)	(37,040)	(39,263)	(41,619)	(44,116)	(46,763)	(49,568)	(52,542)	(55,695)	(59,037)	
Less Bridge Loan interes																	
Less Capitalized Expense																	
Less Long Depreciation		(88,158)	(88,158)	(88,158)	(88,158)	(88,158)	(88,158)	(88,158)	(88,158)	(88,158)	(88,158)	(88,158)	(88,158)	(88,158)	(88,158)	(88,158)	
Less Mid Depreciation		0	0	0	0	0	0	0	0	0	0						
Less Short Depreciation		(2,071)	(2,071)	(2,071)	(2,071)	(2,071)	(2,071)	(2,071)	0	0	0	0	0	0	0	0	
Taxable Income (Loss)		(94,130)	(96,312)	(98,637)	(101,113)	(103,748)	(106,552)	(109,534)	(110,632)	(113,999)	(117,574)	(121,370)	(125,398)	(129,671)	(134,202)	(139,006)	
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Plus Tax Savings		32,946	33,709	34,523	35,389	36,312	37,293	38,337	38,721	39,900	41,151	42,479	43,889	45,385	46,971	48,652	
Plus Tax Credits		318,929	227,000	227,000	227,000	227,000	227,000	227,000	227,000	227,000	227,000						
After Tax Cash Flow		351,874	260,709	261,523	262,389	263,312	264,293	265,337	265,721	266,900	268,151	42,479	43,889	45,385	46,971	48,652	
Total Years	15																
Reinvestment Rate	10.00%																
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Current After Tax Cash Flows		351,874	260,709	261,523	262,389	263,312	264,293	265,337	265,721	266,900	268,151	42,479	43,889	45,385	46,971	48,652	
ure Value of Cash Flows at Yr 15:		1,469,866	990,043	902,848	823,491	751,260	685,509	625,651	569,597	520,112	475,046	68,414	64,258	60,407	56,834	53,517	
Discount Rate:	6.00%																
Capital Contribution Number:	1	2	3	4	5	6	7	8									
Date of Capital Contribution:	11-Jan-05	15-Apr-05	15-Jul-05	15-Feb-06													
Amount of Capital Contribution:						0	0	0									
Present Value of Contributions:	0	0	0	0	0	0	0	0									
Cash Flows	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		8,116,851

1,864,000

ALLEN Street



FOREST Street



SEABURY Street
(Site only — building has been demolished)

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS FOR THE AFS SCATTERED SITE HOUSING PROJECT, CITY OF RUTLAND

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

WHEREAS, an application has been submitted to the Agency by Rutland County Community Land Trust (the "Sponsor") on behalf of a to be formed limited partnership in which the Sponsor or its subsidiary will be the general partner (the "Borrower") involving the acquisition and rehabilitation of thirteen (13) units of general occupancy rental housing in the City of Rutland (the "Development"); and

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

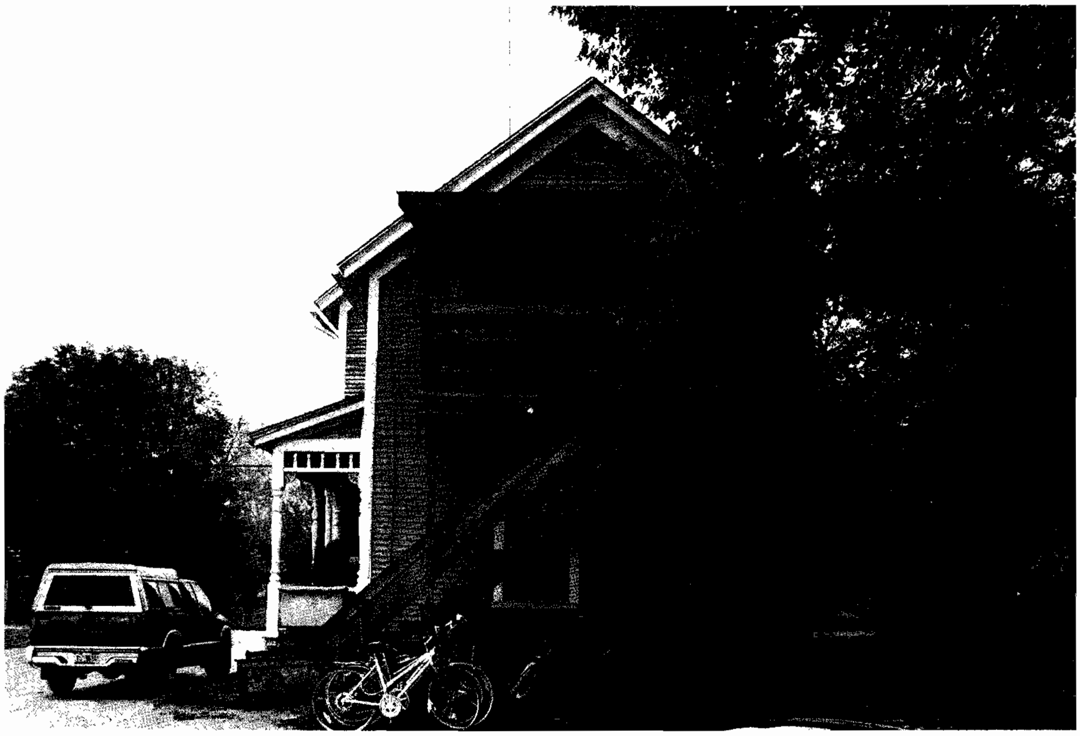
WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Liza Vedder Plantilla dated March 13, 2006, containing information and recommendations about the Development (the "Memorandum");

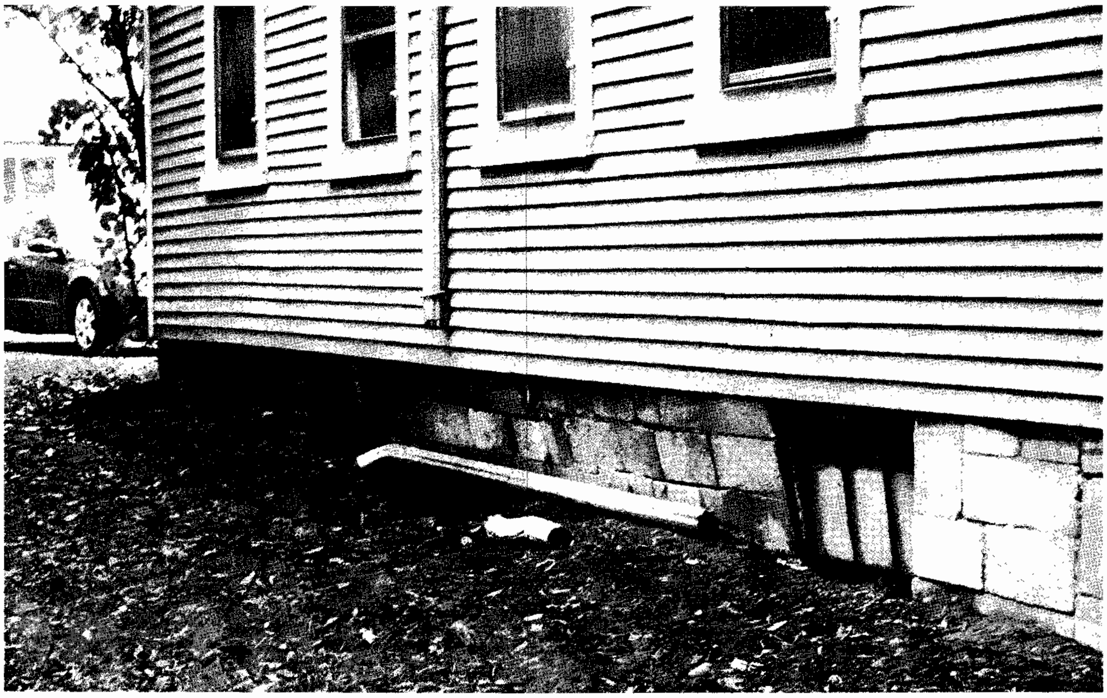
WHEREFORE, it is hereby RESOLVED:

1 The recommendations for the allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.

2. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of $227,000.00 for the AFS Scattered Site housing project in the City of Rutland, Vermont.



South Elevation, Allen Street

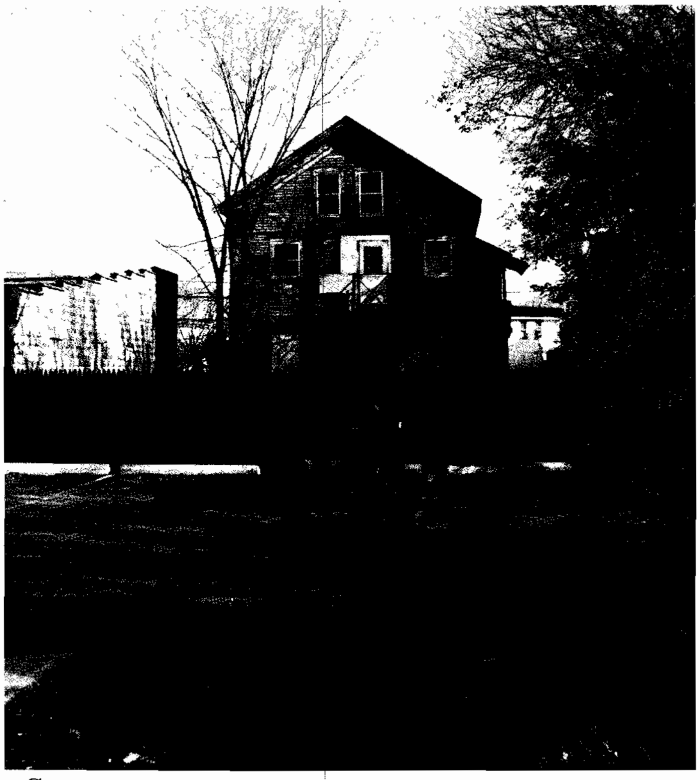


East Elevation, Allen Street

North Elevation, Allen Street

West Elevation, Allen Street

East and South Elevation, Forest Street



West Elevation, Forest Street

North Elevation of Existing Building, Seabury Street

West Elevation of Existing Building, Seabury Street

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Director of Development JE

DATE: March 6, 2006

RE: Request for Allocated Housing Credits and VHFA Financing

Name:	Village Housing	**Location:**	Middlebury
Housing Type:	General Occupancy	**Unit Type:**	Townhouses & Flats
Unit Count:	30 Total Units 25 Housing Credit Units	**Unit Sizes:**	15 1-Br @ 750 s.f. 15 2-Br @ 950 s.f.
Total Cost:	$6,107,825	**Per S.F. Acquisition & Construction Cost:**	$173
Housing Credits:	$398,000 Ceiling "9%" Credits (see discussion)	**Sponsors:**	ACCT, ACCAG & Housing Vermont
Financing Requested:	$510,000 permanent $2,300,000 construction		
Other Funding:	HOME, VHCB, VCDP, Neighborworks, REEP, Amortizing Debt, FHLBB - AHP, Developer Loan		

Recommendation: Staff recommends that the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board 1) authorize the Executive Director to issue a Letter of Interest and/or a Commitment Letter to finance this property upon satisfactory completion of staff underwriting and due diligence; and 2) authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

Project Summary: This project is part of the larger Middlebury South Village development that was conceived by Jeffry Glassberg and Steve Reid, on a 31 acre parcel of land owned by Middlebury College. The college published a request for proposals and selected these developers, who designed a multiple-use plan for the site: 30 units of rental housing, 57 for-sale homes, and 45,500 square feet of office / commercial / retail space in four buildings. The site is served by municipal water and sewer and will be connected to the Town by pedestrian paths (see attached site plan and location map). The project has all Town and Act 250 approvals. The College and the developers both want to provide housing that would be affordable to the College workforce. Mr. Glassberg and Mr. Reid realized that to develop every component of this project themselves would be a huge undertaking and beyond the time and staff capacity of their organization, and so have arranged to sell off some components of the project: 30 of the 57 for-sale homes will be developed by Snyder Development; 27 smaller "Cottage" homes will be developed by NeighborWorks of Western Vermont; the 30 rental units would be done by Housing Vermont, Addison County Community Action Group and Addison County Community Trust; and Mr. Glassberg and Mr. Reid would do the commercial development themselves.

The rental housing component of this larger development is applying for allocated Housing Credits and VHFA financing, as well as concurrently applying for CDBG, VHCB, and HOME funds. The current configuration of the units would be townhouses and flats in three buildings, and the sloping site will allow for some covered parking under the units. There is some discussion of changing the design to a single building with different unit types. Construction is projected to begin in July 2006 and be completed by June 2007. Property Management is to be Lake Champlain Housing Ventures.

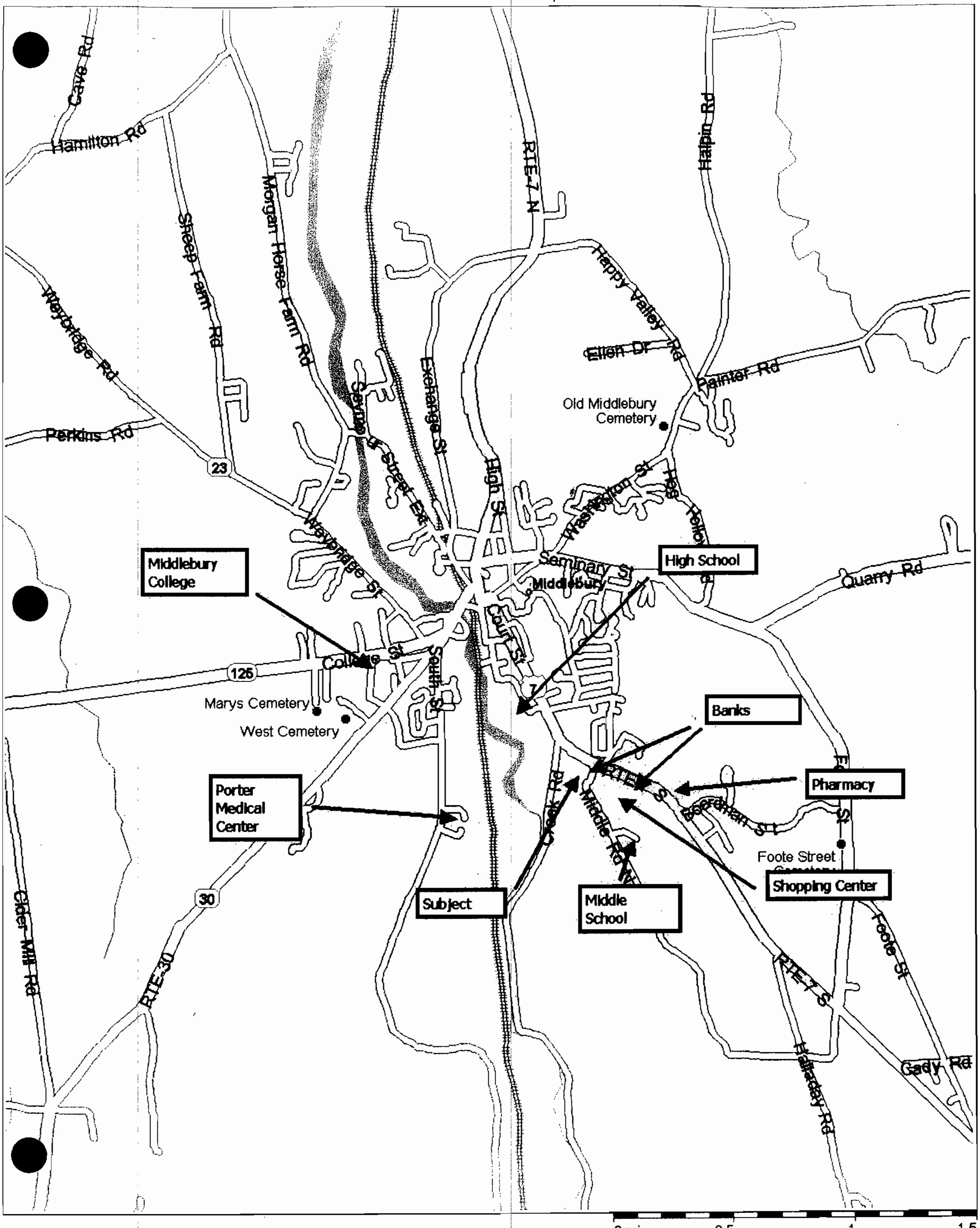
The sponsor has requested VHFA construction and permanent financing, and also requested an increase in allocated credit of $25,000 (from $398,000 to $423,000). During application review staff have discussed with the sponsor the mix or amortizing debt and "soft" funding sources. Some additional credits may be a good source for this project, but staff have the discretion to increase an allocation by 5%, which for this project would be $19,900. Staff propose that the Board approve the $398,000 and that the final credit amount be determined later (within this 5% limit).

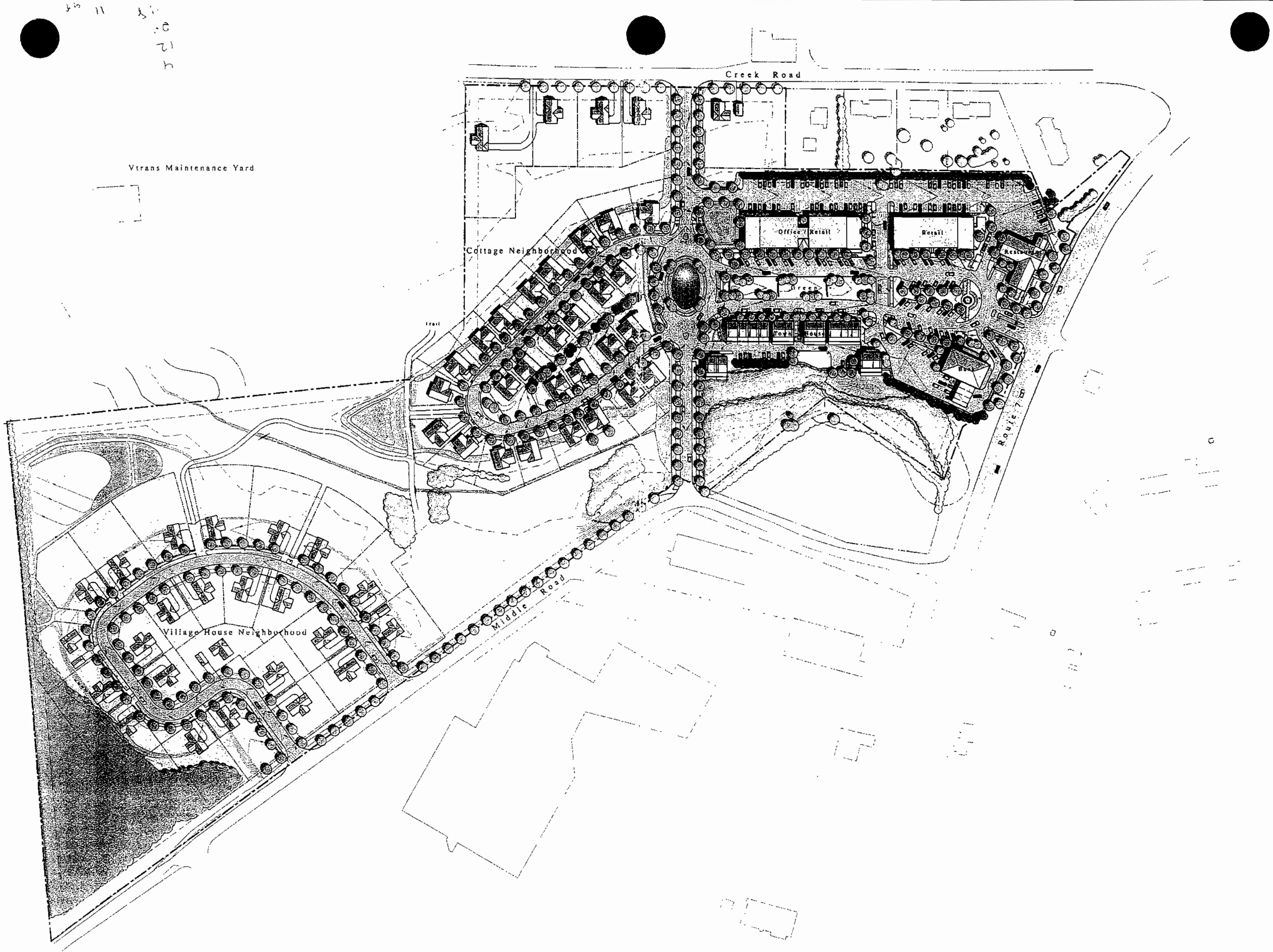
This development is requesting funding in order to create a second mortgage pool for the 27 for-sale Cottage units. Staff concur with the developer's assessment that subsidizing the Cottage units this way gives more flexibility and allows for more homes to be sold at lower prices than a direct subsidy from the funders to the Cottage units, and staff support this proposal. The details on how the second mortgage pool will be administered will be brought before the VHFA Board in April or May, at which time staff anticipate a proposal for financing the construction of the Cottage units.

Tax Credit Discussion:
The application meets four top tier priorities of the Allocation Plan: it is a new construction project in a community with a lack of affordable housing stock; it meets the definition of family housing; it is planned to maintain the historic settlement pattern of the Town; and it is in a downtown or village center. The project will meet the design and energy standards. The market study shows a strong need for rental housing and suggests that the units will be leased up within 6 months of completion. The current market vacancy rate is below 1%. The 25 "affordable" units will have rent levels set to two tiers: 7 units to households at 50% of area median income, and 18 units to households at 60% of area median income.

The demographics of renters in Middlebury suggest that 13% of renters are households of four persons or more. If this development were to follow this household size distribution (and households of that size need larger than one or two bedroom units) then four of these 30 apartments ought to be three-bedroom or larger. This proposal is for 15 one-bedroom and 15 two-bedroom units. Because the rent differential between unit sizes, a requirement for more larger units (and the corresponding increased cost) may not be absorbed by carrying additional debt. Therefore, the developer may need to seek additional soft second financing or grants to create more larger units, were VHFA to require some three-bedroom units. This project and Stone Hill, another tax credit development just down the road, are the only new rental housing going up in Middlebury. Two of twenty-seven units at Stone Hill are three-bedroom units. Staff request that the Board give staff the discretion to discuss the bedroom mix with the developer and the other funders, and if necessary to condition the credits on a change in the bedroom mix.

Location Map





OTTER CREEK ENGINEERING, INC.
404 East Main Street
P.O. Box 712
East Middlebury, VT 05740
Telephone: 802 382-8522
Fax: 802 382-8049
25 Washington Street
Rutland, VT 05701
Telephone: 802 747-3080
Fax: 802 747-4820
E-mail: info@goteevt.com

LANDSCAPE ARCHITECTS AND PLANNERS
P.O. Box 314
Norwich, VT 05055

WILLIAM MACLAY ARCHITECTS & PLANNERS
4509 Main Street
Waitsfield, VT 05673
phone: (802) 496-4004

THESE DRAWINGS SHALL NOT BE ALTERED IN ANY WAY WITHOUT THE WRITTEN APPROVAL OF THE LANDSCAPE ARCHITECT. ANY REVISIONS SHALL BE MADE BY THE LANDSCAPE ARCHITECT AND NOTED IN THE REVISION BLOCK.

STAMP AND SIGNATURE

MIDDLEBURY SOUTH VILLAGE, L.L.C.

MIDDLEBURY SOUTH VILLAGE

MIDDLEBURY, VERMONT

ISSUE DATE:	JAN. 7, 2005
REVISIONS:	
DRAWN BY:	JTO
CHECKED BY:	RAW
SCALE:	1" = 80'
PROJECT NO.:	
CAD FILE:	SV PERMIT PLAN

TITLE:

ILLUSTRATIVE PLAN

DRAWING NO.

G-0.1

SHEET

07-Mar-06 **South Village**

Total Residential Units:	30	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	25	Increase in Income from Other Sources:	1.50%
Percent Restricted:	83.33%	Increase in Income from Commercial:	1.50%
Total Development Cost:	6,107,825	Expense increase:	3.00%
Total Development Cost per Unit:	203,594	Vacancy Rate:	5%
Total Development Cost Per SF:	254	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	434,662	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	398,000	Sponsor's Estimated Yield:	86.09%
LIHTC - 9%	8.07%	(Mar 2006)	
LIHTC - 4%	3.46%		

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	401,541	6.57%	7.07%	30	30
HOME	315,000	5.16%	5.00%	30	30
VCDP	750,000	12.28%	0.00%	30	30
VHCB	560,000	9.17%	0.00%	30	30
Developer Loan	75,000	1.23%	3.50%	15	15
REEP Loan	18,000	0.29%	0.00%	30	30
FHLBB - AHP	175,000	2.87%	0.00%	30	30
Neighborworks	175,000	2.87%	N/A	N/A	
		0.00%	N/A	N/A	
Tax Credit Equity	3,422,801	56.04%	N/A	N/A	
TOTAL SOURCES	5,892,342	96.47%			
Construction Loan	2,300,000				

USES

Acquisition	308,250	5.05%
Construction Hard Costs	4,534,658	74.24%
Soft Costs	1,264,917	20.71%
TOTAL USES	6,107,825	100%
Gap	215,483	

General Partner's Capital Contribution	1	0.10%
Limited Partner's Capital Contribution	3,422,800	99.90%
Total Equity	3,422,801	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	25
Total Units	30
Unit Fraction	83.33%
Tax Credit Square Footage	20,150
Total Residential Square Footage	24,000
Square Footage Fraction	83.96%
Applicable Fraction	83.33%

		Budget	Per Unit	Per s.f.
	ACQUISITION			
1	Land	300,000	10,000	12.50
2	infrastructure	0	0	0.00
3			0	0.00
4	Property Appraisal	3,000	100	0.13
5	Legal - Title and Recording	5,250	175	0.22
	Subtotal - Acquisition	308,250	10,275	12.84
	CONSTRUCTION HARD COSTS			
6	Rehabilitation		0	0.00
7	New Building(s)	2,898,507	96,617	120.77
8			0	0.00
9	Sitework	563,000	18,767	23.46
10	Commercial Space Costs (if any)		0	0.00
11	General Requirements		0	0.00
12	Contractor Overhead		0	0.00
13	Contractor Profit		0	0.00
14	Construction Contingency	346,151	11,538	14.42
15	Construction Management		0	0.00
16	Construction Bond Fee		0	0.00
17	Hazardous Materials Abatement		0	0.00
18	Off-Site Improvements		0	0.00
19	Furnishings, Fixtures, & Equipment	27,000	900	1.13
20	Other (off-site housing)	700,000	23,333	29.17
	Subtotal - Hard Costs	4,534,658	151,155	188.94
	SOFT COSTS			
21	Architectural	327,388	10,913	13.64
22	Engineering		0	0.00
23	Legal/Accounting	26,000	867	1.08
24	Relocation		0	0.00
25	Environmental Assessment		0	0.00
26	Energy Assessment	4,500	150	0.19
27	Permits/Fees	34,768	1,159	1.45
28	Independent Market Study		0	0.00
29	Construction Period Insurance	7,600	253	0.32
30	Construction Interest	78,000	2,600	3.25
31	Construction Loan Origination Fee	33,180	1,106	1.38
32	Taxes During Construction	10,000	333	0.42
33	Clerk of the Works	20,000	667	0.83
34	Marketing	4,000	133	0.17
35	Tax Credit Fees	18,250	608	0.76
36	Soft Cost Contingency	6,781	226	0.28
37	Permanent Loan Origination Fee		0	0.00
38	Lender's Counsel's Fee		0	0.00
39	Other (______________)		0	0.00
	SYNDICATION COSTS			
40	Organizational (Partnership)		0	0.00
41	Bridge Loan Fees and Expenses		0	0.00
42	Syndication Consultant		0	0.00
43	Tax Opinion		0	0.00
	DEVELOPER'S FEES			
44	Developer's Fees	550,000	18,333	22.92
45	Other Partnership Fees	85,000	2,833	3.54
46	Consultant Fees		0	0.00
	RESERVES			
47	Working Capital	26,500	883	1.10
48	Rent-up (Deficit Escrow) Reserve	32,950	1,098	1.37
49	Other Operating Reserves		0	0.00
50	Sinking Fund		0	0.00
51	Replacement Reserves		0	0.00
	Subtotal - Soft Costs	1,264,917	42,164	52.70
	TOTAL DEVELOPMENT COSTS	6,107,825	203,594	254

635,000
5,472,825
11.60%

#	Item	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	300,000					
2	infrastructure	0			86,469		
3	0	0					
4	Property Appraisal	3,000			3,000		
5	Legal - Title and Recording	5,250			5,250		
	Subtotal - Acquisition	308,250					
	CONSTRUCTION HARD COSTS						
6	Rehabilitation	0					
7	New Building(s)	2,898,507		2,898,507	2,898,507		
8	0	0					
9	Sitework	563,000		563,000	563,000		
10	Commercial Space Costs (if any)	0					
11	General Requirements	0					
12	Contractor Overhead	0					
13	Contractor Profit	0					
14	Construction Contingency	346,151		346,151	346,151		
15	Construction Management	0					
16	Construction Bond Fee	0					
17	Hazardous Materials Abatement	0					
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Equipment	27,000		27,000	27,000		
20	Other (off-site housing)	700,000					
	Subtotal - Hard Costs	4,534,658					
	SOFT COSTS						
21	Architectural	327,388		327,388	327,388		
22	Engineering	0		0	0		
23	Legal/Accounting	26,000		26,000	26,000		
24	Relocation	0		0	0		
25	Environmental Assessment	0		0	0		
26	Energy Assessment	4,500		4,500	4,500		
27	Permits/Fees	34,768		34,768	34,768		
28	Independent Market Study	0		0	0		
29	Construction Period Insurance	7,600		7,600	7,600		
30	Construction Interest	78,000		78,000	78,000		
31	Construction Loan Origination Fee	33,180		33,180	33,180		
32	Taxes During Construction	10,000		10,000	10,000		
33	Clerk of the Works	20,000		20,000	20,000		
34	Marketing	4,000			4,000		
35	Tax Credit Fees	18,250			18,250		
36	Soft Cost Contingency	6,781		6,781	6,781		
37	Permanent Loan Origination Fee	0					
38	Lender's Counsel's Fee	0					
39	Other (______________)	0					
	SYNDICATION COSTS						
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES						
44	Developer's Fees	550,000		550,000	550,000		
45	Other Partnership Fees	85,000		38,957	38,957		
46	Consultant Fees	0					
	RESERVES						
47	Working Capital	26,500					
48	Rent-up (Deficit Escrow) Reserve	32,950					
49	Other Operating Reserves	0					
50	Sinking Fund	0					
51	Replacement Reserves	0					
	Subtotal - Soft Costs	1,264,917					
	TOTALS	6,107,825	0	4,971,832	5,061,801	0	
	LESS: Amount of Non-qualified Financing						
	LESS: Adjustment for per unit cost limits						
	LESS: Historic tax Credit (Residential Portion)			0	0	20% Historic Credit Rate	
	Total Eligible Basis		0	4,971,832		0 Annual Historic Credit	
	TIMES: Adjusted for QCT/DDA	130.0%		6,463,382			
	TIMES: Applicable Fraction	83.33%	0	5,386,151			
	Total Qualified Basis		0	5,386,151	5,061,801	Long Term Depreciable Basis	
	TIMES: Applicable Percentage		3.46%	8.07%	27.5	Depreciation Schedule	
	Total Annual Credit Qualified		0	434,662	184,065	Annual Depreciation	

Total Tax Credits Requested	423,000
Estimated Net Syndication Proceeds **(excluding historic credit equity)**	3,637,800
Estimated Yield - Housing Credit Syndication	86.09%
Equity Gap	3,638,284
Credits Needed to fill Equity Gap	423,056

27,000	Short Term Depreciable Basis
7	Depreciation Schedule
3,857	Annual Depreciation

07-Mar-06 **South Village**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br		650	12	556		80,088
2 Br		950	13	643		100,332
3 Br			0	0		0
4+ Br			0	0		0
	Totals	20,150	25			180,420

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br						0
1 Br		650	3	650		23,400
2 Br		950	2	700		16,800
3 Br			0	0		0
4+ Br			0	0		0
	Totals	3,850	5			40,200
All Units						
	Grand Totals	24,000	30			220,620

Less Vacancy	5.00%	(11,031)
	NET RENT	209,589
OTHER INCOME		
Laundry		3,000
Parking		0
Commercial Space Income		0
Other		0
	TOTAL INCOME	212,589

South Village

	Check all Applicable								A					B						C					
Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	OCCUPIED BY: Income level of residents to be served: <30%	<50%	<60%	<80%	<100%	>100%	AFFORDABLE TO: Units affordable to residents at: 30%	50%	60%	65%	80%	100%+
100	101								1	1	650	650	0	650					1					1		
100	102	1							1	1	650	650	0	650					1					1		
100	103	1			1	1				1	650	477	0	477		1					1					
100	104	1			1	1				1	650	477	0	477		1					1					
100	105				1	1				1	650	572	0	572			1									
100	106				1	1				1	650	572	0	572			1									
100	107				1	1				1	650	572	0	572			1									
100	108				1	1				1	650	572	0	572			1									
100	109				1	1				1	650	572	0	572			1									
100	110				1	1				1	650	572	0	572			1									
100	111				1	1				1	650	572	0	572			1									
100	112				1	1				2	950	687	0	687			1									
100	113								1	2	950	700	0	700					1					1		
100	114	1			1	1				2	950	573	0	573		1					1					
100	115	1			1	1				2	950	573	0	573		1					1					
100	116	1			1	1				2	950	573	0	573		1					1					
100	117	1			1	1				2	950	573	0	573		1					1					
100	118	1			1	1				2	950	573	0	573		1					1					
100	119				1	1				2	950	687	0	687			1					1				
100	120				1	1				2	950	687	0	687			1					1				
100	121				1	1				2	950	687	0	687			1					1				
100	122				1	1				2	950	687	0	687			1					1				
200	201				1	1				1	650	572	0	572			1					1				
200	202				1	1				1	650	572	0	572			1					1				
200	203								1	2	950	700	0	700												
200	204				1	1				2	950	687	0	687			1		1			1		1		
300	301								1	1	650	650	0	650												
300	302				1	1				1	650	572	0	572			1		1			1		1		
300	303				1	1				2	950	687	0	687			1					1				
300	304				1	1				2	950	687	0	687			1					1				
Total # Units	30	8			25	25			5	Totals:	24,000	18,385		Total # Units:	0	7	18	0	5	0	7	10	0	5	0	0

07-Mar-06	**South Village**				
	Annual	Monthly	Per Unit Per Month		
Administration					
Management Fee	23,400	1,950	65		11.0%
Supportive Services		0	0		
Audit/Accounting	3,240	270	9		
Legal	2,880	240	8		
Compliance Monitoring	1,440	120	4		
Marketing	720	60	2		
Other	4,320	360	12		
TOTAL ADMINISTRATIVE	36,000	3,000	100		
Utilities					
Electricity	10,800	900	30		
Fuel	21,600	1,800	60		
Water and Sewer	7,200	600	20		
Fire Alarm / Emergency	1,080	90	3		
Other	2,160	180	6		
TOTAL UTILITIES	42,840	3,570	119		
Maintenance					
Maintenance / Janitor Payroll	14,400	1,200	40		
Janitor Supplies	3,600	300	10		
Exterminating	720	60	2		
Trash Removal	4,680	390	13		
Snow Removal	2,880	240	8		
Grounds	2,880	240	8		
Repairs Material		0	0		
Repairs Contract		0	0		
HVAC Repairs / Maintenance	1,800	150	5		
Elevator Contract / Repairs		0	0		
Painting and Decorating	2,520	210	7		
Other	2,880	240	8		
TOTAL MAINTENANCE	36,360	3,030	101		
				per unit month	
Real Estate Taxes	23,400	1,950	65	excl. ds & res.	
Property Insurance	5,760	480	16	401	
Replacement Reserves	14,400	1,200	40		
Primary Debt Service		0	0		
Other "must pay" debt service		0	0		
Other		0	0		
Total	158,760	13,230	441		

form revision date: 2/27/97

07-Mar-06	South Village																
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Operating Income																	
Gross Rent		220,620	223,929	227,288	230,698	234,158	237,670	241,235	244,854	248,527	252,255	256,039	259,879	263,777	267,734	271,750	
Other Income		3,000	3,045	3,091	3,137	3,184	3,232	3,280	3,330	3,379	3,430	3,482	3,534	3,587	3,641	3,695	
Vacancy and other losses		(11,031)	(11,196)	(11,364)	(11,535)	(11,708)	(11,884)	(12,062)	(12,243)	(12,426)	(12,613)	(12,802)	(12,994)	(13,189)	(13,387)	(13,587)	
Total Operating Income		212,589	215,778	219,015	222,300	225,634	229,019	232,454	235,941	239,480	243,072	246,718	250,419	254,175	257,988	261,858	
Operating Expenses																	
Total Expenses (excl. Reserves)		144,360	148,691	153,152	157,746	162,478	167,353	172,373	177,545	182,871	188,357	194,008	199,828	205,823	211,998	218,357	
Reserves		14,400	14,616	14,835	15,058	15,284	15,513	15,746	15,982	16,221	16,465	16,712	16,962	17,217	17,475	17,737	
Total Operating Expense		158,760	163,307	167,987	172,804	177,762	182,866	188,119	193,526	199,092	204,822	210,720	216,790	223,040	229,473	236,095	
Net Operating Income		53,829	52,471	51,028	49,496	47,872	46,153	44,335	42,414	40,388	38,250	35,999	33,629	31,136	28,515	25,763	
Less Primary Debt Service		32,284	32,284	32,284	32,284	32,284	32,284	32,284	32,284	32,284	32,284	32,284	32,284	32,284	32,284	32,284	
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Annual Cash Flow		21,545	20,187	18,743	17,211	15,588	13,869	12,051	10,130	8,103	5,966	3,714	1,344	(1,149)	(3,769)	(6,521)	
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	1,149	3,769	6,521	
Net Cash		21,545	20,187	18,743	17,211	15,588	13,869	12,051	10,130	8,103	5,966	3,714	1,344	0	0	0	
DCR		166.73%	162.53%	158.06%	153.31%	148.28%	142.96%	137.33%	131.38%	125.10%	118.48%	111.50%	104.16%	96.44%	88.33%	79.80%	
Cumulative Cash Flow																	
Beginning Balance		0	19,111	37,143	53,986	69,522	83,629	96,178	107,034	116,055	123,093	127,992	130,589	130,714	128,238	122,981	
Deposits		21,545	20,187	18,743	17,211	15,588	13,869	12,051	10,130	8,103	5,966	3,714	1,344	0	0	0	
Interest	2.0%	191	563	911	1,235	1,532	1,798	2,032	2,231	2,391	2,511	2,586	2,613	2,639	2,617	3,284	
Withdrawals:																	
Project Operating Needs		0	0	0	0	0	0	0	0	0	0	0	0	(1,149)	(3,769)	(6,521)	
Special LP or GP Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Repayment of Deferred Devel. Fee		(2,625)	(2,717)	(2,812)	(2,910)	(3,012)	(3,118)	(3,227)	(3,340)	(3,457)	(3,578)	(3,703)	(3,832)	(3,967)	(4,105)	(79,249)	
Partnership Audit or K-1 Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Distribution of Cash to Owner		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Ending Balance		19,111	37,143	53,986	69,522	83,629	96,178	107,034	116,055	123,093	127,992	130,589	130,714	128,238	122,981	40,495	
Cumulative Replacement Reserves																	
Beginning Balance		0	14,544	29,601	45,185	61,307	(15,139)	531	16,446	32,922	49,972	(25,528)	(8,648)	8,486	26,048	44,226	
Deposits		14,400	14,616	14,835	15,058	15,284	15,513	15,746	15,982	16,221	16,465	16,712	16,962	17,217	17,475	17,737	
Interest	2.0%	144	441	748	1,065	1,991	157	170	494	829	1,754	169	171	345	703	1,628	
Withdrawals	3,124	0	0	0	0	(93,720)	0	0	0	0	(93,720)	0	0	0	0	(93,720)	
Ending Balance		14,544	29,601	45,185	61,307	(15,139)	531	16,446	32,922	49,972	(25,528)	(8,648)	8,486	26,048	44,226	(30,129)	
(66)																	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Net Operating Income		53,829	52,471	51,028	49,496	47,872	46,153	44,335	42,414	40,388	38,250	35,999	33,629	31,136	28,515	25,763	
Plus Reserves		14,400	14,616	14,835	15,058	15,284	15,513	15,746	15,982	16,221	16,465	16,712	16,962	17,217	17,475	17,737	
Less Interest Expense		(46,635)	(47,221)	(47,827)	(48,455)	(49,106)	(49,779)	(50,475)	(51,195)	(51,938)	(52,706)	(53,499)	(54,316)	(55,159)	(56,027)	(56,921)	
Less Long Depreciation		(184,065)	(184,065)	(184,065)	(184,065)	(184,065)	(184,065)	(184,065)	(184,065)	(184,065)	(184,065)	(184,065)	(184,065)	(184,065)	(184,065)	(184,065)	
Less Short Depreciation		(3,857)	(3,857)	(3,857)	(3,857)	(3,857)	(3,857)	(3,857)	0	0	0	0	0	0	0	0	
Taxable Income (Loss)		(166,329)	(168,056)	(169,887)	(171,824)	(173,873)	(176,036)	(178,317)	(176,864)	(179,395)	(182,056)	(184,854)	(187,791)	(190,872)	(194,102)	(197,486)	
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Plus Tax Savings		58,215	58,820	59,460	60,139	60,855	61,612	62,411	61,902	62,788	63,720	64,699	65,727	66,805	67,936	69,120	
Plus Tax Credits		398,000	398,000	398,000	398,000	398,000	398,000	398,000	398,000	398,000	398,000						
After Tax Cash Flow		456,215	456,820	457,460	458,139	458,855	459,612	460,411	459,902	460,788	461,720	64,699	65,727	66,805	67,936	69,120	
Total Years	15																
Reinvestment Rate	12.00%																
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Current After Tax Cash Flows		456,215	456,820	457,460	458,139	458,855	459,612	460,411	459,902	460,788	461,720	64,699	65,727	66,805	67,936	69,120	
Future Value of Cash Flows at Yr 15:		2,497,123	2,232,529	1,996,125	1,784,897	1,596,152	1,427,486	1,276,756	1,138,701	1,018,656	911,353	114,021	103,422	93,856	85,219	77,415	
Discount Rate:	6.00%																
Capital Contribution Number:	1	2	3														
Date of Capital Contribution:	30-Jun-06	31-Mar-07	30-Sep-07														
Amount of Capital Contribution:	3,638	2,728,350	905,812														
Present Value of Contributions:	3,638	2,606,567	839,387														
Cash Flows	(3,449,592)	0	0	0	0	0	0	0	0	0	0	0	0	0	0		16,353,712
IRR:	10.93%																
[illegible]y Yield:	0.87																

[illegible]n date. 2 27 97

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: CONSTRUCTION AND PERMANENT FINANCING AND PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS FOR VILLAGE HOUSING, MIDDLEBURY

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont, Addison County Community Land Trust and Addison County Community Action Group (the "Sponsors") on behalf of a to be formed limited partnership in which the Sponsors or their subsidiaries will be the general partners (the "Borrower") involving the construction of thirty (30) units of general occupancy rental housing in the Town of Middlebury (the "Development"); and

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

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

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

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

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi dated March 6, 2006, containing information and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

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

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

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

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

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The Sponsors are financially responsible and are qualified housing sponsors within the meaning of the Act. The Borrower will be required to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

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

2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the construction and permanent financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions described in the Memorandum.

4. The recommendations for the allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.

5. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of $398,000.00 for the Village Housing project in the Town of Middlebury, Vermont.

vhfa

Vermont Housing Finance Agency

TO: **VHFA Board of Commissioners**

FROM: **David S. Adams, Chief of Program Operations**
Joe Erdelyi, Director of Development

DATE: **March 2, 2006**

RE: **Bemis Block Elderly Housing - Hardwick**

Board Action Requested:
Conceptual approval to accept an application from Housing Vermont for an allocation of Ceiling Credits (9%) in the approximate amount of $128,000.

Background:
Bemis Block is a burned out building in the central business district of Hardwick. Previously it was a 14-unit, Section 8, senior housing project. The building burned this past winter and is a total loss. Housing Vermont is the current general partner. Housing Vermont planned to buy out the current limited partners, and perform substantial rehab. As part of this transaction, they have proposed to combine Bemis Block with Hardwick Family Housing an 8-unit family housing project which also requires substantial rehab and financial restructuring.

Housing Vermont has run various financing scenarios with the following results:
- All 4% credit: Funding gap is $936,000.
- 4% credits-family housing with 9% credits- Bemis: Funding gap is $661,000.
- All 9% credits: Funding gap is $430,000.

All three financing scenarios assumed VHCB funds of $400,000, and HOME funds of $297,000. They are also counting on an insurance settlement of $1.1 million. They did not count on applying for CD funding.

Housing Vermont has requested the Agency to consider using Allocated Credits in the approximate amount of $128,000 and that VHFA provide $430,000 in a zero percent deferred loan to allow the project to move forward with a construction start in June 2006.

There are a number of issues staff will continue to work on but in order to determine which options might be available we need to determine whether or not Bemis Block can be considered a 9% credit candidate. The issue is that elderly housing is not an eligible use under the current tax credit allocation plan. Although combining this with Hardwick Family Housing provides a family component, and we have done mixed projects in the past, the family component would constitute less than 50% of the total project.

Staff has discussed and encouraged Housing Vermont to explore CD funding, but timing and more significantly, oversubscription of that funding source presents obstacles. Given the oversubscription to CD funds, timing and the blighted nature of the building, should this be an exception and should staff accept an application that assumes an allocation of 9% credits and which requests upwards to $430,000 in excess yield funds.

vhfa

Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes
AARP / Chittenden Bank Building
112 State Street, 5th Floor, Montpelier
Monday, March 13, 2006 at 10:00 a.m.

VHFA Board Members Present:
Lisa Mitiguy Randall – Chair, Robert Alberts, Thomas Candon (designee for Crowley), Dagyne Canney, Kevin Dorn, Bart Frisbie, Beth Pearce (designee for Spaulding), Gus Seelig

VHFA Board Member Absent:
Paul Beaulieu

Staff: Dave Adams, Sarah Carpenter, Maura Collins, Renee Couture, Pat Crady, Joe Erdelyi, John Fairbanks, Sam Falzone, Pat Loller, Gary Marini, Elizabeth Mullikin Drake, Liza Plantilla

Guests: Ludy Biddle (NeighborWorks of Western Vermont), Andy Broderick (Housing Vermont), Jeff Kantor (J.D. Kantor Inc.), Elizabeth Kulas (Rutland County Community Land Trust), Terry McKnight (Addison County Community Trust)

Chair Randall called the meeting to order at 10:00 a.m. A quorum of the Board was present.

BOARD MINUTES
Mr. Dorn made a motion to approve the February 6, 2006 Board of Commissioners meeting minutes. Mr. Seelig seconded the motion which was approved by all except Mr. Alberts who abstained.

Mr. Seelig made a motion to approve the February 24, 2006 Board of Commissioners meeting minutes. Mr. Frisbie seconded the motion which was approved by all except Mr. Candon, Mr. Dorn and Ms. Canney who abstained.

CONSENT AGENDA
Mr. Seelig made a motion to approve the item on the Consent Agenda (restated here):
~ Allocation of up to $185,000 in IORTA funds to assist customers of the HomeOwnership Centers and other nonprofits, who are VHFA financed buyers, with down payment and/or closing costs

Ms. Canney seconded the motion which was unanimously approved.

HOMEOWNERSHIP

Delinquency Reports

Ms. Crady distributed the February, 2006 Homeownership Delinquency Reports.

DEVELOPMENT

Housing Credit Project Status Report

Mr. Erdelyi reviewed the Housing Credit Status Report, pointing out that there are approximately $33,000 more in requests for 2006 tax credits than are available so that, for the most part, projects in the "Pre-Application Meetings" section will get the extra 30% boost in basis. Currently, anticipated requests for 2007 credits total approximately $1.8 million, exceeding the $1.5 million available. Mr. Erdelyi explained that the next version of the Report will summarize 2006/2007 credits (vs. 2005/2006.)

Ms. Canney expressed concern regarding the proportion (in relation to population) of Metropolitan Statistical Areas (MSA) receiving tax credits (reference the MSA/NonMSA doughnut chart.) Ms. Carpenter explained that tax credits alone don't work well in some market areas. Ms. Randall asked whether data exists which portrays a geographic distribution of *all* assisted housing programs. Ms. Collins agreed to provide this information. Mr. Seelig offered that the goal should not necessarily be equal geographical distribution of services but identification of pockets of need that the Agency is not addressing and strategies to increase use of services in these pockets.

AFS Scattered Site, Rutland

Ms. Plantilla introduced Ms. Kulas and Mr. Kantor. She then reviewed her memo regarding the AFS Scattered Site project in the City of Rutland. She explained that the memo did not include the sponsor's request for waiver of the design standard requiring 1½ baths for three bedroom units. Discussion followed regarding the Rutland housing market.

Mr. Dorn asked the purpose of the Cumulative Replacement Reserve Withdrawals. Mr. Kantor explained that these numbers are guestimates (which are updated once a Capital Needs Assessment or CNA is completed) of future capital expenditures. Discussion followed regarding the accuracy of the estimates. Ms. Randall asked that the staff and Board Audit/Risk Management Committees review the method of deriving these estimates. Ms. Kulas advised that the method should factor in the uniqueness of a project. She added that the current method of acquiring a CNA every 5 years to estimate Replacement Reserves works well.

Ms. Randall asked why the project is not mixed-income. Ms. Carpenter explained that a scattered site project cannot be mixed. Ms. Kulas added that, although not in the technical sense, this project is mixed income in the context of its neighbors.

Mr. Candon made a motion to approve the "Resolution Re: Proposed Allocation of Allocated Housing Credits for the AFS Scattered Site Housing Project, City of Rutland." Ms. Canney seconded the motion which was unanimously approved.

Conant Square Inn, Brandon

Ms. Kulas and Mr. Kantor were present to discuss this project as well. Ms. Plantilla reviewed her memo regarding Conant Square Inn apartments in Brandon, a senior housing project. Mr.

Kantor explained that this project is an example of a Section 8 mod/rehab where Section 8 rents have been frozen for 11 years, resulting in the large amount of deferred maintenance.

Discussion followed. Ms. Randall asked what the current balance of excess yield available to make zero percent loans is. Mr. Marini explained that it is currently zero since the Agency has created zero percent loans for all excess yield generated to-date (assuming that all zero percent loans made to-date will be forgiven.) As more excess yield is generated (the 1995 and 1999 Series generate about $400,000 per year), and to the extent that zero percent loans are collected, future zero percent loans from excess yield can be generated. However, to the extent that excess yield producing loans are restructured, the amount of excess yield will diminish. All of this may be moot if the bonds are refunded. Mr. Adams added that staff anticipates requesting another $600,000 - $700,000 in zero percent loans over the next twelve months based on a review of projects on the Watch List.

Ms. Pearce made a motion to approve the "Resolution Re: Construction and Permanent Financing and Proposed Allocation of State and Use of Bond Housing Credits for Conant Square Housing, Brandon." Ms. Canney seconded the motion which was unanimously approved.

Village Housing, Middlebury
Mr. Erdelyi introduced Ms. Biddle, Mr. Broderick and Mr. McKnight. He then explained a couple of changes to the first spreadsheet attached to his memo: the first mortgage under sources was changed to $510,000 and the gap to $90,000. He reminded the Board that this project was among those proposed at the January 2006 Board meeting to receive 2006 allocated tax credits to qualify for the 130% boost in basis.

Mr. Dorn remarked that, since this project, as originally envisioned by the developer, was not designed to require public subsidy, the fact that it is before the Board today is reflective of a process gone very wrong in the State.

Mr. Dorn expressed concern about the amount in Developers' Fees. Mr. Erdelyi explained that the fees are 12% of total development costs and that the developer will be loaning $75,000 back to the project. In addition, fees may be used to fill any remaining gap.

Discussion followed regarding: $700,000 in subsidies to be used as a second mortgage pool to make seventeen of the cottages more affordable, and the protection of this community asset; the affordability of the cottages; the manner in which Middlebury College employees will be given preference; and the adequacy of the contribution from Middlebury College. Mr. Broderick explained that, although this project has had issues, it is the most in the way of employer assisted housing that he has seen. Ms. Carpenter added that one of the Board's visions is to do more homeownership construction within VHFA purchase price limits. The developer, Mr. Glassberg, will describe his experience to this end at the next Board meeting.

Mr. Candon made a motion to approve the "Resolution Re: Construction and Permanent Financing and Proposed Allocation of Allocated Housing Credits for Village Housing, Middlebury." Mr. Dorn seconded the motion which was unanimously approved.

Bemis Block Elderly Housing, Hardwick
Mr. Broderick was present for this discussion. Mr. Adams reviewed his memo regarding allocation of allocated (9%) tax credits and a zero percent loan in the amount of approximately $430,000 to Bemis Block and Hardwick Family Housing, primarily a senior housing project. Both Mr. Adams and Ms. Carpenter explained that staff is concerned with the amount of subsidy needed, given the current rate of excess yield generation. Ms. Carpenter added that VHFA has a moral obligation to rebuild this burned out building in the center of downtown Hardwick. Discussion followed regarding timing issues and underwriting options.

It was agreed that, as the excess yield pool diminishes or disappears, future zero percent loans will need to come from another source, such as the general fund. Ms. Randall suggested that staff not request additional zero percent loans until there has been more discussion around this.

Mr. Seelig made a motion to give conceptual approval to a $200,000 zero percent loan and consideration of an allocated tax credit application. He added that he would be happy to revisit the amount of the zero percent loan if it would make the difference in completing the project before year-end. In the meantime, he will be happy to look at alternatives. Ms. Pearce seconded the motion which was unanimously approved.

LEGISLATIVE UPDATES
Ms. Carpenter updated the Board with respect to proposed federal and state legislation, some of which follows. At both levels, there are still lots of moving parts so that outcomes cannot be predicted.

At the federal level, a tax credit technical amendments bill would allow states to target the 30% boost in basis to specific projects (vs. only projects in Difficult Development Areas), make it easier to use tax-exempt bonds with tax credits and resolve the scattered site rule; the president's budget proposes cuts for CD and HOME funds; and there is discussion about GSE legislation which affects the oversight of Freddie Mac, Fannie Mae and the Federal Home Loan Bank.

At the state level, Ms. Carpenter expressed concern about S.127 (VHFA's bill which gives broader multifamily lending authority and provides for a higher property transfer tax exemption for VHFA borrowers) getting lost in the shuffle due to the focus on health care this session.

On behalf of the Board, Mr. Dorn recognized and expressed appreciation for Ms. Carpenter's hard work in the Vermont legislature this year with respect to the Governor's Housing Initiatives, under the authority granted her by the Board, adding that her help has been critical.

FINANCE
Quarterly Financial Statements
Ms. Randall asked Board members whether they had questions regarding the quarterly financial statements for period ending December 31, 2005. There were none.

ADMINISTRATION

Annual Meeting

Ms. Randall informed the Board that Mr. Seelig is willing to serve as Vice-Chair of the Board for another year. Ms. Mullikin Drake explained the purpose of the Annual Meeting.

Ms. Canney made a motion to approve the "Resolutions Adopted at the Annual Meeting of Vermont Housing Finance Agency, March 13, 2006." Mr. Candon seconded the motion which was unanimously approved.

Assignments to Board Committees

Ms. Randall encouraged Board members to express to her and/or Ms. Carpenter any preferences regarding committee assignments. She and Ms. Carpenter will assign Board members to the Committees in two weeks.

ADJOURNMENT

Mr. Candon made a motion to adjourn the meeting. Mr. Alberts seconded the motion and the Board unanimously approved to adjourn the meeting at 1:00 p.m.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Liza Vedder Plantilla, Multifamily Development Underwriter LVP

DATE: March 28, 2006

RE: Request for Bridge Financing for the Cottages at Middlebury South Village

Name:	**The Cottages**	**Location:**	**Middlebury**
Housing Type:	**General Occupancy**	**Unit Type:**	**Detached Single Family Homes**
Unit Count:	**27 Total Homes 17 Affordable**	**Unit Sizes:**	**1,200 square feet**
Total Cost:	**$6,377,208**	**Per S.F. Acquisition & Construction Cost:**	**$164**
Loan Requested:	**$957,100 Acquisition Bridge Loan**	**Sponsors:**	**Neighborworks of Western Vermont (NWWVT)**
Other Funding:	**VHCB, Neighborworks, Charitable Donation from Tax Credit Partnership, FHLB, VHFA Single Family Predevelopment Loan**		

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

Project Summary: Neighborworks of Western Vermont (NWWVT) is requesting a bridge loan to cover the expense of purchasing a fully permitted lot on Route 7 in Middlebury. This lot is part of a larger development that the Board has already seen called Middlebury South Village. (That application was submitted by Housing Vermont in March for Tax Credits as well as Permanent and Construction Financing.) This phase of the project, aptly named The Cottages, will consist of twenty seven (27) for sale homes on small lots. These will be modular units. Kathy Beyer of Capital Ideas, Inc. is the development consultant and Amy Johnston will be the project manager. John Ryan is the market analyst and Kurt Kaffenberger is completing the appraisal.

Overview: Construction on the units is not slated to begin until July. However, the P&S requires that the closing occur by April 30th. This is because each neighborhood in the community must contribute to the cost of the common infrastructure by that date. The bridge loan covers both the cost of acquiring the land as well as a pro rata share of the pending infrastructure work. The bridge loan will also repay the VHFA Single Family Predevelopment Loan made to the project of $30,000, and predevelopment expenses up to $70,000. The portion of the loan intended to pay for the Cottages share of common infrastructure will be held in escrow and released as the work is satisfactorily completed. The bridge loan will be repaid with the construction loan which will be made in July pending staff underwriting and Board approval; the term will be less than six months. As a condition of the Bridge loan closing, we will require that a full construction loan application be submitted prior to closing. Another condition of the loan will be the receipt of a satisfactory market and appraisal which are both nearing completion.

Due to a pass through of tax credit equity from the multifamily project, a second mortgage pool will be created in order to subsidize seventeen (17) of these homes and ensuring that they will be affordable to households with incomes at or below the VHFA limits (In order to do a construction loan we would require a minimum of fourteen.) This pool will be administered by Neighborworks of Western Vermont. In addition, six (6) of the affordable units will be further subsidized by VHCB HOMELAND grants, ensuring deeper income targeting as well as perpetual affordability. NWWVT will also be applying to Neighborworks and the Federal Home Loan Bank's Equity Builder Program in the hopes of securing even more subsidy for the units. The attached draft budget shows an example of how creating a tier of the subsidy and layering it with VHCB funds will allow NWWVT to target a broad range of incomes. Final sales prices and subsidy amounts, as well as guidelines for the ongoing administration for the pool of second mortgages by NWWVT will be required as a part of the construction loan application. Presentation of the construction loan to the Board is likely to occur in June.

Total Residential Units: 27

Total Development Cost: $ 6,382,208
Total Development Cost per Unit: $ 236,378
Total Development Cost Per SF: $ 197

SOURCES

		% of Total Development Cost	Interest Rate	Amortization
Sales Proceeds from Units	6,210,000	97.30%		
Neighborworks Grant	135,000	2.12%		
REEP	13,500	0.21%		
TOTAL SOURCES	**6,358,500**	99.63%		

USES

Acquisition	326,140	5.11%
Construction Hard Costs	4,994,012	78.25%
Soft Costs	1,062,056	16.64%
TOTAL USES	**6,382,208**	100.00%

Gap **(23,708)**

28-Mar-06 Building Size: 1200 sq ft

DEVELOPMENT BUDGET
Middlebury Cottages~Middlebury South Village

The attached "Notes to Development Budget" are an integral part of this financial analysis

				Acquisition	% of Total	32,400 Cost Per Square Foot	# Units For Sale 27 Cost Per Unit
1. Acquisition							
	Land Town Montpelier	316,440		316,440	4.96%	$9.77	11,720
	Building (s) (if any)				0.00%	$0.00	0
	Demolition				0.00%	$0.00	0
	Appraisal	3,200		3,200	0.05%	$0.10	119
	Legal- Title & Recording	6,500			0.10%	$0.20	241
	Other	0			0.00%	$0.00	0
	Transfer Tax	0			0.00%	$0.00	0
Sub-total Acquisition		**326,140**			5.11%	$10.07	12,079
2. Hard Costs							
	Sitework	554,689			8.69%	$17.12	20,544
	Utilities	65,550			1.03%	$2.02	2,428
	Landscaping	40,500			0.63%	$1.25	1,500
	Site Utility- Direct Costs	66,000		66,000	1.03%	$2.04	2,444
	Off Site Improvements	0			0.00%	$0.00	0
	Bond	0			0.00%	$0.00	0
	Site Contingency	54,505			0.85%	$1.68	2,019
	Shared Infrastructure	474,660		474,660			
	Subtotal Site Construction		**781,244**		0.00%	$24.11	28,935
	Building Construction - New	3,440,691			53.91%	$106.19	127,433
	Building Construction - Rehabilitation	0			0.00%	$0.00	0
	Accessory Buildings	5,000			0.08%	$0.15	185
	Furnishings, Fixtures & Equipment	86,400			1.35%	$2.67	3,200
	FFE - Model	7,500			0.12%	$0.23	278
	Construction Contingency	172,035			2.70%	$5.31	6,372
	Sub-total Building Construction		**3,711,626**		58.16%	$114.56	137,468
	Construction Management	0			0.00%	$0.00	0
	General Conditions	0			0.00%	$0.00	0
	Contractor Overhead & Profit	0			0.00%	$0.00	0
	Bond	9,279			0.15%	$0.29	344
	Builders Risk Insurance	17,203			0.27%	$0.53	637
	Subtotal Construction Fees & Charges		**26,482**			$0.82	981
Sub-total Hard Costs		**4,994,012**			78.25%	$154.14	184,963
::							
3. Soft Costs							
	Architect & Engineering - buildings	43,875		30,000	0.69%	$1.35	1,625
	Site Planning, Civil Engineering & Prof. fees thru Permit:	17,700			0.28%	$0.55	656
	0	0			0.00%	$0.00	0
	Sub-total Arch & Eng.		**61,575**		0.96%	$1.90	2,281
	Permit Fees:						
	Labor and Industry	0			0.00%	$0.00	0
	Act 250	0			0.00%	$0.00	0
	Local zoning, planning	5,400			0.08%	$0.17	200
	Local water impact & sewer	26,865			0.42%	$0.83	995
	Water Supply	0			0.00%	$0.00	0
	Wastewater	0			0.00%	$0.00	0
	Health Department	0			0.00%	$0.00	0
	Sub-total Permits		**32,265**		0.51%	$1.00	1,195
	Professional Fees:						
	Legal - real estate, permits & financ	10,000		10,000	0.16%	$0.31	370
	Legal - organization & sales	13,500			0.21%	$0.42	500
	Accounting - organization	4,500			0.07%	$0.14	167
	Clerk of Works	0					
	Project Management & Consulting	95,000		48,600	1.49%	$2.93	3,519
	Sub-total Prof. Fees		**123,000**		1.93%	$3.80	4,556
	Marketing:						
	Market Study	3,000		3,200	0.05%	$0.09	111
	Advertising/Marketing	5,000		5,000	0.08%	$0.15	185
	Model/Office Fit Up & Maint	0			0.00%	$0.00	0
	Commissions/Sales Staff	248,400			3.89%	$7.67	9,200
	Sub-total Marketing		**256,400**		4.02%	$7.91	9,496
	Financing:						
	Ventures Repayment	0			0.00%	$0.00	0
	Construction Loan Expenses	30,000			0.47%	$0.93	1,111
	Construction Period Interest	210,000			3.29%	$6.48	7,778
	0	0			0.00%	$0.00	0
	Sub-total Financing		**240,000**			$7.41	8,889
	Carrying Costs:						
	Property Taxes	19,008			0.30%	$0.59	704
	Liability Insurance	6,250			0.10%	$0.19	231
	Acq Bridge Loan--one year	12,911				$0.40	478
	Maintenance/Utilities	21,765			0.34%	$0.67	806
	Sub-total Carrying Costs		**59,934**		0.94%	$1.85	2,220
	Developer's Fees	270,000			4.23%	$8.33	10,000
	Working Capital (Owner's Association, if any)	0			0.00%	$0.00	0
	Contingency	18,882				$0.58	699
Sub-total Soft Costs		**1,062,056**			16.64%	$32.78	39,335
TOTAL PROJECTED COST		**$6,382,208**		957,100	100.00%	$196.98	$236,378

Middlebury Cottages~Middlebury South Village
Notes to Development Budget
Detail on Hard Cost
3/28/06

Item	Cost
Sitework	554,689
Utilities	65,550
Landscaping	40,500
Site Utility- Direct Costs	66,000
Off Site Improvements	
Bond	
Site Contingency	54,505
Shared Infrastructure	474,660
Building Construction - New	3,440,691
Building Construction - Rehabilitation	
Accessory Buildings	5,000
Furnishings, Fixtures & Equipment	86,400
FFE - Model	7,500
Construction Contingency	172,035
Construction Management	
General Conditions	
Contractor Overhead & Profit	
Bond	9,279
Builders Risk Insurance	17,203
TOTAL HARD COSTS	4,994,012

3/28/06

Middlebury Cottages~Middlebury South Village
Notes to Development Budget
Detail on Soft Costs

	Cost
Architect & Engineering - buildings	43,875
Site Planning, Civil Engineering & Prof. fees thru Permits	17,700
Civil Engineer	
Landscape Architect	
Survey & Topo.	
Archaeology	
Wildlife/Wetlands	
Environmental Site Assessment	0
Sub-total Arch & Eng.	61,575
Permit Fees:	
Labor and Industry	
Act 250	
Local zoning, planning	5,400
Local water impact & sewer	26,865
Water Supply	
Wastewater	
Health Department	
Sub-total Permits	32,265
Professional Fees:	
Legal - real estate, permits & finance	10,000
Legal - organization & sales	13,500
Accounting - organization	4,500
Clerk of Works	
Project Management & Consulting	95,000
Sub-total Prof. Fees	123,000
Marketing:	
Market Study	3,000
Advertising/Marketing	5,000
Model/Office Fit Up & Maint	0
Commissions/Sales Staff	248,400
Sub-total Marketing	256,400
Financing:	
Ventures Repayment	
Construction Loan Expenses	30,000
Construction Period Interest	210,000
Sub-total Financing	240,000
Carrying Costs:	
Property Taxes	19,008
Liability Insurance	6,250
Acq Bridge Loan--one year	12,911
Maintenance/Utilities	21,765
Contingency	18,882
Sub-total Carrying Costs	78,816
Developer's Fees	270,000
Working Capital (Owner's Association, if any)	0
TOTAL SOFT COSTS	1,062,056

Middlebury Cottages~Middlebury South Village

Unit Sales Schedule

DRAFT PRICING

Unit #	Unit Type	Square Feet	# Bdrms	#Baths	Sales Price	NWWVT Subsidy	VHCB Subsidy	Net Sales Price
1	A	1,200	2	1	230,000	45,000	25,000	160,000
2	A	1,200	2	1	230,000	45,000		185,000
3	A	1,200	2	1	230,000	45,000	25,000	160,000
4	A	1,200	2	1	230,000	45,000		185,000
5	A	1,200	2	1	230,000	40,000	25,000	165,000
6	A	1,200	2	1	230,000	40,000		190,000
7	A	1,200	2	1	230,000	40,000	25,000	165,000
8	A	1,200	2	1	230,000	40,000		190,000
9	A	1,200	2	1	230,000	40,000	25,000	165,000
10	A	1,200	2	1	230,000	40,000		190,000
11	A	1,200	2	1	230,000	40,000	25,000	165,000
12	A	1,200	2	1	230,000	40,000		190,000
13	A	1,200	2	1	230,000	40,000		190,000
14	A	1,200	2	1	230,000	40,000		190,000
15	A	1,200	2	1	230,000	40,000		190,000
16	A	1,200	2	1	230,000	40,000		190,000
17	A	1,200	2	1	230,000	40,000		190,000
18	A	1,200	2	1	230,000	0		230,000
19	A	1,200	2	1	230,000	0		230,000
20	A	1,200	2	1	230,000	0		230,000
21	A	1,200	2	1	230,000	0		230,000
22	A	1,200	2	1	230,000	0		230,000
23	A	1,200	2	1	230,000	0		230,000
24	A	1,200	2	1	230,000	0		230,000
25	A	1,200	2	1	230,000	0		230,000
26	A	1,200	2	1	230,000	0		230,000
27	A	1,200	2	1	230,000	0		230,000
		32,400	54	27	6,210,000	700,000		5,360,000

RESOLUTION RE: BRIDGE CONSTRUCTION FINANCING FOR THE COTTAGES, MIDDLEBURY

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

WHEREAS, an application has been submitted to the Agency by NeighborWorks of Western Vermont (the "Borrower") involving the bridge construction financing of predevelopment costs, land and infrastructure for the construction of seventeen (27) single family homes in the Town of Middlebury (the "Development"); and

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

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

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Eliza Vedder Plantiulla dated March 28, 2006, containing information and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

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

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

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

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

5. The security value of the Development will equal at least the amount of the Agency's loan.

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

WHEREFORE, it is hereby RESOLVED:

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

2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the bridge construction financing of the predevelopment costs, land and infrastructure for the Development based on the recommendations in the attached Memorandum. The Commitment Letter shall be conditioned on the satisfaction by the Borrower of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter CR

DATE: March 28, 2006

RE: Request for Construction Financing, Ceiling & State Housing Credits
Stowe Family Housing, Stowe

Name:	Stowe Family Housing	**Location:**	Stowe
Housing Type:	General Occupancy	**Unit Type:**	Townhouses & Flats
Unit Count:	28 Total Rental Units 22 Housing Credit Units (in addition there are 8 homeownership units)	**Unit Sizes:**	7 1-Br @ 750 s.f. 19 2-Br @ 1000 s.f. 2 3-Br @ 1300 s.f.
Total Cost:	$6,742,500 (rental project only)	**Per S.F. Acquisition & Construction Cost:**	$193 (rental only)
Housing Credits: **State Credits:**	$495,000 (Ceiling "9%" Credits) $55,000	**Sponsors:**	Lamoille Housing Partnership & Housing Vermont
Financing Requested:	$4,000,000 taxable construction loan for rental project		
Other Funding:	HOME, VHCB, VCDP, HUD Special Purpose, REEP, Bank Debt, Town of Stowe Loan, Developer Loan		

Recommendation: Staff recommends that the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board 1) authorize the Executive Director to issue a Letter of Interest and/or a Commitment Letter to finance this property upon satisfactory completion of staff underwriting and due diligence; and 2) authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

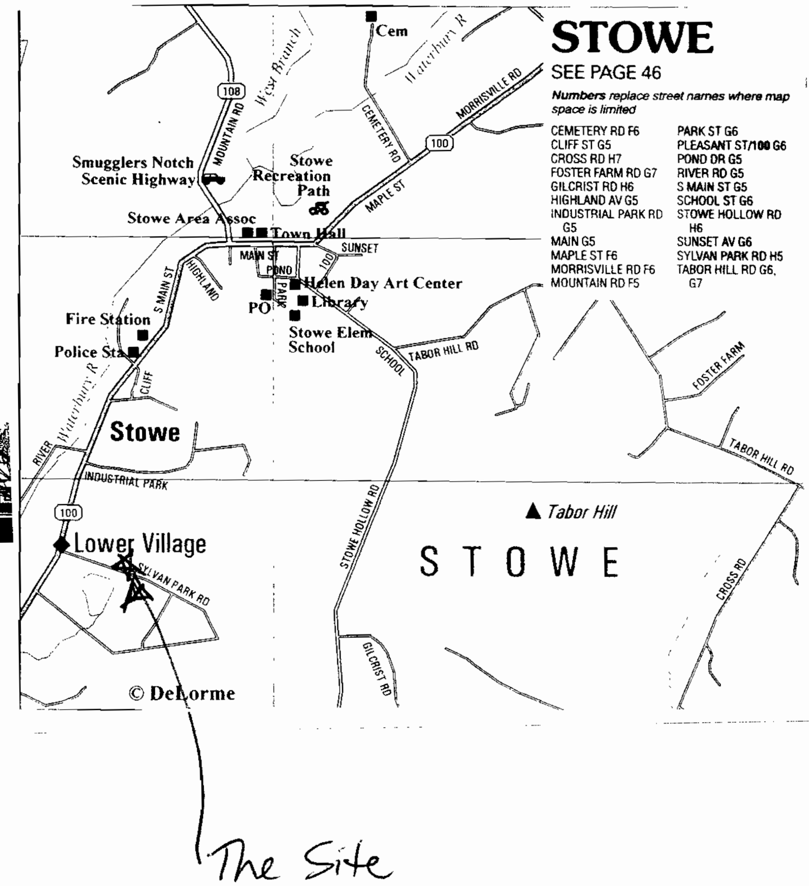
Project Summary: Lamoille Housing Partnership (LHP) and Housing Vermont (HVT) have redesigned the Stowe Family Housing development and are moving forward with a new proposal. The project that was defeated by the Stowe zoning board back in January 2003 has been re-designed, and now is 28 units of rental housing and eight units of homeownership. The rental development will consist of 13 buildings – 11 duplexes and two triplexes, to be built on a 10-acre parcel owned by LHP (purchased in 2004). The eight homeownership units will be co-located on the parcel. Once completed, nine rental units will be affordable to households at or below 50% of area median income, 13 units will be affordable to households at or below 60% of area median income, and six units affordable to households at or below 80% of area median income; two of the units will be handicapped accessible. The sponsors have funding commitments for everything but Housing Credits and construction financing (REEP funds and permanent debt as well – but those are readily obtainable). The sponsors had received commitments for federal and state credits previously and returned them due to the denial of their permit. The sponsors have requested construction financing from VHFA for the rental portion of the project. They will also request construction financing on the homeownership project, but the sales prices and homebuyer subsidies need to be finalized first; a separate financing request for the homeownership will most likely be presented to the Board in May. The project recently received preliminary plat approval (including a density bonus) from the Town. Final plat approval from the Town and Act 250 amendment approval are anticipated by June. Construction will begin in August 2006 and be completed by October 2007. Property management is to be determined.

Tax Credit Discussion:
The application meets three top tier priorities and one second tier priority of the Allocation Plan: it is a new construction project in a community with a lack of affordable housing stock; it meets the definition of family housing; it is planned to maintain the historic settlement pattern of the Town; and it meets the mixed income definition – 20% of the units serve households greater than 60% of area median income. The project will meet the design and energy standards. The market study and its subsequent updates clearly support the project.

The cost of this project has, not surprisingly, increased due to the delay in development and design change - the number of units has decreased from 42 to 36 (increasing the cost per unit, as there are fewer units to spread costs across). There are now more buildings with fewer units per building (which was pushed at the local level). Estimated increase in costs due to carrying cost of land, architectural/engineering, permit appeal, and permits is $240,000, or $6,500 per unit. Construction costs - both labor and material - have also risen in the last three years.

Staff recommends approval of the Ceiling and State Housing Credit requests for the rental units and construction financing of the rental project.

NORTHEAST side of STREET



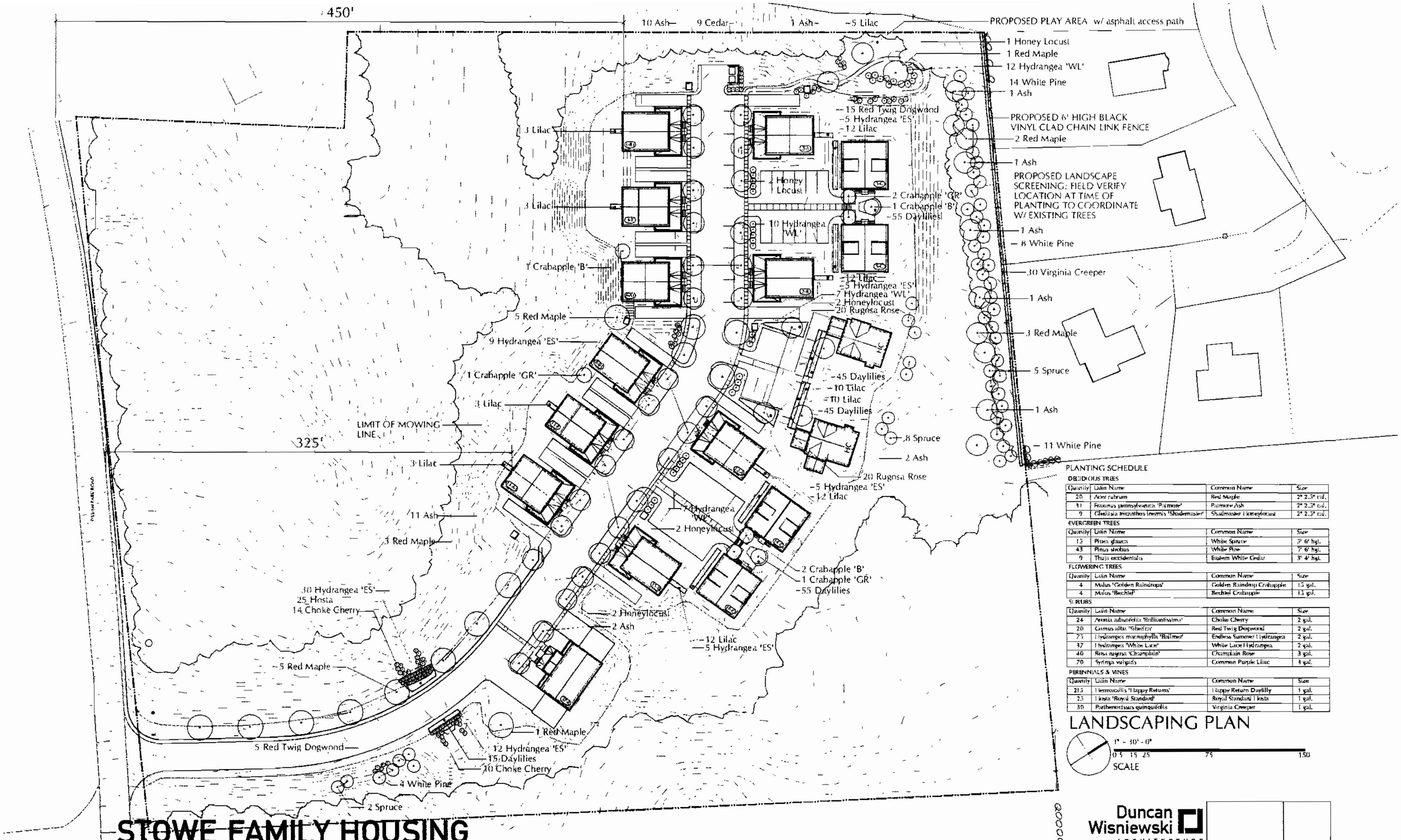
SOUTHWEST side of STREET

SCALE: 1" = 20'-0"

STOWE FAMILY HOUSING

DUNCAN • WISNIEWSKI ARCHITECTURE
255 SOUTH CHAMPLAIN STREET, BURLINGTON, VERMONT 05401 (802) 864-6693

10/27/2005



PLANTING SCHEDULE

DECIDUOUS TREES

Quantity	Latin Name	Common Name	Size
20	Acer rubrum	Red Maple	2"-2.5" cal.
31	Fraxinus pennsylvanica 'Patmore'	Patmore Ash	2"-2.5" cal.
9	Gleditsia triacanthos inermis 'Shademaster'	Shademaster Honeylocust	2"-2.5" cal.

EVERGREEN TREES

Quantity	Latin Name	Common Name	Size
15	Picea glauca	White Spruce	5'-6' hgt.
43	Pinus strobus	White Pine	7'-8' hgt.
9	Thuja occidentalis	Eastern White Cedar	3'-4' hgt.

FLOWERING TREES

Quantity	Latin Name	Common Name	Size
4	Malus 'Golden Raindrops'	Golden Raindrop Crabapple	15 gal.
4	Malus 'Bechtel'	Bechtel Crabapple	15 gal.

SHRUBS

Quantity	Latin Name	Common Name	Size
24	Aronia arbutifolia 'Brilliantissima'	Choke Cherry	2 gal.
20	Cornus alba 'Siberica'	Red Twig Dogwood	2 gal.
75	Hydrangea macrophylla 'Bailmer'	Endless Summer Hydrangea	2 gal.
37	Hydrangea 'White Lace'	White Lace Hydrangea	2 gal.
40	Rosa rugosa 'Champlain'	Champlain Rose	3 gal.
70	Syringa vulgaris	Common Purple Lilac	4 gal.

PERENNIALS & VINES

Quantity	Latin Name	Common Name	Size
215	Hemerocallis 'Happy Returns'	Happy Return Daylilly	1 gal.
25	Hosta 'Royal Standard'	Royal Standard Hosta	1 gal.
30	Parthenocissus quinquifolia	Virginia Creeper	1 gal.

LANDSCAPING PLAN

1" = 30' - 0"

0 5 15 25 75 150

SCALE

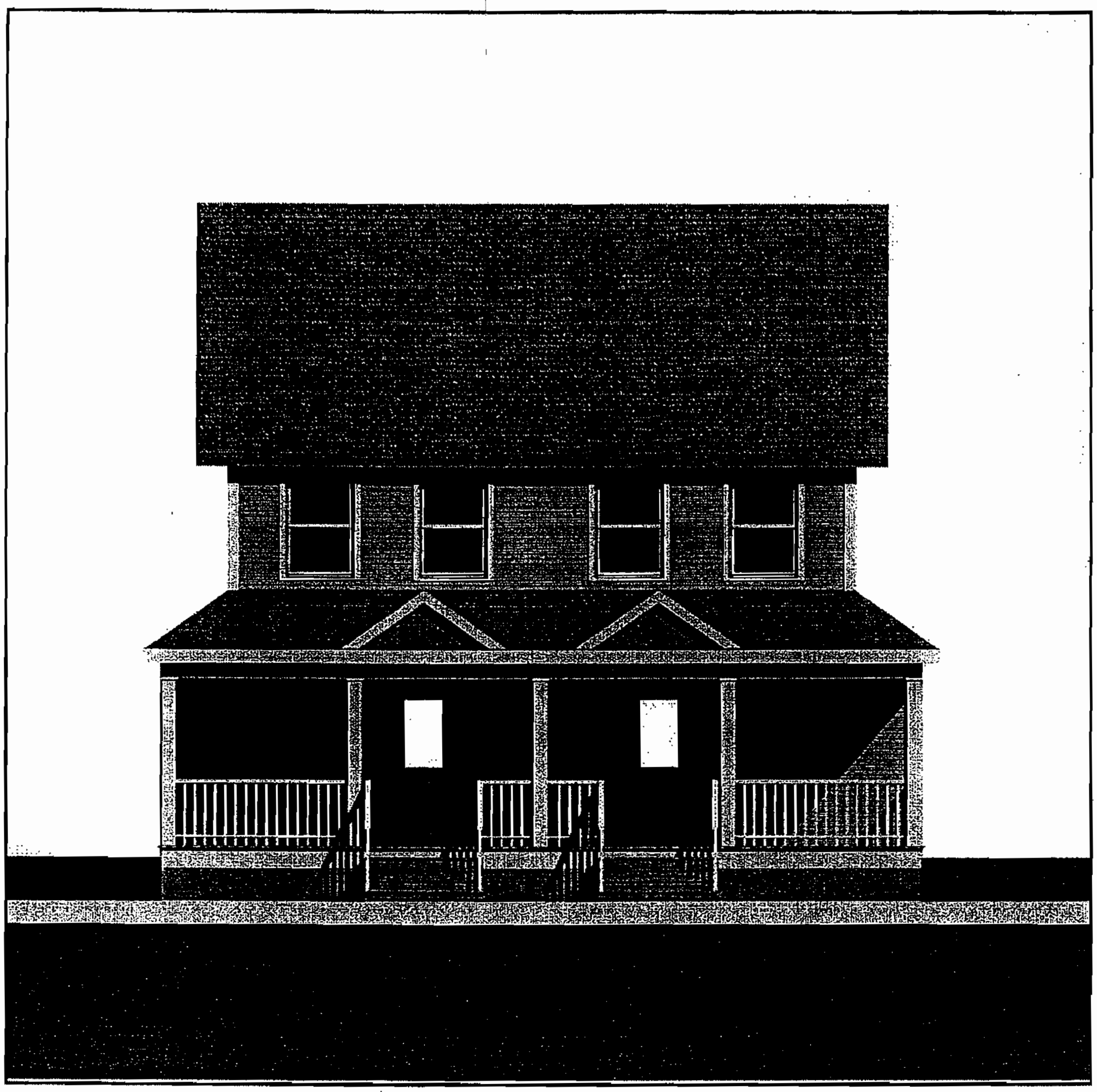
STOWE FAMILY HOUSING

STOWE, VERMONT

Duncan Wisniewski ARCHITECTURE

295 SOUTH CHAMPLAIN STREET BURLINGTON VERMONT 05401

DATE: 02.10.2006



11/4/2005

STOWE DUPLEX - A

DUNCAN • WISNIEWSKI ARCHITECTURE •
255 SOUTH CHAMPLAIN STREET, BURLINGTON, VERMONT 05401 (802) 864-6693

11/4/2005

STOWE DUPLEX - B

DUNCAN • WISNIEWSKI ARCHITECTURE •
255 SOUTH CHAMPLAIN STREET, BURLINGTON, VERMONT 05401 (802) 864-6693

28-Mar-06 **Stowe Family Housing**

Rental Project Only

Total Residential Units:	28	Increase in Income from Rental Units:	1.00%
Housing Credit Restricted Units:	22	Increase in Income from Other Sources:	1.00%
Percent Restricted:	78.57%	Increase in Income from Commercial:	0.00%
Total Development Cost:	6,742,500	Expense increase:	2.50%
Total Development Cost per Unit	240,804	Vacancy Rate:	5%
Total Development Cost Per SF:	251	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	511,921	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	495,000	Sponsor's Estimated Yield Federal HC:	86.28%
State Credit Allocated:	55,000	Sponsor's Estimated Yield State HC:	90.00%
LIHTC - 9%	8.11%	(April 2006)	
LIHTC - 4%	3.47%		

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	160,000	2.37%	6.00%	25	25
HOME	290,000	4.30%	3.50%	30	30
VHCB	525,000	7.79%	0.00%	30	30
VCDP	735,000	10.90%	0.00%	30	30
HUD EDI	264,000	3.92%	3.50%	30	30
REEP	16,500	0.24%	0.00%	30	30
Developer	120,000	1.78%	3.50%	15	15
Town of Stowe Sewer Loan	156,500	2.32%	0.00%	18	18
State Credit Equity	247,500	3.67%	N/A	N/A	
Tax Credit Equity	4,228,000	62.71%	N/A	N/A	
TOTAL SOURCES	6,742,500	100.00%			

VHFA Construction Loan	**4,000,000**	**taxable**	**7.5% 18 months**

USES

Acquisition	505,617	7.50%
Construction Hard Costs	4,687,567	69.52%
Soft Costs	1,549,316	22.98%
TOTAL USES	6,742,500	100.00%
Gap	0	

General Partner's Capital Contribution	42,707	1.00%
Limited Partner's Capital Contribution	4,228,000	99.00%
Total Equity	4,270,707	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	22
Total Units	28
Unit Fraction	78.57%
Tax Credit Square Footage	21,100
Total Residential Square Footage	26,850
Square Footage Fraction	78.58%
Applicable Fraction	78.57%

Homeownership **8 units**

Sources

Home Sale Proceeds	2,043,606
	2,043,606

Uses

Acquisition	155,283
Construction	1,497,220
Soft Costs	391,103
	2,043,606

Prices of For Sale Homes: Sales prices being determined, and ranging from approx 185,000 - 295,000/home
4 of 8 homes will be below VHFA purchase price limit of 250,000

28-Mar-06 **Stowe Family Housing** 193.41

Rental Units Only

		Budget	Per Unit	Per s.f.
	ACQUISITION			
1	Land	413,888	14,782	15.41
2	Acquisition - Easement	18,514	661	0.69
3	Acquisition - Interest	66,329	2,369	2.47
4	Property Appraisal	2,678	96	0.10
5	Legal - Title and Recording	4,208	150	0.16
	Subtotal - Acquisition	505,617	18,058	18.83
	CONSTRUCTION HARD COSTS			
6	Rehabilitation		0	0.00
7	New Building(s)	3,808,780	136,028	141.85
8	Accessory Buildings		0	0.00
9	Sitework	629,631	22,487	23.45
10	Commercial Space Costs (if any)		0	0.00
11	General Requirements		0	0.00
12	Contractor Overhead		0	0.00
13	Contractor Profit		0	0.00
14	Construction Contingency	221,614	7,915	8.25
15	Construction Management		0	0.00
16	Construction Bond Fee		0	0.00
17	Hazardous Materials Abatement		0	0.00
18	Off-Site Improvements		0	0.00
19	Furnishings, Fixtures, & Equipment	27,542	984	1.03
20	Other (____________)		0	0.00
	Subtotal - Hard Costs	4,687,567	167,413	174.58
	SOFT COSTS			
21	Architectural	367,795	13,136	13.70
22	Engineering		0	0.00
23	Legal/Accounting	30,602	1,093	1.14
24	Relocation		0	0.00
25	Environmental Assessment	7,268	260	0.27
26	Energy Assessment		0	0.00
27	Permits/Fees	227,630	8,130	8.48
28	Independent Market Study		0	0.00
29	Construction Period Insurance	19,126	683	0.71
30	Construction Interest	154,610	5,522	5.76
31	Construction Loan Origination Fee	15,786	564	0.59
32	Taxes During Construction		0	0.00
33	Clerk of the Works	11,476	410	0.43
34	Marketing	4,179	149	0.16
35	Tax Credit Fees	18,386	657	0.68
36	Soft Cost Contingency	7,268	260	0.27
37	Permanent Loan Origination Fee		0	0.00
38	Lender's Counsel's Fee		0	0.00
39	Other (HP/Arch Consultant)	14,534	519	0.54
	SYNDICATION COSTS			
40	Organizational (Partnership)		0	0.00
41	Bridge Loan Fees and Expenses		0	0.00
42	Syndication Consultant		0	0.00
43	Tax Opinion		0	0.00
	DEVELOPER'S FEES			
44	Developer's Fees - HVT	306,017	10,929	11.40
45	Other Partnership Fees - LHP	306,017	10,929	11.40
46	Consultant Fees		0	0.00
	RESERVES			
47	Working Capital		0	0.00
48	Rent-up (Deficit Escrow) Reserve		0	0.00
49	Other Operating Reserves	58,622	2,094	2.18
50	Sinking Fund		0	0.00
51	Replacement Reserves		0	0.00
	Subtotal - Soft Costs	1,549,316	55,333	57.70
	TOTAL DEVELOPMENT COSTS	6,742,500	240,804	251

6,071,844	= Adjusted TDC
612,034	Devel Fee
10.08%	Devel Fee %

28-Mar-06 **Stowe Family Housing**

		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	413,888					
2	Acquisition - Easement	18,514			18,514		
3	Acquisition - Interest	66,329	66,329		66,329		
4	Property Appraisal	2,678	2,678		2,678		
5	Legal - Title and Recording	4,208	4,208		4,208		
	Subtotal - Acquisition	505,617					
	CONSTRUCTION HARD COSTS						
6	Rehabilitation	0					
7	New Building(s)	3,808,780		3,808,780	3,808,780		
8	Accessory Buildings	0					
9	Sitework	629,631		629,631	629,631		
10	Commercial Space Costs (if any)	0					
11	General Requirements	0					
12	Contractor Overhead	0					
13	Contractor Profit	0					
14	Construction Contingency	221,614		221,614	221,614		
15	Construction Management	0					
16	Construction Bond Fee	0					
17	Hazardous Materials Abatement	0					
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Equipment	27,542		27,542			
20	Other (________________)	0					
	Subtotal - Hard Costs	4,687,567					
	SOFT COSTS						
21	Architectural	367,795		367,795	367,795		
22	Engineering	0					
23	Legal/Accounting	30,602		30,602	30,602		
24	Relocation	0					
25	Environmental Assessment	7,268		7,268	7,268		
26	Energy Assessment	0					
27	Permits/Fees	227,630		227,630	227,630		
28	Independent Market Study	0					
29	Construction Period Insurance	19,126		19,126	19,126		
30	Construction Interest	154,610		154,610	154,610		
31	Construction Loan Origination Fee	15,786		15,786	15,786		
32	Taxes During Construction	0					
33	Clerk of the Works	11,476		11,476	11,476		
34	Marketing	4,179			4,179		
35	Tax Credit Fees	18,386			18,386		
36	Soft Cost Contingency	7,268		7,268	7,268		
37	Permanent Loan Origination Fee	0					
38	Lender's Counsel's Fee	0					
39	Other (HP/Arch Consultant)	14,534		14,534	14,534		
	SYNDICATION COSTS	0					
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES	0					
44	Developer's Fees - HVT	306,017		306,017	306,017		
45	Other Partnership Fees - LHP	306,017		306,017	306,017		
46	Consultant Fees	0		0			
	RESERVES	0					
47	Working Capital	0					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves	58,622					
50	Sinking Fund	0					
51	Replacement Reserves	0					
	Subtotal - Soft Costs	1,549,316					
	TOTALS	6,742,500	73,215	6,155,696	6,242,448	0	6,228,911
	LESS: Amount of Non-qualified Financing						
	LESS: Adjustment for per unit cost limits						
	LESS: Historic tax Credit (Residential Portion)			0	0		
	Total Eligible Basis		73,215	6,155,696			
	TIMES: Adjusted for QCT/DDA	130.0%		8,002,405			
	TIMES: Applicable Fraction	78.57%	57,526	6,287,604			
	Total Qualified Basis		57,526	6,287,604	6,242,448	Long Term Depreciable Basis	
	TIMES: Applicable Percentage		3.47%	8.11%	27.5	Depreciation Schedule	
	Total Annual Credit Qualified		1,996	509,925	226,998	Annual Depreciation	

Total Tax Credits Requested	495,000	511,921	27,542	Short Term Depreciable Basis
Estimated Net Syndication Proceeds **(excluding historic credit equity)**	4,228,000		7	Depreciation Schedule
Estimated Yield - Housing Credit Syndication	86.28%		3,935	Annual Depreciation
Equity Gap	4,228,000			
Credits Needed to fill Equity Gap	495,000			
		23	22,100	
		28	28,400	
		82.14%	77.82%	

28-Mar-06

Stowe Family Housing

	Check all Applicable									A					B						C					
Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	OCCUPIED BY: Income level of residents to be served:						AFFORDABLE TO: Units affordable to residents at:					
															<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+
100A	101								1	2	1,000	750	134	884						1					1	
	102	1			1	1				2	1,000	557	134	691			1						1			
200A	201								1	2	1,000	750	134	884						1					1	
	202				1	1				2	1,000	444	134	578		1						1				
300A1	301	1			1	1				3	1,300	516	152	668		1						1				
	302				1	1				3	1,300	647	152	799			1						1			
600B	601				1	1				2	1,000	557	134	691			1						1			
	602				1	1				2	1,000	444	134	578		1						1				
800B	801								1	2	1,000	750	134	884						1					1	
	802	1			1	1				2	1,000	557	134	691			1						1			
1100F	1101				1	1				1	750	426	113	539			1						1			
	1102				1	1				1	750	426	113	539			1						1			
12000A	1201								1	2	1,000	750	134	884						1					1	
	1202	1			1	1				2	1,000	557	134	691			1						1			
1400C	1401				1	1				2	1,000	444	134	578		1						1				
	1402								1	2	1,000	750	134	884						1					1	
1500B	1501	1			1	1				2	1,000	444	134	578		1						1				
	1502				1	1				2	1,000	557	134	691			1						1			
900D	901				1	1	1			1	750	426	113	539			1						1			
	902	1			1	1				1	750	426	113	539			1						1			
	903								1	1	750	650	113	763						1					1	
1000D1	1001				1	1	1			1	750	338	113	451		1						1				
	1002				1	1				1	750	338	113	451		1						1				
	1003				1	1				2	1,000	0	134	134			1						1			
1600C	1601	1			1	1				2	1,000	444	134	578		1						1				
	1602				1	1				2	1,000	557	134	691			1						1			
1700A	1701	1			1	1				2	1,000	557	134	691			1						1			
	1702				1	1				2	1,000	444	134	578		1						1				
Total # Units	28	8	0	0	22	22	2	0	6	Totals:	26,850	14,506		Total # Units:	0	9	13	0	0	6	0	9	13	0	6	0

form re[illegible] date: 2/27/97

28-Mar-06 **Stowe Family Housing**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	21,840	1,820	65	
Supportive Services		0	0	
Audit/Accounting	3,360	280	10	
Legal	1,680	140	5	
Compliance Monitoring	1,056	88	4	1,056
Marketing	336	28	1	
Other	2,688	224	8	
TOTAL ADMINISTRATIVE	30,960	2,580	92	
Utilities				
Electricity	1,680	140	5	
Fuel - Gas	1,680	140	5	
Water and Sewer	10,080	840	30	
Fire Alarm / Emergency	672	56	2	
Other	672	56	2	
TOTAL UTILITIES	14,784	1,232	44	
Maintenance				
Maintenance / Janitor Payroll	10,080	840	30	
Janitor Supplies	3,360	280	10	
Exterminating	1,680	140	5	
Trash Removal	4,032	336	12	
Snow Removal	4,032	336	12	
Grounds	4,032	336	12	
Repairs Material		0	0	
Repairs Contract		0	0	
HVAC Repairs / Maintenance		0	0	
Elevator Contract / Repairs		0	0	
Painting and Decorating	2,688	224	8	
Other	2,016	168	6	
TOTAL MAINTENANCE	31,920	2,660	95	
Real Estate Taxes	25,200	2,100	75	
Property Insurance	11,760	980	35	
Replacement Reserves	13,440	1,120	40	
Primary Debt Service	10,792	899	32	PUM less D/S and R/R 341
Other "must pay" debt service	8,694	725	26	
Other		0	0	
Total	147,550	12,296	439	

28-Mar-06 **Stowe Family Housing**

Year		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		182,904	184,733	186,580	188,446	190,331	192,234	194,156	196,098	198,059	200,039	202,040	204,060	206,101	208,162	210,243
Other Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vacancy and other losses		(9,145)	(9,237)	(9,329)	(9,422)	(9,517)	(9,612)	(9,708)	(9,805)	(9,903)	(10,002)	(10,102)	(10,203)	(10,305)	(10,408)	(10,512)
Total Operating Income		173,759	175,496	177,251	179,024	180,814	182,622	184,448	186,293	188,156	190,037	191,938	193,857	195,796	197,754	199,731
Operating Expenses																
Total Expenses (excl. Reserves)		114,624	117,490	120,427	123,438	126,523	129,687	132,929	136,252	139,658	143,150	146,728	150,397	154,157	158,010	161,961
Reserves		13,440	13,574	13,710	13,847	13,986	14,126	14,267	14,409	14,554	14,699	14,846	14,995	15,145	15,296	15,449
Total Operating Expense		128,064	131,064	134,137	137,285	140,509	143,812	147,196	150,661	154,212	157,849	161,575	165,391	169,301	173,306	177,410
Net Operating Income		45,695	44,432	43,114	41,739	40,305	38,810	37,253	35,632	33,944	32,189	30,363	28,466	26,495	24,447	22,322
Less Primary Debt Service(Bank Loan)		10,792	10,792	10,792	10,792	10,792	10,792	10,792	10,792	10,792	10,792	10,792	10,792	10,792	10,792	10,792
Less Secondary Debt Service(Town Loan)		8,694	8,694	8,694	8,694	8,694	8,694	8,694	8,694	8,694	8,694	8,694	8,694	8,694	8,694	8,694
Annual Cash Flow		26,208	24,946	23,628	22,253	20,819	19,324	17,767	16,145	14,458	12,702	10,877	8,980	7,008	4,961	2,835
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		26,208	24,946	23,628	22,253	20,819	19,324	17,767	16,145	14,458	12,702	10,877	8,980	7,008	4,961	2,835
DCR		234.50%	228.02%	221.25%	214.20%	206.84%	199.17%	191.17%	182.85%	174.19%	165.19%	155.82%	146.08%	135.97%	125.46%	114.55%
Cumulative Cash Flow																
Beginning Balance		58,800	75,890	92,060	107,235	121,338	134,289	146,004	156,396	165,375	172,846	178,711	182,868	185,210	185,629	184,008
Deposits		26,208	24,946	23,628	22,253	20,819	19,324	17,767	16,145	14,458	12,702	10,877	8,980	7,008	4,961	2,835
Interest	2.0%	1,176	1,518	1,841	2,145	2,427	2,686	2,920	3,128	3,308	3,457	3,574	3,657	3,704	3,713	3,680
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repmt of Devel Fee Loan		(10,294)	(10,294)	(10,294)	(10,294)	(10,294)	(10,294)	(10,294)	(10,294)	(10,294)	(10,294)	(10,294)	(10,294)	(10,294)	(10,294)	(10,294)
Ending Balance		75,890	92,060	107,235	121,338	134,289	146,004	156,396	165,375	172,846	178,711	182,868	185,210	185,629	184,008	180,229
Cumulative Replacement Reserves																
Beginning Balance		0	13,574	27,556	41,954	56,779	2,040	16,348	31,084	46,260	61,884	7,968	23,122	38,729	54,799	71,344
Deposits		13,440	13,574	13,710	13,847	13,986	14,126	14,267	14,409	14,554	14,699	14,846	14,995	15,145	15,296	15,449
Interest	2.0%	134	407	688	978	1,275	182	470	766	1,071	1,385	308	612	926	1,249	1,581
Withdrawals		0	0	0	0	(70,000)	0	0	0	0	(70,000)	0	0	0	0	(70,000)
Ending Balance		13,574	27,556	41,954	56,779	2,040	16,348	31,084	46,260	61,884	7,968	23,122	38,729	54,799	71,344	18,375
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		45,695	44,432	43,114	41,739	40,305	38,810	37,253	35,632	33,944	32,189	30,363	28,466	26,495	24,447	22,322
Plus Reserves		13,440	13,574	13,710	13,847	13,986	14,126	14,267	14,409	14,554	14,699	14,846	14,995	15,145	15,296	15,449
Less Interest Expense		(17,650)	(17,797)	(17,945)	(18,094)	(18,244)	(18,393)	(18,542)	(18,691)	(18,840)	(18,987)	(19,133)	(19,277)	(19,419)	(19,558)	(19,694)
Less Long Depreciation		(226,998)	(226,998)	(226,998)	(226,998)	(226,998)	(226,998)	(226,998)	(226,998)	(226,998)	(226,998)	(226,998)	(226,998)	(226,998)	(226,998)	(226,998)
Less Short Depreciation		(3,935)	(3,935)	(3,935)	(3,935)	(3,935)	(3,935)	(3,935)	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(189,448)	(190,723)	(192,054)	(193,441)	(194,886)	(196,390)	(197,955)	(195,648)	(197,340)	(199,097)	(200,921)	(202,814)	(204,777)	(206,812)	(208,921)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		66,307	66,753	67,219	67,704	68,210	68,736	69,284	68,477	69,069	69,684	70,322	70,985	71,672	72,384	73,122
Plus Tax Credits		550,000	550,000	550,000	550,000	550,000	495,000	495,000	495,000	495,000	495,000					
After Tax Cash Flow		616,307	616,753	617,219	617,704	618,210	563,736	564,284	563,477	564,069	564,684	70,322	70,985	71,672	72,384	73,122
Total Years	15															
Reinvestment Rate	12.00%															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Current After Tax Cash Flows		616,307	616,753	617,219	617,704	618,210	563,736	564,284	563,477	564,069	564,684	70,322	70,985	71,672	72,384	73,122
Future Value of Cash Flows at Yr 15:		3,373,395	3,014,142	2,693,230	2,406,561	2,150,474	1,750,880	1,564,805	1,395,148	1,246,977	1,114,586	123,932	111,696	100,694	90,799	81,897
Discount Rate	6.00%															
Capital Contribution Number	1	2	3	4	5	6	7	8								
Date of Capital Contribution	30-Jun-06	30-Jun-07	31-Dec-07	28-Mar-06	28-Mar-06	28-Mar-06	28-Mar-06	28-Mar-06								
Amount of Capital Contribution	4,307	3,660,525	645,544	0	0	0	0	0								
Present Value of Contributions:	4,307	3,444,498	589,103	0												
Cash Flows	(4,037,908)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#########

IRR: 11.70%

Equity Yield: 78.06%

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: CONSTRUCTION FINANCING AND PROPOSED ALLOCATION OF ALLOCATED AND STATE HOUSING CREDITS FOR STOWE FAMILY HOUSING, STOWE (INCLUDES FINDINGS WITH RESPECT TO BOTH STOWE FAMIILY AND HOMEOWNERSHIP HOUSING)

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Lamoille Housing Partnership (the "Sponsors") on behalf of a to be formed limited partnership in which the Sponsors or their subsidiaries will be the general partners (the "Borrower") involving the construction of twenty-eight (28) units of general occupancy rental housing ("Rental Housing"). In addition, the Sponsors or an affiliate related to the Sponsors intend to develop eight (8) single family condominiums adjacent to the Rental Housing ("Homeownership Units") in the Town of Stowe (the Rental Housing and the Homeownership Units are defined collectively herein, the "Development"); and

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

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

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

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

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated March 28, 2006, containing information and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

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

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

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

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

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The Sponsors are financially responsible and are qualified housing sponsors within the meaning of the Act. The Borrower will be required to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

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

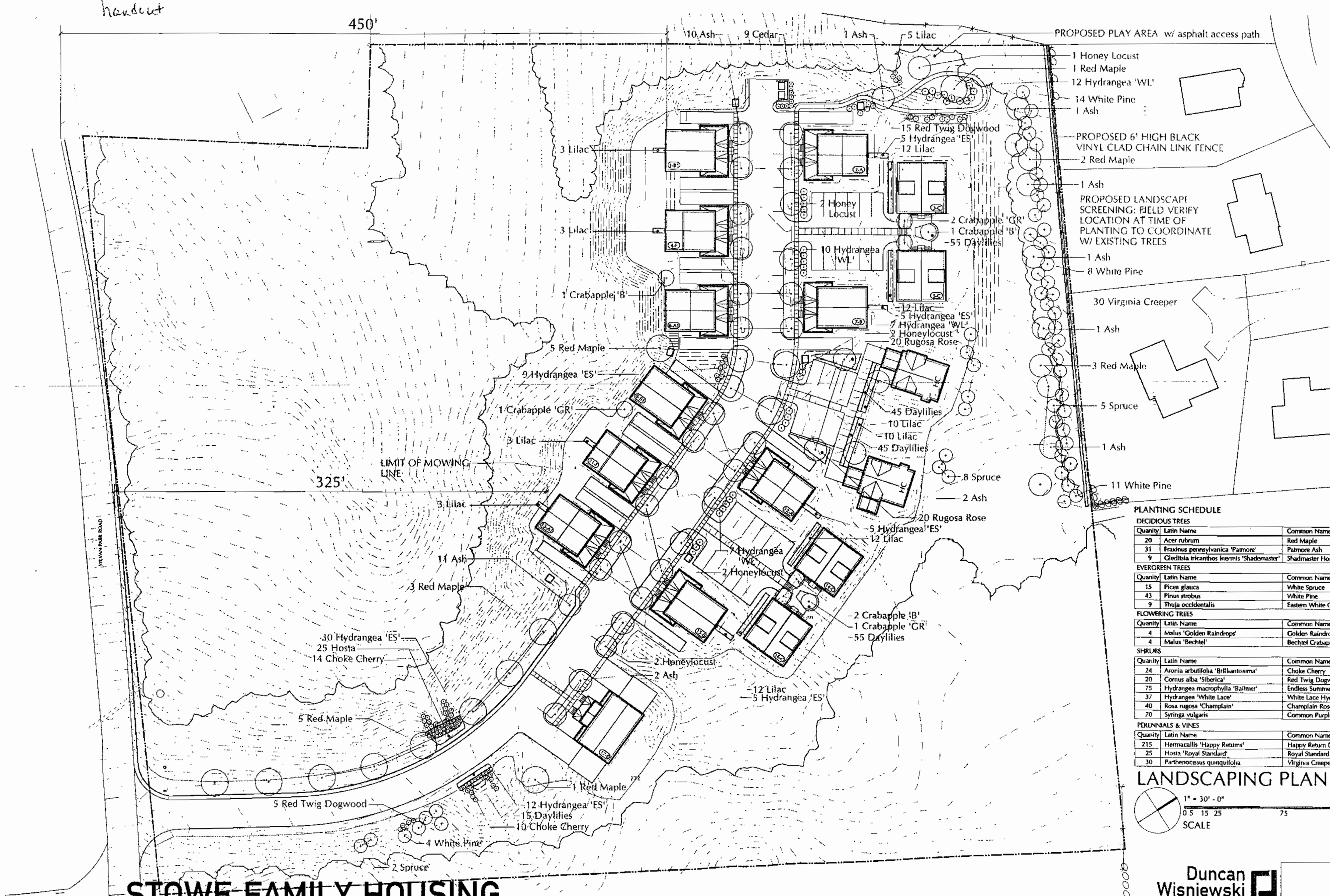
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the construction financing of the Rental Housing based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Rental Housing, and such conditions and terms that are appropriate for the Rental Housing in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions described in the Memorandum.

4. The recommendations for the allocation of Allocated Housing Credits and State Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.

5. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of $495,000 and State Housing Credits in the amount of $55,000 for the Stowe Family Housing project in the Town of Stowe, Vermont.

handout



PLANTING SCHEDULE

DECIDIOUS TREES

Quanity	Latin Name	Common Name	Size
20	Acer rubrum	Red Maple	2"-2.5" cal.
31	Fraxinus pennsylvanica 'Patmore'	Patmore Ash	2"-2.5" cal.
9	Gleditsia tricanthos inermis 'Shademaster'	Shadmaster Honeylocust	2"-2.5" cal.

EVERGREEN TREES

Quanity	Latin Name	Common Name	Size
15	Picea glauca	White Spruce	5'-6' hgt.
43	Pinus strobus	White Pine	5'-6' hgt.
9	Thuja occidentalis	Eastern White Cedar	3'-4' hgt.

FLOWERING TREES

Quanity	Latin Name	Common Name	Size
4	Malus 'Golden Raindrops'	Golden Raindrop Crabapple	15 gal.
4	Malus 'Bechtel'	Bechtel Crabapple	15 gal.

SHRUBS

Quanity	Latin Name	Common Name	Size
24	Aronia arbutifolia 'Brilliantissima'	Choke Cherry	2 gal.
20	Cornus alba 'Siberica'	Red Twig Dogwood	2 gal.
75	Hydrangea macrophylla 'Bailmer'	Endless Summer Hydrangea	2 gal.
37	Hydrangea 'White Lace'	White Lace Hydrangea	2 gal.
40	Rosa rugosa 'Champlain'	Champlain Rose	3 gal.
70	Syringa vulgaris	Common Purple Lilac	3 gal.

PERENNIALS & VINES

Quanity	Latin Name	Common Name	Size
215	Hermacallis 'Happy Returns'	Happy Return Daylilly	1 gal.
25	Hosta 'Royal Standard'	Royal Standard Hosta	1 gal.
30	Parthenocissus quinquifolia	Virginia Creeper	1 gal

LANDSCAPING PLAN

1" = 30' - 0"

0 5 15 25 75 150

SCALE

STOWE FAMILY HOUSING

STOWE, VERMONT

Duncan Wisniewski
ARCHITECTURE
255 SOUTH CHAMPLAIN STREET
BURLINGTON, VERMONT 05401
T: 802.864.6693 F: 802.864.6992

DATE: 02.10.2006

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Gary P. Marini, Chief Financial Officer

DATE: March 28, 2006

RE: **TD Banknorth, N.A. Terms for The Courtyard Apartments, Winooski**

Action Requested: Adoption of the attached Resolution for the TD Banknorth, N.A. facility to finance The Courtyard Apartments in Winooski. Please note: We may receive additional comments on the attached Resolution from TD Banknorth, N.A.'s counsel, in which case, a revised Resolution will be available at the meeting.

We received a term sheet from TD Banknorth, N.A. to provide a six year financing for The Courtyard Apartments.

The general terms of this bond are:

Size of Facility	$3,700,000
Term	Six (6) year maturity with forty (40) year amortization
Tax-Exempt, Fixed	Treasury Rate for amortizing swap rate plus 125 basis points (approx. 5%)
Collateral	General Obligation with negative pledge on mortgage assets funded with the facility
Fees	$5,000 Origination

The Agency anticipates a closing with both TD Banknorth, N.A. and the borrower by the end of April.

Vermont Housing Finance Agency

RESOLUTION RE: TD BANKNORTH, N.A. BORROWING FOR THE COURTYARD APARTMENTS, WINOOSKI

WHEREAS, the Agency has received a Term Sheet dated February 17, 2006 from TD Banknorth, N.A. for a mid-term borrowing for The Courtyard Apartments located in Winooski, Vermont (the "Borrowing"); and

WHEREAS, the Borrowing will be used to finance the acquisition of The Courtyard Apartments located in Winooski, Vermont as previously approved by the Board of Commissioners within the outstanding authority to issue multi-family housing bonds; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Gary Marini dated March 28, 2006, containing information and recommendations about the Borrowing (the "Memorandum"); and

WHEREAS, the Agency wishes to authorize the Executive Director and the Chief Financial Officer in their capacities as Secretary and Treasurer of the Agency, respectively, to take all actions necessary, including the execution of documents, to obtain the Borrowing;

NOW, THEREFORE, IT IS HEREBY RESOLVED:

1. That the Agency hereby approves the terms of the Borrowing substantially in the form presented.

2. That the Agency hereby authorizes the Executive Director and the Chief Financial Officer, individually, in their capacities as Secretary and Treasurer of the Agency, respectively, to take all actions necessary, including the execution and delivery of necessary documents, to obtain the Borrowing and to extend and/or renew the Borrowing at similar terms in the future and/or to secure the Borrowing by executing and delivering an Assignment of Mortgages and Other Project Loan Documents.

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

Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

AARP / Chittenden Bank Building
112 State Street, 5th Floor, Montpelier
Monday, April 3, 2006 at 10:00 a.m.

VHFA Board Members Present:
Lisa Mitiguy Randall – Chair, Paul Beaulieu, Dagyne Canney, Kevin Dorn, Bart Frisbie, Beth Pearce (designee for Spaulding), Gus Seelig

VHFA Board Member Absent:
Robert Alberts, Thomas Candon (designee for Crowley)

Staff: Sarah Carpenter, Maura Collins, Renee Couture, Pat Crady, Joe Erdelyi, Becky Greenough, Gary Marini, Liza Plantilla, Cindy Reid

Guests: Ludy Biddle (NeighborWorks of Western Vermont), Kathy Beyer (Capital Ideas), Jeffry Glassberg (Renaissance Development Company), Nancy Owens (Housing Vermont), Robin Pierce (Lamoille Housing Partnership)

Chair Randall called the meeting to order at 10:10 a.m. A quorum of the Board was present.

BOARD MINUTES

Mr. Seelig made a motion to approve the March 13, 2006 Board of Commissioners meeting minutes. Ms. Canney seconded the motion which was unanimously approved.

DEVELOPMENT

Middlebury South Village

Mr. Glassberg, developer of Middlebury South Village (a multi-use development on 31 acres being sold by Middlebury College that will include 30 units of rental housing, 57 for-sale homes, and 45,500 square feet of office/commercial/retail space in four buildings) explained the challenges he has encountered while seeking to provide housing that is affordable to families working in Middlebury, challenges which are more noteworthy considering his education, years of experience and competence.

Mr. Glassberg provided an historical perspective on the attempts to development this parcel and explained his design goals and the final site plan. He told vignettes which illustrated the regulatory hurdles, and suggested ways to improve the efficiencies of the bureaucracy. He explained what worked for this project that may be applied to others projects (a cooperative land seller and economy of scale, for example). And, he expressed concern about the tremendous risk (in this case, almost $.5 million on predevelopment costs expended prior to closing) which, he feels is not rewarded when building workforce housing. He suggested possible solutions such as expanding the VHFA Ventures program and capitalizing a new "Housing Vermont" focused on single family housing.

Mr. Glassberg also expressed gratitude to the VHFA staff for their support throughout the process, which has been critical to a great outcome.

Housing Credit Project Status Report
Mr. Erdelyi briefly reviewed the Housing Credit Project Status Report, in which the summary now focuses on 2006/2007 credits.

The Cottages, Middlebury South Village
Ms. Plantilla introduced Ms. Beyer and Ms. Biddle and then reviewed her memo regarding NeighborWorks of Western Vermont's request for a bridge loan to finance the purchase of a fully permitted lot on which will eventually be constructed 27 single family homes.

Mr. Seelig made a motion to approved the "Resolution Re: Bridge Construction Financing for The Cottages, Middlebury" with the assumption that staff will encourage and approve a different unit style if such is indicated by the market study. He also clarified, for the record, that the HOMELAND grants were not yet awarded and that it hadn't yet been determined whether Addison County Community Trust or NeighborWorks of Western Vermont would apply for and administer these. And, he asked that staff look for ways to maintain perpetual affordability of the 17 homes subsidized with the second mortgage pool funded with pass through tax credits. Mr. Beaulieu seconded the motion which was unanimously approved.

Stowe Family Housing
Ms. Reid introduced Ms. Owens and Mr. Pierce and then reviewed her memo regarding Lamoille Housing Partnership's and Housing Vermont's request for construction financing and allocated and state housing tax credits for rental units in Stowe. Ms. Owens reviewed the reasons that drove the redesign of the site plan - attempts to develop this parcel began nearly five years ago. Mr. Pierce reviewed the current design. And, Mr. Erdelyi commended Lamoille Housing Partnership for assuming the risk of purchasing unpermitted land.

Mr. Seelig suggested that, if energy costs are significantly greater with less dense housing, the environmental court ought to be apprised of the consequences of their decisions.

Mr. Seelig made a motion to approve the "Resolution Re: Construction Financing and Proposed Allocation of Allocated and State Housing Credits for Stowe Family Housing, Stowe (including Findings with respect to both Stowe Family and Homeownership Housing)." Mr. Frisbie seconded the motion which was unanimously approved.

More discussion followed about resistance to density even when zoning regulations and town plans support it. In reference to Housing Vermont's attempts to build affordable housing in Woodstock, and the Development Review Board's recent unanimous denial of permits, Mr. Seelig suggested that the attorneys of VHFA, VHCB and DHCA look at the decision and determine whether there are grounds for a civil rights lawsuit. Ms. Pearce suggested the creation of an ad hoc Board policy committee to assess what it takes to enhance the success of affordable housing development.

FINANCE

Selection of Audit Firm

Mr. Beaulieu reviewed the recommendation of the Audit/Risk Management Committee to continue with KPMG as Auditor. Ms. Randall asked what the term of the contract would be. Mr. Marini replied that, because we are currently with KPMG, a multi-year contract would not be necessary. However, he did agree to look into whether one would be beneficial to the Agency.

Mr. Seelig made a motion to accept the recommendation of the Audit/Risk Management Committee to hire KPMG as Auditor and to authorize staff to negotiate the length of the contract. Ms. Canney seconded the motion which was unanimously approved.

HOMEOWNERSHIP

Income and Purchase Price Limits

Ms. Collins distributed and reviewed her and Ms. Black-Plumeau's memo about VHFA's market share in 2005.

Ms. Crady reviewed her memo regarding recommendations for new income and purchase price limits. Ms. Randall suggested that the purchase price limits be set to the maximum allowable.

Mr. Seelig made a motion to approve the proposed income limits and purchase price limits set to, or rounded down from, the maximum allowable for both existing and new homes, with the purchase price of duplexes based on single family new construction limits. Mr. Beaulieu seconded the motion which was unanimously approved. Ms. Crady agreed to forward to the Board via email the newly calculated purchase price limits.

Ms. Crady reminded the Board that, by expanding the pool against which the VHFA market is measured, VHFA's market share may not increase, although the number of loans may well. More discussion followed regarding VHFA's market share. Ms. Carpenter suggested we might help borrowers compare financing options by asking staff to add information about fees to the consumer section of the Web site. Ms. Canney suggested pursuing agreements with lenders whereby lenders will promote VHFA loans when they are the best option for the borrower. Ms. Randall asked to hear more, at a future meeting, about how VHFA is managing fees.

FINANCE

Financing of The Courtyard Apartments, Winooski

Mr. Marini reviewed his memo regarding the vehicle for financing The Courtyard Apartments in Winooski. (The Board had previously approved a six-year loan to the project.) Ms. Carpenter added that it is the Agency's intent to loan at 150 basis points over cost.

Mr. Beaulieu made a motion to approve the "Resolution Re: TD Banknorth, N.A. Borrowing for The Courtyard Apartments, Winooski." Ms. Pearce seconded the motion which was unanimously approved.

LEGISLATIVE UPDATES
Ms. Carpenter explained that the (Virtual) Land Bank bill came out of the Senate Economic Development, Housing and General Affairs and has been ordered to lie. Attempts are being made to get it to the floor.

S.127, the bill containing changes to the VHFA Act and the increase in the Property Transfer Tax exemption for VHFA homebuyers, is expected to go to the floor this week and then onto House Ways & Means due to the exemption.

H.858, which increases the State affordable housing tax credits, came out of the House on March 31st. The employer assisted housing/homeownership piece of it has been dropped and a study ordered. Results are to be reported to the Committee in January, 2007. The increase in the tax credits will be incremental (from the current $150,000 to $300,000 in 2007 and $400,000 in 2008.)

Appropriations for VHCB came out of the House 4½% above the Governor's recommended amount. Two different kinds of waterfall funding may be available if the economy does well.

The New Neighborhood Initiative (NNI) is going nowhere at the moment. However, attempts are being made to get it attached to another bill.

The Growth Center bill is moving. It would allow for more favorable agricultural mitigation for development in growth centers and is a potential vehicle for NNI.

Once again, Mr. Dorn expressed appreciation for Ms. Carpenter's efforts to keep things moving along, in part by assisting the legislators with understanding how programs really work.

ADMINISTRATION
Assignments to Board Committees
Ms. Randall, hearing no feedback from an email sent to Board members on March 31, 2006 regarding assignments to the Board Committees, declared that the assignments will stand as recommended.
The following are assigned to the Human Resources Committee:
  Tom Candon – Chair, Rob Alberts, Dagyne Canney
The following are assigned to the Audit/Risk Management Committee:
  Paul Beaulieu – Chair, Tom Candon, Kevin Dorn, Bart Frisbie, Beth Pearce, Gus Seelig

ADJOURNMENT
Mr. Beaulieu made a motion to adjourn the meeting. Mr. Seelig seconded the motion and the Board unanimously approved to adjourn the meeting at 1:25 p.m.

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Gary P. Marini, Chief Financial Officer

DATE: April 24, 2006

RE: **TD Banknorth – Renewal of $7.5 Million Working Capital Credit Line**

Action Requested:
Adoption of the attached resolution to ratify staff's authority to renew the revolving working capital line with TD Banknorth described below. Even though the original approving resolution allowed for renewals, the bank's counsel has asked for a ratification of that approval post-closing.

Discussion:
Currently the Agency has a revolving credit agreement with TD Banknorth with a total commitment of $7.5 million. The pricing on the facility is LIBOR plus 75 basis points.

The primary use of the revolving facility is to provide warehouse financing for permanent multifamily loans that are funded prior to the issuance of bonds.

The terms which are better by 10 bps from the existing facility are:

Size of Facility	$7.5 million
Term	Two years
LIBORVariable Rate	LIBOR plus 75 basis points
Collateral	General Obligation
Fees	10 basis points per annum on unused portion

RESOLUTION RE: TD BANKNORTH, N.A. WORKING CAPITAL LINE OF CREDIT BORROWING

WHEREAS, the Agency has an existing line of credit with TD Banknorth, N. A. in the amount of $7,500,000 ("Working Capital Line of Credit") which was approved by resolution dated February 19, 2004 and such approval intended to include future renewals at the same terms (the "2004 Approval"); and

WHEREAS, consistent with the 2004 Approval, the Agency has renewed the terms of the Working Capital Line of Credit with terms as presented at the meeting for a two-year term; and

WHEREAS, the Agency wishes to ratify the authority of the Executive Director and the Chief Financial Officer in their capacities as Secretary and Treasurer of the Agency, respectively, to do all actions necessary, including the execution of documents, to amend the terms of the Working Capital Line of Credit and to extend and/or renew the Working Capital Line of Credit at the same or better terms in the future;

NOW, THEREFORE, IT IS HEREBY RESOLVED:

1. That the Agency hereby approves the renewal and extension of the Working Capital Line of Credit; and

2. That the Agency hereby authorizes the Executive Director and the Chief Financial Officer, individually, in their capacities as Secretary and Treasurer of the Agency, respectively, to take all actions necessary, including the execution and delivery of any and all necessary documents, to amend the terms of the Working Capital Line of Credit, and to extend and/or renew the Working Capital Line of Credit at similar or better terms in the future; and

3. That such approval and authority is hereby ratified and confirmed to cover all actions taken consistent with this authority in advance of this ratification.

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Gary P. Marini, Chief Financial Officer

DATE: April 24, 2006

RE: **KeyBank – Amendment and Approval of Credit Lines for Multifamily Construction Loans (Tax-Exempt and Taxable)**

Action Requested:
Adoption of the attached resolution to amend and approve the Credit Lines for multifamily construction loans with KeyBank.

Discussion:
In March 2005 the Agency established a credit facility with KeyBank to provide capacity to fund both taxable and tax-exempt construction loans. The tax-exempt portion of this facility has been structured to satisfy the LIHTC requirements for Out of Cap 4% Credits and has enabled the Agency to better match the bond proceeds to the funding of these loans while providing the flexibility of a general credit line.

Technically, the 2005 facility is being amended to coincide with the current outstanding commitments of $10 million and a new $15 million facility will be available for new commitments.

