vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer JE

DATE: January 13, 1999

RE: VHFA Board Approval of 2000 Housing Credit Allocation Plan

On December 6, 1999 the staff and the Joint Committee on Tax Credits held a public hearing to discuss proposed changes to the Housing Credit Allocation Plan. The attached memo, dated November 30, 1999, summarizes the proposed changes. The attached draft Allocation Plan shows the proposed language for the final changes which were the result of the public hearing.

Most of the proposals were discussed and adopted without significant change. The definition of "downtown" was left intact but language was added to specify that projects that support a downtown core by virtue of close proximity would meet this criterion. The definition of "compact village and urban centers" was formed based on the elements from the Vermont Forum on Sprawl as listed in the memo. The definition of "family housing" was changed to exclude the requirement that at least a third of all units be three bedroom or larger.

The subject of Committee approval of projects vs. Board approval will be discussed separately at the Board meeting this month.

Recommendation: That the VHFA Board of Commissioners approve the proposed changes to the 2000 Allocation Plan.

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Vermont Housing Finance Agency

MEMORANDUM

To: Interested Parties

From: Joe Erdelyi, Senior Development Officer
Cindy Reid, Multifamily Development Underwriter

Date: November 30, 1999

Re: Year 2000 Allocation Plan Proposed Changes

The following changes are being proposed to the 2000 Housing Credit Allocation Plan. Please come to the meeting prepared to discuss these changes and any others you would like to see.

The public hearing will take place at the offices of the Department of Housing and Community Affairs, National Life Office Building (North Lobby, 6th Floor) National Life Drive, Montpelier, at 2:30 p.m. on December 6, 1999. Call Laurel at 828-5221 for additional directions if needed.

<u>Historic Settlement Patterns & Downtown Blight (Allocation Plan p.8, 2(I)(c) and (d))</u>

We would like to be able to use a specific definition of compact village and urban center. The Vermont Forum on Sprawl does not specifically define this term but lists the following as characteristics of compact urban, town, and village centers: higher density than surrounding areas; mixed uses; developments with pedestrian, bike, transit, and auto access; public facilities, services, and spaces; diversity in the types and scale of housing, businesses, and industries; center for community activity; open space, including productive farm and forestland, surrounding the town center; and, exemplifying a unique cultural heritage. We are seeking any suggestions to this definition.

"Blight" is very specifically defined as the majority of the building uninhabitable or unusable due to neglect, condemnation, or damage from fire or other natural disaster. In some situations, if less that 50% of the building was uninhabitable the structure might still be considered blighted, and so the definition ought to be less restrictive. Often, once a few units in a multi-unit structure have been declared uninhabitable the rest follow shortly. We propose changing the phrase "the majority of" to "a significant portion of" and leaving the interpretation of blight up to staff.

The Plan contains a very specific definition of "downtown" that comes from the Downtown Bill. Last year the Committee believed that this definition of downtown was perhaps too restrictive.

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In looking for an alternative, we contacted the Vermont Forum on Sprawl, who also use the same downtown definition. We are open to suggestions on this definition.

We also propose changing the top tier of the first evaluation criteria so that what is currently one priority would be broken into two. Priority (d) reads " Project is a blighted structure in a downtown, as defined in the Consolidated Plan and Downtown Bill H.278." We propose that the removal of blight be a category of its own, and that projects located in a downtown be in a category of its own. (The "...maintains ...compact village and urban centers separated by rural countryside" criteria already stands on its own.)

Special Needs Definition (Allocation Plan p.8, 2(I)(e))

In the Plan, the special needs definition ought to be consistent with VT Department of Aging and Disabilities definition. Staff continue to have discussions with VT D.A.D. and are still working with them to develop this definition:

"A project which meet the special needs criteria is either: 1) a licensed residential care or assisted living facility; or 2) an independent living facility with a licensed care provider which guarantees that services will be provided to all residents who need them on a full-time basis, including: daily meals, assistance with housekeeping and laundry, daily routine personal care and daily supervision. A service plan must be submitted by the developer for the Agency's review as part of the application process in order to ensure that services being provided are guaranteed and meet the needs of residents who potentially require assistance with activities of daily living."

Definition of Family Housing (Allocation Plan p.8, 2(I)(b))

Staff are proposing to add a definition of family housing. The proposed definition is: "Family Housing is defined as housing designed for families with children. A majority of the units must be two bedroom or larger, and at least a third of the units must be three bedroom or larger. Developments containing exclusively units that are one bedroom and two bedroom will not meet this top tier priority."

Policy on Purchase Price for Applicants of the 9% Housing Credit

Under certain situations if the purchase price exceeds the outstanding balance of debt on the property plus documented capital improvements and expenses approved by VHFA staff, the project will be ineligible for Housing Credits. Those situations are: 1) when an owner forms a partnership or corporation to purchase a property it currently owns; or, 2) when a nonprofit, governmental entity, or quasi-governmental entity sells a property it owns to another party that is applying for credits; and 3) when any owner who used state or federal subsidies or subsidized financing to acquire, build, or rehabilitate the property originally is the seller of a property that is applying for credits. An exception to this third instance is specifically carved out for applications that would preserve existing "deep subsidy" affordable housing, such as Section 8 New Construction / Substantial Rehabilitation projects. In some instances these projects are located in competitive markets, or provide current owners other incentives to opt out of the assisted/affordable housing stock at the end of the rent assistance contract. Staff would like the flexibility in those instances to allow use of the 9% credits to preserve the housing. Acquisition cost in these cases would be determined by appraised value.

Efficient Use of the Credits (Allocation Plan p.3, "Application Process")

Staff are proposing a pre-application process for the purpose of identifying potential issues with applications and making sure that the program is being used efficiently. Applicants would submit a letter of intent to apply for credits and attach to it a list of proposed sources of funding. Applications for the Housing Credit would be limited to the list of projects for which this letter of intent was submitted. Staff would then take the project list and look for potential unused sources of funding that might make the credit requests smaller (for example, the use of tax exempt financing and the "automatic" 4% Housing Credit). We would also look for issues related to the acquisition cost, and contact the developer to convey any issues that have been initially identified. This will also present the opportunity to see the number of applications and amount of credit requested; some applicants may, in light of this knowledge, choose to pursue other funding or defer action on the project to a less competitive time. One reason this is being proposed is to make the process run more smoothly and to save time on issues by identifying them early. Staff will endeavor to minimize any delay in the allocation round that this might cause.

Use of 9% Credit on Senior Housing Projects

Without an increased ceiling next year, there was some discussion of limiting the use of the 9% credit to family and special needs housing projects, given the much greater demand for family units in the Consolidated Plan. It is possible that the specific family definition might, because of the top tier priority to family housing, effectively preclude senior housing projects form receiving credits in a very competitive year, but it would depend on many other factors in each application as well. Comments from the Committee and interested parties are being sought.

Committee vs VHFA Board Approval of Projects (Memorandum of Understanding dated 4/87 and 6/90, Executive Order 42-87)

At its recent strategic planning retreat the VHFA Board and staff contemplated a change to the current system of allocating credits. The Board felt that it would be preferable for the staff to recommend projects to either the Board or the Committee, who would then make the final decision. Currently staff present recommendations to the Committee and then staff and the Committee present their recommendations to the Board. The Allocation Plan refers to the current process, but it is not the governing document that defines the roles of the Committee and the VHFA Board. If all other proposed changes to the Plan are finalized, staff will proceed with publishing the Plan and initiating the first round of application (or pre-applications) while this issue is still being resolved, in the interest of time.

This change will ultimately be made by the Agency of Commerce and Community Development with input from VHFA Board and the Committee, but comments from developers and other interested parties is being sought at this public hearing.

2000 ALLOCATION PLAN

FEDERAL HOUSING CREDIT PROGRAM

STATE OF VERMONT

Draft January 1, 2000

Joint Committee on Tax Credits

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FEDERAL HOUSING CREDIT PROGRAM

INTRODUCTION

The purpose of this Allocation Plan is to set forth the process and criteria under which specific housing developments will be selected to receive federal tax credits that have been returned from allocations made in 1998 or 1999 or that otherwise may become available in 2000. In accordance with the requirements of the Omnibus Budget Reconciliation Act of 1989, this Allocation Plan describes the application and allocation decision-making process. Priorities are set by the requirements of the law and by the rental housing needs of Vermont, as determined by the Agency of Commerce and Community Development (ACCD) and the Joint Committee on Tax Credits (Joint Committee).

ACCD was designated as the State Housing Credit Agency by then Governor Kunin in March 1987. ACCD has sole responsibility and authority for the Housing Credit Program's policies including the development of the State's Allocation Plan, which is approved and signed by the Governor. In furtherance of this responsibility, ACCD has promulgated rules entitled "Federal Tax Credits for Low Income Housing; State Allocation System, Joint Committee on Tax Credits."[1]

ACCD works in partnership with Vermont Housing Finance Agency (VHFA or the Agency) and the Joint Committee to administer this program. VHFA is under contract with ACCD to allocate credits to specific projects in accordance with this Allocation Plan.[2] Under the rules cited above, the advisory Joint Committee on Tax Credits was established to review and adopt allocation policies and review VHFA's performance.

The Joint Committee is comprised of the Commissioner of Housing and Community Affairs or his or her designee, the Executive Director of VHFA or his or her designee, the Executive Director of the State Housing Authority or his or her designee, the Director of Planning, Office of Policy Research and Coordination, and one additional member representing housing interests appointed by the Secretary of ACCD.

[1] The original rules were adopted in May 1987 and substantially amended in June 1990.

[2] A Memorandum of Understanding between ACCD and VHFA was signed on April 17, 1987.

BACKGROUND

The Housing Credit program was established by Congress as part of the Tax Reform Act of 1986. It offers a ten-year federal income tax credit to owners of rental housing who make certain percentages of their rental housing available for occupancy by low-income residents for at least 15 years. This incentive for the development, acquisition and rehabilitation of low-income housing allows owners, developers, and/or investors to reduce their federal tax liability in exchange for the provision of eligible low-income rental housing.

SUMMARY OF ALLOCATION PLAN REQUIREMENTS

The 1989 and 1990 laws made numerous changes to the HC program, including the requirement to create a "qualified allocation plan." The State's Allocation Plan must set forth selection criteria that include:

1. Project location
2. Housing needs characteristics
3. Project characteristics
4. Sponsor characteristics
5. Participation of local tax-exempt organizations
6. Tenant populations with special housing needs, and
7. Public housing waiting lists.

In addition, the states must give preference among selected projects to those serving the lowest income tenants and to those serving qualified tenants (those persons at or below the maximum income limits set by law) for the longest period.

States may include such other criteria as they deem appropriate and there are no requirements as to the relative weight of the various factors. As part of the review for each selected project, the chief executive officer of the particular local jurisdiction within which the project is located is to be provided "a reasonable opportunity" to comment on the proposed allocation.

Additional HC responsibilities mandated by Congress include:

1. Assurance that the amount of tax credits allocated does not exceed the amount "necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period."

2. Evaluation of all projects for consistency with the Allocation Plan and for credit need, including situations when the project is financed using tax exempt bonds.

3. Agreement to "an extended low-income housing commitment" for every project. This agreement must be recorded as a restrictive covenant binding all successor owners and must allow low-income individuals the right to enforce the

commitment in state court (see Section Eight, "Compliance"). The commitment must require continued low-income occupancy for all tax credit units for at least an additional 15 years beyond the initial 15 year compliance period. However, the law provides owners can be released from this latter 15 year "extended use" period if they first offer the property for sale after the 14th year, to or through the Housing Credit Agency (i.e., ACCD or its assignee) at a price using a formula set forth in the law. In addition, nonprofit organizations, government agencies, and tenant groups can arrange in advance, through a right of first refusal, to purchase the project at the end of the initial 15 year compliance period, also at a pre-determined price.

4. Monitoring of compliance with the provisions of Section 42 and notifying the Internal Revenue Service of any non-compliance of which the Agency becomes aware.

APPLICATION PROCESS

Parties interested in applying for Housing Credits must first submit a Letter of Intent to apply to VHFA. The form of this letter and the timing for its submission will be published by VHFA to initiate the reservation round. This will be a brief, one-page letter identifying the project by name, location, proposed occupancy, and the proposed sources of funding. Applicants will attach to it evidence of site control. The purpose of this "pre-application" phase will be for VHFA to identify the amount of credits being sought and to identify any apparent issues early on in the process. Applications will be taken only from parties who have submitted this Letter of Intent. Depending on the number of Letters of Intent submitted, VHFA will conclude its review as quickly as possible and notify the applicants of the timing of the full application round.

~~Application forms can be obtained from VHFA and submitted at any time. Unless a different application schedule is published, applications will be considered if received at least forty-five days prior to a Joint Committee meeting. All completed and still active applications received at least forty-five days prior to a Joint Committee meeting, plus any completed applications deferred by VHFA from a previous cycle, will be considered for the cumulative amount of tax credits to be allocated or reserved by that time period. Applicants are encouraged to submit their HC applications as early in the calendar year as possible.~~

There is an overall per project limit of 30% of the annual "per capita" tax credits. The Joint Committee on Tax Credits can waive this limit for projects of "statewide significance". A project of statewide significance is defined as: one which, if it does not go forward: 1) will result in a loss of considerable federal funding for Vermonters; or 2) will result in the displacement of a large number of low income households; or 3) will result in the continued presence of significant health hazards (e.g. extraordinary environmental cleanup is a component of the project and the cost of that cleanup is high).

The allocations may be made in two rounds, with two-thirds of the state's ceiling available for the first round. However, if there are compelling proposals that meet the application requirements and the evaluation criteria, staff may reserve more than two-thirds of the credits in the first round. By law, a minimum of 10% of Vermont's annual credit ceiling must be reserved for developments sponsored by nonprofit organizations that own an interest in the project (directly or through a partnership) and materially participate in the development and operation of the project throughout the compliance period.

The State's Consolidated Plan demonstrates a much greater unmet demand for affordable housing for families than for seniors in Vermont. For calendar year 2000, Housing Credit applications for developments that are intended for exclusive occupancy by seniors will not be considered unless no other eligible applications for family housing are made.

2000 ALLOCATION PLAN

1. APPLICATION REQUIREMENTS

VHFA is required by the law to assure that each project that receives a tax credit allocation substantiates its viability and need for tax credits. An applicant must meet the following basic qualifications:

I. Submission of a complete VHFA Housing Credit Application form, including all required attachments and payment of required fees.

The developer of a scattered site development (in which not all of the units are tax credit restricted) can submit either a separate application for each building or group of buildings on contiguous sites or one application for the entire scattered site project. If just one application is submitted, in the event any one building in the project drops out, the entire reservation/allocation will be returned. For scattered site proposals under common ownership, management, and financing, there will be only one application fee charged for the entire development regardless of whether one application or multiple applications are used.

Any significant change in a proposal, once it has been ranked and awarded credits, will jeopardize the reservation/allocation and staff, in consultation with the Committee, can, at that point, require the credits to be returned. A significant change will mean any reduction in the number of bedrooms per unit or square footage of units, decrease in number of total units, increase in rents (other than because of the annual increase in the published tax credit rents), increase in overall density, or any change that, had it been in the original proposal, might have resulted in the project receiving a different ranking.

II. Proposal must meet the basic occupancy and rent restrictions.

The Application form has tables with the minimum rent and tenant income restrictions. According to the tax code, at least 20% of the units must be restricted to tenants at or below 50% of Area Median Gross Income (AMGI) or 40% of the units must be restricted to tenants at 60% of AMGI. The restrictions are enforced with the Housing Subsidy Covenant (see Section 8. "Compliance").

III. Applicant has established the need and demand (i.e. market feasibility) for the type and cost of housing that is being proposed.

The proposed development must address a housing need as identified in an independent market study when 20 or more new units are being created unless: 1) the developer can demonstrate that at least 50% of the units have prospective tenants who have expressed an interest in the units and are preliminarily income eligible; or 2) the Allocating Agency does not have concerns regarding the negative impact of the proposed development on the existing housing stock in the community. In cases where an independent market study is not required, the applicant may be required to submit market data to document the need for the proposed housing. The Allocating Agency will consider the State of Vermont Housing Needs Assessment and the quantity of publicly supported housing already present in the area when evaluating the need for the proposed development. The allocating agency will also consider the negative impact that the proposed development will have on the existing stock of rental housing in the area, whether subsidized or unsubsidized, and may, at its sole discretion, reject an application that might have a negative impact on the existing housing stock. For example, if a development for newly constructed housing is proposed in a community with relatively high vacancy rates in rental units, has an older housing stock of rental units (in need of rehabilitation), or both, the allocating agency may, at its sole discretion, determine that constructing new housing may have a negative impact on the existing housing stock (i.e. vacancy rates may rise, physical conditions may deteriorate further) and, therefore, may not reserve credits for the proposed development on this basis.

IV. Reservations will be based upon the experience and capacity of the project team.

The developer must demonstrate the capacity to undertake the development as proposed, either through its own experience and capacity or through the use of experienced consultants. In the event the developer is proposing multiple projects in any given year, the organization must have the capacity to oversee all of the developments proposed.

V. Developer's Fee / Consultant Fee in the budget does not exceed the program limits.

Developer's Fee: The amount of the fee shall be agreed upon by the developer and the allocating agency <u>prior</u> to the issuance of the initial tax credit Reservation

Certificate. Once this fee has been agreed upon, the allocating agency will not recognize any increases in the fee, whether total development costs increase or decrease, in any Carryover Allocation or final allocation of credits, except as described below. In the event of a substantial change in the project, such as an increase or decrease in the total number of units in the project, the allocating agency may permit an increase or require a decrease in the fee.

The total developer's fee shall not exceed 15% of the total development cost (excluding the fee itself and cash accounts) when the total development cost is less than or equal to $1.5 million. For projects in which the total development cost exceeds $1.5 million, the total developer's fee shall not exceed 12% of the total development cost (excluding the fee itself and cash accounts), payable by full occupancy. If at least one-third of the fee (but not less than $100,000) is deferred, then the developer can take up to a 15% fee. The deferred portion of the fee must be paid over a period of not less than five years. The term of repayment of the deferred fee will be based upon the financial strength of the development. Interest on the deferred development fee will not exceed the long term Applicable Federal Rate (AFR) as published monthly by the IRS, in the month the deferred fee note is executed.

When any developer-related party is doing any work at all on the development (except for the construction, which has separate limits), then that work will be considered part of the overall 12% or 15% limit.

For developments in which the acquisition comprises a substantial portion of the total development cost, a much lower fee would be expected to be taken than the limits allow, as acquiring a property should involve less risk and take less time of a developer than either new construction or substantial rehabilitation. Proposals of this nature are infrequent and, at this time, the fees will continue to be negotiated.

VHFA may consider exceptions to the 15% developer's fee limit on a case-by-case basis for extraordinary circumstances.

Consultant Fees: The Developer's Fee limit also includes any consultant fees ("Consultant Fee(s)") associated with the project. "Consultant Fee(s)" are defined as any fee(s) paid by the developer to a third party for services that a developer generally would be expected to perform, such as preparing applications for financing, obtaining local permits and approvals, and overseeing project functions.

Consultant Fees do not include the fees paid to independent third party professionals for specific development-related services, such as architectural, engineering, appraisal, construction supervision, and environmental testing or assessment.

VHFA shall make the final determination of which fees in a specific project shall be considered Consultant Fees.

VI. Builder's Profit / Overhead / General Requirements in the budget comply with Allocation Plan limits.

The following limits shall apply when there is an identity of interest between the developer and the contractor: builder's profit - 6%; builder's overhead - 2%; general requirements - 6%. These limits will also apply for projects where the builder is selected by the developer without competitive bidding. These limits will not apply to projects that are competitively bid, whether through open public bidding or selective bidding; the bid process will determine the amount of builder's profit, builder's overhead, and general requirements. The developer must make best efforts to obtain at least three competitive bids; documentation of the bid process must be provided. For Rural Development (RD) 515 projects, the limits will be the amounts approved for each project under the RD cost containment guidelines.

VII. Applicant must agree to provide either a Right of First Refusal to purchase the property to a nonprofit at the end of the 15 year compliance period or an extended Housing Subsidy Covenant.

The Right of First Refusal price must be the higher of: 1) the same terms and considerations contained in an offer of a third party; 2) the minimum purchase price as described in Section 42(i)(7)(B) of the Internal Revenue Code; or 3) the target return provided in the Borrower's Operating Agreement or other document provided to the allocating agency in a satisfactory form. The Right of First Refusal must allow the holder of the Right to make the offer on the property that triggers the Right of First Refusal.

In mixed-income projects (defined as developments in which more than the minimum 20% or 40% of the units are tax credit restricted), where a Right of First Refusal cannot be reasonably provided at the determination of the Allocation Agency, a perpetual Housing Subsidy Covenant will be required. In projects meeting only the minimum set-aside, a 30 year Housing Subsidy Covenant will be required. Both types of Covenants will require that the income and rent restrictions imposed by the Housing Credit Program will remain in effect for the entire term of the Covenant.

VIII. Evidence of at least one public hearing or meeting if required for local approval of the proposed development.

The development must meet this “readiness to proceed” threshold in order to ensure that the proposal is likely to move forward through the approval process and receive a Carryover Allocation by year end (see also Section 4. “Carryover and VHFA Revision or Revocation of Reservation Certificates”).

Detailed project financial documentation must be submitted at various stages of the housing credit approval process, in support of VHFA's responsibilities under the law. Certifications regarding projected or actual costs and sources of funds are required at the time the Carry-over Allocation is approved and at the time the final housing credit allocation (IRS Form 8609) is requested.

The method the allocating agency will use to demonstrate the internal rate of return that the tax credit as an investment will generate involves discounting all equity "pay-ins" to the same date - the construction closing. The discount rate will be the "long term" Applicable Federal Rate (AFR) as published monthly by the IRS (annual compounding rate). The tax benefits will be "future valued" to the end of the 15 year compliance period using the same long term AFR. The internal rate of return will then be calculated by discounting the "future valued" benefits back to the date of the discounted equity contributions. This method is described in A Developer's Guide to the Low Income Housing Tax Credits, 3rd Edition, by Herb Stevens and Tom Tracy, Chapter 5, Section 5.03(B)(3), p. 124. To equalize comparison of developments with and without Historic Rehabilitation Tax Credits, the benefits stream will be reduced by the amount of the historic credit in the first year and the first equity contribution(s) will be reduced by .85 times the historic credit amount (an approximation of the equity raised from syndication of the historic credit).

Under certain situations, if the purchase price exceeds the outstanding balance of debt on the property plus documented capital improvements and appropriate closing costs approved by VHFA staff, the project will be ineligible for Housing Credits. Those situations are: 1) when an owner forms a partnership or corporation to purchase a property it currently owns; or 2) when a nonprofit, governmental entity, or quasi-governmental entity sells a property it owns to another party that is applying for credits; or 3) when any owner who used state or federal subsidies or subsidized financing to acquire, build, or rehabilitate the property originally is the seller of a property that is applying for credits. An exception to this third instance is specifically made for applications that would preserve existing "deep subsidy" affordable housing, such as Section 8 New Construction / Substantial Rehabilitation projects. In some instances, these projects are located in competitive markets or provide current owners with other incentives to opt out of the assisted/affordable housing stock at the end of the rent assistance contract. Acquisition cost in these cases would be determined by appraised value.

2. EVALUATION CRITERIA (in order of priority from I through IV)

I. State Consolidated Plan Priorities / Other Priorities (**Note: Within tiers, the factors are <u>not</u> in order of priority. However, the top tier factors have twice the weight of lower tier factors):**

Top Tier Priorities:

a. Project provides rehabilitation, including lead-based paint abatement, accessibility modifications, and energy efficiency upgrades; or infill new construction in housing markets with a vacancy rate of 2% or less; or in housing markets where there is insufficient rehabilitatable housing stock or a lack of affordable housing stock.

b. Project provides family housing, unless local or regional need for another type of housing is proven to be greater. *Family housing is defined as: the majority of the units in the development are two-bedroom or larger.*

c. Project is planned to maintain the historic settlement pattern of compact village and urban centers separated by rural countryside. *Characteristics of compact urban, town, and village centers include: higher density than surrounding areas; mixed uses; developments with pedestrian, bike, transit, and auto access; public facilities, services, and spaces; diversity in the types and scale of housing, businesses, and industries; center for community activity; open space, including productive farm and forestland, surrounding the town center; and exemplifying a unique cultural heritage.*

d. Project is a ~~blighted~~ structure in a downtown, as defined in the Consolidated Plan and Downtown Bill, H.278:

> "Downtown" means the traditional central business district of the community that has served as the center for socioeconomic interaction in the community characterized by a cohesive core of commercial and mixed use buildings, often interspersed with civic, religious, and residential buildings and public spaces, arranged along a main street and intersecting side streets and served by public infrastructure. *Projects that support downtowns by virtue of their location (i.e. that are within a reasonable walking distance from the downtown core) will also qualify for this criterion.* **A map outlining the downtown and the location of the project must be included with the application.**

e. Project proposes the removal of blight. "Blight" means a condition that exists when ~~the majority~~ *a significant portion* of a building is uninhabitable or unusable due to neglect, condemnation, or damage from fire or other natural disaster.

f. Any project that incorporates *a majority of* special needs populations (as defined in the State's Consolidated Plan and Allocation Plan) and provides service-enriched housing. Special needs populations include: persons needing single room occupancy housing (SROs), mentally disadvantaged, and physically challenged individuals. The project also provides for resident involvement in project or sponsor management. (Elderly housing with optional services does not in and of itself constitute special needs housing.) ~~Any project that can demonstrate that a majority of the units will be occupied by tenants who are at risk of institutionalization, as determined through a state screening process or need assistance with activities of daily living as determined by a qualified health care professional such as a doctor or nurse (i.e., tenants who cannot live independently without supportive services), will qualify as special needs housing~~. *For purposes of this section, special needs housing for seniors is defined as projects that will* *serve persons who are low- income and frail and either: 1) seek residential care home licensure or sponsor a Group Directed Attendant Care community (serving persons eligible for the Attendant Services Program who need four or more hours of help with activities of daily living per day) or seek assisted living licensure when this license class becomes available; or 2) provide directly at least a daily meal, service coordination and a 24-hour emergency call system and offer, through a partnership with a home health agency, affordable personal care packages. All care packages must include registered nurse overview of all services (including nurse delegation), an initial resident assessment, and a reassessment at least annually and with a significant change in condition. The partnership must have the capacity to provide staff assistance, if needed, with activities of daily living at least as frequently as a daily visit. While care and meal packages shall be available, purchase of packages shall not be required for entry into the housing projects and tenants shall have the option of purchasing any needed services from another provider.*

Second Tier Priorities:

a. Mixed income developments;
b. Project that is located in growth centers designated in regional plans or in local plans that have been approved by a regional planning commission;
c. Housing affordable to households earning less than or equal to 30% the area median gross income (AMGI);
d. Project that serves families currently on public housing (State or local) waiting lists.

II. Preference must be given among selected projects to proposals serving:

a. The lowest income tenants, and
b. Qualified tenants for the longest period.

III. Preference must be given for the acquisition and rehabilitation of existing federally subsidized projects, where the preservation of a project's existing affordability is at risk. The definition of a "Federally Subsidized and At Risk" proposal is: Any development currently occupied by low-income households that faces, within the next five years: 1) a loss of deep rental assistance or other operating subsidy; and 2) faces prepayment of its mortgage or other action by its owner that would terminate federal low income use restrictions. In addition, any project(s) that is slated to receive federal funding specifically for the preservation of the units as affordable housing. Examples include but are not limited to RD 515, Section 8, Section 23, Section 236, and Section 221(d)3.

IV. Project can demonstrate "readiness to proceed" with either site plan, preliminary plat, or conditional use approval in hand and can proceed to all final approvals and begin construction within one year of application date. Projects will be evaluated on both permitting readiness and funding readiness.

V. Geographic targeting: Project is in a market area that has been underserved historically in having its affordable housing needs met. "Market area" is defined as a city or town and all of the surrounding towns. The stock of affordable, assisted housing in the market area will be considered to see if housing of the type proposed is already present in the market area.

In addition to these five evaluation criteria, the application requirements will also be factors in project evaluation. For example, projects that seem to meet the evaluation criteria equally might have the relative need and demand for the proposed housing evaluated to determine which project serves a greater need.

3. COST GUIDELINES

VHFA encourages development at the lowest reasonable cost and will review development costs for reasonableness. Generally, per unit costs in excess of the following guidelines will be considered excessive:

Unit Cost Limits	
0 Bedroom	$84,390
1 Bedroom	$90,140
2 Bedroom	$95,890
3 Bedroom	$101,637
4 or more Bedroom	$107,390

Certain costs will be excluded in applying these cost limits. Such exclusions will include: 1) costs of tenant relocation; and 2) capitalization of cash accounts that will remain an asset of the project, such as deficit escrow and operating subsidy accounts.

Project-specific exceptions may be made on a case-by-case basis for projects that do not meet these per unit cost guidelines as a result of extraordinary situations, e.g. community spaces and extraordinary environmental site-cleanup costs. When projects exceeding these per unit limits do receive credits, the allocation will be based upon the limits rather than the actual project cost.

4. CARRYOVER AND VHFA REVISION OR REVOCATION OF RESERVATION CERTIFICATES

VHFA is authorized to issue Carryover Allocations to certain projects that will not be placed in service by the end of year in which a reservation is issued, so long as a minimum of 10% of the reasonably expected basis (depreciable basis plus land) has been expended by the end of that year. The owner must certify, in a form acceptable to VHFA, that 10% of costs were incurred prior to the issuance of Carryover Allocation. This certification must include back-up documentation of costs.

If a development that has received a reservation appears to be going forward but is encountering severe environmental obstacles or local opposition, *at its sole discretion,* VHFA could issue a binding commitment of credits from the following year's credit ceiling instead of a Carryover Allocation. A binding commitment of the following year's credits will be issued only for this type of development if: 1) substantial environmental problems exist that will take a long time to resolve; or 2) the development has otherwise received approvals but its approval has been locally appealed. An overall limit of 20% of the following year's credit ceiling could be reserved using an advance binding commitment (unless a higher amount is approved by the Joint Committee). In the event that multiple developments are seeking an advance binding commitment of credits, priority will go to developments facing environmental site clean-up delays.

VHFA reserves the right, as permitted by Section 42 of the Internal Revenue Code, to issue less than the maximum credit allocation otherwise supportable by the project's eligible basis. An allocation of credits to a project in an amount less than requested may be permitted, with conditions that the gap created by financing be filled by another source by a specified date. This reduction will be used only on a very limited basis, with the agreement of the applicant and not be applied across the board to every applicant on a pro rata basis. **In all cases,** any funding gap must be filled in time to meet the absolute year-end Carryover Allocation deadline or such earlier Carryover Allocation deadline as staff imposes in the Reservation Certificate.

With regard to Reservation Certificates, VHFA shall retain authority to revise or retract the Certificate at any time if it is judged infeasible for the developer to meet any of the conditions set forth in the Certificate or if financial information provided by the applicant indicates, in the opinion of VHFA, that a lesser or greater amount of tax credit allocation is needed for project feasibility.

5. FINAL TAX CREDIT ALLOCATION COST CERTIFICATION

VHFA requires final cost certifications for all projects prior to issuance of IRS form 8609 based on the following guidelines:

I. For projects of fewer than 25 units, final cost certifications prepared by the owner (which include back-up documentation of costs) will be accepted.

II. For projects of 25 units or more, the final cost certification must be prepared by an independent CPA. If the CPA certification is not possible prior to the end of the calendar year in which the last building is placed in service, VHFA will issue the IRS form 8609 on the basis of an owner's final cost certification and supporting documentation, but requires the CPA cost certification to be submitted as soon thereafter as possible.

CPA prepared cost certifications are recommended for all projects.

6. RETURN OF PREVIOUSLY ALLOCATED TAX CREDITS

VHFA may re-issue housing credits allocated to projects that have not utilized the housing credit. Returned housing credits will be re-used in accordance with this Allocation Plan.

In the event that the following four conditions are met, the Issuing Authority may accept a return of Housing Credits from a Project and re-allocate an amount of Credits less than or equal to the amount of returned Credits to the same Project without the necessity of holding a competitive round for the Credits:

I. The Project's viability is threatened by extraordinary circumstances (which generally will not include delays in securing state or local approvals) that become apparent so late in a year that it is not feasible to hold a competitive round;
II. With the return and re-allocation, the Project can be placed in service within the maximum time limits allowed by the Internal Revenue Code under the original allocation;
III. The amount of Housing Credits available to the State is not reduced; and
IV. The VHFA Board of Commissioners approves the return and re-allocation.

7. CONTINUANCE OF OWNERSHIP ENTITY

The applicant for Housing Credits must be the entity that will own the development. Historically, in most cases, this has been a limited partnership. The limited partnership need not be legally created when the application is filed, but the identity of all general partners must be disclosed in the application and the application must be submitted by at least one legally existing general partner on behalf of the partnership. VHFA reserves the right throughout the allocation process, up to the issuance of the IRS Form(s) 8609, to approve any changes in the identity of the general partners of the Partnership or such changes to the partnership agreement as VHFA, at its sole discretion, considers material.

8. COMPLIANCE

The Budget Reconciliation Act of 1990 adopted by Congress amended Section 42 of the IRS Code to require that state tax credit agencies provide a procedure for monitoring developments for compliance with the requirements of the law and for notifying the IRS of any non-compliance discovered.

In order to implement this responsibility, all HC recipients will be required to execute and record a HC Housing Subsidy Covenant (the Covenant). The Covenant must be approved by VHFA. The Covenant must be signed by the Owner and returned to VHFA for recording prior to VHFA issuing a Carryover Allocation or IRS Form 8609. The Covenant will, at a minimum, require conditions wherein the developer and the development must continuously comply with Section 42 and other applicable sections of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations issued thereunder and will bind any successors' interest for the specified time period. In the event that a project's funding source requires its own Housing Subsidy Covenant, the provisions of the HC Housing Subsidy Covenant may be incorporated into such Covenant and the requirement of a separate HC Housing Subsidy Covenant may be waived by VHFA. In addition, owners are required to provide VHFA with a copy of the IRS Form 8609, with Part II completed by the Owner, for the first year of the credit period.

I. VHFA is required to monitor compliance with the provisions of Section 42 and to notify the Internal Revenue Service of non-compliance and will charge fees to cover costs related to this monitoring.

II. Record Keeping and Record Retention

The owner of a housing credit eligible development must keep records for each qualified tax credit eligible building in the project showing:

a. The total number of residential rental units in the building;

b. The percentage of residential rental units in the building that are housing credit eligible units;

c. The rent charged on each residential rental unit in the building;

d. The housing credit eligible unit vacancies in the building and the occupancy of the next available units;

e. The income certification of each housing credit eligible tenant;

f. Documentation to support each housing credit eligible tenant's income certification (for example, a copy of the tenant's federal income tax return, W-2 Forms, or verifications of income from third parties such as employers or state agencies paying unemployment compensation; owners should retain the right in their leases to obtain this documentation at any time, even after tenants have moved into the unit); and

g. The character and use of the nonresidential portion of the building included in the building's eligible basis under Section 42(d) (*e.g.* tenant facilities that are available on a comparable basis to all tenants and for which no separate fee is charged for use of the facilities or facilities reasonably required by the project).

The owner of a housing credit eligible development must retain the records specified in this Section II. for each building in the project for a period of at least 6 years beyond the end of the compliance period for each building.

III. Certification and Review Procedures

The Agency will utilize a certification procedure and the second review option as set forth by the IRS under their final monitoring regulations.

a. Certification Procedure

Under the certification procedures, the owner of a housing credit eligible development is required to certify to the Agency, under penalty of perjury, at least annually, that:

i. The project meets the requirements of the 20-50 test under Section 42(g)(1)(A) or the 40-60 test under Section 42(g)(1)(B), according to the election made by the sponsor at the time of the allocation;

ii. The owner has received an annual income certification from each housing credit eligible tenant and documentation to support that certification or, in the case of a tenant receiving Section 8 housing assistance payments, a statement from the appropriate public housing authority declaring that the tenant's income does not exceed the applicable income limit under section 42(g);

iii. Each housing credit eligible unit in the project is rent-restricted under Section 42(g)(2);

iv. All units in the project are for use by the general public and are used on a non-transient basis;

v. Each building in the project is suitable for occupancy, taking into account local health, safety, and building codes;

vi. There has been no change in the eligible basis (as defined in Section 42(d)) of any building in the project or, when there has been a change, a description regarding the nature of the change;

vii. All tenant facilities included in the eligible basis under Section 42(d) of any building in the project (such as swimming pools, other recreational facilities, and parking areas) are provided on a comparable basis without charge to all tenants in the building;

viii. If a housing credit eligible unit in the project became vacant during the year, reasonable attempts were or are being made to rent that unit or another available unit of comparable or smaller size to tenants having a qualifying income before any units in the project were or will be rented to tenants not having a qualifying income.

ix. If the income of tenants of a housing credit eligible unit in the project increases above the limit allowed in Section 42(g)(2)(D)(ii), the next available unit of comparable or smaller size in the project will be rented to tenants having a qualifying income.

x. There has been no change in the applicable fraction of any building in the project or, when there has been a change, a description of the change; and

xi. An extended Low Income Housing Tax Credit commitment was in effect (for buildings subject to Section 7108(c)(1) of the Revenue Reconciliation Act of 1989).

b. Review Procedure

Under the review procedure, the Agency will inspect at least twenty percent (20%) of tax credit eligible developments each year and review on-site the tax credit eligible tenant income certifications for that year and the documentation the owner has received to support those certifications, as well as the rent record for each low income tenant in at least 20% of the tax credit eligible units in these projects.

c. Exception for Certain Buildings

The review procedure outlined above may not apply to the following types of housing credit eligible buildings, which are subject to other monitoring programs:

i. Buildings financed by the Rural Development (RD) under its section 515 program; and

ii. Buildings in which 50 percent or more of the aggregate basis (taking into account the building and the land) is financed with the proceeds of obligations the interest on which is exempt from tax under section 103 of the Internal Revenue Code.

d. The certifications required under paragraph a. of this Section III. (Certifications and Review Procedures) must be made at least annually through the end of the 15-year compliance period under Section 42(i)(1) and be under penalty of perjury.

IV. Auditing Procedure

The Agency has the right to perform an audit of any housing credit eligible development at least through the end of the compliance period of the buildings in the project. An audit includes an inspection of any building or buildings in the project, as well as a review of the records described in Section II. The audit may be performed in addition to any inspection of income certifications and documentation under the review procedure.

V. Notification of Non-compliance

a. If the Agency does not receive the certification described in paragraph a. of Section III. or discovers upon audit, inspection, review, or in some other manner that the project is not in compliance with the provisions of Section 42, the Agency will provide prompt written notice to the owner of the project.

b. The Agency will file Form 8823, Low-Income Housing Credit Agencies Report of Non-compliance, with the Internal Revenue Service no later than 45 days after the end of the correction period described in paragraph c. of this section, whether or not the non-compliance or failure to certify is corrected. The Agency must explain on Form 8823 the nature of the non-compliance or failure to certify and indicate whether the owner has corrected the non-compliance or failure to certify.

c. The correction period shall be a period of 90 days from the date of the notice to the owner under paragraph a. of this section and, during that period, the owner must supply any missing certifications and bring the project into compliance with the requirements of Section 42. For good cause shown, the Agency may extend the correction period for up to six months.

VI. Delegation of Authority

The Agency may retain an agent or other private contractor to perform compliance monitoring. VHFA will retain the responsibility to notify the Internal Revenue Service under paragraph b. of Section V. (above).

VII. Liability

Compliance with the requirements of Section 42 is the responsibility of the owner of the building for which the credit is allocated. The Agency's obligation to monitor for compliance does not make the Agency liable for an owner's non-compliance.

9. DISCLAIMERS

VHFA is charged with issuing no more housing credits to any given development than are required to make that development economically feasible. This decision shall be made solely at the discretion of VHFA, but VHFA in no way represents or warrants to any sponsor, investor, lender or others that the project is in fact feasible or viable, either before or after the final allocation decision.

VHFA's review of documents submitted in connection with this allocation is for its own purposes. ACCD and VHFA make no representations to the owner or anyone else as to compliance with the Internal Revenue Code, Treasury regulations, or any other laws or regulations governing the HC program.

No member, officer, agent or employee of ACCD, VHFA, or the Joint Committee on Tax Credits shall be personally liable concerning any matters arising out of, or in relation to, the allocation, issuance, or compliance monitoring of the HC.

VHFA may enter into binding commitments to allocate credits from a future year's Housing Credit ceiling. In addition, VHFA is under no obligation to necessarily reserve or allocate any part of Vermont's Housing Credit ceiling.

The Joint Tax Credit Committee (JCTC) may, at its sole discretion, recommend to reserve or allocate credits to a project regardless of its rank or score, provided the JCTC finds that the project serves a positive community development need or the public good. The reasons for such findings will be forwarded to the VHFA Board of Commissioners.

The final decision regarding reservations and allocations of credits lies with the VHFA Board of Commissioners. The VHFA Board will consider recommendations of staff, the recommendations of the JCTC, and its own experience and interpretation of the Plan in making the final reservation or allocation decision.

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer

DATE: January 13, 1999

RE: Dalton Drive Neighborhood Association Loan Request

Dalton Drive Neighborhood Association (DDNA) is the homeowners association at Fort Ethan Allen, Dalton Drive, Colchester, a project VHFA developed in 1992 as 77 units of owner occupied housing. Currently VHFA has the first mortgages on 34 of the 77 homes, and in addition there are equity restrictions to enforce permanent affordability on 29 of the homes. DDNA has found itself spending a large portion of its annual capital improvements budget for the repair of deteriorated porches and for porch roof replacements. At the time of the development, VHFA made the decision to not replace the roofs because they still had some useful life remaining, and for reasons of trying to keep costs down and to achieve affordable low income targeting.

DDNA have requested a loan of $250,000 from VHFA for the repair of all remaining porches and roofs. DDNA also believes that they can reasonably spend about $10,000 to $15,000 per year out of their current capital improvements budget to service this debt, without raising the homeowners' assessments. Staff have looked at DDNA's annual budget and concur. Since DDNA does not own any real estate, any loan would be secured only by a pledge from DDNA of the homeowners' association dues. DDNA has tried to secure other financing for this work, but other lenders have required that each homeowner at the Fort provide a second mortgage as loan security.

If VHFA did not help out with these capital improvements, DDNA could either do them over time as leaks develop and conditions became more hazardous, or they could make an assessment of all the homeowners to pay for the repairs. This assessment could have the effect of making the housing costs rise to a level where the homeowners find it difficult or impossible to make their total housing payments. Making this loan would help VHFA in two ways: to protect the initial investment we make in the Fort, and to protect loans VHFA made to the 34 homeowners at the Fort from becoming less affordable.

Based on a recent conversation with bond counsel, VHFA can utilize 0% funds for a loan to DDNA for these improvements. However, since 0% funds are a scarce resource, staff wish to minimize their usage, especially in light of the fact that a proposed policy on the use of 0% funds is in the works. Staff propose a combination of two loans whose combined totals are not to exceed the lesser of $250,000 or the actual cost of porch and roof repair. One loan would carry an 8% interest rate and would be amortized over a 14 year period (to match the maturity of the refunding bonds that generate the 0% funds), and would be made from VHFA's general funds. The second loan would not be payable until after year 14, and would be repayable by no later than a 23 year maturity date. At these terms, DDNA could make annual payments of $15,000 per year to service both of these loans for a 23 year term. In this scenario the loans would be about evenly split (i.e., $125,000 general fund loan, $125,000 in 0% funds). As it may take a meeting of DDNA or its officers to approve the borrowing of these funds, staff recommend that the Board give the Executive Director the discretion to adjust these loan amounts and terms if needed. Staff will ensure that the officers of DDNA either currently have the authority to borrow funds and to obligate DDNA to repay this loan, or will get such authority from a meeting of the full association.

Recommendation: That the VHFA Board of Commissioners approve two loans to Dalton Drive Neighborhood Association with a combined total of not to exceed $250,000. The two sources are VHFA's General Fund and 0% funds, with the final amount from each source and the final terms to be determined by the Executive Director. The loan will be secured by a pledge of homeowners' association fees from DDNA to VHFA. The purpose of the loan is for repairs to common elements (porches and roofs), and the final combined loan amounts will not exceed the actual cost of repairs and any associated costs.

RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: DALTON DRIVE NEIGHBORHOOD ASSOCIATION

WHEREAS, a proposal has been presented to the Agency by Dalton Drive Neighborhood Association, ("DDNA"), a corporation based in Chittenden County, (the "Sponsor) concerning a loan for rehabilitation of portions of the Dalton Drive development located at Fort Ethan Allen in Essex and Colchester (the "Development"); and

WHEREAS, the proposal contemplates a combination of two loans in a maximum amount not to exceed $250,000; and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi dated January 13, 2000 containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

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

5. The Sponsor is a financially responsible organization and is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in providing financing for rehabilitation of up to $250,000 for the Dalton Drive Neighborhood in Colchester and Essex, Vermont. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish.

2. The Letter of Interest shall include conditions deemed appropriate by staff

3. The Executive Director is authorized, in her discretion, to issue a Commitment Letter for financing for rehabilitation of up to $250,000 evidenced by two loans. One loan would carry an 8% interest rate and would be amortized over a 14 year period (to match the maturity of the refunding bonds that generate the 0% funds), and would be made from VHFA's general funds. The second loan would not be payable until after year 14, and would be repayable by no later than a 23 year maturity date and would have an interest rate of 0%. The source of funds will be excess yield from tax exempt bonds (0% funds). The loans shall be secured by a pledge of homeowners' association funds.

4. The commitment of the Agency shall be subject to receipt, on or before the date of the applicable closing, as set out in the Commitment Letter, of commitment fees in an amount equal to (1.5%) of the maximum principal amount of the loans.

5. The Executive Director, the Chief of Program Operations and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate these loans.

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Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter CR

DATE: January 13, 2000

RE: Multifamily Construction Loan for Bus Barns, Burlington

Name:	Bus Barns	**Location:**	Burlington
Housing Type:	Family	**Unit Type:**	Flats
Total Units:	25	**Unit Sizes:**	13- 1 BR (681 avg s.f.) 12- 2 BR (925 avg s.f.)
Total Cost:	$3,416,184	**Per Unit Cost:**	$136,647
Loan Requested:	$1,011,641 construction loan	**Housing Credits:**	$66,035 (out of cap)
Other Funding:	VHCB, HOME, Burlington Housing Trust Fund, Neighborworks, Historic Credit, Housing Credit		
Sponsors:	Burlington Community Land Trust (BCLT), Housing Vermont (HVT)		

This is a redevelopment of an industrial brownfields site in Burlington's Old North End. A construction loan was approved in December for this project (for one 9-unit building) in the amount of $790,000. Since then, construction cost estimates came in higher than anticipated, and Neighborworks' funding commitment was lower than expected, leaving the Sponsor with a funding gap. Housing Vermont is now requesting tax exempt construction financing on an additional building in order to obtain the 4% out of cap Housing Credit on two buildings total (the third building is new construction and will utilize the 9% credit awarded in June of 1999). By doing so the Sponsor raises more equity and decreases the funding gap. Additional funding awards from the Burlington Housing Trust Fund and VHCB close the funding gap. The Joint Committee on Tax Credits agreed to waive the per unit cost limits on this project for housing credit qualifying purposes so that it could qualify for a higher amount of credit. The additional construction loan requested is $221,641, for a total loan of $1,011,641. In addition, VHFA is making the permanent loan of up to $250,000 (committed at the December Board meeting). Because VHFA's total commitment exceeds $1,000,000, budgets are attached for your information.

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

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT RE: CONSTRUCTION FINANCING FOR BUS BARNS, BURLINGTON

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

WHEREAS, a proposal has been presented to the Agency by the Bus Barns Housing Limited Partnership, whose general partners are H.V. 2000, Inc. and Burlington Community Land Trust, Inc. involving the acquisition of real estate and the rehabilitation of that real estate into 13 units of rental housing in the City of Burlington (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $1,100,000 aggregate principal amount (the "Bonds") to finance a loan to the Bus Barns Housing Limited Partnership (the "Borrower") to acquire a "Trolley Barn" building and to construct nine units of housing within it and to acquire a "Bay 4" building and to construct four units of housing within it, all within the Bus Barns development (the "Project") in Burlington, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $1,100,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 75 basis points above the Agency's cost of funds;

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid, dated January 13, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

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

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

6. The sponsor and its general partner are financially responsible and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to Bus Barns Housing Limited Partnership for construction financing in an amount not to exceed $1,100,000; the term of the construction loan will be not more than18 months, and the interest rate not more than 75 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsor must provide a Phase I and a Phase II Environmental Site Assessment (ESA) and address any findings of the Phase I and the Phase II Environmental Site Assessments in the scope of work to the satisfaction of the Agency;

   b) Sponsor must provide an as built appraisal satisfactory to VHFA;

   c) Sponsor must provide evidence of necessary permits;

   d) Sponsor must provide final plans and specifications for VHFA review and approval at least 15 days prior to VHFA loan closing;

   e) Sponsor must provide commercial lease and condominium documents for VHFA review and approval prior to VHFA loan closing;

   f) Sponsor must provide evidence of competitive bidding.

3. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and construct the Project is hereby preliminarily

approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director may, in her discretion, issue a Commitment Letter for an interim loan for the acquisition and construction of the Development, in an amount not to exceed $1,100,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 75 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds. The Sponsor shall be responsible for loan fees. The Commitment Letter may be issued to H. V. 2000, Inc. and Burlington Community Land Trust as representatives of the limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director, the Chief of Program Operations and the Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

13-Jan-00	**Bus Barns, Burlington**					
Total Residential Units:	25	Increase in Income from Rental Units:			1.50%	
Housing Credit Restricted Units:	25	Increase in Income from Other Sources:			1.50%	
Percent Restricted:	100.00%	Increase in Income from Commercial:			1.50%	
Total Development Cost:	3,416,184	Expense increase:			3.00%	
Total Development Cost per Unit:	136,647	Vacancy Rate:			5.00%	
Total Development Cost Per SF:	169	Partner's Tax Rate:			35%	
		Long Depreciation Schedule:			27.5	years
Max Credit Potential:	310,240	Short Depreciation Schedule:			7	years
Credit Amount Allocated:	166,492	Sponsor's Estimated Yield:			82.82%	
LIHTC - 9%	8.49%		December-99			
LIHTC - 4%	3.64%					
SOURCES						
			% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	245,000		7.17%	8.25%	30	20
VHCB Loan	500,000		14.64%	0.00%	30	30
HOME Loan	150,000		4.39%	6.25%	30	30
Neighborworks - Loan	50,000		1.46%	0.00%	Deferred	30
VHCB Special	97,000		2.84%	0.00%	30	30
Burlington Housing Trust Fund	55,000		1.61%	0.00%	30	30
Tax Credit Equity	2,319,184		67.89%	N/A	N/A	N/A
TOTAL SOURCES	3,416,184		100.00%			
USES						
Acquisition	387,500		11.34%			
Construction Hard Costs	2,384,656		69.80%			
Soft Costs	644,028		18.85%			
TOTAL USES	3,416,184		100.00%			
Gap	0					

PER UNIT COST LIMIT CALCULATION						
	per unit limits		number of units			
0 Br	84,390		0	0		
1 Br	90,140		12	1,081,680		
2 Br	95,890		13	1,246,570		
3 Br	101,637		0	0		
4 Br	107,390		0	0		
Maximum cost allowed under the per unit cost limits				2,328,250		
Projected total cost, excluding cash accounts				3,311,184	70.31%	
		(over)/under		(982,934)		
General Partner's Capital Contribution				23,192	1.00%	
Limited Partner's Capital Contribution				2,295,992	99.00%	
Total Equity				2,319,184	100.00%	

APPLICABLE FRACTION CALCULATION		
	Tax Credit Restricted Units	25
	Total Units	25
	Unit Fraction	100.00%
	Tax Credit Square Footage	20,194
	Total Residential Square Footage	20,194
	Square Footage Fraction	100.00%
	Applicable Fraction	100.00%

form revision date: 2/19/97

Bus Barns, Burlington

#	TOTAL PROJECT	Budget	Total Project Acquisition Basis	Total Project Construction Basis	Trolley Acquisition Basis	Trolley Construction Basis	Bay 4 Acquisition Basis	Bay 4 Construction Basis	New Const Acquisition Basis	New Const Construction Basis
	ACQUISITION									
1	Land	52,920								
2	Purchase of Building(s)	322,080	322,080		220,179		101,901		0	
3	Demolition (without replacement)	0								
4	Property Appraisal	3,000	3,000		910		421		1,669	
5	Legal - Title and Recording	9,500	9,500		2,881		1,333		5,286	
	Subtotal - Acquisition	387,500								
	CONSTRUCTION HARD COSTS									
6	Rehabilitation	0		0		0				
7	Construction - Residential	1,819,005		1,819,005		626,355		267,650		925,000
8	Accessory Buildings	0						0		0
9	Sitework	250,000		250,000		75,815		35,088		139,098
10	Commercial Space Costs (if any)	0								
11	General Requirements	0				0		0		0
12	Contractor Overhead	0				0		0		0
13	Contractor Profit	0				0		0		0
14	Construction Contingency	206,901		206,901		70,217		30,274		106,410
15	Construction Management	37,500		37,500		11,372		5,263		20,865
16	Construction Bond Fee	0				0		0		0
17	Hazardous Materials Abatement	50,000		50,000		10,000		18,000		22,000
18	Off-Site Improvements	0				0		0		0
19	Furnishings, Fixtures, & Equipment	21,250		21,250		7,650		3,400		10,200
20	Other (____________)	0				0		0		0
	Subtotal - Hard Costs	2,384,656								
	SOFT COSTS									
21	Architectural	166,072		166,072		50,363		23,308		92,401
22	Engineering	0						0		0
23	Legal/Accounting	12,500		12,500		4,169		1,875		6,456
24	Relocation	0		0		0		0		0
25	Environmental Assessment	35,000		35,000		10,614		4,912		19,474
26	Energy Assessment	0		0		0		0		0
27	Permits/Fees	21,244		21,244		7,085		3,187		10,972
28	Marketing	0								
29	Construction Period Insurance	7,500		7,500		2,501		1,125		3,874
30	Construction Interest	60,000		60,000		20,011		9,001		30,988
31	Construction Loan Origination Fee	0		0		0		0		0
32	Taxes During Construction	0		0		0		0		0
33	Clerk of the Works	0		0		0		0		0
34	Marketing	6,000								
35	Tax Credit Fees	6,000		6,000		2,001		900		3,099
36	Soft Cost Contingency	8,712		8,712		2,906		1,307		4,500
37	Loan/Lender Fees	35,000								
38	Lender's Counsel's Fee	0		0		0				
39	Other (____________)	0								
	SYNDICATION COSTS									
40	Organizational (Partnership)	0								
41	Bridge Loan Fees and Expenses	0								
42	Syndication Consultant	0								
43	Tax Opinion	0								
	DEVELOPER'S FEES									
44	HVT Developer Fee	130,000		130,000		43,357		19,502		67,141
45	LHP Development Fee	130,000		130,000		43,357		19,502		67,141
46	Consultant Fees	6,000		6,000		2,001		900		3,099
	RESERVES									
47	Working Capital	20,000								
48	Rent-up (Deficit Escrow) Reserve	0								
49	Other Operating Reserves	0								
50	Sinking Fund	0								
51	Replacement Reserves	0								
	Subtotal - Soft Costs	644,028								
	TOTALS	3,416,184	334,580	2,967,684	223,970	989,774	103,655	445,194	6,955	1,532,718
	LESS: Amount of Non-qualified Financing									0
	LESS: Historic tax Credit (Residential Portion)			267,123		184,294		82,829		
	LESS: Cost Overage		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100%	100%
	Total Eligible Basis		334,580	2,700,561	223,970	805,480	103,655	362,365	6,955	1,532,718
	TIMES: Adjusted for QCT/DDA	130%		3,510,729		1,047,123		471,075		1,992,533
	TIMES: Applicable Fraction	100%	334,580	3,510,729	223,970	1,047,123	103,655	471,075	6,955	1,992,533
	Total Qualified Basis		334,580	3,510,729	223,970	1,047,123	103,655	471,075	6,955	1,992,533
	TIMES: Applicable Percentage		3.64%	8.49%	3.64%	3.64%	3.64%	3.64%	3.64%	8.49%
	Total Annual Credit Qualified		N/A	N/A	8,153	38,115	3,773	17,147	0	169,166
						46,268		20,920		169,166

Total Tax Credits Requested	166,492
Estimated Net Syndication Proceeds (excluding	1,927,911
Estimated Yield - Housing Credit Syndication	116.97%
Equity Gap	1,927,911
Credits Needed to fill Equity Gap	N/A

Total Basis x Fraction:	Trolley Barn	46,268
	Bay 4	20,920
	New Const	169,166
	Total	236,354
Total Equity Gap Calculation:	**Trolley Barn**	**45,111**
	Bay 4	**20,924**
	New Const	**166,492**
	Total	**232,527**

13-Jan-00 **Bus Barns, Burlington**

	Check all Applicable								A					B						C					
Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	OCCUPIED BY: Income level of residents to be served:						AFFORDABLE TO: Units affordable to residents at:					
															<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+
Trolley	1	1			1	1	1	1		1	650	410	63	473		1						1				
Barn	2	1			1	1		1		1	650	410	63	473		1						1				
	3				1	1		1		1	650	425	63	488		1						1				
	4				1	1		1		1	650	425	63	488		1						1				
	5			1	1	1		1		1	650	456	63	519		1						1				
	6	1		1	1	1		1		1	700	456	63	519		1						1				
	7			1	1	1		1		1	700	456	63	519		1						1				
	8			1	1	1		1		1	700	456	63	519		1						1				
	9			1	1	1		1		1	700	456	63	519		1						1				
Bay 4	1	1			1	1		1		1	700	410	63	473		1						1				
	2				1	1		1		1	700	410	63	473		1						1				
	3	1		1	1	1		1		1	700	456	63	519		1						1				
	4			1	1	1		1		1	700	456	63	519		1						1				
New	1				1	1	1	1		2	925	480	81	561		1						1				
Construction'	2	1			1	1	1	1		2	925	480	81	561		1						1				
	3	1			1	1		1		2	925	480	81	561		1						1				
	4				1	1		1		2	925	600	81	681			1						1			
	5				1	1				2	925	600	81	681			1						1			
	6				1	1				2	925	600	81	681			1						1			
	7				1	1				2	925	600	81	681			1						1			
	8			1	1	1				2	925	611	81	692			1						1			
	9			1	1	1				2	925	611	81	692			1						1			
	10			1	1	1				2	925	611	81	692			1						1			
	11			1	1	1				2	925	611	81	692			1						1			
	12			1	1	1				2	925	611	81	692			1						1			
Total # Units	25	7	0	12	25	25	3	17	0	Totals:	19,950	12,577		Total # Units:	0	16	9	0	0	0	0	16	9	0	0	0

13-Jan-00	**Bus Barns, Burlington**			
			Per Unit	
	Annual	Monthly	Per Month	
Administration				
Management Fee	13,500	1,125	45	9.3%
Supportive Services	0	0	0	
Audit/Accounting	3,600	300	12	
Legal	1,200	100	4	
Compliance Monitoring	600	50	2	
Marketing	600	50	2	
HVT Asset Management Fee	2,400	200	8	
Admin Salaries/Benefits	3,000	250	10	
Office Expense	1,500	125	5	
TOTAL ADMINISTRATIVE	26,400	2,200	88	
Utilities				
Electricity	2,100	175	7	
Fuel - Oil	1,500	125	5	
Water and Sewer	10,500	875	35	
Fire Alarm / Emergency	1,800	150	6	
Other	0	0	0	
TOTAL UTILITIES	15,900	1,325	53	
Maintenance				
Maintenance / Janitor Payroll	13,500	1,125	45	
Janitor Supplies	3,000	250	10	
Exterminating	600	50	2	
Trash Removal	3,600	300	12	
Snow Removal	2,100	175	7	
Grounds	2,100	175	7	
Repairs Material		0	0	
Repairs Contract		0	0	
HVAC Repairs / Maintenance	0	0	0	
Elevator Contract / Repairs		0	0	
Painting and Decorating	4,500	375	15	
Other		0	0	
TOTAL MAINTENANCE	29,400	2,450	98	
				per unit month
Real Estate Taxes	21,000	1,750	70	excl. ds & res.
Property Insurance	4,500	375	15	324
Replacement Reserves	7,500	625	25	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other	0	0	0	
Total	104,700	8,725	349	

form revision date: 2/19/97

13-Jan-00		Bus Barns, Burlington														
	Year	1	2	3	4	5	[illegible]	7	8	9	10	11	12	13	[illegible]	15
Operating Inco																3
Gross Rent		150,924	153,188	155,486	157,818	160,185	162,588	165,027	167,502	170,015	172,565	175,153	177,781	180,447	183,154	185,902
Other Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vacancy and other losses		(7,546)	(7,659)	(7,774)	(7,891)	(8,009)	(8,129)	(8,251)	(8,375)	(8,501)	(8,628)	(8,758)	(8,889)	(9,022)	(9,158)	(9,295)
Total Operating Income		143,378	145,528	147,711	149,927	152,176	154,459	156,775	159,127	161,514	163,937	166,396	168,892	171,425	173,996	176,606
Operating Expenses																
Total Expenses (excl. Reserves)		97,200	100,116	103,119	106,213	109,399	112,681	116,062	119,544	123,130	126,824	130,629	134,548	138,584	142,741	147,024
Reserves		7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Total Operating Expense		104,700	107,616	110,619	113,713	116,899	120,181	123,562	127,044	130,630	134,324	138,129	142,048	146,084	150,241	154,524
Net Operating Income		38,678	37,912	37,092	36,214	35,277	34,277	33,214	32,083	30,884	29,613	28,267	26,844	25,341	23,755	22,083
Less Primary Debt Service		22,087	22,087	22,087	22,087	22,087	22,087	22,087	22,087	22,087	22,087	22,087	22,087	22,087	22,087	22,087
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		16,591	15,825	15,005	14,127	13,189	12,190	11,126	9,996	8,797	7,526	6,180	4,757	3,254	1,668	(5)
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	5
Net Cash		16,591	15,825	15,005	14,127	13,189	12,190	11,126	9,996	8,797	7,526	6,180	4,757	3,254	1,668	0
DCR		175.11%	171.65%	167.93%	163.96%	159.71%	155.19%	150.37%	145.26%	139.83%	134.07%	127.98%	121.54%	114.73%	107.55%	99.98%
Cumulative Cash Flow																
Beginning Balance		0	16,591	32,748	48,407	63,502	77,961	91,711	104,671	116,761	127,893	137,976	146,916	154,611	160,957	165,844
Interest	2.0%	0	332	655	968	1,270	1,559	1,834	2,093	2,335	2,558	2,760	2,938	3,092	3,219	3,317
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	(5)
Ending Balance		16,591	32,748	48,407	63,502	77,961	91,711	104,671	116,761	127,893	137,976	146,916	154,611	160,957	165,844	169,156
Cumulative Replacement Reserves																
Beginning Balance		0	7,500	15,150	22,953	30,912	39,030	47,311	55,757	64,372	73,160	82,123	91,265	100,591	110,102	119,805
Interest	2.0%	0	150	303	459	618	781	946	1,115	1,287	1,463	1,642	1,825	2,012	2,202	2,396
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		7,500	15,150	22,953	30,912	39,030	47,311	55,757	64,372	73,160	82,123	91,265	100,591	110,102	119,805	129,701
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		38,678	37,912	37,092	36,214	35,277	34,277	33,214	32,083	30,884	29,613	28,267	26,844	25,341	23,755	22,083
Plus Reserves		7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Less Interest Expense		(178,437)	(147,722)	(114,538)	(78,688)	(31,329)	(31,844)	(32,386)	(32,956)	(33,555)	(34,184)	(34,846)	(35,540)	(36,270)	(37,035)	(37,838)
Less Long Depreciation		(109,814)	(109,814)	(109,814)	(109,814)	(109,814)	(109,814)	(109,814)	(109,814)	(109,814)	(109,814)	(109,814)	(109,814)	(109,814)	(109,814)	(109,814)
Less Short Depreciation		(3,036)	(3,036)	(3,036)	(3,036)	(3,036)	(3,036)	(3,036)	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(245,109)	(215,159)	(182,796)	(147,824)	(101,403)	(102,917)	(104,522)	(103,187)	(104,985)	(106,886)	(108,893)	(111,010)	(113,243)	(115,594)	(118,069)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		85,788	75,306	63,979	51,738	35,491	36,021	36,583	36,115	36,745	37,410	38,112	38,854	39,635	40,458	41,324
Plus Tax Credits		500,803	233,680	233,680	233,680	233,680	233,680	233,680	233,680	233,680	233,680					
After Tax Cash Flow		756,857	308,986	297,659	285,418	269,171	269,701	270,263	269,795	270,425	271,090	38,112	38,854	39,635	40,458	41,324
Total Years	15															
Reinvestment Rate	12.00%															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Current After Tax Cash Flows		756,857	308,986	297,659	285,418	269,171	269,701	270,263	269,795	270,425	271,090	38,112	38,854	39,635	40,458	41,324
Future Value of Cash Flows at Yr 15:		4,142,707	1,510,048	1,298,831	1,111,983	936,325	837,650	749,460	668,003	597,823	535,084	67,167	61,137	55,684	50,750	46,283
Discount Rate:	6.00%															
Capital Contribution Number:	1	2	3	4	5	6	7	8								
Date of Capital Contribution:	15-Dec-99	01-Oct-00	01-Jun-01	01-Sep-01	01-Sep-02	01-Sep-03	01-Sep-04	01-Sep-05								
Amount of Capital Contribution:	0	26,905	26,905	376,671	538,101	538,101	538,101	645,722	2,690,506							
Present Value of Contributions:	0	25,631	24,614	339,355	456,183	429,261	403,861	456,033								
Cash Flows	(2,134,938)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10,729,166
IRR:	11.68%															
Equity Yield:	82.82%	(Includes both Housing Credit and Historic Credit Equity)														

vhfa
Vermont Housing Finance Agency

MEMORANDUM

To: VHFA Board of Commissioners

From: Glenn A. Jarrett

Date: January 11, 2000

Re: Saxtons River Bond Resolution

Background:

This 17-unit development was acquired in August by the Saxtons River Housing Limited Partnership. In December, the Agency took out the existing mortgage loan that dated back to 1981, when the former owner acquired and rehabbed the property. The new mortgage loan was financed with proceeds from the 1999 Multifamily Series C and D bonds that the Agency closed on in December. The amount of the long term note was $541,000. The Agency's previous resolution contemplated a total of $1,000,000, split between long and short term tax exempt bonds to enable the owner to obtain 4% out of cap housing credits.

This resolution authorizes the Agency to issue $459,000 in short term tax exempt notes to Stratevest & Company. The TEFRA hearings held in connection with the Series C and D bond issue will encompass this bond issuance.

