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VERMONT HOUSING FINANCE AGENCY

January 11, 1999

Ms. Mary Moore
Vermont Department of Libraries
109 State Street
Montpelier, VT 05609

Dear Ms. Moore:

The Vermont Housing Finance Agency Board of Commissioners will have its regular meeting on Thursday, January 21st at the Vermont Association of Realtors/Association of General Contractors Office, 148 State Street, Montpelier, Vermont.

From 12:00 p.m. until 1:00 p.m. the Board of Commissioners are expected to be meeting in Executive Session.

The regular Board Meeting will begin at 1:00 p.m. following the expected Executive Session.

If you have any questions, please do not hesitate to contact me at 652-3413.

Sincerely,

Kari Caragher

Kari A. Caragher
H.R./Executive Assistant

ADMINISTERING THE PROGRAMS OF THE VERMONT HOME MORTGAGE GUARANTEE BOARD

Mailing Address: PO Box 408, Burlington, Vermont 05402-0408
Delivery Address: 164 Saint Paul Street, Burlington, Vermont 05401-4364
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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: January 15, 1999

RE: **CONFIRMATION OF UPCOMING BOARD MEETING**

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held on January 21st at the Associated General Contractors Office, 148 State Street, Montpelier, Vermont. Please see agenda for meeting time.

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

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Montpelier on January 21st!

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BOARD AGENDA

Association of General Contractors Office
148 State Street
Montpelier, Vermont

Thursday, January 21, 1999

12:00 p.m. – 1:00 p.m.

The Board of Commissioners will meet with the Human Resources Committee. *Lunch will be provided.*

1:00 p.m – 2:00 p.m. (Regular Agenda Items)

1.	Review and approval of the December 17th 1998 minutes.	
2.	Executive Director's Report	{Carpenter//Enclosure}
3.	General Fund Budget Performance Report/Financials as of Sept. 30, 1998	{Schoenbeck//Enclosures}
4.	Single Family Program Activity Reports for November 1998	{Lothrop//Enclosures}
5.	Outreach, Advertising, and Public Relations Results for FY99 Year to Date	{Gent//Enclosure}
6.	Property Transfer Tax Exemption	{Jarrett//Enclosure}
7.	Review of Income Limits and Purchase Price Limits	{Crady//Enclosure}

2:00 p.m. – 4:00 p.m. (The VHMGB/VHFA Boards Meeting Agenda)

1.	Status of Mortgage Dynamics Inc. (MDI) Consultants Regarding the Assessment of Losses	{Enclosure- Projection of Claim Losses in VHMGB Mortgage Insurance Portfolio}
2.	Plan for Sale of VHMGB Liability and Associated RFP	{Enclosure-Status of VHMGB and VHFA Initiatives}
3.	Discussion of Public Relations/Legislative Strategy	{Enclosure – Talking Points for Board Members re: VHMGB Changes}
4.	Implications to VHFA Based on VHMGB's Status	
5.	Any other business to come before the Board	

ADMINISTERING THE PROGRAMS OF THE VERMONT HOME MORTGAGE GUARANTEE BOARD

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BOARD MINUTES

Vermont Housing Finance Agency
164 Saint Paul Street
Burlington, Vermont

Thursday, December 17, 1998

PRESENT: Chairman White; Commissioners Seelig, Candon (designee of Costle), Brown (designee of Lambert), Canney, Randall, Douglas

Staff: Ms. Carpenter, Mr. McNamara, Mr. Schoenbeck, Ms. Caragher, Ms. Gent, Ms. Loller, Mr. Jarrett, Mr. Falzone, Mr. Lothrop, Ms. Santerre, Ms. Crady, Ms. Reid, Mr. Erdelyi

Other: Mr. Broderick (Housing Vermont), Mr. Sassorossi (Lake Champlain Housing Development Corp), Ms. Wright (Lake Champlain Housing Development Corp), Mr. Gurley (PaineWebber, Inc) and Mr. Rittenhouse (AG Edwards)

Chairman White called the meeting to order at 1:07 p.m. A motion was made by Ms. Canney to approve the minutes of October 29 and December 3, 1998. The motion carried unanimously after being seconded by Ms. Randall. Chairman White welcomed Ms. Carpenter to VHFA and indicated that the Board was very glad to have her here. Ms. Carpenter thanked Chairman White and indicated that she was very glad to be here.

Ms. Gent reviewed her memo "Summary of Strategic Planning Board Discussions During 1998," included in the Board packet. Ms. Gent indicated that the purpose of the strategic planning packet was to provide each of the Board members with a background of the topics discussed this past year. It will serve as a reminder of all discussions the Board members have had to date. Ms. Gent noted that staff would like feedback from the Board on how to proceed with strategic planning discussions. Ms. Randall indicated that she feels strategic planning should be discussed at the beginning of the Board meetings so more time and attention can be spent on it. Chairman White stated that for the next three months, VHMGB would be the most important strategic planning issue that we face. Once that issue is resolved, staff and the Board members can devote their attention to other important strategic planning issues.

The Board members agreed to designate a short period of time in the beginning of the next scheduled Board meeting to brainstorm about the most important strategic planning issues facing VHFA today. Once a list of strategic planning issues has been completed, staff will then work on the list to gather as much information as possible to help with future strategic planning discussions.

Next, Ms. Gent discussed her memo "25th Anniversary Plan," included in the Board packet. Ms. Gent stated that VHFA's 25th anniversary is in April 1999. This event provides opportunities for strategic planning efforts as well as public exposure. Ms. Gent indicated that staff is working on ways to reduce single family mortgage loan interest rates between April and December 1999. There will also be a new 25th anniversary logo developed for use during 1999 to help promote our anniversary. Ms. Gent also noted that there will be a celebration at the Vermont Statehouse on April 13th and she encouraged all Board members to attend. There are

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also special outreach events that will be taking place with our legislators. Chairman White asked that the Board members note the date of the Statehouse celebration and strongly encouraged them all to attend.

Next, Mr. Schoenbeck discussed his memo "Multi-Family Excess Yield 0% Usage Plan," included in the Board packet. Mr. Schoenbeck indicated that this is a very valuable resource for our Agency. We have expended more than $2.3 million to date and have remaining commitments of $550,000; ongoing commitments of $325,000 and a current request of $199,000 for Allen Apartments. After all the commitments that the Board has made, there is $847,178 still available. Chairman White asked if there were any restrictions with the plan. Mr. Schoenbeck indicated that we have to show that we are utilizing those funds for housing purposes. Mr. Schoenbeck noted that currently, our bond counsel (Kutak Rock) is giving us some advice for structuring the funds for single family. Chairman White asked if 0% funds could be used to buy down mortgage rates. Mr. Schoenbeck indicated that they can and that we have done that to an extent under conditions regulated by tax law. It was asked whether there were any recommendations from staff on how to allocate this money. Mr. Schoenbeck indicated that the Evensen Dodge study indicated that we should help our multifamily developments first. Evensen Dodge suggests that we focus on existing portfolio loans (especially troubled loans) and then utilize remaining funds for new developments.

Ms. Canney asked whether there was something VHFA could do to assist a mobile home park in Clarendon, Vermont where the tenants are currently living without adequate sewage disposal. Ms. Canney indicated that these people all need to be relocated. Chairman White asked that staff get some information on this from Kutak Rock to see if VHFA can do something for the mobile home park.

In her Report, Ms. Carpenter stated her first three days at VHFA have been great. She has been trying to meet with staff members to see exactly what each person and department does. Ms. Carpenter indicated that recently she attended a tax credit meeting, discussing revisions to the allocation plan. A public hearing regarding the allocation plan will be scheduled soon. Ms. Carpenter also attended the Vermont Housing and Conservation Board retreat, the VCRD Annual Rural Development Summit, and Housing Council, which were all very interesting and helpful.

Ms. Reid reviewed her memo "Allen Apartments, Winooski: Letter of Interest and Commitment for Permanent and 0% Financing," included in the Board packet. Lake Champlain Housing Development Corporation (LCHDC) is seeking to acquire and rehab 17 units of rental housing in five buildings in Winooski. All of the buildings are in need of rehabilitation. There is a Housing Assistance Payment (HAP) Section 8 Contract in place, which runs out in 13 years. LCHDC is proposing to do some initial selective rehabilitation upon acquisition and then to phase an additional rehab of 2 – 3 units per year over a period of 11 years. Ms. Reid indicated that, since this memo was completed, the Level 1 assessment has been done and she will be reviewing this to make sure everything is acceptable. Also, the fourth condition in the memo has been changed to say that all seventeen units must be rehabilitated over a ten-year period. After further discussion, a motion was made by Mr. Seelig to approve the "Resolution pertaining to letter of Interest and Commitment Letter Re: Allen Apartments (Winooski)," with the change to the fourth condition that Ms. Reid noted. The motion carried unanimously after being seconded by Mr. Brown.

Ms. Loller briefly summarized her memo "Fourth Quarter Year 2000 Update," included in the Board packet. Ms. Loller indicated that the testing phase would begin after the first of the year. Ms. Loller noted that we have interviewed two outside vendors, who will be assisting us with testing our software on each PC. Ms. Loller also indicated that we have not yet purchased a server, but will be doing so soon.

Next, Mr. Jarrett reviewed his memo "Multi-Family Bond Issue – Homestead Green," included in the Board packet. Mr. Jarrett handed out an amended Resolution for the Board to review. This amended resolution changes the name of the purchaser of the Agency's general obligation bond from the Howard Bank to Stratevest & Company. Mr. Jarrett noted that the Agency will be financing the construction of this development and the takeout financing will be provided by USDA/Rural Development. Issuing tax-exempt bonds for the short term financing will allow the development to receive out-of-cap housing credits without having to compete for the increasingly scarce in-cap credits. After further discussion, a motion was made by Mr. Douglas to approve the "Resolution Authorizing the Issuance and Sale of a General Obligation Bond to Stratevest & Company in a Maximum Amount of $975,000 and Using the Proceeds to Make a Loan in Such Amount to North Bennington II Limited Partnership to Finance the Construction of a 17-unit Project in North Bennington." The motion carried unanimously after being seconded by Mr. Candon.

Mr. Jarrett handed out a copy of the "Resolution Amending the December 3, 1998 Bond Resolution for the Lakeview Housing Limited Partnership Development and ratifying staff's action in issuing a bond to Stratevest & Co." After a brief discussion, Mr. Douglas made a motion to approve the amended Resolution. The motion carried unanimously after being seconded by Mr. Brown.

Ms. Reid summarized her memo "1998 Multifamily Development Activity Report," included in the Board packet. Ms. Reid indicated that this report covers activity from January 1, 1998 to December 1, 1998. The first section of the report covers Ventures, the second section relates to our tax credit projects and the third section concerns our multifamily loans. This report covers the period when we made the commitment until when it closes. Mr. Candon noted that he would be interested in seeing loans that are in the pipeline. Mr. Candon then thanked Ms. Reid for the report and indicated it is very useful.

Ms. Carpenter indicated that Mr. Erdelyi and Ms. Reid have creatively structured a way for Rural Development projects to borrow money from us for construction purposes, which will allow them to access out-of-cap credits. VHFA's willingness to do this construction financial structure gives the projects a chance to get national RD loans and rent subsidies. Mr. Erdelyi added that by doing this we are moving in the direction of doing more construction loans in the future.

Mr. Lothrop briefly reviewed both his memos "Single-Family Program Activity Report for October, 1998," and "Servicing Activity for October 1998," included in the Board packet. Mr. Lothrop indicated that the delinquencies dropped in October for the first time in two years. Due to the holidays, he does expect delinquencies to increase, as they historically have. Mr. Lothrop also noted that the total numbers of loans in our portfolio are dropping.

Mr. Lothrop stated that the Operations Department has lost three underwriters in a very short time period. Staff has contacted four mortgage insurance companies to see if there was interest in contract underwriting for us. All four mortgage companies that were contacted have indicated that they are interested in contract underwriting for VHFA, although they made it clear that if they did contract underwriting for us, they would want a reasonable guarantee that they would get the mortgage insurance. Mr. Lothrop indicated that Mortgage Dynamics, Inc (MDI) has signed a consulting agreement to provide VHFA certain services. There may be overlap so both efforts must be coordinated. Mr. Lothrop also noted that one of the mortgage insurance companies contacted expressed an interest in possibly providing insurance for mobile homes.

Mr. Lothrop noted that we should have proposals from all four mortgage insurance companies by the second week of January. Chairman White suggested that perhaps there are other people outside the Agency that could assist us with contract underwriting. Mr. Lothrop indicated that we have contacted temporary services for assistance, but have not gotten a response from them yet. The consensus of the Board was that staff should continue to work on this.

Mr. Schoenbeck discussed his memo "VHMGB Budget Impact," included in the Board packet. On December 1, 1998, the Vermont Home Mortgage Guarantee Board approved a budget for the fiscal year ended June 30, 1999. In January 1998, a memorandum of understanding was signed between VHFA and VHMGB, which continues the policy of VHFA administering the programs of VHMGB and receiving compensation for that service. Because VHMGB did not approve the budget presented to them in June 1998, staff proposed a per loan charge based on costs calculated in a base year and applied that factor to the estimated volume of business for FY99 for the revised budget presented in December 1998 to decrease VHMGB costs. The change in the formula resulted in a reduction of income from VHMGB of about $100,000 from the original proposed budget. Therefore, VHFA needs to adjust the budget to reflect the decrease in expected income from VHGMB from $380,000 to $280,000. Due to the reduction in staffing, we are expecting to save about $45,000 to offset the loss of income.

Another item to add to the budget is the contract that the VHFA Board authorized with MDI during our December 3 conference call in the maximum amount of $25,000. The final change was to move $10,000 of Y2K consulting costs to capital. After further discussion, Mr. Douglas made a motion to approve the revisions to the budget as recommended in Mr. Schoenbeck's memo. The motion carried unanimously after being seconded by Ms. Canney.

Next, Mr. Jarrett presented the "Resolution Amending Resolutions Adopted at the Annual Meeting of Vermont Housing Finance Agency, July, 23, 1998," which includes Ms. Carpenter as the Executive Director. Mr. Seelig made a motion to approve the above resolution. The motion carried unanimously after being seconded by Mr. Candon.

Mr. Jarrett then reviewed his memo "Delegation of Multifamily Lending Authority," included in the Board packet. Mr. Jarrett indicated that at the last Board meeting he was asked to do further research on the possibility of delegating multifamily lending authority to staff. Mr. Jarrett indicated that he has done more research including reviewing the authorizing statutes of the Vermont Student Assistance Corporation, the Vermont Economic Development Authority and the Vermont Educational and Health Buildings Financing Agency. Mr. Jarrett noted that in speaking with the general counsels of several other housing finance agencies, none of those agencies' boards delegate findings to the staff.

Mr. Jarrett suggested that the Board could allow staff some authority to issue either letters of interest or commitment and have the Board adopt the statutory findings before the loan is closed. This approach would satisfy the statute. Another method would be to seek a legislative change to allow such delegation. Vermont Economic Development Authority did have its statute amended in 1995 to allow limited delegation to loan officers. That provision allows loan officers to review, approve and make loans up to $150,000, subject to the approval of the manager and the notification of board members. A third possibility would be to enact regulations that allowed delegation of staff so long as certain specific parameters set out in the regulations were met. After further discussion, Chairman White suggested that staff explore both legislative solutions and staff solutions.

Mr. Falzone gave his Multifamily Management Report next. Mr. Falzone began by asking the Board members for any feedback they might have regarding this report and whether it meets their needs. Mr. Falzone noted that the Vermont State Housing Authority would be taking over all management for the Abenaki Acres development effective January 1, 1999. He also noted that Parson's Hill development in Castleton has been fully rehabilitated and currently has four vacancies. The Vermont State Housing Authority has agreed to allow the owner/manager to rent the four bedroom units to families who would not otherwise qualify for a unit of that size. Chairman White asked if we were involved with any lawsuits regarding Parson's Hill. Mr. Jarrett indicated that two lawsuits have been filed and we have not been joined in either suit.

Mr. Falzone indicated that the property manager at Walden Mountain has presented a budget for the coming year that indicates the inability of the property to meet its long-term capital needs and maintenance. A 0% loan will likely be needed. This property is already covered by a 1994 VHFA Preservation Agreement.

Chairman White indicated that the format for this report is very helpful. Ms. Carpenter suggested that putting the items in order of importance might be more beneficial. Mr. Falzone agreed and indicated that his next report would be in that format.

Ms. Randall noted that the Human Resources Committee would like to have the Board meet in Executive Session at its next meeting for an hour. Chairman White suggested that we meet before the Board meeting and have a working lunch. Ms. Randall asked Mr. Schoenbeck when he thought the committee could get the analysis of the benefits VHFA provides to its employees. Mr. Schoenbeck indicated that they would have it before their next meeting on January 8th.

Chairman White indicated that the schedule of proposed Board meetings for 1999 be subject to change. He would like to change the May 13th date to May 20th. He also noted that he might want to cancel the August meeting.

Chairman White then gave a brief update to the Board members on VHMGB. He indicated that the contract of engagement with VHFA has been signed and returned to MDI. Chairman White participated in a conference call Tuesday, December 15th with Ms. Carpenter and MDI. MDI will be pursuing Phase I and Phase II simultaneously. Chairman White indicated that perhaps in January, the VHFA Board and VHMGB Board could meet with MDI to assure everyone is up to date with what is happening.

Chairman White indicated that yesterday he had a discussion with the Deputy State Treasurer, Mike Smith. Mr. Smith indicated that the Administration is indicating that VHFA may need to contribute toward the sale of the VHMGB liabilities. The Administration contends that if the liabilities of the VHMGB total $8 million and VHMGB has $4 million in reserves, than VHFA must contribute toward the remaining $4 million. Chairman White indicated that perhaps he and Ms. Carpenter should try and meet with Ms. Hoyt next week to discuss this. He added that Ms. Hoyt could have some valuable insight on what VHFA should do. Chairman White assured staff and the Board that he would keep them updated.

A motion was made by Mr. Candon to adjourn and carried unanimously after being seconded by Mr. Seelig. The meeting adjourned at 3:45 p.m.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: January 15, 1999

EXECUTIVE DIRECTORS REPORT

The month since we last met certainly has been a busy one for me. I have been trying to meet with all staff individually and with departments to get a better understanding of the variety of VHFA activities and functions. Senior staff has been very helpful in bringing me up to date on Agency operations. I have had the opportunity to meet twice with the Personnel Policy Review Committee (PPRC) and with the Board Human Resources Committee to review current policies and discuss a number of issues.

Activities surrounding VHMGB have taken much of my attention. I have been working closely with Mike Smith (Deputy Treasurer) and the staff of Mortgage Dynamics Inc. (MDI) to coordinate efforts with VHFA staff as they gather data and meet deadlines set in the MDI proposal. Staff has been doing a great deal of work to get ready for bids from private mortgage insurance companies. We met with MDI all day on January 5th to develop a time line and options for VHFA. Richard White and Greg Brown joined us in the afternoon to further discuss strategies for VHFA. Under separate cover we will send you a copy of our preliminary correspondence with lending partners. I will be meeting with Tim Hayward and the Vermont Bankers Association Mortgage Committee, as well as some of our nonprofit partners and will update you on their thoughts at the Board meeting.

Below is a brief summary from departments highlighting items of special interest. I thought this might be helpful when reviewing activities for each department. More detail is available in the attached memos.

ADMINISTRATION

January 1, 1999 we began implementing the tracking of accrued leave by the hour. This had previously been tracked by half days and was an overall concern of staff. Staff is currently updating our contract with Automatic Data Processing, Inc (ADP) to process payroll online and to allow ADP to track a number of additional items on employee's pay stubs.

On January 14th the incoming phone lines will be answered by a live voice! People calling us will no longer get voicemail right away; they will ring directly into the receptionist's phone. We also plan to have the voicemail directory made a little more user friendly. We are trying a temporary staffing reassignment until we understand the volume and look at the first floor space.

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Earlier in December I had the opportunity to participate in the Low Income Housing Tax Credit Allocation Plan. A Public Hearing to receive comments on proposed changes will take place in late January/early February. Final changes will be ready for VHFA Board review at the February 18th regular meeting.

Proposed changes include adding language to allow the Joint Committee on Tax Credits (JCTC) and the VHFA Board discretion in the award process; weighting the Consolidated Plan Priorities in to two tiers, with rehabilitation, family housing, downtown location, alleviating blight and special needs housing receiving more weight; and refining how we rank Affordability and Geographic Targeting. We also propose to break Federally At-Risk Projects into a separate category.

We will mail a copy of the Public Meeting Notice and a summary of the proposed changes once the meeting has been scheduled.

COMMUNICATIONS

Staff has been reviewing a number of ideas for the 25th Anniversary. A full slate of outreach and public relations activities are planned for the spring, at the same time that work on VHMGB continues. The spring advertising campaign will begin during the week of January 18th. In late February we have arranged a series of 8 special lender informational sessions at which I will discuss informally the options being considered by VHFA when VHGMB ceases issuing guarantees.

VHFA's fall advertising campaign was very successful, with an increase of 36% in the number of calls made to our Helpline (increases were noted in 12 of 14 counties). The outreach activity goals for the fall were also met through 3 consumer classes, 2 lender training sessions, 2 real estate classes, 2 sessions for nonprofits, and 5 Homeownership Center meetings. Public relations efforts were reduced due to the hiring process for the Executive Director through the fall.

FINANCE

As I have had time, I have been trying to get up to speed on the various Agency bond financings. Results for the first quarter of the fiscal year ended September 30, 1998 show an Agency surplus of $1,650,958 consistent with past years operations. A large part of the surplus was due to an increase in the market value of investments. Loan losses were $423,540. The General Fund is on track and was at 25.1% of expense authorization for the fiscal quarter. Roger and I will be exploring ways to provide you with General Fund Budget figures earlier. We hope to arrange a meeting in early February for me to meet with our various financial partners and advisors.

SINGLE FAMILY OPERATIONS

Much of the staff's activity has been focused on VHMGB. By the Board meeting, we will have met with 3 companies about contract underwriting and will have an idea about issues VHFA will face using private mortgage insurance in the future. This will be discussed in more detail at the Board meeting.

Activity for the Single Family Programs for November remains low as compared to previous year activity. Based on the report of the VHFA financial advisor, we will most likely have sufficient volume to "maintain" ourselves, however some thought needs to be given in the strategic planning process as to how much volume VHFA should be doing. The MCC program continues to be used less and less by participating lenders. Research should be done to determine the reasons for this and what volume is needed to continue the program.

As has happened historically, delinquencies increased in the month of November. Included in the Board packet are graphs that illustrate this by comparing 1998 to the two previous years. Doug noted that while the number of delinquent loans falls between those of 1996 and 1997 the percent of loans delinquent is close to the highest of 1996 and 1997. One of the reasons for this is the erosion of the total loans in the VHFA single family mortgage portfolio.

DEVELOPMENT

The Development Administrative Assistant left VHFA in early January. We are looking at that job description and have not yet hired. I want to explore ways Development and Management can work in a more intergrated way. Multifamily Management staff did provide assistance in getting the year end tax credit reports finished. Cindy went on maternity leave on January 1 (a healthy baby boy)!

VHFA staff are in the process of compiling data that will allow changes to purchase price limits based on information from Vermont Property Transfer Tax Returns and possibly Multiple Listing Service transcations, and eliminate the need to wait for new average area purchase price information to be released from the U.S. Treasury Department. This will allow VHFA to determine appropriate purchase price limits based on the most curent data available instead of U.S. Treasury Department data that was last released in September 1994.

A Memorandum of Understanding has been signed by VHFA, the Vermont Development Credit Union, Rural Development, and the four Homeownership Centers that will greatly improve the Homeownership Centers ability to assist households at or below 50% of median income. Eligible homebuyers will receive a VHFA HOUSE Program first mortgage, a RD second mortgage at one- percent interest, and a $12,000 Progress (Federal Home Loan Bank/VHFA) third mortgage.

LEGAL

As staff reviewed the impacts of VHMGB suspending activity, we realized that there is an issue with continuing the property transfer tax exemption that was enacted a few years ago to set off the increased premium costs for VHMGB guarantees. We should ask the Legislature to transfer this exemption from VHMGB to VHFA and have outlined a proposal that is included in your Board packet.

MULTIFAMILY MANAGEMENT

As expected, Abenaki Acres in Swanton was successfully placed under VSHA management on January 1st. The December Mortgage payment is delinquent emphasizing the importance of putting these units under capable management. The 1998 audit will no doubt disclose other fiscal problems that will need to be resolved with Abenaki Acres. At Parson's Hill in Castleton, one of four vacant units has been filled as of January 15th. An additional unit is expected to be occupied by an approved applicant but is not yet under lease. The two remaining units are being prepared for turnover and will be available by the end of January. Staff has reopened discussions with the owners South Meadow, who have been looking to refinance their VHFA loan.

OTHER

January 26 – 29 I will be in Washington, D.C. for a meeting sponsored by Fannie Mae for the eastern regional HFA directors. I plan to discuss options with them on what Fannie Mae Programs are available that may assist VHFA in the future, particularly after the suspension of VHMGB. I also will be meeting John McEvoy of NCSHA and attending a Board meeting of AAHSA.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: **VHFA BOARD OF COMMISSIONERS**

FROM: **ROGER A. SCHOENBECK, DIRECTOR OF FINANCE**

RE: **SEPTEMBER 30, 1998 FINANCIAL REPORTS**

DATE: **JANUARY 15, 1999**

GENERAL FUND BUDGET PERFORMANCE REPORT

Attached to this memorandum is the General Fund Budget Performance Report for the period ended September 30, 1998. A few brief comments follow regarding the results of that report. As a general comment, most differences are due to timing of transactions that due not necessarily occur pro-rata during the year. Due to the small amount of fund balances a deficit was realized for the first quarter, but this should be corrected in future quarters.

Income. Income was 21.6% of budget for the first three months. The unanticipated surprise was that the Vermont Home Mortgage Guarantee Board was billed only for consultant charges because a budget was not approved for operating costs. Other income items were pretty much as anticipated.

Fund Balances. Although transfers were only at 11.3% of budget, the first quarter of the fiscal year is traditionally a quiet time for transfers as they are timed with bond payments.

Expenses. Expenses were at 25.1% for the quarter, again timing was the biggest reason for differences. Trustee fees and legal expenses will pick up substantially in future quarters.

VHFA FINANCIAL STATEMENTS

Also included in this mailing is the Agency-wide financial statement at September 30, 1998. The surplus of $1.65 million is somewhat misleading due to the fact that there was almost $1.4 million in gains on market value of investments. This was the new accounting requirement that took effect last year. There were also loan losses of about $423,000 this quarter which is consistent with last year. In the multi-family programs, there was a lower than expected surplus of about $400,000 in the 0% yield programs due to low loan activity during the quarter. This should be back in sync later in the year. After these considerations, the surplus for the three months is slightly lower than the $775,000 reported for the same period in FY98.

If you have any questions regarding the financial reports attached, please contact me at your convenience.

RESOLUTION PERTAINING TO
LETTER OF INTEREST AND COMMITMENT LETTER
RE: ALLEN APARTMENTS (WINOOSKI)

WHEREAS, a proposal has been presented to the Agency by Lake Champlain Housing Development Corp., of Burlington and Housing Vermont, (the "Sponsors") involving the acquisition and rehabilitation of a scattered site development on West Allen and West Canal Streets in Winooski, with five buildings on five lots containing 17 rental apartments (the "Development"); and

WHEREAS, the proposal contemplates a permanent mortgage loan of up to $525,000 with an amortization period of 20 years, with an interest rate to be determined based on the Agency's cost of funds, and the source of the funds to be determined as well as a loan of $199,000 in 0 percent funds from the 1995 multifamily bond refunding; and

WHEREAS, the Sponsors expect to secure low income housing tax credit equity for the development; and

WHEREAS, the Sponsors qualify as housing sponsors and expect to form a limited partnership that would also qualify as a housing sponsor, within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Board has been presented with a memorandum dated December 11, 1998 from Cynthia L. Reid (the "Memorandum"); and

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

It is hereby DETERMINED:

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

2. The 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 sponsors 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 Sponsors are financially responsible organizations and qualify as housing sponsors within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director may, in her discretion, issue a Letter of Interest for a loan for the acquisition and rehabilitation of the Development, in an amount to be determined by the Executive Director, but not to exceed $525,000. The loan shall bear interest at a rate to be determined and shall be amortized over a period of 20 years.

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. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, construction financing, or for other purposes with the consent of the Agency.

3. The Executive Director may, in her discretion, issue a Commitment Letter for a loan for the acquisition and/or rehabilitation of the Development, in an amount to be determined by the Executive Director, but not to exceed $525,000. The term of the loan shall be 20 years. The loan shall bear interest at a rate to be determined, based on the Agency's cost of funds. The Commitment Letter may be issued to Lake Champlain Housing Development Corporation and/or Housing Vermont or a 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, including but not limited to the submission of the following in form and content acceptable to the Agency:

   a) Sponsor must obtain Level 1 Environmental Site Assessments for each property satisfactory to VHFA. Any findings must be adequately addressed in the rehab scope of work;

   b) Sponsor must test for lead paint in all units prior to initial rehab and provide VHFA with test results; sponsor must address any lead paint which is present through remediation measures as each unit undergoes rehabilitation which disturbs lead paint surfaces;

   c) Sponsor to execute a Preservation Agreement at closing which stipulates affordability requirements until the year 2030;

   d) Sponsor to execute an agreement at closing (to be contained in the Regulatory Agreement) which commits owner to phasing in rehabilitation of a minimum of all 17 units over a period of ten years, to be paid for out of operating income, and requiring the submission of a yearly plan for rehabilitation with the annual operating budget, to be approved by VHFA Multifamily Management staff;

e) Sponsor commits that at least 15% of the amount of the net bond proceeds used for acquisition must be expended on qualified rehab within two years of closing (this condition to be contained in the Regulatory Agreement);

f) Sponsor must provide final rehab plans and specifications for VHFA approval by closing;

g) Sponsor must provide evidence of competitive bidding by loan closing, with bids approximately at budgeted levels, to maintain overall feasibility.

4. The Commitment Letter may also include a commitment for a loan of $199,000 at a rate of 0 percent per annum, deferred for 20 years. These funds will be from the proceeds of the Agency's 1995 multifamily bond refunding.

5. The commitment of the Agency shall be subject to receipt, on or before the date of the closing, of a commitment fee in an amount equal to one and one half percent (1.5%) of the principal amount of the first mortgage loan.

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

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on December 17, 1998.

Sarah Carpenter

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

RESOLUTION AMENDING
RESOLUTIONS ADOPTED AT THE ANNUAL MEETING OF
VERMONT HOUSING FINANCE AGENCY, JULY 23, 1998

WHEREAS, the Agency has a new Executive Director; and

WHEREAS, the Board of Commissioners wishes to amend the Resolution adopted at the annual meeting of Vermont housing finance agency, July 23, 1998 (the "Resolution") to reflect this change;

NOW, THEREFORE, it is hereby RESOLVED:

1. The individual whose signature and title appears below is authorized to do those acts provided for her position in the Resolution, as amended.

Executive Director ____________________ Sarah E. Carpenter

2. The Executive Director may perform any act authorized to be performed by any employee of the Agency.

3. The remainder of the Resolution not affected by these changes will continue in force as written.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on December 17, 1998.

Sarah Carpenter

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

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATAVEST & COMPANY IN A MAXIMUM AMOUNT OF $975,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO NORTH BENNINGTON II LIMITED PARTNERSHIP TO FINANCE THE CONSTRUCTION OF A 17-UNIT PROJECT IN NORTH BENNINGTON

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 $975,000 aggregate principal amount to Stratavest & Company (the "Company") based on the Agency's general obligation credit and use the proceeds to finance a construction loan to North Bennington II Limited Partnership (the "Borrower") to construct a 17-unit project (the "Project") in North Bennington, Vermont that will qualify for federal low-income housing tax credits, and which Project is expected to obtain permanent financing from the United States Department of Agriculture/Rural Development;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $975,000 principal amount of tax-exempt bonds to the Company (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, Deputy Director 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 Company with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed five 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 construction loan of not more than $975,000 to the Borrower to finance the construction of the Project is hereby authorized and approved, and the Executive Director, Deputy Director 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, Deputy Director 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, Deputy Director, 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.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on December 17, 1998.

Sarah Carpenter

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

RESOLUTION AMENDING THE DECEMBER 3, 1998 BOND RESOLUTION FOR THE LAKEVIEW HOUSING LIMITED PARTNERSHIP DEVELOPMENT AND RATIFYING STAFF'S ACTION IN ISSUING A BOND TO STRATEVEST & CO.

WHEREAS, on December 3, 1998, the Agency adopted a resolution entitled "Resolution Authorizing The Issuance And Sale Of A General Obligation Bond To The Howard Bank, N.A. In A Maximum Amount Of $850,000 And Using The Proceeds To Make A Loan In Such Amount To Lakeview Housing Limited Partnership To Finance The Rehabilitation Of A 16-Unit Project In Newport;" and

WHEREAS, it came to the attention of the staff shortly before the scheduled loan closing that Stratevest & Co. was to be the purchaser of the Agency's bond rather than The Howard Bank, N.A.; and

WHEREAS, both Stratevest & Co. and The Howard Bank, N.A. are wholly owned subsidiaries of BankNorth Group, Inc.; and

WHEREAS, staff made a decision to proceed with the scheduled closing and seek ratification from the Board;

NOW, THEREFORE, it is hereby RESOLVED:

1. The Resolution of the Agency dated December 3, 1998, entitled "Resolution Authorizing The Issuance And Sale Of A General Obligation Bond To The Howard Bank, N.A. In A Maximum Amount Of $850,000 And Using The Proceeds To Make A Loan In Such Amount To Lakeview Housing Limited Partnership To Finance The Rehabilitation Of A 16-Unit Project In Newport" is hereby amended as follows:

The words "The Howard Bank, N.A." and "Bank" are changed to "Stratevest & Co." and "Company," respectively.

2. The actions of the staff of the Agency in closing the Project loan, issuing a bond to Stratevest & Co. rather than The Howard Bank, N.A. and doing all acts necessary to complete the closing and the bond sale are hereby approved and ratified by the Agency.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on December 17, 1998.

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 STRATAVEST & COMPANY IN A MAXIMUM AMOUNT OF $975,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO NORTH BENNINGTON II LIMITED PARTNERSHIP TO FINANCE THE CONSTRUCTION OF A 17-UNIT PROJECT IN NORTH BENNINGTON

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 $975,000 aggregate principal amount to Stratavest & Company (the "Company") based on the Agency's general obligation credit and usė the proceeds to finance a construction loan to North Bennington II Limited Partnership (the "Borrower") to construct a 17-unit project (the "Project") in North Bennington, Vermont that will qualify for federal low-income housing tax credits, and which Project is expected to obtain permanent financing from the United States Department of Agriculture/Rural Development;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $975,000 principal amount of tax-exempt bonds to the Company (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, Deputy Director 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 Company with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed five 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 construction loan of not more than $975,000 to the Borrower to finance the construction of the Project is hereby authorized and approved, and the Executive Director, Deputy Director 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, Deputy Director 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, Deputy Director, 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 December, 1998.

VERMONT HOUSING FINANCE AGENCY

By David Carpenter
Executive Director

Attest:

By ______________________________
Authorized Officer

BUDGET PERFORMANCE REPORT
VERMONT HOUSING FINANCE AGENCY
SEPTEMBER 30, 1998

	APPROVED BUDGET	ACTUAL 9/30/98	PERCENT OF BUDGET
INCOME			
Single family fees	30,000	7,990	26.6%
Multi-family fees	226,000	29,458	13.0%
Project Administration fees	95,000	36,858	38.8%
Single family servicing fees	22,000	1,389	6.3%
Interest income-loans	790,000	202,256	25.6%
Interest income-invest	100,000	16,300	16.3%
VHMGB charges	355,000	70,815	19.9%
Miscellaneous income	45,000	23,787	52.9%
TOTAL INCOME	**1,663,000**	**388,853**	**23.4%**
FUND TRANSFERS			
Single Family Housing Bonds	1,500,000	-	0.0%
Single Family Insured Mtg Bonds	200,000	-	0.0%
Single Family Mortgage Purchase	175,000	-	0.0%
Single Family Home Mortgage Purchase	120,000	-	50.0%
Multi-Family Mortgage Bonds	440,000	220,000	44.7%
Multi-Family Housing Bonds	160,000	71,581	0.0%
Multi-Family Housing Develop Bonds	20,000	-	24.3%
Direct Placement Bonds	35,000	8,500	11.3%
TOTAL TRANSFERS	**2,650,000**	**300,081**	**11.3%**
TOTAL INCOME & TRANSFERS	**4,313,000**	**688,934**	**16.0%**
EXPENSES			
Advertising & Promotion	140,900	35,058	24.9%
Annual report	12,000	700	5.8%
Audit expense	44,500	29,000	65.2%
Commissioners expense	3,500	1,149	32.8%
Consulting fees	279,950	74,372	26.6%
Depreciation	156,000	36,369	23.3%
Dues & Subscriptions	36,065	9,377	26.0%
Insurance	205,845	51,268	24.9%
Interest expense	480,000	132,177	27.5%
Legal expense	30,000	3,330	11.1%
Miscellaneous	6,500	331	5.1%
Occupancy expense	67,000	18,071	27.0%
Office expenses	38,500	8,649	22.5%
Payroll taxes	125,537	34,017	27.1%
Pension expense	145,000	39,883	27.5%
Postage	23,000	1,123	4.9%
Repairs & Maintenance	35,000	8,913	25.5%
Salaries & Wages	1,653,091	418,634	25.3%
Staff travel & Training	83,650	15,991	19.1%
Telephone	48,000	8,925	18.6%
Trustee & Credit fees	225,000	17,884	7.9%
TOTAL OPERATING EXPENSES	**3,839,038**	**945,221**	**24.6%**
Organization subsidy expense	325,000	101,238	31.2%
TOTAL EXPENSES	**4,164,038**	**1,046,459**	**25.1%**
SURPLUS (DEFICIT)	**148,962**	**(357,525)**	**-240.0%**

VERMONT HOUSING FINANCE AGENCY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES
FOR THE QUARTER ENDED SEPTEMBER 30, 1998

		SINGLE FAMILY				MULTI-FAMILY				
	GENERAL FUND	INSURED MORTGAGE PROGRAM	MORTGAGE PURCHASE PROGRAM	HOME MTG PURCHASE PROGRAM	HOUSING PROGRAM	MORTGAGE PROGRAM	HOUSING PROGRAM	DIRECT PLACEMENT PROGRAM	HOUSING DEVELOPMENT PROGRAM	COMBINED TOTAL
REVENUES:										
Interest Income:										
Mortgage and construction loans receivable	202,256	61,799	3,018	1,940,182	4,928,721	648,924	388,977	250,621	155,824	8,580,322
Investments	14,378	100,729	1,542	1,552,942	2,239,479	165,767	78,718	10,641	23,413	4,187,609
Fee Income:										
Multi-Family Mortgage Programs	24,898	0	0	0	0	0	23,833	0	0	48,731
Single Family Mortgage Programs	37,986	0	0	0	0	0	0	0	0	37,986
Grant income	12,000	0	0	0	0	0	0	0	0	12,000
VHMGB income	70,815	0	0	0	0	0	0	0	0	70,815
Gain on value of investments	1,923	100,780	497	1,152,228	0	72,826	27,563	0	42,831	1,398,648
Miscellaneous income	11,788	0	0	0	0	0	0	0	0	11,788
TOTAL REVENUES	376,044	263,308	5,057	4,645,352	7,168,200	887,517	519,091	261,262	222,068	14,347,899
EXPENSES:										
Financing costs, including interest and amortization of premium, discount and costs of issuance	132,178	110,617	0	3,078,624	6,182,693	721,608	420,261	245,332	153,774	11,045,087
Mortgage service and contract administration fees	3,493	4,163	116	77,281	233,246	0	0	0	0	318,299
Salaries and benefits	539,536	0	0	0	0	0	0	0	0	539,536
Operating expenses	318,020	0	0	0	0	0	0	0	0	318,020
Professional fees	34,575	0	0	0	0	0	0	0	0	34,575
Trustee and assignee fees	17,884	0	0	0	0	0	0	0	0	17,884
Property disposition and loan loss expenses	0	0	0	143,221	280,319	0	0	0	0	423,540
TOTAL EXPENSES	1,045,686	114,780	116	3,299,126	6,696,258	721,608	420,261	245,332	153,774	12,696,941
Excess (deficiency) of revenues over expenses	(669,642)	148,528	4,941	1,346,226	471,942	165,909	98,830	15,930	68,294	1,650,958
Fund balance at beginning of year	8,808,027	4,365,592	164,757	18,740,069	8,177,757	4,671,400	6,306,663	192,945	956,430	52,383,640
Transfers to general fund	336,940	0	0	0	0	(220,000)	(108,440)	(8,500)	0	0
Fund balance at end of period	8,475,325	4,514,120	169,698	20,086,295	8,649,699	4,617,309	6,297,053	200,375	1,024,724	54,034,598

VERMONT HOUSING FINANCE AGENCY
BALANCE SHEET
SEPTEMBER 30, 1998

		SINGLE FAMILY				MULTI-FAMILY				
	GENERAL FUND	INSURED MORTGAGE PROGRAM	MORTGAGE PURCHASE PROGRAM	HOME MTG PURCHASE PROGRAM	HOUSING PROGRAM	MORTGAGE PROGRAM	HOUSING PROGRAM	DIRECT PLACEMENT PROGRAM	HOUSING DEVELOPMENT PROGRAM	COMBINED TOTAL
ASSETS										
Cash and cash equivalents	4,644,392	4,010,902	45,069	69,649,675	94,306,376	5,057,432	3,173,263	325,061	514,761	181,726,931
Investments	352,775	4,037,464	39,834	20,464,317	46,225,000	4,882,778	2,803,351	0	1,150,047	79,955,566
Mortgage and const loans receivable	11,200,811	3,313,299	77,494	84,314,906	256,306,333	30,466,162	28,532,565	14,657,306	6,908,040	435,776,916
Accrued int rec - mtg and notes	569,300	22,086	667	750,324	1,841,068	151,159	180,558	135,104	34,540	3,684,806
Accrued int rec - investments	20,867	44,811	1,917	1,997,709	3,513,316	41,516	37,571	1,656	6,181	5,665,544
Deferred costs of bond issuance	0	22,285	0	476,942	1,886,389	211,151	377,902	5,092	46,227	3,025,988
Land	775,000	0	0	0	0	0	0	0	0	775,000
Building	1,000,834	0	0	0	0	0	0	0	0	1,000,834
Office furniture and fixtures	1,457,496	0	0	0	0	0	0	0	0	1,457,496
Accumulated depreciation	(1,156,566)	0	0	0	0	0	0	0	0	(1,156,566)
Other receivables and prepaid expenses	471,167	3,181	842	141,565	185,369	51,093	12,286	0	0	865,503
Interfund receivables (payables)	892,866	5,239	3,912	(347,385)	(670,786)	(50,526)	(255,188)	39,814	382,054	0
Other assets and REO	0	0	0	868,158	1,686,501	0	0	0	0	2,554,659
TOTAL ASSETS	20,228,942	11,459,267	169,735	178,316,211	405,279,566	40,810,765	34,862,308	15,164,033	9,041,850	715,332,677
LIABILITIES AND FUND BALANCES										
Deferred loan origination fees	273,628	0	0	0	0	0	0	0	0	273,628
Accounts payable	608,199	1,430	37	29,439	306,566	0	7,020	0	0	952,691
Escrowed cash deposits	3,478,044	0	0	328	(124,780)	0	1,166,185	0	100,043	4,619,820
Notes payable	6,709,322	0	0	0	0	0	0	0	0	6,709,322
Accrued interest payable	63,340	209,635	0	4,055,622	9,852,173	355,386	199,570	72,361	178,081	14,986,168
Bonds payable	621,084	6,815,000	0	156,050,000	389,330,000	36,410,000	28,190,000	14,909,852	7,875,000	640,200,936
Unamortized discount on bonds	0	(80,918)	0	(1,905,473)	(2,734,092)	(571,930)	(997,520)	(18,555)	(135,998)	(6,444,486)
TOTAL LIABILITIES	11,753,617	6,945,147	37	158,229,916	396,629,867	36,193,456	28,565,255	14,963,658	8,017,126	661,298,079
Fund balance	8,475,325	4,514,120	169,698	20,086,295	8,649,699	4,617,309	6,297,053	200,375	1,024,724	54,034,598
TOTAL LIABILITIES & FUND BAL	20,228,942	11,459,267	169,735	178,316,211	405,279,566	40,810,765	34,862,308	15,164,033	9,041,850	715,332,677

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Douglas R. Lothrop, Director of Single Family Operations DRL

DATE: December 1, 1998

RE: Single Family Program Activity Report For November 1998

MORTGAGE PURCHASE PROGRAMS

Month	No.	Amount	Previous Year	No.	Amount
Reservations	44	$ 2,810,322		40	$ 2,803,003
Purchases	51	$ 3,484.007		61	$ 4,093,567

Period to Date	No.	Amount	Previous Year	No.	Amount
Reservations	634	$44,825,166		60	$60,388,119
Purchases	417	$28,000,801		586	$40,165,554

MORTGAGE PLUS

Month	No.	Amount	Previous Year	No.	Amount
Reservations	4	$ 308,000		3	$ 273,438
Issued	8	$ 620,459		6	$ 457,625

Period to Date	No.	Amount	Previous Year	No.	Amount
Reservations	56	$ 4,513,946		107	$ 9,147,858
Issued	66	$ 4,486,324		82	$ 6,260,016

ADMINISTERING THE PROGRAMS OF THE VERMONT HOME MORTGAGE GUARANTEE BOARD

Mailing Address: PO Box 408, Burlington, Vermont 05402-0408
Delivery Address: 164 Saint Paul Street, Burlington, Vermont 05401-4364
802 / 864-5743 • 800 / 339-5866 • TDD: 800 / 586-5832
FAX: 802 / 864-5746 • Underwriting FAX: 802 / 863-5422 • home@vhfa.org

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EQUAL HOUSING OPPORTUNITY

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Douglas R. Lothrop, Director of Single Family Operations
Mary K Sweeney, Administrative Assistant

DATE: January 4, 1999

RE: Quarterly Report of the Results of the Quality Control Process for the period October 1, 1998 through December 31, 1998

VOLUME

LOANS SELECTED FOR REVIEW

A total of 161 loans were guaranteed by VHMGB during the above period. Of these, 99 were loans to be purchased by VHFA, and 66 were conventional.

Fifteen (15) loans guaranteed by VHMGB were randomly selected by the computer to participate in the quality control process. Of these loans 10 were to be purchased by VHFA and 5 were conventional loans.

The chart below demonstrates a comparison by percentage of the loans guaranteed and the loans pulled for quality control review.

Category	VHFA	Conventional
Total Loans Guaranteed In Period	61.5%	40.9%
Total Loans Pulled for QC	66.7%	33.3%

Based on the above, the loan types selected for quality control review are a reasonably accurate reflection of the loans guaranteed.

LOANS WHICH HAVE BEEN COMPLETED

Eleven (11) loans completed the quality control process during the period. Some of these loans were selected to participate in the quality control process in the previous period. Of the loans completed 6 were loans sold or to be sold to VHFA and 5 were conventional loans.

FINDINGS ON LOANS REVIEWED

Five of the loans reviewed required the original appraiser to provide additional information to make the appraisal acceptable. All of the appraisers were able to provide the needed information.

There were no underwriting or commitment requirements that were not met.

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Douglas R. Lothrop, Director of Single Family Operations

DATE: December 28, 1998

RE: Servicing Activity for November 1998

SERVICING ACTIVITY

Collections:

Last months 90+ accounts:		110
New 90 day accounts (+):	29	
To foreclosure/DIL (-):	1	
To 60 days or less (-):	7	
Under payment arrangement:	66	
90+ accounts:		131
In Foreclosure:		
Last months foreclosure accounts:		56
New foreclosures (+):	4	
To REO (-):	7	
Successful interventions (-):		
Negotiating workouts:		
Foreclosure accounts:		53

Real Estate Owned:

Last months REO's:		40
New REO's (+):	7	
Properties sold (-):	3	
Properties under contract:	8	
Other:		
REO's:		44

Mailing Address: PO Box 408, Burlington, Vermont 05402-0408
Delivery Address: 164 Saint Paul Street, Burlington, Vermont 05401-4364
802 / 864-5743 • 800 / 339-5866 • TDD: 800 / 586-5832
FAX: 802 / 864-5746 • Underwriting FAX: 802 / 863-5422 • home@vhfa.org

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EQUAL HOUSING OPPORTUNITY

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: NOVEMBER, 1998

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO	
ALBANK, FSB	409	33	8.07%	13	3.18%	7	1.71%	6	1.47%	59	14.43%	4	0.98%
Banknorth Mortgage Co.	748	36	4.81%	6	0.80%	7	0.94%	7	0.94%	56	7.49%	7	0.94%
Bennington Co-op S&L Assoc.	60	1	1.67%	0	0.00%	0	0.00%	0	0.00%	1	1.67%	0	0.00%
Brattleboro Savings & Loan	29	0	0.00%	0	0.00%	1	3.45%	0	0.00%	1	3.45%	0	0.00%
Chittenden Bank	894	57	6.38%	9	1.01%	9	1.01%	13	1.45%	88	9.84%	10	1.12%
Citizens Savings Bank	115	2	1.74%	3	2.61%	0	0.00%	1	0.87%	6	5.22%	1	0.87%
Community National Bank	308	12	3.90%	4	1.30%	11	3.57%	1	0.32%	28	9.09%	2	0.65%
Connecticut River Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Factory Point Nat. Bank	33	4	12.12%	2	6.06%	1	3.03%	0	0.00%	7	21.21%	0	0.00%
First Brandon Nat. Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Nationwide Mortgage	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
GMAC Mortgage	9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Graystone Mortgage Company	512	45	8.79%	13	2.54%	18	3.52%	5	0.98%	81	15.82%	5	0.98%
~~Heritage Family Credit Union~~	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Lyndonville Savings Bank	57	0	0.00%	0	0.00%	3	5.26%	0	0.00%	3	5.26%	0	0.00%
Mascoma Savings Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Merchants Bank	248	12	4.84%	1	0.40%	3	1.21%	0	0.00%	16	6.45%	1	0.40%
Mortgage Service Ctr. of NE	84	6	7.14%	1	1.19%	7	8.33%	0	0.00%	14	16.67%	2	2.38%
New England Federal CU	44	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Northfield Savings Bank	140	8	5.71%	1	0.71%	0	0.00%	0	0.00%	9	6.43%	1	0.71%
Passumpsic Savings Bank	167	6	3.59%	4	2.40%	7	4.19%	2	1.20%	19	11.38%	0	0.00%
Peoples Trust Co.	88	5	5.68%	0	0.00%	1	1.14%	0	0.00%	6	6.82%	0	0.00%
Randolph National Bank	35	1	2.86%	1	2.86%	0	0.00%	1	2.86%	3	8.57%	0	0.00%
Union Bank	180	7	3.89%	4	2.22%	5	2.78%	0	0.00%	16	8.89%	0	0.00%
Vermont Development CU	75	2	2.67%	1	1.33%	3	4.00%	0	0.00%	6	8.00%	0	0.00%
Vermont National Bank	1892	81	4.28%	28	1.48%	48	2.54%	17	0.90%	174	9.20%	10	0.53%
Wells River Savings Bank	30	3	10.00%	0	0.00%	0	0.00%	0	0.00%	3	10.00%	1	3.33%
Totals	6179	321	5.20%	91	1.47%	131	2.12%	53	0.86%	596	9.65%	44	0.71%
Totals Previous Month	6205	290	4.67%	86	1.39%	110	1.77%	56	0.90%	542	8.73%	39	0.63%
Totals Same Mo. Last Yr.	6445	432	6.70%	93	1.44%	103	1.60%	52	0.81%	680	10.55%	69	1.07%

JUDITH SMITH
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: NOVEMBER, 1998

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO	
ALBANK, FSB	409	33	8.07%	13	3.18%	7	1.71%	6	1.47%	59	14.43%	4	0.98%
Brattleboro Savings & Loan	29	0	0.00%	0	0.00%	1	3.45%	0	0.00%	1	3.45%	0	0.00%
Community National Bank	308	12	3.90%	4	1.30%	11	3.57%	1	0.32%	28	9.09%	2	0.65%
Connecticut River Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Heritage Family CU	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
New England Federal CU	44	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Passumpsic Savings Bank	167	6	3.59%	4	2.40%	7	4.19%	2	1.20%	19	11.38%	0	0.00%
Peoples Trust Co.	88	5	5.68%	0	0.00%	1	1.14%	0	0.00%	6	6.82%	0	0.00%
Union Bank	180	7	3.89%	4	2.22%	5	2.78%	0	0.00%	16	8.89%	0	0.00%
Vermont Development CU	75	2	2.67%	1	1.33%	3	4.00%	0	0.00%	6	8.00%	0	0.00%
Vermont National Bank	1892	81	4.28%	28	1.48%	48	2.54%	17	0.90%	174	9.20%	10	0.53%
Totals	3203	146	4.56%	54	1.69%	83	2.59%	26	0.81%	309	9.65%	16	0.50%
Last Months Totals	3205	123	3.84%	45	1.40%	77	2.40%	25	0.78%	270	8.42%	15	0.47%

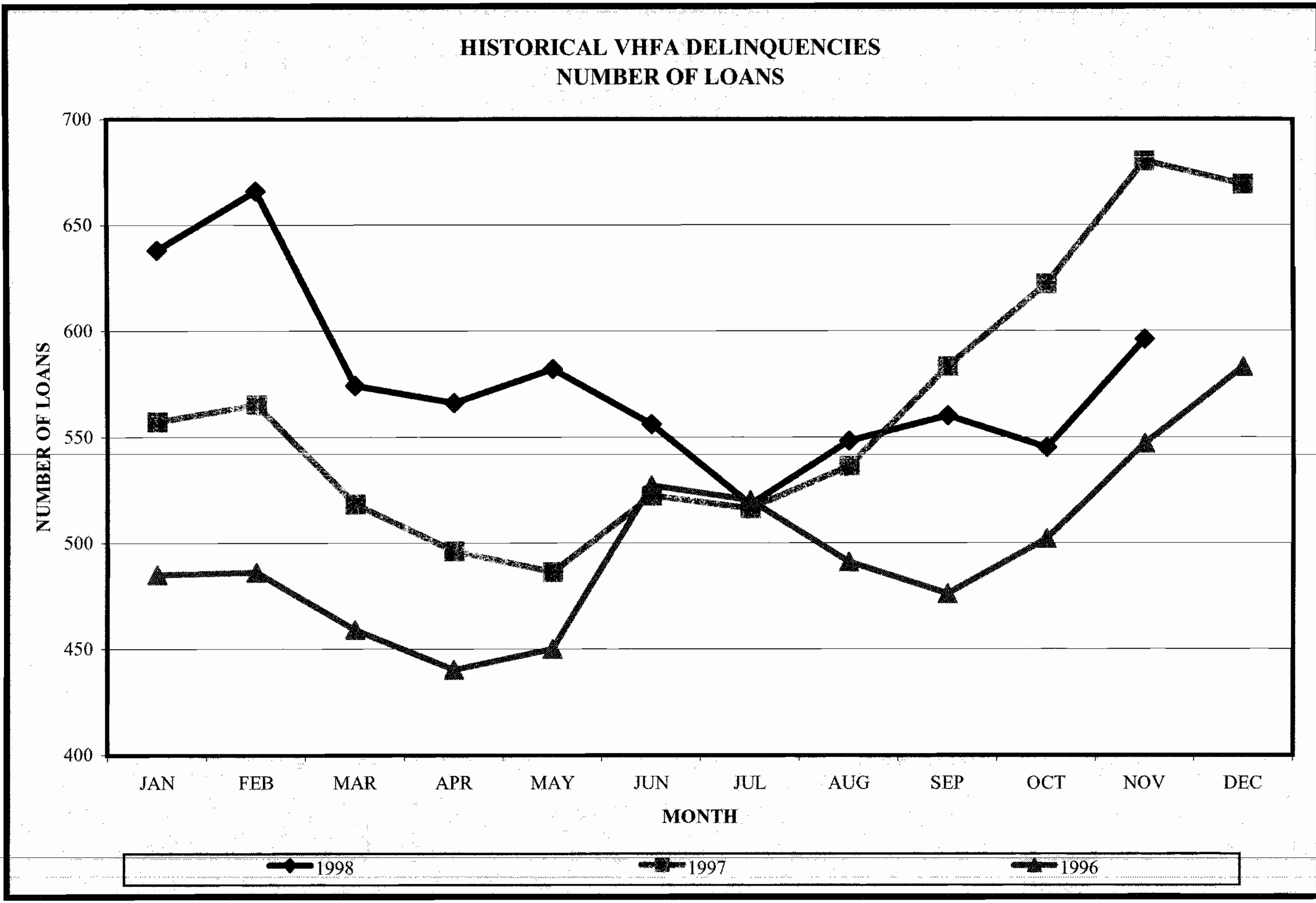
DARREN KENISTON
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: NOVEMBER, 1998

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO	
Banknorth Mortgage Co.	748	36	4.81%	6	0.80%	7	0.94%	7	0.94%	56	7.49%	7	0.94%
Bennington Co-op S&L Assoc.	60	1	1.67%	0	0.00%	0	0.00%	0	0.00%	1	1.67%	0	0.00%
Chittenden Bank	894	57	6.38%	9	1.01%	9	1.01%	13	1.45%	88	9.84%	10	1.12%
Citizens Savings Bank	115	2	1.74%	3	2.61%	0	0.00%	1	0.87%	6	5.22%	1	0.87%
Factory Point Nat. Bank	33	4	12.12%	2	6.06%	1	3.03%	0	0.00%	7	21.21%	0	0.00%
First Brandon Nat. Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Nationwide Mortgage	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
GMAC Mortgage	9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Graystone Mortgage Company	512	45	8.79%	13	2.54%	18	3.52%	5	0.98%	81	15.82%	5	0.98%
Lyndonville Savings Bank	57	0	0.00%	0	0.00%	3	5.26%	0	0.00%	3	5.26%	0	0.00%
Mascoma Savings Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Merchants Bank	248	12	4.84%	1	0.40%	3	1.21%	0	0.00%	16	6.45%	1	0.40%
Mortgage Service Ctr. of NE	84	6	7.14%	1	1.19%	7	8.33%	0	0.00%	14	16.67%	2	2.38%
Northfield Savings Bank	140	8	5.71%	1	0.71%	0	0.00%	0	0.00%	9	6.43%	1	0.71%
Randolph National Bank	35	1	2.86%	1	2.86%	0	0.00%	1	2.86%	3	8.57%	0	0.00%
Wells River Savings Bank	30	3	10.00%	0	0.00%	0	0.00%	0	0.00%	3	10.00%	1	3.33%
Totals	2976	175	5.88%	37	1.24%	48	1.61%	27	0.91%	287	9.64%	28	0.94%
Last Months Totals	3000	167	5.57%	41	1.37%	33	1.10%	34	1.13%	275	9.17%	24	0.80%

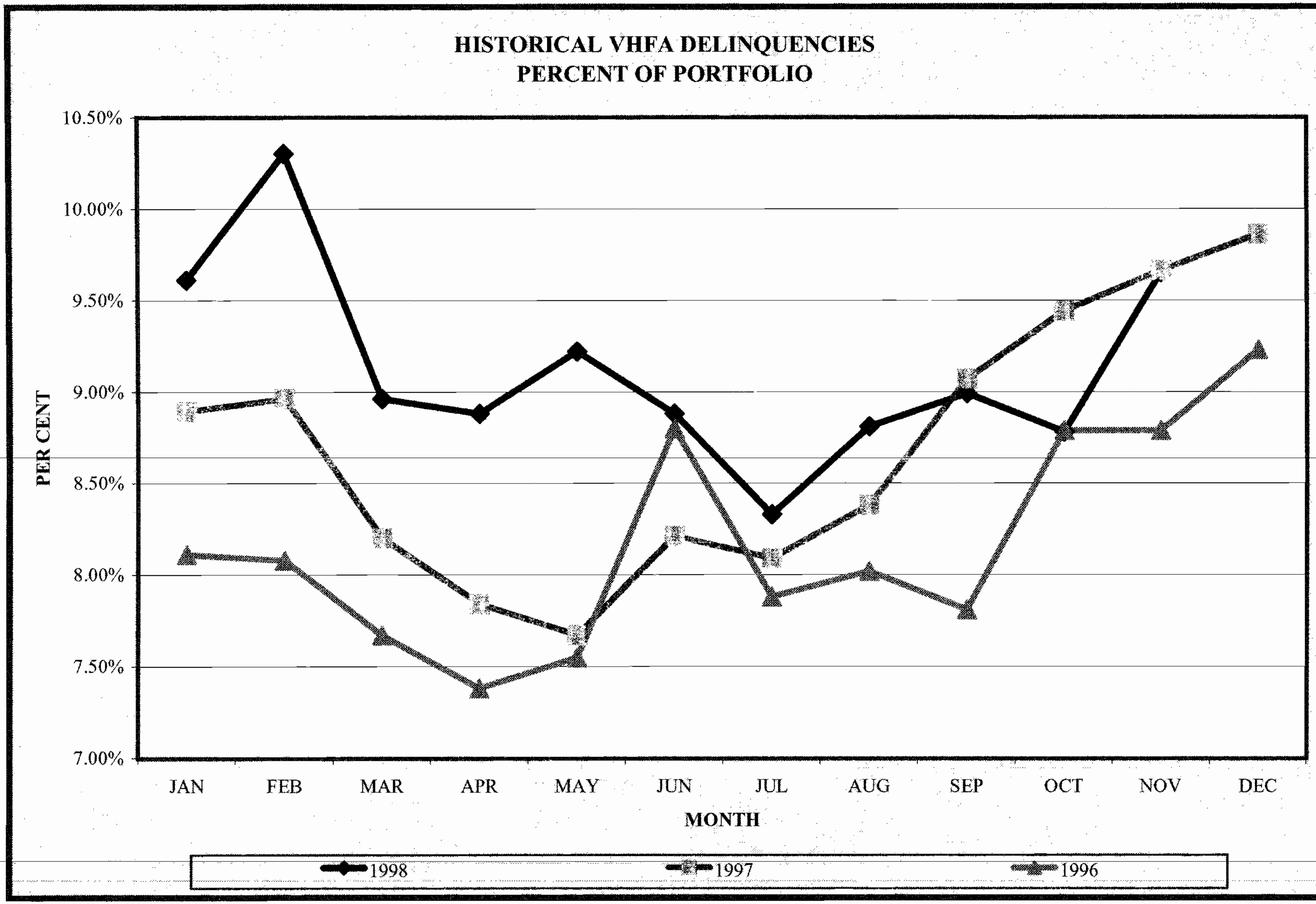
VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: NOVEMBER, 1998

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq	
Large Servicer 400+											
Albank	409	33	8.07%	13	3.18%	7	1.71%	6	1.47%	59	14.43%
Banknorth Mortgage Co.	748	36	4.81%	6	0.80%	7	0.94%	7	0.94%	56	7.49%
Chittenden Bank	894	57	6.38%	9	1.01%	9	1.01%	13	1.45%	88	9.84%
Graystone Mortgage Company	512	45	8.79%	13	2.54%	18	3.52%	5	0.98%	81	15.82%
Vermont National Bank	1892	81	4.28%	28	1.48%	48	2.54%	17	0.90%	174	9.20%
Totals	4455	252	5.66%	69	1.55%	89	2.00%	48	1.08%	458	10.28%
Average	891	50	6.47%	14	1.80%	18	1.94%	10	1.15%	92	11.35%
Medium Servicers 399-50											
Bennington Co-op S&L Assoc.	29	0	0.00%	0	0.00%	1	3.45%	0	0.00%	1	3.45%
Citizens Savings Bank	115	2	1.74%	3	2.61%	0	0.00%	1	0.87%	6	5.22%
Community National Bank	308	12	3.90%	4	1.30%	11	3.57%	1	0.32%	28	9.09%
Lyndonville Savings Bank	57	0	0.00%	0	0.00%	3	5.26%	0	0.00%	3	5.26%
Merchants Bank	248	12	4.84%	1	0.40%	3	1.21%	0	0.00%	16	6.45%
Mortgage Service Ctr. of NE	84	6	7.14%	1	1.19%	7	8.33%	0	0.00%	14	16.67%
Northfield Savings Bank	140	8	5.71%	1	0.71%	0	0.00%	0	0.00%	9	6.43%
Passumpsic Savings Bank	167	6	3.59%	4	2.40%	7	4.19%	2	1.20%	19	11.38%
Peoples Trust Co.	88	5	5.68%	0	0.00%	1	1.14%	0	0.00%	6	6.82%
Union Bank	180	7	3.89%	4	2.22%	5	2.78%	0	0.00%	16	8.89%
Vermont Development CU	75	2	2.67%	1	1.33%	3	4.00%	0	0.00%	6	8.00%
Totals	1491	60	4.02%	19	1.27%	41	2.75%	4	0.27%	124	8.32%
Average	142	6	3.65%	2	1.08%	4	2.99%	0	0.24%	12	7.97%
Small Servicers 49-											
Brattleboro Savings & Loan	29	0	0.00%	0	0.00%	1	3.45%	0	0.00%	1	3.45%
Connecticut River Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Factory Point Nat. Bank	33	4	12.12%	2	6.06%	1	3.03%	0	0.00%	7	21.21%
First Brandon Nat. Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Nationwide Mortgage	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
GMAC Mortgage	9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Heritage Family Credit Union	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mascoma Savings Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
New England Federal CU	44	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Randolph National Bank	35	1	2.86%	1	2.86%	0	0.00%	1	2.86%	3	8.57%
Wells River Savings Bank	30	3	10.00%	0	0.00%	0	0.00%	0	0.00%	3	10.00%
Totals	202	8	3.96%	3	1.49%	2	0.99%	1	0.50%	14	6.93%
Average	17	1	2.23%	0	0.80%	0	0.57%	0	0.26%	1	3.86%

Lenders	1998 Jun	Jul	Aug	Sep	Oct	Nov
Large Servicer 400+						
Albank	10.61%	12.41%	11.75%	11.57%	11.41%	14.43%
Banknorth Mortgage Co.	6.53%	6.01%	7.50%	7.40%	7.53%	7.49%
Chittenden Bank	8.68%	8.13%	10.39%	9.39%	10.02%	9.84%
Graystone Mortgage Company	13.51%	12.43%	13.08%	14.31%	15.01%	15.82%
Vermont National Bank	9.44%	8.91%	8.32%	8.57%	7.95%	9.20%
Average	9.75%	9.58%	10.21%	10.25%	10.38%	11.36%
Medium Servicers 399-50						
Bennington Co-op S&L Assoc.	7.41%	7.41%	7.41%	3.57%	1.64%	1.67%
Citizens Savings Bank	5.17%	4.31%	3.45%	6.03%	6.03%	5.22%
Community National Bank	8.71%	6.93%	7.84%	8.39%	9.15%	9.09%
Lyndonville Savings Bank	5.17%	5.08%	5.08%	10.17%	6.67%	5.26%
Merchants Bank	6.25%	4.87%	3.82%	4.65%	4.37%	6.45%
Mortgage Service Ctr. of NE	13.95%	14.12%	18.82%	16.57%	11.76%	16.67%
Northfield Savings Bank	4.62%	4.55%	4.44%	7.97%	7.14%	6.43%
Passumpsic Savings Bank	10.24%	9.70%	11.52%	10.37%	10.37%	11.38%
Peoples Trust Co.	8.42%	7.45%	6.59%	13.19%	5.62%	6.82%
Union Bank	7.73%	7.22%	7.73%	8.20%	8.24%	8.89%
Vermont Devvelopment CU	10.45%	8.96%	7.46%	5.88%	7.14%	8.00%
Average	8.01%	7.33%	7.65%	8.64%	7.10%	7.81%
Small Servicers 49-						
Brattleboro Savings & Loan	7.41%	7.41%	7.41%	3.57%	3.57%	3.45%
Connecticut River Bank	0.00%	0.00%	20.00%	0.00%	0.00%	0.00%
Factory Point Nat. Bank	20.00%	11.43%	11.76%	5.88%	9.09%	21.21%
First Brandon Nat. Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
First Nationwide Mortgage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
GMAC Mortgage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Granite Bank (NH)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Heritage Family Credit Union	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mascoma Savings Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
New England Federal CU	0.00%	0.00%	0.00%	0.00%	2.27%	0.00%
Randolph National Bank	8.33%	8.57%	11.43%	8.57%	8.57%	8.57%
Wells River Savings Bank	10.34%	10.00%	6.67%	10.00%	6.67%	10.00%
Average	3.84%	3.12%	4.77%	2.34%	2.51%	3.60%



HISTORICAL VHFA DELINQUENCIES
NUMBER OF LOANS
NUMBER OF LOANS
700
650
600
550
500
450
400
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
MONTH
1998
1997
1996


HISTORICAL VHFA DELINQUENCIES
PERCENT OF PORTFOLIO
PER CENT
10.50%
10.00%
9.50%
9.00%
8.50%
8.00%
7.50%
7.00%
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
MONTH
1998
1997
1996

VERMONT HOUSING FINANCE AGENCY

Board Property Disposition Report

Month of: November, 1998

Properties Sold

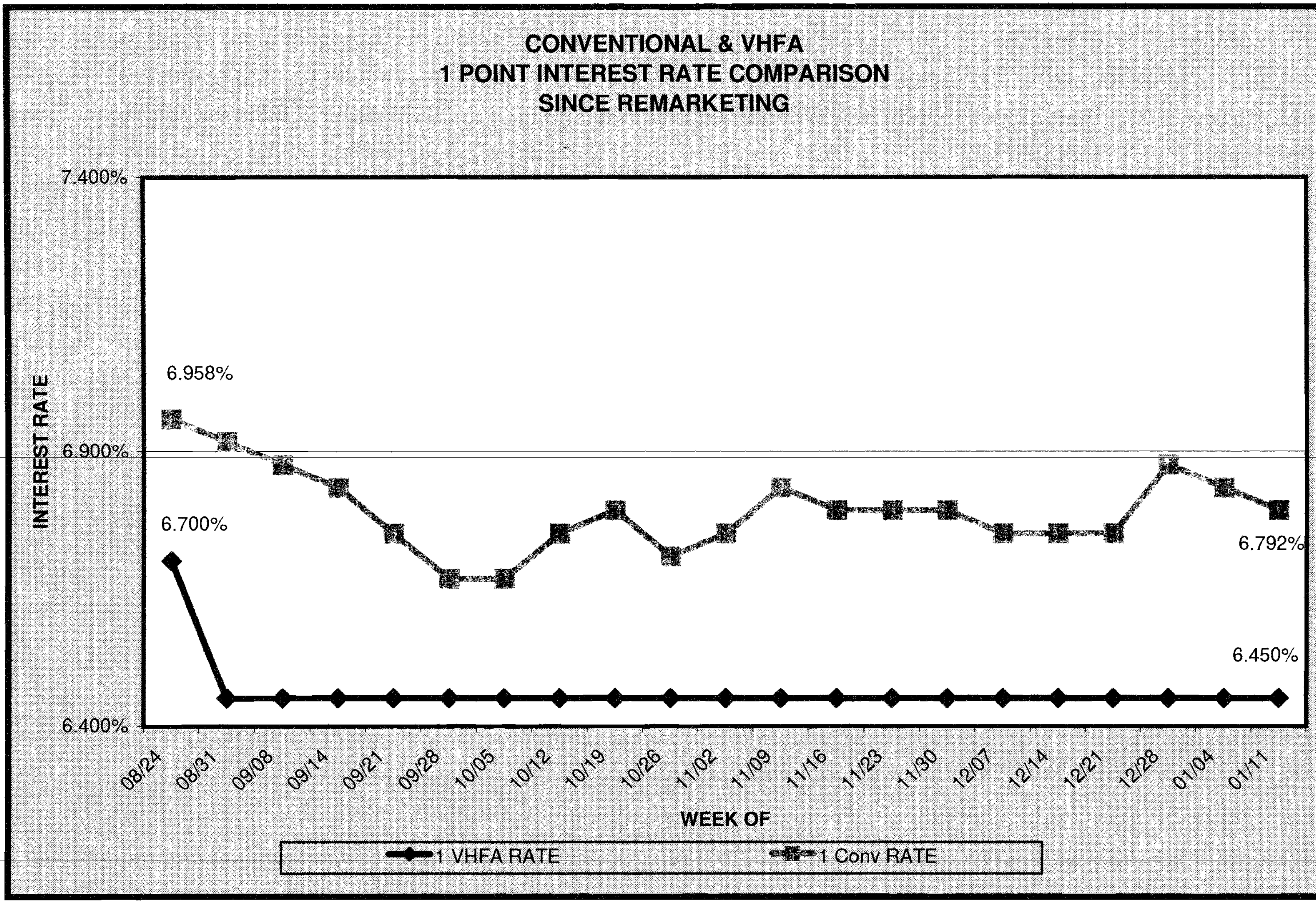
Property	Listing Price	Sale Price	Principal Balance	Interest	To Date Expenses	Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Hughes Hartford	$37,500	$32,000	$58,430	$15,482	$15,786	$7,250	($50,448)	($41,897)	($8,551)
Watkins Springfield Rockingham CLT	$0	$77,000	$58,968	$9,389	$59,371	$12,018	($38,710)	($51,542)	$12,832
Fuller Barton	$34,900	$34,900	$46,641	$3,258	$6,399	$21,398	$0	$0	$0
York Kunenburg	$24,500	$18,000	$45,424	$4,573	$12,880	$9,600	($35,277)	($16,278)	($18,999)
Thompson Milton	$62,900	$61,000	$60,887	$5,828	$7,349	$13,064	$0	($3,695)	$3,695

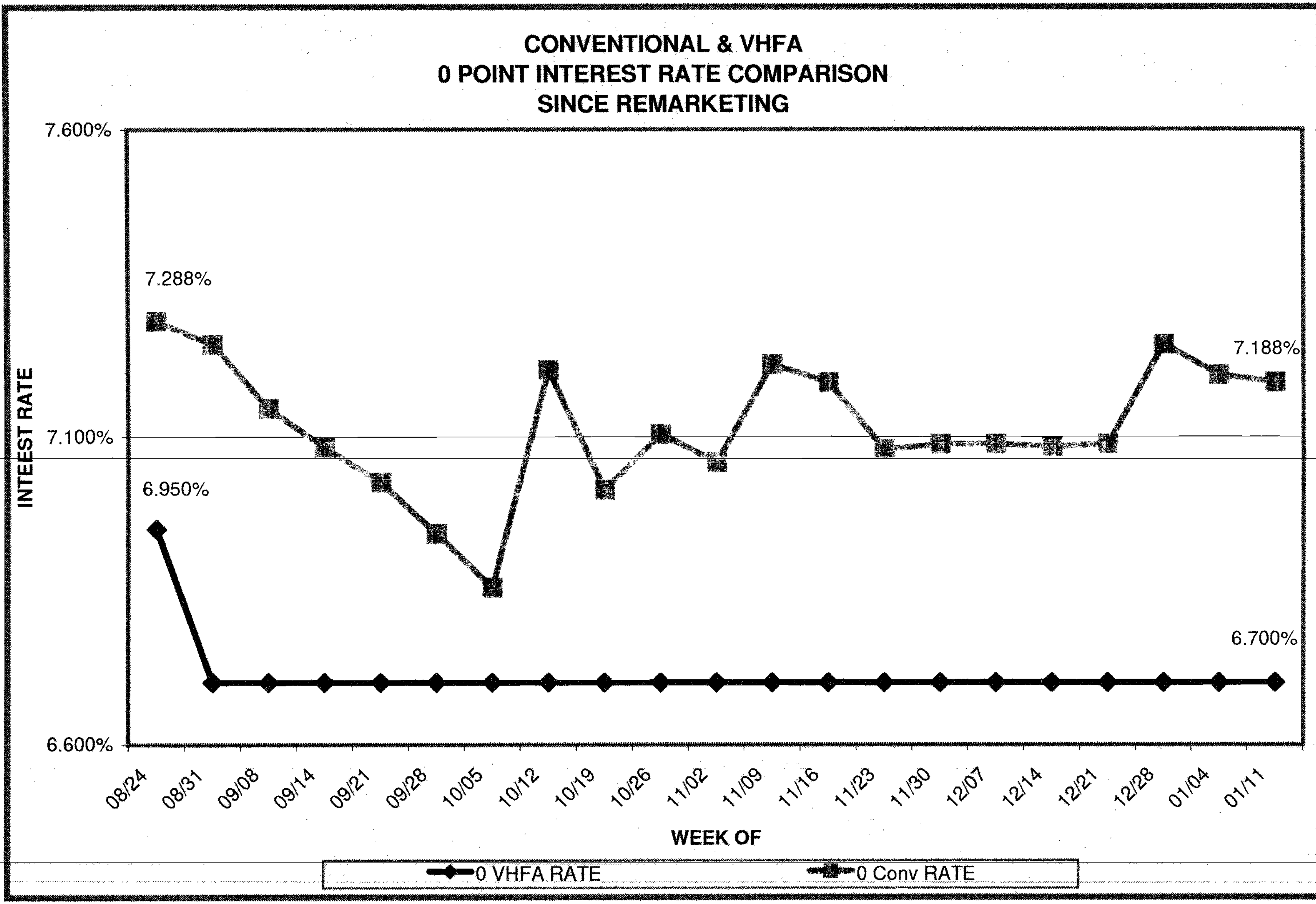
PROPERTIES UNDER CONTRACT

Property	Listing Price	Contract Price	Principal Balance	Interest	Estimated Expenses	Estimated Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
McCarthy E. Montpelier	$ 26,900	$ 15,000	$ 36,596	$ 2,088	$ 5,729	$ 8,400	($21,013)	($9,238)	($11,775)
Bushey Fairfield	$ 64,900	$ 64,900	$ 57,867	$ 5,686	$ 18,410	$ 17,063	$0	($13,035)	$13,035
Bacon Windsor	$ 39,000	$ 38,200	$ 48,658	$ 5,967	$ 22,823	$ 10,600	($28,648)	($33,935)	$5,287
Putnam St. Albans	$ 59,900	$ 59,000	$ 61,883	$ 2,611	$ 27,941	$ 11,633	($21,802)	($26,025)	$4,223
Preedom Rutland	$ 79,900	$ 76,000	$ 70,931	$ 9,375	$ 13,171	$ 17,477	$0	($13,066)	$13,066
Hodgdon Hardwick	$ 25,900	$ 23,000	$ 37,951	$ 2,521	$ 12,232	$ 7,201	($22,503)	($13,201)	($9,302)
Hackett Highgate	$ 42,900	$ 42,900	$ 37,007	$ 5,638	$ 20,406	$ 7,980	($12,171)	($43,904)	$31,733
Winot Bethel	$ 43,500	$ 38,000	$ 64,751	$ 5,139	$ 9,664	$ 13,980	($27,574)	($32,138)	$4,564
Dubie Eden	$ 64,000	$ 61,500	$ 78,324	$ 6,661	$ 26,766	$ 15,124	($35,127)	($7,159)	($27,968)

PROPERTIES IN THE VHFA/NON PROFIT SALES PROGRAM

Richards
Fair Haven
Rutland West NHS


CONVENTIONAL & VHFA
1 POINT INTEREST RATE COMPARISON
SINCE REMARKETING
INTEREST RATE
7.400%
6.900%
6.400%
6.958%
6.700%
6.792%
6.450%
08/24
08/31
09/08
09/14
09/21
09/28
10/05
10/12
10/19
10/26
11/02
11/09
11/16
11/23
11/30
12/07
12/14
12/21
12/28
01/04
01/11
WEEK OF
1 VHFA RATE
1 Conv RATE


CONVENTIONAL & VHFA
0 POINT INTEREST RATE COMPARISON
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vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: CG Cathleen Gent, Director of Communications

DATE: January 14, 1999

RE: Outreach, Advertising, and Public Relations Results for FY99 Year to Date

In advance of the beginning of the second half of outreach, marketing, and public relations activities in FY99, this update provides the Board of Commissioners with a review of the activities for the year to date.

Marcia Mattoon, VHFA's Outreach Program Manager for the past four years, left VHFA in late December to live in the Southwest United States. Kelly Deforge, a VHFA underwriter, was hired as the Outreach Program Manager position. With her knowledge of underwriting and mortgage lending and previous working relationships with VHFA lenders, Kelly is an excellent successor to Marcia.

The Board is invited to two special upcoming events:

- The 1999 VHFA Home Buyer Fair will be held on Saturday, March 13th from 10:00 AM to 4:00 PM at the Hampton Inn in Colchester.
- The VHFA 25th anniversary party will take place on Tuesday afternoon, April 13th at the Vermont Statehouse in Montpelier.

I. Lender, Real Estate, and Nonprofit Outreach

Lender, real estate, and nonprofit training is designed to educate lender and housing professionals who participate in one or more VHFA homeownership programs. A total of 211 professionals attended training and informational sessions between July and December 1998. This outreach included two lender sessions, two real estate professionals "VHFA Financing Options" classes, a special orientation for new Americorps volunteers, and several Homeownership Center meetings and one training.

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With the changes facing VHFA in light of the suspension of VHMGB programs, it is very important that VHFA work even more closely with our professional partners. Spring outreach activities for lenders and real estate professionals include:

- *Eight informational sessions will be held around the state to discuss informally the options available to insure the variety of programs VHFA offers Vermonters. Sarah Carpenter will attend those sessions.*
- *Three lender training sessions will be held, including two overview and one loan sale session.*
- *Two real estate professional VHFA Financing Options class will be held.*
- *Visits to several local real estate boards will be made, to inform these VHFA partners about pending program changes and to allow Sarah Carpenter to get to know real estate professionals around Vermont.*
- *VHFA will continue to host monthly Homeownership Center meetings and hold training sessions as needed.*

II. Consumer Outreach

The goal of VHFA's consumer outreach is to reach potential VHFA borrowers through media communications, classes, dissemination of materials, and coordinated activities with our affordable housing partners. This outreach is designed to serve a wide variety of customers in varying stages of the home buying process, as cost effectively as possible.

Consumer Education

Several consumer classes took place between July and December. Two Home Buying Basics classes and one Homeownership Center Orientation were held, with 40 participants. VHFA continues to work with adult education centers in the state whenever possible.

With the changes facing VHFA in the near future, VHFA intends to maintain a strong public presence, including consumer education and outreach. Spring outreach activities for consumers include:

- *VHFA's 1999 Home Buyer Fair will take place on Saturday, March 13th, at the Hampton Inn in Colchester.*
- *Four consumer Home Buying Basics classes are scheduled.*
- *VHFA will have a booth at two home shows (Middlebury and Rutland), sponsored by local home builders. We will share a booth at the Rutland show with the Homeownership Center at Rutland West.*
- *VHFA will sponsor a Home Buyer Fair in the Northeast Kingdom in collaboration with the Homeownership Center of the Northeast Kingdom.*

Advertising for Consumers

Our primary goal for the fall 1998 campaign was to increase the number of calls to VHFA's Helpline, since there had been a slight decline in calls during the spring season. With very low interest rates for conventional loan products and increased competition generally, VHFA has sought to have a high level of visibility with consumers through advertising. It should be pointed out, however, that the advertising budget increased very little for the fall campaign (media costs of $41,500).

The number of calls to the Helpline increased by 36% (1,144 calls) between September and November 1998, when compared with the fall of 1997. Changes to the content of the advertisements, along with our low interest rates, seem to be responsible for the success of the campaign. This fall we took a direct approach to the radio ads, using a well-known female talent, Nancy Smith. The combination of her inviting voice and the direct, simple instruction-like scripts helped generate substantial interest. We also advertised again in the Burlington Free Press, an expensive but worthwhile print media source. Volume increases were seen in 12 of the 14 counties (with the exceptions of Lamoille and Windham counties).

With the changes facing VHFA in light of the suspension of VHMGB programs, it is very important that VHFA have a strong public presence, including advertising. For the spring 1999 general campaign, we will continue to use a direct approach with clear "call to action" scripts (radio) and a coupon (print). We will also incorporate VHFA's 25th anniversary in March and April. Additionally, advertising will be done for the Colchester Home Buyer Fair and for special events like the Northeast Kingdom Fair. The total cost of advertising for the spring campaign is $70,000.

III. Public Relations and Legislative Activities

The fall public relations schedule was greatly restricted, due to the Executive Director hiring process and focusing on work regarding VHMGB and associated changes for VHFA. Allan Hunt's resignation and Sarah Carpenter's hiring as Executive Director were widely covered by the media around the state. The Habitat for Humanity open houses in Burlington received coverage in the Burlington area (including television).

The public relations activities for the spring will be focused on several main themes:

- *VHFA's 25th anniversary*
- *Working with VHMGB to ensure a smooth transition and responding to public inquiries regarding proposed changes for VHMGB.*
- *VHFA program initiatives and program changes, in collaboration with our 25th anniversary and with the VHMGB guarantee program suspension.*
- *Multifamily open houses and ground breakings.*

In the area of federal legislative activities, the private activity bond cap was increased in October. This will significantly ease pressures for "dividing up" resources for the Vermont agencies which issue private activity bonds, including VHFA's mortgage revenue bonds. In November, Dick White sent out a number of communications regarding the increase in the private activity bond cap, both informing our partners about the good news and thanking our congressional delegation for their support.

Legislative activities this spring will focus on:

- *Federal legislative activities - These include an increase in the cap for the Low Income Housing Tax Credit Program and legislation to move up the date when the increase in the private activity bond cap increase goes into effect.*
- *State legislative activities - These include working to ensure the smooth transition of VHMGB portfolio sale and program suspension; adopt legislation to help keep VHFA programs viable (ideas include the property transfer tax rebate for VHFA borrowers, special risk share pools for HOUSE borrowers, etc.)*
- *VHFA's 25th anniversary - We will celebrate with congressional delegation and Vermont legislators.*

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

To: VHFA Board of Commissioners

GAJ

From: Glenn A. Jarrett, General Counsel

Date: January 13, 1999

Re: Property Transfer Tax Exemption

BACKGROUND:

In 1997 the Legislature enacted a partial exemption from the Property Transfer Tax for buyers of principal residences whose mortgages were insured by VHMGB. The exemption was enacted as a set-off to the higher VHMGB premiums allowed by the Legislature that year. The exemption is worth as much as $500.00 to a buyer. With the expected termination of VHMGB insurance, this exemption would disappear. Staff would like to explore the possibility of transferring the benefit of this exemption to VHFA borrowers.

DISCUSSION:

Staff has calculated that for the first 18 months that the VHMGB exemption was available, there were 537 VHFA loans and 255 conventional loans that were eligible for the exemption. The estimated tax loss to the State for those 792 loans was $294,196. 67 percent of the VHFA borrowers during this period benefited from the property transfer tax exemption. Most of the remaining VHFA borrowers used RD insurance or received a participation loan through RD and VHFA. If all VHFA borrowers had benefited from the exemption, the tax loss to the State would have been $286,903 (the difference is because the median purchase price for VHFA loans was less than that for the VHMGB conventional loans).

The mechanics of accomplishing the change would be simple. The language in the statute could be changed from:

> . . . provided that no tax shall be imposed on the first $100,000 in value of the property if, in connection with the transfer, a guaranty fee is paid to the Vermont home mortgage guarantee program in accordance with section 387 of Title 10;

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to:

> . . . provided that no tax shall be imposed on the first $100,000 in value of the property if the purchaser obtains a purchase money mortgage that the Vermont housing finance agency has committed to make or purchase.

This section of the statute is scheduled to sunset on June 30, 2000. If there is no extension of the sunset date, VHFA would have to return to the Legislature in 2000, with less than a year's experience with the revised exemption. It might be helpful to suggest an extension of the sunset date for one or two years to enable VHFA to gain more experience with the effect of the exemption before having to return to the Legislature to discuss an extension of the exemption.

RECOMMENDED ACTION:

Approval of the proposed amendment and authorization of VHFA staff to seek Legislative approval of the changes outlined above.

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Douglas R. Lothrop, Director of Single Family Operations

DATE: February 17, 1999

RE: Contract underwriter search

Attached to this memo are summaries of the proposals made by private mortgage insurers to:

- Provide contract underwriting services to VHFA;
- Provide access to Desktop Underwriter and Loan Prospector, the automated underwriting systems of FannieMae and Freddie Mac respectively;
- A listing of areas in current VHFA underwriting guidelines that the respective mortgage insurer currently does not accept; and
- A risk share agreement or other that the respective mortgage insurer offers to allow VHFA to offer our current programs.

All of the insurers will provide us coverage at current premium rates, which in most cases are higher than those of VHMGB. All of the premiums charged by each mortgage insurer are substantially the same.

All of the mortgage insurance companies are national companies licensed to do business in Vermont.

Based on the proposals, staff recommends that Mortgage Guaranty Insurance Corporation (MGIC) be selected by VHFA to provide contract underwriting services to VHFA. MGIC offered the most complete package of services, including the establishment of a twelve (12) month "discovery" period that would allow VHFA to offer all of it's current programs without any risk share agreement in place. In addition, MGIC has provided us with a "worst case" risk share agreement that would be put in place after the discovery period. MGIC has been the most aggressive and most flexible during the negotiation of terms.

BOARD ACTION REQUESTED

Approval of MGIC as the provider of contract underwriting services to VHFA and authorize the Executive Director to enter into an appropriate agreement with them.

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CONTRACT UNDERWRITING AND ON GOING MORTGAGE INSURANCE PROPOSAL FOR VHFA

Mortgage Insurance Company:

Mortgage Guaranty Insurance Corporation (MGIC)

Per loan cost to VHFA:

On loans where DU or LP are not used the cost would be $15.00 for an insured loans and $65.00 for an uninsured loan. When DU or LP are used the cost would be reduced to $10.00 for an insured loan and $40.00 for an uninsured loan. The fee charged for use of DU would be $15.00 for an insured loan and $25.00 for an uninsured loan. The fee charged for use of LP would be $60.00 for an insured loan and $70.00 for an uninsured loan. We anticipate the fee for the use of DU and LP would be passed on to the lender.

Location of contract underwriting:

All contract underwriting would be completed at the MGIC local office in Burlington, VT.

Access to Desktop Underwriter (DU) and Loan Prospector (LP):

Access to DU & LP could be made available immediately.

Underwriting differences that VHFA would have to make an adjustment or be covered by a risk-share agreement:

- 3-2-1 Buy-downs on loans with LTV's over 90% and step rate programs
- Contributions of borrowers own funds
- Maximum seller contributions
- Maximum LTV and CLTV
- Handling of child support and alimony payments
- Amount of Condo fees used in underwriting
- Single wide mobile homes.

MGIC is willing to insure all loans currently acceptable to VHFA for a period of one-year beginning March 1, 1999. During this "discovery period" information will be gathered on the loans to determine an appropriate risk share agreement should VHFA decide not to change any of their underwriting guidelines.

MGIC has included a worst case risk share agreement proposal that would take effect March 1, 2000 if no changes are made to VHFA's underwriting guidelines. The risk share would only be based on those loans that MGIC would not normally insure. Standard origination and underwriting standards would be used as well as charging standard mortgage insurance premiums. This risk share would be structured as a "layered risk " transaction. The table below outlines risk levels on a portfolio on $10 million in loans.

Layer	**Who Covers Claim**	**Range Covered**	**Range of Aggregate Claims**
First	MGIC	0 – 2%	Up to $200,000
Second	VHFA	2 – 3%	$200,001 - $300,000
Third	MGIC	3% +	$300,001 +

CONTRACT UNDERWRITING AND ON-GOING MORTGAGE INSURANCE PROPOSAL FOR VHFA

Mortgage Insurance Company:

United Guaranty Residential Insurance Company (UGRIC)

Cost to VHFA:

The cost would be $25.00 for an insured loans and $75.00 for an uninsured loan. Their proposal indicates that this pricing may be negotiated further.

Location of contract underwriting:

Boston Area

Access to Desktop Underwriter (DU) and Loan Prospector (LP):

Access to DU and LP can be made available immediately.

Underwriting differences that would have to be covered by a risk-share agreement:

- Seller contributions limited to 3% on loans with LTV's at 95% or greater or 6% on loans with an LTV less than 95%
- UGRIC reserves the right to review condominium projects when it insures greater than five (5) units in one project
- Interest rate buy-downs are allowed on loans up to 95%
- Mobile homes will be underwritten using UGRIC criteria (no single-wide mobile homes)

UGRIC is willing to insure all loans currently acceptable to VHFA for a period of one-year. During this "discovery period" information will be gathered on the loans to determine an appropriate risk share agreement should VHFA decide not to change any of their underwriting guidelines.

UGRIC has included a worst case risk share agreement proposal that would take effect after the aforementioned one year period assuming no changes are made to VHFA's underwriting guidelines. The risk share would only be based on those loans that UGRIC would not normally insure. Standard origination and underwriting standards would be used as well as charging standard mortgage insurance premiums. This risk share would be structured as a "layered risk " transaction. The table below outlines risk levels on a portfolio on $10 million in loans.

Layer	Who Covers Claim	Range Covered	Range of Aggregate Claims
First	UGRIC	0 – 2.5%	Up to $250,000
Second	VHFA	2.51 – 3%	$250,001 - $400,000
Third	UGRIC	4% +	$400,001 +

In addition, pool insurance could be discussed as a credit enhancement.

CONTRACT UNDERWRITING AND ON-GOING MORTGAGE INSURANCE PROPOSAL FOR VHFA

Mortgage Insurance Company:

Commonwealth Mortgage Assurance Corporation (CMAC)

Cost to VHFA:

The cost would be $125.00 per loan.

Location of contract underwriting:

Boston area

Access to Desktop Underwriter (DU) and Loan Prospector (LP):

Access to DU and LP can be made available immediately.

Basis on which CMAC would provide standard rate insurance

- FannieMae Community Homebuyer or Freddie Mac Affordable Gold underwriting guidelines would be used. Adjustments to these would have to be mutually agreed upon.
- Pre purchase counseling for >95% LTV and landlord counseling for 2-4 unit properties would be required
- Single wide mobile homes would be insured up to 95% LTV for new units and 85% LTV for existing built after 1976. Units in coop parks or land lease parks would not be acceptable

Underwriting differences that would have to be covered by a risk-share agreement:

Not specifically identified other than as listed above.

No risk share agreement was offered at this time.

CONTRACT UNDERWRITING AND ON-GOING MORTGAGE INSURANCE PROPOSAL FOR VHFA

Mortgage Insurance Company:

General Electric Mortgage Insurance Company (GEMICO)

Cost to VHFA:

The cost would be $15.00 for an insured loans and $40.00 for an uninsured loan.

Location of contract underwriting:

Boston area

Access to Desktop Underwriter (DU) and Loan Prospector (LP):

Access to DU and LP can be made available immediately.

Underwriting differences that would have to be covered by a risk-share agreement:

- FICO scores <620
- Single & double wide mobile homes for maximum financing
- Amount of Seller concessions allowed
- 3-2-1- buydowns and qualifying at the bought down rate
- Using less than 50% of condo fees in qualifying
- Shorter period of time for employment history

GEMICO's risk share agreement would take effect once they began insuring loans for VHFA. The risk share agreement is outlined in the following table based on a portfolio of $10 million in loans. If the loan gets an accept on DU or LP it would be part of the shared risk pool.

Layer	Who Covers Claim	Range Covered	Range of Aggregate Claims
First	GEMICO	0 – 3%	Up to $300,000
Second	VHFA	3.01 – 6%	$300,001 - $600,000
Third	GEMICO	6.01% +	$600,001 +

This risk share agreement is limited to 12 months or $40 million in new insurance written.

CONTRACT UNDERWRITING AND ON-GOING MORTGAGE INSURANCE PROPOSAL FOR VHFA

Mortgage Insurance Company:

PMI Mortgage Insurance Company (PMI)

Cost to VHFA:

The cost to VHFA would be $20.00 for loans insured with PMI and $50.00 for uninsured or insured by another insurer. The cost of using DU/LP would an additional be $65.00 that we anticipate would be passed on to the lender.

Location of contract underwriting:

Boston area

Access to Desktop Underwriter (DU) and Loan Prospector (LP):

Access would be available immediately.

Underwriting differences that would have to be covered by a risk-share agreement:

- Will not allow borrowed funds from a revolving account
- Cannot insure co-operative loans in Vermont at this time
- Does not insure single-wide mobile homes
- Does not allow Quick App on affordable housing loans

PMI's risk share agreement would take effect once they began insuring loans for VHFA. The risk share agreement is outlined in the following table based on a portfolio of $10 million in loans. If the loan gets an accept on DU or LP it would be part of the shared risk pool.

Layer	Who Covers Claim	Range Covered	Range of Aggregate Claims
First	PMI	0 – 2.035%	Up to $203,500
Second	VHFA	2.0351 – 3.639%	$203,501 - $363,900
Third	PMI	3.6391% +	$363,901 +

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Development Coordinator PAC

DATE: January 14, 1999

RE: Review of Income Limits and Purchase Price Limits

Staff is in the process of compiling data from the Vermont Property Transfer Tax system and Multiple Listing Service to determine appropriate purchase price limits for consideration at the March Board meeting. In addition to new purchase price limits, staff will also at that time recommend new income limits for all programs. Our goal is to present the Board with information and recommendations that would allow VHFA to potentially serve a greater number of households with its programs.

VHFA has not increased its purchase price limits for several years. MRB regulations allow VHFA to rely on either:

1. Average area purchase price information released by the US Department of the Treasury (also referred to as Safe Harbor Limits); or
2. Information complied on single family residences purchased during the most recent twelve-month period that information is available.

Since Treasury has not released Safe Harbor Limits since September 1994, staff will work with the Vermont Department of Taxes and Multiple Listing Service (in some areas of the state) to obtain actual data for analysis. VHFA's Bond Counsel will be asked to approve the method we will use to obtain the data, and approve the results of the analysis for use in MRB and MCC programs. We anticipate that this analysis will provide information that will allow VHFA to increase its purchase price limits in most areas of the state.

Increased purchase price limits are particularly critical in Chittenden, Addison, Bennington, and Windsor counties. The nonprofits who serve those areas report that they are having a difficult time with re-sales of homes that were new when they were initially financed by VHFA, but since they are now existing, they are not eligible for VHFA financing because the purchase price exceeds VHFA's maximum in those areas. Our lender and real estate broker partners also indicate that purchase price limits are too low in many areas of the state.

Staff also plans to review income limits and are waiting for 1999 median income figures to be released by HUD.

The following tables provide additional information on VHFA purchase price and income limits. Table #1 indicates the maximum purchase price limits allowable for VHFA programs (based on September 1994 Safe Harbor Limits), and the current purchase price limits. Table #2 provides the maximum income limits allowable and current income limits.

Table #1 -- Purchase Price

Area/County	Maximum Allowable		Current Limits	
	New	Existing	New	Existing
Burlington MSA	$129,136	$115,242 1 family $129,762 2 family	$126,000	$104,000 1 family $112,500 2 family
Addison, Bennington, Chittenden (non-MSA), Grand Isle (non- MSA), Windsor	$129,136	$ 92,389 1 family $104,030 2 family	$126,000	$ 92,300 1 family $104,000 2 family
Caledonia, Essex, Franklin (non-MSA), Lamoille, Orange, Orleans, Rutland, Washington , Windham	$157,832	$112,919 1 family $127,137 2 family	$126,000	$ 99,000 1 family $107,000 2 family

Table #2 -- Income

Area/County	Maximum Allowable		Current Limits	
	1-2 Person	3 Person	1-2 Person	3 Person
Burlington MSA	$48,900	$56,235	$42,400	$48,700
Addison, Bennington, Chittenden (non-MSA), Grand Isle (non- MSA)	$40,700	$46,805	$38,900	$44,700
Caledonia, Essex, Franklin (non-MSA), Lamoille, Orange, Orleans, Rutland, Windham	$48,840	$56,980	$40,000	$46,000
Washington	$50,880	$59,360	$40,000	$46,000
Windsor	$42,600	$48,990	$38,900	$44,700

Board Action Requested

No action requested at this time.

PROJECTION OF CLAIM LOSSES IN VHMGB

MORTGAGE INSURANCE PORTFOLIO

VHMGB ("Vermont Home Mortgage Guaranty Board", or "the Board") retained Mortgage Dynamics Inc. ("MDI") to evaluate the future claim loss potential in the loans that carry the Board's mortgage insurance. This book of business consisted of approximately 8,084 loans as of September 30, 1998. These loans had been originated by Vermont lenders and retained in their portfolios, or sold to various investors, including the Vermont Housing Finance Agency (VHFA"), Freddie Mac; Fannie Mae and private investors. They are serviced by approximately 40 companies.

Actual claim losses for fiscal year 1998 and the first four months of FY 1999 have been more than either the VHMGB or their actuary firm had projected.

The Board instructed MDI to forecast its claim loss exposure over the remaining life of the loans. In addition, MDI calculated the present value of these losses beyond those already paid in FY 1999. This method would allow the State to determine a reasonable reserve for future losses, and to evaluate various options for the future that were set forth in a report MDI delivered to the Board in late August.

Summary Results of the Analysis

In the report that follows, MDI forecasts losses of $8,085,230 for the period July 1998 to October 2012. This is 7.0 percent of the unpaid principal balance at September 30, 1998. On a net present value basis, this equates to $6,944,185 using a 6.0 percent discount rate.

The results show claims for FY1999 and FY2000 near the $2 million per year level, then two years of losses at the $1 million level. Thereafter, losses decline at a faster pace. ***(See Exhibit 1: Foreclosure Loss Projection Monthly Summary subtotaled by Fiscal Year and the Claims Summary Table is on the following page.)***

MORTGAGE DYNAMICS INC.

Thursday, January 14, 1999

TO: Sarah Carpenter, VHFA, VHMGB
From: Mary Bruce Batte & Madeline Johnson-Oler, MDI

Status of VHMGB and VHFA initiatives

All of the MI companies, except UGIC, are looking at the current book of business. Several have indicated that they are well on their way towards obtaining the credit scores on the mortgagors. The only difficulty that has been indicated to us so far is that the addresses for some of the borrowers are not adequate and they could end up having no scores for some borrowers.

Everyone has indicated that they should be ready to put in their bids on the 28th of January. We have asked that they alert us immediately to any difficulties.

All of the MI companies, including UGIC, are looking at the program guide diskette and preparing to let VHFA know what they will be able to insure. Several have indicated their willingness to insure single- wide mobile homes that are permanently fixed to foundations. All of them know that VHFA wants to issue a press release as early as month end listing the MI companies that will insure their loans. It appears that being included is a goal for most of the companies.

With respect to special programs, Fannie Mae is interested in exploring the possibility of having a demonstration program with VHFA on Land Trusts Loans. There would not be MI on this program, probably.

The plans for VHMGB and VHFA are on schedule and have been sent by Fed.Ex. under separate cover.

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www.mortgagedynamics.com

PLAN FOR VHFA PROJECT

ID	Task Name	Start	Finish	Notes	% Complete	Resource Names
1	**Gather information from other HFA's about their use of LP/ DU and Private MI for planning meeting**	Wed 12/23/98	Thu 12/31/98		100%	
2	Interview by tele HFAs in WVA, CO, PA, MA, IN, NH, NJ	Wed 12/23/98	Thu 12/31/98	Done	100%	
3	Interview Fannie Mae about Strategic Opportunities	Wed 12/23/98	Thu 12/31/98	Done	100%	MDI- MBB,MDI- MJO
4	Interview Freddie about Strategic Opportunities	Wed 12/23/98	Thu 12/31/98	Discussed particular programs.	100%	
5	Interview Ginnie Mae about Strategic Opportunities	Wed 12/23/98	Thu 12/31/98	Reviewed programs. Not needed at this time	100%	MDI- MBB,MDI- MJO
6	**Hold Brainstorming session with VHFA to discuss strategies & ideas**	Tue 1/5/99	Fri 2/19/99		73%	
7	Establish Goals and Objectives for VHFA	Tue 1/5/99	Tue 1/5/99	Identifed major programs and opportunities	75%	A,MDI- MBB,MDI- MJO
8	Discuss servicing strategies for consolidation	Tue 1/5/99	Fri 2/19/99	To be determined at a later date.	75%	A,MDI- MBB,MDI- MJO
9	Define program needs for lenders and community	Tue 1/5/99	Tue 1/5/99	Continue Programs: MOVE, HOUSE Identified REHAB as an opportunity.	0%	A,MDI- MBB,MDI- MJO
10	**Define strategies for short term**	Wed 1/6/99	Thu 2/18/99	Obtain competitive private MI on programs.	15%	A,MDI- MBB,MDI- MJO
11	Determine which MI companies will insure VHFA programs	Thu 1/7/99	Thu 1/28/99		50%	VHFA,MDI
12	Determine if any revisions to VHFA programs will be necessary to obtain MI coverage.	Wed 1/6/99	Wed 1/20/99	Have MI companies companies compare their requirements with VHFA.	20%	VHFA
13	Notification of new MI's and guidelines to lenders and partners.	Thu 1/7/99	Fri 1/29/99		5%	VHFA
14	Send out Press release on companies that will participate.	Mon 1/25/99	Thu 1/28/99		5%	VHFA,MDI
15	Consider Fannie Mae and Freddie Mac homebuyer programs.	Sat 1/23/99	Thu 2/18/99	Review securitization opportunities	5%	A,MDI- MBB,MDI- MJO
16	Identify possible marketing strategies to Lenders for new programs	Sat 1/23/99	Thu 2/18/99	Hold more breakfast meetings. Target key audiences, large lenders, new realtors. Meet with	5%	A,MDI- MBB,MDI- MJO

PLAN FOR VHFA PROJECT

ID	Task Name	Start	Finish	Notes	% Complete	Resource Names
17	Meet with Fannie Mae to further define options for programs	Wed 1/20/99	Mon 2/1/99	Fannie Mae HFA Meeting in Washington 1-29-98	10%	
18	Sarah Carpenter, Madeline Johnson Oler to meet with Diane Strickland and others separate from NCHFA	Thu 1/28/99	Thu 1/28/99	appointment being set up	10%	JO,VHFA,FANNIE MAE
19	Discuss Mortgage Revenue Bond program MBS issuance	Wed 1/20/99	Mon 2/1/99	Need to compare pool insurance option with bond insurance.	10%	A,MDI- MBB,MDI- MJO
20	Determine feasibility of MBS issuance and Fannie purchase of MRB's.	Wed 1/20/99	Mon 2/1/99		10%	
21	Meet with MI companies to discuss programs and coverage	Thu 12/31/98	Mon 1/25/99	Sent program information to MI companies to evaluate VHFA	0%	
22	Discuss tiered risk program for insurance, if necessary, for special programs	Thu 12/31/98	Mon 1/25/99	Have MI's provide proposal	0%	A,MDI- MBB,MDI- MJO
23	Send Information to Lenders about program changes	Tue 1/12/99	Tue 1/12/99		0%	
24	Plan implementation of DU	Wed 12/23/98	Fri 2/19/99	MI Contract underwriting	34%	
25	Discuss use of DU through MI companies and other options	Wed 12/23/98	Mon 2/1/99		50%	
26	Train staff for DU	Mon 2/1/99	Mon 2/1/99		0%	FANNIE MAE
27	Devise a plan for those lenders not utilizing DU	Mon 1/25/99	Fri 2/12/99	Contract UW or VHFA staff	15%	A,MDI- MBB,MDI- MJO
28	Send information to Lenders about DU changes	Mon 2/15/99	Fri 2/19/99		0%	VHFA
29	Implement internet web site for e-mail questions, file submissions	Mon 2/15/99	Fri 2/19/99		0%	
30	Further define marketing strategies	Mon 2/1/99	Fri 2/12/99		0%	A,MDI- MBB,MDI- MJO
31	Meet with GNMA to further discuss opportunities for originating FHA loans for securitization	Fri 2/19/99	Thu 3/11/99	Initiative for long term if needed.	0%	A,MDI- MBB,MDI- MJO
32	Evaluate whether VHFA servicing should be consolidated in a few or one servicer, if at all.	Tue 2/16/99	Mon 3/1/99	Obtain input from winning MI Book of Business purchaser.	0%	VHFA,MDI

PLAN FOR VHMGB TRANSFER OF BOOK OF BUSINESS

ID	Task Name	Start	Finish	ISSUES	% Complete	Predecessors	Resource Names
1	**Send final data updates for the database to MDI**	**Wed 12/16/98**	**Fri 12/18/98**	done	**100%**		VHMGB
2	Take out loans in MDI data base that have paid off since 9/31/98	Wed 12/16/98	Fri 12/18/98		100%		VHMGB
3	Take out loans for which claims have been paid since 9/31/98	Wed 12/16/98	Fri 12/18/98		100%		MDI
4	Take out loans on which guarantee has expired	Wed 12/16/98	Fri 12/18/98		100%		MDI
5	Send out final draft MDI Forecast of Losses on Future VHMGB Claims	Thu 12/17/98	Thu 12/17/98		100%		MDI
6	**Complete RFP outlining the history of the book of business and other information they need inorder to project losses. Items will include:**	**Wed 12/23/98**	**Fri 1/15/99**		**100%**		MDI
7	Provide a copy MDI's study of VHMGB to the MI bidders, but not a copy of the forecast	Mon 1/11/99	Mon 1/11/99		100%		MDI
8	Provide 30- day delinquencies for VHFA loans for Oct. and Nov. on a summary basis.	Fri 1/15/99	Fri 1/15/99		100%		MDI,VHMGB-Jacklyn& Doug
9	Provide in RFP the number of loans that fell into each delinquency category for October and November	Wed 12/23/98	Fri 1/15/99	Loan level data in data base will not be updated, but summary information will be provided.	100%		MDI,VHMGB
10	Sign-off on bid format by VHMGB/VHFA.	Wed 12/23/98	Tue 1/12/99	Gave instructions rather than form.	100%		Michael Smith,VHMGB
11	VHMGB program eligibility and characteristics	Wed 12/23/98	Mon 12/28/98	Done	100%		VHMGB
12	claim coverage descriptions, claim payment policy,	Wed 12/23/98	Fri 1/15/99	Take from MDI loss forecast with additional details. (Bidders will not receive the loss report or forecast)	100%		

PLAN FOR VHMGB TRANSFER OF BOOK OF BUSINESS

ID	Task Name	Start	Finish	ISSUES	% Complete	Predecessors	Resource Names
13	Description of underwriting criteria used by VHMGB by time periods.	Wed 12/23/98	Fri 1/15/99	This can be brief as the MI companies will rely more on credit scores than what the underwriting rules were	100%		VHMGB
14	Description of redemption period law	Wed 1/6/99	Mon 1/11/99	Take from report	100%		MDI
15	Claims history by year and by type of investor (VHFA or Other Investors), including months of FY 1999	Wed 1/6/99	Mon 1/11/99	Use the last 5 fiscal year's information	100%		VHMGB-Doug,Roger
16	Loan level information on loans in workout payment plans	Wed 12/23/98	Mon 1/11/99		100%		VHMGB- Doug
17	Update the reasons for delinquency codes provided by lenders in November	Wed 12/23/98	Mon 1/11/99	VHMGB should emphasize the importance of finding out what the reasons are for the 192 loans that fell into the "unknown reason" category l	100%		VHMGB-Doug,Cindy
18	Determine legal notice requirements for the RFP to MI companies, if any.	Fri 12/18/98	Fri 1/1/99	Contacting all concerned	100%		Michael Smith
19	Recommend format for Bids and Letter of Intent	Mon 1/11/99	Fri 1/15/99	Left open format	100%	27	MDI,Allan Hunt
20	Final Approval of MI transfer	Mon 2/1/99	Mon 2/1/99	Are any state regulators other than VT involved in this?	0%		Winning MI
21	Obtain written authorization for MI companies to obtain credit scores. This needs to be sent with data.	Mon 12/21/98	Fri 1/8/99	Letter went from Sarah Carpenter	100%		Michael Smith,Betsy Costle
22	Develop plan identifying information plan for Board members, legislators, regulators, etc. with oversight of VHMGB or VHFA.	Mon 12/21/98	Tue 12/29/98	In process			Michael Smith,Allan Hunt
23	Prepare to respond to questions the MI companies might have.	Tue 12/22/98	Mon 1/18/99				MDI,VHMGB
24	Send out final bound copies of MDI forecast of losses	Wed 12/23/98	Wed 12/23/98	10 copies to Mike Smith for Boards and 5 copies to Sarah Carpenter for Staff/ Done	100%		MDI

PLAN FOR VHMGB TRANSFER OF BOOK OF BUSINESS

ID	Task Name	Start	Finish	ISSUES	% Complete	Predecessors	Resource Names
25	Alert individuals in MI companies to the date on which we plan to send data	Wed 12/23/98	Wed 12/23/98	Done	100%		MDI
26	Complete the data base, file layout, and cover sheet	Wed 12/23/98	Wed 12/23/98	Done	100%		Madeline Johnson-Oler,Allan Hunt
27	Send database and file layout to MI companies	Mon 12/28/98	Sat 1/9/99	Will take approx. 15 days to get FICO scores. CD's sent to: MGIC, UGIC, GEMICO,Triad, RMIC	100%		Madeline Johnson-Oler
28	Develop plan for transfer of insurance	Mon 1/4/99	Fri 1/29/99		0%		VHMGB
29	Determine notification requirements re the following and set up appropriate dates/resources,	Mon 1/4/99	Fri 1/29/99	This entails reviewing relevant contracts with the parties below to make sure that there are no legal impediments.			VHMGB
30	servicers:	Mon 1/4/99	Fri 1/29/99	Review Servicing documents to identify issues for transition. Review legal wording of contracts for notification purposes.			Winning MI,VHMGB-Cindy,Jacklyn
31	borrowers,	Mon 1/4/99	Fri 1/29/99	There isn't any apparent reason why there should be notification to the borrowers. However, a review of contracts to confirm would be good.			VHMGB
32	current owners of the loans	Mon 1/4/99	Fri 1/29/99	Notify via, servicers. This would include Fannie/ Freddie, portfolio lenders			VHMGB,Winning MI
33	Mortgage Insurance Regulators	Mon 1/4/99	Fri 1/29/99				Winning MI
34	Bond holders	Mon 1/4/99	Fri 1/29/99	Could be moral obligation if not technical requirement. May need disclosure statement.			VHMGB- Roger
35	rating agencies	Mon 1/4/99	Fri 1/29/99	They are aware of VHMGB intentions but do not know the details.			VHMGB- Roger
36	Bond counsel	Mon 1/4/99	Fri 1/29/99	Bond counsel was alerted- do not foresee any problems. All bidders are AA rated.			VHMGB- Roger

PLAN FOR VHMGB TRANSFER OF BOOK OF BUSINESS

ID	Task Name	Start	Finish	ISSUES	% Complete	Predecessors	Resource Names
37	Develop Public information campaign re: transfer.	Fri 1/15/99	Thu 2/4/99	in proccess			VHMGB,Winning MI
38	Determine a date on which no more insurance applications will be accepted	Tue 1/5/99	Mon 2/1/99	For planning purposes, using 6/30/99 as the date on which commitments will expire. Would be desirable to shorten period if circumstances permit.			VHMGB
39	Announce which MI companies will insure which programs of VHFA and VHMGB	Mon 1/4/99	Fri 1/29/99	see VHFA plan			VHFA,VHMGB
40	Develop plan for transfer of data from VHMGB to MI company	Thu 2/4/99	Sun 2/28/99				Winning MI,VHMGB-Roger,Doug
41	Pay all claims completed under new rule of paying claim after lender receives property title	Mon 1/4/99	Wed 2/3/99	Finalize existing properties			VHMGB-Doug,Jacklyn,Roger,MI
42	MDI to complete the RFP for approval and send it out.	Fri 1/15/99	Fri 1/15/99	Sent to everyone 1/11/99	100%		MDI
43	Based on responses and time MI companies require, confirm or change the bid date that went out in RFP..	Mon 1/11/99	Fri 1/22/99	Everyone is working towards 1/28/99 as the date		21	VHMGB,Michael Smith
44	Develop all tasks , assign resources and start/finish dates	Tue 1/19/99	Fri 2/5/99				VHMGB,Winning MI
45	Receive bids, evaluate them, and make recommendations to VHMGB.	Thu 1/28/99	Fri 1/29/99		0%		MDI
46	Gain clarifications where necessary	Mon 2/1/99	Fri 2/5/99		0%		VHMGB,MDI
47	Provide advice to VHMGB on MI bids and letters of intent	Mon 2/1/99	Fri 2/5/99	Board meeting might be the best forum after staff, Mike SMith, Allan Hunt and MDI evaluation	0%		MDI,Allan Hunt
48	Select winner and schedule due diligence time	Mon 2/8/99	Tue 2/9/99		0%		VHMGB,Winning MI,Michael Smith

PLAN FOR VHMGB TRANSFER OF BOOK OF BUSINESS

ID	Task Name	Start	Finish	ISSUES	% Complete	Predecessors	Resource Names
49	Prepare for on-site due diligence review by selected MI	Mon 2/8/99	Fri 2/12/99		0%		VHMGB,MDI
50	Receive from winning MI data request list and schedule of interviews	Mon 2/8/99	Mon 2/8/99		0%		VHMGB
51	Receive and respond to winning MI due diligence team requests during site visit	Mon 2/8/99	Fri 2/12/99		0%		VHMGB
52	Receive any due diligence issues and resolve them.	Mon 2/8/99	Wed 2/17/99	Determine parties in addition to the Board which will have to sign-off on issues and acceptance of bids.	0%		VHMGB,Michael Smith,MDI
53	Finalize contract between MI company and VHMGB	Thu 2/18/99	Thu 2/18/99	The dates which follow are "Working dates" which are highly dependent on approvals, the MI, lawyers, etc.	0%		VHMGB,Michael Smith,Allan Hunt
54	Sign the contract	Thu 2/25/99	Thu 2/25/99		0%		Winning MI,VHMGB
55	Settle Transaction	Sun 2/28/99	Sun 2/28/99	This is the date on which the risk transfers to the MI winner.	0%		VHMGB
56	Begin transfer of insurance book of business to MI.	Mon 3/1/99	Tue 3/30/99	Timing to be determined in plan	0%	40	VHMGB,Winning MI
57	Complete Transfer: (date to be determined based on plan, etc.)	Mon 3/1/99	Tue 3/30/99	Timing to be determined in plan	0%		To be determine,VHMGB

TALKING POINTS FOR BOARD MEMBERS REGARDING VHMGB CHANGES
January 13, 1999

VHMGB PROGRAM OPERATIONS

- The Vermont Home Mortgage Guarantee Board will issue new mortgage guarantee commitments for up to 120 days with all commitments expiring by June 30, 1999. As options with the Dean administration, State Treasurer Douglas' Office, and Vermont Legislature are reviewed, these deadlines may change. In the very near future, VHMGB will decide whether to terminate or to suspend programs.
- The primary reason why VHMGB is pursuing other options is due to substantially higher losses and reduced income in the last several years. VHMGB was created by the Vermont legislature to help Vermonters with limited assets and low to moderate incomes to obtain home mortgage financing. To meet its mission, VHMGB has historically sought to offer low-cost insurance combined with flexible underwriting guidelines.
- During the past several years, VHMGB has faced unprecedented challenges. The recession of the early 1990s eroded residential property values in many parts of the state, resulting in losses for VHMGB when a property was foreclosed and re-sold. Additionally, national private mortgage insurance companies have expanded into the affordable home mortgage market, insuring a significant segment of loans that previously would have gone to VHMGB. This has resulted in reduced revenue and increased adverse selection for VHMGB.
- Because the full faith and credit of the State of Vermont back VHMGB's guarantees, the State would be liable for assuming over $120 million in VHMGB guarantee obligations. This poses a significant risk to the State of Vermont's bond rating.
- For guarantees currently in the VHMGB portfolio, discussions are taking place with a number of private mortgage insurance companies to take over the VHMGB portfolio (also called the book of business). By mid-January, a request for proposal will be sent to primary insurance companies that are licensed in Vermont. It is anticipated that national-based firms will be interested in taking over VHMGB's portfolio: the potential risk associated with VHMGB's portfolio can be spread out within a larger nationally-based pool.
- In anticipation of the probable sale of the VHMGB book of business, VHMGB will issue new guarantee commitments for up to 120 days with all commitments expiring by June 30, 1999.
- Several matters will be brought to the 1999 Vermont Legislature:
    1. A contribution of $4.2 million from the current State of Vermont revenue surplus to assist in the sale of the VHMGB book of business to a private mortgage insurance company. This one-time expense is supported by the Dean administration and the VHMGB Board. Because potential liabilities are greater than VHMGB's assets, the $4.2 million is needed to augment the VHMGB reserves which is necessary if the portfolio is to be taken over by a private mortgage insurance company.

2. If the VHMGB Board wishes to terminate all guarantee programs, legislative approval will be sought. If the programs are suspended, it is less clear what legislative authorization will be sought. We believe it is possible to keep VHMGB on the books while reducing its authority to guarantee.
3. The 1997 legislature approved a Department of Taxes Property Transfer Tax rebate for borrowers whose mortgages are guaranteed by VHMGB. VHFA will be discussing this matter with the administration prior to asking the 1999 legislature to extend the rebate beyond the sunset date of June 30, 1999 and to make the rebate available to VHFA borrowers.
4. VHMGB may want to consider keeping the lead paint hazard program on the books with $1 million in reserves, should interest in that program be demonstrated. Programs such as the Lead Paint Hazard Guarantee Program may need to find a home (to be considered). To date, no lead paint hazard loan guarantees have been made.

<u>VHFA RESPONSE</u>

- VHFA's intention is to continue offering our existing mortgage and tax credit programs. VHFA's Board of Commissioners is carefully reviewing options on both a short-term and a long-term basis and will develop a plan to expand primary insurance options for VHFA borrowers.
- VHFA currently accepts mortgage insurance from FHA, VA, RD, and most other private mortgage insurance companies.
- The suspension of VHMGB does provide VHFA with opportunities to develop new partnerships and to make advances in the areas of automated underwriting, which will streamline the loan approval process. VHFA is exploring a number of options for expanding the pool of mortgage insurance tools for our borrowers.
  - Contract underwriting with a private mortgage insurance company. Special underwriting features to meet the needs of VHFA borrowers will be pursued.
  - Expanding the choices of mortgage insurance available to VHFA borrowers, negotiating additional underwriting features to meet the needs of VHFA borrowers.
- VHFA is actively seeking new income opportunities so that potential losses will have less impact on the agency's bottom line.
- In administering VHMGB programs, VHFA spent considerable staff time and agency resources in operating and supporting the guarantee programs. With the suspension of VHMGB, VHFA will re-focus our efforts on seeking additional mortgage insurance and loan opportunities for our home buyers, and streamlining our own lending practices.

- Communications will begin immediately with VHFA partners regarding the proposed termination of the VHMGB programs. These partners include:
    - lenders
        - Lenders will be notified immediately that VHMGB guarantee commitments will be up to 120 days with all commitments expiring by June 30, 1999.
        - We hope to notify lenders by the end of January about specific options being considered by VHFA.
        - In late February, a series of informational meetings will be held around the state to informally discuss the options and gather lender feedback.
    - legislators
    - real estate professionals
    - nonprofit partners
    - Homeownership Centers
    - Housing Council
    - Affordable Housing Coalition

vhfa

VERMONT HOUSING FINANCE AGENCY

January 27, 1999

Ms. Mary Moore
Vermont Department of Libraries
109 State Street
Montpelier, VT 05609

Dear Ms. Moore:

The Vermont Housing Finance Agency Board of Commissioners will be having a meeting on Thursday, February 4th at 9:00 a.m. at the State Treasurer's Office, 133 State Street, Montpelier, Vermont in Conference Room #3.

If you have any questions, please do not hesitate to contact me at 652-3413.

Sincerely,

Kari Caragher

Kari A. Caragher
H.R./Executive Assistant

ADMINISTERING THE PROGRAMS OF THE VERMONT HOME MORTGAGE GUARANTEE BOARD

Mailing Address: PO Box 408, Burlington, Vermont 05402-0408
Delivery Address: 164 Saint Paul Street, Burlington, Vermont 05401-4364
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EQUAL HOUSING OPPORTUNITY

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Kari Caragher (KC), Executive Assistant

DATE: February 3, 1999

RE: BOARD MEETING FEBRUARY 4TH AT 9:00 A.M.

This is to notify you that the next VHFA/VHMGB Board of Commissioners meeting has been confirmed. The meeting will be held on February 4th at the State Treasurer's Office, 133 State Street, Room # 3, Montpelier, Vermont.

Scones and muffins will be provided. See you all tomorrow at 9:00 a.m.

vhfa

VERMONT HOUSING FINANCE AGENCY

February 8, 1999

Ms. Mary Moore
Vermont Department of Libraries
109 State Street
Montpelier, VT 05609

Dear Ms. Moore:

The Vermont Housing Finance Agency Board of Commissioners will have its regular meeting on Thursday, February 18th at the State Treasurer's Office, 133 State Street, Room # 2, Montpelier, Vermont.

The Board Human Resources Committee will meet from 11:00 a.m. – 1:00 p.m. The regular Board meeting will begin at 1:00 p.m.

If you have any questions, please do not hesitate to contact me at 652-3413.

Sincerely,

Kari Caragher

Kari A. Caragher
Executive/HR Assistant

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director AC

DATE: February 12, 1999

RE: **CONFIRMATION OF UPCOMING BOARD MEETING**

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held on February 18th at the State Treasurer's Office, Room # 2, 133 State Street, Montpelier, Vermont. Please see agenda for meeting time.

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

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Montpelier on February 18th!

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EQUAL HOUSING OPPORTUNITY

VERMONT HOUSING FINANCE AGENCY

VHFA BOARD AGENDA

State Treasurer's Office
133 State Street Room #2
Montpelier, Vermont

Thursday, February 18th at 1:00 p.m.

The Human Resource Committee will be meeting from 11:00 – 1:00 p.m.

1. Review and approval of minutes of January 21, 1999.

2. **ADMINISTRATION**
   A. Executive Director's Report {Carpenter//Enclosure}
   B. Employee Handbook Update {Carpenter}

3. **DEVELOPMENT**
   A. Tax Credit Allocation Plan {Carpenter//Enclosures}

4. **OPERATIONS**
   A. Single Family Program Activity Reports for November 1998 {Enclosures}
   B. Contract Underwriting {Lothrop}

5. **MULTIFAMILY MANAGEMENT**
   A. Winchester Place Update {Falzone}
   B. South Meadow Update {Falzone}

6. **LEGAL**
   A. Update on Transfer Tax {Jarrett}
   B. Allen Apartments {Jarrett// Enclosure}

7. **FINANCE**
   A. Convertible Option Bond Update {Schoenbeck}

8. VHMGB discussion

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

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VERMONT HOUSING FINANCE AGENCY

BOARD MINUTES

Association of General Contractors Office
148 State Street
Montpelier, Vermont

Thursday, January 21, 1999

PRESENT: Chairman White; Commissioners Seelig, Randall, Canney, Douglas, Smith (designee of Douglas), Brown (designee of Lambert), Candon (designee of Costle), Costle

Staff: Ms. Carpenter, Mr. McNamara, Ms. Caragher, Ms. Loller, Ms. Gent, Ms. Santerre, Mr. Schoenbeck, Ms. Cunningham, Ms. Crady

At 12:00 p.m. a motion to go into Executive Session pursuant to 1 VSA Section 313 (a) (3) was made by Mr. Seelig and seconded by Ms. Randall. The motion to come out of Executive Session at 1:00 p.m. was made by Ms. Randall and seconded by Mr. Seelig.

Chairman White called the meeting to order at 1:10 p.m. A motion was made by Mr. Seelig to approve the minutes of December 17, 1999. The motion carried unanimously after being seconded by Mr. Candon. There was a brief discussion surrounding the length and format of the minutes. It was agreed that the minutes should be shortened and focused more on the highlights of discussion and actions taken at the meeting.

Executive Directors Report

Ms. Carpenter briefly reviewed her report, indicating that she did the report a little differently than it has been done in the past. She used the report as a way to summarize the highlights of each of the memos enclosed in the Board packet.

Ms. Carpenter mentioned that we have made some internal changes, noting that our phones are now being answered by a live voice. She also noted that at the end of the month our voicemail system would be made more "user" friendly.

The Low Income Housing Tax Credits are slightly behind schedule, but the public hearing should take place soon. She noted that there weren't many changes made to the Allocation Plan.

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EQUAL HOUSING OPPORTUNITY

Ms. Carpenter indicated that in late February she would be traveling around the state to 8 different locations to meet with lenders about our various programs and to discuss VHMGB.

Ms. Carpenter noted that, in reviewing Vermont's most recent draft definition of assisted living and some clarifications by the IRS, VHFA may not need to explicitly add assisted living to our statute. Mr. Smith noted that last year we felt we needed Legislature's approval to do this. The Board agreed, after reading legal counsel's memo, this is an issue that we could address in the future. In the meantime, it was suggested that staff write a letter to John Taylor regarding this matter to let the Dean Administration know the reasons for our interpretation.

FINANCE

Mr. Schoenbeck noted that the General Fund Budget is where we projected it would be, except for the unforeseen VHMGB expenses. VHMGB was billed only for consultant charges from VHFA because a budget wasn't approved for operating costs.

As the audit stated last year, the amount of our surplus is mostly due to the change we made to a market value basis. The loan losses as compared to last year are consistent.

Mr. Schoenbeck indicated that VHMGB is experiencing tremendous loan losses, noting that within one month it has accumulated $500,000 in losses. Ms. Cunningham indicated that we have changed the method of the way we collect claims. Effective April, 1998 lenders must place the VHMGB claim within 60 days, instead of waiting for the REO to sell, which took up to 10 months.

SINGLE FAMILY OPERATIONS

The 90-day delinquencies have increased from last month. Ms. Cunningham noted that she believes the delinquencies jumped up due to the holidays and because there has been some changeovers with some of our lenders. Ms. Cunningham also noted that she is in the process of setting up a meeting with our servicers to discuss getting EDI (Electronic Data Information) so that we are receiving information more rapidly on the delinquencies.

Ms. Cunningham noted that another reason delinquencies increased is because some lenders are not calling their borrowers when they have reached 60-days delinquent if it is during the holiday season. Ms. Randall would like to discuss this at the next scheduled Board meeting and find out why the lenders aren't placing that call.

COMMUNICATIONS

Ms. Gent noted that our Home Buyer Fair will be held on March 13th in Colchester. She also noted that we are reducing the price on booths for lenders this year to encourage more to attend. Ms. Randall suggested that perhaps we give the lenders the space for free, to get more involvement and to help promote our programs. The Board agreed that it is very important for us to have the lenders support and that it could prove to be beneficial to have a lot of lenders present at the Fair to help promote our 25th anniversary.

LEGAL

In Mr. Jarrett's absence, Chairman White noted that, with the possible change to VHMGB, staff would like to explore the possibility of transferring the Property Transfer Tax Exemption benefit to VHFA borrowers. To accomplish this change, the language in the statute would have to be changed, which requires Legislative approval. Ms. Carpenter indicated that we wouldn't be asking the Legislature for more money; we would transfer the funds over to VHFA. The Board agreed that staff should pursue the option with the Legislature.

DEVELOPMENT

Ms. Crady indicated that staff is determining appropriate purchase price and income limits for consideration at the March Board meeting, for all single family programs. The goal is to try to serve a larger number of households. More information will follow at the March Board meeting.

INFORMATION TECHNOLOGY

Ms. Loller indicated that we have signed a contract with Panurgy to test our software and to make sure we are Y2K compliant. The testing is scheduled to begin February 15th. Ms. Loller stated that they hope to have all the testing phases finished by June 30, 1999.

Ms. Carpenter indicated that she and Ms. Loller would be making a trip to Texas to meet with the MITAS group. They will address some staff concerns as well as introduce Ms. Carpenter to Mitas.

VHFA AND VHMGB JOINT MEETING

Ms. Carpenter began by indicating that we are currently waiting for the proposals to come back from the mortgage insurance companies, which are due January 29th.

A discussion then ensued regarding whether to suspend or terminate VHMGB. The Board members had different views; some believed terminating VHMGB would be the best option, while others felt suspension was more appropriate. One reason mentioned supporting the suspension was that, if private mortgage insurers begin to reduce their level of business in the state, VHMGB could again start insuring mortgages. A reason supporting the termination of VHMGB was that the model that VHMGB is based upon is outdated. After further discussion, both Boards agreed to continue reviewing the options and that a decision would be made at a later date.

The discussion then turned to VHFA's ability to obtain mortgage insurance for future loans. Ms. Santerre indicated that staff has had discussions with three private mortgage insurance companies. Those three mortgage insurance companies were; Mortgage Guaranty Insurance Corp (MGIC); General Electric Mortgage Insurance Corp. (GEMICO) and Commonwealth Mortgage Assurance Corp (CMAC). Of the three, MGIC was the most prepared and presented the best offer. MGIC is willing to allow a 6-month transition period. During this time MGIC will insure all VHFA loans under VHFA's current underwriting policies and guidelines. Also during this transition period VHFA and MGIC would negotiate terms and conditions for future mortgage insurance for VHFA's products.

One issue that was consistently brought up during these meetings with the mortgage insurance companies was their reluctance to insure single wide mobile homes. The Board members agreed that it was important for VHFA to continue offering some financing for single wide mobile homes. The Board then discussed ways for VHFA to continue financing single wide mobile homes by self-insuring these loans. It was agreed that self-insuring would bring along additional risk to VHFA. The Board noted that more information is needed to determine the level of risk involved and source of funding for needed reserves.

An overall concern of the Board was which consumers would VHFA no longer be able to assist without VHMGB. Staff was directed to contact the three private mortgage insurance companies and request a written outline of the differences between their requirements and VHMGB's. This information will allow the Board to determine which consumers would not be eligible for VHFA's programs.

Both Boards agreed that further information was required and a second Board meeting to further discuss these issues was warranted. A joint Board meeting was scheduled for February 4th.

There being no further business, the meeting adjourned at 4:15 p.m.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: February 12, 1999

EXECUTIVE DIRECTOR'S REPORT

Much of our activity since the last Board meeting has revolved around VHMGB. I did have the opportunity to meet with the staff of the National Council of State Housing Agencies (NCSHA) in Washington at the end of January. They were very helpful and I look forward to using them as a valuable resource. Cathleen and I will be attending their annual Legislative Conference in March. Their big issue remains the Low Income Housing Tax Credit per capita allocation from 1.25 to 1.75. A number of states, including Vermont, are also advocating for a small state minimum. NCSHA is also looking to accelerate the increase in the private activity volume cap, however that probably won't affect Vermont.

ADMINISTRATION

The Information Technology staff has completed their installation of the new PC's, that went very smoothly. Pat and I traveled to Texas and spent a very long day with the Mitas Group to discuss VHFA needs and expectations. Mitas is in the process of converting all their software products to windows. They continue to be the most economical option for us, but we have had some frustration about their service. They seem to be suffering growing pains, however have assured us they will be adding staff. Pat and I agreed that we would continue with them for one more year to get us through 2000 and work with their windows applications, although Pat will continue to explore other options.

The Board Human Resources Committee will be reviewing the employee handbook before our meeting on the 18th. Please let me know if you have any comments.

SINGLE FAMILY OPERATIONS

As Doug pointed out in his report, we have ended this calendar year at a low point of loan activity. As soon as the issue around VHMGB is settled and we have finalized things with a contract underwriter, I would like the Board's input for some ideas or strategies for increasing lending. Hopefully we can do this at the March Board meeting. I would like to start following through to setup a lender/single family program advisory council to get more active and regular input on our

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EQUAL HOUSING OPPORTUNITY

programs and processing. I also want to spend more time reviewing our relationship to the Homeownership Centers and the Vermont Development Credit Union and look at whether we should consider any aspects of self origination.

MULTIFAMILY

We are proceeding with negotiations on refinancing South Meadow. Rich Feeley has been looking at other financing sources, but we think VHFA can offer a comparable package. Sam's mother has been ill and he was out this week, but we will present a summary at the Board meeting. We will be finalizing bond terms with our financial advisors on Wednesday.

On Tuesday, February 16th we will be meeting with St. Michael's College and Housing Vermont regarding Winchester Place and will update you on the 18th.

DEVELOPMENT

Enclosed are the minutes from the tax credit public hearing. There were no surprises. Most of the discussion was around lifting the unit cost limits and clarifying the disclaimer language.

LEGAL

We have been spending a lot of time looking at the contractor issues related to VHMGB. We did get word from the Administration that they fully support our request to move the Property Tax Exemption from VHMGB to VHFA, and we will be attaching that to the Appropriation. We also have had discussions with a number of groups (The Homebuilders Association and Housing Vermont) who will be advocating for a state low income housing tax credit as part of proposed downtown legislation. VHFA presumably would be the allocating agency.

VHFA's 25th Anniversary Celebration at the Vermont Statehouse has been changed to April 6th at 4:00PM. The reason for this change is to provide the opportunity for our Congressional delegation to attend, since their spring recess extends to that week. Please change your calendar from April 13th to April 6th.

vhfa

VERMONT HOUSING FINANCE AGENCY

Memorandum

To: VHFA Board of Commissioners

From: Sarah Carpenter, Executive Director SC

Date: February 12, 1999

Re: 1999 Tax Credit Allocation Plan Changes

A Public Hearing was held on February 10th to receive comments on proposed changes to the 1999 Tax Credit Allocation Plan. Five developers met with staff to review the changes outlined in Joe Erdelyi's memo of January 25th (enclosed) and to discuss three other issues in addition to the memo. The Minutes of the Public Hearing (also enclosed) outline these three issues as well as the major concerns with changes proposed in the memo.

I would like to highlight two changes that I think warrant closer attention by the VHFA Board: disclaimer language and development cost guidelines.

You will find the **disclaimer language** on page two of the January 25th memo. In it, Joe tried to list out a number of circumstances that might lead the Joint Committee on Tax Credits (JCTC) to make a recommendation contrary to an application's rank or score. No matter how well we refine the Allocation Plan from year to year, it is impossible to foresee all of the circumstances that can emerge during a funding round. Many other states have adopted similar disclaimer language to give them some leeway in the process and to protect themselves from potential lawsuits that could result.

The second change came out of the Public Hearing and deals with **development cost guidelines**. The original cost guidelines were benchmarked to HUD 221(d)3 projects in 1993 and were implemented in the 1994 application round. Cost guidelines have remained at the 1994 level ever since. It is becoming fairly common for construction bids to come in 10 to 15 percent more than professional estimates. The developers at the Public Hearing felt very strongly that we need to (at least) adjust the cost guidelines up at once and consider doing away with them altogether.

Recommendation: I recommend that the Board adopt the changes outlined in the January 25th memo, including disclaimer language of some kind. We can discuss whether the proposed language be used or to strip it down to a much more concise version. As to development cost guidelines, I recommend that we increase them by 15% across the board for the 1999 round and to revisit this issue in 2000 using actual data from the 1997 through 1999 funding rounds.

ADMINISTERING THE PROGRAMS OF THE VERMONT HOME MORTGAGE GUARANTEE BOARD

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Minutes
Tax Credit Public Hearing
February 10, 1999

Present: Peter Richardson and Rich Wickman, Housing Vermont (HVT); Amy Wright and Jay Ladd, Lake Champlain Housing Development Corp. (LCHDC); Charles Brush, Green Mountain Development Group (GMDG).

Staff: Sarah Carpenter, Executive Director; Joe Erdelyi, Multifamily Development Underwriter; Mike McNamara, Deputy Director.

Joe opened the hearing with three topics not covered in the original memo: cost limits, a Memorandum of Understanding with Rural Development and adding language that would allow the rejection of new applications outright from developers with other non-compliant projects.

Cost Limits: Two letters and numerous telephone comments were received on this issue, indicating that the current Cost Guidelines are too low. These guidelines were set in 1993 and have not been adjusted since. Peter Richardson indicated that Vermont is not out of line nationally development cost-wise, but the guidelines have lagged behind and need to be corrected, then indexed moving forward. Amy Wright said that the cap should be eliminated entirely on smaller projects (less than 30 units); staff would still need to determine that costs are reasonable. Charles Brush thought that caps be eliminated entirely in Chittenden County, but there should also be some kind of incentive for projects that contain costs. There was general concensus that the guidelines are no longer realistic and need to be either trended upward or eliminated altogether. Joe Erdelyi cautioned that Congress might be wary if a lot of states were to eliminate caps altogether, but it should not be remarkable if a small state like Vermont moves in this direction. *Staff will confer and recommend an appropriate strategy on Cost Guidelines in the final proposed Allocation Plan changes.*

Rural Development MOU: RD 515 applications now get 20 additional points in the national scoring if there is a formal MOU between RD and the Tax Credit allocating agency. Until now, 515 developers who needed tax credits would apply in the regular funding round for ceiling credits. Under the scenario Joe has worked out, VHFA will provide construction financing to all RD 515 projects using tax-exempt bonds. The financing will be taken out at construction completion so that Rental Assistance can begin immediately. In this way, 515 project developers can now automatically get the same amount of 4% credits without having to apply in the competitive round. These credits are in addition to the limited ceiling credits, thereby slightly increasing overall resources for creating affordable housing. If a 515 developer does not choose to go this route, Peter Richardson thought the burden of proof should be on the developer to show why the bond financing doesn't work. There was general concensus on using this approach with 515s and adding the necessary language to the plan.

Rejecting new applications for prior non-compliance: Joe indicated that this has not been a problem in Vermont, but other states are starting to see it. Some states have added language to their plans that allow for an application to be rejected outright if a developer has not lived up to the benchmarks set in the original application (no. of units, affordability, etc.) on another tax credit project. It was pointed out that the current process requires some due diligence on the development team, which should be sufficient to deal with this problem. There was no strong feeling that new language should be added at this time.

The hearing was then opened-up to questions and comments about the proposed changes outlined in the memo.

Charlie Brush indicated that there should be a priority in the plan for projects that do not rely on other public resources (HOME, CDBG, etc.). He would like to see a level playing field between the for-profits and non-profits. Joe pointed out that "stand alone" tax credit projects must be larger scale to work without other resources and that it is clear that historic rehab projects virtually always require other sources of funding.

The discussion turned to one of the "top tier" Consolidated Plan priorities which added the language, *"...or infill new construction in communities with a vacancy rate of 2% or less..."*. Clarification was made that *infill* did include build-out of downtown areas such as the Thelma Maple Co-Op on Archibald Street and new construction (like The Pines) in South Burlington's City Center. Discussion then centered on determining the vacancy rate in a *community.* Amy Wright said that there was no difference in vacancy rate between Burlington and South Burlington, for example. All participants agreed that changing *community* to *housing market area* would be an improvement. It will be incumbent on the applicant to define the market area that a new construction project is located within to the satisfaction of VHFA using appraisals, market studies and other resources.

The new disclaimer section was then discussed. Joe indicated that many states have incorporated such disclaimer language. Mike McNamara pointed out that, eventhough we refine the plan each year, it will never be perfect. This language gives the JCTC and the VHFA Board the ability to deal with an unusual situation during the tax credit allocation round. Charlie Brush was concerned that developers could play by the rules and still be knocked-out--literally a $50,000 gamble. He said he would feel better about it if Vermont had a more quantifiable point system. Charlie went on to indicate that the JCTC itself is conflicted with members from agencies coming to the table with their own agendas. He is afraid that this language will open the door to the JCTC not funding projects that they don't like, eventhough they meet the criteria. Joe said that it might not be as problematic as Charlie thinks given the other changes that are proposed in the plan.

As the hearing came to a close, there was a general discussion about timeframes. Joe said that we should be able to begin the round in late February/early March with recommendations in May. There was general concensus that the process should begin earlier next year, especially if the bill to raise the per capita from $1.25 to $1.75 is successful. Joe indicated that the changes to the plan took longer than expected this year and that we should be able to move more quickly next year if the changes are only incremental.

Mike McNamara

Mike McNamara
Deputy Director

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

To: Interested Parties in the Housing Credit Program

From: Joe Erdelyi, Multifamily Development Underwriter

Date: January 25, 1999

Re: Proposed Changes to 1999 Allocation Plan and Public Hearing Notice

A Public Hearing regarding these proposed changes will be held at the VHFA Office on Wednesday, February 10th at 2:00 p.m.

Staff and the Joint Committee on Tax Credits (JCTC) have met and discussed proposed changes to the 1999 Allocation Plan. The purpose of this memo is to summarize the changes that are being proposed as a result of those meetings. There was general agreement on making the following changes:

- Changing the order of the first and second evaluation criteria, so the most weight is given to the State's Consolidated Plan priorities and then to projects serving the lowest income to the longest term.
- Using a weighted average method to evaluate which projects serve the lowest income to the longest term, versus the current method of looking at the project that has the highest percentage of total units with rents affordable to incomes at or below 30% of median.
- Adding disclaimer language that permits the Committee and the VHFA Board to reserve or allocate credits to projects regardless of their ranking. This is consistent with many other States' Allocation Plans.
- Within the "State's Consolidated Plan" category, not all items do (or should) carry equal weight when evaluating Housing Credit applications, despite the fact that the Consolidated Plan does not address the weight of the relative priorities.
- Rather than looking only at the town or city in which a development is proposed, staff should evaluate the Geographic Targeting criterion by looking at the town and all adjacent towns, utilizing the recently published "Directory of Affordable Housing in Vermont."
- The "Federally Subsidized and At Risk" category of the "Consolidated Plan" evaluation criterion has been made into a separate evaluation criterion.

The changes proposed to the evaluation criteria are summarized on the attached *1999 LIHTC Evaluation Checklist*

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DISCLAIMER LANGUAGE

The following language is proposed as the "disclaimer" language for the Plan: "The Joint Committee on Tax Credits (JCTC) may at its sole discretion elect to not recommend the reservation or allocation of credits to any application regardless of its rank or score. Reasons that this might occur include (but are not limited to) that the JCTC believes that a development: 1) is not financially feasible; 2) is unlikely to secure requisite financing in a timely manner; 3) is not consistent with the State's Consolidated Plan; 4) is sponsored by a developer whose prior performance with the Housing Credit program (or other state or federal program) is less than adequate in Vermont or in other states (this may include failure to meet reservation/allocation conditions or deadlines, poor compliance practices, failure to pay fees, etc.); or, 5) might have a significant and negative impact on the existing rental housing and/or the stock of assisted housing in the area. Developers are strongly encouraged to provide (and in some cases are required to provide) good, independently-prepared market studies **with their applications** for Housing Credits, studies that clearly detail the impact the proposed housing will have on the existing housing stock and the demand and need for the proposed housing.

The JCTC may at its sole discretion recommend to reserve or allocate credits to any application regardless of its rank or score. Reasons that this might occur include (but are not limited to) that the JCTC believes that a development: 1) is likely to lose committed funding if it does not receive a reservation, allocation, or binding commitment of credits immediately; 2) is facing a long and difficult approval process and the developer might not invest the time and money to advance the proposal through this process without the commitment of Housing Credits; 3) is requesting a smaller amount of credits that could be funded from the current year's ceiling, versus another application that is requesting a larger amount of credits that cannot; 4) the project demonstrates innovation; 5) the project can leverage funds otherwise unavailable in the State of Vermont in meeting its housing and community development missions. One consequence of awarding credits to an application of lower rank or score is that an application of higher rank or score that round may not receive credits.

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."

CONSOLIDATED PLAN PRIORITIES

The two proposed changes are to: 1) add "in-fill" language to the "rehab" item (a); 2) create a two-tiered system by which to rank projects. The following priorities would be in the "top tier": rehab; family housing; downtown location; downtown blight; special needs. The remaining priorities would be in the "second tier": mixed income; growth center location; affordability to households <30% median; serving families on public housing waiting lists. Each top tier priority will receive twice as much weight in the ranking as each second tier priority.

The "in-fill" language is being proposed to keep the Allocation Plan consistent with the State's Consolidated Plan. The revised priority will read as follows: "Rehabilitation, including lead-based paint abatement, accessibility modifications, and energy efficiency upgrades; or infill new construction in communities with a vacancy rate of 2% or less, or in communities where there is insufficient rehabilitatable housing stock or a lack of affordable housing stock."

EVALUATION OF LOWEST INCOME TO LONGEST TERM

In comparing the affordability of projects, staff recommend using a new method. Previously, projects were ranked by a system which compared tax credit rents to the total project rents: the number of tax credit units serving each income tier was the numerator, and the number of total units was the denominator. Staff propose instead ranking the projects looking solely at the tax credit rents: the number of tax credit units serving each income tier over the number of total tax credit units. In addition we propose a "weighted average" ranking of all projects by which the percent of Housing Credit units in each income tier is multiplied by that income level (or the midpoint if an income range is used). The lowest weighted average number would get the highest ranking, as this project would be serving the "most lowest" income tenants. *See enclosed chart for illustration.*

This method does not penalize mixed income projects, but rather looks just at how the tax credit units are targeted. Projects which have the maximum tax credit rents allowable but only a few rents serving very low income will now not rank as well as projects which have more meaningful targeting – that is, those which serve greater numbers of lower income households.

The proposal is to arrange the projects in order once the weighted averages are computed, then looking for a natural break point between those which rank higher in this criteria and those which don't. Projects above the break point will receive credit for this criteria; those below will not.

FEDERALLY SUBSIDIZED AND AT-RISK HOUSING

The definition of "Federally Subsidized and At Risk" proposed 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; <u>and</u> 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."

READINESS TO PROCEED

The proposal is to look at permitting readiness and funding readiness separately. Staff would evaluate projects based on giving higher ranking to projects with more financing commitments in hand and fewer permitting issues outstanding, as illustrated on the attached Checklist. (Note: Elsewhere in the Allocation Plan there is a provision for providing Advanced Binding Commitments to projects that are facing local opposition). Projects would then be ranked (e.g. +/0 or 0/0) with other applications.

GEOGRAPHIC TARGETING

In order to both make use of the new and current Affordable Housing Directory, as well as to incorporate the Committee's concerns, staff would check the town/city where the project is located in the Directory, as well as <u>all adjacent towns,</u> for the type of housing which is being proposed, to determine whether there is assisted housing of the type proposed in that community already. Areas which already have assisted housing such as the type proposed will not get credit for meeting this criterion.

Attachments

VHFA -- 1999 LIHTC EVALUATION CHECKLIST
SUMMARY

DRAFT

EVALUATION CRITERIA (1 - 5 are in order of priority)	RANKING
1. State Consolidated Plan Priorities / Other Priorities (**not** in **order of priority within each tier):** Top Tier (weighted higher than second tier): (a) Rehabilitation, including lead-based paint abatement, accessibility modifications, and energy efficiency upgrades; or infill new construction in communities with a vacancy rate of 2% or less, or in communities where there is insufficient rehabilitatable housing stock or a lack of affordable housing stock; (b) Family housing (unless local or regional need for other housing is a greater need); (c) Project is planned to maintain the historic settlement pattern of compact village and urban centers separated by rural countryside; (d) Downtown blight (as defined in Consolidated Plan & downtown bill H.278). Submit map outlining downtown. (e) Any project that incorporates special needs populations (as defined in Consolidated Plan and Allocation Plan), including SRO's, the mentally disadvantaged, the physically challenged. * Second Tier (weighted less than top tier): (f) Mixed income developments; (g) Project is located in growth centers designated on regional plans or on local plans that have been approved by a regional planning commission; (h) Housing affordable to households <=30% AMGI; (i) Project serves families currently on public housing (state or local) waiting lists.	Top tier items (a-e) are weighted twice as high as second tier items (f-i).
2. Preference must be given among selected projects to proposals serving: (a) the lowest income tenants, and (b) qualified tenants for the longest period (There must be a satisfactory mechanism to enforce income and rent restrictions.)	Weighted averages are used to rank projects by affordability. Projects are ranked in descending order; projects above a natural break point get credit for meeting this criteria; projects below the natural break point do not.
3. Acquisition and rehabilitation of existing "at risk" federally subsidized projects, defined as: any development currently occupied by low income households that faces, within the next 5 years: 1) a loss of deep rental assistance or other operating subsidy; <u>and</u> 2) faces prepayment of its mortgage or other action by its owner that would terminate federal low income use restrictions. In addition, this includes any project(s) that is slated to receive federal funding specifically for preservation.	A project meets this criteria and gets credit for it, or not.
4. 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; project has some financing/funding committed.	Permitting & Funding are weighted separately as follows: <u>Permitting</u>: Nothing needed/all approved + Have local need Act 250 (or just need local and no Act 250) 0 Need everything - <u>Funding</u>: Have everything but tax credits + Have 50% or more of total sources Committed (excluding tax credits) 0 Have less than 50% of total sources Committed -
5. Geographic targeting: Project is in a location that has been underserved historically in having its affordable housing needs met (**not** just underserved by the Housing Credit program).	Town/city of project and all adjacent towns/cities not having housing of the type proposed get credit for this criteria.

Attachment A

	INCOME TARGETING TABLE - 1997 Projects																			
	TAX CREDIT RESTRICTED																			
							Over 60	"other"												
	<=30	31-39	40-49	50	51-59	60	"market"	restricted		TOTAL	# Units									Weighted Average
Swanton		100%							$ 59,074	100%	20		$ 59,074	0.300	0.000	0.000	0.000	0.000	0.000	
Fair Haven		100%							$ 53,997				$ 113,071	0.300	0.000	0.000	0.000	0.000	0.000	
"Sample" 515*	71%	12.5%	12.5%		4%					100%			$ 113,071	0.213	0.044	0.056	0.000	0.022	0.000	33.50%
WRAP			100%						$ 79,662	100%	22		$ 192,733	0.000	0.000	0.450	0.000	0.000	0.000	45.00%
Railroad Street Richmond			58%	42%					$ 74,116	100%	16		$ 266,849	0.000	0.000	0.261	0.210	0.000	0.000	47.10%
ACCAG II	17%		9%		74%				$ 134,000	100%	24		$ 400,849	0.051	0.000	0.041	0.000	0.407	0.000	49.85%
10 Phelps Court				100%					$ 17,315	100%	4		$ 418,164	0.000	0.000	0.000	0.500	0.000	0.000	50.00%
Cora B Whitney				100%					$ 87,971	100%	22		$ 506,135	0.000	0.000	0.000	0.500	0.000	0.000	50.00%
1306/E Spring			48%		52%				$ 69,044	100%	41		$ 575,179	0.000	0.000	0.216	0.000	0.286	0.000	50.20%
MacAuley	12%	19%		6%		63%			$ 260,214	100%	68		$ 835,393	0.036	0.067	0.000	0.030	0.000	0.378	51.05%
Applegate			36%		64%				$ 230,000	100%	103		$ 1,065,393	0.000	0.000	0.162	0.000	0.352	0.000	51.40%
Park Place I				65%	35%				$ 110,000	100%	27		$ 1,175,393	0.000	0.000	0.000	0.325	0.193	0.000	51.75%
The Maples	14%			32%	10%	44%			$ 448,799	100%	65		$ 1,624,192	0.042	0.000	0.000	0.160	0.055	0.264	52.10%
Riverbend, Dover					100%				$ 171,855	100%	18		$ 1,796,047	0.000	0.000	0.000	0.000	0.550	0.000	55.00%
Forest Park, Brandon					38%	62%			$ 174,847	100%	40		$ 1,970,894	0.000	0.000	0.000	0.000	0.209	0.372	58.10%
Hedding Drive				14%	7%	79%			$ 42,000	100%	16		$ 2,012,894	0.000	0.000	0.000	0.070	0.039	0.474	58.25%
									$ 2,012,894											

*Note: The "sample" 515 was put in for comparison purposes only. The 515 program gives "preference" for very low income (below 50% of median). The households that are above 60% are due to increases in household income.

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Douglas R. Lothrop, Director of Single Family Operations

DATE: February 8, 1999

RE: Executive summary of Single Family Operations submissions

VHFA ended up the calendar year with just under $30 million in mortgages purchased. This is well below historical performance, but very close to the level our financial advisor indicated would not adversely impact our financial position. Of more concern is the continued run-off of loans in the portfolio.

As a percentage delinquencies again increased in the month of December. However, the total number of loans only increased by 4 loans as compared to last month and decreased by 69 loans from a year ago.. Major increases (over 1%) in delinquencies were incurred by BankNorth, Brattleboro Savings & Loan, Chittenden Bank, Bennington Co-Op, First Nationwide Mortgage, and Lyndonville Savings, consisting of 7, 1,15, 1 and 1 loans respectively. Major decreases (over 1%) in delinquencies were made by Charter One (Albank), Northfield Savings Bank, Vermont Development Credit Union and Factory Point National Bank consisting of 9, 4, 2 and 4 loans respectively.

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EQUAL HOUSING OPPORTUNITY

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

To: VHFA Board of Commissioners

From: Glenn A. Jarrett, General Counsel GAJ

Date: February 11, 1999

Re: Allen Apartments

The Allen Apartments closing is scheduled for February 24. Because the Agency will be funding the acquisition with a general fund loan at closing and will later replace the general fund money with tax-exempt bond proceeds, it is advisable for the Board to pass a reimbursement resolution to insure our ability to recover any money put into the deal at this point. An example is attached.

REQUESTED ACTION:

Adoption of the attached resolution.

ADMINISTERING THE PROGRAMS OF THE VERMONT HOME MORTGAGE GUARANTEE BOARD

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EQUAL HOUSING OPPORTUNITY

RESOLUTION STATING INTENT TO PROVIDE FINANCING AND TO REIMBURSE ANY ADVANCES WITH RESPECT TO A 17-UNIT PROJECT IN WINOOSKI

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, 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 $525,000 aggregate principal amount (the "Bonds") to finance a loan to Allen Canal Housing Limited Partnership (the "Borrower") to acquire and rehabilitate a 17-unit project (the "Project") in Winooski Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and rehabilitate 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.

2. The preliminary approval of paragraph 1 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.

3. This Resolution shall become effective immediately.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Douglas R. Lothrop, Director of Single Family Operations

DATE: January 4, 1999

RE: Single Family Program Activity Report For December 1998

MORTGAGE PURCHASE PROGRAMS

Month	No.	Amount	Previous Year	No.	Amount
Reservations	35	$ 2,319,043		32	$ 2,170,590
Purchases	22	$ 1,486,854		51	$ 3,318,677

Period to Date	No.	Amount	Previous Year	No.	Amount
Reservations	669	$47,144,209		892	$62,558,709
Purchases	439	$29,487,655		575	$39,390,664

MORTGAGE PLUS

Month	No.	Amount	Previous Year	No.	Amount
Reservations	2	$ 171,900		4	$ 319,000
Issued	6	$ 490,396		4	$ 324,185

Period to Date	No.	Amount	Previous Year	No.	Amount
Reservations	58	$ 4,685,846		111	$ 9,466,838
Issued	72	$ 4,976,720		82	$ 6,584,201

ADMINISTERING THE PROGRAMS OF THE VERMONT HOME MORTGAGE GUARANTEE BOARD

Mailing Address: PO Box 408, Burlington, Vermont 05402-0408
Delivery Address: 164 Saint Paul Street, Burlington, Vermont 05401-4364
802 / 864-5743 • 800 / 339-5866 • TDD: 800 / 586-5832
FAX: 802 / 864-5746 • Underwriting FAX: 802 / 863-5422 • home@vhfa.org

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EQUAL HOUSING OPPORTUNITY

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Douglas R. Lothrop, Director of Single Family Operations DRL

DATE: February 5, 1999

RE: Servicing Activity for December 1998

SERVICING ACTIVITY

Collections:

Last months 90+ accounts:		131
New 90 day accounts (+):	18	
To foreclosure/DIL (-):	6	
To 60 days or less (-):	8	
Under payment arrangement:	66	
90+ accounts:		135

In Foreclosure:

Last months foreclosure accounts:		53
New foreclosures (+):	4	
To REO (-):	6	
Successful interventions (-):		
Negotiating workouts:		
Foreclosure accounts:		51

Real Estate Owned:

Last months REO's:		44
New REO's (+):	6	
Properties sold (-):	4	
Properties under contract:	8	
Other:	3	
REO's:		43

ADMINISTERING THE PROGRAMS OF THE VERMONT HOME MORTGAGE GUARANTEE BOARD

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EQUAL HOUSING OPPORTUNITY

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: DECEMBER 1998

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO	
ALBANK, FSB	404	19	4.70%	14	3.47%	11	2.72%	6	1.49%	50	12.38%	4	0.99%
Banknorth Mortgage Co.	737	44	5.97%	6	0.81%	7	0.95%	6	0.81%	63	8.55%	8	1.09%
Bennington Co-op S&L Assoc.	62	2	3.23%	0	0.00%	0	0.00%	0	0.00%	2	3.23%	0	0.00%
Brattleboro Savings & Loan	29	2	6.90%	0	0.00%	1	3.45%	0	0.00%	3	10.34%	0	0.00%
Chittenden Bank	879	76	8.65%	6	0.68%	7	0.80%	14	1.59%	103	11.72%	9	1.02%
Citizens Savings Bank	114	3	2.63%	3	2.63%	1	0.88%	0	0.00%	7	6.14%	1	0.88%
Community National Bank	306	13	4.25%	5	1.63%	11	3.59%	1	0.33%	30	9.80%	1	0.33%
Connecticut River Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Factory Point Nat. Bank	33	2	6.06%	0	0.00%	1	3.03%	0	0.00%	3	9.09%	0	0.00%
First Brandon Nat. Bank	3	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Nationwide Mortgage	5	1	20.00%	0	0.00%	0	0.00%	0	0.00%	1	20.00%	0	0.00%
GMAC Mortgage	9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Graystone Mortgage Company	510	44	8.63%	8	1.57%	23	4.51%	6	1.18%	81	15.88%	4	0.78%
Heritage Family Credit Union	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Lyndonville Savings Bank	60	1	1.67%	0	0.00%	3	5.00%	0	0.00%	4	6.67%	0	0.00%
Mascoma Savings Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Merchants Bank	245	7	2.86%	3	1.22%	2	0.82%	0	0.00%	12	4.90%	1	0.41%
Mortgage Service Ctr. of NE	83	6	7.23%	4	4.82%	4	4.82%	0	0.00%	14	16.87%	1	1.20%
New England Federal CU	43	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Northfield Savings Bank	140	4	2.86%	1	0.71%	0	0.00%	0	0.00%	5	3.57%	1	0.71%
Passumpsic Savings Bank	162	9	5.56%	3	1.85%	6	3.70%	2	1.23%	20	12.35%	0	0.00%
Peoples Trust Co.	85	4	4.71%	1	1.18%	1	1.18%	0	0.00%	6	7.06%	0	0.00%
Randolph National Bank	33	1	3.03%	1	3.03%	0	0.00%	1	3.03%	3	9.09%	0	0.00%
Union Bank	176	7	3.98%	3	1.70%	7	3.98%	0	0.00%	17	9.66%	0	0.00%
Vermont Development CU	76	0	0.00%	1	1.32%	3	3.95%	0	0.00%	4	5.26%	0	0.00%
Vermont National Bank	1870	94	5.03%	13	0.70%	47	2.51%	15	0.80%	169	9.04%	12	0.64%
Wells River Savings Bank	30	3	10.00%	0	0.00%	0	0.00%	0	0.00%	3	10.00%	1	3.33%
Totals	6108	342	5.60%	72	1.18%	135	2.21%	51	0.83%	600	9.82%	43	0.70%
Totals Previous Month	6179	321	5.20%	91	1.47%	131	2.12%	53	0.86%	596	9.65%	44	0.71%
Totals Same Mo. Last Yr.	6455	398	6.17%	111	1.72%	112	1.74%	48	0.74%	669	10.36%	71	1.10%

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: DECEMBER, 1998

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO	
Large Servicer 400+													
Albank	404	19	4.70%	14	3.47%	11	2.72%	6	1.49%	50	12.38%	4	0.22%
Banknorth Mortgage Co.	737	44	5.97%	6	0.81%	7	0.95%	6	0.81%	63	8.55%	8	0.63%
Chittenden Bank	879	76	8.65%	6	0.68%	7	0.80%	14	1.59%	103	11.72%	9	1.05%
Graystone Mortgage Company	510	44	8.63%	8	1.57%	23	4.51%	6	1.18%	81	15.88%	4	3.54%
Vermont National Bank	1870	94	5.03%	13	0.70%	47	2.51%	15	0.80%	169	9.04%	12	1.36%
Totals	4400	277	6.30%	47	1.07%	95	2.16%	47	1.07%	466	10.59%	37	0.84%
Average	880	55	6.59%	9	1.45%	19	2.30%	9	1.17%	93	11.51%	7	1.36%
Medium Servicers 399-50													
Bennington Co-op S&L Assoc.	29	2	6.90%	0	0.00%	1	3.45%	0	0.00%	3	10.34%	0	0.00%
Citizens Savings Bank	114	3	2.63%	3	2.63%	1	0.88%	0	0.00%	7	6.14%	1	0.88%
Community National Bank	306	13	4.25%	5	1.63%	11	3.59%	1	0.33%	30	9.80%	1	0.33%
Lyndonville Savings Bank	60	1	1.67%	0	0.00%	3	5.00%	0	0.00%	4	6.67%	0	0.00%
Merchants Bank	245	7	2.86%	3	1.22%	2	0.82%	0	0.00%	12	4.90%	1	0.41%
Mortgage Service Ctr. of NE	83	6	7.23%	4	4.82%	4	4.82%	0	0.00%	14	16.87%	1	1.20%
Northfield Savings Bank	140	4	2.86%	1	0.71%	0	0.00%	0	0.00%	5	3.57%	1	0.71%
Passumpsic Savings Bank	162	9	5.56%	3	1.85%	6	3.70%	2	1.23%	20	12.35%	0	0.00%
Peoples Trust Co.	85	4	4.71%	1	1.18%	1	1.18%	0	0.00%	6	7.06%	0	0.00%
Union Bank	176	7	3.98%	3	1.70%	7	3.98%	0	0.00%	17	9.66%	0	0.00%
Vermont Development CU	76	0	0.00%	1	1.32%	3	3.95%	0	0.00%	4	5.26%	0	0.00%
Totals	1476	56	3.79%	24	1.63%	39	2.64%	3	0.20%	122	8.27%	5	0.34%
Average	140	6	4.26%	2	1.58%	4	2.74%	0	0.16%	12	8.74%	1	0.35%
Small Servicers 49-													
Brattleboro Savings & Loan	29	2	6.90%	0	0.00%	1	3.45%	0	0.00%	3	10.34%	0	0.00%
Connecticut River Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Factory Point Nat. Bank	33	2	6.06%	0	0.00%	1	3.03%	0	0.00%	3	9.09%	0	0.00%
First Brandon Nat. Bank	3	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Nationwide Mortgage	5	1	20.00%	0	0.00%	0	0.00%	0	0.00%	1	20.00%	0	0.00%
GMAC Mortgage	9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Heritage Family Credit Union	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mascoma Savings Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
New England Federal CU	43	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Randolph National Bank	33	1	3.03%	1	3.03%	0	0.00%	1	3.03%	3	9.09%	0	0.00%
Wells River Savings Bank	30	3	10.00%	0	0.00%	0	0.00%	0	0.00%	3	10.00%	1	3.33%
Totals	199	9	4.52%	1	0.50%	2	1.01%	1	0.50%	13	6.53%	1	0.50%
Average	17	1	3.89%	0	0.27%	0	0.58%	0	0.27%	1	5.00%	0	0.30%

Lenders	1998 Jun	Jul	Aug	Sep	Oct	Nov	Dec
Large Servicer 400+							
Albank	10.61%	12.41%	11.75%	11.57%	11.41%	14.43%	12.38%
Banknorth Mortgage Co.	6.53%	6.01%	7.50%	7.40%	7.53%	7.49%	8.55%
Chittenden Bank	8.68%	8.13%	10.39%	9.39%	10.02%	9.84%	11.72%
Graystone Mortgage Company	13.51%	12.43%	13.08%	14.31%	15.01%	15.82%	15.88%
Vermont National Bank	9.44%	8.91%	8.32%	8.57%	7.95%	9.20%	9.04%
Average	9.75%	9.58%	10.21%	10.25%	10.38%	11.36%	11.51%
Medium Servicers 399-50							
Bennington Co-op S&L Assoc.	7.41%	7.41%	7.41%	3.57%	1.64%	1.67%	3.23%
Citizens Savings Bank	5.17%	4.31%	3.45%	6.03%	6.03%	5.22%	6.14%
Community National Bank	8.71%	6.93%	7.84%	8.39%	9.15%	9.09%	9.80%
Lyndonville Savings Bank	5.17%	5.08%	5.08%	10.17%	6.67%	5.26%	6.67%
Merchants Bank	6.25%	4.87%	3.82%	4.65%	4.37%	6.45%	4.90%
Mortgage Service Ctr. of NE	13.95%	14.12%	18.82%	16.57%	11.76%	16.67%	16.87%
Northfield Savings Bank	4.62%	4.55%	4.44%	7.97%	7.14%	6.43%	3.57%
Passumpsic Savings Bank	10.24%	9.70%	11.52%	10.37%	10.37%	11.38%	12.35%
Peoples Trust Co.	8.42%	7.45%	6.59%	13.19%	5.62%	6.82%	7.06%
Union Bank	7.73%	7.22%	7.73%	8.20%	8.24%	8.89%	9.66%
Vermont Devvelopment CU	10.45%	8.96%	7.46%	5.88%	7.14%	8.00%	5.26%
Average	8.01%	7.33%	7.65%	8.64%	7.10%	7.81%	7.77%
Small Servicers 49-							
Brattleboro Savings & Loan	7.41%	7.41%	7.41%	3.57%	3.57%	3.45%	10.34%
Connecticut River Bank	0.00%	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%
Factory Point Nat. Bank	20.00%	11.43%	11.76%	5.88%	9.09%	21.21%	9.09%
First Brandon Nat. Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
First Nationwide Mortgage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	20.00%
GMAC Mortgage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Granite Bank (NH)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Heritage Family Credit Union	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mascoma Savings Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
New England Federal CU	0.00%	0.00%	0.00%	0.00%	2.27%	0.00%	0.00%
Randolph National Bank	8.33%	8.57%	11.43%	8.57%	8.57%	8.57%	9.09%
Wells River Savings Bank	10.34%	10.00%	6.67%	10.00%	6.67%	10.00%	10.00%
Average	3.84%	3.12%	4.77%	2.34%	2.51%	3.60%	4.88%

VERMONT HOUSING FINANCE AGENCY

Board Property Disposition Report

Month of: January, 1999

Properties Sold

Property	Listing Price	Sale Price	Principal Balance	Interest	To Date Expenses	Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Emond Swanton	$ 54,900	$ 48,000	$ 61,042	$ 8,402	$ 8,247	$ 29,691	$0		$0
Putnam St. Albans	$ 59,900	$ 59,000	$ 61,883	$ 2,611	$ 27,941	$ 11,633	($21,802)	($26,025)	$4,223
Allen Milton	$ 113,900	$ 113,900	$ 118,526	$ 14,886	$ 9,620	$ 29,132	$0	$0	$0
Gonyow Hardwick	$ 24,900	$ 21,450	$ 54,691	$ 7,021	$ 6,467	$ 9,251	($37,478)	$0	($37,478)

PROPERTIES UNDER CONTRACT

Property	Listing Price	Contract Price	Principal Balance	Interest	Estimated Expenses	Estimated Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Patterson Rutland	$ 74,000	$ 70,000	$ 88,537	$ 6,864	$ 15,919	$ 19,350	($21,970)	($16,172)	($5,798)
Lang Hartford	$ 45,000	$ 40,000	$ 56,167	$ 6,300	$ 9,090	$ 12,000	($19,557)	$0	($19,557)
Bacon Windsor	$ 39,000	$ 38,200	$ 48,658	$ 5,967	$ 22,823	$ 10,600	($28,648)	($33,935)	$5,287
Findley Hartford	$ 79,900	$ 73,500	$ 82,480	$ 6,685	$ 14,343	$ 17,800	($12,208)	($12,548)	$340
Hodgdon Hardwick	$ 25,900	$ 23,000	$ 37,951	$ 2,521	$ 12,232	$ 7,201	($22,503)	($13,201)	($9,302)
Winot Bethel	$ 43,500	$ 38,000	$ 64,751	$ 5,139	$ 9,664	$ 13,980	($27,574)	($32,138)	$4,564
Dubie Eden	$ 64,000	$ 61,500	$ 78,324	$ 6,661	$ 26,766	$ 15,124	($35,127)	($7,159)	($27,968)

PROPERTIES IN THE VHFA/NON PROFIT SALES PROGRAM

Tabor
Gilman Housing Trust

Prindall
CVCLT

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: **VHFA BOARD OF COMMISSIONERS**

FROM: **ROGER A. SCHOENBECK, DIRECTOR OF FINANCE** RAS

DATE: **FEBRUARY 10, 1999**

RE: **SINGLE FAMILY BOND FINANCING**

We had a meeting with our bond working group on February 3rd. One of the more important and urgent discussions had to with bond funding for single family mortgages. In 1996 we included in the financing about $28 million of deferred bonds called convertible option bonds (COB's). These bonds are maturing on May 1, 1999 and would be prudent for us to convert the COB's to long term bonds at that time. A tax code feature of those bonds would enable us to save 10-15 basis points on a mortgage rate by using these bonds instead of starting over with new bonding authority. These bonds also conserve bonding authority because it was already used when we bonded in 1996. We have asked the bond working group to work on what a new financing would look like utilizing the COB's and to provide us some recommendations for a financing. This is related to the amount of funds we are still holding on our current bond issue and may present an opportunity to slightly reduce the rate on that pool of funds. We will be providing you some additional details at the Board meeting.