The general terms of both credit line facilities are:

Size of Facilities	$10 million / $15 million
Taxable Variable Rate	Overnight LIBOR plus 115 basis points.
Tax Exempt/ Variable Rate	The tax exempt equivalent of the taxable variable rate.
Tax exempt/Taxable Fixed Rate	Same as variable except using internal cost of funds (FTP) rather than Overnight LIBOR
Collateral	General Obligation with negative pledge on mortgage assets funded with the facility.
Fees	None

These terms are the same as the 2005 facility except that we are using overnight LIBOR instead of one month LIBOR.

VERMONT HOUSING FINANCE AGENCY ("VHFA")

REGARDING KEYBANK BORROWINGS

WHEREAS, VHFA desires to amend an existing $15,000,000 purpose and ability line of credit for outstanding commitments (the "Existing Ability Line of Credit") to $10,000,000 and begin a new $15,000,000 purpose and ability line of credit for new commitments (the "New Ability Line of Credit") with KeyBank; and

WHEREAS, to finalize these transactions, the Board desires to properly authorize said facilities with KeyBank at this meeting;

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

I. REGARDING AMENDMENT OF THE EXISTING $15,000,000 PURPOSE AND ABILITY LINE OF CREDIT

RESOLVED: That, the Executive Director of VHFA or the Chief Financial Officer of VHFA be, and each hereby is, authorized for, in the name of, and on behalf of, VHFA (each acting singly) to amend the Existing Ability Line of Credit to a new maximum principal amount of Ten Million Dollars ($10,000,000.00) to coincide with outstanding commitments (a) to provide short-term bridge financing for residential housing projects in anticipation of permanent take-out financing, (b) to provide for both taxable and tax-exempt advances, and (c) to provide financing to complete site control, site due diligence, site acquisition, development, rehabilitation, and construction with respect to individual projects.

RESOLVED: That, without limiting the generality of the above resolution, the Executive Director of VHFA or the Chief Financial Officer of VHFA be, and each hereby is, authorized to amend the Existing Ability Line of Credit to a maximum amount of Ten Million Dollars ($10,000,000.00) to be secured by a pledge of the general revenues of VHFA, on such terms and conditions deemed appropriate by the Executive Director of VHFA or the Chief Financial Officer of VHFA. In addition, VHFA is hereby authorized to provide or obtain a negative pledge for the real property and improvements for each project that is funded under this loan facility.

RESOLVED: That, in connection with the above resolutions, the Executive Director of VHFA or the Chief Financial Officer of VHFA or their designees be, and each hereby is, authorized, individually and without the concurrence of any other officer, to make, execute and deliver such loan agreements and promissory notes, security agreements, and any other notes, agreements, trusts, receipts, guarantees and any other evidences of VHFA's indebtedness and obligations to the Bank (collectively, the "Existing Ability Line of Credit Documents"); such Existing Ability Line of Credit Documents to contain such terms and conditions as the signing officer may approve, his or her signature being conclusive evidence of the authorization and approval thereof by VHFA.

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

II. REGARDING A NEW $15,000,000 PURPOSE AND ABILITY LINE OF CREDIT

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

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

RESOLVED: That, in connection with the above resolutions, the Executive Director of VHFA or the Chief Financial Officer of VHFA or their designees be, and each hereby is, authorized, individually and without the concurrence of any other officer, to make, execute and deliver such loan agreements and promissory notes, security agreements, and any other notes, agreements, trusts, receipts, guarantees and any other evidences of VHFA's indebtedness and obligations to the Bank (collectively, the "New Ability Line of Credit Documents"); such New Ability Line of Credit Documents to contain such terms and conditions as the signing officer may approve, his or her signature being conclusive evidence of the authorization and approval thereof by VHFA.

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

III. REGARDING ALL RESOLUTIONS

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

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

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

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Gary P. Marini, Chief Financial Officer

DATE: April 24, 2006

RE: **Status of 2006 Private Activity Volume Cap and Its Allocation**

Action Requested: Adoption of attached resolution to authorize staff to allocate volume cap to single family and multifamily programs, as deemed appropriate.

Status of Agency's Use of Private Activity Volume Cap

In January, the Agency was allocated $110 million of new volume cap and carried over $35.3 million from 2005. During the course of the year, the Agency allocates available volume cap to the single family and multifamily programs as needed for each bond issue.

The following chart shows the status of the Agency's available private activity volume cap as of April 19, 2006:

			Allocated by VHFA Board	
	Total Volume Cap Available	Unallocated by VHFA	Homeownership	Multifamily
Carryforward from 2005	35,332,222	0	33,923,722	1,408,500
2006 State Allocation	110,000,000	110,000,000		
VHFA Allocation YTD	0	(75,000,000)	60,000,000	15,000,000
2006 Private Activity Bonds Issued	(34,294,480)		(34,294,480)	0
Balance as of 4/19/06	111,037,742	35,000,000	59,629,242	16,408,500

An update will be provided before year-end to authorize the acceptance of any unused volume cap and any required year-end IRS filing. Please feel free to call me at 652-3436 if you have any questions or comments about this information.

mailing address P.O. Box 408, Burlington, VT 05402-0408 **delivery address** 164 Saint Paul St., Burlington, VT 05401-4364
phone (802) 864-5743 **fax** (802) 864-5746 **www.vhfa.org**

RESOLUTION RE: ALLOCATION OF 2006 PRIVATE ACTIVITY BOND VOLUME CAP

WHEREAS, the Vermont Housing Finance Agency (the "Agency") has been allocated a total of $110,000,000 in 2006 private activity bond volume cap by the State of Vermont Emergency Board ("2006 Allocation"); and

WHEREAS, the Agency desires to allow the Executive Director and Chief Financial Officer to determine the appropriate use of the 2006 Allocation consistent with Board loan and program approvals; and

NOW, THEREFORE, IT IS HEREBY RESOLVED:

1. The Agency hereby authorizes the Executive Director and Chief Financial Officer, individually, to allocate the 2006 Allocation pursuant to Section 146 of the Internal Revenue Code of 1986 as amended for the purposes of issuing exempt facility bonds or qualified mortgage bonds and/or mortgage credit certificates or a combination of both. Such allocations in total may be adjusted through the course of the calendar year.

2. The Executive Director and Chief Financial Officer are directed, and each of them is authorized, to take all steps necessary to do such allocations of the 2006 Allocation as needed, including the preparation, execution, and delivery of such individual allocations in such form as may be required by the Internal Revenue Service and consistent in content and effect with this Resolution.

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Liza Vedder Plantilla, Multifamily Development Underwriter LVP

DATE: April 25th, 2006

RE: Request for Construction Financing for the Cottages at Middlebury South Village

Name:	The Cottages	Location:	Middlebury
Housing Type:	General Occupancy Homeownership	Unit Type:	Detached Single Family Homes
Unit Count:	27 Total Homes	Unit Sizes:	Cottages – 1064 sq. ft. Capes – 1564 sq. ft.
Total Cost:	$6,733,500	Per S.F. Acquisition & Construction Cost:	$172
Loan Requested:	$2,300,000 Construction Loan	Sponsors:	Neighborworks of Western Vermont (NWWVT)
Other Funding:	VHCB, NeighborWorks, FHLB's Equity Builder Program, REEP, Deferred Developers Fee		

Recommendations: Staff recommends that the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board authorize the Executive Director to issue a Letter of Interest and/or a Commitment Letter to finance the construction of this development upon satisfactory completion of staff underwriting and due diligence. Please refer to the Resolution attached to the memorandum from Dave Adams and Liza Vedder Plantilla containing information and recommendations about two second mortgage loan programs.

Project Summary: NeighborWorks of Western Vermont (NWWVT) is requesting a construction loan for 'The Cottages'- a neighborhood of twenty-seven (27) starter homes in the Middlebury South Village Project. These will be modular units manufactured by Huntington Homes and assembled by Naylor and Breen. Kathy Beyer of Capital Ideas, Inc. is the Development Consultant and Amy Johnston is the Design & Construction Services Manager. John Ryan is the Market Analyst and Kurt Kaffenberger is completing the appraisal. NWWVT, formerly Rutland West NHS, is a housing nonprofit that serves the three county region of Addison, Rutland and Bennington Counties. This is its first for-sale development project.

Overview: The Cottages are designed to provide 'starter homes' for the Middlebury Area. The affordability of the units will be enhanced by second mortgages as well as VHCB HOMELAND grants. The VHCB HOMELAND grants will ensure that a portion of these units will remain perpetually affordable. A portion of the second mortgage loans will be provided by a grant that is being given to The Cottages by the Middlebury South Village Townhomes tax credit partnership. Initially, it was thought that this $700,000 grant would be used entirely to fund a pool of second mortgage loans. However, final construction costs have come in higher than anticipated. NWWVT is deferring $100,000 of their 4% development fee and are proposing to use $300,000 of the $700,000 grant to cover the remaining funding gap. The remaining $400,000 will be used as a second mortgage loan pool to help as many homeowners at the Cottages as is possible. NWWVT will also be applying to NeighborWorks and the Federal Home Loan Bank's Equity Builder Program in the hopes of securing more subsidies for the units. The total original fee, both cash and deferred, was $10,000 per home.

Unlike rental developments, this deferral has no way of being paid later once the last home has been sold, so it is in essence a fee reduction. The effective fee is $6,300 per home, or 2.6%.

The final unit styles have been decided on. There will be a mix of 'Cottages' and 'Capes'. The Cottages will have two bedrooms and one bathroom, with an unfinished second floor space sufficient for two bedrooms and another full bathroom. The second story will be "stubbed in" for plumbing and electric, making it much easier for the homeowner to finish the second story on their own. The two bedroom Capes will also have an unfinished second floor space sufficient for two additional bedrooms and a full bathroom. Both of these unit types will have single attached garages and will be on a mix of finished basements and crawlspaces (depending on the lot). These models were chosen after review of the market study, which predicted that the VHFA eligible units would sell within 12-15 months, which is twice as quickly as the developers had assumed.

VHCB HOMELAND grants will be requested in June by the Addison County Community Trust. Final sales prices and subsidy amounts are subject to change from the presentation to the Board in the attached proforma as well as the memo regarding the second mortgage loan pools. Final sales prices will be decided on after receipt of the as-built appraisal (due in June). In terms of subsidy, the developer's goal is to provide as many borrowers as possible with a second mortgage loan equal to twenty percent (20%) of the first mortgage loan amount so as to eliminate the need for PMI. However, actual subsidies will vary according to the need of the borrower; they will be appropriately sized so as not to be excessive. The borrower will be required to sell a minimum of fourteen (14) units at or below VHFA's purchase price limits. Approximately ten homes are likely to be sold at market rate. Families receiving any second mortgage funds will be at or below 110% of AMI.

PROJECT # 8923

PRELIMINARY PLANS
NOT FOR CONSTRUCTION

	DRAWN BY / CHECKED BY DN	DRAWING DATE / REVISIONS 03/31/06	FRONT ELEVATION	MSV CAPE #2 REVISED	SCALE 1/4" = 1'-0"	Drawing No. EL-1

PROJECT
8933

PRELIMINARY PLANS
NOT FOR CONSTRUCTION

DRAWN BY / CHECKED BY	DRAWING DATE / REVISIONS			SCALE	Drawing No.
DN	03/31/06 REV'D 4/10/06	FRONT ELEVATION	MSV EXPANDABLE COTTAGE (4 BED)	1/4" = 1'-0"	EL-1

25-Apr-06 **Middlebury Cottages~Middlebury South Village**

Total Residential Units:		27
Total Development Cost:	$	6,733,500
Total Development Cost per Unit:	$	249,389
Total Development Cost Per SF:	$	200

SOURCES

		% of Total Development Cost	Interest Rate
Sales Proceeds from Units	6,185,000	91.85%	
Def Developers fee	100,000	1.49%	0.00%
Project Grant	300,000	4.46%	0.00%
Neighborworks Grant	135,000	2.00%	0.00%
REEP	13,500	0.20%	0.00%
TOTAL SOURCES	**6,733,500**	100.00%	

USES

Acquisition	326,140	4.84%
Construction Hard Costs	5,490,101	81.53%
Soft Costs	917,259	13.62%
TOTAL USES	**6,733,500**	100.00%

Gap **0**

25-Apr-06

DEVELOPMENT BUDGET
Middlebury Cottages~Middlebury South Village

The attached "Notes to Development Budget" are an integral part of this financial analysis

					% of Total	33,728 Cost Per Square Foot	# Units For Sale 27 Cost Per Unit
1. Acquisition							
	Land	Town Montpelier	316,440		4.70%	$9.38	11,720
	Building (s) (if any)				0.00%	$0.00	0
	Demolition				0.00%	$0.00	0
	Appraisal		3,200		0.05%	$0.09	119
	Legal- Title & Recording		6,500		0.10%	$0.19	241
	Other		0		0.00%	$0.00	0
	Transfer Tax		0		0.00%	$0.00	0
Sub-total Acquisition			**326,140**		4.84%	$9.67	12,079
2. Hard Costs							
	Sitework		554,689		8.24%	$16.45	20,544
	Utilities		65,550		0.97%	$1.94	2,428
	Landscaping		40,500		0.60%	$1.20	1,500
	Site Utility- Direct Costs		66,000		0.98%	$1.96	2,444
	Off Site Improvements		0		0.00%	$0.00	0
	Bond		0		0.00%	$0.00	0
	Site Contingency		54,505		0.81%	$1.62	2,019
	Shared Infrastructure		474,660				
		Subtotal Site Construction		**781,244**	0.00%	$23.16	28,935
	Building Construction - New		3,965,000		58.88%	$117.56	146,852
	Building Construction - Rehabilitation		0		0.00%	$0.00	0
	Accessory Buildings		5,000		0.07%	$0.15	185
	Furnishings, Fixtures & Equipment		40,500		0.60%	$1.20	1,500
	FFE - Model		5,000		0.07%	$0.15	185
	Construction Contingency		198,250		2.94%	$5.88	7,343
		Sub-total Building Construction		**4,213,750**	62.58%	$124.93	156,065
	Construction Management		0		0.00%	$0.00	0
	General Conditions		0		0.00%	$0.00	0
	Contractor Overhead & Profit		0		0.00%	$0.00	0
	Bond		10,534		0.16%	$0.31	390
	Builders Risk Insurance		9,913		0.15%	$0.29	367
		Subtotal Construction Fees & Charges		**20,447**		$0.61	757
Sub-total Hard Costs			**5,490,101**		81.53%	$162.78	203,337
3. Soft Costs							
	Architect & Engineering - buildings		30,720		0.46%	$0.91	1,138
	Site Planning, Civil Engineering & Prof. fees thru Permits		32,700		0.49%	$0.97	1,211
		Sub-total Arch & Eng.		**63,420**	0.94%	$1.88	2,349
	Permit Fees:						
		Labor and Industry	0		0.00%	$0.00	0
		Act 250	0		0.00%	$0.00	0
		Local zoning, planning	5,400		0.08%	$0.16	200
		Local water impact & sewer	26,865		0.40%	$0.80	995
		Water Supply	0		0.00%	$0.00	0
		Wastewater	0		0.00%	$0.00	0
		Health Department	0		0.00%	$0.00	0
		Sub-total Permits		**32,265**	0.48%	$0.96	1,195
	Professional Fees:						
		Legal - real estate, permits & finance	17,000		0.25%	$0.50	630
		Legal - organization & sales	13,500		0.20%	$0.40	500
		Accounting - organization	0		0.00%	$0.00	0
		Development Consultant	40,000		0.59%		
		Project Manager	45,000		0.67%	$1.33	1,667
		Sub-total Prof. Fees		**115,500**	1.72%	$3.42	2,796
	Marketing:						
		Market Study	3,500		0.05%	$0.10	130
		Retainer	2,000		0.03%	$0.06	74
		Model/Office Fit Up & Maint	0		0.00%	$0.00	0
		Commissions/Sales Staff	148,500		2.21%	$4.40	5,500
		Sub-total Marketing		**154,000**	2.29%	$4.57	5,704
	Financing:						
		Subordinated Debt interest	18,000		0.27%	$0.53	667
		Construction Loan Expenses	15,000		0.22%	$0.44	556
		Construction Period Interest	165,000		2.45%	$4.89	6,111
		Sub-total Financing		**198,000**		$5.87	7,333
	Carrying Costs:						
		Property Taxes	27,720		0.41%	$0.82	1,027
		Liability Insurance	6,250		0.09%	$0.19	231
		Acq Bridge Loan--one year	9,419			$0.28	349
		Maintenance/Utilities	21,765		0.32%	$0.65	806
		Sub-total Carrying Costs		**65,154**	0.97%	$1.93	2,413
	Developer's Fees		270,000		4.01%	$8.01	10,000
	Working Capital (Owner's Association, if any)		0		0.00%	$0.00	0
	Contingency		18,920			$0.56	701
Sub-total Soft Costs			**917,259**		13.62%	$27.20	33,973
TOTAL PROJECTED COST			**$6,733,500**		100.00%	$199.64	$249,389

Middlebury Cottages~Middlebury South Village
Notes to Development Budget
Detail on Hard Cost
4/25/06

Item	Cost
Sitework	554,689
Utilities	65,550
Landscaping	40,500
Site Utility- Direct Costs	66,000
Off Site Improvements	
Bond	
Site Contingency	54,505
Shared Infrastructure	474,660
Building Construction - New	3,965,000
Building Construction - Rehabilitation	
Accessory Buildings	5,000
Furnishings, Fixtures & Equipment	40,500
FFE - Model	5,000
Construction Contingency	198,250
Construction Management	
General Conditions	
Contractor Overhead & Profit	
Bond	10,534
Builders Risk Insurance	9,913
TOTAL HARD COSTS	5,490,101

4/25/06

Middlebury Cottages~Middlebury South Village
Notes to Development Budget
Detail on Soft Costs

	Cost
Architect & Engineering - buildings	30,720
Site Planning, Civil Engineering & Prof. fees thru Permits	0
Civil Engineer	30,000
Landscape Architect	
Survey & Topo.	2,700
Archaeology	
Wildlife/Wetlands	
Environmental Site Assessment	0
Sub-total Arch & Eng.	63,420
Permit Fees:	
Labor and Industry	
Act 250	
Local zoning, planning	5,400
Local water impact & sewer	26,865
Water Supply	
Wastewater	
Health Department	
Sub-total Permits	32,265
Professional Fees:	
Legal - real estate, permits & finance	17,000
Legal - organization & sales	13,500
Accounting - organization	
Development Consultant	40,000
Project Manager	45,000
Sub-total Prof. Fees	115,500
Marketing:	
Market Study	3,500
Retainer	2,000
Model/Office Fit Up & Maint	0
Commissions/Sales Staff	148,500
Sub-total Marketing	154,000
Financing:	
Subordinated Debt interest	18,000
Construction Loan Expenses	15,000
Construction Period Interest	165,000
Sub-total Financing	198,000
Carrying Costs:	
Property Taxes	27,720
Liability Insurance	6,250
Acq Bridge Loan--one year	9,419
Maintenance/Utilities	21,765
Contingency	18,920
Sub-total Carrying Costs	84,074
Developer's Fees	270,000
Working Capital (Owner's Association, if any)	0
TOTAL SOFT COSTS	917,259

Middlebury Cottages~Middlebury South Village

Unit Sales Schedule

***ACTUAL SUBSIDY WILL BE SIZED ACCORDING TO BORROWER NEED. THIS CHART IS INTENDED ONLY TO DEMONSTRATE THE BROAD RANGE OF PRICE POINTS THAT CAN BE REACHED USING A MENU OF SUBSIDY OPTIONS.**

********FOR EXAMPLE ONLY*********

Phase	Unit Type	Square Feet	# Bdrms	#Baths	Draft Sales Price	NWWVT Subsidy	HOMELAND	VHFA Seconds	Cost Per SF	Net Sales Price
						$400,000	$210,000	$300,000		
1	A	1,064	2	1	225,000	45,000			211	180,000
1	A	1,064	2	1	225,000	45,000			211	180,000
1	A	1,064	2	1	225,000	45,000			211	180,000
1	A	1,064	2	1	225,000	45,000			211	180,000
1	A	1,064	2	1	225,000	36,000	35,000		211	154,000
1	A	1,064	2	1	225,000		35,000		211	190,000
1	A	1,064	2	1	225,000		35,000		211	190,000
1	A	1,064	2	1	225,000			46,000	211	179,000
1	A	1,064	2	1	225,000			46,000	211	179,000
1	A	1,064	2	1	225,000			46,000	211	179,000
1	A	1,064	2	1	230,000				216	230,000
1	A	1,064	2	1	230,000				216	230,000
2	A	1,064	2	1	230,000				216	230,000
2	A	1,064	2	1	230,000				216	230,000
2	A	1,064	2	1	230,000				216	230,000
2	A	1,064	2	1	230,000				216	230,000
2	A	1,064	2	1	230,000				216	230,000
2	B	1,564	2	1	230,000	46,000	35,000		147	149,000
2	B	1,564	2	1	230,000	46,000	35,000		147	149,000
2	B	1,564	2	1	230,000	46,000	35,000		147	149,000
3	B	1,564	2	1	230,000	46,000			147	184,000
3	B	1,564	2	1	230,000			46,000	147	184,000
3	B	1,564	2	1	235,000			46,000	150	189,000
3	B	1,564	2	1	235,000			46,000	150	189,000
3	B	1,564	2	1	235,000			24,000	150	211,000
3	B	1,564	2	1	235,000				150	235,000
3	B	1,564	2	1	235,000				150	235,000
		33,728	54	27	6,185,000	400,000	210,000	300,000	5,114	5,275,000

Middlebury Cottages~Middlebury South Village

Development Period Cash Flow

Cash Flow Projection

Assume closing:

	Projected Final Cost	Closing 7/15/2006	2006 August	September	October	November	December	2007 January	February	March	April	May	June	July	August	Sept	2007 4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	Total
Housing Starts					1	2	2	2	0	2	2	2	2				2	4	4	2	
Houses Sold									2	2	2	2	2	2	2		3	4	4	2	
Land	316,440	316,440																			316,440
Building (s) (if any)	0																				0
Demolition	0																				0
Appraisal	3,200	3,200																			3,200
Legal- Title & Recording	6,500	6,500																			6,500
Other	0																				0
Transfer Tax	0																				0
																					0
Sitework	554,689		50,000	150,000	150,000	130,000	20,000												30,000	24,689	554,689
Utilities	65,550				65,550																65,550
Landscaping	40,500											30,375						10,125			40,500
Site Utility- Direct Costs	66,000	66,000																			66,000
Shared Infrastructure	474,660	118,665	118,665	118,665	118,665																474,660
Bond	0																				0
Site Contingency	54,505												54,505								54,505
																					0
Building Construction - New	3,965,000		8,100	16,200	16,200	146,852	244,753	293,704	195,802	195,802	195,802	293,704	293,704	195,802	97,901		293,704	587,407	587,407	302,155	3,964,899
Building Construction - Rehabilitation	0																				0
Accessory Buildings	5,000											5,000									5,000
Furnishings, Fixtures & Equipment	40,500									13,500						13,500		13,500	0		40,500
FFE - Model	5,000											5,000									5,000
Construction Contingency	198,250			10,000	10,000	20,000		10,000	10,000	9,790		10,000	10,000	10,000		10,000	10,000	20,000	20,380	38,080	198,250
																					0
Construction Management	0																				0
General Conditions	0																				0
Contractor Overhead & Profit	0																				0
Bond	10,534	10,534																			10,534
Builders Risk Insurance	9,913	4,956													4,957						9,913
																					0
Architect & Engineering - buildings	30,720	18,720	2,000	1,000	1,000	1,000					1,000	1,000	1,000				1,000	1,000	1,000	1,000	30,720
Site Planning, Civil Engineering & Prof. fees	32,700	13,700	2,000	2,000	2,000	2,000	2,000		1,000	1,000	1,000	1,000	1,000	1,000	500	500	500	500	500	500	32,700
	0																				0
																					0
Labor and Industry	0																				0
Act 250	0																				0
Local zoning, planning	5,400	5,400																			5,400
Local water impact & sewer	26,865	13,433								13,432											26,865
Water Supply	0																				0
Wastewater	0																				0
																					0
Legal - real estate, permits & finance	17,000	11,500	1,000	4,500																	17,000
Legal - organization & sales	13,500									1,000	1,000	1,000	1,000	1,000	1,000		1,500	2,000	2,000	2,000	13,500
Accounting - organization	0																				0
Development Consultant	40,000	24,500	2,000	2,500	2,500	2,500	2,000	1,000					1,000				1,000			1,000	40,000
Project Manager	45,000	20,000	3,000	3,000	3,000	3,000	1,000	1,000	500	500	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	45,000
																					0
Market Study	3,500	3,500																			3,500
Retainer	2,000	2,000																			2,000
Model/Office Fit Up & Maint	0																				0
Commissions/Sales Staff	148,500								11,000	11,000	11,000	11,000	11,000	11,000	11,000		16,500	22,000	22,000	11,000	148,500
																					0
Subordinated Debt interest	18,000		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	18,000
Construction Loan Expenses	15,000				15,000																15,000
Construction Period Interest	165,000			2,938	4,821	7,308	8,699	10,396	13,595	12,225	11,023	9,640	9,172	8,802	7,335	8,802	5,408	9,362	5,151	231	134,908
	0																				0
																					0
Property Taxes	27,720				9,240						9,240							9,240			27,720
Liability Insurance	6,250				3,125													3,125			6,250
Acq Bridge Loan—one year	9,419	9,419																			9,419
Maintenance/Utilities	21,765					1,500	1,500	1,500	1,500	1,500	1,500	1,000	1,250	1,250	1,250	1,250	1,750	1,750	1,750	1,515	21,765
																					0
Developers Fee	270,000								10,000	10,000	10,000	10,000	10,000	10,000	10,000		15,000	20,000	20,000	45,000	170,000
Homeownership Services	0																				0
																					0
Working Capital (Owner's Association, if any	0																				0
																					0
Contingency	18,920				9,460													9,460			18,920
Total Uses of Funds	6,733,500	648,467	187,765	311,803	411,561	315,160	280,952	318,600	244,397	270,749	243,565	380,719	395,631	240,854	135,943	36,052	348,362	711,469	692 188	429,170	6,603,407

			Closing			2006				2004				2004							2005	
SOURCES OF FUNDS			7/15/2006	August	September	October	November	December	January	February	March	April	May	June	July	August	Sept	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	Total
Neighborworks Grant	135,000		50,000				85000															135,000
Project Grant	300,000																				300000	300,000
REEP	13,500										1000	1000	1000	1000	1000	1000		1500	2000	2000	2000	13,500
Def Developers fee	100,000																					0
Sales Proceeds from Unit	6,185,000			0	0	0	0	0	0													0
Total	6,733,500																					0
Surplus/Gap	0																					
Sales Proceeds	Unit #																					0
	1	225,000								225,000												225,000
	2	225,000								225,000												225,000
	3	225,000									225,000											225,000
	4	225,000									225,000											225,000
	5	225,000										225,000										225,000
	6	225,000										225,000										225,000
	7	225,000											225,000									225,000
	8	225,000											225,000									225,000
	9	225,000												225,000								225,000
	10	225,000												225,000								225,000
	11	230,000													230,000							230,000
	12	230,000													230,000							230,000
	13	230,000														230,000						230,000
	14	230,000														230,000						230,000
	15	230,000																230,000				230,000
	16	230,000																230,000				230,000
	17	230,000																230,000				230,000
	18	230,000																	230,000			230,000
	19	230,000																	230,000			230,000
	20	230,000																	230,000			230,000
	21	230,000																	230,000			230,000
	22	230,000																		230,000		230,000
	23	235,000																		235,000		235,000
	24	235,000																		235,000		235,000
	25	235,000																		235,000		235,000
	26	235,000																			235,000	235,000
	27	235,000																			235,000	235,000
																						0
																						0
																						0
Total Sources			50,000	0	0	0	85,000	0	0	450,000	451,000	451,000	451,000	451,000	461,000	461,000	0	691,500	922,000	937,000	772,000	6,633,500
Total Uses of Funds			648,467	187,765	311,803	411,561	315,160	280,952	318,600	244,397	270,749	243,565	380,719	395,631	240,854	135,943	36,052	348,362	711,469	692,188	429,170	6,803,407
Other Pay off RNA loan																					300,000	300,000
Uses																						0
of Funds					0	0	0															0
Cash Flow			-598,467	-187,765	-311,803	-411,561	-230,160	-280,952	-318,600	205,603	180,251	207,435	70,281	55,369	220,146	325,057	-36,052	343,138	210,531	244,812	42,830	-269,907
		aggregate																				
Loan Draw				187,765	311,803	411,561	230,160	280,952	318,600	0	0	0	0	0	0	0	36,052	0	0	0	0	
Loan Reduction				0	0	0	0	0	0	205,603	180,251	207,435	70,281	55,369	220,146	325,057	0	343,138	210,531	244,812	42,830	
Loan Balance			598,467	786,232	1,098,035	1,509,596	1,739,756	2,020,708	2,339,308	2,133,705	1,953,454	1,748,019	1,675,738	1,620,369	1,400,223	1,075,166	1,111,218	768,080	557,549	312,737	269,907	
Interest at 7.50%				4,914	6,863	9,435	10,873	12,629	14,621	13,336	12,209	10,913	10,473	10,127	8,751	6,720	6,945	4,801	3,485	1,955	1,687	150,736

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Dave Adams/Liza Vedder Plantilla LVP

DATE: April 25, 2006

RE: **The Cottages at Middlebury South Village – Second Mortgage Pool Including request to allocate $300,000 from Singlefamily Excess Yield**

See Revised Version dated 4/28/06.

Board Action Requested:
In conjunction with the request for approval of the single family construction loan, the Board is asked to confirm the proposed use of the $700,000 grant to The Cottages that is being generated from tax credit equity from "The Townhouses" rental project at Middlebury South Village. Additionally, approval is requested to allocate $300,000 of the single family excess yield proceeds to fund zero-percent, deferred second mortgages to VHFA homebuyers at The Cottages. This will be conditioned on the borrower ensuring an application is made by the Addison County Community Trust to VHCB for at least six (6) HOMELAND grants to be used at The Cottages.

Background:
As noted in the accompanying memo from Liza, $300,000 of the $700,000 tax credit equity grant funds will be used to cover construction costs. These funds were initially intended to be used solely to provide second mortgages to homebuyers of the Cottage Units. Staff propose that we use $300,000 of the single family excess yield proceeds be used to bring the second mortgage funds back up to the $700,000 level.

The $700,000 in second mortgages is intended to provide subsidy to approximately 14 of the 27 units in the project, and will allow families with incomes at or below 110% of median income to purchase homes in this development. A spreadsheet is attached to demonstrate the amount of subsidy needed at various household incomes to purchase a home in the development at the proposed purchase prices.

__**VHFA Funded Second Mortgage ($300,000)**__

Limitations and Restrictions for use of VHFA Zero Percent Single family excess yield funds:

1) Single family excess yield funds can only be used for VHFA eligible homebuyers and must meet all requirements imposed by mortgage revenue bond rules and regulations.
2) All second mortgage loans made from Single family excess yield proceeds must be repaid.

mailing address P.O. Box 408, Burlington, VT 05402-0408 **delivery address** 164 Saint Paul St., Burlington, VT 05401-4364
phone (802) 864-5743 **fax** (802) 864-5746 **www.vhfa.org**

3) The Agency must utilize the entire excess yield proceeds within 42 months from the original date of issue of the Series 23 bonds. The Middlebury project is therefore timely.
4) Proceeds from single family excess yield are bond proceeds and therefore must be repaid to bondholders. Recycling these proceeds to subsequent homebuyers is therefore very limited.

Additional limitations to be imposed by the Agency:

1) Second mortgages created from the single family excess yield proceeds shall only be used in conjunction with a VHFA first mortgage.
2) All second mortgages must be repaid to VHFA at time of sale or refinancing of the property and in no event later than the maturity of the VHFA first mortgage.
3) VHFA second mortgages will be zero-percent, with deferred payments.
4) Shared equity or right of first refusal will not be required with the VHFA second mortgages.
5) Staff recommends that only households with incomes at or below 110% of median income are eligible for a VHFA second mortgage.
6) Staff is not recommending that the VHFA second mortgage be used in conjunction with HOMELAND funds in light of the repayment requirements of the second mortgage.

<u>LIHTC Equity Second Mortgage ($400,000)</u>

NeighborWorks of Western Vermont (NWWVT) shall administer the second mortgage program. While marketing the project, they will calculate subsidies needed for each prospective household and shall size the second mortgage and any other subsidy so as not to be excessive. They will balance the need for reaching the lower income households who need deeper subsidy, with the need to provide more affordable units but with less subsidy. The developer will aim to provide enough subsidy so as to eliminate the need for Private Mortgage Insurance. The most notable components of the second mortgage program will include a right of first refusal and shared equity.

Shared Equity Provisions:
NWWVT has proposed the following shared equity structure in connection with second mortgages made from the equity grant. All loans are repayable at time of sale, refinance or co-terminus with the term of the first mortgage. Repayment will include the principal amount of the second mortgage plus the amount of shared appreciation. The share amount will be 2.5 times the portion of the purchase price that the second mortgage paid for. For example, if the shared equity mortgage is equal to 20% of the purchase price, NWWVT will receive 50% (2.5 x 20%) of the appreciation.

Staff will continue to work with NWWVT to refine the proposal, specifically regarding income targeting and the approach for sizing the subsidy amounts along with finalizing the shared equity provisions.

Middlebury South Village - Single Family Cottage Units

Analysis of subsidy required by household income

VHFA Purchase Price Limits Addison County (new construction)	$274,000
VHFA Income Limits for Addison Count (3 or more persons)	$ 72,500

Affordability calculations assume a 30-year fixed rate mortgage at 6%, with a provision for taxes, insurance and homeowner fees at $440/month.

	3 person hh	Subsidy required at the following prices for a 3 person household	
100% median income	56,800	$225,000	$230,000
80% MI	45,440		
maximum P&I payment	$810		
maximum mortgage amount	**$135,034**	$89,966	$94,966
90 % MI	51,120		
maximum P&I payment	966		
maximum mortgage amount	**$161,087**	$63,913	$68,913
100 % MI	56,800		
maximum P&I payment	1,122		
maximum mortgage amount	**$187,140**	$37,860	$42,860
110 % MI	62,480		
maximum P&I payment	1,278		
maximum mortgage amount	**$213,193**	$11,807	$16,807
115 % MI	65,320		
maximum P&I payment	1,356		
maximum mortgage amount	**$226,219**	-$1,219	$3,781
120 % MI	68,160		
maximum P&I payment	1,434		
maximum mortgage amount	**$239,246**	-$14,246	-$9,246

RESOLUTION RE: SINGLE FAMILY CONSTRUCTION FINANCING AND SECOND MORTGAGE LOAN PROGRAM FOR THE COTTAGES AT SOUTH VILLAGE, MIDDLEBURY

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

WHEREAS, an application has been submitted to the Agency by NeighborWorks of Western Vermont (the "Borrower") involving the construction of twenty-seven (27) detached for sale single family homes in the Town of Middlebury (the "Development"); and

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

WHEREAS, the Borrower has submitted a proposal to use a $700,000 grant of tax credit equity from owner of the Middlebury South Villages Townhouses (the "Equity Grant") for construction of the Development and a second mortgage loan program for homebuyers in the Development; and

WHEREAS, Agency staff is requesting that $300,000 of Single Family Excess Yield be used for a second mortgage loan program; and

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

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Liza Vedder Plantilla dated April 25, 2006 containing information and recommendations about the construction financing for the Development (the "Loan Memorandum") and a memorandum from Dave Adams and Liza Vedder Plantilla dated April 25, 2006 containing information and recommendations about two second mortgage loan programs (the "Second Mortgage Memorandum");

THEREFORE, it is hereby DETERMINED:

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

2. The acquisition and construction costs to be incurred by the 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 or moderate income are able to afford within the general housing market area to be served by the proposed Development or there is a shortage of temporary transitional or emergency housing to be served by the proposed residential housing and that private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for occupancy by the persons or families.

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

5. The security value of the Development will equal at least the amount of the Agency's loan.

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

7. More than one-half of each of (a) the total floor area and (b) the total development cost of the Development will be allocated to dwelling units for persons and families of low and moderate income.

WHEREFORE, it is hereby RESOLVED:

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

2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the construction financing of the Development based on the recommendations in the attached Loan Memorandum. The Commitment Letter shall be conditioned on the satisfaction by the Borrower of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

2. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Single Family Construction Loan Program guidelines.

3. The Executive Director or her designees, may, at his or discretion, approve the proposed use of the Equity Grant for both construction costs and a second mortgage loan program based on the recommendations and conditions described in the Second Mortgage Memorandum .

4. The Executive Director or her designees may, at his or her discretion, dedicate up to $300,000 of Single Family Excess Yield funds to fund a second mortgage loan program for the Development based on the recommendations and conditions described in the Second Mortgage Memorandum.

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Dave Adams/Liza Vedder Plantilla

DATE: April 28, 2006

RE: **The Cottages at Middlebury South Village – Second Mortgage Pool Including request to allocate $300,000 from Single Family Excess Yield**

Board Action Requested:
In conjunction with the request for approval of the single family construction loan, the Board is asked to confirm the proposed use of the $700,000 grant to The Cottages that is being generated from tax credit equity from "The Townhouses" rental project at Middlebury South Village. Additionally, approval is requested to allocate $300,000 of the single family excess yield proceeds to fund zero-percent, deferred second mortgages to VHFA homebuyers at The Cottages. This will be conditioned on the borrower ensuring an application is made by the Addison County Community Trust to VHCB for at least six (6) HOMELAND grants to be used at The Cottages.

Background:
As noted in the accompanying memo from Liza, $300,000 of the $700,000 tax credit equity grant funds will be used to cover construction costs. These funds were initially intended to be used solely to provide second mortgages to homebuyers of the Cottage Units. Staff propose that we use $300,000 of the single family excess yield proceeds be used to bring the second mortgage funds back up to the $700,000 level.

The $700,000 in second mortgages is intended to provide subsidy to approximately 14 of the 27 units in the project, and will allow families at or below VHFA's income limits to purchase homes in this development. A spreadsheet is attached that shows the maximum mortgage amounts by family size, assuming no outside debt. The difference between the mortgage amounts and the proposed purchase prices will be the approximate amount of subsidy needed.

<u>**VHFA Funded Second Mortgage ($300,000)**</u>

Limitations and Restrictions for use of VHFA Zero Percent Single family excess yield funds:

1) Single family excess yield funds can only be used for VHFA eligible homebuyers and must meet all requirements imposed by mortgage revenue bond rules and regulations.
2) All second mortgage loans made from Single family excess yield proceeds must be repaid.

3) The Agency must utilize the entire excess yield proceeds within 42 months from the original date of issue of the Series 23 bonds. The Middlebury project is therefore timely.
4) Proceeds from single family excess yield are bond proceeds and therefore must be repaid to bondholders. Recycling these proceeds to subsequent homebuyers is therefore very limited.

Additional limitations to be imposed by the Agency:

1) Second mortgages created from the single family excess yield proceeds shall only be used in conjunction with a VHFA first mortgage and are subject to review and approval by the Homeownership department.
2) All second mortgages must be repaid to VHFA at time of sale or refinancing of the property and in no event later than the maturity of the VHFA first mortgage.
3) VHFA second mortgages will be zero-percent, with deferred payments.
4) Shared equity or right of first refusal will not be required with the VHFA second mortgages.
5) Staff recommends that only households with incomes at or below the VHFA income limits are eligible for a VHFA second mortgage.
6) Staff is not recommending that the VHFA second mortgage be used in conjunction with HOMELAND funds in light of the repayment requirements of the second mortgage.

<u>LIHTC Equity Second Mortgage ($400,000)</u>

NeighborWorks of Western Vermont (NWWVT) shall administer the second mortgage program. While marketing the project, they will calculate subsidies needed for each prospective household and shall size the second mortgage and any other subsidy so as not to be excessive. They will balance the need for reaching the lower income households who need deeper subsidy, with the need to provide more affordable units but with less subsidy. The developer will aim to provide enough subsidy so as to eliminate the need for Private Mortgage Insurance. The most notable components of the second mortgage program will include a right of first refusal and shared equity.

Shared Equity Provisions:
NWWVT has proposed the following shared equity structure in connection with second mortgages made from the equity grant. All loans are repayable at time of sale, refinance or co-terminus with the term of the first mortgage. Repayment will include the principal amount of the second mortgage plus the amount of shared appreciation. The share amount will be 2.5 times the portion of the purchase price that the second mortgage paid for. For example, if the shared equity mortgage is equal to 20% of the purchase price, NWWVT will receive 50% (2.5 x 20%) of the appreciation.

Staff will continue to work with NWWVT to refine the proposal, specifically regarding income targeting and the approach for sizing the subsidy amounts along with finalizing the shared equity provisions.

Middlebury
Addison

VHFA Income Limit	**$63,100**	**$63,100**	**$72,500**	**$72,500**
	1 person hh	2 person hh	3 person hh	4 person hh
100% median income	44,200	50,500	56,800	63,100
50% MI	22,100	25,250	28,400	31,550
maximum P&I payment	168	254	341	428
maximum mortgage amount	**$27,979**	**$42,428**	**$56,876**	**$71,324**
80% MI	35,360	40,400	45,440	50,480
maximum P&I payment	532	671	810	948
maximum mortgage amount	**$88,800**	**$111,917**	**$135,034**	**$158,152**
90 % MI	39,780	45,450	51,120	56,790
maximum P&I payment	654	810	966	1,122
maximum mortgage amount	**$109,073**	**$135,080**	**$161,087**	**$187,094**
100 % MI	44,200	50,500	56,800	63,100
maximum P&I payment	776	949	1,122	1,295
maximum mortgage amount	**$129,347**	**$158,244**	**$187,140**	**$216,037**
110 % MI	48,620	55,550	62,480	69,410
maximum P&I payment	897	1,088	1,278	1,469
maximum mortgage amount	**$149,620**	**$181,407**	**$213,193**	**$244,979**
115 % MI	50,830	58,075	65,320	72,565
maximum P&I payment	958	1,157	1,356	1,556
maximum mortgage amount	**$159,757**	**$192,988**	**$226,219**	**$259,451**
120 % MI	53,040	60,600	68,160	75,720
maximum P&I payment	1,019	1,227	1,434	1,642
maximum mortgage amount	**$169,894**	**$204,570**	**$239,246**	**$273,922**
125% MI	55,250	63,125	71,000	78,875
maximum P&I payment	1,079	1,296	1,513	1,729
maximum mortgage amount	**$180,031**	**$216,152**	**$252,272**	**$288,393**
128% MI	56,576	64,640	$72,500	$80,768
maximum P&I payment	1,116	1,338	1,554	1,781
maximum mortgage amount	**$186,113**	**$223,100**	**$259,152**	**$297,076**
130% MI	57,460	65,650	73,840	82,030
maximum P&I payment	1,140	1,365	1,591	1,816
maximum mortgage amount	**$190,167**	**$227,733**	**$265,299**	**$302,864**
140% MI	61,880	70,700	79,520	88,340
maximum P&I payment	1,262	1,504	1,747	1,989
maximum mortgage amount	**$210,441**	**$250,896**	**$291,352**	**$331,807**
143% of MI	$63,100	$72,215	$81,224	$90,233
maximum P&I payment	1,295	1,546	1,794	2,041
maximum mortgage amount	**$216,037**	**$257,845**	**$299,167**	**$340,490**
150% MI	66,300	75,750	85,200	94,650
maximum P&I payment	1,383	1,643	1,903	2,163
maximum mortgage amount	**$230,715**	**$274,059**	**$317,404**	**$360,749**

RESOLUTION RE: SINGLE FAMILY CONSTRUCTION FINANCING AND SECOND MORTGAGE LOAN PROGRAM FOR THE COTTAGES AT SOUTH VILLAGE, MIDDLEBURY

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

WHEREAS, an application has been submitted to the Agency by NeighborWorks of Western Vermont (the "Borrower") involving the construction of twenty-seven (27) detached for sale single family homes in the Town of Middlebury (the "Development"); and

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

WHEREAS, the Borrower has submitted a proposal to use a $700,000 grant of tax credit equity from owner of the Middlebury South Villages Townhouses (the "Equity Grant") for construction of the Development and a second mortgage loan program for homebuyers in the Development; and

WHEREAS, Agency staff is requesting that $300,000 of Single Family Excess Yield be used for a second mortgage loan program; and

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

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Liza Vedder Plantilla dated April 25, 2006 containing information and recommendations about the construction financing for the Development (the "Loan Memorandum") and a memorandum from Dave Adams and Liza Vedder Plantilla dated April 28, 2006 containing information and recommendations about two second mortgage loan programs (the "Second Mortgage Memorandum");

THEREFORE, it is hereby DETERMINED:

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

2. The acquisition and construction costs to be incurred by the 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 or moderate income are able to afford within the general housing market area to be served by the proposed Development or there is a shortage of temporary transitional or emergency housing to be served by the proposed residential housing and that private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for occupancy by the persons or families.

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

5. The security value of the Development will equal at least the amount of the Agency's loan.

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

7. More than one-half of each of (a) the total floor area and (b) the total development cost of the Development will be allocated to dwelling units for persons and families of low and moderate income.

WHEREFORE, it is hereby RESOLVED:

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

2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the construction financing of the Development based on the recommendations in the attached Loan Memorandum. The Commitment Letter shall be conditioned on the satisfaction by the Borrower of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

2. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Single Family Construction Loan Program guidelines.

3. The Executive Director or her designees, may, at his or discretion, approve the proposed use of the Equity Grant for both construction costs and a second mortgage loan program based on the recommendations and conditions described in the Second Mortgage Memorandum .

4. The Executive Director or her designees may, at his or her discretion, dedicate up to $300,000 of Single Family Excess Yield funds to fund a second mortgage loan program for the Development based on the recommendations and conditions described in the Second Mortgage Memorandum.

Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes
by Telephone Conference
initiated at
Vermont Housing Finance Agency
164 St. Paul Street, Burlington, Vermont
Monday, May 1, 2006 at 9:30 a.m.

VHFA Board Members Present:
Lisa Mitiguy Randall – Chair, Robert Alberts, Paul Beaulieu, Thomas Candon (designee for Crowley), Dagyne Canney, Kevin Dorn, Bart Frisbie, Beth Pearce (designee for Spaulding), Gus Seelig

Staff: Dave Adams, Sarah Carpenter, Maura Collins, Renee Couture, Elizabeth Mullikin Drake, Joe Erdelyi, John Fairbanks, Gary Marini, Liza Plantilla

Guests: Ludy Biddle (NeighborWorks of Western Vermont), Kathy Beyer (Capital Ideas)

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

BOARD MINUTES
Mr. Beaulieu made a motion to approve the April 3, 2006 Board of Commissioners meeting minutes. Mr. Alberts seconded the motion which was approved by all except Mr. Candon who abstained.

CONSENT AGENDA
Mr. Seelig made a motion to approve the items on the Consent Agenda (restated here):
- ~ "Resolution Re: TD Banknorth, N.A. Working Capital Line of Credit Borrowing"
- ~ [Resolution] "Regarding KeyBank Borrowings"
- ~ "Resolution Re: Allocation of 2006 Private Activity Bond Volume Cap"

Mr. Candon seconded the motion which was unanimously approved.

DEVELOPMENT
The Cottages, Middlebury South Village – Second Mortgage Pool and Construction Loan
Ms. Biddle and Ms. Beyer were present to discuss this project. Mr. Adams reviewed his memo (the version emailed to the Board on April 28, 2006 supersedes the version included in the Board packet) regarding the $700,000 second mortgage pool, including $300,000 of single family excess yield, to be used to provide subsidies to buyers of approximately 14 of the 27 for-sale single family homes known as The Cottages, in Middlebury South Village (a multi-use development that includes 30 units of rental housing, 57 for-sale homes, and 45,500 square feet

of commercial space in four buildings). Mr. Adams pointed out that as part of the Board's consideration of providing a construction loan, the Board would be acknowledging the use of the $700,000 tax credit equity grant given to The Cottages by Housing Vermont from the rental component of Middlebury South Village, known as Village Housing. It was noted that construction costs for The Cottages came in $400,000 over what was planned. This gap will be filled with $300,000 of the $700,000 tax credit equity grant and a $100,000 deferral of the developer's fees due NeighborWorks of Western Vermont (NWWVT).

Mr. Adams explained that the Board is being asked to approve a request for VHFA to provide $300,000 from its Single Family Excess Yield proceeds to increase the second mortgage pool back up to the originally intended $700,000 level. Any second mortgages provided from the VHFA excess yield funds would be loaned at zero percent, with payments deferred until the property was sold or refinanced; these seconds must be repaid and must also meet mortgage revenue bond regulations.

Mr. Adams also explained that, if an appraisal indicates that the market rate units can be sold at a higher price, the additional proceeds could be used to recover NWWVT's deferred developer's fees or reduce the amount of excess yield proceeds. Ms. Randall noted that the developer's fees are very low and encouraged any increase in price levels be used to help recover these fees.

Ms. Plantilla reviewed her memo regarding NWWVT's request for a construction loan to finance the construction of The Cottages. She pointed out that the final sentence of the memo should read, "Families receiving any second mortgage funds will be at or below <u>VHFA's income limits</u>."

Mr. Candon asked how construction of the homes is protected from further cost overruns. Ms. Beyer explained that NWWVT expects to sign a guaranteed maximum price construction contract with Naylor and Breen. Ms. Carpenter further explained that cost overruns would come out of increased sales prices. Ms. Beyer explained that a request for an increase in the construction loan would more likely be the result of a faster than anticipated buildup, an unlikely event given the constraints of the manufacturing plant.

Ms. Canney made a motion to approve the "Resolution Re: Single Family Construction Financing and Second Mortgage Loan Program for The Cottages at South Village, Middlebury," including the addition of the maximum loan amount of $2,530,000 (which includes a 10% increase if needed based on staff underwriting). Mr. Beaulieu seconded the motion which was unanimously approved.

LEGISLATIVE UPDATES

Ms. Carpenter explained that, despite much time and effort spent working with the legislators, the outcomes of various bills remain unknown. The legislature plans to adjourn next week.

- S.127, the bill containing changes to the VHFA Act and the increase in the Property Transfer Tax (PTT) exemption for VHFA homebuyers, is stalled in House Ways & Means. There is some reservation about dropping the threshold of units occupied by low and moderate income persons or families to 20%. In addition, it was felt that there is not enough money in the budget to accommodate the increase in PTT exemption for VHFA borrowers, so a study has been requested.

- H.858, which increases the State affordable housing tax credits, has passed Senate Economic Development, Housing & General Affairs, but still needs to go to Senate Finance. Senate leadership has informed Ms. Carpenter that they will try to get it appended to the miscellaneous tax bill.
- S.315, the Land Bank bill, has been ordered to lie.
- The New Neighborhood Initiative is likely to go nowhere, as well.
- The Growth Center bill, which would allow for more favorable agricultural mitigation for development in growth centers, will pass but won't do a lot for housing as it may benefit only a small number of communities; however, it is likely to be amended in the future.

Mr. Dorn acknowledged that the legislators have had many important issues before them and expressed disappointment that housing was not made a priority.

Ms. Carpenter explained that, under Act 75, passed last year to clarify the methodology for assessing affordable housing, there has been a dramatic reduction in assessment in some cases, upsetting the listers. VHFA staff is working with the Vermont Department of Taxes, the Vermont League of Cities and Towns and other interested parties to rectify the issue by technical interpretation.

OTHER

Ms. Carpenter announced that Mike Richardson, who wore many housing hats over the years, including, most recently, that of consultant, and, previously, first President of Housing Vermont, died on April 27th. The Agency will be commemorating his life and acknowledging this great loss with a contribution made in his name to Housing Vermont.

ADJOURNMENT

Mr. Seelig made a motion to adjourn the meeting. Mr. Candon seconded the motion and the Board unanimously approved to adjourn the meeting at 10:40 a.m.

Vermont Affordable Housing Tax Credit

Year	Project	City/Town	Sponsor(s)	Total # Units	# Tax Credit Units	Project Type	Amount Allocated
2000	Clark & Canal Street	Brattleboro	BACLT/ HVT	12	10	Acq/Rehab	58,000
	Green Mountain Seminary	Waterbury	CVCLT/HVT	16	14	Acq/Rehab	42,000
							100,000
2001	Jeffersonville Senior	Jeffersonville	LHP/HVT	22	18	New Const	100,000
	Moose River Housing	St. Johnsbury	GHT/HVT	28	28	Acq/Rehab	50,000
							150,000
2002	Creekview Housing	Vergennes	HVT/ACCAG	36	31	Acq/Rehab	80,000
	Groton Redevelopment*	Groton	HVT/GHT	18	18	Acq/Rehab	20,000
	Vernon Senior Housing**	Vernon	HVT/BACLT	24	17	New Const	50,000
							150,000
2003	Highgate Apartments***	Barre	HVT/HHI	120	74	Rehab	50,000
	Whetstone	Brattleboro	BACLT	20	17	Rehab	100,000
							150,000
2004	Highgate Apartments***	Barre	HVT/HHI	120	74	Rehab	150,000
							150,000
2005	Butterfield Senior	West Dover	BACLT	26	22	New Const	150,000
							150,000
2006	Evergreen Place	Waitsfield	CVCLT	18	18	Rehab/New	106,000
	Groton Redevelopment*	Groton	HVT/GHT	18	18	Rehab	44,000
							150,000
FY 2007*	Sadawga Springs Apts	Whitingham	BACLT	9	7	Acq/Rehab	47,000
	Vernon Senior Housing**	Vernon	BACLT/VSH/HVT	24	17	New Const	29,000
	Farrell St Senior Housing	So. Burlington	CSC	63	63	New Const	74,000
	Enosburg Falls Housing	Enosburg Falls	HVT/LCHDC	28	25	New/Rehab	125,000
	Rutland AFS	Rutland	RCCLT	13	13	Rehab/New	25,000
							300,000
FY 2008	Bradford Scattered Site	Bradford	CVCLT/HVT	32	27	Acq/Rehab	62,500
	Conant Square	Brandon	RCCLT	19	19	Acq/Rehab	32,500
	Stowe Family Housing	Stowe	LHP/HVT	28	22	New Const	55,000
	West River Valley Assisted Living	Townshend	VC/HVT	28	15	New Const	60,000
	Rutland AFS	Rutland	RCCLT	13	13	Rehab/New	31,000
	Birge Street	Brattleboro	BACLT	20	20	Rehab	53,500
	Middlebury South Village	Middlebury	HVT/ACCAG/ACCT	30	25	New Const	50,000
							344,500
		Amount Available to Allocate (from $400,000 available FY08) -->					**55,500**
	TOTALS			610			1,538,500

NOTES:

Timing of Commitments

Committed = Black

Proposed at June 2005 Board Meeting = Blue

To Be Proposed to Board July/August Meeting = Purple

* = Effective May 2006 - State Credit is now on a fiscal year, increased to $300,000 in FY07 & $400,000 in FY08.

Report Date 5/25/06

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter CR

DATE: May 30, 2006

RE: Request to Increase Construction Loan Amount: Vernon Senior Housing

Board Action Requested: That the VHFA Board of Commissioners approve, upon satisfactory completion of staff underwriting and due diligence, an increase in the construction loan amount to a total of $2,690,000.

Project Summary: Vernon Senior Housing, a new 24-unit senior building, is currently under construction. The Board approved construction and permanent financing for the development back in May of 2004. This project is a combination of HUD 202 and Housing Credits - the second such project to close in the country. Because of the added wrinkles of a complicated financing package, and the resulting time lag that occurred, the development costs increased. The sponsors are requesting that the permanent loan of $340,000 be added to the construction loan of $2,350,000 and then remain in the project when the rest of the construction loan is paid off. Increasing the construction loan by $340,000 will allow the project to meet its "50% test" (a minimum of 50% of a development must be financed with tax exempt financing in order to obtain the '4%' or 'bond' credit).

The construction loan will be paid off with a combination of tax credit equity and soft money. On a permanent basis, the increased cost is being covered by a combination of sources. There is still a gap of approximately $109,000. The sponsors are pursuing a special appropriation ('HUD Special Purpose') backed by Senator Jeffords (the project is a priority for the Senator along with the Bemis Block in Hardwick); they are also pursuing funding from a local foundation. Depending on the outcome of the appropriation they may also pursue additional funding from VHCB. In the meantime, they will pledge their development fee until all sources are committed.

Construction is going well, and the estimated completion is November 2006.

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Liza Vedder Plantilla LVP

DATE: May 30, 2006

RE: Randall Apartments-Request for Permanent and Zero Percent Financing

Name:	Randall Apartments	**Location:**	Burlington
Housing Type:	Multifamily	**Unit Type:**	Flats
Unit Count:	11 Units	**Unit Sizes:**	2 One Bedroom units @ 683 sq ft 8 Two Bedroom units @ 634-700 sq ft 1 Three Bedroom units @ 1140 sq ft
Total Cost:	$899,952	**Per S.F Acquisition &Construction Cost:**	$108
Loan Requested:	$500,000 Tax-Exempt $200,000 0% Deferred	**Sponsor:**	Burlington Housing Authority
Other Funding:	Burlington Housing Authority Equity, HOME, Reserves		

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

Project Summary: Randall Apartments is an eleven unit family project located at 323-325 St. Paul Street in Burlington, four blocks from the Church Street Downtown. The original building was built in 1900 and the addition was built in 1980. The project is owned by John M. Randall and is managed by the Burlington Housing Authority. The project is currently a Section 8 Substantial Rehabilitation project which could be converted to market units by its owner at the end of the HAP contract in 2011. BHA is buying the project as part of its King Street Neighborhood preservation initiative and will agree to perpetual Section 8 contract renewals. The Randall Apartments have been well managed and could use moderate rehab, but are fully occupied and in generally good condition. Sources include $50,000 in Equity from the Burlington Housing Authority, $500,000 Permanent loan from VHFA, a $200,000 VHFA Zero Percent loan, and $100,000 in HOME funds from the City of Burlington.

In the summer of 2005, VHFA learned that the owner of the project was looking to move this project out of his portfolio. As he could have sold this property to a private investor who would be able to convert the units to market after the HAP contracts expired in 2011, VHFA became very interested in encouraging Mr. Randall to consider selling the project to BHA. The Housing Authority has done a very good job of managing this project historically, and their ownership would ensure the perpetual affordability of the units. We ensured BHA that we would support them in their attempts to acquire the property. As the development process progressed, BHA ascertained that they would need $200,000 in Zero Percent funds in order to accomplish acquisition of the property with a sufficient amount of rehab to ensure that our thirty year loan would be well secured. As we have been anticipating this request since last fall we strongly support the use of these funds for this project. Because of the limited nature of the Zero Percent funds, we did ask BHA to explore other funding options. Due to the small size of the project, this is not a great candidate for 4% credits; the expense of syndication and the increase taxes outweigh the benefits of the credit. VHCB funds are also very limited, and as BHA had anticipated Zero Percent Funds, they did not have time to apply for a grant that would have been available in time for their June 30th closing date. While closing dates are often negotiable, in this case the seller is terminally ill, and is insistent that this business is handled by June 30th. We feel that it is appropriate to respect this, and support BHA in their acquisition as we initially represented we would. BHA has shown that it is a very strong manager and owner, and this is a particularly quality project that is a prime candidate for preservation.

30-May-06 **Randall Apartments**

Total Residential Units:	11	Increase in Income from Rental Units:	0.50%
Housing Credit Restricted Units:	11	Increase in Income from Other Sources:	3.50%
Percent Restricted:	100.00%	Increase After End of HAP	2.00%
Total Development Cost:	899,952	Expense increase:	3.50%
Total Development Cost per Unit:	81,814	Vacancy Rate:	3%
Total Development Cost Per SF:	113	Vacancy Rate After End of Hap	5%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	n/a	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	n/a		

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
VHFA	500,000	55.56%	6.75%	30	30
VHFA 0%	200,000	22.22%	0.00%	30	deferered
HOME	100,000	11.11%	6.50%	30	grant
Reserves	49,752	5.53%	N/A	N/A	
BHA Equity	50,200	5.58%	N/A	N/A	
		0.00%	N/A	N/A	
TOTAL SOURCES	899,952	100.00%			

USES

Acquisition	643,000	71.45%
Construction Hard Costs	211,000	23.45%
Soft Costs	45,952	5.11%
TOTAL USES	899,952	100%
Gap	0	

30-May-06 **Randall Apartments**

		Budget	Per Unit	Per s.f.	VHFA	VHFA 0%	HOME	Reserves	BHA Equity	TOTAL SOURCES	
					Allocation of Sources						
	ACQUISITION				500,000	200,000	100,000	49,752	50,200		
1	Land	640,000	58,182	80.26	500,000	63,000		27,000	50,000	640,000	0
2	Purchase of Building(s)		0	0.00						0	0
3	Demolition (without replacement)		0	0.00						0	0
4	Property Appraisal		0	0.00						0	0
5	Legal - Title and Recording	3,000	273	0.38		3,000				3,000	0
	Subtotal - Acquisition	643,000	58,455	80.64							643,000
	CONSTRUCTION HARD COSTS										0
6	Rehabilitation	185,000	16,818	23.20		85,000	100,000			185,000	0
7	New Building(s)		0	0.00						0	0
8	Accessory Buildings		0	0.00						0	0
9	Sitework		0	0.00						0	0
10	Commercial Space Costs (if any)		0	0.00						0	0
11	General Requirements		0	0.00						0	0
12	Contractor Overhead		0	0.00						0	0
13	Contractor Profit		0	0.00						0	0
14	Construction Contingency	18,000	1,636	2.26		15,000		3,000		18,000	0
15	Construction Management	8,000	727	1.00		8,000				8,000	0
16	Construction Bond Fee		0	0.00						0	0
17	Hazardous Materials Abatement		0	0.00						0	0
18	Off-Site Improvements		0	0.00						0	0
19	Furnishings, Fixtures, & Equipment		0	0.00						0	0
20	Other (__________________)		0	0.00						0	0
	Subtotal - Hard Costs	211,000	19,182	26.46							211,000
	SOFT COSTS										0
21	Architectural		0	0.00						0	0
22	Engineering		0	0.00						0	0
23	Legal/Accounting	6,000	545	0.75		6,000				6,000	0
24	Relocation		0	0.00						0	0
25	Environmental Assessment		0	0.00						0	0
26	Energy Assessment		0	0.00						0	0
27	Permits/Fees	2,000	182	0.25		2,000		0		2,000	0
28	Independent Market Study		0	0.00						0	0
29	Construction Period Insurance		0	0.00						0	0
30	Construction Interest		0	0.00						0	0
31	Construction Loan Origination Fee	7,500	682	0.94		7,500				7,500	0
32	Taxes During Construction	8,200	745	1.03		8,000			200	8,200	0
33	Clerk of the Works		0	0.00						0	0
34	Marketing		0	0.00						0	0
35	Tax Credit Fees		0	0.00						0	0
36	Soft Cost Contingency		0	0.00						0	0
37	Permanent Loan Origination Fee		0	0.00						0	0
38	Lender's Counsel's Fee	2,500	227	0.31		2,500				2,500	0
39	Other (______________)		0	0.00						0	0
	SYNDICATION COSTS										0
40	Organizational (Partnership)		0	0.00						0	0
41	Bridge Loan Fees and Expenses		0	0.00						0	0
42	Syndication Consultant		0	0.00						0	0
43	Tax Opinion		0	0.00						0	0
	DEVELOPER'S FEES										0
44	Developer's Fees		0	0.00						0	0
45	Other Partnership Fees		0	0.00						0	0
46	Consultant Fees		0	0.00						0	0
	RESERVES										0
47	Working Capital	8,000	727	1.00				8,000		8,000	0
48	Rent-up (Deficit Escrow) Reserve		0	0.00						0	0
49	Other Operating Reserves		0	0.00						0	0
50	Sinking Fund		0	0.00						0	0
51	Replacement Reserves	11,752	1,068	1.47				11,752		11,752	0
	Subtotal - Soft Costs	45,952	4,177	5.76							45,952
	TOTAL DEVELOPMENT COSTS	899,952	81,814	113	500,000	200,000	100,000	49,752	50,200	899,952	0

30-May-06 **Randall Apartments**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
1 Br		683	2	669	0	16,056
2 Br		634	2	773	0	18,552
2 Br		700	3	767	0	27,612
2 Br		700	3	784	0	28,224
3 Br		1,140	1	857	0	10,284
	Totals	7,974	11			100,728

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br			0	0	0	0
1 Br			0	0	0	0
2 Br			0	0	0	0
3 Br			0	0	0	0
4+ Br			0	0	0	0
	Totals	0	0			0
All Units						
	Grand Totals	7,974	11			100,728
	Less Vacancy		3.00%			(3,022)
					NET RENT	97,706

OTHER INCOME

Laundry	1,100
Parking	0
Commercial Space Income	
Other	
TOTAL INCOME	98,806

30-May-06 **Randall Apartments**

	Check all Applicable									A					B: OCCUPIED BY: Income level of residents to be served:						C: AFFORDABLE TO: Units affordable to residents at:					
Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+
1	1			1						1	683	669	0	669								x				
1	2			1						1	683	669	0	669								x				
1	3			1						3	1,140	857	0	857								x				
1	4			1						2	634	784	0	784								x				
1	5			1						2	634	770	0	770				x								
1	6			1						2	700	767	0	767				x								
1	7			1						2	700	775	0	775				x								
1	8			1						2	700	767	0	767				x								
1	9			1						2	700	784	0	784				x								
1	10			1						2	700	767	0	767				x								
1	11			1						2	700	784	0	784				x								
													0	0												
													0	0												
													0	0												
													0	0												
Total # Units	**11**	**0**	**0**	**11**	**0**	**0**	**0**	**0**	**0**	**Totals:**	7,974	8,393		**Total # Units:**	0	0	0	0	0	0	0	0	0	0	0	0

30-May-06 **Randall Apartments**

	Annual	Monthly	Per Unit Per Month
Administration			
Management Fee	14,000	1,167	106
Supportive Services		0	0
Audit/Accounting		0	0
Legal		0	0
Compliance Monitoring		0	0
Marketing		0	0
Other		0	0
TOTAL ADMINISTRATIVE	14,000	1,167	106
Utilities			
Electricity	9,000	750	68
Fuel		0	0
Water and Sewer		0	0
Fire Alarm / Emergency		0	0
Other		0	0
TOTAL UTILITIES	9,000	750	68
Maintenance			
Maintenance / Janitor Payroll	13,000	1,083	98
Janitor Supplies		0	0
Exterminating		0	0
Trash Removal		0	0
Snow Removal		0	0
Grounds		0	0
Repairs Material		0	0
Repairs Contract		0	0
HVAC Repairs / Maintenance		0	0
Elevator Contract / Repairs		0	0
Painting and Decorating		0	0
Other		0	0
TOTAL MAINTENANCE	13,000	1,083	98
Real Estate Taxes		0	0
Property Insurance	4,000	333	30
Replacement Reserves	8,200	683	62
Primary Debt Service		0	0
Other "must pay" debt service		0	0
Other	0	0	0
Total	48,200	4,017	365

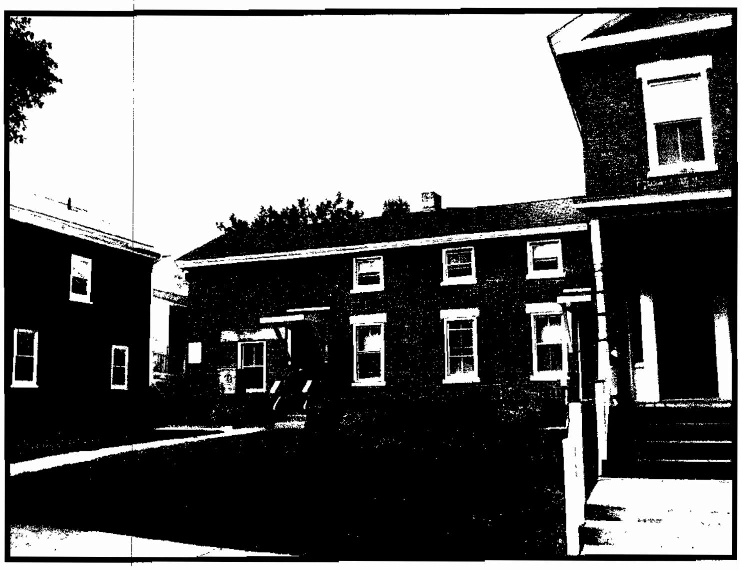
30-May-06

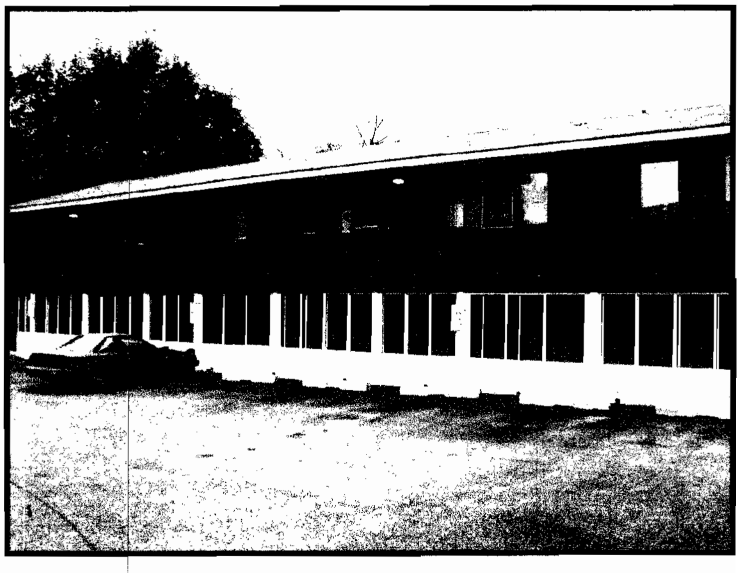
Randall Apartments

	Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating Income																	
Gross Rent		100,728	101,232	101,738	102,246	102,758	103,272	105,337	107,444	109,593	111,784	114,020	116,300	118,627	120,999	123,419	125,887
Other Income		1,100	1,139	1,178	1,220	1,262	1,306	1,352	1,400	1,448	1,499	1,552	1,606	1,662	1,720	1,781	1,843
Vacancy and other losses		(3,022)	(3,037)	(3,052)	(3,067)	(3,083)	(3,098)	(5,267)	(5,372)	(5,480)	(5,589)	(5,701)	(5,815)	(5,931)	(6,050)	(6,171)	(6,294)
Total Operating Income		98,806	99,333	99,864	100,399	100,937	101,480	101,422	103,471	105,561	107,694	109,871	112,091	114,357	116,669	119,029	121,436
Operating Expenses																	
Total Expenses (excl. Reserves)		40,000	41,400	42,849	44,349	45,901	47,507	49,170	50,891	52,672	54,516	56,424	58,399	60,443	62,558	64,748	67,014
Reserves		8,200	8,241	8,282	8,324	8,365	8,407	8,449	8,491	8,534	8,576	8,619	8,662	8,706	8,749	8,793	8,837
Total Operating Expense		48,200	49,641	51,131	52,672	54,266	55,915	57,619	59,383	61,206	63,092	65,043	67,061	69,149	71,308	73,541	75,851
Net Operating Income		50,606	49,692	48,733	47,726	46,671	45,565	43,803	44,088	44,355	44,602	44,827	45,030	45,209	45,362	45,488	45,585
Less Primary Debt Service		38,916	38,916	38,916	38,916	38,916	38,916	38,916	38,916	38,916	38,916	38,916	38,916	38,916	38,916	38,916	38,916
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		11,690	10,776	9,817	8,810	7,755	6,649	4,887	5,173	5,439	5,686	5,912	6,114	6,293	6,446	6,572	6,669
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		11,690	10,776	9,817	8,810	7,755	6,649	4,887	5,173	5,439	5,686	5,912	6,114	6,293	6,446	6,572	6,669
DCR		130.04%	127.69%	125.23%	122.64%	119.93%	117.09%	112.56%	113.29%	113.98%	114.61%	115.19%	115.71%	116.17%	116.56%	116.89%	117.14%
Cumulative Cash Flow																	
Beginning Balance		8,000	19,807	31,195	41,832	51,656	60,599	68,593	74,950	81,725	88,908	96,486	104,445	112,771	121,445	130,449	139,761
Deposits		11,690	10,776	9,817	8,810	7,755	6,649	4,887	5,173	5,439	5,686	5,912	6,114	6,293	6,446	6,572	6,669
Interest	2.0%	117	612	820	1,013	1,188	1,345	1,470	1,602	1,743	1,892	2,048	2,211	2,381	2,558	2,740	2,929
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		19,807	31,195	41,832	51,656	60,599	68,593	74,950	81,725	88,908	96,486	104,445	112,771	121,445	130,449	139,761	149,359
Cumulative Replacement Reserves																	
Beginning Balance		11,752	11,952	20,394	28,963	37,660	46,485	55,441	57,529	61,481	60,715	58,984	63,780	65,166	70,611	75,154	67,786
Deposits		8,200	8,241	8,282	8,324	8,365	8,407	8,449	8,491	8,534	8,576	8,619	8,662	8,706	8,749	8,793	8,837
Interest	2.0%	200	202	287	373	460	549	639	660	700	693	676	724	739	794	839	766
Withdrawals			0	0	0	0	0	(7,000)	(5,200)	(10,000)	(11,000)	(4,500)	(8,000)	(4,000)	(5,000)	(17,000)	(15,000)
Ending Balance		11,952	20,394	28,963	37,660	46,485	55,441	57,529	61,481	60,715	58,984	63,780	65,166	70,611	75,154	67,786	62,390

form revision date: 2/27/97

RANDALL APARTMENTS
St. Paul Street
Burlington





VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: PERMANENT FINANCING FOR RANDALL APARTMENTS, BURLINGTON

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

WHEREAS, an application has been submitted to the Agency by Burlington Housing Authority (the "Borrower") involving the permanent financing of one (1) building containing a total of eleven (11) units of rental housing in the City of Burlington (the "Development"); and

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

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

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Liza Vedder Plantilla dated May 30, 2006, containing information and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

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

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

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

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

5. The security value of the Development will equal at least the amount of the Agency's loan.

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

WHEREFORE, it is hereby RESOLVED:

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

2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a new mortgage loan to the Borrower for the permanent financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter shall be conditioned on the satisfaction by the Borrower of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director is hereby authorized to commit a loan in an amount up to \$200,000 to the Borrower to be funded with multifamily excess yield zero percent pool funds.

4. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter CR

DATE: May 30, 2006

RE: Request for Increase in Federal (9%) Credits, State Affordable Housing Tax Credits, and Construction Financing: West River Valley Housing, Townshend

Recommendation: Staff recommends that the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board 1) authorize the Executive Director to issue a Letter of Interest and/or a Commitment Letter to finance this property upon satisfactory completion of staff underwriting and due diligence; and 2) authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

Project Summary: In June of 2005 the Board approved $430,000 in ceiling ('9%') Housing Credits for the West River Valley Housing development in Townshend. The project is being developed by Valley Cares (a 501(c)3 organization affiliated with Otis Health Care Center) and Housing Vermont (HVT) and consists of 28 units of licensed assisted living and 24 units of independent senior housing with supportive services all on one parcel (close to Grace Cottage Hospital, a community hospital which operates under the umbrella of Otis Health Care Center). Since being presented to the Board last June, the project has further evolved and the sponsors are requesting additional resources.

As with most projects we are seeing, costs have increased (both labor and material) and due to the complexities of the HUD 202 program, the independent senior building needs to be financed separately from the assisted living building. In one year the total cost has increased by approximately $1.1 million (a 12.8% increase), and is broken down roughly as follows: construction costs have increased (part due to an expanded scope of work, part due to the market) by $720,000; a wood pellet heating plant has been added (offset by $100,000 Department of Public Service funding); higher permit cost $12,000; architectural and engineering fees $189,000; construction loan interest $73,000; and operating reserve/working capital $122,000. The sponsors are covering the increase in the budget with funding from: Department of Public Service; Department of Aging & Independent Living; private grants; and equity from Housing Credits, a request for which is detailed below.

The sponsors are requesting from VHFA:

(1) An increase in the Federal Credit in the amount of $43,000 (a 10% increase) to bring the total award to $473,000. Some of the credit will be allocated to the assisted living building and some to the independent living building. The project meets the Allocation Plan as one project, or as two projects, since the assisted living meets the special needs definition, and the independent living's HUD 202 commitment leverages both new rental assistance and other subsidies (capital).

(2) A commitment of $60,000 in State Affordable Housing Tax Credits for the assisted living building. The State Credit was recently increased by the Legislature to $300,000 in FY07 and $400,000 in FY08, so there is credit to fund this request (see Vermont Affordable Housing Tax Credit Report also in this Board packet).

(3) A construction loan (a taxable bond) of $2,300,000 for the independent living building (see attached budget). This is the HUD 202 financed building, and the tax credit equity and other soft money will take out the VHFA construction loan at completion.

Other updates:
The Federal Home Loan Bank Affordable Housing Program (AHP) funding decision will be made in late June, and if approved the project will then be fully funded (assuming VHFA Board approval of the requests in this memo). Act 250 permit approval is anticipated in August. DEW is the Construction Management firm. The project has gone out to bid to subcontractors and DEW has calculated the final construction numbers with a guaranteed maximum price. The sponsors are working with DEW and the subcontractors to cut 1% from the price. The budgets attached assume the 1% cut. The sponsors plan to commence construction in September, with a completion of August 2007.

30-May-06 **West River Valley Senior Housing, Townshend: INDEPENDENT SENIOR HOUSING (HUD 202)**

Total Residential Units:	24	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	19	Increase in Income from Other Sources:	2.00%
Percent Restricted:	79.17%	Increase in Income from Commercial:	2.00%
Total Development Cost:	4,259,200	Expense increase:	3.00%
Total Development Cost per Unit:	177,467	Vacancy Rate:	5.0%
Total Development Cost Per SF:	300	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	322,664	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	**273,000**	Sponsor's Estimated Yield:	84.29%

LIHTC - 9%	8.21%	June 2006
LIHTC - 4%	3.52%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage - AHP	325,000	7.63%	3.75%	30	30
HOME	315,000	7.40%	3.85%	deferred	40
VCDP	65,000	1.53%	0.00%	deferred	40
HUD 202	951,900	22.35%	4.50%	N/A	50
AHP grant	125,000	2.93%	0.00%	N/A	40
REEP	14,300	0.34%	0.00%	30	40
VHCB Loan	185,000	4.34%	0.00%	deferred	40
Developer Loan		0.00%	0.00%	0	15
Tax Credit Equity	2,278,000	53.48%	N/A	N/A	
TOTAL SOURCES	4,259,200	100.00%			
VHFA Construction Loan	**2,300,000**	taxable bond			12 month

USES

Acquisition	94,063	2.21%
Construction Hard Costs	3,304,098	77.58%
Soft Costs	861,039	20.22%
TOTAL USES	4,259,200	100.00%
Gap	0	

General Partner's Capital Contribution	23,010	1.00%
Limited Partner's Capital Contribution	2,278,000	99.00%
Total Equity	2,301,010	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	19
Total Units	24
Unit Fraction	79.17%
Tax Credit Square Footage	10,500
Total Residential Square Footage	14,208
Square Footage Fraction	73.90%
Applicable Fraction	73.90%

30-May-06 **West River Valley Senior Housing, Townshend: INDEPENDENT SENIOR HOU**

		Budget	Per Unit	14,208 Per s.f.
	ACQUISITION			
1	Land	90,863	3,786	6.40
2	Purchase of Building(s)		0	0.00
3	Demolition (without replacement)	0	0	0.00
4	Property Appraisal	400	17	0.03
5	Legal - Title and Recording	2,800	117	0.20
	Subtotal - Acquisition	94,063	3,919	6.62
	CONSTRUCTION HARD COSTS			
6	Rehabilitation		0	0.00
7	New Building(s)	2,634,942	109,789	185.45
8	Well Development	15,000	625	1.06
9	Sitework	474,270	19,761	33.38
10	Commercial Equipment (kitchen, furnish)		0	0.00
11	General Requirements	0	0	0.00
12	Contractor Overhead	0	0	0.00
13	Contractor Profit	0	0	0.00
14	Construction Contingency	155,886	6,495	10.97
15	Construction Clerk		0	0.00
16	Construction Bond Fee	0	0	0.00
17	Hazardous Materials Abatement	0	0	0.00
18	Off-Site Improvements	0	0	0.00
19	Furnishings, Fixtures, & Equipment	24,000	1,000	1.69
20	Other (____________)	0	0	0.00
	Subtotal - Hard Costs	3,304,098	137,671	232.55
	SOFT COSTS			
21	Architectural	278,330	11,597	19.59
22	Engineering	0	0	0.00
23	Legal/Accounting	14,000	583	0.99
24	Relocation	0	0	0.00
25	Environmental Assessment	1,500	63	0.11
26	Energy Assessment	0	0	0.00
27	Permits/Fees	36,563	1,523	2.57
28	Independent Market Study		0	0.00
29	Construction Period Insurance	12,555	523	0.88
30	Construction Interest	71,558	2,982	5.04
31	Construction Loan Origination Fee	23,215	967	1.63
32	Taxes During Construction		0	0.00
33	Clerk of the Works	7,489	312	0.53
34	Marketing	7,738	322	0.54
35	Tax Credit Fees	10,626	443	0.75
36	Soft Cost Contingency	5,500	229	0.39
37	Permanent Loan Origination Fee	0	0	0.00
38	Lender's Counsel's Fee	0	0	0.00
39	Other (HP/Arch consultant)	1,250	52	0.09
	SYNDICATION COSTS			
40	Organizational (Partnership)	0	0	0.00
41	Bridge Loan Fees and Expenses	0	0	0.00
42	Syndication Consultant	0	0	0.00
43	Tax Opinion	0	0	0.00
	DEVELOPER'S FEES			
44	Developer's Fees - HVT	169,743	7,073	11.95
45	Other Partnership Fees - VC	169,743	7,073	11.95
46	Consultant Fees	0	0	0.00
	RESERVES			
47	Working Capital	0	0	0.00
48	Rent-up (Deficit Escrow) Reserve	0	0	0.00
49	Other Operating Reserves	51,229	2,135	3.61
50	Sinking Fund	0	0	0.00
51	Replacement Reserves	0	0	0.00
	Subtotal - Soft Costs	861,039	35,877	60.60
	TOTAL DEVELOPMENT COSTS	4,259,200	177,467	299.77

30-May-06 **West River Valley Senior Housing, Townshend: INDEPENDENT SENIOR HOUSING (HUD 202)**

		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	90,863					
2	Purchase of Building(s)	0			0		
3	Demolition (without replacement)	0					
4	Property Appraisal	400			400		
5	Legal - Title and Recording	2,800			2,800		
	Subtotal - Acquisition	94,063					
	CONSTRUCTION HARD COSTS						
6	Rehabilitation	0		0	0		
7	New Building(s)	2,634,942		2,634,942	2,634,942		
8	Well Development	15,000		15,000	15,000		
9	Sitework	474,270		474,270	474,270		
10	Commercial Equipment (kitchen, furnish)	0					
11	General Requirements	0					
12	Contractor Overhead	0					
13	Contractor Profit	0					
14	Construction Contingency	155,886		155,886	155,886		
15	Construction Clerk	0					
16	Construction Bond Fee	0					
17	Hazardous Materials Abatement	0					
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Equipment	24,000		24,000			
20	Other (________________)	0					
	Subtotal - Hard Costs	3,304,098					
	SOFT COSTS						
21	Architectural	278,330		278,330	278,330		
22	Engineering	0					
23	Legal/Accounting	14,000		14,000	14,000		
24	Relocation	0					
25	Environmental Assessment	1,500		1,500	1,500		
26	Energy Assessment	0					
27	Permits/Fees	36,563		36,563	36,563		
28	Independent Market Study	0		0	0		
29	Construction Period Insurance	12,555		12,555	12,555		
30	Construction Interest	71,558		71,558	71,558		
31	Construction Loan Origination Fee	23,215		18,572	23,215		
32	Taxes During Construction	0		0	0		
33	Clerk of the Works	7,489		7,489	7,489		
34	Marketing	7,738					
35	Tax Credit Fees	10,626			10,626		
36	Soft Cost Contingency	5,500		5,500	5,500		
37	Permanent Loan Origination Fee	0					
38	Lender's Counsel's Fee	0					
39	Other (HP/Arch consultant)	1,250		1,250	1,250		
	SYNDICATION COSTS						
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES						
44	Developer's Fees - HVT	169,743		169,743	169,743		
45	Other Partnership Fees - VC	169,743		169,743	169,743		
46	Consultant Fees	0					
	RESERVES						
47	Working Capital	0					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves	51,229					
50	Sinking Fund	0					
51	Replacement Reserves	0					
	Subtotal - Soft Costs	861,039					
	TOTALS	4,259,200	0	4,090,901	4,085,370	0	

		Acquisition Basis	Construction Basis		
LESS: Amount of Non-qualified Financing					
LESS: Adjustment for per unit cost limits					
LESS: Historic tax Credit (Residential Portion)				0	20% Historic Credit Rate
Total Eligible Basis		0	4,090,901		0 Annual Historic Credit
TIMES: Adjusted for QCT/DDA	130.0%		5,318,171		
TIMES: Applicable Fraction	73.90%	0	3,930,129		
Total Qualified Basis		0	3,930,129	4,085,370	Long Term Depreciable Basis
TIMES: Applicable Percentage		3.52%	8.21%	27.5	Depreciation Schedule
Total Annual Credit Qualified		0	322,664	148,559	Annual Depreciation
				24,000	Short Term Depreciable Basis
				7	Depreciation Schedule
				3,429	Annual Depreciation

Total Tax Credits Requested	273,000
Estimated Net Syndication Proceeds **(excluding historic credit equity)**	2,278,000
Estimated Yield - Housing Credit Syndication	84.29%
Equity Gap	2,278,000
Credits Needed to fill Equity Gap	273,000

30-May-06 **West River Valley Senior Housing, Townshend: INDEPENDENT SENIOR**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		524	17	516	0	105,264
2 Br		796	2	652	0	15,648
3 Br		0	0	0	0	0
4+ Br		0	0	0	0	0
	Totals	10,500	19			120,912

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		524	1	625	0	7,500
2 Br		796	4	750	0	36,000
3 Br		0	0	0	0	0
4+ Br		0	0	0	0	0
	Totals	3,708	5			43,500

All Units

Grand Totals	14,208	24		164,412
	Less Vacancy	5.00%		(8,221)
			NET RENT	156,191

OTHER INCOME

Laundry	1,296
Parking	0
Commercial Space Income	
Other	

TOTAL INCOME	157,487

		Monthly	Per Unit Per Month
Administration			
Management Fee	18,720	1,560	65
Supportive Services	8,352	696	29
Office Expense for Services	576	48	2
Audit/Accounting	4,000	333	14
Legal	1,400	117	5
Compliance Monitoring	912	76	3
Marketing	864	72	3
Other	1,152	96	4
TOTAL ADMINISTRATIVE	35,976	2,998	125
Utilities			
Electricity	8,640	720	30
Fuel	14,400	1,200	50
Water and Sewer	2,880	240	10
Fire Alarm / Emergency	1,440	120	5
Other	0	0	0
TOTAL UTILITIES	27,360	2,280	95
Maintenance			
Maintenance / Janitor Payroll	11,520	960	40
Janitor Supplies	2,880	240	10
Exterminating	576	48	2
Trash Removal	2,880	240	10
Snow Removal	3,456	288	12
Grounds	1,440	120	5
Repairs Material		0	0
Repairs Contract		0	0
HVAC Repairs / Maintenance	1,728	144	6
Elevator Contract / Repairs	2,880	240	10
Painting and Decorating	1,152	96	4
Other	0	0	0
TOTAL MAINTENANCE	28,512	2,376	99
Real Estate Taxes	10,080	840	35
Property Insurance	7,200	600	25
Replacement Reserves	10,368	864	36
Primary Debt Service		0	0
Other "must pay" debt service	0	0	0
Other	0	0	0
	27,648	2,304	96
Total	119,496		

30-May-06

West River Valley Senior Housing, Townshend: INDEPENDENT SENIOR HOUSING (HUD 202)

		Year 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		164,412	166,878	169,381	171,922	174,501	177,118	179,775	182,472	185,209	187,987	190,807	193,669	196,574	199,523	202,515
Other Income		1,296	1,322	1,348	1,375	1,403	1,431	1,460	1,489	1,518	1,549	1,580	1,611	1,644	1,677	1,710
Vacancy and other losses		(8,221)	(8,344)	(8,469)	(8,596)	(8,725)	(8,856)	(8,989)	(9,124)	(9,260)	(9,399)	(9,540)	(9,683)	(9,829)	(9,976)	(10,126)
Total Operating Income		157,487	159,856	162,261	164,701	167,179	169,693	172,246	174,837	177,467	180,137	182,846	185,597	188,389	191,223	194,100
Operating Expenses																
Total Expenses (excl. Reserves)		109,128	112,402	115,774	119,247	122,825	126,509	130,305	134,214	138,240	142,387	146,659	151,059	155,590	160,258	165,066
Reserves		10,368	10,524	10,681	10,842	11,004	11,169	11,337	11,507	11,679	11,855	12,032	12,213	12,396	12,582	12,771
Total Operating Expense		119,496	122,925	126,455	130,089	133,829	137,679	141,641	145,721	149,920	154,242	158,691	163,272	167,987	172,840	177,837
Net Operating Income		37,991	36,931	35,805	34,613	33,350	32,015	30,605	29,116	27,547	25,895	24,155	22,325	20,402	18,383	16,263
Less Primary Debt Service		18,062	18,062	18,062	18,062	18,062	18,062	18,062	18,062	18,062	18,062	18,062	18,062	18,062	18,062	18,062
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		19,930	18,869	17,744	16,551	15,288	13,953	12,543	11,055	9,486	7,833	6,093	4,264	2,341	321	(1,799)
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,799
Net Cash		19,930	18,869	17,744	16,551	15,288	13,953	12,543	11,055	9,486	7,833	6,093	4,264	2,341	321	0
DCR		210.34%	204.47%	198.24%	191.64%	184.65%	177.25%	169.45%	161.21%	152.52%	143.37%	133.74%	123.61%	112.96%	101.78%	90.04%
Cumulative Cash Flow																
Beginning Balance		51,229	71,870	91,647	110,485	128,306	145,031	160,574	174,848	187,762	199,220	209,124	217,370	223,850	228,452	231,061
Deposits		19,930	18,869	17,744	16,551	15,288	13,953	12,543	11,055	9,486	7,833	6,093	4,264	2,341	321	0
Interest	2.0%	712	907	1,094	1,270	1,436	1,590	1,731	1,859	1,972	2,071	2,152	2,216	2,262	2,288	2,311
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	(1,799)
Ending Balance		71,870	91,647	110,485	128,306	145,031	160,574	174,848	187,762	199,220	209,124	217,370	223,850	228,452	231,061	231,573
Cumulative Replacement Reserves																
Beginning Balance		0	10,472	21,100	31,889	42,839	5,953	17,234	28,684	40,306	52,102	16,075	28,228	40,563	53,084	65,791
Deposits		10,368	10,524	10,681	10,842	11,004	11,169	11,337	11,507	11,679	11,855	12,032	12,213	12,396	12,582	12,771
Interest	2.0%	104	105	107	108	110	112	113	115	117	119	120	122	124	126	128
Withdrawals		0	0	0	0	(48,000)	0	0	0	0	(48,000)	0	0	0	0	(60,000)
Ending Balance		10,472	21,100	31,889	42,839	5,953	17,234	28,684	40,306	52,102	16,075	28,228	40,563	53,084	65,791	18,690
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		37,991	36,931	35,805	34,613	33,350	32,015	30,605	29,116	27,547	25,895	24,155	22,325	20,402	18,383	16,263
Plus Reserves		10,368	10,524	10,681	10,842	11,004	11,169	11,337	11,507	11,679	11,855	12,032	12,213	12,396	12,582	12,771
Less Interest Expense		(24,213)	(24,452)	(24,700)	(24,958)	(25,226)	(25,504)	(25,793)	(26,093)	(26,405)	(26,729)	(27,066)	(27,416)	(27,779)	(28,156)	(28,548)
Less Long Depreciation		(148,559)	(148,559)	(148,559)	(148,559)	(148,559)	(148,559)	(148,559)	(148,559)	(148,559)	(148,559)	(148,559)	(148,559)	(148,559)	(148,559)	(148,559)
Less Short Depreciation		(3,429)	(3,429)	(3,429)	(3,429)	(3,429)	(3,429)	(3,429)	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(127,841)	(128,985)	(130,201)	(131,491)	(132,859)	(134,307)	(135,839)	(134,029)	(135,737)	(137,539)	(139,437)	(141,436)	(143,539)	(145,750)	(148,073)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		44,744	45,145	45,570	46,022	46,501	47,008	47,544	46,910	47,508	48,139	48,803	49,503	50,239	51,013	51,826
Plus Tax Credits		273,000	273,000	273,000	273,000	273,000	273,000	273,000	273,000	273,000	273,000					
After Tax Cash Flow		317,744	318,145	318,570	319,022	319,501	320,008	320,544	319,910	320,508	321,139	48,803	49,503	50,239	51,013	51,826
Total Years	15															
Reinvestment Rate	10.00%															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Current After Tax Cash Flows		317,744	318,145	318,570	319,022	319,501	320,008	320,544	319,910	320,508	321,139	48,803	49,503	50,239	51,013	51,826
Future Value of Cash Flows at Yr 15:		1,327,297	1,208,154	1,099,791	1,001,227	911,573	830,017	755,825	685,756	624,580	568,917	78,598	72,477	66,868	61,725	57,008

Discount Rate:	4.00%							
Capital Contribution Number:	1	2	3	4	5	6	7	8
Date of Capital Contribution:	30-Jun-06	30-Jun-07	30-Mar-08	30-May-06	30-May-06	30-May-06	30-May-06	30-May-06
Amount of Capital Contribution:	2,249	1,796,571	449,705	0	0	0	0	0
Present Value of Contributions:	2,249	1,725,172	418,885	0				

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Cash Flows	(2,146,305)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9,349,813

IRR: 10.31%

Equity Yield: 79%

ion date: 2/27/97

30-May-06 **West River Valley Senior Housing, Townshend - ASSISTED LIVING**

Total Residential Units:	28	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	15	Increase in Income from Other Sources:	2.00%
Percent Restricted:	53.57%	Increase in Income from Commercial:	2.00%
Total Development Cost:	5,145,407	Expense increase:	3.00%
Total Development Cost per Unit:	183,765	Vacancy Rate:	7.5%
Total Development Cost Per SF:	229	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	202,974	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	**200,000**	Sponsor's Estimated Yield:	85.97%
State Credit Allocated:	**60,000**		
LIHTC - 9%	8.21%	June 2006	
LIHTC - 4%	3.52%		

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	375,000	7.29%	7.50%	30	30
VHCB Loan	325,000	6.32%	0.00%	30	30
VCDP	525,000	10.20%	0.00%	30	30
HUD SP	450,000	8.75%	3.85%	N/A	30
DPS	100,000	1.94%	0.00%	N/A	40
Holt Fund	400,000	7.77%	0.00%	N/A	30
Developer Loan	340,000	6.61%	3.50%	15	15
REEP	14,300	0.28%	0.00%	30	30
Phase 1 Funding	69,907	1.36%	0.00%	30	30
Foundation funding	550,000	10.69%	0.00%	30	30
State DAIL Funding	30,000	0.58%	0.00%	30	30
State Housing Credit Equity	264,000	5.13%	N/A	N/A	
Tax Credit Equity	1,702,200	33.08%	N/A	N/A	
TOTAL SOURCES	5,145,407	100.00%			

USES

Acquisition	266,832	5.19%
Construction Hard Costs	3,657,863	71.09%
Soft Costs	1,220,712	23.72%
TOTAL USES	5,145,407	100.00%
Gap	0	

General Partner's Capital Contribution	17,194	1.00%
Limited Partner's Capital Contribution	1,702,200	99.00%
Total Equity	1,719,394	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	15
Total Units	28
Unit Fraction	53.57%
Tax Credit Square Footage	6,600
Total Residential Square Footage	12,604
Square Footage Fraction	52.36%
Applicable Fraction	52.36%

30-May-06 **West River Valley Senior Housing, Townshend - ASSISTED LIVING**

		Budget	Per Unit	22,462 Per s.f.
	ACQUISITION			
1	Land	91,137	3,255	4.06
2	Purchase of Building(s)	172,000	6,143	7.66
3	Demolition (without replacement)	0	0	0.00
4	Property Appraisal	795	28	0.04
5	Legal - Title and Recording	2,900	104	0.13
	Subtotal - Acquisition	266,832	9,530	11.88
	CONSTRUCTION HARD COSTS			
6	Rehabilitation		0	0.00
7	New Building(s)	2,937,433	104,908	130.77
8	Accessory Buildings	0	0	0.00
9	Sitework	475,706	16,990	21.18
10	Well Development	15,000	536	0.67
11	General Requirements	0	0	0.00
12	Contractor Overhead	0	0	0.00
13	Contractor Profit	0	0	0.00
14	Construction Contingency	170,724	6,097	7.60
15	Construction Management	0	0	0.00
16	Construction Bond Fee	0	0	0.00
17	Hazardous Materials Abatement	0	0	0.00
18	Off-Site Improvements	0	0	0.00
19	Furnishings, Fixtures, & Equipment	59,000	2,107	2.63
20	Other (________________)	0	0	0.00
	Subtotal - Hard Costs	3,657,863	130,638	162.85
	SOFT COSTS			
21	Architectural	354,718	12,669	15.79
22	Engineering	0	0	0.00
23	Legal/Accounting	18,500	661	0.82
24	Relocation	0	0	0.00
25	Environmental Assessment	3,000	107	0.13
26	Energy Assessment	0	0	0.00
27	Permits/Fees	44,694	1,596	1.99
28	Independent Market Study		0	0.00
29	Construction Period Insurance	16,401	586	0.73
30	Construction Interest	77,095	2,753	3.43
31	Construction Loan Origination Fee	22,722	812	1.01
32	Taxes During Construction		0	0.00
33	Clerk of the Works	7,512	268	0.33
34	Marketing	7,926	283	0.35
35	Tax Credit Fees	10,659	381	0.47
36	Soft Cost Contingency	7,000	250	0.31
37	Permanent Loan Origination Fee	0	0	0.00
38	Lender's Counsel's Fee	0	0	0.00
39	Other (HP/Arch Consultant)	1,200	43	0.05
	SYNDICATION COSTS			
40	Organizational (Partnership)	0	0	0.00
41	Bridge Loan Fees and Expenses	0	0	0.00
42	Syndication Consultant	0	0	0.00
43	Tax Opinion	0	0	0.00
	DEVELOPER'S FEES			
44	Developer's Fees	170,257	6,081	7.58
45	Other Partnership Fees	170,257	6,081	7.58
46	Consultant Fees	0	0	0.00
	RESERVES			
47	Working Capital	0	0	0.00
48	Rent-up (Deficit Escrow) Reserve	0	0	0.00
49	Other Operating Reserves	308,771	11,028	13.75
50	Sinking Fund	0	0	0.00
51	Replacement Reserves	0	0	0.00
	Subtotal - Soft Costs	1,220,712	43,597	54.35
	TOTAL DEVELOPMENT COSTS	5,145,407	183,765	229.07
		231,818		

30-May-06 **West River Valley Senior Housing, Townshend - ASSISTED LIVING**

		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other	
	ACQUISITION							
1	Land	91,137						
2	Purchase of Building(s)	172,000			172,000			
3	Demolition (without replacement)	0						
4	Property Appraisal	795			795			
5	Legal - Title and Recording	2,900			2,900			
	Subtotal - Acquisition	266,832						
	CONSTRUCTION HARD COSTS							
6	Rehabilitation	0		0	0			
7	New Building(s)	2,937,433		2,922,433	2,937,433			
8	Accessory Buildings	0						
9	Sitework	475,706		464,194	475,706			
10	Well Development	15,000		15,000	15,000			
11	General Requirements	0						
12	Contractor Overhead	0						
13	Contractor Profit	0						
14	Construction Contingency	170,724		169,331	170,724			
15	Construction Management	0						
16	Construction Bond Fee	0						
17	Hazardous Materials Abatement	0						
18	Off-Site Improvements	0						
19	Furnishings, Fixtures, & Equipment	59,000		59,000				
20	Other (__________)	0						
	Subtotal - Hard Costs	3,657,863						
	SOFT COSTS							
21	Architectural	354,718		324,718	354,718			
22	Engineering	0						
23	Legal/Accounting	18,500		13,500	18,500			
24	Relocation	0						
25	Environmental Assessment	3,000		1,500	3,000			
26	Energy Assessment	0						
27	Permits/Fees	44,694		41,685	44,694			
28	Independent Market Study	0		0	0			
29	Construction Period Insurance	16,401		14,096	16,401			
30	Construction Interest	77,095		71,558	77,095			
31	Construction Loan Origination Fee	22,722		18,178	22,722			
32	Taxes During Construction	0		0	0			
33	Clerk of the Works	7,512		7,330	7,512			
34	Marketing	7,926						
35	Tax Credit Fees	10,659			10,659			
36	Soft Cost Contingency	7,000		5,500	7,000			
37	Permanent Loan Origination Fee	0						
38	Lender's Counsel's Fee	0						
39	Other (HP/Arch Consultant)	1,200		1,200	1,200			
	SYNDICATION COSTS							
40	Organizational (Partnership)	0						
41	Bridge Loan Fees and Expenses	0						
42	Syndication Consultant	0						
43	Tax Opinion	0						
	DEVELOPER'S FEES							
44	Developer's Fees	170,257		166,137	170,257			
45	Other Partnership Fees	170,257		166,137	170,257			
46	Consultant Fees	0						
	RESERVES							
47	Working Capital	0						
48	Rent-up (Deficit Escrow) Reserve	0						
49	Other Operating Reserves	308,771						
50	Sinking Fund	0						
51	Replacement Reserves	0						
	Subtotal - Soft Costs	1,220,712						
	TOTALS	5,145,407	0	4,461,497	4,678,573	0	(231,885)	0
	LESS: Amount of Non-qualified Financing			829,431				
	LESS: Adjustment for per unit cost limits							
	LESS: Historic tax Credit (Residential Portion)					0		
	Total Eligible Basis		0	3,632,066				
	TIMES: Adjusted for QCT/DDA	130.0%		4,721,686				
	TIMES: Applicable Fraction	52.36%	0	2,472,275				
	Total Qualified Basis		0	2,472,275				
	TIMES: Applicable Percentage		3.52%	8.21%				
	Total Annual Credit Qualified		0	202,974				

20%	Historic Credit Rate
0	Annual Historic Credit

4,678,573	Long Term Depreciable Basis
27.5	Depreciation Schedule
170,130	Annual Depreciation
59,000	Short Term Depreciable Basis
7	Depreciation Schedule
8,429	Annual Depreciation

Total Tax Credits Requested	200,000
Estimated Net Syndication Proceeds **(excluding historic credit equity)**	1,702,200
Estimated Yield - Housing Credit Syndication	85.97%
Equity Gap	1,702,200
Credits Needed to fill Equity Gap	200,000

30-May-06 **West River Valley Senior Housing, Townshend - ASSISTED LIVING**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		440	15	506	0	91,080
2 Br		0	0	0	0	0
3 Br		0	0	0	0	0
4+ Br		0	0	0	0	0
	Totals	6,600	15			91,080

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		440	11	544	0	71,808
2 Br		582	2	700	0	16,800
3 Br		0	0	0	0	0
4+ Br		0	0	0	0	0
	Totals	6,004	13			88,608
All Units						
	Grand Totals	12,604	28			179,688

Less Vacancy	7.50%	(13,477)
	NET RENT	166,211

OTHER INCOME

Laundry	
Parking	0
Commercial Space Income	
Other - AL Services	656,029
TOTAL INCOME	822,240

30-May-06 **West River Valley Senior Housing, Townshend - ASSISTED LIVING**

	Annual	Monthly	Per Unit Per Month
Administration			
Management Fee	10,080	840	30
Supportive Services	28,020	2,335	83
Admin Salaries/Benefits	475,038		
Office Expense	15,221		
Meals	67,275		
Audit/Accounting	4,704	392	14
Legal	1,680	140	5
Compliance Monitoring	720	60	2
Marketing	2,352	196	7
Other	1,440	120	4
TOTAL ADMINISTRATIVE	606,530	50,544	1,805
		0	
Utilities			
Electricity	11,760	980	35
Fuel	20,160	1,680	60
Water and Sewer	3,360	280	10
Fire Alarm / Emergency	1,680	140	5
Other	2,427	202	7
TOTAL UTILITIES	39,387	3,282	117
Maintenance			
Maintenance / Janitor Payroll	13,440	1,120	40
Janitor Supplies	1,680	140	5
Exterminating	672	56	2
Trash Removal	2,688	224	8
Snow Removal	2,016	168	6
Grounds	4,032	336	12
Repairs Material	0	0	0
Repairs Contract	0	0	0
HVAC Repairs / Maintenance	7,200	600	21
Elevator Contract / Repairs	3,360	280	10
Painting and Decorating	1,344	112	4
Other	0	0	0
TOTAL MAINTENANCE	36,432	3,036	108
Real Estate Taxes	10,080	840	30
Property Insurance	10,080	840	30
Replacement Reserves	18,000	1,500	54
Primary Debt Service	31,465	2,622	94
Other "must pay" debt service	0	0	0
Other	0	0	0
	69,625	5,802	207
Total	751,974	62,664	2,238

form revision date: 2/27/97

30-May-06		West River Valley Senior Housing, Townshend - ASSISTED LIVING														
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		179,688	182,383	185,119	187,896	190,714	193,575	196,479	199,426	202,417	205,453	208,535	211,663	214,838	218,061	221,332
Other Income		656,029	669,150	682,533	696,183	710,107	724,309	738,795	753,571	768,643	784,015	799,696	815,690	832,003	848,643	865,616
Vacancy and other losses		(13,477)	(13,679)	(13,884)	(14,092)	(14,304)	(14,518)	(14,736)	(14,957)	(15,181)	(15,409)	(15,640)	(15,875)	(16,113)	(16,355)	(16,600)
Total Operating Income		822,240	837,854	853,768	869,987	886,518	903,366	920,538	938,040	955,878	974,060	992,591	1,011,478	1,030,729	1,050,350	1,070,348
Operating Expenses																
Total Expenses (excl. Reserves)		702,509	723,584	745,292	767,651	790,680	814,400	838,832	863,997	889,917	916,615	944,113	972,437	1,001,610	1,031,658	1,062,608
Reserves		18,000	18,270	18,544	18,822	19,105	19,391	19,682	19,977	20,277	20,581	20,890	21,203	21,521	21,844	22,172
Total Operating Expense		720,509	741,854	763,836	786,473	809,785	833,792	858,514	883,975	910,194	937,196	965,003	993,640	1,023,131	1,053,502	1,084,779
Net Operating Income		101,731	96,000	89,932	83,514	76,733	69,574	62,023	54,065	45,684	36,864	27,588	17,838	7,598	(3,152)	(14,431)
Less Primary Debt Service		31,465	31,465	31,465	31,465	31,465	31,465	31,465	31,465	31,465	31,465	31,465	31,465	31,465	31,465	31,465
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		70,267	64,535	58,467	52,049	45,268	38,110	30,559	22,601	14,220	5,399	(3,877)	(13,626)	(23,867)	(34,617)	(45,896)
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	3,877	13,626	23,867	34,617	45,896
Net Cash		70,267	64,535	58,467	52,049	45,268	38,110	30,559	22,601	14,220	5,399	0	0	0	0	0
DCR		323.32%	305.10%	285.82%	265.42%	243.87%	221.12%	197.12%	171.83%	145.19%	117.16%	87.68%	56.69%	24.15%	-10.02%	-45.87%
Cumulative Cash Flow																
Beginning Balance		308,771	382,828	451,837	515,407	573,131	624,584	669,320	706,878	736,773	758,503	771,541	775,380	769,507	753,335	726,251
Deposits		70,267	64,535	58,467	52,049	45,268	38,110	30,559	22,601	14,220	5,399	0	0	0	0	0
Interest	2.0%	3,790	4,474	5,103	5,675	6,184	6,627	6,999	7,295	7,510	7,639	7,715	7,754	7,695	7,533	7,263
Withdrawals		0	0	0	0	0	0	0	0	0	0	(3,877)	(13,626)	(23,867)	(34,617)	(45,896)
Ending Balance		382,828	451,837	515,407	573,131	624,584	669,320	706,878	736,773	758,503	771,541	775,380	769,507	753,335	726,251	687,618
Cumulative Replacement Reserves																
Beginning Balance		0	18,180	36,633	55,362	74,373	9,668	29,253	49,132	69,309	89,789	20,975	42,074	63,489	85,226	107,288
Deposits		18,000	18,270	18,544	18,822	19,105	19,391	19,682	19,977	20,277	20,581	20,890	21,203	21,521	21,844	22,172
Interest	2.0%	180	183	185	188	191	194	197	200	203	206	209	212	215	218	222
Withdrawals		0	0	0	0	(84,000)	0	0	0	0	(89,600)	0	0	0	0	(98,000)
Ending Balance		18,180	36,633	55,362	74,373	9,668	29,253	49,132	69,309	89,789	20,975	42,074	63,489	85,226	107,288	31,681
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		101,731	96,000	89,932	83,514	76,733	69,574	62,023	54,065	45,684	36,864	27,588	17,838	7,598	(3,152)	(14,431)
Plus Reserves		18,000	18,270	18,544	18,822	19,105	19,391	19,682	19,977	20,277	20,581	20,890	21,203	21,521	21,844	22,172
Less Interest Expense		(28,008)	(27,739)	(27,450)	(27,139)	(26,803)	(26,441)	(26,051)	(25,630)	(25,178)	(24,689)	(24,164)	(23,597)	(22,986)	(22,328)	(21,618)
Less Long Depreciation		(170,130)	(170,130)	(170,130)	(170,130)	(170,130)	(170,130)	(170,130)	(170,130)	(170,130)	(170,130)	(170,130)	(170,130)	(170,130)	(170,130)	(170,130)
Less Short Depreciation		(8,429)	(8,429)	(8,429)	(8,429)	(8,429)	(8,429)	(8,429)	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(86,835)	(92,028)	(97,533)	(103,361)	(109,524)	(116,034)	(122,904)	(121,718)	(129,346)	(137,374)	(145,816)	(154,685)	(163,997)	(173,766)	(184,008)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		30,392	32,210	34,136	36,176	38,333	40,612	43,016	42,601	45,271	48,081	51,036	54,140	57,399	60,818	64,403
Plus Tax Credits		200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000					
After Tax Cash Flow		230,392	232,210	234,136	236,176	238,333	240,612	243,016	242,601	245,271	248,081	51,036	54,140	57,399	60,818	64,403
Total Years	15															
Reinvestment Rate	10.00%															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Current After Tax Cash Flows		230,392	232,210	234,136	236,176	238,333	240,612	243,016	242,601	245,271	248,081	51,036	54,140	57,399	60,818	64,403
Future Value of Cash Flows at Yr 15:		962,405	881,816	808,303	741,222	679,993	624,085	573,020	520,037	477,964	439,491	82,193	79,266	76,398	73,590	70,843
Discount Rate:	4.00%															
Capital Contribution Number:	1	2	3	4	5	6	7	8								
Date of Capital Contribution:	30-Sep-06	30-Sep-07	30-Mar-08	30-May-06	30-May-06	30-May-06	30-May-06	30-May-06								
Amount of Capital Contribution:	20,320	1,625,600	386,080	0	0	0	0	0								
Present Value of Contributions:	20,320	1,560,995	363,315	0												
Cash Flows	(1,944,630)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7,090,627
IRR:	9.01%															
Equity Yield:	98%															

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: CONSTRUCTION FINANCING, PROPOSED ALLOCATION OF STATE AFFORDABLE HOUSING TAX CREDITS AND AN ADDITIONAL PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS FOR WEST RIVER VALLEY SENIOR HOUSING, TOWNSHEND

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Valley Cares (the "Sponsors") on behalf of a to be formed limited partnership in which the Sponsors or their subsidiaries will be the general partners (the "Borrower") involving the construction of fifty-two (52) units of senior rental housing in the Town of Townshend (the "Development"); and

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

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

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

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

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated May 30, 2006, containing information and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

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

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

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

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

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The Sponsors are financially responsible and are qualified housing sponsors within the meaning of the Act. The Borrower will be required to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

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

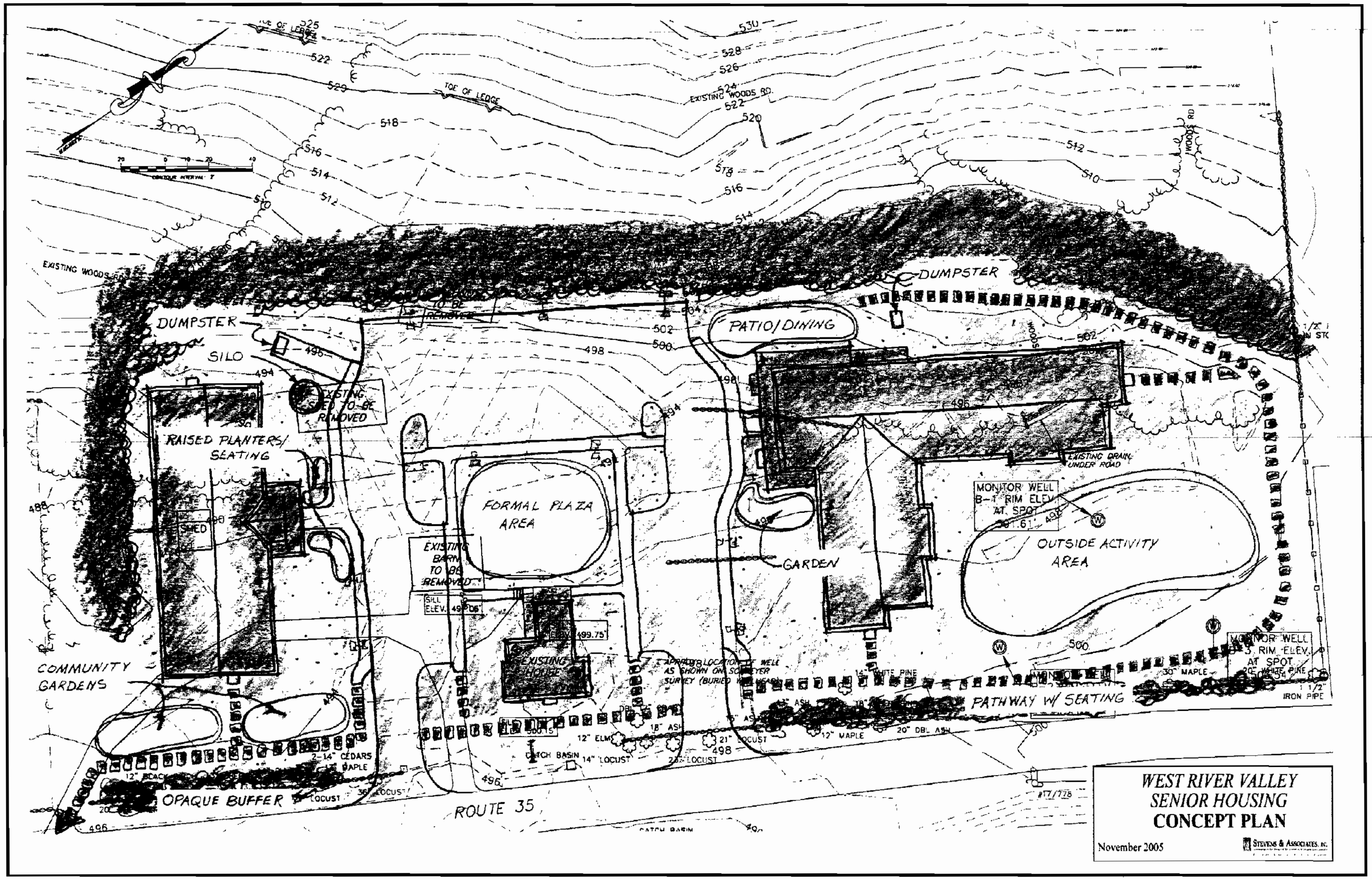
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions described in the Memorandum.

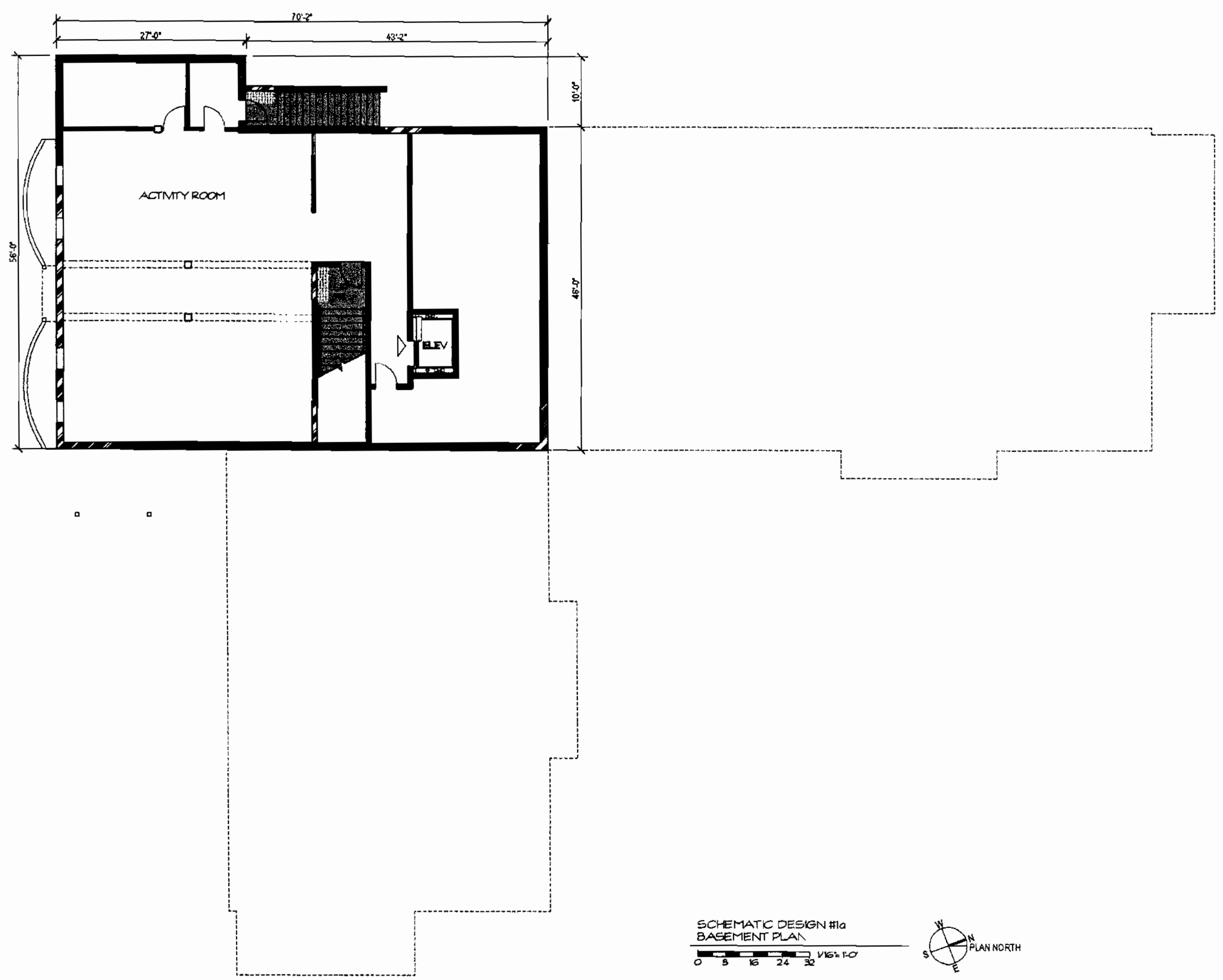
4. The recommendations for the allocation of State Affordable Housing Tax Credits and the additional allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.

5. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the proposed allocation of State Affordable Housing Tax Credits in the amount of $60,000 and additional allocation of federal Allocated Housing Credits in the amount of $43,000 for a total allocation of federal Allocated Housing Credits in the amount of $473,000 for the West River Valley Senior Housing project in the Town of Townshend, Vermont.

handout



WEST RIVER VALLEY
SENIOR HOUSING
CONCEPT PLAN
November 2005
STEVENS & ASSOCIATES
DUMPSTER
SILO
EXISTING SHED TO BE REMOVED
RAISED PLANTERS/ SEATING
SHED
COMMUNITY GARDENS
OPAQUE BUFFER
ROUTE 35
FORMAL PLAZA AREA
EXISTING BARN TO BE REMOVED
SILL ELEV.
EXISTING HOUSE
PATIO/DINING
GARDEN
OUTSIDE ACTIVITY AREA
MONITOR WELL
PATHWAY W/ SEATING
EXISTING DRAIN UNDER ROAD
TOE OF LEDGE
EXISTING WOODS RD.
EXISTING WOODS
WOODS
CATCH BASIN
IRON PIPE



Williams & Frehsee, Inc.
167 Main Street, Suite 309
Brattleboro, Vermont 05301
Phone: 802-257-1311
Fax: 802-257-9429
E-mail: info@wfvt.com

West River Valley Senior Housing

ASSISTED LIVING FACILITY

Valley Cares

Townshend, VT

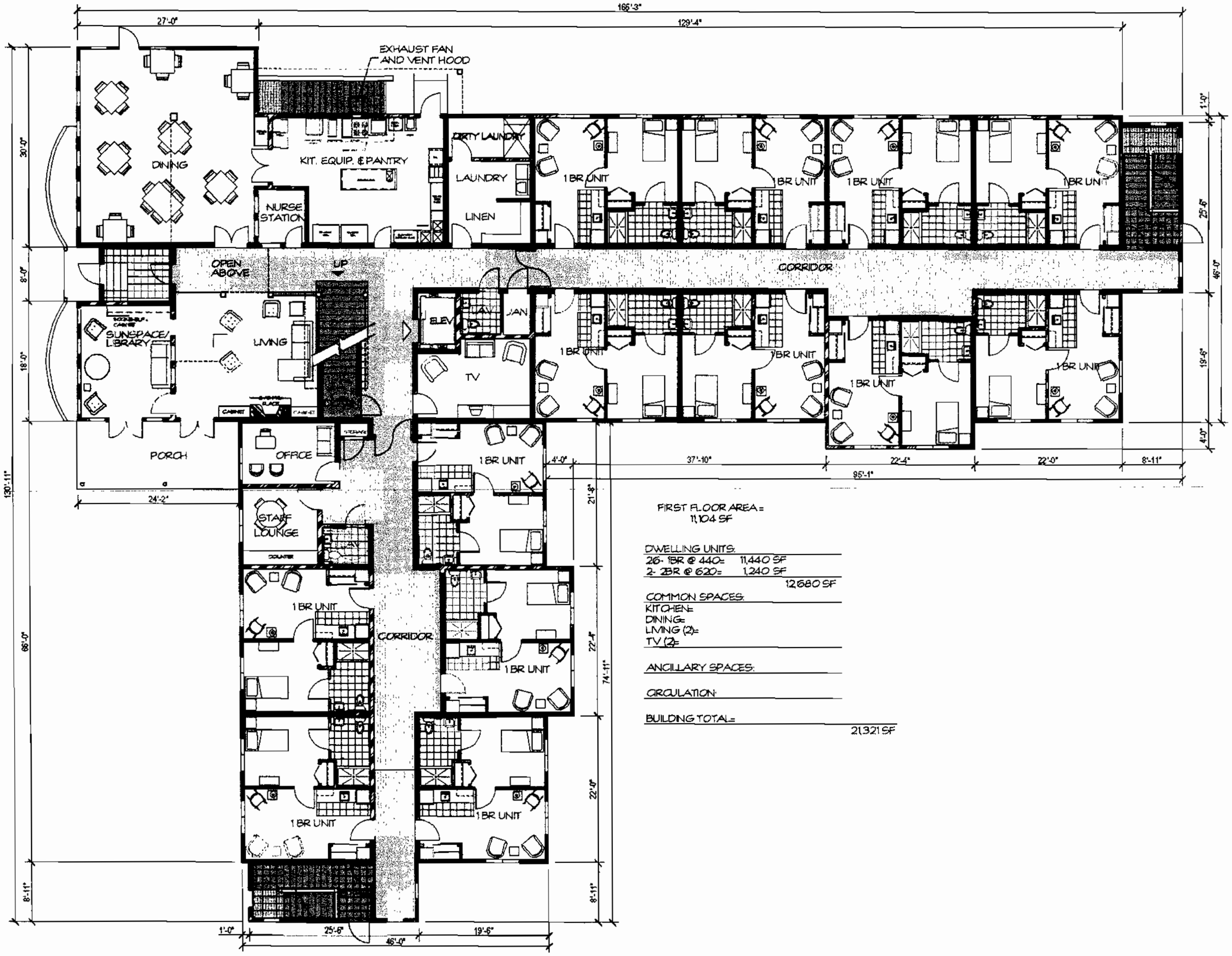
WF JOB:	105K
DRAWN BY:	
CHECKED BY:	
DATE:	

DO NOT SCALE DRAWINGS

ASSISTED LIVING FACILITY
SCHEMATIC DESIGN
BASEMENT PLAN

#1A A-10C

H:\WRV Senior Housing #10510\Drawings\ALF Three Sixteenths Equal One Inch.dwg, 100 1A, 11/22/2005 3:20:30 PM



FIRST FLOOR AREA = 11,104 SF

DWELLING UNITS:
26- 1BR @ 440= 11,440 SF
2- 2BR @ 620= 1,240 SF
12,680 SF

COMMON SPACES:
KITCHEN=
DINING=
LIVING (2)=
TV (2)=

ANCILLARY SPACES:

CIRCULATION:

BUILDING TOTAL= 21,321 SF

SCHEMATIC DESIGN #1a
FIRST FLOOR PLAN- 11,106 SF
0 8 16 24 32 1/16"=1'0"

PLAN NORTH

H:\WRV Senior Housing #10510\Drawings\ALF Three Sixteenths Equal One Inch.dwg, 101 1A, 11/22/2005 3:20:49 PM

Williams & Frehsee, Inc.
167 Main Street, Suite 309
Brattleboro, Vermont 05301
Phone: 802-257-1311
Fax: 802-257-9429
E-mail: info@wfivt.com

West River Valley Senior Housing

ASSISTED LIVING FACILITY

Valley Cares

Townshend, VT

WFI JOB:	105K
DRAWN BY	
CHECKED BY	
DATE	

DO NOT SCALE DRAWINGS

ASSISTED LIVING FACILITY
SCHEMATIC DESIGN
FIRST FLOOR PLAN
#1A A-101

SCHEMATIC DESIGN #1a
SECOND FLOOR PLAN- 10,263 SF
1/16" = 1'-0"
0 8 16 24 32

PLAN NORTH

Williams & Frehsee, Inc.
167 Main Street, Suite 309
Brattleboro, Vermont 05301
Phone: 802-257-1311
Fax: 802-257-9429
E-mail: info@wfivt.com

West River Valley Senior Housing

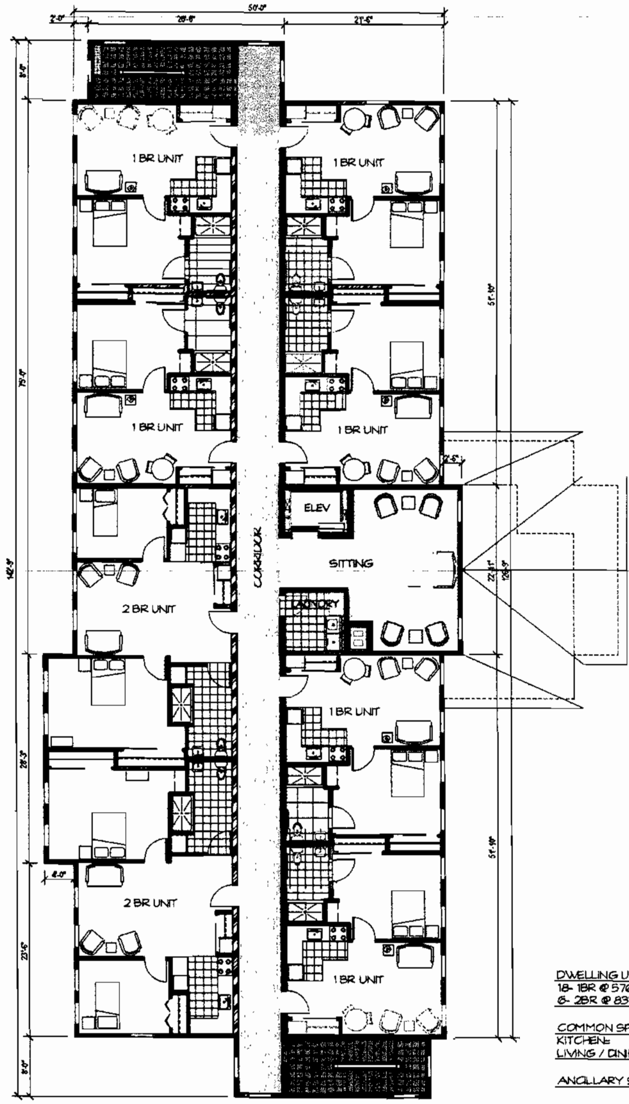
ASSISTED LIVING FACILITY

Valley Cares

Townshend, VT

WFI JOB	105K
DRAWN BY	
CHECKED BY	
DATE:	

ASSISTED LIVING FACILITY
SCHEMATIC DESIGN
SECOND FLOOR PLAN
#1A A-102



SCHEMATIC DESIGN #2e
SECOND FLOOR PLAN- 6,932 SF
0 8 16 24 32 1/16"=1'-0"
PLAN NORTH

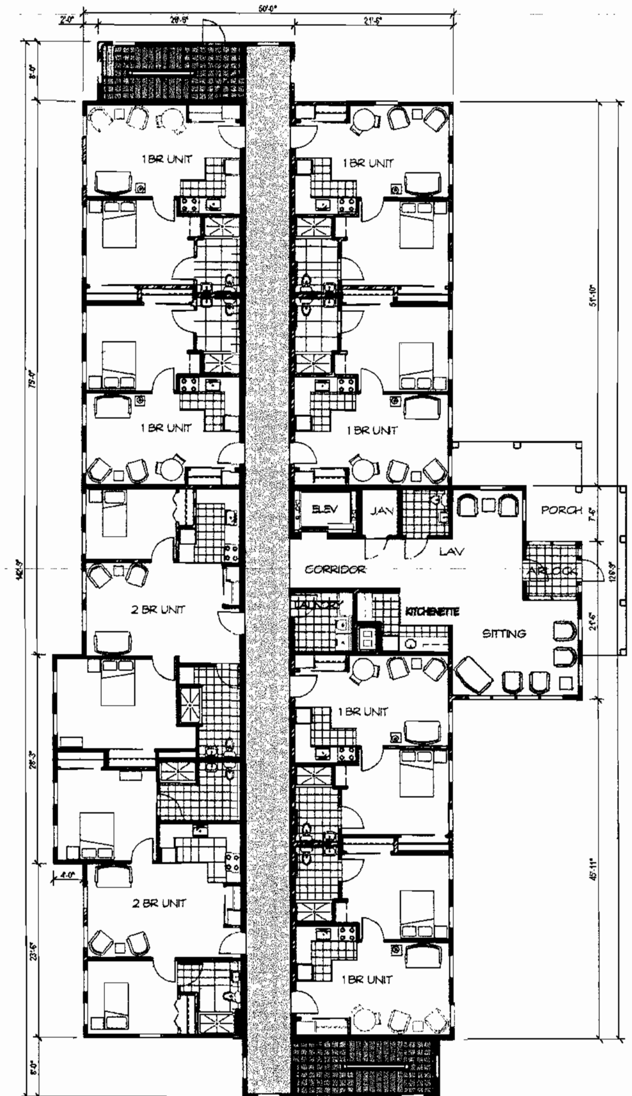
DWELLING UNITS:
18- 1BR @ 576= 10,368 SF
6- 2BR @ 831= 4,986 SF

COMMON SPACES:
KITCHEN=
LIVING / DINING=

ANCILLARY SPACES:

CIRCULATION:

BUILDING TOTAL= 21,190 SF



SCHEMATIC DESIGN #2e
FIRST FLOOR PLAN- 7,326 SF
0 8 16 24 32 1/16"=1'-0"
PLAN NORTH

W&F
Williams & Frehsee, Inc.
167 Main Street, Suite 309
Brattleboro, Vermont 05301
Phone: 802-257-1311
Fax: 802-257-9429
E-mail: info@wfivt.com

West River Valley Senior Housing

INDEPENDENT LIVING FACILITY

Valley Cares

Townshend, VT

WFI JOB: 105K
DRAWN BY:
CHECKED BY:
DATE:

INDEPENDENT LIVING FACILITY
SCHEMATIC DESIGN
FLOOR PLANS
#2E A-101

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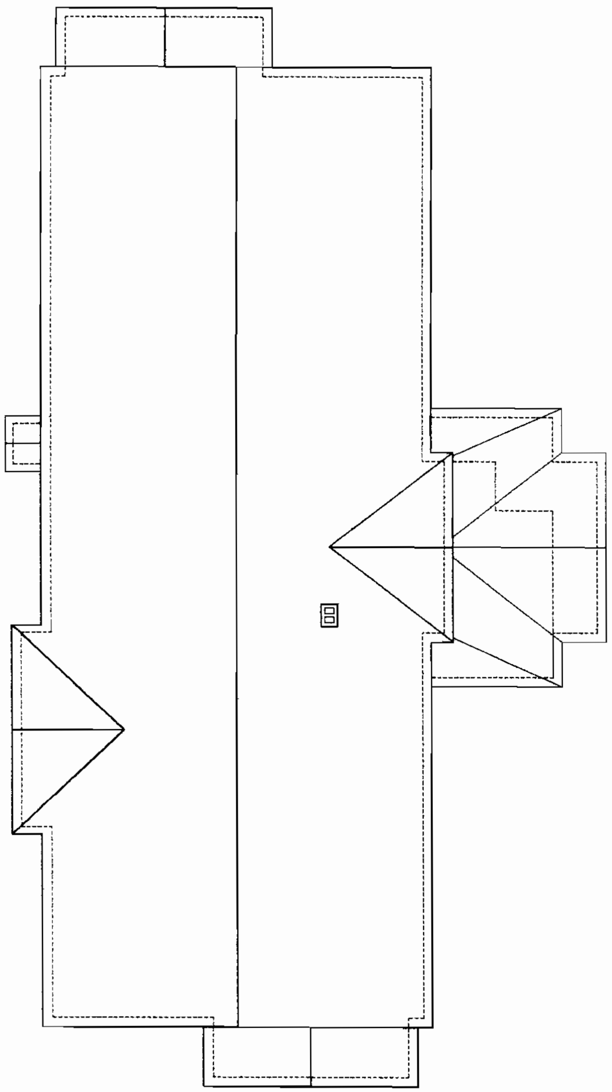
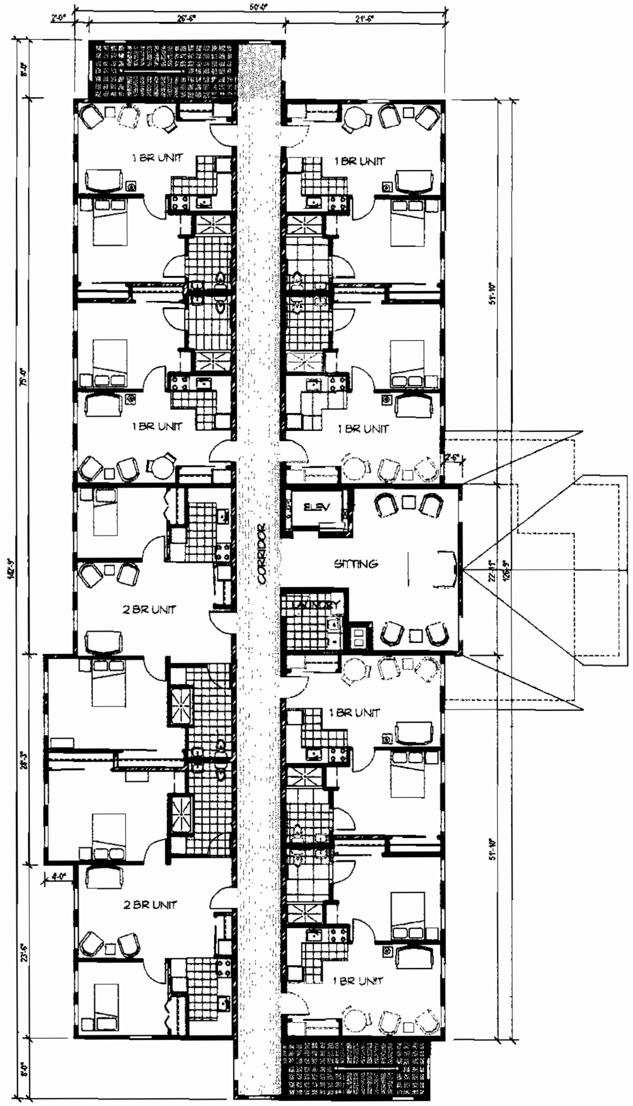


SCHEMATIC DESIGN #2e
ROOF PLAN



SCHEMATIC DESIGN #2e
THIRD FLOOR PLAN- 6,932 SF

Williams & Frehsee, Inc.
167 Main Street, Suite 309
Brattleboro, Vermont 05301
Phone: 802-257-1311
Fax: 802-257-9429
E-mail: info@wflvt.com

West River Valley Senior Housing

INDEPENDENT LIVING FACILITY

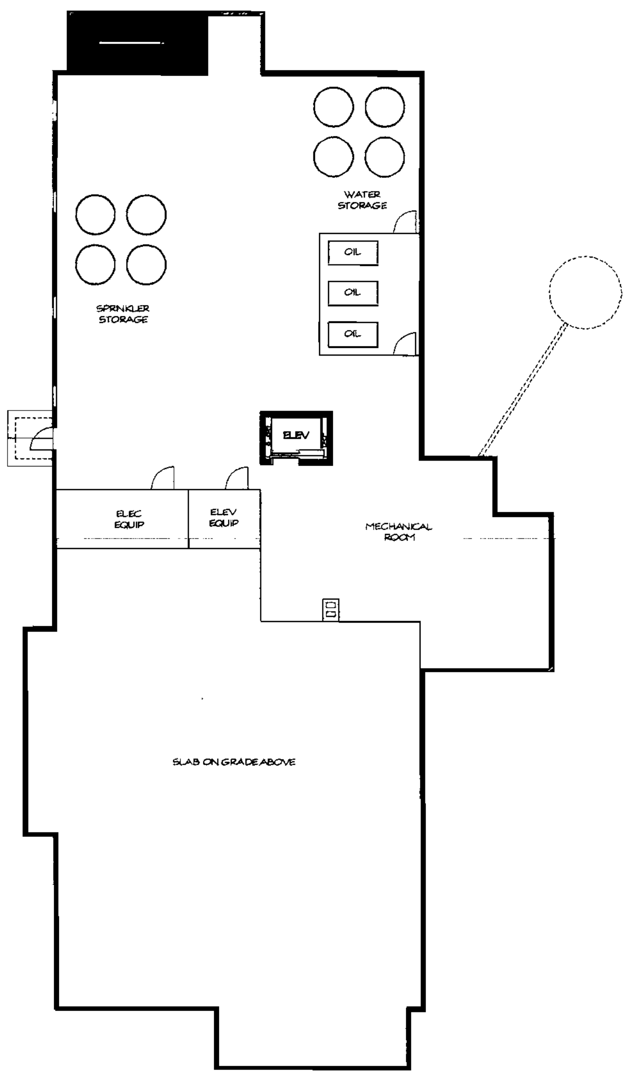
Valley Cares

Townshend, VT

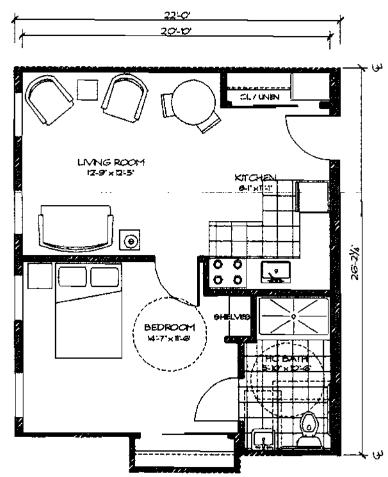
WFI JOB: 105K
DRAWN BY:
CHECKED BY:
DATE:

INDEPENDENT LIVING FACILITY
SCHEMATIC DESIGN
FLOOR PLANS

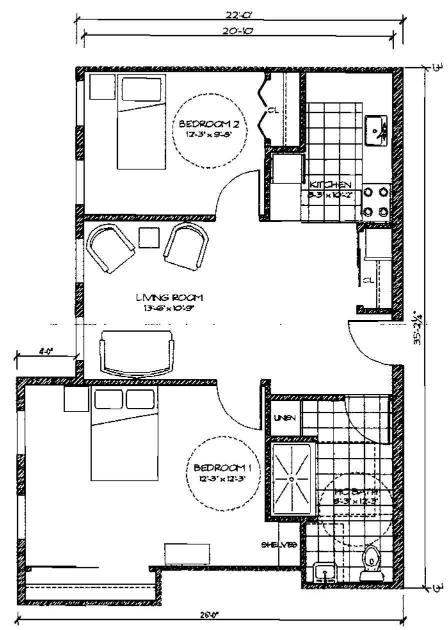
#2E A-102



SCHEMATIC DESIGN #2e
BASEMENT FLOOR PLAN- 4,100 SF
0 8 16 24 32 1/16" = 1'-0"



INDEPENDENT LIVING FACILITY
TYPICAL 1BR UNIT FLOOR PLAN- 576 SF
0 2 4 6 8 1/8" = 1'-0"



INDEPENDENT LIVING FACILITY
TYPICAL 2BR UNIT FLOOR PLAN- 831 SF
0 2 4 6 8 1/8" = 1'-0"

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Williams & Frehsee, Inc.
167 Main Street, Suite 309
Brattleboro, Vermont 05301
Phone: 802-257-1511
Fax: 802-257-9429
E-mail: info@wfivt.com

West River Valley Senior Housing

INDEPENDENT LIVING FACILITY

Valley Cares

Townshend, VT

WFI JOB. 105K
DRAWN BY:
CHECKED BY
DATE:

INDEPENDENT LIVING FACILITY
SCHEMATIC DESIGN
BASEMENT & 1/4 ROOM PLANS
#2E A-103

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter CR

DATE: May 30, 2006

RE: Request for $125,000 in State Affordable Housing Tax Credits, Enosburg Falls Housing

Recommendation: Staff recommends that the VHFA Board of Commissioners pass the attached resolution and authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

Project Summary: In November the Board approved $509,250 in ceiling ('9%') Housing Credits for the Enosburg Falls Housing development. The project is being developed by Housing Vermont (HVT) and Lake Champlain Housing Development Corporation (LCHDC) and consists of a new building to be constructed to replace a burned-out block, with 22 apartments and four commercial spaces. Also included in the project is the rehabilitation of two floors of a neighboring historic brick building which the Merchants Bank is donating (their office is in the first floor) to create six residential units (the total project is 28 residential units and four commercial spaces).

The project was going to use the New Market Tax Credit, but the transaction expenses proved too costly to make the Credit worth it for this particular project. The sponsors are requesting $125,000 in State Tax Credits to make up the gap. The legislature recently approved increases in the State Credit to $300,000 in FY07 and $400,000 in FY08. This means we do have the State Credit available to fund the Enosburg request.

On the permitting front, the Act 250 permit was issued May 4th and is in its 30-day appeal period; local permitting is in place. All funding is committed except for Federal Home Loan Bank's Affordable Housing Program, and Neighborworks, both of which are anticipated in June.

The sponsors anticipate a June closing, and commencement of construction soon thereafter. Completion is estimated for May of 2007.

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: PROPOSED ALLOCATION OF STATE AFFORDABLE HOUSING TAX CREDITS FOR ENOSBURG FALLS HOUSING, ENOSBURG

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Lake Champlain Housing Development Corporation (the "Sponsors") on behalf of a to be formed limited partnership in which the Sponsors or their subsidiaries will be the general partners (the "Borrower") involving the rehabilitation and construction of a total of twenty-eight (28) units of general occupancy rental housing in two (2) buildings in the Town of Enosburg (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated May 30, 2006, containing information and recommendations about the Development (the "Memorandum");

WHEREFORE, it is hereby RESOLVED:

1. That the recommendations for the allocation of State Affordable Housing Tax Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved;

2. That the Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the proposed allocation of State Affordable Housing Tax Credits in the amount of $125,000.00 for the Enosburg Falls project in the Town of Enosburg, Vermont.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Liza Vedder Plantilla, Multifamily Development Underwriter LVP

DATE: May 30, 2006

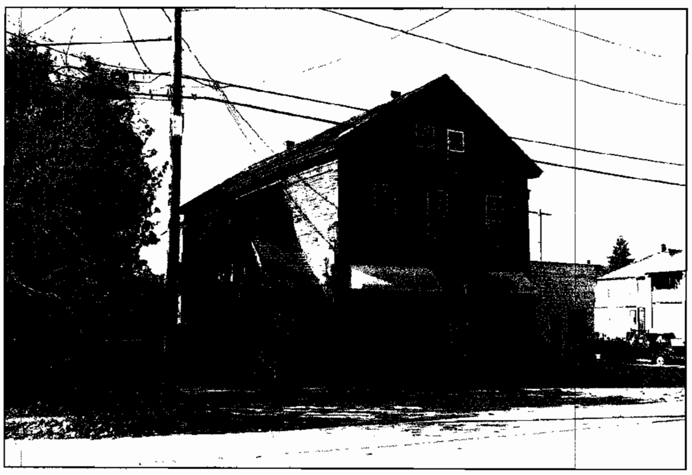
RE: Request for $56,000 in State Affordable Housing Tax Credits, Rutland AFS Scattered Site Project

Recommendation: Staff recommends that the VHFA Board of Commissioners pass the attached resolution and authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

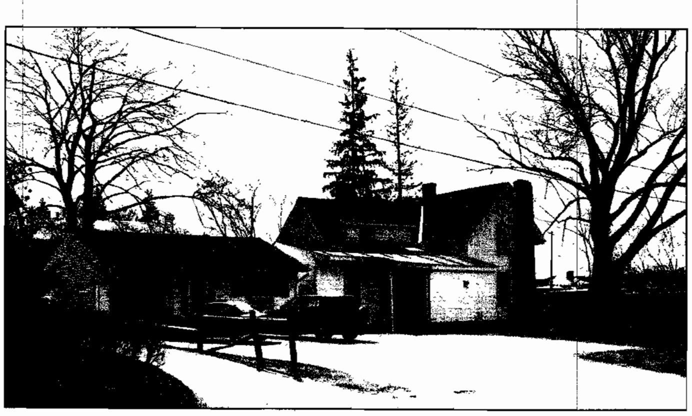
Project Summary: In March the Board approved $227,000 in ceiling ('9%') Housing Credits for the Rutland AFS Scattered Site Housing development. The project is being developed by the Rutland County Community Land Trust. The three properties are located at 44-46 Allen Street, 35 Forest Street and 8 Seabury Street. This project rehabilitates five (5) units and creates eight (8) new units, all of which will be tax credit units. RCCLT currently owns Allen Street and has the other two properties under contract. Closing is scheduled for July. Jeffrey Kantor is the development consultant and Arnold & Scangas is the architect.

The project will be presented at the June 12th VHCB Board meeting, and RCCLT is requesting a HOME allocation of $435,200. The developers have known that this is a very large request and that full funding is unlikely. At the VHFA Board meeting in March, RCCLT asked that if either additional state or federal housing credit became available, that we consider an additional allocation of credit so that they could reduce their HOME request. This will make their application much more likely to succeed. The request for an allocation of State Housing Credit in the amount of $56,000 allows the developer to reduce their HOME request from $435,200 down to $190,000.

ALLEN Street



FOREST Street



SEABURY Street
(Site only — building has been demolished)

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: PROPOSED ALLOCATION OF STATE HOUSING CREDITS FOR AFS SCATTERED SITE HOUSING PROJECT, CITY OF RUTLAND

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

WHEREAS, an application has been submitted to the Agency by Rutland County Community Land Trust (the "Sponsor") on behalf of a to be formed limited partnership in which the Sponsors or their subsidiaries will be the general partners (the "Borrower") involving the acquisition and rehabilitation of thirteen (13) units of general occupancy rental housing in the City of Rutland (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Liza Vedder Plantilla dated May 30, 2006, containing information and recommendations about the Development (the "Memorandum");

WHEREFORE, it is hereby RESOLVED:

1. The recommendations for additional allocation of State Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved;

2. That the Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the proposed allocation of State Housing Credits in the amount of $56,000 for the AFS Scattered Site housing project in the City of Rutland, Vermont.

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: May 30, 2006

RE: **FY2007 Budget**

Attached[1] is the budget packet for FY2007. The Audit/Risk Management Committee met on May 22, 2006 to review the proposed budget and voted to support its approval by the full Board, with the caveat that staff further evaluates additional requirements that the pending software replacement project will have of the Staff Travel and Training budget.

The software replacement recommendation to the Board (anticipated this fall) will include an analysis by staff of the Staff Travel and Training budget, as well as other line items that may require a budget adjustment.

The attached reports are unchanged from the Audit/Risk Management Committee meeting mailing. If you have any questions, please don't hesitate to give me a call at 652-3421.

[1] To support paper reduction, budget packet distributed to Board Members and Executive Management only.

mailing address P.O. Box 408, Burlington, VT 05402-0408 **delivery address** 164 Saint Paul St., Burlington, VT 05401-4364
phone (802) 864-5743 **fax** (802) 864-5746 **www.vhfa.org**

vhfa

Vermont Housing Finance Agency

TO: VHFA BOARD OF COMMISSIONERS

FROM: Gary Marini, CFO

DATE: May 15, 2006

RE: FY2007 PROPOSED BUDGET

Included with this memorandum are several companion documents, the actual two-page worksheet showing the proposed budget for FY2007 by department along with the current year budget, the projected actual for the current year and percentage change in budgets, a capital budget, and finally a summary of VHFA FY2007 Initiatives and Goals.

PHILOSOPHY:

We continue to use the basic budget philosophy of funding operations from the earnings in the bond programs because income generated within the general fund is not sufficient to pay for operations. Our financial advisors prepared a cash flow report which demonstrates that the transfers from the bond programs are consistent with the projections of transfers on a straight-line basis over the remaining expected life of the bond programs. We used the level of cash flow estimated in this year's projections. Generally our goal is to show a small surplus for FY07 from operations, without resorting to extraordinary transfers thereby marginally increasing the General Fund balance.

INCOME:

Income for the general fund in FY07 is budgeted at $102,000. This is approximately the same as the FY06 budget. Due to a number of favorable variances discussed below, the net income projected for 2006 is projected to be $297, 000 which is $194,000 better than budget.

Interest Income for general fund loans is expected to be slightly lower in FY07 than the FY06 projected actual. The interest income from investments was significantly higher than budget in FY06 due to increased holdings of cash. FY07 is expected to be somewhat lower, even though the assumed earnings rate has increased to 4.5%. This is due to our goal of minimizing cash balances in order to minimize the outstanding balances on the lines of credit.

Multifamily Fee Income for FY07 is budgeted at $549,000. Projected actual for this past year is estimated at $501,000. Multifamily fee income includes: origination fees (points), tax credit origination fees, HAP Contract Administration Fee Income, and Tax Credit Monitoring Fee

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phone (802) 864-5743 **fax** (802) 864-5746 **www.vhfa.org**

income. Fee income also includes amortization of fees paid to the Agency for work we did on the Winooski project and reimbursements of legal and construction fee expenses. Multifamily fee income is highly dependent on the volume and type of loans that are closed during the year. Production estimates are somewhat difficult to predict and dependent on factors beyond our control. A review of loans we have approved in FY06, but which are likely to close in FY07, along with a review of projects we are aware of but which have not yet made formal application are the basis for volume projections. Based on this review, staff believes we will close a total of $24 million on 15 different projects.

Miscellaneous Income includes rental income from one tenant in the Annex ($13,500) and the Northgate land rental ($38,000), as well as other miscellaneous items.

Fund Transfers. This category represents the surpluses transferred from the bond programs. We plan to fund our draws at a level slightly higher than FY06 as supported by the cash flows supplied by our financial advisors.

EXPENSES:

Projected actual Total Expenses and Other Cost for FY06 are anticipated to come in 2.10% under budget for the year. These expenses for FY07 are 3.18% higher than the FY06 budget and 5.40% higher than the FY06 projected actual. Explanations of the key expense areas follow:

Salaries and Wages. The budget for FY06 was $2,017,160 and projected actual salaries paid as of June 30, 2006 are expected to be $1,998,600, which is $18,560 (0.9%) under budget due to staff vacancies during the year (2 maternity leaves and new Outreach Coordinator position). The $2,081,490 budget for FY07 reflects a 4% annualized salary increase and a $25,000 recognition supplemental pool to cover special recognition and market adjustments. The HR Board Committee reviewed and agreed in principle to the recommendations for the salary budget.

Staffing levels have remained flat for the past few years. However, later this year, we may return to the board to request a budget adjustment in order to hire for support assistance with the software replacement project.

Benefits. Employee benefits (minus pension, which is 10% of salaries) are expected to be under budget in FY06 by 10.4% primarily due to lower than expected health insurance rate increase and more staff opting to take advantage of the Agency's insurance buyout option. The FY07 budget of $425,684 reflects a 9% increase over FY06 projected actual. Health insurance is estimated to increase 12% (excluding employee copays), while dental, STD/LTD, and life insurance rates remain relatively flat. This line item now includes tuition and other employee benefits such as Heath Awareness Day, Flex Plan Administration, flu shots, etc.

Consulting is budgeted for $58,000 for FY07. This is down from $78,000 last year. HR and General Agency consulting were not utilized as expected this year ($7,000). Multi-Agency studies were less than anticipated ($13,000). There were no Mitas visits this year pending the possible software replacement project ($9,000). There was also a lower than expected need to utilize SymQuest for network support ($8,000).

Consulting on the production side of the Agency includes expenses for professional services that are not reimbursed by or attributable to new multifamily loans. Most notably this included construction oversight provided by Dave Anderson on the Winooski project, which is not anticipated to continue in the FY07 budget. It also includes appraisals, market studies, rent studies and other professional services that are required from time to time to assist with Multifamily Management.

Contract Services includes among other things, MGIC contract underwriting and "Quickcheck" fees, single family file storage facility fees, ADP payroll processing fees and reimbursable construction inspection fees. Projected actual expenses for FY06 will come in less than budgeted in part because of the number of construction projects closed (9 versus 18 projected) and the timing of those closings wherein not all the construction inspections required over the life of the project occur within the fiscal year. The budget for FY07 anticipates 12 projects requiring construction inspection at $4,000 each. These fees are charged to the project and have a neutral affect on the Agency budget on both the income and expense side.

Staff Travel and Training. Projected travel and training expense is likely to end the year at an estimated $104,000 which is slightly above last year's budget of $98,400. For the first time in a long time, staff attended most of the conferences originally scheduled in the budget. In years past, we tended not to do all that we planned for conference attendance. Additionally, local travel expenses were higher than planned, and there were several unexpected conferences that were attended, one of which was due diligence on a potential vendor to replace our core software application (MITAS).

The Travel and Training budget for FY07 is requested at $113,000, higher than the FY06 budget or the projected actual. The increase again reflects our intent to have provisions in the budget for staff to attend conferences we feel will advance their knowledge in the field. These are typically NCSHA meetings, IRS training and compliance meetings, and strong presence for multifamily staff at training with our developers and mangers. The NCSHA Annual meeting this past year was in Boston and was less expensive for the Agency than it will be in FY07 (San Francisco). The FY07 budget also includes provisions for several staff members to complete specialized training courses.

Legal. We are under budget this fiscal year primarily as a result of lower than expected number of multifamily loan closings, lower than expected fees related to Homeownership, and lower than expected fees paid in connection with multifamily loan workouts. It should also be noted that our need to rely on outside resources diminished during the year as Elizabeth's time was less consumed by Winooski. We anticipate legal fee expense will finish the year at around $61,000, significantly under budget of $92,500. We are reducing the budget for FY07 to $82,500. We estimate that $52,500 of these will be project related and reimbursable. The remaining $30,000 of non-reimbursable legal expense includes a $12,000 provision for non-reimbursable fees in the loan departments for contract reviews, bond costs, loan workouts, bankruptcies and foreclosures.

Outreach & Marketing. This item includes a portion that is capitalized under cost of issuance for the bond programs as well as that expensed in the general fund budget. It comprises all radio and print advertising, promotional items and various event sponsorships. This was budgeted at $274,400 this past year with a projected actual of $260,000. We are slightly under the FY06 budget because print advertising and promotional items in Homeownership came in under budget. We are proposing an overall increase in the Outreach/Marketing budget to $291,200. The increase provides for additional radio advertising which we feel is important to support our efforts to increase our single family market share. Marketing also includes $10,000 for the Agency's biennial support of the Vermont Statewide Housing Conference.

Maintenance Agreements. SunGard Disaster Recovery FY06 expense was less than anticipated as additional equipment was not added to the contract until late in the year ($3,400). SymQuest server support agreement was not updated until May 2006 ($2,900). A budget adjustment will be requested of the Board as part of the software replacement project.

Occupancy. A 5% increase was projected for FY06, however, the weather was much warmer than expected and there was no rate increase for Vermont Gas or Burlington Electric during FY06. The FY07 budget is higher due to the significant rate increase for both of these utilities – 16% and 22% respectively.

Office Supplies. Comparative shopping in FY06 paid off this year resulting in substantial savings ($9,500 or 25 % of budget).

Telephone. The savings from the new phone system (installed in FY06) were better than anticipated ($3,500 or 13.5 %).

Postage. Increase attributable to the Housing Conference in November – several additional mailings ($2,000 or 6% of budget)

Miscellaneous & Other. Several smaller employee benefits previously included in this budget have been moved to Employee Benefits.

Commissioners Expenses. FY06 was under budget because no Commissioners attended NCSHA conferences ($2,000), and a new Board member joined the board late in the year ($1,000).

Other Costs:

Capital Budget. In FY06 the Agency expended approximately $81,000 of the $107,200 budgeted amount (includes new document management system). Anticipated expenditures did not materialize ($12,000 in heat replacement pumps; $7,500 new report writer software; $4,000 furniture/fixtures). FY2007 Capital budget of $74,000 is a substantial decrease from FY2006. However, there will most likely be a budget adjustment request for the Board later in the year relative to the software replacement project.

Organizational Subsidy. Organizational subsidies for FY07 are budgeted at $280,000 for FY07 as compared to $279,000 in FY06. The increase reflects additional support to the Vermont Housing Managers Association. We are proposing to keep support levels to the Homeownership Centers (HOCs) the same as last year at $246,500. This support includes operating support of $27,000 for each of the six centers, educational fee Reimbursement for home ownership education they provide to VHFA borrowers at $300 per loan purchased by VHFA, and budget provisions for VHFA to help facilitate the expansion of the services and service areas covered by the HOCs.

Loan Losses. Loan losses in the Singlefamily area have been minimal again this past year and are likely to finish the year at under $100,000. In light of a continuing favorable housing market with tight supply, we are recommending to maintain loan loss provisions for Homeownership at $250,000 for FY07.

Loan losses on the Multifamily side are under consideration by the Risk Management Committee. Preliminary analysis supports provisions for losses of $300,000. In the past, these were covered from the Multifamily Excess Yield Pool which current accounting treatment no longer supports. Therefore, the provision is now an expense on the Revenue and Expense Statement as is the case with the single family program.

Since all loan losses are provided within the bond programs, they are part of their respective program's results.

Amortization of Origination Fees / Purchase Servicing. As we have discussed earlier, we no longer expense these items out of the general fund, but amortize them in the bonds programs. As Piper Jaffray mentioned in their financial report we may need to fund some of these up front through fund transfers.

Recommended Action:
Approval of the FY07 operating and capital budgets as presented.

VHFA
FY2007 INITIATIVES
June 2006

HOMEOWNERSHIP:

- **Production** – Production is projected at 725 loans totaling $90 million. This production level assumes VHFA will have a 50 basis point spread over conventional rates. Approximately $34.2 million (38%) will be purchased servicing released and $55.8 million (62%) will be purchased servicing retained. Servicing Released Premiums are projected to be $256,500. Contract underwriting expenses and QuickCheck fees are estimated at $32,625 and file storage supplies and expenses are estimated at $2,000. We estimate that 99% of the loans originated ($89.1 million) will be zero points - VHFA will pay loan origination fees to the lenders (1.25%) in the amount of $1,116,000.

- **Loan Losses/ Delinquencies** – Loan losses are budgeted for $250,000, which is the minimum amount we believe should be budgeted. We expect that actual losses for FY 2007 will be less than $100,000. Loan losses are netted out of the bond earnings not expensed.

- **Outreach & Marketing** – The budget for 2007 has increased this year to provide for a much more aggressive radio advertising campaign. We have been losing market share and feel the need to increase our presence statewide as well as advertise when we have a rate advantage. VHFA will continue its outreach and sponsorship of lender, real estate brokers, home builder, and Homeownership Center events. VHFA will continue to recognize our top 5 lenders and top 13 originators. This allows us to promote our lenders while still being able to interact with consumers for minimal cost. VHFA will also continue to be an annual sponsor and participate in events for the Vermont Mortgage Bankers, Vermont Bankers, Vermont Association of Realtors, and Northern VT and Southern VT Home Builders. For more in depth information on the Agency's Communication and Marketing Plan for FY 2007 contact John Fairbanks at 652-3424.

- **Organizational Subsidy –** Organizational Subsidy related to homeownership is budgeted for FY 2007 at $256,500. This is the same amount as was budgeted for FY 2006. Staff recommends that we continue to provide Operating/Marketing Support to the Homeownership Centers plus an education fee reimbursement of $300 for each VHFA borrower completing pre-purchase education. Homeownership Centers now serve the entire state because of the financial support given by VHFA toward this effort. VHFA will continue to offer marketing support and sponsorship of events for other nonprofits.

DEVELOPMENT:

- **Multifamily Production** – We are estimating production of $24 million from financing on 15 multifamily and single family development projects for FY07. We expect to finish FY06 with production at just under $24 million as compared to a budget of $22.0 million. Short-term constructions loans have become the primary source of business in terms of dollar volume. Our predevelopment loan programs continue to fill a much needed gap in the market and tend to generate the construction loan volume. The number and size of permanent loans being generated has fallen off. Our primary source of new permanent loans is likely to come from restructuring of existing projects in our portfolio.

- **Tax Credit Applications** - The Agency anticipates allocating upwards to $2,190,000 in ceiling credits, and approximately $600,000 in out-of-cap credits. The Agency receives $250.00 per tax credit application and a fee equal to 4% of the credits awarded. We estimate that we will process 12 tax credit projects in FY07, which will generate tax credit fee income totaling $115,000.

MULTIFAMILY MANAGEMENT:

- **Risk Management/Preservation** – Multifamily Management officers actively manage projects in our portfolio which present certain levels of risk. Reports are prepared for the Board periodically as requested, but not less than two times per year. Staff reviews the "Watch List" report on a quarterly basis. Specific categories of risks are identified and given a weighting for each project and any potential risk of loss is quantified. The Agency has not incurred loan losses in its Multifamily portfolio due in part to the existence of Excess Yield funds. On average, the Agency has used roughly $300,000 per year of those proceeds to help troubled projects. In FY07, the Excess Yield Pool we will be accounted for in a different manner. The financial statements therefore will now show a loan loss provision of $300,000 for FY 2007. The staff Risk Management Committee will monitor loan loss provisions in the Multifamily portfolio.

- We continue to work with projects that are seasoned and at risk of prepayment or which have restructuring needs. Our greatest focus is on projects that are approaching their HAP Contract expiration dates and those which are reaching the end of their initial 15-year Tax Credit Compliance period. Those will be the most likely candidates for refinancing and/or restructuring.

RESEARCH POLICY AND INITIATIVES:

- **Housing Study** – The Public Affairs and Policy, Planning and Research departments will produce two housing issue papers—one on the impact of housing on schools and the other on housing and taxes—in the coming fiscal year. The first is scheduled for release in September, 2006 and the second in late winter 2007. The Agency will also be working with the Vermont Children's Forum on a major report on homeless children, scheduled for release in January, 2007

FINANCE:

- **Capital Sources** – Continue to work with local financial institutions to provide the capital for larger deals such as Eastview in Middlebury. The importance of this has increased after Fannie Mae's announcement that, until further notice, they will no longer be buying tax exempt bonds.

- **Reporting** – continue to enhance the quality and timeliness of the periodic financial statements. The goal for timeliness was met in FY06 so the focus for FY07 will be to enhance the presentation to include graphs and summary tables to more effectively communicate the Agency's results and financial positions to Board members.

- **Bond Management** – Coordinate with bond team to implement new multi-purpose resolution. The primary purpose of the new resolution will be to improve the underlying ratings of the single family program to AA. Also the new resolution will eliminate the need to forgive the 0% loans generated with excess yield.

- **Support** – Identify and implement financial reporting that will aim to assist the operational areas in the most effective delivery of our products.

- **Risk Management** – Continue work with Multifamily in evaluating the risk of loss in the multifamily portfolio. The analyses will be reported to the Risk Management committee of the Board. Also, evaluate the potential need and approach for an internal audit function.

Systems – Complete implementation of the ImageWare software and work on evaluation, selection and implementation of new bond and general ledger systems

ADMINISTRATION:

Legislative/ Regulatory – On the State level we will continue to promote a number of initiatives that started this year: the creation of a state land bank or program to utilize surplus land for affordable housing; funding of a state housing credit for homeownership and employer assisted housing; and initiatives to provide communities with incentives for developing residential housing such as the New Neighborhood Initiative proposed by the Governor. This year's legislation mandates two studies that VHFA will be actively involved in; one on homeownership credits and incentives, and one reviewing all of the state's housing programs, funding, and incentives.

We will continue to work with the Congressional Delegation on the passage of legislation that will best suit Vermont. This includes revisions and changes to the GSE oversight regulations and funding for affordable housing, changes to the Section 8 Voucher program, a homeownership development credit program, and exit tax relief. We will be actively involved on an NCSHA committee to promote miscellaneous bond and tax credit revisions presented to Congress in the 2006 session. We will continue to work with NCHSA, AAHSA and HUD on the implementation of combining housing tax credits and 202 funding, and programs to support assisted living

- **Public Awareness Campaign** – Continue leadership and staffing of the state-wide affordable housing awareness initiative, which will provide education/awareness to the various community members – legislators, local officials, residents, etc. A focus for the campaign in FY07 will be on employer assisted housing education. . The Agency will continue its lead role in producing the annual "Between A Rock and A Hard Place" report on housing costs and wages in Vermont, scheduled for release in February, 2007.

- **Housing Conference** – The Agency will again take a lead role in organizing and hosting the bi-annual housing conference, scheduled for November. We are anticipating about 350 attendees. Part of the increase in the marketing and outreach budget reflects anticipated conference expenses that may not be covered by sponsorships.

- **Professional Support** – Provide public outreach and media support and assistance to organizations around the state.

- **Information Systems** – Continue with the implementation of the Document Management project through the summer. Complete the due diligence for the software replacement project, submit RFPs, evaluate and make recommendation to Board. Commence implementation process thereafter.

- **Web Development** – Continue development of the Agency Website and Extranet, and the Housing Data and Housing Awareness websites.

Vermont Housing Finance Agency

Fiscal Year 2007 Budget Compilation

INCOME AND FUND BALANCE TRANSFERS

	PRIOR YEAR - FY 2006		FY 2007	COMPARISONS		
	Budgeted FY 2006	Projected Actual FY 2006	Budgeted FY 2007	2006 Proj'd Act versus 2007 Budget	% Change 2006 Proj Act to 2007 Budget	% Change 2006 Budget to 2007 Budget
Income:						
Interest Inc - Loans	766,479	804,722	777,979	(26,743)	-3.32%	1.50%
Multi-Family Fees	542,841	500,898	549,229	48,331	9.65%	1.18%
Miscellaneous Income	56,352	57,142	61,152	4,010	7.02%	8.52%
Interest Inc - Investments	23,000	110,430	78,750	(31,680)	-28.69%	242.39%
Single Family Fees	27,000	29,840	30,500	660	2.21%	12.96%
Total Income	1,415,672	1,503,032	1,497,610	(5,422)	-0.36%	5.79%
Fund Transfers:						
SF Housing Bonds	2,200,000	2,200,000	2,250,000	50,000	2.27%	2.27%
SF Insured Mtg Bonds	400,000	400,000	400,000	0	0.00%	0.00%
SF Home Mtg Purchase Pgm	350,000	350,000	350,000	0	0.00%	0.00%
MF Mortgage Bonds	440,000	440,000	440,000	0	0.00%	0.00%
MF Housing Bonds	240,000	240,000	240,000	0	0.00%	0.00%
MF Direct Placement Bonds	103,250	103,250	130,000	26,750	25.91%	25.91%
Total Fund Transfers	3,733,250	3,733,250	3,810,000	76,750	2.06%	2.06%
Summary:						
Total Income & Fund Transfers	5,148,922	5,236,282	5,307,610	71,328	1.36%	3.08%
Less Expenses & Other Costs	(5,045,615)	(4,939,517)	(5,206,007)	(266,490)	5.40%	3.18%
Budgeted Surplus	103,307	296,765	101,603	(195,162)	-65.76%	-1.65%

Vermont Housing Finance Agency
Fiscal Year 2007 Budget Compilation
FY 2007 EXPENSES BY DEPARTMENT

	(1-10-11) Administration	(1-10-12) Public Affairs	(1-10-13) Info Systems	(1-20-21) Finance	(1-30-31) Development	(1-30-32) Homeownership	(1-30-33) Multi-Family	Total Budgeted FY 2007	2006 BUDGET / 2007 BUDGET COMPARISON: Budgeted FY 2006	% Change Budget/Budget	2006 PROJ'd ACTUAL / 2006 BUDGET COMPARISON: Projected FY 2006	% Change Pro Act/Budget
Expenses:												
Salaries and wages	286,262	123,636	185,552	385,285	267,094	461,049	372,612	2,081,490	2,017,160	3.19%	1,998,600.00	-0.92%
Employee Benefits	65,683	26,449	36,093	74,944	53,954	95,082	73,479	425,684	432,161	-1.50%	387,167.00	-10.41%
Pension Expense	28,995	12,523	18,794	39,025	27,054	46,699	37,741	210,831	203,208	3.75%	201,579.00	-0.80%
Trustee Fees				191,900				191,900	196,400	-2.29%	188,247.00	-4.15%
Marketing & Outreach	6,000	79,200			1,000	78,000	7,000	171,200	179,380	-4.56%	179,500.00	0.07%
Payroll Taxes	21,420	9,410	14,118	29,281	20,340	35,113	28,389	158,071	153,234	3.16%	147,168.00	-3.96%
Depreciation				139,857				139,857	149,906	-6.70%	152,107.00	1.47%
Staff Travel & Training	22,950	13,500	5,500	14,000	18,000	17,250	21,550	112,750	98,400	14.58%	104,162.00	5.86%
Contract Services	6,000				48,000	34,625	2,500	91,125	93,625	-2.67%	70,502.00	-24.70%
Legal Expense	5,000			5,000	62,500	5,000	5,000	82,500	92,500	-10.81%	60,761.00	-34.31%
Occupancy	87,471							87,471	90,049	-2.86%	78,464.00	-12.87%
Consulting	12,000	13,500	10,000	10,000	7,000	1,000	4,500	58,000	78,000	-25.64%	42,211.00	-45.88%
Maintenance Agreements	12,759		59,247					72,006	71,303	0.99%	66,065.00	-7.35%
Audit				55,000				55,000	50,000	10.00%	45,500.00	-9.00%
Interest Expense				44,392				44,392	44,350	0.09%	51,369.00	15.83%
Dues & Subscriptions	21,762	2,850	1,275	2,000	3,850	6,500	2,550	40,787	39,892	2.24%	38,603.00	-3.23%
Office Supplies	24,944		5,852					30,796	37,408	-17.68%	27,959.00	-25.26%
Telephone	24,330							24,330	26,216	-7.19%	22,668.00	-13.53%
Postage	25,095							25,095	23,606	6.31%	22,687.00	-3.89%
Liability Insurance	20,672							20,672	21,302	-2.96%	21,302.00	0.00%
Printing		14,400			500	8,000	1,000	23,900	21,300	12.21%	19,516.00	-8.38%
Miscellaneous & Other	8,900							8,900	12,940	-31.22%	10,063.00	-22.23%
Commissioner Expenses	13,250							13,250	12,400	6.85%	9,729.00	-21.54%
Temp Services	3,000							3,000	3,000	0.00%	0.00	-100.00%
Total Expenses	696,493	295,468	336,431	990,684	509,292	788,318	556,321	4,173,007	4,147,740	0.61%	3,945,929	-4.87%
Other Costs (general fund)::												
Loan Interest Cost								753,000	618,875	21.67%	726,588	17.40%
Organizational Subsidies								280,000	279,000	0.36%	267,000	-4.30%
Total Other Costs (general fund)								1,033,000	897,875	15.05%	993,588	10.66%
Total Expenses & Other Costs								5,206,007	5,045,615	3.18%	4,939,517	-2.10%
Other Costs (bond):												
Single-Family Loan losses								250,000	250,000	0.00%	30,000	-88.00%
Multi-Family Loan losses								300,000	0	n/a	0	n/a
Outreach & Marketing - new bond coi								120,000	95,000	26.32%	80,500	-15.26%
SF Loan Origination fees								1,116,000	1,109,500	0.59%	989,180	-10.84%

Vermont Housing Finance Agency
Fiscal Year 2007 Budget Compilation
PROJECTED 2006 EXPENSES BY DEPARTMENT

	(1-10-11) Administration	(1-10-12) Public Affairs	(1-10-13) Info Systems	(1-20-21) Finance	(1-30-31) Development	(1-30-32) Homeownership	(1-30-33) Multi-Family	Total Projected FY 2006	2006 Budget / 2006 Projected COMPARISON Budgeted FY 2006	% Variance
Expenses:										
Salaries and wages	278,591	127,896	185,422	397,060	270,722	357,683	381,226	1,998,600	2,017,160	-0.92%
Employee Benefits	60,733	24,151	35,012	75,843	51,119	68,324	71,985	387,167	432,161	-10.41%
Pension Expense	27,138	12,971	18,805	40,274	27,456	36,275	38,660	201,579	203,208	-0.80%
Trustee Fees				188,247				188,247	196,400	-4.15%
Marketing & Outreach	4,864	26,632				137,557	10,447	179,500	179,380	0.07%
Payroll Taxes	24,140	9,148	13,263	28,401	19,364	25,584	27,268	147,168	153,234	-3.96%
Depreciation				152,107				152,107	149,906	1.47%
Staff Travel & Training	23,437	10,697	9,000	13,480	17,000	10,000	20,548	104,162	98,400	5.86%
Contract Services	6,217				35,852	28,000	433	70,502	93,625	-24.70%
Legal Expense	3,109			4,376	47,173	5,150	953	60,761	92,500	-34.31%
Occupancy	78,464							78,464	90,049	-12.87%
Consulting	4,943	3,391	1,797		30,000		2,080	42,211	78,000	-45.88%
Maintenance Agreements	12,393		53,672					66,065	71,303	-7.35%
Audit				45,500				45,500	50,000	-9.00%
Interest Expense				51,369				51,369	44,350	15.83%
Dues & Subscriptions	20,938	632	699	2,564	3,501	7,700	2,569	38,603	39,892	-3.23%
Office Supplies	21,851		6,108					27,959	37,408	-25.26%
Telephone	22,668							22,668	26,216	-13.53%
Postage	22,687							22,687	23,606	-3.89%
Liability Insurance	21,302							21,302	21,302	0.00%
Printing		11,740				6,572	1,204	19,516	21,300	-8.38%
Miscellaneous & Other	10,063							10,063	12,940	-22.23%
Commissioner Expenses	9,729							9,729	12,400	-21.54%
Temp Services								0	3,000	-100.00%
Total Expenses	653,267	227,258	323,778	999,221	502,187	682,845	557,373	3,945,929	4,147,740	-4.87%

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO:	VHFA Board of Commissioners
FROM:	Dave Adams, Chief of Program Operations Elizabeth Mullikin Drake, General Counsel
RE:	Twenty-Ninth Supplemental Resolution for Series 25 Bonds and Notes
DATE:	May 30, 2006

Board Action Requested: Adoption of the attached[1] resolution.

The attached resolution authorizes the current structure options for the Series 25 Single Family Housing Bonds and Notes. The structure for Series 25 will be similar to resolutions previously approved by the Board. This Resolution and the Preliminary Official Statement will allow for the implementation of the F35 program (previously known as 5/30). This program was previously authorized by the Board on September 22, 2005 when it approved an allocation of $5 million of Series 23 to this program. Implementation of this program is now planned for Series 25.

Please feel free to call Dave at (802) 652-3478 if you have any questions regarding this request.

[1] To support paper reduction, resolution distributed to Board Members and Executive Management only.

VERMONT HOUSING FINANCE AGENCY

TWENTY-NINTH SUPPLEMENTAL SINGLE FAMILY HOUSING BOND RESOLUTION

Adopted June 5, 2006

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ARTICLE VI
MUNICIPAL BOND INSURANCE POLICY

TWENTY-NINTH SUPPLEMENTAL SINGLE FAMILY HOUSING BOND RESOLUTION

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

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Short Title. This resolution is hereinafter sometimes referred to as the "Twenty-Ninth Supplemental Resolution."

Section 1.02. Definitions and Interpretation.

(a) Except as provided in Paragraph (B) of this Section, all terms used herein shall have the same meanings as are given such terms in Section 101 of the Resolution.

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

"*Adjusted Interest Rate*" means the rate or rates of interest to be borne by all Adjusted Rate Bonds subsequent to the Adjustment Date as determined pursuant to Section 2.03(a)(iv) hereof.

"*Adjusted Rate Bonds*" means all Series 25 Tender Bonds on which the interest rate has been adjusted to the Adjusted Interest Rate on the Adjustment Date and any Series 25 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 25 Tender Bonds is adjusted to the Adjusted Interest Rate as determined in accordance with Section 2.03(a)(ii) hereof.

"*Adjustment Option Period*" means the period set forth in the Series Certificate during which the Agency may exercise its right to cause the mandatory tender of Series 25 Bonds in accordance with Section 2.03 hereof.

"*Adjustment Rating Certificate*" means (i) a certificate of an Authorized Officer to the effect that the Agency has notified each Nationally Recognized Credit Rating Agency then maintaining a credit rating on any Bonds Outstanding that the interest rate on the Series 25 Tender Bonds will be adjusted to the Adjusted Interest Rate on the Adjustment Date and has furnished each such Nationally Recognized Credit Rating Agency with a Remarketing Projection of Revenues satisfying the requirements of Section 2.03(a)(vi) hereof, accompanied by (ii) a letter from each such Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that adjustment of the interest rate on the Series 25 Tender Bonds will not cause such Nationally Recognized Credit Rating Agency to change the unenhanced credit ratings then assigned by it to any Bonds Outstanding.

"*Arbitrage Projection Certificate*" means a certificate of an Authorized Officer setting forth the Agency's reasonable expectations that adjustment of the interest rate on the Series 25 Tender Bonds on the Adjustment Date to the Adjusted Interest Rate and the purchase thereafter of Loans at a certain specified rate or rates with proceeds allocable to the Adjusted Rate Bonds will not cause the Series 25 Obligations to be "arbitrage bonds" within the meaning of Section 143(g) or Section 148(a) of the Code, accompanied by an opinion of Bond Counsel to the effect that the adjustment of the interest rate on the Series 25 Tender Bonds on the Adjustment Date will not adversely affect the excludability of interest on the Series 25 Obligations from the gross income of the holders thereof for federal income tax purposes and that no matters have come to the attention of such counsel which make unreasonable or incorrect the representations made in such certificate.

"*Authenticating Agent*" with respect to all Series 25 Obligations, means the Trustee.

"*Beneficial Owner*" means the person or entity that is considered to be the beneficial owner of any Series 25 Obligation pursuant to the arrangements for book entry determination of ownership applicable to the Bond Depository.

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

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

"*Bond Insurer*" means the provider of municipal bond insurance with respect to the Series 25 Bonds, if any, as shall be set forth in the Series Certificate.

"*Bond Year*" means the twelve month period beginning on each April 1 and ending on the following March 31; provided that the initial Bond Year shall commence on the date of issuance of the Series 25 Obligations and end on March 31, 2007.

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

"*Calculation Date*" means the date, if any, on which the Adjusted Interest Rate is determined, which date shall be any Business Day selected by the Tender Bond Remarketing Agent with the approval of the Agency not earlier than 15 days prior to the Adjustment Date and not later than seven days prior to the Adjustment Date.

"*Code*" means the Internal Revenue Code of 1986, as amended, and all Treasury Regulations thereunder to the extent applicable to the Series 25 Obligations.

"*Hedge Agreement*" shall mean a payment exchange agreement, swap agreement, forward purchase agreement or any other hedge agreement entered into by the Agency authorized by the Agency's then current Swap Management Plan and a Qualified Institution providing for payments between the parties based on levels of, or changes in interest rates, stock or other indices or contracts to exchange cash flows or a series of payments or contracts, including without limitation, interest rate floors, or caps, options, puts or calls, which allows the Agency to manage or hedge payment, rate, spread or similar risk with respect to all or a portion of the Series 25 Bonds or any assets pledged under the Resolution.

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

"*Loan Loss*" means the amount, certified to the Trustee by an Authorized Officer, of any loss realized by the Agency upon the default on a Loan held under the Resolution for the account of the Series 25 Bonds, which amount shall not exceed the sum of (i) the unpaid principal balance of the Loan at the date of the default, (ii) the amount of accumulated delinquent interest due on the Loan (excluding late charges and penalty interest), and (iii) the amount of advances made by or for the account of the Agency with respect to such Loan for regularly scheduled payments of principal and interest in arrears, hazard insurance premiums, property taxes, property protection and preservation expenses and foreclosure costs, less the sum of (iv) the amount of all rents, sale proceeds, foreclosure proceeds, insurance settlements, self-insurance proceeds (other than Loan Loss Claim Fund Withdrawals) and other payments (excluding proceeds of fire and extended coverage insurance) collected or received by the Agency from or on account of such Loan and the property securing the same, (v) the amount of cash remaining in any escrow account maintained for such Loan, (vi) the amount paid under any fire and extended coverage policy which is in excess of the amount applied to the restoration of the property or the payment of the Loan and (vii) the amount of any Loan Loss on account of such Loan previously paid from amounts on deposit in the Series 25 Loan Loss Claim Fund.

"*Loan Loss Claim Fund Withdrawals*" means amounts withdrawn from the Series 25 Loan Loss Claim Fund pursuant to Section 3.06(b) hereof on account of a Loan Loss.

"*Municipal Bond Insurance Policy*" means, to the extent required by the Series Certificate, the municipal bond insurance policy issued by the Bond Insurer insuring the scheduled payment when due of the principal of and interest on all or a portion of the Series 25 Bonds as provided therein.

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

"*Notice Date*" means the Business Day which is 30 days prior to the Adjustment Date.

"*Official Statement*" or "*Official Statements*" means any Official Statement of the Agency describing the Series 25 Bonds or the Series 25 Notes, dated the date of execution of the related Purchase Contract.

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

"*Principal Amount*" for purposes of Section 204(B) of the Resolution and at any date of computation, means, with respect to any Series 25 Obligation, the stated principal amount thereof.

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

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

"*Purchase Contracts*"" means the Series 25 Bond Purchase Contract and the Series 25 Note Purchase Contract.

"*Qualified Institution*" shall mean (i) a bank, a trust company, a national banking association, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America, a corporation, a trust, a partnership, an unincorporated organization, or a government or an agency, instrumentality, program, account, fund, political subdivision or corporation thereof, in each case the unsecured or uncollateralized long-term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such organization, at the time a Hedge Agreement is entered into by the Agency are either (a) rated at least as high as the Series 25 Bonds (without giving effect to the existence of a municipal bond insurance policy or other credit enhancement thereon) by each Nationally Recognized Credit Rating Agency which rates such obligations or (b) such that entering into a Hedge Agreement with such entity will not adversely effect the then current ratings, if any, assigned to the Series 25 Bonds by each Nationally Recognized Credit Rating Agency or (ii) the Government National Mortgage Association or any successor thereto, Fannie Mae or any successor thereto, or any other federal agency or instrumentality, the obligations of which are backed by the full faith and credit of the United States of America.

"*Record Date*" with respect to the payment of interest on a Series 25 Obligation, means, except as may otherwise be provided in the Series Certificate, the fifteenth day of the month next preceding the date on which interest is to be paid on such Series 25 Obligation or, if such fifteenth day is not a Business Day, the next preceding Business Day; provided that, with respect to overdue interest or interest payable on a Series 25 Obligation other than on an Interest Payment Date or interest on any overdue amount, the Trustee may establish a special record date, which date shall be not more than twenty Business Days before the date set for payment; and provided further that the Trustee shall give notice of a special record date by mailing a copy of such notice to the Holders of all Series 25 Obligations Outstanding to which such special record date is applicable in the manner provided in Section 801 of the Resolution at least ten days before the special record date or in such other time and manner as the Trustee may deem appropriate.

"*Remarketing Agent*" means the investment banking firm or firms selected by the Agency to remarket any of the Series 25 Bonds that are issued as Variable Rate Bonds, as shall be set forth in the Series Certificate.

"*Remarketing Agreement*" means the Remarketing Agreement, if any, executed in connection with the issuance of any Series 25 Bonds as Variable Rate Bonds.

"*Remarketing Projection of Revenues*" means a Projection of Revenues satisfying the requirements of Section 2.03(a)(vi) hereof calculated on the assumption that the Adjusted Rate Bonds will bear interest at the Adjusted Interest Rate and will mature on the dates determined in accordance with Section 2.03(a)(v) hereof.

"*Representation Letter*" means, with respect to the Series 25 Obligations held in book-entry only form with the Bond Depository, the Blanket Letter of Representations of the Agency dated April 4, 1995.

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

"*Series Certificate*" means the Series Certificate of the Chair or Vice Chairman and Executive Director and Secretary of the Agency dated on or before the date of issuance of the Series 25 Obligations which Series Certificate shall establish certain terms of the Series 25 Obligations as provided herein.

"*Series 24 Bonds*" means the $41,960,000 aggregate principal amount of the Agency's Single Family Housing Bonds, Series 24A issued on April 19, 2006.

"*Series 24 Notes*" means the $30,000,000 aggregate principal amount of the Agency's Single Family Housing Notes, Series 24B, issued on April 19, 2006.

"*Series 25 Bond Purchase Contract*" means the Purchase Contract, or Contracts, by and among the Agency, the Underwriters named therein and the direct institutional purchaser of the Series 25 Bonds, if any, providing for the terms and conditions of the sale of the Series 25 Bonds in substantially the form of the Bond Purchase Contract executed in connection with the Agency's Series 24 Bonds; provided, however, that if the Series Certificate provides for the issuance of Series 25 Notes or Variable Rate Bonds, the Agency may execute additional Purchase Contracts as provided in Section 5.07 hereof.

"*Series 25 Bond Reserve Requirement*" means an amount with respect to the Series 25 Obligations at least equal to the lesser of (i) 50% of the maximum amount of Debt Service payable on all Series 25 Bonds Outstanding in the current or any subsequent Fiscal Year and (ii) 10% of the original net proceeds of the Series 25 Bonds.

"*Series 25 Bonds*" means the Series 25 Bonds of the Agency authorized to be issued in one or more Series by this Twenty-Ninth Supplemental Resolution; provided, however, that as provided in Section 2.01 hereof and as may be provided in the Series Certificate, a portion of the Series 25 Bonds may be issued as a separate issue for federal tax purposes and shall be designated as Series 26 Bonds. References herein to the Series 25 Bonds shall be deemed to include the Series 26 Bonds, if any.

"*Series 25 Contingency Account*" means the account in the Redemption Fund so designated and created pursuant to Section 3.01(e) hereof.

"*Series 25 Contingency Account Deposits*" means the Series 25 Contingency Account Surety Bond, cash or any one or more of the following to the extent its deposit in the Series 25 Contingency Account will not adversely affect the then current unenhanced ratings, if any, assigned to the Bonds by each Nationally Recognized Credit Rating Agency then maintaining a credit rating on the Bonds: (i) irrevocable and unexpired letters of credit issued by banking institutions, (ii) irrevocable policies of insurance in full force and effect issued by insurers, (iii) irrevocable guarantees by banks, bank holding companies, insurance companies or surety companies or (iv) any other similar security or source thereof; in any case deposited or held under the Resolution for the credit of the Series 25 Contingency Account.

"*Series 25 Contingency Account Surety Bond*" means the irrevocable surety bond issued by the Series 25 Contingency Account Deposit Provider to be held for the credit of the Series 25 Contingency Account and any extension thereof or substitute surety bond therefor deposited with the Trustee pursuant to Section 3.02(c) thereof.

"*Series 25 Contingency Account Deposit Provider*" means the provider of any other Series 25 Contingency Account Deposit as shall be provided in the Series Certificate

"*Series 25 Cost of Issuance Account*" means the account in the Program Fund so designated and created by Section 3.01(c) hereof.

"*Series 25 Funded Loan Loss Claim Fund Requirement*" means, at any date of computation, an amount equal to the Series 25 Loan Loss Claim Fund Requirement less the stated and unpaid amounts, if any, of all Series 25 Loan Loss Claim Fund Deposits in full force and effect held for the account of the Series 25 Loan Loss Claim Fund.

"*Series 25 Loan Loss Claim Fund*" means the fund so designated and created pursuant to Section 3.01(a) hereof.

"*Series 25 Loan Loss Claim Fund Deposit Provider*" means the provider of any other Series 25 Loan Loss Claim Fund Deposit as shall be provided in the Series Certificate.

"*Series 25 Loan Loss Claim Fund Deposits*" means cash or any one or more of the following to the extent its deposit in the Series 25 Loan Loss Claim Fund will not adversely affect the then current unenhanced ratings, if any, assigned to the Bonds by each Nationally Recognized Credit Rating Agency then maintaining a credit rating on the Bonds: (i) irrevocable and unexpired letters of credit issued by banking institutions, (ii) irrevocable policies of insurance in full force and effect issued by insurers, (iii) irrevocable guarantees by banks, bank holding companies, insurance companies or surety companies or (iv) any other similar security or source thereof; in any case deposited or held under the Resolution for the credit of the Series 25 Loan Loss Claim Fund and providing for the payment of sums available to pay Loan Loss Claim Fund Withdrawals.

"*Series 25 Loan Loss Claim Fund Requirement*" means, as of any date of computation, (i) an amount at least equal to (A) one and eighty-five hundredths percent (1.85%) of the sum of (1) the aggregate unpaid principal amount of all Loans purchased under the Resolution from amounts on deposit in the Series 25 Program Account plus (2) the aggregate amount, if any, then held in the Series 25 Program Account which may be applied to the purchase of such Loans, less

(B) the aggregate amount of all Loan Loss Claim Fund Withdrawals that have been theretofore made from the Series 25 Loan Loss Claim Fund, or (ii) such lesser amount as each Nationally Recognized Credit Rating Agency confirms to the Agency will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

"*Series 25 Loan Loss Claim Fund Surety Bond*" means, if so provided in the Series Certificate, the irrevocable surety bond issued by the Bond Insurer to be held for the credit of the Series 25 Loan Loss Claim Fund and any extension thereof or substitute surety bond deposited with the Trustee pursuant to Section 3.02(b) hereof.

"*Series 25 Note Purchase Contract*" means the Purchase Contract, or Contracts, between the Agency and UBS Securities LLC, providing for the terms and conditions of the sale of the Series 25 Notes in substantially the form of the Note Purchase Contract executed in connection with the Agency's Series 24 Notes.

"*Series 25 Notes*" means the Series 25 Notes of the Agency authorized to be issued in one or more Series by this Twenty-Ninth Supplemental Resolution; provided, however, that as provided in Section 2.01 hereof and as may be provided in the Series Certificate, a portion of the Series 25 Notes may be issued as a separate issue for federal tax purposes and shall be designated as Series 26 Notes. References herein to the Series 25 Notes shall be deemed to include the Series 26 Notes, if any.

"*Series 25 Obligations*" means, collectively, the Series 25 Bonds and the Series 25 Notes.

"*Series 25 Program Account*" means the one or more Series 25 Program Accounts authorized to be established in the Series Certificate.

"*Series 25 Rebate Account*" means the account in the Rebate Fund so designated and created pursuant to Section 3.01(f) hereof.

"*Series 25 Rebate Requirement*" with respect to the Series 25 Obligations, means an amount equal to the cumulative net sum calculated and determined from time to time in accordance with the requirements of Section 148(f) of the Code that must be paid to the United States pursuant to Section 3.05 hereof.

"*Series 25 Reimbursement Agreements*" means, as applicable, (i) the agreement by and between the Agency and the Series 25 Loan Loss Claim Fund Deposit Provider in connection with the Series 25 Loan Loss Claim Fund Deposit, (ii) the agreement by and between the Agency and the Series 25 Contingency Account Deposit Provider in connection with the Series 25 Contingency Account Deposit and, (iii) the agreement by and between the Agency and the provider of a Liquidity Facility in connection with the issuance of any Variable Rate Bonds and, in each case, as such agreement or agreements may be amended from time to time in accordance therewith.

"*Series 25 Tender Bonds*" means the Series 25 Bonds selected in accordance with Section 2.03(A)(3) hereof for mandatory tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds.

"*Series 25 Tender Bonds Proceeds Subaccount*" means the Series 25 Program Account Tender Bonds Proceeds Subaccount established pursuant to Section 3.01(b) hereof.

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

"*Tender Bond Remarketing Agreement*" means the Remarketing Agreement executed in connection with the remarketing of Series 25 Tender Bonds, in such form as shall be approved by the Agency prior to the Adjustment Date.

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

"*Underwriters*" means, collectively, UBS Securities LLC, Citigroup Global Markets Inc. and A.G. Edwards & Sons, Inc., as underwriters of the Series 25 Bonds and UBS Securities LLC as underwriter of the Series 25 Notes; provided, however, that if the Series Certificate provides for the issuance of Variable Rate Bonds, such Variable Rate Bonds initially may be sold to one or more of the Underwriters.

"*Yield*" means the yield on the Series 25 Obligations or the yield on any Loan or any other investment held under the Resolution and allocable to the Series 25 Obligations calculated as required by Sections 148(h) and 143(g) of the Code.

(c) Unless a different meaning clearly appears from the context, for all purposes of the Resolution and this Twenty-Ninth Supplemental Resolution, the term "Interest Payment Date" shall mean (i) with respect to the Series 25 Bonds issued as Fixed Rate Bonds, May 1 and November 1 of each year commencing on November 1, 2005, (ii) with respect to any Series 25 Bonds issued as Variable Rate Bonds, such dates as shall be set forth in the Series Certificate, (iii) with respect to the Series 25 Notes, if any, such dates as shall be set forth in the Series Certificate and (iv) with respect to all Series 25 Bonds, any redemption date of any Series 25 Bonds and any other date on which interest on the Series 25 Bonds is required or permitted by the Resolution to be paid.

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

ARTICLE II

AUTHORIZATION OF SERIES 25 OBLIGATIONS

Section 2.01. Series 25 Obligations; Authorization; Purpose; Findings.

(a) The Agency hereby authorizes the issuance of one or more Series of Bonds to be designated "Single Family Housing Bonds, Series 25" for the purpose of funding mortgage loans, costs of issuance, reserve funds and the refunding of certain obligations of the Agency. Each separate Series of Bonds shall have its own letter designation (i.e. Series 25A, Series 25B, Series 25C, etc.) as shall be set forth in the Series Certificate. In addition, the Agency hereby authorizes the issuance of one or more Series of Notes to be designated "Single Family Housing Notes, Series 25"; such Series of Notes shall be issued as short term obligations with a maturity of less than three years from the date of issuance thereof, the proceeds of which shall not be made available for the funding of mortgage loans until such obligations have been refunded with a series of long-term Bonds. Each Series of Notes shall have its own letter designation as shall be set forth in the Series Certificate (i.e. Series 25A, Series 25B, Series 25C, etc.). In addition, in order to distinguish between Bonds and Notes of different tax plans for federal tax purposes, the Bonds of such Series or the Notes of such Series may be designated (as herein provided and as may be provided in the Series Certificate or Certificates delivered in connection with such Bonds) as Series 26 Bonds and as the Series 26 Notes, and, within such designation(s), may be further designated as Series 26A, Series 26B, and so forth. References herein to the Series 25 Bonds and the Series 25 Notes shall be deemed to include the Series 26 Bonds and Series 26 Notes, if any.

Collectively, the aggregate Principal Amount of the Series 25 Bonds and the Series 25 Notes shall not to exceed $90,000,000. The Agency hereby determines (i) that the original aggregate Principal Amount of the Series 25 Obligations is necessary to provide sufficient funds to be used and expended for the Program, (ii) that Loans made on behalf of the Agency with moneys allocable to the Series 25 Bonds can be issued bearing rates of interest which will be less than the prevailing rate of interest on comparable loans available in the State of Vermont without the assistance of the Agency and (iii) that the Agency will derive receipts, revenues or other income from the Loans purchased with moneys allocable to the Series 25 Bonds as provided herein and from the investment of the proceeds of the Series 25 Notes sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of the Series 25 Obligations and the payment of all costs and expenses incurred by the Agency with respect to the Program for which the Series 25 Obligations are being issued. For purposes of Section 204(B) of the Resolution, the Series 25 Bonds may be issued as "Fixed Rate Bonds" as described in Section 203(B) of the Resolution or as "Variable-Rate Bonds" as described in Section 203(C) of the Resolution (or any combination of Fixed-Rate Bonds and Variable-Rate Bonds) and all or a portion of the

Series 25 Bonds shall be issued as "Tender Bonds" as described in Section 203(D) of the Resolution.

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

(b) The Series 25 Obligations are being issued to provide funds for the refunding of certain outstanding obligations of the Agency and to make deposits in one or more of the Series 25 Program Accounts, the Series 25 Cost of Issuance Account, the Series 25 Capitalized Interest Account, the Debt Service Fund and the Bond Reserve Fund, subject to the limitations and provisions provided in Article V of the Resolution. The amounts of the deposits described in this paragraph (b) shall be as set forth in the Series Certificate.

(c) Except as may otherwise be provided in the Series Certificate with respect to the issuance of Variable-Rate Bonds and subject to Section 2.02 hereof, all Series 25 Obligations shall be issued only in the form of fully registered bonds each in the denomination of $5,000 or any whole multiple thereof and shall be lettered and numbered separately from one consecutively upward in order of maturity preceded by the letters "RA," "RB" or "RC," etc., as applicable, and with such further or alternate designation as the Trustee shall determine with the approval of the Agency.

(d) The Series 25 Obligations shall be dated as shall be set forth in the Series Certificate. Subject to Section 2.03 hereof, the Series 25 Obligations shall mature on the dates and in the Principal Amounts and shall bear interest at the rates set forth in the Series Certificate; provided, however, that in no event shall the Yield on the Series 25 Obligations exceed a Yield which would result in an interest rate on the zero point Mortgage Loans to be financed with the proceeds of the Series 25 Bonds in excess of 7.50% per annum nor may the final maturity date of the Series 25 Bonds be later than November 1, 2040.

(e) The Principal Amount and Redemption Price of the Series 25 Obligations shall be payable at the Principal Office of the Trustee. Interest on the Series 25 Obligations shall be payable solely by check or draft drawn upon the Trustee, bearing on its face or by attached notation the CUSIP number of the Series 25 Obligation on account of which such payment is made, mailed to the address of the registered owner thereof as it appears on the registry books of the Agency, determined as of the close of business on the applicable Record Date. The Principal Amount or Redemption Price of and interest on the Series 25 Obligations shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by the Resolution. Notwithstanding anything in the Resolution or this Paragraph (e) to the contrary, if at any time the Series 25 Obligations are not restricted to being registered in the registry books of the Agency in the name of Cede & Co., as nominee of the Bond Depository, as provided in Section 2.02 hereof, the Principal Amount and Redemption Price of and interest on the Series 25 Obligations of any registered owner of Series 25 Obligations of $1,000,000 or more in Principal Amount shall be payable, at the option of such registered owner expressed in a written notice delivered to the Trustee, in immediately available funds by wire transfer to the account of such registered owner on file with the Trustee. Each such wire transfer shall bear a notation of the CUSIP number of the Series 25 Obligations on account of which such payment is made.

(f) Pursuant to Section 305(C) of the Resolution, the Agency in its sole discretion may charge for every exchange or transfer of a Series 25 Obligation a fee sufficient to reimburse the Agency for the cost of preparing each new Series 25 Obligation delivered upon such exchange or transfer and for any other expenses of the Agency or the Trustee incurred in connection therewith (in addition to any applicable tax, fee or other governmental charge other than one imposed by the Agency), which fee shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

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

(a) The Series 25 Obligations shall be initially issued in the form of a single separate fully registered bond for each Series and maturity of the Series 25 Obligations in the amount of such maturity. Upon initial issuance, the ownership of the Series 25 Obligations shall be registered in the registry books of the Agency kept by the Trustee in the name of Cede & Co., as nominee of the Bond Depository. With respect to Series 25 Obligations registered in the registry books kept by the Trustee in the name of Cede & Co., as nominee of the Bond Depository, the Agency and the Trustee shall have no responsibility or obligation to any Participant or to any Beneficial Owner of the Series 25 Obligations. Without limiting the immediately preceding sentence, the Agency and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Bond Depository, Cede & Co. or any Participant with respect to any ownership interest in the Series 25 Obligations, (ii) the delivery to any Participant, any Beneficial Owner or any other person, other than the Bond Depository, of any notice with respect to the Series 25 Obligations, including any notice of redemption, or (iii) the payment to any Participant, any Beneficial Owner or any other person, other than the Bond Depository, of any amount with respect to the Principal Amount or Redemption Price of, or interest on, the Series 25 Obligations. The Trustee shall pay the Principal Amount or Redemption Price of, and interest on, the Series 25 Obligations only to or upon the order of the Bond Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligations with respect to the Principal Amount or Redemption Price of, and interest on, the Series 25 Obligations to the extent of the sum or sums so paid. No person other than the Bond Depository shall receive an authenticated Series 25 Obligation evidencing the obligation of the Agency to make payments of Principal Amount or Redemption Price of, and interest pursuant to the Resolution. Upon delivery by the Bond Depository to the Trustee of written notice to the effect that the Bond Depository has determined to substitute a new nominee in place of Cede & Co., the words "Cede & Co." in this Twenty-Ninth Supplemental Resolution shall refer to such new nominee of the Bond Depository.

(b) Upon receipt by the Agency and the Trustee of written notice from the Bond Depository to the effect that the Bond Depository is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of the Bond Depository hereunder can be found which is able to undertake such functions upon reasonable and customary terms, then the Series 25 Obligations shall no longer be restricted to being registered in the registry books of the Agency kept by the Trustee in the name of Cede & Co., as nominee of the Bond Depository, but may be registered in whatever name or names the owners transferring or exchanging Series 25 Obligations shall designate, in accordance with the provisions of the Resolution.

(c) In the event the Agency determines that Beneficial Owners should be able to obtain certificates for the Series 25 Obligations, the Agency shall notify the Bond Depository and the Trustee of the availability of such certificates. In such event, the Trustee shall issue, transfer and exchange certificates as requested by the Bond Depository (or, pursuant to Section 2.02(b) hereof, any other owner of Series 25 Obligations) in appropriate amounts, and, whenever the Bond Depository requests the Agency and the Trustee to do so, the Trustee and the Agency will cooperate with the Bond Depository in taking appropriate action after reasonable notice (i) to transfer the certificates to any Participant having Series 25 Obligations credited to its Bond Depository account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 25 Obligations.

(d) Notwithstanding any other provision of this Twenty-Ninth Supplemental Resolution to the contrary, so long as any Series 25 Obligation is registered in the name of Cede & Co., as nominee of the Bond Depository, all payments with respect to the Principal Amount or Redemption Price of, and interest on, such Bond and all notices with respect to such Bond shall be made and given, respectively, to or on the order of the Bond Depository as provided in the Representation Letter.

Section 2.03. Adjusted Rate Bonds.

(a) The Series 25 Bonds are issued subject to the provision that all or part of such Series 25 Bonds issued as Fixed-Rate Bonds (other than any Series 25 Bonds designated as Series 25 Notes) may be called for mandatory tender on the Adjustment Date and exchanged for or remarketed as an equal Principal Amount of Series 25 Bonds bearing interest at the Adjusted Interest Rate determined in accordance with this Section 2.03.

(i) If at any time and from time to time during the Adjustment Option Period (but not less than 40 days prior to the end of the Adjustment Option Period) any amount attributable to the Series 25 Bonds remains on deposit in the Series 25 Program Account and the Agency has determined (A) that the rate of interest to be borne by Loans allocable to Series 25 Bonds bearing interest at the rates set forth in the Series Certificate either (1) exceeds that rate which the Agency reasonably determines is the maximum rate which eligible Borrowers can then afford or (2) exceeds the maximum rate at which Mortgage Lenders are willing, in the judgment of the Agency, to commit to sell Loans for the Agency or

(B) that Loans made by or on behalf of the Agency, directly or indirectly, with the proceeds of Series 25 Bonds bearing interest at the rates set forth in the Series Certificate cannot be issued bearing a rate or rates of interest which is less than the prevailing rate of interest on comparable loans available in the State without the assistance of the Agency, the Agency may deliver to the Tender Bond Remarketing Agent a certificate of an Authorized Officer directing the Tender Bond Remarketing Agent to determine and certify to the Agency a Pro-Forma Adjusted Interest Rate as of a date (the "Certification Date") specified in such Certificate (which date shall be not less than two Business Days after the date of such certificate). The certificate of an Authorized Officer shall also specify a Principal Amount of Series 25 Bonds which are Fixed-Rate Bonds (not in excess of the amount then on deposit in the Series 25 Program Account and in a multiple of $5,000) for which the Pro-Forma Adjusted Interest Rate shall be determined (hereinafter referred to as the "Pro-Forma Tender Bonds"). On the Certification Date, the Tender Bond Remarketing Agent shall determine and certify to the Agency and the Trustee the Pro-Forma Adjusted Interest Rate with respect to the Pro-Forma Tender Bonds. The Pro-Forma Adjusted Interest Rate shall be the lowest rate or rates which, in the Tender Bond Remarketing Agent's judgment on the basis of prevailing market conditions, would permit the resale of the Pro-Forma Tender Bonds at par plus accrued interest, if any, on the Certification Date.

(ii) If on or after any Certification Date (A) the Agency determines that the yield (calculated as of the Certification Date) on the Pro-Forma Tender Bonds bearing interest at the Pro-Forma Adjusted Interest Rate is at least 1/2 of 1% lower than the yield on the Series 25 Bonds (calculated as of the original date of authentication and delivery of the Series 25 Bonds) and (B) the Agency determines that the rate of interest to be borne by Loans allocable to proceeds of Series 25 Bonds bearing interest at the Pro-Forma Adjusted Interest Rate does not exceed that rate which the Agency reasonably determines is the maximum rate which eligible Borrowers can afford and does not exceed the maximum rate which is allowable under Section 143(g) or Section 148(a) of the Code without causing the Series 25 Bonds to become "arbitrage bonds" within the meaning of Section 143(g) or Section 148(a) of the Code and (C) the Agency determines that Loans made by or on behalf of the Agency, directly or indirectly, with proceeds allocable to Series 25 Bonds bearing interest at the Pro-Forma Adjusted Interest Rate can be issued bearing a rate or rates of interest which will be less than the prevailing rate of interest on comparable loans available in the State without the assistance of the Agency and (D) the Agency determines that the rate of interest on such Loans will be sufficient, together with all other Revenues and other funds available for the purpose, to pay in the current and each subsequent Fiscal Year Aggregate Debt Service when due and all Program Expenses (on the assumption that the Pro-Forma Tender Bonds will bear interest at the Pro-Forma Adjusted Interest Rate subsequent to the Certification Date), the Agency may elect in a certificate of an Authorized Officer delivered to the Trustee and the Tender Bond Remarketing Agent to call a Principal Amount of Series 25 Bonds which are Fixed-Rate Bonds (not in excess of the Principal Amount of Pro-Forma Tender

Bonds) for mandatory tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds. The certificate of an Authorized Officer delivered to the Trustee shall also specify the Adjustment Date after with the Adjusted Rate Bonds shall bear interest at the Adjusted Interest Rate, which Adjustment Date, in the sole discretion of the Agency, shall be any date within the Adjustment Option Period not less than 33 days after the date such certificate is delivered to the Trustee.

(iii) If the Agency shall have elected to call a Principal Amount of Series 25 Bonds which are Fixed-Rate Bonds for tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds as provided in Paragraph (ii) of this Section 2.03, the Trustee shall select the Outstanding Series 25 Bonds which are Fixed-Rate Bonds (hereinafter refereed to as "Series 25 Tender Bonds") to be tendered (in aggregate Principal Amount equal to the Principal Amount of Series 25 Bonds specified by the Agency pursuant to Paragraph (a)(ii) of this Section 2.03). If less than all Series 25 Bonds which are Fixed-Rate Bonds are to be tendered, Series 25 Bonds which are Fixed-Rate Bonds of each maturity Outstanding shall be called for tender, as nearly as practicable, in accordance with the ratio which the aggregate Principal Amount of Series 25 Bonds which are Fixed-Rate Bonds of each maturity Outstanding bears to the aggregate Principal Amount of all Series 25 Bonds which are Fixed-Rate Bonds of all maturities Outstanding. If less than all Series 25 Bonds which are Fixed-Rate Bonds of any particular maturity are to be tendered, the Trustee shall select by lot the Series 25 Bonds which are Fixed-Rate Bonds within such maturity to be tendered. Not later than the Notice Date, notice of tender shall be given by the Trustee, in the name of the Agency, by first-class registered mail to all Holders of Series 25 Tender Bonds at their addresses appearing on the registration books of the Agency maintained by the Trustee (or at such other address as may have been provided to the Trustee for such purpose). A copy of such notice shall be furnished by the Agency on or before the Notice Date to each Nationally Recognized Credit Rating Agency then maintaining a rating on any Bonds Outstanding. In addition to the purposes provided in this Section 2.03, the notice of tender shall also constitute a notice of redemption of the Series 25 Tender Bonds on the Adjustment Date in whole or in part pursuant to Section 2.04(d) and Section 3.03(c) to the extent the conditions provided in Paragraphs (a)(iv) or (vii) of this Section 2.03 shall occur. Each such notice shall state in effect:

(A) the Principal Amount of Series 25 Tender Bonds owned by such Holder and the bond numbers and maturity dates thereof;

(B) the calendar date on which the Adjustment Date will occur and that, unless the conditions provided in Paragraph (iv) or Paragraph (vii) of this Section 2.03(a) shall occur, Series 25 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 25 Tender Bonds for which they were exchanged;

(C) that the Holders of Series 25 Tender Bonds will no longer be entitled to receive interest on such Bonds after the Adjustment Date, except in the case of Series 25 Tender Bonds retained as provided in Section 2.03(b)(iii) hereof and not purchased (in which case such Bonds shall, from and after the Adjustment Date, bear interest at the Adjusted Interest Rate);

(D) that each Series 25 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 25 Tender Bonds (which portion shall not be less than $5,000 and shall be in whole multiples of $5,000 in Principal Amount) upon compliance by such Bondholder with the provisions of clause (iii) of Section 2.03(b);

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

(F) that if the Series 25 Tender Bonds had been exchanged for Adjusted Rate Bonds on the Certification Date, they would have borne interest thereafter at the Pro-Forma Adjusted Interest Rate and that the actual Adjusted Interest Rate will be determined on the Calculation Date (describing the dates on which the Calculation Date may occur and the method by which the actual Adjusted Interest Rate will be determined);

(G) that, whether or not each Bondholder elects to direct the Agency and the Trustee not to purchase any or all of such Bondholder's Series 25 Tender Bonds in accordance with Section 2.03(b)(iii), unless such Bonds are registered in the name of the Bond Depository or its nominee, such Bondholder shall deliver such Bond or Bonds to the Trustee no later than 10:30 a.m. (New York City time) on the Adjustment Date duly endorsed in blank for transfer (the Trustee and the Bond Depository may agree as to any procedures to be followed by them with respect to the delivery of Series 25 Tender Bonds); and

(H) that if no adjustment of interest rate takes place as a result of a failure of or inability of the Tender Bond Remarketing Agent to set the Adjusted Interest Rate on the Calculation Date, or otherwise as provided herein, whether or not a Bondholder has elected to direct the Agency or the Trustee not to purchase all or a portion of such Bondholder's Series 25 Tender Bonds, all of such Series 25 Tender Bonds will be subject to mandatory redemption on the Adjustment Date.

(iv) On the Calculation Date the Tender Bond Remarketing Agent shall determine and announce to the Trustee and the Agency, in addition to those matters set forth in Paragraph (v) of this Section 2.03(a), the Adjusted Interest Rate that the Adjusted Rate Bonds of each applicable maturity shall bear as of the Adjustment Date. The Adjusted Interest Rate shall be the interest rate which, in the judgment of the Tender Bond Remarketing Agent, as of the date of such determination and under prevailing market conditions, would permit the resale of the Adjusted Rate Bonds on such date at par plus accrued interest, if any. If the Tender Bond Remarketing Agent shall fail or be unable to set the Adjusted Interest Rate on the Calculation Date, all Series 25 Tender Bonds shall be subject to mandatory redemption on the Adjustment Date. The Tender Bond Remarketing Agent shall announce the Adjusted Interest Rate by telephone to the Trustee and the Agency prior to 12:00 Noon, New York City time, on the Calculation Date, and shall confirm such notice by telex, facsimile or in writing or by wire sent on the same day or by next-day delivery service. Subject to Paragraph (vii) of this Section 2.03(a), as soon as possible after the Calculation Date the Trustee shall notify Bondholders who elected not to have their Series 25 Tender Bonds purchased pursuant to subparagraph (b)(iii) below of the Adjusted Interest Rate applicable to the Adjusted Rate Bonds to be retained by such holders. Following the Calculation Date, but in no event later than the second Business Day prior to the Adjustment Date, the Agency shall also deliver to the Trustee (1) an Arbitrage Projection Certificate, (2) a Remarketing Projection of Revenues satisfying the provisions of Paragraph (vi) of this Section 2.03(a), (iii) an Adjustment Rating Certificate and (3) a certificate of an Authorized Officer to the effect that the balance on deposit in the Bond Reserve Fund and the Series 25 Loan Loss Claim Fund as of the Adjustment Date will not be less than the Bond Reserve Fund Requirement and the Series 25 Loan Loss Claim Fund Requirement, respectively, calculated as of the Adjustment Date.

(v) On the Certification Date and on the Calculation Date, the Tender Bond Remarketing Agent shall deliver to the Agency and the Trustee a schedule of Principal Installments (including Sinking Fund Installments, if any) of the Pro-Forma Tender Bonds and the Adjusted Rate Bonds, as applicable. The maturity dates of, and schedule of Principal Installments for, the Pro-Forma Tender Bonds and the Adjusted Rate Bonds, as applicable, shall be the same dates and schedule as established pursuant to Sections 2.01 and 2.04(d) hereof for the Series 25 Bonds for which they are to be exchanged, provided that, the Sinking Fund Installments, if any, for the Adjusted Rate Bonds of any maturity shall be the pro-rata proportion of each Sinking Fund Installment established for such maturity by the Tender Bond Remarketing Agent pursuant to Section 2.04(d) hereof determined, as nearly as practicable, in accordance with the ratio which the aggregate Outstanding Principal Amount of Adjusted Rate Bonds of such maturity bears to the aggregate Outstanding Principal Amount of all Series 25 Bonds of such maturity.

(vi) In addition to the requirements of Section 610 of the Resolution, the Remarketing Projection of Revenues delivered in connection with the remarketing of the Adjusted Rate Bonds shall assume the schedule of Principal Installments for the Adjusted Rate Bonds delivered to the Agency on the Calculation Date in accordance with Paragraph (v) of this Section 2.03(a) and shall demonstrate that following such remarketing expected Revenues and other funds available for the purpose will be sufficient to pay in the current and each subsequent Fiscal Year Aggregate Debt Service when due and all Program Expenses or, if not, that the amount of Revenues and other funds available to pay Aggregate Debt Service in the current and each subsequent Fiscal Year on all Bonds Outstanding other than the Series 25 Tender Bonds, and to pay all Program Expenses allocable to such Bonds, will be greater following adjustment of the Series 25 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 25 Tender Bonds in accordance with Section 2.04(b) hereof. A copy of the Remarketing Projection of Revenues, together with a schedule of Investment Obligations in which the proceeds of the Series 25 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 25 Bonds not later than five days prior to the Adjustment Date. In addition to the foregoing requirements, the Remarketing Projection of Revenues shall also take into account the provisions of Section 3.03(c) hereof. No moneys, other than Revenues, and no other amounts, Reserve Deposits or Series 25 Loan Loss Claim Fund Deposits, other than amounts, Reserve Deposits and Series 25 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 25 Bonds, shall be assumed in such Remarketing Projection of Revenues to be available to pay the Series 25 Bonds unless at or prior to such Adjustment Date the Agency shall have deposited such moneys, Reserve Deposits or Series 25 Loan Loss Claim Fund Deposits in one or more of the Funds or Accounts held under the Resolution, or shall have assigned or delivered such Additional Security to the Trustee, and shall have delivered to the Trustee an opinion of Bond Counsel to the effect that such moneys, Reserve Deposits, Series 25 Loan Loss Claim Fund Deposits or Additional Security have been validly pledged as security for the payment of the Principal Amount and Redemption Price of and interest on the Bonds and that such assignment or delivery will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Series 25 Obligation Outstanding.

(vii) If on or prior to the second Business Day immediately preceding the Adjustment Date either (A) the Agency shall fail to deliver to the Trustee the Arbitrage Projection Certificate, Adjustment Rating Certificate or Remarketing Projection of Revenues or certificate of an Authorized Officer described in Paragraph (iv) of this Section 2.03(a) or (B) either (1) the Agency shall determine (and certify to the Trustee) that the rate of interest to be borne by Loans to be acquired with the proceeds attributable to the Adjusted Rate Bonds exceeds the rate which the Agency reasonably determines is the maximum rate which eligible Borrowers can afford or (2) the Agency shall have reasonably determined (and shall so certify to the Trustee) that Mortgage Lenders would be unable or unwilling to originate Loans for sale to the Agency at such rate or in a principal amount sufficient to fully apply all proceeds allocable to the Adjusted Rate Bonds as herein provided, or (3) the Agency shall determine that Loans made by or on behalf of the Agency, directly or indirectly, with proceeds attributable to the Adjusted Rate Bonds cannot be issued bearing a rate or rates of interest which will be less than the prevailing rate of interest on comparable loans available in the State without the assistance of the Agency, the Series 25 Tender Bonds (or such portion of the Principal Amount thereof as the Agency shall determine is necessary to satisfy the provisions of this Paragraph (vii)) shall not be exchanged for or remarketed as Adjusted Rate Bonds on the Adjustment Date but shall be redeemed on the Adjustment Date in accordance with Section 2.04(B) hereof.

(b) (i) Subject to Paragraph (b)(iii) of this Section 2.03, all Series 25 Tender Bonds shall be subject to mandatory tender for purchase on the Adjustment Date. Subject to the following sentence, any Series 25 Tender Bond subject to purchase on the Adjustment Date shall be purchased on the Adjustment Date from moneys transferred to the Debt Service Fund pursuant to Section 3.04(c) hereof at a purchase price equal to the Principal Amount thereof (including any initial issue premium paid with respect to the related maturity of the Series 25 Bonds) plus accrued interest, if any, thereon to the Adjustment Date, and without premium. There shall not be purchased from such moneys:

(A) Series 25 Tender Bonds purchased with remarketing proceeds as contemplated by subparagraph (ii) hereof;

(B) Series 25 Tender Bonds with respect to which the Trustee shall have received directions from the Holder thereof in accordance with subparagraph (c) hereof not to purchase the same; or

(C) Series 25 Tender Bonds issued in exchange for or upon the transfer of Series 25 Tender Bonds referred to in the preceding sub clauses (A) or (B).

(ii) In lieu of purchase from moneys held in the Debt Service Fund in accordance with Section 3.04(c) hereof, the purchase price of Series 25 Tender Bonds subject to purchase on the Adjustment Date may be paid from the proceeds of sale of the Adjusted Rate Bonds to a person or persons designated by the Remarketing Agent (who may but need not be the Tender Bond Remarketing Agent) at par plus accrued interest, if any. Adjusted Rate Bonds shall be sold to the person or persons designated by the Tender Bond Remarketing Agent if the purchase price in immediately available funds is delivered to the Trustee by 10:30 a.m., New York City time on the Adjustment Date. The Tender Bond Remarketing Agent, acting pursuant to the Tender Bond Remarketing Agreement, shall notify the Trustee in writing no later than the close of business on the third Business Day immediately preceding the Adjustment Date of the identity of the purchasers to whom the Adjusted Rate Bonds shall be remarketed as of the Adjustment Date, the names in which such Bonds are to be registered and addresses and tax identification number of such purchasers and the Principal Amount, denominations, maturity date or dates and interest rate or rates of the Adjusted Rate Bonds which shall be so purchased.

(A) Any Series 25 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 25 Tender Bond deemed tendered and purchased shall not bear interest from and after the Adjustment Date and shall not be entitled to any rights under, or be secured by the pledge of, the Resolution, but shall have only the right to receive the purchase price thereof.

(B) For all Series 25 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 25 Tender Bonds presented to the Trustee after the Adjustment Date for payment shall be paid from the aforementioned amounts set aside and shall be cancelled in accordance with Section 308 of the Resolution.

(iii) Any Holder of Series 25 Tender Bonds who has received notice that such Holder's Series 25 Tender Bonds will be exchanged for Adjusted Rate Bonds may direct in writing by mail or by telex or facsimile received by an officer in the Corporate Trust Division of the Trustee no later than 4:00 p.m. (New York City time) on the fifteenth (15th) day prior to the Adjustment Date (or if such day is not a Business Day, on the next succeeding Business Day), as specified in such notice, that all or any specified portion of such Holder's Series 25 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 25 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 25 Tender Bonds for an amount of Adjusted Rate Bonds equal in Principal Amount to the Series 25 Tender Bonds tendered for exchange and of the same maturity as the Series 25 Tender Bonds so exchanged. The Trustee and the Bond Depository may agree to other arrangements for evidencing the exchange of Series 25 Tender Bonds for Adjusted Rate Bonds in the case of Series 25 Tender Bonds registered in the name of the Bond Depository or its nominee. The Trustee shall notify the Remarketing Agent and the Agency by 5:00 p.m. (New York City time) on the Fifteenth (15th) day prior to the Adjustment Date (or if such day is not a Business Day, on the next succeeding Business Day) of the aggregate amount of Series 25 Tender Bonds with respect to which notices were so received and the maturity dates thereof.

(iv) Unless otherwise agreed to by the Trustee with respect to Series 25 Tender Bonds registered in the name of the Bond Depository or its nominee, the direction of a Holder of Series 25 Tender Bonds described in subparagraph (iii) of this Section 2.03(b) shall be substantially in the form of Exhibit A hereto and shall state:

(A) the maturity date or dates of the Adjusted Rate Bonds for which the Holder's Series 25 Tender Bonds are to be exchanged and the Principal Amount or Amounts applicable to such maturity date(s) but shall acknowledge that if the conditions described in Section 2.03(a)(iv) or Section 2.03(a)(vii) hereof shall occur, such Holder's Series 25 Tender Bonds shall be subject to mandatory redemption despite direction to the contrary; and

(B) that such person is the owner of the Series 25 Tender Bonds to be exchanged for Adjusted Rate Bonds.

(v) Series 25 Tender Bonds purchased with moneys on deposit in the Debt Service Fund pursuant to Section 2.03(b)(i) hereof shall be cancelled by the Trustee.

(vi) Notwithstanding anything herein to the contrary, the aggregate principal amount of Adjusted Rate Bonds may be in an amount which exceeds the aggregate principal amount of Series 25 Tender Bonds (which increased amount reflects the unamortized premium paid with respect to any Series 25 Tender Bonds) upon receipt by the Trustee and the Agency of an opinion of Bond Counsel to the effect that the remarketing of the Adjusted Rate Bonds in such amount will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Series 25 Obligation.

Section 2.04. Redemption Provisions.

(a) The Series 25 Bonds shall be subject to optional redemption as set forth in the Series Certificate.

(b) All Series 25 Tender Bonds shall be subject to redemption prior to maturity in whole or in part on the Adjustment Date as provided in Section 2.03(a)(iv) and Section 2.03(a)(vii) hereof from moneys deposited in the Special Redemption Account pursuant to Section 3.04(b) hereof at a Redemption Price of par plus accrued interest to the redemption date.

(c) The Series 25 Bonds shall be subject to special redemption as set forth in the Series Certificate upon compliance with the provisions of Section 509 of the Resolution.

(d) If so provided in the Series Certificate, Series 25 Bonds maturing on the dates set forth in the Series Certificate shall be subject to redemption prior to maturity in part on the dates and in the amounts set forth in the Series Certificate through application of Sinking Fund Installments at a Redemption Price equal to the Principal Amount of each Series 25 Bond or portion thereof to be redeemed, plus accrued interest to the redemption date.

(e) Except as otherwise provided herein, notice of redemption of Series 25 Bonds, bearing, in addition to such other information as may be required by Section 405 of the Resolution, the "CUSIP" number of each Series 25 Bond or portion thereof to be redeemed, the date and interest rate of such Bond or portion and the name and telephone number of a representative of the Trustee from whom information regarding such redemption can be obtained, shall be given by mailing a copy of such notice not more than 60 days and not less than 30 days prior to the redemption date to the registered owners of all Series 25 Bonds or portions thereof to be redeemed. Notwithstanding anything herein or in the Resolution to the contrary, notice of redemption of any Series 25 Bonds or portions thereof given to the registered owner of $1,000,000 or more Principal Amount of Series 25 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 25 Bond or any defect therein shall not affect the redemption of any other Series 25 Bonds for which the required notice of redemption shall have been given. Not less than two Business Days prior to the giving of any notice of redemption of Series 25 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 25 Bonds on the redemption date therefor). If any Series 25 Bonds called for redemption as provided herein are not presented for payment within 60 days of the redemption date, the Trustee shall mail an additional notice of the redemption of such Series 25 Bonds to the registered owners thereof, provided failure to mail such notice or any defect therein shall not affect the redemption of such Series 25 Bonds on the redemption date therefor.

Section 2.05. Sale of Series 25 Obligations.

(a) The Series 25 Obligations shall be sold to the Underwriters and any other direct purchasers of the Series 25 Obligations on the terms and conditions, and upon the representations set forth in the related Purchase Contract, which Purchase Contract (or Purchase Contracts) may be executed and delivered on behalf of the Agency by the Chair, the Executive Director and Secretary, or any other Authorized Officer in such form as shall be approved by Counsel to the Agency; provided, however, that in no event shall the Yield on the Series 25 Obligations exceed a Yield which would result in an interest rate on the zero point Mortgage Loans to be financed with the proceeds of the Series 25 Bonds in excess of 7.50% per annum nor may any Series 25 Bond mature later than April 1, 2041.

(b) The distribution of the preliminary Official Statements in a form comparable to the forms previously used by the Agency and acceptable to Counsel to the Agency is hereby authorized in all respects. The final Official Statements in substantially the form of the related preliminary Official Statement, as modified and supplemented to reflect the pricing of the Series 25 Obligations, is hereby approved and the execution and delivery thereof to the Underwriters and any other direct purchasers is hereby authorized in all respects.

(c) The Series 25 Obligations shall be delivered upon compliance with the provisions of Section 204 of the Resolution, at the time and place provided by the related Purchase Contract.

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

ARTICLE III

ESTABLISHMENT OF ACCOUNTS AND APPLICATION OF PROCEEDS OF SERIES 25 OBLIGATIONS

Section 3.01. Establishment of Funds and Accounts.

(a) In accordance with Section 502 of the Resolution, the Series 25 Loan Loss Claim Fund is hereby established to be held by the Trustee. The Series 25 Loan Loss Claim Fund shall be deemed to be Additional Security for the Series 25 Bonds within the meaning and with the effect given by Section 207 of the Resolution, and the Series 25 Loan Loss Claim Fund Surety Bond, Investment Obligations and Series 25 Loan Loss Claim Fund Deposits held in such Fund shall be used for the purposes and as provided in Section 3.06 of this Twenty-Ninth Supplemental Resolution.

(b) There are hereby ordered to be established in the Program Fund one or more separate accounts to be designated as "Program Accounts" and "Premium Accounts" moneys in each of which shall be used for the purposes and as authorized by Section 504 of the Resolution and Section 3.03 of this Twenty-Ninth Supplemental Resolution. The actual number of such Program Accounts and Premium Accounts shall be set forth in the Series Certificate. There shall also be established within any Program Account relating to the Series 25 Bonds a separate subaccount designated the "Series 25 Tender Bonds Proceeds Subaccount," moneys in which shall be used solely for the purposes and as authorized by Section 3.04 hereof. Except as provided in Section 3.04 hereof, amounts on deposit in the Series 25 Tender Bonds Proceeds Subaccount shall be considered for all proposes of the Resolution as on deposit in the related Program Account for such Series 25 Bonds.

(c) In accordance with Section 502 of the Resolution, a separate account is hereby established in the Program Fund designated the "Series 25 Cost of Issuance Account," moneys in which shall be used for the purposes and as authorized by Section 505(A) of the Resolution.

(d) In accordance with Section 502 of the Resolution, a separate account is hereby established in the Program Fund designated the "Series 25 Capitalized Interest

Account," moneys in which shall be used for the purposes and as authorized by Section 505(B) of the Resolution.

(e) In accordance with Section 502 of the Resolution, a separate account is hereby established in the Redemption Fund to be held by the Trustee designated the "Series 25 Contingency Account," the amounts in which shall be used for the purposes and as authorized by Section 3.05 of this Twenty-Ninth Supplemental Resolution. The Series 25 Contingency Account shall be deemed to be Additional Security for the Series 25 Bonds within the meaning and with the effect given by Section 207 of the Resolution.

(f) There is hereby established in the Rebate Fund a separate account designated the "Series 25 Rebate Account," moneys in which shall be used for the purposes and as authorized by Section 510 of the Resolution and Section 3.07 of this Twenty-Ninth Supplemental Resolution.

(g) The Series Certificate may establish such additional funds or accounts as may be required upon the issuance of any Series 25 Notes, Variable-Rate Bonds or upon the execution of any Hedge Agreement.

Section 3.02. Application of Proceeds and Other Moneys.

(a) Upon the authentication and delivery of the Series 25 Obligations, the proceeds of sale of the Series 25 Obligations shall be deposited by the Trustee as provided in the Series Certificate.

(b) On or before the original delivery date of the Series 25 Obligations, the Agency shall deliver to the Trustee cash, the Series 25 Loan Loss Claim Fund Surety Bond or Series 25 Loan Loss Claim Fund Deposits, in an aggregate stated amount equal to the Series 25 Loan Loss Claim Fund Requirement, to be held by the Trustee for the credit of the Series 25 Loan Loss Claim Fund, as provided in Section 3.06 hereof.

(c) On or before the original delivery date of the Series 25 Obligations, the Agency shall deliver cash, the Series 25 Contingency Account Surety Bond or Series 25 Contingency Account Deposits to the Trustee in the amount provided in the Series Certificate. If a Series 25 Contingency Account Deposit is other than cash, the Series 25 Contingency Account Deposit shall have an initial term of at least five years from its date and shall be held by the Trustee for the credit of the Series 25 Contingency Account.

Section 3.03. Application of Certain Amounts in Series 25 Program Accounts.

(a) Notwithstanding anything in the Resolution to the contrary, except as hereinafter provided or as otherwise provided in the Series Certificate, amounts deposited in any Program Account created with respect to the Series 25 Bonds in accordance with the Series Certificate shall be applied solely to the purchase or making of Mortgage Loans (excluding Mortgage Loans for the construction of Residential Housing) as provided herein, in the Series Certificate and in Section 504 of the Resolution. Amounts deposited in any Program Account created with respect to the Series 25 Bonds as provided herein, in the Series Certificate or in the Resolution may be applied by the

Agency to the purchase or making of Cooperative Housing Loans, Mortgage Loans for the construction of Residential Housing or Home Improvement Loans provided that at or prior to the purchase or making of any such Loan (i) the Agency shall furnish to each Nationally Recognized Credit Rating Agency the form of purchase agreement, servicing agreement, operations manual and other Program instruments and guidelines pursuant to which such Loans will be purchased or made, and (ii) the Agency shall deliver to the Trustee a letter from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) to the effect that the purchase or making of such Loans will not cause such agency to lower, suspend or otherwise modify adversely the unenhanced credit ratings then assigned to any Bonds Outstanding. In connection with the purchase of Cooperative Housing Loans, Mortgage Loans for the construction of Residential Housing or Home Improvement Loans, if any, hereunder the Agency may adopt a Supplemental Resolution pursuant to Section 701 of the Resolution specifying the terms of such Loans and any conditions to the purchase or making thereof and providing for any Additional Security therefor or for the Series 25 Obligations in accordance with Section 207 of the Resolution.

(b) Amounts on deposit in any Program Account allocable to the Series 25 Bonds shall be applied by the Agency to the purchase or origination of Loans bearing interest at rates not less than the rates set forth in the Series Certificate for each type of Loan authorized by the Series Certificate. Notwithstanding the foregoing, the Agency may purchase or make Loans with provisions differing from the foregoing restriction if at or prior to the purchase or making of such Loans the Agency delivers to the Trustee (i) a Projection of Revenues demonstrating that following the purchase or making of such Loans, expected Revenues and other funds available for the purpose will be sufficient to pay in the current and each subsequent Fiscal Year Aggregate Debt Service when due and all Program Expenses, and (ii) an opinion of Bond Counsel to the effect that the purchase or making of such Loans will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 25 Obligations.

(c) Amounts on deposit in any Program Account allocable to the Series 25 Notes shall be retained therein and applied to the payment of principal and interest on the applicable Series of Series 25 Notes.

(d) Amounts, if any, of deposit in any Premium Account allocable to the Series 25 Bonds of the Program Fund shall be applied by the Agency to provide down payment and closing cost assistance to borrowers who elect to receive Downpayment Assistance Loans as described in the Series Certificate. Notwithstanding the foregoing, the Agency may use amounts on deposit in any Premium Account allocable to the Series 25 Bonds to purchase or make Loans which do not constitute Downpayment Assistance Loans if at or prior to the purchase or making of such Loans to the Agency delivers to the Trustee the Protection of Revenues and opinion of Bond Counsel described in clause (i) and (ii) of paragraph (b) of this Section 3.03.

Upon the mandatory tender of Series 25 Bonds pursuant to Section 2.03(b) hereof, the redemption of Series 25 Tender Bonds pursuant to Section 2.04(b) hereof or the redemption of Series 25 Bonds from unexpended proceeds pursuant to Section 2.04(c) hereof, amounts on deposit in the Series 25 Premium Account allocable to the initial issue premium, if any, paid with respect to the Series 25 Bonds, shall be transferred to the Series 25 Tender Bonds Proceeds Subaccount or the Special Redemption Account, as applicable, to pay a portion of the tender price or redemption price, as applicable, of the Series 25 Bonds.

Section 3.04. Application of Series 25 Tender Bond Proceeds Subaccount.

(a) Notwithstanding anything in Section 504 of the Resolution to the contrary, upon receipt by the Trustee of the certificate of an Authorized Officer described in Section 2.03(a)(ii) hereof to the effect that the Agency has elected to call a Principal Amount of Series 25 Bonds for exchange for or remarketing as Adjusted Rate Bonds on the Adjustment Date, the Trustee shall withdraw (i) from the Program Accounts allocable to the Series 25 Bonds and deposit in the Series 25 Tender Bonds Proceeds Subaccount an amount equal to the Principal Amount of Series 25 Bonds so certified and (ii) from any Premium Account allocable to the Series 25 Bonds and deposit in the Series 25 Tender Bonds Proceeds Subaccount an amount equal to the initial issue premium paid with respect to any Series 25 Tender Bonds. Until the Adjustment Date, the amount so deposited shall be applied solely as provided in Paragraph (b) and (c) of this Section 3.04.

(b) Notwithstanding anything in Section 504 of the Resolution to the contrary, if the conditions specified in Section 2.03(a)(iv) or Section 2.03(a)(vii) hereof shall have occurred, the Trustee shall transfer from the Series 25 Tender Bonds Proceeds Subaccount to the Series 25 Special Redemption Account in the Redemption Fund all or such portion of such funds on deposit in the Series 25 Tender Bonds Proceeds Subaccount as shall be directed by the Agency for application to the redemption of all Series 25 Tender Bonds in accordance with Section 2.04(b) hereof.

(c) Notwithstanding anything in Section 504 of the Resolution to the contrary, if on the Adjustment Date any Series 25 Tender Bonds have not been remarketed as Adjusted Rate Bonds in accordance with Section 2.03(b)(ii) hereof, the Trustee shall transfer from the Series 25 Tender Bonds Proceeds Subaccount to the Debt Service Fund an amount equal to the sum of (i) the Principal Amount of all such Series 25 Tender Bonds not so remarketed and (ii) the initial issue premium allocable to any Series 25 Tender Bonds issued with such premium not so remarketed. The amounts so transferred shall be applied on the Adjustment Date to the purchase of Series 25 Tender Bonds as provided in Section 2.03(b)(i) hereof.

(d) Notwithstanding anything herein to the contrary, on the Adjustment Date, but only upon compliance with Paragraph (b) and (c) of this Section 3.04, the Trustee shall return the entire balance then remaining in the Series 25 Tender Bonds Proceeds Subaccount to the related Program Account allocable to the Series 25 Bonds and any Premium Account allocable to the Series 25 Bonds, as applicable, for application thereafter as provided in Section 504 of the Resolution and Section 3.03 hereof.

Section 3.05. Application of Series 25 Contingency Account.

(a) Notwithstanding anything in the Resolution to the contrary, in connection with the purchase or redemption of Bonds with funds on deposit in a Special Redemption Account pursuant to Section 509(C) of the Resolution, the Agency may pay to the Trustee for deposit in the Revenue Fund amounts from the General Fund or from any other lawful source available to the Agency to the extent that the Projection of Revenues required by Section 509(G) of the Resolution shows that the balance to be on deposit and available for such purpose on the redemption date of such Bonds in all Funds and Accounts under the Resolution, other than the Rebate Fund, will be insufficient to satisfy the requirements of said Section 509(G) of the Resolution with respect to such purchase or redemption.

(b) The Trustee shall hold the cash deposited by the Agency, the Series 25 Contingency Account Surety Bond or the Series 25 Contingency Account Deposit, as applicable, for the credit of the Series 25 Contingency Account as security for the payment to the Trustee for deposit in the Revenue Fund of amounts, if any, necessary to satisfy the requirements of Section 509(G) of the Resolution upon any redemption of Series 25 Bonds (and, to the extent provided in the Series Certificate, any other Bonds of the Agency) as described in Paragraph (a) of this Section 3.05 and, to the extent provided in the applicable Supplemental Resolution and, if the Agency has provided a Series 25 Contingency Account Deposit, with the prior approval of the Series 25 Contingency Account Deposit Provider, upon the redemption of any other Series of Bonds Outstanding under the Resolution. The Agency hereby instructs the Trustee, as applicable, to withdraw funds on deposit in the Series 25 Contingency Account or to give notice to the Series 25 Contingency Account Deposit Provider and to draw upon the Series 25 Contingency Account Deposit in accordance with its terms to the extent that the amount on deposit and available therefor in all Funds and Accounts under the Resolution (other than amounts available under the Series 25 Contingency Account Deposit and amounts on deposit in or held for the credit of the Series 25 Loan Loss Claim Fund), after consideration of any other amounts deposited in the Revenue Fund pursuant to Paragraph (a) of this Section 3.05 or the related provision of any applicable Supplemental Resolution set forth in the Series Certificate is insufficient to enable the Agency to satisfy the requirements of Section 509(G) of the Resolution with respect to the purchase or redemption of Series 25 Bonds (and any other Bonds of the Agency set forth in the Series Certificate) as described in Paragraph (a) of this Section 3.05. Any such certificate shall include instructions to the Trustee to draw upon the Series 25 Contingency Account Deposit to the extent of such deficiency and otherwise in accordance with its terms and to deposit the amount so drawn in the Revenue Fund.

(c) At any time while a Series 25 Contingency Account Deposit is held under the Resolution for the account of the Series 25 Bonds, the Agency may direct the Trustee to reduce the stated amount thereof or to cancel the Series 25 Contingency Account Deposit and return it to the Series 25 Contingency Account Deposit Provider upon the filing with the Trustee of a certificate of an Authorized Officer to the effect that the Agency has informed each Nationally Recognized Credit Rating Agency of such reduction or cancellation and each such Agency has confirmed that such reduction or cancellation will not adversely affect the unenhanced ratings then assigned to any Bonds Outstanding. In the event the Agency has deposited cash with the Trustee in lieu of a Series 25 Contingency Account Deposit, the Agency may direct the Trustee to withdraw any or all funds on deposit in the Series 25 Contingency Account and return such funds to the Agency upon the same conditions as a reduction or cancellation of the Series 25 Contingency Account Deposit.

(d) If the Trustee shall receive a notice from the Series 25 Contingency Account Deposit Provider pursuant to the Series 25 Reimbursement Agreement, if any, to the effect that an Event of Default has occurred and is continuing under the Series 25 Reimbursement Agreement and the Series 25 Contingency Account Deposit Provider has elected to direct the Trustee to make a drawing of an amount equal to the stated and unpaid amount of the Series 25 Contingency Account Deposit, the Trustee shall make such drawing and shall deposit the amount so drawn in the Series 25 Contingency Account.

(e) Subject to the provisions of Paragraph (c) of this Section 3.05, not less than five Business Days prior to the date of expiration of the Series 25 Contingency Account Deposit the Agency shall deposit with the Trustee an extension thereof or a substitute Series 25 Contingency Account Deposit therefor (the deposit of which will not adversely affect the unenhanced ratings then assigned to any Bonds Outstanding by any Nationally Recognized Credit Rating Agency) in a stated amount equal to the stated amount of the initial Series 25 Contingency Account Deposit. If the Agency shall fail to deposit such extension or substitute letter of credit, not less than three Business Days prior to the expiration date of the Series 25 Contingency Account Deposit the Trustee shall draw upon the Series 25 Contingency Account Deposit the full amount then available to be drawn thereunder and shall deposit such amount in the Series 25 Contingency Account. If at any time thereafter the Agency shall certify to the Trustee in accordance with Paragraph (c) of this Section 3.05 that all or a portion of the amount on deposit in the Series 25 Contingency Account is not required for the purposes of such account, the Trustee shall pay the surplus in the Series 25 Contingency Account (as determined by the Agency) or the entire balance therein, as appropriate, to the Agency.

(f) Withdrawals from the Series 25 Contingency Account pursuant to Paragraphs (b) or (c) of this Section 3.05 shall be made by the Trustee, *first*, from cash and Investment Obligations, if any, on deposit in the Series 25 Contingency Account and *second*, from amounts drawn on any Series 25 Contingency Account Deposit. If at the time of making any withdrawal the amount of cash and Investment Obligations on deposit in the Series 25 Contingency Account is less than the withdrawal to be made, the Trustee shall notify the Agency of the amount of the deficiency and, unless the Agency shall pay to the Trustee for deposit in the Series 25 Contingency Account not later than the close of business on the Business Day next succeeding the date which such notice is received by the Agency an amount equal to such deficiency, the Trustee shall draw on the Series 25 Contingency Account Deposit the amount of the deficiency (or such portion thereof that has not been funded by such a deposit by the Agency) or, if less, the full amount available under the Series 25 Contingency Account Deposit.

(g) Interest or other income derived from the investment or deposit of moneys, if any, in the Series 25 Contingency Account shall be transferred by the Trustee to the Agency.

Section 3.06. Application of Series 25 Loan Loss Claim Fund.

(a) The Trustee shall deposit in the Series 25 Loan Loss Claim Fund (i) the amount, if any, set forth in the Series Certificate, (ii) all amounts drawn on the Series 25 Loan Loss Claim Fund Deposit, if any, in accordance with this Section 3.06, (iii) any amount deposited therein from the Revenue Fund pursuant to Section 3.08 of this Twenty-Ninth Supplemental Resolution, (iv) all interest and other earnings on investment or deposit of amounts on deposit in the Series 25 Loan Loss Claim Fund and (v) any other amounts (not required by the Resolution to be otherwise deposited), as determined by the Agency. Except as otherwise provided herein, amounts on deposit in the Series 25 Loan Loss Claim Fund, including, without limitation, amounts drawn on the Series 25 Loan Loss Claim Fund Deposit, shall be used solely for the purposes provided in Paragraphs (b) and (c) of this Section 3.06.

(b) Upon receipt by the Trustee of a certificate of an Authorized Officer to the effect that a Loan Loss has been realized on a defaulted Loan allocable to the Series 25 Bonds and specifying the amount of such Loan Loss, the Trustee shall withdraw from the Series 25 Loan Loss Claim Fund and deposit in the Revenue Fund the amount of such Loan Loss as so specified, or such lesser amount as directed in such certificate. Upon deposit thereof in the Revenue Fund, each Loan Loss Claim Fund Withdrawal shall constitute Revenues for all purposes of the Resolution.

(c) Notwithstanding anything herein to the contrary, if at any time the conditions described in Section 3.05(b) hereof shall occur and the amount on deposit in or held for the credit of the Series 25 Contingency Account shall be insufficient for the purposes of such account, the Trustee shall give notice to the Series 25 Loan Loss Claim Fund Deposit Provider and shall draw the amount of the deficiency from the Series 25 Loan Loss Claim Fund provided following such drawing and application of the amount withdrawn to the redemption of Bonds as contemplated by Section 3.05(b) hereof the amount on deposit in the Series 25 Loan Loss Claim Fund, together with the stated and unpaid amount of the Series 25 Loan Loss Claim Fund Deposit, if any, shall be not less than the Series 25 Loan Loss Claim Fund Requirement. Any amounts withdrawn from the Series 25 Loan Loss Claim Fund in accordance with this Paragraph (c) shall be deposited in the Revenue Fund and shall be applied to the redemption of Bonds as contemplated by Section 3.05(b) hereof.

(d) Withdrawals from the Series 25 Loan Loss Claim Fund pursuant to Paragraphs (b) or (c) of this Section 3.06 shall be made by the Trustee, *first*, from cash and Investment Obligations, if any, on deposit in the Series 25 Loan Loss Claim Fund and *second*, from amounts drawn on any Loan Loss Claim Fund Deposit. If at the time of making any withdrawal the amount of cash and Investment Obligations on deposit in the Series 25 Loan Loss Claim Fund is less than the withdrawal to be made, the Trustee shall notify the Agency of the amount of the deficiency and, unless the Agency shall pay to the Trustee for deposit in the Series 25 Loan Loss Claim Fund not later than the close of business on the Business Day next succeeding the date which such notice is received by the Agency an amount equal to such deficiency, the Trustee shall draw on the Series 25 Loan Loss Claim Fund Deposit the amount of the deficiency (or such portion thereof that has not been funded by such a deposit by the Agency) or, if less, the full amount available under the Series 25 Loan Loss Claim Fund Deposit.

(e) Notwithstanding the foregoing provisions of this Section 3.06, nothing in the Resolution or this Twenty-Ninth Supplemental Resolution shall obligate the Agency to deposit in the Series 25 Loan Loss Claim Fund an amount which would cause the balance in the Series 25 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 25 Loan Loss Claim Fund Requirement. Unless otherwise directed by the Agency, no Loan Loss Claim Fund Withdrawal shall be made by the Trustee if the amount of such Loan Loss Claim Fund Withdrawal, together with the amount of all Loan Loss Claim Fund Withdrawals theretofore made by the Trustee, would exceed an amount equal to (i) 1.85% of the sum of (A) the aggregate original principal amount of all Loans purchased under the Resolution from amounts on deposit in any Program Account allocable to the Series 25 Bonds plus (B) the aggregate amount, if any, then held in any Program Account allocable to the Series 25 Bonds which may be applied to the purchase of such Loans, or (ii) such lesser amount as each Nationally Recognized Credit Rating Agency confirms to the Agency will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

(f) Notwithstanding anything herein or in the Resolution to the contrary, at any time the Agency may direct the Trustee to withdraw from the Series 25 Loan Loss Claim Fund and pay to the Agency all or any part of the moneys on deposit in the Series 25 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 25 Loan Loss Claim Fund following such withdrawal, equal to not less than the Series 25 Loan Loss Claim Fund Requirement, (ii) letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that such withdrawal will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding and (iii) an opinion of Bond Counsel to the effect that such withdrawal will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds Outstanding. In connection with any such withdrawal and the deposit of any Reserve Deposit with the Trustee, the Agency may adopt a Supplemental Resolution pursuant to Section 701 of the Resolution specifying the terms and conditions under which such Reserve Deposit is held for the credit of the Series 25 Loan Loss Claim Fund.

(g) Subject to Paragraph (h) of this Section 3.06, if at any time the amount of cash and Investment Obligations on deposit in the Series 25 Loan Loss Claim Fund exceeds the Series 25 Loan Loss Claim Fund Requirement, the Trustee, at the request of the Agency, shall withdraw the excess (or such portion thereof as directed by the Agency) and deposit it in the Revenue Fund.

(h) If at any time (i) the amount of cash and Investment Obligations in the Series 25 Loan Loss Claim Fund exceeds the Series 25 Funded Loan Loss Claim Fund Requirement, and/or (ii) the stated and unpaid amount of the Series 25 Loan Loss Claim Fund Deposit exceeds the Series 25 Loan Loss Claim Fund Requirement, the Agency may direct the Trustee to notify the Series 25 Loan Loss Claim Fund Deposit Provider of a reduction in the stated amount of the Series 25 Loan Loss Claim Fund Deposit; provided that if any such excess has resulted from a decrease in the Series 25 Loan Loss Claim Fund Requirement other than due to the payment of Loan Loss Claim Fund Withdrawals in accordance with this Section 3.06, the direction of the Agency shall be accompanied by letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) to the effect that the reduction of the Series 25 Loan Loss Claim Fund Deposit will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

(i) If the Trustee shall receive a notice from the Series 25 Loan Loss Claim Fund Deposit Provider pursuant to the Series 25 Reimbursement Agreement, if any, to the effect that an Event of Default has occurred and is continuing under the Series 25 Reimbursement Agreement and the Series 25 Loan Loss Claim Fund Deposit Provider has elected to direct the Trustee to make a drawing of an amount equal to the lesser of the Series 25 Loan Loss Claim Fund Requirement or the stated and unpaid amount of the Series 25 Loan Loss Claim Fund Deposit, the Trustee shall make such drawing and shall deposit the amount so drawn in the Series 25 Loan Loss Claim Fund.

(j) Not less than five Business Days prior to the date of expiration of the Series 25 Loan Loss Claim Fund Deposit, the Agency shall deposit with the Trustee either an extension of the Series 25 Loan Loss Claim Fund Deposit in a stated amount available to be drawn thereunder not less than the lesser of (i) an amount equal to the Series 25 Loan Loss Claim Fund Requirement calculated at such date less the aggregate amount of cash and Investment Obligations, if any, on deposit in the Series 25 Loan Loss Claim Fund at such date and (ii) the stated amount of the Series 25 Loan Loss Claim Fund Deposit at such date. If the Agency shall fail to deposit such extension of the Series 25 Loan Loss Claim Fund Deposit with the Trustee, not less than three Business Days prior to the expiration date of the Series 25 Loan Loss Claim Fund Deposit, the Trustee shall draw on the Series 25 Loan Loss Claim Fund Deposit and deposit in the Series 25 Loan Loss Claim Fund an amount sufficient to cause the Series 25 Funded Loan Loss Claim Fund Requirement to equal the Series 25 Loan Loss Claim Fund Requirement as of such date or, if less, the full amount then available to be drawn under the Series 25 Loan Loss Claim Fund Deposit.