Requested Action:

Approval of the attached resolution that approves the issuance of short term tax exempt notes for the Saxtons River development in Rockingham.

mailing address P.O. Box 408, Burlington, VT 05402-0408 delivery address 164 Saint Paul St., Burlington, VT 05401-4364
phone (802) 864-5743 or (800) 339-5866 consumer helpline (800) 287-8432 fax (802) 864-5746 www.vhfa.org

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. IN A MAXIMUM AMOUNT OF $459,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO SAXTONS RIVER HOUSING LIMITED PARTNERSHIP TO FINANCE THE REHABILITATION OF A 17-UNIT DEVELOPMENT IN SWANTON

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

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $459,000 aggregate principal amount to Stratevest & Co. (or any other affiliate of BankNorth Group, Inc.) (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance a construction loan to Saxtons River Housing Limited Partnership (the "Borrower") to acquire and rehabilitate an 17-unit development (the "Project") in Rockingham, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $459,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed two years and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. A rehabilitation loan of not more than $459,000 to the Borrower to finance the rehabilitation of the Project is hereby authorized and approved, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as such person deems appropriate to evidence such loan, and such officer executing such documents is further authorized to require such repayment terms and security therefor as such person deems appropriate. Moneys to make such loan are to be obtained from the Borrowing authorized in Section 1 hereof, and the repayment of such loan is to ultimately be used to repay the Borrowing.

3. The Executive Director, Chief of Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

4. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

5. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this ________ day of January, 2000.

VERMONT HOUSING FINANCE AGENCY

By ________________________________
Executive Director

Attest:

By ________________________________
Authorized Officer

vhfa

Vermont Housing Finance Agency

BOARD MINUTES

Associated General Contractors
148 State Street
Montpelier, Vermont

Thursday, January 20, 2000 at 1:00 p.m.

PRESENT: Chairman White, Commissioners Randall, Douglas, Canney, Candon (designee of Costle)

Staff: Ms. Carpenter, Ms. Loller, Ms. Caragher, Ms. Gent, Ms. Crady, Ms. Devos, Mr. Erdelyi, Ms. Reid, Mr. Schoenbeck, Mr. Adams. Mr. Falzone

Chairman White called the meeting to order at 1:05 p.m.

MINUTES

Mr. Candon made a motion to approve the minutes from December 3, 1999. The motion carried unanimously after being seconded by Ms. Randall.

DEVELOPMENT

Mr. Erdelyi summarized the Housing Credit Allocation Plan that was discussed in a public hearing on November 30, 1999 and the proposed changes in language which were the results of the public hearing and noted the changes can be found on our web page.

The Board briefly discussed the policy on purchase price for applicants of the 9% housing credit. The Board had concerns about the lack of clarity within this section of the policy. Mr. Erdelyi indicated that he would continue to revise this section to cover additional contingencies. There also was discussion and additional clarifying language that special needs housing for frail elders remains a priority despite a morutorium on non-special needs housing applications in the plan.

The Board discussed the topic of the Joint Committee on Tax Credits versus VHFA Board approved projects. The Board decided to discuss this further when all members are present. Chairman White gave authorization to Ms. Carpenter to begin discussions for a new memorandum with the Agency of Commerce and Community Development. A new executive order may be necessary as well.

Ms. Randall made a motion to approve the proposed changes to the 2000 Allocation Plan. The motion carried unanimously after being seconded by Mr. Candon.

Mr. Erdelyi gave a verbal update on the St. Johnsbury loan request. An application for financing has been received, however, there is a funding gap. A request was made for $550,000 however, Mr. Erdelyi stated he did not feel comfortable giving St. Johnsbury more than $260,000.

Mr. Erdelyi concluded that more work needs to be done on this project, however, a resolution should be reached in the next month or so.

Dalton Drive Neighborhood Association loan request was reviewed next. When VHFA began the rehabilitation of housing units, a decision was made not to replace the porches and roofs. Currently, DDNA has requested $250,000 to repair the remaining porches and roofs. This loan would help VHFA protect the initial investment as well as the 34 VHFA mortgages.

Ms. Canney made a motion to accept the recommendation for granting two loans to Dalton Drive Neighborhood Association from VHFA's General Fund and 0% funds with the final sum and terms to be determined by the Executive Director. The motion was carried unanimously after being seconded by Mr. Douglas.

Ms. Reid discussed the multifamily construction loan for Bus Barns. This project received an approval for a construction loan in December 1999 for $790,000. Ms. Reid stated that the construction costs are higher than expected and Housing Vermont has received less funding than originally anticipated. Therefore, a request for additional 4% housing credits (increase in loan amount) has been made.

After a brief discussion, Ms. Randall made a motion to approve the "Resolution Pertaining to a Letter of Interest and Commitment Re: Construction Financing for Bus Barns, Burlington". The motion carried unanimously after being seconded by Ms. Canney.

HOMEOWNERSHIP

Ms. Crady briefly summarized Homeownership activities for the past month, indicating that we continue to see approximately $1 million in reservations weekly. She also noted that, attached to her memo, were new production reports providing information on loans purchased in FY99 and year to date for FY00. The information is listed by product, dollar volume by lender, and number of loans by lender. The Board complimented Ms. Crady and Mr. Adams on the reports and indicated they were very helpful. Ms. Crady also stated that, in addition to the new production reports, she has also attached a new delinquency summary report and a REO inventory report.

There was general concern among the Board regarding the current appraisal values on our REO properties. The current appraisals appear to be drastically lower than the original appraisals that were done at the time of sale. A suggestion was made to review the appraisals more carefully and to conduct review appraisals similar to FHLMC & FNMA (1% of VHFA production) and to review our list of appraisers. Mr. Adams indicated that discussions would need to take place with our lenders to determine if VHFA loans were included in their sampling of review appraisals. Staff will also look for appraisal trends on foreclosures and REO's.

Next, Ms. Crady reviewed the loan loss projections for year 2000. The loan loss projections were determined by using several assumptions listed in the memo. Currently, staff estimates our loan losses for the next 12 months to be approximately $1.4 million.

Mr. Adams stated that a risk analysis of our portfolio would be very useful. Ms. Randall suggested that maybe we should also perform collection audits and perhaps the Risk Management Committee could look into the feasibility of this.

FINANCE

Mr. Schoenbeck handed out 3 post-sale reports prepared by Evensen Dodge summarizing the recent bond sales and summarized their findings.

Next, Mr. Schoenbeck provided an update regarding the excess yield 0% pool. Mr. Wagner of Kutak Rock recently indicated that these funds can be used for much broader purposes. Mr. Schoenbeck noted that currently we have approximately $700,00 in uncommitted funds. On average, approximately $1 million from the 1995 refunding would be available for commitment per year.

A new loan policy will be developed for the March Board meeting incorporating our new flexibility for 0% funds. In preparation, Staff asked the Board for recommendations. Several Board members suggested that we use a portion of funds to do something creative in housing to promote new production. It was also suggested that we use these funds to leverage VHFA business.

Single family bond financing was discussed next. Mr. Schoenbeck stated we currently have approximately $2.6 million of 7.10% no point funds available. The Board agreed to the date of February 1, 2000 as the date to raise our current no point interest rate of 7.10% to an interim of 7.40% (or whatever the midpoint is between Paine Webber and the estimated new mortgage rate) before the actual interest rate change which is scheduled for the end of February.

Ms. Randall made a motion to approve the proceedings of Series 12 financing as indicated in the memorandum. The motion carried unanimously after being seconded by Mr. Candon.

Saxton's River bond resolution was discussed next. This development was financed with proceeds from the 1999 Multifamily Series C and D bonds that were closed in December 1999. Currently, Mr. Jarrett is seeking approval of the resolution as outlined in the memorandum that would authorize the Agency to issue $459,000 in short term tax exempt notes to Stratevest & Company.

Mr. Douglas made a motion to approve the "Resolution Authorizing The Issuance And Sale Of A General Obligation Bond To Stratevest & Com. In A Maximum Amount Of $459,000.00 And Using The Proceeds To Make A Loan In Such Amount To Saxtons River Housing Limited Partnership To Finance The Rehabilitation Of A 17-Unit Development In Swanton." The motion carried unanimously after being seconded by Mr. Candon.

PUBLIC AFFAIRS

Ms. Gent indicated that VHFA is providing financial and staff resources for two inter-agency research projects that directly relate to VHFA's strategic planning initiatives. These research projects will analyze the effects of projected job and population growth in northwest Vermont and determine the demand for and supply of housing in general and affordable housing. Ms. Gent also indicated that a special "fair share" housing projection will be developed for Chittenden County.

VHFA is also assisting the Vermont Forum on Sprawl who are completing a housing market study relating to traditional neighborhood development and it related market share. This market will be identified by renters, home buyers, age, gender, income and geographic location.

ADMINISTRATION

Ms. Carpenter began with an overview of the revised Strategic Planning format of our proposed implementations. Chairman White was very pleased with the format, finding the chart very clear, easy to read and manageable. Staff will continue to develop the implementation plans.

Ms. Carpenter discussed the State/Board lending authority and its process. Ms. Carpenter stated our need to review this process and identify the areas to be changed/simplified, along with those items that could be delegated to staff. Chairman White indicated that the Board should read the rules and Ms. Carpenter and staff should identify any/all remaining issues.

Ms. Carpenter indicated to the Board that the IS Department did an outstanding job in preparing for Y2K as we went forward problem free; we will continue to monitor our system for data integrity.

Ms Carpenter also mentioned that the Agency has been approached by the Vermont Community Loan Fund and the Vermont Development Credit Union for assistance with matching funds to funds received by the two organizations from the U.S. Treasury. Ms. Carpenter stated she did not believe this to be viable without a specific tie to our programs within our strategic plan.

Ms. Carpenter stated she and Peter Richardson (Housing Vermont) are going to Washington tomorrow to meet with Secretary Apgar regarding the sale of three HUD held notes.

As an update, Ms. Carpenter informed the Board of a meeting that took place with Bill Niquette of the Winooski CDC along with Mike Richardson and Jeff Glassberg of Capital Ideas who have all expressed interest in VHFA's involvement regarding the housing portion of this project.

OTHER BUSINESS

A brief discussion regarding the Board Supervision Policy took place with Chairman White indicating that the Board should review the plan. There was a discussion about the wording of the last sentence on page five. Chairman White stated he would make the necessary changes and forward to Ms. Caragher.

With no further business, after a motion made by Ms. Canney and seconded by Mr. Candon, the meeting adjourned at 4:20 p.m.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. IN A MAXIMUM AMOUNT OF $459,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO SAXTONS RIVER HOUSING LIMITED PARTNERSHIP TO FINANCE THE REHABILITATION OF A 17-UNIT DEVELOPMENT IN SWANTON

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

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $459,000 aggregate principal amount to Stratevest & Co. (or any other affiliate of BankNorth Group, Inc.) (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance a construction loan to Saxtons River Housing Limited Partnership (the "Borrower") to acquire and rehabilitate an 17-unit development (the "Project") in Rockingham, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $459,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed two years and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. A rehabilitation loan of not more than $459,000 to the Borrower to finance the rehabilitation of the Project is hereby authorized and approved, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as such person deems appropriate to evidence such loan, and such officer executing such documents is further authorized to require such repayment terms and security therefor as such person deems appropriate. Moneys to make such loan are to be obtained from the Borrowing authorized in Section 1 hereof, and the repayment of such loan is to ultimately be used to repay the Borrowing.

3. The Executive Director, Chief of Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

4. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

5. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this _______ day of January, 2000.

VERMONT HOUSING FINANCE AGENCY

By Sarah Carpenter
Executive Director

Attest:

By ______________________________
Authorized Officer

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont, on January 20, 2000.

Sarah Carpenter

SARAH E. CARPENTER
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT RE: CONSTRUCTION FINANCING FOR BUS BARNS, BURLINGTON

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

WHEREAS, a proposal has been presented to the Agency by the Bus Barns Housing Limited Partnership, whose general partners are H.V. 2000, Inc. and Burlington Community Land Trust, Inc. involving the acquisition of real estate and the rehabilitation of that real estate into 13 units of rental housing in the City of Burlington (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $1,100,000 aggregate principal amount (the "Bonds") to finance a loan to the Bus Barns Housing Limited Partnership (the "Borrower") to acquire a "Trolley Barn" building and to construct nine units of housing within it and to acquire a "Bay 4" building and to construct four units of housing within it, all within the Bus Barns development (the "Project") in Burlington, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $1,100,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 75 basis points above the Agency's cost of funds;

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid, dated January 13, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

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

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

6. The sponsor and its general partner are financially responsible and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to Bus Barns Housing Limited Partnership for construction financing in an amount not to exceed $1,100,000; the term of the construction loan will be not more than18 months, and the interest rate not more than 75 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsor must provide a Phase I and a Phase II Environmental Site Assessment (ESA) and address any findings of the Phase I and the Phase II Environmental Site Assessments in the scope of work to the satisfaction of the Agency;

   b) Sponsor must provide an as built appraisal satisfactory to VHFA;

   c) Sponsor must provide evidence of necessary permits;

   d) Sponsor must provide final plans and specifications for VHFA review and approval at least 15 days prior to VHFA loan closing;

   e) Sponsor must provide commercial lease and condominium documents for VHFA review and approval prior to VHFA loan closing;

   f) Sponsor must provide evidence of competitive bidding.

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

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director may, in her discretion, issue a Commitment Letter for an interim loan for the acquisition and construction of the Development, in an amount not to exceed $1,100,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 75 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds. The Sponsor shall be responsible for loan fees. The Commitment Letter may be issued to H. V. 2000, Inc. and Burlington Community Land Trust as representatives of the limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director, the Chief of Program Operations and the Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont, on January 20, 2000.

Sarah Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: DALTON DRIVE NEIGHBORHOOD ASSOCIATION

WHEREAS, a proposal has been presented to the Agency by Dalton Drive Neighborhood Association, ("DDNA"), a corporation based in Chittenden County, (the "Sponsor) concerning a loan for rehabilitation of portions of the Dalton Drive development located at Fort Ethan Allen in Essex and Colchester (the "Development"); and

WHEREAS, the proposal contemplates a combination of two loans in a maximum amount not to exceed $250,000; and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi dated January 13, 2000 containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

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

5. The Sponsor is a financially responsible organization and is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in providing financing for rehabilitation of up to $250,000 for the Dalton Drive Neighborhood in Colchester and Essex, Vermont. The Letter of Interest is not a

commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish.

2. The Letter of Interest shall include conditions deemed appropriate by staff

3. The Executive Director is authorized, in her discretion, to issue a Commitment Letter for financing for rehabilitation of up to $250,000 evidenced by two loans. One loan would carry an 8% interest rate and would be amortized over a 14 year period (to match the maturity of the refunding bonds that generate the 0% funds), and would be made from VHFA's general funds. The second loan would not be payable until after year 14, and would be repayable by no later than a 23 year maturity date and would have an interest rate of 0%. The source of funds will be excess yield from tax exempt bonds (0% funds). The loans shall be secured by a pledge of homeowners' association funds.

4. The commitment of the Agency shall be subject to receipt, on or before the date of the applicable closing, as set out in the Commitment Letter, of commitment fees in an amount equal to (1.5%) of the maximum principal amount of the loans.

5. The Executive Director, the Chief of Program Operations and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate these loans.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont, on January 20, 2000.

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

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Vermont Housing Finance Agency

BOARD MINUTES
Vermont Housing Finance Agency
164 Saint Paul Street
Burlington, Vermont

Thursday, February 10, 2000 at 11:00 a.m.
VIA TELEPHONE CONFERENCE CALL

PRESENT (via phone): Chairman White, Commissioners Douglas, Candon and Canney; Mr. Gurley (PaineWebber, Inc.), Ms. Welsh (PaineWebber, Inc.), Mr. Amsden (Kutak Rock), Mr. Keohane (Orrick Herrington) and Mr. Hans (Evensen Dodge), Ms. Carpenter

Staff present: Mr. Schoenbeck, Mr. Adams, Mr. Baker, Ms. Crady, Ms. Caragher, Ms. Devos, and Ms. Kendrick

Chairman White called the meeting to order at 11:02 a.m.

Mr. Schoenbeck began with a brief overview of the various documents that were distributed to each of the Board members prior to this conference call.

There was a brief discussion among the participants regarding the overall view of the proposal. Mr. Gurley indicated that the market has been very volatile. He also stated this was caused partly by the supply and demand in the treasury market that created an inverted yield curve. Interest rates on the serial bonds are lower than interest rates on comparable issues as a result of the strong retail demand within Vermont. Interest rates on term bonds are at similar levels to other state housing agencies as well. PaineWebber purchased the $17.5 million two-year notes since there were no other orders. Mr. Hans recommended, that the bond sale, be approved by the Board after comparing our financing with other state HFA issues recently in the market. The consensus was that this would be a good sale for the Agency as this bond resolution would operate very similar to our previous bond resolutions. Mr. Amsden noted a correction in the Sixteenth Supplemental Single Family Housing Bond Resolution that was distributed should show the adoption date to by February 10, 2000.

After this brief discussion, Mr. Candon made a motion to approve the "Sixteenth Supplemental Single Family Housing Bond Resolution." The motion carried unanimously after being seconded by Mr. Douglas.

With no further business, Chairman White adjourned the meeting at 11:12 a.m.

Sincerely,

Sarah Carpenter

Sarah E. Carpenter
Executive Director and Secretary

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Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer JE

DATE: February 10, 2000

RE: Multifamily Construction & Permanent Loan for St Johnsbury House Apartments

Name:	St. Johnsbury House	**Location:**	St. Johnsbury
Housing Type:	Elderly	**Unit Type:**	Flats
Total Units:	38	**Unit Sizes:**	1 BR; 600 s.f. per unit
Total Cost:	$3,034,000	**Per Unit Cost:**	$79,800
Loan Requested:	$460,000 tax-exempt construction loan $200,000 permanent loan (taxable)	**Housing Credits:**	$8,281 (out of cap) $199,910 credits
Other Funding:	VCDP, Debt, Housing Credits, AHP		
Sponsors:	Green Mountain Development Group		

St. Johnsbury House is a historic downtown structure built in two phases in 1850 and 1913, and was originally used as a hotel. In 1976 Northeast Vermont Development Association, a regional planning commission, purchased the property and moved their offices into the structure. They were unable to make the development work and eventually agreed to sell the property to Green Mountain Development Group. GMDG intends to do a complete renovation to provide a total of thirty-eight units, and to provide housing with "a la carte" services as at The Pines in South Burlington. Services offered will include: meals, housekeeping, laundry, transportation, and access to an on-site VNA office that will manage the residents' health, wellness, and personal care services. Coburn and Feeley will manage the property. GMDG has obtained commitments for Housing Credits, VCDP funds, and an AHP grant. They need to pursue additional funding to make the project feasible, and are pursing an additional $175,000 in VCDP funds and an additional $38,295 in Housing Credits. Time is of the essence, as the AHP award was made initially in June, 1998, and the Federal Home Loan Bank has already granted many extensions to its commitment.

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

mailing address P.O. Box 408, Burlington, VT 05402-0408 **delivery address** 164 Saint Paul St., Burlington, VT 05401-4364
phone (802) 864-5743 or (800) 339-5866 **consumer helpline** (800) 287-8432 **fax** (802) 864-5746 **www.vhfa.org**

RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: ST. JOHNSBURY HOUSE APARTMENTS

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

WHEREAS, a proposal has been presented to the Agency by Green Mountain Development Group, a for-profit corporation based in South Burlington, (the "Sponsor") on behalf of a to-be-formed limited partnership or limited liability company, involving the acquisition, rehabilitation and long-term financing of a 38-unit family rental property located in a building on Main Street in the Town of St. Johnsbury (the "Development"); and

WHEREAS, the proposal contemplates a VHFA construction loan from newly issued tax-exempt bond proceeds in an amount not to exceed $460,000 with an interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds and a taxable term loan in an amount not to exceed $230,000 with an interest rate to be determined by the Agency depending on the source of funds, and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $460,000 aggregate principal amount (the "Bonds") to finance a loan to the to-be-formed limited partnership or limited liability company (the "Borrower") to acquire and rehabilitate 38 units of rental housing (the "Project") in St. Johnsbury, Vermont that will qualify for federal low-income housing tax credits; and

WHEREAS, the Sponsor and the limited partnership are expected to qualify as housing sponsors within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joseph Erdelyi dated February 10, 2000 containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

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

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

6. The Sponsor is a financially responsible organization and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to a to-be-formed limited partnership or limited liability company, for the acquisition, rehabilitation and long-term financing of the St. Johnsbury House development in St. Johnsbury. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance or for other purposes with the consent of the Agency. The Letter of Interest shall be conditioned on, among other items, receipt and review of an appraisal satisfactory to Staff supporting the loan amounts requested.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsor must provide an appraisal to the Agency;

   b) Sponsor must provide a Phase I Environmental Site Assessment (ESA) and address any findings of the Assessment in the scope of work to the satisfaction of the Agency;

   c) Sponsor must provide evidence of necessary permits;

   d) Sponsor must provide final plans and specifications for Agency review and approval at least 3 weeks prior to the Agency loan closing;

   e) Sponsor must provide evidence of other funding that, in the reasonable opinion of the Agency, makes the project financially feasible;

   f) Sponsor must provide evidence of competitive bidding;

g) Sponsor must provide the Agency with an assurance from the Town of St. Johnsbury that CDBG monies granted to the Town for the Development may be used to repay part of the Agency's construction loan.

3. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director may, in her discretion, issue a Commitment Letter for a construction loan for rehabilitation in an amount not to exceed $460,000 and a long-term loan for financing of the Development in an amount not to exceed $230,000.

4. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds. The Sponsor shall be responsible for loan fees.

5. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and construct the Project is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

6. The preliminary approval of paragraph 5 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

7. The term loan shall be amortized over a period of approximately 30 years, but shall be due and payable 20 years from the date of the loan. The interest rate and the source of funds shall be determined by the Executive Director. The Commitment Letter may be issued to the ownership entity. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

8. The Executive Director, after consultation with the Chairman of the Agency, is given the discretion to vary the amounts of the loans by not more than 10% and to change the sources of funds.

9. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont, on February 17, 2000.

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

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Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter CR

DATE: February 10, 2000

RE: Multifamily Construction Loan for Franklin Homestead Assisted Living Residence

Name:	Franklin Homestead Assisted Living Residence	**Location:**	Franklin
Housing Type:	Elderly	**Unit Type:**	Flats
Total Units:	18	**Unit Sizes:**	0 BR; 303 s.f. per unit
Total Cost:	$1,307,159	**Per Unit Cost:**	$72,620
Loan Requested:	$700,000 construction loan	**Housing Credits:**	$33,573 (out of cap)
Other Funding:	VHCB, HOME, VCDP, Debt, Housing Credits (4%)		
Sponsor:	Housing Vermont (HVT)		

Franklin Carriage House Limited Partnership, a partnership to be formed by Housing Vermont, is applying for a tax exempt construction loan of $700,000 to build an 18 unit assisted living residence in Franklin. Franklin Homestead Inc. (FHI) has worked closely with HVT on the proposal, and currently owns and manages "Franklin Homestead", a 23 unit tax credit senior housing development adjacent to the proposed project. Franklin Homestead is also the site of a senior meal program and senior citizen organization. The new development will be connected to the existing building via an enclosed walkway (see attached site plan). The proposed 18 unit development will provide efficiency apartments plus a menu of additional services designed to serve frail elders. Though the units are designed for independent living, optional services including 3 meals daily, housekeeping, and 24 hour coverage will be available on an as needed basis. Cathedral Square Corporation has been providing development consulting, and is working with the sponsor on setting up a system for residents to obtain personal care as well. This will be an unlicensed assisted living residence, as there still is no licensure available for assisted living in Vermont. FHI will provide management and some resident services; personal care will be provided by a licensed entity such as the Visiting Nurses Association. The project has obtained all permits and all other funding. An appraisal and Level I Environmental Site Assessment have been ordered but not yet received. The Sponsor plans to begin construction in April.

Recommendation: That the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board authorize the Chief of Program Operations to issue a Letter of Interest and a Commitment Letter to finance this development upon satisfactory completion of staff underwriting and due diligence.

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT RE: CONSTRUCTION FINANCING FOR FRANKLIN HOMESTEAD ASSISTED LIVING RESIDENCE, FRANKLIN

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

WHEREAS, a proposal has been presented to the Agency by the Franklin Carriage House Limited Partnership, whose general partner is H.V. 2000, Inc., involving the new construction of 18 units of rental housing in the Town of Franklin (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $750,000 aggregate principal amount (the "Bonds") to finance a loan to the Franklin Carriage House Limited Partnership (the "Borrower") to construct 18 units of rental housing (the "Project") in Franklin, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $750,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 75 basis points above the Agency's cost of funds;

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid, dated February 10, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

4. The housing sponsor undertaking the Development will increase the supply of well-

planned, well-designed permanent, temporary, transitional or emergency housing for persons and families of low and moderate income.

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

6. The sponsor and its general partner are financially responsible and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Chief of Program Operations is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to Franklin Carriage House Limited Partnership for construction financing in an amount not to exceed $750,000; the term of the construction loan will be not more than 18 months, and the interest rate not more than 75 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsor must provide an as built appraisal satisfactory to VHFA;

   b) Sponsor must provide a Phase I Environmental Site Assessment (ESA) and address any findings of the Assessment in the scope of work to the satisfaction of the Agency;

   c) Sponsor must provide evidence of necessary permits;

   d) Sponsor must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

   e) Sponsor must provide a copy of the ground lease agreement for VHFA review and approval;

   f) Sponsor must provide evidence of competitive bidding.

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

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Chief of Program Operations may, in his discretion, issue a Commitment Letter for an interim loan for the acquisition and construction of the Development, in an amount not to exceed $750,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 75 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds. The Sponsor shall be responsible for loan fees. The Commitment Letter may be issued to H. V. 2000, Inc. as a representative of the limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Chief of Program Operations and the Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont, on February 17, 2000.

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

vhfa

Vermont Housing Finance Agency

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE

DATE: FEBRUARY 17, 2000

RE: SERIES 12 SINGLE FAMILY BOND FINANCING

The sale of the Series 12 bonds took place last Thursday, February 10th. We received a report from Evensen Dodge that compared our financing to several other deals in the market at that time and it appears that we compared favorably in all respects. Our investment contracts all exceed the cost of the bonds and the bond insurance from FSA was also priced very reasonably. PaineWebber also purchased $17.5 million of our 2-year notes due to lack of buyers and picked up some pieces of other bonds that were not sold.

Evensen Dodge has completed the calculations for mortgage rates based on full spread, which indicate that 7.55% (at no points) or 7.40% rate at 1 point are the proper rates. We also need to originate $3.1 million of the intermediate rate mortgages (7.40% at no points, 7.25% at one point) to be in yield compliance.

The bonds will be closing on the 23rd and 24th here in Vermont. We are going to take the opportunity to assemble the working group to talk over several issues that have come up recently or we perceive may surface in the near future.

One of the issues that came up during the work on this transaction was that we realized that scheduled redemptions connected with the Series 11 bonds did not occur. This is a violation of Federal Tax Law and we have worked with Kutak Rock to negotiate with the Treasury to mitigate the violation. They have been successful with the payment of a $65,000 interest charge that represents the lost revenue to the Treasury because the bonds were out after December 7, 1999 (I have copies of the draft letter with me if Board members are interested). Although we take responsibility for missing the redemption, we will be seeking a 50% contribution by Evensen Dodge to the payment, since they are responsible for providing the redemption information necessary to call the bonds. This error has demonstrated to us the importance of having closing documents prepared to direct the trustee to effect redemptions when the bond financings are completed.

Finally, we also have a Resolution prepared by Glenn that allocates a portion of the recently received bonding authority to this issue which needs Board approval.

Recommended Action

Approval of the attached Resolution to allocate volume cap to the Series 12 Bonds..

**RESOLUTION RELATING TO
VERMONT HOUSING FINANCE AGENCY
ELECTION TO ALLOCATE
2000 PRIVATE ACTIVITY BOND
VOLUME CAP ALLOCATION**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") has been allocated $71,000,000 in 2000 private activity bond volume cap by the State of Vermont, and

WHEREAS, the Agency desires to elect to utilize $28 million of said volume cap allocated for qualified mortgage bonds and mortgage credit certificates; and

NOW, THEREFORE, it is hereby RESOLVED:

Vermont Housing Finance Agency elects to allocate $28 million of the portion of Vermont's year 2000 volume cap allocated to it for the purposes of issuing qualified mortgage bonds and mortgage credit certificates.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont, on February 17, 2000.

Sarah Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

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RESOLUTION AMENDING
LOW INCOME HOUSING TAX CREDIT
PROJECT RESERVATIONS

WHEREAS, on November 18, 1993 the Board agreed with a staff recommendation that the Board consider and approve staff recommendations on specific Low Income Housing Tax Credit (LIHTC) project reservations after such recommendations had been presented to and considered by the Joint Committee on Tax Credits (JCTC); and

WHEREAS, the Agency resolved on September 2, 1999 to reserve $161,615 in Year 2000 housing credits for St. Johnsbury House; and

WHEREAS, the developers of St. Johnsbury House need additional housing credits in order to make the development financially feasible and have requested an additional reservation of housing credits in an amount not to exceed $37,000;

NOW, THEREFORE, it is hereby RESOLVED:

1. The Board has considered the request of the developers for additional housing credits.

2. The Agency approves the reservation from Year 2000 credits of an additional amount of housing credits not to exceed $37,000 for the St. Johnsbury House in addition to credits previously approved, subject to the payment of applicable reservation fees, and subject to the conditions previously imposed.

3. The Agency staff may increase or decrease LIHTC allocations by up to five percent, if appropriate, based upon changes in development costs.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont, on February 17, 2000.

Sarah Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

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BOARD MINUTES
Montpelier City Hall
39 Main Street
Montpelier, Vermont

Thursday, February 17, 2000 at 1:00 P.M.

PRESENT: Commissioners Seelig, Beyer (designee for Lambert), Douglas, Randall, Candon (designee of Costle)

Staff: Ms. Carpenter, Mr. Schoenbeck, Ms. Crady, Mr. Adams, Ms. Loller, Ms. Reid, Mr. Erdelyi, Ms. Caragher, Ms. Devos
Other: Mr. Brush (Green Mountain Development Group), Ms. Owen (Housing Vermont),

Mr. Seelig called the meeting to order at 1:05 p.m.

MINUTES

Ms. Randall made a motion to approve the minutes from January 20, 2000 and February 10, 2000. After clarification of last month's minutes (the date on the minutes differed from the date typed on the Agenda), the motion carried unanimously after being seconded by Mr. Douglas.

EVELOPMENT

Mr. Erdelyi began by discussing the multifamily construction and permanent loan for St. Johnsbury House Apartments. This project was originally a hotel, but has since been used as rental apartments and office space for the Northeast Vermont Development Association. The building is badly in need of rehabilitation, so they agreed to sell the project to Green Mountain Development Group (GMDG). GMDG plans to do an entire renovation, which will then provide this project with thirty-eight 1 bedroom elderly units. Mr. Erdelyi stated that they are requesting an additional $37,000 in tax credits along with an additional $75,000 in VDCP funds to close the gap with funding. Mr. Brush noted that the AHP commitment has been extended to the end of April 2000. Mr. Erdelyi stated there are $385,000 in tax credits for allocation this year. This additional request for $37,000 would come out of that allocation.

Ms. Randall made a motion to approve the "Resolution Pertaining to Combined Letter of Interest and Commitment Letter Re: St. Johnsbury House Apartments" and the "Resolution Amending Low Income Housing Tax Credit Project Reservations." The motion carried unanimously after being seconded by Mr. Douglas.

Ms. Reid reviewed Franklin Homestead Assisted Living Residence next. Franklin Carriage House Limited Partnership is applying for a tax-exempt construction loan of $700,000 to build 18 assisted elderly units in Franklin. This project will consist of efficiency apartments with optional services provided on an as needed basis. This facility will be an unlicensed assisted living residence because there is no licensure available for assisted living in Vermont. Ms. Reid stated that personal care would be provided by a licensed organization. Although all permits and funding have been obtained for this project, an appraisal and Level I Environmental Site Assessment have not yet been received. Housing Vermont plans to begin construction in April. Ms. Owen (Housing Vermont) stated demand is ' 'gh for this type of project. There is also a great deal of community support in Franklin for this development.

Ms. Carpenter indicated her involvement with the Board of Franklin Homestead Inc. and excused herself from any decision making pertaining to the project. The Resolution before the Board authorizes only the Chief of Program Operations and the Director of Finance to effectuate the loan. Mr. Candon made a motion to approve the "Resolution Pertaining to a Letter of Interest and Commitment Re: Construction Financing for Franklin Homestead Assisted Living Residence, Franklin." The motion carried unanimously after being seconded by Ms. Beyer.

Ms. Carpenter informed the Board that she has had conversations with Patrick Flood, Commissioner of the Department of Aging and Disabilities, and that VHFA will be supporting a grant to the Robert Wood Johnson Foundation for affordable assisted living.

Ms. Carpenter also stated that she has had discussions with a group of service providers regarding strategies to encourage the Agency of Human Services to apply for a Medicaid Waiver that would help fund services in housing.

HOMEOWNERSHIP

Ms. Crady began with an update regarding the preliminary testing on the automated underwriting system that MGIC has developed for VHFA loans. As of February 14th, the Chittenden Bank became our "testing" lender for the new automated underwriting system. Ms. Crady stated that she hopes to see an increase in activity within the next few weeks. As this increase in activity takes place, we hope to connect other lenders to this automated underwriting system.

Ms. Crady gave a brief explanation as to how the system works and explained that, although we have different regulations as compared to traditional lending programs, we will have an automated system similar to those used by our participating lenders for conventional mortgage loans.

Ms. Crady also noted that interest is strong regarding the 8th Annual VHFA Home Buyer Fair on March 18 at the Clarion Hotel. Ms. Crady stated that there will be representatives from the Homeownership Center and a few lenders from outside the Chittenden County area there.

Ms. Crady discussed servicing next. Ms. Crady reported the good news that seventeen properties are currently under deposit, with negotiations taking place on six additional properties.

FINANCE

Mr. Schoenbeck began with a review of the Series 12 bond financing and an update on the conference call that took place February 10, 2000. Mr. Schoenbeck stated that PaineWebber purchased our two-year notes for $17.5 million. Mr. Schoenbeck also stated that a total of $3.1 million of Series 12 single family mortgage loans must be made at our current intermediate interest rate to meet our compliance regulations. The Series 12 bond closing will take place on February 23rd and 24th at VHFA. Mr. Candon complimented Mr. Schoenbeck and his staff for the fine job on this bond sale.

Mr. Schoenbeck stated that, during the review for the Series 12 bond financing, a special redemption connected with the Series 11 bonds did not occur on time. This effects the tax exemption of the interest and must be reported to the IRS. We have consulted with Kutak Rock to negotiate with the Treasury to mitigate the violation. Because the responsibility for anticipating this redemption rests with both VHFA and Evensen Dodge, who typically notify us and the trustee of the redemption amounts, we will discuss with them a sharing of the penalty.

Mr. Schoenbeck also gave a brief summary of the Resolution prepared by Mr. Jarrett that allocates a portion of the recently received bonding authority to the Series 12 bond. Ms. Beyer made a motion to approve the "Resolution Relating to Vermont Housing Finance Agency Election to Allocate 2000 Private Activity Bond Volume Cap Allocation." The motion carried unanimously after being seconded by Mr. Candon.

Mr. Schoenbeck reviewed the Budget Performance Report for December 31, 1999, stating that the surplus of $260,000 for the six months was considerably less than the $1.8 million shown at 12/31/98. The reason for the decrease can be explained by noting the change in market value of assets, which dropped by $1.8 million during that time frame. Other income and expense items finished in their expected ranges. Loan losses are slightly less than budgeted. Assets and debt increased by $36 million over the last year. Mr. Schoenbeck then explained that Board members could use mortgage loans outstanding as a "benchmark" to estimate expected surpluses by multiplying outstanding mortgages times $10,000 - $12,000 per million per year and then subtracting general fund budgeted losses from the result.

ADMINISTRATION

Ms. Carpenter began with an update regarding her involvement with various organizations surrounding the housing crisis in northwest Vermont. Ms. Carpenter stated she has been asked by The Home Builders and Remodelers Association to participate in their planning efforts following up on their housing summit.

Ms. Carpenter also stated that she met with Governor Dean, along with Molly Lambert, Ms. Beyer, Kathy Hoyt and John Taylor (Governor's planning assistant who covers housing). A few of the topics discussed were VHFA's need for adequate bond volume cap, developer incentives consisting of tax credits and infrastructure support, private placement of VHFA bonds with Vermont banks and the need for adequate gap funding targeting lower-income homeowners and increased affordable rentals.

Regarding our health insurance provider, Ms. Carpenter indicated a decision was made to have Blue Cross/Blue Shield of Vermont be our next provider. This change in provider resulted in a 19% premium increase.

Ms. Carpenter reported that our tenants have moved from the 162 St. Paul Street location. We are now in the midst of acquiring a new zoning permit to change the space from restaurant usage to office space and hope to rent the space to a nonprofit organization.

Ms. Carpenter next gave an update regarding the purchase of Banknorth's servicing portfolio. Mr. Adams provided a brief overview of the sale details. The total portfolio size of loans with balances of $34 million would be acquired at a price equal to .75% of the outstanding balances, approximately $258,000. Income from the servicing of the sold loans and a reduction in the sub-servicing of existing loans provides a net increase in servicing income to the Agency of $64,600/year. This will generate a 4-year payback and is consistent with the anticipated life expectancy of this portfolio.

A brief discussion took place regarding an increase in the service release premiums paid to lenders from .50% to .75%. The increase would most likely go into affect with loans funded on or after April 1, 2000. Mr. Adams indicated that it was the staff's intention to go forward with an RFP in the fall in an effort to confirm or reduce the current level we pay our sub-servicing agent.

Ms. Randall made a motion to endorse the acquisition of the Banknorth VHFA portfolio for a price not to exceed $260,000. The motion carried unanimously after being seconded by Mr. Douglas.

Ms. Carpenter next stated that discussions with the Federal Home Loan Bank of Boston (FHLB) have taken place regarding options to relieve the collateral requirement for multifamily housing finance agencies projects borrowing from FHLB.

Mr. Seelig inquired about federal legislation for a tax credit increase. Ms. Carpenter stated that she has noticed more optimism and a better chance for a tax bill this year, hopefully including the cap increase.

Ms. Carpenter briefly discussed the multifamily director's report. The HUD note sale negotiations are moving along and encouraging comments have been received, however, there is no proposal for review at this time.

With no further business, Mr. Seelig adjourned the meeting at 3:38 p.m.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. IN A MAXIMUM AMOUNT OF $750,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO FRANKLIN CARRIAGE HOUSE LIMITED PARTNERSHIP TO FINANCE THE CONSTRUCTION OF AN 18-UNIT DEVELOPMENT IN FRANKLIN

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

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $750,000 aggregate principal amount to Stratevest & Co., or some other subsidiary of BankNorth Group, Inc. (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance a construction loan to Franklin Carriage House Limited Partnership (the "Borrower") to construct an 18-unit development (the "Project") in Franklin, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $750,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 23rd day of March, 2000.

VERMONT HOUSING FINANCE AGENCY

By ______________________
Chief of Program Operations

Attest:

By ______________________
Authorized Officer

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont, on March 23, 2000.

____

SARAH E. CARPENTER
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. IN A MAXIMUM AMOUNT OF $1,100,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO BUS BARNS HOUSING LIMITED PARTNERSHIP TO FINANCE THE ACQUISITION AND REHABILITATION OF A 13-UNIT DEVELOPMENT IN BURLINGTON

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

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $1,100,000 aggregate principal amount to Stratevest & Co., or some other subsidiary of BankNorth Group, Inc. (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance a construction loan to Bus Barns Housing Limited Partnership (the "Borrower") to acquire and rehabilitate an 13-unit development (the "Project") in Burlington, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $1,100,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 23rd day of March, 2000.

VERMONT HOUSING FINANCE AGENCY

By Sarah Carpenter
Executive Director

Attest:

By Roger A. Schwenderbeck
Authorized Officer

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont, on March 23, 2000.

Sarah E. Carpenter

SARAH E. CARPENTER
Executive Director and Secretary
Vermont Housing Finance Agency

vhfa

Vermont Housing Finance Agency

TO: **VHFA Board of Commissioners**

FR: **David S. Adams, Chief of Program Operations** D. Adams

DT: **March 23rd, 2000**

RE: **Loan Approval Request: VHCB Lead-Based Pain Hazard Reduction Program**

Borrower: Vermont Housing and Conservation Board

Loan Amount: $100,000

Collateral: Unsecured

Interest Rate: 0%

Term of Loan: Payments deferred until January 1, 2015, then payable from any proceeds received by property owners who have received Lead Paint abatement loans from VHCB upon sale of the property.

Disbursements: VHFA will advance funds monthly as requested by VHCB to fund commitments to property owners.

Source of Funds: Zero Percent Excess Yield Pool.

Comments:
VHFA has received a request for a $100,000 loan from Ron Rupp, Director for the Lead-Based Paint Hazard Reduction Program with the Vermont Housing and Conservation Board. VHFA initially provided funding of $100,000 for this program in October 1995, with an additional $100,000 approved in June 1997. VHFA's total commitment to this program will be $300,000 with this request.

VHCB has administered the lead paint abatement program since 1994 using $3 million it received from HUD, which it received in part due to the funding commitment provided by VHFA. VHCB will issue 0%, deferred loans to property owners for lead hazard control work to be performed by certified contractors in homes and apartments occupied by low-moderate income Vermont families. Homeowner and resident income eligibility for the use of Agency funds will not exceed income limits for the Agency's single family homeownership programs. To date, they have provided lead paint abatement funding to over 750 housing units since 1994, with a goal to provide assistance to 300 units with this loan request.

Repayment of loans to property owners is required at the time of sale of the property. Repayments received by VHCB prior to January 1, 2105, will be recycled by to finance additional properties. Repayments received by VHCB after January 1, 2015 will be paid to VHFA within 5 business days in repayment of this and prior loans made under this program.

Changes to prior requests include a broader definition of "homes with young children" (previously specifically defined as children under the age of six). The proposed agreement also includes a new section which references more recent rules issued on September 15th, 1999 which more clearly define the various levels of intervention based on the type and amount of federal assistance provided to each property.

RECOMMENDATIONS:
The VHFA staff has reviewed this request and find it consistent with our current recommended use of zero percent excess yield pool funds. Approval of the attached resolution committing $100,000 of multifamily refunding proceeds for utilization by the VHCB Lead Paint Abatement Program. is recommended and requested accordingly.

RESOLUTION OF VERMONT HOUSING FINANCE AGENCY
PERTAINING TO A LOAN REQUEST FROM
THE VERMONT HOUSING and CONSERVATION BOARD
LEAD-BASED PAINT HAZARD REDUCTION PROGRAM

WHEREAS, the Lead Hazard Reduction Program was established to provide technical and financial assistance to homeowners and investor-owners desiring to make housing units lead safe and has been operational since November 1994; and

WHEREAS, federal funds available through the Vermont Housing and Conservation Board ("VHCB") have income limitations that preclude certain units from being eligible for loans; and

WHEREAS, the Agency did, in October, 1995, and in November 1997, make up to $100,000 (each time) of multifamily refunding savings available to the Vermont Housing and Conservation Board for the purpose of providing "silent second" mortgage loans to allow the completion of work to make housing units lead safe in accordance with VHCB guidelines when either the VHCB or Vermont Community Development funds are not available or sufficient to complete a lead hazard reduction project; and

WHEREAS, VHFA has been presented with a letter from Ron Rupp, Director for the Lead-Based Paint Hazard Reduction Program of the Vermont Housing & Conservation Board, dated February 3rd, 2000 (the "Request") requesting that an additional $100,000 of multifamily refunding savings be made available to the Vermont Housing and Conservation Board for the purpose of providing "silent second" mortgage loans to allow the completion of work to make housing units lead safe in accordance with VHCB guidelines when VHCB funds are not available or sufficient to complete a lead hazard reduction project:

NOW, THEREFORE, it is hereby RESOLVED THAT:

1. The Vermont Housing Finance Agency will make available up to $100,000 of multifamily refunding savings to the Vermont Housing and Conservation Board for use in VHCB" Lead Hazard Reduction Program in accordance with the provisions as mutually agreed to by VHFA and VHCB under the terms of the "Lead Hazard Reduction Program Agreement" and "Promissory Note"; and that
2. The Executive Director and/or the Chief of Program Operations, are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

Vermont Housing & Conservation Board

149 State Street
Montpelier
Vermont 05602

802 828 3250
FAX 802 828 3203
www.vhcb.org

February 3, 2000

Ms. Sarah Carpenter, Executive Director
Vermont Housing Finance Agency
P.O. Box 408
Burlington, VT 05402

Subject: VHFA Matching Funds for Third VHCB Lead Hazard Control Grant

Dear Ms. Carpenter:

As you are probably aware, VHFA committed $100,000 in matching funds for VHCB's third lead hazard control grant from HUD (commitment letter enclosed). We recently committed the last of the VHFA money associated with our second grant and would like to request access to this money associated with our third grant.

I have enclosed a draft agreement based on ones between VHFA and VHCB for the first two grants. There are two minor changes from the last agreement, both of which are intended to give us more flexibility to use the funds where they will do the most good. Under the "Premises" section, #3 is added and reflects new lead paint requirements for federally assisted housing. In the "Agreement" section, #4 has been changed to remove the restriction that VHFA money can only be used on units occupied by families with children under 6. We feel it makes more sense to focus on units likely to be occupied by families with young children (2+ bedrooms).

Also enclosed is a report showing where VHFA money has been used. If you would like more information about these projects or a report in another format, please let me know.

Please review the enclosed draft agreement and let me know if it is acceptable to you. Thank you.

Sincerely,

Ron Rupp
Director, Lead-Based Paint Hazard Reduction Program
(802) 828-2912

BOARD MINUTES

Associated General Contractors
148 State Street
Montpelier, Vermont

Thursday, March 23, 2000 at 1:00 p.m.

PRESENT: Chairman White, Commissioners Randall, Douglas, Candon (designee of Costle), Beyer (designee of Lambert)

Staff: Ms. Carpenter, Ms. Loller, Ms. Gent, Mr. Adams, Ms. Crady, Ms. Devos, Mr. Erdelyi, Mr. Schoenbeck,

Others: Polly Nichol, Ron Rupp, Peter Richardson, Amy Wright, Richard Williams, Mike Richardson, Bill Niquette

Chairman White called the meeting to order at 1:05 p.m.

MINUTES

Mr. Candon made a motion to approve the minutes from February 17, 2000. After clarification regarding the St. Johnsbury House (a correction to the dollar amount of VDCP funds from $75,000 to $175,000 made by Mr. Erdelyi), the motion carried unanimously after being seconded by Ms. Randall.

DEVELOPMENT

The next item for discussion was the tax credit approval process. Prior to the board meeting, the Joint Committee on Tax Credits (JCTC) met to discuss the issues surrounding the current process for tax credit allocations. Of main concern is the fact that only $345,000 is available for year 2000 tax credits, however, requests total $2,500,000.

Ms. Carpenter gave a brief summary of the options available for improving the current allocation process. Discussions included the forward extension of funds, the funding gap, and the decision-making process.

Two general views are held with respect to the forward commitment of tax credits. Many projects can not be built until a year after the allocation because of the length of the development process, but they need a commitment now to take the risk of going forward. On the other hand, resources are being committed before other pressing needs can be identified.

Ms. Beyer made a motion to approve the recommendation that the process of forwarding/committing funds is not to exceed half of the total tax credits received by VHFA for a given year. The motion carried unanimously after being seconded by Mr. Douglas.

Next, the Board discussed the tax credit allocation decision making process. Ms. Carpenter gave a brief summary of the options available which include: obtaining a new executive order from the Governor; VHFA Board delegating the authority to the JCTC; and coordinating the Committee's deliberations and the Board's deliberations so that decision making is done jointly.

After a brief discussion among the Board, a general consensus was reached that for this year the JCTC and the Board should meet jointly to hear presentations and deliberate together. Chairman White asked that Ms. Carpenter and members of the Committee coordinate a joint meeting in the near future to complete the details of this year's process.

MULTIFAMILY

Ron Rupp, Director for the VHCB, Lead Paint Hazard Reduction Program was introduced. Mr. Adams presented a loan request in the amount of $100,000 @ 0% to VHCB to fund this program for this year. VHFA has to date provided $200,000 in funds for this program and VHCB is requesting an additional $100,000 to fund commitments to property owners for lead abatement use. Mr. Adams indicated that these funds will come from the zero percent excess yield pool, with payments deferred until January 5, 2015.

VHCB issues 0% deferred loans to property owners for lead hazard control work as long as the homeowner and resident income do not exceed the income limits for the Agency's homeownership programs. Mr. Schoenbeck also distributed a handout of the excess yield analysis of multi-family housing bonds from June 1, 1995 through December 31, 1999 for the Board's review in conjunction with this request. Repayment from property owners is required at the time of sale and of the property. Payments received by VHCB prior to January 5, 2015 will be recycled to finance additional properties.

Ms. Beyer made a motion to approve the "Resolution Of Vermont Housing Finance Agency Pertaining To A Loan Request From The Vermont Housing And Conservation Board Lead-Based paint Hazard Reduction Program". The motion carried unanimously after being seconded by Mr. Douglas.

Ms. Beyer asked about the status of the 0% policy. Mr. Adams reported this policy will be available at the next board meeting as soon as the Agency received John Wagner's, Kutak Rock, opinion.

FINANCE

Mr. Schoenbeck began with a brief overview of the funding plans with Vermont Energy Investment Corporation (VEIC) for the State Energy Efficiency Utility (EEU). VEIC was awarded the contract to administer the EEU and has contacted VHFA for assistance in their cash flow financing needs.

Mr. Schoenbeck stated that VEIC's line of credit would not exceed $3 million for a period up to three years at a fixed rate over our cost of funds. VHFA will seek security features that enable VHFA to access funds from the Public Service in case of default. Chairman White suggested we issue a letter of intent at this time, rather than making the loan, regarding our interest in initiating the line of credit but adding that the VHFA board needs information surrounding cash flow projections, security and account receivable issues.

Ms. Beyer made a motion to accept the recommendation of a letter of intent prior to approving the "Resolution Regarding Line Of Credit For Vermont Energy Investment Corporation". The motion carried unanimously after being seconded by Ms. Randall. Chairman White indicated that, if further action is required before the next VHFA schedule board meeting, a conference call could be held.

Mr. Schoenbeck also discussed the need to renew our line of credit with the Howard Bank. Our initial loan agreement has expired with the Howard Bank for a two-year period with an option to extend our agreement for two additional one-year terms. The Howard Bank has offered us the same terms and conditions (LIBOR plus 75bp) for an additional two-year period.

Mr. Douglas made a motion to provide the Director of Finance the authority to renew our line of credit with the Howard Bank for a two-year term to mature in December 2001. The initial amount will be $5 million with a total not to exceed $6 million at LIBOR plus 75bp. The motion carried unanimously after being seconded by Mr. Candon.

Mr. Schoenbeck discussed the renewal of Housing Vermont's line of credit that expired December 31, 1999. VHFA utilizes its line of credit with the Howard Bank for funding Housing Vermont while charging Housing Vermont 1% over our cost of funds. Housing Vermont is asking to increase their line of credit to $1.5 million. Mr. Richardson of Housing Vermont told the Board that VHFA's line of credit is extremely helpful.

Mr. Candon made a motion to approve the renewal of Housing Vermont's line of credit not to exceed $1.5 million for a period of three years at a rate of 1% over our costs of funds. The motion carried unanimously after being seconded by Ms. Randall.

Mr. Schoenbeck also introduced to the Board two financing resolutions that need to be approved for tax-exempt funding, both projects have been previously approved by the Board.

Ms. Randall made a motion to approve the "Resolution Authorizing The Issuance And Sale Of A General Obligation Bond to Stratevest & Co. In A Maximum Amount of $750,000 And Using The Proceeds To Make A Loan In Such Amount To Franklin Carriage House Limited Partnership To Finance The Construction Of An 18-Unit Development In Franklin". The motion carried unanimously after being seconded by Mr. Douglas.

Mr. Douglas made a motion to approve the "Resolution Authorizing The Issuance And Sale Of A General Obligation Bond To Stratevest & Co. In A Maximum Amount of $1,100,000 And Using The Proceeds To Make A Loan In Such Amount To Bus Barns Housing Limited Partnership To Finance The Acquisition And Rehabilitation Of A 13-Unit Development In Burlington". The motion carried unanimously after being seconded by Ms. Beyer.

PROGRAM OPERATIONS

Mr. Adams began by informing the Board about two Venture Loans that will be charged off. The first project is the Charette Mobile Home Park. The borrowers for this loan are the Vermont State Housing Authority and The Housing Foundation Inc. HFI was granted a Ventures loan for $29,000 in January 1998, however, due to the project's current financial status, repayment of this loan is unlikely. In the best interest of the Agency, Mr. Adams feels that a charge off would be appropriate.

The second project is Clark Street with the borrowers being the Brattleboro Area Community Land Trust. This loan was made in September 1998 for $3,213.19. Unfortunately, BACLT is a small organization with very limited resources to cover the Ventures loan.

Ms. Crady began with an update on the MGIC automated underwriting pilot program. The pilot is going well but, we would like to proceed cautiously and see more loans processed using this system before offering it to other lenders.

Ms. Crady also stated that VHFA staff will meet to review our current purchase price limits and would like to have something for the Board at the next board meeting.

Ms. Crady commented on the very successful 8th Annual VHFA Homebuyer Fair. The lenders and real estate professionals there were very pleased and most scheduled appointments with perspective homebuyers. The total number of attendees was just under 800 people. Ms. Crady also stated that, due to the ever-growing size and popularity, the event may need a larger facility. Ms. Carpenter and Ms. Crady both praised the staff for all there hard work and congratulated everyone on a great job.

Ms. Crady indicated currently there are 17 REOs under deposit and several more offers pending. There is the potential to have even more of our REO's on the market in the spring which we hope will help in the housing supply. Chairman White commented on the improvement regarding the formatting of the monthly summary reports as they are now easier to understand and very useful.

Chairman White took a moment to inform the Board about an agreement Community National has entered into with Gilman Housing to do their underwriting for VHFA loans. Gilman Housing will do the processing and underwriting while Community National will close the loan. Potential homebuyers are to have completed the Homeownership Center education. If all goes well, Chairman White is hoping that other Homeownership Centers will be encouraged to try this type of an arrangement in the near future. Mr. Crady stated she will have Ms. Deforge contact Gilman Housing to be sure they have up-to-date program information and to offer any assistance with training needs.

ADMNINSTRATION

Ms. Carpenter began with a review of the finalized Strategic Plan (handout). Ms. Carpenter praised Ms. Gent and Mr. Adams on the overview and summary of the process in the Strategic Plan. Chairman White commented that the Plan is very user friendly. Ms. Carpenter stated that staff will regularly review the progress of items in the Plan and will keep the Board updated on a quarterly basis.

Ms. Carpenter next discussed legislative issues as she recently returned from D.C. where she discussed tax credits and the bond volume cap with all three offices of the Vermont congressional delegates. The House did pass the increase on caps as it was attached to the minimum wage and small business tax bill but that bill is not expected to pass the Senate. Vermont's delegation is working hard to push the small state minimum for the tax credit.

Ms. Carpenter provided information to the Board regarding the "ten year rule" which now requires VHFA to redeem bonds rather than recycle proceeds for mortgage loans. The ten year rule will require VHFA to need more bond volume cap. Ms. Carpenter did speak with Jeff Fox, of Senator Jeffords office, regarding the ten-year rule as well as problems with purchase price limits. Many HFA's are proposing that purchase price limits be dropped for qualifying homeburyers and just income limits be used because of the lack of good data.

Ms. Carpenter also commented about discussion and acknowledgment at the State House about the housing shortage and needs. Ms. Carpenter did mention that the gap analysis created by Mr. Erdelyi had been presented for review. There was also a hearing on the landlord tenant legislation regarding a proposal to amend a foreclosure statue that would affect VHFA. Ms. Carpenter stated that we did testify regarding this issue.

Ms. Carpenter briefly summarized the Northwest Vermont Housing Needs study preliminary report by Jeff Carr and Tom Kavet. The demand portion of the study has been completed while the supply side is still being compiled. Ms. Gent stated that a regional model is used in measuring the items.

Ms. Carpenter also discussed the HUD note sales. Inspections of the properties in question have been completed and we are waiting to hear the outcome from the HUD consultants.

Ms. Carpenter then asked for verification of who will be present at the April board meeting, as there have been concerns that there will not be enough board members to have a quorum. All board members are to be contacted before a decision can be made. Chairman White indicated that, if there are no pressing issues, we may not have to hold a board meeting until May.

OTHER ISSUES

Mr. Candon asked about the current situation regarding Parsons Hill in Castleton. Ms. Carpenter stated that the pollution problems have been resolved and there remains a pending suit revolving around the water tank that caused the pollution problems. VHFA is not involved in that litigation.

With no further business, Ms. Randall made a motion to adjourn the meeting at 3:30 p.m. The motion carried unanimously after being seconded by Mr. Douglas.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

JOINT HOUSING COMMITTEE
1999 REPORT

Committee Members

Rep. Karen Lafayette, Chair
Rep. Alice Emmons, Vice Chair
Rep. Forest Buckland

Sen. George Costes
Sen. Ann Cummings
Sen. James Leddy

Prepared by: Legislative Council

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DRAWER 33
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Rep. Karen Lafayette, Chair
Rep. Alice Emmons, Vice-Chair
Rep. Forest Buckland

STATE OF VERMONT

1999 JOINT HOUSING COMMITTEE REPORT

I. INTRODUCTION

THE HOUSING CRISIS IN VERMONT

In the past ten years, the U.S. and Vermont economies have experienced the longest and strongest economic expansion in history. This unprecedented economic growth has resulted in parallel increases in housing costs, while many Vermonters have experienced stagnant or declining incomes. This economic discrepancy has resulted in a housing crisis in which many low and moderate income Vermonters are unable to afford to buy or rent safe and healthy housing. If this affordable housing situation is allowed to continue, it will ultimately have a profound negative impact on the economic health of the entire state.

According to a report released in September 1999 by the National Low Income Housing Coalition, Vermont is the fourth least affordable state for renters. Fifty percent of Vermont renters are unable to afford the state median fair market rent of $607.00, including utilities, for a two-bedroom apartment. The Housing Needs Assessment for Vermont found that state and federal housing programs have been able to meet the needs of only 15,000 of the 37,000 Vermont rental households needing assistance. This leaves 22,000 low income households, the majority of which are families, in need of some form of housing subsidy.

Vacancy rates for rental housing in Vermont hit all time lows during the past year. This was especially true in northwestern Vermont and the upper Connecticut River Valley. In 1999, the Vermont General Assembly appropriated an additional $7,000,000.00 to the Vermont Housing Conservation Board, specifically earmarked for the creation of additional affordable housing units to ease the difficult rental situation, particularly in the state's tightest housing markets. Surveys indicate vacancy rates of less than two percent in the Hartford area, Manchester, Waterbury and Jeffersonville. In Chittenden County, the vacancy rate is consistently below one percent. The extreme lack of rental units has resulted in the new phenomenon of working families living in homeless shelters.

The poor quality and age of much of Vermont's housing stock are important factors contributing to the state's rental housing crisis. Much of the housing stock is in serious need of renovations to improve energy efficiency and accessibility, and to remove lead hazards. In 1990, approximately 40 percent of the state's housing stock was over 50 years old, and 53 percent of renters lived in housing built before 1939. The quality of lower cost housing units sometimes falls below state standards. There are recent estimates of as many as 9,000 households living in severe to moderately substandard housing.

Although homeownership is highly valued in Vermont, there are many credit-worthy households for whom homeownership is not a realistic option due to the high up-front costs of purchasing a home. In many parts of the state, median home sale prices have been increasing after a number of years of decline or stagnation. In 1997, the median home sale price was \$102,000.00, but a household with \$25,000.00 income and no other resources could only afford \$69,000.00 for a house. Many of these Vermonters have found ownership of a mobile home located on a rented lot in a mobile home park to be an important and affordable option. The demand for mobile home lots continues to outpace the supply, a trend that is expected to continue with the increasing number of households over 55 years old. The fact that many of the state's existing mobile home parks have deteriorating or unhealthy infrastructure systems for electricity, potable water, and wastewater disposal threatens to further diminish the number of available mobile home lots.

Adding to the mix, the recently completed job gap study indicates that many working Vermonters are significantly underemployed with incomes insufficient to meet the high cost of housing and other basic needs.

The state's affordable housing priorities are laid out in the Consolidated Plan developed by the Vermont Department of Housing and Community Affairs. The plan outlines a comprehensive approach to meeting community development priorities regarding housing and other needs of low and moderate income Vermonters. Currently, these priorities include serving the needs of households at or below 30 percent of area median incomes; providing housing for families with children; preserving and improving mobile home parks; preserving and rehabilitating existing housing units; developing mixed income housing; leveraging resources for cost effectiveness; supporting accessibility modifications; and enhancing opportunities for lower income Vermonters to retain or acquire homeownership.

One of the state's housing priorities, the rehabilitation of existing housing, emphasizes restoring properties located in town and city centers, and building new housing units where they complement downtown development and revitalization areas.

It is unlikely that federal funding for housing will increase in the near future. In fact, between 1994 and 1997, the HUD budget decreased by 34 percent. Last year for the first time since the early '90s, there was an increase in federal spending on housing. In spite of that increase, the housing affordability gap has widened, because housing costs are rising fast while the incomes of the very poor remain flat. Although there is a very high per unit cost associated with creating perpetually affordable housing for the very poor, serving this population is an urgent need and a high priority for Vermont.

In 1991, during the economic recession, housing costs began to stabilize. House prices leveled or fell, mortgage rates fell, rents stabilized and, in some areas, rental vacancy rates rose to near normal levels. This moderation in the availability and cost of housing occurred during a time of limited growth, job loss, decreasing tax revenues, and a slowdown in construction. Even as the economics of housing were moderating, data published by the Department of Housing and Community Affairs suggested that only in nine of the 14 Vermont counties was a family earning the median income able to afford the monthly cost of a median priced home with a low interest mortgage. Even in 1991, people at the lowest end of the income range still found it financially difficult to retain or find affordable housing, demonstrating that in either the best or the worst of economic times, access to housing is a major problem for people at the lowest income levels.

The housing crisis takes various forms throughout the state. The housing issues for urban and suburban areas are substantially different from those in rural areas such as the Northeast Kingdom. In metropolitan Burlington where the rental vacancy rate has fallen below 0.25%, the rents are 25 to 40 percent higher than rents in other parts of the state, leaving 50 percent of the renters unable to afford the $697 average market rent for a two-bedroom apartment. Statewide, there are approximately 4,400 Vermonters who pass in and out of homelessness each year. Lack of decent, affordable housing erodes the quality of life for affected individuals and families by disrupting employment and education, and forcing them to compromise basic necessities.

Although the lack of affordable housing is a regional issue, there has been little, if any, regional or county cooperation to address the problem. Housing decisions and activities have been left to individual municipalities, with the result that affordable housing, particularly affordable rental housing, is often distributed unevenly and inequitably among the municipalities within a region or county. There also has been little effort made to coordinate affordable housing development with public transportation and employment and commercial centers.

1999 COMMITTEE MEMBERS

Representative Karen Lafayette, Burlington, Chair
Representative Alice Emmons, Springfield, Vice-Chair
Representative Forest Buckland, Newport Town
Senator George Costes, Franklin County
Senator Ann Cummings, Washington County
Senator James Leddy, Chittenden County

II. MEETINGS AND COMMITTEE PROCESS

The Joint Housing Committee was created by statute in 1997 (Act No. 103) to focus specifically on housing issues in Vermont, and to propose and support legislative solutions to address housing issues, particularly affordable housing. The 1998 committee began by defining the parameters of the state's housing problems and outlining areas for further investigation.

The 1999 Joint Housing Committee held its organizational meeting on May 12, 1999, and met seven more times on June 2, July 27, August 24, September 1, September 22, October 15, and December 17, 1999. The committee sought to clarify causes of the housing crisis, highlight the governmental and private efforts that have shown success in developing, expanding, and improving affordable housing, and to recommend specific short and long-term legislative actions and goals.

The committee heard extensive testimony from witnesses representing governmental, private and nonprofit housing organizations. The witnesses highlighted the dimensions of the affordable housing crisis, explained programs and efforts that have shown success, and offered suggestions for additional approaches and solutions.

This report offers the Committee's findings and recommendations, followed by an outline of the testimony and other evidence considered by the committee during its seven meetings that formed the basis for this report.

III. FINDINGS

1. LOCAL PLANNING AND PERMITTING PROCESS

(A) The costs associated with the attenuated permitting process for housing development are a significant factor in increasing the housing costs. Therefore, it is important to educate both public and municipal officials to correct erroneous perceptions about the impact on the community from affordable housing development, the fair share housing doctrine, and the economic and social implications of an insufficient supply of affordable housing.

(B) The creation by municipalities of development review boards to rule on planning and permit controversies is a step toward improving the efficiency of the local planning/permitting process. A development review board rules on planning and permit controversies and disputes, freeing planning commissions to plan and update town plans and zoning bylaws. The quality of local planning and development actions and decisions could be enhanced by providing training opportunities to members of local zoning and planning commissions and development review boards. Additional training would be particularly beneficial for smaller municipalities.

(C) Housing development is delayed even more when zoning and planning decisions are appealed to the Environmental Court. While the Environmental Court does an impressive job of moving the docket, the court functions with insufficient staff. Providing the court with additional staff, encouraging on-the-record appellate review, and adding Environmental Court judges to hear these cases on a rotating basis are three approaches that, together, could improve the speed and efficiency of the Environmental Court appeal process.

(D) The local permitting process could be streamlined by narrowing the definition of "interested party"; limiting appeal issues to those brought at the local level; and requiring a time certain for local decisions to be made.

2. STATE PLANNING AND ZONING POLICY

Chapter 117 of Title 24, Act 250 (The Vermont Planning and Development Act), originally a comprehensive law designed to address issues of future development, has been riddled with piecemeal amendments for the more than 30 years the law has been in effect. Chapter 117 needs revision in order to create internal consistency and improve predictability in the application of the law for development. This revision would best be undertaken by a panel of experts in law, planning and development who represent diverse interests.

3. AFFORDABLE HOUSING NEEDS AND PRESSURES

(A) Vermont needs more affordable housing units. Great strides could be made toward meeting this need by another substantial appropriation of surplus funds to the Vermont Housing and Conservation Board, and the creation of a Vermont Low Income Housing Tax Credit Program patterned after the federal program, a program that has been very successful in stimulating investment for affordable housing. A state affordable housing tax credit program would add another incentive for investors to put money into perpetually affordable housing.

(B) Increasing public support for affordable housing through public education and training of local officials would enhance a social environment that is more receptive to developing affordable housing.

(C) Affordable housing development could be encouraged and costs reduced if municipal allocation policies reserved sewer and water capacity for affordable housing, and recipients of public loans or grants for water and sewer development were required to set aside capacity for future affordable housing development.

(D) New businesses create jobs which, in turn, create additional housing needs. Linking business development, especially businesses paying lower wages, with employee housing by levying impact fees on developers and entities who pay low wages or implementing other approaches, such as inclusionary zoning, may be effective methods to increase the affordable housing supply.

(E) A region's ability to attract new employers or to encourage economic expansion is severely limited by a lack of affordable and market rate housing. A limited housing stock creates a tight labor market which will eventually have a negative impact on the region's economy. Communities should engage in regional cooperation and encourage public/private dialogue to develop solutions to this problem

(F) Although towns are required to include affordable housing needs in their town plans, the affordable housing component is frequently passed over with such minimal detail and specificity that housing is not effectively included in the town plan.

