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Vermont Housing Finance Agency

January 11, 2000

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 20 at 1:00 p.m. at the Associated General Contractors Building, 148 State 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**

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Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director SC

DATE: January 13, 2000

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 20th at 1:00 p.m. at the Associated General Contractors Building, 148 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 January 20th!

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

Friday, December 3, 1999 at 1:00 p.m.

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

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

Other: Mr. Gurely (PaineWebber Inc.), Ms. Welsh (PaineWebber Inc.), Mr. Broderick (Housing Vermont), Mr. Nicoll (KPMG LLP), Mr. Doyon (KPMG LLP), Mr. Holmes-Henry (KPMG LLP)

Chairman White called the meeting to order at 1:08 p.m. Chairman White asked Mr. Nicoll to present the final audited financial statements and related management letters for the fiscal year ended June 30, 1999 to the Board. Mr. Nicoll stated that his team reviewed our Y2K compliance policies and procedures and found them to be impressive. He also mentioned that the management letters contained no material weaknesses. Mr. Nicoll indicated that he believes staff does a very good job.

The Board has requested that, in the future, they would like to receive something less formal than a management letter discussing some trends, achievements and/or weaknesses that could affect the Agency.

Mr. Schoenbeck also mentioned that our audit would go out to bid in the beginning of year 2000 for the June 2000 audit.

FINANCE

Mr. Schoenbeck reviewed the fiscal year June 30, 1999 audit reports next. In previous years, we have expected a surplus of $3 - $4 million. The surplus for the June 30 fiscal year is $65,587, which is significantly less than surpluses in prior years.

Mr. Schoenbeck mentioned a reason for the small surplus was due to a decline in the market value of the investments we are holding of $1.6 million, along with loan losses of $1.4 million. Mr. Schoenbeck also noted that we were required to write off the non-expensed portions of bond issuance costs for redeemed bonds which amount to $1.55 million in FY99. This is an accounting requirement but does not affect us on a cash basis. A positive note is that we show a 25% reduction from FY98 in our real estate owned, which is now at $2.1 million.

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

Mr. Candon asked if this was the final report on Vermont Home Mortgage Guarantee Board. Mr. Schoenbeck stated that a VHMGB audit will be completed by the end of December 1999 and that would close out activities for VHMGB.

The next topic for discussion was the general fund budget performance. Mr. Schoenbeck noted that, although we finished at 100% for income categories, we did have some significant differences with some line items. For instance, our loan activity was much higher than expected resulting in higher total interest income. All single family fee income was eliminated due to the payment of points on no point mortgages. We received $75,000 less in expected fees because of an assisted living project loan not occurring, and grant income of $121,000 for affordable housing programs was not budgeted.

As for fund transfers, the General Fund had to contribute $969,000 to Single Family Housing and Home Mortgage Purchase Bond programs to cover unexpected loan losses.

Operating expenses finished at 101% of budget, although there were some differences from the original budgeted amounts. Interest expense, legal costs, and organization subsidy expenses were specifically mentioned.

Mr. Schoenbeck stated that we utilized 63.5% ($159,348) of the approved capital budget. He also mentioned that the pension expense is less than 10% of salary because not all employees are fully vested.

After further discussion, Ms. Randall made a motion to accept the audit and accompanying reports as presented. The motion carried unanimously after being seconded by Mr. Seelig.

MINUTES

Mr. Seelig made a motion to approve the minutes from October 21 and November 11, 1999. The motion carried unanimously after being seconded by Mr. Candon.

FINANCE CONTINUED

The September 30, 1999 financial reports were next on the agenda. Mr. Schoenbeck thanked his staff for all of their hard work in completing the reports. He mentioned our income is 21.3% of budget, the fund balances were right in line with our expectation, operating expenses were 21.3% for the quarter and 15% or $13,700 of the capital budget has been expended.

Several board members asked if there was a way to get a benchmark to help explain what all the numbers mean and to have something for comparison. Mr. Schoenbeck stated that this could be done specifically by incorporating some of the information provided by the Evensen & Dodge financial study.

The multi-family bond sale was discussed next. This was a difficult sale due to volatility in the market accompanied by the Federal Open Market Committee meeting, which took place in the same time period. The sale was ultimately successful, allowing a rate of 7.2%. Vermont retail investors purchased $9.5 million of the bonds with Freddie Mac purchasing $10 million. Mr. Schoenbeck stated that we are going to make a loan to Saxons River for $575,000 that will free up additional loan proceeds of approximately $1.6 million from excess funds in the old Resolution. He also said that expenses to underwriters were kept under $9.00 per $1,000.

Year 2000 bond financing plans were also discussed. Mr. Schoenbeck stated that $7.5 million of Series 11 funds are still available and he believes this will be enough to carry into January 2000. Due to the fact that the next scheduled board meeting will not be until late January, Mr. Schoenbeck and other staff members felt it was important to advise the Commissioners of upcoming plans to acquire additional funds.

This plan includes an estimate of $56 million of single family mortgage activity for calendar year 2000. However, we currently have no volume cap authority available to issue bonds. Mr. Schoenbeck stated that the State Volume Cap is $150 million annually. For the last several years, VSAC has been the heaviest user of this cap, with VHFA second, followed by VEDA and the Bond Bank . Mr. Schoenbeck feels that, to adequately support $56 million in mortgages for single family and $15 million in new money for multifamily accompanied by the $8.5 million we currently have in authority, we would need $95 million of authority to fund notes that reduce mortgage rates along with the actual loan proceeds.

Several questions were asked by various board members referring to the reality of such a request and asking who would make this decision. Mr. Schoenbeck stated that he is unsure of the reality in acquiring those funds but the Emergency Board would make that decision.

The Board suggested that staff proceed with plans for a new single family bond financing under the general guidelines as specified and negotiate a volume cap allocation of up to $95 million for year 2000.

Next, Mr. Schoenbeck briefly discussed the private activity bond volume cap. This year the Agency had carryover and was allocated $50 million of new volume cap for 1999. The Board has allocated $40 million to single family (all of which were used for the Series 11 Bonds issued in September) and $10 million to multi-family bonds (exempt facility bonds). In order to use the multi-family volume cap after 1999, the Board must pass a resolution authorizing the carry-forward of this cap.

After a brief discussion, Mr. Seelig made a motion to approve the "Resolution Relating to Vermont Housing Finance Agency Election to Carryforward 1999 Private Activity Bond Volume Cap Allocation." The motion carried unanimously after being seconded by Mr. Candon.

The final topic for Finance was Multi-family bond issues for Portland and Main (Morrisville), Swanton School, Crystal Lake (Barton) and Briars (Hartford). Previously approved at the June 17th Board meeting these projects require short term financing using tax-exempt bonds. The bonds would consist of the following: $550,000 for Portland and Main; $980,000 for Swanton School; $900,000 for Crystal Lake and $112,000 for Briars.

Ms. Beyer made a motion to accept the resolutions for the above mentioned projects. The motion carried unanimously after being seconded by Mr. Seelig. Chairman White abstained from the Crystal Lake motion.

DEVELOPMENT

Ms. Reid and Mr. Broderick discussed the multifamily construction and permanent loan for Bus Barns located in Burlington. Bus Barns consists of 25 units located on a 2.1 acre site with a per unit cost of $129,920 due to the rehabilitation of a historic trolley barn, construction of a new building and the rehabilitation of an existing garage. This is a 100% tax credit project. The request for financing includes $250,000 for permanent and $790,000 for construction loans.

Following a brief discussion Ms. Beyer made a motion to approve the "Resolution Pertaining To A Letter Of Interest And Commitment RE: Construction and Permanent Financing For Bus Barns, Burlington." The motion carried unanimously after being seconded by Mr. Seelig.

The 1999 Multifamily Development Activity Report was reviewed by the Board. Ms. Randall mentioned it was nice to see a summary of what was in the pipeline.

HOMEOWNERSHIP

Ms. Crady reported that we continue to receive reservations at a level of about $1.2 million weekly, with lenders indicating an increase in utilizing our programs. Servicing activity reports for the months of September and October were also reviewed. Ms. Crady stated that the Servicing staff along, with Mr. Adams, will be working on reformatting the existing reports. They would also like to receive the Board's input on the reformatting of these reports.

Ms. Randall mentioned she recently dealt with a consumer who was having difficulty in making VHFA mortgage payments and directed that person to the Servicing staff. Ms. Randall further commented that she received very positive feed back from the consumer about her discussions with Darren Keniston. Ms. Randall then complimented Darren on his professionalism.

ADMINISTRATION

Ms. Loller discussed the modification of the Agency's Pension Plan which was created to correct an error in the original Summary Plan Description for calculating the employee base wage. After further discussion Ms. Canney made a motion to accept the new amendment. The motion carried unanimously after being seconded by Ms. Beyer.

Ms. Carpenter began with acknowledging and thanking VHFA staff for all of their efforts in our 1999 United Way campaign raising nearly $11,000. The Board of Commissioners also thanked the staff and was quite impressed by the total dollar amount raised.

Ms. Carpenter then stated that there are currently two positions open within the Agency. Ms. Kim Fitzgerald, Multifamily Officer, has taken a position with Cathedral Square and Ms. Michelle Mayette, Administrative Assistant, has taken a position within her son's school. Both positions have been posted within the Agency as well as in the Burlington Free Press.

The next topic discussed was Winchester Place. Unfortunately, after months of negotiating with St. Michael Trustees and meetings with President vanderHeyden, the proposal was rejected. Due to time constraints, Chairman White asked to have Winchester Place on the February meeting agenda.

STRATEGIC PLANNING

Also discussed was the strategic planning summary report. Ms. Carpenter stated that the summary is comprised of priorities and ideas discussed at the November 11th and 12th retreat. The Board expressed general agreement with the direction as highlighted in the summary.

Ms. Gent reviewed a memo about Vermont's Affordable Housing Needs. The information provided in the memo summarizes several current studies about affordable housing needs in Vermont and nationally.

Chairman White discussed the Strategic Planning for the Board.

1) Chairman White indicated he would like the Human Resource Committee to continue. This committee is comprised of Ms. Randall, Mr. Candon, Ms. Canney, Ms. Carpenter and Ms. Loller. The committee will meet the day of the January Board meeting, beginning around 10:30 a.m.

2) Chairman White also assigned a Risk Management Committee comprising of Mr. Douglas, Mr. Brown, and Mr. Seelig. They are to plan on meeting the day of the February Board meeting around 10:30 a.m.

3) Chairman White stated that he has created a rough draft of a job description for the Board. He plans to review and revise as necessary and distribute a copy to each Board of Commissioners prior to the January Board meeting.

OTHER BUSINESS

Chairman White reviewed two proposed Board meeting schedules for year 2000. One meeting will take place in Rutland. He asked that the schedules be revised by Ms. Carpenter to reduce potential conflicts and then sent out to the Board of Commissioners for review.

Ms. Carpenter asked if the Board of Commissioners would be receptive to using e-mail on a more regular basis. They all stated that they would and Ms. Gent is to obtain all of their e-mail addresses.

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

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. IN A MAXIMUM AMOUNT OF $112,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO BRIARS HOUSING LIMITED PARTNERSHIP TO FINANCE THE ACQUISITION AND REHABILITATION OF A 24-UNIT DEVELOPMENT IN HARTFORD

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 $112,000 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 Briars Housing Limited Partnership (the "Borrower") to acquire and rehabilitate an 24-unit development (the "Project") in Hartford, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $112,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed two years and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

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

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

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 16 day of December, 1999.

VERMONT HOUSING FINANCE AGENCY

By ______________________
Executive Director

Attest:

By ______________________
Authorized Officer

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on December 3, 1999.

____

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

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. IN A MAXIMUM AMOUNT OF $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 Sarah E. Carpenter
Executive Director

Attest:

By Roger Adelsnewbelk
Authorized Officer

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on December 3, 1999.

Sarah E. Carpenter

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

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. IN A MAXIMUM AMOUNT OF $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

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 3, 1999.

____

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

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 unless it is allocated any additional volume cap by the State of Vermont on or after December 3, 1999, in which case it elects to carry forward all of such additional volume cap for the purposes of issuing qualified mortgage bonds or mortgage credit certificates

3. The Executive Director and Director of Finance are directed, and each of them is authorized, to take all steps necessary to carry forward the Agency's unused volume cap, including, but not limited to preparation, execution, and delivery of a Carryforward Election of Unused Private Activity Volume Cap in such form as may be required by the Internal Revenue Service and consistent in content and effect with this Resolution.

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 December3, 1999.

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

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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.

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 3, 1999.

Sarah E. Carpenter

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

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. IN A MAXIMUM AMOUNT OF $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 $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

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Vermont Housing Finance Agency

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

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

11:00 a.m. – 1:00 p.m. the Human Resources Committee will meet

1:00 p.m. – Regular Agenda Items

1. Approval of the minutes from December 3, 1999.

2. **DEVELOPMENT**
   - A. 2000 Housing Credit Allocation Plan {Erdelyi/Enclosure}
   - B. St. Johnsbury Loan Request {Erdelyi/Verbal}
   - C. Dalton Drive Neighborhood Association Loan Request {Erdelyi/Enclosure}
   - D. Multifamily Construction Loan for Bus Barns {Reid/Enclosure}

3. **HOMEOWNERSHIP**
   - A. Summary of Homeownership Activities {Crady/Enclosure}
   - B. Loan Loss Projections for 2000 {Crady/Adams/Enclosure}

4. **FINANCE**
   - A. Excess Yield 0% Pool Update {Schoenbeck/Enclosure}
   - B. Single Family Bond Financing {Schoenbeck/Enclosure}
   - C. Saxton's River Bond Resolution {Jarrett/Enclosure}

5. **PUBLIC AFFAIRS & PLANNING**
   - A. Update on Northwest Vermont Housing Needs Assessment and Vermont Forum on Sprawl Study {Gent/Enclosure}

6. **ADMINISTRATION**
   - A. Strategic Planning {Carpenter/Enclosure}
   - B. State/Board Lending Authority and Process {Carpenter/Enclosure}
   - C. Housing Tax Credit Allocation Process {Carpenter/Enclosure}
   - D. Executive Director's Report {Carpenter/Enclosure}

7. Any old or new business to come before the Board.

Other Enclosures

- Board Meeting Schedule for 2000
- VHFA Employee Listing
- Board Supervision Policy
- Updated Board of Commissioners list

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

vhfa
Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer JE

DATE: January 13, 1999

RE: VHFA Board Approval of 2000 Housing Credit Allocation Plan

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

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

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

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

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

MEMORANDUM

To: Interested Parties

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

Date: November 30, 1999

Re: Year 2000 Allocation Plan Proposed Changes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Use of 9% Credit on Senior Housing Projects

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

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

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

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

2000 ALLOCATION PLAN

FEDERAL HOUSING CREDIT PROGRAM

STATE OF VERMONT

Draft January 1, 2000

Joint Committee on Tax Credits

Greg Brown
Commissioner
Department of Housing and Community Affairs

Sarah Carpenter
Executive Director
Vermont Housing Finance Agency

Gustave Seelig
Executive Director
Vermont Housing and Conservation Trust Fund

John Taylor
Policy Analyst
Office of the Governor

Richard M. Williams
Executive Director
Vermont State Housing Authority

For Further Information Contact:

Allocation Plan and Policies:

Greg Brown
Agency of Commerce and Community Development
(802) 828-3211 or (800) 622-4553

Applications and Program Administration:

Joe Erdelyi/Cindy Reid
Vermont Housing Finance Agency
(802) 652-3432 or (802) 652-3462 or (800)-339-5866

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FEDERAL HOUSING CREDIT PROGRAM

INTRODUCTION

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

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

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

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

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

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

BACKGROUND

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

SUMMARY OF ALLOCATION PLAN REQUIREMENTS

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

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

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

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

Additional HC responsibilities mandated by Congress include:

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

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

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

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

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

APPLICATION PROCESS

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

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

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

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

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

2000 ALLOCATION PLAN

1. APPLICATION REQUIREMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Top Tier Priorities:

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

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

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

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

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

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

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

Second Tier Priorities:

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

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

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

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

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

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

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

3. COST GUIDELINES

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

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

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

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

4. CARRYOVER AND VHFA REVISION OR REVOCATION OF RESERVATION CERTIFICATES

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

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

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

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

5. FINAL TAX CREDIT ALLOCATION COST CERTIFICATION

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

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

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

CPA prepared cost certifications are recommended for all projects.

6. RETURN OF PREVIOUSLY ALLOCATED TAX CREDITS

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

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

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

7. CONTINUANCE OF OWNERSHIP ENTITY

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

8. COMPLIANCE

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

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

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

II. Record Keeping and Record Retention

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

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

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

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

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

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

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

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

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

III. Certification and Review Procedures

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

a. Certification Procedure

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

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

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

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

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

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

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

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

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

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

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

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

b. Review Procedure

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

c. Exception for Certain Buildings

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

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

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

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

IV. Auditing Procedure

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

V. Notification of Non-compliance

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

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

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

VI. Delegation of Authority

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

VII. Liability

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

9. DISCLAIMERS

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

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

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

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

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

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

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer

DATE: January 13, 1999

RE: Dalton Drive Neighborhood Association Loan Request

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

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

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

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

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

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

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

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

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

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

It is hereby DETERMINED:

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

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

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

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

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

WHEREFORE, it is hereby RESOLVED:

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

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

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

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

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

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter CR

DATE: January 13, 2000

RE: Multifamily Construction Loan for Bus Barns, Burlington

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

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

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

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

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

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

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

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

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

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

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

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

It is hereby DETERMINED:

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

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

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

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

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

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

WHEREFORE, it is hereby RESOLVED:

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

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

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

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

    c) Sponsor must provide evidence of necessary permits;

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

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

    f) Sponsor must provide evidence of competitive bidding.

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

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

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

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

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

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

13-Jan-00	**Bus Barns, Burlington**				
Total Residential Units:	25	Increase in Income from Rental Units:		1.50%	
Housing Credit Restricted Units:	25	Increase in Income from Other Sources:		1.50%	
Percent Restricted:	100.00%	Increase in Income from Commercial:		1.50%	
Total Development Cost:	3,416,184	Expense increase:		3.00%	
Total Development Cost per Unit:	136,647	Vacancy Rate:		5.00%	
Total Development Cost Per SF:	169	Partner's Tax Rate:		35%	
		Long Depreciation Schedule:		27.5	years
Max Credit Potential:	310,240	Short Depreciation Schedule:		7	years
Credit Amount Allocated:	166,492	Sponsor's Estimated Yield:		82.82%	
LIHTC - 9%	8.49%	December-99			
LIHTC - 4%	3.64%				

SOURCES		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	245,000	7.17%	8.25%	30	20
VHCB Loan	500,000	14.64%	0.00%	30	30
HOME Loan	150,000	4.39%	6.25%	30	30
Neighborworks - Loan	50,000	1.46%	0.00%	Deferred	30
VHCB Special	97,000	2.84%	0.00%	30	30
Burlington Housing Trust Fund	55,000	1.61%	0.00%	30	30
Tax Credit Equity	2,319,184	67.89%	N/A	N/A	N/A
TOTAL SOURCES	3,416,184	100.00%			

USES		
Acquisition	387,500	11.34%
Construction Hard Costs	2,384,656	69.80%
Soft Costs	644,028	18.85%
TOTAL USES	3,416,184	100.00%
Gap	0	

PER UNIT COST LIMIT CALCULATION					
	per unit limits		number of units		
0 Br	84,390		0	0	
1 Br	90,140		12	1,081,680	
2 Br	95,890		13	1,246,570	
3 Br	101,637		0	0	
4 Br	107,390		0	0	
Maximum cost allowed under the per unit cost limits				2,328,250	
Projected total cost, excluding cash accounts				3,311,184	70.31%
		(over)/under		(982,934)	

General Partner's Capital Contribution	23,192	1.00%
Limited Partner's Capital Contribution	2,295,992	99.00%
Total Equity	2,319,184	100.00%

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

form revision date: 2/19/97

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

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

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

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

13-Jan-00

Bus Barns, Burlington

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

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

form revision date: 2/19/97

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

form revision date: 2/19/97

vhfa
Vermont Housing Finance Agency

MEMORANDUM

To: VHFA Board of Commissioners

From: Glenn A. Jarrett

Date: January 11, 2000

Re: Saxtons River Bond Resolution

Background:

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

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

Requested Action:

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

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

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

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

NOW, THEREFORE, it is hereby RESOLVED:

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

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

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

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

5. This Resolution shall become effective immediately.

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

VERMONT HOUSING FINANCE AGENCY

By ______________________________
Executive Director

Attest:

By ______________________________
Authorized Officer

vhfa
Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: CG Cathleen Gent, Public Affairs Director

DATE: January 13, 2000

RE: Update on Northwest Vermont Housing Needs Assessment and Vermont Forum on Sprawl Study

VHFA is providing financial and staff resources for two inter-agency research projects that directly relate to VHFA's strategic planning initiatives. The Northwest Vermont Housing Needs Assessment will develop projected housing needs for that very tight housing market. The Vermont Forum on Sprawl study will provide information about what factors are related to housing choices for Vermonters, in particular for living in traditional neighborhood settings.

The Northwest Vermont Housing Needs Assessment, being conducted on behalf of the Housing Council, will be conducted in the next several months and will analyze the effects of projected job and population growth in northwest Vermont on the demand for and supply of housing in general and affordable housing, in particular. Five-year forecasts and ten-year forecasts for a six-county region will be completed for employment trends, household incomes, demographic changes. Given these projections, the number of rental units needed to meet demand will be developed, including specific forecasts for market rate and affordable rental housing. In addition, the number of additional homeownership units needed to meet demand will be generated, including forecasts for market rate and affordable owner-occupied housing. The study will also analyze housing supply inventories and projected trends. A special "fair share" housing projection will be developed for communities in Chittenden County.

The Vermont Forum on Sprawl is collaborating with a group of organizations to complete a housing market study. Financial support is not yet secure to begin this project, so a time frame has not been established. This housing market study will determine what the potential market is for traditional neighborhood development and its market share of the overall housing market. The potential market will be profiled in terms of renters, home buyers, age, gender, income, and geographic location.

Both studies will provide very helpful information to use in developing future VHFA homeownership and development programs and locating new funding sources. The Board will be kept informed as results from the studies are released.

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah Carpenter, Executive Director SC

DATE: January 13, 2000

RE: Strategic Planning

Based on the work completed at the November planning retreat as well as Board comments and suggestions made at your December meeting, staff has developed the framework for an implementation plan for each Agency department or function with a set of goals and tasks for the next year.

The original retreat summary has been re-organized and re-written to form the implementation plan framework with goals and tasks. This framework now provides a working tool for developing, within the next month, a detailed set of action steps for staff to complete, using measurement criteria and staff responsibilities. In addition, a narrative overview to introduce the strategic plan will be prepared.

The time frames listed under "QUARTERS" are tentative and will be discussed further with staff before being finalized. In some cases, time frames have not yet been developed until staff input is gathered.

The following documents are included for your review:

- Homeownership Strategic Goals and Tasks
- Multifamily and Development Strategic Goals and Tasks
- Administration and Finance Strategic Goals and Tasks

As a note, the strategic planning tasks being taken up by the Board of Commissioners are not included in these lists. Richard White reviewed those items at the December Board meeting and all are in the process of being implemented.

I look forward to the discussion at next week's Board 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**

DRAFT

Multifamily/Development Strategic Plan 2000

Goal Number	Goals	Task Number	Tasks	Ongoing	3/31	6/30	9/30	12/31	2001	Comments
1	Improve efficiencies to increase production capacity and profitability in our multi-family programs	1-A	Expand staff lending authority to eliminate delays and work related to obtaining Board approval. Seek statuatory or regulatory changes as needed.						x	
		1-B	Conduct business process review of production & closing process to streamline process where possible.			x		x		
		1-C	Develop and utilize VHFA web page to provide greater access to multifamily program information.			x				
		1-D	Implement and use uniform loan application package.	x						
2	Improve data integrity, access, tracking and report writing capabilities within the Agency	2-A	Implement use of electronic data transfer to minimize manual input of new loans,servicing and monitoring tasks.					x		
		2-B	Define critical data needs and desired uses of MITAS system.		x					
		2-C	Develop conversion plan and implement move to MITAS Windows version.		x			x		

Multifamily/Development Strategic Plan 2000

Goal Number	Goals	Task Number	Tasks	Ongoing	3/31	6/30	9/30	12/31	2001	Comments
3	Improve profitability of VHFA multifamily programs	3-A	Establish clear criteria for determining interest margin to be earned on projects, targeting full spread to those projects that can afford it and/or are not completely in line with our mission.		x					
		3-B	Conduct cost benefit analysis of agency programs.	x						
4	Stabilize and preserve existing portfolio and enhance lending opportunities to current multifamily clients or new ownership structures.	4-A	Complete review of existing projects' Capital Needs Analysis.				x			
		4-B	Review and streamlinereporting and regulatory requirements for property owners and managers.			x				
		4-C	Secure Preservation Lock-in Agreements using zero percent earnings pool and other incentives.	x						
5	Evaluate existing and design new programs and/or policies to explore new market opportunities and which insure VHFA service to all areas of Vermont	5-A	Develop zero percent lending policy that maximizes effective use of excess earnings pool with VHFA targeted lending initiatives.		x					
		5-B	Support statewide initiative for a state tax credit or other investment incentive programs.	x						

Multifamily/Development Strategic Plan 2000

Goal Number	Goals	Task Number	Tasks	Ongoing	3/31	6/30	9/30	12/31	2001	Comments
		5-C	Design programs that encourage lending on mixed use projects (both commercial and real estate portions) and hybird real estate/business loans (like assisted living facilities).						x	
		5-D	Develop improved program for mobile home parks.				x			
		5-E	Develop "Smart-Growth" lending policy that provides incentives for the creation of affordable housing and supports statewide economic development iniatives.			x				
		5-F	Evaluate VHFA role with other state agencies to faciliate the creation of affordable housing in Northwestern Vermont to address projected housing shortfall.			x				

DRAFT

Homeownership Strategic Plan 2000

Goal Number	Goals	Task Number	Tasks	Ongoing	QUARTERS 3/31	6/30	9/30	12/31	2001	Comments
1	Be proactive in managing the changing landscape of our lending partners to insure we maintain high quality loans, with maximum access to VHFA Programs and Education.	1-A	VHFA will continue its reliance on outside lending partners for production and will evaluate alternative methods for originating VHFA loans for future consideration with primary focus given to underserved areas of the state.	x	x		x	x		Provide ongoing training and technical assistance; Complete 1999 activity summary in preparation for FY 2001 Budget (1st quarter); Facilitate partnership with the Centers and VHFA servicers to provide deliquency intervention counseling for VHFA borrowers (third quarter); Facilitate partnership between VHFA originating lenders and the Centers to improve access to VHFA financing with initial focus on under-served areas (4th quarter).
		1-B	VHFA will develop formal guidelines for approving new and retaining existing lending partners.			x				Complete guidelines for approving new originating lenders and new servicing lenders by the end of the 2nd quarter.
		1-C	VHFA will continue to rely on and support Homeownership Centers.						x	Define circumstances and evaluate feasibility of direct lending programs with primary focus on under-served areas identified by the Agency.
2	Look for ways to increase the efficiency of our business processes with our lending partners in the following areas:	2-A	Automatic data transfer on new applications originated by lending partners.					x		Initial focus will be to research the feasibility of automatic transmission of data on new loans from MGIC to VHFA. Research and implement, if feasible, report if not.
		2-B	Data Transfer from our mortgage services for reporting, remitting, and reconciliation processes.				x			Initial focus will be to research, design, and implement the automatic transmission of data from the high volume servicers if feasible, report if not.

Homeownership Strategic Plan 2000

Goal Number	Goals	Task Number	Tasks	Ongoing	QUARTERS 3/31	6/30	9/30	12/31	2001	Comments
		2-C	Delinquency reporting, collection, and foreclosures.			x				Work with servicing partners to re-engineer servicing procedures and process -- to be completed by the end of the 2nd quarter.
		2-D	Automated Underwriting System that incorporates credit modeling and compliance monitoring.		x					Assist MGIC with any necessary changes to the system they have designed and implement with participating lenders.
		2-E	Complete integration of MITAS system via conversion to Windows Software.					x		
3	Consolidate number of loan servicers to improve business processes, reduce delinquencies and minimize losses, while remaining sensitive to Vermont based, community banks.	3-A	Establish criteria for approving, retaining and/or consolidating existing servicers.		x					Adopt an approved servicer criteria and implementation plan.
		3-B	Conduct cost/benefit analysis of servicing options.		x					Report results by the end of the 1st quarter.
		3-C	Conduct re-engineering review of VHFA servicing policies and procedures.			x				
4	Evaluate feasibility and implement, if appropriate, loan programs in the following areas.	4-A	Mobile Home Loans.			x				Complete feasibility and implementation plan by the end of the 2nd quarter.
		4-B	Purchase/Refinance loans with Rehab or Home Improvements.				x			Complete feasibility and implementation plan by the end of the 3rd quarter.
		4-C	Loans to finance repairs for low equity borrowers.					x		Complete feasibility and implementation plan by the end of the 4th quarter.
		4-D	Builder program that encourages new construction of affordable housing.			x				

Homeownership Strategic Plan 2000

Goal Number	Goals	Task Number	Tasks	Ongoing	QUARTERS 3/31	6/30	9/30	12/31	2001	Comments
		4-E	Establish new sources of capital to support new programs as needed.	x						
5	Improve Profitability	5-A	Decrease delinquencies	x	x			x		Develop monthly reports and Board reports during 1st quarter; Reduce delinquencies from ___% to ____% by December 31, 2000.
		5-B	Reduce REO expenses					x		Reduce average foreclosure/reo expenses from $9,500 per loan to $6,000 per loan by December 31, 2000.
		5-C	Reduce Loan Losses					x		Calendar year 2000 goal for total losses is $1.2 million.
6	VHFA will support state-wide housing initiatives that promote affordable housing in conjunction with revitalization of downtown business districts and urban village centers.	6-A	Develop policies/programs to support smart growth initiatives for the development of units under the VHFA price limits.			x				
		6-B	Evaluate VHFA role in financing infrastructure that facilitates state-wide affordable housing initiatives.			x				

Administration and Finance Strategic Goals and Tasks

Goal Number	Goals	Task Number	Tasks	Ongoing	QUARTERS 3/31	6/30	9/30	12/31	2001	Comments
1	Initiate a benchmarking analysis to improve workflow, increase efficiencies, and obtain information regarding our performance relative to our peers.	1-A	Research, gather, and review benchmark informational packet for MMI		x					
		1-B	Review draft report, complete the final version		x					
		1-C	Develop plan to implement action items			x				
2	Complete a benefit analysis to identify VHFA's position within the market (Benefits/Compensation).	2-A	Survey various agencies for benefit and compensation information			x				
		2-B	Revise Agency job descriptions and JDQs		x					
		2-C	Regrade all positions			x				
		2-D	Prepare analysis and report to board			x				
3	Ensure PC network and software applications meet the needs of users, can be maintained efficiently, and provides a secure enviornment for Agency information.	3-A	Evaluate Mitas application to determine whether it adequately meets VHFA needs after completion of the Mitas Windows conversions						x	
		3-B	Evaluate Terminal Server - central server processing			x				
		3-C	Upgrade to Windows NT					x		Mitas Windows conversions need to be completed prior to NT being installed.
		3-D	Develop and implement Intranet					x		
		3-E	Explore expansion of Internet applications	x						
		3-F	Investigate new report writer software such as SQL						x	

Administration and Finance Strategic Goals and Tasks

Goal Number	Goals	Task Number	Tasks	Ongoing	QUARTERS 3/31	6/30	9/30	12/31	2001	Comments
4	Coordinate, promote and publicize Agency activities for Calendar Year 2000.	4-A	Develop annual calendar integrating various housing partners initiatives engagements		x					
5	Provide industry data to faciliate management decisions for various projects and programs.	5-A	Loan Performance Study		x					
		5-B	Homeowner statistical reports			x				
		5-C	Northwest VT Housing Needs Study			x				
		5-D	VT Forum on Sprawl Study				x			
		5-E	Evaluate VHFA presence in all market areas to determine level of participation and identify (if any) under served market areas.							
6	Improve timeliness and accessability of financial reporting .	6-A	Implement Mitas Window budget system	X						
		6-B	Integrate electronic access of financial transactions with trustee	X						
		6-C	Conduct training of non-finance dept staff in utilizing on-line accounting, budgeting, and reporting systems	X						
		6-D	Ensure that monthly budget reports are available by the 15th day of the following month	X						
		6-E	Investigate electronic transfer of financial data from trustee and interface with accounting system			X				

Administration and Finance Strategic Goals and Tasks

Goal Number	Goals	Task Number	Tasks	Ongoing	QUARTERS 3/31	6/30	9/30	12/31	2001	Comments
7	Obtain general obligation/internal credit bond rating.	7-A	Research implications of single vs multiple rating(s) including cost, relationships and benefits	X						
		7-B	Prepare formal application for rating	X						
		7-C	Establish marketplace awareness and benefits of credit rating		X					
8	Create additional capital generation capacity.	8-A	Review internal resources and work with Federal Home Loan Bank to utilize additional sources of collateral for loan programs		X					
		8-B	Identification and education of potential private placement investors and utilization of general obligation bond rating			X				
		8-C	Access expertise of financial advisors for alternative financing models and programs		X					
		8-D	Maximize bonding authority and continue to advocate for additional volume cap authority				X			
9	Support strategic planning initiatives by other departments.	9-A	Identify and review areas of assistance required	X						
		9-B	Review schedule requirements and assign staff as appropriate/available		X					

Administration and Finance Strategic Goals and Tasks

Goal Number	Goals	Task Number	Tasks	Ongoing	QUARTERS 3/31	6/30	9/30	12/31	2001	Comments
		9-C	Integrate strategic planning tasks into ongoing staff schedules and annual work programs			X				
10	Enhance legally required investor disclosure reports and post on website.	10-A	Research other states process of implementation		X					
		10-B	Investigate electronic transfer of financial data from Mitas system and interface with website			X				
		10-C	Identify and include additional non-Mitas system required information			X				
		10-D	Approval by bond counsel and notification of National Municipal Securities Information Repositories			X				
		10-E	Post on website				X			

vhfa
Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: January 14, 2000

RE: State/Board Lending Authority and Process

One issue identified at the Board strategic planning meeting was to streamline the review of specific multifamily loan requests. In the past, the Board has sometimes spent a great deal of time reviewing loans and underwriting conditions. This process has been premised on the need for the Board to make certain "findings." In reviewing this requirement in conjunction with our statutes, and rules in general, it is not clear how our current process of resolutions and commitments came to be. We also seem to have somewhat different standards of delegation from the Board, to the Executive Director, and to the staff within the single family and multifamily programs.

The more I read the rules, the more it seems that it may be helpful to take a fresh look at our process. In my reading it seems that there may be less urgency to change statutes, but we may want to look at our rules. This is something we will discuss with Keith Moore, as well as get input from other HFA's and state sources.

Staff clearly feels the current process is too time consuming and not responsive to our customers. As well, I think it diverts the Board from better spent time on policy issues.

We have not had time to prepare anything specific, but would like some general feedback about Board delegation to staff. I think we need to look at this inclusively to ensure we obtain the desired results. However, the disadvantage of waiting is that we may not be able to present any statute changes if necessary this session.

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**

Chapter 25. Vermont Housing Finance Agency

HISTORY

Citation. 1973, No. 260 (Adj. Sess.), § 1, provided: "This act [which added this chapter and chapter 18 of this title and repealed chapter 17 of this title] may be cited as the 'Vermont Housing Finance Agency Act'."

Declaration of policy and purpose. 1973, No. 260 (Adj. Sess.), § 2, provided:

"(a) It is the policy of this state 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 through the creation of a state housing finance agency.

"(b) It is hereby further declared that all of the foregoing are public purposes and uses for which public moneys may be borrowed, expended, advanced, loaned, or granted, and that such activities serve a public purpose in improving or otherwise benefiting the people of this state; that the necessity of enacting the provisions hereinafter set forth is in the public interest and is hereby so declared as a matter of express legislative determination."

Issuance of notes for payment of administrative and operating expenses; purchase of notes by state treasurer. 1973, No. 260 (Adj. Sess.), § 4, provided:

"(a) The Vermont housing finance agency shall issue to the state treasurer its notes, subject to the limitations provided herein, necessary for the initial administrative and operating expenses of the agency. Each obligation shall bear interest at a rate determined by the state treasurer, taking into consideration the current average rate on outstanding marketable obligations of the state as of the last day of the month preceding the issuance of the obligation of the agency, provided that if the treasurer borrows money with which to purchase notes issued by the agency, he shall set the interest rate on the notes at not less than the rate the state is required to pay on the money borrowed. The state treasurer shall purchase notes of the agency issued under this chapter, and may borrow money and pledge the full faith and credit of the state, or use any available funds over which the state has exclusive control for this purpose.

"(b) Notes issued to the state treasurer, under this section, shall have a maturity date of not more than five years from the date of their issuance and the total of such notes outstanding, at any one time, shall not exceed $100,000.00. No such note may be extended or renewed beyond five years from its issuance date without authority of the joint fiscal committee."

CROSS REFERENCES

Federal home loan banks, see 12 U.S.C. § 1421 et seq.
Federal home loan mortgage corporation, see 12 U.S.C. § 1451 et seq.
Home mortgage guarantee program, see § 381 et seq. of this title.

