

Minutes of Meeting

April 30, 1974

VERMONT HOUSING FINANCE AGENCY

Present: Myette, Bruley, Shaw, Webster, Alexander, Dudley Davis (designee of Frank).

1. General discussion and confusion about Agency functions and relationship with VHMCA.

2. Selection of James Guest as Vice Chairman and Lynn Alexander as Secretary Pro Tem.

3. Consensus that open meeting probably necessary except for certain purposes and that notification of meeting times sent to Bob Wilson's office would probably satisfy requirements.

4. Agreement to operate under Robert's Rules insofar as any of us knows what they are.

5. Discussion of general operating procedures. Agreement that the Chairman be empowered to locate whatever secretarial help is necessary. Dudley Davis requested to find out ^{how} to borrow money from the State for start-up costs; when can money be obtained and at what price? Horace Shaw was requested to tap his sources for information on Bob Watson from New Jersey as a prospective interim consultant to the Agency, and Dick Myette to investigate other possibilities for this post. Don Webster suggested that **there** might be a fund in his office that could be tapped for initial expenses, and he will follow this up.

6. It was agreed that meetings would be scheduled insofar as possible on Wednesdays at 3:30 in Dick Myette's office. Continuation of today's meeting scheduled tentatively for Friday morning or whenever Jim Guest might be available.

Minutes of Meeting

May 2, 1974

VERMONT HOUSING FINANCE AGENCY

Present: Myette, Shaw, Guest, Webster, Alexander.

1. Discussion with Jim Guest of non-relationship of VHFA and VHMCB. Board may use Agency's facilities but unlikely if the Board to remain in Montpelier and the Agency to have offices in Burlington. Otherwise no connection.

2. Discussion of various possibilities re Executive Director, consultant, bond counsel and brokers, total amount of initial bonding, cost of operating money (Davis says 11%!), whether necessary to include recourse as requirement in bonding, guestimates re bonding rate and whether spread will be large enough to allow banks to offer loans below legal rate.

3. Suggestion that we establish relationship with Regional Planning Commissions (Art Hogan et al) and with Burlington Housing Authority (Albarelli) re rehabilitation clients. Possibility that Agency could require certain percentage of loan money to be used for rehab. Maybe seminar conference with bankers later for information and dialogue to establish communications and get suggestions.

4. Lynn Alexander requested to verify her off-the-cuff opinion that the APA applies to this Agency. Jim Guest confirmed constitutionality of legislation creating Agency.

5. Next meeting tentatively scheduled for Wednesday, May 8.

Minutes of Meeting

May 15, 1974

*Approved
6/3/74*

VERMONT HOUSING FINANCE AGENCY

Present: *Dick* Myette, *Jim* Guest, *Bud* Bruley, *Frank* Davis, *Don* Webster, *Lynn* Alexander

1. Minutes for the meetings of April 30 and May 2 were approved.
2. Discussion of financing of Agency operations. Dick requested to develop a budget for next meeting. Frank prefers one-year note renewable at Agency's option. Don will have note prepared in accordance with whey pollution form.
3. Consensus that first priority is for full-time temporary executive director until initial bond issue floated. Watson from New Jersey might be useful for P.R. and to explain concept of loans to lenders, but probably not able to give sufficient time for establishing policies and procedures. Dennis Carrigan (West Virginia) possibly available July 1 - October 1. Dick will follow up. Jim to obtain agenda of Minnesota meeting of housing finance agencies re other executive director prospects. He also suggested possibility of borrowing experienced financial personnel from another state for this start-up period with a view to eventually finding an expert in housing and development for the permanent position.
4. Lynn confirmed necessity of complying with APA requirements in the absence of any H. 476 modifying language, but explained the procedure was not complicated.
5. Don and Lynn to confer on local counsel for help in drafting rules and regs for Agency operations, compliance with APA, criteria under Sec. 623 et seq. Job description, compensation and selection to follow hiring of temporary executive director.
6. Agreement that executive director or initial consultant should do preliminary weeding out and interviewing of bond counsel, underwriters, etc. and receive proposals, with Agency making final choice. Frank and Jim expressed some preference for Hawkins, Delafield for bond counsel, if feasible. Ask Horace which counsel used by Vt. Educational and Hospital Building Authority.
7. Discussion on mortgage purchase v. loans to lenders, with latter being overwhelmingly more successful elsewhere in the country and preferred by banks after initial resistance. Jim said more interest being shown by banks right now than in the past and increasing daily. Dick and Jim to draft letter to banks asking for information re demand for mortgages, availability of funds to service demand, amount of shortage, etc. Bud to inquire re demand from buyers.
8. Dick, Jim and Don directed to pursue all possible leads for executive director and to report progress at next meeting, scheduled for May 22, same time and place.

OK

VERMONT HOUSING FINANCE AGENCY

Minutes of Meeting of June 5, 1974

Present: All Commissioners.

1. Minutes of the meeting of May 15, 1974, were discussed, with the recommendation that first names be added to the list of those present. The Secretary was directed to use whole or surnames in the future for easier identification. It was moved by Shaw, seconded by Bruley and unanimously carried that the minutes be accepted as revised.

2. Myette explained the proposed budget, previously received by the Commissioners. It was moved by Bruley, seconded by Shaw, and carried unanimously that the proposed budget as presented be accepted.

3. After considerable discussion and considering the necessity of obtaining operating funds to defray current and future expenses, upon motion duly made, seconded and unanimously carried, it was:

RESOLVED: That the Vermont Housing Finance Agency issue to the State Treasurer its promissory note in the amount of Twenty Thousand Dollars (\$20,000.00) for a period no longer than five (5) years from the date of issuance, renewable annually, and bearing interest at a rate to be determined on or before each anniversary date.

Frank Davis agreed that the note would carry a maximum interest rate of ten and one-half per cent (10½%), that it could be prepaid at any time without penalty, and that the money would be available immediately upon receipt by him of a note in proper form and a letter from the Chairman of the Agency requesting the funds in accordance with the terms of the Resolution. Alexander was asked to draw the note and the resolution and deliver to the Chairman for further action.

4. A Study by Goldman, Sachs and Co. of the merits of loans to lenders vs. mortgage purchase was delivered during the meeting. Although there was some discussion of the two programs, with the general feeling that the mortgage purchase program would be much more expensive to administer, no decisions were made until all the Commissioners have an opportunity to study the Goldman, Sachs report.

5. A letter to banks, S. and L.'s, insurance companies and credit unions has been drafted by Myette and Guest for the purpose of ascertaining the difference between mortgage money supply and demand. It was agreed that the letter would omit any discussion or questions concerning either proposed Agency program, and would be mailed this week.

Consensus that it is essential to set ^{up} a procedure for informing bankers of our proposed programs. Jim Guest will speak at the Lake Placid bankers meeting in late June. Myette will set up a bankers seminar in early July, and will obtain experienced housing finance agency personnel from another state (probably West Virginia) to present the pros and cons and answer questions. Such a seminar would be directed toward bank presidents and decision makers.

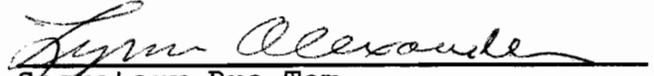
6. Myette reported that Bob Watson's health would make him unavailable for anything but minimum consultations, that Dennis Carrigan from West Virginia might be willing to consult for the months of July and September at the rate of \$25 per hour. Myette was instructed to find out whether Carrigan could give us some time in August and whether a monthly or fixed fee could be obtained in lieu of the hourly rate. Myette has also been in touch with Charles Shepard from Florida who has agreed to come to Vermont for interview some time next week. Several other contacts have been

made in the search for an Executive Director or a consultant with no conclusive results. The number of qualified people is apparently limited. Myette will set up a couple of interviews for next week and contact available Commissioners to serve on the interviewing team.

7. Don Webster reported that no information has been received from Dick Lincoln as yet, but that it would be forthcoming.

8. Myette presented a draft of by-laws prepared by Don Robinson. Guest and Alexander were requested to review the draft and suggest changes, if any, for action at the next meeting.

There being no further business to come before the meeting, it was, on motion duly made and seconded and unanimously carried, adjourned.


Secretary Pro Tem

VERMONT HOUSING FINANCE AGENCY

OK

Minutes of Meeting of June 19, 1974

Present: Myette, Bruley, Shaw, Alexander and Brian Burns
(designee of Frank Davis).

1. Minutes of the meeting of June 5, 1974, were approved,
on motion duly made, seconded and unanimously carried.

2. Mrs. Alexander presented several suggestions for
revisions to the draft by-laws, as follows:

Substitute for Section 2.1, page 1: "The Officers
of the Agency shall be a Chairman, a Vice Chairman, an
Executive Director ~~and~~ employed by the Commissioners who
also shall serve as Secretary and who may serve as
Treasurer, a Treasurer who may be either a Commissioner
or employed by the Commissioners, and such other
officers as may be determined annually by the
Commissioners."

Delete Section 2.7, page 3, the words: "from
among the Commissioners".

Substitute for the second paragraph of Section
2.7, page 3: "The Executive Director and other
officers employed by the Commissioners shall hold
office at their pleasure."

Delete the second sentence from Section 2.8,
page 3.

The Chairman was directed to confer with the members individually
to determine appropriate dates for the annual and regular
meetings. It was also decided that final action on the by-laws
would be delayed until the next meeting, in order to allow the
members to consider the proposed revisions and absent members to
make further suggestions if any.

3. The Chairman explained the steps that had been taken to
obtain interim financing from The Merchants National Bank of
Burlington. After considerable discussion, it was moved by Shaw,

seconded by Alexander and unanimously carried, that the action of the Chairman in obtaining a \$3,000-loan from The Merchants Bank be ratified, that the Chairman be authorized to execute a formal resolution of the Agency to that effect, and any corporate resolutions or forms required by the bank, and further that the Chairman be elected to serve as Treasurer Pro Tem, that he be authorized to open a checking account at The Merchants National Bank and to sign all checks in any amounts up to \$200, and that Lynn Alexander be designated to countersign any checks over the amount of \$200, and that all necessary steps be taken by Myette and Alexander to accomplish this purpose.

4. The Chairman announced that negotiations with the State Treasurer had resulted in agreement that Agency notes to the State would bear an interest rate of no more than 8½%. The Agency members agreed that the Chairman should proceed to obtain funds from the State Treasurer in accordance with the resolution passed at the meeting of June 5, 1974, and should thereafter repay the Merchants loan.

5. The proposed seminar for bankers and others was discussed, and it was decided to hold an all-day meeting on July 12 at The Tavern in Montpelier. Kenneth Hance of the Virginia Housing Development Authority has agreed to participate. Dick Myette also has made contact with possible speakers from Maine and elsewhere.

6. There was some discussion of the Goldman Sachs analysis of loans for lenders v. mortgage purchase, with general agreement that there were some unjustified assumptions made in the report as to relative costs and procedures. This subject will be

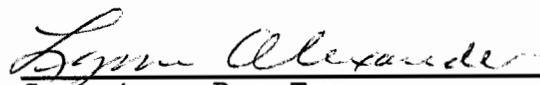
further explored at the bankers' meeting to be held at Lake Placid this coming week end and at a meeting with Blyth Eastman representatives on Monday in Burlington.

7. Dick Myette reported that a telephone conversation with Dick Lincoln this morning elicited the information that Lincoln was interested in the job of Executive Director. Myette will set up an interview at the earliest possible date and will report further at the next meeting of the Agency.

8. The Chairman reported that answers had been received from fourteen banks to the letter requesting a preliminary estimate of the shortage of mortgage money around the State. From the answers received to date it would appear that a bond issue in the amount of roughly \$20,000,000 might be possible.

There was some discussion of the selection of bond counsel, with the general feeling that this should be accomplished promptly, in order to use counsel's help in choosing an underwriter or underwriters. It was decided to delay action in this regard until after the meeting with Blyth Eastman on Monday.

There being no further business to come before the meeting, it was, on motion duly made, seconded and unanimously carried, adjourned.


Secretary Pro Tem

VERMONT HOUSING FINANCE AGENCY

Resolution Authorizing Issuance of Promissory Note

June 18, 1974

WHEREAS, the Vermont Housing Finance Agency is authorized by the Vermont Housing Finance Agency Act, No. 260 of the Public Acts of 1973, Adjourned Session, of the State of Vermont, to issue notes necessary for the initial start up administrative and operating expenses of the Agency; and,

WHEREAS, a proposed budget has been approved by the Agency; and,

WHEREAS, the Agency has determined that it is necessary to obtain funds forthwith for its start up operating expenses;

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the Vermont Housing Finance Agency that the Agency issue to the Merchants Bank its promissory note in the amount of Three Thousand Dollars (\$3,000.00) for a period no longer than 90 days from the date of issuance, and bearing interest at the present prevailing rate.

This Resolution shall take effect upon adoption.

Richard A. Myette, Chairman

OK

VERMONT HOUSING FINANCE AGENCY

Minutes of Meeting

June 26, 1974

Present: Myette, Bruley, Guest, Shaw, Tormay (for Webster), Alexander.

1. On motion duly made, seconded and unanimously carried, minutes of the meeting of June 19, 1974, were approved with one minor revision to correct a typing error.

2. Myette distributed copies of the draft By-Laws as revised to include suggestions made at the meeting of June 19. On motion duly made, seconded and unanimously carried, the revised By-Laws were approved.

3. After some discussion, on motion duly made, seconded and unanimously carried, the law firm of Hawkins, Delafield and Wood was selected as bond counsel to the Agency, with the condition that Don Robinson of that firm be assigned to work with us, and with the further condition that Mr. Robinson confirm in writing the constitutionality of the Vermont Housing Finance Act.

4. The sub-committee for the selection of General Counsel reported that preliminary discussions have been held on the matter, but recommended that the final selection be delayed pending consultation with Don Robinson and a determination on specific qualifications necessary for this position.

5. Myette reported that the projected seminar for bankers is receiving enthusiastic support from the Vermont Bankers Association, which has agreed to co-sponsor the event. Dan Rowan of the Association has made arrangements with the Brown Derby in Montpelier for July 12, and will send notices to

Association members and others shortly. Participants will include Kenneth Hance of the Virginia Housing Development Authority, Rhode Island Finance Agency personnel and a Rhode Island banker, and hopefully someone from the FDIC. Guest will obtain specific information on Federal officials expected to be present. Myette will follow-up Rowan's notices with the meeting timetable and details as soon as possible.