(k) Notwithstanding anything herein or in the Resolution to the contrary, the Series 25 Loan Loss Claim Fund Requirement shall be reduced to zero if at any time the Agency shall file with the Trustee (i) a certificate of an Authorized Officer to the effect that the Agency then maintains or has caused to be maintained in full force and effect a policy or policies of insurance obtained by the Agency under which an insurance company qualified to do business in the State insures the Agency on a portfolio basis, for so long as any Series 25 Bonds are Outstanding under the Resolution, against loss arising out of default on Loans purchased or made from moneys on deposit in any Program

Account allocable to the Series 25 Bonds during the period of insurance eligibility specified in such policy up to such aggregate loss limit as the Agency shall determine in its discretion, and (ii) letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that the provision of such insurance and the reduction of the Series 25 Loan Loss Claim Fund requirement will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

Section 3.07. Series 25 Rebate Account.

(a) Pursuant to the requirements of Section 148(f) of the Code, the Agency shall pay to the United States at least once every five years an amount determined in accordance with said Section 148(f) equal to the sum of (i) the excess of the amount earned on all Nonpurpose Investments (hereinafter defined) (other than investments attributable to an excess described in this clause) over the amount which would have been earned if such Nonpurpose Investments were invested at a yield equal to the Yield on the Series 25 Obligations, plus (ii) any income attributable to the investment of the excess described in clause (i) above. The Agency further covenants to pay such amount to the United States, in a manner consistent with the requirements of Section 148(f) of the Code, whether or not the amount on deposit in the Series 25 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 25 Rebate Requirement.

(b) Within 30 days of the end of each Bond Year, the Agency shall furnish to the Trustee a certificate of an Authorized Officer, upon which the Trustee may conclusively rely, setting forth the Series 25 Rebate Requirement for such Bond Year.

(c) Within 60 days after the close of the fifth Bond Year, and at least once in each five-year period thereafter, the Trustee shall pay from the Series 25 Rebate Account to the United States on behalf of the Agency the full amount then required to be paid under Section 148(f) as certified and directed by the Agency in a certificate of an Authorized Officer delivered to the Trustee prior to the due date of such payment. Within 60 days after the Series 25 Obligations have been paid in full, the Trustee shall pay to the United States from the Series 25 Rebate Account on behalf of the Agency the full amount then required to be paid under Section 148(f) as certified by the Agency in a certificate of an Authorized Officer delivered to the Trustee prior to the due date of such payment. Each such payment shall be filed with the Internal Revenue Service Center, 1600 W. 1200 S., Ogden, UT 84201 or any successor location specified by the Internal Revenue Service, accompanied by a copy (furnished to the Trustee by the Agency) of the Form 8038-T (or other similar information reporting form).

(d) In the event that, at the time of any required payment of the Series 25 Rebate Requirement, the amount in the Series 25 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 25 Obligations the amount on deposit in the Series 25 Rebate Account exceeds the Series 25 Rebate Requirement (calculated as of such Interest Payment Date), the Trustee, at the written direction of an Authorized Officer, shall withdraw such excess amount and deposit it in the Revenue Fund.

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

(g) The Agency and the Trustee shall keep such records as will enable them to fulfill the responsibilities under this section and Section 148(f) of the Code and shall retain such records for at least six years following final payment of the Series 25 Obligations.

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

Section 3.08. Application of Certain Amounts in Revenue Fund.

(a) Notwithstanding anything in Section 506(B) of the Resolution to the contrary, on or before each Interest Payment Date of the Series 25 Obligations, after satisfying the requirements of Clauses (i) through (vii), inclusive, of Section 506(B), the Trustee shall apply any balance on deposit in the Revenue Fund attributable to the Series 25 Bonds to the Series 25 Loan Loss Claim Fund to the extent the amount therein is less than the Series 25 Funded Loan Loss Claim Fund Requirement calculated at such Interest Payment Date.

(b) Notwithstanding anything in Section 506(B)(7) of the Resolution, the amount of moneys in the Revenue Fund allocable to the Series 25 Obligations that may be applied to the payment or reimbursement of Program Expenses in any one Fiscal Year pursuant to such Section 506(B)(7) shall not exceed the sum of (i) $10,000 plus (ii) the sum of the fees and reimbursement amounts payable to the Series 25 Loan Loss Claim Fund Deposit Provider in connection with the Series 25 Loan Loss Claim Fund Deposit, the fees and reimbursement amounts payable to the Series 25 Contingency Account Deposit Provider in connection with the Series 25 Contingency Account Deposit, the expenses and reimbursements payable to the Bond Insurer in connection with the Municipal Bond Insurance Policy, the amount of the Municipal Bond Insurance Policy Premium, any fees, expenses and reimbursements payable to the provider of any Hedge Agreement, any fees, expenses and reimbursements payable to the providers of any Liquidity Facility and any fees, expenses and reimbursements payable with respect to the issuance of Variable-Rate Bonds unless the Agency shall file with the Trustee a certificate of an Authorized Officer to the effect that the Agency has confirmed that a greater amount (specified in such certificate) will not adversely affect the unenhanced ratings then assigned to any Bonds Outstanding by any Nationally Recognized Credit Rating Agency.

(c) Notwithstanding anything in Section 506(B)(8) of the Resolution to the contrary, no amount on deposit in the Revenue Fund attributable to the Series 25 Obligations shall be transferred to the General Fund pursuant to such Section 506(B)(viii) unless (i) there are no amounts owed to the Series 25 Loan Loss Claim Fund Deposit Provider or the Series 25 Contingency Account Deposit Provider under either of the Series 25 Reimbursement Agreements, (ii) there are no amounts owed to the provider of any Hedge Agreement or Liquidity Facility, and (iii) the Projection of Revenues filed with the Trustee in accordance with said Section 506(B)(viii) shows that on the date of such Projection of Revenues the unpaid balance of all Loans then held under the Resolution for the account of the Series 25 Obligations, plus the amount then held in all Funds and Accounts under the Resolution attributable to the Series 25 Obligations, other than amounts held in the Rebate Fund, the Series 25 Contingency Account and the Series 25 Loan Loss Claim Fund and the amounts attributable to the Series 25 Obligations then to be paid to the Agency in accordance with said Section 506(B)(viii), are at least equal to 101% of the Principal Amount of all Series 25 Obligations plus all interest accrued and unpaid thereon as of such date.

(d) The Agency hereby acknowledges and agrees that amounts payable under each of the Series 25 Reimbursement Agreements and any fees, expenses or reimbursements under any Hedge Agreement constitute Program Expenses and shall be paid in accordance with Section 506(B)(7) of the Resolution and Section 3.08(b) hereof.

ARTICLE IV

FORM OF SERIES 25 OBLIGATIONS

Section 4.01. Form of Series 25 Obligations.

(a) All Series 25 Obligations authenticated and delivered hereunder prior to the Adjustment Date shall be in such form and shall bear such terms and conditions, not inconsistent with the Resolution or this Twenty-Ninth Supplemental Resolution, as the Chair, Executive Director and Secretary or other Authorized Officer of the Agency shall determine and certify to the Trustee on or prior to the date of original authentication and delivery of any Series 25 Obligations hereunder.

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

ARTICLE V

MISCELLANEOUS

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

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

Section 5.03. Reimbursement Agreement. The Chair, Vice-Chairman, or any other Commissioner, Executive Director and Secretary, Chief Financial Officer and Treasurer or Chief of Program Operations are hereby authorized to execute the Series 25 Reimbursement Agreements in such form as shall be approved by Counsel to the Agency and to deliver the same to the Series 25 Loan Loss Claim Fund Deposit Provider, the Series 25 Contingency Account Deposit Provider and the provider of any Liquidity Facility, as applicable.

Section 5.04. Hedging Transactions.

(a) In furtherance of the powers of the Agency granted in the Act, the Agency is hereby authorized to enter into a Hedge Agreement in connection with the issuance of the Series 25 Bonds so long as the Hedge Agreement and the terms thereof is consistent with the Agency's then existing Swap Management Plan and so long as the provider of the Hedge Agreement is, at the time the Agency enters into the Hedge Agreement, a Qualified Institution or the provider's obligations under the Hedge Agreement are unconditionally guaranteed by a Qualified Institution;

(b) If the Agency shall enter into any Hedge Agreement with respect to the Series 25 Bonds, then during the term of the Hedge Agreement and so long as the provider of the Hedge Agreement is not in default:

(i) for purposes of any calculation of Debt Service, the interest rate on the Series 25 Bonds with respect to which the Hedge Agreement applies shall be determined as if such Series 25 Bonds had interest payments equal to the interest payable on those Series 25 Bonds less any payments reasonably expected to be made to the Agency by the provider and plus any payments reasonably expected to be made by the Agency to the provider in accordance with the terms of the Hedge Agreement (other than fees or termination payments payable to such provider for providing the Hedge Agreement);

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

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

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

Section 5.05. Tender Bond Remarketing Agent.

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

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

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

Section 5.06. Continuing Disclosure Agreement. The Continuing Disclosure Agreement is hereby approved in substantially the form of the Continuing Disclosure Agreement executed in connection with the issuance by the Agency of its Series 24 Bonds with such changes, omissions, insertions and revisions thereto as the Chair, the Executive Director and Secretary or any other Authorized Officer executing the same may deem advisable, the execution thereof by such person to be conclusive evidence of the approval thereof. The aforementioned officers of the Agency are, and each of them is, hereby authorized to execute the Continuing

Disclosure Agreement and, upon such execution, to deliver it to the Continuing Disclosure Agent.

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

Section 5.08. Private Activity Volume Cap. The Agency hereby authorizes the use of its available private activity volume cap in an amount not to exceed $90,000,000 in connection with the issuance of the Series 25 Obligations. The actual amount of private activity volume cap to be utilized for the Series 25 Obligations shall be set forth in the Series Certificate.

Section 5.09. Agency Contribution. The Agency is hereby authorized to contribute to the Resolution available funds of the Agency in an amount not to exceed three percent (3%) of the aggregate principal amount of the Series 25 Obligations for such purposes as shall be set forth in the Series Certificate, including, but without limitation, the payment of Costs of Issuance and capitalized interest.

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

ARTICLE VI

MUNICIPAL BOND INSURANCE POLICY

Section 6.01. Municipal Bond Insurance Policy. If the Series Certificate provides for the acquisition of a Municipal Bond Insurance Policy in connection with all or a portion of the Series 25 Bonds, the Agency shall deposit such Municipal Bond Insurance Policy with the Trustee on the date of issuance of the Series 25 Bonds.

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

(a) If, on the third Business Day prior to the related scheduled Interest Payment Date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Resolution, moneys sufficient to pay the principal of and interest on the Series 25 Bonds due on such Payment Date, the Trustee shall give notice to the Bond Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or facsimile of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 25 Bonds due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the

Bond Insurer and the Bond Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 25 Bonds and the amount required to pay principal of the Series 25 Bonds, confirmed in writing to the Bond Insurer and the Bond Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

(b) In the event the claim to be made is for a Sinking Fund Installment, upon receipt of the moneys due, the Trustee shall authenticate and deliver to affected Bondholders who surrender their Series 25 Bonds a new Series 25 Bond or Series 25 Bonds in the aggregate principal amount equal to the unredeemed portion of the Series 25 Bond surrendered. The Trustee shall designate any portion of payment of principal on Series 25 Bonds paid by the Bond Insurer, whether by virtue of Sinking Fund Redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 25 Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Series 25 Bond to the Insurer, registered in the name of the Bond Insurer or its designee, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series 25 Bond shall have no effect on the amount of principal or interest payable by the Agency on any Series 25 Bond or the subrogation rights of the Bond Insurer.

(c) The Trustee shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Series 25 Policy Payments Account of the Debt Service Fund (which Series 25 Policy Payments Account is hereby created) and the allocation of such funds to payment of interest on and principal paid in respect of any Series 25 Bond. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(d) Upon payment of a claim under the Municipal Bond Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of holders of the Series 25 Bonds referred to herein as the "Series 25 Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Municipal Bond Insurance Policy in trust on behalf of holders of the Series 25 Bonds and shall deposit any such amount in the Series 25 Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to holders of the Series 25 Bonds in the same manner as principal and interest payments are to be made with respect to the Series 25 Bonds under the sections hereof regarding payment of Series 25 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

(e) Funds held in the Series 25 Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee or of any other person or entity.

(f) Any funds remaining in the Series 25 Policy Payments Account following a payment date with respect to the Series 25 Bonds shall promptly be remitted to the Bond Insurer.

(g) The Bond Insurer shall, to the extent it makes any payment of principal of or interest on the Series 25 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond Insurance Policy.

Section 6.03. Notices to the Bond Insurer.

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

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

(ii) a copy of any notice to be given to the registered owners of the Series 25 Bonds, including, without limitation, notice of any redemption of or defeasance of Series 25 Bonds, and any certificate rendered pursuant to the Resolution relating to the security for the Series 25 Bonds;

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

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

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

(vi) prior notice of the advance refunding or redemption of any of the Series 25 Bonds, including the principal amount, maturities and CUSIP numbers thereof;

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

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

(ix) notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 25 Bonds;

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

(xi) A full original transcript of all proceedings relating to the execution of any amendment or supplement to the Resolution, the Twenty-Ninth Supplemental Resolution or any other document executed in connection with issuance of the Series 25 Bonds;

(xii) all reports, notices and correspondence with respect to the Series 25 Bonds to be delivered under the terms of the Resolution, the Twenty-Ninth Supplemental Resolution or any other document executed in connection with the issuance of the Series 25 Bonds;

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

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

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

(c) The Agency will permit the Bond Insurer to discuss the affairs, finances and accounts of the Agency or any information the Bond Insurer may reasonably request regarding the security for the Series 25 Bonds with appropriate officers of the Agency. The Trustee and the Agency will permit the Bond Insurer to have access to and to make copies of all books and records relating to the Series 25 Bonds at any reasonable time.

(d) The Bond Insurer shall have the right to direct an accounting at the Agency's expense, and the Agency's failure to comply with such direction within 30 days after receipt of written notice of the direction from the Bond Insurer shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Series 25 Bonds.

(e) Notwithstanding any other provision of the Resolution, the Trustee shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest on the Series 25 Bonds as required and immediately upon the occurrence of any Event of Default with respect to the Series 25 Bonds.

Section 6.04. Consent of the Bond Insurer. While any Municipal Bond Insurance Policy is in effect, no modification, amendment or supplement to the Resolution, the Twenty-Ninth Supplemental Resolution or any other document executed in connection with the Series 25 Bonds that requires the consent of the owners of the Series 25 Bonds may become effective except upon obtaining the prior written consent of the Bond Insurer. Additionally, no amendment, modification or supplement to the Resolution or the Twenty-Ninth Supplemental Resolution shall be permitted unless the Bond Insurer receives a written confirmation from Standard and Poor's and Moody's that, after giving effect to such amendment, modification or supplement, the Series 25 Bonds will be rated no less than "A+" and "A1" respectively (without giving effect to the Municipal Bond Insurance Policy). Copies of any modification or amendment to the Resolution, the Twenty-Ninth Supplemental Resolution or any other document executed in connection with the Series 25 Bonds shall be sent to each Nationally Recognized Credit Rating Agency at least 10 days prior to the effective date thereof.

Section 6.05. Consent of the Bond Insurer in the Event of Insolvency. Any reorganization or liquidation plan with respect to the Agency must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation, the Bond Insurer shall have the right to vote on behalf of all Series 25 Bondholders absent a default by the Bond Insurer under the Municipal Bond Insurance Policy.

Section 6.06. Rights of Bond Insurer. The Bond Insurer shall be deemed to be the sole holder of the Series 25 Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Series 25 Bonds insured by it are entitled to take pursuant to Article IX (pertaining to defaults and remedies) and Article X (pertaining to the Trustee) of the Resolution. The Trustee shall take no action with respect to the Series 25 Bonds pursuant to such Article IX and Article X except with the consent, or at the direction, of the Bond Insurer.

In addition, in the event the maturity of the Series 25 Bonds is accelerated, the Bond Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Agency) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Bond Insurer's obligations under the Municipal Bond Insurance Policy with respect to such Series 25 Bonds shall be fully discharged.

Section 6.07. Defeasance of Series 25 Bonds. Notwithstanding anything in the Resolution to the contrary, in the event that the principal and/or interest due on the Series 25 Bonds shall be paid by the Bond Insurer pursuant to the Municipal Bond Insurance Policy, the Series 25 Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Agency, and the assignment and pledge of the Resolution and all covenants, agreements and other obligations of the Agency to the registered owners of the Series 25 Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners.

Notwithstanding anything in Article XI of the Resolution to the contrary, only (a) cash and (b) non-callable direct obligations of the United States of America shall be authorized to be used to effect defeasance of the Series 25 Bonds unless the Bond Insurer otherwise approves. In addition, in order to accomplish a defeasance the Agency shall cause to be delivered to the Bond Insurer (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Bond Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Series 25 Bonds in full on the Bond maturity and redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Bond Insurer), and (iii) an opinion of nationally recognized bond counsel to the effect that the Series 25 Bonds are no longer "Outstanding" under the Resolution; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Agency, the Trustee and the Bond Insurer. In the event a forward purchase agreement will be employed in the refunding, such agreement shall be subject to the approval of the Bond Insurer and shall be accompanied by such opinions of counsel as may be required by the Bond Insurer. The Bond Insurer shall be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow. The Series 25 Bonds shall be deemed "Outstanding" under the Resolution unless and until they are in fact paid and retired or the above criteria are met.

Section 6.08. Payment of Municipal Bond Insurance Premium; Expenses. Notwithstanding any provision of Section 506 of the Resolution to the contrary, amounts on deposit in the Revenue Fund and allocable to the Series 25 Bonds shall be used to pay the Municipal Bond Insurance Policy Premium prior to being deposited in the Bond Reserve Fund to replenish any deficiency therein as provided in Section 506(B)(2) of the Resolution.

In addition, the Agency shall pay or reimburse the Bond Insurer as a Program Expense pursuant to Section 5.06(B)(7) of the Resolution, but only to the extent of the trust estate pledged under the Resolution, any and all charges, fees, costs and expenses which the Bond Insurer may reasonably pay or incur in connection with (a) the administration, enforcement, defense or preservation of any rights or security under the Resolution, this Twenty-Ninth Supplemental Resolution or any other document executed in connection with the issuance of the Series 25 Bonds; (b) the pursuit of any remedies under the Resolution, this Twenty-Ninth Supplemental Resolution or any other document executed in connection with the issuance of the Series 25 Bonds or otherwise afforded by law or equity, (c) any amendment, waiver or other action with respect to, or related to, the Resolution, this Twenty-Ninth Supplemental Resolution or any other document executed in connection with the issuance of the Series 25 Bonds whether or not executed or completed, (d) the violation by the Agency of any law, rule or regulation, or any judgment, order or decree applicable to it or (e) any litigation or other dispute in connection with the Resolution, this Twenty-Ninth Supplemental Resolution or any other document executed in connection with the issuance of the Series 25 Bonds or the transactions contemplated thereby, other than amounts resulting from the failure of the Bond Insurer to honor its obligations under the Municipal Bond Insurance Policy. The Agency acknowledges that the Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Resolution, this Twenty-Ninth Supplemental Resolution or any other document executed in connection with the issuance of the Series 25 Bonds.

Section 6.09. Payments by Bond Insurer. The Bond Insurer shall be entitled to pay principal or interest on the Series 25 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Agency (as such terms are defined in the Municipal Bond Insurance Policy) and any amounts due on the Series 25 Bonds as a result of acceleration of the maturity thereof in accordance with the Resolution, whether or not the Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the Municipal Bond Insurance Policy) or a claim upon the Municipal Bond Insurance Policy.

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

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

Section 6.12. Parties Interested Herein; References to Ratings. Nothing in this Twenty-Ninth Supplemental Resolution expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Agency, the Trustee, the Bond Insurer and the registered owners of the Series 25 Obligations, any right, remedy or claim under or by reason of this Twenty-Ninth Supplemental Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Twenty-Ninth Supplemental Resolution contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the Agency, the Trustee, the Bond Insurer and the registered owners of the Series 25 Obligations.

Notwithstanding anything in the Resolution or this Twenty-Ninth Supplemental Resolution to the contrary, any reference in the Resolution or the Twenty-Ninth Supplemental Resolution with respect to the ratings maintained in the Series 25 Obligations by any Nationally Recognized Credit Rating Agency shall mean the unenhanced credit rating on the Series 25 Obligations.

[Remainder of page intentionally left blank]

EXHIBIT A

DIRECTION TO TENDER

VERMONT HOUSING FINANCE AGENCY
SINGLE FAMILY HOUSING BONDS
Series 25 Tender Bonds Selected
For Tender on ______________

TD Banknorth, N.A.
Burlington, VT 05402-0409
Attention: Corporate Trust Department

Re: Election to Retain Adjusted Rate Bonds

Dear Sir or Madam:

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

In accordance with the information given in the Trustee's Notice dated _________, we hereby give you irrevocable notice that we elect to retain $_________ aggregate principal amount of Series 25 Tender Bonds and to exchange such Bonds for Adjusted Rate Bonds as described below.

The principal amount or amounts of Series 25 Tender Bonds which we have elected to retain in exchange for Adjusted Rate Bonds and the maturity date or dates thereof are listed below:

Series	**Maturity**	**Amount**

[Remainder of page intentionally left blank]

We acknowledge that if certain conditions described in the Agency's Twenty-Ninth Supplemental Single Family Housing Bond Resolution shall occur on or prior to the Adjustment Date, such Series 25 Tender Bonds will be subject to mandatory redemption on the Adjustment Date despite this direction to exchange such Bonds for Adjusted Rate Bonds.

CEDE & CO., a nominee of The Depository Trust Company

____
Signature

____
Name

____
Date

vhfa

Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes
Vermont Housing Finance Agency
164 St. Paul Street, Burlington, Vermont
Monday, June 5, 2006 at 9:30 a.m.

VHFA Board Members Present:
Lisa Mitiguy Randall – Chair, Rob Alberts, Paul Beaulieu, Tom Candon (designee for Crowley), Dagyne Canney, Kevin Dorn, Bart Frisbie, Jim Libby (designee for Seelig), Beth Pearce (designee for Spaulding)

Staff: Dave Adams, Leslie Black-Plumeau, Sarah Carpenter, Maura Collins, Renee Couture, Pat Crady, Elizabeth Mullikin Drake, Joe Erdelyi, John Fairbanks, Pat Loller, Liza Plantilla, Cindy Reid, Jacklyn Santerre

Guests: Dave Anderson (Vermont construction consultant), Jeff Kantor (J.D. Kantor, Inc.), Nancy Owens (Housing Vermont)

Chair Randall called the meeting to order at 9:45 a.m. A quorum of the Board was present.

BOARD MINUTES
Mr. Dorn made a motion to approve the May 1, 2006 Board of Commissioners meeting minutes. Ms. Canney seconded the motion which was approved by all except Mr. Libby who abstained.

CONSENT AGENDA
Ms. Randall announced that "West River Valley Housing, Townshend" would be removed from the Consent Agenda. Mr. Candon made a motion to approve the remaining items on the Consent Agenda (restated here):

~ Increase construction loan amount by $340,000 to Vernon Senior Housing (to total of $2.69 million)
~ "Resolution Re: Permanent Financing for Randall Apartments, Burlington"
~ "Resolution Re: Proposed Allocation of State Affordable Housing Tax Credits for Enosburg Falls Housing, Enosburg"

Mr. Beaulieu seconded the motion which was unanimously approved.

RESIDENTIAL CONSTRUCTION COSTS
Ms. Black-Plumeau introduced Dave Anderson, a construction consultant, and then reviewed her memo regarding increasing residential construction costs in Vermont. Mr. Anderson answered questions of the Board and expounded upon the ensuing discussion. He expects that the rate of inflation of construction will continue to outpace that of the CPI for the foreseeable future due to

significant skilled labor shortages, the price of oil, the contentious and time-consuming permit process and the increasing complexity of site work. He added that the impact of the magnitude of the demands of India and China are not yet fully understood.

Although the factors contributing to increased construction costs are many, the Board identified a few areas in which it may be able to have a positive impact. These are:

- Permit Process – The contentious nature and time-consuming process is due, in part, to lack of education and leadership skills among volunteer board members, a wide variation in the interpretation of zoning by-laws, and a lack of understanding among communities about how their input may ignore the greater public good. It would be advantageous for community members to debate future residential development during the process of updating the town's plan and zoning regulations, not during the review of individual projects when the projects conform to the established zoning and plan.
- Skilled Labor – The shortage of skilled labor might be addressed, in the long run, by equally emphasizing college preparatory and skills of the trades, and providing more post secondary training in the trades which will give students more opportunities.
- Education of State legislators about these issues.

Ms. Randall asked Board members to be thinking about the positions they may want to take with these issues in the coming year. She also asked Board members to consider how VHFA Design Standards may be complicating the problems (e.g., by requiring multiple bathrooms.)

DEVELOPMENT

West River Valley Housing, Townshend

Ms. Reid distributed the site plan for West River Valley Senior Housing, introduced Ms. Owens and explained that Mr. Anderson (also present) will serve as site inspector and will review the budget and real construction costs. She then briefly reviewed her memo.

Mr. Candon asked for an explanation of the cost increases. Ms. Owens explained that dividing the project into two distinct types of housing (the independent living building will be financed separately from the assisted living building, necessitated by the HUD 202 program) was more costly than anticipated. In addition, increases in both materials and labor costs and the addition of a wood pellet heating system have increased costs. Ms. Carpenter added that the budget was developed early on (and, as a result, contained more guesstimates) in order that the project might acquire allocated (9%) tax credits, necessary for the HUD $1 million grant application. The cost increases are consistent in scale with rising construction costs described in Ms. Black-Plumeau's memo (referenced above).

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

Rutland AFS Scattered Site Project

Ms. Plantilla introduced Mr. Kantor and then reviewed her memo regarding Rutland County Community Land Trust's (RCCLT) request for State Affordable Housing Tax Credits for its Rutland AFS Scattered Site project, which would enable RCCLT to reduce the size of its request for HOME dollars from VHCB.

Ms. Carpenter pointed out the ongoing struggle regarding which entity/agency should fund what and when in order to maximize resources. This is alleviated only to a point by having common members on the Boards, due to timing of decisions (who commits first) and the potential that the Boards may have differing priorities.

To Mr. Candon's question about the process of allocation of State Affordable Housing Tax Credits, Mr. Adams explained that staff has been operating under the assumption that the Agency may forward allocate up to two years of State tax credits (as with Federal), but that this is not formally stated. Ms. Carpenter added that the year from which the tax credits are allocated is, to some extent, managed by staff

Ms. Canney made a motion to approve the "Resolution Re: Proposed Allocation of State Housing Credits for AFS Scattered Site Housing Project, City of Rutland." Ms. Pearce seconded the motion which was unanimously approved.

Public Housing Authorities – Potential Lending Opportunities
In reference to his memo, Mr. Erdelyi asked Board members for their feedback regarding the value of pursuing potential lending opportunities with Public Housing Authorities, pointing out that this would be, primarily, a modernization program, with few net new units resulting. He explained that it would involve learning the HUD lexicon and procedures and could result in a substantial amount of staff work. Ms. Carpenter added that she did not feel there was a capacity issue at this time. Pros cited included the low-risk lending opportunities; the chance to work with new faces; the much-needed improvement of public housing; and the broadening of staff expertise. Discussion followed. No Board member was opposed to staff pursuing this opportunity.

HOMEOWNERSHIP
HomeOwnership Centers Activity Report
Ms. Crady reviewed her report on HomeOwnership Centers' (HOCs) activity in calendar year 2005. Discussion followed, mainly around the questions of VHFA's return on investment of its stipend to HOCs and whether the HOCs are continually advocating VHFA financing. Regarding the former, Ms. Carpenter explained that the grant may be a losing proposition when return is measured only by the increase in VHFA loans, and that the bigger issue would be the lack of homebuyer education and counseling to Vermonters if not for the HOCs. Regarding the latter, Ms. Crady explained that the HOCs are bound to refer homebuyers to the most suitable programs.

Ms. Randall asked to receive future reports before budget discussions and Ms. Crady agreed to provide the next report at the May 2007 Board meeting. Ms. Randall also requested that next year's report include the percentage of VHFA's stipend to total HOC budget, the number of VHFA loans that become delinquent where the borrower received HOC homebuyer education, and the percentage of these that become REO (Real Estate Owned by the Agency). Staff will explore whether the latter can be tracked.

Single Family Excess Yield – Use of Funds
Mr. Adams explained that, after meeting with bond counsel in the previous week, the amount of the first mortgage pool referenced in the first paragraph of his memo regarding use of Single

Family excess yield funds should be changed from $7 million to $10 million. He added that staff also discussed implementing purchase price caps of $235,000 (based on median income) and limiting the program to first-time homebuyers in all areas of the State.

Mr. Dorn made a motion to approve staff's request to allocate sufficient funds from the Series 23 excess yield proceeds to create a $10 million first mortgage pool offered at a rate of 4.75% to homebuyers of newly constructed homes in developments demonstrating smart growth characteristics. Other conditions will apply as discussed above and in the memo. Mr. Beaulieu seconded the motion which was unanimously approved.

FINANCE

FY2007 Budget Approval

In reference to the cover memo of the FY2007 Budget, Ms. Randall explained that she understood the Agency will incur additional expenses related to software replacement. She asked that staff identify related expenses and pursue cost controls where feasible, adding that Staff Travel & Training is one of the bigger line items over which staff can exercise control.

Ms. Pearce made a motion to approve the fiscal year 2007 Budget. Mr. Beaulieu seconded the motion which was unanimously approved.

Opportunities Credit Union – Grant of $15,000

Mr. Adams reviewed his memo, emailed to the Board late on Friday, June 5th, regarding a $15,000 grant request from Opportunities Credit Union (OCU). He explained that among the conditions of this grant would be OCU's receipt of a $150,000 grant from the Corporation for Enterprise Development, that the study be done in concert with the Governor's Secondary Marketing Task Force on Mobile Homes (including requiring OCU to submit progress reports and findings to the Task Force) and that the sample include data beyond OCU's portfolio. He added that the review of the OCU mobile home portfolio and other components of the study will be done by independent consultants and overseen by OCU staff

Mr. Alberts made a motion to amend the FY2007 Budget by increasing the Organizational Support line item by $15,000 in order to provide a grant to Opportunities Credit Union that they may explore and resolve barriers to financing mobile homes. This grant will be subject to conditions as outlined above and in the memo. Ms. Canney seconded the motion which was unanimously approved.

Hard to House Initiative

Ms. Carpenter explained that VHFA is working with LCHV (Lake Champlain Housing Ventures), BCLT (Burlington Community Land Trust), COTS, Housing Vermont and VHCB on a "housing the hard to house" pilot project in Chittenden County that will attempt to prove that counseled people can be successful renters. She explained that VHFA staff hopes to contribute to this initiative by giving loan amendments (deferred loans) to project owners if and when they have been adversely affected by assuming the risk of renting to challenging tenants.

Single Family Bond Resolution

Ms. Carpenter explained that the Twenty-Ninth Supplemental Single Family Housing Bond Resolution is standard. Staff is hoping to price the bonds in mid-June. The target rate is 6%.

The percentages of swaps, notes and zeroes remain in flux while staff determines the best ratios of each to acquire the best rate; swaps will not exceed 25%. Staff expects to use all volume cap this year, which will also impact the mix.

Mr. Candon made a motion to approve the "Twenty-Ninth Supplemental Single Family Housing Bond Resolution." Ms. Pearce seconded the motion which was unanimously approved.

Ms. Carpenter explained that staff is inclined to hold off pursuing a combined Single Family / Multifamily bond resolution until February 2007 at which time a bond premium will be dropped, saving the Agency $100,000. When a decision is made about a combined resolution, one can also be made about rating agencies (Fitch, Moody's and/or S&P.)

TD Banknorth's Sale of Trust Business to Bank of New York
Ms. Carpenter explained that TD Banknorth will be selling its corporate trustee business to Bank of New York. She explained that staff was surprised at TD Banknorth's expectation that the Agency would be able to convert on such short notice (less than a month). After conversations with TD Banknorth, she believes they will change the schedule. Ms. Carpenter further explained that one of the requirements of the Single Family bond issue is that the trustee have a "principal trust office" in Vermont. As trustee, Bank of New York will have to satisfy this requirement. In addition, we might want to pursue a resolution amendment for consideration by the bondholders. When we propose a new resolution, we may also want to look at an RFP for a trustee.

Ms. Randall suggested that staff ask Kathy Nelson to consult with the Agency during this transition. Kathy is currently a Corporate Trust Manager with TD Banknorth, but will lose her position as a result of TD Banknorth's decision. Ms. Randall added that no Board member is opposed to the Agency hiring additional staff to get the work done.

OTHER
July 2006 Board Meeting
The Board agreed to meet by conference call on July 10th at 2:00 p.m.

Fall 2006 Board Meetings
The Board agreed to reschedule its October retreat (originally scheduled for October 25th-26th) in order to have a more timely discussion about legislative strategy. The Board will meet on Wednesday, September 6th and on Monday, October 2nd [subsequently changed to Thursday, October 5th due to Yom Kippur] from 9:00 a.m. to 4:00 p.m. Strategic Planning will be the focus.

The Board agreed to keep its November 6th meeting date; however, the meeting will be by conference call.

Ms. Randall strongly encouraged Board members to attend the Vermont Statewide Housing Conference on Monday, November 13th. Board members are also invited to dine with the presenters the evening before (on Sunday, November 12th). Overnight expenses will be covered by the Agency.

2007 Board Meetings
The Board agreed to meet again on the first Monday of the month (with exceptions for holidays) during calendar year 2007.

EXECUTIVE SESSION
At 1:00 p.m., Mr. Beaulieu made a motion to go into Executive Session to discuss the vacant CFO position and to evaluate the Executive Director. Ms. Canney seconded the motion, which was unanimously approved.

Mr. Dorn made a motion to come out of Executive Session. Ms. Canney seconded the motion which was unanimously approved. Executive Session adjourned at 1:27 p.m.

Mr. Candon made a motion to approve a salary increase and other related benefits for Ms. Carpenter consistent with the Executive Session discussion. Mr. Alberts seconded the motion, which was unanimously approved.

ADJOURNMENT
Mr. Dorn made a motion to adjourn the meeting. Mr. Candon seconded the motion and the Board unanimously approved to adjourn the meeting at 1:32 p.m.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter CR

DATE: July 3, 2006

RE: Request for Construction Financing, Bond & State Housing Credits
Esteyville Housing, Brattleboro

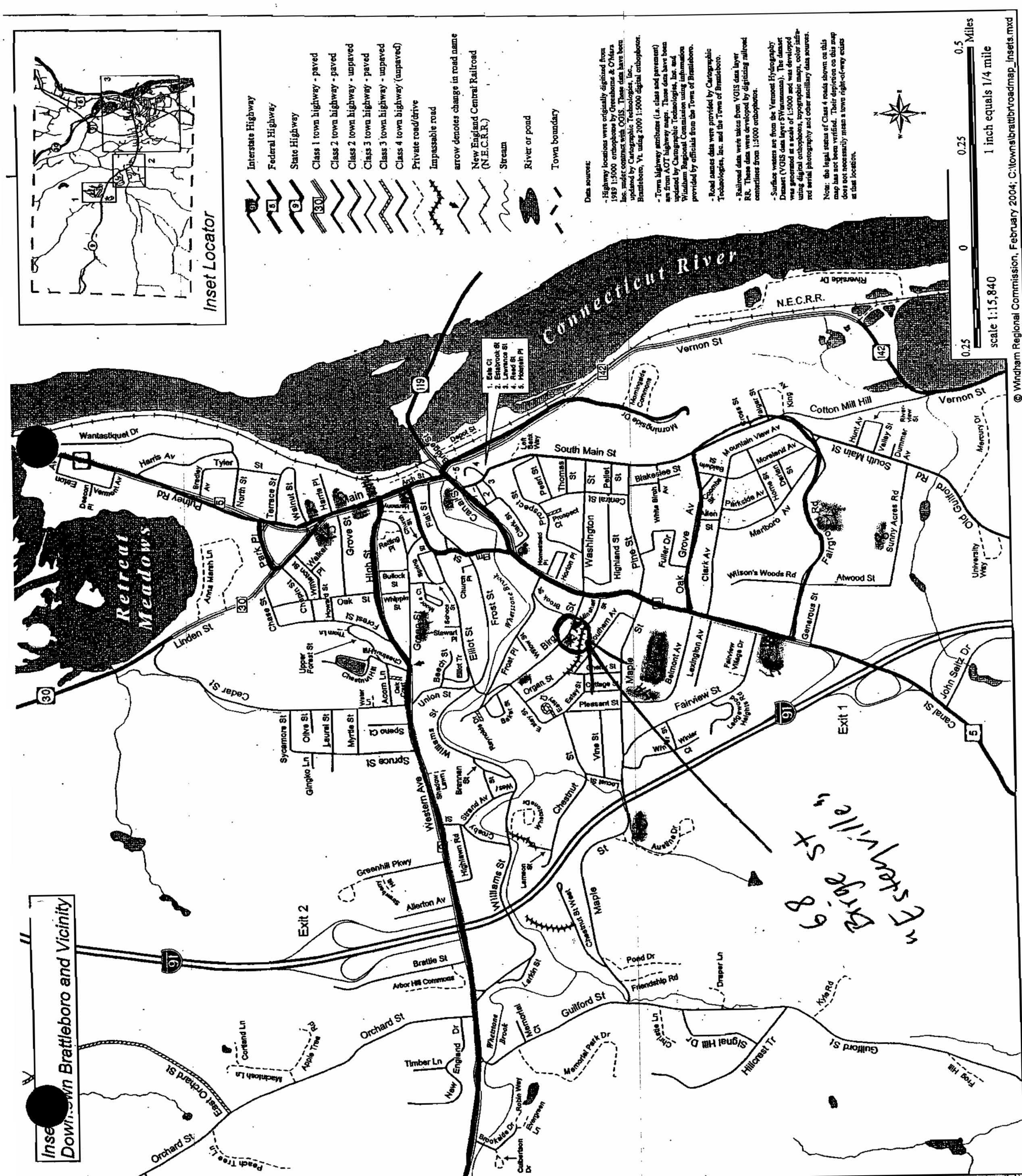
Name:	Esteyville Housing	**Location:**	Brattleboro
Housing Type:	General Occupancy	**Unit Type:**	Flats
Unit Count:	20 Total Rental Units 20 Housing Credit Units	**Unit Sizes:**	4 0-Br @ 433 s.f. 8 1-Br @ 634 s.f. 5 2-Br @ 777 s.f. 2 3-Br @ 1088 s.f. 1 4-Br @ 1226 s.f.
Total Cost:	$4,292,900	**Per S.F. Acquisition & Construction Cost:**	$154
Housing Credits: **State Credits:**	$150,000 (Bond "4%" Credits) $53,500	**Sponsor:**	Brattleboro Area Community Land Trust
Financing Requested:	$2,750,000 tax-exempt construction loan		
Other Funding:	USDA RD, VHCB, VCDP, REEP, VCIL, Historic Tax Credit Equity		

Recommendation: Staff recommends that the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board 1) authorize the Executive Director to issue a Letter of Interest and/or a Commitment Letter to finance this property upon satisfactory completion of staff underwriting and due diligence; and 2) authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

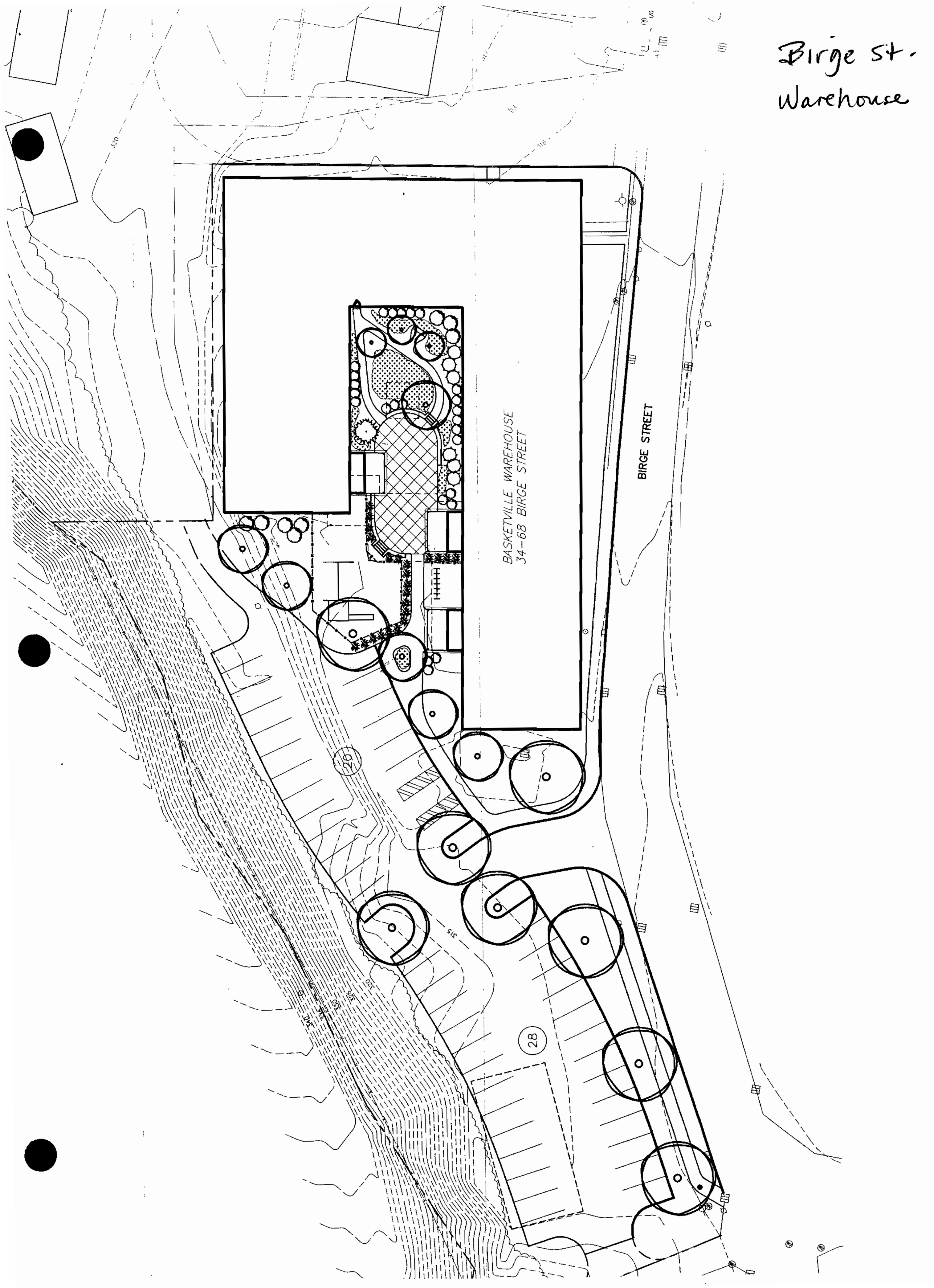
Project Summary: Brattleboro Area Community Land Trust (BACLT) is proposing to acquire and re-develop a 40,000 square foot post and beam warehouse on Birge Street in Brattleboro to create affordable housing. Two condominiums will be created in the warehouse, and <u>this request for financing and tax credits pertains to the **second floor condominium**, in which 20 rental units will be constructed</u>. (BACLT is submitting a separate funding application for the first floor condominium.) The warehouse is located several blocks from the downtown district, and is part of the historic Estey Organ Complex, locally referred to as "Esteyville" (Estey was, at the turn of the twentieth century, the largest organ factory in the world). Basketville later owned the building for 30 years. It is eligible to be added to the national historic register, which BACLT's consultant will do in order to qualify the building for historic tax credits. Of the 20 units, there will be: four efficiencies, eight one-bedroom units; five two-bedroom units; two three-bedroom units, and one four-bedroom unit. All of the units will be Housing Credit units. Amenities include a laundry room, a community room, outside play and terrace areas, parking, and storage space. BACLT is applying for USDA Rural Development (RD) permanent subsidized financing. RD now rarely comes with rental assistance due to federal budget cuts, but the Vermont State Housing Authority (VSHA) has arranged to provide rental assistance for RD-funded projects. BACLT is applying to be a part of VSHA's family self-sufficiency program (FSS) in order to make services available to the families who will reside in the apartments. The FSS program goals and objectives include: job readiness, economic independence and self-sufficiency. Participation in the FSS program will allow 100% of the units to have project-based rental assistance with a 10-year term from VSHA. BACLT has received a funding commitment from the Vermont Housing and Conservation Board (VHCB). In addition to RD, BACLT is applying for funding from: Vermont Community Development Program (VCDP), Residential Energy Efficiency Program (REEP) and Vermont Center for Independent Living (VCIL). All funding decisions will be made in July and August. The sponsor plans to get local permit approval in July and Act 250 approval in August. BACLT plans to begin construction in November and complete it by September of 2007. BACLT will manage the development.

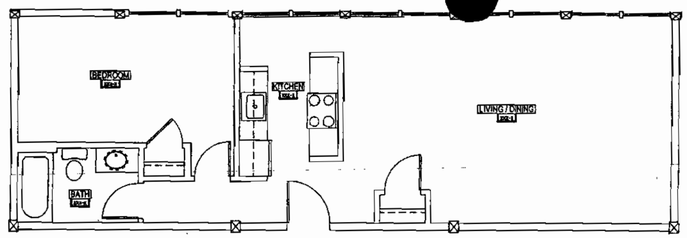
Birge St. Warehouse
"Esteyville Housing"
Brattleboro

* Subject
1 High School + Middle School
2 Head Start
3 Early Education Services + Day Care
4 Hospital
4A Doctors' Offices
5 Grocery Store
Drug Store
6 Bank
7 Church
8 Church
9 Food Co-op
10 Bank
11 Post Office
12,13,14 Banks
15 Library
16 School for the Deaf
17 Elementary School
Bus Route



Birge St.
Warehouse





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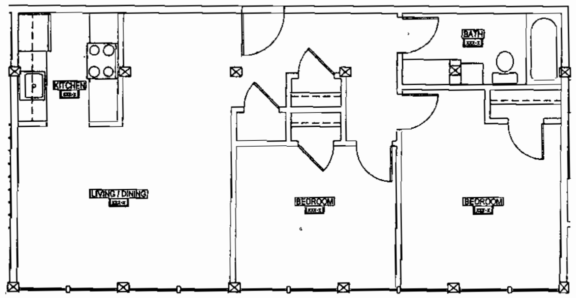

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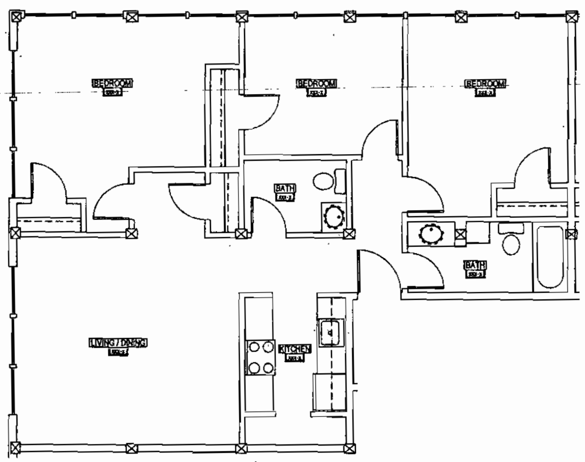

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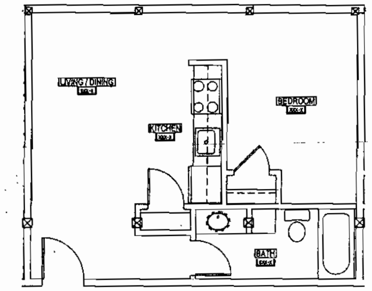

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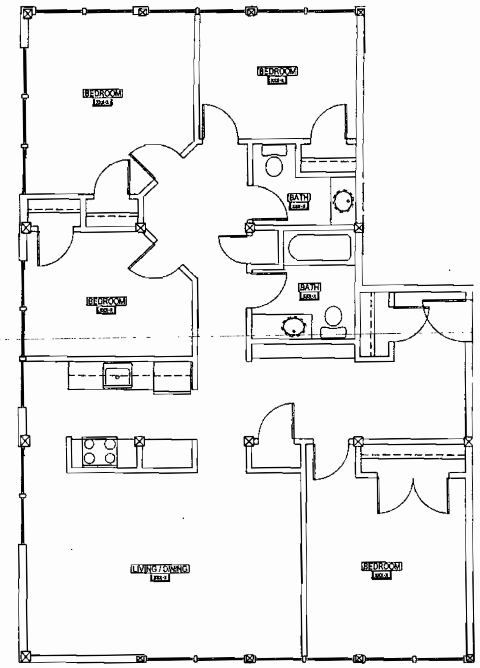

TYP. 4 BEDROOM UNIT
Scale: 1/4" = 1'-0"

Schematic Review (RD)
PROGRESS SET
Copyright May 17, 2006

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Phone:
Fax:
E-mail:

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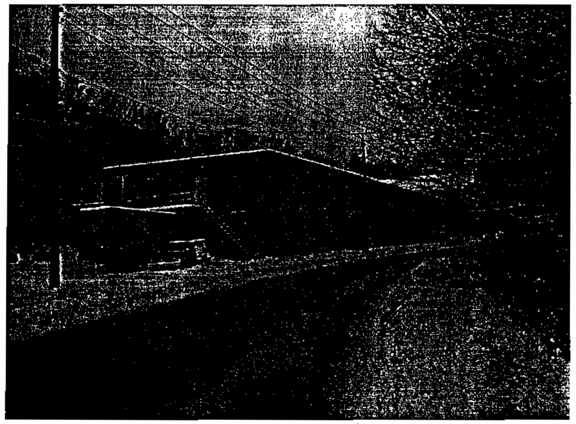

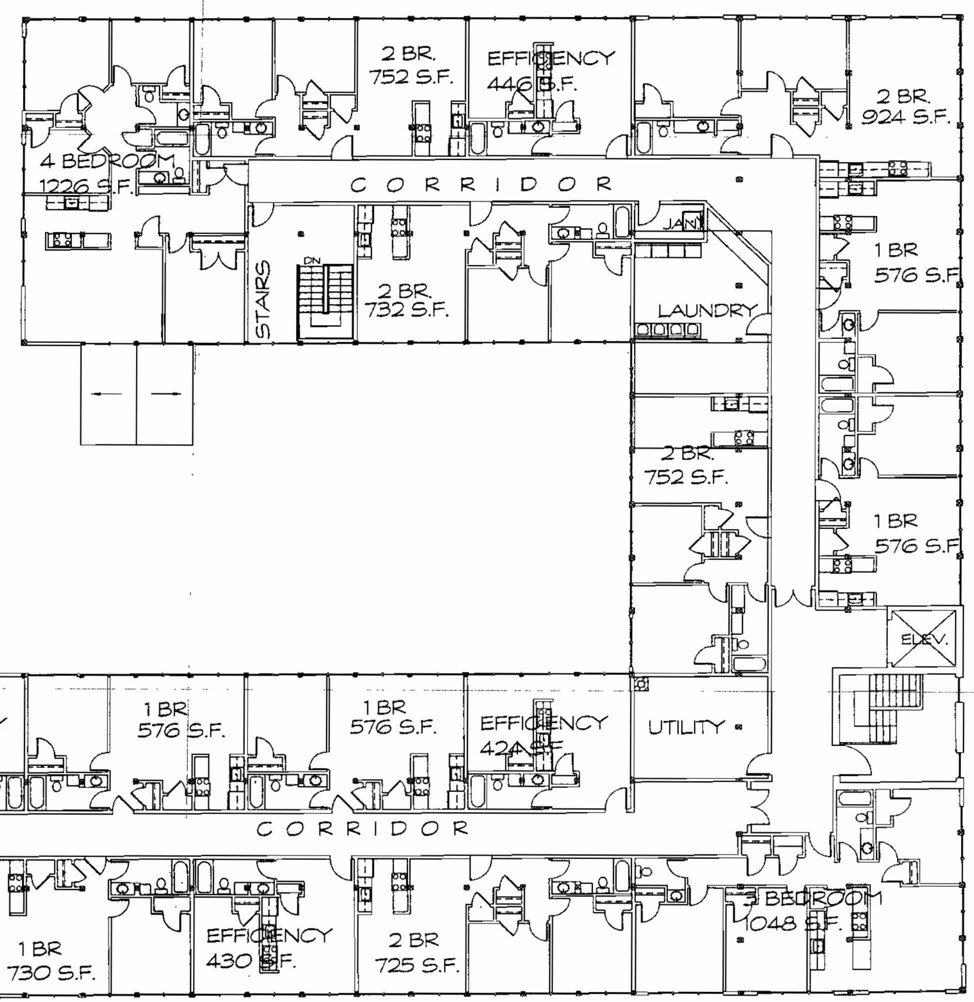
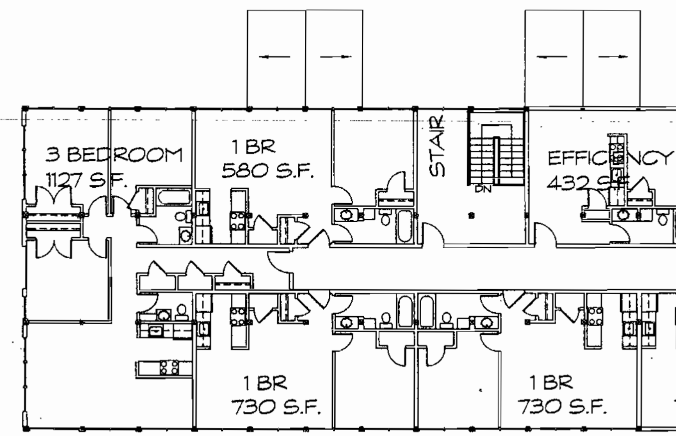

1

PROPOSED SECOND FLOOR PLAN
SCHEME "F"

Scale: NTS

0 4 8 12 16 20 24 28 32

N

Schematic Review (RD)
PROGRESS SET
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Birge St
Warehouse
2nd Fl.
"Esteyville
Housing"

28-Jun-06 **Esteyville Housing (Birge Street 2nd Floor Apartments) Brattleboro**

Total Residential Units:	20	Increase in Income from Rental Units:	1.00%	
Housing Credit Restricted Units:	20	Increase in Income from Other Sources:	1.00%	
Percent Restricted:	100.00%	Increase in Income from Commercial:	0.00%	
Total Development Cost:	4,292,900	Expense increase:	2.50%	
Total Development Cost per Unit:	214,645	Vacancy Rate:	5%	
Total Development Cost Per SF:	192	Partner's Tax Rate:	35%	
		Long Depreciation Schedule:	27.5	years
Max Credit Potential:	155,323	Short Depreciation Schedule:	7	years
Credit Amount Allocated:	150,000	Sponsor's Estimated Yield:	93.13%	
VT State Credit	53,500			
Historic Credit	745,639			
LIHTC - 4%	3.52%	July-06		

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage - RD	1,000,000	23.29%	1.00%	50	30
VHCB	216,500	5.04%	0.00%	30	deferred
VCDP	715,000	16.66%	0.00%	30	deferred
REEP & VCIL	15,500	0.36%	0.00%	0	Cap Contribution
VHCB Feasibility (GP Equity)	10,000	0.23%	0.00%	0	Cap Contribution
Deferred Development Fee	30,000	0.70%	0.00%	15	15
State Credit Equity	232,900	5.43%	N/A	N/A	
Historic Tax Credit Equity	690,000	16.07%	N/A	N/A	
Tax Credit Equity LP	1,383,000	32.22%	N/A	N/A	
	4,292,900	100.00%			
VHFA Construction Loan	**2,750,000**	**64.06%**	**tax exempt**		**12 month**

USES

Acquisition	250,090	5.83%
Construction Hard Costs	3,199,732	74.54%
Soft Costs	843,078	19.64%
TOTAL USES	4,292,900	100.00%
Gap	(0)	

General Partner's Capital Contribution	13,970	1.00%
Limited Partner's Capital Contribution	1,383,000	99.00%
Total Equity	1,396,970	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	20
Total Units	20
Unit Fraction	100.00%
Tax Credit Square Footage	18,253
Total Residential Square Footage	18,253
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

28-Jun-06 **Esteyville Housing (Birge Street 2nc** 18,255 | Total 56.20% | 154 | **65.60%** Residential

	Total Project	2nd FLOOR Budget	Per Unit	Per s.f.	VHCB	HOME	Equity	VCDP	RD	VHCB Feas & REEP, VCIL,Town
	ACQUISITION									
1	Land	**42,150**	2,108	1.88				42,150		
2	Purchase of Building(s)	**202,320**	10,116	9.03				202,320		
3	Demolition (without replacement)	**0**	0	0.00						
4	Property Appraisal	**2,529**	126	0.11						2,529
5	Legal - Title and Recording	**3,091**	155	0.14	3,091					
	Subtotal - Acquisition	**250,090**	12,505	11.16						
	CONSTRUCTION HARD COSTS									
6	Rehabilitation	**2,780,620**	139,031	124.05			1,301,090	464,030	1,000,000	15,500
7	Rehab & New Building	**0**	0	0.00						
8	Office Space		0	0.00						
9	Sitework	**178,940**	8,947	7.98			178,940			
10	Commercial Space Costs (if any)	**0**	0	0.00						
11	General Requirements	**0**	0	0.00						
12	Contractor Overhead & profit	**0**	0	0.00						
13	Contractor Profit	**0**	0	0.00						
14	Construction Contingency	**202,320**	10,116	9.03			202,320			
15	Construction Management	**0**	0	0.00						
16	Construction Bond Fee	**0**	0	0.00						
17	Hazardous Materials Abatement	**12,000**	600	0.54			12,000			
18	Off-Site Improvements	**0**	0	0.00						
19	Furnishings, Fixtures, & Equipment	**25,852**	1,293	1.15			25,852			
20		**0**	0	0.00						
	Subtotal - Hard Costs	**3,199,732**	159,987	142.74						
	SOFT COSTS									
21	Architectural / Engineering	**196,700**	9,835	8.77	125,970		65,730			5,000
22	Survey	**2,810**	141	0.13	2,657		153			
23	Legal/Accounting	**13,488**	674	0.60			13,488			
24	Construction Clerk	**11,240**	562	0.50			11,240			
25	Environmental Assessment	**2,810**	141	0.13	2,657		153			
26	Civil Engineering	**42,150**	2,108	1.88	37,254		2,425			2,471
27	Permits/Fees	**51,704**	2,585	2.31	36,013		15,691			
28	Construction Management	**35,000**	1,750	1.56			35,000			
29	Compaction/Testing/soils	**3,653**	183	0.16			3,653			
30	Independent Market Study	**2,296**	115	0.10			2,296			
31	Construction Period Insurance	**5,901**	295	0.26			5,901			
32	Construction Interest	**59,500**	2,975	2.65			59,500			
33	Loan Origination Fee	**0**	0	0.00						
34	Taxes During Construction	**4,215**	211	0.19			4,215			
35	Inspection Fee	**4,215**	211	0.19			4,215			
36	Marketing	**2,296**	115	0.10			2,296			
37	Tax Credit Fees	**4,264**	213	0.19			4,264			
38	Soft Cost Contingency	**5,901**	295	0.26			5,901			
39	VHFA Lender's Council Fee	**4,500**	225	0.20	4,500					
40	Historic	**3,653**	183	0.16			3,653			
41	VCDP Grant Administration	**6,500**	325	0.29				6,500		
42		**0**	0	0.00						
43	Capital Needs Assessment	**1,124**	56	0.05			1,124			
	SYNDICATION COSTS									
44	Organizational (Partnership)	**843**	42	0.04	797		46			
45	Bridge Loan Fees and Expenses	**13,488**	674	0.60			13,488			
46	Syndication Consultant	**3,608**	180	0.16	2,923		685			
47	Tax Opinion	**674**	34	0.03	638		36			
	DEVELOPER'S FEES									
48	Developer's Fees	**240,520**	12,026	10.73			240,520			
49	deferred Fee	**30,000**	1,500	1.34			30,000			
50	Consultant Fees	**60,000**	3,000	2.68			60,000			
	RESERVES									
51	Working Capital	**21,000**	1,050	0.94			21,000			
52	Rent-up (Deficit Escrow) Reserve	**5,500**	275	0.25			5,500			
53	Operating Reserves	**0**	0	0.00						
54	Sinking Fund (RA)	**0**	0	0.00						
55	Replacement Reserves	**3,525**	176	0.16			3,525			
	Subtotal - Soft Costs	**843,078**	42,154	37.61						
	TOTAL DEVELOPMENT COSTS	**4,292,900**	214,645	191.51	216,500	0	2,335,900	715,000	1,000,000	25,500

28-Jun-06 **Esteyville Housing (Birge Street 2nd Floor Apartments) Brattleboro**

		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Commercial Other
	ACQUISITION						
1	Land	42,150					
2	Purchase of Building(s)	202,320	202,320		0		
3	Demolition (without replacement)	0					
4	Property Appraisal	2,529	2,529				
5	Legal - Title and Recording	3,091	3,091				
	Subtotal - Acquisition	250,090					
	CONSTRUCTION HARD COSTS						
6	Rehabilitation	2,780,620		2,780,620	2,780,620	2,780,620	
7	Rehab & New Building	0		0	0		
8	Office Space	0					
9	Sitework	178,940		178,940	178,940		
10	Commercial Space Costs (if any)	0					
11	General Requirements	0		0	0		
12	Contractor Overhead & profit	0		0	0		
13	Contractor Profit	0		0	0	0	
14	Construction Contingency	202,320		202,320	202,320	202,320	
15	Construction Management	0		0	0	0	
16	Construction Bond Fee	0		0	0		
17	Hazardous Materials Abatement	12,000		12,000	12,000		
18	Off-Site Improvements	0		0	0	0	
19	Furnishings, Fixtures, & Equipment	25,852		25,852	25,852	0	
20	0	0		0	0	0	
	Subtotal - Hard Costs	3,199,732					
	SOFT COSTS						
21	Architectural / Engineering	196,700		196,700	196,700	196,700	
22	Survey	2,810		2,810	2,810	2,810	
23	Legal/Accounting	13,488		13,488	13,488	13,488	
24	Construction Clerk	11,240		11,240	11,240	11,240	
25	Environmental Assessment	2,810		2,810	2,810	2,810	
26	Civil Engineering	42,150		42,150	42,150	42,150	
27	Permits/Fees	51,704		51,704	51,704	51,704	
28	Construction Management	35,000		35,000	35,000		
29	Compaction/Testing	3,653		3,653	3,653	3,653	
30	Independent Market Study	2,296		2,296	2,296	2,296	
31	Construction Period Insurance	5,901		5,901	5,901	5,901	
32	Construction Interest	59,500		59,500	59,500	59,500	
33	Loan Origination Fee	0		0	0	0	
34	Taxes During Construction	4,215		4,215	4,215	4,215	
35	Inspection Fee	4,215		4,215	4,215	4,215	
36	Marketing	2,296					
37	Tax Credit Fees	4,264					
38	Soft Cost Contingency	5,901		5,901	5,901	5,901	
39	VHFA Lender's Council Fee	4,500		4,500	4,500	4,500	
40	Historic	3,653		3,653	3,653	3,653	
41	VCDP Grant Administration	6,500					
42	0	0					
43	Capital Needs Assessment	1,124					
	SYNDICATION COSTS						
44	Organizational (Partnership)	843					
45	Bridge Loan Fees and Expenses	13,488					
46	Syndication Consultant	3,608					
47	Tax Opinion	674					
	DEVELOPER'S FEES						
48	Developer's Fees	240,520		240,520	240,520	240,520	
49	deferred Fee	30,000		30,000	30,000	30,000	
50	Consultant Fees	60,000		60,000	60,000	60,000	
	RESERVES						
51	Working Capital	21,000					
52	Rent-up (Deficit Escrow) Reserve	5,500					
53	Operating Reserves	0					
54	Sinking Fund (RA)	0					
55	Replacement Reserves	3,525					
	Subtotal - Soft Costs	843,078					
	TOTALS	4,292,900	207,940	3,979,988	3,954,136	3,728,196	
	LESS: Amount of Non-qualified Financing					0	
	LESS: Adjustment for per unit cost limits	100.00%		0			
	LESS: Historic tax Credit (Residential Portion)			745,639	745,639	20% Historic Credit Rate	
	Total Eligible Basis		207,940	3,234,348		745,639 Annual Historic Credit	
	TIMES: Adjusted for QCT/DDA	130.00%		4,204,653			
	TIMES: Applicable Fraction	100.00%	207,940	4,204,653			
	Total Qualified Basis		207,940	4,204,653	3,208,496	Long Term Depreciable Basis	
	TIMES: Applicable Percentage		3.52%	3.52%	27.5	Depreciation Schedule	
	Total Annual Credit Qualified		7,319	148,004	116,673	Annual Depreciation	

	Budget		Construction Basis	Residential Depreciation	
Total Tax Credits Requested	150,000		155,323	25,852	Short Term Depreciable Basis
Estimated Net Syndication Proceeds					
(excluding historic credit equity)	1,383,000			7	Depreciation Schedule
Estimated Yield - Housing Credit Syndication	93.13%		1,705,700	3,693	Annual Depreciation
Equity Gap	1,383,000		322,700		
Credits Needed to fill Equity Gap	150,000				

0.00

Esteyville Housing (Birge Street 2nd Floor Apartments) Brattleboro

HC UNITS Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
1 Br	Voucher	634	8	519	29	49,824
1 Br	Non RA		0			0
2 Br	Voucher	777	5	676	44	40,560
2 Br	Non RA		0			0
3 Br	Voucher	1,088	2	832	59	19,968
4 Br	Voucher	1,226	1	907	76	10,884
0 Br	Voucher	433	4	450	29	21,600
Common & Utility Space		4,163				
	Totals	18,253	20			142,836

NON HC UNITS Bedrooms	Type	Square Feet	Number	Rent	Utilities	Annual Rent
0 Br					0	0
1 Br					0	0
2 Br						
3 Br					0	0
4 Br					0	0
	Totals	22,416	0			0
	Total Units		20		**TOTAL All Units**	142,836
	Less Vacancy		5.00%			(7,142)

NET RENT	135,694

OTHER INCOME

Laundry	2,000
Interest	
Commercial Space Income	
Other	0

TOTAL INCOME	137,694

form revision date: 2/27/97

28-Jun-06 **Esteyville Housing (Birge Street 2nd Floor Apartments) Brattleboro**

	Check all Applicable								A					B						C					
Building #	**Unit #**	**HOME Unit**	**Lead Paint Unit**	**Project Based Assistance**	**Tax Credit Unit**	**VHCB Restricted**	**Accessible**	**Adaptable**	**Unrestricted**	**Number of Bedrooms**	**Proposed Square Footage**	**Proposed Rent**	**Utility Allowance for Tenant-Paid Utilities**	**Gross Rent (Rent + Tenant-Paid Utilities)**	**OCCUPIED BY: Income level of residents to be served:**						**AFFORDABLE TO: Units affordable to residents at:**					
															<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+
Esteyville	1			1	1	1				0	433	450	13	463			1				1					
(2nd Fl Birge)	2			1	1	1				0	433	450	13	463			1				1					
	3			1	1	1				0	433	450	13	463			1				1					
	4			1	1	1				0	433	450	13	463			1				1					
	5			1	1	1				1	634	519	29	548			1				1					
	6			1	1	1	1			1	634	519	29	548			1				1					
	7			1	1	1				1	634	519	29	548			1				1					
	8			1	1	1				1	634	519	29	548			1				1					
	9			1	1	1				1	634	519	29	548			1				1					
	10			1	1	1				1	634	519	29	548			1				1					
	11			1	1	1				1	634	519	29	548			1				1					
	12			1	1	1				1	634	519	29	548			1				1					
	13			1	1	1	1			2	777	676	44	720			1				1					
	14			1	1	1				2	777	676	44	720			1				1					
	15			1	1	1				2	777	676	44	720			1				1					
	16			1	1	1				2	777	676	44	720			1				1					
	17			1	1	1				2	777	676	44	720			1				1					
	18			1	1	1				3	1,088	832	59	891			1				1					
	19			1	1	1				3	1,088	832	59	891			1				1					
	20			1	1	1				4	1,226	907	76	983			1				1					
Total # Units	**20**	**0**	**0**	**20**	**20**	**20**	**2**	**0**	**0**	**Totals:**	**14,091**	**11,903**		**Total # Units:**	0	0	20	0	0	0	20	0	0	0	0	0

28-Jun-06 **Esteyville Housing (Birge Street 2nd Floor Aparti**

	20/29 RD UNIT	Monthly	Per Unit Per Month	
Administration				
Management Fee	12,828	1,069	53	9.0%
Site Management Payroll	0	0	0	
Audit/Accounting	3,500	292	15	
Legal	1,000	83	4	
Compliance Monitoring	960	80	4	
Marketing	500	42	2	
Other	500	42	2	
TOTAL ADMINISTRATIVE	19,288	1,607	80	
Utilities				
Electricity	3,448	287	14	
Fuel	12,500	1,042	52	
Water and Sewer	4,138	345	17	
Fire Alarm / Emergency	2,000	167	8	
Other	200	17	1	
TOTAL UTILITIES	22,286	1,857	93	
Maintenance				
Maintenance / Janitor Payroll	11,034	920	46	
Maintenance Overhead	2,414	201	10	
Exterminating	250	21	1	
Trash Removal	500	42	2	
Snow Removal	1,310	109	5	
Grounds	828	69	3	
Repairs Material	1,034	86	4	
Repairs Contract	2,069	172	9	
HVAC Repairs / Maintenance	2,000	167	8	
Elevator Contract / Repairs	2,200	183	9	
Painting and Decorating	1,500	125	6	
Other	500	42	2	
TOTAL MAINTENANCE	25,640	2,137	107	
				per unit montl excl. ds & res. 395
Real Estate Taxes	18,000	1,500	75	
Property Insurance	9,621	802	40	
Replacement Reserves	10,000	833	42	
Primary Debt Service	0	0	0	
Other "must pay" debt service	0	0	0	
Other	0	0	0	
Total	104,834	8,736	437	

form revision date: 2/27/97

28-Jun-06	Esteyville Housing (Birge Street 2nd Floor Apartments) Bratt															
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
RD 1% Loan, No Interest Credit																
Operating Income																
Gross Rent		142,836	144,264	145,707	147,164	148,636	150,122	151,623	153,140	154,671	156,218	157,780	159,358	160,951	162,561	164,186
Other Income		2,000	2,020	2,040	2,061	2,081	2,102	2,123	2,144	2,166	2,187	2,209	2,231	2,254	2,276	2,299
Vacancy and other losses		(7,142)	(7,213)	(7,285)	(7,358)	(7,432)	(7,506)	(7,581)	(7,657)	(7,734)	(7,811)	(7,889)	(7,968)	(8,048)	(8,128)	(8,209)
Total Operating Income		137,694	139,071	140,462	141,866	143,285	144,718	146,165	147,627	149,103	150,594	152,100	153,621	155,157	156,709	158,276
Operating Expenses																
Total Expenses (excl. Reserves)		94,834	97,205	99,635	102,126	104,679	107,296	109,979	112,728	115,547	118,435	121,396	124,431	127,542	130,730	133,999
Reserves		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Sub-Total Operating Expense		104,834	107,205	109,635	112,126	114,679	117,296	119,979	122,728	125,547	128,435	131,396	134,431	137,542	140,730	143,999
RD Return on Equity		3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600
Total Operating Expense		108,434	110,805	113,235	115,726	118,279	120,896	123,579	126,328	129,147	132,035	134,996	138,031	141,142	144,330	147,599
Net Operating Income		29,260	28,266	27,226	26,140	25,006	23,822	22,586	21,298	19,957	18,559	17,104	15,590	14,015	12,379	10,677
Less Primary Debt Service		25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423
Annual Cash Flow		3,837	2,843	1,803	717	(417)	(1,602)	(2,837)	(4,125)	(5,467)	(6,864)	(8,319)	(9,833)	(11,408)	(13,045)	(14,746)
		0	0	0	0	417	1,602	2,837	4,125	5,467	6,864	8,319	9,833	11,408	13,045	14,746
Net Cash		3,837	2,843	1,803	717	0	0	0	0	0	0	0	0	0	0	0
DCR		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cumulative Cash Flow																
Beginning Balance		21,000	25,047	28,140	30,225	31,244	31,139	29,849	27,310	23,459	18,227	11,545	3,341	(6,459)	(17,931)	(31,155)
Deposits		3,837	2,843	1,803	717	0	0	0	0	0	0	0	0	0	0	0
Interest	2.0%	210	250	281	302	312	311	298	273	235	182	115	33	(65)	(179)	(312)
Withdrawals		0	0	0	0	(417)	(1,602)	(2,837)	(4,125)	(5,467)	(6,864)	(8,319)	(9,833)	(11,408)	(13,045)	(14,746)
Ending Balance		25,047	28,140	30,225	31,244	31,139	29,849	27,310	23,459	18,227	11,545	3,341	(6,459)	(17,931)	(31,155)	(46,212)
Cumulative Replacement Reserves																
Beginning Balance		3,525	13,625	23,761	33,999	44,339	4,782	14,830	24,978	35,228	45,580	6,036	16,097	26,258	36,520	46,885
Deposits		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Interest	2.0%	100	136	238	340	443	48	148	250	352	456	60	161	263	365	469
Withdrawals		0	0	0	0	(50,000)	0	0	0	0	(50,000)	0	0	0	0	(50,000)
Ending Balance		13,625	23,761	33,999	44,339	4,782	14,830	24,978	35,228	45,580	6,036	16,097	26,258	36,520	46,885	7,354
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		29,260	28,266	27,226	26,140	25,006	23,822	22,586	21,298	19,957	18,559	17,104	15,590	14,015	12,379	10,677
Plus Reserves		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Less Interest Expense		(9,929)	(9,773)	(9,616)	(9,457)	(9,297)	(9,135)	(8,971)	(8,806)	(8,639)	(8,471)	(8,300)	(8,128)	(7,955)	(7,779)	(7,602)
Less Long Depreciation		(116,673)	(116,673)	(116,673)	(116,673)	(116,673)	(116,673)	(116,673)	(116,673)	(116,673)	(116,673)	(116,673)	(116,673)	(116,673)	(116,673)	(116,673)
Less Short Depreciation		(3,693)	(3,693)	(3,693)	(3,693)	(3,693)	(3,693)	(3,693)	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(91,035)	(91,873)	(92,756)	(93,683)	(94,657)	(95,679)	(96,751)	(94,180)	(95,355)	(96,584)	(97,869)	(99,211)	(100,612)	(102,073)	(103,597)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		31,862	32,156	32,464	32,789	33,130	33,488	33,863	32,963	33,374	33,805	34,254	34,724	35,214	35,726	36,259
Plus Tax Credits		895,639	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	0				
After Tax Cash Flow		927,501	182,156	182,464	182,789	183,130	183,488	183,863	182,963	183,374	183,805	34,254	34,724	35,214	35,726	36,259
Total Years	15															
Reinvestment Rate	7.70%															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Current After Tax Cash Flows		927,501	182,156	182,464	182,789	183,130	183,488	183,863	182,963	183,374	183,805	34,254	34,724	35,214	35,726	36,259
Future Value of Cash Flows at Yr 15:		2,821,956	514,591	478,611	445,183	414,126	385,269	358,455	331,199	308,211	286,847	49,635	46,719	43,991	41,439	39,051
Discount Rate:	3.00%															
Capital Contribution Number:	1	2	3	4	5	6	7	8								
Date of Capital Contribution:	15-Nov-06	15-Jun-06	15-Jan-07	01-Apr-07	15-Nov-07											
Amount of Capital Contribution:	25,000		530,000	500,000	1,018,000	0	0	0								
Present Value of Contributions:	25,000	0	527,313	494,324	987,503	0	0	0								
Cash Flows	(2,034,140)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,565,283
1,046,637																
IRR:	8.12%															
Equity Yield:	91.50%			2,073,000	2,073,000	0										

RESOLUTION RE: CONSTRUCTION FINANCING, USE OF BOND HOUSING CREDITS AND PROPOSED ALLOCATION OF STATE HOUSING CREDITS FOR ESTEYVILLE HOUSING, BRATTLEBORO

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

WHEREAS, an application has been submitted to the Agency by Brattleboro Area Community Land Trust (the "Sponsor") on behalf of a to-be-formed limited partnership in which the Sponsor or its subsidiary will be the general partners (the "Borrower") involving the acquisition and rehabilitation of twenty (20) units of general occupancy rental housing in the Town of Brattleboro (the "Development"); and

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

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

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

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

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

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated July 3, 2006, containing information and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

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

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

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the

Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

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

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The Sponsor is financially responsible and is a qualified housing sponsor within the meaning of the Act. The Borrower will be required to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

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

2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsor as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The issuance of the Bonds for the purpose of financing one or more loans to the Borrower is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions described in the Memorandum.

5. That the recommendations for the use of Bond Housing Credits and proposed allocation of State Housing Credits contained in the Memorandum which is attached and incorporated by this reference be approved;

6. That the Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the regarding the use of Bond Housing Credits in an amount necessary for the Development's feasibility and the proposed allocation of State Housing Credits in the amount of $53,500 for the Esteyville Housing project in the Town of Brattleboro, Vermont.

7. The preliminary approval described in the preceding paragraph does not obligate the Agency to give final approval for the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by independent action, which may contain such conditions thereto as the Agency may deem appropriate. The Agency in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Sponsor, the Borrower or any other person for its refusal to do so.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter CR

DATE: July 3, 2006

RE: Request for 9% Housing Credits: Birge & Worden Housing, Brattleboro

Name:	Birge & Worden Housing	**Location:**	Brattleboro
Housing Type:	General Occupancy	**Unit Type:**	Flats
Unit Count:	17 Total Rental Units (includes 1 Manager's Unit) 14 Housing Credit Units	**Unit Sizes:**	7 0-Br @ 175 s.f. (SRO) 1 1-Br @ 420 s.f. (SRO) 4 1-Br @ 624 s.f. 3 2-Br @ 736 s.f. 2 3-Br @ 1,041 s.f.
Total Cost:	$3,499,983 (residential only)	**Per S.F. Acquisition & Construction Cost:**	$155
Housing Credits:	$238,500 ("9%" Credits)	**Sponsor:**	Brattleboro Area Community Land Trust
Other Funding:	AHP, VHCB, HOME, REEP, VCIL, Historic Tax Credit Equity		

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

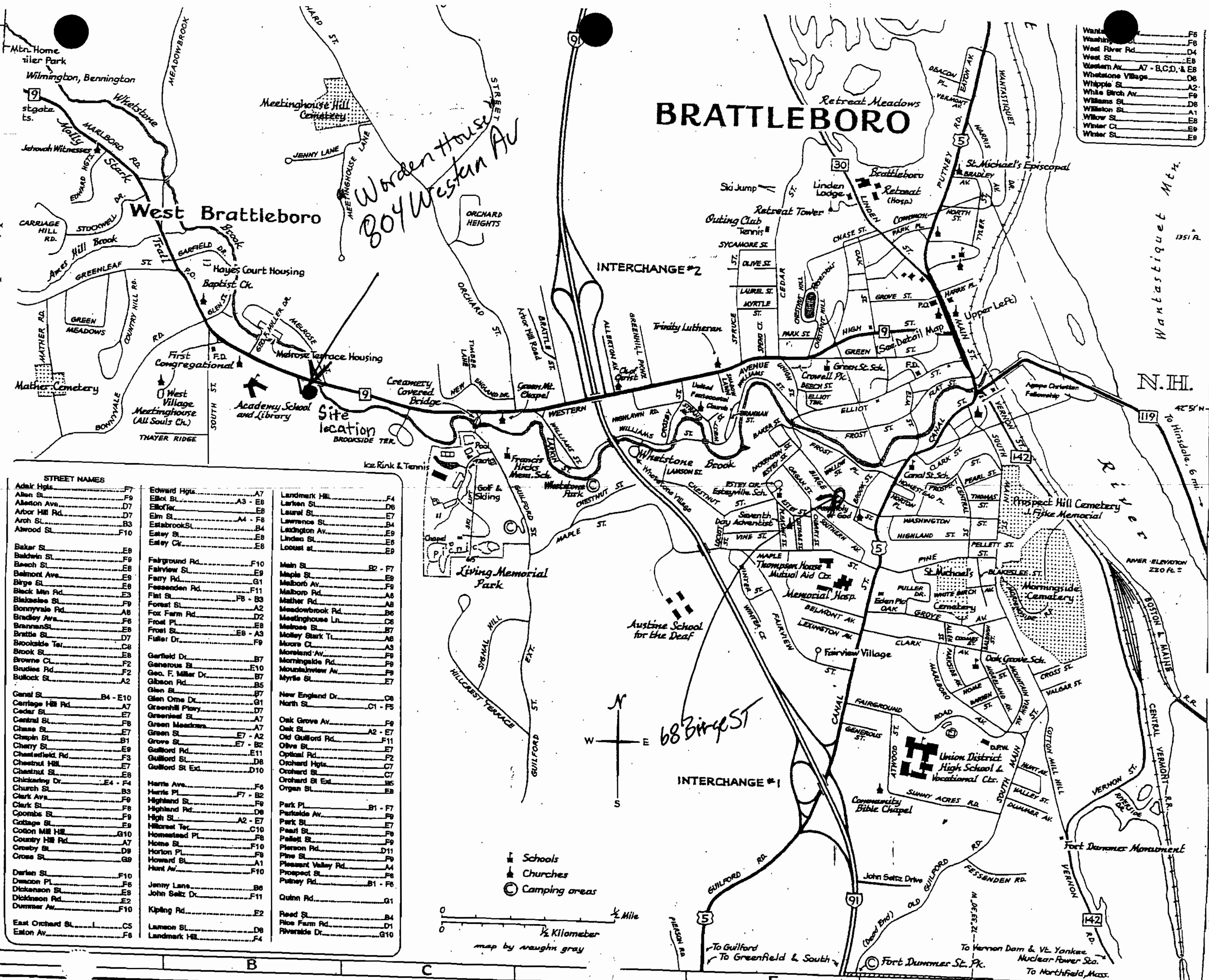
Project Summary: Brattleboro Area Community Land Trust (BACLT) is proposing to acquire and re-develop a 40,000 square foot post and beam warehouse on Birge Street in Brattleboro to create affordable housing. Two condominiums will be created in the warehouse, and this request for Housing Credits pertains to the **first floor condominium**, in which nine rental units and 5,300 square feet of commercial space will be constructed. (BACLT is submitting a separate funding application for the second floor condominium.) Also included in this project is the acquisition and rehabilitation of the "Worden House", an existing Single Room Occupancy (SRO) facility located at 804 Western Avenue. The Birge Street warehouse is located several blocks from the downtown district, and is part of the historic Estey Organ Complex (Estey was, at the turn of the twentieth century, the largest organ factory in the world). Basketville later owned the building for 30 years. It is eligible to be added to the national historic register, which BACLT's consultant will do in order to qualify the building for historic tax credits. The nine apartments will consist of: four one-bedroom units; three two-bedroom units; and two three-bedroom units. Six of the units will be Housing Credit units, and three will serve households up to 80% of area median income. Amenities include a laundry room, a community room, parking, outside play and terrace areas, and storage space. The commercial space being developed will be the new home for BACLT's office. Birge Street is near Canal Street where BACLT's current office is located, and which they have outgrown. (BACLT's current office will be converted to residential rental units.) The Worden House project is an existing SRO that BACLT wants to preserve and improve (the current owners are past retirement age and the property has become too much for them to manage; it is dated, has a number of code violations and is in serious disrepair). It is currently nine rooms, and BACLT will completely rehab the building and reconfigure the units to create seven rooms and one resident manager's apartment. The SRO will have private bedrooms and shared living, bath and kitchen space. The building has operated as an SRO for over 25 years and has a high occupancy history. Both the Morningside House (which is the Brattleboro area homeless services organization) and Health Care and Rehabilitation Services of Southeastern Vermont (the designated Community Mental Health Agency for Windham and Windsor Counties) will refer clients to the SRO and provide services (case management and help in areas including financial skills, housekeeping, job search/training, get ready to work skills, parenting, adult and early education). Both organizations have expressed their support for BACLT's proposed acquisition and preservation of Worden House citing that the SRO serves an important community need. Many of Worden House residents work but need some services, and having stable and decent affordable housing is critical.

BACLT is applying for funding from the Federal Home Loan Bank's Affordable Housing Program (AHP), Residential Energy Efficiency Program (REEP) and Vermont Center for Independent Living (VCIL). All funding decisions will be made by the end of July. BACLT has received a funding commitment from the Vermont Housing and Conservation Board. The sponsor plans to get local permit approval in July and Act 250 approval in August. BACLT plans to begin construction in November and complete it by September of 2007. BACLT will manage the development. BACLT has rehabilitated and currently manages many properties in the neighborhoods where each building is located, with a very positive impact on the community.

Tax Credit Discussion:

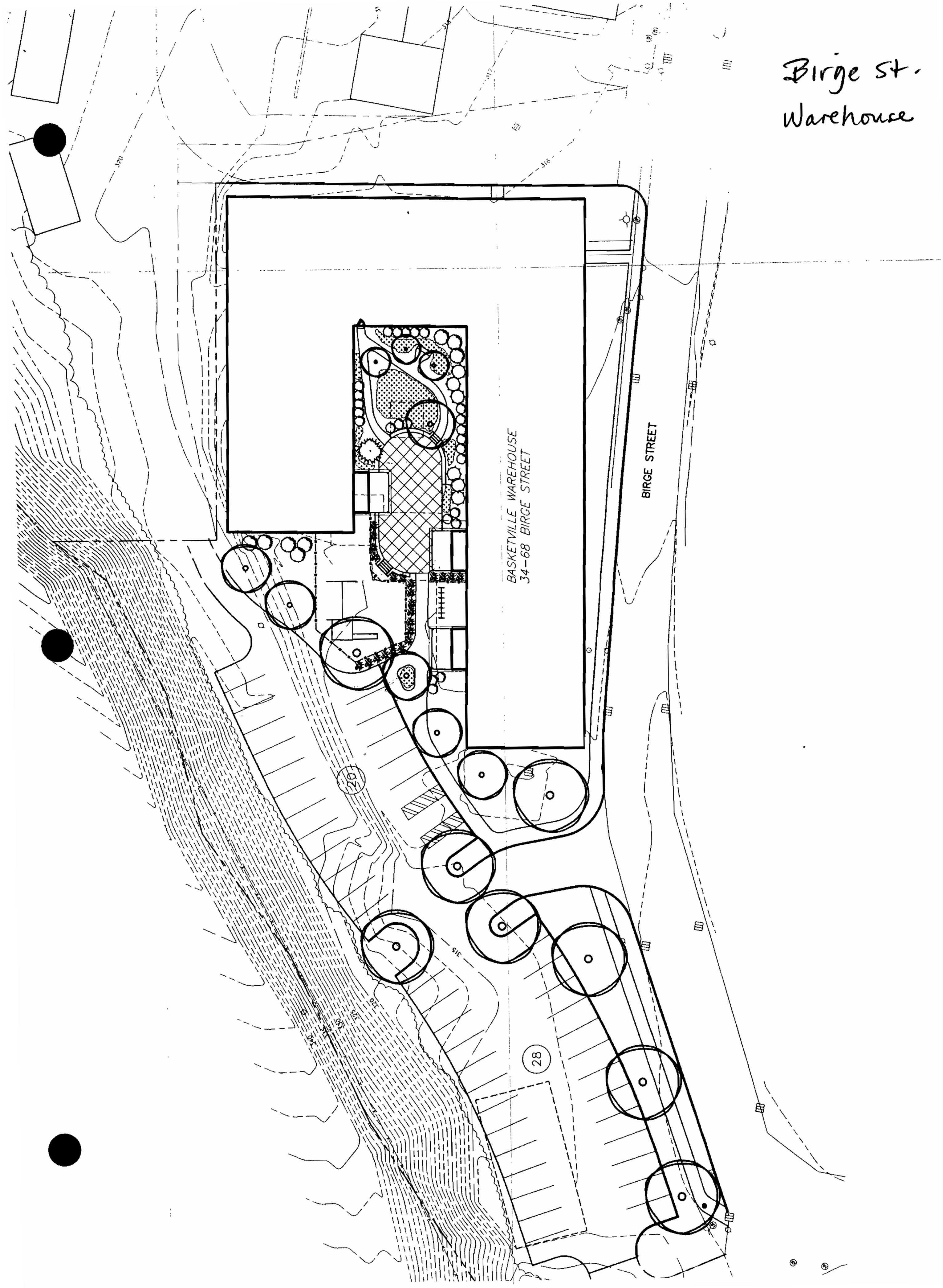
The application meets three top tier priorities and two second tier priorities of the Allocation Plan: it is a rehabilitation project; it is planned to maintain the historic settlement pattern of the Town; the Birge Street building is located near a designated downtown; it is mixed income – there are three units that will serve households greater than 60% of area median income; and the Worden House targets homeless individuals. The project will meet the design and energy standards. The market study supports the need and demand for the project.

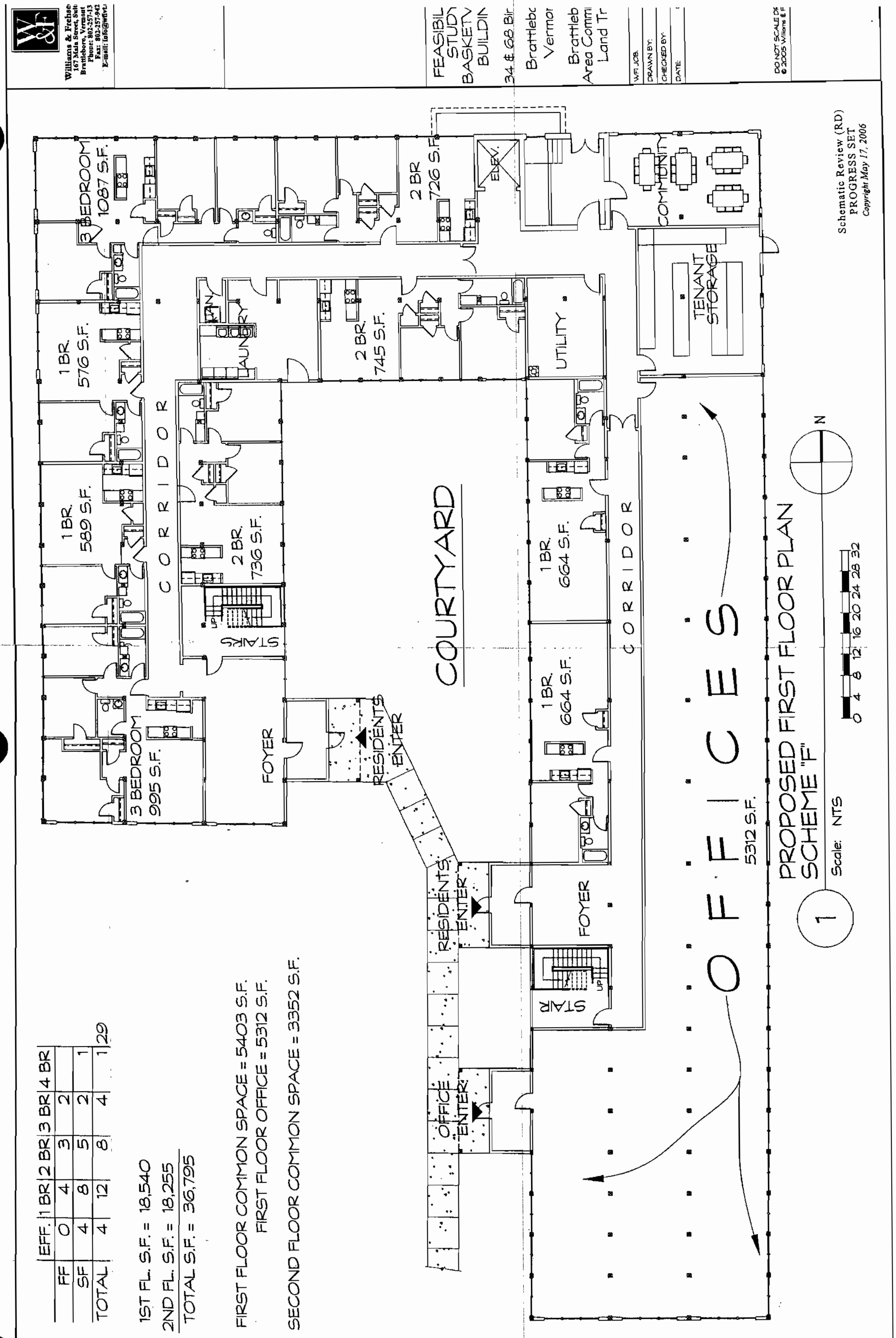
Attachment K:
Maps, site plans, floor plans, photos



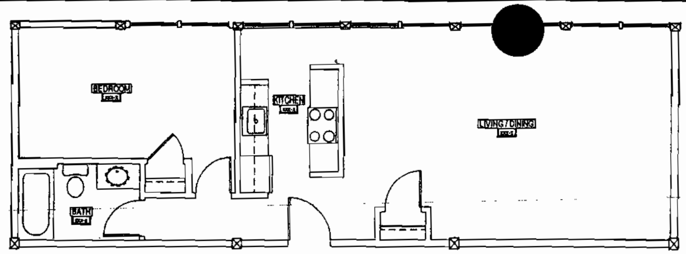
"Birge + Worden", Brattleboro

Birge St. Warehouse

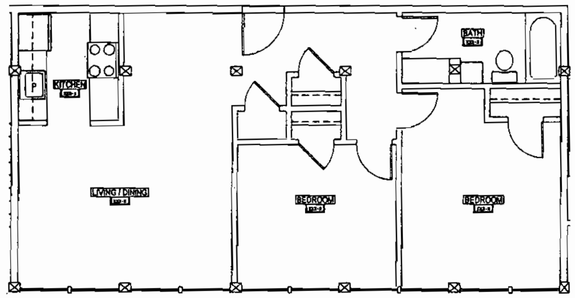




Birge St
Warehouse
1st Floor
"Birge +
Worden"



TYP. 1 BEDROOM UNIT
Scale: 1/4" = 1'-0"



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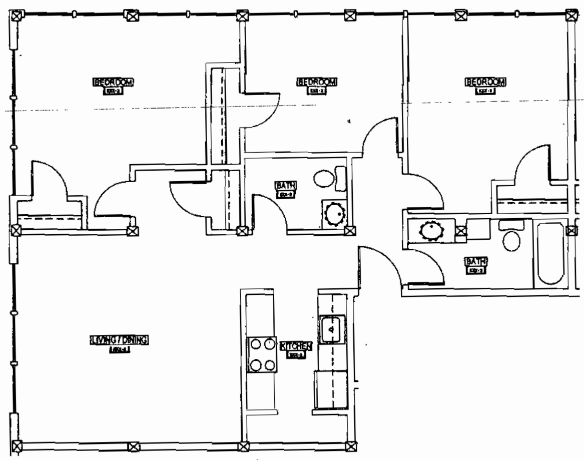
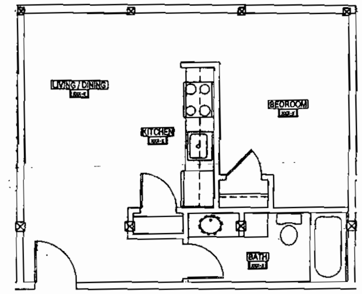


TYP. 3 BEDROOM UNIT
Scale: 1/4" = 1'-0"



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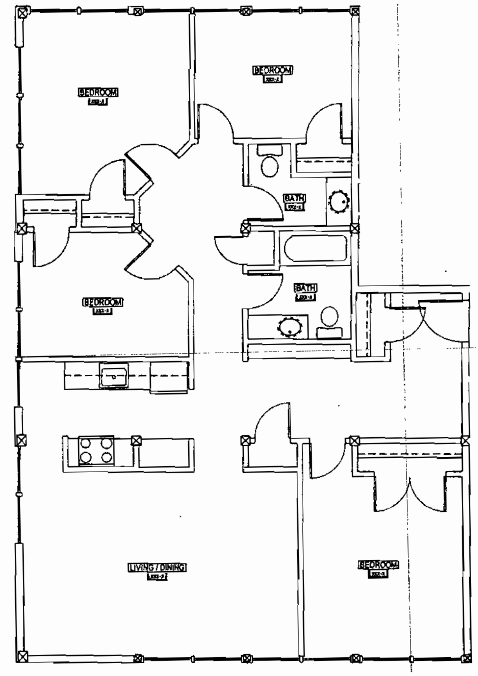

TYP. 4 BEDROOM UNIT
Scale: 1/4" = 1'-0"

Schematic Review (RD)
PROGRESS SET
Copyright May 17, 2006

H:\Basketville Feas\Drawings\SCHEMATIC\20060315Basketville SD(F)FUNDINGSET plans.dwg, 103, 5/16/2006 11:36:09 AM

Williams & Fr
167 Main Street
Brattleboro, Ver
Phone: 802-2
Fax: 802-25
E-mail: info@

FEASIBI
STUD
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34 & 68 B
Brattlet
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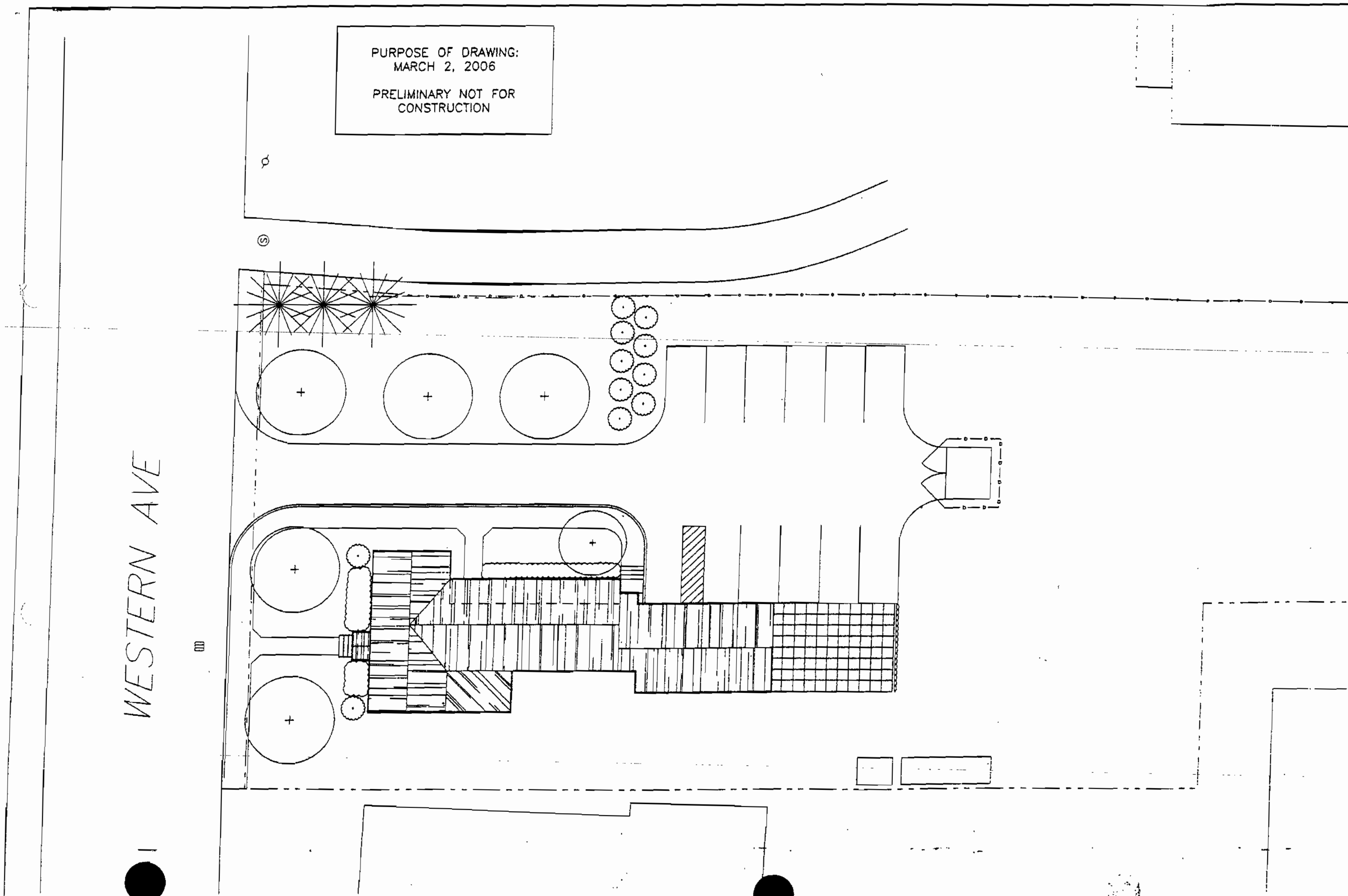
Brattle
Area Comr
Land T

WFI JOB:
DRAWN BY:
CHECKED BY:
DATE:

Birge St

Worden House



STEVENS & ASSOCIATES, P.C.

P.O. Box 1586
Brattleboro, VT 05302
(802) 257-9329

WORDEN HOUSE

804 WESTERN AVENUE
BRATTLEBORO, VERMONT

PREPARED FOR:
BRATTLEBORO AREA
COMMUNITY LAND TRUST

192 CANAL STREET
BRATTLEBORO, VERMONT

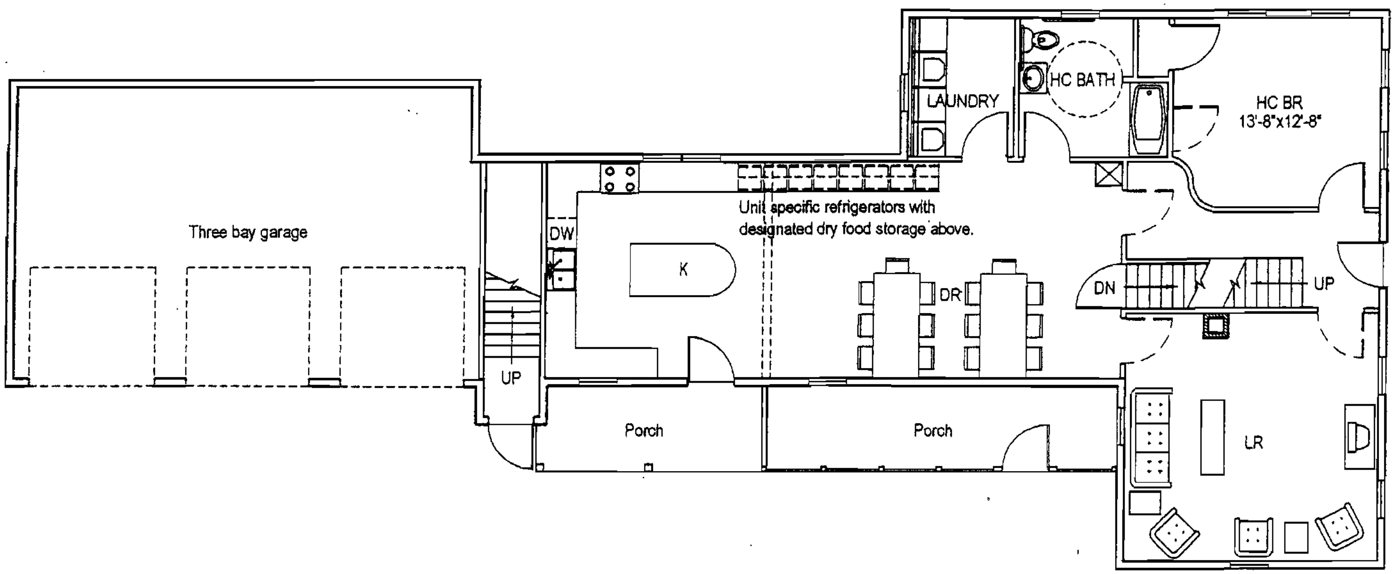
DATE:
REVISION:

CONCEPT PLAN

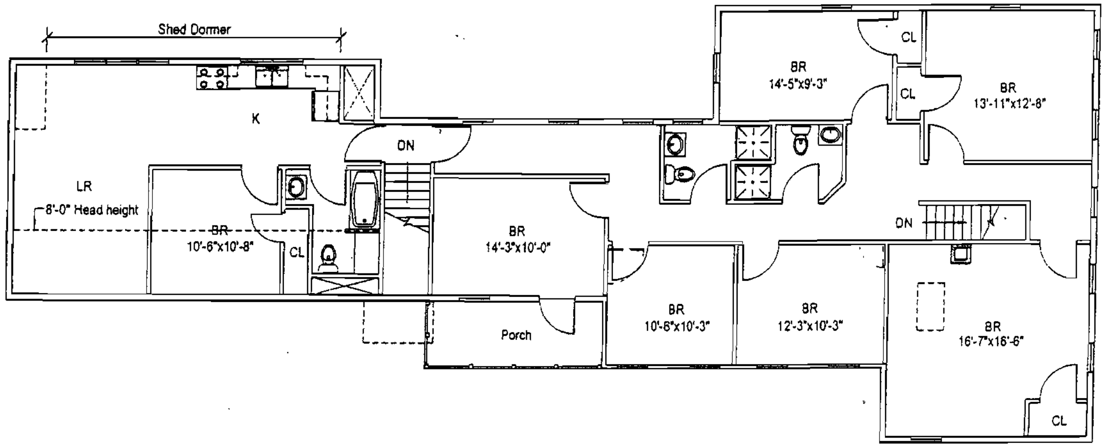
DES. BY	BDS
DWN. BY	BDS
CHKD. BY	
SCALE	1"=20'
DATE	03/02/06
PROJECT NUM:	06-007
DWG. NO.	

A

Worden House



SD# 1
1ST FLOOR PLAN
Scale: 1/8" = 1'-0"



SD# 1
2ND FLOOR PLAN
Scale: 1/8" = 1'-0"

Williams&Frehsee,Inc.
Phone 802-257-1311 www.wflvt.com

WORDEN HOUSE FEASIBILITY
West Brattleboro, Vermont
BACLT

1ST FLOOR PLAN

SD#1 A-101

29-Jun-06 **Birge (1st Floor) & Worden (SRO)**

Total Residential Units:	17	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	14	Increase in Income from Other Sources:	1.50%
Percent Restricted:	82.35%	Increase in Income from Commercial:	1.50%
Total Develpmnt Cost Residential:	3,499,983	Expense increase:	3.00%
Total Development Cost per Unit:	205,881	Vacancy Rate:	4%
Total Development Cost Per SF:	195	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	239,450	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	238,500	Sponsor's Estimated Yield:	89.40%
Historic Credit	553,427		
LIHTC - 9%	8.21%	July-06	
LIHTC - 4%	3.52%		

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
AHP Loan Chittenden Bank	560,000	12.78%	3.00%	30	20
HOME	240,591	5.49%	4.65%	30	deferred
VHCB	488,500	11.15%	0.00%	30	deferred
REEP & VCIL	15,500	0.35%	N/A	N/A	Cap Contribution
VHCB Feasibility (GP Equity)	10,000	0.23%	N/A	N/A	Cap Contribution
AHP	380,000	8.68%	0.00%	30	deferred
Deferred Development Fee	50,000	1.14%	0.00%	15	15
Historic Tax Credit Equity	525,000	11.99%	N/A	N/A	Equity
Tax Credit Equity LP	2,110,782	48.19%	N/A	N/A	Equity
	4,380,373	100.00%			
Less Commercial Cost	880,390				
TOTAL SOURCES Residential	**3,499,983**				

USES

Acquisition	317,130	9.06%
Construction Hard Costs	2,400,581	68.59%
Soft Costs	782,273	22.35%
TOTAL USES Residential	**3,499,983**	100.00%
Total Commercial	880,390	
TOTAL ALL USES	4,380,373	
Gap	0	

General Partner's Capital Contribution	21,321	1.00%
Limited Partner's Capital Contribution	2,110,782	99.00%
Total Equity	2,132,103	

28-Jun-06 **Birge (1st Floor) & Worden (SRO)** 36,795 13,228 5,312 Square Feet **29.40%**

Total Project	**1st Floor Res Budget**	**Worden House**	**TOTAL Residential**	**1st Floor Commercial**	**Total ALL**	Residential Per Unit	Per s.f.
ACQUISITION							
1 Land	22,050	30,000	52,050	10,800	62,850	3,062	2.79
2 Purchase of Building(s)	105,840	150,000	255,840	51,840	307,680	15,049	13.67
3 Demolition (without replacement)	0		0	0	0	0	0.00
4 Property Appraisal	1,323	2,500	3,823	648	4,471	225	0.20
5 Legal - Title and Recording	1,617	3,800	5,417	792	6,209	319	0.28
Subtotal - Acquisition	130,830	186,300	317,130	64,080	381,210	18,655	16.94
CONSTRUCTION HARD COSTS					0		
6 Rehabilitation	1,458,130	635,000	2,093,130		2,093,130	123,125	*121.76*
7 Rehab & New Building	0		0	0	0	0	0.00
8 Office Space			0	598,877	598,877	0	*112.74*
9 Sitework	99,887		99,887	48,924	148,811	5,876	6.61
10 Commercial Space Costs (if any)	0		0	0	0	0	0.00
11 General Requirements	0		0	0	0	0	0.00
12 Contractor Overhead & profit	0		0	0	0	0	0.00
13 Contractor Profit	0		0	0	0	0	0.00
14 Construction Contingency	105,840	76,200	182,040	51,840	233,880	10,708	10.39
15 Construction Management	0		0	0	0	0	0.00
16 Construction Bond Fee	0		0	0	0	0	0.00
17 Hazardous Materials Abatement	0		0	0	0	0	0.00
18 Off-Site Improvements	0		0	0	0	0	0.00
19 Furnishings, Fixtures, & Equipment	13,524	12,000	25,524	6,624	32,148	1,501	1.43
20	0		0	0	0	0	0.00
Subtotal - Hard Costs	1,677,381	723,200	2,400,581	706,265	3,106,846	141,211	138.06
SOFT COSTS					0		
21 Architectural / Engineering	102,900	54,000	156,900	50,400	207,300	9,229	9.21
22 Survey	1,470	4,500	5,970	720	6,690	351	0.30
23 Legal/Accounting	7,056	12,500	19,556	3,456	23,012	1,150	1.02
24 Construction Management/Clerk	5,880	10,500	16,380	2,880	19,260	964	0.86
25 Environmental Assessment	1,470	2,000	3,470	720	4,190	204	0.19
26 Civil Engineering	22,050	22,000	44,050	10,800	54,850	2,591	2.44
27 Permits/Fees	27,048	4,500	31,548	13,248	44,796	1,856	1.99
28 Relocation	0	15,000	15,000	0	15,000	882	0.67
29 Compaction/Testing/soils	1,911	3,500	5,411	936	6,347	318	0.28
30 Independent Market Study	1,204	2,350	3,554		3,554	209	0.16
31 Construction Period Insurance	3,087	3,500	6,587	1,512	8,099	387	0.36
32 Construction Interest	17,640	30,000	47,640	8,640	56,280	2,802	2.50
33 Loan Origination Fee	0		0	0	0	0	0.00
34 Taxes During Construction	2,205	3,500	5,705	1,080	6,785	336	0.30
35 Inspection Fee	2,205		2,205	1,080	3,285	130	0.15
36 Marketing	1,204	1,000	2,204		2,204	130	0.10
37 Tax Credit Fees	2,236	2,200	4,436		4,436	261	0.20
38 Soft Cost Contingency	3,087	5,000	8,087	1,512	9,599	476	0.43
39 VHFA Lender's Council Fee			0		0	0	0.00
40 Historic	1,911		1,911	936	2,847	112	0.13
41	0		0	0	0	0	0.00
42	0		0	0	0	0	0.00
43 Capital Needs Assessment	588	1,500	2,088	288	2,376	123	0.11
SYNDICATION COSTS					0		
44 Organizational (Partnership)	441	500	941	216	1,157	55	0.05
45 Bridge Loan Fees and Expenses	7,056	6,500	13,556	3,456	17,012	797	0.76
46 Syndication Consultant	1,617	1,500	3,117	792	3,909	183	0.17
47 Tax Opinion	353	500	853	173	1,026	50	0.05
DEVELOPER'S FEES					0		
48 Developer's Fees	144,480	85,000	229,480		229,480	13,499	10.20
49 deferred Fee	25,000	25,000	50,000		50,000	2,941	2.22
50 Consultant Fees	35,000	35,000	70,000		70,000	4,118	3.11
RESERVES					0		
51 Working Capital	10,290	7,500	17,790	5,040	22,830	1,046	1.01
52 Rent-up (Deficit Escrow) Reserve	2,924		2,924		2,924	172	0.13
53 Operating Reserves	0		0	0	0	0	0.00
54 Sinking Fund (RA)	0		0	0	0	0	0.00
55 Replacement Reserves	4,410	6,500	10,910	2,160	13,070	642	0.58
Subtotal - Soft Costs	436,723	345,550	782,273	110,045	892,318	46,016	39.65
TOTAL DEVELOPMENT COSTS	2,244,933	1,255,050	3,499,983	880,390	4,380,373	205,881	194.66

28-Jun-06 **Birge (1st Floor) & Worden (SRO)**

	BIRGE ST BUILDING	Birge Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Res Historic Basis	Commercial Depreciation	Commercial Hist Basis
	ACQUISITION							
1	Land	22,050						
2	Purchase of Building(s)	105,840	105,840		105,840		51,840	
3	Demolition (without replacement)	0						
4	Property Appraisal	1,323	1,323		1,323		648	
5	Legal - Title and Recording	1,617	1,617		1,617		792	
	Subtotal - Acquisition	130,830						
	CONSTRUCTION HARD COSTS							
	Rehabilitation	1,458,130		1,458,130	1,458,130	1,458,130	0	
	Rehab & New Building	0		0	0		0	
	Office Space	0					598,877	598,877
9	Sitework	99,887		99,887	99,887		48,924	48,924
10	Commercial Space Costs (if any)	0					0	0
11	General Requirements	0		0	0		0	0
12	Contractor Overhead & profit	0		0	0		0	0
13	Contractor Profit	0		0	0	0	0	0
14	Construction Contingency	105,840		105,840	105,840	105,840	51,840	51,840
15	Construction Management	0		0	0	0	0	0
16	Construction Bond Fee	0		0	0	0	0	0
17	Hazardous Materials Abatement	0		0	0	0	0	0
18	Off-Site Improvements	0		0	0	0	0	.0
19	Furnishings, Fixtures, & Equipment	13,524		13,524	13,524	0	6,624	
20	0	0		0	0	0	0	0
	Subtotal - Hard Costs	1,677,381						
	SOFT COSTS							
21	Architectural / Engineering	102,900		102,900	102,900	102,900	50,400	50,400
22	Survey	1,470		1,470	1,470	1,470	720	720
23	Legal/Accounting	7,056		7,056	7,056	7,056	3,456	3,456
24	Construction Management/Clerk	5,880		5,880	5,880	5,880	2,880	2,880
25	Environmental Assessment	1,470		1,470	1,470	1,470	720	720
26	Civil Engineering	22,050		22,050	22,050	22,050	10,800	10,800
27	Permits/Fees	27,048		27,048	27,048	27,048	13,248	13,248
28	Relocation	0		0	0	0	0	0
29	Compaction/Testing	1,911		1,911	1,911	1,911	936	936
30	Independent Market Study	1,204		1,204	1,204	1,204	0	0
31	Construction Period Insurance	3,087		3,087	3,087	3,087	1,512	1,512
32	Construction Interest	17,640		17,640	17,640	17,640	8,640	8,640
33	Loan Origination Fee	0		0	0	0	0	0
34	Taxes During Construction	2,205		2,205	2,205	2,205	1,080	1,080
35	Inspection Fee	2,205		2,205	2,205	2,205	1,080	1,080
36	Marketing	1,204						
37	Tax Credit Fees	2,236					0	0
38	Soft Cost Contingency	3,087		3,087	3,087	3,087	1,512	1,512
39	VHFA Lender's Council Fee	0		0	0	0	0	0
40	Historic	1,911		1,911	1,911	1,911	936	936
41	0	0						
42	0	0					0	
43	Capital Needs Assessment	588						
	SYNDICATION COSTS							
44	Organizational (Partnership)	441						
45	Bridge Loan Fees and Expenses	7,056						
46	Syndication Consultant	1,617						
47	Tax Opinion	353						
	DEVELOPER'S FEES							
48	Developer's Fees	144,480		144,480	144,480	144,480	0	0
49	deferred Fee	25,000		25,000	25,000	25,000	0	0
50	Consultant Fees	35,000		35,000	35,000	35,000	0	0
	RESERVES							
51	Working Capital	10,290						
52	Rent-up (Deficit Escrow) Reserve	2,924						
53	Operating Reserves	0						
54	Sinking Fund (RA)	0						
55	Replacement Reserves	4,410						
	Subtotal - Soft Costs	436,723						
	TOTALS	2,244,933	108,780	2,082,985	2,178,241	1,969,574	857,465	797,561

		Acquisition Basis	Construction Basis			
ESS: Amount of Non-qualified Financing					0	
S: Adjustment for per unit cost limits	100.00%		0			
S: Historic tax Credit (Residential Portion)			393,915	393,915	20%	Hist Credit Rate
Total Eligible Basis		108,780	1,689,070		393,915	Res Historic Credit
TIMES: Adjusted for QCT/DDA	130.00%		2,195,791		159,512	Com Historic Credit
TIMES: Applicable Fraction	66.67%	72,520	1,463,860			
Total Qualified Basis		72,520	1,463,860	1,784,326	Long Term Depreciable Basis	
TIMES: Applicable Percentage		3.52%	8.21%	27.5	Depreciation Schedule	
Total Annual Credit Qualified		2,553	120,183	64,885	Annual Depreciation	
Total Tax Credits Requested	238,500		122,736	13,524	Short Term Depreciable Basis	
Estimated Net Syndication Proceeds (excluding historic credit equity)	2,110,782			7	Depreciation Schedule	
Estimated Yield - Housing Credit Syndication	89.40%			1,932	Annual Depreciation	
Equity Gap	2,110,782			697,953	Commercial depreciation	
Credits Needed to fill Equity Gap	238,500			39	Depreciation Schedule	
				17,896	0.00	

Birge ST Tax credit units	UNITS	SF
HC units	6	4,806
Non HC units	3	1,976
Total	9	6,782
Applicable Fraction	66.67%	70.86%

28-Jun-06 0

	WORDEN HOUSE		Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Commercial Other
	ACQUISITION	0					
1	Land	30,000					0
2	Purchase of Building(s)	150,000	150,000		150,000		
3	Demolition (without replacement	0	0		0		0
4	Property Appraisal	2,500	2,500		2,500		0
5	Legal - Title and Recording	3,800					
	Subtotal - Acquisition	186,300					
	CONSTRUCTION HARD COSTS			0	0		
6	Rehabilitation	635,000		635,000	635,000		0
7	Rehab & New Building						0
8	Office Space			0	0		0
9	Sitework						0
10	Commercial Space Costs (if any)			0	0		0
11	General Requirements			0	0		0
12	Contractor Overhead & profit			0	0		0
13	Contractor Profit			0	0		0
14	Construction Contingency	76,200		76,200	76,200		0
15	Construction Management			0	0		0
16	Construction Bond Fee			0	0		0
17	Hazardous Materials Abatement			0	0		0
18	Off-Site Improvements			0	0		0
19	Furnishings, Fixtures, & Equipm	12,000		12,000	12,000		0
20							
	Subtotal - Hard Costs	723,200					
	SOFT COSTS			0	0		
21	Architectural / Engineering	54,000		54,000	54,000		0
22	Survey	4,500		4,500	4,500		0
23	Legal/Accounting	12,500		12,500	12,500		0
24	Construction Management/Clerk	10,500		10,500	10,500		0
25	Environmental Assessment	2,000		2,000	2,000		0
26	Civil Engineering	22,000		22,000	22,000		0
27	Permits/Fees	4,500		4,500	4,500		0
28	Relocation	15,000		15,000	15,000		0
29	Compaction/Testing/soils	3,500		3,500	3,500		0
30	Independent Market Study	2,350		2,350	2,350		0
31	Construction Period Insurance	3,500		3,500	3,500		0
32	Construction Interest	30,000		30,000	30,000		0
33	Loan Origination Fee	0		0	0		0
34	Taxes During Construction	3,500		3,500	3,500		0
35	Inspection Fee	0					
36	Marketing	1,000					0
37	Tax Credit Fees	2,200		2,200	2,200		0
38	Soft Cost Contingency	5,000		5,000	5,000		0
39	VHFA Lender's Council Fee	0		0	0		0
40	Historic						
41							0
42							
43	Capital Needs Assessment	1,500					
	SYNDICATION COSTS						
44	Organizational (Partnership)	500					
45	Bridge Loan Fees and Expenses	6,500					
46	Syndication Consultant	1,500					
47	Tax Opinion	500					
	DEVELOPER'S FEES						
48	Developer's Fees	85,000		85,000	85,000		0
49	deferred Fee	25,000		25,000	25,000		
50	Consultant Fees	35,000		35,000	35,000		0
	RESERVES						
51	Working Capital	7,500					
52	Rent-up (Deficit Escrow) Reserve	0					
53	Operating Reserves	0					
54	Sinking Fund (RA)	0					
55	Replacement Reserves	6,500					
	Subtotal - Soft Costs	345,550	152,500	1,043,250	1,195,750	0	0
	TOTALS	1,255,050				0	

		Acquisition Basis	Construction Basis			
LESS: Adjustment for per unit cost limits	100.00%		0			
LESS: Historic tax Credit (Residential Portion)			0	0	20%	Historic Credit Rate
Total Eligible Basis		152,500	1,043,250	1,183,750	0	Annual Historic Credit
TIMES: Adjusted for QCT/DDA	130.00%		1,356,225			
TIMES: Applicable Fraction	100.00%	152,500	1,356,225			
Total Qualified Basis		152,500	1,356,225	1,195,750	Long Term Depreciable Basis	
TIMES: Applicable Percentage		3.52%	8.21%	27.5	Depreciation Schedule	
Total Annual Credit Qualified		5,368	111,346	43,482	Annual Depreciation	
			116,714	1,714	Short Term Depreciable Basis	

28-Jun-06 **Birge (1st Floor) & Worden (SRO)**

Housing Credit UNITS Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
Worden House						
0 Br	50%	175	7	310	29	26,040
1 Br	60%	420	1	425	29	5,100
Birge Street						
1 Br	50%	627	2	465	44	11,160
2 Br	60%	736	2	510	44	12,240
3 Br	60%	1,041	2	700	59	16,800
4 Br					76	0
					0	0
Common & Utility Space		8,764				
	Totals	15,215	14			71,340

NON Housing Credit UNITS Bedrooms	Type	Square Feet	Number	Rent	Utilities	Annual Rent
Birge Street						
0 Br					0	0
1 Br	80%	620	2	530	0	12,720
2 Br	80%	736	1	720	0	8,640
3 Br					0	0
4 Br					0	0
	Sub total	1,976			0	0
	Total SF	17,191	3			21,360
		Total Units	17		**TOTAL All Units**	92,700
		Less Vacancy	4.00%			(3,708)
					NET RENT	88,992

OTHER INCOME

Laundry			2,200
Interest			
Commercial Space Income	5,312	SF	19,300
Other			0
22,503		TOTAL INCOME	110,492

28-Jun-06 **irge (1st Floor) & Worden (SRO)**

		Check all Applicable								A					B						C					
Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	OCCUPIED BY: Income level of residents to be served:						AFFORDABLE TO: Units affordable to residents at:					
															<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+
Worden SRO	1				1	1				0	175	310	13	323		1						1				
	1	1			1	1				0	175	310	13	323		1						1				
	1	1			1	1				0	175	310	13	323		1						1				
	1	1			1	1				0	175	310	13	323		1						1				
	1	1			1	1				0	175	310	13	323		1						1				
	1	1			1	1				0	175	310	13	323		1						1				
	1				1	1				0	175	310	13	323		1						1				
	1				1	1				1	420	425	29	454			1					1				
Birge 1sr Fl																										
	1	1			1	1	1			1	627	465	29	494		1						1				
	1	1			1	1				1	.627	465	29	494		1						1				
	1					1				1	620	530	29	559				1				1				
	1					1				1	620	530	29	559				1				1				
	1	1			1	1				2	736	510	44	554			1					1				
	1				1	1				2	736	510	44	554			1					1				
	1					1				2	736	720	44	764				1					1			
	1				1	1				3	1,041	700	59	759			1						1			
	1				1	1				3	1,041	700	59	759			1						1			
Total # Units	17	8	0	0	14	17	1	0	0	Totals:	8,429	7,725		Total # Units:	0	9	5	3	0	0	0	14	3	0	0	0

28-Jun-06 **Birge (1st Floor) & Worden (SRO)**

	9/29 1st Floor Birge	Monthly	Per Unit Per Month
Administration			
Management Fee	5,772	481	53
Site Management Payroll	0	0	0
Audit/Accounting	3,200	267	30
Legal	155	13	1
Compliance Monitoring	328	27	3
Marketing	250	21	2
Other	200	17	2
TOTAL ADMINISTRATIVE	9,905	825	92
Utilities			
Electricity	1,552	129	14
Fuel	5,000	417	46
Water and Sewer	1,862	155	17
Fire Alarm / Emergency	621	52	6
Other	248	21	2
TOTAL UTILITIES	9,283	774	86
Maintenance			
Maintenance / Janitor Payroll	4,966	414	46
Maintenance Overhead	1,086	91	10
Exterminating	78	6	1
Trash Removal	140	12	1
Snow Removal	590	49	5
Grounds	372	31	3
Repairs Material	466	39	4
Repairs Contract	931	78	9
HVAC Repairs / Maintenance	466	39	4
Elevator Contract / Repairs	621	52	6
Painting and Decorating	466	39	4
Other	466	39	4
TOTAL MAINTENANCE	10,645	887	99
Real Estate Taxes	7,759	647	72
Property Insurance	3,879	323	36
Replacement Reserves	3,879	323	36
Primary Debt Service	0	0	0
Other "must pay" debt service	0	0	0
Other	16	1	0
Total	45,366	3,780	420

per unit month excl. ds & res.
384

	Worden	Monthly	Per Unit Per Month	Office Space Utilities Separate Cleaning/Maint separate
Administration				
Management Fee (9.2%)	2,800	233	29	
Site Management Payroll		0	0	
Audit/Accounting	500	42	5	
Legal	300	25	3	
Compliance Monitoring	384	32	4	
Marketing	150	13	2	
Other	200	17	2	
TOTAL ADMINISTRATIVE	4,334	361	45	
Utilities				
Electricity	2,700	225	28	
Fuel	3,800	317	40	
Water and Sewer	1,800	150	19	
Fire Alarm / Emergency		0	0	
Other	150	13	2	
TOTAL UTILITIES	8,450	704	88	
Maintenance				
Maintenance / Janitor Payrol	2,000	167	21	980
Maintenance Overhead		0	0	
Exterminating		0	0	
Trash Removal	300	25	3	
Snow Removal	500	42	5	600
Grounds	680	57	7	250
Repairs Material		0	0	
Repairs Contract	500	42	5	
HVAC Repairs / Maintenanc	400	33	4	220
Elevator Contract / Repairs		0	0	
Painting and Decorating	350	29	4	
Other		0	0	
TOTAL MAINTENANCE	4,730	394	49	
Real Estate Taxes	3,000	250	31	2,900
Property Insurance	1,800	150	19	650
Replacement Reserves	3,600	300	38	1,250
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other		0	0	
Total	25,914	2,160	270	4,800

per unit month excl. ds & res.
232

22,314

06 **Birge (1st Floor) & Worden (SRO)**

	Year	1	2	3	4	5	6	7	[illegible]	9	10	11	12	13	14	15	16	17	[illegible]	19	20
RD 1% Loan, No Interest Credit																					
Operating Income																					
Gross Rent		92,700	94,091	95,502	96,934	98,388	99,864	101,362	102,883	104,426	105,992	107,582	109,196	110,834	112,496	114,184	115,897	117,635	119,399	121,190	123,008
Other Income		21,500	21,823	22,150	22,482	22,819	23,162	23,509	23,862	24,220	24,583	24,952	25,326	25,706	26,091	26,483	26,880	27,283	27,692	28,108	28,529
Vacancy and other losses		(3,708)	(3,764)	(3,820)	(3,877)	(3,936)	(3,995)	(4,054)	(4,115)	(4,177)	(4,240)	(4,303)	(4,368)	(4,433)	(4,500)	(4,567)	(4,636)	(4,705)	(4,776)	(4,848)	(4,920)
Total Operating Income		110,492	112,149	113,832	115,539	117,272	119,031	120,817	122,629	124,468	126,335	128,230	130,154	132,106	134,088	136,099	138,141	140,213	142,316	144,451	146,617
Operating Expenses																					
Total Expenses (excl. Reserves)		67,350	69,371	71,452	73,596	75,803	78,078	80,420	82,832	85,317	87,877	90,513	93,229	96,025	98,906	101,873	104,930	108,078	111,320	114,659	118,099
Reserves		8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729
Sub-Total Operating Expense		76,080	78,100	80,181	82,325	84,533	86,807	89,149	91,562	94,047	96,606	99,243	101,958	104,755	107,636	110,603	113,659	116,807	120,049	123,389	126,829
Return on Equity																					
Total Operating Expense		76,080	78,100	80,181	82,325	84,533	86,807	89,149	91,562	94,047	96,606	99,243	101,958	104,755	107,636	110,603	113,659	116,807	120,049	123,389	126,829
Net Operating Income		34,412	34,049	33,650	33,214	32,739	32,224	31,668	31,067	30,422	29,729	28,988	28,196	27,351	26,452	25,496	24,482	23,406	22,267	21,062	19,789
Less Debt Service		28,332	28,332	28,332	28,332	28,332	28,332	28,332	28,332	28,332	28,332	28,332	28,332	28,332	28,332	28,332	28,332	28,332	28,332	28,332	28,332
Annual Cash Flow		6,081	5,717	5,319	4,882	4,408	3,893	3,336	2,735	2,090	1,397	656	(136)	(980)	(1,880)	(2,835)	(3,850)	(4,926)	(6,065)	(7,270)	(8,543)
		0	0	0	0	0	0	0	0	0	0	0	136	980	1,880	2,835	3,850	4,926	6,065	7,270	8,543
Net Cash		6,081	5,717	5,319	4,882	4,408	3,893	3,336	2,735	2,090	1,397	656	0	0	0	0	0	0	0	0	0
DCR		121.46%	120.18%	118.77%	117.23%	115.56%	113.74%	111.77%	109.66%	107.38%	104.93%	102.32%	99.52%	96.54%	93.37%	89.99%	86.41%	82.61%	78.59%	74.34%	69.85%
Cumulative Cash Flow																					
Beginning Balance		22,830	25,748	28,326	30,523	32,301	33,618	34,429	34,690	34,352	33,367	31,681	29,241	25,992	21,873	16,824	10,781	7,012	2,139	(3,910)	(11,209)
Deposits		6,081	5,717	5,319	4,882	4,408	3,893	3,336	2,735	2,090	1,397	656	0	0	0	0	0	0	0	0	0
Interest	1.5%	171	193	212	229	242	252	258	260	258	250	238	219	195	164	126	81	53	16	(29)	(84)
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	(136)	(980)	(1,880)	(2,835)	(3,850)	(4,926)	(6,065)	(7,270)	(8,543)
Development fee Repayment		(3,333)	(3,333)	(3,333)	(3,333)	(3,333)	(3,333)	(3,333)	(3,333)	(3,333)	(3,333)	(3,333)	(3,333)	(3,333)	(3,333)	(3,333)	0	0	0	0	0
Ending Balance		25,748	28,326	30,523	32,301	33,618	34,429	34,690	34,352	33,367	31,681	29,241	25,992	21,873	16,824	10,781	7,012	2,139	(3,910)	(11,209)	(19,836)
Cumulative Replacement Reserves																					
Beginning Balance		13,070	21,865	30,758	39,718	48,745	57,840	67,003	76,235	85,536	94,907	104,348	113,860	123,443	133,098	142,826	152,627	162,501	172,449	182,471	192,569
Deposits		8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729
Interest	1.5%	65	164	231	298	366	434	503	572	642	712	783	854	926	998	1,071	1,145	1,219	1,293	1,369	1,444
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		21,865	30,758	39,718	48,745	57,840	67,003	76,235	85,536	94,907	104,348	113,860	123,443	133,098	142,826	152,627	162,501	172,449	182,471	192,569	202,743

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income	34,412	34,049	33,650	33,214	32,739	32,224	31,668	31,067	30,422	29,729	28,988	28,196	27,351	26,452	25,496
Plus Reserves	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729	8,729
Less Interest Expense	(27,828)	(27,992)	(28,170)	(28,362)	(28,569)	(28,793)	(29,032)	(29,290)	(29,567)	(29,863)	(30,180)	(30,520)	(30,883)	(31,271)	(31,686)
Less Commercial Depreciation	(17,896)	(17,896)	(17,896)	(17,896)	(17,896)	(17,896)	(17,896)	(17,896)	(17,896)	(17,896)	(17,896)	(17,896)	(17,896)	(17,896)	(17,896)
Less Long Depreciation	(108,366)	(108,366)	(108,366)	(108,366)	(108,366)	(108,366)	(108,366)	(108,366)	(108,366)	(108,366)	(108,366)	(108,366)	(108,366)	(108,366)	(108,366)
Less Short Depreciation	(3,646)	(3,646)	(3,646)	(3,646)	(3,646)	(3,646)	(3,646)	0	0	0	0	0	0	0	0
Taxable Income (Loss)	(114,595)	(115,123)	(115,699)	(116,328)	(117,010)	(117,748)	(118,544)	(115,756)	(116,678)	(117,667)	(118,726)	(119,857)	(121,065)	(122,352)	(123,723)
Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings	40,108	40,293	40,495	40,715	40,953	41,212	41,491	40,515	40,837	41,183	41,554	41,950	42,373	42,823	43,303
Plus Tax Credits	791,927	238,500	238,500	238,500	238,500	238,500	238,500	238,500	238,500	238,500	0				
After Tax Cash Flow	832,035	278,793	278,995	279,215	279,453	279,712	279,991	279,015	279,337	279,683	41,554	41,950	42,373	42,823	43,303

Original Basis	1,797,850
Less Depreciation	#########
Basis at Sale	3,448,870
Sales Price	1,306,121
Gain	#########
Exit Tax	0
Sale at Mortgage Balance:	
Total Losses	1,770,871
Total Capital Contributi	2,635,782
Net Gain	(864,911)
Exit Tax	0

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Total Years	15															
Reinvestment Rate	4.00%															
Current After Tax Cash Flows		832,035	278,793	278,995	279,215	279,453	279,712	279,991	279,015	279,337	279,683	41,554	41,950	42,373	42,823	43,303
Future Value of Cash Flows at Yr 15:		1,498,448	482,779	464,547	447,032	430,206	414,042	398,514	381,851	367,589	353,889	50,557	49,076	47,664	46,318	45,035

Discount Rate:	4.00%															
Capital Contribution Number:	1	2	3	4	5	6	7	8								
Date of Capital Contribution:	15-Feb-06	15-Jun-06	15-Jan-07	01-Apr-07	15-Jan-08											
Amount of Capital Contribution:		10,000	530,000	1,600,000	495,782	0	0	0								
Present Value of Contributions:	0	9,868	510,693	1,528,750	458,736	0	0	0								
Cash Flows	(2,508,046)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,477,544
2,049,311																
IRR:	5.35%															
Equity Yield:	86.22%															

RESOLUTION RE: PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS FOR BIRGE AND WORDEN HOUSING, BRATTLEBORO

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

WHEREAS, an application has been submitted to the Agency by Brattleboro Area Community Land Trust (the "Sponsor") on behalf of a to be formed limited partnership in which the Sponsor or its subsidiary will be the general partner (the "Owner") involving the acquisition and rehabilitation of a total of seventeen (17) units of general occupancy rental housing in two (2) buildings in the Town of Brattleboro (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated July 3, 2006 containing information and recommendations about the Development (the "Memorandum");

WHEREFORE, it is hereby RESOLVED:

1. The recommendations for the allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved;

2. That the Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of $238,500 for the Birge and Worden Housing project in the Town of Brattleboro, Vermont.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter CR

DATE: July 3, 2006

RE: Request for Construction Financing & Bond Housing Credits
Proctorsville Green Housing, Proctorsville

Name:	Proctorsville Green Housing	**Location:**	Proctorsville
Housing Type:	General Occupancy (10); Senior (6)	**Unit Type:**	Flats
Unit Count:	16 Total Rental Units 16 Housing Credit Units	**Unit Sizes:**	1 0-Br @ 500 s.f. 9 1-Br @ 594 s.f. 6 2-Br @ 892 s.f.
Total Cost:	$2,435,047 (residential only)	**Per S.F. Acquisition & Construction Cost:**	$174 (residential only)
Housing Credits:	$62,000 (Bond "4%" Credits)	**Sponsors:**	Rockingham Area Community Land Trust & Housing Vermont
Financing Requested:	$1,700,000 tax-exempt construction loan		
Other Funding:	USDA RD, VHCB, HOME, VCDP, REEP, Neighborworks, Historic Tax Credits		

Recommendation: Staff recommends that the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board 1) authorize the Executive Director to issue a Letter of Interest and/or a Commitment Letter to finance this property upon satisfactory completion of staff underwriting and due diligence; and 2) authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

Project Summary: Rockingham Area Community Land Trust (RACLT) in partnership with Housing Vermont (HVT) is proposing to acquire and rehabilitate two buildings and construct a third building to preserve and create a total of 16 residential rental units in the Village of Proctorsville, Town of Cavendish. The existing buildings include the historic Pollard Block, located at the corner of Route 131 and Depot Street, across from the Village Green. The Pollard Block contains eight residential rental units and two commercial spaces. The Post Office is one commercial tenant; the other commercial space is vacant and RACLT is marketing that space. The residential units are in dated condition, some of them are occupied and others have been kept vacant at turnover in preparation for the rehabilitation. The other building, the Freeman House, is across the Green from the Pollard Block. It is a RACLT portfolio project and only needs a minor work done. Its inclusion in the partnership makes the scale of the development more efficient. The Freeman House contains six senior apartments. The third building is a duplex that will be constructed, adjacent to the Freeman House and the Town Green. The Town of Cavendish is donating the land for the construction of the building. In addition to the duplex, RACLT will also be constructing another building to contain four for-sale townhouses (this construction loan and tax credit request is only for the 16 rental units), also on land donated by the Town. The units in the Pollard Block and new building are for general occupancy. There will be a total of nine units with project-based Section 8 rental assistance, five at the Freeman House, two at the new building, and two at the Pollard Block.