Subchapter 1. General Provisions

§ 601. Definitions

The following words and terms, unless the context clearly indicates a different meaning, shall have the following meaning:

(1) "Agency" means the Vermont housing finance agency created by this chapter;

(2) "Bonds, notes and other obligations" or "bonds, bond anticipation notes or other obligations" means any bonds, notes, debentures, interim certificates or other evidences of financial indebtedness issued by the agency pursuant to this chapter;

(3) "Eligible security" means any security or obligation payable from or evidencing an interest in mortgages or other obligations securing loans to finance residential housing in the state;

(4) "Federally insured mortgage loan" means a mortgage loan for residential housing insured or guaranteed by the United States or an agency or instrumentality thereof, or a commitment by the United States or an agency or instrumentality thereof to insure such a mortgage;

(5) "Federal mortgage loan" means a mortgage loan for residential housing made by the United States or an agency or instrumentality thereof or a commitment by the United States or an agency or instrumentality thereof to make such a mortgage loan;

(6) "Housing development costs" means the costs incurred in connection with the acquisition, construction or rehabilitation of residential housing including the costs of its physical construction, the costs of acquisition of land, real or personal property, rights, rights-of-way, easements and franchises necessary or convenient for the construction, and the costs of legal, administrative, architectural and related professional services, the costs of insurance, project reports, survey, other preliminary expenses and the costs of working capital, reserves and carrying charges;

(7) "Housing sponsor" or "sponsor" means a person who is organized on a nonprofit or limited profit basis and who is approved by the agency as qualified either to own, construct, acquire, rehabilitate, operate, manage or maintain residential housing;

(8) "Mortgage" means a mortgage deed, deed of trust, or other instrument which shall constitute a lien on real property in fee simple or on a leasehold under a lease having a remaining term, at the time such mortgage is acquired, which does not expire for at least that number of years beyond the maturity date of the obligation secured by the mortgage as is equal to the number of years remaining until the maturity date of the obligation or on a cooperative interest or on an interest in a mobile home. "Mortgage" shall also include any mortgage or obligation guaranteed by the Vermont home mortgage guarantee board or its successor;

(9) "Mortgage lender" means any bank or trust company, federal national mortgage association approved mortgage banker, savings bank, savings and loan association, industrial bank, credit union, national banking association, federal savings and loan association, federal credit union or other financial institution or governmental agency or instrumentality which customarily provides or otherwise aids in the financing of mortgage loans on residential housing located in the state;

(10) "Mortgage loan" means and includes:

(A) an interest-bearing obligation secured by either a mortgage or note or bond constituting a lien on land and improvements in the state;

(B) an interest-bearing obligation secured by a pledge of a cooperative interest and a conditional assignment of the proprietary lease incidental thereto;

(C) an interest-bearing obligation secured by the owner-occupant's interest in a mobile home provided that:

(i) the mobile home is to be sited in a manner intended for continuous residential occupancy by the owner on land owned by the owner of the mobile home and shall be secured by a mortgage that shall constitute a first lien on the mobile home and the real property to which it is affixed; or

(ii) the mobile home is to be sited in a manner intended for continuous residential occupancy on land leased by the owner of the mobile home and shall be secured by a note or otherwise and collateral assignment of a lease of real property that shall constitute a first lien upon the mobile home. Notwithstanding any other provision of this chapter, the lease of the land upon which the mobile home is sited shall be for a term of at least one year, shall be renewable for periods of at least one year, and shall comply with the requirements of 10 V.S.A. § 6236. This definition shall not preclude the requirement of security in addition to that specified in this subsection for any mortgage loan.

(11) "Persons and families of low and moderate income" means persons and families irrespective of race, creed, national origin, sex or sexual orientation deemed by the agency to require such assistance as is made available by this chapter on account of insufficient personal or family income, taking into consideration, without limitation, such factors as:

(A) The amount of the total income of such persons and families available for housing needs;

(B) The size of the family;

(C) The cost and condition of residential housing available;

(D) The cost and availability of mortgage loans on residential housing in the state;

(E) The eligibility of such persons and families for federal housing assistance of any type predicated upon a low-income basis or upon the basis of the age of such persons;

(F) The ability of such persons and families to compete successfully in the normal housing market and to pay the amounts at which private enterprise is providing decent, safe and sanitary housing, and deemed by the agency therefore to be eligible to occupy residential housing constructed and financed, wholly or in part, with insured or guaranteed construction loans or insured or guaranteed mortgages, or with other public or private assistance other than as provided by this chapter.

(12) "Real property" means all lands, including improvements and fixtures thereon, and property of any nature appurtenant thereto, or used in connection therewith, and every estate, interest and right, legal or

equitable, therein, including terms of years and liens by way of judgment, mortgage or otherwise and the indebtedness secured by such liens;

(13) "Rehabilitation" means the rehabilitation, improvement and repair of residential housing and facilities incidental thereto undertaken primarily to provide dwelling accommodations for occupancy by persons and families in this state;

(14) "Residential housing" means residential housing units designed primarily to provide principal dwelling accommodations whether on a permanent or temporary basis for persons or families, which may include the land and improvements thereon and such nonhousing facilities or services considered necessary or convenient by the agency in connection with the residential housing. "Residential housing" includes, but is not limited to, single or multi-family dwellings, congregate homes, residential care homes as defined in 33 V.S.A. § 7102, nursing homes, transitional housing, emergency shelters for the homeless or displaced, mobile homes, single room occupancy dwellings, and group homes for the mentally ill or developmentally disabled. "Residential housing" also means cooperative interests, and mobile home parks as defined in section 6201 of this title;

(15) "Cooperative housing corporation" means a domestic corporation qualified under chapter 14 of Title 11;

(16) "Cooperative interest" means a cooperative interest as defined in chapter 14 of Title 11;

(17) "Member" means a person who owns a cooperative interest in a cooperative housing corporation;

(18) "Mobile home" means "mobile home" as that term is defined in chapter 72 of Title 9;

(19) "Equity loan" means a mortgage loan to a housing sponsor secured by a mortgage on property constituting residential housing in an amount that, when added to the amount of any prior mortgages on the property, does not exceed ninety percent of the value of the property as determined by the agency, provided the agency has made a finding that the effect of such loan will be to maintain or increase the supply of residential housing in the state for persons and families of low and moderate income.—Added 1973, No. 260 (Adj. Sess.), § 3, eff. April 11, 1974; amended 1975, No. 176 (Adj. Sess.), § 1, eff. March 26, 1976; 1987, No. 41, § 1; 1987, No. 250 (Adj. Sess.), § 1, eff. June 13, 1988; 1989, No. 77, §§ 1, 2, eff. June 7, 1989; 1991, No. 135 (Adj. Sess.), § 13; 1993, No. 141 (Adj. Sess.), § 18, eff. May 6, 1994.

HISTORY

Revision note. In subdiv. (14), substituted "33 V.S.A. § 7102" for "18 V.S.A. § 2002" in the second sentence to reflect the 1990 recodification of the cited provision.

Amendments—1993 (Adj. Sess.). Subdivision (10)(C)(ii): Deleted "and lease" following "upon the mobile home" in the first sentence.

—1991 (Adj. Sess.). Subdivision (11): Substituted "sex or sexual orientation" for "or sex" preceding "deemed" in the introductory paragraph.

—1989. Subdivision (10)(B): Amended generally.
Subdivision (10)(C)(i): Deleted "permanently" preceding "sited", substituted "that" for "which" following "mortgage" and deleted "thereto" following "affixed".
Subdivision (10)(C)(ii): Substituted "is to be" for "to be permanently" preceding "sited" and "that" for "which" following "property" in the first sentence and added the second sentence.
Subdivision (14): Deleted "housing cooperative corporations and cooperative interests" preceding "congregate" in the second sentence and added the third sentence.
Subdivision (15): Amended generally.
Subdivision (16): Amended generally.
Subdivision (19): Added.

—1987 (Adj. Sess.). Deleted "first" preceding "lien on real property" in the first sentence of subdiv. (8) and preceding "lien on land" in subdiv. (10)(A).

—1987. Subdivision (6): Inserted "acquisition" following "connection with the".
Subdivision (8): Added "or on a cooperative interest or on an interest in a mobile home" following "until the maturity date of the obligation" and substituted "guarantee board" for "credit agency" following "Vermont home mortgage".
Subdivision (9): Substituted "mortgage loans" for "mortgages" preceding "on residential".
Subdivision (10): Amended generally.
Subdivision (14): Amended generally.
Subdivision (15): Added.
Subdivision (16): Added.
Subdivision (17): Added.
Subdivision (18): Added.

—1975 (Adj. Sess.). Added present subdivs. (6) and (7), deleted former subdiv. (9), and redesignated former subdivs. (6), (7), (8) and (10)-(13) as present subdivs. (8), (9) and (10)-(14).

Subchapter 2. Establishment and Organization

§ 611. Creation of the Vermont housing finance agency

(a) There is created and established a body politic and corporate with such duties and powers as are set forth in this chapter, to be known as the "Vermont housing finance agency" to carry out the provisions of this chapter. The agency is constituted a public instrumentality exercising public and essential governmental functions, and the exercise by the agency of the powers conferred by this chapter shall be deemed and held to be the performance of an essential governmental function of the state.

(b) The agency shall consist of seven commissioners, including ex officio the commissioner of banking, insurance, securities, and health care administration, the state treasurer, the secretary of commerce and community development, or their designees, and four commissioners, who shall be residents of the state, and who shall in the opinion of the governor be knowledgeable in housing, finance and financial planning or other related areas, to be appointed by the governor with the advice and consent of the senate for terms of four years. The terms of the four commissioners initially appointed by the governor, however, shall end on the first day of February in 1975, 1976, 1977 and 1978. Any vacancies in the membership of the agency shall be filled in like manner but only for the remainder of an unexpired term. Each commissioner shall hold office for the term of his appointment and until his successor is appointed and qualified. A commissioner appointed by the governor may be removed from office by the governor for misfeasance, malfeasance or willful neglect of duty or other cause after notice and public hearing unless such notice or hearing is expressly waived in writing.

(c) The governor shall designate annually a chairman of the agency from among the commissioners. The commissioners shall elect from among their number a vice-chairman annually and such other officers as they may determine. Meetings shall be held at the call of the chairman or whenever two commissioners so request. Four commissioners of the agency shall constitute a quorum and any action taken by the agency under the provisions of this chapter may be authorized by resolution approved by a majority but not less than three of the commissioners present at any regular or special meeting. Resolutions of the agency shall be made available to the public. No vacancy in the membership of the agency shall impair the right of a quorum to exercise all the rights and perform all the duties of the agency.

(d) Commissioners other than ex officio members shall receive $30.00 per day for each day spent in the performance of their duties and each such commissioner shall be reimbursed from the funds of the agency for his reasonable expenses incurred in carrying out his duties under this chapter.

(e) Notwithstanding the provisions of any other law, no officer or employee of this state shall be deemed to have forfeited or shall forfeit his office or employment by reason of his acceptance of membership of the agency or his service thereto.

(f) The commissioners shall employ an executive director of the agency. The executive director shall be the secretary of the agency and shall administer, manage and direct the affairs and business of the agency, subject to the policies, control and direction of the commissioners. The commissioners may employ technical experts and such other officers, agents and employees and fix their qualifications, duties and compensation.

(g) The secretary shall keep a record of the proceedings of the agency and shall be custodian of all books, documents and papers filed with the

agency and of its minute book and seal. He shall have authority to cause to be made copies of all minutes and other records and documents of the agency and to give certificates under the seal of the agency to the effect that the copies are true copies and all persons dealing with the agency may rely upon those certificates.

(h) Before entering into his duties, each commissioner of the agency shall take and subscribe an oath to perform the duties of his office faithfully, impartially and justly to the best of his ability. A record of the oath shall be filed in the office of the secretary of state.

(i) Notwithstanding any other law to the contrary it shall not be or constitute a conflict of interest for a trustee, director, officer or employee of any financial institution, savings institution, investment banking firm, brokerage firm, commercial bank or trust company, architecture firm, insurance company or any other firm, person or corporation to serve as a member of the agency, provided the trustee, director, officer or employee abstains from deliberation, action and vote by the agency in each instance where the business affiliation of any such trustee, director, officer or employee is involved.

(j) The agency and its existence shall continue so long as it shall have notes, bonds or other obligations or any indebtedness outstanding, including notes, bonds or other obligations or any such indebtedness hereafter issued or incurred, and until its existence is terminated by law. The net earnings of the agency, beyond that necessary for retirement of its notes, bonds or other obligations or any such indebtedness or to implement the public purposes and programs authorized in this chapter, shall not inure to the benefit of any person other than the state. Upon termination of the existence of the agency, title to all of the property owned by the agency, including any net earnings of the agency, shall vest in the state. The state reserves the right at any time to alter, amend, repeal, or otherwise change the structure, organization, programs or activities of the agency, including the power to terminate the agency, except that no law shall impair the obligation of any contract or contracts entered into by the agency to the extent the law would contravene the Constitution of the state or the Constitution of the United States of America.

(k) Notwithstanding any general or special law to the contrary, the provisions of chapter 73 of Title 8 shall not apply to the agency or to any loan heretofore or hereafter made by the agency in accordance with this title.—Added 1973, No. 260 (Adj. Sess.), § 3, eff. April 11, 1974; amended 1975, No. 176 (Adj. Sess.), § 3, eff. March 26, 1976; 1987, No. 203 (Adj. Sess.), § 19, eff. May 27, 1988; 1989, No. 225 (Adj. Sess.), § 25(b); 1995, No. 180 (Adj. Sess.), § 38(a); No. 190 (Adj. Sess.), § 1(b).

HISTORY

Revision note. Redesignated subsec. (j) of section as originally enacted as subsec. (i) to conform section to V.S.A. style.

Amendments—**1995 (Adj. Sess.).** Subsection (b): Act No. 180 substituted "commissioner of banking, insurance, securities, and health care administration" for "commissioner of banking, insurance, and securities" in the first sentence.

Act No. 190 substituted "secretary of commerce and community development" for "secretary of development and community affairs" in the first sentence.

—**1989 (Adj. Sess.).** Subsection (b): Substituted "commissioner of banking, insurance, and securities" for "commissioner of banking and insurance" in the first sentence.

—**1987 (Adj. Sess.).** Subsection (k): Added.

—**1975 (Adj. Sess.).** Subsection (j): Added.

Retroactive application of 1987 (Adj. Sess.) amendment. 1987, No. 203 (Adj. Sess.), § 22, eff. May 27, 1988, provided that the amendment to this section by section 19 of the act shall apply retroactively to the Vermont housing finance agency to the date of the establishment of the agency, which was April 11, 1974.

Subchapter 3. Powers and Duties

§ 621. General powers and duties

The agency shall have all of the powers necessary and convenient to carry out and effectuate the purposes and provisions of this chapter, including without limitation those general powers provided a business corporation by section 1852 of Title 11 and those general powers provided a nonprofit corporation by section 2352 of Title 11 and including, without limiting the generality of the foregoing, the power to:

(1) Make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions under this chapter, including contracts and instruments which may be made and executed with the state or the United States or any agency or instrumentality of either of them or with private corporations or individuals, including contracts with mortgage lenders for the servicing of mortgages made or acquired by the agency pursuant to this chapter or for assistance rendered the agency in the location of all eligible mortgagees or to pay the reasonable value of services rendered to the agency pursuant to these contracts;

(2) Acquire real or personal property, or any interest therein, on either a temporary or long-term basis in its own name by gift, transfer, foreclosure, lease, pledge, assignment or otherwise, including rights or easements in real property; hold, sell, assign, lease, encumber, mortgage or otherwise dispose of any real or personal property or any interest therein;

hold, sell, assign or otherwise dispose of any mortgage lien interest owned by it or under its control, custody or in its possession; and release or relinquish any right, title, claim, lien, interest, easement or demand however acquired, including any equity or right of redemption in property foreclosed by it and to do any of the foregoing by public or private sale, with or without public bidding, notwithstanding the provisions of any other law;

(3) Receive and accept grants, aid or contributions, from any source, of money, property, labor or other things of value, to be held, used and applied or awarded to carry out the purposes of this chapter subject to the conditions upon which the grants, aid and contributions may be made, including, but not limited to gifts or grants from any agency or instrumentality of the United States or of this state for payment of rent supplements to eligible persons or families or for the payment in whole or in part of the interest expense of residential housing or for any other purpose consistent with this chapter;

(4) Provide, contract or arrange for consolidated processing of any aspect of the financing of residential housing under this chapter in order to avoid duplication thereof by either undertaking the processing in whole or in part on behalf of any department, agency, or instrumentality of the United States or of this state, or, in the alternative, to delegate the processing in whole or in part to any department, agency or instrumentality of the United States or of this state;

(5) Provide advice, technical information, assistance in obtaining federal and state aid, and such grants, loans, or advances as will assist the planning, construction, rehabilitation, and operation of residential housing primarily for persons of low and moderate income, including but not limited to assistance in community development and organization, advisory services, the formation of cooperative housing corporations and to encourage community organizations to assist in developing same;

(6) Conduct research and promote development in housing, building technology, and related fields;

(7) Stimulate environmental planning for housing for persons of low and moderate income in order to enhance opportunities of such persons for self-development and employment;

(8) Procure insurance against any loss in connection with its property and other assets, including mortgages and mortgage loans, in such amounts and from such insurers as it deems desirable;

(9) Subject to any agreement with bondholders or noteholders, invest monies of the agency not required for immediate use, including proceeds from the sale of any bonds or notes, at the discretion of the agency in the same manner as permitted for investment of funds belonging to the state or held in the treasury;

(10) Include in any borrowing such amounts as may be deemed necessary by the agency to pay financing charges, interest on its obligations for a period not exceeding one year from their date, consultant advisory and legal fees, and such other expenses as are necessary or incident to such borrowing;

(11) Subject to any agreement with bondholders or noteholders, purchase bonds or notes of the agency out of any funds or money of the agency available therefor, and to hold, cancel or resell such bonds or notes;

(12) Make and publish rules and regulations respecting its housing programs and such other rules and regulations as are necessary to effectuate its corporate purposes;

(13) Borrow money and issue bonds and notes or other evidences of indebtedness thereof, issue mortgage credit certificates as hereinafter provided;

(14) Subject to any agreement with bondholders or noteholders, refinance any mortgage loan made by the agency in accordance with this chapter and consent to any modification with respect to rate of interest, time and payment of any installment of principal or interest, security or any other term of any contract, mortgage, mortgage loan, mortgage loan commitment, contract or agreement of any kind to which the agency is a party, and refinance any loan made by others if the agency finds that such refinancing will maintain or increase the supply of residential housing in the state for persons and families of low and moderate income;

(15) Procure or agree to the procurement of insurance or guarantees from the federal government of the payment of any bonds or notes or any other evidences of indebtedness thereof issued by the agency including the power to pay premiums on any such insurance;

(16) Purchase and enter into commitments to purchase eligible securities from mortgage lenders provided the proceeds of such purchase are reinvested by such mortgage lenders in new mortgage loans on residential housing for occupancy by persons and families of low and moderate income;

(17) Do any and all things necessary or convenient to effectuate the purposes and provisions of this chapter and to carry out its purposes and exercise the powers given and granted in this chapter;

(18) Make grants and loans or advances secured by a mortgage to housing sponsors;

(19) Make loans to members of a housing cooperative corporation to finance their cooperative interests in such housing cooperative corporation and make mortgage loans and loans to persons or families to finance mobile homes;

(20) Use funds received from real estate trust and escrow accounts established under 26 V.S.A. § 2214(c), IORTA funds, for downpayment and

closing cost assistance with priority given to persons and families at or below 90% of median income and to persons and families purchasing perpetually affordable housing.—Added 1973, No. 260 (Adj. Sess.), § 3, eff. April 11, 1974; amended 1975, No. 176 (Adj. Sess.), § 4, eff. March 26, 1976; 1987, No. 8, § 1, eff. April 14, 1987; No. 41, § 2; 1987, No. 250 (Adj. Sess.), § 2, eff. June 13, 1988; 1989, No. 77, § 3, eff. June 7, 1989; 1991, No. 86, § 2, eff. Jan. 1, 1992.

HISTORY

References in text. Sections 1852 and 2352 of Title 11, cited in the introductory paragraph above, were repealed in 1994 and 1997, respectively. For general powers of business corporations, see § 3.02 of Title 11A. For general powers of nonprofit corporations, see § 3.02 of Title 11B.

Amendments—1991. Subdivision (20): Added.

—1989. Subdivision (5): Deleted "and" preceding "technical information" and "including" thereafter, inserted "and such grants, loans, or advances" following "state aid" and "primarily for persons of low and moderate income" following "residential housing" and substituted "cooperative housing corporations" for "mutual housing associations" following "formation of".

—1987 (Adj. Sess.). Inserted "and those general powers provided a nonprofit corporation by section 2352 of Title 11" following "section 1852 of Title 11" in the introductory paragraph and rewrote subdiv. (14).

—1987. Subdivision (2): Act No. 41 inserted "pledge, assignment" preceding "or otherwise including".

Subdivision (3): Act No. 41 inserted "or awarded" following "used and applied".

Subdivision (5): Act No. 41 deleted "and" preceding "advisory services" and inserted "th formation of mutual housing associations" thereafter.

Subdivision (13): Act No. 8 inserted "issue mortgage credit certificates" preceding "a hereinafter".

Subdivision (17): Act No. 41 made minor changes in punctuation.

Subdivision (18): Act No. 41 inserted "grants and" preceding "loans" and made other mino changes in punctuation.

Subdivision (19): Added by Act No. 41.

—1975 (Adj. Sess.). Subdivision (18): Added.

CROSS REFERENCES

Acquisition of interests in land by public agencies, see § 6301 et seq. of this title.

§ 622. Powers relative to purchase of and sale to mortgage lenders o mortgage loans; loans through mortgage lenders

The agency shall have the following powers in addition to others grante in this chapter:

(1) To invest in, purchase or make commitments to purchase, and tal assignments from mortgage lenders, of notes and mortgages evidenci

mortgage loans for the purchase or refinancing of residential housing, whether or not for occupancy by persons and families of low and moderate income in this state upon the terms set forth in section 623 of this title;

(2) To make loans to mortgage lenders under terms and conditions set forth in section 623 of this title;

(3) To make commitments to purchase, and to purchase, service and sell federally insured mortgage loans or mortgages guaranteed by the Vermont home mortgage credit agency or its successors and to make loans directly upon the security of any such mortgage, provided the underlying mortgage loans shall have been made and shall be continued to be used solely to finance or refinance the construction, rehabilitation, purchase or leasing of residential housing in this state;

(4) To sell, at public or private sale, with or without public bidding, any mortgage or other obligation held by the agency;

(5) Subject to any agreement with bondholders or noteholders, to collect, enforce the collection of, and foreclose on any collateral securing its loans to mortgage lenders and acquire or take possession of such collateral and sell the same at public or private sale, with or without public bidding, and otherwise deal with such collateral as may be necessary to protect the interest of the agency therein;

(6) Renegotiate, refinance or foreclose or sell, or contract for the foreclosure of or sale of, any mortgage in default; waive any default or consent to the modification of the terms of any mortgage; commence any action to protect or enforce any right conferred upon it by any law, mortgage, contract or other agreement, and bid for and purchase such property at any foreclosure or at any other sale, or acquire or take possession of any such property; operate, manage, lease, dispose of, and otherwise deal with such property, in such manner as may be necessary to protect the interests of the agency and the holders of its bonds, notes or other obligations;

(7) To purchase, make, or otherwise participate in the making, to enter into commitments, for the purchase, making, or participation in the making, of eligible loans for rehabilitation to persons and families of low and moderate income, and to owners of existing residential housing for occupancy by those persons and families, for the rehabilitation of existing residential housing owned by them. The loans may be insured or uninsured and shall be made with such security as the agency considers advisable. They may be made in amounts sufficient to refinance existing indebtedness secured by the property, if the refinancing is determined by the agency to be necessary to permit the owner to meet his housing costs without expending an unreasonable portion of his income on it. A loan for

rehabilitation shall not be made unless the agency determines that the loan is to be used primarily to make the housing more desirable to live in, to increase the market value of the housing, to comply with building, housing maintenance, fire, health or similar codes and standards applicable to housing, to accomplish energy conservation related improvements or to insure independent living for persons who are handicapped or elderly. Rehabilitation loans shall be made only when the agency determines that financing is not otherwise available, in whole or in part, from private lenders upon equivalent terms and conditions.—Added 1973, No. 260 (Adj. Sess.), § 3, eff. April 11, 1974; amended 1977, No. 59, § 1, eff. April 23, 1977; 1987, No. 41, § 3.

HISTORY

References in text. The Vermont home mortgage credit agency, referred to in subdiv. (3), was repealed by 1973, No. 260 (Adj. Sess), § 6, eff. April 11, 1974.

Revision note. At the end of subdiv. (6), substituted a semicolon for the period to make the punctuation consistent.

Amendments—1987. Subdivision (6): Inserted "or sell" preceding "or contract for the foreclosure of" and "or sale of" thereafter.

—1977. Subdivision (7): Added.

§ 623. Terms and conditions of the purchase and sale to mortgage lenders of mortgage loans; loans through mortgage lenders

(a) No mortgage or other obligation purchased from a mortgage lender shall be eligible for purchase or commitment to purchase by the agency hereunder unless at or before the time of transfer thereof to the agency such mortgage lender certifies:

(1) That in its judgment the loan would in respect of the security therefor be a prudent investment for its own account;

(2) That the proceeds of sale or its equivalent shall be reinvested in new mortgage loans on residential housing for occupancy by persons and families primarily of low and moderate income within the state, or in loans for the rehabilitation of such residential housing, which rehabilitation loans need not be secured by a first mortgage lien, or invested in short-term obligations pending the purchase of those mortgages, or that the mortgage loans purchased or to be purchased by the agency are new mortgage loans on residential housing for occupancy by persons and families primarily of low and moderate income within the state. However, each such new mortgage loan shall have been initiated for the purpose of sale to the agency; and

(3) That mortgage loans or rehabilitation loans made by mortgage lenders from the proceeds of sale of mortgages to the agency shall bear a

rate or rates of interest less than the prevailing rate of interest on comparable mortgage loans or rehabilitation loans available in the state without the assistance of the agency, except when such proceeds arise from the sale to the agency of new mortgage loans on residential housing for occupancy by persons and families primarily of low and moderate income within the state.

(b) The agency shall purchase mortgage loans at a purchase price equal to the outstanding principal balance thereof. However, a discount from the principal balance or the payment of a premium may be employed to effect a fair rate of return, as determined by the rate of return on comparable investments under market conditions existing at the time of purchase. In addition to the payment of outstanding principal balance, the agency shall pay the accrued interest due thereon, on the date the loan or obligation is delivered against payment therefor.

(c) Loans purchased or sold hereunder shall consist of federally insured mortgage loans or loans which are insured, guaranteed or assisted by the state or by an agency or instrumentality thereof or for which there is a commitment by the United States or the state or an agency or instrumentality thereof to insure, guarantee or assist such loan, and other mortgage loans which the agency deems to be of reasonably comparable security.

(d) The agency shall from time to time adopt, modify or repeal rules and regulations governing the making of loans to mortgage lenders and the purchase and sale of mortgage loans and the application of the proceeds thereof, including but not limited to rules and regulations as to any or all of the following:

(1) Procedures for the submission of requests or the invitation of proposals for the purchase and sale of mortgage loans or for loans to mortgage lenders;

(2) Limitations or restrictions as to location or other qualifications or characteristics of residences to be financed from the proceeds of such purchase or loans;

(3) Restrictions as to the interest rates on loans made from the proceeds of purchase of mortgage loans or from loans to mortgage lenders or the return realized therefrom by mortgage lenders;

(4) Requirements as to commitments by mortgage lenders with respect to the application of the proceeds of such purchase or loan;

(5) Schedules of any fees and charges necessary to provide for expenses and reserves of the agency;

(6) Requirements and specifications as to recourse; and

(7) Any other matters related to the duties and the exercise of the powers of the agency under this section.

(e) The rules and regulations shall be designed to effectuate the general purposes of this chapter and the following specific objectives:

(1) the expansion of the supply of funds in the state available for mortgage loans for residential housing generally and particularly for occupancy by persons and families of low and moderate income;

(2) provision for additional housing or rehabilitated housing needed to remedy the shortage of adequate housing in the state and to eliminate the existence of a large number of substandard dwellings; and

(3) the restriction of the financial return and benefit on mortgage loans for residential housing for persons and families of low and moderate income to that level necessary to protect against the realization of mortgage lenders of a financial return or benefit in excess of prevailing market conditions;

(4) in the case of mortgage loans secured by cooperative interest in cooperative housing corporations, to assure that the purchase of such mortgage loans with the proceeds of bonds of the agency will not, without the consent of the agency, cause such bonds to be "other than qualified mortgage bonds."

(f) The interest rates and other terms of loans to mortgage lenders made from the proceeds of any issue of bonds of the agency shall be at least sufficient so as to assure the payment, from the amounts received by the agency in repayment of the loans and interest thereon, of the bonds and the interest thereon as the same become due, including bonds and the interest thereon issued by the agency to fund reserves.

(g) The agency shall require as a condition of each loan to a mortgage lender:

(1) That the mortgage lender shall on or prior to the one hundred eightieth day, or such earlier day as shall be prescribed by rules and regulations of the agency, following the receipt of the loan proceeds, have entered into written commitments to make, and shall thereafter proceed as promptly as practicable to make and disburse from the loan proceeds, mortgage loans on residential housing primarily for occupancy by persons and families of low and moderate income in an aggregate principal amount equal to the amount of the loan less any fees and expenses of the mortgage lender approved by the agency or loans for the rehabilitation of such residential housing, which rehabilitation loans need not be secured by a first mortgage lien; and

(2) That mortgage loans or rehabilitation loans made by mortgage lenders with the proceeds of a loan to such mortgage lender shall bear a rate or rates of interest less than the prevailing rate of interest on comparable mortgage loans or rehabilitation loans available in the state without the assistance of the agency.

(h) The agency may require that the loans to mortgage lenders shall be additionally secured as to payment of both principal and interest by a pledge of and lien upon collateral security in such amounts as the agency shall by resolution determine to be necessary to assure the payment of the loans and the interest thereon as they become due. The collateral security shall consist of:

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

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

(3) direct obligations of or obligations guaranteed by the state; or

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

(5) mortgages which the agency deems to be of reasonably comparable security.—Added 1973, No. 260 (Adj. Sess.), § 3, eff. April 11, 1974; amended 1975, No. 14, § 1, eff. March 17, 1975; 1983, No. 52, § 2, eff. April 23, 1983; 1987, No. 41, § 4.

HISTORY

Amendments—1987. Subdivision (e)(4): Added.

—**1983.** Subdivision (g)(1): Deleted "having a stated maturity of not less than twenty years from the date thereof" following "moderate income".

—**1975.** Subdivision (a)(2): Inserted "or that the mortgage loans purchased or to be purchased by the agency are new mortgage loans on residential housing for occupancy by persons and families primarily of low and moderate income within the state. However, each such new mortgage loan shall have been initiated for the purpose of sale to the agency;" following "purchase of those mortgages".

Subdivision (a)(3): Added "except when such proceeds arise from the sale to the agency of new mortgage loans on residential housing for occupancy by persons and families primarily of low and moderate income within the state" following "assistance of the agency".

CROSS REFERENCES

Federal intermediate credit banks, see 12 U.S.C. § 2011 et seq.
Federal production credit associations, see 12 U.S.C. § 2071 et seq.

§ 624. Making of loans to housing sponsors

(a) The agency may:

(1) Make, undertake commitments to make, purchase, undertake commitments to purchase, and participate with mortgage lenders in the

making of mortgage loans, including federally insured mortgage loans and loans guaranteed by the Vermont home mortgage guarantee board and to make temporary loans and advances in anticipation of mortgage loans to housing sponsors to finance the acquisition, construction or rehabilitation of residential housing; provided, that this subdivision shall not be construed to include equity loans;

(2) Institute any action or proceeding against any housing sponsor receiving a loan under the provisions of this chapter, or owning any residential housing under this chapter in any court of competent jurisdiction in order to enforce the provisions of this chapter or the terms and provisions of any agreement or contract between the agency and the recipients of loans under the provisions of this chapter, or to foreclose its mortgage, or to protect the public interest, the occupants of the residential housing, or the stockholders or creditors, if any, of the housing sponsors. In connection with any such action or proceeding it may apply for the appointment of a receiver to take over, manage, operate and maintain the affairs of the housing sponsor and the agency, through such agent as it designates, may accept the appointment of the receiver of any housing sponsor when so appointed by a court of competent jurisdiction. In the event of the reorganization of any housing sponsor, to the extent possible under the provisions of law, the reorganization shall be subject to the supervision and control of the agency and no reorganization may be accomplished without the prior written consent of the agency. In the event of a judgment against any housing sponsor in any action not pertaining to the foreclosure of a mortgage, there may be no sale of any of the real property included in any residential housing of that housing sponsor except upon 60 days written notice to the agency. Upon receipt of the notice the agency shall take such steps as in its judgment may be necessary to protect the rights of all parties.

(3) Make, undertake commitments to make, purchase, undertake commitments to purchase, and participate with mortgage lenders in the making of equity loans.

(b) The agency shall provide by rules or regulations for the terms and conditions of mortgage loans to housing sponsors of residential housing. Mortgage loans made by the agency to housing sponsors, in addition to such other terms and conditions as the agency may by rule or regulation provide, shall be subject to the following:

(1) No application for a mortgage loan may be approved unless the applicant is a housing sponsor as defined in section 601 of this title;

(2) The mortgage loan may be in an amount not to exceed the value of the residential housing as determined by the agency;

(3) The mortgage loan shall be secured in such manner and be repaid in such period, not exceeding 40 years, as may be determined by the agency and shall bear interest at a rate determined by the agency. The interest rates shall be established by the agency at the lowest level consistent with the agency's cost of operation and its responsibilities to the holders of its bonds, bond anticipation notes and other obligations. In addition to such interest charges, the agency may make and collect such fees and charges, including, but not limited to, reimbursement of the agency's operating expenses, financing costs, service charges, insurance premiums and mortgage insurance premiums, as the agency determines to be reasonable;

(4) Each mortgage and promissory note accompanying the mortgage shall contain such terms and provisions and be in such form as approved by the agency;

(5) Each mortgage loan to a housing sponsor for residential housing shall be subject to an agreement between the agency and the housing sponsor which will subject the housing sponsor and its principals or stockholders, if any, to limitations established by the agency as to rental and other charges, builder's and developer's profits and fees, and the disposition of its property and franchise to the extent more restrictive limitations are not provided by the law under which the housing sponsor is incorporated or organized or by this chapter; and

(6) The agency shall have the power at all times during the construction or rehabilitation of residential housing and its operation:

(A) To enter upon and inspect any residential housing including all parts thereof, for the purpose of investigating the physical and financial condition thereof, and its construction, rehabilitation, operation, management and maintenance, and to examine all books and records of the housing sponsor with respect to capitalization, income and other matters relating thereto and to make those charges as may be required to cover the cost of the inspections and examinations;

(B) To order such alterations, changes or repairs as may be necessary to protect the security of its investment in residential housing or the health, safety, and welfare of the occupants or its users and to insure that the residential housing is or has been constructed or rehabilitated in conformity with all applicable plans and specifications and building codes; and

(C) To order any managing agent or sponsor of residential housing to do those acts as may be necessary to comply with the provisions of all applicable laws, ordinances or building codes or any rule or regulation of the agency or the terms of any agreement concerning the residential housing or to refrain from doing any acts in violation of it, and in this

regard the agency shall be a proper party to file a complaint and to prosecute thereon for any violations of law, ordinances or building codes as set forth in this chapter.

(c) [Repealed.]—Added 1975, No. 176 (Adj. Sess.), § 5, eff. March 26, 1976; amended 1977, No. 47, § 2, eff. April 20, 1977; 1977, No. 199 (Adj. Sess.), § 1; 1987, No. 41, § 5; 1989, No. 77, § 4, eff. June 7, 1989.

HISTORY

Revision note. Deleted "(a)(1)" following "subdivision" near the end of subdiv. (a)(1) to conform reference to V.S.A. style.

Amendments—1989. Subdivision (a)(1): Added "provided, that this subdivision (a)(1) shall not be construed to include equity loans" following "housing".
Subdivision (a)(3): Added.

—1987. Subdivision (a)(1): Inserted "acquisition" preceding "construction".

—1977 (Adj. Sess.). Subsection (a): Deleted "to the extent of available bonding authority under section 631(a)(1) of this title" following "the agency may" in the introductory clause.
Subsection (c): Repealed.

—1977. Subdivision (a)(1): Inserted "purchase, undertake commitments to purchase" preceding "and participate".

CROSS REFERENCES

Home mortgage guarantee program, see § 381 et seq. of this title.

§ 625. Procedure prior to financing of multi-family housing undertaken by housing sponsors

The agency may not finance any residential housing undertaken by a housing sponsor under subdivision 624(a)(1) of this title unless:

(1) The residential housing is primarily for occupancy by persons and families of low and moderate income;

(2) The agency determines that the acquisition, construction or rehabilitation costs incurred or to be incurred by the housing sponsor under agreement are for housing development costs within the meaning of this chapter;

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

(4) The agency determines that the housing sponsor or sponsors undertaking the proposed housing development will maintain or increase the supply of well-planned, well-designed permanent, temporary transitional or emergency housing for persons or families of low and moderate income and that the sponsors are financially responsible persons or institutions.—Added 1975, No. 176 (Adj. Sess.), § 6, eff. March 26, 1976; amended 1987, No. 41, § 6; 1989, No. 77, § 5, eff. June 7, 1989.

HISTORY

Amendments—1989. Substituted "subdivision 624(a)(1)" for "section 624" following "under" in the introductory paragraph.

—1987. Subdivision (2): Inserted "acquisition" preceding "construction".

Subdivision (3): Inserted "or without the proposed residential housing there will exist" preceding "a shortage of decent" and "or there is a shortage of temporary transitional or emergency housing" following "market area".

Subdivision (4): Inserted "maintain or" preceding "increase the supply of well-planned, well-designed" and "permanent, temporary transitional or emergency" thereafter.

§ 626. Rules; insulation of structures

(a) The agency may adopt rules, but they shall be under chapter 25 of Title 3, providing standards for the insulation, design and equipping of buildings to minimize, insofar as is practicable and economical, the transfer of heat or cold between the interior and exterior of the building. The rules shall:

(1) Be consistent with standard practices and techniques in the construction industry; and

(2) Be, insofar as is practicable, consistent with nationally recognized building codes and regulations adopted under the authority of Congress; and

(3) Not require the installation of devices, equipment or materials which would substantially alter the basic architecture of an existing building.

(b) The agency shall publish a manual which shall be made available, at cost, to any person upon his request. The manual shall show by diagram and otherwise various acceptable methods, materials and devices which may be used by the owners of buildings and others to comply with the standards adopted by rule under subsection (a) of this section.—Added 1977, No. 59, § 2, eff. April 23, 1977.

§ 627. Mortgage purchases

(a) In addition to other powers granted in this chapter, the agency shall have the power to participate with mortgage lenders in a program whereby mortgage loans, rehabilitation loans, and eligible securities are purchased

from mortgage lenders by the agency or by others. Before participating in any such program, the agency shall determine that its participation will tend to expand the supply of funds in the state available for mortgage loans for residential housing generally and particularly for occupancy by persons and families of low and moderate income. The agency may enter into contracts or other instruments for the administration and implementation of such programs. The agency shall adopt rules and regulations in respect of such program as provided in subsections (d) and (e) of section 623 of this title but such program shall not otherwise be subject to the requirements of sections 622 and 623. If the purchaser of such loans and securities pursuant to this section is the agency or a trust established under subsection (c) of this section, such purchase may be financed through the issue of bonds, notes or other obligations by the agency under subsection (b) of this section or through the issue of eligible securities by the agency or a trust under subsections (c), (d) and (e) of this section. Such purchase may be refinanced by any of such methods whether previously financed or refinanced under any of such methods or otherwise. If the purchaser of such loans and securities pursuant to this section is not the agency or such a trust, or if a purchase by the agency or trust is for purposes of resale to others and does not involve the issue of bonds, notes or other obligations or eligible securities by the agency or trust, the agency and trust shall each have power:

(1) to cooperate with such other purchasers, with mortgage lenders, and others;

(2) to provide and agree to provide services in pooling and servicing such loans and securities;

(3) to agree to bear risk of loss subject to such limitations as the agency may prescribe; and

(4) to do anything necessary or appropriate to participate in programs of other government agencies, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, their successors, or other financial institutions or intermediaries involved in the residential mortgage market which are not inconsistent with the purposes of this chapter.