<u>Recommended Action</u>

Approval to continue working on this plan. We wanted to let you know what we are working on because bonds would have to be sold by mid-April to meet the May 1st closing deadline. This is a fairly short time frame to complete a financing and we wanted to give you as much notice as possible.

Mailing Address: PO Box 408, Burlington, Vermont 05402-0408
Delivery Address: 164 Saint Paul Street, Burlington, Vermont 05401-4364
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FAX: 802 / 864-5746 • Underwriting FAX: 802 / 863-5422 • home@vhfa.org

EQUAL HOUSING OPPORTUNITY

VERMONT HOUSING FINANCE AGENCY

March 8, 1999

Ms. Mary Moore
Vermont Department of Libraries
109 State Street
Montpelier, VT 05609

Dear Ms. Moore:

The Vermont Housing Finance Agency Board of Commissioners will have its regular meeting on Thursday, March 18th at the Associated General Contractors Office, 148 State Street, Montpelier, Vermont at 1:00 p.m.

The Human Resources Committee of the Board will meet from 11:00 a.m. – 1:00 p.m. at the Department of Banking, Insurance, Securities and Health Care Administration, 89 Main Street, Montpelier, Vermont.

If you have any questions, please do not hesitate to contact me at 652-3413.

Sincerely,

Kari A. Caragher

Kari A. Caragher
Executive/HR Assistant

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: March 12, 1999

RE: **CONFIRMATION OF UPCOMING BOARD MEETING**

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held on March 18th at Associated General Contractor's Office, 148 State Street, Montpelier, Vermont. Please see agenda for meeting time.

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

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Montpelier on March 18th!

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

VERMONT HOUSING FINANCE AGENCY

BOARD AGENDA
Associated General Contractors of Vermont
148 State Street
Montpelier, Vermont

Thursday, March 18th, 1999 at 1:00 p.m.

From 11:00 a.m. – 1:00 p.m. the Human Resources Committee will meet at the Banking, Insurance, Securities and Health Care Administration Office at 89 Main Street in Montpelier. Lunch will be provided.

1. Review and approval of the minutes of February 4 and February 18, 1999.

2. ADMINISTRATION
   - A. Executive Director's Report {Carpenter//Enclosure}
   - B. Possible Opportunities for VHFA {Crady/Carpenter//Enclosure}

3. SINGLE FAMILY OPERATIONS
   - A. Single Family Program Activity Reports {Lothrop//Enclosures}

4. COMMUNICATIONS
   - A. Homeownership Centers: Summary of 1998 Activities {Gent/Crady/Black-Plumeau//Enclosure}
   - B. Homeownership Discussion

5. VHMGB Update
   - A. Consumer Loan Transfer Resolution {Enclosure}

6. MULTIFAMILY MANAGEMENT
   - A. Parson's Hill Update {Falzone}

7. DEVELOPMENT
   - A. Assisting VHFA Borrowers with Mortgage Insurance Costs {Crady//Enclosure}
   - B. Multifamily Loan Application for The Briars, Wilder {Erdelyi//Enclosure}

8. FINANCE
   - A. General Fund Budget Performance {Schoenbeck//Enclosure}
   - B. Multi-Family Mortgage Bonds, 1999 Series A {Schoenbeck//Enclosures}

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

10. Executive Session

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EQUAL HOUSING OPPORTUNITY

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director SC

DATE: March 12, 1999

RE: **Executive Director's Report**

Starting on a personal note, I wanted to make sure you all were aware that last week Barbara Grime's father Bruce Lauritzen, passed away. Also, Betsy Costle's husband, Doug, suffered a serious stroke while they were in Bermuda. He was flown to John Hopkins Hospital, where he is being treated. I understand they hope he will soon be moved to a rehab hospital in Boston. Our thoughts and prayers are with them.

Many of you know by now that Mike McNamara has been appointed Senior Community Builder for HUD. In this capacity, he will serve as the lead contact for HUD issues in Vermont. We really look forward to having Mike in that position and working closely with him on new HUD initiatives. I certainly want to thank Mike for all his assistance in my transition. Under separate cover, I will be sending you my thoughts on how I plan to reorganize VHFA and can answer any of your questions you have at the Board meeting.

SINGLE FAMILY OPERATIONS

Doug has included in the Board packet his regular monthly reports and staff will be able to answer questions at the Board meeting. Our volume levels are stable, but significantly less than in previous years. During my trips around the state, I heard many positive things about VHFA, but universally I heard how difficult at times it was to recommend our program with restrictions with so little rate differential. I am hopeful that, when we complete our bond refunding in May, that we can be much more competitive. There was discussion on some of our processes and ways to streamline. Staff has already begun to look at this and has eliminated several forms. We are rewriting our lending guides in anticipation of moving to contract underwriting and termination of VHMGB and hope that it will also make things clearer.

On the Servicing end, we still continue to see larger delinquencies than I would like. We are rewriting our servicing guide and I plan to get it out to selected servicers for comments before we issue it in May with the new bond refunding. I also hope that we can have a lender advisory group in place in May after we have transitioned to contract underwriting and private mortgage insurance.

June 5 – 12 is Homeownership Week and I hope we can announce some new alternative programs in conjunction with our 25th anniversary.

VHMGB

This month has been slow, as we have waited for a draft contract from PMI. I expect that by the Board meeting we will have a draft. Staff is ready for the transition, but need information on the file and data transfer and logistics.

We are ready to go with contract underwriting and use of MGIC and other PMIs as insurance for VHFA, but are waiting for the go-ahead from the legislature and the VHMGB Board. We will need to give 30 days notice prior to termination of making new VHMGB commitments. We have set tentative dates for staff and MGIC to meet with lenders. We are anxious to do the same with servicers once we finalize things with PMI.

The main concern expressed by lending partners, after we explained about the 12-month transition period, was the increased cost of mortgage insurance. We have prepared a proposal for your review, using IORTA funds as a source of subsidy to assist in the transition.

COMMUNICATIONS

We will be spending about an hour of the Board meeting on Homeownership Centers. We have prepared a memo with information to date and have invited Homeownership Centers' Directors to join us. I look forward to a productive discussion surrounding their role in the future and thoughts on how VHFA can work more strategically with them. I hope this will clarify any issues or concerns in preparation for a proposal in April on VHFA's continued financial support of the four existing Centers, the proposed center in Central Vermont, and the proposed expansion of the Chittenden County Center into Franklin County.

This Saturday is the annual VHFA Homebuyer Fair at the Hampton Inn in Colchester.

At the beginning of March, Cathleen and I attended NCSHA's annual Legislative Conference. Most of the focus was on increasing the Low Income Housing Tax Credit (LIHTC) Allocation and speeding up the increase of the private activity volume cap. There was a strong sense that this year would produce a tax bill and a lot of optimism about receiving the increase. We visited all Vermont's congressional delegation who were very supportive of the increase of LIHTC, including a $1.5 million small state minimum which would really benefit Vermont. There was more concern about the private activity volume cap, because of projected costs and a sense that it does not imminently affect Vermont. Since there may not be another opportunity for a tax bill for several years, it does seem prudent that we continue to work on these bills this year. I will be meeting with Don Vickers of VSAC in several weeks to discuss joint strategies.

DEVELOPMENT

In your Board packet is an abbreviated review of The Briars, a project located in Wilder, to be done with Housing Vermont. This expedited process for loans under $1 million was approved by the Board at the October Board Meeting. A process of moving much faster and responding to developer requests and opportunities will be very important as we develop future business. I hope to convene a group of those who use VHFA to discuss ways to anticipate what is in the pipeline so that we can get some economy in bundling deals for bond financing.

MULTIFAMILY

At Parson's Hill in Castleton, the March 8th hearing related to continuation of the insurance company's coverage was postponed until March 23rd. An issue that has arisen is that the owner is requesting she be allowed her attorney's entire fee out of project funds. We suspended allowing that payout this fall as we felt some of the fees were excessive and duplicative of interests presented by the project insurance company attorney. We also have a concern about possible conflict of interest because of initial advice given to the owner by that attorney. If for some reason, the insurance company prevails on a pollution exclusion, this will have to be re-thought. We have begun discussions with ANR Water Supply Division and VSHA on what our options are in response to the owner receiving written notice that the private well water source for the property will be terminated as of August 15, 1999.

FINANCE

General Fund Operating Results stayed well on track during the six months ended December 31st, the income was at 50% of budget, Fund transfers were at 53%, and expenses were at 49.5%.

Multi-Family Bond Financing remains on track with pricing of the bonds scheduled for Monday, March 15th and a sale at the Board meeting. We still expect to earn full legal spread on the sale of bonds and produce a mortgage rate of 7% to South Meadow and Allen Apartments.

The Finance staff is gearing up to go to the Windows conversion of our Mitas system in late April.

25th ANNIVERSARY

One final note: we are still planning to kick off our 25th anniversary celebration on April 6th at the State House. Because of other commitments, we were not able to get commitments from the Congressional Delegation or the Governor to attend on the 6th. We thought we would have a cake at lunchtime available to all legislators and have staff and Board members available informally to meet and greet folks. We will explore another event later in the season to invite all of our partners.

I look forward to seeing you on the 18th.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

To: VHFA Board of Commissioners

From: Sarah Carpenter, Executive Director and
Patricia Crady, Development Coordinator PC

Date: March 12, 1999

Re: Possible Opportunities for VHFA

Within the past several weeks, HUD has issued a variety of Notices of Funding Availability (NOFAs) for a broad spectrum of activities. Some of the activities that are of interest to staff are:

Housing Counseling -- HUD has announced that funds are available for Housing Counseling activities. A Housing Finance Agency may apply for funds for distribution to local housing affiliates. VHFA is eligible to apply for up to $500,000; however it is anticipated that applications will be very competitive because there is less than $1.0 million available for all areas served from HUD's Philadelphia Homeownership Center. Applications are due on May 25, 1999.

HUD Rural Housing and Economic Development Program -- HUD has announced the availability of funds for housing and economic development for rural nonprofits and Community Development Corporations (CDCs), including Community Development Financial Institutions (CDFIs). Funds are available for three categories of activities: capacity building; support for innovative activities (including capital for projects); and seed funding. VHFA will explore the possibility with VDCU and HUD staff of assisting VDCU with an application that will give them increased capacity to work with homebuyers in rural areas of the state. Applications are due on April 30, 1999.

Secondary Market for Non-Conforming Loans to Low-Wealth Borrowers Demonstration Program -- Grants are available for up to three organizations to demonstrate methods of expanding the secondary market for nonconforming home mortgage loans to low-wealth borrowers. The purpose of these funds are to enhance homeownership opportunities for low-wealth borrowers by enabling nonprofit intermediaries, including CDFIs to purchase nonconforming loans, document the performance, and encourage the traditional secondary market to purchase these types of loans. Applications are due on May 10, 1999.

Staff will meet with HUD's Vermont staff to discuss the feasibility of an application from Vermont for any or all of these programs, and then talk with community based partners and other organizations that would be eligible to receive funding for qualified activities to determine their interest.

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EQUAL HOUSING OPPORTUNITY

HUD is also expected to issue regulations sometime in April for the use of Section 8 Vouchers for Homeownership. Pat Crady has participated in a preliminary meeting between the Vermont State Housing Authority (VSHA), a representative of the Homeownership Centers, and Rural Development (RD) to discuss ways to work together to utilize this opportunity. While we need to see the regulations to be able to incorporate Section 8 assistance into VHFA programs, and RD may need to obtain approval to insure these loans, Section 8 assistance will allow VHFA to assist more homebuyers at or below 50% of median income. VHFA will also have to identify other mortgage insurance options for those areas that are not eligible for RD's guarantee program. (The HUD FHA insurance program will guarantee loans using Section 8 to qualify; however, many lenders in Vermont do not fully utilize FHA insurance for their borrowers.) VHFA and VSHA have also asked HUD to consider homeownership preservation as an eligible use for Section 8 Vouchers.

BOARD ACTION REQUESTED

No action is required at this time.

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Douglas R. Lothrop, Director of Single Family Operations DRL

DATE: March 8, 1999

RE: Executive summary of Single Family Operations submissions

VHFA began the year with just slightly more activity in our mortgage purchase programs than last year. While this is a positive sign, last years activity was considerably lower than previous years and efforts will be made to increase this activity. Staff is near completion of initiating contract underwriting. We have set a start date of April 1, 1999.

The Mortgage Plus program continues to be under utilized by participating lenders. Staff is not sure why this is as the use of the program can be of great benefit to the borrowers of a participating lender. This is especially true now that a borrower does not have to need the mortgage credit certificate to qualify. Research will have to be initiated as to why this is. If the program is not going to be used, VHFA may want to consider eliminating or suspending the program as the income to VHFA is negligible.

Delinquencies continue to remain high following the holiday period. However, improvement is expected as income tax returns are received. The number of delinquent loans is lower than a year ago and just 4 loans higher than last month.

Staff anticipates introducing a revised loan servicing guide with our next bond issue that will be along the lines of Fannie Mae's and Freddie Mac's guide which includes rewards for good servicing performance and penalties for poor performance.

ADMINISTERING THE PROGRAMS OF THE VERMONT HOME MORTGAGE GUARANTEE BOARD

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EQUAL HOUSING OPPORTUNITY

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Douglas R. Lothrop, Director of Single Family Operations DRL

DATE: February 4, 1999

RE: Single Family Program Activity Report For January, 1999

MORTGAGE PURCHASE PROGRAMS

Month	No.	Amount	Previous Year	No.	Amount
Reservations	36	$ 2,731,276		35	$ 2,363,450
Purchases	45	$ 3,198,201		43	$ 2,966,726

MORTGAGE PLUS

Month	No.	Amount	Previous Year	No.	Amount
Reservations	2	$ 121,000		3	$ 323,000
Issued	3	$ 218,765		5	$ 410,091

ADMINISTERING THE PROGRAMS OF THE VERMONT HOME MORTGAGE GUARANTEE BOARD

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EQUAL HOUSING OPPORTUNITY

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VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Douglas R. Lothrop, Director of Single Family Operations DRL

DATE: February 23, 1999

RE: Servicing Activity for January, 1999

SERVICING ACTIVITY

Collections:

Last months 90+ accounts:		135
New 90 day accounts (+):	26	
To foreclosure/DIL (-):	4	
To 60 days or less (-):	20	
Under payment arrangement:		
90+ accounts:		137

In Foreclosure:

Last months foreclosure accounts:		52
New foreclosures (+):	4	
To REO (-):	5	
Successful interventions (-):		
Negotiating workouts:		
Foreclosure accounts:		51

Real Estate Owned:

Last months REO's:		44
New REO's (+):	5	
Properties sold (-):	6	
Properties under contract:	5	
Other:		
REO's:		43

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EQUAL HOUSING OPPORTUNITY

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: JANUARY 1999

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO	
Banknorth Mortgage Co.	733	37	5.05%	5	0.68%	10	1.36%	6	0.82%	58	7.91%	6	0.82%
Bennington Co-op S&L Assoc.	62	1	1.61%	1	1.61%	0	0.00%	0	0.00%	2	3.23%	1	1.61%
Brattleboro Savings & Loan	30	0	0.00%	2	6.67%	0	0.00%	0	0.00%	2	6.67%	0	0.00%
Charter One	400	26	6.50%	8	2.00%	14	3.50%	4	1.00%	52	13.00%	6	1.50%
Chittenden Bank	874	65	7.44%	18	2.06%	8	0.92%	12	1.37%	103	11.78%	10	1.14%
Citizens Savings Bank	116	3	2.59%	3	2.59%	1	0.86%	0	0.00%	7	6.03%	0	0.00%
Community National Bank	308	12	3.90%	4	1.30%	11	3.57%	0	0.00%	27	8.77%	2	0.65%
Connecticut River Bank	5	1	20.00%	0	0.00%	0	0.00%	0	0.00%	1	20.00%	0	0.00%
Factory Point Nat. Bank	33	1	3.03%	1	3.03%	0	0.00%	0	0.00%	2	6.06%	0	0.00%
First Brandon Nat. Bank	3	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Nationwide Mortgage	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
GMAC Mortgage	9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Graystone Mortgage Company	507	26	5.13%	14	2.76%	22	4.34%	6	1.18%	68	13.41%	4	0.79%
Heritage Family Credit Union	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Lyndonville Savings Bank	62	1	1.61%	1	1.61%	3	4.84%	0	0.00%	5	8.06%	0	0.00%
Mascoma Savings Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Merchants Bank	240	13	5.42%	3	1.25%	3	1.25%	1	0.42%	20	8.33%	0	0.00%
Mortgage Service Ctr. of NE	83	2	2.41%	3	3.61%	6	7.23%	0	0.00%	11	13.25%	1	1.20%
New England Federal CU	43	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Northfield Savings Bank	142	8	5.63%	1	0.70%	0	0.00%	0	0.00%	9	6.34%	1	0.70%
Passumpsic Savings Bank	161	8	4.97%	4	2.48%	6	3.73%	2	1.24%	20	12.42%	0	0.00%
Peoples Trust Co.	84	3	3.57%	3	3.57%	1	1.19%	0	0.00%	7	8.33%	0	0.00%
Randolph National Bank	32	3	9.38%	0	0.00%	0	0.00%	1	3.13%	4	12.50%	0	0.00%
Union Bank	171	8	4.68%	1	0.58%	7	4.09%	0	0.00%	16	9.36%	0	0.00%
Vermont Development CU	76	0	0.00%	0	0.00%	3	3.95%	0	0.00%	3	3.95%	0	0.00%
Vermont National Bank	1869	109	5.83%	15	0.80%	42	2.25%	19	1.02%	185	9.90%	11	0.59%
Wells River Savings Bank	30	1	3.33%	1	3.33%	0	0.00%	0	0.00%	2	6.67%	1	3.33%
Totals	6084	328	5.39%	88	1.45%	137	2.25%	51	0.84%	604	9.93%	43	0.71%
Totals Previous Month	6108	342	5.60%	72	1.18%	135	2.21%	51	0.83%	600	9.82%	44	0.72%
Totals Same Mo. Last Yr.	6463	339	5.25%	124	1.92%	129	2.00%	46	0.71%	638	9.87%	73	1.13%

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: JANUARY, 1999

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL		Delinq		REO
Large Servicer 400+													
Banknorth Mortgage Co.	733	37	5.05%	5	0.68%	10	1.36%	6	0.82%	58	7.91%	6	0.63%
Charter One	400	26	6.50%	8	2.00%	14	3.50%	4	1.00%	52	13.00%	6	0.22%
Chittenden Bank	874	65	7.44%	18	2.06%	8	0.92%	12	1.37%	103	11.78%	10	1.05%
Graystone Mortgage Company	507	26	5.13%	14	2.76%	22	4.34%	6	1.18%	68	13.41%	4	3.54%
Vermont National Bank	1869	109	5.83%	15	0.80%	42	2.25%	19	1.02%	185	9.90%	11	1.36%
Totals	4383	263	6.00%	60	1.37%	96	2.19%	47	1.07%	466	10.63%	37	0.84%
Average	877	53	5.99%	12	1.66%	19	2.47%	9	1.08%	93	11.20%	7	1.36%
Medium Servicers 399-50													
Bennington Co-op S&L Assoc.	30	0	0.00%	2	6.67%	0	0.00%	0	0.00%	2	6.67%	1	3.33%
Citizens Savings Bank	116	3	2.59%	3	2.59%	1	0.86%	0	0.00%	7	6.03%	0	0.00%
Community National Bank	308	12	3.90%	4	1.30%	11	3.57%	0	0.00%	27	8.77%	2	0.65%
Lyndonville Savings Bank	62	1	1.61%	1	1.61%	3	4.84%	0	0.00%	5	8.06%	0	0.00%
Merchants Bank	240	13	5.42%	3	1.25%	3	1.25%	1	0.42%	20	8.33%	0	0.00%
Mortgage Service Ctr. of NE	83	2	2.41%	3	3.61%	6	7.23%	0	0.00%	11	13.25%	1	1.20%
Northfield Savings Bank	142	8	5.63%	1	0.70%	0	0.00%	0	0.00%	9	6.34%	1	0.70%
Passumpsic Savings Bank	161	8	4.97%	4	2.48%	6	3.73%	2	1.24%	20	12.42%	0	0.00%
Peoples Trust Co.	84	3	3.57%	3	3.57%	1	1.19%	0	0.00%	7	8.33%	0	0.00%
Union Bank	171	8	4.68%	1	0.58%	7	4.09%	0	0.00%	16	9.36%	0	0.00%
Vermont Development CU	76	0	0.00%	0	0.00%	3	3.95%	0	0.00%	3	3.95%	0	0.00%
Totals	1473	58	3.94%	25	1.70%	41	2.78%	3	0.20%	127	8.62%	5	0.34%
Average	140	6	3.48%	3	2.44%	4	2.68%	0	0.17%	12	8.76%	1	0.59%
Small Servicers 49-													
Brattleboro Savings & Loan	30	0	0.00%	2	6.67%	0	0.00%	0	0.00%	2	6.67%	0	0.00%
Connecticut River Bank	5	1	20.00%	0	0.00%	0	0.00%	0	0.00%	1	20.00%	0	0.00%
Factory Point Nat. Bank	33	1	3.03%	1	3.03%	0	0.00%	0	0.00%	2	6.06%	0	0.00%
First Brandon Nat. Bank	3	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Nationwide Mortgage	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
GMAC Mortgage	9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Heritage Family Credit Union	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mascoma Savings Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
New England Federal CU	43	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Randolph National Bank	32	3	9.38%	0	0.00%	0	0.00%	1	3.13%	4	12.50%	0	0.00%
Wells River Savings Bank	30	1	3.33%	1	3.33%	0	0.00%	0	0.00%	2	6.67%	1	3.33%
Totals	196	6	3.06%	4	0.02%	0	0.00%	1	0.51%	11	5.61%	1	0.51%
Average	16	1	2.98%	0	1.00%	-	0.00%	0	0.28%	1	4.42%	0	0.30%

Lenders	1998 Jul	Aug	Sep	Oct	Nov	Dec	1999 Jan
Large Servicer 400+							
Banknorth Mortgage Co.	6.01%	7.50%	7.40%	7.53%	7.49%	8.55%	7.91%
Charter One	12.41%	11.75%	11.57%	11.41%	14.43%	12.38%	13.00%
Chittenden Bank	8.13%	10.39%	9.39%	10.02%	9.84%	11.72%	11.78%
Graystone Mortgage Company	12.43%	13.08%	14.31%	15.01%	15.82%	15.88%	13.41%
Vermont National Bank	8.91%	8.32%	8.57%	7.95%	9.20%	9.04%	9.90%
Average	9.58%	10.21%	10.25%	10.38%	11.36%	11.51%	11.20%
Medium Servicers 399-50							
Bennington Co-op S&L Assoc.	7.41%	7.41%	3.57%	1.64%	1.67%	3.23%	3.23%
Citizens Savings Bank	4.31%	3.45%	6.03%	6.03%	5.22%	6.14%	6.03%
Community National Bank	6.93%	7.84%	8.39%	9.15%	9.09%	9.80%	8.77%
Lyndonville Savings Bank	5.08%	5.08%	10.17%	6.67%	5.26%	6.67%	8.06%
Merchants Bank	4.87%	3.82%	4.65%	4.37%	6.45%	4.90%	8.33%
Mortgage Service Ctr. of NE	14.12%	18.82%	16.57%	11.76%	16.67%	16.87%	13.25%
Northfield Savings Bank	4.55%	4.44%	7.97%	7.14%	6.43%	3.57%	6.34%
Passumpsic Savings Bank	9.70%	11.52%	10.37%	10.37%	11.38%	12.35%	12.42%
Peoples Trust Co.	7.45%	6.59%	13.19%	5.62%	6.82%	7.06%	8.33%
Union Bank	7.22%	7.73%	8.20%	8.24%	8.89%	9.66%	9.36%
Vermont Devvelopment CU	8.96%	7.46%	5.88%	7.14%	8.00%	5.26%	3.95%
Average	7.33%	7.65%	8.64%	7.10%	7.81%	7.77%	8.01%
Small Servicers 49-							
Brattleboro Savings & Loan	7.41%	7.41%	3.57%	3.57%	3.45%	10.34%	6.67%
Connecticut River Bank	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%	20.00%
Factory Point Nat. Bank	11.43%	11.76%	5.88%	9.09%	21.21%	9.09%	6.06%
First Brandon Nat. Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
First Nationwide Mortgage	0.00%	0.00%	0.00%	0.00%	0.00%	20.00%	0.00%
GMAC Mortgage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Granite Bank (NH)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Heritage Family Credit Union	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mascoma Savings Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
New England Federal CU	0.00%	0.00%	0.00%	2.27%	0.00%	0.00%	0.00%
Randolph National Bank	8.57%	11.43%	8.57%	8.57%	8.57%	9.09%	12.50%
Wells River Savings Bank	10.00%	6.67%	10.00%	6.67%	10.00%	10.00%	6.67%
Average	3.12%	4.77%	2.34%	2.51%	3.60%	4.88%	4.33%

VERMONT HOUSING FINANCE AGENCY

Board Property Disposition Report

Month of: January, 1999

Properties Sold

Property	Listing Price	Sale Price	Principal Balance	Interest	To Date Expenses	Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Emond Swanton	$ 54,900	$ 48,000	$ 61,042	$ 8,402	$ 8,247	$ 29,691	$0	($29,580)	$29,580
Putnam St. Albans	$ 59,900	$ 59,000	$ 61,883	$ 2,611	$ 27,941	$ 11,633	($21,802)	($27,873)	$6,071
Allen Milton	$ 113,900	$ 113,900	$ 118,526	$ 14,886	$ 9,620	$ 29,132	$0	$0	$0
Gonyow Hardwick	$ 24,900	$ 21,450	$ 54,691	$ 7,021	$ 6,467	$ 9,251	($37,478)	($32,730)	($4,748)
Hodgdon Hardwick	$ 25,900	$ 23,000	$ 37,951	$ 2,521	$ 12,232	$ 7,201	($22,503)	($13,424)	($9,079)
Dubie Eden	$ 64,000	$ 61,500	$ 78,324	$ 6,661	$ 26,766	$ 15,124	($35,127)	($14,449)	($20,678)

Properties Under Contract

Property	Listing Price	Contract Price	Principal Balance	Interest	Estimated Expenses	Estimated Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Patterson Rutland	$ 74,000	$ 70,000	$ 88,537	$ 6,864	$ 15,919	$ 19,350	($21,970)	($24.240)	$2,270
Lang Hartford	$ 45,000	$ 40,000	$ 56,167	$ 6,300	$ 9,090	$ 12,000	($19,557)	$0	($19,557)
Bacon Windsor	$ 39,000	$ 38,200	$ 48,658	$ 5,967	$ 22,823	$ 10,600	($28,648)	($35,236)	$6,588
Findley Hartford	$ 79,900	$ 73,500	$ 82,480	$ 6,685	$ 14,343	$ 17,800	($12,208)	($19,161)	$6,953
Winot Bethel	$ 43,500	$ 38,000	$ 64,751	$ 5,139	$ 9,664	$ 13,980	($27,574)	($33,675)	$6,101

Properties in the VHFA/Non Profit Sales Program

Tabor
Gilman Housing Trust

Prindall
CVCLT

vhfa
VERMONT HOUSING FINANCE AGENCY
MEMORANDUM

TO: VHFA Board of Commissioners

FROM: CLG Cathleen L. Gent, Director of Communications
LBP Leslie Black-Plumeau, Research Analyst
PC Patricia A. Crady, Development Coordinator

DATE: March 11, 1999

RE: Homeownership Centers: Summary of 1998 Activities

The Homeownership Center pilot project was initiated in November 1995 with VHFA and the Burlington Community Land Trust (BCLT), Gilman Housing Trust (GHT), and Rutland West Neighborhood Housing Services (RWNHS). In April 1997, Rockingham Area Community Land Trust (RACLT) joined the collaboration. The four Homeownership Centers are fully operational and provide pre-purchase (and limited post-purchase) education, counseling, and technical assistance to residents of Caledonia, Chittenden, Essex, Orleans, Rutland, and parts of southern Windsor County, northern Windham County, and two towns in Bennington County.

OVERVIEW OF YEAR THREE ACCOMPLISHMENTS

Year Three of the Homeownership Center pilot program was highlighted by significantly expanded consumer activity as well as numerous capacity building initiatives, including the development of a statewide marketing plan by all four Centers, staff training and development, and continued efforts to standardize and streamline the customer intake process.

A review of the third year's activities has been completed which shows that 110 customers purchased homes in 1998, compared to 56 in 1997. In addition, more than 575 households attended orientation sessions or home buyer education workshops in 1998, compared to about 250 in 1997. Specific information about Year Three activities is included below in the "Services provided by the Centers in 1998" section.

Numerous training sessions provided capacity building tools during the third year of the pilot project. Marcia Mattoon, previously VHFA's Outreach Program Manager, held three training sessions for Center staff during the year and also provided one-on-one guidance as needed. For the second time, she also taught an "Introduction to Homeownership" training for Americorps volunteers working in local nonprofits, which

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was sponsored by VHCB. Marcia also co-instructed Rockingham Area Community Land Trust's orientation session in November 1998.

Two Centers participated with VHFA at consumer home buyer fairs during 1998. The Homeownership Center of Chittenden County participated at the March fair in Colchester. Rockingham Area Community Land Trust co-hosted with VHFA a fair in Chester in June. Each center offered several orientation sessions during the fairs.

- In June 1997, all four Centers became affiliates of the NeighborWorks network (Neighborhood Reinvestment Corporation). This association will bring many benefits to the Centers: additional funding, training, organizational planning assistance, etc. **The Neighborhood Reinvestment Corporation has cited VHFA's partnership with the Centers as one of the primary reasons why the Centers were selected to become NeighborWorks organizations.** In March 1998, all four were also invited to join the NeighborWorks National Campaign for Homeownership as designated Homeownership Centers, which will bring them additional resources.

- VHFA and the Homeownership Centers received $240,000 from the Federal Home Loan Bank for down payment assistance for up to 40 eligible home buyers. In calendar year 1998, 17 PROGRESS loans were originated through this collaboration.

- In February 1998, the Homeownership Centers made a proposal for a "Loan Intervention Program" with VHFA. The initial proposal included provisions that fall outside the range of loan intervention activities being considered by VHFA. While the Centers are working with VHFA to help specific borrowers, a formal loan intervention program has not been finalized yet.

- VHFA is also collaborating with the Homeownership Centers in the area of program marketing. In 1998, VHFA contributed $3,000 toward the development of a statewide marketing plan for consumers and local partners funded primarily by the Neighborhood Reinvestment Corporation. The statewide marketing plan was completed in December 1998. In addition, VHFA and the Centers developed a standard brochure for use across the state. VHFA also supports individual Homeownership marketing efforts by contributing to the costs of paid advertising.

- While specific VHFA loan volume goals were not established during the first two years of the pilot program, the Centers and VHFA agreed that each Center could achieve a higher volume of VHFA loan activities during the third year. One specific loan volume goal for a two-year period included 40 loans with VHFA (via VDCU) as part of the Federal Home Loan Bank loan PROGRESS program. A summary of the 1998 VHFA loan volume is included in the "Services provided by the Centers in 1998" section.

During 1998, VHFA provided capacity funding of $80,000 ($20,000 for each organization for calendar year 1998). In addition, the VHFA Board of Commissioners authorized a $40,000 expenditure ($10,000 for each Center) for the first six months of

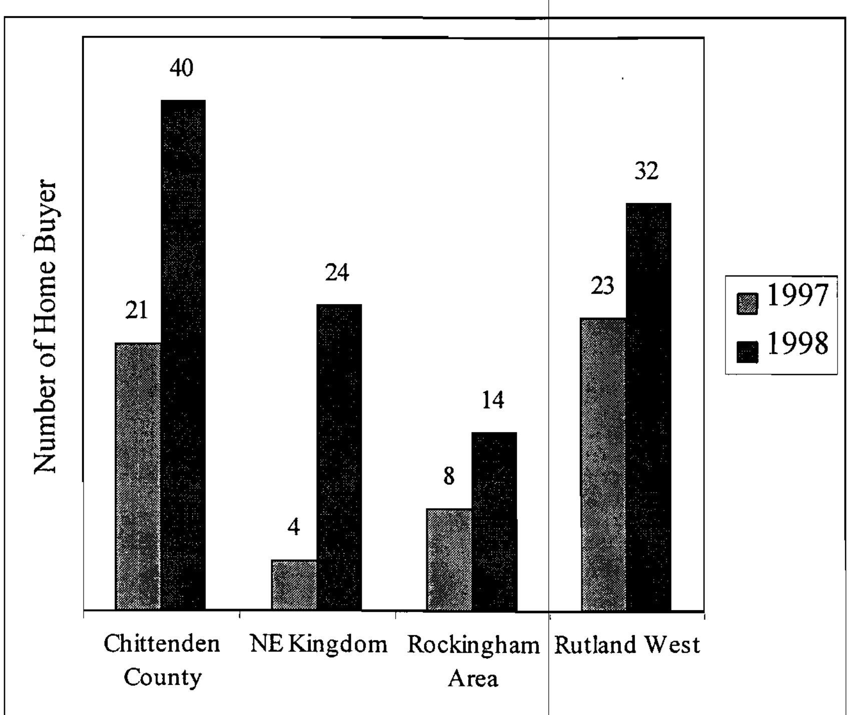
1999. In addition to the capacity funding, VHFA has contributed financially to the Homeownership Centers in numerous ways:

- $4,000 - Dantzscher and Associates - For development of budget and credit rebuilding module to use in consumer classes (Spring 1998)
- $1,900 - Microsoft Access and Neighborworks 2000 Software Training (February 1998)
- $10,000 - Homeownership Center Cooperative Marketing Campaign - used to develop new statewide brochure and to partially subsidize advertising campaign costs
- $2,500 - VHFA's contribution toward Home Buyer Fair - Chester - June 1998
- $3,000 – VHFA's contribution toward statewide marketing plan

SERVICES PROVIDED BY THE CENTERS IN 1998

Home Purchases Increased Substantially

The Centers reported that 110 clients purchased homes in 1998, compared to 56 in 1997. Although each Center contributed to the increased number of home buyers, the Northeast Kingdom Center's activity increased most dramatically, from 4 home purchases in 1997 to 24 in 1998, as shown below:



The number of Homeownership Center clients using VHFA financing to purchase their homes from 17 in 1997 to 48 in 1998, as shown below:

	Number of VHFA Home Buyers				
	Chittenden County	**NE Kingdom**	**Rockingham Area**	**Rutland West**	**All Centers**
1997	15	0	0	2	17
1998	26	9	1	12	48

In 1998, more clients used VHFA than any other type of financing, according to the Center reports, as shown below:

	Number of Clients Who Purchased Homes in 1998				
Type of Mortgage	**Chittenden County**	**NE Kingdom**	**Rockingham Area**	**Rutland West**	**All Centers**
VHFA	26	6	1	12	45
VHFA/RD Participation	0	3	0	0	3
RD	1	10	9	3	23
Conventional	12	2	2	12	28
Other*	1	3	2	5	11
Total Purchases	40	24	14	32	110

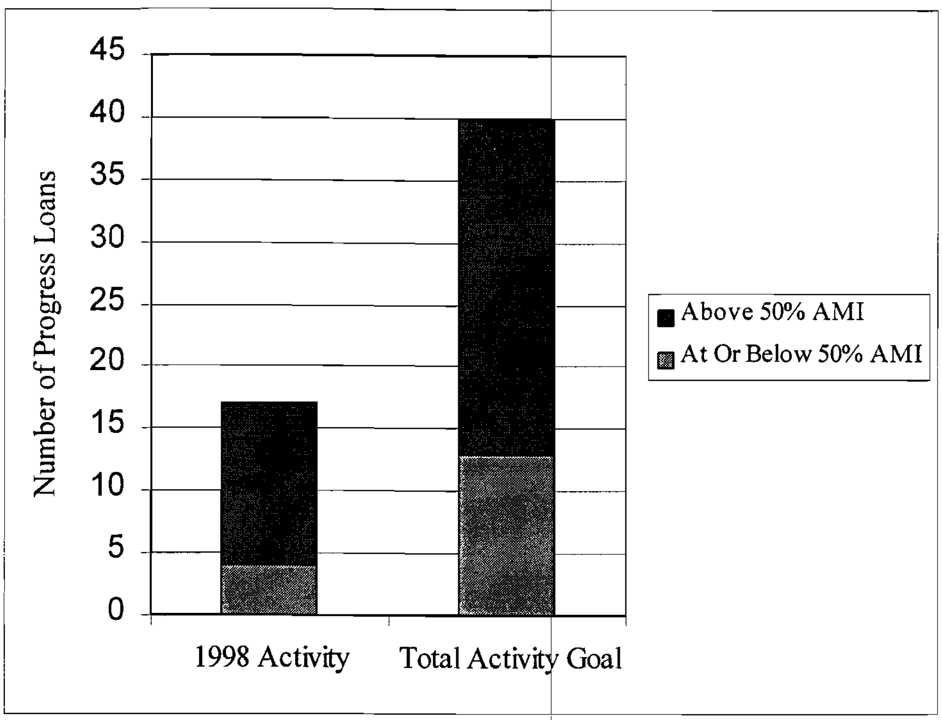
*"Other" includes borrowers who used HOC-financing, owner-financing, family-financing, Habitat for Humanity financing, VA financing, and those borrowers who purchased homes but did not take out a mortgage.

Seventy-eight of these 110 home buyers had low or very low incomes. Seventy percent of the Chittenden County Center home buyers, 75 percent of the NE Kingdom Center home buyers, 100 percent of the Rockingham area Center home buyers, and 56 percent of the Rutland West home buyers had low or very low incomes.

The Homeownership Centers used a variety of VHFA programs in 1998, as shown in the following table:

	Number of Clients Who Purchased Homes Through VHFA				
	Chittenden County	**NE Kingdom**	**Rockingham Area**	**Rutland West**	**All Centers**
MOVE	3	3		9	15
HOUSE/Progress	12	1	1	3	17
HOUSE	11				11
YESS		2			2
VHFA/RD Participation		3			3
Total	26	9	1	12	48

Four of the 17 clients who used the PROGRESS program had very low incomes. VHFA and the Centers have committed to making 40 Progress loans, with at least 13 for very low income households. (Since January 1, 1999, 3 additional Center clients—2 with very low incomes--have purchased homes through the PROGRESS program.)



Most of the Center clients who purchased homes in 1998 attended workshops, received one-on-one counseling, and were in contact with the Centers through their closing. However, a small portion of the 1998 homebuyers included on the tables shown above attended Center workshops but did not attend one-on-one counseling. This occurred for 6 of the Chittenden County Center homebuyers, 1 from the NE Kingdom Center, 1 from the Rockingham area Center, and 9 from Rutland West.

Delinquency Intervention and Foreclosure Prevention Activities

In addition to assisting with home purchases, the Centers spoke with about 25 households in 1998 who already owned homes and were facing delinquency or foreclosure. Rutland West was the most active Center in this area, counseling a total of 16 households—9 with VHFA loans. Rutland West was able to assist all but 3 of these 16 households to avoid foreclosure through techniques such as loan modification, refinancing, preforeclosure sale, and deeds-in-lieu. The Chittenden County Center spoke with 7 households facing mortgage repayment problems—2 with VHFA loans. The Center has worked fairly closely with 5 of these households, based on Center reports. The NE Kingdom Center provided delinquency intervention counseling to at least four households and the Rockingham area Center spoke with one household facing foreclosure proceedings.

Twice As Many Households Attended Classes in 1998

At least 575 households attended orientations or workshops given by the Centers in 1998, compared to about 250 households in 1997. According to Center reports, 342 of these households attended home buyer education workshops and about 528 households attended orientations, as shown below:

	Chittenden County	NE Kingdom	Rockingham Area	Rutland West	All Centers
Orientations	313	80	129	6	528
Workshops	160	76	51	55	342

The Centers estimated that they are actively counseling 312 households with the potential to purchase homes in the next 2 years, as shown below:

	Chittenden County	NE Kingdom	Rockingham Area	Rutland West	All Centers
0-6 months	42	20	14	32	108
6-12 months	26	20	13	38	97
1-2 years	36	50	6	15	107
Total	104	90	33	85	312

LOOKING AHEAD TO 1999

General goals were established at the outset of the Homeownership Center pilot project. A comprehensive program evaluation scheduled to be completed during Year Three was postponed due to the need to focus VHFA staff resources on VHMGB-related research and other projects. The comprehensive evaluation will be performed later in 1999, including an assessment of progress toward these goals:

- To provide access to a complete finance and service package that would allow individuals and families at or below 70% of median income to purchase and rehabilitate (where necessary) their own homes;
- To study the shared and unique operating conditions, characteristics of successful partnerships, and special challenges faced by each organization;
- To determine whether the Homeownership Centers are successful in reaching Vermonters who would not otherwise become home owners;
- To understand the special problems faced by those customers whose needs cannot be met by the programs;
- To determine the total costs of providing counseling and education services; and
- To learn more about the advantages and disadvantages for Homeownership Center clients of VHFA and other loan products.

Discussions about expanding the Homeownership Centers to counties in central Vermont and Franklin County are currently taking place. Central Vermont Community Land Trust has received a planning grant from Neighborhood Reinvestment Corporation to develop a homeownership program among all local nonprofits in the region. Burlington Community Land Trust and Lake Champlain Housing Development Corporation are developing a joint partnership to offer homeownership center services to residents of Franklin County.

The Homeownership Centers may play an expanded role in the future. For instance, VHFA and VHCB are exploring the potential of requiring home buyer education and counseling services for new borrowers who purchase homes using Homeland grants or VHFA's HOUSE mortgage loans. One Center may act as a "correspondent" lender with a participating VHFA lender -- acting as a liaison on behalf of the bank for borrowers likely to need special assistance and counseling throughout the financing process. The Homeownership Center at Rutland West is looking to expand services into Addison and Bennington counties. The Center associated with Rockingham Area Community Land Trust may explore expansion to the region both north and south of its current service area.

BOARD ACTION REQUESTED

No Board action is requested at this time. Homeownership Center Directors will attend the VHFA Board of Commissioners meeting on March 18th to discuss the Centers' activities and future goals.

VHFA BOARD MINUTES

State Treasurer's Office
133 State Street, Room # 3
Montpelier, Vermont

Thursday, February 4, 1999 at 9:00 a.m.

PRESENT: Chairman White, Commissioners Seelig, Douglas, Canney, Randall, Brown (designee of Lambert), Smith (designee of Douglas), Candon (designee of Costle)

Staff: Ms. Carpenter, Mr. McNamara, Ms. Caragher, Ms. Loller, Mr. Schoenbeck, Ms. Santerre, Mr. Lothrop, Ms. Crady, Ms. Gent, Mr. Jarrett

Other: Ms. Batte (Mortgage Dynamics, Inc.)

Chairman White called the meeting to order at 9:00 a.m. At this time, a motion was made by Mr. Seelig to go into Executive Session pursuant to 1 VSA Section 313 (a)(1) to discuss a contract where premature general public knowledge would clearly place the Board or the bidders at a substantial disadvantage. The motion carried unanimously after being seconded by Ms. Canney. The motion to come out of Executive Session was made by Mr. Seelig and seconded by Mr. Smith.

Ms. Randall made a motion that we give the Executive Director the authority to enter into an agreement for contract with a mortgage insurance company to provide contract underwriting for VHFA and that we pursue adapting VHFA programs to be used with Loan Prospector and Desktop Underwriter. The motion carried unanimously after being seconded by Mr. Seelig.

The Board discussed the timeline for when lenders should be notified of the changes that are taking place. It was agreed upon that a letter would be sent out to the lenders within two weeks after the following terms have been met: (1) a contract for contract underwriting is negotiated; (2) the contract with the mortgage insurance company that is buying VHMGB's book of business is negotiated; and (3) the legislature approves the Appropriations Bill and termination agreements. The letter will indicate that VHMGB is terminating and that VHMGB will provide the lenders with a 30-day notice to finalize all new applications that are received. VHFA will then send a letter out to the lenders outlining an alternative option for them due to the termination of VHMGB.

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Ms. Carpenter noted that, in the event that Mortgage Guarantee Insurance Corporation (MGIC) or another mortgage insurance company won't go beyond the six months discovery period, perhaps staff could proceed with pricing out some alternatives such as self insuring mobile homes, cross subsidize premiums, etc.

There being no further business, following a motion made by Ms. Randall and seconded by Mr. Candon, the meeting adjourned at 12:20 p.m.

Sincerely,

Sarah E Carpenter

Sarah E. Carpenter, Secretary

VHFA
VERMONT HOUSING FINANCE AGENCY

BOARD MINUTES
State Treasurer's Office
133 State Street
Room #2
Montpelier, Vermont

Thursday, February 18, 1999 at 1:00 p.m.

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

Staff: Ms. Carpenter, Ms. Caragher, Mr. Lothrop, Ms. Gent, Ms. Santerre, Ms. Loller, Ms. Crady, Ms. Cunningham, Mr. Jarrett, Mr. Falzone, Mr. Schoenbeck, Mr. Erdelyi

Chairman White called the meeting to order at 1:07 p.m. A motion was made by Ms. Randall to approve the minutes of January 21, 1999. The motion carried unanimously after being seconded by Mr. Seelig.

Executive Director's Report

Ms. Carpenter noted that prior to this meeting, the Board Human Resources Committee met to discuss the employee handbook. The Committee is hoping to get the changes to the handbook finalized within the next couple of months so that it may be distributed to the Board for final approval. Ms. Randall mentioned that Ms. Carpenter would be summarizing the major changes that were made to the handbook so that the Board could focus more easily on those changes.

Ms. Carpenter announced that Mr. Lothrop is retiring effective April 30, 1999. Chairman White and Mr. Seelig thanked him for his dedicated service to the Agency for the past fifteen years and wished him good luck in his future endeavors.

Ms. Carpenter suggested that, during the March Board meeting, we set aside time to discuss VHFA's role in supporting the Homeownership Centers in the future. She noted that if we do intend to fund them again this year, we will need to let them know fairly soon. There was discussion among the Board members that they would like to see what the Homeownership Centers are doing before they commit funding for another year. It was suggested that a representative from each of the Homeownership Centers come to a Board meeting to familiarize the Board with what they have been doing in the past year and to allow the Board to ask them any questions they might have. The Board feels that the Homeownership Centers are very important, but they want to be reassured that VHFA borrowers are benefiting from their services.

Ms. Carpenter briefly noted that she would like to form a lender/real estate advisory committee. The Board felt that it was a great suggestion and that it should be appointed informally and does not need to be selected by the Board. Ms. Carpenter will begin working on this and will keep the Board informed.

TAX CREDIT ALLOCATION PLAN

Ms. Carpenter stated that there was a Public Hearing held to receive comments on proposed changes to the 1999 Tax Credit Allocation Plan. Two changes discussed at the hearing were the disclaimer language and the development cost guidelines.

The original cost guidelines were implemented in the 1994 application round and have since remained the same. It is very common for construction bids to come in at least 10 to 15 percent more than professional estimates. The developers who attended the hearing felt that it was imperative that we adjust the cost guidelines up and possibly consider doing away with them all together. After a brief discussion, a motion was made by Mr. Candon to increase the development cost guidelines as indicated in the memo. The motion carried unanimously after being seconded by Ms. Randall.

The disclaimer language that is being recommended gives leeway in the process and protects VHFA from potential lawsuits that could result. The Board felt that the disclaimer language being recommended was too broad and would make the process hard to follow, leading people to believe that we would make exceptions. After further discussion, Ms. Canney made a motion to adopt the recommended disclaimer language: 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 reason 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. The motion carried unanimously after being seconded by Mr. Seelig.

The Board also felt that in the Geographic Targeting section the word "adjacent" should be changed to "surrounding." Mr. Seelig made a motion to change the word "adjacent" to "surrounding" and to approve the remainder of the staff recommendations presented in the memo. The motion carried unanimously after being seconded by Mr. Douglas.

SINGLE FAMILY OPERATIONS

Ms. Carpenter indicated that Ms. Cunningham and Mr. Lothrop are examining the servicing contracts and will be looking at the Fannie Mae requirements to see if we can be consistent with them. We are also looking at a potentially more aggressive system for rewarding the good servicers and being firmer with those who aren't as good.

Ms. Cunningham responded to a question that Ms. Randall asked at the January Board meeting, which was why lenders aren't making a phone call to the borrowers during the holidays when they have gone 60 days delinquent. Ms. Cunningham indicated that the lenders are making the phone calls, but the calls aren't as productive during the holiday season.

Mr. Lothrop indicated that we received five proposals for contract underwriting. Mortgage Guaranty Insurance Corporation (MGIC) offered the most complete package, including a twelve-month "discovery" period that would allow VHFA to offer all of its current programs without any risk share agreement in place. MGIC was the most aggressive and most flexible during negotiations.

It was a general concern of the Board that, with PMI buying the VHMGB book of business, they wanted to make sure that PMI knew about VHFA contract underwriting with MGIC and not with them. Mr. Lothrop assured the Board that PMI knows that we may not pursue contract underwriting with them and they are fine with that possibility.

After further discussion, Ms. Randall made a motion to approve: (1) MGIC as the provider of contract underwriting services to VHFA; (2) authorize the Executive Director to enter into an appropriate agreement with them; and (3) negotiate some of their fees with them. The motion carried unanimously after being seconded by Mr. Seelig.

MULTIFAMILY MANAGEMENT

Mr. Falzone noted we would soon be legally able to refund the bonds for Winchester Place. Mr. Falzone mentioned that staff met with Housing Vermont and Saint Michael's College to discuss student housing for the College. Saint Michael's is interested in having some units at Winchester Place serve as student housing. Mr. Falzone indicated that he would keep the Board updated on this topic as discussions ensue.

Mr. Falzone then updated the Board on South Meadow. A year ago, VHFA gave permission to South Meadow to prepay their loan 3 years early in exchange for extended affordability, although the transaction was not completed. They are now looking to refinance their loan and it appears that VHFA can be competitive with outside lenders. South Meadow is looking for a commitment letter from us and, while we can't give them a lock on a rate at this point, we have given them a draft of terms and a conditions letter that outlines the financing. Staff is looking for approval from the Board to issue a letter of commitment. After further discussion, Mr. Candon made a motion to authorize the Executive Director to send a letter of commitment to South Meadow. The motion carried unanimously after being seconded by Ms. Randall.

Mr. Falzone briefly updated the Board on Parsons Hill in Castleton. Currently there is only one vacancy. Mr. Falzone noted that the owner of the water system, who provides the water to the property, has just given six months notice to Parsons Hill, indicating that he will no longer provide water to them. Mr. Falzone indicated that staff would continue to work on a solution and will keep the Board updated with their progress.

LEGAL

Mr. Jarrett indicated that the Allen Apartments closing is scheduled for February 24th. Our Bond Counsel has suggested that the Board approve a reimbursement resolution to insure our ability to recover any money advanced prior to the issuance of bonds. After a brief discussion, Mr. Seelig made a motion to approve the "Resolution Stating Intent to Provide Financing and to Reimburse any Advances with Respect to a 17-Unit Project in Winooski." The motion carried unanimously after being seconded Mr. Candon.

VHMGB UPDATE

Mr. Smith indicated that the Supplemental Bill came out of the committee last night with the sale of VHMGB for $4.2 million and the appropriate language included. Everything is on track.

At this time, Chairman White left the meeting and turned the meeting over to Mr. Seelig.

FINANCE

During a meeting staff had with bond counsel on February 3rd, we asked them how we could offer more competitive rates for single family mortgages. We discussed converting the convertible option bonds (COBS) to long term bonds when they mature on May 1, 1999. This would enable us to save 10 – 15 basis points on a mortgage rate by using these bonds instead of starting over with new bonding authority.

We would be issuing tax-exempt bonds in conjunction with the bonds that we issued in 1996, which would save us 35 basis points on our mortgage rates. In today's market, we would be able to offer borrowers 5.8% as opposed to 6.45% with one point. Since rate differential is a significant problem with our competitiveness it was suggested that perhaps we could offer a special 25th anniversary rate to borrowers. It was also mentioned that we consider adding back up to ¼ % on mortgage rates as legally allowed covering loan losses with a future reduction in rate if needed to stay competitive. Converting the COBS would be beneficial to the Agency and staff is asking for the Board's approval to continue working on this plan.

After further discussion, the Board encouraged staff to continue working on the plan.

There being no further business, the meeting adjourned at 4:01 p.m.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

RESOLUTION STATING INTENT TO PROVIDE FINANCING AND TO REIMBURSE ANY ADVANCES WITH RESPECT TO A 17-UNIT PROJECT IN WINOOSKI

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, 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 $525,000 aggregate principal amount (the "Bonds") to finance a loan to Allen Canal Housing Limited Partnership (the "Borrower") to acquire and rehabilitate a 17-unit project (the "Project") in Winooski Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and rehabilitate 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.

2. The preliminary approval of paragraph 1 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.

3. This Resolution shall become effective 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 in Montpelier, Vermont, on February 18, 1999.

Sarah Carpenter

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

RESOLUTION REGARDING THE TRANSFER OF LIABLITY FOR CONSUMER LOANS FROM VERMONT HOME MORTGAGE GUARANTEE BOARD TO VERMONT HOUSING FINANCE AGENCY

WHEREAS, the Vermont Home Mortgage Guarantee Board ("Board") is in the process of selling the majority of its book of business to a private mortgage insurer; and

WHEREAS, pursuant to legislation pending in the Vermont General Assembly, the Board will go out of existence once the sale of its book of business is completed and the Board certifies to the Secretary of Administration that the Board has wound down its business; and

WHEREAS, the pending legislation transfers responsibility for guarantees pursuant to sections 398 and 400 of Title 10, which are guarantees of energy conservation loans, on-site septic loans and lead-based paint hazard reduction loans (the "Guarantees") to Vermont Housing Finance Agency (the "Agency"); and

WHEREAS, the Agency and the Board wish to enter into an agreement to facilitate the transfer of the Guarantees from the Board to the Agency and have been presented with a proposed agreement;

NOW, THEREFORE, it is hereby RESOLVED:

1. The proposed agreement between the Board and the Agency attached to this Resolution is hereby approved.

2. The Executive Director is hereby authorized to execute the proposed agreement in substantially the form attached to this resolution and take all other steps necessary to accomplish the transfer of the Guarantees from the Board to the Agency.

vhfa
VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Development Coordinator PC

DATE: March 12, 1999

RE: Assisting VHFA Borrowers with Mortgage Insurance Costs

OVERVIEW

With the sale of VHMGB, VHFA borrowers who do not qualify for coverage through the Rural Housing Guarantee Program will pay substantially higher up front premiums for mortgage insurance. The average VHFA MOVE borrower will see an increase in closing costs of $1,086, and the average HOUSE borrower will pay an additional $638 in mortgage insurance costs at closing. Homebuyers have the option of a monthly mortgage insurance premium, and VHMGB has offered a monthly option for several years; however, very few VHFA borrowers choose the monthly payment option because of the impact on affordability. The lack of cash for downpayment and closing costs continue to be a barrier for many low- and moderate-income potential homebuyers. (Attached is a table that shows a comparison of VHMGB, RD, and MGIC single premium options at various loan amounts and LTVs, the monthly mortgage insurance premium for MGIC, and the monthly premium amount for the average MOVE and HOUSE loan purchased in 1998.)

VHFA receives approximately $60,000 - $70,000 annually from the interest on real estate trust accounts (IORTA). As of December 31, 1998, VHFA has approximately $200,000 in IORTA funds that are not committed to a special risk-share agreement with VHMGB for the "No Downpayment Loans". Staff proposes using some of the IORTA funds to assist VHFA HOUSE borrowers and other clients of the Homeownership Centers with their mortgage insurance costs. Funds would be allocated to the Homeownership Centers and other HOUSE participating nonprofit organizations to provide grants to eligible buyers.

SUMMARY OF PROPOSAL

<u>HOUSE Program Borrowers</u>

IORTA funds would be used to cover the actual mortgage insurance costs for all VHFA HOUSE borrowers. The loan to value of the average HOUSE loan purchased in 1998 was 85%; the average loan amount was $69,337. The mortgage insurance premium for an 85% LTV loan insured by MGIC would be $936, and the RD premium would be $693. Based on 1998 HOUSE program activity, the amount that will be needed to cover mortgage insurance costs is estimated to be approximately $20,000.

MOVE and YESS Program Borrowers

IORTA funds would also be used to assist clients of the Homeownership with their mortgage insurance costs. Assistance would be based on household income as follows:

- Households at or below 50% of area median income - actual mortgage insurance cost;
- Households at or below 70% of area median income - lesser of actual mortgage insurance cost or $1,000;
- Households at or below 100% of area median income - lesser of actual mortgage insurance cost or $750.
- Households above 100% of area median income - no assistance with mortgage insurance costs.

The Homeownership Centers indicate that they expect to assist approximately 200 homebuyers over the next twelve months. Assuming that eighty-eight (88) households receive financing from VHFA (same ratio of VHFA to total homebuyers assisted in 1998), the mortgage insurance expenses that would be paid from the IORTA funds would be approximately $88,000.

PROGRAM OPERATION

IORTA funds would be transferred to the Homeownership Centers and other participating nonprofit organizations through an agreement with VHFA. The IORTA funds would be used to provide grant funds to eligible homebuyers to assist them with mortgage insurance costs. The agreement would require an annual report providing basic information on homebuyers assisted, and the balance of available funds.

BOARD ACTION REQUESTED

Staff requests approval for the Executive Director to negotiate and execute agreements with the Homeownership Centers and other participating nonprofits to use the interest that VHFA receives on real estate trust accounts (IORTA) to assist VHFA borrowers with their mortgage insurance costs.

Attachment A

VHMGB, RURAL DEVELOPMENT, AND MGIC UPFRONT PREMIUMS AND MGIC MONTHLY PREMIUM

Loan Amount	LTV	VHMGB	RD	MGIC*	MGIC MONTHLY
$ 100,000	95.1-97%	$ 1,680	$ 1,000	$ 3,500	$ 75.00
$ 100,000	90.1-95%	$ 1,680	$ 1,000	$ 2,500	$ 55.83
$ 100,000	85.1-90%	$ 1,110	$ 1,000	$ 1,600	$ 31.67
$ 100,000	75.1-85%	$ 430	$ 1,000	$ 1,000	$ 26.67
$ 95,000	95.1-97%	$ 1,596	$ 950	$ 3,325	$ 71.25
$ 95,000	90.1-95%	$ 1,596	$ 950	$ 2,375	$ 53.04
$ 95,000	85.1-90%	$ 1,055	$ 950	$ 1,520	$ 30.08
$ 95,000	75.1-85%	$ 409	$ 950	$ 950	$ 25.33
$ 90,000	95.1-97%	$ 1,512	$ 900	$ 3,150	$ 67.50
$ 90,000	90.1-95%	$ 1,512	$ 900	$ 2,250	$ 50.25
$ 90,000	85.1-90%	$ 999	$ 900	$ 1,440	$ 28.50
$ 90,000	75.1-85%	$ 387	$ 900	$ 900	$ 24.00
$ 85,000	95.1-97%	$ 1,428	$ 850	$ 2,975	$ 63.75
$ 85,000	90.1-95%	$ 1,428	$ 850	$ 2,125	$ 47.46
$ 85,000	85.1-90%	$ 944	$ 850	$ 1,360	$ 26.92
$ 85,000	75.1-85%	$ 366	$ 850	$ 850	$ 22.67
$ 80,000	95.1-97%	$ 1,344	$ 800	$ 2,800	$ 60.00
$ 80,000	90.1-95%	$ 1,344	$ 800	$ 2,000	$ 44.67
$ 80,000	85.1-90%	$ 888	$ 800	$ 1,280	$ 25.33
$ 80,000	75.1-85%	$ 344	$ 800	$ 800	$ 21.33
$ 75,000	95.1-97%	$ 1,260	$ 750	$ 2,625	$ 56.25
$ 75,000	90.1-95%	$ 1,260	$ 750	$ 1,875	$ 41.88
$ 75,000	85.1-90%	$ 833	$ 750	$ 1,200	$ 23.75
$ 75,000	75.1-85%	$ 323	$ 750	$ 750	$ 20.00
$ 70,000	95.1-97%	$ 1,176	$ 700	$ 2,450	$ 52.50
$ 70,000	90.1-95%	$ 1,176	$ 700	$ 1,750	$ 39.08
$ 70,000	85.1-90%	$ 777	$ 700	$ 1,120	$ 22.17
$ 70,000	75.1-85%	$ 301	$ 700	$ 700	$ 18.67

**Limited Refund Option*

COMPARISON OF MONTHLY PREMIUM OPTIONS FOR VHMGB AND MGIC AND INCOME NEEDED TO AFFORD TO PURCHASE

					ANNUAL INCOME TO AFFORD	
	Loan Amt	LTV	VHMGB	MGIC	Monthly MI	Upfront MI
Average 1998 HOUSE	$ 69,337	85%	$ 10	$ 18	$ 24,528	$ 23,057
Average 1998 MOVE	$ 67,041	94%	$ 36	$ 37	$ 23,716	$ 22,293

Note: Monthly payment for VHMGB is due for 36 months.
Monthly payment for MGIC is due until the LTV is 80%.
RD does not offer a monthly payment option.

vhfa

VERMONT HOUSING FINANCE AGENCY

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Multifamily Development Underwriter

DATE: March 11, 1999

RE: Multifamily Loan Application for The Briars, Wilder

Name:	The Briars	**Location:**	Wilder
Housing Type:	Family	**Building Type:**	Garden / Flats
Total Units:	24	**HC Restricted Units:**	10
Unit Sizes:	All 2 bedroom	**Unit Square Footage:**	950
Total Cost:	$1,506,432	**Per Unit Cost:**	$62,768
Loan Requested:	$681,000	**Credits Requested:**	$22,018
Other Funding:	VHCB, HOME, Energy Grant, Developer Loan		
Sponsors:	Housing Vermont, Twin Pines Housing Trust		

The development consists of two buildings constructed in 1988 and 1989 as condominiums. The units were unable to sell but have always maintained full occupancy as rentals because of the strong housing market in the Upper Valley. The sponsors intend to do approximately $300,000 in rehabilitation, including a conversion to oil heat from electric baseboard heat. The units are large and in fairly good condition, and there is one carport and lockable storage space per unit. Because of the recent construction, many expensive issues often faced are avoided, such as lead paint, asbestos abatement, and historic preservation requirements. The unit cost is therefore much lower than we normally see. By utilizing the tax-exempt bond financing and out-of-cap credits, the development taps into resources less used and free up more scarce resources for other projects.

The loan amount requested is approximately 45% of the total development cost. The tax-exempt financing needs to be at least 50% in order to qualify the project for the out-of-cap credits. To maximize the tax credit efficiency, the sponsors are allowing a longer, six-year equity pay-in from the investors. The sponsors intend to use a six-year bridge loan of approximately $240,000 to allow this. By making this bridge loan out of the tax-exempt funds, the developer meets the 50% standard, so we are actually proposing two loans for approval: up to $681,000 amortizing permanent loan and up to $240,000 bridge loan. Both of these loans could be made from one bond issue.

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.

Mailing Address: PO Box 408, Burlington, Vermont 05402-0408
Delivery Address: 164 Saint Paul Street, Burlington, Vermont 05401-4364
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EQUAL HOUSING OPPORTUNITY

RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: PERMANENT FINANCING (WILDER)

WHEREAS, a proposal has been presented to the Agency by Housing Vermont on behalf of Briars Housing Limited Partnership (the "Sponsor"), a to-be-formed limited partnership whose general partners will be Twin Pines Housing Trust and a wholly owned subsidiary of Housing Vermont, involving the acquisition and rehabilitation of 24 units of rental housing for families located in two buildings in Wilder, Vermont (the "Development"); 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, Development Underwriter, dated March 11, 1999, 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 or 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 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 is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan in the approximate amount of $685,000 as tax-exempt financing to the Briars Housing Limited Partnership for the acquisition and rehabilitation of two buildings totaling 24 apartments located at 647 Bugbee Street, all in Wilder (Hartford), Vermont. The term of the loan will be up to 30 years, and an interest rate of not more than 150 basis points above the Agency's cost of funds. The Agency is also interested in making a bridge loan to the Sponsor in a maximum amount of $240,000, payable over a period of up to six years with an irregular amortization and with an interest rate of 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. 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 conditions deemed appropriate by staff

3. The Executive Director may, in her discretion, issue a Commitment Letter for an long-term loan for the acquisition and rehabilitation of the Development, in an amount not to exceed $685,000 and a bridge loan of not more than $240,000.

4. The long-term loan shall be due and payable not more than 30 years from the date the loan is made; the bridge loan will be due and payable not more than six years from such date and the interest rate on both the long-term and bridge loans shall not exceed 150 basis points above the Agency's cost of funds. The Sponsor shall be responsible for loan fees, which may include the costs of issuance of tax-exempt bonds, the proceeds of which shall be used to make the loans. 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.

5. The Executive Director 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

MEMORANDUM

TO: **VHFA BOARD OF COMMISSIONERS**

FROM: **ROGER A. SCHOENBECK, DIRECTOR OF FINANCE** RAS

DATE: **MARCH 11, 1999**

RE: **GENERAL FUND BUDGET PERFORMANCE**

Attached to this memo is the budget performance report for the period ending December 31, 1998 representing the first six months of the fiscal year. In a perfectly linear world, budget categories would be at 50% of the annual budget.

INCOME. Grant income of $54,000 has been collected from the Federal Home Loan Bank that was not budgeted. These funds are shown in the miscellaneous income category. This made up for some of the shortages in other categories and brings total income in line with the budget.

FUND TRANSFERS. The transfers of funds from the Programs to the General Fund have been collected pretty much as expected. Transfers are generally made twice a year for each bond program when debt service is paid to bondholders.

EXPENSES. Total expenses are 49.5 % of budget within the expense constraints for the fiscal year. Interest expense is higher than expected because we needed to borrow $2.2 million that was not anticipated. These monies were used on an interim basis for collateral at the Federal Home Loan Bank. Most other items were in line with projections.

CAPITAL BUDGET. The approved capital budget for the fiscal year is $251,000. Through December 31, 1998 we had expended $92,000 or 37% of the capital budget.

If you have any questions, please contact me at your earliest convenience.

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EQUAL HOUSING OPPORTUNITY

BUDGET PERFORMANCE REPORT
VERMONT HOUSING FINANCE AGENCY
DECEMBER 31, 1998

	APPROVED *BUDGET*	*ACTUAL* *12/31/98*	*PERCENT* *OF BUDGET*
INCOME			
Single family fees	30,000	9,411	31.4%
Multi-family fees	226,000	54,878	24.3%
Project Administration fees	95,000	36,858	38.8%
Single family servicing fees	22,000	7,594	34.5%
Interest income-loans	790,000	420,158	53.2%
Interest income-invest	100,000	33,904	33.9%
VHMGB charges	355,000	190,424	53.6%
Miscellaneous income	45,000	77,671	172.6%
TOTAL INCOME	**1,663,000**	**830,898**	**50.0%**
FUND TRANSFERS			
Single Family Housing Bonds	1,500,000	841,023	56.1%
Single Family Insured Mtg Bonds	200,000	100,000	50.0%
Single Family Mortgage Purchase	175,000	45,000	25.7%
Single Family Home Mortgage Purchase	120,000	104,400	87.0%
Multi-Family Mortgage Bonds	440,000	220,000	50.0%
Multi-Family Housing Bonds	160,000	71,581	44.7%
Multi-Family Housing Develop Bonds	20,000	10,000	50.0%
Direct Placement Bonds	35,000	23,000	65.7%
TOTAL TRANSFERS	**2,650,000**	**1,415,004**	**53.4%**
TOTAL INCOME & TRANSFERS	**4,313,000**	**2,245,902**	**52.1%**

EXPENSES			
Advertising & Promotion	140,900	55,633	39.5%
Annual report	12,000	700	5.8%
Audit expense	44,500	43,000	96.6%
Commissioners expense	3,500	2,531	72.3%
Consulting fees	279,950	113,472	40.5%
Depreciation	156,000	73,448	47.1%
Dues & Subscriptions	36,065	17,465	48.4%
Insurance	205,845	100,546	48.8%
Interest expense	480,000	294,505	61.4%
Legal expense	30,000	7,632	25.4%
Miscellaneous	6,500	5,493	84.5%
Occupancy expense	67,000	29,700	44.3%
Office expenses	38,500	14,553	37.8%
Payroll taxes	125,537	65,834	52.4%
Pension expense	145,000	89,311	61.6%
Postage	23,000	7,035	30.6%
Repairs & Maintenance	35,000	16,940	48.4%
Salaries & Wages	1,653,091	822,096	49.7%
Staff travel & Training	83,650	30,828	36.9%
Telephone	48,000	21,205	44.2%
Trustee & Credit fees	225,000	89,016	39.6%
TOTAL OPERATING EXPENSES	**3,839,038**	**1,900,943**	**49.5%**
Organization subsidy expense	325,000	160,550	49.4%
TOTAL EXPENSES	**4,164,038**	**2,061,493**	**49.5%**
SURPLUS (DEFICIT)	**148,962**	**184,409**	**123.8%**

vhfa
VERMONT HOUSING FINANCE AGENCY

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: MARCH 11, 1999

RE: MULTI-FAMILY BOND FINANCING

Enclosed with this memorandum is a copy of the Multi-Family Mortgage Bonds, 1999 Series A Preliminary Official Statement (POS), a copy of the Series Resolution, a copy of the Third Supplement to the Multi-Family Mortgage Bond Resolution and a letter of explanation of the financing terms from our financial advisor, Evensen Dodge.

- The POS is the document that potential bond purchasers receive that explains the terms of the financing and provides them with the information they need to decide if they want to buy these bonds.
- The Series Resolution is the document prepared by our bond counsel, Kutak Rock that lists the parameters under which the Bonds can be sold and provides a form of the bond.
- The Third Supplement is a document, which explains the amendments to the Bond Resolution. The original resolution was written in 1977 and several areas need to be modified to make it current. The changes mainly expand the list of eligible investments, which conforms to our single family bond document list and a broader definition of eligibility for trustee. These amendments will not be effective until 60% of bondholders approve. An expected future refunding should complete this requirement.
- According to the letter from Evensen Dodge, we should be able to achieve a "full spread" mortgage rate of about 7%. In the expected assumption cash flow case, we are expecting to earn about $60,000 per year. A contribution of approximately $120,000 will be paid at closing from the reserves in the Resolution. We cannot bond for our costs of issuance related to the South Meadow portion of the financing due to Federal law. PaineWebber and other parties associated with the transaction, did a good job of controlling their costs.

If you have questions on the documents enclosed or the financing in general, please call Glenn or myself at your convenience.

Recommended Action
Adoption of the 1999 Series A, Multi-Family Mortgage Bond Series Resolution (which by reference approves the purchase contract with the underwriters) and adoption of the Third Supplement to the Multi-Family Mortgage Bond Resolution.

Mailing Address: PO Box 408, Burlington, Vermont 05402-0408
Delivery Address: 164 Saint Paul Street, Burlington, Vermont 05401-4364
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EQUAL HOUSING OPPORTUNITY

VERMONT HOUSING FINANCE AGENCY
Multi-Family Mortgage Bonds, 1999 Series A
Cost of Issuance

Underwriters' Discount

Management Fee	$1.50 per thousand	$7,777
Expenses	$4.82 per thousand	24,992
Takedown	$5.86 per thousand	30,384
Total	$12.18 per thousand	$63,153

Other Costs of Issuance

Financial Advisor (including cash flows)	$21,500
Bond Counsel	23,500
Standard & Poor's	13,500
Printing and Distribution of Official Statements	4,000
Auditor's Cold Comfort Letter	3,000
Trustee	2,000
Other Expenses	2,500
	$70,000
Total Costs of Issuance	$133,153

MEMORANDUM

DATE: March 12, 1999

TO: Vermont Housing Finance Agency

FROM: Evensen Dodge Inc.

SUBJECT: Multi-Family Mortgage Bonds, 1999 Series A
Financial Summary

The estimated sources and uses of funds is shown below.

Principal Amount of Bonds	$5,185,000
Funds Available in Resolution	121,693
Bond Redemption Premium Paid by South Meadow	46,050
Total Sources of Funds	$5,352,743
Redemption of 1986 Series A Bonds, Including Premium	$4,651,050
Allen Apartments Mortgage Loan	515,000
Debt Service Reserve Fund	50,500
Cost of Issuance	133,153
Rounding	3,040
Total Uses of Funds	$5,352,743

In conjunction with the current refunding of the 1986 Series A bonds, the South Meadow mortgage loan of $4,196,681 will be transferred to the 1999 Series A bonds and an amount equal the maximum annual debt service of the refunding portion of the 1999 Series A bonds, estimated to be $380,000, will transferred from the 1986 Series A debt service reserve fund.

Cost of issuance relating to the refunding bonds, which can not be funded from the refunding bond issue or from transferred proceeds, are being paid from available funds under the General Resolution rather than using the Agency's General Fund. These costs are recovered in establishing the interest rate on the loan and have a two year payback. The estimated cost of issuance is shown on the attached schedule. The underwriters' discount of $12.18 per thousand is reasonable and comparable to similar-sized housing issues.

This economics of this bond issue are favorable to the Agency and to the projects. It is expected that the Agency will be close to obtaining the full allowable spread, including the recovery of cost of issuance, on its mortgage rate of approximately 7%. The Agency's cash flow of approximately $60,000 per year will be available for the Agency's operating costs and affordable housing programs.

VERMONT HOUSING FINANCE AGENCY

THIRD SUPPLEMENT TO THE MULTI-FAMILY MORTGAGE BOND RESOLUTION
(Adopted February 3, 1977)

Adopted March 18, 1999

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VERMONT HOUSING FINANCE AGENCY
THIRD SUPPLEMENT TO MULTI-FAMILY
MORTGAGE BOND RESOLUTION
March 18, 1999

WHEREAS, the Vermont Housing Finance Agency (the "Agency") has heretofore adopted on February 3, 1977 a resolution entitled "Multi-Family Mortgage Bond Resolution," as amended and supplemented (the "General Bond Resolution"), to provide for the issuance, from time to time, of Multi-Family Mortgage Bonds, which are issued pursuant to Series Resolutions thereunder; and

WHEREAS, the Agency now desires to supplement and amend the General Bond Resolution to add provisions thereto providing for a broader range of permitted investments, revised trustee requirements, additional circumstances under which the Trustee may be removed and the amendment thereof without the consent of Bondholders under certain additional circumstances, all to give the Agency more flexibility with respect to the public purposes described in the General Bond Resolution, and has determined that such supplement and amendment may be entered with the consent of sixty percent (60%) of the principal amount of the Bonds Outstanding, as provided in Article IX of the General Bond Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE VERMONT HOUSING FINANCE AGENCY and the commissioners thereof, as follows:

ARTICLE I

DETERMINATIONS AND DEFINITIONS

Section 1.01. Authority and Purpose. This Resolution is adopted under authority and in accordance with the provisions of the Act to effect the public purposes delineated in the General Bond Resolution, all in accordance with Section 902 of the General Bond Resolution.

Section 1.02. Contract With Trustee and Bondholders. The Board hereby reconfirms its obligations and covenants made in the General Bond Resolution, particularly Article VI thereof.

Section 1.03. Definitions.

(a) Except as provided in paragraph (b) of this Section, all defined terms contained in the General Bond Resolution when used in this Resolution shall have the same meanings as set forth in the General Bond Resolution.

(b) As used in this Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"General Bond Resolution" means the Multi-Family Mortgage Bond Resolution adopted February 3, 1977, as supplemented and amended on July 16, 1986, and on

June 22, 1989, and as supplemented to date to provide for the issuance of Bonds thereunder, by and between the Agency and the Trustee.

"Resolution" means this Third Supplement Resolution dated March 18, 1999.

"Trustee" means The Howard Bank, Burlington, Vermont.

The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Resolution, refer to this Resolution.

ARTICLE II

AMENDMENTS

Section 2.01. Amendment to Section 105. The definition of "Investment Obligation" in Section 105 of the General Bond Resolution is hereby amended to read as follows:

"Investment Obligation" means any of the following which at the time are legal investments for moneys of the Agency: (i) direct general obligations of the United States of America and obligations (including obligations of any federal agency or corporation) the payment of the principal and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America; (ii) any noncallable or irrevocably called, refunded bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) hereof and which at their time of purchase under the Resolution bear the highest rating available from each nationally recognized credit rating agency then maintaining a credit rating on the Bonds; (iii) obligations of any of the following: Bank for Cooperatives, Federal Intermediate Credit Banks, Federal Financing Bank, Federal Land Banks, Federal Home Loan Bank System, Federal Farm Credit Bank, Federal National Mortgage Association (excluding "stripped" securities), Export-Import Bank of the United States, Farmers Home Administration, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Student Loan Marketing Association or Tennessee Valley Authority; (iv) public housing bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; (v) obligations of any state of the United States or of any political subdivision or public agency or instrumentality thereof, including the Agency, provided that at the time of their purchase hereunder such obligations are rated no lower than the rating assigned to the Bonds by each nationally recognized credit rating agency then maintaining a credit rating on the Bonds; (vi) direct obligations of or obligations guaranteed by the State provided that at the time of their purchase hereunder such obligations are rated no lower than the unenhanced rating assigned to the Bonds by each nationally recognized credit rating agency then maintaining a credit rating on the Bonds; (vii) prime commercial paper of a corporation incorporated under the laws of any state of the United States of America, having at the time of their purchase the highest rating category available from each nationally recognized credit rating agency then maintaining a credit rating on the Bonds; (viii) interest bearing time deposits, certificates of deposit or other similar banking arrangements with banks, provided such deposits are either made with banks having a rating no lower than the rating on the Bonds or are fully collateralized and secured by obligations described in clauses (i) through (vi) above, which at all times have a market value (exclusive of accrued interest) at least equal to such deposit so secured, including interest; (ix) shares of a diversified open-end money market fund which has either been rated by each nationally recognized credit rating agency then maintaining a credit rating on the Bonds at a level which will not adversely affect the unenhanced ratings on the Bonds or which is invested in obligations described in clauses (i) through (vi) above; (x) repurchase agreements for obligations of the type specified in clauses (i), (ii) and (iii) above, provided either such repurchase agreement is an unconditional obligation of the provider thereof and the provider is rated at a level which will not adversely affect the unenhanced rating on the Bonds or such repurchase agreements are fully collateralized and secured by such obligations which have a market value (exclusive of accrued interest) at least equal to the purchase price of such repurchase agreement and (xi) investment agreements with banks, bank holding companies, insurance companies or other financial institutions, or any other investment obligation or deposit, the investment in which will not adversely affect the then current unenhanced ratings, if any, assigned to the Bonds by each nationally recognized credit rating agency then maintaining a credit rating on the Bonds."

Section 2.02. Amendment to Section 802. Section 802 of the General Bond Resolution is hereby amended by deleting the provisions thereof and inserting the following:

"For any one or more of the following purposes and at any time or from time to time, a resolution of the Agency amending or supplementing the Bond Resolution may be adopted which resolution upon the (a) filing with the Trustee of a copy thereof certified by the Secretary and (b) filing with the Trustee and the Agency of an instrument in writing made by the Trustee consenting to such resolution shall be fully effective in accordance with its terms:

(1) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Bond Resolution;

(2) To provide for additional duties of the Trustee in connection with Mortgage Loans or to expand the duties or responsibilities of the Trustee;

(3) To insert such provisions clarifying matters or questions arising under the Bond Resolution as are necessary or desirable and are not contrary to or inconsistent with the Bond Resolution as in effect at the time of such resolution;

(4) To make such modifications or changes that are not materially adverse to the interests of the Bondholders, in the judgment of the Trustee, which may rely on an opinion of counsel;

(5) To grant to or confer upon the Trustee for the benefit of the Holders of the Bonds or any credit provider, including any bond insurer, any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders of the Bonds or any credit provider, including any bond insurer, or the Trustee or any of them;

(6) To make any modifications or changes that shall adversely affect the Trustee's rights, immunities and protections; and

(7) To make any and all changes necessary to implement credit enhancement, including bond insurance, which do not adversely affect the ratings of the Bonds."

Section 2.03. Amendment to Section 1102. The second sentence of Section 1102 of the General Bond Resolution is hereby amended to read as follows:

"Each Paying Agent shall be a bank, trust company or national banking association, having trust powers and having a capital and surplus aggregating at least ten million dollars ($10,000,000), or be wholly owned by a bank, trust company or national banking association holding company having capital and surplus aggregating at least fifty million dollars ($50,000,000), if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Bond Resolution."

Section 2.04. Amendment to Section 1109. Section 1109 of the General Bond Resolution is hereby amended by adding the following paragraph at the end thereof:

"Unless an Event of Default, or an event which with notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing, in the event of an acquisition, merger or sale of a Fiduciary or the sale or assignment by a Fiduciary of its rights and duties hereunder, the Agency in its sole discretion shall have the right to remove the Fiduciary at any time upon filing with the Fiduciary an instrument in writing declaring such removal."

Section 2.05. Effective Date. The foregoing amendments shall become effective only upon receipt of the consent of the Holders of at least 60% of the principal amount of the Bonds Outstanding at the time such consent is given in accordance with Section 903 of the General Bond Resolution.

ARTICLE III

MISCELLANEOUS

Section 3.01. Applicability of the General Bond Resolution. The provisions of the General Bond Resolution are hereby ratified, approved and confirmed, and shall be applicable to the authorization, execution, authentication, issuance, redemption, payment, sale and delivery of the Bonds, the custody and the distribution of the proceeds of the Bonds and the security, payment, redemption and enforcement of payment thereof. This Resolution is authorized, executed and delivered under the provisions of Section 902 of the General Bond Resolution.

Section 3.02. Privileges and Immunities of Trustee. In accepting and consenting to this Resolution, the Trustee shall be entitled to all of the privileges and immunities afforded to the Trustee under the terms and provisions of the General Bond Resolution.

Section 3.03. Severability. If any provision of this Resolution shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 3.04. Applicable Provisions of Law. This Resolution shall be governed by and construed in accordance with the laws of the State.

Section 3.05. Effective Date. This resolution shall take effect immediately and shall be deemed to supplement and amend the General Bond Resolution upon the Agency receiving consent of the Holders of sixty percent (60%) of the Bonds Outstanding, as provided in Article IX of the General Bond Resolution.

VERMONT HOUSING FINANCE AGENCY

Series Resolution Authorizing the Issuance and Sale of $5,185,000

Multi-Family Mortgage Bonds, 1999 Series A

Adopted March 18, 1999

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ARTICLE V

MISCELLANEOUS

VERMONT HOUSING FINANCE AGENCY
SERIES RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF $5,185,000 MULTI-FAMILY MORTGAGE BONDS, 1999 SERIES A

March 18, 1999

WHEREAS, the Vermont Housing Finance Agency (hereinafter referred to as the "Agency") has, on an interim basis, from its general fund, financed a Mortgage Loan (the "Allen Apartments Mortgage Loan") 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 Public Act No. 260 of the Laws of Vermont, 1973 (Adjourned Session), as amended (hereinafter referred to as the "Act"); 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

WHEREAS, pursuant to the General Bond Resolution, on November 13, 1986, the Agency issued its Multi-Family Mortgage Bonds, 1986 Series A (the "1986 Series A Bonds") to finance, *inter alia*, a Mortgage Loan (South Meadow Development) for multifamily housing for persons and families of low and moderate income; and

WHEREAS, in order to obtain funds with which to provide permanent financing for the Allen Apartments Mortgage Loan, and to refund a portion of the 1986 Series A Bonds, it is deemed necessary and advisable to issue a 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

Section 1.01. 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 1999 Series A Resolution as such defined terms are given in the General Bond Resolution.

(b) As used in this 1999 Series A Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"*Allen Apartments Mortgage Loan*" means the Mortgage Loan made to finance the Allen Apartments.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*1999 Series A Bonds*" means the Bonds of the Agency of the Series authorized by this 1999 Series A Resolution.

"*1999 Series A Resolution*" means this 1999 Series A Resolution of the Agency adopted on March 18, 1999 authorizing the 1999 Series A Bonds.

"*Official Statement*" means the Official Statement of the Agency describing the 1999 Series A Bonds, in preliminary form dated March 9, 1999 as presented at this meeting and included in the minutes hereof, the terms of which shall be completed upon the sale of the 1999 Series A Bonds pursuant to the provisions of Section 2.03 hereof.

"*Rebate Account*" means the 1999 Series A Rebate Account established pursuant to Section 4.01 hereof.

"*Record Date*" means, with respect to the payment of interest on a 1999 Series A Bond, the first day of the month in which interest is to be paid on such 1999 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 1999 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.

"*Refunded Bonds*" means the $4,605,000 principal amount of Multi-Family Mortgage Bonds, 1986 Series A issued pursuant to the General Bond Resolution and to be refunded with a portion of the 1999 Series A Bonds.

"*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 1999 Series A Bonds which Series Certificate shall establish certain terms of the 1999 Series A Bonds as provided herein.

"*South Meadows Mortgage Loan*" means the Mortgage Loan made to finance the South Meadows Development, which Mortgage Loan will be refinanced as part of the refunding of the Refunded Bonds.

The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this 1999 Series A Resolution, refer to this 1999 Series A Resolution.

Section 1.02. Authority for 1999 Series A Resolution. This 1999 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 1999 SERIES A BONDS

Section 2.01. 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 1999 Series A Resolution, a series of Multi-Family Mortgage Bonds, designated "Multi-Family Mortgage Bonds, 1999 Series A," is hereby authorized to be issued in the aggregate principal amount of $5,185,000. 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 Allen Apartments Mortgage Loan to be permanently financed on behalf of the Agency with the proceeds of the 1999 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; (c) that the South Meadow Mortgage Loan to be refinanced as a result of the refunding of the Refunded Bonds will bear a rate of interest that will be less than the prevailing rate of interest on comparable mortgage loans available in the State of Vermont; and (d) that the Agency will derive receipts, revenues and other income from the Mortgage Loans made or refinanced with the proceeds of the 1999 Series A Bonds sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of the 1999 Series A Bonds and the payment of all costs and expenses incurred by the Agency with respect to the Program for which the 1999 Series A Bonds are issued.

Section 2.02. Purposes. The purposes for which the 1999 Series A Bonds are being issued are to provide funds for deposit in the Debt Service Reserve Fund, the 1999 Series A Cost of Issuance Account, the Redemption Fund and the 1999 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.

Section 2.03. Issue Date. Notwithstanding Section 304 of the General Bond Resolution, all 1999 Series A Bonds shall be dated March 1, 1999.

Section 2.04. 1999 Series A Bonds. Notwithstanding Section 304(c) of the General Bond Resolution, the 1999 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 March 1, 1999, or if the date of authentication of any 1999 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 1999 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 shall not exceed 7% per annum nor may the final maturity of the 1999 Series A Bonds be later than February 15, 2022. Subject to the provisions of the General Bond Resolution and Article II of the 1999 Series A Resolution, each 1999 Series A Bond shall be in substantially the form set forth in Appendix A, with such insertions or variations 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; the 1999 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 1999 Series A Bond shall be payable on August 15, 1999 and semiannually thereafter on February 15 and August 15 in each year.

Section 2.05. Denomination, Numbers and Letters.

(a) The 1999 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 1999 Series A Bonds 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 1999 Series A Bonds shall not be interchangeable for non-registered-coupon 1999 Series A Bonds. The 1999 Series A Bonds shall be numbered consecutively from one upwards in order of maturity with the letter "R" preceding each number.

The 1999 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 1999 Series A Bonds is not designated, the Agency and the Trustee shall arrange for the delivery of certificates for the 1999 Series A Bonds.

Subject to paragraph (b) below, the principal and Redemption Price of 1999 Series A Bonds shall be payable at the Principal Office of the Trustee. Interest on the 1999 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 1999 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 1999 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 1999 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 1999 Series A Bonds:

(i) During the term of the 1999 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 1999 Series A Bonds (a "Beneficial Owner") shall receive bond certificates representing their respective interest in the 1999 Series A Bonds except in the event that DTC or 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 1999 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 1999 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 1999 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 1999 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 1999 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 1999 Series A Bonds, and no investor or other party purchasing, selling or otherwise transferring ownership of any 1999 Series A Bonds will receive, hold or deliver any bond certificates as long as DTC holds the 1999 Series A Bonds immobilized from circulation.

(iv) The 1999 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 1999 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 1999 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 1999 Series A Bonds.

Section 2.06. 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 1999 Series A Bonds, subject to Section 1102 of the General Bond Resolution.

Section 2.07. Redemption at the Election of the Agency and Terms.

(a) The 1999 Series A Bonds shall be subject to redemption otherwise than by operation of Sinking Fund Installments, either in whole or in part on any date on or after February 15, 2009 and prior to their respective maturities 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 the respective Redemption Prices (expressed as a percentage of the principal amount of each 1999 Series A Bond to be so redeemed) set opposite such period in said table, plus accrued interest to the redemption date:

Period (Both Dates Inclusive)	Redemption Prices (Expressed as a Percentage)
February 15, 2009 to February 14, 2010	101%
February 15, 2010 and thereafter	100

(b) The 1999 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) reductions in the Mortgage Reserve Fund Requirement, (b) reductions in the Debt Service Reserve Fund Requirement or (c) Recovery Payments.

Section 2.08. Sinking Fund Installments. If so provided in the Series Certificate, 1999 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 1999 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, of each year set forth in the Series Certificate, for the retirement of such Bonds the amount set opposite such year 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 1999 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.

Section 2.09. 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 1999 Series A Bonds. Notwithstanding said Section 703, notice of redemption of 1999 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 1999 Series A Bonds or portions thereof to be redeemed at their addresses appearing on the registry books (with respect to a 1999 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 1999 Series A Bond or any defect in such notice shall not affect the redemption of any other 1999 Series A Bond for which the required notice has been given. Notice having been given by mailing as aforesaid, the 1999 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.

Section 2.10. Sale of 1999 Series A Bonds.

(a) The 1999 Series A Bonds authorized to be issued herein shall be sold to PaineWebber Incorporated, Salomon Smith Barney and A.G. Edwards & Sons, Inc. at a price equal to the principal amount of the 1999 Series A Bonds, plus accrued interest, pursuant to the terms of the Purchase Contract submitted to the Commissioners 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. The purchasers shall 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 1999 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 1999 Series A Bonds.

(b) The distribution of the preliminary Official Statement by the Executive Director is hereby ratified and confirmed in all respects. 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 to successful bidders.

(c) The 1999 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 1999 SERIES A BOND PROCEEDS

Section 3.01. Debt Service Reserve Fund. Upon receipt of the proceeds of the sale of the 1999 Series A Bonds, there shall be deposited from such proceeds in the Debt Service Reserve Fund such amount as is needed to increase the amounts held by the Trustee in such Fund as of the date of delivery of the 1999 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 1999 Series A Bonds an Officer's Certificate designating such Bonds.

Section 3.02. Establishment of the 1999 Series A Cost of Issuance Account. There is hereby established within the Program Fund an Account to be designated as the 1999 Series A 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.

Section 3.03. Establishment of the 1999 Series A Mortgage Loan Account. There is hereby established within the Program Fund an Account to be designated as the 1999 Series A Mortgage Loan Account the moneys in which shall be used for the purposes and as authorized by Section 402 of the General Bond Resolution.

Section 3.04. Application of Other Proceeds.

(a) From the proceeds of the 1999 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 1999 Series A Bonds to the date of delivery thereof.

(ii) All other proceeds of the sale of the 1999 Series A Bonds shall be deposited by the Trustee into the Debt Service Reserve Fund, the 1999 Series A Cost of Issuance Account or the 1999 Series A 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 1999 Series A Bonds by the Agency, including any amounts necessary for the purposes of fully funding the 1999 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 1999 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

Section 4.01. 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 "1999 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 1999 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 1999 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 1999 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 1999 Series A Bonds.

Section 4.02. 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 1999 Series A Bonds in an amount related to the amount of such Mortgage Loan.

Section 4.03. 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 1999 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 1999 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;

(b) 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;

(c) The Agency shall continuously monitor the nonmortgage investments made directly or indirectly with the proceeds of the 1999 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 1999 Series A Bonds as may be required by the Code; and

(d) The Agency shall take such other action as may be necessary or desirable to maintain the exclusion of interest of the 1999 Series A Bonds in accordance with Section 103(a) of the Code.

Section 4.04. 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 1999 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 1999 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

Section 5.01. 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 1999 Series A Bonds, and mailed notice to the Holders of the 1999 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.

Section 5.02. 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.

Section 5.03. 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 1999 Series A Resolution, the General Bond Resolution and the Official Statement.

Section 5.04. Effective Date. This resolution shall take effect immediately.

APPENDIX A

FORM OF 1999 SERIES A BONDS

VERMONT HOUSING FINANCE AGENCY
MULTI-FAMILY MORTGAGE BOND, 1999 SERIES A

No. R-$_____

Bond Date	Interest Rate	Maturity Date	CUSIP
March 1, 1999	%	February 15,	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: THOUSAND DOLLARS

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the Vermont Housing Finance Agency (the "Agency") or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

As provided in the hereafter defined Resolutions, until the termination of the system of book-entry-only transfers through The Depository Trust Company, New York, New York (together with any successor security depository appointed pursuant to the Resolutions), and notwithstanding any other provision of the Bond Resolution to the contrary, this Bond may be transferred, in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.

The Agency, a body politic and corporate of the State of Vermont, for value received hereby promises to pay to the Registered Owner referred to above or registered assigns, on the Maturity Date stated above, unless earlier redeemed, the Principal Sum set forth above, upon presentation and surrender hereof, and to pay interest on such Principal Sum from the date hereof at Interest Rate stated above, payable on August 15, 1999, and semiannually thereafter on February 15 and August 15 in each year until payment of such Principal Sum. The principal or redemption price of and interest on this Bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts. The principal and redemption price of this Bond are payable at the corporate trust office of Howard Bank, N.A., in the City of Burlington, Vermont, or its successor in trust (the "Trustee");

provided, that if Bonds are in book-entry form, payment shall be made in accordance with the procedures of the securities depository. Interest on this Bond shall be payable by check or draft mailed to the Registered Owner at his address appearing on the registration books of the Agency kept for that purpose at the corporate trust office of the Trustee; provided, however, the Agency may pay interest on fully registered 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 Bonds are in book-entry form, payment shall be made in accordance with the procedures of the securities depository. The record date for payment of interest is the first day of the month in which the interest is to be paid, 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 redemption of this bond other than on the fifteenth day of February or August or interest on any overdue amount, the Trustee may establish a special record date. The special record date may be not more than 20 days before the date set for payment. The Trustee will give notice of a special record date by mailing a copy of such notice to the registered owners of all Bonds outstanding in the manner provided in the Bond Resolution at least 10 days before the special record date or in such other time and matter as the Trustee may deem appropriate.

This bond is a general obligation of the Agency and is one of the Multi-Family Mortgage Bonds of the Agency (the "Bonds") issued or to be issued under and by virtue of the Vermont Housing Finance Agency Act, being Public Act No. 260 of the Laws of Vermont, 1973 (Adjourned Session), as amended (herein called the "Act"), and under and pursuant to the resolution of the Agency adopted February 3, 1977 (herein called the "General Bond Resolution") entitled "Multi-Family Mortgage Bond Resolution," as the same from time to time has been or may be amended or supplemented by further resolutions of the Agency (such General Bond Resolution and any and all such further resolutions being herein collectively called the "Bond Resolution").

The Agency is obligated to pay this bond and the interest hereon from any of the revenues, moneys or assets of the Agency, subject only to agreements heretofore or hereafter made with holders of notes and bonds other than the Bonds pledging particular revenues, moneys or assets for the payment thereof. The Bonds shall not be deemed to constitute a debt or grant or loan of credit of the State of Vermont, and the State of Vermont shall not be liable thereon, nor shall the Bonds be payable out of any funds other than those of the Agency.

As provided in the General Bond Resolution, Bonds may be issued from time to time in one or more series in various principal amounts, may mature at different times, may bear interest at different rates, and may otherwise vary as provided in the General Bond Resolution, and the aggregate principal amount of Bonds which may be issued is not limited except as provided in or pursuant to the Act or the General Bond Resolution. All Bonds issued and to be issued under the General Bond Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in or pursuant to the General Bond Resolution.

This bond is one of a Series of Bonds designated as "Multi-Family Mortgage Bonds, 1999 Series A" (herein called the "1999 Series A Bonds"), limited to the aggregate principal amount of $__________ and duly issued under and by virtue of the Act and under and pursuant to the General Bond Resolution. Copies of the General Bond Resolution are on file at the office of the Agency in the City of Burlington, State of Vermont, and at the principal office of the Trustee, and reference to the General Bond Resolution and any and all resolutions supplemental thereto and modifications and amendments thereof and to the Act is made for a description of the pledge and covenants securing the Bonds, the nature, manner and extent of enforcement of such pledge and covenants, the rights and remedies of the registered owners of the Bonds with respect to such pledge and covenants, the terms and conditions upon which the Bonds are issued and may be issued thereunder, and a statement of the rights, duties, immunities and obligations of the Agency and of the Trustee. Such pledge and other obligations of the Agency under the Bond Resolution may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Bond Resolution.

To the extent and in the respects permitted by the Bond Resolution, the provisions of the General Bond Resolution or any resolution amendatory thereof or supplemental thereto may be modified or amended by action on behalf of the Agency taken in the manner and subject to the conditions and exceptions prescribed in the General Bond Resolution. By the purchase of this Bond, the owner hereof consents to the adoption of the Third Supplement to the Multi-Family Mortgage Bond Resolution, which amends the General Bond Resolution. The owner of this bond shall have no right to enforce the provisions of the Bond Resolution or to institute action to enforce the pledge or covenants made therein or to take any action with respect to an event of default under the Bond Resolution or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Bond Resolution.

The Bonds are issuable solely in the form of registered Bonds without coupons in the denominations of $5,000 or any integral multiple thereof. This bond is transferable, as provided in the General Bond Resolution, only upon the books of the Agency kept for that purpose at the principal office of the Trustee, by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such duly authorized attorney, and thereupon the Agency shall issue in the name of the transferee a new registered Bond or Bonds of the same aggregate principal amount and series, designation, maturity and interest rate as the surrendered Bond as provided in the Bond Resolution and upon the payment of the charges therein prescribed. The Agency, the Trustee and any paying agent of the Agency may treat and consider the person in whose name this bond is registered as the holder and absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes whatsoever.

The 1999 Series A Bonds are subject to redemption on or after February 15, 2009, at the option of the Agency in whole or in part at any time, upon mailed notice as hereinafter set forth, and when redeemed in any of the periods shown in the following table at the respective redemption prices, expressed as a percentage of the principal amount of each 1999 Series A Bond or portion thereof to be redeemed, set opposite such period in the following table, plus accrued interest to the redemption date:

Periods (Both Dates Inclusive)	Redemption Price
February 15, 2009 to February 14, 2010	101%
February 15, 2010 and thereafter	100

The 1999 Series A Bonds are also subject to redemption in whole or in part at any time from moneys deposited in the Optional Redemption Account or the Special Redemption Account, as provided in the Bond Resolution, upon mailed notice as hereinafter set forth, at a redemption price equal to the principal amount of each 1999 Series A Bond or portion thereof to be redeemed plus accrued interest to the redemption date.

The 1999 Series A Bonds maturing on February 15, _____ are also subject to redemption in part by the Agency at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date on February 15, _____ and on each February 15 thereafter by operation of Sinking Fund Installments provided for in the Bond Resolution.

If less than all of the 1999 Series A Bonds of like maturity are to be redeemed, the particular Bonds to be redeemed shall be selected as provided in the Bond Resolution. Notice of redemption of 1999 Series A Bonds will be given by mailing a copy of such notice not less than 30 days prior to the redemption date to the registered owners of all 1999 Series A Bonds or portions thereof to be redeemed (provided that if a 1999 Series A Bond is in book-entry-only form notice shall be mailed to the securities depository); provided that failure to mail such notice to any bondholder or any defect therein shall not affect the redemption of any other 1999 Series A Bond for which required notice of redemption shall have been given. If notice of redemption shall have been given as aforesaid, the 1999 Series A Bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for the payment of the redemption price of all the 1999 Series A Bonds to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such 1999 Series A Bonds shall cease to accrue and become payable. If less than all of a 1999 Series A Bond shall be so redeemed, upon the surrender of such Bond, there shall be issued to the registered owner thereof, without charge therefor, for the unredeemed balance of the principal amount of such Bond, registered Bonds of like series, designation, maturity and interest rate in any of the authorized denominations, all as more fully set forth in the Bond Resolution.

No recourse shall be had for the payment of the principal or redemption price or the interest on the 1999 Series A Bonds or for any claim based thereon or on the Bond Resolution against any commissioner of the Agency or any person executing the Bonds.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Vermont or by the Act or the Bond Resolution to exist, to have happened or to have been performed precedent to or in the issuance of this bond exist, have happened and have been performed and that the issue of the 1999 Series A Bonds, together with all other indebtedness of the Agency, is within every debt and other limit prescribed by said Constitution or statutes.

This bond shall not be entitled to any security, right or benefit under the Bond Resolution or be valid or obligatory for any purpose unless the Certificate of Authentication hereof has been duly executed by the Trustee.

IN WITNESS WHEREOF, the Vermont Housing Finance Agency has caused this bond to be signed in its name and on its behalf by the facsimile signature of its Chairman and its corporate seal to be affixed hereto or imprinted hereon and attested by the facsimile signature of its Secretary.

VERMONT HOUSING FINANCE AGENCY

By ______________________________
Chairman

[SEAL]

Attest:

____
Authorized Officer

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Bond Resolution and is one of the Multi-Family Mortgage Bonds, 1999 Series A of the Vermont Housing Finance Agency.

HOWARD BANK, N.A., as Trustee

Dated: ______________

By ______________________________
Authorized Signature

25 years vhfa
1974 1999 Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director SC

DATE: April 9, 1999

RE: **CONFIRMATION OF UPCOMING BOARD MEETING**

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held on April 15th at 1:00 p.m. at the Office of the State Treasurer, Conference Room #1, 133 State Street, Montpelier, Vermont.

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

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Montpelier on April 15th!

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BOARD AGENDA
State Treasurer's Office
133 State Street, Conference Room #1
Montpelier, Vermont

Thursday, April 15, 1999 at 1:00 p.m.

1. Review and approval of the minutes from March 18, 1999.

2. **ADMINSTRATION**
   A. Executive Director's Report {Carpenter//Enclosure}
   B. Year 2000 Update {Loller}
   C. Human Resource Committee Update {Carpenter}
   D. Pension Fund Discussion {Carpenter}
   E. Public Affairs/Planning
      1. Income and Purchase Price Limits {Gent/Black-Plumeau {Crady}
      2. 25th Anniversary Update {Gent//Enclosure}

3. **PROGRAM OPERATIONS**
   A. Homeownership Program
      1. Summary of Homeownership Programs {Crady//Enclosure}
      2. VHFA Participation in HUD Grant Applications {Crady//Enclosure}
      3. Use of IORTA Funds for Homeownership Center Customers and YESS Program Borrowers {Crady//Enclosure}
   B Development
      1. Multifamily Loan Application for Jacobs Mobile Court, Randolph {Reid//Enclosure}

4. **FINANCE**
   A. Single Family Bond Financing {Schoenbeck//Enclosure}

5. **LEGAL**
   A. Annual Meeting Resolution Amendment {Jarrett//Enclosure}
   B. Reimbursement Resolution – Wilder {Jarrett//Enclosure}
   C. Resolution re: Pension Plan {Jarrett//Enclosure}

6. Any other business to come before the Board.

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: April 9, 1999

EXECUTIVE DIRECTOR'S REPORT

ADMINISTRATION

Much of my time this last month has been spent on Agency reorganization. I have attached a copy of the organization chart that I distributed to staff. We have created three new senior level division heads that will report directly to me. Pat Loller, as Director of Administration, will oversee all of the internal Agency systems and activities. These include Human Resources, Information Systems, and Public Affairs and Planning (Cathleen Gent is Public Affairs Director). We will be recruiting a new Information Systems Coordinator with a strong technical background, to work on strengthening our Information Systems capacity and to pick up on some of the project coordination done by Pat in her previous position.

A new position, Chief of Program Operations, will supervise the three program/production departments; Homeownership (Pat Crady is the Director), Development (Joe Erdelyi is the Senior Development Officer), and Multifamily (Sam will remain Director). This position will pick up on some of the duties of the Deputy Director, the Director of Single Family Operations and the Director of Development, but will focus on working with me in developing business plans, creating new programs, cultivating capital sources, and overseeing loan and management programs.

Roger Schoenbeck will remain as the lead for Finance. We will be working together in the next few months to review that department's operations for ways to streamline our systems. Tim Gutchell, our Controller, will be overseeing all the accounting functions and will become more involved in budget implementation. Next week, Tim, Pat Loller, and a number of Finance staff will be traveling to MITAS to be trained on converting our Finance system to a Windows version. We also expect to have a consultant, recommended through the National Council of State Agencies (NCSHA), come in and help us look at our process and systems.

Glenn has accepted a position as Counsel with Carroll and Scribner, a Burlington firm, and will be leaving the Agency on April 30th. We will be contracting with him for legal services related to bond issuance, Multi-family closings, and other Agency work as needed.

PUBLIC AFFAIRS/PLANNING

VHFA's 7th annual Home Buyer Fair in Colchester on March 13th was very successful. Our final count shows attendance close to 650, slightly higher than last year. Attendees and vendors alike loved the event. Again this year, many of the prospective home buyers who pre-qualified with VHF staff can afford to purchase homes, with a significant number within VHFA's income guidelines. Additional information about the fair will be available for the Board when vendor surveys are received and final costs are tallied.

A series of events with lenders and real estate professionals is taking place. VHFA/MGIC information sessions are being held around the state. The purpose for these sessions is to launch VHFA's contract underwriting collaboration with MGIC, to give lenders an opportunity to meet staff, and to answer any questions as the new process is introduced. From the comments received at the first two sessions, lenders will be able to transition easily to the new contract underwriting arrangement. Kelly Deforge, VHFA's Outreach Coordinator, and I attended three real estate boards, with two more scheduled before the end of this fiscal year, to keep our real estate partners informed about the VHFA/MGIC changes as well.

The inaugural event for VHFA's 25th anniversary was held on April 8th at the Vermont Statehouse. The celebration was a fine way to begin our 25th anniversary, with cake and special treats for legislators and our friends during their lunch hour. Four VHFA Board of Commissioners were on hand to meet with legislators and get the word out about our work and mission. It is amazing how many people have had VHFA financing or assistance throughout our 25 years.

Cathleen will be taking the lead for the Agency working on planning issues. This year's Consolidated Plan is just completing, but we expect major revisions next year. Cathleen will also be arranging training for staff in Act 60 after the legislature ends.

PROGRAM OPERATIONS

Within the Homeownership Program, we have made several staff changes. Jacklyn Santerre will remain as the Assistant Director of the Homeownership Program and work closely with Pat Crady in the program operations. We are eliminating the Servicing Manager position. With the move to contract underwriting and the termination of VHMGB, I felt those duties could be absorbed by the Homeownership Director and the Assistant Director. We still have five members from the servicing staff to follow through on servicing needs, and we expect to be reviewing the functions and duties of the remaining staff.

We also are making some changes within Development and Multifamily staff. We are eliminating the Administrative Assistant position for each department and have created a new Multifamily Operations Specialist position to develop and maintain the Multifamily databases, serve as the departments' computer specialist, and also serve as the person who coordinates the loan closing process. We are planning to better integrate the activities between Development and Multifamily.

DEVELOPMENT

This year will be a very difficult one for Tax Credit allocations. VHFA is looking at approximately $1.5 million in tax credit applications for ceiling credits in 1999, and we have only about $500k in credits left to allocate. Staff is hoping to get through the process and have a late May meeting of the Joint Committee on Tax Credits. Of the six applications to Rural Development for 515 funds, four received commitments for funding. Three of those have expressed intent to apply for tax-exempt bond financing and out-of-cap credits. These three projects, along with six others, make up Housing Vermont's estimated pipeline for tax-exempt bond financed projects over the next year. These projects are seeking approximately $11.2 million in short-term financing and $7.1 million in long-term financing. We continue to struggle with how to serve requests for small loans. I will be working with Roger, Joe and our bond counsel to see how we might use interim resources to fund projects and then pool them for a larger bond.

MULTIFAMILY PROGRAMS

With more than 90% of the project audits having been received in the last month, Multifamily staff has been busy completing formal audit reviews for these properties. With few exceptions, VHFA's multifamily portfolio appears to be in very good financial order. This is also a heavy tax credit compliance monitoring year with 54 properties up for compliance audits and physical inspections. Kim Roy has begun this work with the support of other Multifamily staff. As in the past, these tasks are being coordinated with Section 8 Management Reviews, RD, VHCB, HOME and HUD monitoring requirements so as to eliminate redundancy and increase efficiency.

Preservation activity has picked up with the nonprofit acquisition of Allen Apts. and Housing Vermont's interest in a 17-unit family property located in Saxtons River. Owner and State Legislator, Barbara Postman is also close to signing a Preservation Agreement for her 11 unit elderly property in Derby Line and we have had preliminary discussions regarding her Newport family property. Staff is also working with owners on preservation strategies for properties located in Poultney, West Rutland, Brandon, and Burlington.

At Parson's Hill in Castleton, occupancy remains stable with one vacancy. The Town's Selectboard has appointed a Water Task Force for the purpose of forming a Fire District. ANR's Water Supply Division is exploring legal remedies to force the owner of the community well to continue to provide water to users until an alternative source is developed and available.

Following their take over of management at Abenaki Acres in Swanton, VSHA has discovered serious problems with previous resident selection and eligibility decisions made by Abenaki management. They are working diligently to solve these problems that they inherited.

FINANCE

We have been busy completing the tasks necessary to prepare bonds for sale next week. The preliminary Official Statement and series resolution is included in the mailing. If rates hold where they are today, we expect to have $33 million of new mortgage money available at 6.35% (no points) and 6.20% for one point, including a loan loss reserve and full spread. They could be some what less if we wish to be more competitive or if conventional rates shift. The new money should be available sometime in early May.

OTHER

I met last week with Don Vickers, of the Vermont Student Assistance Corporation. He was very helpful in offering his assistance. We will be working together with the Congressional Delegation on increasing the bond volume cap. I will be in Washington, D.C. from April 19 – 22, for an AAHSA Board meeting. Some staff, including myself, will be attending the NCHSA Spring Workshops being held in Portland, Oregon May 16 – 18.

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: CG Cathleen Gent, Public Affairs Director

DATE: April 9, 1999

RE: VHFA's 25th Anniversary Celebration Update

VHFA's anniversary is being used as a point of reference to review our previous accomplishments while positioning ourselves to roll out new initiatives. VHFA will celebrate the anniversary throughout the year at numerous events, primarily in conjunction with other professional conferences or meetings already taking place.

- A new VHFA 25th anniversary logo is being used for 1999. This new logo provides a fresh look for VHFA.
- Special promotional products have been developed. The products (special "home sweet home" bottles of maple syrup, pins, canvas bags, and other surprises) are being used at numerous classes and events as fun door prizes which get our name out positively.
- The inaugural event for VHFA's 25th anniversary was held yesterday at the Vermont Statehouse. The celebration was a fine way to begin our 25th anniversary, with cake and conversation with legislators and our friends during their lunch hour.
- Resolution recognizing VHFA for our accomplishments will be introduced in the Vermont legislature - week of April 12.
- The new single family bond issue will give VHFA's our lowest interest rates ever, a real plus for the anniversary year - week of May 3 (tentative).
- Vermont Bankers' Association Annual Meeting - June 17-20 - VHFA will be a vendor or sponsor an activity at the event.
- VHFA has tentatively scheduled a party for our partners - August 31 (tentative) - in Burlington or Montpelier.
- VHFA will host five "thank you" lunches around Vermont for our local lending and real estate partners - September and October.
- VHFA will sponsor the Vermont Association of REALTOR® Annual Meeting - Sept. 29
- VHFA will sponsor the Affordable Housing Category for the Home Builders of Northern Vermont Awards Dinner - September
- Vermont Housing Managers' Annual Conference - last week in October or first week in November - VHFA will sponsor a reception at the conference.

Board Action Requested No Board action is needed. An additional anniversary update will be given to the Board in June.

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homeownership Programs PAC

DATE: April 9, 1999

RE: Summary of Homeownership Programs

Attached are the standard program and servicing activity reports. VHFA continues to enjoy increased activity in the MOVE Program, and begins its partnership with MGIC on April 12, 1999. The joint MGIC/VHFA meetings with our lender partners have gone well as have the test underwriting cases. We anticipate a smooth transition for lenders.

At the March meeting, the Board requested additional delinquency, foreclosure, and REO marketing statistics. The following tables provide information on the average length of time from the initiation of a foreclosure to its completion, and the average length of time to sell an REO.

Year	Foreclosures Completed	Average Days to Completion	Comments
1994	25	264	2 loans sold for full balance; 2 short sales
1995	47	252	1 loan was reinstated; 4 short sales
1996	53	276	2 loans filed Chapter 13; 5 short sales
1997	54	227	2 loans filed Chapter 13; 2 loans lender repurchase
1998	42	183	5 loans filed Chapter 13; 3 short sales; 3 loans lender repurchase

Note: The records prior to 1996 may not be entirely accurate.

Year	Total REO's Sold	Average Days to Sell
1996	62	345
1997	57	275
1998	31	143

The Board also requested information on the average days that a loan is delinquent before foreclosure is initiated. We do not have information available at this time but hope to have some information available at the Board meeting.

I will be available at the Board meeting with any updates and to answer any questions that you may have.

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homeownership Programs PAC

DATE: March 1, 1999

RE: Single Family Program Activity Report for February, 1999

MORTGAGE PURCHASE PROGRAMS

Month	No.	Amount	Previous Year	No.	Amount
Reservations	55	$ 3,867,116		45	$ 3,177,400
Purchases	36	$ 2,419,605		36	$ 2,355,908

Period to Date	No.	Amount	Previous Year	No.	Amount
Reservations	91	$ 6,598,392		80	$ 5,540,850
Purchases	81	$ 5,617,806		79	$ 5,322,634

MORTGAGE PLUS

Month	No.	Amount	Previous Year	No.	Amount
Reservations	3	$ 214,900		4	$ 321,100
Issued	2	$ 130,200		5	$ 399,793

Period to Date	No.	Amount	Previous Year	No.	Amount
Reservations	5	$ 335,900		7	$ 644,100
Issued	5	$ 348,965		10	$ 809,884

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

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homwownership Programs PAC

DATE: April 5, 1999

RE: Servicing Activity for February 1999

SERVICING ACTIVITY

Collections:

Last months 90+ accounts:		137
New 90 day accounts (+):	24	
To foreclosure/DIL (-):	5	
To 60 days or less (-):	29	
Under payment arrangement:	50	
90+ accounts:		127

In Foreclosure:

Last months foreclosure accounts:		48
New foreclosures (+):	7	
To REO (-):	5	
Successful interventions (-):		
Negotiating workouts:		
Foreclosure accounts:		50

Real Estate Owned:

Last months REO's:		43
New REO's (+):	5	
Properties sold (-):	0	
Properties under contract:	8	
Other:		
REO's:		48

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

VERMONT HOUSING FINANCE AGENCY

Board Property Disposition Report

Month of: February, 1999

Properties Sold

Property	Listing Price	Sale Price	Principal Balance	Interest	To Date Expenses	Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Patterson Rutland	$ 74,000	$ 70,000	$ 88,537	$ 6,864	$ 15,919	$ 19,350	($21,970)	($24,240)	$2,270

Properties Under Contract

Property	Listing Price	Contract Price	Principal Balance	Interest	Estimated Expenses	Estimated Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Lang Hartford	$ 45,000	$ 40,000	$ 56,167	$ 6,300	$ 9,090	$ 12,000	($19,557)	$0	($19,557)
Bacon Windsor	$ 39,000	$ 38,200	$ 48,658	$ 5,967	$ 22,823	$ 10,600	($28,648)	($35,236)	$6,588
Findley Hartford	$ 79,900	$ 73,500	$ 82,480	$ 6,685	$ 14,343	$ 17,800	($12,208)	($19,161)	$6,953
Charland Cambridge	$ 37,900	$ 38,000	$ 60,813	$ 9,020	$ 8,018	$ 13,200	($26,651)	($23,249)	($3,402)
Dewing Berkshire	$ 69,900	$ 66,500	$ 69,548	$ 8,044	$ 13,068	$ 22,720	($1,440)	($11,967)	$10,527
Darling Groton	$ 43,900	$ 40,000	$ 53,962	$ 5,041	$ 6,909	$ 12,000	($13,912)	($7,523)	($6,389)
Emerson Newbury	$ 44,900	$ 35,500	$ 51,136	$ 5,213	$ 16,882	$ 12,000	($25,731)	($25,889)	$158

Properties in the VHFA/Non Profit Sales Program

Tabor
Gilman Housing Trust

Prindall
CVCLT

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: FEBRUARY, 1999

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO	
Banknorth Mortgage Co.	728	43	5.91%	4	0.55%	9	1.24%	7	0.96%	63	8.65%	6	0.82%
Bennington Co-op S&L Assoc.	62	2	3.23%	2	3.23%	0	0.00%	0	0.00%	4	6.45%	0	0.00%
Brattleboro Savings & Loan	31	0	0.00%	1	3.23%	1	3.23%	0	0.00%	2	6.45%	0	0.00%
Charter One	394	23	5.84%	13	3.30%	11	2.79%	4	1.02%	51	12.94%	6	1.52%
Chittenden Bank	866	66	7.62%	11	1.27%	11	1.27%	11	1.27%	99	11.43%	12	1.39%
Citizens Savings Bank	117	6	5.13%	3	2.56%	1	0.85%	0	0.00%	10	8.55%	1	0.85%
Community National Bank	307	13	4.23%	3	0.98%	11	3.58%	0	0.00%	27	8.79%	2	0.65%
Connecticut River Bank	5	1	20.00%	0	0.00%	0	0.00%	0	0.00%	1	20.00%	0	0.00%
Factory Point Nat. Bank	33	2	6.06%	0	0.00%	0	0.00%	0	0.00%	2	6.06%	0	0.00%
First Brandon Nat. Bank	4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Nationwide Mortgage	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
GMAC Mortgage	9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Graystone Mortgage Company	504	49	9.72%	8	1.59%	19	3.77%	5	0.99%	81	16.07%	5	0.99%
Heritage Family Credit Union	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Lyndonville Savings Bank	65	0	0.00%	1	1.54%	4	6.15%	0	0.00%	5	7.69%	0	0.00%
Mascoma Savings Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Merchants Bank	236	12	5.08%	0	0.00%	4	1.69%	1	0.42%	17	7.20%	0	0.00%
Mortgage Service Ctr. of NE	81	2	2.47%	4	4.94%	3	3.70%	0	0.00%	9	11.11%	1	1.23%
New England Federal CU	42	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Northfield Savings Bank	142	6	4.23%	1	0.70%	0	0.00%	0	0.00%	7	4.93%	1	0.70%
Passumpsic Savings Bank	160	7	4.38%	5	3.13%	5	3.13%	2	1.25%	19	11.88%	0	0.00%
Peoples Trust Co.	84	3	3.57%	2	2.38%	2	2.38%	0	0.00%	7	8.33%	0	0.00%
Randolph National Bank	32	2	6.25%	0	0.00%	0	0.00%	1	3.13%	3	9.38%	0	0.00%
Union Bank	172	6	3.49%	1	0.58%	7	4.07%	0	0.00%	14	8.14%	0	0.00%
Vermont Development CU	76	0	0.00%	1	1.32%	2	2.63%	0	0.00%	3	3.95%	0	0.00%
Vermont National Bank	1859	104	5.59%	24	1.29%	37	1.99%	19	1.02%	184	9.90%	13	0.70%
Wells River Savings Bank	31	0	0.00%	1	3.23%	0	0.00%	0	0.00%	1	3.23%	1	3.23%
Totals	6054	347	5.73%	85	1.40%	127	2.10%	50	0.83%	609	10.06%	48	0.79%
Totals Previous Month	6084	328	5.39%	88	1.45%	137	2.25%	51	0.84%	604	9.93%	45	0.74%
Totals Same Mo. Last Yr.	6466	375	5.80%	108	1.67%	134	2.07%	49	0.76%	666	10.30%	74	1.14%

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: FEBRUARY, 1999

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL		Delinq		REO
Large Servicer 400+													
Banknorth Mortgage Co.	728	43	5.91%	4	0.55%	9	1.24%	7	0.96%	63	8.65%	6	0.63%
Charter One	394	23	5.84%	13	3.30%	11	2.79%	4	1.02%	51	12.94%	6	0.22%
Chittenden Bank	866	66	7.62%	11	1.27%	11	1.27%	11	1.27%	99	11.43%	12	1.05%
Graystone Mortgage Company	504	49	9.72%	8	1.59%	20	3.97%	5	0.99%	82	16.27%	5	3.54%
Vermont National Bank	1859	104	5.59%	24	1.29%	37	1.99%	19	1.02%	184	9.90%	13	1.36%
Totals	4351	285	6.55%	60	1.38%	88	2.02%	46	1.06%	479	11.01%	42	0.97%
Average	870	57	6.94%	12	1.60%	18	2.25%	9	1.05%	96	11.84%	8	1.36%
Medium Servicers 399-50													
Bennington Co-op S&L Assoc.	31	0	0.00%	1	3.23%	1	3.23%	0	0.00%	2	6.45%	0	0.00%
Citizens Savings Bank	117	6	5.13%	3	2.56%	1	0.85%	0	0.00%	10	8.55%	1	0.85%
Community National Bank	307	13	4.23%	3	0.98%	11	3.58%	0	0.00%	27	8.79%	2	0.65%
Lyndonville Savings Bank	65	0	0.00%	1	1.54%	4	6.15%	0	0.00%	5	7.69%	0	0.00%
Merchants Bank	236	12	5.08%	0	0.00%	4	1.69%	1	0.42%	17	7.20%	0	0.00%
Mortgage Service Ctr. of NE	81	2	2.47%	4	4.94%	3	3.70%	0	0.00%	9	11.11%	1	1.23%
Northfield Savings Bank	142	6	4.23%	1	0.70%	0	0.00%	0	0.00%	7	4.93%	1	0.70%
Passumpsic Savings Bank	160	7	4.38%	5	3.13%	5	3.13%	2	1.25%	19	11.88%	0	0.00%
Peoples Trust Co.	84	3	3.57%	2	2.38%	2	2.38%	0	0.00%	7	8.33%	0	0.00%
Union Bank	172	6	3.49%	1	0.58%	7	4.07%	0	0.00%	14	8.14%	0	0.00%
Vermont Development CU	76	0	0.00%	1	1.32%	2	2.63%	0	0.00%	3	3.95%	0	0.00%
Totals	1471	55	3.74%	22	1.50%	40	2.72%	3	0.20%	120	8.16%	5	0.34%
Average	140	6	3.26%	2	2.00%	4	2.88%	0	0.17%	12	8.31%	1	0.34%
Small Servicers 49-													
Brattleboro Savings & Loan	31	0	0.00%	1	3.23%	1	3.23%	0	0.00%	2	6.45%	0	0.00%
Connecticut River Bank	5	1	20.00%	0	0.00%	0	0.00%	0	0.00%	1	20.00%	0	0.00%
Factory Point Nat. Bank	33	2	6.06%	0	0.00%	0	0.00%	0	0.00%	2	6.06%	0	0.00%
First Brandon Nat. Bank	4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Nationwide Mortgage	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
GMAC Mortgage	9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Heritage Family Credit Union	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mascoma Savings Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
New England Federal CU	42	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Randolph National Bank	32	2	6.25%	0	0.00%	0	0.00%	1	3.13%	3	9.38%	0	0.00%
Wells River Savings Bank	31	0	0.00%	1	3.23%	0	0.00%	0	0.00%	1	3.23%	1	3.23%
Totals	201	5	2.49%	2	0.01%	1	0.50%	1	0.50%	9	4.48%	1	0.50%
Average	17	0	2.68%	0	0.50%	0	0.29%	0	0.28%	1	3.81%	0	0.29%

Lenders	1998 Jul	Aug	Sep	Oct	Nov	Dec	1999 Jan	Feb
Large Servicer 400+								
Banknorth Mortgage Co.	6.01%	7.50%	7.40%	7.53%	7.49%	8.55%	7.91%	8.65%
Charter One	12.41%	11.75%	11.57%	11.41%	14.43%	12.38%	13.00%	12.94%
Chittenden Bank	8.13%	10.39%	9.39%	10.02%	9.84%	11.72%	11.78%	11.43%
Graystone Mortgage Company	12.43%	13.08%	14.31%	15.01%	15.82%	15.88%	13.41%	16.27%
Vermont National Bank	8.91%	8.32%	8.57%	7.95%	9.20%	9.04%	9.90%	9.90%
Average	9.58%	10.21%	10.25%	10.38%	11.36%	11.51%	11.20%	11.84%
Medium Servicers 399-50								
Bennington Co-op S&L Assoc.	7.41%	7.41%	3.57%	1.64%	1.67%	3.23%	3.23%	6.45%
Citizens Savings Bank	4.31%	3.45%	6.03%	6.03%	5.22%	6.14%	6.03%	8.55%
Community National Bank	6.93%	7.84%	8.39%	9.15%	9.09%	9.80%	8.77%	8.79%
Lyndonville Savings Bank	5.08%	5.08%	10.17%	6.67%	5.26%	6.67%	8.06%	7.69%
Merchants Bank	4.87%	3.82%	4.65%	4.37%	6.45%	4.90%	8.33%	7.20%
Mortgage Service Ctr. of NE	14.12%	18.82%	16.57%	11.76%	16.67%	16.87%	13.25%	11.11%
Northfield Savings Bank	4.55%	4.44%	7.97%	7.14%	6.43%	3.57%	6.34%	4.93%
Passumpsic Savings Bank	9.70%	11.52%	10.37%	10.37%	11.38%	12.35%	12.42%	11.88%
Peoples Trust Co.	7.45%	6.59%	13.19%	5.62%	6.82%	7.06%	8.33%	8.33%
Union Bank	7.22%	7.73%	8.20%	8.24%	8.89%	9.66%	9.36%	8.14%
Vermont Devvelopment CU	8.96%	7.46%	5.88%	7.14%	8.00%	5.26%	3.95%	3.95%
Average	7.33%	7.65%	8.64%	7.10%	7.81%	7.77%	8.01%	7.91%
Small Servicers 49-								
Brattleboro Savings & Loan	7.41%	7.41%	3.57%	3.57%	3.45%	10.34%	6.67%	6.45%
Connecticut River Bank	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%	20.00%	20.00%
Factory Point Nat. Bank	11.43%	11.76%	5.88%	9.09%	21.21%	9.09%	6.06%	6.06%
First Brandon Nat. Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
First Nationwide Mortgage	0.00%	0.00%	0.00%	0.00%	0.00%	20.00%	0.00%	0.00%
GMAC Mortgage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Granite Bank (NH)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Heritage Family Credit Union	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mascoma Savings Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
New England Federal CU	0.00%	0.00%	0.00%	2.27%	0.00%	0.00%	0.00%	0.00%
Randolph National Bank	8.57%	11.43%	8.57%	8.57%	8.57%	9.09%	12.50%	9.38%
Wells River Savings Bank	10.00%	6.67%	10.00%	6.67%	10.00%	10.00%	6.67%	3.23%
Average	3.12%	4.77%	2.34%	2.51%	3.60%	4.88%	4.33%	3.76%

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homeownership Programs PAC

DATE: April 9, 1999

RE: VHFA Participation in HUD Grant Applications

At the March meeting, Sarah Carpenter and I provided the Board with information on several HUD Notices of Funding Availability (NOFAs) that was of interest to staff. I want to take this opportunity to update you on several applications that are in process for a variety of innovative projects and programs. The following is a summary of activity to date.

Housing Counseling -- HUD has announced that funds are available for Housing Counseling activities. A Housing Finance Agency may apply for funds for distribution to local housing affiliates. VHFA is eligible to apply for up to $500,000. Applications are due on May 25, 1999. VHFA has asked John Davis and Michael Monte of Burlington Associates to assist VHFA to submit an application for grant funds to assist the Homeownership Centers and other organizations to focus on areas where there is limited capacity, such as post-purchase issues, delinquency interventions, rehab technical assistance, etc. The application will also include some pre-purchase activities. A meeting is scheduled for Thursday, April 22, 1999, at 10:00 am at VHFA with the Homeownership Centers, VDCU and VHCB to discuss an application to HUD. We plan to have a proposal for Board consideration at the May meeting.

HUD Rural Housing and Economic Development Program -- HUD has announced the availability of funds for housing and economic development for rural nonprofits and Community Development Corporations (CDCs), including Community Development Financial Institutions (CDFIs). Funds are available for three categories of activities: capacity building; support for innovative activities (including capital for projects); and seed funding. Applications are due on April 30, 1999. VHFA is participating with VHCB, the Vermont Community Loan Fund, and the Department of Housing to submit an application for numerous statewide activities under the capacity building and innovative activity categories. The applicant for the capacity building piece will be either VHCB or the Department of Housing. The applicant for the innovative activities, which includes capital for projects will be VCLF.

Secondary Market for Non-Conforming Loans to Low-Wealth Borrowers Demonstration Program -- Grants are available for up to three organizations to demonstrate methods of expanding the secondary market for nonconforming home mortgage loans to low-wealth borrowers. The purpose of these funds are to enhance homeownership opportunities for low-wealth borrowers by enabling nonprofit intermediaries to purchase nonconforming loans, document the performance, and encourage the traditional secondary market to purchase these types of loans. Applications are due on May 10, 1999. After a discussion with HUD staff in Vermont and Washington it was clear that they expect to receive applications from regional or national intermediaries (Neighborhood Reinvestment, etc.). I have asked Al Scott from Neighborhood Reinvestment's (NR) New England District Office to check with NR staff in Washington to determine if they plan to submit an application, and to let him know that VHFA would like to be a partner with the Vermont NeighborWorks® organizations.

Section 8 Homeownership-- HUD is also expected to issue regulations sometime in May for the use of Section 8 Vouchers for Homeownership. I received a copy of the "Draft Unpublished Interim Rules" from the Vermont State Housing Authority. I have not reviewed the rules but plan to before the Board meeting and will provide more details at that time.

BOARD ACTION REQUESTED

No action requested at this time.

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homeownership Programs PAC

DATE: April 9, 1999

RE: Use of IORTA Funds for Homeownership Center Customers and YESS Program Borrowers

OVERVIEW

With the sale of VHMGB, VHFA borrowers who do not qualify for mortgage insurance through the Rural Housing Guarantee Program will pay substantially higher up front premiums for mortgage insurance. The average VHFA MOVE borrower will see an increase in closing costs of $1,086. Homebuyers have the option of a monthly mortgage insurance premium; however, very few VHFA borrowers choose the monthly payment option because of the impact on affordability. The lack of cash for downpayment and closing costs continue to be a barrier for many low- and moderate-income potential homebuyers. YESS borrowers already have the advantage of lower mortgage insurance costs because loans originated through the YESS program are insured by RD; however, their total costs to receive financing are higher because of energy rating, inspection, and project management fees.

VHFA receives approximately $60,000 - $70,000 annually from the interest on real estate trust accounts (IORTA). As of December 31, 1999, VHFA has approximately $200,000 in IORTA funds that are not committed to a special risk share agreement with VHMGB for the "No Downpayment Loans". At the March meeting the Board approved the use of $20,000 in IORTA funds to assist VHFA HOUSE borrowers with their mortgage insurance costs. Funds will be allocated to all participating nonprofit organizations to provide grants to cover mortgage insurance premiums for all HOUSE borrowers. Staff is in the process of implementing agreements with all HOUSE nonprofits.

Staff proposes using an additional amount of IORTA funds to assist customers of the Homeownership Centers with their closing costs and to assist YESS Program borrowers with their mortgage insurance costs or other fees associated with YESS loans.

SUMMARY OF PROPOSAL

IORTA funds would be used to assist customers of the Homeownership Centers, who receive financing from VHFA, with their closing costs. VHFA will grant the funds to the Homeownership Centers and give them the flexibility to provide both grants and loans to assist their customers. VHFA will ask that priority for these funds be given to individuals and households at or below 100% of area median income. YESS Program borrowers will have their mortgage insurance premium paid or other fees associated with YESS loans paid from the IORTA funds.

PROGRAM OPERATION

IORTA funds would be transferred to the Homeownership Centers through a grant agreement with VHFA. The agreement would require an annual report providing basic information on homebuyers assisted, the type of assistance provided, and the balance of available funds. The IORTA funds to pay for mortgage insurance for YESS Program borrowers will be available through Energy Rated Homes of Vermont (ERH). Staff have not had the opportunity to explore options with ERH on how this will work.

BOARD ACTION REQUESTED

Staff requests approval for the Executive Director to negotiate and execute agreements with the Homeownership Centers to use up to $150,000 in IORTA funds to assist VHFA borrowers with their closing costs, and to work with ERH to determine the procedure for paying mortgage insurance costs or other fees associated with YESS Program loans.

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BOARD MINUTES

The Associated General Contractor's Office
148 State Street
Montpelier, Vermont

Thursday, March 18, 1999 at 1:00 p.m.

PRESENT: Chairman White, Commissioners Seelig, Douglas, Candon, Smith (designee of Douglas)

Staff: Ms. Carpenter, Ms. Caragher, Ms. Loller, Ms. Gent, Ms. Santerre, Ms. Crady, Ms. Cunningham, Ms. Deforge, Ms. Black-Plumeau, Mr. Jarrett, Mr. Falzone, Mr. Schoenbeck, Mr. Erdelyi, Mr. Lothrop

Other: Mr. Broderick (Housing Vermont), Ms. Rittenhouse (Twin Pines Housing Trust), Ms. Torpy (Burlington Community Land Trust), Ms. Dunn (Burlington Community Land Trust), Mr. Gresser (Rockingham Area Community Land Trust), Ms. Eyre (Rockingham Area Community Land Trust, Mr. Stretch (Gilman Housing Trust), Ms. Welcome (Northeast Kingdom Homeownership Center), Ms. Christiana (Rutland West), Mr. Hahn (Central Vermont Community Land Trust)

Chairman White called the meeting to order at 1:10 p.m.

SINGLE FAMILY OPERATIONS

Mr. Lothrop indicated that staff is near completion of initiating contract underwriting. Delinquencies continue to remain high, however once tax returns have been received we expect that they will decrease. Chairman White asked how long it takes a 90 day delinquent borrower to move through the foreclosure process. Ms. Cunningham indicated that from the time the borrower becomes 90 days delinquent, it takes approximately nine months for it to complete the foreclosure process. Chairman White also asked how long it takes us to dispose of an REO. Ms. Cunningham noted that she wasn't sure of the exact time frame, but would research it and let him know at the next Board meeting. She also will find out how long it takes delinquent loans to begin the foreclosure process.

VHFA/VHMGB UPDATE

Mr. Lothrop stated that VHFA has signed a an agreement with MGIC for contract underwriting. The target date to implement this is April 12, 1999. He also noted that staff is putting together a letter to give the lenders a 30-day notice of VHMGB closing, which will be sent out next week.

On the PMI side, staff had a conference call with PMI last week to discuss the first draft of the contract we received from them. Mr. Lothrop noted that he didn't believe there was anything in the contract that couldn't be changed to our satisfaction, indicating that the terms are reasonable and that we should be able to sign a contract with them in the very near future.

A brief discussion then ensued regarding the funds available to cover the costs of the transfer of the VHMGB book of business to PMI. There was concern expressed that the current VHMGB reserves and the funds to be received from the state would be slightly below the amount needed to cover the cost.

There was brief discussion regarding consumer loans, which would not be transferred to PMI. A motion was made by Mr. Douglas to approve the "Resolution Regarding the Transfer of Liability for Consumer Loans From Vermont Home Mortgage Guarantee Board to Vermont Housing Finance Agency." The motion carried unanimously after being seconded by Mr. Candon.

MINUTES

At this time Mr. Seelig made a motion to approve both the minutes of February 4th and February 18th 1999. The motion carried unanimously after being seconded by Mr. Candon.

ADMINISTRATION

Ms. Carpenter indicated that we are still planning to kick off our 25th anniversary celebration on April 6th at the State House. Because of previous commitments, we were not able to get the Congressional Delegation or the Governor to attend. There will be a cake served at lunchtime for legislators. She also noted that we are looking at doing a larger event to include all of our partners later in the year and/or targeted support to specific functions.

Ms. Crady briefly reviewed her memo "Possible Opportunities for VHFA," included in the Board packet. HUD has issued a variety of Notices of Funding Availability (NOFAs) for a broad range of activities. The three activities that staff is most interested in are Housing Counseling, HUD Rural Housing, and the Economic Development Program and the Secondary Market for Non-Conforming Loans to Low-Wealth Borrowers Demonstration Program. Ms. Carpenter added that some of these funds are set aside for Housing Finance Agencies and that she believes staff should be aggressive when exploring these, as they become available. Chairman White agreed and also suggested that staff explore all of the possibilities.

HOMEOWNERSHIP DISCUSSION

Ms. Gent began by indicating that the purpose of today's Homeownership discussion was to provide the Board with the activities that the Homeownership Centers have done in the past year. Ms. Gent also noted that this is the final year of the pilot program and that a lot has been accomplished this year. Ms. Gent also stated that, in 1997 all four Centers became affiliated with the Neighborworks organization. Ms. Black-Plumeau summarized for the Board the 1998 activities associated with each center. At this time, it was suggested that each of the representatives from the Homeownership Centers introduce themselves and give a brief summary of what they have accomplished in the past year.

Mr. Stretch from the Gilman Housing Trust introduced himself first. He noted that Gilman Housing Trust serves the most low-income area in Vermont and that it had difficulty establishing a centrally located Center where people can go if they need assistance. They did finally open a Center in Lyndonville in July. He indicated that they are selling out of each homebuyer class they hold and they have had a lot of long term clients as well as short-time clients. He noted that there is a real need for the role that the Homeownership Centers provide in his area.

Mr. Gresser from the Rockingham Area Community Land Trust indicated that their biggest challenge has been staffing changes. They have a new Executive Director now and should be able to start focusing on marketing programs. Just recently, they hired a Homeownership Counselor, which should help them out tremendously. They are trying to get their name out to help promote their service to the community.

Ms. Dunn and Ms. Torpy from the Burlington Community Land Trust indicated that they serve all of Chittenden County. Chittenden County is a very expensive market and Burlington alone has less than 40% homeownership rate. They noted that in their buyers' price range, there is a lot of sub standard housing. They want to make sure that they can assure the long-term viability of these properties, and have established a rehab loan program. They have recently started a monthly newsletter, which serves as a great marketing tool. Currently they are working on implementing their marketing plan.

Mr. Hahn from the Central Vermont Land Trust expects that the Central Vermont Homeownership Center will be fully operational by the end of summer. Mr. Hahn noted that they are in the process of applying for Neighborworks affiliation and looks forward to joining the other four Homeownership Centers as Neighborworks affiliates and VHFA partners.

Ms. Carpenter suggested that VHFA send a letter of support to Mr. Hahn to include in his Neighborworks application. The Board agreed and thought this would be a good idea.

At this time, Ms. Dunn presented VHFA a plaque from the NeighborWorks Campaign for Home Ownership 2002 that recognizes VHFA as a local partner for our support of Vermont NeighborWorks organization.

DEVELOPMENT

Mr. Erdelyi indicated that staff is requesting a construction and permanent loan for a multifamily development in Wilder, Vermont. The units were designed as condominiums, did not sell, but have always maintained full occupancy as rental units because of the strong housing market in the area. The permanent loan amount requested is approximately 45% of the total development cost. The tax exempt financing needs to be at least 50% in order to qualify the project for the out-of-cap credits, so the sponsor is seeking a smaller, short-term construction bridge loan to meet this threshold. The Board agreed to a waiver of the Agency's rule that not less than 75% of the residents be at or below 100% of median income and reverted to the statutory requirements for the Briars that at least 51% of the residents be at or below median income.

After further discussion, a motion was made by Mr. Seelig to approve the "Resolution Pertaining to Combined Letter of Interest and Commitment Letter Re: Permanent Financing (Wilder)." The motion carried unanimously after being seconded by Mr. Candon.

Ms. Crady briefly reviewed her memo "Assisting VHFA Borrowers with Mortgage Insurance Costs," included in the Board packet. The people that will be most effected by the sale of VHMGB will be the borrowers who use the HOUSE program. When closing costs are increased, it decreases the market for a home. Staff is proposing to use the IORTA funds we receive to assist VHFA HOUSE borrowers with mortgage insurance costs and to assist Homeownership Centers and other HOUSE participating nonprofit organizations to provide grants to eligible buyers. The approximate amount needed is $20,000. The Board had some concerns with how the lenders might feel about this. It was agreed that staff would continue working on ways to market this so that it prevents the lenders from becoming upset. The Board also suggested that staff talk to lenders about it and see what they think.

VHFA BOARD MINUTES

After further discussion a motion was made by Mr. Seelig to approve the staff's proposal to use the IORTA funds to cover the actual costs for all VHFA HOUSE borrowers. The motion carried unanimously after being seconded by Mr. Candon.

MULITFAMILY MANAGEMENT

Mr. Falzone gave a brief update on Parson's Hill in Castleton. There are 11 units still occupied and only 1 vacancy. The Division of Hazardous Waste has taken the property off their hazardous waste list. Recently staff found out that 25 other people are connected to the well used by Parsons Hill and they have started meeting to deal with this problem also. Mr. Falzone hopes that they will find a solution to this problem by the end of May.

LEGAL

Mr. Jarrett indicated that PMI Mortgage Insurance Company would like VHFA to take responsibility for administrative duties after VHMGB terminates. Both the Board and staff agreed with this. A motion was made by Mr. Candon to delegate the Executive Director to sign the PMI contract after consulting with the Chairman once the contract was completed to our satisfaction. The motion carried unanimously after being seconded by Mr. Douglas.

FINANCE

Mr. Schoenbeck indicated that the budget performance report for the period ending December 31, 1998 was on line with what staff expected it to be. On the statement of revenues, Mr. Schoenbeck compared the total columns against where we were a year ago and where we were three months ago. Three months ago we show a $1.8 million surplus and one year ago we had a $1.9 million surplus. Our surplus did decrease, but $500,000 of that was due to the decreased loan activity in our 0% yield pool, which recognizes income as loans are made. We are on the same track that we were on a year ago, although revenues are slightly lower and net income is down because more mortgage loans have paid off than were originated.

Mr. Schoenbeck discussed the multi-family bond financing next. He handed out a copy of the purchase contract with the underwriters, indicating that we will sell the bonds to Paine Webber Inc. and affiliates. The pricing that we went through, which is based on the information sheet provided generates a mortgage rate of 6.86% (which would be the rate for both South Meadow and Allen Apartments). After further discussion, Mr. Douglas made a motion to adopt the 1999 Series A, Multi-Family Mortgage Bond Resolution and adoption of the Third Supplement to the Multi-Family Mortgage Bond Resolution. The motion carried unanimously after being seconded by Mr. Seelig.

A motion was then made to adopt a resolution that was distributed authorizing Sarah Carpenter and Pat Loller to be authorized signatories for the purposes of the Federal Home Loan Bank accounts and VHFA checking accounts. The motion carried unanimously after being seconded by Mr. Seelig.

YEAR 2000 UPDATE

Ms. Loller gave a brief update on Year 2000. She indicated that not everything had been tested yet, but that they are working on it diligently. Chairman White suggested that we have Y2K on the Board agendas for the rest of the year, so that the Board stays updated on our progress.

OTHER BUSINESS

Ms. Carpenter then announced that Mr. McNamara would be resigning effective Friday, March 26th, as he has taken a job as Senior Community Builder at HUD. Mr. McNamara was absent from this meeting, but for the record, Chairman White thanked Mr. McNamara for his work and dedication to the Agency for the past 2 ½ years. The Board wishes him well at HUD and looks forward to doing business with him there.

There being no further business, the meeting adjourned at 4:10 p.m.

Sincerely,

Sarah Carpenter

Sarah E. Carpenter, Secretary

RESOLUTION REGARDING THE TRANSFER
OF LIABLITY FOR CONSUMER LOANS FROM
VERMONT HOME MORTGAGE GUARANTEE BOARD TO
VERMONT HOUSING FINANCE AGENCY

WHEREAS, the Vermont Home Mortgage Guarantee Board ("Board") is in the process of selling the majority of its book of business to a private mortgage insurer; and

WHEREAS, pursuant to legislation pending in the Vermont General Assembly, the Board will go out of existence once the sale of its book of business is completed and the Board certifies to the Secretary of Administration that the Board has wound down its business; and

WHEREAS, the pending legislation transfers responsibility for guarantees pursuant to sections 398 and 400 of Title 10, which are guarantees of energy conservation loans, on-site septic loans and lead-based paint hazard reduction loans (the "Guarantees") to Vermont Housing Finance Agency (the "Agency"); and

WHEREAS, the Agency and the Board wish to enter into an agreement to facilitate the transfer of the Guarantees from the Board to the Agency and have been presented with a proposed agreement;

NOW, THEREFORE, it is hereby RESOLVED:

1. The proposed agreement between the Board and the Agency attached to this Resolution is hereby approved.

2. The Executive Director is hereby authorized to execute the proposed agreement in substantially the form attached to this resolution and take all other steps necessary to accomplish the transfer of the Guarantees from the Board to the Agency.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont, on March 18, 1999.

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

RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: PERMANENT FINANCING (WILDER)

WHEREAS, a proposal has been presented to the Agency by Housing Vermont on behalf of Briars Housing Limited Partnership (the "Sponsor"), a to-be-formed limited partnership whose general partners will be Twin Pines Housing Trust and a wholly owned subsidiary of Housing Vermont, involving the acquisition and rehabilitation of 24 units of rental housing for families located in two buildings in Wilder, Vermont (the "Development"); 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, Development Underwriter, dated March 11, 1999, 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 or 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 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 is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan in the approximate amount of $685,000 as tax-exempt financing to the Briars Housing Limited Partnership

for the acquisition and rehabilitation of two buildings totaling 24 apartments located at 647 Bugbee Street, all in Wilder (Hartford), Vermont. The term of the loan will be up to 30 years, and an interest rate of not more than 150 basis points above the Agency's cost of funds. The Agency is also interested in making a bridge loan to the Sponsor in a maximum amount of $240,000, payable over a period of up to six years with an irregular amortization and with an interest rate of 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. 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 conditions deemed appropriate by staff

3. The Executive Director may, in her discretion, issue a Commitment Letter for an long-term loan for the acquisition and rehabilitation of the Development, in an amount not to exceed $685,000 and a bridge loan of not more than $240,000.

4. The long-term loan shall be due and payable not more than 30 years from the date the loan is made; the bridge loan will be due and payable not more than six years from such date and the interest rate on both the long-term and bridge loans shall not exceed 150 basis points above the Agency's cost of funds. The Sponsor shall be responsible for loan fees, which may include the costs of issuance of tax-exempt bonds, the proceeds of which shall be used to make the loans. 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.

5. The Executive Director 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 March 18, 1999.

Sarah Carpenter

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

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RESOLUTION PERTAINING TO
FEDERAL HOME LOAN BANK OF BOSTON ADVANCES

WHEREAS, the Agency has applied to the Federal Home Loan Bank of Boston ("FHLB") for approval as a nonmember borrower and such approval has been granted; and

WHEREAS, the Federal Housing Finance Board has approved the FHLB's request to lend to the Agency; and

WHEREAS, the approval secured by the Agency will enable the Agency to obtain advances from the FHLB at favorable interest rates to be used for loans to housing sponsors and for other purposes; and

WHEREAS, the FHLB requires approval of an authorizing resolution;

THEREFORE, it is hereby RESOLVED:

That any one of the following persons, all of whom are duly qualified officers of the Vermont Housing Finance Agency,

Name	Signature
Sarah E. Carpenter	Sarah Carpenter
Roger A. Schoenbeck	Roger A Schoenbeck
Patricia M. Loller	Patricia M Loller

be and they are hereby authorized to apply to the Federal Home Loan Bank of Boston for advances, and to execute the Agreement for Advances, Collateral Pledge and Security Agreement presented at this meeting; to execute if required a note or notes, and to furnish and assign and substitute such collateral if any as may be required from time to time by the Bank as security for the payment and performance of any and all obligations due the Bank, and to extend, renew, or consolidate the advances obtained when convenience may require and the Bank will permit, and to make and execute such other agreements and do all things necessary in connection with such matters as may be required, provided only, that the advances obtained from said Bank and all other obligations due the Bank shall at no time exceed in aggregate unpaid principal the maximum permitted to this institution by the Federal Home Loan Bank Act, or any other Act or regulation applicable to this institution, or any written policy of the

Federal Home Loan Bank of Boston. This authorization shall continue in effect until receipt by the said Bank of written notice of its amendment or revocation.

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 18, 1999.

Sarah E. Carpenter

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

25 years 1974 1999 vhfa Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter CR

DATE: April 9, 1999

RE: Multifamily Loan Application for Jacobs Mobile Court, Randolph

Name:	Jacobs Mobile Court	**Location:**	Randolph
Housing Type:	Family	**Building Type:**	Mobile Home Park
Total Units:	19	**Unit Sizes:**	2 & 3 bedroom
Total Cost:	$583,177	**Per Unit Cost:**	$30,694
Loan Requested:	$80,862	**Other Funding:**	VCDP,VHCB, HOME
Sponsors:	Randolph Area Community Development Corporation (RACDC)		

The development consists of a 19 unit mobile home park. Initially four homes are rental and fifteen are owned. At turnover, the rental units will be converted to ownership. Current lot rents are the lowest in Orange County at $135 per lot. In order to prevent rent shock, but still increase rents slightly to adequately cover operating costs, residents will over time begin paying for their own water bills and then begin paying slightly higher rents. RACDC plans to do approximately $226,000 in upgrades, including: bringing the electrical service up to code; bringing the water system up to Town standards and installing two hydrants for fire protection (the development has municipal water); replacing all septic systems; re-paving the road; and bringing rental mobile homes and mobile homes on HOME-funded lots up to Section 8 standards.

The loan amount requested is approximately 14% of the total development cost. The loan is 37% of the appraised value (of the mobile home park consisting of 19 sites and 6 rental mobile homes).

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 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 JACOBS MOBILE COURT (RANDOLPH)

WHEREAS, a proposal has been presented to the Agency by Randolph Area Community Development Corporation ("RACDC"), involving the acquisition and rehabilitation of Jacobs Mobile Court, a mobile home park containing 19 pads located in Randolph (the "Development"); and

WHEREAS, the proposal contemplates a term mortgage loan of $80,862 with an amortization period of 20 years and term of 20 years, with the interest rate to be determined by the Agency depending on the source of funds, and an interest rate of not more than 75 basis points above the Agency's cost of funds; and

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

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid, Multifamily Development Underwriter, dated April 9, 1999, 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 Randolph Area Community Development Corporation for the acquisition and rehabilitation of Jacobs Mobile Court in Randolph in an amount not to exceed $85,000, with the following conditions:

    a) a Level I Environmental Site Assessment, with either no significant findings or with satisfactory remediation measures being incorporated into the work specifications;

    b) a complete survey of the park, including a perimeter survey and the approximate location of all improvements within the park;

    c) written confirmation from the Town of Randolph confirming that the park is zoned properly for 19 lots and has no outstanding zoning violations; and

    d) copies of other documentation of costs necessary to complete the underwriting of the loan, including operating costs and cost estimates or bids for the required infrastructure improvements.

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 $85,000.

4. The long-term loan shall be due and payable not more than 20 years from the date the loan is made; the interest rate on the long-term loan shall not exceed 75 basis points above the Agency's cost of funds. The Sponsor shall be responsible for loan fees. 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 Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

25 years 1974 1999 vhfa Vermont Housing Finance Agency

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: APRIL 9, 1999

RE: SINGLE FAMILY BOND FINANCING

Enclosed with this memorandum is a copy of the Preliminary Official Statement (POS), related to the Single Family Housing Bonds, Series 10 A+B and Single Family Housing Notes Series 10 C, D and E. Also enclosed is a copy of the Fourteenth Supplemental Series Resolution. The POS is the document that potential bond purchasers receive that explains the terms of the financing and provides them with the information they need to decide if they want to buy the bonds or notes. The Series Resolution is the document prepared by our bond counsel, Kutak Rock that lists the parameters under which the Bonds and Notes can be sold and provides the form of the bond and note.

We are scheduled to release the pricing of the transaction on Tuesday, April 13th. We have had pre-pricing calls with our financial advisor, Evensen Dodge and our lead underwriter, PaineWebber. Based on the scale of expected prices for the bonds and notes, we expect a 0 point mortgage rate to be offered at 6.35% and a 1 point mortgage at 6.2%. These rates include a 25 basis point increment to cover future loan losses. This structure would create $33 million in mortgage proceeds, of which approximately $5 million would be available at stepped rates starting at 4.7% ending at 6.2% and would fund HOUSE and YESS loans. The bonds will be AAA rated due to the acquisition of bond insurance from Financial Security Assurance (FSA). Concurrently with the sale of the bonds, we will be selling $42 million of one and two year notes which are expected to be used to provide long-term bond financing at their maturity. Adding the notes to the transaction helped reduce the rate on the mortgages by about 24 basis points.

Evensen Dodge feels that the rates proposed to offer the bonds and notes are quite competitive and also have mentioned that the charges by PaineWebber are slightly lower than comparable issues. Since many things connected to the financing are moving targets, we will have updates and additional information available at the Board meeting.

If you have questions on the documents enclosed or the financing in general, please call Sarah or myself at your convenience.

Recommended Action
Adoption of the Fourteenth Supplemental Single Family Housing Bond Series Resolution ,which by reference approves the purchase contract with the underwriters.

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

KUTAK ROCK
DRAFT 4/9/99

VERMONT HOUSING FINANCE AGENCY

FOURTEENTH SUPPLEMENTAL SINGLE FAMILY HOUSING BOND RESOLUTION

Adopted April 15, 1999

04-36172.01

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FOURTEENTH SUPPLEMENTAL SINGLE FAMILY HOUSING BOND RESOLUTION

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

Article I

DEFINITIONS AND AUTHORITY

.1. **Short Title**. This resolution is hereinafter sometimes referred to as the "Fourteenth Supplemental Resolution."

.2. **Definitions and Interpretation**.

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

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

"*Adjusted Interest Rate*" means the rate or rates of interest to be borne by all Adjusted Rate Bonds subsequent to the Adjustment Date as determined pursuant to Section 203(a)(iv) hereof.

"*Adjusted Rate Bonds*" means all Series 10 Tender Bonds on which the interest rate has been adjusted to the Adjusted Interest Rate on the Adjustment Date and any Series 10 Bonds authenticated and delivered under the Resolution thereafter upon transfer of, or in exchange or substitution for, any such Bonds.

"*Adjustment Date*" means the Business Day, if any, not later than the last Business Day of the Adjustment Option Period, on which the interest rate on the Series 10 Tender Bonds is adjusted to the Adjusted Interest Rate as determined in accordance with Section 203(a)(ii) hereof.

"*Adjustment Option Period*" means the period commencing on October 1, 1999 and ending on March 1, 2002, inclusive.

"*Adjustment Rating Certificate*" means (a) a certificate of an Authorized Officer to the effect that the Agency has notified each Nationally Recognized Credit Rating Agency then maintaining a credit rating on any Bonds Outstanding that the interest rate on the Series 10 Tender Bonds will be adjusted to the Adjusted Interest Rate on the Adjustment Date and has furnished each such Nationally Recognized Credit Rating Agency with a Remarketing Projection of Revenues satisfying the requirements of Section 203(a)(vi) hereof, accompanied by (b) a letter from each such Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that adjustment of the interest rate on the Series 10 Tender Bonds will not cause such Nationally Recognized Credit Rating Agency to change the unenhanced credit ratings then assigned by it to any Bonds Outstanding.

"*Arbitrage Projection Certificate*" means a certificate of an Authorized Officer setting forth the Agency's reasonable expectations that adjustment of the interest rate on the Series 10 Tender Bonds on the Adjustment Date to the Adjusted Interest Rate and the purchase thereafter of Loans at a certain specified rate or rates with proceeds allocable to the Adjusted Rate Bonds will not cause the Series 10 Obligations to be "arbitrage bonds" within the meaning of Section 143(g) or Section 148(a) of the Code, accompanied by an opinion of Bond Counsel to the effect that the adjustment of the interest rate on the Series 10 Tender Bonds on the Adjustment Date will not adversely affect the excludability of interest on the Series 10 Obligations from the gross income of the holders thereof for federal income tax purposes and that no matters have come to the attention of such counsel which make unreasonable or incorrect the representations made in such certificate.

"*Authenticating Agent*" with respect to all Series 10 Obligations, means the Trustee.

"*Beneficial Owner*" means the person or entity that is considered to be the beneficial owner of any Series 10 Obligation pursuant to the arrangements for book entry determination of ownership applicable to the Bond Depository.

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

"*Bond Depository*" means The Depository Trust Company, and its successors and any replacement depository appointed pursuant to Section 202 hereof.

"*Bond Insurer*" means Financial Security Assurance Inc., its successors and assigns.

"*Bond Year*" means the twelve month period beginning on each [November 1] and ending on the following [October 31]; provided that the initial Bond Year shall commence on the date of issuance of the Series 10 Obligations and end on [October 31, 1999].

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

"*Calculation Date*" means the date, if any, on which the Adjusted Interest Rate is determined, which date shall be any Business Day selected by the

Remarketing Agent with the approval of the Agency not earlier than fifteen days prior to the Adjustment Date and not later than seven days prior to the Adjustment Date.

"*Code*" means the Internal Revenue Code of 1986, as amended, and all Treasury Regulations thereunder to the extent applicable to the Series 10 Obligations.

"*Loan Loss*" means the amount, certified to the Trustee by an Authorized Officer, of any loss realized by the Agency upon the default on a Loan held under the Resolution for the account of the Series 10 Bonds, which amount shall not exceed the sum of (a) the unpaid principal balance of the Loan at the date of the default, (b) the amount of accumulated delinquent interest due on the Loan (excluding late charges and penalty interest), and (c) the amount of advances made by or for the account of the Agency with respect to such Loan for regularly scheduled payments of principal and interest in arrears, hazard insurance premiums, property taxes, property protection and preservation expenses and foreclosure costs, less the sum of (d) the amount of all rents, sale proceeds, foreclosure proceeds, insurance settlements, self-insurance proceeds (other than Loan Loss Claim Fund Withdrawals) and other payments (excluding proceeds of fire and extended coverage insurance) collected or received by the Agency from or on account of such Loan and the property securing the same, (e) the amount of cash remaining in any escrow account maintained for such Loan, (f) the amount paid under any fire and extended coverage policy which is in excess of the amount applied to the restoration of the property or the payment of the Loan and (g) the amount of any Loan Loss on account of such Loan previously paid from amounts on deposit in the Series 10 Loan Loss Claim Fund.

"*Loan Loss Claim Fund Withdrawals*" means amounts withdrawn from the Series 10 Loan Loss Claim Fund pursuant to Section 306(b) hereof on account of a Loan Loss.

"*Municipal Bond Insurance Policy*" means the municipal bond insurance policy issued by the Bond Insurer insuring the payment when due of the principal of and interest on the Series 10 Bonds as provided therein.

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

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

"*Official Statement*" means the Official Statement of the Agency describing the Series 10 Obligations, in preliminary form dated April 2, 1999, and in final form dated the date of execution of the Purchase Contract.

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

"*Principal Amount*" for purposes of Section 204(B) of the Resolution and at any date of computation, means, with respect to any Series 10 Obligation, the stated principal amount thereof.

"*Pro-Forma Adjusted Interest Rate*" shall have the meaning given such term in Section 203(a)(i) hereof.

"*Pro-Forma Tender Bonds*" shall have the meaning given such term in Section 203(a)(i) hereof.

"*Purchase Contract*" means the Purchase Contract by and between the Agency and the Underwriters and any other purchaser named therein providing for the terms and conditions of sale of the Series 10 Obligations in substantially the form presented at this meeting and included in the minutes hereof.

"*Record Date*" with respect to the payment of interest on a Series 10 Obligation, means the fifteenth day of the month next preceding the date on which interest is to be paid on such Series 10 Obligation or, if such fifteenth day is not a Business Day, the next preceding Business Day; provided that, with respect to overdue interest or interest payable on a Series 10 Obligation other than on an Interest Payment Date or interest on any overdue amount, the Trustee may establish a special record date, which date shall be not more than twenty Business Days before the date set for payment; and provided further that the Trustee shall give notice of a special record date by mailing a copy of such notice to the Holders of all Series 10 Obligations Outstanding to which such special record date is applicable in the manner provided in Section 801 of the Resolution at least ten days before the special record date or in such other time and manner as the Trustee may deem appropriate.

"*Remarketing Agent*" means, collectively, PaineWebber Incorporated, Salomon Smith Barney and A.G. Edwards & Sons, Inc. or any other investment banking firm, financial institution or other entity at the time acting in the capacity of Remarketing Agent under the Remarketing Agreement.

"*Remarketing Agreement*" means the Remarketing Agreement executed in connection with the issuance of the Series 10 Bonds by the Agency and the Remarketing Agent, or any other remarketing agreement pertaining to the Series 10 Bonds executed and delivered by the Agency in substitution for such

Remarketing Agreement, as such agreements may be amended, modified or supplemented from time to time in accordance with their terms.

"*Remarketing Projection of Revenues*" means a Projection of Revenues satisfying the requirements of Section 203(a)(vi) hereof calculated on the assumption that the Adjusted Rate Bonds will bear interest at the Adjusted Interest Rate and will mature on the dates determined in accordance with Section 203(a)(v) hereof.

"*Representation Letter*" means, with respect to the Series 10 Obligations held in book-entry only form with the Bond Depository, the Blanket Letter of Representations of the Agency dated April 4, 1995.

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

"*Series Certificate*" means the Series Certificate of the Chairman and Executive Director of the Agency dated on or before the date of issuance of the Series 10 Obligations which Series Certificate shall establish certain terms of the Series 10 Obligations as provided herein.

"*Series 10 Bonds*" means the Series 10A Bonds and the Series 10B Bonds of the Agency authorized by this Fourteenth Supplemental Resolution.

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

"*Series 10 Contingency Account*" means the account in the Redemption Fund so designated and created pursuant to Section 301(e) hereof.

"*Series 10 Contingency Account Deposits*" means the Series 10 Contingency Account Surety Bond, cash or any one or more of the following to the extent its deposit in the Series 10 Contingency Account will not adversely affect the then current unenhanced ratings, if any, assigned to the Bonds by each Nationally Recognized Credit Rating Agency then maintaining a credit rating on the bonds: (a) irrevocable and unexpired letters of credit issued by banking institutions, (b) irrevocable policies of insurance in full force and effect issued by insurers, (c) irrevocable guarantees by banks, bank holding companies, insurance companies or surety companies or (d) any other similar security or source thereof; in any case deposited or held under the Resolution for the credit of the Series 10 Contingency Account.

"*Series 10 Contingency Account Surety Bond*" means the irrevocable surety bond issued by Financial Security Assurance Inc. to be held for the credit of the Series 10 Contingency Account and any extension thereof or substitute surety bond therefor deposited with the Trustee pursuant to Section 302(c) thereof.

"*Series 10 Contingency Account Deposit Provider*" means Financial Security Assurance Inc., as provider of the Series 10 Contingency Account Surety Bond, and, if applicable, the provider of any other Series 10 Contingency Account Deposit.

"*Series 10 Cost of Issuance Account*" means the account in the Program Fund so designated and created by Section 301(c) hereof.

"*Series 10 Funded Loan Loss Claim Fund Requirement*" means, at any date of computation, an amount equal to the Series 10 Loan Loss Claim Fund Requirement less the stated and unpaid amounts, if any, of all Series 10 Loan Loss Claim Fund Deposits in full force and effect held for the account of the Series 10 Loan Loss Claim Fund.

"*Series 10 Loan Loss Claim Fund*" means the fund so designated and created pursuant to Section 301(a) hereof.

"*Series 10 Loan Loss Claim Fund Deposit Provider*" means Financial Security Assurance Inc., as provider of the Series 10 Loan Loss Claim Fund Surety Bond, and, if applicable, the provider of any other Series 10 Loan Loss Claim Fund Deposit.

"*Series 10 Loan Loss Claim Fund Deposits*" means the Series 10 Loan Loss Claim Fund Surety Bond, cash or any one or more of the following to the extent its deposit in the Series 10 Loan Loss Claim Fund will not adversely affect the then current unenhanced ratings, if any, assigned to the Bonds by each Nationally Recognized Credit Rating Agency then maintaining a credit rating on the bonds: (a) irrevocable and unexpired letters of credit issued by banking institutions, (b) irrevocable policies of insurance in full force and effect issued by insurers, (c) irrevocable guarantees by banks, bank holding companies, insurance companies or surety companies or (d) any other similar security or source thereof; in any case deposited or held under the Resolution for the credit of the Series 10 Loan Loss Claim Fund and providing for the payment of sums available to pay Loan Loss Claim Fund Withdrawals.

"*Series 10 Loan Loss Claim Fund Requirement*" means, as of any date of computation, (1) an amount at least equal to (x) one and eighty-five hundredths percent (1.85%) of the sum of (a) the aggregate unpaid principal amount of all Loans purchased under the Resolution from amounts on deposit in the Series 10A/B Program Account plus (b) the aggregate amount, if any, then held in the Series 10A/B Program Account which may be applied to the purchase of such Loans, less (y) the aggregate amount of all Loan Loss Claim Fund Withdrawals that have been theretofore made from the Series 10 Loan Loss Claim Fund, or

(2) such lesser amount as each Nationally Recognized Credit Rating Agency confirms to the Agency will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

"*Series 10 Loan Loss Claim Fund Surety Bond*" means the irrevocable surety bond issued by Financial Security Assurance Inc. to be held for the credit of the Series 10 Loan Loss Claim Fund and any extension thereof or substitute surety bond deposited with the Trustee pursuant to Section 302(b) hereof.

"*Series 10 Notes*" means the Series 10C Notes, the Series 10D Notes and the Series 10E Notes of the Agency authorized by this Fourteenth Supplemental Resolution.

"*Series 10 Obligations*" means, collectively, the Series 10 Bonds and the Series 10 Notes.

"*Series 10 Rebate Account*" means the account in the Rebate Fund so designated and created pursuant to Section 301(f) hereof.

"*Series 10 Rebate Requirement*" with respect to the Series 10 Obligations, means an amount equal to the cumulative net sum calculated and determined from time to time in accordance with the requirements of Section 148(f) of the Code that must be paid to the United States pursuant to Section 305 hereof.

"*Series 10 Reimbursement Agreements*" means, as applicable, (a) the agreement by and between the Agency and the Series 10 Loan Loss Claim Fund Deposit Provider in connection with the Series 10 Loan Loss Claim Fund Deposit and (b) the agreement by and between the Agency and the Series 10 Contingency Account Deposit Provider in connection with the Series 10 Contingency Account Deposit, and, in each case, as such agreement or agreements may be amended from time to time in accordance therewith.

"*Series 10 Tender Bonds*" means the Series 10 Bonds selected in accordance with Section 203(A)(3) hereof for mandatory tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds.

"*Series 10 Tender Bonds Proceeds Subaccount*" means the Series 10A/B Program Account — Tender Bonds Proceeds Subaccount established pursuant to Section 301(b) hereof.

"*Trustee*" means The Howard Bank, N.A., Burlington, Vermont, or its successor in trust under the Resolution.

"*Underwriters*" means, collectively, PaineWebber Incorporated, Salomon Smith Barney and A.G. Edwards & Sons, Inc.

"*Yield*" means the yield on the Series 10 Obligations or the yield on any Loan or any other investment held under the Resolution and allocable to the Series 10 Obligations calculated as required by Sections 148(h) and 143(g) of the Code.

(c) Unless a different meaning clearly appears from the context, for all purposes of the Resolution and this Fourteenth Supplemental Resolution, the term "Interest Payment Date" shall mean (i) with respect to the Series 10 Bonds, May 1 and November 1 of each year commencing on November 1, 1999, any redemption date of any Series 10 Bonds and any other date on which interest on the Series 10 Bonds is required or permitted by the Resolution to be paid, (ii) with respect to the Series 10C Notes and the Series 10D Notes, the maturity date thereof and (iii) with respect to the Series 10E Notes, May 1 and November 1 of each year commencing on November 1, 1999.

.3. **Authority**. This Fourteenth Supplemental Resolution supplements the Resolution and is adopted pursuant to Section 701 of the Resolution and in accordance with the Act.

Article II

AUTHORIZATION OF SERIES 10 OBLIGATIONS

.1. Series 10 Obligations; Authorization; Purpose; Findings.

(a) The Agency hereby authorizes the issuance of two Series of Bonds to be designated "Single Family Housing Bonds, Series 10A" and "Single Family Housing Bonds, Series 10B" in aggregate Principal Amounts not to exceed \$18,845,000 and \$15,920,000, respectively. In addition, the Agency hereby authorizes the issuance of three Series of Notes to be designated "Single Family Housing Notes, Series 10C," "Single Family Housing Notes, Series 10D" and "Single Family Housing Notes, Series 10E" in aggregate Principal Amounts not to exceed \$17,005,000, \$3,995,000 and \$21,000,000. The Agency hereby determines (i) that the original aggregate Principal Amount of the Series 10 Obligations is necessary to provide sufficient funds to be used and expended for the Program, (iii) that Loans made on behalf of the Agency with moneys allocable to the Series 10 Obligations can be issued bearing rates of interest which will be less than the prevailing rate of interest on comparable loans available in the State of Vermont without the assistance of the Agency and (iii) that the Agency will derive receipts, revenues or other income from the Loans purchased with moneys allocable to the Series 10 Obligations as provided herein and from the investment of the proceeds of the Series 10 Notes sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of the Series 10 Obligations and the payment of all costs and expenses incurred by the Agency with respect to the Program for which the Series 10 Obligations are being issued. For purposes of Section 2.04(B) of the Resolution, all Series 10 Obligations shall be issued as "Fixed-Rate Bonds" as described in Section 2.03(B) of the Resolution and all Series 10 Bonds shall be issued as "Tender Bonds" as described in Section 2.03(D) of the Resolution.

(b) The Series 10 Bonds are being issued to provide funds for the refunding of certain outstanding obligations of the Agency and to make deposits in one or more of the Series 10A/B Program Account, the Series 10 Cost of Issuance Account, the Series 10 Capitalized Interest Account, the Debt Service Fund and the Bond Reserve Fund, subject to the limitations and provisions provided in Article V of the Resolution. The Series 10 Notes are being issued to provide funds for the refunding of certain outstanding obligations of the Agency and to make deposits in the Series C/D Program Account and the Series 10E Program Account. The amounts of the deposits described in this paragraph (b) shall be as set forth in the Series Certificate.

(c) Subject to Section 2.02 hereof, all Series 10 Obligations shall be issued only in the form of fully registered bonds each in the denomination of $5,000 or any whole multiple thereof and shall be lettered and numbered separately from one consecutively upward in order of maturity preceded by the letters "RA", "RB", "RC", "RD" or "RE", or applicable, and with such further or alternate designation as the Trustee shall determine with the approval of the Agency.

(d) The Series 10 Bonds shall be dated April 1, 1999. The Series 10 Bonds shall bear interest from the May 1 or November 1 to which interest has been paid or duly provided for next preceding their date of authentication or, if no interest has been paid, from April 1, 1999, or if the date of authentication of any Series 10 Bond is subsequent to the Record Date for any interest payment and on or prior to the Interest Payment Date therefor and if interest is paid on such Interest Payment Date, from such Interest Payment Date. Interest on each Series 10 Bond shall be payable on November 1, 1997 and semi-annually thereafter on May 1 and November 1 of each year. Subject to Section 203 hereof, the Series 10 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, however, that in no event shall the Yield on the Series 10 Obligations exceed a Yield which would result in an interest rate on the Mortgage Loans to be financed with the proceeds thereof in excess of 7.00% per annum nor may the final maturity date of the Series 10 Bonds be later than May 1, 2030.

(e) The Series 10 Notes shall be dated the date of their initial authentication and delivery. The Series 10C Notes and the Series 10D Notes shall bear interest from the date of their initial authentication and delivery. The Series 10E Notes shall bear interest from the May 1 or November 1 to which interest has been paid or duly provided for next preceding their date of authentication or, if no interest has been paid, from the date of their initial authentication and delivery, or if the date of authentication of any Series 10E Note is subsequent to the Record Date for any interest payment and on or prior to the Interest Payment Date therefor and if interest is paid on such Interest Payment Date, from such Interest Payment Date. Interest on the Series 10C Notes and the Series 10D Notes shall be payable on the maturity date thereof and interest on the Series 10E Notes shall be payable on November 1, 1999 and semiannually thereafter on May 1 and November 1 of each year. The Series 10 Notes shall mature on the dates and in the Principal Amounts and shall bear interest at the rates set forth in the Series Certificate; provided, however, that in no event shall the Series 10C Notes or the Series 10D Notes mature later than April 28, 2000 nor may the Series 10E Notes mature later than April 27, 2001.