RACLT has received a funding commitment from the Vermont Housing and Conservation Board (VHCB). RACLT is applying for funding from: USDA RD, Vermont Community Development Program (VCDP), Residential Energy Efficiency Program (REEP) and Neighborworks. All funding decisions will be made in July and August.

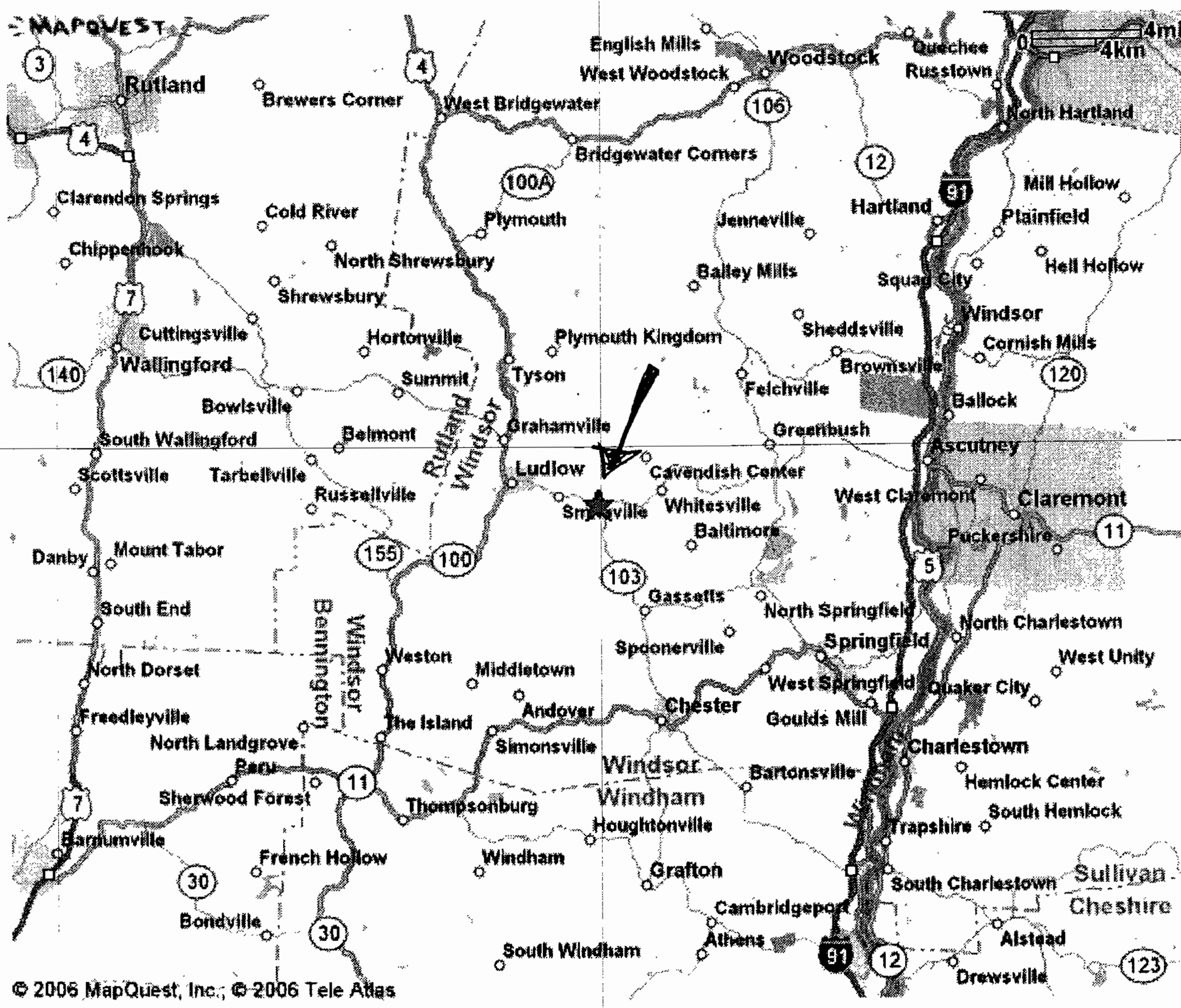
The sponsor plans to get Act 250 approval in September. RACLT plans to begin construction in October and complete it by September of 2007. Northern Community Management Corporation (NCMC) will manage the development.

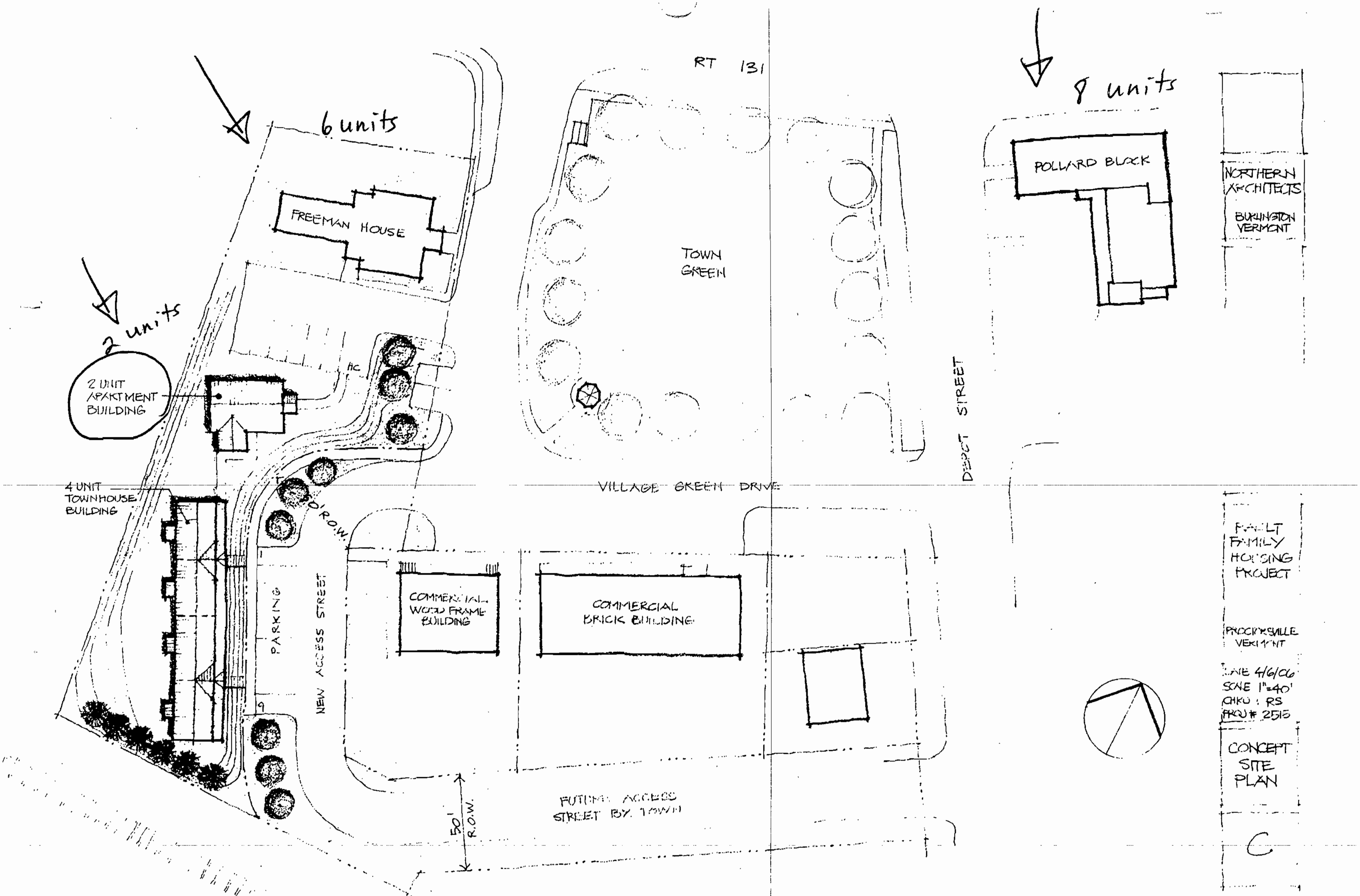
Proctorsville Map

MAPQUEST.

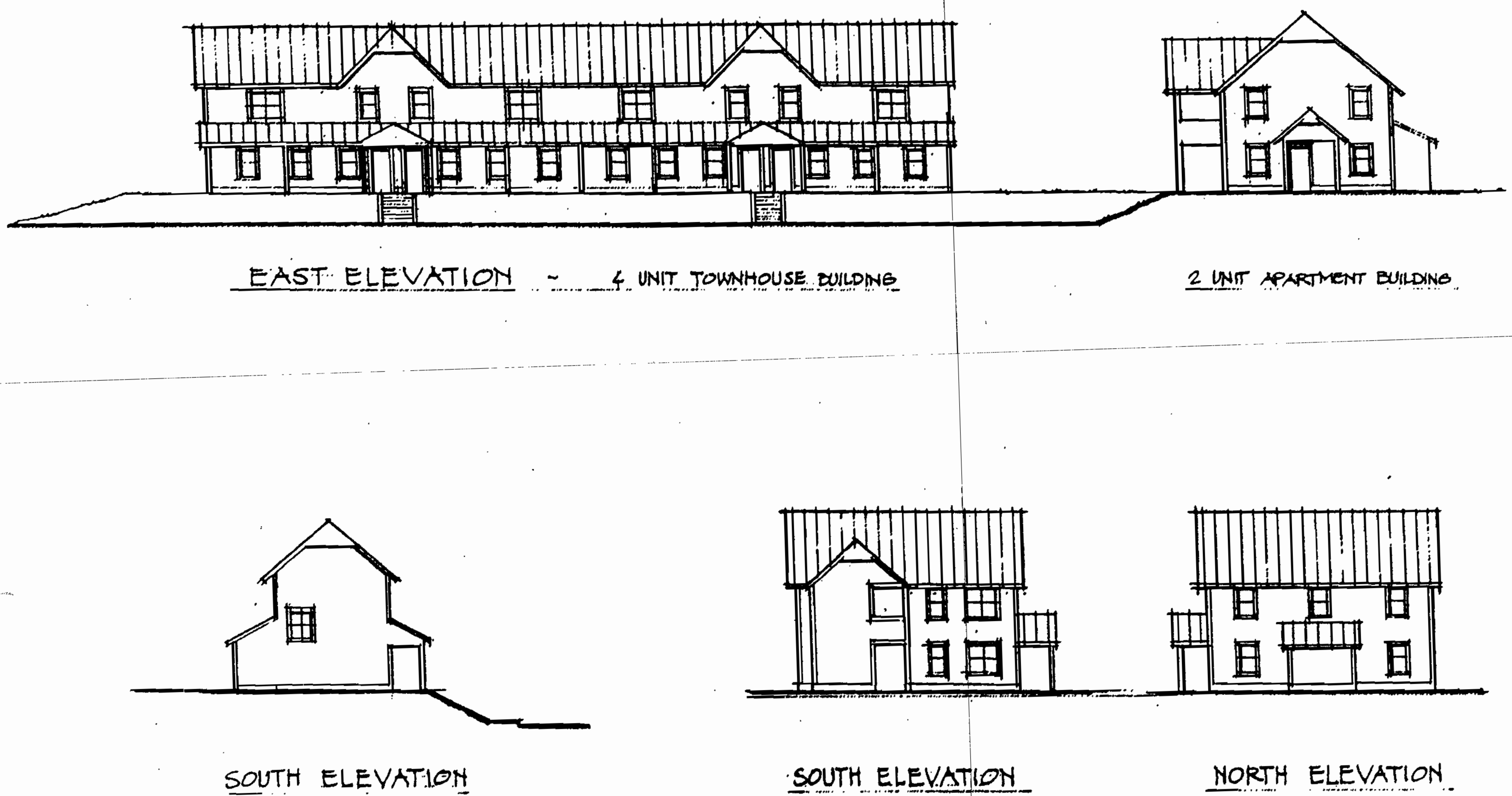
7 Depot St
Proctorsville VT
05153-9802 US

Notes:





Proctorsville Green Housing



NORTHERN ARCHITECTS
BURLINGTON VERMONT

RACLT FAMILY HOUSING PROJECT

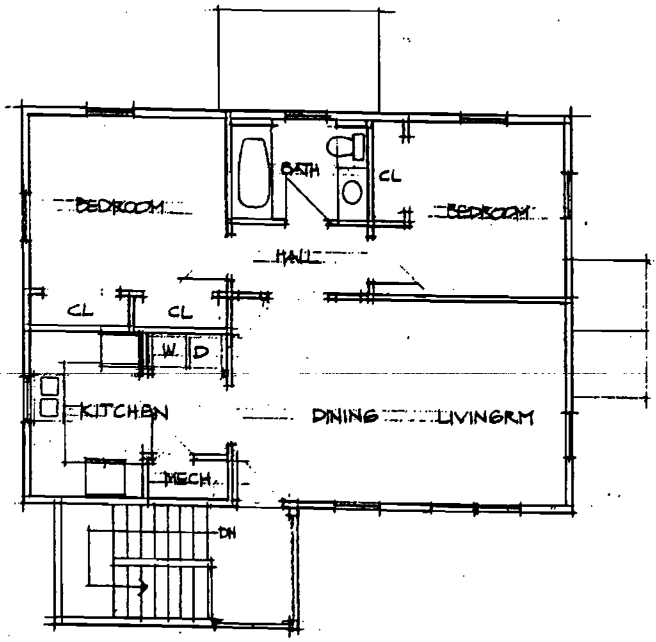
PROCTORSVILLE VERMONT

DATE 4/14/06
SCALE 1"=16'
CHKD: RS
PROJ # 2575

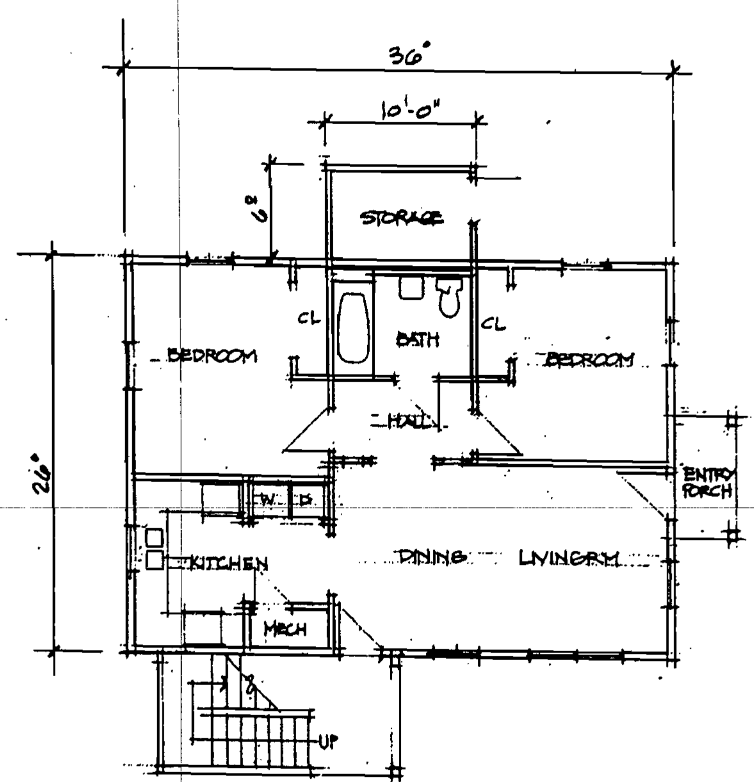
CONCEPT ELEVATIONS

5

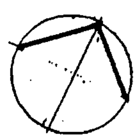
33



2 UNIT APT BLDG. - UPPER LEVEL PLAN
1/8" = 1'-0"
936 GSF



2 UNIT APT. BLDG. - LOWER LEVEL (ADA UNIT)
1/8" = 1'-0"
936 GSF



NORTHERN ARCHITECTS
BURLINGTON VERMONT

RACLT FAMILY HOUSING PROJECT

PROCTORSVILLE VERMONT

DATE 4/7/06
SCALE 1/8"=1'-0"
CHKD : RS
PROJ # 2513

CONCEPT FLOOR PLANS

4

30-Jun-06 **Proctorsville Green Housing**

Total Residential Units:	16	Increase in Income from Rental Units:	1.00%
Housing Credit Restricted Units:	16	Increase in Income from Other Sources:	1.00%
Percent Restricted:	100.00%	Increase in Income from Commercial:	2.00%
Total Development Cost:	2,829,423	Expense increase:	2.50%
Total Development Cost per Unit:	176,839	Vacancy Rate:	5%
Total Development Cost Per SF:	253	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	62,183	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	62,183	Sponsor's Estimated Yield:	71.09%

LIHTC - 9%	8.21%	(July 2006)
LIHTC - 4%	3.52%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage - RD	855,560	30.24%	1.00%	40	40
Chittenden AHP - existing	10,300	0.36%	7.00%	15	15
VHCB/HOME - existing	200,000	7.07%	0.00%	30	30
Town of Cavendish - existing	120,000	4.24%	2.00%	25	25
Town of Cavendish	198,333	7.01%	2.00%	25	25
Village Credits	97,553	3.45%	8.50%	25	25
HOME - new	200,000	7.07%	0.00%	30	30
VHCB - new	300,000	10.60%	0.00%	30	30
REEP	12,000	0.42%	0.00%	30	30
Neighborworks	90,000	3.18%	0.00%	30	30
Developer Loan	0	0.00%	0.00%	30	30
Historic equity	307,444	10.87%	N/A	N/A	
Tax Credit Equity	437,616	15.47%	N/A	N/A	
TOTAL SOURCES	2,828,806	99.98%			
VHFA Construction Loan	**1,700,000**	**60.08%**	**12 months**		

USES

Acquisition	943,633	33.35%
Construction Hard Costs	1,292,793	45.69%
Soft Costs	592,997	20.96%
TOTAL USES	2,829,423	100.00%
Gap	617	

General Partner's Capital Contribution	4,420	1.00%
Limited Partner's Capital Contribution	437,616	99.00%
Total Equity	442,036	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	16
Total Units	16
Unit Fraction	100.00%
Tax Credit Square Footage	11,198
Total Residential Square Footage	11,198
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

30-Jun-06 **Proctorsville Green Housing**

#	Item	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis - Resid	Historic Credit Basis - Comm	Other	Freeman	New	Pollard Residential	Pollard Commercial
	ACQUISITION								0	0	0	0
1	Land	164,128							49,545	28,333	54,245	32,005
2	Purchase of Building(s)	769,505			769,505				280,755	0	307,390	181,360
3	Demolition (without replacement)	0							0	0	0	0
4	Property Appraisal	3,500			3,500	1,396	824		814	465	1,396	824
5	Legal - Title and Recording	6,500			6,500				1,513	864	2,593	1,530
	Subtotal - Acquisition	943,633							0	0	0	0
	CONSTRUCTION HARD COSTS								0	0	0	0
6	Rehabilitation	1,046,073			1,046,073	662,973	53,100		60,000	270,000	662,973	53,100
7	New Building(s)	0							0	0	0	0
8	Accessory Buildings	0							0	0	0	0
9	Sitework	117,375			117,375	12,586	7,425		10,000	80,694	16,781	9,900
10	Commercial Space Costs (if any)	0							0	0	0	0
11	General Requirements	0							0	0	0	0
12	Contractor Overhead	0							0	0	0	0
13	Contractor Profit	0							0	0	0	0
14	Construction Contingency	116,345			116,345	67,975	6,300		7,000	35,069	67,975	6,300
15	Construction Management	0							0	0	0	0
16	Construction Bond Fee	0							0	0	0	0
17	Hazardous Materials Abatement	0							0	0	0	0
18	Off-Site Improvements	0							0	0	0	0
19	Furnishings, Fixtures, & Equipment	13,000			13,000				3,000	2,000	8,000	0
20	Other (____________)	0							0	0	0	0
	Subtotal - Hard Costs	1,292,793							0	0	0	0
	SOFT COSTS								0	0	0	0
21	Architectural	116,345			116,345	68,012	6,237		7,200	34,897	68,012	6,237
22	Engineering	0							0	0	0	0
23	Legal/Accounting	20,000			20,000	7,979	4,707		4,654	2,660	7,979	4,707
24	Relocation	15,000			15,000	8,769	804		928	4,499	8,769	804
25	Environmental Assessment	3,500			3,500	1,396	824		814	465	1,396	824
26	Energy Assessment	0							0	0	0	0
27	Permits/Fees	14,900			14,900	8,710	799		922	4,469	8,710	799
28	Independent Market Study	4,000			4,000				931	532	1,596	941
29	Construction Period Insurance	7,500			7,500	2,992	1,765		1,745	997	2,992	1,765
30	Construction Interest	30,000			30,000	11,968	7,061		6,981	3,989	11,968	7,061
31	Construction Loan Origination Fee	10,000			10,000	3,989	2,354		2,327	1,330	3,989	2,354
32	Taxes During Construction	0							0	0	0	0
33	Clerk of the Works	20,000			20,000				1,238	5,999	11,691	1,072
34	Marketing	0							0	0	0	0
35	Tax Credit Fees	2,160			2,160	862	508		503	287	862	508
36	Soft Cost Contingency	8,000			8,000	3,191	1,883		1,862	1,064	3,191	1,883
37	Permanent Loan Origination Fee	0							0	0	0	0
38	Lender's Counsel's Fee	0							0	0	0	0
39	Other (____________)	0							0	0	0	0
	SYNDICATION COSTS								0	0	0	0
40	Organizational (Partnership)	0							0	0	0	0
41	Bridge Loan Fees and Expenses	0							0	0	0	0
42	Syndication Consultant	0							0	0	0	0
43	Tax Opinion	0							0	0	0	0
	DEVELOPER'S FEES								0	0	0	0
44	Developer's Fees - RACLT	150,000			150,000	59,840	35,306		34,907	19,947	59,840	35,306
45	Other Partnership Fees - HVT	150,000			150,000	59,840	35,306		34,907	19,947	59,840	35,306
46	Consultant Fees	0							0	0	0	0
	RESERVES								0	0	0	0
47	Working Capital	10,000							2,327	1,330	3,989	2,354
48	Rent-up (Deficit Escrow) Reserve	0							0	0	0	0
49	Other Operating Reserves	31,592							7,352	4,201	12,603	7,436
50	Sinking Fund	0							0	0	0	0
51	Replacement Reserves	0							0	0	0	0
	Subtotal - Soft Costs	592,997							0	0	0	0
	TOTALS	2,829,423	0	0	2,610,703	982,478	165,203		522,225	524,038	1,388,780	394,376

LESS: Amount of Non-qualified Financing
LESS: Adjustment for per unit cost limits
LESS: Historic tax Credit (Residential Portion) — 196,496
Total Eligible Basis
TIMES: Adjusted for QCT/DDA — 100.0%
TIMES: Applicable Fraction — 100.00%
Total Qualified Basis
TIMES: Applicable Percentage
Total Annual Credit Qualified

20%	20% Historic Cre
196,496	33,041 Annual Hist
Residential	Commercial

Acq Basis			311,379	
Applic Fraction			100%	
3.52%			3.52%	
Acq Credit			**10,961**	
Const Bas	177,247	482,027	992,415	
Bad $$	0	0	196,496	
Applic Fra	100%	100%	100%	
3.52%	3.52%	3.52%	3.52%	
	6,239	**16,967**	**28,016**	

2,414,207 Long Term Depreciable Basis
27.5 Depreciation Schedule
87,789 Annual Depreciation

13,000 Short Term Depreciable Basis

7 Depreciation Schedule
1,857 Annual Depreciation

Total Cred 62,183

Total Tax Credits Requested	62,183
Estimated Net Syndication Proceeds	
(excluding historic credit equity	437,616
Estimated Yield - Housing Credit Syndication	71.09%
Equity Gap	438,233
Credits Needed to fill Equity Gap	62,271

30-Jun-06 **Proctorsville Green Housing** 727,914 1,223,493 65.00 109.26 174

#		Budget	Per Unit	Per s.f.	VHCB Terms:___	HOME Terms:___	VCDP Terms:___	Debt Terms:___	Equity Terms:___	Other Terms:___	TOTAL SOURCES	Freeman	New	Pollard Residential	Pollard Commercial
					Allocation of Sources										
	ACQUISITION														
1	Land	164,128	10,258	14.66							0	49,545	28,333	54,245	32,005
2	Purchase of Building(s)	769,505	48,094	68.72							0	280,755	0	307,390	181,360
3	Demolition (without replacement)		0	0.00							0				
4	Property Appraisal	3,500	219	0.31							0	814	465	1,396	824
5	Legal - Title and Recording	6,500	406	0.58							0	1,513	864	2,593	1,530
	Subtotal - Acquisition	943,633	58,977	84.27											
	CONSTRUCTION HARD COSTS														
6	Rehabilitation	1,046,073	65,380	93.42							0	60,000	270,000	662,973	53,100
7	New Building(s)		0	0.00							0				
8	Accessory Buildings		0	0.00							0				
9	Sitework	117,375	7,336	10.48							0	10,000	80,694	16,781	9,900
10	Commercial Space Costs (if any)		0	0.00							0				
11	General Requirements		0	0.00							0				
12	Contractor Overhead		0	0.00							0				
13	Contractor Profit		0	0.00							0				
14	Construction Contingency	116,345	7,272	10.39							0	7,000	35,069	67,975	6,300
15	Construction Management		0	0.00							0				
16	Construction Bond Fee		0	0.00							0				
17	Hazardous Materials Abatement		0	0.00							0				
18	Off-Site Improvements		0	0.00							0				
19	Furnishings, Fixtures, & Equipment	13,000	813	1.16							0	3,000	2,000	8,000	0
20	Other (__________________)		0	0.00							0				
	Subtotal - Hard Costs	1,292,793	80,800	115.45											
	SOFT COSTS														
21	Architectural	116,345	7,272	10.39							0	7,200	34,897	68,012	6,237
22	Engineering		0	0.00							0				
23	Legal/Accounting	20,000	1,250	1.79							0	4,654	2,660	7,979	4,707
24	Relocation	15,000	938	1.34							0	928	4,499	8,769	804
25	Environmental Assessment	3,500	219	0.31							0	814	465	1,396	824
26	Energy Assessment		0	0.00							0				
27	Permits/Fees	14,900	931	1.33							0	922	4,469	8,710	799
28	Independent Market Study	4,000	250	0.36							0	931	532	1,596	941
29	Construction Period Insurance	7,500	469	0.67							0	1,745	997	2,992	1,765
30	Construction Interest	30,000	1,875	2.68							0	6,981	3,989	11,968	7,061
31	Construction Loan Origination Fee	10,000	625	0.89							0	2,327	1,330	3,989	2,354
32	Taxes During Construction		0	0.00							0				
33	Clerk of the Works	20,000	1,250	1.79							0	1,238	5,999	11,691	1,072
34	Marketing		0	0.00							0				
35	Tax Credit Fees	2,160	135	0.19							0	503	287	862	508
36	Soft Cost Contingency	8,000	500	0.71							0	1,862	1,064	3,191	1,883
37	Permanent Loan Origination Fee		0	0.00							0				
38	Lender's Counsel's Fee		0	0.00							0				
39	Other (______________)		0	0.00							0				
	SYNDICATION COSTS														
40	Organizational (Partnership)		0	0.00							0				
41	Bridge Loan Fees and Expenses		0	0.00							0				
42	Syndication Consultant		0	0.00							0				
43	Tax Opinion		0	0.00							0				
	DEVELOPER'S FEES														
44	Developer's Fees - RACLT	150,000	9,375	13.40							0	34,907	19,947	59,840	35,306
45	Other Partnership Fees - HVT	150,000	9,375	13.40							0	34,907	19,947	59,840	35,306
46	Consultant Fees		0	0.00							0				
	RESERVES														
47	Working Capital	10,000	625	0.89							0	2,327	1,330	3,989	2,354
48	Rent-up (Deficit Escrow) Reserve		0	0.00							0				
49	Other Operating Reserves	31,592	1,975	2.82							0	7,352	4,201	12,603	7,436
50	Sinking Fund		0	0.00							0				
51	Replacement Reserves		0	0.00							0				
	Subtotal - Soft Costs	592,997	37,062	52.96											
	TOTAL DEVELOPMENT COSTS	2,829,423	176,839	253	0	0	0	0	0	0	0	522,225	524,038	1,388,780	394,376

30-Jun-06 **Proctorsville Green Housing**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br		500	1	540	0	6,480
1 Br		594	9	575	0	62,100
2 Br		892	6	665	0	47,880
3 Br		0	0	0	0	0
4+ Br		0	0	0	0	0
	Totals	11,198	16			116,460

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br		500	0	0	0	0
1 Br		0	0	0	0	0
2 Br		892	0	0	0	0
3 Br		0	0	0	0	0
4+ Br		0	0	0	0	0
	Totals	0	0			0
All Units						
	Grand Totals	11,198	16			116,460
	Less Vacancy		5.00%			(5,823)
					NET RENT	110,637

OTHER INCOME

Laundry			
Parking			0
Commercial Space Income	SF	Rent	
Post Office	1,440	1,008	12,096
Retail	2,100	525	6,300
Less Commercial Vacancy	20%		(3,679)
		TOTAL INCOME	125,354

30-Jun-06

Proctorsville Green Housing

		Check all Applicable								A					B						C					
Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	OCCUPIED BY: Income level of residents to be served:						AFFORDABLE TO: Units affordable to residents at:					
															<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+
Freeman	1			1	1		1			1	550	575	40	615			1				1					
	2			1	1		1			1	600	575	40	615		1					1					
	3			1	1	1	1			1	600	575	40	615			1				1					
	4			1	1	1	1			1	550	575	40	615			1				1					
	5			1	1	1		1		1	600	575	40	615			1				1					
	6				1	1		1		1	600	575	40	615			1						1			
New	1			1	1	1		1		2	925	665	49	714			1				1					
	2			1	1	1		1		2	925	665	49	714		1					1					
Pollard	1				1	1		1		0	500	540	31	571			1						1			
	2				1	1		1		1	600	575	40	615			1						1			
	3			1	1	1		1		1	600	575	40	615			1				1					
	4			1	1	1		1		1	650	575	40	615			1				1					
	5				1	1		1		2	900	665	49	714		1							1			
	6				1	1		1		2	900	665	49	714			1						1			
	7				1	1		1		2	850	665	49	714		1							1			
	8				1	1		1		2	850	665	49	714		1							1			
Total # Units	16	0	0	9	16	14	4	12	0	Totals:	11,200	9,705		Total # Units:	0	5	11	0	0	0	9	0	7	0	0	0

30-Jun-06 **Proctorsville Green Housing**

	Annual	Monthly	Per Unit Per Month
Administration			
Management Fee	11,520	960	60
Office Expense	1,152	96	6
Audit/Accounting	2,880	240	15
Legal	576	48	3
Compliance Monitoring	768	64	4
Marketing	384	32	2
Asset Mngmt Fee	1,536	128	8
TOTAL ADMINISTRATIVE	18,816	1,568	98
Utilities			
Electricity	1,920	160	10
Fuel - Oil	12,480	1,040	65
Water and Sewer	5,568	464	29
Fire Alarm / Emergency	192	16	1
Other		0	0
TOTAL UTILITIES	20,160	1,680	105
Maintenance			
Maintenance / Janitor Payroll	13,440	1,120	70
Janitor Supplies	960	80	5
Exterminating	192	16	1
Trash Removal	2,304	192	12
Snow Removal	2,304	192	12
Grounds	1,152	96	6
Repairs Material		0	0
Repairs Contract		0	0
HVAC Repairs / Maintenance	576	48	3
Elevator Contract / Repairs	576	48	3
Painting and Decorating	768	64	4
Other	576	48	3
TOTAL MAINTENANCE	22,848	1,904	119
Real Estate Taxes	12,480	1,040	65
Property Insurance	8,064	672	42
Replacement Reserves	7,680	640	40
Primary Debt Service		0	0
Other "must pay" debt service		0	0
Other		0	0
Total	90,048	7,504	469

30-Jun-06		Proctorsville Green Housing														
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		116,460	117,625	118,801	119,989	121,189	122,401	123,625	124,861	126,109	127,371	128,644	129,931	131,230	132,542	133,868
Other Income		14,717	14,864	15,013	15,163	15,314	15,468	15,622	15,778	15,936	16,096	16,257	16,419	16,583	16,749	16,917
Vacancy and other losses		(5,823)	(5,881)	(5,940)	(5,999)	(6,059)	(6,120)	(6,181)	(6,243)	(6,305)	(6,369)	(6,432)	(6,497)	(6,562)	(6,627)	(6,693)
Total Operating Income		125,354	126,607	127,873	129,152	130,444	131,748	133,066	134,396	135,740	137,098	138,469	139,853	141,252	142,664	144,091
Operating Expenses																
Total Expenses (excl. Reserves)		82,368	84,427	86,538	88,701	90,919	93,192	95,522	97,910	100,357	102,866	105,438	108,074	110,776	113,545	116,384
Reserves		7,680	7,757	7,834	7,913	7,992	8,072	8,152	8,234	8,316	8,400	8,483	8,568	8,654	8,741	8,828
Total Operating Expense		90,048	92,184	94,372	96,614	98,911	101,264	103,674	106,144	108,674	111,266	113,922	116,642	119,430	122,286	125,212
Net Operating Income		35,306	34,423	33,501	32,538	31,533	30,485	29,391	28,253	27,066	25,832	24,547	23,211	21,822	20,379	18,879
Less Primary Debt Service		25,960	25,960	25,960	25,960	25,960	25,960	25,960	25,960	25,960	25,960	25,960	25,960	25,960	25,960	25,960
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		9,346	8,463	7,541	6,578	5,573	4,524	3,431	2,293	1,106	(128)	(1,413)	(2,749)	(4,138)	(5,581)	(7,081)
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	128	1,413	2,749	4,138	5,581	7,081
Net Cash		9,346	8,463	7,541	6,578	5,573	4,524	3,431	2,293	1,106	0	0	0	0	0	0
DCR		136.00%	132.60%	129.05%	125.34%	121.47%	117.43%	113.22%	108.83%	104.26%	99.51%	94.56%	89.41%	84.06%	78.50%	72.72%
Cumulative Cash Flow																
Beginning Balance		31,592	41,570	50,864	59,423	67,189	74,106	80,113	85,146	89,142	92,031	93,743	94,205	93,340	91,069	87,309
Deposits		9,346	8,463	7,541	6,578	5,573	4,524	3,431	2,293	1,106	0	0	0	0	0	0
Interest	2.0%	632	831	1,017	1,188	1,344	1,482	1,602	1,703	1,783	1,841	1,875	1,884	1,867	1,821	1,746
Withdrawals		0	0	0	0	0	0	0	0	0	(128)	(1,413)	(2,749)	(4,138)	(5,581)	(7,081)
Ending Balance		41,570	50,864	59,423	67,189	74,106	80,113	85,146	89,142	92,031	93,743	94,205	93,340	91,069	87,309	81,974
Cumulative Replacement Reserves																
Beginning Balance		0	7,757	15,746	23,974	32,445	1,166	9,342	17,763	26,434	35,362	4,553	13,212	22,131	31,314	40,768
Deposits		7,680	7,757	7,834	7,913	7,992	8,072	8,152	8,234	8,316	8,400	8,483	8,568	8,654	8,741	8,828
Interest	2.0%	77	233	393	559	729	104	268	438	612	791	176	350	529	714	904
Withdrawals		0	0	0	0	(40,000)	0	0	0	0	(40,000)	0	0	0	0	(40,000)
Ending Balance		7,757	15,746	23,974	32,445	1,166	9,342	17,763	26,434	35,362	4,553	13,212	22,131	31,314	40,768	10,500
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		35,306	34,423	33,501	32,538	31,533	30,485	29,391	28,253	27,066	25,832	24,547	23,211	21,822	20,379	18,879
Plus Reserves		7,680	7,757	7,834	7,913	7,992	8,072	8,152	8,234	8,316	8,400	8,483	8,568	8,654	8,741	8,828
Less Interest Expense		(8,476)	(8,300)	(8,123)	(7,943)	(7,762)	(7,580)	(7,395)	(7,208)	(7,020)	(6,830)	(6,638)	(6,443)	(6,247)	(6,049)	(5,849)
Less Long Depreciation		(87,789)	(87,789)	(87,789)	(87,789)	(87,789)	(87,789)	(87,789)	(87,789)	(87,789)	(87,789)	(87,789)	(87,789)	(87,789)	(87,789)	(87,789)
Less Short Depreciation		(1,857)	(1,857)	(1,857)	(1,857)	(1,857)	(1,857)	(1,857)	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(55,136)	(55,766)	(56,434)	(57,139)	(57,884)	(58,670)	(59,497)	(58,511)	(59,427)	(60,388)	(61,396)	(62,453)	(63,561)	(64,720)	(65,932)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		19,298	19,518	19,752	19,999	20,259	20,534	20,824	20,479	20,799	21,136	21,489	21,859	22,246	22,652	23,076
Plus Tax Credits		291,719	62,183	62,183	62,183	62,183	62,183	62,183	62,183	62,183	62,183					
After Tax Cash Flow		311,017	81,702	81,935	82,182	82,443	82,718	83,007	82,662	82,983	83,319	21,489	21,859	22,246	22,652	23,076
Total Years	15															
Reinvestment Rate	12.00%															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Current After Tax Cash Flows		311,017	81,702	81,935	82,182	82,443	82,718	83,007	82,662	82,983	83,319	21,489	21,859	22,246	22,652	23,076
Future Value of Cash Flows at Yr 15:		1,702,373	399,285	357,523	320,179	286,781	256,909	230,186	204,669	183,448	164,457	37,870	34,395	31,254	28,414	25,845
Discount Rate:	6.00%															
Capital Contribution Number:	1	2	3	4	5	6	7	8								
Date of Capital Contribution:	31-Dec-06	31-Dec-07	30-Mar-08	30-Jun-06	30-Jun-06	30-Jun-06	30-Jun-06	30-Jun-06								
Amount of Capital Contribution:	100	609,795	203,165	0	0	0	0	0								
Present Value of Contributions:	100	573,808	188,329	0												
Cash Flows	(762,237)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,263,590

IRR: 12.16%
Equity Yield: 90.44%

RESOLUTION RE: CONSTRUCTION FINANCING AND USE OF BOND HOUSING CREDITS FOR PROCTORSVILLE GREEN HOUSING, CAVENDISH

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Rockingham Area Community Land Trust (the "Sponsors") on behalf of a to-be-formed limited partnership in which the Sponsors or their subsidiaries will be the general partners (the "Borrower") involving the acquisition, rehabilitation and construction of a total of ten (10) units of general occupancy rental housing and six (6) units of senior rental housing in three (3) buildings in the Town of Cavendish (the "Development"); and

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

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

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

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

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated July 3, 2006, containing information and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

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

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

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

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

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The Sponsors are financially responsible and are qualified housing sponsors within the meaning of the Act. The Borrower will be required to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

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

2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The issuance of the Bonds for the purpose of financing one or more loans to the Borrower is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions described in the Memorandum.

5. That the recommendations for the use of Bond Housing Credits contained in the Memorandum which is attached and incorporated by this reference be approved;

6. That the Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the use

of Bond Housing Credits in an amount necessary for the Development's feasibility for the Proctorsville Housing project in the Town of Cavendish, Vermont.

7. The preliminary approval described in the preceding paragraph does not obligate the Agency to give final approval for the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by independent action, which may contain such conditions thereto as the Agency may deem appropriate. The Agency in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Sponsor, the Borrower or any other person for its refusal to do so.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Director of Development

DATE: July 2, 2006

RE: Request for State Affordable Housing Tax Credits, Village Housing, Middlebury

Recommendation: Staff recommends that the VHFA Board of Commissioners pass the attached resolution and authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

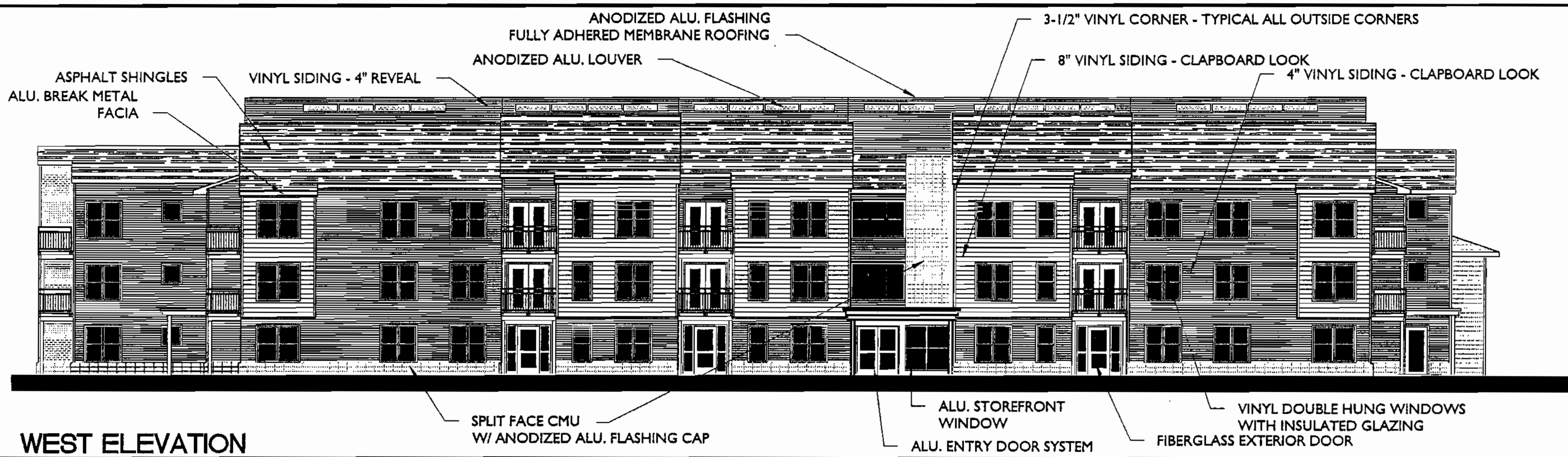
Project Summary: In June of 2005 the Board approved $398,000 in ceiling ('9%') Housing Credits for the Village Housing development in Middlebury. In addition, VHFA has approved construction and permanent financing to this project. It is being developed by Housing Vermont, Addison County Community Trust, and Addison County Community Action Group. In June the sponsor indicated a strong likelihood for the need for additional sources to fill a possible funding gap, and the June Board memo specifically mentioned the sponsor's recent request for additional allocated federal Housing Credits. One source of funding that had been shown in the pro forma (the Federal Home Loan Bank of Boston AHP funds) is very competitive, and it has funding priorities that make other applicants more likely to receive this scarce resource. Staff intend to use its discretion to increase the allocation by up to 5% and increase the federal credits allocated by $19,000, to a new total of $417,000. Additionally, the sponsors are requesting $50,000 in State Affordable Housing Tax Credits. With these two sources, the development would have all primary sources committed (except for the $125k from Neighborworks) and can meet its planned construction start date of September 2006. The purpose of the additional credits is not to cover cost overruns or budget shortfalls, but to replace one "soft" source with another.

The project has been redesigned from three townhouse buildings to a single building, but with "bump-outs" to create a nicer visual appeal than a standard garden-style building (see attached). There is parking underneath (31 spaces) and also surface parking (20 spaces). The building will meet the tax credit program's design standards. The building will now have an elevator, sprinklers, and other features appropriate to this structure type. The overall cost of construction between the townhouse design and the current design is about the same. There has been no change in the land acquisition cost or the developer's fees since June, and only minor adjustments in other budget items. The previous plans showed 15 one bedroom and 15 two-bedroom apartments, and the current configuration has: 12 one-bedroom, 15 two-bedroom, and 3 three-bedroom units. (Staff had requested the developer attempt to create a few three-bedroom apartments on this site, based on information in the market analysis.) The apartments have also gotten larger.

Other Updates:

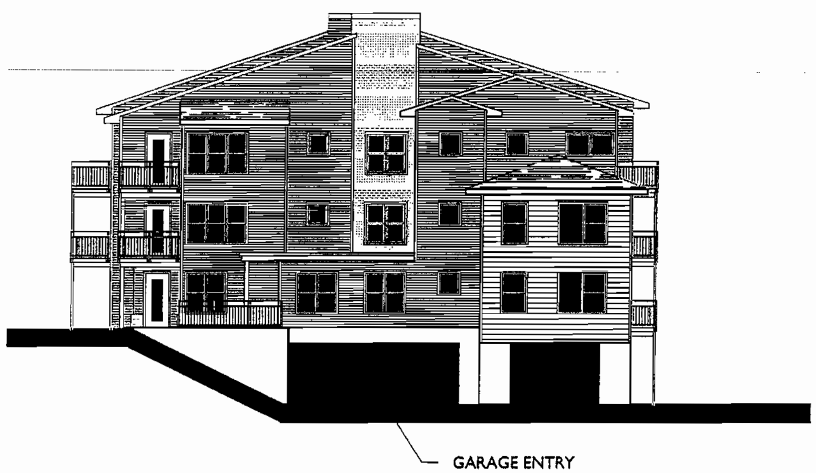
The portion of the overall Middlebury South Village sitework that serves this development is on schedule and will allow for a construction start of October 1, 2006. Although the cost of this overall sitework has risen, the increase has not been passed on to this development. In addition, those site-related costs that HVT and its partners do need to pay for (including foundation excavation, utility lines, etc.) have increased modestly, about 5% over the last 6 months. That increase was already reflected in the proforma the Board saw last month.

The Stone Hill development just down Route 7 was placed in service recently, and all 22 tax credit units (of 26 total) have tenants leasing them, or are about to lease them.



WEST ELEVATION

1/16" = 1'-0"



SOUTH ELEVATION

1/16" = 1'-0"

PROGRESS PRINT
NOT FOR CONSTRUCTION
DATE 5/15/06

p. 802.879.5153 f. 802.872.2764

architecture
planning
interiors

project **MIDDLEBURY SOUTH VILLAGE APARTMENTS**
MIDDLEBURY VERMONT

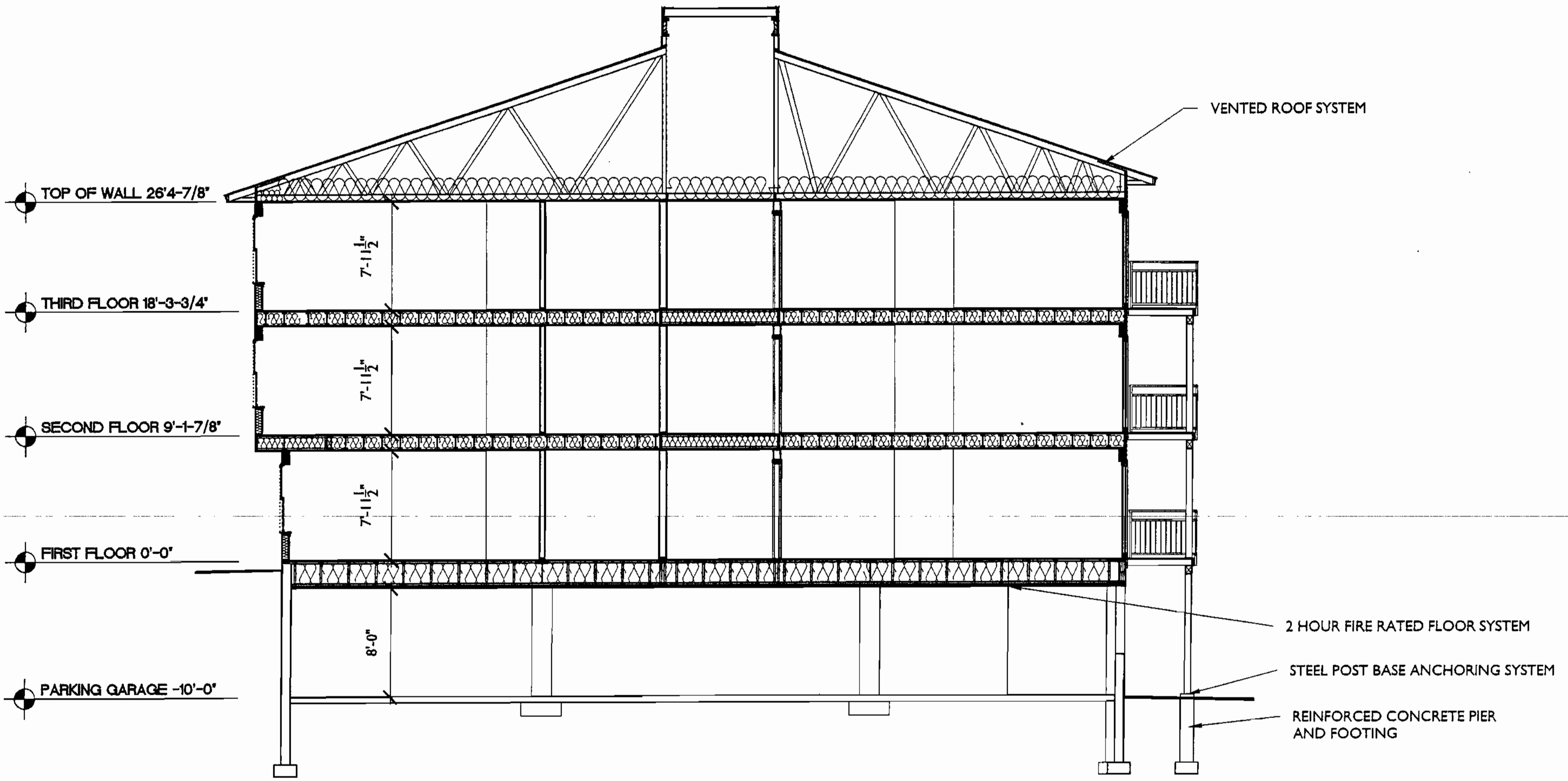
drwg. title PROPOSED ELEVATIONS

scale	AS NOTED
project no.	06-611
drawn by	page
date	5/15/06
file	E-EL-MSV
date	revisions

drwg. no.

A4.2

Sheet * Of *



B BUILDING SECTION

1/8" = 1'-0"

PROGRESS PRINT
NOT FOR CONSTRUCTION
DATE 6/15/06

[redacted]
20 main street essex junction vermont 05452
p. 802.879.5153 f. 802.872.2764
architecture
planning
interiors

project
MIDDLEBURY SOUTH VILLAGE APARTMENTS
MIDDLEBURY VERMONT

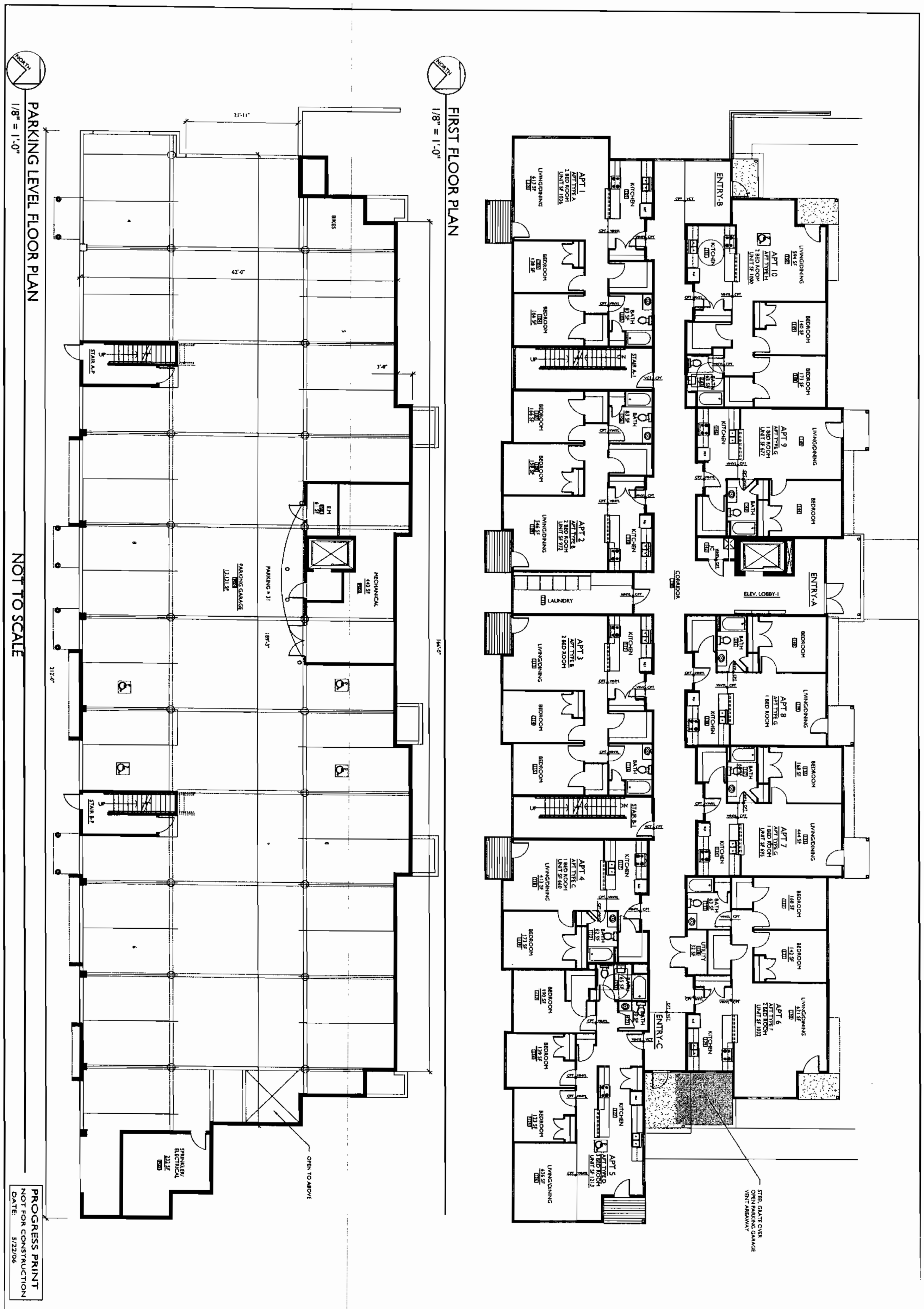
drwg. title
BUILDING SECTIONS

scale	AS NOTED
project no.	04-616
drawn by	PSEN
date	5/15/06
file	SECTION-MSV

date	revisions

drwg. no.
A5.1

Sheet _ Of _



drwg. no.

A2.1

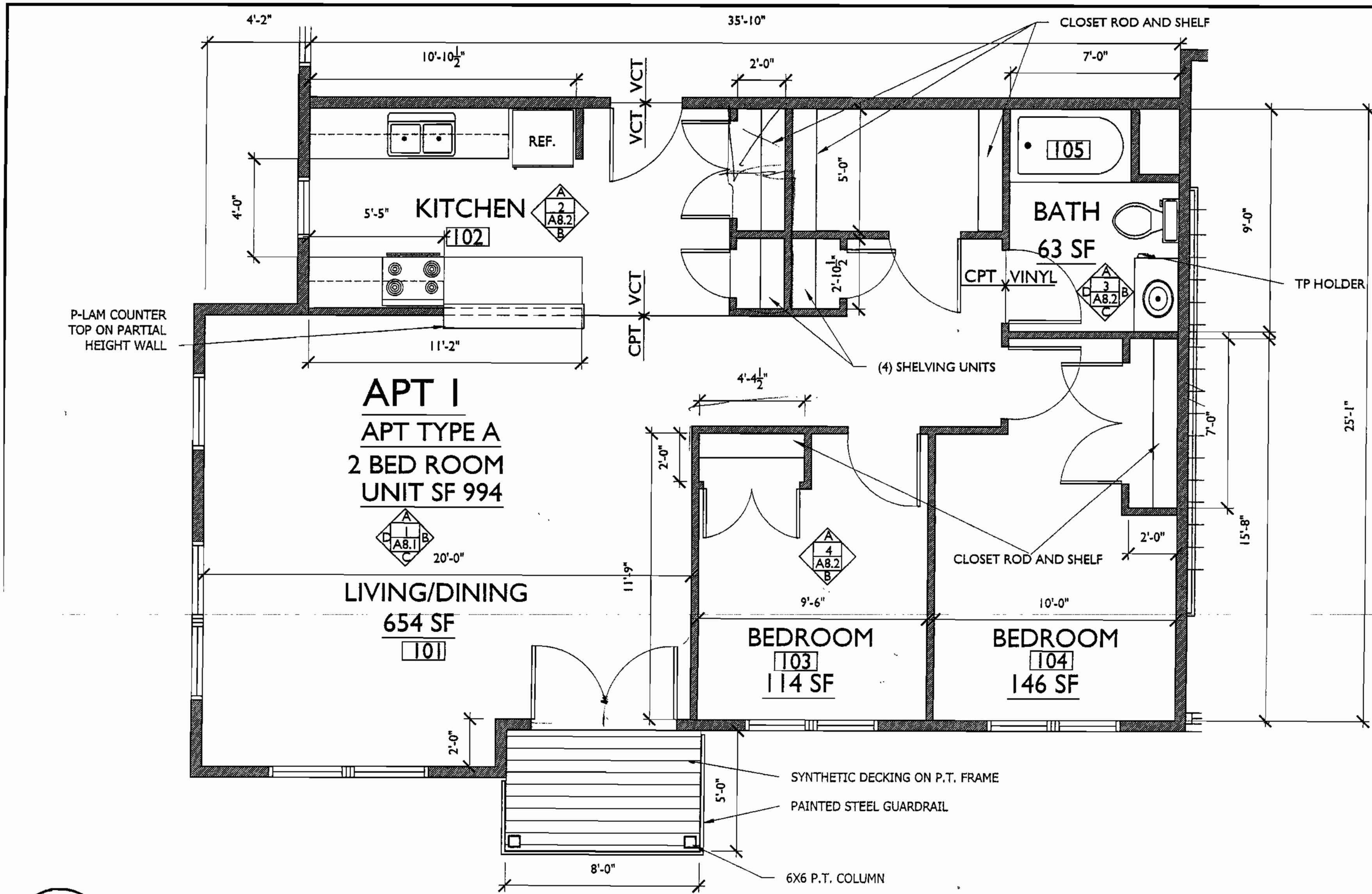
Sheet . of .

scale AS SHOWN
project no. 06-611
drawn by page
date 5/22/06
file FP-MSV
date | revisions

project
MIDDLEBURY SOUTH VILLAGE APARTMENTS
MIDDLEBURY VERMONT

drwg. title
PROPOSED FLOOR PLANS
PARKING LEVEL AND FIRST FLOOR PLAN

SCOTT + PARTNERS
ARCHITECTS
20 main street essex junction vermont 05452
p. 802.879.5153 f. 802.872.2764
architecture
planning
interiors



APARTMENT TYPE - A APARTMENTS 1,11

1/4" = 1'-0"

PROGRESS PRINT
NOT FOR CONSTRUCTION
DATE: 5/15/06

project
MIDDLEBURY SOUTH VILLAGE APARTMENTS
MIDDLEBURY VERMONT

drwg. title
PROPOSED FLOOR PLANS
PARTIAL ENLARGED PLAN

[redacted]
20 main street essex junction vermont 05452
p. 802.879.5153 f. 802.872.2764
architecture planning interiors

scale	AS NOTED
project no.	06-611
drawn by	page
date	5/15/06
file	FP-MSV
date	revisions

drwg. no.
A2.5
Sheet • Of •

vhfa
Vermont Housing Finance Agency

August 11, 2006

Diane Coburn (Meal Site)
St. Johnsbury House
1207 Main Street
St. Johnsbury, Vermont 05819

Dear Ms. Coburn:

Please accept the enclosed check in the amount of $100. Thank you for providing lunch to the VHFA Board of Commissioners, its staff and their guests on Monday, August 7th. We truly enjoyed dining with the residents and guests of St. Johnsbury House and touring this magnificent and beautifully restored home.

We hope your raffle is a great success and we wish you and your staff all the best.

Best regards,

Renee Couture

Renee Couture
Executive Assistant

Phone: 802-652-3417

Enclosure

vhfa

Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes
by Telephone Conference
initiated at
Vermont Housing Finance Agency
164 St. Paul Street, Burlington, Vermont
Monday, July 10, 2006 at 2:00 p.m.

VHFA Board Members Present:
Lisa Mitiguy Randall – Chair, Robert Alberts, Paul Beaulieu, Thomas Candon (designee for Crowley), Dagyne Canney, Kevin Dorn, Bart Frisbie, Beth Pearce (designee for Spaulding), Gus Seelig

Staff: Dave Adams, Sarah Carpenter, Renee Couture, Elizabeth Mullikin Drake, Liza Plantilla, Cindy Reid

Guests: Ludy Biddle (NeighborWorks of Western Vermont), Kathy Beyer (Capital Ideas), Andy Broderick (Housing Vermont)

Chair Randall called the meeting to order at 2:05 p.m. A quorum of the Board was present.

BOARD MINUTES
Mr. Beaulieu made a motion to approve the June 5, 2006 Board of Commissioners meeting minutes. Mr. Alberts seconded the motion which was unanimously approved.

CONSENT AGENDA
Mr. Seelig made a motion to approve the items on the Consent Agenda (restated here):
~ Resolution Re: Construction Financing, Use of Bond Housing Credits and Proposed Allocation of State Housing Credits for Esteyville Housing, Brattleboro
~ Resolution Re: Proposed Allocation of Allocated Housing Credits for Birge and Worden Housing, Brattleboro
~ Resolution Re: Construction Financing and Use of Bond Housing Credits for Proctorsville Green Housing, Cavendish
Mr. Candon seconded the motion which was unanimously approved.

DEVELOPMENT
Middlebury South Village: Village Housing & The Cottages
Mr. Adams reviewed Ms. Plantilla's and Mr. Erdelyi's overview memo regarding replacing the AHP funding as a source for Village Housing (rental units) and the increased construction costs affecting The Cottages (single family homes.) Ms. Beyer pointed out that the memo incorrectly

states that a greater number of The Cottages than initially planned will require full foundations; the number has not changed, but, the cost has increased for a number of reasons including the cost of replacing poor soil with drainable fill.

Mr. Adams reviewed Mr. Erdelyi's memo which covered, in more detail, the request for $50,000 in State Affordable Housing Tax Credits for Village Housing. Two corrections to Mr. Erdelyi's memo should be noted:

1) The first paragraph indicated that a resolution was attached. No resolution was attached.
2) The first sentence of the Project Summary indicates that the Board approved $398,000 in ceiling (9%) Housing Credits in June of 2005. In fact, this was done in March of 2006.

Mr. Seelig made a motion to approve the allocation of State Affordable Housing Tax Credits in the amount of $50,000 to Village Housing. Mr. Beaulieu seconded the motion which was approved by all except Mr. Frisbie who abstained.

Ms. Plantilla reviewed her memo regarding the reduction in The Cottages' second mortgage pool in order to divert an additional $300,000 of the tax credit equity grant to construction costs. At the request of Mr. Adams, and after some discussion of various concerns, Board members acknowledged the request without opposition. Mr. Frisbie encouraged the developers to push the marketing as a faster buildout may facilitate replenishing the second mortgage pool.

Ms. Carpenter explained that she would like to have a more philosophical discussion around single family home construction (SF construction) at one of the fall planning meetings. SF construction is becoming virtually impossible to do for low and moderate income people unless it is cross-subsidized with rental units or is given direct subsidy. The Board should consider whether it would like to entertain and even encourage future SF construction projects with cross subsidy.

State Affordable Housing Tax Credits

Mr. Adams explained that the entire amount ($300,000) of fiscal year 2007 State tax credits had been allocated and that only $55,000 of the fiscal year 2008 total ($400,000) remain to be allocated. He asked the Board whether forward allocating should continue into fiscal year 2009 State tax credits. After some discussion, the Board agreed to forward allocate only two fiscal years out (the same as is done with the federal low-income housing tax credits.) For example, fiscal year 2009 State tax credits will not be eligible for allocation until July 1, 2007.

FINANCE

TD Banknorth's Sale of Trust Business to Bank of New York

Ms. Carpenter explained that TD Banknorth will continue to serve as the Agency's trustee for now. Bank of New York had requested that the Agency waive the domicile requirement (that the trustee have a "principal trust office" in Vermont); however, according to the Agency's bond counsel, this cannot be done without amending the Resolution. Instead, TD Banknorth has executed a Servicing Agreement with Bank of New York (BoNY). It is likely that BoNY will want to pursue bondholder approval to amend the resolution to recognize BoNY as trustee. The VHFA Board would first need to approve that amendment. Staff would want such an amendment to provide the Agency flexibility in selecting a trustee.

New Bond Resolution
Ms. Carpenter further explained that there is a timing issue with pursuing a new resolution, which would be drafted by Bond Counsel. By waiting until after February 1, 2007, the Agency will save $100,000. However, there may be a need to do one more Single Family bond issue before November 1, 2006 to preserve volume cap and fund production.

OTHER

2007 Board Meetings
Ms. Randall asked Board members to email Ms. Couture by August 1, 2006 regarding any known conflicts with the proposed 2007 Board Meeting Schedule and the modified 2006 Board Meeting Schedule.

NCSHB
Ms. Carpenter invited Board members to attend the NCSHB (National Council of State Housing Boards) Educational & Development Workshop in Bolton Landing, New York from August 13th – 15th. Ms. Couture will email the Agenda.

CFO Search Update
Ms. Carpenter explained that Executive Management hopes to finish the first round of interviews this week (week of July 10th) and meet on Friday, July 14th, to decide which of the seven candidates will be invited back for a second interview. Board members are welcome to participate at any point.

ADJOURNMENT
Mr. Seelig made a motion to adjourn the meeting. Ms. Canney seconded the motion and the Board unanimously approved to adjourn the meeting at 3:02 p.m.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Liza Vedder Plantilla. Multifamily Development Underwriter LVP

DATE: July 31, 2006

RE: Increase in Permanent Loan for Randall Apartments

Recommendation:

That the Board approve an increase in the permanent debt committed to the Burlington Housing Authority for the acquisition and rehabilitation of Randall Apartments from $500,000 (previously approved in May) to $600,000 using a 40 year amortization schedule and a term of thirty years.

Overview:
In May the Board approved two loans for the Burlington Housing Authority's acquisition and rehabilitation of the Randall Apartments on St. Paul Street in Burlington; $500,000 permanent loan and $200,000 zero percent deferred loan. At the time of the approval, the City of Burlington had committed $100,000 in HOME funds in anticipation that the Housing Authority would agree to a PILOT (Payment In Lieu of Taxes) as the Housing Authority is otherwise statutorily exempt from paying municipal and school tax. Our initial underwriting showed that the project could carry this payment, which in year one is $3,700, and would adjust upward with the municipal tax rate. However, as the deal progressed, the City's view on an acceptable PILOT payment has fluctuated as high as $8,000. Unfortunately the project does not cash flow with a payment that large. To resolve this in time for closing on August 14th (timing for which is very sensitive) we are taking two tacks. First, Paul Dettman has been working closely with CEDO and the Tax Department to come to a resolution. They have tentatively agreed to return to the original PILOT payment of $3,700. This is on the agenda (with a recommendation) the same day as this Board meeting (August 7th) at the Burlington City Council Meeting. To ensure that the project can move forward in the circumstance that the City Council *does not* approve this $3,700 payment, we would like to ask the Board to approve an increase in the permanent loan of $100,000 in order to *replace* the HOME funds. The loan would increase to $600,000 and while the term would still be thirty years, we would amortize the loan over forty years to maintain the same debt coverage ratio.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Director of Development JE

DATE: August 1, 2006

RE: Request for Construction & Permanent Financing and Allocated Ceiling Credits, Bemis Block, Hardwick

Name:	Bemis Block	**Location:**	Hardwick
Housing Type:	Senior Occupancy	**Unit Type:**	Flats
Unit Count:	14 Total Rental Units 14 Housing Credit Units (plus 4 commercial storefronts)	**Unit Sizes:**	14 1-Br @ 509 s.f. – 574 s.f.
Total Cost:	$2,581,572 (rental project only)	**Per S.F. Acquisition & Construction Cost:**	$211 (rental only)
Housing Credits:	$98,000 (Ceiling "9%" Credits)	**Sponsors:**	Lamoille Housing Partnership & Housing Vermont
Financing Requested:	$315,000 30-year permanent loan for the rental project $80,000 6.3-year loan for the rental project $75,000 0% loan for the rental project $1,500,000 taxable construction loan for entire mixed-use project		
Other Funding:	HOME, VHCB, VCDP, REEP, Amortizing VHFA Debt, VHFA 0% Loan, Insurance Proceeds, Historic Tax Credit Equity		

Recommendation: Staff recommends that the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board 1) authorize the Executive Director to issue a Letter of Interest and/or a Commitment Letter to finance this property upon satisfactory completion of staff underwriting and due diligence; and 2) authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

Project Summary: This significant downtown building was built around 1880 and is a contributing structure to the downtown historic district. It was severely damaged in a spectacular fire in November, 2005. At that time VHFA staff had been given an application for a rehabilitation and refinance, and Staff were in the process of preparing a Board memo. Given the extensive nature of the fire damage and the associated delays, the development is now seeking allocated credits and significant other subsidy funds to complete the rebuild. The building was rehabilitated into affordable housing under the HUD Section 8 New Construction / Substantial Rehabilitation program in 1983 by Northern Community Investment Corporation (NCIC), and has had VHFA financing since that time. The HAP contract that provides project-based rental assistance is scheduled to expire in December 2013. Housing Vermont acquired an ownership interest in the project in 1998, when NCIC divested itself of its affordable housing portfolio.

The building is on approximately .5 acres with town water and sewer service. There is a parking lot behind the building, level with the upper story, with approximately seven spaces. One significant improvement planned is that an elevator will be installed. Prior to the fire two of the 14 apartments had residents that use wheelchairs. While the lowest and highest levels had ground access (due to a sharp change in grade and a walkway/bridge to the rear parking area), an elevator will provide accessibility of the entire property. Also, there had been a mix of studio and one-bedroom units, but as proposed the building will have 14 units each with one bedroom. There are four commercial spaces proposed, the same as prior to the fire. Prior to the fire, three of the four commercial spaces had tenants that had been place for over six years and had a good rental history. Construction will begin in October 2006 and be completed by September 2007. Property management is to be continued by NCMC.

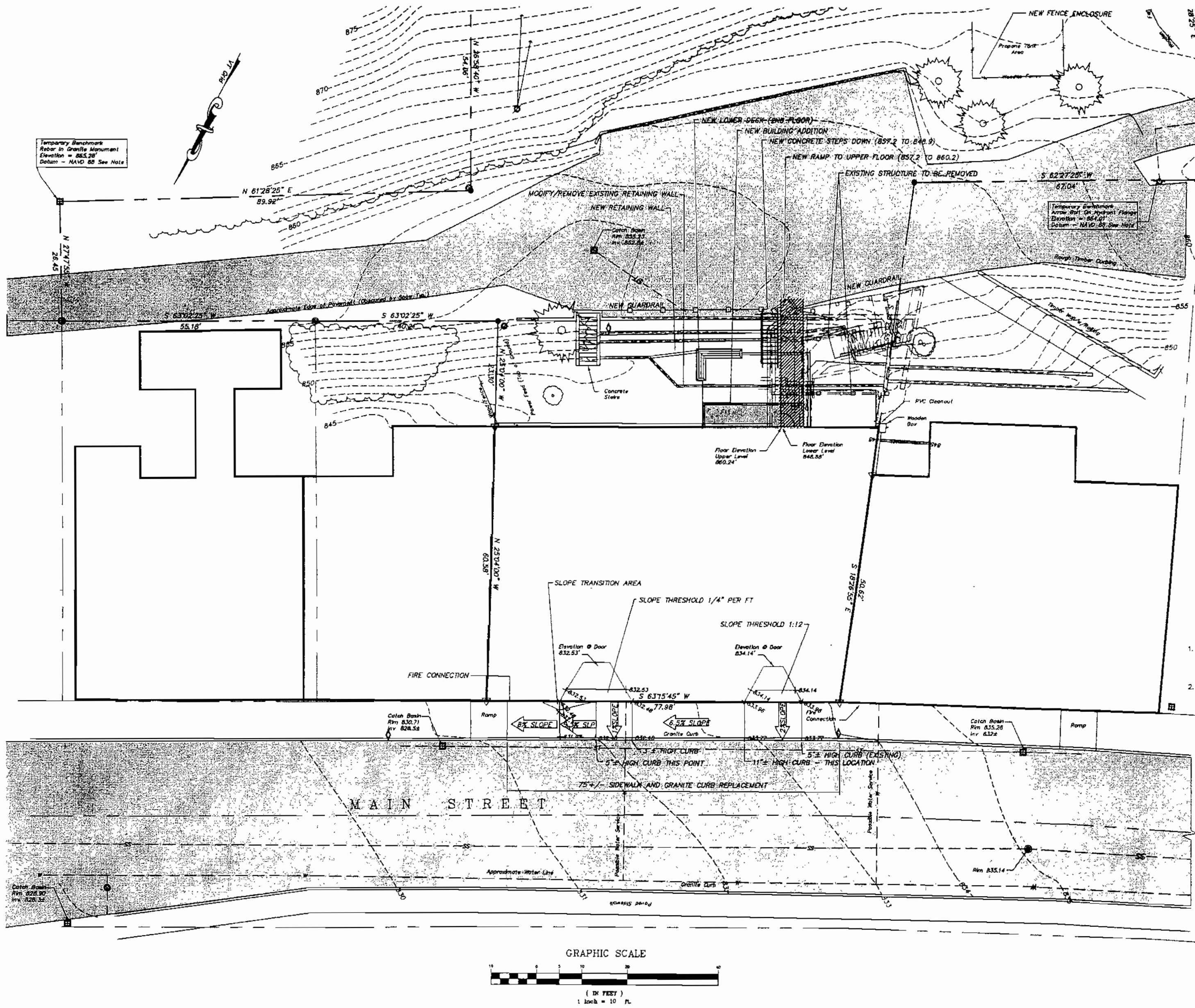
Tax Credit Discussion:
The application meets 4 top tier priorities and one second tier priority of the Allocation Plan: it is a rehab project, it maintains the historic settlement pattern, it is in a designated downtown or village center, and it fixes a blighted building. This development serves households below 30% of area median gross income due to the HAP contract. The market study and its subsequent updates support the project (given the long rental history of the Bemis Block and the operating subsidies it receives, a market study was not completely necessary to determine the market demand for the rental project).

The Allocation Plan contains a threshold of at least one unit at non-restricted rent and occupancy (the "mixed-income" threshold). For this development with an existing HAP contract on all 14 units, it would cost the development in lost income and reduced debt service capacity to meet this threshold. For this reason staff support the sponsor's request for a waiver from this requirement.

The Allocation Plan specifies that allocated ceiling credits are not a high priority to be used with senior housing (due to the much greater unmet need identified in the Consolidated Plan for family housing). However, in order to make this development work with the "automatic" credits that accompany tax-exempt financing, the project would need to seek substantial other subsidies. The sponsors originally proposed the refinance and rehab of the Bemis Block with tax-exempt financing and the "4% credits, but one effect of the fire is that the insurance proceeds are treated as a grant, from an accounting perspective. Grants reduce basis, and thus diminish the amount of credit for which the project qualifies. Staff supports the sponsor's efforts to seek an exemption from this aspect of the Allocation Plan due to the nature of this situation.

Staff recommends approval of the Housing Credit requests for the rental units and VHFA financing of the project.

DO NOT SCALE DIMENSIONS FROM DRAWINGS. IF INFORMATION IS MISSING, CONTRADICTORY OR UNCLEAR, CONTACT ENGINEER FOR CLARIFICATION



LEGEND

PROPOSED WATER SERVICE LINE	
EXISTING TREELINE	
EDGE OF EXISTING DRIVE	
EDGE OF PROPOSED DRIVE	
PROPERTY LINE	
CONTOUR LINE	
EDGE OF EXISTING PAVEMENT	
FINISH GRADE SPOT ELEVATION	+832.53
EXISTING UTILITY POLE	
EXISTING IRON PIN	
EXISTING CONCRETE MONUMENT	
TRAFFIC SIGN	
PROPOSED DRILLED WELL	
FENCE LINE	
EXISTING TREE	
EXISTING CULVERT AND CATCH BASIN	

LEGEND

1. BOUNDARY AND TOPOGRAPHICAL INFORMATION SHOWN ON THIS PLAN IS BASED UPON A PLAN ENTITLED "BOUNDARY PLAN FOR BEMIS BUILDING" PREPARED BY SUMMIT ENGINEERING DATED 4-07-06.
2. CIVIL SCOPE OF WORK: SIDEWALK AND CURB REPLACEMENT, MODIFICATION TO WOOD RETAINING WALL, REPLACEMENT OF GUARDRAIL BETWEEN DRIVE AND SLOPE, REPLACEMENT OF FENCE ENCLOSURE AROUND PROPANE TANKS

PROGRESS PRINT
NOT FOR CONSTRUCTION
DATE: 5-02-06

GBA
GOSSENS BACHMAN ARCHITECTS
85 Granite Shed Lane
Montpelier Vermont 05602
P 802 229 1664 F 802 229 4822

KCE
KNIGHT CONSULTING ENGINEERS, INC
P.O. Box 29
Williston, Vermont
Phone (802) 879-6343
Fax: (802) 879-6376

Bemis Block Housing
Hardwick, Vermont

Revisions

Job Number	05136
File Name	Base.dwg
Scale	AS NOTED
Date	MAY 2 2006

SITE PLAN

C1.1

Page 46


Hardwick Family
Bemis Block
GRANITE ST
COTTAGE ST
CHERRY ST
WOLCOTT ST
DANIELS ST
RIVERSIDE TERRACE
HIGHLAND AVENUE
NORTH MAIN ST
RUSH STREET
RIVER
LAMOILLE
MILL ST
SUMNER ST
PERRY LN
HOLTON HILL
DALE ST
ELM
SPRING ST
TERRACE HILL RD
NOW OR FORMERLY JAMES STREET
NOW OR FORMERLY DOW AVENUE
CHURCH
SOUTH MAIN STREET
UPPER CHERRY ST
SUMMER ST
RICHARDSON RD
FIRE RD (R/W)
TOWN OF HARDWICK
9.9 AC
64
3.2 AC
(13.1 AC TOTAL)
23-54.6
24-64

Fire Strikes Main Street, Again!

01-Aug-06 **Hardwick Bemis Block**

			Year 1-8	Year 9 -13
Total Residential Units:	14	Increase in Income from Rental Units:	0.00%	1.5%
Housing Credit Restricted Units:	14	Increase in Income from Other Sources:	1.00%	1.00%
Percent Restricted:	100.00%			
Total Development Cost:	2,581,572	Expense increase:	1.50%	2.5%
Total Development Cost per Unit:	184,398	Vacancy Rate:	3%	3%
Total Development Cost Per SF:	272	Partner's Tax Rate:	35%	
		Long Depreciation Schedule:	27.5	years
Max Credit Potential:	98,464	Short Depreciation Schedule:	7	years
Credit Amount Allocated:	98,000	Sponsor's Estimated Yield:	90.65%	
LIHTC - 9%	8.23%	Aug '06		
LIHTC - 4%	3.53%			

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
VHFA 30 year	315,000	12.20%	7.75%	30	30
VHFA 8 year	80,000	3.10%	7.65%	6	6
VCDP	250,000	9.68%	0.00%	30	30
VHCB	250,000	9.68%	0.00%	30	30
HOME	122,000	4.73%	4.35%	30	30
VHFA 0% funds	75,000	2.91%	N/A	N/A	
REEP	7,000	0.27%	0.00%	30	30
Existing Replacement Reserves	21,333	0.83%	N/A	N/A	N/A
Existing Other Reserves	28,693	1.11%	N/A	N/A	N/A
Insurance proceeds	1,100,000	42.61%	N/A	N/A	N/A
State historic credit cert.	88,861	3.44%	N/A	N/A	N/A
Historic Equity	335,699	13.00%	N/A	N/A	N/A
Housing Credit Equity	887,438	34.38%	N/A	N/A	N/A
TOTAL SOURCES	3,561,024	137.94%			

USES

Acquisition	362,866	10.21%
Construction Hard Costs	2,380,973	66.98%
Soft Costs	810,935	22.81%
TOTAL USES	3,554,774	100%
Gap	(6,250)	
Construction Loan Amount:	1,500,000	12 month term

General Partner's Capital Contribution	0	0.10%
Limited Partner's Capital Contribution	887,438	99.90%
Total Equity	887,438	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	14
Total Units	14
Unit Fraction	100.00%
Tax Credit Square Footage	7,554
Total Residential Square Footage	7,554
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

01-Aug-06 **Hardwick Bemis Block**

		Residential Budget	Per Unit	Per s.f.	Commercial Budget	Total Budget
	ACQUISITION					
1	Land	19,513	1,394	2.06	9,116	28,629
2	Purchase of Building(s)	277,826	19,845	29.31		277,826
3	Commercial - Acquisition		0	0.00	51,411	51,411
4	Property Appraisal	1,363	97	0.14	637	2,000
5	Legal - Title and Recording	2,532	181	0.27	468	3,000
	Subtotal - Acquisition	301,234	21,517	31.78	61,632	362,866
	CONSTRUCTION HARD COSTS					
6	Rehabilitation	1,530,975	109,355	161.50	0	1,530,975
7	Surveys tests	0	0	0.00		
8	Accessory Buildings	0	0	0.00		
9	Sitework	0	0	0.00		
10	Commercial Space Costs (if any)	0	0	0.00	624,000	624,000
11	General Requirements	0	0	0.00		
12	Contractor Overhead	0	0	0.00		
13	Contractor Profit	0	0	0.00		
14	Construction Contingency	153,098	10,936	16.15	62,400	215,498
15	Construction Management	0	0	0.00		
16	Construction Bond Fee	0	0	0.00		
17	Hazardous Materials Abatement	0	0	0.00		
18	Off-Site Improvements	0	0	0.00		
19	Furnishings, Fixtures, & Equipment	10,500	750	1.11	0	10,500
20	Other (________________)		0	0.00		
	Subtotal - Hard Costs	1,694,573	121,041	178.75	686,400	2,380,973
	SOFT COSTS					
21	Architectural	153,157	10,940	16.16	71,548	224,705
22	Engineering	0	0	0.00		
23	Legal/Accounting	17,040	1,217	1.80	7,960	25,000
24	Relocation	0	0	0.00		
25	Environmental Assessment	30,502	2,179	3.22	14,248	44,750
26	Energy Assessment	0	0	0.00		
27	Permits/Fees	7,793	557	0.82	3,640	11,433
28	Independent Market Study	1,500	107	0.16	0	1,500
29	Construction Period Insurance	8,179	584	0.86	3,821	12,000
30	Construction Interest	44,303	3,165	4.67	20,697	65,000
31	Construction Loan Origination Fee	4,089	292	0.43	1,911	6,000
32	Taxes During Construction	0	0	0.00		
33	Clerk of the Works	0	0	0.00		
34	Marketing	3,500	250	0.37	0	3,500
35	Tax Credit Fees	3,530	252	0.37	0	3,530
36	Soft Cost Contingency	9,377	670	0.99	0	9,377
37	Permanent Loan Origination Fee	5,402	386	0.57	2,523	7,925
38	Lender's Counsel's Fee	0	0	0.00		
39	Other (historic)	13,632	974	1.44	6,368	20,000
	SYNDICATION COSTS					
40	Organizational (Partnership)		0	0.00		
41	Bridge Loan Fees and Expenses		0	0.00		
42	Syndication Consultant		0	0.00		
43	Tax Opinion		0	0.00		
	DEVELOPER'S FEES					
44	Developer's Fees	211,294	15,092	22.29	98,706	310,000
45	Other Partnership Fees		0	0.00		
46	Consultant Fees		0	0.00		
	RESERVES					
47	Operating Account	22,441	1,603	2.37		22,441
48	Rent-up (Deficit Escrow) Reserve		0	0.00		
49	Other Operating Reserves	28,693	2,050	3.03	0	22,441
50	Sinking Fund		0	0.00		
51	Replacement Reserves	21,333	1,524	2.25		21,333
	Subtotal - Soft Costs	585,765	41,840	61.79	231,422	810,935
	TOTAL DEVELOPMENT COSTS	2,581,572	184,398	272.32	979,454	3,554,774

01-Aug-06 **Hardwick Bemis Block**

#	Item	Residential Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	19,513					
2	Purchase of Building(s)	277,826	277,826		277,826		
3	Commercial - Acquisition	0					
4	Property Appraisal	1,363	1,363		1,363		
5	Legal - Title and Recording	2,532	2,532		2,532		
	Subtotal - Acquisition	301,234					
	CONSTRUCTION HARD COSTS						
6	Rehabilitation	1,530,975		1,530,975	1,530,975	1,530,975	
7	Surveys tests	0		0		0	
8	Accessory Buildings	0		0		0	
9	Sitework	0		0		0	
10	Commercial Space Costs (if any)	0				0	
11	General Requirements	0		0		0	
12	Contractor Overhead	0		0		0	
13	Contractor Profit	0		0		0	
14	Construction Contingency	153,098		153,098	153,098	153,098	
15	Construction Management	0		0	0	0	
16	Construction Bond Fee	0		0	0	0	
17	Hazardous Materials Abatement	0		0	0	0	
18	Off-Site Improvements	0		0	0	0	
19	Furnishings, Fixtures, & Equipment	10,500		10,500			
20	Other (______________)	0		0		0	
	Subtotal - Hard Costs	1,694,573					
	SOFT COSTS						
21	Architectural	153,157		153,157	153,157	153,157	
22	Engineering	0		0	0	0	
23	Legal/Accounting	17,040		17,040	17,040	17,040	
24	Relocation	0		0	0	0	
25	Environmental Assessment	30,502		30,502	30,502	30,502	
26	Energy Assessment	0		0	0	0	
27	Permits/Fees	7,793		7,793	7,793	7,793	
28	Independent Market Study	1,500		1,500	1,500	1,500	
29	Construction Period Insurance	8,179		8,179	8,179	8,179	
30	Construction Interest	44,303		39,873	39,873	39,873	
31	Construction Loan Origination Fee	4,089		4,746	4,746	4,746	
32	Taxes During Construction	0		0	0	0	
33	Clerk of the Works	0		0	0	0	
34	Marketing	3,500			3,500		
35	Tax Credit Fees	3,530					
36	Soft Cost Contingency	9,377		9,377	9,377	9,377	
37	Permanent Loan Origination Fee	5,402		0		0	
38	Lender's Counsel's Fee	0		0	0	0	
39	Other (historic)	13,632		13,632	13,632	13,632	
	SYNDICATION COSTS						
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES						
44	Developer's Fees	211,294	13,632	197,662	211,294	217,662	
45	Other Partnership Fees	0		0			
46	Consultant Fees	0		0			
	RESERVES						
47	Operating Account	22,441					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves	28,693					
50	Sinking Fund	0					
51	Replacement Reserves	21,333					
	Subtotal - Soft Costs	585,765					
	TOTALS	2,581,572	295,353	2,178,034	2,466,387	1,974,699	
	LESS: Amount of Non-qualified Financing			824,751	1,108,307		
	LESS: Adjustment for per unit cost limits						
	LESS: Historic tax Credit (Residential Portion)			283,556		20%	Historic Credit Rate
	Total Eligible Basis		295,353	1,069,727		394,940	Annual Historic Credit
	TIMES: Adjusted for QCT/DDA	100.0%		1,069,727			
	TIMES: Applicable Fraction	100.00%	295,353	1,069,727			
	Total Qualified Basis		295,353	1,069,727	1,358,080	Long Term Depreciable Basis	
	TIMES: Applicable Percentage		3.53%	8.23%	27.5	Depreciation Schedule	
	Total Annual Credit Qualified		10,426	88,039	49,385	Annual Depreciation	

Total Tax Credits Requested	98,000
Estimated Net Syndication Proceeds **(excluding historic credit equity)**	887,438
Estimated Yield - Housing Credit Syndication	90.65%
Equity Gap	881,188
Credits Needed to fill Equity Gap	97,310

10,500	Short Term Depreciable Basis
7	Depreciation Schedule
1,500	Annual Depreciation
958,579	Commercial Depreciable Basis
39	Depreciation Schedule
24,579	Annual Depreciation

01-Aug-06 **Hardwick Bemis Block**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
1 br						0
1 Br		550	14	772		129,696
2 Br						0
3 Br						0
4+ Br			0	0		0
	Totals	7,700	14			129,696

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br			0			0
2 Br						0
3 Br			0	0		0
4+ Br			0	0		0
	Totals	0	0			0

common areas	1,780			
Total Residential	9,480	14		129,696
Commercial	4,148			
Total Square Footage	13,628			
	Less Vacancy	3.00%		(3,891)
			NET RENT	125,805

OTHER INCOME

Laundry	1,200
int income	0
Commercial Space Income	24,000
comm vac	(6,000)
TOTAL INCOME	145,005

01-Aug-06

Hardwick Bemis Block

	Check all Applicable									A					B						C					
Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	OCCUPIED BY: Income level of residents to be served:						AFFORDABLE TO: Units affordable to residents at:					
															<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+
Bemis	201	1		1	1	1	1			1	509	772	0	772			1									
Bemis	202	1		1	1	1				1	512	772	0	772		1										
Bemis	203	1		1	1	1				1	512	772	0	772		1										
Bemis	204	1		1	1	1	1			1	550	772	0	772			1									
Bemis	205	1		1	1	1				1	563	772	0	772			1									
Bemis	206	1		1	1	1				1	557	772	0	772			1									
Bemis	207	1		1	1	1				1	574	772	0	772			1									
Bemis	308	1		1	1	1				1	509	772	0	772			1									
Bemis	309			1	1	1				1	512	772	0	772			1									
Bemis	310			1	1	1				1	512	772	0	772			1									
Bemis	311			1	1	1				1	550	772	0	772			1									
Bemis	312			1	1	1				1	563	772	0	772			1									
Bemis	313			1	1	1				1	557	772	0	772			1									
Bemis	314			1	1	1				1	574	772	0	772			1									
Total # Units	14	8		14	14	14	2		0	Totals:	7,554	10,808		Total # Units:					0	0		0	0	0	0	0

01-Aug-06 **Hardwick Bemis Block**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	11,245	937	67	8.67%
Supportive Services	6,273	523	37	
Audit/Accounting	2,500	208	15	
Legal	500	42	3	
Compliance Monitoring	672	56	4	
Marketing	100	8	1	
Other (office and training)	837	70	5	
TOTAL ADMINISTRATIVE	22,127	1,844	132	
Utilities				
Electricity	7,500	625	45	
Fuel	11,000	917	65	
Water and Sewer	8,000	667	48	
Fire Alarm / Emergency	800	67	5	
Other		0	0	
TOTAL UTILITIES	27,300	2,275	163	
Maintenance				
Maintenance / Janitor Payroll	12,000	1,000	71	
Janitor Supplies	900	75	5	
Exterminating	300	25	2	
Trash Removal	2,460	205	15	
Snow Removal	25	2	0	
Grounds	10	1	0	
Repairs Material		0	0	
Repairs Contract		0	0	
HVAC Repairs / Maintenance	800	67	5	
Elevator Contract / Repairs	3,000	250	18	
Painting and Decorating	2,200	183	13	
Other	750	63	4	
TOTAL MAINTENANCE	22,445	1,870	134	
				per unit month
Real Estate Taxes	6,979	582	42	excl. ds & res.
Property Insurance	4,000	333	24	493
Replacement Reserves	5,880	490	35	
Primary Debt Service	27,080	2,257	161	
Other "must pay" debt service	15,977	1,331	95	
Other		0	0	
Total	131,789	10,982	784	

01-Aug-06		**Hardwick Bemis Block**														
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating Income																
Gross Rent		129,696	129,696	129,696	129,696	129,696	129,696	129,696	129,696	113,550	115.254	116,983	118,737	120,518	122,326	124,161
Other Income		19,200	19,392	19,586	19,782	19,980	20,179	20,381	20,585	20,791	20,999	21,209	21,421	21,635	21,851	22,070
Vacancy and other losses		(3,891)	(3,891)	(3,891)	(3,891)	(3,891)	(3,891)	(3,891)	(3,891)	(3,407)	(3.458)	(3,509)	(3.562)	(3,616)	(3,670)	(3,725)
Total Operating Income		145,005	145,197	145,391	145,587	145,785	145,985	146,186	146,390	130,935	132,795	134,682	136,596	138.538	140,508	142,506
Operating Expenses																
Total Expenses (excl. Reserves)		82,851	84,094	85,355	86,635	87,935	89,254	90,593	91,952	94,251	96.607	99,022	101,498	104,035	106,636	109,302
Reserves		5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880
Total Operating Expense		88,731	89,974	91,235	92.515	93,815	95,134	96,473	97,832	100,131	102,487	104,902	107.378	109,915	112,516	115,182
Net Operating Income		56,274	55,223	54,156	53,071	51,970	50,850	49,713	48,558	30,804	30,308	29.780	29,218	28.623	27,992	27,324
Less Primary Debt Service		27,080	27,080	27,080	27,080	27,080	27,080	27,080	27,080	27,080	27,080	27,080	27,080	27,080	27,080	27,080
Less Secondary Debt Service		15,977	15,977	15,977	15,977	15,977	15,977	0	0	0	0	0	0	0	0	0
Annual Cash Flow		13,217	12,166	11,098	10,014	8,912	7,793	22,633	21,478	3,724	3,228	2,699	2,138	1,542	911	244
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		13,217	12,166	11,098	10,014	8,912	7,793	22,633	21,478	3,724	3,228	2,699	2,138	1,542	911	244
DCR		130.70%	128.25%	125.78%	123.26%	120.70%	118.10%	183.58%	179.31%	113.75%	111.92%	109.97%	107.90%	105.70%	103.37%	100.90%
Cumulative Cash Flow																
Beginning Balance		28,693	42,242	55,374	67,691	79,159	89,743	99,409	124,256	148,434	155,164	161,527	167,484	172,993	178,011	182,492
Interest	2.0%	332	966	1,218	1,454	1,672	1,873	2,215	2,700	3.006	3,136	3,258	3,371	3,475	3,569	3,652
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		42,242	55,374	67,691	79,159	89,743	99,409	124,256	148,434	155,164	161,527	167,484	172,993	178,011	182,492	186,388
Cumulative Replacement Reserves																
Beginning Balance		21,333	27,698	34,191	40,814	47,569	23,561	29,971	36,509	43,178	49,981	26.021	32,480	39,069	45,789	52,644
Deposits		5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880
Interest	2.0%	485	613	743	875	1,010	530	658	789	922	1,058	579	708	840	975	1,112
Withdrawals	2,207	0	0	0	0	(30,898)	0	0	0	0	(30,898)	0	0	0	0	(30,898)
Ending Balance		27,698	34,191	40,814	47,569	23,561	29,971	36,509	43,178	49,981	26,021	32,480	39,069	45,789	52,644	28,737
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		56,274	55,223	54,156	53,071	51,970	50,850	49,713	48,558	30,804	30,308	29,780	29,218	28,623	27,992	27,324
Plus Reserves		5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880
Less Interest Expense		(35,390)	(34,589)	(33,717)	(32,767)	(31,732)	(30,606)	(40,273)	(29,482)	(29,412)	(29,325)	(29,218)	(29,091)	(28,940)	(28,764)	(28,559)
Less Long Depreciation		(49,385)	(49,385)	(49,385)	(49,385)	(49,385)	(49,385)	(49,385)	(49,385)	(49,385)	(49,385)	(49,385)	(49,385)	(49,385)	(49,385)	(49,385)
Less Short Depreciation		(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	0	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(24,120)	(24,371)	(24,566)	(24,700)	(24,767)	(24,760)	(34,064)	(24,429)	(42,113)	(42,521)	(42,943)	(43,377)	(43,822)	(44,277)	(44,740)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		8,442	8,530	8,598	8,645	8,669	8,666	11,922	8,550	14,739	14,882	15,030	15,182	15,338	15,497	15,659
Plus Tax Credits		492,940	98,000	98,000	98,000	98,000	98,000	98,000	98,000	98,000	98,000					
After Tax Cash Flow		501,382	106,530	106,598	106,645	106,669	106,666	109,922	106,550	112,739	112,882	15.030	15,182	15,338	15,497	15,659
Total Years	15															
Reinvestment Rate	7.00%															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Current After Tax Cash Flows		501,382	106,530	106,598	106,645	106,669	106,666	109,922	106,550	112,739	112,882	15,030	15,182	15,338	15,497	15,659
Future Value of Cash Flows at Yr 15:		1,383,328	274,691	256,885	240,185	224,522	209,828	202,088	183,073	181,035	169,406	21,081	19,901	18,789	17,742	16,755
Discount Rate:	4.00%															
Capital Contribution Number:	1	2	3													
Date of Capital Contribution:	30-Sep-06	30-Sep-07	31-Dec-07													
Amount of Capital Contribution:	200	305,784	917.353													
Present Value of Contributions:	200	293,632	871,937													
Cash Flows	(1,165,769)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,419,309
1,223,337																
IRR:	7.44%															
Equity Yield:	0.8487															

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: CONSTRUCTION AND PERMANENT FINANCING AND PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS FOR BEMIS BLOCK HOUSING, HARDWICK

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Lamoille Housing Partnership (the "Sponsors") on behalf of a to be formed limited partnership in which the Sponsors or their subsidiaries will be the general partners (the "Borrower") involving the acquisition and rehabilitation of fourteen (14) units of senior rental housing in the Town of Hardwick (the "Development"); and

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

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

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

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

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi dated August 1, 2006, containing information and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

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

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

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate

income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

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

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The Sponsors are financially responsible and are qualified housing sponsors within the meaning of the Act. The Borrower will be required to qualify as a housing sponsor within the meaning of the Act.

7. More than half of each of (a) the total floor area and (b) the total development cost of the Development will be allocated to dwelling units for persons and families of low and moderate income.

8. The non-housing facilities to be acquired and/or rehabilitated or constructed in connection with the Development, and which are not designed primarily for the benefit of the occupants of the dwelling units, are necessary in order to render the lease of the dwelling units economically feasible for persons and families of low and moderate income.

WHEREFORE, it is hereby RESOLVED:

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

2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the construction and permanent financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions described in the Memorandum.

4. The recommendations for the allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.

5. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of $98,000 for the Bemis Block housing project in the Town of Hardwick, Vermont.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Liza Vedder Plantilla, Multifamily Development Underwriter LVP

DATE: July 31, 2006

RE: Request for Allocated and State Housing Credit

Name:	Willard Mill Apartments	**Location:**	City of St. Albans
Housing Type:	General Occupancy	**Unit Type:**	Flats
Unit Count:	27 Total Units 25 Housing Credit Units	**Unit Sizes:**	12 one-bedroom @ 650 sq ft 13 two-bedroom @ 1050 sq ft 2 three-bedroom @ 1050 sq ft
Total Cost:	$6,931,991	**Per S.F. Acquisition & Construction Cost:**	$208
Loan Requested:	n/a	**Sponsors:**	Housing Vermont & Lake Champlain Housing Development Corporation
Housing Credits:	Up to a maximum of $459,000 in Ceiling "9%" Credits $55,500 (State Housing Credit)		
Other Funding:	HOME, VHCB, VHCB LEAD, VCDP, VCDP Brownfields, REEP, City of St. Albans		

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

Project Summary:
Lake Champlain Housing Development Corp (LCHDC) and Housing Vermont (HVT) are co-developing a historic mill building in order to convert it to twenty seven units of family housing in downtown St. Albans. Construction will begin in October of 2006 with completion slated for October of 2007. The architect is Arnold & Scangas, and the engineer is Krebs & Lansing. Lake Champlain Housing Ventures will be the management agent.

The project will create 27 attractive units in the heart of St. Albans in the former Leader Evaporator factory on Stowell Street. These units will be large and airy with huge windows, a classic feature of old New England mill buildings. The project will not only preserve this building but will also result in the remediation of soils on the site that are contaminated with petroleum based products, lead, and arsenic. All of the funding is in place with the exception of VCDP which will be reviewed at their September meeting.

The project is somewhat more expensive than comparable projects such as the Waugh Opera House. In analyzing the project, the cost increases seem to be due to a few factors. As we know, construction costs have been increasing rapidly, and the developers' assumptions account for this. Estimates have been completed by Connor Construction; their estimates have proven to be very reliable at Waugh, Enosburg and Richford. Their estimate for Willard Mill is in alignment with their recent estimate for

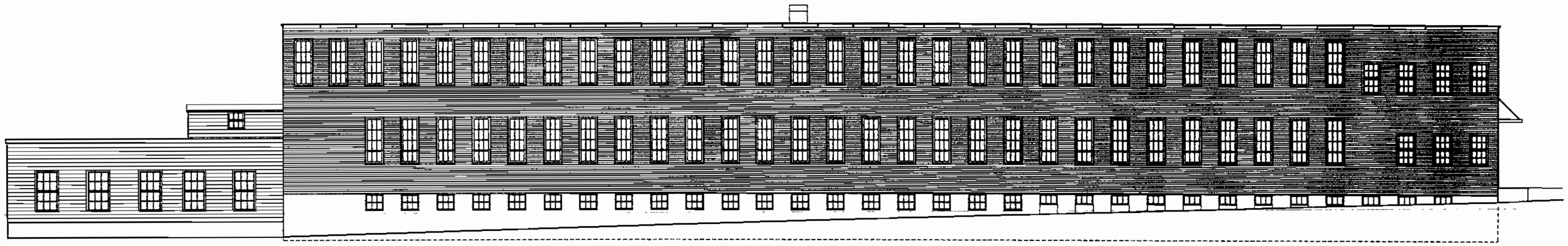
Enosburg. This is significantly higher than prices we were seeing last year; construction costs have increased nearly 20% in the past two years. Secondly, the building will be using Historic Tax Credits; maintaining the historic integrity of the building often means losing some efficiency of scale. This project has large windows, and each unit is designed to fit within the distance of two window openings. If not for this design constraint the building could have at least five more units, further spreading the cost. Lastly, the acquisition costs are slightly higher than normal. There is a second building on the lot that may be developed into roughly eight (8) units at some point in the future, or may be subdivided (.5 acres) and sold off. For the time, however, the project carries some cost burden of this non-income producing parcel.

Tax Credit Discussion:
The Federal Housing Credits ($459,000) represents 21% of the 2007 credit ceiling (see attached status report). The proposal meets four top tier priorities of the "Consolidated Plan" criterion; rehabilitation, family housing, historic settlement pattern, adjacent to a designated downtown. Twenty five of the units will be occupied by households earning less than 60% of Area Median Income (AMI). A market study was submitted with the application. The market study meets VHFA standards. There are no other similar projects being developed in St.Albans at this time; however, the property is only a few blocks from the new Waugh Opera House Apartments. That building rented up within a month of opening its doors and the market analysis shows that there is still great demand in the area. The study stated that the attractiveness of the Opera House building enhanced its marketability; this building has similar appeal due to its tall ceilings and large windows, and the study estimates that the Mill will have similar demand to that of the Opera House. The study predicts it will be fully rented in five and a half months. One threshold criteria, that the unit mix include four (4) market rate units, cannot be met with the current funding package; the current proforma shows only two market rate units. VHFA Staff supports the project and recommends approval of up to $459,000 in allocated credit, but does not support the applicant's request for a waiver on two of the market units.

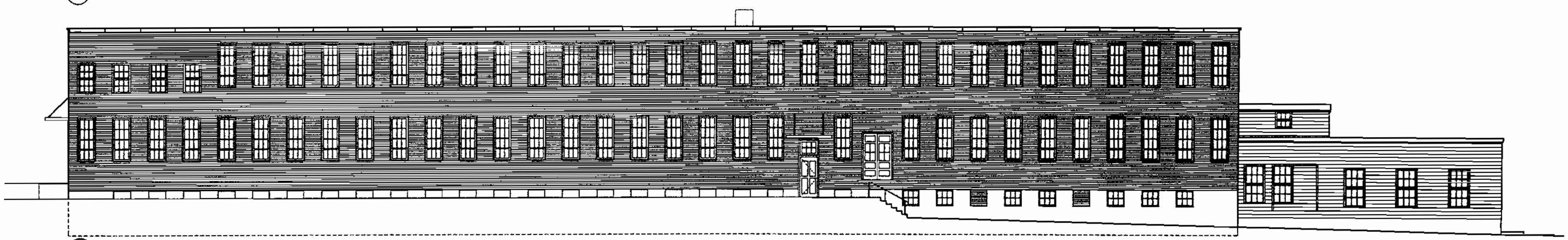
Design Standards:
All design standards will be met with one exception. There are two three-bedroom units; each should have 1.5 baths, but currently, only one has the additional bath. The architect's opinion is that a half bath would not fit in the second three bedroom unit, and the sponsor is requesting a waiver for this unit.

State Credit Discussion:
There is only $55,500 left in credit from FY2008. Staff recommends the allocation of $55,500 in State Credit.

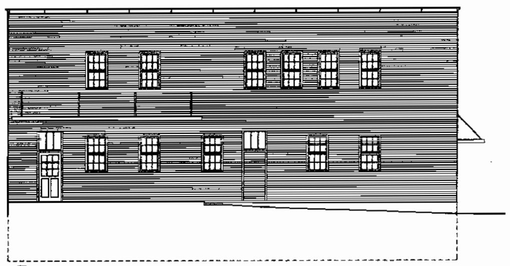
Staff Recommendation: Staff recommends that a maximum of $459,000 in Allocated Credit, and $55,000 in State Affordable Housing Credit be awarded to the project. Staff also recommends the waiver of the half-bath in one of the three bedroom units. *Staff does not recommend the waiver on two of the market rate units.* Award of credit should be conditional on the sponsor finding a mechanism for providing all four market rate units required by the threshold criteria in the Allocation Plan.