(G) The distribution of rental housing, publicly-assisted housing and households that receive rental subsidies is unevenly and unfairly distributed throughout many regions in Vermont. For example, in Chittenden County, Burlington and Winooski have 60 percent of the county's rental units, 68 percent of the county's publicly-assisted housing units and 74 percent of the county's publicly-assisted tenants, but only 33 percent of the county's population. Additionally, this housing is located far from areas of high job growth. The lack of public transportation contributes to this problem, and detracts from the region's economic competitiveness. The uneven distribution of affordable housing throughout Chittenden County speaks directly to the need to include affordable housing development as a critical component of regional planning.

(H) Housing is frequently built without regard to its proximity to services needed by the residents, with the result that once housed, they find themselves far from public transportation, jobs, commercial centers, and social services. Transportation services and housing development must be coordinated throughout the planning and permitting process.

(I) Some communities that experience significant economic growth and new lower wage jobs frequently lack and have failed to plan for and develop adequate public transportation to support the needs of the lower wage employees and also have housing development.

(J) Affordable housing available to families is often diminished or compromised in municipalities in which the department of corrections has implemented its community housing policies, and there is a substantial influx of college-aged students needing housing.

4. LIVABLE INCOME

Wages paid to employees at the lower end of the income spectrum are insufficient to pay for basic necessities of life, such as shelter, food, health care, and clothing. The increasing gap between wages and housing costs cannot be bridged by decreasing housing costs alone. Many families with two full-time working adults still cannot afford adequate safe housing, with the result that an increasing number of working poor families have become homeless, overburdening homeless shelters and forcing social services to house families in hotels and motels.

5. LANDLORD/TENANT

(A) Vacancy rates for rental housing are at an all-time low, particularly in high income and high cost housing areas such as Chittenden County where the vacancy rate is less than one percent. In Burlington, it is estimated that there are fewer than 50 vacancies among the nearly

9,000 apartments in the city. This situation often results in the quality of housing diminishing and the rental costs inflating.

(B) Much of Vermont's aging housing stock is plagued with serious health and safety problems. A comprehensive housing code enforcement system carried out by professionals would help to assure that all housing, especially the limited housing available to low income Vermonters, meets minimum standards of quality and habitability. The effectiveness of a housing code enforcement system would be strengthened if it were administered in conjunction with comprehensive contemporary data on all the rental housing units in the state, including location and size.

(C) In order to improve the habitability of rental housing units that are found to be substandard, creative financing options, including low interest loans and grants, must be made available to landlords to help them finance necessary renovations to bring those units into compliance with the housing code.

(D) The proposed landlord tenant law should be amended to reflect a balance between the rights of landlords and the rights of tenants by adding provisions to expedite the eviction of tenants who fail to pay rent or are disruptive or destructive, and to limit evictions of responsible long-term tenants by lengthening the eviction time frames or requiring that eviction be only "for cause."

(E) In 1997, there were 6,300 Vermont households on the waiting list for rental subsidies or subsidized housing through state or local housing authorities and the federal Section 8 program. The average waiting time for Section 8 approval was 2 1/2 years statewide and as long as 4 1/2 years in some areas. A family awarded a Section 8 rental subsidy certificate frequently was unable to find housing for which the certificate could be applied.

(F) Creation of a Vermont Section 8 Housing program could help bridge the gap between resources and housing costs, but would be even more effective if the housing standards for Section 8 were determined in light of the housing realities in Vermont and the needs of Vermont families.

6. MOBILE HOME PARKS

(A) Many mobile home parks are closing as the result of deteriorating infrastructure, or decisions by park owners to close for business or health reasons. A park closure threatens a mobile home owner with the loss of equity in the mobile home or loss of the home, or both.

There are few if any new vacant mobile home lots in Vermont, and the cost of moving a mobile home is prohibitive.

(B) In order to maintain or increase the supply of mobile home park lots in Vermont, more funding is needed to help park owners maintain deteriorating park infrastructure in an effort to stave off further closures. Additional funds must also be available to mobile home owners displaced by park closures to help with relocation expenses.

7. RESIDENTIAL CARE

(A) Residential care homes are an important component of the affordable housing mix. They offer efficient housing and compassionate care to the elderly and special needs populations. Although a recent crisis within the residential care homes was avoided in the short term when the Department of Aging and Disabilities created a revolving loan fund available to owners for safety renovations, a longer term crisis looms. The rates paid by the state for a residential care bed are far below the actual operating costs, thereby limiting profits and reducing capital that otherwise could be available for repair and rehabilitation. The few private pay residents subsidize this cost-payment gap.

(B) Residential care home staff is underpaid and under trained, a situation that results in high turnover and lack of continuity of care for the residents.

(C) The residential care system is often more effective therapeutically, socially and financially for its residents and the community than nursing home care. A demise of the residential care system would increase social and health care costs, and add significantly to the crisis in affordable housing.

(D) The economic integrity of the residential care system could be strengthened with an infusion of funding to increase rates so that they more closely reflect operating costs, to provide subsidies for renovations and repairs, and to increase wages paid and training available to improve the quality of residential care and fairly compensate the caregivers.

8. COMMUNITY DEVELOPMENT ORGANIZATIONS

(A) Many low income individuals and families experience personal and financial problems that may jeopardize their housing situation. These difficulties may include limited education, marginal employment, physical and sexual abuse and health problems. The Family Housing Partnership Program successfully operated in Central Vermont by CVCAC provides intervention on behalf of tenants at risk of eviction and homeowners at risk of foreclosure, and counseling in regard to the wide range of issues that play a role in their housing instability.

(B) An expansion of the housing partnership program, and coordinating it with the Back Rent Program under the administration of the Vermont Office of Economic Opportunity, could provide stronger financial and counseling support to a wider group of vulnerable people to help them retain their housing and avoid homelessness.

(C) The network of nonprofit housing organizations has been extremely effective, despite limited resources, in addressing housing issues, increasing the supply of affordable housing and promoting public, private and government cooperation to address housing issues. This success is due in large part to the commitment, dedication and knowledge of the employees and volunteers in these organizations.

IV. COMMITTEE RECOMMENDATIONS

1. FINANCING EXISTING AFFORDABLE HOUSING PROGRAMS

(A) Appropriate up to an additional $7,000,000.00 of surplus funds to the Vermont Housing and Conservation Board again this year for affordable housing to continue the affordable housing development effort begun in FY 2000 when one-time surplus general funds were committed to developing 454 new units of perpetually affordable housing. Throughout the 1999 legislative session, several standing committees received extensive testimony and data that demonstrated the depth and breadth of the affordable housing crisis. In 1999, the general assembly concluded that an investment in affordable housing was a wise, long-term use of one-time surplus funds. Given the persistence of the affordable housing crisis, it is prudent to continue to support this effort in FY 2001, while surplus revenues remain.

(B) Provide additional funding for the statewide accessibility modification program to meet the increasing needs for housing for persons with disabilities, and to continue to make housing accessible to persons with disabilities.

(C) Provide at least $600,000.00 additional funding to cover a budget short fall for the operation of homeless shelters and support services, and sufficient funding to meet the need caused by the dramatic increase in homelessness, especially among families.

(D) Continue funding for the back rent program, shift its administration to the Vermont Office of Economic Opportunity, and expand eligibility to individuals.

(E) Provide additional financing for rehabilitation of deteriorating residential care homes, and increase public payment levels to more closely reflect operating costs to support and strengthen the residential care system.

2. FINANCING NEW HOUSING PROGRAMS

(A) Creation of a statewide Vermont affordable housing tax credit program that parallels the federal program and provides $300,000.00 per year for ten years, and a tax credit program for rehabilitation of historic buildings (H.475 includes these provisions for designate "downtown." They may be added into H. 408 by Senate amendment).

(B) Provide funding to help mobile home owners displaced by mobile home park closures with relocation expenses. (S.279 in the Senate in the Committee on General Affairs and Housing includes an appropriation of $750,000.00 for a relocation fund for mobile home owners displaced by a park closure. Some of this $750.000.00 will come from one percentage point of the sales tax on mobile homes.)

(C) Create a state subsidy program to lower mortgage interest costs targeted at lower income borrowers to help the approximately 1,800 Vermont households with incomes below $25,000.00 become homeowners.

(D) Funding of $75,000.00 to the statewide Fair Housing Project to conduct educational and outreach campaigns directed at landlords, local officials and tenants.

(E) Increase the wages and training for residential care home staff to enhance the continuity and quality of care provided in residential care homes.

(F) Create a state program that awards grants or loans, or both, to low income homeowners for home maintenance and repair of unsafe or unhealthy conditions, thereby retaining quality housing stock, reducing homelessness, and mitigating unhealthy and unsafe housing conditions.

3. LANDLORD TENANT

(A) Create a statewide comprehensive housing code compliance program to be carried out by professional inspectors as outlined and documented in the recently published comprehensive Rental Housing and Safety Standards Report issued in December 1999.

(B) Amend H.343, the speedy eviction bill, to include a provision that enlarges the generous time frames for eviction of tenants in good standing, and consider the equity and implications of legislation that requires that tenants in good standing be evicted only for cause.

(C) Expand the housing partnership program, a homelessness prevention program, which has been successfully operating in Washington County, into a statewide program, coordinated with the Back Rent Program, with both programs administered by the Vermont Office of

Economic Opportunity, to expand the program to include individuals and fund this effort, in part, with TANF reserves.

(D) Increase protections for the mobile home owners who rent lots in mobile home parks that close. (S.279, in the Senate General Affairs and Housing Committee, increases the time for a park resident to relocate when a park closes, and creates a fund to help displaced mobile home owners relocate.)

4. PERMITTING PROCESS

(A) Support the efforts of the Department of Housing and Community Affairs to revise chapter 117 of Title 24 by a nonlegislative commission of diversified experts through legislative directive.

(B) Encourage municipalities to create development review boards to increase the efficiency and speed of the local permitting process. Facilitate the quality of the review and planning process by providing $150,000.00 of planning grant funds for use by regional planning commissions to train members of development review boards. Also, develop strategies to encourage longer service by members of local planning commissions, zoning boards, and development boards.

(C) Require municipalities to revise zoning regulations within two years after the adoption or revision of their town plan to assure compatibility between the two documents.

(D) Support the efforts of members of local development review boards to acquire the training necessary to conduct on-the-record hearings that permit on-the-record appellate review before the Environment Court. (H.475, downtown bill, includes a provision to permit discretionary on-the-record hearings. May be amended into H. 408 in the Senate.)

(E) Narrow the definition of "interested party" as it relates to appeals of local permitting decisions of housing projects (H.475, downtown bill, includes this provision which may be amended into H. 408 in the Senate). Explore the benefit of setting tighter time limits for the issuance of local permitting decisions.

(F) Increase staffing for the Environmental Court, and add additional rotating Environmental Court judges.

5. AFFORDABLE HOUSING DEVELOPMENT INCENTIVES AND REQUIREMENTS

(A) Provide incentives, such as the authority to levy local option taxes, prioritizing towns for discretionary funds, such as CDBG grants, pollution control, water supply, municipal and regional planning funds, loans from the state infrastructure bank and transportation money for public transportation expansion and development, to municipalities to motivate them to adopt local policies, such as cluster housing, denser development, inclusionary zoning, and sewer and water capacity set-asides for affordable housing projects, that promote affordable housing development.

(B) Consider requiring that municipalities implement inclusionary zoning; that developers that receive funding from the Agency of Natural Resources revolving loan fund provide additional sewer and water capacity set-asides for affordable housing and that job creation by new business development be linked with affordable housing by assessing business developers an impact fee or a housing subsidy for affordable housing needs generated by newly created jobs, particularly those paying lower wages.

6. AFFORDABLE HOUSING PARTNERSHIPS AND COOPERATION

(A) Continue to support and monitor the efforts to improve the lives of Vermonters by coordinating safe and affordable housing needs with access to human services first begun in the fall of 1997 with the signing of the Memorandum of Agreement by the Secretary of the Agency of Human Services, commissioners within the agency and representatives from various nonprofit housing organizations. The signers of the Memorandum comprise the Housing Council which meets monthly. The efforts of the Housing Council have enhanced communication, efficient allocation of resources, the development of quality programs, and provided vital support for and coordination of specific human service and housing projects.

(B) Encourage regional cooperation and consideration of smart growth strategies in the design and location of affordable housing development to assure that affordable housing is distributed efficiently and equitably among municipalities, and that it is located close to transportation or service, retail and job centers.

7. LIVABLE INCOME

Develop a coordinated approach through economic development, workforce training, financial incentives and tax policy changes that will create an economic environment in Vermont in which a working Vermonter can receive wages that provide a livable income. (H.837, Livable Income, has a patchwork of provisions designed to take steps toward this goal.)

V. LONG-TERM RECOMMENDATIONS

(A) Explore and develop new and creative programs that promote the creation and rehabilitation of perpetually affordable housing units.

(B) Analyze the benefit of providing waivers of certain infrastructure requirements for affordable housing projects and rebates of certain Labor and Industry fees.

(C) Explore the possibilities and benefits of providing access to affordable housing funds and subsidies to for-profit builders.

(D) Provide lower cost bonding and expanded borrowing authority agencies developing affordable housing projects.

(E) Develop a program for Individual Development Accounts to help lower income Vermonters acquire the money to become home owners.

(F) Devise long-term solutions for mobile home owners displaced by mobile home park closures caused by deteriorating infrastructure or failed sewer and water systems.

(G) Develop a statewide process for reviewing local permitting decisions regarding affordable housing development.

(H) Monitor efforts to revise chapter 117 of Title 24.

(I) Monitor the progress and effectiveness of the statewide housing code compliance program and state and local inspections and enforcement, and the creation of a state registry of rental units.

(J) Continue to monitor the progress of efforts to assure that working Vermonters have a livable income.

(K) Investigate issues relating to licensing of residential care homes. Continue to devise and support efforts to enhance the economic health of the residential care system, including assuring the safe condition of the buildings, increasing public payments and number of beds available for Medicaid and SSI residents, wage and training levels of employees.

VI. SUMMARY OF WITNESS TESTIMONY

June 2, 1999 - The Committee discussed its agenda for the remainder of the biennium and considered limiting its focus to:

1. The effect of building costs and vendor payments on the availability of affordable housing.
2. The impact of students and the elderly on the affordable housing stock.
3. Ways to promote and perpetuate affordable housing.
4. The feasibility of converting second-story downtown commercial space into affordable housing units.
5. Ways to retain affordable housing for which long-term subsidies are scheduled to expire.

6. The benefits of rehabilitation vs. new construction to create additional affordable housing units.

Witnesses:

Greg Brown, Commissioner of the Department of Housing and Community Affairs (HCA), and Kathy Beyer, Deputy Commissioner, explained the state's housing policy and its emphasis on housing for families which the Department regards as having the greatest need. Future housing development should be planned so that it is built in close proximity to job and retail centers and public transportation. Mobile homes are one form of affordable housing that is jeopardized as the result of the aging and infrastructure deterioration of mobile home parks.

Act 60 has ameliorated the educational tax burden that may accompany housing growth when it increases school populations. However, the public continues to believe that affordable housing will increase the student population, thereby increasing local property tax burdens. This is only one of many public perceptions that tend to limit affordable housing development.

The federal Low Income Housing Tax Credit Program is a major incentive for affordable housing development, so the Vermont Congressional Delegation should be encouraged to support increased funding for that program.

Janet Dermody, Director of the Champlain Valley Economic Opportunity Office, Mobile Home Project, stated that 80 percent of the mobile home parks have serious age-related infrastructure deterioration, and the park owners fail to make capital improvements and timely repairs. Mobile home park closures, which frequently result from the failure of the infrastructure systems, create problems unique to the mobile home owners who rent lots in those parks. The mobile home owner is forced to move the home to a new lot in an environment where vacant mobile home lots are few and far between. In these situations, the mobile home owners are highly vulnerable to losing not only their equity, but their home, if they are unable to find a new lot, and are forced into foreclosure or abandonment.

Pat Peterson, HCA Policy Specialist, explained the new federal "healthy homes" initiative, which is an outgrowth of studies that showed a direct link between childhood disease and the lack of decent, quality affordable housing.

William Smith of the Vermont Home Builders and Remodelers Association supported increasing funding for the federal Low Income Housing Tax Credit, and discussed mechanisms to encourage homeownership.

July 27, 1999 - The committee divided into two panels to hold concurrent roundtable discussions. The first roundtable considered "The impact of permitting costs on home building"; the second roundtable considered "The effects of state programs on the availability and cost of affordable housing."

Roundtable I concluded that the cost or availability of infrastructure, including water, sewer, utilities, and roads, has the greatest impact on the cost of constructing new housing. However, the local zoning and planning process adds another significant cost component. The process is cumbersome, slow and often lacks predictability, which negatively impacts housing development. The major issues appeared to be:

1. Zoning bylaws that are inconsistent with adopted town plans.
2. Lack of training and support for local board and commission members, and a paucity of capable willing volunteers to participate on local planning boards.
3. The delays inherent in the Act 250 review process, and the local zoning and planning appeals to the Environmental Court.

Solutions considered by Roundtable I included:

1. Narrowing the criteria for party status as it relates to Act 250.
2. Encouraging municipalities to develop the capacity for the "on-the-record" appeals of local zoning and planning decisions.
3. Providing additional staff and judges for the Environmental Court.

Roundtable II concluded that state community housing programs for mental health and corrections populations are creating additional pressure on the supply of affordable housing. Residential care homes provide an excellent efficient, cost-effective solution to the housing needs of elderly and special needs populations. However, the economic viability of these homes is increasingly fragile due to deteriorating buildings, aging of the owner/operators, and below cost state subsidies for nonprivate pay residents. Waiting lists for residential home beds are long. The Department of Corrections rents as many as 150 housing units at any one time. The transient nature and status of the inmates/tenants are often a cause of concern for neighbors, frequently forcing the department to pay higher than fair market rents.

The committee noted that overall state planning policy for housing should be strengthened. Ongoing cooperation between and among agencies is essential to ensure that housing issues are not ignored, but addressed effectively and efficiently, and to assure that new housing is developed close to services required by the residents, and that new and creative financing options are discovered.

August 24, 1999 - Senator Ann Cummings was appointed to replace Senator Susan Bartlett, and Representative Karen Lafayette was elected chair of the committee. The committee considered suggestions for streamlining the local permitting process.

Witnesses:

Greg Brown, Commissioner HCA, offered the following suggestions:

1. Enhance education and training for local zoning and planning board members through the regional planning commissions.
2. Develop a more thoughtful approach to developing standards for different types of districts.
3. Mandate that local zoning regulations be revised regularly, at least every five or 10 years, to assure accurate interface with town plans.
4. Encourage municipalities to appoint development review boards whose sole duty is to rule on controversies involving zoning and development, thereby leaving planning boards to plan, thus streamlining and consolidating local development decisions.
5. Narrow the definition of "interested party" for Act 250 review.
6. Carefully set new standards for variances in downtown or village centers.
7. Improve efficiency and speed of appeals in the Environmental Court.
8. Design and implement effective incentives for development of affordable housing.

Karen Horn, Vermont League of Cities and Towns, proposed tightening the definition of "interested party"; requiring that participation in the local permitting process be a condition of "party" status in Act 250 hearings; and evaluating the effectiveness of existing variance appeal boards. She also supported the zoning provisions in H.475, one of the so-called "Downtown" bills.

Don Borden of Two Rivers Ottauquechee Planning Commission testified:

1. For most housing projects that are not multiple units (rental apartments), the process is fairly predictable, and applications are processed within reasonable time frames.
2. De facto limitations to affordable housing include overly restrictive lot size and dimensional requirements that do not relate to housing needs or common sense planning. Large lot requirements increase development costs and effectively preclude affordable housing.
3. Access to water or sewer allocations enables more dense development and reducing per unit costs. Encourage or mandate municipalities that receive state or federal sewer and water support to design sewer and water allocation policies that reserve capacity for affordable housing or other public uses.
4. Increase funding for training and offer it through either regional planning commissions or the Vermont League of Cities and Towns. The increased knowledge and skill of board members improves the efficiency of the review process, and tends to minimize contested proceedings and appeals.
5. Promote a regional approach to planning for housing by public education and training local officials.
6. Improve the interface between planning policies and zoning regulations.

7. Consider whether the broad definition of "interested party" may cause some abuse or inefficiency in the permitting process.

8. Promote incentives available to local planners to stimulate the development of quality affordable housing. Incentives include density bonuses, home sale provisions that encourage perpetual affordability, waivers of certain standards, subsidies and tax incentives. Local nonprofit housing organizations that have an expertise in housing issues have been very effective in promoting and developing housing, and provide an important link to local governments in defining housing needs.

Gus Seelig, Director of the Vermont Housing and Conservation Board, outlined the dual purposes of the board, perpetually affordable housing development and retention and conservation of open space. Since its creation, VHCB has developed or renovated approximately 5,000 units of perpetually affordable housing and conserved over 200,000 acres of Vermont land. The board has developed a large, strong and knowledgeable network of nonprofit housing organizations throughout the state. The housing focus has been on multifamily rental housing which has comprised about two-thirds of the projects funded. However, the Board has been successful in helping tenants to cooperatively purchase their mobile home park, and to stabilize lot rental rates and upgrade the infrastructure. This effort has placed more than 1,000 lots in cooperatively-owned parks. The VHCB has also promoted home ownership by low income Vermonters primarily through the Homeland Program and, in cooperation with local land trusts, has provided purchase subsidies and deed provisions that help to assure perpetual affordability.

VHCB received $1,00,000 in FY 2000 specifically earmarked for housing that was prioritized as follows: 1. The state's tightest housing markets (Chittenden, the Upper Connecticut Valley and Manchester); 2. Construction of new housing units; 3. Renovation of housing with major health and safety problems. The appropriation has funded 62 units, many in downtown areas.

Mr. Seelig emphasized the need for more incentives to be available to motivate communities to plan and develop affordable housing in conjunction with smart growth, and density development as cost and environmentally beneficial.

Polly Nichol, Director of Housing Projects, Vermont Housing and Conservation Board, described housing projects that encountered significant delays in the local permitting project over the past four years. Polly noted that the two major types of projects that frequently are subject to permitting appeals are: 1. New construction on open land; 2. Housing projects designed for special needs populations, particularly homeless people or people with mental health problems. Four projects were affected by appeals at the local level. Two of these projects are:

1. Macaulay Square project in Burlington which took more than four years from initial permit application to approval. This project involved new construction on open space which had

been used for community gardens by local residents. Such extensive delay would have killed any project that did not have the support of one of the largest nonprofit housing organizations in the state. The affordability of the housing in this project required use of more land than if the project was for higher income housing, creating more neighborhood resistance.

2. A residential care home proposed for new development in a residential neighborhood in Morrisville. This project encountered intense and immediate neighborhood resistance, causing the project to be redesigned for development in what formerly housed the Copley Nursing Home.

Caryl Stewart testified for the Vermont Development Credit Union, which functions as a community development bank. The VDCU provides capital for housing and major purchases to individuals who are unable to access the conventional banking system. This program has been successful by leveraging private funds with a less than 2% default rate.

Sarah Carpenter, Executive Director of The Vermont Housing Finance Agency, testified that many low income first-time home buyers in Vermont face affordability obstacles. Just over a third of all potential home purchasers earn less than $25,000.00. There is more than an $11,000.00 gap between a home affordable to a family earning 80% of HUD's estimated median income and the median purchase price of a house in Vermont. This gap is even greater for households in Grand Isle, Addison, Windham and Bennington counties. A state-supported mortgage interest subsidy program for lower income borrowers would go a long way toward helping Vermonters become homeowners.

Increasingly, low income Vermonters who are already homeowners face high housing and maintenance costs. This reality often forces these homeowners to delay or defer basic upkeep and even necessary repairs. Even those with significant equity in their homes are limited by insufficient financial resources or an inability to qualify for home improvement or equity loans. A state-sponsored home maintenance program targeted to low income and elderly homeowners would improve the quality of owned homes, and increase the safety for elders and children in those homes.

Mobile homes are another important source of affordable housing for which VHFA provides financing. It is estimated there are approximately 2,000 more mobile homes needed to meet the current demand. The VHFA mobile home program could be sustained through a state subsidy program designed to supplement a special taxable bond program targeted at mobile home purchases.

Kirby Dunn, Burlington Community Land Trust and Homeownership Center of Chittenden County, outlined the successes of this program in getting appropriate lower income people into home ownership, by providing counseling and support throughout the entire period of ownership to develop the skills and knowledge needed by home owners, so they can maintain and retain their homes and creating perpetually affordable housing. She also recommended a lower interest loan to be implemented as a component of a statewide community reinvestment requirement for banks.

Mark Severance, Summit Financial Center, said financing mechanisms are available, more and better than ever, so the major barrier to ownership of affordable housing is the high cost of housing which has resulted in part from the tight housing market. There are a variety of financing products through state and federal and even private financing organizations, many with 3% down payment requirements. Homeownership is stymied also when the home requires rehabilitation. Products to finance purchase in combination with rehabilitation are less available than previously. The new credit scoring (provided to financing organizations along with the applicant's credit report) may also restrict or slow access to financing, and higher prices that are resulting from small inventory and interests are rising. Generally, a variety of financing products is available. Lenders have become more flexible in determining qualifications of financing applicants.

Larry DeShaw and Cynthia Gubb, community development services at Chittenden Bank, discussed the role of banks in financing home purchase for lower income Vermonters, and suggested that the cost and availability of housing presents more of a barrier to home ownership than the interest rates. Ironically, Chittenden Bank has a higher rating than Vermont National Bank which has a Socially Responsible Banking Fund which invests for the benefit of the community because of compliance with the Community Reinvestment Act, yet Vermont National Bank may actually be doing more for the community, and better satisfying the spirit of the CRA.

Tim Hayward, Executive Director of Vermont Bankers Association, reaffirmed the perception that an abundance of competitive financing programs is available. In addition to 28 banks in Vermont, there are 400 licensed lenders in Vermont. The cost of land, down payment requirements and closing costs are a few areas that add substantially to the cost of home purchase. He suggested creation of a limited exemption from the property transfer tax for VHFA borrowers to reduce closing costs and the overall cost of home purchase, and increasing the financing expertise among the nonprofits. He also encouraged the committee to come up with as many ways as possible to reduce the cost of housing, including encouraging denser development of housing, requiring water and sewer capacity set asides for affordable housing, and any other action to eat away at the costs of housing. He concluded by stating that he sees no reason to expand the CRA in light of the competitive lending environment.

September 22, 1999 - The committee focused on the local permitting process and its role in increasing housing costs and creating roadblocks to affordable housing development.

Al Boright, Legislative Counsel, reviewed provisions in H.475 (Downtown Development Incentives) that provide incentives for housing development within designated downtowns.

These provisions include:

1. Exemptions from land gains tax and property transfer tax.
2. Exemption from Act 250 and water supply and wastewater disposal permits.
3. Rebate of labor and industry fees, including plan review, plumbing, electrical and boiler fees.
4. Increased tax credit limits for rehabilitation of historic buildings.
5. Low income housing tax credits.
6. Limited growth in grand list.
7. Limit of permit appeal rights by nonadjoining property owners.
8. Municipal right to designate certain decisions for on-the-record appeal.
9. Priority ANR water and sewer loans, and state infrastructure bank aid.

Nancy Owens, Project Developer, Housing Vermont, discussed the permit application process for the Macaulay Square project in Burlington. The applications were first filed in January 1996 with a plan for 92 units of various housing styles, with the proposed density within the maximum allowed within the district. The board of adjustment and the planning commission issued inconsistent rulings. An appeal to the Environmental Court followed, during which mediation was held. Resolution was delayed for more than three years. The total amount of additional costs incurred is unknown, but the developer reported that a minimum of $140,000.00 in professional fees was paid just for the permitting process. She recommended:

1. Consolidating local permitting boards.
2. Shortening time frames throughout the permitting process.
3. Clarifying the criteria used by planning commissions.

Peter Richardson, Housing Vermont, noted that de novo appellate review of zoning decisions to the Environmental Court is very inefficient, and recommended that appeals from local boards be on the record.

Robert Gensburg, Esq., Housing Vermont suggested:

1. Consolidating the local permitting process into one decision-making entity, such as a development review board (DRB).
2. Promoting or mandating on-the-record appeals.
3. Statutory time frames for issuance of zoning local decisions.
4. Creating a commission of experts with diverse interests to revise and update chapter 117 of Title 24.

Liam Murphy, Esq., Chair, Real Property and Environmental Committees of the VBA, noted that towns currently have authority to combine reviewing bodies into a development review board (DRB), but recommended against mandating DRBs and against statutory time frames. He proposed:

1. Shifting conditional use authority to planning commissions.
2. Retaining the de novo appeal.
3. Limiting the number of appeals related to plat approval.
4. Limiting appeals to issues raised in the local hearing process.
5. Use mediation on an experimental basis in the Environmental Court.
6. Increasing staff for the Environmental Court.
7. Assuring the same standards for all housing, including affordable housing.

Paul Gillies, Esq., agreed that DRBs should not be mandated, and noted that frequently the poor quality of local hearing records precludes on-the-record appeals. The de novo appeals should continue for municipalities that lack the resources to make adequate hearing records.

Neal Rodar, Director, Woodbury Dispute Resolution Center, discussed the voluntary mediation program available to parties in the Environmental Court.

Brian Pine, Assistant Director of Housing, Chittenden Economic Development, explained Burlington's inclusionary zoning ordinance. He emphasized the need for regional solutions to housing problems, and suggested that creating linkage between job development and housing development should be investigated as another approach to increasing the affordable housing supply.

Judge Merideth Wright described the Environmental Court process, the mediation project and the urgent need for additional staff and support for the court to increase the efficiency of the system. The judge must perform many of the duties better performed by nonjudicial support staff. The most pressing need for the court is for at least one full-time court manager, rather than the present situation in which the Environmental Court shares staff with the criminal court.

Erhard Mahnke, Consultant, Vermont Affordable Housing Coalition, presented a study by the National Low Income Housing Coalition that identified Vermont as the fourth least affordable state for renters. The following is a comprehensive set of recommendations to address the affordable housing crisis:

1. Increase wage rates for people who work full-time so they can afford to rent a safe and decent apartment without sacrificing other necessities of life.
2. Decrease the cost of housing for lower income people by providing them with rental subsidies through such programs as the federal Section 8 program and a similarly designed Vermont Section 8 Program.
3. Increase the supply of affordable housing through development incentives, linkage, rehabilitation and zoning regulations that do not preclude affordable housing.

4. Establish a state appeals board with the authority to overturn local permitting decisions in regard to affordable housing projects.
5. Require affordable housing project applications to be reviewed by one designated board.
6. Require a public hearing to be held within 30 days of submission of a completed application.
7. Require a decision to be issued within 40 days after the hearing is closed.

He explained the 30-year old Massachusetts' zoning law has been an effective antidote to local exclusionary zoning and inequitable regional distribution of affordable housing. He also emphasized the need for sewer capacity set-asides for affordable housing projects, and urged adoption of and funding for a state low income housing tax credit program.

Beth Humstone, Planner and Associate Director of the Vermont Forum on Sprawl, explained that the goals articulated in chapter 117 include many provisions for housing, including:

1. Housing development should occur within compact residential settlements that are surrounded by rural working landscapes.
2. Intensive residential development should be encouraged in areas related to community centers.
3. All Vermonters should have access to safe and affordable housing that meets the diverse needs of low and moderate income Vermonters.
4. New and rehabilitated housing should be safe and sanitary, convenient to commercial and retail centers, and coordinated with utilities.

State, regional and municipal plans are required to incorporate those goals. Regional plans must contain a housing element that addresses the housing needs for all economic groups. A municipal plan, if undertaken by the municipality, should include the housing needs that have been identified by the regional planning commission. Thus, a coordination between regional and municipal goals is established. She also cited a little used statute that requires the Commissioner of Housing and Community Development to establish guidelines for affordable housing development for municipalities that have no approved municipal plan. State programs that provide money could be contingent on requirements for housing to assure housing development.

She also noted that the bulk of affordable housing growth has been concentrated in the traditional city centers, while job and retail growth has been focused in new-growth towns, those surrounding traditional city centers. Apparently, the retail growth often does not create many new jobs, but often shifts them from traditional centers to the new growth centers (malls and new shopping centers). In some cases, new growth towns may not be appropriate for housing development due to their lack of services. Approaches to addressing affordable housing needs vary between city centers and more rural communities.

Gary Shultz, Chief of Operations, Agency of Natural Resources, testified that some provisions in H.475, relating to sewer and water issues, would create problems. He advised against automatically placing affordable housing projects located in downtown centers on the funding lists, and against the zero interest provision that would not cover the administrative costs for sewer/water grants.

October 15, 1999

Steve Stitzel, Esq., provided a comprehensive overview of the local land use review process. He stated incentives are available to the local zoning boards to encourage affordable housing development. He urged chapter 117 of Title 24 be redrafted by a panel of experts, and the staff of the Environmental Court be increased. He noted the decreasing experience, knowledge, training and time commitment of local planning and zoning board members, the lack of regional cooperation to address housing issues, and widespread public ambivalence toward affordable housing development, particularly rental housing, are major factors that slow or restrict this type of housing development.

Kevin Dorn, Executive Director of the Homebuilders and Remodelers Association of Northern Vermont, reported the Chittenden County Housing Summit, jointly sponsored by the Homebuilders and the Vermont League of City and Towns, was well attended, and was a successful first step in promoting a cooperative approach to the economic and housing issues that have become critical in Chittenden County, where high prices and limited housing supply restricts low and moderate income Vermonters, not only in regard to home ownership, but also rental housing. He recommended encouraging the formation of local development review boards, allowing private sector for-profit builders access to public money for affordable housing, and increasing funding for the federal low income housing tax credit program.

Lee Suskin, Court Administrator, discussed issues relating to complaints about the Environmental Court, including delays and staffing shortages. He testified that doubling the Court's staff from one half-time to one full-time position would ease the situation considerably. He also offered the suggestion that up to three Environmental judges be appointed, with one serving the court at a time, or all three serving simultaneously but under very tight time constraints. He also suggested alternative dispute resolution be mandated for Environmental Court cases.

Kathy Beyer, Deputy Commissioner of Housing and Community Affairs, after cautioning against mandating mediation in all Environmental Court cases, offered the following proposals on behalf of the Department of Housing and Community Affairs:

1. Establishing an expert, nonlegislative commission to revise chapter 117 of Title 24. This revision is on her department's agenda.

2. Passing enabling legislation to permit municipalities to offer density bonuses for affordable housing projects.
3. Encourage on-the-record appellate review of local land use decisions to avoid the delay inherent in de novo review.
4. Appoint at least two Environmental judges for rotation within the Environmental Court.
5. Require towns seeking funding for sewer expansion from the Revolving Loan Fund at ANR to set aside a percentage of their sewer capacity for future affordable housing projects.

Cheryl Mitchell, Deputy Secretary of Human Services, and Karen Hammer-Williamson, Administrator, Independent Living Program, Department of Aging and Disabilities, outlined the impact of residential care on affordable housing, and reported that, while the crisis in residential care has been temporarily averted, the economic health of the system is precarious, due to the aging of owner/providers and the deterioration of the homes, themselves, below-cost payments for publicly supported residents and lack of skilled, well-paid staff.

Joseph McNeil, Esq., Burlington City Attorney, noted that many more resources were needed for the Environmental Court, and supports on-the-record appellate review for municipalities that have the capacity to create reviewable records at the local land use hearings.

Erhard Mahnke, Affordable Housing Coalition, offered the following:

1. A substantial increase in the appropriation to the Vermont Housing and Conservation Board in FY 2001 earmarked for housing as was approved in FY 2000.
2. Amend H.343, in the Senate, to include protection from no-cause evictions.
3. Create a Vermont Section 8 Housing Subsidy Program, patterned after the federal program.
4. Provide long-term funding for affordable housing projects designed for people with special needs to provide on-site supportive services.
5. Provide additional funding and support for the residential care network.
6. Establish throughout the state an eviction prevention program patterned after the Family Partnership Program now operating successfully in Washington County.
7. Increase aid for homeless shelters and for homeless individuals and families.

Gus Seelig, Executive Director of Vermont Housing and Conservation Board, encouraged the committee to help direct the legislature and focus the public on the looming crisis in housing and its ultimate impact on the economic health of the state. He suggested that the legislature exert leadership to change negative perceptions of affordable housing, ease the vulnerability of mobile home owners, and publicize the crucial connection between economic and job growth and availability of a wide range of housing. He also outlined projects recently undertaken or completed by VHCB and its network of nonprofit housing organizations.

VII. SOURCES AND REPORTS

Vermont Consolidated Housing Plan - Housing and Community Development Programs FY 1999 update – Department of Housing and Community Development

Vermont Housing and Conservation Board – Annual Report 1999

Vermont Housing Finance Agency – Annual Report 1999

Rental Housing and Safety Standards Report - December 1999

Chittenden County Housing Summit – September 21, 1999 (Vermont Association of Home Builders and the Vermont League of Cities and Towns)

Vermont Low Income Housing Coalition Priorities Report
Research and Analysis - Livable Income Study Committee – November 9, 1999

VIII. NONGOVERNMENTAL ORGANIZATIONAL SOURCES

Addison County community Action Group – Addison County
Addison County Community Trust – Addison County
Barre Housing Authority – Barre, VT
Brattleboro Area Community Land Trust – Windham County
Burlington Community Land Trust – Chittenden County
Burlington Housing Authority – Burlington, VT
Champlain Valley Mutual Housing Federation – Chittenden County
Champlain Valley Office of Economic Opportunity – Chittenden County
Cathedral Square Corporation - statewide
Central Vermont Community Land Trust – Washington and Orange Counties
Gilman Housing Trust – Orleans, Essex, Caledonia Counties
Housing Vermont - statewide
Lake Champlain Housing Development Corp. – Chittenden, Franklin, Grand Isle Counties
Lamoille Housing Partnership – Lamoille County
Preservation Trust of Vermont - statewide
Regional Affordable Housing Corp. – Bennington County
Richmond Land Trust - Richmond
Rockingham Area Community Land Trust – Windsor, Windham Counties
Rutland County Community Land Trust – Rutland County
Shared Housing for Rural Elders - statewide
Springfield Housing Authority – Springfield, VT
Twin Pines Housing Trust – Windsor, Orange Counties
Upper Valley Land Trust – Caledonia, Orange, Windsor Counties

Vermont Center for Independent Living - statewide
Vermont Community Loan Fund - statewide
Vermont Homebuilders and Remodelers Assoc. - statewide
Vermont League of Cities and Towns - statewide
Vermont Development Credit Union - statewide

IX. APPENDIX

1997 Memorandum of Understanding

Memorandum of Understanding
between the
Vermont Housing Agencies (DHCA, VHCB, VHFA, VSHA)
and the
Vermont Agency of Human Services

General Statement of Purpose

It is the purpose of this document to outline shared goals and objectives to improve lives of Vermonters seeking safe, decent and affordable housing and the provision of services which will encourage healthy families and communities while increasing economic independence. This memorandum will serve to provide structure in improving communication, allocation of resources and the quality of programming by all the parties to this Agreement.

Background

Over recent years, as low income Vermonters have faced stagnant or declining incomes and increasing housing costs, public policy trends for, 1) reduced federal resources; 2) demographics of an aging population; 3) quality community based alternatives to institutional care; and 4) homelessness in Vermont for both individuals and families with children, have resulted in the need for parties to this Agreement to work creatively and effectively together has intensified.

In recent years the Department of Housing & Community Affairs has provided leadership in developing a Consolidated Plan that has considered these issues. The plan has prioritized and developed housing strategies which take into account a broad array of housing related community needs. Other participants in this Agreement have piloted effective responses such as VHFA's Robert Wood Johnson program to add services for elderly housing, VHCB's broad support for McKinney homeless housing initiatives, VSHA's administration and successful competition for scarce Shelter Plus Care subsidies, consortiums among all entities to reduce lead paint hazards, as well as providing opportunities for people with HIV/AIDS or other persons with special housing needs to live in settings which provide both greater stability and effective services.

The effective combination of housing and human services depends upon intensive capital investment, good planning and a long term commitment by housing and human service providers to projects jointly undertaken. Development of this Agreement is to build on and formalize effective working relationships which have made such initiatives possible.

Section A: Goals

Goal # 1: Assure that all Vermonters have access to and are able to maintain safe, affordable housing.

Goal # 2: Assure that the housing resources of State and Federal programs and agencies are efficiently coordinated to promote the availability of safe, affordable housing and the preservation and upgrading of such housing stock.

Goal# 3: Maximize the utilization of federal state resources that promote housing in community based settings in order to provide Vermonters with the greatest levels of independence possible and necessary services to enhance such independence.

Goal # 4: To enhance community support for and acceptance of all Vermonters including those with special needs.

Goal # 5: To reduce and ultimately eliminate homelessness for any household in the State of Vermont.

Section B: Objectives (Not ranked in order of preference)

Objective # 1: To increase the supply of safe, decent and affordable housing as perpetual community assets.

Objective # 2: To increase the use of housing as a focal point for delivering other services which will increase independence, community acceptance and support.

Objective # 3: To increase home ownership for low income Vermonters and those with special needs.

Objective # 4: To develop effective mechanisms for combining housing, health care and other supportive services for Vermonters with special needs.

Objective # 5: To increase the supply of housing which is accessible to persons with physical disabilities.

Objective # 6: To focus on projects which will increase the viability, diversity and vitality of Vermont's neighborhoods, including downtown areas and village centers.

Objective #7: To maximize the use of funding streams and programs which provide rental assistance to those in greatest need.

Objective #8: To monitor changes in the Sec. 8 program and related impacts on program beneficiaries, housing infrastructure and communities.

Objective #9: To promote partnerships between housing developers and human service providers which maximize the long term viability of housing for Vermonters who need services to maintain the most appropriate level of independent living possible.

Section C: Operating Principles

1. Each organization will review its policies and practices to ensure that they enhance rather than inhibit the mission of the other organizations. Individually and through the Housing Council all parties assess how changes in HUD and Rural Development will impact programs at the state and local level..

2. Each organization will have an opportunity to provide advice and suggestion to the others on program targeting and resource distribution.

3. Decisions on the use of housing resources will be made to promote the goals and objectives listed above.

4. No less than every three years partners to this Agreement will jointly develop priorities and projects consistent with the Consolidated Plan.

5. Each agency will endeavor to keep the other informed of its activities through the regular meetings of the Housing Council.

6. Nothing in this agreement is intended to prevent each agency from carrying out its statutory responsibilities or meeting its obligations to funding sources.

Section D: Operating Structures

1. AHS will establish a cross departmental housing work group and will invite staff members of other agencies to attend.

2. Housing agencies will use AHS's cross departmental housing work group to provide advice and input regarding the allocation resources, particularly for requests to provide assistance to Vermonters with special housing needs.

3. Housing agencies will look for opportunities to assure inclusion of human service viewpoints in policy and program designs.

4. When projects are agreed upon jointly by participating agencies, each will make a long term effort to ensure their viability.

5. When housing agencies ask AHS to review project proposals, projects will be reviewed by the Housing work group rather than individual departments.

6. When AHS is considering policies which would effect housing needs they will inform the Housing Council about their planning process and invite input.

7. All programs will work cooperatively to maintain funding for a "continuum of care", particularly innovative programs that help the homeless move to self sufficiency and permanent housing.

Section E: Near Term Priorities

1. Continue coordinated effort around lead paint hazard reduction.

2. Increased home ownership for persons with disabilities (at least one project completed in each county by the end of 1999).

3. Develop and preserve as much public housing as possible in the perpetually affordable public and non-profit sector.

4. Maintain an ongoing dialogue with Vermont's Congressional Delegation to ensure that as federal programs devolve, existing resources are preserved and future needs considered.

5. Maximize use of AHS resources to reduce cost of housing projects (i.e. community restitution, community service crews, community service employment and financial support for services wrapped around housing to enhance independent living).

6. Encourage community partnerships that will enhance the success of welfare to work strategies.

Section F: Mid-Term Priorities

1. Develop and maintain a clearing house of accessible and affordable units.

2. Coordinate with other entities to develop a single application for funding of housing projects and clear points of entry to develop wrap around services.

Section G: Community Partnerships

1. Through this memorandum parties to the Agreement will encourage community contractors to work jointly in bringing their expertise to bear on the affordable housing needs in their communities. To the maximum extent practical, housing developers will be asked to play key roles in development and property management in their communities while service providers will be asked to wrap services around such developments.

2. Housing agencies and the Agency of Human Services will advise community based contractors of this memorandum through newsletters, meetings or other forms and encourage similar dialogue at the community level. At least twice each year joint meetings should be encouraged among housing and human service providers to discuss community needs and plan appropriate responses at the community level.

(date) 10/31/97
Barbara Grimes, Commissioner
Housing and Community Affairs

(date) 10/31/97
Gus Seelig, Executive Director
VT Housing & Conservation Board

(date) 10/31/97
Allan Hunt, Executive Director
VT Housing Finance Agency

(date) 10/31/97
Richard Williams, Executive Director
VT State Housing Authority

(date) 11/5/97
Cornelius D. Hogan, Secretary
Agency of Human Services

(date) 11/17/97
David Yacavone, Commissioner
Department of Aging and Disabilities

(date) 10/31/97
Roberta Harold
USDA Rural Development

(date)
Rod Copeland, Commissioner
Developmental & Mental Health Services

(date) 11/17/97
Jane Kitchel, Commissioner
Department of Social Welfare

(date) 11/18/97
Bill Young, Commissioner
Social & Rehabilitation Services

(date) 11/18/97
Jan Carney, Commissioner
VT Department of Health

(date) 10/31/97
David Tucker, Director
Office of Economic Opportunity

(date) 11/18/97
John Gorczyk, Commissioner
Department of Corrections

JOINT HOUSING COMMITTEE

House Members:

Rep. Karen Lafayette, Chair

Rep. Alice Emmons, Vice Chair

Rep. Forest Buckland

Senate Members:

Sen. George Costes

Sen. Ann Cummings

Sen. James Leddy

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter CR

DATE: May 18, 2000

RE: Multifamily Construction Loan for Hillcrest Views Apts. & Maple St. Duplexes

Name:	Hillcrest Views Apts & Maple Street Duplexes		**Location:**	St. Albans
Housing Type:	Family		**Unit Type:**	Flats, townhouses
Total Units:	38		**Unit Sizes:**	2 BR; 825 avg. s.f. per unit
Total Cost:	$2,819,062		**Per Unit Cost:**	$74,186
Loan Requested:	$737,700 construction loan		**Housing Credits:**	$25,000 (out of cap)
Other Funding:	Rural Development, Project Reserves, Housing Credits (4%)			
Sponsor:	Vermont State Housing Authority (VSHA)			

This project involves the consolidation of two projects originally financed by the Rural Development (RD) 515 program. Hillcrest Views Apartments in St. Albans is a 34 unit complex constructed between 1986 and 1989 with Housing Credits as well as RD assistance. It is owned by Hillcrest Views Limited Partnership (HVLP), whose general partner is VSHA, and whose limited partner is the Merchants Bank. The Maple Street duplexes (four units total) are owned by Housing Foundation Inc., a subsidiary of VSHA. HVLP proposes to improve the Hillcrest Views complex, consisting primarily of sitework, and acquire and substantially rehabilitate the Maple Street duplexes. RD will provide the permanent financing for the consolidated project consisting of 38 units in total, as well as rental assistance for all of the units. Currently there is RD rental assistance in only 28 of the 38 units. HVLP is seeking a tax exempt construction loan of $737,700 in order to obtain the 4% out of cap Housing Credit. An RD appraisal has been completed and values the property, with RD financing and rental assistance, at $2,100,000. A Level I Environmental Site Assessment has not yet been received. The Sponsor plans to close in July and begin construction soon thereafter. (Note: the "total cost" and "per unit cost" shown in the chart above include the original development costs of this project as well as the new funding being provided, to provide a complete picture of the cost. New funding alone represents a total cost of $779,700, or $20,518 per unit.)

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

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT RE: CONSTRUCTION FINANCING FOR HILLCREST VIEWS APARTMENTS AND MAPLE STREET DUPLEXES, ST. ALBANS

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

WHEREAS, a proposal has been presented to the Agency by the Hillcrest Views Limited Partnership, whose general partner is Vermont State Housing Authority, involving the rehabilitation of 34 units of rental housing in the Town of St. Albans and the acquisition and rehabilitation of 4 units of rental housing in the City of St. Albans (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $800,000 aggregate principal amount (the "Bonds") to finance a loan to the Hillcrest Views Limited Partnership (the "Borrower") to rehabilitate 34 units of rental housing and acquire and rehabilitate an additional four units of rental housing (the "Project") in St. Albans, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a mortgage loan in the amount of up to $800,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid, dated May 18, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

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

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

6. The sponsor and its general partner are financially responsible and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a mortgage loan to Hillcrest Views Limited Partnership for construction financing in an amount not to exceed $800,000; the term of the construction loan will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsor must provide a Phase I Environmental Site Assessment (ESA) and address any findings of the Assessment in the scope of work to the satisfaction of the Agency;

   b) Sponsor must provide evidence of necessary permits;

   c) Sponsor must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

   d) Sponsor must demonstrate that there is adequate contingency budgeted prior to closing;

   e) Sponsor must provide evidence of competitive bidding.

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

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in their discretion, issue a Commitment Letter for an interim loan for the acquisition and construction of the Development, in an amount not to exceed $800,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds. The Sponsor shall be responsible for loan fees. The Commitment Letter may be issued to Vermont State Housing Authority as a representative of the limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on May 25, 2000.

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

vhfa
Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter *CR*

DATE: May 18, 2000

RE: Multifamily Loan Application for Anderson Parkway Housing

Name:	Anderson Parkway Housing	**Location:**	South Burlington
Housing Type:	Family	**Unit Type:**	Townhouses/ Flats
Total Units:	18	**Unit Sizes:**	2 bedroom (1039 avg sf)
Total Cost:	$2,679,207	**Per Unit Cost:**	$148,845
Loan Requested:	$550,000 construction	**Housing Credits:**	$32,744
Other Funding:	VHCB, HOME, VCDP, Housing Credits, VHFA permanent debt		
Sponsors:	Lake Champlain Housing Development Corporation (LCHDC), Housing Vermont (HVT)		

Anderson Parkway, formerly known as "South Burlington Community Housing" and "Hayden Parkway", has a VHFA permanent loan commitment of $250,000, and has a $141,000 commitment of 2000 Housing Credits. It is an 18-unit (nine duplexes) new construction family development off of Hayden Parkway and Williston Road in South Burlington. The project's approval was appealed by one of the neighbors, delaying the development process. The sponsor obtained new cost estimates, resulting in an 18% increase over last year. The sponsor is now requesting a tax exempt construction loan in order to obtain 4% tax credits to make up the gap caused by the increase in construction costs and costs related to the appeal. The "9%" credits are being shifted to six buildings and the "4%" credits will be utilized on three buildings. The Sponsor obtained an increase in its funding award from VHCB, and has made a request for $50,000 in additional funding to VCDP, which will be decided by early June. The sitework in this project is unusually expensive due largely to a requirement that a storm water pumping system be installed. The project received a waiver from the Housing Credit cost limits last year due to the expense associated with the storm water issue. An as built appraisal is in process but has not yet been completed. All other funding (except for additional VCDP) is committed; the sponsor plans to acquire the parcel by June 1st and begin construction by mid-June.

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

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT RE: CONSTRUCTION FINANCING FOR ANDERSON PARKWAY HOUSING, SOUTH BURLINGTON

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

WHEREAS, a proposal has been presented to the Agency by the Anderson Housing Limited Partnership, whose general partners are H.V. 2000, Inc., and Lake Champlain Housing Ventures Inc., involving the new construction of 18 units of rental housing in the City of South Burlington (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to the issuance and sale of tax-exempt bonds of not more than $600,000 aggregate principal amount (the "Bonds") to finance a loan to the Anderson Housing Limited Partnership (the "Borrower") to construct 18 units of rental housing (the "Project") in South Burlington, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $600,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid, dated May 18, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

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

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

6. The sponsor and its general partner are financially responsible and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to Anderson Housing Limited Partnership for construction financing in an amount not to exceed $600,000; the term of the construction loan will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsor must provide an as built appraisal satisfactory to VHFA;

   b) Sponsor must address the issues regarding the existing underground storage tank identified in the Level I Environmental Site Assessment, and provide documentation as appropriate, to the satisfaction of VHFA;

   c) Sponsor must provide evidence of necessary permits;

   d) Sponsor must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

   e) Sponsor must provide evidence of competitive bidding.

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

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally

approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in her/his discretion, issue a Commitment Letter for construction of the Development, in an amount not to exceed $600,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds. The Sponsor shall be responsible for loan fees. The Commitment Letter may be issued to H. V. 2000, Inc. and Lake Champlain Housing Ventures Inc. as representatives of the limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director, Chief of Program Operations and the Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on May 25, 2000.

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. IN A MAXIMUM AMOUNT OF $600,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO ANDERSON HOUSING LIMITED PARTNERSHIP TO FINANCE THE CONSTRUCTION OF AN 18-UNIT DEVELOPMENT IN SOUTH BURLINGTON

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

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $600,000 aggregate principal amount to Stratevest & Co., or some other subsidiary of BankNorth Group, Inc. (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance a construction loan to Anderson Housing Limited Partnership (the "Borrower") to construct an 18-unit development (the "Project") in South Burlington, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $600,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 25th day of May, 2000.

VERMONT HOUSING FINANCE AGENCY

By Sarah Carpenter
Executive Director

Attest:

By Roger C. Ebbenbach
Authorized Officer

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont, on May 25, 2000.

Sarah Carpenter

SARAH E. CARPENTER
Executive Director and Secretary
Vermont Housing Finance Agency

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Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer JE

DATE: May 18, 2000

RE: Multifamily Loan Application for McAuley Square Housing

Name:	McAuley Square Housing	**Location:**	Burlington
Housing Type:	Senior / Family	**Unit Type:**	Flats
Total Units:	74	**Unit Sizes:**	6 Efficiencies (467 avg sf) 41 1 bedroom (609 avg sf) 25 2 bedroom (859 avg sf) 2 3 bedroom (1,019 avg sf)
Total Cost:	$9,063,920	**Per Unit Cost:**	$122,485
Loan Requested:	$4,100,000 construction $3,301,000 permanent $380,000 0% funds	**Housing Credits:**	$88,000 ceiling credits $134,088 4% credits
Other Funding:	VHCB, HOME, VCDP, Housing Credits, VHFA permanent debt, Burlington Housing Trust Fund, Burlington Replacement Units, AHP, Neighborworks, HUD McKinney, developers' loans		
Sponsors:	Cathedral Square Corporation (CSC), Housing Vermont (HVT), The Sisters of Mercy		

In 1991 the Sisters of Mercy began to explore uses for a site they own on Mansfield Avenue, and working with many parties developed a plan for "inter-generational" housing. After a long and expensive approval process, the sponsors can now proceed with the development of the McAuley Square project. The project in this final format consists of: 55 senior units in a single structure; seven units in the "Lund Building" for pregnant and parenting teens; and 12 units in the "Scholar Building" for low-income single parents who are enrolled in degree programs in an area college. Because of this process, and because there are now fewer units than originally proposed, the project costs are high, but not out of line with other comparable projects. Thirteen funding sources are shown in the project's development budget and all have been committed thus far except for VHFA financing. The sponsors have requested tax-exempt construction financing of $4,100,000 with a term of up to 18 months, for purposes of obtaining the 4% tax credits for the Lund and Senior buildings. In addition, the sponsors are seeking permanent tax-exempt financing of $3,301,000 with a 30 year term and amortization. The sponsors are working with VHFA actively to privately place the debt and thus minimize underwriting costs and rate. In addition to these two loans, the sponsors are seeking $380,000 in 0% funding from VHFA to fill a funding gap.

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

19-May-00 **McAuley Square**

Total Residential Units:	74	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	70	Increase in Income from Other Sources:	3.50%
Percent Restricted:	94.59%	Increase in Income from Commercial:	0.00%
Total Development Cost:	9,063,920	Expense increase:	3.00%
Total Development Cost per Unit:	122,485	Vacancy Rate:	2.5%
Total Development Cost Per SF:	112	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	650,622	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	222,088	Sponsor's Estimated Yield:	158.34%

LIHTC - 9%	8.48%	(May 2000)
LIHTC - 4%	3.63%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	3,300,989	36.42%	6.25%	30	30
HOME	50,000	0.55%	7.00%	0	30
VHCB	435,000	4.80%	4.00%	0	30
Burl. Housing T.F	15,000	0.17%	7.00%	0	30
Burlington Repl. Units	121,500	1.34%	0.00%	0	30
AHP	90,500	1.00%	0.00%	0	30
HUD	367,000	4.05%	7.00%	0	30
VHFA	380,000	4.19%	0.00%	0	30
VHCB - additional	295,000	3.25%	4.00%	0	30
Neighborworks	296,000	3.27%	7.00%	0	30
Sisters Loan	100,000	1.10%	7.00%	0	30
Developer Loan	100,000	1.10%	2.75%	10	30
Tax Credit Equity	3,512,911	38.76%	N/A	N/A	
TOTAL SOURCES	9,063,900	100.00%			

USES

Acquisition	873,325	9.64%
Construction Hard Costs	6,627,750	73.12%
Soft Costs	1,562,845	17.24%
TOTAL USES	9,063,920	100%
Gap	20	

PER UNIT COST LIMIT CALCULATION

	per unit limits	number of units			
0 Br	84,390	7	590,730		
1 Br	90,140	37	3,335,180		
2 Br	95,890	23	2,205,470		
3 Br	101,637	2	203,274		
4 Br	107,390	1	107,390		
Maximum cost allowed under the per unit cost limits		70	6,442,044		
Projected total cost, excluding cash accounts			9,027,920	Cost Overage %	140.14%
	(over)/under		(2,585,876)		

General Partner's Capital Contribution	1	0.10%
Limited Partner's Capital Contribution	3,512,931	99.90%
Total Equity	3,512,932	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	70
Total Units	74
Unit Fraction	94.59%
Tax Credit Square Footage	48,614
Total Residential Square Footage	51,524
Square Footage Fraction	94.35%
Applicable Fraction	94.35%

form revision date: 2/27/97

19-May-00 **McAuley Square**

		Budget		Per Unit	Per s.f.
	ACQUISITION				
1	Land	858,750	858,750	11,605	10.60
2	Purchase of Building(s)		0	0	0.00
3	Demolition (without replacement)		0	0	0.00
4	Property Appraisal	3,000	3,000	41	0.04
5	Legal - Title and Recording	11,575	11,575	156	0.14
	Subtotal - Acquisition	873,325		11,802	10.78
	CONSTRUCTION HARD COSTS				
6	Rehabilitation		0	0	0.00
7	New Building(s)	5,050,386	5,050,386	68,248	62.32
8	Accessory Buildings		0	0	0.00
9	Sitework	594,582	594,582	8,035	7.34
10	Commercial Space Costs (if any)		0	0	0.00
11	General Requirements	457,627	457,627	6,184	5.65
12	Contractor Overhead		0	0	0.00
13	Contractor Profit		0	0	0.00
14	Construction Contingency	230,000	230,000	3,108	2.84
15	Construction Management	235,955	235,955	3,189	2.91
16	Construction Bond Fee		0	0	0.00
17	Hazardous Materials Abatement		0	0	0.00
18	Off-Site Improvements		0	0	0.00
19	Furnishings, Fixtures, & Equipment	59,200	59,200	800	0.73
20	Other (________________)		0	0	0.00
	Subtotal - Hard Costs	6,627,750		89,564	81.78
	SOFT COSTS				
21	Architectural	464,903	464,903	6,282	5.74
22	Engineering		0	0	0.00
23	Legal/Accounting	74,809	74,809	1,011	0.92
24	Relocation		0	0	0.00
25	Environmental Assessment	6,000	6,000	81	0.07
26	Energy Assessment		0	0	0.00
27	Permits/Fees	83,118	83,118	1,123	1.03
28	Independent Market Study		0	0	0.00
29	Construction Period Insurance	11,190	11,190	151	0.14
30	Construction Interest	158,991	158,991	2,149	1.96
31	Construction Loan Origination Fee	21,505	21,505	291	0.27
32	Taxes During Construction	11,190	11,190	151	0.14
33	Clerk of the Works	35,000	35,000	473	0.43
34	Marketing	10,000	10,000	135	0.12
35	Tax Credit Fees	6,560	6,560	89	0.08
36	Soft Cost Contingency	21,759	21,759	294	0.27
37	Permanent Loan Origination Fee		0	0	0.00
38	Lender's Counsel's Fee		0	0	0.00
39	Other (_consultants_)	21,820	21,820	295	0.27
	SYNDICATION COSTS				
40	Organizational (Partnership)		0	0	0.00
41	Bridge Loan Fees and Expenses		0	0	0.00
42	Syndication Consultant		0	0	0.00
43	Tax Opinion		0	0	0.00
	DEVELOPER'S FEES				
44	Developer's Fees	300,000	300,000	4,054	3.70
45	Other Partnership Fees	300,000	300,000	4,054	3.70
46	Consultant Fees		0	0	0.00
	RESERVES				
47	Working Capital	36,000	36,000	486	0.44
48	Rent-up (Deficit Escrow) Reserve		0	0	0.00
49	Other Operating Reserves		0	0	0.00
50	Sinking Fund		0	0	0.00
51	Replacement Reserves		0	0	0.00
	Subtotal - Soft Costs	1,562,845		21,120	19.28
	TOTAL DEVELOPMENT COSTS	9,063,920		122,485	111.84

19-May-00 **McAuley Square**

		McAuley Square Budget	Elderly Budget	Elderly Acquisition Basis	Elderly Construction Basis	Elderly Residential Depreciation	Lund Budget	Lund Acquisition Basis	Lund Construction Basis	Lund Residential Depreciation	Scholar Budget	Scholar Acquisition Basis	Scholar Construction Basis	Scholar Residential Depreciation
	ACQUISITION													
1	Land	858,750	658,492				75,547				124,711			
2	Purchase of Building(s)	0	0			0	0			0	0			0
3	Demolition (without replacement)	0	0			0	0			0	0			0
4	Property Appraisal	3,000	2,300	2,300		2,300	264	264		264	436	436		436
5	Legal - Title and Recording	11,575	8,876	0		8,876	1,018	0		1,018	1,681	0		1,681
	Subtotal - Acquisition	873,325	669,668				76,829				126,828			
	CONSTRUCTION HARD COSTS													
6	Rehabilitation	0	0			0	0			0	0			0
7	New Building(s)	5,050,386	3,639,617		3,639,617	3,639,617	624,462		624,462	624,462	786,307		786,307	786,307
8	Accessory Buildings	0	0			0	0			0	0			0
9	Sitework	594,582	554,582		554,582	554,582	20,000		20,000	20,000	20,000		20,000	20,000
10	Commercial Space Costs (if any)	0	0				0				0			
11	General Requirements	457,627	350,910		350,910	350,910	40,259		40,259	40,259	66,458		66,458	66,458
12	Contractor Overhead	0	0			0	0			0	0			0
13	Contractor Profit	0	0			0	0			0	0			0
14	Construction Contingency	230,000	176,365		176,365	176,365	20,234		20,234	20,234	33,402		33,402	33,402
15	Construction Management	235,955	180,931		180,931	180,931	20,758		20,758	20,758	34,266		34,266	34,266
16	Construction Bond Fee	0	0			0	0			0	0			0
17	Hazardous Materials Abatement	0	0			0	0			0	0			0
18	Off-Site Improvements	0	0			0	0			0	0			0
19	Furnishings, Fixtures, & Equipment	59,200	45,395		45,395	45,395	5,208		5,208	5,208	8,597		8,597	8,597
20	Other (______________)	0	0			0	0			0	0			0
	Subtotal - Hard Costs	6,627,750	4,947,799				730,920				949,031			
	SOFT COSTS													
21	Architectural	464,903	356,489		356,489	356,489	40,899		40,899	40,899	67,515		67,515	67,515
22	Engineering	0	0			0	0			0	0			0
23	Legal/Accounting	74,809	57,364		57,364	57,364	6,581		6,581	6,581	10,864		10,864	10,864
24	Relocation	0	0			0	0			0	0			0
25	Environmental Assessment	6,000	4,601		4,601	4,601	528		528	528	871		871	871
26	Energy Assessment	0	0			0	0			0	0			0
27	Permits/Fees	83,118	63,735		63,735	63,735	7,312		7,312	7,312	12,071		12,071	12,071
28	Independent Market Study	0	0			0	0			0	0			0
29	Construction Period Insurance	11,190	8,581		8,580	8,581	984		985	984	1,625		1,625	1,625
30	Construction Interest	158,991	138,991		138,991	138,991	10,000		10,000	10,000	10,000		10,000	10,000
31	Construction Loan Origination Fee	21,505	16,490		6,596	16,490	1,892		757	1,892	3,123		1,249	3,123
32	Taxes During Construction	11,190	8,581		8,580	8,581	984		985	984	1,625		1,625	1,625
33	Clerk of the Works	35,000	26,838		26,838	26,838	3,079		3,079	3,079	5,083		5,083	5,083
34	Marketing	10,000	7,668				880							
35	~~Tax Credit Fees~~	6,560	5,030		5,030	5,030	577		577	577	953		953	953
36	Soft Cost Contingency	21,759	16,685		16,685	16,685	1,914		1,914	1,914	3,160		3,160	3,160
37	Permanent Loan Origination Fee	0	0				0				0			
38	Lender's Counsel's Fee	0	0			0	0			0	0			0
39	Other (_consultants_)	21,820	16,731		16,731	16,731	1,920		1,920	1,920	3,169		3,169	3,169
	SYNDICATION COSTS													
40	Organizational (Partnership)	0	0				0				0			
41	Bridge Loan Fees and Expenses	0	0				0				0			
42	Syndication Consultant	0	0				0				0			
43	Tax Opinion	0	0				0				0			
	DEVELOPER'S FEES													
44	Developer's Fees	300,000	230,041		230,041	230,041	49,959		49,959	49,959	20,000		20,000	20,000
45	Other Partnership Fees	300,000	230,041		230,041	230,041	49,959		49,959	49,959	20,000		20,000	20,000
46	Consultant Fees	0	0			0	0			0	0			0
	RESERVES													
47	Working Capital	36,000	27,605				3,167				5,228			
48	Rent-up (Deficit Escrow) Reserve	0	0				0				0			
49	Other Operating Reserves	0	0				0				0			
50	Sinking Fund	0	0				0				0			
51	Replacement Reserves	0	0				0				0			
	Subtotal - Soft Costs	1,562,845	1,215,471				180,635				166,739			
	TOTALS	9,063,920	6,832,938	2,300	6,118,102	6,093,779	988,384	264	906,376	903,583	1,242,598	436	1,107,215	1,102,609
LESS	Amount of Non-qualified Financing									0				
LESS	Adjustment for per unit cost limits	1	1		0		1		0		1		0	
LESS:	Historic tax Credit (Residential Portion)				0				0	0			0	0
	Total Eligible Basis			0	6,118,102			0	906,376			0	1,107,215	
TIMES:	Adjusted for QCT/DDA	100.0%	100.0%		6,118,102		100.0%		906,376		100.0%		1,107,215	
TIMES:	Applicable Fraction	94.35%	100.00%	0	6,118,102		100.00%	0	906,376		100.00%	0	1,107,215	
	Total Qualified Basis			0	6,118,102	6,093,779		0	906,376	903,583		0	1,107,215	1,102,609
TIMES:	Applicable Percentage			3.63%	3.63%	27.5		3.63%	3.63%	27.5		3.63%	8.48%	27.5
	Total Annual Credit Qualified			0	222,087	221,592		0	32,901	32,858		0	93,892	40,095
	Total Tax Credits Requested	348,880				45,395				5,208				8,597
	Estimated Net Syndication Proceeds (excluding historic credit equity)	3,512,911				7				7				7
	Estimated Yield - Housing Credit Syndication	100.79%				6,485				744				1,228
	Equity Gap	3,512,931												
	Credits Needed to fill Equity Gap	348,882												

revision date: 2/27/97

19-May-00 **McAuley Square**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br	Lund	616	7	430		36,120
1 Br	Scholar	601	3	529		19,044
2 Br	Scholar	782	7	706		59,304
3 Br	Scholar	847	2	962		23,088
1BR	Elder	608	34	576		235,008
2BR	Elder	880	16	700		134,400
Mgr	Elder	579	1	400		4,800
	Totals	48,614	70			511,764

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br		605	2	775		18,600
2 Br		850	2	900		21,600
3 Br			0	0		0
4+ Br			0	0		0
	Totals	2,910	4			40,200
All Units	Common Area	29,517				
	Grand Totals	81,041	74			551,964

Less Vacancy	3.00%		13,516
	5%		5,072
		NET RENT	533,376

OTHER INCOME

Laundry	10,392
Parking	0
Commercial Space Income	0
Other	6,203
TOTAL INCOME	549,971

19-May-00 **McAuley Square**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	40,000	3,333	45	7.3%
Supportive Services	10,584	882	12	
Audit/Accounting	3,888	324	4	
Legal	648	54	1	
Compliance Monitoring	3,456	288	4	
Marketing		0	0	
Admin/salaries and benefits	21,550			
Other/ office expense	8,640	720	10	
TOTAL ADMINISTRATIVE	88,766	7,397	100	
Utilities				
Electricity	31,968	2,664	36	
Fuel	15,984	1,332	18	
Water and Sewer	15,336	1,278	17	
Fire Alarm / Emergency	4,320	360	5	
Other		0	0	
TOTAL UTILITIES	67,608	5,634	76	
Maintenance				
Maintenance / Janitor Payroll	32,832	2,736	37	
Janitor Supplies	4,320	360	5	
Exterminating	1,728	144	2	
Trash Removal	8,640	720	10	
Snow Removal	8,640	720	10	
Grounds	8,640	720	10	
Repairs Material		0	0	
Repairs Contract		0	0	
HVAC Repairs / Maintenance		0	0	
Elevator Contract / Repairs	2,592	216	3	
Painting and Decorating		0	0	
Other		0	0	
TOTAL MAINTENANCE	67,392	5,616	76	
				per unit month excl. ds & res.
Real Estate Taxes	32,832	2,736	37	
Property Insurance	12,312	1,026	14	303
Replacement Reserves	22,200	1,850	25	
Primary Debt Service	243,897	20,325	275	
Other "must pay" debt service		0	0	
Other		0	0	
Total	535,007	44,584	602	

19-May-00		McAuley Square														
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		551,964	560,243	568,647	577,177	585,834	594,622	603,541	612,594	621,783	631,110	640,577	650,185	659,938	669,837	679,885
Other Income		16,595	17,176	17,777	18,399	19,043	19,710	20,399	21,113	21,852	22,617	23,409	24,228	25,076	25,954	26,862
Vacancy and other losses		(18,588)	(18,866)	(19,149)	(19,437)	(19,728)	(20,024)	(20,325)	(20,629)	(20,939)	(21,253)	(21,572)	(21,895)	(22,224)	(22,557)	(22,895)
Total Operating Income		549,971	558,553	567,275	576,139	585,149	594,307	603,616	613,079	622,697	632,474	642,414	652,518	662,791	673,234	683,852
Operating Expenses																
Total Expenses (excl. Reserves)		268,910	276,977	285,287	293,845	302,661	311,740	321,093	330,725	340,647	350,867	361,393	372,234	383,401	394,903	406,751
Reserves		22,200	22,533	22,871	23,214	23,562	23,916	24,274	24,639	25,008	25,383	25,764	26,150	26,543	26,941	27,345
Total Operating Expense		291,110	299,510	308,158	317,059	326,223	335,656	345,367	355,364	365,655	376,250	387,157	398,385	409,944	421,844	434,095
Net Operating Income		258,861	259,043	259,117	259,080	258,927	258,651	258,249	257,715	257,042	256,225	255,257	254,134	252,847	251,390	249,756
Less Primary Debt Service		243,897	243,897	243,897	243,897	243,897	243,897	243,897	243,897	243,897	243,897	243,897	243,897	243,897	243,897	243,897
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		14,964	15,145	15,220	15,183	15,029	14,754	14,352	13,817	13,145	12,328	11,360	10,236	8,949	7,493	5,859
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		14,964	15,145	15,220	15,183	15,029	14,754	14,352	13,817	13,145	12,328	11,360	10,236	8,949	7,493	5,859
		115 24%														
DCR		106.14%	106.21%	106.24%	106.23%	106.16%	106.05%	105.88%	105.67%	105.39%	105.05%	104.66%	104.20%	103.67%	103.07%	102 40%
Cumulative Cash Flow																
Beginning Balance		36,000	50,964	52,129	53,392	54,642	55,765	61,634	67,219	72,381	76,973	80,840	86,897	98,872	109,798	119,487
Deposits		14,964	15,145	15,220	15,183	15,029	14,754	14,352	13,817	13,145	12,328	11,360	10,236	8,949	7,493	5,859
Interest	2.0%	0	1,019	1,043	1,068	1,093	1,115	1,233	1,344	1,448	1,539	1,617	1,738	1,977	2,196	2,390
Withdrawals		0	(15,000)	(15,000)	(15,000)	(15,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(6,920)	0	0	0	0
Ending Balance		50,964	52,129	53,392	54,642	55,765	61,634	67,219	72,381	76,973	80,840	86,897	98,872	109,798	119,487	127,736
Cumulative Replacement Reserves																
Beginning Balance		0	22,422	45,636	69,660	94,515	120,225	146,811	174,297	202,705	232,061	262,389	293,714	326,062	359,460	393,935
Deposits		22,200	22,533	22,871	23,214	23,562	23,916	24,274	24,639	25,008	25,383	25,764	26,150	26,543	26,941	27,345
Interest	2.0%	222	681	1,153	1,642	2,147	2,670	3,211	3,770	4,348	4,944	5,561	6,198	6,855	7,534	8,234
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		22,422	45,636	69,660	94,515	120,225	146,811	174,297	202,705	232,061	262,389	293,714	326,062	359,460	393,935	429,514
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		258,861	259,043	259,117	259,080	258,927	258,651	258,249	257,715	257,042	256,225	255,257	254,134	252,847	251,390	249,756
Plus Reserves		22,200	22,533	22,871	23,214	23,562	23,916	24,274	24,639	25,008	25,383	25,764	26,150	26,543	26,941	27,345
Less Interest Expense		(561,789)	(530,483)	(496,295)	(459,430)	(416,092)	(279,660)	(276,026)	(272,167)	(268,069)	(263,717)	(259,094)	(254,268)	(249,329)	(244,072)	(238,477)
Less Long Depreciation		(272,454)	(272,454)	(272,454)	(272,454)	(272,454)	(272,454)	(272,454)	(272,454)	(272,454)	(272,454)	(272,454)	(272,454)	(272,454)	(272,454)	(272,454)
Less Short Depreciation		(8,457)	(8,457)	(8,457)	(8,457)	(8,457)	(8,457)	(8,457)	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(561,639)	(529,818)	(495,218)	(458,048)	(414,514)	(278,004)	(274,414)	(262,268)	(258,474)	(254,563)	(250,527)	(246,438)	(242,394)	(238,195)	(233,830)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		196,574	185,436	173,326	160,317	145,080	97,301	96,045	91,794	90,466	89,097	87,684	86,253	84,838	83,368	81,840
Plus Tax Credits		222,088	222,088	222,088	222,088	222,088	222,088	222,088	222,088	222,088	222,088					
After Tax Cash Flow		418,662	407,525	395,415	382,405	367,168	319,390	318,133	313,882	312,554	311,185	87,684	86,253	84,838	83,368	81,840
Total Years	15															
Reinvestment Rate	8.00%															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Current After Tax Cash Flows		418,662	407,525	395,415	382,405	367,168	319,390	318,133	313,882	312,554	311,185	87,684	86,253	84,838	83,368	81,840
Future Value of Cash Flows at Yr 15		1,328,067	1,196,979	1,075,379	962,961	856,104	689,538	635,950	580,974	535,663	493,812	128,837	117,347	106,871	97,241	88,388

Discount Rate	5.52%															
Capital Contribution Number	1	2	3	4	5	6	7	8								
Date of Capital Contribution	01-Jun-00	01-Jun-01	01-Sep-01	01-Jun-02	01-Jun-03	01-Jun-04	01-Jun-05	01-Jun-06								
Amount of Capital Contribution	44,845	44,845	44,845	627,836	627,836	627,836	672,681	1,793,817								
Present Value of Contributions	44,845	42,403	41,808	561,310	530,739	501,756	508,316	1,281,684								
Cash Flows	(3,512,860)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,894,110
	3,512,911															
IRR	6 39%															
Equity Yield	158 33%															

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT RE: CONSTRUCTION FINANCING FOR MCAULEY SQUARE, BURLINGTON

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

WHEREAS, a proposal has been presented to the Agency by the McAuley Square Housing Limited Partnership, whose general partners are H.V.McAuley, Inc., and McAuley Square, Inc., involving the new construction of 74 units of rental housing in the City of Burlington (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to the issuance and sale of tax-exempt bonds of not more than $4,100,000 aggregate principal amount (the "Bonds") to finance a loan to the McAuley Square Housing Limited Partnership (the "Borrower") to construct 62 units of a 74 unit rental housing development (the "Project") in Burlington, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in an amount of up to $4,100,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds and a long-term loan in an amount of up to $3,500,000, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joseph Erdelyi, dated May 18, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

persons and families.