(b) Bonds, notes and other obligations issued by the agency pursuant to this section shall not be general obligations of the agency, shall not be secured in whole or in part by a debt service reserve fund to which state funds may be appropriated pursuant to subsection (d) of section 632 of this title, shall not be subject to section 631(b)(1) of this title, and shall not be taken into account for purposes of the limitation on indebtedness of the agency contained in the last sentence of section 631(a)(1). Such bonds, notes and other obligations shall be payable solely from the receipts, revenues, or other income derived in respect of loans and securities purchased pursuant to this section or from the proceeds of such bonds, notes and other obligations, or from receipts, revenues or other income derived in respect of such proceeds or reserves established therefrom. Any official statement or other prospectus used by the agency in offering such obligations for sale shall clearly indicate that such obligations are not the debt or obligation of the state or of the agency except to the extent provided in this section.

(c) Eligible securities issued pursuant to this section may be issued by the agency itself. The agency, by indenture or otherwise, may also establish a trust as the issuer of eligible securities under this section. The agency may but need not be trustee of such a trust. Such a trust shall be established in such manner and subject to such provisions as the agency deems necessary or appropriate to carry out the purposes of this section. A trust so established shall be a public instrumentality of the state acting on behalf of the state to the same extent as the agency itself.

(d) In issuing eligible securities pursuant to this section, the agency and any trust established by it shall have, in addition to its other powers under this chapter or general law, all the powers the agency has in issuing bonds, notes and other obligations pursuant to subsection (b) of this section, subject to the special provisions of subsection (b) of this section, including without limitation the following powers:

(1) to authorize such securities, to issue them as negotiable investment securities, to execute them through appropriate present or former officers, and to sell them at public or private sale;

(2) to make agreements and contracts with and valid and effective pledges of property to, securities holders by resolution or otherwise;

(3) to issue taxable securities, cause them to be registered and grant appropriate indemnification;

(4) to purchase and deal in such securities;

(5) to secure such securities by appropriate trust instruments and agree that its contracts with securities holders will not be impaired by the state; and

(6) to use and invest proceeds of securities and refunding securities.

All of the foregoing shall be in the manner more fully provided in this chapter for bonds, notes and other obligations, or in a manner the agency determines is reasonably comparable thereto taking into account the different characteristics of eligible securities, or of the issuer thereof, and other matters the agency considers necessary or appropriate to effectively issue such securities.

(e) Without limiting the generality of subsection (d) of this section:

(1) eligible securities issued by the agency or a public instrumentality pursuant to this section shall be legal investments to the same extent as bonds and notes issued under this chapter;

(2) the holders of such securities shall be entitled to the same remedies, so far as apt, as are provided to holders of bonds and notes under section 635 of this title; and

(3) if such securities evidence the issuer's interest in mortgages otherwise than by the issuer's promise to pay principal and interest in fixed amounts and at stated times, they shall not be subject to the provisions of this chapter governing amounts and times of payment of principal and interest on bonds, notes and other obligations, and no finding under section 631(b)(2) of this title as to sufficiency of receipts, revenues or other income to pay such securities shall be required with respect to them.—Added 1981, No. 23, § 2, eff. April 14, 1981; amended 1983, No. 52, § 3, eff. April 23, 1983.

History

Revision note. In subsec. (a), inserted "of this title" following "section 623" in the fourth sentence and substituted "subsection (c) of this section" for "section 627(c)" and "subsection (b) of this section" for "section 627(b)" and "subsections (c), (d) and (e) of this section" for "section 627(c), (d) and (e)" in the fifth sentence.

In subsec. (b), inserted "of this title" following "section 632" and "section 631(b)(1)" in the first sentence.

In subsec. (d), substituted "subsection (b) of this section" for "section 627(b)" in two places.

In subsec. (e), substituted "subsection (d) of this section" for "section 627(d)" in the introductory clause and inserted "of this title" following "section 635" in subdiv. (2) and following "section 631(b)(2)" in subdiv. (3).

The changes were made to conform the language to V.S.A. style.

Amendments—1983. Amended section generally.

Legislative findings and purpose. 1981, No. 23, § 1, eff. April 14, 1981, provided: "It is hereby found and determined that the shortage of funds available in the state for residential mortgage loans has severely restricted the ability of the people of the state to acquire adequate residential housing; that it is the policy of the state to promote the expansion of the supply of such funds in order to encourage an adequate supply of safe and decent housing available at reasonable costs; and that to accomplish such policy and purpose, the public interest requires that the state housing finance agency created by 10 V.S.A. chapter 25 have the powers authorized by this act [which added this section and amended section 631(e)]. It is further found and determined that the agency will be performing an essential governmental function in the exercise of the powers conferred upon it by this act and that this act is necessary to assure an adequate supply of capital to provide safe, adequate and sufficient housing for the state's population."

Validity of prior actions taken by agency. 1981, No. 23, § 4, eff. April 14, 1981, provided, in part: "Any action taken by the agency in connection with entering into or participating in such a program prior to the effective date of this act [April 14, 1981] shall be deemed to be as effective as if this act had then been in effect."

CROSS REFERENCES

Federal home loan mortgage corporation, see 12 U.S.C. § 1451 et seq.
Federal national mortgage association, see 12 U.S.C. § 1716 et seq.

§ 628. Mortgage credit certificates

In addition to other powers granted in this chapter, the agency shall have the power to establish a qualified mortgage credit certificate program and to issue mortgage credit certificates as provided in this section. The terms "qualified mortgage credit certificate program" and "mortgage credit certificate" shall have the meaning prescribed in section 25 of the Internal Revenue Code, as amended. Before establishing a qualified mortgage credit certificate program, the agency shall determine that to do so will effectuate the purposes of this chapter. In carrying out such a program, the agency shall have the power to take all appropriate actions for such purpose, including without limitation formulating and implementing administration procedures, making all necessary reports and filings and electing not to issue bonds or notes otherwise authorized by this chapter. In lieu of the requirements of this chapter applicable to the purchase and sale by the agency of mortgage loans and rehabilitation loans, any qualified mortgage certificate program established by the agency shall comply with and be subject to the provisions of section 25 of the Internal Revenue Code, as amended, and regulations thereunder as in effect from time to time. Any rule, regulation, practice, policy, or procedure adopted by the agency for the purpose of implementing or administering a mortgage credit certificate program shall not be subject to the requirements of chapter 25 of Title 3.—Added 1987, No. 8, § 2, eff. April 14, 1987.

HISTORY

References in text. Section 25 of the Internal Revenue Code, referred to in this section, is classified to 26 U.S.C. § 25.

Subchapter 4. Form and Nature of Bonds and Notes

CROSS REFERENCES

Federal taxation of interest on bonds, see § 995 et seq. of Title 32.
Issuance of private activity bonds, see §§ 991, 992 of Title 32.

§ 631. Bonds and notes

(a)(1) The agency may issue its negotiable notes and bonds in such principal amount as the agency determines to be necessary to provide sufficient funds for achieving any of its corporate purposes, including the payment of interest on notes and bonds of the agency, establishment of

reserves to secure the notes and bonds including the reserve funds created under section 632 of this title, and all other expenditures of the agency incident to and necessary or convenient to carry out its corporate purposes and powers. However, the bonds or notes of the agency outstanding at any one time shall not exceed $900,000,000.00.

(2) The agency shall have the power, from time to time, to issue notes to renew notes and bonds to pay notes, including the interest thereon and, whenever it deems refunding expedient, to refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and to issue bonds partly to refund bonds then outstanding and partly for any of its corporate purposes.

(3) Except as may otherwise be expressly provided by resolution of the agency, every issue of its notes and bonds shall be general obligations of the agency payable out of any revenues or moneys of the agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

(4) Federal aggregate limits. Pursuant to section 103A(g)(6) of the federal Internal Revenue Code, the authority to issue qualified mortgage bonds within the limits of the state ceiling for any calendar year is hereby allocated seventy-five percent to the Vermont housing finance agency.

(b) The notes and bonds shall be authorized by resolution or resolutions of the agency, shall bear such date or dates and shall mature at such time or times as the resolution or resolutions may provide, except that no bond shall mature more than 42 years from the date of its issue. The bonds may be issued as serial bonds payable in annual installments or as term bonds or as a combination thereof. The notes and bonds shall bear interest at such rate or rates, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment, at such place or places within or without the state, and be subject to such terms of redemption as the resolution or resolutions may provide, provided, however, that at the time of the authorization of the issuance of such bonds or notes the agency determines in such resolution:

(1) that mortgage loans made by or on behalf of the agency, directly or indirectly, with the proceeds of such bonds or notes in accordance with section 621 or 622 of this title can be issued bearing a rate or rates of interest which will be less than the prevailing rate of interest on comparable mortgage loans available in the state without the assistance of the agency; and

(2) that the agency will derive receipts, revenues or other income from mortgages purchased or loans made through mortgage lenders with the

proceeds of such bonds or notes sufficient to provide, together with all other available receipts, revenues and income of the agency, for the payment of such bonds or notes and the payment of all costs and expenses incurred by the agency with respect to the program or purpose for which such bonds or notes are issued. The notes and bonds of the agency may be sold by the agency, at public or private sale, at such price or prices as the agency shall determine.

(c) Any resolution or resolutions authorizing any notes or bonds or any issue thereof may contain provisions, which shall be a part of the contract or contracts with the holders thereof, as to:

(1) pledging all or any part of the revenues of the agency to secure the payment of the notes or bonds or of any issue thereof, subject to such agreements with noteholders or bondholders as may then exist;

(2) pledging all or any part of the assets of the agency, including mortgages and obligations securing the same, to secure the payment of the notes or bonds or of any issue of notes or bonds, subject to such agreements with noteholders or bondholders as may then exist;

(3) the use and disposition of the gross income from mortgages owned by the agency and payments upon other obligations held by the agency;

(4) the setting aside of reserves or sinking funds and the regulation and disposition thereof;

(5) limitations on the purpose to which the proceeds of sale of notes or bonds may be applied and pledging the proceeds to secure the payment of the notes or bonds or of any issue thereof;

(6) limitations on the issuance of additional notes or bonds; the terms upon which additional notes or bonds may be issued and secured; and the refunding of outstanding or other notes or bonds;

(7) the procedure, if any, by which the terms of any contract with noteholders or bondholders may be amended or abrogated, the amount of notes or bonds the holders of which must consent thereto, and the manner in which consent may be given;

(8) limitations on the amount of moneys to be expended by the agency for operating expenses of the agency;

(9) vesting in a trustee or trustees, within or without the state, such property, rights, powers and duties in trust as the agency may determine, which may include any or all of the rights, powers and duties of the trustee appointed by the bondholders pursuant to this chapter and limiting or abrogating the right of the bondholders to appoint a trustee under this chapter or limiting the rights, powers and duties of the trustee;

(10) defining the acts or omissions to act which shall constitute a default in the obligations and duties of the agency to the holders of the

notes or bonds and providing for the rights and remedies of the holders of the notes or bonds in the event of such default, including as a matter of right the appointment of a receiver; provided, however, that the rights and remedies shall not be inconsistent with the general laws of the state and other provisions of this chapter; and

(11) any other matters, of like or different character, which in any way affect the security or protection of the holders of the notes or bonds.

(d) Any pledge made by the agency shall be valid and binding from the time when the pledge is made; the revenues, moneys or property so pledged and thereafter received by the agency shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act; and such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the agency, irrespective of whether such parties have notice thereof.

(e) Bonds, notes, and other obligations authorized under this chapter may in the discretion of the agency, be issued with such terms as will cause the interest thereon to be subject to federal income taxation. To the extent required for their sale, the agency may register such obligations including the obligations of a trust established pursuant to section 627 of this title, under applicable federal and state securities laws. No person executing any bonds, notes and other obligations issued by the agency or others under authority of this chapter shall be subject to any personal liability or accountability by reason of the issuance thereof. The agency shall indemnify any person who shall have served as a commissioner, officer, or employee of the agency against financial loss or litigation expense arising out of or in connection with any claim or suit involving allegations that pecuniary harm has been sustained as a result of any transaction authorized by this chapter, unless such person is found by a final judicial determination not to have acted in good faith and for a purpose which he reasonably believed to be lawful and in the best interest of the agency.

(f) The agency, subject to such agreements with noteholders or bondholders as may then exist, shall have power out of any funds available therefor to purchase notes or bonds of the agency, which shall thereupon be cancelled, at a price not exceeding:

(1) if the notes or bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment thereon, or

(2) if the notes or bonds are not then redeemable, the redemption price applicable on the first date after such purchase upon which the notes or bonds become subject to redemption plus accrued interest to such date.

(g) In the discretion of the agency, the notes or bonds may be secured by a trust indenture by and between the agency and a corporate trustee, which may be any trust company or bank having the power of a trust company within or without the state. The trust indenture may contain such provisions for protecting and enforcing the rights and remedies of the noteholders or bondholders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the agency in relation to the exercise of its corporate powers and the custody, safeguarding and application of all moneys. The agency may provide by such trust indenture for the payment of the proceeds of the notes or bonds and the revenues to the trustee under such trust indenture or other depository, and for the method of disbursement thereof, with such safeguards and restrictions as it may determine. All expenses incurred in carrying out the trust indenture may be treated as a part of the operating expenses of the agency. If the notes or bonds shall be secured by a trust indenture, the noteholders and bondholders shall have no authority to appoint a separate trustee to represent them.

(h) Any law to the contrary notwithstanding, a bond or note issued under this chapter is fully negotiable for all purposes of sections 1-101 et seq. of Title 9A, and each holder or owner of a bond or note, or of any coupon appurtenant thereto, by accepting the bond or note or coupon shall be conclusively deemed to have agreed that the bond, note, or coupon is fully negotiable for those purposes.

(i) Any provision of this chapter or of any other law or any recitals in any bonds or notes issued under this chapter to the contrary notwithstanding, all bonds, notes and interest coupons appertaining thereto issued by the agency shall have and are hereby declared to have all the qualities and incidents, including negotiability, of investment securities under sections 1-101 et seq. of Title 9A, but no provision of those sections respecting the filing of a financing statement to perfect a security interest shall be applicable to any security interest created in connection with the issuance of the bonds, notes or coupons.

(j) In case any of the commissioners, executive director or officers of the agency whose signatures appear on any notes or bonds or coupons shall cease to be commissioners, executive director or officers before the delivery of such notes or bonds, the signatures shall, nevertheless, be valid and sufficient for all purposes, the same as if such commissioners, executive director or officers had remained in office until such delivery.—Added 1973, No. 260 (Adj. Sess.), § 3, eff. April 1, 1974; amended 1975, No. 176 (Adj. Sess.), § 2, eff. March 26, 1976; 1977, No. 47, §§ 3, 4, eff. April 20, 1977; 1977, No. 199 (Adj. Sess.), § 2; 1979, No. 36, § 2; 1979, No. 97 (Adj. Sess.), § 1, eff. March 20, 1980; 1981, No. 23, § 3, eff. April 14, 1981; 1983, No. 52, § 4, eff. April 23, 1983; 1985, No. 94, §§ 1, 2; 1987, No. 250 (Adj. Sess.), § 3, eff. June 13, 1988; 1989, No. 145 (Adj. Sess.), § 1, eff. April 20, 1990.

HISTORY

Revision note. In subdiv. (b)(1), substituted "section" for "sections" before "621 or 622."

In subdiv. (c)(6), substituted "issued" for "issue" to correct an apparent typographical error.

In subsec. (e), inserted "of this title" following "section 627" to conform reference to V.S.A. style.

References in text. Section 103A of the Internal Revenue Code, referred to in subdiv. (a)(4), was classified to 26 U.S.C. § 103A. The provisions of that section were repealed by P.L. 99-514, § 1301(j)(1), effective for bonds issued after August 15, 1986. The general rule for tax exemptions for state and local bonds is set out in 26 U.S.C. § 103. Specific tax exemption requirements for state and local bonds are set out in 26 U.S.C. § 141 et seq.

Amendments—1989 (Adj. Sess.). Subdivision (a)(1): Substituted "$900,000,000.00" for "$600,000,000.00" following "exceed" in the second sentence.

—1987 (Adj. Sess.). Subdivision (a)(1): Substituted "$600,000,000.00" for "$500,000,000.00" at the end of the subdivision.

—1985. Subdivision (a)(1): Substituted "$500,000,000.00" for "$400,000,000.00" in the second sentence.

Subdivision (a)(4): Added.

—1983. Subdivision (a)(1): Substituted "$400,000,000.00" for "$300,000,000.00" following "exceed" in the second sentence.

—1981. Subsection (e): Amended generally.

—1979 (Adj. Sess.). Subdivision (a)(1): Substituted "$300,000,000" for "$185,000,000" following "exceed" in the second sentence.

—1979. Subdivision (a)(1): Substituted "$185,000,000" for "$110,000,000" following "exceed" in the second sentence.

—1977 (Adj. Sess.). Subdivision (a)(1): Substituted "$110,000,000" for "$84,000,000" following "exceed" in the second sentence.

—1977. Subdivision (a)(1): Substituted "$84,000,000" for "$74,000,000" following "exceed" and deleted "and no more than $5,000,000.00 of bonds or notes shall be outstanding at any one time to provide funds for programs authorized under section 624 of this title" thereafter in the second sentence.

Subsection (b): Substituted "42" for "40" preceding "years" in the first sentence.

—1975 (Adj. Sess.). Subdivision (a)(1): Amended generally.

Reservations of bonding authority. 1979, No. 97 (Adj. Sess.), § 2, eff. March 20, 1980, as amended by 1983, No. 52, § 5, eff. April 23, 1983, provided: "No less than $10,000,000.00 of the bonding authority created by section 1 of this act [which amended subdiv. (a)(1) of this section] shall be reserved for the issuance of bonds to finance new building or rehabilitation of housing containing units for families with children eligible for federally subsidized rent assistance."

1979, No. 36, § 4, eff. April 18, 1979, provided: "Not less than $2,500,000.00 of the bonding authority created by Sec. 2 of this act [which amended subdiv. (a)(1) of this section] shall be set aside for issuance of bonds to finance development of multi-family units for families, with children, eligible for federally subsidized rents."

§ 632. Reserve funds

(a) The agency may create and establish one or more special funds, herein referred to as "debt service reserve funds," and shall pay into each such debt service reserve fund:

(1) any moneys appropriated and made available by the state for the purpose of such fund;

(2) any proceeds of sale of notes or bonds, to the extent provided in the resolution or resolutions of the agency authorizing the issuance thereof; and

(3) any other moneys which may be made available to the agency for the purpose of such fund from any other source or sources.

All moneys held in any debt service reserve fund, except as hereinafter provided, shall be used, as required, solely for the payment of the principal of bonds secured in whole or in part by such fund or of the sinking fund payments hereinafter mentioned with respect to such bonds, the purchase or redemption of such bonds, the payment of interest on such bonds or the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity; provided, however, that moneys in any such fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of such fund to less than the debt service reserve requirement established by resolution of the agency for such fund as hereafter provided except for the purpose of making with respect to bonds secured in whole or in part by such fund payments, when due, of principal, interest, redemption premiums and the sinking fund payments hereinafter mentioned for the payment of which other moneys of the agency are not available. Any income or interest earned by, or increment to, any debt service reserve fund due to the investment thereof may be transferred by the agency to other funds or accounts of the agency to the extent it does not reduce the amount of such debt service reserve fund below the debt service reserve requirement for such fund.

(b) The agency shall not at any time issue bonds or notes secured in whole or in part by a debt service reserve fund if upon the issuance of such bonds or notes the amount in such debt service reserve fund will be less than the debt service reserve requirement established by resolution of the agency for such fund, unless the agency at the time of issuance of such bonds shall deposit in such fund from the proceeds of the bonds or notes so to be issued, or from other sources, an amount which together with the amount then in such fund, will not be less than the debt service reserve requirement established for such fund. The debt service reserve requirement for any debt service reserve fund shall be established by resolution of the agency prior to the issuance of any bonds or notes secured in whole or

in part by such fund and shall not be required to exceed "maximum debt service." For the purposes of this section, the term "maximum debt service" shall mean, as of any particular date of computation, an amount of money equal to the greatest of the respective amounts, for the then current or any future fiscal year of the agency, of annual debt service on the bonds of the agency secured or to be secured in whole or in part by such debt service reserve fund, such annual debt service for any fiscal year being the amount of money equal to the aggregate of

(1) all interest payable during such fiscal year on all bonds secured in whole or in part by such debt service reserve fund outstanding on the date of computation; plus

(2) the principal amount of all such bonds outstanding on such date of computation which mature during such fiscal year; plus

(3) all amounts specified in any resolution of the agency authorizing such bonds as payable during such fiscal year as a sinking fund payment with respect to any of such bonds which mature after such fiscal year.

(c) In computing the amount of the debt service reserve funds for the purpose of this section, securities in which all or a portion of such funds shall be invested shall be valued at par if purchased at par or at amortized value, as such term is defined by resolution of the agency, if purchased at other than par.

(d) In order to assure the maintenance of the debt service reserve requirement in each debt service reserve fund established by the agency, there may be appropriated annually and paid to the agency for deposit in each such fund, such sum as shall be certified by the chairman of the agency, to the governor or the governor-elect, the president of the senate, and the speaker of the house, as is necessary to restore each such debt service reserve fund to an amount equal to the debt service reserve requirement for such fund. The chairman shall annually, on or about February 1, make and deliver to the governor or the governor-elect, the president of the senate, and the speaker of the house, his certificate stating the sum required to restore each such debt service reserve fund to the amount aforesaid, and the sum so certified may be appropriated, and if appropriated, shall be paid to the agency during the then current state fiscal year. The principal amount of bonds or notes outstanding at any one time and secured in whole or in part by a debt service reserve fund to which state funds may be appropriated pursuant to this subsection shall not exceed $125,000,000.00, provided that the foregoing shall not impair the obligation of any contract or contracts entered into by the agency in contravention of the Constitution of the United States of America.

(e) The agency shall create and establish such other fund or funds as may be necessary or desirable for its corporate purposes.—Added 1973, No. 260 (Adj. Sess.), § 3, eff. April 11, 1974; amended 1977, No. 199 (Adj. Sess.), § 3; 1989, No. 145 (Adj. Sess.), § 2, eff. April 20, 1990.

HISTORY

Amendments—1989 (Adj. Sess.). Subsection (d): Substituted "$125,000,000.00" for "$84,000,000.00" following "exceed" in the third sentence.

—1977 (Adj. Sess.). Subsection (d): Substituted "about" for "before" preceding "February 1" in the second sentence and added the third sentence.

§ 633. Refunding obligations — Issuance

The agency may provide for the issuance of refunding obligations for the purpose of refunding any obligations then outstanding which have been issued under the provisions of this chapter, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such obligations and for any corporate purpose of the agency. The issuance of such obligations, the maturities and other details thereof, the rights of the holders thereof, and the rights, duties and obligations of the agency in respect of the same shall be governed by the provisions of this chapter which relate to the issuance of obligations, insofar as those provisions may be appropriate.—Added 1973, No. 260 (Adj. Sess.), § 3, eff. April 11, 1974.

§ 634. Refunding obligations — Sale

Refunding obligations issued as provided in section 633 of this title may be sold or exchanged for outstanding obligations issued under this chapter and, if sold, the proceeds thereof may be applied, in addition to any other authorized purposes, to the purchase, redemption or payment of such outstanding obligations. Pending the application of the proceeds of any refunding obligations, with any other available funds, to the payment of the principal, accrued interest and any redemption premium on the obligations being refunded, and, if so provided or permitted in the resolution authorizing the issuance of such refunding obligations or in the trust agreement securing them to the payment of any interest on such refunding obligations and any expenses in connection with such refunding, such proceeds may be invested in direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by the United States of America which shall mature or which shall be subject to redemption by the holders thereof, at the option of such holders, not later than the respective dates when the proceeds, together with the interest accruing thereon, will be required for the purposes intended.—Added 1973, No. 260 (Adj. Sess.), § 3, eff. April 11, 1974.

§ 635. Remedies of bondholders and noteholders

(a) In the event that the agency defaults in the payment of principal or of interest on any bonds or notes issued under this chapter after they become due, whether at maturity or upon call for redemption, and the default continues for a period of thirty days, or in the event that the agency fails or refuses to comply with the provisions of this chapter, or defaults in any agreement made with the holders of an issue of bonds or notes of the agency, the holders of twenty-five percent in aggregate principal amount of the bonds or notes of such issue then outstanding, by instrument or instruments filed in the office of the secretary of state and proved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of such bonds or notes for the purposes herein provided.

(b) Such trustee may, and upon written request of the holders of twenty-five percent in principal amount of such bonds or notes then outstanding shall, in his or its own name:

(1) enforce all rights of the bondholders or noteholders, including the right to require the agency to collect interest and amortization payments on the mortgages or other obligations held by it adequate to carry out any agreement as to, or pledge of, the interest and amortization payments, and to require the agency to carry out any other agreements with the holders of such bonds or notes and to perform its duties under this chapter;

(2) enforce all rights of the bondholders or noteholders, including the right to collect and enforce the payment of principal of and interest due or becoming due on loans to mortgage lenders and collect and enforce any collateral securing the loans or sell the collateral, so as to carry out any contract as to, or pledge of revenues, and to require the agency to carry out and perform the terms of any contract with the holders of such bonds or notes or its duties under this chapter;

(3) bring suit upon all or any part of such bonds or notes;

(4) by action or suit, require the agency to account as if it were the trustee of an express trust for the holders of such bonds or notes;

(5) by action or suit, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of such bonds or notes;

(6) declare all such bonds or notes due and payable, and, if all defaults shall be made good, then with the consent of the holders of twenty-five percent of the principal amount of such bonds or notes then outstanding to annul the declaration and its consequences.

(c) The trustee shall in addition to the foregoing have and possess all the powers necessary or appropriate for the exercise of any functions specifically set forth herein or incident to the general representation of bondholders or noteholders in the enforcement and protection of their rights.

(d) Before declaring the principal of bonds or notes due and payable, the trustee shall first give thirty days' notice in writing to the governor, to the agency and to the attorney general of the state.

(e) The superior courts or courts with equity jurisdiction shall have jurisdiction of any suit, action or proceeding by the trustee on behalf of bondholders or noteholders.—Added 1973, No. 260 (Adj. Sess.), § 3, eff. April 11, 1974.

HISTORY

Revision note. Reference to "county courts" in subsec. (e) changed to "superior courts" pursuant to 1971, No. 185 (Adj. Sess.), § 236(d) and 1973, No. 193 (Adj. Sess.), § 3. See notes under §§ 71 and 219 of Title 4.

§ 636. Pledge of the state

The state does hereby pledge to and agree with the holders of the notes and bonds issued under this chapter that the state will not limit or restrict the rights hereby vested in the agency to perform its obligations and to fulfill the terms of any agreement made with the holders of its bonds or notes or in any way impair the rights and remedies of the holders until the notes and bonds, together with interest thereon, and interest on any unpaid installments of interest, are fully met, paid and discharged. The agency is authorized to execute this pledge and agreement of the state in any agreement with the holders of the notes or bonds.—Added 1973, No. 260 (Adj. Sess.), § 3, eff. April 11, 1974.

§ 637. Credit of state not pledged

Obligations issued under the provisions of this chapter shall not be deemed to constitute a debt or liability or obligation of the state or of any political subdivision thereof or a pledge of the faith and credit of the state or of any political subdivision but shall be payable solely from the revenues or assets of the agency. Each obligation issued under this chapter shall contain on the face thereof a statement to the effect that the agency shall not be obligated to pay the same nor the interest thereon except from the revenues or assets pledged therefor and that neither the faith and credit nor the taxing power of the state or of any political subdivision thereof is pledged to the payment of the principal of or the interest on such obligations.—Added 1973, No. 260 (Adj. Sess.), § 3, eff. April 11, 1974.

§ 638. Notes and bonds as legal investments

Notwithstanding any other law, the state and all public officers, governmental units and agencies thereof, all banks, trust companies, savings banks and institutions, building and loan associations, savings and loan

associations, investment companies, and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, all credit unions, and all executors, administrators, guardians, trustees and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any bonds or notes issued under this chapter, and the bonds or notes are authorized security for any and all public deposits.—Added 1973, No. 260 (Adj. Sess.), § 3, eff. April 11, 1974.

§ 639. Annual reports; audit

(a) On or before the last day of January in each year the agency shall submit a report of its activities for the preceding fiscal year to the governor and to the general assembly. Each report shall set forth a complete operating and financial statement covering its operations during the year, including a statement of the amounts received from funds generated by interest from real estate escrow and trust accounts established pursuant to 26 V. S. A. § 2214(c), a list and description of the programs to which IORTA funds were provided and the amounts distributed to each county. The agency shall cause an audit of its books and accounts to be made at least once in each year by certified public accountants; the cost shall be considered an expense of the agency and a copy shall be filed with the state treasurer.

(b) The auditor of accounts of the state and his duly authorized representatives may at any time examine the accounts and books of the agency including its receipts, disbursements, contracts, sinking funds, investments and any other matters relating to its financial statements.—Added 1973, No. 260 (Adj. Sess.), § 3, eff. April 11, 1974; amended 1989, No. 145 (Adj. Sess.), § 3, eff. April 20, 1990; 1991, No. 86, § 3, eff. Jan. 1, 1992.

HISTORY

Amendments—1991. Subsection (a): Added "including a statement of the amounts received from funds generated by interest from real estate escrow and trust accounts established pursuant to 26 V.S.A. § 2214(c), a list and description of the programs to which IORTA funds were provided and the amounts distributed to each county" following "year" in the second sentence.

—1989 (Adj. Sess.). Subsection (a): Substituted "fiscal" for "calendar" following "preceding" in the first sentence and deleted "and shall contain a full and complete statement of the agency's anticipated budget and operations for the ensuing year".

CROSS REFERENCES

Audits of state departments, institutions, agencies and trustees of funds, see § 163 of Title 32.

§ 640. Authorization to accept appropriated monies

The agency is authorized to accept and expend such monies as may be appropriated or approved from time to time by the general assembly for effectuating its corporate purposes including, without limitation, the payment of the initial expenses of administration and operation and the establishment of reserves or contingency funds to be available for the payment of the principal of and the interest on any bonds, notes or other obligations of the agency.—Added 1973, No. 260 (Adj. Sess.), § 3, eff. April 11, 1974.

§ 641. Tax exemption

(a) All property of the agency is public property devoted to an essential public and governmental function and purpose and is exempt from all taxes, franchise fees and special assessments of whatever nature of the state or any subdivision. All bonds or notes issued under this chapter are issued by a body corporate and public of this state and for an essential public and governmental purpose and those bonds and notes, and the interest thereon and the income therefrom, and all activities of the agency and fees, charges, funds, revenues, incomes and other moneys of the agency whether or not pledged or available to pay or secure the payment of those bonds or notes, or interest thereon, are exempt from all taxation, franchise fees or special assessments of whatever kind except for transfer, inheritance and estate taxes.

(b) The agency is not required to make or file any reports, statements or informational returns required of any other bodies corporate except as provided in this chapter.

(c) Notwithstanding subsection (a) of this section, a tax lien on real property which has attached pursuant to 32 V.S.A. § 5061 shall not be extinguished as a result of the acquisition by the agency of property subject to such lien. No real property owned by the agency on April 1 of any year shall be assessed for taxes by any municipality and no lien for taxes pursuant to 32 V.S.A. § 5061 shall attach to such property whether or not the agency subsequently transfers the property to a taxable person prior to April 1 of the following year.—Added 1973, No. 260 (Adj. Sess.), § 3, eff. April 11, 1974; amended 1983, No. 215 (Adj. Sess.), § 2, eff. May 10, 1984.

HISTORY

Amendments—1983 (Adj. Sess.). Subsection (c): Added.

Effective date of amendments—1983 (Adj. Sess.) amendment. 1983, No. 215 (Adj. Sess.), § 4, eff. May 10, 1984, provided: "This act shall take effect from passage and affect tax years beginning on January 1, 1984 and thereafter."

CROSS REFERENCES

Inheritance, transfer and estate taxes generally, see § 7101 et seq. of Title 32.
Property taxes generally, see § 3401 et seq. of Title 32.

§ 642. Liberal construction

Neither this chapter nor anything herein contained is or shall be construed as a restriction or limitation upon any powers which the agency might otherwise have under any laws of this state, and this chapter is cumulative to any such powers. This chapter does and shall be construed to provide a complete, additional, and alternative method for the doing of the things authorized thereby and shall be regarded as supplemental and additional to powers conferred by other laws.—Added 1973, No. 260 (Adj. Sess.), § 3, eff. April 11, 1974.

HISTORY

Revision note. Changed references to "act" to "chapter" to conform to V.S.A. style.

§ 643. Inconsistent provisions in other laws superseded

Insofar as the provisions of this chapter are inconsistent with the provisions of any other law, general, special or local, the provisions of this chapter shall be controlling.—Added 1973, No. 260 (Adj. Sess.), § 3, eff. April 11, 1974.

HISTORY

Revision note. Changed references to "act" to "chapter" to conform to V.S.A. style.

VERMONT HOUSING FINANCE AGENCY
RULES FOR LOANS TO HOUSING SPONSORS
FOR MULTI-FAMILY DEVELOPMENTS

CHAPTER ONE
SCOPE AND DEFINITIONS

1. Scope

These rules are made and published pursuant to section 621(12) and 624(b) of the Vermont Housing Finance Agency Act, being No. 260 of 1973 (adjourned session), as amended, (the "Act") and relate to the providing of mortgage loans to qualified housing sponsors for the acquisition, construction and rehabilitation of multi-family developments primarily for occupancy by persons and families of low and moderate income.

2. Definitions

All terms used herein and not otherwise defined shall have the same meaning as they have in the Act, as amended from time to time; provided, that no change in meaning resulting from an amendment to the Act shall be construed to affect adversely any action taken in reliance on the Act as it read prior to such amendment. Unless the context requires a different meaning, the following definitions shall apply.

1. "Agency" means the Vermont housing finance agency created by the Act.

2. "Bonds" means bonds, notes, or other obligations evidencing financial indebtedness of the Agency and issued pursuant to the Act.

3. "Code" means the federal Internal Revenue Code of 1986, as amended, including the regulations adopted thereunder from time to time, or, if applicable, the Internal Revenue Code of 1954, as amended, including the regulations adopted thereunder.

4. "Construction" means the creation or addition of new residential housing or the conversion of existing structures to residential housing;

5. "Land value" means the appraised value of the land as determined by an appraiser approved by the Agency; if pur-

chased less than two years prior to the date of application the purchase price of the land or the appraised value, whichever is lower;

6. "Limited profit" refers to the basis of organization of a housing sponsor. A housing sponsor is organized on a limited profit basis if its organizational document, whether directly or by reference to a controlling agreement, imposes significant limitations on rental charges, builder's and developer's fees, the right of disposition of the sponsor's property and franchise, or other sources of profit as the Agency may determine on a case by case basis.

7. "Mortgage loan" means an interest-bearing obligation secured by a mortgage or note or bond within the meaning of the Act;

8. "Multi-Family development" means a residential housing development, including, without limitation, mobile home parks, containing dwelling units or mobile home lots intended for occupancy pursuant to leasehold estates or cooperative ownership by persons and families of low and moderate income as authorized by the Act, as from time to time amended.

9. "Persons and families of low and moderate income" includes persons and families so defined from time to time by the Agency for purposes of its multi-family programs, having due regard for changing economic conditions and the criteria set forth in 10 V.S.A. §601(11).

10. "Regulatory agreement" means an agreement by and between the Agency and the mortgagor, to be executed at the closing of the mortgage loan, setting forth financial and management policies to be followed by the mortgagor in the operation of a multi-family development financed under the Act;

3. Waivers

To the extent not required by the Act, the provisions of these rules may be waived by the Commissioners upon their determination that the application of such rules, in specific cases, may result in undue hardship.

4. Separability

If any word, phrase, sentence, paragraph, section or part of these rules is finally adjudged by a court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of these rules.

CHAPTER TWO
QUALIFICATIONS OF HOUSING SPONSORS

1. Eligible Housing Sponsors

No mortgage loan for a Multi-family development shall be made or disbursed until such time as the housing sponsor is an eligible sponsor. An eligible sponsor is a housing sponsor within the meaning of the Act that has obtained the Agency's approval of its organizational documents, including proposed or existing articles of incorporation, proposed or existing partnership agreement, joint venture agreement, trust agreement or other document of basic organization, and proposed amendments thereto, together with such other documents as the Agency may determine, in specific cases, are necessary in order to determine eligibility. The housing sponsor must have the ability and intention to maintain and operate the housing for the purpose for which the loan is made.

2. Ownership or Control of Land

The housing sponsor must own the housing and related land, or hold an option to buy, or hold a fully marketable long-term lease.

CHAPTER THREE
QUALIFICATIONS OF OCCUPANTS

1. Occupancy

Initial occupancy in seventy-five per cent of the housing units in any multi-family development financed by the Agency shall be limited to persons and families of low and moderate income. The Agency may waive the requirements of this paragraph, provided that more than half of such units shall remain reserved for initial occupancy by persons and families of low and moderate income.

Where housing is proposed to be financed with the proceeds of bonds the interest on which is excludable from gross income under provisions of the Code, the Agency's contract with the housing sponsor shall include such additional restrictions on occupancy as the Agency deems necessary or desirable to assure compliance with the conditions of such exclusion.

CHAPTER FOUR
FINANCING TERMS

1. Amount and Terms of Mortgage Loans

The mortgage loan may be in an amount not to exceed the land value plus the value of the residential housing (exclusive of land) as determined by the Agency. Each loan will also be subject to the following additional requirements:

(a) For private nonprofit corporations and State or local public agencies the amount of the loan will be limited to the housing development cost or the security value of each project, whichever is less.

(b) For all other housing sponsors the amount of the loan will be limited to no more than 95 percent of the housing development cost or 95 percent of the security value of the project, whichever is less. The applicant's contribution must be in the form of either cash or land or a combination of both.