6. In the discussion of the loans for lenders program a question arose as to whether bond anticipation notes could be issued to speed up the flow of money to banks, and what are the specific restrictions, if any, in the capital notes of the various banks. Jim Guest agreed to investigate the capital notes question and report back at the next meeting.

CONTINUATION OF MINUTES OF MEETING OF
June 29, 1974

7. Commission members again discussed the question of criteria to be applied by banks in making mortgage loans with funds supplied by the Agency. Different income levels were discussed but no specific recommendations were either made or adopted. Myette suggested that loan criteria of the Vermont Home Mortgage Guarantee Program be used as a starting point. It was noted that those criteria only covered the amount of the loan but do not take income into account. In response to questions Guest noted that there is \$10 million left in the Guarantee Program.

8. In discussing criteria for bankers' use of Agency money two points were emphasized by several Commission members: (1) provision should be made for some portion of the funds from the Agency to be used for rehabilitation loans; and (2) banks should be reminded that the funds from the Agency are to be used for additional first home mortgage loans rather than to substitute for funds which the bank would otherwise use in first home mortgage lending.

9. Shaw noted that bankers will have two major concerns as far as Agency regulations: (1) income levels and other criteria for resulting loans; and (2) spread between what the banks pay for the money and can lend it at. Again, no specific decisions were made.

10. Myette reported that State Treasurer Davis had agreed to lend the Agency \$ 40,000 at a rate of 8 1/2 % *429 on 10/30 - balance at 11/1/74*

11. Myette reported on the results of the Agency's survey of 32 banks and innumerable credit unions. For the last four months of this year lenders estimate that the demand for first home mortgages will be \$50 million and the supply will be \$20 million. The need, therefore, is roughly \$30 million.

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PHILOSOPHY

The first part of the paper discusses the nature of the problem. It is argued that the problem is not simply one of finding a solution, but of understanding the nature of the problem itself. This is done by examining the various ways in which the problem has been approached in the past, and by showing how these approaches have failed to provide a satisfactory solution. The second part of the paper discusses the nature of the solution. It is argued that the solution is not simply a matter of finding a formula, but of understanding the nature of the solution itself. This is done by examining the various ways in which the solution has been approached in the past, and by showing how these approaches have failed to provide a satisfactory solution.

The third part of the paper discusses the nature of the solution. It is argued that the solution is not simply a matter of finding a formula, but of understanding the nature of the solution itself. This is done by examining the various ways in which the solution has been approached in the past, and by showing how these approaches have failed to provide a satisfactory solution. The fourth part of the paper discusses the nature of the solution. It is argued that the solution is not simply a matter of finding a formula, but of understanding the nature of the solution itself. This is done by examining the various ways in which the solution has been approached in the past, and by showing how these approaches have failed to provide a satisfactory solution.

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12. There being no further business to come before the meeting
it was, on motion duly made, seconded and unanimously carried, adjourned.

Marilyn J. Alexander

Secretary Pro Tem

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VERMONT HOUSING FINANCE AGENCY

Minutes of Meeting of July 12, 1974

Present: Commissioners Myette, Bruley, Guest, Shaw, Webster, Alexander. Attorney Donald Robinson; Kenneth Hance, Jr., Executive Director, Virginia Housing Development Authority;

1. A brief meeting was held at the Brown Derby in Montpelier immediately following the conclusion of the Seminar co-sponsored by the Vermont Bankers Association and the Agency. There was a general discussion with Bond Counsel Robinson and the Virginia Agency personnel concerning the mechanics and timetable for a loans to lenders bond issue. It was recommended that bond underwriters be selected immediately, in order to determine collateral requirements to be included in our rules and regulations. Current market conditions indicate that the appropriate bond underwriter for our issue should have strong wholesale and retail divisions. The Agency thereupon went into closed session to discuss the merits of the various underwriters under consideration. On motion duly made and seconded and unanimously carried, the firms The First Boston Corporation and E. F. Hutton and Company, Inc., were selected as co-managing underwriters, with the recommendation that Andrew Gurley be assigned to work with us. Donald Webster abstained from the voting because of his previous association with E. F. Hutton.

2. Dick Myette reported that he had arranged to have Dick Lincoln, an applicant for the post of Executive Director of the Agency, interviewed by Bob Wilson, Secretary of the Agency of Administration. Myette will report on the Wilson assessment at the next meeting. There was also some discussion concerning other

possibilities for the post.

There being no further business to come before the meeting,
it was on motion duly made, seconded and unanimously carried
adjourned.


Secretary Pro Tem

VERMONT HOUSING FINANCE AGENCY

Minutes of Meeting of July 17, 1974

Present: Myette, Bruley, Guest, Webster, Alexander.

1. On motion duly made, seconded and unanimously carried, minutes of the meeting of July 12, 1974, were approved, and incomplete minutes of the meeting of June 26, 1974, were approved, with the proviso that Jim Guest decode his notes for the remainder of that meeting and submit the results for approval hereafter.

2. Myette reported on the inconclusive results to date of the commitments for the loans to lenders program. Discussion was had relative to the Chittenden Trust Company refusal to participate. Guest was directed to discover the terms of the Chittenden debentures, so that we can decide whether further persuasion and negotiation with Chittenden might be productive.

3. Myette requested submission of expense accounts from the members, and reported mounting Agency expenses for office costs and for the July 12 seminar. He has engaged Mike Hanley, C.P.A., of Barrett, Lamson and Hanley, to monitor the accounts.

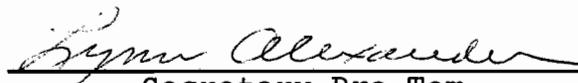
4. After considerable discussion, it was moved, seconded and unanimously carried that Dick Myette be authorized to negotiate with Richard Lincoln as our choice for the position of Executive Director of the Agency, compensation, starting date and other benefits to be left to the discretion of the Chairman within certain recommended limits.

5. Myette reported that bond counsel and a representative of the underwriters plan to meet with us two weeks from today for discussion of the proposed rules and regulations and other

documents to be issued by the Agency. It was felt that in view of the requirement of the Administrative Procedures Act, we should urge that a fairly complete draft of the regulations be available by the meeting of July 24, with newspaper publication to follow on approximately Friday, July 26, and August 2, with a target date of August 7 or 8 for a public hearing and meeting with the bankers.

6. Some legal questions have surfaced as a result of the commitment letter to bankers, and these questions are being referred to Don Robinson for handling. Jim Guest volunteered to convene the committee for selection of local counsel before the next meeting.

There being no further business to come before the meeting, it was on motion duly made, seconded and unanimously carried adjourned.


Secretary Pro Tem

MINUTES OF THE JULY 24, 1974 MEETING
OF THE VERMONT HOUSING FINANCE AGENCY

Present: Chairman Myette, Commissioners Guest, Bruley, Shaw and Alexander

Absent: Commissioners Davis and Webster

Minutes of June 17th and 26th meetings were approved on a motion by Shaw and a second by Bruley.

Chairman Myette brought up discussion on whether the Agency should pay Dick Lincoln moving expenses from Washington. Members authorized the Chairman to have Mr. Lincoln obtain an estimate and, if within reason, to use his discretion on amount payable.

The preliminary draft of the rules and regulations received from bond counsel was gone over in some detail and discussion centered around a clearer definition of Section 3, Subsection 2, V, relating to reasonable comparable security. Also under Section C, page 2, a clearer understanding of collateral requirements and under Section H, Page 2, further verification of the commission's feeling that \$16,000 annual family income was an appropriate number to be included in the regulations. It was also noted on Page 5, Section 9, that no reference is made to the rehabilitation allowances within the statute.

Horace Shaw requested an interpretation of whether any of the banks' current pipeline commitments could be incorporated in their commitment to this program. The Chairman brought up a proposal that in order to finance the Agency, it might be appropriate for us to withhold a portion of the bond proceeds and reinvest that money in 30-90 day short term CDs rather than parceling the entire commitment out to the banks at the inception of the program. It was estimated that if \$10,000,000 were invested for 90 days, it would practically pay for the entire Agency operation for the initial Loans through Lenders program. Mr. Shaw felt strongly that the banks should be allowed to take advantage of the investment return on their entire commitment at the inception of the program. The above suggestion by Chairman Myette, if implemented, would allow that no percentage would have to be added to the rate for Agency operations and, therefore, put the bond proceeds back out at approximately $\frac{1}{4}$ less than currently anticipated. The Chairman agreed to convey the wishes of the commission with regard to the rules and regulations to bond counsel for correction and interpretation.

Discussion followed with regard to engaging local legal assistance and it was agreed that Commissioner Guest would meet with his sub-committee and come back to the next meeting with a recommendation.

Discussion followed concerning lack of response by the bankers with regard to their tentative commitments and the Chairman indicated that he would send a reminder out to the bankers to please respond as soon as possible.

The Chairman also expressed the fact that a number of the bankers have come back to him with questions regarding the program that he felt were answered at the recent seminar but apparently not understood by various bankers. This would require that he and Dick Lincoln go on the road to individually meet with bankers to explain the program in more detail.

The commission then approved the Chairman's suggestion for the timetable for implementation of the Loans through Lenders Program of which a copy is attached.

There being no further business to come before the commission, it adjourned at 5:45 p.m.


Secretary Pro Tem

MINUTES OF THE AUGUST 2, 1974 MEETING
OF THE VERMONT HOUSING FINANCE AGENCY

Present: Chairman Myette, Commissioners Guest, Alexander, Bruley
Davis, Shaw and Webster, Secretary Lincoln

Meeting was called to order by Chairman Myette at 2:15 p.m. On motion of Shaw, duly seconded by Guest, the minutes of the July 24, 1974 meeting were approved.

Chairman Myette, on behalf of the Commission, extended an official welcome to Richard W. Lincoln, new Executive Director of the Agency.

Commissioner Guest reported that his special subcommittee decided to recommend that the Commission retain Thomas L. Hayes, Esquire, as Counsel to the Agency. On motion of Shaw, duly seconded by Guest, the subcommittee report was agreed to.

The Chairman then introduced numerous guests, including Mr. Hayes, Donald J. Robinson, Esquire, Bond Counsel, Messers Kevin J. Collins, Andrew F. Gurley and William P. Dietrich of the First Boston Corporation and Messers T. Peter Mayhew and Harlan C. Sylvester of E. F. Hutton & Company, Inc., underwriters.

There followed an extensive discussion of the various draft documents related to the Loans to Lenders program. Mr. Robinson began by noting variations in the program in other states, drawing particular attention to the collateral requirement in the Vermont statute. He also pointed out that the Rules and Regulations had to be published in advance of a required hearing thereon, scheduled for August 14, 1974. During the course of the discussion on various documents, the Commission made the following significant decision, many of which were passed as drafting instructions to Mr. Robinson:

1. Clarified definition of "comparable securities" to include privately insured mortgages (150% collateral pledge) and "conventional" mortgages (200% pledge, if five years old and one third equity).
2. Added a definition of "rehabilitation loans."
3. Clarified Commission's intent that the program only be used for primary residential housing, and not for second residences and/or commercial enterprises.
4. Reaffirmed that the minimum loan to lender would be \$100,000 and would increase in \$50,000 increments.
5. Decided that interest would be payable semi-annually, and principal annually.

6. Following a specific objection by Commissioner Davis, affirmed intention that the final "Loan Agreement" would not be executed until closing of the loan -- after the bond sale -- but gave specific instructions to Mr. Robinson to assure that the "Loan Application Agreement" is in fact a binding legal obligation on the requesting lender to take the loan.

7. Established a maximum mortgage amount of \$35,000 for a single family dwelling, and \$45,000 for a 2-4 unit building.

8. Agreed, subject to further legal research and analysis, to require the individual assignment of each pledged item of collateral, rather than the "blanket" assignment of a block of mortgages or securities, and to require the physical transfer of the assigned collateral to the assignee. It was further decided that the Agency would solicit bids from eligible institutions to act as assignee, and would make every effort to relieve the cost and paperwork burden from participating lenders.

9. Agreed to allow lenders the use, and short term earnings on the investment of, the proceeds of the entire amount of the Agency loan from the date of closing, although the Rules and Regulations will allow flexibility should the Commission wish to alter this policy on future bond issues.

10. Emphasized that unreasonable delays between commitments by lenders near the end of the 180 day period and the actual disbursement to the borrower are not acceptable.

11. Requested Mr. Robinson to seek a less complicated formula for the valuation of FHA and VA mortgages for collateral purposes (Guest subsequently agreed to furnish lenders with a simple table for use in these valuation calculations).

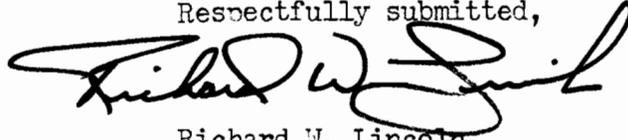
12. Agreed to make consideration of data on mortgage and deposit activity permissive in any Agency calculations required to prorate available funds.

Commissioner Guest made the point that these funds should be considered as new mortgage capital by participating lenders, not simply as substitutions for mortgage funds which they would otherwise make available. He further expressed a desire that the Agency particularly emphasize the rehabilitation aspect of the program, as the one available device to serve the lowest income citizens of Vermont. Chairman Myette agreed, adding that an emphasis on the Vermont Home Mortgage Guarantee Board program could also assist a slightly lower income group. It was generally agreed that these points should be emphasized in communications with the lenders.

Mr. Collins reviewed the projected timetable for submission of various necessary documents, leading to a projected bond sale date during the week of September 16, 1974. Following a precise discussion with the Chairman, Mr. Collins agreed to furnish a specific timetable for the completion of various documents and activities.

There being no further business (and even less stamina), the Commission adjourned at 7:50 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard W. Lincoln". The signature is fluid and cursive, with a large initial "R" and "L".

Richard W. Lincoln
Secretary

MINUTES OF THE AUGUST 14, 1974 COMMISSION
MEETING OF THE VERMONT HOUSING FINANCE AGENCY

Present: Chairman Myette, Commissioners Guest, Alexander, Shaw, Bruley, Secretary Lincoln, Messers Hayes and Robinson

Following the conclusion of a public hearing on the Agency's draft Rules and Regulations, a meeting of the Commissioners was called to order by Chairman Myette at 3:30 P.M. in Mr. Guest's office in Montpelier.