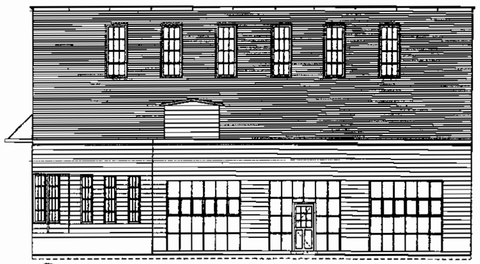
SOUTH ELEVATION



NORTH ELEVATION



EAST ELEVATION



WEST ELEVATION

A2.1 Elevations

[redacted] & SCANGAS
[redacted] I T E C T S
[redacted]2.655.1061
[redacted]an Allen Avenue
Colchester, Vermont 05446

PROGRESS
PRINT
5/17/06
NOT FOR
CONSTRUCTION

CIVIL:
KREBS & LANSING CONSULTING ENGINEERS
802-878-0375
164 Main Street, Suite 201
Colchester, Vermont 05446

STRUCTURAL:
CROSS CONSULATING ENGINEERS
802-524-2113
103 Fairfax Road
St Albans, Vermont 05478

WILLA[redacted] MILL

WILLARD MILL HOUSIN[redacted]LIMITED PARTNERSHIP
Allen Street
St. Albans Vermont

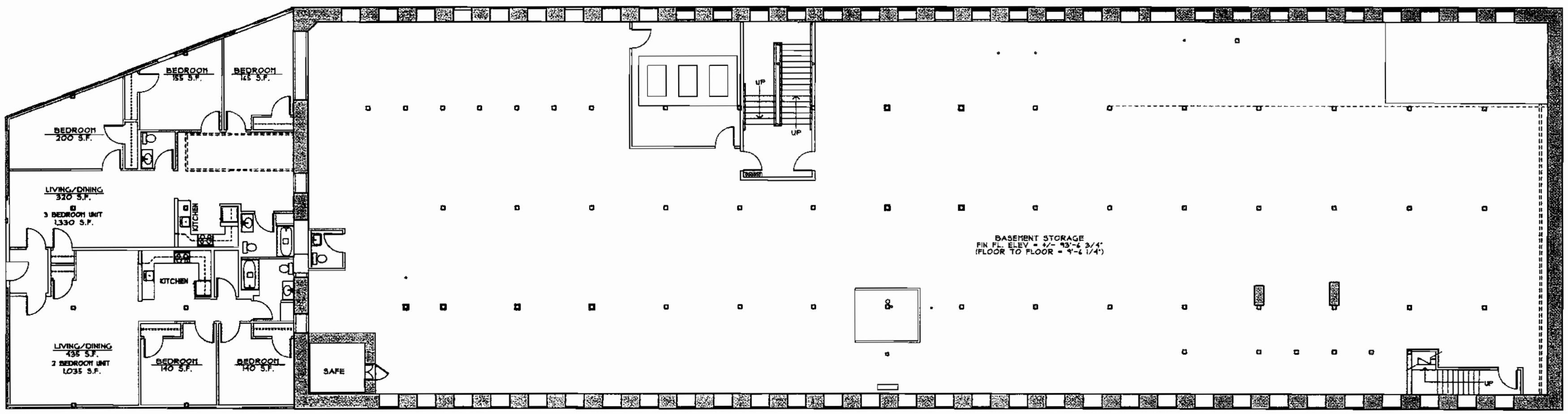
MECHANICAL/ELECTRICAL:
PEARSON & ASSOCIATES
802-253-8607
P. O. Box 610
Stowe, Vermont 05672

REVISIONS:

DRAWING TITLE: PROPOSED ELEVATIONS

DRAWN BY: LS/LAS
DATE: 5/17/06

DR[redacted] NO: [redacted]2.1



FLOOR PLAN - BASEMENT

ARNOLD & SCANGAS ARCHITECTS
[redacted]08.866.1061
[redacted]n Allen Avenue
[redacted] Vermont 05446

CIVIL:
KREBS & LANSING CONSULTING ENGINEERS
802-878-0375
164 Main Street, Suite 201
Colchester, Vermont 05446

STRUCTURAL:
CROSS CONSULATING ENGINEERS
802-524-2113
103 Fairfax Road
St. Albans, Vermont 05478

WILLARD MILL

WILLARD MILL HOU[redacted]IMITED PARTNERSHIP
A[redacted]t
St. Alba[redacted]Vermont

MECHANICAL/ELECTRICAL:
PEARSON & ASSOCIATES
802-253-8607
P. O. Box 610
Stowe, Vermont 05672

REVISIONS:

DRAWING TITLE: WILLARD MILL BASEMENT PLAN

DRAWN BY: LS/LAS
DATE: 5/17/06
SCALE:

DRAWING NO: [redacted] A1.0

PROJECT NO: 2601

A1.0 Basement Plan 6-2-06

01-Aug-06 **Williard Mill**

Total Residential Units:	27	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	25	Increase in Income from Other Sources:	1.50%
Percent Restricted:	92.59%	Increase in Income from Commercial:	0.00%
Total Development Cost:	6,931,991	Expense increase:	3.00%
Total Development Cost per Unit:	256,740	Vacancy Rate:	5%
Total Development Cost Per SF:	294	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	470,960	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	459,000	Sponsor's Estimated Yield:	83.52%

LIHTC - 9%	8.23%	August 1, 2006
LIHTC - 4%	3.53%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	483,000	6.97%	7.50%	30	30
REEP/City Loan	38,500	0.56%	0.00%	30	30
HOME	288,564	4.16%	5.00%	30	int. only
VCDP	579,600	8.36%	0.00%	30	30
VHCB	454,000	6.55%			
State Credit	242,000	3.49%			
Historic equity	1,051,200	15.16%			
Tax Credit Equity	3,795,127	54.75%			
TOTAL SOURCES	6,931,991	100.00%			

USES

Acquisition	710,148	10.24%
Construction Hard Costs	4,560,070	65.78%
Soft Costs	1,661,773	23.97%
TOTAL USES	6,931,991	100%

Gap 0

General Partner's Capital Contribution	37,951	1.00%
Limited Partner's Capital Contribution	3,757,176	99.00%
Total Equity	3,795,127	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	25
Total Units	27
Unit Fraction	92.59%
Tax Credit Square Footage	21,927
Total Residential Square Footage	23,589
Square Footage Fraction	92.95%
Applicable Fraction	92.59%

01-Aug-06 **Williard Mill**

		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	71,778					
2	Purchase of Building(s)	526,370	526,370		526,370		
3	Demolition (without replacement)	100,000					
4	Property Appraisal	5,000	5,000		5,000	5,000	
5	Legal - Title and Recording	7,000	7,000		7,000		
	Subtotal - Acquisition	710,148					
	CONSTRUCTION HARD COSTS						
6	Rehabilitation	0		3,967,600	3,967,600	3,967,600	
7	New Building(s)	3,967,600					
8	Accessory Buildings	0					
9	Sitework	0					
10	Commercial Space Costs (if any)	0					
11	General Requirements	0					
12	Contractor Overhead	0					
13	Contractor Profit	0					
14	Construction Contingency	364,370		364,370	364,370	364,370	
15	Construction Management	0					
16	Construction Bond Fee	0					
17	Hazardous Materials Abatement	201,100		170,725	119,125	91,125	
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Equipment	27,000		27,000			
20	Other (________________)	0					
	Subtotal - Hard Costs	4,560,070					
	SOFT COSTS						
21	Architectural	262,556		262,556	262,556	262,556	
22	Engineering	0					
23	Legal/Accounting	55,000		46,750	42,750	46,750	
24	Relocation	0					
25	Environmental Assessment	28,000		28,000	28,000	28,000	
26	Energy Assessment	0					
27	Permits/Fees	59,505		59,505	59,505	59,505	
28	Independent Market Study	0					
29	Construction Period Insurance	17,500		17,500	17,500	17,500	
30	Construction Interest	290,000		232,000	229,500	232,000	
31	Construction Loan Origination Fee	66,927		56,043	55,851	56,043	
32	Taxes During Construction	37,422		37,422	37,422	37,422	
33	Clerk of the Works	0					
34	Marketing	3,500					
35	Tax Credit Fees	17,490					
36	Soft Cost Contingency	16,131		12,885	12,242	12,885	
37	Permanent Loan Origination Fee	9,830					
38	Lender's Counsel's Fee	0					
39	Other (______________)	0					
	SYNDICATION COSTS						
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES						
44	Developer's Fees	700,000		330,000	330,000	660,000	
45	Other Partnership Fees	0		330,000	330,000		
46	Consultant Fees	7,000		7,000	7,000	7,000	
	RESERVES						
47	Working Capital	90,912					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves						
50	Sinking Fund	0					
51	Replacement Reserves	0					
	Subtotal - Soft Costs	1,661,773					
	TOTALS	6,931,991	538,370	5,949,356	6,401,791	5,847,756	
LESS:	Amount of Non-qualified Financing						
LESS:	Adjustment for per unit cost limits	0		0			
LESS:	Historic tax Credit (Residential Portion)				1,169,551	20% Historic Credit Rate	
	Total Eligible Basis		538,370	5,949,356		1,169,551 Annual Historic Credit	
TIMES:	Adjusted for QCT/DDA	130.0%		0			
TIMES:	Applicable Fraction	92.59%	498,491	5,508,663			
	Total Qualified Basis		498,491	5,508,663	5,232,240	Long Term Depreciable Basis	
TIMES:	Applicable Percentage		3.53%	8.23%	27.5	Depreciation Schedule	
	Total Annual Credit Qualified		17,597	453,363	190,263	Annual Depreciation	

Total Tax Credits Requested	459,000
Estimated Net Syndication Proceeds **(excluding historic credit equity)**	3,795,127
Estimated Yield - Housing Credit Syndication	83.52%
Equity Gap	5,088,327
Credits Needed to fill Equity Gap	615,405

0	Short Term Depreciable Basis
7	Depreciation Schedule
0	Annual Depreciation

01-Aug-06 **Williard Mill**

		Budget	Per Unit	Per s.f.	VHCB	VCDP	HOME	VCDP Bro	REEP/City	SHTC	Debt	Equity	TOTAL SOURCES
					Allocation of Sources								
	ACQUISITION				454,000	500,000	288,564	79,600	38,500	242,000	483,000	4,846,327	
1	Land	71,778	2,658	3.04	71,778								71,778
2	Purchase of Building(s)	526,370	19,495	22.31	228,222							298,148	526,370
3	Demolition (without replacement)	100,000	3,704	4.24	100,000								100,000
4	Property Appraisal	5,000	185	0.21								5,000	5,000
5	Legal - Title and Recording	7,000	259	0.30								7,000	7,000
	Subtotal - Acquisition	710,148	26,302	30.11									
	CONSTRUCTION HARD COSTS												
6	Rehabilitation		0	0.00									0
7	New Building(s)	3,967,600	146,948	168.20		500,000	188,564		13,500	242,000	483,000	2,540,536	3,967,600
8	Accessory Buildings		0	0.00									0
9	Sitework		0	0.00									0
10	Commercial Space Costs (if any)		0	0.00									0
11	General Requirements		0	0.00									0
12	Contractor Overhead		0	0.00									0
13	Contractor Profit		0	0.00									0
14	Construction Contingency	364,370	13,495	15.45								364,370	364,370
15	Construction Management		0	0.00									0
16	Construction Bond Fee		0	0.00									0
17	Hazardous Materials Abatement	201,100	7,448	8.53	54,000			79,600				67,500	201,100
18	Off-Site Improvements		0	0.00									0
19	Furnishings, Fixtures, & Equipment	27,000	1,000	1.14								27,000	27,000
20	Other (_______________)		0	0.00									0
	Subtotal - Hard Costs	4,560,070	168,891	193.31									
	SOFT COSTS												
21	Architectural	262,556	9,724	11.13			100,000		25,000			137,556	262,556
22	Engineering		0	0.00									0
23	Legal/Accounting	55,000	2,037	2.33								55,000	55,000
24	Relocation		0	0.00								0	0
25	Environmental Assessment	28,000	1,037	1.19								28,000	28,000
26	Energy Assessment		0	0.00								0	0
27	Permits/Fees	59,505	2,204	2.52								59,505	59,505
28	Independent Market Study		0	0.00									0
29	Construction Period Insurance	17,500	648	0.74								17,500	17,500
30	Construction Interest	290,000	10,741	12.29								290,000	290,000
31	Construction Loan Origination Fee	66,927	2,479	2.84								66,927	66,927
32	Taxes During Construction	37,422	1,386	1.59								37,422	37,422
33	Clerk of the Works		0	0.00									0
34	Marketing	3,500	130	0.15								3,500	3,500
35	Tax Credit Fees	17,490	648	0.74								17,490	17,490
36	Soft Cost Contingency	16,131	597	0.68								16,131	16,131
37	Permanent Loan Origination Fee	9,830	364	0.42								9,830	9,830
38	Lender's Counsel's Fee		0	0.00									0
39	Other (_______________)		0	0.00									0
	SYNDICATION COSTS												
40	Organizational (Partnership)		0	0.00									0
41	Bridge Loan Fees and Expenses		0	0.00									0
42	Syndication Consultant		0	0.00									0
43	Tax Opinion		0	0.00									0
	DEVELOPER'S FEES												
44	Developer's Fees	700,000	25,926	29.67								700,000	700,000
45	Other Partnership Fees		0	0.00									0
46	Consultant Fees	7,000	259	0.30								7,000	7,000
	RESERVES												
47	Working Capital	90,912	3,367	3.85								90,912	90,912
48	Rent-up (Deficit Escrow) Reserve		0	0.00									0
49	Other Operating Reserves		0	0.00						0		0	0
50	Sinking Fund		0	0.00									0
51	Replacement Reserves		0	0.00									0
	Subtotal - Soft Costs	1,661,773	61,547	70.45									
	TOTAL DEVELOPMENT COSTS	6,931,991	256,740	294	454,000	500,000	288,564	79,600	38,500	242,000	483,000	4,846,327	6,931,991

01-Aug-06 **Williard Mill**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		657	11	607	0	80,124
2 Br		1,050	12	708	0	101,952
3 Br		1,050	2	812	0	19,488
4+ Br		0	0	0	0	0
	Totals	21,927	25			201,564

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		612	1	710		8,520
2 Br		1,050	1	729		8,748
3 Br		0	0	0	0	0
4+ Br		0	0	0	0	0
	Totals	1,662	2			17,268

All Units

Grand Totals	23,589	27	218,832
Less Vacancy		5.00%	(10,942)
		NET RENT	207,890

OTHER INCOME

Laundry	3,000
Parking	0
Commercial Space Income	
Other	
TOTAL INCOME	210,890

Williard Mill

	Check all Applicable									A					B						C					
Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	OCCUPIED BY: Income level of residents to be served:						AFFORDABLE TO: Units affordable to residents at:					
															<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+
	1	1	1		1	1	1			1	612	517	29	546			1						1			
	2		1		1	1		1		1	612	630	29	659			1						1			
	3		1		1	1	1			2	1,050	729	44	773			1						1			
	4		1		1	1		1		2	1,050	729	44	773			1						1			
	5		1		1	1		1		1	725	630	29	659			1						1			
	6	1	1		1	1		1		2	1,050	615	44	659			1						1			
	7		1		1	1		1		2	1,050	729	44	773			1						1			
	8		1		1	1		1		2	1,050	729	44	773			1						1			
	9		1		1	1		1		1	725	630	29	659			1						1			
	10		1					1	1	1	612	710	29	739			0		1				0			1
	11		1		1	1		1		2	1,050	729	44	773			1						1			
	12		1		1	1		1		2	1,050	729	44	773			1						1			
	13	1	1		1	1				1	612	517	29	546			1					1				
	14		1		1	1				1	612	630	29	659			1						1			
	15		1		1	1				2	1,050	729	44	773			1						1			
	16		1			1			1	2	1,050	729	44	773			0		1				0			1
	17		1		1	1				1	725	630	29	659			1						1			
	18	1	1		1	1				2	1,050	615	44	659			1					1				
	19		1		1	1				2	1,050	729	44	773			1						1			
	20		1		1					2	1,050	830	44	874			1						1			
	21		1		1	1				1	725	630	29	659			1						1			
	22		1		1	1				1	612	630	29	659			1						1			
	23		1		1	1				2	1,050	729	44	773			1						1			
	24	1	1		1	1				1	612	630	29	659			1						1			
	25	1			1	1				1	612	630	29	659			1						1			
	26	1			1	1				3	1,050	812	57	869			1						1			
	27	1	1		1	1				3	1,050	812	57	869			1						1			
Total # Units	27	8	25	0	25	25	2	10	2	Totals:	23,546	18,388		Total # Units:	0	0	25	0	2	0	0	2	25	0	0	2

01-Aug-06 **Williard Mill**

	Annual	Monthly	Per Unit Per Month
Administration			
Management Fee	21,060	1,755	65
Supportive Services		0	0
Audit/Accounting	3,800	317	12
Legal	1,296	108	4
Compliance Monitoring	1,296	108	4
Marketing	324	27	1
Other	2,592	216	8
TOTAL ADMINISTRATIVE	30,368	2,531	94
Utilities			
Electricity	4,860	405	15
Fuel	19,440	1,620	60
Water and Sewer	9,720	810	30
Fire Alarm / Emergency	972	81	3
Other	648	54	2
TOTAL UTILITIES	35,640	2,970	110
Maintenance			
Maintenance / Janitor Payroll	9,720	810	30
Janitor Supplies	1,296	108	4
Exterminating	972	81	3
Trash Removal	4,536	378	14
Snow Removal	3,240	270	10
Grounds	1,296	108	4
Repairs Material		0	0
Repairs Contract		0	0
HVAC Repairs / Maintenance	2,592	216	8
Elevator Contract / Repairs	3,888	324	12
Painting and Decorating	5,832	486	18
Other	1,944	162	6
TOTAL MAINTENANCE	35,316	2,943	109
Real Estate Taxes	29,160	2,430	90
Property Insurance	11,340	945	35
Replacement Reserves	12,960	1,080	40
Primary Debt Service	42,792	3,566	132
Other "must pay" debt service		0	0
Other		0	0
Total	197,576	16,465	610

	Year	1	2	3	4	5	6	7	8	9	10
Operating Income											
Gross Rent		218,832	222,114	225,446	228,828	232,260	235,744	239,280	242,870	246,513	250,210
Other Income		3,000	3,045	3,091	3,137	3,184	3,232	3,280	3,330	3,379	3,430
Vacancy and other losses		(10,942)	(11,106)	(11,272)	(11,441)	(11,613)	(11,787)	(11,964)	(12,143)	(12,326)	(12,511)
Total Operating Income		210,890	214,054	217,265	220,524	223,831	227,189	230,597	234,056	237,566	241,130
Operating Expenses											
Total Expenses (excl. Reserves)		141,824	146,079	150,461	154,975	159,624	164,413	169,345	174,426	179,658	185,048
Reserves		12,960	13,154	13,352	13,552	13,755	13,962	14,171	14,384	14,599	14,818
Total Operating Expense		154,784	159,233	163,813	168,527	173,379	178,374	183,516	188,809	194,258	199,866
Net Operating Income		56,106	54,821	53,452	51,997	50,452	48,814	47,080	45,246	43,309	41,263
Less Primary Debt Service		40,526	40,526	40,526	40,526	40,526	40,526	40,526	40,526	40,526	40,526
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		15,580	14,294	12,925	11,470	9,925	8,288	6,554	4,720	2,782	737
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0
Net Cash		15,580	14,294	12,925	11,470	9,925	8,288	6,554	4,720	2,782	737
DCR		138.44%	135.27%	131.89%	128.30%	124.49%	120.45%	116.17%	111.65%	106.87%	101.82%
Cumulative Cash Flow											
Beginning Balance		0	15,736	30,330	43,688	55,710	66,292	75,325	82,698	88,292	91,985
Deposits		15,580	14,294	12,925	11,470	9,925	8,288	6,554	4,720	2,782	737
Interest	2.0%	156	300	433	552	656	746	819	874	911	927
Withdrawals		0	0	0	0	0	0	0	0	0	0
Ending Balance		15,736	30,330	43,688	55,710	66,292	75,325	82,698	88,292	91,985	93,649
Cumulative Replacement Reserves											
Beginning Balance		0	13,090	26,637	40,655	55,156	(12,348)	1,753	16,101	30,950	46,315
Deposits		12,960	13,154	13,352	13,552	13,755	13,962	14,171	14,384	14,599	14,818
Interest	2.0%	130	393	666	949	1,241	140	177	466	765	1,074
Withdrawals		0	0	0	0	(82,500)	0	0	0	0	(82,500)
Ending Balance		13,090	26,637	40,655	55,156	(12,348)	1,753	16,101	30,950	46,315	(20,293)
		1	2	3	4	5	6	7	8	9	10

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS AND STATE HOUSING CREDITS FOR WILLARD MILL HOUSING, CITY OF ST. ALBANS

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Lake Champlain Housing Development Corporation (the "Sponsors") on behalf of a to be formed limited partnership in which the Sponsors or their subsidiaries will be the general partners (the "Owner") involving the rehabilitation and construction of a total of twenty-seven (27) units of general occupancy rental housing in one (1) building in the City of St. Albans (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Liza Vedder Plantilla dated July 31, 2006, containing information and recommendations about the Development (the "Memorandum");

1. The recommendations for the allocation of Allocated Housing Credits and State Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved;

2. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in an amount up to $459,000 and the proposed allocation of State Housing Credits in the amount of $55,000 for the Willard Mill housing project in the City of St. Albans, Vermont.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Liza Vedder Plantilla, Multifamily Development Underwriter LVP

DATE: July 31, 2006

RE: Request for Construction Financing for Hazelnut Hill

Name:	Hazelnut Hill	Location:	Burlington
Housing Type:	General Occupancy Homeownership	Unit Type:	Condominium style flats and townhouses
Unit Count:	30 Homes	Unit Sizes:	Flats – Average: 894 sq. ft. Townhouses – Avg: 1367 sq. ft.
Total Cost:	$8,189,970	Per S.F. Acquisition & Construction Cost:	$172
Loan Requested:	$6,100,000 Construction Loan	Sponsor:	Burlington CoHousing
Other Funding:	VHCB Conservation funds and HOMELAND grants, UVM Conservation funds, City of Burlington Conservation, CEDO HUD 108 Loan, CoHousing Member Donations and Deposits		

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

Project Summary:
Burlington CoHousing (BCOHO) is requesting a construction loan for "Hazelnut Hill CoHousing"- a neighborhood of thirty (30) condominium units adjacent to Centennial Woods in Burlington. The lot also includes a single family home that will be subdivided off and sold, as well as an additional parcel that will be sold to a BCOHO member. These thirty units are being developed by a group of individuals who believe in developing housing that is environmentally sustainable and is infill development, handicapped accessible, socially inclusive and community managed (much like cooperative housing). In order to be income inclusive, there will be at least eleven (11) HOMELAND units. Amy Demetrowitz of the Burlington Community Land Trust (BCLT) is the Development Consultant; though she is consulting now, our main contacts are two of the Burlington CoHousing founders, Jim Palmer and Don Schramm. BCLT will also be the local partner in charge of administering the HOMELAND units. Michael Mahoney has completed sample unit appraisals. Robin Snyder will be the Clerk of the Works, and Wright & Morrissey will be the general contractor. This is BCOHO's first for-sale development project.

Overview:
The project being developed by BCOHO create a building for its members that provides both conventional condominium style ownership units along with substantially sized public indoor and outdoor spaces that include

a large public kitchen for shared meals and shared garden space. This common space is meant to allow for more large community gatherings than a conventional condominium development. The building will have thirty units, either flats or two story townhome style units. They will range from one to three bedrooms, and will create eleven (11) perpetually affordable units which will be initially affordable to families from 70%-100% of median income. The project is fully permitted, and the budget that is attached reflects pricing from Wright & Construction can begin building as early as the second week in August. The land is being purchased with a HUD 108 loan which will be transferred from CEDO. The city is the current owner. Three acres of this lot will be transferred to become part of the Centennial Woods nature area; VHCB, UVM and the City have all contributed conservation funds to help in this piece of the transaction.

Members of BCOHO who are interested in buying a unit have been asked to leave a deposit in the BCOHO escrow, which will become non-refundable at the time of construction closing. Currently ten of the members have deposited a total of $180,000, and ten Land Trust buyers have started the process of picking units and being reviewed for eligibility; they will also make small deposits on their units. Additionally, three of the members who are driving the development process have made their deposits totaling $191,000 in the form of a loan. Assuming all of the members stay with the project, BCOHO will only have to find seven more buyers during the year long construction period. They hope to sell all the units within a few weeks of completion.

The major issue on this project has been cost. The initial goal was to have seventeen affordable units, but as construction costs have increased, this has become less possible. The current mix of unit types and pricing allows the project to be feasible, albeit with a very tight budget and small contingency. In order for the project to succeed, the sponsor must maintain a tight control on construction costs, as well as sell the additional buildable lot and house that sit on the property within the next year. They are working on negotiating a P&S for the sale of the lot, but the house sale is not yet under way, because it is being rented by members who will not be able to move until their new unit is ready. Another source of potential income is from the sale of a wetland that abuts the neighbors' back yards; they are currently in negotiations. We will ask BCOHO to negotiate with the City to leave their land acquisition loan in until the project is complete in order to mitigate risk. Another condition of the loan includes finding resources to increase the construction contingency to five percent, which the developers feel that they can do.

What is CoHousing?

Cohousing is a type of collaborative housing in which residents actively participate in the design and operation of their own neighborhoods.

Cohousing residents are consciously committed to living as a community. The physical design encourages both social contact and individual space. Private homes contain all the features of conventional homes, but residents also have access to common facilities such as open space, courtyards, a playground and a common house.

Old-fashioned sense of neighborhood

Cohousing communities are usually designed as attached or single-family homes along one or more pedestrian streets or clustered around a courtyard. They range in size from 7 to 67 residences, the majority of them housing 20 to 40 households. Regardless of the size of the community, there are many opportunities for casual meetings between neighbors, as well as for deliberate gatherings such as celebrations, clubs and business meetings.

The common house is the social center of a community, with a large dining room and kitchen, lounge, recreational facilities, children's spaces, and frequently a guest room, workshop and laundry room. Communities usually serve optional group meals in the common house at least two or three times a week.

The need for community members to take care of common property builds a sense of working together, trust and support. Because neighbors hold a commitment to a relationship with one another, almost all cohousing communities use consensus as the basis for group decision-making.

What makes cohousing communities unique

The cohousing idea originated in Denmark, and was promoted in the U.S. by architects Kathryn McCamant and Charles Durrett in the early 1980s. The Danish concept of "living community" has spread quickly. Worldwide, there are now hundreds of cohousing communities, expanding from Denmark into the U.S, Canada, Australia, Sweden, New Zealand, the Netherlands, Germany, France, Belgium, Austria and elsewhere.

In a cohousing community, you know who lives six houses down because you eat common meals with them, decide how to allocate homeowners dues and gratefully accept a ride from them when your car's in the shop. You begin to trust them enough to leave your 4-year-old with them. You listen to what they have to say, even if you don't agree with them at first, and you sense that you, too, are being heard.

Cohousing residents generally aspire to "improve the world, one neighborhood at a time." This desire to make a difference often becomes a stated mission, as the websites of many communities demonstrate. For example, at Sunward Cohousing near Ann Arbor, MI, the goal is to create a place "where lives are simplified, the earth is respected, diversity is welcomed, children play together in safety, and living in community with neighbors comes naturally." At Winslow Cohousing near Seattle, the aim is to have "a minimal impact on the earth and create a place in which all residents are equally valued as part of the community." At EcoVillage at Ithaca, NY, the site of two adjoining cohousing neighborhoods, the goal is "to explore and model innovative approaches to ecological and social sustainability."

Many other communities have visions that focus specifically on the value of building community. Sonora Cohousing in Tucson, AZ, seeks "a diversity of backgrounds, ages and opinions, with our one shared value being the commitment to working out our problems and finding consensus solutions that satisfy all members." Tierra Nueva Cohousing in Oceano, CA, exists "because each of us desires a greater sense of community, as well as strong interaction with and support from our neighbors."

The six defining characteristics of cohousing:

1 **Participatory process.** Future residents participate in the design of the community so that it meets their needs. Some cohousing communities are initiated or driven by a developer. In those cases, if the developer brings the future resident group into the process late in the planning, the residents will have less input into the design. A well-designed, pedestrian-oriented community without significant resident participation in the planning may be "cohousing-inspired," but it is not a cohousing community.

2 **Neighborhood design.** The physical layout and orientation of the buildings (the site plan) encourage a sense of community. For example, the private residences are clustered on the site, leaving more shared open space. The dwellings typically face each other across a pedestrian street or courtyard, with cars parked on the periphery. Often, the front doorway of every home affords a view of the common house. What far outweighs any specifics, however, is the intention to create a strong sense of community, with design as one of the facilitators.

3 **Common facilities.** Common facilities are designed for daily use, are an integral part of the community, and are always supplemental to the private residences. The common house typically includes a common kitchen, dining area, sitting area, children's playroom and laundry, and also may contain a workshop, library, exercise room, crafts room and/or one or two guest rooms. Except on very tight urban sites, cohousing communities often have playground equipment, lawns and gardens as well. Since the buildings are clustered, larger sites may retain several or many acres of undeveloped shared open space.

4 **Resident management.** Residents manage their own cohousing communities, and also perform much of the work required to maintain the property. They participate in the preparation of common meals, and meet regularly to solve problems and develop policies for the community.

5 **Non-hierarchical structure and decision-making.** Leadership roles naturally exist in cohousing communities, however no one person (or persons) has authority over others. Most groups start with one or two "burning souls." As people join the group, each person takes on one or more roles consistent with his or her skills, abilities or interests. Most cohousing groups make all of their decisions by consensus, and, although many groups have a policy for voting if the group cannot reach consensus after a number of attempts, it is rarely or never necessary to resort to voting.

6 **No shared community economy.** The community is not a source of income for its members. Occasionally, a cohousing community will pay one of its residents to do a specific (usually time-limited) task, but more typically the work will be considered that member's contribution to the shared responsibilities.

01-Aug-06 **BCOHO Hazelnut Hill**

Total Residential Units:		30
Subsidized Units		11
Percent of Units Subsidize		37%
Percen of Units VHFA eligible		70%
Total Development Cost:	$	8,189,970
Total Development Cost per Unit:	$	272,999
Total Development Cost Per SF:	$	234

Project consist of 30 condominium units to be sold individual unit owners, as well as a buildable lot and detached single family home to be sold. All condominium units are located in a single building consisting of 4 stories.

SOURCES

		% of Total Development	Interest Rate	Amortization	Term
VHFA Construction Loan	**6,003,466**	73.30%	7.65%	1	1
BCOHO Loan	**195,000**	2.38%			
CFNE Predevelopment Loan	**375,000**	4.58%			
HUD 108 Loan	**1,175,000**	14.35%			
VHCB Conservation Grant	**157,611**	1.92%			
Private Conservation Grant	**8,393**	0.10%			
UVM Conservation Grant	**75,000**	0.92%			
Burlington Conservation Grant	**75,000**	0.92%			
Sale of lot to cohouser	**110,000**	1.34%			
Energy Star Rebate (BED/VGS)	**15,500**	0.19%			
Sales Proceeds from Units	7,758,000		N/A	N/A	
BCOHO Escow	180,000	for security value only			
TOTAL SOURCES*	**8,189,970**	100.00%			

USES

Acquisition	1,198,351	14.63%
Construction Hard Costs	6,213,093	75.86%
Soft Costs	778,526	9.51%
TOTAL USES	**8,189,970**	100%

Gap **0**

BCOHO Hazelnut Hill
Unit Pricing/Subsidy Matrix

Unit #		Unit Type	Square Feet	Bdrms	# Baths	BCOHO Price	BCLT Subsidy	Net Sales Price	Net Price/SF	Retail/Appraised	Retail/Appraised/sf
1	Flat	A	911	2	1	208,000	$ 30,000	178,000	181.12	208,000	228.32
2	Flat	B	676	1	1	195,000	$ 30,000	165,000	288.46	195,000	288.46
3	Flat	C	921	2	1	210,000		210,000	179.15	210,000	228.01
4	Flat	D	999	2	1	228,000		228,000	178.18	228,000	228.23
5	Flat	A	911	2	1	208,000		208,000	228.32	208,000	228.32
6	Flat	B	676	1	1	195,000		195,000	310.65	195,000	288.46
7	Flat	C	921	2	1	210,000	$ 30,000	180,000	195.44	210,000	228.01
8	Flat	D	999	2	1	228,000		228,000	228.23	228,000	228.23
9	Flat	E	1,214	3	2	280,000		280,000	230.64	280,000	230.64
10	Flat	A	1,017	3	2	270,000	$ 30,000	240,000	235.99	270,000	265.49
11	Flat	B	676	1	1	195,000	$ 30,000	165,000	244.08	195,000	288.46
12	Flat	F	1,136	3	2	270,000		270,000	237.68	270,000	237.68
13	Flat	C	921	2	1	210,000		210,000	228.01	210,000	228.01
14	Flat	D	999	2	1	228,000		228,000	228.23	228,000	228.23
15	Flat	G	854	1	1	203,000		203,000	237.70	203,000	237.70
16	Flat	A	911	2	1	208,000	$ 30,000	178,000	195.39	208,000	228.32
17	Flat	H	689	1	1	199,000	$ 30,000	169,000	245.28	199,000	288.82
18	Flat	I	681	1	1	197,000		197,000	289.28	197,000	289.28
19	TH	J	1,240	3	2	284,000		284,000	229.03	284,000	229.03
20	TH	K	1,240	2	1.5	275,000	$ 30,000	245,000	197.58	275,000	221.77
21	TH	K	1,240	2	1.5	275,000	$ 30,000	245,000	197.58	275,000	221.77
22	TH	K	1,240	2	1.5	275,000		275,000	221.77	275,000	221.77
23	TH	J	1,240	3	2	284,000		284,000	229.03	284,000	229.03
24	TH	J	1,240	3	2	284,000		284,000	229.03	284,000	229.03
25	TH	L	1,240	3	1.5	275,000	$ 30,000	245,000	197.58	275,000	221.77
26	TH	L	1,240	3	1.5	275,000	$ 30,000	245,000	197.58	275,000	221.77
27	TH	L	1,240	3	1.5	275,000		275,000	221.77	275,000	221.77
28	TH	J	1,240	3	2	284,000		284,000	229.03	284,000	229.03
29	TH	J	1,620	3	2	350,000		350,000	216.05	350,000	216.05
30	TH	J	1,620	3	2	350,000		350,000	216.05	350,000	216.05
Total			**31,752**	**66**	**42**	**7,428,000**	**330,000**	**5,734,000**	**180.59**	**7,428,000**	**233.94**
House						330,000		330,000		330,000	
Lot						110,000		110,000		110,000	
Total						**7,868,000**				**7,868,000**	

*77% are at or below VHFA purchase price limits

Total Square Footage	31,752
VHFA Eligible SF	22,338
Percentage	**70%**

TDC	8,189,970
TDC per unit	272,999
TDC- VHFA units	6,278,977
Percentage	**77%**

BCOHO Hazelnut Hill
Units Sales Schedule

Unit #	Proceeds to BCLT	Aug-06	Sep-06	Oct-06	Total
1	208,000	208,000			208,000
2	195,000	195,000			195,000
3	210,000	210,000			210,000
4	228,000	228,000			228,000
5	208,000	208,000			208,000
6	195,000	195,000			195,000
7	210,000	210,000			210,000
8	228,000	228,000			228,000
9	280,000	280,000			280,000
10	270,000	270,000			270,000
11	195,000		195,000		195,000
12	270,000		270,000		270,000
13	210,000		210,000		210,000
14	228,000		228,000		228,000
15	203,000		203,000		203,000
16	208,000		208,000		208,000
17	199,000		199,000		199,000
18	197,000		197,000		197,000
19	284,000		284,000		284,000
20	275,000		275,000		275,000
21	275,000			275,000	275,000
22	275,000			275,000	275,000
23	284,000			284,000	284,000
24	284,000			284,000	284,000
25	275,000			275,000	275,000
26	275,000			275,000	275,000
27	275,000			275,000	275,000
28	284,000			284,000	284,000
29	350,000			350,000	350,000
30	350,000			350,000	350,000
31	330,000			330,000	330,000
Totals	**7,758,000**	**2,232,000**	**2,269,000**	**3,257,000**	**7,758,000**
32	110,000			110,000	110,000
Totals	**7,868,000**	**2,232,000**	**2,269,000**	**3,367,000**	**7,868,000**

BCOHO Hazelnut Hill Condominiums 3/1/2006

Light grey denotes the income ranges that the HOMELAND units will be affordable to (assuming they can carry the maximum mortgage for their income)

Chittenden County	Chittenden County			
	1 person hh	2 person hh	3 person hh	4 person hh
100% median income	49,350	56,400	63,450	70,500
50% MI	24,675	28,200	31,725	35,250
maximum P&I payment	292	380	468	556
maximum mortgage amount	**$55,953**	**$72,846**	**$89,740**	**$106,633**
60% MI	29,610	33,840	38,070	42,300
maximum P&I payment	415	521	627	733
maximum mortgage amount	**$79,604**	**$99,876**	**$120,148**	**$140,421**
70 % MI	34,545	39,480	44,415	49,350
maximum P&I payment	539	662	785	909
maximum mortgage amount	**$103,255**	**$126,906**	**$150,557**	**$174,208**
80 % MI	39,480	45,120	50,760	56,400
maximum P&I payment	662	803	944	1,085
maximum mortgage amount	**$126,906**	**$153,935**	**$180,965**	**$207,995**
85 % MI	41,948	47,940	53,933	59,925
maximum P&I payment	724	874	1,023	1,173
maximum mortgage amount	**$138,731**	**$167,450**	**$196,169**	**$224,889**
90 % MI	44,415	50,760	57,105	63,450
maximum P&I payment	785	944	1,103	1,261
maximum mortgage amount	**$150,557**	**$180,965**	**$211,374**	**$241,782**
95 % MI	46,883	53,580	60,278	66,975
maximum P&I payment	847	1,015	1,182	1,349
maximum mortgage amount	**$162,382**	**$194,480**	**$226,578**	**$258,676**
100 % MI	49,350	56,400	63,450	70,500
maximum P&I payment	909	1,085	1,261	1,438
maximum mortgage amount	**$174,208**	**$207,995**	**$241,782**	**$275,569**

Assumptions:

4.75 % interest rate, 30 year mortgage

Condo Association Fee	115
Property Taxes	180
Insurance	20
BCLT	10
	325

BCOHO Hazelnut Hill
Construction Flow of Funds

SOURCES:	Original Budget	Pre-Closing	Closing 8/2006	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Total	
VHFA Construction Loan	6,003,466		313,903	318,964	514,590	623,705	664,990	695,926	676,151	644,740	700,252	370,071	213,288	185,115	(2,152,569)	(2,251,158)	(1,517,966)	-	5,921,693
BCOHO Loan	195,000	181,000	14,000	-													(195,000)	-	195,000
CFNE Predevelopment Loan	375,000	350,000	25,000	-													(375,000)	-	375,000
HUD 108 Loan	1,175,000		1,175,000	-													(1,175,000)	-	1,175,000
VHCB Conservation Grant	157,611		-	-									157,611					157,611	0
Private Conservation Grant	8,393		8,393															8,393	0
UVM Conservation Grant	75,000		75,000	-														75,000	0
Burlington Conservation Grant	75,000			75,000														75,000	0
Sale of lot to cohouser	110,000		110,000															110,000	0
Energy Star Rebate (BED/VGS)	15,500																15,500	15,500	0
Proceeds from Unit Sales	7,758,000		-	-	-	-	-	-	-	-	-	-	-		2,232,000	2,269,000	3,257,000	7,758,000	0
TOTALS:	**8,189,970**	**531,000**	**1,721,296**	**393,964**	**514,590**	**623,705**	**664,990**	**695,926**	**676,151**	**644,740**	**700,252**	**370,071**	**370,899**	**185,115**	**79,431**	**17,842**	**9,534**	**8,199,504**	(9,534)
USES:																			0
Land Acquisiton	1,175,000		1,175,000															1,175,000	0
Purchase of Building(s)	0																	-	0
Title Insurance	7,263		7,263															7,263	0
Property Appraisal	1,400	1,400																1,400	0
Property Transfer Tax	14,688		14,688															14,688	0
Subtotal Acquisition Cost	**1,198,351**	**1,400**	**1,196,951**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	1,198,351	0
Const Hard Costs																		-	0
Building Construciton	4,971,446			140,000	378,518	597,266	634,318	661,025	637,070	601,690	524,832	320,433	318,974	109,874	47,446			4,971,446	0
Sitework	616,000		269,277	233,588	113,135													616,000	0
Flooring (linoleum)	102,963										102,963							102,963	0
Landscaping																		-	0
Environmental Assessment	7,500	7,500																7,500	0
Clerk of the Works/Mike	54,200	23,383	2,568	2,568	2,568	2,568	2,568	2,568	2,568	2,568	2,568	2,568	2,568	2,569	-			54,200	0
predevelopment Management	8,304	8,304																8,304	0
Arch/Engineering/Estimating	363,680	303,866	59,814															363,680	0
Bond																		-	0
Bulders Risk	15,000		15,000															15,000	0
Contingency Allowance	74,000		5,286	5,286	5,286	5,286	5,286	5,286	5,286	5,286	5,286	5,286	5,286	5,286	5,286	5,286		74,000	0
Subtotal Hard Costs	**6,213,093**	**343,053**	**351,945**	**381,442**	**499,507**	**605,120**	**642,172**	**668,879**	**644,924**	**609,544**	**635,649**	**328,287**	**326,828**	**117,729**	**52,732**	**5,286**	**0**	6,213,093	0
SOFT COSTS																		-	0
Legal/Accounting	5,000		417	417	417	417	417	417	417	417	416	416	416	416				5,000	0
Legal-organizational & sales	15,000	10,631	3,000	1,000	369													15,000	0
Permits & Fees	62,929	59,575	3,354															62,929	0
Impact Fees	95,845		95,845															95,845	0
Building Permits	28,559		28,559															28,559	0
Construction Loan Interest	279,429		626	3,586	6,778	10,649	14,882	19,111	23,291	27,260	31,668	33,849	36,136	37,268	24,234	10,091		279,429	0
Construction Insp.Fee	6,000		6,000															6,000	0
Construction Lender legal Fees	5,000		5,000															5,000	0
HUD 108 Loan Fee	22,080		22,080															22,080	0
HUD 108 Loan Interest	90,000	59,871	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,508				90,000	0
CFNE Fee																		-	0
CFNE Interest	41,700	7,188	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465		41,700	0
Working Capital (Association)																		-	0
Soft Cost Contingency 2.5%	27,306	4,916	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,864				27,306	0
Market Study																		-	0
Carrying Cost Tax	32,488	24,366	677	677	677	677	677	677	677	677	677	677	677	675				32,488	0
Common Area FF&E	25,000										25,000							25,000	0
Members Loan Period Interest	22,190													22,190				22,190	0
House Rehab to City	20,000	20,000																20,000	0
Subtotal Soft Costs	**778,526**	**186,547**	**172,400**	**12,522**	**15,083**	**18,585**	**22,818**	**27,047**	**31,227**	**35,196**	**64,603**	**41,784**	**44,071**	**67,386**	**26,699**	**12,556**	**0**	778,526	0
TOTAL DEVELOPMENT C(	**8,189,970**	**531,000**	**1,721,296**	**393,964**	**514,590**	**623,705**	**664,990**	**695,926**	**676,151**	**644,740**	**700,252**	**370,071**	**370,899**	**185,115**	**79,431**	**17,842**	**0**	**8,189,970**	0
Funding Gap	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**9,534**	**9,534**	(9,534)
																			0
			Apr-04	**May-04**	**Jun-04**	**Jul-04**	**Aug-04**	**Sep-04**	**Oct-04**	**Nov-04**	**Dec-04**	**Jan-05**	**Feb-05**	**Mar-05**	**Apr-05**			**Total**	
Construction Loan Balance			313,903	632,867	1,147,457	1,771,161	2,436,151	3,132,077	3,808,228	4,452,968	5,153,220	5,523,291	5,736,578	5,921,693	3,769,124	1,517,966	-	-	0
Construction Loan Interest	7.65%		592	4,035	7,315	11,291	15,530	19,967	24,277	28,388	32,852	35,211	36,571	37,751	24,028	9,677	-	277,808	(277,808)
																			0
Estimated Appraised Valu[illegible]			351,945	733,386	1,232,893	1,838,013	2,480,185	3,149,0[illegible]	[illegible]93,987	4,403,531	5,039,179	5,367,466	5,694,294	5,812,023	5,864,754	5,870,040	5,870[illegible]		0
95% TDC	7,780,472																		7,780,472
95% Appraised Value	7,056,600																		

RESOLUTION RE: SINGLE FAMILY CONSTRUCTION FINANCING FOR HAZELNUT HILL COHOUSING, BURLINGTON

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

WHEREAS, an application has been submitted to the Agency by Burlington Co-Housing Development, LLC (the "Borrower") involving the construction of thirty (30) for sale single family condominiums and common facilities in the City of Burlington (the "Development"); and

WHEREAS, the application contemplates a mortgage loan for construction financing of up to $6,710,000 for the Development with the interest rates to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds; and

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

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Liza Vedder Plantilla dated July 31, 2006 (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

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

2. The acquisition and construction costs to be incurred by the 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 or moderate income are able to afford within the general housing market area to be served by the proposed Development or there is a shortage of temporary transitional or emergency housing to be served by the proposed residential housing and that private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for occupancy by the persons or families.

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

5. The security value of the Development will equal at least the amount of the Agency's loan.

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

WHEREFORE, it is hereby RESOLVED:

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

2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter shall be conditioned on the satisfaction by the Borrower of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Single Family Construction Loan Program guidelines.

Renee Couture

From:	Renee Couture
Sent:	Thursday, August 03, 2006 3:26 PM
To:	Sarah Carpenter; Pat Loller; Dave Adams; Elizabeth Drake; Becky Greenough; 'trc101253 @aol.com'; Bartlett H. Frisbie (bart@sterlingconstructioninc.com); Beth Pearce (beth.pearce@state.vt.us); Dagyne Canney (DCanney@GreenMtnRealty.com); Gus Seelig (gseelig@vhcb.org); John Hall (john.s.hall@state.vt.us); Kevin Dorn (kevin.dorn@state.vt.us); Lisa Mitiguy Randall (LRandall@vtfcu.org); Paul Beaulieu (pbeaulieu@factorypoint.com); ralberts@gmavt.net; Tom Candon (tcandon@bishca.state.vt.us)
Cc:	Barbara F. Agnew (barbara.agnew@state.vt.us); Denise Diehl (Denise.Diehl@state.vt.us); Lana Prouty (lprouty@factorypoint.com); Laurel Farnum (Laurel.Farnum@state.vt.us); Laurie Graves (lgraves@vhcb.org); Susan Lasher (slasher@bishca.state.vt.us); Trish Pelkey (tpelkey@GreenMtnRealty.com)
Subject:	VHFA: Pension Plan Resolution to be added to meeting packet
Attachments:	Pension Plan Reso.doc

The following is sent on Pat Loller's behalf and should be attached to your VHFA Board meeting packet which was mailed/distributed last Tuesday.

VHFA Staff: I will place copies in your inboxes.

---------------------- From Pat Loller ----------------------
Attached is a resolution that includes several changes to the Pension Plan Document.

The first is a recommendation to change the entry date into the plan from 6 months to the date of hire. Given that the Agency experiences low turnover (one or two positions per year) and our vesting schedule is 20% per year for 5 years, with the exception of the first 3% which is vested immediately for safe harbor purposes, the risk to the Agency is minimal. The more important reason for recommending the change is due to the aging workforce. As the workforce continues to get older, new employees are hesitant to make a commitment when it requires a break in retirement benefits. The plan would be to make the change retroactive to January 1, 2006 to include all employees hired in 2006.

There are two changes tied to the CFO position. The Agency is looking to remove Gary Marini as a trustee and add Tom Connors as a trustee to the plan.

This next change is related to the VHFA Disability Bank that was created when the Agency converted to CTO time from separate Vacation and Sick time banks. When we considered other exclusions we had not thought about this particular compensation item and now believe that it really should not qualify for pension eligibility, just as UNUM short/long term disability payments do not qualify. Very few of the staff utilize this bank, as we have limited staff out on disability.

The last change has to do with a request from the IRS to expand upon our definition of a 'temporary' employee for the purposes of excluding temporary employees from Pension benefits. This is simply changing the terminology from 'temporary' to 'employees contracted to work less than 12 months and employees contracted for onetime/non-recurring projects'.

I apologize for the lateness of this information, but we were waiting for information from Pension Works on the exact verbiage and I have been out unexpectedly for the past week. I'm actually still out of the office, but you should feel free to email me (ploller@vhfa.org) and/or give me a buzz with questions. My home phone number is 862-4628.

Pension Plan Reso.doc (35 KB)

Renee Couture
Executive Assistant
Vermont Housing Finance Agency

VERMONT HOUSING FINANCE AGENCY
RE: 401(k) PLAN

WHEREAS, The Agency wishes to adopt certain changes to its 401(k) Plan Document as follows:

RESOLVED, that effective January 1, 2006 the Vermont Housing Finance Agency 401(k) Plan (the "Plan") shall be amended as follows:

Part II, **A. Eligibility and Service Provisions**, shall be amended as follows:

4. **Non-Elective Contributions Eligibility Requirements** option (d) Minimum 6 months of Service - shall be deselected.

5. **Elective Contributions Eligibility Requirements** option (d) Minimum 6 months of Service - shall be deselected.

11. **Entry Date** – Non-Elective Contributions, option (e) First day of the first month after satisfaction of the eligibility requirements - shall be deselected and (k) Date of satisfaction of the eligibility requirements – shall be seleceted.

12. **Entry Date** – Elective Contributions, option (e) First day of the first month after satisfaction of the eligibility requirements - shall be deselected and (k) Date of satisfaction of the eligibility requirements – shall be seleceted.

RESOLVED, that effective June 2, 2006 the Vermont Housing Finance Agency 401(k) Plan (the "Plan") shall be amended as follows:

Part I, shall be amended as follows:

12. Gary P.Marini shall be removed as a Plan Trustee.

RESOLVED, that effective August 14, 2006 the Vermont Housing Finance Agency 401(k) Plan (the "Plan") shall be amended as follows:

Part I, shall be amended as follows:

12. Thomas Connors shall be added as a Plan Trustee.

Part II, **A. Eligibility and Service Provisions**, 2. Eligible Employees –

1. other – Specify: shall now read – employees contracted to work less than 12 months and employees contracted for onetime/non-recurring projects, shall be selected

Part II, **C. Compensation**, shall be amended as follows:

2. <u>**Modifications to Compensation**</u> option (g) other exclusions - Specify shall add - VHFA Disability Payments.

RESOLVED, that all participants in the Plan be notified of the change in writing as soon as possible by distribution of the attached "Summary of Material Modifications".

SUMMARY OF MATERIAL MODIFICATIONS
VERMONT HOUSING FINANCE AGENCY 401(K) RETIREMENT PLAN

NOTICE: To all Participants and Beneficiaries of the Vermont Housing Finance Agency 401(k) Plan:

Effective January 1, 2006 the following change was made to the Plan:

> The eligibility requirements for Elective and Non-Elective contributions was changed from age 18 and six months of service to just age 18.
>
> The Entry Date has change from first day of the month after satisfaction of the eligibility requirements to the actual date of satisfaction.

Effective June 2, 2006 the following change was made to the Plan:

> Gary P. Marini shall be removed as a Plan Trustee.

Effective August 14, 2006 the following change was made to the Plan:

> VHFA Disability Payments will be excluded from eligible compensation.
>
> Thomas Connors shall be added as a Plan Trustee.
>
> Exclusion of Temporary employees is further defined to mean employees contracted for less than 12 months and employees contracted for onetime/non-recurring projects.

These changes effect the information contained in Article II "General Information about the Plan" located on page 2, Article III "Participation In Your Plan" located on page 4 and Article VIII "Compensation" located on page 12 of your Summary Plan Description.

You should attach this document to your current Summary Plan Description for future reference.

Sincerely,

Vermont Housing Finance Agency
EIN: 03-0239902
January 2006

VHFA Board Audit/Risk Management Committee Meeting Minutes
Treasurer's Office Conference Room
Pavilion Building
109 State Street, 4th Floor, Montpelier
Monday, June 26, 2006 at 10:00 a.m.

DRAFT

VHFA Board Members Present:
Paul Beaulieu – Committee Chair, Thomas Candon (designee for Crowley), Kevin Dorn, Bart Frisbie, Beth Pearce (designee for Spaulding), Gus Seelig

Staff: Dave Adams, Sarah Carpenter, Renee Couture, Sam Falzone

Chair Beaulieu called the meeting to order at 10:08 a.m.

Minutes
Ms. Pearce made a motion to approve the May 22, 2006 Audit/Risk Management Committee meeting minutes. Mr. Dorn seconded the motion which was unanimously approved.

Multifamily Risk Management
Mr. Adams reviewed his memo and the five reports attached. With regards to the "Watch List" report, Mr. Adams explained that one can deduce from the LTV ratios that there would be no risk of loss to the Agency if the projects were to convert to market. However, the report does not reflect mission-related risk in terms of subsidies or write-downs required to keep existing housing stock in the affordable housing inventory. The "Loans that may require 0% Deferred Loans" and the "Capital Needs Estimates vs. Cash on Hand and Projected Deposits" reports begin to address this question. He added that some of the projects will eventually be removed from the "Watch List" as a result of a restructuring; the numbers used in the report are based on the most recent audit, which does not reflect a full year of operation after the restructure.

Discussion followed regarding the reasons for projects' financial difficulties, the options for addressing, the intent and extent of maintenance and rehabilitation, how to prioritize projects with needs, when opportunities might arise to address those projects, and balancing those projects with the need for net new units. The particulars of specific projects were also discussed.

The Committee strove to glean the criticality of projects' needs, the assessment of financial and mission risk and the strategies for addressing these projects. At the Committee's request, the "Watch List" will be reordered to reflect the staff's subjective assessment of priority – whether or not there is an opportunity to do something. In addition, an addendum will be provided to expand on the top 10 projects on the "Watch List" for which there is an opportunity to do something, explaining the type of risk (financial or risk of affordability) and the strategy for addressing the issues via a bulleted list, including various scenarios where applicable. This report will batch the projects into two groups: those that will come to VHFA for money in the next 12 to 18 months, and those for which the timing is an unknown.

Mr. Falzone explained to the Committee that the Agency's policy of restructuring debt only if the borrower will commit to long-term affordability may need to be rethought in order to keep good loans in the portfolio and, more significantly, to preserve the affordability already in place. Some of these loans need to be restructured to provide cash flow to the projects so that operating expenses can be met. There are 18 projects with high interest rates and these can be found on the "Loans Identified as Being at Risk of Prepaying" report. Ms. Carpenter reminded the Committee that, for Section 8 projects, lowering debt service must benefit the project directly or through extended affordability; otherwise HUD benefits may be reduced.

Other

Compass Study

Mr. Beaulieu asked about the Compass Study mentioned in the May 22, 2006 Committee meeting minutes. Mr. Seelig replied that this will be done in a month or two. He added that it will pose more questions about projects for the Board to answer going forward.

Spinner Place, Winooski

Ms. Carpenter explained that Spinner Place (the student housing portion of the Winooski Downtown Redevelopment Project) is not renting up and that HallKeen feels strongly that it is because UVM is not cooperating. The bank partner, Sovereign Bank New England, is very concerned as they hold all the risk. (VHFA is the conduit bond issuer.) It is expected that HallKeen will ask for debt deferral.

Next Meeting

Mr. Adams suggested waiting until more CNAs come in before again reviewing multifamily risk management reports. Mr. Beaulieu suggested holding off setting a date for the next meeting until the audit is ready for review.

Adjournment

Ms. Pearce made a motion to adjourn the meeting. Mr. Candon seconded the motion and the Committee unanimously approved to adjourn the meeting at 12:32 p.m.

VHFA Board Audit/Risk Management Committee Meeting Minutes
Vermont Housing Finance Agency
164 St. Paul Street, Burlington
Thursday, December 15, 2005 at 1:30 p.m.

VHFA Board Members Present:
Paul Beaulieu – Committee Chair, Thomas Candon (designee for Crowley), Bart Frisbie, Beth Pearce (designee for Spaulding), Lisa Mitiguy Randall

Staff: Sarah Carpenter, Renee Couture, Sam Falzone, Pat Loller, Gary Marini

Chair Beaulieu called the meeting to order at 1:35 p.m.

Minutes
Mr. Candon made a motion to approve the September 22, 2005 Audit/Risk Management Committee Meeting minutes. Ms. Pearce seconded the motion which was unanimously approved.

Multifamily Risk Management Watch List
Mr. Falzone pointed out that the reports attached to the memo include the Watch List, a list of projects for which loans were recently restructured, and a list of projects from which there is a risk of prepayment. He explained that very little had changed on the Watch List since it was last presented, and that, although the Watch List will continue to be presented quarterly, the next presentation with the most accurate numbers will be in June 2006, following audits. Rising energy and insurance costs will cause DCRs to plummet.

With regards to projects at risk for prepayment, Ms. Carpenter explained that, until recently, the Agency has not had a good capital source for providing mid- term financing (e.g., five to eight years) and has been unable to compete with local lenders.

Refunding of Multi-Family Housing Bonds 1995 Series A and 1999 Series C & D
Mr. Marini explained that there is a clear need to do something with the multifamily loans from the 1995 and 1999 Resolutions. There is a total of $15 million in loans from these Resolutions that could conceivably need to be restructured, and KeyBank and Banknorth may, in combination, be able to put up that amount. Staff is currently in the process of determining which projects would likely restructure without changing the term of the loans and which would need to re-amortize for 30 years. The latter would be financed with a classic long bond. Mr. Marini sees no reason not to pursue refunding and, once the term sheet is complete, he will present it to the Board.

RFP for Audit
Mr. Marini explained that, per the Committee's recommendation and Board's decision last year, staff will put out an RFP for an auditor for fiscal year 2006. (Both Mr. Marini and Mr. Beaulieu will sign the RFP, potential auditors will present to this Committee, and the Board will ultimately hire the auditor.) He asked the Committee members for their input.

Ms. Carpenter explained that, in years past, one of the constraints was that the auditor firm be nationally recognized. She added that staff will consult with John Wagner (Kutak Rock) to ask for current interpretation.

Ms. Pearce pointed out that there is a state statute which dictates that any state authority or agency that hires an auditor must have the auditor approved by the State Auditor. However, she explained that this may not apply to VHFA as the State does not provide its funding. Ms. Carpenter replied that she will ask Mr. Brock (as well as discuss IT audits – see below) when she meets with him in January.

Mr. Candon asked whether the Agency is required to obtain an IT audit. He offered to provide a copy of the state regulation governing IT audits for the State. Ms. Carpenter indicated that, although the Agency may not be required, it may want to obtain an IT audit.

RFP for Underwriters and Financial Advisors
Ms. Carpenter explained that our current co-underwriters, A.G. Edwards and UBS Financial Services, are engaged on a per issue basis. VHFA's financial advisor is Piper Jaffray. Since the Agency's contract with Piper Jaffray expired several months ago, the Committee should decide whether to continue to engage Piper Jaffray on a per issue basis or sign another contract.

Mr. Marini and Ms. Carpenter explained that the benefit of sending out RFPs would be to ensure diligence on the part of the Agency's current underwriters and advisors. Ms. Randall explained the need to exercise caution with sending out RFPs for fear of jeopardizing current valuable, long-term relationships. Mr. Marini added that the current underwriters do provide the Agency with innovative structures and that Piper Jaffray's history of data is invaluable. The only reason to switch advisors would be for poor service – which is not the case with Piper Jaffray.

The consensus was that RFPs for an underwriter and a financial advisor would not be sent at this time.

The Committee agreed to meet next after the February 6, 2006 Board Meeting.

The Committee meeting ended at 2:30 p.m.

Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes
St. Johnsbury House, Library
1207 Main St., St. Johnsbury, Vermont
Monday, August 7, 2006 at 10:00 a.m.

VHFA Board Members Present:
Gus Seelig – Vice Chair, Thomas Candon (designee for Crowley), Kevin Dorn, Bart Frisbie, Beth Pearce (designee for Spaulding)

VHFA Board Members Absent:
Lisa Mitiguy Randall – Chair, Robert Alberts, Paul Beaulieu, Dagyne Canney

Staff: Dave Adams, Sarah Carpenter, Tom Connors, Renee Couture, Elizabeth Mullikin Drake, Joe Erdelyi, John Fairbanks, Sam Falzone, Liza Plantilla

Guests: Andy Broderick (Housing Vermont), Robin Pierce (Lamoille Housing Partnership), and the following members or affiliates of Burlington Cohousing Development LLC: Don Schramm, General Manager; Jim Palmer, President; Joan Knight, Secretary; Barbara Grant; Sharyl Green; Aaron Lackowski

Vice Chair Seelig called the meeting to order at 10:45 a.m. following a tour of the St. Johnsbury House led by the manager, Ted Hartman. A quorum of the Board was present.

Mr. Seelig welcomed Mr. Connors, the Agency's newly hired CFO.

BOARD MINUTES

Mr. Candon made a motion to approve the July 10, 2006 Board of Commissioners meeting minutes. Mr. Dorn seconded the motion which was unanimously approved.

CONSENT AGENDA

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

~ Request for $100,000 increase in permanent loan, with 40-year amortization and 30-year term, to Burlington Housing Authority for Randall Apartments [subsequently named Gable Apartments], Burlington

Ms. Pearce seconded the motion which was unanimously approved.

DEVELOPMENT

Bemis Block, Hardwick

Mr. Broderick and Mr. Pierce were present to discuss this project. Mr. Erdelyi reviewed his memo regarding Bemis Block senior housing project in Hardwick.

Ms. Pearce made a motion to approve the "Resolution Re: Construction and Permanent Financing and Proposed Allocation of Allocated Housing Credits for Bemis Block Housing, Hardwick." Mr. Candon seconded the motion which was unanimously approved.

Willard Mill Apartments, City of St. Albans

Ms. Plantilla reviewed her memo regarding Willard Mill Apartments in the City of St. Albans. Mr. Broderick explained that, since staff is not comfortable with waiving two of the market rate units, he will make it work with four and will not request a waiver from the Board. He added that the City has been very supportive of this project.

Mr. Dorn expressed concern about the $700,000 developer fee which he believes is excessive. Ms. Pearce also expressed some concern. Mr. Broderick explained that the fee is within the limits set by the Agency's policy which was approved by the VHFA Board [on June 9, 2005] after much input and discussion. He added that he would be happy to have the discussion again and, in the meantime, would like to be able to rely on the adopted policy. Discussion followed. Mr. Dorn asked that there be a discussion of the developer fee policy when more Board members were present.

Mr. Candon made a motion to approve the "Resolution Re: Proposed Allocation of Allocated Housing Credits and State Housing Credits for Willard Mill Housing, City of St. Albans." Mr. Dorn seconded the motion. More discussion ensued. Mr. Candon then withdrew his motion so that Ms. Pearce could make the following motion.

Ms. Pearce made a motion to direct the Board Audit/Risk Management Committee to look at the balance sheets of a number of sponsors to determine how developer fees figure into furthering their and VHFA's mission to build, rehabilitate and preserve affordable housing and report its findings to the Board along with a recommendation regarding whether to revise the developer fee policy. Mr. Dorn seconded the motion which was unanimously approved.

Mr. Candon again made a motion to approve the "Resolution Re: Proposed Allocation of Allocated Housing Credits and State Housing Credits for Willard Mill Housing, City of St. Albans." Mr. Dorn seconded the motion, explaining that he was willing to do so knowing that the Board will again discuss developer fees. The motion was unanimously approved.

ADMINISTRATION

Pension Plan

Ms. Carpenter reviewed Ms. Loller's email sent to the Board on Thursday, August 3rd regarding proposed changes to the Agency's 401(k) Pension Plan.

Mr. Candon made a motion to approve the "Vermont Housing Finance Agency [Resolution Re:] 401(k) Plan." Ms. Pearce seconded the motion which was unanimously approved.

LUNCH

The meeting was paused at noon so that attendees could have lunch with the seniors at the St. Johnsbury Senior Meal Site, housed within the St. Johnsbury House. The meeting resumed at approximately 12:50 p.m.

DEVELOPMENT

Hazelnut Hill, Burlington

Mr. Schramm introduced the other five guests who were present to discuss the Hazelnut Hill Cohousing project in Burlington. He described the project site and building plans, the Sponsor's partnerships with public funders and the primary goal of cohousing, reviewing much of the contents of Ms. Plantilla's memo. Mr. Palmer pointed out that there is no developer fee as the residents, who are members of Burlington Cohousing Development LLC, the Sponsor, are the volunteer developers. Ms. Plantilla explained that the condominiums will be eligible for conventional financing and that owners will be able to opt out of the shared work component of cohousing by paying an association fee. Mr. Schramm added that neighbors are very much in support of this relatively low-density development.

Ms. Pearce made a motion to approve the "Resolution Re: Single Family Construction Financing for Hazelnut Hill Cohousing, Burlington." Mr. Frisbie seconded the motion which was unanimously approved.

Salmon Run, Burlington

Mr. Adams asked for Board consensus regarding underwriting the Salmon Run, Burlington project which is expected to apply for restructuring in the next month as its 15-year tax credit compliance period is about to expire. The current financing includes a VHCB participation loan; approximately 83% of the loan is owed to VHFA and the remainder to VHCB. Including accrued interest, the current balance is estimated to be approximately $600,000. VHFA has received a request to allow the new partnership to assume this deferred payment loan (on which the Agency has stopped accruing interest), which postpones collection for thirty years. Alternatively, the Agency could require repayment in full at the time of restructuring. Ms. Carpenter explained that requiring repayment may mean a more aggressive rent structure, adding that the market area of this development has the capacity. Mr. Erdelyi added that it may also mean that the project will require more subsidy. Discussion followed.

Mr. Seelig explained that he would not vote on this project due to VHCB's interest in the loans. He added that he believes it is fruitless to require payback of the VHCB Participation Loan if it means that the project will require additional subsidy.

Mr. Candon asked whether capital needs self-sufficiency could be ensured upon Board approval of a restructuring. Mr. Erdelyi replied that a condition of approval could be that all capital needs will be addressed as part of this transaction so that the project stays in good shape for at least the 30-year term of the Agency's financing and tax credit restrictions.

Mr. Frisbie asked about various scenarios which might assist the Agency in collecting at least some of the VHCB Participation Loan. Mr. Erdelyi replied that a condition of approval could be to require that when surplus cash exceeds a certain level, the borrower would be required to apply a certain amount to principal (and interest, if applicable) of this loan.

Ms. Carpenter agreed to have staff review various payback scenarios to determine what might be possible without harming the project and its current position.

HOMEOWNERSHIP

Accolades

Mr. Candon congratulated the Homeownership staff for reducing the number of REOs (Real Estate Owned by Agency due to foreclosure) to one! Mr. Seelig also commended the Homeownership staff for its tremendous production in FY06 ($99.9 million loaned and an 8% growth in the number of loans.)

OTHER

Appointees to Housing Vermont Board

Ms. Carpenter explained that the VHFA Board appoints six of the eleven Housing Vermont Board members and that the terms of three of these six positions are expiring. The three appointees are seeking reappointment.

Mr. Candon made a motion to approve the reappointments of Paul Costello, Barbara Grimes and Tom Thompson to the Housing Vermont Board. Ms. Pearce seconded the motion which was unanimously approved.

ADJOURNMENT

Mr. Candon made a motion to adjourn the meeting. Mr. Dorn seconded the motion and the Board unanimously approved to adjourn the meeting at 1:55 p.m.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter CR

DATE: August 18, 2006

RE: Request for Construction & Permanent Financing, West River Valley Assisted Living, Townshend

Name:	West River Valley Assisted Living	**Location:**	Townshend
Housing Type:	Senior	**Unit Type:**	Flats
Unit Count:	28 Total Units 15 Housing Credit Units	**Unit Sizes:**	26 1-Br @ 440 s.f. 2 2-Br @ 582 s.f.
Total Cost:	$5,140,396	**Per S.F. Acquisition & Construction Cost:**	$173
Loans Requested:	$2,300,000 taxable construction loan; $315,000 permanent loan	**Sponsors:**	Valley Cares & Housing Vermont
Other Funding:	VHCB, VCDP, HUD Special Purpose, Dept of Public Service, Private Foundations & Fundraising, Federal & State Housing Credits, REEP, Dept of Aging & Independent Living		

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

Project Summary: Valley Cares (VC) and Housing Vermont (HVT) have secured all of the funding needed to begin constructing 52 units of housing in the West River Valley Development, which consists of a 24-unit independent senior housing building, and a 28-unit licensed assisted living building. The sponsors are now requesting construction and permanent financing for the assisted living building. Assisted Living provides services including meals, housekeeping, recreation, transportation, medication management, and personal care, to allow seniors to age in place. Of the 28 assisted living units, 15 are Housing Credit units, and 13 are market units. Otis Health Care (the umbrella organization for Valley Cares and Grace Cottage Hospital) has reviewed the staffing and operations plan for the assisted living facility, and Valley Cares will provide the staffing and management for the social services. Otis now operates a licensed residential care facility, which is dated and will be replaced by the assisted living once it is open. A consultant experienced in both the development and operations of assisted living has also reviewed the staffing and management plans (the consultant was paid by the Department of Aging & Independent Living). A management company, to be determined, will manage the tax credit compliance. Lease up is anticipated to take 11 months. Reserves have been established to cover the ramp up period. An environmental site assessment was completed and found the site to be clean, with the exception of one underground fuel oil tank, which will be removed as part of the whole scope of work . A market study was completed some time ago by John Ryan of Development Cycles of Amherst, MA, and supported the planned development. An as-built appraisal has been ordered from Jerry Walls of Concord Realty Advisors, who has a wealth of experience in assisted living facilities, and he will also look at market need. Take-out financing for the construction loan is a combination of tax credit equity plus permanent financing. All permits are anticipated by mid-September. DEW is the Construction Management company. Construction will begin late in September and be completed in approximately one year.

29-Aug-06 **West River Valley Senior Housing, Townshend - ASSISTED LIVING**

Total Residential Units:	28	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	15	Increase in Income from Other Sources:	2.00%
Percent Restricted:	53.57%	Increase in Income from Commercial:	2.00%
Total Development Cost:	5,140,396	Expense increase:	3.00%
Total Development Cost per Unit:	183,586	Vacancy Rate:	7.5%
Total Development Cost Per SF:	229	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	208,316	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	**200,000**	Sponsor's Estimated Yield:	87.58%
State Credit Allocated:	**60,000**		
LIHTC - 9%	8.23%	August 2006	
LIHTC - 4%	3.53%		

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage - VHFA	315,000	6.13%	8.25%	30	30
VHCB Loan	325,000	6.32%	0.00%	30	30
VCDP	525,000	10.21%	0.00%	30	30
HUD SP	450,000	8.75%	3.85%	N/A	30
DPS	100,000	1.95%	0.00%	N/A	40
Holt Fund	400,000	7.78%	0.00%	N/A	30
Developer Loan	340,000	6.61%	3.50%	15	15
REEP	14,300	0.28%	0.00%	30	30
Phase 1 Funding	69,907	1.36%	0.00%	30	30
Foundation funding	550,000	10.70%	0.00%	30	30
State DAIL Funding	50,000	0.97%	0.00%	30	30
State Housing Credit Equity	267,000	5.19%	N/A	N/A	
Tax Credit Equity	1,734,105	33.73%	N/A	N/A	
TOTAL SOURCES	5,140,312	100.00%			

VHFA Construction Loan $ 2,300,000 **7.50 16 month term**

USES

Acquisition	266,832	5.19%
Construction Hard Costs	3,625,739	70.53%
Soft Costs	1,247,825	24.27%
TOTAL USES	5,140,396	100.00%
Gap	84	

General Partner's Capital Contribution	17,516	1.00%
Limited Partner's Capital Contribution	1,734,105	99.00%
Total Equity	1,751,621	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	15
Total Units	28
Unit Fraction	53.57%
Tax Credit Square Footage	6,600
Total Residential Square Footage	12,604
Square Footage Fraction	52.36%
Applicable Fraction	52.36%

29-Aug-06 **West River Valley Senior Housing, Townshend - ASSISTED LIVING**

		Budget	Per Unit	22,462 Per s.f.
	ACQUISITION			
1	Land	21,532	769	0.96
2	Purchase of Building(s)	172,000	6,143	7.66
3	Additional Land	69,605	2,486	3.10
4	Property Appraisal	795	28	0.04
5	Legal - Title and Recording	2,900	104	0.13
	Subtotal - Acquisition	266,832	9,530	11.88
	CONSTRUCTION HARD COSTS			
6	Rehabilitation		0	0.00
7	New Building(s)	2,921,433	104,337	130.06
8	Accessory Buildings	0	0	0.00
9	Sitework	475,706	16,990	21.18
10	Well Development	15,000	536	0.67
11	General Requirements	0	0	0.00
12	Contractor Overhead	0	0	0.00
13	Contractor Profit	0	0	0.00
14	Construction Contingency	178,350	6,370	7.94
15	Construction Management	0	0	0.00
16	Construction Bond Fee	0	0	0.00
17	Hazardous Materials Abatement	0	0	0.00
18	Off-Site Improvements	0	0	0.00
19	Furnishings, Fixtures, & Equipment	35,250	1,259	1.57
20	Other (________________)	0	0	0.00
	Subtotal - Hard Costs	3,625,739	129,491	161.42
	SOFT COSTS			
21	Architectural	354,718	12,669	15.79
22	Engineering	0	0	0.00
23	Legal/Accounting	28,500	1,018	1.27
24	Relocation	0	0	0.00
25	Environmental Assessment	3,000	107	0.13
26	Energy Assessment	0	0	0.00
27	Permits/Fees	36,335	1,298	1.62
28	Independent Market Study		0	0.00
29	Construction Period Insurance	16,347	584	0.73
30	Construction Interest	117,698	4,204	5.24
31	Construction Loan Origination Fee	18,128	647	0.81
32	Taxes During Construction		0	0.00
33	Clerk of the Works		0	0.00
34	Marketing	7,926	283	0.35
35	Tax Credit Fees	10,659	381	0.47
36	Soft Cost Contingency	7,000	250	0.31
37	Permanent Loan Origination Fee	0	0	0.00
38	Lender's Counsel's Fee	0	0	0.00
39	Other (HP/Arch Consultant)		0	0.00
	SYNDICATION COSTS			
40	Organizational (Partnership)	0	0	0.00
41	Bridge Loan Fees and Expenses	0	0	0.00
42	Syndication Consultant	0	0	0.00
43	Tax Opinion	0	0	0.00
	DEVELOPER'S FEES			
44	Developer's Fees	170,257	6,081	7.58
45	Other Partnership Fees	170,257	6,081	7.58
46	Consultant Fees	0	0	0.00
	RESERVES			
47	Working Capital	89,000	3,179	3.96
48	Rent-up (Deficit Escrow) Reserve	0	0	0.00
49	Other Operating Reserves	218,000	7,786	9.71
50	Sinking Fund	0	0	0.00
51	Replacement Reserves	0	0	0.00
	Subtotal - Soft Costs	1,247,825	44,565	55.55
	TOTAL DEVELOPMENT COSTS	5,140,396	183,586	228.85

29-Aug-06 **West River Valley Senior Housing, Townshend - ASSISTED LIVING**

		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other		
	ACQUISITION								
1	Land	21,532							
2	Purchase of Building(s)	172,000			172,000				
3	Additional Land	69,605							
4	Property Appraisal	795			795				
5	Legal - Title and Recording	2,900			2,900				
	Subtotal - Acquisition	266,832							
	CONSTRUCTION HARD COSTS								
6	Rehabilitation	0		0	0				
7	New Building(s)	2,921,433		2,921,433	2,921,433				
8	Accessory Buildings	0							
9	Sitework	475,706		475,706	475,706				
10	Well Development	15,000		15,000	15,000				
11	General Requirements	0							
12	Contractor Overhead	0							
13	Contractor Profit	0							
14	Construction Contingency	178,350		178,350	178,350				
15	Construction Management	0							
16	Construction Bond Fee	0							
17	Hazardous Materials Abatement	0							
18	Off-Site Improvements	0							
19	Furnishings, Fixtures, & Equipment	35,250		35,250					
20	Other (__________________)	0							
	Subtotal - Hard Costs	3,625,739							
	SOFT COSTS								
21	Architectural	354,718		354,718	354,718				
22	Engineering	0							
23	Legal/Accounting	28,500		28,500	28,500				
24	Relocation	0							
25	Environmental Assessment	3,000		3,000	3,000				
26	Energy Assessment	0							
27	Permits/Fees	36,335		36,335	36,335				
28	Independent Market Study	0		0	0				
29	Construction Period Insurance	16,347		16,347	16,347				
30	Construction Interest	117,698		117,698	117,698				
31	Construction Loan Origination Fee	18,128		18,178	18,128				
32	Taxes During Construction	0		0	0				
33	Clerk of the Works	0			0				
34	Marketing	7,926							
35	Tax Credit Fees	10,659			10,659				
36	Soft Cost Contingency	7,000		7,000	7,000				
37	Permanent Loan Origination Fee	0							
38	Lender's Counsel's Fee	0							
39	Other (HP/Arch Consultant)	0		0	0				
	SYNDICATION COSTS								
40	Organizational (Partnership)	0							
41	Bridge Loan Fees and Expenses	0							
42	Syndication Consultant	0							
43	Tax Opinion	0							
	DEVELOPER'S FEES								
44	Developer's Fees	170,257		170,257	170,257				
45	Other Partnership Fees	170,257		170,257	170,257				
46	Consultant Fees	0							
	RESERVES								
47	Working Capital	89,000							
48	Rent-up (Deficit Escrow) Reserve	0							
49	Other Operating Reserves	218,000							
50	Sinking Fund	0							
51	Replacement Reserves	0							
	Subtotal - Soft Costs	1,247,825							
	TOTALS	5,140,396	0	4,548,029	4,699,083	0		(145,353)	86,532

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	
LESS: Amount of Non-qualified Financing			829,431		
LESS: Adjustment for per unit cost limits					
LESS: Historic tax Credit (Residential Portion)				0	20% Historic Credit Rate
Total Eligible Basis		0	3,718,598		0 Annual Historic Credit
TIMES: Adjusted for QCT/DDA	130.0%		4,834,177		
TIMES: Applicable Fraction	52.36%	0	2,531,175		
Total Qualified Basis		0	2,531,175	4,699,083	Long Term Depreciable Basis
TIMES: Applicable Percentage		3.53%	8.23%	27.5	Depreciation Schedule
Total Annual Credit Qualified		0	208,316	170,876	Annual Depreciation
Total Tax Credits Requested	200,000			35,250	Short Term Depreciable Basis
Estimated Net Syndication Proceeds **(excluding historic credit equity)**	1,734,105			7	Depreciation Schedule
Estimated Yield - Housing Credit Syndication	87.58%			5,036	Annual Depreciation
Equity Gap	1,734,189				
Credits Needed to fill Equity Gap	200,010				

ed Living Revenue & Expenses

Revenue		Annual Amount	Daily	Monthly	Housing	Services
					78%	307%
Units/Type/Charge	#					
9/ERC Tier 1	9	327,645.90	99.74	3,034	504	2,530
1/ERC Tier 2	1	38,412.60	105.24	3,201	504	2,697
4 Private Pay high need market singl	4	125,560.00	86.00	2,616	544	2,072
11 Res Care Level III market single	11	301,125.00	75.00	2,281	544	1,737
1 Res Care Level III - market double	1	34,675.00	95.00	2,890	700	2,190
Res Care Level III - market double	1	45,625.00	125.00	3,802	700	3,102
1 ACCS	1	17,425.10	47.74	1,452	504	948
	28	890,469	634	19,276	15,104	59,102
Less Vacancy	7.50%	(66,785)			(13,594)	(53,192)
Total Income		**823,683**			167,654	656,029

Expenses

			Monthly	Per Unit PM
Staffing				
Administrator	52,000		4,333	155
RN	36,400		3,033	108
Universal Care FTE	187,616		15,635	558
Universal Care PT	23,920		1,993	71
Cleaning	13,156		1,096	39
Cook Staff	41,860		3,488	125
Staff/Management Salaries	354,952		29,579	1,056
Benefits				
FICA Expense	27,154	.0765 of salary totals	2,263	81
Health Insurance	56,160		4,680	167
Dental	3,947		329	12
Worker's Comp	7,099	.02 of salary totals	592	21
401 K			0	0
Total Benefits	94,360		7,863	281
Training				
Care Staff Training	2,760	24 hrs x 10 staff x $11.50/hr	230	8
RN Training	400	16 hrs yr x $25 hr	33	1
Administrator	500	20 hrs yr x $25 yr	42	1
Dietician Consultation	1,200	12 hrs yr x $100 hr	100	4
Recruitment, Retention	2,500		208	7
Travel	1,750	4 trips mo x 12 mos x 30 res	146	5
Total Training	9,110		759	27
Staff Relief				
Personal Care Staff OT/Holiday	1,656	$5.75 OT rate x 48 hrs/yr (6	138	5
Personal Care Staff Vacation	6,440	$11.50 hr x 80 hrs/yr (10 day	537	19
Agency Staff for Call Out	2,720	$8.50 hr ($20 - $11.50) x 10	227	8
Nurse/Admin OT/ Holiday	600		50	2
Call Service	2,400	$200 month to Grace Cottag	200	7
rsing Staff Vacation	2,800	$35 hr (agency rate) x 80 hrs	233	8
otal Staff Relief	16,616		1,385	49
Meals				
Dietary Food Cost	62,415	$2 per meal x 3 meals x 365	5,201	186
Propane	720	$60 per month	60	2
Misc Items	4,140	napkins, dw detergent, etc at	345	12
Total Meal Cost	67,275		5,606	200
Supplies				
Care Supplies	3,600	$75 per person per year	300	11
Laundry/Linen Supplies		residents own linen	0	0
Pharmacy Bubble Pack	1,080	$3 ppm	90	3
Other Cleaning/Housekeeping supplies	3,360	$10 pmpu	280	10
Total Supplies	8,040		670	24
Activities				
Activity Supply Expense	1,500	$50 ppy	125	4
Activity Salary Expense	15,600		1,300	46
Activity Van Expense	2,880	as per $240 mo.	240	9
Total Activity	19,980		1,665	59
Maintenance				
Maintenance Salary Expense	13,440	$40 pmpu	1,120	40
Janitorial Supplies	1,680	$5 pmpu	140	5
Trash Removal	2,688	$8 pmpu	224	8
Grounds	4,032	$6 pmpu	336	12
Snow Removal	2,016	$12 pmpu	168	6
Water Testing/ Septic Maintenance	3,360	$10 pmpu	280	10
Painting/ Decorating	1,344	$4 pmpu	112	4
Elevator Maintenance	3,360	$10 pmpu	280	10
Equipment Repair/Main	7,200		600	21
Exterminating	672	$2 pmpu	56	2
Total Maintenance	39,792		3,316	118
Utilities				
Fuel	13,440	$60 pmpu	1,120	40
Electricity	11,760	$35 pmpu	980	35
Alarm/ Emergency Call	1,680	$5 pmpu	140	5
Telephone	800	as per current costs	67	2
Television Cable	1,627	$23.57 + $4 pmpu	136	5
Utility	29,307		2,442	87
Business Office Expense				
Bookkeeping Sal/Expense	14,141	12 hrs x $18.50/hr x 52 wks	1,178	42
Business Office Supplies Exp	480	$40 pm	40	1
Business Office Postage Exp	600	$50 pm	50	2
Business Office Comp Exp				
Total Business Office	15,221		1,268	45
Other Costs				
Management Fee	10,080	$30 pmpu	840	30
Advertising	2,352	$4 pmpu	196	7
Licensing/ Dues	1,500	as per current costs	125	4
Audit Expense	4,704	$14 pmpu	392	14
Legal Expense	1,680	$5 pmpu	140	5
VHFA Fee (compliance monitoring)	720	$4.25 pmpu (14 tax credit ur	60	2
Property Taxes	14,000	$42 pmpu	1,167	42
Property Insurance	10,080	$30 pmpu	840	30
Liability Insurance	18,000	$50 pmpu	1,500	54
Misc Admin Expense	1,440		120	4
Other Costs	64,556		5,380	192
Total Expenses	719,209		59,934	2,141
Adjustments to Revenue				
Replacement Reserve	11,760	$35 pmpu	980	35
Assisted Living Profit/Loss	**92,714**		7,726	276

29-Aug-06

West River Valley Senior Housing, Townshend - ASSISTED LIVING

	Check all Applicable									A					B						C					
Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	OCCUPIED BY: Income level of residents to be served:						AFFORDABLE TO: Units affordable to residents at:					
															<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+
Assisted	201						1		1	2	582	700	0	700	0					1						1
	202						1		1	2	582	700	0	700	0					1						1
	203						1		1	1	440	544	0	544	0					1						1
	204						1		1	1	440	544	0	544	0					1						1
	205						1		1	1	440	544	0	544	0					1						1
	206						1		1	1	440	544	0	544	0					1						1
	207						1		1	1	440	544	0	544	0					1						1
	208						1		1	1	440	544	0	544	0					1						1
	209						1		1	1	440	544	0	544	0					1						1
	210						1		1	1	440	544	0	544	0					1						1
	211						1		1	1	440	544	0	544	0					1						1
	212						1		1	1	440	544	0	544	0					1						1
	213						1		1	1	440	544	0	544	0					1						1
	214				1	1	1			1	440	544	0	544	0		1						1			
	215				1	1	1			1	440	504	0	504	0	1						1				
	216				1	1	1			1	440	504	0	504	0	1						1				
	217				1	1	1			1	440	504	0	504	0	1						1				
	218				1	1	1			1	440	504	0	504	0	1						1				
	219				1	1	1			1	440	504	0	504	0	1						1				
	220				1	1	1			1	440	504	0	504	0	1						1				
	221				1	1	1			1	440	504	0	504	0	1						1				
	222				1	1	1			1	440	504	0	504	0	1						1				
	223				1	1	1			1	440	504	0	504	0	1						1				
	224				1	1	1			1	440	504	0	504	0	1						1				
	225				1	1	1			1	440	504	0	504	0	1						1				
	226				1	1	1			1	440	504	0	504	0	1						1				
	227				1	1	1			1	440	504	0	504	0	1						1				
	228				1	1	1			1	440	504	0	504	0	1						1				
Total # Units	28	0	0	0	15	15	28	0	13	Totals: -	12,604	14,981		Total # Units: -	0	14	1	0	0	13	0	14	1	0	0	13

29-Aug-06 **West River Valley Senior Housing, Townshend - ASSISTED LIVING**

	Annual	Monthly	Per Unit Per Month
Administration			
Management Fee	10,080	840	30
Audit/Accounting	4,704	392	14
Legal	1,680	140	5
Compliance Monitoring	720	60	2
Marketing	2,352	196	7
Other	1,440	120	4
TOTAL ADMINISTRATIVE	20,976	1,748	62
Services			
Supportive Services	28,020	2,335	83
Admin Salaries/Benefits	475,038	39,587	1,414
Office Expense	15,221	1,268	45
Meals	67,275	5,606	200
TOTAL SERVICES	585,554	48,796	1,743
Utilities			
Electricity	11,760	980	35
Fuel - Gas	13,440	1,120	40
Water and Sewer	3,360	280	10
Fire Alarm / Emergency	1,680	140	5
Other	2,427	202	7
TOTAL UTILITIES	32,667	2,722	97
Maintenance			
Maintenance / Janitor Payroll	13,440	1,120	40
Janitor Supplies	1,680	140	5
Exterminating	672	56	2
Trash Removal	2,688	224	8
Snow Removal	2,016	168	6
Grounds	4,032	336	12
Repairs Material	0	0	0
Repairs Contract	0	0	0
HVAC Repairs / Maintenance	7,200	600	21
Elevator Contract / Repairs	3,360	280	10
Painting and Decorating	1,344	112	4
Other	0	0	0
TOTAL MAINTENANCE	36,432	3,036	108
Real Estate Taxes	14,000	1,167	42
Property Insurance	10,080	840	30
Liability Insurance	18,000	1,500	54
Replacement Reserves	11,760	980	35
Primary Debt Service	28,398	2,366	85
Other "must pay" debt service	0	0	0
Other	0	0	0
	82,238	6,853	245
Total	757,867	63,156	2,256

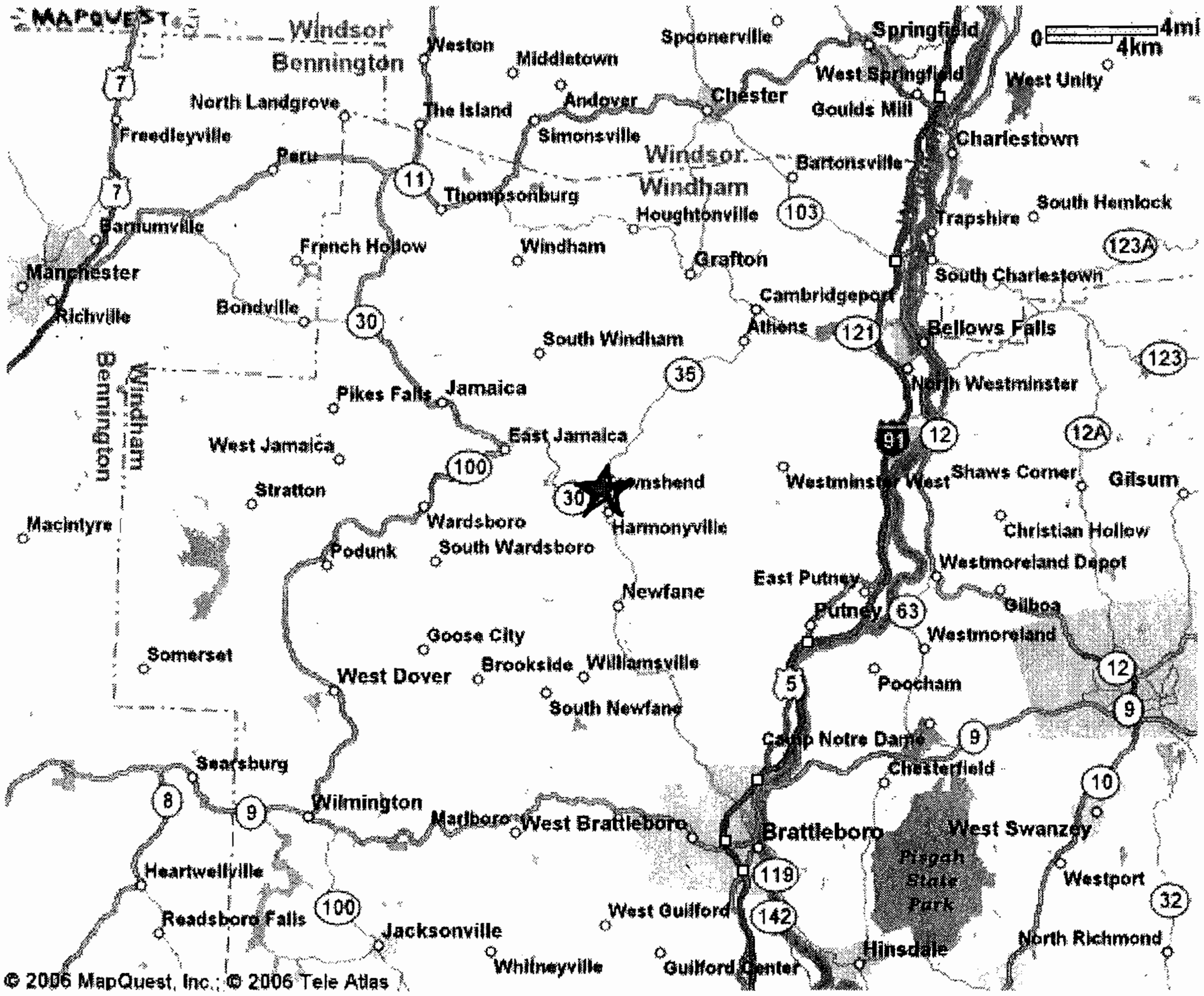
29-Aug-06		West River Valley Senior Housing, Townshend - ASSISTED LIVING														
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		179,688	182,383	185,119	187,896	190,714	193,575	196,479	199,426	202,417	205,453	208,535	211,663	214,838	218,061	221,332
Other Income		663,121	676,383	689,911	703,709	717,783	732,139	746,782	761,718	776,952	792,491	808,341	824,508	840,998	857,818	874,974
Vacancy and other losses		(13,477)	(13,679)	(13,884)	(14,092)	(14,304)	(14,518)	(14,736)	(14,957)	(15,181)	(15,409)	(15,640)	(15,875)	(16,113)	(16,355)	(16,600)
Total Operating Income		829,332	845,088	861,146	877,513	894,194	911,196	928,525	946,186	964,188	982,535	1,001,236	1,020,296	1,039,723	1,059,524	1,079,706
Operating Expenses																
Total Expenses (excl. Reserves)		717,709	739,240	761,417	784,260	807,788	832,021	856,982	882,692	909,172	936,447	964,541	993,477	1,023,281	1,053,980	1,085,599
Reserves		11,760	11,936	12,115	12,297	12,482	12,669	12,859	13,052	13,248	13,446	13,648	13,853	14,060	14,271	14,485
Total Operating Expense		729,469	751,177	773,533	796,557	820,269	844,690	869,841	895,743	922,420	949,894	978,189	1,007,330	1,037,342	1,068,251	1,100,085
Net Operating Income		99,863	93,911	87,613	80,956	73,925	66,506	58,684	50,443	41,768	32,642	23,047	12,966	2,381	(8,727)	(20,379)
Less Primary Debt Service		28,398	28,398	28,398	28,398	28,398	28,398	28,398	28,398	28,398	28,398	28,398	28,398	28,398	28,398	28,398
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		71,466	65,513	59,215	52,558	45,527	38,108	30,286	22,045	13,370	4,244	(5,351)	(15,432)	(26,017)	(37,125)	(48,777)
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	5,351	15,432	26,017	37,125	48,777
Net Cash		71,466	65,513	59,215	52,558	45,527	38,108	30,286	22,045	13,370	4,244	0	0	0	0	0
DCR		351.66%	330.70%	308.52%	285.08%	260.32%	234.19%	206.65%	177.63%	147.08%	114.94%	81.16%	45.66%	8.39%	-30.73%	-71.76%
Cumulative Cash Flow																
Beginning Balance		218,000	292,360	361,452	424,874	482,207	533,011	576,830	613,187	641,585	661,504	672,406	673,779	665,085	645,719	615,051
Deposits		71,466	65,513	59,215	52,558	45,527	38,108	30,286	22,045	13,370	4,244	0	0	0	0	0
Interest	2.0%	2,895	3,579	4,207	4,774	5,277	5,711	6,071	6,352	6,550	6,657	6,724	6,738	6,651	6,457	6,151
Withdrawals		0	0	0	0	0	0	0	0	0	0	(5,351)	(15,432)	(26,017)	(37,125)	(48,777)
Ending Balance		292,360	361,452	424,874	482,207	533,011	576,830	613,187	641,585	661,504	672,406	673,779	665,085	645,719	615,051	572,425
Cumulative Replacement Reserves																
Beginning Balance		0	11,878	23,933	36,170	48,590	(22,803)	(10,008)	2,980	16,162	29,542	(46,477)	(32,693)	(18,702)	(4,501)	9,913
Deposits		11,760	11,936	12,115	12,297	12,482	12,669	12,859	13,052	13,248	13,446	13,648	13,853	14,060	14,271	14,485
Interest	2.0%	118	119	121	123	125	127	129	131	132	134	136	139	141	143	145
Withdrawals		0	0	0	0	(84,000)	0	0	0	0	(89,600)	0	0	0	0	(98,000)
Ending Balance		11,878	23,933	36,170	48,590	(22,803)	(10,008)	2,980	16,162	29,542	(46,477)	(32,693)	(18,702)	(4,501)	9,913	(73,456)
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		99,863	93,911	87,613	80,956	73,925	66,506	58,684	50,443	41,768	32,642	23,047	12,966	2,381	(8,727)	(20,379)
Plus Reserves		11,760	11,936	12,115	12,297	12,482	12,669	12,859	13,052	13,248	13,446	13,648	13,853	14,060	14,271	14,485
Less Interest Expense		(25,894)	(25,680)	(25,447)	(25,194)	(24,919)	(24,621)	(24,298)	(23,946)	(23,565)	(23,151)	(22,701)	(22,213)	(21,683)	(21,107)	(20,483)
Less Long Depreciation		(170,876)	(170,876)	(170,876)	(170,876)	(170,876)	(170,876)	(170,876)	(170,876)	(170,876)	(170,876)	(170,876)	(170,876)	(170,876)	(170,876)	(170,876)
Less Short Depreciation		(5,036)	(5,036)	(5,036)	(5,036)	(5,036)	(5,036)	(5,036)	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(90,182)	(95,743)	(101,629)	(107,852)	(114,424)	(121,358)	(128,666)	(131,327)	(139,425)	(147,938)	(156,882)	(166,269)	(176,117)	(186,439)	(197,252)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		31,564	33,510	35,570	37,748	40,049	42,475	45,033	45,964	48,799	51,778	54,909	58,194	61,641	65,254	69,038
Plus State Tax Credits		60,000	60,000	60,000	60,000	60,000										
Plus Tax Credits		200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000					
After Tax Cash Flow		291,564	293,510	295,570	297,748	300,049	242,475	245,033	245,964	248,799	251,778	54,909	58,194	61,641	65,254	69,038
Total Years	15															
Reinvestment Rate	10.00%															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Current After Tax Cash Flows		291,564	293,510	295,570	297,748	300,049	242,475	245,033	245,964	248,799	251,778	54,909	58,194	61,641	65,254	69,038
Future Value of Cash Flows at Yr 15:		1,217,934	1,114,605	1,020,389	934,462	856,073	628,919	577,776	527,247	484,838	446,041	88,431	85,202	82,044	78,957	75,942

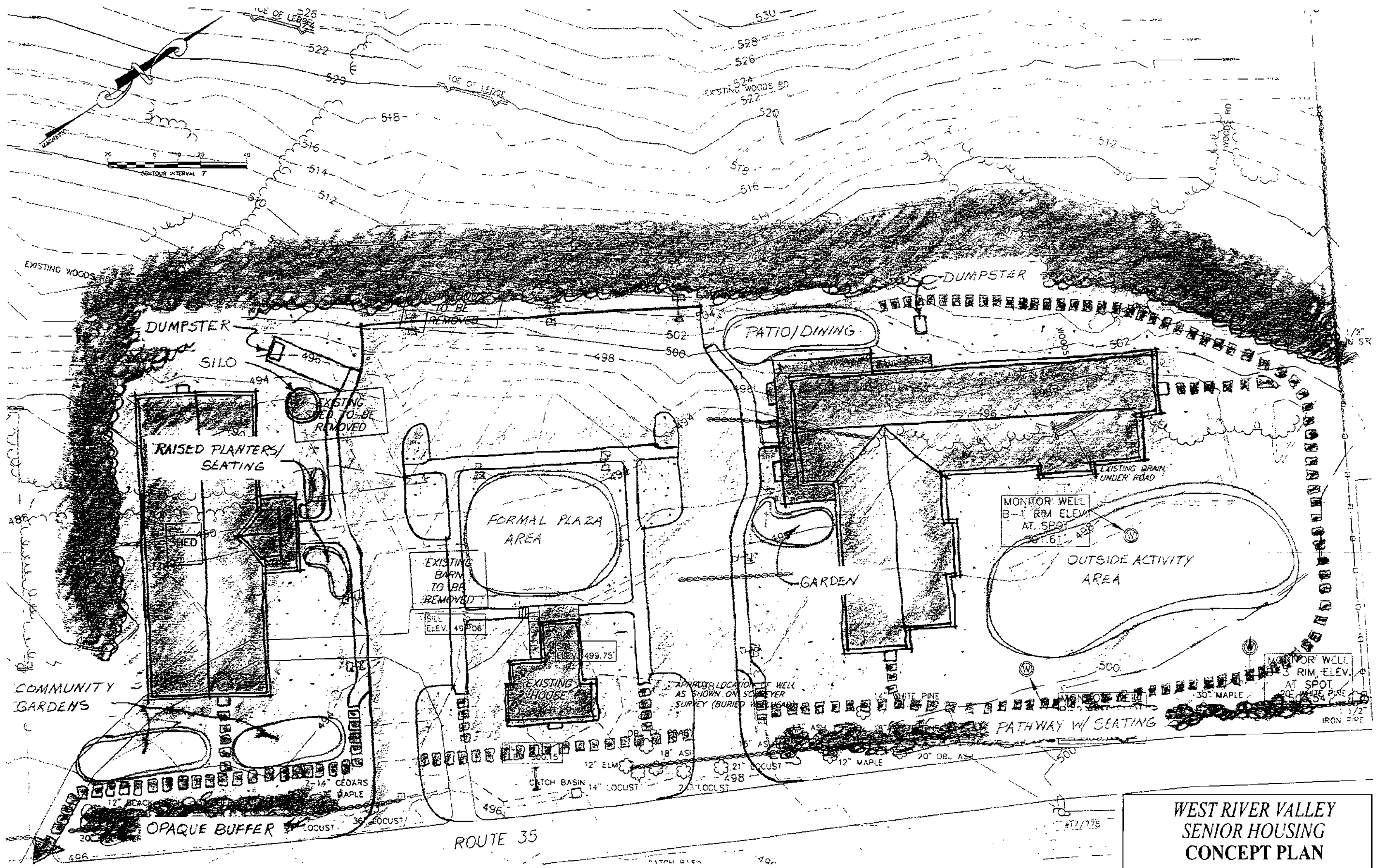
Discount Rate	4.00%																
Capital Contribution Number	1	2	3	4	5	6	7	8									
Date of Capital Contribution	30-Sep-06	31-Dec-07	30-Mar-08	29-Aug-06	29-Aug-06	29-Aug-06	29-Aug-06	29-Aug-06									
Amount of Capital Contribution	1,735	1,214,549	518,786	0	0	0	0	0									
Present Value of Contributions:	1,735	1,154,420	488,196	0													
Cash Flows	(1,644,351)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,218,859

IRR: 11.32%

Equity Yield: 83%

West River Valley Assisted Living, Townshend – Site Map

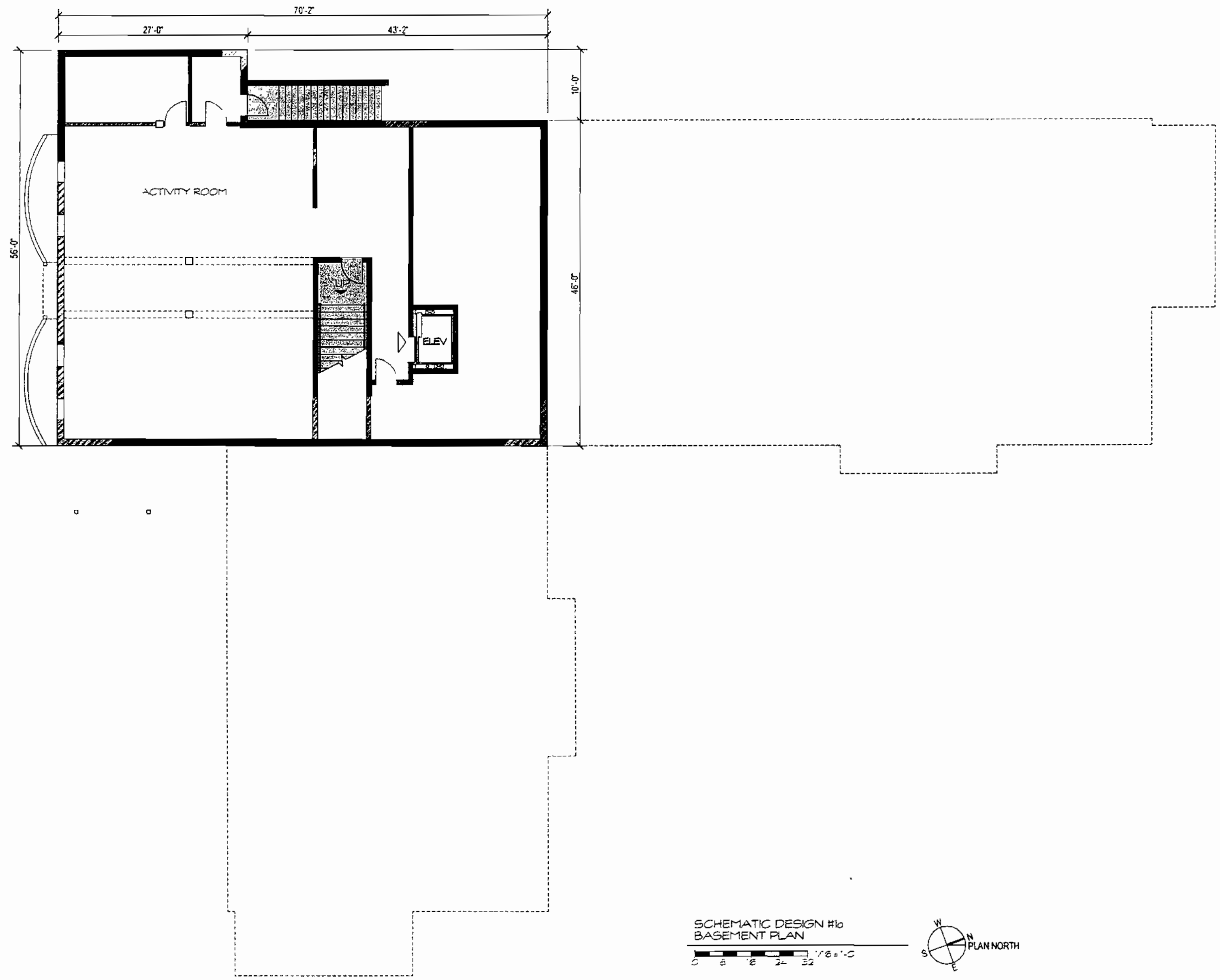




WEST RIVER VALLEY
SENIOR HOUSING
CONCEPT PLAN

November 2005

Stevens & Associates



Williams & Frehsee, Inc.
167 Main Street, Suite 309
Brattleboro, Vermont 05301
Phone: 802-257-1311
Fax: 802-257-9429
E-mail: info@wfivt.com

West River Valley Senior Housing

ASSISTED LIVING FACILITY

Valley Cares

Townshend, VT

WF JOB: 1051
DRAWN BY
CHECKED BY
DATE

DO NOT SCALE DRAWINGS

ASSISTED LIVING FACILITY
SCHEMATIC DESIGN
BASEMENT PLAN

#1A A-10C

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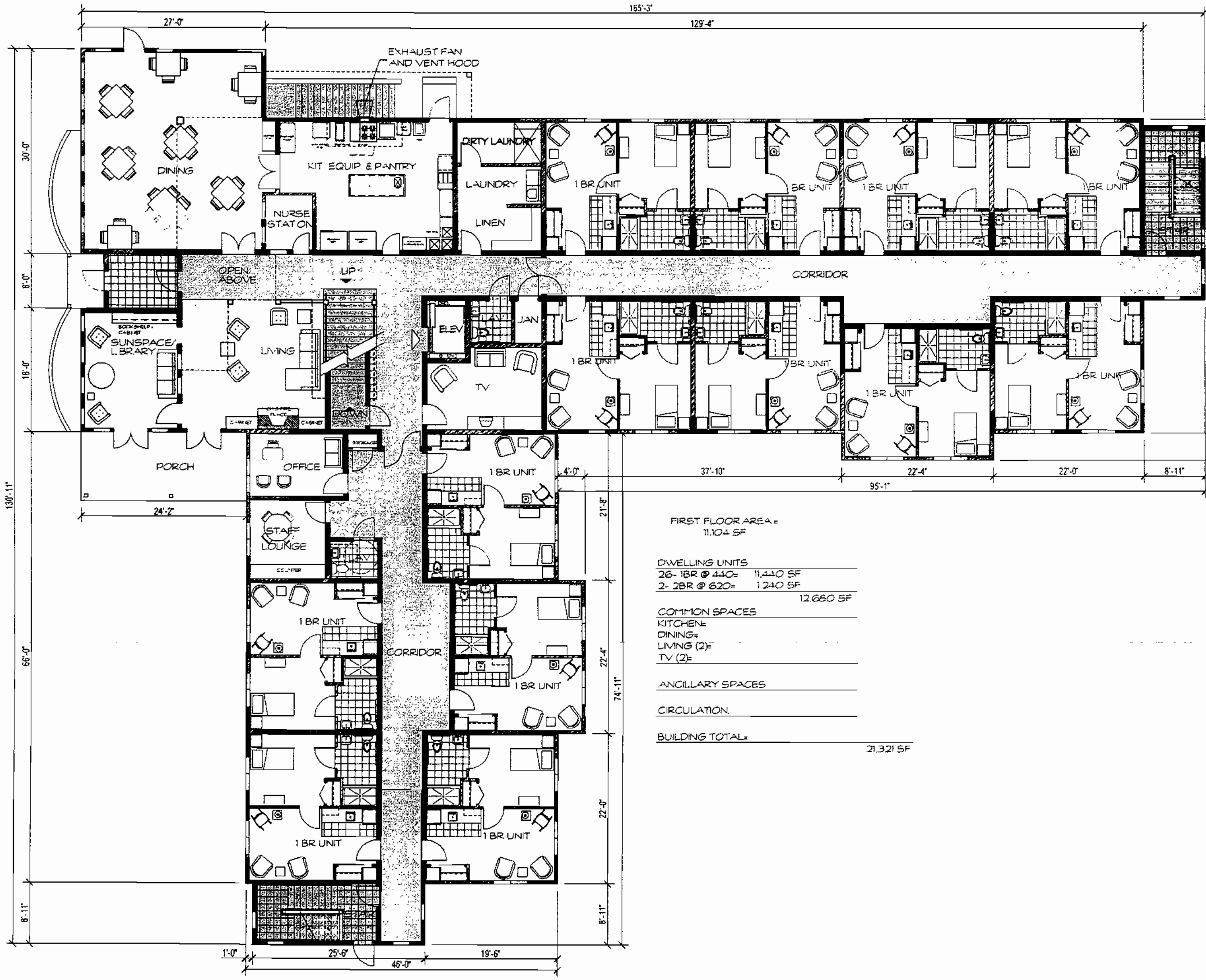

FIRST FLOOR AREA= 11,104 SF

DWELLING UNITS	
26- 1BR @ 440=	11,440 SF
2- 2BR @ 620=	1,240 SF
	12,680 SF
COMMON SPACES	
KITCHEN=	
DINING=	
LIVING (2)=	
TV (2)=	
ANCILLARY SPACES	
CIRCULATION	
BUILDING TOTAL=	
	21,321 SF

SCHEMATIC DESIGN #1a
FIRST FLOOR PLAN- 11,106 SF

3/16"=1'-0"

PLAN NORTH

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West River Valley Senior Housing

ASSISTED LIVING FACILITY

Valley Cares

Townshend, VT

WF JOB 05
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DATE

ASSISTED LIVING FACILITY
SCHEMATIC DESIGN
FIRST FLOOR PLAN

#1A A-101

Williams & Frehsee, Inc.
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West River
Valley
Senior Housing

ASSISTED
LIVING
FACILITY

Valley Cares

Townshend, VT

WF JOB: 10510

DRAWN BY:

CHECKED BY:

DATE:

ASSISTED LIVING FACILITY
SCHEMATIC DESIGN
SECOND
FLOOR PLAN
#1A A-102

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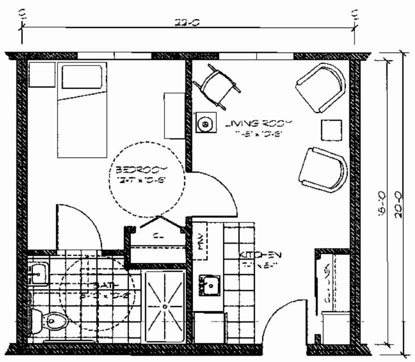
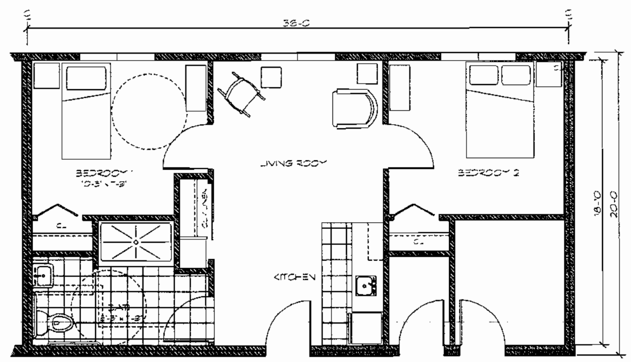


ASSISTED LIVING FACILITY
TYPICAL 1BR UNIT FLOOR PLAN- 433 SF



ASSISTED LIVING FACILITY
TYPICAL 2BR UNIT FLOOR PLAN- 608 SF

Williams & Frehsee, Inc.
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West River
Valley
Senior Housing

ASSISTED
LIVING
FACILITY

Valley Cares

Townshend, VT

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DATE	

ASSISTED LIVING FACILITY
SCHEMATIC DESIGN
1/4" TYPICAL
ROOM PLANS
#1A A-104

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EAST ELEVATION

SCHEMATIC DESIGN #2e
ELEVATIONS

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West River
Valley
Senior Housing

ASSISTED
LIVING
FACILITY

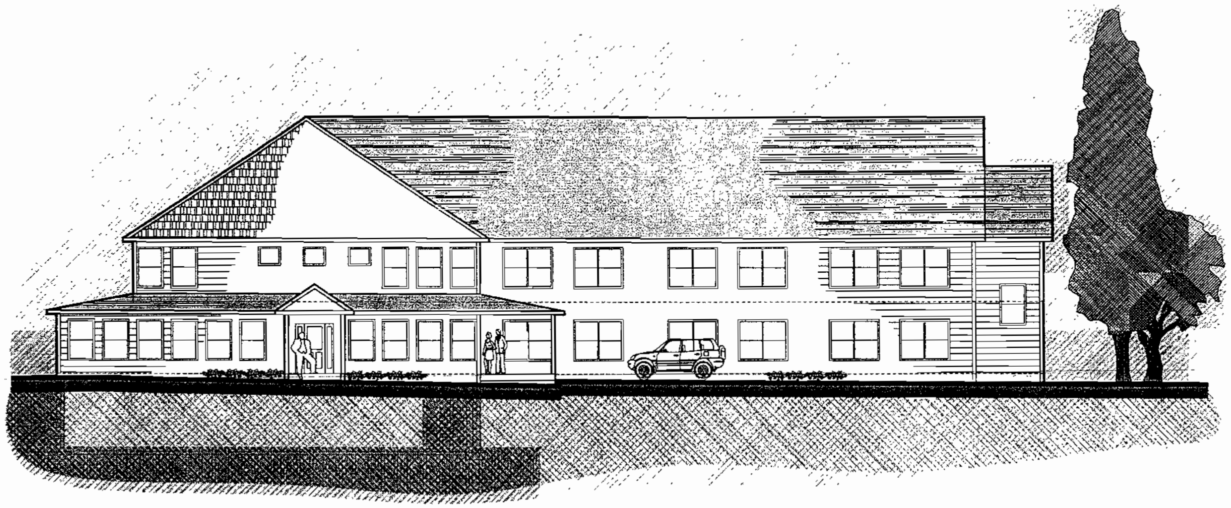
Valley Cares

Townshend, VT

WF JOB:	10510
DRAWN BY:	
CHECKED BY:	
DATE:	

ASSISTED LIVING FACILITY
SCHEMATIC DESIGN
ELEVATIONS

#1A A-201



SOUTH ELEVATION

SCHEMATIC DESIGN #2e
ELEVATIONS

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West River Valley Senior Housing

ASSISTED LIVING FACILITY

Valley Cares

Townshend, VT

WF JOB
DRAWN BY
CHECKED BY
DATE

DO NOT SCALE DRAWINGS

ASSISTED LIVING FACILITY
SCHEMATIC DESIGN
ELEVATIONS

#1A A-202

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: CONSTRUCTION AND PERMANENT FINANCING FOR WEST RIVER VALLEY ASSISTED LIVING, TOWNSHEND

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Valley Cares (the "Sponsors") on behalf of a to be formed limited partnership in which the Sponsors or their subsidiaries will be the general partners (the "Borrower") involving the construction of twenty-eight (28) units of senior assisted living housing in the Town of Townshend (the "Development"); and

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

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

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated August 18, 2006, containing information and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

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

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

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

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

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The Sponsors are financially responsible and are qualified housing sponsors within the meaning of the Act. The Borrower will be required to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

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

2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the construction and permanent financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions described in the Memorandum.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter CR

DATE: August 30, 2006

RE: Request for Permanent Financing: West River Valley Independent Living, Townshend

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

Project Summary: In June of 2006 the Board approved construction financing in the amount of $2,300,000 and an increase in federal (9%) Housing Credits for the West River Valley Independent Living development in Townshend. The project is being developed by Valley Cares (a 501(c)3 organization affiliated with Otis Health Care Center) and Housing Vermont (HVT) and consists of 24 units of independent senior housing with supportive services. This is the building that will be financed in part with a HUD 202 capital advance. The project did not receive (after applying three times) funding from Federal Home Loan Bank's Affordable Housing Program. The sponsors are filling the gap with a VHFA permanent loan of $200,000 and a higher yield on the tax credit equity that they are negotiating with Apollo, a national tax credit syndicator.

All other funding is committed. Construction is anticipated to begin in late September and be completed in one year.

mailing address P.O. Box 408, Burlington, VT 05402-0408 **delivery address** 164 Saint Paul St., Burlington, VT 05401-4364
phone (802) 864-5743 **fax** (802) 864-5746 **www.vhfa.org**

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: PERMANENT FINANCING FOR WEST RIVER VALLEY INDEPENDENT SENIOR HOUSING, TOWNSHEND

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Valley Cares (the "Sponsors") on behalf of a to be formed limited partnership in which one or more of the Sponsors or their subsidiaries will be the general partners (the "Borrower") involving the construction of twenty-four (24) units of senior rental housing in the Town of Townshend (the "Development"); and

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

WHEREAS, the Agency authorized construction financing and the allocation of Housing Credits by resolution dated June 5, 2006 and made the requisite findings; and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated August 30, 2006, containing information and recommendations about the Development (the "Memorandum");

WHEREFORE, it is hereby RESOLVED:

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

2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the permanent financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions described in the Memorandum.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter CR

DATE: August 18, 2006

RE: Request for Construction Financing, Stowe Family Homeownership, Stowe

Name:	Stowe Family Homeownership	**Location:**	Stowe
Housing Type:	General Occupancy	**Unit Type:**	Townhouses
Unit Count:	8 Total Units 4 Priced at VHFA Limits	**Unit Sizes:**	8 2-Br @ 1048 s.f.
Total Cost:	$2,102,328	**Per S.F. Acquisition & Construction Cost:**	$189
Financing Requested:	$2,100,000 taxable construction loan	**Sponsors:**	Lamoille Housing Partnership & Housing Vermont
Other Funding:	Proceeds from Home Sales		

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

Project Summary: Lamoille Housing Partnership (LHP) and Housing Vermont (HVT) are requesting construction financing for the homeownership units at the Stowe Family Housing development. The Board recently approved construction financing for the 28 rental units located on the same site. The homeownership project consists of four duplexes (totaling eight units). The units have two bedrooms and full basements. Four will be priced at VHFA's purchase price limit of $275,000 and four will be priced at $295,000. The only source for this project is sale proceeds. Assuming the bids come in within budget (they are due 9/25/06), the projected internal subsidy (the difference between sales proceeds and cost) is approximately $170,000, which can be spread over the 4 homes according to the needs of homebuyers. If bids come in higher than budgeted, the internal subsidy decreases, allowing a smaller per unit subsidy. The sponsors plan to use a number of other subsidies to target the lowest income eligible homebuyers – including HOMELAND, Equity Builder, and American Dream. The sponsors' goal is to market at least two of the homes to households below 100% of area median income. VHFA's single family construction loan program requires that 51% of units meet VHFA's price guidelines; the high cost of developing this housing in Stowe coupled with the small size of this project make this difficult to achieve, and therefore staff is willing to have less than 51% of the units meet VHFA's purchase price limits (meaning four homes versus five). LHP has a memorandum of understanding with Central Vermont Community Land Trust's Homeownership Center to provide homebuyer education for their clients (as well as have access to the homebuyer subsidies). In addition, the sponsors will contract with a real estate professional for marketing and sales. Act 250 approval is estimated by the end of September. A Level I Environmental Site Assessment was completed which reported the property to be clean. A sample unit appraisal will be completed prior to closing. Construction will begin in October and be completed in a year.