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

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

6. The sponsor and its general partner are financially responsible and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to McAuley Square Housing Limited Partnership for construction financing in an amount not to exceed $4,100,000; the term of the construction loan will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds and a long-term loan in an amount of up to $3,500,000, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

1. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsor must provide an as built appraisal satisfactory to VHFA;

   b) Sponsor must provide a Phase I Environmental Site Assessment (ESA) and address any findings in the scope of work to the satisfaction of the Agency;

   c) Sponsor must provide evidence of necessary permits;

   d) Sponsor must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

   e) Sponsor must provide a written property tax estimate from the City of Burlington; and

   f) Sponsor must provide additional security satisfactory to VHFA.

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

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in her/his discretion, issue a Commitment Letter for a construction loan for the Development in an amount not to exceed $4,100,000 and a long-term loan in an amount not to exceed $3,500,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The long-term loan shall be due and payable not more than 30 years from the date the loan is made; shall be fully amortized over the period of the loan, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds for both loans shall be tax-exempt bond proceeds. The Sponsor shall be responsible for loan fees and transaction costs. The Commitment Letter may be issued to H. V. McAuley, Inc. and McAuley Square, Inc. as representatives of the limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director is authorized to make an additional loan to the Borrower for the Development of not more than $380,000 at an interest rate of 0%.

7. The Executive Director, Chief of Program Operations and the Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on May 25, 2000.

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. IN A MAXIMUM AMOUNT OF $800,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO HILLCREST VIEWS HOUSING LIMITED PARTNERSHIP TO FINANCE THE ACQUISITION AND REHABILITATION OF 4 UNITS AND THE REHABILITATION OF A 34 UNIT DEVELOPMENT IN ST. ALBANS

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

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $800,000 aggregate principal amount to Stratevest & Co., or some other subsidiary of BankNorth Group, Inc. (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance a construction loan to Hillcrest Views Housing Limited Partnership (the "Borrower") to acquire and rehabilitate four units, and to rehabilitate a 34-unit development (the "Project") in St. Albans, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $800,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 25th day of May, 2000.

VERMONT HOUSING FINANCE AGENCY

By ______________________
Executive Director

Attest:

By ______________________
Authorized Officer

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on May 25, 2000.

____

SARAH E. CARPENTER
Executive Director and Secretary
Vermont Housing Finance Agency

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Vermont Housing Finance Agency

BOARD MINUTES

Vermont Housing Finance Agency
164 St. Paul Street
Burlington, Vermont

Thursday, May 25, 2000 at 1:00 p.m.

PRESENT: Chairman White, Commissioners Randall, Douglas, Candon (designee of Costle), Beyer (designee of Lambert)

Staff: Ms. Carpenter, Ms. Loller, Mr. Adams, Mr. Schoenbeck, Ms. Crady, Ms. Gent, Ms. Reid, Mr. Erdelyi, Ms. Devos

Others: Peter Richardson, Andy Broderick, Nancy Owens (Housing VT), Bob Duncan and John MacDonald

Chairman White called the meeting to order at 1:10

The HR Board Committee was unable to meet as originally planned prior to this Board meeting, consequently there are no recommendations for the Board at this time. The HR Committee will meet prior to the June Board meeting and will forward any recommendations to the full Board for discussion at the June meeting.

There were several changes made to the Board meeting schedule. The June meeting has been moved from 22nd to the 29th and will be held in Burlington; the July meeting has been canceled; the August meeting has been moved from the 24th to the 10th and will be held in Rutland and the September meeting will be moved from the 28th to the 14th, to be held in Burlington.

MINUTES

Ms. Randall made a motion to approve the minutes from March 23, 2000. The motion carried unanimously after being seconded by Mr. Candon.

Chairman White took a moment to display the United Way Campaign of the Year Award and generously congratulated VHFA staff and the Special Events Committee for a wonderful campaign year and such a prestigious award.

PROGRAM OPERATIONS

Ms.Crady reviewed a summary of Homeownership activities, highlighting that activity has been very strong especially in those areas outside of Chittenden county. She also stated we would be utilizing recycled bonds to fund our singlefamily program until the next bond deal has been completed.

Ms. Crady commented on the slight increase in delinquencies, but noted that there have been dramatic improvements in the 60+ day delinquency category. Loss projections are currently better than expected for both the fiscal and calendar years. Ms. Crady also stated that adjustments would be made for the fiscal year for budgeting purposes and comparison features.

Ms. Crady also commented that, although we have two lenders currently testing the MGIC automated system there is still a need to discuss with MGIC the options available for revising the automated system to meet our criteria. Automated underwriting will not begin for at least two months.

Mr. Adams reviewed the draft of the Multifamily Zero Percent Loan Policy which will serve as a guide in helping determine how we will use excess interest earnings created from the refunding of numerous multifamily bonds. The projects that are currently generating the excess interest earnings will be given the highest priority and thirty percent of the projected funds over a 12-month period would be retained for this purpose. In addition to that priority, VHFA will use zero percent loans for new projects that promote the Agency's goals and use VHFA financing programs.

Several clarifications were made under the Intended Uses section of the document, the Agency will allocate, at a minimum, 30% of the excess yield funds for loans to existing VHFA financed properties. The wording for mobile home usage will be clarified to ensure consistency with the allowable uses of the funds. Mr. Candon made a motion to approve the multifamily zero percent lending policy. The motion carried unanimously after being seconded by Ms. Randall.

Ms. Carpenter then asked for clarification regarding when the Board needs to approve individual projects' proposals to use the 0% funds. Due to the general language in the policy, it seems to be unclear as to when the Board would like to review the requests. The Board unanimously agreed that, for existing VHFA projects that are not troubled, we do not need their approval. However, staff should report to the Board all loans made with 0% funds.

Mr. Adams next discussed the consolidation of loan servicers (transfer of servicing to VHFA). Consolidation of servicing is not mandatory at this time, however, it will be encouraged to those institutions servicing under one hundred loans. There is a potential to reduce the number of servicers from 25 to 12, including those lenders no longer participating in our Homeownership loan programs. Mr. Adams reviewed the list of lenders and indicated he will contact a number of lenders individually to discuss a possible servicing consolidation process. VHFA will need to guarantee a "no solicitation" policy to protect the relationship of the lender with its customers. Currently, VHFA has a sub-servicing agreement with Graystone. However, VHFA expects to review that sub-servicing agreement in the next year.

VHFA will use guidelines for loan origination volume and servicing portfolio size when deciding which institutions to contact about servicing. Chairman White indicated that these guidelines should be flexible and program participation voluntary. No Board approval is required.

Mr. Adams discussed the MCC Program and the recommendation of suspending the MCC Program. Based on the current bond authority granted to VHFA, there is a need for the volume cap to remain in Single Family loan production and Multifamily development applications. There is insufficient bond authority for the mortgage programs and the MCC Program.

After a brief discussion, Mr. Douglas made a motion to approve Staff recommendations regarding the suspension of the MCC program until sufficient volume cap is available to the Agency to not jeopardize VHFA's loan programs. The motion carried unanimously after being seconded by Mr. Candon.

FINANCE

Mr. Schoenbeck began with the funding line of credit for the energy efficiency utility. Since the last Board meeting, VEIC has received payments from the Public Service Board and VEIC has been utilizing a line of credit with the Chittenden Bank to supplement the PSB payments. The cash flow is clearer now and VEIC's need has decreased from $3 million to $2 million and VEIC would like to utilize the best rate available. VHFA would intend to use our line of credit with the Howard Bank to make advances to VEIC. After a brief discussion, Mr. Douglas made a motion to approve the negotiation with VEIC for a line of credit agreement not to exceed $2 million, up to three years, at a fixed rate over our cost of funds. VHFA will obtain a collateral assignment of contract security to enable VHFA to access funds from the Public Service Board in case of default. The motion carried unanimously after being seconded by Ms. Beyer.

Mr. Schoenbeck discussed the upcoming single-family bond financing. Series 12 mortgage money is expected to be depleted by the end of June. Our bond financing team has developed a strategy to recycle $11 million in funds from Series 7 through 9 at or below our current rate of 7.55%. When the above funds are nearly depleted, a new bond deal would take place (approximately mid-August), with the hopes of obtaining lendable proceeds in the range of $30 million, a bond issue size of $65 million and using $28 million of the volume cap for single family purposes. The recommended action is to proceed with the above outline. No board action is required at this time.

Mr. Schoenbeck next discussed the FY2000 General Fund and March 2000 financial reports and were in line with expectations. Lender origination fees and contract services are over budget due to high single family volume while the loan losses are under budget by $350,000. The capital budget is below budgeted amounts.

Regarding the March 2000 financials, total assets have increased and revenues have exceeded expenses by $2 million for the nine months ended March 31, 2000. We are $500,000 more profitable after discounting special adjustments compared to the same period last year. Our general finance health is better which can be easily observed by noting the loans receivable benchmark which has increased due to more new loans being made in excess of payoffs.

MULTI-FAMILY

Mr. Erdelyi began with a brief discussion of the loan application from McAuley Square Housing. This is a senior/family housing project located in Burlington with 74 total units (55 senior, 12 for low-income single parents and 7 for pregnant and parenting teens) with a per unit cost of $122,485. There are thirteen committed funding sources in the project's development budget. The sponsors are requesting tax-exempt construction financing of $4,100,000 with a term of up to 18 months to obtain the 4% tax credits for two of the buildings. A request for permanent tax-exempt financing of $3,301,000 with a 30-year term and amortization has been requested. In addition, the sponsors are also requesting $380,000 in 0% funding from VHFA to fill a funding gap.

Mr. Erdelyi reviewed new information regarding the project:. The appraisal came in at $4.25 million that reflects market conditions. There is 36% common space that contributes to the high cost of this project. Developer fees are somewhat high but still within current parameters. The sponsors have requested VHFA work with them to privately place the bond. If successful, the lower cost of doing this would be passed on to the project by only changing a 75bp mark-up on the rate.

Representatives of Housing Vermont were also present and answered several questions from the Board.

Ms. Beyer made a motion to approve the "Resolution Pertaining To A Letter of Interest and Commitment Re: Construction Financing For McAuley Square, Burlington" and authorize Ms. Carpenter to issue this letter upon completion of staff underwriting and due diligence. The motion carried unanimously after being seconded by Mr. Candon.

Ms. Reid began with a brief description of Anderson Parkway Housing, formerly known as "South Burlington Community Housing" and "Hayden Parkway". This project consists of 18 family units (nine duplexes) with a per unit cost of $148,845 and a permanent loan commitment of $250,000 from VHFA and $141,000 commitment of 2000 Housing Credits. The sponsor is seeking a tax-exempt construction loan ($550,000) in order to obtain 4% tax credits to cover the increase in construction costs and appeal costs. The 9% credits will be shifted to six buildings while three buildings will received 4% credits.

Ms. Reid stated the appraisal came in at $1.4 million, all water problems have been solved, and permits have been obtained. Along with Ms. Reid, the three members of Housing Vermont also helped answer questions posed by the Board.

Ms. Randall made a motion to approve the "Resolution Pertaining To A Letter of Interest and Commitment Re: Construction Financing for Anderson Parkway Housing, South Burlington," along with the condition of $48,000 in VDCP funding committed prior to closing. The motion carried unanimously after being seconded by Ms. Beyer.

Ms. Reid next discussed Hillcrest Views Apts & Maple Street Duplexes which is sponsored by Vermont State Housing Authority. This consists of 38 family units located in St. Albans with a per unit cost of $74,186 and is a consolidation of two projects originally financed by Rural Development. Rural Development is to provide permanent financing for the project as well as rental assistance for all of the units. Hillcrest Views Limited Partnership is seeking a tax-exempt construction loan of $737,000 to obtain the 4% out-of-cap Housing Credit.

After a brief discussion, Mr. Candon made a motion to approve the "Resolution Pertaining To A Letter of Interest and Commitment Re: Construction Financing For Hillcrest Views Apartments and Maple Street Duplexes, St. Albans." The motion carried unanimously after being seconded by Ms. Randall.

Mr. Candon made a motion to approve the following three resolutions as presented for authorization of issuance to Stratevest for three previously approved loans: "Resolution Authorizing The Issuance And Sale Of A General Obligation Bond To Stratevest & Co. In A Maximum Amount Of $800,000 And Using The Proceeds To Make A Loan In Such Amount To Hillcrest Views Housing Limited Partnership To Finance The Acquisition And Rehabilitation Of 4 Units And The Rehabilitation Of A 34 Unit Development In St. Albans."

"Resolution Authorizing The Issuance And Sale Of A General Obligation Bond To Stratevest & Co. In A Maximum Amount Of $600,000 And Using The Procees To Make A Loan In Such Amount To Anderson Housing Limited Partnership To Finance The Construction Of An 18-Unit Development In South Burlington."

"Resolution Authorizing The Issuance And Sale Of A General Obligation Bond To Stratevest & Co. In A Maximum Amount Of $260,000 And Using The Proceeds To Make A Loan In Such Amount To Northern Senior Housing, L.P. To Finance The Acquisition Of A 38-Unit Development In St. Johnsbury." The motion carried unanimously after being seconded by Ms. Randall.

ADMINISTRATION

Ms. Carpenter began with a discussion regarding capital repairs to the VHFA office building and introduced John MacDonald, Director of Facility Management of Burlington Housing Authority and Bob Duncan, a local architect to share their findings regarding several building issues: masonry reconstruction and window and roof replacement.

A handout of the potential costs was distributed for review and discussion. The deterioration of the masonry was thought to be repairable by re-constructing and re-pointing; the windows were suggested to be replaced but there may be some short-term alternatives; the roof is most critical of required repairs. The estimated total cost of the masonry work at this time is $180,000.

Due to the shortage of qualified masons in the area to do re-pointing and repair work, both Mr. MacDonald and Mr. Duncan are recommending that the masonry work be priced on a time and material basis, rather than a lump sum bid.

The Board approved completion of the masonry work within the parameters discussed, as well as approval of the roof replacement. Windows will not be repaired at this time. The Board discussed VHFA's bidding policies and Mr. Duncan and Mr. MacDonald were requested to do comparisons regarding rates and prices and report to Ms. Carpenter.

Chairman White suggested that the final two topics (Housing Development Costs in Vermont and the benchmarking study) be deferred to next month's meeting.

The meeting adjourned at 3.55 p.m.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

Joint Committee on Tax Credits & VHFA Board of Commissioners
2000 Round One
June 6, 2000
Associated General Contractor's Building, Montpelier

Committee Members Present: Sarah Carpenter, Richard Williams, Gregory Brown, Gus Seelig (10:15 AM) John Taylor (10:30 AM)

Commissioners Present: Richard White, Tom Candon, Suzanne Young (for Jim Douglas), Kathy Beyer

Staff Members Present: Joe Erdelyi, Cindy Reid

Public Present: Robert Bernstein (Addison County Community Action Group {ACCAG}); Ed Willenbaker (Winooski Housing Authority); Mike Richardson (Capital Ideas Inc.); Ed Burke (Brattleboro Area Community Land Trust); Dave Weaver (Westgate Tenants Association); Dot Parenchuck (Westgate Tenants Association); Steve Howard (Westgate); Tom Plumb (ACCAG); Annette Lynch (CSAC); Marie Gilmond (Rutland County Community Land Trust), Jeffrey Kantor (J.D. Kantor Inc.); J. Ladd (Lake Champlain Housing Development Corporation {LCHDC}); Amy Wright (LCHDC); Martin Hahn (Central Vermont Community Land Trust {CVCLT}); Peter Richardson (Housing Vermont); Karen Winchell (CVCLT); Steve Lotspeich (Town of Waterbury); Connie Snow (Brattleboro Area Community Land Trust); Nancy Owens (Housing Vermont); Lucy Leriche (Lamoille Housing Partnership); Lynn Mansfield (Housing Vermont); William Niquette (Winooski Community Development Corporation)

Dick White called the meeting to order at 10:00 AM.

Townhouse Terrace:
Cindy Reid stated that this application was withdrawn from consideration for 9% credits. Andy Broderick said that Gilman Housing Trust plans to package the project with a downtown St. Johnsbury revitalization project.

Farrell Street:
Kenn Sassorossi presented, and described the project as meeting key state policies: 1) it's a suburban community meeting its fair share of the housing shortage; 2) it is new construction and adds new units; 3) it is infill and this does not contribute to sprawl. The project is 3 buildings with the 4th being land banked. J. Ladd said the Act 250 application will go in 6/6 or 6/7/00, and the project has preliminary local approval. There is no indication of an appeal. Andy Broderick stated that there is one 9% building and two 4% building proposed; the 4th building in the future will use 4% credits. Total equity is \$5.2 million; \$275,000 in 9% credit therefore has a \$1.92 leverage value. Andy stated that without an allocation of 9% credit the project cannot be built. VCDP funds being applied for will go toward the 4th building.

At this time, Sarah provided an update of the new State Affordable Housing Tax Credit. This credit will be publicly notified, staff will review applications, the Committee will review them and make a recommendation to the Board, and the Board will make a decision at the June 29th Board meeting.

Green Mountain Seminary:
Martin Hahn stated that the project meets three goals: 1) adds new family units in a village center; 2) preserves a historic structure; 3) enhances a community asset. Waterbury's vacancy rate is less than 1%; there are many modest wage earners needing housing; the building is deteriorating and is the tallest structure in the village. There appears to be no opposition. Karen Winchell described the permitting process to be on schedule. By June 30th the local permit should be obtained and Act 250 submitted. Andy Broderick stated that the \$102,000 9% credit has a \$1.19 leverage of the overall \$1.6 million in equity. Andy ran the gap with 4% credits and determined the project would need \$41,000 of the new State Tax Credit if no 9% credit was allocated. This scenario would leave the project with a gap of \$109,000. The VCDP award will be decided on 6/7/00; the rest of the financing is committed except for a capital campaign of \$35,000. Housing Vermont making

progress on issues with the Historic Credit. Steve Lotspeich stated the Selectboard is 100% behind the project, and that the project is a priority for the Town.

Rutland Rehab:
This application has been withdrawn from consideration for the 9% credit. VHCB will fund the gap of $57,000 resulting from the project using the 4% credit.

Columbian Avenue:
Marie Gilmond presented the project as a historic property, and a project which meets 5 of 6 of the first tier Consolidated Plan criteria. It adds new units, including two 4-bedroom units and one accessible unit. VHCB and HOME will be decided on 6/16/00. The City is supportive of the project and is selling the property for $500 to RCCLT, and may reduce impact fees as well. There is a large affordable housing demand in Rutland. It is a blighted site, and the permits are obtained and RCCLT is ready to go. Jeff Kantor stated that they have worked hard to reduce their 9% credit request. Without 9% credits, there is a gap of $190,000. Using 4% credits, the project would need $71,000 of the new State Credit. There was discussion regarding the City applying for VCDP. The City is planning to apply for a downtown redevelopment project, for nonprofit office space. Marie said the soil at the site had been tested and RCCLT is awaiting a State sign off on soils. The yield is 0.89 on this project, not as efficient as others; Jeff Kantor said ESIC was interested in syndicating, but private placement was also a possibility.

Smith's Housing:
Bob Bernstein circulated a handout. He said the project does well in meeting Consolidated Plan priorities, has an efficient yield, and was the second highest on income targeting. Local support is strong, and there is a great need for the units. This is a historic property and the deal is well leveraged. He described the current condition as being children living in squalor. Tom Plumb stated that there were no zoning issues anticipated. Middlebury College has raised the pressure on housing with increased enrollment. There are currently tenants on fixed incomes living in the units, and ACCAG has 15 homeless families on waiting lists for housing. Kathy Beyer questioned the high acquisition cost of $29,000 per unit. This project has applied for AHP with a mid-June decision. ACCAG plans to close on acquisition in October. There would be a $319,000 gap as a 4% deal. Sarah asked about dropping the two new units, but ACCAG wants the density and the cost efficiency. Gus asked about the Town's willingness to apply for VCDP. There are 16 occupied units. There are housing code violations but the Town is not doing anything at this time. Relocation will be difficult but is doable.

Clark/Canal Street:
Connie Snow presented – all funding is committed, and the project is ready to go. Other BACLT units are being held for relocation purposes. There are some life safety issues, including electrical, deteriorating retaining wall, wet basements, and BACLT is trying to stay ahead of deteriorating conditions. There are currently very low income and low income residents. This is affordable family housing in the downtown. The Town has concerns about applying for VCDP, mainly for capacity reasons. Jeff Kantor stated that as a 4% project, the need for State Tax Credit would be $60,000 with 9 tax credit units (of 12 total), $50,000 with 10 tax credit units. Since it's an occupied project, the amount needed would depend upon whether there is turnover or not.

Jeffersonville:
Lucy Leriche presented the project as 32 total units, 22 elderly and 10 family. The 10 family units are applying for the 9% credit. This is a new construction project with municipal water and sewer. The vacancy rate is less than 2%. Lamoille County is one of the fastest growing counties, and is feeling the Chittenden County pressure. All funding is committed. Act 250 is committed, and the 30 day appeal period is half way over. They want to begin construction in July. Andy stated that the family units would use 9% credit; the elderly units would use 4% credit. The project is located in the village center, but did not obtain the downtown criteria. This is because Jeffersonville is not a designated downtown. There was discussion about the local community group which has worked on this idea since 1988.

Westgate:
Ed Burke described the project. Built in the 1970s in West Brattleboro, a HUD 236 project. There are 100 units, housing 254 people including 114 children. This is a mixed age and mixed income development. It is a key component of Brattleboro's affordable housing stock; of the housing in Brattleboro, one in three 3-bedroom units is at Westgate. The Town bus services the development. The Town is very supportive of this effort. The housing development is outdated. One third of the units flood; drainage is a serious problem. The significant cost of the project is driven by sitework. The Tenants Association is very active. Andy clarified that their request is $335,000. Applications are in to VHCB and VCDP.

A lot of progress has been made identifying sources. Andy stated that the community center and related sitework is approximately $500,000. There was discussion about the per unit costs compared to other Gates, and about the need for and cost of the community center; Gus thought they were comparable to Highgate considering the CPI over time plus the increase in construction costs. Gus stated his support for the community center as important over the long term.

Hanson Block & Renewal Housing:
Mike Richardson presented. Hanson & Renewal are 400 units in two phases. TIF legislation is in place. The City is the co-applicant for Act 250; Master Act 250 permit will determine density, road, school, water/sewer. Density is the key to this project – only a public/private partnership would build this dense & produce this many units. The sponsor realizes the credit request is larger than available credit. The sponsor needs credits for Building B from 1,2,3 years in order to construct by 2002. Need an overall financing plan by the end of the calendar year, otherwise, costs will be more including land acquisition. Bill Niquette stated that the WCDC currently owns Hanson Block. The usual financing sources are inadequate for this project (Renewal & Hanson combined). TIF was pursued to get tens of millions from the City. Density is high in Winooski. Sponsor wants to develop rentals due to demand, and is unsure about for sale products in a high density high rise. There appear to be 4 opposers out of hundreds of abutters. The housing is the backbone of this proposal. Ed Willenbaker stated that housing will be built on the site, and it's a question of how affordable. There was discussion regarding the size and height Buildings A & B, as well as the small size of the units. Sarah cited the need for a market study and need for WCDC to look at ownership options. Kathy Beyer raised concern about the risk posed to VHFA as lender.

After a break for lunch, discussion continued at 1:00 PM. After general discussion, Greg moved to approve $335,000 in credit for Westgate. Sarah updated the Committee members and Commissioners, that VHFA made an offer to purchase the Note from HUD. The project needs immediate work. Gus seconded Greg's motion. Gus stated that counting on transportation funding for Westgate is a longshot.

Greg then moved Farrell Street at $275,000. Gus stated that the creation of net new units is important, and that Smith's and Clark/Canal are not doing this. He went on to say that Winooski is an attractive proposal not yet ready for action, and he added his support for Farrell Street. Andy Broderick detailed the permit process, and stated that Farrell Street's Act 250 permit may take 120 days due to the water/wastewater permit.

Gus stated his support for the Jeffersonville project, citing that the project's sponsors have sought funding from a variety of sources, VCDP, VHCB, and the project has Act 250. The project will provide 10 new family units. Kathy Beyer reported that the Town of Jeffersonville would have supported a 100% elderly project, but VHCB and VCDP lobbied the town for family housing. Jeffersonville's gap with 4% credit would be $260,000.

Kathy expressed her support for the Columbian Avenue project, in that it is also adding units.

There was further discussion regarding Smith's Housing and Columbian Avenue, and that both Middlebury and Rutland may be able to apply for VCDP funds.

After further discussion, Greg moved to approve Westgate at $335,000, Farrell Street at $275,000, and Jeffersonville at $99,897. Gus seconded. The Committee approved the motion unanimously.

Tom Candon moved to accept the Committee's recommendation; Kathy Beyer seconded. The Commissioners approved the motion unanimously.

There was discussion about the new State Tax Credit. Staff will issue a notice of availability to developers, and there will be a Committee telephone meeting before June 29th to make a recommendation to the Board of Commissioners. At the June 29th Board meeting the Committee's recommendation will be considered and a decision will be made.

Dick Williams moved to approve the Committee minutes of May 3, 2000 and May 24, 2000; Greg seconded. The minutes were approved unanimously.

The meeting was adjourned at 3:15 P.M.

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. IN A MAXIMUM AMOUNT OF $260,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO NORTHERN SENIOR HOUSING, L.P. TO FINANCE THE ACQUISITION OF A 38-UNIT DEVELOPMENT IN ST. JOHNSBURY

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

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $260,000 aggregate principal amount to Stratevest & Co., or some other subsidiary of BankNorth Group, Inc. (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance a loan to Northern Senior Housing, L.P.(the "Borrower") to acquire a 38-unit development (the "Project") in St. Johnsbury, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $260,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 29th day of ~~May~~ June, 2000.

VERMONT HOUSING FINANCE AGENCY

By ______________________
Executive Director

Attest:

By ______________________
Authorized Officer

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on June 29, 2000.

____
SARAH E. CARPENTER
Executive Director and Secretary
Vermont Housing Finance Agency

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer

DATE: June 15, 2000

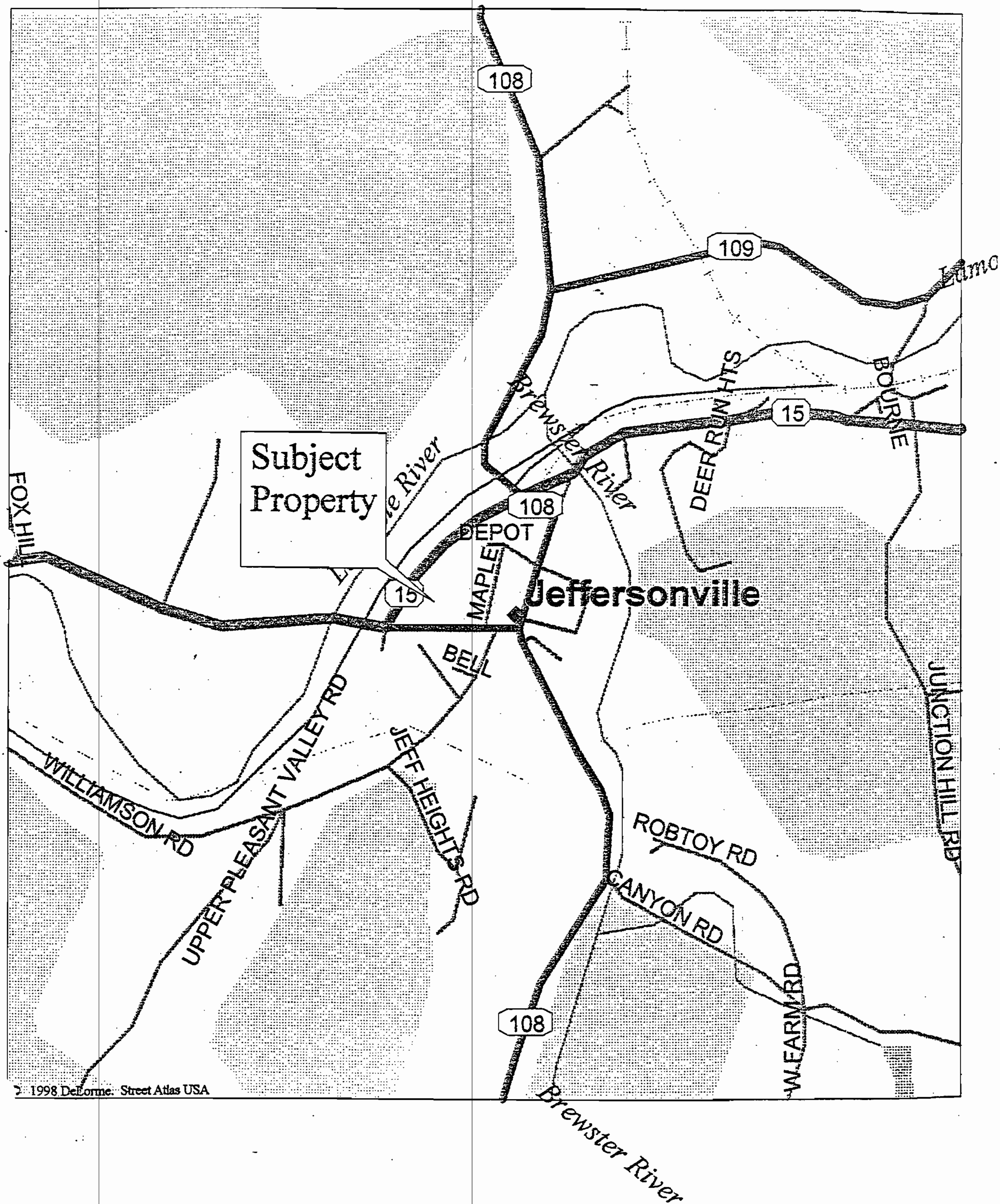
RE: Multifamily Loan Application for Jeffersonville Community Housing

Name:	Jeffersonville Community Housing	**Location:**	Jeffersonville
Housing Type:	Senior / Family	**Unit Type:**	Flats
Total Units:	32	**Unit Sizes:**	19 1 bedroom (756 avg sf) 13 2 bedroom (1,020 avg sf)
Total Cost:	$2,998,427	**Per Unit Cost:**	$93,701
Loan Requested:	$1,042,000 construction $253,000 permanent both from tax-exempt bond proceeds	**Housing Credits:**	$99,897 ceiling credits $70,448 4% credits
Other Funding:	VHCB, HOME, VCDP, Housing Credits, VHFA debt		
Sponsors:	Lamoille Housing Partnership (LHP), Housing Vermont (HVT)		

The Brewster River Land Company, a consortium of four individuals with local business interests in Jeffersonville, has received all state and local permits and construction bids to build this development on a 5.3 acre lot near the center of Jeffersonville. (However, staff recently learned that an Act 250 appeal has just been initiated). The sponsors intend to buy this development for a fixed price (i.e., a "turnkey" purchase) in phased installments, and to rent the units to low income family and elderly households. Housing Vermont will oversee and approve the construction throughout the process to ensure that the units are being built to the agreed-upon specifications. The development consists of three new construction buildings: a three-story apartment building for seniors, serviced by an elevator, with 19 one-bedroom units and three two-bedroom units; and two five-plexes for ten two-bedroom units of family housing. VHFA'a loan will be against the 22 unit senior phase only. The sponsors have submitted an appraisal, an Environmental Site Assessment (with no on-site contamination issues), and a market study for the senior housing. The market study identifies a need for 10 to 20 units of senior housing in Jeffersonville, and projects a rent-up period for this development of 18 months. Jeffersonville has seen an average of eight new rental units come on line each year for the past five years, and for the market area this proposal would have a significant impact. Staff's primary concern regarding this development is the rent-up period and the financial viability of the project in this time period. The total cost of the project and the per unit cost are relatively low compared to other recent developments. Portions of the lot are in the 100 year floodplain, but the Act 250 approval requires the structures be placed on the site above this level. All of the other funding sources including the tax credits have been committed.

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

Subject Location Map



22-Jun-00 **Jeffersonville**

Total Residential Units:	32	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	28	Increase in Income from Other Sources:	1.50%
Percent Restricted:	87.50%	Increase in Income from Commercial:	0.00%
Total Development Cost:	3,023,732	Expense increase:	3.00%
Total Development Cost per Unit:	94,492	Vacancy Rate:	5%
Total Development Cost Per SF:	109	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	173,246	Short Depreciation Schedule:	7 years
Total Credit Amount:	171,816	Sponsor's Estimated Yield:	95.50%
9% Credit Amount:	99,897		
LIHTC - 9%	8.53%	(June 2000)	
LIHTC - 4%	3.65%		

SOURCES - Senior

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	253,500	8.38%	7.75%	30	20
HOME	139,397	4.61%	6.25%	20	int. only
VCDP	200,000	6.61%	2.00%	30	grant
VHCB	520,000	17.20%	N/A	N/A	
Historic equity	0	0.00%	N/A	N/A	
Tax Credit Equity	924,765	30.58%	N/A	N/A	
TOTAL SOURCES	2,037,662	67.39%			

USES

Acquisition	117,770	5.78%
Construction Hard Costs	1,513,945	74.30%
Soft Costs	405,947	19.92%
TOTAL USES	2,037,662	100%
Gap	0	

PER UNIT COST LIMIT CALCULATION

	per unit limits		number of units	Elderly	Family
0 Br	84,390		0	0	
1 Br	90,140		19	1,712,660	
2 Br	95,890		11	287,670	958,900
3 Br	101,637		2	203,274	
4 Br	107,390		0	0	
Maximum cost allowed under the per unit cost limits				2,203,604	958,900
Projected total cost, excluding cash accounts				2,007,586	968,046 Family cost li
		(over)/under		196,018	(9,146) Elderly cost li

General Partner's Capital Contribution	1	1.00%
Limited Partner's Capital Contribution	1,624,430	99.00%
Total Equity	1,624,431	

APPLICABLE FRACTION CALCULATION

	family	elderly
Tax Credit Restricted Units	10	18
Total Units	10	22
Unit Fraction	100.00%	81.82%
Tax Credit Square Footage	24,352	0
Total Residential Square Footage	24,352	3,276
Square Footage Fraction	100.00%	0.00%
Applicable Fraction	100.00%	0.00%

22-Jun-00 **Jeffersonville**

#		Budget	Per Unit	Per s f.	Family	Elderly	ELDERLY Allocation of Sources: VHCB	HOME	VCDP	Debt	Equity
							Terms:____	Terms:____	Terms:____	Terms:____	Terms:____
	ACQUISITION										
1	Land	160,000	5,000	5.79	50,000	110,000	110,000				
2	Purchase of Building(s)		0	0.00	0						
3	Demolition (without replacement)		0	0.00	0						
4	Property Appraisal	5,000	156	0.18	1,562	3,438	3,438				
5	Legal - Title and Recording	6,300	197	0.23	1,968	4,332	4,332				
	Subtotal - Acquisition	171,300	5,353	6.20	53,530	117,770					
	CONSTRUCTION HARD COSTS										
6	Rehabilitation		0	0.00							
7	New Building(s)	1,697,033	53,032	61.42	550,675	1,146,358	402,231	139,397	200,000	253,500	151,230
8	Accessory Buildings		0	0.00	0						
9	Sitework	222,600	6,956	8.06	68,000	154,600					154,600
10	Commercial Space Costs (if any)		0	0.00	0						0
11	General Requirements	70,000	2,188	2.53	21,875	48,125					48,125
12	Contractor Overhead	153,571	4,799	5.56	47,991	105,580					105,580
13	Contractor Profit		0	0.00	0						0
14	Construction Contingency	55,193	1,725	2.00	17,711	37,482					37,482
15	Construction Management		0	0.00	0						0
16	Construction Bond Fee		0	0.00	0						0
17	Hazardous Materials Abatement		0	0.00	0						0
18	Off-Site Improvements		0	0.00	0						0
19	Furnishings, Fixtures, & Equipment	31,300	978	1.13	9,500	21,800					21,800
20	Other (________)		0	0.00							0
	Subtotal - Hard Costs	2,229,697	69,678	80.70	715,752	1,513,945					
	SOFT COSTS										
21	Architectural	49,500	1,547	1.79	15,469	34,031					34,031
22	Engineering		0	0.00	0						0
23	Legal/Accounting	13,000	406	0.47	4,871	8,129					8,129
24	Relocation		0	0.00	0						0
25	Environmental Assessment	3,200	100	0.12	1,000	2,200					2,200
26	Energy Assessment		0	0.00	0						0
27	Permits/Fees	95,557	2,986	3.46	35,806	59,751					59,751
28	Independent Market Study		0	0.00	0						0
29	Construction Period Insurance	3,750	117	0.14	-940	4,690					4,690
30	Construction Interest	62,790	1,962	2.27	20,000	42,790					42,790
31	Construction Loan Origination Fee	21,046	658	0.76	0	21,046					21,046
32	Taxes During Construction	3,750	117	0.14	3,750						0
33	Clerk of the Works	30,000	938	1.09	9,375	20,625					20,625
34	Marketing	2,000	63	0.07	750	1,250					1,250
35	Tax Credit Fees	3,850	120	0.14	1,444	2,406					2,406
36	Soft Cost Contingency	16,192	506	0.59	6,067	10,125					10,125
37	Permanent Loan Origination Fee		0	0.00	0						0
38	Lender's Counsel's Fee		0	0.00	0						0
39	Other (________)		0	0.00	0						0
	SYNDICATION COSTS										
40	Organizational (Partnership)		0	0.00	0						0
41	Bridge Loan Fees and Expenses		0	0.00	0						0
42	Syndication Consultant		0	0.00	0						0
43	Tax Opinion		0	0.00	0						0
	DEVELOPER'S FEES										
44	Developer's Fees	200,000	6,250	7.24	74,942	125,058					125,058
45	Other Partnership Fees	70,000	2,188	2.53	26,230	43,770					43,770
46	Consultant Fees		0	0.00	0						0
	RESERVES										
47	Working Capital	48,100	1,503	1.74	18,024	30,076					30,076
48	Rent-up (Deficit Escrow) Reserve		0	0.00	0						0
49	Other Operating Reserves		0	0.00	0						0
50	Sinking Fund		0	0.00	0						0
51	Replacement Reserves		0	0.00	0						0
	Subtotal - Soft Costs	622,735	19,460	22.54	216,788	405,947					
	TOTAL DEVELOPMENT COSTS	3,023,732	94,492	109	986,070	2,037,662	520,001	139,397	200,000	253,500	924,764

Jeffersonville

#	Item	Elderly	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	110,000					
2	Purchase of Building(s)	0					
3	Demolition (without replacement)	0					
4	Property Appraisal	3,438	0		3,438		
5	Legal - Title and Recording	4,332	0		4,332		
0	Subtotal - Acquisition	117,770					
0	CONSTRUCTION HARD COSTS	0					
6	Rehabilitation	0					
7	New Building(s)	1,146,358		1,146,358	1,146,358		
8	Accessory Buildings	0					
9	Sitework	154,600		154,600	154,600		
10	Commercial Space Costs (if any)	0					
11	General Requirements	48,125		48,125	48,125		
12	Contractor Overhead	105,580		105,580	105,580		
13	Contractor Profit	0		0	0		
14	Construction Contingency	37,482		37,482	37,482		
15	Construction Management	0					
16	Construction Bond Fee	0					
17	Hazardous Materials Abatement	0					
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Equipment	21,800		21,800			
20	Other (______________)	0					
0	Subtotal - Hard Costs	1,513,945					
0	SOFT COSTS	0					
21	Architectural	34,031		34,031	34,031		
22	Engineering	0					
23	Legal/Accounting	8,129		8,129	8,129		
24	Relocation	0					
25	Environmental Assessment	2,200		2,200	2,200		
26	Energy Assessment	0					
27	Permits/Fees	59,751		59,751	59,751		
28	Independent Market Study	0					
29	Construction Period Insurance	4,690		4,690	4,690		
30	Construction Interest	42,790		42,790	42,790		
31	Construction Loan Origination Fee	21,046					
32	Taxes During Construction	0		0	0		
33	Clerk of the Works	20,625		20,625	20,625		
34	Marketing	1,250					
35	Tax Credit Fees	2,406		2,406	2,406		
36	Soft Cost Contingency	10,125		10,125	10,125		
37	Permanent Loan Origination Fee	0					
38	Lender's Counsel's Fee	0					
39	Other (______________)	0					
0	SYNDICATION COSTS	0					
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
0	DEVELOPER'S FEES	0					
44	Developer's Fees	125,058		125,058	125,058		
45	Other Partnership Fees	43,770		43,770	43,770		
46	Consultant Fees	0					
0	RESERVES	0					
47	Working Capital	30,076					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves	0					
50	Sinking Fund	0					
51	Replacement Reserves	0					
0	Subtotal - Soft Costs	405,947					
	TOTALS	2,037,662	1,867,520	1,867,520	1,853,490	0	
	Amount of Non-qualified Financing		0	0	0	0	
	Adjustment for per unit cost limits	1.00	0	0			
	Historic tax Credit (Residential Portion)			0	0	20% Historic Cred	
	Total Eligible Basis		1,867,520	1,867,520		0 Annual Histo	
	Adjusted for QCT/DDA	130.0%	2,427,776	2,427,776			
	Applicable Fraction & bldg adjuster	81.16%	1,970,369	1,970,369			
	Total Qualified Basis		1,970,369	1,970,369	1,853,490	Long Term Depreciable Basis	
	Applicable Percentage		3.65%	3.65%	27.5	Depreciation Schedule	
	Total Annual Credit Qualified		71,918	71,918	67,400	Annual Depreciation	

Total Tax Credits Requested	143,837	1,986,500	21,800	Short Term Depreciable Basis
Estimated Net Syndication Proceeds (**excluding historic credit equity**)	1,610,550		7	Depreciation Schedule
Estimated Yield - Housing Credit Syndication	**95.50%**		3,114	Annual Depreciation
Equity Gap	0			
Credits Needed to fill Equity Gap	#DIV/0!			

22-Jun-00 **Jeffersonville**

Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	30%	50%	60%	65%	80%	100%+
		Check all Applicable								A					C: AFFORDABLE TO: Units affordable to residents at:					
five plex	1	x			x	x				2	1,024	390	45	435		1				
	2				x	x				2	1,024	470	45	515			1			
	3				x	x				2	1,024	470	45	515			1			
	4				x	x	x			2	1,024	470	45	515			1			
	5				x	x				2	1,024	470	45	515			1			
Five plex	1	x			x	x				2	1,024	390	45	435		1				
	2				x	x				2	1,024	470	45	515			1			
	3				x	x				2	1,024	470	45	515			1			
	4				x	x	x			2	1,024	470	45	515			1			
	5				x	x				2	1,024	470	45	515			1			
Elderly	101	x			x	x				1	756	361	0	361						
	102				x	x				1	756	421	0	421		1				
	103				x	x				1	756	421	0	421			1			
	104				x	x				1	756	421	0	421			1			
	105				x	x				1	756	421	0	421			1			
	106								x	1	756	546	0	546			1			
	201								x	1	756	546	0	546					1	
	202				x	x				2	1,008	520	0	520					1	
	203	x			x	x				1	756	361	0	361			1			
	204				x	x				1	756	421	0	421		1				
	205				x	x				1	756	421	0	421			1			
	206				x	x				1	756	436	0	436			1			
	207				x	x				1	756	436	0	436			1			
	208				x	x				2	1,008	520	0	520			1			
	301	x			x	x				1	756	361	0	361			1			
	302				x	x				1	756	421	0	421		1				
	303				x	x				1	756	421	0	421			1			
	304				x	x				1	756	436	0	436			1			
	305				x	x				1	756	436	0	436			1			
	306				x	x				1	756	436	0	436			1			
	307								x	1	756	546	0	546			1			
	308								x	2	1,008	670	0	670					1	
																			1	
Total # Units	32				28					Totals:	27,628	14,519		Total # Units:	0	5	23	0	4	0

22-Jun-00 **Jeffersonville**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br	elderly	756	16	414	0	79,572
2 Br	family	1,024	10	454	45	54,480
2 Br	elderly	1,008	2	520	0	12,480
4+ Br			0	0		0
	Totals	24,352	28			146,532

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br						0
1 Br	elderly	756	3	546	0	19,656
2 Br	elderly	1,008	1	670	0	8,040
3 Br						0
4+ Br						0
	Totals	3,276	4			27,696
All Units						
	Grand Totals	27,628	32			174,228
		Less Vacancy	5.00%			(8,711)
					NET RENT	165,517

OTHER INCOME

Laundry	3,576
Parking	0
Commercial Space Income	0
Other	1,584
TOTAL INCOME	170,677

22-Jun-00 **Jeffersonville**

	Senior	Monthly	Per Unit Per Month	
Administration				
Management Fee	15,840	1,320	41	9.3%
Supportive Services	1,320	110	3	
Audit/Accounting	2,376	198	6	
Legal	1,320	110	3	
Compliance Monitoring	432	36	1	
Marketing		0	0	
Other	6,072	506	16	
TOTAL ADMINISTRATIVE	27,360	2,280	71	
Utilities				
Electricity	3,960	330	10	
Fuel	7,920	660	21	
Water and Sewer	6,600	550	17	
Fire Alarm / Emergency	528	44	1	
Other	0	0	0	
TOTAL UTILITIES	19,008	1,584	50	
Maintenance				
Maintenance / Janitor Payroll	13,200	1,100	34	
Janitor Supplies	1,320	110	3	
Exterminating	528	44	1	
Trash Removal	2,376	198	6	
Snow Removal	2,112	176	6	
Grounds	1,848	154	5	
Repairs Material		0	0	
Repairs Contract		0	0	
HVAC Repairs / Maintenance		0	0	
Elevator Contract / Repairs	1,848	154	5	
Painting and Decorating	1,848	154	5	
Other	0	0	0	
TOTAL MAINTENANCE	25,080	2,090	65	
				per unit month excl. ds & res.
Real Estate Taxes	11,880	990	31	226
Property Insurance	3,432	286	9	
Replacement Reserves	6,600	550	17	
Primary Debt Service	21,270	1,773	55	
Other "must pay" debt service		0	0	
Other		0	0	
Total	114,630	9,553	299	

22-Jun-00 **Jeffersonville**

	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		119,748	121,544	123,367	125,218	127,096	129,003	130,938	132,902	134,895	136,919	138,972	141,057	143,173	145,320	147,500
Other Income		5,160	5,237	5,316	5,396	5,477	5,559	5,642	5,727	5,813	5,900	5,988	6,078	6,169	6,262	6,356
Vacancy and other losses		(6,245)	(6,077)	(6,168)	(6,261)	(6,355)	(6,450)	(6,547)	(6,645)	(6,745)	(6,846)	(6,949)	(7,053)	(7,159)	(7,266)	(7,375)
Total Operating Income		118,663	120,704	122,515	124,353	126,218	128,111	130,033	131,983	133,963	135,973	138,012	140,082	142,184	144,316	146,481
Operating Expenses																
Total Expenses (excl. Reserves)		86,760	89,363	92,044	94,805	97,649	100,579	103,596	106,704	109,905	113,202	116,598	120,096	123,699	127,410	131,232
Reserves		6,600	6,699	6,799	6,901	7,005	7,110	7,217	7,325	7,435	7,546	7,660	7,774	7,891	8,009	8,130
Total Operating Expense		93,360	96,062	98,843	101,706	104,654	107,689	110,813	114,029	117,340	120,748	124,258	127,871	131,590	135,419	139,362
Net Operating Income		25,303	24,643	23,672	22,646	21,564	20,423	19,220	17,955	16,623	15,224	13,754	12,212	10,594	8,897	7,119
Less Primary Debt Service		21,793	21,793	21,793	21,793	21,793	21,793	21,793	21,793	21,793	21,793	21,793	21,793	21,793	21,793	21,793
Less Secondary Debt Service																
Annual Cash Flow		3,509	2,849	1,879	853	(229)	(1,371)	(2,573)	(3,839)	(5,170)	(6,569)	(8,039)	(9,581)	(11,200)	(12,896)	(14,674)
Operating Subsidies / Sinking Fund		0	0	0	0	229	1,371	2,573	3,839	5,170	6,569	8,039	9,581	11,200	12,896	14,674
Net Cash		3,509	2,849	1,879	853	0	0	0	0	0	0	0	0	0	0	0
DCR		116.10%	113.07%	108.62%	103.91%	98.95%	93.71%	88.19%	82.39%	76.28%	69.86%	63.11%	56.03%	48.61%	40.82%	32.67%
Cumulative Cash Flow																
Beginning Balance		30,076	34,859	39,159	42,642	45,217	46,797	47,298	46,617	44,643	41,259	36,340	29,755	21,363	11,018	(1,437)
Deposits		3,509	2,849	1,879	853	0	0	0	0	0	0	0	0	0	0	0
Interest	4.0%	1,273	1,451	1,604	1,723	1,809	1,872	1,892	1,865	1,786	1,650	1,454	1,190	855	441	0
Withdrawals		0	0	0	0	(229)	(1,371)	(2,573)	(3,839)	(5,170)	(6,569)	(8,039)	(9,581)	(11,200)	(12,896)	(14,674)
Ending Balance		34,859	39,159	42,642	45,217	46,797	47,298	46,617	44,643	41,259	36,340	29,755	21,363	11,018	(1,437)	(16,111)
Cumulative Replacement Reserves																
Beginning Balance		0	6,732	7,007	7,293	7,590	7,900	8,223	8,558	8,908	9,271	9,650	10,043	10,453	10,880	11,324
Deposits		6,600	6,699	6,799	6,901	7,005	7,110	7,217	7,325	7,435	7,546	7,660	7,774	7,891	8,009	8,130
Interest	4.0%	132	275	286	298	310	322	336	349	364	378	394	410	427	444	462
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		6,732	7,007	7,293	7,590	7,900	8,223	8,558	8,908	9,271	9,650	10,043	10,453	10,880	11,324	11,786
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		25,303	24,643	23,672	22,646	21,564	20,423	19,220	17,955	16,623	15,224	13,754	12,212	10,594	8,897	7,119
Plus Reserves		6,600	6,699	6,799	6,901	7,005	7,110	7,217	7,325	7,435	7,546	7,660	7,774	7,891	8,009	8,130
Less Interest Expense		(156,172)	(134,518)	(111,127)	(85,860)	(31,805)	(31,648)	(31,473)	(31,279)	(31,064)	(30,827)	(30,564)	(30,275)	(29,956)	(29,606)	(29,222)
Less Long Depreciation		(100,410)	(100,410)	(100,410)	(100,410)	(100,410)	(100,410)	(100,410)	(100,410)	(100,410)	(100,410)	(100,410)	(100,410)	(100,410)	(100,410)	(100,410)
Less Short Depreciation		(4,471)	(4,471)	(4,471)	(4,471)	(4,471)	(4,471)	(4,471)	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(229,151)	(208,058)	(185,538)	(161,194)	(108,118)	(108,997)	(109,918)	(106,410)	(107,417)	(108,467)	(109,561)	(110,699)	(111,882)	(113,110)	(114,383)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		80,203	72,820	64,938	56,418	37,841	38,149	38,471	37,244	37,596	37,963	38,346	38,745	39,159	39,589	40,034
Plus Tax Credits		171,816	171,816	171,816	171,816	171,816	171,816	171,816	171,816	171,816	171,816					
After Tax Cash Flow		252,018	244,636	236,754	228,234	209,657	209,965	210,287	209,059	209,411	209,779	38,346	38,745	39,159	39,589	40,034
Total Years	15															
Reinvestment Rate	11.00%															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Current After Tax Cash Flows		252,018	244,636	236,754	228,234	209,657	209,965	210,287	209,059	209,411	209,779	38,346	38,745	39,159	39,589	40,034
Future Value of Cash Flows at Yr 15:		1,205,804	1,054,489	919,381	798,464	660,787	596,178	537,922	481,785	434,772	392,373	64,616	58,817	53,555	48,777	44,438
Discount Rate:	9.85%															
Capital Contribution Number:	1	2	3	4	5	6	7	8								
Date of Capital Contribution:	01-Sep-02	01-Sep-03	01-Sep-04	01-Sep-05												
Amount of Capital Contribution:	393,327	393,327	393,327	727,655				0								
Present Value of Contributions:	(393,327)	(355,949)	(322,035)	(539,148)												
Cash Flows	(1,610,458)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7,352,157
IRR:	10.65%															
Equity Yield:	94.68%															

RESOLUTION PERTAINING TO A LETTER OF INTEREST RE: CONSTRUCTION AND PERMANENT FINANCING FOR JEFFERSONVILLE COMMUNITY HOUSING, JEFFERSONVILLE

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

WHEREAS, a proposal has been presented to the Agency by Lamoille Housing Partnership and Housing Vermont for the turnkey purchase of three newly constructed buildings, of which 22 units of elderly rental housing in one building in the Town of Cambridge will be financed by the Agency (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $1,075,000 aggregate principal amount (the "Bonds") to finance a construction loan to Jeffersonville Housing Limited Partnership (the "Borrower") for the new construction of a 22 unit building (the "Project") in Cambridge, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $1,075,000 as construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds; and a mortgage loan in an amount of up to $275,000 as long-term financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds; and

WHEREAS, the to-be-formed limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi, dated June 15, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

3. There exists, or without the proposed residential housing there will exist, a shortage

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

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

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

6. The sponsor and its general partners are financially responsible and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to a to-be-formed limited partnership, the Jeffersonville Housing Limited Partnership, for construction financing in an amount not to exceed $1,075,000; and long term financing of the Development in an amount not to exceed $270,000. The term of the construction loan will be 18 months; and the interest rate not more than 150 basis points above the Agency's cost of funds. The term of the permanent loan will be not more than thirty years; the amortization period thirty years; and the interest rate not more than 150 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsor must provide a written property tax estimate;

   b) Sponsor must provide final plans and specifications for VHFA review and approval prior to VHFA loan closing;

   c) Sponsor must provide evidence that all funds from other sources are to be put into the development at or near the completion of construction, without regard to the occupancy level of the development;

d) Sponsor must provide evidence that other funders are not requiring repayment until the development has achieved one full year of economic full occupancy;

e) Sponsor must provide evidence that it has enough cash or other assets to be used as a rent-up reserve to cover shortfalls in income sufficient to pay debt service and operating expenses; and

f) Sponsor shall provide evidence of sufficient additional security to cover the difference between the appraised value of the senior housing phase of the development and the Agency's outstanding loan balance on the construction loan.

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

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director may, in her discretion, issue a Commitment Letter for a construction loan for acquisition and construction in an amount not to exceed $1,075,000 and a long-term loan for financing of the Development in an amount not to exceed $275,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds. The Sponsor shall be responsible for loan fees.

7. The term loan shall be amortized over a period of approximately 30 years. The interest rate and the source of funds shall be determined by the Executive Director, but the interest rate will not exceed 150 basis points above the Agency's cost of funds. The Commitment Letter may be issued to the ownership entity. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

8. The Executive Director, after consultation with the Chairman of the Agency, is given the discretion to vary the amounts of the loans by not more than 10% and to change the sources of funds.

9. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

BOARD MINUTES
Vermont Housing Finance Agency
164 Saint Paul Street
Burlington, Vermont
Thursday, June 29, 2000 at 1:00 p.m.

PRESENT: Chairman White, Commissioners Seelig, Canney, Randall, Candon (designee of Costle), Beyer (designee of Lambert)

Staff: Ms. Carpenter, Ms. Caragher, Ms. Kendrick, Ms. Crady, Ms. Reid, Ms. Gent, Mr. Schoenbeck, Ms. Deforge

Other: Mr. Broderick (Housing Vermont), Mr. Cole (AG Edwards), Ms. Torpy (Burlington Community Land Trust), Ms. Malloy (Rockingham Homeownership Center), Ms. Millhiser (Central Vermont Homeownership Center), Mr. Zavala and Ms. Biddle (Rutland West Homeownership Center), Mr. Kelley (Lyndonville Homeownership Center, Ms. Gilmond (Rutland County Community Land Trust)

Mr. Seelig called the meeting to order at 1:10 p.m. The first item on the agenda was the approval of the May 25th Board minutes. After a motion made by Mr. Candon and seconded by Ms. Beyer, the motion carried unanimously.

Mr. Candon made a motion to approve the minutes from the June 6th Joint Committee on Tax Credits meeting. The motion carried unanimously after being seconded by Ms. Beyer.

HOMEOWNERSHIP CENTERS

Ms. Crady reviewed the report of Homeownership Center Activity 1999. The Homeownership Centers have produced significant program increases in the past year. There are now five Homeownership Centers in Vermont. Ms. Crady introduced the representatives from each of the Centers and then asked them to give a brief overview of what the local Center has accomplished in the past year.

Mr. Zavala, from Rutland West, indicated that their southwest Center has gone through many changes in the past twelve months, including the departure of their executive director of fourteen years. They have done a lot of work with Rural Development (RD) and have established a great relationship with RD. They also have received a tremendous amount of support from both the Chittenden Bank and the Heritage Family Credit Union. Mr. Zavala noted that the Center would be focusing their efforts in 2000 on the post purchase side. The Center received a grant for $660,000 to work on rehabilitating units in the Rutland area. Mr. Zavala also indicated that their foreclosure intervention work has increased and they are seeing fewer people fall into foreclosure.

Ms. Malloy, from Rockingham, stated that the Center has made significant progress during her first year there. They have been very busy with foreclosure interventions, assisting customers to stay in their homes.

They have also done a great deal of post purchase counseling. Ms. Malloy also mentioned that Rockingham just recently hired an executive director.

Ms. Millhiser, from Central Vermont, indicated that they just recently launched their program in September 1999. Currently, one staff member facilitates workshops for homebuyers in their area. To this date, the Center has put ninety people through their workshops, out of which nineteen closings have occurred. Ms. Millhiser is very proud of their ability to serve the community and the impact it has on people when they are able to purchase a home. They have recently recruited a lender from the Chittenden Bank to volunteer one afternoon a week at the Center to perform counseling. The Center has also counseled four couples through its delinquency intervention program, two of whom are back on track and making their mortgage payments. The Central Vermont Center has applied to Neighborworks for affiliation.