There followed extensive discussion of the points raised at the hearing, and of the various decisions which were made by the Commission regarding points which had not been included in the draft Rules and Regulations published in the newspapers. On motion of Guest, duly seconded by Alexander, the following points, which had been decided at the August 2, 1974 Commission meeting, were ordered incorporated into subsequent versions of the Rules and Regulations:

1. Clarify the definition of "reasonably comparable securities" to include conventional and privately insured mortgages.
2. Allow permissive, rather than mandatory, consideration of supplemental data in any Agency calculations required to prorate available funds.
3. Require the assignment and delivery of all collateral pledged as security by participating lenders.
4. Establish maximum mortgage amounts of \$35,000 for single family homes, and \$45,000 for two to four unit buildings.
5. Include a definition of "Rehabilitation Loans."

The motion was unanimously agreed to.

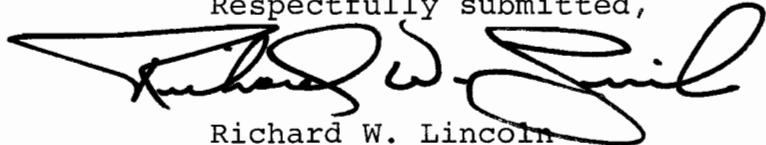
On motion of Shaw, duly seconded by Bruley, it was further agreed that the Rules and Regulations be changed to allow inspection only of a lender's records which relate directly to a Loan from the Agency. The motion was unanimously agreed to.

On motion of Alexander, duly seconded by Guest, the Rules and Regulations, as amended above, were declared to be in effect, provided that the Chairman and Executive

Director were authorized to make such changes, clarifications, interpretations or adjustments as they deemed necessary. The motion was unanimously agreed to.

There being no further business, the meeting adjourned at 5:00 P.M.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard W. Lincoln". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Richard W. Lincoln
Secretary

MINUTES OF THE AUGUST 28, 1974 COMMISSION
MEETING OF THE VERMONT HOUSING FINANCE AGENCY

Present: Chairman Myette, Commissioners Guest, Alexander, Shaw and Bruley, Secretary Lincoln

The meeting was called to order by Chairman Myette at 3:45 P. M. On motion of Shaw, duly seconded by Alexander, the minutes of the August 28, 1974 meeting were approved.

Shaw raised the question of whether insurance policies would have to be assigned in connection with the assignment of collateral. Lincoln responded that the bond counsel had no strong feelings either way. Lincoln also reported that the bond counsel felt that a certificate assigning government securities held by a participating lender in a Boston bank would be a "valid pledge" of the collateral.

On motion of Shaw, duly seconded by Guest, the Treasurers' Report was approved. Also on motion of Shaw, duly seconded by Alexander, a resolution designating Lincoln as the Agency's Treasurer was approved.

There followed a general discussion on the progress of the requests for loan applications from lenders in the state. Since the applications were not due to be returned to the Agency until August 30th, a precise estimate of the expected response was not possible. The Commission also reviewed the latest version of the Preliminary Official Statement, making changes and providing supplemental biographical information.

Also discussed at length was the question of costs and ways to fund the Agency's operations. Chairman Myette pointed out that it was unlikely that it would be possible for the Agency to "arbitrage" enough to pay its own costs. It was suggested that the lenders be allowed to charge an "origination fee" of the borrowers. Guest indicated that such a fee would be legal, but pointed out his feeling that it had almost the same effect as charging "points." Although no formal vote was taken, there was a general consensus that, if necessary, the Agency could have lenders charge a maximum one point fee on conventional mortgages, with only a half point allowed on Vermont Home Mortgage Guarantee Board mortgages which also charge the borrower half a point, and no charge on VHMGB mortgages where the borrower pays a full point. Thus no borrower, with or without the State guarantee, would be required to pay more than one point at closing.

On motion of Shaw, duly seconded by Bruley, a resolution was adopted to formally specify the Commission's finding that, for purposes of this particular bond issue, the "prevailing market interest rate" is set a 8½% for both residential mortgage loans and

rehabilitation loans.

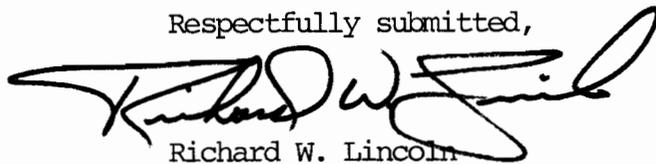
Chairman Myette indicated that the Agency had contacted five lenders in the state asking them to submit a proposal and fee schedule to act as the Agency's trustee, assignee and/or paying agent. He also pointed out that it might be preferable to pick a New York bank as trustee, as there were several who have had considerable experience in handling funds from other state housing agencies. Chairman Myette finally said the Agency had been using Mike Hanley to perform various accounting services, but that it would be necessary to pick a nationally recognized ("Big Eight") accounting firm to perform required audits and certifications in the future. On motion of Guest, duly seconded by Bruley, the Chairman was given discretionary authority to pick the Agency's trustee, assignee, paying agent(s) and accountant.

On motion of Shaw, duly seconded by Guest, the Commission expressed its desire that Paine, Weber, Jackson & Curtis, Inc., Blyth Eastman Dillon & Co., Inc. and Goldman, Sachs & Company be designated as "special major bracket" members of the underwriting syndicate, in recognition of their contributions to the Agency.

Chairman Myette reviewed the timetable, indicating that he still expected the bonds to be sold on September 19th, which would necessitate a Commission meeting on that date. He also indicated that the Agency had tentatively located permanent office space above the Merchants Bank on Church Street. The space is presently occupied by a Congressional candidate, but was expected to be available by late September. He also said that he and Lincoln had talked to Mr. Lee Fiske, formerly in the Trust Department at the Howard Bank, about serving as a financial consultant to the Agency on a part-time basis.

The meeting was adjourned at 6:15 P. M.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard W. Lincoln". The signature is stylized and fluid, with a large, sweeping flourish at the end.

Richard W. Lincoln
Secretary

VERMONT HOUSING FINANCE AGENCY

Treasurers Report
 July 1, 1974 - August 15, 1974

RECEIPTS:

State of Vermont - Loan	\$20,000.00
Merchants National Bank - Loan	3,000.00
Total Receipts	<u>\$23,000.00</u>

EXPENDITURES:

Loan Payment - Merchants National Bank	\$3,000.00
Commissioners - Per Diem	1,710.00
Seminar Expense	451.86
Legal Notice	373.15
Commissioners - Expense	350.79
Secretarial Services	237.00
Rent - Office and Equipment	219.74
Office Supplies and expenses	185.23
Telephone	146.87
Employee Procurement	125.02
Subscriptions	75.00
Accounting	70.00
Interest	12.33
Total Expenditures	<u>\$ 6,956.99</u>

Excess of Receipts over Disbursements \$16,043.01

Balances - in Checking and Savings Accounts - August 15, 1974

Checking Account - Merchants National Bank	\$ 6,043.01
Savings Account - Burlington Savings Bank	\$10,000.00
(NOTE: Scheduled for withdrawal October 16, 1974)	
TOTAL	<u>\$16,043.01</u>

Respectfully Submitted,

Marilynn Alexander

Marilynn Alexander
 Acting Treasurer



STATE OF VERMONT
HOUSING FINANCE AGENCY
BURLINGTON, VT.

VERMONT HOUSING FINANCE AGENCY

Resolution Relating to Designation of a Permanent Treasurer

WHEREAS Article II, Section 2-1 of the By-Laws of the Vermont Housing Finance Agency provide that the Executive Director and Secretary of the Agency may be designated as Treasurer, to carry out the duties and responsibilities indicated in Article II, Section 2-4;

NOW, THEREFORE, BE IT RESOLVED that Richard H. Lincoln, Executive Director and Secretary, is hereby designated Treasurer of the Vermont Housing Finance Agency,

AND BE IT FURTHER RESOLVED, that this resolution shall be effective upon adoption.



STATE OF VERMONT
HOUSING FINANCE AGENCY
BURLINGTON, VT.

VERMONT HOUSING FINANCE AGENCY

Resolution Relating to Establishment of the Prevailing
Rate of Interest

WHEREAS, Vermont statutes establish a rate of eight and one-half percent ($8\frac{1}{2}\%$) interest as the maximum rate which may be charged by mortgage lenders on "conventional" mortgages in the State;

AND WHEREAS, virtually all mortgages currently being made are at the maximum allowable legal rate,

AND WHEREAS, the Vermont Housing Finance Agency Act, at Section 623 (g) (2), requires that lenders make mortgage loans under the Vermont Housing Finance Agency program at " ***less than the prevailing rate of interest on comparable mortgage loans *** available in the state without the assistance of the Agency, "

NOW, THEREFORE, BE IT RESOLVED, that the Vermont Housing Finance Agency hereby determines, for purposes of any mortgage loan made from the proceeds of the sale of Mortgage Finance Bonds, 1974 Series A, the prevailing rate of interest shall be eight and one-half percent ($8\frac{1}{2}\%$).

AND BE IT FURTHER RESOLVED, that this Resolution shall take effect
on the date of adoption of a Supplemental Resolution relating
to such Mortgage Finance Bonds, 1974 Series A.

MINUTES OF THE SEPTEMBER 20, 1974 COMMISSION
MEETING OF THE VERMONT HOUSING FINANCE AGENCY

Present: Chairman Myette, Commissioners Guest, Shaw, Davis
Alexander, Bruley, Webster, Secretary Lincoln,
Counsel Hayes

The meeting was called to order by Chairman Myette at 3:45 P.M. On motion of Bruley, duly seconded by Alexander, the Minutes of the August 28, 1974 meeting were approved.

Chairman Myette stated that, as of that hour, the Agency's first bond issue of \$13,825,000 was virtually sold out. He reported that the underwriters had released the "scale" the previous evening, and the sales of the bonds had gone much better than expected throughout the day. Lincoln reported that the Net Interest Cost of the issue would be 6.78 per cent. He also distributed more detailed information on the issue, including various charts showing loan repayments from the participating lenders, debt service on the bonds, and a projected cash flow chart showing income to the Agency over the life of the issue.

There followed an extensive discussion of the cash flow situation. Lincoln pointed out that the figures furnished to the Commission were based on an assumed loan rate to the lenders of 6.95 per cent, and on an assumed two point spread to the Agency from the investment of the Debt Service Reserve Fund. That spread would generate \$40,000 per year for the Agency, if yields on Government securities remain high (9.0%). Lincoln reported, however, that the market appeared to be softening, and that the current yield expectation was about 25 basis points lower (8.75%), resulting in a \$5,000 drop in expected annual revenue, and a concurrent drop in the projected Agency surplus. At the request of the Commissioners, the underwriters did a quick calculation over the telephone of the projected cash flow on an assumed loan rate of 6.90 per cent. This flow, with the reduced yield on government securities, left the Agency in a very poor situation, so it was agreed that the lending rate would have to remain at 6.95 per cent.

Shaw asked about anticipated revenues from the authorized charge of one percentage point at the initiation of a mortgage. Chairman Myette responded that he estimated about \$75,000 to \$80,000, assuming approximately 275 "conventional" mortgages averaging about \$30,000. The figure could be higher, he said, depending on the final percentage of VHMGB loans actually made by participating lenders. Chairman Myette further stated his belief that the loan funds would be committed within 60 days, and that this would

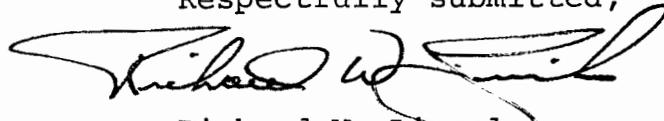
result in demand for a second "Loans to Lenders" bond issue shortly thereafter.

Chairman Myette announced that, pursuant to authority vested in him by vote of the Commissioners on August 28, 1974, he had chosen The Farmers Trust Company of Burlington to act as the local Paying Agent, and had chosen the Farmers Trust Company and The Howard Bank of Burlington to act as Assignee. He said that no decision had been made as to the Trustee or the New York Paying Agent, but that he had decided to pick a New York bank as Trustee. The final decision will be based on an analysis of fee schedules submitted by interested banks, as well as a consideration of the number of Agency bonds the interested banks purchased. Chairman Myette noted that the Bankers Trust Company had submitted a very low fee schedule, and that they had apparently purchased \$500,000 in Agency bonds. Lincoln stated his understanding that U.S. Trust Company had purchased a large block of bonds, but had not yet submitted a fee proposal.

Following consultation with underwriters and bond counsel in New York, the next meeting of the Commission was set for 9:00 A.M. on Thursday, September 26, 1974. The primary purpose of the meeting will be to formally complete the sale of the Agency bond issue.

There being no further business, the Commission adjourned at 6:15 P.M.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Richard W. Lincoln", written in a cursive style.

Richard W. Lincoln
Secretary

MINUTES OF THE SEPTEMBER 26, 1974 COMMISSION
MEETING OF THE VERMONT HOUSING FINANCE AGENCY

Present: Chairman Myette, Commissioners Guest, Shaw, Bruley,
Alexander, Webster, Secretary Lincoln, Messrs.
Robinson, Collins, Gurley, Fiske and Sylvester

Absent: Commissioner Davis

The meeting was called to order by Chairman Myette
at 9:15 A.M. On motion of Shaw, duly seconded by Webster,
the Minutes of the September 20, 1974 meeting were approved.

Chairman Myette stated that it was advisable at this
time to accept the applications for Loans by the Applicants
to be made by the Agency from the proceeds of the 1974
Series A Bonds. The following resolution was introduced
by Alexander and seconded by Bruley:

BE IT RESOLVED as follows: The acceptance by
the Chairman of the applications for Loans to be
made by the Agency from the proceeds of the 1974
Series A Bonds is hereby authorized and confirmed
as follows:

<u>Name of Lender</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
Burlington Savings Bank	\$ 6,000,000	6.95%
Franklin-Lamoille Bank	1,000,000	6.95%
Inter-State Trust Company	1,000,000	6.95%
The Merchants Bank	700,000	6.95%
Passumpsic Savings Bank	300,000	6.95%
Peoples Trust Co. of St. Albans	300,000	6.95%
Randolph Co Operative Savings and Loan Association	100,000	6.95%
Rutland Savings Bank	1,000,000	6.95%
Vermont Federal Savings and Loan Association	1,000,000	6.95%

The resolution was agreed to unanimously, with Mr.
Shaw abstaining.