(c) Each loan will be scheduled for payment within such period as may be necessary to assure that the loan will be adequately secured taking into account the probable depreciation of the security. The period of repayment will not exceed 40 years from the date the first payment is due.

2. Financing Charges

The mortgage loan shall bear interest at a rate determined by the Agency. The interest rate shall be established by the Agency at the lowest level consistent with the Agency's cost of operation and its responsibilities to the holders of its bonds. In addition to such interest charges, the Agency may make and collect such fees and charges, including, but not limited to, reimbursement of the Agency's operating expenses, financing costs, service charges, insurance premiums and mortgage insurance premiums, as the Agency determines to be reasonable.

3. Regulatory Agreement

Each mortgage loan to a housing sponsor for residential housing shall be subject to a regulatory agreement between the Agency and the housing sponsor which will subject the housing sponsor and its principals or stockholders, if any, to limitations established by the Agency as to rental and other charges, builder's and developer's profits and fees, and the disposition of its property and franchise to the extent more restrictive limitations are not provided by the law under which the housing sponsor is incorporated or organized or by the Act; the regulatory agreement shall require the housing sponsor to submit financial reports and statements and establish certain funds and accounts, and shall specify the conditions under which disbursements may be made from those funds and accounts in order to maintain the security value of the project.

Significant limitations upon sources or amounts of revenue shall be deemed to constitute limitations upon profits and fees.

4. Collateral Security

The Agency may require that mortgage loans to housing sponsors be additionally secured in such manner and in such amounts as the Agency shall determine to be necessary to assure the payment of the debt service thereon as it falls due.

CHAPTER FIVE
APPLICATION PROCEDURES

1. Preapplication Procedures

The Agency may provide staff services to assist a housing sponsor in complying with the requirements of the Act and these rules and may establish a preapplication procedure.

2. Application Procedures

With respect to each Multi-family development program instituted by the Agency, the Agency shall prepare instructions setting forth uniform procedures by which applications for loans shall be submitted and the contents thereof. Such procedures may include the establishment of deadlines for submission and the establishment of certain fees to cover reasonable costs of the Agency in reviewing the application.

3. Contents of Applications

In addition to such other substantive requirements as the Agency may require in instructions distributed pursuant to paragraph 2, above, an application by a housing sponsor for a mortgage loan shall contain information with respect to:

(a) Eligibility of the housing sponsor, or with respect to the steps which have been taken by such sponsor to become eligible.

(b) The site of the proposed housing project, including location, dimensions, site plan, ownership, present zoning, present use and on-site utilities and streets, utility charges and liens or other charges on the land and all physical characteristics on or off-site which might affect construction or occupancy.

CHAPTER SIX
PRELIMINARY APPROVAL

1. Application Review Procedures

The Agency shall establish an orderly procedure for review of applications and may amend this procedure from time to time.

2. Act 200

The Agency may require the applicant to demonstrate that the proposed development is consistent with the Agency's Act 200 Plan.

3. Letter of Interest

If the housing sponsor is eligible and the multi-family development appears eligible in all respects, the Agency may issue a letter of interest to the housing sponsor. 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.

4. Conditions to Issuance of Letter of Commitment to Finance

As preconditions to issuance of a Letter of Commitment, in the letter of interest or otherwise, the Agency may impose such requirements as it deems appropriate including, without limitation:

a. Payment of an earnest money deposit in an amount to be established by the Agency on a case by case basis. The charges toward which the earnest money deposit may be credited, and conditions of refundability, if any, will be determined by the Agency on a case by case basis.

b. Delivery of the following documents:

(i) Copies of any proposal submitted for Section 8 housing assistance payments (or other rental subsidy) and evidence of approval by the Department of Housing and Urban Development or other source of subsidy;

(ii) Evidence of environmental review and approval under Act 250;

(iii) Evidence of all required local zoning and subdivision approvals;

(iv) Financing plan;

(v) Construction and operating budgets;

(vi) Any and all design and development drawings and specifications.

(vii) Certification of design quality and compliance with all applicable codes by the housing sponsor's architect.

(viii) The sponsor's organizational documents and internal authorizations pertaining to the multi-family development and the mortgage loan.

CHAPTER SEVEN
COMMITMENT TO FINANCE

1. Letter of Commitment to Finance

Upon satisfaction of the conditions established by the Agency for issuance of a Letter of Commitment, the Agency shall issue to the housing sponsor a Letter of Commitment to Finance. If it has made the determinations required by Section 625 of the Act, the Agency in particular cases may authorize the executive director to determine whether conditions established by the Agency for issuance of a Letter of Commitment have been fulfilled and to issue a Letter of Commitment upon such determination.

2. Conditions of Closing: Sponsor Performance

As conditions of closing a mortgage loan, the Agency may require, in the Letter of Commitment to finance, such further preliminary performance by the housing sponsor as it deems appropriate, including, without limitation, the following:

(a) Submission of any documents that could have been requested as a condition of the Letter of Interest, and any appropriate updated versions thereof;

(b) Evidence of timely availability of all rental or other subsidies and all contributions of equity and/or non-Agency financing on which the construction and/or operating budgets depend;

(c) Submission of the construction schedule;

(d) Submission of satisfactory evidence of labor and material surety bonds and contractor's performance bonds posted by the contractor, or other security deemed by the Agency to constitute reasonable comparable security for the contractor's obligations;

(e) Commitment for ALTA form lender's policy of title insurance, insuring the mortgage securing the mortgage loan as a lien having priority consistent with the requirements of the Letter of Commitment, and in an amount at least equal to the maximum possible principal balance of the mortgage loan.

(f) Submission of all contracts, deeds, and proposed deeds applicable to the acquisition, design, construction or rehabilitation, and operation of the multi-family development, in form and substance satisfactory to the Agency.

(g) Proof of satisfactory sponsor's casualty, worker's compensation, and public liability insurance during construction and during operation of the multi-family development.

(h) Proof of satisfactory contractor's insurance for motor vehicles, comprehensive general liability, and worker's compensation.

(i) Such opinions of counsel as may be appropriate to the case, including, by way of example, opinions as to due organization and authority of the sponsor, compliance with applicable securities laws, title to the multi-family development, sufficiency of governmental permits and approvals, and enforceability of the loan documents evidencing the mortgage loan.

(j) Such financial statements and certifications as the Executive Director may require.

3. Conditions of Closing: Issuance of Bonds

As a condition of closing a mortgage loan, the Agency may establish, in the Letter of Commitment to finance, the requirement that it be able to issue Bonds contemplated as the entire or partial source of funds for the mortgage loan.

4. Conditions of Closing: Payment of Fees

As a condition of closing a mortgage loan, the Agency may require, in the Letter of Commitment to finance, the payment of commitment fees, origination fees, and/or other fees and charges for reimbursement of the Agency's operating expenses, financing costs, service charges, insurance premiums, mortgage insurance premiums, and such other costs as the Agency determines to be reasonable. The Agency may require submission of a commitment fee at or before any loan closing.

CHAPTER EIGHT
MAKING OF MORTGAGE LOANS

1. Authorization of Mortgage Loans

No mortgage loan for a multi-family development shall be made until the Commissioners have received and reviewed the recommendation of the Executive Director relating to such loan and until the Commissioners have adopted a resolution approving such loan; which resolution shall include determinations that:

(1) The residential housing is primarily for occupancy by persons and families of low and moderate income;

(2) The acquisition, construction or rehabilitation costs incurred or to be incurred by the housing sponsor under agreement are for housing development costs within the meaning of the Act;

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

(4) The housing sponsor or sponsors undertaking the proposed housing development will maintain or increase the supply of well-planned, well-designed permanent, temporary transitional or emergency housing for persons or families of low and moderate income and that the sponsors are financially responsible persons or institutions.

2. Closing of Mortgage Loans

After adoption of a resolution substantially in the form of paragraph 1 of this chapter, and after satisfaction of the conditions set forth in the Letter of Commitment, the Agency may close the mortgage loan.

3. Evidence of Mortgage Loans

The Executive Director of the Agency shall not permit any disbursement of an approved mortgage loan until such loan is evidenced by a fully executed note or other evidence of indebtedness, a mortgage, and by such other instruments as the Executive Director may in specific cases deem necessary or appropriate.

4. Representation by Counsel

The Agency shall be represented by counsel at the loan closing.

5. Certificate of Completion and Escrow Account

In connection with the closing of a permanent mortgage loan, the Agency may require a certificate of substantial completion. An escrow account shall be established for the deposit and disbursement of funds required to complete any work deferred beyond the effective date of the certificate of substantial completion due to seasonal or climatic factors, material shortages, labor disputes or other reasons beyond the control of the housing sponsor.

VERMONT HOUSING FINANCE AGENCY
GRANTS, LOANS AND ADVANCES TO ASSIST THE PLANNING,
CONSTRUCTION, REHABILITATION, AND OPERATION OF RESIDENTIAL HOUSING;
MORTGAGE LOANS TO HOUSING SPONSORS FOR SINGLE FAMILY DEVELOPMENTS
RULES

CHAPTER ONE
SCOPE AND DEFINITIONS

1. Authority

These rules are made and published pursuant to sections 621(5), (12) and (17) and section 624 of the Vermont Housing Finance Agency Act of 1974 as amended, (the "Act").

2. Background and Purpose

By No. 77, §3, effective June 7, 1989 (the "Amendment") the Vermont General Assembly amended 10 V.S.A. §621(5) to empower the Agency to provide "such grants, loans, or advances as will assist the planning, construction, rehabilitation, and operation of residential housing primarily for persons of low and moderate income, including but not limited to assistance in community development and organization, advisory services, the formation of cooperative housing corporations, and to encourage community organizations to assist in developing same."

The Agency finds that reductions in the amount of federal financial assistance in the provision of safe and decent housing at costs affordable to persons and families of low and moderate income has created a crisis in the availability of such housing, that incentives for private developers and private lenders to participate in the creation and preservation of such housing have declined, and that the excess of demand for such housing over the supply will increase at an expanding rate in the absence of flexible and timely strategies designed to marshall all resources available from time to time, including land, existing structures, public funds, and private funds.

It is the purpose of these Rules to encourage an adequate supply of safe and decent housing at reasonable cost, to interpret, limit, and implement, in part, the provisions of 10 V.S.A. §621(5), as amended by the Amendment, and to establish criteria for mortgage loans to housing sponsors for Single Family Developments.

3. Definitions

The following words and terms, unless the context clearly indicates a different meaning, shall have the following meaning:

(1) "Advance" means a direct expenditure of funds by the Agency for the purpose of planning, constructing, rehabilitating, or

operating Residential Housing primarily for persons and families of low and moderate income;

(2) "Agency" means the Vermont Housing Finance Agency created by the Act;

(3) "Bonds, notes and other obligations" or "bonds, bond anticipation notes or other obligations": means any bonds, notes, debentures, interim certificates or other evidences of financial indebtedness issued by the Agency pursuant to the Act;

(4) "Eligible Borrower" includes a housing sponsor, non-profit entity, or other legal entity qualified to receive a loan for a Single Family Development or a Mixed Use Development under the provisions of these Rules;

(5) "Grant" means a grant of funds which the recipient is not obligated to repay or which the recipient is obligated to repay only in the event of a breach of conditions imposed by the Agency with respect to the use of the funds;

(6) "Land value" means the appraised value of the land as determined by an appraiser approved by the Agency; if purchased less than two years prior to the date of application the purchase price of the land or the appraised value, whichever is lower;

(7) "Limited Profit". A housing sponsor is organized on a limited profit basis if its organizational document, whether directly or by reference to a controlling agreement (which may be a lease, a loan agreement, a Regulatory Agreement, or other agreement between the Agency and the Borrower), imposes significant limitations on rental charges or sale prices, builder's and developer's fees, the right of disposition of the sponsor's property and franchise, or other sources of profit as the Agency may determine on a case by case basis;

(8) "Mixed Use Development" means Residential Housing, a portion of which will be devoted to non-housing facilities, provided that all or a portion of such non-housing facilities are not designed or will not be designed primarily for the benefit of the occupants of the dwelling units;

(9) "Multi-Family Rules" means the Agency's Rules pertaining to Loans to Multi-Family housing sponsors;

(10) "Non-Profit Entity" means a department, division, board, commission, agency or other instrumentality of this State, a political subdivision of this State, an agency of any such political subdivision, an "exempt organization" within the meaning of section 501(c)(2), (3), or (4) of the Internal Revenue Code, a non-profit corporation organized as such under the laws of this State, an entity owned, or whose day-to-day management is

controlled, under the terms of a partnership agreement, by any of the foregoing, or a "limited equity cooperative" within the meaning of Chapter 14 of Title 11, Vermont Statutes Annotated;

(11) "Residential housing" means single or multi-family residential dwelling units designed primarily to provide principal dwelling accommodations for persons or families, including the land and improvements thereon and such non-housing facilities or services considered necessary or convenient by the Agency in connection with the residential housing. "Residential housing" includes, but is not limited to, single or multi-family dwellings, congregate homes, residential care homes as defined in 13 V.S.A. §2002, nursing homes, transitional housing, emergency shelters for the homeless or displaced, mobile homes, single room occupancy dwellings, and group homes for the mentally ill or developmentally disabled. "Residential housing" also means cooperative interests and mobile home parks as defined in 10 V.S.A. Section 6201. Non-housing facilities or services shall be deemed necessary or convenient in connection with the residential housing in any case in which the Agency finds that the particular facilities or services are designed primarily for the benefit of the occupants of the dwelling units or that the acquisition, construction, or rehabilitation of the dwelling units would not be economically practicable except in connection with the economic benefits to be obtained from such facilities or services.

(12) "Single Family Development" means real property acquired or to be acquired for the construction, rehabilitation, or operation of Residential Housing primarily for occupancy by persons and families of low and moderate income, and which consists primarily of individual dwelling structures, condominium apartments, or cooperative interests owned or to be owned by the occupants of the Residential Housing.

Terms used in these Rules and in the Act, and not defined above, shall have the same meaning as they have in the Act, as amended from time to time.

4. Waivers

The provisions of these rules may be waived by the Commissioners upon their determination that the application of such rules, in specific cases, may result in undue hardship, and that such waiver will not result in a violation of the Act.

5. Separability

If any word, phrase, sentence, paragraph, section or part of these rules is finally adjudged by a court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of these rules.

CHAPTER TWO
GRANTS

1. No Grant shall be made under the authority of these Rules except to a housing sponsor or a Non-Profit Entity, and upon a finding by the Agency that the Grant will assist the planning, construction, rehabilitation, or operation of Residential Housing primarily for persons and families of low and moderate income.

2. Each Grant shall be made pursuant to a resolution of the Agency, and shall be made subject to such conditions as shall obligate the recipient to its proper use.

3. A Grant may or may not be made subject to the execution of a formal grant agreement by the recipient. In any event, the recipient and any sub-recipient, by the acceptance of the Grant or the proceeds thereof, shall be bound by the conditions of the authorizing resolution and the applicable provisions of these Rules.

4. The obligations of the recipient of a Grant may be secured in such manner as the circumstances warrant, or may be unsecured, as the Agency may determine to be appropriate in the a particular case; provided, however, that in the case of a Grant to a housing sponsor which is not also a Non-Profit Entity, the housing sponsor's compliance with the conditions of the Grant shall be secured by a mortgage on the involved real estate.

5. In any case in which the Agency is authorized to make a Grant under these Rules, it may make a loan instead, and such loan may be secured or unsecured to the extent permitted or required by these Rules in the case of a Grant for the same purpose to the same recipient.

CHAPTER THREE
ADVANCES

1. The Agency may make Advances with respect to real property owned or controlled by it. Such Advances shall be made in anticipation of the sale or lease of such real property or portions thereof to an Eligible Borrower for the purpose of planning, constructing, rehabilitating, and/or operating Residential Housing, provided that the dwelling units in such Residential Housing are intended to be occupied primarily by persons and families of low and moderate income.

2. Advances for planning, architectural and engineering fees, fees for governmental permits, related legal and consulting fees, and other preliminary costs may be made prior to the identification of a particular buyer for the involved real property.

3. No Advances for costs of actual and substantial physical changes to the involved real property shall be made unless the Agency has first identified the proposed buyer and has determined that delay in the commencement of such changes pending completion of the sale or execution of a binding contract of sale would be materially disadvantageous to the Agency and/or would increase the ultimate cost of the Residential Housing.

4. All Advances shall be accounted for at the time of a sale or lease of the involved real property to a housing sponsor or other Eligible Borrower. At the closing of such sale or lease, Advances may be deemed made for the benefit of the buyer, and may be accounted for as a portion of the purchase price, rent, loan proceeds, a Grant (in an appropriate case), or any combination thereof. If such Advances have been made pursuant to contracts with third parties that remain executory in part as of the time of closing, as a condition of the sale or lease the buyer must agree to assume all obligations of the Agency under such contracts, unless the Agency shall otherwise consent.

CHAPTER FOUR
LOANS FOR MIXED USE DEVELOPMENTS

1. The Agency may make loans to Eligible Borrowers to assist the planning, construction, rehabilitation, or operation of Mixed Use Developments in accordance with the terms and conditions of these Rules.

2. All of the land constituting a Mixed Use Development shall be contiguous. Parcels of land separated only by a public way, private way, or non-navigable waters shall be deemed to be contiguous. In the case of a Mixed Use Development involving more than two legally identifiable parcels of land, each parcel contiguous to a given parcel shall be deemed contiguous to all parcels to which the given parcel is contiguous.

3. A Mixed Use Development may be financed by a single mortgage loan to a housing sponsor or, if the portions of the development containing the non-housing facilities can be separated by lease or subdivision as mortgageable parcels, and such separation is deemed desirable by the Agency, the Agency may make a separate loan to an Eligible Borrower with respect to the non-housing facilities. The Eligible Borrower with respect to such non-housing facilities may, but need not be, the housing sponsor. Any such separate loan shall be secured by a separate mortgage containing such provisions as the Agency may deem appropriate in the particular case.

4. A Mixed Use Development may be multi-family Residential Housing, a Single Family Development, or any combination thereof.

5. With respect to any mortgage loan made in whole or in part for the specific purpose of financing dwelling units in a Mixed Use Development which constitutes multi-family Residential Housing, the Multi-Family Rules shall apply to the extent the Multi-Family Rules are consistent with these Rules. In the event of a conflict between express provisions of these Rules and the Multi-Family Rules, the applicable provision of these Rules shall be controlling.

6. The intent of this chapter is to authorize comprehensive financing by the Agency of Mixed Use Developments; provided that the non-housing facilities which are not designed primarily for the benefit of the occupants of the dwelling units shall constitute all or part of an existing structure or structures to be acquired and rehabilitated. Nothing in these Rules shall be construed to authorize the financing by the Agency of new, original construction of non-housing facilities which are not designed primarily for the benefit of the occupants of the dwelling units, nor the financing by the Agency of any non-housing facilities except in connection with the financing of Residential Housing.

7. No loan for a Mixed Use Development shall be made until the Agency has received and reviewed the recommendation of the Executive Director

relating to such loan and the Agency has adopted a resolution approving such loan, which resolution shall include the following determinations:

(1) The Residential Housing is primarily for occupancy by persons and families of low and moderate income;

(2) The construction or rehabilitation costs incurred or to be incurred by the housing sponsor under agreement are for housing development costs within the meaning of the Act;

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

(4) The housing sponsor or sponsors undertaking the proposed housing development will maintain or increase the supply of well-planned, well-designed permanent, temporary, transitional or emergency housing for persons or families of low and moderate income and that the sponsors are financially responsible persons or institutions;

(5) More than one half of each of (a) the total floor area and (b) the total development cost of the Mixed Use Development will be allocated to dwelling units for persons and families of low and moderate income; and,

(6) The non-housing facilities to be acquired and/or rehabilitated in connection with the Mixed-Use Development, and which are not designed primarily for the benefit of the occupants of the dwelling units, are necessary in order to render the purchase or lease of the dwelling units economically feasible for persons and families of low and moderate income.

8. Nothing in these rules shall be construed to bar the Agency from financing any Residential Housing merely because part of the building in which the Residential Housing is located, or other buildings on the land on which the Residential Housing is located, is used or will be used for purposes other than Residential Housing..

CHAPTER FIVE

MORTGAGE LOANS TO HOUSING SPONSORS FOR SINGLE FAMILY DEVELOPMENTS

1. Pursuant to 10 V.S.A. §624(a)(1), and these Rules, the Agency may make mortgage loans to housing sponsors for the purpose of financing the acquisition, construction, and/or rehabilitation of Single Family Developments, and, in the case of a housing sponsor which is a limited equity cooperative, for the purpose of financing the long-term operation of the development.

2. No mortgage loan to a housing sponsor of a Single Family Development shall be made until the Agency has received and reviewed the recommendation of the Executive Director relating to such mortgage loan and the Agency has adopted a resolution approving such mortgage loan, which resolution shall include the following determinations:

   (1) The Residential Housing is primarily for occupancy by persons and families of low and moderate income;

   (2) The construction or rehabilitation costs incurred or to be incurred by the housing sponsor under agreement are for housing development costs within the meaning of the Act;

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

   (4) The housing sponsor or sponsors undertaking the proposed housing development will maintain or increase the supply of well-planned, well-designed permanent, temporary, transitional or emergency housing for persons or families of low and moderate income and that the sponsors are financially responsible persons or institutions; and

   (5) More than one half of each of (a) the total floor area and (b) the total development cost of the Single Family Development will be allocated to dwelling units for persons and families of low and moderate income.

3. If the Single Family Development is also a Mixed Use Development, such Development must also satisfy the provisions of Chapter Four of these Rules.

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Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: January 14, 2000

RE: Housing Tax Credit Allocation Process

Another issue that was identified at the strategic planning retreat was the need to clarify the approval process for individual projects receiving ceiling low income housing tax credits. Since 1994 demand has far outstripped the need. This has been exacerbated by the need of developers to get commitments early enough to secure other funding sources, and the increasing cost of producing and rehabbing housing, with no increase in credits.

Because of the competition in the last few years, there has been pressure to lobby the Joint Committee on Tax Credits (JCTC) if there are differences from VHFA staff's interpretation of the approved allocation plan, and to lobby the VHFA Board if there is differences with the Committee's recommendations.

The authorizing Executive Order's and Memorandum of Understanding (enclosed) seem to define the JCTC role more in terms of policy and monitoring, and VHFA's role as the administrator of the policies and plan, including the specific allocation of credits to a project. It appeared that until 1994 the JCTC would vote to approve specific projects, however there was little disagreement with VHFA staff. It also appears in 1994 (see enclosed memo)that the Board moved to become the body that actually approved the credits rather than VHFA staff who had done it previously.

As everyone included is aware this process has become cumbersome and leads to issues about who makes the final decision and issues regarding the strength of the role of the JCTC appointed in the Executive Order. The JCTC, which met in December, felt strongly that they were a more appropriate group to make final decisions regarding specific allocations. The JCTC members represent all of the other state housing funders and policy makers. Their sense is that the JCTC has the best knowledge of the needs a project has for credits and how those needs fits within other state policies. VHFA staff does not disagree with this, but has felt that a clearly and tightly written allocation plan should leave little room for interpretation. I believe that the JCTC feels that because most projects are so tightly clustered in meeting the criteria for need and allocation priorities, that at times it is necessary to apply current knowledge and interpretation of the plan criteria in making decisions.

<u>Recommendation</u>
Because of the amount of time the JCTC spends reviewing proposals and a sense that the VHFA Board sometimes lands in the middle, the Board suggested that we approach the Department of Housing and Community Affairs (DHCA) about rewriting the Memorandum of Understanding between DHCA and VHFA. We need to affirm the Board's intent to more clearly move decision making to the JCTC and would like guidance on any other issues we should clarify or change.

5. The remainder of Vermont's annual 1987 bond ceiling, $30,000,000, is reserved in the form of a contingency allocation to be available to all state agencies and instrumentalities having authority to issue private activity bonds, including the Vermont Housing Finance Agency, the Vermont Industrial Development Authority and the Vermont Student Assistance Corporation.

Dated January 30, 1987.

HISTORY

References in text. Section 103 of the Internal Revenue Code, referred to in the fifth paragraph of this order, is classified to 26 U.S.C. § 103. The provisions which appeared in section 103(n) of the Internal Revenue Code of 1954, which was classified to 26 U.S.C. § 103, are now contained in section 141 et seq. of the Internal Revenue Code of 1986, which are classified to 26 U.S.C. § 141 et seq. Section 103 of the Internal Revenue Code of 1986 deals generally with the exclusion from gross income of interest on state and local bonds.

CROSS REFERENCES

Allocation of 1987 state ceiling on tax exempt private activity bonds, see Executive Order No. 55-87, which is set out in this chapter.

Executive Order No. 42-87

[Low-Income Housing Tax Credit Program]

WHEREAS, significant need continues to exist in the State of Vermont for provision of opportunities to secure safe, decent and affordable housing, especially for families and individuals of lower income; and

WHEREAS, Federal resources for provision of affordable housing opportunities for Vermonters have been substantially reduced since 1981, increasing the challenges facing the state and its municipalities in responding to residents' housing needs; and

WHEREAS, a continuing commitment to coordination of public and private resources to address the housing needs of those Vermonters least able to compete in securing affordable housing is both prudent and necessary; and

WHEREAS, Section 252 of the federal Tax Reform Act of 1986, as enacted by the Congress, authorizes the states to establish programs for allocation of federal tax credits to stimulate the production of affordable rental housing for low-income families and individuals; and

WHEREAS, it is in the public interest that Vermont participate fully in this program, in concert with existing efforts to create and preserve decent and affordable housing for all residents;

NOW, THEREFORE, BE IT RESOLVED THAT I, Madeleine M. Kunin, by virtue of the power vested in me as Governor of the State of Vermont, do hereby direct that:

1. The Agency of Development and Community Affairs is appointed as the "State Housing Credit Agency" for the purpose of carrying out and administering the low-income housing tax credit program as authorized by Section 252 of the Federal Tax Reform Act of 1986, [Revenue Code Sections 42 and 146(E)];

2. The Agency of Development and Community Affairs as the designated State Housing Credit Agency is delegated the authority and responsibility for establishing tax credit allocation policies and assuring that these policies are applied in the administration of the program;

3. The Secretary of the Agency of Development and Community Affairs create and establish a Joint Committee on Tax Credits consisting of: The Commissioner of the Department of Housing and Community Affairs or his/her designee; the Executive Director of the Vermont Housing Finance Agency or his/her designee; the Director of the State Housing Authority or his/her designee; the Director of Planning, Office of Policy Research and Coordination; and one additional member representing housing interests appointed by the Secretary. The responsibilities of the Committee will be as follows:

a. to draft policies for the issuance of tax credits. These policies will be consistent with housing policy of the state of Vermont;

b. recommend procedures to be followed in the issuance of the tax credits;

c. recommend target percentages for allocation consistent with policy;

d. serve as a resource for coordinating the funding of complex projects;

e. conduct periodic review of the local issuer's performance in implementing program objectives.

4. The Secretary of the Agency of Development and Community Affairs appoint the Vermont Housing Finance Agency as the local issuer for the purpose of administering the tax credit program.

This Executive Order shall take effect upon signing.

Dated March 8, 1987.

HISTORY

References in text. Section 252 of the federal Tax Reform Act of 1986, referred to in this section, is classified to 26 U.S.C. §§ 42 and 146.

Executive Order No. 42A-87

[Clarification of Executive Order Establishing the Low-Income Housing Tax Credit Program]

WHEREAS, Executive Order No. 42 issued March 8, 1987 (the "Prior Order") established a plan and policy for the administration of federal low income housing credits; and,

WHEREAS, pursuant to the Prior Order and statutory authority, on June 11, 1987, the Agency of Development and Community Affairs' final proposed rules entitled "Federal Tax Credits for Low Income Housing; State Allocation System; Joint Committee on Tax Credits" (the "State Regulations") were approved for adoption by the Legislative Committee on Administrative Rules; and,

WHEREAS, on June 17, 1987, the Department of the Treasury of the United States and the Internal Revenue Service issued their temporary regulations concerning the low income housing credit under Section 42 of the Internal Revenue Code of 1986 (the "Federal Regulations"); and,

WHEREAS, it is desirable to clarify the meaning and intent of the Prior Order in light of the specific language of the Federal Regulations,

NOW, THEREFORE, BE IT RESOLVED THAT I, Madeleine M. Kunin, by virtue of the power vested in me as Governor of the State of Vermont, do hereby declare and direct that:

1. The State Regulations do faithfully implement the intention of the Prior Order.

2. Pursuant to the Prior Order, and subject to the State Regulations, the Agency of Development and Community Affairs and Vermont Housing Finance Agency are, and each of them is, authorized to make low income housing credit allocations on behalf of the State of Vermont and to carry out the provisions of Section 42(h) of the Internal Revenue Code of 1986, as the same may be amended from time-to-time.

3. For calendar year 1987 and all subsequent years until a superseding Executive Order is issued or a superseding State statute is adopted, 100% of the State housing credit ceiling is apportioned to

the Agency of Development and Community Affairs and Vermont Housing Finance Agency, to be allocated to particular projects by Vermont Housing Finance Agency in accordance with the State Regulations.

This Executive Order shall take effect upon signing.

Dated July 16, 1987.

HISTORY

References in text. Section 42 of the Internal Revenue Code of 1986, referred to in the third paragraph of this order, is classified to 26 U.S.C. § 42.

Executive Order No. 55-87

[Allocation of 1987 State Ceiling on Tax Exempt Private Activity Bonds]

WHEREAS, the Federal Tax Reform Act of 1986 (the "Tax Act") enacted and signed into law on October 22, 1986, establishes a calendar year state ceiling on the volume of "Private Activity Bonds," the interest on which is exempt from Federal income taxes;

WHEREAS, under the Tax Act, Vermont's state ceiling for private activity bonds in 1987 is $250,000,000 and is available for allocation to any "qualified bonds" (within the meaning of the Tax Act) issued on or before August 15, 1986;

WHEREAS, the Tax Act specifies an allocation of state ceiling between state agencies and others issuing authorities but provides that the Governor of any state may proclaim a different interim formula for allocating the state ceiling among the governmental units or other authorities in the state having authority to issue private activity bonds;

WHEREAS, the authority applies until the earlier of (1) the last day of the first calendar year after 1986 in which the state Legislature has met in regular session or (2) the effective date of any state legislation with respect to the allocation of the state ceiling;

WHEREAS, on December 29, 1987, the Vermont Emergency Board, acting pursuant to 32 V.S.A. section 992 (enacted for purposes of section 203(n) of the Internal Revenue Code of 1954, as amended) has made an allocation of the 1987 private activity bond volume cap allocating $120,000,000 to the Vermont Housing Finance Agency, $40,000,000 to the Vermont Industrial Development Authority and $90,000,000 to the Vermont Student Assistance Corporation;

MEMORANDUM OF UNDERSTANDING

Between The Agency of Development and Community Affairs

and

The Vermont Housing Finance Agency

Low Income Tax Credit Program

The State is responsible for administering the low income housing tax credits authorized by the Tax Reform Act of 1986. The Governor has issued Executive Order #42 designating the Agency of Development and Community Affairs as the State Housing Credit Agency. Pursuant to the Executive Order, the Agency of Development and Community Affairs authorizes and contracts with the Vermont Housing Finance Agency (VHFA) to be the sole issuing authority for low income housing tax credits in Vermont. The Agency represents to VHFA that its designation as the State Housing Credit Agency pursuant to the Executive Order is lawful under federal and state law and that the Agency is lawfully empowered to contract with VHFA as herein provided.

A Committee on Tax Credits shall be established to advise the Secretary of the Agency of Development and Community Affairs of the policy regarding the issuance of tax credits. The Committee shall also monitor the performance of the Issuing Authority in carrying out the Agency's policies. The Committee shall consist of five members as specified in the Executive Order. Pursuant to authority vested in him by Vermont Housing Finance Agency, the Executive Director of VHFA agrees to serve as a member of the Committee.

With respect to monitoring the performance of the Issuing Authority, the Committee shall review the quarterly status report furnished by the Issuing Authority and further described below.

The Vermont Housing Finance Agency is designated as the sole Issuing Authority for Low Income Housing Tax Credits in Vermont. Its responsibilities shall be as follows:

- To recommend, through its representative, policy options to the Committee and procedures for implementation of these policies.
- To prepare and distribute materials explaining the policies of the State Housing Credit Agency, the application procedures of the Issuing Authority, and the application forms created by the Issuing Authority.

- To review and approve credit applications for compliance with both the policies of the Agency and the requirements of Federal law regarding the Tax Credit Program.
- To issue tax credits to approved projects approved by it consistent with applicable regulations of the Agency and Program Policies.
- To prepare quarterly a Status Report for the Committee. The general purpose of the report shall be to provide the Committee with enough information for it to assess the peformance of the Issuing Authority with respect to the Committee's stated goals and policies. The report shall include the name and location of each project to which credit has been allocated, a description of the project, the amount of credit for which the project qualifies, and the amount actually issued. The report shall further inform the Committee as to the amount of credit currently under review by the Issuing Authority and the amount of annual credit which remains unallocated.
- To prepare annually any reports required by Federal law to be submitted by the State Housing Credit Agency.

It is understood and agreed upon by all parties that the Agency, subject to the advice of the Committee, shall have sole responsibility for policy matters and that the Issuing Authority shall have sole responsibility for their execution. This agreement may be terminated by either party upon 90 days written notice.

It is further understood that the Issuing Authority shall bear all costs associated with the performance of its obligations under this Agreement and that it may charge credit applicants a reasonable fee to pay for these costs.

For the Agency of Development and Community Affairs:

James A. Guest   4/17/87

James A. Guest, Secretary   Date

For the Vermont Housing Finance Agency:

Allan S. Hunt   4/17/87

Allan S. Hunt, Executive Director   Date

FEDERAL TAX CREDITS FOR LOW INCOME HOUSING; STATE ALLOCATION SYSTEM; JOINT COMMITTEE ON TAX CREDITS

AGENCY OF DEVELOPMENT AND COMMUNITY AFFAIRS

JUNE, 1990

FEDERAL TAX CREDITS FOR LOW INCOME HOUSING; STATE ALLOCATION SYSTEM; JOINT COMMITTEE ON TAX CREDITS

I. PURPOSE

The Federal Tax Reform Act of 1986 created a new federal tax credit to stimulate the production and rehabilitation of housing for low income persons. The legislation (26 U.S.C. Section 42) limited the allocation of tax credit authority to each state from 1986-89 to an annual sum equal to $1.25 per capita. Under this legislation, the state, acting through the Issuing Authority, the Vermont Housing Finance Agency, has allocated credits totalling approximately $ 1.48 million from 1987 through 1989.

The tax credit is determined as a percentage of certain qualifying project costs, relating to both the entire project and the units within a project that are dedicated for occupancy by low-income households. In the event that the owner fails to maintain the housing as a qualified project, there are provisions for recapture of sums taken as tax credits.

In 1989 Congress adopted an amendment to the legislation that limits the authority for 1990 to $.9375 per capita. This amendment also requires the state to establish an Allocation Plan for allocating tax credits to qualifying rental properties, which must also meet specific eligibility criteria established by federal law.

On March 8, 1987, Governor Madeleine M. Kunin issued Executive Order #42, which designates the State Agency of Development and Community Affairs as the State Housing Credit Agency. On July 16, 1987 the Governor signed Executive Order #42A, which authorizes the Vermont Housing Finance Agency and the Agency of Development and Community Affairs to make low income housing credit allocations. These Rules implement Executive Orders #42 and 42A.

II. DEFINITIONS

1. "Allocation Plan" means the qualified allocation plan required by Section 42(m)(1)(B), as amended.

2. "Code" means the Federal Internal Revenue Code of 1986, as amended from time-to-time.

3. "Credit Year" means the calendar year. The first credit year for the Low Income Housing Tax Credit Program commenced on January 1, 1987.

4. "Eligible Basis" means "eligible basis" as that term is used in Section 42(d) of the Code, determined in accordance with Federal law.

5. "Issuing Authority" means, for so long as the Memorandum of Understanding is in effect, the Vermont Housing Finance Agency or, after termination of the Memorandum of Understanding, any other entity designated by statute or further order of the Governor.

6. "Joint Committee on Tax Credits" or "Joint Committee" means the committee established by Executive Order #42, dated March 8, 1987, to develop policies for state allocation of low income housing tax credit authority.

7. "Memorandum of Understanding" means the Memorandum of Understanding between the State Housing Credit Agency and Vermont Housing Finance Agency dated April 17, 1987, in which Vermont Housing Finance Agency consents to serve as the Issuing Authority and pertaining to the division of responsibilities between the State Housing Credit Agency and the Issuing Authority, as the same may be amended from time-to-time not inconsistently with these regulations.

8. "Program" or "Low Income Housing Tax Credit Program" means the public housing program established by Executive Orders #42 and 42A and these regulations.

9. "Public Housing Program" as that term is used in 3 V.S.A. Section 2472, includes, without limitation, the state system for allocation of low income housing tax credits established by Executive Orders #42 and 42A and these regulations.

10. "Qualified Basis" means "qualified basis" as that term is used in Section 42(c) of the Code, determined in accordance with Federal law.

11. "Qualified Low Income Housing Project" means projects for residential rental property meeting the requirements of Section 42(g) of the Code.

12. "Qualified Non-Profit Organization" means an organization described in Sections 501(c)(3) or (4) of the Code exempt from tax under Section 501(a) of the Code, which organization has as one of its exempt purposes the fostering of low-income housing.

13. "Recipient" means the person or entity to whom a low income housing tax credit is issued by the Issuing Authority, the beneficial owners of any such entity, and its and their successors and assigns.

14. "State Housing Credit Agency" means the Vermont Agency of Development and Community Affairs (3 V.S.A. Chapter 47).

15. "State Housing Policy" means such written documents representing the policies of state government with respect to housing needs and allocation of resources as may be promulgated from time-to-time by the Department of Housing and Community Affairs, consistent with 3 V.S.A. Section 2472.

16. "Sunset Date" means that date beyond which low income housing tax credits cease to be authorized under the Code, as the same may be amended from time-to-time.

III. <u>STATE SYSTEM FOR ALLOCATION OF LOW INCOME HOUSING TAX CREDITS</u>

Executive Order #42, dated March 8, 1987, and Executive Order #42A, dated July 16, 1987, establish a system for allocation of federal tax credit authority for qualified low income housing projects. Pursuant to Executive Orders #42 and 42A:

--The Vermont Agency of Development and Community Affairs is designated the State Housing Credit Agency for the purpose of carrying out and administering the low Income Housing Tax Credit Program.