(f) The Principal Amount and Redemption Price of the Series 10 Obligations shall be payable at the Principal Office of the Trustee. Interest on the Series 10 Obligations shall be payable solely by check or draft drawn upon the Trustee, bearing on its face or by attached notation the CUSIP number of the Series 10 Obligation on account of which such payment is made, mailed to the address of the registered owner thereof as it appears on the registry books of the Agency, determined as of the close of business on the applicable Record Date. The Principal Amount or Redemption Price of and interest on the Series 10 Obligations shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by the Resolution. Notwithstanding anything in the Resolution or this Paragraph (f) to the contrary, if at any time the Series 10 Obligations are not restricted to being registered in the registry books of the Agency in the name of Cede & Co., as nominee of the Bond Depository, as provided in Section 202 hereof, the Principal Amount and Redemption Price of and interest on the Series 10 Obligations of any registered owner of Series 10 Obligations of $1,000,000 or more in Principal Amount shall be payable, at the option of such registered owner expressed in a written notice delivered to the Trustee, in immediately available funds by wire transfer to the account of such registered owner on file with the Trustee. Each such wire transfer shall bear a notation of the CUSIP number of the Series 10 Obligations on account of which such payment is made.

(g) Pursuant to Section 3.05(C) of the Resolution, the Agency in its sole discretion may charge for every exchange or transfer of a Series 10 Obligation a fee sufficient to reimburse the Agency for the cost of preparing each new Series 10 Obligation delivered upon such exchange or transfer and for any other expenses of the Agency or the Trustee incurred in connection therewith (in addition to any applicable tax, fee or other governmental charge other than one imposed by the Agency), which fee shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

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

(a) The Series 10 Obligations shall be initially issued in the form of a single separate fully registered bond for each Series and maturity of the Series 10 Obligations in the amount of such maturity. Upon initial issuance, the ownership of the Series 10 Obligations shall be registered in the registry books of the Agency kept by the Trustee in the name of Cede & Co., as nominee of the Bond Depository. With respect to Series 10 Obligations registered in the registry books kept by the Trustee in the name of Cede & Co., as nominee of the Bond Depository, the Agency and the Trustee shall have no responsibility or obligation to any Participant or to any Beneficial Owner of the Series 10 Obligations. Without limiting the immediately preceding sentence, the Agency and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Bond Depository, Cede & Co. or any Participant with respect to any ownership interest in the Series 10 Obligations, (iii) the delivery to any Participant, any Beneficial Owner or any other person, other than the Bond Depository, of any notice with respect to the Series 10 Obligations, including any notice of redemption, or (iii) the payment to any Participant, any Beneficial Owner or any other person, other than the Bond Depository, of any amount with respect to the Principal Amount or Redemption Price of, or interest on, the Series 10 Obligations. The Trustee shall pay the Principal Amount or Redemption Price of, and interest on, the Series 10 Obligations only to or upon the order of the Bond Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligations with respect to the Principal Amount or Redemption Price of, and interest on, the Series 10 Obligations to the extent of the sum or sums so paid. No person other than the Bond Depository shall receive an authenticated Series 10 Obligation evidencing the obligation of the Agency to make payments of Principal Amount or Redemption Price of, and interest pursuant to the Resolution. Upon delivery by the Bond Depository to the Trustee of written notice to the effect that the Bond Depository has determined to substitute a new nominee in place of Cede & Co., the words "Cede & Co." in this Fourteenth Supplemental Resolution shall refer to such new nominee of the Bond Depository.

(b) Upon receipt by the Agency and the Trustee of written notice from the Bond Depository to the effect that the Bond Depository is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of the Bond Depository hereunder can be found which is able to undertake such functions upon reasonable and customary terms, then the Series 10 Obligations shall no longer be restricted to being registered in the registry books of the Agency kept by the Trustee in the name of Cede & Co., as nominee of the Bond Depository, but may be registered in whatever name or names the owners transferring or exchanging Series 10 Obligations shall designate, in accordance with the provisions of the Resolution.

(c) In the event the Agency determines that Beneficial Owners should be able to obtain certificates for the Series 10 Obligations, the Agency shall notify the Bond Depository and the Trustee of the availability of such certificates. In such event, the Trustee shall issue, transfer and exchange certificates as requested by the Bond Depository (or, pursuant to Section 2.02(b) hereof, any other owner of Series 10 Obligations) in appropriate amounts, and, whenever the Bond Depository requests the Agency and the Trustee to do so, the Trustee and the Agency will cooperate with the Bond Depository in taking appropriate action after reasonable notice (i) to transfer the certificates to any Participant having Series 10 Obligations credited to its Bond Depository account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 10 Obligations.

(d) Notwithstanding any other provision of this Fourteenth Supplemental Resolution to the contrary, so long as any Series 10 Obligation is registered in the name of Cede & Co., as nominee of the Bond Depository, all payments with respect to the Principal Amount or Redemption Price of, and interest on, such Bond and all notices with respect to such Bond shall be made and given, respectively, to or on the order of the Bond Depository as provided in the Representation Letter.

.3. Adjusted Rate Bonds.

(a) The Series 10 Bonds are issued subject to the provision that all or part of such Bonds may be called for mandatory tender on the Adjustment Date and exchanged for or remarketed as an equal Principal Amount of Series 10 Bonds bearing interest at the Adjusted Interest Rate determined in accordance with this Section 2.03.

(i) If at any time and from time to time during the Adjustment Option Period (but not less than forty days prior to the end of the Adjustment Option Period) any amount attributable to the Series 10 Bonds remains on deposit in the Series 10A/B Program Account and the Agency has determined (1) that the rate of interest to be borne by Loans allocable to Series 10 Bonds bearing interest at the rates set forth in the Series Certificate either (x) exceeds that rate which the Agency reasonably determines is the maximum rate which eligible Borrowers can then afford or (y) exceeds the maximum rate at which Mortgage Lenders are willing, in the judgment of the Agency, to commit to sell Loans for the Agency or (2) that Loans made by or on behalf of the Agency, directly or indirectly, with the proceeds of Series 10 Bonds bearing interest at the rates set forth in the Series Certificate cannot be issued bearing a rate or rates of interest which is less than the prevailing rate of interest on comparable loans available in the State without the assistance of the Agency, the Agency may deliver to such Remarketing Agent a certificate of an Authorized Officer directing the Remarketing Agent to determine and certify to the Agency a Pro-Forma Adjusted Interest Rate as of a date (the "Certification Date") specified in such Certificate (which date shall be not less than two Business Days after the date of such certificate). The certificate of an Authorized Officer shall also specify a Principal Amount of Series 10 Bonds (not in excess of the amount then on deposit in the Series 10A/B Program Account and in a multiple of $5,000) for which the Pro-Forma Adjusted Interest Rate shall be determined (hereinafter referred to as the "Pro-Forma Tender Bonds"). On the Certification Date, the Remarketing Agent shall determine and certify to the Agency and the Trustee the Pro-Forma Adjusted Interest Rate with respect to the Pro-Forma Tender Bonds. The Pro-Forma Adjusted Interest Rate shall be the lowest rate or rates which, in the Remarketing Agent's judgment on the basis of prevailing market conditions, would permit the resale of the Pro-Forma Tender Bonds at par plus accrued interest, if any, on the Certification Date.

(ii) If on or after any Certification Date (1) the Agency determines that the yield (calculated as of the Certification Date) on the Pro-Forma Tender Bonds bearing interest at the Pro-Forma Adjusted Interest Rate is at least 1/2 of 1% lower than the yield on the Series 10 Bonds (calculated as of the original date of authentication and delivery of the Series 10 Bonds) and (2) the Agency determines that the rate of interest to be borne by Loans allocable to proceeds of Series 10 Bonds bearing interest at the Pro-Forma Adjusted Interest Rate does not exceed that rate which the Agency reasonably determines is the maximum rate which eligible Borrowers can afford and does not exceed the maximum rate which is allowable under Section 143(g) or Section 148(a) of the Code without causing the Series 10 Bonds to become "arbitrage bonds" within the meaning of Section 143(g) or Section 148(a) of the Code and (3) the Agency determines that Loans made by or on behalf of the Agency, directly or indirectly, with proceeds allocable to Series 10 Bonds bearing interest at the Pro-Forma Adjusted Interest Rate can be issued bearing a rate or rates of interest which will be less than the prevailing rate of interest on comparable loans available in the State without the assistance of the Agency and (4) the Agency determines that the rate of interest on such Loans will be sufficient, together with all other Revenues and other funds available for the purpose, to pay in the current and each subsequent Fiscal Year Aggregate Debt Service when due and all Program Expenses (on the assumption that the Pro-Forma Tender Bonds will bear interest at the Pro-Forma Adjusted Interest Rate subsequent to the Certification Date), the Agency may elect in a certificate of an Authorized Officer delivered to the Trustee and the Remarketing Agent to call a Principal Amount of Series 10 Bonds (not in excess of the Principal Amount of Pro-Forma Tender Bonds) for mandatory tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds. The certificate of an Authorized Officer delivered to the Trustee shall also specify the Adjustment Date after with the Adjusted Rate Bonds shall bear interest at the Adjusted Interest Rate, which Adjustment Date, in the sole discretion of the Agency, shall be any date within the Adjustment Option Period not less than thirty-three days after the date such certificate is delivered to the Trustee.

(iii) If the Agency shall have elected to call a Principal Amount of Series 10 Bonds for tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds as provided in Paragraph (ii) of this Section 2.03, the Trustee shall select the Outstanding Series 10 Bonds (hereinafter refereed to as "Series 10 Tender Bonds") to be tendered (in aggregate Principal Amount equal to the Principal Amount of Series 10 Bonds specified by the Agency pursuant to Paragraph (a)(ii) of this Section 203). If less than all Series 10 Bonds are to be tendered, Series 10 Bonds of each maturity Outstanding shall be called for tender, as nearly as practicable, in accordance with the ratio which the aggregate Principal Amount of Series 10 Bonds of each maturity Outstanding bears to the aggregate Principal Amount of all Series 10 Bonds of all maturities Outstanding. If less than all Series 10 Bonds of any particular maturity are to be tendered, the Trustee shall select by lot the Series 10 Bonds within such maturity to be tendered. Not later than the Notice Date, notice of tender shall be given by the Trustee, in the name of the Agency, by first-class registered mail to all Holders of Series 10 Tender Bonds at their addresses appearing on the registration books of the Agency maintained by the Trustee (or at such other address as may have been provided to the Trustee for such purpose). A copy of such notice shall be furnished by the Agency on or before the Notice Date to each Nationally Recognized Credit Rating Agency then maintaining a rating on any

Bonds Outstanding. In addition to the purposes provided in this Section 2.03, the notice of tender shall also constitute a notice of redemption of the Series 10 Tender Bonds on the Adjustment Date in whole or in part pursuant to Section 2.04(d) and Section 3.03(c) to the extent the conditions provided in Paragraphs (a)(iv) or (vii) of this Section 2.03 shall occur. Each such notice shall state in effect:

(A) the Principal Amount of Series 10 Tender Bonds owned by such Holder and the bond numbers and maturity dates thereof;

(B) the calendar date on which the Adjustment Date will occur and that, unless the conditions provided in Paragraph (iv) or Paragraph (vii) of this Section 2.03(a) shall occur, Series 10 Tender Bonds of such Holder will be exchanged for and either redelivered to such Holder or remarketed as Adjusted Rate Bonds on the Adjustment Date, in either case bearing the same maturity dates as the Series 10 Tender Bonds for which they were exchanged;

(C) that the Holders of Series 10 Tender Bonds will no longer be entitled to receive interest on such Bonds after the Adjustment Date, except in the case of Series 10 Tender Bonds retained as provided in Section 2.03(b)(iii) hereof and not purchased (in which case such Bonds shall, from and after the Adjustment Date, bear interest at the Adjusted Interest Rate);

(D) that each Series 10 Tender Bond shall be purchased on the Adjustment Date unless the Bondholder directs the Agency and the Trustee not to purchase all or any specified portion of such Holder's Series 10 Tender Bonds (which portion shall not be less than \$5,000 and shall be in whole multiples of \$5,000 in Principal Amount) upon compliance by such Bondholder with the provisions of clause (iii) of Section 2.03(b);

(E) the date by which a Holder making the election described in Section 203(b)(iii) hereof must notify the Trustee of such election and the address and telecopier number to which a Holder making the election may deliver notice of such election;

(F) that if the Series 10 Tender Bonds had been exchanged for Adjusted Rate Bonds on the Certification Date, they would have borne interest thereafter at the Pro-Forma Adjusted Interest Rate and that the actual Adjusted Interest Rate will be determined on the Calculation Date (describing the dates on which the Calculation Date may occur and the method by which the actual Adjusted Interest Rate will be determined);

(G) that, whether or not each Bondholder elects to direct the Agency and the Trustee not to purchase any or all of such Bondholder's Series 10 Tender Bonds in accordance with Section 203(b)(iii), unless such Bonds are registered in the name of the Bond Depository or its nominee, such Bondholder shall deliver such Bond or Bonds to the Trustee no later than 10:30 A.M. (New York City time) on the Adjustment Date duly endorsed in blank for transfer (the Trustee and the Bond Depository may agree as to any procedures to be followed by them with respect to the delivery of Series 10 Tender Bonds); and

(H) that if no adjustment of interest rate takes place as a result of a failure of or inability of the Remarketing Agent to set the Adjusted Interest Rate on the Calculation Date, or otherwise as provided herein, whether or not a Bondholder has elected to direct the Agency or the Trustee not to purchase all or a portion of such Bondholder's Series 10 Tender Bonds, all of such Series 10 Tender Bonds will be subject to mandatory redemption on the Adjustment Date.

(iv) On the Calculation Date the Remarketing Agent shall determine and announce to the Trustee and the Agency, in addition to those matters set forth in Paragraph (v) of this Section 2.03(a), the Adjusted Interest Rate that the Adjusted Rate Bonds of each applicable maturity shall bear as of the Adjustment Date. The Adjusted Interest Rate shall be the interest rate which, in the judgment of the Remarketing Agent, as of the date of such determination and under prevailing market conditions, would permit the resale of the Adjusted Rate Bonds on such date at par plus accrued interest, if any. If the Remarketing Agent shall fail or be unable to set the Adjusted Interest Rate on the Calculation Date, all Series 10 Tender Bonds shall be subject to mandatory redemption on the Adjustment Date. The Remarketing Agent shall announce the Adjusted Interest Rate by telephone to the Trustee and the Agency prior to 12:00 Noon, New York City time, on the Calculation Date, and shall confirm such notice by telex, telecopier or in writing or by wire sent on the same day or by next-day delivery service. Subject to Paragraph (vii) of this Section 2.03(a), as soon as possible after the Calculation Date the Trustee shall notify Bondholders who elected not to have their Series 10 Tender Bonds purchased pursuant to subparagraph (b)(iii) below of the Adjusted Interest Rate applicable to the Adjusted Rate Bonds to be retained by such holders. Following the Calculation Date, but in no event later than the second Business Day prior to the Adjustment Date, the Agency shall also deliver to the Trustee (1) an Arbitrage Projection Certificate, (2) a Remarketing Projection of Revenues satisfying the provisions of Paragraph (vi) of this Section 2.03(a), (iii) an Adjustment Rating Certificate and (4) a certificate of an Authorized Officer to the effect that the balance on deposit in the Bond Reserve Fund and the Series 10 Loan Loss Claim Fund as of the Adjustment Date will not be less than the Bond Reserve Fund Requirement and the Series 10 Loan Loss Claim Fund Requirement, respectively, calculated as of the Adjustment Date.

(v) On the Certification Date and on the Calculation Date, the Remarketing Agent shall deliver to the Agency and the Trustee a schedule of Principal Installments (including Sinking Fund Installments, if any) of the Pro-Forma Tender Bonds and the Adjusted Rate Bonds, as applicable. The maturity dates of, and schedule of Principal Installments for, the Pro-Forma Tender Bonds and the Adjusted Rate Bonds, as applicable, shall be the same dates and schedule as established pursuant to Sections 2.01 and 2.04(d) hereof for the Series 10 Bonds for which they are to be exchanged, provided that, the Sinking Fund Installments, if any, for the Adjusted Rate Bonds of any maturity shall be the pro-rata proportion of each Sinking Fund Installment established for such maturity by the Remarketing Agent pursuant to Section 2.04(d) hereof determined, as nearly as practicable, in accordance with the ratio which the aggregate Outstanding Principal Amount of Adjusted Rate Bonds of such maturity bears to the aggregate Outstanding Principal Amount of all Series 10 Bonds of such maturity.

(vi) In addition to the requirements of Section 610 of the Resolution, the Remarketing Projection of Revenues delivered in connection with the remarketing of the Adjusted Rate Bonds shall assume the schedule of Principal Installments for the Adjusted Rate Bonds delivered to the Agency on the Calculation Date in accordance with Paragraph (v) of this Section 2.03(a) and shall demonstrate that following such remarketing expected Revenues and other funds available for the purpose will be sufficient to pay in the current and each subsequent Fiscal Year Aggregate Debt Service when due and all Program Expenses or, if not, that the amount of Revenues and other funds available to pay Aggregate Debt Service in the current and each subsequent Fiscal Year on all Bonds Outstanding other than the Series 10 Tender Bonds, and to pay all Program Expenses allocable to such Bonds, will be greater following adjustment of the Series 10 Tender Bonds to Adjusted Rate Bonds than would be the case if the Agency did not remarket the Adjusted Rate Bonds but redeemed the Series 10 Tender Bonds in accordance with Section 2.04(b) hereof. A copy of the Remarketing Projection of Revenues, together with a schedule of Investment Obligations in which the proceeds of the Series 10 Bonds will be invested following the Adjustment Date, shall be furnished by the Agency to each Nationally Recognized Credit Rating Agency then maintaining a rating on the Series 10 Bonds not later than five days prior to the Adjustment Date. In addition to the foregoing requirements, the Remarketing Projection of Revenues shall also take into account the provisions of Section 3.03(c) hereof. No moneys, other than Revenues, and no other amounts, Reserve Deposits or Series 10 Loan Loss Claim Fund Deposits, other than amounts, Reserve Deposits and Series 10 Loan Loss Claim Fund Deposits available therefor on the Adjustment Date for such Adjusted Rate Bonds in the Funds and Accounts held under the Resolution, and no other Additional Security for the Series 10 Bonds, shall be assumed in such Remarketing Projection of Revenues to be available to pay the Series 10 Bonds unless at or prior to such Adjustment Date the Agency shall have deposited such moneys, Reserve Deposits or Series 10 Loan Loss Claim Fund Deposits in one or more of the Funds or

Accounts held under the Resolution, or shall have assigned or delivered such Additional Security to the Trustee, and shall have delivered to the Trustee an opinion of Bond Counsel to the effect that such moneys, Reserve Deposits, Series 10 Loan Loss Claim Fund Deposits or Additional Security have been validly pledged as security for the payment of the Principal Amount and Redemption Price of and interest on the Bonds and that such assignment or delivery will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Series 10 Bonds Outstanding.

(vii) If on or prior to the second Business Day immediately preceding the Adjustment Date either (1) the Agency shall fail to deliver to the Trustee the Arbitrage Projection Certificate, Adjustment Rating Certificate or Remarketing Projection of Revenues or certificate of an Authorized Officer described in Paragraph (iv) of this Section 2.03(a) or (2) either (x) the Agency shall determine (and certify to the Trustee) that the rate of interest to be borne by Loans to be acquired with the proceeds attributable to the Adjusted Rate Bonds exceeds the rate which the Agency reasonably determines is the maximum rate which eligible Borrowers can afford or (y) the Agency shall have reasonably determined (and shall so certify to the Trustee) that Mortgage Lenders would be unable or unwilling to originate Loans for sale to the Agency at such rate or in a principal amount sufficient to fully apply all proceeds allocable to the Adjusted Rate Bonds as herein provided, or (z) the Agency shall determine that Loans made by or on behalf of the Agency, directly or indirectly, with proceeds attributable to the Adjusted Rate Bonds cannot be issued bearing a rate or rates of interest which will be less than the prevailing rate of interest on comparable loans available in the State without the assistance of the Agency, the Series 10 Tender Bonds (or such portion of the Principal Amount thereof as the Agency shall determine is necessary to satisfy the provisions of this Paragraph (vii)) shall not be exchanged for or remarketed as Adjusted Rate Bonds on the Adjustment Date but shall be redeemed on the Adjustment Date in accordance with Section 204(B) hereof.

(b) (i) Subject to Paragraph (b)(iii) of this Section 203, all Series 10 Tender Bonds shall be subject to mandatory tender for purchase on the Adjustment Date. Subject to the following sentence, any Series 10 Tender Bond subject to purchase on the Adjustment Date shall be purchased on the Adjustment Date from moneys transferred to the Debt Service Fund pursuant to Section 3.04(c) hereof at a purchase price equal to the Principal Amount thereof plus accrued interest, if any, thereon to the Adjustment Date, and without premium. There shall not be purchased from such moneys:

(A) Series 10 Tender Bonds purchased with remarketing proceeds as contemplated by subparagraph (ii) hereof;

(B) Series 10 Tender Bonds with respect to which the Trustee shall have received directions from the Holder thereof in accordance with subparagraph (c) hereof not to purchase the same; or

(C) Series 10 Tender Bonds issued in exchange for or upon the transfer of Series 10 Tender Bonds referred to in the preceding subclauses (A) or (B).

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

(A) Any Series 10 Tender Bond subject to purchase and not delivered to the corporate trust office of the Trustee (or to a depository previously approved by the Trustee) by 10:30 A.M., New York City time, on the Adjustment Date will be deemed tendered, and an Adjusted Rate Bond may be issued in place thereof and delivered to the purchaser thereof. Any Series 10 Tender Bond deemed tendered and purchased shall not bear interest from and after the Adjustment Date and shall not be entitled to any rights under, or be secured by the pledge of, the Resolution, but shall have only the right to receive the purchase price thereof.

(B) For all Series 10 Tender Bonds purchased as herein provided, the Trustee shall authenticate Adjusted Rate Bonds in the appropriate denominations and maturity and bearing interest at the Adjusted Interest Rate and, after receipt of the purchase price therefor, deliver the same to, and register the same in the name of, such person or persons as shall be designated by the Remarketing Agent. Any Series 10 Tender Bonds presented to the Trustee after the Adjustment Date for payment shall be paid from the aforementioned amounts set aside and shall be cancelled in accordance with Section 308 of the Resolution.

(iii) Any Holder of Series 10 Tender Bonds who has received notice that such Holder's Series 10 Tender Bonds will be exchanged for Adjusted Rate Bonds may direct in writing by mail or by telex or telecopier received by an officer in the Corporate Trust Division of the Trustee no later than 4:00 P.M. (New York City time) on the fifteenth (15th) day prior to the Adjustment Date (or if such day is not a Business Day, on the next succeeding Business Day), as specified in such notice, that all or any specified portion of such Holder's Series 10 Tender Bonds (which portion shall not be less than $5,000 and shall be in whole multiples of $5,000 in Principal Amount) not be purchased, provided that, except with respect to Series 10 Tender Bonds registered in the name of the Bond Depository or its nominee, in lieu of purchase, such person agrees to exchange such specified portion of such Series 10 Tender Bonds for an amount of Adjusted Rate Bonds equal in Principal Amount to the Series 10 Tender Bonds tendered for exchange and of the same maturity as the Series 10 Tender Bonds so exchanged. The Trustee and the Bond Depository may agree to other arrangements for evidencing the exchange of Series 10 Tender Bonds for Adjusted Rate Bonds in the case of Series 10 Tender Bonds registered in the name of the Bond Depository or its nominee. The Trustee shall notify the Remarketing Agent and the Agency by 5:00 P.M. (New York City time) on the fourteenth (14th) day prior to the Adjustment Date (or if such day is not a Business Day, on the next succeeding Business Day) of the aggregate amount of Series 10 Tender Bonds with respect to which notices were so received and the maturity dates thereof.

(iv) Unless otherwise agreed to by the Trustee with respect to Series 10 Tender Bonds registered in the name of the Bond Depository or its nominee, the direction of a Holder of Series 10 Tender Bonds described in subparagraph (iii) of this Section 2.03(b) shall be substantially in the form of Exhibit A hereto and shall state:

(A) the maturity date or dates of the Adjusted Rate Bonds for which the Holder's Series 10 Tender Bonds are to be exchanged and the Principal Amount or Amounts applicable to such maturity date(s) but shall acknowledge that if the conditions described in Section 2.03(a)(iv) or Section 2.03(a)(vii) hereof shall occur, such Holder's Series 10 Tender Bonds shall be subject to mandatory redemption despite direction to the contrary; and

(B) that such person is the owner of the Series 10 Tender Bonds to be exchanged for Adjusted Rate Bonds.

(v) Series 10 Tender Bonds purchased with moneys on deposit in the Debt Service Fund pursuant to Section 2.03(b)(i) hereof shall be cancelled by the Trustee.

.4. Redemption Provisions.

(a) All Series 10 Bonds shall be subject to redemption prior to maturity on and after May 1, 2009, in whole or in part, at any time, from such maturities of Series 10 Bonds of similar tenor selected by the Agency and by lot if within a maturity of Series 10 Bonds of similar tenor, on any Interest Payment Date, from moneys deposited in the

Series 10 Optional Redemption Account in the Redemption Fund, at a Redemption Price of 100% of the principal amount thereof, plus accrued interest, if any, to the redemption date.

(b) All Series 10 Tender Bonds shall be subject to redemption prior to maturity in whole or in part on the Adjustment Date as provided in Section 2.03(a)(iv) and Section 2.03(a)(vii) hereof from moneys deposited in the Special Redemption Account pursuant to Section 3.04(b) hereof at a Redemption Price of par plus accrued interest to the redemption date.

(c) All Series 10 Bonds shall be subject to redemption prior to maturity at any time in whole or in part from such maturities of Series 10 Bonds of similar tenor as the Agency shall designate in its discretion in accordance with the Resolution (and, if less than all Series 10 Bonds of similar tenor of a maturity are to be redeemed, by lot within such Series 10 Bonds of similar tenor of such maturity), at a Redemption Price equal to the Principal Amount of each Series 10 Bond or portion thereof to be redeemed, plus accrued interest to the redemption date, from any moneys deposited in any Special Redemption Account in the Redemption Fund (other than as provided in Section 3.04(b) hereof) and upon compliance with the provisions of Section 5.09 of the Resolution.

(d) If so provided in the Series Certificate, Series 10 Bonds maturing on the dates set forth in the Series Certificate shall be subject to redemption prior to maturity in part on the dates and in the amounts set forth in the Series Certificate through application of Sinking Fund Installments at a Redemption Price equal to the Principal Amount of each Series 10 Bond or portion thereof to be redeemed, plus accrued interest to the redemption date.

(e) Except as otherwise provided herein, notice of redemption of Series 10 Bonds, bearing, in addition to such other information as may be required by Section 4.05 of the Resolution, the "CUSIP" number of each Series 10 Bond or portion thereof to be redeemed, the date and interest rate of such Bond or portion and the name and telephone number of a representative of the Trustee from whom information regarding such redemption can be obtained, shall be given by mailing a copy of such notice not more than sixty days and not less than thirty days prior to the sixty days and not less than thirty days prior to the redemption date to the registered owners of all Series 10 Bonds or portions thereof to be redeemed. Notwithstanding anything herein or in the Resolution to the contrary, notice of redemption of any Series 10 Bonds or portions thereof given to the registered owner of $1,000,000 or more Principal Amount of Series 10 Bonds Outstanding shall, upon the prior written request of such owner to the Trustee, be mailed by certified mail, return receipt requested. Failure to mail any redemption notice as herein provided with respect to a Series 10 Bond or any defect therein shall not affect the redemption of any other Series 10 Bonds for which the required notice of redemption shall have been given. Not less than two Business Days prior to the giving of any notice of redemption of Series 10 Bonds to the registered owners thereof, the Agency shall also give notice of such redemption to at least two national information services who customarily disseminate information concerning the redemption of bonds (provided failure to give such notice or any defect therein shall not affect the redemption of such Series 10 Bonds on the redemption date therefor). If any Series 10 Bonds called for redemption as provided herein are not presented for payment within sixty days of the redemption date, the Trustee shall mail an additional notice of the redemption of such Series 10 Bonds to the registered owners thereof, provided failure to mail such notice or any defect therein shall not affect the redemption of such Series 10 Bonds on the redemption date therefor.

(f) The Series 10 Notes are not subject to redemption prior to maturity.

.5. Sale of Series 10 Obligations.

(a) The Series 10 Obligations shall be sold to the Underwriters and any other direct purchasers of the Series 10 Obligations on the terms and conditions, and upon the representations set forth in the Purchase Contract, which Purchase Contract is hereby approved, subject to such changes, additions and deletions as may be approved by the Chairman, Vice-Chairman or the Executive Director, and the execution and delivery thereof on behalf of the Agency by the Chairman, Vice-Chairman or Executive Director is hereby authorized in all respects; provided, however, that in no event shall the Yield on the Series 10 Bonds exceed a Yield which would result in an interest rate on the Mortgage Loans to be financed with the proceeds of the Series 10 Bonds in excess of 7.00% per annum nor may any Series 10 Obligation mature later than May 1, 2030.

(b) The distribution of the preliminary Official Statement by the Underwriters is hereby ratified and confirmed in all respects. The final Official Statement is hereby approved and the execution and delivery thereof to the Underwriters is hereby ratified and confirmed in all respects.

(c) The Series 10 Obligations shall be delivered upon compliance with the provisions of Section 2.04 of the Resolution, at the time and place provided by the Purchase Contract.

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

Article III

ESTABLISHMENT OF ACCOUNTS AND APPLICATION OF PROCEEDS OF SERIES 10 OBLIGATIONS

.1. Establishment of Funds and Accounts.

(a) In accordance with Section 5.02 of the Resolution, the Series 10 Loan Loss Claim Fund is hereby established to be held by the Trustee. The Series 10 Loan Loss Claim Fund shall be deemed to be Additional Security for the Series 10 Bonds within the meaning and with the effect given by Section 2.07 of the Resolution, and the Series 10 Loan Loss Claim Fund Surety Bond Investment Obligations and Series 10 Loan Loss Claim Fund Deposits held in such Fund shall be used for the purposes and as provided in Section 3.06 of this Fourteenth Supplemental Resolution.

(b) There are hereby established in the Program Fund separate accounts designated the "Series 10A/B Program Account," the Series 10C/D Program Account" and the "Series 10E Program Account" moneys in each of which shall be used for the purposes and as authorized by Section 5.04 of the Resolution and Section 303 of this Fourteenth Supplemental Resolution. There is also hereby established in the Series 10A/B Program Account a separate subaccount designated the "Series 10A/B Tender Bonds Proceeds Subaccount," moneys in which shall be used solely for the purposes and as authorized by Section 3.04 hereof. Except as provided in Section 3.04 hereof, amounts on deposit in the Series 10A/B Tender Bonds Proceeds Subaccount shall be considered for all proposes of the Resolution as on deposit in the Series 10A/B Program Account.

(c) In accordance with Section 5.02 of the Resolution, a separate account is hereby established in the Program Fund designated the "Series 10 Cost of Issuance Account," moneys in which shall be used for the purposes and as authorized by Section 5.05(A) of the Resolution.

(d) In accordance with Section 5.02 of the Resolution, a separate account is hereby established in the Program Fund designated the "Series 10 Capitalized Interest Account," moneys in which shall be used for the purposes and as authorized by Section 5.05(B) of the Resolution.

(e) In accordance with Section 5.02 of the Resolution, a separate account is hereby established in the Redemption Fund to be held by the Trustee designated the "Series 10 Contingency Account," the amounts in which shall be used for the purposes and as authorized by Section 3.05 of this Fourteenth Supplemental Resolution. The Series 10 Contingency Account shall be deemed to be Additional Security for the Series 10 Bonds within the meaning and with the effect given by Section 2.07 of the Resolution.

(f) There is hereby established in the Rebate Fund a separate account designated the "Series 10 Rebate Account," moneys in which shall be used for the purposes and as authorized by Section 5.10 of the Resolution and Section 3.07 of this Twelfth Supplemental Resolution.

.2. Application of Proceeds and Other Moneys.

(a) Upon the authentication and delivery of the Series 10 Obligations, the proceeds of sale of the Series 10 Obligations shall be deposited by the Trustee as provided in the Series Certificate.

(b) On or before the original delivery date of the Series 10 Obligations, the Agency shall deliver to the Trustee cash, the Series 10 Loan Loss Claim Fund Surety Bond or Series 10 Loan Loss Claim Fund Deposits, in an aggregate stated amount equal to the Series 10 Loan Loss Claim Fund Requirement, to be held by the Trustee for the credit of the Series 10 Loan Loss Claim Fund, as provided in Section 3.06 hereof.

(c) On or before the original delivery date of the Series 10 Bonds, the Agency shall deliver cash, the Series 10 Contingency Account Surety Bond or Series 10 Contingency Account Deposits to the Trustee in the amount provided in the Series Certificate. If a Series 10 Contingent Account Deposit is other than cash, the Series 10 Contingency Account Deposit shall have an initial term of at least five years from its date and shall be held by the Trustee for the credit of the Series 10 Contingency Account.

.3. Application of Certain Amounts in Series 10 Program Accounts.

(a) Notwithstanding anything in the Resolution to the contrary, except as hereinafter provided, amounts deposited in the Series 10A/B Program Account in accordance with the Series Certificate shall be applied solely to the purchase or making of Mortgage Loans (excluding Mortgage Loans for the construction of Residential Housing) as provided herein and in Section 5.04 of the Resolution. Amounts deposited in the Series 10A/B Program Account as provided herein or in the Resolution may be applied by the Agency to the purchase or making of Cooperative Housing Loans, Mortgage Loans for the construction of Residential Housing or Home Improvement Loans provided that at or prior to the purchase or making of any such Loan (i) the Agency shall furnish to each Nationally Recognized Credit Rating Agency the form of purchase agreement, servicing agreement, operations manual and other Program instruments and guidelines pursuant to which such Loans will be purchased or made, and (ii) the Agency shall deliver to the Trustee a letter from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) to the effect that the purchase or making of such Loans will not cause such agency to lower, suspend or otherwise modify adversely the unenhanced credit ratings then assigned to any Bonds Outstanding. In connection with the purchase of Cooperative Housing Loans, Mortgage Loans for the construction of Residential Housing or Home Improvement Loans, if any, hereunder the Agency may adopt a Supplemental Resolution pursuant to Section 7.01 of the Resolution specifying the terms of such Loans and any conditions to the purchase or making thereof and providing for any Additional Security therefor or for the Series 10 Obligations in accordance with Section 2.07 of the Resolution.

Notwithstanding anything herein to the contrary, on the date of issuance of the Series 10 Obligations, the Trustee shall apply funds on deposit in the Series 10A/B Program Account in an amount as shall be designated by the Agency to purchase such Mortgage Loans designated by the Agency which have previously been purchased by the Agency with available funds of the Agency. In addition, amounts on deposit in the Series 10A/B Program Account shall be applied from time to time at the direction of the Agency to purchase Mortgage Loans designated by the Agency which the Agency has previously committed to purchase.

(b) Amounts on deposit in the Series 10A/B Program Account shall be applied by the Agency to the purchase or origination of Loans bearing interest at a rate not less than the rate set forth in the Series Certificate during the full term of such Loan; provided, however, that the Series Certificate may provide for the purchase or origination of Loans bearing interest at stepped-rates. Notwithstanding the foregoing, the Agency may purchase or make Loans with provisions differing from the foregoing restriction if at or prior to the purchase or making of such Loans the Agency delivers to the Trustee (i) a Projection of Revenues demonstrating that following the purchase or making of such Loans, expected Revenues and other funds available for the purpose will be sufficient to pay in the current and each subsequent Fiscal Year Aggregate Debt Service when due and all Program Expenses, and (ii) an opinion of Bond Counsel to the effect that the purchase or making of such Loans will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 10 Obligations.

(c) Notwithstanding anything in Section 504 of the Resolution to the contrary, (i) if on September 1, 2002, (or on any earlier date as shall be specified in a certificate of an Authorized Officer) any amount representing new money proceeds of the Series 10 Bonds remains on deposit in the Series 10A/B Program Account, other than amounts deposited therein pursuant to Section 5.06(B)(5) of the Resolution, the Trustee shall transfer such amount to the Series 10 Special Redemption Account in the Redemption Fund and shall apply such amount to the redemption of Series 10 Bonds in accordance with Section 2.04(c) hereof on October 1, 2002, (or on such date prior thereto as the Agency in its discretion may direct the trustee). Notwithstanding the foregoing, if the amount remaining on deposit in the Series 10A/B Program Account is less than $250,000, all or part of such amount may, at the option of the Agency expressed in a certificate of an Authorized Officer delivered to the Trustee, be deposited in the Debt Service Fund. Notwithstanding the foregoing, the Agency may direct the Trustee in a certificate of an Authorized Officer delivered to the Trustee prior to September 1, 2002, to retain in the Series 10A/B Program Account all or any portion of the amount then held therein allocable to the new money proceeds of the Series 10 Bonds as aforesaid to such later date or dates as shall be specified in such certificate if such certificate is accompanied by (x) a letter from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that retention of such amount to such later date or dates will not adversely affect the unenhanced credit ratings then assigned to the Bonds Outstanding and (y) an opinion of Bond Counsel to the effect that retention of such amount to such later date or dates will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 10 Obligations. A copy of such certificate shall be furnished by the Agency to each Nationally Recognized Credit Rating Agency then maintaining a rating on the Bonds at the same time it is filed with the Trustee. If any such amount is so retained in the Series 10A/B Program Account, any amount remaining on deposit in the Series 10A/B Program Account on the date or dates specified in such certificate shall be transferred by the Trustee on such date to the Series 10 Special Redemption Account and shall be applied to the redemption of Series 10 Bonds in accordance with Section 2.04(c) hereof on the earliest date on which the required notice of redemption can be practicably given (or on such earlier date as the Agency shall direct).

For purposes of this Section 3.04(c) amounts on deposit in the Series 10A/B Program Account allocable to the new money proceeds of the Series 10 Bonds shall be deemed to be spent for the purchase of Loans prior to the "transferred proceeds" allocable to the refunding portion of the Series 10 Bonds.

(d) Amounts on deposit in the Series 10C/D Program Account and the Series 10E Program Account shall be retained therein and applied to the payment of principal and interest on the applicable Series of Series 10 Notes.

.4. Application of Series 10A/B Tender Bond Proceeds Subaccount.

(a) Notwithstanding anything in Section 5.04 of the Resolution to the contrary, upon receipt by the Trustee of the certificate of an Authorized Officer described in Section 2.03(a)(ii) hereof to the effect that the Agency has elected to call a Principal Amount of Series 10 Bonds for exchange for or remarketing as Adjusted Rate Bonds on the Adjustment Date, the Trustee shall withdraw from the Series 10A/B Program Account and deposit in the Series 10A/B Tender Bonds Proceeds Subaccount an amount equal to the Principal Amount of Series 10 Bonds so certified. Until the Adjustment Date, the amount so deposited shall be applied solely as provided in Paragraph (b) and (c) of this Section 3.04.

(b) Notwithstanding anything in Section 5.04 of the Bond Resolution to the contrary, if the conditions specified in Section 2.03(a)(iv) or Section 2.03(a)(vii) hereof shall have occurred, the Trustee shall transfer from the Series 10A/B Tender Bonds Proceeds Subaccount to the Series 10 Special Redemption Account in the Redemption Fund all or such portion of such funds on deposit in the Series 10A/B Tender Bonds Proceeds Subaccount as shall be directed by the Agency for application to the redemption of all Series 10 Tender Bonds in accordance with Section 2.04(b) hereof.

(c) Notwithstanding anything in Section 5.04 of the Resolution to the contrary, if on the Adjustment Date any Series 10 Tender Bonds have not been remarketed as Adjusted Rate Bonds in accordance with Section 2.03(b)(ii) hereof, the Trustee shall transfer from the Series 10A/B Tender Bonds Proceeds Subaccount to the Debt Service Fund an amount equal to the Principal Amount of all such Series 10 Tender Bonds not so remarketed. The amount so transferred shall be applied on the Adjustment Date to the purchase of Series 10 Tender Bonds as provided in Section 2.03(b)(i) hereof.

(d) Notwithstanding anything herein to the contrary, on the Adjustment Date, but only upon compliance with Paragraph (b) and (c) of this Section 3.04, the Trustee shall transfer the entire balance then remaining in the Series 10A/B Tender Bonds Proceeds Subaccount to the Series 10A/B Program Account for application thereafter as provided in Section 504 of the Resolution and Section 303 hereof.

.5. Application of Series 10 Contingency Account.

(a) Notwithstanding anything in the Resolution to the contrary, in connection with the purchase or redemption of Bonds with funds on deposit in a Special Redemption Account pursuant to Section 5.09(C) of the Resolution, the Agency may pay to the Trustee for deposit in the Revenue Fund amounts from the General Fund or from any other lawful source available to the Agency to the extent that the Projection of Revenues required by Section 5.09(G) of the Resolution shows that the balance to be on deposit and available for such purpose on the redemption date of such Bonds in all Funds and Accounts under the Resolution, other than the Rebate Fund, will be insufficient to satisfy the requirements of said Section 5.09(G) of the Resolution with respect to such purchase or redemption.

(b) The Trustee shall hold the cash deposited by the Agency, the Series 10 Contingency Account Surety Bond or the Series 10 Contingency Account Deposit, as applicable, for the credit of the Series 10 Contingency Account as security for the payment to the Trustee for deposit in the Revenue Fund of amounts, if any, necessary to satisfy the requirements of Section 5.09(G) of the Resolution upon any redemption of Series 10 Bonds (and, to the extent provided in the Series Certificate, any other Bonds of the Agency) as described in Paragraph (a) of this Section 3.05 and, to the extent provided in the applicable Supplemental Resolution and, if the Agency has provided a Series 10 Contingency Account Deposit, with the prior approval of the Series 10 Contingency Account Deposit Provider, upon the redemption of any other Series of Bonds Outstanding under the Resolution. The Agency hereby instructs the Trustee, as applicable, to withdraw funds on deposit in the Series 10 Contingency Account or to give notice to the Series 10 Contingency Account Deposit Provider and to draw upon the Series 10 Contingency Account Deposit in accordance with its terms to the extent that the amount on deposit and available therefor in all Funds and Accounts under the Resolution (other than amounts available under the Series 10 Contingency Account Deposit and amounts on deposit in or held for the credit of the Series 10 Loan Loss Claim Fund), after consideration of any other amounts deposited in the Revenue Fund pursuant to Paragraph (a) of this Section 3.05 or the related provision of any applicable Supplemental Resolution set forth in the Series Certificate is insufficient to enable the Agency to satisfy the requirements of Section 5.09(G) of the Resolution with respect to the purchase or redemption of Series 10 Bonds (and any other Bonds of the Agency set forth in the Series Certificate) as described in Paragraph (a) of this Section 3.05. Any such certificate shall include instructions to the Trustee to draw upon the Series 10 Contingency Account Deposit to the extent of such deficiency and otherwise in accordance with its terms and to deposit the amount so drawn in the Revenue Fund.

(c) At any time while a Series 10 Contingency Account Deposit is held under the Resolution for the account of the Series 10 Bonds, the Agency may direct the Trustee to reduce the stated amount thereof or to cancel the Series 10 Contingency Account Deposit and return it to the Series 10 Contingency Account Deposit Provider upon the filing with the Trustee of a certificate of an Authorized Officer to the effect that the Agency has informed each Nationally Recognized Credit Rating Agency of such reduction or cancellation and each such Agency has confirmed that such reduction or cancellation will not adversely affect the unenhanced ratings then assigned to any Bonds Outstanding. In the event the Agency has deposited cash with the Trustee in lieu of a Series 10 Contingency Account Deposit, the Agency may direct the Trustee to withdraw any or all funds on deposit in the Series 10 Contingency Account and return such funds to the Agency upon the same conditions as a reduction or cancellation of the Series 10 Contingency Account Deposit.

(d) If the Trustee shall receive a notice from the Series 10 Contingency Account Deposit Provider pursuant to the Series 10 Reimbursement Agreement, if any, to the effect that an Event of Default has occurred and is continuing under the Series 10 Reimbursement Agreement and the Series 10 Contingency Account Deposit Provider has elected to direct the Trustee to make a drawing of an amount equal to the stated and unpaid amount of the Series 10 Contingency Account Deposit, the Trustee shall make such drawing and shall deposit the amount so drawn in the Series 10 Contingency Account.

(e) Subject to the provisions of Paragraph (c) of this Section 3.05, not less than five Business Days prior to the date of expiration of the Series 10 Contingency Account Deposit the Agency shall deposit with the Trustee an extension thereof or a substitute Series 10 Contingency Account Deposit therefor (the deposit of which will not adversely affect the unenhanced ratings then assigned to any Bonds Outstanding by any Nationally Recognized Credit Rating Agency) in a stated amount equal to the stated amount of the initial Series 10 Contingency Account Deposit. If the Agency shall fail to deposit such extension or substitute letter of credit, not less than three Business Days prior to the expiration date of the Series 10 Contingency Account Deposit the Trustee shall draw upon the Series 10 Contingency Account Deposit the full amount then available to be drawn thereunder and shall deposit such amount in the Series 10 Contingency Account. If at any time thereafter the Agency shall certify to the Trustee in accordance with Paragraph (c) of this Section 3.05 that all or a portion of the amount on deposit in the Series 10 Contingency Account is not required for the purposes of such account, the Trustee shall pay the surplus in the Series 10 Contingency Account (as determined by the Agency) or the entire balance therein, as appropriate, to the Agency.

(f) Withdrawals from the Series 10 Contingency Account pursuant to Paragraphs (b) or (c) of this Section 3.05 shall be made by the Trustee, <u>first</u>, from cash and Investment Obligations, if any, on deposit in the Series 10 Contingency Account and <u>second</u>, from amounts drawn on any Series 10 Contingency Account Deposit. If at the time of making any withdrawal the amount of cash and Investment Obligations on deposit in the Series 10 Contingency Account is less than the withdrawal to be made, the Trustee shall notify the Agency of the amount of the deficiency and, unless the Agency shall pay to the Trustee for deposit in the Series 10 Contingency Account not later than the close of business on the Business Day next succeeding the date which such notice is received by the Agency an amount equal to such deficiency, the Trustee shall draw on the Series 10 Contingency Account Deposit the amount of the deficiency (or such portion thereof that has not been funded by such a deposit by the Agency) or, if less, the full amount available under the Series 10 Contingency Account Deposit.

(g) Interest or other income derived from the investment or deposit of moneys, if any, in the Series 10 Contingency Account shall be transferred by the Trustee to the Agency.

.6. Application of Series 10 Loan Loss Claim Fund.

(a) The Trustee shall deposit in the Series 10 Loan Loss Claim Fund (i) the amount, if any, set forth in the Series Certificate, (ii) all amounts drawn on the Series 10 Loan Loss Claim Fund Deposit, if any, in accordance with this Section 306, (iii) any amount deposited therein from the Revenue Fund pursuant to Section 308 of this Fourteenth Supplemental Resolution, (iv) all interest and other earnings on investment or deposit of amounts on deposit in the Series 10 Loan Loss Claim Fund and (v) any other amounts (not required by the Resolution to be otherwise deposited), as determined by the Agency. Except as otherwise provided herein, amounts on deposit in the Series 10 Loan Loss Claim Fund, including, without limitation, amounts drawn on the Series 10 Loan Loss Claim Fund Deposit, shall be used solely for the purposes provided in Paragraphs (b) and (c) of this Section 306.

(b) Upon receipt by the Trustee of a certificate of an Authorized Officer to the effect that a Loan Loss has been realized on a defaulted Loan allocable to the Series 10 Bonds and specifying the amount of such Loan Loss, the Trustee shall withdraw from the Series 10 Loan Loss Claim Fund and deposit in the Revenue Fund the amount of such Loan Loss as so specified, or such lesser amount as directed in such certificate. Upon deposit thereof in the Revenue Fund, each Loan Loss Claim Fund Withdrawal shall constitute Revenues for all purposes of the Resolution.

(c) Notwithstanding anything herein to the contrary, if at any time the conditions described in Section 3.05(b) hereof shall occur and the amount on deposit in or held for the credit of the Series 10 Contingency Account shall be insufficient for the purposes of such account, the Trustee shall give notice to the Series 10 Loan Loss Claim Fund Deposit Provider and shall draw the amount of the deficiency from the Series 10 Loan Loss Claim Fund provided following such drawing and application of the amount withdrawn to the redemption of Bonds as contemplated by Section 3.05(b) hereof the amount on deposit in the Series 10 Loan Loss Claim Fund, together with the stated and unpaid amount of the Series 10 Loan Loss Claim Fund Deposit, if any, shall be not less than the Series 10 Loan Loss Claim Fund Requirement. Any amounts withdrawn from the Series 10 Loan Loss Claim Fund in accordance with this Paragraph (c) shall be deposited in the Revenue Fund and shall be applied to the redemption of Bonds as contemplated by Section 3.05(b) hereof.

(d) Withdrawals from the Series 10 Loan Loss Claim Fund pursuant to Paragraphs (b) or (c) of this Section 3.06 shall be made by the Trustee, first, from cash and Investment Obligations, if any, on deposit in the Series 10 Loan Loss Claim Fund and second, from amounts drawn on any Loan Loss Claim Fund Deposit. If at the time of making any withdrawal the amount of cash and Investment Obligations on deposit in the Series 10 Loan Loss Claim Fund is less than the withdrawal to be made, the Trustee shall notify the Agency of the amount of the deficiency and, unless the Agency shall pay to the Trustee for deposit in the Series 10 Loan Loss Claim Fund not later than the close of business on the Business Day next succeeding the date which such notice is received by the Agency an amount equal to such deficiency, the Trustee shall draw on the Series 10 Loan Loss Claim Fund Deposit the amount of the deficiency (or such portion thereof that has not been funded by such a deposit by the Agency) or, if less, the full amount available under the Series 10 Loan Loss Claim Fund Deposit.

(e) Notwithstanding the foregoing provisions of this Section 3.06, nothing in the Resolution or this Fourteenth Supplemental Resolution shall obligate the Agency to deposit in the Series 10 Loan Loss Claim Fund an amount which would cause the balance in the Series 10 Loan Loss Claim Fund, after application of amounts therein to Loan Loss Claim Fund Withdrawals notice of which has theretofore been received by the Trustee, to exceed the Series 10 Loan Loss Claim Fund Requirement. Unless otherwise directed by the Agency, no Loan Loss Claim Fund Withdrawal shall be made by the Trustee if the amount of such Loan Loss Claim Fund Withdrawal, together with the amount of all Loan Loss Claim Fund Withdrawals theretofore made by the Trustee, would exceed an amount equal to (x) 1.85% of the sum of (i) the aggregate original principal amount of all Loans purchased under the Resolution from amounts on deposit in the Series 10A/B Program Account plus (ii) the aggregate amount, if any, then held in the Series 10A/B Program Account which may be applied to the purchase of such Loans, or (y) such lesser amount as each Nationally Recognized Credit Rating Agency confirms to the Agency will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

(f) Notwithstanding anything herein or in the Resolution to the contrary, at any time the Agency may direct the Trustee to withdraw from the Series 10 Loan Loss Claim Fund and pay to the Agency all or any part of the moneys on deposit in the Series 10 Loan Loss Claim Fund provided that prior to any such withdrawal the Agency shall deliver to the Trustee (i) one or more Reserve Deposits in an aggregate amount available to be drawn thereunder, together with any moneys to remain on deposit in the Series 10 Loan Loss Claim Fund following such withdrawal, equal to not less than the Series 10 Loan Loss Claim Fund Requirement, (ii) letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that such withdrawal will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding and (iii) an opinion of Bond Counsel to the effect that such withdrawal will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds Outstanding. In connection with any such withdrawal and the deposit of any Reserve Deposit with the Trustee, the Agency may adopt a Supplemental Resolution pursuant to Section 7.01 of the Resolution specifying the terms and conditions under which such Reserve Deposit is held for the credit of the Series 10 Loan Loss Claim Fund.

(g) Subject to Paragraph (h) of this Section 3.06, if at any time the amount of cash and Investment Obligations on deposit in the Series 10 Loan Loss Claim Fund exceeds the Series 10 Loan Loss Claim Fund Requirement, the Trustee, at the request of the Agency, shall withdraw the excess (or such portion thereof as directed by the Agency) and deposit it in the Revenue Fund.

(h) If at any time (i) the amount of cash and Investment Obligations in the Series 10 Loan Loss Claim Fund exceeds the Series 10 Funded Loan Loss Claim Fund Requirement, and/or (ii) the stated and unpaid amount of the Series 10 Loan Loss Claim Fund Deposit exceeds the Series 10 Loan Loss Claim Fund Requirement, the Agency may direct the Trustee to notify the Series 10 Loan Loss Claim Fund Deposit Provider of a reduction in the stated amount of the Series 10 Loan Loss Claim Fund Deposit; provided that if any such excess has resulted from a decrease in the Series 10 Loan Loss Claim Fund Requirement other than due to the payment of Loan Loss Claim Fund Withdrawals in accordance with this Section 3.06, the direction of the Agency shall be accompanied by letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) to the effect that the reduction of the Series 10 Loan Loss Claim Fund Deposit will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

(i) If the Trustee shall receive a notice from the Series 10 Loan Loss Claim Fund Deposit Provider pursuant to the Series 10 Reimbursement Agreement, if any, to the effect that an Event of Default has occurred and is continuing under the Series 10 Reimbursement Agreement and the Series 10 Loan Loss Claim Fund Deposit Provider has elected to direct the Trustee to make a drawing of an amount equal to the lesser of the Series 10 Loan Loss Claim Fund Requirement or the stated and unpaid amount of the Series 10 Loan Loss Claim Fund Deposit, the Trustee shall make such drawing and shall deposit the amount so drawn in the Series 10 Loan Loss Claim Fund.

(j) Not less than five Business Days prior to the date of expiration of the Series 10 Loan Loss Claim Fund Deposit, the Agency shall deposit with the Trustee either an extension of the Series 10 Loan Loss Claim Fund Deposit in a stated amount available to be drawn thereunder not less than the lesser of (i) an amount equal to the Series 10 Loan Loss Claim Fund Requirement calculated at such date less the aggregate amount of cash and Investment Obligations, if any, on deposit in the Series 10 Loan Loss Claim Fund at such date and (ii) the stated amount of the Series 10 Loan Loss Claim Fund Deposit at such date. If the Agency shall fail to deposit such extension of the Series 10 Loan Loss Claim Fund Deposit with the Trustee, not less than three Business Days prior to the expiration date of the Series 10 Loan Loss Claim Fund Deposit, the Trustee shall draw on the Series 10 Loan Loss Claim Fund Deposit and deposit in the Series 10 Loan Loss Claim Fund an amount sufficient to cause the Series 10 Funded Loan Loss Claim Fund Requirement to equal the Series 10 Loan Loss Claim Fund Requirement as of such date or, if less, the full amount then available to be drawn under the Series 10 Loan Loss Claim Fund Deposit.

(k) Notwithstanding anything herein or in the Resolution to the contrary, the Series 10 Loan Loss Claim Fund Requirement shall be reduced to zero (0) if at any time the Agency shall file with the Trustee (i) a certificate of an Authorized Officer to the effect that the Agency then maintains or has caused to be maintained in full force and effect a policy or policies of insurance obtained by the Agency under which an insurance company qualified to do business in the State insures the Agency on a portfolio basis, for so long as any Series 10 Bonds are Outstanding under the Resolution, against loss arising out of default on Loans purchased or made from moneys in the Series 10A/B Program Account during the period of insurance eligibility specified in such policy up to such aggregate loss limit as the Agency shall determine in its discretion, and (ii) letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that the provision of such insurance and the reduction of the Series 10 Loan Loss Claim Fund requirement will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

.7. **Series 10 Rebate Account.**

(a) Pursuant to the requirements of Section 148(f) of the Code, the Agency shall pay to the United States at least once every five years an amount determined in accordance with said Section 148(f) equal to the sum of (i) the excess of the amount earned on all Nonpurpose Investments (hereinafter defined) (other than investments attributable to an excess described in this clause) over the amount which would have been earned if such Nonpurpose Investments were invested at a yield equal to the Yield on the Series 10 Obligations, plus (ii) any income attributable to the investment of the excess described in clause (i) above. The Agency further covenants to pay such amount to the United States, in a manner consistent with the requirements of Section 148(f) of the Code, whether or not the amount on deposit in the Series 10 Rebate Account and available therefor is sufficient for such payment, and to establish such accounting procedures as are required to determine the amount of such excess investment earnings and the Series 10 Rebate Requirement.

(b) Within thirty days of the end of each Bond Year, the Agency shall furnish to the Trustee a certificate of an Authorized Officer, upon which the Trustee may conclusively rely, setting forth the Series 10 Rebate Requirement for such Bond Year.

(c) Within sixty days after the close of the fifth Bond Year, and at least once in each five-year period thereafter, the Trustee shall pay from the Series 10 Rebate Account to the United States on behalf of the Agency the full amount then required to be paid under Section 148(f) as certified and directed by the Agency in a certificate of an Authorized Officer delivered to the Trustee prior to the due date of such payment. Within sixty days after the Series 10 Obligations have been paid in full, the Trustee shall pay to the United States from the Series 10 Rebate Account on behalf of the Agency the full amount then required to be paid under Section 148(f) as certified by the Agency in a certificate of an Authorized Officer delivered to the Trustee prior to the due date of such payment. Each such payment shall be filed with the Internal Revenue Service Center, Philadelphia, Pennsylvania, 19255, or any successor location specified by the Internal

Revenue Service, accompanied by a copy (furnished to the Trustee by the Agency) of the Form 8038-T (or other similar information reporting form).

(d) In the event that, at the time of any required payment of the Series 10 Rebate Requirement, the amount in the Series 10 Rebate Account available for such payment shall be insufficient to make such payment, the Agency shall pay the amount of the deficiency from the General Fund or from any other moneys available to the Agency and not pledged under the Resolution to the Bonds.

(e) In the event that on any Interest Payment Date of the Series 10 Obligations the amount on deposit in the Series 10 Rebate Account exceeds the Series 10 Rebate Requirement (calculated as of such Interest Payment Date), the Trustee, at the written direction of an Authorized Officer, shall withdraw such excess amount and deposit it in the Revenue Fund.

(f) For purposes of this Section 307, the term "Nonpurpose Investments" shall have the meaning given in Section 148(f) of the Code. Nonpurpose Investments shall be valued at accreted value or market value, as appropriate for the purposes of this Section 307. In determining the aggregate amount earned on Nonpurpose Investments, any gain or loss on the disposition of such Investments shall be taken into account.

(g) The Agency and the Trustee shall keep such records as will enable them to fulfill the responsibilities under this section and Section 148(f) of the Code and shall retain such records for at least six years following final payment of the Series 10 Obligations.

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

.8. Application of Certain Amounts in Revenue Fund.

(a) Notwithstanding anything in Section 5.06(B) of the Resolution to the contrary, on or before each Interest Payment Date of the Series 10 Obligations, after satisfying the requirements of Clauses (i) through (vii), inclusive, of Section 5.06(b), the Trustee shall apply any balance on deposit in the Revenue Fund attributable to the Series 10 Bonds to the Series 10 Loan Loss Claim Fund to the extent the amount therein is less than the Series 10 Funded Loan Loss Claim Fund Requirement calculated at such Interest Payment Date.

(b) Notwithstanding anything in Section 5.06(B)(7) of the Resolution, the amount of moneys in the Revenue Fund allocable to the Series 10 Obligations that may be applied to the payment or reimbursement of Program Expenses in any one Fiscal Year shall not exceed the sum of (i) $10,000 plus (ii) the sum of the fees payable to the Series 10 Loan Loss Claim Fund Deposit Provider in connection with the Series 10 Loan Loss Claim

Fund Deposit, the fees payable to the Series 10 Contingency Account Deposit Provider in connection with the Series 10 Contingency Account Deposit and the amount of the Municipal Bond Insurance Policy Premium unless the Agency shall file with the Trustee a certificate of an Authorized Officer to the effect that the Agency has confirmed that a greater amount (specified in such certificate) will not adversely affect the ratings then assigned to any Bonds Outstanding by any Nationally Recognized Credit Rating Agency.

(c) Notwithstanding anything in Section 5.06(B)(8) of the Resolution to the contrary, no amount on deposit in the Revenue Fund attributable to the Series 10 Obligations shall be transferred to the General Fund pursuant to such Section 5.06(b)(viii) unless (i) there are no amounts owed to the Series 10 Loan Loss Claim Fund Deposit Provider or the Series 10 Contingency Account Deposit Provider under either of the Series 10 Reimbursement Agreements and (ii) the Projection of Revenues filed with the Trustee in accordance with said Section 5.06(b)(viii) shows that on the date of such Projection of Revenues the unpaid balance of all Loans then held under the Resolution for the account of the Series 10 Obligations, plus the amount then held in all Funds and Accounts under the Resolution attributable to the Series 10 Obligations, other than amounts held in the Rebate Fund, the Series 10 Contingency Account and the Series 10 Loan Loss Claim Fund and the amounts attributable to the Series 10 Obligations then to be paid to the Agency in accordance with said Section 5.06(b)(viii), are at least equal to 101% of the Principal Amount of all Series 10 Obligations plus all interest accrued and unpaid thereon as of such date.

Article IV

FORM OF SERIES 10 OBLIGATIONS

.1. Form of Series 10 Obligations.

(a) All Series 10 Obligations authenticated and delivered hereunder prior to the Adjustment Date shall be in such form and shall bear such terms and conditions, not inconsistent with the Resolution or this Fourteenth Supplemental Resolution, as the Chairman, Executive Director or other Authorized Officer of the Agency shall determine and certify to the Trustee on or prior to the date of original authentication and delivery of any Series 10 Obligations hereunder.

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

Article V

MISCELLANEOUS

.1. Authorization of Officers. The Chairman, Vice Chairman or any other Commissioner of the Agency, Executive Director, Deputy Director, Treasurer, Director of Finance, Director of Single Family Operations and Secretary of the Agency are hereby authorized and directed to do all acts and things and to execute and deliver any all documents, certificates and other instruments necessary or desirable to effectuate the transaction contemplated by this Fourteenth Supplemental Resolution, the Resolution, the Purchase Contract, the Remarketing Agreement, the Continuing Disclosure Agreement and the Official Statement.

.2. Reimbursement Agreement. The Chairman, Vice-Chairman, or any other Commissioner, Treasurer, Executive Director, Deputy Director or Director of Finance are hereby authorized to execute the Series 10 Reimbursement Agreement[s] in such form as shall be approved by General Counsel to the Agency and to deliver the same to the Series 10 Loan Loss Claim Fund Deposit Provider and the Series 10 Contingency Account Deposit Provider, as applicable.

.3. Purchase Contract; Remarketing Agreement. The Purchase Contract and the Remarketing Agreement are hereby approved in substantially the form presented at this meeting with such changes, omissions, insertions and revisions thereto as the Chairman, the Executive Director or any other Authorized Officer executing the same may deem advisable, the execution thereof by such person to be conclusive evidence of the approval thereof. The aforementioned officers of the Agency are, and each of them is, hereby authorized to execute the Purchase Contract and the Remarketing Agreement and, upon such execution, to deliver it to the underwriters of the Bonds and the Remarketing Agent, respectively.

.4. Remarketing Agent.

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

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

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

.5. **Continuing Disclosure Agreement**. The Continuing Disclosure Agreement is hereby approved in substantially the form presented at this meeting with such changes, omissions, insertions and revisions thereto as the Chairman, the Executive Director or any other Authorized Officer executing the same may deem advisable, the execution thereof by such person to be conclusive evidence of the approval thereof. The aforementioned officers of the Agency are, and each of them is, hereby authorized to execute the Continuing Disclosure Agreement and, upon such execution, to deliver it to the Continuing Disclosure Agent.

.6. **Amendment of Resolution**. Section 5.06 of the Tenth Supplemental Resolution provided for the amendment of Section 10.12 of the Resolution by adding to the end of such Section 10.12 the following clause:

> ; provided, however, that any such company shall not be required to satisfy the requirements with respect to capital and surplus set forth in Sections 10.02 and 10.10.

This amendment to Section 10.12 of the Resolution shall become effective with respect to all Bonds Outstanding under the Resolution at such time as the Owners of 60% in aggregate Principal Amount of the bonds Outstanding shall have consented to such amendment. The Underwriters, as initial beneficial owner of the Series 10 Obligations, shall be deemed to have consented to the provisions of Section 5.06 of the Tenth Supplemental Resolution.

.7. **Effective Date**. This Fourteenth Supplemental Resolution shall take effect immediately.

Article VI

MUNICIPAL BOND INSURANCE POLICY

.1. **Municipal Bond Insurance Policy**. The Agency shall deposit the Municipal Bond Insurance Policy with the Trustee on the date of issuance of the Series 10 Obligations.

.2. **Payment Procedures**. As long as the Municipal Bond Insurance Policy shall be in full force and effect, the Agency and the Trustee agree to comply with the following provisions:

(a) At least one day prior to all Interest Payment Dates the Trustee will determine whether there will be sufficient funds in the Funds and Accounts to pay the principal of or interest on the Series 10 Bonds on such Interest Payment Date. If the Trustee determines that there will be insufficient funds in such Funds or Accounts, the Trustee shall so notify the Bond Insurer. Such notice shall specify the amount of the anticipated deficiency, the Series 10 Bonds to which such deficiency is applicable and whether such Series 10 Bonds will be deficient as to principal or interest, or both. If the Trustee has not so notified the Bond Insurer at least one day prior to an Interest Payment Date, the Bond Insurer will make payments of principal or interest due on the Series 10 Bonds on or before the first day next following the date on which the Bond Insurer shall have received notice of nonpayment from the Trustee.

(b) The Trustee shall, after giving notice to the Bond Insurer as provided in (a) above, make available to the Bond Insurer and, at the Bond Insurer's direction, to the Bond Insurer's insurance trustee (the "Insurance Trustee"), the registration books of the Agency maintained by the Trustee and all records relating to the Funds and Accounts related to the Series 10 Bonds maintained under the Resolution.

(c) The Trustee shall provide the Bond Insurer and the Insurance Trustee with a list of registered owners of Series 10 Bonds entitled to receive principal or interest payments from the Bond Insurer under the terms of the Municipal Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of Series 10 Bonds entitled to receive full or partial interest payments from the Bond Insurer and (ii) to pay principal upon Series 10 Bonds surrendered to the Insurance Trustee by the registered owners of Series 10 Bonds entitled to receive full or partial principal payments from the Bond Insurer.

(d) The Trustee shall, at the time it provides notice to the Bond Insurer pursuant to (a) above, notify registered owners of Series 10 Bonds entitled to receive the payment of principal or interest thereon from the Bond Insurer (i) as to the fact of such entitlement, (ii) that the Bond Insurer will remit to them all or a part of the interest payments next coming due upon delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Bond Insurer, they must surrender their Series 10 Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Series 10 Bonds to be registered in the name of the Bond Insurer) for payment to the Insurance Trustee, and not the Trustee, and (iv) that should they be entitled to receive partial payment of principal from the Bond Insurer, they must surrender their Series 10 Bonds for payment thereon first to the Trustee who shall note on such Series 10 Bonds the portion of the principal paid by the Trustee and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) In the event that the Trustee has notice that any payment of principal of or interest on a Series 10 Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the Agency has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time the Bond Insurer is notified pursuant to (a) above, notify all registered owners of Series 10 Bonds that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Series 10 Bonds which have been made by the Trustee and subsequently recovered from registered owners and the dates on which such payments were made.

(f) In addition to those rights granted the Bond Insurer under this Fourteenth Supplemental Resolution, the Bond Insurer shall, to the extent it makes payment of principal of or interest on Series 10 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books of the Agency maintained by the Trustee upon receipt from the Bond Insurer of proof of the payment of interest thereon to the registered owners of the Series 10 Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books of the Agency maintained by the Trustee upon surrender of the Series 10 Bonds by the registered owners thereof together with proof of the payment of principal thereof.

.3. Notices to the Bond Insurer.

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

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

(ii) a copy of any notice to be given to the registered owners of the Series 10 Bonds, including, without limitation, notice of any redemption of or defeasance of Series 10 Bonds, and any certificate rendered pursuant to the Resolution relating to the security for the Series 10 Bonds;

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

(iv) such additional information it may reasonably request.

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

(c) The Agency will permit the Bond Insurer to discuss the affairs, finances and accounts of the Agency or any information the Bond Insurer may reasonably request regarding the security for the Series 10 Bonds with appropriate officers of the Agency. The Trustee and the Agency will permit the Bond Insurer to have access to and to make copies of all books and records relating to the Series 10 Bonds at any reasonable time.

(d) the Bond Insurer shall have the right to direct an accounting at the Agency's expense, and the Agency's failure to comply with such direction within thirty days after receipt of written notice of the direction from the Bond Insurer shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Series 10 Bonds.

(e) Notwithstanding any other provision of the Resolution, the Trustee shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest on the Series 10 Bonds as required and immediately upon the occurrence of any Event of Default with respect to the Series 10 Bonds.

.4. **Consent of the Bond Insurer**. Any provision of this Fourteenth Supplemental Resolution expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer.

.5. **Consent of the Bond Insurer in the Event of Insolvency**. Any reorganization or liquidation plan with respect to the Agency must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation, the Bond Insurer shall have the right to vote on behalf of all bondholders who hold the Bond Insurer-insured bonds absent a default by the Bond Insurer under the applicable Municipal Bond Insurance Policy insuring such Bonds.

.6. **Consent of the Bond Insurer Upon Default**. Anything in the Resolution to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default with respect to Series 10 Bonds, the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Series 10 Bonds or the Trustee for the benefit of the owners of the Series 10 Bonds under the Resolution, including, without limitation: (a) the right to accelerate the principal of the Series 10 Bonds as described in the Resolution and (b) the right to annul any declaration of acceleration, and the Bond Insurer shall also be entitled to approve all waivers of events of default.

.7. **Defeasance of Series 10 Bonds**. Notwithstanding anything in the Resolution to the contrary, in the event that the principal and/or interest due on the Series 10 Bonds shall be paid by the Bond Insurer pursuant to the Municipal Bond Insurance Policy, the Series 10 Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Agency, and the assignment and pledge of the Resolution and all covenants, agreements and other obligations of the Agency to the registered owners of the Series 10 Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners.

.8. **Payment of Municipal Bond Insurance Premium**. Notwithstanding any provision of Section 5.06 of the General Resolution to the contrary, amounts on deposit in the Revenue Fund and allocable to the Series 10 Bonds shall be used to pay the Municipal Bond Insurance Policy Premium prior to being deposited in the Bond Reserve Fund to replenish any deficiency therein as provided in Section 506(B)(2) of the General Resolution.

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

.10. Parties Interested Herein; References to Ratings. Nothing in this Fourteenth Supplemental Resolution expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Agency, the Trustee, the Bond Insurer and the registered owners of the Series 10 Bonds, any right, remedy or claim under or by reason of this Fourteenth Supplemental Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Fourteenth Supplemental Resolution contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the Agency, the Trustee, the Bond Insurer and the registered owners of the Series 10 Bonds.

Notwithstanding anything in the Resolution or this Fourteenth Supplemental Resolution to the contrary, any reference in the Resolution or the Fourteenth Supplemental Resolution with respect to the ratings maintained in the Series 10 Bonds by any Nationally Recognized Credit Rating Agency shall mean the unenhanced credit rating on the Series 10 Bonds.

EXHIBIT A

VERMONT HOUSING FINANCE AGENCY
SINGLE FAMILY HOUSING BONDS
Series 10A
Series 10B
Series 10A and Series 10B Tender Bonds Selected
For Tender on _________

The Howard Bank, N.A.
Burlington, Vermont 05402-0409
Attention: Corporate Trust Department

Re: Election to Retain Adjusted Rate Bonds

Dear Sir or Madam:

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

In accordance with the information given in the Trustee's Notice dated _________, we hereby give you irrevocable notice that we elect to retain $[_________] aggregate principal amount of Series 10 Tender Bonds and to exchange such Bonds for Adjusted Rate Bonds as described below.

The principal amount or amounts of Series 10 Tender Bonds which we have elected to retain in exchange for Adjusted Rate Bonds and the maturity date or dates thereof are listed below:

Series	Maturity	Amount

[Remainder of page intentionally left blank]

We acknowledge that if certain conditions described in the Agency's Fourteenth Supplemental Single Family Housing Bond Resolution shall occur on or prior to the Adjustment Date, such Series 10 Tender Bonds will be subject to mandatory redemption on the Adjustment Date despite this direction to exchange such Bonds for Adjusted Rate Bonds.

CEDE & CO., a nominee of THE
DEPOSITORY TRUST COMPANY

____
Signature

____
Name

RESOLUTION AMENDING
RESOLUTIONS ADOPTED AT THE ANNUAL MEETING OF
VERMONT HOUSING FINANCE AGENCY, JULY 23, 1998

WHEREAS, the Agency has renamed its Single Family Operations Department "Home Ownership Programs;" and

WHEREAS, a new Director of Home Ownership Programs, Patricia A. Crady, has been named to replace the retiring Director of Single Family Operations; and

WHEREAS, the Agency's Deputy Director has resigned; and

WHEREAS, a new position, Director of Administration, has been created; and

WHEREAS, the Board of Commissioners wishes to amend the Resolution adopted at the annual meeting of Vermont housing finance agency, July 23, 1998 (the "Resolution") to reflect these changes;

NOW, THEREFORE, it is hereby RESOLVED:

1. Wherever the Resolution refers to the "Director of Single Family Operations," the title shall be changed to "Director of Home Ownership Programs." The individual whose signature and title appears below is authorized to do those acts provided for the position of Director of Home Ownership Programs in the Resolution, as amended.

Director of Home Ownership Programs ________________ Patricia A. Crady

2. Wherever the Resolution refers to the "Assistant Director of Single Family Operations," the title shall be changed to "Assistant Director of Home Ownership Programs." The individual whose signature and title appears below is authorized to do those acts provided for the position of Assistant Director of Home Ownership Programs in the Resolution, as amended.

Assistant Director of Home Ownership Programs ________________ Jacklyn R. Santerre

3. The position of Deputy Director is vacant and will not be filled at this time.

4. A new position, Director of Administration, is created. The Director of Administration will have the duties of the Deputy Director and such other duties as assigned by the Executive Director.

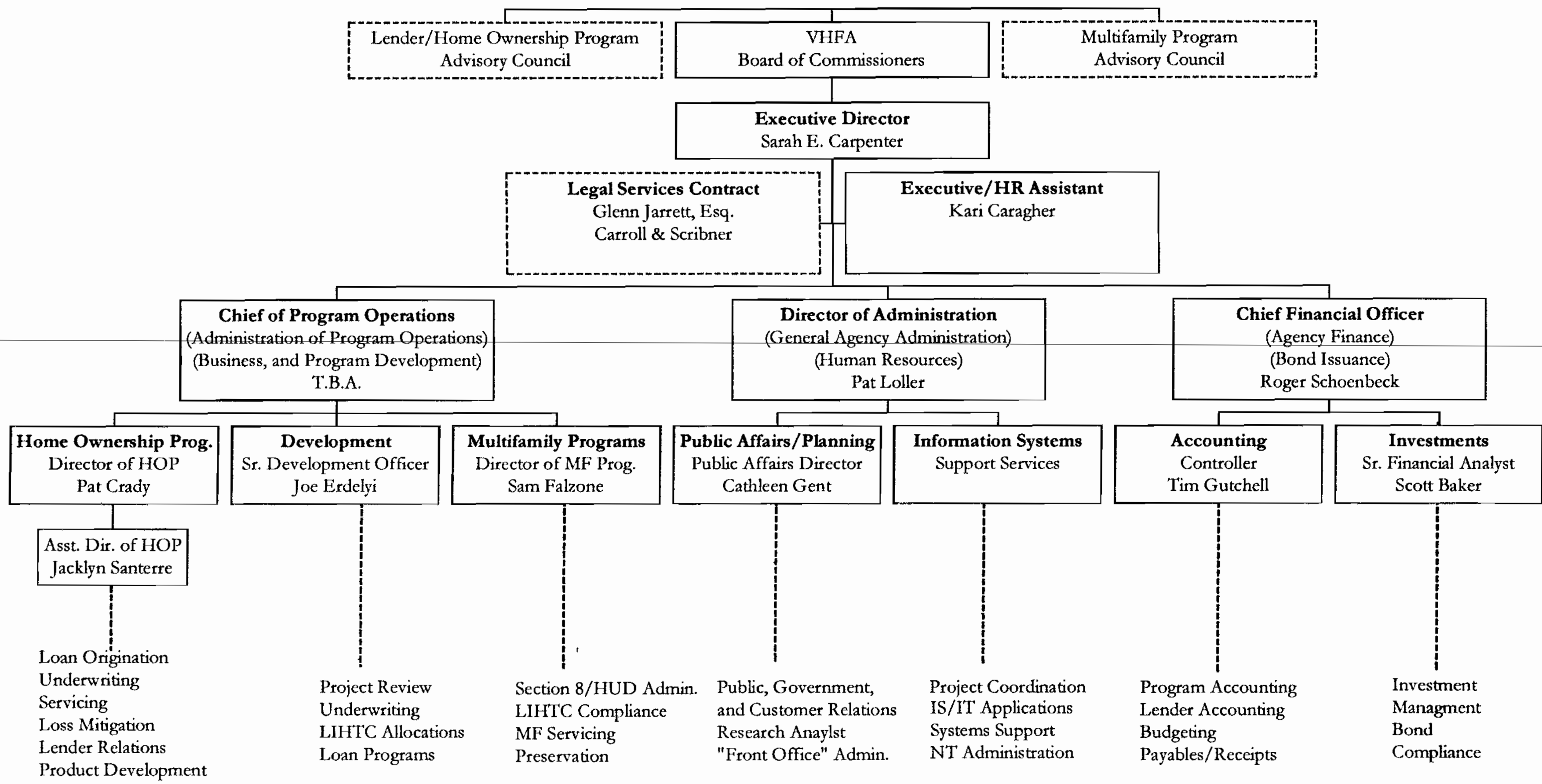
5. The individual whose signature and title appears below is authorized to do those acts provided for the position of Deputy Director in the Resolution, as amended.

Director of Administration ______________ Patricia M. Loller

6. The remainder of the Resolution not affected by these changes will continue in force as written.

7. The names of all personnel of the Agency listed herein are included only for purposes of identification. The power to appoint persons to these or other positions within the Agency belongs to the Executive Director.

VERMONT HOUSING FINANCE AGENCY



25 years
1974 1999
vhfa
Vermont Housing Finance Agency

MEMORANDUM

To: VHFA Board of Commissioners

From: Glenn A. Jarrett, General Counsel

Date: April 9, 1999

Re: The Briars (Wilder)

The Briars closing is tentatively scheduled for April 29. The Agency does not yet have a source of funds for this $681,000 loan. The Agency could fund the acquisition with a general fund loan at closing and will later replace the general fund money with tax-exempt bond proceeds. If so, it is necessary for the Board to pass a reimbursement resolution to insure our ability to recover any money put into the deal at this point. An example is attached.

REQUESTED ACTION:

Adoption of the attached resolution.

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

RESOLUTION STATING INTENT TO PROVIDE FINANCING AND TO REIMBURSE ANY ADVANCES WITH RESPECT TO A 17-UNIT PROJECT IN WILDER (HARTFORD)

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, 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 approximately $700,000 aggregate principal amount (the "Bonds") to finance a loan to Briars Housing Limited Partnership (the "Borrower") to acquire and rehabilitate a 17-unit project (the "Project") in Wilder (Hartford), Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and rehabilitate 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.

2. The preliminary approval of paragraph 1 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.

3. This Resolution shall become effective immediately.

RESOLUTION HONORING
DOUGLAS R. LOTHROP
ON HIS RETIREMENT FROM THE POSITION
OF DIRECTOR OF SINGLE FAMILY OPERATIONS OF THE
VERMONT HOUSING FINANCE AGENCY

WHEREAS, Douglas Lothrop first joined the Vermont Housing Finance Agency in 1983 as Loan Service Supervisor after a distinguished career in banking; and

WHEREAS, Doug served in that capacity until 1985 before leaving VHFA for a banking position in the private sector; and

WHEREAS, having seen the error of his ways, Doug returned from the private sector to VHFA to serve as Director of Single Family Operations from 1986 to the present; and

WHEREAS, Doug focused, among other areas, on energy conservation, including concentrated involvement with the Vermont Energy Investment Corporation, Energy Rated Homes of Vermont (serving as President) and Energy Rated Homes of America, which he served as Chairman of the Board; and

WHEREAS, Doug has always greeted his co-workers with good cheer and bonhomie; and

WHEREAS, the Commissioners and staff of Vermont Housing Finance Agency have valued the knowledge, wisdom and leadership of Doug Lothrop during his tenure as Director of Single Family Operations;

NOW, THEREFORE, it is hereby RESOLVED:

1. Vermont Housing Finance Agency thanks Doug Lothrop for his dedicated service as Loan Service Supervisor of the Agency from 1983-85 and as Director of Single Family Operations from 1986 to 1999.

2. Doug Lothrop has been vital in the Agency's efforts to achieve its mission of providing affordable housing to Vermonters.

3. Vermont Housing Finance Agency expresses its sincere and lasting appreciation to Doug Lothrop for all his good work over the 15 years he has been associated with Vermont Housing Finance Agency.

4. Vermont Housing Finance Agency declares Douglas Lothrop to be a "Friend of Affordable Housing."

RESOLUTION REGARDING
VERMONT HOUSING FINANCE AGENCY
MONEY PURCHASE PENSION PLAN

WHEREAS, several of the trustees the Vermont Housing Finance Agency Money Purchase Pension Plan (the "Plan") have left the Agency or resigned and replacements need to be appointed; and

WHEREAS, the Executive Director has recommended that Sarah E. Carpenter and Patricia M. Loller be added to the Agency's pension plan trustees;

WHEREAS, the Plan's administrator has recommended eliminating the requirement that an employee have 1000 hours of service in a year in order to receive Agency contributions, retroactive to January 1,1999, and staff concurs in this recommendation;

NOW, THEREFORE, it is hereby RESOLVED:

1. The resignations of Glenn Jarrett and Douglas Lothrop as trustees of the Vermont Housing Finance Agency Money Purchase Pension Plan are accepted. Allan Hunt and Michael McNamara are removed as trustees of the Vermont Housing Finance Agency Money Purchase Pension Plan.

2. Sarah E. Carpenter and Patricia M. Loller are hereby appointed trustees of the Vermont Housing Finance Agency Money Purchase Pension Plan.

3. The requirement of the Plan that an employee have 1000 hours of service in a year in order to receive Agency contributions is hereby repealed, effective January 1, 1999.

4. The Executive Director is hereby directed to take all steps necessary to implement this Resolution.

25 years vhfa
1974 1999 Vermont Housing Finance Agency

MEMORANDUM

To: VHFA Board of Commissioners

From: Sarah E. Carpenter, Executive Director
Glenn A. Jarrett, General Counsel SC

Date: April 9, 1999

Re: Pension Plan Changes

BACKGROUND

We recently met with the Agency's pension plan administrator. There are two issues that need to be addressed immediately, with another larger issue remaining for discussion.

Because of staff turnover, new trustees for the Agency's pension plan need to be named. Although traditionally there have been five trustees, there is no minimum requirement. With Doug and Glenn's resignations as trustees, Roger is the one remaining trustee. We are requesting that Sarah and Pat Loller be added as trustees. The new chief of Program Operations can be added later. We did want to discuss what role the Board needs to have in oversight of the Plan.

The second issue for action is to do away with the requirement that an employee have 1000 hours of service in a year in order to receive any contribution from the Agency for that year. In effect, that penalizes any employee who leaves the Agency during the first half of a year. Our administrator doesn't think the 1000 hour requirement fits with the way our plan is run and has recommended its elimination. Staff concurs.

The third issue concerns vesting. The Agency's plan currently contains a vesting provision that allows money to vest in the employees at the rate of 20% a year, with five years required for full vesting. There has been a discussion of this issue with the Board HR Committee about the competitiveness of this versus more immediate vesting, like a 401(k) plan. This needs to be resolved as we finalize the employee handbook and next year's budget.

REQUESTED ACTION:

Adoption of the attached resolution.

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

RESOLUTION REGARDING
VERMONT HOUSING FINANCE AGENCY
MONEY PURCHASE PENSION PLAN

WHEREAS, several of the trustees the Vermont Housing Finance Agency Money Purchase Pension Plan (the "Plan") have left the Agency or resigned and replacements need to be appointed; and

WHEREAS, the Executive Director has recommended that Sarah E. Carpenter and Patricia M. Loller be added to the Agency's pension plan trustees;

WHEREAS, the Plan's administrator has recommended eliminating the requirement that an employee have 1000 hours of service in a year in order to receive Agency contributions, retroactive to January 1,1999, and staff concurs in this recommendation;

NOW, THEREFORE, it is hereby RESOLVED:

1. Sarah E. Carpenter and Patricia M. Loller are hereby appointed trustees of the Vermont Housing Finance Agency Money Purchase Pension Plan.

2. The requirement of the Plan that an employee have 1000 hours of service in a year in order to receive Agency contributions is hereby repealed, effective January 1, 1999.

3. The Executive Director is hereby directed to take all steps necessary to implement this Resolution.

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia M. Loller, Director of Administration

DATE: April 12, 1999

RE: Year 2000 Update

VHFA has just received the report from Panurgy (formerly Computer Land) regarding their testing of hardware and inventory of all software and it's Year 2000 readiness factor. I'm happy to report that 100 % of our hardware is Year 2000 ready. All PCs/servers were physically tested, while hubs/routers and other miscellaneous hardware have been sited as Year 2000 ready by the manufacturer.

However, the report also stated that 47% of VHFA's software is Year 2000 ready, 7% passed conditionally, 22% failed and 23% were not being tested by the vendor. These numbers are very different than those I have disclosed in the past. However, these numbers do not truly represent the status of VHFA's critical software applications. The reasons for the discrepancy are two fold, the first being due to the level of detail of Panurgy's inventory process and the second to the changing status of Microsoft's definition of Year 2000 ready.

The software inventory process identified every piece of software, no matter how insignificant, on every PC/server within the Agency. When a PC is purchased, there is bundled software included, which most users never use or even know is part of their PC software package. The Panurgy report includes the results for each of these non-critical software packages. Also, due to the various times PCs were purchases, different versions of the same software maybe on system, which is incrementing the number not compliant by each additional version.

Regarding Microsoft, our plan has been to load the upgrades/patches to our test server as they are released from Microsoft, then download to the respective users. We will be deleting several old versions, which are not in use any longer.

Once I return from the Mitas visit, I will complete the analysis, which I have started, to identify any true risk to VHFA. I will update Board members prior to our next meeting in May if any high risk factors are identified in this analysis. I do plan on providing an in depth status report regarding all aspects of VHFA's Year 2000 planning process at the May meeting.

On other fronts, we have completed 99% of our contingency plans and are working to get our test system in place. We have also been successful with receiving confirmation from 99% of our vendors/housing partners regarding the status of their Year 2000 readiness.

Please give me a call with any questions or concerns you may have regarding VHFA's Year 2000 process, 802-652-3425.

Single Family Mortgage Interest Rates Available through Selected HFAs: 4/12/99

HFA	Interest rate	Interest rate. By points (if available): 0 pts.	1 pt.	2 pts.	3 pts.	Notes
Alaska	6.25% 30 yr, 6% 15 yr.					Borrowers who have incomes at or below the HUD median, who are first-time homebuyers, and who would have less than $10,000 liquid assets after closing are eligible for rates 1-2% lower than the standard rate (shown at left).
Colorado	6% high cost, 6.25% other areas					Additional special program with 5.75% interest rate in high cost areas and 6% in all other areas
Idaho		6.07%	5.92%	5.77%		Additional interest rate qualifier program: stepped rate ranging from 5.59% to 6.04% depending on points
Illinois		6.75%	6.60%	6.45%	6.30%	6% with no points in targeted areas
Indiana	6.50%					Interest rate usually stays 1/2 point below market rates
Iowa	6.55%					
Pennsylvania	5.9% existing, 5% new homes					Additional Programs: Lower income program: 5.25%; Homestead program: 5.25%; County outreach program 5% - 5.9%.
Georgia	5.875% non-targeted, 5.5% targeted					
Nebraska	6.15% (1% orig. fee and .75% for points)					Special homebuyer assistance program = 7.03% with a 11 yr. deferred secondary mortgage loan for down payment and closing cost assistance
Nevada	6.10%					Interest rate will be 6.20% in May 1999
New Hampshire		6.25%		5.75%		Interest rate is usually one to two points below conventional rates
North Carolina	5.75%					Interest free deferred 2nd mortgages for down payment and closing cost assistance
North Dakota			6.05% (1.5 pts.)		5.80%	Step rate program: 5.1%(yr. 1), 5.55%(yr. 2), 6% (yrs. 3 - 30)
Ohio			5.99%		5.70%	
Rhode Island	6.125% with a 1pt origination fee					Lower rates for incomes less than $31,000: $0 - 23,000: 4.63%, $23,001 - 26,000: 5.13%, $26,001 - 31,000: 5.63%. Note: all interest rates are redetermined weekly.
South Dakota	5.95%					Step rate program starts at 4.85% and ends at 6.85%
Texas	5.85%					
Tennessee	5.88%					Special program offers rate of 6.875% with grant for 4% of the mortgage amount in downpayment and closing cost assistance.
Utah		6.09%		5.79%		
Virginia	6.25%					Step rate program: 4.75%(yr. 1), 5.75%(yr. 2), 6.75%(yr. 3 - 30).
Vermont		*6.70%*	*6.45%*			*Step rate: 5.85% yrs. 1-3, 6.85% yrs. 4-30: House & YESS 1 point 4.95% 1st yr, 5.45% 2nd yr, 5.95% 3rd yr, 6.54% yrs 4-30.*

Source: Housing Finance Agencies

Devin Zeller: Intern at Vermont Housing Finance Agency

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Kari Caragher, Executive Assistant

DATE: May 4, 1999

RE: MEETING VIA CONFERENCE CALL MAY 6TH AT 9:00 A.M.

This is to notify you that the next VHFA Board of Commissioners meeting has been confirmed. The meeting will be held via conference call on May 6th, 1999 at 9:00 a.m.

Attached is the memo that we will be discussing on Thursday.

If you have any questions, please call me at 652-3413. Thanks!

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Cathleen Gent, Public Affairs Director CG
Leslie Black-Plumeau, Research Analyst LB-P

DATE: May 3, 1999

RE: Recommendations for Income and Purchase Price Changes

REMINDER: This topic will be discussed during the special VHFA Board conference call to take place on Thursday, May 6th at 9:00 AM.

As discussed with the Board in March, VHFA has reviewed recently-released data to adjust both our income and purchase price limits for our homeownership programs. VHFA's limits have not been adjusted in several years, despite steady increases in incomes and a boost in the residential real estate market in many parts of Vermont. The following are staff recommendations for new income and purchase price limits, based on current data regarding income and residential real estate trends, as well as the current allowable maximum limits.

Kutak Rock, VHFA's Bond Counsel, has reviewed and approved VHFA's methodology and the following recommended income and purchase price limits. Bond counsel indicated that VHFA may choose to use the "safe harbor" purchase price limits for some areas of the state and the limits based on our analysis of the 1998 data in other areas.

As you know, Caledonia, Essex, Franklin (non-MSA), Lamoille, Orange, Orleans, Rutland, Washington, and Windham counties are considered areas of chronic economic distress and, therefore, are MRB and MCC program targeted areas. This allows VHFA to use a higher factor in calculating the income and purchase price limits in those counties. The recommendations for income and purchase price limits incorporate the expanded factors allowed for the targeted counties.

Recommended Income Limits

The primary data source used to adjust VHFA's maximum income limits is HUD's annual median income figures. In January, HUD released the 1999 median income tables for the state and for each county. In light of the new HUD income data, VHFA staff recommend increasing the income limits beyond VHFA's current limits in all counties. The HUD income data and discussions with our lending and real estate partners indicate that VHFA's limits have prevented us from being able to offer mortgage products to Vermonters of modest means.

- These new limits will spur interest in our homeownership programs. VHFA's volume of mortgage and mortgage credit activities has fallen to the lowest level in over 10 years. A large number of lenders and real estate professionals from many parts of the state report that VHFA's income limits are simply too restrictive to use with their borrowers.
- The maximum income limits are recommended for the targeted counties, in particular, because these parts of Vermont, identified as economically distressed, will benefit from a boost in the real estate market.
- By expanding income limits, VHFA will be able to spread the risk to a larger, more diversified portfolio and to continue special programs for the lower-income Vermonters we want to assist. VHFA remains committed to assisting low-income home buyers through down payment assistance, special low-interest products (HOUSE and YESS), and Homeownership Center education and counseling.

Recommended Income Limits For MRB and MCC Programs

	Current VHFA Limits		Proposed Limits	
	2 or Fewer Persons	3+ Persons	2 or Fewer Persons	3+ Persons
Burlington MSA	42,400	48,700	50,000	57,500
Addison	38,900	44,700	41,000	47,000
Bennington	38,900	44,700	41,000	47,000
Caledonia	40,000	46,000	49,000	57,500
Chittenden (non-MSA)	38,900	44,700	50,000	57,500
Essex	40,000	46,000	49,000	57,500
Franklin (non-MSA)	40,000	46,000	49,000	57,500
Grand Isle (Non-MSA)	38,900	44,700	41,000	47,000
Lamoille	40,000	46,000	49,000	57,500
Orange	40,000	46,000	49,000	57,500
Orleans	40,000	46,000	49,000	57,500
Rutland	40,000	46,000	49,000	57,500
Washington	40,000	46,000	50,000	57,500
Windham	40,000	46,000	49,000	57,500
Windsor	38,900	44,700	41,000	47,000

Recommended Purchase Price Limits

From discussions with our lender, real estate, and nonprofit partners, we know that VHFA's purchase price limits for MRB and MCC programs are too low in many areas of the state to provide financing options for borrowers who need our affordable mortgage loan and credit certificate products. The current purchase price limits are particular constraints in Chittenden, Addison, Bennington, and Windsor counties.

VHFA used two data sets to analyze purchase prices. VHFA obtained data on all properties sold in Vermont in 1998 from the Vermont Department of Taxes and from Vermont realtor and realtor-affiliates through their multiple listing services. Because the Department of Taxes data set does not distinguish new from existing homes, we obtained a data set from the Vermont Real Estate Information Network (VREIN), which includes MLS transactions in 1998 for most parts of Vermont. We also coded any other transfers with recognized builders and addresses in new home developments as new homes. All transfers of new homes were eliminated from our analysis of existing home purchase prices.

The recommended purchase price limits for the MRB and MCC programs are expanded in all counties.

- These new purchase price limits will generate substantial interest in our homeownership programs. VHFA's volume of mortgage and mortgage credit activities had fallen to the lowest level in over 10 years. A large number of lenders and real estate professionals from many parts of the state report substantial frustration with VHFA's current purchase price limits.
- These limits will allow VHFA to spread the risk to a larger, more diversified portfolio. With the multiple options currently available through other conventional programs, VHFA will now be able to attract some of the borrowers who have better credit, lower ratios, and other positive attributes that will help our portfolio.
- The recommended limits are "balanced," that is, a person who earns the maximum income under the new limits will be able to qualify for a VHFA mortgage with the proposed purchase price limits.
- The maximum purchase price limits recommended for the targeted counties, identified as economically distressed, may boost the real estate market for both first-time and move-up home buyers.

	Current VHFA Limits			Proposed Limits		
	Existing Homes	New Homes	2-Family Homes	Existing Homes	New Homes	2-Family Homes
Burlington MSA	104,000	126,000	112,500	120,000	155,000	137,000
Addison	92,300	126,000	104,000	110,000	129,000	127,000
Bennington	92,300	126,000	104,000	110,000	129,000	124,000
Caledonia	99,000	126,000	107,000	110,000	150,000	126,000
Chittenden (non-MSA)	92,300	126,000	104,000	115,000	129,000	126,000
Essex	99,000	126,000	107,000	110,000	150,000	126,000
Franklin (non-MSA)	99,000	126,000	107,000	110,000	150,000	126,000
Grand Isle (Non-MSA)	92,300	126,000	104,000	100,000	129,000	120,000
Lamoille	99,000	126,000	107,000	120,000	150,000	135,000
Orange	99,000	126,000	107,000	110,000	150,000	126,000
Orleans	99,000	126,000	107,000	110,000	150,000	126,000
Rutland	99,000	126,000	107,000	110,000	150,000	126,000
Washington	99,000	126,000	107,000	115,000	150,000	132,000
Windham	99,000	126,000	107,000	120,000	150,000	135,000
Windsor	92,300	126,000	104,000	110,000	129,000	126,000

Board Action Requested

To adopt the recommended revised income limits and purchase price limits. If approved, these will be announced as part of the Series 10 Bond financing press event by Governor Dean on either May 12 or May 13.

SEND REPORT

MAY-04-99 TUE 12:21 PM

#	DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
01	MAY-04	10:53 AM	98630385	24"	1	SEND	OK	741	
02		11:41 AM	918028283203	41"	1	SEND	OK	742	
03		11:54 AM	918028283203	2'39"	6	SEND	OK	743	
04		11:57 AM	918028282772	1'39"	6	SEND	OK	744	
05		12:01 PM	918028283306	1'41"	6	SEND	OK	746	
06		12:03 PM	918028282928	2'40"	6	SEND	OK	747	
07		12:06 PM	918027470702	2'42"	6	SEND	OK	748	
08		12:09 PM	918023343484	1'40"	6	SEND	OK	749	
09		11:59 AM	98798734	2'55"	6	SEND	OK	745	
			TOTAL:	17'01"	44				

GRAND TOTAL TIME: 90H 8M 14S PAGES: 4231

P. 01

TRANSACTION REPORT

MAY-04-99 TUE 12:13 PM

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
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	12:11 PM		1'39"	6	SEND	OK	745	

TOTAL : 2M 55S PAGES: 6

vhfa

VERMONT HOUSING FINANCE AGENCY

FACSIMILE COVER SHEET

DATE: May 4, 1999

TIME: 12:00 p.m.

To: Lisa Randall

Company: New England Federal Credit Union

Fax Number: (802) 879-8734

From: **Kari Caragher**

NOTICE OF MEETING

The Board of Commissioners of the Vermont Housing Finance Agency will meet Via Telephone on Thursday, May 6th, 1999 at 9:00 a.m. If someone would like to attend they may do so at the Vermont Housing Finance Agency's Offices at 164 Saint Paul Street, Burlington, Vermont 05401 in the Myette-Shaw Board Room.

P.01

SEND REPORT

MAY-04-99 TUE 10:12 AM

#	DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
01	MAY-03	02:50 PM	96609034	2'48"	5	SEND	OK	735	
02		04:19 PM	914412360371	39"	1	SEND	OK	736	
03	MAY-04	09:18 AM	96526399	30"	2	SEND	OK	737	
04		09:19 AM	918027752423	1'13"	2	SEND	OK	738	
05		09:22 AM	918028282199	1'10"	2	SEND	OK	740	
06		09:21 AM	96601802	1'07"	2	SEND	OK	739	

TOTAL: 7'27" 14

GRAND TOTAL TIME: 89H 51M 13S PAGES: 4187

RESOLUTION STATING INTENT TO PROVIDE FINANCING AND TO REIMBURSE ANY ADVANCES WITH RESPECT TO A 17-UNIT PROJECT IN WILDER (HARTFORD)

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, 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 approximately $700,000 aggregate principal amount (the "Bonds") to finance a loan to Briars Housing Limited Partnership (the "Borrower") to acquire and rehabilitate a 17-unit project (the "Project") in Wilder (Hartford), Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and rehabilitate 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.

2. The preliminary approval of paragraph 1 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.

3. This Resolution shall become effective 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 Montpelier, Vermont, on April 15, 1999.

Sarah Carpenter

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

RESOLUTION REGARDING
VERMONT HOUSING FINANCE AGENCY
MONEY PURCHASE PENSION PLAN

WHEREAS, several of the trustees the Vermont Housing Finance Agency Money Purchase Pension Plan (the "Plan") have left the Agency or resigned and replacements need to be appointed; and

WHEREAS, the Executive Director has recommended that Sarah E. Carpenter and Patricia M. Loller be added to the Agency's pension plan trustees;

WHEREAS, the Plan's administrator has recommended eliminating the requirement that an employee have 1000 hours of service in a year in order to receive Agency contributions, retroactive to January 1,1999, and staff concurs in this recommendation;

NOW, THEREFORE, it is hereby RESOLVED:

1. The resignations of Glenn Jarrett and Douglas Lothrop as trustees of the Vermont Housing Finance Agency Money Purchase Pension Plan are accepted. Allan Hunt and Michael McNamara are removed as trustees of the Vermont Housing Finance Agency Money Purchase Pension Plan.

2. Sarah E. Carpenter and Patricia M. Loller are hereby appointed trustees of the Vermont Housing Finance Agency Money Purchase Pension Plan.

3. The requirement of the Plan that an employee have 1000 hours of service in a year in order to receive Agency contributions is hereby repealed, effective January 1, 1999.

4. The Executive Director is hereby directed to take all steps necessary to implement 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 Montpelier, Vermont, on April 15, 1999.

Sarah Carpenter

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

RESOLUTION HONORING
DOUGLAS R. LOTHROP
ON HIS RETIREMENT FROM THE POSITION
OF DIRECTOR OF SINGLE FAMILY OPERATIONS OF THE
VERMONT HOUSING FINANCE AGENCY

WHEREAS, Douglas Lothrop first joined the Vermont Housing Finance Agency in 1983 as Loan Service Supervisor after a distinguished career in banking; and

WHEREAS, Doug served in that capacity until 1985 before leaving VHFA for a banking position in the private sector; and

WHEREAS, having seen the error of his ways, Doug returned from the private sector to VHFA to serve as Director of Single Family Operations from 1986 to the present; and

WHEREAS, Doug focused, among other areas, on energy conservation, including concentrated involvement with the Vermont Energy Investment Corporation, Energy Rated Homes of Vermont (serving as President) and Energy Rated Homes of America, which he served as Chairman of the Board; and

WHEREAS, Doug has always greeted his co-workers with good cheer and bonhomie; and

WHEREAS, the Commissioners and staff of Vermont Housing Finance Agency have valued the knowledge, wisdom and leadership of Doug Lothrop during his tenure as Director of Single Family Operations;

NOW, THEREFORE, it is hereby RESOLVED:

1. Vermont Housing Finance Agency thanks Doug Lothrop for his dedicated service as Loan Service Supervisor of the Agency from 1983-85 and as Director of Single Family Operations from 1986 to 1999.

2. Doug Lothrop has been vital in the Agency's efforts to achieve its mission of providing affordable housing to Vermonters.

3. Vermont Housing Finance Agency expresses its sincere and lasting appreciation to Doug Lothrop for all his good work over the 15 years he has been associated with Vermont Housing Finance Agency.

4. Vermont Housing Finance Agency declares Douglas Lothrop to be a "Friend of Affordable Housing."

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 April 15, 1999.

Sarah E. Carpenter

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

CERTIFIED RESOLUTION OF BOARD OF COMMISSIONERS
REGARDING FEDERAL HOME LOAN BANK OF BOSTON
CUSTODIAL SERVICES AND TRADING PROGRAM

VERMONT HOUSING FINANCE AGENCY

I, Sarah E. Carpenter, certify that I am Secretary and an official custodian of minutes of the meetings of the Board of Commissioners of the Vermont Housing Finance Agency.

I further certify that the following resolution was duly adopted at a meeting of the Board of Commissioners of said institution held on March 18, 1999, and that such resolution remains in full force and effect:

WHEREAS, this institution wishes to utilize the custodial services of the Federal Home Loan Bank of Boston described in the "Custodial Services and Trading Agreement," it is

RESOLVED, that the Executive Director, the Director of Finance and the Director of Information Technology or Director of Administration of the institution be and each of them is hereby authorized and directed to execute and deliver to the Federal Home Loan Bank of Boston, on behalf of this institution, an agreement substantially in the form of the "Custodial Services and Trading Agreement" presented to this meeting and such further agreements, documents, or instruments as may be necessitated by this institution's participation in the Custodial Services and Trading Program.

FURTHER RESOLVED, that the Executive Director of the institution be and is hereby empowered to designate in writing the officers or employees of this institution authorized on its behalf to execute documents and to give written and oral instructions (including the use of facsimile signatures and the electronic transmissions thereof) pertaining to securities from time to time subject to safekeeping or to other transactions executed for this institution by said Bank in connection with its Custodial Services and Trading Program.

FURTHER RESOLVED, that the Federal Home Loan Bank of Boston shall be entitled to rely on any designation provided for herein in accepting and acting upon instructions given or documents executed by persons so designated until written notice of revocation or amendment of such designation shall have been received by said Bank.

IN WITNESS WHEREOF I have hereunto set my hand and seal of this Institution, this 30 day of April, 1999

(Corporate Seal)

Sarah E. Carpenter
Secretary

Sarah E. Carpenter

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 18, 1999.

Sarah Carpenter

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

CARROLL & SCRIBNER

ATTORNEYS AT LAW

EDWARD J. CARROLL*
MARK H. SCRIBNER
STEVEN E. RICHARDS**
* VT and N.Y.
** MO only

OF COUNSEL:
OSWALD I. KRAMER (N.Y.)
PHILIP A. BOYLE (CA)
GLENN A. JARRETT, CFP

74 MAIN STREET
BURLINGTON, VT 05401

Reply To:
P.O. BOX 932
BURLINGTON, VT 05402-0932

Tel: (802) 862-2855
Fax: (802) 865-9727
E-mail: Law@carrscrib.com

MEMORANDUM

To: VHFA Board of Commissioners

From: Glenn A. Jarrett, Esq. GAJ

Date: May 5, 1999

Re: The Briars (Wilder)

The Briars closing, tentatively scheduled for April 29, was postponed due to a real estate issue that is in the process of being resolved. The tentative closing date is May 19, the day before the Board's regular May meeting. The Borrower now wishes to take advantage of a tax-exempt bridge loan, which was discussed in the materials for the March Board meeting. The bridge loan needs to be tax-exempt to assure the Borrower of qualifying for out-of-cap credits. However, the amount is now approximately $90,000, instead of $200,000. The Agency could fund this bridge loan with a general fund loan at closing and later replace the general fund money with tax-exempt bond proceeds. We are checking with bond counsel to determine the precise timing requirements. In order to maintain that flexibility, it is necessary for the Board to amend the reimbursement resolution it passed last month to insure the Agency's ability to recover any money put into the deal at this point.

REQUESTED ACTION:

Adoption of the attached amended resolution.

AMENDED RESOLUTION STATING INTENT TO PROVIDE FINANCING AND TO REIMBURSE ANY ADVANCES WITH RESPECT TO A 17-UNIT PROJECT IN WILDER (HARTFORD)

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, 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 (the "Reimbursement Resolutions") of approximately $700,000 aggregate principal amount (the "Bonds") to finance a loan to Briars Housing Limited Partnership (the "Borrower") to acquire and rehabilitate a 17-unit project (the "Project") in Wilder (Hartford), Vermont that will qualify for federal low-income housing tax credits; and

WHEREAS, the Agency wishes to amend the Reimbursement Resolution of April 15, 1999 to add additional, short term tax-exempt financing of not more than $100,000 to the amount of the Bonds covered by the reimbursement resolution;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and rehabilitate 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.

2. The preliminary approval of paragraph 1 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.

3. This Resolution shall become effective immediately.

25 years 1974 1999 vhfa Vermont Housing Finance Agency

May 17, 1999

Ms. Mary Moore
Vermont Department of Libraries
109 State Street
Montpelier, VT 05609

Dear Ms. Moore:

The Vermont Housing Finance Agency Board of Commissioners will have a meeting on Thursday, May 27th via telephone conference call. If someone would like to attend, they may do so at our offices, 164 Saint Paul Street, Burlington, Vermont at 9:00 a.m.

The VHFA Board's Human Resource Committee will also be meeting at 7:30 a.m. at the Vermont Housing Finance Agency's Office.

If you have any questions, please do not hesitate to contact me at 652-3413.

Sincerely,

Kari Caragher

Kari A. Caragher
Executive/HR Assistant

EQUAL HOUSING OPPORTUNITY

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: May 21, 1999

RE: **CONFIRMATION OF UPCOMING BOARD MEETING**

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held on May 27th at 9:00 a.m.

Please note that the Human Resources Committee will meet prior to this meeting at VHFA. All other Board members will join the 9:00 a.m. Board meeting ***via telephone conference call.***

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

Please feel free to contact me should you have any questions prior to the meeting.

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

Thursday, May 27th at 9:00 a.m.
Note: Most participants will be joining via telephone.

7:30 a.m. – 9:00 a.m.

- The Human Resources Committee will be meeting at the VHFA Office.

9:00 a.m.

1. Review and approval of the minutes from April 15, 1999 and May 6, 1999

2. **PROGRAM OPERATIONS**
   A. Development
      1. Blair Apartments {Erdelyi//Enclosure}

   B. Homeownership Program
      1. Homeownership Center Funding {Crady/Gent//Enclosure}
      2. HUD Counseling Grant {Crady//Enclosure}

3. Any other old or new business to come before the Board.

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

25 years 1974 1999 vhfa Vermont Housing Finance Agency

BOARD MINUTES

State Treasurer's Office
133 State Street, Conference Room #1
Montpelier, Vermont

Thursday, April 15th at 1:00 p.m.

PRESENT: Chairman White; Commissioners Seelig, Randall, Candon (designee of Costle), Brown (designee of Lambert), Douglas, Smith (designee of Douglas)

Staff: Ms. Carpenter, Ms. Caragher, Ms. Gent, Ms. Crady, Ms. Black-Plumeau, Mr. Schoenbeck, Mr. Jarrett, Mr. Lothrop, Ms. Reid

Other: Mr. Rittenhouse (AG Edwards)

Via Telephone: Mr. Gurley (Paine Webber, Inc.), Mr. Hans (Evensen Dodge), Ms. Welsh (Paine Webber, Inc.), Ms. Crost (Orrick & Herrington), Mr. Amsden (Kutak Rock)

Chairman White called the meeting to order at 1:06 p.m. A motion was made by Mr. Seelig to approve the minutes of March 18, 1999 with one change indicating that Mr. Candon is the designee for Ms. Costle. The motion carried unanimously after being seconded by Mr. Candon.

DEVELOPMENT

Ms. Reid briefly summarized the multifamily loan application for Jacobs Mobile Court, located in Randolph. The development contains a 19-unit mobile home park, of which 4 are rentals and 15 are owner-occupied. When the development is turned over, the rental units will eventually be converted into ownership. There will be a slight increase in rents to adequately cover the operating costs. The Randolph Area Community Development Corporation (RACDC) will be doing approximately $226,000 in upgrades to the development.

Ms. Reid indicated that one of the contingencies that was not mentioned on the Resolution is that the loan commitment should be contingent on successful applications from VCDP, VHCB, and HOME funds. Mr. Seelig noted that RACDC has been without an Executive Director since July of 1998 and wondered what their staff capacity was. Ms. Reid indicated that the increase in the residents' rents would include covering their own water expenses for which they would be billed directly by the Town. She also noted that RACDC plans to contract out for management of this property, it would probably not be done internally.

After a brief discussion, Mr. Candon made a motion to approve the "Resolution Pertaining to Combined Letter of Interest and Commitment Letter Re: Permanent Financing for Jacobs Mobile Court (Randolph)." The motion carried unanimously after being seconded by Mr. Douglas.

ADMINISTRATION

Executive Director's Report - Ms. Carpenter noted that it has been a very busy month. She has been working on reorganizing the Agency and has already instituted some changes. Ms. Carpenter announced that the Servicing staff would be moving upstairs to join the Homeownership Department and that the Public Affairs/Planning Division would be moving to the front of the building to replace the Servicing staff. The Information Systems (IS) staff will be moving to the first floor to the current Public Affairs/Planning Division offices.

Ms. Carpenter reminded the Board that Mr. Lothrop will be retiring from the Agency at the end of the month and that Mr. Jarrett is also leaving the Agency at the end of the month, but will still be contracting with VHFA as needed.

On the Development side, this year's tax credit round will be a very tough one. We have over a $1,500,000 in applications, with only $500,000 to allocate. Our Congressional Delegation is supporting the increase in the small state minimum.

Most of the Finance Department is in McKinney, Texas this week at the MITAS Group's Office, training for our conversion to Windows. The conversion will be taking place within the next month or so.

At this time, Mr. Douglas indicated that this meeting would be Mr. Smith's last VHFA Board meeting, as he has recently resigned from the State Treasurer's Office. Mr. Douglas thanked Mr. Smith for all his hard work on VHMGB and for serving as his designee. Chairman White thanked Mr. Smith for his great work, and indicated that the Board will miss him. The Board wished Mr. Smith luck in his future endeavors. Ms. Carpenter also added that Mr. Smith was a tremendous help to her in dealing with VHMGB and that she really appreciated all of his hard work and dedication.

FINANCE

Mr. Schoenbeck indicated that some of the rates on his memo had changed; the fixed rate with 2 points is now 6.05%, the fixed rate with 1 point is 6.20%, the step rate with 1 point is going from 4.7% to 6.2%, instead of 4.75% to 6.25%, and the bond yield rate of 4.86% has changed to 4.83%.

At this time, via the telephone, Mr. Gurley, Mr. Hans, Ms. Crost, Mr. Amsden, and Ms. Welsh were connected to discuss the bond sale. Mr. Gurley noted that the two-day retail order period began last Friday, which resulted in total orders of $10.1 million. He added that the bond sale went very well and the transaction was completed smoothly. Mr. Gurley indicated that, overall, we are very much in line with recent housing bonds sold in the market. Mr. Hans agreed with Mr. Gurley, indicating that the bond sale went very well and the rates sold with the bonds reduced the mortgage rate by 30 basis points.

Mr. Amsden indicated that the next step for the Board would be to approve the "Fourteenth Supplemental Single Family Housing Bond Resolution" to finalize the sale of the bonds. The resolution indicates that the bonds are subject to interest rate adjustments, so that if interest rates drop and we are unable to use our proceeds, we can remarket the bonds to reflect current market conditions. The resolution also establishes the accounts for the transaction, as well as approves the forms for the remarketing agreement and the purchase contracts between VHFA and Paine Webber, Inc. One change that was made to the resolution is a $150.00 discrepancy in the final price paid by Paine Webber, Inc. to buy the bonds.

After further discussion, Mr. Seelig made a motion to approve the "Fourteenth Supplemental Single Family Housing Bond Resolution." The motion carried unanimously after being seconded by Mr. Douglas.

ADMINISTRATION (Con't)

Public Affairs/Planning - Ms. Gent handed out a spreadsheet completed by VHFA's intern, Devin Zeller, that lists the single family mortgage interest rates available through HFAs. Ms. Gent noted that this spreadsheet was meant to serve as a comparison tool, listing what other HFAs are doing.

Year 2000 Update - Ms. Carpenter indicated that staff would keep the Board updated on our Y2K planning process. Ms. Carpenter indicated that we received a report from Panurgy regarding their testing of our hardware, and 100% of our hardware is Year 2000 ready. Ms. Loller will have an in-depth status report regarding all aspects of VHFA's Year 2000 planning process at the May Board meeting. Additional research needs to occur on the software analysis, as Panurgy Reported higher non-compliance than expected.

Human Resource Committee Update – Ms. Carpenter indicated that she would like to get the Human Resources Committee together soon to deal with pending issues. She noted that we will be hiring for three additional positions; one will be part of our Information Systems team, another will serve as an assistant to the Development and Multifamily staff to help integrate activities between the two departments, and the third one will serve as the Chief of Operations, overseeing the Homeownership, Development, and Multifamily staff.

Ms. Randall noted that, a year ago, the Board was reviewing the Employee Survey results. She asked what the pulse of the Agency was at this time, and how things were going. Ms. Carpenter noted that she feels comfortable with things and indicates that staff has participated in the changes that have been occurring. Ms. Crady added that she believes things have gotten much better and staff seems happier. Chairman White stated that he would like to talk to Board members to follow up on the Board's response to the Employee Survey. He mentioned that perhaps it could take place during the May meeting.

Pension Fund Discussion – Mr. Jarrett stated that, due to staff turnover, new trustees for the Agency's pension plan need to be named. With Mr. Jarrett and Mr. Lothrop's resignation as trustees, Mr. Schoenbeck is the only remaining trustee. Staff is requesting that Ms. Loller and Ms. Carpenter be added as trustees. It was also suggested that perhaps a couple of the Commissioners could serve as trustees. It was agreed that this could be discussed at a later date. Mr. Jarrett also indicated that our Pension Plan Administrator does not believe that our 1000-hour requirement fits well with the way our plan is run. The 1000-hour requirement means that an employee must work 1000 hours in a year to receive any contribution from the Agency for that year. Mr. Jarrett also noted that currently the Agency's plan contains a vesting provision that allows money to vest at the rate of 20% a year, with five years required for full vesting. There has been discussion surrounding this issue regarding the competitiveness of this vesting schedule versus more immediate vesting.

After further discussion, the Board decided they would like an opportunity to review the plan before making any changes other than the proposed resolution. Mr. Candon made a motion to approve the "Resolution Regarding Vermont Housing Finance Agency Money Purchase Pension Plan." The motion carried unanimously after being seconded by Mr. Seelig.

Public Affairs/Planning (con't) - Ms. Gent handed out a memo "Future Income and Purchase Price Changes" for the Board to review. Ms. Gent indicated that staff was not yet ready to provide a recommendation to the Board because we are still reviewing data on the income and purchase price limits. Ms. Gent pointed out that the proposed maximum allowable for 1-2 person is $50,800, which is an increase of $8,400.

Ms. Black-Plumeau indicated that she would continue to do research on this. It was suggested that we make our programs as simple as we can, so that we can attract lenders. Ms. Crady indicated we will be working on making our programs simpler and also mentioned that Ms. Deforge (our Homeownership Outreach Coordinator) will be focusing on working directly with lenders and real estate brokers.

Ms. Gent noted that staff would like to announce new purchase price and income limits in conjunction with the Series 10 single family bond issuance. Chairman White suggested that staff meet with the Board via conference call when they have the purchase price and income limits.

25th Anniversary – Ms. Gent indicated that the inaugural event, held at the Statehouse, went very well. Many legislators and partners enjoyed cake and conversation. Ms. Gent also stated that Senator Jeffords has committed to attending a party for our partners, tentatively scheduled for August 31st. VHFA will celebrate the anniversary throughout the year at numerous professional events that are already scheduled to take place.

<u>PROGRAM OPERATIONS</u>

Homeownership Program – Ms. Crady indicated that we are averaging $1 million in reservations per week, which is lower than usual for this time of the year. Contract underwriting with MGIC started on Monday and the transition seems to be going well. At the end of this month, staff will be finalizing all guarantee commitments.

We are showing an improvement in the average days to sell REOs and average REOs sold. Currently, we are having a lot of activity on our REOs. Ms. Crady also mentioned that, currently, staff is in the process of rewriting our Servicing Guide. Ms. Crady intends to implement this as soon as possible. Ms. Carpenter added that we would be sending the Servicing Guide out to our Servicers in draft form, so it will allow us to receive feedback.

Ms. Crady indicated that VHFA is applying for a HUD Housing Counseling Grant for up to $500,000 for funds to distribute to local housing affiliates. Staff has asked Mr. John Davis and Mr. Michael Monte of Burlington Associates to assist us in submitting an application for grant funds to help the Homeownership Centers and other organizations.

Ms. Crady also stated that VHFA is participating with VHCB, the Vermont Community Loan Fund, and the Department of Housing and Affairs to submit an application to HUD for numerous activities under the capacity building and innovative activity categories of the Rural Housing and Economic Development Program. Ms. Carpenter also noted that part of this collaboration includes funds that would be used in conjunction with loan funds to assist residential care homes in need of repairs. This is an issue that VHFA has been asked to be involved in and is a very critical need.

Ms. Crady then discussed the use of IORTA funds. Staff is proposing that we use an additional amount of IORTA funds to assist borrowers of the Homeownership Centers with their closing costs and to also assist YESS Program borrowers with their mortgage insurance costs. VHFA has approximately $200,000 in IORTA funds that are not committed. After further discussion, a motion was made by Mr. Seelig to allow the Executive Director to negotiate and execute agreements with the Homeownership Centers to use up to $150,000 in IORTA funds to assist VHFA borrowers with their closing costs and to work with ERH to determine the procedure for paying mortgage insurance costs or other fees associated with YESS program loans. The motion carried unanimously after being seconded by Mr. Brown. Priority will be given to individuals with income at or below 80% of median.

LEGAL

Mr. Jarrett indicated that numerous staff have revised job titles and need to approve an amended Annual Meeting Resolution. Mr. Candon made a motion to approve the "Resolution Amending Resolutions Adopted at the Annual Meeting of Vermont Housing Finance Agency, July 23, 1998." The motion carried unanimously after being seconded by Mr. Seelig.

Mr. Jarrett then indicated that the Briars project in Wilder might close within two weeks. With the approval of this Resolution, we can fund the project and then reimburse ourselves. Mr. Douglas made a motion to approve the "Resolution Stating Intent to Provide Financing and to Reimburse any Advances with Respect to a 17-Unit Project in Wilder (Hartford)." The motion carried unanimously after being seconded by Mr. Candon.

Next, Chairman White read to the Board members and staff the "Resolution Honoring Douglas R. Lothrop on His Retirement From the Position of Director of Single Family Operations of the Vermont Housing Finance Agency." Mr. Lothrop thanked the Board and staff for the Resolution. Mr. Seelig made a motion to approve the Resolution. The motion carried unanimously after being seconded by Mr. Candon.

OTHER BUSINESS

Chairman White recognized Mr. Jarrett for his twelve years with the Agency and noted that he has always helped us remain on top of issues that needed attention. Chairman White also stated that he is glad that he won't be too far away, and that we can call on Mr. Jarrett for his expertise. The Board wished Mr. Jarrett good luck on his future endeavors. Mr. Candon made a motion to declare Mr. Jarrett as a "friend of affordable housing." The motion carried unanimously after being seconded by Mr. Seelig.

Chairman White selected Mr. Brown, Mr. Seelig, and Mr. Douglas to serve on the Budget Committee with staff this year. Mr. Schoenbeck will be looking to set up a meeting toward the end of May.

Chairman White indicated that the Board should really look at the VHFA bylaws, liability insurance, etc. He feels that these things haven't had the attention they need and that, perhaps annually, the Board should review them. He will meet with Ms. Carpenter to identify the areas that need to be looked at annually, and will then present it to the Board members.

Chairman White also asked that we have the June 17th Board meeting in Montpelier beginning at 11:00 a.m. with a working lunch.

Ms. Carpenter noted that the PMI contract was signed and the closing date is May 14th. There is a tremendous amount of data that needs to be gathered prior to the closing. Ms. Carpenter indicated that she believes VHFA may have to pay roughly $175,000. The Board agreed that VHFA could subsidize up to $300,000, so we are still in that range.

With no further business, the meeting adjourned at 4:20 p.m.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

25 years 1974 1999 vhfa Vermont Housing Finance Agency

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

Thursday, May 6, 1999 at 9:00 a.m.

VIA TELEPHONE CONFERENCE CALL

Via telephone: Mr. Seelig, Mr. Brown (designee of Lambert), Mr. Douglas, Mr. Candon (designee of Costle), Ms. Randall, Ms. Canney

Staff present: Ms. Carpenter, Ms. Caragher, Ms. Gent, Ms. Loller, Ms. Crady, Ms. Santerre, Ms. Black-Plumeau, Ms. Deforge

In Chairman White's absence, Mr. Seelig called the meeting to order at 9:01 a.m. Participants were identified by AT&T roll call.

Ms. Carpenter briefly discussed the amended resolution, which states the intent for VHFA to provide financing and to reimburse any advances to the Briars Housing Limited Partnership. The Briars closing has been postponed and the new closing is set for May 19, the day before the next scheduled Board meeting. The borrower has decided to obtain a tax-exempt bridge loan for acquisition, which would assure the borrower of qualifying for out-of-cap housing credits. The amount needed is $90,000, rather than $200,000. The Agency could fund this loan with a general fund loan at closing and then replace the money with tax-exempt bond proceeds.

Mr. Douglas made a motion to approve the "Amended Resolution Stating Intent to Provide Financing and to Reimburse any Advances with Respect to a 17-Unit Project in Wilder (Hartford)." The motion carried unanimously after being seconded by Mr. Brown.

Staff's recommendations for income and purchase price changes were discussed next. Ms. Carpenter indicated that our business is at 10-year low and that we really need to have our mainline program as broad as we can to attract new business. Staff believes that increasing the purchase price and income limits will help us attract more business by expanding our program to fit the needs of more borrowers. Both staff and the Board agreed we need to make changes to our programs and that this is a great opportunity to do that.

There were questions about differences in limits for targeted and non-targeted counties. Ms. Gent reviewed the basis for the methodology, which is established by the IRS specifically to regulate the mortgage revenue bond program. VHFA identified targeted and non-targeted counties more than a decade ago. Because many of Vermont's rural counties have been designated as "targeted," they are permitted by the IRS to have higher purchase price and income limits relative to their average income and purchase prices. The IRS now permits alternative methodologies based on a census tract targeting. Staff agreed to explore using this methodology.

Mr. Seelig asked if VHFA could run out of authority at some point. Ms. Carpenter indicated that staff believes our bond deal will take us most of the way through 1999. If we should use all the authority, we have an additional $50 million in available authority that is accessible to VHFA.

A question that arose was whether we could change these limits in a few months, if we decided to use a census tract level methodology rather than a county level methodology. Ms. Gent indicated that we could change the limits at any time. Mr. Douglas suggested that we revisit this issue in a few months, but, in the meantime, approve the proposed changes. Mr. Brown indicated that he would like us to revisit this issue no later than September.

After further discussion, a motion was made by Mr. Douglas to adopt the recommended revised income limits and purchase price limits, with the understanding that we will revisit this issue within a few months, once a new methodology has been explored. The motion carried unanimously after being seconded by Mr. Candon.

Ms. Canney asked when the lenders would be able to use these new limits. Ms. Carpenter indicated that staff would be alerting lenders on Wednesday, May 12th about these new limits, and that they will be effective on Thursday, May 13th. Ms. Gent also noted that the Governor would be announcing our new limits on May 12th during his weekly press conference.

With no further business, the meeting adjourned at 9:37 a.m.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Multifamily Development Underwriter JE

DATE: May 20, 1999

RE: Multifamily Loan Application for Blair Apartments, Williston

Name:	Blair Apartments	**Location:**	Williston
Housing Type:	Elderly	**Building Type:**	Garden / Flats
Total Units:	60	**HC Restricted Units:**	14
Unit Sizes:	40 One BR, 20 2 BR	**Unit Square Footage:**	1: 440-594 2: 644-811
Total Cost:	$4,226,200	**Per Unit Cost:**	$70,440
Loan Requested:	$3,200,000 permanent $3,707,000 construction	**Credits Requested:**	$27,230 (out-of-cap)
Other Funding:	Deferred developer's fees		
Sponsors:	Yandow/Dousevicz Construction Corporation Inc.		

The development is to be built in two phases, with this proposal being phase one. The second phase will consist of a 60-bed assisted living facility as a separate adjacent building. The sponsor believes this type of development will allow residents to age in place and not be required to move to a new location as their need for assistance increases. The site is fully permitted and the sponsor is eager to begin construction. The sponsor is negotiating with Cathedral Square Corporation to do the property management, and there will be an on-site manager. As with The Pines (which Yandow/Dousevicz acted as general contractor on), the development will offer many optional services. At Blair Apartments these include meals, transportation, housekeeping, personal care, case management, social coordination, and community spaces. Access to underground parking and storage units is included in the basic rent. Blair Apartments will have a full-time service coordinator on site, to help the residents keep informed of the services available and help match the tenants with the services that suit their individual needs. The cost of this service coordinator is also included in the rent; the other optional services will be purchased on an "as needed" basis.

The permanent loan amount requested is approximately 75% of the total development cost. Staff has not yet received an appraisal, although one has been commissioned and should be done shortly. Staff has not yet received an environmental site assessment. The sponsor has submitted an independent market study indicating that the proposed rents should achieve full rent-up within six months of completion if no other new senior developments are competing for the same tenants. When this development comes on line there should be a window of four to six months before any other new senior units are available in the market, which should help in achieving initial occupancy.

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: BLAIR APARTMENTS

WHEREAS, a proposal has been presented to the Agency by Yandow/Dousevicz Construction Corporation Inc. ("YDC"), a corporation based in Chittenden County, (the "Sponsor") on behalf of a to-be-formed limited partnership, whose general partner would be a corporation to be formed by YDC, involving the construction and long-term financing of a senior housing development containing 60 units in one building located on 2.2 acres in Williston (the "Development"); and

WHEREAS, the proposal contemplates a construction loan in an amount not to exceed $3,707,000 and a term loan in an amount not to exceed $3,200,000; and

WHEREAS, the Sponsors have applied for Low Income Housing Tax Credits; and

WHEREAS, the Sponsors and the to-be-formed 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 Joe Erdelyi dated May 20, 1999 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 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 loans.

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 is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in construction financing of up to $3,707,000 and long-term financing of up to $3,200,000 for the Blair Apartments in Williston, 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. 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 conditions deemed appropriate by staff

3. The Executive Director is authorized, in her discretion, to issue a Commitment Letter for construction financing of up to $3,707,000 and permanent financing of up to $3,200,000. The construction loan will have a term of one year with the rate to be determined by the Executive Director. The term loan will have a term of 30 years and an amortization period of 30 years. The Sponsor shall be responsible for loan fees, which may include the costs of issuance of tax-exempt bonds, the proceeds of which shall be used to make the loans. The interest rate for the term loan will be based on the cost of funds to the Agency plus a maximum of 150 basis points. The source of funds will be tax exempt bonds. The commitment of the Agency is conditioned upon the following:

a) Sponsor must obtain an appraisal satisfactory to VHFA staff ;

b) Sponsor must obtain a Level One Environmental Site Assessment acceptable to VHFA staff;

c) Sponsor must provide written estimate of taxes from the Town of Williston, and such estimate must be financially feasible for the project;

d) Cost reasonableness must be demonstrated either by evidence of competitive bidding, or by an independent cost estimate.

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 one percent (1.0%) of the maximum principal amount of the construction loan and one percent (1.0%) of the maximum principal amount of the permanent loan.

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

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homeownership Programs PC
Cathleen Gent, Public Affairs Director

DATE: May 18, 1999

RE: Homeownership Center Update -- Funding Request

SUMMARY OF REQUEST

At the March 1999 meeting, staff updated the Board on Homeownership Center activity for the 1998 calendar year, with representatives from the four existing Centers and the new Center in Central Vermont providing an update on the status of their Centers and future goals. The Centers have submitted a proposal to VHFA that requests a three-year funding commitment. The application places a responsibility on the Centers to maintain and increase services, improve systems, and assure the long-term viability of their programs. The Centers have also indicated their commitment to standardize services, build in more evaluation techniques, focus on production (new homebuyers), and pursue the goal of statewide coverage. The proposal includes funding for the newly formed Central Vermont Homeownership Center. VHFA has also received a request from Lake Champlain Housing Development Corporation (LCHDC) to partially fund a study of the feasibility of collaboration between LCHDC and the Burlington Community Land Trust (BCLT) so that services are available in Franklin and Grand Isle counties. The following is a summary of both proposals with recommendations from staff.

MULTI-YEAR FUNDING COMMITMENT FOR EXISTING CENTERS AND NEW CENTRAL VERMONT CENTER

The Centers have asked VHFA to make a three-year funding commitment, which includes capacity funding of $25,000 per year for each Center, and a production incentive of $250 for each VHFA loan. The Centers have also asked for a one time contribution from VHFA of $5,000 to match $55,000 of funds from Neighborhood Reinvestment and the Vermont Community Foundation to begin a Capital Campaign to assure for the long-term viability of the Centers. In exchange for a long-term commitment from VHFA, the Centers will commit to:

- Work with VHFA and NeighborWorks® (NW) to re-invent their image as a "First Stop, One Stop Shop" for all homebuyers to attract a mix of near ready, short term and long term customers. All Centers will be known as NeighborWorks® HomeOwnership Centers of Vermont and develop a separate identity from their parent organization to accomplish this goal. (The Center in Central Vermont will not use NeighborWorks® until they receive a NW charter.);
- Work with VHFA and NW to standardize their services and improve their tracking and evaluation systems. In doing this, the Centers will adopt an efficient service delivery system including workflow analysis and detailed operating procedures for each Center;
- Work with VHFA to develop a more inclusive referral system -- VHFA will refer potential homebuyers to the Centers and the Centers will give customers more specific VHFA information and agree to make more referrals to VHFA loan products;
- Work with VHFA to use the marketing support given to the Centers to cross-market VHFA programs whenever possible;
- Work with VHFA to develop a VHFA/Center collaborative outreach plan in the areas served by a Center to avoid competition and duplication of efforts;
- Work with VHFA to develop a feasibility plan for statewide coverage that assures equal access to every Vermonter while not compromising the financial viability of the Centers' capacity to provide services to current customers;
- Work with VHFA to share customer information based on a uniform release, which will allow VHFA to track the performance of loans made to Center customers and compare their performance with loans made to borrowers who were not customers of the Center;
- Work with VHFA and its servicers to develop and implement delinquency intervention protocol and a fee for service on loan interventions, and to expand the Centers work with VHFA REO properties.

The Centers have also asked VHFA to continue to provide preferential loan products for Center customers and have asked VHFA to develop a standardized rehab loan product for use by all Centers.

NeighborWorks® has also committed substantial resources to the Centers and has hired Donna Tally to work with NeighborWorks® HomeOwnership Centers across the country to standardize the process, tracking, and management reports (standard and customized) to provide greater detail to Center management and partners.

The new Center in Central Vermont is very exciting and was developed through collaboration with other housing nonprofits, service providers, and Rural Development. Central Vermont Community Land Trust is the lead organization; CVCLT has applied to NeighborWorks® for affiliation and expects to hear soon whether they are selected for the next step in the process, which is an organizational review.

In lieu of a formal evaluation, staff will prepare for the Board a summary reviewing the Centers' activities during the three-year pilot program. It will be more difficult than originally anticipated to conduct a formal evaluation of the Centers' performance at this time due to the recent departure at two of the Centers of the staff who knew most about the circumstances of Center customers between 1996-98. This departure of institutional knowledge compounds the difficulties VHFA has encountered collecting customer and loan performance information due to confidentiality concerns at these Centers during the 1996-98 period. A formal evaluation should be completed in 2001 and submitted to the Board no later than December of that year in advance of the decision regarding funding beyond the three-year commitment. Postponing the evaluation will also permit VHFA to look more fully at the effect of the Centers on loan performance because the loans of Center customers will have had time to "season." VHFA will also continue to provide the Board with annual summaries of the Centers' activities.

Staff will also work with the Centers to identify customers' names that purchased homes with VHFA financing. This project may include matching lists of VHFA borrowers and Center customers during the period of the pilot project. Information about more seasoned loans will provide us a glimpse into the loans' performance.

<u>*Recommendation*</u> - *Staff recommends that VHFA commit to funding the four existing Centers and the new Center in Central Vermont at a level of $20,000 per organization, per year, for the next three years, and that VHFA implement a production incentive of $250 for each VHFA loan closed. VHFA will also establish annual goals for households educated and VHFA loans closed for each organization and will require that the Centers work with VHFA and NW to standardize their services, improve their tracking and evaluation systems, and adopt an efficient service delivery system including workflow analysis and detailed operating procedures for each Center. VHFA staff will work with the Centers to further explore and implement the following activities:*

- *The referral of Helpline callers to the appropriate Center whenever possible;*
- *Marketing support that promotes the Centers and that cross-markets VHFA products whenever possible;*
- *The development and implementation of delinquency intervention protocol on VHFA loans on a pilot basis with selected servicers;*
- *Expand the Centers work with VHFA REO properties;*
- *Work with the Centers to implement a uniform release to share customer information;*
- *Work with the Centers to develop a collaborative outreach plan in their service areas;*
- *Work with the Centers to develop a plan for statewide coverage;*
- *Work with the Center to develop a rehab loan product.*

Staff also recommends that VHFA contribute $5,000 to match funds from NW and the Vermont Community Foundation to assist the Centers to fund their capital campaign to assure the long-term viability of the Centers.

COLLABORATION BETWEEN LCHDC AND BCLT TO SERVE FRANKLIN AND GRAND ISLE COUNTIES

LCHDC requests $11,000 from VHFA to assist them to work with BCLT to explore the feasibility of collaboration between LCHDC and BCLT to serve residents of Franklin and Grand Isle Counties. The first phase will be a housing survey to collect data related to the affordable housing needs of Franklin and Grand Isle county residents, with a particular emphasis on homeownership. The data collected in the housing survey will be used for phase two, which will be to determine the extent of the need for a Center to serve Franklin and Grand Isle counties.

While other areas of the state have homeownership programs offered by the Centers or other housing nonprofits, residents of Franklin and Grand Isle counties do not currently have access to services to assist them with homeownership. The feasibility study will undertake the following activities:

- Assess the need/demand in Franklin/Grand Isle counties for expansion of BCLT's Center;
- Create an organizational arrangement between both organizations that would enable the Center to expand to Franklin and Grand Isle counties;
- Ensure a sustainable funding plan to establish and maintain future operation of the Center.

It is expected that the housing survey will begin in September 1999 and will take approximately two months to complete. LCHDC and BCLT will work with a consultant to complete the homeownership feasibility study, with results available by June 2000.

An application is pending with VCDP for $40,000 to fund phase one (the housing survey) and part of phase two (feasibility of a Center). A decision is expected on June 10, 1999. LCHDC also applied to VHCB for an additional $11,000 to fund activities in phase two. Their application was approved on May 19, 1999.

> <u>Recommendation</u> - *Staff recommends funding in the amount of $11,000 to assist LCHDC to determine the feasibility of collaboration between it and BCLT to expand BCLT's Center to serve residents of Franklin and Grand Isle counties. In return for funding the feasibility; a model will be developed that will allow the collaboration between LCHDC and BCLT to be replicated in other areas of the state.*

BOARD ACTION REQUESTED

Staff requests approval of the above recommendations for Center funding and for LCHDC funding and authorization for the Executive Director to negotiate and execute agreements with the five Homeownership Centers and LCHDC. The funding approved by the Board under this request will be included in VHFA's FY 2000 budget.

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homeownership Programs PC

DATE: May 20, 1999

RE: HUD Housing Counseling Grant Application

At the March and April meetings, staff provided information to the Board on grant funding opportunities available through HUD, and indicated that staff was working with the four existing Homeownership Centers, the new Center in Central Vermont, and the Vermont Development Credit Union to submit an application to HUD for Housing Counseling Funds. Staff is in the process of completing an application for submission to HUD on Monday, May 24, 1999, to meet an application deadline of Tuesday, May 25, 1999. The application amount has not been finalized as of the date of this memo; however, it is estimated to be between $325,000 to $350,000. I will have an update of the exact amount at the Board meeting.

HUD Housing Counseling funds will be used by the Centers and VDCU to provide counseling services to their customers/members. The services that will be funded with this grant vary by organization and are outlined below.

<u>BCLT</u>

- Outreach to immigrant populations in Chittenden county, and outreach in collaboration with Lake Champlain HDC in Franklin and Grand Isle counties (beginning Summer of 2000);
- Rehab assistance for first-time homebuyers who are purchasing older housing stock and assistance to current homeowners to assist them to plan for repairs and maintenance.

<u>RWNHS</u>

- Outreach to additional areas of Rutland county;
- Upgrading delinquency intervention and post-purchase services for low-income homeowners throughout Rutland county.

RACLT

- Financial assistance to help low-wage workers to attain homeownership;
- Rehab assistance for first-time homebuyers who are purchasing older housing stock.

GHT

- Rehab assistance for first-time homebuyers who are purchasing older housing stock;
- Delinquency intervention for homeowners in a region with declining industries and a high rate of seasonal employment.

CVCLT

- Solidifying their partnership with other nonprofits and extending the Center's services throughout the region;
- Adding post-purchase and delinquency intervention services to the Centers menu of services.

VDCU

- Financial Management and Credit Counseling to members who want to become homeowners;
- Outreach to members and potential members.

VHFA will be responsible for the administration of the grant funds, evaluation, and reporting to HUD. Funds were budgeted for VHFA's administration, tracking software and other software needs, and for regular meetings to allow peer-to-peer training and to resolve common issues. If VHFA's application is successful, we will have to execute an agreement with HUD and sub-grantee agreements with the Centers and VDCU.

Board Action Required

No Board action is required at this time. If VHFA's application is successful, the Board will need to approve grant agreements with HUD and sub-grant agreements with the Centers and VDCU.

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director SC

DATE: May 21, 1999

RE: UPDATE ON THE VERMONT HOME MORTGAGE GUARANTEE BOARD

On May 14, 1999, the Vermont Home Mortgage Guarantee Board (VHMGB) and PMI Mortgage Insurance Company completed the transfer of the VHMGB guarantee liability. VHMGB transferred the liability on an outstanding principal balance of $471,579,096.36 and paid a premium of $7,076,709.50. It appears we will be right on budget once we settle all our final claims and REOs.

Per the agreement with PMI Mortgage Insurance Company, VHMGB provided an electronic and hard copy file of specific data on all loans currently guaranteed by VHMGB. The individual loan files (conventional and copies of VHFA delinquent loans) will be shipped out to PMI Mortgage Insurance Company the week of May 24th.

VHMGB will continue to issue guarantees until June 30, 1999. Specific information and payment for those loans will be forwarded to PMI Mortgage Insurance Company on a weekly basis.

As of this date, PMI Mortgage Insurance Company has not provided servicers with instructions on how to report directly to them. Until further notification is completed, VHFA staff will forward VHMGB related matters to PMI Mortgage Insurance Company on behalf of servicers and provide assistance where applicable. We anticipate the transition taking several months.

Jacklyn Santerre and her assistant, Veronica Devos, as well as all of the Homeownership staff, did a outstanding job in pulling this all together. It was very frustrating and a mammoth amount of work to get the data and files transferred. This included re-filing and packing over 6,000 hard files to be shipped to PMI Mortgage Insurance Company. We really owe the Homeownership staff our thanks!

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June 8, 1999

Ms. Mary Moore
Vermont Department of Libraries
109 State Street
Montpelier, VT 05609

Dear Ms. Moore:

The Vermont Housing Finance Agency Board of Commissioners will have its regular meeting on Thursday, June 17th at the Associated General Contractor Office, 148 State Street, Montpelier, Vermont at 11:00 a.m.

If you have any questions, please do not hesitate to contact me at 652-3413.

Sincerely,

Kari Caragher

Kari A. Caragher
Executive/HR Assistant

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: June 11, 1999

RE: **CONFIRMATION OF UPCOMING BOARD MEETING**

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held on June 17th at 11:00 a.m. at the Associated General Contractors Building, 148 State Street, Montpelier, Vermont. *Lunch will be provided.*

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

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Montpelier on June 17th!

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BOARD AGENDA

Association of General Contractors Office
148 State Street
Montpelier, Vermont

Thursday, June 17, 1999 at 11:00 a.m.

11:00a.m. – 11:15 a.m. Executive Session

1. **DEVELOPMENT**
   - A. Joint Committee on Tax Credits Recommendation {Erdelyi/Enclosure}
   - B. Loan Application for Portland & Main, Morrisville {Reid/Enclosure}
   - C. Loan Application for Crystal Lake, Barton {Reid/Enclosure}
   - D. Loan Application for Swanton School, Swanton {Reid/Enclosure

2. Review and approval of the minutes from May 27, 1999.

3. **ADMINISTRATION**
   - A. Executive Director's Report {Carpenter/Enclosure}
   - B. Year 2000 Update {Loller/Enclosure}
   - C. Employee Handbook {Carpenter/Enclosure}

4. **PROGRAM OPERATIONS**
   - A. Homeownership Program
     1. Summary of Homeownership Activities {Crady/Enclosure}
   - B. Multifamily Management
     1. HUD RFP for Contract Administration {Falzone/Carpenter}

5. **FINANCE**
   - A. Proposed FY2000 Budget {Schoenbeck/Enclosure}
   - B. Evensen Dodge Post Sale Analysis {Schoenbeck}
   - C. March 31, 1999 VHFA Financial Statements {Schoenbeck/Enclosure}

6. Any other business to come before the Board.

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

Thursday, May 27, 1999 at 9:00 a.m.

VIA TELEPHONE: Chairman White; Mr. Seelig, Ms. Beyer (designee of Lambert)

PRESENT: Ms. Randall, Ms. Canney, Mr. Candon (designee of Costle)

Staff: Ms. Carpenter, Ms. Caragher, Ms. Loller, Ms. Gent, Ms. Crady, Mr. Schoenbeck

Other: Mr. Richardson (Capital Ideas, Inc), Ms. Dunn (Burlington Community Land Trust), Mr. Hahn (Central Vermont Community Land Trust)

Chairman White called the meeting to order at 9:05 a.m. Participants were identified by AT&T roll call. A motion was made by Mr. Seelig to approve the minutes of April 15, 1999 and May 6, 1999. The motion carried unanimously after being seconded by Mr. Candon.

Chairman White asked that Mr. Erdelyi begin by discussing his memo "Multifamily Loan Application for Blair Apartments, Williston." Mr. Erdelyi stated that Mr. Richardson was present to provide the Board with additional information on this project. Mr. Richardson indicated that the project would be located in Williston, behind Blair Park and adjacent to the University Health Center. This development is to be built in two phases, with this one being the first phase. The second phase will consist of an assisted living facility, located adjacent to this building. This project will allow residents to "age in place" and not be required to move to a new location as their need for assistance increases.

Ms. Beyer asked how many of the units would be housing credit units. Mr. Erdelyi indicated that 14 units would be housing credit units. It was also asked what the market rents would be. Mr. Erdelyi indicated that a one-bedroom apartment would cost $825.00 monthly, while a two-bedroom unit would cost $960.00. These prices include all utilities, underground parking, and storage units.

Mr. Richardson indicated that there are three tiers of rents; market rents, median income affordability rents and housing credit rents. Mr. Erdelyi indicated that these rents do meet our statutory requirements. After further discussion, a motion was made by Mr. Seelig to approve the "Resolution Pertaining to Combined Letter of Interest and Commitment Letter Re: Blair Apartments." The motion carried unanimously after being seconded by Mr. Candon.

Next, Ms. Crady discussed her memo regarding the Homeownership Center funding request. All five Centers have asked VHFA to make a three-year funding commitment, which includes funding of $25,000 per year for each Center and a production incentive of $250 for each VHFA loan. Along with this, the Centers have also asked for a one time contribution of $5,000 to match the funds from Neighborhood Reinvestment and the Vermont Community Foundation to begin a Capital Campaign to assure long-term viability of the Centers. In exchange for a three-year commitment, the Centers have committed to work together with VHFA to standardize their services and improve their tracking systems, and also work with VHFA to develop a VHFA/Center outreach plan in the areas served by a Center to avoid competition.

Ms. Crady noted that the Centers want to be viewed as a first-stop, one-stop organization. They want to attract a variety of people for their programs and will work on soliciting participation from other institutions to accomplish this.

Ms. Crady indicated that staff is recommending that VHFA commit to funding the five Centers at $20,000 per organization per year for the next three years and that VHFA give a $250 contribution to the Centers for each VHFA loan closed. Staff will further explore and implement many activities with the Centers and will also work with them to establish goals for the future.

Staff is also suggesting that VHFA contribute $5,000 to match funds from Neighborworks and the Vermont Community Foundation to assist the Centers to assure long-term viability of the Centers. Staff also recommends funding $11,000 to assist LCHDC to determine the feasibility of collaboration with BCLT to expand BCLT's Center to serve residents of Franklin and Grand Isle counties.

After further discussion, a motion was made by Mr. Candon to approve staff's recommendation for Center funding and for LCHDC funding and authorizing the Executive Director to negotiate and execute agreements with the five Homeownership Centers and LCHDC. The motion carried unanimously after being seconded by Mr. Seelig. {Ms. Canney and Ms. Randall are abstaining}.

Ms. Crady briefly discussed her memo "HUD Housing Counseling Grant Application," included in the Board packet. VHFA has worked with the five Homeownership Centers and the Vermont Development Credit Union to submit an application to HUD for Housing Counseling Funds. We are competing for funding with the housing finance agencies New England and in New York. We have applied for $325,564.00 in funds, not to be used for capacity, but to provide services to potential homebuyers and current homebuyers. VHFA will be responsible for the administration of the grant funds, evaluation, and reporting to HUD.

If VHFA's application is successful, we will have to execute an agreement with HUD and sub-grant agreements with the Centers and VDCU. Ms. Crady will keep the Board updated as the process continues.

Ms. Carpenter then took a minute to thank staff for a wonderful job done in transferring all of the data and files to PMI Mortgage Insurance Company related to the Vermont Home Mortgage Guarantee Board. Ms. Carpenter indicated that PMI Mortgage Insurance Company has still not provided servicers with instructions on how to report directly to them. Until notification is given to the servicers, staff will provide assistance when needed to help make this transition as smooth as possible.

Chairman White asked Ms. Loller for any updates she had on Year 2000 issues. Ms. Loller indicated that we received the report from Panurgy regarding our software and hardware testing, but unfortunately the report had some incorrect information. We have just received the updated report and Ms. Loller will have a update for the Board at the June meeting.

Chairman White indicated that he spoke to some members at the American Bankers Association regarding the small state set aside and they do not feel that they can support it at this time. Ms. Carpenter asked if they were aware that the National Council of State Housing Agencies has decided to support it this year. Chairman White asked that Ms. Carpenter get him some additional information, which indicates that level of support so he can share it with the American Bankers Association. Ms. Carpenter indicated that the small state set aside has not yet gotten into legislation. She also noted that all three members of our congressional delegation have agreed to support this.

Chairman White indicated that he would like to follow up on the Employee Survey results at the June Board meeting. He would also like to discuss governance at the June Board meeting.

Ms. Crady indicated that we have had $4.9 million in reservations for the last two weeks and that our most popular program seems to be the 0-point MOVE program. The stepped rate in the MOVE program is also very popular among consumers.

Ms. Randall asked the status of the Transfer Tax Bill. Ms. Carpenter indicated that the bill did get passed, but the Governor has not signed it. VHMGB's current guarantees can get the current credit, but new loans will not be eligible until it is signed into law. Staff will ask the Tax Department whether that could be done retroactively.

There being no further business, the meeting adjourned at 10:15 a.m.

Sincerely,

Sarah Carpenter

Sarah E. Carpenter
Executive Director and Secretary

RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: BLAIR APARTMENTS

WHEREAS, a proposal has been presented to the Agency by Yandow/Dousevicz Construction Corporation Inc. ("YDC"), a corporation based in Chittenden County, (the "Sponsor") on behalf of a to-be-formed limited partnership, whose general partner would be a corporation to be formed by YDC, involving the construction and long-term financing of a senior housing development containing 60 units in one building located on 2.2 acres in Williston (the "Development"); and

WHEREAS, the proposal contemplates a construction loan in an amount not to exceed $3,707,000 and a term loan in an amount not to exceed $3,200,000; and

WHEREAS, the Sponsors have applied for Low Income Housing Tax Credits; and

WHEREAS, the Sponsors and the to-be-formed 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 Joe Erdelyi dated May 20, 1999 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 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 loans.

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 is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in construction financing of up to $3,707,000 and long-term financing of up to $3,200,000 for the Blair Apartments in Williston, 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. 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 conditions deemed appropriate by staff

3. The Executive Director is authorized, in her discretion, to issue a Commitment Letter for construction financing of up to $3,707,000 and permanent financing of up to $3,200,000. The construction loan will have a term of one year with the rate to be determined by the Executive Director. The term loan will have a term of 30 years and an amortization period of 30 years. The Sponsor shall be responsible for loan fees, which may include the costs of issuance of tax-exempt bonds, the proceeds of which shall be used to make the loans. The interest rate for the term loan will be based on the cost of funds to the Agency plus a maximum of 150 basis points. The source of funds will be tax exempt bonds. The commitment of the Agency is conditioned upon the following:

a) Sponsor must obtain an appraisal satisfactory to VHFA staff;

b) Sponsor must obtain a Level One Environmental Site Assessment acceptable to VHFA staff;

c) Sponsor must provide written estimate of taxes from the Town of Williston, and such estimate must be financially feasible for the project;

d) Cost reasonableness must be demonstrated either by evidence of competitive bidding, or by an independent cost estimate.

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 one percent (1.0%) of the maximum principal amount of the construction loan and one percent (1.0%) of the maximum principal amount of the permanent loan.

5. The Executive Director, the Deputy Director and the Director of Finance, or any of them, are authorized to take all necessary steps and execute all documents required to effectuate 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 via telephone conference call, Burlington, Vermont, on May 27, 1999.

Sarah E. Carpenter

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

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: June 11, 1999

RE: **EXECUTIVE DIRECTOR'S REPORT**

ADMINISTRATION

Since our last meeting, I have continued to meet with our constituents around the state. I have spoken to several realtor groups, participated in a roundtable discussion with the Vermont Housing Managers Association, spoke on the affordable housing needs in Chittenden County at a meeting of the County elected officials, and spoke at a New England regional conference for assisted housing service coordinators that was partially sponsored by VHFA. I look forward to attending the Vermont Bankers Association conference at the end of next week.

We have been spending a lot of time on human resource issues, clarifying a number of policies and new staff roles. Almost all our job descriptions are out-dated and need to be reviewed. We have advertised the Chief of Program Operations position and will update you on our progress at the Board meeting.

Roger, Pat Loller and myself met with Paul Carmen, our representative from Reliastar, fund manager for our Pension plan. There has been some confusion about who is to provide the front line support to our staff. VHFA staff has been doing it. I assumed Reliastar would do it and they thought that our former broker of record was doing it. We are in the process of receiving proposals from them about their service capacity. This was discussed with the Board Human Resource Committee and we will hopefully meet with someone from Jim Douglas's office to understand VHFA's options. We will then set up a meeting with our pension administrator (Benematrx) and with Reliastar.

PUBLIC AFFAIRS & PLANNING

News coverage and public response to VHFA's May 13th announcement of expanded income and purchase price limits and our new interest rates has been very favorable. Governor Dean's participation in the press event and subsequent interviews was particularly helpful.

Governor Dean has also taped a radio public service announcement/advertisement, which is now being aired across the state. Several television and radio stations carried the story as well as the Associated Press and the Burlington Free Press.

Governor Dean has declared June 6 - 12 as Vermont Homeownership Week as part of HUD's third annual National Homeownership Week. Cathleen Gent has worked with a number of other federal and state organizations to launch a series of events to celebrate the week. I participated in a special event in Montpelier where I announced the VHFA Board's approval of funding for the five Homeownership Centers. Pat Crady and Kelly Deforge participated in radio call shows and on Friday, I will also be interviewed on the "Talk of Vermont" call-in radio show which is carried around the state. Additionally, a number of staff members participated in BCLT's celebration in the old north end.

An open house was held at Applegate, which has been substantially rehabbed over the last 18 months into a 103-unit affordable rental property in Bennington. One of the largest affordable housing projects in the state of Vermont in recent years, local residents, the Town of Bennington, several state agencies (including VHFA), and HUD collaborated to turn the complex, which had suffered from years of neglect, into a wonderful, mixed-income housing development operated by Housing Vermont and controlled by the residents themselves. Cathleen attended the open house on behalf of VHFA.

INFORMATION SYSTEMS

Rick Jean has been hired as our new Project Planner/Application Specialist. His first day of work was Monday, June 7th. Rick will pick up on a number of projects that had been followed by Pat Loller and will work on fully integrating our software systems. Rick had previously worked with the American Red Cross.

The Finance Department Mitas Windows installs continue to be rolled out, with the last one occurring June 9th. To date the installs have gone quite well. As with any conversion, there is tweaking, but no critical items are outstanding.

HOMEOWNERSHIP

The Homeownership staff has been extremely busy on a lot of fronts. We have fully transitioned to MGIC doing our underwriting and all seems to be going well. As you can see by Pat Crady's report, business in booming with our new bond issue. Jacklyn and Pat have been spending a lot of time revamping our collection and servicing systems. They are changing a number of protocols, which will mean we may see increased foreclosure activities to make up for a back log of loans that have not worked out. Pat will be reviewing this in more detail with you at the Board meeting.

As I mentioned at the last Board meeting by phone, VHMGB finally closed. Jacklyn has been working closely with PMI Mortgage Insurance Company to set up the claims reporting process for our loans.

The property transfer tax exemption for VHFA borrowers took effect on June 2nd. Both the Tax Department and VHFA are preparing notices for attorneys, participating VHFA lenders, and town clerks to provide guidance in filing the forms needed for the exemption. Those notices should go out during the week of June 14th.

MULTIFAMILY MANAGEMENT

Sam and I have been working with the Vermont State Housing Authority on the HUD RFP for Section 8 Contract Administration, which HUD is bidding out. VSHA will take the lead and we would be their partner. VHFA will provide technical review services similar to the arrangement we have now. Both VSHA and VHFA are eligible independently to respond to the RFP, but we felt it made sense to do this collaboratively. Currently, VSHA has much larger involvement in the Section 8/TRACS System. We have more experience in financial review and rent adjustments. We still need to finalize and split the duties in a memorandum of understanding before the RFP submission on July 15th.

We are also revisiting the possibility of purchasing three HUD direct loans at a discount from HUD. I have spoken with a consultant in Washington who is advising us.

On a sad note, Sam Falzone's mother passed away on Wednesday. He was able to visit with her for about ten days, and he and his brother were with her when she passed away.

DEVELOPMENT

Nina McDonell has been hired as our new Multifamily Operations Specialist. Her first day will be Monday, June 14th. This position will support both Development and Multifamily in their database management and will be the link in pulling together information on projects from the beginning of development, through closing to on-going management. Previously, Nina worked for the Vermont Energy Investment Corporation.

As you can see by the Tax Credit Committee report and the loan resolutions, this has been a busy month for development. Included in the Board packet is an updated status report on the "pipeline of projects."

FINANCE

Conversion of the Mitas system has been the big project for the Finance staff. The conversion to windows required that all postings, adjustments and corrections had to be checked and entered since we cannot go back. Budgeting for FY2000 was the other big project as there are new managers and department leaders who put together all the numbers necessary to budget for FY2000 in a short time frame.

With increased activity on both the single family and multifamily programs, Roger and I are looking at our needs to get additional bond volume cap. We have about $7.5 million in multifamily and we are likely to exceed that by September. If the current use of the single family bond continues we need to bond before the end of 1999. We will need to approach the Emergency Board shortly for a request to use the remaining bond authority.

Another issue we are reviewing is the refunding of some of our multifamily bonds to create an additional 0% pool. We expect to discuss this in July.

OTHER

The last week in June I will be attending a AAHSA Board of Director's meeting. This is being held in conjunction with the international association meeting in Hawaii. I also will be attending the Executive Director's Retreat for NCSHA in the middle of July.

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: June 11, 1999

RE: EMPLOYEE HANDBOOK

Attached please find our updated Employee Handbook for your review and approval.

Below, I have outlined the major employees benefit items that have changed with this updated version.

Group Health Insurance: The handbook now states that permanent employees working 37.5 hours per week are eligible for a full paid health insurance plan. Permanent employees working at least 20 hours per week, but less than 37.5 hours, are eligible for our health insurance benefits, but must pay a pro-rated share of their insurance.

- **The change made to this benefit was that the 30 hour per week eligibility (previously in the handbook) was decreased to 20 hours per week to accommodate our permanent part-time employees (2 additional employees).**

Dental Insurance:: The handbook now states that permanent employees working 37.5 hours per week are eligible for a full paid dental insurance plan. Permanent employees working at least 20 hours per week, but less than 37.5 hours, are eligible for our dental insurance benefits, but must pay a pro-rated share of their insurance.

- **The change made to this benefit was that the 30 hour per week eligibility (previously in the handbook) was decreased to 20 hours per week to accommodate our permanent part-time employees (2 additional employees).**

Life Insurance: The handbook now states that each permanent employee working at least 20 hours per week, is covered by group term life insurance in an amount equal to your annual base salary or a stated maximum.

- **The change made to this benefit was that the 30 hour per week requirement (previously in the handbook) was decreased to 20 hours per week.**

Please note: We have also changed the cap on our Life Insurance Plan to $100,000.00 up from $50,000.00.

Disability Plans: The handbook now states that the SHORT TERM plan will pay permanent employees working at least 20 hours per week, approximately 66.7% of their gross salary after a period of 15 calendar days. The LONG TERM plan will pay permanent employees working at least 20 hours per week, approximately 66.7% of their gross salary after a period of over six months (181st day) up to the plan stated maximum amount.

- **There were four changes made to this benefit: (1) the 30 hour per week requirement was decreased to 20 hours per week; (2) the plan will now pay 66.7% of the gross salary, increased from 60% that was previously paid; (3) the waiting period to receive disability payment is now 15 calendar days, decreased from the 31 days previously stated in the handbook; and (4) the cap for short term disability was raised from $550.00 weekly to $1,000.00 weekly.**

Vacation Time: The handbook states that permanent employees who reach their 10 year anniversary will earn 2 days per month of vacation time, beginning after the first full month after their anniversary.

- **This is a new benefit.**

Sick Leave: The handbook states that permanent employees will earn 1 day per month of sick time during their employment at VHFA and may accrue up to 75 days of sick leave.

- **The changes made to this policy are as follows: (1) Employees previously earned 1 day per month for 1 – 3 years of service, and 1.5 days per month for 3+ years of service; (2) Employees now can not accrue more than 75 days, previously there was not a cap on sick leave.**

BOARD ACTION REQUIRED:
Staff is requesting approval of the attached Employee Handbook.

VERMONT HOUSING FINANCE AGENCY
EMPLOYEE HANDBOOK

TABLE OF CONTENTS

EMPLOYEE ACKNOWLEDGEMENT FORM

The employee handbook describes important information about VHFA and I understand that I should consult the Director of Administration or my department supervisor regarding any questions not answered in the handbook.

Since the information, policies, and benefits described here are necessarily subject to change, I acknowledge that VHFA may make revisions to the handbook at its discretion. All such changes will be communicated through official notices and I understand that revised information may supersede, modify, or eliminate existing policies.

I understand that my employment at VHFA is at-will and will last until either VHFA or I decide to terminate it.

I acknowledge that this handbook is not a contract of employment. I understand that this handbook is made available to all employees via VHFA's internal computer network and that a printed copy is available from my department director, the Executive/HR Assistant, or from VHFA's library. I understand that it is my responsibility to read and comply with the policies contained in this handbook and any revisions made to it.

____
EMPLOYEE'S SIGNATURE

____________________________________ ______________
EMPLOYEE'S NAME (TYPED OR PRINTED) DATE

Vermont Housing Finance Agency
EMPLOYEE HANDBOOK

ISSUE DATE: July 1, 1999

{Throughout this Employee Handbook the terms "you" and "yours" refer to the employee.}

A. INTRODUCTION

WELCOME TO VERMONT HOUSING FINANCE AGENCY!

On behalf of your colleagues, I welcome you to VHFA and wish you every success here.

Each employee contributes directly to VHFA's growth and success and we hope you will take pride in being a member of our team. VHFA plays an important role in providing affordable housing opportunities to low- and moderate-income Vermonters, adhering to the mission and goals stated below:

MISSION

VHFA's mission is to finance and promote affordable, safe, and decent housing opportunities for low- and moderate-income Vermonters.

OVERALL GOALS

- To provide access to low cost, flexible, innovative programs for individuals and families in need of affordable mortgage financing.
- To stimulate the development, financing and preservation of affordable housing, including rental and ownership housing opportunities for low- and moderate-income Vermonters; and to encourage mechanisms to ensure that this housing remains perpetually affordable.
- To create and sustain a workplace conducive to attracting and retaining a quality staff.
- To maintain a sound fiscal structure and meet all fiduciary requirements in a professional manner.
- To work in partnership with state government, municipalities and the private sector to: (a) encourage and support quality planning for affordable housing; (b) address the special needs of Vermonters who have disabilities or require supportive services; and (c) address homelessness in Vermont.
- To heighten general awareness of housing needs for low- and moderate-income Vermonters, particularly with groups who can have an impact on the production of such housing, including the legislature, community officials and the business community.

We hope that your experience here will be challenging, enjoyable, and rewarding. Again, welcome!

Sincerely,

Sarah E. Carpenter

Sarah Carpenter, Executive Director

BRIEF HISTORY OF THE VERMONT HOUSING FINANCE AGENCY

Vermont Housing Finance Agency was created in 1974 by the Vermont Legislature, with the purpose of providing safe, decent and sanitary housing for low and moderate-income Vermonters. This goal is currently being accomplished through the sale of bonds and execution of other financing mechanisms, the proceeds of which are used to finance homeownership opportunity and rental housing.

VHFA is an instrumentality of the State of Vermont and receives no direct general appropriation from the Legislature. VHFA is self-supporting and its costs are paid from funds generated by financing activities. VHFA also is involved with special projects and policy initiatives to assist low and moderate- income Vermonters with a variety of housing options.

VHFA plays a vital role in contributing to the economy of Vermont, making the State a more pleasant and attractive place to live and work.

INTRODUCTORY STATEMENT

This handbook is designed to acquaint you with VHFA and provide you with information about employee benefits and the policies affecting your employment. You should read, understand, and comply with all provisions of the handbook. It describes many of your responsibilities as an employee and outlines the programs developed by VHFA to benefit employees. One of our objectives is to provide a work environment that is conducive to both personal and professional growth.

No employee handbook can anticipate every circumstance or question about policy, VHFA reserves the right to revise, supplement, or rescind any policies or portion of the handbook from time to time as it deems appropriate in its sole discretion. Employees will, of course, be notified of any changes to the handbook.

B. EMPLOYMENT

EQUAL EMPLOYMENT OPPORTUNITY

In order to provide equal employment and advancement opportunities to all individuals, employment decisions at VHFA will be based on individual merit, qualifications, and abilities. VHFA does not discriminate in employment opportunities or practices on the basis of race, color, religion, veteran status, marital status, sex, citizenship, national origin, status with regard to public assistance, sexual preference, age, disability, or any other characteristic protected by law.

Any employees with questions or concerns about any type of discrimination in the workplace are encouraged to bring these issues to the attention of the Director of Administration or to the Executive Director. Employees can raise concerns and make reports without fear of reprisal. Anyone found to be engaging in any type of unlawful discrimination will be subject to disciplinary action, up to and including termination of employment.

CONFLICT OF INTEREST

VHFA is a publicly created organization and our effectiveness relies on our sound reputation and public confidence. It is essential that Agency representatives such as employees, members of the Board of Commissioners, and consultants exhibit the highest professional conduct.

VHFA expects and requires that you avoid any activity, practice, or act that conflicts with, or appears to conflict with, the interests of VHFA, its affiliate lenders, or the public that it serves. Since it is impossible to describe all of the situations which may cause or give the appearance of a conflict of interest, the prohibitions included in this policy are not intended to be exhaustive and include only some of the more clear-cut examples.

In any situation involving a potential conflict of interest, you are expected to disclose to your supervisor the potential conflict.

(1) For any business activity with VHFA that is sponsored by or involves someone who has a personal relationship with a VHFA employee, you should remove yourself from the decision making process of the activity. VHFA employees should not place themselves in a position of advocacy for issues and programs that may constitute a conflict of interest through a personal relationship.

(2) You are expected to represent VHFA in a positive and ethical manner and you have an obligation both to avoid conflicts of interest and to refer questions and concerns about potential conflicts to your supervisor.

(3) You should not engage in any conduct that is disruptive or damaging to the business activities of VHFA.

(4) You are not to accept gifts from any person or firm doing business with or seeking to do business with VHFA that could be construed as an effort to exert some influence over you as a representative of VHFA. The meaning of gifts for purposes of this policy can include the acceptance of complimentary entertainment, long-distance travel, and lodging. Token gifts of nominal value, which are offered and would not create a conflict of interest or the appearance of a conflict of interest, need not be declined by a VHFA representative, but should be reported to your supervisor.

(5) You are not to give, offer, or promise, directly or indirectly, anything of value to any representative of any organization with whom VHFA does business to induce any transaction or business with that organization.

(6) You should not acquire any good(s) or service(s), etc. (through purchase or by any other means), from contractors, developers, owners or managers to whom VHFA provides financing or is considering providing financing, unless the same good(s) or service(s) are offered to the general public at the same price.

(7) Staff members seeking to utilize VHFA's financing programs should disclose to their supervisor their intent to utilize a VHFA program. Supervisors so advised shall ensure that the application of the staff member is treated identically with other applications for the same program, but the salary information shall be kept confidential from other staff members and the file/application shall be reviewed only by the head of the department charged with underwriting any such loans.

Questions about the interpretation of this policy should be directed to the Executive Director, or to the Chairman of the Board of Commissioners.

MEDIA AND GOVERNMENT RELATIONS POLICY

As a quasi-public entity serving the entire state, VHFA is regularly contacted by members of the media and government organizations. VHFA employees should be courteous to all callers (even under difficult circumstances) and promptly refer the media or government representative to the appropriate staff member, as outlined below.

In order that all statements made to television, radio, magazine or newspaper reporters are presented in the most accurate, authoritative and consistent manner possible, all responses should be coordinated through VHFA's Public Affairs Director.

When any employee is contacted by the news media for a statement regarding VHFA policies or activities, the following procedure should be followed:

- Explain that the Public Affairs Director functions as VHFA's press contact, who will refer the reporter to the appropriate spokesperson. Please do not provide information to the media yourself.

- Contact the Public Affairs Director immediately, convey the message, then forward the call to the Public Affairs Director.

- The Public Affairs Director will refer this information to the Executive Director, who is the primary spokesperson for VHFA or to the appropriate Department head.

- Should the Public Affairs Director be unavailable, convey the information about the inquiry directly to the Executive Director. Should both the Public Affairs Director *and* the Executive Director be unavailable, inquiries should be directed to the Chief of Program Operations.

Any inquiries regarding a court case or other legal matter should be referred to the Executive Director.

Any inquiries from the Governor's office, a congressional office, or a legislator should be directed to *both* the Executive Director and the Public Affairs Director. Be sure to note the individual's name, office, phone number, and the subject of the call.

C. EMPLOYEE STATUS AND RECORDS

ACCESS TO PERSONNEL FILES

VHFA maintains a personnel file for each employee. The personnel file includes such information as the employee's job application, resume, records of training, documentation of performance appraisals and salary increases, and other employment records.

It is the responsibility of each employee to promptly notify VHFA of any changes in personnel data. Personal mailing addresses, telephone numbers, number and names of dependents, individuals to be contacted in the event of an emergency, educational accomplishments, and other such status reports should be accurate and current at all times. If any personnel information has changed, notify the Executive/HR Assistant.

Personnel files are the property of VHFA and access to the information they contain is restricted. Generally, only supervisors and those personnel of VHFA who, by virtue of their position or duties, have a legitimate reason to review information in a file are allowed to do so.

Employees who wish to review their own file should contact the Director of Administration. With reasonable advance notice, employees may review their own personnel files in VHFA's offices and in the presence of an individual appointed by VHFA to maintain the files.

Upon separation from employment at VHFA, employees will be given the option of having their personnel service records treated as **"closed"** or **"open"** and will be required to sign a release which documents their choice.

1. A "closed" file limits the information that the Agency can provide to only dates of employment and most recent position title.

2 An "open" file permits the Agency to provide information on the employee's position, salary, and copies of any letters of recommendation, commendation, or performance evaluations dated within the last five years of employment.

EMPLOYMENT CATEGORIES

It is the intent of VHFA to clarify the definitions of employment categories so that employees understand their employment status and benefit eligibility. These categories do not guarantee employment for any specified period of time. Accordingly, the right to terminate the employment relationship at will at any time is retained by both the employee and VHFA.

Each employee is designated as either NON-EXEMPT or EXEMPT from federal and state wage and hour laws. NON-EXEMPT employees are entitled to overtime pay under the specific provisions of federal and state laws. EXEMPT employees are excluded from specific provisions of federal and state wage and hour laws. An employee's EXEMPT or NON-EXEMPT classification while in their current position may be changed only upon written notification by the Director of Administration.

In addition to the above categories, each employee belongs to one other employment category:

PERMANENT employees are those who are not in a temporary status. They may be eligible for VHFA's benefit package, subject to the terms, conditions, and limitations of each benefit program depending upon the number of hours regularly scheduled to work.

TEMPORARY employees are those hired for a temporary period that is defined in advance and are not eligible for any benefits.

PERFORMANCE EVALUATION

Supervisors and employees are strongly encouraged to discuss job performance and goals on an informal, day-to-day basis. Formal performance evaluations usually are conducted at the end of the employee's first three - and six-month period in any position. This evaluation period allows the supervisor and the employee to discuss the job responsibilities, standards, and performance requirements of the new position. Additional formal performance evaluations are conducted at least annually to provide both supervisors and employees the opportunity to discuss job tasks, identify and correct weaknesses, encourage and recognize strengths, and discuss positive, purposeful approaches for meeting goals. Performance evaluations are scheduled approximately every 12 months, generally in the months of April and May.

D. EMPLOYEE BENEFITS

EMPLOYEE BENEFITS

Employees at VHFA are provided a range of benefits. A number of the programs (such as Social Security, workers' compensation, state disability, and unemployment insurance) cover all employees as prescribed by law. Other benefits may be available for permanent employees depending on the number of hours worked.

For the sake of clarity, many benefits cited in this document (such as vacation time) are expressed in terms of a day or days. Since VHFA has a number of positions at less than full-time, please refer back to this table:

Percent of "Full-Time"	Amount of Time Worked
100%	7.5 hours/day
80%	6.0 hours/day
60%	4.5 hours/day
40%	3.0 hours/day

The Director of Administration or Executive/HR Assistant can identify the programs for which you are eligible.