Mr. Webster thereupon introduced the appended resolution entitled "Resolution Relating to Establishment of Interest Rate on Agency Loans to Participating Lenders." The resolution was duly seconded by Alexander and agreed to unanimously, with Mr. Shaw abstaining.

Chairman Myette stated that it was advisable that a resolution be adopted creating and establishing an issue of bonds of the Vermont Housing Finance Agency, providing for the issuance from time to time of said bonds, providing for the payment of principal and interest of said bonds, and providing for the rights of the holders thereof.

The resolution, entitled "General Mortgage Finance Bond Resolution," was introduced by Chairman Myette, and duly seconded by Mr. Guest. Mr. Robinson, Bond Counsel, summarized the provisions of the resolution, which was thereupon agreed to unanimously, with Mr. Shaw abstaining.

Chairman Myette stated that it was advisable that a series resolution be adopted authorizing the issuance of \$13,825,000 1974 Series A Bonds of the Vermont Housing Finance Agency.

The resolution, entitled "First Supplemental Mortgage Finance Bond Resolution," was introduced by Chairman Myette and duly seconded by Mr. Guest. Mr. Robinson, Bond Counsel, summarized the provisions of the resolution, which was thereupon agreed to unanimously, with Mr. Shaw abstaining.

Chairman Myette stated that it was advisable to authorized the form of Loan Agreement with the Applicants seeking Loans. The following resolution was introduced by Chairman Myette and seconded by Bruley:

BE IT RESOLVED as follows: The Chairman and Executive Director of the Agency are hereby authorized and directed to execute, attest and deliver the Collateral Assignment Agreements by and between the Agency, each Applicant and the Assignee. All of the provisions of each Collateral Assignment Agreement, when executed as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim

herein and shall be in full force and effect from the date of execution thereof. Each Collateral Assignment Agreement shall be in substantially the appended form, with such necessary and appropriate variations, omissions and insertions as permitted or required, or as the Chairman, in his descretion, shall determine;

BE IT FURTHER RESOLVED that The Howard Bank and The Farmers Trust Company, Burlington, Vermont, be and hereby are appointed by the Agency as Assignees of Collateral required to be deposited pursuant to the Loan Agreements upon the terms and conditions set forth in the Collateral Assignment Agreements.

The resolution was agreed to unanimously, with Mr. Shaw abstaining.

Chairman Myette stated that it was advisable to authorize the form of 1974 Series A Debt Service Reserve Fund Investments Contract with the Applicants seeking Loans. The following resolution was introduced by Chairman Myette and seconded by Guest:

BE IT RESOLVED as follows: The Chairman and Executive Director of the Agency are hereby authorized and directed to execute, attest and deliver the 1974 Series A Debt Service Reserve Fund Investments Contract by and between the Agency and The First Boston Corporation. All of the provisions of the 1974 Series A Debt Service Reserve Fund Investments Contract, when executed as authorized herein, shall be deemed to be a part of this resolution

as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution thereof. The 1974 Series A Debt Service Reserve Fund Investments Contract shall be in substantially the appended form, with such necessary and appropriate variations, omissions and insertions as permitted or required, or as the Chairman, in his discretion, shall determine.

The Resolution was agreed to unanimously, with Mr. Shaw abstaining.

The Chairman stated that it was advisable at this time to adopt a resolution creating and establishing a General Fund. The appended resolution was introduced by Webster and duly seconded by Alexander.

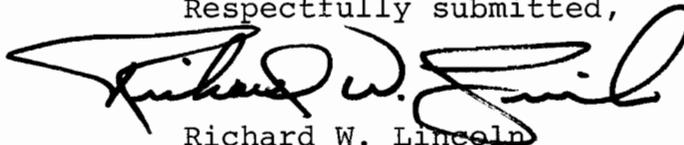
The resolution was agreed to unanimously, with Mr. Shaw abstaining.

Mr. Shaw offered to sell the Agency a Certificate of Deposit in the amount of \$138,250, the amount of the "good faith deposit" from The First Boston Corporation, which Certificate will mature on October 16, 1974, and bear interest at a rate of 9.00%. On motion of Guest, duly seconded by Alexander, the Agency unanimously agreed to accept the offer and purchase the Certificate of Deposit under the terms indicated. Mr. Shaw abstained.

Mr. Guest thereupon assumed the Chair, and offered a motion commending the Chairman, Mr. Myette, and the Executive Director, Mr. Lincoln, for their efforts in successfully completing this first Agency bond issue in a very short time, and expressing the gratitude of the other Commissioners. The motion was duly seconded by Shaw, and unanimously agreed to, with Chairman Myette abstaining.

There being no further business, the meeting adjourned at 10:30 A.M.

Respectfully submitted,



Richard W. Lincoln
Secretary

Appendicies:

- A. Resolution Relating to Establishment of Interest Rate on Agency Loans to Participating Lenders
- B. General Mortgage Finance Bond Resolution
- C. First Supplemental Mortgage Finance Bond Resolution
- D. Contract of Purchase
- E. Form of "Loan Agreement"
- F. Form of "Collateral Assignment Agreement"
- G. 1974 Series A Debt Service Reserve Fund Investments Contract
- H. Resolution Creating and Establishing a General Fund

\$13,825,000

VERMONT HOUSING FINANCE AGENCY
Mortgage Finance Bonds, 1974 Series A

CONTRACT OF PURCHASE

September 26, 1974

Vermont Housing Finance Agency,
Burlington, Vermont.

Dear Sirs:

The undersigned (hereinafter called the "Representatives"), acting on behalf of ourselves and each of the several Purchasers named in Schedule I hereto as said schedule may from time to time be changed by the undersigned at or prior to the Closing (hereinafter collectively called the "Purchasers"), offer to enter into this Contract of Purchase with you (hereinafter called the "Agency") which, upon your acceptance of this offer, will be binding upon the Agency and the Purchasers. We need not advise you of any change in such schedule. This offer is made subject to acceptance by the Agency at or prior to 5:00 P.M., New York time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Purchasers upon written notice delivered to the Agency at any time prior to acceptance by the Agency.

1. Purchase and Sale of the Bonds. On the basis of the representations and agreements herein contained, but subject to the terms and conditions herein set forth, the Purchasers agree, jointly and severally, to purchase from the Agency, and the Agency hereby agrees to sell to the Purchasers, all (but not less than all) of \$13,825,000 aggregate principal amount of Vermont Housing Finance Agency

Mortgage Finance Bonds, 1974 Series A (hereinafter called the "Bonds") at a purchase price of 98% of the principal amount of the Bonds, plus accrued interest from October 1, 1974 to the Closing Date (as hereinafter defined). The Bonds shall be dated, shall bear interest, shall mature and shall be redeemable as set forth in Exhibit A hereto, shall otherwise be as described in the First Supplemental Mortgage Finance Bond Resolution of the Agency, adopted on September 26, 1974 (the "First Supplemental Resolution"), a copy of which is attached hereto as Exhibit B, and shall be issued pursuant to the General Mortgage Finance Bond Resolution (the "General Resolution") of the Agency, adopted on September 26, 1974, as amended by the First Supplemental Resolution.

2. Security Deposit. We have delivered to your agent, a certified or bank cashier's check payable to the order of the Agency in New York Clearing House funds in the amount of \$138,250 for deposit in its Vermont Housing Finance Agency Special Account held by such agent after your acceptance of this offer. In the event you do not accept this offer, such check shall be promptly returned to us uncashed. In the event of your failure to deliver the Bonds on the Closing Date, or if you shall be unable to satisfy the conditions to the obligations of the Purchasers to purchase and accept delivery of the Bonds as set forth in this Contract of Purchase, or if the obligation of the Purchasers shall be terminated for any reason permitted by this Contract of Purchase, such amount, together with any interest earned upon the deposit thereof, shall be immediately returned to the Representatives. In the event that the Purchasers fail (other than for a reason permitted hereunder) to accept and pay for the Bonds on the Closing Date as herein provided, such amount, together with any interest earned upon the deposit thereof, shall be retained by you as and for liquidated damages for such failure and for any defaults hereunder on the part of the Purchasers. The Purchasers understand that in such event your actual damages may be greater or may be less than such amount, together with any interest earned upon the deposit thereof. Accordingly, the Purchasers hereby waive any right to claim that your actual damages are less than such amount, together with any interest earned upon the deposit thereof, and your acceptance of this offer shall constitute a waiver of any right you may have to additional damages from the Purchasers.

3. Delivery of Bonds. The Agency will deliver the Bonds to the Representatives for the account of the Purchasers against payment of the balance of the purchase price therefor, after deducting the portion of the purchase price paid by the security deposit of \$138,250 referred to in Section 2, by certified or official bank check or checks drawn to the order of the Agency in New York Clearing House funds, except that \$2,075,000 of the balance of the purchase price shall be paid by certified or official bank check or checks drawn to the order of the Agency in Federal funds, at the office of **Bankers Trust Company** New York, N.Y. at 10:00 A.M., New York time, on October 17, 1974 or at such other time not later than seven full business days thereafter as the Representatives and the Agency determine, such time being herein referred to as the "Closing Date". The Bonds so to be delivered will be in definitive form, in such denominations and registered in such names as the Representatives may request at least forty-eight hours prior to the Closing Date, or otherwise in coupon form in denominations of \$5,000, and will be made available for checking and packaging at the above office a reasonable time prior to the Closing Date.

4. Representations and Covenants of the Agency.

(a) The Agency hereby confirms that it has heretofore delivered to the Representatives six copies of a preliminary form of official statement, dated September 4, 1974 (hereinafter, together with the cover page and the reverse thereof and the exhibit attached thereto, called the "Preliminary Official Statement"), and authorized the distribution of copies thereof to prospective Purchasers and investors.

(b) Promptly after acceptance hereof by the Agency, the Agency shall deliver, or cause to be delivered to the Representatives six copies of an official statement (hereinafter, together with the cover page and the reverse thereof and the exhibit attached thereto, called the "Official Statement") with only such changes therein as shall have been accepted by the Representatives, signed on behalf of the Agency by an authorized officer. The Representatives are hereby authorized to distribute copies of the Official Statement to the Purchasers, and the Purchasers (including the Representatives) are authorized to deliver copies thereof in connection with the public offering and sale of the Bonds.

(c) The Agency represents and warrants to each of the Purchasers that (i) the Preliminary Official Statement, as of its date, did not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; (ii) at the date thereof and at the Closing Date, the Official Statement will not contain any untrue statement of a material fact or omit to state any material fact which should be included therein for the purpose for which the Official Statement is to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

(d) The Agency will advise the Representatives promptly of any proposal to amend or supplement the Official Statement, or any part thereof. If at any time within 90 days of the date hereof when, in the opinion of the Representatives, an Official Statement should be delivered in connection with sales of the Bonds an event occurs as a result of which the Official Statement as then amended or supplemented would include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Agency promptly will prepare an amendment or supplement which will correct such statement or omission.

(e) The Agency will furnish or cause to be furnished to the Representatives, as soon as available, copies of the Official Statement, and all amendments and supplements thereto, in such quantities as the Representatives may reasonably request; provided, however, that the Agency's expenses in connection with the printing of such documents shall be as provided in paragraph (g) of this Section 4.

(f) The Agency will assist, if necessary, in the qualification of the Bonds for sale under the laws of such jurisdictions as the Representatives designate and will assist, if necessary therefor, in the continuance of such qualifications in effect so long as required for the distribution; provided, however, that the Agency shall not be required to qualify as a foreign corporation or to file any general consents to service of process under the laws of any state or to comply with any other requirements deemed by the Agency to be unduly burdensome.

(g) The Agency will pay, or cause to be paid, from the proceeds of the Bonds or other funds available to it all expenses incident to the performance of its obligations under this Contract of Purchase and the fulfillment of the conditions imposed hereunder, including but not limited to the cost of preparing, printing, engraving and delivering the Bonds, this Contract of Purchase, the General Resolution and the First Supplemental Resolution; the cost of preparing and printing up to 3,000 copies each of the Preliminary Official Statement and Official Statement, and any amendment or supplement thereto; and the fees and expenses of counsel for the Agency and Bond Counsel (as hereinafter defined); and the Agency will reimburse the Purchasers, for any fees charged by investment rating agencies for the rating of the Bonds.

5. Conditions of the Obligations of the Purchasers. The obligations of the Purchasers are subject to the accuracy of the representations and warranties of the Agency herein, and to the following additional conditions precedent:

(a) At the Closing Date the General Resolution and the First Supplemental Resolution shall have been duly authorized and approved by the Agency and shall be in full force and effect, and shall not have been amended, modified or supplemented subsequent to your acceptance hereof, except as may have been agreed to in writing by the Representatives, and that there shall have been taken all such actions as, in the opinion of Messrs. Hawkins, Delafield & Wood, Bond Counsel ("Bond Counsel") shall be necessary and appropriate in connection therewith and in connection with the issuance of the Bonds and in connection with the transactions contemplated hereby, including the adoption of any other resolutions (the "Additional Resolutions");

(b) On or prior to the Closing Date the Purchasers shall have the right to cancel their agreement contained herein to purchase the Bonds by notifying the Agency of their election so to do if, after the execution of this

Contract of Purchase and prior to the Closing Date:
(i) a decision by a court of the United States or the United States Tax Court shall be rendered, or a ruling, or a regulation (final, temporary or proposed), by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be issued and in the case of any such regulation, published in the Federal Register, or legislation shall have been enacted by or favorably reported to either the House of Representatives or the Senate or formally proposed to Congress by the President in an executive communication, with respect to Federal taxation upon interest received on bonds of the type and character of the Bonds which, in the reasonable judgment of the Representatives, seriously affects the market for the Bonds or the sale, at the contemplated public offering price, by the Purchasers of the Bonds, provided that this clause (i) shall not apply to the making, issuance, publication or republication of any such regulation relating to interest on industrial development bonds under section 103(c) of the Internal Revenue Code or to the making, issuance or publication of any such regulation relating to interest on arbitrage bonds under section 103(d) of the Internal Revenue Code, which, if adopted, would not, in the opinion of Bond Counsel, cause interest on the Bonds to be includible in the gross income of the recipients thereof for Federal income tax purposes; or (ii) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency; or (iii) there shall have occurred a general suspension of trading on the New York Stock Exchange; or (iv) a general banking moratorium shall have been declared by United States, New York State or Vermont State authorities;

(c) At the Closing Date you shall have performed all of your obligations required under or specified in this Contract of Purchase, the Official Statement and under the General Resolution, the First Supplemental Resolution and the Additional Resolutions, if any, to be performed at or prior to the Closing Date;

(d) At the Closing Date there shall be no litigation pending against the Agency, nor shall any legislation have been enacted, contesting or revoking the valid existence of the Agency, the right and power of the Agency to issue and sell the Bonds as herein provided or the validity of the Bonds and the pledge of the moneys, funds and accounts of the Agency for the benefit of the Bonds as provided in the General Resolution, the First Supplemental Resolution and the Additional Resolutions, if any, except any such litigation as, in the opinion of Bond Counsel, is without merit; and

(e) The Representatives shall have received the following documents:

(i) The unqualified approving opinion, dated the Closing Date, of Bond Counsel, substantially in the form attached to the Official Statement as Exhibit A.