--A Joint Committee on Tax Credits is established to develop recommended policies for allocation of state credit authority, and to review performance of the Issuing Authority in implementing Program objectives.

--The State Housing Credit Agency is authorized to contract with Vermont Housing Finance Agency as the Issuing Authority for the purpose of administering the program.

IV. <u>STATE HOUSING CREDIT AGENCY; AUTHORITY; RESPONSIBILITIES</u>

The State Housing Credit Agency is authorized to adopt policies for allocation of the state's tax credit authority, to assure that low income housing tax credits are allocated consistently with the Code, any regulations adopted pursuant to Section 42 of the Code, and state housing policy. The State Housing Credit Agency is responsible for submission of annual reports to the Secretary of Treasury concerning the state's credit allocation system, as required by federal law.

V. <u>JOINT COMMITTEE ON TAX CREDITS; AUTHORITY; RESPONSIBILITIES</u>

1. A Joint Committee on Tax Credits is established to advise the Secretary of the Agency of Development and Community Affairs with respect to policies for allocation of state tax credit authority. The Joint Committee shall consist of the Commissioner of Housing and Community Affairs or his/her designee; the Executive Director of the Vermont Housing Finance Agency or his/her designee; the Director of the Vermont State Housing Authority or his/her designee; the Director of Planning,

Office of Policy Research and Coordination; and one additional member representing housing interests appointed by the Secretary. The Commissioner of Housing and Community Affairs shall serve as Chair of the Committee.

2. The Committee shall meet periodically at the call of the Chair, to consider the state's progress in implementing the system of allocation of low income housing tax credits, to review the Issuing Authority's progress in implementing the general policies established by the State Housing Credit Agency, and to recommend for consideration of the Secretary any amendments to the Allocation Plan that may be advisable to assure the Program objectives are met.

VI. ISSUING AUTHORITY; RESPONSIBILITIES; PROCEDURES FOR ISSUANCE OF CREDITS FOR SPECIFIC QUALIFYING PROJECTS

The Issuing Authority has sole responsibility for review and approval of tax credit authority relating to specific qualifying low income housing projects, and for execution of the Allocation Plan. In addition to authority to issue tax credits for specific projects, the Issuing Authority shall have the following authority and responsibility:

1. To establish procedures governing application and eligibility for issuance of tax credit authority to specific qualifying low income housing projects, consistent with the Allocation Plan, the requirements of Section 42 of the Code, regulations adopted thereunder from time-to-time, and State Housing Policy.

2. To prepare and distribute materials explaining the state policies for allocation of low income tax credits, the Issuing Authority's application procedures, and application documents.

3. To prepare quarterly a status report for review by the Joint Committee, for purposes of assessment of the performance of the Issuing Authority with respect to state tax credit allocation policies.

4. To prepare annually any reports required by Section 42 of the Code to be submitted by the State Housing Credit Agency.

5. The Issuing Authority shall be entitled to charge and retain fees under the Program in amounts reasonably calculated to compensate the Issuing Authority for services and related overhead costs.

VII. ALLOCATION OF STATE LOW INCOME HOUSING TAX CREDIT AUTHORITY

1. Allocation Plan

The Issuing Authority will draft an Allocation Plan for the State Housing Credit Agency that conforms to the requirements of

Section 42(m)(1)(B) of the Code. The State Housing Credit Agency will solicit comments from the Joint Committee before distributing the Allocation Plan for public comment. From time to time, the Issuing Authority or the Joint Committee may propose such modifications in the Plan as are required by the Code or are indicated by conditions in the housing situation of the State.

2. Process for Adoption of the Allocation Plan

The State Housing Credit Agency shall hold at least the minimum number of public hearings required by the Code on the Plan. The draft Allocation Plan and the required Housing Needs Analysis will be distributed upon request prior to the public hearings. The State Housing Credit Agency may revise the Allocation Plan in response to public comment and may request advice from the Joint Committee about such revisions. After finalization of the Allocation Plan, the State Housing Credit Agency shall submit it to the Governor for approval. Any amendments to the Allocation Plan shall follow this process.

3. Priorities for the Allocation Plan

The Allocation Plan will provide that the highest priority in allocating credits is given to properties with the lowest percentage of costs attributable to intermediaries and that priority is also given to projects serving the lowest income tenants and projects obligated to serve qualified tenants for the longest period and any other priorities established by the Code.

4. Criteria for Consideration in the Allocation Plan

Additional criteria that will be considered in the state's Allocation Plan include: (1) project location; (2) housing needs characteristics; (3) project needs characteristics; (4) sponsor characteristics; (5) consideration of local tax-exempt organizations; (6) housing for special needs individuals; (7) the preferential treatment of persons on a public housing waiting list; and (8) any other matters as may be required by the Code.

5. Reservation for Projects Involving Qualified Nonprofit Organizations.

Not less than 10% of the state housing credit ceiling for any calendar year shall be reserved exclusively for allocation, whether or not actually allocated, the projects involving Qualified Nonprofit Organizations. For purposes of this paragraph, a project "involves" a Qualified Nonprofit Organization if the Qualified Nonprofit Organization materially participates in the development and operation of the project throughout the compliance period, all within the meaning of Section 42(h)(5)(B) of the Code.

6. Selection Policies for Competing Projects; Discretion of Issuing Authority; Conditional Commitments.

In the event that the lawful supply of state credit authority for a given credit year is inadequate to meet the demand, the Issuing Authority may allocate the available supply first in accordance with the priorities established by the Allocation Plan and then, as between projects of equal general priority, in its discretion taking into account, without limitation, such factors as:

--The number of units to be set aside for occupancy by low-income families in the respective competing projects;

--The length of time, beyond the qualifying minimum, for which the competing applicants propose to commit their respective projects to rental housing in general and low-income housing in particular;

--The experience, fiscal responsibility, and past management record of the competing applicants.

7. Commitments to Issue Credit Authority.

With respect to projects not placed in service by the proposed Recipient at the time of application for credit authority, the Issuing Authority is authorized to make tentative assignments of credit authority to particular projects for a current credit year or for any credit year prior to the Sunset Date. Such tentative assignments may be made in the form of commitments, conditioned by their terms on compliance, as of the date the project is placed in service by the Recipient, with Federal law, these regulations, and such other terms and conditions as the Issuing Authority in its discretion shall deem necessary or desireable in furtherance of these regulations and State Housing Policy.

a. Current Year Commitments. In issuing commitments for a current credit year, the Issuing Authority may establish a performance schedule and termination dates consistent with he ability of the Issuing Authority to reallocate the amount of the credit to a different qualifying project within the current credit year.

b. Future Year Commitments. In issuing commitments for a future credit year, the Issuing Authority shall assure that the expiration date for allocation of the credit occurs prior to the Sunset Date. The Issuing Authority may establish performance schedules and termination dates in its discretion.

VIII. RECIPIENT RESPONSIBILITY FOR ACCURATE INFORMATION

As between the Recipient and the Issuing Authority, the Recipient shall be fully responsible for the accuracy of all project information bearing upon the legality and amount of the credit authority allocated to the Recipient's project including, without limitation, information pertaining to the determination of Eligible Basis and Qualified Basis. At the time of application, or such later time prior to allocation of the credit as the Issuing Authority in this discretion may permit, the proposed Recipient shall deliver to the Issuing Authority, in such form as the Issuing Authority may provide, its certificate as to the amount of Eligible Basis and the amount of Qualified Basis for which the project is eligible under the Code and the regulations adopted pursuant thereto. The Issuing Authority and the State Housing Credit Agency shall be entitled to rely upon such certificate, and the Recipient shall indemnify and hold harmless the Issuing Authority and the State Housing Credit Agency for any loss, cost, or expense resulting from any false statement contained in such certificate, whether or not such statement is negligent or willful. This Section VIII shall constitute an implied term of each and every commitment for, and allocation of, tax credit authority.

vhfa

VERMONT HOUSING FINANCE AGENCY

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Irene D. Jenkins

DATE: November 11, 1993

RE: Low Income Housing Tax Credit Program

BACKGROUND

By Executive Order in 1987, the Governor created the Joint Committee on Tax Credits and designated VHFA as the local issuer for the purpose of administering the tax credit program.

The Joint Committee includes the Commissioner of Housing and Community Affairs; the Executive Director of VHFA; the Executive Director of VSHA; the Director of Planning, Governor's Office of Policy Research and Coordination; and one additional member representing housing interests, currently the Executive Director of VHCB, appointed by the Secretary of Development and Community Affairs. The Joint Committee's responsibilities are to draft policies for the issuance of tax credits; recommend procedures to be followed in the issuance of tax credits; recommend target percentages for allocation consistent with policy; serve as a resource for coordinating the funding of complex projects; and conduct periodic review of the local issuer's performance in implementing program objectives.

VHFA staff draft and recommend policies and procedures to the Joint Committee; prepare and disseminate information about and application materials for the tax credit program to the public and interested parties; perform tax credit application reviews and rankings in accordance with the tax code and the State allocation plan; track project progress; monitor projects for compliance with tax credit requirements; make recommendations for funding to the Joint Committee for consideration; make tax credit reservations, carryover allocations, and final allocations to specific projects; report on the status of the tax credit program to the Joint Committee and other interested parties; and perform other administrative functions.

As a matter of practice, VHFA staff have not presented policy, procedural, or specific allocation recommendations to the VHFA Board. Also as a matter of practice, VHFA staff have presented specific allocation recommendations, as well as policy and procedural recommendations, to the Joint Committee for consideration. The Joint Committee considers these recommendations at scheduled meetings and allocation decisions are usually made on a consensus basis by VHFA staff and Committee members. In any event, in practice, allocation decisions are agreed to by at least a majority of Committee members; all are consulted whether or not they are able to attend a particular meeting. However, formal polls are not taken and it is VHFA, not the Joint Committee, that has the authority to make specific allocations of tax credit in accordance with State policy and regulation, the Allocation Plan, and the tax code.

In conjunction with permanent extension of the tax credit program by Congress in August, 1993, staff is in the process of developing a new allocation plan and new guidelines for allocation of tax credits and of reviewing the administrative procedures that have been followed. At this time we want to raise procedural issues for the Board's consideration.

ISSUES

1. Board approval of staff policy and procedural recommendations to the Joint Committee.

Does the Board want staff to present policy and procedural recommendations for approval? Should such presentation occur prior to or after presentation to the Joint Committee? Such recommendations would include those relating to implementation of the NCSHA guidelines as well as changes to the allocation plan and implementation procedures.

2. Board approval of specific project allocations.

Does the Board want to approve specific project allocations? Should this occur prior to or after consultation with the Joint Committee? In addition, or as an alternative, does the Board want periodic detailed reports on the status of allocations, including information on specific projects?

In considering these issues it is useful to keep in mind that there is overlap between the Board and Joint Committee membership.

RECOMMENDATIONS

Staff recommends Board participation in the tax credit program. At the same time, staff recognizes the need to coordinate such involvement with the role of the Joint Committee so that both VHFA and the Joint Committee carry out their responsibilities in an effective and efficient manner.

To that end, we recommend that the Board consider staff recommendations on specific project allocations after consideration by the Joint Committee so that Joint Committee advice can be considered by the Board in the allocation process. We also recommend that the Board receive periodic detailed reports on the status of allocations at least quarterly.

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: January 13, 2000

RE: EXECUTIVE DIRECTOR'S REPORT

ADMINISTRATION

VHFA was Y2K problem free! We continue to monitor system reports to ensure data integrity, but we have experienced no disruptions to date. A continuation of the Year 2000 planning is to develop and implement a Business Resumption plan in 2000.

After a thorough review, VHFA has chosen Comprehensive Benefits Administration (CBA) as our Medical Insurance provider for the next year. This is a self funded policy with a total liability cap, so the total premium expense, at a maximum, will be slightly higher than our premium with Kaiser Permanente (our current provider). Benefits in the CBA plan are very close to the Kaiser plan, which should ensure a smooth transition.

Keith Moore of McMannis Associates will be coming for the benchmarking study January 24th and 25th. Our goal is to assess workflow and production processes and associated costs, as well as obtain information about the successes of other HFAs. Staff has submitted various production, staffing and administrative information for Keith and his associate to review prior to the visit. Dave in particular spent substantial time preparing information for the study.

VHFA's 25th anniversary celebrations have concluded very successfully. The series of events provided a wonderful opportunity for me and many VHFA staff to meet our professional contacts in a friendly, positive atmosphere. The special effort VHFA made throughout the year to thank all of our partners was definitely noticed and greatly appreciated. We plan to continue this type of professional outreach this year so that I can continue to get to know our partners, encourage staff networking with these customers, hear suggestions in an informal atmosphere, and develop new collaborations to meet pressing affordable housing needs across the state. The first such meeting will take place with VHFA multifamily owners and managers in late January.

With the Vermont legislature having convened, I expect I will be spending more time in Montpelier. The state bond issuing agencies, which need to use tax exempt financing, have developed a plan to divide the $150 million available in 2000. VHFA will have about $71 million in new authority available for tax exempt bond financings this year. The State of Vermont Emergency Board meets on January 14th to approve the allocation plan. The need for private activity bond authority is definitely beginning to exceed the available pool, so I will be working with the other agencies, which access the fund along with the Governor and our Congressional delegation to find a solution.

We are happy to announce that Ruth Kendrick will be joining the Administration Department on Tuesday, January 18th as the Administration Office Assistant. Ruth brings a wealth of experience and we are very happy to have her as a member on our team!

PROGRAM OPERATIONS

We have been approached by both the Vermont Community Loan Fund (VCLF) and the Vermont Development Credit Union (VDCU) to assist them in some way with matching funds to funds received by them from the U.S. Treasury. Community Development Financial Institutions are eligible for funds up to $1 million. They must match the money with like terms (i.e. funds can be grants if matched with grants and loans if matched with loans). Both VCLF and VDCU are interested in grants. I have said that did not seem possible without a specific tie to our programs within our strategic plan. We have mentioned to both organizations our interest in mobile home loans and a rehab product. VCLF is interested in something that might target production of homes, while VDCU is interested in a program that might target borrowers not covered by our regular programs. We did determine that in certain circumstances, we could lend 0% funds to institutions if it is relent on eligible terms.

HOMEOWNERSHIP

As you will see from our attachments, Dave and Pat Crady have been doing a lot of work fine tuning production and servicing reports.

Homeownership staff met this week with MGIC to preview MGIC's in electronic underwriting system. Staff was encouraged that it would be a very usable product for us because it includes both credit and compliance underwriting. LP and DU have no compliance capability. Tom Candon briefed me last week about a lawsuit in another state against PMI Mortgage Company and MGIC concerning contract underwriting and management of risk shared insurance. The concern is that this unfairly steers consumers and increases pricing for them. We obviously don't feel that this is the case, but will keep you informed.

As I mention below, Ann-Marie Plank is leaving the Homeownership department. Dave, Pat and Jacklyn will be reviewing a number of positions and possibly rewriting duties to reflect job responsibilities of some current staff and add more depth in internal staff who can respond to lender issues.

MULTIFAMILY MANAGEMENT

We are happy to announce that Ann Marie Plank will be joining Multifamily Management on January 17th to fill the Management Officer position that was vacated when Kim Fitzgerald was hired by Cathedral Square. Ann Marie has served many years as VHFA's Senior Underwriter in the Homeownership area.

Kim Roy has completed VHFA's 5th year of compliance monitoring as required by the IRS under the tax credit program. There are now 85 projects subject to compliance monitoring comprising 2,222 tax credit units.

Preservation activity and discussions on property sales continue with many owners and we have recently closed on two additional Preservation Agreements. In both cases, there was a change in ownership and extended affordability was secured beyond the term of VHFA's mortgage and HAP contract.

DEVELOPMENT

In December, Development closed Crystal Lake in Barton (a construction loan on a RD 515 project) and Saxtons River, and in addition dealt with a lot of year-end tax credit planning and paperwork. Issues for discussion about staff lending authority and tax credit allocation are included in your Board package.

Recently, Joe and I have had the opportunity to meet both with Bill Niquette of the Winooski CDC, and Mike Richardson and Jeff Glassberg of Capital Ideas, who are doing some consulting in this area. Both expressed interest in VHFA's involvement and felt we could serve in a real leadership role around the housing piece. Again, I'll keep you up to date.

FINANCE

Most of our focus this month has been on the single family bond issue. We have started the process on an internal credit rating with Moody's. I will be attending a housing bond issuer seminar at the beginning of February sponsored by Standard and Poors.

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Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director SC

DATE: January 12, 1999

RE: BOARD MEETING SCHEDULE FOR 2000

Below are the scheduled Board meetings for 2000.

DATE	LOCATION	OTHER
January 20th	Montpelier	HR Committee
February 17th	Montpelier	Risk Management
March 23rd	Montpelier	HR Committee
April 27th	Montpelier	Risk Management
May 25th	Burlington	HR Committee
June 22nd	Rutland	Risk Management
July 20th	Burlington	HR Committee
August 24th	Montpelier	Risk Management
September 28th	Burlington	HR Committee
October 26th	Montpelier	Risk Management
November 9th & 10th	Retreat *(tentative) – Location* TBA	
*December 8th or 15th	Burlington	HR Committee

* The date of the Board meeting in December will depend on the date of the Holiday Party.

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

VHFA EMPLOYEE LISTING

EMPLOYEE NAME	EXTENSION	EMAIL ADDRESS
David S. Adams	478	Dadams@vhfa.org
Elizabeth M. Bartlett	463	Ebartlett@vhfa.org
Scott A. Baker	439	Sbaker@vhfa.org
Leslie K. Black-Plumeau	434	Lblack-plumeau@vhfa.org
John E. Burczy	447	Jburczy@vhfa.org
Kari A. Caragher	413	Kcaragher@vhfa.org
Sarah E. Carpenter	421	Scarpenter@vhfa.org
Lisa C. Clark	430	Lclark@vhfa.org
Patricia A. Crady	442	Pcrady@vhfa.org
Kelly A. Deforge	427	Kdeforge@vhfa.org
Veronica A. Devos	456	Vdevos@vhfa.org
Joseph A. Erdelyi	432	Jerdelyi@vhfa.org
Samuel J. Falzone	435	Sfalzone@vhfa.org
Helen K. Fleeson	429	Hfleeson@vhfa.org
Martha G. Fleming	453	Mfleming@vhfa.org
Timothy M. Gutchell	437	Tgutchell@vhfa.org
Cathleen L. Gent	424	Cgent@vhfa.org
Patricia H. Harvell	461	Pharvell@vhfa.org
Rick E. Jean	441	Rjean@vhfa.org
Susan B. Joachim	438	Sjoachim@vhfa.org
Ruth S. Kendrick	412	Rkendrick@vhfa.org
Darren T. Keniston	440	Dkeniston@vhfa.org
Patricia M. Loller	425	Ploller@vhfa.org
Chris F. MacAskill	455	Cmacaskill@vhfa.org
Nina R. McDonnell	448	Nmcdonnell@vhfa.org
Carolynn A. Mossey	401	Cmossey@vhfa.org
Sherri J. Mullin	458	Smullin@vhfa.org
Ann-Marie Plank	408	Aplank@vhfa.org
Cynthia L. Reid	462	Creid@vhfa.org
Kimberly A. Roy	433	Kroy@vhfa.org
Jacklyn R. Santerre	446	Jsanterre@vhfa.org
Roger A. Schoenbeck	436	Rschoenbeck@vhfa.org
Mary P. Sweeney	405	Msweeney@vhfa.org
Mary J. Thompson	464	Mthompson@vhfa.org
Pauline A. Thibault	419	Pthibault@vhfa.org
Carmel A. Vakkur	457	Cvakkur@vhfa.org
Linda C. Wilson	443	Lwilson@vhfa.org

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Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director SC

DATE: January 12, 1999

RE: BOARD SUPERVISION POLICY

Attached is a revised Board Supervision Policy, which Chairman White has prepared for the Board's review.

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**

BOARD SUPERVISION POLICY
VERMONT HOUSING FINANCE AGENCY

PURPOSE

The purpose of this policy is to provide management, employees and commissioners with a written guideline on how the Board of Commissioners will exercise its supervisory responsibilities and fiduciary obligations to the Agency.

SPECIFIC GOALS

The specific goals are to:

1. Define the supervisory role of the Board of Commissioners of Vermont Housing Finance Agency.

2. Provide methods for adopting, reviewing, and revising policies needed by management for its daily operations.

3. Provide a method for monitoring compliance with all Board adopted policies.

4. Establish criteria for self-evaluation of the Board and individual Board members.

5. Provide a method to evaluate the Executive Director and CEO.

POLICY STATEMENT

The Board of Commissioners has adopted this policy to provide for a method of evaluating the fulfillment of its fiduciary responsibility to Vermont Housing Finance Agency and its stakeholders. The Board is ultimately responsible for the condition of the Agency and must undertake its duties seriously, ethically, and within all legal constraints.

DUTIES OF THE BOARD

The Board of Commissioners oversees the conduct of the Agency's business. The Board of Commissioners should:

1. Select and retain competent management.

2. Establish, with the help of management, the Agency's long and short-term objectives, and adopt operating policies to achieve these objectives in a legal and sound manner.

3. Monitor operations to ensure they are controlled adequately and are in compliance with laws and policies.

4. Oversee the Agency's business performance; and

5. Ensure that the Agency helps to meet the primary objective for which it was created: to finance and promote safe, decent and affordable housing for low and moderate income Vermonters.

In fulfilling these obligations, Board members should recognize that they have two fundamental duties to the Agency: the duty of loyalty and the duty of due care.

The duty of loyalty means that a Commissioner is responsible for dealing fairly with the Agency and ensuring that personal interests do not bias Board decisions. A Board member should support the established goals and objectives adopted by the Agency.

The duty of care means that a Commissioner should be aware of the Agency's operating environment, be diligent, and exercise independent judgment on behalf of the Agency.

The Commissioner's job is not to micro-manage the Agency, but to establish general objectives and guidelines for management to implement and follow. The Board should not only monitor current performance, but engage in long-range strategic thinking and planning to set the overall direction for the Agency.

ORGANIZATION OF THE BOARD OF COMMISSIONERS

The Board of Commissioners consists of seven members. Four members are appointed by the Governor with the advice and consent of the Senate. There are three ex officio members: the Commissioner of Banking, Insurance, Securities and Health Care Administration; the State Treasurer; and the Secretary of Commerce and Community Development, or their designees.

The Chair of the Agency shall be appointed by the Governor from among the Board of Commissioners. The Board shall annually elect one of its members as Vice-Chair.

The organizational meeting of the Board of Commissioners shall be held at the first regular meeting of the Board of Commissioners in each fiscal year. At this meeting, the Board shall elect the Vice-Chair and appoint the Executive Director, Secretary, Treasurer, and such other officers as it may determine to be necessary or beneficial to the operation of the Agency.

The Chair will preside at all meetings of the Board or any Committee thereof unless another Committee Chair is appointed. In his or her absence, these duties shall be carried out by the Vice Chair if available, otherwise by a Chair pro tem appointed by the Chair or elected by the Board.

The Chair will establish and appoint all Committees and delineate their responsibilities, subject to the approval of the full Board. The Committees will report to the Board on a regular basis and minutes shall be kept of all of their meetings. Ad hoc Committees of specific duration may be appointed to oversee particular project assignments. Committees may include non voting officers and staff as appropriate to the function of the Committee. The Chair shall be an ex officio member of any standing committee.

The following are standing Committees of the Board:

Risk Management and Finance Committee: Comprised of three Commissioners, the Executive Director and Treasurer. This Committee shall serve as the Audit Committee and shall also be responsible for formulation and review of loan and financial management policies, insurance, security and other risk management functions. This Committee is responsible for the hiring, evaluation and compensation of external auditors, bond counsel, lead underwriters, corporate counsel and the Agency's financial advisors. When functioning as the Audit Committee, the Executive Director and Treasurer will not participate, nor shall they vote on the selection, retention or compensation of the outside auditors.

Human Resources Committee: Comprised of the Executive Director, Director of Administration and three Commissioners. This Committee reviews and makes recommendations to the full Board on the evaluation of and all compensation and benefits issues relating to the Executive Director. The Committee will review and recommend to the Board major personnel policies including compensation and benefit programs for Vermont Housing Finance Agency staff.

The Committee will provide oversight of the administration of the 401A Plan and the investment performance of the trustees or other fund managers. The Executive Director and Director of Administration will not vote on matters pertaining to their own compensation.

POLICY REVIEW AND COMPLIANCE

It is the duty of each Committee to ensure compliance with all regulations and policies in each of its areas of responsibility and to monitor compliance in the normal course of business. Each Committee will call the full Board's attention to matters of significant non-compliance. Numerous approved exceptions to policy may suggest the need for policy and/or procedure revision. Proposed revisions will be submitted to the full Board.

Some policies do not fall within the purview of any standing Committee. These policies will be reviewed by the full Board.

It is the responsibility of the Executive Director to communicate the Agency's policies to all employees and to oversee the implementation of such policies. It is also the Executive Director's responsibility to bring the need for new or revised policies to the Board's attention with his or her reasons and recommendation.

Committees may seek assistance from the Agency staff, or, with Board approval, from the external auditors, or outside legal counsel.

BOARD AGENDAS and REPORTS

Compilation of the Board meeting reports will be the responsibility of the Executive Director. The Executive Director and Chair will jointly prepare meeting agendas. Agendas and reports will be mailed to the Commissioners before a meeting to allow time for proper review.

Committee reports to be included must be provided to the Executive Director in time for mailing.

Commissioners should receive at Board meetings sufficient, accurate information to allow for proper evaluation of each major area of the Agency.

OPEN MEETINGS

All Board and Committee meetings are "open meetings" to be warned and conducted in accordance with Vermont's Open Meeting Law.

QUALIFICATIONS

Commissioners should adhere to the Code of Ethics for state appointees. Before accepting an appointment, Commissioners must agree to place his or her individual and business interests behind those of the Agency when acting in the role of Commissioner.

New members will be given orientation training by the Chair and/or Executive Director which will involve familiarization with Board policies and procedures and the roles and responsibilities of a Commissioner.

Each Commissioner is responsible for evaluating the condition of the Agency objectively and independently. He or she should be prepared for Board meetings, be attentive, and give attendance at Board and Committee meetings high priority. Commissioners must strive to fully understand Agency operations and the legal environment in which the Agency operates.

Judgment must be independent from that of other Commissioners and of personal business interests. Constructive criticism, active discussion and debate, and/or a difference of opinion on various issues are to be expected and indeed encouraged, provided that no individual Commissioner should dominate any discussion or debate. Once decided, all Commissioners should respect and support the collective decision of the Board and its implementation by management.

ADVISORY COUNCILS

The Board may appoint advisory councils to assist management and the Board in some areas of operation, such as home ownership and multifamily programs. Such councils shall be advisory only and have no policy making or implementation authority. Minutes of council meetings shall be kept and presented to the Board.

EVALUATION OF THE EXECUTIVE DIRECTOR

The Executive Director will have a formal evaluation annually, prior to his or her salary review.

At this time, the Executive Director will submit to the Human Resources Committee a self-evaluation outlining his or her activities and accomplishments during the previous year.

The Committee will review the self-evaluation and complete the Annual Performance Review for further review and discussion by the full Board. Upon Board approval, the annual performance review will be made a part of the Executive Director's personnel file.

SENIOR MANAGEMENT REVIEW

It is the responsibility of the Executive Director to prepare annual performance reviews of the Division Heads (Program Operations, Administration and Finance) and recommend appropriate compensation levels to the Human Resources Committee for its consideration and further review by the full Board.

The Executive Director will share with the Board any substantive performance problems of a Division Head in a timely manner.

VHFA BOARD OF COMMISSIONERS

MR. RICHARD WHITE (Chairman)
President
Community National Bank
PO Box 259
Derby, VT 05829

Phone #: (802) 334-7915
Fax #: (802) 334-3484
Email Address: rcwatcnb@together.net

MR. GUSTAVE SEELIG (Vice-Chairman)
Executive Director
Vermont Housing & Conservation Trust Fund
149 State Street
Montpelier, VT 05602

Phone #: (802) 828-3250
Fax #: (802) 828-3203
Email Address: gseelig@vhcb.state.vt.us

THE HONORABLE JAMES DOUGLAS
State Treasurer
133 State Street
Montpelier, VT 05633-6200

Phone #: (802) 828-2301
Fax #: (802) 828-2772
Email Address: jdouglas@tre.state.vt.us

MS. LISA MITIGUY RANDALL
Senior Vice President, Retail Services
New England Federal Credit Union
PO Box 527
Williston, VT 05495-0527

Phone #: (802) 879-8765
Fax #: (802) 879-8734
Email Address: randall@nefcu.com

MS. DAGYNE CANNEY
Vermont Real Estate Sales Co.
254 South Main Street
Rutland, VT 05701

Phone #: (802) 747-7100
Fax #: (802) 747-0702
Email Address: dcanney@vtrealestatesales.com

THE HONORABLE THOMAS CANDON (designee)
Deputy Commissioner of Banking
Dept. Of Banking, Insurance Securities & Health Care Admin.
89 Main Street, Drawer 20
Montpelier, VT 05620-3101

Phone #: (802) 828-4874
Fax #: (802) 828-3306
Email Address: tcandon@bishca.state.vt.us

MS. KATHY BEYER (designee)
Deputy Commissioner
Dept. of Housing & Community Affairs
Agency of Commerce & Community Development
National Life Office Building, Drawer 20
Montpelier, VT 05620-0501

Phone #: (802) 828-3211
Fax #: (802) 828-2928
Email Address: kbeyer@dca.state.vt.us

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Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

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

DATE: January 13, 2000

RE: Summary of Homeownership Activities

Program Operations

Enclosed are new production reports providing information on loans purchased for FY 1999 and year to date for FY 2000. This information is presented by product, dollar volume by lender and number of loans by lender. You will note that loan volume for the first six months of FY 2000 is greater than the total of all loans purchased in FY 1999! These reports will be provided to you monthly. We welcome your input on the report content and format.

We continue to see new loan reservations at a level of approximately $1.0 million weekly. There are approximately $2.6 million in unreserved funds. We are working on a new bond sale and will have an update at the Board meeting.

MGIC provided a demonstration of a "Point -of- Sale" automated underwriting system designed for VHFA products. This system will allow for quicker loan decisions and greater consistency in underwriting decisions. VHFA staff was very impressed with the system and agreed to submit 50 files that were processed manually by MGIC during the past several months to test the accuracy of the system's response. The test loans will include loans that were both approved and denied. If all goes well with the test, tentative plans are to implement Phase I of automated underwriting by March 1, 2000.

During Phase I lenders will fax a cover page and a copy of a completed Residential Loan Application to MGIC. MGIC's data entry center will input the information; the system will pull a merged credit report, and respond to the lender within several hours with a Notice of Loan Findings. This notice will provide lenders with documentation requirements and note any issues

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phone (802) 864-5743 or (800) 339-5866 consumer helpline (800) 287-8432 fax (802) 864-5746 www.vhfa.org

that would make the loan ineligible (income or purchase price over limits, not a first-time buyer, etc), or highlight contradictory data. The system will give lenders excellent guidance on what is needed for a loan approval. Subsequent phases will allow lenders direct access to the system from their office, which will further speed up the process for loan approval.

Servicing

We have also enclosed new servicing reports in addition to some of the standard monthly reports. Delinquency information is provided for both November and December activity. New reports include a summary report, which provides delinquency information as a percentage of the total portfolio for FY 1999 and year to date for FY 2000, and the dollar amount of delinquent loans for year to date FY 2000 (this information is not available for FY 1999). There is also a new REO Inventory Report with information on property owned by VHFA as December 31, 1999. We also welcome your input on the format and content of the new reports.

VHFA Production Report By Product FY2000

July 1, 1999 - June 30, 2000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total
MOVE	4,124,272	5,050,851	2,983,050	10,360,896	9,449,566	5,824,798							37,793,432
MOBILE HOME	212,635	371,335	278,360	655,376	702,706	410,040							2,630,452
HOUSE	88,500	136,800	248,250	421,000	308,115	218,814							1,421,479
YESS	43,600	70,470	0	159,900	222,230	0							496,200
RURAL DEV.	98,180	49,505	80,350	33,200	0	66,250							327,485
Total	4,567,187	5,678,961	3,590,010	11,630,372	10,682,617	6,519,902							42,669,048

VHFA Production Report By Product FY1999

July 1, 1998 - June 30, 1999

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total
MOVE	1,642,380	3,584,030	3,005,618	1,707,335	3,312,362	1,012,972	2,893,418	2,176,105	1,627,530	1,863,002	2,141,111	2,551,490	27,517,353
MOBILE HOME	450,415	618,141	451,263	117,470	302,485	497,807	375,755	181,723	125,040	129,955	146,600	252,665	3,649,320
HOUSE	0	134,650	68,000	274,300	0	129,875	0	68,900	282,845	121,000	130,750	248,300	1,458,620
RURAL DEV.	51,850	142,350	22,500	125,500	21,000	72,010	29,640	118,095	26,310	146,360	32,755	126,020	914,390
YESS	0	0	0	0	81,289	75,550	0	137,867	73,750	78,872	0	65,137	512,465
Total	2,144,645	4,479,171	3,547,381	2,224,605	3,717,136	1,788,214	3,298,813	2,682,690	2,135,475	2,339,189	2,451,216	3,243,612	34,052,148

VHFA Production Report- Dollar volume by lender FY2000

July 1, 1999 - June 30, 2000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD TOTAL
CHITTENDEN	$1,425,540	$579,575	$405,835	$4,385,635	$3,159,872	$1,992,583							$11,949,040
SUMMIT	$190,000	$518,618	$0	$1,990,658	$1,008,677	$273,550							$3,981,503
BANKNORTH	$235,900	$361,625	$63,000	$701,045	$1,132,075	$812,550							$3,306,195
NEFCU	$264,100	$946,415	$557,575	$187,080	$436,943	$111,150							$2,503,263
VERMONT NAT'L	$652,325	$853,065	$0	$399,900	$326,889	$109,250							$2,341,429
UNION	$116,225	$339,905	$286,375	$595,375	$686,581	$192,025							$2,216,486
COMMUNITY	$345,477	$185,181	$490,470	$185,350	$610,001	$270,942							$2,087,421
VDCU	$0	$295,040	$327,250	$619,650	$537,330	$229,375							$2,008,645
NORTHFIELD	$124,450	$279,660	$62,700	$274,258	$289,500	$205,850							$1,236,418
VT STATE ECU	$217,100	$87,400	$0	$282,300	$316,700	$148,200							$1,051,700
LYNDONVILLE	$0	$100,000	$0	$629,190	$188,000	$76,950							$994,140
KITTREDGE	$81,600	$285,775	$0	$412,225	$137,100	$57,950							$974,650
PASSUMPSIC	$63,000	$140,787	$139,250	$0	$370,525	$231,625							$945,187
HERITAGE FCU	$140,400	$61,750	$406,065	$0	$124,750	$81,480							$814,445
BRATTLEBORO	$70,000	$94,000	$253,440	$0	$146,400	$209,050							$772,890
UNIVERSAL	$0	$0	$0	$70,703	$276,470	$340,115							$687,288
NAT'L BNK MIDDLE	$82,900	$274,500	$0	$131,957	$124,681	$0							$614,038
ALBANK	$74,100	$0	$50,065	$211,375	$187,600	$32,000							$555,140
FIRST BRANDON	$69,350	$0	$139,310	$158,831	$140,890	$0							$508,381
BNK OF BENN	$87,300	$72,000	$97,350	$0	$69,000	$170,030							$495,680
CTX	$0	$0	$0	$0	$82,650	$407,675							$490,325
CITIZENS	$100,340	$55,000	$0	$93,240	$42,655	$125,835							$417,070
VHFA	$161,530	$79,365	$67,650	$33,200	$0	$66,250							$407,995
GMAC	$0	$0	$80,275	$193,400	$101,200	$0							$374,875
MASCOMA	$0	$0	$57,200	$0	$0	$132,034							$189,234
FACTORY	$65,550	$0	$0	$0	$61,100	$51,400							$178,050
WELLS RIVER	$0	$0	$78,000	$0	$53,350	$0							$131,350
CT RIVER	$0	$55,000	$0	$0	$0	$45,600							$100,600
SOURCE ONE	$0	$0	$0	$0	$0	$76,533							$76,533
PEOPLES TRUST	$0	$0	$0	$75,000	$0	$0							$75,000
FLEET	$0	$0	$0	$0	$71,677	$0							$71,677
NAT'L CITY MTG	$0	$0	$0	$0	$0	$69,900							$69,900
RD	$0	$14,300	$28,200	$0	$0	$0							$42,500
TOTAL	$4,567,187	$5,678,961	$3,590,010	$11,630,372	$10,682,617	$6,519,902	$0	$0	$0	$0	$0	$0	$42,669,048

VHFA Production Report (Number of loans) FY2000

July 1, 1999 - June 30, 2000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD TOTAL
CHITTENDEN	18	8	5	55	39	27							152
SUMMIT	2	7	0	23	13	4							49
BANKNORTH	4	6	1	11	16	10							48
COMMUNITY	5	3	8	4	10	4							34
VERMONT NAT'L	10	11	0	6	5	1							33
NEFCU	3	12	6	3	6	1							31
VDCU	0	4	5	9	8	4							30
UNION	2	4	3	8	9	3							29
VHFA	7	5	4	1	0	4							21
NORTHFIELD	2	4	1	4	4	3							18
VT STATE ECU	3	1	0	4	4	2							14
PASSUMPSIC	1	2	2	0	5	3							13
LYNDONVILLE	0	1	0	8	3	1							13
KITTREDGE	1	3	0	6	2	1							13
HERITAGE FCU	2	1	5	0	2	1							11
NAT'L BNK MIDDLE	1	5	0	2	2	0							10
BRATTLEBORO	1	1	3	0	2	3							10
ALBANK	1	0	1	3	3	1							9
UNIVERSAL	0	0	0	1	3	4							8
CITIZENS	2	1	0	2	1	2							8
FIRST BRANDON	1	0	2	2	2	0							7
BNK OF BENN	1	1	2	0	1	2							7
CTX	0	0	0	0	1	5							6
GMAC	0	0	1	2	1	0							4
MASCOMA	0	0	1	0	0	2							3
FACTORY	1	0	0	0	1	1							3
WELLS RIVER	0	0	1	0	1	0							2
RD	0	1	1	0	0	0							2
CT RIVER	0	1	0	0	0	1							2
SOURCE ONE	0	0	0	0	0	1							1
PEOPLES TRUST	0	0	0	1	0	0							1
NAT'L CITY MTG	0	0	0	0	0	1							1
FLEET	0	0	0	0	1	0							1
TOTAL	68	82	52	155	145	92							594

HOMEOWNERSHIP DELINQUENCY REPORT
AS OF: December 31, 1999

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Average
Total Portfolio #	**5918**	**5918**	**5931**	**5934**	**6042**	**6147**	**6191**							**5949**
Total Portfolio $	**$326.3**	**$326.8**	**$328.8**	**$329.8**	**$338.7**	**$346.8**	**$350.4**							**$330.1**

NUMBER OF DELINQUENT LOANS

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	268	272	264	269	290	295	279							273
60 Days	75	76	66	68	72	79	91							71
90 Days	88	89	87	80	88	84	91							86
Foreclosure	58	63	68	64	59	54	51							62
Total Delq 1999	489	500	485	481	509	512	512	0	0	0	0	0	0	493
Total Delq 1998	556	518	548	560	545	596	600	604	609	483	503	548	489	551

PERCENT BY NUMBER OF DELINQUENT LOANS

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	4.53%	4.60%	4.45%	4.53%	4.80%	4.80%	4.51%							4.58%
60 Days	1.27%	1.28%	1.11%	1.15%	1.19%	1.29%	1.47%							1.20%
90 Days	1.49%	1.50%	1.47%	1.35%	1.46%	1.37%	1.47%							1.45%
Foreclosure	0.98%	1.06%	1.15%	1.08%	0.98%	0.88%	0.82%							1.05%
Total Delq 1999	8.26%	8.45%	8.18%	8.11%	8.42%	8.33%	8.27%	0	0	0	0	0	0	8.28%
Total Delq 1998	8.88%	8.33%	8.81%	8.99%	8.78%	9.65%	9.82%	9.93%	10.06%	8.03%	8.41%	9.21%	8.26%	9.01%

DOLLAR AMOUNT OF DELINQUENT LOANS

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	$14.2	$14.5	$14.5	$14.7	$15.6	$16.1	$15.0							$14.7
60 Days	$4.3	$4.5	$3.8	$3.9	$4.2	$4.5	$5.6							$4.1
90+ Days	$8.4	$8.6	$8.8	$8.4	$8.5	$8.3	$8.1							$8.5
Total Delq 1999	$26.9	$27.6	$27.1	$27.0	$28.3	$28.9	$28.7							$27.4
Total Delq 1998	Info Not Readily Available.													