Mr. Kelley, from the Northeast Kingdom, indicated that he is fairly new to the Center and hasn't had the opportunity to observe much from last year's activity. He indicated that he is very excited about the Center and where they are headed for 2000. The Center is working with Community National Bank to package its VHFA loans and then return the completed loan package to Community National Bank's underwriting department.

Ms. Torpy, from Chittenden County, indicated that they have received a $100,000 grant from Neighborworks to work on delinquency and foreclosure intervention. They have also been working with HUD on HUD foreclosures and have completed several sales in the City of Burlington.

Ms. Torpy briefly discussed the Homeownership Centers Capital Campaign. The goal is $3 million over three years. Neighborworks has come up with some extra money to assist the Centers with the capital campaign effort. Staff from the Centers will approach Fannie Mae for some assistance, also.

Chairman White commended all of the Centers for all of the work they are doing and thanked them for attending the meeting to update the Board about the 1999 activity.

TAX CREDITS

The Joint Committee on Tax Credits (JCTC) met prior to the Board meeting and are recommending that the following projects be allocated state tax credits: Clark & Canal in Brattleboro $42,000; Green Mountain Seminary in Waterbury Center $42,000; and Hanson Block in Winooski $16,000. The JCTC did not recommend allocating credits to either Columbian Avenue in Rutland and Smith's Housing in Middlebury at this time. Ms. Reid indicated that if Green Mountain Seminary doesn't get CDBG funding in October, then they would not get the $42,000 credit allocation. One suggestion is that, if Columbian Avenue and Smith's Housing are not successful in getting CDBG funding in October, than perhaps they could apply for 2001 credits, and that allocation round may be held in the fall.

After further discussion, Mr. Seelig made a motion to approve the JCTC's recommendation to allocate $42,000 to Clark & Canal, $42,000 to Green Mountain Seminary, and $16,000 to Hanson Block. The motion carried unanimously after being seconded by Ms. Randall.

DEVELOPMENT

Ms. Reid discussed the multifamily loan application for Jeffersonville Community Housing. This project consists of 32 mixed income senior and family housing units. VHFA's loan will be for the senior housing, which is for 22 of the units. All other funding for this project is committed. Ms. Reid noted that the Act 250 permit has recently been appealed, but staff feels that we should keep the loan moving forward. After a brief discussion, Mr. Candon made a motion to approve the "Resolution Pertaining to a Letter of Interest Re: Construction and Permanent Financing for Jeffersonville Community Housing, Jeffersonville." The motion carried unanimously after being seconded by Mr. Seelig.

Ms. Carpenter provided a brief update on Westgate. HUD approved VHFA's purchase of the notes related to Westgate, Highgate, and Mountain View Apartments. Once we have structured a bond issue to purchase these notes from HUD, extended affordability of these units will be committed. Housing Vermont will be requesting financing from VHFA in the fall for the Westgate rehabilitation and mortgage loan. After further discussion, Mr. Candon made a motion to authorize the Executive Director, Director of Finance, or Chief of Operations to secure a bond financing plan to purchase the HUD notes and allow for the acquisition and rehab planned at these properties.

HOMEOWNERSHIP

Ms. Crady indicated that staff is meeting with MGIC in early July to discuss the automated underwriting system they developed for VHFA loans. Ms. Crady also noted that staff continues to make progress in reducing overall delinquency levels and selling our REO properties.

PUBLIC AFFAIRS & PLANNING

Ms. Gent briefly reviewed her memo regarding federal and state Legislative activities. Vermont's Congressional delegation is very supportive of the initiatives of importance to VHFA and our partners. Ms. Gent did ask that, if any Board member would like to write a letter of appreciation to our delegation, it would be very appreciated.

Chairman White suggested that the Board try to meet with Senator Jeffords in Rutland before our August Board meeting to discuss federal legislation. Ms. Gent indicated that she would contact Senator Jeffords office to try and set up a meeting.

FINANCE

Mr. Schoenbeck indicated that both the Board Human Resources Committee and the Risk Management Committee have reviewed the FY01 budget and made the recommendations listed on the memo provided to the Board. Mr. Schoenbeck noted that VHFA's FY01 budget is fairly stable compared with last year's budget and actual expenses. The biggest actual savings in FY00 were in consulting, advertising, and loan losses. Ms. Beyer indicated that, from budget to budget, there was a 6% increase, but that the budget to actual had an 11% increase. Mr. Schoenbeck reported that although there were savings in FY00, most were a one-time savings or due to timing differences and will result in an increase in the FY01 budget. After a brief discussion, Ms. Randall made a motion to approve the FY01 proposed operating and capital budgets. The motion carried unanimously after being seconded by Mr. Seelig.

ADMINISTRATION

Ms. Carpenter indicated that both the Board Human Resources Committee and the Risk Management Committee have reviewed the proposed benefit changes for VHFA. After a brief discussion, Mr. Candon made a motion to approve all of the proposed benefit changes. The motion carried unanimously after being seconded by Ms. Beyer.

Ms. Carpenter asked the Board to approve proposed bylaw changes for Housing Vermont. Mr. Seelig made a motion to approve the changes as described in a memo from Ms. Carpenter. The motion carried unanimously after being seconded by Ms. Beyer.

At this time, Mr. Seelig made a motion to go into Executive Session for the purpose of discussing the Executive Director's salary increase pursuant to 1 VSA Section 313 (a)(3). The motion was seconded by Mr. Candon. A motion was made by Ms. Canney to give the Executive Director a 5% salary increase effective July 1, 2000. The motion carried unanimously after being seconded by Ms. Randall. The motion to come out of Executive Session was made by Ms. Beyer and seconded by Ms. Canney.

With no further business, the meeting adjourned at 4:10 p.m.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer JE

DATE: August 1, 2000

RE: Westgate Apartments – Loan Authorizations

Name:	Westgate Apartments	**Location:**	Brattleboro
Housing Type:	Family	**Unit Type:**	Townhouses / Flats
Total Units:	100	**Unit Sizes:**	12 1 bedroom (705 avg sf) 58 2 bedroom (950 avg sf) 30 3 bedroom (1,190 avg sf)
Total Cost:	$11,768,036	**Per Unit Cost:**	$117,680
Loans Requested:	See memo below	**Housing Credits:**	$335,000 ceiling credits $160,741 4% credits
Other Funding:	VHCB, HOME, VCDP, Housing Credits, VHFA debt, transportation funds		
Sponsors:	Westgate Tenants Organization (WTO), Housing Vermont (HVT)		

Staff have worked with Housing Vermont, HUD, bond counsel, and others to finalize the structure of the Westgate transactions. The attached table indicates there are three separate transactions: the note acquisition from HUD by VHFA, the property acquisition by a partnership created by Housing Vermont, and the funding of all of the rehabilitation by numerous sources. In order for this financing structure to work, Housing Vermont needs to receive a Private Letter Ruling from the IRS to clarify the limits of mixing taxable and tax-exempt financing in a single development. Should they not receive a favorable ruling, Housing Vermont is confident that they can create separate partnerships and restructure the financing in a manner that still creates a viable development. However, the ruling they seek would clarify for them the ability to pursue a financing structure that they wish to use on a number of developments, and if they obtain it, would make the development process clearer and easier for VHFA to underwrite.

As proposed, the plan could involve as many as five loans from VHFA (see attached table). These include: 1) a 12 year loan of $707,046; 2) a 30 year loan of $827,256; 3) a short-term construction loan for the rehab of $2,150,000; 4) a deferred loan of $884,567 from the discounted note purchase savings; and, 5) a 0% loan of $290,000. Loans one through four would be made from tax-exempt bond proceeds. Housing Vermont has requested that the discount VHFA receives from the note purchase be passed on to the project, provided that VHFA gets its out of pocket expenses reimbursed and receives it usual fees.

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

Westgate Apartments

Westgate Acquisition by HVT et al. from Seller	Westgate Rehabilitation Financing
Sources:	**Sources:**
VHFA Loan One - tax-exempt permanent loan: (7%, 145 months) 707,046 VHFA Loan Two - tax-exempt permanent: (7.75%, 360 months) 827,256 Various other soft sources: 692,855	Tax Credit Equity: 4,752,954 VHFA Loan Three - tax-exempt short-term : 2,150,000 VHFA Loan Four: 884,567 (deferred loan, must be reasonable expectation of repayment) Various other soft sources: 3,450,245 VHFA Loan Five – "Zero Percent" Loan: 290,000
Total: 2,227,157	Total: 11,527,766

Uses:	Uses:
Acquisition Price (to Seller): 2,055,000 Other acquisition costs: 10,000	Rehab and soft costs: 9,540,036
VHFA Transaction Costs: 162,157	Pay off VHFA tax-exempt short-term 1: 2,150,000
Total: 2,227,157	Total: 11,690,036
Acquisition Cost Breakdown:	
Cost of Acquiring Note from HUD: 343,030 Pay off due Seller: 827,403 Available – (see Rehab sources): 884,567	
Total: 2,055,000	
	Short 162,270

HUD note balance for Westgate is $1,227,597 as of 5/00; the note acquisition cost is $343,030.

Assume not acquisition and property acquisition closings in September 2000; first Interest Reduction Payment received 10/2000

Appraised value of Westgate is $2,100,000.

VHFA's out-of–pocket expenses are now a project cost, creating a funding shortfall of about $162k that HVT is working to fill.

1 This amount is needed to meet the 50% test on the "4% credit" portion of the rehab.

04-Aug-00 **Westgate Housing**

Total Residential Units:	100	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	61	Increase in Income from Other Sources:	1.50%
Percent Restricted:	61.00%	Increase in Income from Commercial:	1.50%
Total Development Cost:	11,768,036	Expense increase:	3.00%
Total Development Cost per Unit:	117,680	Vacancy Rate:	5%
Total Development Cost Per SF:	119	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	507,545	Short Depreciation Schedule:	7 years
Total Credit Amount:	494,423	Sponsor's Estimated Yield:	96.38%
9% Credit Amount	335,000		
LIHTC - 9%	8.47%	(Aug 2000)	
LIHTC - 4%	3.63%		

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
VHFA Bond Debt - 30 year	827,256	7.03%	7.75%	30	30
VHFA Bond Debt - 12 year	707,046	6.01%	7.00%	12	12
VHFA Deferred Debt	884,567	7.52%	0.00%	30	30
Developer Loan	100,000	0.85%	7.25%	10	10
HOME	320,000	2.72%	7.00%	30	30
VHCB Special	1,680,000	14.28%	0.00%	30	30
HUD Special Purpose	1,000,000	8.50%	7.00%	10	10
VHFA 0% Funds	290,000	2.46%	0.00%	20	20
VCDP	479,500	4.07%	0.00%	30	30
Brattleboro RLF	7,600	0.06%	0.00%	30	30
Transportation Funds	556,000	4.72%	0.00%	30	30
Tax Credit Equity	4,760,593	40.45%	N/A	N/A	N/A
TOTAL SOURCES	11,612,562	98.68%			

USES

Acquisition	2,065,000	17.55%
Construction Hard Costs	7,617,658	64.73%
Soft Costs	2,085,378	17.72%
TOTAL USES	11,768,036	100%
Gap	155,474	

PER UNIT COST LIMIT CALCULATION

	per unit limits	number of units			
0 Br	84,390	0	0		
1 Br	90,140	12	1,081,680		
2 Br	95,890	58	5,561,620		
3 Br	101,637	30	3,049,110		
4 Br	107,390	0	0		
Maximum cost allowed under the per unit cost limits			9,692,410		
Projected total cost, excluding cash accounts			11,718,035	Cost Overage %	83%
	(over)/under		(2,025,625)		

General Partner's Capital Contribution	1.00%
Limited Partner's Capital Contribution	99.00%
Total Equity	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	61
Total Units	100
Unit Fraction	61.00%
Tax Credit Square Footage	59,345
Total Residential Square Footage	99,260
Square Footage Fraction	59.79%
Applicable Fraction	59.79%

04-Aug-00 **Westgate Housing**

#	Item	Budget	Lower I	Lower II	Middle	Upper
	ACQUISITION					
1	Land	328,000	72,160	72,160	104,960	78,720
2	Purchase of Building(s)	1,722,000	378,840	378,840	551,040	413,280
3	Demolition (without replacement)	0	0		0	0
4	Property Appraisal	3,000	660	660	960	720
5	Legal - Title and Recording	12,000	2,640	2,640	3,840	2,880
	Subtotal - Acquisition	2,065,000	454,300	454,300	660,800	495,600
	CONSTRUCTION HARD COSTS					
6	Rehabilitation	4,203,909	914,814	904,649	1,347,657	1,036,789
7	New Building(s)	0	0		0	0
8	Accessory Buildings	196,090	42,671	42,197	62,861	48,361
9	Sitework	2,628,054	571,892	565,537	842,481	648,144
10	Commercial Space Costs (if any)	0	0		0	0
11	General Requirements	0	0		0	0
12	Contractor Overhead	0	0		0	0
13	Contractor Profit	0	0		0	0
14	Construction Contingency	527,104	114,703	113,429	168,975	129,997
15	Construction Management	0	0		0	0
16	Construction Bond Fee	0	0		0	0
17	Hazardous Materials Abatement	62,501	13,601	13,450	20,036	15,414
18	Off-Site Improvements	0	0		0	0
19	Furnishings, Fixtures, & Equipment	0				
20	Other (__________________)	0	0		0	0
	Subtotal - Hard Costs	7,617,658	1,657,681	1,639,262	2,442,010	1,878,705
	SOFT COSTS					
21	Architectural	433,290	94,288	93,241	138,901	106,860
22	Engineering	0	0		0	0
23	Legal/Accounting	15,000	3,264	3,228	4,809	3,699
24	Relocation	85,000	18,497	18,291	27,249	20,963
25	Environmental Assessment	4,000	870	861	1,282	987
26	Energy Assessment	0	0		0	0
27	Permits/Fees	62,525	13,606	13,455	20,044	15,420
28	Independent Market Study	0	0		0	0
29	Construction Period Insurance	35,000	7,616	7,532	11,220	8,632
30	Construction Interest	188,001	40,911	40,456	60,268	46,366
31	Construction Loan Origination Fee	32,000	6,964	6,886	10,258	7,892
32	Taxes During Construction	0				
33	Clerk of the Works	55,000	11,969	11,836	17,631	13,564
34	Marketing	5,500	1,197	1,184	1,763	1,356
35	Tax Credit Fees	9,200	2,002	1,980	2,949	2,269
36	Soft Cost Contingency	24,861	5,410	5,350	7,970	6,131
37	Permanent Loan Origination Fee	0	0		0	0
38	Lender's Counsel's Fee	163,000	35,860	35,860	52,160	39,120
39	Other (rent loss during contract)	23,000	5,060	5,060	7,360	5,520
	SYNDICATION COSTS					
40	Organizational (Partnership)	0	0		0	0
41	Bridge Loan Fees and Expenses	0	0		0	0
42	Syndication Consultant	0	0		0	0
43	Tax Opinion	0	0		0	0
	DEVELOPER'S FEES					
44	Developer's Fees	900,000	195,849	193,673	288,515	221,963
45	Other Partnership Fees	0	0		0	0
46	Consultant Fees	0	0		0	0
	RESERVES					
47	Working Capital	50,001	10,881	10,760	16,029	12,331
48	Rent-up (Deficit Escrow) Reserve	0	0		0	0
49	Other Operating Reserves	0	0		0	0
50	Sinking Fund	0	0		0	0
51	Replacement Reserves	0	0		0	0
	Subtotal - Soft Costs	2,085,378	454,244	449,653	668,408	513,073
	TOTAL DEVELOPMENT COSTS	11,768,036	2,566,225	2,543,215	3,771,218	2,887,378

4,200,840
2,184,437

form revision date: 2/27/97

04-Aug-00 **Westgate Housing**

#	Item	Budget	Acquisition Basis	9% Construction Basis	4% Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION							
1	Land	328,000						
2	Purchase of Building(s)	1,722,000	1,722,000			#REF!	#REF!	#REF!
3	Demolition (without replacement)	0				#REF!	#REF!	#REF!
4	Property Appraisal	3,000	3,000			#REF!	#REF!	#REF!
5	Legal - Title and Recording	12,000	12,000			#REF!	#REF!	#REF!
	Subtotal - Acquisition	2,065,000						
	CONSTRUCTION HARD COSTS							
6	Rehabilitation	4,203,909		2,384,446	1,819,463	#REF!	#REF!	#REF!
7	New Building(s)	0		0	0	#REF!	#REF!	#REF!
8	Accessory Buildings	196,090		111,222	84,868	#REF!	#REF!	#REF!
9	Sitework	2,628,054		1,490,625	1,137,429	#REF!	#REF!	#REF!
10	Commercial Space Costs (if any)	0		0	0		#REF!	#REF!
11	General Requirements	0		0	0	#REF!	#REF!	#REF!
12	Contractor Overhead	0		0	0	#REF!	#REF!	#REF!
13	Contractor Profit	0		0	0	#REF!	#REF!	#REF!
14	Construction Contingency	527,104		298,972	228,132	#REF!	#REF!	#REF!
15	Construction Management	0		0	0	#REF!	#REF!	#REF!
16	Construction Bond Fee	0		0	0	#REF!	#REF!	#REF!
17	Hazardous Materials Abatement	62,501		35,450	27,051	#REF!	#REF!	#REF!
18	Off-Site Improvements	0		0	0	#REF!	#REF!	#REF!
19	Furnishings, Fixtures, & Equipment	0		0	0	#REF!	#REF!	#REF!
20	Other (________________)	0		0	0	#REF!	#REF!	#REF!
	Subtotal - Hard Costs	7,617,658						
	SOFT COSTS							
21	Architectural	433,290		245,761	187,529	#REF!	#REF!	#REF!
22	Engineering	0		0	0	#REF!	#REF!	#REF!
23	Legal/Accounting	15,000		8,508	6,492	#REF!	#REF!	#REF!
24	Relocation	85,000		48,212	36,788	#REF!	#REF!	#REF!
25	Environmental Assessment	4,000		2,269	1,731	#REF!	#REF!	#REF!
26	Energy Assessment	0		0	0	#REF!	#REF!	#REF!
27	Permits/Fees	62,525		35,464	27,061	#REF!	#REF!	#REF!
28	Independent Market Study	0		0	0	#REF!	#REF!	#REF!
29	Construction Period Insurance	35,000		19,852	15,148	#REF!	#REF!	#REF!
30	Construction Interest	188,001		106,634	81,367	#REF!	#REF!	#REF!
31	Construction Loan Origination Fee	32,000				#REF!	#REF!	#REF!
32	Taxes During Construction	0		0	0	#REF!	#REF!	#REF!
33	Clerk of the Works	55,000		31,195	23,805	#REF!	#REF!	#REF!
34	Marketing	5,500						
35	Tax Credit Fees	9,200		5,218	3,982	#REF!	#REF!	#REF!
36	Soft Cost Contingency	24,861		14,101	10,760	#REF!	#REF!	#REF!
37	Permanent Loan Origination Fee	0		0	0			
38	Lender's Counsel's Fee	163,000		91,280	71,720	#REF!	#REF!	#REF!
39	Other (rent loss during contract)	23,000	23,000			#REF!	#REF!	#REF!
	SYNDICATION COSTS							
40	Organizational (Partnership)	0		0	0			
41	Bridge Loan Fees and Expenses	0		0	0			
42	Syndication Consultant	0		0	0			
43	Tax Opinion	0		0	0			
	DEVELOPER'S FEES							
44	Developer's Fees	900,000		510,478	389,522	#REF!	#REF!	#REF!
45	Other Partnership Fees	0		0	0	#REF!	#REF!	#REF!
46	Consultant Fees	0		0	0	#REF!	#REF!	#REF!
	RESERVES							
47	Working Capital	50,001						
48	Rent-up (Deficit Escrow) Reserve	0		0	0			
49	Other Operating Reserves	0		0	0			
50	Sinking Fund	0		0	0			
51	Replacement Reserves	0		0	0			
	Subtotal - Soft Costs	2,085,378						
	TOTALS	11,768,036	1,760,000	5,439,687	4,152,848	11,187,034	#REF!	
LESS:	Amount of Non-qualified Financing							
LESS:	Adjustment for per unit cost limits	82.7%	WAIVER					
LESS:	Historic tax Credit (Residential Portion)					0		20% Historic Credit Rate
	Total Eligible Basis		1,760,000	5,439,687	4,152,848		#REF!	Annual Historic Credit
TIMES:	Adjusted for QCT/DDA	130.0%		7,071,593	5,398,702			
TIMES:	Applicable Fraction	59.79%	1,052,259	4,110,056	3,339,568			
	Total Qualified Basis		1,052,259	4,110,056	3,339,568	11,187,034	Long Term Depreciable Basis	
TIMES:	Applicable Percentage		3.63%	8.47%	3.63%	27.5	Depreciation Schedule	
	Total Annual Bond Credit Qualified	386,319	38,197	348,122	121,226	406,801	Annual Depreciation	
	Total Annual Bond Credit Assumed	386,319	38,197	348,122	121,226			
						0	Short Term Depreciable Basis	
						7	Depreciation Schedule	
						0	Annual Depreciation	

Total Tax Credits Requested	502,898	3,022,847	61.16%	34.57%
Estimated Net Syndication Proceeds (excluding historic credit equity)	4,842,192	2,325,559	54.17%	23.55%
Estimated Yield - Housing Credit Syndication	96.38%	5,348,406		58.12%
Equity Gap	4,916,067			
Credits Needed to fill Equity Gap	510,570	2,051,964	52.73%	26.51%
		2,029,164	71.09%	35.35%
		4,081,128		61.86%

04-Aug-00 **Westgate Housing**

HC Restricted Units

Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		705	9	400	36	43,200
2 Br		950	37	481	45	213,564
3 Br		1,190	15	558	51	100,440
4+ Br		0	0	0	0	0
	Totals	59,345	61			357,204

Non-HC Restricted Units

Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		705	3	435	36	15,660
2 Br		950	21	539	45	135,828
3 Br		1,190	15	608	51	109,440
4+ Br		0	0	0	0	0
	Totals	39,915	39			260,928

All Units

Grand Totals	99,260	100	618,132
Less Vacancy		5.00%	(30,907)
		NET RENT	587,225

OTHER INCOME

Laundry			1,200
Parking			0
Commercial Space Income			0
Other	IRP	(on cash flow)	0
		TOTAL INCOME	588,425

form revision date: 2/27/97

04-Aug-00 **Westgate Housing**

	Annual	Monthly	Per Unit Per Month	
Administration				100
Management Fee	48,000	4,000	40	100
Supportive Services	0	0	0	
Audit/Accounting	4,800	400	4	
Legal	4,800	400	4	
Compliance Monitoring	2,400	200	2	
Marketing	2,400	200	2	
Other	51,600	4,300	43	
TOTAL ADMINISTRATIVE	114,000	9,500	95	
Utilities				
Electricity	12,000	1,000	10	
Fuel	54,000	4,500	45	
Water and Sewer	36,000	3,000	30	
Fire Alarm / Emergency	2,400	200	2	
Other	0	0	0	
TOTAL UTILITIES	104,400	8,700	87	
Maintenance				
Maintenance / Janitor Payroll	48,000	4,000	40	
Janitor Supplies	6,000	500	5	
Exterminating	2,400	200	2	
Trash Removal	18,000	1,500	15	
Snow Removal	8,400	700	7	
Grounds	8,400	700	7	
Repairs Material	0	0	0	
Repairs Contract	0	0	0	
HVAC Repairs / Maintenance	0	0	0	
Elevator Contract / Repairs	3,600	300	3	
Painting and Decorating	8,400	700	7	
Other	0	0	0	
TOTAL MAINTENANCE	103,200	8,600	86	
				per unit month
Real Estate Taxes	66,000	5,500	55	excl. ds & res.
Property Insurance	20,400	1,700	17	340
Replacement Reserves	36,000	3,000	30	
Primary Debt Service	0	0	0	
Other "must pay" debt service	0	0	0	
Other	0	0	0	
Total	444,000	37,000	370	

form revision date: 2/27/97

04-Aug-00	Westgate Housing															
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		618,132	627,404	636,815	646,367	656,063	665,904	675,892	686,031	696,321	706,766	717,367	728,128	739,050	750,136	761,388
IRP Income		88,862	88,524	88,162	87,773	87,356	86,909	86,430	85,915	85,365	84,774	84,141	83,621	7,024		
Other Income		1,200	1,218	1,236	1,255	1,274	1,293	1,312	1,332	1,352	1,372	1,393	1,414	1,435	1,456	1,478
Vacancy and other losses		(30,907)	(31,370)	(31,841)	(32,318)	(32,803)	(33,295)	(33,795)	(34,302)	(34,816)	(35,338)	(35,868)	(36,406)	(36,952)	(37,507)	(38,069)
Total Operating Income		677,287	685,776	694,372	703,077	711,889	720,810	729,840	738,976	748,222	757,574	767,032	776,756	710,556	714,085	724,796
Operating Expenses																
Total Expenses (excl. Reserves)		408,000	420,240	432,847	445,833	459,208	472,984	487,173	501,789	516,842	532,347	548,318	564,767	581,710	599,162	617,137
Reserves		36,000	36,540	37,088	37,644	38,209	38,782	39,364	39,954	40,554	41,162	41,779	42,406	43,042	43,688	44,343
Total Operating Expense		444,000	456,780	469,935	483,477	497,417	511,766	526,537	541,743	557,396	573,509	590,097	607,174	624,753	642,850	661,480
Net Operating Income		233,287	228,996	224,437	219,600	214,473	209,044	203,302	197,233	190,826	184,065	176,935	169,583	85,803	71,235	63,317
Less Primary Debt Service		157,988	157,988	157,988	157,988	157,988	157,988	157,988	157,988	157,988	157,988	157,988	157,988	78,820	71,119	71,119
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		75,299	71,008	66,449	61,612	56,485	51,056	45,315	39,245	32,838	26,077	18,947	11,595	6,984	117	(7,802)
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	7,802
Net Cash		75,299	71,008	66,449	61,612	56,485	51,056	45,315	39,245	32,838	26,077	18,947	11,595	6,984	117	0
DCR		147.66%	144.95%	142.06%	139.00%	135.75%	132.32%	128.68%	124.84%	120.79%	116.51%	111.99%	107.34%	108.86%	100.16%	89.03%
Cumulative Cash Flow																
Beginning Balance		25,001	86,962	146,490	203,246	256,867	306,969	353,147	394,968	431,974	463,683	489,582	523,217	550,508	574,007	591,344
Deposits		75,299	71,008	66,449	61,612	56,485	51,056	45,315	39,245	32,838	26,077	18,947	11,595	6,984	117	0
Interest	3.0%	750	2,609	4,395	6,097	7,706	9,209	10,594	11,849	12,959	13,910	14,687	15,697	16,515	17,220	17,740
Withdrawals to subsidize operations		0	0	0	0	0	0	0	0	0	0	0	0	0	0	(7,802)
Withdrawals to pay developer loan		(14,088)	(14,088)	(14,088)	(14,088)	(14,088)	(14,088)	(14,088)	(14,088)	(14,088)	(14,088)	0	0	0	0	0
Ending Balance		86,962	146,490	203,246	256,867	306,969	353,147	394,968	431,974	463,683	489,582	523,217	550,508	574,007	591,344	601,282
Cumulative Replacement Reserves																
Beginning Balance		0	36,540	74,749	114,679	156,389	(36,812)	2,561	42,602	84,463	128,206	(62,918)	(20,503)	22,549	66,934	113,326
Deposits		36,000	36,540	37,088	37,644	38,209	38,782	39,364	39,954	40,554	41,162	41,779	42,406	43,042	43,688	44,343
Interest	3.0%	540	1,669	2,841	4,066	7,590	591	677	1,906	3,190	6,713	636	646	1,342	2,704	6,226
Withdrawals	2,390	0	0	0	0	(239,000)	0	0	0	0	(239,000)	0	0	0	0	(239,000)
Ending Balance		36,540	74,749	114,679	156,389	(36,812)	2,561	42,602	84,463	128,206	(62,918)	(20,503)	22,549	66,934	113,326	(75,105)
13																
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		233,287	228,996	224,437	219,600	214,473	209,044	203,302	197,233	190,826	184,065	176,935	169,583	85,803	71,235	63,317
Plus Reserves		36,000	36,540	37,088	37,644	38,209	38,782	39,364	39,954	40,554	41,162	41,779	42,406	43,042	43,688	44,343
Less Interest Expense		(567,461)	(502,297)	(431,944)	(198,950)	(194,117)	(188,926)	(183,351)	(177,365)	(170,937)	(164,033)	(157,097)	(150,227)	(145,675)	(143,698)	(142,106)
Less Long Depreciation		(406,801)	(406,801)	(406,801)	(406,801)	(406,801)	(406,801)	(406,801)	(406,801)	(406,801)	(406,801)	(406,801)	(406,801)	(406,801)	(406,801)	(406,801)
Less Short Depreciation		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(704,975)	(643,563)	(577,221)	(348,508)	(348,236)	(347,900)	(347,486)	(346,979)	(346,358)	(345,608)	(345,183)	(345,039)	(423,631)	(435,576)	(441,247)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		246,741	225,247	202,027	121,978	121,883	121,765	121,620	121,443	121,225	120,963	120,814	120,764	148,271	152,451	154,437
Plus Tax Credits		494,423	494,423	494,423	494,423	494,423	494,423	494,423	494,423	494,423	494,423					
After Tax Cash Flow		741,165	719,670	696,451	616,401	616,306	616,188	616,043	615,866	615,649	615,386	120,814	120,764	148,271	152,451	154,437
Total Years	15															
Reinvestment Rate	8.00%															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Current After Tax Cash Flows		741,165	719,670	696,451	616,401	616,306	616,188	616,043	615,866	615,649	615,386	120,814	120,764	148,271	152,451	154,437
Future Value of Cash Flows at Yr 15:		2,351,099	2,113,811	1,894,084	1,552,202	1,437,003	1,330,305	1,231,474	1,139,925	1,055,114	976,540	177,516	164,298	186,778	177,819	166,792
Discount Rate:	4.86%															
Capital Contribution Number:	1	2	3	4	5	6	7	8								
Date of Capital Contribution:	30-Sep-99	30-Sep-00	30-Sep-01	30-Sep-02	30-Sep-03	04-Aug-00	04-Aug-00	04-Aug-00								
Amount of Capital Contribution:	58,273	233,093	1,165,466	1,165,466	3,205,031	0	0	0								
Present Value of Contributions:	(58,273)	(221,857)	(1,055,952)	(1,005,184)	(2,631,358)											
Cash Flows	(4,972,624)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15,954,759
IRR:	8.08%			8.25%												
Equity Yield:	101.59%			101.55%												

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RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: WESTGATE APARTMENTS

WHEREAS, a proposal has been presented to the Agency by Housing Vermont, a non-profit development corporation, (the "Sponsor") on behalf of one or more to-be-formed limited partnerships, involving the acquisition, rehabilitation and long-term financing of a 100 unit family rental property located in 17 residential buildings on Westgate Drive in the Town of Brattleboro (the "Development"); and

WHEREAS, the proposal contemplates a number of VHFA loans from tax-exempt bond proceeds in a combined amount not to exceed $5,000,000, the use of 0% funds in the total amount of approximately $290,000 and a deferred loan of approximately $885,000; however, a different mix of sources and amounts may be necessary; and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to the issuance and sale of tax-exempt bonds of not more than $5,000,000 aggregate principal amount (the "Bonds") to finance several loans to the one or more to-be-formed limited partnerships (the "Borrower") to acquire and rehabilitate a 100 units rental housing development (the "Project") in Brattleboro, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the Sponsor and the limited partnership(s) will qualify as housing sponsors within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joseph Erdelyi dated August 1, 2000 containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

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

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

6. The Sponsor is a financially responsible organization and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making as many as five mortgage loans to one or more to-be-formed limited partnerships, of which the general partner will be a wholly owned subsidiary of Housing Vermont for the acquisition, rehabilitation and long-term financing of the Westgate Apartments housing development in Brattleboro. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance or for other purposes with the consent of the Agency. The Letter of Interest shall be conditioned on, among other items, receipt and review of an appraisal satisfactory to Staff supporting the loan amounts requested.

2. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director may, in her discretion, issue a Commitment Letter for construction and long-term loans for the acquisition, rehabilitation and long-term financing of the Development, in a combined amount not to exceed $5,000,000. The Agency shall receive reimbursement for its out-of-pocket expenses and shall charge loan fees for these loans.

3. As detailed in the Memorandum, one term loan shall be amortized over a period of approximately 12 years from the date of the loan. A second term loan shall be amortized over a period of not more than 30 years from the date of the loan. A construction loan shall mature within a reasonable time after the substantial completion of the rehabilitation of the Development. The interest rate on these three loans shall not exceed 150 basis points above the Agency's source of funds. The source of funds shall be newly-issued tax-exempt bond proceeds. The deferred loan shall be in an amount derived from the discounted note purchase savings. The zero percent loan shall not exceed $300,000 and shall mature after February 15, 2014. The Commitment Letter may be issued to the to-be-formed limited partnership(s). The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

4. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and construct the Project is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code

Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

5. The preliminary approval of paragraph 4 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

6. The Executive Director, after consultation with the Chairman of the Agency, is given the discretion to vary the amounts and sources of funds

7. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Rutland, Vermont, on August 10, 2000.

Sarah Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Glenn A. Jarrett

DATE: August 14, 2000

RE: Private Activity Bond Volume Cap

BACKGROUND:

Each year the Agency is allocated part of the State's $150 million annual volume cap for private activity bonds. On January 15, the Emergency Board allocated $71 million to the Agency and in February you allocated $28 million of that amount to single family purposes for the Series 12 single family bonds that were issued that month. At this time, with the Series 13 single family bond closing scheduled for the end of this month, it is necessary to allocate another $28 million for single family uses. Staff wishes to have the remaining $15 million allocated for exempt facility (multi-family) bonds.

Roger would be happy to answer any questions that you may have in my absence.

REQUESTED ACTION:

Approval of the attached resolution.

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RESOLUTION RELATING TO VERMONT HOUSING FINANCE AGENCY ELECTION TO ALLOCATE 2000 PRIVATE ACTIVITY BOND VOLUME CAP ALLOCATION

WHEREAS, the Vermont Housing Finance Agency (the "Agency") was allocated $71 million in 2000 private activity bond volume cap by the State of Vermont Emergency Board and allocated $28 million of that authority to qualified mortgage bonds on February 17, 2000; and

WHEREAS, the Agency desires to elect to utilize an additional $28 million of the remaining $43 million in volume cap for qualified mortgage bonds and mortgage credit certificates and the remaining $15 million to exempt facility bonds; and

NOW, THEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency elects to allocate $28,000,000 of its unused 2000 volume cap pursuant to section 146 of the Internal Revenue Code of 1986 for the purposes of issuing qualified mortgage bonds or mortgage credit certificates and $15,000,000 of its unused 2000 volume cap pursuant to section 146 of the Internal Revenue Code of 1986 for the purposes of issuing exempt facility bonds.

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vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer JE

DATE: August 25, 2000

RE: Changes to the Approvals for McAuley Square Housing

Since the Board approved the loans for this project at its May meeting, a number of developments have come about. VHFA is still looking at both a private placement of the bonds with Fannie Mae as well as a normal multifamily issue that would be conventionally underwritten and sold. Fannie Mae has informed VHFA that they do not intend to purchase bonds at rates lower than we would find available elsewhere, so the advantage of their involvement would be reduced underwriting and issuance costs.

Housing Vermont (HVT) has requested three changes to the existing VHFA loan approvals: 1) HVT would like to own the property during development and to transfer it to a partnership upon completion, in order to pay substantially less in sales taxes; 2) HVT would like to use the allocated 9% credits on the Lund Building rather than the Scholar Building, in order to receive more "out-of-cap" credits, and therefore more overall credits; and 3) HVT is seeking an additional $800,000 taxable construction loan.

The first two changes can be considered administrative in nature, not substantially altering the overall project as it has been proposed all along. The request for an additional construction loan is due to the fact that HVT needs to separate the project into two side-by-side entities, one using the taxable financing and one using tax-exempt. (Due to a private letter ruling issued by the IRS in May, many developers including HVT are separating their projects into two distinct components so the tax-exempt financing does not "taint" the taxable funding and therefore jeopardize the allocated tax credits.) The problem is that the sources that are available for the taxable piece are not available until the end of construction. After some discussion HVT has agreed to use its $1.5 million dollar line of credit with VHFA for this purpose, and therefore will not need a separate loan approval from the VHFA Board.

If HVT is successful in obtaining the private letter ruling it seeks from the IRS on the Westgate project, it will no longer need to divide the mixed "taxable / tax-exempt" developments into two partnerships. The problem of an artificially-created surplus of funds on the tax-exempt piece, and a shortage on the taxable side, would be eliminated.

Recommendation: That the VHFA Board of Commissioners pass the attached resolution authorizing the changes stated above.

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phone (802) 864-5743 or (800) 339-5866 **consumer helpline** (800) 287-8432 **fax** (802) 864-5746 **www.vhfa.org**

RESOLUTION PERTAINING TO A COMMITMENT LETTER RE: CONSTRUCTION AND TERM FINANCING FOR MCAULEY SQUARE, BURLINGTON

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

WHEREAS, this development has been the subject of a prior resolution by the Agency on May 25, 2000; and

WHEREAS, a proposal was previously presented to the Agency by the McAuley Square Housing Limited Partnership, whose general partners are H.V.McAuley, Inc., and McAuley Square, Inc., involving the new construction of 74 units of rental housing in the City of Burlington (the "Development"); and

WHEREAS, Housing Vermont (the "Sponsor"), the sole owner of H.V. McAuley, Inc., wishes to maintain ownership of the Development during construction in order to minimize sales tax on construction materials; and

WHEREAS, the Sponsor wishes to allocate tax-exempt financing to the Elderly Building and the Scholar Building rather than the Elderly Building and the Lund Building; and

WHEREAS, the Agency has previously taken "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to the issuance and sale of tax-exempt bonds of not more than $4,100,000 aggregate principal amount (the "Bonds") to finance a loan to the McAuley Square Housing Limited Partnership. With this resolution, the Agency is modifying the identity of the Borrower to include Housing Vermont and to modify the construction loan so that it will be made for the purposes of constructing 67, rather than 62, units of a 74 unit rental housing development (the "Project") in Burlington, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in an amount of up to $4,100,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds and a long-term loan in an amount of up to $3,500,000, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

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

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joseph Erdelyi, dated August 25, 2000, containing information and recommendations about the Development (the "Memorandum");

The Agency therefore amends, in part, its resolution of May 25, 2000, so that the affected paragraphs read as follows:

WHEREFORE, it is hereby RESOLVED:

1. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in her/his discretion, issue a Commitment Letter to Housing Vermont or McAuley Square Bond Housing Limited Partnership for a construction loan for the Development in an amount not to exceed $4,100,000 and a long-term loan in an amount not to exceed $3,500,000.

2. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The long-term loan shall be made to McAuley Square Bond Housing Limited Partnership or another partnership whose general partners are H.V. McAuley, Inc. and McAuley Square, Inc., it shall be due and payable not more than 30 years from the date the loan is made; shall be fully amortized over the period of the loan, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds for both loans shall be tax-exempt bond proceeds. The Borrower shall be responsible for loan fees and transaction costs. The Commitment Letter may be issued to Housing Vermont or to H.V. McAuley, Inc. and McAuley Square, Inc. as representatives of the limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director is authorized to make an additional loan to the Borrower for the Development of not more than $380,000 at an interest rate of 0%.

4. The Executive Director, Chief of Program Operations and the Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loans contemplated by this resolution.

BOARD MINUTES
Linden Terrace
191 Grove Street
Rutland, Vermont 05701

Thursday, August 10th 2000 at 12:00 p.m.

PRESENT: Chairman White, Commissioners Canney, Seelig, Candon (designee of Costle), Beyer (designee of Lambert), Young (designee of Douglas)

Staff: Ms. Carpenter, Ms. Caragher, Ms. Crady, Ms. Black-Plumeau, Ms. Reid, Mr. Falzone, Mr. Adams, Mr. Schoenbeck

Chairman White called the meeting to order at 12:18 p.m. The first item on the agenda was the approval of the June 29th Board minutes. Ms. Beyer made a motion to approve the minutes of June 29th with two changes: (1) the motion to give the Executive Director a 5% salary increase was made and seconded after they came out of Executive Session; and (2) the motion made by Mr. Candon to authorize the Executive Director, Director of Finance, or Chief of Program Operations to secure a bond financing plan to purchase HUD notes and allow for the acquisition and rehab planned at these properties was carried unanimously after being seconded by Ms. Randall. The motion to approve the June 29th minutes as corrected carried unanimously after being seconded by Mr. Candon.

DEVELOPMENT

Ms. Reid indicated that staff has been working with HUD, bond counsel and Housing Vermont to complete the structure of the Westgate acquisition. Westgate's appraised value is $2.1 million and the HUD note balance for Westgate is approximately $1.2 million. VHFA is purchasing this note from HUD for $343,030. Once VHFA has purchased the note from HUD, a partnership created by Housing Vermont will acquire the property. Housing Vermont is seeking a Private Letter Ruling from the IRS to clarify the limits of combining taxable and tax-exempt financing for this project. Housing Vermont is confident that separate partnerships can be created and financing restructured if they do not receive a positive ruling from the IRS.

Staff is proposing that VHFA provide up to five loans: (1) a 12-year loan of $707,046; (2) a 30-year loan of $827,256; (3) a short-term construction loan of $2,150,000 for the rehab; (4) a deferred loan of $884,567 from the discounted note purchase savings; and (5) a 0% loan of $290,000. Loans one through four would be made from tax-exempt bond proceeds. The Board expressed concern that the Commitment Letter should indicate that VHFA would not go ahead with these loans unless all additional funding is in place. Ms. Reid indicated that she would include that language in the Commitment Letter.

After further discussion, Ms. Canney made a motion to approve the "Resolution Pertaining to Combined Letter of Interest and Commitment Letter Re: Westgate Apartments" and for the Commitment Letter to include language that VHFA will not go ahead with funding the loans unless all additional funding is in place. The motion carried unanimously after being seconded by Mr. Seelig.

HOMEOWNERSHIP

Ms. Crady reported that we have had a great year for mortgage purchases. Activity continues to be very strong and we currently have less than $1 million available in funding. Staff continues to work with MGIC on the automated underwriting system. While both Summit Financial and Chittenden Bank indicate that they experience only a small benefit from using this system, MGIC indicates that it helps them a great deal in underwriting VHFA loans. Staff will approach several other lenders to determine if the automated underwriting system would assist their staff to process VHFA loans.

Ms. Crady indicated that, on the collection side, we continue to make great progress. Currently 11 out of 18 REO properties are under deposit. Staff continues to have discussions with lenders to explore the option of VHFA purchasing the servicing of the loans.

Next, Ms. Crady discussed proposed new additions to targeted areas, which would allow expansion of the targeted areas under the MRB program, to include two census tracts in Burlington (King Street and the Old North End). Targeting both the King Street and the Old North End neighborhoods would allow VHFA to provide financing to non-first time homebuyers. The City of Burlington and the Homeownership Center are also targeting those neighborhoods and have a special program for purchasing duplexes.

Staff is also proposing to revise VHFA current income and purchase price limits. The income limits proposed were adjusted according to HUD's annual median income figures. Based on this data, staff recommended increased income limits in all counties. Ms. Crady noted that VHFA has focused our purchase price limits on the areas experiencing price increases.

After further discussion, Ms. Beyer made a motion to approve the staffs recommendation to approve the expansion of the areas targeted under the MRB program to include Census Tracts 4 and 10 in Burlington, to approve the proposed income limits and proposed purchase price limits, and to grant the Executive Director the flexibility to adjust these limits (not more than $5,000) if necessary after the final purchase price analysis is completed. The motion carried unanimously after being seconded by Ms. Canney.

FINANCE

Mr. Schoenbeck briefly reviewed the handout from Evensen Dodge Inc., which provided information on the anticipated interest rate options, based upon the current market conditions. Evensen Dodge, Inc. listed the maximum interest rates and included an additional .25% for expected loan losses. Mr. Schoenbeck indicated that he is expecting that our current pool of funds and the Series 13 proceeds will carry us into 2001. This bond deal will provide VHFA with $33.6 million of mortgage proceeds.

Mr. Schoenbeck reported that a copy of the Preliminary Official Statement is available on the web if anyone was interested in viewing it electronically. It was suggested, that during Governor Dean's press conference at the VHFA offices next week, perhaps he could mention that VHFA has had a very busy year and that VHFA will have a new bond sale at the end of this month bringing in new interest rates for VHFA borrowers. After a brief discussion, Mr. Candon made a motion to approve the Seventeenth Supplemental Single Family Housing Bond Resolution. The motion carried unanimously after being seconded by Mr. Seelig.

Next, Mr. Schoenbeck briefly reviewed the multi-family bond financing. Staff has been working to determine the most cost-effective method to finance several multi-family projects. Mr. Schoenbeck indicated that staff is working with Fannie Mae to privately place debt with them. Staff is also working with Moody's Investors Service to obtain our internal credit rating, which may be necessary before Fannie Mae will acquire our bonds.

Chairman White stated that staff should proceed with developing an offering statement in order to move forward with the financing. Mr. Schoenbeck noted that he would keep the Board informed as this process moves forward.

Staff continues to work with HUD on purchasing the notes on Westgate, Highgate, and Mountain View. Staff is waiting to get final forms and agreements before finalizing this transaction. Mr. Schoenbeck will inform the Board once things move forward.

EXECUTIVE DIRECTOR'S REPORT

Ms. Carpenter indicated that Governor Dean is holding a press conference at the VHFA offices on Thursday, August 17th at 1:30 p.m. He will discuss the Northwest Housing Study that Ms. Gent, Ms. Beyer and Ms. Carpenter (and many others) have been working diligently on. Ms. Carpenter asked that if anyone was interested in attending to please do so.

Ms. Carpenter noted that staff is planning a daylong conference in late November or early December focusing on both federal and state legislation issues. Ms. Gent is working on confirming a keynote speaker for the event. Ms. Carpenter added that she hopes to have a series of workshops surrounding affordable housing issues also at the conference.

Chairman White suggested that staff try to confirm the conference date for November 30th and then have the Board retreat the next day, December 1st. Ms. Carpenter indicated she would try to confirm those dates and get back in touch with the Board with more information.

OTHER BUSINESS

Chairman White announced that he has submitted a letter of resignation to Governor Dean effective January 1, 2001 (or sooner if a replacement is found) as Chairman of the VHFA Board. Chairman White indicated that he has been extremely busy with the National Bankers Association and has recently been asked to be their Chairman beginning next year. Chairman White stated that he has enjoyed working for the Agency. The Board and staff congratulated Chairman White and told him he would be missed.

With no further business, the meeting adjourned at 2:25 p.m.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

BOARD MINUTES
Vermont Housing Finance Agency
164 Saint Paul Street
Burlington, Vermont

Tuesday, August 29th at 12:00 p.m.

VIA CONFERENCE CALL Chairman White; Commissioners Canney, Randall, Candon (designee of Costle), Beyer (designee of Lambert), Seelig, Young (designee of Douglas)

Other: Mr. Gurley (PaineWebber Inc.), Mr. Jarrett (Caroll & Scribner)

PRESENT Ms. Carpenter, Ms. Gent, Ms. Crady, Ms. Caragher, Ms. Black-Plumeau, Mr. Erdelyi, Mr. Schoenbeck, Mr. Adams

Chairman White called the meeting to order at 12:02 p.m. The first item for discussion was the private activity bond volume cap. Ms. Carpenter indicated that the Emergency Board allocated $71 million to the Agency in January and, of that amount, the Board allocated $28 million to the Series 12 single family bonds. At this time, it is necessary to allocate another $28 million to single family and the remaining $15 million to multifamily. Mr. Seelig made a motion to approve the "Resolution Relating to Vermont Housing Finance Agency Election to Allocate 2000 Private Activity Bond Volume Cap Allocation." The motion carried unanimously after being seconded by Ms. Beyer.

Next, Ms. Crady discussed the homeownership purchase price limits. At the August 10th meeting, the Executive Director was given the authority to adjust the purchase price limits upward by no more than $5,000 and within the maximum limits supported by the final analyses and approval by bond counsel. Ms. Crady indicated that Ms. Black-Plumeau has completed her analysis and that it indicated a higher average purchase price for new homes in the Burlington MSA than originally estimated. Staff is recommending an increase to the new construction purchase price limit for the Burlington MSA from $155,000 to $175,000.

The Board expressed concern about raising the purchase price limit to $175,000. It was suggested that we increase the limit to $165,000 and review the limit again in six months. Also, Ms. Crady pointed out that attachment A of her memo had a mistake in it - the Existing 2-Family Purchase Price for the Chittenden (non-MSA) should be $129,000 not $126,000. After further discussion, Ms. Randall made a motion to approve an increase of the purchase price limit to $165,000 and to review the limit in six months. The motion carried unanimously after being seconded by Mr. Seelig.

Mr. Erdelyi briefly reviewed the changes for McAuley Square Housing. The Board approved the loans for this project in May and, since then, a number of developments have occurred. Housing Vermont is requesting three changes to the existing VHFA loan approvals: (1) to pay substantially less in sales tax, Housing Vermont would like to own the property during development; (2) Housing Vermont would like to use the allocated 9% credits on the Lund Building rather than

the Scholar Building so they can receive more "out-of-cap" credits; and (3) Housing Vermont is seeking an additional $800,000 taxable construction loan, which will be funded through their bridge loan facility with us. Mr. Erdelyi indicated that, due to a Private Letter Ruling from the IRS, Housing Vermont is requesting an additional construction loan so that they can separate the project into two side-by-side entities, one using the taxable financing and the other using tax-exempt.

After a brief discussion, Ms. Canney made a motion to approve the "Resolution Pertaining to a Commitment Letter Re: Construction and Term Financing For McAuley Square, Burlington." The motion carried unanimously after being seconded by Ms. Beyer.

Mr. Schoenbeck indicated that all the documents for the single family bond sale have been signed and that the rates were lower than anticipated due to revised calculations. Mr. Schoenbeck stated that the transaction would be complete by 1:00 p.m. August 30th. The new rates will be announced to the lenders on August 30th for a September 1st effective date.

Ms. Carpenter briefly discussed the meeting schedule for the rest of the year. The Board meeting dates suggested was September 14th in Burlington, October 26th in Burlington and November 16th in Montpelier. The Board retreat was tentatively set for December 8th, but two Board members can not attend that day, so we will have the retreat on November 30th. Ms. Carpenter indicated that we would confirm these dates via email. Ms. Carpenter also reminded the Board that the Affordable Housing Legislative Conference will be held on November 29th at the Radisson Hotel.

With no further business, the meeting adjourned at 12:47 p.m.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer JE

DATE: September 8, 2000

RE: Changes to McAuley Square Housing

Based on the final structuring of the McAuley Square ownership and financing package, the development now has a few late-breaking changes that need to be addressed. First, there is a funding gap of $296,000 in the sources. This is due to a combination of factors, including adjustments to the operating expense levels, working capital requirements, amortizing debt capacity, and credit amount. Second, VHFA has approved tax-exempt permanent financing for two of the buildings, and Housing Vermont requests that VHFA shift about $113,000 of this amount to the third building and make a loan using other sources (i.e., taxable bond or VHFA's general fund). This will enable the developer to still borrow enough needed to finance the project and at the same time it will not jeopardize the allocated tax credits. The overall permanent debt, both from taxable and tax-exempt sources combined, is now just under $3 million.

The funding gap can be addressed a number of ways, but timing is becoming crucial. Most of the other sources have been approached more than once and asked to increase their funding amounts already. The project is borrowing all it can afford, and the gap needs to be filled with equity, grants, or soft financing. Staff propose that VHFA increase it's commitment of 0% funds (from $380,000 to $528,000) and fill half of this gap. The developer would pledge its fee to cover the difference in the interim, and can pursue other funding sources to fill this gap going forward.

Recommendation: That the VHFA Board of Commissioners pass the attached resolution authorizing the changes stated above.

mailing address P.O. Box 408, Burlington, VT 05402-0408 **delivery address** 164 Saint Paul St., Burlington, VT 05401-4364
phone (802) 864-5743 or (800) 339-5866 **consumer helpline** (800) 287-8432 **fax** (802) 864-5746 **www.vhfa.org**

EQUAL HOUSING OPPORTUNITY

RESOLUTION PERTAINING TO A COMMITMENT LETTER RE: CONSTRUCTION AND TERM FINANCING FOR MCAULEY SQUARE, BURLINGTON

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

WHEREAS, this development has been the subject of prior resolutions by the Agency on May 25, 2000 and August 29, 2000; and

WHEREAS, the Agency has previously taken "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to the issuance and sale of tax-exempt bonds of not more than $4,100,000 aggregate principal amount (the "Bonds") to finance a loan to the McAuley Square Housing Limited Partnership. The Agency has modified that resolution so that the Borrower may include Housing Vermont and so the construction loan will be made for the purposes of constructing 67, rather than 62, units of a 74 unit rental housing development (the "Project") in the Scholar and Elderly Buildings on Mansfield Avenue in Burlington, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in an amount of up to $4,100,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds and a long-term loan in an amount of up to $3,500,000, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

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

WHEREAS, the Sponsor has further modified its requests of the Agency to (1) increase the amount of 0% funds the Agency loans to the Sponsor from $380,000 to $528,000 and (2) loan approximately $113,000 for long-term loan for the third building in the Development, the so-called "Lund" Building, with the source of funds to be other than the proceeds of tax-exempt bonds, such as the Agency's General Fund or proceeds of taxable bonds; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joseph Erdelyi, dated September 8, 2000, containing additional information and recommendations about the Development (the "Memorandum");

The Agency therefore amends, in part, its resolutions of May 25, 2000 and August 29, 2000, so that the affected paragraphs read as follows:

WHEREFORE, it is hereby RESOLVED:

1. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in her/his discretion, issue a Commitment Letter to Housing Vermont or McAuley Square Bond Housing Limited

Partnership for a construction loan for the Development in an amount not to exceed $4,100,000 and a long-term loan in an amount not to exceed $3,500,000.

2. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The long-term loan shall be made to McAuley Square Bond Housing Limited Partnership and McAuley Square Allocated Housing Limited Partnership or another partnership whose general partners are H.V. McAuley, Inc. and McAuley Square, Inc., it shall be due and payable not more than 30 years from the date the loan is made, but shall be amortized over a period of 40 years, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds for both loans shall be tax-exempt bond proceeds. A portion of the long-term loan in an amount not to exceed $125,000 shall be made to McAuley Square Allocated Housing Limited Partnership for the financing of the seven unit building known as the "Lund Building" with the source of funds for that portion of the loan to be other than the proceeds of tax-exempt bonds and shall be due and payable not more than 30 years from the date the loan is made, will be fully amortized over the period of the loan, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The Borrower shall be responsible for loan fees and transaction costs. The Commitment Letter may be issued to Housing Vermont or to H.V. McAuley, Inc. and McAuley Square, Inc. as representatives of the limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director is authorized to make an additional loan to the Borrower for the Development of not more than $530,000 at an interest rate of 0%.

4. The Executive Director, Chief of Program Operations and the Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loans contemplated by this resolution.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter CR

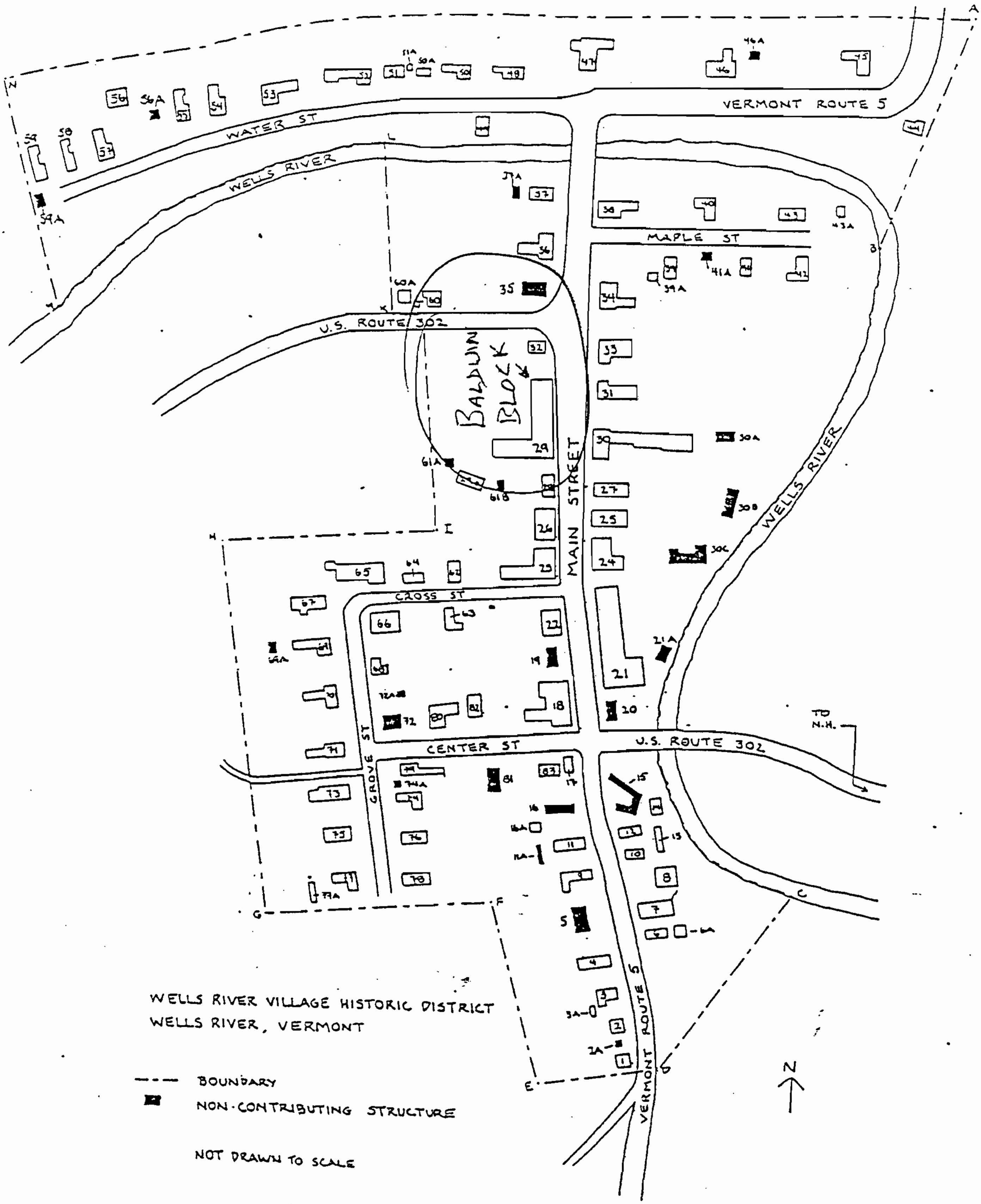
DATE: September 7, 2000

RE: Multifamily Construction Loan Application for The Baldwin Block

Name:	The Baldwin Block	**Location:**	Wells River
Housing Type:	Family	**Unit Type:**	Townhouses/ Flats
Total Units:	7	**Unit Sizes:**	1 Bedroom (540 avg sf) 2 bedroom (1184 avg sf)
Total Cost:	$841,261 (residential)	**Per Unit Cost:**	$120,180
Loan Requested:	$840,000 construction	**Housing Credits:**	$28,546
Other Funding:	VHCB, HOME, HUD Special Purpose, Preservation Trust, VHCB Lead, Historic Tax Credits, Housing Credits		
Sponsors:	Housing Vermont (HVT); Wells River Action Program (WRAP)		

Wells River Action Program (WRAP) and Housing Vermont are teaming up for another downtown revitalization project in Wells River. The Baldwin Block is a blighted historic commercial building on Main Street in the Village of Wells River. The proposed development involves restoring the building and developing commercial space on the ground floor and seven apartments on the second floor. The U.S. Post Office will lease one of the commercial units (a 20 year renewable lease has been signed); the remaining commercial unit may be developed into a daycare. Of the seven residential units, there are four 1-bedroom units and three 2-bedroom units. Five units are accessed from an elevator and are handicapped accessible; two are townhouse style. The tax exempt construction loan is requested for the residential portion of the project, in order for the sponsor to utilize 4% Housing Credits. The residential units will be 100% tax credit and serving households at or below 60% of median income. HVT and WRAP will form a limited partnership that will own the property. Northern Community Management Corporation (NCMC) has been selected as property manager. WRAP and HVT have partnered on other downtown revitalization efforts involving both residential and commercial re-development. This project completes WRAP's long term goal for the turnaround of the downtown district. An as-built appraisal has not yet been completed. All other funding except for permanent debt on the commercial portion of the project has been committed. The sponsor plans to acquire the property in November and begin construction soon after.

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



WELLS RIVER VILLAGE HISTORIC DISTRICT
WELLS RIVER, VERMONT

- - - BOUNDARY
NON-CONTRIBUTING STRUCTURE

NOT DRAWN TO SCALE

MND 1981 (REVISED 1983)

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter *CR*

DATE: September 7, 2000

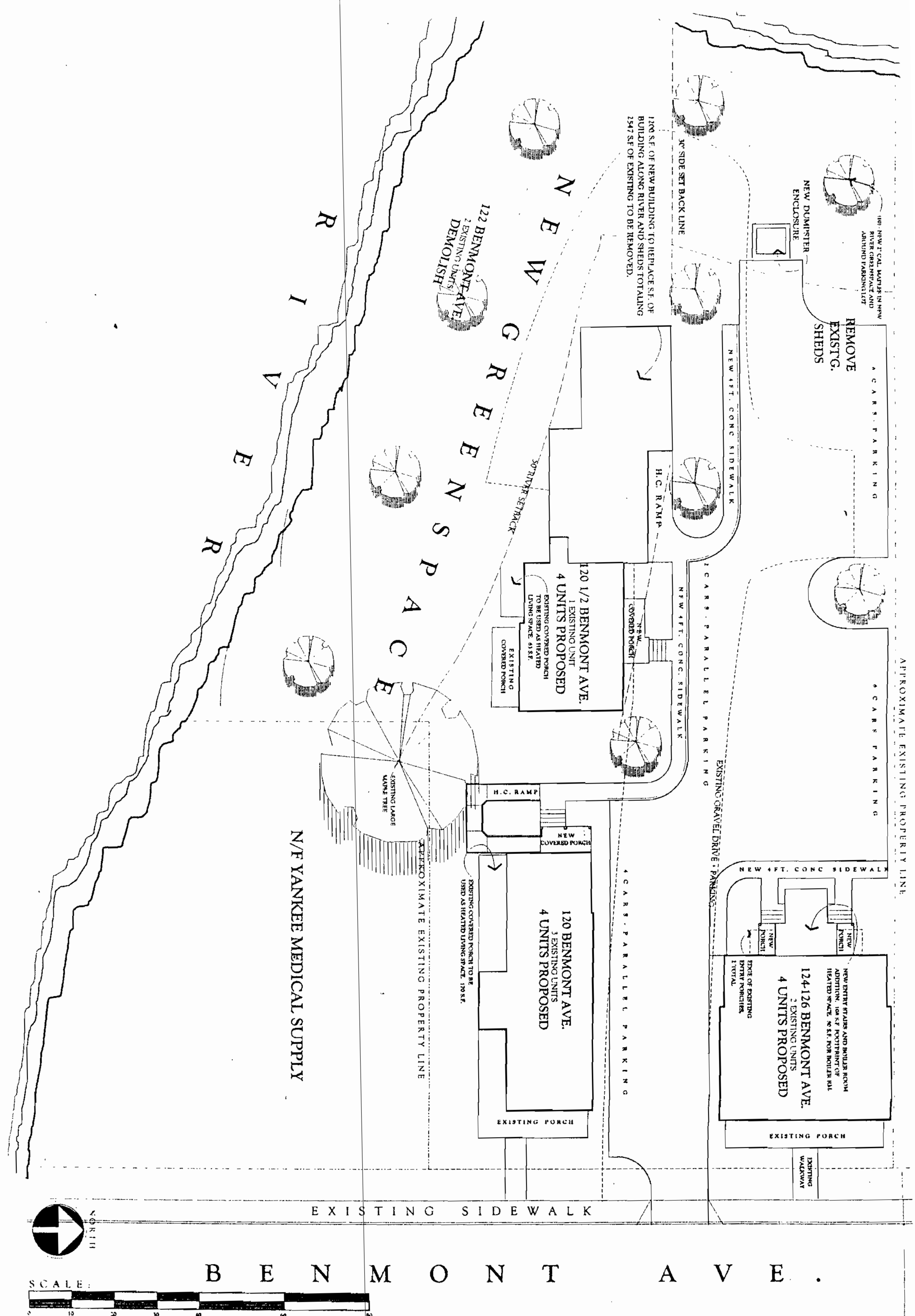
RE: Multifamily Construction Loan Application for BennSouth

Name:	BennSouth	**Location:**	Bennington
Housing Type:	Family	**Unit Type:**	Townhouses/Flats
Total Units:	21	**Unit Sizes:**	1 BR (618 avg sf); 2 BR (773 avg sf); 3 BR (1154 avg sf); 4 BR (1510 avg sf)
Total Cost:	$1,613,473	**Per Unit Cost:**	$76,832
Loan Requested:	$850,000 construction; $350,000 permanent	**Housing Credits:**	$45,203
Other Funding:	VHCB, HOME, VHCB Lead, Housing Credits, Historic Tax Credits, possibly AHP		
Sponsors:	Regional Affordable Housing Corporation (RAHC)		

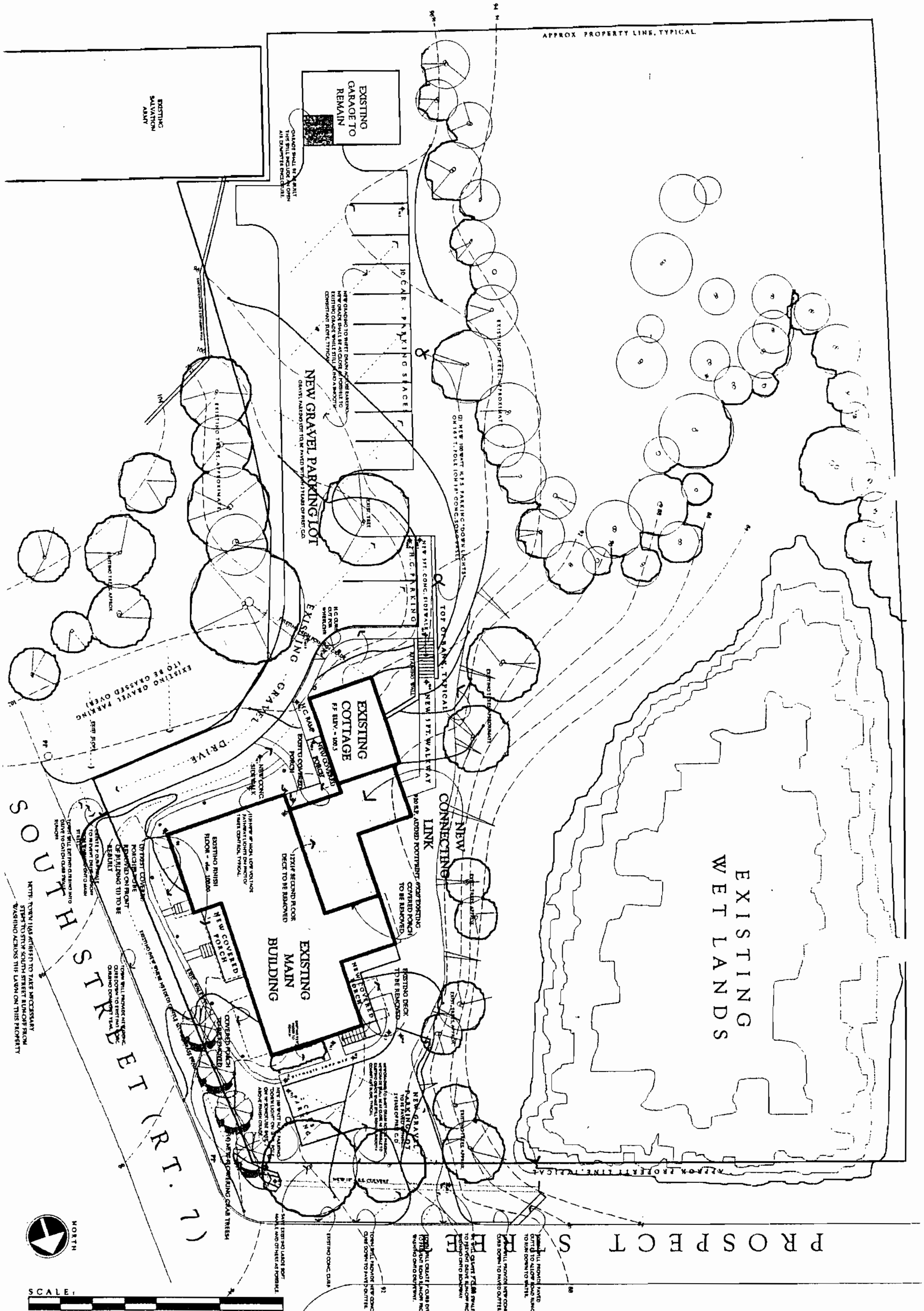
The Regional Affordable Housing Corporation (RAHC) is planning to acquire and rehabilitate five buildings totaling 13 units, located at 501-507 South Street and 120-126 Benmont Avenue in Bennington. The properties will be re-configured, and after substantial rehab of four buildings, some new construction infill, and demolition of one deteriorated structure, there will be 21 units in four buildings. There will be nine 1-bedroom units, eight 2-bedroom units, three 3-bedroom units, and one 4-bedroom unit. The properties have suffered from neglect and have code violations. The South Street property will utilize Historic Tax Credits. RAHC is applying for $850,000 in tax exempt construction financing in order to utilize 4% Housing Credits. RAHC is also requesting permanent debt. The sponsor has secured funding commitments for VHCB and HOME. There is a funding gap, larger than when the sponsor first applied, since the project supports less debt than as presented in the loan application. The sponsor is working to fill the gap with a Federal Home Loan Bank Affordable Housing Program grant or subsidized advance, or possibly additional VHCB and HOME funding. RAHC has a significant presence in the Benmont Avenue neighborhood, having already developed 16 units of housing there. RAHC currently owns and operates 115 units of affordable housing in Bennington. Once completed, RAHC will manage the development. An as-completed appraisal has not yet been obtained.