(ii) A supplementary opinion of Bond Counsel, dated the Closing Date, to the effect that (A) the Bonds, the General Resolution and the First Supplemental Resolution conform as to form and tenor with the terms and provisions thereof summarized in the Official Statement, (B) the Bonds are exempted securities within the meaning of Section 3(a)(2) of the

Securities Act of 1933, Section 3(a)(12) of the Securities Exchange Act of 1934, and Section 304(a)(4)(B) of the Trust Indenture Act of 1939, and it is not necessary, in connection with the public offering and sale of the Bonds, to register the Bonds under the Securities Act of 1933 or the Securities Exchange Act of 1934, or to qualify an indenture in respect thereof under the Trust Indenture Act of 1939, and (C) such counsel has no reason to believe that the Official Statement contains an untrue statement of a material fact or omits to state any material fact necessary in order to make any statements made in the Official Statement, in the light of the circumstances under which they were made, not misleading.

(iii) An opinion, dated the Closing Date, of Thomas L. Hayes, Esq., counsel for the Agency, to the effect that: (A) the Agency is a body politic and corporate of the State of Vermont, duly organized, validly existing and in good standing under the laws of the State of Vermont, (B) this Contract of Purchase has been duly authorized, executed and delivered by the Authority and constitutes a valid and legally binding obligation of the Agency, (C) the Agency has duly performed all obligations to be performed by it on or prior to the Closing Date pursuant to the General Resolution, the First Supplemental Resolution and the Additional Resolutions, if any, and (D) such counsel has no reason to believe that the Official Statement contains an untrue statement of a material fact or omits to state any material fact necessary in order to make any statements made in the Official Statement, in the light of the circumstances under which they were made, not misleading.

(iv) A certificate or certificates, dated the Closing Date, signed by an appropriate officer of the Agency and in form and substance satisfactory to the Representatives in which such officer states, to the best of his knowledge after reasonable investigation, that the representations and warranties of the Agency in this Contract of Purchase are true and correct as of the Closing Date as though made on and as of the Closing Date; that the Agency has complied with all agreements, covenants and arrangements and satisfied all conditions on its part to be complied with or satisfied at or prior to the Closing Date; that the Official Statement does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and that no litigation of the type described in paragraph (d) of Section 4 is pending or to the knowledge of the signer of such certificate, threatened except any such litigation as, in the opinion of Bond Counsel accompanying such certificate, is without merit.

(v) Such additional certificates, opinions or documents as the Representatives reasonably request to evidence the due satisfaction at or prior to the Closing Date of all conditions then to be satisfied in connection with the transactions contemplated hereby.

If the Agency shall be unable to satisfy the conditions of the obligations of the Purchasers contained in this Contract of Purchase, this Contract of Purchase shall terminate and neither the Purchasers nor the Agency shall have any further obligations or liabilities hereunder except for the Agency's continued obligations with respect to expenses as provided in Section 6.

6. Survival of Certain Representations and Agreements. The respective agreements, representations, warranties, and other statements of the Agency, and its officers and of the Purchasers set forth in or made pursuant to this Contract of Purchase will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Purchasers or the Agency, and will survive delivery of and payment for the Bonds. If for any reason the purchase of the Bonds by the Purchasers is not consummated, the Agency, shall remain responsible for the expenses to be paid or reimbursed by it pursuant to Section 4.

7. Notices. Any notice or other communication to be given to the Agency under this Contract of Purchase may be given by delivering the same to Vermont Housing Finance Agency, Post Office Box 408, Burlington, Vermont 05401, and any such notice or other communication to be given to the Representatives or the Purchasers may be given by delivering the same in care of The First Boston Corporation, 20 Exchange Place, New York, New York 10005.

8. Representation of Purchasers. The Representatives will act for the Purchasers in connection with this financing, and any action under this Contract of Purchase taken by the Representatives or by The First Boston Corporation will be binding upon all the Purchasers.

9. Personal Liability. Neither the commissioners of the Agency nor any of them, nor any officer, agent or employee thereof, shall be charged personally by the Purchasers with any liability, or be held liable to the Purchasers under any terms or provisions of this Contract to Purchase, or because of its execution or attempted execution, or because of any breach, or attempted or alleged breach, thereof.

10. Benefit of Purchasers and Agency. The agreements herein set forth have been made and are made for the benefit of the Purchasers and the Agency and no other person shall acquire or have any right under or by virtue of this Contract to Purchase.

11. Governing Law. This Contract of Purchase shall be construed and enforced in accordance with the laws of New York.

THE FIRST BOSTON CORPORATION

E. F. HUTTON & COMPANY INC.

As Representatives

By: THE FIRST BOSTON CORPORATION

By _____
Vice President

Acting on behalf of itself and
as Representative of the
Purchasers (as defined herein)

Accepted: September 26, 1974

VERMONT HOUSING FINANCE AGENCY

By _____

SCHEDULE A

LIST OF PURCHASERS

The First Boston Corporation
E. F. Hutton & Company Inc.
Goldman, Sachs & Co.
Blyth Eastman Dillon & Co. Incorporated
Paine, Webber, Jackson & Curtis Incorporated
Bear, Stearns & Co.
Donaldson, Lufkin & Jenrette Securities Corporation
Halsey, Stuart & Co. Inc.
Hayden Stone Inc.
Kidder, Peabody & Co. Incorporated
Lehman Brothers Incorporated
Loeb, Rhoades & Co.
Matthews & Wright, Inc.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
W. H. Morton & Co.
John Nuveen & Co.
Reynolds Securities Inc.
L.F. Rothschild & Co.
Salomon Brothers
Smith, Barney & Co. Incorporated
White, Weld & Co. Incorporated
Dean Witter & Co. Incorporated

EXHIBIT A

\$13,825,000

VERMONT HOUSING FINANCE AGENCY

Mortgage Finance Bonds, 1974 Series A

Dated October 1, 1974

Due October 1, as shown below

Principal and semi-annual interest (April 1 and October 1, first coupon April 1, 1975) payable at Trustee and Paying Agent, or at The Farmers Trust Company, Burlington, Vermont. The Bonds are issuable as coupon bonds in the denomination of \$5,000, registrable as to principal only, or as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. Coupon and registered bonds are interchangeable as provided in the General Resolution.

The Bonds are not subject to redemption prior to maturity except upon a failure by a Mortgage Lender to fulfill its Loan Commitment Obligation or a default under a Loan to a Mortgage Lender, to the extent provided in the General Resolution.

The Bonds will mature on October 1 in the years and in the principal amounts, and will bear interest at the rates per annum, as follows:

<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
1976	\$ 820,000	6.10%	1981	\$1,195,000	6.60%
1977	920,000	6.20	1982	1,275,000	6.70
1978	980,000	6.30	1983	1,360,000	6.80
1979	1,045,000	6.40	1984	1,450,000	6.90
1980	1,115,000	6.50	1985	3,625,000	7.00

LOAN NUMBER:

LOAN AGREEMENT

AGREEMENT by and between the Vermont Housing Finance Agency (the "Agency") and the undersigned (the "Mortgage Lender").

1. DEFINITIONS

Words and terms which are not otherwise defined in this agreement shall have the following meanings:

(a) "Act" means the Vermont Housing Finance Agency Act, 10 V. S. A. Chapter 25.

(b) "Agency" means the Vermont Housing Finance Agency, a body politic and corporate created by the Act.

(c) "Bonds" means bonds of the Agency to be issued pursuant to the Act and a bond resolution of the Agency for the purpose of providing the Agency moneys with which to make Loans to Mortgage Lenders including the Loan to the applying Mortgage Lender.

(d) "Collateral" means and includes:

(i) direct obligations of, or obligations guaranteed by the United States of America;

(ii) obligations, satisfactory to the Agency, issued by any of the following federal agencies: Bank for Cooperatives, Federal Intermediate Credit Bank, Federal Home Loan Bank System, Federal Land Banks, the Government National Mortgage Association; or issued by Federal National Mortgage

Association;

(iii) direct obligations of or obligations guaranteed by the State;

(iv) mortgages insured or guaranteed as to payment of principal and interest by the United States of America or an agency or instrumentality thereof or by the State or an agency or instrumentality thereof; or

(v) mortgages which the Agency deems to be of reasonably comparable security.

(e) "Collateral Assignment Agreement" means the agreement of even date herewith, by and among the Agency, the Mortgage Lender and _____ as Assignee of Collateral.

(f) "Collateral Requirement" means, as of any date of calculation, and with respect to any Loan or Loans, that amount of Collateral securing such Loan or Loans so that such Collateral shall be maintained at an amount at least equal to 115% of the unpaid principal amount of any such Loan or Loans, except that, if such mortgage collateral is described in clause (iv) of the preceding paragraph, such mortgage collateral shall be maintained at an amount at least equal to 120% of the unpaid principal amount of any such Loan or Loans or if such mortgage collateral consists of mortgages insured

by private mortgage insurance companies in a manner and amount satisfactory to the Agency (thus complying with clause (v) of the preceding paragraph), such mortgage collateral shall be maintained at an amount at least equal to 150% of the unpaid principal amount of any such Loan or Loans or if such collateral consists of uninsured mortgages, commonly called conventional mortgages in an amount not more than 66 2/3% of the appraised value of the property subject to such mortgage, which mortgage shall have been made five years prior thereto (thus complying with clause (v) of the preceding paragraph), such mortgage collateral shall be maintained at an amount at least equal to 200% of the unpaid principal amount of any such Loan or Loans.

(g) "Loan" or "Loans" means any loan or loans made by the Agency to a Mortgage Lender or Mortgage Lenders pursuant to Subsection 622 of the Act.

(h) "Loan Application" means the application by the Mortgage Lender for the Loan incorporating by reference therein the Agency's statement of terms and conditions to a loan application.

(i) "Mortgage Lender" means any bank or trust company,

Federal National Mortgage Association approved mortgage banker, savings bank, savings and loan association, industrial bank, credit union, National Banking Association, Federal Savings and Loan Association, Federal Credit Union or other financial institution or governmental agency or instrumentality which customarily provides or otherwise aids in the financing of mortgages on residential housing located in the State.

(j) "Mortgage Loan" means a New Residential Mortgage or a Rehabilitation Mortgage Loan.

(k) "New Residential Mortgage Loan" means a loan made by a Mortgage Lender and secured by a mortgage constituting a first lien upon real property (or a lease of the fee of real property as permitted under the Act) located in the State and improved by a residential building(s) or unimproved if the proceeds of such loan shall be used for the purpose of erecting Residential Housing thereon; provided that each such mortgage loan shall be originated with the mortgagor thereof and shall not be a refinancing of an existing mortgage.

(l) "Persons and Families of Low and Moderate Income" means persons and families whose adjusted gross aggregate personal or family

income as reported for federal income tax purposes shall not have exceeded \$16,000 for the immediately preceding taxable year. For purposes of this definition, the term "family" shall mean a group of persons consisting of the head of a household, the spouse, and children, if any, under the age of twenty-one (21) who are allowable as personal exemptions for federal income tax purposes.

(m) "Rehabilitation Mortgage Loan" means a loan made by a Mortgage Lender for the rehabilitation, improvement and repair of residential housing and facilities incidental thereto undertaken primarily to provide Residential Housing located in the State.

(n) "Residential Housing" means single or multi-family residential housing units comprised of not more than four such units designed and used primarily to provide the principal dwelling accommodations for persons or families, including the land and improvements thereon. Areas designed or used for non-residential purposes shall not exceed those specified by the Federal Housing Administration Property Standards for one and two living units as in effect from time to time.

2. THE LOAN

2.1. Amount of Loan. The Agency hereby agrees, subject to the

terms and conditions hereof, to make a loan (the "Loan") to the Mortgage Lender in the principal amount set forth in the Principal and Interest Payment Schedule attached hereto as Exhibit B.

2.2. Terms; The Note. The Loan shall be made against receipt by the Agency of a promissory note (the "Note") of the Mortgage Lender (in substantially the form of Exhibit A attached hereto), dated the Closing Date, in a principal amount equal to the amount of the Loan and payable in annual installments due on September 25 of each of the years commencing on September 25, 1976, and in the amounts set forth in the Principal and Interest Payment Schedule attached hereto as Exhibit B, with interest payable on March 26 and September 25 in each year at the rate (on the basis of a 360-day year of twelve 30-day months) specified in said Principal and Interest Payment Schedule. Additional interest shall be charged on overdue payments of principal and interest at a rate of 1/10 of 1% of such overdue payments for each day such payments are overdue.

2.3. Security. The Loan shall be secured by a pledge of Collateral as provided in the Collateral Assignment Agreement of even date herewith between the parties hereto. Except to the extent provided for herein, all matters pertaining to such Collateral shall be governed by the Collateral Assignment Agreement.

2.4. Closing Date. The closing of the Loan shall take place on

the Closing Date as set forth in the acceptance of the Loan Application for the Loan.

2.5. Loan Proceeds. The Mortgage Lender shall hold the proceeds of the Loan separate and apart from its other funds in a special account and, until the proceeds are applied to the purposes provided in Section 5.2 hereof they shall be, and shall be deemed to be, held in trust for the benefit of the Agency and, upon the occurrence of any Event of Default, shall be paid over to the Agency and applied to payment due on the Loan. The provisions of this Section shall be in addition to all of the provisions of this Agreement and of the Collateral Assignment Agreement relating to security for the Loan and the Collateral.