REO INVENTORY REPORT
As of December 31, 1999

Mortgagor	REO Date	City	Princ. Bal.	Interest	Expenses	Receipts (1)	Total Cost Basis	Valuation Allowance as of 6/30/99	List Amount (2)	Current Appraisal	Date Last Appraised	Original Appraisal	Loan Date	Prop Type
Richards	2/24/97	Fair Haven	$ 41,309	$ 4,230	$ 43,167	$ 1,114	$ 87,592	$ 42,223	$ 60,000	$ 65,000	12/1/99	$ 63,500	5/9/86	SF
Bushey	1/19/98	Fairfield	$ 57,867	$ 5,686	$ 19,887	$ 17,360	$ 66,079	$ 15,022	$ 40,000	$ 52,000	8/22/97	$ 62,000	9/20/95	MH
Bergeron	11/17/98	Hartland	$ 57,242	$ 4,569	$ 13,275	$ 12,400	$ 62,686	$ 13,534	$ 41,900	$ 50,000	1/5/99	$ 69,000	6/20/94	SF
Cyr	1/21/99	Proctor	$ 72,350	$ 8,798	$ 15,441	$ 22,725	$ 73,864	$ 22,386	$ 42,500	$ 50,000	2/3/99	$ 77,500	7/28/95	SF
Macie	1/25/99	Fair Haven	$ 59,753	$ 3,655	$ 13,423	$ 13,000	$ 63,832	$ 13,916	$ 45,000	$ 53,000	2/1/99	$ 67,000	8/3/94	SF
Lawrence	3/2/99	Burke	$ 56,765	$ 6,241	$ 17,514	$ 12,550	$ 67,969	$ 21,859	$ 29,900	$ 39,000	6/7/99	$ 74,000	5/18/90	SF
Preston	3/30/99	Duxbury	$ 62,613	$ 5,867	$ 16,611	$ 18,799	$ 66,292	$ 10,019	$ 45,000	$ 66,000	9/30/98	$ 82,000	6/25/96	SF
Hill	4/19/99	Wolcott	$ 66,245	$ 4,319	$ 10,084	$ 14,400	$ 66,248	$ 15,371	$ -	$ 50,000	5/19/99	$ 72,000	12/6/94	MH
Aldrich	5/7/99	Searsburg	$ 56,642	$ 6,286	$ 7,741	$ 12,733	$ 57,935	$ 22,403	$ 45,000	$ 35,000	4/20/99	$ 70,000	12/9/93	SF
Steffens/Ryan	5/20/99	Fair Haven	$ 72,013	$ 4,811	$ 12,807	$ 21,644	$ 67,987	$ 15,864	$ 56,500	$ 48,000	6/7/99	$ 78,500	9/20/95	SF
Fuller	5/26/99	Duxbury	$ 62,454	$ 10,267	$ 7,087	$ 12,237	$ 67,570	$ 14,335	$ 49,900	$ 53,000	6/1/99	$ 65,000	12/16/94	MH
Husted	8/18/99	Burke	$ 72,133	$ 5,653	$ 7,060	$ 18,082	$ 66,765	$ -	$ 39,900	$ 41,300	8/2/99	$ 78,000	10/21/92	SF
Greene	9/1/99	Fair Haven	$ 62,250	$ 15,342	$ 11,818	$ 16,439	$ 72,971	$ -	$ 38,000	$ 35,000	9/7/99	$ 71,000	8/31/90	SF
Huneven	9/3/99	Springfield	$ 39,341	$ 4,176	$ 7,883	$ -	$ 51,399	$ -	$ 25,000	$ 25,000	7/3/99	$ 57,000	8/4/93	SF
Wilson	9/13/99	Marshfield	$ 46,790	$ 6,766	$ 11,973	$ -	$ 65,528	$ -	$ 48,900	$ 46,000	5/18/99	$ 66,000	5/11/95	SF
Hughs Sr	9/23/99	Bennington	$ 79,168	$ 9,546	$ 15,244	$ 17,645	$ 86,313	$ -	$ 92,000	$ 78,000	10/27/99	$ 88,000	8/19/94	SF
Gaudreau	10/11/99	Washington	$ 46,095	$ 4,570	$ 6,775	$ 10,350	$ 47,090	$ -	$ 30,000	$ 30,000	7/6/99	$ 53,000	11/2/94	SF
Langevin	10/12/99	Williamstown	$ 58,913	$ 9,218	$ 5,841	$ -	$ 73,972	$ -	$ 64,900	$ 65,000	2/24/99	$ 69,500	9/21/89	SF
Currier	10/20/99	Albany	$ 44,646	$ 4,790	$ 4,546	$ 10,692	$ 43,290	$ -	$ 44,900	$ 35,000	12/1/99	$ 52,000	12/14/89	SF
Budziak	10/25/99	St. Johnsbury	$ 47,395	$ 2,815	$ 3,688	$ 7,028	$ 46,870	$ -	$ 50,000	$ 50,500	7/19/99	$ 59,000	1/13/93	MH
Crossman	10/27/99	Rutland City	$ 51,859	$ 3,916	$ 15,901	$ 11,581	$ 60,095	$ -	$ 18,000	$ 20,000	7/28/99	$ 58,000	4/13/94	SF
Durkee	10/28/99	Thetford	$ 89,325	$ 12,087	$ 4,717	$ 19,742	$ 86,387	$ -	$ 92,000	$ 96,500	12/10/99	$ 100,000	9/29/94	SF
Reed	11/2/99	Rutland Town	$ 46,610	$ 1,878	$ 2,918	$ 8,750	$ 42,656	$ -	$ 39,900	$ 55,000	12/1/99	$ 77,000	11/9/92	SF
Fassett	11/3/99	Barre City	$ 78,290	$ 7,935	$ 9,865	$ 19,997	$ 76,093	$ -	$ 71,900	$ 72,000	9/2/99	$ 81,000	4/24/96	SF
Johnson	11/4/99	Wells	$ 49,792	$ 5,988	$ 3,666	$ 10,400	$ 49,046	$ -	$ 39,900	$ 40,000	12/6/99	$ 52,000	10/18/91	MH
Durack	11/12/99	St. Albans	$ 68,602	$ 6,530	$ 4,197	$ 20,637	$ 58,692	$ -	$ 59,900	$ 60,000	9/28/99	$ 72,000	4/1/94	SF
Thurston	11/12/99	Williamstown	$ 55,200	$ 3,951	$ 4,272	$ 16,560	$ 46,863	$ -	$ 26,900	$ 27,000	12/10/99	$ 60,000	11/10/95	MH
Cayia	11/15/99	Barre Town	$ 41,533	$ 7,275	$ 6,293	$ 8,144	$ 46,958	$ -	$ 29,900	$ 30,000	6/11/99	$ 47,000	6/26/95	SF
Sunderland	11/17/99	Fairfax	$ 80,983	$ 9,419	$ 4,553	$ 18,668	$ 76,287	$ -	$ 66,900	$ 55,000	11/16/99	$ 90,000	8/17/93	SF
Bates	11/17/99	Ludlow	$ 92,515	$ 7,073	$ 4,907	$ 19,200	$ 85,295	$ -	$ 95,000	$ 104,000	9/29/99	$ 99,000	1/15/93	SF
Bauer	11/29/99	Tinmouth	$ 72,743	$ 5,459	$ 955	$ 13,493	$ 65,664	$ -	$ 79,000	$ 72,000	12/1/99	$ 83,100	7/18/95	MH
Gray	11/30/99	Lyndon	$ 47,240	$ 5,126	$ 6,677	$ 10,300	$ 48,744	$ -	$ -	$ -	5/12/94	$ 52,000	8/11/94	MH
Tessier	12/3/99	Underhill	$ 71,920	$ 8,383	$ 8,338	$ 5,674	$ 82,967	$ -	$ -	$ -	8/9/90	$ 101,400	9/24/90	SF
Simonds	12/6/99	Lunenburg	$ 56,945	$ 4,520	$ 2,726	$ 14,539	$ 49,652	$ -	$ 54,000	$ 54,000	10/14/99	$ 75,000	10/5/90	MH
Potter	12/14/99	Rutland City	$ 68,268	$ 7,237	$ 6,792	$ 12,843	$ 69,454	$ -	$ -	$ -	5/23/95	$ 74,000	6/28/95	SF
Raymond	12/22/99	Cambridge	$ 59,795	$ 5,418	$ 2,511	$ 13,300	$ 54,424	$ -	$ 59,900	$ 45,000	9/29/99	$ 66,500	8/30/93	MH
36			$ 2,193,604	$ 229,801	$ 341,153	$ 463,026	$ 2,301,532	$ 206,932	$ 1,622,500	$ 1,697,300		$ 2,562,000		

(1) Receipts column represents actual and projected mortgage insurance claim payments
(2) If Property is under deposit the List Price is the actual sale price.

1/14/00
REO Inventory

HOMEOWNERSHIP PROGRAMS - SERVICING ACTIVITY REPORT

Activity for the month of December 1999

COLLECTIONS

Total 90+ accounts for current month	93

FORECLOSURES

Foreclosure accounts from previous month	54	
Plus new foreclosure accounts	3	
To REO	5	
Successful interventions	1	
Total Foreclosure accounts for current month	51	(includes 9 loans in Chapter 13)

REAL ESTATE OWNED

REOs from previous month	36	
Plus new REOs	5	
Less property sold	5	
REOs for current month	36	(8 properties are under contract)

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

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL		Delinq		REO
Large Servicer 400+													
Banknorth Mortgage Co.	710	40	5.63%	5	0.70%	8	1.13%	3	0.42%	56	7.89%	9	0.63%
Chittenden Bank	1002	39	3.89%	12	1.20%	8	0.80%	8	0.80%	67	6.69%	4	1.05%
Graystone Mortgage Company	495	38	7.68%	7	1.41%	12	2.42%	6	1.21%	63	12.73%	5	3.54%
Vermont National Bank	1781	81	4.55%	33	1.85%	38	2.13%	22	1.24%	174	9.77%	12	1.36%
Totals	3988	198	4.96%	57	1.43%	66	1.65%	39	0.98%	360	9.03%	30	0.75%
Average	997	50	5.44%	14	1.29%	17	1.62%	10	0.92%	90	9.27%	8	1.65%
Medium Servicers 399-50													
Bennington Co-op S&L Assoc.	70	1	1.43%	1	1.43%	0	0.00%	0	0.00%	2	2.86%	0	0.00%
Charter One	369	18	4.88%	5	1.36%	5	1.36%	6	1.63%	34	9.21%	5	0.22%
Citizens Savings Bank	121	3	2.48%	2	1.65%	0	0.00%	1	0.83%	6	4.96%	1	0.83%
Community National Bank	326	10	3.07%	4	1.23%	6	1.84%	1	0.31%	21	6.44%	1	0.31%
Lyndonville Savings Bank	74	3	4.05%	0	0.00%	2	2.70%	0	0.00%	5	6.76%	0	0.00%
Merchants Bank	201	5	2.49%	0	0.00%	3	1.49%	1	0.50%	9	4.48%	0	0.00%
Mortgage Service Ctr. of NE	78	4	5.13%	5	6.41%	1	1.28%	1	1.28%	11	14.10%	1	1.28%
New England Federal CU	75	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Northfield Savings Bank	150	7	4.67%	2	1.33%	1	0.67%	0	0.00%	10	6.67%	0	0.00%
Passumpsic Savings Bank	162	10	6.17%	1	0.62%	3	1.85%	1	0.62%	15	9.26%	3	1.85%
Peoples Trust Co.	76	3	3.95%	1	1.32%	1	1.32%	0	0.00%	5	6.58%	0	0.00%
Union Bank	193	10	5.18%	3	1.55%	1	0.52%	0	0.00%	14	7.25%	0	0.00%
Vermont Development CU	115	0	0.00%	5	4.35%	2	1.74%	1	0.87%	8	6.96%	0	0.00%
Totals	2010	74	3.68%	29	1.44%	25	1.24%	12	0.60%	140	6.97%	11	0.55%
Average	155	6	3.35%	2	1.63%	2	1.14%	1	0.46%	11	6.58%	1	0.35%
Small Servicers 49-													
Brattleboro Savings & Loan	41	1	2.44%	1	2.44%	0	0.00%	0	0.00%	2	4.88%	0	0.00%
Connecticut River Bank	7	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%	0	0.00%	1	3.03%	0	0.00%	4	12.12%	0	0.00%
First Brandon Nat. Bank	12	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	1	8.33%	0	0.00%	0	0.00%	0	0.00%	1	8.33%	0	0.00%
Heritage Family Credit Union	19	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mascoma Savings Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Randolph National Bank	27	1	3.70%	1	3.70%	0	0.00%	0	0.00%	2	7.41%	0	0.00%
Wells River Savings Bank	32	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Totals	193	6	3.11%	2	0.02%	1	0.52%	0	0.00%	9	4.66%	0	0.00%
Average	19	1	2.36%	0	0.61%	0	0.30%	-	0.00%	1	3.27%	-	0.00%

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Lenders	1998 Dec	1999 Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Large Servicer 400+													
Banknorth Mortgage Co.	8.55%	7.91%	8.65%	6.27%	6.06%	6.42%	6.60%	6.22%	6.09%	6.41%	7.09%	6.82%	7.89%
Chittenden Bank	11.72%	11.78%	11.43%	8.60%	6.70%	9.27%	9.02%	9.14%	9.45%	8.49%	8.83%	7.88%	6.69%
Graystone Mortgage Company	15.88%	13.41%	16.27%	13.25%	14.75%	17.18%	16.88%	16.22%	12.22%	11.53%	13.07%	11.86%	12.73%
Vermont National Bank	9.04%	9.90%	9.90%	7.82%	8.64%	10.07%	10.00%	8.33%	8.86%	8.82%	8.43%	10.04%	9.77%
Average	11.30%	10.75%	11.56%	8.99%	9.04%	10.74%	10.63%	9.98%	9.16%	8.81%	9.36%	9.15%	9.27%
Medium Servicers 399-50													
Bennington Co-op S&L Assoc.	1.67%	3.23%	3.23%	6.45%	6.45%	3.23%	6.45%	6.45%	6.25%	2.99%	2.99%	2.94%	2.86%
Charter One	12.38%	13.00%	12.94%	10.88%	10.08%	9.84%	12.01%	9.23%	10.88%	11.14%	10.96%	10.16%	9.21%
Citizens Savings Bank	6.14%	6.03%	8.55%	5.88%	9.24%	6.67%	7.50%	8.33%	8.26%	7.56%	7.50%	5.04%	4.96%
Community National Bank	9.80%	8.77%	8.79%	8.20%	9.21%	9.87%	7.67%	7.89%	7.24%	6.11%	7.03%	6.19%	6.44%
Lyndonville Savings Bank	6.67%	8.06%	7.69%	7.69%	4.62%	6.25%	4.76%	4.76%	3.17%	6.45%	4.29%	4.11%	6.76%
Merchants Bank	4.90%	8.33%	7.20%	5.17%	3.54%	5.33%	4.55%	5.53%	2.83%	5.71%	8.74%	6.37%	4.48%
Mortgage Service Ctr. of NE	16.87%	13.25%	11.11%	11.11%	9.88%	9.88%	9.88%	8.75%	12.50%	15.00%	13.92%	14.10%	14.10%
New England Federal CU	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%
Northfield Savings Bank	3.57%	6.34%	4.93%	2.13%	0.70%	2.84%	1.43%	4.29%	3.57%	5.00%	4.90%	4.76%	6.67%
Passumpsic Savings Bank	12.35%	12.42%	11.88%	11.46%	10.90%	10.90%	10.26%	7.74%	8.33%	7.64%	7.10%	6.88%	9.26%
Peoples Trust Co.	7.06%	8.33%	8.33%	6.10%	7.32%	7.41%	8.64%	7.50%	5.13%	10.26%	8.86%	6.49%	6.58%
Union Bank	9.66%	9.36%	8.14%	6.40%	5.78%	8.67%	6.98%	8.72%	6.86%	5.71%	6.59%	6.28%	7.25%
Vermont Development CU	5.26%	3.95%	3.95%	6.25%	7.23%	8.43%	8.24%	9.41%	6.74%	6.38%	8.74%	8.11%	6.96%
Average	7.41%	7.77%	7.44%	6.75%	6.53%	6.87%	6.80%	6.82%	6.29%	6.92%	7.05%	6.26%	6.58%
Small Servicers 49-													
Brattleboro Savings & Loan	3.45%	10.34%	6.67%	6.45%	6.45%	9.68%	6.45%	6.45%	6.25%	5.56%	5.56%	5.26%	4.88%
Connecticut River Bank	0.00%	0.00%	20.00%	20.00%	0.00%	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Factory Point Nat. Bank	21.21%	9.09%	6.06%	6.06%	6.06%	3.03%	3.13%	9.38%	12.12%	6.45%	12.90%	12.50%	12.12%
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%	20.00%	0.00%	0.00%	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%	11.11%	11.11%	11.11%	0.00%	0.00%	8.33%	8.33%
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%	9.09%	12.50%	9.38%	9.68%	9.68%	3.33%	3.33%	6.67%	7.41%	7.41%	7.41%	7.41%
Wells River Savings Bank	10.00%	10.00%	6.67%	3.23%	3.23%	0.00%	0.00%	0.00%	3.33%	3.23%	3.23%	3.13%	0.00%
Average	4.32%	5.85%	5.19%	4.51%	2.54%	2.24%	4.40%	3.03%	3.95%	2.27%	2.91%	3.66%	3.27%

HOMEOWNERSHIP PROGRAMS - SERVICING ACTIVITY REPORT

Activity for the month of November 1999

COLLECTIONS

Total 90+ accounts for current month	84

FORECLOSURES

Foreclosure accounts from previous month	59
Plus new foreclosure accounts	6
To REO	8
Successful interventions	1
Total Foreclosure accounts for current month	56 (includes 7 loans in Chapter 13)

REAL ESTATE OWNED

REOs from previous month	39
Plus new REOs	8
Less property sold	14
REOs for current month	33 (5 properties are under contract)

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

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL		Delinq		REO
Large Servicer 400+													
Banknorth Mortgage Co.	704	32	4.55%	6	0.85%	7	0.99%	3	0.43%	48	6.82%	9	0.63%
Chittenden Bank	977	55	5.63%	6	0.61%	7	0.72%	9	0.92%	77	7.88%	2	1.05%
Graystone Mortgage Company	489	33	6.75%	6	1.23%	12	2.45%	7	1.43%	58	11.86%	5	3.54%
Vermont National Bank	1793	92	5.13%	29	1.62%	36	2.01%	23	1.28%	180	10.04%	12	1.36%
Totals	3963	212	5.35%	47	1.19%	62	1.56%	42	1.06%	363	9.16%	28	0.71%
Average	991	53	5.51%	12	1.08%	16	1.54%	11	1.02%	91	9.15%	7	1.65%
Medium Servicers 399-50													
Bennington Co-op S&L Assoc.	68	0	0.00%	2	2.94%	0	0.00%	0	0.00%	2	2.94%	0	0.00%
Charter One	374	24	6.42%	3	0.80%	4	1.07%	7	1.87%	38	10.16%	5	0.22%
Citizens Savings Bank	119	2	1.68%	2	1.68%	1	0.84%	1	0.84%	6	5.04%	1	0.84%
Community National Bank	323	11	3.41%	3	0.93%	5	1.55%	1	0.31%	20	6.19%	1	0.31%
Lyndonville Savings Bank	73	0	0.00%	1	1.37%	2	2.74%	0	0.00%	3	4.11%	0	0.00%
Merchants Bank	204	9	4.41%	1	0.49%	2	0.98%	1	0.49%	13	6.37%	0	0.00%
Mortgage Service Ctr. of NE	78	4	5.13%	6	7.69%	0	0.00%	1	1.28%	11	14.10%	1	1.28%
New England Federal CU	74	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Northfield Savings Bank	147	5	3.40%	2	1.36%	0	0.00%	0	0.00%	7	4.76%	0	0.00%
Passumpsic Savings Bank	160	7	4.38%	1	0.63%	1	0.63%	2	1.25%	11	6.88%	2	1.25%
Peoples Trust Co.	77	1	1.30%	3	3.90%	1	1.30%	0	0.00%	5	6.49%	0	0.00%
Union Bank	191	9	4.71%	3	1.57%	0	0.00%	0	0.00%	12	6.28%	0	0.00%
Vermont Development CU	111	3	2.70%	2	1.80%	3	2.70%	1	0.90%	9	8.11%	0	0.00%
Totals	1931	75	3.88%	27	1.40%	19	0.98%	14	0.73%	135	6.99%	10	0.52%
Average	165	7	3.17%	2	1.86%	1	0.83%	1	0.55%	11	6.54%	1	0.35%
Small Servicers 49-													
Brattleboro Savings & Loan	38	0	0.00%	2	5.26%	0	0.00%	0	0.00%	2	5.26%	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	32	1	3.13%	1	3.13%	2	6.25%	0	0.00%	4	12.50%	0	0.00%
First Brandon Nat. Bank	12	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	1	8.33%	0	0.00%	0	0.00%	0	0.00%	1	8.33%	0	0.00%
Heritage Family Credit Union	18	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	32	1	3.13%	0	0.00%	0	0.00%	0	0.00%	1	3.13%	0	0.00%
Totals	4280	5	0.12%	3	0.00%	2	0.05%	0	0.00%	10	0.23%	0	0.00%
Average	19	1	2.01%	0	0.76%	0	0.57%	-	0.00%	1	5.26%	-	0.00%

Lenders	1998 Nov	Dec	1999 Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov
Large Servicer 400+													
Banknorth Mortgage Co.	7.49%	8.55%	7.91%	8.65%	6.27%	6.06%	6.42%	6.60%	6.22%	6.09%	6.41%	7.09%	6.82%
Chittenden Bank	9.84%	11.72%	11.78%	11.43%	8.60%	6.70%	9.27%	9.02%	9.14%	9.45%	8.49%	8.83%	7.88%
Graystone Mortgage Company	15.82%	15.88%	13.41%	16.27%	13.25%	14.75%	17.18%	16.88%	16.22%	12.22%	11.53%	13.07%	11.86%
Vermont National Bank	9.20%	9.04%	9.90%	9.90%	7.82%	8.64%	10.07%	10.00%	8.33%	8.86%	8.82%	8.43%	10.04%
Average	10.59%	11.30%	10.75%	11.56%	8.99%	9.04%	10.74%	10.63%	9.98%	9.16%	8.81%	9.36%	9.15%
Medium Servicers 399-50													
Bennington Co-op S&L Assoc.	1.64%	1.67%	3.23%	3.23%	6.45%	6.45%	3.23%	6.45%	6.45%	6.25%	2.99%	2.99%	2.94%
Charter One	14.43%	12.38%	13.00%	12.94%	10.88%	10.08%	9.84%	12.01%	9.23%	10.88%	11.14%	10.96%	10.16%
Citizens Savings Bank	5.22%	6.14%	6.03%	8.55%	5.88%	9.24%	6.67%	7.50%	8.33%	8.26%	7.56%	7.50%	5.04%
Community National Bank	9.09%	9.80%	8.77%	8.79%	8.20%	9.21%	9.87%	7.67%	7.89%	7.24%	6.11%	7.03%	6.19%
Lyndonville Savings Bank	5.26%	6.67%	8.06%	7.69%	7.69%	4.62%	6.25%	4.76%	4.76%	3.17%	6.45%	4.29%	4.11%
Merchants Bank	6.45%	4.90%	8.33%	7.20%	5.17%	3.54%	5.33%	4.55%	5.53%	2.83%	5.71%	8.74%	6.37%
Mortgage Service Ctr. of NE	16.67%	16.87%	13.25%	11.11%	11.11%	9.88%	9.88%	9.88%	8.75%	12.50%	15.00%	13.92%	14.10%
New England Federal CU	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%
Northfield Savings Bank	6.43%	3.57%	6.34%	4.93%	2.13%	0.70%	2.84%	1.43%	4.29%	3.57%	5.00%	4.90%	4.76%
Passumpsic Savings Bank	11.38%	12.35%	12.42%	11.88%	11.46%	10.90%	10.90%	10.26%	7.74%	8.33%	7.64%	7.10%	6.88%
Peoples Trust Co.	6.82%	7.06%	8.33%	8.33%	6.10%	7.32%	7.41%	8.64%	7.50%	5.13%	10.26%	8.86%	6.49%
Union Bank	8.89%	9.66%	9.36%	8.14%	6.40%	5.78%	8.67%	6.98%	8.72%	6.86%	5.71%	6.59%	6.28%
Vermont Development CU	8.00%	5.26%	3.95%	3.95%	6.25%	7.23%	8.43%	8.24%	9.41%	6.74%	6.38%	8.74%	8.11%
Average	7.71%	7.41%	7.77%	7.44%	6.75%	6.53%	6.87%	6.80%	6.82%	6.29%	6.92%	7.05%	6.26%
Small Servicers 49-													
Brattleboro Savings & Loan	3.57%	3.45%	10.34%	6.67%	6.45%	6.45%	9.68%	6.45%	6.45%	6.25%	5.56%	5.56%	5.26%
Connecticut River Bank	0.00%	0.00%	0.00%	20.00%	20.00%	0.00%	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Factory Point Nat. Bank	9.09%	21.21%	9.09%	6.06%	6.06%	6.06%	3.03%	3.13%	9.38%	12.12%	6.45%	12.90%	12.50%
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%	20.00%	0.00%	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%	11.11%	11.11%	11.11%	0.00%	0.00%	8.33%
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%	9.09%	12.50%	9.38%	9.68%	9.68%	3.33%	3.33%	6.67%	7.41%	7.41%	7.41%
Wells River Savings Bank	6.67%	10.00%	10.00%	6.67%	3.23%	3.23%	0.00%	0.00%	0.00%	3.33%	3.23%	3.23%	3.13%
Average	2.79%	4.32%	5.85%	5.19%	4.51%	2.54%	2.24%	4.40%	3.03%	3.95%	2.27%	2.91%	3.66%

VERMONT HOUSING FINANCE AGENCY

Board Property Disposition Report

Month of: November, 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)
Algren Swanton	1FD	$52,900	$28,000	$60,137	$8,815	$12,622	$11,200	($42,374)	($5,849)	($36,525)
Turner St Albans	1FD	$49,900	$35,000	$67,350	$8,768	$10,361	$15,000	($36,479)	($28,867)	($7,612)
Sealey S Burlington	CONDO	$76,500	$76,000	$65,677	$7,843	$24,903	$8,675	($13,748)	($15,976)	$2,228
Bohannon Alburg	1FD	$59,900	$25,000	$51,977	$8,335	$7,227		($42,539)	$0	($42,539)
Boulay Sheffield	MH	$42,900	$35,000	$67,709	$4,022	$13,111	$14,800	($35,042)	($14,349)	($20,693)
Vitali Rutland City	1FD	$57,900	$40,000	$79,381	$8,384	$11,488	$12,181	($47,072)	($24,449)	($22,623)
Childs Berkshire	MH	$33,500	$24,000	$40,405	$5,448	$10,618	$9,000	($23,471)	$0	($23,471)
Hattat Bennington	1FD		$74,700	$61,561	$10,070	$4,246	$0	($1,177)	$0	($1,177)
Jackson Brandon	2FD	$49,900	$33,500	$77,529	$11,583	$23,015	$16,800	($61,827)	($48,671)	($13,156)

Wilcox Barton	MH	$14,900	$13,000	$48,281	$4,987	$6,470	$10,600	($36,138)	($30,518)	($5,620)
Tipper Richford	1FD	$34,900	$34,900	$49,911	$3,811	$11,000	$14,973	($14,849)	$0	($14,849)
Paquette Franklin	1FD	$64,900	$50,000	$77,014	$7,293	$8,544	$0	($42,851)	$0	($42,851)
Totals		$538,100	$469,100	$746,932	$89,359	$143,605	$113,229	($397,567)	($168,679)	($228,888)

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)
Aldrich Searsburg	1FD	$49,900	$40,000	$56,642	$6,286	$6,463	$12,400	($16,991)	($22,403)	$5,412
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)
Small Eden	1FD	$69,900	$69,000	$79,801	$4,817	$16,572	$0	($32,190)	$0	($32,190)
Clogston Hartford	1FD	$68,000	$68,000	$53,692	$4,340	$18,896	$8,692	($236)	($8,827)	$8,591
Totals		$317,700	$276,500	$344,965	$30,926	$69,126	$60,597	($107,920)	($74,376)	($33,544)

VERMONT HOUSING FINANCE AGENCY

Board Property Disposition Report

Month of: December, 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)
Clogston Hartford	1FD	$68,000	$68,000	$53,692	$4,340	$19,115	$8,692	($455)	($8,827)	$8,372
Small Eden	1FD	$69,900	$69,000	$79,801	$4,817	$16,572	$0	($32,190)	$0	($32,190)
Findley Hartford	1FD	$79,900	$57,000	$82,480	$6,685	$19,197	$17,800	($33,562)	($20,760)	($12,802)
Zsido Clarendon	1FD	$35,000	$27,000	$57,422	$11,283	$8,294	$11,954	($38,045)	$0	($38,045)
Westall Richmond	MH	$49,900	$31,000	$62,576	$8,696	$18,238	$13,980	($44,530)	($8,310)	($36,220)
Totals		$302,700	$252,000	$335,971	$35,821	$81,416	$52,426	($148,782)	($37,897)	($110,885)

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)
Aldrich Searsburg	1FD	$49,900	$40,000	$56,642	$6,286	$7,824	$12,400	($18,352)	($22,403)	$4,051
Cyr Proctor	1FD	$50,000	$42,500	$72,350	$8,798	$15,553	$21,705	($32,496)	($22,386)	($10,110)
Budziak St. Johnsbury	MH	$49,900	$50,000	$47,395	$2,815	$3,688	$7,029	$3,131	$0	$3,131
Ryan Fair Haven	1FD	$69,900	$56,500	$72,013	$4,811	$13,178	$21,604	($11,898)	($15,864)	$3,966
Bergeron Hartland	1FD	$49,900	$41,900	$57,242	$4,569	$13,390	$12,400	($20,901)	($13,554)	($7,347)
Greene Fair Haven	1FD	$49,900	$38,000	$62,250	$15,342	$11,893	$15,998	($35,487)	$0	($35,487)
Gaudreau Washington	1FD	$34,000	$30,000	$46,095	$4,570	$6,850	$10,350	($17,165)	$0	($17,165)
Bates Ludlow	1FD	$104,000	$95,000	$92,515	$7,073	$4,994	$19,200	$9,618	$0	$9,618
Totals		$457,500	$393,900	$506,502	$54,264	$77,370	$120,686	($123,550)	($74,207)	($49,343)

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: SARAH E. CAPENTER, EXECUTIVE DIRECTOR SEC
ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS
DAVID S. ADAMS, CHIEF OF PROGRAM OPERATIONS DSA

DATE: JANUARY 13, 2000

RE: EXCESS YIELD 0% POOL UPDATE

We had planned to have a new policy to recommend for the 0% loan pool to accompany the attached schedule which shows the financial status at December 31, 1999. During our latest round of correspondence, clarifications and phone conferences with John Wagner of Kutak Rock, he informed us that they had reached a new conclusion which allows us to utilize the funds for a much broader range of purposes. We finally wore him down! Since we just found out about their change in position on Tuesday and we have not seen their response in writing yet, it does not allow us enough time to revamp the original policy that staff had been working on to incorporate the ramifications of the increased flexibility. We plan on putting together the new loan policy for the February Board meeting.

We have been continuing to advocate for the utilization of the 0% pool as qualified uses for a range of single family type assistance, mobile homes and parks uses and other types of loans such as the Dalton Drive Neighborhood Association loan package that Joe Erdelyi has addressed in a separate memo. Upon meeting certain basic tests, it appears that most all of these initiatives will be qualifying uses.

The attached accounting of the 0% loan pool shows that we have almost $1.2 million of uncommitted funds. We have been contemplating making a split of those funds between preservation of and assistance to the multi-family properties that are creating the loan pool and funds for new projects that need funding to make them work. The new determination by Kutak that these monies can be used for a variety of single family purposes adds new dimensions to the proposed policy.

Recommended Action

At this meeting we would like the Board to provide guidance to staff to assist in finalizing a recommended policy for the 0% loan pool. Some issues include:

- How do we split the funds between the existing projects generating these funds and their needs for improvements and long term preservation agreements; needs of other VHFA properties, both multi-family and single family, and new development?

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 has concerns that adequate funds be available at any one time to meet the needs of the projects generating this excess yield. Do we do a percentage split and revisit uses at the end of the year or do we set aside a constant pool that is available for those needs?
- For new loans, how do we prioritize the use of these funds? They are fairly flexible, but limited. Staff has some thoughts that a better use would be to incentivize or leverage the use of VHFA debt (effectively writing down the interest) rather than using this in place of grant funds.
- Are there any parameters on the types of projects we should consider or not consider, or do other priorities already provide enough screening? How does this tie to initiatives shown in our strategic plan?

EXCESS YIELD ANALYSIS
MULTI-FAMILY HOUSING BONDS
June 1, 1995-December 31,1999

EARNINGS				
Monthly earnings 6/95-12/99	$	4,427,060		
Winchester litigation proceeds		285,323		
Total sources			***$***	***4,712,383***
EXPENDITURES				
Excess cost of bond issuance	$	102,619		
St. Johnsbury		401,110		
Winchester monthly assistance		703,534		
Construction loan-Winchester		406,423		
VHCB-Lead loan program (A)		129,825		
Point School Assoc		2,000		
Pine Manor		30,000		
Pine Meadow		192,710		
REO loan sales/non-profit assistance (B)		104,877		
Northgage-Westgate prem note		381,204		
Walden Mountain		68,000		
Pine Grove		60,000		
Abenaki Acres		55,617		
Allen Apartments		199,000		
Castleton-Parsons Hill		75,148		
Saxtons River		155,000		
Progress/FHLB grant match (C)		48,000		
REO Distress property loans (D)		81,965		
Total uses				***3,197,032***
COMMITMENTS				
VHCB-Lead loan program (A)		70,175		
REO loan sales/non-profit assistance (B)		95,123		
Progress/FHLB grant match (C)		24,000		
REO Distressed property assistance		168,035		
Total commitments				***357,333***
Total available for future uses			***$***	***1,158,018***

ONGOING SUPPORT COMMITMENTS				
Winchester Subsidy	$	125,000		
Multi-family project assistance		200,000		
			$	325,000

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Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: JANUARY 13, 2000

RE: SINGLE FAMILY BOND FINANCING

We have started the process with our bond financing team to put together the next bond financing. We have about $2.6 million of 7.1% no point funds remaining from the Series 11 (last) financing. Evensen Dodge believes that as of today, our full spread no point mortgage rate would be about 7.6%. Conventional no point mortgage rates are running at about 8.5%, so we still have a decent rate advantage.

The increase in the projected mortgage rate is due to a change in the market (about 45 basis points worth) and an additional cost of about 5 to10 basis points because we were unable to maximize our subsidy from note issuance due to lack of volume cap authority.

Last month we noted that our ideal allocation of volume cap would be $95 million to create the maximum amount of mortgage rate subsidy. Since the State only has $150 million available, it was agreed to share the volume cap with VSAC so that each organization, although not getting optimum allocation, would have enough to run their programs. As in the past the State issuing entities signed a joint letter of consensus on the split of the volume cap. The Emergency Board is expected to approve the allocation plan on Friday, January 14th.

We are planning a financing size of about $28-$30 million in lendable proceeds, representing about six months of expected mortgage activity. This issue size will be about $60 million and will utilize maturing note proceeds from Series 10 and refunding of scheduled debt payments and prepayments to increase the issue size. The proposed schedule contemplates mailing out a preliminary official statement on January 26th, with pricing starting on February 7th and sale of the bonds late that week and closing of the financing before the end of February. The market has been a little volatile lately and the Federal Open Market Committee meeting is scheduled for February 2nd. We will be carefully monitoring rates and the markets during this time to see if an adjustment in the schedule might be necessary.

<u>Recommended Action</u>
Approve proceeding with Series 12 financing under the guidelines outlined in this memorandum.

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EQUAL HOUSING OPPORTUNITY

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Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: David S. Adams, Chief of Program Operations dsa
Patricia A. Crady, Director of Homeownership Programs PAC

DATE: January 14, 2000

RE: Homeownership Program -- Loan Loss Projections for 2000

Enclosed are two reports showing our projections for loan losses for the next twelve months. At this time we are projected that losses will be in the range of $1.3 to $1.4 million.

To determine the projections, we focused on current REO properties and loans in foreclosure. We also assumed that the economy will remain essentially the same throughout 2000, and while we know new foreclosures and REO properties will be added, some of the current ones will be resolved prior to VHFA taking title.