GROUP HEALTH INSURANCE

All VHFA permanent employees who regularly work 37.5 hours per week are eligible for a full paid Health Insurance Plan effective the first day of the first month following their date of hire. Individual or family coverage is available depending upon your familial status and coverage needs. Domestic Partner coverage is available upon meeting the criteria set by the insurer. Necessary application forms will be furnished to you on the first day of employment. Claim forms are available and are to be completed by you and/or appropriate medical personnel. A plan summary will be provided to you explaining the various provisions of coverage when you are eligible to participate.

If an employee works less than 37.5 hours and at least 20 hours, you are eligible for our health insurance benefits, but must pay a pro-rated share of the health insurance benefits equivalent to the percentage of a full-time week worked.

Financial incentives may be available to employees who opt to forego VHFA's health insurance coverage for themselves or their families, choosing instead to secure coverage through another family member's group health insurance plan. See the Executive/HR Assistant for details.

DENTAL INSURANCE

All permanent employees working at least 20 hours per week are eligible for dental coverage on the first day of the month after completing six months of employment. Currently for permanent employees working 37.5 hours per week, single person, two-person and family coverage is provided, based on familial status, at no cost to the employee. Permanent employees working less than 37.5 hours but at least 20 hours per week will be required to pay a pro-rated share of their health insurance benefits on a pro-rated basis. Domestic Partner coverage is available upon meeting the criteria set by the insurer. The plan provides various coverages depending on the type of dental work performed. Claim forms are available and are to be filled out by you and/or approved at the dental office by the dentist who is an authorized participant in the program. An application form will be provided to you by the Executive/HR Assistant, along with other information explaining the program in detail, prior to the date of your eligibility.

LIFE INSURANCE

In conjunction with VHFA's group insurance plan, each permanent employee working at least 20 hours per week is covered by group term life insurance in an amount equal to the lesser of your annual base salary or a stated maximum. Coverage is effective the first day of the first month following the start of employment. The cost of this basic life insurance is paid by VHFA. Supplemental coverage equal to one time or two times your annual salary may be purchased by you and paid via payroll deduction. Information concerning details of the policy will be provided to you separately.

FLEXIBLE BENEFIT PLAN

VHFA is pleased to sponsor an employee benefit program known as a "flexible benefit plan." Under Federal tax laws, it is also known as a "cafeteria plan." It is so-called because it lets you choose from several different insurance and fringe benefit programs according to your individual needs. VHFA provides you with the opportunity to use pre-tax dollars to pay for certain costs associated with benefit expenses outlined below. The mechanism involves a withholding of pre-tax salary payment with certified receipts submitted for the reimbursement of legitimate benefit costs. This arrangement helps you because the benefits you elect are nontaxable; you save income taxes on the amount of your salary conversion.

Flexible benefit election contributions cannot be carried forward from year to year. Unused contributions are forfeited in accordance with IRS regulations.

Maximum allowed amounts are determined by the IRS and may change on an annual basis.

Benefits covered under the flexible benefit plan include:

a. Uninsured medical and dental expense reimbursement
b. Work-related dependent care expense reimbursement
c. Health and dental insurance premium benefits

You are eligible to participate in this plan if you are a permanent employee working at least 20 hours per week (by addendum to the summary plan description).

A complete summary of the plan is available through the Director of Administration.

DISABILITY PLANS

VHFA maintains short- and long-term disability coverage to all permanent employees after completing 30 days of employment and working at least 20 hours per week.

The SHORT-TERM plan will pay you approximately 66.7 percent of your gross pay, after a period of 15 calendar days that you are unable to work due to disability, up to a stated maximum through the 180th day of your disability. Short-term disability may be used after the birth of a child for a period defined by the insurer and subject to the same waiting period.

The LONG-TERM plan takes over after six months (the 181st day) and pays 66.7 percent of your gross pay, up to the plan maximum stated amount.

VHFA and/or our insurance carrier reserves the right to require a doctor's certification regarding a period of disability and/or an examination by a doctor of VHFA's choice and at our expense. A detailed summary of the plans will be provided to you.

WORKERS' COMPENSATION INSURANCE

VHFA provides a comprehensive workers' compensation insurance program at no cost to all permanent employees. This coverage is for job-related injuries and is governed by Vermont statute. The workers' compensation program covers any injury or illness sustained in the course of employment that requires medical, surgical, or hospital treatment. This applies to travel to and from VHFA-sponsored business events where there is paid mileage. Subject to applicable legal requirements, workers' compensation insurance provides benefits after a short waiting period or, if the employee is hospitalized, immediately. See the Director of Administration or the program handbook that was provided to you for additional information.

Employees who sustain work-related injuries or illnesses should inform their supervisor immediately. No matter how minor an on-the-job injury may appear, it is important that it be reported immediately. This will enable an eligible employee to qualify for coverage as quickly as possible.

Neither VHFA nor the insurance carrier will be liable for the payment of workers compensation benefits for injuries that occur during an employee's voluntary participation in any *off-duty* recreational, social, or athletic activity sponsored by VHFA.

VACATION TIME

VHFA realizes that an important component of an enjoyable workplace environment is occasional time off for rest and relaxation. At the time of hire, all permanent employees will earn one day of vacation time for each full month worked beginning the first full month after your hire date through the completion of the third year of employment. From the first full month after your third year anniversary date through the end of year nine, you will earn 1.5 days of vacation time per month. After the first full month after your 10-year anniversary date, you will earn 2 days of vacation time per month.

Regular utilization of vacation time is very important to you and to VHFA and we will try to accommodate any reasonable request you make for particular time off. While vacation time is intended to be used during the year in which it is earned, it is understood that in certain instances that may not be possible. For this reason, employees may carry forward up to 15 days of total vacation time at the end of each calendar year, not including the December accrual. Paid vacation time can be used in minimum half-hour increments. To take vacation time, employees should request advance approval from their supervisors. Requests will be reviewed based on a number of factors, including business needs and staffing requirements. In order to provide for minimal disruption of VHFA workflow, employees should not expect vacation time to exceed more than two weeks in succession, but from time to time exceptions may be made at the discretion of your department director.

Vacation time will not accrue while you are on a leave of absence in excess of two weeks.
After 10 days of vacation time have been used in a calendar year, an employee may turn in any unused vacation time for pay, in December of each year. The Executive/HR Assistant will notify staff in early December regarding processing dates.

Upon termination of employment, all remaining vacation time accrued to the date of termination will be paid on the next regular pay date.

SICK LEAVE

VHFA provides paid sick time benefits to all permanent employees for periods of temporary absence due to illnesses, injuries, or bereavement needs. At the time of hire, all permanent employees will earn one day of sick time for each full month worked beginning the first full month after your hire date. Employees may accrue up to 75 days of sick leave.

Paid sick time can be used in a minimum of half-hour increments. Employees may use sick time benefits for an absence due to their own illness, injury, or a medical appointment. Leave may also be used to assist a family member who resides in the employee's household or for a member of the immediate family requiring the attention of the employee, or for bereavement that necessitates taking time during business hours. Such circumstances should be discussed with your supervisor as far in advance as possible.

Employees who are unable to report to work due to illness or injury should notify their direct supervisor before the scheduled start of their workday if possible. The direct supervisor must also be contacted on each additional day of absence.

Any permanent employee who works any six consecutive calendar months without taking any time off attributable to your own or family illness is eligible to convert 1 day of sick time to 1.5 days of vacation time. You are responsible for tracking your attendance and notifying your supervisor of your eligibility; the Executive/HR Assistant will confirm conversion eligibility.

Sick time benefits are intended solely to provide income protection in the event of illness or injury or unavoidable personal circumstances and may not be used for any other absence. Sick time will not accrue while you are on an unpaid leave of absence in excess of two weeks. Unused sick time benefits will not be paid to employees while they are employed or upon termination of employment.

FAMILY AND MEDICAL LEAVE

VHFA provides permanent employees with time off to take care of family and medical issues consistent with the federal Family and Medical Leave Act (FMLA) and Vermont's Parental and Family Leave law (VPFL).

<u>Provisions</u>

A. <u>Long-Term Leave (FMLA/VPFL)</u>

A "long-term" family or medical leave of absence is defined as an unpaid leave of absence of up to 12 weeks during the 12-month period measured forward from the date the employee's leave begins. Subject to the definitions and requirements provided in the FMLA and the VPFL, eligible employees may request and may take up to 12 weeks of unpaid time off each year for the following reasons:

- For the birth and subsequent care of a newborn child;
- For placement of a child for adoption or foster care;
- To care for a spouse, child, parent or parent-in-law ("immediate family") with a serious health condition; or
- For a serious health condition rendering the employee unable to perform the functions of the employee's job.

B. Short-Term Leave (FMLA/VPFL)

"Short-term" family leave is defined as unpaid leave not to exceed four hours in any 30-day period and not to exceed 24 hours during the 12-month period measured forward from the date the leave begins. Subject to the definitions and requirements provided in the VPFL, eligible employees may request and may take up to twenty-four (24) hours of unpaid time off each year for the following reasons:

- To participate in preschool or school activities directly related to the academic educational advancement of the employee's child, such as a parent-teacher conference;
- To attend or accompany the employee's immediate family to routine medical or dental appointments;
- To accompany the employee's parent, spouse or parent-in-law to other appointments for professional services related to their care and well-being;
- To respond to a medical emergency involving the employee's immediate family.

Eligibility (FMLA/VPFL)

To be eligible for these benefits, an employee must

- Have worked for VHFA for at least 12 month prior; and
- For long-term leave, have worked at least 1,250 hours during the 12-month period immediately preceding the beginning of the leave.
- For short-term leave, have worked an average of at least 30 hours per week during the 12-month period immediately preceding the beginning of the leave.

Paid Leave (FMLA/VPFL)

Employees may choose to receive leave with pay by utilizing accrued vacation or sick hours according to VHFA policy during any long- or short-term leave. Short-term disability benefits may be utilized during the employee's own serious health condition.

Work-Related Injuries (FMLA/VPFL)

Time off for work-related injuries that meet the criteria for a serious health condition will be charged to time off allowed under this policy guideline.

Notice (FMLA/VPFL)

A. Long-Term Leave

Employees will give reasonable notice of their intent to take leave to their supervisor and to the Director of Administration. VHFA requests that notice be given in writing when practicable. See the Director of Administration for the required content of the notice.

If leave is foreseeable, employees should provide thirty days' notice before the leave is to begin. Employees are expected to consult with their supervisor and make reasonable efforts to schedule foreseeable leave so as not to unduly disrupt VHFA operations. If employees do not give the desired thirty days' notice for foreseeable leave with no reasonable excuse, VHFA may delay the taking of the leave.

Notice must be given as soon as practicable when leave is not foreseeable.

B. Short-Term Leave

Employees shall make a reasonable attempt to schedule appointments for which short-term leave is available outside of regular work hours. In order to take short-term leave, employees shall provide VHFA with the earliest possible notice, but in no case later than three days before leave is to be taken, except in the case of an emergency. "Emergency" means circumstances where the required three-day notice could have a significant adverse impact on the family member of the employee.

Medical Certification (FMLA/VPFL)

Employees may be required to provide medical certification to support their leave request.

Medical certification forms may be obtained from the Executive/HR Assistant. Medical certification information should be returned to the Executive/HR Assistant.

Periodic reports of the employee's status may be required during the leave period.

Benefits Coverage During Leave (Long-Term) (FMLA/VPFL)

During family or medical leave, benefits such as health, dental, life and short-term disability insurance will be continued at the level and under the same conditions (including employee contributions, if applicable) as if the employee were still at work. For those employees who supplement premium payments, arrangements will need to be made to pay their share of premiums while on leave.

In the event an employee elects not to return to work upon completion of a family or medical leave, VHFA may recover from the employee the cost of any payments made to maintain the employee's coverage except where the employee does not return because of the continuance, recurrence or onset of a serious health condition or other circumstances beyond the employee's control.

Job Restoration (Long-Term) (FMLA/VPFL)

With some exceptions, employees will return to their original job or to an equivalent position upon completion of the leave with equivalent pay, benefits and other terms and conditions of employment existing on the day leave begins as long as such benefits are still provided by VHFA. Restoration may be delayed to an employee who fails to provide any required return to work information from their health care provider.

Please see the posters in our workplace.

BEREAVEMENT LEAVE

All permanent employees who need to take time off due to the death of an immediate family member should notify their supervisor immediately. As circumstances can be very different, paid time off will be determined by the manager in conjunction with the employee on a case-by-case basis. Bereavement for non-immediate family members will be covered by sick time.

UNPAID PERSONAL LEAVE

Unpaid personal leave may be available with the recommendation of your department director and the approval of the Executive Director. Absences of 2 weeks or less may be approved by the department director; absences greater than two weeks requires the approval of the Executive Director.

Requests for personal leave will be evaluated based on a number of factors, including anticipated workload requirements and staffing considerations during the proposed period of absence. Benefit accruals, such as vacation, sick time, or holiday benefits, will be suspended during the leave if the leave is greater than two weeks and will resume upon return to active employment.

MILITARY LEAVE

A military leave of absence will be granted to all permanent employees, except those occupying temporary positions, to attend scheduled drills or training or if called to active duty with the U.S. armed services.

Employees will receive partial pay for training assignments up to 15 days. Upon presentation of satisfactory military pay verification data, employees will be paid the difference between your normal base compensation and the pay (excluding expense pay) received while on military duty. The portion of any military leaves of absence in excess of two weeks will be unpaid. However, employees may apply any available paid time off for the absence.

Subject to the terms, conditions and limitations of the applicable plans for which the employee is otherwise eligible, health insurance benefits will be provided by VHFA for the full term of the military leave of absence.

No vacation, sick time, or holiday benefits will accrue during a military leave of absence, except during training.

Employees on two-week active duty training assignments or inactive duty training drills are required to return to work for the first regularly scheduled work day after the end of training, allowing reasonable travel time. Such leave should generally start no earlier than two days in advance of the start of training and end within two days following the end of training.

Employees on longer military leave must apply for reinstatement in accordance with all applicable state and federal laws. Every reasonable effort will be made to return eligible employees to the same or comparable job at the same level of compensation, employment benefits, seniority, or any other term or condition of employment existing on the day leave began.

These employees will be treated as though they were continuously employed for purposes of determining benefits based on length of service, such as the rate of vacation accrual and job seniority benefits.

JURY/WITNESS DUTY

JURY DUTY: Leave for this purpose will be granted to permanent employees by VHFA. You are required to provide VHFA a copy of your jury duty summons as soon as possible after you receive such notice. Upon presentation of proof of jury duty, VHFA will pay the employee the difference between the amount received for jury duty and the employee's normal salary for that pay period. Normal benefits accrue during jury duty leave.

WITNESS DUTY: If permanent employees have been subpoenaed or otherwise requested to testify as witnesses by VHFA, you will receive paid time off for the entire period of witness duty.

Employees will be granted paid time off to appear in court as a witness when subpoenaed by a party other than VHFA.

The subpoena should be shown to the employee's supervisor immediately after it is received so that operating requirements can be adjusted, where necessary, to accommodate the employee's absence. The employee is expected to report for work whenever the court schedule permits.

HOLIDAYS

VHFA will provide holiday time off as listed below:

New Year's Day
* Martin Luther King, Jr., Day
Presidents Day
* Town Meeting Day
Memorial Day
Independence Day
* Bennington Battle Day
Labor Day
* Columbus Day
* Veterans Day
Thanksgiving
Day after Thanksgiving
Christmas

Holiday pay will be paid to employees scheduled to work on each respective holiday based on their normally scheduled hours.

Holidays marked by an asterisk (*) are designated as "optional"; should you schedule to work that day, you will earn one vacation day. Some staff may be required to work on optional holidays in order for VHFA to conduct business. Scheduling will be at the discretion of the department supervisor.

VHFA will grant paid holiday time off to all eligible employees. Holiday pay will be calculated based on the employee's straight-time pay rate. Part-time permanent employees will earn holiday pay based on their pro-ration.

If a recognized holiday falls during an eligible employee's paid absence (such as vacation or sick time), holiday pay will be provided instead of the vacation or sick time. A listing of annual holidays and VHFA's observance of those days is provided to all employees at or before the beginning of each calendar year.

EDUCATIONAL OPPORTUNITIES

VHFA recognizes that the skills and knowledge of its employees are critical to the success of the organization. Educational opportunities encourage personal development through formal education so that employees can maintain and improve job-related skills.

Attendance at job-related seminars requires prior approval from your department director. Permanent notes should be taken as you may be requested to share the information with other employees. Program materials should be collected and offered for other employees to review.

Individual seminars or courses that are part of a degree, licensing, or certification program must be related to the employee's current job duties or a foreseeable-future position in the organization in order to be eligible for educational assistance. VHFA has the sole discretion to determine whether a course relates to an employee's current job duties or a foreseeable-future position.

VHFA's determination will be based on several factors, including information available about the course, the employee's position, the needs of the organization, and the employee's career goals.

All permanent employees must complete at least six months of employment before being eligible to enroll in graded, credit courses at recognized educational institutions. Educational courses must receive prior approval from your department director and the Executive Director. Evening and weekend courses are recommended, as conflicts with your regular work schedule will be a factor in considering any requests.

Educational expenses are to be paid by the employee and will only be *reimbursed* by VHFA as follows:

a. 100 percent reimbursement: grades A, B, or C
b. 0 percent reimbursement: grades D, F, or incomplete

VHFA may make advance payment on behalf of an employee for non-graded courses or seminars. Books and materials for courses will not be reimbursed, unless generally of use to VHFA staff.

While educational assistance is expected to enhance an employee's performance and professional abilities, VHFA cannot guarantee that participation in formal education will entitle the employee to position advancement, a different job assignment, or pay increases.

Attendance at both seminars and educational courses must be coordinated through the attendee and the Executive/HR Assistant.

DEFERRED COMPENSATION

All permanent employees are eligible to participate in a deferred compensation program as of the first paycheck drawn for you by VHFA. The deferred compensation program is entirely voluntary. VHFA does not make any contribution on behalf of the employee. Any sums deferred are not subject to state or federal income tax, but do count for Social Security purposes. Money can be invested without first paying taxes, and earnings accumulate tax-free. Taxes are not paid on the investment until money is taken out of the plan. The amount you may defer of your gross income is determined by the IRS and can be discussed with the Plan Administrator. Money that is deferred may be used to purchase a variety of investments, including stocks, bonds and mutual funds. Questions on deferred compensation should be directed to the Director of Administration.

PENSION PLAN

VHFA covers all permanent employees under a defined contribution money purchase pension plan after completion of six months of employment. The pension contribution is paid entirely by VHFA and is equal to a percentage of normal compensation, currently 10 percent (excluding overtime and bonuses, if any) of your annual salary.

Employees are vested at the rate of 20 percent per eligibility year, achieving full vesting at the fifth anniversary of your participation in the plan. Quarterly reports on the performance of your pension fund contributions will be issued for your review.

The VHFA pension plan is a defined contribution plan so that each employee knows, via the individual quarterly reports received, how much is in that employee's plan. After leaving VHFA, you have the choice to roll the money in your pension plan over into an Individual Retirement Account (IRA) or to take some or all of the money out of the plan. Until age 59, there is a 10 percent penalty levied by the federal government on all money taken out of a plan. There is no penalty on money directly rolled over into an IRA. All of the money taken out of the pension plan or placed in a rollover IRA is taxable in the year received, since none of the money put into the plan was taxed previously.

Eligible employees can choose from a variety of mutual funds in which to invest your pension funds. Further details are available in the plan description distributed at the time of enrollment in the plan.

See the Director of Administration for further information. VHFA may provide recommendation of personal financial advisors if you wish detailed assistance.

RETIREMENT

There is no "retirement age" at VHFA. The age at which you choose to retire is an individual decision that should take into account several factors. These include health, individual goals, savings, and assets available to fund retirement, Social Security availability and pension availability.

EMPLOYEE ASSISTANCE PROGRAM

VHFA offers an Employee Assistance Program (EAP) for all permanent employees, through an association with the Howard Center for Human Services. The Employee Assistance Program offers <u>completely confidential</u> services to individuals who wish to obtain professional assistance in coping with a stressful situation or any other condition which is impacting their life. At one time or another, most people experience some severe stress or emotional tension. The EAP is a program created to provide assistance at those times. Professional staff at an EAP are qualified to help address many situations and circumstances including marital or relationship difficulties, problems with drugs or alcohol, legal or financial concerns, issues with family members, career counseling, emotional problems, employment concerns, etc.

VHFA's annual contract includes six individual or family member sessions per year.

For details on the EAP, see the Director of Administration or the Executive/HR Assistant or call the EAP directly at 802-865-6160 or 800-639-4211.

PARKING/BUS FARE

VHFA subsidizes monthly parking (half of the monthly parking charges, up to $40 monthly) for all permanent employees.

OPTION ONE: PARKING GARAGE/LOTS. For monthly parking, it is your responsibility to register with the garage office and provide a receipt to the Executive/HR Assistant. You will pay the first month's parking in full; VHFA will pay the second month's parking cost in full. The third month VHFA will automatically deduct your half of the total monthly expense from your pay on a bi-weekly basis.

OPTION TWO: ON-STREET PARKING. If you choose not to park in a monthly parking garage, you may park on the street, in the metered parking lot at King and St. Paul Streets, or at any other metered location of your choice. VHFA will reimburse you for non-garage parking for half of your actual parking costs, up to $40.00 per month, provided you submit appropriate expense reports on a timely basis.

OPTION THREE: PUBLIC TRANSPORTATION. VHFA will pay the full monthly bus fare upon presentation of receipt or submission of an appropriate expense report on a timely basis. VHFA will fully pay for an employee to ride the Pine Street shuttle and park at the old St. Johnsbury Trucking building at 645 Pine Street, Burlington.

BENEFITS CONTINUATION (COBRA)

The federal Consolidated Omnibus Budget Reconciliation Act (COBRA) gives employees and their qualified beneficiaries the opportunity to continue health insurance coverage under VHFA's health plan when a "qualifying event" would normally result in the loss of eligibility. Some common qualifying events are resignation, termination of employment, or death of an employee; a reduction in an employee's hours or a leave of absence; an employee's divorce or legal separation; and a dependent child no longer meeting eligibility requirements.

Under COBRA, the employee or beneficiary pays the full cost of coverage at VHFA's group rates plus an administration fee. VHFA provides each eligible employee with a written notice describing rights granted under COBRA when the employee becomes eligible for coverage under VHFA's health insurance plan. The notice contains important information about the employee's rights and obligations.

E. EMPLOYEE CONDUCT

DRUG AND ALCOHOL USE

It is VHFA's desire to provide a drug-free, healthful, and safe workplace. To promote this goal, employees are required to report to work in appropriate mental and physical condition to perform their jobs in a satisfactory manner.

While on VHFA premises and while conducting business-related activities off VHFA premises, no employee may use, possess, distribute, sell, or be under the influence of alcohol or illegal drugs. The legal use of prescribed drugs is permitted on the job only if it does not impair an employee's ability to perform the essential functions of the job effectively and in a safe manner that does not endanger other individuals in the workplace.

Violations of this policy may lead to disciplinary action, up to and including immediate termination of employment. Such violations may also have legal consequences.

If an employee participates in a substance abuse program, the use of sick, vacation or unpaid time may be permitted.

Employees with questions or concerns about substance dependency or abuse are encouraged to use the resources of the Employee Assistance Program. They may also wish to discuss these matters with their supervisor or with the Director of Administration to receive assistance or referrals to appropriate resources in the community.

Employees with drug or alcohol problems that have not resulted in, and are not the immediate subject of, disciplinary action may request approval to take accrued sick and/or vacation time and/or unpaid time off to participate in a rehabilitation or treatment program through VHFA's health insurance benefit coverage. Leave may be granted if the employee agrees to abstain from use of the problem substance and abides by all VHFA policies, rules, and prohibitions relating to conduct in the workplace.

Under the Drug-Free Workplace Act, an employee who performs work for a federal government contract or grant must notify VHFA of a criminal conviction for drug-related activity occurring during business hours. The report must be made within five days of the conviction.

HARASSMENT POLICY

VHFA is firmly committed to prohibiting discrimination throughout the employment process against individuals because of race, color, sex, sexual orientation, age, religion, national origin, ancestry, place of birth, or against qualified individuals with disabilities or any other legally protected status. You should refer any complaints or charges of discrimination immediately to the Director of Administration or to the Executive Director. Retaliation against an employee for reporting or making a charge of discrimination or for cooperating in an investigation of a charge of discrimination is also prohibited. All questions regarding this policy guideline should be directed to the Director of Administration.

<u>Anti-Harassment</u>

VHFA's policy is that all employees are entitled to a workplace free of discrimination, including harassment based on any of the above factors. VHFA will not tolerate such conduct at the workplace. If an employee believes that he or she has been subjected to such discrimination or harassment, the reporting procedure outlined below for complaints of sexual harassment should be followed.

<u>Sexual Harassment</u>

VHFA prohibits sexual harassment of its employees. Sexual harassment is unlawful under state and federal statute. VHFA is committed to providing a workplace free from this unlawful conduct.

Definition of "Sexual Harassment"

Sexual harassment is a form of sex discrimination and means unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:

1. Submission to that conduct is made either explicitly or implicitly a term or condition of employment; or

2. Submission to or rejection of such conduct by an individual is used as a component of the basis for employment decisions affecting that individual; or

3. The conduct has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

Examples of sexual harassment include, but are not limited, to the following when such acts or behavior come within one of the above definitions:

- unwelcome sexual advances
- suggestive or lewd remarks
- unwanted hugs, touches, kisses
- requests for sexual favors
- pornographic posters, cartoons or drawings
- unwelcome sexual jokes and banter
- retaliating for complaining about sexual harassment

Retaliation against an employee for reporting sexual harassment or for cooperating in an investigation of a complaint of sexual harassment is unlawful. It shall be a violation of this policy for any employee who learns of the investigation or complaint to take any retaliatory action which affects the working environment of any person involved in the complaint or investigation. Employees who believe they are being retaliated against should follow the complaint procedure outlined below.

Complaint Procedure

VHFA is committed, and required by law, to take action when it learns of potential sexual harassment. Any employee who feels that he or she has been the victim of sexual harassment should contact the Director of Administration or the Executive Director. VHFA will take all necessary steps to ensure that the matter is promptly investigated and addressed. Any employee who has been found to have harassed another employee will be subject to disciplinary action, ranging from a verbal warning up to and including termination.

Although employees are encouraged to file their complaint of sexual harassment through VHFA's complaint procedure, the following agencies also process complaints of sexual harassment:

- Vermont Attorney General's office, Civil Rights Unit, 109 State Street, Montpelier, VT 05602, tel: (802). 828.3171 (voice/TDD).

- Equal Employment Opportunity Commission, 1 Congress Street, Boston, MA 02114, tel: (617). 565.3200 (voice), (617). 565.3204 (TDD).

PROBLEM RESOLUTION

VHFA encourages an open, frank atmosphere in which any problem, complaint, suggestion or question receives a timely response from VHFA supervisors and management.

In the event that a problem cannot be worked out through informal, open communication between you and your supervisor, the Problem Resolution process is available. If an employee believes that a condition of employment or a decision affecting you is unjust or inequitable, you are encouraged to use the following steps.

The Problem Resolution Process consists of three steps:

STEP ONE: Employee presents problem to *immediate supervisor*. If the employee is dissatisfied with the response from his or her supervisor or if the problem pertains to termination, demotion, or suspension without pay, the problem can immediately be presented to the Second Step Respondent.

STEP TWO: The employee sends written notification to the *Second Step Respondent* to continue the process. The Second Step Respondent is the Department Director or the Director of Administration, whichever position is closer organizationally to the supervisor. If the employee is dissatisfied with the response, he or she may proceed to the third step.

STEP THREE: The Third Step Respondent is the Executive Director. Upon receipt of the employee's notification to proceed, the Executive Director will review the case. The decision of the Executive Director is the final decision of the Agency.

Should an employee encounter a problem directly related to the Executive Director, the problem should be presented to the Chairman of VHFA's Board of Commissioners.

PERSONAL APPEARANCE

Employees are expected to appear neat and clean at all times and are expected to use their best judgement when meeting with outside parties or VHFA Board of Commissioners. Employees will be expected to dress in "business casual " Monday through Thursday, and "relaxed casual" on Friday.

- All garments and footwear **must be clean** with no ripped, frayed, stained faded or bleached area and no tie-dye.

- No low-cut blouses or shirts, no mid-riff shirts, halter tops, athletic shorts or tops, or T-shirts with political or offensive slogans, no flip-flops.

Please feel free to consult the Director of Administration or the Executive/HR Assistant if you have any questions or concerns regarding this matter.

F. TIMEKEEPING AND PAYROLL

PAY PERIODS

All employees are paid bi-weekly on every other Friday. Each paycheck will include earnings for all work performed through the end of the current payroll period. Paychecks are subject to withholding for federal and state taxes, Social Security, Medicare, and certain voluntary withholding amounts. All employees are required to fill out time sheets within one week of the pay period or make arrangements with supervisor.

In the event that a regularly scheduled payday falls on a day off such as a holiday, employees will receive paychecks on the last day of work before the regularly scheduled payday.

If a regular payday falls during an employee's vacation, the employee's paycheck will be available upon his or her return from vacation.

Employees may have pay directly deposited into their bank accounts if they provide advance written authorization to VHFA. Employees receive an itemized statement of wages when VHFA makes direct deposits. See the Executive/HR Assistant for information.

VHFA takes all reasonable steps to ensure that employees receive the correct amount of pay in each paycheck and that employees are paid promptly on the scheduled payday. In the unlikely event that there is an error in the amount of pay, the employee should promptly bring the discrepancy to the attention of the Executive/HR Assistant so that corrections can be made as quickly as possible.

If an employee is scheduled for vacation and would like to receive your pay in advance, a written request must be submitted to the Executive/HR Assistant no later than the Friday before the pay period in which you are requesting to be paid ends, in order for the request to be processed.

OVERTIME POLICY

Normal working hours for Permanent Full-Time non-exempt (hourly) staff members total 37.5 hours per week. In certain circumstances, it may be necessary to work during other than scheduled work hours (for example, to provide VHFA staffing at special events). In such cases, you should seek approval from your supervisor for overtime pay (as applicable) before undertaking the extended assignment.

If you are a Permanent Full-Time non-exempt employee and work more than your scheduled 37.5 hours in one week, you will, <u>with prior approval from your department director</u>, be eligible to earn overtime pay at a rate 1.5 times your normal hourly rate for actual hours worked beyond 40 hours per week. The hours worked between 37.5 and 40 hours will be paid at your normal hourly rate.

COMP TIME POLICY

Periodically, Exempt staff members work in excess of their normal work week for a sustained period of time. At the manager's discretion, the paid time off may be granted to the employee. This time off is in recognition of the employee's extra efforts and is not an hour for hour accounting of extra hours worked.

EXPENSE REPORTS

Generally, expense reports should be submitted at least once each calendar month. After approval by your department director, expense reports should be submitted to Accounts Payable no later than Wednesday for processing on Friday. Expense checks will be disbursed by noon on Friday.

Any further questions you have regarding expense reports should be discussed with your supervisor.

BUSINESS TRAVEL EXPENSES

VHFA will reimburse employees for reasonable business travel expenses incurred while on assignments away from the normal work location. All business travel must be approved in advance by the department director, Director of Administration, or Executive Director. It is your responsibility to inform your insurance carrier of the business use of your personal vehicle.

Employees whose travel plans have been approved must complete all travel forms and coordinate all arrangements with the Executive/HR Assistant.

When travel is approved, the following guidelines should be followed to when incurring per diem meal (tax and tip inclusive) expenses:

Breakfast	$ 8.00
Lunch	10.00
Dinner	20.00

High-cost areas may necessitate that these figures be increased. See your Director for details. VHFA will not reimburse for alcoholic beverages.

Automobile mileage reimbursement rate is set periodically, generally per IRS Guidelines for work-related travel. Check with the Executive/HR Assistant for the most current rate.

Expense reimbursement for other related travel expenses such as taxis, parking and lodging should be accompanied with a receipt.

When travel is completed, employees should submit completed travel expense reports within 30 days. An advance to cover anticipated expenses may be obtained after a written request is submitted to Accounts Payable at least one week prior to travel. Subsequent documentation and/or a refund of any unused portion of the advance should be submitted within fourteen days of the completion of travel.

In any situation where an overnight stay is required, VHFA will reimburse for one personal phone call per night providing this call is not longer than five (5) minutes per night.

In specific instances, when required business travel results in a dependent care problem for an employee, VHFA will consider reimbursing employees for dependent care costs. Any such circumstances and/or requests should be discussed with your department director in advance of travel arrangements.

Employees should contact your supervisor for guidance and assistance on procedures related to travel arrangements, expense reports, reimbursement for specific expenses, or any other business travel issues prior to incurring the expense.

Abuse of this business travel expense policy, including falsifying expense reports to reflect costs not incurred by the employee, can be grounds for disciplinary action, up to and including termination of employment.

G. WORK CONDITIONS AND HOURS

WORK SCHEDULES

VHFA's regular hours of operation are 8:00 a.m. to 4:30 p.m. Monday through Friday; however, individual schedules may be altered by mutual agreement of department directors and employees. Supervisors will advise employees of the times their schedules will normally begin and end. Staffing needs and operational demands may necessitate variations in starting and ending times, as well as variations in the total hours that may be scheduled each day and week. Each employee is provided up to one (1) hour unpaid for lunch and one fifteen (15) minute break for every four hours worked.

To maintain a safe and productive work environment, VHFA expects employees to be reliable and to be punctual in reporting for scheduled work. Absenteeism and tardiness place a burden on other employees and on VHFA. Either may lead to disciplinary action, up to and including termination of employment. In the rare instances when employees cannot avoid being late to work or are unable to work as scheduled, you should notify your supervisor as soon as possible in advance of the anticipated tardiness or absence.

Accurately recording time worked is the responsibility of every VHFA employee. Federal and state laws require VHFA to keep an accurate record of time worked in order to calculate employee pay and benefits.

To facilitate a recording of hours, to provide information useful in tracking use of accrued leave time, and to ensure that employees are compensated accurately, an attendance record for each employee is required. It is important that your time sheet is submitted at the end of each pay period and signed by your supervisor or department director.

All employees are responsible for maintaining and submitting a record of attendance and accrued time used on the prescribed VHFA form.

Non-exempt employees should accurately record the time they begin and end their work, as well as the beginning and ending time of each meal period and excused absences. Overtime work must **always** be approved before it is performed.

It is the employee's responsibility to sign your time records to certify the accuracy of all time recorded. The supervisor will review and then initial the time record before submitting it for payroll processing. In addition, if corrections or modifications are made to the time record, both the employee and the supervisor must verify the accuracy of the changes by initialing the time record.

TELE-COMMUTING AND WORKING FROM HOME

Telecommuting may be considered on a case- by- case basis when requested by an employee. Considerations will be made based on impact on the Agency and the individual department, workload, and overall nature of the position. Scheduling decisions will be made by the department director in consultation with the Executive Director. There will be instances when an employee is requested to be present at VHFA.

CONFIDENTIALITY

VHFA handles information that is proprietary and confidential. Anything of a business nature observed, read, discussed, or overheard during business hours should be discussed only with other employees whose position requires this information. Violation of this policy can be grounds for disciplinary action, up to and including termination.

INTERNET AND E-MAIL POLICY

VHFA provides the use of computers to assist employees in the performance of their jobs and to assist in the conduct of the agency's business. VHFA also provides access to an electronic mail (e-mail) system and the Internet. In the interest of providing clear guidelines on employee use of these resources, VHFA has the following policies relating to the use of its computers and systems.

General Principles:

- Agency-provided Internet and e-mail privileges, like computer systems and networks, are considered agency resources and are intended to be used primarily for business purposes. While *limited* personal use is permitted, usage may be monitored and users may be subject to limitations on the use of these resources.
- Correspondence via e-mail is not guaranteed to be private. Confidential e-mails should not be sent without encryption.
- Remember that e-mail is written communication, requiring the same level of professionalism shown in letters, memos, etc. For example, use of all capital letters (or, SHOUTING) is offensive to some e-mail recipients.
- The distribution of any information through the Internet or e-mail is subject to the scrutiny of VHFA. The agency reserves the right to determine the suitability of this information.

Conditions of Use:

- Users may not use Internet or e-mail resources for personal use during normal working hours. *Limited* personal use *before or after normal working hours or during lunch periods is permitted.*
- Users may not visit Internet sites (*at any time)* that contain sexually explicit, hateful, or other objectionable materials; send or receive any material that is sexually explicit or defamatory or which is intended to annoy, harass, or intimidate another person.
- To prevent the introduction of viruses into the network, users may not download software from the Internet without the prior approval of the Director of Administration. Care must also be taken not to download copyright protected material. If there are any doubts, the Director of Administration should be consulted in advance.
- Sites requiring registration for use must be approved in advance by the Director of Administration.
- Any agency-purchasing via the Internet must be coordinated through your department director.
- Users may not carry out non-agency business for personal monetary gain or profit.

COMPUTER USAGE

All computer programs, hardware, and data purchased by VHFA are the sole property of the Agency. Although individual passwords may be required to gain access to VHFA's computer systems, from time to time your supervisor or co-workers may need to gain access to certain applications or files associated with your computer user account. After authorization by your supervisor, your password may be overridden. To avoid unnecessary delay in accessing these files during a scheduled absence, be certain to coordinate with your supervisor to ensure that work files can be accessed without undue difficulty.

MAINTENANCE OF OFFICES AND WORK AREAS

It is your responsibility to maintain your office or work area in a neat, orderly and professional manner. Ensuring confidentiality and safekeeping of paperwork is every employee's responsibility.

The care and maintenance of personal plants will be your responsibility.

While radios or other audio equipment may be permitted, care should be taken to keep the volume low so that co-workers are not disturbed.

PERSONAL TELEPHONE CALLS

VHFA telephones are intended to be used for business purposes. It is understood that occasionally you may need to make or receive personal phone calls during business hours. These calls should be kept to a minimum and be of as short a duration as possible.

If it is necessary to place a personal long distance call or send a long distance fax during the work day, it is your responsibility to notify Accounts Payable of the call and provide the date and number called. You will then be charged for the cost of the call after the telephone bill is received and reviewed. However, employees are encouraged to use personal calling cards or to charge such calls to their home phone numbers.

VISITORS IN THE WORKPLACE

To provide for the safety and security of employees and the facilities at VHFA, only authorized visitors are allowed in the workplace. Restricting unauthorized visitors helps maintains safety standards, protects against theft, ensures security of equipment, protects confidential information, safeguards employee welfare, and avoids potential distractions and disturbances.

All visitors should enter VHFA at the front lobby. Authorized visitors will receive directions or be escorted to their destination. Employees are responsible for the conduct and safety of their visitors.
If an unauthorized individual is observed on VHFA's premises, employees should immediately notify their supervisor or, if necessary, direct or escort the individual to the front lobby.

SMOKE FREE WORKPLACE

In the interest of providing a safe and healthy environment for employees and visitors, and in accordance with the work-site smoking law, the following policy on smoking has been adopted:

> **Smoking is not permitted within the VHFA office or the front entrance area. Common areas of the building, such as hallways, rest rooms and lobby areas are also designated non-smoking areas.**

EMERGENCY CLOSING POLICY

VHFA realizes that there are times when the severity of the weather, fires, power failures or earthquakes, may necessitate early closing of the office for the safety of its employees.

In the event that such an emergency occurs during non-working hours, please call the Executive/ HR Assistant at 652-3413 and listen to her voicemail message. If we are closed, her message will indicate that.

In the case of severe weather, VHFA will close at the discretion of the Executive Director or Director of Administration.

In the event that no closing is made but an employee feels the need to leave based on their own comfort level, then the time will be deducted on an half hour basis from their vacation time.

SOLICITATION AND DISTRIBUTION

Because distractions on the job can lead to lack of attention to our customers and safety problems, we have established the following rules:

- When you are working, you may not engage in the solicitation of other employees or the distribution of literature of any kind. When another employee is working, you may not solicit that employee for any purpose.
- With the exception of the annual United Way campaign, distribution of literature of any kind may not be made in work areas or public areas at any time.
- Persons not employed by VHFA are not permitted to solicit or distribute literature on the premises.
- Solicitation may be done through the employees "Newsgroup" e-mail.

EMPLOYMENT TERMINATION

Termination of employment is an inevitable part of personnel activity within any organization, and many of the reasons for termination are routine. The most common circumstances under which employment is terminated are:

> RESIGNATION or RETIREMENT - voluntary employment termination initiated by an employee. Although advance notice is not required, VHFA requests at least two weeks' written resignation notice from all employees.
>
> DISCHARGE - involuntary employment termination initiated by the organization.

At the time of employment termination, VHFA will generally schedule an exit interview, to be conducted by the Director of Administration or Executive Director. The exit interview will afford an opportunity to discuss such issues as employee benefits, conversion privileges, repayment of outstanding debts to VHFA, or return of VHFA-owned property. Suggestions, complaints, and questions can also be voiced.

Since employment with VHFA is based on mutual consent, both the employee and VHFA have the right to terminate employment at will, with or without cause, at any time. Employee benefits will be affected by employment termination in the following manner: all accrued, vested benefits that are due and payable at termination will be paid. Some benefits may be continued at the employee's expense if the employee so chooses. The employee will be notified in writing of the benefits that may be continued and of the terms, conditions, and limitations of such continuance.

As an employee, you are responsible for all property, materials, or written information issued to you or in your possession or control during your employment, and all VHFA property must be returned do the Agency on or before your last day of work.

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia M. Loller, Director of Administration

DATE: June 11, 1999

RE: Year 2000 Update

Our Year 2000 project continues to progress. As I stated in the last Board update, we have completed our contingency plans and are currently progressing with the testing phase. I am please with the progress to date and continue to anticipate a smooth transition into 2000.

Mitas Testing
VHFA has contracted with SymQuest to assist us with the testing of our Mitas application, as well as a handful of other critical PC applications. We have set up a server with two workstations on an independent network to complete this testing process. All aspects of the Mitas testing have been identified and a test plan has been established. We anticipate this being complete by June 30, 1999.

As a side note, we have spoken with New Mexico Housing Authority, which also uses Mitas software. They have recently completed their testing of the software and found no Year 2000 issues. This success was anticipated by New Mexico and Vermont, as Mitas has always used an eight digit date field.

Panurgy Project
Panurgy, formerly Computerland, completed the hardware inventory and testing, software inventory, and compliance reporting project. As reported in the last correspondence to the Board, our hardware is 100% Year 2000 ready.

Panurgy's report regarding VHFA's Year 2000 software readiness was not totally accurate, in that it identified version numbers, however it did not identify if more recent service releases were applied. These service releases in many cases make the application Year 2000 ready. After further analysis of this information, the status of our software compliance situation is much more positive than originally reported. Of our seventeen critical applications, two require remediation, as noted by the software vendor, Microsoft (Windows 95 and Windows NT). Once Year 2000 patches are available for these products, they will be downloaded from the Internet and applied to our system.

Year 2000 Expenses
Below is an outline of our expenses to date regarding Year 2000:

Year 2000 Seminar	$ 100
Test Server	
Hardware	$ 6,320
Consulting – setup	$ 1,215
Testing - Consultant	$ 800
Panurgy Testing	$ 7,890
Total To Date	$16,325

There will be an additional $12,500 in SymQuest expenses for consulting. SymQuest is writing all of the test scripts and coordinating the testing of the Mitas software.

Board Action
No Board action is needed at this time.

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Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homeownership Programs PAC

DATE: June 10, 1999

RE: Summary of Homeownership Activities

Program Operation

We have experienced a dramatic increase in activity. As of June 9, 1999, there was a total of approximately $8.9 million in Series 10 loans in the pipeline. VHFA currently enjoys a rate spread of approximately 150 basis points below conventional interest rates, which makes our programs a very attractive option for buyers. While it is still too early to determine whether the higher income and purchase price limits are also a factor in increased activity (most of the loans are still in a reservation status and income is not confirmed until the loan is underwritten), staff have not observed a large number of reservations for higher income borrowers. Attached is a modified summary of loan activity that focuses on our current program. As more loans switch from a reservation to commitment status, staff will provide the Board with information on average income and average purchase price data.

Ann-Marie Plank, Veronica Devos, and Mary Sweeney are working very hard to complete the transition of underwriting to MGIC. MGIC has anticipated a higher volume of loans and is using capacity that exists at their Braintree, Massachusetts office to assist MGIC staff in Vermont. MGIC has opened an office in Burlington, and has hired another underwriter.

VHFA's Outreach Coordinator, Kelly Deforge, has begun an aggressive outreach plan with lenders. Feedback has been very positive; lenders appear to like the more personal one-on-one attention that Kelly gives their lending staff.

Servicing

Attached are standard servicing reports and others that are slightly modified. While VHFA continues to see improvement in 30 day and 60 day delinquency numbers over the same period last year, we clearly need to do more work to reduce the level of loans that are delinquent 90+ days. There are a substantial number of loans that are seriously delinquent where special repayment agreements were not being adhered. We estimate that approximately 36 loans will be moved to foreclosure within the next several weeks. Since some of these loans exceed PMI's maximum timeframe for a lender to acquire title, the possibility does exist that PMI may reduce or refuse to pay claims on some loans. There were also a number of short sales and deed-in-lieu transactions in process at the time of sale of VHMGB to PMI, and we are waiting to see how they will handle those claims. The good news is that staff has had contact with PMI servicing staff and are building a good working relationship. I will provide an update at the Board meeting on the status of loans that are in the process of being moved to foreclosure.

Jacklyn Santerre is working with servicing staff to assist them with work flow and computer issues. Changes are being made so that Carolyn Mossey and Elizabeth Bartlett can provide more case support and backup to Linda Wilson, Polly Thibault, and Darren Keniston. A lot of changes are in process and we are dealing with a number of difficult issues. Everyone has demonstrated a high level of professionalism and commitment to do whatever is needed to get the job done.

Jacklyn and I will spend time over the next month or so meeting with our servicers to gain their input into new procedures and a new relationship. Our goal is to implement new agreements and procedures by September 1, 1999.

VHFA SERIES 10
Loan Activity as of June 9, 1999

Program	Reservations	Commitments	Non-Compliance	Purchases	Totals	Number
MOVE Zero Point	$ 4,713,288	$ 1,008,821	$ -	$ -	$ 5,722,109	85
MOVE One Point	$ 571,150	$ 228,600	$ 57,000	$ 81,605	$ 938,355	13
MOVE Two Point	$ 109,040	$ -	$ -	$ -	$ 109,040	3
MOVE Stepped	$ 1,198,940	$ 293,900			$ 1,492,840	21
HOUSE Zero Point	$ 123,000	$ 143,400			$ 266,400	4
HOUSE One Point	$ 151,500	$ -	$ -	$ -	$ 151,500	2
YESS Zero Point	$ 258,400	$ -	$ -	$ -	$ 258,400	4
YESS One Point	$ -	$ -	$ -	$ -	$ -	0
TOTALS	$ 7,125,318	$ 1,674,721	$ 57,000	$ 81,605	$ 8,938,644	132

TOTAL BOND PROCEEDS	$ 33,016,574
LESS TOTAL LOANS IN PROCESS	$ 8,938,644
FUNDS AVAILABLE FOR LOANS	$ 24,077,930
AVERAGE LOAN AMOUNT	$ 67,717

HOMEOWNERSHIP PROGRAMS - SERVICING ACTIVITY REPORT

Activity for the month of March 1999

COLLECTIONS

90+ accounts from previous month	127	
Plus new 90 day accounts	15	
To foreclosure or deed in lieu	6	
To 60 days or less	30	
Total 90+ accounts for current month	106	(51 accounts are under payment agreements)

FORECLOSURES

Foreclosure accounts from previous month	49	
Plus new foreclosure accounts	5	
To REO	6	
Successful interventions	2	
Total Foreclosure accounts for current month	46	

REAL ESTATE OWNED

REOs from previous month	48	
Plus new REOs	6	
Less property sold	5	
REOs for current month	49	(12 properties are under contract)

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: MARCH 1999

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO	
Banknorth Mortgage Co.	718	31	4.32%	2	0.28%	6	0.84%	6	0.84%	45	6.27%	8	1.11%
Bennington Co-op S&L Assoc.	62	1	1.61%	1	1.61%	1	1.61%	0	0.00%	3	4.84%	0	0.00%
Brattleboro Savings & Loan	31	1	3.23%	1	3.23%	0	0.00%	0	0.00%	2	6.45%	0	0.00%
Charter One	386	24	6.22%	6	1.55%	8	2.07%	4	1.04%	42	10.88%	5	1.30%
Chittenden Bank	860	47	5.47%	8	0.93%	10	1.16%	9	1.05%	74	8.60%	10	1.16%
Citizens Savings Bank	119	4	3.36%	3	2.52%	0	0.00%	0	0.00%	7	5.88%	1	0.84%
Community National Bank	305	8	2.62%	5	1.64%	12	3.93%	0	0.00%	25	8.20%	2	0.66%
Connecticut River Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Factory Point Nat. Bank	33	1	3.03%	1	3.03%	0	0.00%	0	0.00%	2	6.06%	0	0.00%
First Brandon Nat. Bank	4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Nationwide Mortgage	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
GMAC Mortgage	10	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Graystone Mortgage Company	498	38	7.63%	7	1.41%	14	2.81%	7	1.41%	66	13.25%	5	1.00%
Heritage Family Credit Union	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Lyndonville Savings Bank	65	1	1.54%	1	1.54%	3	4.62%	0	0.00%	5	7.69%	0	0.00%
Mascoma Savings Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Merchants Bank	232	7	3.02%	1	0.43%	3	1.29%	1	0.43%	12	5.17%	0	0.00%
Mortgage Service Ctr. of NE	81	4	4.94%	2	2.47%	3	3.70%	0	0.00%	9	11.11%	1	1.23%
New England Federal CU	42	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Northfield Savings Bank	141	3	2.13%	0	0.00%	0	0.00%	0	0.00%	3	2.13%	1	0.71%
Passumpsic Savings Bank	157	8	5.10%	4	2.55%	5	3.18%	1	0.64%	18	11.46%	1	0.64%
Peoples Trust Co.	82	2	2.44%	1	1.22%	2	2.44%	0	0.00%	5	6.10%	0	0.00%
Randolph National Bank	31	2	6.45%	0	0.00%	1	3.23%	0	0.00%	3	9.68%	0	0.00%
Union Bank	172	4	2.33%	2	1.16%	4	2.33%	1	0.58%	11	6.40%	0	0.00%
Vermont Development CU	80	1	1.25%	2	2.50%	2	2.50%	0	0.00%	5	6.25%	0	0.00%
Vermont National Bank	1855	76	4.10%	20	1.08%	32	1.73%	17	0.92%	145	7.82%	14	0.75%
Wells River Savings Bank	31	1	3.23%	0	0.00%	0	0.00%	0	0.00%	1	3.23%	1	3.23%
Totals	6014	264	4.39%	67	1.11%	106	1.76%	46	0.76%	483	8.03%	49	0.81%
Totals Previous Month	6054	347	5.73%	85	1.40%	127	2.10%	50	0.83%	609	10.06%	48	0.79%
Totals Same Mo. Last Yr.	6409	324	5.06%	81	1.26%	119	1.86%	50	0.78%	574	8.96%	72	1.12%

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: MARCH 1999

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL		Delinq		REO
Large Servicer 400+													
Banknorth Mortgage Co.	718	31	4.32%	2	0.28%	6	0.84%	6	0.84%	45	6.27%	6	0.63%
Charter One	386	24	6.22%	6	1.55%	8	2.07%	4	1.04%	42	10.88%	5	0.22%
Chittenden Bank	860	47	5.47%	8	0.93%	10	1.16%	9	1.05%	74	8.60%	10	1.05%
Graystone Mortgage Company	498	38	7.63%	7	1.41%	14	2.81%	7	1.41%	66	13.25%	5	3.54%
Vermont National Bank	1855	76	4.10%	20	1.08%	32	1.73%	17	0.92%	145	7.82%	14	1.36%
Totals	4317	216	5.00%	43	1.00%	70	1.62%	43	1.00%	372	8.62%	40	0.93%
Average	863	43	5.55%	9	1.05%	14	1.72%	9	1.05%	74	9.36%	8	1.36%
Medium Servicers 399-50													
Bennington Co-op S&L Assoc.	31	1	3.23%	1	3.23%	0	0.00%	0	0.00%	2	6.45%	0	0.00%
Citizens Savings Bank	119	4	3.36%	3	2.52%	0	0.00%	0	0.00%	7	5.88%	1	0.84%
Community National Bank	305	8	2.62%	5	1.64%	12	3.93%	0	0.00%	25	8.20%	2	0.66%
Lyndonville Savings Bank	65	1	1.54%	1	1.54%	3	4.62%	0	0.00%	5	7.69%	0	0.00%
Merchants Bank	232	7	3.02%	1	0.43%	3	1.29%	1	0.43%	12	5.17%	0	0.00%
Mortgage Service Ctr. of NE	81	4	4.94%	2	2.47%	3	3.70%	0	0.00%	9	11.11%	1	1.23%
Northfield Savings Bank	141	3	2.13%	0	0.00%	0	0.00%	0	0.00%	3	2.13%	1	0.71%
Passumpsic Savings Bank	157	8	5.10%	4	2.55%	5	3.18%	1	0.64%	18	11.46%	1	0.64%
Peoples Trust Co.	82	2	2.44%	1	1.22%	2	2.44%	0	0.00%	5	6.10%	0	0.00%
Union Bank	172	4	2.33%	2	1.16%	4	2.33%	1	0.58%	11	6.40%	0	0.00%
Vermont Development CU	80	1	1.25%	2	2.50%	2	2.50%	0	0.00%	5	6.25%	0	0.00%
Totals	1465	43	2.94%	22	1.50%	34	2.32%	3	0.20%	102	6.96%	6	0.41%
Average	139	4	3.07%	2	1.68%	3	2.15%	0	0.16%	10	7.06%	1	0.41%
Small Servicers 49-													
Brattleboro Savings & Loan	31	1	3.23%	1	3.23%	0	0.00%	0	0.00%	2	6.45%	0	0.00%
Connecticut River Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Factory Point Nat. Bank	33	1	3.03%	1	3.03%	0	0.00%	0	0.00%	2	6.06%	0	0.00%
First Brandon Nat. Bank	4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Nationwide Mortgage	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
GMAC Mortgage	10	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Heritage Family Credit Union	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mascoma Savings Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
New England Federal CU	42	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Randolph National Bank	31	2	6.45%	0	0.00%	1	3.23%	0	0.00%	3	9.68%	0	0.00%
Wells River Savings Bank	31	1	3.23%	0	0.00%	0	0.00%	0	0.00%	1	3.23%	1	3.23%
Totals	201	5	2.49%	2	0.01%	1	0.50%	0	0.00%	8	3.98%	1	0.50%
Average	17	0	1.42%	0	0.48%	0	0.29%	-	0.00%	1	2.26%	0	0.29%

Lenders	1998 Jul	Aug	Sep	Oct	Nov	Dec	1999 Jan	Feb	Mar
Large Servicer 400+									
Banknorth Mortgage Co.	6.01%	7.50%	7.40%	7.53%	7.49%	8.55%	7.91%	8.65%	6.27%
Charter One	12.41%	11.75%	11.57%	11.41%	14.43%	12.38%	13.00%	12.94%	10.88%
Chittenden Bank	8.13%	10.39%	9.39%	10.02%	9.84%	11.72%	11.78%	11.43%	8.60%
Graystone Mortgage Company	12.43%	13.08%	14.31%	15.01%	15.82%	15.88%	13.41%	16.27%	13.25%
Vermont National Bank	8.91%	8.32%	8.57%	7.95%	9.20%	9.04%	9.90%	9.90%	7.82%
Average	9.58%	10.21%	10.25%	10.38%	11.36%	11.51%	11.20%	11.84%	9.36%
Medium Servicers 399-50									
Bennington Co-op S&L Assoc.	7.41%	7.41%	3.57%	1.64%	1.67%	3.23%	3.23%	6.45%	6.45%
Citizens Savings Bank	4.31%	3.45%	6.03%	6.03%	5.22%	6.14%	6.03%	8.55%	5.88%
Community National Bank	6.93%	7.84%	8.39%	9.15%	9.09%	9.80%	8.77%	8.79%	8.20%
Lyndonville Savings Bank	5.08%	5.08%	10.17%	6.67%	5.26%	6.67%	8.06%	7.69%	7.69%
Merchants Bank	4.87%	3.82%	4.65%	4.37%	6.45%	4.90%	8.33%	7.20%	5.17%
Mortgage Service Ctr. of NE	14.12%	18.82%	16.57%	11.76%	16.67%	16.87%	13.25%	11.11%	11.11%
Northfield Savings Bank	4.55%	4.44%	7.97%	7.14%	6.43%	3.57%	6.34%	4.93%	2.13%
Passumpsic Savings Bank	9.70%	11.52%	10.37%	10.37%	11.38%	12.35%	12.42%	11.88%	11.46%
Peoples Trust Co.	7.45%	6.59%	13.19%	5.62%	6.82%	7.06%	8.33%	8.33%	6.10%
Union Bank	7.22%	7.73%	8.20%	8.24%	8.89%	9.66%	9.36%	8.14%	6.40%
Vermont Devvelopment CU	8.96%	7.46%	5.88%	7.14%	8.00%	5.26%	3.95%	3.95%	6.25%
Average	7.33%	7.65%	8.64%	7.10%	7.81%	7.77%	8.01%	7.91%	6.99%
Small Servicers 49-									
Brattleboro Savings & Loan	7.41%	7.41%	3.57%	3.57%	3.45%	10.34%	6.67%	6.45%	6.45%
Connecticut River Bank	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%	20.00%	20.00%	0.00%
Factory Point Nat. Bank	11.43%	11.76%	5.88%	9.09%	21.21%	9.09%	6.06%	6.06%	6.06%
First Brandon Nat. Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
First Nationwide Mortgage	0.00%	0.00%	0.00%	0.00%	0.00%	20.00%	0.00%	0.00%	0.00%
GMAC Mortgage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Granite Bank (NH)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Heritage Family Credit Union	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mascoma Savings Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
New England Federal CU	0.00%	0.00%	0.00%	2.27%	0.00%	0.00%	0.00%	0.00%	0.00%
Randolph National Bank	8.57%	11.43%	8.57%	8.57%	8.57%	9.09%	12.50%	9.38%	9.68%
Wells River Savings Bank	10.00%	6.67%	10.00%	6.67%	10.00%	10.00%	6.67%	3.23%	3.23%
Average	3.12%	4.77%	2.34%	2.51%	3.60%	4.88%	4.33%	3.76%	2.12%

VERMONT HOUSING FINANCE AGENCY

Board Property Disposition Report

Month of: March, 1999

Properties Sold

Property	Listing Price	Sale Price	Principal Balance	Interest	To Date Expenses	Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Lang Hartford	$ 45,000	$ 40,000	$ 56,167	$ 6,300	$ 9,090	$ 12,000	($19,557)	$0	($19,557)
Bacon Windsor	$ 39,000	$ 38,200	$ 48,658	$ 5,967	$ 22,823	$ 10,600	($28,648)	($35,236)	$6,588
Dewing Berkshire	$ 69,900	$ 66,500	$ 69,548	$ 8,044	$ 13,068	$ 22,720	($1,440)	($11,967)	$10,527
Darling Groton	$ 43,900	$ 40,000	$ 53,962	$ 5,041	$ 6,909	$ 12,000	($13,912)	($7,523)	($6,389)

Properties Under Contract

Property	Listing Price	Contract Price	Principal Balance	Interest	Estimated Expenses	Estimated Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Findley Hartford	$ 79,900	$ 73,500	$ 82,480	$ 6,685	$ 14,343	$ 17,800	($12,208)	($19,161)	$6,953
Charland Cambridge	$ 37,900	$ 38,000	$ 60,813	$ 9,020	$ 8,018	$ 13,200	($26,651)	($23,249)	($3,402)
Emerson Newbury	$ 44,900	$ 35,500	$ 51,136	$ 5,213	$ 16,882	$ 12,000	($25,731)	($25,889)	$158
Norton Castleton	$ 69,900	$ 69,450	$ 74,360	$ 7,007	$ 18,437	$ 16,000	($14,354)	($9,437)	($4,917)
Rollins Rutland	$ 60,000	$ 54,000	$ 65,397	$ 7,568	$ 10,055	$ 14,000	($15,020)	($24,865)	$9,845
Corbitt Troy	$ 18,900	$ 13,500	$ 31,031	$ 2,918	$ 5,406	$ 5,231	($20,624)	$0	($20,624)
Riley Bakersfield	$ 85,900	$ 84,000	$ 67,970	$ 14,334	$ 21,602	$ 16,986	($2,920)	($4,166)	$1,246
Cleary St Albans		$ 70,000	$ 72,807	$ 12,113	$ 15,210	$ 12,554	($17,576)	$0	($17,576)
Davey Springfield	$ 35,000	$ 32,500	$ 49,790	$ 4,624	$ 19,597	$ 14,937	($26,574)	($28,635)	$2,061
Lacoss St. Johnsbury	$ 59,900	$ 59,900	$ 68,203	$ 4,261	$ 8,156	$ 20,461	($259)	($9,400)	$9,141
Guyett Calais	$ 69,900	$ 69,900	$ 74,307	$ 7,676	$ 19,657	$ 16,200	($15,540)	($11,468)	($4,072)

Properties in the VHFA/Non Profit Sales Program

Tabor
Gilman Housing Trust

Prindall
CVCLT

HOMEOWNERSHIP PROGRAMS - SERVICING ACTIVITY REPORT

Activity for the month of April 1999

COLLECTIONS

90+ accounts from previous month	106
Plus new 90 day accounts	N/A
To foreclosure or deed in lieu	11
To 60 days or less	N/A
Total 90+ accounts for current month	130

FORECLOSURES

Foreclosure accounts from previous month	46
Plus new foreclosure accounts	13
To REO	6
Successful interventions	2
Total Foreclosure accounts for current month	51

REAL ESTATE OWNED

REOs from previous month	50	
Plus new REOs	6	
Less property sold	8	
REOs for current month	48	(14 properties are under contract)

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: APRIL 1999

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO		Lender
Banknorth Mortgage Co.	710	27	3.80%	3	0.42%	11	1.55%	5	0.70%	46	6.48%	8	1.13%	Banknorth Mortgage Co.
Bennington Co-op S&L Assoc.	62	2	3.23%	0	0.00%	0	0.00%	0	0.00%	2	3.23%	0	0.00%	Bennington Co-op S&L Assoc.
Brattleboro Savings & Loan	31	2	6.45%	1	3.23%	0	0.00%	0	0.00%	3	9.68%	0	0.00%	Brattleboro Savings & Loan
Charter One	387	17	4.39%	9	2.33%	13	3.36%	4	1.03%	43	11.11%	5	1.29%	Charter One
Chittenden Bank	851	39	4.58%	1	0.12%	17	2.00%	8	0.94%	65	7.64%	9	1.06%	Chittenden Bank
Citizens Savings Bank	119	9	7.56%	2	1.68%	0	0.00%	0	0.00%	11	9.24%	1	0.84%	Citizens Savings Bank
Community National Bank	304	13	4.28%	2	0.66%	11	3.62%	1	0.33%	27	8.88%	2	0.66%	Community National Bank
Connecticut River Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Connecticut River Bank
Factory Point Nat. Bank	33	0	0.00%	1	3.03%	0	0.00%	0	0.00%	1	3.03%	0	0.00%	Factory Point Nat. Bank
First Brandon Nat. Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	First Brandon Nat. Bank
First Nationwide Mortgage	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	First Nationwide Mortgage
GMAC Mortgage	9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	GMAC Mortgage
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Granite Bank (NH)
Graystone Mortgage Company	495	42	8.48%	10	2.02%	19	3.84%	8	1.62%	79	15.96%	3	0.61%	Graystone Mortgage Company
Heritage Family Credit Union	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Heritage Family Credit Union
Lyndonville Savings Bank	65	0	0.00%	0	0.00%	3	4.62%	0	0.00%	3	4.62%	0	0.00%	Lyndonville Savings Bank
Mascoma Savings Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Mascoma Savings Bank
Merchants Bank	226	5	2.21%	1	0.44%	2	0.88%	0	0.00%	8	3.54%	0	0.00%	Merchants Bank
Mortgage Service Ctr. of NE	81	3	3.70%	1	1.23%	4	4.94%	0	0.00%	8	9.88%	0	0.00%	Mortgage Service Ctr. of NE
New England Federal CU	43	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	New England Federal CU
Northfield Savings Bank	142	1	0.70%	0	0.00%	0	0.00%	0	0.00%	1	0.70%	1	0.70%	Northfield Savings Bank
Passumpsic Savings Bank	156	6	3.85%	3	1.92%	6	3.85%	1	0.64%	16	10.26%	1	0.64%	Passumpsic Savings Bank
Peoples Trust Co.	82	4	4.88%	2	2.44%	0	0.00%	0	0.00%	6	7.32%	0	0.00%	Peoples Trust Co.
Randolph National Bank	31	2	6.45%	0	0.00%	1	3.23%	1	3.23%	4	12.90%	0	0.00%	Randolph National Bank
Union Bank	173	6	3.47%	1	0.58%	3	1.73%	0	0.00%	10	5.78%	0	0.00%	Union Bank
Vermont Development CU	83	2	2.41%	1	1.20%	1	1.20%	1	1.20%	5	6.02%	0	0.00%	Vermont Development CU
Vermont National Bank	1841	81	4.40%	23	1.25%	39	2.12%	22	1.20%	165	8.96%	16	0.87%	Vermont National Bank
Wells River Savings Bank	31	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Wells River Savings Bank
Totals	5979	261	4.37%	61	1.02%	130	2.17%	51	0.85%	503	8.41%	46	0.77%	
Totals Previous Month	6014	264	4.39%	67	1.11%	106	1.76%	46	0.76%	483	8.03%	49	0.81%	
Totals Same Mo. Last Yr.	6374	328	5.15%	86	1.35%	102	1.60%	50	0.78%	566	8.88%	63	0.99%	

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: APRIL

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL		Delinq		REO
Large Servicer 400+													
Banknorth Mortgage Co.	710	27	3.80%	3	0.42%	11	1.55%	5	0.70%	46	6.48%	6	0.63%
Charter One	387	17	4.39%	9	2.33%	13	3.36%	4	1.03%	43	11.11%	5	0.22%
Chittenden Bank	851	39	4.58%	1	0.12%	17	2.00%	8	0.94%	65	7.64%	9	1.05%
Graystone Mortgage Company	495	42	8.48%	10	2.02%	19	3.84%	8	1.62%	79	15.96%	3	3.54%
Vermont National Bank	1841	81	4.40%	23	1.25%	39	2.12%	22	1.20%	165	8.96%	16	1.36%
Totals	4284	206	4.81%	46	1.07%	99	2.31%	47	1.10%	398	9.29%	39	0.91%
Average	857	41	5.13%	9	1.23%	20	2.57%	9	1.10%	80	10.03%	8	1.36%
Medium Servicers 399-50													
Bennington Co-op S&L Assoc.	31	2	6.45%	1	3.23%	0	0.00%	0	0.00%	3	9.68%	0	0.00%
Citizens Savings Bank	119	9	7.56%	2	1.68%	0	0.00%	0	0.00%	11	9.24%	1	0.84%
Community National Bank	304	13	4.28%	2	0.66%	11	3.62%	1	0.33%	27	8.88%	2	0.66%
Lyndonville Savings Bank	65	0	0.00%	0	0.00%	3	4.62%	0	0.00%	3	4.62%	0	0.00%
Merchants Bank	226	5	2.21%	1	0.44%	2	0.88%	0	0.00%	8	3.54%	0	0.00%
Mortgage Service Ctr. of NE	81	3	3.70%	1	1.23%	4	4.94%	0	0.00%	8	9.88%	0	0.00%
Northfield Savings Bank	142	1	0.70%	0	0.00%	0	0.00%	0	0.00%	1	0.70%	1	0.70%
Passumpsic Savings Bank	156	6	3.85%	3	1.92%	6	3.85%	1	0.64%	16	10.26%	1	0.64%
Peoples Trust Co.	82	4	4.88%	2	2.44%	0	0.00%	0	0.00%	6	7.32%	0	0.00%
Union Bank	173	6	3.47%	1	0.58%	3	1.73%	0	0.00%	10	5.78%	0	0.00%
Vermont Development CU	83	2	2.41%	1	1.20%	1	1.20%	1	1.20%	5	6.02%	0	0.00%
Totals	1462	51	3.49%	14	0.96%	30	2.05%	3	0.21%	98	6.70%	5	0.34%
Average	138	5	3.71%	1	1.22%	3	1.96%	0	0.10%	9	6.99%	1	0.28%
Small Servicers 49-													
Brattleboro Savings & Loan	31	2	6.45%	1	3.23%	0	0.00%	0	0.00%	3	9.68%	0	0.00%
Connecticut River Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Factory Point Nat. Bank	33	0	0.00%	1	3.03%	0	0.00%	0	0.00%	1	3.03%	0	0.00%
First Brandon Nat. Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Nationwide Mortgage	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
GMAC Mortgage	9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Heritage Family Credit Union	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mascoma Savings Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
New England Federal CU	43	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Randolph National Bank	31	2	6.45%	0	0.00%	1	3.23%	1	3.23%	4	12.90%	0	0.00%
Wells River Savings Bank	31	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Totals	202	4	1.98%	2	0.01%	1	0.50%	1	0.50%	8	3.96%	0	0.00%
Average	17	0	1.14%	0	0.48%	0	0.29%	0	0.29%	1	2.27%	-	0.00%

Lenders	1998 Jul	Aug	Sep	Oct	Nov	Dec	1999 Jan	Feb	Mar	Apr
Large Servicer 400+										
Banknorth Mortgage Co.	6.01%	7.50%	7.40%	7.53%	7.49%	8.55%	7.91%	8.65%	6.27%	6.06%
Charter One	12.41%	11.75%	11.57%	11.41%	14.43%	12.38%	13.00%	12.94%	10.88%	10.08%
Chittenden Bank	8.13%	10.39%	9.39%	10.02%	9.84%	11.72%	11.78%	11.43%	8.60%	6.70%
Graystone Mortgage Company	12.43%	13.08%	14.31%	15.01%	15.82%	15.88%	13.41%	16.27%	13.25%	14.75%
Vermont National Bank	8.91%	8.32%	8.57%	7.95%	9.20%	9.04%	9.90%	9.90%	7.82%	8.64%
Average	9.58%	10.21%	10.25%	10.38%	11.36%	11.51%	11.20%	11.84%	9.36%	9.25%
Medium Servicers 399-50										
Bennington Co-op S&L Assoc.	7.41%	7.41%	3.57%	1.64%	1.67%	3.23%	3.23%	6.45%	6.45%	3.23%
Citizens Savings Bank	4.31%	3.45%	6.03%	6.03%	5.22%	6.14%	6.03%	8.55%	5.88%	9.24%
Community National Bank	6.93%	7.84%	8.39%	9.15%	9.09%	9.80%	8.77%	8.79%	8.20%	9.21%
Lyndonville Savings Bank	5.08%	5.08%	10.17%	6.67%	5.26%	6.67%	8.06%	7.69%	7.69%	4.62%
Merchants Bank	4.87%	3.82%	4.65%	4.37%	6.45%	4.90%	8.33%	7.20%	5.17%	3.54%
Mortgage Service Ctr. of NE	14.12%	18.82%	16.57%	11.76%	16.67%	16.87%	13.25%	11.11%	11.11%	9.88%
Northfield Savings Bank	4.55%	4.44%	7.97%	7.14%	6.43%	3.57%	6.34%	4.93%	2.13%	0.70%
Passumpsic Savings Bank	9.70%	11.52%	10.37%	10.37%	11.38%	12.35%	12.42%	11.88%	11.46%	10.90%
Peoples Trust Co.	7.45%	6.59%	13.19%	5.62%	6.82%	7.06%	8.33%	8.33%	6.10%	7.32%
Union Bank	7.22%	7.73%	8.20%	8.24%	8.89%	9.66%	9.36%	8.14%	6.40%	5.78%
Vermont Devvelopment CU	8.96%	7.46%	5.88%	7.14%	8.00%	5.26%	3.95%	3.95%	6.25%	7.23%
Average	7.33%	7.65%	8.64%	7.10%	7.81%	7.77%	8.01%	7.91%	6.99%	6.51%
Small Servicers 49-										
Brattleboro Savings & Loan	7.41%	7.41%	3.57%	3.57%	3.45%	10.34%	6.67%	6.45%	6.45%	9.68%
Connecticut River Bank	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%	20.00%	20.00%	0.00%	0.00%
Factory Point Nat. Bank	11.43%	11.76%	5.88%	9.09%	21.21%	9.09%	6.06%	6.06%	6.06%	3.03%
First Brandon Nat. Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
First Nationwide Mortgage	0.00%	0.00%	0.00%	0.00%	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%
GMAC Mortgage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Granite Bank (NH)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Heritage Family Credit Union	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mascoma Savings Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
New England Federal CU	0.00%	0.00%	0.00%	2.27%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Randolph National Bank	8.57%	11.43%	8.57%	8.57%	8.57%	9.09%	12.50%	9.38%	9.68%	9.68%
Wells River Savings Bank	10.00%	6.67%	10.00%	6.67%	10.00%	10.00%	6.67%	3.23%	3.23%	0.00%
Average	3.12%	4.77%	2.34%	2.51%	3.60%	4.88%	4.33%	3.76%	2.12%	1.87%

VERMONT HOUSING FINANCE AGENCY

Board Property Disposition Report

Month of: April, 1999

Properties Sold

Property	Listing Price	Sale Price	Principal Balance	Interest	To Date Expenses	Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Riley Bakersfield	$ 85,900	$ 84,000	$ 67,970	$ 14,334	$ 20,124	$ 16,986	($1,442)	($16,927)	$15,485
Cleary St. Albans		$ 70,000	$ 72,807	$ 12,113	$ 15,140	$ 12,554	($17,506)	($27,809)	$10,303
Kellner Colchester	$ 89,900	$ 87,203	$ 77,368	$ 5,825	$ 16,684	$ 13,565	$891	$0	$891
Desrochers Bakersfield	$ 69,900	$ 70,000	$ 72,149	$ 6,657	$ 12,374	$ -	($21,180)	$0	($21,180)
Thompson Springfield	$ 57,000	$ 55,000	$ 58,826	$ 6,276	$ 15,456	$ 12,825	($12,733)	($16,494)	$3,761
Emerson Newbury	$ 44,900	$ 35,500	$ 51,136	$ 5,213	$ 17,193	$ 11,000	($27,042)	($26,713)	($329)
Charland Cambridge	$ 37,900	$ 38,000	$ 60,813	$ 9,020	$ 11,812	$ 13,200	($30,445)	($25,182)	($5,263)
Norton Castleton	$ 69,900	$ 69,450	$ 74,360	$ 7,007	$ 13,177	$ 16,000	($9,094)	($10,289)	$1,195

Properties Under Contract

Property	Listing Price	Contract Price	Principal Balance	Interest	Estimated Expenses	Estimated Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Corbitt Troy	$ 18,900	$ 13,500	$ 31,031	$ 2,918	$ 5,423	$ 4,837	($21,035)	($17,581)	($3,454)
Davey Springfield	$ 35,000	$ 32,500	$ 49,790	$ 4,624	$ 17,091	$ 14,937	($24,068)	($29,057)	$4,989
Baker Dummersto	$ 59,900	$ 59,000	$ 60,701	$ 9,813	$ 18,121	$ 6,300	($23,335)	($21,109)	($2,226)
Lacoss St. Johnsbury	$ 59,900	$ 59,900	$ 68,204	$ 4,261	$ 9,999	$ 20,461	($2,103)	$0	($2,103)
Beane Williston	$ 79,900	$ 82,000	$ 67,924	$ 10,164	$ 34,466	$ 14,600	($15,954)	($62,654)	$46,700
Rollins Rutland	$ 60,000	$ 54,000	$ 65,397	$ 7,568	$ 11,579	$ 14,000	($16,544)	($26,546)	$10,002
Aldrich Vernon	$ 45,000	$ 30,100	$ 63,462	$ 10,272	$ 9,287	$ 9,750	($43,171)	($49,567)	$6,396
Baird Hubbardton	$ 22,000	$ 17,000	$ 43,408	$ 2,522	$ 5,986	$ 9,400	($25,516)	($17,081)	($8,435)
Winot Bethel	$ 43,500	$ 31,000	$ 64,751	$ 5,139	$ 8,572	$ 13,980	($33,482)	($34,032)	$550
Westall Richmond	$ 49,900	$ 50,000	$ 62,576	$ 8,696	$ 12,261	$ 13,980	($19,553)	($7,743)	($11,810)

Guyett Calais	$ 69,900	$ 69,900	$ 74,307	$ 7,676	$ 14,916	$ 16,200	($10,799)	($12,797)	$1,998
Bergeron Hartland	$ 50,000	$ 45,000	$ 57,242	$ 4,569	$ 6,283	$ 12,400	($10,694)	($13,233)	$2,539
Thebarge Milton	$ 62,900	$ 62,900	$ 66,991	$ 6,341	$ 5,075	$ 15,000	($507)	($14,794)	$14,287

Properties in the VHFA/Non Profit Sales Program

Tabor
Gilman Housing Trust

Prindall
CVCLT

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: The Joint Committee on Tax Credits

DATE: June 11, 1999

RE: Round One Tax Credit Reservation Meeting of 6/1/99

The Committee met to review the staff analysis of tax credit applications (see attached memo). Each sponsor that was present was given time to present a summary of the proposal and make a case for the need for tax credits, and also to answer questions from staff and the Committee. Westgate Apartments was the only proposal not represented at the meeting.

Staff discussed with the Committee the difficulty in interpreting some of the evaluation criteria used in deciding how to rank the proposals. In particular, several categories of the "State's Consolidated Plan Priorities" criterion were discussed, including downtown blight, historic settlement patterns, and the definition of special needs housing. The Committee felt it would be a good idea to meet again and discuss these criteria and to refine them in the Plan. For example, "Downtown Blight" is very specifically defined (as a result of the previous public hearings on the Plan) to mean properties in a downtown as defined by the Consolidated Plan and the Downtown bill (H.278), and also properties that are substantially uninhabitable or unusable. There was some feeling on the part of Committee members that this definition was too restrictive and was not the intent of the Committee. On the "Special Needs" criterion, the discussion centered around the state definition of "at risk of institutionalization", and how many Activities of Daily Living (ADLs) tenants need assistance with in order to be defined as having special needs. The feeling was that the Plan ought to mirror other state agency definitions in this area. The "Historic Settlement Patterns" criterion is worded in such a way that it could be interpreted differently by different people (i.e., Couldn't all rehabilitation projects be considered as having met this standard because they are rehabilitation of existing housing? How close to the "compact village and urban center" does the development need to be to meet this criterion?) These and other "Consolidated Plan" criteria all should be clarified to the benefit of both applicants and staff. The Committee also pointed out that a major revision to the State's Consolidated Plan is due to be undertaken in 2000, which should also impact the Allocation Plan if the two documents are to be kept consistent. Some Committee members felt that the degree to which the "State's Consolidated Plan" criterion is given greater weight than the other evaluation criteria is left to the discretion of the Committee.

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There was brief discussion of the second evaluation criterion (serving the lowest income for the longest term), which is a mandated priority for this program in the tax code. Some Committee members expressed concern that sponsors were setting aside too many units with too low rents in order to get a good ranking in this category. The concern was that this would impact the long-term financial feasibility of these developments. Some Committee members felt that this criterion ought to be evaluated differently.

In the specific project discussions, Committee members considered how time-sensitive the proposals were. Many have applied for AHP funding from the Federal Home Loan Bank of Boston, and it seems unlikely they will all receive funding. There are some proposals (Bus Barns, Mary Exner Block) which, it seemed to some Committee members, if no credits were awarded until next year there would be no loss of funding commitments or land use approvals. In fact it seemed that they would be further along in the development process if they were to reapply next year. There was discussion about not "forward-committing" these projects and considering them in the late fall when more is known about next year's credit ceiling. Other Committee members disagreed and felt strongly that these projects were a priority for receiving a commitment for credits now so they could proceed. These Committee members felt that the overall community development impact on the neighborhood and the availability of rental assistance for the Bus Barns were important factors in their consideration.

In discussion of the Copley House, some Committee members asked about the possibility of other funding sources rather than the housing credit, given the small credit request. At one time the sponsor had expressed that the receipt of historic credits would eliminate the need for housing credits. The availability of historic credits is still uncertain. There was also discussion of using RD Community Facilities financing or financing from Fletcher Allen hospital.

In discussion of St. Johnsbury House, there was much discussion around the acquisition price. As a publicly funded non-profit, NVDA has owned and operated the development for years. NVDA claims this operation has been a financial drain on their agency, and that they have also put funding into improving the property. NVDA believes the sales price reflects all of their costs in the property and is supported by an appraisal. The Committee members felt that there was a policy issue at stake, that a non-profit ought to sell its interest in a property for the outstanding balance of its debt (as has been the case on all other properties of this type). There was some discussion of the need to develop this property in 1999. The sponsor indicated that $240,000 in AHP funding committed to this development last year could be lost if the project does not get done in 1999. The developers were also asked if they had explored any other funding sources such as Department of Environmental Conservation for the underground storage tank removal, or historic preservation grants, and they had not. Based on comments by the sponsors, staff stated that while the demand for senior housing may be growing faster than the demand for family housing, the overall demand for family housing is higher in St. Johnsbury. There was some discussion from the Committee of the overall affordability of the units when the cost of optional services are added to the rents. There was some discussion of how many ADLs the tenants need assistance with versus how many they ought to need assistance with in order for the project to qualify as "special needs" housing in the Plan and how this could be enforced in an occupied project.

The Committee reconvened after lunch to discuss the proposals. The Committee expressed a general concern about the level of credits to be pre-committed from next year's ceiling, and a desire to see that level reduced over the current amount. Gus Seelig made a motion that was seconded by Dick Williams to drop the Copley House and St. Johnsbury House and otherwise fund all of the projects on Table F from Mill View through the Bus Barns. John Taylor made an amendment to drop the credit amount on the Bus Barns by $50,000 to $153,492, which amendment was accepted. Staff clarified that the projects to receive advanced binding commitments from the year 2000 credit ceiling were Bus Barns and Mary Exner. Kathy Beyer made an amendment (which was accepted) to require that if any project on the list did not receive the funding commitments shown on the proformas by 9/1/99, that the Committee would reconvene to decide which remaining projects should receive credits. Dick Williams stated that he wanted to see the St. Johnsbury House receive credits as "next in line" should any funding commitments fall out, but the Committee felt that this should be all evaluated at a later time when they reconvene. The Joint Committee on Tax Credits is recommending to the VHFA Board of Commissioners that the following tax credits be allocated:

Project	Credit Amount	Cumulative Credit
Mill View Housing	85,779	85,779
Manchester Knoll	138,113	223,892
Hayden Parkway	141,000	364,892
Hawkins Housing	85,471	450,363
Mary Exner Block	63,512	513,875
Bus Barns	153,492	667,367
Amount Available to Allocate in 1999:		486,966
Amount to be Committed from 2000:		180,401

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: The Joint Committee on Tax Credits

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

RE: 1999 Round One Housing Credit Evaluations

DATE: May 26, 1999

Staff received approximately $1.59 million in new applications for the Housing Credit this year, and because of advanced commitments made in previous years the ceiling credits available for allocation only total approximately $487,000 (see *Applications to Date and Analysis*). A summary of each application follows, along with the evaluation criteria tables and an overall ranking table.

Staff ranked all ten applications with regards to the evaluation criteria as outlined in the Allocation Plan. The discussion with the Committee should first center on this ranking, and then focus on whether there are any applications that ought to be passed over this year due to other policy considerations that are not covered in the narrow evaluation criteria listed in the Plan. Finally, discussion should cover whether the remaining developments on the list should be funded from this year's remaining credit ceiling, from an advanced binding commitment of next year's credit ceiling, or just not awarded credits at this time.

PROJECT SUMMARIES

Name:	Mill View Housing	**Location:**	Burlington Chittenden County
Housing Type:	Family	**Building Type:**	Townhouses/Flats
Total Units:	12	**HC Restricted Units:**	12
Unit Sizes:	6 1-Br; 4 2-Br; 2 3-Br	**Unit Square Footage:**	650 (1Br); 1050 (2 Br); 1100 (3 Br)
Project Type:	New Construction		
Total Cost:	$1,263,999	**Per Unit Cost:**	$105,333
Credits Amount:	$85,779		
Other Funding:	VHCB, HOME, Burlington Housing Trust Fund, First Mortgage		
Sponsors:	Housing Vermont, Lake Champlain Housing Development Corporation		

Summary: HVT and LCHDC are proposing to construct a building totaling 12 units at 222 Riverside Avenue in Burlington. The proposal involves the environmental clean up of a blighted site, formerly a gas station, which abuts LCHDC's Salmon Run development as well as

LCHDC's offices. Three units are designated for persons with psychiatric disabilities to be referred by Burlington Housing Authority, Committee on Temporary Shelter, and Howard Center for Human Services.

Name:	The Copley House	**Location:**	Morrisville, Lamoille County
Housing Type:	Family/Special Needs	**Building Type:**	SRO/ Flats
Total Units:	23	**HC Restricted Units:**	22
Unit Sizes:	20 0-Br; 1 1-Br; 2 2-Br	**Unit Square Footage:**	230 (0 Br); 650 (1 Br); 900 (2 Br)
Project Type:	Acquisition/Rehab		
Total Cost:	$1,933,845	**Per Unit Cost:**	$87,902
Credits Amount:	$33,000		
Other Funding:	VHCB; VCDP; HOME; AHP; Preservation Trust; Dept. of Mental Health; VHCB Feasibility; First Mortgage; Morristown Revolving Loan Fund		
Sponsors:	Lamoille Housing Partnership; Housing Vermont		

Summary: LHP and HVT propose to acquire and rehabilitate a historic property (the Copley Manor, currently a nursing home facility) for use as a 20-bed Single Room Occupancy Level III Community Care Facility and two 2-bedroom independent living units for persons with persistent and severe mental illness. There will be a 1-bedroom manager's unit. LHP will form a partnership with Lamoille County Mental Health to form a new nonprofit corporation to manage, operate and maintain the facility. It is in close proximity to the Copley Hospital. The project does not appear to qualify for Historic Credit.

Name:	South Burlington Community Housing	**Location:**	South Burlington, Chittenden County
Housing Type:	Family	**Building Type:**	Townhouses/Flats
Total Units:	18	**HC Restricted Units:**	18
Unit Sizes:	18 2-Br	**Unit Square Footage:**	1039 avg. (2 Br)
Project Type:	New Construction		
Total Cost:	$2,229,974	**Per Unit Cost:**	$123,831
Credits Amount:	$141,000		
Other Funding:	VHCB; HOME; VCDP; First Mortgage		
Sponsors:	Lake Champlain Housing Development Corporation; Housing Vermont		

Summary: LCHDC and HVT are proposing an 18-unit new family development off of Hayden Parkway and Williston Road in South Burlington. Cathedral Square Corporation (CSC) is proposing a 10-unit development adjacent to it on the same site for young people with disabilities unable to live independently. Two units will be designated for persons with psychiatric disabilities; four units will be designated for persons with disabilities transitioning from the CSC congregate facility on site. The sitework is unusually expensive due largely to a requirement that a storm water pumping system be installed which pumps storm water into the municipal system. The sponsor requested a waiver from the per unit cost limits. In order to address the higher than usual sitework expense, an average sitework cost was used in determining the basis calculation, and thus the credit amount. Using the actual sitework expense, the project qualifies for $131,982 in Housing Credits. Assuming an average sitework expense in the same calculation supports the sponsor's request of $141,000 in Housing Credits.

Name:	Bus Barns	**Location:**	Burlington, Chittenden County
Housing Type:	Family	**Building Type:**	Townhouses/Flats
Total Units:	25	**HC Restricted Units:**	25
Unit Sizes:	13 1-Br; 12 2-Br	**Unit Square Footage:**	600 (1 Br); 800 (2 Br)
Project Type:	Acquisition/Rehab and New Construction		
Total Cost:	$3,200,224	**Per Unit Cost:**	$128,009
Credits Amount:	$203,492		
Other Funding:	VHCB; HOME; Burlington Housing Trust Fund; Neighborworks; AHP; Historic Tax Credits; First Mortgage		
Sponsors:	Burlington Community Land Trust; Housing Vermont		

Summary: BCLT and HVT propose to acquire the Bus Barns, an industrial brownfields site at 343 North Winooski Avenue in Burlington's Old North End and develop it into 25 units of family housing. Two units are designated for Shelter Plus Care and will serve persons with mental illness. A historic former trolley barn will be rehabilitated into six units. An unusable garage will be demolished and a new building totaling 19 units will be constructed in its place. The site involves significant environmental cleanup. The site will be subdivided, and the other portion will be developed into a grocery store.

Name:	Exner Block	**Location:**	Bellows Falls, Windham County
Housing Type:	Family	**Building Type:**	Flats
Total Units:	10	**HC Restricted Units:**	8
Unit Sizes:	9 1-Br; 1 2-Br	**Unit Square Footage:**	341-840 (1 Br); 1010 (2 Br)
Project Type:	Acquisition/Rehab		
Total Cost:	$1,048,637 (residential)	**Per Unit Cost:**	$104,864 (residential)
Credits Amount:	$63,512		
Other Funding:	VHCB; HOME; VCDP; VHCB Lead; Preservation Trust; AHP; Historic Tax Credits		
Sponsors:	Housing Vermont; Rockingham Area Community Land Trust		

Summary: HVT and RACLT propose to acquire the Mary Exner Block, a historic blighted downtown building now totally vacant, and rehabilitate it into 10 units of housing (seven with artist studios), and six commercial spaces. This project is part of a larger downtown re-development effort. Commercial and off site improvement costs (totaling $858,250) were deducted from the total development cost above in order to show the per unit residential cost alone.

Name:	Hawkins Housing	**Location:**	Vergennes and Middlebury, Addison County
Housing Type:	Family	**Building Type:**	Mixed, garden/flats
Total Units:	14	**HC Restricted Units:**	14
Unit Sizes:	6 1-Br; 5 2-Br; 2 3-Br; 1 4-Br	**Unit Square Footage:**	600-945 (1 Br); 850-1,260 (2 Br); 1,026-1,100 (3 Br); 1,200 (4 Br)
Project Type:	Acquisition/Rehab		
Total Cost:	$1,437,967	**Per Unit Cost:**	$102,712
Credits Amount:	$85,471		
Other Funding:	VHCB, HOME, Historic Credits, debt financing		
Sponsors:	Addison County Community Action Group; Housing Vermont		

Summary: HVT and ACCAG propose to acquire three buildings in Vergennes and demolish one. The remaining units, along with a four unit building in Middlebury already owned by ACCAG, will be renovated. Twelve of the fourteen units will be tax credit restricted, and the remaining two will be VHCB restricted. The Middlebury property has VHCB funding of $76,000 from a previous funding round.

Name:	Manchester Knoll	**Location:**	Manchester, Bennington County
Housing Type:	Family	**Building Type:**	Mixed flat/townhouse
Total Units:	20	**HC Restricted Units:**	15
Unit Sizes:	15 2-Br; 5 3-Br	**Unit Square Footage:**	722-824 (2 Br); 832-1,064 (3 Br)
Project Type:	New Construction		
Total Cost:	$1,958,280	**Per Unit Cost:**	$97,914
Credits Amount:	$138,113		
Other Funding:	HOME, VHCB, AHP, debt financing		
Sponsors:	Regional Affordable Housing Corporation		

Summary: This project proposes new units in Manchester, a market that currently has very little affordable housing. What family housing there is consists of two projects with 48 one- and two-bedroom units of deep subsidy. In addition, RAHC developed an 8 unit tax credit project in Arlington (an adjacent town) in 1994. Based on a market survey submitted by the applicant that looked at five rental developments and 66 units (including the two developments listed above), there is a very low vacancy rate in the rental housing market, probably below two percent. This project has received commitments of VHCB and HOME funds as well as a commitment for construction and permanent financing.

Name:	Westgate Apartments	**Location:**	Brattleboro, Windham County
Housing Type:	Family	**Building Type:**	Townhouse
Total Units:	100	**HC Restricted Units:**	100
Unit Sizes:	12 1-Br; 58 2-Br; 30 3-Br	**Unit Square Footage:**	660 (1Br); 950 (2 Br); 1,200 (3 Br)
Project Type:	Acquisition/Rehab		
Total Cost:	$6,366,297	**Per Unit Cost:**	$63,663
Credits Amount:	$484,590		
Other Funding:	VHFA debt financing; HUD PBA; HUD Interest Reduction Pmt		
Sponsors:	Silver Street Development Corporation		

Summary: This project is the last of the "Gates," the HUD insured developments in Vermont whose owners now are at the end of favorable tax treatment and are having to pay taxes on "phantom" income. The limited partners of the ownership entity are strongly motivated to sell. The sponsor is proposing a model that would replace HUD income and use restrictions with VHFA's regulatory restrictions but keep in place the HUD project-based rent assistance on the 12 units that have it and also preserve the HUD Interest Reduction Payments (currently about $90,000/year). The sponsor is proposing that all of the units would be affordable to households below 60% of area median, and would also be tax-credit restricted.

Name:	The Maples Phase II	**Location:**	Rutland, Rutland County
Housing Type:	Elderly / special needs	**Building Type:**	Garden/flats
Total Units:	32	**HC Restricted Units:**	20
Unit Sizes:	26 1-Br; 6 2-Br	**Unit Square Footage:**	625 (1 Br); 865 (2 Br)
Project Type:	New Construction		
Total Cost:	$2,386,273	**Per Unit Cost:**	$74,571
Credits Amount:	$148,549		
Other Funding:	Debt financing		
Sponsors:	Green Mountain Development Group		

Summary: The development would be a new wing extension on the Maples Phase I, which is currently under construction. Based on the number of tenant inquiries, the sponsor believes both Phase I and Phase II would be completely rented up upon construction completion. The project is fully permitted and has a construction and permanent financing commitment. Except for the Maples Phase I, the other elderly housing in Rutland appears to be deep subsidy units (Public Housing, Section 8, and HUD 202).

Name:	St. Johnsbury House	**Location:**	St. Johnsbury, Caledonia County
Housing Type:	Elderly / special needs	**Building Type:**	Garden / flats
Total Units:	36	**HC Restricted Units:**	36
Unit Sizes:	36 1-Br	**Unit Square Footage:**	570 (1 Br)
Project Type:	Acquisition/Rehab		
Total Cost:	$3,093,648	**Per Unit Cost:**	$85,935
Credits Amount:	$167,143		
Other Funding:	AHP, VCDP, historic credits, debt financing		
Sponsors:	Green Mountain Development Group (GMDG)		

Summary: This historic building, formerly a hotel, is currently owned by Northeast Vermont Development Association (NVDA). GMDG proposes a partnership to acquire and rehabilitate the property which will have NVDA as a co-general partner or special limited partner. The building needs asbestos abatement, UST removal, and major code and system improvements. The project has a history of full occupancy, but recently as units have become vacant they have not been filled in anticipation of the needed rehabilitation. The building contains ample dining and community space.

EVALUATION CRITERA

State's Consolidated Plan Priorities/Other Priorities

See Table A. Staff looked back on notes and Committee mailings regarding the changes to this criterion that were instituted in the 1999 Plan. Based on this review staff believe that when the two categories, "...historic settlement patterns of compact village and urban centers separated by rural countryside..." and "...growth centers designated on regional plans or on local plans approved by a regional planning commission..." were separated, it was intended that they be mutually exclusive. That is, a development is either in a town center / downtown, in which case it gets the top tier ranking, or it is in a growth center that is not in the "compact village (or) urban center" in which case it would get a second tier ranking, or it is in neither.

In order to receive ranking under the "public housing waiting lists" category, staff believe the development must both market the units to households on the waiting list and also be able to provide housing that is more or less affordable to households on the list. It is unlikely that a tax credit development will be able to set rents as low as the tenant-paid portion of a contract rent that is Section 8 assisted. It also seems unreasonable to say that simply by agreeing to notify the relevant housing authority whenever there is a vacancy an applicant ought to get ranked for this category (or every applicant will do so and this category will have no meaning). If an applicant agrees to market units with very low rents (no greater than 30% of area median income) to people on public housing waiting lists it is (remotely) possible that the household will take the unit, find it an affordable alternative to public housing, and either have their name removed from the list or decline the public housing when they rise to the top of the list. This seems to be the intent of having this category in the Plan.

Lowest Income / Longest Term

See Table B. Staff completed this chart based on the information provided by each applicant. The table takes a weighted average based on the percent of tax credit units in each category and multiplies it by the numerical mid point of the category. The lowest number implies that that development is serving the most lowest-income households due to the tax credit program restrictions.

Preservation of Federally "At-Risk" Subsidized Housing

See Table C. The only application to meet this criterion was Westgate Apartments. The limited partners of the ownership entity have been motivated to sell the development for a while. According to the sponsor, the current use restriction on the property is that the households be at or below 80% of area median income (except for the Section 8 units). The units are occupied and habitable, and although the development needs some physical improvements, the owners probably could sell the development for at least the balance of their outstanding HUD debt.

Readiness to Proceed

See Table D. This category should be self explanatory with the key provided on the chart. As with the other charts, staff looked for a natural break point between projects that ranked higher than others.

Geographic Targeting

See Table E. Using the 1998 Vermont Affordable Housing Directory, staff consulted the type and availability of assisted housing similar to the type proposed by each development in the town/city of location and adjacent towns and cities. Of the ten developments proposed, only Manchester Knoll in Manchester and The Copley House in Morrisville presented new assisted housing in their areas (and the surrounding area) of the particular type being proposed.

Summary

See Table F. This "Final Ranking" table summarizes information from the five previous tables. The projects are ranked in order of how they ranked in each table, per the order of the priorities stated in the Allocation Plan. Also following are financial worksheets and site maps for each proposed development.

Meeting Notice

The Meeting of the Joint Committee on Tax Credits to discuss these projects will be held:

Tuesday, June 1, 1999
9:30 AM – 2:00 PM
VHFA Board Room, 164 St. Paul Street, Burlington

VHFA 1999 LOW INCOME HOUSING TAX CREDITS APPLICATIONS TO DATE AND ANALYSIS

1999 Per Capita Credits	738,604
1999 Returns	
1999 National Pool	
Total Available:	738,604
Less: 1998 binding commitments	251,638
Remaining for Allocation in 1999:	486,966

Project Name	City	Sponsor	Total # of Units	# of LIHTC Units	Project Type	Recommended Allocation	Credit Type	Non-Profit?	Total Development Cost	Total Cost Per Unit	Allocation Per Unit	Equity Yield Per $ of Tax Credit	Housing Credit Equity	Dev. Fee as % of TDC	Developer's Fee
Manchester Knoll	Manchester	RAHC	20	15	New Construction	138,113	9%	Yes	1,958,279	97,914	6,906	.81	1,104,902	14.86%	250,500
Westgate Apartments	Brattleboro	Silver Street Development Corp	100	100	Acquisition/rehab	484,590	Both	No	6,366,297	63,663	4,846	.78	3,876,720	11.02%	624,418
Hawkins Housing	Vergennes / Middlebury	HVT/ACCAG	14	12	Rehabilitation	85,471	9%	Yes	1,437,967	102,712	6,105	.87	767,701	10.36%	134,000
Mill View Housing	Burlington	HVT/LCHDC	12	12	New Construction	85,779	9%	Yes	1,263,999	105,333	7,148	.79	724,100	9.62%	110,000
Mary Exner Block	Bellows Falls	HVT/RACLT	10	8	Rehabilitation	63,512	9%	Yes	1,906,886	190,689	6,351	.96	692,173	11.82%	199,962
Hayden Parkway / Williston Road	South Burlington	HVT/LCHDC / Cathedral Square	18	18	New Construction	141,000	9%	Yes	2,229,974	123,831	7,940	.79	1,154,459	7.75%	160,000
Bus Barns	Burlington	HVT/BCLT	25	25	Rehabilitation	203,492	9%	Yes	3,200,224	128,009	8,140	.88	1,964,720	8.90%	260,000
The Maples Phase II	Rutland	Green Mtn Dev Grp	32	20	New Construction	148,549	9%	No	2,386,273	74,571	4,642	.75	1,113,013	12.56%	264,000
St. Johnsbury House	St. Johnsbury	Green Mtn Dev Grp	36	36	Acquisition/rehab	167,143	9%	No	3,093,648	85,935	4,643	.75	1,236,860	11.86%	322,000
The Copley House	Morrisville	HVT/LHP	22	22	Acquisition/rehab	33,000	9%	Yes	1,933,845	87,902	1,500	1.18	398,070	11.39%	197,000
Pearl & Union SRO	Burlington	HVT/BCLT	21	21	Acquisition/rehab	1,534	Both	Yes	0						
Park Village Apts.	Brandon	Holmberg Construction, Inc.	39	26	Acquisition/Rehab	162,104	Both	No	3,060,346	78,470	6,940	.78	1,407,460	12.71	340,250
McAuley Square	Burlington	HVT/Cathedral Square Corporation	19	19	New Construction	88,000	9%	Yes	1,823,034	95,949	4,632	.77	668,617	5.28	90,500
		TOTALS	369	334		1,838,918			30,618,793						
	1999 NEW APPLICATIONS TOTALS		290	268		1,587,280			25,735,413						

Table A

	State Consolidated Plan Priorities Table									
	First Tier					*Second Tier*				
	Rehab or Vacancy <2%	Family Housing	Settlement Pattern	Downtown Blight	Special Needs	Mixed Income	Growth Center	<30%	Public Housing	Total
Mary Exner Block	XX	XX	XX	XX		X				64%
The Copley House	XX	XX	XX		XX			X		64%
Hawkins Housing	XX	XX	XX	XX						57%
St. Johnsbury House	XX		XX		XX			X	X	57%
Manchester Knoll	XX	XX				X	X	X		50%
Bus Barns	XX	XX	XX		X					50%
Hayden Parkway	XX	XX	XX		X					50%
Mill View Housing	XX	XX	XX		X					50%
Maples II					XX	X	X	X		36%
Westgate Apartments	XX	XX								29%

Table B

Corrected Copy											
5/28/99	Income Targeting Table										
	TAX CREDIT RESTRICTED										
							Over 60	# HC			Weighted
	<=30	31-39	40-49	50	51-59	60	"market"	Units	TOTAL		Average
The Copley House	91%		9%					22	100%	$ 33,000	36.30%
Manchester Knoll	20%			53%	7%	20%	*	15	100%	$ 138,113	48.35%
Hayden Parkway			17%	83%				18	100%	$ 141,000	49.15%
Mill View Housing			58%		42%			12	100%	$ 85,779	49.20%
Maples II	30%					70%	*	20	100%	$ 148,549	51.00%
St. Johnsbury House	11%			47%		42%		36	100%	$ 167,143	52.00%
Hawkins Housing			25%	17%	41%	17%		14	100%	$ 85,471	52.50%
Bus Barns			12%	16%	72%			25	100%	$ 203,492	53.00%
Mary Exner Block			12.5%	25%		62.5%	*	8	100%	$ 63,512	55.63%
Westgate Apartments				12%	27%	61%		100	100%	$ 484,590	57.45%
								270		$ 1,550,649	

Table C

Acquisition & Rehab of Existing At Risk Federally Subsidized Projects Table	
	At Risk
Westgate Apartments	X
Bus Barns	
Hawkins Housing	
Hayden Parkway	
Manchester Knoll	
Maples II	
Mary Exner Block	
Mill View Housing	
St. Johnsbury House	
The Copley House	

Table D

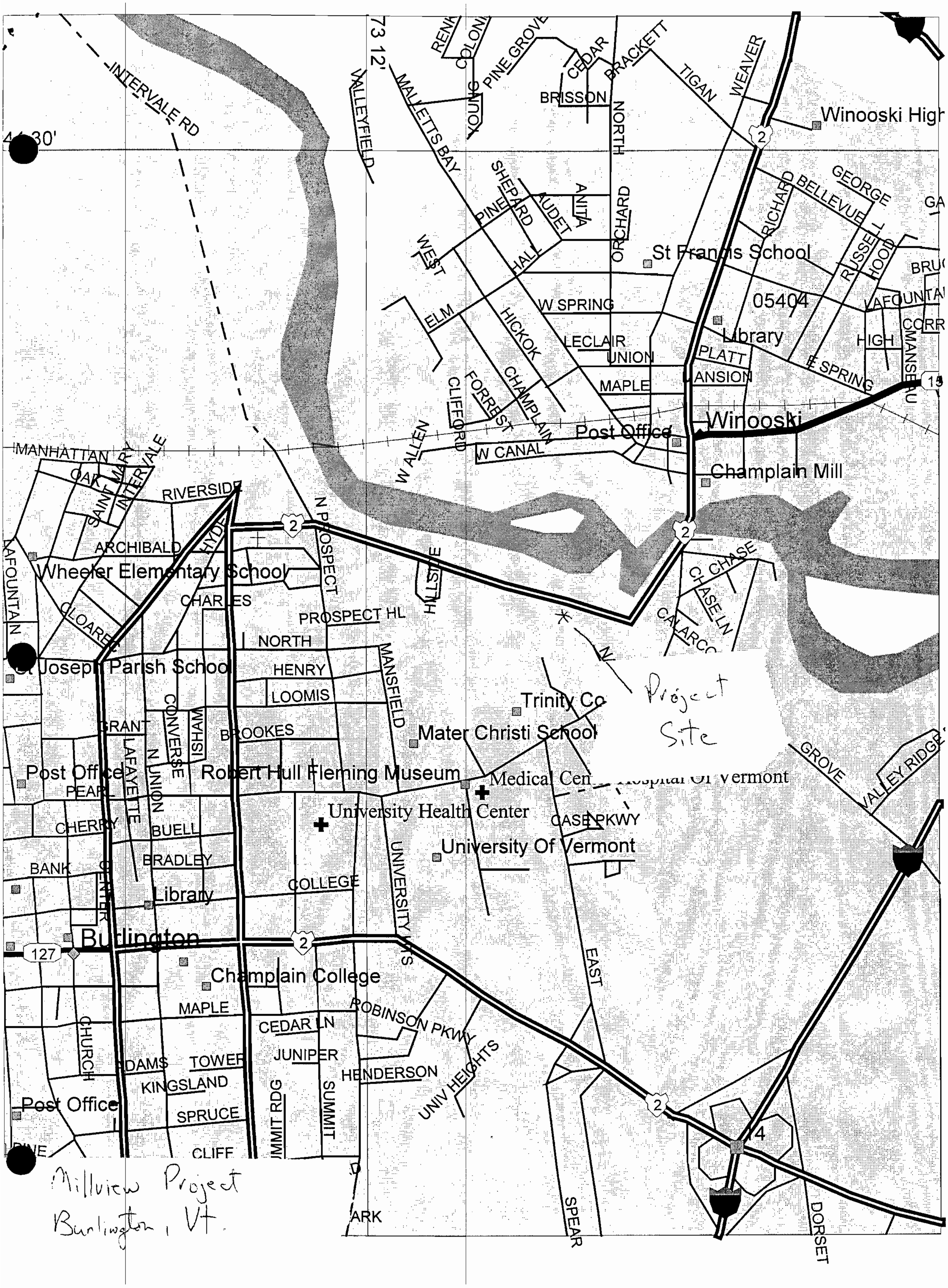
	Readiness to Proceed Table		
	PERMITS	**FUNDING**	
Maples II	+	+	
Mill View Housing	+	0	
St. Johnsbury House	+	-	
Westgate Apartments	+	-	
Hawkins Housing	0	0	
Hayden Parkway	-	0	
Manchester Knoll	-	0	
Bus Barns	-	0	
Mary Exner Block	0	-	
The Copley House	0	-	
Key:			
	Ranking		
Permitting		Funding	
Nothing Needed/All Approved	+	Have everything but tax credits	
Have local permits; Need Act 250	0	Have 50% or more of total sources	
(or just need local and no Act 250)		committed (excluding tax credits)	
Need everything	-	Have less than 50% of total	
		sources committed	

Table E

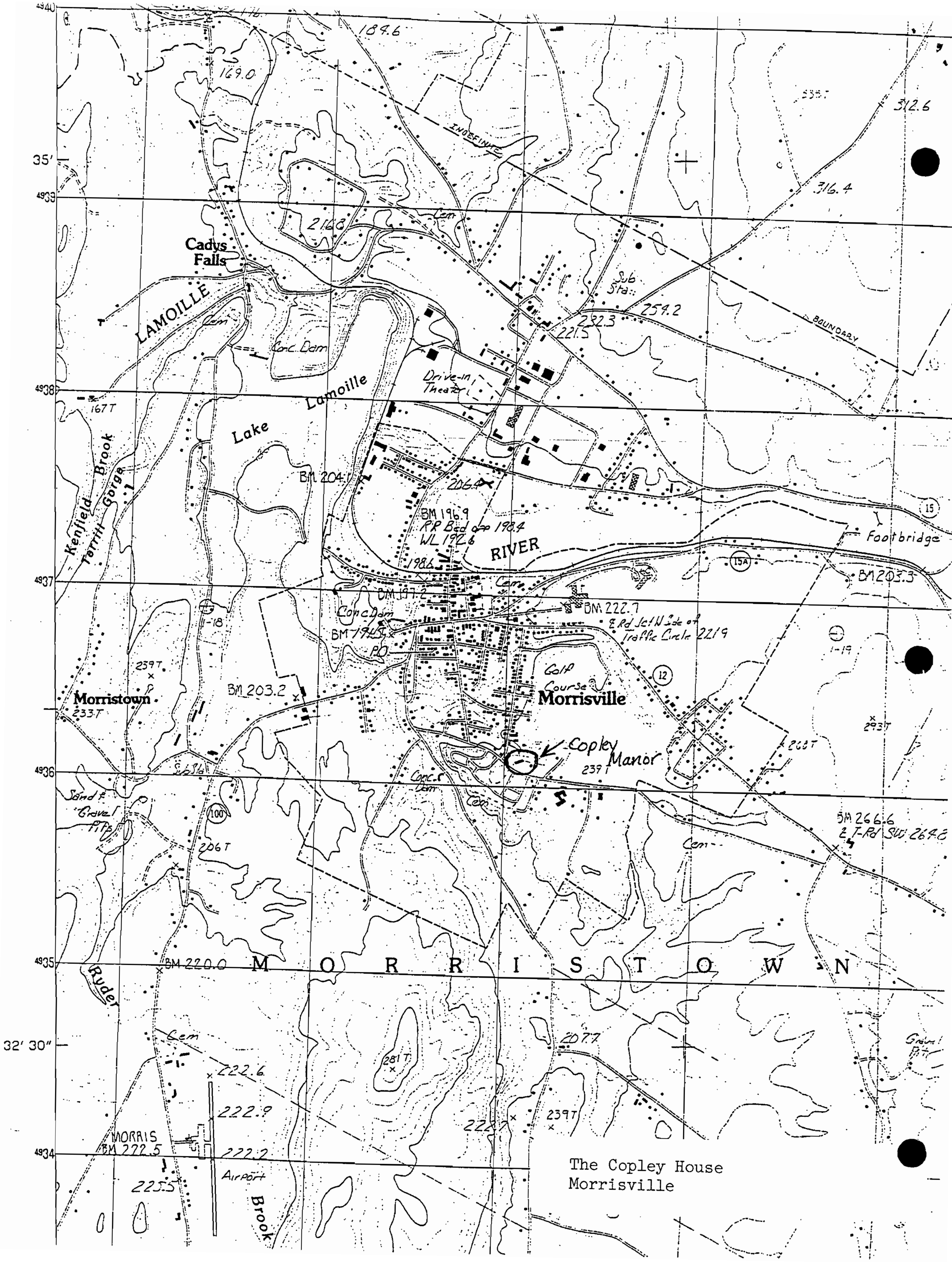
Geographic Targeting Table			
		City/Town	**County**
Manchester Knoll	+	Manchester	Bennington
The Copley House	+	Morrisville	Lamoille
Bus Barns	-	Burlington	Chittenden
Hawkins Housing	-	Middlebury & Vergennes	Addison
Hayden Parkway	-	South Burlington	Chittenden
Maples II	-	Rutland	Rutland
Mary Exner Block	-	Bellows Falls	Windham
Mill View Housing	-	Burlington	Chittenden
St. Johnsbury House	-	St. Johnsbury	Caledonia
Westgate Apartments	-	Brattleboro	Windham

Table F

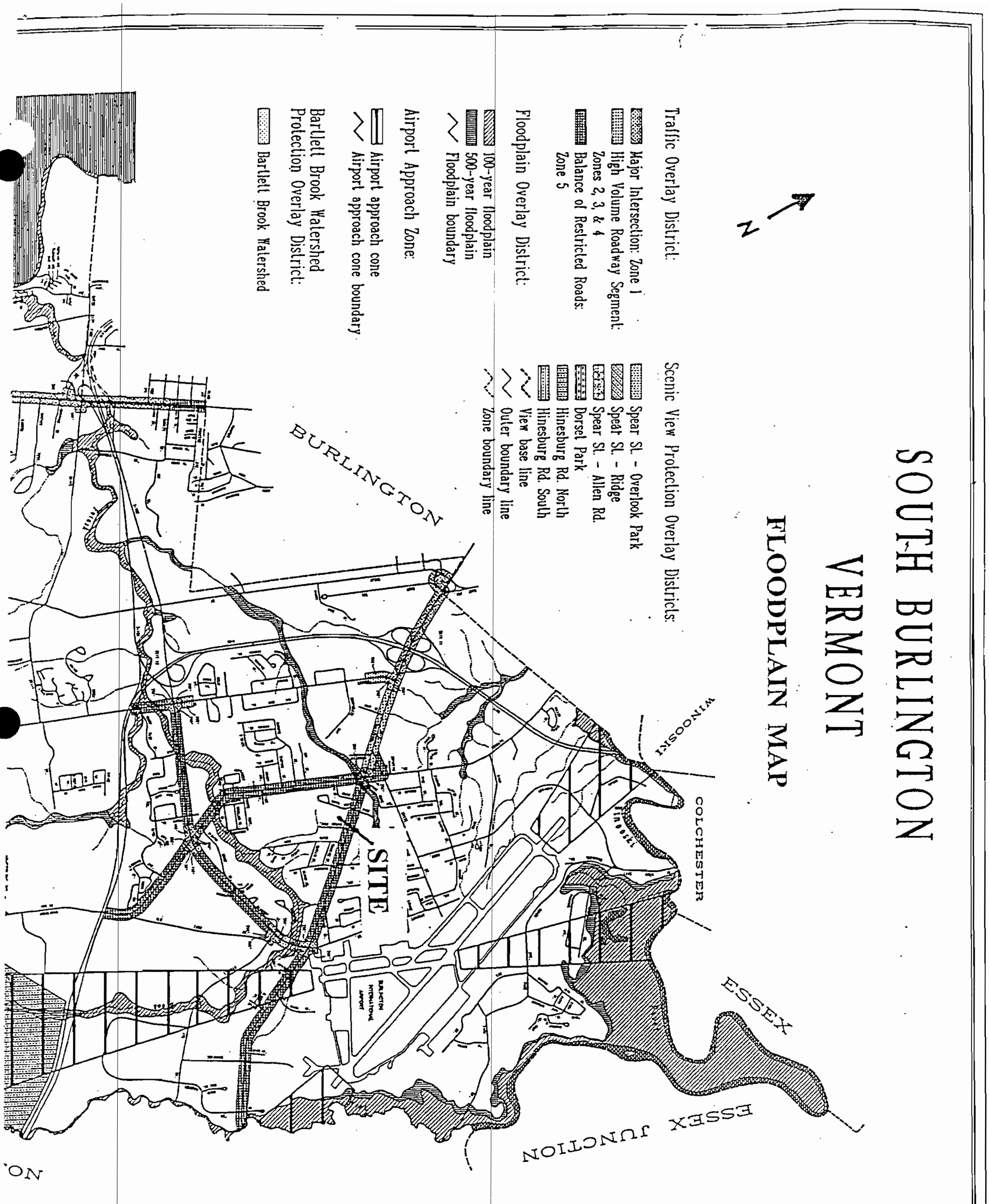
CORRECTED COPY							
5/28/99			Final Ranking				
						Credit	Cumulative
	Table A	Table B	Table C	Table D	Table E	Amount	Credit
Mill View Housing	+	+	-	+	-	85,779	85,779
Manchester Knoll	+	+	-	-	+	138,113	223,892
The Copley House	+	+	-	-	+	33,000	256,892
Hayden Parkway	+	+	-	-	-	141,000	397,892
							397,892
Hawkins Housing	+	-	-	+	-	85,471	483,363
St. Johnsbury House	+	-	-	+	-	167,143	650,506
							650,506
Mary Exner Block	+	-	-	-	-	63,512	714,018
Bus Barns	+	-	-	-	-	203,492	917,510
Maples II	-	+	-	+	-	148,549	1,066,059
							1,066,059
Westgate Apartments	-	-	+	+	-	484,590	1,550,649
Table A - Consolidated Plan Priorities							
Table B - Lowest Income to Longest Term							
Table C - At-Risk Federally Subsidized							
Table D - Readiness to Proceed							
Table E - Geographic Targeting							



Millview Project
Burlington, Vt.

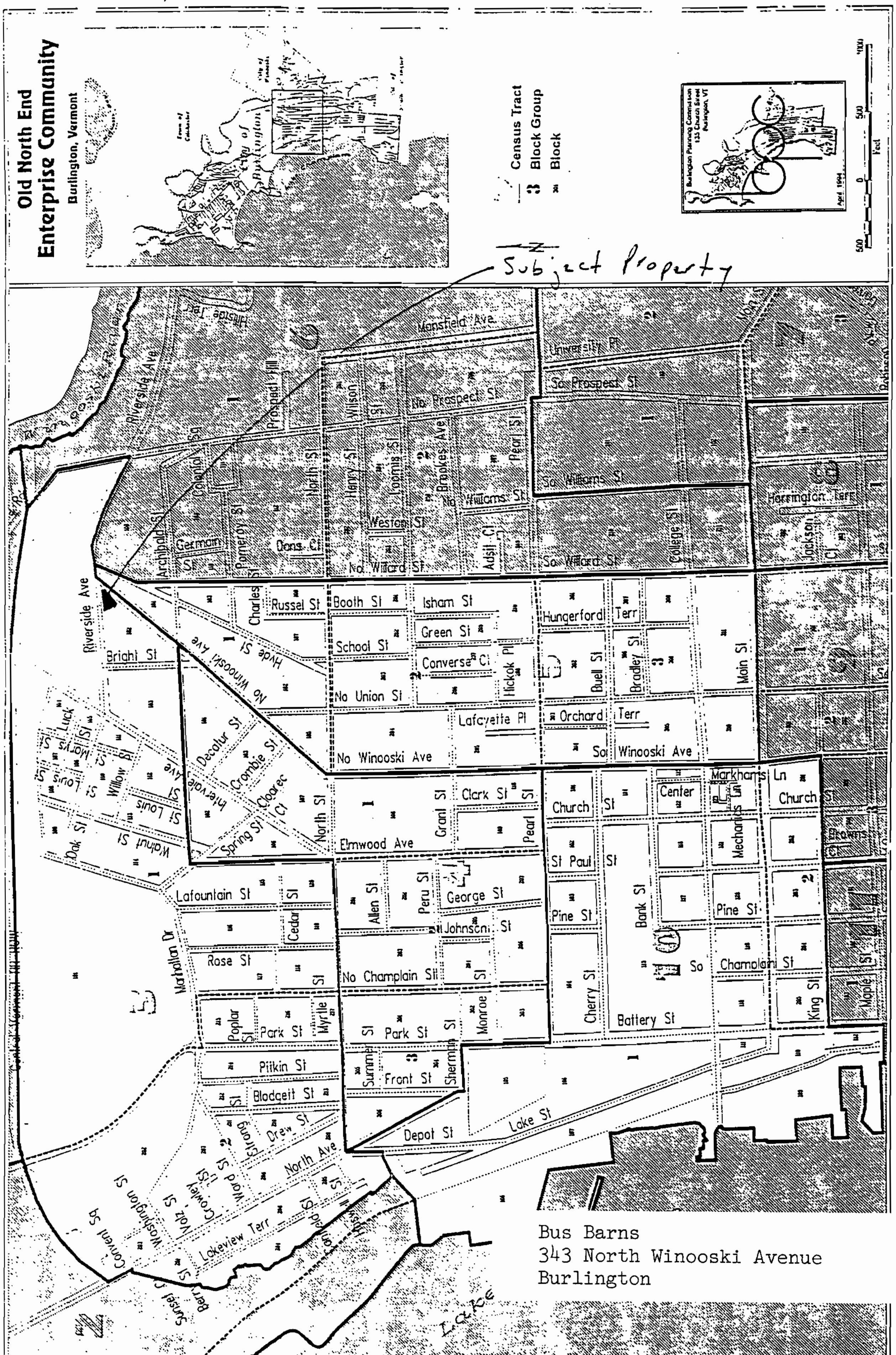


The Copley House
Morrisville

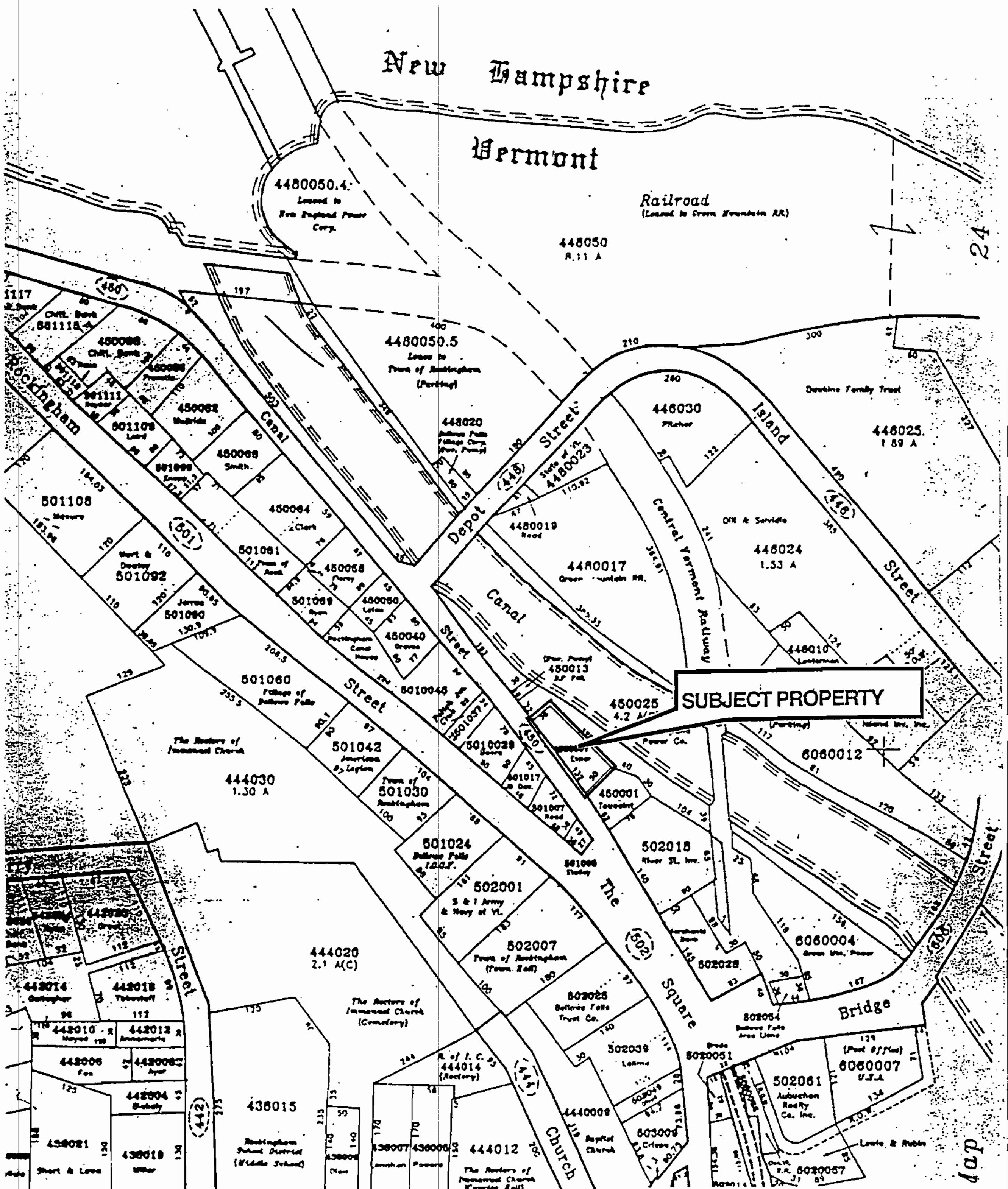


South Burlington Community Housing
Williston Road & Hayden Parkway
South Burlington

BCLT - Bus Barns



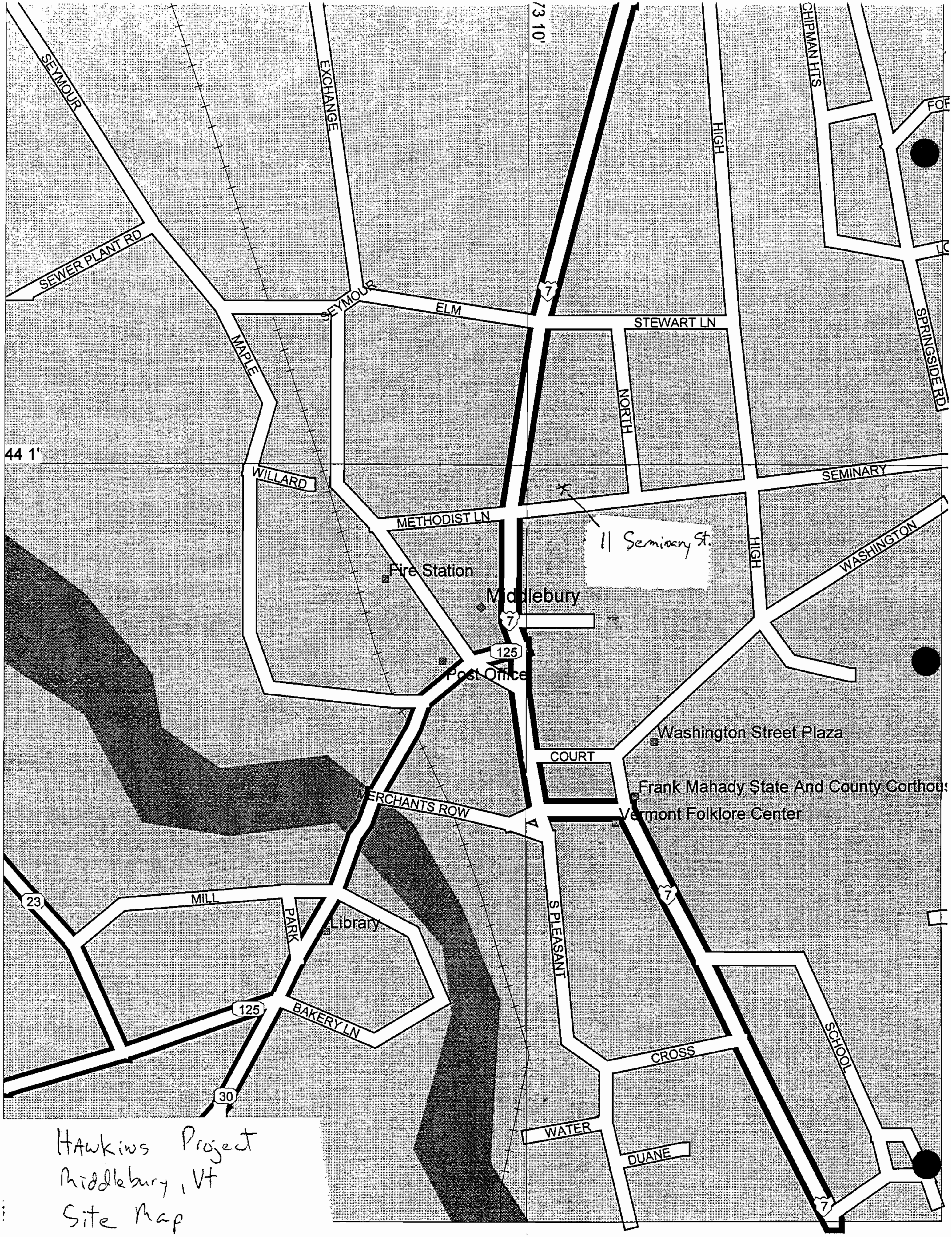
Bus Barns
343 North Winooski Avenue
Burlington



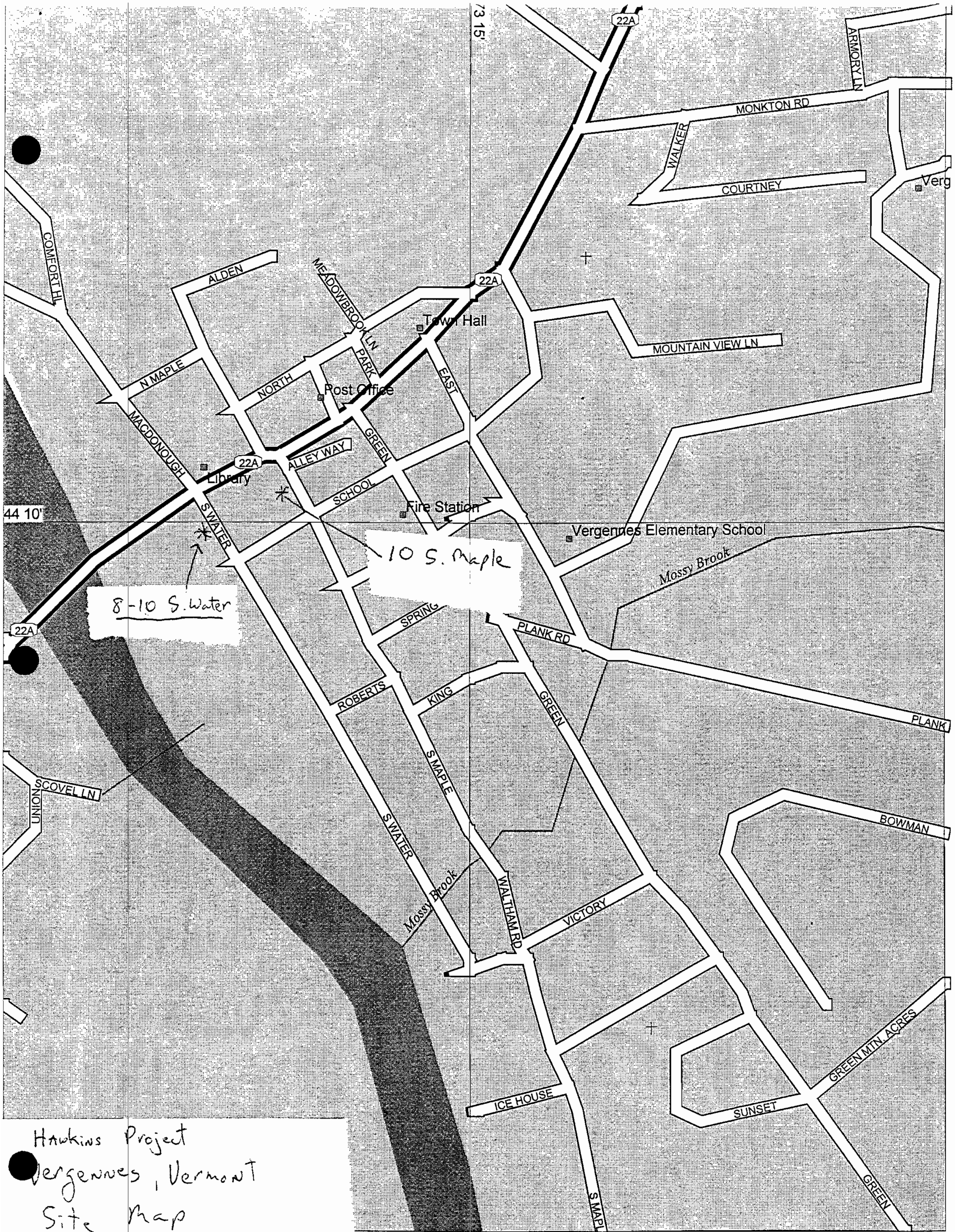
ATC Associates Inc.
P.O. Box 3, Richmond, VT
(802) 434-2113
ATC Project No. 05771.00006

Figure 2
Tax Map
Exner Block
7 Canal Street
Bellows Falls, Vermont

Map Source:
Town of Rockingham
Tax Map No. 23

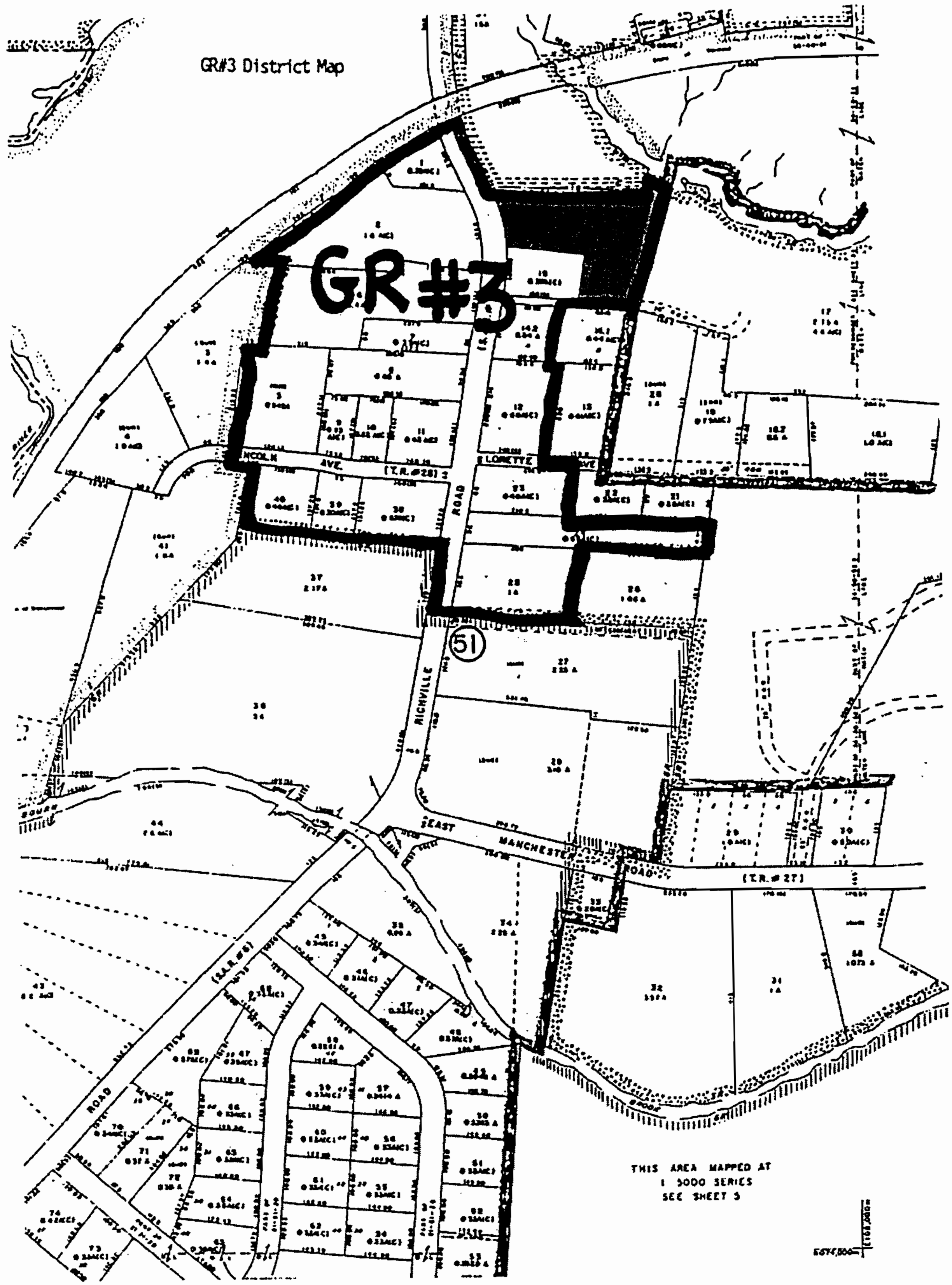


Hawkins Project
Middlebury, Vt
Site Map



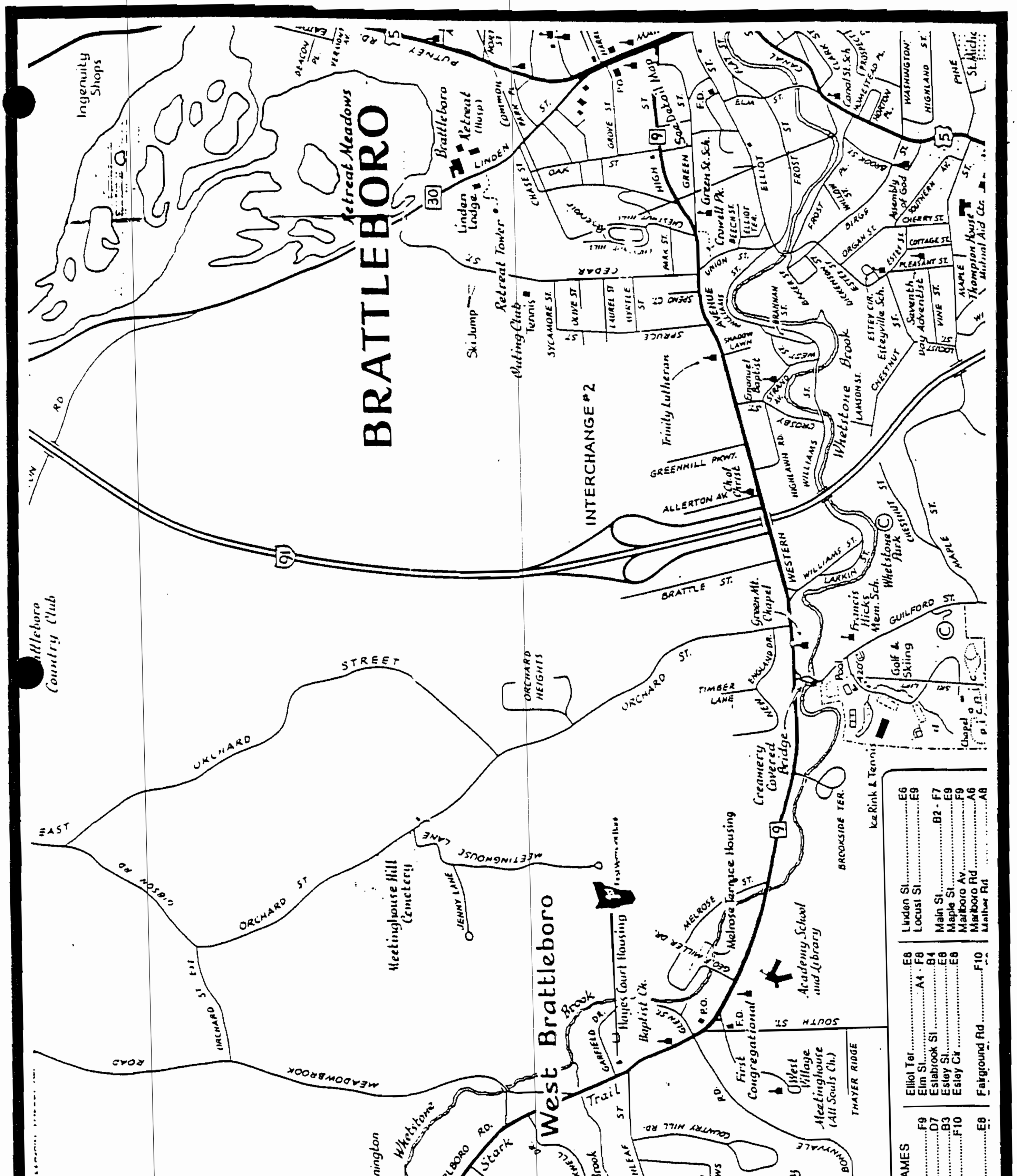
Hawkins Project
Vergennes, Vermont
Site Map

ZONING MAP



Manchester Knoll, Manchester

Westgate Apts, Brattleboro



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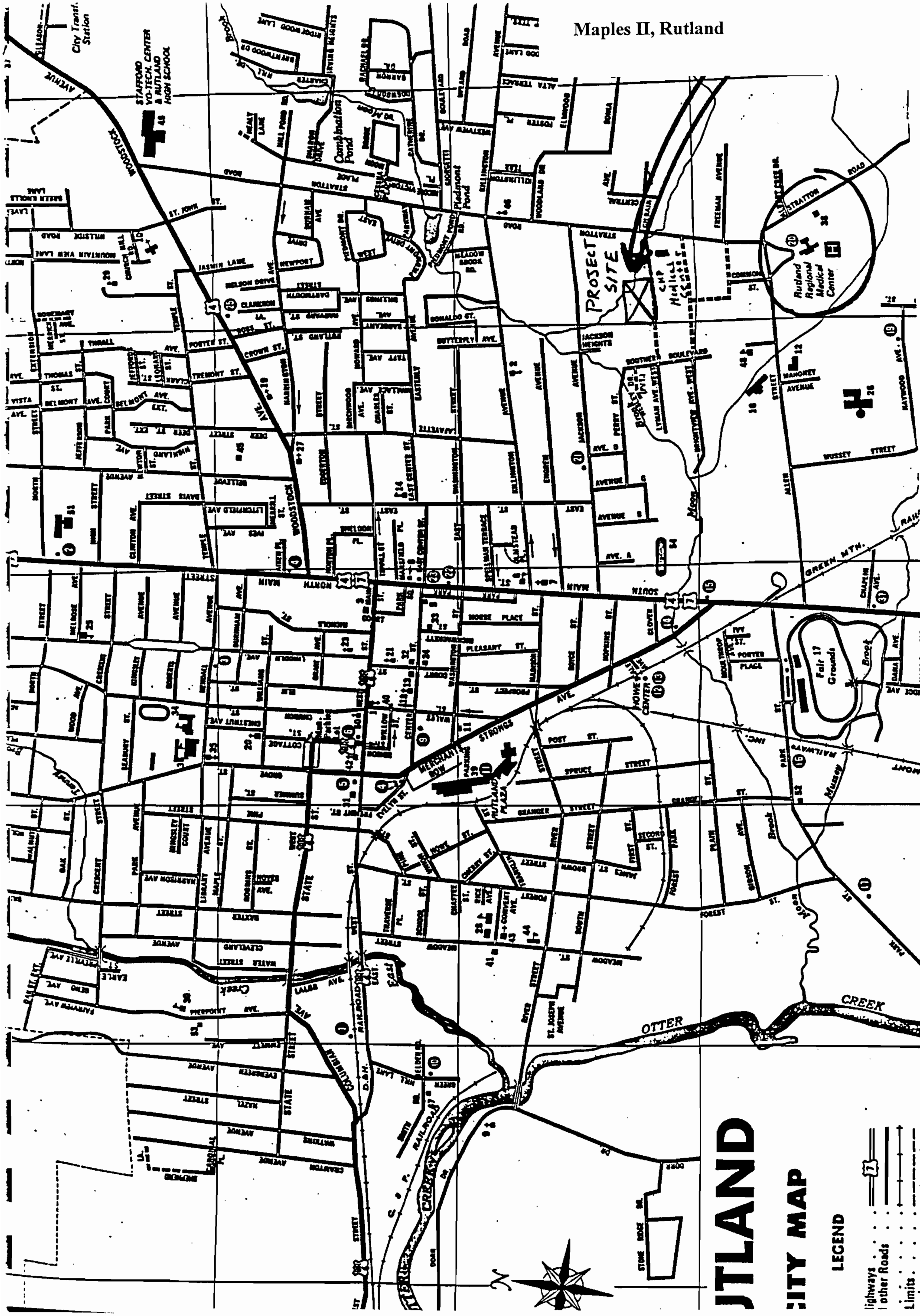
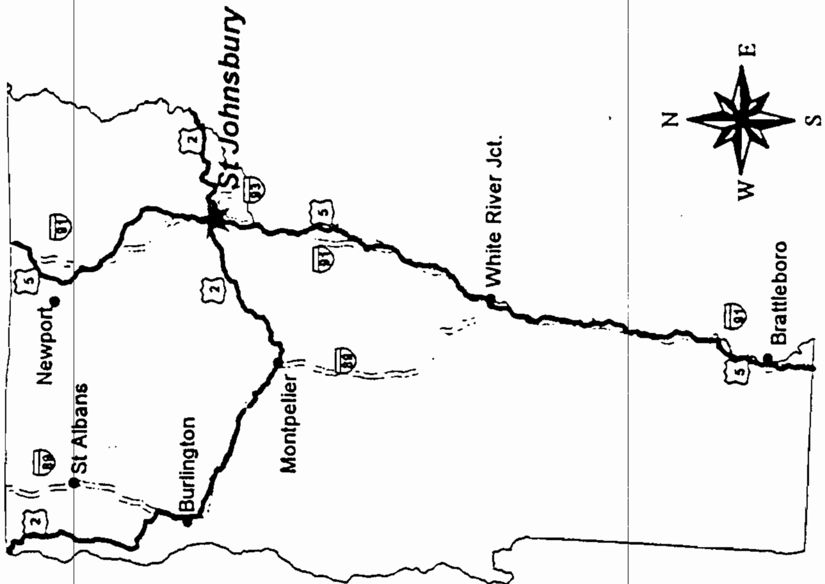
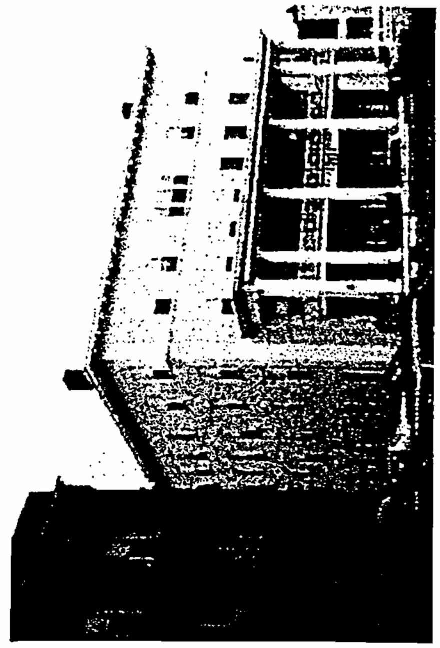
Maples II, Rutland







St. Johnsbury House, St Johnsbury

26-May-99	**Mill View Housing, Burlington**					
Total Residential Units:	12	Increase in Income from Rental Units:		1.50%		
Housing Credit Restricted Units:	12	Increase in Income from Other Sources:		1.50%		
Percent Restricted:	100.00%	Increase in Income from Commercial:		N/A		
Total Development Cost:	1,263,999	Expense increase:		3.00%		
Total Development Cost per Unit:	105,333	Vacancy Rate:		5.00%		
Total Development Cost Per SF:	123	Partner's Tax Rate:		34%		
		Long Depreciation Schedule:		27.5	years	
Max Credit Potential:	87,500	Short Depreciation Schedule:		7	years	
Credit Amount Allocated:	85,779	Sponsor's Estimated Yield:		83.59%		
LIHTC - 9%	8.30%	June-99				
LIHTC - 4%	3.56%					
SOURCES						
		% of Total Development Cost	Interest Rate	Amortization	Term	
First Mortgage	100,000	7.91%	8.00%	30	30	
VHCB Loan	240,000	18.99%	0.00%	30	30	
BHTF Loan	50,000	3.96%	0.00%	30	20	
HOME Loan	150,000	11.87%	5.67%	30	30	
Tax Credit Equity	724,100	57.29%	N/A	N/A	N/A	
TOTAL SOURCES	1,264,100	100.01%				
USES						
Acquisition	95,000	7.52%				
Construction Hard Costs	895,785	70.87%				
Soft Costs	273,214	21.62%				
TOTAL USES	1,263,999	100%				
Gap	(101)					
PER UNIT COST LIMIT CALCULATION						
	per unit limits	number of units				
0 Br	84,390	0	0			
1 Br	90,140	6	540,840			
2 Br	95,890	4	383,560			
3 Br	101,637	2	203,274			
4 Br	107,390	0	0			
Maximum cost allowed under the per unit cost limits			1,127,674			
Projected total cost, excluding cash accounts			1,253,999	89.93%		
		(over)/under	(126,325)			
General Partner's Capital Contribution			7,241	1.00%		
Limited Partner's Capital Contribution			716,859	99.00%		
Total Equity			724,100			
APPLICABLE FRACTION CALCULATION						
		Tax Credit Restricted Units	12			
		Total Units	12			
		Unit Fraction	100.00%			
		Tax Credit Square Footage	10,300			
		Total Residential Square Footage	10,300			
		Square Footage Fraction	100.00%			
		Applicable Fraction	100.00%			

		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Carryover Budget
	ACQUISITION						
1	Land	88,500					
2	Purchase of Building(s)	0	0		0		
3	Demolition (without replacement)	0					
4	Property Appraisal	2,000	0		2,000		
5	Legal - Title and Recording	4,500	0		4,500		
	Subtotal - Acquisition	95,000					
	CONSTRUCTION HARD COSTS						
6	Rehabilitation	0		0	0		
7	New Building(s)	682,000		682,000	682,000		
8	Accessory Buildings	0					
9	Sitework	145,500		145,500	145,500		
10	Commercial Space Costs (if any)	0					
11	General Requirements	0					
12	Contractor Overhead	0					
13	Contractor Profit	0					
14	Construction Contingency	57,785		57,785	57,785		
15	Construction Management	0					
16	Construction Bond Fee	0					
17	Hazardous Materials Abatement	0		0	0		
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Equipment	10,500		10,500	10,500		
20	Other ( )	0					
	Subtotal - Hard Costs	895,785					
	SOFT COSTS						
21	Architectural	46,000		46,000	46,000		
22	Engineering	0					
23	Legal/Accounting	10,000		9,000	9,000		
24	Relocation	0		0	0		
25	Environmental Assessment	15,000		15,000	15,000		
26	Energy Assessment	0		0	0		
27	Permits/Fees	26,000		26,000	26,000		
28	Marketing	0					
29	Construction Period Insurance	3,000		3,000	3,000		
30	Construction Interest	28,964		28,964	28,964		
31	Construction Loan Origination Fee	0					
32	Taxes During Construction	2,000		2,000	2,000		
33	Clerk of the Works	14,000		14,000	14,000		
34	Marketing	2,000					
35	Tax Credit Fees	2,750		2,750	2,750		
36	Soft Cost Contingency	2,500		2,250	2,250		
37	Permanent Loan Origination Fee	1,000					
38	Lender's Counsel's Fee	0					
39	Other ( )	0					
	SYNDICATION COSTS						
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES						
44	HVT Developer Fee	55,000		52,250	55,000		
45	LHP Development Fee	55,000		52,250	55,000		
46	Consultant Fees	0		0	0		
	RESERVES						
47	Working Capital	10,000					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves	0					
50	Sinking Fund	0					
51	Replacement Reserves	0					
	Subtotal - Soft Costs	273,214					
	TOTALS	1,263,999	0	1,149,249	1,150,749		
LESS:	Amount of Non-qualified Financing			0	0		
LESS:	Historic tax Credit (Residential Portion)			0			
LESS:	Cost Overage			89.93%	0		
	Total Eligible Basis		0	1,033,476			
TIMES:	Adjusted for QCT/DDA	100%		1,033,476			
TIMES:	Applicable Fraction	100%	0	1,033,476			
	Total Qualified Basis		0	1,033,476	1,150,749	Long Term Depreciable Basis	
TIMES:	Applicable Percentage		0.00%	8.30%	27.5	Depreciation Schedule	
	Total Annual Credit Qualified		0	85,779	41,845	Annual Depreciation	
				85,779			
	Total Tax Credits Requested	87,500			10,500	Short Term Depreciable Basis	
	Estimated Net Syndication Proceeds (excluding historic credit equity)	724,100			7	Depreciation Schedule	
	Estimated Yield - Housing Credit Syndication	83.59%			1,500	Annual Depreciation	
	Equity Gap	724,100					
	Credits Needed to fill Equity Gap	87,500					

26-May-99

Mill View Housing, Burlington

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:					
Millview	1	1			1	1	1			1	650	440	63	503			1			
	2	1			1	1		1		1	650	400	63	463		1				
	3	1			1	1		1		1	650	400	63	463		1				
	4	1			1	1		1		1	650	400	63	463		1				
	5	1			1	1		1		1	650	440	63	503			1			
	6	1			1	1	1			1	650	440	63	503			1			
	7	1			1	1				3	1,100	540	93	633		1				
	8	1			1	1				2	1,050	471	80	551		1				
	9	1			1	1				2	1,050	525	80	605			1			
	10	1			1	1				2	1,050	471	80	551		1				
	11	1			1	1				2	1,050	525	80	605			1			
	12	1			1	1				3	1,100	540	93	633		1				
														6,476						
Total # Units	12	12	0	0	12	12	2	4	0	Totals:	10,300	5,592		Total # Units	0	7	5	0	0	0

form revision date: 2/19/97

26-May-99	**Mill View Housing, Burlington**			
			Per Unit	
	Annual	Monthly	Per Month	
Administration				
Management Fee	6,480	540	45	10.2%
Supportive Services	0	0	0	
Audit/Accounting	3,312	276	23	
Legal	864	72	6	
Compliance Monitoring	288	24	2	
Marketing		0	0	
HVT Asset Management	1,152	96	8	
TOTAL ADMINISTRATIVE	12,096	1,008	84	
Utilities				
Electricity	720	60	5	
Fuel	720	60	5	
Water and Sewer	5,040	420	35	
Fire Alarm / Emergency	1,008	84	7	
Other	0	0	0	
TOTAL UTILITIES	7,488	624	52	
Maintenance				
Maintenance / Janitor Payroll	5,040	420	35	
Janitor Supplies	1,296	108	9	
Exterminating	144	12	1	
Trash Removal	2,016	168	14	
Snow Removal	1,008	84	7	
Grounds	1,296	108	9	
Repairs Material		0	0	
Repairs Contract		0	0	
HVAC Repairs / Maintenance	432	36	3	
Elevator Contract / Repairs		0	0	
Painting and Decorating	1,728	144	12	
Other		0	0	
TOTAL MAINTENANCE	12,960	1,080	90	
				per unit month
Real Estate Taxes	10,800	900	75	excl. ds & res.
Property Insurance	2,160	180	15	316
Replacement Reserves	3,600	300	25	
Primary Debt Service	8,805	734	61	
Other "must pay" debt service		0	0	
Other		0	0	
Total	57,909	4,826	402	

form revision date: 2/19/97

26-May-99		Mill View Housing, Burlington														
	Year	1	2	3	4	[illegible]	6	7	8	9	10	11	12	[illegible]	14	15
Operating Income																3
Gross Rent		67,104	68,111	69,132	70,169	71,222	72,290	73,374	74,475	75,592	76,726	77,877	79,045	80,231	81,434	82,656
Other Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vacancy and other losses		(3,355)	(3,406)	(3,457)	(3,508)	(3,561)	(3,615)	(3,669)	(3,724)	(3,780)	(3,836)	(3,894)	(3,952)	(4,012)	(4,072)	(4,133)
Total Operating Income		63,749	64,705	65,676	66,661	67,661	68,676	69,706	70,751	71,813	72,890	73,983	75,093	76,219	77,363	78,523
Operating Expenses																
Total Expenses (excl. Reserves)		45,504	46,869	48,275	49,723	51,215	52,752	54,334	55,964	57,643	59,372	61,154	62,988	64,878	66,824	68,829
Reserves		3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600
Total Operating Expense		49,104	50,469	51,875	53,323	54,815	56,352	57,934	59,564	61,243	62,972	64,754	66,588	68,478	70,424	72,429
Net Operating Income		14,645	14,236	13,800	13,337	12,845	12,324	11,772	11,187	10,569	9,917	9,230	8,505	7,741	6,938	6,094
Less Primary Debt Service		8,805	8,805	8,805	8,805	8,805	8,805	8,805	8,805	8,805	8,805	8,805	8,805	8,805	8,805	8,805
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		5,840	5,431	4,995	4,532	4,040	3,519	2,966	2,382	1,764	1,112	424	(301)	(1,064)	(1,867)	(2,711)
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	301	1,064	1,867	2,711
Net Cash		5,840	5,431	4,995	4,532	4,040	3,519	2,966	2,382	1,764	1,112	424	0	0	0	0
DCR		166.32%	161.68%	156.73%	151.47%	145.89%	139.96%	133.69%	127.05%	120.04%	112.63%	104.82%	96.59%	87.92%	78.80%	69.21%
Cumulative Cash Flow																
Beginning Balance		0	5,840	11,387	16,610	21,474	25,944	29,982	33,548	36,601	39,097	40,991	42,235	42,780	42,571	41,556
Interest	2.0%	0	117	228	332	429	519	600	671	732	782	820	845	856	851	831
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	(301)	(1,064)	(1,867)	(2,711)
Ending Balance		5,840	11,387	16,610	21,474	25,944	29,982	33,548	36,601	39,097	40,991	42,235	42,780	42,571	41,556	39,676
Cumulative Replacement Reserves																
Beginning Balance		0	3,600	7,272	11,017	14,838	18,735	22,709	26,763	30,899	35,117	39,419	43,807	48,284	52,849	57,506
Interest	2.0%	0	72	145	220	297	375	454	535	618	702	788	876	966	1,057	1,150
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		3,600	7,272	11,017	14,838	18,735	22,709	26,763	30,899	35,117	39,419	43,807	48,284	52,849	57,506	62,256
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		14,645	14,236	13,800	13,337	12,845	12,324	11,772	11,187	10,569	9,917	9,230	8,505	7,741	6,938	6,094
Plus Reserves		3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600
Less Interest Expense		(57,988)	(49,095)	(39,478)	(19,610)	(18,260)	(18,766)	(19,298)	(19,858)	(20,446)	(21,064)	(21,715)	(22,398)	(23,116)	(23,870)	(24,662)
Less Long Depreciation		(41,845)	(41,845)	(41,845)	(41,845)	(41,845)	(41,845)	(41,845)	(41,845)	(41,845)	(41,845)	(41,845)	(41,845)	(41,845)	(41,845)	(41,845)
Less Short Depreciation		(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	0	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(83,089)	(74,604)	(65,423)	(46,018)	(45,160)	(46,188)	(45,772)	(46,916)	(48,122)	(49,393)	(50,730)	(52,138)	(53,620)	(55,177)	(56,813)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		28,250	25,365	22,244	15,646	15,354	15,704	15,563	15,951	16,361	16,793	17,248	17,727	18,231	18,760	19,317
Plus Tax Credits		85,779	85,779	85,779	85,779	85,779	85,779	85,779	85,779	85,779	85,779					
After Tax Cash Flow		114,029	111,144	108,022	101,425	101,133	101,482	101,341	101,730	102,140	102,572	17,248	17,727	18,231	18,760	19,317
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		114,029	111,144	108,022	101,425	101,133	101,482	101,341	101,730	102,140	102,572	17,248	17,727	18,231	18,760	19,317
Future Value of Cash Flows at Yr 15:		624,144	543,173	471,355	395,148	351,796	315,189	281,027	251,880	225,799	202,459	30,397	27,894	25,613	23,533	21,635
Discount Rate:	6.00%															
Capital Contribution Number:	1	2	3	4	5	6										
Date of Capital Contribution:	01-Oct-99	01-Jul-00	01-Oct-00	01-Oct-01	01-Oct-02	01-Oct-03										
Amount of Capital Contribution:	7,892	71,030	118,383	157,844	157,844	276,228										
Present Value of Contributions:	7,892	67,860	111,378	139,740	131,493	216,534										
Cash Flows	(674,897)	0	0	0	0	0		0	0	0	0	0	0	0	0	3,791,040
IRR:	13.12%															
Equity Yield:	79%															

form revision date: 2/19/97

26-May-99	Copley House, Morrisville					
Total Residential Units:	22	Increase in Income from Rental Units:			1.00%	
Housing Credit Restricted Units:	22	Increase in Income from Other Sources:			1.00%	
Percent Restricted:	100.00%	Increase in Income from Commercial:			1.00%	
Total Development Cost:	1,933,845	Expense increase:			2.50%	
Total Development Cost per Unit:	87,902	Vacancy Rate:			5.00%	
Total Development Cost Per SF:	274	Partner's Tax Rate:			34%	
		Long Depreciation Schedule:			27.5	years
Max Credit Potential:	184,961	Short Depreciation Schedule:			7	years
Credit Amount Allocated:	33,000	Sponsor's Estimated Yield:			$ 1.22	
LIHTC - 9%	8.30%		June-99			
LIHTC - 4%	3.56%					
SOURCES						
			% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	320,275		16.56%	8.00%	30	30
VHCB Loan	295,725		15.29%	0.00%	30	30
VCDP Loan	435,000		22.49%	0.00%	30	30
HOME Loan	189,275		9.79%	5.67%	30	30
AHP Loan	250,000		12.93%	0.00%	30	30
Morristown RLF	10,000		0.52%	6.50%	10	10
VHCB Feasibility	6,500		0.34%	N/A	N/A	N/A
DMH Feasibility	4,000		0.21%	N/A	N/A	N/A
Preservation Trust Grant	25,000		1.29%	N/A	N/A	N/A
Tax Credit Equity	398,070		20.58%	N/A	N/A	N/A
TOTAL SOURCES	1,933,845		100.00%			
USES						
Acquisition	6,135		0.32%			
Construction Hard Costs	1,523,743		78.79%			
Soft Costs	403,967		20.89%			
TOTAL USES	1,933,845		100%			
Gap	0					
PER UNIT COST LIMIT CALCULATION						
	per unit limits		number of units			
0 Br	84,390		20	1,687,800		
1 Br	90,140		1	90,140		
2 Br	95,890		2	191,780		
3 Br	101,637		0	0		
4 Br	107,390		0	0		
Maximum cost allowed under the per unit cost limits				1,969,720		
Projected total cost, excluding cash accounts				1,926,595	102.24%	
		(over)/under		43,125		
General Partner's Capital Contribution				3,981	1.00%	
Limited Partner's Capital Contribution				394,089	99.00%	
Total Equity				398,070		
APPLICABLE FRACTION CALCULATION						
		Tax Credit Restricted Units		22		
		Total Units		23		
		Unit Fraction		95.65%		
		Tax Credit Square Footage		6,400		
		Total Residential Square Footage		7,050		
		Square Footage Fraction		90.78%		
		Applicable Fraction		90.78%		

		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Carryover Budget
	ACQUISITION						
1	Land	0					
2	Purchase of Building(s)	0			0		
3	Demolition (without replacement)	0					
4	Property Appraisal	0	0		0		
5	Legal - Title and Recording	6,135	0		6,135		
	Subtotal - Acquisition	6,135					
	CONSTRUCTION HARD COSTS						
6	Rehabilitation	1,256,343		1,256,343	1,256,343		
7	New Building(s)	0		0	0		
8	Accessory Buildings	0					
9	Sitework	100,000		100,000	100,000		
10	Commercial Space Costs (if any)	0					
11	General Requirements	0					
12	Contractor Overhead	0					
13	Contractor Profit	0					
14	Construction Contingency	130,000		130,000	130,000		
15	Construction Management	0		0	0		
16	Construction Bond Fee	0					
17	Hazardous Materials Abatement	0		0	0		
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Equipment	30,200		30,200			
20	Other (______________)	7,200					
	Subtotal - Hard Costs	1,523,743					
	SOFT COSTS						
21	Architectural	98,575		98,575	98,575		
22	Engineering	0					
23	Legal/Accounting	13,000		11,700	11,700		
24	Relocation	0		0	0		
25	Environmental Assessment	3,500		3,500	3,500		
26	Energy Assessment	0		0	0		
27	Permits/Fees	14,172		14,172	14,172		
28	Marketing	0					
29	Construction Period Insurance	3,200		3,200	3,200		
30	Construction Interest	20,000		20,000	20,000		
31	Construction Loan Origination Fee	6,000		6,000	6,000		
32	Taxes During Construction	0		0	0		
33	Clerk of the Works	12,500		12,500	12,500		
34	Marketing	0					
35	Tax Credit Fees	0		0	0		
36	Soft Cost Contingency	4,770		4,293	4,293		
37	Permanent Loan Origination Fee	0					
38	Lender's Counsel's Fee	0		0			
39	Other (Rent Loss)	24,000		24,000	24,000		
	SYNDICATION COSTS						
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES						
44	HVT Developer Fee	96,000		91,200	96,000		
45	LHP Development Fee	96,000		91,200	96,000		
46	Consultant Fees	5,000		5,000	5,000		
	RESERVES						
47	Working Capital	7,250					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves	0					
50	Sinking Fund	0					
51	Replacement Reserves	0					
	Subtotal - Soft Costs	403,967					
	TOTALS	1,933,845	0	1,901,883	1,887,418		
LESS:	Amount of Non-qualified Financing			13,596	68,633		
LESS:	Historic tax Credit (Residential Portion)			0			
LESS:	Cost Overage				0		
	Total Eligible Basis		0	1,888,287			
TIMES:	Adjusted for QCT/DDA	130%		2,454,773			
TIMES:	Applicable Fraction	91%	0	2,228,447			
	Total Qualified Basis		0	2,228,447	1,818,785	Long Term Depreciable Basis	
TIMES:	Applicable Percentage		0.00%	8.30%	27.5	Depreciation Schedule	
	Total Annual Credit Qualified		0	184,961	66,138	Annual Depreciation	
	Total Tax Credits Requested	33,000			30,200	Short Term Depreciable Basis	
	Estimated Net Syndication Proceeds (**excluding historic credit equity**)	398,070			7	Depreciation Schedule	
	Estimated Yield - Housing Credit Syndication	121.85%			4,314	Annual Depreciation	
	Equity Gap	398,070					
	Credits Needed to fill Equity Gap	33,000					

26-May-99

Copley House, Morrisville

	Check all Applicable									A					B						C					
Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	OCCUPIED BY: Income level of residents to be served:						AFFORDABLE TO: Units affordable to residents at:					
															<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+
	1			1	1	1	1			0.75	230	200	0	200		1					1					
	2	1		1	1	1	1			0.75	230	200	0	200		1					1					
	3	1		1	1	1	1			0.75	230	200	0	200		1					1					
	4			1	1	1	1			0.75	230	200	0	200		1					1					
	5	1		1	1	1	1			0.75	230	200	0	200		1					1					
	6			1	1	1	1			0.75	230	200	0	200		1					1					
	7			1	1	1	1			0.75	230	200	0	200		1					1					
	8	1		1	1	1	1			0.75	230	200	0	200		1					1					
	9			1	1	1	1			0.75	230	200	0	200		1					1					
	10	1		1	1	1	1			0.75	230	200	0	200		1					1					
	11	1		1	1	1	1			0.75	230	200	0	200		1					1					
	12			1	1	1	1			0.75	230	200	0	200		1					1					
	13			1	1	1	1			0.75	230	200	0	200		1					1					
	14			1	1	1	1			0.75	230	200	0	200		1					1					
	15			1	1	1	1			0.75	230	200	0	200		1					1					
	16			1	1	1	1			0.75	230	200	0	200		1					1					
	17			1	1	1	1			0.75	230	200	0	200		1					1					
	18			1	1	1	1			0.75	230	200	0	200		1					1					
	19			1	1	1	1			0.75	230	200	0	200		1					1					
	20			1	1	1	1			0.75	230	200	0	200		1					1					
	21			1	1	1				2	850	375	0	375		1						1				
	22			1	1	1				2	950	375	0	375		1						1				
	23								1	1	650	0	0	0						1						
Total # Units	23	6	0	22	22	22	20	0	1	Totals:	7,050	4,750		Total # Units	0	22	0	0	0	1	20	2	0	0	0	0
														4,750												

26-May-99	**Copley House, Morrisville**			
			Per Unit	
	Annual	Monthly	Per Month	
Administration				
Management Fee	0	0	0	0.0%
Supportive Services	295,800	24,650	1,072	
Audit/Accounting	3,000	250	11	
Legal	0	0	0	
Compliance Monitoring	0	0	0	
L.P. Monitoring	1,104	92	4	
Other	42,583	3,549	154	
TOTAL ADMINISTRATIVE	342,487	28,541	1,241	
Utilities				
Electricity	2,760	230	10	
Fuel	4,968	414	18	
Water and Sewer	3,588	299	13	
Fire Alarm / Emergency	552	46	2	
Other	0	0	0	
TOTAL UTILITIES	11,868	989	43	
Maintenance				
Maintenance / Janitor Payroll	2,208	184	8	
Janitor Supplies	1,380	115	5	
Exterminating	0	0	0	
Trash Removal	3,864	322	14	
Snow Removal	1,104	92	4	
Grounds	1,104	92	4	
Repairs Material		0	0	
Repairs Contract		0	0	
HVAC Repairs / Maintenance	0	0	0	
Elevator Contract / Repairs	276	23	1	
Painting and Decorating	0	0	0	
Other		0	0	
TOTAL MAINTENANCE	9,936	828	36	
				per unit month
Real Estate Taxes	7,176	598	26	excl. ds & res.
Property Insurance	6,900	575	25	1,371
Replacement Reserves	7,728	644	28	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other	1,380	115	5	
Total	387,475	32,290	1,404	

form revision date: 2/19/97

26-May-99		Copley House, Morrisville														
	Year	1	2	3	4		6	7	8	9	10	11	12		14	15
Operating Income																
Gross Rent		58,800	59,388	59,982	60,582	61,188	61,799	62,417	63,042	63,672	64,309	64,952	65,601	66,257	66,920	67,589
Other Income		375,540	379,295	383,088	386,919	390,788	394,696	398,643	402,630	406,656	410,723	414,830	418,978	423,168	427,400	431,674
Vacancy and other losses		(2,940)	(2,969)	(2,999)	(3,029)	(3,059)	(3,090)	(3,121)	(3,152)	(3,184)	(3,215)	(3,248)	(3,280)	(3,313)	(3,346)	(3,379)
Total Operating Income		431,400	435,714	440,071	444,472	448,917	453,406	457,940	462,519	467,144	471,816	476,534	481,299	486,112	490,973	495,883
Operating Expenses																
Total Expenses (excl. Reserves)		378,367	387,826	397,522	407,460	417,646	428,088	438,790	449,759	461,003	472,529	484,342	496,450	508,862	521,583	534,623
Reserves		7,728	7,728	7,728	7,728	7,728	7,728	7,728	7,728	7,728	7,728	7,728	7,728	7,728	7,728	7,728
Total Operating Expense		386,095	395,554	405,250	415,188	425,374	435,816	446,518	457,487	468,731	480,257	492,070	504,178	516,590	529,311	542,351
Net Operating Income		45,305	40,160	34,821	29,284	23,542	17,590	11,422	5,032	(1,587)	(8,441)	(15,536)	(22,879)	(30,477)	(38,338)	(46,467)
Less Primary Debt Service		28,201	28,201	28,201	28,201	28,201	28,201	28,201	28,201	28,201	28,201	28,201	28,201	28,201	28,201	28,201
Less Secondary Debt Service		1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,363	0	0	0	0	0
Annual Cash Flow		15,742	10,596	5,258	(279)	(6,021)	(11,973)	(18,141)	(24,532)	(31,150)	(38,004)	(43,737)	(51,080)	(58,678)	(66,538)	(74,668)
Operating Subsidies / Sinking Fund		0	0	0	279	6,021	11,973	18,141	24,532	31,150	38,004	43,737	51,080	58,678	66,538	74,668
Net Cash		15,742	10,596	5,258	0	0	0	0	0	0	0	0	0	0	0	0
DCR		153.25%	135.84%	117.79%	99.06%	79.63%	59.50%	38.64%	17.02%	-5.37%	-28.55%	-55.09%	-81.13%	-108.07%	-135.95%	-164.77%
Cumulative Cash Flow																
Beginning Balance		0	15,742	26,653	32,444	32,813	27,449	16,024	(1,796)	(26,328)	(57,478)	(95,482)	(139,219)	(190,299)	(248,977)	(315,515)
Interest	2.0%	0	315	533	649	656	549	320	0	0	0	0	0	0	0	0
Withdrawals		0	0	0	(279)	(6,021)	(11,973)	(18,141)	(24,532)	(31,150)	(38,004)	(43,737)	(51,080)	(58,678)	(66,538)	(74,668)
Ending Balance		15,742	26,653	32,444	32,813	27,449	16,024	(1,796)	(26,328)	(57,478)	(95,482)	(139,219)	(190,299)	(248,977)	(315,515)	(390,183)
Cumulative Replacement Reserves																
Beginning Balance		0	7,728	15,611	23,651	31,852	40,217	48,749	57,452	66,329	75,384	84,619	94,040	103,649	113,450	123,447
Interest	2.0%	0	155	312	473	637	804	975	1,149	1,327	1,508	1,692	1,881	2,073	2,269	2,469
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		7,728	15,611	23,651	31,852	40,217	48,749	57,452	66,329	75,384	84,619	94,040	103,649	113,450	123,447	133,644
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		45,305	40,160	34,821	29,284	23,542	17,590	11,422	5,032	(1,587)	(8,441)	(15,536)	(22,879)	(30,477)	(38,338)	(46,467)
Plus Reserves		7,728	7,728	7,728	7,728	7,728	7,728	7,728	7,728	7,728	7,728	7,728	7,728	7,728	7,728	7,728
Less Interest Expense		(36,886)	(37,223)	(37,573)	(37,936)	(38,312)	(38,702)	(39,104)	(39,521)	(39,951)	(40,394)	(40,891)	(41,455)	(42,037)	(42,638)	(43,259)
Less Long Depreciation		(66,138)	(66,138)	(66,138)	(66,138)	(66,138)	(66,138)	(66,138)	(66,138)	(66,138)	(66,138)	(66,138)	(66,138)	(66,138)	(66,138)	(66,138)
Less Short Depreciation		(4,314)	(4,314)	(4,314)	(4,314)	(4,314)	(4,314)	0	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(54,305)	(59,787)	(65,476)	(71,376)	(77,494)	(83,835)	(86,092)	(92,899)	(99,947)	(107,244)	(114,837)	(122,743)	(130,924)	(139,386)	(148,136)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		18,464	20,328	22,262	24,268	26,348	28,504	29,271	31,586	33,982	36,463	39,045	41,733	44,514	47,391	50,366
Plus Tax Credits		33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000					
After Tax Cash Flow		51,464	53,328	55,262	57,268	59,348	61,504	62,271	64,586	66,982	69,463	39,045	41,733	44,514	47,391	50,366
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		51,464	53,328	55,262	57,268	59,348	61,504	62,271	64,586	66,982	69,463	39,045	41,733	44,514	47,391	50,366
Future Value of Cash Flows at Yr 15:		281,689	260,618	241,134	223,114	206,445	191,022	172,683	159,911	148,076	137,108	68,810	65,667	62,539	59,447	56,410
Discount Rate:	6.00%															
Capital Contribution Number:	1	2	3	4	5	6	7	8								
Date of Capital Contribution:	01-Oct-99	01-Jul-00	01-Oct-00	01-Oct-01	01-Oct-02	01-Oct-03	02-Oct-04	03-Oct-05								
Amount of Capital Contribution:	4,673	46,728	65,419	70,092	70,092	70,092	70,092	70,092								
Present Value of Contributions:	4,673	44,642	61,548	62,053	58,391	54,945	51,685	48,627								
Cash Flows	(386,563)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,334,674
IRR:	12.74%															
Equity Yield:	118%															