3. REPRESENTATIONS AND WARRANTIES

The Mortgage Lender represents and warrants that:

3.1. Corporate Status. It is a corporation duly organized and validly existing and in good standing and having the power and authority, corporate and otherwise, to own its properties and carry on its business as now being conducted, and being duly qualified to do such business wherever such qualification is required.

3.2. Status as a Mortgage Lender. It is a Mortgage Lender as that term is defined in the Act, and it is not presently under any cease and desist order or other order of a similar nature, temporary or permanent, of any Federal or State authority, nor are there any proceedings

presently in progress or to its knowledge contemplated which would, if successful, lead to the issuance of any such order.

3.3. Title to Collateral. The Mortgage Lender now has and will at all times hereafter have good title to the Collateral pledged and assigned under the Collateral Assignment Agreement and to all additions thereto and substitutions therefor made in accordance with the terms of the Collateral Assignment Agreement, free of all liens and encumbrances, and now has and will at all times hereafter have good, right and lawful authority to assign, transfer and pledge such Collateral and all such additions thereto and substitutions therefor under the Collateral Assignment Agreement.

3.4. Corporate Power and Authorization. This Agreement is, and the Note and the Collateral Assignment Agreement will be, upon execution and delivery in accordance herewith, valid and binding obligations of the Mortgage Lender, the making and performance of which have been duly authorized by all necessary corporate and other action and will not constitute a violation of any law, any requirement imposed by a judicial or arbitral body or governmental instrumentality, or the charter or by-laws of the Mortgage Lender, or a default under any agreement or instrument by which it is bound or affected, and will not result in the creation of any encumbrance upon any of its assets, except to the extent herein expressly provided.

3.5. Statements in the Application. All statements made in the Loan Application of the Mortgage Lender to the Agency in connection with the Loan were true and correct as of the date made and are true and correct as of the date of this Agreement.

3.6. Regulatory Status. Neither the making nor performance of this Agreement nor the Note nor the Collateral Assignment Agreement requires the consent or approval of any governmental instrumentality or if such consent or approval is required such has been obtained.

4. CONDITIONS OF LENDING

The obligation of the Agency to make the Loan is subject to the following conditions precedent:

4.1. Approval of Agency Bond Counsel. All legal matters incident to the transactions contemplated hereby shall be satisfactory to the Agency's bond counsel, Messrs. Hawkins, Delafield & Wood ("Bond Counsel").

4.2. Opinion of Mortgage Lender's Counsel. The Agency shall have received the favorable written opinion, in form and substance satisfactory to it, of counsel for the Mortgage Lender confirming the matters represented in Sections 3.1, 3.2, 3.3 (as to the Collateral then listed in the Collateral Assignment Agreement), 3.4 and 3.6 above, and in Section 3 of the Collateral Assignment Agreement, and such other matters as the Agency may reasonably require.

4.3. Proof of Corporate Action. The Agency shall have received (i) certified copies of documents evidencing all corporate action taken in connection herewith, and (ii) such other documents executed by or relating to the Mortgage Lender as the Agency shall reasonably require.

4.4. Compliance with Agreement. No Event of Default shall have occurred hereunder, nor shall any event have occurred or failed to occur which, with the passage of time or service of notice or both, would constitute an Event of Default hereunder.

4.5. The Collateral. The Agency shall have received satisfactory evidence of the assignment of the Collateral for the benefit of the Agency in compliance with the provisions of the Collateral Assignment Agreement.

4.6. Other Documents. The Agency shall have received such other documents executed by or relating to the Mortgage Lender as may reasonably be requested by the Agency or its Bond Counsel.

5. COVENANTS

From the date hereof, and so long as any portion of the Loan shall remain outstanding, the Mortgage Lender covenants that:

5.1. Maintenance of Mortgage Lender Status. The Mortgage Lender will take no action which would endanger its standing as a "Mortgage Lender" as such term is defined in the Act.

5.2. Mortgage Loans. Within 180 days of the Closing Date, the Mortgage Lender, either directly or through one or more agents, shall

have entered into written commitments, none of which written commitments shall predate the date of acceptance by the Agency of the Loan Application, to make, and shall thereafter proceed as promptly as practicable to make and disburse from the proceeds of the Loan, New Residential Mortgages (having a stated maturity of not less than twenty years from the date thereof) or Rehabilitation Mortgage Loans on Residential Housing for Persons and Families of Low and Moderate Income in the State of Vermont. The Mortgage Loans shall be made to the occupant or intended occupant of the Residential Housing. Loans on New Residential Mortgages shall be in an amount at least equal to the principal amount of the Loan for

- (i) Single-Family Residential Housing consisting of one dwelling unit having a mortgage loan amount in case of each such Residential Housing unit (determined by the Mortgage Lender as of the date of its written commitment) not exceeding \$35,000, or
- (ii) Residential Housing consisting of more than one dwelling unit but not exceeding four dwelling units, having a mortgage loan amount in the case of each such Residential Housing (determined by the Mortgage Lender as of the date of its written commitment) not exceeding \$45,000.

Loans on such Rehabilitation Mortgage Loans shall not exceed 100% of the cost of such rehabilitation as such cost is determined by the Mortgage Lender as of the date of its written commitment. In addition to the foregoing, Rehabilitation Mortgage Loans shall not exceed \$35,000 for Single-

Family Residential Housing consisting of one dwelling unit and Residential Mortgage Loans shall not exceed \$45,000 for Residential Housing consisting of more than one dwelling unit but not exceeding four dwelling units.

With respect to such Mortgage Loans, no fees, premiums or bonuses, commonly referred to as points, shall be charged. This shall not, however, preclude the payment to the Mortgage Lender of any sum paid pursuant to a statute of the State of Vermont or the United States of America nor any reasonable expenses and charges.

Except as otherwise may be provided in statutes of the United States of America with respect to New Residential Mortgages which are guaranteed or insured by the United States government or any agency thereof, no Mortgage Lender shall permit or suffer to permit such New Residential Mortgages to be assumed by any other party except persons or families of low and moderate income.

The Mortgage Lender shall submit to the Agency on the tenth day of each month until the Loan proceeds have been applied as provided herein a report in the form to be specified by the Agency as to the amount of such Mortgages made and disbursed during the preceding month and the location and type of the residential property securing such Mortgages made and disbursed during the preceding month and such other information as the Agency may require. Promptly after the 180th day following the Closing Date, the Mortgage Lender shall also submit to the Agency a report on a

form furnished by the Agency as to the aggregate amount of written commitments to make such Mortgages pursuant to this Section and the aggregate amount of such Mortgages theretofore disbursed from the proceeds of the Loan.

5.3. Inspection. At any time and at all reasonable times, upon the request of the Agency, the Mortgage Lender will permit the Agency or any agent or representative designated by the Agency (i) to examine the books of account, records, reports and other papers of the Mortgage Lender relating to the Loans to such Lenders, the Mortgage Loans relating to such Loans by the Agency and the Collateral therefor, and to make copies and extracts therefrom, and (ii) to discuss with any officer of the Mortgage Lender any matter relating to this Agreement, the Note, the Collateral Assignment Agreement, the Loan, the Collateral or the Mortgages referred to in Section 5.2 hereof.

5.4. Notice of Certain Event. The Mortgage Lender shall notify the Agency promptly in writing of the occurrence of any Event of Default or event which, with the passage of time or service of notice, or both, would constitute an Event of Default, specifying the nature and period of existence thereof and the action being taken or proposed to be taken with respect thereto.

6. EVENTS OF DEFAULT

If one or more of the following Events of Default shall occur and be continuing:

(a) Default shall be made in the payment of the principal of the Note or any installment thereof when due, whether at maturity, by acceleration or otherwise, or in the payment of interest or any premium thereon;

(b) Default shall be made in the payment of any penalty or other charges, if any, hereunder or under the Note or the Collateral Assignment Agreement, and any such default shall continue unremedied for a period of five days thereafter;

(c) Any representation or warranty made herein, or any certificate, report or statement furnished to the Agency in writing pursuant hereto or in connection herewith or with the Loan, the Note or the Collateral Assignment Agreement, shall have been untrue or misleading in any material respect when made;

(d) Default shall be made in the performance of any of the provisions of Sections 5.1, 5.2 or 5.3 hereof;

(e) Default shall be made in the performance of any other provisions of this Agreement or the Collateral Assignment Agreement and such default shall continue unremedied for a period of thirty days after (i) the existence of such default shall actually become known to an officer of the Mortgage Lender, or (ii) the Agency shall have given written notice to the Mortgage Lender of the existence of such default;

(f) If the Mortgage Lender shall (i) become bankrupt, or cease, be unable, or admit in writing inability to pay its debts as they mature, or make a general assignment for the benefit of, or enter into any composition or arrangement with, creditors; (ii) apply for, or consent (by admission of material allegations of a petition or otherwise) to the appointment of a trustee, receiver or liquidator of the Mortgage Lender or of a substantial portion of its assets, or authorize such application or consent, or proceedings seeking such appointment shall be commenced without such authorization, consent or application against it and continue undismissed and unstayed for a period of thirty days; (iii) authorize or file a voluntary petition in bankruptcy or apply for or consent (by admission of material allegations of a petition or otherwise) to the application of any bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction, or authorize such application or consent, or proceedings to such end shall be instituted against the Mortgage Lender without such authorization, application or consent and be approved as properly instituted, remain undismissed for thirty days, or result in adjudication of bankruptcy or insolvency;

(g) If any Federal or State supervisory agency shall take control or possession of the Mortgage Lender or any of the assets of the Mortgage Lender.

Then, and in any such event, herein referred to as an Event of Default, the Agency may, effective upon mailing of written notice to the Mortgage Lender and subject to the notice requirement of Part 329 of FDIC Rules and Regulations, 12 C.F.R. 329, declare to be forthwith due and payable the principal of and all interest then accrued on the Note together with a penalty in an amount equal to the sum of (i) the interest which would have accrued on the Loan, if such were not accelerated, from the date of such acceleration to the interest payment date of the Loan next succeeding the first day when the Agency, at its option, can next redeem its Bonds issued to finance the Loan (the "Redemption Date") after first complying with appropriate procedures for calling such Bonds for redemption plus (ii) an amount equal to the redemption premium which would be required to be paid by the Agency if such Bonds in a principal amount equal to the unpaid balance of the Loan were redeemed on the Redemption Date, plus (iii) the amount equal to the product obtained by multiplying an amount equal to $1/2$ of 1% of the principal amount of the Loan accelerated hereunder by the number of years remaining to the date of the last principal payment on the Loan from the date of such acceleration plus (iv) an amount equal to the expenses incurred by the Agency in redeeming such Bonds equal in principal amount to the amount of the unpaid balance of the Loan, whereupon the same shall forthwith become due and payable and subject to the notice requirement of Part 329 of FDIC Rules and Regulations, 12 C.F.R. 329, without presentment, demand, protest or other notice of

any kind, all of which the Mortgage Lender hereby expressly waives, anything contained herein or in the Note to the contrary notwithstanding.

7. MISCELLANEOUS

7.1. Security for Bonds of the Agency. It is understood by the parties hereto that the Loan is to be made from the proceeds of the sale and issuance of Bonds or other obligations of the Agency and that such Bonds or other obligations of the Agency will be payable from and secured by the revenues and receipts from this Loan Agreement, the Note and the Collateral Assignment Agreement. Accordingly it is hereby agreed that the Agency may pledge and assign its right, title and interest in this Loan Agreement, the Note and the Collateral Assignment Agreement, and the revenues, receipts and collections hereunder and thereunder, as security for the payment of the principal and any redemption premium of and the interest on such Bonds or other obligations of the Agency, and that the covenants and agreements contained in this Loan Agreement, the Note and the Collateral Assignment Agreement are for the benefit of the holders from time to time of such Bonds and may be enforced on behalf of such holders by the Trustee therefor.

7.2. No Waiver; Remedies Cumulative. No failure to exercise and no delay in exercising, on the part of the Agency, of any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof, or the

exercise of any other right. The rights and remedies herein provided shall be in addition to all other rights or remedies provided by law. No modification or waiver of any provision of this Agreement, the Collateral Assignment Agreement or the Note, or consent to departure therefrom, shall be effective unless in writing and signed by the Agency and no such consent or waiver shall extend beyond the particular case and purpose involved. No notice or demand given in any case shall constitute a waiver of the right to take other action in the same, similar or other instances without such notice or demand.

7.3. Construction. This Agreement, the Collateral Assignment Agreement and the Note and all related documents shall be deemed to be contracts made and delivered in the State of Vermont and shall be governed and construed in accordance with the laws of the State of Vermont. Headings and titles herein are for convenience only and shall not influence said construction or interpretation.

7.4. Notices, etc. All communications between the parties hereto shall be in writing, addressed, if to the Agency at P. O. Box 408, Burlington, Vermont 05401, and if to the Mortgage Lender at its address shown on the Application and Commitment Agreement for the Loan, or at such other address as either party shall designate to the other party in writing.

7.5. Survival of Agreement, etc. All agreements, representations and warranties made herein or in the Loan Application shall survive the making of the Loan hereunder.

7.6. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and either party hereto may execute this Agreement by signing one or more counterparts.

7.7. Consent to Jurisdiction. The Mortgage Lender hereby consents to the jurisdiction of the Superior Court for Washington County for any proceeding in connection with this Agreement, the Collateral Escrow Agreement or the Note.

7.8. Rights Under the Act. In addition to all rights and remedies conferred upon the Agency by this Agreement, the Agency shall have in addition all the rights, powers and privileges conferred upon it by the Act as such Act now exists or may hereafter be amended.

7.9. Penalties. Notwithstanding any other provision herein contained in the event the Mortgage Lender shall fail to comply with the provisions of Section 5.2 above, then, in such event, the Mortgage Lender shall pay to the Agency monthly a penalty (the "Penalty") equal to 1% of that principal portion of the Note as to which the Mortgage Lender has failed to obtain written commitments to make Mortgages pursuant to Section 5.2 above for every month or portion thereof during which such failure to comply shall continue.

7.10. Extension of Time; Interest. Whenever any payment hereunder or under the Note shall be due on a date which is a legal holiday in the State of Vermont, such payment shall become due on the next succeeding

business day and such extension of time shall be included in computing interest, if any, in connection with such payment.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of _____, 19 ____.