Loss projections were developed using the following assumptions:

- Cost basis represents: current principal, plus accrued interest, plus existing and anticipated expenses, less claims, less disposition price;

- Disposition price was determined from a loan level review as well as some general assumptions about appraised value. In general we assumed that properties would sell at a range of 60% of original appraised value (in the absence of more recent data) to 85% of current appraised value. Discounts reflect sales commissions and expected discounted offers;

- Mortgage insurance claims are estimated at 22% of original balance;

- Property expenses have averaged $9,500 per REO for the past 12 months. We believe that we will reduce expenses going forward to $6,500 per REO and have made expense projections accordingly.

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FORECLOSURE INVENTORY REPORT- Loss Projections 2000

Mortgagor	City	Exp. Red Date	Princ. Bal.	Interest	Expenses	Receipts	Anticipated Expenses	Projected MI Claim	Projected Disposit Price	Projected Gain(Loss)	Current Appraisal	Date Last Appraised	Original Appraisal	Loan Date	Date to Attorney	Prop Type
Lamery	Cabot	2/9/00	$ 61,020	$ 11,087	$ 4,802	$ -	$ 6,500	$ 10,984	$ 44,850	$ (27,575)	$ -	9/4/91	$ 69,000	10/11/91	8/26/98	SF
Mullaney	Pittsford	9/30/99	$ 27,610	$ 6,774	$ 4,651	$ -	$ 6,500	$ -	$ 26,000	$ (19,535)	$ -	9/29/83	$ 40,000	10/27/83	11/20/98	2FD
Johnson	Concord	1/7/00	$ 59,927	$ 3,663	$ 2,464	$ -	$ 6,500	$ -	$ 45,220	$ (27,334)	$ 53,200	12/17/99	$ 87,000	1/9/92	10/8/99	SF
Sweet	Burlington	1/18/00	$ 74,109	$ 12,902	$ 4,105	$ -	$ 6,500	$ 10,000	$ 70,125	$ (17,491)	$ -	10/29/91	$ 82,500	11/14/91	3/29/99	CONDO
Robtoy	Highgate	1/20/00	$ 47,775	$ 6,462	$ 4,247	$ 20	$ 6,500	$ 8,600	$ 34,450	$ (21,915)	$ -	4/23/93	$ 53,000	11/17/93	4/29/99	SF
Brooks	Poultney	1/31/00	$ 75,090	$ 7,735	$ 1,678	$ -	$ 6,500	$ 13,516	$ 56,225	$ (21,262)	$ -	9/11/95	$ 86,500	10/19/95	5/26/99	SF
Couture	Glover	1/31/00	$ 65,589	$ 7,598	$ 5,683	$ -	$ 6,500	$ 11,806	$ 49,350	$ (24,214)	$ 65,800	10/13/98	$ 66,000	5/1/96	6/22/99	SF
Giglio	Walden	1/31/00	$ 42,929	$ 4,541	$ 4,475	$ -	$ 6,500	$ 7,727	$ 33,800	$ (16,918)	$ -	7/21/93	$ 52,000	10/21/93	8/27/99	SF
Lamoureux	Shoreham	3/6/00	$ 71,412	$ 9,408	$ 2,432	$ -	$ 6,500	$ 12,854	$ 52,000	$ (24,898)	$ -	3/24/92	$ 80,000	4/22/92	3/29/99	SF
Maccioli	Bennington	3/8/00	$ 65,723	$ 9,349	$ 11,082	$ -	$ 6,500	$ -	$ 55,900	$ (36,754)	$ -	6/22/89	$ 86,000	11/20/89	5/4/99	SF
Gagnon	Burlington	3/9/00	$ 80,929	$ 8,754	$ 10,288	$ -	$ 6,500	$ 6,000	$ 81,450	$ (19,021)	$ -	3/9/94	$ 90,500	4/15/94	4/26/99	SF
Brintnall	Northfield	3/14/00	$ 39,579	$ 3,987	$ 1,821	$ -	$ 6,500	$ -	$ 31,850	$ (20,037)	$ -	8/7/96	$ 49,000	9/17/96	5/26/99	SF
Angolano	Burlington	3/31/00	$ 79,679	$ 10,772	$ 4,334	$ -	$ 6,500	$ 14,342	$ 70,550	$ (16,393)	$ 83,000	5/4/99	$ 85,000	11/1/96	4/13/99	SF
Tanner	Wallingford	3/31/00	$ 75,448	$ 7,412	$ 1,023	$ -	$ 6,500	$ 13,581	$ 57,200	$ (19,602)	$ -	7/9/97	$ 88,000	12/1/97	6/22/99	SF
Acheson	Brattleboro	3/31/00	$ 81,093	$ 7,017	$ 4,080	$ -	$ 6,500	$ 14,597	$ 60,450	$ (23,643)	$ -	5/14/91	$ 93,000	6/6/91	6/28/99	2FD
Lawson-Yarnel	Bennington	3/31/00	$ 54,088	$ 3,655	$ 4,605	$ -	$ 6,500	$ 9,736	$ 42,500	$ (16,612)	$ 50,000	9/14/99	$ 56,000	11/2/95	7/9/99	SF
McDonald	Bennington	3/31/00	$ 58,696	$ 10,486	$ 2,599	$ 1,771	$ 6,500	$ 10,565	$ 45,500	$ (20,445)	$ -	11/13/89	$ 70,000	1/25/90	7/23/99	SF
Willis	Worcester	4/10/00	$ 27,686	$ 4,395	$ 3,562	$ -	$ 6,500	$ 4,983	$ 20,800	$ (16,360)	$ -	1/24/89	$ 32,000	6/19/89	4/26/99	SF
Chellis	Burlington	4/11/00	$ 76,445	$ 6,910	$ 1,136	$ -	$ 6,500	$ 13,760	$ 71,400	$ (5,831)	$ -	9/14/95	$ 84,000	9/28/95	7/20/99	CONDO
Wilder	Calais	4/24/00	$ 69,890	$ 10,724	$ 2,472	$ -	$ 6,500	$ 12,580	$ 52,650	$ (24,356)	$ -	11/18/93	$ 81,000	12/30/93	4/5/99	SF
Roy	Cambridge	4/28/00	$ 62,359	$ 8,731	$ 1,868	$ -	$ 6,500	$ 11,225	$ 52,500	$ (15,733)	$ -	7/11/94	$ 70,000	8/12/94	6/28/99	MH
Heller	Fair Haven	5/30/00	$ 47,592	$ 5,714	$ 1,274	$ -	$ 6,500	$ -	$ 44,850	$ (16,230)	$ -	2/6/90	$ 69,000	3/15/90	7/2/99	SF
Dubois	Burlington	6/30/00	$ 24,523	$ 3,643	$ 1,772	$ -	$ 6,500	$ -	$ 34,850	$ (1,588)	$ -	6/12/80	$ 41,000	8/8/80	5/12/99	SF
Linton	Brattleboro	8/30/00	$ 69,817	$ 8,803	$ 8,951	$ -	$ 6,500	$ 12,567	$ 53,300	$ (28,204)	$ -	8/4/90	$ 82,000	11/14/90	5/12/99	SF
Comeau	Georgia	9/30/00	$ 82,250	$ 19,229	$ 9,065	$ -	$ 6,500	$ 14,805	$ 72,250	$ (29,989)	$ -	7/9/92	$ 85,000	8/14/92	7/20/99	SF
Clark	Clarendon	9/30/00	$ 34,051	$ 3,122	$ 984	$ -	$ 6,500	$ 6,129	$ 26,000	$ (12,528)	$ -	3/8/89	$ 40,000	5/26/89	8/11/99	SF
Dolle	Readsboro	9/30/00	$ 42,384	$ 3,602	$ 3,923	$ -	$ 6,500	$ 7,629	$ 27,200	$ (21,580)	$ 32,000	11/19/99	$ 55,000	10/25/93	8/11/99	SF
Coletti	Barre City	9/30/00	$ 50,143	$ 7,657	$ 3,605	$ -	$ 6,500	$ 9,026	$ 43,500	$ (15,379)	$ -	8/18/94	$ 58,000	9/15/94	8/20/99	SF
Pariseau	Brandon	9/30/00	$ 51,776	$ 4,062	$ 4,144	$ -	$ 6,500	$ 9,320	$ 17,000	$ (40,162)	$ 20,000	10/20/99	$ 61,000	6/16/94	9/29/99	SF
Cahoon	Rutland City	9/30/00	$ 80,205	$ 6,254	$ 3,753	$ -	$ 6,500	$ 14,437	$ 72,250	$ (10,025)	$ 85,000	11/3/99	$ 90,000	5/28/93	10/13/99	SF
Hayes	Peacham	9/30/00	$ 10,819	$ 799	$ 5,141	$ -	$ 6,500	$ -	$ 16,575	$ (6,684)	$ -	2/7/80	$ 25,500	3/3/80	11/2/99	SF
Fogarty	Rutland City	9/30/00	$ 50,138	$ 2,655	$ 364	$ -	$ 6,500	$ 9,025	$ 44,250	$ (6,382)	$ -	9/26/95	$ 59,000	10/30/95	11/22/99	2FD
McGraw	Fair Haven	9/30/00	$ 43,099	$ 2,415	$ 715	$ -	$ 6,500	$ 7,758	$ 33,000	$ (11,971)	$ -	2/18/97	$ 44,000	3/21/97	11/22/99	SF
Miller	Bennington	9/30/00	$ 72,663	$ 6,216	$ 332	$ -	$ 6,500	$ 13,079	$ 57,000	$ (15,632)	$ -	10/31/94	$ 76,000	1/5/95	11/22/99	SF
Pingree	Randolph	9/30/00	$ 77,169	$ 6,002	$ 561	$ -	$ 6,500	$ 13,890	$ 59,250	$ (17,092)	$ -	6/18/96	$ 79,000	8/6/96	11/22/99	SF
Ward	Fair Haven	9/30/00	$ 39,872	$ 1,944	$ 645	$ -	$ 6,500	$ 7,177	$ 36,750	$ (5,034)	$ -	2/11/98	$ 49,000	3/16/98	11/22/99	SF
Morgan	S Burlington	9/30/00	$ 71,447	$ 4,871	$ 5,616	$ -	$ 6,500	$ 7,000	$ 70,125	$ (11,309)	$ -	10/15/90	$ 82,500	11/9/90	11/29/99	CONDO
Debruin	Sunderland	9/30/00	$ 61,586	$ 7,310	$ 2,633	$ -	$ 6,500	$ 11,085	$ 46,150	$ (20,794)	$ -	8/29/90	$ 71,000	9/28/90	12/1/99	SF
Jacques	S Burlington	9/30/00	$ 64,490	$ 3,967	$ 420	$ 420	$ 6,500	$ 11,608	$ 56,950	$ (6,399)	$ -	8/16/94	$ 67,000	9/15/94	12/27/99	CONDO
Roberts	Newport City	9/30/00	$ 40,173	$ 2,770	$ 75	$ -	$ 6,500	$ -	$ 36,400	$ (13,118)	$ -	8/10/89	$ 52,000	10/13/89	12/27/99	SF
Welch	Tunbridge	9/30/00	$ 47,305	$ 3,615	$ -	$ -	$ 6,500	$ -	$ 46,900	$ (10,520)	$ -	4/24/90	$ 67,000	8/2/90	12/28/99	MH
Brooks	Williamstown	1/1/01	$ 41,898	$ 2,851	$ 2,269	$ -	$ 6,500	$ 7,542	$ 34,500	$ (11,476)	$ -	6/8/98	$ 46,000	7/24/98	10/8/99	SF
42			$ 2,400,476	$ 269,863	$ 139,649	$ 2,211	$ 273,000	$ 348,933	$ 1,983,820	$ (748,023)	$ 389,000		$ 2,799,500			

REO REPORT OF PROJECTED LOSSES

Mortgagor	REO DATE	City	Princ. Bal.	Interest	Current/ Anticipated Exp.	Receipts (1)	Valuation Allowance as of 6/30/99	Net Cost Basis	List Amount (2)	Current Appraisal	Date Last Appraised	Anticipated Loss		Original Appraisal	Loan Date	Prop Type
Richards	2/24/97	Fair Haven	$ 41,309	$ 4,230	$ 44,167	$ 1,114	$ 42,223	$ 46,370	$ 60,000	$ 65,000	12/1/99	4,630	85% of List	$ 63,500	5/9/86	SF
Bushey	1/19/98	Fairfield	$ 57,867	$ 5,686	$ 20,887	$ 17,360	$ 15,022	$ 52,057	$ 40,000	$ 52,000	8/22/97	-28,057	60% of List	$ 62,000	9/20/95	MH
Bergeron	11/17/98	Hartland	$ 57,242	$ 4,569	$ 14,275	$ 12,400	$ 13,534	$ 50,152	$ 41,900	$ 50,000	1/5/99	-14,537	85% of List	$ 69,000	6/20/94	SF
Cyr	1/21/99	Proctor	$ 72,350	$ 8,798	$ 16,441	$ 22,725	$ 22,386	$ 52,479	$ 42,500	$ 50,000	2/3/99	-16,354	85% of List	$ 77,500	7/28/95	SF
Macie	1/25/99	Fair Haven	$ 59,753	$ 3,655	$ 14,423	$ 13,000	$ 13,916	$ 50,916	$ 45,000	$ 53,000	2/1/99	-12,666	85% of List	$ 67,000	8/3/94	SF
Lawrence	3/2/99	Burke	$ 56,765	$ 6,241	$ 18,514	$ 12,550	$ 21,859	$ 47,110	$ 29,900	$ 39,000	6/7/99	-13,960	85% of List	$ 74,000	5/18/90	SF
Preston	3/30/99	Duxbury	$ 62,613	$ 5,867	$ 17,611	$ 18,799	$ 10,019	$ 57,273	$ 45,000	$ 66,000	9/30/98	-19,023	85% of List	$ 82,000	6/25/96	SF
Hill	4/19/99	Wolcott	$ 66,245	$ 4,319	$ 11,084	$ 14,400	$ 15,371	$ 51,877	$ -	$ 50,000	5/19/99	-21,877	60% of List	$ 72,000	12/6/94	MH
Aldrich	5/7/99	Searsburg	$ 56,642	$ 6,286	$ 8,741	$ 12,733	$ 22,403	$ 36,532	$ 45,000	$ 35,000	4/20/99	3,968	90% of List	$ 70,000	12/9/93	SF
Steffens/Ryan	5/20/99	Fair Haven	$ 72,013	$ 4,811	$ 13,807	$ 21,644	$ 15,864	$ 53,123	$ 56,500	$ 48,000	6/7/99	-12,323	85% of List	$ 78,500	9/20/95	SF
Fuller	5/26/99	Duxbury	$ 62,454	$ 10,267	$ 8,087	$ 12,237	$ 14,335	$ 54,235	$ 49,900	$ 53,000	6/1/99	-11,820	85% of List	$ 65,000	12/16/94	MH
Husted	8/18/99	Burke	$ 72,133	$ 5,653	$ 8,060	$ 18,082	$ -	$ 67,765	$ 39,900	$ 41,300	8/2/99	-32,060	85% of List	$ 78,000	10/21/92	SF
Greene	9/1/99	Fair Haven	$ 62,250	$ 15,342	$ 12,818	$ 16,439	$ -	$ 73,971	$ 38,000	$ 35,000	9/7/99	-41,671	85% of List	$ 71,000	8/31/90	SF
Huneven	9/3/99	Springfield	$ 39,341	$ 4,176	$ 8,883	$ -	$ -	$ 52,399	$ 25,000	$ 25,000	7/3/99	-31,149	85% of List	$ 57,000	8/4/93	SF
Wilson	9/13/99	Marshfield	$ 46,790	$ 6,766	$ 12,973	$ -	$ -	$ 66,528	$ 48,900	$ 46,000	5/18/99	-24,963	85% of List	$ 66,000	5/11/95	SF
Hughs Sr	9/23/99	Bennington	$ 79,168	$ 9,546	$ 16,244	$ 17,645	$ -	$ 87,313	$ 92,000	$ 78,000	10/27/99	-21,013	85% of Appr	$ 88,000	8/19/94	SF
Gaudreau	10/11/99	Washington	$ 46,095	$ 4,570	$ 7,775	$ 10,350	$ -	$ 48,090	$ 30,000	$ 30,000	7/6/99	-21,090	85% of List	$ 53,000	11/2/94	SF
Langevin	10/12/99	Williamstown	$ 58,913	$ 9,218	$ 6,841	$ -	$ -	$ 74,972	$ 64,900	$ 65,000	2/24/99	-19,807	85% of List	$ 69,500	9/21/89	SF
Currier	10/20/99	Albany	$ 44,646	$ 4,790	$ 5,546	$ 10,692	$ -	$ 44,290	$ 44,900	$ 35,000	12/1/99	-14,540	85% of Appr	$ 52,000	12/14/89	SF
Budziak	10/25/99	St. Johnsbury	$ 47,395	$ 2,815	$ 4,688	$ 7,028	$ -	$ 47,870	$ 50,000	$ 50,500	7/19/99	-4,945	85% of List	$ 59,000	1/13/93	MH
Crossman	10/27/99	Rutland City	$ 51,859	$ 3,916	$ 16,901	$ 11,581	$ -	$ 61,095	$ 18,000	$ 20,000	7/28/99	-44,095	85% of List	$ 58,000	4/13/94	SF
Durkee	10/28/99	Thetford	$ 89,325	$ 12,087	$ 5,717	$ 19,742	$ -	$ 87,387	$ 92,000	$ 96,500	12/10/99	-9,187	85% of List	$ 100,000	9/29/94	SF
Reed	11/2/99	Rutland Town	$ 46,610	$ 1,878	$ 3,918	$ 8,750	$ -	$ 43,656	$ 39,900	$ 55,000	12/1/99	-9,741	85% of List	$ 77,000	11/9/92	SF
Fassett	11/3/99	Barre City	$ 78,290	$ 7,935	$ 10,865	$ 19,997	$ -	$ 77,093	$ 71,900	$ 72,000	9/2/99	-15,893	85% of List	$ 81,000	4/24/96	SF
Johnson	11/4/99	Wells	$ 49,792	$ 5,988	$ 4,666	$ 10,400	$ -	$ 50,046	$ 39,900	$ 40,000	12/6/99	-16,131	85% of List	$ 52,000	10/18/91	MH
Durack	11/12/99	St. Albans	$ 68,602	$ 6,530	$ 5,197	$ 20,637	$ -	$ 59,692	$ 59,900	$ 60,000	9/28/99	-8,777	85% of List	$ 72,000	4/1/94	SF
Thurston	11/12/99	Williamstown	$ 55,200	$ 3,951	$ 5,272	$ 16,560	$ -	$ 47,863	$ 26,900	$ 27,000	12/10/99	-24,998	85% of List	$ 60,000	11/10/95	MH
Cayia	11/15/99	Barre Town	$ 41,533	$ 7,275	$ 7,293	$ 8,144	$ -	$ 47,958	$ 29,900	$ 30,000	6/11/99	-22,458	85% of List	$ 47,000	6/26/95	SF
Bates	11/17/99	Ludlow	$ 92,515	$ 7,073	$ 5,907	$ 19,200	$ -	$ 86,295	$ 95,000	$ 104,000	9/29/99	-5,545	85% of List	$ 99,000	1/15/93	SF
Sunderland	11/17/99	Fairfax	$ 80,983	$ 9,419	$ 5,553	$ 18,668	$ -	$ 77,287	$ 66,900	$ 55,000	11/16/99	-30,537	85% of Appr	$ 90,000	8/17/93	SF
Bauer	11/29/99	Tinmouth	$ 72,743	$ 5,459	$ 1,955	$ 13,493	$ -	$ 66,664	$ 79,000	$ 72,000	12/1/99	-5,404	85% of Appr	$ 83,100	7/18/95	MH
Gray	11/30/99	Lyndon	$ 47,240	$ 5,126	$ 7,677	$ 10,300	$ -	$ 49,744	$ -	$ -	5/12/94	-18,544	60% of Orig	$ 52,000	8/11/94	MH
Tessier	12/3/99	Underhill	$ 71,920	$ 8,383	$ 9,338	$ 5,674	$ -	$ 83,967	$ -	$ -	8/9/90	0		$ 101,400	9/24/90	SF
Simonds	12/6/99	Lunenburg	$ 56,945	$ 4,520	$ 3,726	$ 14,539	$ -	$ 50,652	$ 54,000	$ 54,000	10/14/99	-4,752	85% of List	$ 75,000	10/5/90	MH
Potter	12/14/99	Rutland City	$ 68,268	$ 7,237	$ 7,792	$ 12,843	$ -	$ 70,454	$ -	$ -	5/23/95	-26,054	60% of Orig	$ 74,000	6/28/95	SF
Raymond	12/22/99	Cambridge	$ 59,795	$ 5,418	$ 3,511	$ 13,300	$ -	$ 55,424	$ 59,900	$ 45,000	9/29/99	-4,509	85% of List	$ 66,500	8/30/93	MH
36			$ 2,193,604	$ 229,801	$ 377,153	$ 463,026	$ 206,932	$ 2,130,600	$ 1,622,500	$ 1,697,300		$ (600,543)				

25 years 1974 1999 vhfa Vermont Housing Finance Agency

February 7, 2000

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, February 10th 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

NOTICE OF MEETING

The Board of Commissioners of the Vermont Housing Finance Agency will meet Via Telephone on Thursday, February 10, 2000 at 11:00 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.

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Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: FEBRUARY 7, 2000

RE: SINGLE FAMILY BOND FINANCING

Attached to this memorandum is a copy of the Preliminary Official Statement (P.O.S.) that was distributed to potential bondholders, drafts of the Reimbursement Agreements with Financial Security Assurance Inc. (bond insurer), a draft of the purchase contract(s) with the underwriters and a draft copy of the Sixteenth 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 2.01 mandate the limits of the financing, i.e. a bond and note financing not exceeding $65 million, a yield calculation that would result in a mortgage rate under 8%, and bonds maturing no later than November 1, 2031. The Series Resolution also authorizes entering into the purchase contract with the Underwriters (section 2.05) and authorizes the Reimbursement Agreement terms and conditions with the bond insurer.

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. We believe that we are in the mortgage rate range of about 7.45% (at no points), 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.

David Amsden 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, February 10th. They will be explaining the proposed financing and seeking the Board's approval for the bonds under the conditions listed in the 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
Approval of the Sixteenth Supplemental Single Family Housing Bond Resolution.

MEMORANDUM

DATE: February 10, 2000

TO: Vermont Housing Finance Agency

FROM: Evensen Dodge, Inc.

RE: Post-Sale Report
$ 3,995,000 Single Family Housing Bonds, Series 12A (Non-AMT)
$ 26,005,000 Single Family Housing Bonds, Series 12B (AMT)
$17,500,000 Single Family Housing Notes, Series 12C (AMT)
$17,500,000 Single Family Housing Notes, Series 12D (AMT)

Introduction

The Agency is being asked to approve the sale of its Single Family Housing Bonds Series 12A and 12B, and Single Family Housing Notes Series 12C and D. Proceeds from the Series 12A and 12B Bonds will be disbursed to fund qualified mortgage loans, the debt service reserve fund, and to pay for the cost of issuance. Proceeds from the Series 12C and 12D Notes will be invested into investment agreements that will be used for the redemption of these notes on their respective maturity dates. The Agency expects to refund these notes into long-term, fixed-rate bonds in the future to provide funds for the mortgage loan program. The sources and uses of funds for this issue are shown below.

Principal Amount of Bonds	$30,000,000
Principal Amount of Notes	35,000,000
Total Sources of Funds	$65,000,000
Program Account for Mortgage Loans	$28,344,948
Program Account for Note Proceeds	35,000,000
Debt Service Reserve Fund	1,102,637
Cost of Issuance	200,000
Underwriters' Discount	352,415
Total Uses of Funds	$65,000,000

Structure

The bond/note structure is similar to the Agency's Series 10 and Series 11 issues. The structure reduces the maximum allowable interest rate on the mortgage loan by 0.28% in comparison to a stand-alone bond issue. The mortgage subsidy from the reduced loan and cost of issuing the notes can be fully recovered from the retainable net investment earnings from the note issue. As a result, the Agency is able to offer a more competitive mortgage loan rate at no additional cost. The structure also provides a method of preserving the Agency's bonding authority.

Mortgage

Funds available for mortgage loans total $28,344,948. No more than 10% of those available funds will be used to fund the Agency's step rate loan program. The maximum allowable interest rates, which include an additional 0.25% for expected loan losses, are shown in the chart below. The 0.25% for projected loan losses is permitted, but not required to be included in the loan rate.

Loan Type	Origination Fee and Discount Points	Mortgage Loan Rate (Maximum)
Fixed Rate	0	7.53%
Fixed Rate	1	7.38%
Fixed Rate	2	7.23%
Step Rate	1	5.88%/6.38%/6.88%/7.38%

Comparable Sales

The pricing of the Agency's issue included a one-day retail order period on February 7, 2000 and an institutional order period on February 8, 2000. The retail demand for the Agency's issue was strong with $8.5 million of orders. On the institutional side, both Fannie Mae and a tax-exempt bond fund participated in the purchasing of the AMT term bonds.

Two other state HFAs have priced bonds through Wednesday of this week, as shown on the attached schedule. The Agency's serial bonds were on average 10 to 25 basis points lower in yield than those issues with a stronger differential in the earlier maturities. The Agency's term bonds were at similar levels to the two other State HFAs. Compared to issues priced last week, the Agency's interest rates were on average 5 to 25 basis points lower across all maturities.

The Series 12 C and D notes, which have one and two year maturities, respectively, were priced at 4.25% and 4.85%, respectively. As a comparison, North Dakota HFA issued a one-year note last week at 4.25%. The two year note was 5 basis points higher than the comparable serial maturity due to the larger size.

The underwriters' discounts of $278,958 ($9.30/thousand) for the bonds and $73,457 ($2.10/thousand) for the notes are slightly lower than the Series 11 issue. Underwriters' discounts for other recent housing bond issues ranged from $8.55/thousand to $10.04/thousand, as shown on the attached schedule.

Investments

Bayerische Landesbank won the bid for the investment agreements on the Series 12 A and B float account and bond reserve fund with interest rates of 6.51% and 7.06%, respectively. It also won the investment agreements on the program accounts of Series 12C and D Notes with interest rates of 6.72% and 7.076%, respectively. Transamerica won the bid for the Series 12 A and B program account with an interest rate of 6.375%. Interest rates on all investment agreements are above the arbitrage bond yield of 6.014%.

Conclusion

Interest rates on the serial bonds are lower than interest rates on comparable issues as a result of the strong retail demand within Vermont. Interest rates on term bonds are at similar levels to other state housing agencies. The underwriters' discount is in the middle of the range in comparison to other housing issues. Evensen Dodge recommends that the bond sale be approved by the Agency.

Vermont Housing Finance Agency
Single Family Housing Bonds Series 12
Comparable Sales

	Week of 2/7/00			Week of 01/31/00			
Size	***$30,000,000***	$105,000,000 (competitive)	$70,000,000	$35,000,000	$200,000,000	$30,000,000	$54,455,000
Issuer	***Vermont***	Tennessee	Nebraska	Maine	Ohio	Idaho	Arkansas
Bond Type	***Single Family***	Single Family	Single Family	Single Family	Single Family	Single Family	Single Family
Ratings	***Aaa/AAA***	Aa2/AA	NR/AAA	Aa2/AA	Aaa/NR	Aaa/AAA	NR/AAA
Credit Enhancement	***(FSA)***	(MBIA*)	-	-	(GNMA)	-	(GNMA/FNMA)
Pricing Date	***2/8/00***	2/9/00	2/9/00	2/1/00	2/3/00	2/2/00	Wk of 1/31/00
Underwriter	***PaineWebber***	Merrill Lynch	Lehman	PaineWebber	Lehman	Lehman	Goldman
Year	***yield***	yield	yield	yield	yield	yield	yield
2001	***4.25%***	4.60%	4.60%				4.75%
2002	***4.80%***	4.90%	4.90%	4.85%	4.90%	4.85%	4.90%
2003	***4.85%***	5.00%	5.05%	5.00%	5.05%	5.05%	5.05%
2004	***5.00%***	5.10%	5.15%	5.10%	5.20%	5.20%	5.20%
2005	***5.05%***	5.20%	5.25%	5.20%	5.35%	5.30%	5.35%
2006	***5.20%***	5.30%	5.35%	5.35%	5.45%	5.40%	5.45% / 5.30%(1)
2007	***5.40%***	5.45%	5.45%	5.50%	5.55%	5.50%	5.55% / 5.40%(1)
2008	***5.50%***	5.55%	5.55%	5.60%	5.625%	5.60%	5.65% / 5.50% (1)
2009	***5.60%***	5.65%	5.65%	5.70%	5.70%	5.70%	5.70% / 5.55%(1)
2010	***5.70%***	5.75%	5.70%	5.85%	5.75%	5.75%	5.75% / 5.60%(1)
2011	***5.80%***	5.85%	5.80%	5.95%	5.80%		5.80% / 5.65%(1)
2012	***5.90%***	5.95%*		6.00%			
2013	***6.00%***	6.00%*					
2014	***6.05%***	6.05%*					
2015							
2016							
2017							6.10% (1)
2018							
2019	***6.30%***			6.40%		6.35%	
2020		6.125%*	6.30%	6.40%	6.30%		
2021							
2022			NRO				
2023							5.75% (PAC) (5.4 yr)
2024							
2025		6.375%					
2026			NRO		5.75% (SS/PAC)		
2027					NRO		
2028							
2029				5.75% (SS 4.5yr)			
2030						5.75% (SS 4.8 yr)	
2031	***6.40%/6.30%(1)***	6.40%	6.375%		6.40%	6.45%	6.45%/NRO
2032				6.40% (10 year Lockout)			

Vermont Housing Finance Agency

Single Family Housing Bonds, Series 12 A and B

Comparison of Underwriters' Discount

<u>**Fixed Rate Bonds**</u>

Size	**$30,000,000**	$35,000,000	$60,000,000
Issuer	**Vermont**	Maine	North Dakota
Bond Type	**Single Family**	Single Family	Single Family
Ratings	**Aaa/AAA (FSA)**	Aa2/AA	Aa3
Pricing Date	**2/8/00**	2/1/00	1/26/00
Underwriter	**PaineWebber**	PaineWebber	Salomon SB
Takedown	**6.22**	6.13	5.94
Expenses	**1.08**	1.15	1.13
Management Fee	**2.00**	1.33	2.00
Total Underwriter's Discount (per $1,000)	**$9.30**	$8.61	$9.07

Size	$40,000,000	$25,000,000	$24,500,000
Issuer	Indiana	Iowa	Washington
Bond Type	Single Family	Single Family	Single Family
Ratings	Aaa/AAA (GNMA/FNMA)	Aaa/AAA (GNMA/FNMA)	Aaa/AAA (GNMA/FNMA)
Pricing Date	1/25/00	1/25/00	1/25/00
Underwriter	Goldman	PaineWebber	PaineWebber
Takedown	6.18	6.11	6.10
Expenses	1.41	1.93	1.25
Management Fee	1.25	2.00	1.20
Total Underwriter's Discount (per $1,000)	$8.84	$10.04	$8.55

VERMONT HOUSING FINANCE AGENCY

FACSIMILE COVER SHEET

DATE: February 7, 2000

TIME: 11:30 a.m.

To: Mary Moore

Fax Number: (802) - 828-2199

From: **Kari Caragher**

Company: **V.H.F.A.**

Fax Number (802) 864-5746

RE: **Notice of Meeting**

 # pages: 2 (including cover sheet)

Attached is a notice of a meeting for the Vermont Housing Finance Agency's Board of Commissioners.

VERMONT HOUSING FINANCE AGENCY

FACSIMILE COVER SHEET

DATE: February 7, 2000

TIME: 11:30 a.m.

To: WCAX Newsroom

Fax Number: (802) 652-6399

From: **Kari Caragher**

Company: **V.H.F.A.**
Fax Number (802) 864-5746

RE: **Notice of Meeting**

 # pages: 2 (including cover sheet)

Attached is a notice of a meeting for the Vermont Housing Finance Agency's Board of Commissioners.

VERMONT HOUSING FINANCE AGENCY

FACSIMILE COVER SHEET

DATE: February 7, 2000

TIME: 11:30 a.m.

To:	Rutland Herald
Fax Number:	(802) 775-2423

From: **Kari Caragher**

Company: **V.H.F.A.**
Fax Number (802) 864-5746

RE: **Notice of Meeting**

 # pages: **2 (including cover sheet)**

Attached is a notice of a meeting for the Vermont Housing Finance Agency's Board of Commissioners.

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VERMONT HOUSING FINANCE AGENCY

FACSIMILE COVER SHEET

DATE: February 7, 2000

TIME: 11:30 a.m.

To: Burlington Free Press

Fax Number: (802) 660-1802

From: **Kari Caragher**

Company: **V.H.F.A.**
Fax Number (802) 864-5746

RE: **Notice of Meeting**

 # pages: 2 (including cover sheet)

Attached is a notice of a meeting for the Vermont Housing Finance Agency's Board of Commissioners.

VERMONT HOUSING FINANCE AGENCY

FACSIMILE COVER SHEET

DATE: February 7, 2000

TIME: 11:30 a.m.

To: Times Argus

Fax Number: (802) 479-4032

From: **Kari Caragher**

Company: **V.H.F.A.**
Fax Number (802) 864-5746

RE: **Notice of Meeting**

 # pages: 2 (including cover sheet)

Attached is a notice of a meeting for the Vermont Housing Finance Agency's Board of Commissioners.

REIMBURSEMENT AGREEMENT

REIMBURSEMENT AGREEMENT dated as of ~~September 1, 1999~~February 1, 2000 by and between VERMONT HOUSING FINANCE AGENCY, a public body corporate organized and existing under the laws of the State of Vermont (the issuer, as "Obligor') and Financial Security Assurance Inc. ("FSA"), a New York stock insurance company.

WITNESSETH:

WHEREAS, the Obligor will issue its Single Family Housing Bonds, Series ~~11A (AMT)~~12A and 12B (the "Obligations"), pursuant to the terms of the Resolution; and

WHEREAS, FSA will issue its Financial Guaranty Insurance Policy No. ~~50853~~XXXXXS2-N (the "Contingency Insurance Policy"), substantially in the form set forth in Annex A to this Agreement guaranteeing certain payments by the Obligor subject to the terms and limitations of the Contingency Insurance Policy; and

WHEREAS, to induce FSA to issue the Contingency Insurance Policy, the Obligor has agreed to pay the premium for the insurance policy relating to the Obligations and to reimburse FSA for payments made by FSA under the Contingency Insurance Policy from Legally Available Funds, all as more fully set forth in this Agreement; and

WHEREAS, the Obligor understands that FSA expressly requires the delivery of this Agreement as part of the consideration for the execution by FSA of the Contingency Insurance Policy.

NOW, THEREFORE, in consideration of the premises and of the agreements herein contained and of the execution of the Contingency Insurance Policy, the Obligor and FSA agree as follows:

ARTICLE I

DEFINITIONS; CONTINGENCY INSURANCE POLICY

Section 1.01. Definitions. Except as otherwise expressly provided herein or unless the context otherwise requires, the terms which are capitalized herein shall have the meanings specified in Annex B hereto.

Section 1.02. Contingency Insurance Policy.

(a) FSA will issue the Contingency Insurance Policy in accordance with and subject to the terms and conditions of the Commitment.

(b) The maximum liability of FSA under the Contingency Insurance Policy and the coverage and term thereof shall be subject to and limited by the Contingency Insurance Policy Coverage and the terms and conditions of the Contingency Insurance Policy.

(c) Payments made under the Contingency Insurance Policy will reduce the Contingency Insurance Policy Coverage to the extent of such payment.

Section 1.03. Certain Other Expenses. The Obligor will pay all reasonable fees and disbursements of FSA's counsel related to any amendment, modification or supplement of this Agreement or the Contingency Insurance Policy requested by the Obligor.

ARTICLE II

REIMBURSEMENT OBLIGATIONS OF OBLIGOR AND SECURITY THEREFOR

Section 2.01. Reimbursement for Payments Under the Contingency Insurance Policy and Expenses.

(a) The Obligor will reimburse FSA, from Legally Available Funds, within the Reimbursement Period, without demand or notice by FSA to the Obligor or any other person, to the extent of each Contingency Insurance Policy Payment with interest on each Contingency Insurance Policy Payment from and including the date made to the date of the reimbursement by the Obligor at the Effective Interest Rate. Unless sooner repaid, the Obligor agrees that it shall make monthly level principal repayments for each Contingency Insurance Policy Payment during the Reimbursement Period. Interest on each Contingency Insurance Policy Payment shall be paid monthly during the Reimbursement Period. To the extent that interest payments due hereunder are not paid on a monthly basis, or are not paid as each principal repayment is made, interest shall accrue on such unpaid amounts at a rate equal to the Effective Interest Rate.

(b) The Obligor also agrees to reimburse FSA, from Legally Available Funds, immediately and unconditionally upon demand for all reasonable expenses incurred by FSA in connection with the Contingency Insurance Policy and the enforcement by FSA of the Obligor's obligations under this Agreement together with interest on all such expenses incurred from and including the date which is 30 days from the date a statement for such expenses is received by the Obligor to the date of payment at the rate set forth in subsection (a) of this Section 2.01.

Section 2.02. Allocation of Payments. FSA and the Obligor hereby agree that each payment received by FSA from and on behalf of the Obligor as a reimbursement to FSA as required by Section 2.01 hereof shall be applied by FSA, first, to payment of any unpaid premium, second to repayment of the aggregate Contingency Insurance Policy Payments made by FSA and not yet repaid and third, to other amounts, including, without limitation, any interest payable with respect to any Contingency Insurance Policy Payments, then due to FSA.

Section 2.03. Unconditional Obligation. The obligations of the Obligor to pay all amounts due hereunder shall be a general obligation of the Obligor for which its full faith and credit are pledged. The obligations of the Obligor hereunder are absolute and unconditional and will be paid or performed strictly in accordance with this Agreement, irrespective of:

(a) any lack of validity or enforceability of, or any amendment or other modification of, or waiver with respect to, the Resolution or the Obligations;

(b) any exchange, release or nonperfection of any security interest in property securing the Obligations or this Agreement or any obligations hereunder;

(c) any circumstances which might otherwise constitute a defense available to, or discharge of, the Obligor with respect to the Obligations; or

(d) whether or not such Obligations are contingent or matured, disputed or undisputed, liquidated or unliquidated.

Section 2.04.