18-Aug-06 **Stowe Family Housing**

Homeownership Project

Total Residential Units:	8
VHFA Units:	4
Percent Restricted:	50.00%
Total Development Cost:	2,280,000
Total Development Cost per Unit:	285,000
Total Development Cost Per SF:	251

SOURCES		% of Total Development Cost	
Proceeds from Home Sales	2,280,000	100.00%	
TOTAL SOURCES	2,280,000	100.00%	
USES			
Acquisition	147,472	6.47%	
Construction Hard Costs	1,437,955	63.07%	
Soft Costs	516,901	22.67%	
Internal Subsidies for 4 Units	177,672	7.79%	
TOTAL USES	2,280,000	100.00%	
VHFA Construction Loan	**2,100,000**	**taxable**	**7.5% 16 months**

18-Aug-06 **Stowe Family Housing** Total SF = 8,384

Homeownership Only

		Budget	Per Unit	Per s.f.
	ACQUISITION			
1	Land	120,718	15,090	14.40
2	Acquisition - Easement	5,400	675	0.64
3	Acquisition - Interest	19,346	2,418	2.31
4	Property Appraisal	781	98	0.09
5	Legal - Title and Recording	1,227	153	0.15
	Subtotal - Acquisition	147,472	18,434	17.59
	CONSTRUCTION HARD COSTS	0		
6	Rehabilitation	0	0	0.00
7	New Building(s)	1,156,000	144,500	137.88
8	Accessory Buildings	0	0	0.00
9	Sitework	183,643	22,955	21.90
10	Town Sidewalk	17,851	2,231	2.13
11	Utilities	7,854	982	0.94
12	Contractor Overhead	0	0	0.00
13	Contractor Profit	0	0	0.00
14	Construction Contingency	64,574	8,072	7.70
15	Construction Management	0	0	0.00
16	Construction Bond Fee	0	0	0.00
17	Hazardous Materials Abatement	0	0	0.00
18	Off-Site Improvements	0	0	0.00
19	Furnishings, Fixtures, & Equipment	8,033	1,004	0.96
20	Other (________________)	0	0	0.00
	Subtotal - Hard Costs	1,437,955	179,744	171.51
	SOFT COSTS	0		
21	Architectural	95,314	11,914	11.37
22	Engineering	0	0	0.00
23	Legal/Accounting	13,388	1,674	1.60
24	Relocation	0	0	0.00
25	Environmental Assessment	2,120	265	0.25
26	Energy Assessment	0	0	0.00
27	Permits/Fees	72,467	9,058	8.64
28	Independent Market Study	0	0	0.00
29	Construction Period Insurance	5,836	730	0.70
30	Construction Interest	92,520	11,565	11.04
31	Construction Loan Origination Fee	11,500	1,438	1.37
32	Taxes During Construction	0	0	0.00
33	Clerk of the Works	0	0	0.00
34	Marketing	41,000	5,125	4.89
35	Tax Credit Fees	0	0	0.00
36	Soft Cost Contingency	2,120	265	0.25
37	Permanent Loan Origination Fee	0	0	0.00
38	Lender's Counsel's Fee	0	0	0.00
39	Other (HP/Arch Consultant)	2,124	266	0.25
	SYNDICATION COSTS	0	0	0.00
40	Organizational (Partnership)	0	0	0.00
41	Bridge Loan Fees and Expenses	0	0	0.00
42	Syndication Consultant	0	0	0.00
43	Tax Opinion	0	0	0.00
	DEVELOPER'S FEES	0	0	0.00
44	Developer's Fees - HVT	89,256	11,157	10.65
45	Other Partnership Fees - LHP	89,256	11,157	10.65
46	Consultant Fees	0	0	0.00
	RESERVES	0	0	0.00
47	Working Capital	0	0	0.00
48	Rent-up (Deficit Escrow) Reserve	0	0	0.00
49	Other Operating Reserves	0	0	0.00
50	Sinking Fund	0	0	0.00
51	Replacement Reserves	0	0	0.00
	Subtotal - Soft Costs	516,901	64,613	61.65
	TOTAL DEVELOPMENT COSTS	2,102,328	262,791	250.75

1,923,816	= Adjusted TDC
178,512	Devel Fee
9.28%	Devel Fee %

Sales Schedule - Stowe Homeownership

Unit #	Sales Price	Cost Per Unit	Difference	Internal Subsidy		HOMELAND	Equity Builder	Amer Dream	Net Sales Price	Int Rate	Term	P & I Pmt	Monthly Fee	Monthly Pmt	Income Needed	% Median
1	275,000	262,791	12,209	74,000	188,791	30,000	15,000	10,000	133,791	4.75%	30	698	480	1,178	47,117	80%
2	275,000	262,791	12,209	74,000	188,791	30,000	15,000	10,000	133,791	4.75%	30	698	480	1,178	47,117	80%
3	275,000	262,791	12,209	29,672	233,119				233,119	6.00%	30	1,216	480	1,696	67,842	115%
4	275,000	262,791	12,209	0	262,791				262,791	6.00%	30	1,371	480	1,851	74,034	126%
5	295,000	262,791	32,209	0					295,000	7.00%	30	1,539	480	2,019	80,754	137%
6	295,000	262,791	32,209	0					295,000	7.00%	30	1,539	480	2,019	80,754	137%
7	295,000	262,791	32,209	0					295,000	7.00%	30	1,539	480	2,019	80,754	137%
8	295,000	262,791	32,209	0					295,000	7.00%	30	1,539	480	2,019	80,754	137%
	2,280,000	2,102,328	177,672	177,672												

Monthly Fee:	
Condo	125
Taxes	310
Insu	20
Lease Fee	25
	480

0	Lamoille County Median Income
2	47,100
3	53,000
4	58,900

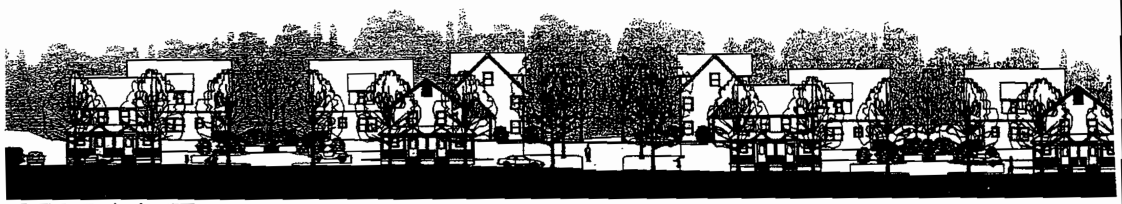
VHFA Income Limits		
1-2	70,500	150%
3+	81,000	153%

18-Aug-06 **Stowe Family Housing**

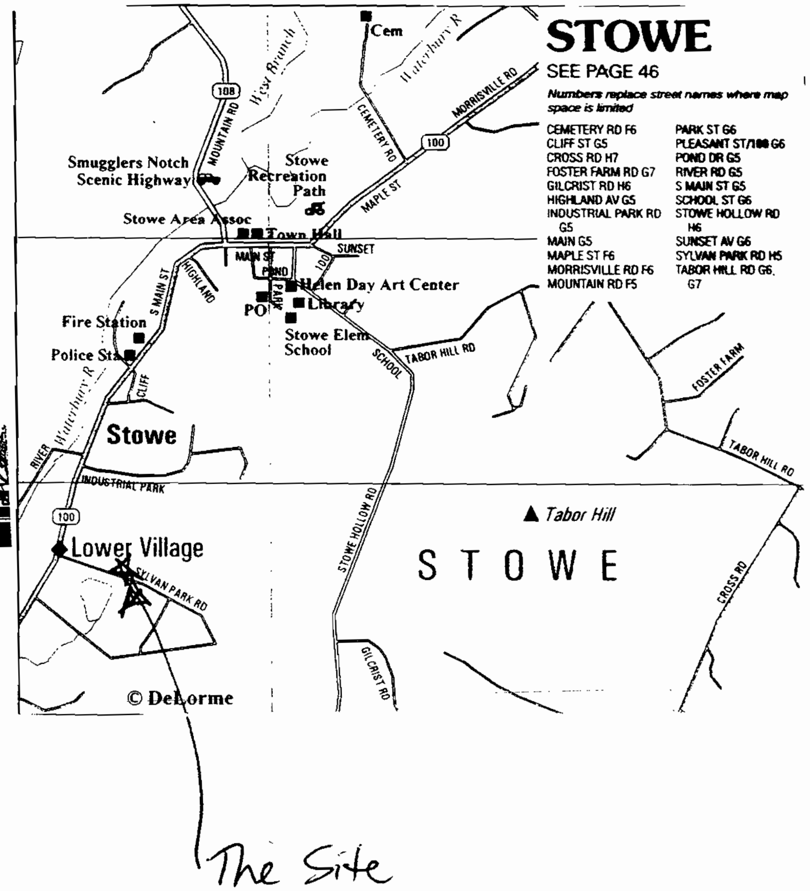
Construction Flow of Funds

Homeownership Only

			Construction Closing	Month: 1	2	3	4	5	6	7	8	9	10	11	12	13	Final Capital Contribution 14	
	# Sales														4	4		
	Sources:																	
	Construction Loan	2,000,000	328,519	117,107	159,985	160,985	140,634	112,870	113,576	114,285	115,000	115,639	115,341	129,095	246,427	0		30,536
	Internal Subsidy														0			
	Home Sales	2,280,000													1,100,000	1,180,000		0
	TOTALS:	4,280,000	328,519	117,107	159,985	160,985	140,634	112,870	113,576	114,285	115,000	115,639	115,341	129,095	1,346,427	1,180,000	0	
	USES:		328,519	117,107	159,985	160,985	140,634	112,870	113,576	114,285	115,000	115,639	115,341	129,095	1,344,168	1,188,635	0	
	DIFFERENCE:		0	0	0	0	0	0	0	0	0	0	0	0	2,259	(8,635)	0	
	CUMULATIVE DIFFERENCE:																	
	Uses:																	
	ACQUISITION																	
1	Land	120,718	120,718															0
2	Acquisition - Easement	5,400	5,400															0
3	Acquisition - Interest	19,346	19,346															0
4	Property Appraisal	781	781															0
5	Legal - Title and Recording	1,227	1,227															0
	CONSTRUCTION HARD COSTS																	
6	Rehabilitation	0																0
7	New Building(s)	1,156,000		50,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	106,000			0
8	Accessory Buildings																	0
9	Sitework	183,643		50,000	50,000	50,000	28,643							5,000				0
10	Town Sidewalk	17,851													17,851			0
11	Utilities	7,854		7,854														0
12	Contractor Overhead																	0
13	Contractor Profit	0																0
14	Construction Contingency	64,574		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	9,574			0
15	Construction Management																	0
16	Construction Bond Fee	0																0
17	Hazardous Materials Abatement	0																0
18	Off-Site Improvements	0																0
19	Furnishings, Fixtures, & Equipment	0												0				0
20	Other (____________)	8,033												8,033				0
	SOFT COSTS																	
21	Architectural	95,314	75,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	1,000	1,000	314	0	0	0
22	Engineering	0																0
23	Legal/Accounting	13,388	12,000												1,388			0
24	Relocation	0																0
25	Environmental Assessment	2,120	2,120															0
26	Energy Assessment	0																0
27	Permits/Fees	72,467	72,467															0
28	Independent Market Study	0																0
29	Construction Period Insurance	5,836	5,836															0
30	Construction Interest	92,520	0	2,053	2,785	3,785	4,791	5,670	6,376	7,085	7,800	8,519	9,241	9,962	10,769	6,059		7,624
31	Construction Loan Origination Fee	11,500	11,500															0
32	Taxes During Construction	0																0
33	Clerk of the Works	0																0
34	Marketing	41,000													20,500	20,500		0
35	Tax Credit Fees	0																0
36	Soft Cost Contingency	2,120		200	200	200	200	200	200	200	200	120	100	100	100	100		0
37	Permanent Loan Origination Fee	0																0
38	Lender's Counsel's Fee	0																0
39	Other (HP/Arch Consultant)	2,124	2,124															0
	SYNDICATION COSTS																	
40	Organizational (Partnership)	0																0
41	Bridge Loan Fees and Expenses	0																0
42	Syndication Consultant	0																0
43	Tax Opinion	0																0
	DEVELOPER'S FEES	0																
44	Developer's Fees - HVT	89,256														89,256		0
45	Other Partnership Fees - LHP	89,256														89,256		0
46	Consultant Fees	0																0
	RESERVES	0																
47	Working Capital	0																0
48	Rent-up (Deficit Escrow) Reserve	0																0
49	Other Operating Reserves	0																0
50	Sinking Fund	0																0
51	Internal Subsidy	177,672													177,672			0
	Repay Construction Loan	2,000,000													1,000,000	983,464		16,536
	TOTAL DEVELOPMENT COSTS	2,280,000	328,519	117,107	159,985	160,985	140,634	112,870	113,576	114,285	115,000	115,639	115,341	129,095	1,344,168	1,188,635	0	(1,975,840)
	Construction Loan Balance		328,519	445,626	605,611	766,596	907,231	1,020,101	1,133,677	1,247,962	1,362,962	1,478,600	1,593,942	1,723,037	969,464	(14,000)	(14,000)	
	Construction Loan Interest 7.5%		0	2,053	2,785	3,785	4,791	5,670	6,376	7,085	7,800	8,519	9,241	9,962	10,769	6,059	(88)	
	Bridge Interest (Cumulative) 9.0%																	



NORTHEAST side of STREET



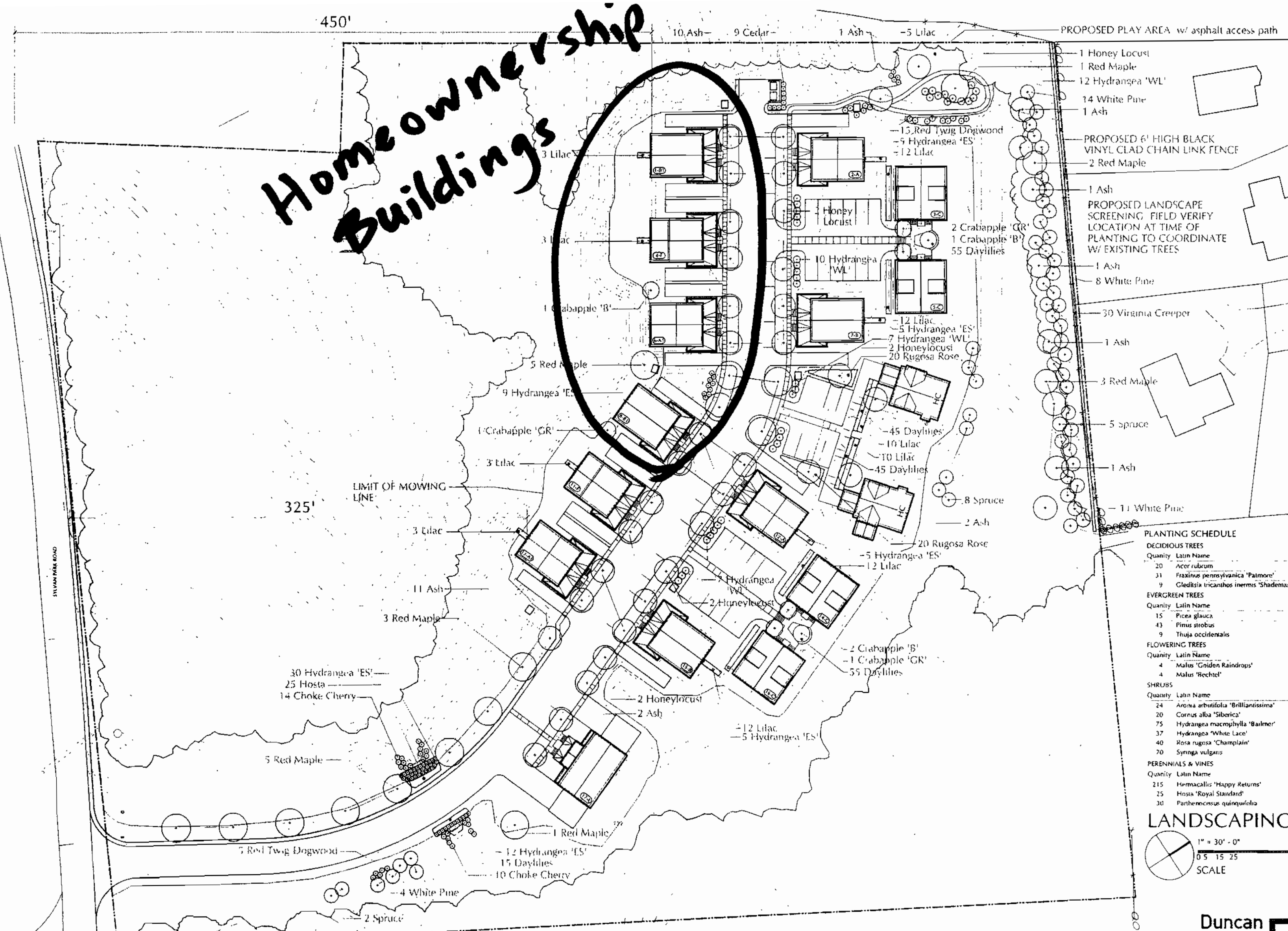
SOUTHWEST side of STREET

SCALE: 1" = 20'-0"

STOWE FAMILY HOUSING

DUNCAN • WISNIEWSKI ARCHITECTURE •
255 SOUTH CHAMPLAIN STREET, BURLINGTON, VERMONT 05401 (802) 864-6693

10/27/2005



PLANTING SCHEDULE

Quanity	Latin Name	Common Name	Size
DECIDIOUS TREES			
20	Acer rubrum	Red Maple	2"-2.5" cal.
31	Fraxinus pennsylvanica 'Patmore'	Patmore Ash	2"-2.5" cal.
9	Gleditsia tricanthos inermis 'Shademaster'	Shadmaster Honeylocust	2"-2.5" cal.
EVERGREEN TREES			
15	Picea glauca	White Spruce	5'-6' hgt.
43	Pinus strobus	White Pine	5'-6' hgt
9	Thuja occidentalis	Eastern White Cedar	3'-4' hgt
FLOWERING TREES			
4	Malus 'Golden Raindrops'	Golden Raindrop Crabapple	15 gal.
4	Malus 'Bechtel'	Bechtel Crabapple	15 gal.
SHRUBS			
24	Aronia arbutifolia 'Brilliantissima'	Choke Cherry	2 gal.
20	Cornus alba 'Siberica'	Red Twig Dogwood	2 gal
75	Hydrangea macrophylla 'Bailmer'	Endless Summer Hydrangea	2 gal
37	Hydrangea 'White Lace'	White Lace Hydrangea	2 gal.
40	Rosa rugosa 'Champlain'	Champlain Rose	3 gal
70	Syringa vulgaris	Common Purple Lilac	3 gal
PERENNIALS & VINES			
215	Hermacallis 'Happy Returns'	Happy Return Daylilly	1 gal
25	Hosta 'Royal Standard'	Royal Standard Hosta	1 gal.
30	Parthenocissus quinquifolia	Virginia Creeper	1 gal

LANDSCAPING PLAN

1" = 30' - 0"

0 5 15 25 75 150

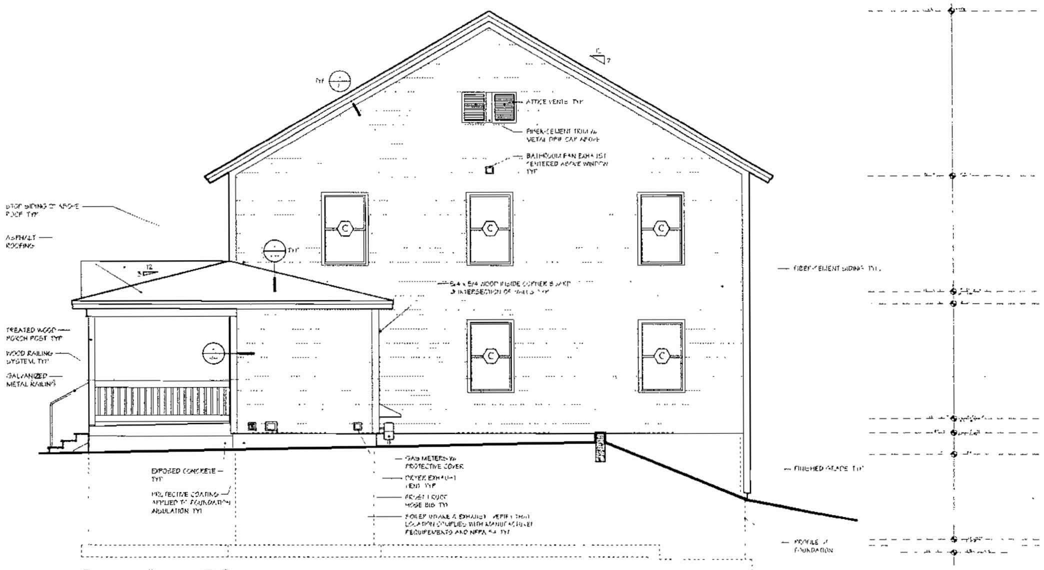
SCALE

STOWE FAMILY HOUSING

STOWE, VERMONT

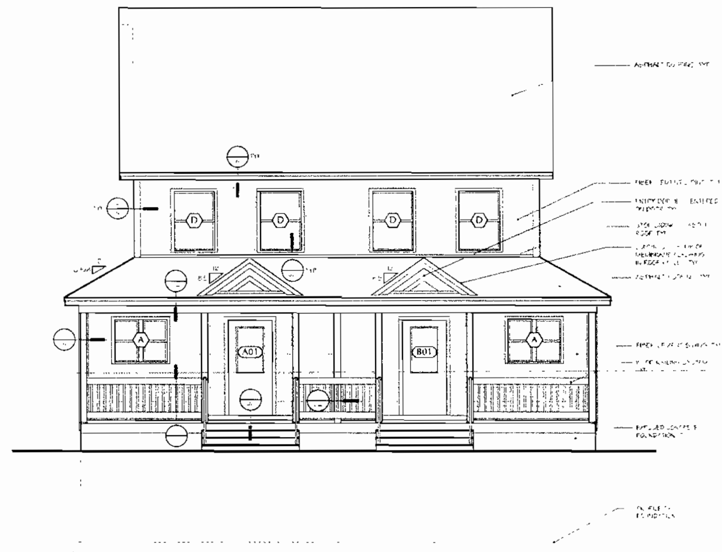
Duncan Wisniewski
ARCHITECTURE
255 SOUTH CHAMPLAIN STREET
BURLINGTON, VERMONT 05401
T: 802.864.6693 F: 802.864.6932

DATE: 02.10.2006



RIGHT ELEVATION

SCALE: 1/4" = 1'-0"



FRONT ELEVATION

SCALE: 1/4" = 1'-0"

SYLVAN WOODS: BUILDING TYPE-A1

STOWE, VERMONT

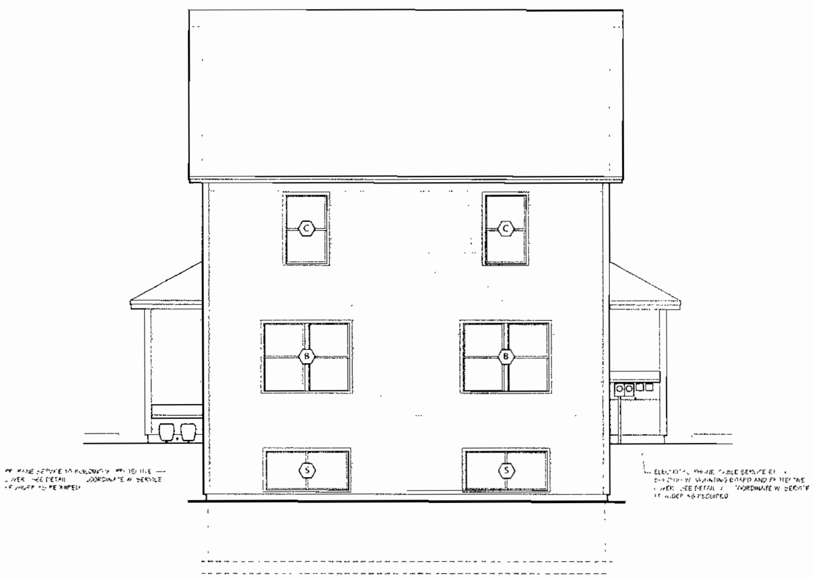
FINAL REVIEW SET

Duncan Wisniewski
ARCHITECTURE
155 SOUTH CHAMPLAIN STREET
BURLINGTON, VERMONT 05401
T: 802.864.6693 F: 802.864.6932

A1

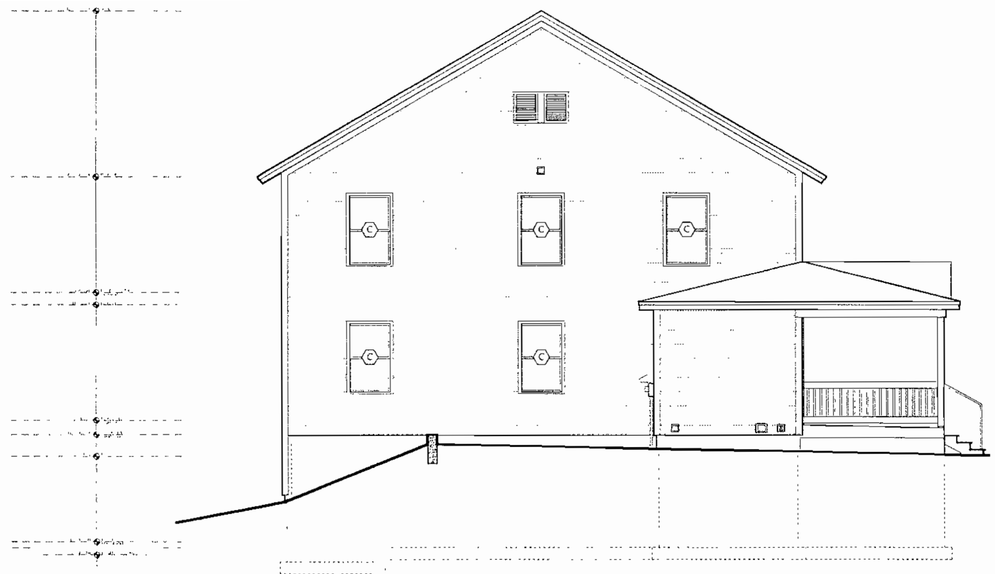
DATE 8.16.2006

A2.0



REAR ELEVATION

SCALE 1/4" = 1'-0"



NORTH ELEVATION

SCALE 1/4" = 1'-0"

SYLVAN WOODS: BUILDING TYPE-A1

STOWE, VERMONT

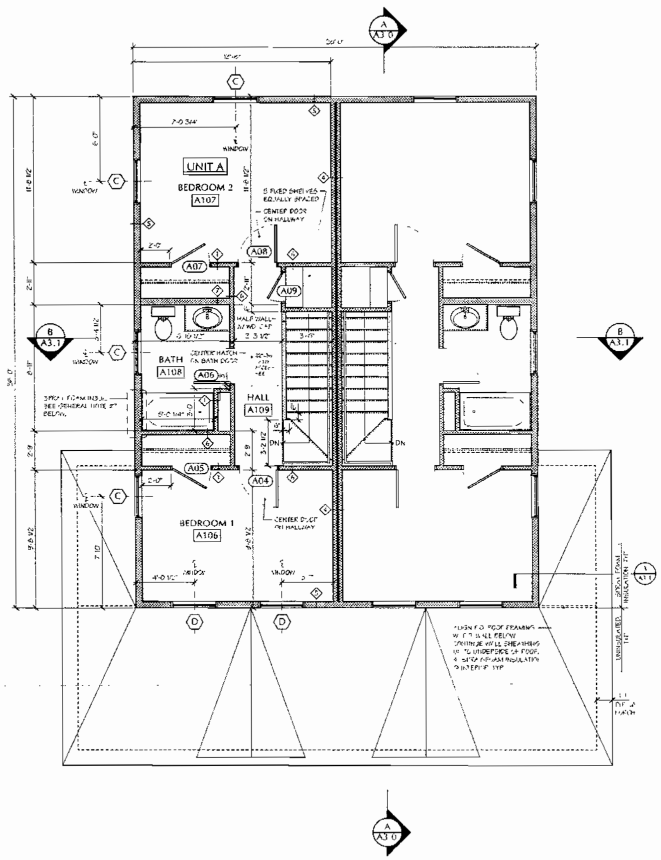
FINAL REVIEW SET

Duncan Wisniewski
ARCHITECTURE
255 SOUTH CHAMPLAIN STREET
BURLINGTON, VERMONT 05401

A1

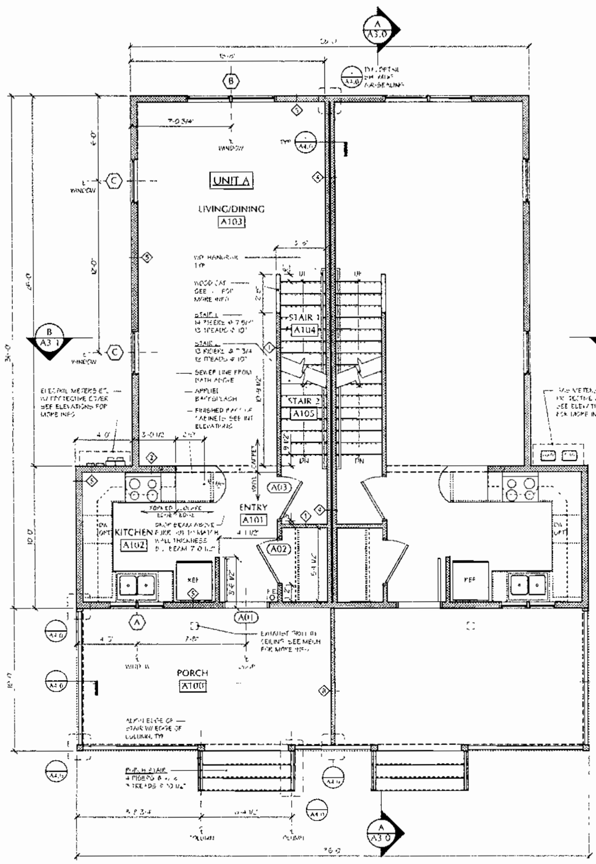
DATE: 8.16.2006

A2.1



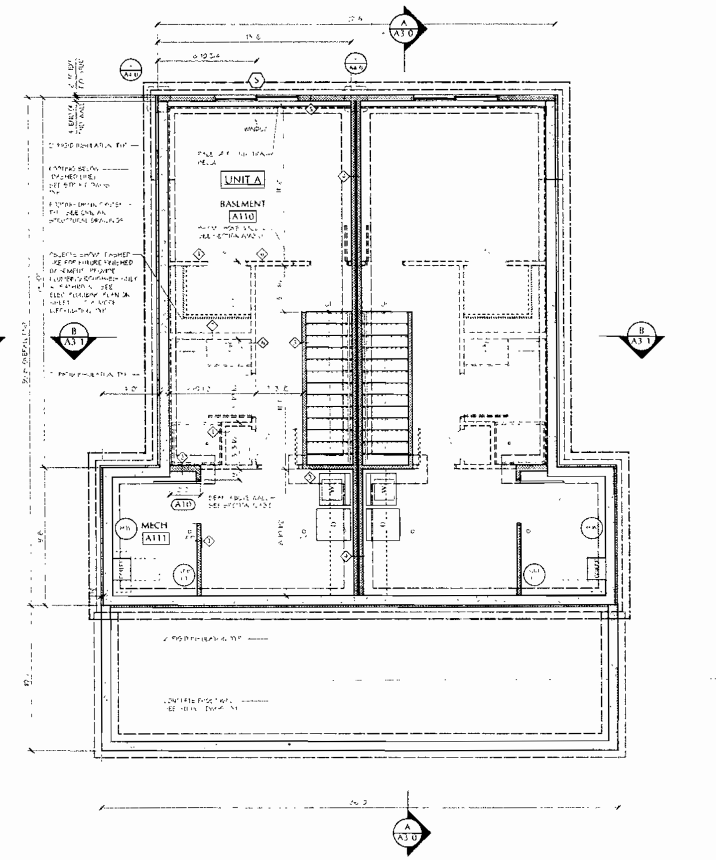
SECOND FLOOR PLAN

SCALE: 1/4" = 1'-0"



FIRST FLOOR PLAN

SCALE: 1/4" = 1'-0"



BASEMENT FLOOR PLAN

SCALE: 1/4" = 1'-0"

FINISH SCHEDULE

MARK	ROOM NAME	FLOOR	BASE	WALLS	CEILING	REMARKS
A100 / B100	PORCH	SEALED CONCRETE			PTD PLYWOOD	
A101 / B101	ENTRY	SHEET VINYL / 3/8" U.L.	4" VINYL	5/8" PTD GYPSUM BOARD	5/8" PTD GYPSUM BOARD	
A102 / B102	KITCHEN	SHEET VINYL / 3/8" U.L.	4" VINYL	5/8" PTD GYPSUM BOARD	5/8" PTD GYPSUM BOARD	
A103 / B103	LIVING/DINING	CARPET	4" VINYL	5/8" PTD GYPSUM BOARD	5/8" PTD GYPSUM BOARD	
A104 / B104	STAIR 1	CARPET	4" VINYL	5/8" PTD GYPSUM BOARD	5/8" PTD GYPSUM BOARD	
A105 / B105	STAIR 2	UNFINISHED	4" VINYL	5/8" PTD GYPSUM BOARD	5/8" PTD GYPSUM BOARD	VINYL FLOORING @ UPPER LANDING
A106 / B106	BEDROOM 1	CARPET	4" VINYL	5/8" PTD GYPSUM BOARD	5/8" PTD GYPSUM BOARD	
A107 / B107	BEDROOM 2	CARPET	4" VINYL	5/8" PTD GYPSUM BOARD	5/8" PTD GYPSUM BOARD	
A108 / B108	HALL	CARPET	4" VINYL	5/8" PTD GYPSUM BOARD	5/8" PTD GYPSUM BOARD	
A109 / B109	BATH	SHEET VINYL / 3/8" U.L.	4" VINYL	5/8" PTD MR GYPSUM BOARD	5/8" PTD MR GYPSUM BOARD	
A110 / B110	BASEMENT	CONCRETE		EXPOSED CONCRETE/GYP. BD	OPEN FRAMING	FIRE TAPE GYPSUM BOARD WALLS
A111 / B111	MECHANICAL	CONCRETE		EXPOSED CONCRETE/GYP. BD	OPEN FRAMING	FIRE TAPE GYPSUM BOARD WALLS

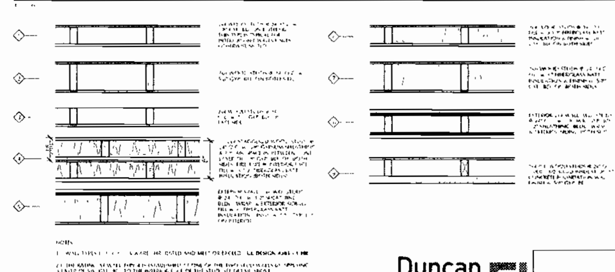
FINISH SCHEDULE NOTES:

1. PTD GYP BD IS PAINTED GYPSUM BOARD
2. PTD MR GYP BD IS PAINTED MOISTURE RESISTANT GYPSUM BOARD. BATH CEILINGS MAY BE FINISHED IN REGULAR GYPSUM BOARD ONLY IF ALKYD BASED EXTERIOR PRIMER IS USED INSTEAD OF INTERIOR LATEX BASED PRIMER
3. FT GYP BD IS FIRE TAPED GYPSUM BOARD, WHICH IS DEFINED AS ONE ADDITIONAL COAT OF COMPOUND AFTER EMBEDMENT OF PAPER TAPE
4. UNDERLAYMENT PLYWOOD (U.L.) IS REQUIRED UNDER ALL SHEET VINYL FINISH FLOORS, EXCEPT WHEN BEING PLACED ON CONCRETE SLAB
5. ALL CLOSETS SHALL BE FINISHED TO MATCH THE ROOMS THEY ADJOIN UNLESS OTHERWISE NOTED.
6. PTD WOOD IS PAINTED WOOD

GENERAL NOTES:

1. REFER TO FRAMING PLANS FOR ADDITIONAL STRUCTURAL INFORMATION
2. HOLD ALL DIMENSIONS ACCORDING TO DRAWINGS. IF QUESTIONS, CONFLICTS, OR DISCREPANCIES SHOULD ARISE, CONTACT ARCHITECT IMMEDIATELY
3. REFER TO FINISH SCHEDULE FOR LOCATIONS OF MOISTURE RESISTANT GYP. BOARD
4. REFER TO SHEETS A5.1 FOR INTERIOR KITCHEN & BATH ELEVATIONS
5. INSTALL HANDRAIL BRACKETS ON EITHER SIDE OF ALL TRANSITIONS AND JOINTS
6. ALL CLOSETS TO HAVE ROD AND SHELF. (4) SHELVES IN LINEN CLOSETS
7. BEFORE INSTALLING TUB SHOWERS AGAINST EXTERIOR WALLS STUD CAVITY MUST BE SPRAY FOAMED FOR AIR SEALING

WALL TYPES:



SYLVAN WOODS: BUILDING TYPE-A1

STOWE, VERMONT

FINAL REVIEW SET

Duncan Wisniewski
ARCHITECTURE
252 SOUTH CHAMPLAIN STREET
BURLINGTON VERMONT 05401
T: 802.864.6693 F: 802.864.6932

DATE 8.16.2006

A1.0

RESOLUTION RE: SINGLE FAMILY CONSTRUCTION FINANCING FOR STOWE FAMILY HOUSING, STOWE

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Lamoille Housing Partnership (the "Sponsors") for themselves or a to-be-formed entity with one or both of the Sponsors or their subsidiaries as general partners or members (the "Borrower") involving the construction of eight (8) for sale single family condominium townhouses in the Town of Stowe (the "Development"); and

WHEREAS, the application contemplates a mortgage loan for construction financing of up to $2,310,000.00 for the Development with the interest rates to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds; and

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

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated August 18, 2006 containing information and recommendations about the construction financing for the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for occupancy by persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of the units are for occupancy by 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 or moderate income are able to afford within the general housing market area to be served by the proposed Development or there is a shortage of temporary transitional or emergency housing to be served by the proposed residential housing and that private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for occupancy by the persons or families.

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

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The Sponsors are financially responsible and are qualified housing sponsors within the meaning of the Act. The Borrower will be required to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

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

2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Sponsors or the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter shall be conditioned on the satisfaction by the Borrower of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Director of Development JE

DATE: August 30, 2006

RE: Increase in Allocated Credits of Village Apartments, Middlebury

Recommendation:

That the Board approve an increase in the allocated Housing Credits to the Housing Vermont, Addison County Community Action Group, and Addison County Community Trust for the new construction of Village Housing Apartments from $417,000 to $531,000. The attached resolution authorizes the final total amounts of both Allocated and State Housing Credits.

Overview:

In March the Board approved a construction loan of $2.3 million, a permanent loan of $510,000, and Housing Credits of $398,000. In July Staff updated the Board on some changes and made an additional request (for State credits). At that time staff also increased the Federal Housing Credits from $398,000 to $417,000, using its discretion to increase allocations by up to 5%. This change, coupled with the State credits, was intended to allow the sponsor to replace the Federal Home Loan Bank of Boston AHP funds, shown as a source at $175,000. Those funds are very competitive and the Sponsors felt the project was not a strong candidate based on their scoring criteria. Also, there was fear that pursuing the funding might delay the start of the project.

The construction bids came in and were 56% over budget ($4.7 million versus $3 million). The sponsor believes they can "value engineer" out about $400,000 from the price by simplifying the façade (see attached), reducing the number of entries, decreasing the size of the building by 3,000 square feet, and other things. The sponsor now intends to apply for both FHLB AHP funds and NeighborWorks funds, both of which are competitive and highly uncertain. If successful, the sponsor believes they can get a total of $225,000, but they do not believe it likely they will get both. In order to fill this large a gap, the sponsor is applying for additional Housing Credits which would raise equity of approximately $1.3 million.

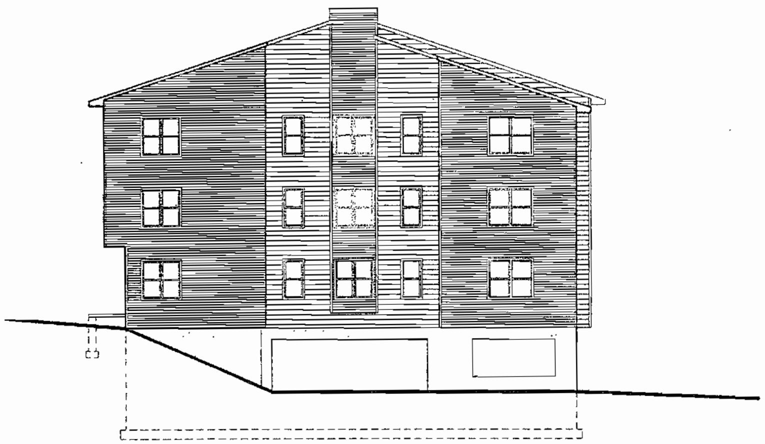
This is a large increase. After the increase, however, the development would not be out of line with other recent tax credit projects, when viewed from a "credits per unit" perspective:

Project	Units	Credits per unit
Willard Mill	27	17,000
Enosburg	28	18,188
Stowe	28	17,677
Village Housing	**30**	**17,700 (after increase)**

Plus, Village Housing is also using the equity raised through the credit syndication to provide a subsidy to the for-sale Cottage units, a cost these other developments do not have to bear.

WEST ELEVATION

1/16" = 1'-0"



SOUTH ELEVATION

1/16" = 1'-0"

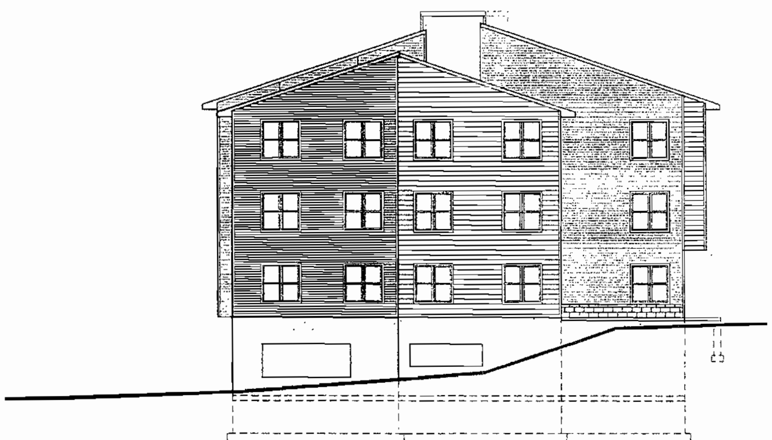
PROGRESS PRINT
NOT FOR CONSTRUCTION
DATED [illegible]

project	MIDDLEBURY SOUTH VILLAGE APARTMENTS MIDDLEBURY VERMONT
drwg. title	PROPOSED ELEVATIONS
scale	AS NOTED
project no.	06-411
drawn by	[illegible]
date	[illegible]
file	E-EL-[illegible]
date	revisions
drwg. no.	A4.2
Sheet	[illegible] of [illegible]

ARCHITECTS
20 main street essex junction vermont 05452
p. 802.879.5153 f. 802.872.2764
architecture
planning
interiors

EAST ELEVATION

1/16" = 1'-0"



NORTH ELEVATION

1/16" = 1'-0"

PROGRESS PRINT
NOT FOR CONSTRUCTION
DATE: 8/17/06

project
MIDDLEBURY SOUTH VILLAGE APARTMENTS
MIDDLEBURY VERMONT

drwg. title
PROPOSED ELEVATIONS

scale AS NOTED
project no. 06-611
drawn by page
date 8/17/06
file E-EL-MSV

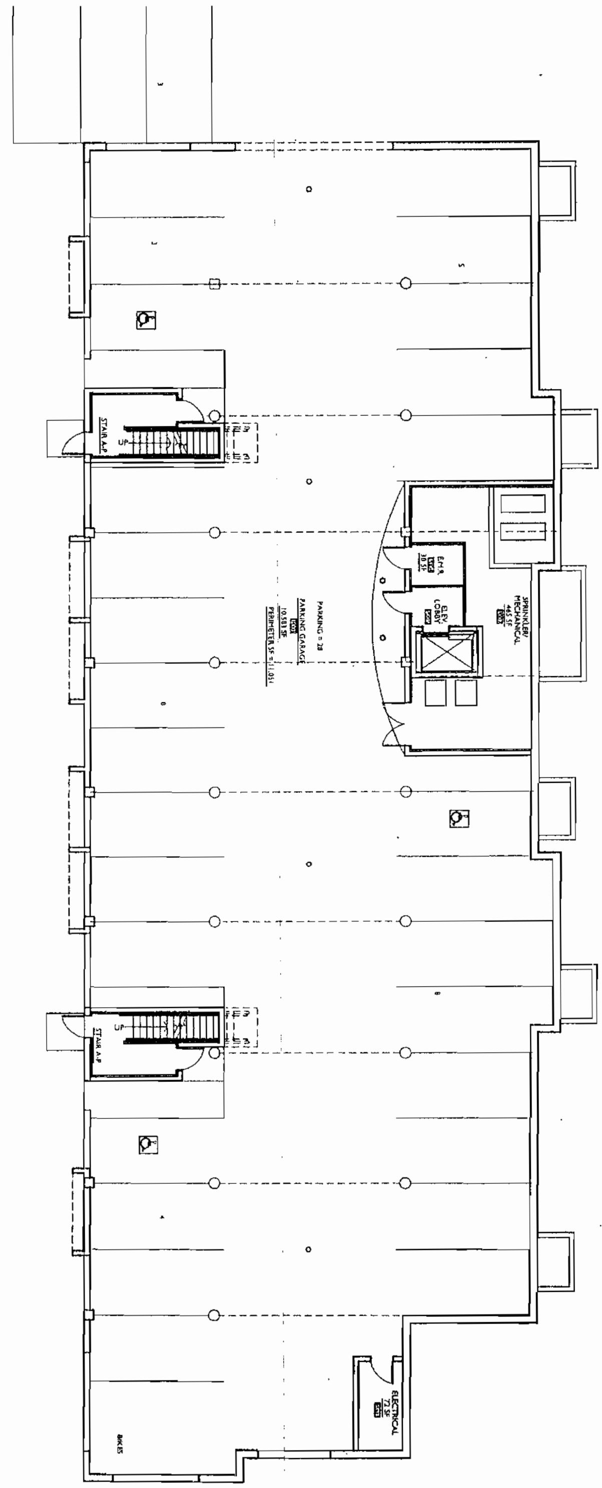
date	revisions

drwg. no.
A4.1

Sheet _ Of _

PARKING GARAGE PLAN

1/16" = 1'-0"



PROJECT PRICING SET
NOT FOR CONSTRUCTION
DATE: 8/16/06

scale	AS NOTED
project no.	06-611
drawn by	page
date	8/16/06
file	FP-4SVM
date	revisions

drwg. no.

A2.1

Sheet _._ of _._

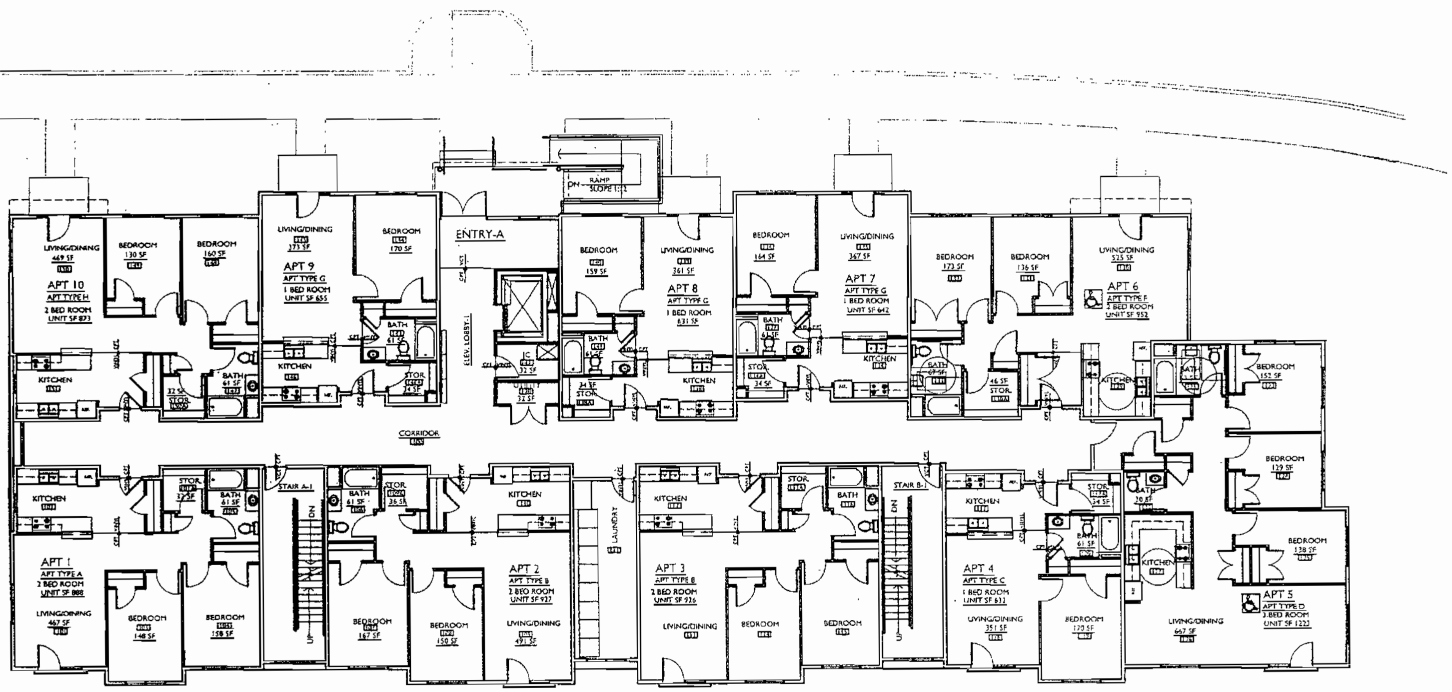
project
MIDDLEBURY SOUTH VILLAGE APARTMENTS
MIDDLEBURY VERMONT

drwg. title
PROPOSED FLOOR PLANS

S [redacted]

20 main street essex junction vermont 05452
p. 802.879.5153 f. 802.872.2764

architecture
planning
interiors



FIRST FLOOR PLAN
1/16" = 1'-0"

PROJECT PRICING SET
NOT FOR CONSTRUCTION
DATE: 8/16/06

[redacted]
architecture planning interiors
30 main street essex junction vermont 05452
p. 802.879.5153 f. 802.872.2764

project
MIDDLEBURY SOUTH VILLAGE APARTMENTS
MIDDLEBURY VERMONT

drwg. title
PROPOSED FLOOR PLANS

scale	AS NOTED
project no.	06-611
drawn by	page
date	8/16/06
file	FP-MSVH
date	revisions

drwg. no.
A2.2
Sheet _-_ Of _-_

30-Aug-06 **South Village**

Total Residential Units:	30	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	25	Increase in Income from Other Sources:	1.50%
Percent Restricted:	83.33%	Increase in Income from Commercial:	1.50%
Total Development Cost:	7,515,899	Expense increase:	3.00%
Total Development Cost per Unit:	250,530	Vacancy Rate:	5%
Total Development Cost Per SF:	276	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	554,609	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	531,000	Sponsor's Estimated Yield:	92.21%

LIHTC - 9%	8.07%	(Mar 2006)
LIHTC - 4%	3.46%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	510,000	6.79%	7.25%	30	30
HOME	315,000	4.19%	5.00%	30	30
VCDP	750,000	9.98%	0.00%	30	30
VHCB	560,000	7.45%	0.00%	30	30
Developer Loan	246,500	3.28%	3.50%	15	15
REEP Loan	18,000	0.24%	0.00%	30	30
FHLBB - AHP		0.00%	0.00%	30	30
Neighborworks		0.00%	N/A	N/A	
State Credit Equity	225,000	2.99%	N/A	N/A	
Tax Credit Equity	4,891,641	65.08%	N/A	N/A	
TOTAL SOURCES	7,516,141	100.00%			
Construction Loan	2,300,000				

USES

Acquisition	308,250	4.10%
Construction Hard Costs	5,837,985	77.68%
Soft Costs	1,369,664	18.22%
TOTAL USES	7,515,899	100%
Gap	(242)	

General Partner's Capital Contribution	1	0.10%
Limited Partner's Capital Contribution	4,891,640	99.90%
Total Equity	4,891,641	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	25
Total Units	30
Unit Fraction	83.33%
Tax Credit Square Footage	23,114
Total Residential Square Footage	27,229
Square Footage Fraction	84.89%
Applicable Fraction	83.33%

		Budget	Per Unit	Per s.f.
	ACQUISITION			
1	Land	300,000	10,000	11.02
2	infrastructure	0	0	0.00
3			0	0.00
4	Property Appraisal	3,000	100	0.11
5	Legal - Title and Recording	5,250	175	0.19
	Subtotal - Acquisition	308,250	10,275	11.32
	CONSTRUCTION HARD COSTS			
6	Rehabilitation		0	0.00
7	New Building(s)	4,172,800	139,093	153.25
8			0	0.00
9	Sitework	613,000	20,433	22.51
10	Commercial Space Costs (if any)		0	0.00
11	General Requirements		0	0.00
12	Contractor Overhead		0	0.00
13	Contractor Profit		0	0.00
14	Construction Contingency	325,185	10,840	11.94
15	Construction Management		0	0.00
16	Construction Bond Fee		0	0.00
17	Hazardous Materials Abatement		0	0.00
18	Off-Site Improvements		0	0.00
19	Furnishings, Fixtures, & Equipment	27,000	900	0.99
20	Other (off-site housing)	700,000	23,333	25.71
	Subtotal - Hard Costs	5,837,985	194,600	214.40
	SOFT COSTS			
21	Architectural	422,960	14,099	15.53
22	Engineering		0	0.00
23	Legal/Accounting	26,000	867	0.95
24	Relocation		0	0.00
25	Environmental Assessment		0	0.00
26	Energy Assessment	4,500	150	0.17
27	Permits/Fees	40,821	1,361	1.50
28	Independent Market Study		0	0.00
29	Construction Period Insurance	7,600	253	0.28
30	Construction Interest	78,000	2,600	2.86
31	Construction Loan Origination Fee	0	0	0.00
32	Taxes During Construction	10,000	333	0.37
33	Clerk of the Works	20,000	667	0.73
34	Marketing	4,000	133	0.15
35	Tax Credit Fees	18,250	608	0.67
36	Soft Cost Contingency	7,005	234	0.26
37	Permanent Loan Origination Fee	7,650	255	0.28
38	Lender's Counsel's Fee	5,000	167	0.18
39	Other (______________)	21,450	715	0.79
	SYNDICATION COSTS			
40	Organizational (Partnership)		0	0.00
41	Bridge Loan Fees and Expenses		0	0.00
42	Syndication Consultant		0	0.00
43	Tax Opinion		0	0.00
	DEVELOPER'S FEES			
44	Developer's Fees	550,000	18,333	20.20
45	Other Partnership Fees	85,000	2,833	3.12
46	Consultant Fees		0	0.00
	RESERVES			
47	Working Capital	35,378	1,179	1.30
48	Rent-up (Deficit Escrow) Reserve	26,050	868	0.96
49	Other Operating Reserves		0	0.00
50	Sinking Fund		0	0.00
51	Replacement Reserves		0	0.00
	Subtotal - Soft Costs	1,369,664	45,655	50.30
	TOTAL DEVELOPMENT COSTS	7,515,899	250,530	276

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS AND STATE HOUSING CREDITS FOR VILLAGE HOUSING, MIDDLEBURY

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont, Addison County Community Land Trust and Addison County Community Action Group (the "Sponsors") on behalf of a to-be-formed limited partnership in which the Sponsors or their subsidiaries will be the general partners (the "Borrower") involving the construction of thirty (30) units of general occupancy rental housing in the Town of Middlebury (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi dated August 30, 2006, containing information and recommendations about the Development (the "Memorandum") that will amend a certain resolutions of the Board of Commissioners dated March 13, 2006 and July 10, 2006 related only to the allocation of Housing Credits;

WHEREFORE, it is hereby RESOLVED:

1. The recommendations for the revised allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.

2. The prior allocation of State Housing Credits is hereby ratified.

5. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the total not to exceed amount of $531,000.00 and the proposed allocation of State Housing Credits in the amount of $50,000 for the Village Housing project in the Town of Middlebury, Vermont.

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Director of Development JE

DATE: August 30, 2006

RE: Request for Allocated Credit: Stonewall Farms and Bianchi Building, Montpelier

Name:	Stonewall / Bianchi	**Location:**	Montpelier
Housing Type:	General Occupancy	**Unit Type:**	Townhouse & Flats
Unit Count:	18	**Unit Sizes:**	7 one-bedrooms, avg. 475 sq. ft. 9 two-bedrooms, avg. 716 sq. ft. 2 three-bedrooms, avg. 814 sq. ft.
Total Cost:	$2,853,369	**Per S.F. Acquisition & Construction Cost:**	$151.23
Housing Credits:	$125,000 (Ceiling "9%" Credits)	**Sponsor:**	Central Vermont Community Land Trust (CVCLT)
Other Funding:	Debt Financing, VHCB, HOME, VCDP, NeighborWorks, Montpelier Revolving Loan Fund, REEP, Historic Tax Credits		

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

Project Summary:
Stonewall Farms is a new name for Hebert Farms, a Section 8 New Construction/Substantial Rehabilitation project that prepaid its VHFA loan in 2002. It consists of two buildings, a hundred-year old farmhouse and an apartment building – the farmhouse was renovated and the apartments were built new in 1980, by Judd Babcock. In 2002 it was transferred to a new owner, Blueberry Associates, LLC. Like many Section 8 projects, the rents are frozen by HUD for the remainder of the HAP contract (four more years for this development). The buildings have extensive rehab needs including: a heating system conversion, roofs, sitework and drainage, replacement windows, doors, kitchens, bathroom fixtures, and minor structural work.

Bianchi Building is a three-story structure on Barre Street across from the recently completed River Station apartments. The first floor houses an auto parts store, and the upper floors have been vacant for many years and are boarded up and not habitable. Formerly, the upper floors of the building were apartments, and the first floor once housed a radiator refurbishment business. The sponsor intends to relocate the existing auto parts store to another site in town, and convert the entire building into six one-bedroom and two two-bedroom apartments - a gut rehab. The building will need a sprinkler system, and an addition on the front façade of the building will be removed. The developer will need to have a Capital Needs Assessment done on the Bianchi building (or, an assessment of the useful life of the installed systems done by the architect or engineer), in order to set the level for funding of the replacement reserves. (Stonewall Farms has a C.N.A .)

CVCLT has a P&S agreement on both buildings and has done substantial diligence, including market studies, cost estimates, appraisals, and Phase I Environmental Site Assessments. The Bianchi Building has a possibility of contamination in some floor drains from the radiator business, but the size of area affected is small and it seems likely the cost of remediation will be reasonable. The Stonewall Phase I was clean. CVCLT has engaged the Hartland Group as a development consultant to assist in the financial structuring of the development and the syndication of the tax credits. The construction cost estimate was done in May of 2006 by Robin Snyder, and the architect is Ylian Snyder and Associates. The construction period will run from May 2007 to April 2008.

Staff have seen other developers experience some difficulties when trying to combine developments in order to gain operational efficiencies, especially when dealing with a Section 8 development. HUD will still require that budgets and audits be prepared on just the 10-unit Stonewall Farms, but the developer will also have to prepare audits for the combined 18-unit development for tax credit investor purposes. Staff have conveyed this to the developer.

Concurrent to VHFA's evaluation of the Housing Credit application, the developer is applying to VCDP and VHCB for funding. The application shows hard debt of $135,000, amortizing over ten years. It is possible, once all construction costs are firmly set, that the project could underwrite with a different mix of soft funding and debt (i.e., more debt amortized over a longer period, and less soft debt). There are many assumptions that play into this consideration. As the Board considers the underwriting process among the funding agencies, this development might be a good case study.

Tax Credit Discussion:
The Allocation Plan requires a project of this size include at least one market rate unit, which the sponsors have done.

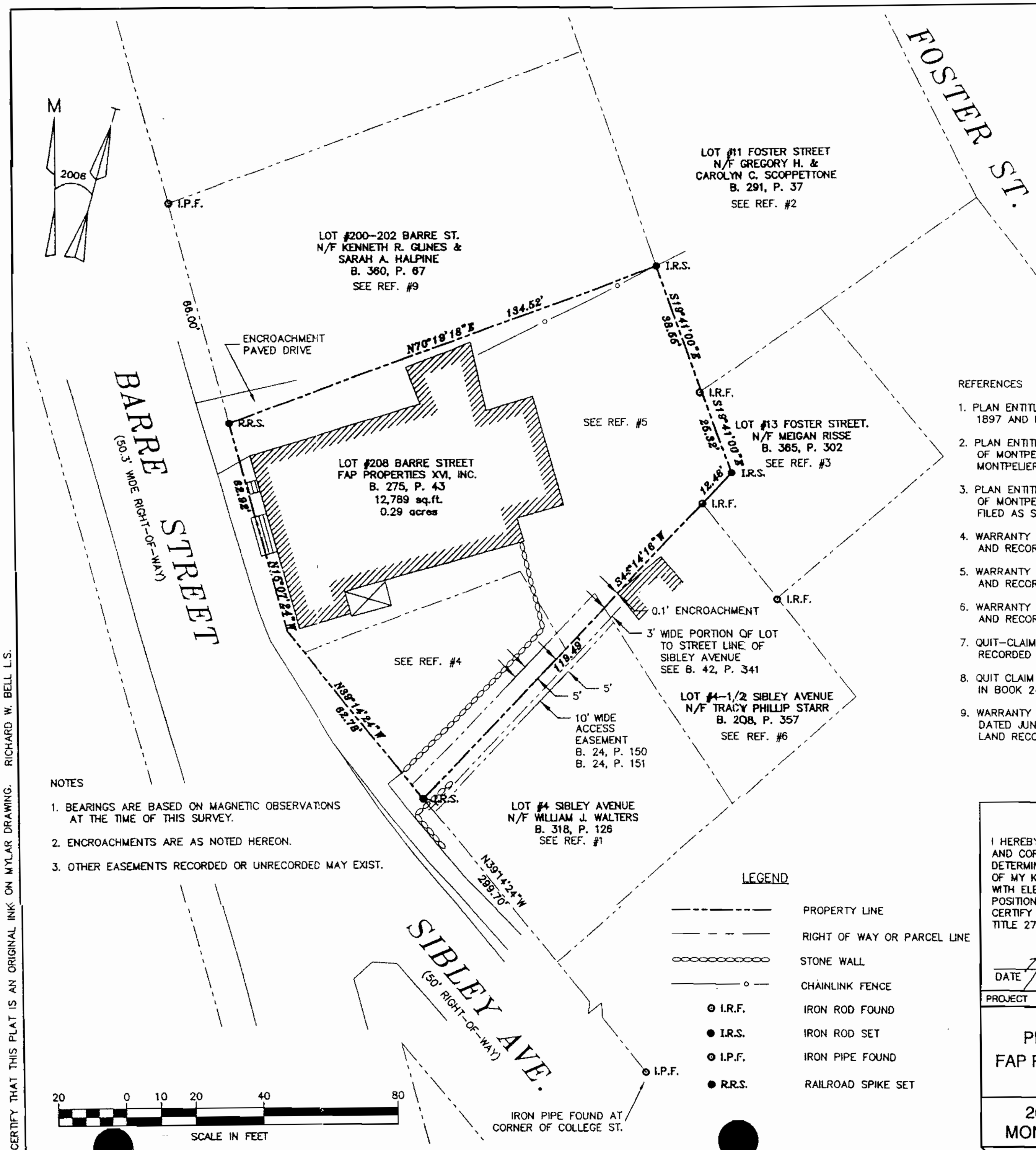
CVCLT proposes to combine these buildings into a single scattered-sites development in order to obtain some operational and development efficiencies. Due to the differing locations and natures of the buildings, though they do not both meet the Plan criteria the same way. Both buildings involve substantial rehabilitation, both maintain the historic settlement patterns. Stonewall is a majority of family (two-bedroom or larger) units, as is the development as a whole. Bianchi meets the criterion for the removal of blight, and is in or adjacent to a designated downtown. Of the second tier criteria Bianchi is mixed income, Stonewall serves very low income (because of how it was developed under the Section 8 program). Ultimately, Stonewall meets three top tier and one lower tier of the Consolidated Plan priorities, and Bianchi meets four top-tier and one second tier, so either individually or combined the project meets or exceeds the Plan requirements.

Staff recommends approval of the Housing Credit request for the project.

SUBJECT PHOTOGRAPH

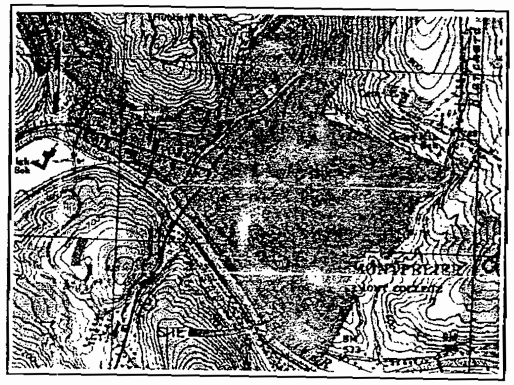
FAP Properties XVI, Inc. Property
208-216 Barre Street
Montpelier, Vermont

October 25, 2005



NOTES

1. BEARINGS ARE BASED ON MAGNETIC OBSERVATIONS AT THE TIME OF THIS SURVEY.
2. ENCROACHMENTS ARE AS NOTED HEREON.
3. OTHER EASEMENTS RECORDED OR UNRECORDED MAY EXIST.



LOCUS
NOT TO SCALE

REFERENCES

1. PLAN ENTITLED "MAP OF C.S. HUBBARD'S ADDITION, MONTPELIER, VERMONT," DATED MARCH 1897 AND FILED IN THE CITY OF MONTPELIER ENGINEERS OFFICE.
2. PLAN ENTITLED "A SURVEY OF PROPERTY DESIGNATED AS NO. 13 FOSTER STREET IN THE CITY OF MONTPELIER, VERMONT," DATED DECEMBER 5, 1975 BY PROPERTY DESIGN, INC. OF MONTPELIER, AND FILED AS PLAN #DA-368 IN THE CITY OF MONTPELIER ENGINEERS OFFICE.
3. PLAN ENTITLED "A SURVEY OF PROPERTY DESIGNATED AS NO. 11 FOSTER STREET IN THE CITY OF MONTPELIER, VERMONT," DATED MAY 1976 BY PROPERTY DESIGN OF MONTPELIER AND FILED AS SLIDE #91A IN THE CITY OF MONTPELIER LAND RECORDS.
4. WARRANTY DEED OF ADA BIANCHI TO GERVASIO AND ISABEL GARCIA, DATED MARCH 25, 1927 AND RECORDED IN BOOK 43, PAGE 37 OF THE CITY OF MONTPELIER LAND RECORDS.
5. WARRANTY DEED OF ADA BIANCHI TO FERNANDO AND MANUELLA GARCIA, DATED MAY 23, 1927 AND RECORDED IN BOOK 43, PAGE 84 OF THE CITY OF MONTPELIER LAND RECORDS.
6. WARRANTY DEED OF GEORGE F. LACKEY TO CHARLEY AND MARY COMI, DATED AUGUST 9, 1927 AND RECORDED IN BOOK 42, PAGE 341 OF THE CITY OF MONTPELIER LAND RECORDS.
7. QUIT-CLAIM DEED OF G. R. BIANCHI AND WIFE TO ELLEN LINNIHAN, DATED JUNE 22, 1908 AND RECORDED IN BOOK 24, PAGE 150 OF THE CITY OF MONTPELIER LAND RECORDS.
8. QUIT CLAIM DEED OF ELLEN LINNIHAN TO G. R. BIANCHI, DATED JUNE 22, 1908 AND RECORDED IN BOOK 24, PAGE 151 OF THE CITY OF MONTPELIER LAND RECORDS.
9. WARRANTY DEED OF EDWARD F. HUTCHINS TO MECHANICS BUILDING AND CONSTRUCTION CO., DATED JUNE 15, 1889 AND RECORDED IN BOOK 14, PAGE 86 OF THE CITY OF MONTPELIER LAND RECORDS.

CERTIFICATION

I HEREBY CERTIFY THAT THE SURVEY SHOWN HEREON IS A TRUE AND CORRECT REPRESENTATION OF THE PARCEL BOUNDARIES DETERMINED AS NOTED HEREON AND IS ACCURATE TO THE BEST OF MY KNOWLEDGE AND BELIEF. THIS SURVEY WAS PERFORMED WITH ELECTRONIC TOTAL STATION SURVEY EQUIPMENT, WITH A POSITIONAL TOLERANCE CONFIDENCE LEVEL ABOVE 95%. I FURTHER CERTIFY THAT THIS PLAT MEETS ALL THE REQUIREMENTS OF TITLE 27 V.S.A. SECTION 1403.

STATE OF VERMONT RICHARD W. BELL NO. 638 LICENSED LAND SURVEYOR

DATE 7/10/06

Preliminary

RICHARD W. BELL L.S. #638 VT.

PROJECT	516055	SHEET 1 OF 1		FILE	S-023

PLAT OF LANDS OF
FAP PROPERTIES XVI, INC.

208 BARRE STREET
MONTPELIER, VERMONT

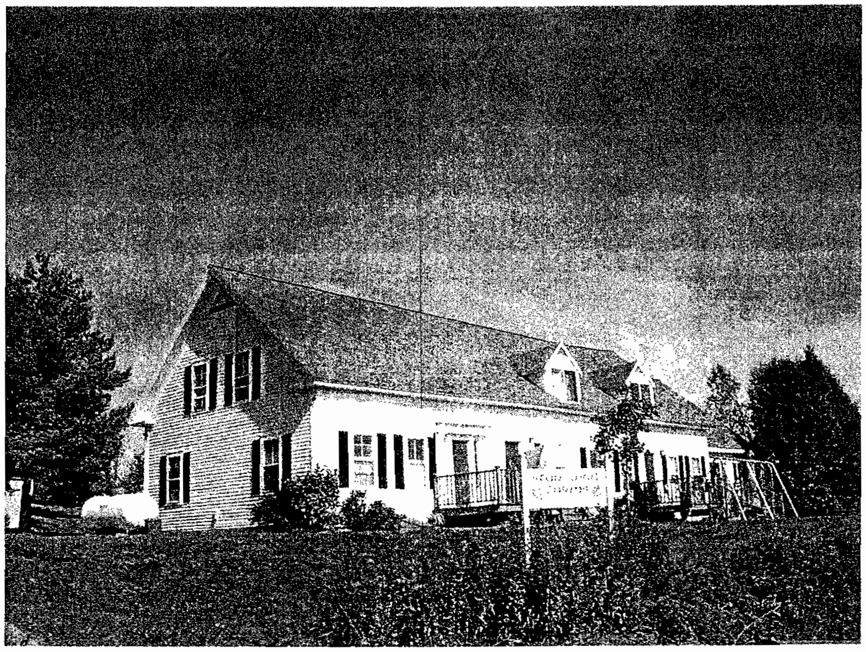
Dufresne & Associates, PC
WAYNE D. LAWRENCE DIVISION
ENGINEERS AND SURVEYORS
297 South Main Street
Barre, Vermont, 05641
ph: (802) 479-9262
fax: (802) 479-2261

DESIGN: RWB SCALE: 1"=20' APPROVED: RWB
DRAWN: RWB SURVEYED: ... DATE: 7/10/06

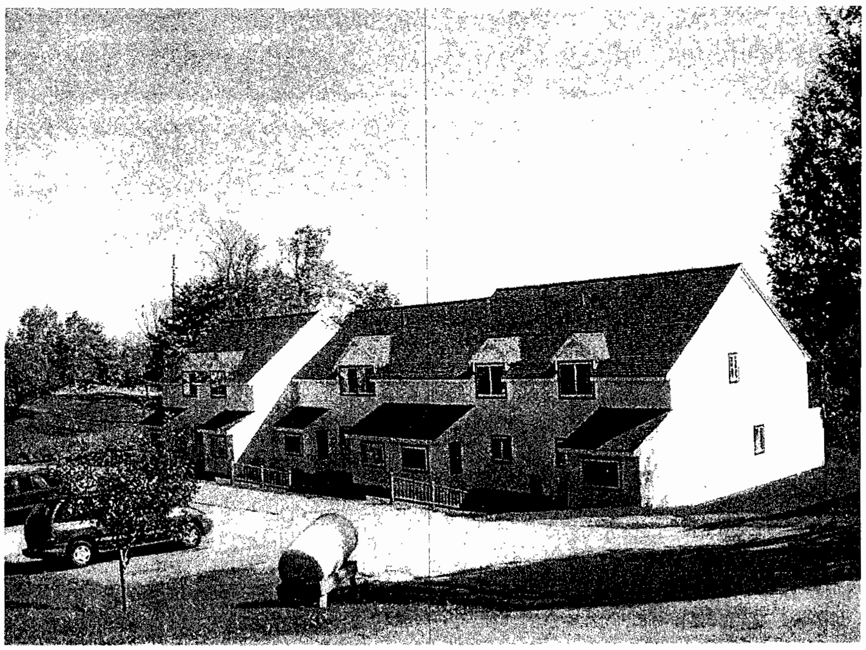
I CERTIFY THAT THIS PLAT IS AN ORIGINAL INK ON MYLAR DRAWING. RICHARD W. BELL L.S.

SUBJECT PHOTOGRAPH

Westerly Building

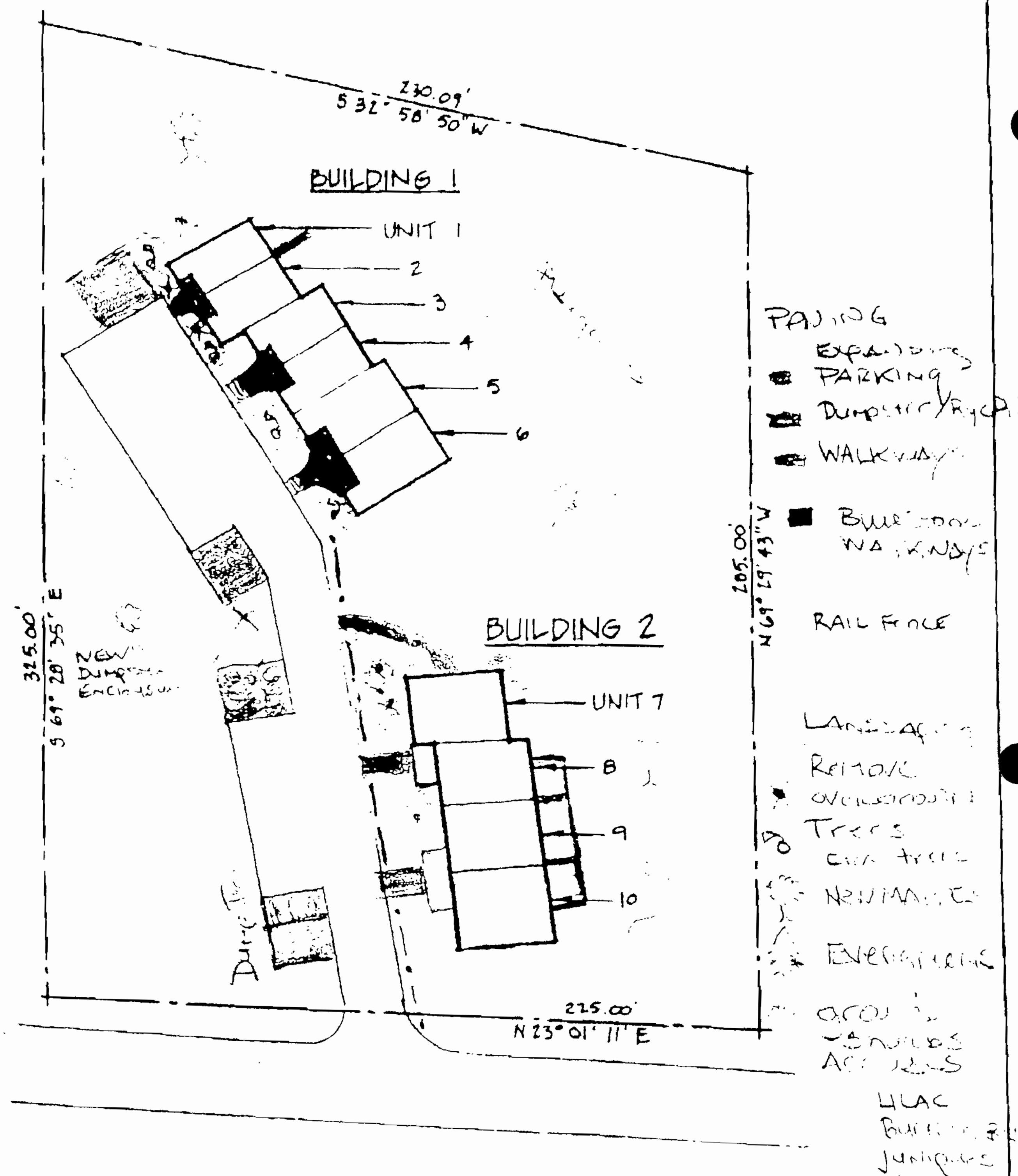


Easterly Building



Blueberry Associates, LLC
21 Hebert Road
Montpelier, Vermont

October 25, 2005



SITE PLAN

NO SCALE

1. BOUNDARY INFORMATION FROM WAYNE LAWRENCE SURVEY DATED JULY, 1980
2. 1 BEDRM UNITS: #7. 2 BEDRM UNITS: #1-4, 8-10. 3 BEDRM UNITS: #5,6.

HEBERT FARM MONTPELIER, VERMONT	DECLARANT: A. JUDSON BABCOCK		1
	HARTMANN ASSOCIATES ARCHITECTS AND ENERGY CONSULTANTS P. O. BOX 211 WARREN, VERMONT 05674	MAY, 1986	SHT 1 OF 6

30-Aug-06 **Stonewall & Bianchi**

Total Residential Units:	18	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	17	Increase in Income from Other Sources:	1.50%
Percent Restricted:	94.44%	Increase in Income from Commercial:	1.50%
Total Development Cost:	2,897,060	Expense increase:	3.00%
Total Development Cost per Unit:	160,948	Vacancy Rate:	5%
Total Development Cost Per SF:	208	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	129,981	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	125,000	Sponsor's Estimated Yield:	92.00%

LIHTC - 9%	8.19%	(Sept 2006)
LIHTC - 4%	3.51%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	135,000	4.66%	7.00%	10	10
VHCB	470,000	16.22%	0.00%	deferred	30
HOME	290,000	10.01%	6.00%	deferred	30
VCDP	470,000	16.22%	0.00%	deferred	30
NeighborWorks	70,000	2.42%	6.00%	deferred	30
Montpelier RLF	75,000	2.59%	3.00%	30	30
REEP	12,000	0.41%	0.00%	deferred	30
VHCB Feasibility	15,050	0.52%	N/A	N/A	grant
VHCB Lead	15,000	0.52%	N/A	N/A	grant
Other Equity	196,160	6.77%	N/A	N/A	
Tax Credit Equity	1,148,850	39.66%	N/A	N/A	
TOTAL SOURCES	2,897,060	100.00%			

USES

Acquisition	826,000	28.51%
Construction Hard Costs	1,394,955	48.15%
Soft Costs	676,105	23.34%
TOTAL USES	2,897,060	100.00%
Gap	0	

General Partner's Capital Contribution	0	0.10%
Limited Partner's Capital Contribution	1,148,850	99.90%
Total Equity	1,148,850	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	17
Total Units	18
Unit Fraction	94.44%
Tax Credit Square Footage	12,630
Total Residential Square Footage	13,090
Square Footage Fraction	96.49%
Applicable Fraction	94.44%

30-Aug-06 **Stonewall & Bianchi** 159.78

		Budget	Per Unit	Per s.f.
	ACQUISITION			
1	Land	183,000	10,167	13.17
2	Purchase of Building(s)	617,000	34,278	44.39
3	Demolition (without replacement)	0	0	0.00
4	Property Appraisal	9,000	500	0.65
5	Legal - Title and Recording	17,000	944	1.22
	Subtotal - Acquisition	826,000	45,889	59.42
	CONSTRUCTION HARD COSTS			
6	Rehabilitation	780,376	43,354	56.14
7	New Building(s)	0	0	0.00
8	Accessory Buildings	0	0	0.00
9	Sitework	102,200	5,678	7.35
10	Commercial Space Costs (if any)	0	0	0.00
11	General Requirements	88,258	4,903	6.35
12	Contractor Overhead	44,129	2,452	3.17
13	Contractor Profit	61,781	3,432	4.44
14	Construction Contingency	233,559	12,976	16.80
15	Construction Management	40,000	2,222	2.88
16	Construction Bond Fee	17,652	981	1.27
17	Hazardous Materials Abatement	16,000	889	1.15
18	Off-Site Improvements	0	0	0.00
19	Furnishings, Fixtures, & Equipment	11,000	611	0.79
20	Other (________________)	0	0	0.00
	Subtotal - Hard Costs	1,394,955	77,498	100.36
	SOFT COSTS			
21	Architectural	38,500	2,139	2.77
22	Engineering	13,000	722	0.94
23	Legal/Accounting	30,000	1,667	2.16
24	Relocation	20,000	1,111	1.44
25	Environmental Assessment	11,000	611	0.79
26	Energy Assessment	4,000	222	0.29
27	Permits/Fees	22,350	1,242	1.61
28	Independent Market Study	3,400	189	0.24
29	Construction Period Insurance	5,200	289	0.37
30	Construction Interest	53,640	2,980	3.86
31	Loan Fees	24,000	1,333	1.73
32	Taxes During Construction	17,800	989	1.28
33	Capital Needs Assessment	5,700	317	0.41
34	Applications	16,000	889	1.15
35	Historic Preservation Consultant	4,000	222	0.29
36	Survey	5,000	278	0.36
37	City of Montpelier Program Mgmt	11,000	611	0.79
38	Soft Cost Contingency	19,151	1,064	1.38
39	Other (______________)	0	0	0.00
	SYNDICATION COSTS			
40	Organizational (Partnership)	4,000	222	0.29
41	cost certifications	4,000	222	0.29
42	Syndication Consultant	25,000	1,389	1.80
43	Tax Opinion	0	0	0.00
	DEVELOPER'S FEES			
44	Developer's Fees	219,865	12,215	15.82
45	Other Partnership Fees	0	0	0.00
46	Consultant Fees	0	0	0.00
	RESERVES			
47	Working Capital	20,000	1,111	1.44
48	Rent-up (Deficit Escrow) Reserve	4,499	250	0.32
49	Other Operating Reserves	0	0	0.00
50	Sinking Fund	30,000	1,667	2.16
51	Replacement Reserves	65,000	3,611	4.68
	Subtotal - Soft Costs	676,105	37,561	48.64
	TOTAL DEVELOPMENT COSTS	2,897,060	160,948	208

-Aug-06 **Stonewall & Bianchi**

	Combined	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	183,000					
2	Purchase of Building(s)	617,000	140,000		617,000		
3	Demolition (without replacement)	0			0		
4	Property Appraisal	9,000	5,000		9,000	5,000	
5	Legal - Title and Recording	17,000	8,000		17,000	0	
	Subtotal - Acquisition	826,000					
	CONSTRUCTION HARD COSTS						
6	Rehabilitation	780,376		780,376	780,376	543,936	
7	New Building(s)	0		0	0	0	
8	Accessory Buildings	0		0	0	0	
9	Sitework	102,200		102,200	102,200	0	
10	Commercial Space Costs (if any)	0		0	0	0	
11	General Requirements	88,258		88,258	88,258	61,434	
12	Contractor Overhead	44,129		44,129	44,129	30,717	
13	Contractor Profit	61,781		61,781	61,781	43,004	
14	Construction Contingency	233,559		233,559	233,559	162,574	
15	Construction Management	40,000		40,000	40,000	20,000	
16	Construction Bond Fee	17,652		17,652	17,652	12,287	
17	Hazardous Materials Abatement	16,000		16,000	16,000	10,720	
18	Off-Site Improvements	0		0	0	0	
19	Furnishings, Fixtures, & Equipment	11,000		11,000	11,000	0	
20	Other (________________)	0		0	0	0	
	Subtotal - Hard Costs	1,394,955					
	SOFT COSTS						
21	Architectural	38,500		38,500	38,500	26,950	
22	Engineering	13,000		13,000	13,000	9,100	
23	Legal/Accounting	30,000		30,000	30,000	15,000	
24	Relocation	20,000		20,000	20,000	20,000	
25	Environmental Assessment	11,000		11,000	11,000	7,000	
26	Energy Assessment	4,000		4,000	4,000	2,000	
27	Permits/Fees	22,350		22,350	22,350	19,150	
28	Independent Market Study	3,400		3,400	3,400	1,700	
29	Construction Period Insurance	5,200		5,200	5,200	2,600	
30	Construction Interest	53,640		53,640	53,640	37,548	
31	Loan Fees	24,000		0	0	0	
32	Taxes During Construction	17,800		17,800	17,800	6,800	
33	Capital Needs Assessment	5,700		5,700	5,700	1,900	
34	Applications	16,000		16,000	16,000	8,000	
35	Historic Preservation Consultant	4,000		4,000	4,000	4,000	
36	Survey	5,000		5,000	5,000	2,500	
37	City of Montpelier Program Mgmt	11,000		0	0	0	
38	Soft Cost Contingency	19,151		19,151	19,151	12,673	
39	Other (______________)	0		0	0	0	
	SYNDICATION COSTS						
40	Organizational (Partnership)	4,000					
41	cost certifications	4,000					
42	Syndication Consultant	25,000					
43	Tax Opinion	0					
	DEVELOPER'S FEES						
44	Developer's Fees	219,865		219,865	219,865	126,702	
45	Other Partnership Fees	0					
46	Consultant Fees	0					
	RESERVES						
47	Working Capital	20,000					
48	Rent-up (Deficit Escrow) Reserve	4,499					
49	Other Operating Reserves	0					
50	Sinking Fund	30,000					
51	Replacement Reserves	65,000					
	Subtotal - Soft Costs	676,105					
	TOTALS	2,897,060	153,000	1,883,561	2,515,561	1,193,295	
	LESS: Amount of Non-qualified Financing			30,050			
	LESS: Adjustment for per unit cost limits			0			
	LESS: Historic tax Credit (Residential Portion)			238,659	238,659	20% Historic Credit Rate	
	Total Eligible Basis		153,000	1,614,852		238,659 Annual Historic Credit	
	TIMES: Adjusted for QCT/DDA	100.0%		1,614,852			
	TIMES: Applicable Fraction	94.44%	144,500	1,525,138			
	Total Qualified Basis		144,500	1,525,138	2,276,902	Long Term Depreciable Basis	
	TIMES: Applicable Percentage		3.51%	8.19%	27.5	Depreciation Schedule	
	Total Annual Credit Qualified		5,072	124,909	82,796	Annual Depreciation	

Total Tax Credits Requested	125,000
Estimated Net Syndication Proceeds **(excluding historic credit equity)**	1,148,850
Estimated Yield - Housing Credit Syndication	92.00%
Equity Gap	1,148,850
Credits Needed to fill Equity Gap	125,000

11,000 Short Term Depreciable Basis

7 Depreciation Schedule

1,571 Annual Depreciation

30-Aug-06 **Stonewall & Bianchi**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br		477	6	548	29	39,456
2 Br		876	9	716	44	77,340
3 Br		940	2	814	59	19,524
4+ Br			0	0		0
	Totals	12,630	17			136,320

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br		460	1	600		7,200
2 Br			0	0		0
3 Br			0	0		0
4+ Br			0	0		0
	Totals	460	1			7,200
All Units						
	Grand Totals	13,090	18			143,520
common area sq footage		810				
total sq footage		13,900				

Less Vacancy	5.00%	(7,176)
NET RENT		136,344
OTHER INCOME		
Laundry		0
Parking		0
Commercial Space Income		0
Other		0
TOTAL INCOME		136,344

form revision date: 2/27/97

30-Aug-06 **Stonewall & Bianchi**

475

		Check all Applicable								A					B						C					
															OCCUPIED BY: Income level of residents to be served:						AFFORDABLE TO: Units affordable to residents at:					
Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+
stonewall	1	1		1	1	1				2	800	743	44	787		1					1					
stonewall	2	1		1	1	1				2	800	743	44	787		1					1					
stonewall	3	1		1	1	1				2	800	743	44	787		1					1					
stonewall	4	1		1	1	1				2	800	743	44	787		1					1					
stonewall	5	1		1	1	1				3	940	800	59	859		1					1					
stonewall	6	1		1	1	1				3	940	827	59	886		1					1					
stonewall	7	1		1	1	1	1			1	630	669	29	698		1					1					
stonewall	8	1		1	1	1				2	1,160	731	44	775		1					1					
stonewall	9	1		1	1	1				2	1,160	731	44	775		1					1					
stonewall	10	1		1	1	1				2	1,160	731	44	775		1					1					
bianchi	11				1	1	1			2	604	640	44	684			1						1			
bianchi	12				1	1				2	604	640	44	684			1						1			
bianchi	13	1			1	1				1	458	530	29	559			1						1			
bianchi	14				1	1				1	458	530	29	559			1						1			
bianchi	15				1	1				1	400	499	29	528			1						1			
bianchi	16	1			1	1				1	458	530	29	559			1						1			
bianchi	17				1	1				1	458	530	29	559			1						1			
bianchi	18								1	1	460	600	29	629					1				1			
Total # Units	18	12	0	10	17	17	2	0	1	Totals:	13,090	11,960		Total # Units:	0	10	7	0	1	0	10	0	8	0	0	0

30-Aug-06	**Stonewall & Bianchi**			
	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	10,800	900	50	7.9%
Supportive Services		0	0	
Audit/Accounting	3,500	292	16	
Legal	1,000	83	5	
Compliance Monitoring	816	68	4	
Marketing	500	42	2	
Other (asset mgmt)	1,728	144	8	
TOTAL ADMINISTRATIVE	18,344	1,529	85	
Utilities				
Electricity	1,800	150	8	
Fuel	10,800	900	50	
Water and Sewer	6,480	540	30	
Fire Alarm / Emergency		0	0	
Other		0	0	
TOTAL UTILITIES	19,080	1,590	88	
Maintenance				
Maintenance / Janitor Payroll	2,592	216	12	
Janitor Supplies		0	0	
Exterminating	300	25	1	
Trash Removal	3,240	270	15	
Snow Removal	4,000	333	19	
Grounds	2,000	167	9	
Repairs Material	4,320	360	20	
Repairs Contract	4,320	360	20	
HVAC Repairs / Maintenance		0	0	
Elevator Contract / Repairs	1,500	125	7	
Painting and Decorating	2,160	180	10	
Other misc	1,000	83	5	
TOTAL MAINTENANCE	25,432	2,119	118	
				per unit month
Real Estate Taxes	19,716	1,643	91	excl. ds & res.
Property Insurance	4,000	333	19	401
Replacement Reserves	9,720	810	45	
Primary Debt Service	18,810	1,567	87	
Other "must pay" debt service	3,794	316	18	
Other		0	0	
Total	118,896	9,908	550	

30-Aug-06		Stonewall & Bianchi														
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent - stonewall		89,532	89,532	89,532	89,532	95,026	96,451	97,898	99,367	100,857	102,370	103,906	105,464	107,046	108,652	110,282
Gross Rent - bianchi		53,988	54,798	55,620	56,454	57,301	58,160	59,033	59,918	60,817	61,729	62,655	63,595	64,549	65,517	66,500
Other Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vacancy and other losses		(7,176)	(7,216)	(7,258)	(7,299)	(7,616)	(7,731)	(7,847)	(7,964)	(8,084)	(8,205)	(8,328)	(8,453)	(8,580)	(8,708)	(8,839)
Total Operating Income		136,344	137,113	137,894	138,687	144,711	146,881	149,084	151,321	153,591	155,894	158,233	160,606	163,015	165,461	167,943
Operating Expenses																
Total Expenses (excl. Reserves)		86,572	89,169	91,844	94,600	97,438	100,361	103,371	106,473	109,667	112,957	116,346	119,836	123,431	127,134	130,948
Reserves		9,720	9,866	10,014	10,164	10,316	10,471	10,628	10,788	10,950	11,114	11,280	11,450	11,621	11,796	11,973
Total Operating Expense		96,292	99,035	101,858	104,764	107,754	110,832	114,000	117,260	120,616	124,071	127,626	131,286	135,052	138,930	142,921
Net Operating Income		40,052	38,078	36,036	33,923	36,957	36,049	35,085	34,060	32,974	31,824	30,607	29,321	27,963	26,531	25,022
Less Primary Debt Service		18,810	18,810	18,810	18,810	18,810	18,810	18,810	18,810	18,810	18,810	0	0	0	0	0
Less Secondary Debt Service		3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794
Annual Cash Flow		17,448	15,474	13,432	11,319	14,353	13,445	12,481	11,456	10,370	9,220	26,812	25,526	24,169	22,737	21,227
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		17,448	15,474	13,432	11,319	14,353	13,445	12,481	11,456	10,370	9,220	26,812	25,526	24,169	22,737	21,227
DCR		177.19%	168.46%	159.42%	150.08%	163.50%	159.48%	155.21%	150.68%	145.88%	140.79%	806.62%	772.73%	736.95%	699.21%	659.44%
Cumulative Cash Flow																
Beginning Balance		54,499	71,699	87,251	101,050	112,991	128,235	142,868	156,819	170,014	182,376	193,824	223,269	252,003	279,942	306,992
Deposits		17,448	15,474	13,432	11,319	14,353	13,445	12,481	11,456	10,370	9,220	26,812	25,526	24,169	22,737	21,227
Interest	2.0%	1,264	1,589	1,879	2,134	2,403	2,699	2,982	3,251	3,504	3,740	4,145	4,721	5,282	5,826	6,352
Withdrawals:																
Project Operating Needs		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Asset Mgmt fee		(1,512)	(1,512)	(1,512)	(1,512)	(1,512)	(1,512)	(1,512)	(1,512)	(1,512)	(1,512)	(1,512)	(1,512)	(1,512)	(1,512)	(1,512)
Repayment of Deferred Devel. Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Partnership Audit or K-1 Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Distribution of Cash to Owner		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		71,699	87,251	101,050	112,991	128,235	142,868	156,819	170,014	182,376	193,824	223,269	252,003	279,942	306,992	333,060
Cumulative Replacement Reserves																
Beginning Balance		65,000	76,117	87,604	99,470	111,725	46,745	58,256	70,156	82,454	95,162	30,657	42,663	55,080	67,920	81,192
Deposits		9,720	9,866	10,014	10,164	10,316	10,471	10,628	10,788	10,950	11,114	11,280	11,450	11,621	11,796	11,973
Interest	2.0%	1,397	1,621	1,852	2,091	2,338	1,040	1,271	1,511	1,759	2,014	726	968	1,218	1,476	1,744
Withdrawals	4,313	0	0	0	0	(77,634)	0	0	0	0	(77,634)	0	0	0	0	(77,634)
Ending Balance		76,117	87,604	99,470	111,725	46,745	58,256	70,156	82,454	95,162	30,657	42,663	55,080	67,920	81,192	17,274
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		40,052	38,078	36,036	33,923	36,957	36,049	35,085	34,060	32,974	31,824	30,607	29,321	27,963	26,531	25,022
Plus Reserves		9,720	9,866	10,014	10,164	10,316	10,471	10,628	10,788	10,950	11,114	11,280	11,450	11,621	11,796	11,973
Less Interest Expense		(32,972)	(32,226)	(31,428)	(30,574)	(29,660)	(28,683)	(27,637)	(26,518)	(25,320)	(24,038)	(23,282)	(23,217)	(23,151)	(23,083)	(23,013)
Less Long Depreciation		(82,796)	(82,796)	(82,796)	(82,796)	(82,796)	(82,796)	(82,796)	(82,796)	(82,796)	(82,796)	(82,796)	(82,796)	(82,796)	(82,796)	(82,796)
Less Short Depreciation		(1,571)	(1,571)	(1,571)	(1,571)	(1,571)	(1,571)	(1,571)	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(67,568)	(68,650)	(69,746)	(70,854)	(66,755)	(66,530)	(66,292)	(64,466)	(64,193)	(63,897)	(64,191)	(65,243)	(66,363)	(67,553)	(68,814)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		23,649	24,027	24,411	24,799	23,364	23,285	23,202	22,563	22,467	22,364	22,467	22,835	23,227	23,643	24,085
Plus Tax Credits		125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000					
Plus Historic Tax Credit		238,659														
After Tax Cash Flow		387,308	149,027	149,411	149,799	148,364	148,285	148,202	147,563	147,467	147,364	22,467	22,835	23,227	23,643	24,085
Total Years	15															
Reinvestment Rate	9.00%															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Current After Tax Cash Flows		387,308	149,027	149,411	149,799	148,364	148,285	148,202	147,563	147,467	147,364	22,467	22,835	23,227	23,643	24,085
Future Value of Cash Flows at Yr 15:		1,410,762	498,009	458,065	421,334	382,843	351,046	321,879	294,029	269,576	247,144	34,568	32,234	30,080	28,091	26,253
Discount Rate:	6.00%															
Capital Contribution Number:	1	2	3	4												
Date of Capital Contribution:	01-Jan-07	01-Nov-07	01-Mar-08	01-May-08												
Amount of Capital Contribution:	390,714	260,476	260,476	390,714												
Present Value of Contributions:	390,714	247,608	242,665	360,316												
Cash Flows	(1,241,304)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,805,912
IRR:	9.44%															
Equity Yield:	0.99															

RESOLUTION RE: PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS FOR STONEWALL/BIANCHI HOUSING, MONTPELIER

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

WHEREAS, an application has been submitted to the Agency by Central Vermont Community Land Trust (the "Sponsor") on behalf of a to-be-formed limited partnership in which the Sponsor or its subsidiary will be the general partner (the "Owner") involving the acquisition and rehabilitation of a total of eighteen (18) units of rental housing in two (2) buildings in the City of Montpelier (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi dated August 30, 2006 containing information and recommendations about the Development (the "Memorandum");

WHEREFORE, it is hereby RESOLVED:

1. The recommendations for the allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved;

2. That the Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of $125,000 for the Stonewall/Bianchi Housing project in the City of Montpelier, Vermont.

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Tom Connors, Chief Financial Officer

RE: Thirtieth Supplemental Resolution for Series 26 Bonds and Notes

DATE: August 30, 2006

Board Action Requested: Adoption of the attached[1] resolution.

The attached resolution authorizes the current structure options for the Series 26 Single Family Housing Bonds and Notes. The structure for Series 26 will be similar to resolutions previously approved by the Board. As in previous bond issues, we anticipate Series 26 may include a Swap facility that will not exceed 25%.

Please feel free to call me at (802) 652-3436 if you have any questions regarding this request.

[1] To support paper reduction, resolution distributed to Board Members and Executive Management only.

See gray binder for signed resolution.

mailing address P.O. Box 408, Burlington, VT 05402-0408 **delivery address** 164 Saint Paul St., Burlington, VT 05401-4364
phone (802) 864-5743 **fax** (802) 864-5746 **www.vhfa.org**

EQUAL HOUSING OPPORTUNITY

VERMONT HOUSING FINANCE AGENCY

RESOLUTION REGARDING THE APPOINTMENT OF NEW TREASURER AND AUTHORIZATIONS

RESOLVED, effective August 14, 2006, Thomas R. Connors, Chief Financial Officer, is hereby elected to serve as Treasurer of the Agency until his successor is elected and qualified.

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

Executive Director ______________________________
(Signature)
Sarah E. Carpenter

Chief Financial Officer ______________________________
(Signature)
Thomas R. Connors

Director of Administration ______________________________
(Signature)
Patricia M. Loller

Chief of Program Operations ______________________________
(Signature)
David S. Adams

Controller ______________________________
(Signature)
Timothy M. Gutchell

Any check in an amount over $10,000 payable against any of the Agency's accounts must be signed by at least two of the foregoing persons. Any payroll check shall be valid and negotiable when signed by any one of the foregoing persons.

RESOLVED, that the following employees of Vermont Housing Finance Agency are hereby authorized to have access to all safekeeping vault boxes of the Agency for the purposes of safekeeping and retrieving any and all books, papers and documents of the Agency:

Chief Financial Officer ____________________
(Signature)
Thomas R. Connors

Controller ____________________
(Signature)
Timothy M. Gutchell

Lender Accounting Coordinator ____________________
(Signature)
Susan B. Joachim

Loan Portfolio Specialist ____________________
(Signature)
Martha G. Fleming

Financial Analyst ____________________
(Signature)
Lisa Clark

vhfa

Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes
DoubleTree Hotel, Carriage Room
1117 Williston Road, South Burlington
Wednesday, September 6, 2006 at 2:00 p.m.

VHFA Board Members Present:
Lisa Mitiguy Randall – Chair, Gus Seelig – Vice Chair, Robert Alberts, Paul Beaulieu, Thomas Candon (designee for Crowley), Dagyne Canney, Kevin Dorn, Bart Frisbie, Beth Pearce (designee for Spaulding)

Staff: Dave Adams, Sarah Carpenter, Maura Collins, Tom Connors, Renee Couture, Elizabeth Mullikin Drake, Joe Erdelyi, Sam Falzone, Pat Loller, Cindy Reid

Guests: Kathy Beyer (Capital Ideas, Inc.), Andy Broderick (Housing Vermont), Will Giblin and Rob Leuchs (Central Vermont Community Land Trust)

Chair Randall called the meeting to order at 2:30 p.m. A quorum of the Board was present.

BOARD MINUTES

Mr. Candon made a motion to approve the August 7, 2006 Board of Commissioners meeting minutes. Mr. Frisbie seconded the motion. Mr. Seelig requested that the minutes be amended to describe the history of the VHCB Participation Loans. The amended motion was approved by Mr. Candon, Mr. Dorn, Mr. Frisbie, Ms. Pearce and Mr. Seelig. Mr. Alberts, Mr. Beaulieu, Ms. Canney and Ms. Randall abstained.

CONSENT AGENDA

Both items were removed from the Consent Agenda prior to the meeting date.

DEVELOPMENT

Stonewall Farms / Bianchi Building, Montpelier

Mr. Erdelyi introduced Mr. Giblin and Mr. Leuchs. He reviewed his memo regarding Stonewall Farms and Bianchi Building in Montpelier and explained that the sponsor had requested that two of the tax credit program design standards be waived: 1) 1 ½ baths for the three bedroom units, and 2) an elevator in a building of three or more stories (the Bianchi Building is three stories).

Mr. Leuchs explained that the City had approached Central Vermont Community Land Trust (CVCLT) about the blighted Bianchi Building and, simultaneously, the sellers of Stonewall Farms had also approached CVCLT; the latter is at risk of converting to condominiums. He explained that the reason for combining the two nonadjacent buildings into one project was to capitalize on efficiencies. He added that one of the goals was to make the project self-sustainable by creating a sinking fund and by starting off reserves with higher balances. Mr. Candon was pleased to hear this. Mr. Dorn said he was thrilled to see that the City of Montpelier had made available $75,000 from its revolving loan fund.

Mr. Seelig asked whether the one-bedroom units could be on the lower level since the elevator was being eliminated. Mr. Leuchs said that he would look into this; he explained that the current design called for a 2-bedroom handicapped unit on the first floor.

Mr. Beaulieu made a motion to approve the "Resolution Re: Proposed Allocation of Allocated Housing Credits for Stonewall/Bianchi Housing, Montpelier." Mr. Seelig seconded the motion which was unanimously approved.

Village Apartments, Middlebury
Mr. Broderick was present to discuss this project. Mr. Erdelyi reviewed his memo regarding a request for additional allocated tax credits for Village Apartments in Middlebury to fill the gap created by higher than anticipated construction bids (consistent with increases being seen in the field). Mr. Erdelyi explained that he will have Mr. Dave Anderson (engineer) review the plans and specs that include some redesign, which was done to help address cost overruns.

Mr. Beaulieu asked Mr. Broderick what would happen if the FHLB AHP funds or the NeighborWorks funds did not materialize. Mr. Broderick explained that he would put the developer fee at risk and, as a last resort, redesign again.

Mr. Seelig made a motion to approve the "Resolution Re: Proposed Allocation of Allocated Housing Credits and State Housing Credits for Village Housing, Middlebury" and Mr. Alberts seconded the motion. More discussion followed. Mr. Frisbie strongly recommended the sponsor break ground this fall. Mr. Candon asked if there was a chance that bids might come in above estimates. Mr. Broderick replied that, if they did, the bids would be within reasonably easy striking distance with some redesign. Several Board members expressed their concerns about this project being finalized so late in the process and our expectation that these were the final changes. Ms. Carpenter commented that it is an ongoing struggle to determine at which point a project should go to the Board. We want to be involved early, but in this rapidly changing cost environment we can expect to see many changes before closing. Ms. Carpenter also explained that this project may be symptomatic of the struggle to subsidize homeownership, an area that warrants further discussion. Mr. Broderick asked that this project not be used as an example of subsidized homeownership. Mr. Seelig commented that the Board encouraged this development and so has an obligation to see it through. The motion was unanimously approved.

West River Valley Assisted Living, Townshend
Mr. Broderick was present to discuss this project. Ms. Reid reviewed her memo regarding construction and permanent financing for West River Valley Assisted Living in Townshend.

Mr. Candon made a motion to approve the "Resolution Re: Construction and Permanent Financing for West River Valley Assisted Living, Townshend." Mr. Seelig seconded the motion which was unanimously approved.

West River Valley Independent Living, Townshend
Mr. Broderick was present to discuss this project. Ms. Reid reviewed her memo regarding permanent financing for West River Valley Independent Living in Townshend.

Mr. Seelig made a motion to approve the "Resolution Re: Permanent Financing for West River Valley Independent Senior Housing [subsequently named West River Valley Independent Living], Townshend." Ms. Canney seconded the motion which was unanimously approved.

Stowe Family Homeownership
Ms. Reid introduced Ms. Beyer, a consultant on the project. She then reviewed her memo regarding construction financing for Stowe Family Homeownership. Ms. Beyer explained that 2 units will be HOMELAND and 2 more will be priced within VHFA's Purchase Price limits. Ms. Canney asked whether there would be restrictions to prevent the 4 market rate units from being purchased by investors or as second homes. Mr. Adams explained that this never came up for discussion because the project is not subsidized. Ms. Beyer explained that the intent is to sell to people who live or work in Stowe and that she will work with the HomeOwnership Center to match people to units. Still, she would like to mitigate risk by having the option of one or two investor-owned units.

Mr. Seelig made a motion to approve the "Resolution Re: Single Family Construction Financing for Stowe Family Housing, Stowe" with the understanding that no more than two units can be sold to investor-owners and that the applicant will develop a plan that staff considers reasonable to make its best efforts to ensure the likelihood that the units will be marketed and sold to Vermont residents as a primary residence. Ms. Canney seconded the motion. Mr. Adams clarified that Ms. Crady will waive the 30% rule and allow up to 50% of the project to be eligible for VHFA financing. The motion was unanimously approved.

FINANCE
General Fund Budget Report
The final General Fund Budget Report for fiscal year 2006 was distributed.

Single Family Housing Bonds
Mr. Connors informed the Board of one change to the Thirtieth Supplemental Single Family Housing Bond Resolution. The last paragraph on page 9 was changed from "...the aggregate Principal Amount of the Series 26 Bonds shall not to [sic] exceed $50 million." to "...the aggregate Principal Amount of the Series 26 Bonds shall not to [sic] exceed $60 million."

Mr. Beaulieu made a motion to approve the Thirtieth Supplemental Single Family Housing Bond Resolution." Ms. Canney seconded the motion which was unanimously approved.

Appointment of New Treasurer, Thomas R. Connors
Mr. Seelig made a motion to approve the "Resolution Regarding the Appointment of New Treasurer and Authorizations." Mr. Candon seconded the motion which was unanimously approved.

OTHER

Audited Financials and the Next Audit/Risk Management Committee Meeting

Ms. Randall recommended that KPMG present the audited financials to the full Board (rather than the Audit/Risk Management Committee) if a quorum of the Board was available by conference call before the Official Statement for the next bond series is finalized, scheduled for October 2nd. Discussion ensued about the meeting date. Ms. Couture will follow up.

Developer Fees

Ms. Carpenter explained that staff would like guidance from Board members regarding the information they would like to receive in order to re-examine developer fees. Mr. Seelig suggested that the evaluation of developer fees be done in the context of whether the fees are being used to further the Agency's mission (referring to Ms. Pearce's motion made at the August 7, 2006 Board meeting in which the Board Audit/Risk Management Committee was directed to look at the balance sheets of a number of sponsors to determine how developer fees figure into furthering their and VHFA's mission to build, rehabilitate and preserve affordable housing and report its findings to the Board along with a recommendation regarding whether to tinker with the developer fee policy). Ms. Randall stated her preference to have the discussion at the Board level to prevent duplication of effort.

Mr. Dorn asked to see the developer fee policy again and Mr. Adams distributed the current policy, adopted by the Board on June 9, 2005.

Ms. Randall asked staff to develop a plan, including a timeline, for re-evaluating developer fees in the context described above, for presentation at the October 5th Board meeting. The plan may take into account issues and ideas discussed at this meeting, including:

- ✓ Using, as a model, VHCB's review of Housing Vermont's (HVT) balance sheet with HVT staff in 2005 to determine how HVT is leveraging funds to further its mission;
- ✓ Reviewing developer fees paid by the Agency in the past three years to determine which developers receive the largest percentage, and reporting the average annual amount of developer fees paid to them along with the size of their operations;
- ✓ Providing background information such as copies of the Compass Study's Executive Summary, the ICF Study and research conducted by staff in 2005.

Request Regarding Presentations

Mr. Frisbie requested that guests be introduced and their affiliation explained at the beginning of a presentation.

ADJOURNMENT

Mr. Beaulieu made a motion to adjourn the meeting. Mr. Seelig seconded the motion and the Board unanimously approved to adjourn the meeting at 4:06 p.m.

Section of August 7, 2006 VHFA Board Meeting Minutes
Amended on September 6, 2006; marked to show changes

Salmon Run, Burlington

Mr. Adams asked for Board consensus regarding underwriting the Salmon Run, Burlington project which is expected to apply for restructuring in the next month as its 15-year tax credit compliance period is about to expire. The current financing includes a VHCB participation loan; approximately 83% of the loan is owed to VHFA and the remainder to VHCB. Including accrued interest, the current balance is estimated to be approximately $600,000. VHFA has received a request to allow the new partnership to assume this deferred payment loan, which postpones collection for thirty years. Alternatively, the Agency could require repayment in full at the time of restructuring. Ms. Carpenter explained that requiring repayment may mean a more aggressive rent structure, adding that the market area of this development has the capacity. Mr. Erdelyi added that it may also mean that the project will require more subsidy. Discussion followed.

Mr. Seelig explained the origin of the VHCB Participation Loans. During the mid-90's recession, the Commissioner of Finance asked VHFA for $2.5 million from its General Fund. VHFA offered to purchase loans from VHCB instead so that the Agency's balance sheet and ratings would not be affected. These loans are structured as deferred loans behind affordability covenants. VHCB views these as grants, but they are structured as loans for purposes of calculating tax credits. Mr. Erdelyi added that VHFA stopped accruing interest on these loans in August of 2005 but that the borrowers have not been informed.

Mr. Seelig further explained that he would not vote on this project due to VHCB's interest in the loans. He added that he believes it is fruitless to require payback of the VHCB Participation Loan if it means that the project will require additional subsidy.

Mr. Candon asked whether capital needs self-sufficiency could be ensured upon Board approval of a restructuring. Mr. Erdelyi replied that a condition of approval could be that all capital needs will be addressed as part of this transaction so that the project stays in good shape for at least the 30-year term of the Agency's financing and tax credit restrictions.

Mr. Frisbie asked about various scenarios which might assist the Agency in collecting at least some of the VHCB Participation Loan. Mr. Erdelyi replied that a condition of approval could be to require that when surplus cash exceeds a certain level, the borrower would be required to apply a certain amount to principal (and interest, if applicable) of this loan.

Ms. Carpenter agreed to have staff review various payback scenarios to determine what might be possible without harming the project and its current position.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Director of Development JE

DATE: September 27, 2006

RE: Request for Construction Financing and 4% Housing Credits: Hardwick Family Housing, Cherry & Dale Streets, Hardwick

Name:	Hardwick – Cherry & Dale	**Location:**	Hardwick
Housing Type:	General Occupancy	**Unit Type:**	Mixed (Duplexes)
Unit Count:	8 Total Units 8 Housing Credit Units	**Unit Sizes:**	2 2-Br @ 877 s.f. 6 3-Br @ 1,108 s.f.
Total Cost:	$1,397,422	**Per S.F. Acquisition & Construction Cost:**	$122
Housing Credits:	$45,500 (Bond "4%" Credits)	**Sponsor:**	Lamoille Housing Partnership and Housing Vermont
Loan Requested:	$1,100,000 Construction Loan (tax-exempt)		
Other Funding:	VHCB, USDA Rural Development		

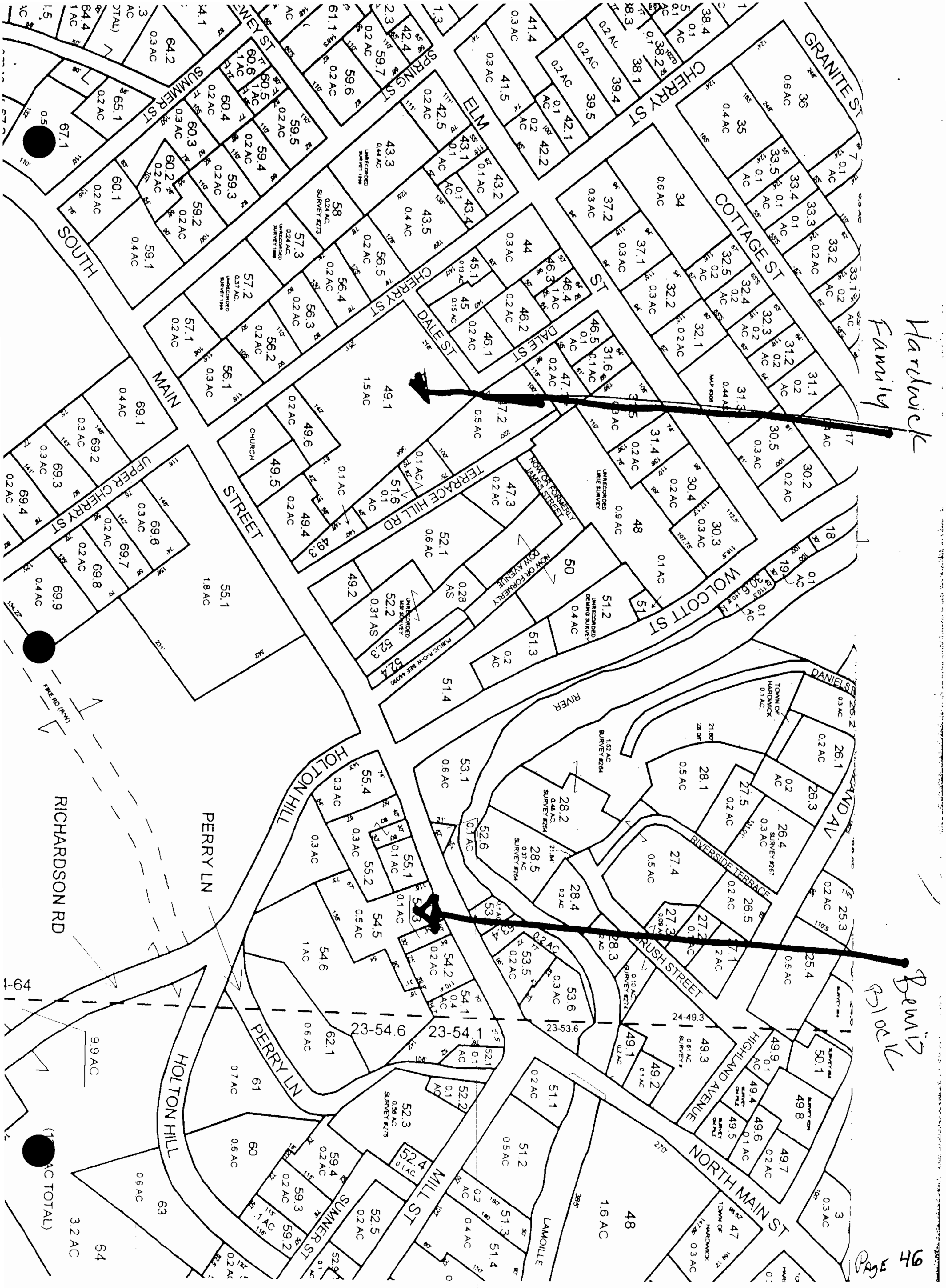
Recommendation: Staff recommends that the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board 1) authorize the Executive Director to issue a Letter of Interest and/or a Commitment Letter to finance this property upon satisfactory completion of staff underwriting and due diligence; and 2) authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

Project Summary: Northern Community Investment Corporation (NCIC) developed this property in 1983, along with the Bemis Block. Hardwick Family consists of eight units in four duplexes, built new on infill lots near the center of town. The project received funding under the HUD Section 8 New Construction / Substantial Rehabilitation program, which provided it with project-based Section 8 rent assistance for the tenants for a 20-year term. The contract also provided for two five-year renewals, and currently the contract is set to expire in February 2014. As with most projects like it, the contract rents have been frozen and are not expected to see increases in the foreseeable future. NCIC divested itself of its affordable housing portfolio in 1998, and Gilman Housing Trust and Housing Vermont bought the general partner interest in its properties (including this one). To achieve some efficiencies, Housing Vermont intended to combine the Bemis Block and Hardwick Family into a single development and to seek tax-exempt financing and the "automatic" credits in order to do some rehabilitation. Unfortunately the fire struck the Bemis Block, and at the same time VHFA informed Housing Vermont that in our experience HUD does not allow the existing projects to be combined in the way proposed (so long as the HAP contracts are out separate accounting, management, service contracts, etc, will be required). Housing Vermont was faced with making this development feasible with only eight units, looking forward to the day when HUD fails to renew the HAP contract. Housing Vermont pursued financing from Rural Development under its 515 program and was successful in getting a commitment. This funding is at favorable terms (1%, 50 year amortization) but no longer comes with rental assistance. As with many 515 projects, VHFA is being asked to provide tax-exempt construction financing and the Housing Credits that go with it. The units were built to contemporary building standards in 1983, but electric baseboard heat was installed at that time. The rehab plan calls for central heat, new roofing, gutters, fencing, kitchen and bath finishes, paint and carpet, and replacement windows and doors. A Phase I Environmental Site Assessment shows no recognized environmental concerns. Tenants pay for all utilities currently, and after the rehab tenants will pay for electricity only. Northern Community Management Corporation will continue to manage the property.

Housing Credit Discussion: The project is existing housing , and as such is requesting a waiver from two of the four required design standards: that there be two phone outlets and two coax cable outlets in each unit, and that each three-bedroom unit have a bath and a half. Staff concur with the requested waiver request. The sponsor has submitted a market study which supports the project (no change in the tenant group already served or in the rent structure is being proposed, and the project is well established in the market).

The Allocation Plan contains a threshold of at least one unit at non-restricted rent and occupancy (the "mixed-income" threshold). For this development with an existing HAP contract on all 8 units, it would cost the development in lost income and reduced debt service capacity to meet this threshold. For this reason staff support the sponsor's request for a waiver from this requirement.

Staff recommend approval of the requested VHFA construction financing and bond credits.


SOUTH MAIN STREET
CHERRY ST
ELM
SPRING ST
SUMMER ST
COTTAGE ST
GRANITE ST
DALE ST
TERRACE HILL RD
UPPER CHERRY ST
WOLCOTT ST
RIVER
HOLTON HILL
PERRY LN
RICHARDSON RD
RIVERSIDE TERRACE
RUSH STREET
HIGHLAND AVENUE
NORTH MAIN ST
MILL ST
SUMNER ST
LAMOILLE
CHURCH
Hardwick Family
Bemis Block
Page 46

27-Sep-06 **Hardwick Family - Cherry & Dale**

Total Residential Units:	8	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	8	Increase in Income from Other Sources:	1.50%
Percent Restricted:	100.00%	Increase in Income from Commercial:	0.00%
Total Development Cost:	1,397,422	Expense increase:	3.00%
Total Development Cost per Unit:	174,678	Vacancy Rate:	5%
Total Development Cost Per SF:	166	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	46,705	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	45,500	Sponsor's Estimated Yield:	88.23%

LIHTC - 9%	8.19%	(Sept 06)
LIHTC - 4%	3.51%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
RD Financing	900,000	64.40%	1.00%	50	50
VHCB Loan	100,000	7.16%	0.00%	30	deferred
Existing cash?		0.00%	N/A	N/A	
		0.00%			
Tax Credit Equity	397,422	28.44%	N/A	N/A	
TOTAL SOURCES	1,397,422	100.00%			
VHFA Construction Financing	1,100,000				

USES

Acquisition	186,770	13.37%
Construction Hard Costs	835,459	59.79%
Soft Costs	375,193	26.85%
TOTAL USES	1,397,422	100%
Gap	0	

General Partner's Capital Contribution	0	1.00%
Limited Partner's Capital Contribution	397,422	99.00%
Total Equity	397,422	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	8
Total Units	8
Unit Fraction	100.00%
Tax Credit Square Footage	8,404
Total Residential Square Footage	8,404
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

27-Sep-06 **Hardwick Family - Cherry & Dale**

#		Budget	Per Unit	Per s.f.	RD	VHCB	Equity		TOTAL SOURCES
					900,000	100,000	397,422		
					Allocation of Sources				
		Budget	Per Unit	Per s.f.	RD	VHCB	Equity		TOTAL SOURCES
	ACQUISITION								
1	Land	14,382	1,798	1.71		14,382			14,382
2	Purchase of Building(s)	165,388	20,674	19.68		85,618	79,770		165,388
3	Demolition (without replacement)		0	0.00					0
4	Property Appraisal	5,000	625	0.59			5,000		5,000
5	Legal - Title and Recording	2,000	250	0.24			2,000		2,000
	Subtotal - Acquisition	186,770	23,346	22.22					
	CONSTRUCTION HARD COSTS								
6	Rehabilitation	736,060	92,008	87.58	736,060				736,060
7	New Building(s)		0	0.00					0
8	Accessory Buildings		0	0.00					0
9	Sitework		0	0.00					0
10	Commercial Space Costs (if any)		0	0.00					0
11	General Requirements		0	0.00					0
12	Contractor Overhead		0	0.00					0
13	Contractor Profit		0	0.00					0
14	Construction Contingency	89,799	11,225	10.69	89,799				89,799
15	Construction Management		0	0.00					0
16	Construction Bond Fee		0	0.00					0
17	Hazardous Materials Abatement		0	0.00					0
18	Off-Site Improvements		0	0.00					0
19	Furnishings, Fixtures, & Equipment	9,600	1,200	1.14			9,600		9,600
20	Other (______________)		0	0.00					0
	Subtotal - Hard Costs	835,459	104,432	99.41					
	SOFT COSTS								
21	Architectural	72,050	9,006	8.57	72,050				72,050
22	Engineering		0	0.00					0
23	Legal/Accounting	20,000	2,500	2.38	2,091		17,909		20,000
24	Relocation	32,000	4,000	3.81			32,000		32,000
25	Environmental Assessment	8,000	1,000	0.95			8,000		8,000
26	Energy Assessment		0	0.00					0
27	Permits/Fees	2,678	335	0.32			2,678		2,678
28	Independent Market Study	5,000	625	0.59			5,000		5,000
29	Construction Period Insurance		0	0.00					0
30	Construction Interest	45,000	5,625	5.35			45,000		45,000
31	Construction Loan Origination Fee	7,000	875	0.83			7,000		7,000
32	Taxes During Construction	15,000	1,875	1.78			15,000		15,000
33	Clerk of the Works		0	0.00					0
34	Marketing	3,500	438	0.42			3,500		3,500
35	Tax Credit Fees	2,050	256	0.24			2,050		2,050
36	Soft Cost Contingency	6,832	854	0.81			6,832		6,832
37	Permanent Loan Origination Fee		0	0.00					0
38	Lender's Counsel's Fee		0	0.00					0
39	Other (______________)		0	0.00					0
	SYNDICATION COSTS								
40	Organizational (Partnership)		0	0.00					0
41	Bridge Loan Fees and Expenses		0	0.00					0
42	Syndication Consultant	16,412	2,052	1.95			16,412		16,412
43	Tax Opinion		0	0.00					0
	DEVELOPER'S FEES								
44	Developer's Fees	110,000	13,750	13.09			110,000		110,000
45	Other Partnership Fees		0	0.00					0
46	Consultant Fees		0	0.00					0
	RESERVES								
47	Working Capital	29,671	3,709	3.53			29,671		29,671
48	Rent-up (Deficit Escrow) Reserve		0	0.00					0
49	Other Operating Reserves		0	0.00					0
50	Sinking Fund		0	0.00					0
51	Replacement Reserves		0	0.00					0
	Subtotal - Soft Costs	375,193	46,899	44.64					
	TOTAL DEVELOPMENT COSTS	1,397,422	174,678	166	900,000	100,000	397,422	0	1,397,422

27-Sep-06 **Hardwick Family - Cherry & Dale**

#		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	14,382					
2	Purchase of Building(s)	165,388	165,388		165,388		
3	Demolition (without replacement)	0					
4	Property Appraisal	5,000	5,000		5,000		
5	Legal - Title and Recording	2,000	2,000		2,000		
	Subtotal - Acquisition	186,770					
	CONSTRUCTION HARD COSTS						
6	Rehabilitation	736,060		736,060	736,060		
7	New Building(s)	0					
8	Accessory Buildings	0					
9	Sitework	0					
10	Commercial Space Costs (if any)	0					
11	General Requirements	0					
12	Contractor Overhead	0					
13	Contractor Profit	0					
14	Construction Contingency	89,799		89,799	89,799		
15	Construction Management	0			0		
16	Construction Bond Fee	0			0		
17	Hazardous Materials Abatement	0			0		
18	Off-Site Improvements	0			0		
19	Furnishings, Fixtures, & Equipment	9,600		9,600			
20	Other (________________)	0					
	Subtotal - Hard Costs	835,459					
	SOFT COSTS						
21	Architectural	72,050		72,050	72,050		
22	Engineering	0		0	0		
23	Legal/Accounting	20,000		17,000	17,000		
24	Relocation	32,000		32,000	32,000		
25	Environmental Assessment	8,000		8,000	8,000		
26	Energy Assessment	0		0	0		
27	Permits/Fees	2,678		2,678	2,678		
28	Independent Market Study	5,000		5,000	5,000		
29	Construction Period Insurance	0		0	0		
30	Construction Interest	45,000		31,500	31,500		
31	Construction Loan Origination Fee	7,000		7,000	7,000		
32	Taxes During Construction	15,000		15,000	15,000		
33	Clerk of the Works	0		0	0		
34	Marketing	3,500			3,500		
35	Tax Credit Fees	2,050					
36	Soft Cost Contingency	6,832		6,149	6,149		
37	Permanent Loan Origination Fee	0		0	0		
38	Lender's Counsel's Fee	0			0		
39	Other (____________)	0			0		
	SYNDICATION COSTS				0		
40	Organizational (Partnership)	0			0		
41	Bridge Loan Fees and Expenses	0			0		
42	Syndication Consultant	16,412		16,412	16,412		
43	Tax Opinion	0			0		
	DEVELOPER'S FEES				0		
44	Developer's Fees	110,000	10,000	100,000	110,000		
45	Other Partnership Fees	0					
46	Consultant Fees	0					
	RESERVES						
47	Working Capital	29,671					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves	0					
50	Sinking Fund	0					
51	Replacement Reserves	0					
	Subtotal - Soft Costs	375,193					
	TOTALS	1,397,422	182,388	1,148,248	1,324,536	0	
	LESS: Amount of Non-qualified Financing						
	LESS: Adjustment for per unit cost limits						
	LESS: Historic tax Credit (Residential Portion)			0	0	20% Historic Credit Rate	
	Total Eligible Basis		182,388	1,148,248		0 Annual Historic Credit	
	TIMES: Adjusted for QCT/DDA	100.0%		1,148,248			
	TIMES: Applicable Fraction	100.00%	182,388	1,148,248			
	Total Qualified Basis		182,388	1,148,248	1,324,536	Long Term Depreciable Basis	
	TIMES: Applicable Percentage		3.51%	3.51%	27.5	Depreciation Schedule	
	Total Annual Credit Qualified		6,402	40,304	48,165	Annual Depreciation	

Total Tax Credits Requested	45,500	9,600	Short Term Depreciable Basis
Estimated Net Syndication Proceeds			
(excluding historic credit equity)	397,422	7	Depreciation Schedule
Estimated Yield - Housing Credit Syndication	88.23%	1,371	Annual Depreciation
Equity Gap	397,422		
Credits Needed to fill Equity Gap	45,500		

27-Sep-06 **Hardwick Family - Cherry & Dale**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br			0	0		0
2 Br		877	2	781		18,744
3 Br		1,108	6	859		61,872
4+ Br			0	0		0
	Totals	8,404	8			80,616

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br			0	0		0
2 Br			0	0		0
3 Br			0	0		0
4+ Br			0	0		0
	Totals	0	0			0
All Units						
	Grand Totals	8,404	8			80,616

Less Vacancy	5.00%	(4,031)
	NET RENT	76,585

OTHER INCOME

Laundry	0
Parking	0
Commercial Space Income	0
Other	0
TOTAL INCOME	76,585

Hardwick Family - Cherry & Dale

	Check all Applicable									A					B						C					
Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	OCCUPIED BY: Income level of residents to be served:						AFFORDABLE TO: Units affordable to residents at:					
															<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+
1	1			1	1	1	1			3	1,118	852	60	912	1						1					
1	2			1	1	1				3	1,036	896	60	956	1						1					
2	3			1	1	1				3	1,130	852	60	912	1						1					
2	4			1	1	1				3	1,118	852	60	912	1						1					
3	5			1	1	1				3	1,130	852	60	912	1						1					
3	6			1	1	1				3	1,118	852	60	912	1						1					
4	7			1	1	1				2	877	781	44	825	1						1					
4	8			1	1	1				2	877	781	44	825	1						1					
Total # Units	8									Totals:	8,404	6,718		Total # Units:	8	0	0	0	0	0	8	0	0	0	0	0

27-Sep-06	**Hardwick Family - Cherry & Dale**			
			Per Unit	
	Annual	Monthly	Per Month	
Administration				
Management Fee	6,240	520	65	8.1%
Supportive Services		0	0	
Audit/Accounting	2,500	208	26	
Legal	400	33	4	
Compliance Monitoring	384	32	4	
Marketing		0	0	
Other	768	64	8	
TOTAL ADMINISTRATIVE	10,292	858	107	
Utilities				
Electricity	100	8	1	
Fuel	5,760	480	60	
Water and Sewer	3,578	298	37	
Fire Alarm / Emergency		0	0	
Other		0	0	
TOTAL UTILITIES	9,438	787	98	
Maintenance				
Maintenance / Janitor Payroll	5,000	417	52	
Janitor Supplies	100	8	1	
Exterminating	300	25	3	
Trash Removal	1,350	113	14	
Snow Removal	1,800	150	19	
Grounds		0	0	
Repairs Material		0	0	
Repairs Contract		0	0	
HVAC Repairs / Maintenance	1,500	125	16	
Elevator Contract / Repairs		0	0	
Painting and Decorating	2,000	167	21	
Other		0	0	
TOTAL MAINTENANCE	12,050	1,004	126	
				per unit month
Real Estate Taxes	7,313	609	76	excl. ds & res.
Property Insurance	3,000	250	31	438
Replacement Reserves	3,840	320	40	
Primary Debt Service	22,881	1,907	238	
Other "must pay" debt service		0	0	
Other		0	0	
Total	68,814	5,734	717	

27-Sep-06	**Hardwick Family - Cherry & Dale**															
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		80,616	80,616	80,616	80,616	80,616	80,616	80,616	103,216	104,764	106,335	107,930	109,549	111,192	112,860	114,553
Other Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vacancy and other losses	3.0%	(2,418)	(2,418)	(2,418)	(2,418)	(2,418)	(2,418)	(2,418)	(5,161)	(5,238)	(5,317)	(5,397)	(5,477)	(5,560)	(5,643)	(5,728)
Total Operating Income		78,198	78,198	78,198	78,198	78,198	78,198	78,198	98,055	99,526	101,019	102,534	104,072	105,633	107,217	108,826
Operating Expenses																
Total Expenses (excl. Reserves)		42,093	43,356	44,656	45,996	47,376	48,797	50,261	51,769	53,322	54,922	56,569	58,267	60,015	61,815	63,669
Reserves		3,840	3,898	3,956	4,015	4,076	4,137	4,199	4,262	4,326	4,391	4,456	4,523	4,591	4,660	4,730
Total Operating Expense		45,933	47,253	48,613	50,012	51,452	52,934	54,460	56,031	57,648	59,312	61,026	62,790	64,606	66,475	68,399
Net Operating Income		32,265	30,944	29,585	28,186	26,746	25,263	23,737	42,024	41,878	41,706	41,508	41,282	41,027	40,742	40,426
Less Primary Debt Service		22,881	22,881	22,881	22,881	22,881	22,881	22,881	22,881	22,881	22,881	22,881	22,881	22,881	22,881	22,881
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		9,384	8,063	6,704	5,305	3,865	2,383	857	19,143	18,997	18,825	18,627	18,401	18,146	17,862	17,545
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		9,384	8,063	6,704	5,305	3,865	2,383	857	19,143	18,997	18,825	18,627	18,401	18,146	17,862	17,545
DCR		141.01%	135.24%	129.30%	123.19%	116.89%	110.41%	103.74%	183.66%	183.03%	182.28%	181.41%	180.42%	179.31%	178.06%	176.68%
Cumulative Cash Flow																
Beginning Balance		29,671	38,197	45,562	51,703	56,555	60,050	62,118	62,687	81,738	101,027	120,532	140,231	160,099	180,111	200,241
Deposits		9,384	8,063	6,704	5,305	3,865	2,383	857	19,143	18,997	18,825	18,627	18,401	18,146	17,862	17,545
Interest	2.0%	679	838	973	1,083	1,166	1,222	1,248	1,444	1,828	2,216	2,608	3,003	3,402	3,804	4,207
Withdrawals:																
Project Operating Needs		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Special LP or GP Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of Deferred Devel. Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Asset Mgmt Fee		(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)
Distribution of Cash to Owner		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		38,197	45,562	51,703	56,555	60,050	62,118	62,687	81,738	101,027	120,532	140,231	160,099	180,111	200,241	220,457
Cumulative Replacement Reserves																
Beginning Balance		0	3,878	7,894	12,049	16,349	(4,045)	134	4,378	8,771	13,318	(6,824)	(2,323)	2,246	6,929	11,776
Deposits		3,840	3,898	3,956	4,015	4,076	4,137	4,199	4,262	4,326	4,391	4,456	4,523	4,591	4,660	4,730
Interest	2.0%	38	118	199	284	531	42	45	131	221	468	45	46	92	187	434
Withdrawals	3,125	0	0	0	0	(25,000)	0	0	0	0	(25,000)	0	0	0	0	(25,000)
Ending Balance		3,878	7,894	12,049	16,349	(4,045)	134	4,378	8,771	13,318	(6,824)	(2,323)	2,246	6,929	11,776	(8,060)
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		32,265	30,944	29,585	28,186	26,746	25,263	23,737	42,024	41,878	41,706	41,508	41,282	41,027	40,742	40,426
Plus Reserves		3,840	3,898	3,956	4,015	4,076	4,137	4,199	4,262	4,326	4,391	4,456	4,523	4,591	4,660	4,730
Less Interest Expense		(8,936)	(8,796)	(8,655)	(8,512)	(8,367)	(8,222)	(8,074)	(7,926)	(7,775)	(7,624)	(7,470)	(7,315)	(7,159)	(7,001)	(6,842)
Less Asset Mgmt Fee		(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)	(1,536)
Less Long Depreciation		(48,165)	(48,165)	(48,165)	(48,165)	(48,165)	(48,165)	(48,165)	(48,165)	(48,165)	(48,165)	(48,165)	(48,165)	(48,165)	(48,165)	(48,165)
Less Short Depreciation		(1,371)	(1,371)	(1,371)	(1,371)	(1,371)	(1,371)	(1,371)	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(23,904)	(25,027)	(26,186)	(27,383)	(28,618)	(29,894)	(31,210)	(11,341)	(11,273)	(11,228)	(11,207)	(11,211)	(11,242)	(11,300)	(11,386)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		8,366	8,759	9,165	9,584	10,016	10,463	10,924	3,969	3,945	3,930	3,922	3,924	3,935	3,955	3,985
Plus Tax Credits		45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500					
After Tax Cash Flow		53,866	54,259	54,665	55,084	55,516	55,963	56,424	49,469	49,445	49,430	3,922	3,924	3,935	3,955	3,985
Total Years	15															
Reinvestment Rate	8.00%															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Current After Tax Cash Flows	.	53,866	54,259	54,665	55,084	55,516	55,963	56,424	49,469	49,445	49,430	3,922	3,924	3,935	3,955	3,985
Future Value of Cash Flows at Yr 15:		170,873	159,370	148,668	138,711	129,444	120,820	112,791	91,564	84,741	78,439	5,763	5,338	4,956	4,613	4,304
Discount Rate:	5.00%															
Capital Contribution Number:	1	2	3													
Date of Capital Contribution:	01-Mar-07	01-Aug-07	01-Nov-07													
Amount of Capital Contribution:	200	198,711	198,511													
Present Value of Contributions:	200	194,533	191,870													
Cash Flows	386,603	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(1,260,397)
IRR:	8.20%															
Equity Yield:	85.8%															

Revision date: 2/27/97

Hardwick Family - Cherry & Dale

Construction Flow of Funds

Sources:		Nov-06 Construction Closing	Dec-06 Month: 1	Jan-07 2	Feb-07 3	Mar-07 4	Apr-07 5	May-07 6	Jun-07 7	Jul-07 8	Aug-07 Permanent Closing 9	Sep-07 10	Oct-07 11	Nov-07 Final Capital Contribution 12	13	14
Permanent Loan	900,000										900,000					
Construction Loan	1,100,000	303,311	37,000	106,376	106,132	107,168	107,602	108,843	122,723	110,867	(974,134)	7,448	50,940	(196,176)	0	0
VCDP																
VHCB Loan	100,000	100,000														
HOME																
GP Cap Contrb																
LP Cap. Contrib.	397,422					200					198,711			198,511		
TOTALS:	2,497,422	403,311	37,000	106,376	106,132	107,368	107,602	108,843	122,723	110,867	124,577	7,448	50,940	2,335	0	0
Uses:																
ACQUISITION																
Land	14,382	14,382														
Purchase of Building(s)	165,388	165,388														
Demolition (without replacement)	0															
Property Appraisal	5,000	5,000														
Legal - Title and Recording	2,000	2,000														
CONSTRUCTION HARD COSTS																
Rehabilitation	736,060		25,000	92,008	92,008	92,008	92,008	92,008	97,137	90,000	63,885					
New Building(s)	0															
Accessory Buildings	0															
Sitework	0															
Commercial Space Costs (if any)	0															
General Requirements	0															
Contractor Overhead	0															
Contractor Profit	0															
Construction Contingency	89,799		5,000	5,000	5,000	5,000	5,000	5,000	5,000	10,208	44,591					
Construction Management	0															
Construction Bond Fee	0															
Hazardous Materials Abatement	0															
Off-Site Improvements	0															
Furnishings, Fixtures, & Equipment	9,600								9,600							
Other (______________)	0															
SOFT COSTS																
Architectural	72,050	43,230	4,000	4,000	4,000	4,000	4,000	4,000	2,000	400	2,420					
Engineering	0															
Legal/Accounting	20,000	15,000									5,000					
Relocation	32,000	6,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	2,000					
Environmental Assessment	8,000	8,000														
Energy Assessment	0															
Permits/Fees	2,678	2,678														
Independent Market Study	5,000	5,000														
Construction Period Insurance	0															
Construction Interest	45,000			1,868	2,124	2,860	3,594	4,335	5,080	5,833	6,681	7,448	940	2,335		
Construction Loan Origination Fee	7,000	7,000														
Taxes During Construction	15,000	15,000														
Clerk of the Works	0															
Marketing	3,500	3,500														
Tax Credit Fees	2,050	2,050														
Soft Cost Contingency	6,832	3,000		500		500		500	906	1,426						
Permanent Loan Origination Fee	0															
Lender's Counsel's Fee	0															
Other (______________)	0															
SYNDICATION COSTS																
Organizational (Partnership)	0															
Bridge Loan Fees and Expenses	0															
Syndication Consultant	16,412	16,412														
Tax Opinion	0															
DEVELOPER'S FEES																
Developer's Fees	110,000	60,000											50,000			
Other Partnership Fees	0															
Consultant Fees	0															
RESERVES																
Working Capital	29,671	29,671														
Rent-up (Deficit Escrow) Reserve	0															
Other Operating Reserves	0															
Sinking Fund	0															
Replacement Reserves	0															
Repay Construction Loan																
TOTAL DEVELOPMENT COSTS	1,397,422	403,311	37,000	106,376	106,132	107,368	107,602	108,843	122,723	110,867	124,577	7,448	50,940	2,335	0	0
Construction Loan Balance		303,311	340,311	446,687	552,819	659,987	767,589	876,432	999,155	1,110,022	135,888	143,336	194,276			
Construction Loan Interest7.2%		0	1,820	2,042	2,680	3,317	3,960	4,606	5,259	5,995	6,660	815	860			
Interest (Cumulative)			1,820	3,862	6,542	9,859	13,819	18,424	23,683	29,678	36,338	37,153	38,013			

RESOLUTION RE: CONSTRUCTION FINANCING AND PROPOSED USE OF BOND HOUSING CREDITS FOR HARDWICK FAMILY HOUSING, HARDWICK

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Lamoille Housing Partnership (the "Sponsors") on behalf of a to be formed limited partnership in which the Sponsors or their subsidiaries will be the general partners (the "Borrower") involving the acquisition and rehabilitation of eight (8) units of general occupancy rental housing in the Town of Hardwick (the "Development"); and

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

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

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

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

WHEREAS, the Governor of the State of Vermont has approved the 2005-2006 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi dated September 27, 2006, containing information and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

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

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

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

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

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The Sponsors are financially responsible and are qualified housing sponsors within the meaning of the Act. The Borrower will be required to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

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

2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the limited partnership to be created by the Sponsors for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions described in the Memorandum.