VERMONT HOUSING FINANCE AGENCY

By _____

By _____

Mortgage Lender

By _____

By _____

EXHIBIT A

\$

("Payor"), a

for value received, promises to pay to the order of the Vermont Housing Finance Agency ("Payee") at its offices in the City of Burlington, Vermont, or at such other place as the Payee may from time to time designate in writing the principal sum of _____ Dollars (\$ _____), payable in annual installments becoming due on _____ of each of the years and in the amounts set forth in the Principal and Interest Payment Schedule appended hereto. This Note shall bear interest on its unpaid principal amount for each day from its date at the rate (on the basis of a 360-day year of twelve 30-day months) of _____ % per annum payable on _____ and _____ in each year commencing on March 26, 1975 and in the amounts set forth in said Principal and Interest Payment Schedule appended hereto.

Additional interest shall be charged on overdue payments of principal and interest at a rate of 1.10 of 1% on such overdue payments for each day such payments are overdue.

This is the Note referred to in the Loan Agreement of even date herewith between the Payee and the Payor and in the Collateral Assignment Agreement of even date herewith between the Payee, the Payor and _____ and is entitled to the benefits of each of said Agreements.

By _____

COLLATERAL ASSIGNMENT AGREEMENT

AGREEMENT, by and among the Vermont Housing Finance Agency (the "Agency"), the _____ (the "Mortgage Lender"), and _____, as assignee of the Collateral as hereinafter defined (the "Assignee").

W I T N E S S E T H T H A T :

For and in consideration of the loan (the "Loan"), made this day by the Agency to the Mortgage Lender and other good and valuable consideration, the Mortgage Lender and the Assignee agree with the Agency as follows:

1. Assignment. The Mortgage Lender does hereby assign, transfer, set over and pledge to the Assignee for the benefit of the Agency, its successors and assigns, in trust, the collateral listed on the Schedule of Collateral Offered dated the date hereof and submitted herewith as collateral security for the due and punctual performance by the Mortgage Lender of its obligation under the Loan Agreement of even date herewith between the Agency and the Mortgage Lender (the "Loan Agreement") and under the Promissory Note of even date herewith delivered pursuant thereto evidencing the Loan (the "Note"). Mortgage Lender hereby represents and warrants that said collateral as presently valued in accordance with Section 5 hereof is at least equal to the Collateral Requirement set forth in Section 4 hereof. Said collateral and all substitutions therefor and additions thereto, made under this Agreement and all proceeds of sale thereof pursuant to Section 13 are hereinafter collectively referred to as the "Collateral".

2. Collateral Defined. All Collateral, including additions thereto and substitutions therefor, shall consist of (i) direct obligations of, or obligations guaranteed by the United States of America; (ii) obligations, satisfactory to the Agency, issued by and of the following federal agencies: Bank for Cooperatives, Federal Intermediate Credit Bank, Federal Home Loan Bank System, Federal Land Banks, the Government National Mortgage Association, or issued by Federal National Mortgage Association; (iii) direct obligations of or obligations guaranteed by the State; (iv) mortgages insured or guaranteed as to payment of principal and interest by the United States of America or an agency or instrumentality thereof or by the State or an agency or instrumentality thereof; or (v) mortgages which the Agency deems to be of reasonably comparable security.

3. Representations and Warranties. Mortgage Lender hereby represents and warrants with respect to all bonds, debentures, notes or other evidences of indebtedness, mortgages or other documents forming a part of the Collateral: that (a) the same are genuine, free from liens, adverse claims, defaults, prepayment, defenses and conditions precedent, except as disclosed to and known by the Agency; (b) all persons appearing to be obligated thereon have authority and capacity to contract and are bound as they appear to be; (c) the same comply with applicable laws and regulations concerning form, content and manner of preparation and execution; and (d) the same have been serviced in compliance with all applicable laws and regulations.

4. Collateral Requirement. All Collateral shall be maintained by the Mortgage Lender at an amount (valued as provided in Section 5) at least equal to 115% of the unpaid principal amount of the Loan, except that, if and to the extent that the Collateral is described in clause (iv) of Section 2 above, such mortgage collateral shall be maintained at an amount at least equal to 120% of the unpaid principal amount of any such Loan or Loans or if such mortgage collateral consists of mortgages insured by private mortgage insurance companies in a manner and amount satisfactory to the Agency (thus complying with clause (v) of Section 2 above), such mortgage collateral shall be maintained at an amount at least equal to 150% of the unpaid principal amount of any such Loan or Loans or if such collateral consists of uninsured mortgages, commonly called conventional mortgages in an amount not more than 66 2/3% of the appraised value of the property subject to such mortgage, which mortgage shall have been made five years prior thereto (thus complying with clause (v) of Section 2 above), such mortgage collateral shall be maintained at an amount at least equal to 200% of the unpaid principal amount of any such Loan or Loans.

5. Valuation of Collateral. All Collateral described in clause (i) or (ii) of Section 2 above shall be valued at the bid prices last quoted therefor by any nationally recognized dealer in United States Government securities. Collateral described in clause (iii) of Section 2 above shall be valued at the bid prices last quoted therefor by any recognized dealer in municipal bonds. All Collateral constituting mortgages described in clause (iv) or (v) of Section 2 above shall be valued as hereinafter provided. Each such mortgage bearing an interest rate which is equal to, or higher than, the Maximum FHA Rate as of the latest Valuation Date of Collateral in accordance with this Section shall be valued at a price equal to the Base Price as of such latest Valuation Date of Collateral. Each such mortgage bearing an interest rate which is lower than such Maximum FHA Rate shall be valued at a price obtained by subtracting from such Base Price an amount equal to \$1.75 (per \$100 of principal amount) for each 1/4 of 1% of the difference between the interest rate of such mortgage and such Maximum FHA Rate. For

the purposes of this Section: (a) Maximum FHA Rate shall mean the maximum allowable rate of interest for mortgages which the Federal Housing Administration will insure, and (b) Base Price shall mean the average price established at the most recent purchase auction or sale auction for which information is available (whichever shall result in the lower Base Price) conducted by the Federal National Mortgage Association in the earliest delivery category for federally insured or guaranteed mortgages bearing the Maximum FHA rate, or, in the event of the discontinuance or temporary suspension of such auctions, the average market price for such mortgages established by a federally owned or sponsored instrumentality maintaining an active market in such mortgages or, if no such instrumentality shall then be in existence, a recognized mortgage banking firm selected by the Agency and approved by the Assignee.

Collateral shall be valued semi-annually each twelve month period on or about March 1 and September 1 (Valuation Dates). The valuation basis established in accordance with this Section on any Valuation Date shall be that used for valuation of the Collateral until the next Valuation Date. The Agency shall cause the Assignee to value the Collateral in accordance with the provisions of this Section as of each Valuation Date. If pursuant to any such valuation the Assignee shall determine that the Collateral has fallen below the Collateral Requirement, the Agency shall notify the Mortgage Lender who shall forthwith pledge additional Collateral pursuant to Section 8 hereof. Prior to each Valuation Date the Mortgage Lender shall supply the Agency with the following information with respect to the Collateral: (i) the unpaid principal amount and interest rate of the mortgages, and (ii) the principal amount of the securities; and with such additional information and grant the Agency and the Assignee access to such documents as are necessary to make such valuation.

6. Cooperation of Mortgage Lender. The Mortgage Lender agrees that it will, from time to time and at any time hereafter, upon demand of the Agency or the Assignee make, sell, execute, acknowledge and deliver all and every such further or other acts, matters, assignments, conveyances and assurances in the law for the better assuring, conveying and confirming unto the Assignee and its successors, all and singular, the Collateral hereby pledged or intended so to be or which are by these presents agreed to be hereafter pledged, assigned and transferred to the Assignee as by the Agency shall be reasonably desired or required for the better carrying out of the provisions, objects and purposes of this Agreement and securing the payment of the obligations which the Collateral secures.

7. Collateral Held in Trust. The Assignee, the Mortgage Lender and Agency agree that the Assignee shall, until otherwise directed by the Agency, hold all or any portion of the Collateral together with any substitutions for, additions to, or proceeds (excluding monies collected upon the Collateral) of such Collateral (all of which substitutions, additions or proceeds, exclusive of monies collected upon the Collateral, shall be deemed to be part of the Collateral) in trust for the benefit of the Agency and that the Mortgage Lender shall, at its own expense, in all ways service or cause to be serviced and preserve the Collateral. Without limiting the generality of the foregoing, the Mortgage Lender shall service the Collateral in compliance with all applicable laws and governmental regulations now existing or hereinafter enacted or promulgated.

8. Additional Collateral. The Mortgage Lender agrees that if upon valuation of the Collateral by the Assignee pursuant to Section 5 hereof, it is determined that the value of the Collateral shall have fallen below the Collateral Requirement, it will deliver to the Assignee to be held in trust for the benefit of the Agency additional Collateral sufficient to bring the value of all the Collateral at least equal to the Collateral Requirement. If any of the mortgages constituting part of the Collateral shall be more than three months in arrears the Mortgage Lender will deliver to the Assignee to be held in trust for the benefit of the Agency additional Collateral sufficient to bring the value of all the Collateral at least equal to the Collateral Requirement. Upon delivery of such additional Collateral to the Assignee the Mortgage Lender shall complete a supplement to this Agreement in the form prescribed by the Agency listing such additional Collateral and promptly submit the same to the Assignee and to the Agency, together with an opinion of Mortgage Lender's counsel confirming the matter represented by Mortgage Lender in Section 2.3 of the Loan Agreement and Section 3 hereof as to such additional Collateral.

9. Substitute Collateral. The Agency and the Assignee agree that the Mortgage Lender may substitute for all or any portion of the Collateral (including monies collected upon the Collateral) held in trust by the Assignee other Collateral having a value (determined in accordance with Section 5 hereof) at least equal to the value of the withdrawn Collateral (so valued) or upon valuation of the Collateral by the Assignee pursuant to Section 5 hereof, in an amount equal to the Collateral Requirement. Prior to making such substitution the Mortgage Lender shall complete a supplement to this Agreement in the form prescribed by the Agency listing the Collateral to be withdrawn and that to be substituted and promptly submit the same to the Assignee and to the Agency, together with an opinion of Mortgage Lender's counsel confirming the matters represented by Mortgage Lender in Section 2.3 of the Loan Agreement and Section 3 hereof as to such substituted Collateral.

10. Excess Collateral. The Agency and the Assignee agree that if upon valuation of the Collateral by the Assignee pursuant to Section 5 hereof, it is determined that the amount of the Collateral shall exceed the Collateral Requirement, the Assignee will upon request by the Mortgage Lender release from the pledge and trust created hereby Collateral which shall have a value (determined in accordance with Section 5 hereof) not greater than the amount of such excess over the Collateral Requirement. Prior to such a release the Mortgage Lender shall complete a supplement to this Agreement in the form prescribed by the Agency listing the Collateral so to be withdrawn and promptly submit the same to the Assignee and to the Agency.

11. Interest and Return of Principal-Use. Except upon the happening and continuance of any Event of Default under the Loan Agreement, the Mortgage Lender shall have the right to receive and keep for its own use and benefit (i) all payments on the Collateral representing interest, and (ii) all payments on the Collateral representing a return of the principal thereof only if and to the extent that the value of the Collateral remaining shall equal or exceed the Collateral Requirement or Collateral shall be substituted therefor pursuant to Section 9 hereof.

12. Remedies-General Recourse of Corporation. The Mortgage Lender agrees that if the whole or any part of the Note or other obligation secured by the Collateral shall be due and payable to the Agency, the Assignee on behalf of the Agency, or the Agency if it so desires, shall be required to have recourse first to the Collateral or any part thereof, but may at its option first have recourse thereto or pursue such other or further remedies for the enforcement of the collection of the Note or such other obligations as are in the Loan Agreement or herein further provided or as it may deem in its discretion to adopt.

13. Sale of Collateral. In the event of the occurrence of any Event of Default under the Loan Agreement, the Agency (which term as used in this Section 13 shall include any agent acting for it, including the Assignee) is authorized to make the collections provided for in this Section 13 and to sell, assign and deliver the whole or any part of the Collateral at such time or times as it may deem proper at public or private sale or at broker's board or on any securities exchange, in each case without prior advertisement or any notice, tender, demand or call of any kind upon any person having any interest therein, for cash, upon credit or for future delivery and at such price or prices and otherwise in such manner and upon such terms and conditions as the Agency may deem proper. At any such sale, where-soever and howsoever made, the Agency may buy in the Collateral, or any part hereof, and it and any other purchaser at any such sale shall hold the Collateral sold absolutely free from any claim or right of

any kind whatsoever, including any equity of redemption of any person having interest therein and all rights of redemption, stay or appraisal which they have or may have under any rule of law or statute now existing or hereafter adopted are hereby waived. No advertisement, notice, tender, demand or call at any time given or made by the Agency shall be considered a waiver of its right to sell the Collateral or any part thereof in the same or in any other instances without any further advertisement, notice, tender, demand or call or do so in a manner inconsistent with or without waiting any period of time after any such advertisement, notice, tender, demand or call. The Agency may without notice or publication adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale. If any of the Collateral should be sold for credit or for future delivery, it may be retained by the Agency until the selling price is paid by the purchaser, but the Agency shall incur no liability in case of failure of the purchaser to take up and pay for the Collateral so sold and the same may again be sold. In the event of said sale, after deducting all costs, attorneys' fees and other expenses of collection, the Agency shall apply the residue of the proceeds of said sale to the payment of the primary obligations for the default of which said sale is had, and to any or all of the obligations (including penalties) arising under the Loan Agreement, returning the excess, if any, to the Mortgage Lender.

Without limiting or affecting such authority of the Agency to sell part or all of the Collateral as herein authorized, the Agency is further authorized at its option and at its discretion, to collect or cause to be collected or otherwise convert into money any part or all of the Collateral by suit or otherwise and is hereby authorized in such case to surrender, compromise, release, renew, extend, exchange or substitute any item of the Collateral in any transaction with the Mortgage Lender or any third party, irrespective of any assignment thereof by the Mortgage Lender and without prior notice to or consent of the Mortgage Lender or any assignee thereof. And in the event of such collection or conversion into money of all or any portion of the Collateral, the Agency, after first deducting costs, attorneys' fees and other expenses of sale or collection, shall apply the balance of such proceeds to the payment of the obligations (including penalties) arising under the Loan Agreement, whether due or not, in such manner as it shall consider in its own best interests. It is further understood and agreed that any delay on the part of the Agency in exercising any right or rights hereunder shall not operate as a waiver of said right or rights.