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

mailing address P.O. Box 408, Burlington, VT 05402-0408 **delivery address** 164 Saint Paul St., Burlington, VT 05401-4364
phone (802) 864-5743 or (800) 339-5866 **consumer helpline** (800) 287-8432 **fax** (802) 864-5746 **www.vhfa.org**



S2	PROPOSED SITE PLAN	PROJECT: RENOVATIONS & ADDITIONS 120-126 BENMONT AVE. BENNINGTON, VERMONT	REGIONAL AFFORDABLE HOUSING CORPORATION EXEC. DIRECTOR: DIANE BINNICK BENNINGTON, VERMONT	T. J. RASMUS & COMPANY DESIGN/BUILD CONSTRUCTION SERVICES 32 ABBOTT STREET • HOOSICK FALLS, NY • 518/686-5305



S1 — 501-507 SOUTH STREET SITE PLAN	PROJECT: RENOVATIONS & ADDITIONS 501-507 SOUTH STREET BENNINGTON, VERMONT	REGIONAL AFFORDABLE HOUSING CORPORATION EXEC. DIRECTOR: DIANE BINNICK BENNINGTON, VERMONT	T. J. RASMUS & COMPANY DESIGN/BUILD CONSTRUCTION SERVICES 32 ABBOTT STREET • HOOSICK FALLS, NY • 518/686-5305

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT RE: CONSTRUCTION FINANCING FOR THE BALDWIN BLOCK, WELLS RIVER

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

WHEREAS, a proposal has been presented to the Agency by Housing Vermont and Wells River Action Group, involving the acquisition and rehabilitation of seven units of rental housing in the Village of Wells River (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $840,000 aggregate principal amount (the "Bonds") to finance a loan to a limited partnership to be created by Housing Vermont and Wells River Action Group (the "Borrower") to acquire and rehabilitate seven units of rental housing (the "Project") in Wells River, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a mortgage loan in the amount of up to $840,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid, dated September 7, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

4. The housing sponsor undertaking the Development will increase the supply of well-

planned, well-designed permanent, temporary, transitional or emergency housing for persons and families of low and moderate income.

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

6. The sponsor and its general partner are financially responsible and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a mortgage loan to a limited partnership to be created by Housing Vermont and Wells River Action Group for construction financing in an amount not to exceed $840,000; the term of the construction loan will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsor must provide a Phase I Environmental Site Assessment (ESA) and address any findings of the Assessment in the scope of work to the satisfaction of the Agency;

   b) Sponsor must provide an as-built appraisal satisfactory to the Agency;

   c) Sponsor must provide evidence of necessary permits;

   d) Sponsor must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

   e) Sponsor must provide commitment for permanent debt prior to VHFA loan closing;

   f) Sponsor must provide evidence of competitive bidding.

3. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and construct the Project is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond

proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in their discretion, issue a Commitment Letter for an interim loan for the acquisition and construction of the Development, in an amount not to exceed $840,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds. The Sponsor shall be responsible for loan fees. The Commitment Letter may be issued to Housing Vermont as a representative of the to-be-formed limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT LETTER RE: CONSTRUCTION AND PERMANENT FINANCING FOR BENNSOUTH DEVELOPMENT, BENNINGTON

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

WHEREAS, a proposal has been presented to the Agency by the Regional Affordable Housing Corporation (the "Sponsor"), involving the acquisition and rehabilitation of five buildings containing 21 units of rental housing in the Town of Bennington (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $850,000 aggregate principal amount (the "Bonds") to finance loan(s) to a limited partnership to be created by the Regional Affordable Housing Corporation (the "Borrower") to acquire and rehabilitate 21 units of rental housing located at 501-507 South Street and 120-126 Benmont Avenue (the "Development") in Bennington, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates first mortgage loan(s) in the amount of up to $850,000 from the proceeds of tax-exempt bonds for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the proposal contemplates first mortgage loan(s) in the amount of up to $350,000 as long-term financing for the 21-unit BennSouth project with the interest rate to be determined by the Agency depending on the source of funds, which may be from proceeds of tax-exempt bonds, or taxable sources of funds, and shall have an interest rate of not more than 150 basis points above the Agency's cost of funds; and

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid, dated September 7, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

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

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

6. The Sponsor is a financially responsible organization and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making mortgage loan(s) to a limited partnership to be created by the Regional Affordable Housing Corporation for construction financing in an amount not to exceed $850,000; the term of the construction loan(s) will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds. The Executive Director is also authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making mortgage loan(s) to a limited partnership to be created by the Regional Affordable Housing Corporation for the long term financing of the Development in an amount not to exceed $350,000; the term of the long-term loan(s) will be 20 years, the amortization period will not exceed 30 years, and the interest rate will be not more than 150 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsor must provide an as-built appraisal satisfactory to the Agency;

   b) Sponsor must provide a Phase I Environmental Site Assessment (ESA) and address any findings of the Assessment in the scope of work to the satisfaction of the Agency;

c) Sponsor must provide a written estimate of property taxes for the as-improved development;

d) As a condition of permanent financing, sponsor must provide a capital needs assessment satisfactory to VHFA;

e) Sponsor must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

f) Sponsor must provide evidence of necessary permits;

g) Sponsor must demonstrate that Requisite Financing has been committed by December 31, 2000, including but not limited to Affordable Housing Program, VHCB and long term debt. "Requisite financing" means financing in an amount and with terms at least equivalent, in the sole judgment of the Agency, in the aggregate, to each of the sources of funding represented on the multifamily loan application. If the sponsor is unable to obtain commitments of "Requisite Financing", the sponsor may have to reduce costs from the development budget so that the total uses of funds matches the total sources of funds;

h) Sponsor must provide an executed construction contract by loan closing that is within the project's budget to maintain overall feasibility and is reasonably in line with an independent cost estimate to be performed by the Agency in the event Sponsor does not competitively bid the construction contract; builders profit, overhead and general requirements must be in compliance with the Housing Credit Allocation Plan.

3. The issuance of tax-exempt Bonds for the purpose of financing loan(s) to the Borrower to allow the Borrower to acquire and rehabilitate the Development is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in their discretion, issue a Commitment Letter for construction loan(s) for the acquisition and rehabilitation of the Development, in an amount not to exceed $850,000; and a Commitment Letter

for term loan(s) in an amount not to exceed $350,000. The Executive Director, Chief of Program Operations and Director of Finance are authorized to allocate the loan proceeds to all or portions of the Development.

6. The construction loan(s) shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds. The permanent loan(s) shall be due and payable not more than 20 years from the date the loan is made, payments shall be based on a 30 year amortization period and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of the funds shall be determined by the Executive Director. The Sponsor shall be responsible for loan fees. The Commitment Letter may be issued to Regional Affordable Housing Corporation as a representative of the to-be-formed limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate the financing.

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. OR SOME OTHER PURCHASER IN A MAXIMUM AMOUNT OF $840,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO A TO BE FORMED LIMITED PARTNERSHIP TO BE CREATED BY HOUSING VERMONT AND WELLS RIVER ACTION GROUP TO FINANCE THE ACQUISITION AND REHABILITATION OF A 7-UNIT DEVELOPMENT IN WELLS RIVER

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

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $840,000 aggregate principal amount to Stratevest & Co., some other subsidiary of BankNorth Group, Inc., or some other entity (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance a construction loan to a to-be-formed limited partnership to be created by a subsidiary of Housing Vermont and Wells River Action Group, (the "Borrower") to acquire and rehabilitate a 7-unit development (the "Project") in Wells River, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $840,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 14th day of September, 2000.

VERMONT HOUSING FINANCE AGENCY

By ______________________________
Executive Director

Attest:

By ______________________________
Authorized Officer

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS TO STRATEVEST & CO. OR SOME OTHER PURCHASER IN A MAXIMUM AMOUNT OF $850,000 FOR ACQUISITION AND REHABILITATION AND UP TO $350,000 FOR A LONG TERM LOAN AND USING THE PROCEEDS TO MAKE LOANS IN SUCH AMOUNT TO A TO- BE-FORMED LIMITED PARTNERSHIP TO BE CREATED BY THE REGIONAL AFFORDABLE HOUSING CORPORATION TO FINANCE THE ACQUISITION AND REHABILITATION OF A 21-UNIT DEVELOPMENT IN BENNINGTON

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

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $850,000 aggregate principal amount to Stratevest & Co., some other subsidiary of BankNorth Group, Inc., or some other entity (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance construction loan(s) to a to-be-formed limited partnership to be created by The Regional Affordable Housing Corporation, (the "Borrower") to acquire and rehabilitate a 21-unit development located at 501-507 South Street and 120-126 Benmont Avenue (the "Project") in Bennington, Vermont that will qualify for federal low-income housing tax credits; and

WHEREAS, the Agency may desire to issue and sell tax-exempt bonds of not more than $350,000 aggregate principal amount to Stratevest & Co., some other subsidiary of BankNorth Group, Inc., or some other entity (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance long-term loan(s) to a to-be-formed limited partnership to be created by The Regional Affordable Housing Corporation, (the "Borrower") for a 21-unit development located at 501-507 South Street and 120-126 Benmont Avenue (the "Project") in Bennington, Vermont that will qualify for federal low-income housing tax credits; and

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $850,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The issuance and sale of up to $850,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment

thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

3. The issuance and sale of up to $350,000 principal amount of tax-exempt bonds to the Purchaser (the "Long-term Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and/or, in the discretion of the Executive Director, a pledge of the revenues derived from the Project, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed thirty years and the interest rate thereon shall not exceed 8%. The obligation of the Agency to repay the Long-term Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

4. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

5. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents that may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

6. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 14th day of September, 2000.

VERMONT HOUSING FINANCE AGENCY

By ______________________________
Executive Director

Attest:

By ______________________________
Authorized Officer

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Glenn A. Jarrett

DATE: August 14, 2000

RE: Private Activity Bond Volume Cap

BACKGROUND:

Each year the Agency is allocated part of the State's $150 million annual volume cap for private activity bonds. On January 15, the Emergency Board allocated $71 million to the Agency and in February you allocated $28 million of that amount to single family purposes for the Series 12 single family bonds that were issued that month. At this time, with the Series 13 single family bond closing scheduled for the end of this month, it is necessary to allocate another $28 million for single family uses. Staff wishes to have the remaining $15 million allocated for exempt facility (multi-family) bonds.

Roger would be happy to answer any questions that you may have in my absence.

REQUESTED ACTION:

Approval of the attached resolution.

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RESOLUTION RELATING TO
VERMONT HOUSING FINANCE AGENCY
ELECTION TO ALLOCATE
2000 PRIVATE ACTIVITY BOND
VOLUME CAP ALLOCATION

WHEREAS, the Vermont Housing Finance Agency (the "Agency") was allocated $71 million in 2000 private activity bond volume cap by the State of Vermont Emergency Board and allocated $28 million of that authority to qualified mortgage bonds on February 17, 2000; and

WHEREAS, the Agency desires to elect to utilize an additional $28 million of the remaining $43 million in volume cap for qualified mortgage bonds and mortgage credit certificates and the remaining $15 million to exempt facility bonds; and

NOW, THEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency elects to allocate $28,000,000 of its unused 2000 volume cap pursuant to section 146 of the Internal Revenue Code of 1986 for the purposes of issuing qualified mortgage bonds or mortgage credit certificates and $15,000,000 of its unused 2000 volume cap pursuant to section 146 of the Internal Revenue Code of 1986 for the purposes of issuing exempt facility bonds.

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vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer JE

DATE: August 25, 2000

RE: Changes to the Approvals for McAuley Square Housing

Since the Board approved the loans for this project at its May meeting, a number of developments have come about. VHFA is still looking at both a private placement of the bonds with Fannie Mae as well as a normal multifamily issue that would be conventionally underwritten and sold. Fannie Mae has informed VHFA that they do not intend to purchase bonds at rates lower than we would find available elsewhere, so the advantage of their involvement would be reduced underwriting and issuance costs.

Housing Vermont (HVT) has requested three changes to the existing VHFA loan approvals: 1) HVT would like to own the property during development and to transfer it to a partnership upon completion, in order to pay substantially less in sales taxes; 2) HVT would like to use the allocated 9% credits on the Lund Building rather than the Scholar Building, in order to receive more "out-of-cap" credits, and therefore more overall credits; and 3) HVT is seeking an additional $800,000 taxable construction loan.

The first two changes can be considered administrative in nature, not substantially altering the overall project as it has been proposed all along. The request for an additional construction loan is due to the fact that HVT needs to separate the project into two side-by-side entities, one using the taxable financing and one using tax-exempt. (Due to a private letter ruling issued by the IRS in May, many developers including HVT are separating their projects into two distinct components so the tax-exempt financing does not "taint" the taxable funding and therefore jeopardize the allocated tax credits.) The problem is that the sources that are available for the taxable piece are not available until the end of construction. After some discussion HVT has agreed to use its $1.5 million dollar line of credit with VHFA for this purpose, and therefore will not need a separate loan approval from the VHFA Board.

If HVT is successful in obtaining the private letter ruling it seeks from the IRS on the Westgate project, it will no longer need to divide the mixed "taxable / tax-exempt" developments into two partnerships. The problem of an artificially-created surplus of funds on the tax-exempt piece, and a shortage on the taxable side, would be eliminated.

Recommendation: That the VHFA Board of Commissioners pass the attached resolution authorizing the changes stated above.

mailing address P.O. Box 408, Burlington, VT 05402-0408 **delivery address** 164 Saint Paul St., Burlington, VT 05401-4364
phone (802) 864-5743 or (800) 339-5866 **consumer helpline** (800) 287-8432 **fax** (802) 864-5746 **www.vhfa.org**

EQUAL HOUSING OPPORTUNITY

RESOLUTION PERTAINING TO A COMMITMENT LETTER RE: CONSTRUCTION AND TERM FINANCING FOR MCAULEY SQUARE, BURLINGTON

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

WHEREAS, this development has been the subject of a prior resolution by the Agency on May 25, 2000; and

WHEREAS, a proposal was previously presented to the Agency by the McAuley Square Housing Limited Partnership, whose general partners are H.V.McAuley, Inc., and McAuley Square, Inc., involving the new construction of 74 units of rental housing in the City of Burlington (the "Development"); and

WHEREAS, Housing Vermont (the "Sponsor"), the sole owner of H.V. McAuley, Inc., wishes to maintain ownership of the Development during construction in order to minimize sales tax on construction materials; and

WHEREAS, the Sponsor wishes to allocate tax-exempt financing to the Elderly Building and the Scholar Building rather than the Elderly Building and the Lund Building; and

WHEREAS, the Agency has previously taken "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to the issuance and sale of tax-exempt bonds of not more than $4,100,000 aggregate principal amount (the "Bonds") to finance a loan to the McAuley Square Housing Limited Partnership. With this resolution, the Agency is modifying the identity of the Borrower to include Housing Vermont and to modify the construction loan so that it will be made for the purposes of constructing 67, rather than 62, units of a 74 unit rental housing development (the "Project") in Burlington, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in an amount of up to $4,100,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds and a long-term loan in an amount of up to $3,500,000, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

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

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joseph Erdelyi, dated August 25, 2000, containing information and recommendations about the Development (the "Memorandum");

The Agency therefore amends, in part, its resolution of May 25, 2000, so that the affected paragraphs read as follows:

WHEREFORE, it is hereby RESOLVED:

1. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in her/his discretion, issue a Commitment Letter to Housing Vermont or McAuley Square Bond Housing Limited Partnership for a construction loan for the Development in an amount not to exceed $4,100,000 and a long-term loan in an amount not to exceed $3,500,000.

2. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The long-term loan shall be made to McAuley Square Bond Housing Limited Partnership or another partnership whose general partners are H.V. McAuley, Inc. and McAuley Square, Inc., it shall be due and payable not more than 30 years from the date the loan is made; shall be fully amortized over the period of the loan, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds for both loans shall be tax-exempt bond proceeds. The Borrower shall be responsible for loan fees and transaction costs. The Commitment Letter may be issued to Housing Vermont or to H.V. McAuley, Inc. and McAuley Square, Inc. as representatives of the limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director is authorized to make an additional loan to the Borrower for the Development of not more than $380,000 at an interest rate of 0%.

4. The Executive Director, Chief of Program Operations and the Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loans contemplated by this resolution.

RESOLUTION PERTAINING TO A COMMITMENT LETTER RE: CONSTRUCTION AND TERM FINANCING FOR MCAULEY SQUARE, BURLINGTON

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

WHEREAS, this development has been the subject of a prior resolution by the Agency on May 25, 2000; and

WHEREAS, a proposal was previously presented to the Agency by the McAuley Square Housing Limited Partnership, whose general partners are H.V.McAuley, Inc., and McAuley Square, Inc., involving the new construction of 74 units of rental housing in the City of Burlington (the "Development"); and

WHEREAS, Housing Vermont (the "Sponsor"), the sole owner of H.V. McAuley, Inc., wishes to maintain ownership of the Development during construction in order to minimize sales tax on construction materials; and

WHEREAS, the Sponsor wishes to allocate tax-exempt financing to the Elderly Building and the Scholar Building rather than the Elderly Building and the Lund Building; and

WHEREAS, the Agency has previously taken "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to the issuance and sale of tax-exempt bonds of not more than $4,100,000 aggregate principal amount (the "Bonds") to finance a loan to the McAuley Square Housing Limited Partnership. With this resolution, the Agency is modifying the identity of the Borrower to include Housing Vermont and to modify the construction loan so that it will be made for the purposes of constructing 67, rather than 62, units of a 74 unit rental housing development (the "Project") in Burlington, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in an amount of up to $4,100,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds and a long-term loan in an amount of up to $3,500,000, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

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

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joseph Erdelyi, dated August 25, 2000, containing information and recommendations about the Development (the "Memorandum");

The Agency therefore amends, in part, its resolution of May 25, 2000, so that the affected paragraphs read as follows:

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2. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The long-term loan shall be made to McAuley Square Bond Housing Limited Partnership or another partnership whose general partners are H.V. McAuley, Inc. and McAuley Square, Inc., it shall be due and payable not more than 30 years from the date the loan is made; shall be fully amortized over the period of the loan, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds for both loans shall be tax-exempt bond proceeds. The Borrower shall be responsible for loan fees and transaction costs. The Commitment Letter may be issued to Housing Vermont or to H.V. McAuley, Inc. and McAuley Square, Inc. as representatives of the limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director is authorized to make an additional loan to the Borrower for the Development of not more than $380,000 at an interest rate of 0%.

4. The Executive Director, Chief of Program Operations and the Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loans contemplated by this resolution.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on August 29, 2000.

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION RELATING TO
VERMONT HOUSING FINANCE AGENCY
ELECTION TO ALLOCATE
2000 PRIVATE ACTIVITY BOND
VOLUME CAP ALLOCATION

WHEREAS, the Vermont Housing Finance Agency (the "Agency") was allocated $71 million in 2000 private activity bond volume cap by the State of Vermont Emergency Board and allocated $28 million of that authority to qualified mortgage bonds on February 17, 2000; and

WHEREAS, the Agency desires to elect to utilize an additional $28 million of the remaining $43 million in volume cap for qualified mortgage bonds and mortgage credit certificates and the remaining $15 million to exempt facility bonds; and

NOW, THEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency elects to allocate $28,000,000 of its unused 2000 volume cap pursuant to section 146 of the Internal Revenue Code of 1986 for the purposes of issuing qualified mortgage bonds or mortgage credit certificates and $15,000,000 of its unused 2000 volume cap pursuant to section 146 of the Internal Revenue Code of 1986 for the purposes of issuing exempt facility bonds.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on August 29, 2000.

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

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Vermont Housing Finance Agency

BOARD MINUTES
Vermont Housing Finance Agency
164 Saint Paul Street
Burlington, Vermont

Thursday, September 14, 2000

PRESENT: Chairman White, Commissioners Randall, Seelig, Canney, Candon (designee of Costle), Young (designee of Douglas), Beyer (designee of Lambert)

Staff: Ms. Carpenter, Ms. Caragher, Ms. Kendrick, Ms. Gent, Mr. Adams, Mr. Schoenbeck, Mr. Erdelyi, Ms. Reid, Mr. Falzone, Mr. Baker, Ms. Loller

Other: Mr. McNamara (HUD) Mr. Poane (HUD), Mr. Nicoll (KPMG), Ms. Ginsburg (FSA), Ms. Owens (Housing Vermont), Mr. Glassberg (Capital Ideas, Inc.)

FINANCE

Chairman White called the meeting to order at 12:25 p.m. Mr. Schoenbeck introduced Mr. Nicolls from KPMG. Mr. Nicolls indicated that the packet handed out was a draft of the audit statements accompanied by two general opinion letters. Mr. Nicoll noted that, after conducting the audit, they concluded to have a clean opinion, as they have had in the past. They did not propose any adjustments to our financial statements during the audit. Mr. Nicoll indicated that VHFA closed the books very quickly this year and had all the necessary information ready for the auditors, before they arrived. This was very helpful and made the auditors production more efficient. As part of the audit, internal controls are reviewed and KPMG reported that our internal controls systems are very effective.

Regarding the letter addressed to the Board of Commissioners, KPMG indicates that they noted an accounting issue, which discussed the way we continue to accrue interest on a loan after the loan is not performing. Mr. Schoenbeck noted that, when Vermont Home Mortgage Guarantee Board insured most of our loans, it was their policy to pay VHFA interest on the loan until it was discharged. VHFA instituted the policy to accrue interest on a loan after it is not performing to ensure that all collectable interest was reported for insurance purposes.

The Board and Mr. Schoenbeck thanked Mr. Nicoll for presenting this information to the Board and for all KMPG's hard work.

Mr. Schoenbeck briefly reviewed the financial statements. On the balance sheet, the restricted fund balance is $8.6 million, an increase of $400,000 from last year; the total fund balance is $56 million, an increase of $4 million from last year; and the total mortgage and construction loans receivable is $464 million, an increase of $42 million from last year. The income statement indicates a $3.6 million surplus but, after adjusting for special one-time expenses, the adjusted surplus is $5.4 million. Mr. Schoenbeck reminded the Board that a good "benchmark" to measure surplus was to take 1% of mortgage loans receivable.

Chairman White congratulated Mr. Schoenbeck and his staff on a job well done and on the timeliness of their reports.

Next, Ms. Ginsburg of Financial Security Assurance (FSA) was introduced. Mr. Schoenbeck noted that Ms. Ginsburg has been working with VHFA since the Series 7 bond issue and that staff really appreciates her hard work, support and advocacy. Ms. Ginsburg reviewed with the Board information on bond insurance and specifically FSA's relationship with VHFA. After a very informative discussion, the Board thanked Ms. Ginsburg for presenting the useful explanation.

Next, Mr. Schoenbeck updated the Board on the Series 13 single family bond financing. He handed out a booklet from Evensen Dodge, which detailed the complete bond transaction. The financing went very well and produced very good interest rates. Mr. Schoenbeck noted that, this year, VHFA was the first agency in the country to sell 30-year bonds under 6%!

MINUTES

Next on the Agenda was the approval of the minutes from August 10th and August 29th. Mr. Seelig made a motion to approve both sets of minutes. The motion carried unanimously after being seconded by Mr. Candon.

DEVELOPMENT

Ms. Reid reviewed the multifamily construction loan application for BennSouth. The Regional Affordable Housing Corporation (RAHC) is planning to acquire and rehabilitate this project located on 2 separate sites. After rehab is completed, there will be nine 1-bedroom units, eight 2-bedroom units, three 3-bedroom units and one 4-bedroom unit. RAHC is requesting an $850,000 tax-exempt construction loan so that they may utilize the 4% Housing Credits. They are also requesting a permanent loan of $350,000. In addition, staff has committed to RAHC a $100,000 loan with a 0% interest rate to bridge the gap if RAHC ends up utilizing VHFA permanent debt.

A motion was made by Ms. Randall to approve the "Resolution Pertaining to a Letter of Interest and Commitment Letter Re: Construction and Permanent Financing for BennSouth Development, Bennington." The motion carried unanimously after being seconded by Mr. Candon. Mr. Seelig made a motion to approve the bond resolution, which authorizes VHFA to issue a bond for this project. The motion carried unanimously after being seconded by Mr. Candon.

Ms. Reid discussed the multifamily construction loan application for The Baldwin Block project next. Wells River Action Program (WRAP) and Housing Vermont are developing this project in Wells River, which includes restoring the building and developing commercial space on the ground floor and seven apartments on the second floor. Of the seven apartments, four are 1-bedroom units and three are 2-bedroom units. The Board expressed concern that there is a greater need for family units rather than 1-bedroom units. The U.S. Post Office will lease one of the commercial units and the remaining unit may be utilized as a co-op daycare. Housing Vermont is seeking a construction loan of $840,000 in order to utilize the 4% Housing Credits.

After a brief discussion, Mr. Seelig made a motion to approve both the "Resolution Pertaining to a Letter of Interest and Commitment Re: Construction Financing for the Baldwin Block, Wells River" and the resolution authorizing VHFA to issue a bond for the project. The motion carried unanimously after being seconded by Ms. Randall.

Mr. Erdelyi updated the Board on the changes to McAuley Square Housing. After reviewing new information, it has been determined that there is a funding gap of approximately $296,000. This is due to adjustments to the operating expense levels, working capital requirements, amortizing debt capacity, and credit amount. VHFA has also approved tax-exempt financing for two of the buildings and Housing Vermont requests that VHFA shift $113,000 of this amount to the third building to make a loan using other sources. This will allow the developer to still be able to borrow enough to finance the project and will not jeopardize the allocated tax credits.

Staff proposed to increase VHFA's commitment of 0% funds from $380,000 to $528,000 to fill half of the gap. With no further discussion, Ms. Randall made a motion to approve the "Resolution Pertaining to a Commitment Letter Re: Construction and Term Financing for McAuley Square, Burlington." The motion carried unanimously after being seconded by Mr. Seelig.

HOMEOWNERSHIP

Next, Mr. McNamara from the Department of Housing and Urban Development presented VHFA and the Board of Commissioners with an award for "Best Practices". VHFA and statewide Homeownership Centers were nominated and, out of 2800 nominees, the Homeownership Centers in Vermont won! Mr. McNamara congratulated staff and the Board and commented what a great job they were doing supporting the Homeownership Centers.

Mr. Adams reported that, since the new lower rates were announced on September 1st, we have had approximately $2 million in reservations. Mr. Adams also noted that the new lower interest rates, higher income and purchase price limits, and the new targeted areas have been well received by both lenders and consumers.

Collections are steadily decreasing and are below our average delinquency rate for last year. Loans in foreclosure continue to remain the same and we currently have 23 REO properties, 10 of which are under contract or have been sold.

Mr. Adams indicated that he has contacted several lenders regarding the transfer of their servicing portfolios. Most of the lenders contacted are in the process of thinking about transferring the servicing with a more formal offer being formulated for the Merchants Bank.

MGIC has introduced a 100% LTV program. Mr. Adams indicated that VHFA would like to implement this program within the next few weeks and would be handled as a expansion of our LTV limits on our EZQ and EZQ Plus programs. In order to be eligible for this, VHFA requires a borrowers credit score to be at least 720. The Board expressed concern about the 720 credit score, indicating that it seemed too high. The Board also noted that they would hesitate offering this program if few borrowers were eligible to utilize it. Mr. Adams indicated that staff would review the program requirements.

MULTIFAMILY

Mr. Falzone updated the Board on Jeri-Hill Apartments. He noted that Cathedral Square Corporation (CSC) has entered into an agreement to purchase the Jeri-Hill Apartments from Leo and Dan O'Brien. VHFA has committed to restructure their existing 14% debt and provide 0% loans in order to keep these units permanently affordable. CSC will sign a Preservation Agreement.

ADMINISTRATION

Ms. Carpenter reminded the Board that the revised Board schedule was in their Board packet and that the Legislative Conference will be held on November 29th. Ms. Carpenter noted that the Board retreat is confirmed for November 30th in the Burlington area and that we will let them know the exact location as soon as possible.

OTHER

Mr. Adams indicated that we might need to have a Board meeting via conference call between the October 26th meeting and the November 30th retreat. There are a few multifamily loans that will need action during that time. Mr. Adams believes that the conference call will have to take place before November 13th. Mr. Seelig suggested that, at the October Board meeting, there be a general discussion regarding those projects needing approval in order to familiarize the Board ahead of time.

Mr. Erdelyi briefly reviewed the conclusions from the "Housing Development Costs in Vermont" report. Compared to other states, Vermont is not extraordinarily high in construction costs. The report also suggests that, rather than use the per unit cost, the per square foot cost provides a better measurement tool. Mr. Erdelyi hopes to familiarize himself with this concept and encourages the Board to do that as well.

The Board also briefly discussed the "Housing in Northwestern Vermont" report summary. That study highlighted the tremendous need for housing, particularly affordable housing, in the State's most populated region.

Ms. Carpenter noted that there will be a HR Board Committee meeting before the October 26th meeting in Burlington and that the Risk Management Committee will be rescheduled for a later date.

With no further business, the meeting adjourned at 2:45 p.m.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer JE

DATE: October 19, 2000

RE: Multifamily Construction Loan Application for Rutland Rehab, Phase II

Name:	Rutland Rehab Phase II	**Location:**	Rutland
Housing Type:	General Occupancy	**Unit Type:**	Townhouses/Flats
Total Units:	31	**Unit Sizes:**	6 one br (625 sf); 24 two br (800 sf); 1 three br (1,100 sf)
Total Cost:	$2,297,585 (both phases)	**Per S. F. Cost** (land, acquisition, construction)	$88.18 (both phases)
Loan Requested:	$240,000 construction	**Housing Credits:**	$20,246
Other Funding:	VHCB, HOME, VHCB Lead, Housing Credits		
Sponsors:	Housing Vermont (VHT), Rutland County Community Land Trust (RCCLT)		

The development consists of nine buildings that were acquired and rehabilitated by the sponsors as a tax credit development in 1992. The level of rehabilitation done at the time was not adequate and the property has suffered from poor management. RCCLT assumed the management over a year ago and is attempting to fix all of the problems they have found. The sponsors intend to replace existing debt with deferred financing and equity, perform approximately $290,000 in additional rehabilitation to bring the units up to standard, and recapitalize the project's cash accounts. The rehabilitation includes heating systems, ventilation, siding, porch and foundation repair, and finishes. This scope of work was based on a capital needs assessment. The tax-exempt construction loan requested will enable the sponsor to receive approximately $215,000 from the syndication of the 4% credits. The property will remain in the current ownership entity, the Rutland Rehab Limited Partnership

Staff have not requested an updated appraisal on any of these properties. If none of the property values have declined since the original appraisals were done in 1992, VHFA will have a loan-to value ratio of 41%. Staff have reviewed the original Environmental Site Assessments, which had no significant findings – however, one property never had an ESA performed. Staff will require either a new ESA or that the sponsors hold VHFA harmless for any environmental problems that arise from this property.

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

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT LETTER RE: CONSTRUCTION FINANCING FOR RUTLAND REHAB DEVELOPMENT, RUTLAND

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

WHEREAS, a proposal has been presented to the Agency by the Rutland Rehab Limited Partnership (the "Borrower" or the "Sponsor"), involving the rehabilitation of nine buildings containing 31 units of rental housing in the City of Rutland (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $270,000 aggregate principal amount (the "Bonds") to finance a loan to the Borrower to rehabilitate 31 units of rental housing located at 35 Baxter Street, 69 ½ Baxter Street, 37 Bellevue, 133 Library Ave., 30 Elm Street, 52 Williams Street, 51 Summer Street, 18 & 18 ½ Cottage Street (the "Development") in Rutland, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $270,000 from the proceeds of tax-exempt bonds for rehabilitation financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

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

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi, dated October 19, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

persons and families.

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

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

6. The Sponsor is a financially responsible organization and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a mortgage loan to the Rutland Rehab Limited Partnership for construction financing in an amount not to exceed $270,000; the term of the construction loan will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

    a) Borrower must provide a Phase I Environmental Site Assessment (ESA) and address any findings of the Assessment in the scope of work to the satisfaction of the Agency or provide an environmental indemnity agreement satisfactory to counsel to the Agency;

    b) Borrower must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

    c) Borrower must provide evidence of necessary permits;

    d) Borrower must provide an executed construction contract by loan closing that is within the project's budget to maintain overall feasibility and is reasonably in line with an independent cost estimate to be performed by the Agency in the event Borrower does not competitively bid the construction contract; builder's profit, overhead and general requirements must be in compliance with the Housing Credit Allocation Plan.

3. The issuance of tax-exempt Bonds for the purpose of financing a loan to the

Borrower to allow the Borrower to rehabilitate the Development is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in their discretion, issue a Commitment Letter for an interim loan for the rehabilitation of the Development, in an amount not to exceed $270,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds. The Borrower shall be responsible for loan fees and transaction costs. The Commitment Letter may be issued to Rutland County Community Land Trust and/or H.V. 1991, Inc. as representatives of the limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Borrower of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. OR SOME OTHER PURCHASER IN A MAXIMUM AMOUNT OF $270,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO THE RUTLAND REHAB LIMITED PARTNERSHIP TO FINANCE THE REHABILITATION OF A 31-UNIT DEVELOPMENT IN RUTLAND

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

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $270,000 aggregate principal amount to Stratevest & Co., some other subsidiary of BankNorth Group, Inc., or some other entity (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance a construction loan to the Rutland Rehab Limited Partnership, (the "Borrower") to rehabilitate a 31-unit development located at 35 Baxter Street, 69 ½ Baxter Street, 37 Bellevue, 133 Library Ave., 30 Elm Street, 52 Williams Street, 51 Summer Street, 18 & 18 ½ Cottage Street (the "Project") in Rutland, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $270,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents that may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 26th day of October, 2000.

VERMONT HOUSING FINANCE AGENCY

By ______________________________
Executive Director

Attest:

By ______________________________
Authorized Officer

2000 Multifamily Development Activity
January 1, 2000 through September 30, 2000

1. Ventures Pre-Development Loans	Type Project	Type Housing	# Units	Sponsor	Location	Loan/ Credit Amount	Status
Charette MHP	MHP	Family	14	Housing Foundation Inc.	Dummerston	$29,000	Committed 1/13/98. Written off 3/23/00.
Red Lion Inn	Acq/Rehab	Elderly	20	Randolph Neighborhood Housing Services	Randolph	$45,000	Committed 5/27/98.
South Burl/ LCHDC	New Const	Family	16	Lake Champlain Housing Devel Corp	So. Burlington	$17,000	Committed 8/26/98; 1999 Tax Credits & VHFA Loan.
South Burl/ CSC	New Const	Elderly	10	Cathedral Square Corp	So. Burlington	$9,000	Committed 8/26/98
Fairwood Meadows Hse	New Const	Level III CCH	20	Lamoille Housing Partnership	Morrisville	$50,000	Committed 11/10/98. (Now "Copley House".) Repaid 6/28/00
The Copley House	Acq/Rehab	Level III CCH	23	Lamoille Housing Partnership	Morrisville	$5,000	Committed 5/4/99. Repaid 6/28/00
Bus Barns	Acq/Rehab	Family	25	Burlington Community Land Trust	Burlington	$35,000	Committed 5/18/99; 2000 tax credits
502 North Branch	Lease to Own	SFH	1	Regional Affordable Housing Corp	Bennington	$83,546	*Bridge loan* made 3/12/97; loan matures 6/30/01
Willows MHP	MHP	Eld/Fam	4	Regional Affordable Housing Corp	Bennington	$15,143	*Bridge loan* made 12/28/94; loan matures 12/31/00
Bus Barns	Acq/Rehab	Family	25	Burlington Community Land Trust	Burlington	$15,000	Committed 9/2/99; 2000 tax credits.
Waterbury Seminary	Acq/Rehab	Family	16	Central Vermont Community Land Trust/Housing Vermont	Waterbury	$14,787	Committed 8/16/99
Townhouse Terrace	Acq/Rehab	Family	36	Housing Vermont	St. Johnsbury	$31,000	Committed 11/4/99
South Burlington	New Const	Family	18	LCHDC	South Burlington	$28,000	Committed 10/27/99; 2000 tax credits and debt both committed
South Burlington	New Const	Special Needs	10	Cathedral Square Corp	South Burlington	$16,000	Committed 10/27/99
Marketplace	New Const	Family	80	LCHDC	South Burlington	$60,000	Committed 12/30/99; 2000 Tax credits committed ; TE debt

2000 Multifamily Development Activity
January 1, 2000 through September 30, 2000

1. Ventures Pre-Development Loans, Cont'd	Type Project	Type Housing	# Units	Sponsor	Location	Loan/ Credit Amount	Status
Waterbury Seminary	Acq/Rehab	Family	16	CVCLT	Waterbury	$25,213	Committed 1/19/00.
Westgate	Acq/Rehab	Family	100	HVT	West Brattleboro	$37,850	Committed 1/13/00; 2000 tax credits committed.
Columbian/Cottage	Acq/Rehab	Family	13	RCCLT	Rutland	$23,000	Committed 4/14/00.
Assisted Living	New Const	Elderly	25	CSC	Burlington	$50,000	Committed 4/14/00.
The Baldwin Block	Acq/Rehab	Family	7	WRAP/HVT	Wells River	$21,000	Committed 6/15/00.
Stowe Family Housing	New Const	Family	40	LHP/HVT	Stowe	$60,000	Committed 6/21/00.
Smiths Housing	Acq/Rehab	Family	17	ACCAG/HVT	Middlebury	$20,150	Committed 7/25/00.

2000 Multifamily Development Activity
January 1, 2000 through September 30, 2000

2. 1999 Housing Credit Projects	Type Project	Type Housing	# Units	Sponsor	Location	Loan/ Credit Amount	Status
Hawkins Housing	Acq/Rehab	Family	14	ACCAG/HVT	Middlebury & Vergennes	$85,471	Carryover issued 12/29//99.
Manchester Knoll	New Const	Family	20	RAHC	Manchester	$138,113	Carryover issued 12/23/99
Mary Exner Block	Acq/Rehab	Family	10	HVT/RACLT	Bellows Falls	$63,512	Carryover issued 11/19/99. (using $36,603 in 1999 credits & $26,909 in 2000 credits)
Mill View Housing	New Const	Family	12	LCHDC/HVT	Burlington	$85,779	Carryover issued 11/16/99. 8609 issued 9/5/00
Bus Barns	Acq/Rehab	Family	25	BCLT/HVT	Burlington	$166,492	Carryover issued 12/30/99. (using $137,782 in 1999 credits & $28,710 in 2000 credits)
Park Village Apts	Acq/Rehab	Fam/Eld	39	Holmberg Properties	Brandon	$162,104	Carryover issued 12/30/98. (using $162,104 in 1999 credits & $18,340 in 1998 credits)
Swanton School	Acq/Rehab	Elderly	16	Lake Champlain Housing Development Corporation / HVT	Swanton	$53,010	Out of Cap. Closed 11/24/99. Loan paid off 9/27/00.
Portland & Main	Acq/Rehab	Family	8	Lamoille Housing Partnership/HVT	Morrisville	$37,500	Out of Cap. Closed 11/30/99
Crystal Lake, Barton	Acq/Rehab	Family	16	Housing Vermont/ Gilman Housing Trust	Barton	$59,564	Out of Cap. Closed 12/7/99
The Briars	Acq/Rehab	Family	24	Housing Vermont/Twin Pines Housing Trust	Wilder	$21,900	Out of Cap; Closed 6/29/99; under construction.
Eagle Crest (Blair Apartments)	New Construction	Elderly	60	Yandow/Dousevicz Construction Corp	Williston	$24,469	Out of Cap; Closed 5/11/00.

2000 Multifamily Development Activity
January 1, 2000 through September 30, 2000

3. 2000 Housing Credit Projects	Type Project	Type Housing	# Units	Sponsor	Location	Loan/ Credit Amount	Status
Anderson Parkway I	New Const	Family	12	LCHDC/HVT	South Burlington	$141,000	Credit Reservation issued 7/1/99. 2000 tax credits committed.
Bus Barns	Acq/Rehab	Family	25	BCLT/HVT	Burlington	$66,035	Out of Cap; Tax exempt bond
St. Johnsbury House	Acq/Rehab	Elderly	36	Green Mountain Development Group	St. Johnsbury	$198,425	Forward Commitment of 2000 Credits
The Gardens	New Const	Elderly	30	Dick Dybvig	Williamstown	$21,173	Out of Cap; tax exempt bond
Franklin Homestead	New Const	Elderly	18	HVT	Franklin	$33,353	Out of Cap; tax exempt bond
Saxtons River	Acq/Rehab	Family	17	HVT	Saxtons River	$69,315	Out of Cap; Tax exempt bond
Anderson Parkway II	New Const	Family	6	HVT/LCHDC	South Burlington	$31,681	Out of Cap; Tax exempt bond
Hillcrest Views/Maple St	Acq/Rehab	Family	38	VSHA	St. Albans	$25,000	Out of Cap; Tax exempt bond
McAuley Square – Senior & Scholar	New Const	Family/ Elderly	62	HVT/CSC	Burlington	$249,601	Out of Cap; Tax exempt bond
McAuley Square – Lund	New Const	Family	12	HVT/CSC	Burlington	$88,000	2000 Credits Committed
Farrell Street	New Const	Family	120	HVT/LCHDC	South Burlington	$275,000	2001 Forward Commitment of Tax Credits
Westgate	Acq/Rehab	Family	56	HVT/BACLT/WTA	W. Brattleboro	$335,000	2000 Credits Committed
Westgate	Acq/Rehab	Family	44	HVT/BACLT/WTA	W. Brattleboro	$178,094	Out of Cap; TE debt
Jeffersonville	New Const	Family	10	HVT/LHP	Jeffersonville	$99,897	2000/2001 Credits Committed
Jeffersonville	New Const	Elderly	22	HVT/LHP	Jeffersonville	$70,448	Out of Cap; TE debt

2000 Multifamily Development Activity
January 1, 2000 through September 30, 2000

4. Multifamily Loans	**Type Project**	**Type Housing**	**# Units**	**Sponsor**	**Location**	**Loan Amount**	**ST or Constr. Financing**	**Status**
Jacobs Mobile Court	Existing MHP	Family/ Elderly	19	Randolph Area CDC	Randolph	$80,862		Closed 2/15/00.
Eagle Crest (formerly Blair Apartments)	New Construction	Elderly	60	Yandow/Dousevicz Construction Corp	Williston	$3,200,000	$3,707,000	Closed 5/11/00. Tax exempt
Swanton School	Acq/Rehab	Elderly	16	Lake Champlain Housing Development Corporation / HVT	Swanton		$980,000	Loan Repaid 9/27/00.
Bus Barns	Acq/Rehab/ New Const	Family	25	HVT/BCLT	Burlington	$250,000	$1,100,000	Commitment 12/3/99; TE construction financing & out of cap credit (+ 9% credit). To close 11/00.
Portland & Main	Acq/Rehab	Family	8	Lamoille Housing Partnership/HVT	Morrisville		$550,000	Paid off 7/12/00
Crystal Lake, Barton	Acq/Rehab	Family	16	Housing Vermont/ Gilman Housing Trust	Barton		$900,000	Commitment 6/17/99. Tax exempt financing and out of cap tax credits. Closed12/6/99.
South Burlington Community Housing	New Const	Family	18	Housing Vermont/LCHDC	So. Burlington	$254,515	$550,000	Commitments 8/19/99 and 5/25/00. Closed 8/1/00.
The Gardens at Williamstown Square	Acq/Rehab & New Construction	Elderly/ Assisted Living	30	Dick Dybvig	Williamstown	$1,880,000	$1,880,000	Letter of Commitment approved 11/11/99; Construction Loan Closed 6/8/00.
Saxtons River	Acq/Rehab	Family	17	Housing Vermont/RACLT	Rockingham	$541,000	$459,000	Commitment 10/21/99; *tax exempt* financing and 4% tax credits. Closed 12/21/99

2000 Multifamily Development Activity
January 1, 2000 through September 30, 2000

4. Multifamily Loans (Continued)	Type Project	Type Housing	# Units	Sponsor	Location	Loan Amount	ST or Constr. Financing	Status
Franklin Homestead Assisted Living	New Const	Elderly	18	HVT	Franklin	-	$725,000	Tax exempt financing and out of cap tax credits. Closed 4/11/00.
St. Johnsbury House	Acq/Rehab	Elderly	38	Green Mountain Development Group	St. Johnsbury	$200,000	$460,000	Closed 7/00; April 2001 completion anticipated
Hillcrest Views Apts/ Maple Street Duplexes	Acq/Rehab	Family	38	VSHA	St. Albans		$737,700	Committed 5/25/00; tax exempt; closed 8/2/00
McAuley Square	New Const	Family/ Elderly	74	HVT/CSC	Burlington	$2,850,000	$4,100,000	Closed 9/00; tax exempt bond; completion 7/01
The Baldwin Block	Acq/Rehab	Family	7	HVT/WRAP	Wells River	-	$840,000	Board approved 9/00; tax exempt debt & out of cap credit
Rutland Rehab	Acq/Rehab	Family	31	HVT/RCCLT	Rutland	-	$240,000	To Board 10/00; tax exempt debt & out of cap credit
Westgate	Acq/Rehab	Family	100	Housing Vermont	Brattleboro	$1,534,302	$2,600,000	Have 2000 Credit Commitment; Board approved 8/00
Marketplace (Farrell St)	New Const	Family	160	LCHDC/HVT	South Burlington	$4,421,000	$5,500,000	To Board 11/00; tax exempt debt & out of cap credit
BennSouth	Acq/Rehab	Family	21	RACLT	Bennington	$350,000	$850,000	Board Approved 9/00; tax exempt debt & out of cap credit
Jeffersonville Elderly	New Const	Elderly	22	HVT/LHP	Jeffersonville	$253,500	$1,040,000	Board approved 6/00; tax exempt debt & out of cap credit; Act 250 appeal

2000 Multifamily Development Activity
January 1, 2000 through September 30, 2000

5. Multifamily pipeline and potential projects	Type Project	Type Housing	# Units	Sponsor	Location	Loan Amount	ST or Constr. Financing	Status
Maples II	New Const	Elderly	32	GMDG	Rutland	$1,650,000	$1,650,000	Preliminary application pending 9/26/00. Includes construction/permanent loan request, plus zero percent gap funding.
Birchwood Manor MHP	Acq/Rehab	Family	172	VHEI	Milton	$2,106,200		Preliminary Application pending investigation of ability and terms of issuing 501c3Bond
Brookside MHP	Acq/Rehab	Family	48	ACCT	Starksboro	$818,050		Preliminary Application pending investigation of ability and terms of issuing 501c3Bond
Burr Oak Housing (Maple Tree Place)	New Const	Family	50	HVT/BCLT	Williston	$1,457,938	$2,900,000	Application not yet submitted; to Board 11/00; TE Debt & 4% credit
Stratton Mountain	New Const	Family	36	Capital Ideas Inc.	Stratton or Winhall	$2,600,000	$2,600,000	Loan application not yet submitted; *Seeking tax exempt* financing and out of cap tax credits.
Limerock I	New Const	Family	45	Housing Vermont/LCHDC	So. Burlington	$1,080,000	$2,150,000	Loan application not yet submitted; Seeking *tax exempt* financing and out of cap tax credits.
Richford	Acq/Rehab	Elderly	10	LCHDC/Housing Vermont	Richford	-	$500,000	Loan application not yet submitted; Seeking RD financing. *Tax exempt* bond & 4% credit.
Green Mountain Seminary	Acq/Rehab	Family	16	CVCLT/HVT	Waterbury Center		$1,185,000	TE Debt & out of cap credit (Has State Credit Commitment)
Smiths Housing	Acq/Rehab	Family	16	ACCAG/HVT	Middlebury		$922,000	TE Debt & out of cap credit

2000 Multifamily Development Activity
January 1, 2000 through September 30, 2000

5. Multifamily pipeline and potential projects (cont'd)	Type Project	Type Housing	# Units	Sponsor	Location	Loan Amount	ST or Constr. Financing	Status
Columbian Avenue	Acq/Rehab	Family	9	RCCLT	Rutland		$580,000	TE Debt & out of cap credit
Stowe Family Housing	New Const	Family	40	HVT/LHP	Stowe	$450,000	$2,800,000	Application not yet submitted; TE Debt & out of cap credit.
Clark/Canal	Acq/Rehab	Family	12	BACLT	Brattleboro		$733,250	Application not yet submitted; TE Debt & out of cap credit. (Has State Credit Commitment)
Hanson Block	Acq/Rehab	Family	10	WCDC	Winooski	$677,400	$970,000	Application not yet submitted; TE & out of cap credit; Has State Credit Committed)
Vernon Elderly	New Const	Elderly		HVT	Vernon			Application not yet submitted; TE Debt & out of cap credit.

Vermont Housing Finance Agency

MEMORANDUM

To: VHFA Board of Commissioners

From: Glenn A. Jarrett

Date: October 19, 2000

Re: McAuley Square Bond Resolution

Background:

The closing on this development was held on September 25. The Agency's construction loan is split between long and short term tax exempt bonds to enable the owner to obtain 4% out of cap housing credits.

This resolution authorizes the Agency to issue $1,250,000 in short term tax exempt notes to Stratevest & Company. The TEFRA hearings have been held for this bond issuance.

Requested Action:

Approval of the attached resolution that approves the issuance of short term tax exempt notes for the McAuley Square development in Burlington.

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. IN A MAXIMUM AMOUNT OF $1,250,000 AND USING THE PROCEEDS, ALONG WITH OTHER TAX-EXEMPT PROCEEDS, TO MAKE A LOAN IN THE MAXIMUM AMOUNT OF $4,100,000 TO HOUSING VERMONT TO FINANCE THE CONSTRUCTION OF 67 UNITS OF A 74-UNIT DEVELOPMENT IN BURLINGTON

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

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $1,250,000 aggregate principal amount to Stratevest & Co., or some other subsidiary of BankNorth Group, Inc. (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance, in part, a construction loan to Housing Vermont (the "Borrower") to construct 67 units of a 74-unit development, McAuley Square (the "Project") in Burlington, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $1,250,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 26th day of October, 2000.

VERMONT HOUSING FINANCE AGENCY

By ______________________________
Executive Director

Attest:

By ______________________________
Authorized Officer

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS TO STRATEVEST & CO. OR SOME OTHER PURCHASER IN A MAXIMUM AMOUNT OF $850,000 FOR ACQUISITION AND REHABILITATION AND UP TO $350,000 FOR A LONG TERM LOAN AND USING THE PROCEEDS TO MAKE LOANS IN SUCH AMOUNT TO A TO- BE-FORMED LIMITED PARTNERSHIP TO BE CREATED BY THE REGIONAL AFFORDABLE HOUSING CORPORATION TO FINANCE THE ACQUISITION AND REHABILITATION OF A 21-UNIT DEVELOPMENT IN BENNINGTON

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

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $850,000 aggregate principal amount to Stratevest & Co., some other subsidiary of BankNorth Group, Inc., or some other entity (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance construction loan(s) to a to-be-formed limited partnership to be created by The Regional Affordable Housing Corporation, (the "Borrower") to acquire and rehabilitate a 21-unit development located at 501-507 South Street and 120-126 Benmont Avenue (the "Project") in Bennington, Vermont that will qualify for federal low-income housing tax credits; and

WHEREAS, the Agency may desire to issue and sell tax-exempt bonds of not more than $350,000 aggregate principal amount to Stratevest & Co., some other subsidiary of BankNorth Group, Inc., or some other entity (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance long-term loan(s) to a to-be-formed limited partnership to be created by The Regional Affordable Housing Corporation, (the "Borrower") for a 21-unit development located at 501-507 South Street and 120-126 Benmont Avenue (the "Project") in Bennington, Vermont that will qualify for federal low-income housing tax credits; and

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $850,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The issuance and sale of up to $350,000 principal amount of tax-exempt bonds to the Purchaser (the "Long-term Borrowing") is hereby authorized and approved, the security for the

repayment thereof being the general obligation of the Agency as hereinafter described, and/or, in the discretion of the Executive Director, a pledge of the revenues derived from the Project, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed thirty years and the interest rate thereon shall not exceed 8%. The obligation of the Agency to repay the Long-term Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

3. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

4. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents that may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

5. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 14th day of September, 2000.

VERMONT HOUSING FINANCE AGENCY

By [signature]
Executive Director

Attest:

By [signature]
Authorized Officer

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. OR SOME OTHER PURCHASER IN A MAXIMUM AMOUNT OF $840,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO A TO BE FORMED LIMITED PARTNERSHIP TO BE CREATED BY HOUSING VERMONT AND WELLS RIVER ACTION GROUP TO FINANCE THE ACQUISITION AND REHABILITATION OF A 7-UNIT DEVELOPMENT IN WELLS RIVER

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

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $840,000 aggregate principal amount to Stratevest & Co., some other subsidiary of BankNorth Group, Inc., or some other entity (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance a construction loan to a to-be-formed limited partnership to be created by a subsidiary of Housing Vermont and Wells River Action Group, (the "Borrower") to acquire and rehabilitate a 7-unit development (the "Project") in Wells River, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $840,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 14th day of September, 2000.

VERMONT HOUSING FINANCE AGENCY

By ______________________
Executive Director

Attest:

By ______________________
Authorized Officer

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT LETTER RE: CONSTRUCTION AND PERMANENT FINANCING FOR BENNSOUTH DEVELOPMENT, BENNINGTON

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

WHEREAS, a proposal has been presented to the Agency by the Regional Affordable Housing Corporation (the "Sponsor"), involving the acquisition and rehabilitation of five buildings containing 21 units of rental housing in the Town of Bennington (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $850,000 aggregate principal amount (the "Bonds") to finance loan(s) to a limited partnership to be created by the Regional Affordable Housing Corporation (the "Borrower") to acquire and rehabilitate 21 units of rental housing located at 501-507 South Street and 120-126 Benmont Avenue (the "Development") in Bennington, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates first mortgage loan(s) in the amount of up to $850,000 from the proceeds of tax-exempt bonds for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the proposal contemplates first mortgage loan(s) in the amount of up to $350,000 as long-term financing for the 21-unit BennSouth project with the interest rate to be determined by the Agency depending on the source of funds, which may be from proceeds of tax-exempt bonds, or taxable sources of funds, and shall have an interest rate of not more than 150 basis points above the Agency's cost of funds; and

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid, dated September 7, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

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

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

6. The Sponsor is a financially responsible organization and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making mortgage loan(s) to a limited partnership to be created by the Regional Affordable Housing Corporation for construction financing in an amount not to exceed $850,000; the term of the construction loan(s) will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds. The Executive Director is also authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making mortgage loan(s) to a limited partnership to be created by the Regional Affordable Housing Corporation for the long term financing of the Development in an amount not to exceed $350,000; the term of the long-term loan(s) will be 20 years, the amortization period will not exceed 30 years, and the interest rate will be not more than 150 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsor must provide an as-built appraisal satisfactory to the Agency;

   b) Sponsor must provide a Phase I Environmental Site Assessment (ESA) and address any findings of the Assessment in the scope of work to the satisfaction of the Agency;

c) Sponsor must provide a written estimate of property taxes for the as-improved development;

d) As a condition of permanent financing, sponsor must provide a capital needs assessment satisfactory to VHFA;

e) Sponsor must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

f) Sponsor must provide evidence of necessary permits;

g) Sponsor must demonstrate that Requisite Financing has been committed by December 31, 2000, including but not limited to Affordable Housing Program, VHCB and long term debt. "Requisite financing" means financing in an amount and with terms at least equivalent, in the sole judgment of the Agency, in the aggregate, to each of the sources of funding represented on the multifamily loan application. If the sponsor is unable to obtain commitments of "Requisite Financing", the sponsor may have to reduce costs from the development budget so that the total uses of funds matches the total sources of funds;

h) Sponsor must provide an executed construction contract by loan closing that is within the project's budget to maintain overall feasibility and is reasonably in line with an independent cost estimate to be performed by the Agency in the event Sponsor does not competitively bid the construction contract; builders profit, overhead and general requirements must be in compliance with the Housing Credit Allocation Plan.

3. The issuance of tax-exempt Bonds for the purpose of financing loan(s) to the Borrower to allow the Borrower to acquire and rehabilitate the Development is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in their discretion, issue a Commitment Letter for construction loan(s) for the acquisition and rehabilitation of the Development, in an amount not to exceed $850,000; and a Commitment Letter

for term loan(s) in an amount not to exceed $350,000. The Executive Director, Chief of Program Operations and Director of Finance are authorized to allocate the loan proceeds to all or portions of the Development.

6. The construction loan(s) shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds. The permanent loan(s) shall be due and payable not more than 20 years from the date the loan is made, payments shall be based on a 30 year amortization period and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of the funds shall be determined by the Executive Director. The Sponsor shall be responsible for loan fees. The Commitment Letter may be issued to Regional Affordable Housing Corporation as a representative of the to-be-formed limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate the financing.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on September 14, 2000.

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT RE: CONSTRUCTION FINANCING FOR THE BALDWIN BLOCK, WELLS RIVER

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

WHEREAS, a proposal has been presented to the Agency by Housing Vermont and Wells River Action Group, involving the acquisition and rehabilitation of seven units of rental housing in the Village of Wells River (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $840,000 aggregate principal amount (the "Bonds") to finance a loan to a limited partnership to be created by Housing Vermont and Wells River Action Group (the "Borrower") to acquire and rehabilitate seven units of rental housing (the "Project") in Wells River, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a mortgage loan in the amount of up to $840,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid, dated September 7, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

4. The housing sponsor undertaking the Development will increase the supply of well-

planned, well-designed permanent, temporary, transitional or emergency housing for persons and families of low and moderate income.

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

6. The sponsor and its general partner are financially responsible and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a mortgage loan to a limited partnership to be created by Housing Vermont and Wells River Action Group for construction financing in an amount not to exceed $840,000; the term of the construction loan will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsor must provide a Phase I Environmental Site Assessment (ESA) and address any findings of the Assessment in the scope of work to the satisfaction of the Agency;

   b) Sponsor must provide an as built appraisal satisfactory to the Agency;

   c) Sponsor must provide evidence of necessary permits;

   d) Sponsor must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

   e) Sponsor must provide commitment for permanent debt prior to VHFA loan closing;

   f) Sponsor must provide evidence of competitive bidding.

3. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and construct the Project is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond

proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in their discretion, issue a Commitment Letter for an interim loan for the acquisition and construction of the Development, in an amount not to exceed $840,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds. The Sponsor shall be responsible for loan fees. The Commitment Letter may be issued to Housing Vermont as a representative of the to-be-formed limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on September 14, 2000.

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer JE

DATE: November 22, 2000

RE: Construction and Permanent Loans for Maple Tree Place, Williston

Name:	Maple Tree Place	**Location:**	Williston
Housing Type:	General Occupancy	**Unit Type:**	Garden Style (Flats)
Total Units:	50	**Unit Sizes:**	Ten 1 br (565 sf) 30 2 br (850 sf) Ten 3 br (1,050 sf)
Total Cost:	$6,026,350	**Per S.F. Cost:** **(land, hard construction)**	$120.58
Loans Requested:	$1,424,938 - thirty year $208,000 - ten year $3,350,000 construction	**Housing Credits:**	$131,483 (all 4% from outside the State's credit ceiling)
Other Funding:	VHCB, HOME, VCDP, HUD Special Purpose, developer loan		
Sponsors:	Housing Vermont (HVT); Burlington Community Land Trust (BCLT)		

The proposed housing uses a portion of the larger Maple Tree Place commercial development at Tafts Corners (see attached site plan) for newly constructed units in nine buildings. The development has received all approvals, and site grading and infrastructure connections are underway currently. Although the project design has been chosen, final plans and specs are not completed. The contractor will be selected by a bid process and construction will begin in March. Of the permanent funding sources shown in the application, only the VCDP and HUD Special Purpose funds have been committed as of the writing of this memo. A decision on the VHCB and HOME funding is expected by mid-December. Thirty-six of the fifty apartments will be income restricted under the tax credit program, and eleven of those units will have even deeper restrictions. Eight units with Project-based Section 8 assistance are shown in the budget and this subsidy is also pending. The ten-year VHFA loan would amortize over the term of this rent assistance contract, and all of the VHFA loans are from tax-exempt bond proceeds. BCLT will manage the development. No appraisal has been completed at this time and the VHFA loan commitment would be contingent upon an appraisal that supports the loans requested. Level I and II Environmental Site Assessments were completed which reported no significant hazardous conditions.