26-May-99	**Hayden Parkway, South Burlington**					
Total Residential Units:	18	Increase in Income from Rental Units:			1.50%	
Housing Credit Restricted Units:	18	Increase in Income from Other Sources:			1.50%	
Percent Restricted:	100.00%	Increase in Income from Commercial:			1.50%	
Total Development Cost:	2,228,974	Expense increase:			3.00%	
Total Development Cost per Unit:	123,832	Vacancy Rate:			5.00%	
Total Development Cost Per SF:	119	Partner's Tax Rate:			34%	
		Long Depreciation Schedule:			27.5	years
Max Credit Potential:	145,684	Short Depreciation Schedule:			7	years
Credit Amount Allocated:	141,000	Sponsor's Estimated Yield:			82.70%	
LIHTC - 9%	8.30%		June-99			
LIHTC - 4%	3.56%					
SOURCES						
		% of Total Development Cost		Interest Rate	Amortization	Term
First Mortgage	254,515		11.42%	8.00%	30	30
VHCB Loan	464,800		20.85%	0.00%	30	30
VCDP Loan	174,791		7.84%	0.00%	30	30
HOME Loan	181,295		8.13%	5.67%	30	30
Tax Credit Equity	1,154,459		51.79%	N/A	N/A	N/A
TOTAL SOURCES	2,229,860		100.04%			
USES						
Acquisition	155,500		6.98%			
Construction Hard Costs	1,693,064		75.96%			
Soft Costs	380,410		17.07%			
TOTAL USES	2,228,974		100%			
Gap	(886)					
PER UNIT COST LIMIT CALCULATION						
	per unit limits		number of units			
0 Br	84,390		0	0		
1 Br	90,140		0	0		
2 Br	95,890		18	1,726,020		
3 Br	101,637		0	0		
4 Br	107,390		0	0		
Maximum cost allowed under the per unit cost limits				1,726,020		
Projected total cost, excluding cash accounts, adjustment for high site work				2,017,974	85.53%	
		(over)/under		(291,954)		
General Partner's Capital Contribution				11,545	1.00%	
Limited Partner's Capital Contribution				1,142,914	99.00%	
Total Equity				1,154,459		
APPLICABLE FRACTION CALCULATION						
		Tax Credit Restricted Units		18		
		Total Units		18		
		Unit Fraction		100.00%		
		Tax Credit Square Footage		18,702		
		Total Residential Square Footage		18,702		
		Square Footage Fraction		100.00%		
		Applicable Fraction		100.00%		

		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Carryover Budget
	ACQUISITION						
1	Land	148,500					
2	Purchase of Building(s)	0	0		0		
3	Demolition (without replacement)	0					
4	Property Appraisal	2,000	0		2,000		
5	Legal - Title and Recording	5,000	0		5,000		
	Subtotal - Acquisition	155,500					
	CONSTRUCTION HARD COSTS						
6	Rehabilitation	0		0	0		
7	New Building(s)	1,202,787		1,202,787	1,202,787		
8	Accessory Buildings	0					
9	Sitework	403,467		403,467	403,467		
10	Commercial Space Costs (if any)	0					
11	General Requirements	0					
12	Contractor Overhead	0					
13	Contractor Profit	0					
14	Construction Contingency	72,410		72,410	72,410		
15	Construction Management	0					
16	Construction Bond Fee	0					
17	Hazardous Materials Abatement	0		0	0		
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Equipment	14,400		14,400	14,400		
20	Other (____________)	0					
	Subtotal - Hard Costs	1,693,064					
	SOFT COSTS						
21	Architectural	99,724		99,724	99,724		
22	Engineering	0					
23	Legal/Accounting	12,500		11,250	11,250		
24	Relocation	0		0	0		
25	Environmental Assessment	0		0	0		
26	Energy Assessment	0		0	0		
27	Permits/Fees	23,448		23,448	23,448		
28	Marketing	0					
29	Construction Period Insurance	4,000		4,000	4,000		
30	Construction Interest	47,138		47,138	47,138		
31	Construction Loan Origination Fee	0					
32	Taxes During Construction	4,000		4,000	4,000		
33	Clerk of the Works	10,000		10,000	10,000		
34	Marketing	3,600					
35	Tax Credit Fees	3,000		3,000	3,000		
36	Soft Cost Contingency	5,000		4,500	4,500		
37	Permanent Loan Origination Fee	3,000					
38	Lender's Counsel's Fee	0					
39	Other (____________)	0					
	SYNDICATION COSTS						
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES						
44	HVT Developer Fee	80,000		76,000	80,000		
45	LHP Development Fee	80,000		76,000	80,000		
46	Consultant Fees	0		0	0		
	RESERVES						
47	Working Capital	5,000					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves	0					
50	Sinking Fund	0					
51	Replacement Reserves	0					
	Subtotal - Soft Costs	380,410					
	TOTALS	2,228,974	0	2,052,124	2,052,724		
LESS:	Amount of Non-qualified Financing			0			
LESS:	Historic tax Credit (Residential Portion)			0			
LESS:	Cost Overage			85.53%	0		
	Total Eligible Basis		0	1,755,229			
TIMES:	Adjusted for QCT/DDA	100%		1,755,229			
TIMES:	Applicable Fraction	100%	0	1,755,229			
	Total Qualified Basis		0	1,755,229	2,052,724	Long Term Depreciable Basis	
TIMES:	Applicable Percentage		0.00%	8.30%	27.5	Depreciation Schedule	
	Total Annual Credit Qualified		0	145,684	74,645	Annual Depreciation	
	Total Tax Credits Requested	141,000			14,400	Short Term Depreciable Basis	
	Estimated Net Syndication Proceeds **(excluding historic credit equity)**	1,154,459			7	Depreciation Schedule	
	Estimated Yield - Housing Credit Syndication	82.70%			2,057	Annual Depreciation	
	Equity Gap	1,154,459					
	Credits Needed to fill Equity Gap	141,000					

26-May-99

Hayden Parkway, South Burlington

Building #	Unit #	Check all Applicable: HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	A: Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)
West 1	1	1			1	1	1	1		2	1,002	440	80	520
	2	1			1	1				2	985	490	80	570
West 2	3	1			1	1				2	1,062	440	80	520
	4				1	1				2	1,062	490	80	570
West 3	5	1			1	1				2	1,062	490	80	570
	6	1			1	1				2	1,062	490	80	570
West 4	7				1	1				2	985	490	80	570
	8	1			1	1	1	1		2	1,002	440	80	520
East 1	9				1	1	1	1		2	1,002	490	80	570
	10				1	1				2	985	490	80	570
East 2	11				1	1				2	1,062	490	80	570
	12				1	1				2	1,062	490	80	570
East 3	13				1	1				2	1,062	490	80	570
	14				1	1				2	1,062	490	80	570
East 4	15				1	1				2	1,062	490	80	570
	16				1	1				2	1,062	490	80	570
East 5	17				1	1				2	1,062	490	80	570
	18				1	1				2	1,062	490	80	570
Total # Units	18	6	0	0	18	18	3	3	0	Totals:	18,705	8,670		Total # Units

Building #	Unit #	B: OCCUPIED BY: Income level of residents to be served: <30%	<50%	<60%	<80%	<100%	>100%	C: AFFORDABLE TO: Units affordable to residents at: 30%	50%	60%	65%	80%	100%+
West 1	1		1						1				
	2			1					1				
West 2	3		1						1				
	4			1					1				
West 3	5		1						1				
	6			1					1				
West 4	7			1					1				
	8			1					1				
East 1	9			1					1				
	10			1					1				
East 2	11			1					1				
	12			1					1				
East 3	13			1					1				
	14			1					1				
East 4	15			1					1				
	16			1					1				
East 5	17			1					1				
	18			1					1				
Total # Units		0	3	15	0	0	0	0	18	0	0	0	0

26-May-99	**Hayden Parkway, South Burlington**			
			Per Unit	
	Annual	Monthly	Per Month	
Administration				
Management Fee	8,208	684	38	8.3%
Supportive Services	0	0	0	
Audit/Accounting	2,592	216	12	
Legal	0	0	0	
Compliance Monitoring	432	36	2	
Marketing		0	0	
HVT Asset Management	1,728	144	8	
TOTAL ADMINISTRATIVE	12,960	1,080	60	
Utilities				
Electricity	3,456	288	16	
Fuel	0	0	0	
Water and Sewer	4,320	360	20	
Fire Alarm / Emergency	432	36	2	
Other	864	72	4	
TOTAL UTILITIES	9,072	756	42	
Maintenance				
Maintenance / Janitor Payroll	8,640	720	40	
Janitor Supplies	1,296	108	6	
Exterminating	432	36	2	
Trash Removal	2,592	216	12	
Snow Removal	1,728	144	8	
Grounds	1,728	144	8	
Repairs Material		0	0	
Repairs Contract		0	0	
HVAC Repairs / Maintenance	864	72	4	
Elevator Contract / Repairs	0	0	0	
Painting and Decorating	1,080	90	5	
Other		0	0	
TOTAL MAINTENANCE	18,360	1,530	85	
				per unit month
Real Estate Taxes	22,464	1,872	104	excl. ds & res.
Property Insurance	2,160	180	10	301
Replacement Reserves	5,400	450	25	
Primary Debt Service	22,410	1,868	104	
Other "must pay" debt service		0	0	
Other	0	0	0	
Total	92,826	7,736	430	

form revision date: 2/19/97

26-May-99		Hayden Parkway, South Burlington														
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		104,112	105,674	107,259	108,868	110,501	112,158	113,841	115,548	117,281	119,041	120,826	122,639	124,478	126,345	128,241
Other Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vacancy and other losses		(5,206)	(5,284)	(5,363)	(5,443)	(5,525)	(5,608)	(5,692)	(5,777)	(5,864)	(5,952)	(6,041)	(6,132)	(6,224)	(6,317)	(6,412)
Total Operating Income		98,906	100,390	101,896	103,424	104,976	106,550	108,149	109,771	111,417	113,089	114,785	116,507	118,254	120,028	121,829
Operating Expenses																
Total Expenses (excl. Reserves)		65,016	66,966	68,975	71,045	73,176	75,371	77,633	79,961	82,360	84,831	87,376	89,997	92,697	95,478	98,343
Reserves		5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400
Total Operating Expense		70,416	72,366	74,375	76,445	78,576	80,771	83,033	85,361	87,760	90,231	92,776	95,397	98,097	100,878	103,743
Net Operating Income		28,490	28,024	27,520	26,980	26,400	25,779	25,116	24,409	23,657	22,857	22,009	21,109	20,157	19,150	18,086
Less Primary Debt Service		22,410	22,410	22,410	22,410	22,410	22,410	22,410	22,410	22,410	22,410	22,410	22,410	22,410	22,410	22,410
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		6,080	5,613	5,110	4,569	3,989	3,368	2,706	1,999	1,247	447	(402)	(1,301)	(2,253)	(3,261)	(4,324)
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	402	1,301	2,253	3,261	4,324
Net Cash		6,080	5,613	5,110	4,569	3,989	3,368	2,706	1,999	1,247	447	0	0	0	0	0
DCR		127.13%	125.05%	122.80%	120.39%	117.80%	115.03%	112.07%	108.92%	105.56%	101.99%	98.21%	94.19%	89.94%	85.45%	80.70%
Cumulative Cash Flow																
Beginning Balance		0	6,080	11,815	17,161	22,073	26,504	30,402	33,716	36,389	38,363	39,577	39,967	39,465	38,001	35,501
Interest	2.0%	0	122	236	343	441	530	608	674	728	767	792	799	789	760	710
Withdrawals		0	0	0	0	0	0	0	0	0	0	(402)	(1,301)	(2,253)	(3,261)	(4,324)
Ending Balance		6,080	11,815	17,161	22,073	26,504	30,402	33,716	36,389	38,363	39,577	39,967	39,465	38,001	35,501	31,886
Cumulative Replacement Reserves																
Beginning Balance		0	5,400	10,908	16,526	22,257	28,102	34,064	40,145	46,348	52,675	59,128	65,711	72,425	79,274	86,259
Interest	2.0%	0	108	218	331	445	562	681	803	927	1,053	1,183	1,314	1,449	1,585	1,725
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		5,400	10,908	16,526	22,257	28,102	34,064	40,145	46,348	52,675	59,128	65,711	72,425	79,274	86,259	93,384
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		28,490	28,024	27,520	26,980	26,400	25,779	25,116	24,409	23,657	22,857	22,009	21,109	20,157	19,150	18,086
Plus Reserves		5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400
Less Interest Expense		(89,279)	(78,601)	(67,055)	(54,570)	(41,070)	(32,786)	(33,291)	(33,818)	(34,367)	(34,939)	(35,535)	(36,155)	(36,800)	(37,470)	(38,166)
Less Long Depreciation		(74,645)	(74,645)	(74,645)	(74,645)	(74,645)	(74,645)	(74,645)	(74,645)	(74,645)	(74,645)	(74,645)	(74,645)	(74,645)	(74,645)	(74,645)
Less Short Depreciation		(2,057)	(2,057)	(2,057)	(2,057)	(2,057)	(2,057)	0	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(132,091)	(121,880)	(110,836)	(98,892)	(85,972)	(78,309)	(77,420)	(78,653)	(79,955)	(81,326)	(82,771)	(84,290)	(85,887)	(87,565)	(89,325)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		44,911	41,439	37,684	33,623	29,231	26,625	26,323	26,742	27,185	27,651	28,142	28,659	29,202	29,772	30,371
Plus Tax Credits		141,000	141,000	141,000	141,000	141,000	141,000	141,000	141,000	141,000	141,000					
After Tax Cash Flow		185,911	182,439	178,684	174,623	170,231	167,625	167,323	167,742	168,185	168,651	28,142	28,659	29,202	29,772	30,371
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		185,911	182,439	178,684	174,623	170,231	167,625	167,323	167,742	168,185	168,651	28,142	28,659	29,202	29,772	30,371
Future Value of Cash Flows at Yr 15:		1,017,595	891,600	779,688	680,328	592,156	520,618	463,999	415,323	371,802	332,887	49,596	45,095	41,026	37,346	34,015
Discount Rate:	6.00%															
Capital Contribution Number:	1	2	3	4	5	6	7	8								
Date of Capital Contribution:	01-Oct-99	01-Jul-00	01-Oct-00	01-Oct-01	01-Oct-02	01-Oct-03	01-Oct-04	01-Oct-05								
Amount of Capital Contribution:	13,415	197,271	197,271	197,271	197,271	197,271	197,271	118,362	1,315,403							
Present Value of Contributions:	13,415	188,466	185,598	174,645	164,338	154,640	145,489	82,142								
Cash Flows	(1,108,733)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,273,075
IRR:	12.25%															
Equity Yield:	79%															

26-May-99	**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:	3,200,224	Expense increase:	3.00%	
Total Development Cost per Unit:	128,009	Vacancy Rate:	5.00%	
Total Development Cost Per SF:	184	Partner's Tax Rate:	34%	
		Long Depreciation Schedule:	27.5	years
Max Credit Potential:	225,002	Short Depreciation Schedule:	7	years
Credit Amount Allocated:	203,492	Sponsor's Estimated Yield:	84.77%	
LIHTC - 9%	8.30%	June-99		
LIHTC - 4%	3.56%			

SOURCES		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	250,248	7.82%	8.50%	30	30
VHCB Loan	500,000	15.62%	0.00%	30	30
BHTF Loan	0	0.00%	0.00%	30	30
HOME Loan	150,000	4.69%	5.67%	30	30
Neighborworks - Loan	0	0.00%	0.00%	30	30
AHP - Loan	250,000	7.81%	0.00%	30	30
Tax Credit Equity	2,049,976	64.06%	N/A	N/A	N/A
TOTAL SOURCES	3,200,224	100.00%			

USES		
Acquisition	576,000	18.00%
Construction Hard Costs	2,022,500	63.20%
Soft Costs	601,724	18.80%
TOTAL USES	3,200,224	100%
Gap	0	

PER UNIT COST LIMIT CALCULATION	per unit limits		number of units		
0 Br	84,390		0	0	
1 Br	90,140		13	1,171,820	
2 Br	95,890		12	1,150,680	
3 Br	101,637		0	0	
4 Br	107,390		0	0	
Maximum cost allowed under the per unit cost limits				2,322,500	
Projected total cost, excluding cash accounts				3,095,224	75.03%
		(over)/under		(772,724)	

General Partner's Capital Contribution	20,500	1.00%
Limited Partner's Capital Contribution	2,029,476	99.00%
Total Equity	2,049,976	

APPLICABLE FRACTION CALCULATION	
Tax Credit Restricted Units	25
Total Units	25
Unit Fraction	100.00%
Tax Credit Square Footage	17,400
Total Residential Square Footage	17,400
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Carryover Budget
	ACQUISITION						
1	Land	161,000					
2	Purchase of Building(s)	264,000	264,000		264,000		
3	Demolition (without replacement)	140,000					
4	Property Appraisal	2,500	701		2,500		
5	Legal - Title and Recording	8,500	8,500		8,500		
	Subtotal - Acquisition	576,000					
	CONSTRUCTION HARD COSTS						
6	Rehabilitation	560,717		560,717	560,717	560,717	
7	New Building(s)	1,118,033		1,118,033	1,118,033		
8	Accessory Buildings	0					
9	Sitework	0		0	0		
10	Commercial Space Costs (if any)	0					
11	General Requirements	0					
12	Contractor Overhead	0					
13	Contractor Profit	0					
14	Construction Contingency	235,000		235,000	235,000	65,899	
15	Construction Management	37,500		37,500	37,500	10,516	
16	Construction Bond Fee	0					
17	Hazardous Materials Abatement	50,000		50,000	50,000	14,021	
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Equipment	21,250		21,250			
20	Other ( )	0					
	Subtotal - Hard Costs	2,022,500					
	SOFT COSTS						
21	Architectural	157,000		157,000	157,000	44,026	
22	Engineering	0					
23	Legal/Accounting	12,500		11,250	11,250	3,155	
24	Relocation	0		0	0		
25	Environmental Assessment	35,000		35,000	35,000	9,815	
26	Energy Assessment	0		0	0		
27	Permits/Fees	21,224		21,224	21,224	5,952	
28	Marketing	0					
29	Construction Period Insurance	4,000		4,000	4,000	1,122	
30	Construction Interest	60,000		60,000	60,000	16,825	
31	Construction Loan Origination Fee	6,000		6,000	6,000	1,683	
32	Taxes During Construction	3,500		3,500	3,500	981	
33	Clerk of the Works	0		0	0		
34	Marketing	3,000					
35	Tax Credit Fees	6,000		6,000	6,000	1,683	
36	Soft Cost Contingency	7,000		6,300	6,300	1,767	
37	Permanent Loan Origination Fee	2,500					
38	Lender's Counsel's Fee	4,000		4,000	4,000	1,122	
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	1,823	123,500	130,000	34,632	
45	LHP Development Fee	130,000	1,823	123,500	130,000	34,632	
46	Consultant Fees	0		0	0		
	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	601,724					
	TOTALS	3,200,224	276,847	2,583,774	2,850,524	808,548	
LESS:	Amount of Non-qualified Financing			161,710			
LESS:	Historic tax Credit (Residential Portion)			0			
LESS:	Cost Overage		75.03%	75.03%	0	20%	
	Total Eligible Basis		207,732	1,817,395		161,710	
TIMES:	Adjusted for QCT/DDA	130%		2,362,613			
TIMES:	Applicable Fraction	100%	207,732	2,362,613			
	Total Qualified Basis		207,732	2,362,613	2,850,524	Long Term Depreciable Basis	
TIMES:	Applicable Percentage		3.56%	8.30%	27.5	Depreciation Schedule	
	Total Annual Credit Qualified		7,395	196,097	103,655	Annual Depreciation	
				203,492			
	Total Tax Credits Requested	225,000			21,250	Short Term Depreciable Basis	
	Estimated Net Syndication Proceeds (**excluding historic credit equity**)	1,888,266			7	Depreciation Schedule	
	Estimated Yield - Housing Credit Syndication	84.77%			3,036	Annual Depreciation	
	Equity Gap	1,888,266					
	Credits Needed to fill Equity Gap	225,002					

26-May-99 **Bus Barns, Burlington**

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:					
Trolley	1	1			1	1	1	1		1	600	410	63	473		1						1				
House	2	1			1	1				1	600	410	63	473		1						1				
	3	1			1	1				2	800	600	80	680			1						1			
	4	1			1	1				2	800	480	80	560		1						1				
	5				1	1				2	800	600	80	680			1						1			
	6				1	1				2	800	600	80	680			1						1			
	7				1	1				2	800	600	80	680			1						1			
Row																										
Housing	1	1			1	1				1	600	425	63	488			1						1			
1st	2				1	1				1	600	425	63	488			1						1			
	3	1			1	1	1			1	600	410	63	473		1						1				
	4				1	1				1	600	425	63	488			1						1			
	5	1			1	1	1			1	600	410	63	473		1						1				
	6	1			1	1				1	600	425	63	488			1						1			
	7	1			1	1				1	600	425	63	488			1						1			
	8				1	1				1	600	425	63	488			1						1			
	9				1	1				1	600	425	63	488			1						1			
Row																										
Housing	1	1			1	1				1	600	425	63	488			1						1			
2nd	2	1			1	1				2	800	600	80	680			1						1			
	3	1			1	1				2	800	480	80	560		1						1				
	4				1	1				2	800	600	80	680			1						1			
	5	1			1	1				2	800	600	80	680			1						1			
	6	1			1	1				2	800	600	80	680			1						1			
	7				1	1				2	800	600	80	680			1						1			
	8	1			1	1				2	800	480	80	560		1						1				
	9				1	1				1	600	425	63	488			1						1			
Total # Units	25	15	0	0	25	25	3	1	0	Totals:	17,400	12,305		Total # Units	0	7	18	0	0	0	0	7	18	0	0	0

26-May-99	**Bus Barns, Burlington**			
			Per Unit	
	Annual	Monthly	Per Month	
Administration				
Management Fee	13,500	1,125	45	9.6%
Supportive Services	0	0	0	
Audit/Accounting	3,500	292	12	
Legal	1,200	100	4	
Compliance Monitoring	600	50	2	
Marketing	600	50	2	
HVT Asset Management Fee	2,400	200	8	
TOTAL ADMINISTRATIVE	21,800	1,817	73	
Utilities				
Electricity	600	50	2	
Fuel	900	75	3	
Water and Sewer	10,500	875	35	
Fire Alarm / Emergency	600	50	2	
Other	0	0	0	
TOTAL UTILITIES	12,600	1,050	42	
Maintenance				
Maintenance / Janitor Payroll	13,500	1,125	45	
Janitor Supplies	0	0	0	
Exterminating	600	50	2	
Trash Removal	3,600	300	12	
Snow Removal	900	75	3	
Grounds	3,000	250	10	
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	26,100	2,175	87	
				per unit month
Real Estate Taxes	27,000	2,250	90	excl. ds & res.
Property Insurance	4,500	375	15	307
Replacement Reserves	7,500	625	25	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other	0	0	0	
Total	99,500	8,292	332	

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26-May-99		Bus Barns, Burlington														
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		147,600	149,814	152,061	154,342	156,657	159,007	161,392	163,813	166,270	168,764	171,296	173,865	176,473	179,120	181,807
Other Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vacancy and other losses		(7,380)	(7,491)	(7,603)	(7,717)	(7,833)	(7,950)	(8,070)	(8,191)	(8,314)	(8,438)	(8,565)	(8,693)	(8,824)	(8,956)	(9,090)
Total Operating Income		140,220	142,323	144,458	146,625	148,824	151,057	153,323	155,622	157,957	160,326	162,731	165,172	167,650	170,164	172,717
Operating Expenses																
Total Expenses (excl. Reserves)		92,000	94,760	97,603	100,531	103,547	106,653	109,853	113,148	116,543	120,039	123,640	127,350	131,170	135,105	139,158
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		99,500	102,260	105,103	108,031	111,047	114,153	117,353	120,648	124,043	127,539	131,140	134,850	138,670	142,605	146,658
Net Operating Income		40,720	40,063	39,355	38,594	37,778	36,904	35,970	34,974	33,914	32,787	31,591	30,322	28,980	27,559	26,059
Less Primary Debt Service		23,090	23,090	23,090	23,090	23,090	23,090	23,090	23,090	23,090	23,090	23,090	23,090	23,090	23,090	23,090
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		17,630	16,973	16,265	15,504	14,687	13,813	12,880	11,884	10,824	9,697	8,500	7,232	5,889	4,469	2,968
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		17,630	16,973	16,265	15,504	14,687	13,813	12,880	11,884	10,824	9,697	8,500	7,232	5,889	4,469	2,968
DCR		176.35%	173.51%	170.44%	167.14%	163.61%	159.82%	155.78%	151.47%	146.88%	141.99%	136.81%	131.32%	125.51%	119.35%	112.85%
Cumulative Cash Flow																
Beginning Balance		0	17,630	34,955	51,919	68,462	84,518	100,022	114,902	129,084	142,489	155,035	166,637	177,202	186,635	194,837
Interest	2.0%	0	353	699	1,038	1,369	1,690	2,000	2,298	2,582	2,850	3,101	3,333	3,544	3,733	3,897
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		17,630	34,955	51,919	68,462	84,518	100,022	114,902	129,084	142,489	155,035	166,637	177,202	186,635	194,837	201,701
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		40,720	40,063	39,355	38,594	37,778	36,904	35,970	34,974	33,914	32,787	31,591	30,322	28,980	27,559	26,059
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		(161,550)	(144,012)	(125,058)	(30,686)	(31,040)	(31,407)	(31,786)	(32,180)	(32,587)	(33,007)	(33,441)	(33,888)	(34,348)	(34,821)	(35,306)
Less Long Depreciation		(103,655)	(103,655)	(103,655)	(103,655)	(103,655)	(103,655)	(103,655)	(103,655)	(103,655)	(103,655)	(103,655)	(103,655)	(103,655)	(103,655)	(103,655)
Less Short Depreciation		(3,036)	(3,036)	(3,036)	(3,036)	(3,036)	(3,036)	0	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(220,021)	(203,140)	(184,893)	(91,283)	(92,453)	(93,694)	(91,972)	(93,361)	(94,828)	(96,376)	(98,006)	(99,721)	(101,524)	(103,417)	(105,402)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		74,807	69,067	62,864	31,036	31,434	31,856	31,271	31,743	32,242	32,768	33,322	33,905	34,518	35,162	35,837
Plus Tax Credits		365,202	203,492	203,492	203,492	203,492	203,492	203,492	203,492	203,492	203,492					
After Tax Cash Flow		440,009	272,560	266,356	234,529	234,926	235,348	234,763	235,235	235,734	236,260	33,322	33,905	34,518	35,162	35,837
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		440,009	272,560	266,356	234,529	234,926	235,348	234,763	235,235	235,734	236,260	33,322	33,905	34,518	35,162	35,837
Future Value of Cash Flows at Yr 15:		2,408,418	1,332,029	1,162,242	913,718	817,203	730,956	651,015	582,433	521,132	466,335	58,725	53,350	48,495	44,107	40,137
Discount Rate:	6.00%															
Capital Contribution Number:	1	2	3	4	5	6	7									
Date of Capital Contribution:	01-Oct-99	01-Oct-00	01-Jan-01	01-Jan-02	01-Jan-03	01-Jan-04	01-Oct-04									
Amount of Capital Contribution:	23,668	118,338	236,677	355,015	355,015	473,353	804,701	2,366,767								
Present Value of Contributions:	23,668	111,336	219,284	309,514	291,248	365,414	593,476									
Cash Flows	(1,913,940)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9,830,296
IRR:	11.53%															
Equity Yield:	88%	(Includes both Housing Credit and Historic Credit Equity)														

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26-May-99	**Mary Exner Block, Bellows Falls**					
Total Residential Units:	10	Increase in Income from Rental Units:			1.00%	
Housing Credit Restricted Units:	8	Increase in Income from Other Sources:			1.00%	
Percent Restricted:	80.00%	Increase in Income from Commercial:			1.00%	
Total Development Cost:	1,906,886	Expense increase:			2.50%	
Total Development Cost per Unit:	190,689	Vacancy Rate:			5.00%	
Total Development Cost Per SF:	256	Partner's Tax Rate:			34%	
		Long Depreciation Schedule:			27.5	years
Max Credit Potential:	63,512	Short Depreciation Schedule:			7	years
Credit Amount Allocated:	63,512	Sponsor's Estimated Yield:			$ 1.12	
LIHTC - 9%	8.30%		June-99			
LIHTC - 4%	3.56%					
SOURCES						
		% of Total Development Cost		Interest Rate	Amortization	Term
VHCB Loan	180,000		9.44%	0.00%	30	30
VCDP Loan	419,000		21.97%	0.00%	30	30
HOME Loan	185,000		9.70%	5.67%	30	30
Lead Loan	35,000		1.84%	5.67%	30	30
AHP Loan	148,000		7.76%	0.00%	30	30
Grant	10,000		0.52%	N/A	N/A	N/A
Tax Credit Equity	930,000		48.77%	N/A	N/A	N/A
TOTAL SOURCES	1,907,000		100.01%			
USES						
Acquisition	54,000		2.83%			
Construction Hard Costs	1,417,518		74.34%			
Soft Costs	435,368		22.83%			
TOTAL USES	1,906,886		100%			
Gap	(114)					
PER UNIT COST LIMIT CALCULATION						
	per unit limits		number of units			
0 Br	84,390		0	0		
1 Br	90,140		9	811,260		
2 Br	95,890		1	95,890		
3 Br	101,637		0	0		
4 Br	107,390		0	0		
Maximum cost allowed under the per unit cost limits				907,150		
Projected total cost, excluding cash accounts & commercial basis				1,048,636	86.51%	
		(over)/under		(141,486)		
General Partner's Capital Contribution				9,300	1.00%	
Limited Partner's Capital Contribution				920,700	99.00%	
Total Equity				930,000		
APPLICABLE FRACTION CALCULATION						
		Tax Credit Restricted Units		8		
		Total Units		10		
		Unit Fraction		80.00%		
		Tax Credit Square Footage		6,113		
		Total Residential Square Footage		7,449		
		Square Footage Fraction		82.06%		
		Applicable Fraction		80.00%		

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		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Commercial	
	ACQUISITION							
1	Land	18,600						
2	Purchase of Building(s)	26,400			18,597		7,803	
3	Demolition (without replacement)	5,000						
4	Property Appraisal	0	0		0			
5	Legal - Title and Recording	4,000	0		2,205		925	
	Subtotal - Acquisition	54,000						
	CONSTRUCTION HARD COSTS							
6	Rehabilitation	980,946		691,020	691,020	980,946	289,926	
7	New Building(s)	0		0	0			
8	Accessory Buildings	0						
9	Sitework	7,705		5,428	5,428		2,277	
10	Commercial Space Costs (if any)	0						
11	General Requirements	0						
12	Contractor Overhead	0						
13	Contractor Profit	0						
14	Construction Contingency	138,638		76,409	76,409	108,467	32,058	
15	Construction Management	0						
16	Construction Bond Fee	0						
17	Hazardous Materials Abatement	0		0	0			
18	Off-Site Improvements	275,000						
19	Furnishings, Fixtures, & Equipment	15,229		10,229	0			
20	Other (____________________)	0						
	Subtotal - Hard Costs	1,417,518						
	SOFT COSTS							
21	Architectural	92,366		65,066	65,066	92,366	27,299	
22	Engineering	23,500					0	
23	Legal/Accounting	15,500		9,193	9,193	13,050	3,857	
24	Relocation	0		0	0			
25	Environmental Assessment	8,500		2,466	2,466	3,500	1,034	
26	Energy Assessment	0		0	0			
27	Permits/Fees	9,591		5,286	5,286	7,504	2,218	
28	Independent Market Study	2,000		1,409	1,409	2,000	591	
29	Construction Period Insurance	4,000		2,205	2,205	3,130	925	
30	Construction Interest	40,000		22,046	22,046	31,295	9,250	
31	Construction Loan Origination Fee	0						
32	Taxes During Construction	3,500		1,929	1,929	2,738	809	
33	Clerk of the Works	5,000		2,756	2,756	3,912	1,156	
34	Marketing	3,000						
35	Tax Credit Fees	5,450		3,839	3,839	5,450	1,611	
36	Soft Cost Contingency	7,999		3,968	3,968	5,632	1,665	
37	Permanent Loan Origination Fee	0						
38	Lender's Counsel's Fee	0						
39	Other (__________________)	0						
	SYNDICATION COSTS							
40	Organizational (Partnership)	0						
41	Bridge Loan Fees and Expenses	0						
42	Syndication Consultant	0						
43	Tax Opinion	0						
	DEVELOPER'S FEES							
44	HVT Developer Fee	95,231		49,861	52,486	70,781	22,021	
45	LHP Development Fee	95,231		49,861	52,486	70,781	22,021	
46	Consultant Fees	9,500		5,236	5,236	7,433	2,197	
	RESERVES							
47	Working Capital	15,000						
48	Rent-up (Deficit Escrow) Reserve	0						
49	Other Operating Reserves	0						
50	Sinking Fund	0						
51	Replacement Reserves	0						
	Subtotal - Soft Costs	435,368						
	TOTALS	1,906,886	0	1,008,207	1,024,030	1,408,985	429,643	
LESS:	Amount of Non-qualified Financing			157,681	197,101	10,000	18,802	
LESS:	Historic tax Credit (Residential Portion)			0			410,841	
LESS:	Cost Overage			86.51%	0	20%	39	Yrs
	Total Eligible Basis		0	735,770		279,797	10,534	Annual Co
TIMES:	Adjusted for QCT/DDA	130%		956,501				
TIMES:	Applicable Fraction	80.00%	0	765,201				
	Total Qualified Basis		0	765,201	826,929	Long Term Depreciable Basis		
TIMES:	Applicable Percentage		0.00%	8.30%	27.5	Depreciation Schedule		
	Total Annual Credit Qualified		0	63,512	30,070	Annual Depreciation		
	Total Tax Credits Requested	75,000			15,229	Short Term Depreciable Basis		
	Estimated Net Syndication Proceeds **(excluding historic credit equity)**	828,370			7	Depreciation Schedule		
	Estimated Yield - Housing Credit Syndication	111.56%			2,176	Annual Depreciation		
	Equity Gap	828,370						
	Credits Needed to fill Equity Gap	75,000						

26-May-99

Mary Exner Block, Bellows Falls

	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%+
Exner	1	1	1		1	1	1			2	1,052	340	45	385		1						1				
	2	1	1		1	1				1	385	340	36	376			1						1			
	3								1	1	440	450	36	486						1				1		
	4	1	1		1	1				1	374	340	36	376		1						1				
	5		1		1	1				1	888	415	36	451			1						1			
	6		1		1	1				1	852	415	36	451			1						1			
	7	1	1		1	1				1	859	415	36	451			1						1			
	8	1	1		1	1				1	852	415	36	451			1						1			
	9		1		1	1				1	852	415	36	451			1						1			
	10								1	1	895	500	36	536						1					1	
														4,414												
Total # Units	10	5	8	0	8	8	1	0	2	Totals:	7,449	4,045		Total # Units	0	2	6	0	0	2	0	2	6	1	1	0

26-May-99	**Mary Exner Block, Bellows Falls**			
			Per Unit	
	Annual	Monthly	Per Month	
Administration				
Management Fee	4,800	400	40	8.8%
Supportive Services	900	75	8	
Audit/Accounting	2,400	200	20	
Legal	600	50	5	
Compliance Monitoring	240	20	2	
HV Asset Management Fee	960	80	8	
RACLT FEE	240	20	2	
TOTAL ADMINISTRATIVE	10,140	845	85	
Utilities				
Electricity	1,200	100	10	
Fuel	4,200	350	35	
Water and Sewer	3,000	250	25	
Fire Alarm / Emergency	240	20	2	
Other	0	0	0	
TOTAL UTILITIES	8,640	720	72	
Maintenance				
Maintenance / Janitor Payroll	6,000	500	50	
Janitor Supplies	0	0	0	
Exterminating	240	20	2	
Trash Removal	1,680	140	14	
Snow Removal	480	40	4	
Grounds	240	20	2	
Repairs Material		0	0	
Repairs Contract		0	0	
HVAC Repairs / Maintenance		0	0	
Elevator Contract / Repairs		0	0	
Painting and Decorating	840	70	7	
Other	480	40	4	
TOTAL MAINTENANCE	9,960	830	83	
				per unit month
Real Estate Taxes	3,600	300	30	excl. ds & res.
Property Insurance	3,360	280	28	298
Replacement Reserves	3,000	250	25	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other: Commercial Space	8,390	699	70	
Total	47,090	3,924	392	

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26-May-99		Mary Exner Block, Bellows Falls														
	Year	1	2	3	4	[illegible]	6	7	8	9	10	11	12	[illegible]	14	15
Operating Income																
Gross Rent		48,576	49,062	49,552	50,048	50,548	51,054	51,564	52,080	52,601	53,127	53,658	54,195	54,737	55,284	55,837
Other Income		8,931	9,020	9,111	9,202	9,294	9,387	9,480	9,575	9,671	9,768	9,865	9,964	10,064	10,164	10,266
Vacancy and other losses		(2,429)	(2,453)	(2,478)	(2,502)	(2,527)	(2,553)	(2,578)	(2,604)	(2,630)	(2,656)	(2,683)	(2,710)	(2,737)	(2,764)	(2,792)
Total Operating Income		55,078	55,629	56,185	56,747	57,315	57,888	58,467	59,051	59,642	60,238	60,841	61,449	62,063	62,684	63,311
Operating Expenses																
Total Expenses (excl. Reserves)		44,090	45,192	46,322	47,480	48,667	49,884	51,131	52,409	53,719	55,062	56,439	57,850	59,296	60,779	62,298
Reserves		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Total Operating Expense		47,090	48,192	49,322	50,480	51,667	52,884	54,131	55,409	56,719	58,062	59,439	60,850	62,296	63,779	65,298
Net Operating Income		7,988	7,437	6,863	6,267	5,647	5,004	4,336	3,642	2,922	2,176	1,402	599	(233)	(1,094)	(1,987)
Less Primary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		7,988	7,437	6,863	6,267	5,647	5,004	4,336	3,642	2,922	2,176	1,402	599	(233)	(1,094)	(1,987)
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	233	1,094	1,987
Net Cash		7,988	7,437	6,863	6,267	5,647	5,004	4,336	3,642	2,922	2,176	1,402	599	0	0	0
DCR		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cumulative Cash Flow																
Beginning Balance		0	7,988	15,585	22,760	29,482	35,719	41,437	46,602	51,176	55,122	58,400	60,970	62,788	63,811	63,993
Interest	2.0%	0	160	312	455	590	714	829	932	1,024	1,102	1,168	1,219	1,256	1,276	1,280
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	(233)	(1,094)	(1,987)
Ending Balance		7,988	15,585	22,760	29,482	35,719	41,437	46,602	51,176	55,122	58,400	60,970	62,788	63,811	63,993	63,286
Cumulative Replacement Reserves																
Beginning Balance		0	3,000	6,060	9,181	12,365	15,612	18,924	22,303	25,749	29,264	32,849	36,506	40,236	44,041	47,922
Interest	2.0%	0	60	121	184	247	312	378	446	515	585	657	730	805	881	958
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		3,000	6,060	9,181	12,365	15,612	18,924	22,303	25,749	29,264	32,849	36,506	40,236	44,041	47,922	51,880
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		7,988	7,437	6,863	6,267	5,647	5,004	4,336	3,642	2,922	2,176	1,402	599	(233)	(1,094)	(1,987)
Plus Reserves		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Less Interest Expense		(68,823)	(65,802)	(46,873)	(17,352)	(15,553)	(16,435)	(17,367)	(18,351)	(19,392)	(20,491)	(21,653)	(22,881)	(24,178)	(25,549)	(26,998)
Less Long Depreciation		(30,070)	(30,070)	(30,070)	(30,070)	(30,070)	(30,070)	(30,070)	(30,070)	(30,070)	(30,070)	(30,070)	(30,070)	(30,070)	(30,070)	(30,070)
Less Comm Depreciation		(10,534)	(10,534)	(10,534)	(10,534)	(10,534)	(10,534)	(10,534)	(10,534)	(10,534)	(10,534)	(10,534)	(10,534)	(10,534)	(10,534)	(10,534)
Less Short Depreciation		(2,176)	(2,176)	(2,176)	(2,176)	(2,176)	(2,176)	0	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(100,615)	(98,145)	(79,790)	(50,865)	(49,686)	(51,211)	(50,635)	(52,314)	(54,074)	(55,920)	(57,856)	(59,886)	(62,016)	(64,248)	(66,589)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		34,209	33,369	27,128	17,294	16,893	17,412	17,216	17,787	18,385	19,013	19,671	20,361	21,085	21,844	22,640
Plus Tax Credits		343,309	63,512	63,512	63,512	63,512	63,512	63,512	63,512	63,512	63,512					
After Tax Cash Flow		377,518	96,881	90,640	80,806	80,405	80,923	80,728	81,298	81,897	82,524	19,671	20,361	21,085	21,844	22,640
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		377,518	96,881	90,640	80,806	80,405	80,923	80,728	81,298	81,897	82,524	19,671	20,361	21,085	21,844	22,640
Future Value of Cash Flows at Yr 15:		2,066,368	473,468	395,507	314,817	279,692	251,336	223,864	201,292	181,048	162,889	34,667	32,039	29,623	27,402	25,357
Discount Rate:	6.00%															
Capital Contribution Number:	1	2	3	4	5	6										
Date of Capital Contribution:	01-Oct-99	01-Jul-00	01-Oct-00	01-Oct-01	01-Oct-02	01-Oct-03										
Amount of Capital Contribution:	10,296	102,958	102,958	102,958	298,577	411,830										
Present Value of Contributions:	10,296	98,362	96,866	91,149	248,732	322,832										
Cash Flows	(868,237)	0	0	0	0	0		0	0	0	0	0	0	0	0	4,699,369
IRR:	12.82%															
Equity Yield:	96%	(Includes both Housing Credit and Historic Credit Equity)														

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26-May-99 **Hawkins Housing**

Total Residential Units:	14	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	12	Increase in Income from Other Sources:	1.50%
Percent Restricted:	85.71%	Increase in Income from Commercial:	0.00%
Total Development Cost:	1,437,967	Expense increase:	3.00%
Total Development Cost per Unit:	102,712	Vacancy Rate:	5%
Total Development Cost Per SF:	117	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	94,373	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	85,471	Sponsor's Estimated Yield:	89.91%
LIHTC - 9%	8.30%	(June '99)	
LIHTC - 4%	3.56%		

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	58,000	4.03%	8.00%	30	30
VHCB Loan	240,000	16.69%	0.00%	30	30
VHCB Lead Loan	35,000	2.43%	5.67%	30	20
HOME	100,000	6.95%	5.67%	30	20
AHP Loan		0.00%	0.00%	30	20
Old VHCB/VCDP	76,000	5.29%	0.00%	30	20
VHCB Grant	4,880	0.34%	N/A	N/A	
Other Grant	16,000	1.11%	N/A	N/A	
Other Equity	106,208	7.39%	N/A	N/A	
Tax Credit Equity	779,569	54.21%	N/A	N/A	
TOTAL SOURCES	1,415,657	98.45%			

USES

Acquisition	375,200	26.09%
Construction Hard Costs	754,169	52.45%
Soft Costs	308,598	21.46%
TOTAL USES	1,437,967	100%
Gap	22,310	

PER UNIT COST LIMIT CALCULATION

	per unit limits	number of units	
0 Br	84,390	0	0
1 Br	90,140	6	540,840
2 Br	95,890	5	479,450
3 Br	101,637	2	203,274
4 Br	107,390	1	107,390
Maximum cost allowed under the per unit cost limits			1,330,954
Projected total cost, excluding cash accounts			1,427,467
(over)/under			(96,513)

General Partner's Capital Contribution	11,135	1.00%
Limited Partner's Capital Contribution	768,434	99.99%
Total Equity	779,569	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	12
Total Units	14
Unit Fraction	85.71%
Tax Credit Square Footage	11,049
Total Residential Square Footage	12,289
Square Footage Fraction	89.91%
Applicable Fraction	85.71%

26-May-99 **Hawkins Housing**

		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	43,440					
2	Purchase of Building(s)	318,560	318,560		318,560		
3	Demolition (without replace	7,000					
4	Property Appraisal	2,500	2,500		2,500		
5	Legal - Title and Recording	3,700	3,700		3,700		
	Subtotal - Acquisition	375,200					
	CONSTRUCTION HARD COSTS						
6	Rehabilitation	623,921		623,921	623,921	379,458	
7	New Building(s)	0					
8	Accessory Buildings	0					
9	Sitework	17,700		17,700	17,700		
10	Commercial Space Costs (if	0					
11	General Requirements	0					
12	Contractor Overhead	0					
13	Contractor Profit	0					
14	Construction Contingency	88,048		88,049	88,048	58,361	
15	Construction Management	0					
16	Construction Bond Fee	0					
17	Hazardous Materials Abate	11,900		11,900	11,900	7,888	
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Eq	12,600		12,600			
20	Other (	0					
	Subtotal - Hard Costs	754,169					
	SOFT COSTS						
21	Architectural	54,225		57,156	54,225	38,925	
22	Engineering	0					
23	Legal/Accounting	12,500		11,249	11,250	7,457	
24	Relocation	24,000		24,000	24,000	15,908	
25	Environmental Assessment	4,200		4,200	4,200	2,784	
26	Energy Assessment	0					
27	Permits/Fees	3,475		3,476	3,475	2,303	
28	Independent Market Study	0					
29	Construction Period Insuran	3,000		3,000	3,000	1,989	
30	Construction Interest	26,667		26,667	26,667	17,676	
31	Construction Loan Originati	0					
32	Taxes During Construction	5,400		5,401	5,400	3,579	
33	Clerk of the Works	17,000		17,000	17,000	11,268	
34	Marketing	1,500					
35	Tax Credit Fees	2,350		2,349	2,350	1,558	
36	Soft Cost Contingency	3,281		2,954	2,953	1,957	
37	Permanent Loan Origination	1,000					
38	Lender's Counsel's Fee	0					
39	Other (rent loss)	1,000				500	
	SYNDICATION COSTS						
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expe	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES						
44	Developer's Fees	134,000	6,700	129,406	134,000	84,378	
45	Other Partnership Fees	0					
46	Consultant Fees (historic - n	4,500	0	1,569	4,500		
	RESERVES						
47	Working Capital	10,500					
48	Rent-up (Deficit Escrow) Re	0					
49	Other Operating Reserves	0					
50	Sinking Fund	0					
51	Replacement Reserves	0					
	Subtotal - Soft Costs	308,598					
	TOTALS	1,437,967	331,460	1,042,597	1,359,349	635,989	
LESS:	Amount of Non-qualified Financing		20,008		48,861	11,234	
LESS:	Adjustment for per unit cost limits						
LESS:	Historic tax Credit (Residential Portion)			124,951	124,951	20%	Historic Cre
	Total Eligible Basis		311,452	917,646		124,951	Annual Hist
TIMES:	Adjusted for QCT/DDA	130.0%		1,192,940			
TIMES:	Applicable Fraction	85.71%	266,959	1,022,520			
	Total Qualified Basis		266,959	1,022,520	1,185,537	Long Term Depreciable Basis	
TIMES:	Applicable Percentage		3.56%	8.30%	27.5	Depreciation Schedule	
	Total Annual Credit Qualified		9,504	84,869	43,110	Annual Depreciation	
					12,600	Short Term Depreciable Basis	
					7	Depreciation Schedule	
					1,800	Annual Depreciation	

Total Tax Credits Requested	88,000
Estimated Net Syndication Proceeds (**excluding historic credit equity**)	791,171
Estimated Yield - Housing C	89.91%
Equity Gap	801,879
Credits Needed to fill Equity	89,191

total acq	10,616
total rehab	79,626
total	90,242

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26-May-99

Hawkins Housing

Building #	Unit #	Check all Applicable: HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted
Hawkins	1	1	1		1	1	1		
Hawkins	2		1		1	1			
Hawkins	3	1	1		1	1			
Hawkins	4		1			1			
Hawkins	5		1		1	1			
Maple	1	1	1		1	1			
Maple	2		1		1	1	1		
Maple	3	1	1		1	1			
Maple	4		1			1			
Maple	5	1	1		1	1			
Seminary	1				1	1			
Seminary	2				1	1			
Seminary	3				1	1			
Seminary	4				1	1			
Total # Units	14	5	10	0	12	14	2	0	

Building #	Unit #	A: Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)
Hawkins	1	1	650	330	36	366
Hawkins	2	1	650	380	36	416
Hawkins	3	1	945	330	36	366
Hawkins	4	1	640	380	36	416
Hawkins	5	2	1,260	455	45	500
Maple	1	2	1,032	361	45	406
Maple	2	2	836	445	45	490
Maple	3	1	600	345	36	381
Maple	4	1	600	390	36	426
Maple	5	3	1,026	480	51	531
Seminary	1	2	850	500	45	545
Seminary	2	2	900	500	45	545
Seminary	3	3	1,100	585	51	636
Seminary	4	4	1,200	650	58	708
		Totals:	12,289	6,131		Total # Units

Building #	Unit #	B: OCCUPIED BY: Income level of residents to be served: <30%	<50%	<60%	<80%	<100%	>100%	C: AFFORDABLE TO: Units affordable to residents at: 30%	50%	60%	65%	80%	100%+
Hawkins	1		1						1				
Hawkins	2			1						1			
Hawkins	3		1						1				
Hawkins	4				1							1	
Hawkins	5			1						1			
Maple	1		1						1				
Maple	2			1						1			
Maple	3		1						1				
Maple	4				1							1	
Maple	5		1						1				
Seminary	1			1						1			
Seminary	2			1						1			
Seminary	3			1						1			
Seminary	4			1						1			
Totals		0	5	7	2	0	0	0	5	7	0	2	0

4 1 2,845 1,420 1,240 770

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26-May-99 **Hawkins Housing**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	7,560	630	45	10.8%
Supportive Services		0	0	
Audit/Accounting	3,192	266	19	
Legal	840	70	5	
Compliance Monitoring	336	28	2	
Marketing	840	70	5	
Other	1,344	112	8	
TOTAL ADMINISTRATIVE	14,112	1,176	84	
Utilities				
Electricity	1,680	140	10	
Fuel	5,880	490	35	
Water and Sewer	4,200	350	25	
Fire Alarm / Emergency	840	70	5	
Other		0	0	
TOTAL UTILITIES	12,600	1,050	75	
Maintenance				
Maintenance / Janitor Payroll	5,880	490	35	
Janitor Supplies	840	70	5	
Exterminating	168	14	1	
Trash Removal	2,688	224	16	
Snow Removal	1,344	112	8	
Grounds	672	56	4	
Repairs Material		0	0	
Repairs Contract		0	0	
HVAC Repairs / Maintenance	504	42	3	
Elevator Contract / Repairs		0	0	
Painting and Decorating	1,344	112	8	
Other		0	0	
TOTAL MAINTENANCE	13,440	1,120	80	per unit month
Real Estate Taxes	9,576	798	57	excl. ds & res.
Property Insurance	4,200	350	25	321
Replacement Reserves	4,200	350	25	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other		0	0	
Total	58,128	4,844	346	

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26-May-99	Hawkins Housing															
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		73,992	75,102	76,228	77,372	78,532	79,710	80,906	82,120	83,351	84,602	85,871	87,159	88,466	89,793	91,140
Other Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vacancy and other losses		(3,700)	(3,755)	(3,811)	(3,869)	(3,927)	(3,986)	(4,045)	(4,106)	(4,168)	(4,230)	(4,294)	(4,358)	(4,423)	(4,490)	(4,557)
Total Operating Income		70,292	71,347	72,417	73,503	74,606	75,725	76,861	78,014	79,184	80,372	81,577	82,801	84,043	85,304	86,583
Operating Expenses																
Total Expenses (excl. Reserves)		53,928	55,546	57,212	58,929	60,696	62,517	64,393	66,325	68,314	70,364	72,475	74,649	76,888	79,195	81,571
Reserves		4,200	4,263	4,327	4,392	4,458	4,525	4,592	4,661	4,731	4,802	4,874	4,947	5,022	5,097	5,173
Total Operating Expense		58,128	59,809	61,539	63,320	65,154	67,042	68,985	70,986	73,046	75,166	77,349	79,596	81,910	84,292	86,744
Net Operating Income		12,164	11,538	10,878	10,183	9,452	8,683	7,875	7,028	6,138	5,206	4,228	3,205	2,133	1,012	(161)
Less Primary Debt Service		5,107	5,107	5,107	5,107	5,107	5,107	5,107	5,107	5,107	5,107	5,107	5,107	5,107	5,107	5,107
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		7,057	6,431	5,771	5,076	4,345	3,576	2,768	1,921	1,031	99	(879)	(1,902)	(2,974)	(4,095)	(5,268)
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	879	1,902	2,974	4,095	5,268
Net Cash		7,057	6,431	5,771	5,076	4,345	3,576	2,768	1,921	1,031	99	0	0	0	0	0
DCR		238.19%	225.92%	213.00%	199.39%	185.07%	170.02%	154.21%	137.61%	120.19%	101.93%	82.79%	62.75%	41.76%	19.81%	-3.16%
Cumulative Cash Flow																
Beginning Balance		10,500	17,841	24,697	31,025	36,779	41,911	46,369	50,102	53,055	55,168	56,382	56,634	55,871	54,033	51,048
Deposits		7,057	6,431	5,771	5,076	4,345	3,576	2,768	1,921	1,031	99	0	0	0	0	0
Interest	2.0%	283	425	557	678	787	883	965	1,032	1,082	1,116	1,130	1,140	1,136	1,111	1,063
Withdrawals		0	0	0	0	0	0	0	0	0	0	(879)	(1,902)	(2,974)	(4,095)	(5,268)
Ending Balance		17,841	24,697	31,025	36,779	41,911	46,369	50,102	53,055	55,168	56,382	56,634	55,871	54,033	51,048	46,843
Cumulative Replacement Reserves																
Beginning Balance		0	4,242	8,634	13,179	17,881	(5,074)	(504)	4,135	8,927	13,887	(8,806)	(3,883)	1,114	6,209	11,483
Deposits		4,200	4,263	4,327	4,392	4,458	4,525	4,592	4,661	4,731	4,802	4,874	4,947	5,022	5,097	5,173
Interest	2.0%	42	129	218	311	587	46	46	131	228	505	49	50	73	177	453
Withdrawals	2,000	0	0	0	0	(28,000)	0	0	0	0	(28,000)	0	0	0	0	(28,000)
Ending Balance		4,242	8,634	13,179	17,881	(5,074)	(504)	4,135	8,927	13,887	(8,806)	(3,883)	1,114	6,209	11,483	(10,890)
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		12,164	11,538	10,878	10,183	9,452	8,683	7,875	7,028	6,138	5,206	4,228	3,205	2,133	1,012	(161)
Plus Reserves		4,200	4,263	4,327	4,392	4,458	4,525	4,592	4,661	4,731	4,802	4,874	4,947	5,022	5,097	5,173
Less Interest Expense		(58,060)	(49,845)	(40,964)	(31,366)	(20,991)	(13,840)	(14,204)	(14,586)	(14,989)	(15,413)	(15,858)	(16,327)	(16,820)	(17,339)	(17,884)
Less Long Depreciation		(43,110)	(43,110)	(43,110)	(43,110)	(43,110)	(43,110)	(43,110)	(43,110)	(43,110)	(43,110)	(43,110)	(43,110)	(43,110)	(43,110)	(43,110)
Less Short Depreciation		(1,800)	(1,800)	(1,800)	(1,800)	(1,800)	(1,800)	(1,800)	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(86,606)	(78,954)	(70,670)	(61,702)	(51,992)	(45,543)	(46,646)	(46,008)	(47,230)	(48,515)	(49,866)	(51,286)	(52,776)	(54,341)	(55,982)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		30,312	27,634	24,735	21,596	18,197	15,940	16,326	16,103	16,531	16,980	17,453	17,950	18,472	19,019	19,594
Plus Tax Credits		212,195	85,471	85,471	85,471	85,471	85,471	85,471	85,471	85,471	85,471					
After Tax Cash Flow		242,507	113,105	110,206	107,067	103,668	101,411	101,797	101,574	102,002	102,451	17,453	17,950	18,472	19,019	19,594
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		242,507	113,105	110,206	107,067	103,668	101,411	101,797	101,574	102,002	102,451	17,453	17,950	18,472	19,019	19,594
Future Value of Cash Flows at Yr 15:		1,327,378	552,756	480,881	417,129	360,615	314,967	282,292	251,493	225,493	202,221	30,759	28,245	25,951	23,858	21,945
Discount Rate:	6.00%															
Capital Contribution Number:	1	2	3	4	5	6	7	8								
Date of Capital Contribution:	01-Oct-99	01-Jul-00	01-Oct-00	01-Oct-01	01-Oct-02	01-Oct-03	01-Oct-04	01-Oct-05								
Amount of Capital Contribution:	10,133	141,857	151,990	151,990	151,990	151,990	151,990	101,327								
Present Value of Contributions:	10,133	135,525	142,996	134,557	126,617	119,144	112,094	70,320								
Cash Flows	(851,387)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,545,982
IRR:	11.81%															
Equity Yield:	0.87															

26-May-99 **Manchester Knoll**

Total Residential Units:	20	Increase in Income from Rental Units:	2.00%
Housing Credit Restricted Units:	15	Increase in Income from Other Sources:	2.50%
Percent Restricted:	75.00%	Increase in Income from Commercial:	0.00%
Total Development Cost:	1,958,280	Expense increase:	3.50%
Total Development Cost per Unit:	97,914	Vacancy Rate:	5%
Total Development Cost Per SF:	116	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	40.0 years
Max Credit Potential:	140,595	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	138,113	Sponsor's Estimated Yield:	80.81%
LIHTC - 9%	8.30%	(June '99)	
LIHTC - 4%	3.56%		

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	125,000	6.38%	8.00%	30	30
HOME	198,100	10.12%	6.50%	30	
VHCB	200,000	10.21%	0.00%	30	
AHP	250,000	12.77%	0.00%	30	
Developer Loan	80,277	4.10%	0.00%	30	
Tax Credit Equity	1,104,902	56.42%	N/A	N/A	
TOTAL SOURCES	1,958,279	100.00%			

USES

Acquisition	165,720	8.46%
Construction Hard Costs	1,232,904	62.96%
Soft Costs	559,656	28.58%
TOTAL USES	1,958,280	100%
Gap	1	

PER UNIT COST LIMIT CALCULATION

	per unit limits	number of units	
0 Br	84,390	0	0
1 Br	90,140	0	0
2 Br	95,890	15	1,438,350
3 Br	101,637	5	508,185
4 Br	107,390	0	0
Maximum cost allowed under the per unit cost limits			1,946,535
Projected total cost, excluding cash accounts			1,936,080
(over)/under			10,455

General Partner's Capital Contribution	0	1.00%
Limited Partner's Capital Contribution	1,104,902	99.00%
Total Equity	1,104,902	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	15
Total Units	20
Unit Fraction	75.00%
Tax Credit Square Footage	12,542
Total Residential Square Footage	16,902
Square Footage Fraction	74.20%
Applicable Fraction	74.20%

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26-May-99 **Manchester Knoll**

		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	162,000					
2	Purchase of Building(s)						
3	Demolition (without replacement)						
4	Property Appraisal	1,250					
5	Legal - Title and Recording	2,470					
	Subtotal - Acquisition	165,720					
	CONSTRUCTION HARD COSTS						
6	Rehabilitation						
7	New Building(s)	740,000		740,000	740,000		
8	Accessory Buildings						
9	Sitework	160,000		160,000	160,000		
10	Commercial Space Costs (if any)						
11	General Requirements	56,400		56,400	56,400		
12	Contractor Overhead	19,928		19,928	19,928		
13	Contractor Profit	60,980		60,980	60,980		
14	Construction Contingency	155,596		155,596	155,596		
15	Construction Management						
16	Construction Bond Fee						
17	Hazardous Materials Abatement						
18	Off-Site Improvements						
19	Furnishings, Fixtures, & Equipment	40,000		40,000	40,000		
20	Other (____________)						
	Subtotal - Hard Costs	1,232,904					
	SOFT COSTS						
21	Architectural	67,500		67,500	67,500		
22	Engineering	22,500		22,500	22,500		
23	Legal/Accounting	4,500		4,500	4,500		
24	Relocation						
25	Environmental Assessment	850		850	850		
26	Energy Assessment						
27	Permits/Fees	61,378		61,378	61,378		
28	Independent Market Study	3,000					
29	Construction Period Insurance	6,132		6,132	6,132		
30	Construction Interest	78,000		78,000	78,000		
31	Construction Loan Origination Fee	16,500		16,500	16,500		
32	Taxes During Construction	1,500		1,500	1,500		
33	Clerk of the Works						
34	Marketing						
35	Tax Credit Fees	7,000		7,000	7,000		
36	Soft Cost Contingency	6,721		6,721	6,721		
37	Permanent Loan Origination Fee	1,875					
38	Lender's Counsel's Fee						
39	Other (____________)						
	SYNDICATION COSTS						
40	Organizational (Partnership)	5,000					
41	Bridge Loan Fees and Expenses						
42	Syndication Consultant	4,500					
43	Tax Opinion						
	DEVELOPER'S FEES						
44	Developer's Fees	230,000		230,000	230,000		
45	Other Partnership Fees						
46	Consultant Fees	20,500		20,500	20,500		
	RESERVES						
47	Working Capital	15,000					
48	Rent-up (Deficit Escrow) Reserve						
49	Other Operating Reserves						
50	Sinking Fund						
51	Replacement Reserves	7,200					
	Subtotal - Soft Costs	559,656					
	TOTALS	1,958,280		1,755,985	1,715,985		
LESS:	Amount of Non-qualified Financing						
LESS:	Adjustment for per unit cost limits						
LESS:	Historic tax Credit (Residential Portion)						
	Total Eligible Basis			1,755,985			
TIMES:	Adjusted for QCT/DDA	130.0%		2,282,781			
TIMES:	Applicable Fraction	74.20%		1,693,920			
	Total Qualified Basis			1,693,920			
TIMES:	Applicable Percentage		3.56%	8.30%			
	Total Annual Credit Qualified			140,595			

20% Historic Credit Rate
Annual Historic Credit

1,715,985	Long Term Depreciable Basis
40.0	Depreciation Schedule
42,900	Annual Depreciation
40,000	Short Term Depreciable Basis
7	Depreciation Schedule
5,714	Annual Depreciation

Total Tax Credits Requested	138,113
Estimated Net Syndication Proceeds (excluding historic credit equity)	1,104,902
Estimated Yield - Housing Credit Syndication	80.81%
Equity Gap	1,104,903
Credits Needed to fill Equity Gap	138,113

basis * fraction	140,595
equity gap	138,113
credit requested	138,113

26-May-99

Manchester Knoll

		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%+
A	1				1	1	1			2	722	176	89	265	1						1					
A	2				1	1				2	824	352	89	441		1						1				
A	3	1			1	1				3	1,064	441	100	541			1						1			
A	4								1	3	824	650	100	750				1							1	
A	5				1	1				2	722	441	89	530			1						1			
B	1				1	1	1			2	824	352	89	441		1						1				
B	2								1	2	824	611	89	700				1							1	
B	3	1			1	1				2	824	352	89	441		1						1				
B	4				1	1				2	824	176	89	265	1						1					
B	5				1	1				2	824	352	89	441		1						1				
C	1								1	2	824	611	89	700				1							1	
C	2	1			1	1				2	824	352	89	441		1						1				
C	3				1	1				3	1,064	406	100	506		1						1				
C	4								1	3	1,064	650	100	750				1							1	
C	5				1	1	1			2	722	441	89	530			1						1			
D	1								1	2	824	611	89	700				1							1	
D	2				1	1				2	824	352	89	441		1						1				
D	3				1	1				2	824	176	89	265	1						1					
D	4				1	1				2	824	441	89	530			1						1			
D	5	1			1	1	1			3	832	409	100	509		1						1				
Total # Units	20	4	0	0	15	15	4	0	5	Totals:	16,902	8,352		Total # Units	3	8	4	5	0	0	3	8	4	0	5	0

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26-May-99 **Manchester Knoll**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	10,080	840	42	10.3%
Supportive Services		0	0	
Audit/Accounting	3,500	292	15	
Legal	850	71	4	
Compliance Monitoring	360	30	2	
Marketing		0	0	
Other	350	29	1	
TOTAL ADMINISTRATIVE	15,140	1,262	63	
Utilities				
Electricity	5,000	417	21	
Fuel	1,500	125	6	
Water and Sewer	12,000	1,000	50	
Fire Alarm / Emergency		0	0	
Other		0	0	
TOTAL UTILITIES	18,500	1,542	77	
Maintenance				
Maintenance / Janitor Payroll	6,000	500	25	
Janitor Supplies	300	25	1	
Exterminating		0	0	
Trash Removal	2,400	200	10	
Snow Removal		0	0	
Grounds	4,500	375	19	
Repairs Material	1,000	83	4	
Repairs Contract		0	0	
HVAC Repairs / Maintenance		0	0	
Elevator Contract / Repairs		0	0	
Painting and Decorating	1,000	83	4	
Other		0	0	
TOTAL MAINTENANCE	15,200	1,267	63	
				per unit month
Real Estate Taxes	20,000	1,667	83	excl. ds & res.
Property Insurance	2,500	208	10	297
Replacement Reserves	7,200	600	30	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other		0	0	
Total	78,540	6,545	327	

26-May-99	Manchester Knoll																
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Operating Income																	
Gross Rent		100,224	102,228	104,273	106,359	108,486	110,655	112,869	115,126	117,428	119,777	122,172	124,616	127,108	129,650	132,243	
Other Income		2,340	2,399	2,458	2,520	2,583	2,647	2,714	2,782	2,851	2,922	2,995	3,070	3,147	3,226	3,306	
Vacancy and other losses		(5,011)	(5,111)	(5,214)	(5,318)	(5,424)	(5,533)	(5,643)	(5,756)	(5,871)	(5,989)	(6,109)	(6,231)	(6,355)	(6,483)	(6,612)	
Total Operating Income		97,553	99,516	101,518	103,561	105,644	107,770	109,939	112,151	114,408	116,710	119,059	121,455	123,900	126,394	128,938	
Operating Expenses																	
Total Expenses (excl. Reserves)		71,340	73,837	76,421	79,096	81,864	84,730	87,695	90,764	93,941	97,229	100,632	104,154	107,800	111,573	115,478	
Reserves		7,200	7,344	7,491	7,641	7,794	7,949	8,108	8,271	8,436	8,605	8,777	8,952	9,131	9,314	9,500	
Total Operating Expense		78,540	81,181	83,912	86,737	89,658	92,679	95,803	99,035	102,377	105,834	109,409	113,107	116,931	120,887	124,978	
Net Operating Income		19,013	18,335	17,606	16,824	15,987	15,091	14,135	13,116	12,031	10,877	9,650	8,349	6,969	5,507	3,960	
Less Primary Debt Service		11,006	11,006	11,006	11,006	11,006	11,006	11,006	11,006	11,006	11,006	11,006	11,006	11,006	11,006	11,006	
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Annual Cash Flow		8,006	7,328	6,599	5,817	4,980	4,085	3,129	2,110	1,024	(130)	(1,356)	(2,658)	(4,038)	(5,499)	(7,047)	
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	130	1,356	2,658	4,038	5,499	7,047	
Net Cash		8,006	7,328	6,599	5,817	4,980	4,085	3,129	2,110	1,024	0	0	0	0	0	0	
DCR		172.74%	166.58%	159.96%	152.85%	145.25%	137.11%	128.43%	119.17%	109.31%	98.82%	87.68%	75.85%	63.32%	50.03%	35.98%	
Cumulative Cash Flow																	
Beginning Balance		15,000	17,984	20,344	22,015	22,929	23,017	22,218	20,457	17,652	13,717	8,561	2,088	(5,800)	(15,097)	(25,841)	
Deposits		8,006	7,328	6,599	5,817	4,980	4,085	3,129	2,110	1,024	0	0	0	0	0	0	
Interest	2.0%	330	383	424	449	459	468	462	437	392	326	236	121	93	107	123	
Withdrawals		(5,352)	(5,352)	(5,352)	(5,352)	(5,352)	(5,352)	(5,352)	(5,352)	(5,352)	(5,482)	(6,708)	(8,010)	(9,390)	(10,851)	(12,396)	
Ending Balance		17,984	20,344	22,015	22,929	23,017	22,218	20,457	17,652	13,717	8,561	2,088	(5,800)	(15,097)	(25,841)	(38,114)	
Cumulative Replacement Reserves																	
Beginning Balance		7,200	14,616	22,329	30,347	38,678	47,332	56,318	65,646	75,326	85,369	95,785	106,585	117,781	129,384	141,406	
Deposits		7,200	7,344	7,491	7,641	7,794	7,949	8,108	8,271	8,436	8,605	8,777	8,952	9,131	9,314	9,500	
Interest	2.0%	216	369	527	690	860	1,036	1,220	1,410	1,607	1,812	2,024	2,244	2,472	2,708	2,953	
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Ending Balance		14,616	22,329	30,347	38,678	47,332	56,318	65,646	75,326	85,369	95,785	106,585	117,781	129,384	141,406	153,859	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Net Operating Income		19,013	18,335	17,606	16,824	15,987	15,091	14,135	13,116	12,031	10,877	9,650	8,349	6,969	5,507	3,960	
Plus Reserves		7,200	7,344	7,491	7,641	7,794	7,949	8,108	8,271	8,436	8,605	8,777	8,952	9,131	9,314	9,500	
Less Interest Expense		(22,839)	(23,589)	(24,387)	(25,234)	(26,135)	(27,093)	(28,110)	(29,192)	(30,341)	(31,562)	(32,860)	(34,238)	(35,703)	(37,260)	(38,913)	
Less Long Depreciation		(42,900)	(42,900)	(42,900)	(42,900)	(42,900)	(42,900)	(42,900)	(42,900)	(42,900)	(42,900)	(42,900)	(42,900)	(42,900)	(42,900)	(42,900)	
Less Short Depreciation		(5,714)	(5,714)	(5,714)	(5,714)	(5,714)	(5,714)	(5,714)	0	0	0	0	0	0	0	0	
Taxable Income (Loss)		(45,240)	(46,524)	(47,904)	(49,384)	(50,969)	(52,666)	(54,481)	(50,705)	(52,774)	(54,980)	(57,332)	(59,837)	(62,503)	(65,338)	(68,353)	
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Plus Tax Savings		15,834	16,284	16,766	17,284	17,839	18,433	19,068	17,747	18,471	19,243	20,066	20,943	21,876	22,868	23,923	
Plus Tax Credits		138,113	138,113	138,113	138,113	138,113	138,113	138,113	138,113	138,113	138,113						
After Tax Cash Flow		153,947	154,397	154,879	155,397	155,952	156,546	157,181	155,860	156,584	157,356	20,066	20,943	21,876	22,868	23,923	
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		153,947	154,397	154,879	155,397	155,952	156,546	157,181	155,860	156,584	157,356	20,066	20,943	21,876	22,868	23,923	
Future Value of Cash Flows at Yr 15:		842,639	754,553	675,815	605,424	542,487	486,208	435,876	385,903	346,157	310,593	35,364	32,954	30,734	28,686	26,794	
Discount Rate:	6.00%																
Capital Contribution Number:	1	2	3	4													
Date of Capital Contribution:	26-May-99	26-May-99	26-May-99	26-May-99													
Amount of Capital Contribution:	220,980	773,431	110,490	0													
Present Value of Contributions:	220,980	773,431	110,490	0													
Cash Flows	(1,104,902)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,540,187
IRR:	11.35%																
Equity Yield:	80.81%																

26-May-99 **Westgate Apartments**

Total Residential Units:	100	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	100	Increase in Income from Other Sources:	2.00%
Percent Restricted:	100.00%	Increase in Income from Commercial:	0.00%
Total Development Cost:	6,366,297	Expense increase:	3.00%
Total Development Cost per Unit:	63,663	Vacancy Rate:	5%
Total Development Cost Per SF:	64	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	491,716	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	484,590	Sponsor's Estimated Yield:	80.00%
LIHTC - 9%	8.30%	(June '99)	
LIHTC - 4%	3.56%		

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
Loan 1	1,726,394	27.12%	7.50%	30	30
Loan 2	710,093	11.15%	7.50%	12	12
VCDP		0.00%	6.50%	30	grant
Develoer's Fee Loan	53,090	0.83%	N/A	N/A	
Tax Credit Equity	3,876,720	60.89%	N/A	N/A	
TOTAL SOURCES	6,366,297	100.00%			

USES

Acquisition	2,068,000		32.48%
Construction Hard Costs	3,119,278		49.00%
Soft Costs	1,179,019		18.52%
TOTAL USES	6,366,297	100%	
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		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				6,292,567
		(over)/under		3,399,843

General Partner's Capital Contribution	4	0.00%
Limited Partner's Capital Contribution	3,876,720	100.00%
Total Equity	3,876,724	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	100
Total Units	100
Unit Fraction	100.00%
Tax Credit Square Footage	99,020
Total Residential Square Footage	99,020
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

26-May-99 **Westgate Apartments**

		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	143,010					
2	Purchase of Building(s)	1,899,990	1,899,990		1,899,990		
3	Demolition (without replacement)	0					
4	Property Appraisal	5,000		5,000	5,000		
5	Legal - Title and Recording	20,000	20,000		20,000		
	Subtotal - Acquisition	2,068,000					
	CONSTRUCTION HARD COSTS						
6	Rehabilitation	2,285,100		2,285,100	2,285,100		
7	New Building(s)	0					
8	Accessory Buildings	0					
9	Sitework	125,000		125,000	125,000		
10	Commercial Space Costs (if any)	0					
11	General Requirements	120,505		120,505	120,505		
12	Contractor Overhead	48,200		48,200	48,200		
13	Contractor Profit	120,507		120,507	120,507		
14	Construction Contingency	134,966		134,966	134,966		
15	Construction Management	0		0	0		
16	Construction Bond Fee	35,000		35,000	35,000		
17	Hazardous Materials Abatement	0		0	0		
18	Off-Site Improvements	0		0	0		
19	Furnishings, Fixtures, & Equipment	0		0	0		
20	Other (daycare center)	250,000					
	Subtotal - Hard Costs	3,119,278					
	SOFT COSTS						
21	Architectural	120,000		120,000	120,000		
22	Engineering	10,000		10,000	10,000		
23	Legal/Accounting	40,000		40,000	40,000		
24	Relocation	75,000		75,000	75,000		
25	Environmental Assessment	5,000		5,000	5,000		
26	Energy Assessment	0		0	0		
27	Permits/Fees	0		0	0		
28	Independent Market Study	5,000		5,000	5,000		
29	Construction Period Insurance	10,000		10,000	10,000		
30	Construction Interest	72,427		72,427	72,427		
31	Construction Loan Origination Fee	17,264		17,264	17,264		
32	Taxes During Construction	38,863		38,863	38,863		
33	Clerk of the Works	15,421		15,421	15,421		
34	Marketing	15,000					
35	Tax Credit Fees	6,000		6,000	6,000		
36	Soft Cost Contingency	10,000		10,000	10,000		
37	Permanent Loan Origination Fee	25,896					
38	Lender's Counsel's Fee	15,000					
39	Other (__________)	0					
	SYNDICATION COSTS						
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES						
44	Developer's Fees	624,418		624,418	624,418		
45	Other Partnership Fees	0					
46	Consultant Fees	0					
	RESERVES						
47	Working Capital	0					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves	48,730					
50	Sinking Fund	0					
51	Replacement Reserves	25,000					
	Subtotal - Soft Costs	1,179,019					
	TOTALS	6,366,297	1,919,990	3,923,671	5,843,661	0	
	LESS: Amount of Non-qualified Financing						
	LESS: Adjustment for per unit cost limits						
	LESS: Historic tax Credit (Residential Portion)			0	0		
	Total Eligible Basis		1,919,990	3,923,671			
	TIMES: Adjusted for QCT/DDA	130.0%		5,100,772			
	TIMES: Applicable Fraction	100.00%	1,919,990	5,100,772			
	Total Qualified Basis		1,919,990	5,100,772			
	TIMES: Applicable Percentage		3.56%	8.30%			
	Total Annual Credit Qualified		68,352	423,364			

20% Historic Credit Rate
0 Annual Historic Credit

5,843,661 Long Term Depreciable Basis
27.5 Depreciation Schedule
212,497 Annual Depreciation

0 Short Term Depreciable Basis

7 Depreciation Schedule
0 Annual Depreciation

Total Tax Credits Requested	484,590
Estimated Net Syndication Proceeds (excluding historic credit equity)	3,876,720
Estimated Yield - Housing Credit Syndication	80.00%
Equity Gap	3,876,720
Credits Needed to fill Equity Gap	484,590

basis * fraction	491,716
equity gap	484,590
credits requested	484,590

26-May-99

Westgate Apartments

		Check all Applicable								A					B						C					
															OCCUPIED BY: Income level of residents to be served:						AFFORDABLE TO: Units affordable to residents at:					
Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+
	1				1					1	660	432	36	468			1						1			
	2				1					1	660	432	36	468			1						1			
	3				1					1	660	432	36	468			1						1			
	4				1					1	660	432	36	468			1						1			
	5				1					1	660	432	36	468			1						1			
	6				1					2	950	499	45	544			1						1			
	7				1					2	950	499	45	544			1						1			
	8				1					2	950	499	45	544			1						1			
	9				1					2	950	499	45	544			1						1			
	10				1					2	950	499	45	544			1						1			
	11				1					2	950	499	45	544			1						1			
	12				1					2	950	499	45	544			1						1			
	13				1					2	950	499	45	544			1						1			
	14				1					2	950	499	45	544			1						1			
	15				1					2	950	499	45	544			1						1			
	16				1					2	950	499	45	544			1						1			
	17				1					2	950	499	45	544			1						1			
	18				1					2	950	499	45	544			1						1			
	19				1					2	950	499	45	544			1						1			
	20				1					2	950	499	45	544			1						1			
	21				1					2	950	499	45	544			1						1			
	22				1					2	950	499	45	544			1						1			
	23				1					2	950	499	45	544			1						1			
	24				1					2	950	499	45	544			1						1			
	25				1					2	950	499	45	544			1						1			
	26				1					2	950	499	45	544			1						1			
	27				1					2	950	499	45	544			1						1			
	28				1					2	950	499	45	544			1						1			
	29				1					2	950	499	45	544			1						1			
	30				1					2	950	499	45	544			1						1			
	31				1					2	950	499	45	544			1						1			
	32				1					2	950	499	45	544			1						1			
	33				1					2	950	499	45	544			1						1			
	34				1					2	950	499	45	544			1						1			
	35				1					2	950	499	45	544			1						1			
	36				1					2	950	499	45	544			1						1			
	37				1					2	950	499	45	544			1						1			
	38				1					2	950	499	45	544			1						1			
	39				1					2	950	499	45	544			1						1			
	40				1					2	950	499	45	544			1						1			
	41				1					2	950	499	45	544			1						1			
	42				1					2	950	499	45	544			1						1			
	43				1					2	950	499	45	544			1						1			
	44				1					2	950	499	45	544			1						1			
	45				1					2	950	499	45	544			1						1			
	46				1					2	950	499	45	544			1						1			
	47				1					2	950	499	45	544			1						1			
	48				1					2	950	499	45	544			1						1			
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	52				1					2	950	499	45	544			1						1			
	53				1					2	950	499	45	544			1						1			
	54				1					2	950	499	45	544			1						1			
	55				1					2	950	499	45	544			1						1			
	56				1					2	950	499	45	544			1						1			
	57				1					3	1,200	549	51	600			1						1			
	58				1					3	1,200	549	51	600			1						1			
	59				1					3	1,200	549	51	600			1						1			
	60				1					3	1,200	549	51	600			1						1			
	61				1					3	1,200	549	51	600			1						1			
	62				1					3	1,200	549	51	600			1						1			
	63				1					3	1,200	549	51	600			1						1			
	64				1					3	1,200	549	51	600			1						1			
	65				1					3	1,200	549	51	600			1						1			
	66				1					3	1,200	549	51	600			1						1			
	67				1					3	1,200	549	51	600			1						1			
	68				1					3	1,200	549	51	600			1						1			
	69				1					3	1,200	549	51	600			1						1			
	70				1					3	1,200	549	51	600			1						1			
	71				1					3	1,200	549	51	600			1						1			
	72				1					3	1,200	549	51	600			1						1			
	73				1					3	1,200	549	51	600			1						1			
	74				1					3	1,200	549	51	600			1						1			
	75				1					3	1,200	549	51	600			1						1			
	76				1					3	1,200	549	51	600			1						1			
	77				1					3	1,200	549	51	600			1						1			
	78				1					3	1,200	549	51	600			1						1			
	79				1					3	1,200	549	51	600			1						1			
	80				1					3	1,200	549	51	600			1						1			
	81				1					3	1,200	549	51	600			1						1			
	82				1					3	1,200	549	51	600			1						1			
	83				1					3	1,200	549	51	600			1						1			
	84			1	1					1	660	432	36	468	1						1					
	85			1	1					1	660	432	36	468	1						1					
	86			1	1					2	950	499	45	544	1						1					
	87			1	1					2	950	499	45	544	1						1					
	88			1	1					2	950	499	45	544	1						1					
	89			1	1					2	950	499	45	544	1						1					
	90			1	1					2	950	499	45	544	1						1					
	91			1	1					2	950	499	45	544	1						1					
	92			1	1					2	950	499	45	544	1						1					
	93			1	1					3	1,200	549	51	600	1						1					
	94			1	1					3	1,200	549	51	600	1						1					
	95			1	1					3	1,200	549	51	600	1						1					
	96				1		1			1	660	432	36	468			1						1			
	97				1		1			1	660	432	36	468			1						1			
	98				1		1			1	660	432	36	468			1						1			
	99				1		1			1	660	432	36	468			1						1			
	100				1		1			1	660	432	36	468			1						1			
Total # Units	100			12	100		5			Totals:	99,020	50,596		Total # Units	12	0	88	0	0	0	12	0	88	0	0	0

26-May-99 **Westgate Apartments**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	28,840	2,403	24	4.3%
Supportive Services		0	0	
Audit/Accounting	4,500	375	4	
Legal	3,520	293	3	
Compliance Monitoring	2,400	200	2	
Marketing	1,406	117	1	
Other - Salaries & Office Expens	49,076	4,090	41	
TOTAL ADMINISTRATIVE	89,742	7,479	75	
Utilities				
Electricity	14,134	1,178	12	
Fuel	51,000	4,250	43	
Water and Sewer	25,000	2,083	21	
Fire Alarm / Emergency		0	0	
Other		0	0	
TOTAL UTILITIES	90,134	7,511	75	
Maintenance				
Maintenance / Janitor Payroll	48,237	4,020	40	
Janitor Supplies	5,000	417	4	
Exterminating		0	0	
Trash Removal	1,002	84	1	
Snow Removal	2,045	170	2	
Grounds	12,000	1,000	10	
Repairs Material		0	0	
Repairs Contract	5,000	417	4	
HVAC Repairs / Maintenance	1,500	125	1	
Elevator Contract / Repairs		0	0	
Painting and Decorating	15,000	1,250	13	
Other	3,500	292	3	
TOTAL MAINTENANCE	93,284	7,774	78	
				per unit month
Real Estate Taxes	77,506	6,459	65	excl. ds & res.
Property Insurance	20,219	1,685	17	309
Replacement Reserves	27,500	2,292	23	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other	6,984	582	6	
Total	405,369	33,781	338	

form revision date: 2/27/97

26-May-99 **Westgate Apartments**

	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		607,152	616,259	625,503	634,886	644,409	654,075	663,886	673,845	683,952	694,212	704,625	715,194	725,922	736,811	747,863
Other Income		89,917	91,715	93,550	95,421	97,329	99,276	101,261	103,286	105,352	107,459	109,608	111,800	114,036	116,317	118,644
Vacancy and other losses		(30,358)	(30,813)	(31,275)	(31,744)	(32,220)	(32,704)	(33,194)	(33,692)	(34,198)	(34,711)	(35,231)	(35,760)	(36,296)	(36,841)	(37,393)
Total Operating Income		666,711	677,162	687,778	698,562	709,518	720,647	731,953	743,439	755,107	766,960	779,002	791,235	803,662	816,287	829,113
Operating Expenses																
Total Expenses (excl. Reserves)		377,869	389,205	400,881	412,908	425,295	438,054	451,195	464,731	478,673	493,033	507,824	523,059	538,751	554,913	571,561
Reserves		27,500	27,913	28,331	28,756	29,187	29,625	30,070	30,521	30,979	31,443	31,915	32,394	32,879	33,373	33,873
Total Operating Expense		405,369	417,118	429,212	441,664	454,482	467,679	481,265	495,252	509,652	524,477	539,739	555,453	571,630	588,286	605,434
Net Operating Income		261,342	260,044	258,565	256,898	255,035	252,968	250,688	248,187	245,455	242,484	239,263	235,782	232,032	228,001	223,679
Less Primary Debt Service		144,854	144,854	144,854	144,854	144,854	144,854	144,854	144,854	144,854	144,854	144,854	144,854	144,854	144,854	144,854
Less Secondary Debt Service		89,917	89,917	89,917	89,917	89,917	89,917	89,917	89,917	89,917	89,917	89,917	89,917	0	0	0
Annual Cash Flow		26,571	25,273	23,794	22,127	20,264	18,197	15,917	13,415	10,684	7,712	4,491	1,011	87,178	83,147	78,825
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		26,571	25,273	23,794	22,127	20,264	18,197	15,917	13,415	10,684	7,712	4,491	1,011	87,178	83,147	78,825
DCR		111.32%	110.76%	110.13%	109.42%	108.63%	107.75%	106.78%	105.71%	104.55%	103.28%	101.91%	100.43%	160.18%	157.40%	154.42%
Cumulative Cash Flow																
Beginning Balance		48,730	77,190	105,198	132,559	159,104	185,565	211,784	237,603	263,159	291,373	322,260	355,833	392,098	522,346	658,068
Deposits		26,571	25,273	23,794	22,127	20,264	18,197	15,917	13,415	10,684	7,712	4,491	1,011	87,178	83,147	78,825
Interest	3.0%	1,889	2,736	3,566	4,375	5,170	5,960	6,741	7,511	8,318	9,204	10,171	11,219	13,717	17,706	21,861
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		77,190	105,198	132,558	159,061	184,538	209,722	234,441	258,529	282,160	308,289	336,923	368,062	492,993	623,199	758,754
Cumulative Replacement Reserves																
Beginning Balance		25,000	53,663	83,634	94,640	105,803	117,116	128,572	140,163	151,897	163,918	176,229	188,829	201,717	214,894	228,359
Deposits		27,500	27,913	28,331	28,756	29,187	29,625	30,070	30,521	30,979	31,443	31,915	32,394	32,879	33,373	33,873
Interest	3.0%	1,163	2,059	2,674	3,007	3,344	3,685	4,031	4,381	4,737	5,102	5,476	5,858	6,249	6,649	7,057
Withdrawals		0	0	(20,000)	(20,600)	(21,218)	(21,855)	(22,510)	(23,185)	(23,881)	(24,597)	(25,335)	(26,095)	(26,878)	(27,685)	(28,515)
Ending Balance		53,663	83,634	94,640	105,803	117,116	128,572	140,162	151,879	163,731	175,866	188,284	200,985	213,968	227,231	240,774
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		261,342	260,044	258,565	256,898	255,035	252,968	250,688	248,187	245,455	242,484	239,263	235,782	232,032	228,001	223,679
Plus Reserves		27,500	27,913	28,331	28,756	29,187	29,625	30,070	30,521	30,979	31,443	31,915	32,394	32,879	33,373	33,873
Less Interest Expense		(180,910)	(176,729)	(172,223)	(167,367)	(162,134)	(156,495)	(150,418)	(143,870)	(136,813)	(129,208)	(121,013)	(112,181)	(105,821)	(102,790)	(99,525)
Less Long Depreciation		(212,497)	(212,497)	(212,497)	(212,497)	(212,497)	(212,497)	(212,497)	(212,497)	(212,497)	(212,497)	(212,497)	(212,497)	(212,497)	(212,497)	(212,497)
Less Short Depreciation		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(104,564)	(101,269)	(97,823)	(94,209)	(90,408)	(86,398)	(82,157)	(77,659)	(72,876)	(67,778)	(62,332)	(56,502)	(53,406)	(53,913)	(54,469)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		36,598	35,444	34,238	32,973	31,643	30,239	28,755	27,181	25,507	23,722	21,816	19,776	18,692	18,870	19,064
Plus Tax Credits		484,590	484,590	484,590	484,590	484,590	484,590	484,590	484,590	484,590	484,590					
After Tax Cash Flow		521,188	520,034	518,828	517,563	516,233	514,829	513,345	511,771	510,097	508,312	21,816	19,776	18,692	18,870	19,064
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		521,188	520,034	518,828	517,563	516,233	514,829	513,345	511,771	510,097	508,312	21,816	19,776	18,692	18,870	19,064
Future Value of Cash Flows at Yr 15:		2,852,754	2,541,465	2,263,903	2,016,414	1,795,742	1,598,982	1,423,546	1,267,125	1,127,661	1,003,318	38,448	31,118	26,261	23,670	21,352
Discount Rate:	6.00%															
Capital Contribution Number:	1	2	3	4												
Date of Capital Contribution:	01-Sep-99	30-May-00	30-Aug-00													
Amount of Capital Contribution:	2,326,032	775,344	775,344	0												
Present Value of Contributions:	2,326,032	740,983	729,709	0												
Cash Flows	(3,796,723)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18,031,758
IRR:	10.95%															
Equity Yield:	78%															

26-May-99 **The Maples Phase II**

Total Residential Units:	32	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	20	Increase in Income from Other Sources:	1.50%
Percent Restricted:	62.50%	Increase in Income from Commercial:	0.00%
Total Development Cost:	2,386,273	Expense increase:	3.00%
Total Development Cost per Unit:	74,571	Vacancy Rate:	5%
Total Development Cost Per SF:	111	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	149,452	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	148,549	Sponsor's Estimated Yield:	75.68%
LIHTC - 9%	8.30%	(June '99)	
LIHTC - 4%	3.56%		

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	1,200,000	50.29%	7.50%	30	20
HOME		0.00%	1.00%	20	int. only
VCDP		0.00%	6.50%	30	grant
Other Equity	73,170	3.07%	N/A	N/A	
Tax Credit Equity	1,113,013	46.64%	N/A	N/A	
TOTAL SOURCES	2,386,183	100.00%			

USES

Acquisition	75,938	3.18%
Construction Hard Costs	1,787,160	74.89%
Soft Costs	523,175	21.92%
TOTAL USES	2,386,273	100%
Gap	90	

PER UNIT COST LIMIT CALCULATION

	per unit limits	number of units	
0 Br	84,390	0	0
1 Br	90,140	26	2,343,640
2 Br	95,890	6	575,340
3 Br	101,637	0	0
4 Br	107,390	0	0
Maximum cost allowed under the per unit cost limits			2,918,980
Projected total cost, excluding cash accounts			2,365,273
	(over)/under		553,707

General Partner's Capital Contribution	0	1.00%
Limited Partner's Capital Contribution	1,113,013	99.00%
Total Equity	1,113,013	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	20
Total Units	32
Unit Fraction	62.50%
Tax Credit Square Footage	13,220
Total Residential Square Footage	21,440
Square Footage Fraction	61.66%
Applicable Fraction	61.66%

26-May-99 **The Maples Phase II**

		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	75,000					
2	Purchase of Building(s)	0					
3	Demolition (without replacement)	0					
4	Property Appraisal	0					
5	Legal - Title and Recording	938					
	Subtotal - Acquisition	75,938					
	CONSTRUCTION HARD COSTS						
6	Rehabilitation	1,380,160		1,380,160	1,380,160		
7	New Building(s)	0			0		
8	Accessory Buildings	0			0		
9	Sitework	180,000		180,000	180,000		
10	Commercial Space Costs (if any)	0					
11	General Requirements	0			0		
12	Contractor Overhead	0			0		
13	Contractor Profit	0			0		
14	Construction Contingency	75,000		75,000	75,000		
15	Construction Management	100,000		100,000	100,000		
16	Construction Bond Fee	0			0		
17	Hazardous Materials Abatement	0			0		
18	Off-Site Improvements	0			0		
19	Furnishings, Fixtures, & Equipment	52,000		52,000	52,000		
20	Other (____________)	0					
	Subtotal - Hard Costs	1,787,160					
	SOFT COSTS						
21	Architectural	33,000		33,000	33,000		
22	Engineering	5,000		5,000	5,000		
23	Legal/Accounting	18,000		18,000	18,000		
24	Relocation	0		0	0		
25	Environmental Assessment	0		0	0		
26	Energy Assessment	0		0	0		
27	Permits/Fees	51,000		51,000	51,000		
28	Independent Market Study	0		0	0		
29	Construction Period Insurance	8,000		8,000	8,000		
30	Construction Interest	35,175		35,175	35,175		
31	Construction Loan Origination Fee	22,000		22,000	22,000		
32	Taxes During Construction	3,000		3,000	3,000		
33	Clerk of the Works	0		0			
34	Marketing	17,000					
35	Tax Credit Fees	6,000					
36	Soft Cost Contingency	5,000		5,000	5,000		
37	Permanent Loan Origination Fee	0					
38	Lender's Counsel's Fee	5,000		5,000	5,000		
39	Other (____________)	10,000		10,000	10,000		
	SYNDICATION COSTS						
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	20,000					
43	Tax Opinion	0					
	DEVELOPER'S FEES						
44	Developer's Fees	200,000		200,000	200,000		
45	Other Partnership Fees	0					
46	Consultant Fees	64,000		64,000	64,000		
	RESERVES						
47	Working Capital	5,000					
48	Rent-up (Deficit Escrow) Reserve	16,000					
49	Other Operating Reserves	0					
50	Sinking Fund	0					
51	Replacement Reserves	0					
	Subtotal - Soft Costs	523,175					
	TOTALS	2,386,273	0	2,246,335	2,194,335	0	
LESS:	Amount of Non-qualified Financing						
LESS:	Adjustment for per unit cost limits						
LESS:	Historic tax Credit (Residential Portion)			0	0	20% Historic Credit Rate	
	Total Eligible Basis		0	2,246,335		0 Annual Historic Credit	
TIMES:	Adjusted for QCT/DDA	130.0%		2,920,236			
TIMES:	Applicable Fraction	61.66%	0	1,800,630			
	Total Qualified Basis		0	1,800,630	2,194,335	Long Term Depreciable Basis	
TIMES:	Applicable Percentage		3.56%	8.30%	27.5	Depreciation Schedule	
	Total Annual Credit Qualified		0	149,452	79,794	Annual Depreciation	

Total Tax Credits Requested	148,549
Estimated Net Syndication Proceeds (excluding historic credit equity)	1,113,013
Estimated Yield - Housing Credit Syndication	75.68%
Equity Gap	1,113,103
Credits Needed to fill Equity Gap	148,561

52,000 Short Term Depreciable Basis

7 Depreciation Schedule

7,429 Annual Depreciation

basis * fraction	149,452
equity gap	147,223
requested	148,549

26-May-99

The Maples Phase II

		Check all Applicable								A					B						C					
Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	OCCUPIED BY: Income level of residents to be served:						AFFORDABLE TO: Units affordable to residents at:					
															<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+
1	122				1			1		1	625	217	0	217	1						1					
1	124				1			1		1	625	217	0	217	1						1					
1	126				1			1		1	625	217	0	217	1						1					
1	127				1			1		1	625	217	0	217	1						1					
1	128				1			1		1	625	217	0	217	1						1					
1	129				1			1		1	625	217	0	217	1						1					
1	130				1			1		1	625	435	0	435			1						1			
1	131				1			1		1	625	435	0	435			1						1			
1	132				1			1		1	625	435	0	435			1						1			
1	133				1			1		1	625	435	0	435			1						1			
1	134				1			1		1	625	435	0	435			1						1			
1	135				1			1		1	625	435	0	435			1						1			
1	136				1			1		2	865	522	0	522			1						1			
1	137				1			1		1	625	435	0	435			1						1			
1	138				1			1		2	865	522	0	522			1						1			
1	139				1			1		2	865	522	0	522			1						1			
1	222				1			1		1	625	435	0	435			1						1			
1	224				1			1		1	625	435	0	435			1						1			
1	226				1			1		1	625	435	0	435			1						1			
1	227				1			1		1	625	435	0	435			1						1			
1	228							1	1	1	625	675	0	675					1							1
1	229							1	1	1	625	675	0	675					1							1
1	230							1	1	1	625	675	0	675					1							1
1	231							1	1	1	625	675	0	675					1							1
1	232							1	1	1	625	675	0	675					1							1
1	233							1	1	1	625	675	0	675					1							1
1	234							1	1	1	625	675	0	675					1							1
1	235							1	1	1	625	675	0	675					1							1
1	236							1	1	2	865	825	0	825					1							1
1	237							1	1	1	625	675	0	675					1							1
1	238							1	1	2	865	825	0	825					1							1
1	239							1	1	2	865	825	0	825					1							1
Total # Units	32				20					Totals:	21,440	16,203		Total # Units	6	0	14	0	12	0	6	0	14	0	0	12

26-May-99 **The Maples Phase II**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	11,937	995	31	6.1%
Supportive Services	1,600	133	4	
Audit/Accounting	3,000	250	8	
Legal	250	21	1	
Compliance Monitoring	480	40	1	
Marketing	500	42	1	
Other	2,771	231	7	
TOTAL ADMINISTRATIVE	20,538	1,712	53	
Utilities				
Electricity	9,600	800	25	
Fuel	5,760	480	15	
Water and Sewer	1,920	160	5	
Fire Alarm / Emergency	640	53	2	
Other		0	0	
TOTAL UTILITIES	17,920	1,493	47	
Maintenance				
Maintenance / Janitor Payroll	5,000	417	13	
Janitor Supplies	600	50	2	
Exterminating	480	40	1	
Trash Removal	1,920	160	5	
Snow Removal	1,000	83	3	
Grounds	1,000	83	3	
Repairs Material		0	0	
Repairs Contract	2,400	200	6	
HVAC Repairs / Maintenance		0	0	
Elevator Contract / Repairs	600	50	2	
Painting and Decorating	800	67	2	
Other	800	67	2	
TOTAL MAINTENANCE	14,600	1,217	38	76,478
				per unit month excl. ds & res.
Real Estate Taxes	20,000	1,667	52	
Property Insurance	1,920	160	5	195
Replacement Reserves	8,000	667	21	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other (ptshp supervision fee)	1,500	125	4	
Total	84,478	7,040	220	

form revision date: 2/27/97

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The Maples Phase II

	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		194,436	197,353	200,313	203,318	206,367	209,463	212,605	215,794	219,031	222,316	225,651	229,036	232,471	235,958	239,498
Other Income		10,533	10,691	10,851	11,014	11,179	11,347	11,517	11,690	11,865	12,043	12,224	12,407	12,593	12,782	12,974
Vacancy and other losses		(9,722)	(9,868)	(10,016)	(10,166)	(10,318)	(10,473)	(10,630)	(10,790)	(10,952)	(11,116)	(11,283)	(11,452)	(11,624)	(11,798)	(11,975)
Total Operating Income		195,247	198,176	201,149	204,166	207,228	210,337	213,492	216,694	219,945	223,244	226,592	229,991	233,441	236,943	240,497
Operating Expenses																
Total Expenses (excl. Reserves)		76,478	78,772	81,136	83,570	86,077	88,659	91,319	94,058	96,880	99,786	102,780	105,863	109,039	112,311	115,680
Reserves		8,000	8,120	8,242	8,365	8,491	8,618	8,748	8,879	9,012	9,147	9,284	9,424	9,565	9,708	9,854
Total Operating Expense		84,478	86,892	89,377	91,935	94,568	97,277	100,066	102,937	105,892	108,934	112,064	115,287	118,604	122,019	125,534
Net Operating Income		110,769	111,284	111,771	112,231	112,661	113,059	113,425	113,757	114,053	114,310	114,528	114,704	114,837	114,924	114,963
Less Primary Debt Service		100,687	100,687	100,687	100,687	100,687	100,687	100,687	100,687	100,687	100,687	100,687	100,687	100,687	100,687	100,687
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		10,082	10,597	11,084	11,544	11,974	12,373	12,739	13,070	13,366	13,623	13,841	14,017	14,150	14,237	14,276
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		10,082	10,597	11,084	11,544	11,974	12,373	12,739	13,070	13,366	13,623	13,841	14,017	14,150	14,237	14,276
DCR		110.01%	110.52%	111.01%	111.47%	111.89%	112.29%	112.65%	112.98%	113.27%	113.53%	113.75%	113.92%	114.05%	114.14%	114.18%
Cumulative Cash Flow																
Beginning Balance		21,000	31,608	42,951	55,015	67,787	81,251	95,390	110,184	125,612	141,650	158,273	175,451	193,155	211,350	230,000
Deposits		10,082	10,597	11,084	11,544	11,974	12,373	12,739	13,070	13,366	13,623	13,841	14,017	14,150	14,237	14,276
Interest	2.0%	526	746	980	1,228	1,490	1,766	2,056	2,358	2,673	2,999	3,337	3,686	4,045	4,413	4,791
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		31,608	42,951	55,015	67,787	81,251	95,390	110,184	125,612	141,650	158,273	175,451	193,155	211,350	230,000	249,067
Cumulative Replacement Reserves																
Beginning Balance		0	8,080	16,445	25,103	34,060	(8,503)	203	9,043	18,194	27,664	(14,375)	(4,997)	4,522	14,275	24,370
Deposits		8,000	8,120	8,242	8,365	8,491	8,618	8,748	8,879	9,012	9,147	9,284	9,424	9,565	9,708	9,854
Interest	2.0%	80	245	415	592	1,107	87	92	272	459	974	94	95	188	386	901
Withdrawals	1,630	0	0	0	0	(52,160)	0	0	0	0	(52,160)	0	0	0	0	(52,160)
Ending Balance		8,080	16,445	25,103	34,060	(8,503)	203	9,043	18,194	27,664	(14,375)	(4,997)	4,522	14,275	24,370	(17,035)
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		110,769	111,284	111,771	112,231	112,661	113,059	113,425	113,757	114,053	114,310	114,528	114,704	114,837	114,924	114,963
Plus Reserves		8,000	8,120	8,242	8,365	8,491	8,618	8,748	8,879	9,012	9,147	9,284	9,424	9,565	9,708	9,854
Less Interest Expense		(89,625)	(88,766)	(87,841)	(86,843)	(85,769)	(84,611)	(83,362)	(82,018)	(80,568)	(79,006)	(77,323)	(75,509)	(73,555)	(71,448)	(69,179)
Less Long Depreciation		(79,794)	(79,794)	(79,794)	(79,794)	(79,794)	(79,794)	(79,794)	(79,794)	(79,794)	(79,794)	(79,794)	(79,794)	(79,794)	(79,794)	(79,794)
Less Short Depreciation		(7,429)	(7,429)	(7,429)	(7,429)	(7,429)	(7,429)	0	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(58,078)	(56,585)	(55,050)	(53,470)	(51,840)	(50,155)	(40,983)	(39,176)	(37,298)	(35,343)	(33,305)	(31,176)	(28,947)	(26,610)	(24,156)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		20,327	19,805	19,268	18,714	18,144	17,554	14,344	13,712	13,054	12,370	11,657	10,911	10,131	9,314	8,454
Plus Tax Credits		148,549	148,549	148,549	148,549	148,549	148,549	148,549	148,549	148,549	148,549					
After Tax Cash Flow		168,876	168,354	167,817	167,263	166,693	166,103	162,893	162,261	161,603	160,919	11,657	10,911	10,131	9,314	8,454
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		168,876	168,354	167,817	167,263	166,693	166,103	162,893	162,261	161,603	160,919	11,657	10,911	10,131	9,314	8,454
Future Value of Cash Flows at Yr 15:		924,356	822,764	732,266	651,654	579,849	515,892	451,716	401,751	357,253	317,626	20,543	17,169	14,234	11,683	9,469
Discount Rate:	6.00%															
Capital Contribution Number:	1	2	3													
Date of Capital Contribution:	01-Sep-99	01-May-00	01-Aug-00													
Amount of Capital Contribution:	779,109	222,603	111,301													
Present Value of Contributions:	779,109	213,768	105,258													
Cash Flows	(1,098,135)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,828,226
IRR:	11.77%															
Equity Yield:	0.7467															

26-May-99 **St Johnsbury House**

Total Residential Units:	36	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	36	Increase in Income from Other Sources:	1.50%
Percent Restricted:	100.00%	Increase in Income from Commercial:	1.50%
Total Development Cost:	3,093,648	Expense increase:	3.00%
Total Development Cost per Unit:	85,935	Vacancy Rate:	5%
Total Development Cost Per SF:	151	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	169,779	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	167,143	Sponsor's Estimated Yield:	74.75%
LIHTC - 9%	8.30%	(June '99)	
LIHTC - 4%	3.56%		

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	625,000	20.20%	7.50%	30	20
AHP	240,000	7.76%	N/A	N/A	grant
VCDP	605,000	19.56%	0.00%	30	
Developer Loan	16,498	0.53%	6.50%	30	
Historic Equity	357,925	11.57%	N/A	N/A	
Tax Credit Equity	1,236,860	39.98%	N/A	N/A	
TOTAL SOURCES	3,081,283	99.60%			

USES

Acquisition	546,375	17.66%
Construction Hard Costs	1,840,160	59.48%
Soft Costs	707,113	22.86%
TOTAL USES	3,093,648	100%
Gap	12,365	

PER UNIT COST LIMIT CALCULATION

	per unit limits	number of units	
0 Br	84,390	0	0
1 Br	90,140	36	3,245,040
2 Br	95,890	0	0
3 Br	101,637	0	0
4 Br	107,390	0	0
Maximum cost allowed under the per unit cost limits			3,245,040
Projected total cost, excluding cash accounts			3,037,648
(over)/under			207,392

General Partner's Capital Contribution	0	1.00%
Limited Partner's Capital Contribution	1,236,860	99.00%
Total Equity	1,236,860	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	36
Total Units	36
Unit Fraction	100.00%
Tax Credit Square Footage	20,520
Total Residential Square Footage	20,520
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

form revision date: 2/27/97

		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	30,000					
2	Purchase of Building(s)	510,000	510,000		510,000		
3	Demolition (without replacement)	0					
4	Property Appraisal	0					
5	Legal - Title and Recording	6,375					
	Subtotal - Acquisition	546,375					
	CONSTRUCTION HARD COSTS						
6	Rehabilitation	1,499,160		1,499,160	1,499,160	1,499,160	
7	New Building(s)	0					
8	Accessory Buildings	0					
9	Sitework	30,000		30,000	30,000		
10	Commercial Space Costs (if any)	0					
11	General Requirements	0					
12	Contractor Overhead	0					
13	Contractor Profit	0					
14	Construction Contingency	100,000		100,000	100,000	100,000	
15	Construction Management	0					
16	Construction Bond Fee	0					
17	Hazardous Materials Abatement	100,000		100,000	100,000	100,000	
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Equipment	111,000		111,000	111,000		
20	Other	0					
	Subtotal - Hard Costs	1,840,160					
	SOFT COSTS						
21	Architectural	50,000		50,000	50,000	50,000	
22	Engineering	20,000		20,000	20,000	20,000	
23	Legal/Accounting	28,500		28,500	28,500	28,500	
24	Relocation	95,000		95,000	95,000		
25	Environmental Assessment	0		0	0	0	
26	Energy Assessment	0		0	0	0	
27	Permits/Fees	26,000		26,000	26,000	26,000	
28	Independent Market Study	0		0	0	0	
29	Construction Period Insurance	10,000		10,000	10,000	10,000	
30	Construction Interest	26,563		26,563	26,563	26,563	
31	Construction Loan Origination Fee	11,250		11,250	11,250	11,250	
32	Taxes During Construction	3,000		3,000	3,000	3,000	
33	Clerk of the Works	0		0	0	0	
34	Marketing	20,000					
35	Tax Credit Fees	6,800					
36	Soft Cost Contingency	10,000		10,000	10,000	10,000	
37	Permanent Loan Origination Fee	0					
38	Lender's Counsel's Fee	10,000		10,000	10,000	10,000	
39	Other (other consultants)	12,000		12,000	12,000	12,000	
	SYNDICATION COSTS						
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES						
44	Developer's Fees	250,000		250,000	250,000	250,000	
45	Other Partnership Fees	0					
46	Consultant Fees	72,000		72,000	72,000	72,000	
	RESERVES						
47	Working Capital	20,000					
48	Rent-up (Deficit Escrow) Reserve	36,000					
49	Other Operating Reserves	0					
50	Sinking Fund	0					
51	Replacement Reserves	0					
	Subtotal - Soft Costs	707,113					
	TOTALS	3,093,648	510,000	2,464,473	2,863,473	2,228,473	
	LESS: Amount of Non-qualified Financing			240,000		240,000	
	LESS: Adjustment for per unit cost limits.						
	LESS: Historic tax Credit (Residential Portion)			397,695	397,695	20% Historic Credit Rate	
	Total Eligible Basis		510,000	1,826,778		397,695 Annual Historic Credit	
	TIMES: Adjusted for QCT/DDA	100.0%		1,826,778			
	TIMES: Applicable Fraction	100.00%	510,000	1,826,778			
	Total Qualified Basis		510,000	1,826,778	2,465,778	Long Term Depreciable Basis	
	TIMES: Applicable Percentage		3.56%	8.30%	27.5	Depreciation Schedule	
	Total Annual Credit Qualified		18,156	151,623	89,665	Annual Depreciation	

Total Tax Credits Requested	168,814
Estimated Net Syndication Proceeds (excluding historic credit equity)	1,249,225
Estimated Yield - Housing Credit Syndication	74.75%
Equity Gap	1,249,225
Credits Needed to fill Equity Gap	168,814

111,000	Short Term Depreciable Basis
7	Depreciation Schedule
15,857	Annual Depreciation

basis * fraction	169,779
equity gap	167,143
requested	168,814

26-May-99

St Johnsbury House

		Check all Applicable								A					B						C					
Building #	Unit #	HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	OCCUPIED BY: Income level of residents to be served:						AFFORDABLE TO: Units affordable to residents at:					
															<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+
1	1				1		1			1	570	218	0	218	1						1					
1	2				1		1			1	570	218	0	218	1						1					
1	3				1		1			1	570	218	0	218	1						1					
1	101				1		1			1	570	218	0	218	1						1					
1	102				1		1			1	570	390	0	390		1						1				
1	103				1		1			1	570	390	0	390		1						1				
1	104				1		1			1	570	390	0	390		1						1				
1	105				1		1			1	570	390	0	390		1						1				
1	106				1		1			1	570	390	0	390		1						1				
1	107				1		1			1	570	390	0	390		1						1				
1	108				1		1			1	570	390	0	390		1						1				
1	109				1		1			1	570	390	0	390		1						1				
1	110				1		1			1	570	390	0	390		1						1				
1	111				1		1			1	570	390	0	390		1						1				
1	201				1		1			1	570	390	0	390		1						1				
1	202				1		1			1	570	390	0	390		1						1				
1	203				1		1			1	570	390	0	390		1						1				
1	204				1		1			1	570	390	0	390		1						1				
1	205				1		1			1	570	390	0	390		1						1				
1	206				1		1			1	570	390	0	390		1						1				
1	207				1		1			1	570	390	0	390		1						1				
1	208				1		1			1	570	437	0	437			1						1			
1	209				1		1			1	570	437	0	437			1						1			
1	210				1		1			1	570	437	0	437			1						1			
1	211				1		1			1	570	437	0	437			1						1			
1	301				1		1			1	570	437	0	437			1						1			
1	302				1		1			1	570	437	0	437			1						1			
1	303				1		1			1	570	437	0	437			1						1			
1	304				1		1			1	570	437	0	437			1						1			
1	305				1		1			1	570	437	0	437			1						1			
1	306				1		1			1	570	437	0	437			1						1			
1	307				1		1			1	570	437	0	437			1						1			
1	308				1		1			1	570	437	0	437			1						1			
1	309				1		1			1	570	437	0	437			1						1			
1	310				1		1			1	570	437	0	437			1						1			
1	311				1		1			1	570	437	0	437			1						1			
Total # Units	36				36	0	36			Totals:	20,520	14,057		Total # Units	4	17	15	0	0	0	4	17	15	0	0	0

26-May-99 **St Johnsbury House**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	14,178	1,182	33	8.1%
Supportive Services	[redacted]	448	12	
Audit/Accounting	3,500	292	8	
Legal	500	42	1	
Compliance Monitoring	432	36	1	
Marketing	500	42	1	
Other	500	42	1	
TOTAL ADMINISTRATIVE	24,982	2,082	58	
Utilities				
Electricity	10,800	900	25	
Fuel	7,776	648	18	
Water and Sewer	2,160	180	5	
Fire Alarm / Emergency	1,800	150	4	
Other		0	0	
TOTAL UTILITIES	22,536	1,878	52	
Maintenance				
Maintenance / Janitor Payroll	18,000	1,500	42	
Janitor Supplies	600	50	1	
Exterminating	600	50	1	
Trash Removal	3,024	252	7	
Snow Removal	1,000	83	2	
Grounds	2,000	167	5	
Repairs Material		0	0	
Repairs Contract	3,600	300	8	
HVAC Repairs / Maintenance		0	0	
Elevator Contract / Repairs	3,000	250	7	
Painting and Decorating	1,800	150	4	
Other	900	75	2	
TOTAL MAINTENANCE	34,524	2,877	80	per unit month excl. ds & res. 234
Real Estate Taxes	16,200	1,350	38	
Property Insurance	3,060	255	7	
Replacement Reserves	9,000	750	21	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other (ptshp supervision fee)	1,000	83	2	
Total	111,302	9,275	258	

form revision date: 2/27/97

26-May-99	St Johnsbury House																
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Operating Income																	
Gross Rent		168,684	171,214	173,782	176,389	179,035	181,721	184,446	187,213	190,021	192,872	195,765	198,701	201,682	204,707	207,777	
Other Income		14,028	14,238	14,452	14,669	14,889	15,112	15,339	15,569	15,802	16,039	16,280	16,524	16,772	17,024	17,279	
Vacancy and other losses		(8,434)	(8,561)	(8,689)	(8,819)	(8,952)	(9,086)	(9,222)	(9,361)	(9,501)	(9,644)	(9,788)	(9,935)	(10,084)	(10,235)	(10,389)	
Total Operating Income		174,278	176,892	179,545	182,239	184,972	187,747	190,563	193,421	196,323	199,267	202,257	205,290	208,370	211,495	214,668	
Operating Expenses																	
Total Expenses (excl. Reserves)		102,302	105,371	108,532	111,788	115,142	118,596	122,154	125,819	129,593	133,481	137,485	141,610	145,858	150,234	154,741	
Reserves		9,000	9,135	9,272	9,411	9,552	9,696	9,841	9,989	10,138	10,291	10,445	10,602	10,761	10,922	11,086	
Total Operating Expense		111,302	114,506	117,804	121,199	124,694	128,292	131,995	135,807	139,732	143,771	147,930	152,211	156,619	161,156	165,827	
Net Operating Income		62,976	62,386	61,741	61,039	60,278	59,455	58,568	57,614	56,591	55,496	54,326	53,079	51,751	50,339	48,841	
Less Primary Debt Service	(9)	52,441	52,441	52,441	52,441	52,441	52,441	52,441	52,441	52,441	52,441	52,441	52,441	52,441	52,441	52,441	
Less Secondary Debt Service		39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Annual Cash Flow		10,496	9,945	9,300	8,598	7,837	7,014	6,127	5,173	4,150	3,055	1,885	638	(690)	(2,102)	(3,600)	
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	690	2,102	3,600	
Net Cash		10,496	9,945	9,300	8,598	7,837	7,014	6,127	5,173	4,150	3,055	1,885	638	0	0	0	
DCR		120.00%	118.96%	117.73%	116.40%	114.94%	113.37%	111.68%	109.86%	107.91%	105.83%	103.59%	101.22%	98.68%	95.99%	93.13%	
Cumulative Cash Flow																	
Beginning Balance		56,000	67,733	79,147	90,140	100,646	110,595	119,914	128,526	136,347	143,294	149,274	154,194	157,954	160,448	161,566	
Deposits		10,496	9,945	9,300	8,598	7,837	7,014	6,127	5,173	4,150	3,055	1,885	638	0	0	0	
Interest	2.0%	1,237	1,469	1,693	1,908	2,112	2,305	2,484	2,649	2,796	2,926	3,035	3,121	3,184	3,220	3,235	
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	(690)	(2,102)	(3,600)	
Ending Balance		67,733	79,147	90,140	100,646	110,595	119,914	128,526	136,347	143,294	149,274	154,194	157,954	160,448	161,566	161,201	
Cumulative Replacement Reserves																	
Beginning Balance		0	9,090	18,501	28,240	38,317	(4,932)	4,862	14,900	25,291	36,043	(6,521)	4,030	14,820	25,989	37,546	
Deposits		9,000	9,135	9,272	9,411	9,552	9,696	9,841	9,989	10,138	10,291	10,445	10,602	10,761	10,922	11,086	
Interest	2.0%	90	276	467	666	1,199	98	198	402	613	1,146	106	188	408	635	1,168	
Withdrawals	1,500	0	0	0	0	(54,000)	0	0	0	0	(54,000)	0	0	0	0	(54,000)	
Ending Balance		9,090	18,501	28,240	38,317	(4,932)	4,862	14,900	25,291	36,043	(6,521)	4,030	14,820	25,989	37,546	(4,200)	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Net Operating Income		62,976	62,386	61,741	61,039	60,278	59,455	58,568	57,614	56,591	55,496	54,326	53,079	51,751	50,339	48,841	
Plus Reserves		9,000	9,135	9,272	9,411	9,552	9,696	9,841	9,989	10,138	10,291	10,445	10,602	10,761	10,922	11,086	
Less Interest Expense		(46,680)	(46,232)	(45,750)	(45,231)	(44,671)	(44,068)	(43,418)	(42,717)	(41,963)	(41,149)	(40,273)	(39,328)	(38,310)	(37,213)	(36,031)	
Less Long Depreciation		(89,665)	(89,665)	(89,665)	(89,665)	(89,665)	(89,665)	(89,665)	(89,665)	(89,665)	(89,665)	(89,665)	(89,665)	(89,665)	(89,665)	(89,665)	
Less Short Depreciation		(15,857)	(15,857)	(15,857)	(15,857)	(15,857)	(15,857)	(15,857)	0	0	0	0	0	0	0	0	
Taxable Income (Loss)		(80,226)	(80,233)	(80,259)	(80,302)	(80,363)	(80,439)	(80,531)	(64,779)	(64,898)	(65,027)	(65,166)	(65,312)	(65,463)	(65,616)	(65,768)	
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Plus Tax Savings		28,079	28,082	28,091	28,106	28,127	28,154	28,186	22,673	22,714	22,760	22,808	22,859	22,912	22,966	23,019	
Plus Tax Credits		564,838	167,143	167,143	167,143	167,143	167,143	167,143	167,143	167,143	167,143						
After Tax Cash Flow		592,917	195,225	195,234	195,249	195,270	195,297	195,329	189,816	189,857	189,903	22,808	22,859	22,912	22,966	23,019	
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		592,917	195,225	195,234	195,249	195,270	195,297	195,329	189,816	189,857	189,903	22,808	22,859	22,912	22,966	23,019	
Future Value of Cash Flows at Yr 15:		3,245,368	954,085	851,901	760,685	679,256	606,562	541,662	469,977	419,714	374,834	40,196	35,969	32,190	28,808	25,781	
Discount Rate:	6.00%																
Capital Contribution Number:	1	2	3	4													
Date of Capital Contribution:	30-May-99	30-Aug-99															
Amount of Capital Contribution:	1,435,306	159,478	0	0													
Present Value of Contributions:	1,435,306	157,052	0	0													
Cash Flows	(1,592,358)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9,066,987
IRR:	12.30%																
Equity Yield:	0.78																

form revision date: 2/27/97

25 years 1974 1999 vhfa Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter CR

DATE: June 10, 1999

RE: Multifamily Loan Application for Portland and Main, Morrisville

Name:	Portland and Main	**Location:**	Morrisville
Housing Type:	Family	**Unit Type:**	Flats, Townhouses
Total Units:	11	**Unit Sizes:**	2 0-Br (350 sf); 6 1-Br (521 sf); 1 2-Br (955 sf); 2 3-Br (1281 sf)
Total Cost:	$1,337,053	**Per Unit Cost:**	$121,550
Loan Requested:	$695,240 construction	**Housing Credits:**	$38,000
Other Funding:	RD, VHCB, HOME, Energy Rebates, Historic Tax Credit, Housing Credits (out of cap)		
Sponsors:	Lamoille Housing Partnership (LHP), Housing Vermont (HVT)		

The Portland and Main Housing Limited Partnership, consisting of general partners LHP and H.V. 1999 Inc. (a subsidiary of HVT), propose to acquire and rehabilitate two downtown buildings in Morrisville. They have obtained preliminary approval from Rural Development (RD) for permanent financing and rental assistance for the project, which will total 11 units when completed. 16 Portland Street is a brick Romanesque Revival style historic commercial block. A Ben Franklin store recently vacated the first floor commercial space, and the U.S. Post Office will re-locate there. The limited partnership will lease the second floor of the building on a long term (99 year & renewable) basis, and rehabilitate it into six one-bedroom units and two efficiencies. (Currently there are 13 small substandard units in the building, many of which are vacant.) 144 Upper Main Street, a farmhouse style property two blocks away, will be acquired and rehabilitated into two 3-bedroom and one 2-bedroom apartments. Seven units will be service enriched, and four units will be marketed to the elderly and/or disabled. The sponsor is requesting up to $695,240 in tax exempt financing and will utilize the 4% out of cap Housing Credit. RD permanent financing will take out the VHFA debt. Rental assistance will allow tenants to pay no more than 30% of their income for rent. The sponsor will contract with a management company to be determined. An appraisal will be completed by the end of July.

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 COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: INTERIM FINANCING FOR PORTLAND AND MAIN, MORRISVILLE

WHEREAS, a proposal has been presented to the Agency by the Portland and Main Street Housing Limited Partnership, a limited partnership whose general partners are Lamoille Housing Partnership and H. V. 1999, Inc., involving the acquisition, long-term leasing and rehabilitation of 11 units of rental housing located in two buildings in the Town of Morrisville (the "Development"); and

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $700,000 as interim tax-exempt financing, with the interest rate to be determined by the Agency depending on the source of funds, and an interest rate of not more than 75 basis points above the Agency's cost of funds; 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 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 June 10, 1999, 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 and its general partners 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 is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to the Portland and Main Housing Limited Partnership for the acquisition, long-term leasing and rehabilitation of two buildings totaling 11 units located at 16 Portland Street and 144 Upper Main Street in Morrisville in the approximate amount of $700,000 as interim tax-exempt financing. The term of the loan will be approximately 12 months, with interest only payments due until the maturity date of the loan and an interest rate of 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 VHFA with a commitment for not less than $530,000 in term financing from Rural Development;

   b) Sponsor must provide assurance that the RD loan commitment can be assigned to VHFA as a new general partner, should either of the current general partners be unable to perform;

   c) Sponsor must address the Phase I Environmental Site Assessment (ESA) findings in the rehab scope of work, including clean up of petroleum contaminated debris in the basement boiler room of 16 Portland Street; and proper removal of the underground storage tank (UST) in the parking area of 16 Portland Street. In addition, sponsor must incorporate the recommendations of the ESA regarding USTs on neighboring properties.

   d) Sponsor must provide an appraisal satisfactory to VHFA prior to closing which demonstrates adequate value in the project;

   e) Sponsor must provide evidence of permits, and if the total number of units is decreased from what is represented in the application, the project must still demonstrate overall feasibility;

f) Sponsor must provide final plans and specifications for VHFA review and approval prior to VHFA loan closing;

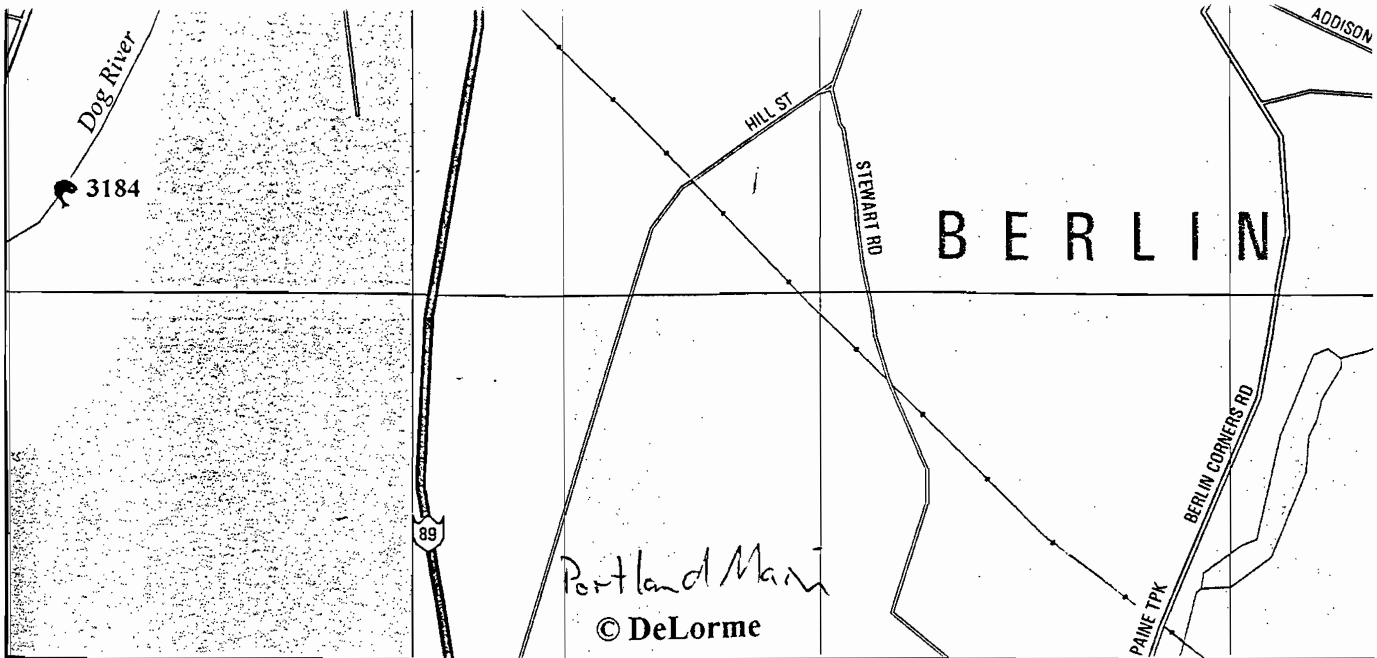
g) Sponsor must provide evidence of competitive bidding by loan closing with bids approximately at budgeted levels, to maintain overall feasibility; and

h) The lease between the Sponsor and the building owner of 16 Portland Street must be satisfactory to 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 an interim loan for the acquisition, long-term leasing and rehabilitation of the Development, in an amount not to exceed $700,000.

4. The loan shall be due and payable approximately 12 months from the date the loan is made; interest only payments 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. 1999, Inc. and Lamoille Housing Partnership 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.

5. The Executive Director and the Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

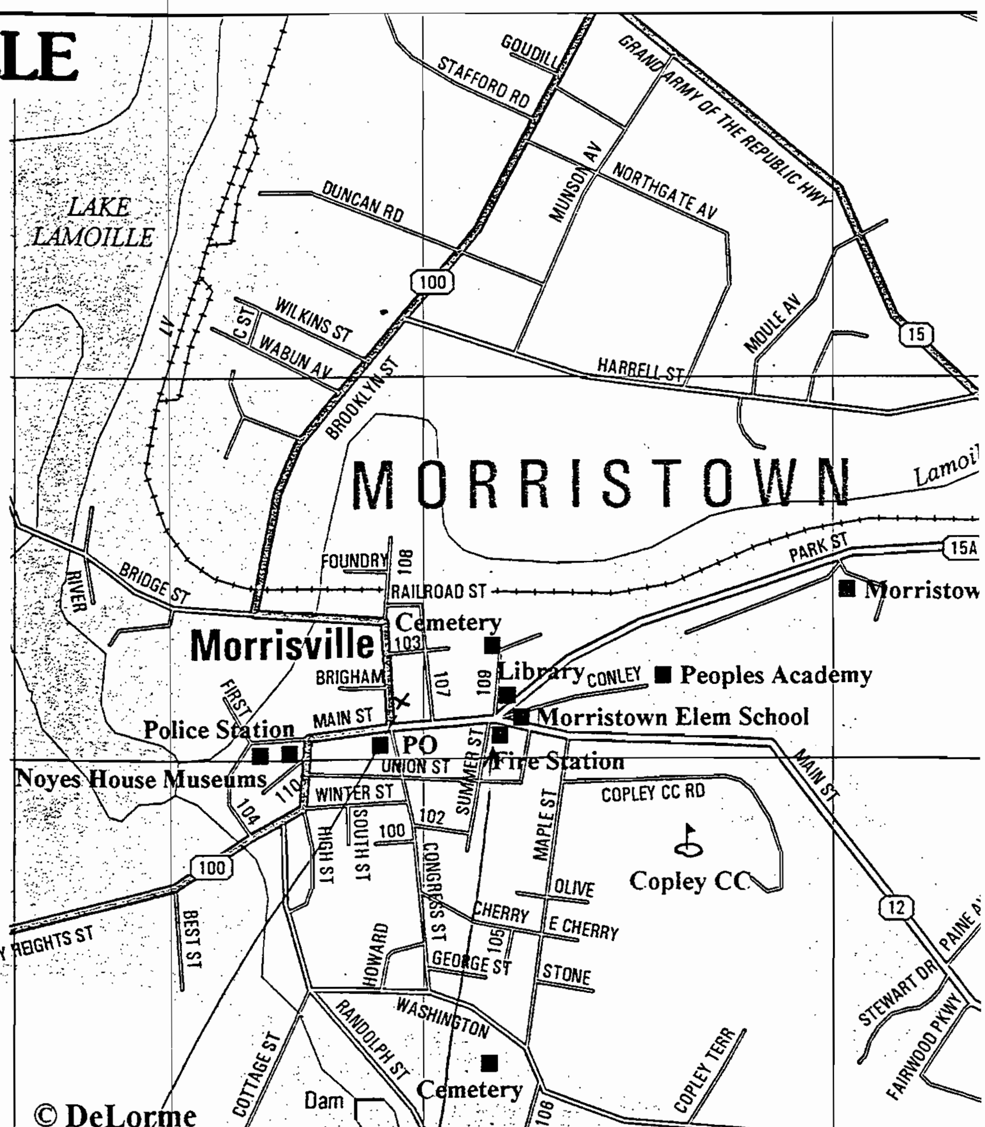


MORRISVILLE

SEE PAGE 46

***Numbers** replace street names where map space is limited*

1ST ST J9
BEST ST K9
BRIDGE ST J9
BRIGHAM ST J9
BROOKLYN ST J9
C ST I9
CHERRY ST K10
CLARK ST/**100** K9
CONGRESS ST K9
CONLEY AVE J10
COPLEY COUNTRY CLUB RD K10
COPLEY TERR K10
COTTAGE ST K9
DEMARS RD K11
DUNCAN RD I9
E CHERRY ST K10
FAIRWOOD HEIGHTS EXT/**101** K11
FAIRWOOD PKWY E K11
FOUNDRY ST J9
FRAZER RD I11
GEORGE ST K10
GOUDILL AV I10
GRAND ARMY OF THE REPUBLIC HWY I10
HARRELL ST I10
HARRISON AV/**102** K9
HIGH ST K9
HOWARD ST K9
HUTCHINS ST/**103** J9
JERSEY HEIGHTS ST K8
JERSEY HEIGHTS ST/**104** K9
LINCOLN ST/**105** K10
MAIN ST J9, J10, K11
MANSFIELD AV/**106** K10
MAPLE ST K10
MORRISTOWN CORNERS RD K8
MOULE AV I10
MUNSON AV I10
NORTHGATE AV I10
OLIVE ST K10
PAINE AV K11
PARK ST J10
PLEASANT ST/**107** J10
PORTLAND ST/**108** J9
RAILROAD ST J9
RANDOLPH ST K9
RICHMOND ST/**109** J10
RIVER ST J9
SOUTH ST K9
STAFFORD RD I10
STEWART DR K11
STONE ST K10
SUMMER ST K10
UNION ST K9
W HIGH ST/**110** K9
WABUN AV I9
WASHINGTON HWY K9
WILKINS ST I9
WINTER ST K9



16 Portland St.
Brick w/ Glass Store front,

144 Upper Main St.
Corner of Summer
Next to Fire Station

1" = 0.4

map
H6
I6
J5
H7
K5

25 years vhfa
1974 1999 Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter CR

DATE: June 10, 1999

RE: Multifamily Loan Application for Crystal Lake, Barton

Name:	Crystal Lake	**Location:**	Barton
Housing Type:	Family	**Unit Type:**	Flats & townhouses
Total Units:	15	**Unit Sizes:**	4 1-Br (686 sf); 7 2-Br (830 sf); 3 3-Br (948 sf); 1 4-Br (1300 sf)
Total Cost:	$1,710,764	**Per Unit Cost:**	$114,051
Loan Requested:	$900,000 construction	**Housing Credits:**	$47,223
Other Funding:	RD, VHCB, Energy Incentives, Neighborworks, AHP, Town of Barton, Historic Tax Credits, Housing Credits (out of cap)		
Sponsors:	Gilman Housing Trust (GHT), Housing Vermont (HVT)		

Crystal Lake Housing Limited Partnership, consisting of general partners Gilman Housing Trust and H. V. 1999 Inc. (a subsidiary of HVT), proposes to acquire and rehabilitate three buildings in Barton. The sponsor has obtained preliminary approval from Rural Development (RD) for permanent financing and rental assistance for the project, which will total 15 units when completed. Two of the buildings are currently owned by GHT; the third is owned by Northeastern Vermont Housing Company. All are in need of substantial rehabilitation. All three are near the town center and provide housing for families. The sponsor is requesting up to $900,000 in tax exempt financing and plan to utilize the 4% out of cap Housing Credit. RD permanent financing will take out the VHFA debt. Rental assistance will allow tenants to pay no more than 30% of their income for rent. Northern Community Management Company will manage the property. An appraisal will be completed by the end of July. The project's cost exceeds the Housing Credit program cost limits, and the sponsor has requested a waiver from the cost limits due to unusually high costs associated with the historic rehab and programmatic requirements of RD. The Allocation Plan allows for exceptions to the cost guidelines due to extraordinary situations; since it is a historic rehab, and since the out of cap credits are not a scarce resource, staff has approved the request.

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 COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: INTERIM FINANCING FOR CRYSTAL LAKE, BARTON

WHEREAS, a proposal has been presented to the Agency by the Crystal Lake Housing Limited Partnership, a limited partnership whose general partners are Gilman Housing Trust and H. V. 1999 Inc. , involving the acquisition and rehabilitation of 15 units of rental housing located in three buildings in the Town of Barton (the "Development"); and

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $900,000 as interim tax-exempt financing, with the interest rate to be determined by the Agency depending on the source of funds, and an interest rate of not more than 75 basis points above the Agency's cost of funds; 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 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 June 10, 1999, 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 and its general partners 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 is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to the Crystal Lake Housing Limited Partnership for the acquisition and rehabilitation of three buildings totaling 15 units located at 10 Water Street, Main Street and King Block in Barton in the maximum amount of $900,000 as interim tax-exempt financing. The term of the loan will be no more than 12 months, with interest only payments due until the maturity date of the loan and an interest rate of 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 VHFA with a commitment for not less than $708,626 in term financing from Rural Development;

   b) Sponsor must provide assurance that the RD loan commitment can be assigned to VHFA as a new general partner, should either of the current general partners be unable to perform;

   c) Sponsor must demonstrate that requisite financing has been committed by October 15, 1999, including but not limited to Neighborworks and the Affordable Housing Program. "Requisite financing" means the amount and terms of each of the sources of funding represented on the multifamily loan application or their equivalent. 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;

   d) Sponsor must address any Phase I Environmental Site Assessment (ESA) findings in the rehab scope of work;

   e) Sponsor must provide an appraisal satisfactory to VHFA prior to closing which demonstrates adequate value in the project;

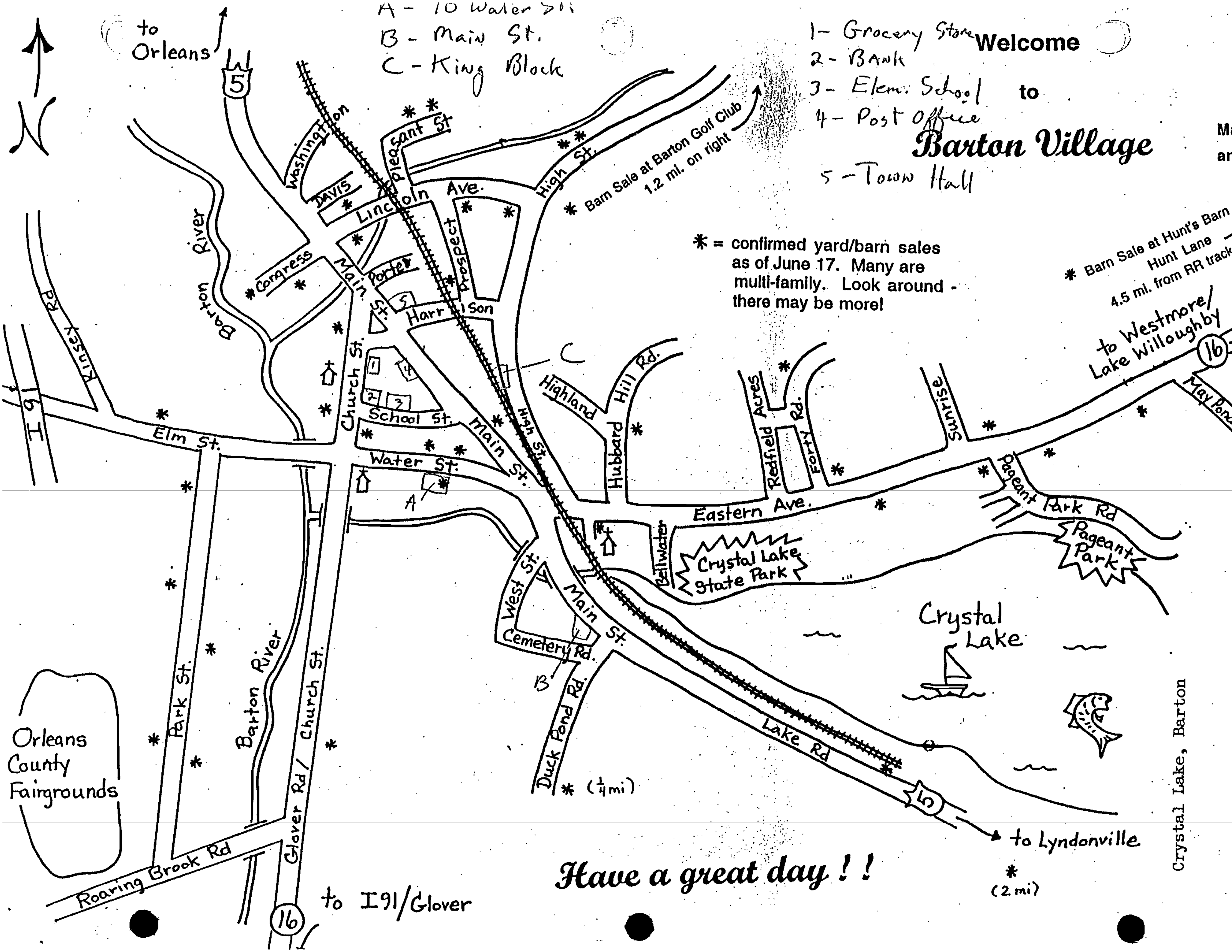
f) Sponsor must provide final plans and specifications for VHFA review and approval prior to VHFA loan closing;

g) Sponsor must provide evidence of competitive bidding by loan closing with bids approximately at budgeted levels, to maintain overall feasibility;

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 an interim loan for the acquisition and rehabilitation of the Development, in an amount not to exceed $900,000.

4. The loan shall be due and payable not more than 12 months from the date the loan is made; interest only payments 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. 1999 Inc. and Gilman Housing 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.

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



Crystal Lake, Barton

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Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter

DATE: June 10, 1999

RE: Multifamily Loan Application for Swanton School, Swanton

Name:	Swanton School	**Location:**	Swanton
Housing Type:	Elderly	**Unit Type:**	Flats / Elevator
Total Units:	16	**Unit Sizes:**	1 bedroom
Total Cost:	$1,889,442 (resid. only)	**Per Unit Cost:**	$118,090 (resid. only)
Loan Requested:	$980,000 Construction	**Housing Credits:**	$52,600
Other Funding:	RD,VCDP,VHCB, HOME, Historic Tax Credit, Housing Credits (4% out of cap)		
Sponsors:	Lake Champlain Housing Development Corporation (LCHDC), Housing Vermont (HVT)		

This is an adaptive re-use of a historic school building which has been vacant for ten years, and is located in the center of the Village of Swanton. Swanton School Housing Limited Partnership, whose general partners are Lake Champlain Housing Ventures and H.V.1999, Inc., plans to convert the building into 16 units of elderly housing with services, and a community/health center. The project has a commitment for permanent financing and rental assistance from Rural Development (RD). The Missisquoi Health Center, a local non-profit, plans to operate a health clinic at the building, and expand the health and community services they currently offer. A senior/community center will also be housed in the building. There will be senior meals offered twice weekly, and Meals on Wheels will operate daily. In addition, an Abenaki self help group will offer adult and after school learning programs. The project has strong community support. A recent survey found 40 seniors interested in the project. There will be 16 one-bedroom units; the gross rent (utilities included) is $535 for each unit, which is the RD rent. However, rental assistance will allow tenants to pay no more than 30% of their income for rent. Lake Champlain Housing Ventures will manage the property. The sponsor is seeking $980,000 in tax exempt financing which will allow them to utilize the 4% out of cap Housing Credit. RD will take out the VHFA loan with permanent debt. The appraisal will be completed in July. The project's cost exceeds the Housing Credit program cost limits, and the sponsor has requested a waiver from the cost limits due to unusually high costs associated with the adaptive re-use of an old school. The Allocation Plan allows for exceptions to the cost guidelines due to extraordinary situations, and since it is a historic rehab and an adaptive reuse, and since the out of cap credits are not a scarce resource, staff has approved the request.

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 COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: INTERIM FINANCING FOR SWANTON SCHOOL, SWANTON

WHEREAS, a proposal has been presented to the Agency by the Swanton School Housing Limited Partnership, a limited partnership whose general partners are Lake Champlain Housing Ventures and H. V. 1999, Inc., involving the acquisition and rehabilitation of 16 units of rental housing located in one building in the Village of Swanton (the "Development"); and

WHEREAS, the proposal contemplates a first mortgage loan in an amount not more than $1,000,000 as interim tax-exempt financing, with the interest rate to be determined by the Agency depending on the source of funds, and an interest rate of not more than 75 basis points above the Agency's cost of funds; 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 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 June 10, 1999, 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 and its general partners 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 is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to the Swanton School Housing Limited Partnership for the acquisition and rehabilitation of one building totaling 16 units located at Church Street in Swanton in the maximum amount of $1,000,000 as interim tax-exempt financing. The term of the loan will be not more than 12 months, with interest only payments due until the maturity date of the loan and an interest rate of 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 VHFA with a commitment for not less than $570,000 in term financing from Rural Development;

   b) Sponsor must provide assurance that the RD loan commitment can be assigned to VHFA as a new general partner, should either of the current general partners be unable to perform;

   c) Sponsor must demonstrate that requisite financing has been committed by June 30, 1999, including but not limited to Vermont Community Development Program. "Requisite financing" means the amount and terms of each of the sources of funding represented on the multifamily loan application or their equivalent. 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;

   d) Sponsor must address any Phase I Environmental Site Assessment (ESA) findings in the rehab scope of work including removal of a known underground storage tank (UST) and the determination of whether or not there is a second UST on the property (and if so, provide for its removal);

   e) Sponsor must provide an appraisal satisfactory to VHFA prior to closing which demonstrates adequate value in the project;

f) Sponsor must provide final plans and specifications for VHFA review and approval prior to VHFA loan closing;

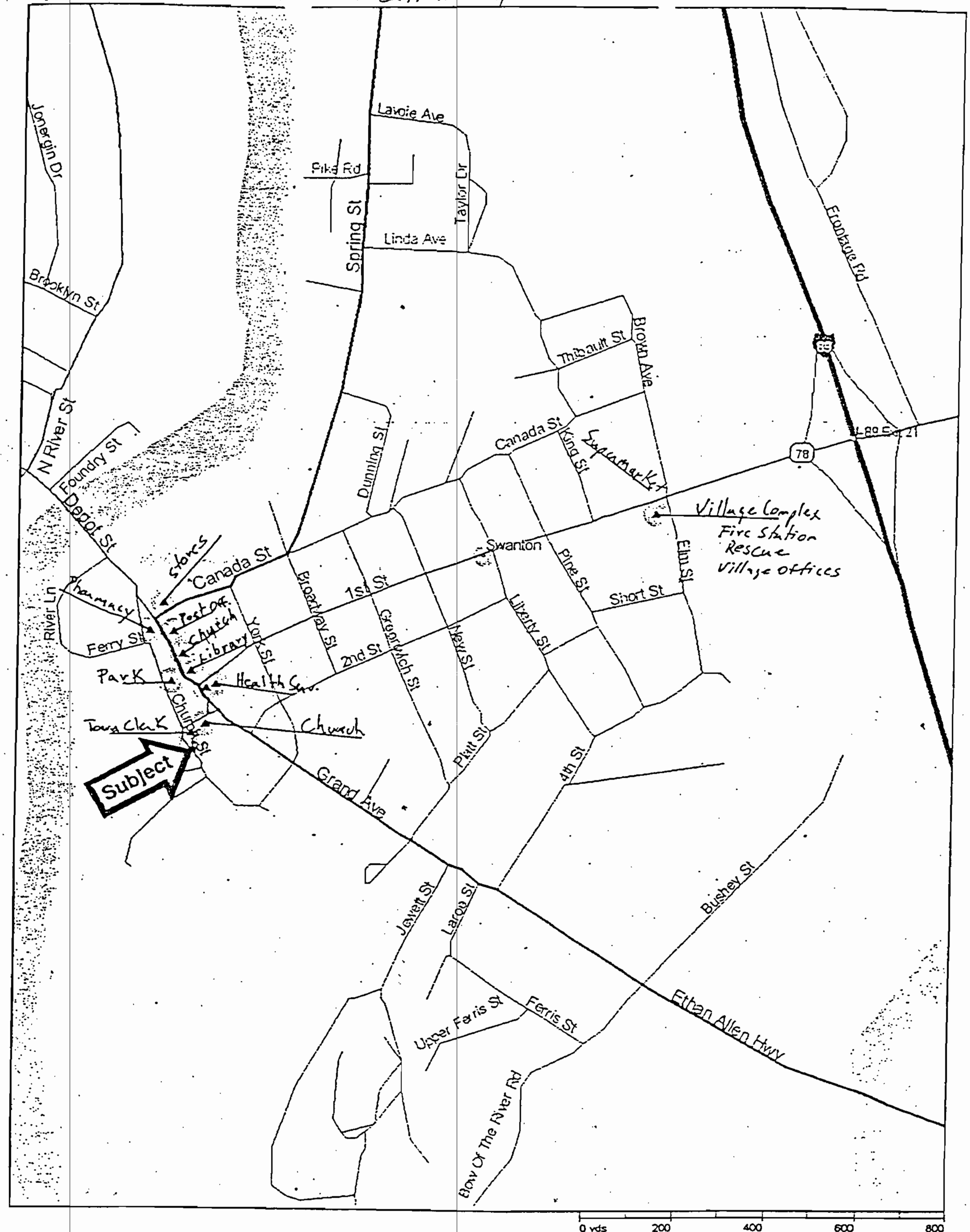
g) Sponsor must provide evidence of competitive bidding by loan closing with bids approximately at budgeted levels, to maintain overall feasibility;

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 an interim loan for the acquisition and rehabilitation of the Development, in an amount not to exceed $1,000,000.

4. The loan shall be due and payable not more than 12 months from the date the loan is made; interest only payments 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. 1999, Inc. and Lake Champlain Housing Ventures 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.

5. The Executive Director and the Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

Location Map



Streets98

Swanton School, Swanton

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1999 Multifamily Development Activity
January 1, 1999 through June 30, 1999

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.
Red Lion Inn	Acq/Rehab	Elderly	20	Randolph Neighborhood Housing Services	Randolph	$45,000	Committed 5/27/98.
Stoughton House	Acq/Rehab	Elderly	48	Cathedral Square Corp	Windsor	$5,000	Committed 6/9/98
222 Riverside Ave	New Const	Family	12	Lake Champlain Housing Devel Corp	Burlington	$25,600	Committed 8/26/98; Has applied for 1999 Tax Credits.
South Burl/ LCHDC	New Const	Family	16	Lake Champlain Housing Devel Corp	So. Burlington	$17,000	Committed 8/26/98; Has applied for 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".)
Manchester Knoll	New Const	Family	20	Regional Affordable Housing Corp	Manchester	$20,000	Committed 12/22/98; Applied for 1999 Tax Credits.
Barlow & Union	Acq/Rehab & New Const	Family	12	Rutland County Community Land Trust	Brandon	$11,715	Committed 12/22/98. 515 project – may apply for construction loan.
Portland & Main	Acq/Rehab	Family	11	Lamoille Housing Partnership	Morrisville	$27,500	Committed 2/2/24; Rd 515 project has applied for tax exempt financing & out of cap credits.
The Copley House	Acq/Rehab	Level III CCH	23	Lamoille Housing Partnership	Morrisville	$5,000	Committed 5/4/99; Has applied for 1999 tax credits & VHFA Loan (formerly Fairwood Meadows House)

1999 Multifamily Development Activity
January 1, 1999 through June 30, 1999

1. Ventures Pre-Development Loans, Cont'd	Type Project	Type Housing	# Units	Sponsor	Location	Loan/ Credit Amount	Status
Bus Barns	Acq/Rehab	Family	25	Burlington Community Land Trust	Burlington	$35,000	Committed 5/18/99; Has applied for 1999 tax credits
Hawkins Housing	Acq/Rehab	Family	14	Addison County Community Action Group	Middlebury & Vergennes	$4,200	Committed 5/18/99; Has applied for 1999 tax credits
Saxtons River	Acq/Rehab	Family	17	Housing Vermont	Saxtons River	$28,922	Committed 5/19/99; Portfolio project; applying for tax exempt loan & out of cap credits.

1999 Multifamily Development Activity
January 1, 1999 through June 30, 1999

2. Housing Credit Projects	Type Project	Type Housing	# Units	Sponsor	Location	Loan/ Credit Amount	Status
Barre & Bailey Streets	Acq/Rehab	Family	15	Central Vermont CLT	Montpelier	$50,000	Under construction; Carryover issued 10/8/98
Bennington Arts	Acq/Rehab	Family	15	Housing Vermont & Vermont Arts Exchange	Bennington & Greater Area	$73,000	Carryover issued 12/24/98
Cora B. Whitney	Acq/Rehab	Elderly	22	Regional Affordable Housing Corp	Bennington	$73,399	Under construction; Carryover issued 11/11/98
Lakeview Housing	Acq/Rehab	Fam/Eld	16	Housing Vermont & Gilman Housing Trust	Newport	$35,900	Out of Cap Credit; Closed 12/16/98; under construction
The Maples	New Const	Elderly	51	Green Mountain Devel Group	Rutland	$220,871	Carryover issued 12/31/98
McAuley Square	New Const	Family	19	Housing Vermont & Cathedral Square Corp	Burlington	$88,000	1999 Credits (forward commitment); legal appeal of permit conditions pending
Park Place II	Acq/Rehab	Family	14	Housing Vermont	Burlington	$75,000	1998 & 1999 Credits (partial forward commitment) Carryover issued 12/31/98
Park Village Apts	Acq/Rehab	Fam/Eld	39	Holmberg Construction Inc.	Brandon	$171,851	Received 1998 & 1999 Credits (partial forward commitment); Carryover issued 12/30/98
Pearl & Union SRO	Acq/Rehab	SRO	21	Housing Vermont & Burlington CLT	Burlington	$55,000	Carryover issued 12/31/98
Homestead Greene	New Const	Elderly	17	THM Inc.	North Bennington	$59,150	Out of Cap credits and tax-exempt bond financing; closed 4/13/99; under construction
Highland Hill Housing	Acq/Rehab	Family	14	Housing Vermont & Lamoille Housing Partnership	Hardwick	$47,500	Carryover issued 9/25/98
Allen Apartments	Acq/Rehab	Family	17	Lake Champlain Housing Devel Corp	Winooski	$28,987	Closed 2/24/99; Out of Cap Tax Credits. Under construction.

1999 Multifamily Development Activity
January 1, 1999 through June 30, 1999

3. Multifamily Loans	Type Project	Type Housing	# Units	Sponsor	Location	Loan/ Credit Amount	Status
Valley Terrace	New Const	Elderly Level III CCH	60	Health Property Partners – Jack Heaton and Frank Murphy	Hartford	$5,200,000	Construction & Permanent Loan Commitment 4/34/98; May start construction Spring '99; may seek other financing & go 100% market.
Homestead Greene	New Const	Elderly	17	THM Inc. – Jack Heaton and Frank Murphy	No. Bennington	$975,000	Interim Financing Commitment 7/23/98; Closed 4/13/99; under construction; RD will do permanent takeout in 1999.
Lakeview Housing	Acq/Rehab	Family/ Elderly	16	Housing Vermont	Newport	$800,000	Interim Financing Commitment 7/23/98; Closed 12/16/98; RD will do permanent takeout in 1999. Under construction.
Allen Apartments	Acq/Rehab	Family	17	Lake Champlain Housing Devel Corp	Winooski	$515,000 Tax Exempt; $199,000 0% Funds	Commitment 12/17/98; Closed 2/24/99; Out of Cap Tax Credits. Under construction.
The Briars	Acq/Rehab	Family	24	Housing Vermont/Twin Pines Housing Trust	Wilder	$681,000 permanent $90,000 construction	Commitment 3/17/99. Out of cap credits. Closing scheduled 6/24/99.
Jacobs Mobile Court	Existing MHP	Family/ Elderly	19	Randolph Area CDC	Randolph	$80,862	Commitment 4/15/99. Closing by July/August 1999.
Blair Apartments	New Construction	Elderly	60	Yandow/Dousevicz Construction Corp	Williston	$3,200,000 permanent; $3,707,000 construction	Commitment 5/27/99; closing by 7/99.

1999 Multifamily Development Activity
January 1, 1999 through June 30, 1999

4. Multifamily pipeline and potential projects	Type Project	Type Housing	# Units	Sponsor	Location	Loan/ Credit Amount	Status
Swanton School (515)	Acq/Rehab	Elderly	16	Lake Champlain Housing Development Corporation / Housing Vermont	Swanton	$980,000	Seeking tax exempt financing and out of cap tax credits. To 6/17/99 Board meeting for commitment.
Portland & Main (515)	Acq/Rehab	Family	11	Lamoille Housing Partnership/Housing Vermont	Morrisville	$695,240	Seeking tax exempt financing and out of cap tax credits. To 6/17/99 Board meeting for commitment.
Crystal Lake, Barton (515)	Acq/Rehab	Family	16	Housing Vermont/ Gilman Housing Trust	Barton	$900,000	Seeking tax exempt financing and out of cap tax credits. To 6/17/99 Board meeting for commitment.
Barlow & Union (515)	Acq/Rehab & New Const	Family	12	Rutland County Community Land Trust	Brandon	$600,000	Loan application not submitted; Contingency plan to seek tax exempt financing and out of cap tax credits.
McAuley Square	New Const	Family/ Elderly	54	Housing Vermont/Cathedral Square Corp	Burlington	$3,500,000 construction & permanent	Loan application not yet submitted; Seeking tax exempt financing and out of cap tax credits. (Yr 2000)
Stratton Mountain	New Const	Family	36	Capital Ideas Inc.	Stratton or Winhall	$2,600,000 construction & permanent	Loan application not yet submitted; Seeking tax exempt financing and out of cap tax credits.

1999 Multifamily Development Activity
January 1, 1999 through June 30, 1999

4. Multifamily pipeline and potential projects (Cont'd)	Type Project	Type Housing	# Units	Sponsor	Location	Loan/ Credit Amount	Status
Jeffersonville Elderly	New Const	Elderly	24	Housing Vermont	Jeffersonville	$1,450,000 construction $350,000 permanent	Loan application not yet submitted; Seeking tax exempt financing and out of cap tax credits.
Limerock I	New Const	Family	40	Housing Vermont/LCHDC	So. Burlington	$2,250,000 construction & permanent	Loan application not yet submitted; Seeking tax exempt financing and out of cap tax credits.
Saxtons River	Acq/Rehab	Family	17	Housing Vermont/RACLT	Rockingham	$765,000 construction $450,000 permanent	Loan application not yet submitted; Seeking tax exempt financing and out of cap tax credits.
South Burlington Community Housing	New Const	Family	18	Housing Vermont/LCHDC	So. Burlington	$254,515	Seeking 1999 Tax Credits and permanent debt. Debt contingent upon credits.
The Copley House	Acq/Rehab	Level 3 CCH	23	LHP/Housing Vermont	Morrisville	$320,275	Seeking 1999 Tax Credits and permanent debt. May not need credits if can obtain Historic Credits; Loan application submitted 4/13/99.
Richford	Acq/Rehab	Family	10	LCHDC/Housing Vermont	Richford	$500,000 construction	Loan application not yet submitted; in planning stage. Tax exempt bond & 4% credit.
Williamstown Elderly	Acq/Rehab & new construction	Elderly/ Assisted Living	30	Dick Dybvig	Williamstown	$3,000,000	Loan application not yet submitted; in planning stage. Tax exempt bond & 4% credit.
Westgate	Acq/Rehab	Family	100	Silver St. Development Corp (currently)	Brattleboro	?	In planning stages only.

25 years 1974 1999 vhfa Vermont Housing Finance Agency

TO: VHFA BOARD OF COMMISSIONERS

FROM: Roger A. Schoenbeck, Director of Finance

DATE: June 10, 1999

RE: FY2000 PROPOSED BUDGET

The Board Budget Committee has met and reviewed the attached proposed budget. They accepted the budget as proposed. A committee member will provide additional insight to the full Board.

Overview

This past fiscal year was one of transition with many significant changes to both operations and staffing. The first budget of the new millennium reflects these changes, which makes it a little difficult to compare year versus year. We have also added a column on the form projecting final FY99 results. We will attempt to identify the most important of these changes and the reasoning behind them. We have expanded the presentation somewhat and have integrated some of the bond program transactions into the budgetary process so that Commissioners could get a better picture of the implications of bond activity. Staffing changed dramatically from 46 employees in July 1998 to 36 employees today with 3 open positions.

Projected FY99 Results

The most significant difference from budget is that we have increased the fund transfer from the Single Family Housing Bond program to cover program loan losses. We also underestimated activity on general fund loans so that both interest income on loans and interest expense are much higher than originally projected. Due to the contraction of staff, most other expenses will finish lower than budgeted amounts. The expanded usage of the 0 point mortgage program and the much lower than expected collection of multifamily fees explain the remaining differences from the original projected budget.

Income

Even though the totals have not changed dramatically, the individual items show a lot more volatility. Following is an explanation of the major changes.

Single Family Fees

The movement to no-point mortgages is the primary reason for the change in this line item. The payment to the lenders of origination fees is shown under the operating expenses and consists of the 1 point on mortgages that lenders require. Participation fees have also been eliminated.

Multifamily Fees
Some fee-based financings that were anticipated at the beginning of the fiscal year did not materialize. We are expecting a busy year in financings.

Project Administration fees
This component of earnings from the multi-family housing bond program has been moved back under fund transfers.

VHMGB charges
Due to the "sale" of the Guarantee Board, charges for direct expenses and portions of shared expenses have been eliminated except for a small amount set aside for a final audit.

Miscellaneous Income
Grant income from the Federal Home Loan Bank for the purpose of making no-interest loans to deserving low and very low income households.

Fund Transfers
This income is the surpluses transferred from the bond programs. The most significant issue with transfers is that increased amounts need to occur to cover loan losses.

SF Housing Program. Current single family program resolution consists of 10 series of bonds with annual takeouts scheduled at $1.5 million plus coverage of appropriate loan losses.

SF Insured Mtg Program. These bonds will be redeemed in full over the next couple of months. Current scheduled takeout $200,000 annually supplemented to assist coverage of loan losses.

SF Mortgage Purchase Program. Bonds are paid off; most all earnings have been transferred..

SF Home Mortgage Purchase Program. Ten programs issued from 1983 thru 1989; bonds have been redeemed from prepayments for most of the programs. A contribution towards loan losses is the reason for the increase this year.

MF Housing Program. The only change to this program is the inclusion of the project administration fee income which last year was shown in income.

New Bonds Cost of Issuance. This is a new line item that is being added to show the offset to advertising expense that is paid from the cost of issuance when a new bond issue is sold.

Expenses

Advertising & Promotion. These accounts have been split into two separate accounts and have been grossed up to account for bond proceeds that are paid to promote the program.

Consulting Fees. An increase in construction inspection fees and servicing request for proposal costs offset some of the savings that was spent last year on VHMGB consultants.

Contract Services. This is a new account category and represents our estimate of the cost to have MGIC underwrite our mortgages for the year.

Insurance. A larger savings was hoped for due to the decrease in employees, but group health premiums increased 15% this year.

Legal. The change to a contracted attorney instead of a staff lawyer is the major reason for the increase in this category. Additional issuance of tax-exempt bonds also contributed to the increase.

Maintenance agreements. Increases and expanded software contracts are mainly responsible for this increase.

Salaries. A decrease in positions is the main reason for the drop in this category. A factor of 4% was added to cover a 2.3% cost of living increase and to provide a small pool for merit increases. In addition a recognition pool of $5,000 and a payroll adjustment and contingency fund of $20,000 are included to assist in correcting inequities.

Staff Travel & Training. Although the number of employees have decreased, many of the new staff will require additional training and will benefit from attending conferences.

Loan Interest Cost. This item has been split from the operating expense area because it is directly related to loan activity and is more a financing cost instead of an operating expense. The large increase in this item is due to increased Federal Home Loan Bank activity and construction loans. A large increase is also in the interest income loan line item in the income section.

Organization Subsidy Expense. The large decrease in this line item is due to the elimination of the capital subsidy payment for the Vermont Home Mortgage Guarantee Board. Homeownership Center funding increased for this year.

Program Loan Losses. High loan losses continue to plague the organization. New staff, management and methods are hoped to make a significant impact on loan losses in future years. This category was added to show directly the impact of loan losses to our financial health. Additional draws from the bond programs are necessary to fund the losses.

Capital Budget
The budget for capital for FY2000 is $92,550 a significant decrease from the $251,000 budget of last year as much of the computer upgrades were completed. Deferred building improvements on the brickwork and windowsills are the major items budgeted this year.

Please call Sarah, Tim Gutchell (Controller) or me with any questions that you might have or bring them to the meeting. Thanks.

Recommended Action
Approval of the FY2000 operating and capital budgets as proposed.

PROPOSED BUDGET
VERMONT HOUSING FINANCE AGENCY
F/Y/E JUNE 30, 2000

	APPROVED BUDGET FYE 6/30/99	PROJECTED ACTUAL FYE 6/30/99	PROPOSED BUDGET FYE 6/30/2000	BUDGET $ INCREASE (DECREASE)	PERCENT CHANGE
INCOME					
Single family fees	130,000	95,000	49,000	(81,000)	-62.3%
Multi-family fees	226,000	118,000	294,000	68,000	30.1%
Project Administration fees	95,000	73,716	0	(95,000)	-100.0%
Single family servicing fees	22,000	18,000	22,000	0	0.0%
Interest income-loans	790,000	920,000	1,100,000	310,000	39.2%
Interest income-invest	100,000	80,000	50,000	(50,000)	-50.0%
VHMGB charges	355,000	315,000	6,000	(349,000)	-98.3%
Miscellaneous income	45,000	120,000	145,000	100,000	222.2%
TOTAL INCOME	**1,763,000**	**1,739,716**	**1,666,000**	**(97,000)**	**-5.5%**
FUND TRANSFERS					
Single Family Housing Bonds	1,500,000	2,465,000	2,500,000	1,000,000	66.7%
Single Family Insured Mtg Bonds	200,000	200,000	400,000	200,000	100.0%
Single Family Mortgage Purchase	175,000	150,000	25,000	(150,000)	-85.7%
Single Family Home Mortgage Purch	120,000	104,400	820,000	700,000	583.3%
Multi-Family Mortgage Bonds	440,000	440,000	440,000	0	0.0%
Multi-Family Housing Bonds	160,000	143,163	255,000	95,000	59.4%
Multi-Family Housing Develop Bonds	20,000	20,000	20,000	0	0.0%
Direct Placement Bonds	35,000	31,500	35,000	0	0.0%
New Bonds Cost of Issuance	0	0	50,000	50,000	
TOTAL TRANSFERS	**2,650,000**	**3,554,063**	**4,545,000**	**1,895,000**	**71.5%**
TOTAL INCOME & TRANSFERS	**4,413,000**	**5,293,779**	**6,211,000**	**1,798,000**	**40.7%**

	APPROVED FYE 6/30/99	***PROJECTED FYE 6/30/99***	***PROPOSED FYE 6/30/2000***	***$ INCREASE (DECREASE)***	***PERCENT CHANGE***
EXPENSES					
Advertising	140,900	141,000	175,000	34,100	24.2%
Audit expense	44,500	48,000	46,000	1,500	3.4%
Commissioners expense	3,500	4,300	4,500	1,000	28.6%
Consulting fees	279,950	269,000	225,500	(54,450)	-19.4%
Contract services	0	0	24,500	24,500	
Depreciation	156,000	151,100	160,000	4,000	2.6%
Dues & Subscriptions	36,065	35,995	34,815	(1,250)	-3.5%
Insurance	205,845	198,179	207,355	1,510	0.7%
Interest expense	30,000	32,328	40,000	10,000	33.3%
Legal expense	30,000	47,500	95,000	65,000	216.7%
Miscellaneous	6,500	9,258	8,900	2,400	36.9%
Occupancy expense	67,000	68,438	70,000	3,000	4.5%
Office expenses	38,500	26,775	29,000	(9,500)	-24.7%
Payroll taxes	125,537	120,300	112,890	(12,647)	-10.1%
Pension expense	145,000	145,500	126,000	(19,000)	-13.1%
Postage	23,000	18,648	17,000	(6,000)	-26.1%
Printing	12,000	10,141	12,000	0	0.0%
Promotion	0	0	17,000	17,000	
Maintenance agreements	35,000	32,427	49,000	14,000	40.0%
Salaries & Wages	1,653,091	1,572,820	1,475,688	(177,403)	-10.7%
Staff travel & Training	83,650	71,760	83,500	(150)	-0.2%
Telephone	48,000	46,346	52,000	4,000	8.3%
Trustee & Credit fees	225,000	217,750	215,000	(10,000)	-4.4%
TOTAL OPERATING EXPENSE	**3,389,038**	**3,267,565**	**3,280,648**	**(108,390)**	**-3.2%**
Lender origination fees	100,000	160,000	335,000	235,000	235.0%
Loan interest cost	450,000	600,000	640,000	190,000	42.2%
Organization subsidy expense	325,000	342,507	186,000	(139,000)	-42.8%
Program loan losses	0	1,250,000	1,700,000	1,700,000	
TOTAL EXPENSES	**4,264,038**	**5,620,072**	**6,141,648**	**1,877,610**	44.0%
SURPLUS (DEFICIT)	**148,962**	**(326,293)**	**69,352**	**(79,610)**	**-53.4%**

25 years 1974 1999 vhfa Vermont Housing Finance Agency

TO: VHFA BOARD OF COMMISSIONERS

FROM: Roger A. Schoenbeck, Director of Finance RAS

DATE: June 10, 1999

RE: March 31, 1999 VHFA Financial Statements

The attached VHFA financial statements show a $259,000 loss for the nine months ended March 31, 1999. Although this is somewhat distressing in isolation, there are several factors that contributed to this state of affairs.

- We redeemed $93 million of bonds on March 1, 1999 that because of accounting rules, require us to write off all non-expensed cost of issuance, which amount to a $1.5 million loss.
- The market value of investments held is now a $480,000 loss for the fiscal year and $1.3 million lower than at the beginning of the calendar year.
- Loan losses continue to mount and now total just under $1 million.

The factors mentioned above total almost $3 million, which would turn the $260,000 loss into a surplus in our expected range of about $2.7 million. The bond redemptions will actually improve our financial position over the long term. We have discussed the non-relevant nature of the market value of investments and although the loan losses are high, they have been consistent over the course of the fiscal year.

For a more detailed discussion of general fund activity, please see the FY2000 budget memorandum.