14. Location of Collateral. The Mortgage Lender agrees to deliver all of the Collateral, in whatever form, to the Assignee. The Assignee agrees to appropriately earmark and segregate all of

the Collateral from any and all other documents, instruments and securities owned or held by the Assignee and shall cause the Collateral to remain continually earmarked and wholly segregated at all times; all of the Collateral shall at all times be kept physically within the State of Vermont; the Assignee shall be and remain wholly responsible for the safekeeping of the Collateral; the Assignee shall be held accountable as the trustee of an express trust for the application and disposition of the Collateral and the income therefrom (except as otherwise provided herein) solely to the uses and purposes in accordance with the provisions of this Agreement; and the Assignee represents and agrees that it will not in any manner perform any act which will encumber, pledge or hypothecate the Collateral.

15. Cancellation. It is further agreed that the Agency may at any time cancel the trust created hereby and the Assignee agrees in such event to deliver the Collateral to the Agency or its nominee forthwith upon demand.

16. Rights Under the Act. In addition to the terms and conditions herein specifically set forth, this Agreement is subject to the rights, powers and privileges conferred upon the Agency by the Vermont Housing Finance Agency Act as such law now exists or hereafter may be amended.

17. Binding. This Agreement shall bind and inure to the benefit of the parties hereto, their successors and assigns.

18. Construction. This Agreement is executed in and shall be construed according to the laws of the State of Vermont. Headings and titles herein are for convenience only and shall not influence the construction or interpretation of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of _____, 1974.

[NAME OF MORTGAGE LENDER]

By _____

VERMONT HOUSING FINANCE AGENCY

By _____

[NAME OF ASSIGNEE]

By _____

1974 SERIES A DEBT SERVICE
RESERVE FUND INVESTMENTS CONTRACT

September 26, 1974

Vermont Housing Finance Agency
Burlington, Vermont

Bankers Trust Company, as Trustee under
the General Mortgage Finance Bond
Resolution of the Vermont Housing
Finance Agency, adopted on September
26, 1974

Gentlemen:

The undersigned (the "Seller") hereby agrees to sell to Bankers Trust Company, New York, New York, as trustee (the "Trustee") under the General Mortgage Finance Bond Resolution of the Vermont Housing Finance Agency (the "Agency"), adopted on September 26, 1974 (the "General Mortgage Finance Bond Resolution"), and to deliver to the Trustee for deposit in the Debt Service Reserve Fund created under the General Mortgage Finance Bond Resolution the obligations listed in Schedule A attached hereto (the "Government Obligations"), at an aggregate price of \$ _____ plus accrued interest.

The offer of said Government Obligations is made for delivery against payment in Federal funds at the office of the Trustee on October 17, 1974, or on such later business day as shall be agreed upon between the Agency and the Underwriter named in the Contract of Purchase, dated September 26, 1974, relating to the \$13,825,000 principal amount of 1974 Series A Bonds of the Agency (the "Contract of Purchase") as the date of closing for such 1974 Series A Bonds (the "Closing Date"), at the aggregate price specified above, plus accrued interest to the Closing Date.

This offer of Government Obligations is made this 26th day of September, 1974, subject to the Agency's acceptance of the Contract of Purchase.

It is understood and agreed that this offer to sell the Government Obligations, if acceptable to the Agency and the Trustee, will be approved by an appropriate resolution of the Commissioners of the Agency and accepted by an authorized officer of the Trustee contemporaneously with the acceptance by the Agency of the Contract of Purchase, but in no event later than 5:00 o'clock P.M. (E.D.S.T.), on September 27, 1974, unless an extension of such time shall be consented to hereunder and under said Contract of Purchase. This

offer shall be firm until that time.

If this offer is approved by the Agency and accepted by the Trustee and the 1974 Series A Bonds are not delivered by the Bank and paid for by the Underwriter on the Closing Date, the obligations of the parties hereto shall terminate without liability on the part of either.

The duly authorized execution of the acceptance and approval clauses below shall constitute this letter a contract for the sale and purchase, respectively, of the Government Obligations set forth in Schedule A attached hereto.

The obligations of the Seller hereunder are subject to the receipt by the Seller at the time of delivery of the Government Obligations pursuant to this Agreement of a certificate executed by an authorized officer of the Agency to the effect that there is no litigation pending or threatened, either in State or Federal Courts in any way affecting the making of this Agreement or the consummation of any of the transactions contemplated herein, and an opinion of Bond Counsel to the Agency to the effect that the Agency is duly authorized to approve this Agreement.

Respectfully submitted,

THE FIRST BOSTON CORPORATION

ACCEPTED:

Bankers Trust Company,
as Trustee under the General Mortgage Finance
Bond Resolution of the Vermont Housing Finance
Agency adopted on September 26, 1974

By _____
Authorized Officer

Approved by resolution duly adopted by the VERMONT HOUSING FINANCE AGENCY on the 26th day of September, 1974, and such approval shall constitute the direction of the Agency to the Trustee under subsection 1 of paragraph 602 of the General Mortgage Finance Bond

Resolution.

VERMONT HOUSING FINANCE AGENCY

By _____
Chairman

(SEAL)

Attest:

Secretary

SCHEDULE A TO 1974 SERIES A
DEBT SERVICE RESERVE FUND INVESTMENTS CONTRACT

<u>Par Amount</u>	<u>Obligation</u>	<u>Sales Price</u>	<u>Cost</u>
\$ 500,000	Federal Land Banks (7.30% Due 10/20/83)	94.75	\$ 473,750
\$1,500,000	Federal Home Loan Banks (8.75% due 5/25/84)	100.00	\$1,500,000

MINUTES OF THE OCTOBER 31, 1974 COMMISSION
MEETING OF THE VERMONT HOUSING FINANCE AGENCY

Present: Chairman Myette, Commissioners Guest, Shaw,
Alexander, Bruley, Secretary Lincoln, Messers.
Fiske and Hunter

The meeting was called to order by Chairman Myette at 3:45 P.M. On the motion of Shaw, duly seconded by Alexander, the Minutes of the September 26, 1974 meeting were approved.

Lincoln summarized the activities in the Loans to Lenders program since the Commission last met, indicating that all funds had been disbursed to the participating lenders, and that the program seemed to be going smoothly. Shaw asked when forms would be sent to the banks for their required monthly reports to the Agency. Lincoln stated that he would be preparing such forms and distributing them within a few weeks. Also in response to another question from Shaw, Lincoln said there had been an error in calculating the first interest payment due the Agency from the lenders on March 26, 1975. The schedules will be revised to reflect the change, which will drop five days interest from the amount due at that time.

Following considerable discussion, Guest moved and Bruley seconded a motion to amend Section 3 (2) (j) of the Rules and Regulations to exclude from the prohibition on refinancing of existing mortgages, temporary construction mortgages and mortgages on land acquired in anticipation of construction. The motion was unanimously agreed to, with Shaw abstaining.

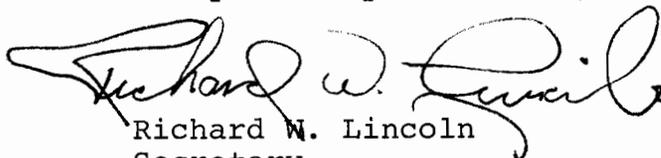
Chairman Myette began a discussion of possible mortgage purchase programs, indicating that the basic options were to purchase existing mortgages from lender's portfolios at a discount, and to make advance commitments to purchase newly originated mortgages from lenders over a specific period of time. Lincoln then summarized purchase programs recently initiated in South Dakota, Virginia and Minnesota, describing various administrative details and program differences and similarities. Shaw indicated his feeling that the Agency would have to purchase conventional as well as insured or guaranteed mortgages under a portfolio program if it is to be successful in Vermont. Chairman Myette stated his desire to closely integrate such a program with the Vermont Home Mortgage Guarantee Board.

Joel Hunter, Senior Vice-President of the Howard Bank, described a proposal which they had developed wherein the Howard Bank would, in effect, open a line of credit on behalf of the Agency. The line would be used to buy mortgages initiated by the other lenders in the state, with the Agency obligated to periodically borrow and pay off the credit line. The Howard would service the mortgages, at a 3/8% fee, and the

risk would be put back to the originating lender, for a proposed 5/8% fee over the life of the mortgage. Several members expressed reservations about the notion of the Agency issuing bonds after the mortgages had been made, pointing out the risk in a volatile municipal market. Shaw also commented that 5/8% seemed excessive for the banks to receive for their part, even in view of the fact that they would be bearing the ultimate risk. It was agreed that the Commission would discuss the proposal further and attempt to incorporate at least some of the ideas into future programs.

There being no further business, the Commission adjourned at 5:30 P.M.

Respectfully submitted,



Richard W. Lincoln
Secretary

MINUTES OF THE NOVEMBER 7, 1974 COMMISSION
MEETING OF THE VERMONT HOUSING FINANCE AGENCY

PRESENT: Chairman Myette, Commissioners Guest, Shaw, Alexander,
Webster, Secretary Lincoln, Mr. Fiske

The meeting was called to order by Chairman Myette at 3:45 P.M. On the motion of Shaw, duly seconded by Guest, the Minutes of the Commission meeting of October 31, 1974 were approved.

After brief discussion, and on the motion of Webster, duly seconded by Myette, Section 3.2 of the Vermont Housing Finance Agency By-Laws were amended to change the regular monthly meeting of the Agency from the last Wednesday to the last Thursday of each month.

Lincoln suggested the possibility that the statute might allow the Agency to make short term loans to lenders to provide funds for construction financing, which could then be coupled with a commitment from the Agency to purchase the permanent mortgage on the property once it is sold to a low income family. Guest pointed out that this was probably beyond the intent of the legislature, even if it were technically possible, since they had deleted specific authority for construction financing. Concern was also expressed as to the difficulties involved in administering such a program.

Following discussion of the risks associated with the "line of credit" financing arrangement proposed by the Howard Bank, and the probability that their proposed shift of liability from the Agency would be treated as a contingent liability by the banks, Guest moved that the proposal be tabled. The motion was duly by Alexander and was passed, with Shaw abstaining.

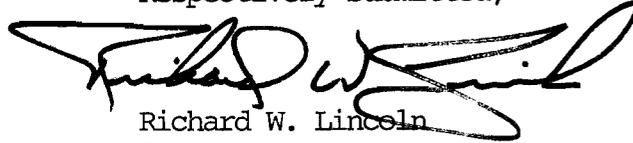
Lincoln was directed to proceed with preparing changes to the Agency's statute particularly to authorize the Agency to lend directly to housing sponsors and developers, and to undertake multi-family housing. He was asked to report on this and other alternatives at the next Commission meeting, and was further directed to proceed with the development of the various underlying documentation for a mortgage purchase program.

There followed a discussion of the advisability of adding a third firm to the managing underwriting group. Chairman Myette pointed out the considerable experience of Paine, Webber, Jackson & Curtis in mortgage purchase programs, as well as their background in working with other states in developing legislation. On the motion of Guest, duly seconded by Webster, a motion to invite Paine, Webber, Jackson & Curtis to join the Agency's management group was agreed to.

The next meeting was set for November 21, 1974 at 3:30 P.M.

There being no further business, the Commission adjourned at 5:30 P.M.

Respectively submitted,

A handwritten signature in black ink, appearing to read "Richard W. Lincoln", written in a cursive style.

Richard W. Lincoln
Secretary



VERMONT HOUSING FINANCE AGENCY

RICHARD W. LINCOLN
Executive Director

RICHARD A. MYETTE
Chairman

MINUTES OF THE NOVEMBER 25, 1974 COMMISSION MEETING OF THE VERMONT HOUSING FINANCE AGENCY

PRESENT: Chairman Myette, Commissioners Guest, Alexander, Shaw,
Bruley, Secretary Lincoln

The meeting was called to order by Chairman Myette at 3:45 p.m. On motion of Guest, duly seconded by Alexander the Minutes of the Commission meeting of November 7, 1974 were approved.

Chairman Myette described the tentative timetable which had been developed for a possible Mortgage Purchase Program. The timetable was set to attempt to sell bonds for such a program by February 5, 1975, with a bond closing contemplated about February 26. It was generally felt that such a time table was unrealistic, and it was agreed that it would be set back by several weeks, principally to allow for more time to meet with the lenders in early and mid-January.

Various program options under a Mortgage Purchase Program were then discussed. The Chairman described his idea of providing a differential income structure, which would allow a portion of the mortgages purchased to be guaranteed by the State, provided these mortgages were made to lower income families, while the balance of the mortgages to be purchased would be uninsured (i.e., conventional) and could be made to a slightly higher income group. There was also considerable discussion of alternative servicing and fee arrangements, as well as required rates of discount that would be necessary for the purchase of older mortgages from a lenders' portfolio. On the question of tying the purchase of mortgages more closely to the utilization of the State guarantee program, Guest and Myette suggested that consideration be given to relocating the administrative functions of the Vermont Home Mortgage Guarantee Board to the Agency's offices in Burlington.

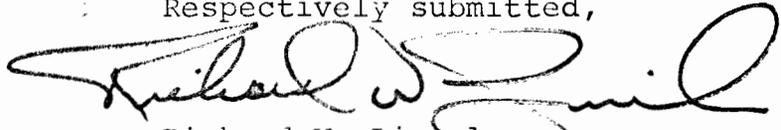
As a result of the discussion, it was agreed that the Agency would proceed with the development of a "dual" program to purchase existing mortgages from lenders' portfolios, and to purchase newly initiated mortgages on a "forward commitment" basis. Lincoln was directed to prepare a letter to the lenders outlining the program and soliciting their view on various programatic options.

Commission Meeting Minutes
January 11, 1975
Page two

An informal meeting was set for December 5 at 3:30 p.m.
to discuss legislative changes contemplated for the Agency.

There being no further business, the Commission adjourned
at 5:00 p.m.

Respectively submitted,

A handwritten signature in cursive script, appearing to read "Richard W. Lincoln". The signature is written in dark ink and is positioned above the typed name.

Richard W. Lincoln
Secretary