4. The recommendations for the use of Bond Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.

5. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2005-2006 Qualified Allocation Plan regarding the use of Bond Housing Credits in an amount necessary for the Development's feasibility for the Hardwick Family project in the Town of Hardwick, Vermont.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Director of Development JE

DATE: September 27, 2006

RE: Increase in Construction Loan for Village Housing in Middlebury

Recommendation:

That the Board approve an increase in the construction loan committed to Addison County Community Action Group, Addison County Community Trust, and Housing Vermont for the new construction of Village Housing (a 30-unit rental development) in Middlebury from $2,810,000 (previously approved in March 2006) to $3,900,000 with all other terms and conditions remaining.

Overview:

In September the sponsors approached the Agency with a request for an increase in allocated Housing Credits due to detailed cost estimates coming in substantially over the original construction budget. The increase brought the development in line with other recent tax credit recipients in the amount of credit allocated on a per unit basis, but was still a substantial increase. The Agency had previously committed construction financing of $2.8 million and permanent financing of $510,000 in addition to the Federal and State tax credits. Due to an oversight by both staff and the sponsor, we neglected to bring forward for the Board's consideration a request for an increase in the construction financing that is also needed as a result of the higher costs.

This development is one piece of the larger Middlebury South Village project, which includes: 27 for-sale starter homes (the "Cottage" units), 29 for-sale market rate homes, this 30-unit rental development, and 45,000 square feet of commercial development.

The sponsor could seek the additional construction financing elsewhere, or even replace VHFA's construction financing commitment with a loan from a bank. Staff would prefer to see one construction lender, and to have that lender be VHFA.

28-Sep-06 **South Village**

Total Residential Units:	30	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	25	Increase in Income from Other Sources:	1.50%
Percent Restricted:	83.33%	Increase in Income from Commercial:	1.50%
Total Development Cost:	7,517,772	Expense increase:	3.00%
Total Development Cost per Unit:	250,592	Vacancy Rate:	5%
Total Development Cost Per SF:	276	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	554,773	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	531,000	Sponsor's Estimated Yield:	92.21%
LIHTC - 9%	8.07%	(Mar 2006)	
LIHTC - 4%	3.46%		

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	510,000	6.78%	7.25%	30	30
HOME	315,000	4.19%	5.00%	30	30
VCDP	750,000	9.98%	0.00%	30	30
VHCB	560,000	7.45%	0.00%	30	30
Developer Loan	246,500	3.28%	3.50%	15	15
REEP Loan	18,000	0.24%	0.00%	30	30
FHLBB - AHP		0.00%	0.00%	30	30
Neighborworks		0.00%	N/A	N/A	
State Credit Equity	225,000	2.99%	N/A	N/A	
Tax Credit Equity	4,891,641	65.07%	N/A	N/A	
TOTAL SOURCES	7,516,141	99.98%			
Construction Loan	3,900,000				

USES

Acquisition	308,250	4.10%
Construction Hard Costs	5,772,948	76.79%
Soft Costs	1,436,574	19.11%
TOTAL USES	7,517,772	100%
Gap	1,631	

General Partner's Capital Contribution	1	0.10%
Limited Partner's Capital Contribution	4,891,640	99.90%
Total Equity	4,891,641	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	25
Total Units	30
Unit Fraction	83.33%
Tax Credit Square Footage	23,114
Total Residential Square Footage	27,229
Square Footage Fraction	84.89%
Applicable Fraction	83.33%

		Budget	Per Unit	Per s.f.
	ACQUISITION			
1	Land	300,000	10,000	11.02
2	infrastructure	0	0	0.00
3			0	0.00
4	Property Appraisal	3,000	100	0.11
5	Legal - Title and Recording	5,250	175	0.19
	Subtotal - Acquisition	308,250	10,275	11.32
	CONSTRUCTION HARD COSTS			
6	Rehabilitation		0	0.00
7	New Building(s)	4,172,800	139,093	153.25
8			0	0.00
9	Sitework	613,000	20,433	22.51
10	Commercial Space Costs (if any)		0	0.00
11	General Requirements		0	0.00
12	Contractor Overhead		0	0.00
13	Contractor Profit		0	0.00
14	Construction Contingency	260,148	8,672	9.55
15	Construction Management		0	0.00
16	Construction Bond Fee		0	0.00
17	Hazardous Materials Abatement		0	0.00
18	Off-Site Improvements		0	0.00
19	Furnishings, Fixtures, & Equipment	27,000	900	0.99
20	Other (off-site housing)	700,000	23,333	25.71
	Subtotal - Hard Costs	5,772,948	192,432	212.01
	SOFT COSTS			
21	Architectural	422,960	14,099	15.53
22	Engineering		0	0.00
23	Legal/Accounting	26,000	867	0.95
24	Relocation		0	0.00
25	Environmental Assessment		0	0.00
26	Energy Assessment	4,500	150	0.17
27	Permits/Fees	40,821	1,361	1.50
28	Independent Market Study		0	0.00
29	Construction Period Insurance	7,600	253	0.28
30	Construction Interest	143,278	4,776	5.26
31	Construction Loan Origination Fee	0	0	0.00
32	Taxes During Construction	10,000	333	0.37
33	Clerk of the Works	20,000	667	0.73
34	Marketing	4,000	133	0.15
35	Tax Credit Fees	18,250	608	0.67
36	Soft Cost Contingency	8,637	288	0.32
37	Permanent Loan Origination Fee	7,650	255	0.28
38	Lender's Counsel's Fee	5,000	167	0.18
39	Other (______________)	21,450	715	0.79
	SYNDICATION COSTS			
40	Organizational (Partnership)		0	0.00
41	Bridge Loan Fees and Expenses		0	0.00
42	Syndication Consultant		0	0.00
43	Tax Opinion		0	0.00
	DEVELOPER'S FEES			
44	Developer's Fees	550,000	18,333	20.20
45	Other Partnership Fees	85,000	2,833	3.12
46	Consultant Fees		0	0.00
	RESERVES			
47	Working Capital	35,378	1,179	1.30
48	Rent-up (Deficit Escrow) Reserve	26,050	868	0.96
49	Other Operating Reserves		0	0.00
50	Sinking Fund		0	0.00
51	Replacement Reserves		0	0.00
	Subtotal - Soft Costs	1,436,574	47,886	52.76
	TOTAL DEVELOPMENT COSTS	7,517,772	250,592	276

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Liza Vedder Plantilla, Multifamily Development Underwriter LVP

DATE: September 28, 2006

RE: Request for Construction Financing: Green Woods Village Housing, Shoreham

Name:	Green Woods Village	**Location:**	Shoreham
Housing Type:	Family	**Unit Type:**	Detached Single Family
Unit Count:	7 Total Units (5 Homeland)	**Unit Sizes:**	660-1456 finished sq.ft. (not including 'barn' additions)
Total Cost:	$1,636,810	**Per S.F. Acquisition & Construction Cost:**	$224
Loan Requested:	$700,000 Construction Loan Line of Credit	**Sponsor:**	JBP Properties, LLC
Other Funding:	Developers Equity		

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

Project Summary: Jeremiah Beach Parker, an architect and builder in Addison County, was approached three years ago by the Vermont Forum on Sprawl (VFOS). The Forum was working on developing three model "Smart Growth" projects. Mr. Parker owned an ideal four acre lot located in Shoreham Village adjacent to the Village Green that would work well for this type of development. Mr. Parker embraced the philosophy of reasonable size homes and lots close to the village center and his final design has garnered the Vermont Smart Growth Housing Endorsement. Currently, there is one house on the lot which Mr. Parker has rehabilitated and has had placed on the National Historic Register. The remainder of the lot has been subdivided into seven additional parcels and Mr. Parker plans to build seven (7) new starter homes there. He has teamed up with the Addison County Community Trust (ACCT) who has agreed to apply for HOMELAND grants for five of the seven homes. Brandon Streicher of Phelps Engineering, Inc. will be the site engineer and Benjamin Deppman is their attorney. Realtor Claire Clay of Century 21 will be working with ACCT, JBP Properties and NeighborWorks of Western Vermont (NWWVT) to ensure that the borrowers are ushered through the homebuyer education process in a timely fashion. The homes are VHFA qualified, as well as being approved for the new 4.75% mortgage.

This project is unique in that the developer is also the architect and developer. These units are very well designed, and buyers will have a choice of six different styles that range from a small one bedroom "Elm Cottage" at 660 square feet to the largest "Oak House", a two story home with three bedrooms, two bathrooms and garage that comes in at 1456 square feet. All of the homes are Vermont vernacular design, and each comes with the option of adding a 400 square foot 'barn' style addition either at initial construction, or at a later date. The builder plans to use wood siding and metal roofs, and as designed carry the 5 Star Energy Rating.

The construction company is small and JBP Properties is very conservatively planning a two year build out, as they would like to build no more than two properties at a time Those units will be sold before work is started on the next pair of buildings. For this reason they are requesting a line of credit so that they may pay down the loan as units sell, and redraw for the next phase. Also, the current zoning allows for only three homes to be built on the lot. In November, the town is voting on a zoning rewrite that will allow for half-acre lots, which the project assumes. Should the re-write not pass, the town has assured Mr. Parker that they would entertain a waiver for the project based on it's location in the "Village Residential District"; he is working on obtaining a written commitment on this point prior to closing. Should this fail, there is an adjacent lot that JBP Properties is considering purchasing that would allow the project to return to seven (7) units. The purchase of this land would add no more than $6,000 to the purchase price of each home. The project is within walking distance of the town school, the local church, fire station and restaurant.

The project is awaiting finalization of its Act 250 permit; they have been told that there are no obvious issues and the permit is due in September. Construction could start as early as this October.

Market Study: Staff is still awaiting the final appraisal and market data with which to finalize underwriting. Due to the low price of the units, and the slow build out, staff feels optimistic that the market will be sufficient to support the project.

28-Sep-06

Green Woods Village

Total Residential Units:		7
Subsidized Units		5
Percent of Units Subsidize		71.43%
Total Development Cost:	$	1,636,810
Total Development Cost per Unit:	$	233,830
Total Development Cost Per SF:	$	237

Project consist of 7 homes, (buyers to choose of 6 styles and one addition) to be sold to individual homeowners. All homes are located on contiguous lots near the Village Green in Shoreham.

SOURCES

	Construction		Interest Rate	Term
VHFA Construction Line of Credit	700,000		8.00%	24

SOURCES		%
Developers Equity	189,000	11.5%
Sales Proceeds from Units	1,447,810	88.5%
TOTAL SOURCES	**1,636,810**	**100.0%**

USES		
Acquisition	194,450	11.9%
Construction Hard Costs	1,355,051	82.8%
Soft Costs	87,309	5.3%
TOTAL USES	**1,636,810**	**100.0%**

Gap **(1)**

Green Woods Village
Unit Pricing/Subsidy Matrix

[The loan was structured assuming buyers pick the most expensive model as shown belo[w

Unit #	Unit Type	Square Feet	# Bdrms	# Baths	Price	Lesser of Price or Appr Value	Subsidy	Net Sales Price	Net Price/SF
1	Spruce	986	2	1	233,830	TBD	30,000	203,830	$207
2	Spruce	986	2	1	233,830	TBD	30,000	203,830	$207
3	Spruce	986	2	1	233,830	TBD	30,000	203,830	$207
4	Spruce	986	2	1	233,830	TBD	30,000	203,830	$207
5	Spruce	986	2	1	233,830	TBD	30,000	203,830	$207
6	Spruce	986	2	1	233,830	TBD	0	233,830	$237
7	Spruce	986	2	1	233,830	TBD	0	233,830	$237
Total:		**6,902**			**1,636,810**			**1,486,810**	

Purchasers may select from the following styles:

Unit #	Unit Type	Square Feet	# Bdrms	# Baths	Price	Lesser of Price or Appr Value	Subsidy	Net Sales Price	Net Price/SF
1	Elm	600	1	1	184,800	TBD	30,000	154,800	$258
2	Birch	660	1	1	195,180	TBD	30,000	165,180	$250
3	Maple	780	2	1	235,080	TBD	30,000	205,080	$263
4	Pine	916	2	1	222,980	TBD	30,000	192,980	$211
5	Spruce	986	2	1	233,830	TBD	0	233,830	$237
6	Ash	854	3	2	213,370	TBD	0	213,370	$250
Total:		**4,796**			**1,285,240**			**1,165,240**	

Units Sales Schedule

Unit #	Proceeds to LCHDC	ACCT Fees	Repay lot	5 Feb-07	12 Aug-07	18 Feb-08	24 Aug-08	Total
1	233,830	5,000	27,000	206,830				
2	233,830	5,000	27,000	206,830				
3	233,830	5,000	27,000	-	206,830			
4	233,830	5,000	27,000	-	206,830			
5	233,830	5,000	27,000	-		206,830		
6	233,830	-	27,000			206,830		
7	233,830		27,000				206,830	
Total		25,000	162,000	413,660	413,660	413,660	206,830	**1,447,810**

Construction Flow of Funds

	Original Budget	1 Closing October 15	2 Nov-06	3 Dec-06	4 Jan-07	5 Feb-07	6 Mar-07	7 Apr-07	8 May-07	9 Jun-07	10 Jul-07	11 Aug-07	12 Sep-07	13 Oct-07
SOURCES:														
VHFA Construction LOC	650,000	51,367.00	224,240.32	73,440.00	4,623.11	-347,365.46	0.00	0.00	345,225.32	1,740.00	1,740.00	-347,365.46	345,225.32	3,194.
Developers Land	189,000	189,000.00				-63,100.00						-63,100.00		
Net Proceeds from Unit Sales	1,447,810	0.00	0.00	0.00	0.00	413,660.00	0.00	0.00	0.00	0.00	0.00	413,660.00	0.00	0.
TOTALS:	1,636,810	240,367.00	224,240.32	73,440.00	4,623.11	3,194.54	0.00	0.00	345,225.32	1,740.00	1,740.00	3,194.54	345,225.32	3,194.
USES:														
Bare lot cost Acquisiton	189,000	189,000.00												
Purchase of Building(s)	0													
Title Insurance & Recording	0													
Property Appraisal	2,450	2,450.00												
Legal -Title & Recording	3,000	3,000.00												
Subtotal Acquisition Cost	194,450	194,450.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.(
			1.00						2.00				2.00	
Const Hard Costs														
New Building(s)	1,129,561		161,365.79						322,731.57				322,731.57	
Sitework	71,451		57,680.00						4,590.32				4,590.32	
Utilities	99,541			71,700.00					9,280.32				9,280.32	
Landscaping	14,000		2,000.00						4,000.00				4,000.00	
Environmental Assessment	0													
Off Site Improvement	0													
Construction Management	0													
Arch/Engineering/Estimating	25,350	25,350.00												
Bond														
Bulders Risk	0													
Contingency Allowance	15,148		1,165.23		1,165.23	1,165.23			1,165.23			1,165.23	1,165.23	1,165.2
Subtotal Hard Costs	1,355,051	25,350.00	222,211.02	71,700.00	1,165.23	1,165.23	0.00	0.00	341,767.44	0.00	0.00	1,165.23	341,767.44	1,165.2
SOFT COSTS														
Legal (vhfa)	5,000	5,000.00												
Labor and Industry														
Legal-organizational & sales	10,000				1,428.57				1,428.57				1,428.57	
Permits & Fees	8,067	8,067.00												
Impact Fees	0													
Liability Insurance														
Building Permits														
Construction Loan Interest	40,000		1,740.00	1,740.00	1,740.00	1,740.00			1,740.00	1,740.00	1,740.00	1,740.00	1,740.00	1,740.00
Construction Loan Expense														
Construction Lender Orig Fees	0													
VHFA inspection	4,000	4,000.00												
Working Capital (Association)														
Soft Cost Contingency														
Market Study														
Advertising/Marketing	3,500	3,500.00												
Model/Office FF&E														
Commissions/Sales Staff	0													
Project Management	0	0.00	0.00		0.00	0.00			0.00			0.00	0.00	0.00
Other Contingency	3,761		289.31		289.31	289.31			289.31			289.31	289.31	289.31
Fee	12,981													
Subtotal Soft Costs	87,309	20,567.00	2,029.31	1,740.00	3,457.88	2,029.31	0.00	0.00	3,457.88	1,740.00	1,740.00	2,029.31	3,457.88	2,029.31
COSTS	1,636,810	240,367.00	224,240.32	73,440.00	4,623.11	3,194.54	0.00	0.00	345,225.32	1,740.00	1,740.00	3,194.54	345,225.32	3,194.54
Gap	1	0	0	0	0	0	0	0	0	0	0	0	0	0
		Closing October 15	November-06	December-06	January-07	February-07	March-07	April-07	May-07	June-07	July-07	August-07	September-07	October-07
Construction Loan Balance		51,367.00	275,607.32	349,047.32	280,230.43	-67,135.03	-67,135.03	-67,135.03	278,090.29	279,830.29	281,570.29	-67,535.17	277,690.15	280,884.69
Construction Loan Interest	8%	342.45	1,837.38	2,326.98	1,868.20	-447.57	-447.57	-447.57	1,622.19	1,632.34	1,642.49	-393.96	1,619.86	1,638.49

RESOLUTION RE: SINGLE FAMILY CONSTRUCTION FINANCING FOR GREEN WOODS VILLAGE, SHOREHAM

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

WHEREAS, an application has been submitted to the Agency by JBP Properties, LLC (the "Borrower") involving the construction of eight (8) for sale single family condominium townhouses in the Town of Shoreham (the "Development"); and

WHEREAS, the application contemplates a mortgage loan for construction financing of up to $770,000.00 for the Development with the interest rates to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds; and

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

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Liza Plantilla dated September 28, 2006 containing information and recommendations about the construction financing for the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

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

2. The acquisition and construction costs to be incurred by the 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 or moderate income are able to afford within the general housing market area to be served by the proposed Development or there is a shortage of temporary transitional or emergency housing to be served by the proposed residential housing and that private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for occupancy by the persons or families.

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

5. The security value of the Development will equal at least the amount of the Agency's loan.

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

7. More than one-half of each of (a) the total floor area and (b) the total development cost of the Development will be allocated to dwelling units for persons and families of low and moderate income.

WHEREFORE, it is hereby RESOLVED:

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

2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter shall be conditioned on the satisfaction by the Borrower of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Single Family Construction Loan Program guidelines.

vhfa

Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes
by Telephone Conference
initiated at
Vermont Housing Finance Agency
164 St. Paul Street, Burlington, Vermont
Monday, October 2, 2006 at 11:00 a.m.

VHFA Board Members Present:
Lisa Mitiguy Randall – Chair, Robert Alberts, Paul Beaulieu, Thomas Candon (designee for Crowley), Dagyne Canney, Kevin Dorn, Bart Frisbie, Beth Pearce (designee for Spaulding)

VHFA Board Member Absent:
Gus Seelig – Vice Chair

Staff: Dave Adams, Scott Baker, Sarah Carpenter, Tom Connors, Renee Couture, Elizabeth Mullikin Drake, Tim Gutchell, Pat Loller

Guest: Ken Deon (KPMG)

Chair Randall called the meeting to order at 11:05 a.m. A quorum of the Board was present.

FINANCE

Draft Audited Financials

Mr. Deon explained that the objective of the audit is to obtain reasonable assurance that the financial statements are free of material misstatement, whether caused by error or fraud. The audit methodology involved testing internal controls to determine their effectiveness. A significant deficiency would have been reported to the Board. None were found. Minor observations and recommendations are being communicated to management. Overall, the internal controls related to accounting and financial reporting are very good. Mr. Deon further explained that no significant audit adjustments were identified, management's estimates (e.g., allowance for loan losses) were found to be reasonable and properly stated and the audit process itself was very smooth; the auditors received the full cooperation of staff.

Mr. Deon explained that the Auditor's Opinion, rendered on the Financial Statements (which are prepared by management), was unqualified, the highest obtainable from an independent auditor.

Mr. Deon further explained that KPMG is required to report to the Board of Commissioners the status of its independence. He stated that KPMG is independent of VHFA and that this will be confirmed in writing.

Mr. Deon explained that VHFA is required to follow GASB pronouncements and that it also adopts certain private sector accounting rules. He reviewed the *Statement of Net Assets*, the *Statement of Revenues, Expenses and Changes in Net Assets*, the *Statement of Cash Flows* and the notes. He explained that the MD & A (Management's Discussion and Analysis), which is required supplementary information, is unaudited; however, the auditor is required to review it to determine whether it is consistent with the financial statements. No issues were found.

In reference to Note 13, Risk Management, Mr. Candon asked whether the Agency is self-insuring indemnification of the Agency's commissioners and officers. Ms. Carpenter explained that because the Agency has sovereign immunity with the State, it does not carry commercial insurance for its officers and commissioners. Ms. Mullikin Drake agreed to provide to Mr. Deon the verbiage that demonstrates the Agency is not required to purchase this insurance.

In reference to the second paragraph under Note 3 regarding the Agency's investment policy, Mr. Candon asked whether this policy had been recently reviewed. Ms. Carpenter replied that it had not but that it should be, as Mr. Deon had pointed out, and that staff will bring this to the Board Audit/Risk Management Committee.

Ms. Pearce asked for an explanation of the net depreciation on the *Statement of Revenues, Expenses and Changes in Net Assets*. Mr. Baker explained that this is the change in market value of the Agency's investments. Ms. Carpenter further explained that this relatively new accounting standard is a bone of contention for many HFAs. However, the rating agencies are aware of the rule and make adjustments accordingly.

In reference to Note 3(c), Mr. Beaulieu asked whether 31% of the Agency's investments in a single issuer was especially high. Mr. Baker explained that this particular investment is short term; it will drop as mortgages are purchased. Ms. Carpenter added that since the investments are triple-A rated, staff hasn't been concerned about concentration. She added, however, that concentration levels of investment and the matter of GICs vs. self-investing should be included in the review of the investment policy by the Audit/Risk Management Committee.

Mr. Beaulieu made a motion to approve the financial statements with the change to Note 13 as discussed above and with the assumption that no material changes will be made by KPMG's second partner review. Mr. Candon seconded the motion which was unanimously approved.

Ms. Carpenter thanked Mr. Baker and Mr. Gutchell for the great job on the audit. Mr. Connors, as the new CFO, also expressed appreciation for the capable and experienced staff. The Board acknowledged the efforts of the staff.

OTHER

TD Banknorth's Sale of Trust Business to Bank of New York

As has been discussed, although TD Banknorth has sold its trust business to Bank of New York (BoNY), TD Banknorth continues to serve as the Agency's trustee because of the domicile requirement. BoNY has been servicing the Agency's single family accounts via a Servicing Agreement. Ms. Carpenter explained that BoNY's service has been substandard, resulting in many hours of staff's time spent in an effort to resolve issues. She informed the Board that she had sent a letter to Phil Daniels, President, and Andrew Greene, Senior Executive Vice President, at TD Banknorth informing them that they had fifteen days to start performing; otherwise, the Agency would begin looking for a new trustee.

Spinner Place (formerly known as West Block Student Housing), Winooski Redevelopment
Mr. Adams informed the Board that Spinner Place has not leased up according to expectations and is therefore struggling to cover operating expenses from cash flows. (HallKeen reports that approximately 160 of 313 beds are leased up.) Lease up reserves are nearly depleted and there is some question whether Collegiate Housing Foundation (CHF) will be able reimburse the Sovereign Bank letter of credit for the October debt service payment draw, as required, from a reserve fund other than the debt service reserve fund. If the letter of credit is reimbursed from the debt service reserve fund, it will constitute a material event which will require the Trustee (TD Banknorth) to issue a notice to bondholders. The debt service reserve fund is adequate to cover the expected shortfalls until June 2007 and Sovereign Bank has agreed to allow CHF to reimburse the letter of credit from this fund until then. Mr. Adams also noted that Sovereign Bank carries all of the financial risk; a default of the project would require Sovereign Bank to repurchase the bonds. Additionally, Champlain College is very interested in leasing more beds and could potentially lease all available beds for the 2007/2008 academic year.

Discussion ensued regarding UVM's role. Mr. Adams explained that UVM has not supported the project in its marketing materials as well as it should have, especially to upperclassmen. Ms. Carpenter added that UVM is two years behind its original plan to expand enrollment. Ms. Mullikin Drake explained that UVM does have obligations to CHF and that CHF is in the process of determining which obligations it might enforce against UVM.

ADJOURNMENT
Mr. Beaulieu made a motion to adjourn the meeting. Mr. Dorn seconded the motion and the Board unanimously approved to adjourn the meeting at 11:58 a.m.

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Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes
DoubleTree Hotel, Carriage Room
1117 Williston Road, South Burlington
Thursday, October 5, 2006 at 2:00 p.m.

VHFA Board Members Present:
Lisa Mitiguy Randall – Chair, Gus Seelig – Vice Chair, Paul Beaulieu, Thomas Candon (designee for Crowley), Dagyne Canney, Kevin Dorn, Bart Frisbie, Beth Pearce (designee for Spaulding)

VHFA Board Member Absent:
Robert Alberts

Staff: Dave Adams, Sarah Carpenter, Maura Collins, Tom Connors, Renee Couture, Joe Erdelyi, Sam Falzone, Pat Loller, Liza Plantilla

Guests: Noelle MacKay (Vermont Forum on Sprawl), Jeremiah Beach Parker (JBP Properties, LLC)

Chair Randall called the meeting to order at 2:08 p.m. A quorum of the Board was present.

BOARD MINUTES
Mr. Candon made a motion to approve the September 6, 2006 Board of Commissioners meeting minutes. Ms. Canney seconded the motion which was unanimously approved.

CONSENT AGENDA
Mr. Candon made a motion to approve the items on the Consent Agenda (restated here):
- ~ Resolution Re: Construction Financing and Proposed Use of Bond Housing Credits for Hardwick Family Housing, Hardwick
- ~ Increase construction loan for Village Housing (30 rental units), Middlebury South Village, from $2.81 million to $3.9 million

Mr. Seelig seconded the motion which was unanimously approved.

DEVELOPMENT
Green Woods Village Housing, Shoreham
Ms. Plantilla introduced Ms. MacKay and Mr. Parker. She then reviewed her memo regarding the construction of seven single family homes in Shoreham. She clarified the sentence regarding HOMELAND grants for five of the seven homes; this number will be a goal, not a threshold. She pointed out a correction to the memo; the square footage of the largest homes includes the

square footage of the 'barn' addition. [It was subsequently determined that the square footage in the memo was correct – it does not include the 'barn' addition.] She explained that the borrower would like to use the line of credit to acquire an adjacent parcel of land. This use would be in addition to the purpose of the line of credit described in the memo, which is the construction of the single family homes. (The adjacent parcel will be required to build out the seven planned homes if zoning is not changed. If zoning is reduced to ½ acre per home, this parcel will provide acreage for additional homes.)

Ms. Randall pointed out that Fannie Mae and Freddie Mac have minimum square footage limits to which the developer should adhere to ensure the secondary market will purchase the loans. [Ms. Plantilla subsequently determined that Fannie Mae and Freddie Mac do not have square footage minimums. They do have appraisal requirements that make smaller homes harder to value. However, Ms. Plantilla has learned from MGIC that the proposed homes with the least square footage will not be a problem.]

Ms. MacKay explained the motivation behind the Vermont Forum on Sprawl's three "Smart Growth" projects, the Forum's role as facilitator and its strategic plan. She pointed out a correction to the memo; the project has applied for the Vermont Smart Growth Housing Endorsement; it has not yet been awarded. Mr. Seelig expressed appreciation for the work of the Forum, especially with regard to getting communities involved, and asked Ms. MacKay to return to a future Board meeting to provide more detail about the Forum's work.

Mr. Parker described the evolution of the project, the site and the designs for the homes, which will be stick-built by local tradespeople. Ms. Carpenter encouraged Mr. Parker to look at universal design elements to encourage aging in place. Mr. Parker explained that all homes will have a bedroom and a bathroom on the first floor and all can be easily converted to be handicapped accessible. He agreed to consider additional changes.

Discussion followed regarding basements; some of the homes will not have basements due to a high water table. It was agreed that they are desirable, if economically feasible.

Mr. Seelig made a motion to approve the "Resolution Re: Single Family Construction Financing for Green Woods Village, Shoreham" with the understanding that an additional use of the line of credit will be the purchase of adjacent land, that five HOMELAND grants will be a goal, not a threshold, and that the square footage will meet the minimum required for loans to be saleable. Mr. Frisbie seconded the motion which was unanimously approved.

Ms. Carpenter asked Mr. Parker to return to the Board should the development plan change to include the construction of additional homes.

Developer Fees

Mr. Adams asked whether there were any questions about the strategy for revisiting the Agency's policy on developer fees as outlined in his memo.

In reference to the analysis of Housing Vermont's financial statements described in the first bullet of the memo, Ms. Pearce volunteered to sit down with staff to review the final report. Mr. Seelig added that he would be asking Mr. Tom Weaver of the Vermont Housing and Conservation Board to do the same.

In reference to the first and last bullets of the memo, Mr. Seelig explained he understood the goal to be to determine how any of the nonprofits are using developer fees to further the mission to build, rehabilitate and preserve affordable housing – not just Housing Vermont. Discussion followed regarding what other nonprofit entities' financial statements should be analyzed. Ms. Randall concluded by asking staff to begin with Housing Vermont, during which a process could be developed, and, after the first of the year, apply this process to other nonprofit entities. Mr. Seelig added that VHCB staff could work with VHFA staff to determine which other entities' financials should be analyzed.

OTHER

TD Banknorth's Sale of Trust Business to Bank of New York

Ms. Carpenter again updated the Board regarding the issues with Bank of New York (BoNY) (see October 2, 2006 Board of Commissioners meeting minutes). Phil Daniels, President of TD Banknorth, called Ms. Carpenter in response to the letter he received from her and was very apologetic. Still, Ms. Carpenter believes that if the Agency does not see results by next week, it should exercise the next legal step. She also informed the Board that, at this point, the Agency is missing July and September transactions, without which the quarterly financial statements cannot be completed.

Several Board members offered to contact Mr. Daniels and express their concern. Ms. Carpenter agreed to first send staff's comments to Mr. Daniels and copy the Board. Ms. Randall asked Board members to inform each other, Ms. Carpenter and Mr. Connors of any exchange.

Spinner Place (formerly known as West Block Student Housing), Winooski Redevelopment

Ms. Canney asked Ms. Carpenter to review what was said at Monday's Board meeting regarding Spinner Place, Winooski, for the benefit of those who had to leave the meeting early (see October 2, 2006 Board of Commissioners meeting minutes).

Ms. Canney pointed out that the Board approved the allocation of a large amount of scarce resources because, in part, UVM had agreed to support and market Spinner Place to its students. [It should be noted that the Agency did not allocate resources to Spinner Place; it only served as a conduit bond issuer. Tax credits were allocated to Keen's Crossing.] She emphasized that every attempt should be made to make use of the unused beds between now and next July when it is anticipated that Champlain College will lease the remaining beds. Ms. Carpenter explained that the bond was issued for a specific purpose (student housing) and other uses may be limited.

Mr. Adams explained that, although a notice of material event will include VHFA as Issuer, the risk is not VHFA's and the Agency's role should be only to monitor and facilitate, not to resolve the issues.

ADJOURNMENT

Mr. Seelig made a motion to adjourn the meeting. Mr. Candon seconded the motion and the Board unanimously approved to adjourn the meeting at 3:28 p.m.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Liza Vedder Plantilla, Multifamily Development Underwriter LVP

DATE: October 27, 2006

RE: Increase in Allocated Credits for Waits River Housing (aka Bradford)

Recommendation:

That the Board approve an increase in the allocated Housing Credits to Housing Vermont and Central Vermont Community Land Trust for the Waits River Project from $417,375 to $434,375.

Overview:

In December of 2005 the Board approved a Federal Housing Credit request of $397,500 (as well as $62,500 in State Credits) for this seven building scattered-site project in Bradford. This past August, staff were asked to increase our credit allocation. Bids had come in far over budget due to an environment of swiftly increasing construction costs. Staff approved a five percent increase of federal housing credits at that time, bringing the total credit allocation from $397,500 to $417,375. The borrower also secured three new funding sources (NeighborWorks, the Preservation Trust and Downtown Credits) and worked with the construction manager to value engineer for cost savings.

This work allowed them to get the budget in line for closing. However, the closing was held after the 60 day period for which subcontractors are required to hold their bids. All the subs held their pricing and are now working, with the exception of the mechanical contractor who has decided to close their Vermont office. The Construction Manager cannot find another mechanical contractor with a equally competitive bid; changing contractors will mean at least a $160,000 increase to the budget.

This increase in the cost of the mechanical contractor will absorb a substantial portion of their $477,000 construction contingency, which was initially 11% of the construction budget. This is a very complex rehab of seven severely neglected older buildings. The sponsor has also discovered major structural issues at the Nutting House that will further eat into their contingency, reducing the remainder of the contingency for the next six buildings to roughly 5%.

While it might be possible to finish the project on such a slim contingency, it seems more likely that the project will need additional resources sooner rather than later. By increasing the credit by $17,000, the sponsor will be able to raise an additional $147,000 in additional equity, buffering the increased cost of the mechanical contractor. The final credit amount per unit ($17,133) is in alignment with recent transactions.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter CR

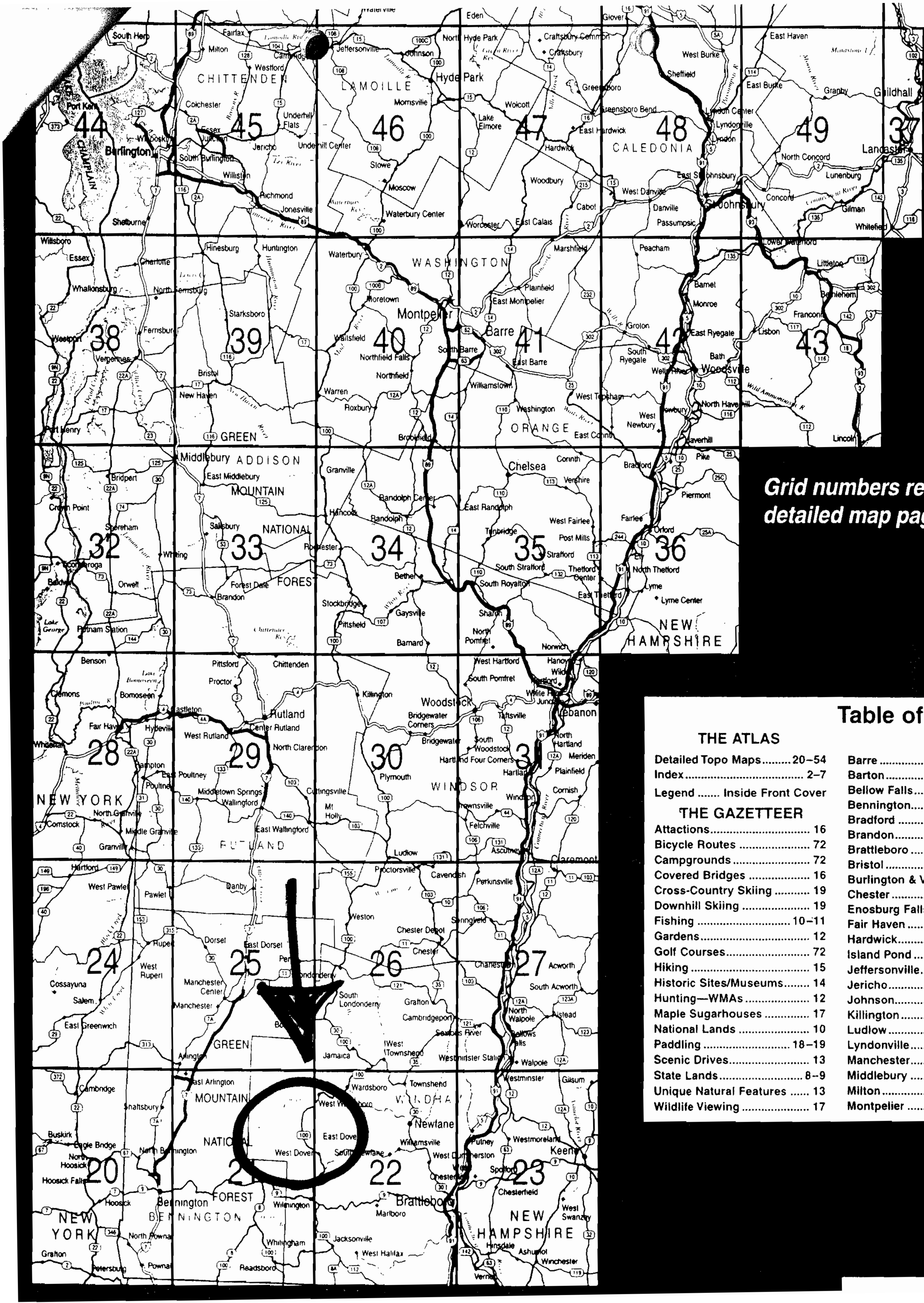
DATE: October 31, 2006

RE: Request for Construction Financing, Butterfield Common Condominiums, Dover

Name:	Butterfield Common Condominiums	**Location:**	Dover
Housing Type:	For Sale Homes	**Unit Type:**	Townhouses
Unit Count:	6 Homes (a 7th home will be built by Habitat for Humanity)	**Unit Sizes:**	2 2-Br Units @ 1,205 s.f. 4 3-Br Units @ 1,404 s.f.
Total Cost:	$1,342,000	**Per S.F. Acquisition & Construction Cost:**	$147
Financing Requested:	$625,000 construction loan	**Sponsor:**	Brattleboro Area Community Land Trust
Other Funding:	Ski Area Mitigation Funds, VHCB, VCDP, Sales Proceeds		

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

Project Summary:
Brattleboro Area Community Land Trust (BACLT) is seeking VHFA construction financing for the last portion of their Butterfield Common development in West Dover. The project consists of 7 condominium for sale units – five three-bedroom units and two two-bedroom units. Construction of the 26-unit senior housing building and the seven units of rental family housing all on the Butterfield Common site have been completed and units are leasing up. The condo units have all permits and other funding committed. Ingram Construction is the general contractor, and Williams & Frehsee the architect. The utilities and road have been developed under the first phase of work. The site is located across from Mount Snow Ski Resort, adjacent to the Tannery Wildlife Refuge, approximately 2 miles from the village of West Dover, and on a bus route. The sales prices of the units will range from $218,000 to $235,000. Prospective homebuyers will be eligible for up to $84,500 in subsidy, through a combination of sources including VHCB, VCDP and ski area funds. The homes will be affordable to families with incomes as low as 65% of area median income. The market study prepared by John Ryan cited 75% of all local jobs are in the areas of services and retail. The average annual income in the area is $18,050. During the past decade, year round households increased by 34%, but very little new housing was produced in that time. Single family homes being constructed are mainly for seasonal homeowners. Construction has just begun and will be completed by October 2007. The seventh home is a detached unit which will be built by Habitat for Humanity. BACLT collaborates with the Rockingham Area Community Land Trust on the operation of a homeownership center in Brattleboro. This will be a good resource for potential homebuyers at Butterfield.

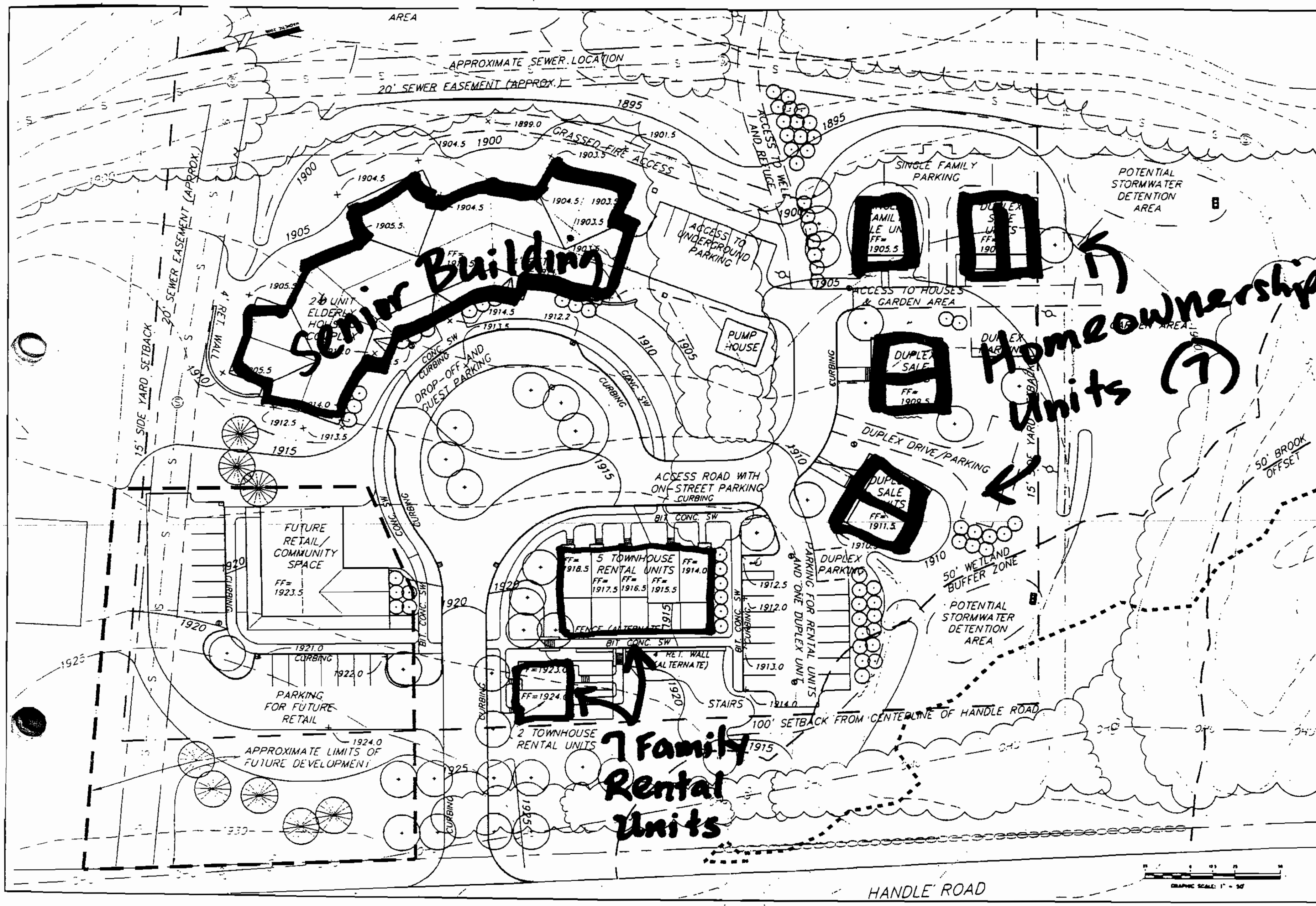


Grid numbers refer t
detailed map pages

Table of Co

THE ATLAS

THE GAZETTEER



STEVENS & ASSOCIATES, P.C.

P.O. Box 1386
Brattleboro, VT 05302
(802) 257-9324

BUTTERFIELD SITE FEASIBILITY STUDY
HANDLE ROAD
WEST DOVER, VERMONT

PREPARED FOR:
BRATTLEBORO AREA COMMUNITY LAND TRUST
192 CANAL STREET
BRATTLEBORO, VERMONT

DATE:	REVISION:
4/03	LANDSCAPING REV

CONCEPTUAL SITE PLAN

DES BY	KDW
DWN BY	WHO/KDW
CHKD BY	KDW/RKS
SCALE	AS SHOWN
DATE	2/03/03
PROJECT NUM	#02-032
DWG. NO	

C-3

SHEET 1 OF 3

Williams & Frehsee, Inc.
167 Main Street, Suite 309
Brattleboro, Vermont 05301
Phone: 802-257-1311
Fax: 802-257-9429
E-mail: info@wfivt.com

2 & 3 BED. DUPLEX VERSION A

SET SENT TO INGRAM CONSTRUCTION AUGUST 1 2006

BUTTERFIELD OWNERSHIP HOUSING

West Dover, Vermont

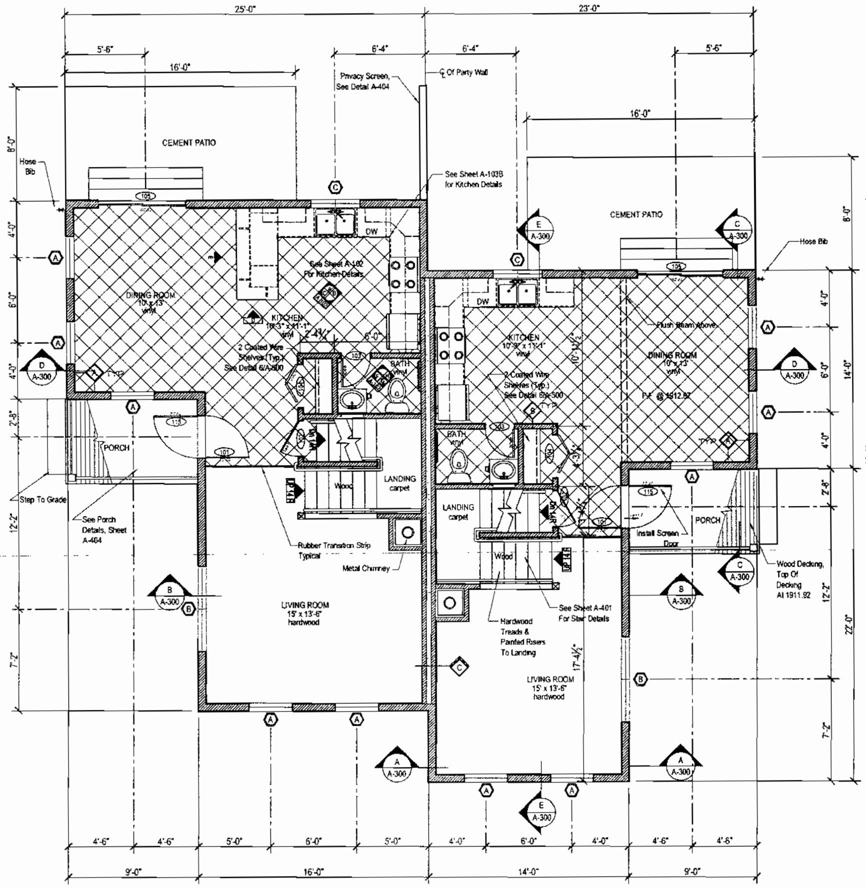
Brattleboro Area Community Land Trust

W.F.I. JOB	10408
DRAWN BY	MKU, DMG, ASH
CHECKED BY:	
DATE	6/8 06

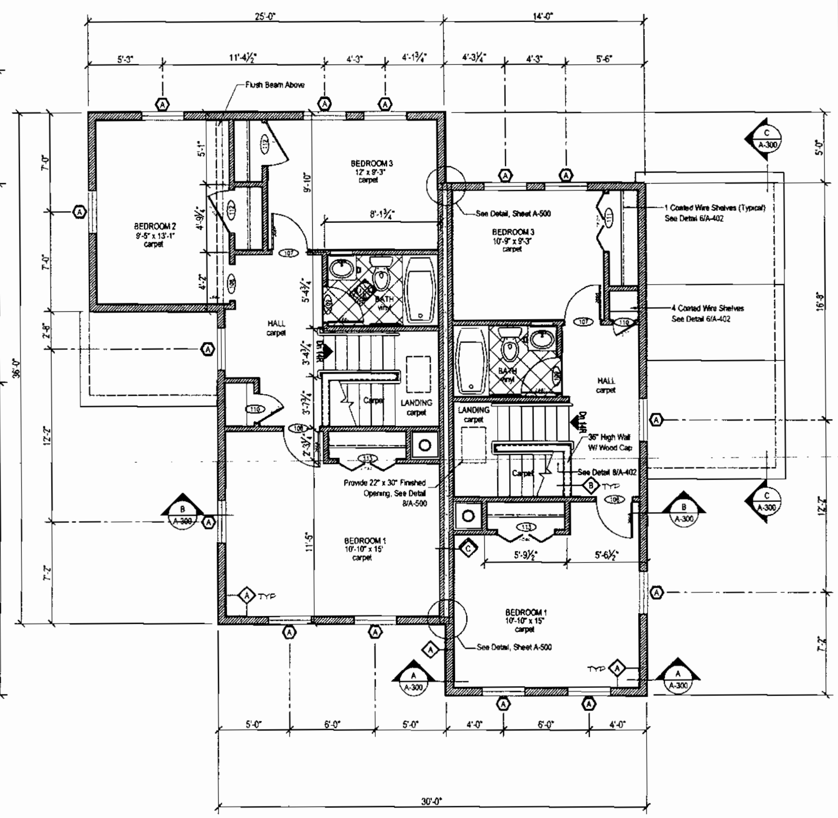
DO NOT SCALE DRAWINGS

ELEVATIONS

A-200



1 A-101 FIRST FLOOR PLAN
Scale 1/4" = 1'-0"



2 A-101 SECOND FLOOR PLAN
Scale 1/4" = 1'-0"

DUPLEX VERSION B
SQUARE FOOTAGE

	2 Bedroom	3 Bedroom
First Floor	630	702
Second Floor	575	702
Total	1,205	1,404

Williams & Frehsee, Inc.
167 Main Street, Suite 309
Brattleboro, Vermont 05301
Phone: 802-257-1311
Fax: 802-257-9429
E-mail: info@wfvt.com

2 & 3 BED. DUPLEX UNITS A & B

SET SENT TO INGRAM CONSTRUCTION AUGUST 1, 2006

BUTTERFIELD OWNERSHIP HOUSING

West Dover, Vermont

Brattleboro Area Community Land Trust

WFI JOB	10406
DRAWN BY	MKL DMS ASH
CHECKED BY	
DATE	6.6.06

DO NOT SCALE DRAWINGS

FIRST & SECOND FLOOR PLANS

A-101

Williams & Frehsee, Inc.
167 Main Street, Suite 309
Brattleboro, Vermont 05301
Phone: 802-257-1311
Fax: 802-257-9429
E-mail: info@wfivt.com

WINDOW SCHEDULE

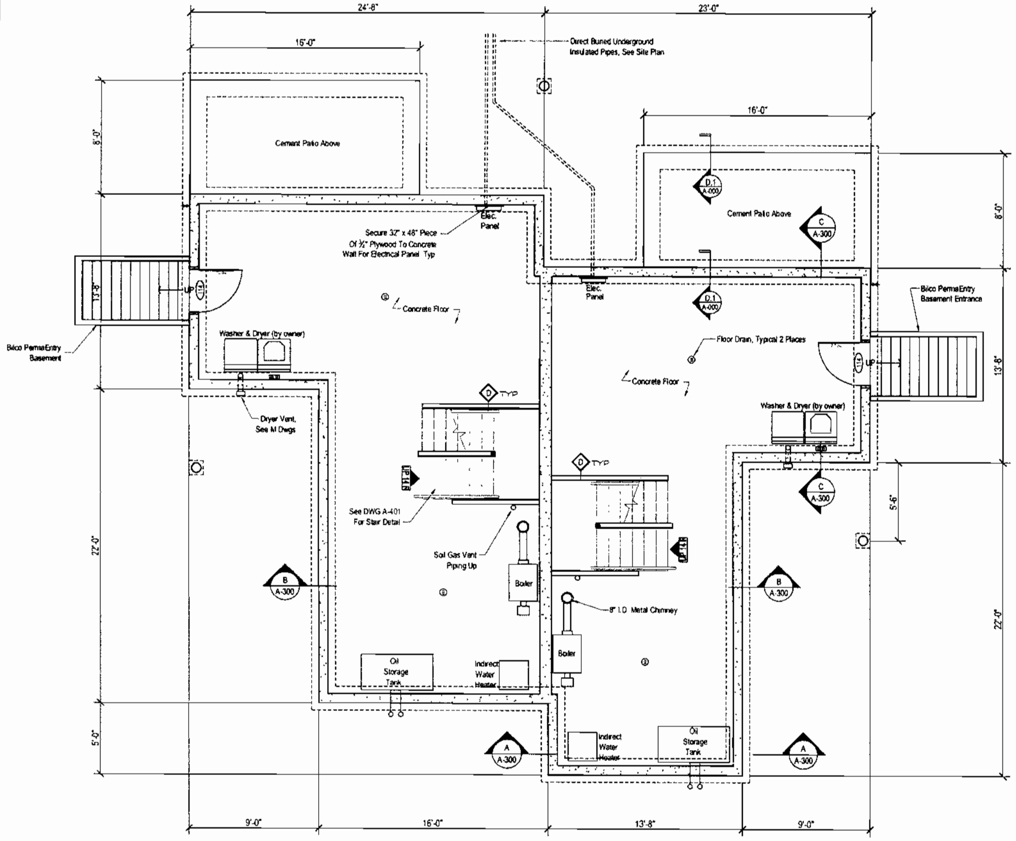
Butterfield Common Home Ownership
Williams & Frehsee, inc. Job Number 10408

KEY	TYPE	GLAZING	MANUFACTURER	MODEL	R.O. SIZE Width	R.O. SIZE Height	SCREEN	NOTES
A	Double Hung	Low E Argon	Marvin Integrity	IDH3660	3'-0 1/4"	5' - 0 1/4"	By MFR	
B	Double Hung 2-Wide	Low E Argon	Marvin Integrity	IDH3660-2W	6' 0"	5' - 0 1/4"	By MFR	
C	Casement 2-Wide	Low E Argon	Marvin Integrity	ICA2135-2W	3'-5"	2'-11 5/8"	By MFR	

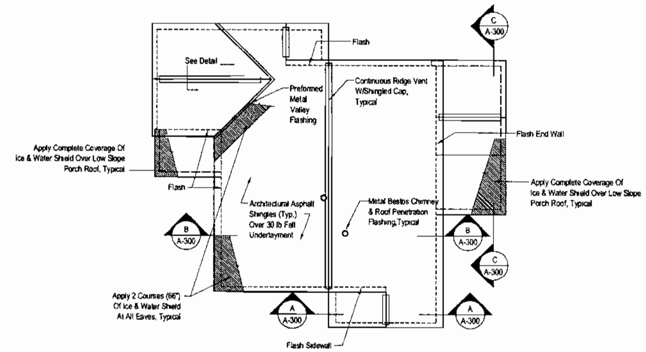
DOOR SCHEDULE

Butterfield Common Home Ownership
Williams & Frehsee, inc. Job Number 10408

KEY	DESCRIPTION	SIZE	MANUFACTURER	MODEL	HARDWARE/THRESHOLD	SCHLAGE SERIES	NOTES
101	Entry door 6 panel fiberglass	3'-0" x 6'-8"	Therma Tru	Fiber Classic FC-61	Entrance set w/lever, 3 butt hinges schlage cylinder, door viewer	AL53	Kickplate & Storm Door
102	SC 6 Panel	2'-6" x 6'-8"	Jeld-Wen	1 3/8 850 Windsor	Passage set with knob	F10	
103	SC 6 Panel	2'-0" x 6'-8"	Jeld-Wen	1 3/8 850 Windsor	Privacy set with knob, Split finish	F10	
104	Bifold HC 6 Panel	2'-0" x 6'-8"	Jeld-Wen	1 3/8 580 Windsor	Knob by manufacturer	–	
105	Sliding French Door	6'-0" x 6'-8"	Marvin Integrity	Sliding French Door ISFD 6068	Hardware by Manufacturer	–	Stationary/Operative Panels Viewed From Ext.
106	SC 6 Panel	2'-6" x 6'-8"	Jeld-Wen	1 3/8 850 Windsor	Passage set with knob	–	
107	SC 6 Panel	2'-6" x 6'-8"	Jeld-Wen	1 3/8 850 Windsor	Passage set with knob	–	
109	SC 6 Panel	2'-8" x 6'-8"	Jeld-Wen	1 3/8 850 Windsor	Privacy set with knob, Split finish	–	
110	HC 3 Panel	1'-6" x 6'-8"	Jeld-Wen	1 3/8 550 Windsor	Passage set	–	
111	Bifold HC 3 Panel	4'-0" x 6'-8"	Jeld-Wen	1 3/8 550 Windsor	Passage set with knob	–	
113	Bifold HC 3 Panel	4'-0" x 6'-8"	Jeld-Wen	1 3/8 550 Windsor	Passage set with knob	–	
114	Basement Door	2'-0" x 6'-8"	Therma Tru	Fiber Classic FC-61	Entrance set w/lever, 3 butt hinges, Schlage Cylinder	AL53	Kickplate
115	Storm Door	3'-0" x 6'-8"	Harvey Industries	HiLite	by Manufacturer	by MFR	Removable tempered glass & screen



1 A-100 BASEMENT FLOOR PLAN
Scale 1/4" = 1'-0"



1 A-100 ROOF PLAN
Scale 1/8" = 1'-0"

2 & 3 BED. DUPLEX UNITS A & B

SET SENT TO INGRAM CONSTRUCTION AUGUST 1, 2008

BUTTERFIELD OWNERSHIP HOUSING

West Dover, Vermont

Brattleboro Area Community Land Trust

WFI JOB	10408
DRAWN BY:	MKL, DMS, ASH
CHECKED BY	
DATE	8/1/08

DO NOT SCALE DRAWINGS

BASEMENT, ROOF PLAN & SCHEDULES

A-100

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: SINGLE FAMILY CONSTRUCTION FINANCING FOR BUTTERFIELD COMMON CONDOMINIUMS, DOVER

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

WHEREAS, an application has been submitted to the Agency by Brattleboro Area Community Land Trust (the "Sponsor") for itself or Butterfield Ownership Housing LLC, a Vermont limited liability company with the Sponsor as its member (the "Borrower") involving the construction of up to seven (7) for sale single family condominium units in the Town of Dover (the "Development"); and

WHEREAS, the application contemplates a mortgage loan for construction financing of up to $687,500.00 for the Development with the interest rates to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds; and

WHEREAS, the Sponsor and the Borrower qualify as housing sponsors within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated October 31, 2006 containing information and recommendations about the construction financing for the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

1. At least 20% of the units of the Development are for occupancy by persons and families of low and moderate income.

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

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

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

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The Sponsor and the Borrower are financially responsible and are qualified housing sponsors within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

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

2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a mortgage loan to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter shall be conditioned on the satisfaction by the Borrower of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: David Adams, Chief of Program Operations

DATE: October 26, 2006

RE: Request for Financing: Habitat for Humanity

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

Summary of Loan Request:
Habitat for Humanity has requested financing in the amount of $300,000 with a 30 year amortization, and a 15 year term. Security for the loan will be a pledge of single family mortgages from their existing portfolio with balances of approximately $900,000. It is anticipated that loans that are pledged as security that prepay will be replaced by loans with similar characteristics. An annual review of portfolio balances will be conducted by staff to insure cash flows from the pledged portfolio and the portfolio balances continue to provide adequate security. We will take assignments of new mortgages as they are added to the Habitat portfolio if needed to maintain an appropriate security position for our loan.

Habitat will use approximately $250,000 to repay one ventures loan owed to VHFA and the balance owed on a construction line of credit. The remaining $50,000 will be used to acquire two building lots early in 2007. They are hoping to build four homes in 2007.

The Agency will be providing a 30 year fixed rate loan funded from either General Funds, or from funds invested at the Agency by the Vermont Community Foundation. In either case, these are short term investments to the Agency being used to finance a long-term loan to Habitat and therefore there is interest rate risk. Staff will seek ways to minimize this risk, but given the relatively small size of the loan we feel we can absorb this risk in any case.

Background:
The Agency has been looking for ways to partner with Habitat for Humanity for many years. Habitat raises funds, seeks donated materials and volunteer labor to construct single family homes that are then sold to homebuyers at a price equal to the cost of construction. Habitat finances the homebuyer with a 25 year mortgage at zero percent interest. The typical Habitat homebuyer has household income that ranges from 30% to 50% of the area median income. Cash flow from their current portfolio is roughly $7,500 per month. Debt service payments on the proposed loan from VHFA will be roughly $1800/month. Habitat has averaged roughly two homes per year but would like to do more.

Staff supports the request and recommends Board approval.

mailing address P.O. Box 408, Burlington, VT 05402-0408 **delivery address** 164 Saint Paul St., Burlington, VT 05401-4364
phone (802) 864-5743 **fax** (802) 864-5746 **www.vhfa.org**

RESOLUTION RE: DEVELOPMENT FINANCING WITH PLEDGE OF MORTGAGES FOR GREEN MOUNTAIN HABITAT FOR HUMANITY

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

WHEREAS, an application has been submitted to the Agency by Green Mountain Habitat for Humanity (the "Borrower") involving the financing of its development operations with a pledge of its mortgage portfolio (the "Development"); and

WHEREAS, the application contemplates a pledge of Borrower's mortgage portfolio in an amount sufficient to support a term financing for Borrower's purchase of land for the development of homes for persons and families of low and moderate income with the interest rate to be determined by the Agency depending on the source of funds; and

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

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Dave Adams dated October 26, 2006, containing information and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

1. At least twenty percent of the units to be developed by the Borrower will be occupied by persons and families of low and moderate income.

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

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

4. The Borrower will increase the supply of well-planned, well-designed permanent, temporary, transitional or emergency housing for persons and families of low and moderate income.

5. The security value for the financing will equal at least the amount of the Agency's loan.

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

WHEREFORE, it is hereby RESOLVED:

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

2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for a term loan to the Borrower for the financing of Borrower's land acquisition for homes based on the recommendations in the attached Memorandum. The Commitment Letter shall be conditioned on the satisfaction by the Borrower of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan to the Borrower, and such conditions and terms that are appropriate in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency.

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Tom Connors, Chief Financial Officer

RE: Financing Proposal for Multifamily Mortgages

DATE: November 1, 2006

Board Action Requested: Adoption of the attached resolution.

The Agency has been weighing different options for financing existing multifamily mortgages totaling over $3 million (approximately $1.2 million of this is tax-exempt). Staff has been working with Al Hans from Piper Jaffray to evaluate proposals from three companies (KeyBank, TD Banknorth, and George K. Baum).

After several rounds of negotiation with the three vendors, we have determined that the KeyBank proposal makes the most sense for the Agency for the following reasons:

- It provides the best interest rates, allowing the Agency to achieve its full margin spread;
- It provides an ongoing facility that can be drawn down in multiples of a couple of million dollars as new financing needs arise; and
- historically, KeyBank has been easier to deal with from an administrative perspective.

Please see the attached summary from Piper Jaffray for a more comparative analysis of the three financing options.

mailing address P.O. Box 408, Burlington, VT 05402-0408 delivery address 164 Saint Paul St., Burlington, VT 05401-4364
phone (802) 864-5743 fax (802) 864-5746 www.vhfa.org

PiperJaffray.

800 Nicollet Mall J13N01, Minneapolis, MN 55402
Tel: 612-303-6000 Tel: 800-333-6000 Fax: 612-303-6966
Piper Jaffray & Co. Since 1895. Member SIPC and NYSE.

DATE: November 6, 2006

TO: Vermont Housing Finance Agency

FROM: Piper Jaffray

SUBJECT: Multifamily Financing Proposals

Background

The Agency multifamily program generally provides financing for small loans for projects that have diverse characteristics. Currently, the Agency has approximately $1.2 million of loans eligible for tax-exempt financing and $2.2 million of loans that will require taxable financing. Historically, the Agency has provided financing through the public sale or private placement of bonds and through financing arrangements directly with banks. The Agency received three proposals for financing the current loans mentioned above.

Summary of Proposals

The terms and interest rates of the three proposals are attached to the memorandum.

Key Bank proposes that the Agency sell thirty year, unrated variable rate demand bonds which would have a credit enhancement of a renewable, direct pay Letter of Credit from Key Bank that has credit ratings in the single-A category. The interest rate on the variable rate bonds would be reset on a weekly basis by remarketing agent Key Bank. An interest rate exchange agreement would be executed in order to provide a fixed rate of interest for fifteen years. Key Bank's interest rate is based upon a 0.15% spread to mid-market. The bonds would be general obligations of the Agency.

Bank North proposes that the Agency sell fifteen year (amortized over thirty years), unrated variable rate index bonds what would be held by Bank North. The interest rate would be reset monthly based upon a percentage of one-month LIBOR plus a fixed amount. An interest rate exchange agreement would be executed in order to provide a fixed rate of interest for fifteen years. Bank North's interest rate is based upon a 0.30% spread to mid-market. The bonds would be general obligations of the Agency.

Baum proposes that the Agency sell thirty year, rated fixed rate bonds. This is not a new option for the Agency. The Agency has a double-A rated bond resolution and a single-A rated bond resolution (based solely upon the Agency's general obligation).

Evaluation of Proposals

The advantages of the Key Bank proposal are lower interest rates, an ongoing \$15 million facility that can be drawn down in multiples of a couple of million dollars as needed, and the certainty of financing terms for future transactions. The disadvantages of the Key Bank proposal are the need to renew the letter of credit periodically, basis risk between the rate received from the swap and the rate paid to bondholders, interest rate risk after fifteen years, generic risks associated with any swap, and higher transaction costs associated with the issuance of variable rate demand bonds.

The advantages of the Bank North proposal are lower transaction costs, no need for marketing bonds in that the bonds are held by Bank North in their portfolio, no basis risk in that the swap is a "cost of funds" swap, an ongoing facility that can be drawn down, and documentation is in place. The disadvantages of the Bank North proposal are higher interest rates, a refinancing risk in fifteen years, and generic risks associated with any swap.

The advantages of the Baum proposal are lower interest rates (subject to market conditions and a successful sale) and thirty year fixed interest rates. The disadvantages are higher transaction costs associated with a public sale, marketability of small amounts of tax-exempt and taxable bonds, and the need to have a public sale for future financings.

Recommendation

Key Bank provides the lowest all-in interest cost and an ongoing financing facility for future Agency projects.

VHFA Multifamily Financing Proposals

	Key Bank	Bank North	George K. Baum
Structure:	Up to $15 million $2 - 3 million drawdowns VRDO's Public Sale/Remarketing 30 year bond maturity	$2,241,000 (sized to need) Private Placement Variable Rate Index Bonds 15 year bond, 30 year amortization	$3,485,000 Public Sale Fixed Rate Two Term Bonds
Credit Support:	Direct pay LOC (3 year renewable) A1/P1 Moody's Bank LOC Ratings General Revenue Pledge of VHFA	No Credit Support Maintain single A issuer rating General Revenue Pledge of VHFA	Obtain Moody's Rating General Obligation of VHFA
Bond Credit Ratings:	Unrated	Unrated	A2
Swap:	BMA, 71%, LIBOR, or LIBOR 15 basis point spread to Mid Market	Actual Bond Rate 30 basis point spread to Mid Market	Not Applicable Not Applicable
Up Front Costs:	Bank Counsel - $10,000 to 12,000 first deal $2,000 subsequent deal Underwriting Fees - 0.50% Underwriters Counsel - $10,000 (if required) COI - $15,000	Origination Fee - 0.10% Banks Counsel - $4,000 COI - $10,000	Underwriting Fees - 0.60% Expenses - $1,500 Underwriters Counsel - $5,000 COI - $45,000
Ongoing Fees:	0.50%/0.60% (3/5 year) LOC Fee 0.10% Remarketing Fee	Not Applicable Not Applicable	Not Applicable Not Applicable
Bank Bonds:	Prime Rate plus 2.0%	Not Applicable	Not Applicable
Other:	Cross Default Provisions	Principal Depository Covenant	Per Resolution

VHFA Multifamily Financing Proposals

Indicative Interest Rates

	Key Bank (A1, A) (As of 10/31/06)		Bank North (A1, A, A) (As of 10/31/06)		George K. Baum (As of 10/24/06)	
	Tax Exempt BMA 15 Year	Taxable 100% LIBOR SWAP 15 Year	Tax Exempt 15 Year	Taxable 15 Year	Tax Exempt 30 Year	Taxable 30 Year
Fixed	3.82%	5.22%	5.03%	6.53%	4.90%	6.25%
LOC (3/5 year renewable)	0.50%/0.65%	0.50%/0.65%	N.A.	N.A.	N.A.	N.A.
Remarking Fee	0.10%	0.10%	N.A.	N.A.	N.A.	N.A.
Basis	0.15%	0.15%	0	0	0	0
	4.57%/4.72%	5.97%/6.12%	5.03%	6.53%	4.90%	6.25%

	Key Bank	Bank North	George K. Baum
Transaction Costs ($3.5 million issue)			
Dollar	$42,500 - $52,500	$17,500	$72,500
Rate Impact	0.12% - 0.15%	0.05%	0.21%

VERMONT HOUSING FINANCE AGENCY ("VHFA")

REGARDING KEYBANK DIRECT PAY LETTER OF CREDIT AND

RELATED INTEREST RATE SWAP BORROWING

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

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

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

I. REGARDING KEYBANK TRANSACTION IN GENERAL

RESOLVED: That the Chief Financial Officer of Vermont Housing Finance Agency ("VHFA") or the Executive Director of VHFA, be, and each hereby is authorized for, in the name of, and on behalf of VHFA (each acting singly), to execute and deliver to KeyBank National Association (the "Bank") a commitment letter outlining the key terms of the new credit facility, being described as a $15,000,000 direct pay letter of credit and related interest rate swap, substantially in the form of the Bank's preliminary term sheet (a copy of which is attached hereto and incorporated herein by reference); and that VHFA is hereby authorized to enter into a financing transaction with the Bank as substantially described in said preliminary term sheet.

II. REGARDING $15,000,000 DIRECT PAY LETTER OF CREDIT

RESOLVED: That, the Executive Director of VHFA or the Chief Financial Officer of VHFA be, and each hereby is, authorized for, in the name of, and on behalf of, VHFA (each acting singly) to borrow the maximum principal amount of Fifteen Million Dollars ($15,000,000.00) under a direct pay letter of credit and related interest rate swap instruments from the Bank to provide long term financing for VHFA originated multifamily loans.

RESOLVED: That, without limiting the generality of the above resolution, the Executive Director of VHFA or the Chief Financial Officer of VHFA be, and each hereby is, authorized to obtain from the Bank a direct pay letter of credit facility and related interest rate swap instruments in the maximum amount of Fifteen Million Dollars ($15,000,000.00) to be secured by a pledge of the general revenues of VHFA, on such terms and conditions deemed appropriate by the Executive Director of VHFA or the Chief Financial Officer of VHFA.

RESOLVED: That, in connection with the above resolutions, the Executive Director of VHFA or the Chief Financial Officer of VHFA or their designees be, and each hereby is, authorized, individually and without the concurrence of any other officer, to make, execute and deliver such loan agreements and promissory notes, security agreements, and any other notes, agreements, trusts, receipts, guarantees and any other evidences of VHFA's indebtedness and obligations to the Bank (collectively, the "Letter of Credit and Related Interest Rate Swap Documents"); such Letter of Credit and Related Interest Rate Swap Documents to contain such terms and conditions as the signing officer may approve, his or her signature being conclusive evidence of the authorization and approval thereof by VHFA.

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

III. REGARDING ALL RESOLUTIONS

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

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

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

PRELIMINARY TERM SHEET

INTEREST RATE RISK MANAGEMENT:

BANK:	KeyBank National Association, 149 Bank Street, Burlington, Vermont 05401 ("Bank")
ISSUER:	Vermont Housing Finance Agency ("VHFA")
OBLIGOR:	VHFA
FACILITY:	Direct Pay Letter of Credit ("Letter of Credit")
AMOUNT:	Up to $15,000,000.
PURPOSE:	To provide long term financing for VHFA originated multifamily loans.
PRICING:	Annual Letter of Credit Fee is 50 basis points (paid in advance).
MATURITY:	Initial maturity of Letter of Credit is 3 years, reviewed/renewed annually for a period of three years. A 5 year option is available for 65 basis points (paid annually in advance). Maturity extensions will be provided at the request of the Obligor with the consent of the Bank up to the final maturity of the Bonds.
OTHER FEES:	None
SECURITY:	General Revenue Pledge of VHFA.
REIMBURSEMENT:	Reimbursement for all draws will be made on or prior to the day of the draw with any unreimbursed draws accruing interest at the KeyBank Prime Rate, plus 2.0%
COVENANTS:	The Bank is to receive full year audited financial statements within 120 days of each fiscal year-end, annual budgets within 30 days of adoption, and other information as Bank may from time to time reasonably request. Cross defaulted to other KeyBank facilities.
OTHER CONDITIONS:	Maximum term for the underlying Bonds and maximum amortization will be 30 years. Obligor will notify Bank of material adverse developments that might affect the repayment of the Facility to the Bank.
EXPENSES:	Obligor shall pay all costs and expenses including the Bank's outside counsel, and any other fees invoiced to the Bank in connection with this Facility.
PRIMARY CONTACT:	Tony Martin Vice President, KeyBank National Association Phone: 802-660-4477 Fax: 802-864-6908 E-mail: tony_f_martin@keybank.com

The Obligor could elect to hedge the interest rate on the tax-exempt variable rate demand bonds by using an interest rate swap contract. An interest rate swap contract would allow the Obligor to effectively exchange its variable rates for fixed rates. An interest rate hedging proposal will be provided upon your request.

FACILITY:	Interest Rate Swap to hedge the variable rate risk on up to the full amount of the Bond issue.
SECURITY:	Cross-collateralized with the above Facility.
MATURITY:	The following estimates are based on a 30 year amortization, with a swap term of 15 years.
MARGIN:	All of the below swap rates are priced .15% above Key's cost to convert the referenced index to the swap rate. We anticipate that we can offer the same pricing above Key's cost over the next 3 years.
INTEREST RATE INDICATIONS:	These fixed rates are for indicative purposes only. Actual rates are subject to change based on market conditions. These rates are as of 10/20/06. Counterparty pays BMA: 15 year fixed rate is 3.82%. The net effect of a BMA swap is to provide an effective fixed rate equal to the swap rate + the spread, if any, of the variable bond rate over the BMA rate. Counterparty pays 69% of 1-month LIBOR: 15 year fixed rate is 3.65% The net effect of the swap is to provide an effective fixed rate equal to the swap rate + the spread, if any, of the variable bond rate over 69% of LIBOR. A swap based on LIBOR would hedge interest rate risk but not tax risk or changes in tax-exempt market conditions. Counterparty pays 1-month LIBOR (would apply to taxable portion). 15 year fixed rate is 5.22% The all-in financing rate would include the Swap Rate + LC Fee + Remarketing Fee + Basis Risk.
PRIMARY CONTACT:	Interest Rate Risk Management Attn: David Bowen Phone: 216-689-3925 Fax: 216-689-4737 E-mail: dbowen@mcdinvest.com

KeyBanc
Capital Markets

PROPOSED TERMS OF VARIABLE RATE BOND UNDERWRITING:

TYPE:	Variable Rate Demand Revenue Bonds ("Bonds")
PURPOSE:	To provide long term financing for VHFA originated multifamily loans.
AMOUNT:	Up to $15,000,000 or such other amount as can be secured by the letter of credit
ISSUER:	Vermont Housing Finance Agency.
UNDERWRITER:	KeyBanc Capital Markets (KBCM).
UNDERWRITING FEE:	0.50% of the issuance amount due at closing, and costs associated with Underwriter's Counsel, not to exceed $15,000.
REMARKETING AGENT:	KeyBanc Capital Markets
REMARKETING AGENT FEE:	10 basis points paid semiannually in arrears.
UNDERWRITER'S COUNSEL FEE:	Not to exceed $10,000 on initial transaction, and not to exceed $6,000 on subsequent transactions. However it would be the intention of KBCM to not use Underwriter's Counsel on subsequent transactions, unless it was necessary. In such cases, there would be no fee for Underwriter's Counsel.
SECURITY FOR THE BONDS:	Direct Pay Letter of Credit, or equivalent credit enhancement, from a bank or financial institution with a long-term credit rating of A or better.
RATING:	To be applied for if beneficial to VHFA.
INTEREST RATE:	The interest rate will be set weekly by the Remarketing Agent at a level which will allow the Bonds to be resold at par.
INTEREST PAYABLE:	Monthly in arrears, or, at the option of the Obligors, quarterly in arrears.
MATURITY:	Not to exceed 30 years or such other term as approved by the letter of credit bank.
STRUCTURE:	Each series will be structured as a single term bond with a maturity date as agreed upon by VHFA and the Bank.
PREPAYMENT:	The Bonds may be prepaid, in whole or in part, without penalty, on any date for which the requisite notice of optional redemption can be given.

KeyBanc
Capital Markets

PRIMARY CONTACT: Ron Lehr
Managing Director
Phone: 503-790-7643
Fax: 503-795-6011
Email: ronald_lehr@keybank.com

CONTACT ADDRESS: KeyBanc Capital Markets, a division of
McDonald Investments Inc.
OR 20-21-0407
1211 SW Fifth Ave., Floor 4
Portland, OR 97204

*This indication of terms and conditions has been provided by KeyBank, N.A. The availability of services from KeyBank and KeyBanc Capital Markets is not tied to one another and may be evaluated independently. This indication of terms and conditions will expire on ***.*

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Tom Connors, Chief Financial Officer

DATE: October 31, 2006

RE: **Status of 2006 Private Activity Volume Cap and End of Year Resolution**

Action Requested: Adoption of attached resolution to authorize allocation of any additional 2006 volume cap, filing of carryforward election and determination of appropriate use of private activity volume cap in future years.

Status of Agency's Use of Private Activity Volume Cap

The following chart shows the status of the Agency's available private activity volume cap as of today:

			Allocated by VHFA Board	
	Total Volume Cap Available	Unallocated by VHFA	Homeownership	Multifamily
Carryforward from 2005			33,923,722	1,408,500
2006 State Allocation	110,000,000	110,000,000		
VHFA Board Allocation		(110,000,00)	97,557,610	12,442,390
2006 Private Activity Bonds Issued			(131,481,332)	(3,090,000)
Balance as of 10/31/06			0	10,760,890

Staff expects to issue more multifamily bonds before the end of the year. The attached resolution authorizes staff to allocate the remaining 2006 allocation, as may be required, and to accept any additional 2006 volume cap. It also authorizes Sarah or me to file the carryforward into 2007 and to allocate private activity volume cap between homeownership and multifamily as needed during the year in future years. A status report and an end-of-year resolution will continue to be brought to the Board for approval each year.

Please feel free to call me at 652-3436 if you have any questions or comments about this information.

RESOLUTION RE: ALLOCATION OF 2006 PRIVATE ACTIVITY BOND VOLUME CAP, ELECTION TO CARRYFORWARD 2006 PRIVATE ACTIVITY BOND VOLUME CAP ALLOCATION AND GENERAL AUTHORITY TO DETERMINE APROPRIATE USE OF PRIVATE ACTIVITY VOLUME CAP

WHEREAS, the Vermont Housing Finance Agency (the "Agency") has been allocated a total of $110,000,000 in 2006 private activity bond volume cap by the State of Vermont Emergency Board ("2006 Allocation"); and

WHEREAS, the Agency desires to allow the Executive Director to determine the appropriate use of the 2006 Allocation; and

WHEREAS, the Agency wishes to accept any additional allocation of 2006 private activity volume cap from the State of Vermont and to allow the Executive Director to designate its use for either qualified mortgage bonds and/or mortgage credit certificates or exempt facility bonds or a combination of both; and

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

WHEREAS, the Agency desires to allow the Executive Director and Chief Financial Officer to determine the appropriate use of annual allocations of private activity volume cap consistent with Board loan and program approvals;

NOW, THEREFORE, IT IS HEREBY RESOLVED:

1. The Agency hereby authorizes the Executive Director to allocate the remainder of its 2006 Allocation pursuant to Section 146 of the Internal Revenue Code of 1986 as amended for the purposes of issuing exempt facility bonds or qualified mortgage bonds and/or mortgage credit certificates or a combination of both.

2. If the Agency is allocated any additional volume cap in 2006 by the State of Vermont, it authorizes the Executive Director to allocate any additional volume cap for the purposes of issuing exempt facility bonds or qualified mortgage bonds and/or mortgage credit certificates or a combination of both.

3. The Agency elects to carryforward all of its unused volume cap pursuant to section 146 of the Internal Revenue Code of 1986 for the purposes consistent with its allocation of such carryforward between exempt facility bonds and qualified mortgage bonds and/or mortgage credit certificates.

4. The Executive Director and Chief Financial Officer are directed, and each of them is authorized, to take all steps necessary to carryforward the Agency's unused volume

cap, including, but not limited to preparation, execution, and delivery of a Carryforward Election of Unused Private Activity Volume Cap in such form as may be required by the Internal Revenue Service and consistent in content and effect with this Resolution.

5. The Agency hereby authorizes the Executive Director and Chief Financial Officer, individually, to allocate annual allocations of private activity volume cap pursuant to Section 146 of the Internal Revenue Code of 1986 as amended for the purposes of issuing exempt facility bonds or qualified mortgage bonds and/or mortgage credit certificates or a combination of both. Such allocations in total may be adjusted through the course of the calendar year.

6. The Executive Director and Chief Financial Officer are directed, and each of them is authorized, to take all steps necessary to do such allocations of the annual allocations as needed, including the preparation, execution, and delivery of such individual allocations 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: Tom Connors, Chief Financial Officer

RE: Renewal of the Housing Vermont Line of Credit

DATE: October 31, 2006

Board Action Requested: Adoption of the attached resolution.

Housing Vermont's Line of Credit with VHFA will expire on November 1, 2006. Staff is proposing (see attached Resolution) that it be extended for two years (through November 1, 2008) under the same terms: a revolving line of credit of up to $1.5 million at an interest rate equal to Agency's cost plus 100 basis points.

mailing address P.O. Box 408, Burlington, VT 05402-0408 **delivery address** 164 Saint Paul St., Burlington, VT 05401-4364
phone (802) 864-5743 **fax** (802) 864-5746 **www.vhfa.org**

RESOLUTION REGARDING RENEWAL OF LINE OF CREDIT
FOR HOUSING VERMONT

WHEREAS, Housing Vermont, a nonprofit corporation organized under the laws of the State of Vermont, (the "Borrower") has requested that the Agency renew its line of credit for bridge loans while it awaits the receipt of equity funds from limited partners of the limited partnerships that are the owners of developments where the Borrower has acted as the developer for the development; and

WHEREAS, in the past the Agency has made such bridge loans to Housing Vermont; and

WHEREAS, the Agency wishes to accommodate Housing Vermont's request, which is authorized under 10 V.S.A. § 621 (5);

NOW, THEREFORE, the Agency RESOLVES:

1. The request of Housing Vermont to renew its credit line for the purposes set forth above is granted. The maximum amount of credit that may be extended to the Borrower at any time is ONE MILLION FIVE HUNDRED THOUSAND ($1,500,000) DOLLARS.

2. The interest rate on any extensions of credit to the Borrower will be the Agency's costs of funds, plus one percent per annum.

3. Each extension of credit to the Borrower must be evidenced by an advance request in form satisfactory to the Executive Director and/or the Chief Financial Officer of the Agency and such other security as the Executive Director or Chief Financial Officer deems adequate.

4. This line of credit will expire November 1, 2008.

Interesting Housing Fact

November 2006 Board Meeting

Prepared by Maura Collins

The Census is changing. Now, in addition to counting people every 10 years, the Census Bureau will use something called the American Community Survey (ACS) to collect information (age, race, income, commute time to work, home value, veteran status, and other important data) from a sample of 3 million U.S. households annually. The sample eventually will include every geographic area covered by the traditional Census. Collecting this data every year should reduce the cost of the official decennial census, and provide more up-to-date information throughout the decade about trends in the U.S. population at the local community level.

The ACS now has 2005 data available for Vermont statewide, Chittenden County, and the Burlington / South Burlington metropolitan area. By 2008, the ACS also will have 3-year averages available for all Vermont counties over 20,000 people, as well as the city of Burlington and possibly Essex Town. Beginning in 2010, and every year thereafter, the ACS will provide a five-year rolling estimate, for every county, town and city in the state, as well as Census tracts and block groups.

The ACS started as a small survey in 1996, and has been growing every year since. Of the 100 tables that rank each state's data, the following items had Vermont ranked in the top or bottom 5 states:

MEDIAN AGE	
Rank	**Value**
2	40.7 years

% MARRIED COUPLE FAMILIES WITH KIDS UNDER 18	
Rank	**Value**
48	18.8% (UT #1 with 32.4)

% HOUSEHOLDS WITH A CHILD UNDER 18 YEARS OLD	
Rank	**Value**
46	30.2% (UT #1 with 43.6)

% WOMEN (15-50 YEARS OLD) WHO HAD A CHILD IN THE PAST YEAR	
Rank	**Value**
50	4.3% (UT #1 with 87)

% PEOPLE (5-20 YEARS OLD) WITH A DISABILITY	
Rank	**Value**
4	9.2%

% MARRIED COUPLE FAMILIES WHERE BOTH HUSBAND AND WIFE WORK	
Rank	**Value**
5	60.6%

% HOMES THAT WERE MOVED INTO IN 2000 OR LATER	
Rank	**Value**
50	42.1% (NV = #1 with 66)

% HOUSEHOLDS WITH CASH PUBLIC ASSISTANCE	
Rank	**Value**
4	4.2%

OVERCROWDED HOMES (% HOMES WITH MORE THAN 1.01 OCCUPANTS / ROOM)	
Rank	**Value**
50	1% (HI = #1 with 8.7)

VHFA Board of Commissioners Meeting Minutes
by Telephone Conference
initiated at
Vermont Housing Finance Agency
164 St. Paul Street, Burlington, Vermont
Monday, November 6, 2006 at 9:30 a.m.

VHFA Board Members Present:
Lisa Mitiguy Randall – Chair, Robert Alberts, Thomas Candon (designee for Crowley), Dagyne Canney, Kevin Dorn, Bart Frisbie, Beth Pearce (designee for Spaulding), Gus Seelig

VHFA Board Member Absent:
Paul Beaulieu

Staff: Dave Adams, Scott Baker, Sarah Carpenter, Tom Connors, Renee Couture, Elizabeth Mullikin Drake, Sam Falzone, Tim Gutchell, Pat Loller, Cindy Reid

Guest: Al Hans (Piper Jaffray)

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

BOARD MINUTES
Mr. Alberts made a motion to approve the October 2, 2006 Board of Commissioners meeting minutes. Ms. Canney seconded the motion which was unanimously approved.

Mr. Frisbie made a motion to approve the October 5, 2006 Board of Commissioners meeting minutes. Ms. Canney seconded the motion which was unanimously approved.

CONSENT AGENDA
Mr. Seelig made a motion to approve the items on the Consent Agenda (restated here):
~ Increase Allocated Housing Tax Credits allocated to Waits River Housing, Bradford by $17,000 to $434, 375
~ Resolution Re: Single Family Construction Financing for Butterfield Common Condominiums, Dover
~ Resolution Re: Development Financing with Pledge of Mortgages for Green Mountain Habitat for Humanity

Mr. Candon seconded the motion which was unanimously approved.

FINANCE

Financing for Multifamily Mortgages

Mr. Connors reviewed his memo regarding the financing proposal for multifamily mortgages. Ms. Carpenter added that the Agency also considered Bank of America, but learned that it could not offer unrated bonds. Mr. Connors explained that the decision to not go with TD Banknorth was not influenced by issues with the sale of its trust business to Bank of New York.

Ms. Pearce made a motion to approve the "Vermont Housing Finance Agency [Resolution] Regarding KeyBank Direct Pay Letter of Credit and Related Interest Rate Swap Borrowing." Mr. Seelig seconded the motion which was unanimously approved.

Private Activity Volume Cap

Mr. Connors reviewed his memo regarding private activity volume cap. Ms. Mullikin Drake explained that the difference in the resolution before the Board from the previous two years' resolutions is that it authorizes staff to allocate private activity volume cap between homeownership and multifamily as needed during the year in future years (vs. for one year). She also explained that after the 20th of December of any calendar year the Governor can assign or reallocate unused volume cap, and that there is about $10 million in 2006 volume cap not yet allocated. If it is allocated to VHFA, staff would likely allocate it to homeownership.

Mr. Seelig made a motion to approve the "Resolution Re: Allocation of 2006 Private Activity Bond Volume Cap, Election to Carryforward 2006 Private Activity Bond Volume Cap Allocation and General Authority to Determine Appropriate Use of Private Activity Volume Cap." Mr. Candon seconded the motion which was unanimously approved.

Housing Vermont Line of Credit Renewal

Mr. Connors reviewed his memo regarding extending Housing Vermont's line of credit. Mr. Gutchell explained that he receives requests for draws from Housing Vermont in the form of notes related to specific projects. Ms. Mullikin Drake explained that Housing Vermont certifies that it already has equity commitments sufficient to finish the project each time it requests an advance for that project and that the Loan Agreement does include a pledge of Housing Vermont's interest in the owner of the specific project. In addition, the Agency does have a lien to finish the project.

Mr. Seelig made a motion to approve the "Resolution Regarding Renewal of Line of Credit for Housing Vermont." Mr. Alberts seconded the motion which was approved by all except Ms. Pearce who abstained.

TD Banknorth's Sale of Trust Business to Bank of New York

Mr. Connors explained that although there are improvements in Bank of New York's servicing of the Agency's trust business, it will take time to dig out from under. As a result, the Agency is looking to close its first quarter in mid-December. Ms. Randall asked whether bondholders have been impacted. Ms. Carpenter explained that three payments were missed but two were private placements and staff notified the third before the lapse was noticed. Ms. Pearce asked whether the Agency's credit rating would be impacted. Ms. Carpenter replied that there was potential but it was unlikely. Ms. Carpenter added that staff will bring a new resolution to the Board in

January or February; part of the process will include looking at new trustees. She added that she has had multiple calls from Mr. Daniels (TD Banknorth) and management at Bank of New York requesting meetings. She has urged them to spend time working on the problem rather than meeting about it.

ADMINISTRATION

Additional Staffing Requirements Due to Software Conversion

Ms. Carpenter explained that the software conversion will require additional staffing and that there will be a budget exception. It is anticipated that three positions will need to be filled: a permanent position in multifamily, a temporary position in finance during implementation of the finance module, and, the third, a part-time consultant who will provide project administration support to Ms. Loller for the duration of the conversion. Staff will move forward to fill the positions immediately with the support of the Board. Ms. Randall requested that staff include these positions within the scope of the larger project's budget adjustment recommendation, which should be in early 2007.

Health Insurance Premiums

Ms. Loller explained to the Board that the renewal date for the staff health insurance plan is March 1, 2007. A substantial increase is anticipated, since premiums have increased 14.5% in 9 months, and staff has begun to research alternatives. If the decision is to go with health savings accounts or health reimbursement accounts (HSAs or HRAs), it must be made before January 1, 2007. Ms. Loller will discuss the options at an Executive Management meeting, and then with the Human Resources Board Committee.

ADJOURNMENT

Mr. Alberts made a motion to adjourn the meeting. Mr. Seelig seconded the motion and the Board unanimously approved to adjourn the meeting at 10:30 a.m.

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia M. Loller, Director of Administration

DATE: November 28, 2006

RE: **Pension Plan Changes**

Action Requested:
Approval of amendments to the VHFA 401(k) Retirement Plan for the Final 401(k)(m) Regulations.

Discussion:
The IRS has recently passed final regulations concerning testing and correction methods in 401(k) plans. The regulations require that all 401(k) plans be amended to specify the testing and correction methods to be used within the plan. The changes around testing do not affect VHFA's plan at this time due to the Agency's plan utilizing the Safe Harbor method of contributions. No testing is required as we vest 3% of compensation at 100% (no vesting required). Though we do not utilize these features at this time, the Plan still needs to include these amendments.

The final regulations include an expansion of hardship withdrawals to include educational expenses for the employee or family members; burial or funeral expenses for employee's family; and expenses for the repair of damage to the employee's principal residence.

The Plan is also being amended to allow for new verbiage regarding compensation after a participant's termination of employment. Certain compensation paid within 2.5 months of termination will be considered compensation for making contributions.

Attached is a copy of the Summary of Material Modifications that will be distributed to staff and the associated resolution for your approval.

Please don't hesitate to give me a call with questions at 652-3425.

Vermont Housing Finance Agency
Vermont Housing Finance Agency 401(k) Retirement Plan
<u>SUMMARY OF MATERIAL MODIFICATIONS</u>

To:	**Participants of Vermont Housing Finance Agency 401(k) Retirement Plan**
From:	**Vermont Housing Finance Agency**
Date:	**January 1, 2006**

This is a summary of recent changes to your Plan.

Please file this "Summary of Material Modifications" with your Summary Plan Description (the booklet that explains your Plan). If you would like to see the full text of the changes, you may inspect the Plan Document or receive a copy of the changes as explained in the "ERISA Rights" section of your Summary Plan Description.

Your plan has been amended effective January 1, 2006 to adopt the final regulations under Code sections 401(k) and 401(m).

In addition to the options provided by the plan, Hardship distributions of Salary Deferral amounts may be withdrawn for the following reasons:

1) Payment of tuition, related educational fees, and room and board expenses, for up to the next 12 months of post-secondary education for the Employee, or the Employee's spouse, children, or dependents (as defined in Code section 152, and, for taxable years beginning on or after January 1, 2005 or January 1, 2004 if early adoption of the Regulations is elected, without regard to Code sections 152(b)(1), (b)(2) and (d)(1)(B);

2) Payments for burial or funeral expenses for the Employee's deceased parent, spouse, children or dependents (as defined in Code section 152, and, for taxable years beginning on or after January 1, 2005 or January 1, 2004 if early adoption of the Regulations is elected, without regard to Code section 152(d)(1)(B)); or

3) Expenses for the repair of damage to the Employee's principal residence that would qualify for the casualty deduction under Code section 165 (determined without regard to whether the loss exceeds 10% of adjusted gross income).

Further, the Plan is being amended for the proposed regulation under Code section 415 regarding compensation after a Participant's termination of employment. If you terminate employment certain compensation paid to you within 2 ½ months of your termination will be considered compensation for making deferrals, Safe Harbor ADP and ACP contribution purposes and Code section 415 Plan limitations Code section 416 Top-Heavy purposes.

The Plan method of allocating Qualified Non-Elective Contributions (QNEC) has been amended as follows:

QNECs may be made at the Employers discretion and will be allocated solely on behalf of Participant who are not Highly Compensated Employees who are eligible to receive an allocation of Non-Elective Contributions. QNECs will be allocated as a uniform dollar amount.

The Plan method of allocating Qualified Matching Contributions (QMAC) has been amended as follows:

QMACs are no longer permitted under the Plan.

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: 401(k) PLAN FOR THE ADOPTION OF PROVISIONS OF THE FINAL REGULATIONS UNDER INTERNAL REVENUE CODE SECTIONS 401(k) AND 401(m) AND PROVISIONS OF THE PROPOSED REGULATIONS UNDER INTERNAL REVENUE CODE SECTION 415

WHEREAS, the Agency wishes to adopt certain changes to its 401(k) Retirement Plan as follows:

RESOLVED, that the form of the Amendment to the Agency's 401(k) Retirement Plan presented to this meeting is to:

- Comply with changes to Hardship Distributions, Plan Aggregation, Distribution restrictions from Elective Deferral accounts, Rule of Parity, Timing of Contribution and rules regarding Highly Compensated Employees made by the finalization of the Final 401(k) and 401(m) Regulations effective for Plan Years beginning after January 1, 2006.

- Permit the use of Post Severance compensation for certain purposes in the Plan.

- Change the method of allocating Qualified Non-Elective Contributions under the Plan.

- Change the method of allocating Qualified Matching Contributions under the Plan.

RESOLVED, that this amendment be effective January 1, 2006;

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

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

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Thomas R. Connors, Chief Financial Officer

DATE: November 28, 2006

RE: **Amendment to KeyBank Non-Revolving Line of Credit**

Recommendation: That the Board approve an amendment to the existing $15 million purpose and ability line of credit with KeyBank by the attached resolution

We are asking that the existing line be extended from $15 million to $35 million in order to meet the financing needs of multifamily mortgages already approved as well as those in the short-term pipeline.

One of the reasons for the need for an additional $20 million is that we have not renewed the $15 million line of credit we have with TD Banknorth due to our trustee issues. The decision to renew is still on hold.

The KeyBank line gives us much more flexibility in that we can use it to finance taxable as well as tax-exempt, and variable as well as fixed rate loans. The TD Banknorth line is limited to tax-exempt, variable rate mortgages. Also, the administration process is less cumbersome with the KeyBank line in that we don't need to use their counsel for each loan.

VERMONT HOUSING FINANCE AGENCY ("VHFA")

REGARDING KEYBANK NON-REVOLVING BORROWING

WHEREAS, VHFA desires to amend an existing 2006 $15,000,000 purpose and ability line of credit (the "Existing 2006 Ability Line of Credit") to $35,000,000 with KeyBank; and

WHEREAS, to finalize these transaction, the Board desires to properly authorize said amendment with KeyBank at this meeting;

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

I. REGARDING AMENDMENT OF THE EXISTING 2006 $15,000,000 PURPOSE AND ABILITY LINE OF CREDIT

RESOLVED: That, the Executive Director of VHFA or the Chief Financial Officer of VHFA be, and each hereby is, authorized for, in the name of, and on behalf of, VHFA (each acting singly) to amend the Existing 2006 Ability Line of Credit to a new maximum principal amount of Thirty-Five Million Dollars ($35,000,000.00) (a) to provide short-term bridge financing for residential housing projects in anticipation of permanent take-out financing, (b) to provide for both taxable and tax-exempt advances, and (c) to provide financing to complete site control, site due diligence, site acquisition, development, rehabilitation, and construction with respect to individual projects.

RESOLVED: That, without limiting the generality of the above resolution, the Executive Director of VHFA or the Chief Financial Officer of VHFA be, and each hereby is, authorized to amend the Existing Ability Line of Credit to a maximum amount of Thirty-Five Million Dollars ($35,000,000.00) to be secured by a pledge of the general revenues of VHFA, on such terms and conditions deemed appropriate by the Executive Director of VHFA or the Chief Financial Officer of VHFA. In addition, VHFA is hereby authorized to provide or obtain a negative pledge for the real property and improvements for each project that is funded under this loan facility.

RESOLVED: That, in connection with the above resolutions, the Executive Director of VHFA or the Chief Financial Officer of VHFA or their designees be, and each hereby is, authorized, individually and without the concurrence of any other officer, to make, execute and deliver such loan agreements and promissory notes, security agreements, and any other notes, agreements, trusts, receipts, guarantees and any other evidences of VHFA's indebtedness and obligations to the Bank (collectively, the "Existing 2006 Ability Line of Credit Documents"); such Existing 2006 Ability Line of Credit Documents to contain such terms and conditions as the signing officer may approve, his or her signature being conclusive evidence of the authorization and approval thereof by VHFA.

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

II. REGARDING ALL RESOLUTIONS

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

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

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

VERMONT HOUSING FINANCE AGENCY

Resolution Authorizing the Issuance and Sale of a Maximum of $35,000,000

of Bonds In One or More Series to Finance Multi-Family Projects

Adopted December 4, 2006

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VERMONT HOUSING FINANCE AGENCY
SERIES RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A MAXIMUM OF $35,000,000 OF BONDS IN ONE OR MORE SERIES TO FINANCE MULTI-FAMILY PROJECTS

December 4, 2006

WHEREAS, the Vermont Housing Finance Agency (hereinafter referred to as the "Agency") is authorized to finance Mortgage Loans for multifamily housing for persons and families of low and moderate income in the State of Vermont pursuant to the provisions of the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (hereinafter referred to as the "Act"), and to issue its bonds to obtain funds for such purpose and to refund the same; and

WHEREAS, in order to obtain funds with which to provide financing for mortgage loans to acquire, construct, rehabilitate or refinance various developments for persons and families of low and moderate income, such developments as or to be separately approved by the Commissioners of the Agency, it is deemed necessary and advisable to issue and sell one or more series of bonds of the Agency, not to exceed $35,000,000 in the aggregate, all as hereinafter provided;

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

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Definitions. As used in this Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"*Bonds*" means the Bonds of the Agency of the Series authorized by this Resolution and a Series Certificate.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*DTC Eligible*" means Bonds issued in book-entry form through the facilities of a securities depository, to provide for the registration of such depository's nominee as owner thereof.

"*General Resolution*" means the resolution entitled "Multi-Family Mortgage Bond Resolution" adopted on February 3, 1977, as amended and supplemented, the resolution entitled "Multi-Family Housing Bond Resolution" adopted on September 25, 1981, as amended and supplemented, or any other resolution adopted by the Agency which permits the issuance of one or more series of bonds thereunder to finance Mortgage Loans or Projects upon the adoption of a series supplemental resolution satisfying the terms and provisions thereof.

"*Mortgage Loan*" means any mortgage loan with respect to a Project as authorized by the Act to be made or financed by the Agency.

"*Program*" means the general program of the Agency under which it finances Mortgage Loans for Projects.

"*Project*" means any Residential Housing the Agency is authorized to finance by the Act and which has been approved by separate resolution of the Agency.

"*Offering Statement*" means the Official Statement, Private Placement Memorandum or similar offering document of the Agency describing the Bonds and used in conjunction with the sale thereof.

"*Resolution*" means this Resolution Authorizing the Issuance and Sale of a Maximum of $35,000,000 of Bonds In One or More Series to Finance Multi-Family Projects.

"*Series Certificate*" means the Series Certificate or Certificates of the Agency dated on or before the date of issuance of the related Series of Bonds which Series Certificate shall establish certain terms and provisions of such Bonds as provided herein.

The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Resolution, refer to this Resolution.

Section 1.02. Authority for Resolution. This Resolution is adopted pursuant to and in accordance with the provisions of the Act and any General Resolution that may be applicable as hereinafter set forth.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF BONDS

Section 2.01. Authorization of Bonds, Principal Amount and Series. In order to provide sufficient funds necessary for the Program, in accordance with and subject to the terms, conditions and limitations established in this Resolution and in any General Resolution applicable thereto, one or more series of Bonds are hereby authorized to be issued, from time to time, each by the execution and delivery of a Series Certificate, in an aggregate principal amount not to exceed $35,000,000. Such Series Certificate shall be signed by at least two of the following—Chairman, Vice-Chairman, Executive Director, Chief Financial Officer or Chief of Program Operations; provided that if the amount of Bonds authorized by such Series Certificate exceeds $5,000,000 one of the signatories thereto must be the Chairman or Vice-Chairman. The Agency is of the opinion and hereby determines (a) that the issuance of Bonds in said amount is necessary to provide sufficient funds to be used and expended from time to time for the Program; (b) that the Mortgage Loans to be made or financed on behalf of the Agency with the proceeds of the Bonds can be issued bearing a rate or rates of interest which will be less than the prevailing rate of interest on comparable mortgage loans available in the State of Vermont without the assistance of the Agency; and (c) that the Agency will derive receipts, revenues and other income from the Mortgage Loans purchased or made with the proceeds of the Bonds sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of the Bonds and the payment of all costs and expenses incurred by the Agency with respect to the Program or purpose for which the Bonds are issued.

Section 2.02. Purposes. The purposes for which the Bonds are being issued are to provide funds to make or finance Mortgage Loans, including making deposits in any funds or accounts of a General Resolution, and include refunding bonds of the Agency issued for such purpose, all as shall be specified in detail in one or more Series Certificates as hereinafter described. Only Mortgage Loans and Projects approved by separate resolution of the Agency may be financed by the proceeds of Bonds authorized hereby.

Section 2.03. Bond Provisions; Series Certificate. A Series of Bonds shall be issued hereunder only upon the delivery of a Series Certificate which shall specify the terms and conditions of such Bonds and the sale and delivery thereof, including without limitation the following:

(a) the principal amount of Bonds to be issued pursuant thereto;

(b) the Series or sub-Series designation and title;

(c) the maturity or maturities of the Bonds, which in no event shall exceed 40 years, provided that if the Agency otherwise approves a Mortgage Loan with a maturity in excess of 40 years from the date of issuance of the Bonds intended to fund such Mortgage, such Bonds may have a maturity not to exceed six months following the maturity of such Mortgage Loan, subject in any case to limitations imposed by the Act;

(d) the interest rate or rates on the Bonds or the method of determining the same, provided that the interest rate or rates on the Bonds (or the initial rate or rates if the rates are not fixed rates) shall not exceed 7% if the interest on the Bonds is to be exempt from federal income taxation or 9% otherwise, and provided further that if the initial rate or rates are not fixed rates the maximum permitted rate in any case may not exceed 12%;

(e) the date or dates on which interest on the Bonds is payable;

(f) the dated date or dates of the Bonds, or the method of determining the same;

(g) the redemption provisions for the Bonds, which may include optional, mandatory and/or sinking fund redemptions, provided that the Bonds shall be optionally redeemable no later than 15 years after their date of issuance and at a redemption premium not exceeding 3% and reducing by at least 1% annually thereafter;

(h) the minimum and authorized denominations of the Bonds;

(i) whether or not the interest on the Bonds is to be exempt from federal income taxation;

(j) whether or not the Bonds are to be DTC Eligible;

(k) the form or forms of the Bonds, the manner of numbering and lettering such Bonds, and the Agency commissioners or officers authorized to execute and deliver the same;

(l) whether or not the Bonds are to be general obligations of the Agency and in any event the source of revenues to be pledged and used to pay the same, which pledge shall be immediately effective as provided by the Act;

(m) that the Agency will derive receipts, revenues and other income from the Mortgage Loan(s) made or purchased with the proceeds of such Series of Bonds sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of such Series of Bonds and the payment of all costs and expenses incurred by the Agency with respect to the Program or for the purpose for which such Series of Bonds are issued;

(n) the reserve fund or funds, any requirements with respect to the Bonds, and the method of funding the same;

(o) whether the Bonds shall be insured or guaranteed by a third party, and the premium or fee therefor, provided that such premium or fee shall be less than the present value of the interest rate savings on the Bonds occasioned by such insurance or guaranty;

(p) the specific use of the proceeds of the sale of the Bonds, the Mortgage Loans to be financed or refinanced thereby, and any bonds of the Agency to be refunded thereby;

(q) the manner in which the Bonds are to be sold, the purchaser or purchasers of the Bonds, the form of the agreement used to sell the Bonds (which form shall be comparable to the forms previously used by the Agency in similar sales of bonds) and the sale price of the Bonds, which may include a sale discount or fee paid to the purchaser not to exceed 1.5% of the principal amount of the Bonds;

(r) if the Bonds are to be remarketed, the remarketing agent therefor and the remarketing agent fee (which shall not exceed 0.50% per annum);

(s) if the Bonds are subject to tender by the owners thereof, the tender agent therefor and any liquidity facility therefor, provided that any liquidity facility fee shall not exceed 0.50% per annum;

(t) the form of the documents pursuant to which the Bonds are to be issued, and any and all documents in connection therewith;

(u) the form of the Offering Statement, if any used to sell or market the Bonds (which form shall be comparable to the forms previously used by the Agency in similar sales of bonds);

(v) the form of continuing disclosure agreement, if any, required to satisfy the federal securities laws (which form shall be comparable to the forms previously used by the Agency in similar sales of Bonds);

(w) the trustee and/or paying agent, if any for the Bonds, provided that if the Bonds are issued under a General Resolution the trustee and/or paying agent thereunder shall be the trustee or paying agent, as the case may be, for the Bonds;

(x) whether or not any investment agreements, repurchase agreements or similar instruments are to be used for the investment of all or any Bond proceeds, and any conditions thereto or limitations thereon;

(y) if the Bonds do not pay interest at a fixed rate, whether or not any third party agreements will be used to reduce the risks of possible interest rate fluctuations and, if so, any conditions thereto or limitations thereon; and

(z) any other matters not inconsistent herewith deemed appropriate and necessary and authorized by the Act.

A Series Certificate may specify that this Resolution and the Bonds authorized hereby and thereby shall be considered a "Series Resolution" under a General Resolution, and thereupon this Resolution (as applicable to such Series or Series of Bonds) and such Series Certificate shall be so treated for all purposes with respect to the Bonds authorized and issued thereby, provided that to the extent such General Resolution permits modification by a "Series Resolution" thereunder, the Series Certificate may specify such modifications even though the same are not set forth herein.

ARTICLE III

SPECIAL COVENANTS FOR TAX-EXEMPT BONDS

Section 3.01. Covenants as to Code. If and to the extent a Series or sub-Series o Bonds is designated as Bonds the interest on which is not to be subject to federal incom taxation, the Agency shall not permit at any time or times any moneys made available ' purchase Mortgage Loans in accordance herewith or any proceeds of the Bonds to be use directly or indirectly, in a manner which would result in such bonds being qualified for t exclusion of any such Bond from the treatment afforded by subsection (a) of Section 103 of Code by reason of such bond being classified as an "arbitrage bond" within the meaning Section 148 of the Code, and, without limiting the generality of the foregoing, the Agency sh

(a) Include restrictions in all agreements relating to the purchase or maki Mortgage Loans with the moneys made available to purchase or make Mortgage I so as to permit the financing of Mortgage Loans only in compliance with the Cod establish and maintain reasonable procedures to ensure compliance with the require of the Code, if applicable. Any failure to meet such requirements shall be corre the Agency within a reasonable period after failure is discovered;

(b) Continuously monitor the nonmortgage investments made directly or indirectly with the proceeds of such Bonds and shall take immediate and appropriate action to reduce the amount invested in nonmortgage investments with a yield materially higher than the yield on such Bonds as may be required by the Code; and

(c) Take such other action as may be necessary or desirable to maintain the exclusion of interest on such Bonds in accordance with Section 103(a) of the Code.

Section 3.02. Rebate. If and to the extent a Series or sub-Series of Bonds is designated as Bonds the interest on which is not to be subject to federal income taxation:

(a) The Agency hereby covenants to establish such separate accounts or subaccounts as may be necessary or desirable to adequately trace and account for the direct and indirect proceeds of such Bonds in order to comply with the rebate or yield reduction payment requirements of Section 148 of the Code. Such accounts or subaccounts may be established at any time upon the written direction of an authorized officer of the Agency.

(b) At least annually, the Agency shall compute and certify in reasonable detail the amount required to be rebated to the United States pursuant to Section 148 of the Code.

(c) As required by Section 148 of the Code, the Agency or any Bond trustee as directed by the Agency shall pay to the United States on behalf of the Agency the amount then required to be paid under Section 148 of the Code. If for any reason funds are not otherwise available for such payment, the Agency covenants to transfer moneys from its own funds for such payment.

(d) The Agency or any Bond trustee as directed by the Agency shall keep such records as will enable them to fulfill their responsibilities under this Section and shall retain such records for at least six years following final payment of the related Bonds.

Section 3.03. Governmental Program Requirement. If and to the extent a Series or ıb-Series of Bonds is designated as Bonds the interest on which is not to be subject to federal come taxation, the Agency shall not make any arrangement, formal or informal, pursuant to ıich any mortgagor, mortgage lender or other person (or any related person as defined in :tion 147 of the Code) who may receive a Mortgage Loan under the Program shall purchase ıds of the Series or issue which financed such Mortgage Loan in an amount related to the ›unt of such Mortgage Loan.

Section 3.04. Compliance With Article III. If and to the extent a Series or sub-Series ›nds is designated as Bonds the interest on which is not to be subject to federal income ɔn, the provisions of this Article III shall be complied with by the Agency in order to meet ןuirements of the Code such that interest on such Bonds shall be and remain exempt from income taxes; provided, however, that the Agency shall not be required to comply with :h provision with respect to such Bonds in the event the Agency receives a Counsel's ı from a nationally recognized bond counsel firm that compliance with such provision is no longer required to satisfy the requirements of the Code or that compliance with some other provision in lieu of a provision specified in this Article III will satisfy said requirements, in which case compliance with such other provision specified in the Counsel's Opinion shall constitute compliance with the provisions specified in this Article III.

ARTICLE IV

MISCELLANEOUS

Section 4.01. Amendments. This Resolution may be amended from time to time prior to the issuance of any Series of Bonds, which right shall be in addition to any other rights to amend. To the extent a Series of Bonds is issued under and pursuant to a General Resolution, this Resolution and any Series Certificate with respect to such Bonds may be amended under the conditions and to the extent permitted by such General Resolution. To the extent a Series of Bonds is issued only pursuant to this Resolution and a Series Certificate, this Resolution and the Series Certificate may be amended except as restricted hereby, by such Series Certificate or by the Bonds or any other agreement or document executed in conjunction therewith.

Section 4.02. General. The Agency may adopt, and specify in an Officer's Certificate, any additional covenants as to Mortgage Loans, Mortgagors or lenders.

Section 4.03. Authorization of Officers. The Chairman, Vice Chairman or any other Commissioner of the Agency, Executive Director, Treasurer, Chief Financial Officer, Chief of Program Operations and Secretary of the Agency are hereby authorized and directed to do all acts and things (including the conduct of any public hearings required by federal tax laws) and to execute and deliver any and all documents, filings, certificates and other instruments necessary or desirable to effectuate the transactions contemplated by this Resolution or any Series Certificate.

Section 4.04. Effective Date. This resolution shall take effect immediately.

Vermont Housing Finance Agency
MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sam Falzone, Director, Multifamily Programs

DATE: November 27, 2006

RE: Northgate Update

Recommendation: Approve, in concept, the assumption of all existing debt by the newly formed Northgate Residents Ownership Corporation subject to subsequent approvals by VHCB, HUD and the IRS.

In 1989, the Northgate/Greenfield transaction culminated nearly 3 years of activity to preserve Vermont's largest and most valuable affordable housing property. It also created a process by which resident involvement in ownership and management could ultimately become resident control and ownership guarantying perpetual affordability for these 336 units. There is little doubt that the 16 years since have been an unparalleled success.

Now that the 15 year tax credit compliance period has ended, the Northgate Housing Limited Partnership owner has agreed to transfer ownership of the property to a new resident controlled 501(c)(3) corporation subject to approval of all the project lenders. As a first step in this process, this new entity, Northgate Residents Ownership Corporation (NROC), is seeking VHFA's approval for the assumption of all existing debt. There will be no new money needed for the transfer and assumption. This event was anticipated by all parties in 1989 and was further supported in the HUD Title II Preservation and Use Agreement.

The Partnership has already accomplished many critical items necessary to start down this path:

- Developed and begun implementation of a 10 year capital improvement plan.
- Secured a Section 8 contract renewal and rent increase that will fund the capital plan.
- Secured the exit of the limited partners without a cost to the project.
- Prepared new bylaws for the new owner entity NROC.

After obtaining VHFA's conceptual approval, NROC will request the same from VHCB, submit its organizational documents to the IRS for amended 501(c)(3) status, and request HUD's approval for a Transfer of Physical Assets leading to a formal transfer of the property by deed and bill of sale to NROC.

We have reviewed the relevant financing and bond documents and they provide for the mechanics of the proposed assumption by NROC. We have also reviewed the proposed organizational documents and find them acceptable, with 4 nonresident members of the 13 member Board coming from the community with diverse backgrounds.

- Dave and Tom Candon have been working on a number of mobile home issues. If these are drafted into legislation, I assume we would have to take a lead in promoting their passage. We may also need to be monitoring what others may introduce.

- We are not aware of any significant banking issues this session, but will work closely with the VBA and the VMBA if things arise.

vhfa

Vermont Housing Finance Agency

MEMORANDUM

To: VHFA Board of Commissioners
From: Sarah Carpenter, Executive Director
Maura Collins, Policy and Planning Coordinator
Date: November 28, 2006
Re: Property Transfer Tax (PTT) proposal for 2007 Legislative Session

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In last year's legislative session, VHFA supported legislation that would change the current PTT exemption on the first $100,000 of a VHFA-financed home, increasing it to $140,000. The current PTT exemption can mean up to a $500 savings for a home buyer, and raising the exemption to the first $140,000 of a home's purchase price would double that savings to $1,000.

The current PTT rate schedule for primary residences is as follows:
.5% of the price of the property for the first $100,000
1.25% of the portion of the price of the property over $100,000

The current PTT rate schedule for all other types of property (vacation, commercial, land, industrial) is as follows:
1.25% of the price of the property

The current PTT rate schedule for working farms and land enrolled as current use is as follows:
.5% of the price of the property

This year the five NeighborWorks® Vermont Homeownership Centers approached VHFA and asked for the Agency's support of new legislation that would not only raise the VHFA PTT exemption to $140,000 but also allow for other affordable housing to be eligible for the exemption as well as change the rate structure. The proposed changes are explained below. **The NeighborWorks ® Vermont Homeownership Centers are asking for the VHFA Board to vote in favor of this proposal.**

Changes for affordable exemptions

Since the legislation to raise VHFA's PTT exemption from $100,000 to $140,000 did not pass last year's legislature, the NeighborWorks® proposal restates that request. Based on fiscal year 2006 home sales, raising the exemption to $140,000 would cost the state an estimated $645,000 in total forgone PTT revenue (an estimated $374,000 more than the revenue foregone under the current $100,000 exemption threshold).

Last year the legislature wondered why only VHFA mortgages were eligible for this benefit and if it made sense to expand the exemption to affordable homes regardless of the financing. Staff feels strongly that expanding the exemption to all homes priced under $140,000 would not solely benefit

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low and moderate income Vermonters because anyone with a higher income would also qualify for this tax break just because they are buying a low priced home. VHFA's mortgages have the benefit of having not only purchase price, but also income limits to ensure low and moderate Vermonters are benefiting from this exemption.

The only other homeownership programs with these types of income limits in place are USDA Rural Development loans and guarantees and HOMELAND grants. Therefore, the proposal would be to expand the exemption to borrowers of these programs as well as VHFA buyers. Last year, all HOMELAND loans were either VHFA or RD loans and therefore there would be minimal to no increased cost to the state. Seventy-nine percent of all RD guarantee loans had VHFA mortgages, as well as 17 percent of the RD direct loans. In 2005, there were 96 RD loans without VHFA financing and, using very conservative assumptions as to the purchase price of those homes, there is an estimated $96,000 in forgone PTT revenue.

Changes for primary residences over $300,000

The NeighborWorks® proposal is to keep the existing PTT rates for all primary homes priced under $300,000. Therefore for primary residences the PTT charged would be:

$0 to $100,000	.5% of the portion of the price of the property in this range
$100,000 to $300,000	1.25% of the portion of the price of the property in this range
Over $300,000+	1.5% of the portion of the price of the property in this range

In 2005 there were 1,620 primary residences sold for more than $300,000, which was 15% of all primary residences sold. As it stands currently, the existing PTT rates raised approximately $8.3 million from primary residences over $300,000, and under this new scenario that would increase to almost $11.4 million, a difference of an additional $3 million.

Changes for vacation residences

Vacation homes are currently charged 1.25% of the price of the home. There is no lower percentage for the first $100,000, unlike primary residences. Last year there were 3,282 vacation homes sold in Vermont. The NeighborWorks® proposal would change the PTT rate to 1.5 percent for all vacation homes. Based on the current PTT rates, vacation homes generated almost $12 million in PTT revenue and the proposed change would increase that to $14.4 million, a difference of $2.4 million dollars.

Changes for other property types

The proposal does not suggest any changes to land used for farming, land enrolled in the current use program, commercial or industrial land.

The PTT on vacant land is proposed to increase to 1.5% (up from the current 1.25%) to capture much of the value increase that's occurred over the past 20 years, which is the last time the transfer tax was adjusted. Last year the 3,600+ parcels of undeveloped land that transferred were primarily priced under $140,000. The state would have collected almost $3.5 million in PTT under the current system, and with the proposed increase this would raise to over $4.7 million.

Issues for VHFA Board Discussion

- Do we want to pursue raising the PPT exemption for our borrowers to $140,000 as well as add RD and HOMELAND borrowers?
- Do we support an increase in the PPT for higher end residences and vacation homes?
  - If so do we want to see those funds (all or part) go to VHCB for their dual mission? (Statutorily, half goes to VHCB for their dual mission, a portion is split among Regional Planning Commissions and the remainder goes to the State general fund.)
  - Do we want to see those funds just go for housing?
  - Do we have any concerns about how this might affect the real estate market? Staff does not, but some realtors do.
- If we do not support an increase in the PTT, what legislation would we support to secure additional resources for affordable housing?

Interesting Housing Fact

December 2006 Board Meeting
Prepared by Leslie Black-Plumeau

VHFA's share of the market rose slightly in fiscal year 2006, according to recent data on homes sold in Vermont with prices within VHFA's limits. At the county level, VHFA's market share was highest in Rutland, as has been the case for most of the past five years.

VHFA's Market Share, by Fiscal Year

	July 2001 – June 2002	**July 2002 – June 2003**	**July 2003 – June 2004**	**July 2004 – June 2005**	**July 2005 – June 2006**
Addison	11%	9%	7%	3%	7%
Bennington	9%	8%	7%	7%	7%
Caledonia	20%	14%	14%	11%	14%
Chittenden	16%	12%	10%	9%	14%
Essex	20%	3%	7%	8%	7%
Franklin	26%	16%	14%	10%	15%
Grand Isle	13%	8%	8%	6%	4%
Lamoille	23%	20%	16%	13%	14%
Orange	14%	10%	10%	7%	7%
Orleans	17%	9%	9%	6%	6%
Rutland	26%	22%	17%	12%	16%
Washington	24%	18%	16%	13%	13%
Windham	16%	11%	9%	10%	10%
Windsor	9%	9%	9%	6%	9%
Vermont	**18%**	**13%**	**11%**	**9%**	**12%**

Source: VHFA analyses of VHFA loan data and Vermont Property Transfer Tax data on primary homes sold for prices less than VHFA's purchase price limits. Excludes all mobile homes because few are likely to meet VHFA's property requirements.

These figures provide information not available elsewhere on trends associated with VHFA's place in the Vermont home sales market. It is important to remember, however, that these figures compare VHFA's activity to a broad set of home sales, including some that would not meet VHFA's requirements. Due to data limitations, we must include transactions regardless of the home buyer's income, first-time home buyer status, and credit history. We also must include sales of properties regardless of whether they meet VHFA's physical property standards and of whether they involve a mortgage at all.

The next market share report (for calendar year 2006) will be completed in April 2007. Market share reports for the fiscal year are typically completed in October. This report was delayed slightly while we revised our system for merging home sales data.