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**

VERMONT HOUSING FINANCE AGENCY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES
FOR THE NINE MONTHS ENDED MARCH 31, 1999

		SINGLE FAMILY				MULTI-FAMILY				
	GENERAL FUND	INSURED MORTGAGE PROGRAM	MORTGAGE PURCHASE PROGRAM	HOME MTG PURCHASE PROGRAM	HOUSING PROGRAM	MORTGAGE PROGRAM	HOUSING PROGRAM	DIRECT PLACEMENT PROGRAM	HOUSING DEVELOPMENT PROGRAM	COMBINED TOTAL
REVENUES:										
Interest Income:										
Mortgage and construction loans receivable	685,186	176,311	8,074	5,487,840	14,817,713	1,949,655	1,805,319	754,216	464,776	26,149,090
Investments	69,146	284,677	4,999	4,545,435	6,438,491	466,387	258,130	37,137	68,492	12,172,894
Fee Income:										
Multi-Family Mortgage Programs	84,719	0	0	0	0	0	71,499	0	0	156,218
Single Family Mortgage Programs	85,032	0	0	0	0	0	0	0	0	85,032
Grant income	80,675	0	0	0	0	0	0	0	0	80,675
VHMGB income	283,231	0	0	0	0	0	0	0	0	283,231
Gain on value of investments	(453)	(12,663)	(1,584)	(416,092)	0	(9,744)	(8,557)	0	(31,984)	(481,077)
Miscellaneous income	39,952	0	0	0	0	0	0	0	0	39,952
TOTAL REVENUES	1,327,488	448,325	11,489	9,617,183	21,256,204	2,406,298	2,126,391	791,353	501,284	38,486,015
EXPENSES:										
Financing costs, including interest and amortization of premium, discount and costs of issuance	482,329	308,913	0	8,811,983	18,361,824	2,153,941	1,254,725	749,019	461,326	32,584,060
Mortgage service and contract administration fees	10,934	11,875	339	219,905	705,636	0	0	0	0	948,689
Salaries and benefits	1,610,077	0	0	0	0	0	0	0	0	1,610,077
Operating expenses	918,695	0	0	0	0	0	0	0	0	918,695
Professional fees	76,303	0	0	0	0	0	0	0	0	76,303
Trustee and assignee fees	157,753	0	0	0	0	0	0	0	0	157,753
Loss on bond redemptions	0	0	0	897,274	561,335	0	0	0	0	1,458,609
Property disposition and loan loss expenses	0	0	0	354,805	636,050	0	0	0	0	990,855
TOTAL EXPENSES	3,256,091	320,788	339	10,283,967	20,264,845	2,153,941	1,254,725	749,019	461,326	38,745,041
Excess (deficiency) of revenues over expenses	(1,928,603)	127,537	11,150	(666,784)	991,359	252,357	871,666	42,334	39,958	(259,026)
Fund balance at beginning of year	8,808,027	4,365,593	164,757	18,740,068	8,177,758	4,671,398	6,306,663	192,945	956,431	52,383,640
Transfers to general fund	1,788,802	(100,000)	(45,000)	(104,400)	(841,023)	(440,000)	(216,879)	(31,500)	(10,000)	0
Fund balance at end of period	8,668,226	4,393,130	130,907	17,968,884	8,328,094	4,483,755	6,961,450	203,779	986,389	52,124,614

VERMONT HOUSING FINANCE AGENCY
BALANCE SHEET
MARCH 31, 1999

		SINGLE FAMILY				MULTI-FAMILY				
	GENERAL FUND	INSURED MORTGAGE PROGRAM	MORTGAGE PURCHASE PROGRAM	HOME MTG PURCHASE PROGRAM	HOUSING PROGRAM	MORTGAGE PROGRAM	HOUSING PROGRAM	DIRECT PLACEMENT PROGRAM	HOUSING DEVELOPMENT PROGRAM	COMBINED TOTAL
ASSETS										
Cash and cash equivalents	5,054,055	3,786,404	9,420	19,300,477	59,276,349	9,298,704	3,218,882	506,985	521,117	100,972,393
Investments	350,399	3,720,971	37,753	18,895,996	46,225,000	4,781,169	2,767,231	0	1,075,231	77,853,750
Mortgage and const loans receivable	13,221,297	2,982,501	76,104	73,510,701	255,693,601	30,112,425	28,616,998	14,658,950	6,827,057	425,699,634
Accrued int rec - mtg and notes	641,150	18,426	960	656,162	1,726,344	146,997	170,496	132,116	34,135	3,526,786
Accrued int rec - investments	18,586	47,717	1,953	1,332,678	3,201,971	39,282	47,235	2,880	5,905	4,698,207
Deferred costs of bond issuance	0	19,720	0	277,225	1,636,888	276,041	366,997	2,550	44,922	2,624,343
Land	775,000	0	0	0	0	0	0	0	0	775,000
Building	1,000,834	0	0	0	0	0	0	0	0	1,000,834
Office furniture and fixtures	1,521,206	0	0	0	0	0	0	0	0	1,521,206
Accumulated depreciation	(1,233,296)	0	0	0	0	0	0	0	0	(1,233,296)
Other receivables and prepaid expenses	638,560	3,181	842	203,491	256,021	17,031	0	0	0	1,119,126
Interfund receivables (payables)	741,642	5,239	3,912	(301,182)	(650,071)	21,016	(557,699)	235,861	501,282	0
Other assets and REO	0	0	0	552,321	2,077,356	0	0	0	0	2,629,677
TOTAL ASSETS	22,729,433	10,584,159	130,944	114,427,869	369,443,459	44,692,665	34,630,140	15,539,342	9,009,649	621,187,660
LIABILITIES AND FUND BALANCES										
Deferred loan origination fees	220,199	0	0	0	0	0	0	0	0	220,199
Accounts payable	742,689	1,216	37	25,663	241,608	70,000	7,021	186	0	1,088,420
Escrowed cash deposits	3,404,954	0	0	0	(80,070)	0	1,269,293	0	102,335	4,696,512
Notes payable	9,022,459	0	0	0	0	0	0	0	0	9,022,459
Accrued interest payable	54,664	186,698	0	2,434,558	9,091,574	363,955	193,464	70,375	178,082	12,573,370
Bonds payable	616,242	6,075,000	0	95,165,000	354,115,000	40,400,000	27,165,000	15,283,130	7,875,000	546,694,372
Unamortized discount on bonds	0	(71,885)	0	(1,166,236)	(2,252,747)	(625,045)	(966,088)	(18,128)	(132,157)	(5,232,286)
TOTAL LIABILITIES	14,061,207	6,191,029	37	96,458,985	361,115,365	40,208,910	27,668,690	15,335,563	8,023,260	569,063,046
Fund balance	8,668,226	4,393,130	130,907	17,968,884	8,328,094	4,483,755	6,961,450	203,779	986,389	52,124,614
TOTAL LIABILITIES & FUND BAL	22,729,433	10,584,159	130,944	114,427,869	369,443,459	44,692,665	34,630,140	15,539,342	9,009,649	621,187,660

RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: INTERIM FINANCING FOR SWANTON SCHOOL, SWANTON

WHEREAS, a proposal has been presented to the Agency by the Swanton School Housing Limited Partnership, a limited partnership whose general partners are Lake Champlain Housing Ventures and H. V. 1999, Inc., involving the acquisition and rehabilitation of 16 units of rental housing located in one building in the Village of Swanton (the "Development"); and

WHEREAS, the proposal contemplates a first mortgage loan in an amount not more than $1,000,000 as interim tax-exempt financing, with the interest rate to be determined by the Agency depending on the source of funds, and an interest rate of not more than 75 basis points above the Agency's cost of funds; 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 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 June 10, 1999, 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 and its general partners 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 is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to the Swanton School Housing Limited Partnership for the acquisition and rehabilitation of one building totaling 16 units located at Church Street in Swanton in the maximum amount of $1,000,000 as interim tax-exempt financing. The term of the loan will be not more than 12 months, with interest only payments due until the maturity date of the loan and an interest rate of 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 VHFA with a commitment for not less than $570,000 in term financing from Rural Development;

   b) Sponsor must provide assurance that the RD loan commitment can be assigned to VHFA as a new general partner, should either of the current general partners be unable to perform;

   c) Sponsor must demonstrate that requisite financing has been committed by June 30, 1999, including but not limited to Vermont Community Development Program. "Requisite financing" means the amount and terms of each of the sources of funding represented on the multifamily loan application or their equivalent. 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;

   d) Sponsor must address any Phase I Environmental Site Assessment (ESA) findings in the rehab scope of work including removal of a known underground storage tank (UST) and the determination of whether or not there is a second UST on the property (and if so, provide for its removal);

   e) Sponsor must provide an appraisal satisfactory to VHFA prior to closing which demonstrates adequate value in the project;

   f) Sponsor must provide final plans and specifications for VHFA review and approval prior to VHFA loan closing;

g) Sponsor must provide evidence of competitive bidding by loan closing with bids approximately at budgeted levels, to maintain overall feasibility;

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 an interim loan for the acquisition and rehabilitation of the Development, in an amount not to exceed $1,000,000.

4. The loan shall be due and payable not more than 12 months from the date the loan is made; interest only payments 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. 1999, Inc. and Lake Champlain Housing Venturės 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.

5. The Executive Director 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 June 17, 1999.

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: INTERIM FINANCING FOR PORTLAND AND MAIN, MORRISVILLE

WHEREAS, a proposal has been presented to the Agency by the Portland and Main Street Housing Limited Partnership, a limited partnership whose general partners are Lamoille Housing Partnership and H. V. 1999, Inc., involving the acquisition, long-term leasing and rehabilitation of 11 units of rental housing located in two buildings in the Town of Morrisville (the "Development"); and

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $700,000 as interim tax-exempt financing, with the interest rate to be determined by the Agency depending on the source of funds, and an interest rate of not more than 75 basis points above the Agency's cost of funds; 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 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 June 10, 1999, 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 and its general partners 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 is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to the Portland and Main Housing Limited Partnership for the acquisition, long-term leasing and rehabilitation of two buildings totaling 11 units located at 16 Portland Street and 144 Upper Main Street in Morrisville in the approximate amount of $700,000 as interim tax-exempt financing. The term of the loan will be approximately 12 months, with interest only payments due until the maturity date of the loan and an interest rate of 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 VHFA with a commitment for not less than $530,000 in term financing from Rural Development;

    b) Sponsor must provide assurance that the RD loan commitment can be assigned to VHFA as a new general partner, should either of the current general partners be unable to perform;

    c) Sponsor must address the Phase I Environmental Site Assessment (ESA) findings in the rehab scope of work, including clean up of petroleum contaminated debris in the basement boiler room of 16 Portland Street; and proper removal of the underground storage tank (UST) in the parking area of 16 Portland Street. In addition, sponsor must incorporate the recommendations of the ESA regarding USTs on neighboring properties.

    d) Sponsor must provide an appraisal satisfactory to VHFA prior to closing which demonstrates adequate value in the project;

    e) Sponsor must provide evidence of permits, and if the total number of units is decreased from what is represented in the application, the project must still demonstrate overall feasibility;

    f) Sponsor must provide final plans and specifications for VHFA review and approval prior to VHFA loan closing;

f) Sponsor must provide evidence of competitive bidding by loan closing with bids approximately at budgeted levels, to maintain overall feasibility; and

g) The lease between the Sponsor and the building owner of 16 Portland Street must be satisfactory to 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 an interim loan for the acquisition, long-term leasing and rehabilitation of the Development, in an amount not to exceed $700,000.

4. The loan shall be due and payable approximately 12 months from the date the loan is made; interest only payments 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. 1999, Inc. and Lamoille Housing Partnership 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.

5. The Executive Director 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 June 17, 1999.

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: INTERIM FINANCING FOR CRYSTAL LAKE, BARTON

WHEREAS, a proposal has been presented to the Agency by the Crystal Lake Housing Limited Partnership, a limited partnership whose general partners are Gilman Housing Trust and H. V. 1999 Inc. , involving the acquisition and rehabilitation of 15 units of rental housing located in three buildings in the Town of Barton (the "Development"); and

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $900,000 as interim tax-exempt financing, with the interest rate to be determined by the Agency depending on the source of funds, and an interest rate of not more than 75 basis points above the Agency's cost of funds; 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 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 June 10, 1999, 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 and its general partners 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 is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to the Crystal Lake Housing Limited Partnership for the acquisition and rehabilitation of three buildings totaling 15 units located at 10 Water Street, Main Street and King Block in Barton in the maximum amount of $900,000 as interim tax-exempt financing. The term of the loan will be no more than 12 months, with interest only payments due until the maturity date of the loan and an interest rate of 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 VHFA with a commitment for not less than $708,626 in term financing from Rural Development;

    b) Sponsor must provide assurance that the RD loan commitment can be assigned to VHFA as a new general partner, should either of the current general partners be unable to perform;

    c) Sponsor must demonstrate that requisite financing has been committed by October 15, 1999, including but not limited to Neighborworks and the Affordable Housing Program. "Requisite financing" means the amount and terms of each of the sources of funding represented on the multifamily loan application or their equivalent. 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;

    d) Sponsor must address any Phase I Environmental Site Assessment (ESA) findings in the rehab scope of work;

    e) Sponsor must provide an appraisal satisfactory to VHFA prior to closing which demonstrates adequate value in the project;

    f) Sponsor must provide final plans and specifications for VHFA review and approval prior to VHFA loan closing;

g) Sponsor must provide evidence of competitive bidding by loan closing with bids approximately at budgeted levels, to maintain overall feasibility;

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 an interim loan for the acquisition and rehabilitation of the Development, in an amount not to exceed $900,000.

4. The loan shall be due and payable not more than 12 months from the date the loan is made; interest only payments 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. 1999 Inc. and Gilman Housing 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.

5. The Executive Director, the Director of Administration 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 June 17, 1999.

Sarah E. Carpenter

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

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director Sarah Carpenter

DATE: July 9, 1999

RE: **CONFIRMATION OF UPCOMING BOARD MEETING**

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held on July 15th at 1:00 p.m. at the State Treasurer's Office, Conference Room #1, 133 State Street, Montpelier, Vermont.

Please note that the Human Resources Committee will meet prior to this meeting at 11:00 a.m. at the State Treasurer's Office.

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

Please feel free to contact me should you have any questions prior to the meeting.

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**

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BOARD AGENDA
Office of the State Treasurer
Conference Room #1
133 State Street
Montpelier, Vermont

Thursday, July 15, 1999 at 1:00 p.m.

<u>11:00 a.m. - 1:00 p.m.</u>
The Board Human Resources Committee will meet.

1. Approval and review of the minutes from June 17, 1999.

2. ADMINISTRATION

A.	Executive Director's Report	{Carpenter//Enclosure}
B.	Employee Survey Discussion	{Carpenter//Handout}
C.	Strategic Planning	{Carpenter//Verbal}
D.	Annual Meeting Resolution	{Carpenter//Enclosure}

3. PROGRAM OPERATIONS

<u>Homeownership Program</u>

1.	Summary of Reports	{Crady//Enclosure}

<u>Development</u>

1.	Blending Bridge and Venture Programs	{Reid//Enclosure}
2.	JCTC Update	{Erdelyi//Verbal}

4. FINANCE

A.	VHMGB Status Update	{Schoenbeck}
B.	Zero Percent Yield Pool Update	{Schoenbeck//Enclosure}
C.	Bond Financing Plans	{Schoenbeck//Enclosure}
D.	Private Activity Bond Volume Cap Allocation	{Schoenbeck//Enclosure}

5. Any other business to come before the Board.

BOARD MINUTES
Associated General Contractor's Office
148 State Street
Montpelier, Vermont

Thursday, June 17, 1999 at 11:00 a.m.

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

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

Other: Mr. Richardson (Housing Vermont), Ms. Torpy (Burlington Community Land Trust)

The Board of Commissioners convened in Executive Session and a motion to come out was made by Mr. Douglas and seconded by Mr. Candon.

Chairman White called the meeting to order at 11:15 a.m.

DEVELOPMENT

Mr. Erdelyi discussed his memo, "Round One Tax Credit Reservation Meeting of 6/1/99," included in the board packet. He indicated that there were a lot of tax credit applications this year. The Joint Committee on Tax Credits (JCTC) held a public hearing which allowed each sponsor to present a proposal for the need of the credits. After the public hearing adjourned, the JCTC met to discuss the proposals. The JCTC decided that they would recommend that the first eight of the ten projects ranked by staff, be funded except the Copley House and the St. Johnsbury House. They also reduced the Bus Barns credit amount by $50,000. Mr. Erdelyi noted that, compared to last year, the JCTC is trying to decrease the practice of dipping into next year's funds. The JCTC's recommendation to the VHFA Board of Commissioners for funding would use up all of 1999 credits and $180,000 of next year's ceiling.

It was asked that, if all of the projects were funded, would next year's funding be used. Mr. Erdelyi indicated that it would have used up all of next year's funding, in addition to some of the year 2001 funding. There was discussion surrounding the process in which these credits are allocated. Some Board members felt that the process to approve these credits is unclear and causes frustration to the project developers.

A motion was made by Mr. Candon to approve the Joint Committee on Tax Credits recommendation as listed in the memo and that, if any of the projects being funded this year fall out, the Board of Commissioners would meet again to allocate those credits to another project which did not receive them. The motion carried unanimously after being seconded by Mr. Seelig.

Ms. Reid briefly discussed the multifamily loan application for Portland and Main, in Morrisville. She indicated that it is a downtown rehabilitation project with eleven units of family housing. The post office will be located on the first floor of the Portland Street Building. Ms. Reid noted that the developers do have all of their funding in place. With no further discussion, Mr. Seelig made a motion to approve the "Resolution Pertaining to Combined Letter of Interest and Commitment Letter Re: Interim Financing for Portland and Main, Morrisville" and to 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. The motion carried unanimously after being seconded by Mr. Douglas.

Next, Ms. Reid discussed the multifamily loan application for Crystal Lake, in Barton. This project is a three building scattered site located in the village of Barton. Gilman Housing Trust owns two of the buildings and Northeastern Vermont Housing Company owns the other. The project is waiting to get funding from AHP and Neighborworks, but the developers should know by October. A motion was made by Mr. Candon to approve the "Resolution Pertaining to Combined Letter of Interest and Commitment Letter Re: Interim Financing for Crystal Lake, Barton" and to 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. The motion carried unanimously after being seconded by Mr. Seelig.

The multifamily loan application for Swanton School in Swanton was reviewed next. This school has been vacant for the last ten years and is located in the Village of Swanton. The building would be converted into sixteen units of elderly housing with services and a community/health center. The Abenaki self-help group will offer adult and after-school learning programs there also. Ms. Reid indicated that we would know whether they received funding by the end of the week. She added that the community has really supported this project. With no further discussion, Mr. Candon made a motion to approve the "Resolution Pertaining to Combined Letter of Interest and Commitment Letter Re: Interim Financing for Swanton School, Swanton" and to 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. The motion carried unanimously after being seconded by Mr. Douglas.

MINUTES

A motion was made by Ms. Canney to approve the minutes of May 27, 1999. The motion carried unanimously after being seconded by Ms. Beyer.

ADMINISTRATION

Next, Ms. Carpenter discussed her report. She noted that we are advertising for the new position, Chief of Program Operations. The advertisement has been placed in quite a few publications and newspapers and was also distributed to a number of our partners.

Ms. Carpenter stated that staff is beginning to look at our Pension Plan. Staff met with Reliastar, fund manager for our pension plan, to discuss their service capacity. During the meeting with Reliastar, we discovered that Hickok and Boardman is still listed as our broker of record. We will be meeting with Hickok and Boardman the first full week in July to discuss their role in our plan.

Ms. Carpenter indicated that staff needs to go to the Emergency Board to get approval for additional bond volume cap. As we continue to approve these multifamily loans, we will run out of cap by the end of summer. Mr. Schoenbeck also indicated that it appears we will need to issue single family bonds this fall.

Mr. Douglas asked what the final subsidy of VHMGB was. Ms. Carpenter indicated that slightly over $7 million was sent to PMI Mortgage Insurance Company. We expect that there will be no excess funds once all the claims are settled.

EMPLOYEE HANDBOOK

Ms. Carpenter indicated that most of the changes made to the handbook were editing revisions. A lot of items that dealt with operating policies were taken out of the handbook and will be put into a policy and procedures guide that staff will begin working on. In terms of benefits, to be consistent for all benefits, we changed the number of hours an employee must work to receive benefits, from 30 hours per week to 20 hours per week. We also made a change to our disability plan, bumping the amount of disability paid up to 66 2/3% from 60%. The waiting period to collect disability has also changed from 30 calendar days to 15 calendar days.

Ms. Carpenter noted that we did have outside legal counsel review the entire handbook. A suggestion was made to have the Board Human Resources Committee look at the Pension Plan. Ms. Carpenter indicated that staff is already beginning that process. Some of the Board members felt that the benefits package may be too generous. It was agreed that this should be looked in relation to a total compensation package. Ms. Carpenter indicated that we would have salary and benefit comparability done, so that we can look at the entire picture. The Board suggested that we defer the approval of the benefit that allows staff to earn 2 days per month of vacation time after 10 years of service, until after a study is completed.

After further discussion, Mr. Douglas made a motion to approve the Employee Handbook with the exception of granting 2 days of vacation after 10 years of service, with the notion that the Board wants to recognize long-term employees and will revisit this issue at a later date, once the Board has had a chance to review our entire compensation package. The motion carried unanimously after being seconded by Mr. Candon.

YEAR 2000

Ms. Loller indicated that staff started the Y2K testing on Monday. We have contracted with the Symquest Group, Inc. for their Project Manager to assist us with the testing. We do not anticipate any problems going forward. Ms. Loller noted that, on the Panurgy Report, the two items that were not Y2K ready seem to be working fine. We still need to perform testing on other critical items. Staff anticipates that they will be done testing MITAS by next week. Ms. Loller will keep the Board updated as this process continues.

PROGRAM OPERATIONS

Ms. Crady stated that we have experienced a dramatic increase in activity. We have roughly $11.5 million in loans, most of which are reservations. MGIC has anticipated an increased volume of loans and has indicated that staff in their Braintree, Massachusetts office will be assisting their staff in Vermont. Ms. Crady indicated that MGIC Braintree staff will consult with MGIC's Vermont staff before denying a VHFA loan.

Ms. Crady noted that with revised procedures, we have seen progress being made in reducing the level of delinquencies over the last year. However, there are a substantial number of loans that are very delinquent, because repayment agreements are not being followed. Staff is estimating that 36 loans will be moved to foreclosure within the next few weeks. Ms. Crady will update the Board next month on the status of those loans being moved to foreclosure.

MULTIFAMILY

Ms. Carpenter indicated that staff is working on an RFP with the Vermont State Housing Authority (VSHA) for HUD contract administration. VSHA will take the lead and we will be their partner. Even though VHFA is not the lead applicant, Ms. Carpenter asked the Board for a consensus to go forward on this. The Board agreed that staff should continue to move forward.

FINANCE

Mr. Schoenbeck passed out two Evensen Dodge Post Sale Analysis for the Board's review. He pointed out that the summary at the end of section 1 in the multi-family analysis was in reference to the South Meadow and Allen Apartments refinancing.

The March 31, 1999 VHFA financial statements show a $259,000 loss. Mr. Schoenbeck indicated that several items contributed to this loss: (1) loan losses continue to increase and now total $1 million for the nine months; (2) the ma[illegible] value of investments held is now a $480,000 loss for the fiscal year and $1.3 million lower than at the beginning of the calendar year; and (3) we redeemed $93 million of bonds on March 1, 1999 that required the write-off of non-expensed cost of issuance, which amounted to a $1.5 expense.

Next, Mr. Schoenbeck reviewed the proposed FY2000 budget. Mr. Schoenbeck noted that, at the budget meeting a couple of weeks ago, Commissioners Seelig and Douglas met with staff to review the proposed budget. Mr. Douglas indicated that, during deliberations at the budget meeting, both he and Mr. Seelig accepted the budget as proposed, noting that this is a time of transition for VHFA and that this budget is a reasonable approach to the coming year.

Mr. Schoenbeck noted that he does expect to come back before the Board for budget adjustments because currently, there are a lot of unknowns. The most significant difference from the budget to the past year is that we have increased the fund transfer from the Single Family Housing Bond program to cover program loan losses. Another surprise was the public's demand for our 0-point product. That has an immediate year impact requiring us to fund those points paid to the lenders, but does not have a long-term financial impact.

Mr. Schoenbeck indicated that we did factor in a 4% salary increase for all employees. There is a pool of funds that the budget committee put in last year's budget for employee recognition and comparability adjustment that we basically kept in place. We did not have much opportunity to use these funds last year, so we are re-establishing those funds in the current fiscal year.

Ms. Carpenter indicated that we do need to have some brickwork done on our building. Our architect has advised us to wait before we have it done, because prices are extremely high right now. We will be coming back to the Board later in the year for a budget adjustment, once we have a better estimate of cost.

After further discussion, Mr. Douglas made a motion to approve the FY2000 operating and capital budgets as proposed. The motion carried unanimously after being seconded by Mr. Candon.

At this time, Ms. Beyer made a motion to go into Executive Session for the purpose of discussing the Executive Director's evaluation pursuant to 1 VSA Section 313 (a)(3). The motion carried unanimously after being seconded by Ms. Canney. A motion was made by Mr. Candon and seconded by Mr. Seelig to approve the recommendation of the Human Resource Committee relative to the salary adjustment for the Executive Director. The motion carried unanimously. The motion to come out of Executive Session was made by Mr. Seelig and seconded by Mr. Candon.

There being no further business, following a motion made by Ms. Canney and seconded by Mr. Seelig, the meeting adjourned at 2:30 p.m.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter, Secretary

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: July 9, 1999

RE: **EXECUTIVE DIRECTOR'S REPORT**

ADMINISTRATION

It seems like a short month since we met last. Immediately following the VHCB Board Planning session, on the 18th and 19th of June, I attended the Vermont (Maine and New Hampshire) Bankers' Association meeting. I was able to attend the sessions on Friday and Saturday and it was a great opportunity to meet folks. Pat and Kelly staffed a lender booth on Friday, thanking our banking partners and providing information on VHFA programs.

June 24th- July 5th, I attended the ASHSA Board Meeting and extended my stay to vacation with my family. Since my return, we have been busy interviewing a number of candidates for the Chief of Operations position.

On July 9th we will be meeting with Hickok & Boardman on their relationship to our pension plan and just prior to the Board Meeting, the Human Resources Committee will be meeting with Cynthia Webster of the Treasurer's Office to get her input on our plan. We will update you at the Board Meeting. Also on July 9th, we have set up training with Palmer and Associates for Senior Management on doing performance evaluating and goal setting with supervised staff.

INFORMATION SYSTEMS

Rick Jean, our new Information Systems Project Planner, Symquest and many other staff have successfully completed the Year 2000 testing for Mitas, our core software application. We are happy to report there were no Year 2000 issues discovered. All staff involved did a great job to complete this process in such an abbreviated timeframe.

PROGRAM OPERATIONS

Pat Crady will be presenting you with most of the Homeownership program updates, but I wanted to acknowledge the work both Pat and Jacklyn have been doing in reorganizing Servicing procedures and dealing with our volume of loan reservations. We also have been getting good feedback on our decision to make Kelly Deforge more available on a more one to one basis, as lenders need assistance or request information on our programs. On the HUD counseling side, the

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grant we submitted last month appears will not get funded. We knew it was competitive, but felt it was worth pursuing.

Development interest in multi-family financing continues to be high, particularly as we encourage the use of the 4% tax credit we continue to have concerns with two multifamily projects. The Vermont State Housing Authority (VSHA) assumed property management duties at **Abenaki Acres in Swanton** as of January 1, 1999. In addition to serious problems with previous resident selection and eligibility decisions made by Abenaki Self-Help management, the audit called for the transfer of more than $6,000 in operating funds to be transferred by the Abenakis to VSHA. After numerous requests, more than 60 days have now passed and VSHA has not received any funds. We have given written notice to the Abenakis, warning them that failure to transfer these funds immediately will lead to a Notice of Intent to Declare Default.

At **Parsons Hill in** Castleton, the water system termination notice continues its countdown to August 15th. Following extensive consultation with the Agency of Natural Resources (ANR) and Public Service Department staff, we have written a letter to the Public Service Board petitioning them to issue an order that would prohibit the well's owner from terminating water service to Parsons Hill residents. Richard Williams at VSHA has written a similar letter and we have encouraged all customers subject to the termination notice to contact the Public Service Board. Other efforts, to avert a crisis, are ongoing including discussions with the Four Corners Water Task Force, ANR, Parsons Hill owner and well owner.

An issue that Sam and I have been spending time on is developing strategies to work with individual owners to keep their projects in our portfolio and preserve their affordability. We meet with several owners this month and will meet with others over the summer. A significant problem is dealing with their tax liability from residual income that cannot be accessed and the capital gains implications if they transfer the property even to a non-profit. We will be getting some technical advise on this, but expect that some resolution may need to come legislatively. Both Jeffords and Leahy staff have indicated interest in assisting. There have been previous national proposals related to this, but the timing may be better because of recent increased attention on preservation. Since Senator Jeffords sits on the Finance Committee and this would require tax code changes, he could be very helpful.

FINANCE

On June 23rd Roger and I had an opportunity to attend a meeting with the other New England HFA Executive Directors and CFOs, and the Federal Home Loan Bank of Boston. We are somewhat concerned that future regulatory changes may effect our relationship with the Bank. They also appear to be so busy with business these days that HFAs organization's non-members do not have a high priority. Roger, Pat and I are also beginning to implement some staffing changes and reallocation of tasks. We also expect to be talking with a consultant in benchmarking to assist in an agency plan for developing some more measurable standards.

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MEMORANDUM

TO: VHFA BOARD OF DIRECTORS

FROM: SARAH E. CARPENTER

DATE: JULY 9, 1999

RE: RESOLUTIONS

Attached is a series of resolutions that are typically passed at the July Annual Meeting. The main change that we are recommending, in consultation with Glenn, is that rather than designating individual Operations staff still to sign specific documents, you authorize me to designate staff to do this. It has been confusing because documents and staff change, and we felt we could maintain more control by my authorizing this by attached letter to individuals as needed or requested. I have attached a draft of 1998 resolutions, which shows what we have deleted.

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EQUAL HOUSING OPPORTUNITY

RESOLUTIONS ADOPTED AT THE ANNUAL MEETING OF VERMONT HOUSING FINANCE AGENCY, JULY 15, 1999

RESOLVED, In addition to the officers specified as "Authorized Officers" under particular bond resolutions of the Agency, the Chief of Program Operations shall be an "Authorized Officer" within the meaning of any and every bond resolution of the Agency whether now existing or to exist in the future.

RESOLVED, _____________ is elected Vice Chairman of the Agency for the fiscal year commencing July 1, 1999 and until his successor be elected and qualified.

RESOLVED, Roger A. Schoenbeck is elected Treasurer of the Agency for the fiscal year commencing July 1, 1999 and until his successor be elected and qualified.

RESOLVED, the following persons shall be authorized to sign checks drawn against the Agency's General Fund:

Executive Director	____________________	Sarah E. Carpenter
Director of Administration	____________________	Patricia M. Loller
Chief Financial Officer	____________________	Roger A. Schoenbeck
Chief of Program Operations	____________________	Vacant
Controller	____________________	Timothy M. Gutchell

Any check in an amount over $10,000 payable against the General Fund must be signed by at least two of the foregoing persons. Any payroll check shall be valid and negotiable when signed by any one of the foregoing persons.

RESOLVED, that the Executive Director may designate individuals to execute documents, necessary to conduct business, for all of the Agency's programs and operations.

RESOLVED, that the following employees of Vermont Housing Finance Agency are hereby authorized to have access to all safekeeping vault boxes of the Agency for the purposes of safekeeping and retrieving any and all books, papers and documents of the Agency:

Director of Finance: ______________________
(Signature)

Controller: ______________________
(Signature)

Lender Accounting Coordinator: ______________________
(Signature)

Portfolio Accountant: ______________________
(Signature)

Investment/Portfolio Assistant: ______________________
(Signature)

The names of all personnel of the Agency listed herein are included only for purposes of identification. The power to appoint persons to these or other positions within the Agency belongs to the Executive Director.

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1998 Resolution

RESOLUTIONS ADOPTED AT THE ANNUAL MEETING OF VERMONT HOUSING FINANCE AGENCY, JULY 15, ~~1999~~ 1998

RESOLVED, In addition to the officers specified as "Authorized Officers" under particular bond resolutions of the Agency, the Deputy Director shall be an "Authorized Officer" within the meaning of any and every bond resolution of the Agency whether now existing or to exist in the future.

RESOLVED, _____________ is elected Vice Chairman of the Agency for the fiscal year commencing July 1, 1998 and until his successor be elected and qualified.

RESOLVED, Roger A. Schoenbeck is elected Treasurer of the Agency for the fiscal year commencing July 1, 1998 and until his successor be elected and qualified.

RESOLVED, the following persons shall be authorized to sign checks drawn against the Agency's General Fund:

Executive Director	____________________	Sarah E. Carpenter
Director of Administration	____________________	Patricia M. Loller
Director of Finance	____________________	Roger A. Schoenbeck
Controller	____________________	Timothy M. Gutchell

Any check in an amount over $10,000 payable against the General Fund must be signed by at least two of the foregoing persons. Any payroll check shall be valid and negotiable when signed by any one of the foregoing persons.

RESOLVED, all actions taken in the resolution entitled "Resolutions Adopted at the Annual Meeting of the Vermont Housing Finance Agency, July 23, 1998" not inconsistent with the resolutions contained herein are deemed to be ratified and will continue in force until changed by affirmative action of the Board of Commissioners.

RESOLVED, that the individuals whose titles are listed below be and hereby are authorized to execute documents of the following character for all of the Agency's single family loan programs, whether secured or unsecured:

The Agency's Director of Single Family Operations, Assistant Director of Single Family Operations, Real Estate Disposition Specialist and Foreclosure Specialist:

A. Listing Agreements with real estate brokers for the sale of real estate owned by the Agency;

B. Deeds, property transfer tax returns, and other documents necessary or convenient for the transfer of real estate owned by the Agency;

C. Endorsements to property insurance claim checks pertaining to property on which the Agency holds a valid lien, in amounts up to $10,000 for the Foreclosure Specialist, the Real Estate Disposition Specialist and without limit for the Loan Servicing Manager, Assistant Director of Single Family Operations and Director of Single Family Operations;

D. Preparation and execution of claim forms to primary and pool insurers on property on which the Agency holds a valid lien;

E. Consent to actions of the following character:

1. Release and addition of signers of notes held by the Agency;

2. Creation of easements and rights of way and the partial release of mortgages held by the Agency for purposes of permitting the creation of easements and rights of way over property on which the Agency holds a valid lien; and

F. In addition to the individuals whose titles are listed above, the Agency's Loan Servicing Specialists are authorized to give authorizations to lenders and other appropriate persons for actions of the following character:

1. Foreclosure or other acquisition of title to property on which the Agency has a valid lien;

2. Necessary repairs and improvements to real estate owned by the Agency;

3. Actions necessary to make property in which the Agency has an interest secure;

4. Forbearance and modification agreements with delinquent borrowers;

5. Affidavits of amounts due and other affidavits required in foreclosure actions; and

6. Acknowledgment of receipt of liens junior to the lien of the Agency.

G. The Director of Single Family Operations, the Assistant Director of Single Family Operations and the ____________________ are hereby authorized to execute Purchase and Sales Contracts for real estate owned by the Agency.

RESOLVED, that the Agency's Real Estate Disposition Specialist and any other employee designated by the Executive Director or the Director of Single Family

Operations be, and hereby is, authorized to sign any documents in connection with real estate auctions approved by the Agency that are necessary for the sale of Agency-owned property in an auction.

Director of Single Family Operations	__________________	Patricia A. Crady
Assistant Director of Single Family Operations	__________________	Jacklyn R. Santerre
Real Estate Disposition Specialist	__________________	Linda C. Wilson
Foreclosure Specialist	__________________	Pauline Thibault
Loan Servicing Specialist	__________________	Darren Keniston

RESOLVED, that the Director of Single Family Operations and the Assistant Director of Single Family Operations are hereby authorized to execute any and all agreements with lenders for the Agency's mortgage programs;

RESOLVED, that the Executive Director, Director of Finance, Director of Single Family Operations and Assistant Director of Single Family Operations are hereby authorized to sign mortgage discharges;

RESOLVED, that the following employees of Vermont Housing Finance Agency are hereby authorized to have access to all safekeeping vault boxes of the Agency for the purposes of safekeeping and retrieving any and all books, papers and documents of the Agency:

Director of Finance: ______________________________
(Signature)

Controller: ______________________________
(Signature)

Lender Accounting Coordinator: ______________________________
(Signature)

Portfolio Accountant: ______________________________
(Signature)

Investment/Portfolio Assistant: ______________________________
(Signature)

RESOLVED, that the Director of Multi-Family Management be and hereby is authorized to execute documents of the following character relating to the Agency's multi-family portfolio:

A. Endorsements to property insurance claim checks on multi-family properties on which the Agency has a mortgage;

B. Mortgagor's requests to use restricted project funds including, but not limited to, project cost escrows, replacement reserve accounts, residual receipt accounts, deficit escrows and working capital, whether cash or letter of credit;

C. Authorizations of annual distributions to owners based on annual financial statements;

D. Requests of owners to undertake major capital improvements and utility conversions;

E. ACC and HAP Contract amendment renewals;

F. UCC-1, UCC-3 forms;

G. Housing Credit Reports of Non-Compliance (Form 8823).

Director of
Multi-Family Management ______________________________ Samuel J. Falzone

The names of all personnel of the Agency listed herein are included only for purposes of identification. The power to appoint persons to these or other positions within the Agency belongs to the Executive Director.

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homeownership Programs PAC

DATE: July 7, 1999

RE: Summary of Homeownership Activities

<u>Program Operation</u>

As of July 7, 1999, there was a total of approximately $18.8 million in Series 10 loans in the pipeline. There is $14.1 million available for reservations. At the current level of activity, staff estimates that there is funding for approximately six weeks. Attached is a summary of loan activity that focuses on our current program.

<u>Servicing</u>

Attached are servicing reports as of May 31, 1999. Last month I reported that there are a substantial number of loans that are seriously delinquent where special repayment agreements were not being adhered, and estimated that approximately 36 loans will be moved to foreclosure. To date, 20 of those cases have been referred to an attorney, and the balance are waiting for additional documents from the servicer or a demand letter to expire before they can be sent to an attorney.

VHFA staff are working well with PMI to get their approval of short sales, loan modifications, and purchase contracts. As of the date of this memo, we still have not received payment for claims submitted. I plan to have an update available at the Board meeting.

VHFA SERIES 10
Loan Activity as of July 7, 1999

Program	Reservations	Commitments	Non-Compliance	Purchases	Totals	Number
MOVE Zero Point	$ 8,619,257	$ 3,772,076	$ 364,655	$ 528,530	$ 13,284,518	190
MOVE One Point	$ 350,320	$ 867,685	$ 57,000	$ 81,605	$ 1,356,610	18
MOVE Two Point	$ 217,830	$ 81,480	$ -	$ -	$ 299,310	8
MOVE Stepped	$ 1,508,653	$ 1,025,025	$ 227,557	$ 293,500	$ 3,054,735	41
HOUSE Zero Point	$ 85,000	$ 267,900	$ -	$ -	$ 352,900	6
HOUSE One Point	$ 75,500	$ 76,500	$ -	$ -	$ 152,000	2
YESS Zero Point	$ 319,800	$ 43,600	$ -	$ -	$ 363,400	6
YESS One Point	$ -	$ -	$ -	$ -	$ -	0
TOTALS	$ 11,176,360	$ 6,134,266	$ 649,212	$ 903,635	$ 18,863,473	271

TOTAL BOND PROCEEDS	$ 33,016,574
LESS TOTAL LOANS IN PROCESS	$ 18,863,473
FUNDS AVAILABLE FOR LOANS	$ 14,153,101
AVERAGE LOAN AMOUNT	$ 69,607

HOMEOWNERSHIP PROGRAMS - SERVICING ACTIVITY REPORT

Activity for the month of May 1999

COLLECTIONS

90+ accounts from previous month	130
Plus new 90 day accounts	N/A
To foreclosure or deed in lieu	7
To 60 days or less	N/A
Total 90+ accounts for current month	141

FORECLOSURES

Foreclosure accounts from previous month	51
Plus new foreclosure accounts	7
To REO	4
Successful interventions	1
Total Foreclosure accounts for current month	53

REAL ESTATE OWNED

REOs from previous month	46	
Plus new REOs	4	
Less property sold	4	
REOs for current month	46	(11 properties are under contract)

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: May 1999

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO		Lender
Banknorth Mortgage Co.	701	26	3.71%	5	0.71%	10	1.43%	4	0.57%	45	6.42%	9	1.28%	Banknorth Mortgage Co.
Bennington Co-op S&L Assoc.	63	1	1.59%	0	0.00%	0	0.00%	0	0.00%	1	1.59%	0	0.00%	Bennington Co-op S&L Assoc.
Brattleboro Savings & Loan	31	0	0.00%	2	6.45%	0	0.00%	0	0.00%	2	6.45%	0	0.00%	Brattleboro Savings & Loan
Charter One	386	17	4.40%	3	0.78%	13	3.37%	5	1.30%	38	9.84%	4	1.04%	Charter One
Chittenden Bank	841	51	6.06%	6	0.71%	13	1.55%	8	0.95%	78	9.27%	9	1.07%	Chittenden Bank
Citizens Savings Bank	120	3	2.50%	4	3.33%	1	0.83%	0	0.00%	8	6.67%	0	0.00%	Citizens Savings Bank
Community National Bank	304	14	4.61%	3	0.99%	12	3.95%	1	0.33%	30	9.87%	2	0.66%	Community National Bank
Connecticut River Bank	5	1	20.00%	0	0.00%	0	0.00%	0	0.00%	1	20.00%	0	0.00%	Connecticut River Bank
Factory Point Nat. Bank	32	1	3.13%	0	0.00%	0	0.00%	0	0.00%	1	3.13%	0	0.00%	Factory Point Nat. Bank
First Brandon Nat. Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	First Brandon Nat. Bank
First Nationwide Mortgage	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	First Nationwide Mortgage
GMAC Mortgage	9	1	11.11%	0	0.00%	0	0.00%	0	0.00%	1	11.11%	0	0.00%	GMAC Mortgage
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Granite Bank (NH)
Graystone Mortgage Company	489	39	7.98%	13	2.66%	22	4.50%	10	2.04%	84	17.18%	3	0.61%	Graystone Mortgage Company
Heritage Family Credit Union	8	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Heritage Family Credit Union
Lyndonville Savings Bank	64	1	1.56%	0	0.00%	3	4.69%	0	0.00%	4	6.25%	0	0.00%	Lyndonville Savings Bank
Mascoma Savings Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Mascoma Savings Bank
Merchants Bank	225	8	3.56%	2	0.89%	2	0.89%	0	0.00%	12	5.33%	0	0.00%	Merchants Bank
Mortgage Service Ctr. of NE	81	4	4.94%	1	1.23%	3	3.70%	0	0.00%	8	9.88%	0	0.00%	Mortgage Service Ctr. of NE
New England Federal CU	46	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	New England Federal CU
Northfield Savings Bank	141	4	2.84%	0	0.00%	0	0.00%	0	0.00%	4	2.84%	1	0.71%	Northfield Savings Bank
Passumpsic Savings Bank	156	9	5.77%	1	0.64%	6	3.85%	1	0.64%	17	10.90%	1	0.64%	Passumpsic Savings Bank
Peoples Trust Co.	81	3	3.70%	2	2.47%	1	1.23%	0	0.00%	6	7.41%	0	0.00%	Peoples Trust Co.
Randolph National Bank	30	1	3.33%	0	0.00%	0	0.00%	0	0.00%	1	3.33%	1	3.33%	Randolph National Bank
Union Bank	173	10	5.78%	1	0.58%	4	2.31%	0	0.00%	15	8.67%	0	0.00%	Union Bank
Vermont Development CU	83	3	3.61%	1	1.20%	2	2.41%	1	1.20%	7	8.43%	0	0.00%	Vermont Development CU
Vermont National Bank	1838	90	4.90%	23	1.25%	49	2.67%	23	1.25%	185	10.07%	16	0.87%	Vermont National Bank
Wells River Savings Bank	30	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Wells River Savings Bank
Totals	5950	287	4.82%	67	1.13%	141	2.37%	53	0.89%	548	9.21%	46	0.77%	
Totals Previous Month	5979	261	4.37%	61	1.02%	130	2.17%	51	0.85%	503	8.41%	46	0.77%	
Totals Same Mo. Last Yr.	6374	328	5.15%	86	1.35%	102	1.60%	50	0.78%	566	8.88%	63	0.99%	

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: May

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL		Delinq		REO
Large Servicer 400+													
Banknorth Mortgage Co.	701	26	3.71%	5	0.71%	10	1.43%	4	0.57%	45	6.42%	6	0.63%
Charter One	386	17	4.40%	3	0.78%	13	3.37%	5	1.30%	38	9.84%	4	0.22%
Chittenden Bank	841	51	6.06%	6	0.71%	13	1.55%	8	0.95%	78	9.27%	9	1.05%
Graystone Mortgage Company	489	39	7.98%	13	2.66%	22	4.50%	10	2.04%	84	17.18%	3	3.54%
Vermont National Bank	1838	90	4.90%	23	1.25%	49	2.67%	23	1.25%	185	10.07%	16	1.36%
Totals	4255	223	5.24%	50	1.18%	107	2.51%	50	1.18%	430	10.11%	38	0.89%
Average	851	45	5.41%	10	1.22%	21	2.70%	10	1.22%	86	10.56%	8	1.36%
Medium Servicers 399-50													
Bennington Co-op S&L Assoc.	31	0	0.00%	2	6.45%	0	0.00%	0	0.00%	2	6.45%	0	0.00%
Citizens Savings Bank	120	3	2.50%	4	3.33%	1	0.83%	0	0.00%	8	6.67%	0	0.00%
Community National Bank	304	14	4.61%	3	0.99%	12	3.95%	1	0.33%	30	9.87%	2	0.66%
Lyndonville Savings Bank	64	1	1.56%	0	0.00%	3	4.69%	0	0.00%	4	6.25%	0	0.00%
Merchants Bank	225	8	3.56%	2	0.89%	2	0.89%	0	0.00%	12	5.33%	0	0.00%
Mortgage Service Ctr. of NE	81	4	4.94%	1	1.23%	3	3.70%	0	0.00%	8	9.88%	0	0.00%
Northfield Savings Bank	141	4	2.84%	0	0.00%	0	0.00%	0	0.00%	4	2.84%	1	0.71%
Passumpsic Savings Bank	156	9	5.77%	1	0.64%	6	3.85%	1	0.64%	17	10.90%	1	0.64%
Peoples Trust Co.	81	3	3.70%	2	2.47%	1	1.23%	0	0.00%	6	7.41%	0	0.00%
Union Bank	173	10	5.78%	1	0.58%	4	2.31%	0	0.00%	15	8.67%	0	0.00%
Vermont Development CU	83	3	3.61%	1	1.20%	2	2.41%	1	1.20%	7	8.43%	0	0.00%
Totals	1459	59	4.04%	17	1.17%	34	2.33%	3	0.21%	113	7.75%	4	0.27%
Average	138	6	3.53%	2	1.66%	3	2.15%	0	0.10%	11	7.52%	0	0.20%
Small Servicers 49-													
Brattleboro Savings & Loan	31	0	0.00%	2	6.45%	0	0.00%	0	0.00%	2	6.45%	0	0.00%
Connecticut River Bank	5	1	20.00%	0	0.00%	0	0.00%	0	0.00%	1	20.00%	0	0.00%
Factory Point Nat. Bank	32	1	3.13%	0	0.00%	0	0.00%	0	0.00%	1	3.13%	0	0.00%
First Brandon Nat. Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Nationwide Mortgage	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
GMAC Mortgage	9	1	11.11%	0	0.00%	0	0.00%	0	0.00%	1	11.11%	0	0.00%
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Heritage Family Credit Union	8	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mascoma Savings Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
New England Federal CU	46	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Randolph National Bank	30	1	3.33%	0	0.00%	0	0.00%	0	0.00%	1	3.33%	1	3.33%
Wells River Savings Bank	30	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Totals	204	4	1.96%	2	0.01%	0	0.00%	0	0.00%	6	2.94%	1	0.49%
Average	17	0	3.04%	0	0.50%	-	0.00%	-	0.00%	1	3.61%	0	0.29%

VERMONT HOUSING FINANCE AGENCY

Board Property Disposition Report

Month of: May, 1999

Properties Sold

Property	Listing Price	Sale Price	Principal Balance	Interest	To Date Expenses	Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Baker Dummerston	$ 59,900	$ 59,000	$ 60,701	$ 9,813	$ 18,208	$ 6,300	($23,422)	($21,109)	($2,313)
Boyd Milton	$ 73,900	$ 73,900	$ 64,551	$ 7,616	$ 16,602	$ * -	($14,869)		($14,869)
Corbitt Troy	$ 18,900	$ 15,000	$ 31,032	$ 2,918	$ 5,466	$ 4,838	($19,578)	($17,581)	($1,997)
Lacoss St. Johnsbury	$ 59,900	$ 59,900	$ 68,204	$ 4,261	$ 12,841	$ 20,461	($4,945)	$0	($4,945)

* claim pending with pmi #14,100 - expected gain/(loss) of (#769)

Properties Under Contract

Property	Listing Price	Contract Price	Principal Balance	Interest	Estimated Expenses	Estimated Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Davey Springfield	$ 35,000	$ 32,500	$ 49,790	$ 4,624	$ 22,235	$ 14,937	($29,212)	($29,057)	($155)
Rollins Rutland	$ 60,000	$ 54,000	$ 65,397	$ 7,568	$ 17,136	$ 14,000	($22,101)	($26,546)	$4,445
Aldrich Vernon	$ 45,000	$ 30,100	$ 63,462	$ 10,272	$ 9,391	$ 9,750	($43,275)	($49,567)	$6,292
Winot Bethel	$ 43,500	$ 31,000	$ 64,751	$ 5,139	$ 10,750	$ 13,980	($35,660)	($34,032)	($1,628)
Westall Richmond	$ 49,900	$ 50,000	$ 62,576	$ 8,696	$ 12,481	$ 13,980	($19,773)	($7,743)	($12,030)
Guyett Calais	$ 69,900	$ 69,900	$ 74,307	$ 7,676	$ 21,609	$ 16,200	($17,492)	($12,797)	($4,695)
Bergeron Hartland	$ 50,000	$ 45,000	$ 57,242	$ 4,569	$ 6,349	$ 12,400	($10,760)	($13,233)	$2,473
Thebarge Milton	$ 62,900	$ 62,900	$ 66,991	$ 6,341	$ 5,253	$ 15,000	($685)	($14,794)	$14,109
Stevens Brandon	$ 19,900	$ 22,000	$ 42,982	$ 7,217	$ 14,005	$ 9,360	($32,844)	($19,771)	($13,073)
Gottardi Pow[illegible]	$ 74,900	$ 61,000	$ 74,264	$ 5,929	$ 7,836	$ 22,279	($4,750)	$0	($4,750)

Ladd Canaan	$ 46,900	$ 42,450	$ 62,617	$ 2,914	$ 5,984	$ 28,800	($265)	($3,089)	$2,824

Properties in the VHFA/Non Profit Sales Program

Tabor
Gilman Housing Trust

Prindall
CVCLT delete

25 years 1974 1999 vhfa Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter

DATE: July 8, 1999

RE: Vermont Housing Ventures - Changes

Summary of Request

VHFA created the Vermont Housing Ventures Program in 1988 to promote and assist nonprofit housing development. Ventures plays a vital role in providing capital to nonprofit organizations for pre-development expenses such as appraisals, architectural and engineering services, environmental assessments, legal fees and surveys. In the eleven years the program has been operating, VHFA has approved 85 loans exceeding $1,800,000. It is a flexible, revolving loan program with a quick approval process. Loans made through Ventures are reviewed by staff for eligibility and a recommendation made for approval to the Executive Director or Director of Finance. Ventures is funded by the General Fund. Its original program limit was $250,000; this was increased to $325,000 by the Board in February of 1997. Recently requests for Ventures have exceeded available funds by $70,000.

VHFA created the Bridge Financing Initiative in 1997 to assist nonprofits with short-term financing needs to allow them to construct or acquire and rehabilitate homes for purchase or lease/purchase by lower income households. The program was also funded with General Funds in the amount of $325,000. Similar to Ventures, Bridge loans made are reviewed by staff for eligibility and a recommendation made for approval to the Executive Director, or Director of Finance. There is currently an available balance of $113,000, and no new business anticipated in the near future.

Both programs serve the short-term financing needs of non-profits, have similar terms (up to 36 months), and have similar approval processes. In order to address the high demand for Ventures loans while not allocating more of the General Fund to these programs (Ventures is currently lent out while the Bridge Initiative has an available balance), staff recommends combining the two programs into one, with a total program limit of $650,000. Staff also recommends that, in addition to the Executive Director and Director of Finance, the new Chief of Program Operations be authorized to approve Ventures loans. Staff is not recommending changing any other program features at this time.

Recommendation

That the Board of Commissioners approve the attached Resolution combining Vermont Housing Ventures Program and the Bridge Financing Initiative into one program, "Vermont Housing Ventures", with a total program limit of $650,000, and that the Chief of Program Operations be authorized to approve Ventures loans.

VERMONT HOUSING FINANCE AGENCY
RESOLUTION REGARDING CHANGES TO
VERMONT HOUSING VENTURES AND BRIDGE FINANCING INITIATIVE

WHEREAS, the Agency created the Vermont Housing Ventures Program in 1988 to assist nonprofit housing development activities; and

WHEREAS, the Agency created the Bridge Financing Initiative in 1997 to assist nonprofit housing development activities; and

WHEREAS, in a memorandum dated July 8, 1999, (the "Memorandum") staff recommends certain changes to the Vermont Housing Ventures Program and Bridge Financing Initiative, including combining both programs into one program, "Vermont Housing Ventures", with a total program limit of $650,000, and giving the Chief of Program Operations authority to approve loans recommended by staff; and

WHEREAS, pursuant to 10 V.S.A. § 621 (5), the Agency is authorized to provide grants, loans or advances as will assist the planning, construction, rehabilitation and operation of residential housing primarily for persons of low and moderate income;

NOW, THEREFORE, it is hereby RESOLVED:

The recommendation of staff contained in the Memorandum regarding changes to the Vermont Housing Ventures Program and Bridge Financing Initiative are adopted by the Agency and the Executive Director is authorized to put such changes into effect.

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: JULY 9, 1999

RE: MULTI-FAMILY EXCESS YIELD 0% USAGE PLAN

We last updated the Board of Commissioners at the December Board meeting regarding the status of the excess yield funds pool. Attached to this memorandum is a summary of the pool as of June. We continue to earn $80,492 per month in excess yield which we have been advised should be loaned out at 0% for a period ending not earlier than 2014. As you can see from the analysis, we have expended more than $2.6 million to date and have remaining commitments of $550,000 and ongoing commitments of $325,000.

We have continued to follow recommendations made by Evensen Dodge which focus on assisting existing portfolio loans and then utilizing remaining funds for new development. They also suggested that future commitments be made on a limited basis, generally a one to two year time frame. As we again begin working on the strategic plan, this pool of funds should be examined for future uses and a more specific policy direction developed. The funds not committed are about $740,000.

EXCESS YIELD ANALYSIS
MULTI-FAMILY HOUSING BONDS
June 1, 1995-June 30,1999

EARNINGS				
Monthly earnings 6/95-12/98	$	3,943,928		
Winchester litigation proceeds		285,323		
Total sources			***$***	***4,229,251***
EXPENDITURES				
Excess cost of bond issuance	$	102,619		
St. Johnsbury		401,110		
Winchester monthly assistance		615,246		
Construction loan-Winchester		406,423		
VHCB-Lead loan program (A)		87,289		
Point School Assoc		2,000		
Pine Manor		30,000		
Pine Meadow		192,710		
REO loan sales/non-profit assistance (B)		70,000		
Northgage-Westgate prem note		381,204		
Pine Grove		60,000		
Allen Apartments		199,000		
Castleton-Parsons Hill		49,334		
Progress/FHLB grant match (C)		12,000		
Total uses				***2,608,935***
COMMITMENTS				
VHCB-Lead loan program (A)		112,711		
REO loan sales/non-profit assistance (B)		130,000		
Progress/FHLB grant match (C)		60,000		
REO Distressed property assistance		250,000		
Total commitments				***552,711***
Total available for future uses			***$***	***1,067,605***

ONGOING SUPPORT COMMITMENTS				
Winchester Subsidy	$	125,000		
Multi-family project assistance		200,000		
			$	325,000

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Glenn A. Jarrett

DATE: July 8, 1999

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. So far this year the Agency has not been allocated any volume cap, but the Agency has asked the Emergency Board to allocate the entire $50 million contingency to the Agency and expect that to happen on July 15. The Agency would like to use some of this anticipated allocation for multi-family bonds (technically, "exempt facility bonds") for the various developments that have been approved on a preliminary or final basis and are expected to close this year. The Agency has been working from a $15 million allocation to multi-family purposes from June 1997 and currently has committed to just over $7 million which is more than the $5.79 million left from that allocation. It is not unreasonable to expect that commitments totaling another $5 million would be made before the end of the calendar year. Staff recommends that $10 million of 1999 volume cap received from the Emergency Board be allocated to exempt facility bonds and the remaining volume cap received from the Emergency Board remain unallocated until later this year.

Roger would be happy to answer any questions that you may have.

REQUESTED ACTION:

Approval of the attached resolution.

T:\bonds\volcap\boardmem.99

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 RELATING TO
VERMONT HOUSING FINANCE AGENCY
ELECTION TO ALLOCATE
1999 PRIVATE ACTIVITY BOND
VOLUME CAP ALLOCATION

WHEREAS, the Vermont Housing Finance Agency (the "Agency") has not been allocated any 1999 private activity bond volume cap by the State of Vermont, and

WHEREAS, the Agency expects to be allocated additional private activity bond volume cap by the State of Vermont in the near future; and

WHEREAS, the Agency desires to elect to utilize $10 million of any volume cap allocated for exempt facility bonds; and

NOW, THEREFORE, it is hereby RESOLVED:

If the Vermont Housing Finance Agency is allocated any additional volume cap by the State of Vermont on or after July 15, 1999, it elects to allocate $10 million of such additional volume cap for the purposes of issuing exempt facility bonds.

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25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: August 13, 1999

RE: **CONFIRMATION OF UPCOMING BOARD MEETING**

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held on August 19th at 12:45 p.m. at the Vermont Housing Finance Agency, 164 Saint Paul Street, Burlington, Vermont. *Please come at 12:00 and have lunch with VHFA staff.*

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

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Burlington on August 19th!

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BOARD AGENDA

Vermont Housing Finance Agency
164 Saint Paul Street
Burlington, Vermont

Thursday, August 19, 1999

1. Approval of the minutes of July 15, 1999.

2. **ADMINSTRATION**
   A. Executive Director's Report {Carpenter//Enclosure}

3. **PROGRAM OPERATIONS**
   A. Development
      1. Williamstown Assisted Living {Reid//Enclosure}
      2. South Burlington Community Housing {Reid//Enclosure}
      3. Round One Housing Credit Reservations {JCTC//Enclosure}

   B. Multifamily Management
      1. Saxtons River Family Housing {Falzone//Enclosure}

   C. Homeownership
      1. Summary of Reports {Crady//Enclosures}

4. **FINANCE**
   A. Single Family Bond Finacing Update {Schoenbeck//Enclosure}
   B. Multi-Family Bond Financing Update {Schoenbeck//Enclosure}
   C. Private Activity Bond Volume Cap {Schoenbeck//Enclosure}

5. **STRATEGIC PLANNING DISCUSSION**
   A. Review of VHFA Programs

6. Any old or new business to come before the Board.

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EQUAL HOUSING OPPORTUNITY

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BOARD MINUTES
State Treasurer's Office
133 State Street
Conference Room #1
Montpelier, Vermont

Thursday, July 15, 1999 at 1:00 p.m.

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

Staff: Ms. Carpenter, Ms. Loller, Ms. Caragher, Ms. Gent, Ms. Crady, Ms. Reid, Mr. Erdelyi, Mr. Schoenbeck
Other: Mr. Richardson (Housing Vermont)

Chairman White called the meeting to order at 1:06 p.m. Mr. Candon made a motion to approve the minutes from the June 17th meeting. The motion carried unanimously after being seconded by Mr. Douglas. (Ms. Randall and Mr. Brown abstained from the motion).

DEVELOPMENT

Next, Mr. Erdelyi updated the Board on the activities of Joint Committee on Tax Credits (JCTC). The JCTC had a conference call last week to discuss the projects that were not recommended for tax credits. The committee decided that they would like to give these projects additional time to see what funds, if any, they could receive before any decisions are made. The committee will be meeting on August 2nd to discuss these projects again. Mr. Brown indicated that the JCTC wanted to wait and see how the St. Johnsbury House evolved before committing funds. Their purchase price proposal was extremely high, so we have given them more time to work on submitting another purchase price. Mr. Erdelyi indicated that both Manchester Knoll and Bus Barns are reapplying for the AHP Funds. The JCTC recommended a reservation for these projects contingent on AHP Funds. They will need to submit alternative financing plans. There is no Board action required at this time.

Next, Ms. Reid discussed the Vermont Housing Ventures proposed changes. VHFA created the Vermont Housing Ventures Program to promote and assist nonprofit housing development. Ms. Reid indicated that the Ventures program has been very successful over the years. VHFA also created the Bridge Financing Initiative to assist nonprofits with short-term financing needs to allow them to construct or acquire and rehabilitate homes for purchase or lease/purchase by lower income households. Requests for Ventures have exceeded available funds by $70,000 and Ventures has been used widely, bridge financing has had limited use. There is currently an available balance of $113,000 in the Bridge Financing Initiative fund, with no new business anticipated in the near future. In order to focus on the increasing demand for Venture loans while not allocating more of the General Fund, staff is recommending that we combine the two programs into one. Staff is also recommending that the Executive Director, the Director of Finance, and the new Chief of Program Operations be authorized to approve Venture Loans. Mr. Candon asked what the maximum program limit would be if we combined the programs. Ms. Reid indicated that it would be $650,000. With no further discussion, a motion was made by Mr. Candon to approve the

"Resolution Regarding Changes to Vermont Housing Ventures and Bridge Financing Initiative" with an amendment to authorize the Executive Director, the Director of Finance and the Chief of Program Operations to approve Venture loans. The motion carried unanimously after being seconded by Ms. Canney.

ADMINISTRATION

Ms. Carpenter noted that she had recently returned from the NCSHA's Executive Director's Workshop held in Denver, Colorado. She indicated that it was great to meet all of her peers and work with them on similar issues. There were two areas that the workshop focused on; (1) the external forces effecting the housing finance agencies (HFAs); and (2) competition that is effecting HFA business. They also focused on how to keep HFAs up to date technically. Ms. Carpenter noted that it was a very helpful and interesting workshop.

Ms. Carpenter indicated that we are moving toward the end of the interviewing process for the Chief of Program Operations. There is a candidate coming in for a second interview next week. She will keep the Board informed as the process continues.

Next, Ms. Carpenter noted that she was concerned about the future regulatory changes that may effect our relationship with the Federal Home Loan Bank of Boston (FHLB). Their business has increased and HFAs as non-members do not seem to have a priority. There is also concern about their sustained interest in providing affordable housing funds. Ms. Carpenter will keep the Board informed as these changes continue to take place.

Ms. Carpenter briefly discussed the Employee Survey Results. The two areas discussed in the Employee Survey Results that have not yet been resolved are (1) the process for evaluating the Executive Director; and (2) Strategic Planning issues. Ms. Loller indicated that most of the other issues have resolved themselves during the Agency reorganization and Sarah coming on board. Chairman White noted that another area important for the Board to keep track of is what the pulse of the Agency is. A Board member indicated that Senior Management should talk to the Board Human Resources Committee concerning Agency issues to help the Board get a feel for what the pulse of the Agency is.

Ms. Carpenter indicated that staff is starting to work on updating each employee's job description. Senior Management has also been working to formalize an employee evaluation process. It was suggested that the Board get updated quarterly on what training has been done with staff, any turnover, etc.

Strategic planning was discussed next. Ms. Carpenter indicated that she has asked other HFA Executive Directors to send her their strategic planning templates. Ms. Canney suggested that staff focus on big picture items rather than the smaller items, noting that it might drive the Agency faster. The Board agreed that it is important to get input from staff on where they think the Agency needs to go for the future. Ms. Randall indicated that she believes that the Board should do a SWOT to determine the Agency's threats and strengths. It was also suggested that each meeting begin with strategic planning discussion for an hour. Chairman White indicated that we need a program overview to see what we are doing now. We should also get feedback from our clients and partners to make things happen and pull all the information together.

Chairman White suggested that Sarah, Lisa, and himself get together between now and the August Board meeting to work on a process that they can bring back to the Board. The goal is to start a process in October or November.

Ms. Carpenter briefly reviewed the Annual Meeting Resolution. This resolution allows the Executive Director to authorize individual staff members to sign specific documents. Mr. Douglas made a motion to approve the "Resolutions adopted at the Annual Meeting of Vermont Housing Finance Agency, July 15, 1999" and to re-appoint Mr. Seelig as the Vice-Chairman. The motion carried unanimously after being seconded by Mr. Brown.

HOMEOWNERSHIP

Ms. Crady reported that we have approximately $11.6 million in Series 10 funds available for reservation and staff is estimating that it will take us through the next 6-8 weeks. Ms. Crady noted that the Agency's relationship with MGIC is going very well. MGIC has committed to get overnight mailers to the lenders at their cost to ensure that files get to them sooner.

Staff continues to work with PMI to get their approval of short sales, loan modifications, and purchase contracts. The process continues to go smoothly.

Currently, there are 36 loans that will be moved to foreclosure. Of those, 20 cases have been referred to an attorney and the others are waiting for documents from the servicer before they can be sent to an attorney.

FINANCE

Mr. Schoenbeck indicated that PMI Mortgage Insurance Company indicated that they would be honoring the Vermont Home Mortgage Guarantee Board (VHMGB) claims. VHMGB has approximately $185,000 available and owes $212,000 to VHFA. The audit is expected to be finished in September so that we can close VHMGB out.

Mr. Schoenbeck updated the Board on the excess yield 0% usage plan. VHFA continues to earn $80,492 per month in excess yield which staff has been advised should be loaned out at 0% for a period ending not earlier than 2014. We have exhausted more than $2.6 million to date and have remaining commitments of $550,000 and ongoing commitments of $325,000. Approximately $740,000 of funds have not been committed.

Next, Mr. Schoenbeck discussed the private activity bond volume cap. The Emergency Board approved the allocation of the uncommitted $50 million contingency to VHFA. Mr. Schoenbeck indicated that $10 million will be used for multifamily bonds for various developments that have been approved and are expected to close this year and the additional $40 million will be designated for single family and be available for use later this year. With no further discussion, Mr. Candon made a motion to approve the "Resolution Relating to Vermont Housing Finance Agency Election to Allocate 1999 Private Activity Bond Volume Cap Allocation." The motion carried unanimously after being seconded by Ms. Randall.

Mr. Schoenbeck then reviewed staff's bond financing plans with the Board. On the single family side, Mr. Schoenbeck suggested that we step our mortgage rate up on the current program and create a subsidy to provide excess yield for the new bond financing which would slow usage of the program and provide a small cushion for "sticker shock" for the next bond issue. There was concern among the Board on how much we should raise our rates. It was also mentioned that we would need to get the radio advertisements off the air before we make this change. Ms. Randall suggested that we raise the rate by 50 basis points on August 2nd and then, if necessary, in two more weeks, raise it an additional 50 basis points. Ms. Randall also noted that notification should have to be given to the lenders by early next week indicating the rate increase for the next few weeks.

After further discussion, Ms. Randall made a motion to approve that the rates increase by 50 basis points on August 2nd and if necessary, then increase again two weeks after that by another 50 basis points. The motion carried unanimously after being seconded by Mr. Brown.

MISCELLANEOUS

VHFA has received a request to approve a condominium project for VHFA eligibility that is in the process of conversion from rental to homeownership. Several years ago, the Board approved a policy on the conversion of rental housing to condominium that allows VHFA to provide financing only to buyers who were residents of the project at the time that notice of conversion was given. Ms. Crady noted that staff has been working with O'Brien Brothers Realty who have given notice to their tenants that they plan to convert a 16-unit project located in South Burlington called Kinsington Court to condominium ownership. This project was originally built in the early 90's to be owner-occupied; however, the condominium market was soft and they decided to rent out the units. O'Brien Brothers have also indicated to VHFA that they are completing the construction this fall of 24 additional rental units in South Burlington and have offered those rental units to residents of Kinsington Court who do not wish to purchase. Current rents at Kinsington Court are $750 for a 2 bedroom and $850 for a 2 bedroom plus den. The sales price for these units will be $99,000 and $109,000. There is an extremely limited supply of homeownership units in this range. Turning these into owner-occupied units will make them more affordable. To provide financing for Kinsington Court buyers, the Board must waive the conversion restrictions in VHFA's condominium eligibility policy. Ms. Randall made a motion to waive this policy for Kinsington Court to allow VHFA to provide financing to buyers. The motion carried unanimously after being seconded by Mr. Brown.

With no further business, the meeting adjourned at 4:20 p.m.

Sincerely,

Sarah Carpenter

Sarah E. Carpenter
Executive Director and Secretary

25 years 1974 1999 **vhfa** Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter *CR*

DATE: August 12, 1999

RE: Multifamily Loan Application for The Gardens at Williamstown Square

Name:	The Gardens at Williamstown Square	**Location:**	Williamstown
Housing Type:	Elderly	**Unit Type:**	Elevator
Total Units:	30	**Unit Sizes:**	0 Br (450 sf); 1 Br (575 sf); 2 Br (725 sf)
Total Cost:	$2,556,257	**Per Unit Cost:**	$85,209
Loan Requested:	$1,881,500 construction; $2,050,000 permanent	**Housing Credits:**	$21,393
Other Funding:	Developer Equity, Housing Credits (4% out of cap)		
Sponsor:	The Gardens Limited Liability Limited Partnership (Richard Dybvig, principal)		

The Gardens Limited Liability Limited Partnership, Richard Dybvig as principal, plans to acquire, rehabilitate, and add new construction to a historic property in Williamstown, and develop 30 units of assisted living. Adjacent to Mr. Dybvig's existing Section 8 elderly project called *Williamstown Square*, the new development, called *The Gardens at Williamstown Square* will consist of efficiencies, one and two bedroom units for elders. Phase I, the subject of this memo, will have 30 independent living units and will provide a basic service package which will include housekeeping, one meal daily, evaluation and case management, medication management, 24 hour administration, transportation and activities. Additional services can also be purchased, so that residents can age in place and take advantage of as little or as much support as needed. The owner/manager may contract with Central Vermont Home Health Care and Hospice for nursing and personal care. The facility will not be a licensed Level III facility, but may seek an Assisted Living license once the State has final Regulations and licensing capability for Assisted Living Facilities. This development is phase one of a possible two phase project totaling 50 units. The sponsor intends to seek permits for both phases, and intends to identify investors interested in both phases.

The developer is seeking tax exempt financing and will utilize the 4% "out of cap" Housing Credit. The development will serve a range of incomes. There will be six tax credit efficiency units at $340 ($11.18 daily) and one tax credit one bedroom unit at $364 ($11.97 daily). The median rents (51% of

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the project will serve residents below 100% of median income per VHFA Multi-family Rules) will be $1,410 ($47.00 daily) for an efficiency, and $1,610 ($53.67 daily) for a 1-bedroom. These amounts include rent and basic services, and represent 85% of a household's income (an underwriting guideline for assisted living approved by the Board in November 1997). Using the 85% guideline, the rents are affordable to households at 73% and 84% of area median income respectively. Market units will rent at $1,510 ($50.33 daily) for an efficiency, $1,710 ($57.00 daily) for a 1-bedroom, and $1,910 ($63.67 daily) for a 2-bedroom. These rents are affordable to households at 78%, 89% and 87% of area median income respectively.

Vermont Maintenance Corporation will manage the property (a company owned by Richard Dybvig and another partner); it currently manages the adjacent Section 8 elderly project. A market study is being prepared by John Ryan and is not yet completed. An appraisal has not yet been commissioned.

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 to finance this development upon satisfactory completion of staff underwriting and due diligence.

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: August 13, 1999

RE: Executive Director's Report

ADMINISTRATION

As you all know by now, we are very pleased to have hired Dave Adams as our new Chief of Program Operations. He starts on August 16th and I already have a long list of things for him to do. I am really looking forward to Dave's insight on our programs, his experience and connections with the banking and financial community, and having him assist in developing more expanded capital sources.

We have just about completed all the moves of staff office space. The configuration, I think, gives everyone better space and will provide us with a larger conference room on the third floor. We also have had some training with senior staff around performance appraisals. We are trying to develop a more consistent process and set of standards, as well as set specific goals with each staff member. We also will need to rewrite most job descriptions. I had a great meeting with Tom and Lisa around my evaluation and will be sharing with you some of the goals and initiatives for this year.

On July 27th I attended a hearing by the Legislative Summer Study Committee on housing. They were focused on the impact of permitting the affordability of housing and social service needs in affordable housing. They will be meeting again on August 24th.

I have enclosed a separate memo about strategic planning, after the meeting I had with Dick and Lisa last week. We have also scheduled a full day staff retreat for September 8th.

INFORMATION SYSTEMS

Rick Jean, who was recently hired, has been promoted to Manager of Information Systems. His duties will include IS project management, daily workflow management and supervision of Chris and Sherri. This will be a great support to Pat Loller, so that she can spend more time on Human Resource issues and system issues within the Agency.

Rick and various staff are working through the testing of the various miscellaneous applications for Year 2000 testing. There was one additional feature for Mitas that was not tested as the feature was still in development. We received the update this week and will complete testing by the end of the week. To date we have not identified any Year 2000 issues relative to software applications.

PUBLIC AFFAIRS/PLANNING

As you are well aware, a number of changes to various VHFA's homeownership programs were implemented this spring, including the use of contract underwriting with MGIC and increases in purchase price and income limits. At that time, the Board asked staff to review federal guidelines and criteria and to investigate alternative data sources for designating targeted and non-targeted areas. Work on this project has begun and we will report the results to you later in the fall. At that time, we will also provide additional information about any changes in borrower profiles since the spring's program changes, which will allow sufficient time for the reservations to convert to loan purchases.

Both the private activity bond cap increase and the Low Income Housing Tax Credit cap increase (including a $2 million small state minimum) are included in the Congressional tax bill. Senator Jeffords used his influence as a "hold out" Republican to get the small state minimum added to the House/Senate bill. Although the tax bill is unlikely to be signed by President Clinton, the bond cap and LIHTC cap increases will remain in future bills. We are very grateful for our congressional support.

HOMEOWNERSHIP

VHFA has two new participating lenders. Universal Mortgage, who has been approved for several years for the Mortgage Plus program, has recently signed agreements to participate in the MOVE program. CTX Mortgage, who recently expanded their office in the state with a number of top producers from Vermont National Bank, have also signed agreements to participate in MOVE, HOUSE, YESS, and Mortgage Plus. Both Universal and CTX will sell their loans to VHFA servicing released. I have been asked to speak at the September meeting at the Mortgage Bankers Association and look forward to expanding our relationship with them.

There was little reaction to raising our rates August 2 and we are hopeful that our new rate will still continue to give us adequate market advantage. After the July meeting, we had further discussion with staff about ways to better trend the market within the constraints of our tax-exempt yield restrictions and may be proposing some changes.

DEVELOPMENT

The Joint Committee on Tax Credits met to review the status of 1999 Housing Credit applications, and have a recommendation to make to the Board (enclosed). Work will begin on revisions to the 2000 Allocation Plan in an effort to have it completed by year-end, and an early round in 2000. There may be two rounds in 2000, depending upon the amount of available credit. We are trying to be optimistic about the small state set-aside, at a level of $2,000,000. Development staff has been busy with approved projects, which will close in the next few months (Blair, Briars, Morrisville, Barton, Swanton, Jacobs MHP), as well as new projects (South Burlington, Williamstown, Saxtons River). Development is beginning to work with MF Management on the potentially large number of projects with owners facing significant tax liabilities who may want to opt out and sell to nonprofits.

MULTIFAMILY MANAGEMENT

At Parsons Hill in Castleton, the water system termination notice has finally been resolved. Agency of Natural Resources and Public Service Department staff have reached an agreement with the well's owner and he has notified his customers that their water service will not be terminated. All parties are now working cooperatively toward a long-term solution to meet the water needs of the Four Corners Area.

After more than a year of discussions, we successfully concluded a Preservation Agreement with the owner of Conant Square Inn in Brandon. Owner Frank Guillot, agreed to a lock-in and six years of extended affordability beyond the 30-year term of the HAP Contract for these 19 elderly units.

The deadline for the submission of the RFP for HUD contract administration was postponed. We are continuing to work through this with VSHA. We also are continuing to pursue the purchase of the HUD held notes.

Staff has reviewed our budget format for next year and some of our reporting requirements. We were able to significantly streamline it, which we hope will be very welcomed by our owners and managers.

FINANCE

Most of the Finance Department activity has revolved around getting ready for the bond deals and preparing for the audit. KMGP Peat Marwick will be completing the audit this year, but I would like to put it out to bid next year. We have been somewhat constrained by our bond requirement as a "nationally recognized firm" and would like to explore that.

The conversion of Finance to the new Windows based MITAS System has been completed. We are a little behind for this fiscal year as we have had to close out last year under the old system. However, I am looking forward to more comprehensive budget reporting and will be working closely with Roger, Tim and Dave and more targeted reports.

OTHER

I will be on vacation the week of August 24th, hoping to spend some time at my camp in Lake Carmi.

DON'T FORGET OUR 25TH ANNIVERSARY CELEBRATION ON TUESDAY, AUGUST 31ST AT THE BOATHOUSE IN BURLINGTON.

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: August 13, 1999

RE: STRATEGIC PLANNING

Dick, Lisa and I met last week to develop a schedule for Board Strategic Planning. Our tentative format is as follows:

PROGRAM REVIEW

August 19th - At the Board Meeting staff will provide a brief update and overview of VHFA programs.

FINANCIAL REVIEW

September 20th - Standard and Poor's and Moody's are meeting with staff to update themselves on changes at VHFA. (They do this every few years). As part of that, Evensen Dodge, our financial advisors, and Paine Webber, our lead underwriter, are asked to participate. We thought it would be a good opportunity to take advantage of their availability and have them discuss trends they see and what has been happening with other HFAs. We will schedule this in place of the September 16th meeting. Kari is still confirming the time for the meeting on the 20th with a working dinner or first thing in the morning on the 21st.

ECONOMIC TRENDS / HOUSING NEEDS

October 21st – As part of the Board Meeting, we will look for some outside information on trends in Vermont. We will try to get a speaker like Art Wolf and will also supply information we have on housing needs. (F.Y.I. – We also are talking to the forum on sprawl about participating in homebuyer / rate preference survey).

WEEK OF NOVEMBER 8TH (TENTATIVELY NOVEMBER 11TH AND 12TH)

Board / staff retreat, probably in Stowe. The first day would be with senior staff, probably some type of SWOT analysis. Dinner with some evening work. Then, a working breakfast with me, some time with division needs, and a time to process some of this with just the Board. We are looking for someone to facilitate this.

We will discuss this format at the meeting next week, but please let me know any thoughts you have.

RESOLUTION PERTAINING TO A LETTER OF INTEREST RE: CONSTRUCTION AND PERMANENT FINANCING FOR THE GARDENS AT WILLIAMSTOWN SQUARE, WILLIAMSTOWN

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 Gardens Limited Liability Limited Partnership, a to-be-formed limited partnership whose general partner will be Tunbridge Limited Liability Company, Richard Dybvig as principal, involving the acquisition, rehabilitation, and construction of 30 units of rental housing in the Town of Williamstown (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 $2,250,000 aggregate principal amount (the "Bonds") to finance a loan to The Gardens Limited Liability Limited Partnership (the "Borrower") to acquire, rehabilitate and construct a 30-unit project (the "Project") in Williamstown, 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 $1,881,500 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 first mortgage loan in the amount of up to $2,050,000 as permanent financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed150 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 Cynthia Reid, dated August 12, 1999, 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 a to-be-formed limited partnership for the construction financing in an amount not to exceed \$1,900,000; and the long term financing of the Development in an amount not to exceed \$2,100,000. 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 twenty 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 an appraisal satisfactory to VHFA prior to closing that demonstrates adequate value in the project;

    b) Sponsor must provide a market study satisfactory to VHFA prior to closing that demonstrates the feasibility of the project;

    c) 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;

d) Sponsor must provide evidence of necessary permits;

e) Sponsor must provide a written property tax estimate;

f) Sponsor must provide final plans and specifications for VHFA review and approval prior to VHFA loan closing;

g) 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 the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and rehabilitate 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.

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TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter CR

DATE: August 12, 1999

RE: Multifamily Loan Application for South Burlington Community Housing

Name:	South Burlington Community Housing	**Location:**	South Burlington
Housing Type:	Family	**Unit Type:**	Townhouses/ Flats
Total Units:	18	**Unit Sizes:**	2 bedroom (1039 avg sf)
Total Cost:	$2,228,974	**Per Unit Cost:**	$123,832
Loan Requested:	$254,515	**Housing Credits:**	$141,000
Other Funding:	VHCB, HOME, VCDP, Housing Credits		
Sponsors:	Lake Champlain Housing Development Corporation (LCHDC), Housing Vermont (HVT)		

LCHDC and HVT are proposing an 18-unit new construction family development off of Hayden Parkway and Williston Road in South Burlington. The site is behind the New Covenant Baptist Church. The 18 units will be located in nine duplex buildings around a central green. All of the units are two-bedroom; three are affordable to households below 50% of area median income (gross rent is $520), and fifteen are affordable to households at 50% of area median income (gross rent is $570). Two of the 18 units will be designated for persons with psychiatric disabilities; four units will be designated for persons with disabilities transitioning from a separate 10-unit congregate facility adjacent to it being developed by Cathedral Square Corporation for young people with disabilities unable to live independently. The sitework is unusually expensive due largely to a requirement that a storm water pumping system be installed which pumps storm water into the municipal system. The project received a waiver from the Housing Credit cost limits due to the expense associated with the storm water issue. The project has received all of its funding commitments. It has received its local permit which is now in a 30 day appeal period. The neighbors have indicated that they will appeal the local permit. The project anticipates Act 250 by the end of September. An as built appraisal has not yet been completed. The loan to project cost ratio is 11%. Lake Champlain Housing Ventures will manage the property once construction is completed.

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.

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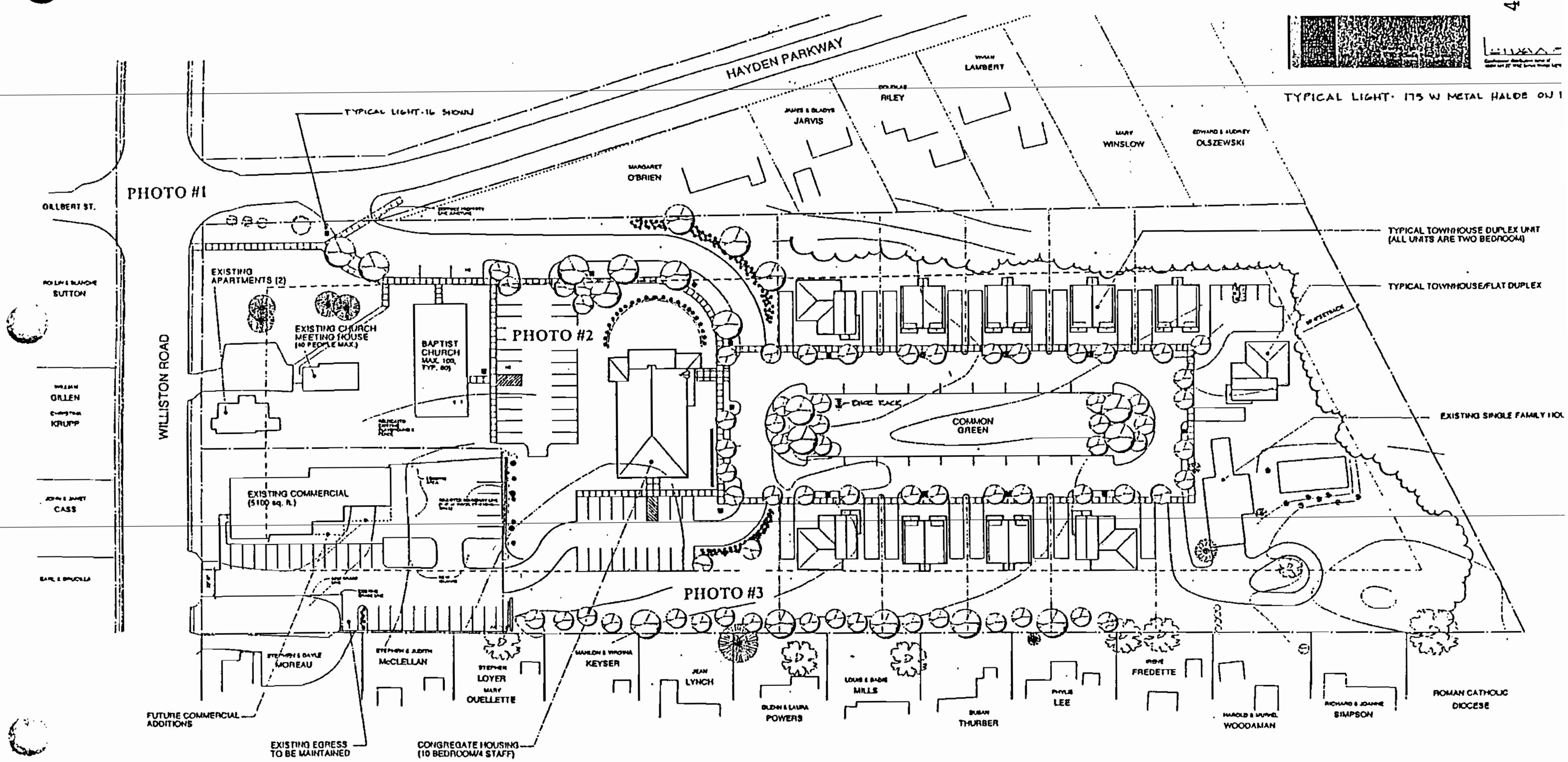

SCHEMATIC SITE PLAN 2

0 20 40 80 160

OWNERS OF RECORD:
Norm & Marietta Chappell
990 Jolanda Circle
Venice, FLA 34292

New Covenant Baptist Church, c/o Steve Slapke
1451 Williston Road
South Burlington, VT 05401

APPLICANT:
Amy Wright
Lake Champlain Housing Development Corp.
220 Riverside Ave.
Burlington, VT 05401

NEW TREES

EXISTING TREES

South Burlington Affordable Housing

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

RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: PERMANENT FINANCING FOR SOUTH BURLINGTON COMMUNITY HOUSING, SOUTH BURLINGTON

WHEREAS, a proposal has been presented to the Agency by Housing Vermont and Lake Champlain Housing Development Corporation, on behalf of a to-be-formed limited partnership whose general partners will be Lake Champlain Housing Ventures and H. V. 1999, Inc., involving the construction of 18 units of rental housing in the City of South Burlington (the "Development"); and

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $260,000 as permanent financing, with the interest rate to be determined by the Agency depending on the source of funds, and an interest rate of not more than 75 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 Cynthia Reid, dated August 12, 1999, 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 partners 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 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 for the long term financing of the Development in South Burlington in an amount not to exceed $260,000. The term of the loan will be twenty years; the amortization period thirty years; 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 appraisal satisfactory to VHFA prior to closing which demonstrates adequate value in the project;

   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 permits;

   d) Sponsor must provide a written property tax estimate;

   e) Sponsor must provide final plans and specifications for VHFA review and approval prior to VHFA loan closing;

   f) Sponsor must provide evidence of competitive bidding by loan closing with bids approximately at budgeted levels, to maintain overall feasibility.

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 permanent financing of the Development, in an amount not to exceed $260,000.

4. The term loan shall be amortized over a period of up to 30 years, but all principal and accrued interest shall be due no more than 20 years from the date of the term loan. The interest rate shall be determined by the Executive Director based on the

Agency's cost of funds plus 75 basis points. The source of funds shall be determined by the Executive Director . The Sponsor shall be responsible for loan fees. The Commitment Letter may be issued to H. V. 1999, Inc. and Lake Champlain Housing Ventures 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.

5. The Executive Director and the Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: The Joint Committee on Tax Credits

DATE: August 5, 1999

RE: Round One Tax Credit Reservation Meeting of 8/3/99

The Committee met to review the update to the tax credit application status (see attached memo). The four remaining projects under discussion were all represented at the meeting, and the updates in the memo were confirmed by their representatives. Charlie Brush of Green Mountain Development Group told the Committee that he is unable to close the gap between what the seller of the St. Johnsbury House wants and what he can secure from funders. The policy of only permitting non-profit sellers who are requesting other public resources to receive the outstanding balance of the mortgage as the sales price has been in practice for a long time, and was communicated to the seller years ago during earlier negotiations, but was not written into the Allocation Plan or the rules governing the other funding sources. Mr. Brush expressed to the Committee that he did not object to this policy, but that a lot of time and effort could have been saved if this policy were written and more widely disseminated. Mr. Brush withdrew the St. Johnsbury House from consideration this round.

The Committee confirmed its recommendation to the Board from the meeting of June 1 prior to the AHP round announcements, and is recommending to the Board that Manchester Knoll, Mary Exner Block, and Bus Barns receive credits. The entire list of projects receiving credits for the year would be:

Project	Credit Amount	Cumulative Credit
Mill View Housing	85,779	85,779
Manchester Knoll	138,113	223,892
Hayden Parkway	141,000	364,892
Hawkins Housing	85,471	450,363
Mary Exner Block	63,512	513,875
Bus Barns	153,492	667,367

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

Amount Available to Allocate in 1999:	486,966
Amount to be Committed from 2000:	180,401

All of the Bus Barns and $26,909 of the credits for Mary Exner Block are coming from the year 2000 credit ceiling, and the entire remaining 1999 ceiling will be allocated to the remaining projects listed above.

Recommendation: That the Board of Commissioners pass the attached resolution pertaining to the reservation and allocation of 1999 and 2000 Housing Credits.

GMDG

GREEN MOUNTAIN DEVELOPMENT GROUP, INC.

VHFA
AUG 05 1999
RECEIVED

August 4, 1999

Charlie Carter
Executive Director
Northeastern Vermont Development Association
Box 630
St. Johnsbury, VT 05017

Dear Charlie,

I attended the meeting of the Joint Committee on Tax Credit this morning in Montpelier. As expected, the committee did not approve a reservation of Low Income Housing Tax Credits for the St. Johnsbury House. The apparent reason for not approving the credits is because the sale price demanded by N.V.D.A. is not consistent with policy adopted by the various state agencies regarding the sale of property by non-profit state funded agencies.

I realize N.V.D.A. has a sharp disagreement with this policy, but I believe that the policy is applied consistently and makes good sense from a public policy point of view.

The renovation of the St. Johnsbury House cannot move forward at this time. Unfortunately, further deterioration of the building and living conditions for the current senior tenants will be on-going with no relief in sight.

I strongly believe the historic St. Johnsbury House is vital to the fabric of downtown and the needs of the local senior citizens. Through the extensive efforts of many people, both public and private sectors, a realistic and viable plan for a comprehensive historic rehabilitation was agreed upon. Unfortunately, that effort was in vain and I am very perplexed as to why.

If you or the Board wishes to pursue the project again in the future and have a "change of heart" regarding the sale price, I am very willing to pick up where we have left off.

7 Aspen Drive South Burlington, VT 05403-6247 Ph: (802) 864-9899 Fax: (802) 864-9990

Please do not hesitate giving me a call at 864-9899 if you would like to discuss the project any further.

Sincerely,

Charlie Brush

Charles N. Brush

CNB:yhd

cc: Howard Dean, Governor
Steve Marsh, Board Chair, NVDA
Larry Donna, Larry Donna Realty
Roger Joslin, Century 21 Jack Associates
Greg Brown, Commissioner,Department of Housing & Community Affairs
Lynn Heglund, Community Development Specialist
Molly Lambert, Secretary, ACCD
√ Sarah Carpenter, Vermont Housing Finance Agency
Joe Erdelyi,Vermont Housing Finance Agency
John Hall, Town Manager, St. Johnsbury
Joel Schwartz, Town of St. Johnsbury

St.Johnsbury\Carter4

RESOLUTION REGARDING
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 JCTC met on August 3, 1999 and considered recommendations for reservations of tax credits for 7 proposed projects; and

WHEREAS, the Sponsor of one of the proposed projects withdrew its request for credits; and

WHEREAS, staff has prepared a memorandum dated August 5, 1999 containing a description of the projects (the "Memorandum"), and

NOW, THEREFORE, it is hereby RESOLVED:

1. The Board has considered the projects discussed in the Memorandum.

2. The Agency approves the reservation for the projects recommended by the JCTC in the amounts listed:

Project	Credit Amount	Cumulative Credit
Mill View Housing	85,779	85,779
Manchester Knoll	138,113	223,892
Hayden Parkway	141,000	364,892
Hawkins Housing	85,471	450,363
Mary Exner Block	63,512	513,875
Bus Barns	153,492	667.367
Amount Available to Allocate in 1999:		486,966

Amount to be Committed from 2000:	180,401

subject to the payment of applicable reservation fees, and subject to the conditions discussed in the Memorandum.

3. All of the Bus Barns and a $26,909 of the credits for Mary Exner Block are coming from the year 2000 credit ceiling, and the entire remaining 1999 ceiling will be allocated to the remaining projects listed above.

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

C:\mydocuments\vhfa\\lihtc\boardreso

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sam Falzone, Director of Multifamily Programs

DATE: August 12, 1999

RE: **Saxtons River Family Housing**

This is a 17-unit scattered site family property originally financed by the Agency in 1982 under the Section 8 program. Its current condition is poor and the owner has accepted a Housing Vermont (HVT) offer to purchase the property at a reasonable price. HVT has proposed a two-step transaction that will first accomplish ownership transfer and address immediate rehab needs and then in the Spring, they intend to complete a more comprehensive rehab of these units.

The transfer of ownership of this property to a HVT Limited Partnership, will include a binding Preservation Agreement that will place these units in the affordable inventory for the remainder of their useful life. The initial transaction will use an assumption of the existing mortgage and a $145,000 0% deferred loan for acquisition and first stage rehabilitation using existing project reserves. This is scheduled to occur in late August and Paul Stewart's management company has agreed to take over management on September 1st.

In the second phase of this transaction, we expect to replace VHFA's existing debt financing as part of an upcoming multifamily tax exempt bond issue and allocate out-of-cap housing credits. Although the exact scope of rehab work has not been agreed upon, HVT is also projecting that additional sources of funding will be provided by Federal Historic Credits, HOME funds, VHCB non-federal Lead money, housing credit Equity and an additional 0% loan. We are confident that however the final scope of work and sources of funding end up, this property will be in far better physical condition then if we were to leave it in the hands of the current owner who has performed marginally for years.

Recommendation: That the VHFA Board pass the attached resolution stating our intent to provide financing and reimburse any advances in connection with HVT's acquisition of this 17-unit property in Rockingham.

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RESOLUTION STATING INTENT TO PROVIDE FINANCING AND TO REIMBURSE ANY ADVANCES WITH RESPECT TO A 17-UNIT PROJECT IN ROCKINGHAM

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, 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 $1,000,000 aggregate principal amount (the "Bonds") to finance a loan to Saxtons River Housing Limited Partnership (the "Borrower") to acquire and rehabilitate a 17-unit project (the "Project") in Rockingham, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and rehabilitate 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.

2. The preliminary approval of paragraph 1 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.

3. This Resolution shall become effective immediately.

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homeownership Programs PC

DATE: August 12, 1999

RE: Summary of Homeownership Activities

Program Operation

As of August 12, 1999, there was a total of approximately \$30.5 million in Series 10 loans in various stages of processing and approximately \$2.5 in funds available for reservation. We have experienced slightly lower levels of activity since the higher interest rates were introduced on August 2, 1999; however, reservations during that week were approximately \$2.0 million. VHFA's rate of 6.85% with zero points is approximately 150 basis points below conventional interest rates.

MGIC is doing a great job underwriting for VHFA. Response from our participating lenders continues to be very positive. VHFA's one-year agreement with MGIC expires in the spring of 2000. Staff plans to meet with MGIC in September to begin the discussion of criteria for eligible loans after the expiration of the current agreement.

Servicing

Attached are servicing reports as of June 30, 1999. The total percentage of accounts delinquent 90+ days as of June 30, 1999, decreased to 88 from the 136 accounts reported to the Board as of May 31, 1999; however we have discovered an error in the May 31, 1999 reports. A majority of the loans that were in foreclosure as of that date were counted as foreclosure accounts and also as 90+ accounts. As a result, the total percentage of loans delinquent was actually lower than those reported. I will have revised May 31, 1999 reports available at the Board meeting.

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EQUAL HOUSING OPPORTUNITY

HOMEOWNERSHIP PROGRAMS - SERVICING ACTIVITY REPORT

Activity for the month of June 1999

COLLECTIONS

Total 90+ accounts for current month	88

FORECLOSURES

Foreclosure accounts from previous month	53
Plus new foreclosure accounts	10
To REO	5
Successful interventions	0
Total Foreclosure accounts for current month	58

REAL ESTATE OWNED

REOs from previous month	46	
Plus new REOs	5	
Less property sold	8	
REOs for current month	43	(6 properties are under contract)

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: June 1999

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO	
Banknorth Mortgage Co.	697	26	3.73%	4	0.57%	8	1.15%	4	0.57%	42	6.03%	9	1.29%
Bennington Co-op S&L Assoc.	63	1	1.59%	0	0.00%	0	0.00%	0	0.00%	1	1.59%	0	0.00%
Brattleboro Savings & Loan	31	1	3.23%	1	3.23%	0	0.00%	0	0.00%	2	6.45%	0	0.00%
Charter One	383	24	6.27%	5	1.31%	8	2.09%	5	1.31%	42	10.97%	3	0.78%
Chittenden Bank	843	43	5.10%	11	1.30%	5	0.59%	9	1.07%	68	8.07%	8	0.95%
Citizens Savings Bank	120	5	4.17%	2	1.67%	2	1.67%	0	0.00%	9	7.50%	0	0.00%
Community National Bank	300	8	2.67%	3	1.00%	9	3.00%	2	0.67%	22	7.33%	3	1.00%
Connecticut River Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Factory Point Nat. Bank	32	3	9.38%	0	0.00%	0	0.00%	0	0.00%	3	9.38%	0	0.00%
First Brandon Nat. Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Nationwide Mortgage	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
GMAC Mortgage	9	1	11.11%	0	0.00%	0	0.00%	0	0.00%	1	11.11%	0	0.00%
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Graystone Mortgage Company	480	41	8.54%	10	2.08%	13	2.71%	9	1.88%	73	15.21%	4	0.83%
Heritage Family Credit Union	8	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Lyndonville Savings Bank	63	1	1.59%	0	0.00%	2	3.17%	0	0.00%	3	4.76%	0	0.00%
Mascoma Savings Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Merchants Bank	220	7	3.18%	1	0.45%	2	0.91%	0	0.00%	10	4.55%	0	0.00%
Mortgage Service Ctr. of NE	81	5	6.17%	1	1.23%	1	1.23%	1	1.23%	8	9.88%	0	0.00%
New England Federal CU	46	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Northfield Savings Bank	140	1	0.71%	1	0.71%	0	0.00%	0	0.00%	2	1.43%	0	0.00%
Passumpsic Savings Bank	156	9	5.77%	0	0.00%	5	3.21%	1	0.64%	15	9.62%	1	0.64%
Peoples Trust Co.	81	3	3.70%	2	2.47%	2	2.47%	0	0.00%	7	8.64%	0	0.00%
Randolph National Bank	30	1	3.33%	0	0.00%	0	0.00%	0	0.00%	1	3.33%	1	3.33%
Union Bank	172	5	2.91%	4	2.33%	3	1.74%	0	0.00%	12	6.98%	0	0.00%
Vermont Development CU	85	2	2.35%	2	2.35%	1	1.18%	1	1.18%	6	7.06%	0	0.00%
Vermont National Bank	1830	81	4.43%	28	1.53%	27	1.48%	26	1.42%	162	8.85%	14	0.77%
Wells River Savings Bank	30	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Totals	5918	268	4.53%	75	1.27%	88	1.49%	58	0.98%	489	8.26%	43	0.73%
Totals Previous Month	5950	287	4.82%	67	1.13%	141	2.37%	53	0.89%	548	9.21%	46	0.77%
Totals Same Mo. Last Yr.	6262	306	4.89%	86	1.37%	104	1.66%	60	0.96%	556	8.88%	45	0.72%

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: June

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL		Delinq		REO
Large Servicer 400+													
Banknorth Mortgage Co.	697	26	3.73%	4	0.57%	8	1.15%	4	0.57%	42	6.03%	6	0.63%
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Chittenden Bank	843	43	5.10%	11	1.30%	5	0.59%	9	1.07%	68	8.07%	8	1.05%
Graystone Mortgage Company	480	41	8.54%	10	2.08%	13	2.71%	9	1.88%	73	15.21%	4	3.54%
Vermont National Bank	1830	81	4.43%	28	1.53%	27	1.48%	26	1.42%	162	8.85%	14	1.36%
Totals	4233	215	5.08%	58	1.37%	61	1.44%	53	1.25%	387	9.14%	35	0.83%
Average	847	43	5.61%	12	1.36%	12	1.60%	11	1.25%	77	9.82%	7	1.36%
Medium Servicers 399-50													
Bennington Co-op S&L Assoc.	31	1	3.23%	1	3.23%	0	0.00%	0	0.00%	2	6.45%	0	0.00%
Citizens Savings Bank	120	5	4.17%	2	1.67%	2	1.67%	0	0.00%	9	7.50%	0	0.00%
Community National Bank	300	8	2.67%	3	1.00%	9	3.00%	2	0.67%	22	7.33%	3	1.00%
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Peoples Trust Co.	81	3	3.70%	2	2.47%	2	2.47%	0	0.00%	7	8.64%	0	0.00%
Union Bank	172	5	2.91%	4	2.33%	3	1.74%	0	0.00%	12	6.98%	0	0.00%
Vermont Development CU	85	2	2.35%	2	2.35%	1	1.18%	1	1.18%	6	7.06%	0	0.00%
Totals	1449	47	3.24%	17	1.17%	27	1.86%	5	0.35%	96	6.63%	4	0.28%
Average	136	5	3.41%	2	1.31%	3	1.74%	0	0.25%	9	6.74%	0	0.16%
Small Servicers 49-													
Brattleboro Savings & Loan	31	1	3.23%	1	3.23%	0	0.00%	0	0.00%	2	6.45%	0	0.00%
Connecticut River Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Factory Point Nat. Bank	32	3	9.38%	0	0.00%	0	0.00%	0	0.00%	3	9.38%	0	0.00%
First Brandon Nat. Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Nationwide Mortgage	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
GMAC Mortgage	9	1	11.11%	0	0.00%	0	0.00%	0	0.00%	1	11.11%	0	0.00%
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Heritage Family Credit Union	8	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mascoma Savings Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
New England Federal CU	46	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Randolph National Bank	30	1	3.33%	0	0.00%	0	0.00%	0	0.00%	1	3.33%	1	3.33%
Wells River Savings Bank	30	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Totals	204	6	2.94%	1	0.01%	0	0.00%	0	0.00%	7	3.43%	1	0.49%
Average	17	1	2.31%	0	0.25%	-	0.00%	-	0.00%	1	2.52%	0	0.29%

VERMONT HOUSING FINANCE AGENCY

Board Property Disposition Report

Month of: June, 1999

Properties Sold

Property	Listing Price	Sale Price	Principal Balance	Interest	To Date Expenses	Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Winot Bethel	$ 43,500	$ 31,000	$ 64,751	$ 5,139	$ 11,380	$ 13,980	($36,290)	($34,032)	($2,258)
Davey Springfield	$ 35,000	$ 32,500	$ 49,790	$ 4,624	$ 22,513	$ 14,937	($29,490)	($29,057)	($433)
Stevens Brandon	$ 19,900	$ 22,000	$ 42,982	$ 7,217	$ 14,073	$ 9,360	($32,912)	($19,771)	($13,141)
Beane Williston	$ 79,900	$ 81,000	$ 67,924	$ 10,164	$ 42,192	$ 14,600	($24,680)	($62,654)	$37,974
Baird Hubbardton	$ 22,000	$ 17,000	$ 43,408	$ 2,522	$ 7,082	$ 9,400	($26,612)	($17,081)	($9,531)
Gottardi Pownal	$ 74,900	$ 61,000	$ 74,264	$ 5,929	$ 8,082	$ 22,279	($4,996)	$0	($4,996)
Guyett Calais	$ 69,900	$ 69,900	$ 74,307	$ 7,676	$ 21,861	$ 16,200	($17,744)	($12,797)	($4,947)

Rollins Rutland	$ 60,000	$ 54,000	$ 65,397	$ 7,568	$ 22,842	$ 14,000	($27,807)	($26,546)	($1,261)

Properties Under Contract

Property	Listing Price	Contract Price	Principal Balance	Interest	Estimated Expenses	Estimated Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Aldrich Vernon	$ 45,000	$ 30,100	$ 63,462	$ 10,272	$ 9,815	$ 9,750	($43,699)	($49,567)	$5,868
Westall Richmond	$ 49,900	$ 50,000	$ 62,576	$ 8,696	$ 13,898	$ 13,980	($21,190)	($7,743)	($13,447)
Barney Rutland	$ 65,000	$ 64,000	$ 81,303	$ 8,669	$ 10,369	$ 35,767	($574)	($24,697)	$24,123
Hill Williston	$ 58,500	$ 32,500	$ 66,645	$ 6,251	$ 13,759	$ 11,845	($42,310)	($32,637)	($9,673)
Rooney Monkton	$ 64,900	$ 64,900	$ 67,812	$ 12,770	$ 10,756	$ 15,000	($11,438)	$0	($11,438)
Karch Jericho	$ 99,900	$ 100,000	$ 88,435	$ 13,173	$ 12,627	$ 15,685	$1,450	$0	$1,450

Properties in the VHFA/Non Profit Sales Program

Tabor
Gilman Housing Trust

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: AUGUST 12, 1999

RE: SINGLE FAMILY BOND FINANCING

Attached to this memorandum is a copy of the Preliminary Official Statement (P.O.S.) that is being distributed to potential bondholders, a draft of the purchase contract with the underwriters and a draft copy of the Fifteenth Supplemental Single Family Housing Bond Resolution (Series Resolution). The Series Resolution is the document which lists the parameters under which the Bonds can be sold. The provisions in Section 201 mandate the limits of the financing, i.e. a bond and note financing not exceeding $56 million, a yield calculation that would result in a mortgage rate under 8%, and bonds maturing no later than May 1, 2030.

The current schedule is to set the price for the bonds on the 20th of August for sales offered on the 23rd to retail purchasers and institutional sales on the 24th. Results of the sale that fit the parameters regarding rate and term would result in executing the purchase contract (the sale) on the 26th. The transaction would close on September 7th and 8th.

We received an excellent bid from FSA for bond insurance which will provide a AAA rating for the bonds and includes surety bond coverage for loan loss coverage's totaling $ 455,000 and contingency loss coverage of $450,000. Current market conditions would produce a 0 point mortgage rate of about 7.15%, which includes a loss provision built into the mortgage rate which should reimburse us for losses incurred in the future on this Series of loans. In the expected assumption cash flow case, we are expecting to earn about $100,000 per year, which translates to a present value of that earnings stream of a little over $600,000.

David Amsden from Kutak Rock (our bond counsel), Andy Gurley of PaineWebber (the lead underwriters) and Al Hans from Evensen Dodge (our financial advisor) and I will be on a conference call at 1:30 p.m. the day of the Board meeting to answer any questions and also provide you any further updates on market movements, etc. The objective is to receive the Board's approval to authorize the release of a scale of prices for the bonds under the conditions listed in the Series Resolution. There will be other documents available at the Board meeting including the estimated costs of the issuance, the results of the bids for the investment contracts, a remarketing agreement, a continuing disclosure agreement and a resolution prepared by Glenn to allocate the remaining bond volume cap to this issuance.

Recommended Action
Approval of the Fifteenth Supplemental Single Family Housing Bond Resolution.

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: AUGUST 13, 1999

RE: MULTI-FAMILY BOND FINANCING

We are currently putting together information to prepare a Preliminary Official Statement (P.O.S.) to permanently finance the Briars and Blair Park Apartments (also known as Eagle Crest), both projects that the Board has previously approved. Due to the uncertainties in the bond market, rates are quite volatile at the moment. We have committed a 7% mortgage rate to the Briars on their $681,000 mortgage. Eagle Crest, estimated to need $3.2 million, was underwritten at the same rate and their cash flows are quite sensitive to mortgage rates higher than 7%. If we were to provide the project with a 7% rate, our spread would be 81 basis points. The challenge will be to charge the right rate, which both makes the financing work and also provide VHFA with a reasonable return.

The members of the working group have agreed to keep their costs to a minimum on this transaction as we are expecting to complete a refunding of the 1977 Multi-Family Mortgage resolution later this year and are also beginning to explore a refunding of the "Winchester Bonds". Financing the purchase of HUD held mortgages for Westgate, Highgate and Mountain View may be combined with either refunding.

The current schedule is to complete the work on the preliminary official statement by August 23rd price the bonds on August 31st, sell on September 2nd and close on September 15th and 16th.

Recommended Action
Proceed with the schedule for financing as indicated.

mailing address P.O. Box 408, Burlington, VT 05402-0408 delivery address 164 Saint Paul St., Burlington, VT 05401-4364
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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Glenn A. Jarrett GAJ

DATE: August 12, 1999

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 July 15, the Emergency Board allocated $50 million to the Agency and the Agency allocated $10 million of that amount to exempt facility (multi-family) bonds. At this time, with the single family bond issue scheduled for sale later this month, it is necessary to allocate the remaining $40 million for single family uses.

Scott 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 1999 PRIVATE ACTIVITY BOND VOLUME CAP ALLOCATION

WHEREAS, the Vermont Housing Finance Agency (the "Agency") was allocated $50 million in 1999 private activity bond volume cap by the State of Vermont Emergency Board and allocated $10 million of that to exempt facility bonds on July 15, 1999; and

WHEREAS, the Agency desires to elect to utilize the remaining $40 million in volume cap for qualified mortgage bonds and mortgage credit certificates; and

NOW, THEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency elects to allocate $40,000,000 of its unused volume cap pursuant to section 146 of the Internal Revenue Code of 1986 for the purposes of issuing qualified mortgage bonds or mortgage credit certificates.

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25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah Carpenter

DATE: August 18, 1999

RE: St. Johnsbury House Tax Credit Request

At the Joint Committee on Tax Credits meeting held on 8/4/99, the St. Johnsbury House project was withdrawn from consideration by its sponsor, Green Mountain Development Group (GMDG). The purchase price of the property was considered too high by the Joint Committee as well as by the Vermont Community Development Program, as it was far in excess of the mortgage balance and the owner, Northeastern Vermont Development Association (NVDA) is a non-profit organization. On Monday, August 16, GMDG notified us that NVDA agreed to lower the sales price from the original price of $540,000 to $275,000. This scaled down price includes the mortgage balance plus furniture, fixtures and equipment and a NVDA development fee.

GMDG is requesting a forward commitment of 2000 Housing Credits be considered since the purchase price issue has apparently been resolved. Today, GMDG submitted a revised budget which does include the lower purchase price, but also has higher construction costs.

The Committee is affirming the approval of all six projects recommended earlier. Three projects received Credit Reservations (Mill View, Hayden Parkway and Hawkins Housing), and the remaining three (Manchester Knoll, Mary Exner Block, and Bus Barns), which were denied Affordable Housing Program awards, have submitted alternative funding plans and are being recommended for Board approval by the Committee. The six projects require all of 1999 Housing Credits, plus $180,410 of 2000 Housing Credits. The Committee did not review St. Johnsbury House as the project was withdrawn.

GMDG has requested that they be included for consideration of a forward allocation of 2000 Credit. Their original request was for $168,814. In the revised pro forma sent to us today they requested $175,398. In considering the St. Johnsbury House request, staff recommends the amount of credit considered be the amount of credit supported by the project's original budget, with the only change being the reduced purchase price and the actual VCDP award. This would mean a credit amount of $161,615. This puts the proposal on equal footing with the projects which already received 1999 Housing Credit allocations, as well as the projects which the Committee is currently recommending for Board approval. In the interest of fairness, other projects have not had the opportunity to increase construction budgets and adjust other factors resulting in higher Housing Credit amounts prior to the Board meeting.

Recommendation: That the Board of Commissioners consider, in addition to the six projects being recommended by the Committee, a forward commitment of 2000 Housing Credits for the St. Johnsbury House of up to $161,615, subject to further staff review of the St. Johnsbury House budget.

(Note: This will bring the forward allocation of 2000 Housing Credits to a total of $342,016.)

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EQUAL HOUSING OPPORTUNITY

RESOLUTIONS ADOPTED AT THE ANNUAL MEETING OF VERMONT HOUSING FINANCE AGENCY, JULY 15, 1999

RESOLVED, that the following employees of Vermont Housing Finance Agency are hereby authorized to have access to all safekeeping vault boxes of the Agency for the purposes of safekeeping and retrieving any and all books, papers and documents of the Agency:

Director of Finance: ______________________ (Signature)

Controller: Timothy M. ______________________ (Signature)

Lender Accounting Coordinator: Susan B. Joachim ______________________ (Signature)

Portfolio Accountant: Martha G. Fleming ______________________ (Signature)

Investment/Portfolio Assistant: Lisa Clark ______________________ (Signature)

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 July 15, 1999.

Sarah E. Carpenter

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

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RESOLUTIONS ADOPTED AT THE ANNUAL MEETING OF VERMONT HOUSING FINANCE AGENCY, JULY 15, 1999

RESOLVED, Gustave Seelig is elected Vice Chairman of the Agency for the fiscal year commencing July 1, 1999 and until his successor be elected and qualified.

RESOLVED, Roger A. Schoenbeck is elected Treasurer of the Agency for the fiscal year commencing July 1, 1999 and until his successor be elected and qualified.

RESOLVED, the following persons shall be authorized to sign checks drawn against the Agency's General Fund:

Executive Director	Sarah E. Carpenter	Sarah E. Carpenter
Director of Administration	Patricia M. Loller	Patricia M. Loller
Director of Finance	Roger A. Schoenbeck	Roger A. Schoenbeck
Chief of Program Operations	David S. Adams	David S. Adams
Controller	Timothy M. Gutchell	Timothy M. Gutchell

Any check in an amount over $10,000 payable against the General Fund must be signed by at least two of the foregoing persons. Any payroll check shall be valid and negotiable when signed by any one of the foregoing persons.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont, on July 15, 1999.

Sarah E. Carpenter

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

VERMONT HOUSING FINANCE AGENCY
RESOLUTION REGARDING CHANGES TO
VERMONT HOUSING VENTURES AND BRIDGE FINANCING INITIATIVE

WHEREAS, the Agency created the Vermont Housing Ventures Program in 1988 to assist nonprofit housing development activities; and

WHEREAS, the Agency created the Bridge Financing Initiative in 1997 to assist nonprofit housing development activities; and

WHEREAS, in a memorandum dated July 8, 1999, (the "Memorandum") staff recommends certain changes to the Vermont Housing Ventures Program and Bridge Financing Initiative, including combining both programs into one program, "Vermont Housing Ventures", with a total program limit of $650,000, and giving the Executive Director, Director of Finance, and the Chief of Program Operations authority to approve loans recommended by staff; and

WHEREAS, pursuant to 10 V.S.A. § 621 (5), the Agency is authorized to provide grants, loans or advances as will assist the planning, construction, rehabilitation and operation of residential housing primarily for persons of low and moderate income;

NOW, THEREFORE, it is hereby RESOLVED:

The recommendation of staff contained in the Memorandum regarding changes to the Vermont Housing Ventures Program and Bridge Financing Initiative are adopted by the Agency and the Executive Director is authorized to put such changes into effect.

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 July 15, 1999.

Sarah E. Carpenter

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

RESOLUTIONS ADOPTED AT THE ANNUAL MEETING OF VERMONT HOUSING FINANCE AGENCY, JULY 15, 1999

RESOLVED, that the Executive Director may designate individuals to execute documents for all of the Agency's programs.

Executive Director ______________ Sarah E. Carpenter

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 July 15, 1999.

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

**RESOLUTION RELATING TO
VERMONT HOUSING FINANCE AGENCY
ELECTION TO ALLOCATE
1999 PRIVATE ACTIVITY BOND
VOLUME CAP ALLOCATION**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") has not been allocated any 1999 private activity bond volume cap by the State of Vermont, and

WHEREAS, the Agency expects to be allocated additional private activity bond volume cap by the State of Vermont in the near future; and

WHEREAS, the Agency desires to elect to utilize $10 million of any volume cap allocated for exempt facility bonds; and

NOW, THEREFORE, it is hereby RESOLVED:

If the Vermont Housing Finance Agency is allocated any additional volume cap by the State of Vermont on or after July 15, 1999, it elects to allocate $10 million of such additional volume cap 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 Montpelier, Vermont, on July 15, 1999.

Sarah E. Carpenter

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

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August 23, 1999

Ms. Mary Moore
Vermont Department of Libraries
109 State Street
Montpelier, VT 05609

Dear Ms. Moore:

The Vermont Housing Finance Agency will be having a Board Meeting via telephone conference call on Thursday, September 2nd at 11:00 a.m. If someone would like to attend they may do so here at the Vermont Housing Finance Agency's office, 164 Saint Paul Street, Burlington, Vermont.

If you have any questions, please do not hesitate to contact me at 652-3413.

Sincerely,

Kari Caragher

Kari A. Caragher
H.R./Executive Assistant

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Kari Caragher, Executive/HR Assistant

DATE: August 24, 1999

RE: BOARD CONFERENCE CALL ON SEPTEMBER 2ND AT 11:00 A.M.

This memo is to confirm the conference call that will be held on September 2nd at 11:00 a.m. to discuss the following:

- The approval of the Multi-family Bond Issuance
- Discussion of the JCTC recommendations

Each person must dial the following number to be connected to the conference call. Please call this number at or just before 11:00 a.m:

1-877-849-9634

The password you must dial in after is 666777

Materials for this meeting will be sent under separate cover next week.

mailing address P.O. Box 408, Burlington, VT 05402-0408 delivery address 164 Saint Paul St., Burlington, VT 05401-4364
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M E M O R A N D U M

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: AUGUST 30, 1999

RE: MULTI-FAMILY BOND FINANCING

Attached to this memorandum is a copy of the Preliminary Official Statement (P.O.S.) that was distributed to potential bondholders, a draft copy of the Series Resolution and a pre-sale report from Evensen Dodge. The Series Resolution is the document which lists the parameters under which the Bonds can be sold. The provisions in Article II mandate the limits of the financing, i.e. a bond financing of $4,185,000, a yield payable to the bondholders of under 7%, and bonds maturing no later than February 15, 2035.

Bonds will be offered for sale today to the retail market and tomorrow to institutional buyers. Results of the sale that fit the parameters regarding rate and term would result in executing a purchase contract (the sale) on the 2nd. The transaction would close on September 15th and 16th.

The pre-sale report from Evensen Dodge indicated a range of rates that they thought should be used for the sale of bonds. PaineWebber provided a consensus scale from the underwriter group and then offered the bonds at the lower rates indicated under the "retail column". We have not yet received information on the results of the retail order period. We also are negotiating with Moody's Investors Service about providing a rating on this issue. There seems to be some confusion about bonds that they have rated before and they currently rate these bonds a single A while Standard & Poor's rates the bonds AA. If the current scale for the bonds holds, we expect to do marginally better than the 81 basis point spread mentioned in the earlier memo. We believe that we should be able to earn just about a full point while charging Eagle Crest a mortgage rate of 7.1%.

John Wagner from Kutak Rock (our bond counsel), Andy Gurley of PaineWebber (the lead underwriters) and Al Hans from Evensen Dodge (our financial advisor) will be on the conference call at 11:00 a.m. Thursday, September 2nd. They will be providing updates and seeking the Board's approval to authorize the adoption of Series Resolution.

If you have questions on the documents enclosed or the financing in general, please call me at 652-3436 at your convenience.

Recommended Action
Adoption of the Multi-Family Mortgage Bond 1999 Series B Series Resolution.

APPENDIX A

FORM OF 1999 SERIES B BONDS

VERMONT HOUSING FINANCE AGENCY
MULTI-FAMILY MORTGAGE BOND, 1999 SERIES B

No. R- $______

Bond Date	Interest Rate	Maturity Date	CUSIP
September 1, 1999	%	February 15,	924194

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: THOUSAND DOLLARS

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the Vermont Housing Finance Agency (the "Agency") or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

As provided in the hereafter defined Resolutions, until the termination of the system of book-entry-only transfers through The Depository Trust Company, New York, New York (together with any successor security depository appointed pursuant to the Resolutions), and notwithstanding any other provision of the Bond Resolution to the contrary, this Bond may be transferred, in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.

The Agency, a body politic and corporate of the State of Vermont, for value received hereby promises to pay to the Registered Owner referred to above or registered assigns, on the Maturity Date stated above, unless earlier redeemed, the Principal Sum set forth above, upon presentation and surrender hereof, and to pay interest on such Principal Sum from the date hereof at Interest Rate stated above, payable on February 15, 2000, and semiannually thereafter on August 15 and February 15 in each year until payment of such Principal Sum. The principal or redemption price of and interest on this Bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts. The principal and redemption price of this Bond are payable at the corporate trust office of The Howard Bank, N.A., in the City of Burlington, Vermont, or its successor in trust (the "Trustee"); provided, that if Bonds are in book-entry form, payment shall be made in accordance with the procedures of the securities depository. Interest on this Bond shall be payable by check or draft mailed to the Registered Owner at his address appearing on the registration books of the Agency kept for that purpose at the corporate trust office of the Trustee; provided, however, the Agency may pay interest on fully registered 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 Bonds are in book-entry form, payment shall be made in accordance with the procedures of the securities depository. The record date for payment of interest is the first day of the month in which the interest is to be paid, 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 redemption of this bond other than on the fifteenth day of February or August or interest on any overdue amount, the Trustee may establish a special record date. The special record date may be not more than 20 days before the date set for payment. The Trustee will give notice of a special record date by mailing a copy of such notice to the registered owners of all Bonds outstanding in the manner provided in the Bond Resolution at least 10 days before the special record date or in such other time and matter as the Trustee may deem appropriate.

This bond is a general obligation of the Agency and is one of the Multi-Family Mortgage Bonds of the Agency (the "Bonds") issued or to be issued under and by virtue of the Vermont Housing Finance Agency Act, being Public Act No. 260 of the Laws of Vermont, 1973 (Adjourned Session), as amended (herein called the "Act"), and under and pursuant to the resolution of the Agency adopted February 3, 1977 (herein called the "General Bond Resolution") entitled "Multi-Family Mortgage Bond Resolution," as the same from time to time has been or may be amended or supplemented by further resolutions of the Agency (such General Bond Resolution and any and all such further resolutions being herein collectively called the "Bond Resolution").

The Agency is obligated to pay this bond and the interest hereon from any of the revenues, moneys or assets of the Agency, subject only to agreements heretofore or hereafter made with holders of notes and bonds other than the Bonds pledging particular revenues, moneys or assets for the payment thereof. The Bonds shall not be deemed to constitute a debt or grant or loan of credit of the State of Vermont, and the State of Vermont shall not be liable thereon, nor shall the Bonds be payable out of any funds other than those of the Agency.

As provided in the General Bond Resolution, Bonds may be issued from time to time in one or more series in various principal amounts, may mature at different times, may bear interest at different rates, and may otherwise vary as provided in the General Bond Resolution, and the aggregate principal amount of Bonds which may be issued is not limited except as provided in or pursuant to the Act or the General Bond Resolution. All Bonds issued and to be issued under the General Bond Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in or pursuant to the General Bond Resolution.

This bond is one of a Series of Bonds designated as "Multi-Family Mortgage Bonds, 1999 Series B" (herein called the "1999 Series B Bonds"), limited to the aggregate principal amount of $4,185,000 and duly issued under and by virtue of the Act and under and pursuant to the General Bond Resolution. Copies of the General Bond Resolution are on file at the office of the Agency in the City of Burlington, State of Vermont, and at the principal office of the Trustee, and reference to the General Bond Resolution and any and all resolutions supplemental thereto and modifications and amendments thereof and to the Act is made for a description of the pledge and covenants securing the Bonds, the nature, manner and extent of enforcement of such pledge and covenants, the rights and remedies of the registered owners of the Bonds with respect to such pledge and covenants, the terms and conditions upon which the Bonds are issued and may be issued thereunder, and a statement of the rights, duties, immunities and obligations of the Agency and of the Trustee. Such pledge and other obligations of the Agency under the Bond Resolution may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Bond Resolution.

To the extent and in the respects permitted by the Bond Resolution, the provisions of the General Bond Resolution or any resolution amendatory thereof or supplemental thereto may be modified or amended by action on behalf of the Agency taken in the manner and subject to the conditions and exceptions prescribed in the General Bond Resolution. By the purchase of this Bond, the owner hereof consents to the adoption of the Third Supplement to the Multi-Family Mortgage Bond Resolution, which amends the General Bond Resolution. The owner of this bond shall have no right to enforce the provisions of the Bond Resolution or to institute action to enforce the pledge or covenants made therein or to take any action with respect to an event of default under the Bond Resolution or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Bond Resolution.

The Bonds are issuable solely in the form of registered Bonds without coupons in the denominations of $5,000 or any integral multiple thereof. This bond is transferable, as provided in the General Bond Resolution, only upon the books of the Agency kept for that purpose at the principal office of the Trustee, by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such duly authorized attorney, and thereupon the Agency shall issue in the name of the transferee a new registered Bond or Bonds of the same aggregate principal amount and series, designation, maturity and interest rate as the surrendered Bond as provided in the Bond Resolution and upon the payment of the charges therein prescribed. The Agency, the Trustee and any paying agent of the Agency may treat and consider the person in whose name this bond is registered as the holder and absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes whatsoever.

The 1999 Series B Bonds are subject to redemption on or after August 15, 2007, at the option of the Agency in whole or in part at any time, upon mailed notice as hereinafter set forth, at the redemption price of 100% of the principal amount of each 1999 Series B Bond or portion thereof to be redeemed, plus accrued interest to the redemption date.

The 1999 Series B Bonds are also subject to redemption in whole or in part at any time from moneys deposited in the Optional Redemption Account or the Special Redemption Account, as provided in the Bond Resolution, upon mailed notice as hereinafter set forth, at a redemption price equal to the principal amount of each 1999 Series B Bond or portion thereof to be redeemed plus accrued interest to the redemption date.

The 1999 Series B Bonds maturing on February 15, 2019 and February 15, 2030 are also subject to redemption in part by the Agency at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date on February 15, 2014 and February 15, 2020, respectively, and on each February 15 thereafter by operation of Sinking Fund Installments provided for in the Bond Resolution.

If less than all of the 1999 Series B Bonds of like maturity are to be redeemed, the particular Bonds to be redeemed shall be selected as provided in the Bond Resolution. Notice of redemption of 1999 Series B Bonds will be given by mailing a copy of such notice not less than 30 days prior to the redemption date to the registered owners of all 1999 Series B Bonds or portions thereof to be redeemed (provided that if a 1999 Series B Bond is in book-entry-only form notice shall be mailed to the securities depository); provided that failure to mail such notice to any bondholder or any defect therein shall not affect the redemption of any other 1999 Series B Bond for which required notice of redemption shall have been given. If notice of redemption shall have been given as aforesaid, the 1999 Series B Bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for the payment of the redemption price of all the 1999 Series B Bonds to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such 1999 Series B Bonds shall cease to accrue and become payable. If less than all of a 1999 Series B Bond shall be so redeemed, upon the surrender of such Bond, there shall be issued to the registered owner thereof, without charge therefor, for the unredeemed balance of the principal amount of such Bond, registered Bonds of like series, designation, maturity and interest rate in any of the authorized denominations, all as more fully set forth in the Bond Resolution.

No recourse shall be had for the payment of the principal or redemption price or the interest on the 1999 Series B Bonds or for any claim based thereon or on the Bond Resolution against any commissioner of the Agency or any person executing the Bonds.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Vermont or by the Act or the Bond Resolution to exist, to have happened or to have been performed precedent to or in the issuance of this bond exist, have happened and have been performed and that the issue of the 1999 Series B Bonds, together with all other indebtedness of the Agency, is within every debt and other limit prescribed by said Constitution or statutes.

This bond shall not be entitled to any security, right or benefit under the Bond Resolution or be valid or obligatory for any purpose unless the Certificate of Authentication hereof has been duly executed by the Trustee.

IN WITNESS WHEREOF, the Vermont Housing Finance Agency has caused this bond to be signed in its name and on its behalf by the facsimile signature of its Chairman and its corporate seal to be affixed hereto or imprinted hereon and attested by the facsimile signature of its Secretary.

VERMONT HOUSING FINANCE AGENCY

By ______________________________
Chairman

[SEAL]

Attest:

____
Authorized Officer

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Bond Resolution and is one of the Multi-Family Mortgage Bonds, 1999 Series B of the Vermont Housing Finance Agency.

THE HOWARD BANK, N.A., as Trustee

Dated: ______________

By ______________________________
Authorized Signature

ASSIGNMENT

FOR VALUE RECEIVED,, the undersigned hereby sells, assigns and transfers unto [____________________] (please print or typewrite name and address of transferee) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints [________] as attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: [__________]

Signature Guaranteed:

____

NOTICE: Signature guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

KUTAK ROCK
DRAFT 8/20/99

VERMONT HOUSING FINANCE AGENCY

Series Resolution Authorizing the Issuance and Sale of $4,185,000

Multi-Family Mortgage Bonds, 1999 Series B

Adopted September ___, 1999

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VERMONT HOUSING FINANCE AGENCY
SERIES RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF $4,185,000 MULTI-FAMILY MORTGAGE BONDS, 1999 SERIES B

September ___, 1999

WHEREAS, the Vermont Housing Finance Agency (hereinafter referred to as the "Agency") has, on an interim basis, from its general fund, financed a Mortgage Loan (the "Allen Apartments Mortgage Loan") 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 Public Act No. 260 of the Laws of Vermont, 1973 (Adjourned Session), as amended (hereinafter referred to as the "Act"); 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

WHEREAS, in order to obtain funds with which to provide permanent financing for the Mortgage Loans for Eagle Crest Apartments and Briars Apartments, and to refund a portion of the 1986 Series A Bonds, it is deemed necessary and advisable to issue a 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 1999 Series B Resolution as such defined terms are given in the General Bond Resolution.

(b) As used in this 1999 Series B Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"*Briars Apartments Mortgage Loan*" means the Mortgage Loan made to finance the Briars Apartments.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Eagle Crest Mortgage Loan*" means the Mortgage Loan made to finance the Eagle Crest Apartments.

"*1999 Series B Bonds*" means the Bonds of the Agency of the Series authorized by this 1999 Series B Resolution.

"*1999 Series B Resolution*" means this 1999 Series B Resolution of the Agency.

"*Official Statement*" means the Official Statement of the Agency describing the 1999 Series B Bonds, in preliminary form dated August 20, 1999 as presented at this meeting and included in the minutes hereof, the terms of which shall be completed upon the sale of the 1999 Series B Bonds pursuant to the provisions of Section 2.03 hereof.

"*Rebate Account*" means the 1999 Series B Rebate Account established pursuant to Section 4.01 hereof.

"*Record Date*" means, with respect to the payment of interest on a 1999 Series B Bond, the first day of the month in which interest is to be paid on such 1999 Series B 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 1999 Series B 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 1999 Series B Bonds which Series Certificate shall establish certain terms of the 1999 Series B Bonds as provided herein.

The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this 1999 Series B Resolution, refer to this 1999 Series B Resolution.

.2. Authority for 1999 Series B Resolution. This 1999 Series B 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 1999 Series B 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 1999 Series B Resolution, a series of Multi-Family Mortgage Bonds, designated "Multi-Family Mortgage Bonds, 1999 Series B," is hereby authorized to be issued in the aggregate principal amount of \$4,185,000. 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 Briars Apartments Mortgage Loan and Eagle Crest Mortgage Loan to be permanently financed on behalf of the Agency with the proceeds of the 1999 Series B 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 1999 Series B Bonds sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of the 1999 Series B Bonds and the payment of all costs and expenses incurred by the Agency with respect to the Program for which the 1999 Series B Bonds are issued.

.2. Purposes. The purposes for which the 1999 Series B Bonds are being issued are to provide funds for deposit in the Debt Service Reserve Fund, the 1999 Series B Cost of Issuance Account and the 1999 Series B 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 1999 Series B Bonds shall be dated September 1, 1999.

.4. 1999 Series B Bonds. Notwithstanding Section 304(c) of the General Bond Resolution, the 1999 Series B 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 September 1, 1999, or if the date of authentication of any 1999 Series B 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 1999 Series B 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 shall not exceed 7% per annum nor may the final maturity of the 1999 Series B Bonds be later than February 15, 2035. Subject to the provisions of the General Bond Resolution and Article II of the 1999 Series B Resolution, each 1999 Series B Bond shall be in substantially the form set forth in Appendix A, with such insertions or variations 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 1999 Series B 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 1999 Series B Bond shall be payable on February 15, 2000 and semiannually thereafter on August 15 and February 15 in each year.

.5. Denomination, Numbers and Letters.

(a) The 1999 Series B 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 1999 Series B Bonds 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 1999 Series B Bonds shall not be interchangeable for non-registered-coupon 1999 Series B Bonds. The 1999 Series B Bonds shall be numbered consecutively from one upwards in order of maturity with the letter "R" preceding each number.

The 1999 Series B 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 1999 Series B Bonds is not designated, the Agency and the Trustee shall arrange for the delivery of certificates for the 1999 Series B Bonds.

Subject to paragraph (b) below, the principal and Redemption Price of 1999 Series B Bonds shall be payable at the Principal Office of the Trustee. Interest on the 1999 Series B 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 1999 Series B 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 1999 Series B 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 1999 Series B 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 1999 Series B Bonds:

(i) During the term of the 1999 Series B 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 1999 Series B Bonds (a "Beneficial Owner") shall receive bond certificates representing their respective interest in the 1999 Series B Bonds except in the event that DTC or 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 1999 Series B 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 1999 Series B 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 1999 Series B 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 1999 Series B 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 1999 Series B 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 1999 Series B Bonds, and no investor or other party purchasing, selling or otherwise transferring ownership of any 1999 Series B Bonds will receive, hold or deliver any bond certificates as long as DTC holds the 1999 Series B Bonds immobilized from circulation.

(iv) The 1999 Series B 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 1999 Series B 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 1999 Series B 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 1999 Series B 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 1999 Series B Bonds, subject to Section 1102 of the General Bond Resolution.

.7. Redemption at the Election of the Agency and Terms.

(a) Unless otherwise specified in the Series Certificate, the 1999 Series B Bonds shall be subject to redemption otherwise than by operation of Sinking Fund Installments, either in whole or in part on any date on or after August 15, 2007 and prior to their respective maturities 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 1999 Series B Bond to be so redeemed, plus accrued interest to the redemption date.

(b) Unless otherwise specified in the Series Certificate, the 1999 Series B 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) reductions in the Mortgage Reserve Fund Requirement, (b) reductions in the Debt Service Reserve Fund Requirement or (c) Recovery Payments.

.8. Sinking Fund Installments. If so provided in the Series Certificate, 1999 Series B 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 1999 Series B 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, of each year set forth in the Series Certificate, for the retirement of such Bonds the amount set opposite such year 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 1999 Series B 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 1999 Series B Bonds. Notwithstanding said Section 703, notice of redemption of 1999 Series B 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 1999 Series B Bonds or portions thereof to be redeemed at their addresses appearing on the registry books (with respect to a 1999 Series B 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 1999 Series B Bond or any defect in such notice shall not affect the redemption of any other 1999 Series B Bond for which the required notice has been given. Notice having been given by mailing as aforesaid, the 1999 Series B 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 1999 Series B Bonds.

(a) The 1999 Series B Bonds authorized to be issued herein shall be sold to PaineWebber Incorporated, Salomon Smith Barney and A.G. Edwards & Sons, Inc., or any institutional purchaser they may specify, at a price equal to the principal amount of the 1999 Series B Bonds, plus accrued interest, unless otherwise specified in the Series Certificate, pursuant to the terms of the Purchase Contract submitted to the Commissioners 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 may be required to accommodate the terms and provisions of the Series Certificate. The purchasers shall 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 1999 Series B Bonds. The Commissioners of the Agency hereby authorize the Executive Director and the Chairman to approve the final fee for the purchase of the 1999 Series B Bonds.

(b) The distribution of the preliminary Official Statement by the Executive Director is hereby ratified and confirmed in all respects. 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 to successful bidders.

(c) The 1999 Series B 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 1999 SERIES B BOND PROCEEDS

.1. Debt Service Reserve Fund. Upon receipt of the proceeds of the sale of the 1999 Series B Bonds, there shall be deposited from such proceeds in the Debt Service Reserve Fund such amount as is needed to increase the amounts held by the Trustee in such Fund as of the date of delivery of the 1999 Series B 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 1999 Series B Bonds an Officer's Certificate designating such Bonds.

.2. Establishment of the 1999 Series B Cost of Issuance Account. There is hereby established within the Program Fund an Account to be designated as the 1999 Series B 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 1999 Series B Mortgage Loan Account. There is hereby established within the Program Fund an Account to be designated as the 1999 Series B Mortgage Loan Account 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 1999 Series B 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 1999 Series B Bonds to the date of delivery thereof.

(ii) All other proceeds of the sale of the 1999 Series B Bonds shall be deposited by the Trustee into the Debt Service Reserve Fund, the 1999 Series B Cost of Issuance Account or the 1999 Series B 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 1999 Series B Bonds by the Agency, including any amounts necessary for the purposes of fully funding the 1999 Series B 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 1999 Series B 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 "1999 Series B 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 1999 Series B 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 1999 Series B 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 1999 Series B 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 1999 Series B 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 1999 Series B 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 1999 Series B Bonds to be used, directly or indirectly, in a manner which would result in such bonds being qualified for the exclusion of any 1999 Series B 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;

(b) 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;

(c) The Agency shall continuously monitor the nonmortgage investments made directly or indirectly with the proceeds of the 1999 Series B 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 1999 Series B Bonds as may be required by the Code; and

(d) The Agency shall take such other action as may be necessary or desirable to maintain the exclusion of interest of the 1999 Series B 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 1999 Series B 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 1999 Series B 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 1999 Series B Bonds, and mailed notice to the Holders of the 1999 Series B 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 1999 Series B Resolution, the General Bond Resolution and the Official Statement.

.4. Effective Date. This resolution shall take effect immediately.

EVENSEN DODGE INC
FINANCIAL CONSULTANTS

MEMORANDUM

DATE: August 27, 1999

TO: Vermont Housing Finance Agency

FROM: Evensen Dodge, Inc.

RE: Pre-Sale Report
$4,185,000 Multi Family Mortgage Bonds, 1999 Series B

Market Conditions

Prices on U.S. Treasury bonds declined for a second day in a row amid concern that the FOMC may need to raise interest rates again before the end of the year. The yield on the 30 year Treasury had fallen to a three month low of 5.85% following the FOMC actions this week. As of this morning (11:00 a.m. EDT), the thirty year Treasury bond is down 6/32 of a point to yield 5.91%.

There is a moderate economic release calendar next week. The major events will be the release of the U.S. Consumer Confidence number for August on Tuesday, the Construction Spending and NAPM numbers on Wednesday, and the Initial Jobless Claims number on Thursday. With the rate increase implemented this week, the market will once again be paying particular attention to the weekly economic releases in order to gain a feel for future FOMC activity.

Long-term municipals (AAA, G.O.) maturing in 2029 are yielding 95.9% of Treasuries. Municipals maturing in 2009 are yielding 86.0% of Treasuries. These percentages are toward the middle of the past fifty-two week range of 87.2% to 100.7% for the 2029 maturity and 76.6% to 94.7% for the 2009 maturity. The tax-exempt municipal market continues to lag the improvement in the Treasury market.

As of today, S & P's Blue List is at $1.2 billion compared to a 1999 high of $ 1.9 billion and a 1999 low of $0.8 billion. The published municipal calendar shows supply of next week at approximately $0.8 billion on the competitive calendar and $3.9 billion on the negotiated calendar.

There is a light published housing calendar next week. In addition to the Agency's sale on the negotiated calendar, Florida HFC (Nuveen) is pricing $19.2 million of bonds and Idaho HFA (Lehman) is pricing $30.0 million of bonds.

The Vermont municipal market will be quiet again next week. As of today, there are no sales scheduled other than the Agency's issue. So far this year, there has been a total of $261.9 million of negotiated municipal bond issues and $8.9 million of competitive issues in the State of Vermont. Even though there appears to be a scarcity in terms of overall volume, the Agency has been extremely active and this may start to effect the demand for its bonds.

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Interest Rate Levels

Based upon interest rates as of this morning, the interest rate scale for the Agency's Multi Family Mortgage Bonds, 1999 Series B issue is shown below.

Maturity Date	Series 1999 B	AA – PW	Retail	Takedowns
Serial Bonds				
2001	4.20%	4.20	4.10	3/8
2002	4.35%	4.35	4.25	3/8
2003	4.50%	4.50	4.40	½
2004	4.65%	4.65	4.55	½
2005	4.75%	4.80	4.65	½
2006	4.90%	4.95	4.80	5/8
2007	5.00%	5.10	4.90	5/8
2008	5.10%	5.20	5.00	5/8
2009	5.20%	5.30	5.15	5/8
2010	5.35%	5.45	5.30	5/8
2011	5.50%	5.55	5.45	5/8
2012	5.65%	5.65	5.60	5/8
2013	5.75%	5.75	5.70	5/8
Term Bonds				
2019	5.90-5.95%	5.95	5.90	5/8
2030	5.95-6.00%	6.00	5.95	5/8

Comparable Sales

In addition to the Agency's single family issue this week, one other state housing finance agency priced bonds this week. The pricing for the Agency's 1999 Series A bonds is based off of the single family scale from this week.

Our recommended interest rate scale for the serial bonds is the single family scale plus a 5 basis point increase due to the small amount of bonds, multi-family nature of the loan, and slightly weaker credit rating. This 5 basis point difference should be enough to attract additional buyers that did not receive bonds from the single family sale.

The price on the 2030 term bond is identical to 5 basis points higher than the Agency's single family issue which was privately placed with FNMA. We have not seen FNMA actively participating in the multi-family market which is why it might take an additional 5 basis points to place the long term bond. The Interest rate on the 2019 term bond is based upon a 5 basis points spread to the 2030 term bond. This is consistent with the Agency's single family issue as well as other issues in the market.

Takedowns

The recommended takedowns are the same as the Agency's single family sale and consistent with the takedowns paid by other states housing finance agencies.

Vermont Housing Finance Agency
Multi-Family Mortgage Bonds, 1999 Series B
Comparable Sales

		Week of 8/23/99		Week of 8/16/99			
Size	$4,195,000	$26,000,000	$33,000,000	$40,000,000	$271,425,000	$9,420,000	$16,345,000
Issuer	Vermont	Vermont	New Mexico	North Dakota	New Jersey	Montana	Nevada
Bond Type	Multi Family	SingleFamily	SingleFamily	Single Family	Single-Family	Multi-Family	Multi-Family
Ratings	AA-	Aaa/AAA (FSA)	Aaa/AAA (GNMA/FNMA)	Aa2	Aaa/AAA (MBIA)	Aa2	AAA (FNMA)
Pricing Date	8/30/99	8/24/99	8/24/99	8/16/99	8/19/99	8/19/99	8/19/99
Underwriter	PaineWebber	PaineWebber	John Nuveen	Salomon Smith Barney	Goldman	PaineWebber	M.R. Beal
Year	yield	yield	yield	yield	yield	yield	yield
1999							
2000					4.00%		
2001	4.20%	4.15%	4.30%	4.45%	4.375%		
2002	4.35%	4.30%	4.45%	4.60%	4.50%		
2003	4.50%	4.45%	4.60%	4.75%	4.65%		
2004	4.65%	4.60%	4.75%	4.85%	4.80%		
2005	4.75%	4.70%	4.90%	5.00%	4.95%		
2006	4.90%	4.85%	5.00%	5.15%	5.05%		
2007	5.00%	4.95%	5.10%	5.25%	5.15%		
2008	5.10%	5.05%	5.20%	5.35%	5.25%		
2009	5.20%	5.15%	5.30%	5.45%	5.35%		
2010	5.35%	5.30%	5.40%	5.55%	5.25(1)/5.45%	5.40%	
2011	5.50%	5.45%	5.50%	5.60%	5.35%(1)		
2012	5.65%	5.60%		5.70%			
2013	5.75%	5.70%		5.75%			
2014			5.70%	5.80%			
2015							
2016						5.75%	
2017					5.70%(1)		
2018							5.90%
2019	5.90-5.95%	5.90%		5.95%			
2020					5.40%		
2021			5.90%		(PAC)(4.9 yrs.)		
2022							
2023							
2024							
2025						5.97%	
2026					5.30%		
2027					(PAC)(6.0 yrs.)		
2028							
2029				5.40 (PAC)(5.9 yrs.)			
2030	5.95-6.00%	5.95%		6.00%	5.90%	5.97%	
2031			5.95%				
2032							6.00%
2039							
2041						6.10%	
Market Indicator	As of 8/26/99						
2009 Delphis 92	5.30%	5.30%	5.30%	5.35%	5.35%	5.35%	5.35%
2029 Delphis 92	6.05%	6.10%	6.10%	6.10%	6.10%	6.10%	6.10%

(1) Non- AMT

% of 30 year Treasury	100.6%	100.0%	100.0%	99.8%	97.8%	99.0%	99.5%
30 Year Treasury	5.91%	5.95%	5.95%	6.01%	6.03%	6.03%	6.03%

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director SC

DATE: September 14, 1999

RE: **CONFIRMATION OF UPCOMING BOARD MEETING**

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held on September 20th at 4:00 p.m. at the Vermont Housing Finance Agency, 164 Saint Paul Street, Burlington, Vermont. *There will be a working dinner.*

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

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Burlington on September 20th!

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

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BOARD AGENDA

Vermont Housing Finance Agency
164 Saint Paul Street
Burlington, Vermont

Monday, September 20, 1999 at 4:00 p.m.

REGULAR AGENDA ITEMS 4:00 p.m. – 4:30 p.m.

1. Review and approval of the minutes from August 19 and September 2, 1999.

2. **ADMINISTRATION**
   A. Executive Director's Report {Carpenter//Enclosure}

3. **PROGRAM OPERATIONS**
   A. Homeownership Program
      1. Summary of Reports {Crady//Enclosures}

   B. Multifamily Management
      1. Winchester Place {Falzone//Enclosure}

STRATEGIC PLANNING DISCUSSION 4:30 – 7:00 p.m.

4:30 p.m. – 5:00 p.m. ~ Rating Agency Presentation

5:00 p.m. – 6:00 p.m. ~ PaineWebber and Evensen Dodge

6:00 p.m. – 7:00 p.m. ~ Working Dinner – Discussions/Questions

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: CG Cathleen Gent, Public Affairs Director

DATE: September 13, 1999

RE: Strategic Planning Materials

At the August 19th meeting, the VHFA Board of Commissioners began the strategic planning discussion with a review of VHFA programs. Attached is the summary of current VHFA programs in the areas of homeownership, multifamily development, and multifamily management. The Board used this summary as the starting point for its discussion.

Please keep this with your strategic planning materials for future use.

Thank you.

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phone (802) 864-5743 or (800) 339-5866 **consumer helpline** (800) 287-8432 **fax** (802) 864-5746 **www.vhfa.org**

EQUAL HOUSING OPPORTUNITY

VHFA Homeownership Programs

MOVE - Mortgages for Vermonters
MOVE is VHFA's primary loan product. MOVE offers a 30-year interest rate, currently with four different rate options. MOVE loans generally require a 5% down payment (3% from the borrowers own funds): guidelines vary, with special consideration for energy efficient properties, borrowers with excellent credit, and underwriting options available through mortgage insurance companies.

HOUSE - Homeownership Opportunities Using Shared Equity
This product is used in conjunction with local non-profits to reduce the purchase price and other related costs. Homebuyers agree to share the appreciation in their home to keep the property affordable for the next buyer. The House program offers a stepped rate: this provides a lower mortgage payment for the first three years and the qualifying reduced interest rate gives the borrower more buying power. Also, HOUSE borrowers are not required to have 3% of their own funds. The funds to cover down payment and closing costs may come from any acceptable VHFA asset source, including a grant or deferred loan from a non-profit.

YESS - Yearly Energy Savings System
This unique mortgage option is a MOVE loan with an energy incentive. Borrowers are able to purchase an existing property and make cost-effective energy improvements at the time of purchase. Depending on which mortgage insurance/guarantee option the lender, loans up to 100% LTV can be made. YESS interest rates match those offered for the HOUSE program. Energy Rated Homes of Vermont performs an energy audit to determine the amount of repairs necessary to increase the energy efficiency of the property. Energy improvements must be cost-effective and total at least $2,500.

Mortgage Plus - Mortgage Credit Certificate (MCC)
An MCC helps a borrower qualify for a higher loan amount by taking 20% (25% if the property has a 4*energy rating) of the federal mortgage interest deduction and converting that amount into a credit, therefore reducing the amount of taxes due. With the reduced tax liability, borrowers have more money in their paychecks each week to assist in making a higher mortgage payment. (The borrower's W-4 form is adjusted so that less tax is withheld from each paycheck.)

VHFA administers this tax credit program in Vermont, which can be used with conventional loan products, but not a VHFA loan because VHFA funds its mortgages with Mortgage Revenue Bonds (MRBs). A portion of VHFA's MRB authority is converted to MCC authority. Borrowers must meet the same federal guidelines for income and purchase price limits that apply to all VHFA loan products. A fee of $250 is charged to each borrower, with VHFA receiving $150.

August 19, 1999

VHFA Multifamily Development

Construction & Permanent Loan Financing Program

VHFA offers low interest construction and permanent mortgage financing for the development and preservation of affordable rental housing. Funds have come from one of the following sources:

- Proceeds from sales of tax-exempt bonds
- Proceeds from sales of taxable bonds
- Federal Home Loan Bank funds
- Pension Fund mortgage pools
- VHFA Reserves

Specific requirements may vary with the funding source. However, all developments must serve at least 51% low- and moderate-income Vermonters.

Low Income Housing Tax Credit Program

VHFA administers the Housing Credit program on behalf of the State of Vermont in conjunction with the Joint Tax Credit Committee. Credits are allocated in accordance with an annual qualified Allocation Plan to eligible new construction and rehabilitation projects. Both nonprofit and for-profit project sponsors can then "sell" (syndicate) these credits to investors to create substantial equity for the housing development. For the past three years, the demand for Housing Credits has greatly exceeded Vermont's current allocation.

Vermont Housing Ventures Program

VHFA offers predevelopment financing for *nonprofit* housing sponsors through the Vermont Housing Ventures Program. The Ventures program offers predevelopment financing for activities such as architectural design, cost estimating, legal and consulting services, market studies and appraisals.

Eligibility For Multifamily Financing Programs

The housing sponsor must be organized on a nonprofit or limited profit basis and approved by VHFA as qualified to own, construct, acquire, rehabilitate, operate, manage or maintain residential housing.

Eligible Projects

Rental housing properties eligible for VHFA financing can include the following:

- Conventional living units
- Congregate homes for the elderly
- Single Room Occupancy (SRO) units
- Emergency Shelters
- Nursing Homes
- Transitional housing
- Special needs housing
- Mobile home parks
- Residential care facilities
- Cooperative housing

August 19, 1999

VHFA Multifamily Management

VHFA is responsible for monitoring and servicing all properties financed under VHFA's various rental housing programs. Through our monitoring efforts, the long-term affordability of rental properties is preserved in VHFA's portfolio, which comprise some of Vermont's most affordable housing. Working closely with property owners and managers, VHFA strives to improve the quality of our portfolio be encouraging programs such as supportive services and energy conversions.

VHFA has successfully completed preservation agreements with a number of owners of rental properties financed in the 1970s and early 1980s that are now reaching loan maturity with expiring affordability provisions. The long-term availability of affordable rental housing in Vermont is contingent upon federal and state resources being directed toward sustained preservation efforts.

Since 1996, VHFA conducts compliance monitoring activities for the Low Income Housing Tax Credit Program. Multifamily owners and managers whose properties received Housing Credits are responsible for complying with federal requirements associated with this program. VHFA staff conduct physical inspections, review tenant file documentation, and monitor IRS-based file retention requirements.

VHFA also acts as the HUD contract administrator for twenty-one Section 8 properties located primarily in the Burlington area and works in cooperation with Vermont State Housing Authority as co-contract administrator for over seventy Section 8 properties located throughout Vermont.

August 19, 1999

Other Activities

Homeownership Centers - In 1995, VHFA sponsored the development of Homeownership Centers, which provide education and individual counseling for Vermonters interested in purchasing a home. Today, five Homeownership Centers serve most areas of Vermont and offer a wide range of services for prospective home buyers and current home owners designed to expand homeownership opportunities for Vermonters. Services include: group workshops for participants to learn about the process of buying a home; individualized counseling to develop a home-buying plan and assistance with budgeting; financial assistance to find the most affordable financing options; special lender programs; and continued support after the home is purchased.

Planning and Education Activities - VHFA performs a range of planning initiatives internally for business planning purposes and also participates in planning activities with other housing organizations on a regular basis. VHFA completed a strategic plan in 1995 and is initiating a new strategic planning process. Staff regularly participate in planning activities such as the statewide housing needs assessment, the State Consolidated Plan, and other projects related to the future of affordable housing (downtown revitalization, smart growth, etc.).

Participation on Boards - VHFA's Executive Director is a member of numerous boards and committees on behalf of the Agency. These boards include Vermont Housing & Conservation Board, Housing Council, Federal Home Loan Bank of Boston Affordable Housing Committee, and other ad hoc committees addressing affordable housing issues in Vermont and regionally.

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

Thursday, August 19, 1999 at 1:00 p.m.

PRESENT: Chairman White; Commissioners Candon (designee of Costle), Randall, Brown (designee of Lambert)

Staff: Ms. Carpenter, Ms. Loller, Ms. Gent, Ms. Crady, Ms. Reid, Mr. Adams, Mr. Falzone

Other: Mr. Richardson (Capital Ideas, Inc.), Mr. Broderick (Housing Vermont), Mr. Brush (Green Mountain Development Group), Mr. Dybvig and Ms. Norman (The Gardens Limited Liability Limited Partnership)

Via Telephone Conference Call: Mr. Schoenbeck, Mr. Hans (Evensen Dodge), Mr. Gurley (PaineWebber, Inc), Mr. Amsden (Kutak Rock)

Chairman White called the meeting to order at 12:50 p.m. A motion was made by Mr. Candon to approve the minutes of July 15, 1999. The motion carried unanimously after being seconded by Mr. Brown.

DEVELOPMENT

Ms. Reid discussed the multifamily loan application for The Gardens at Williamstown Square. Richard Dybvig, as principal, plans to acquire, rehabilitate, and add new construction to a historic property in Williamstown and develop 30 units of assisted living. It will consist of efficiencies, one-bedroom units and two bedroom units for elders. Phase 1 will have 30 units and will provide a basic service package, which will include housekeeping, one meal daily, evaluation and case management, medication management, 24-hour administration, transportation and activities. Additional services can be purchased so those residents can age in place and take advantage of any support they may need.

The developer is seeking tax exempt financing and will utilize the 4% out of cap housing credit. There will be six tax credit efficiency units at $340 and one tax credit one bedroom unit at $364. The median rents will be $1410 for an efficiency and $1610 for a 1 bedroom. These amounts include rent and basic services and represent 85% of a household's income.

John Ryan has completed a preliminary market study and indicates he is positive, but guarded, in his assessment. The final market study should be completed by the end of September.

After further discussion, a motion was made by Mr. Brown to approve the "Resolution Pertaining to a Letter of Interest Re: Construction and Permanent Financing for the Gardens at Williamstown Square, Williamstown," with a condition that the developer must make arrangements for a plan of services (meals, housekeeper, and personal care) which is satisfactory to VHFA. The motion carried unanimously after being seconded by Ms. Randall.

Ms. Reid discussed the multifamily loan application for South Burlington Community Housing next. Lake Champlain Housing Development Corporation (LCHDC) and Housing Vermont (HVT) are proposing an 18 unit new construction family development off of Hayden Parkway and Williston Road in South Burlington. The units will be located in nine duplex buildings surrounding a central green. All of the units are two bedroom; three are affordable to households below 50% of area median income (rent is $520), and fifteen are affordable to households at 50% of area median income (gross rent is $570). Two of the 18 units will be designated for persons with psychiatric disabilities; four units will be designated for persons with physical disabilities transitioning from a separate 10 unit congregate facility adjacent to it being developed by Cathedral Square Corporation for adults unable to live independently.

The project has received all of its funding commitments and has received its local permit, which is now in a 30-day appeal period. The project is anticipating Act 250 by the end of September. An appraisal has not yet been completed. After further discussion, a motion was made by Mr. Candon to approve the "Resolution Pertaining to Combined Letter of Interest and Commitment Letter Re: Permanent Financing for South Burlington Community Housing, South Burlington." The motion carried unanimously after being seconded by Ms. Randall.

Ms. Carpenter reviewed the memo from the Joint Committee on Tax Credits (JCTC). The JCTC met to review the update to the tax credit application status. The four remaining projects under discussion were all represented at the meeting.

The Committee is recommending to the Board that Manchester Knoll, Mary Exner Block, Bus Barns, and the St. Johnsbury House receive credits. After further discussion, a motion was made by Mr. Brown for Manchester Knoll to receive 1999 credits, Mary Exner Block to receive half in 1999 credits and the remaining in 2000 credits, and for Bus Barns to receive all 2000 credits. The Board expressed a concern about forward committing credits. The JCTC will meet before the September Board meeting to reconsider the St. Johnsbury House's recommendation to allocate 2000 credits. The motion carried unanimously after being seconded by Ms. Randall.

FINANCE

At this time, the Board connected via telephone with Mr. Schoenbeck, Mr. Gurley (PaineWebber, Inc.), Mr. Hans (Evensen Dodge), and Mr. Amsden (Kutak Rock) to discuss bond financing. Mr. Schoenbeck, Mr. Gurley, and Mr. Hans reviewed a number of materials with the Board. A number of indicators will be released this week by various federal agencies. The market has already added 25 basis point rate tightening in anticipation of a federal reserve increase in interest rates. The market looks good for VHFA's bond financing.

After further discussion, a motion was made by Mr. Brown to approve the "Fifteenth Supplemental Single Family Housing Bond Resolution." The motion carried unanimously after being seconded by Ms. Randall.

Mr. Schoenbeck reviewed his memo regarding the multifamily bond financing next. The bond sale is scheduled for September 2nd to permanently finance the Briars and Blair Park Apartments (also known as Eagle Crest), both projects that the Board has previously approved. Mr. Schoenbeck indicated that a Board conference call would also take place on September 2nd to discuss the multifamily bond sale purchase. No Board action required at this time.

Private activity bond volume cap was discussed next. Each year the Agency is allocated part of the State's $150 million annual volume cap for private activity bonds. On July 15, the Emergency Board allocated $50 million to the Agency and the Agency allocated $10 million of that amount to exempt facility bonds. With the single family bond issue scheduled for sale later this month, it is necessary to allocate the remaining $40 million for single family uses.

Mr. Candon made a motion to approve the "Resolution Relating to Vermont Housing Finance Agency Election to Allocate 1999 Private Activity Bond Volume Cap Allocation." The motion carried unanimously after being seconded by Mr. Brown.

MULTIFAMILY MANAGEMENT

Next, Mr. Falzone discussed Saxtons River family housing. This 17 unit family property is currently in poor condition and the owner has accepted a Housing Vermont offer to purchase the property at a reasonable price. Housing Vermont has proposed a two-step transaction that will first transfer ownership and address immediate rehab needs, and then in the spring, they intend to complete a more comprehensive rehab of these units. Ms. Carpenter emphasized that the property needs significant work done and that future restructuring may be very expensive to complete.

In the second phase of this transaction, they expect to replace VHFA's existing debt financing as part of an upcoming multifamily tax exempt bond issue and allocate out of cap housing credits. Ms. Carpenter noted that Phase II will be brought before the Board when it is ready to begin. Ms. Randall made a motion to approve the "Resolution Stating Intent to Provide Financing and to Reimburse any Advances with Respect to a 17-unit Project in Rockingham." The motion carried unanimously after being seconded by Mr. Candon.

HOMEOWNERSHIP PROGRAM

Ms. Crady indicated that as of August 12, there are approximately $2.5 million in funds available for reservation. We have had lower levels of activity since the higher interest rates came out on August 2. MGIC is doing a great job underwriting for us, as responses from lenders continue to be very positive. VHFA's one-year agreement with MGIC expires in the spring of 2000, so staff is planning to meet with MGIC in September to begin discussions of criteria for eligible loans after the expiration of the current agreement.

Ms. Crady noted that there was an error in the May 31 servicing report. A majority of the loans that were in foreclosure as of that date were counted as foreclosure accounts and also as 90+ accounts. As a result, the total percentage of loans delinquent was lower than those reported.

Ms. Crady indicated that in early spring, VHFA applied for a HUD Housing Counseling Grant of $321,000. We have been notified that we received $96,321 for 5 Homeownership Centers and the Vermont Development Credit Union counseling program.

ADMINISTRATION

Ms. Carpenter reviewed her report with the Board. She then introduced David Adams to the Board. David is VHFA's new Chief of Program Operations.

The Board agreed to hold its retreat on November 11 and 12 in Stowe. More information will follow as time gets closer.

The Board spent the remainder of the meeting discussing strategic planning. Overviews of each agency program (Multifamily Development, Homeownership, and Multifamily Management) were presented to the Board by staff and discussed.

With no further business, and after a motion moved by Mr. Candon and seconded by Ms. Randall, the meeting adjourned at 4:00 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

Thursday, September 02, 1999 at 11:00 a.m.

VIA TELEPHONE: Chairman White; Commissioners Canney, Candon (designee of Costle), Douglas, Seelig, Beyer (designee of Lambert)
Mr. Gurley (PaineWebber Inc.), Mr. Hans (Evensen Dodge), Ms. Cross (Orrick & Herrington), Mr. Wagner (Kutak Rock)

Present: Ms. Carpenter, Ms. Loller, Ms. Gent, Ms. Caragher, Mr. Schoenbeck, Mr. Erdelyi, Mr. Adams
Other: Mr. Brush (Green Mountain Development Group)

Chairman White called the meeting to order at 11:01 a.m.

FINANCE

Mr. Schoenbeck introduced Mr. Gurley to begin the discussion of the sale of the 1999 Series B Multi-Family Bonds. Mr. Gurley indicated that the market was nervous based on economic information that was released on Tuesday. In spite of the market, the bonds were placed, including a significant portion to Fannie Mae.

Mr. Hans indicated that the results for the bond sale were successful. The interest rate for Briars Apartments and Eagle Crest project loans are 7.00% and 7.10%, respectively. This bond issue will generate $35,000 of cash flow per year to the Agency. Mr. Hans also mentioned that an innovative feature of these bonds are that they are callable in 7 years compared to 3 years ago, when 10-year calls were the standard.

Mr. Wagner noted that he recommends that the Board of Commissioners approve the "Multi-Family Mortgage Bonds 1999 Series B Resolution." A motion was made by Mr. Douglas to approve the resolution. The motion carried unanimously after being seconded by Mr. Seelig.

DEVELOPMENT

Mr. Erdelyi indicated that the Joint Committee on Tax Credits (JCTC) met yesterday to discuss commitments for year 2000 credits. The JCTC agreed to give the St. Johnsbury House $161,615 from Year 2000 credits. Housing Vermont has also asked that

Bus Barns be given an additional $13,000 in credits. When Housing Vermont originally asked for the credits, their request was reduced by $50,000. They are now asking for $13,000 of that $50,000.

After further discussion, Mr. Seelig made a motion to approve the "Resolution Regarding Low Income Housing Tax Credit Project Reservations," allowing St. Johnsbury House and Bus Barns to receive Year 2000 credits in the amounts listed above. The motion carried unanimously after being seconded by Mr. Douglas.

MISCELLANEOUS

The Board agreed to have the September 20th Board meeting from 4:00 p.m. until approximately 7:00 p.m. with a working dinner.

Ms. Gent asked if we wanted to reschedule our October 21st meeting because Art Wolf was not available that day to speak to the Board regarding economic and strategic planning issues. Ms. Beyer suggested that Ms. Gent contact Tom Kavet for the strategic planning presentation. Mr. Seelig agreed, indicating that Mr. Kavet does great presentations. Chairman White suggested that we keep the Board meeting on October 21st and perhaps try to get Tom Kavet or Jeff Carr that day to present to the Board, and maybe we can have Art come to our retreat in November and present to us then.

Ms. Carpenter reminded the Board that the retreat would be held on November 11th and 12th. Staff is researching a place for the retreat and will let everyone know as soon as we have decided on a location. The Highland Lodge in Greensboro and Blueberry Hill in Goshen were mentioned as possible locations. We are also looking at locations in Stowe.

It was asked if we would still have a board meeting on November 18th. Chairman White stated that we would cancel that meeting.

The December Board meeting was also changed from December 16th to December 3rd in Burlington. VHFA will host its Holiday Party on the evening of December 3rd.

In closing, Mr. Candon congratulated Chairman White, Ms. Carpenter and staff on the wonderful 25th anniversary celebration held at the Boathouse. Ms. Carpenter then thanked Ms. Gent and her staff for doing a great job.

With no further business, the meeting adjourned at 11:45.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: September 14, 1999

RE: Executive Director's Report

ADMINISTRATION

It seems like a short month, since I was able to take some vacation time at the end of August. September has seemed focused on closing our bond sales and the staff retreat; all of which went successfully. The outcome of the staff retreat was a very positive team building experience. We had 100% attendance, and everyone worked hard and had a good time. We have notes that we are in the process of summarizing and will give to the Board.

The 25th anniversary celebration events are continuing into the fall. On August 31st, a party for our partners was held at the Burlington Community Boat House. We enjoyed perfect weather, an idyllic setting, and good friends to recollect with and look forward to VHFA's future. Senator Jeffords and Governor Dean both offered their perspectives about VHFA's role historically and gave wonderful messages to help guide our future partnerships and programs.

VHFA will celebrate our 25th in collaboration with several additional events this fall, primarily by sponsoring receptions for our partners. These include the Vermont Association of REALTORS (September 29); the Vermont Housing Managers Association (November 2); the GRI Tri-State REALTOR Institute (November 16). We also will be sponsoring an affordable housing award at the annual Northern Vermont Homebuilders meeting on September 15th.

Our Year 2000 testing for Mitas has been completed and no Year 2000 compliance issues were identified, Rick and staff have also completed testing of the remaining miscellaneous applications. The Year 2000 Committee and Agency staff will be remediating spreadsheet files to amend any possible Year 2000 calculation issues. The plan is to complete this by the end of October.

PROGRAM OPERATIONS

It has been great having Dave on board. He has spent much of his first month working with Pat, Joe, and Sam and getting to know the staff, their current issues and future plans. We've been trying to give him a crash course in the HFA's and tax-exempt revenue bonds, so he can begin to focus on program development

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systems and processes as well as develop a planned approach to seeking new capital resources. Dave has also begun working with Pat Loller and the department heads to update job descriptions complete evaluations and review position grading analysis.

HOMEOWNERSHIP

New rates were announced September 7th, and we continue to be very competitive. I have attached a copy of the new rates. Pat and Jacklyn are continuing to fine tune operations and servicing systems within the department.

DEVELOPMENT

The tax credit round has finally closed, with seven new projects utilizing the entire 1999 credit ceiling and about half of the 2000 credits as well. These credits will assist in the new construction or acquisition and rehabilitation of 135 rental units, of which there will be 126 units with rent and income restrictions under the program. Eagle Crest (formerly Blair Apartments) in Williston has closed and anticipates a December construction completion, and VHFA facilitated the acquisition of Saxton's River, a distressed Section 8 property, by Housing Vermont. Staff is working on several loan applications to come before the Board in October.

MULTIFAMILY MANAGEMENT

Staff has continued efforts to streamline the format of our reporting systems. In addition to vastly reducing our annual budget submission, we have eliminated the need to submit quarterly reports for all projects with a stable operating history. We are now working with several accountants on proposed changes to our audited financial statement requirements for multifamily properties. Owner and manager response to these changes has been very positive and many have made it a point to express their gratefulness.

Preservation activity has continued and we have stepped up our efforts to identify legislative and tax law changes that could greatly assist us in putting Section 8 properties into ownership that would assure long-term affordability. A revised VHFA Note Sale offer to HUD will likely occur early next month for Highgate, Westgate and Mountain View. The timing couldn't be better with HVT ready to sign a P & S on the acquisition of Westgate. Our rationale for HUD's acceptance of our offer will rely heavily on the preservation aspect of Westgate and the strong connection these three properties have with Vermont's successful efforts in this area.

Finally, VHFA is hosting this year's New England Multifamily HFA Meeting at Top Notch on September 16 & 17. Thirty people will attend representing HFA's from all six NE states and VSHA. On September 22nd Kim Roy, MF Management Officer, will also be presenting a one day training session at Lake Morey Inn on "Preparing For A Low Income Housing Tax Credit Compliance Audit".

FINANCE

As I mentioned, this has been the bond sale month. Roger did a great job in coordinating all the various players, as well as helped us get great rates. KMPG Peat Marwick started the audit on the 13th and it should be completed by the 30th. VHMGB's audit will occur shortly after that.

VHFA HOMEOWNERSHIP PROGRAMS
Interest Rates in Effect as of September 7, 1999

Loan Type	Discount Points	Note Rate	APR*
Fixed (MOVE)	2	6.80%	7.0%
Fixed (MOVE)	1	6.95	7.05
Fixed (MOVE)	0	7.10	7.10
1-Step Rate (MOVE)	0	6.50/7.50	7.28
4-Step Rate (HOUSE/YESS)	1	5.45/5.95/6.45/6.95	6.74
4-Step Rate (HOUSE/YESS)	0	5.60/6.10/6.60/7.10	6.89

* APRs include discount points. They do not include additional fees that some borrowers may be required to pay, such as mortgage insurance premiums.

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homeownership Programs PC

DATE: September 10, 1999

RE: Summary of Homeownership Activities

Program Operation

VHFA changed its interest rates effective Tuesday, September 7, 1999 based on the sale of the Series 11 bonds. Reservations continue to average approximately $2.0 million to $2.5 million in loans each week. VHFA's rate of 7.10% with zero points is approximately 125 basis points below conventional interest rates.

MGIC and VHFA are working on a plan to implement automated underwriting through the use of FannieMae and FreddieMac systems. We are tentatively planning to meet with MGIC and some of our participating lenders in October.

Servicing

Attached are servicing reports as of July 31, 1999.