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

21-Nov-00 **Maple Tree Place**

HC Restricted Units

Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br		565	7	443		37,200
2 Br		850	23	579		159,840
3 Br		1,050	6	690		49,680
4+ Br			0	0		0
	Totals	29,805	36			246,720

Non-HC Restricted Units

Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br		565	3	550		19,800
2 Br		850	7	750		63,000
3 Br		1,050	4	920		44,160
4+ Br			0	0		0
	Totals	11,845	14			126,960

All Units

Grand Totals		41,650	50	373,680
	Less Vacancy		5.00%	(18,684)
			NET RENT	354,996

OTHER INCOME

Laundry	3,500
Parking	0
Commercial Space Income	0
Other	0
TOTAL INCOME	358,496

form revision date: 2/27/97

21-Nov-00

Maple Tree Place

Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+
	Check all Applicable									A					B: OCCUPIED BY: Income level of residents to be served:						C: AFFORDABLE TO: Units affordable to residents at:					
	1	1			1					1	565	400	36	436								1				
	2	1			1					1	565	400	36	436								1				
	3	1			1					1	565	400	36	436								1				
	4	1			1					1	565	400	36	436								1				
	5				1					1	565	500	36	536									1			
	6				1					1	565	500	36	536									1			
	7				1					1	565	500	36	536									1			
	8								1	1	565	550	36	586						1			1			
	9								1	1	565	550	36	586						1			1			
	10								1	1	565	550	36	586						1			1			
	11	1			1					2	850	520	45	565								1				
	12	1			1					2	850	520	45	565								1				
	13	1			1					2	850	520	45	565								1				
	14	1			1					2	850	520	45	565								1				
	15	1			1					2	850	520	45	565								1				
	16				1					2	850	520	45	565									1			
	17				1					2	850	600	45	645									1			
	18				1					2	850	600	45	645									1			
	19				1					2	850	600	45	645									1			
	20				1					2	850	600	45	645									1			
	21				1					2	850	600	45	645									1			
	22				1					2	850	600	45	645									1			
	23				1					2	850	600	45	645									1			
	24				1					2	850	600	45	645									1			
	25				1					2	850	600	45	645									1			
	26				1					2	850	600	45	645									1			
	27				1					2	850	600	45	645									1			
	28				1					2	850	600	45	645									1			
	29				1					2	850	600	45	645									1			
	30				1					2	850	600	45	645									1			
	31				1					2	850	600	45	645									1			
	32				1					2	850	600	45	645									1			
	33				1					2	850	600	45	645									1			
	34								1	2	850	750	45	795						1						1
	35								1	2	850	750	45	795						1						1
	36								1	2	850	750	45	795						1						1
	37								1	2	850	750	45	795						1						1
	38								1	2	850	750	45	795						1						1
	39								1	2	850	750	45	795						1						1
	40								1	2	850	750	45	795						1						1
	41	1			1					3	1,050	620	51	671								1				
	42	1			1					3	1,050	620	51	671								1				
	43				1					3	1,050	725	51	776									1			
	44				1					3	1,050	725	51	776									1			
	45				1					3	1,050	725	51	776									1			
	46				1					3	1,050	725	51	776									1			
	47								1	3	1,050	920	51	971						1						1
	48								1	3	1,050	920	51	971						1						1
	49								1	3	1,050	920	51	971						1						1
	50								1	3	1,050	920	51	971						1						1
Total # Units	50	11			36				14	Totals:	41,650	31,140		Total # Units	0	0	0	0	0	14	0	11	28	0	0	11

form revision date. 2-27

21-Nov-00 **Maple Tree Place**

		Budget	Per Unit	Per s.f.	VHCB	HOME	VCDP	Debt	HUD	N.Works	Equity	Other		
					Allocation of Sources									
					Terms: $1,374,000; 0%, 30 yr	Terms: $250,000; 7%, 10 yrs	Terms: $750,000; 0%, 30 yrs	Terms: $1,457,938; 7.5%, 30 yr	Terms: $425,267; 7%, 10 yrs	Terms: $55,000; 0%, 30 yrs	Terms: $1,504,500	Terms:___	TOTAL SOURCES	
	ACQUISITION													
1	Land	775,000	15,500	18.61			503,750						503,750	271,250
2	Purchase of Building(s)		0	0.00	40,000		231,250						271,250	#######
3	Demolition (without replacement)		0	0.00									0	0
4	Property Appraisal	3,500	70	0.08	3,500								3,500	0
5	Legal - Title and Recording	9,500	190	0.23	9,500								9,500	0
	Subtotal - Acquisition	788,000	15,760	18.92										
	CONSTRUCTION HARD COSTS													
6	Rehabilitation		0	0.00									0	
7	New Building(s)	3,674,875	73,498	88.23	1,321,000	250,000			382,500	43,000	1,503,500		3,500,000	174,875
8	Accessory Buildings		0	0.00									0	0
9	Sitework	315,125	6,303	7.57				292,000		12,000	21,000		325,000	(9,875)
10	Commercial Space Costs (if any)		0	0.00									0	0
11	General Requirements		0	0.00									0	0
12	Contractor Overhead		0	0.00									0	0
13	Contractor Profit		0	0.00									0	0
14	Construction Contingency	201,775	4,036	4.84				195,025					195,025	6,750
15	Construction Management		0	0.00									0	0
16	Construction Bond Fee		0	0.00									0	0
17	Hazardous Materials Abatement		0	0.00									0	0
18	Off-Site Improvements		0	0.00									0	0
19	Furnishings, Fixtures, & Equipment	42,500	850	1.02					42,500				42,500	0
20	Other (__________)		0	0.00									0	0
	Subtotal - Hard Costs	4,234,275	84,686	101.66										
	SOFT COSTS													
21	Architectural	193,000	3,860	4.63				210,000					210,000	(17,000)
22	Engineering		0	0.00									0	0
23	Legal/Accounting	13,000	260	0.31				13,000					13,000	0
24	Relocation		0	0.00									0	0
25	Environmental Assessment	3,000	60	0.07				3,000					3,000	0
26	Energy Assessment		0	0.00									0	0
27	Permits/Fees	65,963	1,319	1.58				65,344					65,344	619
28	Independent Market Study		0	0.00									0	0
29	Construction Period Insurance	8,000	160	0.19									0	8,000
30	Construction Interest	78,118	1,562	1.88				78,878					78,878	(760)
31	Construction Loan Origination Fee	63,374	1,267	1.52				30,500					30,500	32,874
32	Taxes During Construction		0	0.00									0	0
33	Clerk of the Works		0	0.00				30,000					30,000	(30,000)
34	Marketing	4,500	90	0.11				4,000					4,000	500
35	Tax Credit Fees	3,850	77	0.09				3,850					3,850	0
36	Soft Cost Contingency	14,670	293	0.35				13,009					13,009	1,661
37	Permanent Loan Origination Fee		0	0.00									0	0
38	Lender's Counsel's Fee		0	0.00									0	0
39	Other (CD Administration)	19,100	382	0.46				19,100					19,100	0
	SYNDICATION COSTS													
40	Organizational (Partnership)		0	0.00									0	0
41	Bridge Loan Fees and Expenses		0	0.00									0	0
42	Syndication Consultant		0	0.00									0	0
43	Tax Opinion		0	0.00									0	0
	DEVELOPER'S FEES													
44	Developer's Fees	500,000	10,000	12.00				450,000				50,000	500,000	0
45	Other Partnership Fees		0	0.00									0	0
46	Consultant Fees		0	0.00									0	0
	RESERVES													
47	Working Capital	37,500	750	0.90				37,500					37,500	0
48	Rent-up (Deficit Escrow) Reserve		0	0.00									0	0
49	Other Operating Reserves		0	0.00									0	0
50	Sinking Fund		0	0.00									0	0
51	Replacement Reserves		0	0.00									0	0
	Subtotal - Soft Costs	1,004,075	20,082	24.11										
	TOTAL DEVELOPMENT COSTS	6,026,350	120,527	144.69	1,374,000	250,000	735,000	1,445,206	425,000	55,000	1,524,500	50,000	5,858,706	167,644
	fee	9.11%			0	0	15,000	(20,268)	40,000	153,000	(20,000)	0	167,732	

credit fees	4,123	
loan fees	39,699	2,646,625
legal	5,000	
inspector	5,000	
total	53,822	

form revision date 2/27/97

21-Nov-00 **Maple Tree Place**

#	Item	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	775,000					
2	Purchase of Building(s)	0					
3	Demolition (without replacement)	0					
4	Property Appraisal	3,500			3,500		
5	Legal - Title and Recording	9,500			9,500		
	Subtotal - Acquisition	788,000					
	CONSTRUCTION HARD COSTS						
6	Rehabilitation	0					
7	New Building(s)	3,674,875		3,674,875	3,674,875		
8	Accessory Buildings	0					
9	Sitework	315,125		315,125	315,125		
10	Commercial Space Costs (if any)	0					
11	General Requirements	0					
12	Contractor Overhead	0					
13	Contractor Profit	0					
14	Construction Contingency	201,775		201,775	201,775		
15	Construction Management	0					
16	Construction Bond Fee	0					
17	Hazardous Materials Abatement	0					
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Equipment	42,500		42,500	42,500		
20	Other (________________)	0					
	Subtotal - Hard Costs	4,234,275					
	SOFT COSTS						
21	Architectural	193,000		193,000	193,000		
22	Engineering	0			0		
23	Legal/Accounting	13,000		13,000	13,000		
24	Relocation	0			0		
25	Environmental Assessment	3,000		3,000	3,000		
26	Energy Assessment	0		0	0		
27	Permits/Fees	65,963		65,963	65,963		
28	Independent Market Study	0		0	0		
29	Construction Period Insurance	8,000		8,000	8,000		
30	Construction Interest	78,118		78,118	78,118		
31	Construction Loan Origination Fee	63,374		31,687			
32	Taxes During Construction	0		0	0		
33	Clerk of the Works	0		0	0		
34	Marketing	4,500			4,500		
35	Tax Credit Fees	3,850		3,850	3,850		
36	Soft Cost Contingency	14,670		14,670	14,670		
37	Permanent Loan Origination Fee	0					
38	Lender's Counsel's Fee	0					
39	Other (CD Administration)	19,100		19,100	19,100		
	SYNDICATION COSTS						
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES						
44	Developer's Fees	500,000		425,000	500,000		
45	Other Partnership Fees	0					
46	Consultant Fees	0					
	RESERVES						
47	Working Capital	37,500					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves	0					
50	Sinking Fund	0					
51	Replacement Reserves	0					
	Subtotal - Soft Costs	1,004,075					
	TOTALS	6,026,350	0	5,089,663	5,107,976	0	
	LESS: Amount of Non-qualified Financing						
	LESS: Adjustment for per unit cost limits	1.25		0			
	LESS: Historic tax Credit (Residential Portion)			0	0	20% Historic Credit Rate	
	Total Eligible Basis		0	5,089,663		0 Annual Historic Credit	
	TIMES: Adjusted for QCT/DDA	100.0%		5,089,663			
	TIMES: Applicable Fraction	71.56%	0	3,642,195			
	Total Qualified Basis		0	3,642,195	5,107,976	Long Term Depreciable Basis	
	TIMES: Applicable Percentage		3.59%	3.59%	27.5	Depreciation Schedule	
	Total Annual Credit Qualified		0	130,755	185,745	Annual Depreciation	

Total Tax Credits Requested	130,714
Estimated Net Syndication Proceeds (**excluding historic credit equity**)	1,504,500
Estimated Yield - Housing Credit Syndication	116.26%
Equity Gap	1,504,412
Credits Needed to fill Equity Gap	130,706

42,500 Short Term Depreciable Basis

7 Depreciation Schedule

6,071 Annual Depreciation

form revision date: 2/27/97

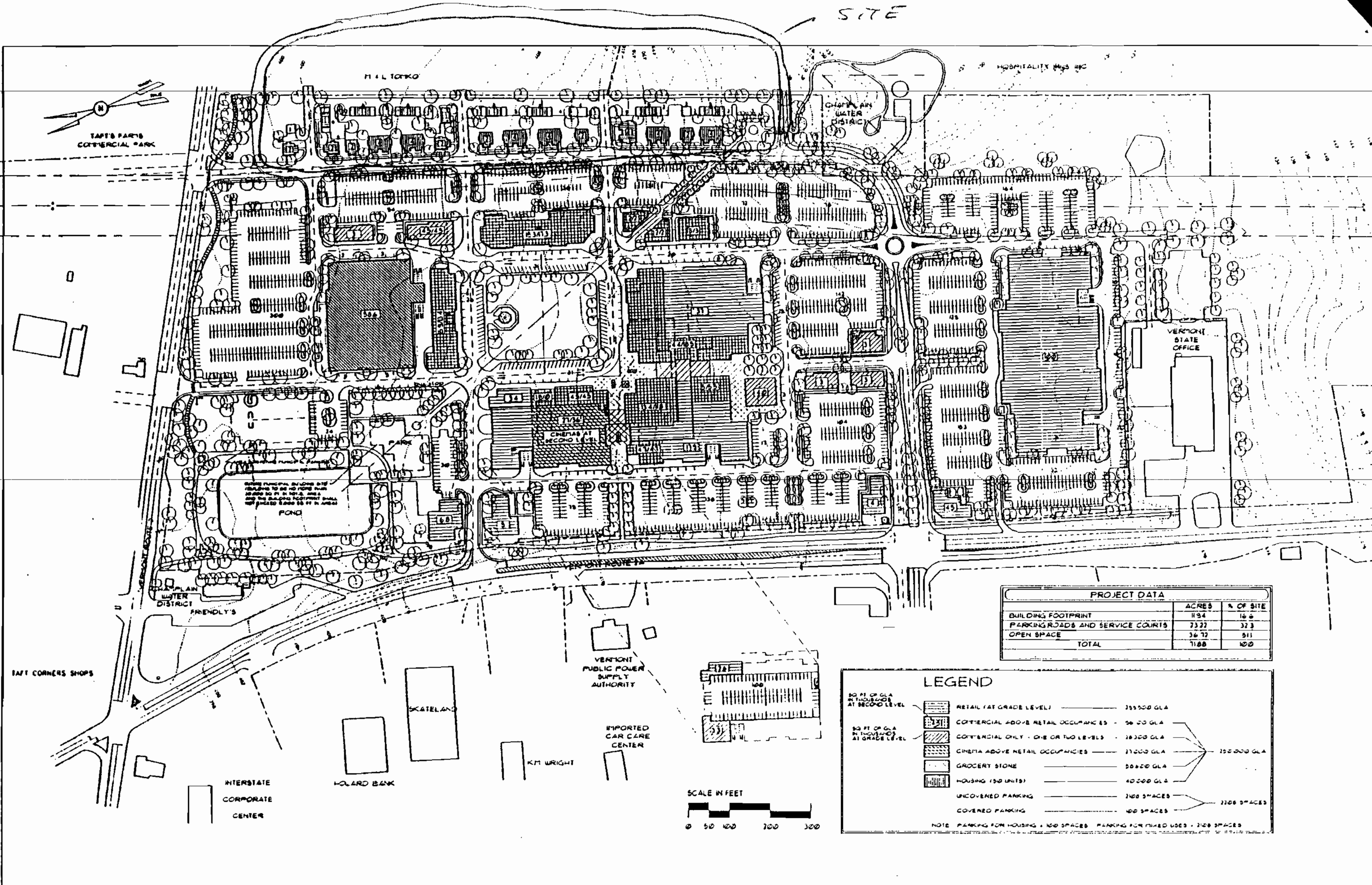
21-Nov-00 **Maple Tree Place**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	39,000	3,250	65	10.9%
Supportive Services		0	0	
Audit/Accounting	6,600	550	11	
Legal	3,000	250	5	
Compliance Monitoring	1,200	100	2	
Marketing		0	0	
Other	4,800	400	8	
TOTAL ADMINISTRATIVE	54,600	4,550	91	
Utilities				
Electricity	3,000	250	5	
Fuel	21,000	1,750	35	
Water and Sewer	9,000	750	15	
Fire Alarm / Emergency	1,200	100	2	
Other		0	0	
TOTAL UTILITIES	34,200	2,850	57	
Maintenance				
Maintenance / Janitor Payroll	24,000	2,000	40	
Janitor Supplies	3,000	250	5	
Exterminating	1,200	100	2	
Trash Removal	6,000	500	10	
Snow Removal	6,000	500	10	
Grounds	6,000	500	10	
Repairs Material		0	0	
Repairs Contract		0	0	
HVAC Repairs / Maintenance		0	0	
Elevator Contract / Repairs		0	0	
Painting and Decorating	3,000	250	5	
Other		0	0	
TOTAL MAINTENANCE	49,200	4,100	82	per unit month excl. ds & res.
Real Estate Taxes	54,000	4,500	90	333
Property Insurance	7,800	650	13	
Replacement Reserves	18,000	1,500	30	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other		0	0	
Total	217,800	18,150	363	

form revision date: 2/27/97

21-Nov-00 **Maple Tree Place**

	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Operating Income																	
Gross Rent		373,680	379,285	384,974	390,749	396,610	402,559	408,598	414,727	420,948	427,262	433,671	440,176	446,779	453,480	460,282	
Section 8 premium		28,512	28,940	29,374	29,814	30,262	30,716	31,176	31,644	32,119	32,600						
Other Income		3,500	3,553	3,606	3,660	3,715	3,770	3,827	3,884	3,943	4,002	4,062	4,123	4,185	4,247	4,311	
Vacancy and other losses		(18,684)	(18,964)	(19,249)	(19,537)	(19,831)	(20,128)	(20,430)	(20,736)	(21,047)	(21,363)	(21,684)	(22,009)	(22,339)	(22,674)	(23,014)	
Total Operating Income		387,008	392,813	398,705	404,686	410,756	416,918	423,171	429,519	435,962	442,501	416,049	422,290	428,624	435,054	441,580	
Operating Expenses																	
Total Expenses (excl. Reserves)		199,800	205,794	211,968	218,327	224,877	231,623	238,572	245,729	253,101	260,694	268,514	276,570	284,867	293,413	302,215	
Reserves		18,000	18,270	18,544	18,822	19,105	19,391	19,682	19,977	20,277	20,581	20,890	21,203	21,521	21,844	22,172	
Total Operating Expense		217,800	224,064	230,512	237,149	243,981	251,014	258,254	265,706	273,378	281,275	289,404	297,773	306,388	315,257	324,387	
Net Operating Income		169,208	168,749	168,193	167,537	166,775	165,903	164,918	163,813	162,584	161,226	126,645	124,517	122,236	119,797	117,192	
Less Primary Debt Service		119,560	119,560	119,560	119,560	119,560	119,560	119,560	119,560	119,560	119,560	119,560	119,560	119,560	119,560	119,560	
Less Secondary Debt Service		29,563	29,563	29,563	29,563	29,563	29,563	29,563	29,563	29,563	29,563	0	0	0	0	0	
Annual Cash Flow		20,085	19,626	19,070	18,413	17,652	16,780	15,794	14,690	13,461	12,103	7,085	4,956	2,676	236	(2,368)	
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,368	
Net Cash		20,085	19,626	19,070	18,413	17,652	16,780	15,794	14,690	13,461	12,103	7,085	4,956	2,676	236	0	
DCR		113.47%	113.16%	112.79%	112.35%	111.84%	111.25%	110.59%	109.85%	109.03%	108.12%	105.93%	104.15%	102.24%	100.20%	98.02%	
Cumulative Cash Flow																	
Beginning Balance		18,750	35,019	51,382	67,743	83,997	100,031	115,725	130,947	145,559	159,411	172,342	185,706	197,336	207,012	214,502	
Deposits		20,085	19,626	19,070	18,413	17,652	16,780	15,794	14,690	13,461	12,103	7,085	4,956	2,676	236	0	
Interest	3.5%	1,184	1,738	2,291	2,840	3,383	3,913	4,428	4,922	5,391	5,828	6,280	6,673	7,000	7,254	7,425	
Withdrawals		(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	0	0	0	0	(2,368)	
Ending Balance		35,019	51,382	67,743	83,997	100,031	115,725	130,947	145,559	159,411	172,342	185,706	197,336	207,012	214,502	219,559	
Cumulative Replacement Reserves																	
Beginning Balance		0	18,630	38,192	58,721	80,258	(15,888)	3,626	24,124	45,644	68,228	(26,441)	(5,551)	16,200	39,041	63,016	
Deposits		18,000	18,270	18,544	18,822	19,105	19,391	19,682	19,977	20,277	20,581	20,890	21,203	21,521	21,844	22,172	
Interest	3.5%	630	1,292	1,986	2,714	0	123	816	1,544	2,307	0	0	548	1,320	2,131	0	
Withdrawals		0	0	0	0	(115,250)	0	0	0	0	(115,250)	0	0	0	0	(115,250)	
Ending Balance		18,630	38,192	58,721	80,258	(15,888)	3,626	24,124	45,644	68,228	(26,441)	(5,551)	16,200	39,041	63,016	(30,062)	
2,305	17,656																
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Net Operating Income		169,208	168,749	168,193	167,537	166,775	165,903	164,918	163,813	162,584	161,226	126,645	124,517	122,236	119,797	117,192	
Plus Reserves		18,000	18,270	18,544	18,822	19,105	19,391	19,682	19,977	20,277	20,581	20,890	21,203	21,521	21,844	22,172	
Less Interest Expense		(267,470)	(239,179)	(204,571)	(164,544)	(161,866)	(158,980)	(155,871)	(152,521)	(148,913)	(145,025)	(141,867)	(139,714)	(137,393)	(134,891)	(132,196)	
Less Long Depreciation		(185,745)	(185,745)	(185,745)	(185,745)	(185,745)	(185,745)	(185,745)	(185,745)	(185,745)	(185,745)	(185,745)	(185,745)	(185,745)	(185,745)	(185,745)	
Less Short Depreciation		(6,071)	(6,071)	(6,071)	(6,071)	(6,071)	(6,071)	(6,071)	0	0	0	0	0	0	0	0	
Taxable Income (Loss)		(272,078)	(243,976)	(209,650)	(170,001)	(167,802)	(165,501)	(163,087)	(154,476)	(151,796)	(148,962)	(180,077)	(179,738)	(179,380)	(178,995)	(178,577)	
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Plus Tax Savings		95,227	85,392	73,377	59,500	58,731	57,926	57,081	54,067	53,129	52,137	63,027	62,908	62,783	62,648	62,502	
Plus Tax Credits		131,483	131,483	131,483	131,483	131,483	131,483	131,483	131,483	131,483	131,483						
After Tax Cash Flow		226,710	216,875	204,860	190,983	190,214	189,409	188,564	185,550	184,612	183,620	63,027	62,908	62,783	62,648	62,502	
Total Years	15																
Reinvestment Rate	8.00%																
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Current After Tax Cash Flows	99.90%	226,484	216,658	204,655	190,792	190,024	189,219	188,375	185,364	184,427	183,436	62,964	62,845	62,720	62,586	62,439	
Future Value of Cash Flows at Yr 15:		718,445	636,366	556,586	480,448	443,066	408,510	376,563	343,096	316,076	291,090	92,515	85,500	79,009	73,000	67,434	
Discount Rate:	4.75%																
Capital Contribution Number:	1	2	3	4	5	6	7	8									
Date of Capital Contribution:	01-Jul-99	01-Apr-00	01-Jul-00	01-Jul-01	01-Jul-02	01-Jul-03											
Amount of Capital Contribution:	16,914	16,914	253,712	422,854	473,596	507,425	0	0									
Present Value of Contributions:	16,914	16,311	241,752	383,977	409,834	418,464											
Cash Flows	(1,487,252)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,967,704
	1,487,416																
IRR:	8.37%																
Equity Yield:	1.14																



PROJECT DATA	ACRES	% OF SITE
BUILDING FOOTPRINT	11.94	16.6
PARKING ROADS AND SERVICE COURTS	23.22	32.3
OPEN SPACE	36.72	51.1
TOTAL	71.88	100

THE BURLEY PARTNERSHIP - ARCHITECTURE PLANNING INTERIOR DESIGN
WAITSFIELD, VERMONT 05673 (802) 496 - 3900

REVISIONS

PROJECT TITLE
MAPLE TREE PLACE
WILLISTON, VERMONT

SHEET TITLE
ARCHITECTURAL SITE PLAN

JOB NO. PSP1HRI	SCALE 1"=100'		
DRAWN RB BG	DATE 12/8/95		

S-1

1 2 BEDROOM - RING ROAD ELEVATION
1/4"=1'-0"

2 3 BEDROOM - PARKING ELEVATION
1/4"=1'-0"

[redacted]

architecture
planning
interiors

project
WATER TOWER HOUSING
WILLISTON, VERMONT

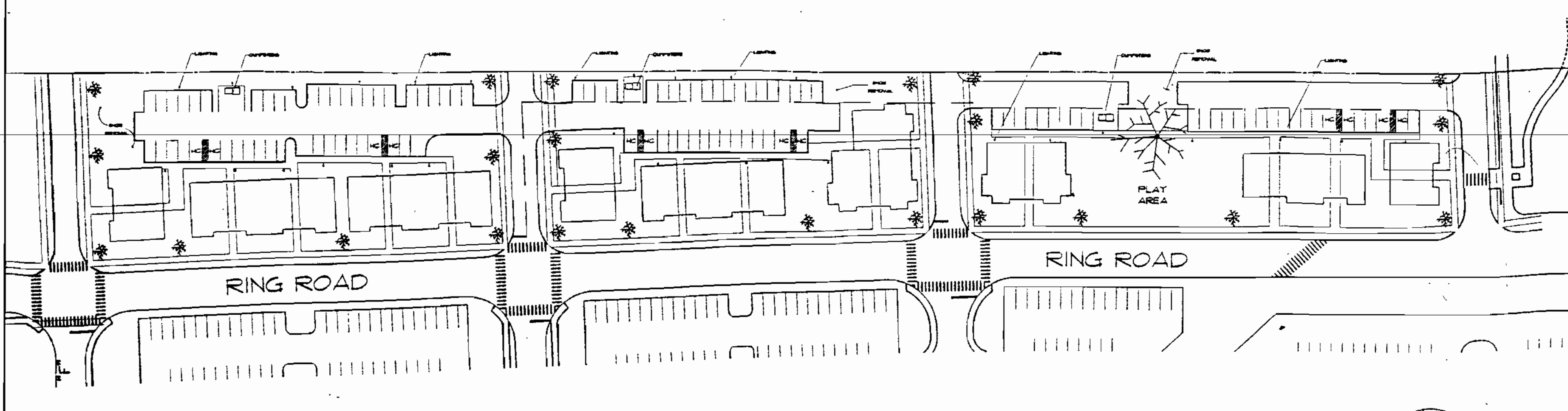
drwg title
TWO BEDROOM UNITS
EXTERIOR ELEVATIONS

scale 1/4"=1'-0"
project no.
drawn by
date
file

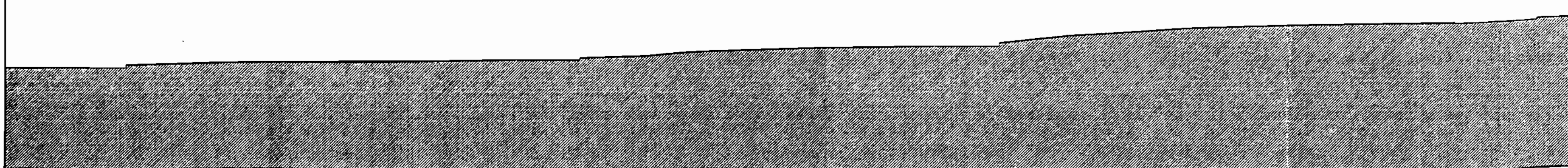
date | revisions

drwg. no.
A-7.2

Sheet __ Of __



1 SITE PLAN
1"=40'-0"



3 SECTION THROUGH SITE
1"=40'-0"

GENERAL NOTES:

1. ALL BUILDINGS TO BE TWO LEVELS.

2. ALL UNITS TO BE SINGLE LEVEL.

3. GROSS LIVING AREA PER 1 BDR UNIT = 560 S.F.
GROSS LIVING AREA PER 2 BDR UNIT = 797 S.F.
GROSS LIVING AREA PER 3 BDR UNIT = 1008 S.F.
TOTAL GROSS LIVING AREA = 35,440 S.F.

4. TOTAL UNITS = 50
BEDROOMS = 100

5. PARKING = 101 SPACES

6. OAK TREE = 153
DIAMETER = 3.4'
DRIP LINE = 75'

architecture
planning
interiors

[redacted]

30 main street essex junction vermont 05452
p 802.879.5153 f 802.872.2764

project
WATER TOWER HOUSING
HOUSING VERMONT / BURLINGTON COMMUNITY LAND TRUST
WILLISTON, VERMONT

drwg. title
PRELIMINARY SITE PLAN

scale	1"=40'-0"
project no.	00-190
drawn by	KW
date	5-5-00
file	Site.dwg
date	revisions

drwg. no.
SITE

Sheet 1 Of 1

21-Nov-00 **Maple Tree Place**

Total Residential Units:	50	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	36	Increase in Income from Other Sources:	1.50%
Percent Restricted:	72.00%	Increase in Income from Commercial:	1.50%
Total Development Cost:	6,026,350	Expense increase:	3.00%
Total Development Cost per Unit:	120,527	Vacancy Rate:	5%
Acquisition & Hard Cost Per SF:	120.58	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	130,755	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	131,483	Sponsor's Estimated Yield:	116.26%

LIHTC - 9%	8.39%	(Dec 2000)
LIHTC - 4%	3.59%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	1,424,938	23.65%	7.50%	30	30
VHCB	1,374,000	22.80%	0.00%	0	30
HOME	250,000	4.15%	7.00%	0	10
VHFA 10 year loan	208,000	3.45%	7.45%	10	10
VCDP	750,000	12.45%	0.00%	0	30
HUD Special Purpose	465,000	7.72%	7.00%	0	10
Deferred Fee	50,000	0.83%	N/A	N/A	
0% loan	0	0.00%	N/A	N/A	
Tax Credit Equity	1,504,500	24.97%	N/A	N/A	
TOTAL SOURCES	6,026,438	100.00%			

USES

Acquisition	788,000	13.08%
Construction Hard Costs	4,234,275	70.26%
Soft Costs	1,004,075	16.66%
TOTAL USES	6,026,350	100%
Gap	(88)	

PER UNIT COST LIMIT CALCULATION

	per unit limits	number of units			
0 Br	84,390	0	0		
1 Br	90,140	10	901,400		
2 Br	95,890	30	2,876,700		
3 Br	101,637	10	1,016,370		
4 Br	107,390	0	0		
Maximum cost allowed under the per unit cost limits			4,794,470		
Projected total cost, excluding cash accounts			5,988,850	Cost Overage %	125%
	(over)/under		(1,194,380)		

General Partner's Capital Contribution	15,286	1.00%
Limited Partner's Capital Contribution	1,513,351	99.00%
Total Equity	1,528,637	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	36
Total Units	50
Unit Fraction	72.00%
Tax Credit Square Footage	29,805
Total Residential Square Footage	41,650
Square Footage Fraction	71.56%
Applicable Fraction	71.56%

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT RE: CONSTRUCTION FINANCING FOR MAPLE TREE PLACE, WILLISTON

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

WHEREAS, a proposal has been presented to the Agency by Housing Vermont on behalf of a to-be-formed limited partnership involving the new construction of 50 units of rental housing in the Town of Williston (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to the issuance and sale of tax-exempt bonds of not more than $5,200,000 aggregate principal amount (the "Bonds") to finance a loan to the Housing Vermont or a partnership that includes a subsidiary of Housing Vermont as a general partner (the "Borrower") to construct a 50 unit rental housing development (the "Project") in Williston, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in an amount of up to $3,500,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds and one or more long-term loans in an amount of up to $1,700,000, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joseph Erdelyi, dated November 22, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

persons and families.

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

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

6. The sponsor and its general partner are financially responsible and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to Housing Vermont or a to-be-formed partnership including a subsidiary of Housing Vermont as a general partner for construction financing in an amount not to exceed \$3,500,000; the term of the construction loan will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds and one or more long-term loans in an amount of up to \$1,700,000, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

1. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

    a) Sponsor must provide an as-built appraisal satisfactory to VHFA;

    b) Sponsor must provide evidence of necessary permits;

    c) Sponsor must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

    d) Sponsor must provide a written property tax estimate from the Town of Williston; and

    e) Sponsor must provide additional security satisfactory to VHFA.

3. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and construct the Project is hereby preliminarily

approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in her/his discretion, issue a Commitment Letter for a construction loan for the Development in an amount not to exceed \$3,500,000 and a long-term loan in an amount not to exceed \$1,700,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. One long-term loan shall be due and payable not more than 30 years from the date the loan is made; shall be fully amortized over the period of the loan, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The other long-term loan shall be due and payable not more than 10 years from the date the loan is made, shall be fully amortized over the period of the loan, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds for all loans shall be tax-exempt bond proceeds. The Sponsor shall be responsible for loan fees and transaction costs. The Commitment Letter may be issued to Housing Vermont as a representative of the to-be-formed limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director, Chief of Program Operations and the Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

vhfa
Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter CR

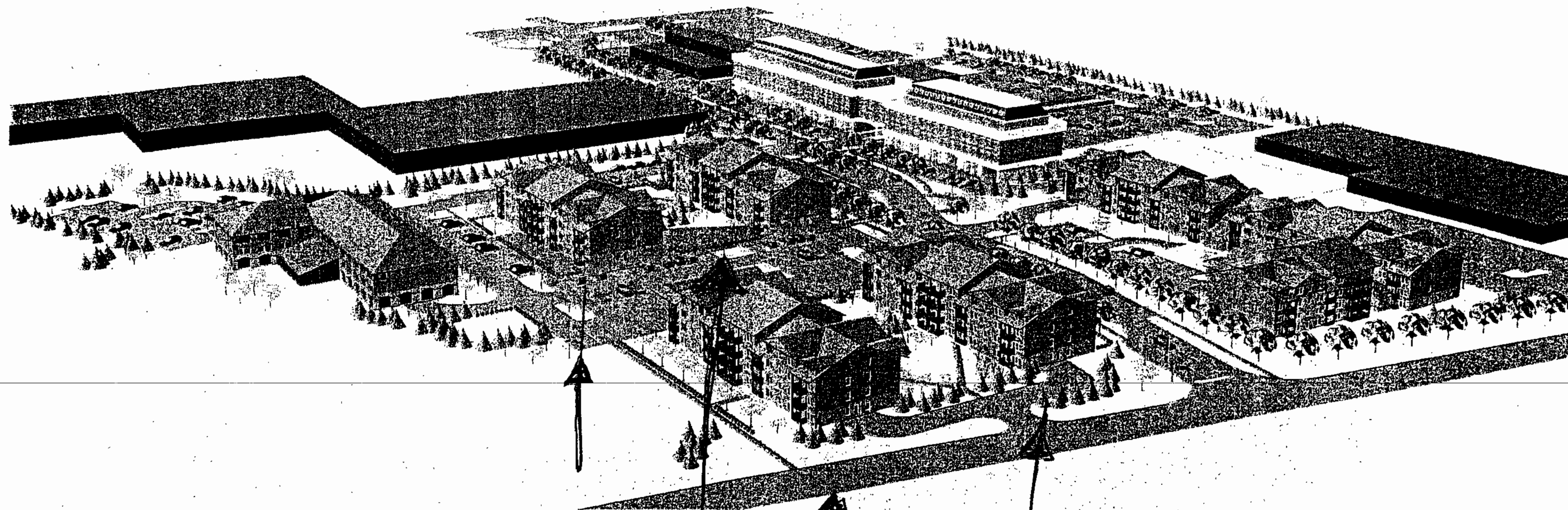
DATE: November 22, 2000

RE: Construction, Permanent, and 0% Loan Application for Marketplace, South Burlington

Name:	Marketplace	**Location:**	South Burlington
Housing Type:	General Occupancy	**Unit Type:**	Townhouses/Flats
Total Units:	160	**Unit Sizes:**	24 one-br (722 sf) 120 two-br (931 avg sf) 16 three-br (1,076 sf)
Total Cost:	$15,708,735	**Per S.F. Cost:** (land, acquisition, construction)	$107.36
Loans Requested:	$4,565,000 permanent $9,991,470 construction $300,000 0% loan	**Housing Credits: (4% Credits)**	$291,880
Other Funding:	VHCB, HOME, VCDP, HUD Special Purpose, Housing Credits (9%), developer loan		
Sponsors:	Housing Vermont (HVT); Lake Champlain Housing Development Corporation (LCHDC)		

Lake Champlain Housing Development Corporation (LCHDC) and Housing Vermont (HVT) are co-developing a 160 unit new construction project on Farrell Street in South Burlington. There will be four buildings of 40 units each: 24 one-bedroom units, 120 two-bedroom units, and 16 three-bedroom units. This is a modified "turn-key" structure, wherein the permitted land will be acquired by a to-be-formed limited partnership, and Wright/Morrissey Realty Corporation (Seller) will construct the development; progress payments will be made during the construction period. HVT and LCHDC have had significant involvement in the development of the project's design and specifications. The project has local permit approval, and is anticipating obtaining Act 250 approval by mid-December, subject to a 30-day appeal period. A tax exempt construction loan of $6,439,470 will finance three buildings, which will in turn make them eligible for out of cap (4%) tax credits. A second, taxable, construction loan of up to $3,552,000 will finance the fourth building, which has an advanced commitment for 9% tax credits from the 2001 credit ceiling. A permanent taxable loan of $1,250,000 will finance the fourth 9% building; a permanent tax exempt loan of $3,315,000 and the 0% loan will finance the three "4%" buildings. The project has secured all funding commitments. A level I environmental site assessment was completed which reported no evidence of environmentally hazardous conditions. An appraisal has been completed and values the as-built development at $13,000,000. Lake Champlain Housing Ventures will manage the development.

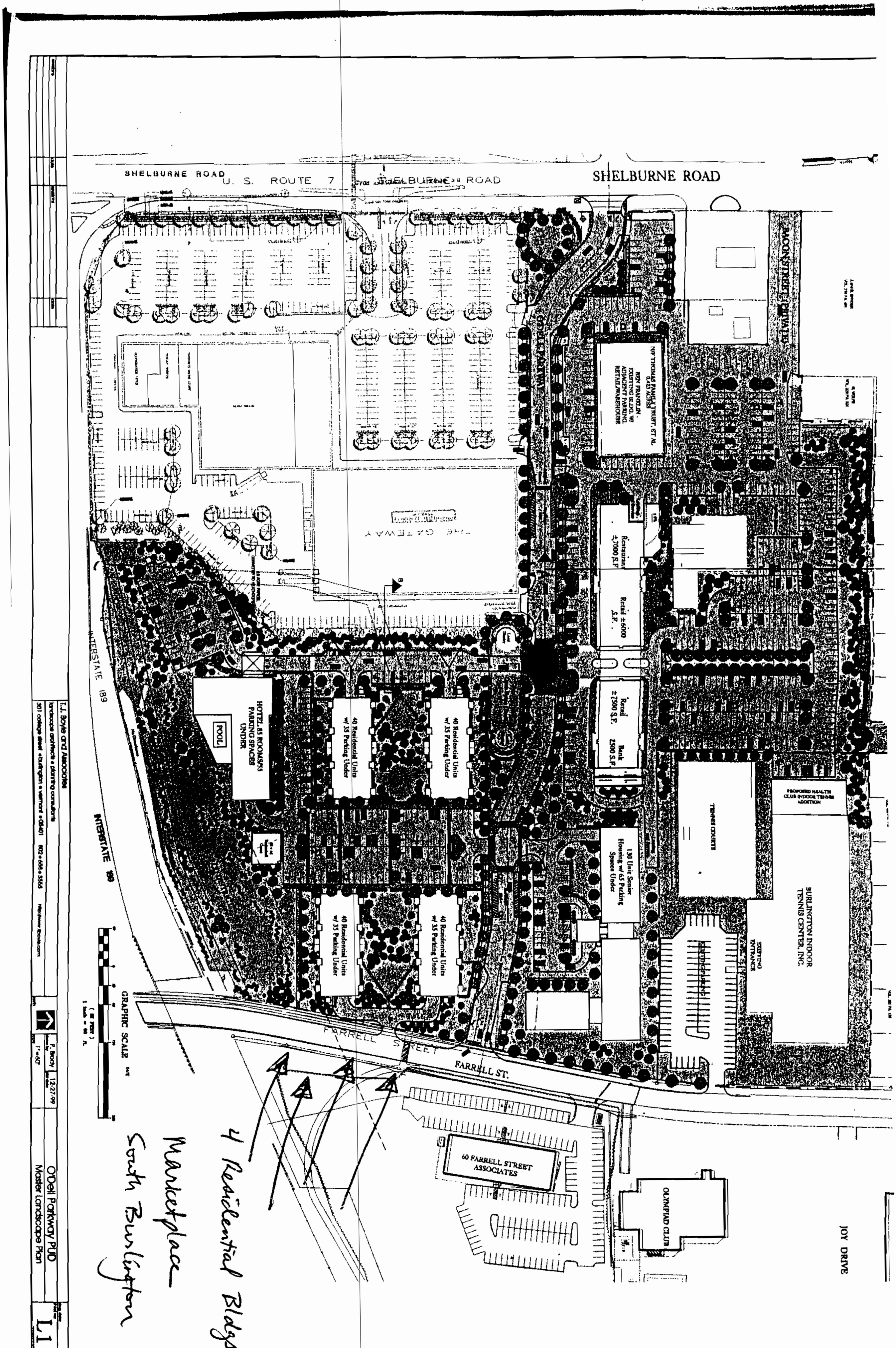
Recommendation: That the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board authorize the Executive Director and the Chief of Program Operations to issue a Letter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



4 Residential Buildings
40 units each

Marketplace

Owner / Applicant :	T.J. Boyle and Associates landscape architects • planning consultants 301 college street • burlington • vermont • 05401 802• 658• 3555 http//:www.tjboyle.com	north	drawn by P. Brody date 1-4-00 scale	O'Dell Parkway PUD Aerial View of Site	sheet no:



4 Residential Bldgs.

Marketplace

South Burlington

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT LETTER RE: CONSTRUCTION AND PERMANENT FINANCING FOR MARKETPLACE DEVELOPMENT, SOUTH BURLINGTON

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

WHEREAS, a proposal has been presented to the Agency by Housing Vermont and Lake Champlain Housing Development Corporation (the "Sponsors"), involving the new construction of four buildings containing 160 units of rental housing in the City of South Burlington (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $6,900,000 aggregate principal amount (the "Bonds") to finance a loan to a limited partnership to be created by Housing Vermont and Lake Champlain Housing Development Corporation (the "Borrower") to construct 120 units of rental housing in three buildings located at 65 Farrell Street (the "Development") in South Burlington, Vermont that will qualify for federal low-income housing tax credits; and

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $6,700,000 from the proceeds of tax-exempt bonds for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds; and

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $3,350,000 as long-term financing for 120 units in three buildings in the Marketplace project, from the proceeds of tax-exempt bonds, and with the interest rate to be determined by the Agency depending on the source of funds, and the loan shall have an interest rate of not more than 150 basis points above the Agency's cost of funds; and

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $3,552,000 from the proceeds of taxable bonds for construction financing for one 40 unit building in the Marketplace project, with the interest rate to be determined by the Agency depending on the source of funds; and

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $1,300,000 as long-term financing for one 40 unit building in the Marketplace project, from the proceeds of taxable bonds, and with the interest rate to be determined by the Agency depending on the source of funds; and

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

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid, dated November 22, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

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

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

6. The Sponsors are financially responsible organizations and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making mortgage loan(s) to a limited partnership to be created by Housing Vermont and Lake Champlain Housing Development Corporation for construction financing in an amount not to exceed $10,252,000 (consisting of a tax exempt loan of up to $6,700,000 and a taxable loan of up to $3,552,000); the term of the construction loan(s) will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds. The Executive Director is also authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making mortgage loan(s) to a limited partnership to be created by Housing Vermont and Lake Champlain Housing Development Corporation for the long term financing of the Development in an amount not to exceed $4,650,000 (consisting of a tax exempt loan of up to $3,350,000 and a taxable loan of up to $1,300,000); the term of the long-term loan(s) will be 30 years, the amortization period will not exceed 30 years, and the interest rate will be not more than 150 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of

funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing Sponsors in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsors must provide a written estimate of property taxes from the City of South Burlington for the as-improved development;

   b) Sponsors must provide final plans and specifications for VHFA review and approval at least 4 weeks prior to VHFA loan closing;

   c) Sponsors must provide evidence of necessary permits that are final;

   d) Sponsors must fill any funding gap created by changing budget assumptions on Section 8 income and lender/loan fees prior to closing;

   e) Sponsors must provide executed construction contract and all addenda by loan closing that is within the project's budget to maintain overall feasibility and is reasonably in line with an independent cost estimate to be performed by the Agency; builders profit, overhead and general requirements must be in compliance with the Housing Credit Allocation Plan;

   f) Sponsors must provide a management plan, lease-up plan and budgeted lease-up reserve satisfactory to VHFA prior to closing;

   g) Sponsors must provide a guarantee satisfactory to VHFA through the end of the lease up period.

3. The issuance of tax-exempt Bonds for the purpose of financing loan(s) to the Borrower to allow the Borrower to acquire and rehabilitate the Development is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive

Director or the Chief of Program Operations may, in their discretion, issue a Commitment Letter for construction loan(s) for the construction of the Development, in an amount not to exceed $6,700,000 tax exempt and $3,552,000 taxable for a total of $10,252,000 in construction financing; and a Commitment Letter for term loan(s) in an amount not to exceed $1,300,000 taxable and $3,350,000 tax exempt for a total of $4,650,000 in permanent financing. The Executive Director, Chief of Program Operations and Director of Finance are authorized to allocate the loan proceeds to all or portions of the Development.

6. The construction loan(s) shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds for a $6,700,000 loan and taxable bond proceeds for a $3,552,000 loan. The permanent loan(s) shall be due and payable not more than 30 years from the date the loan is made, payments shall be based on a 30 year amortization period and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of the funds shall be tax-exempt bond proceeds for the $3,350,000 loan and taxable bond proceeds for the $1,300,000 loan. The Sponsors shall be responsible for loan fees and transaction costs. The Commitment Letter may be issued to Housing Vermont and Lake Champlain Housing Development Corporation as representatives of the to-be-formed limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director is authorized to make an additional loan to the Borrower for the development of not more than $300,000 at an interest rate of 0%.

8. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate the financing.

22-Nov-00 **Farrell Street, South Burlington**

Total Residential Units:	160	Increase in Income from Rental Units:	1.5%
Housing Credit Restricted Units:	130	Increase in Income from Other Sources:	1.5%
Percent Restricted:	81.25%	Increase in Income from Commercial:	1.5%
Total Development Cost:	15,708,735	Expense increase:	3%
Total Development Cost per Unit:	98,180	Vacancy Rate:	5%
Total Development Cost Per SF:	107	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
		Short Depreciation Schedule:	7 years
4% Credit Amount Allocated:	291,880	Sponsor's Estimated Yield:	101.02%
9% Credit Allocated:	275,000		

LIHTC - 9%	8.53%	(June 2000)
LIHTC - 4%	3.59%	(December 2000)

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage - tax exempt	3,315,000	21.10%	7.50%	30	30
First Mortgage - taxable	1,250,000	7.96%	8.90%	30	30
HOME	216,000	1.38%	7.00%	30	30
VCDP	722,690	4.60%	0.00%	30	30
VHCB	3,184,000	20.27%	2.00%	30	30
HUD Special Purpose	675,250	4.30%	7.00%	10	10
VHFA 0% Loan	300,000	1.91%	0.00%	15	15
Developer Loan	200,000	1.27%	0.00%	15	15
VHCB Development Loan	50,000	0.32%	0.00%	15	15
Tax Credit Equity	5,698,200	36.27%	N/A	N/A	
TOTAL SOURCES	15,611,140	99.38%			

USES

Acquisition	1,465,000	9.33%
Construction Hard Costs	12,338,000	78.54%
Soft Costs	1,905,735	12.13%
TOTAL USES	15,708,735	100.00%
Gap	97,595	

PER UNIT COST LIMIT CALCULATION

	per unit limits		number of units			
0 Br	84,390		0	0		
1 Br	90,140		24	2,163,360		
2 Br	95,890		120	11,506,800		
3 Br	101,637		16	1,626,192		
4 Br	107,390		0	0		
Maximum cost allowed under the per unit cost limits			160	15,296,352		
Projected total cost, excluding cash accounts				15,628,735	Cost Overage %	97.87%
		(over)/under		(332,383)		

General Partner's Capital Contribution	56,982	1.00%
Limited Partner's Capital Contribution	5,641,218	99.00%
Total Equity	5,698,200	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	130
Total Units	160
Unit Fraction	81.25%
Tax Credit Square Footage	119,444
Total Residential Square Footage	146,312
Square Footage Fraction	81.64%
Applicable Fraction	81.25%

form revision date: 2/27/97

22-Nov-00 **Farrell Street, South Burlington**

	TOTAL PROJECT COSTS	Budget	Per Unit	Per s.f.
	ACQUISITION			
1	Land	1,440,000	9,000	9.84
2	Purchase of Building(s)		0	0.00
3	Demolition (without replacement)		0	0.00
4	Property Appraisal	4,000	25	0.03
5	Legal - Title and Recording	21,000	131	0.14
	Subtotal - Acquisition	1,465,000	9,156	10.01
	CONSTRUCTION HARD COSTS			
6	Rehabilitation		0	0.00
7	New Building(s)	11,210,000	70,063	76.62
8	Accessory Buildings		0	0.00
9	Sitework	1,000,000	6,250	6.83
10	Commercial Space Costs (if any)		0	0.00
11	General Requirements		0	0.00
12	Contractor Overhead		0	0.00
13	Contractor Profit		0	0.00
14	Construction Contingency		0	0.00
15	Construction Management		0	0.00
16	Construction Bond Fee		0	0.00
17	Hazardous Materials Abatement		0	0.00
18	Off-Site Improvements		0	0.00
19	Furnishings, Fixtures, & Equipment	128,000	800	0.87
20	Other (________________)		0	0.00
	Subtotal - Hard Costs	12,338,000	77,113	84.33
	SOFT COSTS			
21	Architectural	20,000	125	0.14
22	Engineering		0	0.00
23	Legal/Accounting	35,000	219	0.24
24	Relocation		0	0.00
25	Environmental Assessment	4,000	25	0.03
26	Energy Assessment	0	0	0.00
27	Permits/Fees	20,000	125	0.14
28	Independent Market Study		0	0.00
29	Construction Period Inspections	5,000	31	0.03
30	Construction Interest	240,000	1,500	1.64
31	Construction Loan Origination Fee	149,900	937	1.02
32	Taxes During Construction		0	0.00
33	Clerk of the Works	18,000	113	0.12
34	Marketing	7,500	47	0.05
35	Tax Credit Fees	18,200	114	0.12
36	Soft Cost Contingency	23,135	145	0.16
37	Permanent Loan Origination Fee		0	0.00
38	Lender's Counsel's Fee	5,000	31	0.03
39	Other (____________)		0	0.00
	SYNDICATION COSTS			
40	Organizational (Partnership)		0	0.00
41	Bridge Loan Fees and Expenses		0	0.00
42	Syndication Consultant		0	0.00
43	Tax Opinion		0	0.00
	DEVELOPER'S FEES			
44	HVT Development Fee	640,000	4,000	4.37
45	LCHDC Development Fee	640,000	4,000	4.37
46	Consultant Fees		0	0.00
	RESERVES			
47	Working Capital	80,000	500	0.55
48	Rent-up (Deficit Escrow) Reserve		0	0.00
49	Other Operating Reserves		0	0.00
50	Sinking Fund		0	0.00
51	Replacement Reserves		0	0.00
	Subtotal - Soft Costs	1,905,735	11,911	13.03
	TOTAL DEVELOPMENT COSTS	15,708,735	98,180	107.36

1,280,000
8.92%

22-Nov-00 **Farrell Street, South Burlington**

	Building SE Credit Calc	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	360,000					
2	Purchase of Building(s)	0					
3	Demolition (without replacement)	0					
4	Property Appraisal	1,000	1,000		1,000		
5	Legal - Title and Recording	5,250			5,250		
	Subtotal - Acquisition	366,250					
	CONSTRUCTION HARD COSTS	0					
6	Rehabilitation	0					
7	New Building(s)	2,802,500		2,802,500	2,802,500		
8	Accessory Buildings	0					
9	Sitework	250,000		250,000	250,000		
10	Commercial Space Costs (if any)	0					
11	General Requirements	0					
12	Contractor Overhead	0					
13	Contractor Profit	0					
14	Construction Contingency	0					
15	Construction Management	0					
16	Construction Bond Fee	0					
17	Hazardous Materials Abatement	0					
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Equipment	32,000		32,000			
20	Other (________________)	0					
	Subtotal - Hard Costs	3,084,500					
	SOFT COSTS	0					
21	Architectural	5,000		5,000	5,000		
22	Engineering	0					
23	Legal/Accounting	8,750		8,750	8,750		
24	Relocation	0					
25	Environmental Assessment	1,000		1,000	1,000		
26	Energy Assessment	0					
27	Permits/Fees	5,000		5,000	5,000		
28	Independent Market Study	0					
29	Construction Period Inspections	1,250					
30	Construction Interest	60,000		60,000	60,000		
31	Construction Loan Origination Fee	32,198					
32	Taxes During Construction	0					
33	Clerk of the Works	4,500		4,500	4,500		
34	Marketing	1,875			1,875		
35	Tax Credit Fees	4,550		4,550	4,550		
36	Soft Cost Contingency	5,784		5,784	5,784		
37	Permanent Loan Origination Fee	3,875					
38	Lender's Counsel's Fee	1,250					
39	Other (____________)	0					
	SYNDICATION COSTS	0					
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES	0					
44	HVT Development Fee	160,000		160,000	160,000		
45	LCHDC Development Fee	160,000		160,000	160,000		
46	Consultant Fees	0					
	RESERVES	0					
47	Working Capital	20,000					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves	0					
50	Sinking Fund	0					
51	Replacement Reserves	0					
	Subtotal - Soft Costs	475,032					
	TOTALS	3,925,782	1,000	3,499,084	3,475,209	0	
LESS:	Amount of Non-qualified Financing						
LESS:	Adjustment for per unit cost limits	100.00%		0			
LESS:	Historic tax Credit (Residential Portion)			0	0		
	Total Eligible Basis		1,000	3,499,084			
TIMES:	Adjusted for QCT/DDA	100.00%		3,499,084			
TIMES:	Applicable Fraction	72.50%	725	2,536,836			
	Total Qualified Basis		725	2,536,836			
TIMES:	Applicable Percentage		3.59%	3.59%			
	Total Annual Credit Qualified		0	91,072			

20% Historic Credit Rate
0 Annual Historic Credit

Total Tax Credits Requested	92,037
Estimated Net Syndication Proceeds (**excluding historic credit equity**)	1,262,428
Estimated Yield - Housing Credit Syndication	138.55%
Equity Gap	1,264,928
Credits Needed to fill Equity Gap	92,219

3,475,209	**Long Term Depreciable Basis**
27.5	**Depreciation Schedule**
126,371	**Annual Depreciation**
32,000	**Short Term Depreciable Basis**
7	**Depreciation Schedule**
4,571	**Annual Depreciation**

22-Nov-00 **Farrell Street, South Burlington**

	Building SW Credit Calc	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	360,000					
2	Purchase of Building(s)	0					
3	Demolition (without replacement)	0					
4	Property Appraisal	1,000	1,000		1,000		
5	Legal - Title and Recording	5,250			5,250		
	Subtotal - Acquisition	366,250					
	CONSTRUCTION HARD COSTS	0					
6	Rehabilitation	0					
7	New Building(s)	2,802,500		2,802,500	2,802,500		
8	Accessory Buildings	0					
9	Sitework	250,000		250,000	250,000		
10	Commercial Space Costs (if any)	0					
11	General Requirements	0					
12	Contractor Overhead	0					
13	Contractor Profit	0					
14	Construction Contingency	0					
15	Construction Management	0					
16	Construction Bond Fee	0					
17	Hazardous Materials Abatement	0					
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Equipment	32,000		32,000			
20	Other (__________________)	0					
	Subtotal - Hard Costs	3,084,500					
	SOFT COSTS	0					
21	Architectural	5,000		5,000	5,000		
22	Engineering	0					
23	Legal/Accounting	8,750		8,750	8,750		
24	Relocation	0					
25	Environmental Assessment	1,000		1,000	1,000		
26	Energy Assessment	0					
27	Permits/Fees	5,000		5,000	5,000		
28	Independent Market Study	0					
29	Construction Period Inspections	1,250					
30	Construction Interest	60,000		60,000	60,000		
31	Construction Loan Origination Fee	32,198					
32	Taxes During Construction	0					
33	Clerk of the Works	4,500		4,500	4,500		
34	Marketing	1,875			1,875		
35	Tax Credit Fees	4,550		4,550	4,550		
36	Soft Cost Contingency	5,784		5,784	5,784		
37	Permanent Loan Origination Fee	3,875					
38	Lender's Counsel's Fee	1,250					
39	Other (________________)	0					
	SYNDICATION COSTS	0					
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES	0					
44	HVT Development Fee	160,000		160,000	160,000		
45	LCHDC Development Fee	160,000		160,000	160,000		
46	Consultant Fees	0					
	RESERVES	0					
47	Working Capital	20,000					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves	0					
50	Sinking Fund	0					
51	Replacement Reserves	0					
	Subtotal - Soft Costs	475,032					
	TOTALS	3,925,782	1,000	3,499,084	3,475,209	0	
LESS:	Amount of Non-qualified Financing						
LESS:	Adjustment for per unit cost limits	100.00%		0			
LESS:	Historic tax Credit (Residential Portion)			0	0		
	Total Eligible Basis		1,000	3,499,084			
TIMES:	Adjusted for QCT/DDA	100.0%		3,499,084			
TIMES:	Applicable Fraction	92.50%	925	3,236,653			
	Total Qualified Basis		925	3,236,653			
TIMES:	Applicable Percentage		3.59%	8.53%			
	Total Annual Credit Qualified		0	276,086			

20%	Historic Credit Rate
0	Annual Historic Credit

Total Tax Credits Requested	275,000
Estimated Net Syndication Proceeds **(excluding historic credit equity)**	2,286,500
Estimated Yield - Housing Credit Syndication	83.99%
Equity Gap	2,342,280
Credits Needed to fill Equity Gap	281,709

3,475,209	Long Term Depreciable Basis
27.5	Depreciation Schedule
126,371	Annual Depreciation
32,000	Short Term Depreciable Basis
7	Depreciation Schedule
4,571	Annual Depreciation

22-Nov-00 **Farrell Street, South Burlington**

#	Building NW Credit Calc	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	360,000					
2	Purchase of Building(s)	0					
3	Demolition (without replacement)	0					
4	Property Appraisal	1,000	1,000		1,000		
5	Legal - Title and Recording	5,250			5,250		
	Subtotal - Acquisition	366,250					
	CONSTRUCTION HARD COSTS	0					
6	Rehabilitation	0					
7	New Building(s)	2,802,500		2,802,500	2,802,500		
8	Accessory Buildings	0					
9	Sitework	250,000		250,000	250,000		
10	Commercial Space Costs (if any)	0					
11	General Requirements	0					
12	Contractor Overhead	0					
13	Contractor Profit	0					
14	Construction Contingency	0					
15	Construction Management	0					
16	Construction Bond Fee	0					
17	Hazardous Materials Abatement	0					
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Equipment	32,000		32,000			
20	Other (____________)	0					
	Subtotal - Hard Costs	3,084,500					
	SOFT COSTS	0					
21	Architectural	5,000		5,000	5,000		
22	Engineering	0					
23	Legal/Accounting	8,750		8,750	8,750		
24	Relocation	0					
25	Environmental Assessment	1,000		1,000	1,000		
26	Energy Assessment	0		0	0		
27	Permits/Fees	0		0	0		
28	Independent Market Study	0					
29	Construction Period Inspections	1,250					
30	Construction Interest	60,000		60,000	60,000		
31	Construction Loan Origination Fee	53,280					
32	Taxes During Construction	0					
33	Clerk of the Works	4,500		4,500	4,500		
34	Marketing	1,875			1,875		
35	Tax Credit Fees	4,550		4,550	4,550		
36	Soft Cost Contingency	5,784		5,784	5,784		
37	Permanent Loan Origination Fee	0					
38	Lender's Counsel's Fee	1,250					
39	Other (____________)	0					
	SYNDICATION COSTS	0					
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES	0					
44	HVT Development Fee	160,000		160,000	160,000		
45	LCHDC Development Fee	160,000		160,000	160,000		
46	Consultant Fees	5,000					
	RESERVES	0					
47	Working Capital	20,000					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves	0					
50	Sinking Fund	0					
51	Replacement Reserves	0					
	Subtotal - Soft Costs	492,239					
	TOTALS	3,942,989	1,000	3,494,084	3,470,209	0	
LESS:	Amount of Non-qualified Financing						
LESS:	Adjustment for per unit cost limits	100.00%		0			
LESS:	Historic tax Credit (Residential Portion)			0	0	20% Historic Credit Rate	
						0 Annual Historic Credit	
	Total Eligible Basis		1,000	3,494,084			
TIMES:	Adjusted for QCT/DDA	100.00%		3,494,084			
TIMES:	Applicable Fraction	100.00%	1,000	3,494,084			
	Total Qualified Basis		1,000	3,494,084	3,470,209	Long Term Depreciable Basis	
TIMES:	Applicable Percentage		3.59%	3.59%	27.5	Depreciation Schedule	
	Total Annual Credit Qualified		0	125,438	126,189	Annual Depreciation	
					32,000	Short Term Depreciable Basis	
					7	Depreciation Schedule	
					4,571	Annual Depreciation	

Total Tax Credits Requested	126,947
Estimated Net Syndication Proceeds (**excluding historic credit equity**)	1,262,428
Estimated Yield - Housing Credit Syndication	100.45%
Equity Gap	1,264,928
Credits Needed to fill Equity Gap	127,198

Farrell Street, South Burlington

	Building NE Credit Calc	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	360,000					
2	Purchase of Building(s)	0					
3	Demolition (without replacement)	0					
4	Property Appraisal	1,000	1,000		1,000		
5	Legal - Title and Recording	5,250			5,250		
	Subtotal - Acquisition	366,250					
	CONSTRUCTION HARD COSTS	0					
6	Rehabilitation	0					
7	New Building(s)	2,802,500		2,802,500	2,802,500		
8	Accessory Buildings	0					
9	Sitework	250,000		250,000	250,000		
10	Commercial Space Costs (if any)	0					
11	General Requirements	0					
12	Contractor Overhead	0					
13	Contractor Profit	0					
14	Construction Contingency	0					
15	Construction Management	0					
16	Construction Bond Fee	0					
17	Hazardous Materials Abatement	0					
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Equipment	32,000		32,000			
20	Other (____________)	0					
	Subtotal - Hard Costs	3,084,500					
	SOFT COSTS	0					
21	Architectural	5,000		5,000	5,000		
22	Engineering	0					
23	Legal/Accounting	8,750		8,750	8,750		
24	Relocation	0					
25	Environmental Assessment	1,000		1,000	1,000		
26	Energy Assessment						
27	Permits/Fees	5,000		5,000	5,000		
28	Independent Market Study	0					
29	Construction Period Inspections	1,250					
30	Construction Interest	60,000		60,000	60,000		
31	Construction Loan Origination Fee	32,198					
32	Taxes During Construction	0					
33	Clerk of the Works	4,500		4,500	4,500		
34	Marketing	1,875			1,875		
35	Tax Credit Fees	4,550		4,550	4,550		
36	Soft Cost Contingency	5,784		5,784	5,784		
37	Permanent Loan Origination Fee	3,875					
38	Lender's Counsel's Fee	1,250					
39	Other (____________)	0					
	SYNDICATION COSTS	0					
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES	0					
44	HVT Development Fee	160,000		160,000	160,000		
45	LCHDC Development Fee	160,000		160,000	160,000		
46	Consultant Fees	0					
	RESERVES	0					
47	Working Capital	20,000					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves	0					
50	Sinking Fund	0					
51	Replacement Reserves	0					
	Subtotal - Soft Costs	475,032					
	TOTALS	3,925,782	1,000	3,499,084	3,475,209	0	
LESS:	Amount of Non-qualified Financing						
LESS:	Adjustment for per unit cost limits	100.00%		0			
LESS:	Historic tax Credit (Residential Portion)			0	0	20% Historic Credit Rate	
						0 Annual Historic Credit	
	Total Eligible Basis		1,000	3,499,084			
TIMES:	Adjusted for QCT/DDA	100.0%		3,499,084			
TIMES:	Applicable Fraction	60.00%	600	2,099,450			
	Total Qualified Basis		600	2,099,450			
TIMES:	Applicable Percentage		3.59%	3.59%			
	Total Annual Credit Qualified		0	75,370			

Total Tax Credits Requested	76,168
Estimated Net Syndication Proceeds (**excluding historic credit equity**)	1,105,719
Estimated Yield - Housing Credit Syndication	146.63%
Equity Gap	1,108,219
Credits Needed to fill Equity Gap	76,340

3,475,209	**Long Term Depreciable Basis**
27.5	**Depreciation Schedule**
126,371	**Annual Depreciation**
32,000	**Short Term Depreciable Basis**
7	**Depreciation Schedule**
4,571	**Annual Depreciation**

22-Nov-00 **Farrell Street, South Burlington**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br		722	18	476		102,816
2 Br Flats		925	87	569		594,036
2 Br Townhouses		973	9	585		63,180
3 Br		1,076	16	765		146,880
	Totals	119,444	130			906,912

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br		722	6	614		44,208
2 Br Flats		925	17	739		150,756
2 Br Townhouses		973	7	749		62,916
3 Br		1,076	0	950		0
	Totals	26,868	30			257,880

All Units				
Grand Totals	146,312	160		1,164,792
	Less Vacancy	5.00%		(58,240)
			NET RENT	1,106,552

OTHER INCOME

Laundry	600/month	14,400
Section 8		60,000
Commercial Space Income		0
Other		0
TOTAL INCOME		1,180,952

22-Nov-00 **Farrell Street, South Burlington**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	86,400	7,200	45	7.3%
Supportive Services	34,560	2,880	18	
Audit/Accounting	9,600	800	5	
Legal	9,600	800	5	
Compliance Monitoring	3,840	320	2	
Marketing		0	0	
Other	15,360	1,280	8	
TOTAL ADMINISTRATIVE	159,360	13,280	83	
Utilities				
Electricity	9,600	800	5	
Fuel	67,200	5,600	35	
Water and Sewer	38,400	3,200	20	
Fire Alarm / Emergency	3,840	320	2	
Other		0	0	
TOTAL UTILITIES	119,040	9,920	62	
Maintenance				
Maintenance / Janitor Payroll	76,800	6,400	40	
Janitor Supplies	9,600	800	5	
Exterminating	3,840	320	2	
Trash Removal	28,800	2,400	15	
Snow Removal	15,360	1,280	8	
Grounds	15,360	1,280	8	
Repairs Material		0	0	
Repairs Contract		0	0	
HVAC Repairs / Maintenance		0	0	
Elevator Contract / Repairs	9,600	800	5	
Painting and Decorating	13,440	1,120	7	
Other		0	0	
TOTAL MAINTENANCE	172,800	14,400	90	
Real Estate Taxes	172,800	14,400	90	per unit month excl. ds & res. 338
Property Insurance	24,960	2,080	13	
Replacement Reserves	57,600	4,800	30	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other		0	0	
Total	706,560	58,880	368	

22-Nov-00 **Farrell Street, South Burlington**

	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		1,164,792	1,182,264	1,199,998	1,217,998	1,236,268	1,254,812	1,273,634	1,292,738	1,312,130	1,331,811	1,351,789	1,372,065	1,392,646	1,413,536	1,434,739
Other Income		74,400	75,516	76,649	77,798	78,965	80,150	81,352	82,572	83,811	85,068	86,344	87,639	88,954	90,288	91,643
Vacancy and other losses		(58,240)	(59,113)	(60,000)	(60,900)	(61,813)	(62,741)	(63,682)	(64,637)	(65,606)	(66,591)	(67,589)	(68,603)	(69,632)	(70,677)	(71,737)
Total Operating Income		1,180,952	1,198,667	1,216,647	1,234,896	1,253,420	1,272,221	1,291,304	1,310,674	1,330,334	1,350,289	1,370,543	1,391,102	1,411,968	1,433,148	1,454,645
Operating Expenses																
Total Expenses (excl. Reserves)		648,960	668,429	688,482	709,136	730,410	752,323	774,892	798,139	822,083	846,746	872,148	898,312	925,262	953,020	981,610
Reserves		57,600	58,464	59,341	60,231	61,135	62,052	62,982	63,927	64,886	65,859	66,847	67,850	68,868	69,901	70,949
Total Operating Expense		706,560	726,893	747,823	769,367	791,545	814,374	837,875	862,066	886,969	912,605	938,995	966,162	994,129	1,022,920	1,052,559
Net Operating Income		474,392	471,774	468,824	465,529	461,875	457,847	453,430	448,608	443,365	437,684	431,548	424,939	417,839	410,227	402,086
Less Primary Debt Service (tax exempt)		278,148	278,148	278,148	278,148	278,148	278,148	278,148	278,148	278,148	278,148	278,148	278,148	278,148	278,148	278,148
Less Primary Debt Service (taxable)		119,616	119,616	119,616	119,616	119,616	119,616	119,616	119,616	119,616	119,616	119,616	119,616	119,616	119,616	119,616
Less Developer Loan		13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	0	0	0	0	0
Annual Cash Flow		63,296	180,293	177,343	174,048	170,394	166,366	161,949	157,127	151,884	146,203	153,401	146,792	139,691	132,080	123,938
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		63,296	180,293	177,343	174,048	170,394	166,366	161,949	157,127	151,884	146,203	153,401	146,792	139,691	132,080	123,938
DCR		115.40%	114.76%	114.04%	113.24%	112.35%	111.37%	110.30%	109.12%	107.85%	106.47%	108.49%	106.83%	105.05%	103.13%	101.09%
Cumulative Cash Flow																
Beginning Balance		0	63,935	247,341	431,472	615,995	800,555	984,775	1,168,254	1,350,569	1,531,272	1,709,887	1,899,380	2,086,026	2,269,270	2,448,528
Deposits		63,296	180,293	177,343	174,048	170,394	166,366	161,949	157,127	151,884	146,203	153,401	146,792	139,691	132,080	123,938
Interest	2.0%	639	3,113	6,788	10,475	14,166	17,853	21,530	25,188	28,818	32,412	36,093	39,854	43,553	47,178	50,717
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		63,935	247,341	431,472	615,995	800,555	984,775	1,168,254	1,350,569	1,531,272	1,709,887	1,899,380	2,086,026	2,269,270	2,448,528	2,623,183
Cumulative Replacement Reserves																
Beginning Balance		0	58,176	118,406	180,738	245,229	13,585	76,537	141,702	209,137	278,904	52,604	121,189	192,173	265,618	341,591
Deposits		57,600	58,464	59,341	60,231	61,135	62,052	62,982	63,927	64,886	65,859	66,847	67,850	68,868	69,901	70,949
Interest	2.0%	576	1,766	2,991	4,260	7,221	901	2,182	3,508	4,880	7,841	1,738	3,134	4,578	6,072	9,032
Withdrawals*		0	0	0	0	(300,000)	0	0	0	0	(300,000)	0	0	0	0	(300,000)
Ending Balance		58,176	118,406	180,738	245,229	13,585	76,537	141,702	209,137	278,904	52,604	121,189	192,173	265,618	341,591	121,572
* = assumes $1875 per unit is expended every 5 years																
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		474,392	471,774	468,824	465,529	461,875	457,847	453,430	448,608	443,365	437,684	431,548	424,939	417,839	410,227	402,086
Plus Reserves		57,600	58,464	59,341	60,231	61,135	62,052	62,982	63,927	64,886	65,859	66,847	67,850	68,868	69,901	70,949
Less Interest Expense		(916,793)	(840,489)	(758,000)	(478,114)	(475,442)	(472,469)	(469,169)	(465,512)	(461,468)	(457,003)	(452,080)	(446,661)	(440,702)	(434,156)	(426,974)
Less Long Depreciation		(505,485)	(505,485)	(505,485)	(505,485)	(505,485)	(505,485)	(505,485)	(505,485)	(505,485)	(505,485)	(505,485)	(505,485)	(505,485)	(505,485)	(505,485)
Less Short Depreciation		(18,286)	(18,286)	(18,286)	(18,286)	(18,286)	(18,286)	(18,286)	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(908,571)	(834,022)	(753,605)	(476,124)	(476,203)	(476,341)	(476,527)	(458,462)	(458,702)	(458,944)	(459,170)	(459,357)	(459,480)	(459,513)	(459,424)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		318,000	291,908	263,762	166,644	166,671	166,720	166,785	160,462	160,546	160,630	160,709	160,775	160,818	160,830	160,798
Plus Tax Credits		566,880	566,880	566,880	566,880	566,880	566,880	566,880	566,880	566,880	566,880					
After Tax Cash Flow		884,880	858,788	830,642	733,524	733,551	733,600	733,665	727,342	727,426	727,511	160,709	160,775	160,818	160,830	160,798
Total Years	15															
Reinvestment Rate	12.00%															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Current After Tax Cash Flows		884,880	858,788	830,642	733,524	733,551	733,600	733,665	727,342	727,426	727,511	160,709	160,775	160,818	160,830	160,798
Future Value of Cash Flows at Yr 15:		4,843,451	4,196,993	3,624,501	2,857,791	2,551,696	2,278,450	2,034,510	1,800,872	1,608,107	1,435,977	283,225	252,982	225,938	201,745	180,094

Discount Rate:	5.04%							
Capital Contribution Number:	1	2	3	4	5	6	7	8
Date of Capital Contribution:	20-Mar-01	20-Mar-02	15-Oct-03	15-Oct-04	15-Oct-05			
Amount of Capital Contribution:	66,776	267,102	1,335,510	1,335,510	3,672,653	0	0	0
Present Value of Contributions:	66,776	253,805	1,171,097	1,112,639	2,907,431			

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Cash Flows	(5,511,747)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	28,376,332

IRR: 11.54%
Equity Yield: 98.21%

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: David Adams, Chief of Program Operations

DATE: November 22, 2000

RE: Multifamily Loan Application for Brookside Mobile Home Park, Starksboro

Project Name: **Brookside Mobile Home Park, Starksboro**
Project Sponsor: **Addison County Community Trust (ACCT)**

Loan Request:	$845,000 fixed rate, underwritten at 7.5%, 30 years	VHFA
Other Funding:	$100,000 fixed rate, 7%, 30 years balloon in 5 years	VCLF
	$216,000 grant funds	VHCB

Acquisition Cost	$845,000	**Acquisition Cost per Unit**	$17,604
Improvements	$176,450		
Other Dev Cost	$139,550		
Total Dev Cost	$1,161,000	**Total Dev Cost per Unit**	$24,188

The Addison County Community Trust (ACCT) is proposing to acquire Brookside Mobile Home Park from Dan Mendl a for-profit owner. The park consists of forty-eight lots with 75% of the residents at income levels at or below 80% of median income, 16% of which are below 50% and 44% are between 50 to 80% of median income. ACCT has requested permanent financing from VHFA in the amount of $845,000, and represents 100% loan to existing value, and 73% loan to total development cost.