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

HOMEOWNERSHIP PROGRAMS - SERVICING ACTIVITY REPORT

Activity for the month of July 1999

COLLECTIONS

Total 90+ accounts for current month	89	

FORECLOSURES

Foreclosure accounts from previous month	55	
Plus new foreclosure accounts	10	
To REO	2	
Successful interventions	0	
Total Foreclosure accounts for current month	63	

REAL ESTATE OWNED

REOs from previous month	41	
Plus new REOs	2	
Less property sold	2	
REOs for current month	41	(11 properties are under contract)

VERMONT HOUSING FI[illegible]CE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: July 1999

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO	
Banknorth Mortgage Co.	691	27	3.91%	5	0.72%	8	1.16%	3	0.43%	43	6.22%	9	1.30%
Bennington Co-op S&L Assoc.	64	1	1.56%	0	0.00%	0	0.00%	0	0.00%	1	1.56%	0	0.00%
Brattleboro Savings & Loan	32	0	0.00%	2	6.25%	0	0.00%	0	0.00%	2	6.25%	0	0.00%
Charter One	379	16	4.22%	8	2.11%	4	1.06%	7	1.85%	35	9.23%	3	0.79%
Chittenden Bank	853	51	5.98%	9	1.06%	10	1.17%	8	0.94%	78	9.14%	6	0.70%
Citizens Savings Bank	120	5	4.17%	1	0.83%	3	2.50%	1	0.83%	10	8.33%	0	0.00%
Community National Bank	304	11	3.62%	1	0.33%	10	3.29%	2	0.66%	24	7.89%	3	0.99%
Connecticut River Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Factory Point Nat. Bank	33	3	9.09%	1	3.03%	0	0.00%	0	0.00%	4	12.12%	0	0.00%
First Brandon Nat. Bank	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Nationwide Mortgage	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
GMAC Mortgage	9	1	11.11%	0	0.00%	0	0.00%	0	0.00%	1	11.11%	0	0.00%
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Graystone Mortgage Company	481	42	8.73%	14	2.91%	12	2.49%	10	2.08%	78	16.22%	4	0.83%
Heritage Family Credit Union	10	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Lyndonville Savings Bank	63	1	1.59%	0	0.00%	2	3.17%	0	0.00%	3	4.76%	0	0.00%
Mascoma Savings Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Merchants Bank	217	7	3.23%	3	1.38%	1	0.46%	1	0.46%	12	5.53%	0	0.00%
Mortgage Service Ctr. of NE	80	3	3.75%	2	2.50%	0	0.00%	2	2.50%	7	8.75%	0	0.00%
New England Federal CU	47	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Northfield Savings Bank	140	5	3.57%	1	0.71%	0	0.00%	0	0.00%	6	4.29%	0	0.00%
Passumpsic Savings Bank	155	5	3.23%	1	0.65%	5	3.23%	1	0.65%	12	7.74%	1	0.65%
Peoples Trust Co.	80	4	5.00%	2	2.50%	0	0.00%	0	0.00%	6	7.50%	0	0.00%
Randolph National Bank	30	2	6.67%	0	0.00%	0	0.00%	0	0.00%	2	6.67%	1	3.33%
Union Bank	172	11	6.40%	2	1.16%	2	1.16%	0	0.00%	15	8.72%	0	0.00%
Vermont Development CU	85	3	3.53%	1	1.18%	3	3.53%	1	1.18%	8	9.41%	0	0.00%
Vermont National Bank	1824	73	4.00%	23	1.26%	29	1.59%	27	1.48%	152	8.33%	14	0.77%
Wells River Savings Bank	30	1	3.33%	0	0.00%	0	0.00%	0	0.00%	1	3.33%	0	0.00%
Totals	5918	272	4.60%	76	1.28%	89	1.50%	63	1.06%	500	8.45%	41	0.69%
Totals Previous Month	5918	268	4.53%	75	1.27%	88	1.49%	58	0.98%	489	8.26%	43	0.73%
Totals Same Mo. Last Yr.	6221	271	4.36%	92	1.48%	94	1.51%	61	0.98%	518	8.33%	43	0.69%

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: July

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL		Delinq		REO
Large Servicer 400+													
Banknorth Mortgage Co.	691	27	3.91%	5	0.72%	8	1.16%	3	0.43%	43	6.22%	6	0.63%
Charter One	379	16	4.22%	8	2.11%	4	1.06%	7	1.85%	35	9.23%	3	0.22%
Chittenden Bank	853	51	5.98%	9	1.06%	10	1.17%	8	0.94%	78	9.14%	6	1.05%
Graystone Mortgage Company	481	42	8.73%	14	2.91%	12	2.49%	10	2.08%	78	16.22%	4	3.54%
Vermont National Bank	1824	73	4.00%	23	1.26%	29	1.59%	27	1.48%	152	8.33%	14	1.36%
Totals	4228	209	4.94%	59	1.40%	63	1.49%	55	1.30%	386	9.13%	33	0.78%
Average	846	42	5.37%	12	1.61%	13	1.49%	11	1.36%	77	9.83%	7	1.36%
Medium Servicers 399-50													
Bennington Co-op S&L Assoc.	32	0	0.00%	2	6.25%	0	0.00%	0	0.00%	2	6.25%	0	0.00%
Citizens Savings Bank	120	5	4.17%	1	0.83%	3	2.50%	1	0.83%	10	8.33%	0	0.00%
Community National Bank	304	11	3.62%	1	0.33%	10	3.29%	2	0.66%	24	7.89%	3	0.99%
Lyndonville Savings Bank	63	1	1.59%	0	0.00%	2	3.17%	0	0.00%	3	4.76%	0	0.00%
Merchants Bank	217	7	3.23%	3	1.38%	1	0.46%	1	0.46%	12	5.53%	0	0.00%
Mortgage Service Ctr. of NE	80	3	3.75%	2	2.50%	0	0.00%	2	2.50%	7	8.75%	0	0.00%
Northfield Savings Bank	140	5	3.57%	1	0.71%	0	0.00%	0	0.00%	6	4.29%	0	0.00%
Passumpsic Savings Bank	155	5	3.23%	1	0.65%	5	3.23%	1	0.65%	12	7.74%	1	0.65%
Peoples Trust Co.	80	4	5.00%	2	2.50%	0	0.00%	0	0.00%	6	7.50%	0	0.00%
Union Bank	172	11	6.40%	2	1.16%	2	1.16%	0	0.00%	15	8.72%	0	0.00%
Vermont Development CU	85	3	3.53%	1	1.18%	3	3.53%	1	1.18%	8	9.41%	0	0.00%
Totals	1448	55	3.80%	16	1.10%	26	1.80%	8	0.55%	105	7.25%	4	0.28%
Average	136	5	3.45%	2	1.63%	2	1.38%	1	0.51%	10	7.20%	0	0.16%
Small Servicers 49-													
Brattleboro Savings & Loan	32	0	0.00%	2	6.25%	0	0.00%	0	0.00%	2	6.25%	0	0.00%
Connecticut River Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Factory Point Nat. Bank	33	3	9.09%	1	3.03%	0	0.00%	0	0.00%	4	12.12%	0	0.00%
First Brandon Nat. Bank	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Nationwide Mortgage	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
GMAC Mortgage	9	1	11.11%	0	0.00%	0	0.00%	0	0.00%	1	11.11%	0	0.00%
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Heritage Family Credit Union	10	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mascoma Savings Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
New England Federal CU	47	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Randolph National Bank	30	2	6.67%	0	0.00%	0	0.00%	0	0.00%	2	6.67%	1	3.33%
Wells River Savings Bank	30	1	3.33%	0	0.00%	0	0.00%	0	0.00%	1	3.33%	0	0.00%
Totals	210	7	3.33%	3	0.02%	0	0.00%	0	0.00%	10	4.76%	1	0.48%
Average	18	1	2.58%	0	0.72%	-	0.00%	-	0.00%	1	3.29%	0	0.29%

VERMONT HOUSING FINANCE AGENCY

Board Property Disposition Report

Month of: July, 1999

Properties Sold

Property	Listing Price	Sale Price	Principal Balance	Interest	To Date Expenses	Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Barney Rutland	$ 65,000	$ 64,000	$ 81,303	$ 8,669	$ 10,369	$ 37,767	$1,426	($24,697)	$26,123
Palmer Williston	$ 2,500	$ 2,500	$ 58,060	$ 6,335	$ 13,834	$ 12,840	($62,889)	($16,302)	($46,587)

Properties Under Contract

Property	Listing Price	Contract Price	Principal Balance	Interest	Estimated Expenses	Estimated Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Aldrich Vernon	$ 45,000	$ 30,100	$ 63,462	$ 10,272	$ 11,075	$ 9,750	($44,959)	($49,567)	$4,608
Westall Richmond	$ 49,900	$ 50,000	$ 62,576	$ 8,696	$ 14,148	$ 13,980	($21,440)	($7,743)	($13,697)
Hill Williston	$ 58,500	$ 32,500	$ 66,645	$ 6,251	$ 17,697	$ 11,845	($46,248)	($32,637)	($13,611)
Rooney Monkton	$ 64,900	$ 64,900	$ 67,812	$ 12,770	$ 15,542	$ 15,000	($16,224)	$0	($16,224)

Karch Jericho	$ 99,900	$ 100,000	$ 88,435	$ 13,173	$ 16,871	$ 15,685	($2,794)	$0	($2,794)
Tabor Newport	$ -	$ 45,000	$ 71,528	$ 7,768	$ 9,697	$ 13,128	($30,865)	($33,987)	$3,122
Prindall Barre	$ 35,900	$ 35,900	$ 61,577	$ 6,566	$ 17,936	$ 15,075	($35,104)	($25,782)	($9,322)
Gagner Swanton	$ 69,900	$ 69,900	$ 76,678	$ 10,256	$ 13,689	$ 16,600	($14,123)	$0	($14,123)
Dumas Derby	$ 29,900	$ 29,900	$ 21,903	$ 2,470	$ 10,214	$ 8,371	$3,684	$0	$3,684
Pronto Pownal	$ 49,900	$ 35,000	$ 55,957	$ 7,472	$ 5,184	$ 3,532	($30,081)	($6,350)	($23,731)
Ladd Canaan	$ 46,900	$ 41,900	$ 62,617	$ 2,914	$ 10,057	$ 28,800	($4,888)	($3,089)	($1,799)

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Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sam Falzone, Director of Multifamily Programs

DATE: September 14, 1999

RE: **Winchester Place Developments**

Over the past several months, we have been working with Housing Vermont, the Merchant's Bank and St. Michaels College in an attempt to restructure the debt for Winchester by refunding the current bonds and extending the term of financing beyond 2017. We were unable undertake this refunding prior to June 15, 1999 because of call protection afforded under the existing bonds. Interest rates remain favorable and a 30-year loan term, in conjunction with new a bond issue, will get us close to producing a positive cash flow at Winchester. Historically, operating deficits have been running about $250,000 a year and these deficits have been funded 50/50 through VHFA 0% loans and Merchant's Bank contributions.

A key element in our plan, is the willingness of St. Mikes to modify the terms of their ground lease in exchange for getting access to 13 of Winchester's unrestricted units of housing located near their main campus. The major concessions under the modified ground lease include authorization to extend the term of financing until 2031 and a reduction in the ground lease payments from $110,000 to $1 annually! With this change and the refinancing, we believe we can get long term stabilization at Winchester.

A Three Party Memorandum of Understanding (MOU) is being drafted for signature so that we can confirm this agreement in principle prior to gaining final approval by the Trustees of St. Mikes on the 17th of October. HVT's discussions with President VanderHeyden have been very positive and St. Mikes seems very interested in gaining ownership of these additional student-housing resources.

Recommendation: That the VHFA Board authorize the Executive Director to enter into a MOU and allow staff to continue working to accomplish a bond refunding and debt restructuring as outlined above. Prior to issuing new bonds, staff will return to the Board to seek approval for the comprehensive restructuring of debt and amended terms under the St. Mikes' ground lease.

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**

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sam Falzone, Director, Multifamily Programs

DATE: September 14, 1999

RE: **MULTIFAMILY DIRECTOR'S REPORT**

The attached report for the period ending August 31, 1999 has been reformatted as a result of prior Board comments and recommendations. The narrative section on specific projects is now featured with Delinquency, Preservation and HAP Contract and ACC Amendment status information being provided as necessary. A MF Department activity section will also be part of this report from time to time although Sarah's Executive Summary covers our major initiatives adequately for this report .

I will be happy to answer any questions at the Board Meeting on the 20th or you may contact me by phone at (652-3435).

MULTIFAMILY MANAGEMENT DIRECTOR'S REPORT

For the Period Ending August 30, 1999

1. PROJECT REPORTS

Abenaki Acres, Swanton – At VHFA's request, VSHA took over management of Abenaki Acres in Swanton. Yet, the transition has been somewhat of a struggle. The property has very limited funds and there are many maintenance concerns.

The audited financial statements reflected an operating account balance of $6,000 and a replacement reserve balance of $12,000. Unfortunately, VSHA has been unsuccessful at accessing the $6,000 from Abenaki Self-Help and the replacement reserve account is starting out severely underfunded. Abenaki Self-Help did not make deposits to the replacement reserve account for two years. Once again, Abenaki Self-Help have been notified that they are in violation of the HAP contract and VHFA's Regulatory Agreement.

Maintenance issues include life safety concerns, three complete turnovers (Unit #4, 8 and 12 were completely destroyed by problem tenants), deferred maintenance and capital expenditures on this 17 year old property. VHFA has agreed to lend 0% Refunding Savings money to Abenaki Acres to address these immediate maintenance needs. The approved 0% loan will be in the amount of $55,617.48.

Allen Apartments, Winooski – LCHDC, in partnership with Housing Vermont, purchased these 17 units in February of this year. Approved rehab is being completed gradually during turnovers at an accelerated pace. A supportive services function has also been added to help with the management of this difficult site.

Bardwell House, Rutland - An agreement in principle has been reached with the owner to secure this property in our portfolio in return for authorizing a more comprehensive package of supportive services. A Preservation Fee has also been provided in recognition of their agreeing to a lock-in and option to purchase.

BRHIP, Burlington – BCLT and Housing Vermont have been working closely together to reduce the amount of rent receivables at BRHIP. These high receivables are affecting the property's cash flow and are directly responsible for the under funded replacement reserve account.

VHFA has met with BCLT and Housing Vermont and we have agreed to one year of replacement reserve deposits as a compromise to correct the two-year under funding at BRHIP. Currently, the property is making monthly replacement reserve deposits and is aggressively working to reduce the amount of rent receivables. As cash flow starts to increase the property will payback the replacement reserve account and in the meantime Housing Vermont has given us a guarantee to cover any maintenance needs that would typically be funded from the replacement reserve account.

Cummings Street, Montpelier – Several months ago, VHFA offered Housing Vermont the option of using the 0% refunding savings money to do an energy conversion at Cummings Street. This property is HUD Insured and could be subject to restructuring so anything that can be done to make it more efficient will help guard against possible rent reductions. We are awaiting a scope of work and cost estimates so that we can reserve a portion of the 0% funding pool for use in this conversion. The property is already secured under a Preservation Agreement from 1990.

Harrington Apartments, Burlington – BHA has offered to purchase this 5-unit property for $250,000, however the owner would not accept their price. Evelyn Harrington is considering other offers and has let it be known that she is interested in selling the building which is already under a Preservation Agreement.

Hebert Farms, Montpelier - Mad River Meadows, Waitsfield and Valley View, Vergennes: Although we have yet to be formally notified, we have learned that the owners are once again pursuing either a sale or refinancing of these properties.

Highgate, Barre - HUD has granted another one-year HAP contract extension until June 30, 2000. Highgate is one of six Vermont properties with expired contracts subject to restructuring under the Mark to Market Program. The delay in receipt of HAP payments during this renewal process again caused some short-term cash flow problems which have been resolved with the restoration of HAP funds.

Hillside MHP, Starksboro – Since the last report, ACCT is moving forward with their plan to tap into Lazy Brook MHP's water system. This approach required them to go back to VEDA and ask for additional money. The new loan amount from VEDA is $316,000. VHFA agreed to a subordinate position on the Assignment of Leases and Rents as a compromise to the VEDA's request to share the first mortgage position. Construction has begun including: a reservoir being installed in the ground, 5,500 ft of pipe has been laid and 500 ft of blasting has occurred. The final items are a small amount of excavating, finishing the last 500 ft of piping and building the pump house. The project will finally be complete by the end of October.

Holy Cross, Colchester – There was a major septic backup in March due to an uninstalled pipe and this back up may have caused more extensive damage to underground pipes. The contractors dug up the system, installed the pipe, put in new leach fields, and pumped out the station. However, maintenance personnel feel that the system will be subject to more problems in the future.

The modular construction used at this property, has posed many concerns with shifting/settling. The joints in the floors are raised posing safety hazards with elderly residents who shuffle as they walk or use walkers and canes. One tenant has already fallen resulting in a head injury. Although no further corrective action has been taken, it is a continuous problem that will need attention. In addition, the vinyl siding keeps falling off and more adhesive appears to be needed. The contractor Burrcon Inc. is working with Cathedral Square and Housing Vermont to resolve some of these concerns under warranty.

King Street Apartments, Burlington - Following three years of findings citing the need for exterior painting during the annual physical inspection, this property is still in desperate need of a paint job. The painting contractor hired by management did not do satisfactory prep work, was fired, and management is negotiating the return of funds paid in advance. The owner is considering a new agent due to this situation. Investment Property Managers Inc. has managed the property since 1987 without much owner involvement or oversight. The cash flow is poor and the manager had intentionally delayed the painting work in order to provide an annual return to the owner.

Northgate, Burlington - The 10 year Anniversary Celebration was held in June to mark the extraordinary success of initial effort to create tenant-owned affordable family housing from what had been 336 units that were at risk of conversion to market rate housing. The new expanded Community Building was open for tours for those who had yet to visit this magnificent new asset at the property.

Parsons Hill, Castleton - August saw the first vacancy since the project reached full occupancy early in the year. The turnover was completed in a timely manner (2 weeks) and the unit is now ready for occupancy – and eligible for vacancy claims. In July, the possible termination of water service to the property on August 15th was averted. The effort required the intervention of many agencies at our request. And, finally, the Site Management Section of the Agency of Natural Resources has removed Parsons Hill from Vermont's Active Hazardous Waste Sites List.

Pinecrest Apartments, Williston – Over the last couple of years, the operating budget on this 6 unit family development in Williston has been extremely tight. Property taxes have increased by 14% in 1998, 16% in 1999, and 4% in 2000. The maintenance contract with Northshore has increased by 8% in 1999 and 9% for 2000. Fortunately, Pinecrest is in excellent physical condition and does not have any immediate maintenance needs. LCHV is currently working with VSHA to obtain a special rent adjustment. The rent increase should offset the cash flow problem and put the property back on its feet.

Saxtons River Family Housing Complex - After our experience with the Castleton property, it is with a measure of relief that we can report that the water has been deemed safe to drink after additional testing. An initial closing to transfer ownership of the property to a HVT Limited Partnership occurred on August 26th. $155,000 in 0% funds were used in this initial transaction and immediate rehab needs are now being addressed using project assets. Stewart Property Management has signed a contract to manage the property. The second more comprehensive stage of rehab work will begin next year with the exact cost yet to be determined.

South Square, Burlington – A HUD inspection was performed at this property in early February, and it was given a failing grade. We performed a follow up inspection to document the wonderful condition we consider this site to be in. Paul Dettman of BHA is contesting HUD's findings and there is a strong suspicion that HUD's new computerized inspection system is flawed.

Templeton Court, White River Junction – Ken Senecal from the development department at VSHA is looking into hiring a consultant to write a plan of action for the ongoing structural and social concerns that persist at this site. He will be looking for funding from VHCB and VHFA for this property.

Westminster Family Housing - Evidence of questionable management practices is to be found in a succession of three late mortgage payments. One of the late payments was related to a failure to properly submit HAP requisitions in a timely manner. Recently, another property management company has begun working in the area (see Saxtons River above). We have spoken with the owner about considering a replacement management agent as alternatives become available.

Westview Terrace, Springfield – Warranty related work continues to be a concern here. The exhaust stacks for the boilers have been extended to prevent the exhaust fumes from entering the second story bedrooms of these units. However, the serious window operation problems continue. Many residents have to push from the inside or pull from the outside to get the windows to open and reverse process to get them to close. In a case of an emergency, this would be impossible. Local partner, Springfield Housing Authority continues to work with Pen Bay Builders to find a solution.

2. DELINQUENT MORTGAGE LOAN PAYMENTS

PROJECT NAME	PENALTY/INTEREST	MONTH	TOTAL DAYS LATE
Westminster Family Hsg	$355.54	June	36
Saxtons River	Waived	August	34

3. ACC AND HAP CONTRACT AMENDMENTS REQUIRED

PROJECT NAME	ORIGINAL ACC	CURRENT AMENDMENT	EST RESERVE BAL @ 12/31/99
Allen Apartments	102,492	*	(5,943)
Bardwell House	558,504	570,504	(21,176)
Bemis Block	83,769	*	(1,844)
Benson Heights	106,700	127,917	(19,076)
Bobbin Mill	397,273	447,273	39,668
Canterbury N & S	217,324	*	86,776
Darling Inn	136,704	145,704	(17,230)
Depot II	52,416	*	95
Dogwood Elderly	46,224	*	(19,845)
Duggan Row House	95,904	*	(3,400)
Garden Apts.	72,876	74,876	(27,927)
Green Hill Apts.	93,814	*	(15,026)
Hebert Farm	53,448	79,448	10,862
Holy Angels Commons	227,988	373,988	136,137
Homestead Mews	180,403	*	42,293
Jeri-Hill	182,326	*	72,137
Mad River Meadows	190,194	254,194	47,565
Maple St./K.S.N.R.C.	57,900	74,900	(808)
Mellishwood	40,920	102,920	33,198
Mill Village	102,127	*	33,899
Mountain View/Fairfax	150,785	*	23,156
Parsons Hill	110,401	*	126,848
Pine Grove	101,496	126,496	35,256
Pine Manor	114,285	*	17,705
Proctor Place	80,254	*	28,408
Prospect/Forest Homes	82,463	*	22,988
Randall Apts.	60,528	70,528	(2,936)
Randolph Circle	127,080	*	8,264
School House Apts.	76,449	*	2,758
School Street Apts.	68,028	91,028	(17,320)
Sugarwood Apts.	101,647	*	32,703
Sunrise Manor	141,960	*	10,458
Valley View	156,152	*	(8,689)
Village Apts.	60,168	80,168	(36,384)
West Burke Housing	115,664	*	(5,486)
Westminster Family	86,555	*	(2,068)

* amendment reverted to original ACC amount

4. MULTIFAMILY PRESERVATION/LOCK IN AGREEMENTS

PROJECT NAME	# YEARS LOCKED IN	OPTION (Y/N)
Abenaki Acres	60	NP*
Brownway	20	Y
Conant Square	16	Y
Cummings Street**	28	NP*
Depot II**	40	NP*
Dogwood Glen	20	NP*
Duggan Row	20	Y
Eno Apts.	19	Y
Ethan Allen/Spring**	30	Y
Garden Apts.	20	Y
Graystone Village	Perpetuity	NP*
Harrington Apts.	19	Y
Hidden Pines	50	Y
Highgate**	Perpetuity	NP*
Holy Angels	13	N
King St. Apts.	20	Y
Lake Champlain Apts.	20	Y
Lane Shops**	15	Y
Linden Terrace	50	NP*
Lower Weldon St. Apts.	17	Y
Maple St./Hardwick	18	Y
Meadow Lane**	15	N
Mellishwood I & II	25	Y
Mountain View/Fairfax	18	Y
Northgate**	Perpetuity	NP*
Olde Windsor Village	23	NP*
Pine Grove	16	N
Prospect/Forest Homes	22	NP*
Randolph House**	48	NP*
Rockingham	71	Y
School Street Apts.	20	NP*
South Square	30	Y
Sunrise Manor	13	N
Village Apts.**	19	NP*
Walden Mtn. Apts.	17	Y

** LIHTC

* Non-Profit

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: September 14, 1999

RE: **REVISED VHFA BOARD MEETINGS FOR 1999**

Below are the revised VHFA Board meetings for 1999.

September 20 ~	4:00 p.m. – 7:00 p.m. (in Burlington at VHFA)
October 21 ~	1:00 p.m. – 4:00 p.m. (in Burlington at VHFA)
BOARD RETREAT	**November 11 and 12 ~ (still working on location)**
December 3 ~	1:00 p.m. – 4:00 p.m. (in Burlington at VHFA)

(Holiday Party to follow at the Ramada Inn in South Burlington)

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: September 14, 1999

RE: Housing Vermont Board Appointment

Attached is a list of the Housing Vermont Board of Directors. VHFA, as a sustaining member, has the right to elect at least 50% of the Board. The terms for four of our current appointees do not expire until 2001. Bob Skiff, who was asked to serve as VHFA's nominee on the Housing Vermont Board this summer, is slated to fill the unexpired term of Paul Hartman, an architect from Randolph. Bob is the former president of Champlain College, founder of the Vermont Commons School, and director of the Merchants Bank. Paul Bohne, who is the planner for the Town of Bennington, has indicated he will be resigning as an VHFA-appointed member when a replacement is found.

It was my error in not getting this information to you sooner, as I did not clearly understand the process. The Housing Vermont membership will meet on September 15th to accept this slate. Hopefully this is acceptable to you and we can rectify it at the Board meeting. Also, we should think about a candidate to fill Paul Bohne's slot, preferably from the southwest part of the state.

As of 15 Sept 99

HOUSING VERMONT

Board of Directors				
Seat No.	Nominating Authority (1)	Classification (2)	Incumbent	Term Expires
1	VHFA	GQ - Private	Cynthia Borck	2001
2	Governor	SQ - *Non-profit*	Barbara Ternes	2001
3	VHFA	SQ - *Non-profit (advoc.)*	Rita Markley	2001
4	VHFA	GQ - Private	Jim Foster	2001
5	VHFA	GQ - Private	Bob Skiff	2001
6		SQ - *Non-profit*	Nancy Eldridge	2000
7	VHFA	GQ - Public	Paul Bohne	2000
8		GQ - Private	Steve Pitkin	2000
9		GQ - Public	Bill Morlock	2000
10		GQ - Private	Ken Perine	2000
11	VHFA	GQ - Private	Tom Thompson	2000

(1) The By-Laws provide that "Sustaining Members" have the right to elect "at least 50% of the directors," i.e., six of 11. VHFA is the only Sustaining Member.

(2) The By-Laws provide for eight General Qualification ("GQ") directors and three Special Qualification ("SQ") directors. SQ directors come from the non-profit housing sector. "At least" one SQ director must be "actively engaged in low income advocacy."

Corporate Officers	1998-99	1999-00
Chair	Jim Foster	Jim Foster
Vice Chair	vacant	Ken Perine
President	Peter Richardson	Peter Richardson
Vice President	Andy Broderick	Andy Broderick
Treasurer	Kathy Cannon	Kathy Cannon
Ass't Treasurer	Paul Bohne	Barbara Ternes
Secretary	Steve Pitkin	Steve Pitkin
Ass't Secretary	Bob Gensburg	Bob Gensburg
Ass't Secretary	Dot Bechard	Dot Bechard

Staff		
POSITION	REPORTS TO	INCUMBENT
President	Board of Directors	Peter Richardson
Sr. VP, Development	President	Andy Broderick
Vice President, Finance	President	Kathy Cannon
Director, Asset Mgt.	President	Lynn Barnhart
Sr. Project Manager	Sr. Vice President	Sue Cobb
Project Developer	Sr. Vice President	Nancy Owens
Project Manager	Sr. Vice President	Lynn Mansfield
Project Manager	Sr. Vice President	Tom Dillon
Project Manager	Sr. Vice President	Rich Wickman
Project Manager	Sr. Vice President	Amy Dohner
Sr. Asset Manager	Director, Asset Management	Mark Desrosiers
Asset Manager	Director, Asset Management	Chris Lee
Development Administrator	Vice President, Finance	Kim Moran
Accountant	Vice President, Finance	David Graves
Office Manager	Vice President, Finance	Dot Bechard

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Fax # | Fax #

**RESOLUTION RELATING TO
VERMONT HOUSING FINANCE AGENCY
ELECTION TO ALLOCATE
1999 PRIVATE ACTIVITY BOND
VOLUME CAP ALLOCATION**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") was allocated $50 million in 1999 private activity bond volume cap by the State of Vermont Emergency Board and allocated $10 million of that to exempt facility bonds on July 15, 1999; and

WHEREAS, the Agency desires to elect to utilize the remaining $40 million in volume cap for qualified mortgage bonds and mortgage credit certificates; and

NOW, THEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency elects to allocate $40,000,000 of its unused volume cap pursuant to section 146 of the Internal Revenue Code of 1986 for the purposes of issuing qualified mortgage bonds or mortgage credit certificates.

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 19, 1999.

Sarah E. Carpenter

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

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RESOLUTION REGARDING
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 JCTC met on September 1, 1999 and reconsidered recommendations for reservations of tax credits for 2 proposed projects that had been discussed at earlier meetings, St. Johnsbury House and Bus Barns; and

NOW, THEREFORE, it is hereby RESOLVED:

1. The Board has reconsidered the projects named above.

2. The Agency approves the reservation from Year 2000 credits for the projects recommended by the JCTC in the amounts listed: St. Johnsbury House--$161,615 and Bus Barns--$13,000 in addition to credits previously approved, subject to the payment of applicable reservation fees, and subject to the conditions discussed in the Memorandum.

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 Burlington, Vermont, on September 2, 1999.

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

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October 12, 1999

Ms. Mary Moore
Vermont Department of Libraries
109 State Street
Montpelier, VT 05609

Dear Ms. Moore:

The Vermont Housing Finance Agency Board of Commissioners will have its regular meeting on Thursday, October 21 at 1:30 p.m. at Montpelier City Hall, 39 Main Street, Montpelier, Vermont.

If you have any questions, please do not hesitate to contact me at 652-3413.

Sincerely,

Kari Caragher

Kari A. Caragher
Executive/HR Assistant

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

Book

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: October 14, 1999

RE: **CONFIRMATION OF UPCOMING BOARD MEETING**

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held on October 21st at 1:30 p.m. at the Montpelier City Hall, 39 Main Street, Montpelier, Vermont.

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

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Montpelier on October 21st!

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BOARD AGENDA
Montpelier City Hall
39 Main Street
Memorial Room
Montpelier, Vermont

Thursday, October 21, 1999 at 1:30 p.m.

1:30 p.m. – 2:30 p.m. Regular Agenda Items

1. Review and approval of the September 20, 1999 minutes.

2. PROGRAM OPERATIONS
   A. Development
      1. Saxton's River - Resolution to Follow {Erdelyi//Enclosure}
      2. The Gardens {Erdelyi}

   B. Homeownership
      1. Summary of Reports {Crady//Enclosures}

3. ADMINISTRATION
   A. Executive Director's Report {Carpenter//Enclosure}

4. FINANCE
   A. Fiscal Year June 30, 1999 Audit Reports {Schoenbeck//Enclosure}
   B. Multi-family Bond Refinancing {Schoenbeck//Enclosure}
   C. General Fund Budget Performance {Schoenbeck//Enclosure}

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

2:30 p.m. – 4:00 p.m. Strategic Planning {Gent//Enclosure}
With Jeff Carr, Vice President, Economic & Policy Resources, Inc.

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**

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BOARD MINUTES

Vermont Housing Finance Agency
164 Saint Paul Street
Burlington, Vermont

Monday, September 20, 1999 at 4:00 p.m.

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

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

Other: Mr. Gurley (PaineWebber Inc.), Ms. Welsh (PaineWebber Inc.), Mr. Dormitzer (PaineWebber Inc.), Mr. Irvin (PaineWebber Inc.), Mr. Hans (Evensen Dodge), Mr. Hoeppner (Evensen Dodge), Mr. Tu (Evensen Dodge), Mr. Culnan (Moody's Investors Service), Mr. Bresnahan (Moody's Investors Service)

Chairman White called the meeting to order at 4:13 p.m. Mr. Candon made a motion to approve the minutes of August 19 and September 2, 1999. The motion carried unanimously after being seconded by Mr. Douglas. (Ms. Randall abstained from the September 2, 1999 Board minutes).

ADMINISTRATION

Ms. Carpenter indicated that she was interviewed for a television show "Restore America." Hosted by Bob Villa, this show highlights successful historic preservation initiatives in all 50 states. Ms. Carpenter was interviewed regarding Dalton Drive in Colchester and VHFA's role in that project.

Ms. Carpenter stated that our all day full staff meeting at Shelburne Farms went very well. We had 100% staff participation. The two facilitators, Judy Warriner Walke and Merryn Rutledge, did a wonderful job. Pat Loller has sent out a survey to staff to get their responses on how the day went. Ms. Carpenter indicated that we are in the process of typing up the results of the day and will share them with the Board at the November meeting.

HOMEOWNERSHIP

Ms. Crady indicated that reservations continue to average approximately $2 million to $2.5 million in loans weekly. Ms. Crady noted that, as of the middle of September, we have only 27 REOs. There has been a significant amount of activity with our REOs.

Currently, MGIC and VHFA are working on a plan to implement automated underwriting. Staff is meeting with MGIC on October 6 to discuss our contract for Year 2. Ms. Randall asked if we were using Desktop Underwriting or Loan Prospector. Ms. Crady indicated that we were not using them yet, but staff is looking into it.

MULTIFAMILY MANAGEMENT

Mr. Falzone indicated that staff has been working with Housing Vermont, Merchant's Bank, and St. Michaels College to restructure the debt for Winchester Place by refunding the current bonds and extending the term of financing beyond 2017. St. Michaels College is willing to modify the terms of their ground lease in exchange for getting access to 13 of Winchester's unrestricted units of housing located near their main campus for student housing. With this change and the refinancing, we believe we can get Winchester on its feet with a positive cash flow.

Staff is recommending that the Board authorize the Executive Director to enter into a Three Party Memorandum of Understanding and allow staff to continue working to accomplish a bond refunding and debt restructuring as outlined above. After further discussion, a motion was made by Mr. Candon to approve the staff's recommendation listed above. The motion carried unanimously after being seconded by Mr. Seelig.

MISCELLANEOUS

Ms. Carpenter noted that there had been a vacancy with one of VHFA's appointments to the Housing Vermont Board. Bob Skiff, former president of Champlain College, founder of the Vermont Commons School, and director of the Merchants Bank, has since then been recommended by Housing Vermont to take that spot.

After review of the Board appointment process, Mr. Candon made a motion to accept Bob Skiff as the VHFA -appointed Board member for Housing Vermont. The motion carried unanimously after being seconded by Mr. Douglas.

Ms. Carpenter also mentioned that Housing Vermont appointment Paul Bohne of Bennington, has submitted his resignation from the Housing Vermont Board, and will be leaving once a replacement is found. Ms. Carpenter indicated that if anyone has any thoughts on candidates to take his place to please let her know. They would like the candidate preferably from the southern part of the state.

STRATEGIC PLANNING

The Board went on to continue its strategic planning discussion. Mr. Culnan and Mr. Bresnahan, of Moody's Investors Service, made a presentation how VHFA bonds are viewed and about what factors and performance measures are especially important to a rating agency. Next, representatives from PaineWebber Inc. and Evensen Dodge made a presentation about VHFA's recent bond financing and options to consider when planning future bond programs. A working dinner followed with a open discussion among the Board members, visitors, and staff.

With no further business and after a motion made by Mr. Douglas and seconded by Mr. Candon, the meeting adjourned at 7:30 p.m.

Sincerely,

Sarah E. Carpenter
Executive Director and Secretary

VERMONT HOUSING FINANCE AGENCY

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer

DATE: October 15, 1999

RE: Multifamily Loan Application for Saxton's River Family Housing

Name:	Saxton's River Family Housing	**Location:**	Saxton's River
Housing Type:	Family	**Building Type:**	Garden / Flats
Total Units:	17	**HC Restricted Units:**	17
Unit Sizes:	Five 2 bedroom Seven 3 bedroom Five 4 bedroom	**Unit Square Footage:**	955 2 br (avg) 1,164 3 br (avg) 1,598 4 br (avg)
Total Cost:	$1,898,865	**Per Unit Cost:**	$111,698
Loan Requested:	$575,000 permanent $275,000 "0%" funds $425,000 construction	**Credits Requested:**	$68,512
Other Funding:	VHCB	**Sponsors:**	Housing Vermont, RACLT

The development, currently in VHFA's portfolio, consists of seven buildings on four sites that were rehabilitated and operated under the Section 8 New Construction/Substantial Rehabilitation program. The for-profit owner has operated the project in a manner that has caused some deterioration of the buildings, but the project has always managed to maintain full occupancy. There are approximately 12 years left on the rent assistance contract with HUD. For tax reasons the owner was motivated to sell, and Housing Vermont assumed the existing debt and took ownership in August of this year. The proposal is to take out this existing debt with new tax-exempt bond funds and in doing so to qualify the project for the 4% Housing Credit. To make the project financially feasible it will also need soft financing and the sponsor is proposing to use VHCB funds and VHFA's "0%" funds. The rehabilitation work includes a town sewer hook-up, well contamination clean-up, carpentry and finishes, and new heating systems for all of the buildings.

The permanent loan amount requested is approximately 30% of the total development cost. The tax-exempt financing needs to be at least 50% in order to qualify the project for the out-of-cap credits, so the sponsor is requesting a construction loan of an additional $425,000. The sponsor does not have an appraisal, and any financing commitment from VHFA needs to be conditioned upon receipt and review of an appraisal acceptable to VHFA staff that supports the loan amounts requested. Should the appraisal not provide sufficient value in the real estate to secure the VHFA loans, staff will seek additional security from Housing Vermont for the loans. Staff also requests that the Board give the Executive Director the authority to determine the final loan amounts from the two sources (the current split is $575,000 bond funds and $275,000 in 0% funds; the final split will depend on the appraisal, the VHCB award, and the interest rate).

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.

Mailing Address: PO Box 408, Burlington, Vermont 05402-0408
Delivery Address: 164 Saint Paul Street, Burlington, Vermont 05401-4364
802 / 864-5743 • 800 / 339-5866 • TDD: 800 / 586-5832
FAX: 802 / 864-5746 • Underwriting FAX: 802 / 863-5422 • home@vhfa.org

EQUAL HOUSING OPPORTUNITY

14-Oct-99 **Saxton's River**

Total Residential Units:	17	Increase in Income from Rental Units:	0.00%
Housing Credit Restricted Units:	17	Increase in Income from Other Sources:	1.50%
Percent Restricted:	100.00%	Increase in Income from Commercial:	0.00%
Total Development Cost:	1,898,865	Expense increase:	1.50%
Total Development Cost per Unit:	111,698	Vacancy Rate:	1%
Total Development Cost Per SF:	91	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	69,562	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	68,512	Sponsor's Estimated Yield:	112.64%
LIHTC - 9%	8.45%	(Oct '99)	
LIHTC - 4%	3.62%		

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term		
First Mortgage	575,000	30.28%	7.75%	12	12	74,043	73,747
0% loan	275,000	14.48%	0.00%	N/A	18		
Lead loan	40,000	2.11%	0.00%	30	30		
VHCB	200,000	10.53%	0.00%	30	30		
existing replacement reserves	20,000	1.05%	N/A	N/A			
deferred fees	24,865	1.31%	N/A	N/A			
Tax Credit Equity	764,000	40.23%	N/A	N/A			
TOTAL SOURCES	1,898,865	100.00%					

USES

Acquisition	550,500	28.99%
Construction Hard Costs	945,945	49.82%
Soft Costs	402,420	21.19%
TOTAL USES	1,898,865	100%
Gap	0	

PER UNIT COST LIMIT CALCULATION

	per unit limits		number of units		
0 Br	84,390		0	0	
1 Br	90,140		0	0	
2 Br	95,890		5	479,450	
3 Br	101,637		7	711,459	
4 Br	107,390		5	536,950	
Maximum cost allowed under the per unit cost limits				1,727,859	
Projected total cost, excluding cash accounts				1,886,115	92%
		(over)/under		(158,256)	

General Partner's Capital Contribution	0	1.00%
Limited Partner's Capital Contribution	764,000	99.00%
Total Equity	764,000	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	17
Total Units	17
Unit Fraction	100.00%
Tax Credit Square Footage	20,911
Total Residential Square Footage	20,911
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

14-Oct-99 **Saxton's River**

		Budget	Per Unit	Per s.f.	VHCB Terms:____	HOME Terms:____	Allocation of Sources VCDP Terms:____	Debt Terms:____	Equity Terms:____	Other Terms:____	TOTAL SOURCES
	ACQUISITION										
1	Land	64,800	3,812	3.10							0
2	Purchase of Building(s)	475,200	27,953	22.72							0
3	Demolition (without replacement)		0	0.00							0
4	Property Appraisal	3,000	176	0.14							0
5	Legal - Title and Recording	7,500	441	0.36							0
	Subtotal - Acquisition	550,500	32,382	26.33							
	CONSTRUCTION HARD COSTS										
6	Rehabilitation	715,000	42,059	34.19							0
7	New Building(s)		0	0.00							0
8	Accessory Buildings		0	0.00							0
9	Sitework	85,000	5,000	4.06							0
10	Commercial Space Costs (if any)		0	0.00							0
11	General Requirements		0	0.00							0
12	Contractor Overhead		0	0.00							0
13	Contractor Profit		0	0.00							0
14	Construction Contingency	85,995	5,059	4.11							0
15	Construction Management		0	0.00							0
16	Construction Bond Fee		0	0.00							0
17	Hazardous Materials Abatement	45,500	2,676	2.18							0
18	Off-Site Improvements		0	0.00							0
19	Furnishings, Fixtures, & Equipment	14,450	850	0.69							0
20	Other		0	0.00							0
	Subtotal - Hard Costs	945,945	55,644	45.24							
	SOFT COSTS										
21	Architectural	64,000	3,765	3.06							0
22	Engineering		0	0.00							0
23	Legal/Accounting	12,000	706	0.57							0
24	Relocation	24,000	1,412	1.15							0
25	Environmental Assessment	2,500	147	0.12							0
26	Energy Assessment		0	0.00							0
27	Permits/Fees	3,600	212	0.17							0
28	Independent Market Study		0	0.00							0
29	Construction Period Insurance	3,750	221	0.18							0
30	Construction Interest	28,000	1,647	1.34							0
31	Construction Loan Origination Fee	13,500	794	0.65							0
32	Taxes During Construction	3,750	221	0.18							0
33	Clerk of the Works	12,500	735	0.60							0
34	Marketing	2,000	118	0.10							0
35	Tax Credit Fees	2,240	132	0.11							0
36	Soft Cost Contingency	5,330	314	0.25							0
37	Permanent Loan Origination Fee		0	0.00							0
38	Lender's Counsel's Fee		0	0.00							0
39	Other (______________)		0	0.00							0
	SYNDICATION COSTS										
40	Organizational (Partnership)		0	0.00							0
41	Bridge Loan Fees and Expenses		0	0.00							0
42	Syndication Consultant		0	0.00							0
43	Tax Opinion		0	0.00							0
	DEVELOPER'S FEES										
44	Developer's Fees	200,000	11,765	9.56							0
45	Other Partnership Fees		0	0.00							0
46	Consultant Fees	12,500	735	0.60							0
	RESERVES										
47	Working Capital	12,750	750	0.61							0
48	Rent-up (Deficit Escrow) Reserve		0	0.00							0
49	Other Operating Reserves		0	0.00							0
50	Sinking Fund		0	0.00							0
51	Replacement Reserves		0	0.00							0
	Subtotal - Soft Costs	402,420	23,672	19.24							
	TOTAL DEVELOPMENT COSTS	1,898,865	111,698	91	0	0	0	0	0	0	0

12.70%

9,000
6,000

14-Oct-99 **Saxton's River**

		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other		
	ACQUISITION								
1	Land	64,800							
2	Purchase of Building(s)	475,200	475,200		475,200				
3	Demolition (without replacement)	0							
4	Property Appraisal	3,000	3,000		3,000				
5	Legal - Title and Recording	7,500	7,500		7,500				
	Subtotal - Acquisition	550,500							
	CONSTRUCTION HARD COSTS								
6	Rehabilitation	715,000		715,000	715,000				
7	New Building(s)	0		0					
8	Accessory Buildings	0		0					
9	Sitework	85,000		85,000					
10	Commercial Space Costs (if any)	0							
11	General Requirements	0		0					
12	Contractor Overhead	0		0					
13	Contractor Profit	0		0					
14	Construction Contingency	85,995		85,995	85,995				
15	Construction Management	0		0					
16	Construction Bond Fee	0		0					
17	Hazardous Materials Abatement	45,500		45,500	45,500				
18	Off-Site Improvements	0		0					
19	Furnishings, Fixtures, & Equipment	14,450		14,450					
20	Other	0		0					
	Subtotal - Hard Costs	945,945							
	SOFT COSTS								
21	Architectural	64,000		64,000	64,000				
22	Engineering	0		0					
23	Legal/Accounting	12,000		12,000	12,000				
24	Relocation	24,000		24,000	24,000				
25	Environmental Assessment	2,500		2,500	2,500				
26	Energy Assessment	0		0					
27	Permits/Fees	3,600		3,600	3,600				
28	Independent Market Study	0		0					
29	Construction Period Insurance	3,750		3,750	3,750				
30	Construction Interest	28,000		28,000	28,000				
31	Construction Loan Origination Fee	13,500							
32	Taxes During Construction	3,750		3,750	3,750				
33	Clerk of the Works	12,500		12,500	12,500				
34	Marketing	2,000			2,000				
35	Tax Credit Fees	2,240		2,240	2,240				
36	Soft Cost Contingency	5,330		5,330	5,330				
37	Permanent Loan Origination Fee	0							
38	Lender's Counsel's Fee	0							
39	Other (______________)	0							
	SYNDICATION COSTS								
40	Organizational (Partnership)	0							
41	Bridge Loan Fees and Expenses	0							
42	Syndication Consultant	0							
43	Tax Opinion	0							
	DEVELOPER'S FEES								
44	Developer's Fees	200,000	27,000	173,000	200,000				
45	Other Partnership Fees	0							
46	Consultant Fees	12,500		12,500	12,500				
	RESERVES								
47	Working Capital	12,750							
48	Rent-up (Deficit Escrow) Reserve	0							
49	Other Operating Reserves	0							
50	Sinking Fund	0							
51	Replacement Reserves	0							
	Subtotal - Soft Costs	402,420							
	TOTALS	1,898,865	512,700	1,293,115	1,708,365	1,046,773			
LESS:	Amount of Non-qualified Financing								
LESS:	Adjustment for per unit cost limits							469,681	1,184,615
LESS:	Historic tax Credit (Residential Portion)			209,355	209,355	20% Historic Credit Rate			975,261
	Total Eligible Basis		512,700	1,083,760		209,355 Annual Hist		17,002	1,267,839
TIMES:	Adjusted for QCT/DDA	130.0%		1,408,889					45,896
TIMES:	Applicable Fraction	100.00%	512,700	1,408,889					
	Total Qualified Basis		512,700	1,408,889	1,499,010	Long Term Depreciable Basis			
TIMES:	Applicable Percentage		3.62%	3.62%	27.5	Depreciation Schedule			62,898
	Total Annual Credit Qualified		18,560	51,002	54,509	Annual Depreciation			

Total Tax Credits Requested	68,512	69,562	14,450	Short Term Depreciable Basis
Estimated Net Syndication Proceeds (excluding historic credit equity)	764,000		7	Depreciation Schedule
Estimated Yield - Housing Credit Syndication	112.64%		2,064	Annual Depreciation
Equity Gap	788,865			
Credits Needed to fill Equity Gap	70,742			

14-Oct-99 **Saxton's River**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br			0	0		0
2 Br		955	5	711		42,660
3 Br		1,164	7	799		67,128
4+ Br		1,598	5	918		55,104
	Totals	20,911	17			164,892

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br			0	0		0
2 Br			0	0		0
3 Br			0	0		0
4+ Br			0	0		0
	Totals	0	0			0
All Units						
	Grand Totals	20,911	17			164,892
	Less Vacancy		1.00%			(1,649)
					NET RENT	163,243
	OTHER INCOME					
	Laundry					1,300
	Parking					0
	Commercial Space Income					0
	Other					0
					TOTAL INCOME	164,543

14-Oct-99

Saxton's River

		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%+
17 River St	1			1	1					4	1,318	942		942												
19 River St	2			1	1					3	1,430	774		774												
19 River St	3			1	1					4	1,352	870		870												
36 Main St	4			1	1					2	1,253	685		685												
36 Main St	5			1	1					3	888	793		793												
36 Main St	6			1	1					4	1,438	932		932												
6 River St	7			1	1					3	1,089	800		800												
6 River St	8			1	1					3	1,065	750		750												
8 River St	9			1	1					3	1,044	791		791												
8 River St	10			1	1					2	864	709		709												
2 Mill St	11			1	1					3	1,497	791		791												
2 Mill St	12			1	1					2	886	727		727												
2 Mill St	13			1	1					3	1,135	895		895												
1 Oak St	14			1	1					4	1,941	903		903												
1 Oak St	15			1	1					4	1,941	945		945												
1 Oak St	16			1	1					2	885	706		706												
1 Oak St	17			1	1					2	885	728		728												
Total # Units	17									Totals:	20,911	13,741		Total # Units	0	0	0	0	0	0	0	0	0	0	0	0

max 60%

14-Oct-99 **Saxton's River**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	9,180	765	45	5.6%
Supportive Services	1,020	85	5	
Audit/Accounting	4,080	340	20	
Legal	1,020	85	5	
Compliance Monitoring	408	34	2	
Office and Salaries	4,080	340	20	
Other	1,632	136	8	
TOTAL ADMINISTRATIVE	21,420	1,785	105	
Utilities				
Electricity	3,060	255	15	
Fuel	3,060	255	15	
Water and Sewer	6,732	561	33	
Fire Alarm / Emergency	408	34	2	
Other		0	0	
TOTAL UTILITIES	13,260	1,105	65	
Maintenance				
Maintenance / Janitor Payroll	11,220	935	55	
Janitor Supplies	1,020	85	5	
Exterminating	408	34	2	
Trash Removal	1,836	153	9	
Snow Removal	1,632	136	8	
Grounds	1,428	119	7	
Repairs Material		0	0	
Repairs Contract		0	0	
HVAC Repairs / Maintenance		0	0	
Elevator Contract / Repairs		0	0	
Painting and Decorating	2,040	170	10	
Other		0	0	
TOTAL MAINTENANCE	19,584	1,632	96	
				per unit month excl. ds & res. 369
Real Estate Taxes	18,360	1,530	90	
Property Insurance	2,652	221	13	
Replacement Reserves	5,100	425	25	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other		0	0	
Total	80,376	6,698	394	

14-Oct-99	Saxton's River															
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		164,892	164,892	164,892	164,892	164,892	164,892	164,892	164,892	164,892	164,892	164,892	164,892	127,788	129,705	131,650
Other Income		1,300	1,320	1,339	1,359	1,380	1,400	1,421	1,443	1,464	1,486	1,509	1,531	1,554	1,578	1,601
Vacancy and other losses		(8,245)	(8,245)	(2,473)	(2,473)	(2,473)	(2,473)	(2,473)	(2,473)	(2,473)	(2,473)	(2,473)	(2,473)	(6,389)	(6,485)	(6,583)
Total Operating Income		157,947	157,967	163,758	163,778	163,798	163,819	163,840	163,861	163,883	163,905	163,927	163,950	122,953	124,797	126,669
Operating Expenses																
Total Expenses (excl. Reserves)		75,276	76,405	77,551	78,714	79,895	81,094	82,310	83,545	84,798	86,070	87,361	88,671	90,001	91,351	92,722
Reserves		5,100	5,177	5,254	5,333	5,413	5,494	5,577	5,660	5,745	5,831	5,919	6,008	6,098	6,189	6,282
Total Operating Expense		80,376	81,582	82,805	84,047	85,308	86,588	87,887	89,205	90,543	91,901	93,280	94,679	96,099	97,540	99,004
Net Operating Income		77,571	76,385	80,953	79,731	78,490	77,231	75,954	74,657	73,340	72,004	70,648	69,271	26,854	27,257	27,666
Less Primary Debt Service		73,747	73,747	73,747	73,747	73,747	73,747	73,747	73,747	73,747	73,747	73,747	73,747	0	0	0
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		3,825	2,639	7,206	5,984	4,744	3,485	2,207	910	(407)	(1,743)	(3,099)	(4,476)	26,854	27,257	27,666
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	407	1,743	3,099	4,476	0	0	0
Net Cash		3,825	2,639	7,206	5,984	4,744	3,485	2,207	910	0	0	0	0	26,854	27,257	27,666
DCR		105.19%	103.58%	109.77%	108.11%	106.43%	104.73%	102.99%	101.23%	99.45%	97.64%	95.80%	93.93%	N/A	N/A	N/A
Cumulative Cash Flow																
Beginning Balance		12,750	17,097	20,392	28,452	35,556	41,651	46,682	50,591	53,319	54,805	54,983	53,829	51,282	80,441	111,049
Deposits		3,825	2,639	7,206	5,984	4,744	3,485	2,207	910	0	0	0	0	26,854	27,257	27,666
Interest	3.5%	522	656	855	1,120	1,351	1,546	1,702	1,818	1,892	1,921	1,945	1,929	2,305	3,351	4,449
Withdrawals		0	0	0	0	0	0	0	0	(407)	(1,743)	(3,099)	(4,476)	0	0	0
Ending Balance		17,097	20,392	28,452	35,556	41,651	46,682	50,591	53,319	54,805	54,983	53,829	51,282	80,441	111,049	143,163
Cumulative Replacement Reserves																
Beginning Balance		0	5,189	10,643	16,370	22,381	(4,945)	647	6,346	12,333	18,620	(8,424)	(2,399)	3,715	10,054	16,711
Deposits		5,100	5,177	5,254	5,333	5,413	5,494	5,577	5,660	5,745	5,831	5,919	6,008	6,098	6,189	6,282
Interest	3.5%	89	277	473	678	1,262	98	122	327	542	1,125	105	107	241	468	1,052
Withdrawals	2,000	0	0	0	0	(34,000)	0	0	0	0	(34,000)	0	0	0	0	(34,000)
Ending Balance		5,189	10,643	16,370	22,381	(4,945)	647	6,346	12,333	18,620	(8,424)	(2,399)	3,715	10,054	16,711	(9,955)
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		77,571	76,385	80,953	79,731	78,490	77,231	75,954	74,657	73,340	72,004	70,648	69,271	26,854	27,257	27,666
Plus Reserves		5,100	5,177	5,254	5,333	5,413	5,494	5,577	5,660	5,745	5,831	5,919	6,008	6,098	6,189	6,282
Less Interest Expense		(92,754)	(80,311)	(66,870)	(35,615)	(32,553)	(29,245)	(25,671)	(21,809)	(17,638)	(13,132)	(8,264)	(3,005)	0	0	0
Less Long Depreciation		(54,509)	(54,509)	(54,509)	(54,509)	(54,509)	(54,509)	(54,509)	(54,509)	(54,509)	(54,509)	(54,509)	(54,509)	(54,509)	(54,509)	(54,509)
Less Short Depreciation		(2,064)	(2,064)	(2,064)	(2,064)	(2,064)	(2,064)	(2,064)	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(66,657)	(55,323)	(37,237)	(7,126)	(5,224)	(3,093)	(714)	3,998	6,938	10,194	13,793	17,764	(21,558)	(21,064)	(20,562)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		23,330	19,363	13,033	2,494	1,828	1,083	250	(1,399)	(2,428)	(3,568)	(4,828)	(6,218)	7,545	7,372	7,197
Plus Tax Credits		68,512	68,512	68,512	68,512	68,512	68,512	68,512	68,512	68,512	68,512					
After Tax Cash Flow		91,842	87,875	81,545	71,006	70,340	69,595	68,762	67,113	66,084	64,944	(4,828)	(6,218)	7,545	7,372	7,197
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		91,842	87,875	81,545	71,006	70,340	69,595	68,762	67,113	66,084	64,944	(4,828)	(6,218)	7,545	7,372	7,197
Future Value of Cash Flows at Yr 15:		502,703	429,454	355,821	276,638	244,682	216,150	190,682	166,169	146,090	128,188	(8,508)	(9,783)	10,601	9,248	8,060
Discount Rate:	6.00%															
Capital Contribution Number:	1	2	3	4	5	6										
Date of Capital Contribution:	30-Sep-99	31-Mar-00	30-Sep-00	30-Sep-01	30-Sep-02	30-Sep-03										
Amount of Capital Contribution:	8,722	43,610	87,219	174,438	174,438	383,764										
Present Value of Contributions:	8,722	42,300	82,058	154,431	145,317	300,831										
Cash Flows	(733,659)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,666,195
IRR:	8.98%															
Equity Yield:	108%															

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: OCTOBER 14, 1999

RE: MULTI-FAMILY BOND FINANCING

Attached to this memorandum is a copy of the draft of the Series Resolution for the proposed refunding of the Multi-Family Mortgage Bond Resolution. The Series Resolution is the document that lists the parameters under which the Bonds can be sold. The provisions in Article II mandate the limits of the financing, i.e. a bond financing not exceeding $40,000,000, a yield payable to the bondholders of 7% or less (for tax-exempt bonds) and less than 8.5% (for taxable bonds), with all bonds maturing no later than February 15, 2040.

We have just recently started working on this financing in earnest. Due to the timing of the holidays, Y2K issues and the bond markets, we are currently on a schedule to provide an offering statement to potential investors by the second week of November and sell the bonds during the third week. The Board meeting (retreat) scheduled in November would occur after the proposed pricing on the bonds. We thought it important to get Board approval to move forward at this time due to these timing constraints.

As has been discussed in the past, the goal of the refunding is to reduce the rates paid on the existing debt and use those savings to preserve and assist both existing portfolio and new developments. We expect that the refunding (replacement bonds) would be about $30 million. We are also reviewing additional financing needs for projects in the portfolio and in our development pipeline which could be included in this financing. We sized a maximum amount of new financings based on the bonding cap available of approximately $5.2 million. The taxable bond portion would go to finance projects that would not qualify for tax-exempt financing. More details will be available at the Board meeting.

If you have questions on the documents enclosed or the financing in general, please call me at 652-3436 at your convenience.

Recommended Action
Adoption of the Multi-Family Mortgage Bond 1999 Series C, D and E Series Resolution.

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

EQUAL HOUSING OPPORTUNITY

KUTAK ROCK
DRAFT 10/13/99

VERMONT HOUSING FINANCE AGENCY

Series Resolution Authorizing the Issuance and Sale of a Maximum of $40,000,000

Multi-Family Mortgage Bonds, 1999 Series C, D and E

Adopted October 21, 1999

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ARTICLE V

MISCELLANEOUS

VERMONT HOUSING FINANCE AGENCY
SERIES RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A MAXIMUM OF $40,000,000 MULTI-FAMILY MORTGAGE BONDS, 1999 SERIES C, D and E

October 21, 1999

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 Public Act No. 260 of the Laws of Vermont, 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 refund (and reduce the borrowing cost on) certain outstanding Bonds and 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 three 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

Section 1.01. 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 1999 Series C/D/E Resolution as such defined terms are given in the General Bond Resolution.

(b) As used in this 1999 Series C/D/E 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 B Bonds*" means the Bonds of the Agency of the Series authorized by the 1999 Series B Resolution.

"*1999 Series C/D/E Resolution*" means this 1999 Series C, D and E Resolution of the Agency.

"*1999 Series C/D/E Bonds*" means the Bonds of the Agency of the Series authorized by this 1999 Series C/D/E Resolution.

"*1999 Series C Bonds*" means the 1999 Series C Bonds of the 1999 Series C/D/E Bonds.

"*1999 Series D Bonds*" means the 1999 Series D Bonds of the 1999 Series C/D/E Bonds.

"*1999 Series E Bonds*" means the 1999 Series E Bonds of the 1999 Series C/D/E Bonds.

"*Official Statement*" means the Official Statement of the Agency describing the 1999 Series C/D/E Bonds, in substantially the form of the Official Statement, dated September 2, 1999, for the 1999 Series B Bonds, but with appropriate changes to reflect the 1999 C/D/E Bonds and the purposes therefore, the terms of which shall be completed upon the sale of the 1999 Series C/D/E Bonds pursuant to the provisions of Section 2.03 hereof.

"*Rebate Account*" means the 1999 Series C/D Rebate Account established pursuant to Section 4.01 hereof.

"*Record Date*" means, with respect to the payment of interest on a 1999 Series C/D/E Bond, the first day of the month in which interest is to be paid on such 1999 Series C/D/E 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 1999 Series C/D/E 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.

"*Refunded Bonds*" means the outstanding Bonds of the following Series, or portions thereof as designated in the Series Certificate, to be refunded by the Series C/D/E Bonds: 1977 Series A, 1977 Series B, 1978 Series A, 1979 Series A and 1988 Series A.

"*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 1999 Series C/D/E Bonds which Series Certificate shall establish certain terms of the 1999 Series C/D/E Bonds as provided herein.

The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this 1999 Series C/D/E Resolution, refer to this 1999 Series C/D/E Resolution.

Section 1.02. Authority for 1999 Series C/D/E Resolution. This 1999 Series C/D/E 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 1999 SERIES C/D/E BONDS

Section 2.01. Authorization of Bonds, Principal Amount, Designation and Series. In order to provide sufficient funds necessary for the Program, including the refunding of the Refunded Bonds, in accordance with and subject to the terms, conditions and limitations established in the General Bond Resolution and this 1999 Series C/D/E Resolution, three series of Multi-Family Mortgage Bonds, designated "Multi-Family Mortgage Bonds, 1999 Series C," "Multi-Family Mortgage Bonds, 1999 Series D" and "Multi-Family Mortgage Bonds, 1999 Series E," are hereby authorized to be issued in an aggregate principal amount of not to exceed $40,000,000, 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, including the refunding of the Refunded Bonds (the selection of the exact Refunded Bonds to be determined in the Series Certificate); (b) that the Mortgage Loans to be financed on behalf of the Agency with the proceeds of the 1999 Series C/D/E 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 1999 Series C/D/E Bonds (or the Refunded Bonds) sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of the 1999 Series C/D/E Bonds and the payment of all costs and expenses incurred by the Agency with respect to the Program for which the 1999 Series C/D/E Bonds are issued.

Section 2.02. Purposes. The purposes for which the 1999 Series C/D/E Bonds are being issued are to provide funds for deposit in the Debt Service Reserve Fund, the 1999 Series C/D/E Cost of Issuance Account, the Redemption Fund and the 1999 Series C/D/E Mortgage Loan Accounts, 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.

Section 2.03. Issue Date. Notwithstanding Section 304 of the General Bond Resolution, all 1999 Series B Bonds shall be dated December 1, 1999 (unless otherwise specified in the Series Certificate).

Section 2.04. 1999 Series C/D/E Bonds. Notwithstanding Section 304(c) of the General Bond Resolution, the 1999 Series C/D/E 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 December 1, 1999 (unless otherwise specified in the Series Certificate), or if the date of authentication of any 1999 Series C/D/E 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 1999 Series C/D/E 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 1999 Series C Bonds and on the 1999 Series D Bonds shall not exceed 7% per annum, and the rates on the 1999 Series E Bonds shall not exceed 8½%, nor may the final maturity of the 1999 Series C/D/E Bonds be later than February 15, 2040. Subject to the provisions of the General Bond Resolution and Article II of the 1999 Series C/D/E Resolution, each 1999 Series C/D/E Bond shall be in substantially the form of the 1999 Series B 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 1999 Series C/D/E 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 1999 Series C/D/E Bond shall be payable semiannually on February 15 and August 15 in each year, commencing on the date specified in the Series Certificate.

Section 2.05. Denomination, Numbers and Letters.

(a) The 1999 Series C/D/E 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 1999 Series C/D/E 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 1999 Series C/D/E Bonds shall not be interchangeable for non-registered-coupon 1999 Series C/D/E Bonds. The 1999 Series C/D/E Bonds of each Series shall be numbered consecutively from one upwards in order of maturity with the letter "R" preceding each number.

The 1999 Series C/D/E 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 1999 Series C/D/E Bonds is not designated, the Agency and the Trustee shall arrange for the delivery of certificates for the 1999 Series C/D/E Bonds.

Subject to paragraph (b) below, the principal and Redemption Price of 1999 Series C/D/E Bonds shall be payable at the Principal Office of the Trustee. Interest on the 1999 Series C/D/E 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 1999 Series C/D/E 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 1999 Series C/D/E 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 1999 Series C/D/E 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 1999 Series C/D/E Bonds:

(i) During the term of the 1999 Series C/D/E 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 1999 Series C/D/E Bonds (a "Beneficial Owner") shall receive bond certificates representing their respective interest in the 1999 Series C/D/E 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 1999 Series C/D/E 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 1999 Series C/D/E 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 1999 Series C/D/E 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 1999 Series C/D/E 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 1999 Series C/D/E 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 1999 Series C/D/E Bonds, and no investor or other party purchasing, selling or otherwise transferring ownership of any 1999 Series C/D/E Bonds will receive, hold or deliver any bond certificates as long as DTC holds the 1999 Series C/D/E Bonds immobilized from circulation.

(iv) The 1999 Series C/D/E 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 1999 Series C/D/E 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 1999 Series C/D/E 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 1999 Series C/D/E Bonds.

Section 2.06. 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 1999 Series C/D/E Bonds, subject to Section 1102 of the General Bond Resolution.

Section 2.07. Redemption at the Election of the Agency and Terms.

(a) Unless otherwise specified in the Series Certificate, the 1999 Series C/D/E Bonds shall be subject to redemption otherwise than by operation of Sinking Fund Installments, either in whole or in part on any date on or after February 15, 2007 and prior to their respective maturities, 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 1999 Series C/D/E Bond to be so redeemed, plus accrued interest to the redemption date.

(b) Unless otherwise specified in the Series Certificate, the 1999 Series C/D/E 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 1999 Series C/D/E Mortgage Loan Account, (b) reductions in the Mortgage Reserve Fund Requirement, (c) reductions in the Debt Service Reserve Fund Requirement or (d) Recovery Payments.

Section 2.08. Sinking Fund Installments. If so provided in the Series Certificate, 1999 Series C/D/E 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 1999 Series C/D/E 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 1999 Series C/D/E 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.

Section 2.09. 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 1999 Series C/D/E Bonds. Notwithstanding said Section 703, notice of redemption of 1999 Series C/D/E 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 1999 Series C/D/E Bonds or portions thereof to be redeemed at their addresses appearing on the registry books (with respect to a 1999 Series C/D/E 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 1999 Series C/D/E Bond or any defect in such notice shall not affect the redemption of any other 1999 Series C/D/E Bond for which the required notice has been given. Notice having been given by mailing as aforesaid, the 1999 Series C/D/E 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.

Section 2.10. Sale of 1999 Series C/D/E Bonds.

(a) The 1999 Series C/D/E Bonds authorized to be issued herein shall be sold to PaineWebber Incorporated, Salomon Smith Barney and A.G. Edwards & Sons, Inc., or any institutional purchaser they may specify, at a price equal to the principal amount of the 1999 Series C/D/E 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 B 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 shall 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 1999 Series C/D/E Bonds. The Commissioners of the Agency hereby authorize the Executive Director and the Chairman to approve the final fee for the purchase of the 1999 Series C/D/E 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 1999 Series C/D/E 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 1999 SERIES C/D/E BOND PROCEEDS

Section 3.01. Debt Service Reserve Fund. Upon receipt of the proceeds of the sale of the 1999 Series C/D/E Bonds, there shall be deposited from such proceeds in the Debt Service Reserve Fund such amount as is needed to increase the amounts held by the Trustee in such Fund as of the date of delivery of the 1999 Series C/D/E 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 1999 Series C/D/E Bonds an Officer's Certificate designating such Bonds.

Section 3.02. Establishment of the 1999 Series C/D/E Cost of Issuance Account. There is hereby established within the Program Fund an Account to be designated as the 1999 Series C/D/E 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.

Section 3.03. Establishment of the 1999 Series C/D/E Mortgage Loan Accounts. There is hereby established within the Program Fund an Account for each Series of the 1999 Series C/D/E 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.

Section 3.04. Application of Other Proceeds.

(a) From the proceeds of the 1999 Series C/D/E 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 1999 Series C/D/E Bonds to the date of delivery thereof.

(ii) All other proceeds of the sale of the 1999 Series C/D/E Bonds shall be deposited by the Trustee into the Debt Service Reserve Fund, the 1999 Series C/D/E Cost of Issuance Account, the Redemption Fund (and therein Accounts for each Series of the Refunded Bonds) or the 1999 Series C/D/E Mortgage Loan Accounts 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 1999 Series C/D/E Bonds by the Agency, including any amounts necessary for the purposes of fully funding the 1999 Series C/D/E 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 1999 Series C/D/E 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

Section 4.01. 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 "1999 Series C/D 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 1999 Series C Bonds and the 1999 Series D 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 1999 Series C/D 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 1999 Series C/D 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 1999 Series C Bonds and the 1999 Series D Bonds.

Section 4.02. 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 1999 Series C Bonds or 1999 Series D Bonds in an amount related to the amount of such Mortgage Loan.

Section 4.03. 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 1999 Series C Bonds or 1999 Series D Bonds to be used, directly or indirectly, in a manner which would result in such bonds being qualified for the exclusion of any 1999 Series C Bond or 1999 Series D Bonds 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;

(b) 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;

(c) The Agency shall continuously monitor the nonmortgage investments made directly or indirectly with the proceeds of the 1999 Series C Bonds or 1999 Series D 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 1999 Series C Bonds and 1999 Series D Bonds as may be required by the Code; and

(d) The Agency shall take such other action as may be necessary or desirable to maintain the exclusion of interest of the 1999 Series C Bonds and 1999 Series D Bonds in accordance with Section 103(a) of the Code.

Section 4.04. 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 1999 Series C Bonds and 1999 Series D 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 1999 Series C Bonds and 1999 Series D 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

Section 5.01. 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 1999 Series C/D/E Bonds, and mailed notice to the Holders of the 1999 Series C/D/E 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.

Section 5.02. 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.

Section 5.03. 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

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: OCTOBER 14, 1999

RE: GENERAL FUND BUDGET PERFORMANCE

Attached to this memo is the budget performance report for the fiscal year ending June 30, 1999. The report agrees to the audited financials by adjusting for $100,098 of net fee income recognized on the audited financials from prior year deferrals but not collected during the fiscal year and therefore shown as an adjustment on the budget report.

INCOME. Although, we finished at 100% for the income categories, several line items were significantly different from the original budget. Loan activity was much higher than anticipated which increased our total interest income over the budgeted amount. The payment of points to the lenders on no point mortgages eliminated all single family fee income. A $5 million assisted living project we had expected to finance resulted in the loss of $75,000 of expected fees. Federal Home Loan Bank grants for affordable housing programs of $121,000 was not budgeted.

FUND TRANSFERS. The transfers of funds from the Programs to the General Fund have been collected as expected but the General Fund had to contribute $969,000 to the Single Family Housing and Home Mortgage Purchase Bond programs to cover loan losses, which was much higher than anticipated.

EXPENSES. Operating expenses ended at 101% of budget although several accounts had significant variances from original budgeted amounts. Interest expense in excess of the budget were necessary to pay for bond and note costs associated with the higher interest income line item. Legal costs increased due to the staff attorney being outsourced and trustee and credit fees were high to the bond redemption activity. The organization subsidy expenses were quite a bit higher than originally budgeted due to the close down of VHMGB and some additional funding for the Homeownership Centers.

CAPITAL BUDGET. The approved capital budget for the fiscal year was $251,000, of which $159,348 was expended representing 63.5% of the capital budget. Some exterior building work was deferred and savings were realized on the computer purchases and entranceway construction.

If you have any questions, please contact me at your earliest convenience.

BUDGET PERFORMANCE REPORT
VERMONT HOUSING FINANCE AGENCY
June 30, 1999

		APPROVED BUDGET	*ACTUAL 6/30/99*	*PERCENT OF BUDGET*
INCOME				
Single family fees		30,000	(58,687)	-195.6%
Multi-family fees		226,000	135,846	60.1%
Project Administration fees		95,000	73,716	77.6%
Single family servicing fees		22,000	22,309	101.4%
Interest income-loans		790,000	919,594	116.4%
Interest income-invest		100,000	78,900	78.9%
VHMGB charges		355,000	320,651	90.3%
Miscellaneous income		45,000	174,698	388.2%
TOTAL INCOME		**1,663,000**	**1,667,027**	**100.2%**
FUND TRANSFERS				
Single Family Housing Bonds		1,500,000	897,673	59.8%
Single Family Insured Mtg Bonds		200,000	200,000	100.0%
Single Family Mortgage Purchase		175,000	45,000	25.7%
Single Family Home Mortgage Purchase		120,000	122,900	102.4%
Multi-Family Mortgage Bonds		440,000	440,000	100.0%
Multi-Family Housing Bonds		160,000	143,163	89.5%
Multi-Family Housing Develop Bonds		20,000	20,000	100.0%
Direct Placement Bonds		35,000	33,500	95.7%
TOTAL TRANSFERS		**2,650,000**	**1,902,236**	**71.8%**
TOTAL INCOME & TRANSFERS		**4,313,000**	**3,569,263**	**82.8%**
EXPENSES				
Advertising & Promotion		140,900	116,629	82.8%
Annual report		12,000	10,141	84.5%
Audit expense		44,500	46,190	103.8%
Commissioners expense		3,500	4,939	141.1%
Consulting fees		279,950	243,241	86.9%
Depreciation		156,000	152,394	97.7%
Dues & Subscriptions		36,065	33,415	92.7%
Insurance		205,845	200,289	97.3%
Interest expense		480,000	651,711	135.8%
Legal expense		30,000	37,298	124.3%
Miscellaneous		6,500	9,574	147.3%
Occupancy expense		67,000	66,909	99.9%
Office expenses		38,500	28,854	74.9%
Payroll taxes		125,537	119,706	95.4%
Pension expense		145,000	150,548	103.8%
Postage		23,000	19,373	84.2%
Repairs & Maintenance		35,000	32,881	93.9%
Salaries & Wages		1,653,091	1,580,825	95.6%
Staff travel & Training		83,650	74,366	88.9%
Telephone		48,000	46,725	97.3%
Trustee & Credit fees		225,000	263,734	117.2%
TOTAL OPERATING EXPENSES		**3,839,038**	**3,889,742**	**101.3%**
Organization subsidy expense		325,000	426,260	131.2%
TOTAL EXPENSES		**4,164,038**	**4,316,002**	**103.6%**
SURPLUS (DEFICIT)	$	**148,962**	**(746,739)**	**-501.3%**
Fee deferral			100,098	
AUDIT SURPLUS (DEFICIT)		$	**(646,641)**	

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: CG Cathleen Gent, Public Affairs Director

DATE: October 14, 1999

RE: Strategic Planning

At next week's Board meeting, the strategic planning work will focus on current economic trends in Vermont. Jeffrey Carr, vice president of Economic & Policy Resources, will join the Board to provide a "big picture" macro economic view of the current Vermont economy. We will also discuss how housing tracks the economy in general and the outlook for affordable housing.

Attached is a summary of the all-day VHFA staff meeting held at Shelburne Farms on September 8th. This summary provides you with a synopsis of what we accomplished on that day and may be helpful to you in your work next week as well as during your retreat on November 11th and 12th.

Thank you.

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

Staff Meeting September 8, 1999
Shelburne Farms

The entire VHFA staff met for an all-day meeting at the Shelburne Farms coach barn. The staff spent the day contemplating VHFA's future, examining what makes good customer service, and developing short-term plans as departments. Most importantly, we got to know each other better and had fun!

What makes excellent customer service possible?

- Trust
- Going the extra mile
- Amicable working relationships
- Personal commitment
- Self education
- Pride in work
- Obligation to respond to customers
- Team work
- Good morale
- Good communication (internal & external)
- Willingness to listen and respond to customer need
- Identifying what is important to customers
- Willingness to make appropriate exceptions
- Finding creative ways to meet customer needs
- Establish new procedures to provide internal customers with better service
- Communication is a key for both internal and external
- Make people feel comfortable and welcome

Examples of great Customer Service – going the extra mile

Group 1

External Customer Service

- Provided service we don't usually provide. We wrote a letter that satisfied a town's request for a letter of credit.

Internal

- IS department tested MITAS, crystal reports, etc. for Y2K. They have been on call, understanding and accommodating.

Group 2

External Customer Service

- Gilman Group Home REO –quick and clear decisions.
- Ventures predevelopment loan to mobile home park. Quick turnaround for nonstandard deal.

Internal
- VHMGB Closing
  - Teamwork from every department.
  - Great spirit during transition. Employees kept working while business was increasing.

Group 3
External/Internal Customer Service
Call received from property management company for financial information -
- Multifamily and finance departments worked together to provide hard copies of loan amortization, notes, and audited financials; finance dept (Lisa) provided detailed remittance history on outstanding loans.

Teamwork
Cooperation
Established working relationships (both external and internal)
Internal systems (capabilities – technology)

Group 4
External
- Borrower in financial and emotional distress. VHFA worked with borrower to allow her to keep her home until she was strong enough to rebuild her life and to move on.
- Compassionate servicing.

Internal
- Finance provided an on-the-spot check to remedy a last minute closing issue. Finance, multifamily and development went the extra mile to meet the customer's needs.
- Teamwork and flexibility
- Public affairs dept put in the extra effort to meet numerous important and time-sensitive requests from the finance and homeownership departments.

Group 5
External
- VHMGB – PMI. 3000 files shipped to California. Great teamwork by all staff across all departments.
- Multifamily commitment to convince owners/managers to make energy conversions.
- IS staff worked hard to donate old computers to nonprofits.
- Servicing staff goes the extra mile to assist borrowers to maintain their homes.

Internal
- Special Events Committee. Creative approaches to raise money for United Way.
- Y2k testing. Staff spent extra time away from responsibilities to accomplish this.
- Procedures manual for Mitas. Special thanks to Kim Fitzgerald.

Medallions

Each group created a medallion depicting an image of what VHFA will be doing in the year 2002. To create the medallions, group members used a variety of craft materials. Once completed, the medallions were shown to the full staff. Each group discussed the process of creating the medallion.

Process of Creating Medallions

- Teamwork – all involved
- Spirit of responsiveness
- Flexibility in a time of change
- Personal investment in outcome
- Commitment to quality
- Level of compassion – internal/external
- Finding new ways – never done it this way before
- Technology – internal systems
- Communication to/from (listening)
- Willingness to be unappreciated (or under)
- Approachability among fellow workers
- Generosity/welcoming
- Competence and confidence – able to do the job
- Identifying customer needs – anticipating
- Accountability
- Willingness to share resources outside the group
- Ability to perceive resources as "enough"
- Significant willingness to contribute and take a risk
- Planning – does this make a big picture?

What helped in creating medallions?

- Agreement of a concept
- Willingness to listen
- Multiple ideas coming together to make a strong plan
- Keep it simple
- No rules
- Sense of humor
- Thinking creatively
- Looking for people who aren't alike

What got in the way of completing the medallions?

- Not hearing the quiet ones
- Lack of creativity
- Everyone going their own way

Assumptions About how VHFA will do its business in the Fall of 2002

- No typing in application data
- Automated lending - Applications directly available to consumers
- Technology more pervasive and rapid
- All mortgage servicing owned by VHFA
- Changes in delivery of mortgages. e.g. make direct loans or through community organizations
- Direct debit on all payments
- Video teleconferencing
- Consolidation of nonprofit entities (from 9 – 3)
- Less paper – more document imaging
- Nontraditional funding sources for services. e.g. taxable programs
- Consolidation of state's housing organizations
- New methods and different approach to advertising – e.g. Internet
- Unlimited access to all pertinent data
- More rental development - shortage now existing
- Expand and restructure multifamily portfolio
- Increase in mobile home park redevelopment
- Refinancing of existing mortgages
- Increase in mobile home parks
- VHFA continues to be independent
- Integrated VHFA activities so customers can take advantage of more than one
- Midlife Chrysler – Madison Square Garden
- Customer service, not necessarily personal service
- Increase in assisted elderly housing
- Mitas gone
- VT based mortgage lenders will be smaller and fewer
- No more REOs
- More competitive – survival of the fittest
- Freddie Mac and Fannie Mae will be originating directly on the Internet
- More mixed-use, intergenerational projects
- Education at elementary level on finances, budgets and checkbooks
- More work from our homes
- Change in relationship with HUD – move responsibilities to the states – devolving
- Niche programs – reverse mortgages, support services
- Gap between high and low incomes will increase
- Remittances on line – paperless

Common Themes for VHFA Thriving in 2002

- Happy families
- Providing housing through whatever means
- Innovation – and innovative delivery systems of our programs
- Sense of VHFA as an umbrella – all kinds of housing, all kinds of people
- Being a leader
- Ambitious – we're just going to do it!
- Simplicity in the face of complexity of method
- Anticipating a change
- Our work is all based on people
- Embracing technology
- Focus on mission sustaining us

Department Groups

What steps can be taken in the next 3 or 4 months (without a lot of additional money or staff) to move toward the future?

Finance

1. financial analysis of self-serviced loans
   a. cost benefit analysis
   b. software evaluation
   c. staffing issues – employees vs. sub-contractors
2. electronic data transmission
   a. autobank debits and credits (mortgage payments, HAP)
   b. remittance reports
   c. networking relationship with trustee
3. lead organization to review state housing consolidation
   a. financial resources
   b. expertise
4. review department/personnel functions
   a. assisting other departments – customer service
   b. streamline and improve efficiency
   c. integrate existing responsibilities with new challenges

Development and Multifamily

1. technological innovation
2. mixed use/intergenerational housing
3. expand stabilize/restructure the current portfolio
4. identify new product ideas
5. complete financial analysis of multifamily portfolio (triage)
6. simplify and maximize existing programs and processes (preservation agreements and closing checklist)
7. make full use of existing resources
8. develop financing programs for service enriched housing
9. new programs and sources of financing

Administration/IS/Public Affairs & Planning

1. ask departments how we can support them
2. need to integrate planning into everyday tasks
3. consider integrating services with other departments
4. Intranet

Homeownership

1. enhance and adapt new systems of delivery
2. look for new sources of capital for home repair, mobile homes, and other borrowers
3. look for new ways of changing servicing release to give faster service
4. research technology to find data links, interfaces, methods of reporting on line and information systems

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: **VHFA BOARD OF COMMISSIONERS**

FROM: **ROGER A. SCHOENBECK, DIRECTOR OF FINANCE** RAS

DATE: **OCTOBER 14, 1999**

RE: **FISCAL YEAR JUNE 30, 1999 AUDIT REPORTS**

The final audited financial statements for the fiscal year ended June 30, 1999, and related letters addressing internal controls and conduct of the audit are attached as reviewed by our auditors, KPMG LLP.

In a normal operating environment, we would expect to see an annual surplus of $3-4 million. The surplus for the June 30, 1999 fiscal year is only $65,587, which is significantly less than the $5.7 million surplus recorded in FY98. The major differences between the two years are noted below.

- We recognized a decline in the market value of the investments we are holding in the amount of $1.6 million. In FY98, (the first year where recognition of market values became the standard) we showed a gain of $4.7 million.

- In FY98 we increased our loss reserves by $1.9 million and an additional $1.9 million of loan losses were recognized. In FY99 loan losses dropped to $1.4 million and reserves were reduced by $500,000. Real estate owned continues to decline and is now at $2.1 million a 25% reduction from FY98 levels.

- The other item of significance relates to the bond redemption's that occurred in the fiscal year. Although we will earn more in the long run from calling bonds from prepayments and refunding, in the short-term we are required to write off the non-expensed portions of bond issuance costs. In FY99 this amounted to $1.55 million.

The management letters contain no comments or issues of substance. The auditors spent a lot of time on Y2K review and compliance and although professional standards require an unaudited opinion on the issue, they were impressed with our policies and procedures.

If you have any questions regarding the audited financials or the management letters presented, feel free to contact me at your convenience.

Recommended Board Action:
Acceptance of the audit and accompanying reports as presented.

25 years
1974 1999
vhfa
Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homeownership Programs PAC

DATE: October 13, 1999

RE: Summary of Homeownership Activities

Program Operation

Since new interest rates were introduced on September 7, 1999, reservations have averaged approximately $2.0 million each week. VHFA's zero point rate of 7.10% is approximately 115 basis points below conventional interest rates.

A change has been made to VHFA's loan purchase procedures. Effective Friday, November 12, 1999 VHFA will purchase loans on a weekly basis. Previously VHFA purchased loans on the first and fifteenth day of each month. This change was made in response to a request from our mortgage banking partners to purchase loans on a more frequent basis.

Servicing

Attached are servicing reports as of August 31, 1999. We continue to see modest improvement in overall delinquency rates but are still seeing a steady flow of loans going into foreclosure.

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EQUAL HOUSING OPPORTUNITY

HOMEOWNERSHIP PROGRAMS - SERVICING ACTIVITY REPORT

Activity for the month of August 1999

COLLECTIONS

Total 90+ accounts for current month	87	

FORECLOSURES

Foreclosure accounts from previous month	63	
Plus new foreclosure accounts	8	
To REO	3	
Successful interventions	0	
Total Foreclosure accounts for current month	68	

REAL ESTATE OWNED

REOs from previous month	43	
Plus new REOs	4	
Less property sold	8	
REOs for current month	39	(16 properties are under contract)

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: August 1999

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO	
Banknorth Mortgage Co.	690	27	3.91%	5	0.72%	6	0.87%	4	0.58%	42	6.09%	7	1.01%
Bennington Co-op S&L Assoc.	65	3	4.62%	0	0.00%	0	0.00%	0	0.00%	3	4.62%	0	0.00%
Brattleboro Savings & Loan	33	1	3.03%	1	3.03%	0	0.00%	0	0.00%	2	6.06%	0	0.00%
Charter One	377	23	6.10%	4	1.06%	7	1.86%	7	1.86%	41	10.88%	3	0.80%
Chittenden Bank	847	57	6.73%	4	0.47%	11	1.30%	8	0.94%	80	9.45%	5	0.59%
Citizens Savings Bank	121	6	4.96%	1	0.83%	2	1.65%	1	0.83%	10	8.26%	0	0.00%
Community National Bank	304	9	2.96%	4	1.32%	7	2.30%	2	0.66%	22	7.24%	2	0.66%
Connecticut River Bank	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Factory Point Nat. Bank	33	2	6.06%	1	3.03%	0	0.00%	0	0.00%	3	9.09%	0	0.00%
First Brandon Nat. Bank	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Nationwide Mortgage	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
GMAC Mortgage	9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Graystone Mortgage Company	483	28	5.80%	10	2.07%	11	2.28%	10	2.07%	59	12.22%	4	0.83%
Heritage Family Credit Union	11	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Lyndonville Savings Bank	63	0	0.00%	0	0.00%	2	3.17%	0	0.00%	2	3.17%	0	0.00%
Mascoma Savings Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Merchants Bank	212	3	1.42%	0	0.00%	1	0.47%	2	0.94%	6	2.83%	0	0.00%
Mortgage Service Ctr. of NE	80	4	5.00%	3	3.75%	1	1.25%	2	2.50%	10	12.50%	0	0.00%
New England Federal CU	59	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Northfield Savings Bank	140	3	2.14%	2	1.43%	0	0.00%	0	0.00%	5	3.57%	0	0.00%
Passumpsic Savings Bank	156	7	4.49%	0	0.00%	4	2.56%	2	1.28%	13	8.33%	2	1.28%
Peoples Trust Co.	78	2	2.56%	2	2.56%	0	0.00%	0	0.00%	4	5.13%	0	0.00%
Randolph National Bank	27	2	7.41%	0	0.00%	0	0.00%	0	0.00%	2	7.41%	1	3.70%
Union Bank	175	8	4.57%	2	1.14%	2	1.14%	0	0.00%	12	6.86%	0	0.00%
Vermont Development CU	89	1	1.12%	2	2.25%	2	2.25%	1	1.12%	6	6.74%	0	0.00%
Vermont National Bank	1829	78	4.26%	25	1.37%	30	1.64%	29	1.59%	162	8.86%	15	0.82%
Wells River Savings Bank	30	0	0.00%	0	0.00%	1	3.33%	0	0.00%	1	3.33%	0	0.00%
Totals	5931	264	4.45%	66	1.11%	87	1.47%	68	1.15%	485	8.18%	39	0.66%
Totals Previous Month	5918	272	4.60%	76	1.28%	89	1.50%	63	1.06%	500	8.45%	41	0.69%
Totals Same Mo. Last Yr.	6217	288	4.63%	94	1.51%	105	1.69%	61	0.98%	548	8.81%	41	0.66%

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: August

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL		Delinq		REO
Large Servicer 400+													
Banknorth Mortgage Co.	690	27	3.91%	5	0.72%	6	0.87%	4	0.58%	42	6.09%	9	0.63%
Charter One	377	23	6.10%	4	1.06%	7	1.86%	7	1.86%	41	10.88%	3	0.22%
Chittenden Bank	847	57	6.73%	4	0.47%	11	1.30%	8	0.94%	80	9.45%	5	1.05%
Graystone Mortgage Company	483	28	5.80%	10	2.07%	11	2.28%	10	2.07%	59	12.22%	4	3.54%
Vermont National Bank	1829	78	4.26%	25	1.37%	30	1.64%	29	1.59%	162	8.86%	15	1.36%
Totals	4226	213	5.04%	48	1.14%	65	1.54%	58	1.37%	384	9.09%	36	0.85%
Average	845	43	5.36%	10	1.14%	13	1.59%	12	1.41%	77	9.50%	7	1.36%
Medium Servicers 399-50													
Bennington Co-op S&L Assoc.	33	1	3.03%	1	3.03%	0	0.00%	0	0.00%	2	6.06%	0	0.00%
Citizens Savings Bank	121	6	4.96%	1	0.83%	2	1.65%	1	0.83%	10	8.26%	0	0.00%
Community National Bank	304	9	2.96%	4	1.32%	7	2.30%	2	0.66%	22	7.24%	2	0.66%
Lyndonville Savings Bank	63	0	0.00%	0	0.00%	2	3.17%	0	0.00%	2	3.17%	0	0.00%
Merchants Bank	212	3	1.42%	0	0.00%	1	0.47%	2	0.94%	6	2.83%	0	0.00%
Mortgage Service Ctr. of NE	80	4	5.00%	3	3.75%	1	1.25%	2	2.50%	10	12.50%	0	0.00%
Northfield Savings Bank	140	3	2.14%	2	1.43%	0	0.00%	0	0.00%	5	3.57%	0	0.00%
Passumpsic Savings Bank	156	7	4.49%	0	0.00%	4	2.56%	2	1.28%	13	8.33%	2	1.28%
Peoples Trust Co.	78	2	2.56%	2	2.56%	0	0.00%	0	0.00%	4	5.13%	0	0.00%
Union Bank	175	8	4.57%	2	1.14%	2	1.14%	0	0.00%	12	6.86%	0	0.00%
Vermont Development CU	89	1	1.12%	2	2.25%	2	2.25%	1	1.12%	6	6.74%	0	0.00%
Totals	1451	44	3.03%	17	1.17%	21	1.45%	10	0.69%	92	6.34%	4	0.28%
Average	136	4	3.11%	2	1.41%	2	1.26%	1	0.62%	9	6.43%	0	0.19%
Small Servicers 49-													
Brattleboro Savings & Loan	33	1	3.03%	1	3.03%	0	0.00%	0	0.00%	2	6.06%	0	0.00%
Connecticut River Bank	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Factory Point Nat. Bank	33	2	6.06%	1	3.03%	0	0.00%	0	0.00%	3	9.09%	0	0.00%
First Brandon Nat. Bank	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Nationwide Mortgage	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
GMAC Mortgage	9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Heritage Family Credit Union	11	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mascoma Savings Bank	2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
New England Federal CU	59	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Randolph National Bank	27	2	7.41%	0	0.00%	0	0.00%	0	0.00%	2	7.41%	1	3.70%
Wells River Savings Bank	30	0	0.00%	0	0.00%	1	3.33%	0	0.00%	1	3.33%	0	0.00%
Totals	222	5	2.25%	2	0.01%	1	0.45%	0	0.00%	8	3.60%	1	0.45%
Average	19	0	1.44%	0	0.47%	0	0.29%	-	0.00%	1	2.16%	0	0.32%

Lenders	1998 Aug	Sep	Oct	Nov	Dec	1999 Jan	Feb	Mar	Apr	May	June	July	Aug
Large Servicer 400+													
Banknorth Mortgage Co.	7.50%	7.40%	7.53%	7.49%	8.55%	7.91%	8.65%	6.27%	6.06%	6.42%	6.60%	6.22%	6.09%
Charter One	11.75%	11.57%	11.41%	14.43%	12.38%	13.00%	12.94%	10.88%	10.08%	9.84%	12.01%	9.23%	10.88%
Chittenden Bank	10.39%	9.39%	10.02%	9.84%	11.72%	11.78%	11.43%	8.60%	6.70%	9.27%	9.02%	9.14%	9.45%
Graystone Mortgage Company	13.08%	14.31%	15.01%	15.82%	15.88%	13.41%	16.27%	13.25%	14.75%	17.18%	16.88%	16.22%	12.22%
Vermont National Bank	8.32%	8.57%	7.95%	9.20%	9.04%	9.90%	9.90%	7.82%	8.64%	10.07%	10.00%	8.33%	8.86%
Average	10.21%	10.25%	10.38%	11.36%	11.51%	11.20%	11.84%	9.36%	9.25%	10.56%	10.90%	9.83%	9.50%
Medium Servicers 399-50													
Bennington Co-op S&L Assoc.	7.41%	3.57%	1.64%	1.67%	3.23%	3.23%	6.45%	6.45%	3.23%	6.45%	6.45%	6.25%	6.06%
Citizens Savings Bank	3.45%	6.03%	6.03%	5.22%	6.14%	6.03%	8.55%	5.88%	9.24%	6.67%	7.50%	8.33%	8.26%
Community National Bank	7.84%	8.39%	9.15%	9.09%	9.80%	8.77%	8.79%	8.20%	9.21%	9.87%	7.67%	7.89%	7.24%
Lyndonville Savings Bank	5.08%	10.17%	6.67%	5.26%	6.67%	8.06%	7.69%	7.69%	4.62%	6.25%	4.76%	4.76%	3.17%
Merchants Bank	3.82%	4.65%	4.37%	6.45%	4.90%	8.33%	7.20%	5.17%	3.54%	5.33%	4.55%	5.53%	2.83%
Mortgage Service Ctr. of NE	18.82%	16.57%	11.76%	16.67%	16.87%	13.25%	11.11%	11.11%	9.88%	9.88%	9.88%	8.75%	12.50%
Northfield Savings Bank	4.44%	7.97%	7.14%	6.43%	3.57%	6.34%	4.93%	2.13%	0.70%	2.84%	1.43%	4.29%	3.57%
Passumpsic Savings Bank	11.52%	10.37%	10.37%	11.38%	12.35%	12.42%	11.88%	11.46%	10.90%	10.90%	10.26%	7.74%	8.33%
Peoples Trust Co.	6.59%	13.19%	5.62%	6.82%	7.06%	8.33%	8.33%	6.10%	7.32%	7.41%	8.64%	7.50%	5.13%
Union Bank	7.73%	8.20%	8.24%	8.89%	9.66%	9.36%	8.14%	6.40%	5.78%	8.67%	6.98%	8.72%	6.86%
Vermont Devvelopment CU	7.46%	5.88%	7.14%	8.00%	5.26%	3.95%	3.95%	6.25%	7.23%	8.43%	8.24%	9.41%	6.74%
Average	7.65%	8.64%	7.10%	7.81%	7.77%	8.01%	7.91%	6.99%	6.51%	7.52%	6.94%	8.34%	6.77%
Small Servicers 49-													
Brattleboro Savings & Loan	7.41%	3.57%	3.57%	3.45%	10.34%	6.67%	6.45%	6.45%	9.68%	6.45%	6.45%	6.25%	6.06%
Connecticut River Bank	20.00%	0.00%	0.00%	0.00%	0.00%	20.00%	20.00%	0.00%	0.00%	20.00%	0.00%	0.00%	0.00%
Factory Point Nat. Bank	11.76%	5.88%	9.09%	21.21%	9.09%	6.06%	6.06%	6.06%	3.03%	3.13%	9.38%	12.12%	9.09%
First Brandon Nat. Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
First Nationwide Mortgage	0.00%	0.00%	0.00%	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
GMAC Mortgage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	11.11%	11.11%	11.11%	0.00%
Granite Bank (NH)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Heritage Family Credit Union	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mascoma Savings Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
New England Federal CU	0.00%	0.00%	2.27%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Randolph National Bank	11.43%	8.57%	8.57%	8.57%	9.09%	12.50%	9.38%	9.68%	9.68%	3.33%	3.33%	6.67%	7.41%
Wells River Savings Bank	6.67%	10.00%	6.67%	10.00%	10.00%	6.67%	3.23%	3.23%	0.00%	0.00%	0.00%	3.33%	3.33%
Average	4.77%	2.34%	2.51%	3.60%	4.88%	4.33%	3.76%	2.12%	1.87%	3.67%	2.52%	2.50%	2.69%

VERMONT HOUSING FINANCE AGENCY

Board Property Disposition Report

Month of: August, 1999

Properties Sold

Property	Listing Price	Sale Price	Principal Balance	Interest	To Date Expenses	Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Hill Williston	$ 58,500	$ 32,500	$ 66,645	$ 6,251	$ 17,697	$ 11,845	($46,248)	($32,637)	($13,611)
Rooney Monkton	$ 64,900	$ 64,900	$ 67,812	$ 12,770	$ 15,542	$ 15,000	($16,224)	$0	($16,224)
Prindall Barre	$ 35,900	$ 35,900	$ 61,577	$ 6,566	$ 17,936	$ 15,075	($35,104)	($25,782)	($9,322)
Gagner Swanton	$ 69,900	$ 69,900	$ 76,678	$ 10,256	$ 13,689	$ 16,600	($14,123)	$0	($14,123)
Ladd Canaan	$ 46,900	$ 41,900	$ 62,617	$ 2,914	$ 10,057	$ 28,800	($4,888)	($3,089)	($1,799)
Macey Brandon	$ 19,900	$ 19,900	$ 51,740	$ 4,578	$ 16,819	$ 10,075	($43,162)	($17,446)	($25,716)
Knight Rutland	$ 69,900	$ 47,000	$ 58,872	$ 6,105	$ 15,570	$ 12,775	($20,772)	($4,273)	($16,499)
Genier Castleton	$ -	$ 40,000	$ 59,560	$ 9,815	$ 7,043	$ 9,560	($26,858)	$0	($26,858)

Properties Under Contract

Property	Listing Price	Contract Price	Principal Balance	Interest	Estimated Expenses	Estimated Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Aldrich Vernon	$ 45,000	$ 30,100	$ 63,462	$ 10,272	$ 11,075	$ 9,750	($44,959)	($49,567)	$4,608
Westall Richmond	$ 49,900	$ 50,000	$ 62,576	$ 8,696	$ 14,148	$ 13,980	($21,440)	($7,743)	($13,697)
Karch Jericho	$ 99,900	$ 100,000	$ 88,435	$ 13,173	$ 16,871	$ 15,685	($2,794)	$0	($2,794)
Tabor Newport	$ -	$ 45,000	$ 71,528	$ 7,768	$ 9,697	$ 13,128	($30,865)	($33,987)	$3,122
Dumas Derby	$ 29,900	$ 29,900	$ 21,903	$ 2,470	$ 10,214	$ 8,371	$3,684	$0	$3,684
Pronto Pownal	$ 49,900	$ 35,000	$ 55,957	$ 7,472	$ 5,184	$ 3,532	($30,081)	($6,350)	($23,731)
Turner St. Albans	$ 49,900	$ 35,000	$ 67,350	$ 8,768	$ 8,045	$ 15,000	($34,163)	($26,134)	($8,029)
Hoaglund Poultney	$40,000	$30,000	$43,956	$5,733	$13,520	$9,600	($23,609)	$0	($23,609)
Baker Lyndon	$34,900	$30,000	$50,780	$4,342	$12,027	$11,000	($26,149)	$0	($26,149)
Morse Sheffield	$17,900	$15,000	$36,880	$4,218	$9,461	$8,000	($27,559)	($22,211)	($5,348)
Sealey So Bu[illegible]ton	$76,500	$76,000	$65,677	$7,843	$15,254	$8,675	($4,099)	$0	($4,099)

Santamore Middlesex	$29,900	$14,000	$35,465	$4,505	$9,311	$7,900	($27,381)	($16,133)	($11,248)
Thebarge Milton	$57,900	$57,900	$66,991	$6,341	$11,318	$15,000	($11,750)	($14,794)	$3,044
Aldrich Searsburg	$49,900	$40,000	$56,642	$6,286	$5,594	$12,400	($16,122)	$0	($16,122)

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: October 14, 1999

RE: **Executive Director's Report**

ADMINISTRATION

We are in the midst of the autumn 25th anniversary events. In September, I presented the affordable housing award at the Vermont Home Builders & Remodelers Association annual awards dinner. We sponsored a reception at the Vermont Association of REALTORS annual meeting on September 29th. A full slate of 25th anniversary events will be taking place shortly. VHFA is sponsoring a poster contest for children who live in VHFA-financed multifamily properties. The theme of the contest is "What my Home Means to Me!" The contest entries will be judged by Champ, the wonderful mascot of the Vermont Expos. The winners will be announced at the Vermont Housing Managers Association annual meeting on November 2nd at Killington. VHFA will also be hosting a reception at the VHMA meeting.

VHFA is holding a series of "thank you" lunches for our lending partners around Vermont in November and early December in Manchester, Morrisville, Putney, Rutland, South Burlington, St. Albans, and Waterbury. Almost 300 invitations are being sent to staff in local offices representing numerous areas of business including origination, underwriting, processing, servicing, and collections.

Dan Boardman of Hickok and Boardman (H&B) presented an Agency-wide training for the pension fund, which included specific details around our plan and information regarding new investment options selected by the Trustees (in consultation with H&B). Dan also held individual financial planning sessions with staff who were interested. This process will be offered on a semi-annual basis.

We continue to research the Agency's medical insurance options, with Kaiser Permanente leaving the state in March 2000. Jay Buckley, New England Financial, is assisting with the research on this process and we will be meeting with him October 18th. Our goal is to have a new provider by December 1, 1999.

The Year 2000 project continues to progress well. Chris MacAskill, with the assistance of SymQuest, completed our final workstation Microsoft upgrades in September and we are ensuring all required spreadsheets are compliant. We are now in the process of coordinating all of the various report needs for year-end, as well as determining schedules for processing.

The Housing Council is sponsoring a special northwest Vermont housing needs analysis. The greater Chittenden County area is experiencing unique pressures due to an expanding economy which is affecting the availability and the cost of market rate and affordable housing. The study will assess future needs for both the homeownership and rental markets. Along with housing needs, job and population growth projections will also be analyzed. The planning for this needs assessment has begun, with a committee representing numerous agencies putting together a request for proposal for consulting firms. Cathleen Gent is representing VHFA on that committee.

DEVELOPMENT

As I am sure you are aware by now, the increase in tax credits and volume cap seem extremely unlikely. With very limited in-cap credits for next year, we expect increased demand for the 0% yield out-of-cap credit and tax-exempt financing. These types of projects are not easy to put together, but could mean more financing activity for VHFA. We do plan on meeting with the Joint Committee on Tax Credits soon to recommend some amendments to our plan and to add criteria for efficient use of funds and some definitional clarifications.

The Development Department is working on loan applications and tax credit paperwork and anticipates several closings between now and the end of the year. We also expect to propose changes to the Allocation Plan and have the final Plan ready by the end of the calendar year. Our first Rural Development 515 project using tax-exempt bond financing for the construction is complete (Homestead Greene in North Bennington) and is awaiting a permanent closing with Rural Housing Service. Lakeview Housing in Newport should be completed within a month.

MULTIFAMILY MANAGEMENT

Since the Board conference call on September 2nd and our meeting on September 20th withStandard and Poors, considerable focus on our current portfolio is taking place. We are analyzing each property in anticipation of a bond refunding in late November.

Staff's analysis of the HUD Note Sale properties has progressed. Working with our consultants, we now have a new basis for a revised discounted offer for three properties at around 60 cents on the dollar. Housing Vermont already owns two of these properties and has signed a purchase and sale agreement on the third property. We are considering how this change in ownership may impact the timing of our offer as well as the inclusion of the Note Sale properties in our anticipated bond refunding.

Progress continues in our preservation work and we have reached an agreement with the owner of an elderly property in Derby Line to keep this property affordable and within our portfolio for the remaining loan term. An agreement in principle has also been reached with the owners of a large elderly property in Rutland.

We have signed our contract with HUD to serve as Participating Administrative Entity (PAE) for the Mark-to-Market Restructuring program and are awaiting an assignment of assets by the Office of Multifamily Housing Assistance Restructuring (OMHAR). Six Vermont properties are potentially eligible under the program. It also appears that there may be some additional opportunities as part of preservation initiatives in current HUD bills being considered by Congress.

HOMEOWNERSHIP

VHFA staff met with MGIC on October 6th 1999 to review our experience to date with contract underwriting and to discuss preliminary information on 94 VHFA program loans insured by MGIC from May 1, 1999 through August 31, 1999. (Although MGIC has underwritten a total of 286 applications for VHFA, they provided information only on those loans guaranteed by MGIC as of August 31, 1999.) Both VHFA and MGIC are pleased with the quality of loans to date and the service being provided by MGIC. Feedback from participating lenders also remains very positive. MGIC has indicated that they will continue with the underwriting concessions currently in place for VHFA loans.

VHFA and MGIC also discussed automation of the underwriting functions and transmission of data from lenders to MGIC. Automation will increase efficiency for both lenders and MGIC, decrease underwriting decision time, and provide for more consistent underwriting decisions. In November, MGIC will give VHFA staff a demonstration of a system that they have developed for VHFA loans that lenders would access via the internet. Another option is a combination of MGIC's system and FannieMae's Desktop Underwriter (DU) or Freddie Mac's Loan Prospector (LP). No decision will be made until feedback is obtained from participating lenders.

MGIC also discussed a program that they would like to offer in Vermont that would allow VHFA borrowers with good credit to finance 100% of the purchase price of a home. The program allows a lender, parent, or employer to pledge or set aside funds equal to 3.1% of the purchase price. For affordable housing program borrowers, pre-purchase education would be required. This may be a possible option to assist VHFA borrower's in areas that are not eligible for the Rural Housing Guarantee Program.

FINANCE

After the meetings with the rating agencies and our professional working team members, we have been busy trying to get our FY99 audit released. We are continuing to negotiate with the auditors on disclosure language and format for footnotes. We ended the year with a small surplus, which will be discussed in more detail at the Board meeting. In addition, we are currently working with Multifamily staff on refunding bonds from our 1977 Resolution, consisting of almost $30 million of bonds that would create some savings that could be used to preserve or assist existing projects. Additional new funding will probably be included to finance new projects. We are currently putting together a schedule, which would sell bonds in early November.

OTHER

On October 23rd, I will be attending the NCSHA annual meeting in Chicago. This meeting overlaps with the annual meeting and board meeting of the American Association of Homes and Services for the Aging, also meeting in Chicago between October 25th – 28th.

VERMONT HOUSING FINANCE AGENCY

Financial Statements

June 30, 1999

(With Independent Auditors' Report Thereon)

VERMONT HOUSING FINANCE AGENCY

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VERMONT HOUSING FINANCE AGENCY

Letter to the Commissioners

June 30, 1999

VERMONT HOUSING FINANCE AGENCY
Balance Sheet
June 30, 1999

Assets	**General Fund**	**Single-Family Mortgage Programs**	**Multi-Family Mortgage Programs**	**(Memorandum Only) Total**
Cash and cash equivalents	$ 4,477,502	119,215,744	10,648,036	134,341,282
Investments, at fair value	350,150	80,329,318	8,397,581	89,077,049
Mortgage and construction loans receivable	14,003,559	328,056,275	80,575,324	422,635,158
Accrued interest receivable:				
On mortgage and construction loans and notes receivable	673,750	2,385,891	493,198	3,552,839
On investments	20,507	2,124,259	227,820	2,372,586
Deferred costs of bond issuance	—	2,115,650	680,688	2,796,338
Land	775,000	—	—	775,000
Building, at cost, less accumulated depreciation of $112,594	888,240	—	—	888,240
Office furniture and fixtures, at cost, less accumulated depreciation of $1,159,997	378,538	—	—	378,538
Other receivables and prepaid expenses	671,228	624,488	6,143	1,301,859
Interfund receivable (payables)	2,252,242	(2,466,171)	213,929	—
Real estate owned	—	2,142,487	—	2,142,487
Total assets	$ 24,490,716	534,527,941	101,242,719	660,261,376
Liabilities and Fund Balances				
Deferred loan origination fees, net	$ 194,639	—	—	194,639
Accounts payable	428,664	479,438	72,521	980,623
Escrowed cash deposits	3,711,031	—	1,575,102	5,286,133
Notes payable	11,302,535	42,000,000	—	53,302,535
Accrued interest payable	76,219	4,769,329	1,685,571	6,531,119
Bonds payable	616,242	459,655,000	86,822,580	547,093,822
Unamortized discount on bonds payable	—	(3,860,917)	(1,715,805)	(5,576,722)
Total liabilities	16,329,330	503,042,850	88,439,969	607,812,149
Commitments and contingencies				
Fund balances - restricted	8,161,386	31,485,091	12,802,750	52,449,227
Total liabilities and fund balances	$ 24,490,716	534,527,941	101,242,719	660,261,376

See accompanying notes to financial statements.

VERMONT HOUSING FINANCE AGENCY
Statement of Revenues, Expenses and Changes in Fund Balances
Year ended June 30, 1999

		General Fund	Single-Family Mortgage Programs	Multi-Family Mortgage Programs	(Memorandum Only) Total
Revenues:					
Interest income:					
Mortgage and construction loans receivable	$	919,595	27,037,751	6,568,288	34,525,634
Investments		79,602	14,496,262	1,136,108	15,711,972
Fee income:					
Multi-Family Mortgage Programs		153,369	—	95,333	248,702
Single Family Mortgage Programs		60,574	—	—	60,574
Grant income		121,625	—	—	121,625
VHMGB income		320,651	—	—	320,651
Net decrease in fair value of investments		(703)	(1,332,028)	(276,336)	(1,609,067)
Miscellaneous income		56,574	—	—	56,574
Total revenues		1,711,287	40,201,985	7,523,393	49,436,665
Expenses:					
Financing costs, including interest and amortization of premium, discount and costs of issuance		662,402	35,169,532	6,135,301	41,967,235
Mortgage service and contract administration fees		14,578	1,241,703	—	1,256,281
Salaries and benefits		2,069,245	—	—	2,069,245
Operating expenses		1,237,783	—	—	1,237,783
Professional fees		86,139	—	—	86,139
Trustee and assignee fees		263,734	—	—	263,734
Property disposition and loan loss expenses		—	935,193	—	935,193
Loss on bond redemptions		—	1,553,068	2,400	1,555,468
Total expenses		4,333,881	38,899,496	6,137,701	49,371,078
Excess (deficiency) of revenues over expenses		(2,622,594)	1,302,489	1,385,692	65,587
Fund balances at beginning of year		8,808,027	31,448,176	12,127,437	52,383,640
Transfers to general fund		2,945,341	(2,234,962)	(710,379)	—
Transfers from general fund		(969,388)	969,388	—	—
Fund balances at end of year	$	8,161,386	31,485,091	12,802,750	52,449,227

See accompanying notes to financial statements.

VERMONT HOUSING FINANCE AGENCY

Statement of Cash Flows

Year ended June 30, 1999

	General Fund	Single-Family Mortgage Programs	Multi-Family Mortgage Programs	(Memorandum Only) Total
Cash flows from operating activities:				
Excess (deficiency) of revenues over expenses	$ (2,622,594)	1,302,489	1,385,692	65,587
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by (used for) operating activities:				
Transfers from (to) other programs	1,975,953	(1,265,574)	(710,379)	—
Depreciation	152,394	—	—	152,394
Amortization of discounts on bonds payable	—	168,911	99,278	268,189
Amortization of costs of bond issuance	—	79,797	36,045	115,842
Losses on loans and real estate owned	—	1,366,340	—	1,366,340
Provision for loan losses	—	(533,654)	—	(533,654)
Net decrease in fair value of investments	703	1,276,776	276,336	1,553,815
Loss on bond redemptions	—	1,553,068	2,400	1,555,468
Loss on sale of investments	—	55,252	—	55,252
Changes in assets and liabilities:				
Decrease (increase) in accrued interest receivable	(123,778)	239,956	(14,078)	102,100
Decrease (increase) in other receivables and prepaid expenses	(176,993)	243,726	—	66,733
Decrease (increase) in interfund receivables and payables	(1,475,798)	1,480,919	(5,121)	—
Increase (decrease) in deferred loan origination fees, net	(105,051)	—	—	(105,051)
Increase (decrease) in accounts payable	(47,247)	192,673	65,500	210,926
Increase (decrease) in accrued interest payable	12,245	(430,823)	(88,531)	(507,109)
Net cash provided by (used for) operating activities	(2,410,166)	5,729,856	1,047,142	4,366,832
Cash flows from investing activities:				
Purchases of individual mortgages	(121,625)	(33,717,268)	—	(33,838,893)
Purchases of Multi-Family mortgage loans and advances on construction loans	(3,451,990)	—	(2,516,342)	(5,968,332)
Principal collections on mortgage loans, notes receivable and construction loans	1,250,277	51,054,356	2,631,263	54,935,896
Purchases of investments	—	(46,665,211)	—	(46,665,211)
Proceeds from sales and maturities investments	1,100,000	38,636,390	19,039	39,755,429
Increase (decrease) in escrowed cash deposit	246,747	(792)	697,027	942,982
Cost of real estate owned	—	(5,047,045)	—	(5,047,045)
Proceeds from sales of real estate owned	—	4,375,345	—	4,375,345
Purchase of office furniture and fixtures	(159,348)	—	—	(159,348)
Net cash provided by (used for) investing activities	(1,135,939)	8,635,775	830,987	8,330,823

See accompanying notes to financial statements.

(Continued)

VERMONT HOUSING FINANCE AGENCY
Statement of Cash Flows, Continued

	General Fund	Single-Family Mortgage Programs	Multi-Family Mortgage Programs	(Memorandum Only) Total
Cash flows from non-capital financing activities:				
Net proceeds from issuance of bonds payable	$ —	52,443,764	7,230,977	59,674,741
Payments on bond principal	(4,842)	(145,390,000)	(7,602,182)	(152,997,024)
Proceeds from issuance of notes payable	7,050,000	42,000,000	—	49,050,000
Repayment of notes payable	(2,620,234)	—	—	(2,620,234)
Cost of bond issuance	—	(377,944)	(70,000)	(447,944)
Net cash provided by (used for) non-capital financing activities	4,424,924	(51,324,180)	(441,205)	(47,340,461)
Net increase (decrease) in cash and cash equivalents	878,819	(36,958,549)	1,436,924	(34,642,806)
Cash and cash equivalents at beginning of year	3,598,683	156,174,293	9,211,112	168,984,088
Cash and cash equivalents at end of year	$ 4,477,502	119,215,744	10,648,036	134,341,282
Supplemental cash flow information:				
Interest paid	$ 639,467	35,140,554	6,020,383	41,800,404

Supplemental schedule of non-cash financing activity:
During 1998, the Agency remarketed $25,000,000 of Single Family Housing Bonds, Series 9 of which $6,915,000 did not require cash payment to the current bond owners.

See accompanying notes to financial statements

(1) Authorizing Legislation and Nature of Funds

(A) Authorizing Legislation

Vermont Housing Finance Agency (the "Agency") was created as a body politic and corporate of the State of Vermont by an Act of the General Assembly approved on April 11, 1974 (the "Act"). The purpose of the Agency is to promote the expansion of the supply of funds available for mortgages on residential housing and to encourage an adequate supply of safe and decent housing at reasonable costs. The Agency is classified as a related organization of the State of Vermont. The State of Vermont appoints a majority of the Agency's Board of Commissioners but the State of Vermont is not financially accountable for the Agency.

The Agency is empowered by the Act and subsequent amendments to issue bonds and notes in an amount not to exceed $900,000,000 outstanding at any one time. Instruments so issued do not constitute a debt or obligation of the State of Vermont and are payable solely from revenues or assets of the Agency.

The State of Vermont has pledged and agreed with the holders of bonds and notes of the Agency not to impair in any way the rights and remedies of such holders until the bonds and notes are fully discharged.

(B) Basis of Presentation and Nature of Funds

The financial statements are presented on a program basis, combining the various restricted funds required by each bond resolution into groups that account for the various bonds issued, related costs of issuance and debt service activity and the investment and related earnings of the bond proceeds in mortgages or loans and temporary investments and the maintenance of certain reserve fund requirements - all under the specific requirements of each resolution.

These funds are in turn grouped according to type as relating to single family mortgage programs, multi-family mortgage programs and the unrestricted general fund of the Agency.

(a) General Fund

This fund derives its revenue principally from fees and interest from mortgage lenders and mortgagors and investment income. Operating expenses of the Agency are paid from this fund.

Transfers from program funds to the General Fund represent amounts allowed to be transferred pursuant to the terms of the Agency's bond resolutions.

(b) Single Family Mortgage Program Funds

These funds have been established under the Single Family Insured Mortgage Bond Resolution adopted in September 1976, the Single Family Mortgage Purchase Bond Resolution adopted in June 1978, the Home Mortgage Purchase Bond Resolution adopted in July 1983 and the Single Family Housing Bond Resolution adopted in September 1990. Funds from these programs have been used by the Agency to purchase mortgage loans on single family residential housing units for persons and families of low and moderate income in Vermont.

(c) Multi-Family Mortgage Program Funds

These funds have been established under the Multi-Family Mortgage Bond Resolution adopted in February 1977, the Multi-Family Housing Bond Resolution adopted in September 1981, and various Individualized Taxable and Tax Exempt Bond Resolutions adopted between December 1985 and April 1999. Funds from these programs are used by the Agency to make and finance mortgage loans to sponsors of multi-family residential housing units for persons and families of low and moderate income within the State of Vermont.

Under various bond resolutions of the Agency, certain amounts from bond proceeds are required to be set aside and maintained for potential debt service requirements in trusteed accounts. As of June 30, 1999, reserve requirements totalled $25,148,023 for the Single Family Mortgage Programs and $7,724,836 for the Multi-Family Mortgage Programs. Amounts actually held in trusteed accounts as of June 30, 1999 exceeded the required balances in all cases.

(C) *Segment Financial Data*

Balance sheet and operating data of the Agency's Single Family and Multi-Family Mortgage Program funds are delineated as follows:

	Balance Sheet Data		
	Total Assets	**Bonds Payable**	**Fund Balances**
Insured Mortgage Program	$ 10,355,469	6,075,000	4,253,384
Mortgage Purchase Program	140,185	—	140,148
Home Mortgage Purchase Program	112,013,332	94,660,000	17,878,861
Housing Program	412,018,955	358,920,000	9,212,698
Total Single Family Mortgage Programs	$ 534,527,941	459,655,000	31,485,091

(Continued)

	Balance Sheet Data		
	Total Assets	**Bonds Payable**	**Fund Balances**
Mortgage Program	$ 40,632,648	35,795,000	4,426,528
Housing Program	35,460,792	27,165,000	7,199,860
Direct Placement Programs	16,512,059	16,182,580	218,550
Housing Development Program	8,637,220	7,680,000	957,812
Total Multi-Family Mortgage Programs	$ 101,242,719	86,822,580	12,802,750

	Operating Data		
	Revenues	**Financing and Related Costs**	**Excess of Revenues over Expenses**
Insured Mortgage Program	$ 511,265	408,061	87,791
Mortgage Purchase Program	14,709	—	20,391
Home Mortgage Purchase Program	11,555,486	10,662,426	(738,307)
Housing Program	28,120,525	24,099,045	1,932,614
Total Single Family Mortgage Programs	$ 40,201,985	35,169,532	1,302,489
Mortgage Program	$ 3,047,718	2,852,588	195,130
Housing Program	2,772,900	1,662,824	1,110,076
Direct Placement Programs	1,066,949	1,005,444	59,105
Housing Development Program	635,826	614,445	21,381
Total Multi-Family Mortgage Programs	$ 7,523,393	6,135,301	1,385,692

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Agency follows the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when incurred.

As permitted under Statements of Governmental Accounting Standards No. 20, the Agency has elected not to apply Statements of Financial Accounting Standards issued after November 30, 1989.

(b) *Cash Equivalents*

The Agency considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

(c) *Mortgage Loans Receivable*

Mortgage loans receivable are carried at their uncollected principal balances less an allowance for loan losses on mortgages. The loan loss allowances are established based on historical loss experience. Future additions to the allowance may be necessary based on changes in economic conditions. At June 30, 1999, the allowance for loan losses totalled $2,406,675, relating to Single Family mortgages.

(d) *Investments*

The Agency follows the provisions of GASB No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". GASB No. 31 requires investments to be reported at fair value in the balance sheet. The net increase (decrease) in the fair value of investments, including both realized and unrealized gains and losses, is recognized as revenue in the statement of revenues, expenses and changes in fund balances. Fair values of investments are based upon quoted market prices.

(e) *Depreciation*

The Agency records purchases of its building and office furniture and fixtures at cost and amortizes that cost over the estimated useful lives of the assets, which are generally forty years for the building and five years for furniture and fixtures, using the straight-line method.

(f) *Costs of Bond Issuance and Discount or Premium*

Costs of bond issuance and discount or premium on bonds payable are amortized over the lives of the respective bond issues using the straight-line method.

(g) *Income Tax Status*

The Agency is exempt from Federal and state income taxes.

(h) *Deferred Loan Origination Fees and Costs*

Loan origination fees and certain related costs are deferred and amortized over the estimated lives of the respective loans.

(i) *VHMGB Income*

The Vermont Home Mortgage Guarantee Board ("VHMGB") is charged for the administration of its programs by the Agency. Expenses of $320,651 incurred for the administration are included in the General Fund operating expenses of the Agency. Included in the general fund other receivables and prepaid expenses are $194,601 in receivables due from the VHMGB. In addition, during 1999 the Agency provided subsidies totaling $260,584 to the VHMGB which are included in the General Fund operating expenses of the Agency.

(Continued)

(j) Totals - Memorandum Only

The columns on the financial statements entitled "Totals - Memorandum Only" reflect the totals of the similar accounts of the various funds. Since the assets of certain of the funds are restricted by the related bond resolutions, the totalling of the accounts is for illustrative purposes only and does not indicate that the combined assets are available in any manner other than that provided for in the separate bond resolutions of the individual funds.

(3) Cash, Cash Equivalents and Investments

For mortgage program investments, bond resolution requirements mandate specific classes of investment vehicles. Qualified investments are: direct obligations of the United States of America; obligations unconditionally guaranteed by the United States of America; indebtedness issued by certain Federal agencies; bank time deposits evidenced by certificates of deposits insured by the FDIC and, if in excess of insured limits, collateralized in full by the aforementioned Federal government investments; obligations of the State of Vermont, and/or Federal or state insured mortgages; collateralized repurchase agreements secured by obligations of the Federal government with the collateral held by or at the direction of the appropriate trustee; and, investment agreements with banks or bank holding companies rated in the top categories by nationally recognized rating agencies.

Cash and cash equivalents are defined to be actual cash or investments which have original maturities of three months or less. This category also includes mortgage payments which are in transit to the trustee to be invested in collateralized repurchase agreements. Investments are comprised of short-term investments other than cash equivalents that mature in one year or less, and long-term investments with maturities in excess of one year. At June 30, 1999, gross unrealized gains and gross unrealized losses pertaining to these investments amounted to $4,018,889 and $770,853, respectively.

Cash and Cash Equivalents

The Agency's cash and cash equivalents at June 30, 1999 are categorized below to give an indication of the level of risk assumed. Category 1 includes deposits insured by federal depository insurance. Category 2 includes deposits collateralized with securities held by the pledging financial institution or the Agency's trustee and registered in the Agency's name. Category 3 represents uncollateralized or uninsured deposits.

	Category 1	Category 2	Category 3	Fair Value
Cash	$ 1,456,608	129,074	1,410,245	2,995,927
Investment agreements with financial institutions	—	82,765,480	—	82,765,480
	$ 1,456,608	82,894,554	1,410,245	
Investment agreements with insurance companies				8,839,698
Money market accounts				39,740,177
				$ 134,341,282

(Continued)

The bank balance of the Agency's cash at June 30, 1999 was $3,064,165. The difference between the carrying amount and the bank balance represents outstanding deposits net of outstanding checks.

The money market accounts are invested in a portfolio of short-term U.S. Treasury obligations.

Investment agreements are structured for both short-term and long-term use in connection with the Agency's Single Family Mortgage programs. Financial institutions providing the agreements have been rated by Standard and Poor's Corporation and Moody's Investors Service, Inc. at debt ratings of A or higher.

Investments

A summary of fair value of the Agency's investments at June 30, 1999 is as follows:

	Fair Value
U.S. Treasury and Government Agency Securities	$ 67,996,394
Certificate of deposit	100,000
Investment agreements	20,980,655
	$ 89,077,049

The certificate of deposit is insured by federal depository insurance. The U.S. Treasury and Government Agency Securities are held by a third party custodian in the name of the Agency's trustee.

(4) Mortgage and Construction Loans Receivable

(A) Single Family Mortgage Loans Receivable

Single Family mortgage loans earn interest at annual rates ranging predominantly from 6.95% to 10.5%. Mortgage payments are received monthly by the Agency from which either .50% or .375% is generally retained as a fee by the servicing banks.

At June 30, 1999, approximately 95% of the Single Family mortgage portfolios consist of primary insured mortgages.

Conventional mortgage loans, not requiring primary insurance, are limited to 75% of the appraised value of the property.

(B) Multi-Family Mortgage Loans and Construction Loans Receivable

Multi-Family mortgage loans receivable earn interest at annual rates ranging predominantly from 7.25% to 14%, and are collateralized by a first mortgage lien on all real and personal property of the mortgaged premises. As of June 30, 1999, $413,791 of the Multi-Family mortgage loans receivable under the Multi-Family Housing Program were financed from funds transferred from the Agency's General Fund, which includes interest for the initial three-year period during which no payments were required to be made.

(Continued)

(5) Real Estate Owned

Real estate owned at June 30, 1999 consists of properties held pending sale as a result of foreclosure by the Agency. Real estate owned is carried at the lower of cost or fair market value less estimated costs to sell. A valuation allowance has been established to account for the reduction in value of properties held. At June 30, 1999, the valuation allowance totalled $802,343.

During fiscal year 1999, the Agency recorded noncash investing transactions totaling $3,827,397 in transfers of Single-Family Mortgage Program loans receivable to real estate owned.

(6) Escrowed Cash Deposits

Escrowed cash deposits are received primarily from multi-family housing developers at the time the Agency makes permanent mortgage loans. Escrowed deposits are governed by agreements, and released upon satisfactory compliance with their terms.

(7) Bonds Payable

All bonds payable are general or special obligations of the Agency and are collateralized by the revenues, loans, funds, and investments pledged pursuant to the respective bond resolutions. Interest is payable semi-annually. All bonds are subject to redemption after various dates at prices ranging from 100% to 103% of par value.

Outstanding bonds payable at June 30, 1999 are as follows:

A. Single Family Mortgage Programs:	
Insured Mortgage Program:	
1976 Series A, maturing 1999 to 2002, interest at 6.7%	$ 2,535,000
1977 Series A, maturing 1999 to 2003, interest at 5.75%	3,540,000
Total	6,075,000
Home Mortgage Purchase Program:	
1989 Series A, maturing 1999 to 2029, interest at 7.2% to 7.85%	45,295,000
1989 Series B, maturing 1999 to 2024, interest at 7.0% to 7.6%	49,365,000
Total	94,660,000

(Continued)

A. Single Family Mortgage Programs, Continued:	
Housing Program:	
Series 1, maturing 1999 to 2025, interest at 5.9% to 6.8%	$ 7,165,000
Series 2, maturing 1999 to 2025, interest at 5.55% to 7.3%	21,715,000
Series 3, maturing 1999 to 2025, interest at 5.55% to 6.875%	30,290,000
Series 4, maturing 1999 to 2025, interest at 5.3% to 6.40%	28,765,000
Series 5, maturing 1999 to 2027, interest at 5.2% to 7.0%	31,055,000
Series 6, maturing 1999 to 2031, interest at 4.8% to 7.2%	65,225,000
Series 7, maturing 1999 to 2031, interest at 4.6% to 6.3%	43,310,000
Series 8, maturing in 2031, interest at 6.05%	31,630,000
Series 9, maturing 1999 to 2037, interest at 3.7% to 6.0%	65,000,000
Series 10, maturing 2000 to 2030 interest at 3.2% to 5.25%	34,765,000
Total	358,920,000
Total Single Family Mortgage Programs	459,655,000
B. Multi-Family Mortgage Programs:	
Mortgage Program:	
1977 Series A, maturing 2000 to 2017, interest at 6.5%	3,330,000
1977 Series B, maturing 2000 to 2019, interest at 6.3%	5,350,000
1978 Series A, maturing 2000 to 2020, interest at 6.95% to 7.125%	7,090,000
1979 Series A, maturing 2000 to 2021, interest at 8.5%	12,240,000
1988 Series A, maturing 2000 to 2020, interest at 8.375%	2,600,000
1999 Series A, maturing 2000 to 2020, interest at 3.2% to 5.125%	5,185,000
Total	35,795,000

(Continued)

B. Multi-Family Mortgage Programs, Continued:	
Housing Program:	
1995 Series A, maturing 2000 to 2014, interest at 4.95% to 6.15%	$ 21,095,000
1997 Series A, maturing 2000 to 2029, interest at 4.15% to 5.75%	6,070,000
Total	27,165,000
Direct Placement Programs:	
Canterbury Inn Housing Program:	
1986 Series A, maturing 1999 to 2011, interest at 4.66% through 2002, variable to maturity at rate of 95% of Eleven General Obligation Bond Index	341,800
Northgate Housing Program:	
Eleven series of bonds, issued December 1989, maturing 1999 to 2031, interest at 7.085% to 9.23%	8,771,572
Highgate Housing Program:	
Two series of bonds, issued May 1991, maturing 1999 to 2031, interest at 6.45% to 7.741%	2,214,308
St. Johnsbury Housing Development Bond:	
Taxable bond, issued August 1990, maturing 1999 to 2005, interest at 7.5%	388,300
French Hill Manor Mobile Home Park Bond:	
Taxable bond, issued November 1990, maturing 1999 to 2010, interest at 9.75% to 11.25%	109,500
Pine Meadow Development Bond:	
Taxable bond, issued July 1991, maturing 1999 to 2016, interest at 6%	505,900
Whitney Hill Housing Development Bond:	
Taxable bond, issued January 1992, maturing 1999 to 2007, interest at 9%	1,187,400
Hillside Mobile Home Park Bond:	
Taxable bond, issued March 1993, maturing 1999 to 2013, interest at 9% to 12.25%	306,500

(Continued)

B. Multi-Family Mortgage Programs, Continued:	
Direct Placement Programs, Continued:	
Kilbourn Mobile Home Park Bond:	
Taxable bond, issued May 1996, maturing 1999 to 2016, interest at 7.5%	$ 244,800
Black River Overlook Housing Project Bond:	
Taxable bond, issued September 1998, maturing 1999 to 2018, interest at 8%	337,500
Lakeview Housing Bond:	
Issued December 1998, maturing 2000, interest at 4.25%	800,000
North Bennington II Bond:	
Issued April 1999, maturing 2000, interest at 4.25%	975,000
Total	16,182,580
Winchester Housing Development Program:	
1989 Series A, maturing 1999 to 2016, interest at 7.5% to 7.75%	7,680,000
Total Multi-Family Mortgage Programs	86,822,580
C. General Fund:	
Northgate Housing Site Acquisition, issued December 1989, maturing 1999 to 2031, interest at 7%	616,242
Total bonds payable	$ 547,093,822

Future maturities on bonds payable as of June 30, 1999 are as follows:

	Principal Amount								
	Single Family Mortgage Programs			Multi-Family Mortgage Programs					
Year ending June 30:	Insured Mortgage Program	Home Mortgage Purchase Program	Housing Program	Mortgage Program	Housing Program	Direct Placement Programs	Housing Development Program	General Fund	Total
	(Amounts in Thousands)								
2000	$ 745	1,055	3,580	1,290	1,120	2,028	210	5	10,033
2001	750	1,120	4,450	1,455	1,175	271	225	6	9,452
2002	745	1,210	4,670	1,560	1,235	291	245	6	9,962
2003	1,910	1,300	5,385	1,700	1,305	317	265	6	12,188
2004	1,925	1,395	6,160	1,800	1,375	340	280	7	13,282
Thereafter	—	88,580	334,675	27,990	20,955	12,936	6,455	586	492,177
	$ 6,075	94,660	358,920	35,795	27,165	16,183	7,680	616	547,094

(10) Pension Plan

Upon meeting certain eligibility requirements, the Agency's employees are eligible to participate in a non-contributory defined contribution pension plan. For the year ended June 30, 1999, the Agency had a total payroll of $1,580,014, of which $1,547,137 was covered by the pension plan. The Agency's contribution to the Plan is 10% of the covered payroll. Employees vest in benefits under the Plan 20% per year of service and are fully vested after five years. Forfeitures of nonvested benefits by terminated employees reduce the Agency's contribution. The cost of the plan was $150,548 for the year ended June 30, 1999, and is included in salaries and benefits expense.

(11) Loss on Bond Redemptions

During the year ended June 30, 1999, the Agency redeemed $60,000,000 of its Single Family Home Mortgage Purchase Program Bonds, $33,840,000 of its Single Family Housing Program Bonds, and $290,500 of its Multi-Family Direct Placement Program Bonds. Loss on bond redemptions of $1,555,468 was recognized which represents the unamortized balance of bond discount and cost of issuance expenses associated with the bonds retired.

Following is a summary of the redeemed bonds:

Single Family Home Mortgage Purchase Program			Single Family Housing Program			Multi-Family Direct Placement Program		
1988 Series B	$	53,310,000	Series 1	$	11,370,000	Enosburg Housing Program	$	290,500
1989 Series A		6,690,000	Series 2		15,755,000			
			Series 4		1,775,000			
	$	60,000,000	Series 5		4,940,000			
				$	33,840,000			

(12) Commitments and Contingencies

At June 30, 1999, the Agency had outstanding commitments in the amount of $6,329,886 to purchase or finance mortgage loans pursuant to its normal funding from bond proceeds. In addition, there were commitments of $8,571,883 for general loans or future program subsidy purposes.

The Agency has payment of losses limited to 5% of the original mortgage loan amount incurred on mortgages purchased under the Down Payment Assistance Program. Under terms of the program, 500 mortgages are expected to be originated. As of June 30, 1999, $30,491,552, representing 471 mortgages have been purchased under the program. Legislation has been enacted which requires interest earned on real estate deposits to be placed into a fund, which is directed to the Agency to be used to assist in the payment of losses under the program.

Under the Single Family Mortgage Programs, the Agency has obtained irrevocable letters of credit to satisfy the requirements of certain bond resolutions. The letters of credit available at June 30, 1999 to pay losses incurred on mortgage loans are as follows:

		Amount	Expiration Date
Housing Program Bonds:			
Series 1	$	467,125	12/21/99
Series 2		771,747	01/12/01
Series 6		1,110,000	12/21/99
Series 7		786,250	01/12/01
Total	$	3,135,122	

There were no amounts outstanding under the letters of credit as of June 30, 1999. In addition to the letters of credit, the Agency has obtained surety bonds in the amount of $6,606,457 expiring between 2031 and 2037.

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency manages these risks through purchasing commercial insurance packages in the name of the Agency. The Agency has not experienced settled claims resulting from these risks which have exceeded its commercial insurance coverage. In addition, the Agency's bylaws provide for the indemnification of Agency commissioners and officers by the Agency. The Agency has not purchased commercial insurance coverage or otherwise reserved assets of the Agency in connection with this indemnification requirement.

(13) Subsequent Events

In July 1999, the Agency redeemed the 1976 Series A and the 1977 Series A bonds of the Insured Mortgage Purchase Program, totalling $6,075,000.

In August 1999, the Agency issued $26,000,000 of bonds and $30,000,000 of notes under the Single Family Housing Bonds, Series 11. The bond proceeds will be used to purchase single family mortgages, while the note proceeds are invested in guaranteed investment contracts. The Agency has obtained surety bonds in the amount of $450,902 expiring in 2030 in connection with these bonds.

In September 1999, the Agency issued $4,185,000 of Multi-Family Mortgage Bonds, 1999 Series B. The proceeds of the issue will be used to finance two developments representing 84 units of affordable rental housing.

(14) Required Supplementary Information – Year 2000 (Unaudited)

Software applications that use only two digits to identify a year in the date field may fail or create errors in the year 2000 ("Year 2000 Issues"). The Agency's internal computer equipment, software and devices with embedded technology, including both information system and non-information systems (together, "Internal Use System") could fail to operate properly or as expected due to Year 2000 Issues. This could result in a system failure or miscalculations causing disruption of the Agency's operations, including, among other things, a temporary inability to process transactions, conduct communications, or engage in other normal business activities.

The Agency has undertaken various initiatives intended to address Year 2000 Issues with respect to Internal Use Systems. The Agency has established a Year 2000 Committee that reports to the Agency's Board of Commissioners and senior management. The Agency has formulated a Year 2000 Plan, designed to insure the Year 2000 readiness of all systems. The Agency has engaged independent experts to assist in its efforts with respect to the Year 2000 Issues. The Agency has completed contingency planning to address personnel, resource and technical Year 2000 Issues relating to foreseeable scenarios that develop despite its current and planned remediation efforts. As of July 31, 1999, all of the Agency's critical systems have been tested. The Agency's Year 2000 Plan encompasses all areas of the Agency, not just information technology. To adequately assess the Year 2000 problem, the Year 2000 Committee reviews and updates detailed inventories of all major applications, major hardware, environmental systems, office equipment, desktop environment, vendors and housing partners. The Agency has developed criticality guidelines, using a ranking system to identify the level of impact of each item on the Agency. Each item is assigned a criticality factor and the level for testing and contingency planning correlates with these criticality priorities.

The Agency utilizes an integrated computer system that enables it to monitor mortgage loan performance, portfolio investments and indenture cash balances.

The Agency is monitoring the progress of its product and service vendors and housing partners toward Year 2000 readiness. The Agency has mailed letters or otherwise communicated with many of its significant vendors of Internal Use Systems and related service providers to determine the extent to which Year 2000 Issues affect products and services of such vendors and partners. The Agency has received responses from all vendors of critical applications and services who have all indicated that their products are Year 2000 ready. Monitoring will continue through 1999, as the Agency continues to receive progress reports from such vendors and partners. Due to uncertainties associated with vendors, service providers and housing partners, the Agency is unable to predict whether Year 2000 Issues involved in its Internal Use Systems will have a material adverse effect on the Agency's business, results of operations, or financial condition, despite the Agency's current assessment to the contrary. The Agency currently believes that Year 2000 Issues will not pose significant operational problems for the Agency.

KPMG

One Church Street
P.O. Box 564
Burlington, VT 05402

September 30, 1999

The Commissioners of
Vermont Housing Finance Agency
Burlington, Vermont

Dear Ladies and Gentlemen:

We have audited the financial statements of Vermont Housing Finance Agency (the "Agency") for the period ended June 30, 1999, and have issued our report thereon dated September 30, 1999. Under generally accepted auditing standards, we are providing you with the attached information related to the conduct of our audit.

Our Responsibility Under Generally Accepted Auditing Standards

We have a responsibility to conduct our audit in accordance with generally accepted auditing standards. In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected.

In addition, in planning and performing our audit, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control.

Furthermore, our audit, including the limited inquiries we made in connection with the Year 2000 issue, was not designed to, and does not, provide any assurance that a Year 2000 issue which may exist will be identified, on the adequacy of the Agency's remediation plans related to Year 2000 financial or operational issues, or on whether the Agency is or will become Year 2000 compliant. Year 2000 compliance is the responsibility of management.

Significant Accounting Policies

The significant accounting policies used by the Agency are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 1999. We noted no transactions entered into by the Agency during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

KPMG LLP KPMG LLP, a U.S. limited liability partnership, is a member of KPMG International, a Swiss association.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

Management's estimate of the allowance for loan losses is based on the greater of a three-year historical average of loan losses incurred or current year loan losses on a program by program basis. Real estate owned is carried at the lower of cost or fair value of the properties held less estimated costs to sell. Management establishes a valuation allowance for real estate owned as considered necessary. We evaluated the key factors and assumptions used to develop these allowances in determining that the allowance for loan losses and the valuation allowance for real estate owned are reasonable in relation to the financial statements of the Agency taken as a whole.

Adjustments Arising from Our Audit

During the course of our audit we worked with management to record various adjustments to the Agency's financial statements. We proposed no corrections of the financial statements that could, in our judgment, either individually or in the aggregate, have a significant effect on the Agency's financial reporting process.

Disagreements With Management

There were no disagreements with management on financial accounting and reporting matters that, if not satisfactorily resolved, would have caused a modification of our report on the Agency's financial statements.

Consultation With Other Accountants

To the best of our knowledge management has not consulted with or obtained opinions, written or oral, from other independent accountants during the past year that were subject to the requirements of AU 625, "Reports on the Application of Accounting Principles."

Major Issues Discussed With Management Prior to Retention

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no serious difficulties in dealing with management in performing our audit.

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This information is intended solely for the use of the Board of Commissioners and is not to be used for any other purposes.

Very truly yours,

KPMG LLP

KPMG

One Church Street
P.O. Box 564
Burlington, VT 05402

September 30, 1999

The Commissioners
Vermont Housing Finance Agency

Ladies and Gentlemen:

We have audited the financial statements of Vermont Housing Finance Agency (the "Agency") for the year ended June 30, 1999, and have issued our report thereon dated September 30, 1999. In planning and performing our audit of the financial statements of the Agency, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. A material weakness is a condition in which the design or operation of internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. However, we noted no matters involving internal control and its operation that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the Commissioners, management and others within the organization.

Very truly yours,

KPMG LLP

25 years 1974 1999 vhfa Vermont Housing Finance Agency

November 1, 1999

Ms. Mary Moore
Vermont Department of Libraries
109 State Street
Montpelier, VT 05609

Dear Ms. Moore:

The Vermont Housing Finance Agency Board of Commissioners will have its regular meeting on Thursday, November 11th from 11:00 a.m. – 12:00 p.m. at the Ten Acres Lodge in Stowe, Vermont.

If you have any questions, please do not hesitate to contact me at 652-3413.

Sincerely,

Kari Caragher

Kari A. Caragher
Executive/HR Assistant

25 years
1974 1999
vhfa
Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director SC

DATE: November 5, 1999

RE: **CONFIRMATION OF UPCOMING BOARD MEETING**

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held on November 11th at 11:00 a.m. at the Ten Acres Lodge, Stowe, Vermont.

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

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Stowe on November 11th!

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

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director SC

DATE: November 1, 1999

RE: BOARD RETREAT NOVEMBER 11TH & 12TH

The Board Retreat will begin on Thursday, November 11th at 11:00 a.m. at the Ten Acres Lodge in Stowe, Vermont.

Following are directions to Ten Acres Lodge:

<u>FROM THE SOUTH</u>: Interstate 91 North to Interstate 89 North (Exit 10N Barre – Montpelier). Once on 89 North, approximately one hour to Exit 10N (Waterbury – Stowe). Bear to the right off Exit 10 onto Route 100 North and proceed approximately ten miles into Stowe Village. **See directions below for Stowe Village.**

<u>FROM THE NORTH</u>: Interstate 89 South to Exit 10 (Stowe-Waterbury). Make a left off Exit onto Route 100 North and proceed approximately ten miles into Stowe Village. **See directions below for Stowe Village.**

<u>FROM STOWE VILLAGE</u>: At blinking stoplight make a left onto Route 108 (also known as the Mountain Road) and proceed approximately 2 ½ miles to Luce Hill on the left (you will see a sign for "alternate rt. To 89). Turn onto Luce Hill and continue on about half a mile. Take a left onto Barrows Road then an immediate right. Welcome to Ten Acres Lodge!

If you have any questions, please call me at 652-3421. See you in Stowe on November 11th!

25 years 1974 1999
vhfa
Vermont Housing Finance Agency

BOARD AGENDA

Ten Acres Lodge
Stowe, Vermont

Thursday, November 11th, 1999 at 11:00 a.m.

1. **DEVELOPMENT**
   A. Multifamily Loan Application for the Gardens at Williamstown Square {Reid/Enclosure}

2. **FINANCE**
   A. Intent Resolution {Schoenbeck/Enclosure}
   B. Multifamily Bond Refunding {Schoenbeck/Enclosure}
   C. Energy Efficiency Utility Initiative {Schoenbeck/Enclosure}

3. **OTHER ENCLOSURES**
   A. Audit and Financial Reports
   B. Short Term Outlook for the Vermont Economy, Jeff Carr
   C. Holiday Party Invitation

12:00 p.m. – 1:00 p.m.
Board and staff lunch

1:00 p.m. – 5:30 p.m.
Strategic Planning Session – VHFA in the Next 12 – 18 Months

6:00 p.m.
Reception and Dinner

Please see back page for day 2 of Retreat

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EQUAL HOUSING OPPORTUNITY

RETREAT AGENDA
Friday, November 12th

7:30 a.m.
Board breakfast with David Wagner

8:00 a.m.
Staff breakfast (separate from the Board)

9:00 a.m.
Consensus from Board and staff regarding near future

10:00 a.m. – 12:00 p.m.
VHFA – Long Range Initiatives

12:00 p.m.
Board lunch with Sarah

25 years 1974 1999 vhfa Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter CR

DATE: November 4, 1999

RE: Multifamily Loan Application for The Gardens at Williamstown Square

Name:	The Gardens at Williamstown Square	**Location:**	Williamstown
Housing Type:	Elderly	**Unit Type:**	Elevator
Total Units:	30	**Unit Sizes:**	0 Br (450 sf); 1 Br (575 sf); 2 Br (725 sf)
Total Cost:	$2,482,837	**Per Unit Cost:**	$82,761
Loan Requested:	$1,973,000 construction and permanent	**Housing Credits:**	$21,173
Other Funding:	Developer Equity, Housing Credits (4% out of cap)		
Sponsor:	The Gardens Limited Liability Limited Partnership (Richard Dybvig, principal)		

The Board approved the issuance of a Letter of Interest to finance this assisted living development at the August meeting. The development consists of 30 new construction full living units attached to a historic brick building which will contain common areas, kitchen, dining room, living room, library and administrative offices. The developer intends to construct a second phase of 20 additional assisted living units in the future. The median and market rents cover a basic service package which includes initial screening and development of individualized resident "service plans", one meal daily, weekly housekeeping, weekly linen service, activities and transportation, an exercise program, lifeline service with onsite 24 hour response system, cable and utilities. The tax credit unit residents can obtain the same package at a discounted rate which is in addition to their monthly rent. Personal care will be provided by a licensed home health care organization. There will be three levels of care available. This will allow residents to age in place, taking advantage of more services and assistance as needed. Rates appear to be competitive given the market data we have received and the quality of the proposed development.

The developer has submitted Act 250 and local permit applications, and anticipates obtaining permits by the end of January. A market study has been completed by John Ryan of Development Cycles. It cites a number of positive factors of the proposed project and states that it is feasible and also comes with some risk. It outlines measures to minimize the risk involved including aggressively networking with area health care, aging and other professionals, aggressive outreach effort to potential residents and their adult children, the continuation of area focus groups, maintaining the project's pricing advantage over competitors, and attracting slightly younger residents. The developer and manager enjoy a positive reputation in the area (have owned and managed the adjacent Section 8 elderly project for 20 years) and are actively working on the outreach suggested in the market study in the development of the project. An appraisal has been ordered and we anticipate its completion by the end of November.

We are recommending a higher than our standard limit (which is 10% of initial equity after taxes) on annual owner distributions for this project. The project will be financed using a tax exempt bond and the 4% out of cap housing credit. In addition, equity investors are investing in the cash flow, so are providing a higher amount of equity than usual for a tax credit deal. Because the project is not utilizing other public resources, and because the equity investors are providing a higher amount of equity than usual for a tax credit development, we are recommending a limit of up to 15% of equity for this project.

VHFA's loan is financing the provision of services as well as the real estate because this is an assisted living development and not just rental housing. The value of the services beyond the real estate alone is approximately 25% (depending on assumptions used). In order to mitigate the risk associated with lending beyond the value of the real estate alone, we are proposing the following: First, a personal guarantee from the developer through the end of the first year of full occupancy; Second, an operating reserve capitalized upfront and maintained which represents approximately three months of real estate and service operating costs. Owner Distributions will be contingent upon the account being fully funded, as well as review of audited financials and no outstanding legal or management issues.

Lastly, in order to monitor the services provided at this facility, in addition to our annual physical inspections, management staff will conduct a survey of residents to determine that the quality and availability of services meet with the development's service plan.

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 A COMMITMENT LETTER RE: CONSTRUCTION AND PERMANENT FINANCING FOR THE GARDENS AT WILLIAMSTOWN SQUARE, WILLIAMSTOWN

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 Gardens Limited Liability Limited Partnership, a to-be-formed limited partnership whose general partner will be Tunbridge Limited Liability Company, Richard Dybvig as principal, involving the acquisition, rehabilitation, and construction of 30 units of rental housing in the Town of Williamstown (the "Development"); and

WHEREAS, this Development has been the subject of prior action by the Agency on August 19, 1999; and

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $2,000,000 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 first mortgage loan in the amount of up to $2,000,000 as term financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed150 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 Cynthia Reid, dated November 4, 1999, 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 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 is authorized, in her discretion, to issue a Commitment Letter for a first mortgage loan to a to-be-formed limited partnership for construction financing in an amount not to exceed $2,000,000; and the long term financing of the Development in an amount not to exceed $2,000,000. The term of the construction loan will be 18 months; and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The term of the permanent loan will be thirty years; the amortization period forty years; and the interest rate not more than 150 basis points above the Agency's cost of funds.

2. The Sponsor shall be responsible for loan fees. 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 Commitment Letter 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 satisfactory to VHFA prior to closing that demonstrates adequate value in the project;

    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 a written property tax estimate;

    e) Sponsor must provide final plans and specifications for VHFA review and approval prior to VHFA loan closing;

f) 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;

g) Sponsor must provide a final service plan satisfactory to VHFA prior to closing;

h) Sponsor must provide a marketing plan satisfactory to VHFA prior to closing;

i) Sponsor must provide a personal guarantee satisfactory to VHFA through the end of the first year of full occupancy;

j) Sponsor must certify that the project meets the building codes applicable to a mid level Level III Community Care Home.

4. 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.

05-Nov-1999	Williamstown ALF Phase I			
Total Residential Units:	30	Increase in Income from HC Units:	1.50%	
Housing Credit Restricted Units	7	Increase in Income from Median & Market Rents:	2.20%	
Percent Restricted:	23.33%	Increase in Income from Other Sources:	2.00%	
Total Development Cost:	2,482,837	Expense increase:	3.00%	
Total Development Cost per Un	82,761	Housing Credit Units Vacancy Rate:	3.00%	
Total Development Cost Per SF	153	Median & Market Vacancy Rate:	7.00%	
		Partner's Tax Rate:	35%	
Max Credit Potential:	21,173	Long Depreciation Schedule:	27.5	years
Credit Amount Allocated:	21,173	Short Depreciation Schedule:	7	years
		Sponsor's Estimated Yield:	178%	
LIHTC - 9%	8.46%	November-99		
LIHTC - 4%	3.63%			

SOURCES		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	1,973,000	79.47%	7.75%	40	30
Deferred Developer's Fee	136,000	5.48%	6.00%	15	15
Other Debt	0	0.00%	0.00%	0	0
Tax Credit Equity	374,128	15.07%	N/A	N/A	N/A
TOTAL SOURCES	2,483,128	100.01%			
Construction Loan Amount	1,973,000				
USES					
Acquisition	229,000	9.22%			
Construction Hard Costs	1,603,031	64.56%			
Soft Costs	650,806	26.21%			
TOTAL USES	2,482,837	100%			
Gap	(291)				

PER UNIT COST LIMIT CALCULATION			
	per unit limits	number of units	
0 Br	84,390	12	1,012,680
1 Br	90,140	15	1,352,100
2 Br	95,890	3	287,670
3 Br	101,637	0	0
4 Br	107,390	0	0
Maximum cost allowed under the per unit cost limits			2,652,450
Projected total cost, excluding cash accounts			2,347,837
		(over)/under	304,613

General Partner's Capital Contribution	3,741	1.00%
Limited Partner's Capital Contribution	370,387	99.00%
Total Equity	374,128	

APPLICABLE FRACTION CALCULATION	
Tax Credit Restricted Units	7
Total Units	30
Unit Fraction	23.33%
Tax Credit Square Footage	3,275
Total Residential Square Footage	16,200
Square Footage Fraction	20.22%
Applicable Fraction	20.22%

form revision date: 2/19/97

		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Carryover Budget
	ACQUISITION						
1	Land	24,200					
2	Purchase of Building(s)	195,800	195,800		0		
3	Demolition (without replacement)	0					
4	Property Appraisal	0	0		0		
5	Legal - Title and Recording	9,000	0		0		
	Subtotal - Acquisition	229,000					
	CONSTRUCTION HARD COSTS						
6	Rehabilitation	104,650		104,650	104,650		
7	New Building(s)	1,031,500		1,031,500	1,031,500		
8	Accessory Buildings	0					
9	Sitework	100,000		100,000	100,000		
10	Commercial Space Costs (if any)	0					
11	General Requirements	74,169		74,169	74,169		
12	Contractor Overhead	37,085		37,085	37,085		
13	Contractor Profit	37,085		37,085	37,085		
14	Construction Contingency	80,000		80,000	80,000		
15	Construction Management	0		0	0		
16	Construction Bond Fee	18,542		18,542			
17	Hazardous Materials Abatement	0		0	0		
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Equipment	120,000		120,000			
20	Other ( )	0					
	Subtotal - Hard Costs	1,603,031					
	SOFT COSTS						
21	Architectural	55,627		55,627	55,627		
22	Engineering	0					
23	Legal/Accounting	10,000		10,000	10,000		
24	Relocation	0		0	0		
25	Environmental Assessment	1,000		1,000	1,000		
26	Energy Assessment	0		0	0		
27	Permits/Fees	20,000		20,000	20,000		
28	Marketing	30,000					
29	Construction Period Insurance	10,000		10,000	10,000		
30	Construction Interest	85,000		85,000	85,000		
31	Construction Loan Origination Fee	26,000		26,000	26,000		
32	Taxes During Construction	3,000		3,000	3,000		
33	Clerk of the Works	0		0	0		
34	Marketing	0					
35	Tax Credit Fees	1,013		1,013	1,013		
36	Soft Cost Contingency	3,166		3,166	3,166		
37	Permanent Loan Origination Fee	0					
38	Lenders Building Inspector	5,000		0			
39	Audit/Cost cert	5,000		0	0		
	SYNDICATION COSTS						
40	Organizational (Partnership)	10,000					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES						
44	Developer Fee	236,000		236,000	236,000		
45	Development Consultant Fee	15,000		15,000	15,000		
46	Consultant Fees	0		0	0		
	RESERVES						
47	Working Capital	135,000					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves	0					
50	Sinking Fund	0					
51	Replacement Reserves	0					
	Subtotal - Soft Costs	650,806					
	TOTALS	2,482,837	195,800	2,068,837	1,930,295		
LESS:	Amount of Non-qualified Financing			0			
LESS:	Historic tax Credit (Residential Portion)			0			
LESS:	Cost Overage				0		
	Total Eligible Basis		195,800	2,068,837			
TIMES:	Adjusted for QCT/DDA	130%		2,689,488			
TIMES:	Applicable Fraction	20.22%	39,583	543,708			
	Total Qualified Basis		39,583	543,708	1,930,295	Long Term Depreciable Basis	
TIMES:	Applicable Percentage		3.63%	3.63%	27.5	Depreciation Schedule	
	Total Annual Credit Qualified		1,437	19,737	70,193	Annual Depreciation	
	Total Tax Credits Requested	21,173		21,173	120,000	Short Term Depreciable Basis	
	Estimated Net Syndication Proceeds **(excluding historic credit equity)**	374,128			7	Depreciation Schedule	
	Estimated Yield - Housing Credit Syndicat	178%			17,143	Annual Depreciation	
	Equity Gap	374,128					
	Credits Needed to fill Equity Gap	21,173					

05-Nov-99	Williamstown ALF Phase I									
									595	
HC Restricted Units		Average		Average		Total		Daily	Daily Rate	% Median
Bedrooms	Type	Square Feet	Number	Rent	Utilities	Annual Rent		Rent	W/ Services	
0 Br		450	6	340		24,480		$ 11.18	24.67	38%
1 Br		575	1	364		4,368		$ 11.97	25.47	40%
2 Br		725	0	436		0				43%
	Totals	3,275	7			28,848				
VHFA Restricted Units		Average		Average		Total				
Bedrooms	Type	Square Feet	Number	Rent	Utilities	Annual Rent				
0 Br		450	5	1,090		65,400		$ 36.33	56.17	77%
1 Br		575	4	1,390		66,720		$ 46.33	66.17	93%
2 Br		725	0	0		0				
	Totals	4,550	9			132,120				
Market Units										
Bedrooms	Type	Square Feet	Number	Rent	Utilities	Annual Rent				
0 Br		450	1	1,390		16,680		$ 46.33	66.17	
1 Br		575	10	1,690		202,800		$ 56.33	76.17	
2 Br		725	3	1,990		71,640		$ 66.33	86.17	
	Totals	8,375	14			291,120				
All Units										
	Grand Totals	16,200	30			452,088				
	Less Vacancy	Housing Credit Units		3.00%	(865)					
	Less Vacanc	Less Vacancy		7.00%	(29,627)					
		Total Vacancy				(30,492)				
					NET RENT	421,596				
		OTHER INCOME								
Monthly Services Income from HC Units					Total Monthly	Total Annual				
		Amount	3 Units							
		400	4		1,600	19,200				
Extra Meals		Per Meal Fee	Meals/Mo	Meals/Yr						
		3	450	5,400		23,400				
		(15 people for 2 meals additional)								
Laundry	2.00	20	Loads/Week			2,080				
Respite Care		# Rooms	Daily Rate	ays/Rm/Wk						
		2	125	2		26,000				
Addit'l Housekeep/Laundry		Cost/Month	Cost/Yr	# People						
		100	1,200	10		12,000				
				Total Annual	Other Income	82,680				
					TOTAL INCOM	504,276				

05-Nov-99	Williamstown ALF Phase I				Real Estate Only				Services Only				
			Per Unit				Per Unit				Per Unit		
	Annual	Monthly	Per Month		Annual	Monthly	Per Month		Annual	Monthly	Per Month		Totals
Salaries													
Administration	40,000	3,333	111	7.9%	12,600	1,050	35		27,400	2,283	76		40,000
Buildings & Grounds	10,000	833	28		10,000	833	28		0	0	0		10,000
Dietary	30,000	2,500	83		0	0	0		30,000	2,333	78		28,000
Housekeeping	14,000	1,167	39		0	0	0		14,000	1,250	42		15,000
Kitchen Aide, Laundry	28,000	2,333	78		0	0	0		28,000	2,333	78		28,000
Other (Activity Dir, Driver)	15,000	1,250	42		0	0	0		15,000	1,250	42		28,000
Benefits	34,250	2,854	95		2,500	208	7		31,750	2,646	88		34,250
TOTAL ANNUAL SALARIE	171,250	14,271	476		25,100	2,092	70		146,150	12,179	406		171,250
Administration													
Legal/Audit	4,000	333	11		4,000	333	11		0	0	0		4,000
Advertising/Travel/Training	2,500	208	7		625	52	2		1,875	156	5		2,500
Dietary	42,000	3,500	117		0	0	0		42,000	3,500	117		42,000
Housekeeping	5,250	438	15		0	0	0		5,250	438	15		5,250
Nursing Service	2,000	167	6		0	0	0		2,000	167	6		2,000
Other - Programs, Auto	7,000	583	19		0	0	0		7,000	583	19		7,000
TOTAL ADMINISTRATION	62,750	5,229	174		4,625	385	13		58,125	4,844	161		62,750
Utilities													
Electricity	10,500	875	29		10,500	875	29		0	0	0		10,500
Fuel	6,000	500	17		6,000	500	17		0	0	0		6,000
Water and Sewer	7,500	625	21		7,500	625	21		0	0	0		7,500
Cable TV/ Fire	2,400	200	7		2,400	200	7		0	0	0		2,400
Telephone	2,500				1,250				1,250				2,500
Gas	1,050	88	3		1,050	88	3		0	0	0		1,050
TOTAL UTILITIES	29,950	2,496	83		28,700	2,392	80		1,250	104	3		29,950
Maintenance													
Maintenance & Repairs	7,000	583	19		7,000	583	19		0	0	0		7,000
Supplies	2,100	175	6		2,100	175	6		0	0	0		2,100
Exterminating		0	0			0	0		0	0	0		0
Trash Removal	1,400	117	4		1,400	117	4		0	0	0		1,400
Snow Removal	1,000	83	3		1,000	83	3		0	0	0		1,000
Grounds	1,600	133	4		1,600	133	4		0	0	0		1,600
Repairs Material		0	0			0	0			0	0		0
Repairs Contract		0	0			0	0			0	0		0
HVAC Repairs / Maintenance		0	0			0	0			0	0		0
Elevator Contract / Repairs		0	0			0	0			0	0		0
Decorating	700	58	2		700	58	2		0	0	0		700
Other		0	0			0	0			0	0		0
TOTAL MAINTENANCE	13,800	1,150	38		13,800	1,150	38		0	0	0		13,800
Real Estate Taxes	25,000	2,083	69		25,000	2,083	69		0	0	0		25,000
Property Insurance	5,400	450	15		3,000	250	8		2,400	200	7		5,400
Replacement Reserves	9,000	750	25		9,000	750	25		0	0	0		9,000
Primary Debt Service	160,197	13,350	445		55,171	4,598	153		105,026	8,752	292		160,197
Other "must pay" debt service	13,772	1,148	38		4,743	395	13		9,029	752	25		13,772
Other		0	0			0	0			0	0		0
Total	491,118	40,927	1,364		169,139	14,095	470		321,979	26,832	894		491,118
					109,225		34%		207,925		66%		
	p.u.m. exl ds & res	856			p.u.m. excl ds & res		278		p.u.m. excl ds & res		578		
	317,150				100,225		278						
	321,922				100,800		280						
	26,827				7,560		21						

form revision date: 2/19/97

05-Nov-99		Williamstown ALF Phase I														
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross HC Rent		28,848	29,281	29,720	30,166	30,618	31,077	31,544	32,017	32,497	32,985	33,479	33,981	34,491	35,009	35,534
Gross Median Rent		132,120	135,027	137,997	141,033	144,136	147,307	150,548	153,860	157,245	160,704	164,239	167,853	171,545	175,319	179,177
Gross Market Rent		291,120	297,525	304,070	310,760	317,596	324,584	331,724	339,022	346,481	354,103	361,894	369,855	377,992	386,308	394,807
Vacancy - HC Units		(865)	(878)	(892)	(905)	(919)	(932)	(946)	(961)	(975)	(990)	(1,004)	(1,019)	(1,035)	(1,050)	(1,066)
Vacancy - Median & Market Units		(29,627)	(30,279)	(30,945)	(31,626)	(32,321)	(33,032)	(33,759)	(34,502)	(35,261)	(36,037)	(36,829)	(37,640)	(38,468)	(39,314)	(40,179)
Other Income		82,680	84,334	86,020	87,741	89,495	91,285	93,111	94,973	96,873	98,810	100,786	102,802	104,858	106,955	109,095
Total Operating Income		504,276	515,009	525,971	537,169	548,606	560,289	572,221	584,410	596,860	609,576	622,565	635,833	649,385	663,227	677,367
Operating Expenses																
Total Expenses (excl. Reserves)		308,150	317,395	326,916	336,724	346,826	357,230	367,947	378,986	390,355	402,066	414,128	426,552	439,348	452,529	466,105
Reserves		9,000	9,180	9,364	9,551	9,742	9,937	10,135	10,338	10,545	10,756	10,971	11,190	11,414	11,642	11,875
Total Operating Expense		317,150	326,575	336,280	346,275	356,567	367,167	378,083	389,324	400,900	412,822	425,099	437,742	450,762	464,171	477,980
Net Operating Income		187,126	188,434	189,691	190,894	192,039	193,122	194,139	195,086	195,959	196,754	197,466	198,091	198,622	199,056	199,387
Less Primary Debt Service		160,197	160,197	160,197	160,197	160,197	160,197	160,197	160,197	160,197	160,197	160,197	160,197	160,197	160,197	160,197
Less Developer Loan Payment		13,772	13,772	13,772	13,772	13,772	13,772	13,772	13,772	13,772	13,772	13,772	13,772	13,772	13,772	13,772
Annual Cash Flow		13,157	14,466	15,723	16,926	18,071	19,153	20,171	21,118	21,991	22,786	23,498	24,122	24,654	25,088	25,419
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		13,157	14,466	15,723	16,926	18,071	19,153	20,171	21,118	21,991	22,786	23,498	24,122	24,654	25,088	25,419
DCR		117%	117.63%	118.41%	119.16%	119.88%	120.55%	121.19%	121.78%	122.32%	122.82%	123.27%	123.65%	123.99%	124.26%	124.46%
Cumulative Cash Flow																
Beginning Balance		75,000	75,000	77,625	80,342	83,154	86,064	89,076	92,194	95,421	98,761	102,217	105,795	109,498	113,330	117,297
Interest	3.5%	0	2,625	2,717	2,812	2,910	3,012	3,118	3,227	3,340	3,457	3,578	3,703	3,832	3,967	4,105
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Reserve Deposit																
Return on Equity		13,157	14,466	15,723	16,926	18,071	19,153	20,171	21,118	21,991	22,786	23,498	24,122	24,654	25,088	25,419
Ending Balance		75,000	77,625	80,342	83,154	86,064	89,076	92,194	95,421	98,761	102,217	105,795	109,498	113,330	117,297	121,402
Cumulative Replacement Reserves																
Beginning Balance		0	9,000	18,495	28,506	39,055	14,163	24,596	35,592	47,176	59,372	36,206	48,444	61,330	74,891	89,154
Interest	3.5%	0	315	647	998	1,367	496	861	1,246	1,651	2,078	1,267	1,696	2,147	2,621	3,120
Withdrawals*		0	0	0	0	(36,000)	0	0	0	0	(36,000)	0	0	0	0	(36,000)
Ending Balance		9,000	18,495	28,506	39,055	14,163	24,596	35,592	47,176	59,372	36,206	48,444	61,330	74,891	89,154	68,150
*Assumed use	1,200	every 5 years per unit														
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		187,126	188,434	189,691	190,894	192,039	193,122	194,139	195,086	195,959	196,754	197,466	198,091	198,622	199,056	199,387
Plus Reserves		9,000	9,180	9,364	9,551	9,742	9,937	10,135	10,338	10,545	10,756	10,971	11,190	11,414	11,642	11,875
Less Interest Expense		(160,646)	(159,684)	(158,650)	(157,541)	(156,351)	(155,072)	(153,700)	(152,226)	(150,643)	(148,943)	(147,118)	(145,157)	(143,051)	(140,788)	(138,357)
Less Long Depreciation		(70,193)	(70,193)	(70,193)	(70,193)	(70,193)	(70,193)	(70,193)	(70,193)	(70,193)	(70,193)	(70,193)	(70,193)	(70,193)	(70,193)	(70,193)
Less Short Depreciation		(17,143)	(17,143)	(17,143)	(17,143)	(17,143)	(17,143)	(17,143)	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(51,856)	(49,405)	(46,931)	(44,432)	(41,905)	(39,349)	(36,761)	(16,994)	(14,331)	(11,626)	(8,873)	(6,068)	(3,207)	(282)	2,712
Cash Flow		13,157	14,466	15,723	16,926	18,071	19,153	20,171	21,118	21,991	22,786	23,498	24,122	24,654	25,088	25,419
Plus Tax Savings		18,149	17,292	16,426	15,551	14,667	13,772	12,866	5,948	5,016	4,069	3,106	2,124	1,122	99	(949)
Plus Tax Credits		21,173	21,173	21,173	21,173	21,173	21,173	21,173	21,173	21,173	21,173					
After Tax Cash Flow		52,480	52,931	53,322	53,650	53,910	54,099	54,210	48,239	48,180	48,028	26,604	26,246	25,776	25,187	24,469
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		52,480	52,931	53,322	53,650	53,910	54,099	54,210	48,239	48,180	48,028	26,604	26,246	25,776	25,187	24,469
ture Value of Cash Flows at Yr 15:		287,253	258,677	232,670	209,019	187,530	168,022	150,328	119,438	106,511	94,799	46,885	41,299	36,214	31,594	27,406
Discount Rate:	6.00%															
Capital Contribution Number:	1	2	3													
Date of Capital Contribution:	15-Apr-00	01-Nov-00	01-Feb-01													
Amount of Capital Contribution:	37,413	261,890	74,826													
Present Value of Contributions:	37,413	253,305	71,272													
Cash Flows	(361,989)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,997,645
IRR:	12.06%															
Equity Yield:	173%															

form revision date: 2/19/97

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MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: NOVEMBER 5, 1999

RE: INTENT RESOLUTION

At the end of the last Board meeting we distributed a resolution drafted by John Wagner from Kutak Rock (our Bond counsel). Since there was not enough time to discuss the resolution, we have included another copy with this mailing.

The idea for this resolution came up when we were reviewing our options for the multi-family refunding issue. One of the objectives was to bond for any eligible projects that we may have "pre-financed" with General fund monies. Kutak Rock informed us that if we did not have an intent resolution, we would not be able to bond for those projects. This resolution solves that problem by having the Board authorize the Executive Director to issue a declaration of intent letter that would meet the requirements of tax law, so that designated pre-financed projects would be eligible for bond financing, if we choose to do so at a later date. Of course, the Board of Commissioners would have to approve the ultimate bond financing for any of these projects that would be subject to bonding. Kutak will draft the necessary pro-forma declaration letters that will qualify under the Tax Code. According to John Wagner, more and more State HFA's are taking this approach to increase the flexibility of future choices.

If you have any questions regarding the contents of this memorandum or the resolution attached, feel free to contact Sarah or me at your convenience.

Recommended Board Action
Approval of the attached resolution.

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

EQUAL HOUSING OPPORTUNITY

VERMONT HOUSING FINANCE AGENCY
RESOLUTION DESIGNATING AND AUTHORIZING THE EXECUTIVE DIRECTOR TO DECLARE OFFICIAL INTENT OF THE AGENCY FOR FEDERAL TAX LAW PURPOSES

WHEREAS, the Vermont Housing Finance Agency (the "Agency") from time to time makes original expenditures with its general unrestricted or other funds with the intent of financing such expenditures at a later date with the proceeds of an obligation (reimbursement bonds); and

WHEREAS, the Internal Revenue Code and related Treasury Regulations ("Federal Tax Laws") impose certain requirements with respect to the issuance of reimbursement bonds, one of which is that the bond issuer declare its official intent to reimburse the expenditure no later than 60 days after such expenditure was made (if a declaration is made concerning an expenditure, an issuer has, under current Federal Tax Laws, up to 18 months and in some cases as long as 3 years to issue reimbursement bonds for such expenditure); and

WHEREAS, the same Federal Tax Laws provide that a developer of a project can utilize tax-exempt bond proceeds to finance only those costs incurred after the issuer has declared its official intent to issue bonds for such project; and

WHEREAS, there are a variety of programs, projects and expenditures of the Agency which are expected to give rise to the foregoing Declarations.

NOW, THEREFORE, BE IT RESOLVED BY THE VERMONT HOUSING FINANCE AGENCY and the Commissioners thereof, as follows:

Section 1. The Executive Director of the Vermont Housing Finance Agency is the appropriate representative to, and hereby is authorized, empowered, and directed to:

(a) Declare the Agency's intent to reimburse original expenditures with the proceeds of reimbursement bonds or issue bonds for a particular project, for the purposes of the Federal Tax Laws; and

(b) Evidence such Declaration in writing or other form or by some other action acceptable under Federal Tax Laws.

Section 2. A Declaration of the Executive Director issued pursuant to Section 1 does not obligate the Agency to finally approve the issuance of the related bonds. Final approval of the issuance of 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 any developer, borrower or any other applicant for its refusal to do so.

Section 3. This resolution shall take effect immediately.

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Finance Agency

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: NOVEMBER 5, 1999

RE: MULTI-FAMILY BOND FINANCING

At the last Board meeting you approved the Series Resolution for the Multi-Family Mortgage Bond Resolution. Included with this memorandum is the draft Preliminary Official Statement (POS), which is near final form and an analysis by Evensen Dodge of the transaction as currently contemplated.

The schedule calls for the final version of the POS to be delivered to the printer on Monday, November 8th and then distributed to underwriting firms and brokers on Tuesday. The bonds should be released for pricing on Wednesday, November 17th and sold on Friday the 19th. We are tentatively scheduling a bond pricing call on the afternoon of Tuesday, November 16th (which also coincides with the Federal Open Market Committee meeting). A closing of the financing would occur on December 6th and 7th.

Evensen Dodge's memo covers most of the important items of the transaction. In addition to replacing the higher bond debt with lower cost bonds and creating the new 0% pool, we expect the annual takeout used to support VHFA administration will continue at the $440,000 level, plug some cash flow "holes" and continue for a longer period. We will be financing the Saxtons River project in an approximate amount of $575,000 with new proceeds and will be creating a pool of funds of about $1.5 million that can be used to rehab existing projects or be used to fund new projects that do not require tax credits. Bond counsel will provide us with specific directions for the use of those funds.

If you have any questions regarding the contents of this memorandum or the resolution attached, feel free to contact Sarah or me at your convenience.

Recommended Board Action
No action required.

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EQUAL HOUSING OPPORTUNITY

EVENSEN DODGE INC
FINANCIAL CONSULTANTS

MEMORANDUM

DATE: November 5, 1999

TO: Vermont Housing Finance Agency

FROM: Evensen Dodge Inc.

SUBJECT: Multi-Family Mortgage Bonds, 1999 Series C and D
Financial Summary

This bond issue is an economic refunding of five outstanding bond issues (1977A, 1977B, 1978A, 1979A, and 1988A) under the Multi-Family Mortgage Bonds Resolution. The outstanding bond issues have a weighted average interest rate of 7.56% and the estimated average interest rate for the refunding bond issue is 5.81%.

The estimated sources and uses of funds are shown below.

Principal Amount of Bonds	$30,610,000
Debt Service Reserve Fund Reduction	1,073,262
Funds Available in Resolution	425,876
Total Sources of Funds	$32,109,138
Redemption Account - Principal	$30,610,000
Redemption Account- Premium	52,000
Mortgage Loan Account	1,073,262
Cost of Issuance	106,000
Underwriters' Fee	267,876
Total Uses of Funds	$32,109,138

The principal amount of the bonds being issued is equal to the principal amount of bonds being redeemed. All bonds are callable at par except 1988A, which has a 2% optional redemption premium. The debt service reserve fund requirement for the refunding bonds will be less than for the refunded bonds. The reduction will be transferred to the mortgage loan account for new loans. Outstanding existing loans totaling $25.3 million will be transferred to the refunding bond issue.

The interest rate for the new loans is estimated at 7.5% based upon current market conditions and based upon taking the maximum allowable spread. The interest rate for the existing loans will not be changed and the average rate is above the maximum allowable spread for the refunding bond issue. This will result in an interest rate subsidy pool, which the Agency can use for existing or new housing loans. The estimated net present value of the excess spread is $1.7 million, subsequent to the Agency's recovery of transaction costs. The excess spread amounts to approximately $165,000 per year for the first ten years, with declining amounts thereafter, for a total of $2.8 million during the life of the bond issue.

Atlanta ✦ Boston ✦ Buffalo ✦ Chicago ✦ Dallas ✦ Des Moines ✦ Detroit ✦ Fargo ✦ Hartford
Los Angeles ✦ Minneapolis ✦ New York ✦ Orlando ✦ Phoenix ✦ San Francisco ✦ Washington

601 Second Avenue South, Suite 5100, Minneapolis, MN 55402
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In addition to providing an interest rate subsidy pool, the refunding bond issue increases the net present value amount of future revenues available to the Agency by approximately $1.5 million by re-establishing its full spread. These funds will be available for the payment of the Agency's operating costs and to increase the Agency's capital position, which will be required as the Agency increases its multifamily loan portfolio.

The Agency has been very successful in recycling loan prepayments into new loans under this Resolution. While increasing the financial strength of the Resolution, the recycling reduced the Resolution's liquidity in the years 2002 to 2006. The new maturity structure of the refunding issue replenishes the liquidity for those years.