Improvements planned to the park include replacement of the entire electrical system, filling potholes in the roads, with significant provisions for improvements to the on-site septic systems, and upgrades to the water system according to the recommendations of the recent Wellhead Protection Plan. The park is considered to be in very good shape overall and the planned improvements insure it remains that way for the foreseeable future.

Water supply to the park is from three drilled wells which are reported to exceed the average daily usage, in addition to a 15,000 gallon storage tank. The wells were drilled between 1987 and 1988, with complete systems upgrade in around the same time frame. The park has been operating on a temporary water system permit, pending submission of a Source Protection Plan, which has been completed as of October 25th, and submitted to the Agency of Natural Resources for approval.

mailing address P.O. Box 408, Burlington, VT 05402-0408 **delivery address** 164 Saint Paul St., Burlington, VT 05401-4364
phone (802) 864-5743 or (800) 339-5866 **consumer helpline** (800) 287-8432 **fax** (802) 864-5746 **www.vhfa.org**

EQUAL HOUSING OPPORTUNITY

On-site sewer consists of twenty-four 1,000 gallon concrete septic tanks and leach fields servicing two lots per system. Reports from Otter Creek Engineering indicate favorable soil conditions for the on-site system and have indicated that the budget for septic repairs and improvements are adequate.

VHFA will be issuing a 501(c)3 bond as our source of funds and anticipate that Fannie Mae will purchase the bond.

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

RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: PERMANENT FINANCING FOR BROOKSIDE MOBILE HOME PARK (STARKSBORO)

WHEREAS, a proposal has been presented to the Agency by Addison County Community Trust ("ACCT"), involving the acquisition and rehabilitation of Brookside Mobile Home Park, a mobile home park containing 48 pads located in Starksboro (the "Development"); and

WHEREAS, the proposal contemplates a term mortgage loan of $845,000 with an amortization period of 30 years and term of 30 years, with the interest rate to be determined by the Agency depending on the source of funds; and

WHEREAS, Addison County Community Trust is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from David Adams, Chief of Program Operations, dated November 22, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

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

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

6. The sponsor is a financially responsible organization and qualifies as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to the Addison County Community Trust for the acquisition and rehabilitation of Brookside Mobile Home Park in Starksboro in an amount not to exceed $845,000, with the following conditions:

    a. ACCT to provide VHFA with original appraisal report as provided by Keller Navin & O'Brien, Inc, dated May 2, 2000 along with any original updates to the appraisal report.

    b. Receipt and review of a Level I Environmental Site Assessment indicating no evidence of hazardous materials or practices that have, or could have, an adverse affect on the park. Level II Site Assessment and mitigation if initial site assessment warrants

    c. ACCT or its attorney to provide evidence or certification that ACCT is a 501(c)(3) organization and that the acquisition and operation of the mobile home park will not create unrelated business taxable income to ACCT or jeopardize ACCT's status as a qualified 501(c)(3) organization. Loan proceeds must be used for the acquisition and improvement in the park and may not be used for working capital.

    d. VHFA to receive, review and approve an updated schedule of "Sources and Uses" of funds, Cash Flow Schedules, along with a construction schedule and cost breakdown for improvement planned to the park. Cash flow projections must support a debt service ratio of not less than 103%, at anytime during the life of the loan, and must achieve a minimum DCR of 115% within the first ten years.

    e. VHFA shall specifically require receipt of approval by the Agency of Natural Resources, Water Supply Division of the Source Protection Plan, dated October 25th, 2000 as prepared by Bannister Research and Consulting. VHFA will require compliance with any of the conditions of this approval and must approve any changes to the proposed project and project financials that may result from this approval.

    f. Receipt, review and approval of construction plan and cost estimate for work proposed for replacement of park electrical infrastructure.

    g. Receipt, review and approval or cost estimate and scope of work to be done by WC Paving Company for road repairs.

    h. Receipt, review and approval or cost estimate and scope of work to be done to Water System.

i. The Agency's funding is subject to receipt of funding as proposed from VHCB and VCLF. Any changes to the amounts, terms or conditions of any of the funding sources are subject to approval by VHFA.

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

3. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director may, in her discretion, issue a Commitment Letter for a long-term loan for the acquisition and rehabilitation of the Development, in an amount not to exceed $845,000.

4. The long-term loan shall be due and payable not more than 30 years from the date the loan is made; the interest rate on the long-term loan shall not exceed 150 basis points above the Agency's cost of funds. The Sponsor shall be responsible for loan fees and the cost of appraisal, engineering studies and reports, environmental assessments and legal services. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

5. The Executive Director and the Chief of Program Operations are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO FANNIE MAE IN A MAXIMUM AMOUNT OF $900,000 AND USING THE PROCEEDS, TO MAKE A LOAN TO ADDISON COUNTY COMMUNITY TRUST TO FINANCE THE ACQUISITION AND REHABILITATION OF A 48-UNIT MOBILE HOME PARK IN STARKSBORO

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

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $900,000 aggregate principal amount to Fannie Mae, or some other purchaser (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance, in part, a loan to Addison County Community Trust, an organization qualified under section 501(c)(3) of the Internal Revenue Code (the "Borrower") to acquire and rehabilitate a 48-unit mobile home park, Brookside Mobile Home Park (the "Project") in Starksboro, Vermont;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $900,000 principal amount of bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed 30 years and the interest rate thereon shall not exceed 7.5%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 28th day of November, 2000.

VERMONT HOUSING FINANCE AGENCY

By __________________________________
Executive Director

Attest:

By __________________________________
Authorized Officer

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT LETTER RE: CONSTRUCTION FINANCING FOR RUTLAND REHAB DEVELOPMENT, RUTLAND

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

WHEREAS, a proposal has been presented to the Agency by the Rutland Rehab Limited Partnership (the "Borrower" or the "Sponsor"), involving the rehabilitation of nine buildings containing 31 units of rental housing in the City of Rutland (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $270,000 aggregate principal amount (the "Bonds") to finance a loan to the Borrower to rehabilitate 31 units of rental housing located at 35 Baxter Street, 69 ½ Baxter Street, 37 Bellevue, 133 Library Ave., 30 Elm Street, 52 Williams Street, 51 Summer Street, 18 & 18 ½ Cottage Street (the "Development") in Rutland, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $270,000 from the proceeds of tax-exempt bonds for rehabilitation financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

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

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi, dated October 19, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

persons and families.

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

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

6. The Sponsor is a financially responsible organization and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a mortgage loan to the Rutland Rehab Limited Partnership for construction financing in an amount not to exceed $270,000; the term of the construction loan will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Borrower must provide a Phase I Environmental Site Assessment (ESA) and address any findings of the Assessment in the scope of work to the satisfaction of the Agency or provide an environmental indemnity agreement satisfactory to counsel to the Agency;

   b) Borrower must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

   c) Borrower must provide evidence of necessary permits;

   d) Borrower must provide an executed construction contract by loan closing that is within the project's budget to maintain overall feasibility and is reasonably in line with an independent cost estimate to be performed by the Agency in the event Borrower does not competitively bid the construction contract; builder's profit, overhead and general requirements must be in compliance with the Housing Credit Allocation Plan.

3. The issuance of tax-exempt Bonds for the purpose of financing a loan to the

Borrower to allow the Borrower to rehabilitate the Development is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in their discretion, issue a Commitment Letter for an interim loan for the rehabilitation of the Development, in an amount not to exceed $270,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds. The Borrower shall be responsible for loan fees and transaction costs. The Commitment Letter may be issued to Rutland County Community Land Trust and/or H.V. 1991, Inc. as representatives of the limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Borrower of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on October 26, 2000.

Sarah Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: WESTGATE APARTMENTS

WHEREAS, a proposal has been presented to the Agency by Housing Vermont, a non-profit development corporation, (the "Sponsor") on behalf of one or more to-be-formed limited partnerships, involving the acquisition, rehabilitation and long-term financing of a 100 unit family rental property located in 17 residential buildings on Westgate Drive in the Town of Brattleboro (the "Development"); and

WHEREAS, the proposal contemplates a number of VHFA loans from tax-exempt bond proceeds in a combined amount not to exceed $5,000,000, the use of 0% funds in the total amount of approximately $290,000 and a deferred loan of approximately $885,000; however, a different mix of sources and amounts may be necessary; and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to the issuance and sale of tax-exempt bonds of not more than $5,000,000 aggregate principal amount (the "Bonds") to finance several loans to the one or more to-be-formed limited partnerships (the "Borrower") to acquire and rehabilitate a 100 units rental housing development (the "Project") in Brattleboro, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the Sponsor and the limited partnership(s) will qualify as housing sponsors within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joseph Erdelyi dated August 1, 2000 containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

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

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

6. The Sponsor is a financially responsible organization and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making as many as five mortgage loans to one or more to-be-formed limited partnerships, of which the general partner will be a wholly owned subsidiary of Housing Vermont for the acquisition, rehabilitation and long-term financing of the Westgate Apartments housing development in Brattleboro. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance or for other purposes with the consent of the Agency. The Letter of Interest shall be conditioned on, among other items, receipt and review of an appraisal satisfactory to Staff supporting the loan amounts requested.

2. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director may, in her discretion, issue a Commitment Letter for construction and long-term loans for the acquisition, rehabilitation and long-term financing of the Development, in a combined amount not to exceed $5,000,000. The Agency shall receive reimbursement for its out-of-pocket expenses and shall charge loan fees for these loans.

3. As detailed in the Memorandum, one term loan shall be amortized over a period of approximately 12 years from the date of the loan. A second term loan shall be amortized over a period of not more than 30 years from the date of the loan. A construction loan shall mature within a reasonable time after the substantial completion of the rehabilitation of the Development. The interest rate on these three loans shall not exceed 150 basis points above the Agency's source of funds. The source of funds shall be newly-issued tax-exempt bond proceeds. The deferred loan shall be in an amount derived from the discounted note purchase savings. The zero percent loan shall not exceed $300,000 and shall mature after February 15, 2014. The Commitment Letter may be issued to the to-be-formed limited partnership(s). The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

4. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and construct the Project is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code

Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

5. The preliminary approval of paragraph 4 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

6. The Executive Director, after consultation with the Chairman of the Agency, is given the discretion to vary the amounts and sources of funds

7. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on October 26, 2000.

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. OR SOME OTHER PURCHASER IN A MAXIMUM AMOUNT OF $270,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO THE RUTLAND REHAB LIMITED PARTNERSHIP TO FINANCE THE REHABILITATION OF A 31-UNIT DEVELOPMENT IN RUTLAND

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

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $270,000 aggregate principal amount to Stratevest & Co., some other subsidiary of BankNorth Group, Inc., or some other entity (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance a construction loan to the Rutland Rehab Limited Partnership, (the "Borrower") to rehabilitate a 31-unit development located at 35 Baxter Street, 69 ½ Baxter Street, 37 Bellevue, 133 Library Ave., 30 Elm Street, 52 Williams Street, 51 Summer Street, 18 & 18 ½ Cottage Street (the "Project") in Rutland, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $270,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents that may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 26th day of October, 2000.

VERMONT HOUSING FINANCE AGENCY

By [signature]
Executive Director

Attest:

By ______________________
Authorized Officer

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on October 26, 2000.

[signature]

SARAH E. CARPENTER
Executive Director and Secretary
Vermont Housing Finance Agency

VERMONT HOUSING FINANCE AGENCY

Series Resolution Authorizing the Issuance and Sale of a Maximum of $7,000,000

Multi-Family Mortgage Bonds, 2000 Series A

Adopted October 26, 2000

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MISCELLANEOUS

**VERMONT HOUSING FINANCE AGENCY
SERIES RESOLUTION AUTHORIZING THE ISSUANCE AND
SALE OF A MAXIMUM OF $7,000,000 MULTI-FAMILY MORTGAGE BONDS,
2000 SERIES A**

October 26, 2000

WHEREAS, the Vermont Housing Finance Agency (hereinafter referred to as the "Agency") is authorized to finance Mortgage Loans for multifamily housing for persons and families of low and moderate income in the State of Vermont pursuant to the provisions of the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (hereinafter referred to as the "Act"), and to issue its bonds to obtain funds for such purpose; and

WHEREAS, the Agency heretofore adopted on February 3, 1977 a resolution entitled "Multi-Family Mortgage Bond Resolution" (hereinafter referred to as the "General Bond Resolution"), and from time to time has issued series of Multi-Family Bonds thereunder ("Bonds") to finance Mortgage Loans or to refund Bonds issued to finance Mortgage Loans; and

WHEREAS, in order to obtain funds with which to provide permanent financing for Mortgage Loans to acquire, construct, rehabilitate or refinance various developments for persons and families of low and moderate income, as or to be separately approved by the Commissioners of the Agency, it is deemed necessary and advisable to issue one series of Multi-Family Mortgage Bonds of the Agency as hereinafter provided;

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

Article I

DEFINITIONS AND AUTHORITY

.1. Definitions.

(a) Except as provided in subparagraph (b) of this Section, all defined terms contained in the General Bond Resolution shall have the same meanings in this 2000 Series A Resolution as such defined terms are given in the General Bond Resolution.

(b) As used in this 2000 Series A Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*1999 Series C/D Bonds*" means the Bonds of the Agency of the Series authorized by the 1999 Series C/D Resolution.

"*Official Statement*" means the Official Statement or Private Placement Memorandum of the Agency describing the 2000 Series A Bonds, in substantially the form of the Official Statement, dated November 19, 1999, for the 1999 Series C/D Bonds, but with appropriate changes to reflect the 2000 Series A Bonds and the purposes therefore, the terms of which shall be completed upon the sale of the 2000 Series A Bonds pursuant to the provisions of Section 2.03 hereof.

"*Rebate Account*" means the 2000 Series A Rebate Account established pursuant to Section 4.01 hereof.

"*Record Date*" means, with respect to the payment of interest on a 2000 Series A Bond, the first day of the month in which interest is to be paid on such 2000 Series A Bond or, if such first day is not a business day, the next preceding business day, provided that, with respect to overdue interest or interest payable on any overdue amount, the Trustee may establish a special record date, which date shall be not more than 20 business days before the date set for payment, and provided further that the Trustee shall give notice of a special record date by mailing a copy of such notice in the manner provided in the General Bond Resolution to the registered owners of all 2000 Series A Bonds Outstanding to which such special record date is applicable at least 10 days before the special record date or in such other time and manner as the Trustee may deem appropriate.

"*Series Certificate*" means the Series Certificate of the Chairman and Executive Director of the Agency dated on or before the date of issuance of the 2000 Series A Bonds which Series Certificate shall establish certain terms of the 2000 Series A Bonds as provided herein.

"*2000 Series A Resolution*" means this Series Resolution Authorizing the Issuance and sale of a maximum of $7,000,000 Multi-Family Mortgage Bonds, 2000 Series A.

"*2000 Series A Bonds*" means the 2000 Series A Bonds of the Agency authorized by this 2000 Series A Resolution.

The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this 2000 Series A Resolution, refer to this 2000 Series A Resolution.

.2. Authority for 2000 Series A Resolution. This 2000 Series A Resolution is adopted pursuant to and in accordance with the provisions of the Act and the General Bond Resolution.

Article II

AUTHORIZATION, TERMS AND ISSUANCE OF 2000 SERIES A BONDS

.1. Authorization of Bonds, Principal Amount, Designation and Series. In order to provide sufficient funds necessary for the Program, in accordance with and subject to the terms, conditions and limitations established in the General Bond Resolution and this 2000 Series A Resolution, one series of Multi-Family Mortgage Bonds, designated "Multi-Family Mortgage Bonds, 2000 Series A" is hereby authorized to be issued in an aggregate principal amount of not to exceed $7,000,000, the final principal amount of each Series to be specified in the Series Certificate. The Agency is of the opinion and hereby determines (a) that the issuance of Bonds in said amount is necessary to provide sufficient funds to be used and expended for the Program; (b) that the Mortgage Loans to be financed on behalf of the Agency with the proceeds of the 2000 Series A Bonds can be issued bearing a rate of interest that will be less than the prevailing rate of interest on comparable mortgage loans available in the State of Vermont without the assistance of the Agency; and (c) that the Agency will derive receipts, revenues and other income from the Mortgage Loans made with the proceeds of the 2000 Series A Bonds sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of the 2000 Series A Bonds and the payment of all costs and expenses incurred by the Agency with respect to the Program for which the 2000 Series A Bonds are issued.

.2. **Purposes**. The purposes for which the 2000 Series A Bonds are being issued are to provide funds for deposit in the Debt Service Reserve Fund, the 2000 Series A Cost of Issuance Account, the Redemption Fund and the 2000 Series A Mortgage Loan Account, subject to the limitations and provisions provided in Article IV of the General Bond Resolution and in the amounts determined by or pursuant to Article III hereof.

.3. **Issue Date**. Notwithstanding Section 304 of the General Bond Resolution, all 2000 Series A Bonds shall be dated November 1, 2000 (unless otherwise specified in the Series Certificate).

.4. **The 2000 Series A Bonds**. Notwithstanding Section 304(c) of the General Bond Resolution, the 2000 Series A Bonds shall bear interest from the February 15 or August 15 to which interest has been paid or duly provided for next preceding their date of authentication or, if no interest has been paid, from November 1, 2000 (unless otherwise specified in the Series Certificate), or if the date of authentication of any 2000 Series A Bond is subsequent to the Record Date for any Interest Payment and on or prior to the Interest Payment Date therefor, and if interest is paid on such Interest Payment Date, from such Interest Payment Date. The 2000 Series A Bonds shall mature on the dates and in the principal amounts and shall bear interest at the rates set forth in the Series Certificate, provided that the rates on the 2000 Series A Bonds shall not exceed 7% per annum nor may the final maturity of the 2000 Series A Bonds be later than November 1, 2041. Subject to the provisions of the General Bond Resolution and Article II here of each 2000 Series A Bond shall be in substantially the form of the 1999 Series C/D Bonds and as set forth in the Series Certificate, with such insertions or variations by Series as to any redemption or amortization provisions and such other insertions or omissions, endorsements and variations as may be required or permitted by the General Bond Resolution or the Series Certificate; the 2000 Series A Bonds shall be executed by the manual or facsimile signature of the Chairman or Vice Chairman and attested by the Secretary or Director of Finance and have impressed or imprinted thereon the corporate seal of the Agency or a facsimile thereof. Interest on each 2000 Series A Bond shall be payable semiannually on February 15 and August 15 in each year, commencing on the date specified in the Series Certificate.

.5. Denomination, Numbers and Letters.

(a) The 2000 Series A Bonds shall be issued solely in fully registered form in the denomination of $5,000 or any integral multiple thereof not exceeding the aggregate principal amount of 2000 Series A Bonds of each Series maturing in the year of maturity of the Bonds for which the denomination is to be specified. Notwithstanding Section 307 of the General Bond Resolution, registered 2000 Series A Bonds shall not be interchangeable for non-registered-coupon 2000 Series A Bonds. The 2000 Series A Bonds of each Series shall be numbered consecutively from one upwards in order of maturity with the letter "R" preceding each number.

The 2000 Series A Bonds shall be issued to CEDE & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as fully registered bonds in denominations of one bond for each maturity in the aggregate principal amount of such maturity. In the event DTC determines to discontinue providing its services or the Agency elects to terminate the book-entry system with DTC and a successor securities depository for all the 2000 Series A Bonds is not designated, the Agency and the Trustee shall arrange for the delivery of certificates for the 2000 Series A Bonds.

Subject to paragraph (b) below, the principal and Redemption Price of 2000 Series A Bonds shall be payable at the Principal Office of the Trustee. Interest on the 2000 Series A Bonds shall be payable by check or draft drawn upon the Trustee and mailed to the address of the registered owner thereof as it shall appear on the registry books of the Trustee; provided, however, the Agency may pay interest on fully registered 2000 Series A Bonds by checks or drafts mailed to the persons entitled thereto, and the Agency may provide for any such payment by wire transfer of funds; provided, further, that if the 2000 Series A Bonds are in book-entry form, payment shall be made in accordance with the procedures of DTC. The principal and Redemption Price of and interest on 2000 Series A Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents.

(b) Notwithstanding any other provisions herein or the provisions of the General Bond Resolution to the contrary, the following shall be applicable with respect to the payment, transfer and provision of notices with respect to the 2000 Series A Bonds:

(i) During the term of the 2000 Series A Bonds, ownership and subsequent transfer of ownership will be reflected by book entry on the records of DTC and those financial institutions for whom DTC effects book-entry transfers (collectively, the "Participants"). No person for whom a Participant has an interest in the 2000 Series A Bonds (a "Beneficial Owner") shall receive bond certificates representing their respective interest in the 2000 Series A Bonds except in the event that DTC or the Agency shall determine, at its option, to terminate the book-entry system described in this Section. Payment of principal and Redemption Price of, and interest on, the 2000 Series A Bonds will be made by the Trustee to DTC, which will in turn remit such payment of principal and Redemption Price and interest to its Participants, which will in turn remit such principal and Redemption Price and interest to the Beneficial Owners of the 2000 Series A Bonds until and unless DTC or the Agency elects to terminate the book-entry system, whereupon the Agency shall deliver bond certificates to the Beneficial Owners of the 2000 Series A Bonds or their nominees. Bond certificates issued under this Section may not be transferred or exchanged except as provided in this Section.

(ii) Upon the reduction of the principal amount of any maturity of the 2000 Series A Bonds, the registered Bondowner may make a notation of such redemption on the panel of the Bond, stating the amount so redeemed, or may return the Bond to the Trustee for exchange for a new 2000 Series A Bond authenticated by the Trustee in the proper principal amount. Such notation, if made by the Bondholder, may be made for reference only and may not be relied upon by any other person as being in any way determinative of the principal amount of such Bond Outstanding, unless the Trustee has initialed the notation on the panel.

(iii) DTC, or its nominee, will be the sole Bondholder of the 2000 Series A Bonds, and no investor or other party purchasing, selling or otherwise transferring ownership of any 2000 Series A Bonds will receive, hold or deliver any bond certificates as long as DTC holds the 2000 Series A Bonds immobilized from circulation.

(iv) The 2000 Series A Bonds may not be transferred or exchanged except:

(A) To any successor of DTC (or its nominee) or any substitute depository ("Substitute Depository") designated pursuant to (B) below, provided that any successor of DTC or any Substitute Depository must be a qualified and registered "clearing agency" as provided in Section 17A of the Securities Act of 1934, as amended;

(B) To a Substitute Depository designated by or acceptable to the Agency upon (1) the determination by DTC that the 2000 Series A Bonds shall no longer be eligible for depository services or (2) a determination by the Agency that DTC is no longer able to carry out its functions, provided that any such Substitute Depository must be qualified to act as such, as provided in subparagraph (A) above; or

(C) To those persons to whom transfer is requested in written transfer instructions in the event that:

(1) DTC shall resign or discontinue its services for the 2000 Series A Bonds and only if the Agency is unable to locate a

qualified successor within two months following the resignation or determination of noneligibility; or

(2) Upon a determination by the Agency that the continuation of the book-entry system described herein, which precludes the issuance of certificates to any Bondholder other than DTC (or its nominee) is no longer in the best interest of the Beneficial Owners of the Bonds.

(v) DTC is hereby appointed the securities depository for the 2000 Series A Bonds.

.6. **Paying Agents**. The Howard Bank, N.A., in the City of Burlington, Vermont, and such additional Paying Agent or Paying Agents, if any, as may be selected by the Executive Director in New York, New York or Boston, Massachusetts with due regard to the fees charged and for services rendered to the Agency are hereby appointed the Paying Agents for the 2000 Series A Bonds, subject to Section 1102 of the General Bond Resolution.

.7. **Redemption at the Election of the Agency and Terms**.

(a) As and to the extent specified in the Series Certificate, the 2000 Series A Bonds shall be subject to redemption otherwise than by operation of Sinking Fund Installments, either in whole or in part, from moneys deposited in the Optional Redemption Account in the Redemption Fund upon receipt of the Officer's Certificates as provided in Section 508 of the General Bond Resolution, and upon notice as provided in Section 2.09 hereof, and when redeemed in any period shown in the following table, at a Redemption Price equal to 100% of the principal amount of each 2000 Series A Bond to be so redeemed, plus accrued interest to the redemption date.

(b) As and to the extent specified in the Series Certificate, the 2000 Series A Bonds are also subject to redemption in whole or in part at any time at par plus accrued interest to the redemption date from moneys deposited in the Optional Redemption Account or the Special Redemption Account in the Redemption Fund, upon receipt of the Officer's Certificates as provided in Section 508 of the General Bond Resolution and upon notice as provided in Section 2.09 hereof, from (a) unused moneys in the 2000 Series A Mortgage Loan Account, (b) reductions in the Mortgage Reserve Fund Requirement, (c) reductions in the Debt Service Reserve Fund Requirement, (d) Recovery Payments or (e) Prepayments.

.8. **Sinking Fund Installments**. If so provided in the Series Certificate, 2000 Series A Bonds maturing on the dates set forth in the Series Certificate shall be subject to sinking fund redemption prior to maturity in part on the dates and in the amounts set forth in the Series Certificate through application of Sinking Fund Installments at a Redemption Price equal to the principal amount of each 2000 Series A Bond or portion thereof to be redeemed, plus accrued interest to the redemption date. Unless none of such Bonds shall then be Outstanding, the Agency shall be required to pay on February 15 and/or August 15 of each year, as set forth in the

Series Certificate, for the retirement of such Bonds the amount set opposite such date in said Series Certificate, and the said amount so to be paid on each such date is hereby established as and shall constitute a Sinking Fund Installment for retirement of such Bonds; provided, however, that where there has been special or optional redemption of 2000 Series A Bonds subject to sinking fund redemption, the amount of each future Sinking Fund Installment shown will be reduced as provided in the Officer's Certificate filed pursuant to Section 508 of the General Bond Resolution prior to such special or optional redemption.

.9. Notice of Redemption. Notwithstanding anything in the Bond Resolution to the contrary, the requirements of Section 703 of the Bond Resolution for the publication of notice of redemption in Authorized Newspapers shall not apply to the 2000 Series A Bonds. Notwithstanding said Section 703, notice of redemption of 2000 Series A Bonds shall be sufficiently given for all purposes of the General Bond Resolution if given by mailing a copy of such notice, postage prepaid, not less than 30 days nor more than 60 days before the redemption date, to the registered owners of all 2000 Series A Bonds or portions thereof to be redeemed at their addresses appearing on the registry books (with respect to a 2000 Series A Bond in book-entry-only form, such notice shall be mailed to the Securities Depository), provided failure to mail such notice to any Holder of a 2000 Series A Bond or any defect in such notice shall not affect the redemption of any other 2000 Series A Bond for which the required notice has been given. Notice having been given by mailing as aforesaid, the 2000 Series A Bonds so called for redemption shall be due and payable on the redemption date in the manner and with the effect provided in Section 705 of the General Bond Resolution.

.10. Sale of 2000 Series A Bonds.

(a) The 2000 Series A Bonds authorized to be issued herein shall be sold to Fannie Mae, and/or PaineWebber Incorporated, Salomon Smith Barney and A.G. Edwards & Sons, Inc., as may be specified by an Authorized Officer of the Agency, at a price equal to the principal amount of the 2000 Series A Bonds, plus accrued interest, unless otherwise specified in the Series Certificate, pursuant to the terms of a Purchase Contract substantially in the form of that used in connection with the sale of the 1999 Series C/D Bonds and on file with the Agency, the terms and provisions of which Purchase Contract are hereby approved and which the Executive Director is hereby authorized to execute on behalf of the Agency, subject to such changes as the Executive Director may deem appropriate and as may be required to accommodate the terms and provisions of the Series Certificate. The purchasers may be paid a fee by the Agency, as set forth in the Series Certificate, provided that such fee shall not exceed 1.5% of the principal amount of the 2000 Series A Bonds. The Commissioners of the Agency hereby authorize the Executive Director and the Chairman to approve the final fee for the purchase of the 2000 Series A Bonds.

(b) The distribution of a preliminary Official Statement, in the form approved by the Executive Director, is hereby approved. The completion of the terms of the final Official Statement by the Chairman, the Vice Chairman, the Executive Director and the Director of Finance of the Agency is hereby authorized and approved, and each is hereby authorized to permit the distribution of the final Official Statement, with such changes, omissions, insertions and revisions as they shall deem advisable, and the Chairman or Executive Director is authorized to sign and deliver such final Official Statement.

(c) The 2000 Series A Bonds shall be delivered upon compliance with the provisions of Section 202 of the General Bond Resolution.

Article III

ESTABLISHMENT OF ACCOUNTS AND APPLICATION OF 2000 SERIES A BOND PROCEEDS

.1. Debt Service Reserve Fund. Upon receipt of the proceeds of the sale of the 2000 Series A Bonds, there shall be deposited from such proceeds such amount as is needed to increase the amounts held by the Trustee in such Fund as of the date of delivery of the 2000 Series A Bonds to an amount at least equal to the Debt Service Reserve Requirement calculated as of such date. In order to determine Bonds issued for the purpose of funding the Debt Service Reserve Fund in the definition of Debt Service Reserve Requirement in the General Bond Resolution, there shall be delivered to the Trustee at the time of delivery of the 2000 Series A Bonds an Officer's Certificate designating such Bonds.

.2. Establishment of the 2000 Series A Cost of Issuance Account. There is hereby established within the Program Fund an Account to be designated as the 2000 Series A Bonds Cost of Issuance Account, the moneys in which shall be used for the purposes and as authorized by Section 403 of the General Bond Resolution.

.3. Establishment of the 2000 Series A Mortgage Loan Account. There is hereby established within the Program Fund an Account for the 2000 Series A Bonds, to be designated by Series, the moneys in which shall be used for the purposes and as authorized by Section 402 of the General Bond Resolution.

.4. Application of Other Proceeds.

(a) From the proceeds of the 2000 Series A Bonds remaining after the deposit made pursuant to Section 3.01 hereof, there shall be paid to the Trustee for deposit as follows:

(i) Into the Debt Service Fund the amount (if any) of interest accrued from the date of the 2000 Series A Bonds to the date of delivery thereof.

(ii) All other proceeds of the sale of the 2000 Series A Bonds shall be deposited by the Trustee into the Debt Service Reserve Fund, the Cost of Issuance Account or the Mortgage Loan Account in the amounts, if any, as shall be set forth in the Series Certificate.

(b) The Agency shall designate in the Series Certificate the amounts, if any, to be deposited in or transferred among the Debt Service Reserve Fund or the Accounts and Funds referred to in Section 401 of the General Bond Resolution in accordance with this Article III upon the delivery of the 2000 Series A Bonds by the Agency, including any amounts necessary for the purposes of fully funding the 2000 Series A Costs of Issuance Account.

(c) The Agency hereby covenants that it will not take any action, or fail to take any action, and it will not use or direct the use of the proceeds of the 2000 Series A Bonds or any other moneys in its possession or control, in any manner which would adversely affect the tax-exempt status of the interest payable on any Bonds then Outstanding under Section 103 of the Code.

Article IV

ESTABLISHMENT OF REBATE ACCOUNT AND SPECIAL COVENANTS

.1. Rebate Account.

(a) There is hereby established in the General Fund a separate trust account, to be held by the Trustee but not subject to the pledge or lien of the General Bond Resolution, designated the "2000 Series A Rebate Account," moneys in which are pledged to and shall be used solely for the purposes set forth in this Section 4.01. The Rebate Account shall not be subject to the claim of any party (including Bondholders) and shall not be paid over to any party other than the United States of America or the Agency to the extent provided in this Section 4.01.

(b) The Agency hereby covenants to establish such other separate accounts or subaccounts within the Funds and Accounts established pursuant to the General Bond Resolution as may be necessary or desirable to adequately trace and account for the direct and indirect proceeds of the 2000 Series A Bonds in order to comply with the rebate or yield reduction payment requirements of Section 148 of the Code. Such accounts or subaccounts may be established at any time upon the written direction of an Authorized Officer.

(c) At least annually, the Agency shall compute and certify to the Trustee in reasonable detail the amount required to be rebated to the United States pursuant to Section 148 of the Code and shall deposit or direct the Trustee to deposit such amount into the 2000 Series A Rebate Account from moneys held in the Revenue Fund after application of such moneys in accordance with clauses First, Second, Third and Fourth of Section 504 of the General Bond Resolution or, in the event such moneys are insufficient to make such deposit, from the General Fund or from any other moneys available to the Agency and not subject to the pledge or lien of the Bond Resolution. If for any reason funds are not available under the Bond Resolution for such deposit into the Rebate Fund, the Agency covenants to transfer moneys from its own funds for such deposit.

(d) If, at the close of any fiscal year, the amount in the 2000 Series A Rebate Account exceeds the amount that would be required to be paid to the United States under (c), upon certification thereof in reasonable detail by the Agency to the Trustee, such excess shall promptly be paid to the Agency for deposit in the General Fund.

(e) As required by Section 148 of the Code pursuant to direction from the Agency, the Trustee shall pay to the United States on behalf of the Agency the amount then required to be paid under Section 148 of the Code.

(f) The Trustee and the Agency shall keep such records as will enable them to fulfill their responsibilities under this Section 4.01 and shall retain such records for at least six years following final payment of the 2000 Series A Bonds.

.2. Governmental Program Requirement. The Agency shall not make any arrangement, formal or informal, pursuant to which any mortgagor, mortgage lender or other person (or any related person as defined in Section 147 of the Code) who may receive a Mortgage Loan under the Program shall purchase 2000 Series A Bonds in an amount related to the amount of such Mortgage Loan.

.3. Covenants as to Code. The Agency shall not permit at any time or times any moneys made available to purchase Mortgage Loans in accordance herewith or any proceeds of the 2000 Series A Bonds to be used, directly or indirectly, in a manner which would result in such bonds being qualified for the exclusion of any 2000 Series A Bond from the treatment afforded by subsection (a) of Section 103 of the Code by reason of such bond being classified as an "arbitrage bond" within the meaning of Section 148 of the Code, and, without limiting the generality of the foregoing, the Agency shall:

(a) Include restrictions in all agreements relating to the purchase or making of Mortgage Loans with the moneys made available to purchase or make Mortgage Loans so as to permit the financing of Mortgage Loans only in compliance with the Code, and establish and maintain reasonable procedures to ensure compliance with the requirements of the Code, if applicable. Any failure to meet such requirements shall be corrected by the Agency within a reasonable period after failure is discovered;

The Agency has specifically required that no person (or any related person, as defined in Section 144(a)(3) of the Code) shall purchase Bonds pursuant to any agreement, formal or informal, in an amount related to the amount of the Mortgage Loans to be made or acquired under the Program by the Agency;

The Agency shall continuously monitor the nonmortgage investments made directly or indirectly with the proceeds of the 2000 Series A Bonds and shall take immediate and appropriate action to reduce the amount invested in nonmortgage investments with a yield materially higher than the yield on the 2000 Series A Bonds as may be required by the Code; and

(b) The Agency shall take such other action as may be necessary or desirable to maintain the exclusion of interest of the 2000 Series A Bonds in accordance with Section 103(a) of the Code.

.4. Compliance With Article IV. The provisions of this Article IV shall be complied with by the Agency in order to meet the requirements of the Code such that interest on the 2000 Series A Bonds shall be and remain exempt from federal income taxes; provided, however, that the Agency shall not be required to comply with any such provision with respect to the 2000 Series A Bonds, in the event the Agency receives a Counsel's Opinion from a nationally recognized bond counsel firm that compliance with such provision is no longer required to satisfy the requirements of the Code or that compliance with some other provision in lieu of a provision specified in this Article IV will satisfy said requirements, in which case compliance with such other provision specified in the Counsel's Opinion shall constitute compliance with the provisions specified in this Article IV.

Article V

MISCELLANEOUS

.1. Mailed Notice. Notwithstanding anything in the Bond Resolution to the contrary, the requirements of Article IX and Sections 1108 and 1110 of the General Bond Resolution regarding the publication of notice of the matters referred to therein shall not apply to the 2000 Series A Bonds, and mailed notice to the Holders of the 2000 Series A Bonds, given in the manner described in Section 901(A) of the General Bond Resolution, in lieu of such published notice, shall be deemed to comply with the notice requirements of said Article and Sections.

.2. General. The Agency may adopt, and specify in an Officer's Certificate, any additional covenants as to Mortgage Loans, Mortgagors or lenders to be inserted as per the General Bond Resolution.

.3. Authorization of Officers. The Chairman, Vice Chairman or any other Commissioner of the Agency, Executive Director, Deputy Director, Treasurer, Director of Finance and Secretary of the Agency are hereby authorized and directed to do all acts and things and to execute and deliver any and all documents, certificates and other instruments necessary or desirable to effectuate the transaction contemplated by this 2000 Series A Resolution, the General Bond Resolution and the Official Statement.

.4. **Effective Date**. This resolution shall take effect immediately.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on October 26, 2000.

SARAH E. CARPENTER
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. IN A MAXIMUM AMOUNT OF $1,250,000 AND USING THE PROCEEDS, ALONG WITH OTHER TAX-EXEMPT PROCEEDS, TO MAKE A LOAN IN THE MAXIMUM AMOUNT OF $4,100,000 TO HOUSING VERMONT TO FINANCE THE CONSTRUCTION OF 67 UNITS OF A 74-UNIT DEVELOPMENT IN BURLINGTON

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

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $1,250,000 aggregate principal amount to Stratevest & Co., or some other subsidiary of BankNorth Group, Inc. (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance, in part, a construction loan to Housing Vermont (the "Borrower") to construct 67 units of a 74-unit development, McAuley Square (the "Project") in Burlington, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $1,250,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 26th day of October, 2000.

VERMONT HOUSING FINANCE AGENCY

By ______________________
Executive Director

Attest:

By ______________________
Authorized Officer

BOARD MINUTES

Vermont Housing Finance Agency
164 Saint Paul Street
Burlington, Vermont

Thursday, October 26th 2000 at 12:00 p.m.

PRESENT: Chairman White, Commissioners Seelig, Candon (designee of Costle), Douglas, Canney, Brown (designee of Lambert), Randall
Staff: Ms. Carpenter, Ms. Caragher, Ms. Loller, Mr. Schoenbeck, Mr. Adams, Mr. Falzone, Ms. Crady

Chairman White called the meeting to order at 12:28 p.m. Mr. Candon made a motion to approve the minutes from September 14, 2000. The motion carried unanimously after being seconded by Ms. Randall.

MULTIFAMILY MANAGEMENT

Mr. Falzone discussed with the Board a situation that has risen with Chris Fucci, a VHFA property owner. A while back, Mr. Fucci came to VHFA and asked to refinance his VHFA loan. Staff negotiated a way for him to receive an equity loan and in return, he was asked to sign a Preservation Agreement. Before staff was willing to do this, he had to resolve a couple of issues (bring his operating expenses down so that he could service his new debt and resolve a prior transfer of ownership he made without HUD's approval). Since that time, staff has became aware of several issues of concern pertaining to Mr. Fucci and the properties that he manages. Currently, there has been a court order to remove him as a manager for two properties and there is also a court order pending in New Hampshire that acknowledged that a large amount of money was missing from some of the projects he manages.

Mr. Falzone indicated that in light of this new information, Mr. Falzone wanted to get the Board's feedback on how to proceed with this equity loan. After a discussion among the Board and staff, the Board recommended that staff proceed with this loan request, but increase oversight of the Fucci Company or seek replacement of the management of this property. The Board also recommended that we include conditions in the Commitment Letter that will give VHFA assurance that all project assets and the residents will be protected.

DEVELOPMENT

Mr. Adams briefly reviewed the multifamily construction loan request for Rutland Rehab, Phase II. The development consists of thirty-one units in nine buildings. Housing Vermont and Rutland County Community Land Trust are requesting a $240,000 tax-exempt construction loan, which will enable them to receive 4% tax credits.

After a brief discussion, Ms. Canney made a motion to approve the "Resolution Pertaining to a Letter of Interest and Commitment Letter Re: Construction Financing for Rutland Rehab Development, Rutland" and the "Resolution Authorizing the Issuance and Sale of a General Obligation Bond to Stratevest & Co. or Some other Purchaser in a Maximum Amount of $270,000, and Using the Proceeds to Make a Loan in such amount to the Rutland Rehab Limited Partnership to Finance the Rehabilitation of a 31-Unit Development in Rutland." The motion carried unanimously after being seconded by Mr. Douglas.

Ms. Carpenter reviewed the multifamily loans that may have to be considered at some point in November. The first two projects are requesting funds to acquire mobile home parks. Staff is proposing that these be financed through the sale of 501 {c} 3 bonds, which is something VHFA has not done before. This tax-exempt financing is available to nonprofits that meet the IRS charitable tests. Kutak Rock has indicated that mobile home parks can meet this test if owned by a 501 {c} 3 organization. Addison County Community Trust (ACCT) has lined up financing with the National Bank of Middlebury and Vermont State Housing Authority (VSHA) with the Howard Bank, however both offers would not provide long-term fixed rate financing. VHFA would be able to sell thirty-year fixed rate bonds for these projects, ensuring long-term stability of the parks, with a good interest rate. VSHA and ACCT are discussing all their options.

The other project is Maples II in Rutland. The project is ready to go, but there is a gap in financing if they use the 4% credit. Staff is working with Green Mountain Development Group to find ways to close the gap. Staff is recommending that VHFA provide a 0% loan in the amount of $198,000 to help the project close the gap. If VHFA proceeds with the 0% loan, staff would expect to receive extended affordability on the Maples II, & I and would require a lockout on our loan on Sugarwood, a housing project in Middlebury (also owned by the Green Mountain Development group).

After a brief discussion, the board indicated that they were comfortable with staff's recommendations and to proceed with the financings.

HOMEOWNERSHIP

Ms. Crady discussed the Homeownership activities next. On the production side, activity is still very strong. Currently we have $8 - $10 million in reservations. This is not as much activity as we showed in early summer, but is still very strong for this time of the year.

Ms. Crady reported that our Lender Lunches have gone very well this year and have been widely attended. Currently, staff is working on the upcoming Home Buyer Fair happening in March 2001. Staff is doing a lot of advanced planning, as Kelly Deforge, our Outreach Coordinator, will be out on maternity leave during the first part of 2001.

On the collection side, with staff changes and a few busy months, delinquencies are slightly up. Ms. Crady indicated that delinquencies do tend to increase during the fall months. Staff has asked VHFA servicers to keep a close watch on new delinquencies and to work with the chronically delinquent borrowers in order to avoid defaults due to heating costs. Currently, 13 out of the 22 VHFA REO properties are under contract.

Ms. Crady announced that the Central Vermont Homeownership Center has been awarded a NeighborWorks® Charter and their celebration is being held today.

FINANCE

Mr. Schoenbeck reviewed the multifamily bond financing that staff has been working on in order to provide permanent financing to The Gardens and to McAuley Square. Adoption of the Series Resolution (included in the Board packet) will enable VHFA to sell bonds to finance both of these projects. Moody's has indicated that we will receive an AA rating. The bonds will be sold directly to Fannie Mae and will save us underwriter costs of about 10 basis points to the rate. Staff would like to proceed with this and hope to have it completed within 2 weeks.

Staff is also hoping to include the HUD note purchase and the acquisition of the Westgate project and the mobile home parks in this bond financing. Fannie Mae has agreed to purchase a privately placed bond to them to back the projects mentioned. This could consist of taxable 501 {c} 3 bonds.

After a brief discussion, Mr. Seelig made a motion to adopt the 2000 Series A Series Resolution. The motion carried unanimously after being seconded by Mr. Douglas.

Next, Mr. Schoenbeck reviewed the McAuley Square Bond Resolution that would allow VHFA to issue $1,250,000 in short-term tax exempt notes to Stratevest & Company. With no further discussion, Mr. Candon made a motion to approve the Resolution approving the issuance of short-term tax exempt notes for the McAuley Square development. The motion carried unanimously after being seconded by Mr. Brown.

Due to minor changes that have occurred during the planning for the Westgate closing, staff is recommending that the Board approve increasing the maximum loan amounts from $5 million to $5.5 million, to ensure wiggle room if needed. Mr. Douglas made a motion to approve the "Amended Resolution Pertaining to Combined Letter of Interest and Commitment Letter Re: Westgate Apartments." The motion carried unanimously after being seconded by Mr. Seelig.

Mr. Schoenbeck discussed the memorandum from Evensen Dodge, Inc., included in the Board packet. The purpose for this financial review is to identify significant variances from the 1998 financial study and to take corrective actions, if needed. There were several changes that occurred in the last 2 years that we did not anticipate. The closing of the Vermont Home Mortgage Guarantee Board was just one of these unexpected events. In 1998, our mortgage activity was extremely low and, therefore, did not allow us to meet our mortgage loan targets. Corrective actions have been taken for some of the negative variances (loan losses and decreased loan purchases). Recent loan purchases are doing very well and loan prepayment levels have been higher than expected. Evensen Dodge and staff will continue to monitor prepayment levels and report as to what kind of an impact that will have on projections. Mr. Schoenbeck noted that, in the last two years, we are much closer to our targets.

ADMINISTRATION

Ms. Carpenter indicated that Al Hans of Evensen Dodge, Inc. would be here for the Affordable Housing Conference on November 29th. She suggested that the Board and Senior Management staff have breakfast or dinner with him while he is here to answer any questions regarding the financial review he prepared for VHFA. The Board agreed that they would like to have breakfast with Al on November 30th before the Board retreat begins.

Ms. Carpenter noted that we would be contracting with Elizabeth Mullikin Drake for the next 3 – 6 months to assist us with our legal needs. Staff would like her to review several matters while she is here, including our closing process for multifamily financings and bonds, a review of our statues, and the process for REO attorney's. We also hope that she can help us assess what we may need in the future for legal needs.

Ms. Carpenter reminded the Board that they should let Kari know if they need overnight accommodations for the upcoming conference and Board retreat.

With no further business, Mr. Brown made a motion to adjourn at 2:50 p.m. The motion carried unanimously after being seconded by Mr. Candon.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

BOARD MINUTES
Vermont Housing Finance Agency
164 Saint Paul Street
Burlington, VT 05401

Tuesday, November 28, 2000
CONFERENCE CALL

Present: Staff: Ms. Carpenter, Mr. Schoenbeck, Ms. Reid, Mr. Falzone, Mr. Erdelyi, Mr. Adams
Other: Ms. Ready (ACCT), Ms. White (ACCT), Mr. Broderick (Housing Vermont)
Via conference call: Board: Chairman White, Commissioners Randall, Candon (designee of Costle), Brown (designee of Lambert), Canney, Seelig

Chairman White called the meeting to order at 2:05 p.m. Mr. Adams reviewed the multifamily loan application for Brookside Mobile Home Park. The Addison County Community Trust (ACCT) is proposing to acquire Brookside Mobile Home Park, which consists of forty-eight lots. They are requesting an $845,000 permanent loan from VHFA.

Although the park is generally in good shape, ACCT is planning to do some rehab work (replace the electrical system, improve the septic systems, and fill in the potholes on the road). Mr. Adams indicated that the current lot rents are $273.00, but will be reduced to $250.00. Mr. Seelig expressed concern about the level of the lot rents and that ACCT did not seek VCDP funding. He then encouraged ACCT to work with VHCB on fulfilling their grant conditions.

VHFA is planning to issue a 501 (c) 3 bond as a source for the $845,000 being requested and staff anticipates that Fannie Mae will purchase the bond. Ms. Canney made a motion to approve both resolutions "Resolution Pertaining to Combined Letter of Interest and Commitment Letter Re: Permanent Financing for Brookside Mobile Home Park (Starksboro)" and "Resolution Authorizing the Issuance and Sale of a General Obligation Bond to Fannie Mae in a Maximum Amount of $900,000 and Using the Proceeds to Make a Loan to ACCT to Finance the Acquisition and Rehabilitation of a 48-Unit Mobile Home Park in Starksboro." The motion carried unanimously after being seconded by Mr. Seelig.

Ms. Reid reviewed the loan application for Marketplace in South Burlington. Lake Champlain Housing Development Corporation (LCHDC) and Housing Vermont (HVT) are co-developing a 160-unit new construction project on Farrell Street in South Burlington. There will be 4 buildings, each consisting of 40 units. The buildings are spilt into two projects – a three building 4% tax credit project and a one building 9% tax credit project. The three-building project is requesting 4 loans: $6,439,470 tax- exempt construction loan; $3,121,000 30 year tax-exempt permanent loan; $380,000 10 year tax-exempt permanent loan; $300,000 0% loan. The tax-exempt financing will enable the project to qualify for 4% tax credits in the amount of approximately $290,000. The one-building project is requesting three loans: $3,073,500 taxable construction loan; $925,000 taxable 30-year permanent loan; $110,000 10-year taxable permanent loan. The one-building project has a commitment for 2001 9% tax credits in the amount of $275,000. Housing Vermont is assuming 26 Section 8 vouchers, which are project-based for 10 years., The structure of the debt mirrors this income. There is a gap of approximately $170,000, which HVT is working to fill. There is an individual who may be interested in a direct purchase of bonds. The project has all other funding commitments. The project has local permits and is anticipating Act 250 approval in mid-December, subject to a 30-day appeal period.

After a brief discussion, Ms. Canney made a motion to approve the "Resolution Pertaining to a Letter of Interest and Commitment Letter Re: Construction and Permanent Financing for Marketplace Development, South Burlington." The motion carried unanimously after being seconded by Mr. Candon.

Mr. Erdelyi indicated the construction and permanent loans being requested for Maple Tree Place in Williston would construct nine buildings (fifty units) of housing. Thirty-six of the fifty units will be income restricted under the tax credit program and eleven of those units will have even deeper restrictions. The appraisal has not been completed, but staff anticipates that the value will exceed the requested debt amount of $33,000 per unit. The loan represents 28% of the total project cost.

Mr. Erdelyi noted that he had increased the aggregate loan amount from $5.2 million to $5.5 million on the resolution. There was concern that the site plan appeared to be heavily covered with parking lots. Mr. Broderick indicated he would look at this concern.

With no further discussion, Mr. Seelig made a motion to approve the "Resolution Pertaining to a Letter of Interest and Commitment Re: Construction Financing for Maple Tree Place, Williston." The motion carried unanimously after being seconded by Mr. Brown.

With no futher business, Ms. Canney made a motion to adjourn the meeting at 2:45 p.m. The motion carried unanimously after being seconded by Mr. Seelig.

Sincerely,

Sarah Carpenter

Sarah E. Carpenter
Executive Director and Secretary

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Glenn A. Jarrett

DATE: December 8, 2000

RE: Private Activity Bond Volume Cap

BACKGROUND:

The Agency has utilized all of the single family private activity bond volume cap for the issuance of Series 12 and Series 13. There is still multi-family volume cap remaining from the $15 million you allocated for those purposes in August.

In order to use the multi-family volume cap after the end of 2000, you are required to pass a resolution authorizing the carry-forward of the volume cap. A proposed resolution is attached.

I would be happy to answer any questions that you may have.

REQUESTED ACTION:

Approval of the attached resolution.

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

**RESOLUTION RELATING TO
VERMONT HOUSING FINANCE AGENCY
ELECTION TO CARRYFORWARD
2000 PRIVATE ACTIVITY BOND
VOLUME CAP ALLOCATION**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") has been allocated $71,000,000 in 2000 private activity bond volume cap by the State of Vermont and has allocated $56,000,000 of that to qualified mortgage bonds and mortgage credit certificates and has allocated $15,000,000 to exempt facility bonds; and

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

NOW, THEREFORE, it is hereby RESOLVED:

1. If the Vermont Housing Finance Agency is allocated any additional volume cap by the State of Vermont on or after December 15, 2000, it elects to allocate all of such additional volume cap for the purposes of issuing qualified mortgage bonds or mortgage credit certificates.

2. The Vermont Housing Finance Agency elects to carry forward all of its unused volume cap pursuant to section 146 of the Internal Revenue Code of 1986 for the purposes of issuing exempt facility bonds unless it is allocated any additional volume cap by the State of Vermont on or after December 15, 2000, in which case it elects to carry forward all of such additional volume cap for the purposes of issuing qualified mortgage bonds or mortgage credit certificates.

3. The Executive Director and Director of Finance are directed, and each of them is authorized, to take all steps necessary to carry forward the Agency's unused volume cap, including, but not limited to preparation, execution, and delivery of a Carryforward Election of Unused Private Activity Volume Cap in such form as may be required by the Internal Revenue Service and consistent in content and effect with this Resolution.

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RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT RE: CONSTRUCTION FINANCING FOR MAPLE TREE PLACE, WILLISTON

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

WHEREAS, a proposal has been presented to the Agency by Housing Vermont on behalf of a to-be-formed limited partnership involving the new construction of 50 units of rental housing in the Town of Williston (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to the issuance and sale of tax-exempt bonds of not more than $5,500,000 aggregate principal amount (the "Bonds") to finance a loan to the Housing Vermont or a partnership that includes a subsidiary of Housing Vermont as a general partner (the "Borrower") to construct a 50 unit rental housing development (the "Project") in Williston, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in an amount of up to $3,800,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds and one or more long-term loans in an amount of up to $1,700,000, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joseph Erdelyi, dated November 22, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

persons and families.

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

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

6. The sponsor and its general partner are financially responsible and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to Housing Vermont or a to-be-formed partnership including a subsidiary of Housing Vermont as a general partner for construction financing in an amount not to exceed $3,500,000; the term of the construction loan will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds and one or more long-term loans in an amount of up to $1,700,000, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

1. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsor must provide an as-built appraisal satisfactory to VHFA;

   b) Sponsor must provide evidence of necessary permits;

   c) Sponsor must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

   d) Sponsor must provide a written property tax estimate from the Town of Williston; and

   e) Sponsor must provide additional security satisfactory to VHFA.

3. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and construct the Project is hereby preliminarily

approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in her/his discretion, issue a Commitment Letter for a construction loan for the Development in an amount not to exceed $3,500,000 and a long-term loan in an amount not to exceed $1,700,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. One long-term loan shall be due and payable not more than 30 years from the date the loan is made; shall be fully amortized over the period of the loan, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The other long-term loan shall be due and payable not more than 10 years from the date the loan is made, shall be fully amortized over the period of the loan, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds for all loans shall be tax-exempt bond proceeds. The Sponsor shall be responsible for loan fees and transaction costs. The Commitment Letter may be issued to Housing Vermont as a representative of the to-be-formed limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director, Chief of Program Operations and the Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held by conference call at Burlington, Vermont, on November 28, 2000.

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: PERMANENT FINANCING FOR BROOKSIDE MOBILE HOME PARK (STARKSBORO)

WHEREAS, a proposal has been presented to the Agency by Addison County Community Trust ("ACCT"), involving the acquisition and rehabilitation of Brookside Mobile Home Park, a mobile home park containing 48 pads located in Starksboro (the "Development"); and

WHEREAS, the proposal contemplates a term mortgage loan of $845,000 with an amortization period of 30 years and term of 30 years, with the interest rate to be determined by the Agency depending on the source of funds; and

WHEREAS, Addison County Community Trust is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from David Adams, Chief of Program Operations, dated November 22, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

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

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

6. The sponsor is a financially responsible organization and qualifies as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to the Addison County Community Trust for the acquisition and rehabilitation of Brookside Mobile Home Park in Starksboro in an amount not to exceed $845,000, with the following conditions:

   a. ACCT to provide VHFA with original appraisal report as provided by Keller Navin & O'Brien, Inc, dated May 2, 2000 along with any original updates to the appraisal report.

   b. Receipt and review of a Level I Environmental Site Assessment indicating no evidence of hazardous materials or practices that have, or could have, an adverse affect on the park. Level II Site Assessment and mitigation if initial site assessment warrants

   c. ACCT or its attorney to provide evidence or certification that ACCT is a 501(c)(3) organization and that the acquisition and operation of the mobile home park will not create unrelated business taxable income to ACCT or jeopardize ACCT's status as a qualified 501(c)(3) organization. Loan proceeds must be used for the acquisition and improvement in the park and may not be used for working capital.

   d. VHFA to receive, review and approve an updated schedule of "Sources and Uses" of funds, Cash Flow Schedules, along with a construction schedule and cost breakdown for improvement planned to the park. Cash flow projections must support a debt service ratio of not less than 103%, at anytime during the life of the loan, and must achieve a minimum DCR of 115% within the first ten years.

   e. VHFA shall specifically require receipt of approval by the Agency of Natural Resources, Water Supply Division of the Source Protection Plan, dated October 25th, 2000 as prepared by Bannister Research and Consulting. VHFA will require compliance with any of the conditions of this approval and must approve any changes to the proposed project and project financials that may result from this approval.

   f. Receipt, review and approval of construction plan and cost estimate for work proposed for replacement of park electrical infrastructure.

   g. Receipt, review and approval or cost estimate and scope of work to be done by WC Paving Company for road repairs.

   h. Receipt, review and approval or cost estimate and scope of work to be done to Water System.

i. The Agency's funding is subject to receipt of funding as proposed from VHCB and VCLF. Any changes to the amounts, terms or conditions of any of the funding sources are subject to approval by VHFA.

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

3. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director may, in her discretion, issue a Commitment Letter for a long-term loan for the acquisition and rehabilitation of the Development, in an amount not to exceed $845,000.

4. The long-term loan shall be due and payable not more than 30 years from the date the loan is made; the interest rate on the long-term loan shall not exceed 150 basis points above the Agency's cost of funds. The Sponsor shall be responsible for loan fees and the cost of appraisal, engineering studies and reports, environmental assessments and legal services. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

5. The Executive Director and the Chief of Program Operations are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held by conference cal at Burlington, Vermont, on November 28, 2000.

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT LETTER RE: CONSTRUCTION AND PERMANENT FINANCING FOR MARKETPLACE DEVELOPMENT, SOUTH BURLINGTON

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

WHEREAS, a proposal has been presented to the Agency by Housing Vermont and Lake Champlain Housing Development Corporation (the "Sponsors"), involving the new construction of four buildings containing 160 units of rental housing in the City of South Burlington (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $6,900,000 aggregate principal amount (the "Bonds") to finance a loan to a limited partnership to be created by Housing Vermont and Lake Champlain Housing Development Corporation (the "Borrower") to construct 120 units of rental housing in three buildings located at 65 Farrell Street (the "Development") in South Burlington, Vermont that will qualify for federal low-income housing tax credits; and

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $6,700,000 from the proceeds of tax-exempt bonds for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds; and

WHEREAS, the proposal contemplates first mortgage loans in the amount of up to $3,600,000 as long-term financing for 120 units in three buildings in the Marketplace project, from the proceeds of tax-exempt bonds, and with the interest rate to be determined by the Agency depending on the source of funds, and the loan shall have an interest rate of not more than 150 basis points above the Agency's cost of funds; and

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $3,552,000 from the proceeds of taxable bonds for construction financing for one 40 unit building in the Marketplace project, with the interest rate to be determined by the Agency depending on the source of funds; and

WHEREAS, the proposal contemplates first mortgage loans in the amount of up to $1,100,000 as long-term financing for one 40 unit building in the Marketplace project, from the proceeds of taxable bonds, and with the interest rate to be determined by the Agency depending on the source of funds; and

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

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid, dated November 22, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

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

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

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

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

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

6. The Sponsors are financially responsible organizations and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making mortgage loans to a limited partnership to be created by Housing Vermont and Lake Champlain Housing Development Corporation for construction financing in an amount not to exceed $10,252,000 (consisting of a tax exempt loan of up to $6,700,000 and a taxable loan of up to $3,552,000); the term of the construction loans will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds. The Executive Director is also authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making mortgage loans to a limited partnership to be created by Housing Vermont and Lake Champlain Housing Development Corporation for the long term financing of the Development in an amount not to exceed $4,700,000 (consisting of tax exempt loans of up to $3,600,000 and taxable loans of up to $1,100,000); the term of two long-term loans will be 30 years, the amortization period will not exceed 30 years, and the interest rate will be not more than 150 basis points above the Agency's cost of funds. The term of two other long term loans shall be 10 years from the date the loans are made, and shall

be fully amortized over the period of the loans, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing Sponsors in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

a) Sponsors must provide a written estimate of property taxes from the City of South Burlington for the as-improved development;

b) Sponsors must provide final plans and specifications for VHFA review and approval at least 4 weeks prior to VHFA loan closing;

c) Sponsors must provide evidence of necessary permits that are final;

d) Sponsors must fill any funding gap created by changing budget assumptions on Section 8 income and lender/loan fees prior to closing;

e) Sponsors must provide executed construction contract and all addenda by loan closing that is within the project's budget to maintain overall feasibility and is reasonably in line with an independent cost estimate to be performed by the Agency; builders profit, overhead and general requirements must be in compliance with the Housing Credit Allocation Plan;

f) Sponsors must provide a management plan, lease-up plan and budgeted lease-up reserve satisfactory to VHFA prior to closing;

g) Sponsors must provide a guarantee satisfactory to VHFA through the end of the lease up period;

h) Sponsors must provide a commitment of Section 8 rental assistance the amount of which supports the requested debt prior to closing.

3. The issuance of tax-exempt Bonds for the purpose of financing loan(s) to the Borrower to allow the Borrower to acquire and rehabilitate the Development is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can

only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in their discretion, issue a Commitment Letter for construction loans for the construction of the Development, in an amount not to exceed $6,700,000 tax exempt and $3,552,000 taxable for a total of $10,252,000 in construction financing; and a Commitment Letter for term loans in an amount not to exceed $1,100,000 taxable and $3,600,000 tax exempt for a total of $4,700,000 in permanent financing. The Executive Director, Chief of Program Operations and Director of Finance are authorized to allocate the loan proceeds to all or portions of the Development.

6. The construction loan(s) shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds for a $6,700,000 loan and taxable bond proceeds for a $3,552,000 loan. Two permanent loans shall be due and payable not more than 30 years from the date the loans are made, payments shall be based on a 30 year amortization period and the interest rate shall not exceed 150 basis points above the Agency's cost of funds; two other permanent loans shall be based on a 10 year amortization period and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of the funds shall be tax-exempt bond proceeds for the loans totaling $3,600,000 and taxable bond proceeds for the loans totaling $1,100,000. The Sponsors shall be responsible for loan fees and transaction costs. The Commitment Letter may be issued to Housing Vermont and Lake Champlain Housing Development Corporation as representatives of the to-be-formed limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director is authorized to make an additional loan to the Borrower for the development of not more than $300,000 at an interest rate of 0%.

8. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate the financing.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held by conference call at Burlington, Vermont, on November 28, 2000.

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND IN A MAXIMUM AMOUNT OF $900,000 AND USING THE PROCEEDS, TO MAKE A LOAN TO ADDISON COUNTY COMMUNITY TRUST TO FINANCE THE ACQUISITION AND REHABILITATION OF A 48-UNIT MOBILE HOME PARK IN STARKSBORO

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

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $900,000 aggregate principal amount to Fannie Mae, or some other purchaser (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance, in part, a loan to Addison County Community Trust, an organization qualified under section 501(c)(3) of the Internal Revenue Code (the "Borrower") to acquire and rehabilitate a 48-unit mobile home park, Brookside Mobile Home Park (the "Project") in Starksboro, Vermont;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $900,000 principal amount of bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed 30 years and the interest rate thereon shall not exceed 7.5%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 28th day of November, 2000.

VERMONT HOUSING FINANCE AGENCY

By ______________________
Executive Director

Attest:

By ______________________
Authorized Officer

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency by conference call at Burlington, Vermont, on November 28, 2000.

____

SARAH E. CARPENTER
Executive Director and Secretary
Vermont Housing Finance Agency