The most recent cash flow projections used the interest rates shown below. Interest rate levels as of today are slightly lower than these rates.

Maturity	Rate	Maturity	Rate	Maturity	Rate
2001	4.50%	2006	5.10%	2011	5.60%
2002	4.65%	2007	5.20%	2012	5.70%
2003	4.75%	2008	5.30%	2013	5.80%
2004	4.90%	2009	5.40%	2021	6.15%
2005	5.00%	2010	5.50%		

The underlying ratings of the bond resolution are expected to be Aa3/AA- by Moody's and Standard & Poor's. Financial Security Assurance Inc. is insuring the bonds at a cost of 0.05% per year. The resulting higher credit ratings for the refunding bond issue of Aaa/AAA will result in lower interest rates.

The breakdown of the estimated underwriters' discount is shown below. As a comparison, the 1999 Series B bonds had an underwriters' discount of $9.81 per thousand.

	Amount	Per Thousand
Takedown	$169,788	$5.52
Management Fee	61,520	2.00
Expenses	36,568	1.19
Total	$267,876	$8.71

In conclusion, the economics of this transaction will increase the financial strength of the Agency and will provide an interest rate subsidy pool for future use.

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: NOVEMBER 5, 1999

RE: ENERGY EFFICIENCY UTILITY

We have been approached by officers of Vermont Energy Investment Corporation (VEIC) about assisting them in the financing portion of their application to be designated as the State Energy Efficiency Utility. The Energy Efficiency Utility would be responsible to create programs utilizing funds presently built into the rate structure of 22 Vermont utilities. The expected collections are $10 million a year from the utilities. VEIC has been a long time partner with VHFA in energy efficiency projects for housing.

Although this is very early in the process, the request for proposal from the State of Vermont Public Service Board requires a response by November 23rd. We are still working through some of the issues but contemplate an involvement in issuing debt (estimated at approximately $3 million) to fund shortages in cash flow from the PSB during the three-year contract agreement. The debt would be directly placed with the Chittenden Bank on a tax-exempt basis. This has the advantage of lowering the borrowing costs for VEIC and also giving Chittenden Bank additional comfort for repayment. This could be the extra commitment that VEIC needs to become the successful bidder and enable them to continue to provide special direct assistance to low and moderate income Vermonters. We have met with Chittenden Bank officials who are interested in the proposal and have expressed a desire to work more closely with VHFA. We have asked John Wagner at Kutak Rock to determine if we can issue tax-exempt debt under the 501(c)(3) authority that VEIC is qualified under. VEIC believes that even a taxable bond would make their program work. Ironically, Energy Efficiency financing has been part of our past strategic plans.

We will hopefully have some updated information at the Board meeting and also some responses from Chittenden and Kutak Rock. Some of the other issues that are being examined is what happens to the funding from utilities who either go out of business or declare bankruptcy and can the State PSB pull the plug early on the contract.

At this point we are looking to see if this initiative has the conceptual approval of the Board and whether staff should continue to expend time on the project or whether we should decline to support the initiative at this time. Another initiative that will be put out to proposal will be for a Fiscal Agent for the Energy Efficiency Utility, which would monitor, handle, administer and distribute the funds from the utilities. We just received the proposal and will review it over the next couple of days.

mailing address P.O. Box 408, Burlington, VT 05402-0408 **delivery address** 164 Saint Paul St., Burlington, VT 05401-4364
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EQUAL HOUSING OPPORTUNITY

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MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: NOVEMBER 5, 1999

RE: AUDIT AND FINANCIAL REPORTS

Due to the strategic planning schedule and given that we would like to spend some "quality time" in discussing the final audited financial statements for the fiscal year ended June 30, 1999, we have rescheduled this session until December 3, 1999. We will also be planning to discuss the final general fund budget report, the management letters connected with the audit and the result of the first quarter of operations for the first quarter of the FY2000. Our intention is to schedule these items early in the meeting to make sure that there will be adequate time for discussion.

As always if you have any questions in the meantime regarding the audited financials or the management letters presented, feel free to contact me at your convenience.

The Short-Term Outlook for the Vermont Economy

Presentation to the Board of the Vermont Housing Finance Agency

October 21, 1999

Embargoed for Public Release Until October 28, 1999

Presented By:

Jeffrey B. Carr, Vice President and Economist
Economic & Policy Resources, Inc.
P.O. Box 1660
Williston, VT 05495-1660
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E-Mail: JBC@EPR-ECONOMICS.COM

OVERVIEW OF VERMONT'S ECONOMY

As of October 28, 1999

General

Vermont, which is known as the Green Mountain State, was first settled in 1666 when the French built Fort St. Anne on Isle LaMotte in Lake Champlain. The first English settlement was in 1690 at a location that is now the southern Vermont town of Vernon. Vermont ratified the United States Constitution on January 10, 1791 and joined the Union as the fourteenth State on March 4 of the same year. Rural in character, Vermont measures 9,615 square miles (including land and water area), ranking the State 45th among the 50 states. In terms of land area only, Vermont's 9,249 square miles ranks it 43rd among the 50 states. Vermont's population as of July 1, 1998 was an estimated 591,000, a ranking of 49th among the fifty states, which is unchanged since the 1990 Census (U.S. Bureau of the Census, 1998 Mid-Year Estimates of the Resident Population). The State capital is Montpelier, with a population of 8,411 in 1997. Its largest cities and towns are Burlington, population 39,391; Rutland, population 18,107; Essex, population 17,742, Colchester, population 16,609; and Bennington, population 15,899 (1997 Mid-Year Estimates, Vermont Department of Health).

Demographic Trends

The final estimates from the 1990 Census show that Vermont's population grew by a total of 50,234 persons during the 1980s. That represented a 0.9% average annual rate of population growth for the State, a rate that was faster than either the New England region or the U.S. as a whole for the last decade. Over the period since 1990, revised mid-year provisional estimates of Vermont's population show that the State's annual average rate of population growth was 0.51% for the period between July 1, 1990 and July 1, 1998. Although that population growth rate for Vermont was slightly below the 1.01% average annual rate of population growth for the nation, it was significantly above the New England regional average of 0.24% for the period (Table 1). Vermont's 5.0% population growth rate between April 1, 1990 and July 1, 1998 was in fact the second fastest (after the State of New Hampshire) of any state in the Northeast U.S. region (mid-year estimates used for comparison).

The following table sets forth the State, New England and United States populations over the 1970 to 1998 period.

Table 1
Comparative Population Growth
Vermont, New England, United States
1970-1998

	Vermont		New England[2]		United States	
Year	Population (in Thousands)	Annual % Increase Over Preceding Period	Population (in Thousands)	Annual % Increase Over Preceding Period	Population (in Thousands)	Annual % Increase Over Preceding Period
1998[1]	591	0.38%	13,430	0.44%	270,299	0.95%
1997[1]	589	0.39%	13,372	0.40%	267,744	0.96%
1996[1]	586	0.67%	13,319	0.36%	265,190	0.92%
1995[1]	582	0.65%	13,271	0.29%	262,765	0.95%
1994[1]	579	0.85%	13,233	0.19%	260,289	0.99%
1993[1]	574	0.69%	13,208	0.18%	257,746	1.08%
1992[1]	570	0.53%	13,183	-0.11%	254,995	1.14%
1991[1]	567	0.43%	13,197	-0.17%	252,127	1.08%
1990[1]	564	NM	13,220	NM	249,439	NM
1990	563	0.96%	13,207	0.66%	248,765	0.91%
1980	511	1.41%	12,372	0.41%	227,225	1.09%
1970	445	1.32%	11,878	1.21%	203,799	1.25%

[1] Mid-year population estimates as of the year shown.
[2] The New England states are: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
NM=Not Meaningful
SOURCE: U.S. Department of Commerce, Bureau of the Census.

In 1997, the median age of the Vermont population was 36.1 years, one and two-tenths years older than the national average of 34.9 years. Among the various age groupings, Vermont has a proportionally higher concentration of persons age 18 years and older (75.3% for Vermont versus 74.0% for the United States). Vermont has below average age concentrations in the Under 5 years and Over 65 years categories, but has a slightly higher percentage of its population 85 years and older than the United States population as a whole (1.5% in 1997 for Vermont versus 1.4% for the nation). However, each of the concentrations in the over 65 years and over 85 years categories is less than the average for the entire Northeast U.S. region (New England plus New York, New Jersey and Pennsylvania).

According to the latest data from the U.S. Bureau of the Census (March 1998) the Vermont population has a significantly higher level of educational attainment than the U.S. population as a whole. Table 2 shows that a total of 86.7% of Vermont's residents aged 25 years and over have completed a high school education, a level which ranks Vermont 13th highest among the 50 states and is significantly above the 82.8% that have done so nationally. In addition, these data also show that over one-fourth of Vermont's residents (27.1%) in that same age category have received a four-year college degree. That percentage ranks Vermont 13th highest among the 50 states and compares favorably to the 24.4% of the population age 25 years and older who have received such a 4-year degree nationally.

Table 2
Educational Attainment Vermont and U.S.
Persons Aged 25 Years and Over
As of March 1998

Level of Education	Percent of Vermont Population	Vermont Rank in U.S.	Percent of U.S. Population
HIGH SCHOOL:			
High School Graduate or More	86.7%	13th	82.8%
COLLEGE:			
Bachelor's Degree or More	27.1%	13th	24.4%

SOURCE: State Rankings 1998, Morgan Quinto (Lawrence, Kansas).

An update of 1990 Census data for 1996 also indicates that Vermont's population is primarily rural. A total of 72.3% of the State's population lived outside of the State's single metropolitan area--the second highest percentage among the 50 states (trailing only the state of Montana at 76.5%). Vermont's percentage was nearly 3½ times the national average percentage of persons living outside of metropolitan areas (20.2%), and was roughly five times the average for the northeastern region.

Table 3
Metropolitan vs. Non-Metropolitan Area Population
As of April 1, 1996

	Metropolitan Population		Non-Metropolitan Population	
	Total (in Thousands)	Percentage	Total (in Thousands)	Percentage
United States	211,621	79.8%	53,498	20.2%
Northeast	46,035	89.4	5,468	10.6
New England	11,192	84.0	2,127	16.0
Vermont	162	27.7	426	72.3

SOURCE: State Rankings 1998, Morgan Quinto (Lawrence, Kansas) and 1998 Statistical Abstract of the United States

Property Valuation

Prior to 1997, equalization studies were conducted by the Vermont Department of Taxes, Division of Property Valuation and Review based on the assessed value of property as determined from the Grand Lists of all municipalities as of April 1st of the year presented. These studies calculated the ratio by jurisdiction, of the actual sales price of real property to the listed value of such property. Using such ratios, an estimate of fair market value of taxable property in each municipality was derived. Those estimates of the fair market value of taxable property in each community were then summed to determine an Aggregate Fair Market Value of taxable property for all of Vermont. From 1987 to 1992, the State's property values were equalized annually on January 1 for property values as of April 1 of the previous calendar year by the Vermont Tax Department, Division of Property Valuation and Review, for purposes of school aid distributions to municipalities. Prior to 1987 and after 1992, values were equalized every two years. Beginning in 1998, equalization studies have been conducted every year by the Division of Property Valuation and Review.

Changes to Vermont Statutes under Act 178 of the 1996 Session of the Vermont Legislature (which changed the State's Current Use Program described below) and Act 60 of the 1997 Session of the Vermont Legislature (which changed the method of local education financing in Vermont) directed the Division of Property Valuation and Review to calculate a new value called the "Equalized Education Property Tax Grand List" ("EEGL"). This new value differs from the traditional Aggregate Fair Market Value concept in two ways: (1) the Current Use Program now requires municipalities to list property enrolled in that program at their "use" value as opposed to their Fair Market Value, and (2) the definition of taxable property now reflects only the total fair market value or use value of property that is subject to taxation for school purposes. The State's Current Use Program provides for taxation of active agricultural land, farm buildings, conservation land and managed forest land at their values for actual use rather than fair market values. The use value is almost always lower than the fair market value.

As a result of these statutory changes, machinery and equipment and inventory are excluded from the new EEGL values. The changes also result in the exclusion of taxable property value related to locally voted exemptions and stabilization agreements approved prior to July 1, 1997. Prior to 1997, the foregone value due to a locally voted exemption or agreement was considered to be a voluntary reduction in the Grand List and was added back in determining the value of a school district's taxable property value.

Table 4 sets forth the fair market value of all taxable property in the State as certified by the State from 1990 to 1996, respectively and an estimate of the fair market value for 1997 and 1998. The estimated 1998 value is based on an estimate of the fair market value of property enrolled in the Current Use Program. As such, the 1997 and 1998 Aggregate Fair Market Value estimates have not been certified by the Division of Property Valuation and Review and are provided for the purposes of illustration only.

Table 4
Equalized Property Values
1990-1998

Equalization Date On April 1,	Fair Market Value
1998**	$38,967,094,160
1997**	38,399,375,459
1995*	37,558,139,758
1993*	36,471,723,016
1992	36,766,102,513
1991	35,286,508,007
1990	31,300,748,717

* After 1992 and beginning with 1993, the Fair Market Value and Assessed Value of all taxable property in the State is equalized every two years. Beginning in 1998, equalization studies will be conducted every year by the Division of Property Valuation and Review.

** Estimated, based on an estimate for the difference between the Fair Market Value and the Use Value of property enrolled in the Current Use Program. The estimated value of the exemption for property enrolled in the Current Use Program in 1997 and 1998 was $794.8 million and $792.3 million, respectively.

SOURCE: Vermont Tax Department, Division of Property Valuation and Review, Annual Report.

Economic Activity

The opinions set forth in this section are provided by Economic & Policy Resources, Inc., Williston, Vermont, based upon such firm's independent evaluation of economic information and trends in the State of Vermont and the United States. The firm serves as a consultant to the State of Vermont with responsibilities as to matters of economic trends and projections as well as revenue estimates.

The description of the economic forecast for the United States and Vermont is based on the same underlying forecast contained under "The State's 1999-2003 Economic Outlook" herein which is provided by

Regional Financial Associates of West Chester, Pennsylvania ("RFX"). The economic forecasts are completed in conjunction with the New England Economic Project ("NEEP"), a non-profit regional economic forecasting group.

The U.S. Economic Situation. The U.S. economy has now entered the third quarter of calendar 1999, with over 1 1/2 million new payroll jobs added since January, gross domestic product growth on a 3%-4% growth trajectory (even considering the second quarter downturn), productivity growth at approximately 3%, and consumer price index inflation over the first eight months of 1999 increasing at a still restrained rate of 2.6% (versus a 1.6% rate for all of calendar 1998). However, during the second quarter of 1999, concern has increased that the Federal Reserve Bank may act to raise interest rates, thereby potentially slowing economic growth.

The U.S. economy is expected to remain strong through the end of calendar 1999 and is expected to experience a slowdown thereafter. Significant constraints on national economic growth beyond the beginning of 2000 are expected to come from: (1) a post-January 1, 2000 inventory correction following a pre-Y2K inventory build-up over the next several months, (2) a slowdown in residential construction and home sales as the recent increase in mortgage interest rates exert their lagged effects on those sectors, and (3) weak corporate profitability. Total corporate pre-tax profits in calendar 1998 were just under 1%, and after-tax profits for the year actually fell by more than 2%, following five years of nearly double-digit profit gains. While U.S. businesses are selling more goods and services, profit margins are shrinking and businesses have had trouble raising prices in this low inflationary environment. In addition, with the national unemployment rate below generational lows, labor costs are rising. Companies are also borrowing more in order to continue to expand and make investments. This, in turn, is resulting in higher debt loads for businesses in the now rising interest rate environment. U.S. businesses may eventually have to curtail investment spending and hiring activity. As a result, because the corporate profits outlook remains uncertain, the economy's continued growth may also be at risk.

This risk will be magnified if equity market investors begin to question the current high profit expectations currently built into stock prices. Significant fall in stock share prices would threaten to reverse the positive growth push that stock market-induced wealth gains and initial public offerings of equity have given the U.S. economy over the past several years-particularly in New England.

In summary, the current U.S. economic upturn looks secure for at least the next nine to twelve months. However, the question remains whether the economy will slow sufficiently to take the pressure off of monetary policy or whether the Federal Reserve Bank will take actions to increase interest rates to slow economic growth.

The Vermont Situation. With that national analysis as background, the relative job and income growth performance of the Vermont economy continues to be positive overall. However, there are signs of a slowdown in the pace of job growth in the Vermont economy-particularly in the manufacturing sector. Nonfarm payroll job growth rates in Vermont appear to have slowed to approximately 1 1/2% over the prior year. Private sector jobs (i.e., total job growth outside of the governmental sector) have also slowed to approximately a 1 1/2% growth rate for the first eight months of 1999. These lower year-over-year job growth rates are one full percentage point less than the year-over-year growth rate of 1998 over 1997.

Even with the apparent slowdown in the year-over-year job growth numbers, payroll job growth in the State still appears to be healthy and well balanced. For example, on a sector-by-sector basis nearly 7 of every 10 of Vermont's major employment sectors having experienced at least some year-over-year job growth during the August 1998-August 1999 time period-with nearly 1/3 of these major sectors having annualized job growth rates in excess of 4.0 percent. Another 5 major [sub-sectors] (representing 15.2% of the total) of Vermont's major employment sectors have at least not lost any employment ground over the past year (using data through August of 1999). Only a total of 5 major job [sub-sectors] (or 15.2% of the total) have experienced job declines of varying magnitudes at all. In addition, the total number of employed Vermonters (as opposed to the job count data presented above) has risen by 10,000 over the past year on a seasonally adjusted basis. That increase corresponds to an annualized growth rate of more than 3.0%, and has occurred within the context of a labor force which has grown by roughly 8,900 (or 2.7% versus last year) on a seasonally adjusted basis. This performance continues a trend where total employment growth has exceeded labor force growth for the greater part of the last three to four years, and indicates a continued strong level of employment growth even though labor market conditions continue to grow tighter.

The Insurance sector (+300 jobs or +12.8%), the Banking sector (+450 jobs or +9.7%), and the cyclically-sensitive Furniture and Fixtures factory sector (+250 jobs or +9.1%) each posted the strongest year-over-year job growth numbers over the past year. Other strong performances were posted by the Real Estate sub-category (+ 150 jobs or +7.3%), the Business Services category (+700 jobs or +6.5%), and the Apparel factory sector (+50 jobs or 5.6%). The Finance sector's strong performance-particularly in Banking-may not continue in light of the recent Chittenden Bank-Vermont National Bank merger and the recent acquisition of Banknorth Group by Peoples Heritage Financial Group. As a result, it is possible that as many as 400-450 of the State's banking jobs could be lost over the next year as these banks complete their current plans to consolidate overhead operations.

In addition, the well-established deceleration of the State's manufacturing sector--which has decelerated from the job growth level of over 3% in 1997 to only 1 1/4% in 1999--has now spread to non-manufacturing sub-sectors as well. Non-manufacturing sub-sectors have increased at roughly a 1 3/4% year-over-year rate-down from the over 2% year-over-year payroll job growth rate this aggregate experienced as late as March of 1999. Through August, job growth rates in eight of twenty major non-manufacturing sub-sectors are tracking below job growth rates experienced either earlier in 1999 or in August 1998. Three of twenty sub-sectors are actually declining (Transportation at -250 jobs or -3.1%, Public Utilities at -50 jobs or -1.1% and Other State Government at -50 jobs or -1.0%). Looking more closely at the manufacturing sector through August, 2 of 13 major sub-sectors have declined on a year-over-year basis (Printing & Publishing at - 150 jobs or -3.0%, and the Other Durables category at -50 jobs or - 1.2%) and eight sectors are flat or nearly flat (Stone, Clay and Glass, Fabricated Metals, Paper, Other Non-Durables, Instruments, Apparel, Plastics, Electrical/Non-electrical Machinery). In non-factory sectors and outside of those mentioned above, only Local Schools employment (+600 jobs or +4.9%) and Education Services (+3 00 jobs or +4.1 %) have turned in notable job growth rates of higher than 4% on a year-over-year basis. The Construction sector reported only limited growth (+50 jobs or 0.3%).

The growth rate in the Hotels-Motels sub-sector of Services (+150 jobs or +1.7%), reflects a fairly quiet summer on the travel and tourism front (although tax receipts are still strong)-following the poor winter ski season and continuing sluggishness in Canadian tourism activity. The poor year-over-year performance in the Public Utilities and Communications sector (-50 jobs or –1.1%) appears to be reflecting the early-retirement-based job reductions in the Electric Utilities sub- sector. The 250 job decline year-over-year (or -3.1%) in the Transportation sector is also a notable development. Lastly, at least some of the job increase in the Trade sector (+450 jobs or +0.7%) seems to be at risk-especially in the Wholesale Trade sub-sector--if C&S Wholesalers follows through with its threat to move its 450 employee corporate headquarters (with the potential for anywhere between 100 and 200 more) out of Vermont to the State of New Hampshire. In the Retail sector (+250 jobs or +0.5%), some of the recent sluggishness this year likely reflects "job growth hang-over" from the recent invasion of large retailers into Vermont and the competitive pressures these locations appear to have placed on the existing base.

The fundamentals of the Vermont economy are sound with a full-employment unemployment rate of 2.9% (seasonally adjusted), slightly below the seasonally-adjusted unemployment rate of August 1998. The State's unemployment rate has remained at or below the 4.0% level for 28 consecutive months through August (or since April of 1997), and has remained below the 5.0% level for 65 months through August of 1999 (or since March of 1994). This full-employment situation is also reflected in the comparative unemployment rate in the Burlington Labor Market Area vis-a-vis the other metro-areas in New England. At 1.9% of the labor force in May of 1999, the Burlington metro-area unemployment rate is tied for the lowest metropolitan unemployment rate level (with Portland, Maine) among the 21 major metropolitan areas in the entire New England region.

The R.F.A. National Forecast Assumptions. Key aspects of the national economic forecast provided by Regional Financial Associates (R.F.A.) form the basis for the revised Vermont Outlook. The R.F.A. data in the national forecast scenario largely determines the direction and relative magnitude of the intended path of the Vermont economy over the forecast period. In addition, it also impacts the sectorial detail of the Vermont state forecast. The R.F.A. scenario for the United States economy includes the expectation that the U.S. economy will continue along its current uninterrupted path of economic prosperity throughout the forecast revision period, U.S. Gross Domestic Product growth is expected to post another 3.9% growth rate for calendar 1999 before falling back into the relatively narrow range of 2.4% to 2.9% growth per year through the calendar 2000-03 time period. Consumption-which accounts for roughly 2/3 of all economic activity--is expected to continue to be strong over the forecast period as well. Consumption is expected to increase by a relatively strong 4.8% in calendar 1999 before tailing off somewhat to vary between 2.2% and 2.7% over the calendar 2000-03 period, Still healthy, though more restrained, levels of business investment activity and an expected recovery in the global economy are also expected to be supportive of a continuing U.S. expansion through the forecast period as well.

The inflation forecast also indicates that the Federal Reserve Bank is successful overall in its inflation-restraining monetary policy pursuits over the 1999-03 forecast revision period. Price increases, as measured by the U.S. Consumer Price Index, are predicted to increase from roughly the 1 1/2% level for calendar 1998 to average between 2.0% and 2.5% per year between 1999 and 2003. Interest rates are forecasted to reflect the anti-inflation posture of the Federal Reserve Bank through the forecast period, with gradual tightening moves through the beginning and middle parts of the forecast period, leading to an expected interest rate peak in calendar 2002 before a slight decline in rates in calendar 2003.

As mentioned above, R.F.A.'s most important assumption in this outlook revision is the expectation that there will be no recession in the national economy at any time during the calendar 1999-2003 forecast update period. R.F.A. bases this assumption on the current exceptional performance by the U.S. economy and the still relatively benign outlook for inflation. In addition, R.F.A. notes that there currently are no serious imbalances in the U.S. economy-even though there are some small imbalances-- that today makes it much less susceptible to economic downturns than in the past. Avoiding an economic downturn in the U.S. economy is crucial to the uninterrupted continuation of the Vermont expansion throughout the forecast period.

The Vermont Outlook. The outlook for the Vermont economy continues to be generally positive even with the apparent slowdown in the pace of Vermont's job growth expansion. The latest Vermont forecast update indicates the State's economy will continue to expand over the next four and one quarter years along with the national economy. Because there is no national or regional recession expected over the 1999-2003 time frame, the Vermont expansion is forecasted to continue throughout the outlook period or through calendar 2003. That projected performance would make the current upturn the longest expansion in Vermont's modem economic history. Although there is no clear threat of recession in either the Vermont or national economies at this time, there is no historical precedent for this predicted growth. Therefore, the probability of another economic downturn clearly increases for both the U.S. and Vermont economies in the later years of the forecast period.

Payroll job growth in the Vermont economy is expected to average 1.7% per year over the 1999-2003 forecast period (ranging from a low of 1.4% in calendar 2000 to a high of 2.0% in 1999). Nominal dollar personal income growth (e.g., growth in personal income that is not adjusted for inflation) is expected to average 5.3% per year over the same period (ranging from a low of 4.9% in calendar 1999 and 2000 to a high of 5.7% in 2002). Real personal income (defined as personal income adjusted for inflation) is expected to grow by 2.5% per year over the period (ranging from a high of 2.8 in 2001 to a low of 2.2% in 2003). Inflation-adjusted per capita personal income is expected to grow by 2.3% per year over the forecast period (ranging from a high of 2.9% in 1999 to a low of 1.9% in 2003).

Across the quarters over the forecast period, after achieving a 2.6% year-over-year rate of job growth during the second quarter of 1999, job growth in the initial quarter of 2000 is projected to slow to a 0.7% annual rate of growth and then fluctuate within a relatively narrow range of 1.5% to 1.7% over the remainder of the forecast period. No single annualized rate of growth for the seventeen quarters forecasted over the 1999-2003 time horizon are expected to finish above the annualized rate of 2.0% job growth. Similarly, constant dollar personal income is not expected to increase above the average annual rate of 3.0% in more than four of the total of seventeen forecasted quarters as well during 1999-2003 forecast period. A significant portion of the increase in nominal dollar income growth over the forecast period in the out-years of the outlook is due to a significant pick-up in the inflation rate in calendar 2002 after several years when inflation was extraordinarily subdued, Accordingly, nominal dollar personal income growth in 2002 is expected to be the best year-over-year growth performance since 1995. But that is mainly a result of the largest year-to-year increase in the inflation rate--at 2.5% year-over-year--of any of the years in the forecast time horizon.

Gross State Product-the broadest measure of the State's economic growth--is expected to average 2.7% per year, ranging from a low of 2.0% in calendar 2000 to 2.7% in 2002. Over the quarters, forecasted Gross State Product growth after calendar 1999 generally remains below the annualized rate of 3.0% throughout the remainder of the forecast period. On the labor market front, Vermont's unemployment rate is projected to increase slightly in calendar 2000 and 2001, showing essentially no further improvement in calendar 2002. In calendar 2003, the unemployment rate is projected to again dip down below the 3.0% level, equaling calendar 1999's 2.9% level. As a result, tight labor market conditions are expected to continue over the next 4 1/4 year period, with labor force growth exceeding population growth by roughly 0.9 percentage points over the period. Net in-migration of over 2,000 persons is expected per year over the forecast period as well, equal to just under one-half of the predicted level of new payroll jobs that are expected to be created over the 1999-2003 period.

Table 5
Total Unemployment Rate Comparison[1]
of Vermont, Seven Northeastern States and the U.S.

	August 1999	August 1998	Change from Prior Year
Vermont	2.9%	3.3%	-0.4%
Connecticut	2.1	3.2	-1.1%
Maine	4.2	4.4	-0.2%
Massachusetts	3.1	3.2	-0.1%
New Hampshire	2.3	2.7	-0.4%
New Jersey	4.7	4.6	0.1%
New York	5.1	5.4	-0.3%
Rhode Island	4.3	4.9	-0.6%
United States	4.2	4.5	-0.3%

[1] Data are seasonally adjusted and exclude the Armed Forces.

SOURCE: Vermont Department of Employment and Training (1999).

Table 6
Comparison of Unemployment Rates[1] in
New England's Largest Metropolitan Areas[2]

City	Annual Average % 1994	Annual Average % 1995	Annual Average % 1996	Annual Average % 1997	Annual Average % 1998
Connecticut					
Bridgeport	6.3%	6.4%	6.7%	6.0%	4.5%
Hartford	5.9	6.0	6.1	5.4	3.8
New Haven	5.6	5.5	5.8	5.2	3.7
Stamford	3.8	3.8	3.7	3.2	2.4
Waterbury	6.8	6.3	6.5	5.8	4.3
Maine					
Lewiston-Auburn	7.7	5.8	5.7	5.8	4.5
Portland	5.0	3.5	2.9	2.8	2.3
Massachusetts					
Boston	5.2	4.7	3.7	3.4	2.7
Brockton	6.8	6.0	5.2	4.7	3.7
Fitchburg	6.7	6.2	5.4	4.9	3.9
Lawrence	7.5	6.1	5.6	5.1	4.5
Lowell	6.7	5.6	4.2	3.9	3.3
New Bedford	10.3	9.8	8.5	7.6	6.4
Pittsfield	8.3	6.8	5.3	5.3	4.2
Springfield	6.9	5.9	4.5	4.2	3.7
Worcester	5.2	4.9	4.0	3.7	3.2
New Hampshire					
Manchester	4.7	4.0	3.7	2.7	2.4
Nashua	5.3	4.5	4.2	2.8	2.5
Portsmouth	3.9	3.5	3.7	2.8	2.3
Rhode Island					
Providence	7.4	7.3	5.6	5.6	4.8
Vermont					
Burlington	3.5	3.0	3.2	2.7	2.2

[1] Not seasonally adjusted.
[2] Local Market Area Unemployment Rates are subject to periodic revisions depending on the state. Furthermore, these areas are also subject to occasional geographic redefinition.
SOURCE: Federal Reserve Bank of Boston.

Table 7
Comparison of Non-Agricultural Employment[1] in New England's
Largest Metropolitan Areas[2]
(Numbers in Thousands)

City	March 1989	August 1999	March 1989 to August 1999 % Change
Connecticut			
Bridgeport	199.8	186.3	-6.8%
Hartford	657.2	607.1	-7.6
New Haven	265.0	256.7	-3.1
Stamford	200.6	206.9	3.1
Waterbury	89.1	86.8	-2.6
Maine			
Lewiston-Auburn	41.2	43.6	5.8
Portland	131.4	150.4	14.5
Massachusetts			
Boston	1,911.5	1,979.1	3.5
Brockton	90.6	99.9	10.3
Fitchburg	53.9	52.9	-1.9
Lawrence	143.6	153.5	6.9
Lowell	115.3	121.8	5.6
New Bedford	69.2	66.9	-3.3
Pittsfield	45.1	42.6	-5.5
Springfield	265.9	255.1	-4.1
Worcester	224.4	230.8	2.9
New Hampshire			
Manchester	95.2	99.9	4.9
Nashua	91.3	93.3	2.2
Portsmouth	109.4	117.3	7.2
Rhode Island			
Providence	518.4	529.6	2.2
Vermont			
Burlington	87.4	102.5	17.3

1 Dates are seasonally adjusted.
2 Local Market Area Unemployment Rates are subject to sporadic revisions depending on the state. Furthermore, these Labor Market Areas are also subject to occasional geographic redefinition.
SOURCE: Federal Reserve Bank of Boston.

Economic Forecast -- Summary Data

The opinions set forth in this section are provided by Economic & Policy Resources, Inc. based upon such firm's independent evaluation of economic information and trends in the State of Vermont. The firm serves as a consultant to the State of Vermont with responsibilities to matters of economic trends and projections as well as revenue estimates.

The following table sets forth comparative statistics and assumptions corresponding to the revised short-term economic outlook for the State and national economies. The U.S. data correspond to the assumed macroeconomic environment for the Vermont economy during the period. The Vermont statistics present the State-specific detail for the Vermont economic forecast.

Table 8
Calendar Year Forecast Comparison: United States and Vermont

	Actual					Forecast				
	1994	1995	1996	1997	1998	1999[1]	2000	2001	2002	2003
Real Output (% Change)										
U.S. Gross Domestic Product	3.5	2.3	3.4	3.9	3.9	3.9	2.4	2.9	2.8	2.7
Vermont Gross State Product	2.8	0.3	3.7	2.9	3.9	3.5	2.0	2.7	2.5	2.6
Non-Farm Employment (% Change)										
U.S.	3.1	2.7	2.1	2.6	2.6	2.0	1.1	1.4	1.3	1.2
Vermont	2.5	2.4	1.7	1.5	2.4	2.0	1.4	1.7	1.6	1.6
Personal Income[2] Change-$92										
U.S.	2.6	3.1	3.7	3.6	4.2	3.5	2.8	3.0	2.4	2.2
Vermont	2.5	3.5	3.0	2.3	4.8	3.4	2.8	3.1	2.6	2.5
Unemployment Rate (%)										
U.S.	6.1	5.6	5.4	4.9	4.5	4.3	4.6	4.9	5.1	5.2
Vermont	4.7	4.3	4.6	3.9	3.4	2.9	3.0	3.1	3.0	2.9

Sources: Regional Financial Associates (U.S.), New England Economic Project October 1999 Forecast (VT).
1 1999 values in this table reflect projected rates as of October 1999.
2 Personal income is in constant 1992 dollars.

As shown by Table 8, Vermont is expected to generally follow the output, employment and total personal income growth rates of the U.S. economy as a whole. With respect to non-farm employment growth, calendar 2000 is expected to be the slowest of the forecast period due to the expected slow down in the U.S. economy during the period. No recession is forecasted for the Vermont or New England regional economy over the 1999 to 2003 period. This "no recession" prediction is predicated on the uninterrupted continuation of the current upturn in the U.S. economy.

Composition of the Vermont Economy

Tables 9 and 10 include data which profile the earnings and employment levels by major industry for the State of Vermont. The earnings data cover the calendar year 1995-1997 period (1997 being the latest year where annual average complete data are available). Employment data by industry are provided for the 1995-1998 calendar year period (1998 being the latest year where annual average data are available).

The data show that manufacturing remains one of the State's most important sectors, representing an estimated 16.9% of all non-farm employment in 1998 and an estimated 20.5% of earnings in 1997. Services (at 30.3% of 1998 non-farm employment and 28.3% of 1997 earnings) and trade (at 22.9% of 1998 non-farm employment and 15.8% of 1997 earnings) also are very important parts of Vermont's economic base. Relative to the U.S. economy, Vermont's economy relies somewhat more heavily on manufacturing, construction and retail trade. At the same time, it has a slightly lower dependence on sectors such as finance, insurance and real estate, and the federal government for its employment and earnings.

Table 9
Total Earnings By Industry
($ millions)
State of Vermont

	1995		1996		1997		U.S. 1997
		Percent of Total		Percent of Total		Percent of Total	Percent of Total
Farm:	94	1.1%	130	1.5%	109	1.2%	0.9%
Non Farm:							
Industry:							
Manufacturing	1,725	20.4	1,813	20.4	1,897	20.5	17.7
Mining (Quarrying)	20	0.2	21	0.2	23	0.2	0.9
Contract Construction	582	6.9	608	6.9	631	6.8	5.7
Wholesale Trade	466	5.5	458	5.2	472	5.1	6.3
Retail Trade	915	10.8	946	10.7	992	10.7	9.1
Finance, Insurance and Real Estate	472	5.6	495	5.6	518	5.6	8.5
Transportation, and public utilities	488	5.8	508	5.7	531	5.7	6.9
Services	2,339	27.6	2,487	28.0	2,628	28.3	28.5
Other	57	0.7	57	0.6	60	0.6	0.6
Total Industries	7,065	83.4	7,394	83.3	7,752	83.6	84.3
Government:							
Federal Civilian	220	2.6	226	2.5	236	2.5	2.8
Federal Military	41	0.5	42	0.5	41	0.4	1.0
State and Local	1,044	12.3	1,075	12.1	1,130	12.2	11.1
Total Government	1,305	15.4	1,343	15.1	1,407	15.2	14.8
Total Non-Farm	8,370	98.9	8,737	98.5	9,159	98.8	99.1
Total Farm and Non-Farm	8,464	100.0	8,866	100.0	9,268	100.0	100.0

NOTES: Total may not add due to rounding. Total Earnings is comprised of wages and salaries, other labor income and proprietor's income.
SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis.

The following table sets forth the State's non-agricultural wage and salary payroll jobs by industry for calendar years 1995 through 1998.

Table 10

Non-Agricultural Wage and Salary Jobs by Industry
State of Vermont

	1995		1996		1997		1998		U.S. 1998
	Jobs	% of Total	Jobs	% of Total	Jobs	% of Total	Jobs	% of Total	% of Total
Manufacturing	45,250	16.7%	45,900	16.7%	46,450	16.6%	48,250	16.9%	14.9%
Durable Goods	29,500	10.9	30,000	10.9	31,000	11.1	32,850	11.5	8.9
Nondurable Goods	15,750	5.8	15,900	5.8	15,450	5.5	15,400	5.4	6.0
Construction	12,400	4.6	12,500	4.5	12,900	4.6	14,100	4.9	4.8
Transportation & Public Utilities	11,750	4.3	12,150	4.4	12,250	4.4	12,600	4.4	5.2
Wholesale Trade	13,150	4.9	12,550	4.6	12,500	4.5	12,350	4.3	5.4
Retail Trade	51,050	18.9	51,950	18.9	52,750	18.9	53,100	18.6	17.7
Finance, Insurance & Real Estate	12,250	4.5	12,150	4.4	12,200	4.4	12,300	4.3	5.9
Services	78,800	29.2	81,650	29.7	83,700	30.0	86,550	30.3	29.8
Government	45,000	16.7	45,450	16.5	45,650	16.4	46,100	16.1	15.8
Other	600	0.2	550	0.2	600	0.2	600	0.2	0.5
Total -- Non-Farm	270,250	100.0	274,850	100.0	279,000	100.0	285,950	100.0	100.0

NOTES: Totals may not add due to rounding.

SOURCE: U.S. Bureau of Labor Statistics Vermont Department of Employment & Training, Current Employment Statistics Series

Largest Employers

The following table sets forth, as of December 1998, the ten largest employers in Vermont and the nature of their business, exclusive of the State itself and the University of Vermont.

Table 11

Ranking of Vermont's 10 Largest Private Sector Employers

As of December 1998[1]

Firm	Nature of Business	Size Code (Number of Employees)[2]
International Business Machines	Semiconductors and Related Devices	3
Fletcher Allen Health Care	Health Care	2
Grand Union Stores	Retail Food	1
Killington, Ltd.	Lodging and Recreation	1
Price Chopper Stores	Retail Food	1
Ethan Allen, Inc.	Furniture	1
General Electric Co.	Jet Engine Blades	1
Martins Foods	Retail Food	1
Middlebury College	Post-Secondary Education	1
Mount Snow Ltd.	Lodging and Recreation	0

SOURCE: Vermont Department of Employment and Training.

[1] Data is for employees covered under Vermont's unemployment insurance law. As such, contract employees are not included.

[2]

Size Code	# of Employees
0	500-999
1	1000-2999
2	3000-4999
3	5000+

Income Levels and Income Growth Performance

According to the U.S. Department of Commerce, Vermont's per capita personal income in calendar 1988 was $15,948, or 93.6% of the U.S. average of $17,038. By 1998, Vermont's per capita personal income had risen to $24,175 but was 91.5% of the U.S. average of $26,412. Vermont's growth rate in per capita personal income was 5.0% in calendar 1998, up from the 3.8% growth rate for 1997, and up significantly from the 4.4% growth rate for 1996. This compares to a national average per capita personal income growth rate of 4.4% during calendar 1998 and a 4.8% growth rate for New England for that same year. On an average annual basis, total personal income in Vermont has increased by 5.0% per year over the 1988-98 period, comparing favorably to the 4.6% regional average but slightly less than the 5.5% national average rate of growth during the same period. The following two tables include data relating to the trends in the rate of total personal income growth for Vermont, New England and the nation as a whole over the calendar year 1988-98 period.

Table 12

Growth in Total Personal Income for
Vermont, New England and United States
1988-1998
($ in millions)

	State of Vermont		New England		United States	
Calendar Year	Total Personal Income	% Growth	Total Personal Income	% Growth	Total Personal Income	% Growth
1998	$14,285	5.4%	$428,428	5.3%	$7,139,057	5.4%
1997	13,549	4.2	406,858	5.8	6,770,650	5.7
1996	13,004	5.1	384,540	5.6	6,408,103	5.8
1995	12,375	5.9	364,142	6.1	6,059,091	5.5
1994	11,688	5.0	343,175	4.3	5,741,050	5.0
1993	11,128	3.4	328,914	3.3	5,469,485	4.4
1992	10,762	6.1	318,366	4.5	5,239,364	5.9
1991	10,147	1.7	304,546	1.3	4,947,591	3.5
1990	9,979	3.9	300,630	3.2	4,778,306	6.6
1989	9.601	9.5	291,351	7.0	4,480,624	7.6
1988	8,768		272,286		4,165,890	

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 13

Growth in Per Capita Personal Income for
Vermont, New England and the United States
1988-1998

	State of Vermont		New England		United States	
Calendar Year	Per Capita Income	% Growth	Per Capita Income	% Growth	Per Capita Income	% Growth
1998	$24,175	5.0%	$31,901	4.8%	$26,412	4.4%
1997	23,017	3.8	30,427	5.4	25,288	4.7
1996	22,179	4.5	28,872	5.2	24,164	4.8
1995	21,246	5.2	27,439	5.8	23,059	4.5
1994	20,196	4.1	25,934	4.1	22,056	3.9
1993	19,392	2.7	24,896	3.2	21,220	3.3
1992	18,879	5.5	24,142	4.6	20,546	4.7
1991	17,896	1.2	23,076	1.5	19,624	2.4
1990	17,678	2.7	22,742	2.9	19,156	5.5
1989	17,215	7.9	22,103	6.2	18,153	6.5
1988	15,948		20,810		17,038	

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment Statistics

Vermont had a labor force of 330,000 on an average annual basis in 1998, of whom 319,000 were employed and 11,000 or 3.4% were unemployed, as compared with a 4.5% nationwide average. Vermont's unemployment rate was less than 4.0% for calendar year 1998 while the national average was nearly a full percentage point higher. The following table sets forth recent comparative trends in labor force, employment, and unemployment rates for the Vermont, New England and U.S. economies from 1990 to 1998.

Table 14

Average Annual Employment and Unemployment Rate

Year	State of Vermont Labor Force (in thousands)	State of Vermont Employment (in thousands)	State of Vermont Unemployment Rate %	New England Unemployment Rate %	United States Unemployment Rate %
1998	330	319	3.4	3.5	4.5
1997	327	313	4.4	4.4	5.0
1996	324	309	4.6	4.8	5.4
1995	319	305	4.2	5.4	5.6
1994	315	300	4.7	5.9	6.1
1993	316	299	5.5	6.8	6.9
1992	310	290	6.7	8.0	7.5
1991	304	284	6.4	8.0	6.8
1990	304	289	5.0	5.7	5.6

SOURCES: Vermont Department of Employment and Training (Vermont);
Federal Reserve Bank of Boston (New England and United States).

Prepared By:

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E-Mail: JBC@EPR-ECONOMICS.COM

25 years vhfa
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November 22, 1999

Ms. Mary Moore
Vermont Department of Libraries
109 State Street
Montpelier, VT 05609

Dear Ms. Moore:

The Vermont Housing Finance Agency Board of Commissioners will have its regular meeting on Friday, December 3rd at 1:00 p.m. at the VHFA Offices, 164 Saint Paul Street, Burlington, Vermont.

If you have any questions, please do not hesitate to contact me at 652-3413.

Sincerely,

Kari Caragher

Kari A. Caragher
Executive/HR Assistant

25 years
1974
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vhfa
Vermont Housing
Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director SC

DATE: November 24, 1999

RE: **CONFIRMATION OF UPCOMING BOARD MEETING**

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held on December 3rd at 1:00 p.m. at the VHFA office, 164 Saint Paul Street, Burlington.

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

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Burlington on December 3rd!

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

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

Friday, December 3, 1999 at 1:00 p.m.

1. Review and approval of the minutes from October 21 and November 11, 1999.

2. **FINANCE**
   A. Multi-Family Bond Sale {Schoenbeck//Enclosure}
   B. September Financials {Schoenbeck//Enclosure}
   C. Single Family Bond Financing Plans {Schoenbeck//Enclosure}
   D. Audit and Financial Report {Schoenbeck//Enclosure}
   E. Private Activity Bond Volume Cap {Jarrett//Enclosure}
   F. Multi-Family Bond Issues {Jarrett//Enclosure}

3. **DEVELOPMENT**
   A. Bus Barns {Reid//Enclosure}
   B. Development Report {Enclosure}

4. **HOMEOWNERSHIP**
   A. Monthly Reports {Crady//Enclosure}

5. **ADMINISTRATION**
   A. Pension Plan Amendment {Loller//Enclosure}
   B. Executive Director's Report {Carpenter//Enclosure}
   C. Proposed Year 2000 Meeting Schedule {Carpenter//Enclosure}

6. **STRATEGIC PLANNING**
   A. Strategic Planning Summary Report {Carpenter//Enclosure}
   B. Vermont's Affordable Housing Needs {Gent/Black-Plumeau//Enclosure}

7. Any old or new business to come before the Board.

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BOARD MINUTES
Montpelier City Hall
Memorial Room
39 Main Street
Montpelier, Vermont

Thursday, October 21, 1999 at 1:30 p.m.

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

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

Other: Mr. Wagner (strategic planning facilitator), Mr. Carr (Economic & Policy Resources, Inc.)

Mr. Candon made a motion for Mr. Douglas to chair the meeting in Chairman White's and Mr. Seelig's absence. The motion carried unanimously after being seconded by Ms. Canney.

Mr. Douglas called the meeting to order at 1:33 p.m. Mr. Candon made a motion to approve the minutes of September 20, 1999. The motion carried unanimously after being seconded by Ms. Randall.

DEVELOPMENT

Mr. Erdelyi reviewed the multifamily loan application for Saxton's River Family Housing. This development consists of seven buildings on four sites with a total of seventeen units. For tax reasons, the owner sold the project, and Housing Vermont assumed the existing debt and took ownership in August of this year. The proposal is to take out this existing debt with new tax-exempt bond funds and to qualify the project for the 4% Housing Credit. The project needs some rehabilitation work done, including a town sewer hook-up, well contamination clean-up, carpentry and finishes, and new heating systems for all of the buildings.

Currently, the main issue with this proposal is that an appraisal has not been completed yet. Any financing commitments from VHFA need to be conditioned upon review of the appraisal to be sure the appraisal value is acceptable to VHFA staff and supports the loan amounts requested. The Board's general concern was that the per unit costs were extremely high. Mr. Erdelyi agreed and indicated that many of these types of refinancings are for older properties needing significant rehabilitation work.

After further discussion, Ms. Canney made a motion to approve the "Resolution Pertaining to Combined Letter of Interest and Commitment Letter Re: Saxtons River Family Housing." Ms. Randall seconded the motion, but indicated that she would like to have staff discuss the developer fee with the developer. The motion carried unanimously.

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

Ms. Reid next discussed the Gardens assisted living project in Williamstown. Ms. Reid noted that the project was not yet ready for the Board's review, but would be in November. She wanted to give the Board a quick review on the project. This is a new construction (partial) assisted living project in Williamstown and is currently under contract by Dick Dybvig and adjacent to his section 8 elderly project. The project does not have permits yet, but should have them by the end of January 2000. Staff is anticipating that this project will be in the next bond issue. If the owners need to close before the bond is issued, we could possibly advance them the funds once the project is permitted.

Since this is not a new type of loan activity for VHFA, several issues are still being worked on. Staff hasn't resolved what type of loan security we will seek since we are lending on the value of services in addition to real estate. Secondly, we'll be recommending a higher limit on distributions to owner (normally limit is 10%) due to the unique nature of this financing.

HOMEOWNERSHIP

Ms. Crady indicated that we are still seeing a high level of reservations coming in. Staff has implemented new loan purchase procedures. Staff is also working with MGIC to add more automation to our program to make the process for lenders easier and quicker. This automation will also give applicants quicker decisions on the credit side. Ms. Crady noted she would like to have this automation in place by the end of the year.

Ms. Crady stated that we continue to see improvement in delinquency rates but we are still seeing a steady flow of loans going into foreclosure. Ms. Randall asked if it would be possible for staff to get the Board an overall projection of what we will be looking at for losses for the next 24 months. Both Ms. Crady and Mr. Adams indicated that they would have projected losses for the Board for the December Board meeting.

STRATEGIC PLANNING

Jeff Carr, Vice President of Economic & Policy Resources, Inc., gave the Board an overview of economic projections for the United States, Vermont, and regions within Vermont.

FINANCE

Mr. Schoenbeck discussed his memo regarding multi-family bond financing. Staff is currently on schedule to provide an offering statement to potential investors by the second week of November and sell the bonds during the third week. Mr. Schoenbeck noted that the goal for refunding is to reduce the rates paid on the existing debt and use those savings to preserve and assist both existing portfolio and new developments. A conference call will be scheduled in early November to discuss pricing on the multi-family bond financing.

After review of the Multi-Family Mortgage Bond 1999 Series C-E Resolution, a motion was made by Mr. Candon and seconded by Ms. Randall to adopt the Resolution as presented.

Ms. Carpenter handed out a draft resolution that would allow VHFA to convert general fund loans into bonds. The Board will take action on this at the conference call scheduled for next month.

With no further business, Mr. Candon made a motion to adjourn. The motion carried unanimously after being seconded by Ms. Beyer. The meeting adjourned at 4:45 p.m.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

25 years vhfa
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BOARD MINUTES
Ten Acres Lodge
Stowe, Vermont

Thursday, November 11, 1999 at 11:00 a.m.

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

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

Other: Mr. Wagner (strategic planning facilitator), Mr. Dybvig (The Gardens at Williamstown Square), Ms. Norman (The Gardens at Williamstown Square)

Chairman White called the meeting to order at 11:03 a.m.

DEVELOPMENT

Ms. Reid reviewed the multifamily loan application for the Gardens at Williamstown Square. This elderly assisted living project will contain 30 units and is located adjacent to a Section 8 elderly project owned by the developer. The units will be constructed in a wing behind a historic brick building, which will contain common areas, kitchen, dining room, living room, library, and administrative offices. Ms. Reid indicated that the developer intends to construct a second phase of 20 additional assisted living units in the future. There will be three packages of services available to allow residents to age in place, taking advantage of more assistance as needed.

The Board approved the issuance of a Letter of Interest to finance this development in August. The developer has submitted Act 250 and local permit applications and anticipates obtaining permits by the end of January. A market study has been completed and cites a number of positive factors for the proposed project and states that it is feasible but also comes with some risk. An appraisal has been ordered and should be available by the end of November. The project will be financed using a tax-exempt bond and the 4% out of cap housing credit.

It was asked what the developer fee was. Ms. Reid indicated that it is $236,000 (12% of total development cost), which is within the usual range, with $136,000 of it being deferred. Ms. Canney asked about the mix of units and wondered why the majority of the smaller units were the Housing Credit units. Ms. Reid explained that the market and median units subsidize the Housing Credit units and the unit mix was created to create enough rental income to support the operating costs. A question was raised regarding the definition of assisted living. Ms. Carpenter indicated that there is a legislative definition, however there are not yet adopted regulations that clearly outline what can be called assisted living. In previous draft regulations this was quite controversial and the regulations were put on hold. This type of non licensed service enriched housing is often referred to as assisted living, although states are very different.

After further discussion, Mr. Seelig made a motion to approve the "Resolution Pertaining to a Commitment Letter Re: Construction and Permanent Financing for the Gardens at Williamstown Square, Williamstown." The motion carried unanimously after being seconded by Ms. Beyer

FINANCE

Mr. Schoenbeck discussed the Intent Resolution next. The objective was to be able to bond for any eligible projects that we may have "pre-financed" with general fund monies. If we do not have an intent resolution, we would not be able to bond for those projects. This resolution would allow the Executive Director to issue a declaration of intent letter that would meet the requirements of tax law, so those projects would be eligible for bond financing. The Board would have to approve the final bond financing for these projects.

After a brief discussion, Mr. Seelig made a motion to approve the "Vermont Housing Finance Agency Resolution Designating and Authorizing the Executive Director to Declare Official Intent of the Agency for Federal Tax Law Purposes." The motion carried unanimously after being seconded by Mr. Candon.

Mr. Schoenbeck then discussed the multi-family bond financing. Mr. Schoenbeck indicated that the Preliminary Official Statement was delivered to the printers on November 8th, and was then distributed to underwriting firms and brokers the next day.

In addition to replacing the higher bond debt with lower cost bonds and creating the new 0% pool, we are expecting the annual takeout used to support VHFA administration to continue at the $440,000 level. We will be financing the Saxtons River project with new proceeds and will be creating a pool of funds of about $1.5 million that will be used to rehab existing projects or to fund new projects that do not qualify for tax credits.

Energy efficiency utility (EEU) was reviewed next. Mr. Schoenbeck indicated that VHFA has been asked by the Vermont Energy Investment Corporation (VEIC) to assist them in the financing portion of their application to be designated as the State Energy Efficiency Utility. VEIC has been a long time partner with VHFA in energy efficiency projects for housing. The EEU is expected to receive over $30 million over 3 years.

Staff believes that this would involve funding approximately $3 million to fund shortages in cash flow from the Public Service Board during the three-year contract agreement. This has the advantage of lowering the borrowing costs for VEIC and also giving Chittenden Bank additional comfort for repayment of their investment. John Wagner, of Kutak Rock, has indicated that we could issue a tax-exempt debt under the 501 (c)(3) authority that VEIC is qualified to use, as long as certain criteria are met, such as being able to indicate that at least $3 million of funds were going to be eligible exempt purposes.

It was asked what would happen if the Chittenden Bank pulled out. Mr. Schoenbeck indicated that we would get a commitment letter up front from the Chittenden before pursuing this process further. Once we have a final package, we would bring it to the Board for final approval.

After further discussion, a motion was made by Ms. Randall to issue a letter of interest. The motion carried unanimously after being seconded by Mr. Douglas. (Mr. Seelig abstained from motion).

Due to the strategic planning schedule, we will plan to discuss the audit and financial reports at the December Board meeting. The final general fund budget report will be discussed as well.

Ms. Carpenter reminded the Board that the Holiday Party would be held after the Board meeting in Burlington on December 3rd.

There being no further business, after a motion made and seconded, the meeting adjourned at 12:10 p.m.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: SAXTONS RIVER FAMILY HOUSING

WHEREAS, a proposal has been presented to the Agency by Housing Vermont, a non-profit development corporation, (the "Sponsor") on behalf of Saxtons River Housing Limited Partnership, involving the rehabilitation and long-term financing of a 17 unit family rental property located in seven buildings on four sites on Mill Street, River Street, Oak Street and Main Street in the Town of Rockingham (the "Development"); and

WHEREAS, this development was the subject of a prior resolution of the Agency on August 19, 1999; and

WHEREAS, in 1980 the Agency made a mortgage loan in the original principal amount of $563,234 to a prior owner of the development; and

WHEREAS, the limited partnership purchased the property on August 26, 1999, assumed the existing VHFA loan and borrowed $155,000 from the Agency in 0 percent funds; and

WHEREAS, the proposal contemplates a takeout of the existing VHFA loan with an approximate current balance of $425,000, a new VHFA loan from newly issued tax-exempt bond proceeds in an amount not to exceed $575,000, the use of 0% funds in the total amount of $275,000 (an additional $120,000) and an additional construction loan of $425,000; however, a different mix of sources and amounts may be necessary; and

WHEREAS, the Sponsor is intending to use Housing Tax Credits that will be available to the Development; and

WHEREAS, the Sponsor and the limited partnership 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 October 15, 1999 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 a first mortgage loan to Saxtons River Housing Limited Partnership, for the rehabilitation and long-term financing of the Saxtons River Family housing development in Rockingham. 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 a long-term loan for the rehabilitation and long-term financing of the Development, in a combined amount not to exceed $1,000,000. The combined amount of long-term financing and 0 percent financing (including the August loan) shall not exceed $850,000.

3. The term loan shall be amortized over a period of approximately 12 years from the date of the term loan. The interest rate shall be not more than 150 basis points above the Agency's source of funds. The source of funds shall be newly-issued tax-exempt bond proceeds. The Commitment Letter may be issued to 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.

4. The Executive Director, after consultation with the Chairman of the Agency is given the discretion to vary the amounts and sources of funds

5. The Executive Director, Director of Administration, 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 October 21, 1999.

Sarah E. Carpenter

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

VERMONT HOUSING FINANCE AGENCY
RESOLUTION DESIGNATING AND AUTHORIZING THE EXECUTIVE DIRECTOR TO DECLARE OFFICIAL INTENT OF THE AGENCY FOR FEDERAL TAX LAW PURPOSES

WHEREAS, the Vermont Housing Finance Agency (the "Agency") from time to time makes original expenditures with its general unrestricted or other funds with the intent of financing such expenditures at a later date with the proceeds of an obligation (reimbursement bonds); and

WHEREAS, the Internal Revenue Code and related Treasury Regulations ("Federal Tax Laws") impose certain requirements with respect to the issuance of reimbursement bonds, one of which is that the bond issuer declare its official intent to reimburse the expenditure no later than 60 days after such expenditure was made (if a declaration is made concerning an expenditure, an issuer has, under current Federal Tax Laws, up to 18 months and in some cases as long as 3 years to issue reimbursement bonds for such expenditure); and

WHEREAS, the same Federal Tax Laws provide that a developer of a project can utilize tax-exempt bond proceeds to finance only those costs incurred after the issuer has declared its official intent to issue bonds for such project; and

WHEREAS, there are a variety of programs, projects and expenditures of the Agency which are expected to give rise to the foregoing Declarations.

NOW, THEREFORE, BE IT RESOLVED BY THE VERMONT HOUSING FINANCE AGENCY and the Commissioners thereof, as follows:

Section 1. The Executive Director of the Vermont Housing Finance Agency is the appropriate representative to, and hereby is authorized, empowered, and directed to:

(a) Declare the Agency's intent to reimburse original expenditures with the proceeds of reimbursement bonds or issue bonds for a particular project, for the purposes of the Federal Tax Laws; and

(b) Evidence such Declaration in writing or other form or by some other action acceptable under Federal Tax Laws.

Section 2. A Declaration of the Executive Director issued pursuant to Section 1 does not obligate the Agency to finally approve the issuance of the related bonds. Final approval of the issuance of 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 any developer, borrower or any other applicant for its refusal to do so.

Section 3. 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 Stowe, Vermont, on November 11, 1999.

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

RESOLUTION PERTAINING TO A COMMITMENT LETTER RE: CONSTRUCTION AND PERMANENT FINANCING FOR THE GARDENS AT WILLIAMSTOWN SQUARE, WILLIAMSTOWN

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 Gardens Limited Liability Limited Partnership, a to-be-formed limited partnership whose general partner will be Tunbridge Limited Liability Company, Richard Dybvig as principal, involving the acquisition, rehabilitation, and construction of 30 units of rental housing in the Town of Williamstown (the "Development"); and

WHEREAS, this Development has been the subject of prior action by the Agency on August 19, 1999; and

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $2,000,000 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 first mortgage loan in the amount of up to $2,000,000 as term financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed150 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 Cynthia Reid, dated November 4, 1999, 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 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 is authorized, in her discretion, to issue a Commitment Letter for a first mortgage loan to a to-be-formed limited partnership for construction financing in an amount not to exceed $2,000,000; and the long term financing of the Development in an amount not to exceed $2,000,000. The term of the construction loan will be 18 months; and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The term of the permanent loan will be thirty years; the amortization period forty years; and the interest rate not more than 150 basis points above the Agency's cost of funds.

2. The Sponsor shall be responsible for loan fees. 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 Commitment Letter 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 satisfactory to VHFA prior to closing that demonstrates adequate value in the project;

   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 a written property tax estimate;

   e) Sponsor must provide final plans and specifications for VHFA review and approval prior to VHFA loan closing;

   f) 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;

g) Sponsor must provide a final service plan satisfactory to VHFA prior to closing;

h) Sponsor must provide a marketing plan satisfactory to VHFA prior to closing;

i) Sponsor must provide a personal guarantee satisfactory to VHFA through the end of the first year of full occupancy;

j) Sponsor must certify that the project meets the building codes applicable to a mid level Level III Community Care Home.

4. 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 Stowe, Vermont, on November 11, 1999.

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

25 years 1974 1999 vhfa Vermont Housing Finance Agency

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

RE: MULTI-FAMILY BOND SALE

DATE: NOVEMBER 23, 1999

On Friday, November 19th the multi-family bonds were sold to the underwriter team led by Andy Gurley at PaineWebber. It was a difficult week for selling due to volatility in the market and the Federal Open Market Committee meeting which increased interest rates by 25 basis points. The sale was very successful and will produce an adjusted allowed mortgage rate of approximately 7.2%. About $9.5 million of the bonds were sold to Vermont retail investors and another $10 million of the long bonds were sold to Freddie Mac. The sale will have the financial impact of creating a 0% loan pool of approximately $178,000 annually. A small loan pool of about $1.75 million was created from the release of excess bond reserve funds, this pool can be used for rehab loans but will not qualify for tax credit use. In addition, the refunding has the effect of increasing the allowed earnings in the program to secure the allowed takeout from the bond program for the balance of the life of the bond issue.

Evensen Dodge is preparing a summary report of the transaction which will compare our bond sale with other housing issues in the market at the same time. Preliminary results are that our financing considerably outperformed the market. The report will be available and distributed at the Board meeting. The closing of the transaction is scheduled for December 7th. The "old bonds" that were refunded will be redeemed on February 15, 2000.

mailing address P.O. Box 408, Burlington, VT 05402-0408 **delivery address** 164 Saint Paul St., Burlington, VT 05401-4364
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EQUAL HOUSING OPPORTUNITY

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TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE

RE: SEPTEMBER 30, 1999 FINANCIAL REPORTS

DATE: NOVEMBER 23, 1999

GENERAL FUND BUDGET PERFORMANCE REPORT

Attached to this memorandum is the General Fund Budget Performance Report for the period ended September 30, 1999. Tim Gutchell, our Controller is now overseeing this aspect of the accounting/reporting system. A few brief comments follow regarding the results of the September report. As a general comment, most differences are due to timing of transactions that do not necessarily occur pro-rata during the year. The small amount of fund balance transfers created a deficit for the first quarter, but this should be corrected in future quarters.

Income. Income was 21.3% of budget for the first three months, with no real surprises.

Fund Balances. Although transfers were only at 7.4% of budget, the first quarter of the fiscal year is traditionally a quiet time for transfers as they are timed with bond payments, which occur mostly in the second and fourth quarters.

Expenses. Operating expenses were at 21.3% for the quarter, again timing was the biggest reason for differences. The new category consisting of other costs came in slightly under the pro-rata 25% share. Loan losses slightly outperformed expectations and origination fee payments were higher than expected due to continued strong mortgage activity.

Capital Budget. Through September 30th, $13,700 (or 15%) of the $92,550 capital budget had been expended.

VHFA FINANCIAL STATEMENTS

Also included in this mailing is the Agency-wide financial statement for the period ending September 30, 1999. The resulting surplus of $459,000 was reduced by $508,000 in book losses on market value of investments. Loan losses (also discussed under the General Fund budget area) of $331,000 although slightly higher than last year were lower than budgeted projections. Most all other areas matched expectations.

If you have any questions regarding the financial reports attached, please contact me at your convenience.

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EQUAL HOUSING OPPORTUNITY

VERMONT HOUSING FINANCE AGENCY
BALANCE SHEET
SEPTEMBER 30, 1999

		SINGLE FAMILY				MULTI-FAMILY				
	GENERAL FUND	INSURED MORTGAGE PROGRAM	MORTGAGE PURCHASE PROGRAM	HOME MTG PURCHASE PROGRAM	HOUSING PROGRAM	MORTGAGE PROGRAM	HOUSING PROGRAM	DIRECT PLACEMENT PROGRAM	HOUSING DEVELOPMENT PROGRAM	COMBINED TOTAL
ASSETS										
Cash and cash equivalents	4,813,797	659,555	18,480	28,279,243	111,258,728	7,603,032	3,524,102	324,173	396,708	156,877,818
Investments	100,000	737,497	35,981	17,819,531	91,791,093	4,531,858	2,738,221	0	1,007,649	118,761,830
Mortgage and const loans receivable	13,286,578	2,746,455	80,703	65,194,035	263,839,773	31,346,476	28,511,378	15,861,156	6,742,361	427,608,915
Accrued int rec - mtg and notes	699,696	17,890	1,462	597,138	1,797,786	147,860	168,273	148,629	33,712	3,612,446
Accrued int rec - investments	21,200	3,137	1,852	1,395,244	3,538,387	44,897	42,252	1,848	5,486	5,054,303
Deferred costs of bond issuance	0	0	0	272,211	2,007,023	322,836	356,093	2,450	43,616	3,004,229
Land	775,000	0	0	0	0	0	0	0	0	775,000
Building	1,000,834	0	0	0	0	0	0	0	0	1,000,834
Office furniture and fixtures	1,552,234	0	0	0	0	0	0	0	0	1,552,234
Accumulated depreciation	(1,310,282)	0	0	0	0	0	0	0	0	(1,310,282)
Other receivables and prepaid expenses	690,687	3,312	842	169,875	338,728	49,077	0	0	0	1,252,521
Interfund receivables (payables)	689,467	5,239	3,912	(338,538)	(1,049,924)	(14,692)	114,068	35,704	554,764	0
Other assets and REO	0	0	0	405,113	1,344,169	0	0	0	0	1,749,282
TOTAL ASSETS	22,319,211	4,173,085	143,232	113,793,852	474,865,763	44,031,344	35,454,387	16,373,960	8,784,296	719,939,130
LIABILITIES AND FUND BALANCES										
Deferred loan origination fees	156,074	0	0	0	0	0	0	0	0	156,074
Accounts payable	336,064	1,109	50	23,001	646,079	124,000	2,521	0	0	1,132,824
Escrowed cash deposits	3,513,835	0	0	0	0	3,950	1,530,091	0	104,652	5,152,528
Notes payable	9,782,226	0	0	0	72,000,000	0	0	0	0	81,782,226
Accrued interest payable	74,829	0	0	2,422,638	10,215,285	346,543	193,465	72,349	173,747	13,498,856
Bonds payable	616,242	0	0	94,660,000	384,920,000	39,980,000	27,165,000	16,091,738	7,680,000	571,112,980
Unamortized discount on bonds	0	0	0	(1,145,244)	(2,927,701)	(650,724)	(934,655)	(17,700)	(128,315)	(5,804,339)
TOTAL LIABILITIES	14,479,270	1,109	50	95,960,395	464,853,663	39,803,769	27,956,422	16,146,387	7,830,084	667,031,149
Fund balance	7,839,941	4,171,976	143,182	17,833,457	10,012,100	4,227,575	7,497,965	227,573	954,212	52,907,981
TOTAL LIABILITIES & FUND BAL	22,319,211	4,173,085	143,232	113,793,852	474,865,763	44,031,344	35,454,387	16,373,960	8,784,296	719,939,130

VERMONT HOUSING FINANCE AGENCY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES
FOR THE QUARTER ENDED SEPTEMBER 30, 1999

		SINGLE FAMILY				MULTI-FAMILY				
	GENERAL FUND	INSURED MORTGAGE PROGRAM	MORTGAGE PURCHASE PROGRAM	HOME MTG PURCHASE PROGRAM	HOUSING PROGRAM	MORTGAGE PROGRAM	HOUSING PROGRAM	DIRECT PLACEMENT PROGRAM	HOUSING DEVELOPMENT PROGRAM	COMBINED TOTAL
REVENUES:										
Interest Income:										
Mortgage and construction loans receivable	233,554	51,129	2,461	1,498,843	4,941,454	615,521	698,775	266,753	152,133	8,460,623
Investments	17,161	62,656	1,378	782,026	2,464,458	161,623	97,047	10,003	20,506	3,616,858
Fee Income:										
Multi-Family Mortgage Programs	71,971	0	0	0	0	0	23,833	0	0	95,804
Single Family Mortgage Programs	(53,766)	0	0	0	0	0	0	0	0	(53,766)
Grant income	6,000	0	0	0	0	0	0	0	0	6,000
VHMGB income	0	0	0	0	0	0	0	0	0	0
Gain on value of investments	0	(83,212)	(694)	(311,343)	0	(81,830)	(5,059)	0	(26,144)	(508,282)
Miscellaneous income	14,844	0	0	0	0	0	0	0	0	14,844
TOTAL REVENUES	289,764	30,573	3,145	1,969,526	7,405,912	695,314	814,596	276,756	146,495	11,632,081
EXPENSES:										
Financing costs, including interest and amortization of premium, discount and costs of issuance	208,176	22,814	0	1,844,482	6,133,273	674,267	408,051	259,233	150,095	9,700,391
Mortgage service and contract administration fees	3,645	3,361	111	60,596	240,890	0	0	0	0	308,603
Salaries and benefits	471,384	0	0	0	0	0	0	0	0	471,384
Operating expenses	227,012	0	0	0	0	0	0	0	0	227,012
Professional fees	46,526	0	0	0	0	0	0	0	0	46,526
Trustee and assignee fees	2,000	0	0	0	0	0	0	0	0	2,000
Loss on bond redemptions	0	85,806	0	0	0	0	0	0	0	85,806
Property disposition and loan loss expenses	(10,594)	0	0	109,852	232,347	0	0	0	0	331,605
TOTAL EXPENSES	948,149	111,981	111	2,014,930	6,606,510	674,267	408,051	259,233	150,095	11,173,327
Excess (deficiency) of revenues over expenses	(658,385)	(81,408)	3,034	(45,404)	799,402	21,047	406,545	17,523	(3,600)	458,754
Fund balance at beginning of year	8,161,386	4,253,384	140,148	17,878,861	9,212,698	4,426,528	7,199,860	218,550	957,812	52,449,227
Transfers to general fund	336,940	0	0	0	0	(220,000)	(108,440)	(8,500)	0	0
Fund balance at end of period	7,839,941	4,171,976	143,182	17,833,457	10,012,100	4,227,575	7,497,965	227,573	954,212	52,907,981

BUDGET PERFORMANCE REPORT
VERMONT HOUSING FINANCE AGENCY
September 30, 1999

	ACTUAL BUDGET FYE 6/30/2000	ACTUAL 3 Mos THRU 9/30/1999	PERCENT OF BUDGET FYE 6/30/2000
INCOME			
Single family fees	49,000	5,808	11.9%
Multi-family fees	294,000	69,977	23.8%
Single family servicing fees	22,000	5,187	23.6%
Interest income-loans	1,100,000	232,531	21.1%
Interest income-invest	50,000	15,638	31.3%
VHMGB charges	6,000	0	0.0%
Miscellaneous income	145,000	20,844	14.4%
TOTAL INCOME	**1,666,000**	**349,985**	**21.0%**
FUND TRANSFERS			
Single Family Housing Bonds	2,500,000	0	0.0%
Single Family Insured Mtg Bonds	400,000	0	0.0%
Single Family Mortgage Purchase	25,000	0	0.0%
Single Family Home Mortgage Purchase	820,000	0	0.0%
Multi-Family Mortgage Bonds	440,000	220,000	50.0%
Multi-Family Housing Bonds	255,000	108,440	42.5%
Multi-Family Housing Develop Bonds	20,000	0	0.0%
Direct Placement Bonds	35,000	8,500	24.3%
New Bonds Cost of Issuance	50,000	0	0.0%
TOTAL TRANSFERS	**4,545,000**	**336,940**	**7.4%**
TOTAL INCOME & TRANSFERS	**6,211,000**	**686,925**	**11.1%**

	ACTUAL BUDGET FYE 6/30/2000	ACTUAL 3 Mos THRU 9/30/1999	PERCENT OF BUDGET FYE 6/30/2000
EXPENSES			
Salaries & Wages	1,475,688	363,213	**24.6%**
Consulting fees	225,500	14,178	**6.3%**
Trustee & Credit fees	215,000	2,000	**0.9%**
Insurance	195,355	47,344	**24.2%**
Advertising	175,000	24,639	**14.1%**
Depreciation	160,000	37,691	**23.6%**
Pension	126,000	36,574	**29.0%**
Payroll taxes	112,890	31,369	**27.8%**
Legal	95,000	16,526	**17.4%**
Staff travel & Training	83,500	11,946	**14.3%**
Occupancy	70,000	17,575	**25.1%**
Telephone	52,000	12,400	**23.8%**
Maintenance agreements	49,000	7,437	**15.2%**
Audit	46,000	30,000	**65.2%**
Interest	40,000	10,873	**27.2%**
Dues & Subscriptions	34,815	8,716	**25.0%**
Office supplies	29,000	7,345	**25.3%**
Contract services	24,500	5,340	**21.8%**
Postage	17,000	3,719	**21.9%**
Promotion	17,000	0	**0.0%**
Printing	12,000	0	**0.0%**
Liability Insurance	12,000	3,104	**25.9%**
Miscellaneous	8,900	5,106	**57.4%**
Commissioners fees	4,500	908	**20.2%**
TOTAL OPERATING EXPENSES	**3,280,648**	**698,003**	**21.3%**
Lender origination fees	335,000	93,962	**28.0%**
Loan interest cost	640,000	191,962	**30.0%**
Organization subsidy expense	186,000	79,000	**42.5%**
Program loan losses	1,700,000	331,605	**19.5%**
TOTAL OTHER COSTS	**2,861,000**	**696,529**	**24.3%**
TOTAL EXPENSES	**6,141,648**	**1,394,532**	**22.7%**
SURPLUS (DEFICIT)	**69,352**	**(707,607)**	

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TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

RE: YEAR 2000 BOND FINANCING PLANS

DATE: NOVEMBER 23, 1999

The single family bond proceeds continue to move at a brisk pace. We currently have available about $7.5 million of funds that are not reserved. The expectation is that these funds will last into January. Since the next Board meeting will not take place until late January, we thought it was important to advise the Commissioners of the plans for providing funding after the current monies are depleted.

Current estimates are for $56 million of mortgage activity for calendar year 2000. We made a decision during the past year to bond for smaller amounts and more frequently so as to stay in sync with the market and reduce interest rate exposure. Under this operating environment, the maximum amount of mortgage proceeds to be bonded for would not exceed $30 million. Two financings of that size would be necessary to cover the expected activity in the coming year. The structure that has been effective during the last couple of financings is to couple short term note sales along with the bond sales. The impact of the note sales is to reduce the mortgage rate by about 30 basis points.

At present, we have no volume cap authority available to issue bonds. The State Volume Cap is $150 million annually. The State cap is allocated annually in January and typically an allocation is agreed to by the issuing entities and a jointly signed letter is forwarded to the Governor's office. In recent years, VSAC has been the heaviest user of cap in the State and in a "normal year" would seek $75 million of authority, we would ask for $50 million and VEDA and the Bond Bank would take much smaller amounts.

Our ideal bond/note structure utilizes about 115% of notes for bonds issued. Therefore, to use $60 million of bonds for mortgages, we would need to issue $70 million of notes. We are able to reuse expiring notes from the Series 10 and 11 financing totaling $35 million and refunding of current scheduled debt and prepayments provide an additional $15 million of reductions in volume cap need. The net requirement for single family purposes based on these calculations is $80 million and we are projecting a need of up to $15 million of new multi-family bonding authority to supplement the carryforward of $8 million we expect to have left at the end of this year.

VHFA total need for volume cap for 2000 based on the above assumptions would then be $95 million. Prior to the Board meeting, we will prepare a historical summary of past allocations for Board review.

Recommended Board Action

Proceed with plans for a now single family bond financing under the general guidelines as specified and negotiate a volume cap allocation of up to $95 million for 2000.

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EQUAL HOUSING OPPORTUNITY

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MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: NOVEMBER 23, 1999

RE: AUDIT AND FINANCIAL REPORTS

As discussed at the November Board meeting, we are following through on our threat to spend some "quality time" in discussing the final audited financial statements for the fiscal year ended June 30, 1999, the management letters connected with the audit and include the final general fund budget report (blue copy). To that end we have scheduled representatives from KPMG LLP, (our audit firm) to attend the meeting and provide insight about the audit process as well as answer any questions from the Commissioners. Mac Nicoll (partner) and Steve Doyon (manager) will be attending from the audit firm.

PLEASE REMEMBER TO BRING YOUR COPY OF THE AUDIT AND MANAGEMENT LETTERS TO THE MEETING!

After the auditors have finished, I intend to spend a little time discussing the specifics of the results of operations for the fiscal year. For your reference, I am also enclosing the memos from the original mailing for the October Board meeting.

As always if you have any questions in the meantime regarding the audited financials or the management letters presented, feel free to contact me at your convenience.

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EQUAL HOUSING OPPORTUNITY

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: OCTOBER 14, 1999

RE: GENERAL FUND BUDGET PERFORMANCE

Attached to this memo is the budget performance report for the fiscal year ending June 30, 1999. The report agrees to the audited financials by adjusting for $100,098 of net fee income recognized on the audited financials from prior year deferrals but not collected during the fiscal year and therefore shown as an adjustment on the budget report.

INCOME. Although, we finished at 100% for the income categories, several line items were significantly different from the original budget. Loan activity was much higher than anticipated which increased our total interest income over the budgeted amount. The payment of points to the lenders on no point mortgages eliminated all single family fee income. A $5 million assisted living project we had expected to finance resulted in the loss of $75,000 of expected fees. Federal Home Loan Bank grants for affordable housing programs of $121,000 was not budgeted.

FUND TRANSFERS. The transfers of funds from the Programs to the General Fund have been collected as expected but the General Fund had to contribute $969,000 to the Single Family Housing and Home Mortgage Purchase Bond programs to cover loan losses, which was much higher than anticipated.

EXPENSES. Operating expenses ended at 101% of budget although several accounts had significant variances from original budgeted amounts. Interest expense in excess of the budget were necessary to pay for bond and note costs associated with the higher interest income line item. Legal costs increased due to the staff attorney being outsourced and trustee and credit fees were high to the bond redemption activity. The organization subsidy expenses were quite a bit higher than originally budgeted due to the close down of VHMGB and some additional funding for the Homeownership Centers.

CAPITAL BUDGET. The approved capital budget for the fiscal year was $251,000, of which $159,348 was expended representing 63.5% of the capital budget. Some exterior building work was deferred and savings were realized on the computer purchases and entranceway construction.

If you have any questions, please contact me at your earliest convenience.

25 years 1974 1999 vhfa Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: OCTOBER 14, 1999

RE: FISCAL YEAR JUNE 30, 1999 AUDIT REPORTS

The final audited financial statements for the fiscal year ended June 30, 1999, and related letters addressing internal controls and conduct of the audit are attached as reviewed by our auditors, KPMG LLP.

In a normal operating environment, we would expect to see an annual surplus of $3-4 million. The surplus for the June 30, 1999 fiscal year is only $65,587, which is significantly less than the $5.7 million surplus recorded in FY98. The major differences between the two years are noted below.

- We recognized a decline in the market value of the investments we are holding in the amount of $1.6 million. In FY98, (the first year where recognition of market values became the standard) we showed a gain of $4.7 million.

- In FY98 we increased our loss reserves by $1.9 million and an additional $1.9 million of loan losses were recognized. In FY99 loan losses dropped to $1.4 million and reserves were reduced by $500,000. Real estate owned continues to decline and is now at $2.1 million a 25% reduction from FY98 levels.

- The other item of significance relates to the bond redemption's that occurred in the fiscal year. Although we will earn more in the long run from calling bonds from prepayments and refunding, in the short-term we are required to write off the non-expensed portions of bond issuance costs. In FY99 this amounted to $1.55 million.

The management letters contain no comments or issues of substance. The auditors spent a lot of time on Y2K review and compliance and although professional standards require an unaudited opinion on the issue, they were impressed with our policies and procedures.

If you have any questions regarding the audited financials or the management letters presented, feel free to contact me at your convenience.

Recommended Board Action:
Acceptance of the audit and accompanying reports as presented.

BUDGET PERFORMANCE REPORT
VERMONT HOUSING FINANCE AGENCY
June 30, 1999

		APPROVED BUDGET	ACTUAL 6/30/99	PERCENT OF BUDGET
INCOME				
Single family fees		30,000	(58,687)	-195.6%
Multi-family fees		226,000	135,846	60.1%
Project Administration fees		95,000	73,716	77.6%
Single family servicing fees		22,000	22,309	101.4%
Interest income-loans		790,000	919,594	116.4%
Interest income-invest		100,000	78,900	78.9%
VHMGB charges		355,000	320,651	90.3%
Miscellaneous income		45,000	174,698	388.2%
TOTAL INCOME		**1,663,000**	**1,667,027**	**100.2%**
FUND TRANSFERS				
Single Family Housing Bonds		1,500,000	897,673	59.8%
Single Family Insured Mtg Bonds		200,000	200,000	100.0%
Single Family Mortgage Purchase		175,000	45,000	25.7%
Single Family Home Mortgage Purchase		120,000	122,900	102.4%
Multi-Family Mortgage Bonds		440,000	440,000	100.0%
Multi-Family Housing Bonds		160,000	143,163	89.5%
Multi-Family Housing Develop Bonds		20,000	20,000	100.0%
Direct Placement Bonds		35,000	33,500	95.7%
TOTAL TRANSFERS		**2,650,000**	**1,902,236**	**71.8%**
TOTAL INCOME & TRANSFERS		**4,313,000**	**3,569,263**	**82.8%**
EXPENSES				
Advertising & Promotion		140,900	116,629	82.8%
Annual report		12,000	10,141	84.5%
Audit expense		44,500	46,190	103.8%
Commissioners expense		3,500	4,939	141.1%
Consulting fees		279,950	243,241	86.9%
Depreciation		156,000	152,394	97.7%
Dues & Subscriptions		36,065	33,415	92.7%
Insurance		205,845	200,289	97.3%
Interest expense		480,000	651,711	135.8%
Legal expense		30,000	37,298	124.3%
Miscellaneous		6,500	9,574	147.3%
Occupancy expense		67,000	66,909	99.9%
Office expenses		38,500	28,854	74.9%
Payroll taxes		125,537	119,706	95.4%
Pension expense		145,000	150,548	103.8%
Postage		23,000	19,373	84.2%
Repairs & Maintenance		35,000	32,881	93.9%
Salaries & Wages		1,653,091	1,580,825	95.6%
Staff travel & Training		83,650	74,366	88.9%
Telephone		48,000	46,725	97.3%
Trustee & Credit fees		225,000	263,734	117.2%
TOTAL OPERATING EXPENSES		**3,839,038**	**3,889,742**	**101.3%**
Organization subsidy expense		325,000	426,260	131.2%
TOTAL EXPENSES		**4,164,038**	**4,316,002**	**103.6%**
SURPLUS (DEFICIT)	**$**	**148,962**	**(746,739)**	**-501.3%**
Fee deferral			100,098	
AUDIT SURPLUS (DEFICIT)		**$**	**(646,641)**	

25 years
1974 1999
vhfa
Vermont Housing Finance Agency

MEMORANDUM

To: VHFA Board of Commissioners

From: Glenn A. Jarrett GAJ

Date: November 21, 1999

Re: Multi-Family Bond Issues—Portland and Main (Morrisville), Swanton School and Crystal Lake (Barton)

Background:

These three developments came before the Board on June 17 and were all approved at that time. In all three cases. the Agency will be financing the construction of this development and the takeout financing will be provided by USDA/Rural Development. Issuing tax-exempt bonds for the short-term financing will allow the development to receive out-of-cap housing credits without having to compete for the increasingly scarce in-cap credits. The Agency has over $11.5 million in multi-family volume cap available.

These three developments are all scheduled to close in the next three or four weeks. The Agency will utilize short term bonds issued to Stratevest & Co., BankNorth Group's trust subsidiary. The bond for Portland and Main will be for $550,000; for Swanton School, $980,000; and for Crystal Lake, $900,000.

The Agency has held the required TEFRA hearings.

Requested Action:

Approval of the attached resolutions that approve the bond issuance and the financing for the Portland and Main development in Morristown, the Swanton School development in Swanton and the Crystal Lake development in Barton..

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. IN A MAXIMUM AMOUNT OF $550,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO PORTLAND AND MAIN HOUSING LIMITED PARTNERSHIP TO FINANCE THE ACQUISITION AND REHABILITATION OF AN 8-UNIT DEVELOPMENT IN MORRISTOWN

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 $550,000 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 Portland and Main Housing Limited Partnership (the "Borrower") to acquire a leasehold interest in, and rehabilitate an 8-unit development (the "Project") in Morristown, Vermont that will qualify for federal low-income housing tax credits, and which Project is expected to obtain permanent financing from the United States Department of Agriculture/Rural Development;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $550,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") with a bond date of November 30, 1999 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 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. An acquisition and construction loan of not more than $550,000 to the Borrower to finance the rehabilitation of the Project is hereby authorized and approved, and the Executive Director, Chief of 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 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 December, 1999.

VERMONT HOUSING FINANCE AGENCY

By ______________________________
Executive Director

Attest:

By ______________________________
Authorized Officer

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. IN A MAXIMUM AMOUNT OF $980,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO SWANTON SCHOOL HOUSING LIMITED PARTNERSHIP TO FINANCE THE ACQUISITION AND REHABILITATION OF A 16-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 $980,000 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 Swanton School Housing Limited Partnership (the "Borrower") to acquire and rehabilitate an 16-unit development (the "Project") in Swanton, Vermont that will qualify for federal low-income housing tax credits, and which Project is expected to obtain permanent financing from the United States Department of Agriculture/Rural Development;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $980,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") with a bond date of November 24, 1999 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 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. An acquisition and construction loan of not more than $1,000,000 to the Borrower to finance the rehabilitation of the Project is hereby authorized and approved, and the Executive Director, Chief of 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 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 December, 1999.

VERMONT HOUSING FINANCE AGENCY

By ______________________________
Executive Director

Attest:

By ______________________________
Authorized Officer

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. IN A MAXIMUM AMOUNT OF $900,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO CRYSTAL LAKE HOUSING LIMITED PARTNERSHIP TO FINANCE THE ACQUISITION AND REHABILITATION OF A 15-UNIT DEVELOPMENT IN BARTON

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 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 Crystal Lake Housing Limited Partnership (the "Borrower") to acquire and rehabilitate an 15-unit development (the "Project") in Barton, Vermont that will qualify for federal low-income housing tax credits, and which Project is expected to obtain permanent financing from the United States Department of Agriculture/Rural Development;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $900,000 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 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. An acquisition and construction loan of not more than $900,000 to the Borrower to finance the rehabilitation of the Project is hereby authorized and approved, and the Executive Director, Chief of 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 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 December, 1999.

VERMONT HOUSING FINANCE AGENCY

By ______________________________
Executive Director

Attest:

By ______________________________
Authorized Officer

25 years 1974 1999 vhfa Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter CR

DATE: November 23, 1999

RE: Multifamily Construction and Permanent Loan for Bus Barns, Burlington

Name:	Bus Barns	**Location:**	Burlington
Housing Type:	Family	**Unit Type:**	Flats
Total Units:	25	**Unit Sizes:**	12- 1 BR (600 s.f.) 13- 2 BR (800 s.f.)
Total Cost:	$3,247,997	**Per Unit Cost:**	$129,920
Loan Requested:	$250,000 permanent; $790,000 construction	**Housing Credits:**	$47,352 (out of cap)
Other Funding:	VHCB, HOME, Neighborworks, Housing Credits		
Sponsors:	Burlington Community Land Trust (BCLT), Housing Vermont (HVT)		

BCLT and HVT are proposing to redevelop an industrial brownfields site in Burlington's Old North End located at 343 North Winooski Avenue, into 25 units of rental housing and a new location for the Good News Garage. There will be three buildings on the 2.1 acre site: a historic trolley barn will be rehabilitated, a new building will be constructed, and an existing garage will be rehabilitated. The project is a 100% tax credit project. The sponsors, who will form the "Bus Barns Housing Limited Partnership", are requesting a tax exempt construction loan of $790,000 for the trolley barn (a 9-unit building), in order to obtain the out of cap 4% housing credit for this building only. The project received a commitment of 1999 Housing Credits, however not at the level requested. Utilizing a tax exempt construction loan and obtaining 4% housing credits enables the sponsor to narrow the financing gap. The sponsor is also requesting a permanent loan of $250,000 for the whole residential 25-unit project. The source of funds will be determined by the Executive Director, but will not be from tax exempt bond proceeds. The sponsor is also awaiting a funding commitment from Neighborworks. The property has been appraised as is at $790,000. Housing Vermont is awaiting a Phase I Environmental Site Assessment, and a more thorough Phase II will be commissioned in order to adequately design an environmental cleanup plan. The high cost of the project is due largely to the environmental cleanup costs associated with the site. BCLT will manage the property once construction is completed.

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 AND PERMANENT 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 and rehabilitation of 25 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 $800,000 aggregate principal amount (the "Bonds") to finance a loan to the Bus Barns Housing Limited Partnership (the "Borrower") to acquire and rehabilitate a 9-unit "Trolley Barn" building 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 $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 75 basis points above the Agency's cost of funds; and

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $250,000 as term financing, to finance a loan to the Borrower for the long term financing of the entire 25-unit Bus Barns project with the interest rate to be determined by the Agency depending on the source of funds, and an interest rate of not more than 75 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 November 23, 1999, 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 \$800,000; the term of the construction loan will be 12 months, and the interest rate not more than 75 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 a first mortgage loan to Bus Barns Housing Limited Partnership for the term financing in an amount not to exceed \$250,000; the term of the permanent loan will be 20 years, the amortization period will be 30 years, and the interest rate will be 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 demonstrate that requisite financing has been committed by December 22, 1999, including but not limited to Neighborworks. "Requisite financing" means the amount and terms of each of the sources of funding represented on the multifamily loan application or their equivalent. 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;

    b) 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;

c) Sponsor must provide evidence of necessary permits;

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

e) Sponsor must provide evidence of competitive bidding;

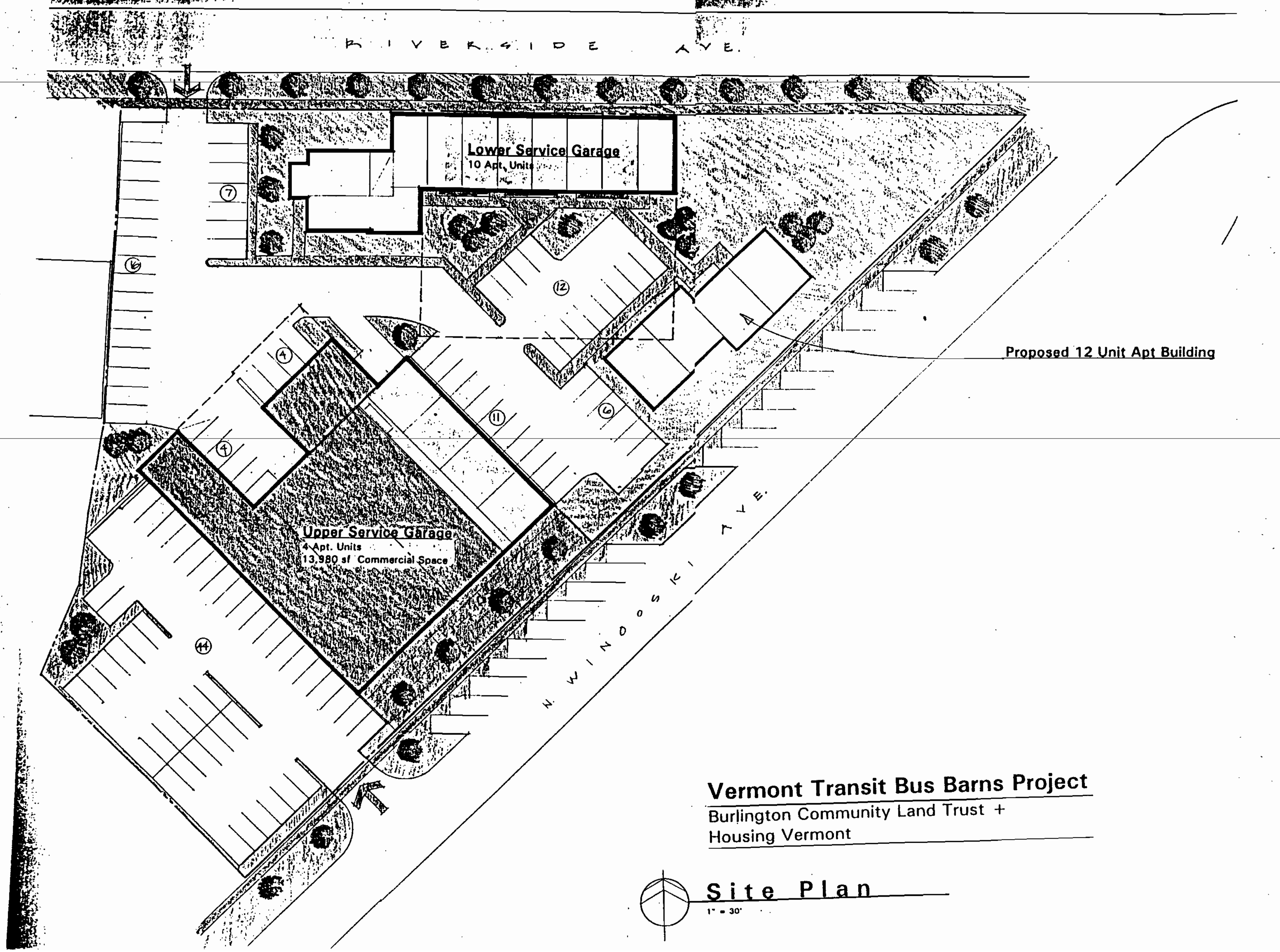
3. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and rehabilitate the Project is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse 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 rehabilitation of the Development, in an amount not to exceed $900,000; and a Commitment Letter for a term loan in an amount not to exceed $250,000.

6. The construction loan shall be due and payable not more than 12 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 permanent loan shall be due and payable 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 75 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 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.



Vermont Transit Bus Barns Project

Burlington Community Land Trust +
Housing Vermont

Site Plan
1" = 30'

1999 Multifamily Development Activity
January 1, 1999 through November 23, 1999

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.
Red Lion Inn	Acq/Rehab	Elderly	20	Randolph Neighborhood Housing Services	Randolph	$45,000	Committed 5/27/98.
Stoughton House	Acq/Rehab	Elderly	48	Cathedral Square Corp	Windsor	$5,000	Paid off 6/24/99
222 Riverside Ave	New Const	Family	12	Lake Champlain Housing Devel Corp	Burlington	$25,600	Paid off 7/29/99
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".)
Manchester Knoll	New Const	Family	20	Regional Affordable Housing Corp	Manchester	$20,000	Committed 12/22/98; 1999 Tax Credits.
Barlow & Union	Acq/Rehab & New Const	Family	12	Rutland County Community Land Trust	Brandon	$11,715	Committed 12/22/98. 515 project – may apply for construction loan.
Portland & Main	Acq/Rehab	Family	11	Lamoille Housing Partnership	Morrisville	$27,500	Committed 2/2/99; 515 project VHFA tax exempt financing & out of cap credits.
The Copley House	Acq/Rehab	Level III CCH	23	Lamoille Housing Partnership	Morrisville	$5,000	Committed 5/4/99
Bus Barns	Acq/Rehab	Family	25	Burlington Community Land Trust	Burlington	$35,000	Committed 5/18/99; 2000 tax credits
Hawkins Housing	Acq/Rehab	Family	14	Addison County Community Action Group	Middlebury & Vergennes	$4,200	Committed 5/18/99; 1999 tax credits; paid off 9/29/99.

1999 Multifamily Development Activity
January 1, 1999 through November 23, 1999

1. Ventures Pre-Development Loans, Cont'd	Type Project	Type Housing	# Units	Sponsor	Location	Loan/ Credit Amount	Status
Saxtons River	Acq/Rehab	Family	17	Housing Vermont	Saxtons River	$28,922	Committed 5/19/99; Portfolio project; tax exempt loan & out of cap credits.
Manchester Knoll	New Const	Family	20	Regional Affordable Housing Corp	Manchester	$18,000	Committed 7/16/99; 1999 Tax Credits.
Hawkins Housing	Acq/Rehab	Family	14	Addison County Community Action Group	Middlebury & Vergennes	$5,000	Committed 7/16/99; 1999 tax credits. Paid off 9/29/99.
Safford Street	Lease to Own	SFH	1	Regional Affordable Housing Corp	Bennington	$89,000	*Bridge loan* made 11/7/97; paid off 7/23/99
North Branch	Lease to Own	SFH	1	Regional Affordable Housing Corp	Bennington	$83,546	*Bridge loan* made 3/12/97; loan matures 6/30/00
Willows MHP	MHP	Eld/Fam	4	Regional Affordable Housing Corp	Bennington	$15,143	*Bridge loan* made 12/28/94; loan matures 12/31/99
Bus Barns	Acq/Rehab	Family	25	Burlington Community Land Trust	Burlington	$15,000	Committed 9/2/99; 2000 tax credits.
Manchester Knoll	New Const	Family	20	Regional Affordable Housing Corp	Bennington	$24,500	Committed 9/23/99; 1999 tax credits
Waterbury Seminary	Acq/Rehab	Family	16	Central Vermont Community Land Trust/Housing Vermont	Waterbury	$14,787	Committed 8/16/99; may apply for 2000 tax credits and debt.
Townhouse Terrace	Acq/Rehab	Family	36	Housing Vermont	St. Johnsbury	$31,000	Committed 11/4/99; applying for 2000 tax credits
South Burlington	New Const	Family	18	LCHDC	South Burlington	$28,000	Committed 10/27/99; 2000 tax credits and debt
South Burlington	New Const	Special Needs	10	Cathedral Square Corp	South Burlington	$16,000	Committed 10/27/99

1999 Multifamily Development Activity
January 1, 1999 through November 23, 1999

2. 1998 Housing Credit Projects	Type Project	Type Housing	# Units	Sponsor	Location	Loan/ Credit Amount	Status
Barre & Bailey Streets	Acq/Rehab	Family	15	Central Vermont CLT	Montpelier	$50,000	Under construction; Carryover issued 10/8/98
Bennington Arts	Acq/Rehab	Family	15	Housing Vermont & Vermont Arts Exchange	Bennington & Greater Area	$73,000	Carryover issued 12/24/98
Cora B. Whitney	Acq/Rehab	Elderly	22	Regional Affordable Housing Corp	Bennington	$73,399	Construction complete. 8609 issued.
Lakeview Housing	Acq/Rehab	Fam/Eld	16	Housing Vermont & Gilman Housing Trust	Newport	$35,900	Out of Cap Credit; Closed 12/16/98; under construction
The Maples	New Const	Elderly	51	Green Mountain Devel Group	Rutland	$220,871	Carryover issued 12/31/98
McAuley Square	New Const	Family	19	Housing Vermont & Cathedral Square Corp	Burlington	$88,000	1999 Credits (forward commitment); legal appeal of permit conditions pending; closing 12/99?
Park Place II	Acq/Rehab	Family	14	Housing Vermont	Burlington	$75,000	1998 & 1999 Credits (partial forward commitment) Carryover issued 12/31/98
Park Village Apts	Acq/Rehab	Fam/Eld	39	Holmberg Construction Inc.	Brandon	$171,851	Received 1998 & 1999 Credits (partial forward commitment); Carryover issued 12/30/98
Pearl & Union SRO	Acq/Rehab	SRO	21	Housing Vermont & Burlington CLT	Burlington	$56,534	Carryover issued 12/31/98; Received 1999 Credit.
Homestead Greene	New Const	Elderly	17	THM Inc.	North Bennington	$59,150	Out of Cap credits and *tax-exempt* bond financing; closed 4/13/99; construction complete.
Highland Hill Housing	Acq/Rehab	Family	14	Housing Vermont & Lamoille Housing Partnership	Hardwick	$47,500	Carryover issued 9/25/98.
Allen Apartments	Acq/Rehab	Family	17	Lake Champlain Housing Devel Corp	Winooski	$28,987	Closed 2/24/99. Out of Cap Tax Credits. Under construction.

1999 Multifamily Development Activity
January 1, 1999 through November 23, 1999

3. 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	Credit Reservation issued 7/29/99.
Hayden Parkway, South Burlington	New Const	Family	18	LCHDC/HVT	South Burlington	$141,000	Credit Reservation issued 7/1/99. Will utilize 2000 tax credits.
Manchester Knoll	New Const	Family	20	RAHC	Manchester	$138,113	Credit Reservation issued 9/12/99.
Mary Exner Block	Acq/Rehab	Family	10	HVT/RACLT	Bellows Falls	$63,512	Credit Reservation issued 10/22/99; Carryover issued 11/19/99.
Mill View Housing	New Const	Family	12	LCHDC/HVT	Burlington	$85,779	Credit Reservation issued 7/1/99; carryover issued 11/16/99.
Bus Barns	Acq/Rehab	Family	25	BCLT/HVT	Burlington	$166,492	Utilizing 1999 tax credits.
Swanton School	Acq/Rehab	Elderly	16	Lake Champlain Housing Development Corporation / HVT	Swanton	$53,010	Out of Cap. Scheduled closing 11/24/99.
Portland & Main	Acq/Rehab	Family	8	Lamoille Housing Partnership/HVT	Morrisville	$26,565	Out of Cap. Closing 11/99 or 12/99.
Crystal Lake, Barton	Acq/Rehab	Family	16	Housing Vermont/ Gilman Housing Trust	Barton	$47,223	Out of Cap. Closing 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	$26,978	Out of Cap; Closed 9/1/99; under construction.
St. Johnsbury House	Acq/Rehab	Elderly	36	Green Mountain Development Group	St. Johnsbury	$161,615	Forward Commitment of 2000 Credits
The Gardens	Acq/Rehab/ New Const	Elderly	30	Dick Dybvig	Williamstown	$21,173	Out of Cap; tax exempt bond

1999 Multifamily Development Activity
January 1, 1999 through November 23, 1999

4. Multifamily Loans	Type Project	Type Housing	# Units	Sponsor	Location	Loan Amount	ST or Constr. Financing	Status
Homestead Greene	New Const	Elderly	17	THM Inc. – Jack Heaton and Frank Murphy	No. Bennington		$975,000	Interim Financing Commitment 7/23/98; Closed 4/13/99; Construction complete; RD will do permanent takeout in 1999.
Lakeview Housing	Acq/Rehab	Family/ Elderly	16	Housing Vermont	Newport		$800,000	Interim Financing Commitment 7/23/98; Closed 12/16/98; RD will do permanent takeout in 1999. Under construction.
Allen Apartments	Acq/Rehab	Family	17	Lake Champlain Housing Devel Corp	Winooski	$515,000 Tax Exempt; $199,000 0% Funds		Commitment 12/17/98; Closed 2/24/99; Out of Cap Tax Credits. Under construction. *TE*
The Briars	Acq/Rehab	Family	24	Housing Vermont/Twin Pines Housing Trust	Wilder	$681,000	$771,000	Commitment 3/17/99. Out of cap credits. Closed 6/29/99. *TE*
Jacobs Mobile Court	Existing MHP	Family/ Elderly	19	Randolph Area CDC	Randolph	$80,862		Commitment 4/15/99. Closing January 2000.
Blair Apartments	New Construction	Elderly	60	Yandow/Dousevicz Construction Corp	Williston	$3,200,000	$3,707,000	Commitment 5/27/99; Closed 9/1/99; under construction. *TE*
Swanton School	Acq/Rehab	Elderly	16	Lake Champlain Housing Development Corporation / HVT	Swanton		$980,000	Commitment 6/17/99. *Tax exempt* financing and out of cap tax credits. Closing 11/24/99.

1999 Multifamily Development Activity
January 1, 1999 through November 23, 1999

4. Multifamily Loans (Continued)	Type Project	Type Housing	# Units	Sponsor	Location	Loan Amount	ST or Constr. Financing	Status
Portland & Main	Acq/Rehab	Family	8	Lamoille Housing Partnership/HVT	Morrisville		$550,000	Commitment 6/17/99. *Tax exempt* financing and out of cap tax credits. Closing 11/99 or 12/99.
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. Closing 12/7/99.
South Burlington Community Housing	New Const	Family	18	Housing Vermont/LCHDC	So. Burlington	$254,515		Commitment 8/19/99. To close Spring 2000.
The Gardens at Williamstown Square	Acq/Rehab & New Construction	Elderly/ Assisted Living	30	Dick Dybvig	Williamstown	$1,973,000	$1,973,000	Letter of Commitment approved 11/11/99; *Tax exempt* bond & 4% credit.
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. Closing 12/99

1999 Multifamily Development Activity
January 1, 1999 through November 23, 1999

5. Multifamily pipeline and potential projects	**Type Project**	**Type Housing**	**# Units**	**Sponsor**	**Location**	**Loan Amount**	**ST or Constr. Financing**	**Status**
Barlow & Union (515)	Acq/Rehab & New Const	Family	12	Rutland County Community Land Trust	Brandon	$600,000 C/P/or C&P?		Loan application not submitted; Contingency plan to seek *tax exempt* financing and out of cap tax credits.
McAuley Square	New Const	Family/ Elderly	54	Housing Vermont/Cathe-dral Square Corp	Burlington	$3,500,000	$3,500,000	Loan application not yet submitted; *Seeking tax exempt* financing and out of cap tax credits.
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.
Jeffersonville Elderly	New Const	Elderly	24	Housing Vermont	Jeffersonville	$350,000	$1,450,000	Loan application not yet submitted; Seeking *tax exempt* financing and out of cap tax credits.
Limerock I	New Const	Family	40	Housing Vermont/LCHDC	So. Burlington	$2,250,000	$2,250,000	Loan application not yet submitted; Seeking *tax exempt* financing and out of cap tax credits.
Franklin Homestead Assisted Living	New Const	Elderly	18	HVT/CSC/Frank-lin Homestead Inc.	Franklin	$230,000	?	Loan application not yet submitted; Seeking *tax exempt* financing and out of cap tax credits.
Marketplace	New Const	Family	160	LCHDC/HVT	South Burlington	$980,000	?	Loan application not yet submitted; seeking tax exempt financing & out of cap tax credits.

1999 Multifamily Development Activity
January 1, 1999 through November 23, 1999

5. Multifamily pipeline and potential projects (Cont'd)	**Type Project**	**Type Housing**	**# Units**	**Sponsor**	**Location**	**Loan Amount**	**ST or Constr. Financing**	**Status**
The Copley House	Acq/Rehab	Level 3 CCH	23	LHP/Housing Vermont	Morrisville	?		May seek permanent debt.
Richford	Acq/Rehab	Elderly	10	LCHDC/Housing Vermont	Richford		$500,000	Loan application not yet submitted; in planning stage. *Tax exempt* bond & 4% credit.
Westgate	Acq/Rehab	Family	100	Housing Vermont	Brattleboro	?		In planning stages.
St. Johnsbury House	Acq/Rehab	Elderly	36	Green Mountain Development Group	St. Johnsbury	$600,000	$305,000	2000 Tax Credits; to January Board meeting.

Notes for Future Reports:

- Add HUD Note sales?
- Templeton Court (VSHA)
- Milton MHP (VSHA)
- Plainfield (VSHA)
- Royalton (VSHA)

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Glenn A. Jarrett GAJ

DATE: November 21, 1999

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. So far this year the Agency has been allocated $50,000,000 of volume cap, which has been further allocated by the Board. You have allocated $40,000,000 to single family purposes, all of which was used for the Series 11 Bonds that were issued in September. You have also allocated $10,000,000 for multi-family bonds, technically called exempt facility bonds.

In order to use the multi-family volume cap after the end of 1999, 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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RESOLUTION RELATING TO
VERMONT HOUSING FINANCE AGENCY
ELECTION TO CARRYFORWARD
1999 PRIVATE ACTIVITY BOND
VOLUME CAP ALLOCATION

WHEREAS, the Vermont Housing Finance Agency (the "Agency") has been allocated $50,000,000 in 1999 private activity bond volume cap by the State of Vermont and has allocated $40,000,000 of that to qualified mortgage bonds and mortgage credit certificates and has allocated $10,000,000 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 3, 1999, 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.

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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25 years
1974
1999
vhfa
Vermont Housing
Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homeownership Programs PC

DATE: November 24, 1999

RE: Summary of Homeownership Activities

Program Operation

Reservations remain at very respectable levels. Weekly reservations have averaged approximately $1.2 million since Series 11 funds were available on September 7, 1999. VHFA's zero point rate of 7.10% is approximately 115 basis points below conventional interest rates.

Servicing

Attached are servicing reports as of September 30, 1999 and October 31, 1999. Staff is working on its projection of delinquencies and losses for the next year, and is also working on a new reporting format.

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

HOMEOWNERSHIP PROGRAMS - SERVICING ACTIVITY REPORT

Activity for the month of September 1999

COLLECTIONS

Total 90+ accounts for current month	80

FORECLOSURES

Foreclosure accounts from previous month	67
Plus new foreclosure accounts	2
To REO	5
Successful interventions	0
Total Foreclosure accounts for current month	64

REAL ESTATE OWNED

REOs from previous month	40	
Plus new REOs	5	
Less property sold	8	
REOs for current month	37	(7 properties are under contract)

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: September 1999

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO	
Banknorth Mortgage Co.	686	26	3.79%	9	1.31%	6	0.87%	3	0.44%	44	6.41%	5	0.73%
Bennington Co-op S&L Assoc.	67	1	1.49%	1	1.49%	0	0.00%	0	0.00%	2	2.99%	0	0.00%
Brattleboro Savings & Loan	36	0	0.00%	2	5.56%	0	0.00%	0	0.00%	2	5.56%	0	0.00%
Charter One	377	25	6.63%	5	1.33%	6	1.59%	6	1.59%	42	11.14%	4	1.06%
Chittenden Bank	848	47	5.54%	6	0.71%	9	1.06%	10	1.18%	72	8.49%	4	0.47%
Citizens Savings Bank	119	6	5.04%	0	0.00%	2	1.68%	1	0.84%	9	7.56%	0	0.00%
Community National Bank	311	10	3.22%	2	0.64%	5	1.61%	2	0.64%	19	6.11%	1	0.32%
Connecticut River Bank	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Factory Point Nat. Bank	31	1	3.23%	1	3.23%	0	0.00%	0	0.00%	2	6.45%	0	0.00%
First Brandon Nat. Bank	8	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Nationwide Mortgage	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
GMAC Mortgage	10	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Graystone Mortgage Company	477	29	6.08%	7	1.47%	11	2.31%	8	1.68%	55	11.53%	5	1.05%
Heritage Family Credit Union	16	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Lyndonville Savings Bank	62	2	3.23%	0	0.00%	2	3.23%	0	0.00%	4	6.45%	0	0.00%
Mascoma Savings Bank	3	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Merchants Bank	210	9	4.29%	0	0.00%	1	0.48%	2	0.95%	12	5.71%	0	0.00%
Mortgage Service Ctr. of NE	80	7	8.75%	2	2.50%	1	1.25%	2	2.50%	12	15.00%	0	0.00%
New England Federal CU	65	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Northfield Savings Bank	140	5	3.57%	2	1.43%	0	0.00%	0	0.00%	7	5.00%	0	0.00%
Passumpsic Savings Bank	157	5	3.18%	2	1.27%	3	1.91%	2	1.27%	12	7.64%	2	1.27%
Peoples Trust Co.	78	5	6.41%	3	3.85%	0	0.00%	0	0.00%	8	10.26%	0	0.00%
Randolph National Bank	27	2	7.41%	0	0.00%	0	0.00%	0	0.00%	2	7.41%	1	3.70%
Union Bank	175	8	4.57%	1	0.57%	1	0.57%	0	0.00%	10	5.71%	0	0.00%
Vermont Development CU	94	2	2.13%	1	1.06%	2	2.13%	1	1.06%	6	6.38%	0	0.00%
Vermont National Bank	1814	79	4.36%	24	1.32%	30	1.65%	27	1.49%	160	8.82%	15	0.83%
Wells River Savings Bank	31	0	0.00%	0	0.00%	1	3.23%	0	0.00%	1	3.23%	0	0.00%
Totals	5934	269	4.53%	68	1.15%	80	1.35%	64	1.08%	481	8.11%	37	0.62%
Totals Previous Month	5931	264	4.45%	66	1.11%	87	1.47%	68	1.15%	485	8.18%	39	0.66%
Totals Same Mo. Last Yr.	6232	301	4.83%	90	1.44%	109	1.75%	60	0.96%	560	8.99%	40	0.64%

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: September

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL		Delinq		REO
Large Servicer 400+													
Banknorth Mortgage Co.	686	26	3.79%	9	1.31%	6	0.87%	3	0.44%	44	6.41%	9	0.63%
Chittenden Bank	848	47	5.54%	6	0.71%	9	1.06%	10	1.18%	72	8.49%	4	1.05%
Graystone Mortgage Company	477	29	6.08%	7	1.47%	11	2.31%	8	1.68%	55	11.53%	5	3.54%
Vermont National Bank	1814	79	4.36%	24	1.32%	30	1.65%	27	1.49%	160	8.82%	15	1.36%
Totals	3825	181	4.73%	46	1.20%	56	1.46%	48	1.25%	331	8.65%	33	0.86%
Average	956	45	4.94%	12	1.20%	14	1.47%	12	1.20%	83	8.81%	8	1.65%
Medium Servicers 399-50													
Charter One	377	25	6.63%	5	1.33%	6	1.59%	6	1.59%	42	11.14%	4	0.22%
Citizens Savings Bank	119	6	5.04%	0	0.00%	2	1.68%	1	0.84%	9	7.56%	0	0.00%
Community National Bank	311	10	3.22%	2	0.64%	5	1.61%	2	0.64%	19	6.11%	1	0.32%
Lyndonville Savings Bank	62	2	3.23%	0	0.00%	2	3.23%	0	0.00%	4	6.45%	0	0.00%
Merchants Bank	210	9	4.29%	0	0.00%	1	0.48%	2	0.95%	12	5.71%	0	0.00%
Mortgage Service Ctr. of NE	80	7	8.75%	2	2.50%	1	1.25%	2	2.50%	12	15.00%	0	0.00%
New England Federal CU	65	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Northfield Savings Bank	140	5	3.57%	2	1.43%	0	0.00%	0	0.00%	7	5.00%	0	0.00%
Passumpsic Savings Bank	157	5	3.18%	2	1.27%	3	1.91%	2	1.27%	12	7.64%	2	1.27%
Peoples Trust Co.	78	5	6.41%	3	3.85%	0	0.00%	0	0.00%	8	10.26%	0	0.00%
Union Bank	175	8	4.57%	1	0.57%	1	0.57%	0	0.00%	10	5.71%	0	0.00%
Vermont Development CU	94	2	2.13%	1	1.06%	2	2.13%	1	1.06%	6	6.38%	0	0.00%
Totals	1868	84	4.50%	18	0.96%	23	1.23%	16	0.86%	141	7.55%	7	0.37%
Average	161	7	4.44%	2	1.05%	2	1.12%	1	0.71%	12	7.25%	1	0.17%
Small Servicers 49-													
Bennington Co-op S&L Assoc.	67	0	0.00%	2	2.99%	0	0.00%	0	0.00%	2	2.99%	0	0.00%
Brattleboro Savings & Loan	36	0	0.00%	2	5.56%	0	0.00%	0	0.00%	2	5.56%	0	0.00%
Connecticut River Bank	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Factory Point Nat. Bank	31	1	3.23%	1	3.23%	0	0.00%	0	0.00%	2	6.45%	0	0.00%
First Brandon Nat. Bank	8	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Nationwide Mortgage	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
GMAC Mortgage	10	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Granite Bank (NH)	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Heritage Family Credit Union	16	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mascoma Savings Bank	3	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Randolph National Bank	27	2	7.41%	0	0.00%	0	0.00%	0	0.00%	2	7.41%	1	3.70%
Wells River Savings Bank	31	0	0.00%	0	0.00%	1	3.23%	0	0.00%	1	3.23%	0	0.00%
Totals	241	3	1.24%	3	0.01%	1	0.41%	0	0.00%	7	2.90%	1	0.41%
Average	16	0	0.99%	0	0.73%	0	0.30%	-	0.00%	1	2.14%	0	0.34%

Lenders	1998 Sep	Oct	Nov	Dec	1999 Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
Large Servicer 400+													
Banknorth Mortgage Co.	7.40%	7.53%	7.49%	8.55%	7.91%	8.65%	6.27%	6.06%	6.42%	6.60%	6.22%	6.09%	6.41%
Chittenden Bank	9.39%	10.02%	9.84%	11.72%	11.78%	11.43%	8.60%	6.70%	9.27%	9.02%	9.14%	9.45%	8.49%
Graystone Mortgage Company	14.31%	15.01%	15.82%	15.88%	13.41%	16.27%	13.25%	14.75%	17.18%	16.88%	16.22%	12.22%	11.53%
Vermont National Bank	8.57%	7.95%	9.20%	9.04%	9.90%	9.90%	7.82%	8.64%	10.07%	10.00%	8.33%	8.86%	8.82%
Average	9.92%	10.13%	10.59%	11.30%	10.75%	11.56%	8.99%	9.04%	10.74%	10.63%	9.98%	9.16%	8.81%
Medium Servicers 399-50													
Charter One	11.57%	11.41%	14.43%	12.38%	13.00%	12.94%	10.88%	10.08%	9.84%	12.01%	9.23%	10.88%	11.14%
Citizens Savings Bank	6.03%	6.03%	5.22%	6.14%	6.03%	8.55%	5.88%	9.24%	6.67%	7.50%	8.33%	8.26%	7.56%
Community National Bank	8.39%	9.15%	9.09%	9.80%	8.77%	8.79%	8.20%	9.21%	9.87%	7.67%	7.89%	7.24%	6.11%
Lyndonville Savings Bank	10.17%	6.67%	5.26%	6.67%	8.06%	7.69%	7.69%	4.62%	6.25%	4.76%	4.76%	3.17%	6.45%
Merchants Bank	4.65%	4.37%	6.45%	4.90%	8.33%	7.20%	5.17%	3.54%	5.33%	4.55%	5.53%	2.83%	5.71%
Mortgage Service Ctr. of NE	16.57%	11.76%	16.67%	16.87%	13.25%	11.11%	11.11%	9.88%	9.88%	9.88%	8.75%	12.50%	15.00%
New England Federal CU	0.00%	2.27%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Northfield Savings Bank	7.97%	7.14%	6.43%	3.57%	6.34%	4.93%	2.13%	0.70%	2.84%	1.43%	4.29%	3.57%	5.00%
Passumpsic Savings Bank	10.37%	10.37%	11.38%	12.35%	12.42%	11.88%	11.46%	10.90%	10.90%	10.26%	7.74%	8.33%	7.64%
Peoples Trust Co.	13.19%	5.62%	6.82%	7.06%	8.33%	8.33%	6.10%	7.32%	7.41%	8.64%	7.50%	5.13%	10.26%
Union Bank	8.20%	8.24%	8.89%	9.66%	9.36%	8.14%	6.40%	5.78%	8.67%	6.98%	8.72%	6.86%	5.71%
Vermont Devvelopment CU	5.88%	7.14%	8.00%	5.26%	3.95%	3.95%	6.25%	7.23%	8.43%	8.24%	9.41%	6.74%	6.38%
Average	8.58%	7.51%	8.22%	7.89%	8.15%	7.79%	6.77%	6.54%	7.17%	6.83%	6.85%	6.29%	7.25%
Small Servicers 49-													
Bennington Co-op S&L Assoc.	7.41%	3.57%	1.64%	1.67%	3.23%	3.23%	6.45%	6.45%	3.23%	6.45%	6.45%	6.25%	2.99%
Brattleboro Savings & Loan	7.41%	3.57%	3.57%	3.45%	10.34%	6.67%	6.45%	6.45%	9.68%	6.45%	6.45%	6.25%	5.56%
Connecticut River Bank	20.00%	0.00%	0.00%	0.00%	0.00%	20.00%	20.00%	0.00%	0.00%	20.00%	0.00%	0.00%	0.00%
Factory Point Nat. Bank	11.76%	5.88%	9.09%	21.21%	9.09%	6.06%	6.06%	6.06%	3.03%	3.13%	9.38%	12.12%	6.45%
First Brandon Nat. Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
First Nationwide Mortgage	0.00%	0.00%	0.00%	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
GMAC Mortgage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	11.11%	11.11%	11.11%	0.00%
Granite Bank (NH)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Heritage Family Credit Union	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mascoma Savings Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Randolph National Bank	11.43%	8.57%	8.57%	8.57%	9.09%	12.50%	9.38%	9.68%	9.68%	3.33%	3.33%	6.67%	7.41%
Wells River Savings Bank	6.67%	10.00%	6.67%	10.00%	10.00%	6.67%	3.23%	3.23%	0.00%	0.00%	0.00%	3.33%	3.23%
Average	5.39%	2.63%	2.46%	3.74%	5.15%	4.59%	4.30%	2.66%	2.14%	4.21%	3.06%	3.81%	2.14%

VERMONT HOUSING FINANCE AGENCY

Board Property Disposition Report

Month of: September, 1999

Properties Sold

Property	Listing Price	Sale Price	Principal Balance	Interest	To Date Expenses	Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Santamore Middlesex	$29,900	$14,000	$35,465	$4,505	$9,311	$7,900	($27,381)	($16,133)	($11,248)
Baker Lyndon	$34,900	$30,000	$50,780	$4,342	$12,027	$11,000	($26,149)	$0	($26,149)
Morse Sheffield	$17,900	$15,000	$36,880	$4,218	$9,461	$8,000	($27,559)	($22,211)	($5,348)
Hoaglund Poultney	$40,000	$30,000	$43,956	$5,733	$13,700	$9,600	($23,789)	$0	($23,789)
Dumas Derby	$ 29,900	$ 29,900	$ 21,903	$ 2,470	$ 10,681	$ 8,371	$3,217	$0	$3,217
Karch Jericho	$ 99,900	$ 100,000	$ 88,435	$ 13,173	$ 22,922	$ 15,685	($8,845)	$0	($8,845)
Tabor Newport	$ -	$ 45,000	$ 71,528	$ 7,768	$ 10,549	$ 13,128	($31,717)	($33,987)	$2,270
Girton Winooski	$ -	$ 76,000	$ 58,713	$ 4,842	$ 16,461	$ -	($4,016)	$0	($4,016)

Properties Under Contract

Property	Listing Price	Contract Price	Principal Balance	Interest	Estimated Expenses	Estimated Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Aldrich Vernon	$ 45,000	$ 30,100	$ 63,462	$ 10,272	$ 11,075	$ 9,750	($44,959)	($49,567)	$4,608
Westall Richmond	$ 49,900	$ 50,000	$ 62,576	$ 8,696	$ 14,148	$ 13,980	($21,440)	($7,743)	($13,697)
Pronto Pownal	$ 49,900	$ 35,000	$ 55,957	$ 7,472	$ 5,184	$ 3,532	($30,081)	($6,350)	($23,731)
Turner St. Albans	$ 49,900	$ 35,000	$ 67,350	$ 8,768	$ 8,045	$ 15,000	($34,163)	($26,134)	($8,029)
Thebarge Milton	$57,900	$57,900	$66,991	$6,341	$11,318	$15,000	($11,750)	($14,794)	$3,044
Aldrich Searsburg	$49,900	$40,000	$56,642	$6,286	$5,594	$12,400	($16,122)	$0	($16,122)
Wright Enosburg	$14,900	$10,000	$40,717	$4,017	$14,854	$12,400	($37,188)	($19,893)	($17,295)

HOMEOWNERSHIP PROGRAMS - SERVICING ACTIVITY REPORT

Activity for the month of October 1999

COLLECTIONS

Total 90+ accounts for current month	88

FORECLOSURES

Foreclosure accounts from previous month	64
Plus new foreclosure accounts	4
To REO	6
Successful interventions	3
Total Foreclosure accounts for current month	59

REAL ESTATE OWNED

REOs from previous month	37	
Plus new REOs	6	
Less property sold	6	
REOs for current month	37	(11 properties are under contract)

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: October 1999

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO		Lender
Mortgage Service Ctr. of NE	79	6	7.59%	3	3.80%	0	0.00%	2	2.53%	11	13.92%	0	0.00%	Mortgage
Graystone Mortgage Company	482	33	6.85%	6	1.24%	16	3.32%	8	1.66%	63	13.07%	5	1.04%	Graystone
Factory Point Nat. Bank	31	3	9.68%	0	0.00%	1	3.23%	0	0.00%	4	12.90%	0	0.00%	Factory P
Charter One	374	23	6.15%	6	1.60%	5	1.34%	7	1.87%	41	10.96%	4	1.07%	Charter C
Peoples Trust Co.	79	4	5.06%	2	2.53%	1	1.27%	0	0.00%	7	8.86%	0	0.00%	Peoples T
Chittenden Bank	929	53	5.71%	11	1.18%	8	0.86%	10	1.08%	82	8.83%	4	0.43%	Chittende
Merchants Bank	206	14	6.80%	1	0.49%	2	0.97%	1	0.49%	18	8.74%	0	0.00%	Merchant
Vermont Development CU	103	4	3.88%	2	1.94%	2	1.94%	1	0.97%	9	8.74%	0	0.00%	Vermont
Vermont National Bank	1804	69	3.82%	27	1.50%	34	1.88%	22	1.22%	152	8.43%	14	0.78%	Vermont
Citizens Savings Bank	120	6	5.00%	1	0.83%	1	0.83%	1	0.83%	9	7.50%	1	0.83%	Citizens S
Randolph National Bank	27	2	7.41%	0	0.00%	0	0.00%	0	0.00%	2	7.41%	0	0.00%	Randolph
Passumpsic Savings Bank	155	5	3.23%	0	0.00%	4	2.58%	2	1.29%	11	7.10%	2	1.29%	Passumps
Banknorth Mortgage Co.	691	35	5.07%	5	0.72%	5	0.72%	4	0.58%	49	7.09%	5	0.72%	Banknort
Community National Bank	313	13	4.15%	3	0.96%	5	1.60%	1	0.32%	22	7.03%	1	0.32%	Commun
Union Bank	182	9	4.95%	2	1.10%	1	0.55%	0	0.00%	12	6.59%	0	0.00%	Union Ba
Bennington Co-op S&L Assoc.	67	3	4.48%	1	1.49%	0	0.00%	0	0.00%	4	5.97%	0	0.00%	Benningt
Brattleboro Savings & Loan	36	1	2.78%	1	2.78%	0	0.00%	0	0.00%	2	5.56%	0	0.00%	Brattlebo
Northfield Savings Bank	143	5	3.50%	1	0.70%	1	0.70%	0	0.00%	7	4.90%	0	0.00%	Northfiel
Lyndonville Savings Bank	70	1	1.43%	0	0.00%	2	2.86%	0	0.00%	3	4.29%	0	0.00%	Lyndonvi
Wells River Savings Bank	31	1	3.23%	0	0.00%	0	0.00%	0	0.00%	1	3.23%	0	0.00%	Wells Riv
Connecticut River Bank	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Connecti
First Brandon Nat. Bank	10	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	First Bra
First Nationwide Mortgage	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	First Nati
GMAC Mortgage	12	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	GMAC M
Heritage Family Credit Union	16	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Heritage
Mascoma Savings Bank	3	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Mascoma
New England Federal CU	68	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	New Eng
Totals	6042	290	4.80%	72	1.19%	88	1.46%	59	0.98%	509	8.42%	37	0.61%	
Totals Previous Month	5934	269	4.53%	68	1.15%	80	1.35%	64	1.08%	481	8.11%	37	0.62%	
Totals Same Mo. Last Yr.	6205	290	4.67%	86	1.39%	110	1.77%	59	0.95%	545	8.78%	39	0.63%	

Lenders	1998 Oct	Nov	Dec	1999 Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct
Large Servicer 400+													
Banknorth Mortgage Co.	7.53%	7.49%	8.55%	7.91%	8.65%	6.27%	6.06%	6.42%	6.60%	6.22%	6.09%	6.41%	7.09%
Chittenden Bank	10.02%	9.84%	11.72%	11.78%	11.43%	8.60%	6.70%	9.27%	9.02%	9.14%	9.45%	8.49%	8.83%
Graystone Mortgage Company	15.01%	15.82%	15.88%	13.41%	16.27%	13.25%	14.75%	17.18%	16.88%	16.22%	12.22%	11.53%	13.07%
Vermont National Bank	7.95%	9.20%	9.04%	9.90%	9.90%	7.82%	8.64%	10.07%	10.00%	8.33%	8.86%	8.82%	8.43%
Average	10.13%	10.59%	11.30%	10.75%	11.56%	8.99%	9.04%	10.74%	10.63%	9.98%	9.16%	8.81%	9.36%
Medium Servicers 399-50													
Bennington Co-op S&L Assoc.	3.57%	1.64%	1.67%	3.23%	3.23%	6.45%	6.45%	3.23%	6.45%	6.45%	6.25%	2.99%	2.99%
Charter One	11.41%	14.43%	12.38%	13.00%	12.94%	10.88%	10.08%	9.84%	12.01%	9.23%	10.88%	11.14%	10.96%
Citizens Savings Bank	6.03%	5.22%	6.14%	6.03%	8.55%	5.88%	9.24%	6.67%	7.50%	8.33%	8.26%	7.56%	7.50%
Community National Bank	9.15%	9.09%	9.80%	8.77%	8.79%	8.20%	9.21%	9.87%	7.67%	7.89%	7.24%	6.11%	7.03%
Lyndonville Savings Bank	6.67%	5.26%	6.67%	8.06%	7.69%	7.69%	4.62%	6.25%	4.76%	4.76%	3.17%	6.45%	4.29%
Merchants Bank	4.37%	6.45%	4.90%	8.33%	7.20%	5.17%	3.54%	5.33%	4.55%	5.53%	2.83%	5.71%	8.74%
Mortgage Service Ctr. of NE	11.76%	16.67%	16.87%	13.25%	11.11%	11.11%	9.88%	9.88%	9.88%	8.75%	12.50%	15.00%	13.92%
New England Federal CU	2.27%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Northfield Savings Bank	7.14%	6.43%	3.57%	6.34%	4.93%	2.13%	0.70%	2.84%	1.43%	4.29%	3.57%	5.00%	4.90%
Passumpsic Savings Bank	10.37%	11.38%	12.35%	12.42%	11.88%	11.46%	10.90%	10.90%	10.26%	7.74%	8.33%	7.64%	7.10%
Peoples Trust Co.	5.62%	6.82%	7.06%	8.33%	8.33%	6.10%	7.32%	7.41%	8.64%	7.50%	5.13%	10.26%	8.86%
Union Bank	8.24%	8.89%	9.66%	9.36%	8.14%	6.40%	5.78%	8.67%	6.98%	8.72%	6.86%	5.71%	6.59%
Vermont Development CU	7.14%	8.00%	5.26%	3.95%	3.95%	6.25%	7.23%	8.43%	8.24%	9.41%	6.74%	6.38%	8.74%
Average	7.51%	8.22%	7.89%	8.15%	7.79%	6.77%	6.54%	7.17%	6.83%	6.85%	6.29%	7.25%	7.39%
Small Servicers 49-													
Brattleboro Savings & Loan	3.57%	3.57%	3.45%	10.34%	6.67%	6.45%	6.45%	9.68%	6.45%	6.45%	6.25%	5.56%	5.56%
Connecticut River Bank	0.00%	0.00%	0.00%	0.00%	20.00%	20.00%	0.00%	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%
Factory Point Nat. Bank	5.88%	9.09%	21.21%	9.09%	6.06%	6.06%	6.06%	3.03%	3.13%	9.38%	12.12%	6.45%	12.90%
First Brandon Nat. Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
First Nationwide Mortgage	0.00%	0.00%	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
GMAC Mortgage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	11.11%	11.11%	11.11%	0.00%	0.00%
Heritage Family Credit Union	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mascoma Savings Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Randolph National Bank	8.57%	8.57%	8.57%	9.09%	12.50%	9.38%	9.68%	9.68%	3.33%	3.33%	6.67%	7.41%	7.41%
Wells River Savings Bank	10.00%	6.67%	10.00%	10.00%	6.67%	3.23%	3.23%	0.00%	0.00%	0.00%	3.33%	3.23%	3.23%
Average	5.39%	5.68%	6.14%	6.99%	6.52%	5.82%	4.87%	4.95%	5.80%	5.24%	5.31%	4.99%	5.34%

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: October

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL		Delinq		REO
Large Servicer 400+													
Banknorth Mortgage Co.	691	35	5.07%	5	0.72%	5	0.72%	4	0.58%	49	7.09%	9	0.63%
Chittenden Bank	929	53	5.71%	11	1.18%	8	0.86%	10	1.08%	82	8.83%	4	1.05%
Graystone Mortgage Company	482	33	6.85%	6	1.24%	16	3.32%	8	1.66%	63	13.07%	5	3.54%
Vermont National Bank	1804	69	3.82%	27	1.50%	34	1.88%	22	1.22%	152	8.43%	14	1.36%
Totals	3906	190	4.86%	49	1.25%	63	1.61%	44	1.13%	346	8.86%	32	0.82%
Average	977	48	5.36%	12	1.16%	16	1.70%	11	1.13%	87	9.35%	8	1.65%
Medium Servicers 399-50													
Bennington Co-op S&L Assoc.	67	1	1.49%	1	1.49%	0	0.00%	0	0.00%	2	2.99%	0	0.00%
Charter One	374	23	6.15%	6	1.60%	5	1.34%	7	1.87%	41	10.96%	4	0.22%
Citizens Savings Bank	120	6	5.00%	1	0.83%	1	0.83%	1	0.83%	9	7.50%	1	0.83%
Community National Bank	313	13	4.15%	3	0.96%	5	1.60%	1	0.32%	22	7.03%	1	0.32%
Lyndonville Savings Bank	70	1	1.43%	0	0.00%	2	2.86%	0	0.00%	3	4.29%	0	0.00%
Merchants Bank	206	14	6.80%	1	0.49%	2	0.97%	1	0.49%	18	8.74%	0	0.00%
Mortgage Service Ctr. of NE	79	6	7.59%	3	3.80%	0	0.00%	2	2.53%	11	13.92%	0	0.00%
New England Federal CU	68	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Northfield Savings Bank	143	5	3.50%	1	0.70%	1	0.70%	0	0.00%	7	4.90%	0	0.00%
Passumpsic Savings Bank	155	5	3.23%	0	0.00%	4	2.58%	2	1.29%	11	7.10%	2	1.29%
Peoples Trust Co.	79	4	5.06%	2	2.53%	1	1.27%	0	0.00%	7	8.86%	0	0.00%
Union Bank	182	9	4.95%	2	1.10%	1	0.55%	0	0.00%	12	6.59%	0	0.00%
Vermont Development CU	103	4	3.88%	2	1.94%	2	1.94%	1	0.97%	9	8.74%	0	0.00%
Totals	1892	90	4.76%	21	1.11%	24	1.27%	15	0.79%	150	7.93%	8	0.42%
Average	163	8	4.35%	2	1.09%	2	1.15%	1	0.67%	13	7.39%	1	0.24%
Small Servicers 49-													
Brattleboro Savings & Loan	36	1	2.78%	1	2.78%	0	0.00%	0	0.00%	2	5.56%	0	0.00%
Connecticut River Bank	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Factory Point Nat. Bank	31	3	9.68%	0	0.00%	1	3.23%	0	0.00%	4	12.90%	0	0.00%
First Brandon Nat. Bank	10	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Nationwide Mortgage	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
GMAC Mortgage	12	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Heritage Family Credit Union	16	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mascoma Savings Bank	3	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Randolph National Bank	27	2	7.41%	0	0.00%	0	0.00%	0	0.00%	2	7.41%	0	0.00%
Wells River Savings Bank	31	1	3.23%	0	0.00%	0	0.00%	0	0.00%	1	3.23%	0	0.00%
Totals	4191	7	0.17%	1	0.00%	1	0.02%	0	0.00%	9	0.21%	0	0.00%
Average	18	1	2.11%	0	0.25%	0	0.30%	-	0.00%	1	5.44%	-	0.00%

VERMONT HOUSING FINANCE AGENCY

Board Property Disposition Report

Month of: October, 1999

Properties Sold

Property	Property Type	Listing Price	Sale Price	Principal Balance	Interest	To Date Expenses	Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Aldrich Vernon	MH	$45,000	$30,100	$63,462	$10,272	$11,075	$9,750	($44,959)	($49,875)	$4,916
Pronto Pownal	1FD	$49,900	$35,000	$55,957	$7,472	$5,184	$3,532	($30,081)	($9,035)	($21,046)
Thebarge Milton	MH	$57,900	$57,900	$66,991	$6,341	$11,318	$15,000	($11,750)	($4,279)	($7,471)
Wright Enosburg	MH	$14,900	$10,000	$40,717	$4,017	$14,854	$12,400	($37,188)	($20,368)	($16,820)
Mullen Chelsea	1FD	$25,000	$10,000	$36,504	$4,637	$10,256	$7,650	($33,747)	$0	($33,747)
Majoros Craftsbury	1FD			$24,239	$3,367	$14,348	$5,039	($36,915)	$0	($36,915)
TOTALS		$192,700	$143,000	$287,870	$36,106	$67,035	$53,371	($194,640)	($83,557)	($111,083)

Properties Under Contract

Property	Property Type	Listing Price	Contract Price	Principal Balance	Interest	Estimated Expenses	Estimated Claim Payment	Actual Gain/ (Loss)	Audit Valuation Offset	Additional Gain/ (Loss)
Turner St. Albans	1FD	$49,900	$35,000	$67,350	$8,768	$8,045	$15,000	($34,163)	($28,867)	($5,296)
Aldrich Searsburg	1FD	$49,900	$40,000	$56,642	$6,286	$6,463	$12,400	($16,991)	($22,403)	$5,412
Sealey S. Burlington	CONDO	$76,500	$76,000	$65,677	$7,843	$24,897	$8,675	($13,742)	($15,976)	$2,234
Hattat Bennington	1FD		$74,700	$61,564	$10,070	$4,223		($1,157)	$0	($1.157)
Paquette Franklin	1FD	$64,900	$50,000	$77,014	$7,293	$8,527		($42,834)	$0	($42,834)
Algren Swanton	1FD	$52,900	$28,000	$60,137	$8,815	$10,881	$11,200	($40,633)	($5,849)	($34,784)
Bohannon Alburg	1FD	$59,900	$25,000	$51,977	$8,335	$3,892	$11,600	($27,604)	$0	($27,604)
Cyr Proctor	1FD	$50,000	$42,500	$72,350	$8,798	$13,241	$21,705	($30,184)	($22,386)	($7,798)
Findley Hartford	1FD	$79,900	$57,000	$82,480	$6,685	$13,954	$17,800	($28,319)	($20,760)	($7,559)
Ryan Fair Haven	1FD	$69,900	$67,000	$72,013	$4,811	$11,115	$21,604	$665	($15,864)	$16,529
Jackson Brandon	2FD	$49,900	$33,500	$77,529	$11,583	$20,673	$16,800	($59,485)	($48,671)	($10,814)
TOTALS		$603,700	$528,700	$744,733	$89,287	$125,911	$136,784	-$294,447	-$180,776	-$113,671

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia M. Loller, Director of Administration PML

DATE: November 24, 1999

RE: Pension Plan Amendments

Attached is a modification to the Agency's Pension Plan to correct a drafting error in the original Summary Plan Description regarding the method of calculation of the employee base wage. Pension plan contributions are made on behalf of each employee based upon their base wage, which was intended to be strictly their annual salary amount, exclusive of all other compensation.

The plan states that bonuses and commissions are excluded from base wage for the purpose of determining pension plan contributions. However, payment in lieu of medical insurance was not specifically listed as an exclusion and it should have been. We are proposing that payment in lieu of medical insurance, as well as, car allowance be excluded from the calculation of the base wage, retroactive to November 1, 1999.

Recommendation: Recommend that the VHFA Board of Commissioners approve new amendment.

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

AMENDMENT NO. 2

VERMONT HOUSING FINANCE AGENCY
MONEY PURCHASE PLAN

Whereas Section 9.01 of the Plan named above gives the Employer the right to amend the Plan at any time, the Plan is amended as provided below:

Effective November 1, 1999:

> Section 7, Part E. "Exclusions From Compensation" shall be amended to select the "Other" option in addition to Bonuses and Commissions. "Other" shall be specified as "cash payments made in lieu of using VHFA medical insurance and any car allowances as these amounts are not considered "base" salary." It should further be noted that the "cash payments made in lieu of using VHFA medical insurance" has been excluded in practice and is added here now to correct a drafting error in the original version of the Plan.

In all other respects, the Plan shall remain in full force and effect.

By signing this amendment, the Employer acknowledges having counseled to the extent necessary with selected legal and tax advisors regarding this amendments legal and tax implications.

In witness whereof, the Employer has caused this amendment to be executed this 3rd day of December, 1999.

Vermont Housing Finance Agency

BY: Sarah E. Carpenter

TITLE: EXECUTIVE DIRECTOR

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director SC

DATE: November 24, 1999

RE: **EXECUTIVE DIRECTOR'S REPORT**

This will be a short update, as I think we all had a chance to catch up at the retreat. It was a wonderful experience for me, and I certainly came back energized and pleased that there was so much consensus on the direction for the Agency.

ADMINISTRATION

We are currently in the process of reviewing our medical insurance options due to the exit of Kaiser Permanente from the state and hope to have a new provider by 1/1/00.

The Year 2000 Committee is in the process of finalizing yearend weekend work plans. Internally VHFA has prepared well for Year 2000. Our biggest potential problem would be the lack of electricity, however, we have been assured by BED that they will be able to provide power as necessary. Due to the nature of our business and processing schedules, we are able to process manually for a short period of time.

We currently have an opening for a Housing Management Officer, as Kim Fitzgerald's last day was November 19th. She is taking a position with Cathedral Square.

HOMEOWNERSHIP

VHFA is in the midst of holding a series of "thank you" lunches for our lending partners around Vermont. Over 100 lenders have attended the lunch events in Manchester, Morrisville, Putney, Rutland, and St. Albans, with the final (largest) gatherings yet to come. VHFA staff is getting to know many of their local colleagues in origination, underwriting, processing, servicing, and collections.

MULTIFAMILY MANAGEMENT & DEVELOPMENT

The Vermont Housing Managers Association provided a fine opportunity to celebrate VHFA's 25th anniversary. The reception hosted by VHFA was well attended and very much appreciated. The four winners of the "What My Home Means to Me!" poster contest were also announced at the conference. Champ, the Vermont Expo's mascot, did an excellent job judging the contest and enjoyed an after-school program party for children living at Northgate in Burlington.

Following months of meetings and negotiations, St. Michael's Trustees have rejected a proposal that would have placed Winchester Place on a solid financial footing for the first time in ten years. Working with Joe Boutin, VHFA and Housing Vermont approached the college's president Mark vanderHeyden with a plan that would have transferred 13 unrestricted units to St. Mikes for an expansion of their student housing. In exchange, the college was to agree to an extended refinancing term and a reduction of the annual ground lease payments to $1. President vanderHeyden had been optimistic in his discussions with Housing Vermont and the Trustee's response was something of a surprise. We are now considering other options, especially should the Merchants Bank fail to honor their obligations to share deficit funding pursuant to our Forbearance Agreement.

VHFA has resubmitted our Note Sale offer to purchase the three HUD held notes that were previously rejected in 1998. We have enlisted the help of Hessel & Aluise, a Washington based law firm, that has had success with this type of transaction in other states. Meetings with HUD Secretary Apgar and congressional staff are planned in an attempt to enlist support for this preservation effort.

We have four multifamily closings this month; Saxtons River, Portland and Main, Swanton School, and the Derby project restructuring.

FINANCE

The multifamily bond refunding will be closed on December 7 and at the Board meeting we will discuss next years plan for financings. The VHMGB audits for FY99 & FY00 will be done in mid December. This will allow us to officially close out VHMGB by the end of the year.

OTHER

On December 13th I will be attending the NCSHA annual Directors Meeting in New York. I also expect to go to Washington within the next month to discuss the HUD note sale.

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: November 24, 1999 SC

RE: Proposed Year 2000 Meeting Schedule

Attached, I have included possible dates for next year's Board meetings. I have listed the dates for every 3rd Thursday of the month and also dates for every 4th Thursday of the month. The fourth week is proposed, as it would allow us to provide more timely financials after the 15th of the month. In all likely hood we will want to consolidate the November and December meeting and perhaps designate one of the days later in the year for a planning session.

This is an agenda item for discussion on the 3rd.

POSSIBLE DATES FOR BOARD MEETINGS FOR YEAR 2000

(Every 3rd Thursday)

January 20th

February 17th

March 16th (conflicts with the VHCB Board meeting)

April 20th

May 18th

June 15th

July 20th

August 17th

September 21st

October 19th

November 16th

December 21st

POSSIBLE DATES FOR BOARD MEETINGS FOR YEAR 2000

(Every 4th Thursday)

January 27th

February 24th

March 23rd

April 27th

May 25th

June 22nd

July 27th

August 24th

September 28th

October 26th

November 23rd

December 28th

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah Carpenter, Executive Director Sarah

DATE: November 23, 1999

RE: Strategic Planning Summary Report

We certainly accomplished a great deal at the November 11th and November 12th planning retreat! I want to thank the Board and management staff for contributing so much to the success of the two-day effort.

The discussions and initiatives generated during those sessions are outlined in several documents (attached). We tried mainly to summarize the work from the newsprint sheets and did not really edit. Staff will obviously have to flesh out these thoughts as implementation plans are developed.

Each document reflects the ideas generated and priorities set during our discussions. Please review these with special attention toward whether the flavor of the discussion is captured sufficiently and whether the priorities are clear. Before moving forward with the implementation plan, VHFA staff want to be sure the framework for the strategic plan is in place. Also, several "lists" will be re-crafted into a narrative (paragraph) reflecting common themes and general assumptions to accompany the multifamily, homeownership, and agency-wide initiatives.

- Homeownership Initiatives by Action Item
- Multifamily Initiatives by Action Item
- Agency-Wide Initiatives by Action Item
- VHFA in Five Years - Long Range Considerations
- Other - Considerations when reviewing initiatives & general themes/"Don't forget about"

I look forward to the discussion at next week's Board meeting.

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Homeownership Initiatives By Action Item

Action Items for Next 12-18 Months	Content Area	Priority* (total points)	Drop**	Short Description	Detailed Description
Implement	Servicing	30		Need to reduce losses	Need to reduce losses: 1) trend analysis; 2) lower turn around time; 3) look at hidden costs
Implement	Products	26		Maximize use of existing programs	Maximize use of existing programs (keep on doing programs)
Implement	Origination	9		Role of Homeownership Centers	Role of Homeownership Centers - as partners, continue doing what doing
Implement	Servicing	9		Electronic transfer of loan info	Implement electronic transfer of loan detail information from servicers (include finance dept)
Implement	Systems/Operations	9		Increase efficiency of processes & data transfer with partners	Increase efficiency of business processes and data transfer with lending partners
Implement	Origination	4		Automated underwriting system	Determine best source for access to and implementation of automated underwriting system
Implement	Origination			MGIC	Establish future relationship with MGIC, examine options, keep door open
Design	Products	16		Builder program/incentive	Builder program/incentive for $130,000+ purchase price homes (moderate)
					Loan servicing consolidation - criteria: VT banks; community/small bank; how well service portfolio; bank wants to service portfolio.
Design	Servicing	13		Loan servicing consolidation	Cost-benefit analysis of servicing.
Design	Products	11		Mobile home lending	Mobile home lending
Design	Origination	10		Direct lending - for certain circumstances	Direct lending - design for certain circumstances
Design	Products	10		Home improvement/rehab program	Look into providing a home improvement/rehab loan program
Design	Financing	9		Establish new sources of capital	Establish new sources of capital to fund homeownership programs
Design	Origination	9		Direct lending - criteria for lenders	Direct lending - develop criteria for lenders to remain VHFA lenders
Design	Origination	5		Maximize access/same quality	Maximize access without decreased quality (operating principle)
Design	Origination	4		On-line tools	On-line tools such as application, e-mail, etc.
Design	Products	4		Develop larger 0 percent pool	Develop larger 0 percent pool
Design	Servicing	4	-1	In-state servicing center	Institute in-state servicing center for VHFA loans
Design	Products	1		Products for MHP residents	Products for residents of mobile home parks
Design	Origination	1		Origination direction in changing world	Confirm direction for originating VHFA loans within changing landscape for our partners
Design	Products			Marketing for developers	Tell developers about full range of resources
Evaluate	Products	8	-3	Refinance loans	Refinance loans
Evaluate	Planning	6		Smart growth-incentives for smart growth units	Develop policies/programs to support smart growth-develop incentives for the development of "smart growth" units (under the VHFA purchase price, densely developed near town and village centers).

* Priority assigned at retreat: #1 priority equals 3 points; #2 priority equals 2 points; #3 priority equals 1 point.
** Drop assigned at retreat: 1 red dot equals -1.

Homeownership Initiatives By Action Item

Action Items for Next 12-18 Months	Content Area	Priority* (total points)	Drop**	Short Description	Detailed Description
Evaluate	Financing	3		VHFA resources for those not served in marketplace	Using VHFA resources to serve those Vermonters who cannot be assisted in general marketplace (reserves, 0% financing, etc.)
Evaluate	Planning	3		Role in community building - "community environment"	Role in community building - Aid in creating "community" environment
Evaluate	Planning	3		State tax credit	State tax credit for homeownership
Evaluate	Planning	3	-2	Northwest VT - bigger role as developer	With the housing issues facing northwestern Vermont, should VHFA play a much more involved role in creating housing?
Evaluate	Servicing	3		Homeownership Centers assist	Homeownership Centers - assist borrowers having trouble paying mortgage
Evaluate	Planning	2		Smart growth-research commercial/housing features	Develop policies/programs to support smart growth-research feasibility of smart growth features of combined commercial/housing projects
Evaluate	Planning	1		Smart growth-increase homeownership rates in towns	Develop policies/programs to support smart growth - increase homeownership rates in towns
Evaluate	Planning			Role in community building - finance infrastructure	Role in community building - Should we be more involved in financing infrastructure?
Evaluate	Planning			Smart growth-increased density in development	Develop policies/programs to support smart growth - encourage increased density in development of single family and multifamily development
Drop from list	Servicing		-1	Servicing by agency	Servicing of loans directly by VHFA
Drop from list	Servicing		-1	Do pilot for consolidation	Do pilot for loan servicing consolidation
Drop from list	Origination		-5	On-line origination	On-line origination
Drop from list	Planning		-5	New businesses-consulting, title insurance, discount insurance, etc	Other businesses - consulting, title insurance, discount homeowners' insurance, marketing support for affordable homeownership programs
Drop from list	Products		-7	Reverse mortgage product	Reverse mortgage product/program

* Priority assigned at retreat: #1 priority equals 3 points; #2 priority equals 2 points; #3 priority equals 1 point.
** Drop assigned at retreat: 1 red dot equals -1.

Multifamily Initiatives By Action Item

Action Item for Next 12-18 Months	Content Area	Priority* (total Points)	Drop**	Short Description	Detailed Description
Implement	Systems/Operations	21		Improve efficiencies for increased production	Improve efficiencies to increase production capacity and profitability: 1) Conduct business process review for production & closing process; 2)Develop and utilize VHFA web page for multifamily clients to reduce phone calls; 3) Implement and enforce uniform loan application package; 4) Implement use of electronic data transfer to minimize manual input
Implement	Systems/Operations	18		User friendly lender	Be a user friendly lender: 1) closing process; 2) monitoring of loan
Implement	Financing	17		Written guidelines for future use of 0% funds (within 6 months)	Written criteria for 0% funds with a breakdown for new production/current portfolio
Implement	Financing	14		Expand staff authority without Board findings(certain parameters)	Expand authority for staff to make loans without Board findings, within certain parameters. May need required statutory or regulatory changes.
Implement	Miscellaneous	13		Stabilize and preserve portfolio	Stabilize and preserve existing portfolio and enhance lending opportunities to current multifamily clients or new ownership structures
Implement	Miscellaneous	9		Improve profitability	Improved VHFA profitability. Earn full spread - criteria: project can afford it; good loan (outside our mission).
Implement	Financing	8		Expand authority 501(c)(3) bonds	New areas of authority 501(c)(3) bonds
Implement	Systems/Operations	7		Streamline reporting and regulatory requirements	Streamline reporting and regulatory requirements
Implement	Systems/Operations	6		Improve data integrity, tracking, etc.	Improve data integrity, access, tracking, and report writing capabilities
Implement	Miscellaneous			LIHTC - Define several items	LIHTC - define 1) special needs; 2) compact village/urban center; 3) family housing
Design	Miscellaneous	25		LIHTC - process	LIHTC process - change memo of understanding or adhere to memo of understanding or meet jointly (VHFA Board and JTCC) to decide
Design	Products	15		New markets: mixed use and hybrid real estate/business	Develop new markets for lending on mixed use projects (both commercial and real estate portions) and hybrid real estate/busines loans (like assisted living facilities)
Design	Planning	12		Southern VT	Ways VHFA can increase presence in southern VT
Evaluate	Planning	4	-4	State tax credit	State tax credit for multifamily
Evaluate	Financing	4		Small residential care/assisted living facility	Financing for small residential care/assisted living facilities
Evaluate	Products	3		Better products for MHPs	Better loan products for mobile home parks
Evaluate	Planning	3		Smart growth-increased density in development	Smart growth-encourage increased density in development of single family and multifamily development
Evaluate	Planning	3	-2	Northwest VT - role as developer	With the housing issues facing northwestern VT, should VHFA play a more involved role in creating housing?
Evaluate	Financing	3		VHFA resources for those not served in marketplace	Using VHFA resources to serve those Vermonters who cannot be assisted in general marketplace (reserves, 0% financing, etc.)
Evaluate	Planning	3		Role in community building: help create "community" environment	Role in community building: aiding in creating the "community" environment

* Priority assigned at retreat: #1 priority equals 3 points; #2 priority equals 2 points; #3 priority equals 1 point.
** Drop assigned at retreat: 1 red dot equals -1.

Multifamily Initiatives By Action Item

Action Item for Next 12-18 Months	Content Area	Priority* (total Points)	Drop**	Short Description	Detailed Description
Evaluate	Planning	1		Smart growth-research combined commercial/housing development	Smart growth-research feasibility of smart growth features of combined commercial/housing projects
Evaluate	Planning	1		Smart growth-incentives for smart growth "units"	Smart growth-develop incentives for "smart growth housing units" (densely developed)
Evaluate	Miscellaneous	1	-1	Change federal regulations	Change federal regulations: pool, not project based; multiple state inititiatives; change thresholds for affordability (51% of units for lower income)
Evaluate	Products			Community space/centers in buildings	Encourage community buildings, space, centers in projects we finance
Evaluate	Miscellaneous			LIHTC - sales price	LIHTC - sales price should be known at outset of process
Evaluate	Products			Be more of a deal maker	Be more of a deal maker with developers
Evaluate	Products			Scattered site rehab	Examine doing scattered site rehab. What is VHFA's role?
Drop from list	Miscellaneous	1	-3	LIHTC point scoring system	LIHTC point scoring system to provide more clarity for developers and staff
Drop from list	Planning		-2	Role in financing infrastructure?	Role in community building: should VHFA be more involved in financing infrastructure?
Drop from list	Financing		-3	Fund projects with known interest rate/terms	Develop mechanism for funding projects that allows VHFA to know in advance the interest rate and terms for loans from the moment they apply

* Priority assigned at retreat: #1 priority equals 3 points; #2 priority equals 2 points; #3 priority equals 1 point.
** Drop assigned at retreat: 1 red dot equals -1.

Agency Wide Initiatives by Action Item

Action Items for Next 12-18 Months	Primary Responsibility	Short Description
Implement	Administration	Improve public support for affordable housing.
Implement	Administration	Develop public relations plan for calendar year 2000 to promote and publicize agency activities.
Implement	Administration	Complete comprehensive benefit analysis review.
Implement	Administration	Initiate and complet benchmarking initiative.
Implement	Administration	Complete comprehensive job description review.
Implement	Administration	Implement Mitas/Windows version.
Implement	Administration	Expand VHFA web site and consider Intranet application.
Implement	Administration	Develop and implement marketing plan to support homeownership department objectives based on their marketing needs.
Implement	Administration	Develop and implement marketing plan to support multifamily development and multifamily management objectives based on their marketing needs.
Implement	Administration	Collaborate in supporting education for youth (financial management knowledge, introduce homeownership in curriculum, home safety)
Implement	Administration	Expand support for multifamily service coordinators at VHFA multifamily properties.
Implement	Administration	Complete migration to NT Workstation for all desktops (12-18 months).
Implement	Administration	Look at feasibility of hiring--property management or construction position (cost-benefit).
Implement	Administration/Finance	Provide necessary support for strategic planning initiatives.
Implement	Finance	Institute more timely presentation of financial information, 45 days for quarterly financials and 15 days for general fund budget reports.
Implement	Finance	Create more efficient bonding mechanisms/capital generation including identification of private placement investors such as local banks, businesses, institutions (UVM), towns/cities, etc.
Implement	Finance	Complete certification of General Obligation Bond rating.
Implement	Finance	Enhance legally required annual disclosure reports and include on website.
Implement	Finance	Implement electronic transfer of data from lenders, servicers, and trustees.
Implement	Board of Commissioners	Continue Human Resources Committee.
Implement	Board of Commissioners	Create a risk management committee.
Implement	Board of Commissioners	Write board job description.
Implement	Board of Commissioners	Develop work plan for year.
Implement	Board of Commissioners	Meet each year in southern Vermont.

OTHER

Each item listed below will be grouped into common themes and discussed in narrative form as part of VHFA's strategic plan.

Considerations when reviewing inititiatives

* Consider whether the initiative helps us get more housing units on line (in particular, new construction)
* Does the initiative meet our mission, provide more affordable housing, or create new units?
* Cost of rehab conversion to more units
* Add information for the Board when useful
* Provide measurements for goals
* Evaluate current activities and strategic initiatives
* Create new units versus low cost? Versus time frames?
* Incentives tied with criteria (smart growth) for 0% pool
* Who are we trying to serve: A) limited versus unlimited resources; B) Maximize debt and minimize non-debt

General themes/"Don't forget about"

- VHFA has opportunity to get word out about affordable housing (next 18 months - good economy)
- Smart growth and economic development are not inconsistent
- Who are we trying to serve: A) limited versus unlimited resources; B) Maximize debt and minimize non-debt
- Public transportation and infrastructure
- US law changes
- Southern Vermont presence
- Mobile home fix
- Strategic investments
- MGIC
- Technology - the impact on our business in the future
- Play more involved role in creating housing in northwest VT

VHFA in Five Years - Long Range Considerations

The long range considerations will be re-crafted into a set of assumptions and narrative to accompany the initiatives as part of VHFA's strategic plan. One assumption made when developing this list is that there will be continued economic growth in the next five years.

Community Building

* Neat neighborhoods, connected by sidewalks, town/city centers highlighted by human interactions and recreation points
* Need convention/sports center
* More "big box" stores at Taft Corners and other places
* Larger market presence in southern Vermont
* Focus on personal contacts (recreation)
* Role in community building that supports our vision

Smart Growth

* Business/commercial space will be altered: virtual offices, telecommuting, etc. which will result in conversion into housing
* Better public transportation
* Transportation - for low and moderate income Vermonters
* Train, pedestrian, walking routes in Shelburne (proximity to Burlington)
* More people will be working from home, resulting in greater need for community centers, etc.
* Quality of life, family, job will be of great importance, therefore, will seek better transportation
* Work with large employers with Planned Unit Development (PUD) concept

Regulatory Changes/Environment

* Different state and federal administrations
* Federal to state movement of regulations
* Region-wide partnerships among housing finance agencies: multi-state bonds, servicing center
* Fewer housing organizations
* More litigation to stop land development
* Incentives to preserve open space (tax and financial incentives)
* Tax for affordable housing (eg., user tax, gas tax)
* Luxury tax on homes larger than 4,000 square feet
* No permit appeals

Changing Demographics/Economy

* Out of state in-migration will be largest source of population growth
* Increased ethnic diversity
* Dow will be over 25,000
* Demand for product has gone down

Market Dynamics

* New world for servicing and origination: new partners with community banks; role for pure mortgage lender; the large, mega-banks may no longer be VHFA partners
* There will be expanded lending authority
* There will be three national banks and several community banks.
* Higher churn rate (turnover rate)
* Simpler access to homeownership - single access point for home mortgages, insurance, etc
* There are 10,000 newly constructed units in Chittenden County
* There will be significant reduction in affordable housing gap - down to 5,000 (only)
* Biggest gap is on homeownership side (not rental) - need to get product to match ability to pay for it
* Homeownership Centers provide services for people in marketplace - have plans for Vermonters who have dreams of homeownership
* Middle income group has good source for meeting housing needs

VHFA in Five Years - Long Range Considerations

VHFA in the Market

* VHFA is in synch with market: We are providing the most affordable mortgage options (homeownership and multifamily) as preferred lender
* Less demand from post baby boomer, therefore, may be less demand for first-time buyer business and VHFA should look at other markets such as retirement down-sizing
* When someone is sent to VHFA, easy single point
* VHFA will be more efficient - electronic, respond quickly
* There is a community piece (aspect) as part of every project
* More, healthier contact with partners
* Eliminate Preliminary Official Statements (POS)
* 3% delinquency rate
* Realtors - increased partner role
* Brokers - increased partner role

Products/Services

* Newly constructed homes have universal design and more convertible units
* More McAuley-type VHFA-financed projects: with mixed types of housing (senior apartments, condos, coops, etc.) with stores, etc.
* Convertible units to accommodate changes in life cycle
* Housing plus program (Dutch model) for multiple income levels
* Decent mobile home parks
* Develop alternatives to mobile home parks - find affordable alternatives
* Panelized construction approach

Special Roles for VHFA

* Role for VHFA: be proactive;
* Role for VHFA - provide education resource for NIMBY towns (not in my back yard)
* Role for VHFA - be a change agent
* Role for VHFA - buy and bank properties at risk
* Role for VHFA - keep units affordable
* Role for VHFA - subsidize infrastructure (maximize ability to make profit)
* Role for VHFA - develop model/design contest

VHFA Internally

* VHFA as employer - meeting staff needs for time
* Turnover for Board and staff

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: CG Cathleen Gent, Public Affairs Director
LBP Leslie Black-Plumeau, Research Analyst

DATE: November 23, 1999

SUBJECT: Vermont's Affordable Housing Needs

Earlier this fall, we reviewed several studies discussing Vermont's affordable housing needs. The most directly applicable to VHFA's work is the 1999 Vermont *Housing Needs Assessment*, the 1999 *State of the Nation's Housing* prepared by the Joint Center for Housing Studies of Harvard University, and *Out of Reach* issued by the national Low-Income Housing Coalition in September 1999. This memo provides a very brief summary of some of the most important points made in the studies.

20,000 Vermont Families Need Rental Housing Assistance

About 20,000 Vermont families had unmet needs for rental housing assistance in 1998, according to the *Vermont Housing Needs Assessment*. This study quantified housing needs by subtracting the total number of currently subsidized rental units in each county from an estimate of the total number of low- and moderate-income households in the county in need of decent and/or affordable rental housing. An additional 2,478 elderly households had unmet housing needs, increasing the total number of households with unmet rental housing needs to roughly 10 percent of all Vermont households, as shown in the following table.

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EQUAL HOUSING OPPORTUNITY

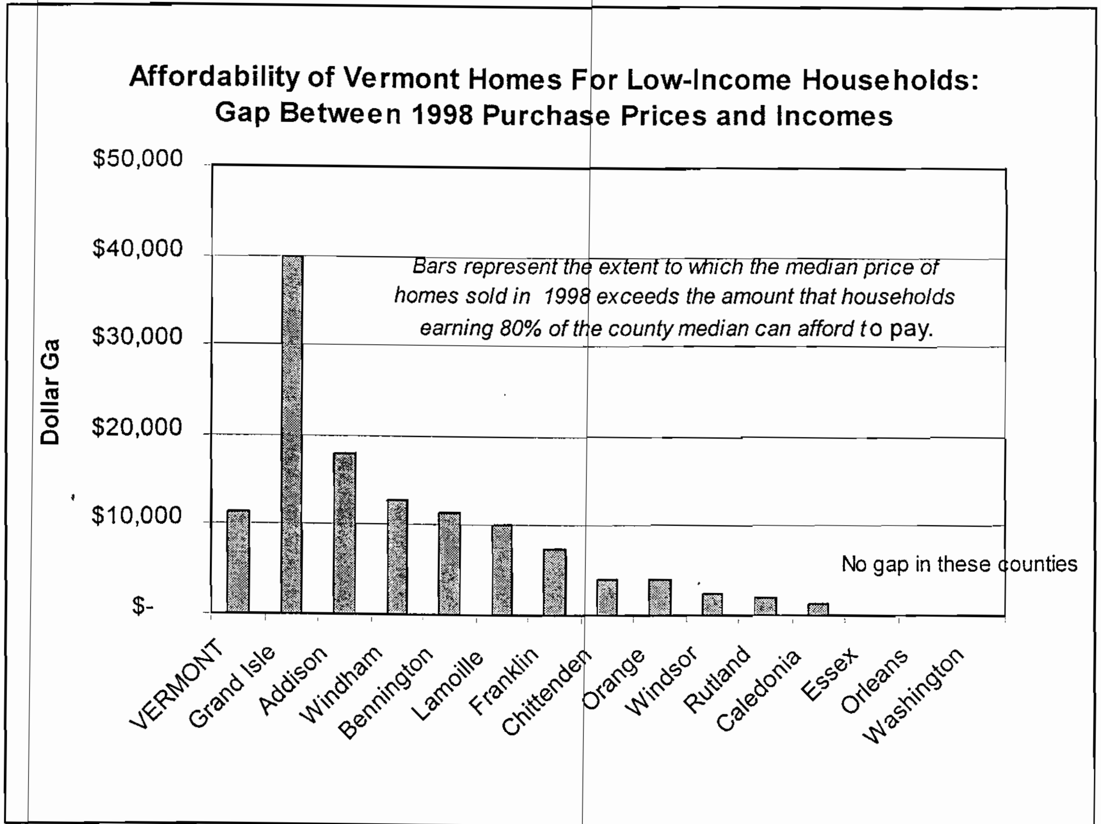
	Units Needed Family	Elderly	Total Households With Unmet Needs	As % Of all Households
Chittenden	5,757	0	5,757	10.5%
Rutland	2,311	245	2,556	10.5%
Windsor	1,611	478	2,089	9.2%
Windham	1,619	285	1,904	11.1%
Franklin	1,471	245	1,716	10.9%
Washington	1,412	260	1,672	7.4%
Bennington	1,423	89	1,512	10.8%
Addison	1,032	260	1,292	10.5%
Lamoille	909	115	1,024	12.5%
Orleans	864	139	1,003	10.4%
Caledonia	754	173	927	8.5%
Orange	546	114	660	6.6%
Grand Isle	172	68	240	10.4%
Essex	225	7	232	9.6%
Total	**20,106**	**2,478**	**22,584**	**9.8%**

Note: Table is based on data from the Vermont Housing Needs Assessment issued in April 1999. The total unmet need figure shown for Chittenden County differs from that in the Housing Needs Assessment due to a difference in the treatment of an estimated "surplus" of elderly housing units in the county.

The gap between rents and incomes of Vermont's low-income households has been noted in the annual housing affordability studies of both the Joint Center and the National Low-Income Housing Coalition. In fact, Vermont is highlighted as one of the five least affordable states for low-income renters seeking a 2-bedroom apartment in the National Low-Income Housing Coalition report. The Joint Center estimated that "working poor" households in Vermont would need income from at least 1.8 to 1.9 full-time jobs to afford the rent of a modest two-bedroom apartment. The short supply of affordable rental units is only expected to worsen during the next few years, according to both studies, as current owners of subsidized units opt out of contracts with HUD and other housing agencies. Demand for more expensive rental options among higher income households will also exacerbate the shortage of affordable rental units, according to the Joint Center.

Many Potential First-Time Home Buyers in Vermont Face Affordability Obstacles

Although many of Vermont's low- and moderate-income renters would choose to become first-time homebuyers if the opportunity were available, gaps between home prices and renter incomes are likely to continue preventing low-income renters, in particular, from joining the ranks of Vermont's homeowners. For a household making 80% of HUD's estimated median income for 1998, there was a gap of over $11,000 between what the family could probably afford to pay for a home and the median purchase price in the state. As shown below, households in Grand Isle, Addison, Windham, and Bennington counties, faced gaps even greater than $11,000.



Note: Chart is based on HUD and Vermont Tax Department Property Transfer Tax data. Purchase price gap estimates assume a 30-year FRM with an interest rate of 7.10%, a down payment of 5%, annual MI premiums of .0067 of the loan amount, monthly installment debt of 8% of income, annual property taxes of $1.93 per $100 of property value, and annual hazard insurance premiums of $300.

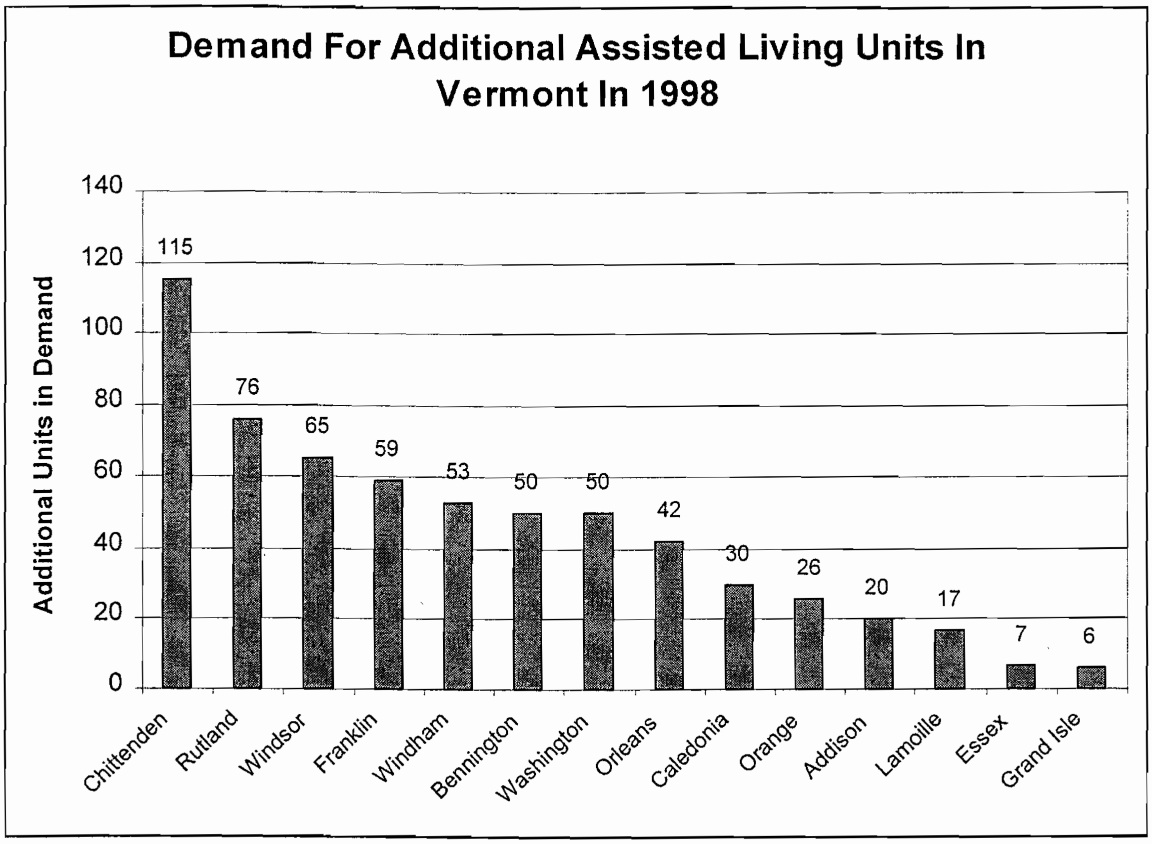
Existing Low-Income Homeowners Also Have Housing Problems

There are increasing national reports that many low-income households who already own their homes face high housing costs and postpone critical home maintenance and repair. According to Harvard's Joint Center, a lack of financial resources is prompting many very low-income homeowners to shoulder high housing payment burdens (housing expenses greater than 30% of their income) and to defer basic upkeep on their homes. Even if they have substantial equity in their homes, making necessary improvements is difficult for households that lack cash because their low incomes prevent them from being able to refinance or qualify for home equity loans or lines of credit. Furthermore, with the number of households headed by a person aged 65 or older rising significantly over the next decade, demand for structural home improvements that allow the elderly to function safely within their homes will be likely to increase.

About 600 Assisted Living Units Needed In Vermont in 1998

For 1998, the *Housing Needs Assessment* estimated demand for an additional 616 primarily subsidized assisted living units throughout Vermont, as shown in the graph below. This demand estimate was calculated by assuming that a percentage (previously identified for each county in the 1994 Housing Needs Assessment) of all households over age 75 are in need of assisted living units.

Between 1998 and 2008, the number of older seniors in Vermont is expected to grow by almost 15%, from about 30,500 to 35,000, according to Census Bureau estimates. By 2020, the number of Vermonters over age 75 will have grown to about 42,000, estimates the Census Bureau—an increase of almost 40% from 1998.



Note: Chart is based on data from the Vermont Housing Needs Assessment issued in April 1999.