(a) All cash and investments in the Contingency Fund established for the Obligations shall be transferred to the debt service fund for payment of debt service on Obligations before any drawing may be made on the Contingency Insurance Policy or any other credit facility credited to the Contingency Fund in lieu of cash. Payment of any Contingency Insurance Policy Payments plus interest thereon shall be made prior to replenishment of any such cash amounts. Draws on all credit facilities (including the Contingency Insurance Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Contingency Fund. Payment of Contingency Insurance Policy Payments plus interest thereon and reimbursement of amounts with respect to other credit facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Contingency Fund.

(b) The Resolution shall not be discharged until all Contingency Insurance Policy Payments plus interest thereon owing to Financial Security shall have been paid in full. The Obligor's obligation to pay such amounts shall expressly survive payment in full of the Obligations.

(c) The obligation of the Obligor to pay all Contingency Insurance Policy Payments plus interest thereon shall be absolute and unconditional and a general obligation of the Obligor for which its full faith and credit are pledged.

(d) The Resolution shall require the Trustee to ascertain the necessity for a claim upon the Contingency Insurance Policy and to provide notice to Financial Security in accordance with the terms of the Contingency Insurance Policy at least five business days prior to each date upon which interest or principal is due on the Obligations.

ARTICLE III

EVENTS OF DEFAULT; REMEDEES

Section 3.01. Events of Default. The following events shall constitute Events of Default hereunder:

(a) The Obligor shall fail to pay to FSA any amount payable under Sections 1.03 or 2.01 hereof and such failure shall have continued for a period in excess of the Reimbursement Period;

(b) Any material representation or warranty made by the Obligor hereunder or under the Resolution or any statement in the application for the Contingency Insurance Policy or any report, certificate, financial statement or other instrument provided in connection with the Commitment, the Contingency Insurance Policy or herewith shall have been materially false, at the time when made;

(c) Except as otherwise provided in this Section 3.01, the Obligor shall fail to perform any of its other obligations hereunder, provided that such failure continues for more than thirty (30) days after receipt by the Obligor of notice of such failure to perform;

(d) The Obligor shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, paying agent, custodian, sequestrator or similar official for the Obligor or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take action for the purpose of effecting any of the foregoing; or

(e) An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Obligor, or of a substantial part of its property, under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law or (ii) the appointment of a receiver, paying agent, custodian, sequestrator or similar official for the Obligor or for a substantial part of its property; and such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for thirty (30) days.

Section 3.02. Remedies. If an Event of Default shall occur and be continuing, FSA may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under this Agreement or any related instrument and any obligation, agreement or covenant of the Obligor under this Agreement; provided, however, that under this Agreement, FSA may not take any action to direct or require acceleration or other early redemption of the Obligations or adversely affect the rights of the Owners. All rights and remedies of FSA under this Section 3.02 are cumulative and the exercise of any one remedy does not preclude the exercise of one or more of the other available remedies.

ARTICLE IV

SETTLEMENT

FSA shall have the exclusive right to decide and determine whether any claim, liability, suit or judgment made or brought against FSA, the Obligor or any other party on the Contingency Insurance Policy shall or shall not be paid, compromised, resisted, defended, tried or appealed, and FSA's decision thereon, if made in good faith, shall be final and binding upon the Obligor. An itemized statement of expenses incurred by FSA, certified by an officer of FSA, or the voucher or vouchers for such payments, shall be prima facie evidence of the liability of the Obligor, and if the Obligor fails to reimburse FSA pursuant to subsection (b) of Section 2.01 hereof, upon the receipt of such statement of payments, interest shall be computed on such amount from the date of any payment made by FSA at the rate set forth in subsection (a) of Section 2.01 hereof.

ARTICLE V

MISCELLANEOUS

Section 5.01. Computations. All computations of premium, interest and fees hereunder shall be made on the basis of the actual number of days elapsed over a year of 360 days.

Section 5.02. Exercise of Rights. No failure or delay on the part of FSA to exercise any right, power or privilege under this Agreement and no course of dealing between FSA and the Obligor or any other party shall operate as a waiver of any such right, power or privilege nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which FSA would otherwise have pursuant to law or equity. No notice to or demand on any party in any case shall entitle such party to any other or further notice or demand in similar or other circumstances, or constitute a waiver of the right of the other party to any other or further action in any circumstances without notice or demand.

Section 5.03. Amendment and Waiver. Any provision of this Agreement may be amended, waived, supplemented, discharged or terminated only with the prior written consent of the Obligor and FSA. The Obligor hereby agrees that upon the written request of the Paying Agent, FSA may make or consent to issue any substitute for the Contingency Insurance Policy to cure any ambiguity or formal defect or omission in the Contingency Insurance Policy which does not materially change the terms of the Contingency Insurance Policy nor adversely affect the rights of the Owners, and this Agreement shall apply to such substituted Contingency Insurance Policy. FSA agrees to deliver to the Obligor and to the company or companies, if any, rating the Obligations, a copy of such substituted Contingency Insurance Policy.

Section 5.04. Successors and Assigns; Descriptive Headings.

(a) This Agreement shall bind, and the benefits thereof shall inure to, the Obligor and FSA and their respective successors and assigns, so long as the conditions in the Resolution are satisfied; provided that the Obligor may not transfer or assign any or all of its rights and obligations hereunder without the prior written consent of FSA.

(b) The descriptive headings of the various provisions of this Agreement are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 5.05. Other Sureties. If FSA shall procure any other surety to reinsure the Contingency Insurance Policy, this Agreement shall inure to the benefit of such other surety, its successors and assigns, so as to give to it a direct right of action against the Obligor to enforce this Agreement and "FSA," wherever used herein, shall be deemed to include such reinsuring surety, as its respective interests may appear.

Section 5.06. Signature on Bond. The Obligor's liability shall not be affected by its failure to sign the Contingency Insurance Policy nor by any claim that other indemnity or security was to have been obtained nor by the release of any indemnity, nor the return or exchange of any collateral that may have been obtained.

Section 5.07. Waiver. The Obligor waives any defense that this Agreement was executed subsequent to the date of the Contingency Insurance Policy, admitting and covenanting that such Contingency Insurance Policy was executed pursuant to the Obligor's request and in reliance on the Obligor's promise to execute this Agreement.

Section 5.08. Notices, Requests, Demands. Except as otherwise expressly provided herein, all written notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been given or made when actually received, or in the case of telex or telecopier notice sent over a telex or a telecopier machine owned or operated by a party hereto, when sent, addressed as specified below or at such other address as either of the parties hereto or the Paying Agent may hereafter specify in writing to the others:

If to the Obligor:

Vermont Housing Finance Agency
164 St. Paul Street
Burlington, Vermont 05401-4634
Attention: Finance Director
Telephone: (802) 652-3463
Fax: (802) 863-5422

If to the Trustee: The Howard Bank, N.A.
111 Main Street
Burlington, Vermont 05401
Attention: Corporate Trust Department
Telephone: (802) 658-1010

If to FSA: Financial Security Assurance Inc.
350 Park Avenue
New York, New York 10022
Attention: Managing Director - Surveillance
Telephone: (212) 826-0100
Fax: (212) 339-3518

Section 5.09. Survival of Representations and Warranties. All representations, warranties and obligations contained herein shall survive the execution and delivery of this Agreement and the Contingency Insurance Policy.

Section 5. 10. Governing Law. This Agreement and the rights and obligations of the parties under this Agreement shall be governed by and construed and interpreted in accordance with the laws of the State.

Section 5.11. Counterparts. This Agreement may be executed in any number of copies and by the different parties hereto on the same or separate counterparts, each of which shall be deemed to be an original instrument. Complete counterparts of this Agreement shall be lodged with the Obligor and FSA.

Section 5.12. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

VERMONT HOUSING FINANCE AGENCY

By: ______________________________
Authorized Officer

FINANCIAL SECURITY ASSURANCE INC.

By: ______________________________
Authorized Officer

ANNEX B

DEFINITIONS

For all purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise requires, all capitalized terms shall have the meanings as set out below.

"Agreement" means this Reimbursement Agreement.

"Commitment" means the FSA Commitment for Contingency Insurance Policy in the form delivered to the Obligor.

"Contingency Fund" means the Series ~~11A~~12 Contingency Fund established under the Resolution.

"Contingency Fund Payments" means the Contingency Fund withdrawals required to be made by or on behalf of the Obligor from the Contingency Fund, which will be applied to the payment of principal of and interest on the Obligations.

"Contingency Insurance Policy" means the financial guaranty insurance policy issued by FSA substantially in the form attached to this Agreement as Annex A.

"Contingency Insurance Policy Coverage" means the amount available at any particular time to be paid to the Trustee under the terms of the Contingency Insurance Policy, which amount shall not exceed ~~$613,010~~__________.

"Contingency Insurance Policy Payment" means an amount equal to the Contingency Fund Payment required to be made by the Obligor under the Resolution less (i) that portion of the Contingency Fund Payment paid by or on behalf of the Obligor, and (ii) other funds legally available to the Trustee for such purpose, all as certified by the Trustee in a demand for payment tendered pursuant to the terms of the Contingency Insurance Policy.

"Effective Interest Rate" means the lesser of (i) the Reimbursement Rate and (ii) the maximum rate of interest permitted by then applicable law; provided, however, that the Effective Interest Rate shall in no event be less than the interest rate on the Obligations.

"Event of Default" shall mean those events of default set forth in Section 3.01 of this Agreement.

"FSA" has the same meaning as set forth in the first paragraph of this Agreement.

"Legally Available Funds" means any moneys legally available to the Obligor for the payment of its obligations under this Agreement, including any moneys that may be subject to and secured by the full faith and credit and general obligation of the Obligor.

"Obligations" has the same meaning as set forth in the second paragraph of this Agreement.

"Obligor" has the same meaning as set forth in the first paragraph of this Agreement.

"Owners" means the registered owner of any Obligation as indicated in the books maintained by the applicable paying agent, the Obligor or any designee of the Obligor for such purpose. The term "Owner" shall not include the Obligor or any person or entity whose obligation or obligations by agreement constitute the underlying security or source of payment for the Obligations.

"Reimbursement Period" means, with respect to a particular Contingency Insurance Policy Payment, the period commencing on the date of such Contingency Insurance Policy Payment and ending 12 months following the date of such Contingency Insurance Policy Payment.

"Reimbursement Rate" means the per annum rate of interest, publicly announced from time to time by The Chase Manhattan Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by The Chase Manhattan Bank) plus 3%. The Reimbursement Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event The Chase Manhattan Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as FSA shall specify.

"Resolution" means the Obligor's Single Family Housing Bond Resolution adopted September 20, 1990, as supplemented by the Issuer's ~~Fifteenth~~Sixteenth Supplemental Single Family Housing Bond Resolution adopted ~~August 19, 1999~~________________, 2000, and as further amended and supplemented from time to time with the consent of FSA.

"State" means the State of Vermont.

"Trustee" means The Howard Bank, N.A., or successor.

REIMBURSEMENT AGREEMENT

REIMBURSEMENT AGREEMENT dated as of ~~September 1, 1999~~February 1, 2000 by and between VERMONT HOUSING FINANCE AGENCY, a public body corporate organized and existing under the laws of the State of Vermont (the issuer, as "Obligor') and Financial Security Assurance Inc. ("FSA"), a New York stock insurance company.

WITNESSETH:

WHEREAS, the Obligor will issue its Single Family Housing Bonds, Series ~~11A (AMT)~~12A and 12B (the "Obligations"), pursuant to the terms of the Resolution; and

WHEREAS, FSA will issue its Financial Guaranty Insurance Policy No. ~~50853~~XXXXXS1-N (the "Loan Insurance Policy"), substantially in the form set forth in Annex A to this Agreement guaranteeing certain payments by the Obligor subject to the terms and limitations of the Loan Insurance Policy; and

WHEREAS, to induce FSA to issue the Loan Insurance Policy, the Obligor has agreed to pay the premium for the insurance policy relating to the Obligations and to reimburse FSA for payments made by FSA under the Loan Insurance Policy from Legally Available Funds, all as more fully set forth in this Agreement; and

WHEREAS, the Obligor understands that FSA expressly requires the delivery of this Agreement as part of the consideration for the execution by FSA of the Loan Insurance Policy.

NOW, THEREFORE, in consideration of the premises and of the agreements herein contained and of the execution of the Loan Insurance Policy, the Obligor and FSA agree as follows:

ARTICLE I

DEFINITIONS; LOAN INSURANCE POLICY

Section 1.01. Definitions. Except as otherwise expressly provided herein or unless the context otherwise requires, the terms which are capitalized herein shall have the meanings specified in Annex B hereto.

Section 1.02. Loan Insurance Policy.

(a) FSA will issue the Loan Insurance Policy in accordance with and subject to the terms and conditions of the Commitment.

(b) The maximum liability of FSA under the Loan Insurance Policy and the coverage and term thereof shall be subject to and limited by the Loan Insurance Policy Coverage and the terms and conditions of the Loan Insurance Policy.

(c) Payments made under the Loan Insurance Policy will reduce the Loan Insurance Policy Coverage to the extent of such payment.

Section 1.03. Certain Other Expenses. The Obligor will pay all reasonable fees and disbursements of FSA's counsel related to any amendment, modification or supplement of this Agreement or the Loan Insurance Policy requested by the Obligor.

ARTICLE II

REIMBURSEMENT OBLIGATIONS OF OBLIGOR AND SECURITY THEREFOR

Section 2.01. Reimbursement for Payments Under the Loan Insurance Policy and Expenses.

(a) The Obligor will reimburse FSA, from Legally Available Funds, within the Reimbursement Period, without demand or notice by FSA to the Obligor or any other person, to the extent of each Loan Insurance Policy Payment with interest on each Loan Insurance Policy Payment from and including the date made to the date of the reimbursement by the Obligor at the Effective Interest Rate. Unless sooner repaid, the Obligor agrees that it shall make monthly level principal repayments for each Loan Insurance Policy Payment during the Reimbursement Period. Interest on each Loan Insurance Policy Payment shall be paid monthly during the Reimbursement Period. To the extent that interest payments due hereunder are not paid on a monthly basis, or are not paid as each principal repayment is made, interest shall accrue on such unpaid amounts at a rate equal to the Effective Interest Rate.

(b) The Obligor also agrees to reimburse FSA, from Legally Available Funds, immediately and unconditionally upon demand for all reasonable expenses incurred by FSA in connection with the Loan Insurance Policy and the enforcement by FSA of the Obligor's obligations under this Agreement together with interest on all such expenses incurred from and including the date which is 30 days from the date a statement for such expenses is received by the Obligor to the date of payment at the rate set forth in subsection (a) of this Section 2.01.

Section 2.02. Allocation of Payments. FSA and the Obligor hereby agree that each payment received by FSA from and on behalf of the Obligor as a reimbursement to FSA as required by Section 2.01 hereof shall be applied by FSA, first, to payment of any unpaid premium, second to repayment of the aggregate Loan Insurance Policy Payments made by FSA and not yet repaid and third, to other amounts, including, without limitation, any interest payable with respect to any Loan Insurance Policy Payments, then due to FSA.

Section 2.03. Unconditional Obligation. The obligations of the Obligor to pay all amounts due hereunder shall be a general obligation of the Obligor for which its full faith and credit are pledged. The obligations of the Obligor hereunder are absolute and unconditional and will be paid or performed strictly in accordance with this Agreement, irrespective of:

(a) any lack of validity or enforceability of, or any amendment or other modification of, or waiver with respect to, the Resolution or the Obligations;

(b) any exchange, release or nonperfection of any security interest in property securing the Obligations or this Agreement or any obligations hereunder;

(c) any circumstances which might otherwise constitute a defense available to, or discharge of, the Obligor with respect to the Obligations; or

(d) whether or not such Obligations are contingent or matured, disputed or undisputed, liquidated or unliquidated.

Section 2.04.

(a) All cash and investments in the Loan Insurance Fund established for the Obligations shall be transferred to the debt service fund for payment of debt service on Obligations before any drawing may be made on the Loan Insurance Policy or any other credit facility credited to the Loan Insurance Fund in lieu of cash. Payment of any Loan Insurance Policy Payments plus interest thereon shall be made prior to replenishment of any such cash amounts. Draws on all credit facilities (including the Loan Insurance Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Loan Insurance Fund. Payment of Loan Insurance Policy Payments plus interest thereon and reimbursement of amounts with respect to other credit facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Loan Insurance Fund.

(b) The Resolution shall not be discharged until all Loan Insurance Policy Payments plus interest thereon owing to Financial Security shall have been paid in full. The Obligor's obligation to pay such amounts shall expressly survive payment in full of the Obligations.

(c) The obligation of the Obligor to pay all Loan Insurance Policy Payments plus interest thereon shall be absolute and unconditional and a general obligation of the Obligor for which its full faith and credit are pledged.

(d) The Resolution shall require the Trustee to ascertain the necessity for a claim upon the Loan Insurance Policy and to provide notice to Financial Security in accordance with the terms of the Loan Insurance Policy at least five business days prior to each date upon which interest or principal is due on the Obligations.

ARTICLE III

EVENTS OF DEFAULT; REMEDEES

Section 3.01. Events of Default. The following events shall constitute Events of Default hereunder:

(a) The Obligor shall fail to pay to FSA any amount payable under Sections 1.03 or 2.01 hereof and such failure shall have continued for a period in excess of the Reimbursement Period;

(b) Any material representation or warranty made by the Obligor hereunder or under the Resolution or any statement in the application for the Loan Insurance Policy or any report, certificate, financial statement or other instrument provided in connection with the Commitment, the Loan Insurance Policy or herewith shall have been materially false, at the time when made;

(c) Except as otherwise provided in this Section 3.01, the Obligor shall fail to perform any of its other obligations hereunder, provided that such failure continues for more than thirty (30) days after receipt by the Obligor of notice of such failure to perform;

(d) The Obligor shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, paying agent, custodian, sequestrator or similar official for the Obligor or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take action for the purpose of effecting any of the foregoing; or

(e) An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Obligor, or of a substantial part of its property, under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law or (ii) the appointment of a receiver, paying agent, custodian, sequestrator or similar official for the Obligor or for a substantial part of its property; and such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for thirty (30) days.

Section 3.02. Remedies. If an Event of Default shall occur and be continuing, FSA may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under this Agreement or any related instrument and any obligation, agreement or covenant of the Obligor under this Agreement; provided, however, that under this Agreement, FSA may not take any action to direct or require acceleration or other early redemption of the Obligations or adversely affect the rights of the Owners. All rights and remedies of FSA under this Section 3.02 are cumulative and the exercise of any one remedy does not preclude the exercise of one or more of the other available remedies.

ARTICLE IV

SETTLEMENT

FSA shall have the exclusive right to decide and determine whether any claim, liability, suit or judgment made or brought against FSA, the Obligor or any other party on the Loan Insurance Policy shall or shall not be paid, compromised, resisted, defended, tried or appealed, and FSA's decision thereon, if made in good faith, shall be final and binding upon the Obligor. An itemized statement of expenses incurred by FSA, certified by an officer of FSA, or the voucher or vouchers for such payments, shall be prima facie evidence of the liability of the Obligor, and if the Obligor fails to reimburse FSA pursuant to subsection (b) of Section 2.01 hereof, upon the receipt of such statement of payments, interest shall be computed on such amount from the date of any payment made by FSA at the rate set forth in subsection (a) of Section 2.01 hereof.

ARTICLE V

MISCELLANEOUS

Section 5.01. Computations. All computations of premium, interest and fees hereunder shall be made on the basis of the actual number of days elapsed over a year of 360 days.

Section 5.02. Exercise of Rights. No failure or delay on the part of FSA to exercise any right, power or privilege under this Agreement and no course of dealing between FSA and the Obligor or any other party shall operate as a waiver of any such right, power or privilege nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which FSA would otherwise have pursuant to law or equity. No notice to or demand on any party in any case shall entitle such party to any other or further notice or demand in similar or other circumstances, or constitute a waiver of the right of the other party to any other or further action in any circumstances without notice or demand.

Section 5.03. Amendment and Waiver. Any provision of this Agreement may be amended, waived, supplemented, discharged or terminated only with the prior written consent of the Obligor and FSA. The Obligor hereby agrees that upon the written request of the Paying Agent, FSA may make or consent to issue any substitute for the Loan Insurance Policy to cure any ambiguity or formal defect or omission in the Loan Insurance Policy which does not materially change the terms of the Loan Insurance Policy nor adversely affect the rights of the Owners, and this Agreement shall apply to such substituted Loan Insurance Policy. FSA agrees to deliver to the Obligor and to the company or companies, if any, rating the Obligations, a copy of such substituted Loan Insurance Policy.

Section 5.04. Successors and Assigns; Descriptive Headings.

(a) This Agreement shall bind, and the benefits thereof shall inure to, the Obligor and FSA and their respective successors and assigns, so long as the conditions in the Resolution are satisfied; provided that the Obligor may not transfer or assign any or all of its rights and obligations hereunder without the prior written consent of FSA.

(b) The descriptive headings of the various provisions of this Agreement are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 5.05. Other Sureties. If FSA shall procure any other surety to reinsure the Loan Insurance Policy, this Agreement shall inure to the benefit of such other surety, its successors and assigns, so as to give to it a direct right of action against the Obligor to enforce this Agreement and "FSA," wherever used herein, shall be deemed to include such reinsuring surety, as its respective interests may appear.

Section 5.06. Signature on Bond. The Obligor's liability shall not be affected by its failure to sign the Loan Insurance Policy nor by any claim that other indemnity or security was to have been obtained nor by the release of any indemnity, nor the return or exchange of any collateral that may have been obtained.

Section 5.07. Waiver. The Obligor waives any defense that this Agreement was executed subsequent to the date of the Loan Insurance Policy, admitting and covenanting that such Loan Insurance Policy was executed pursuant to the Obligor's request and in reliance on the Obligor's promise to execute this Agreement.

Section 5.08. Notices, Requests, Demands. Except as otherwise expressly provided herein, all written notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been given or made when actually received, or in the case of telex or telecopier notice sent over a telex or a telecopier machine owned or operated by a party hereto, when sent, addressed as specified below or at such other address as either of the parties hereto or the Paying Agent may hereafter specify in writing to the others:

If to the Obligor:

Vermont Housing Finance Agency
164 St. Paul Street
Burlington, Vermont 05401-4634
Attention: Finance Director
Telephone: (802) 652-3463
Fax: (802) 863-5422

If to the Trustee:	The Howard Bank, N.A. 111 Main Street Burlington, Vermont 05401 Attention: Corporate Trust Department Telephone: (802) 658-1010
If to FSA:	Financial Security Assurance Inc. 350 Park Avenue New York, New York 10022 Attention: Managing Director - Surveillance Telephone: (212) 826-0100 Fax: (212) 339-3518

Section 5.09. Survival of Representations and Warranties. All representations, warranties and obligations contained herein shall survive the execution and delivery of this Agreement and the Loan Insurance Policy.

Section 5. 10. Governing Law. This Agreement and the rights and obligations of the parties under this Agreement shall be governed by and construed and interpreted in accordance with the laws of the State.

Section 5.11. Counterparts. This Agreement may be executed in any number of copies and by the different parties hereto on the same or separate counterparts, each of which shall be deemed to be an original instrument. Complete counterparts of this Agreement shall be lodged with the Obligor and FSA.

Section 5.12. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

VERMONT HOUSING FINANCE AGENCY

By: ______________________________
Authorized Officer

FINANCIAL SECURITY ASSURANCE INC.

By: ______________________________
Authorized Officer

ANNEX B

DEFINITIONS

For all purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise requires, all capitalized terms shall have the meanings as set out below.

"Agreement" means this Reimbursement Agreement.

"Commitment" means the FSA Commitment for Loan Insurance Policy in the form delivered to the Obligor.

"Effective Interest Rate" means the lesser of (i) the Reimbursement Rate and (ii) the maximum rate of interest permitted by then applicable law; provided, however, that the Effective Interest Rate shall in no event be less than the interest rate on the Obligations.

"Event of Default" shall mean those events of default set forth in Section 3.01 of this Agreement.

"FSA" has the same meaning as set forth in the first paragraph of this Agreement.

"Legally Available Funds" means any moneys legally available to the Obligor for the payment of its obligations under this Agreement, including any moneys that may be subject to and secured by the full faith and credit and general obligation of the Obligor.

"Loan Insurance Fund" means the Series ~~11A~~12 Loan Loss Claim Fund established under the Resolution.

"Loan Insurance Fund Payments" means the Loan Insurance Fund withdrawals required to be made by or on behalf of the Obligor from the Loan Insurance Fund, which will be applied to the payment of principal of and interest on the Obligations.

"Loan Insurance Policy" means the financial guaranty insurance policy issued by FSA substantially in the form attached to this Agreement as Annex A.

"Loan Insurance Policy Coverage" means the amount available at any particular time to be paid to the Trustee under the terms of the Loan Insurance Policy, which amount shall not exceed ~~$450,902~~__________.

"Loan Insurance Policy Payment" means an amount equal to the Loan Insurance Fund Payment required to be made by the Obligor under the Resolution less (i) that portion of the Loan Insurance Fund Payment paid by or on behalf of the Obligor, and (ii) other funds legally available to the Trustee for such purpose, all as certified by the Trustee in a demand for payment tendered pursuant to the terms of the Loan Insurance Policy.

"Obligations" has the same meaning as set forth in the second paragraph of this Agreement.

"Obligor" has the same meaning as set forth in the first paragraph of this Agreement.

"Owners" means the registered owner of any Obligation as indicated in the books maintained by the applicable paying agent, the Obligor or any designee of the Obligor for such purpose. The term "Owner" shall not include the Obligor or any person or entity whose obligation or obligations by agreement constitute the underlying security or source of payment for the Obligations.

"Reimbursement Period" means, with respect to a particular Loan Insurance Policy Payment, the period commencing on the date of such Loan Insurance Policy Payment and ending 12 months following the date of such Loan Insurance Policy Payment.

"Reimbursement Rate" means the per annum rate of interest, publicly announced from time to time by The Chase Manhattan Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by The Chase Manhattan Bank) plus 3%. The Reimbursement Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event The Chase Manhattan Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as FSA shall specify.

"Resolution" means the Obligor's Single Family Housing Bond Resolution adopted September 20, 1990, as supplemented by the Issuer's ~~Fifteenth~~Sixteenth Supplemental Single Family Housing Bond Resolution adopted ~~August 19, 1999~~_______________, 2000, and as further amended and supplemented from time to time with the consent of FSA.

"State" means the State of Vermont.

"Trustee" means The Howard Bank, N.A., or successor.

VERMONT HOUSING FINANCE AGENCY

$3,995,000 Single Family Housing Bonds, Series 12A
$26,005,000 Single Family Housing Bonds, Series 12B

PURCHASE CONTRACT

February 10, 2000

Vermont Housing Finance Agency
164 St. Paul Street
Burlington, Vermont 05401

Ladies and Gentlemen:

The undersigned PaineWebber Incorporated, Salomon Smith Barney Inc. and A.G. Edwards & Sons, Inc. (collectively, the "Underwriters"), hereby offer to enter into this Purchase Contract (the "Purchase Contract") with you (the "Agency") on the following terms and conditions. This offer is made subject to acceptance by the Agency prior to 5:00 p.m., Vermont time, on the date hereof, and upon such acceptance this Purchase Contract shall be in full force and effect in accordance with its terms and shall be binding upon both the Agency and the Underwriters. If this offer is not so accepted, it is subject to withdrawal by the Underwriters upon written notice delivered to the Agency at any time prior to acceptance hereof by the Agency.

This Purchase Contract relates to the sale of all (but not less than all) of $3,995,000 aggregate principal amount of your Single Family Housing Bonds, Series 12A (Non-AMT) (the "Series 12A Bonds") and $26,005,000 aggregate principal amount of your Single Family Housing Bonds, Series 12B (AMT) (the "Series 12B Bonds" and, together with the Series 12A Bonds, the "Series 12 Bonds"), as more fully described in the Official Statement dated February [__], 2000 (the "Official Statement") of the Agency relating to the Series 12 Bonds, the $17,500,000 Single Family Housing Notes, Series 12C (AMT) (the "Series 12C Notes"), and the $17,500,000 Single Family Housing Notes, Series 12D (AMT) (the "Series 12D Notes") and, together with the Series 12C Notes, (the "Series 12 Notes"). Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Official Statement.

1. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriters, jointly and severally, hereby agree to purchase from the Agency and the Agency agrees to sell to the Underwriters all (but not less than all) of the Series 12A Bonds maturing [__________], at a purchase price of $[__________] plus accrued interest from the date of the same to the Closing, and the Series 12B Bonds maturing [__________], at a purchase price of $[__________] plus accrued interest from the date of the same to the Closing, to which reference is made in Section 7 hereof,

payable in immediately available funds. The Series 12 Bonds purchased by the Underwriters are referred to herein as the "Underwritten Bonds." The aggregate principal amount of the Series 12 Bonds, the date of the Series 12 Bonds upon initial issuance, the dates on which and years in which the Series 12 Bonds mature, the principal amount of the Series 12 Bonds due on each maturity date, the initial interest rate for the Series 12Bonds due on each maturity date, and the dates upon which interest is to be paid shall be as set forth in the Official Statement.

The Series 12 Bonds shall be described in, and shall be issued and secured under and pursuant to, the Agency's Single Family Housing Bond Resolution adopted on September 20, 1990, authorizing the issuance and sale of its Single Family Housing Bonds (as heretofore amended and supplemented, the "General Resolution") and the Sixteenth Supplemental Single Family Housing Bond Resolution authorizing the issuance and sale of the Series 12 Bonds, adopted by the Agency on January [__], 2000 (as supplemented by the Series Certificate of the Chairman and Executive Director of the Agency, the "Supplemental Resolution," and, together with the General Resolution, sometimes collectively referred to herein as the "Resolution"). The Underwriters agree to make a bona fide public offering of the Underwritten Bonds at not in excess of the initial offering prices or yields set forth in the Official Statement; reserving, however, the right to change such initial offering prices or yields as the Underwriters deem necessary in connection with the offering of the Underwritten Bonds. The Underwriters also reserve the right to overallot or effect transactions that stabilize or maintain the market price of the Underwritten Bonds at a level above that which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time.

2. PaineWebber Incorporated ("PaineWebber") represents that it is authorized on behalf of the Underwriters to enter into this Purchase Contract and to act hereunder by and on behalf of the Underwriters. The Agency and the Underwriters agree that any authority, discretion or other power conferred upon the Underwriters under any of the provisions of this Purchase Contract may be exercised by PaineWebber, and payment for, acceptance of, and delivery and execution of any receipt for the Underwritten Bonds and any other instruments upon or in connection with the Closing executed solely by PaineWebber on behalf of the Underwriters shall be valid and sufficient for all purposes and binding upon each of the Underwriters. No such action by PaineWebber shall impose any obligation or liability upon it or any other Underwriter, other than as may arise as expressly set forth in this Purchase Contract.

3. As security for the performance by the Underwriters of their obligation to accept and pay for the Underwritten Bonds at the Closing in accordance with the provisions of this Purchase Contract, the Underwriters herewith deliver to the Agency a certified or official bank check payable to the Agency's order in New York Clearing House funds, in the amount of $[______] (the "Good Faith Deposit"). Said check may be cashed and the proceeds thereof may be invested and held as such security until the Closing. Concurrently with the delivery of and payment for the Underwritten Bonds at the Closing, the amount of the Good Faith Deposit shall be applied in partial payment of the purchase price of the Underwritten Bonds. If the Agency does not accept this offer, or fails to deliver the Underwritten Bonds at the Closing, or is unable to satisfy the

conditions to the obligations of the Underwriters contained in this Purchase Contract (unless waived by the Underwriters), or if such obligations are terminated for any reason permitted by this Purchase Contract, the Agency shall immediately return the amount of the Good Faith Deposit to the Underwriters, and thereupon all claims and rights hereunder of the Underwriters against the Agency shall be fully released and discharged. If the Underwriters fail (other than for a reason permitted under this Purchase Contract) to accept and pay for the Underwritten Bonds at the Closing, the proceeds of the Good Faith Deposit and the investment earnings thereon shall be retained by the Agency as and for full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriters, and thereupon all your claims and rights hereunder against the Underwriters shall be fully released and discharged. Notwithstanding the foregoing, the respective obligations of the Agency and the Underwriters for the payment of expenses set forth in paragraph 10 hereof shall survive any such termination.

4. The Agency shall deliver or cause to be delivered to the Underwriters within five business days from the date hereof, a reasonable number of copies of the Official Statement of the Agency dated February [__], 2000 with respect to the Series 12 Bonds, substantially in the form of the Preliminary Official Statement of the Agency dated January 25, 2000 with respect to the Series 12 Bonds (the "Preliminary Official Statement") with only such changes as have been approved by the Underwriters, signed on your behalf by the Executive Director of the Agency (such Official Statement, including the cover page and all appendices attached thereto being herein called the "Official Statement," except that if the Official Statement has been amended with the Underwriters' approval between the date thereof and the respective dates upon which the Underwritten Bonds are delivered to the Underwriters, the term "Official Statement" shall refer to the Official Statement as so amended). As soon as practicable after receipt thereof, the Underwriters shall deliver the Official Statement and any supplement or amendment thereto, to a nationally recognized municipal securities information repository. The Agency hereby authorizes the use of copies of the Official Statement and the Resolution in connection with the public offering and sale of the Underwritten Bonds and ratifies the use by the Underwriters, prior to the date hereof, of the Preliminary Official Statement in connection with the public offering of the Underwritten Bonds.

5. The Agency represents to and agrees with the Underwriters that:

(a) both as of the date of the Official Statement and at all times subsequent thereto up to and including a date 25 days following the "End of the Underwriting Period" (hereinafter defined) (i) the statements and information contained in the Official Statement (other than the public offering prices or yields of the Series 12 Bonds shown on the inside cover of the Official Statement, the stabilization clause on page "i" thereof, the information under the captions "Municipal Bond Insurance" and "Underwriting," and in Appendix V "Certain Information Regarding Credit Enhancement Providers," and any other statements and information therein furnished in writing to the Agency by the Underwriters and statements and information relating to the book-entry system) are and will be true, correct and complete in all material respects and (ii) the Official Statement does not and will not omit any statement or information that is necessary to make the statements and information therein (other than the public offering prices or yields of the

Series 12 Bonds shown on the inside cover of the Official Statement, the stabilization clause on page "i" thereof or the information under the captions "Municipal Bond Insurance" and "Underwriting," and in Appendix V "Certain Information Regarding Credit Enhancement Providers"), in the light of the circumstances under which they were made, not misleading in any material respect;

(b) the Agency is and will be at the date of Closing duly created and established as a body politic and corporate having the powers and authority set forth in No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended, the same being Chapter 25 of Title 10 of the Vermont Statutes Annotated, as amended (the "Act");

(c) between the date of this Purchase Contract and Closing, the Agency will not, without the prior consent of the Underwriters, issue any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement, and, except in the ordinary course of its business of conducting its programs as described in or contemplated by the Official Statement and except as otherwise described in or contemplated by the Official Statement, will not incur any liabilities, direct or contingent, and there will not have been any adverse change of a material nature in the financial position or in the results of operations of the Agency as disclosed in the Official Statement;

(d) the Agency will undertake, pursuant to the Supplemental Resolution and the Continuing Disclosure Agreement, dated the date of the Closing, between the Agency and the Trustee (the "Continuing Disclosure Agreement"), to provide certain annual financial information and notices of the occurrence of certain events if material. The form of this undertaking is set forth as an appendix to the Preliminary Official Statement and will also be set forth as an appendix to the final Official Statement;

(e) when delivered to and paid for by the Underwriters at Closing in accordance with the provisions of this Purchase Contract, the respective Series 12 Bonds will have been duly authorized, executed, issued and delivered and will constitute valid and binding special obligations of the Agency, in conformity with, and entitled to the benefit and security of, the Act, the General Resolution and the Supplemental Resolution;

(f) the adoption of the Resolution, the execution of this Purchase Contract, the Continuing Disclosure Agreement, the Mortgage Loan Application, Commitment and Purchase Agreements (the "Commitment Agreements") and the Mortgage Loan Servicing Agreements (the "Servicing Agreements"), each as described in the Official Statement, the execution of the Blanket Issuer Letter of Representation dated April 4, 1995 relating to certain bonds of the Agency, including the Series 12 Bonds (the "Representation Letter"), addressed to The Depository Trust Company ("DTC"), and the execution of the Remarketing Agreement for the Series 12 Bonds, among the Agency and PaineWebber (the "Remarketing Agent"), acting thereunder by and on behalf of itself and Salomon Smith Barney and A.G. Edwards & Sons, Inc., as remarketing agents for the Series 12 Bonds (the "Remarketing Agreement"), compliance with the provisions thereof and hereof, under the circumstances contemplated thereby and hereby, does not and will not, in any material respect conflict with or constitute on the part of the Agency a breach of or default under any agreement or other instrument to which the Agency is a party or violate any existing law, ordinance, administrative regulation, court order or consent decree to which the Agency is subject; and

(g) if between the date of this Purchase Contract and a date 25 days following the End of the Underwriting Period (hereinafter defined) (i) any event shall occur or any pre-existing fact or condition shall become known which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Agency shall promptly notify the Underwriters thereof, and (ii) if in the reasonable opinion of the Underwriters, such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the Agency will supplement or amend the Official Statement so that the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided however, that any such amendment or supplement shall be subject to the approval of the Underwriters and their counsel. The Agency will furnish to the Underwriters such number of copies of the Official Statement, as so amended or such supplement, as the Underwriters may reasonably request.

6. Prior to or simultaneously with the execution of this Purchase Contract, we shall have received from KPMG LLP a letter substantially in the form set forth in Exhibit A hereto.

7. At 10:00 a.m. New York time on February 24, 2000, or at such other time or on such earlier or later date upon which we mutually agree (herein called the "Closing"), the Agency will deliver or cause to be delivered the Underwritten Bonds to the Underwriters' accounts at the Depository Trust Company, New York, New York ("DTC"), and the other documents hereinafter mentioned to be delivered to the Underwriters at the offices of the Agency in Burlington, Vermont, or at such other place upon which the Agency and the Underwriters may mutually agree, provided that the Underwritten Bonds shall be available to the Underwriters at DTC for checking at least 24 hours prior to the Closing. The Underwriters will accept delivery of the Underwritten Bonds at the Closing and pay the purchase price thereof (less the amount of the Good Faith Deposit) by wire transfer payable in immediately available funds to the order of the Agency. The Series 12 Bonds shall be delivered as duly executed, fully registered bonds in definitive form and bearing CUSIP numbers. The Series 12 Bonds (one Bond for each maturity in the respective principal amounts equal to the aggregate principal amounts of the Series 12 Bonds for each maturity) will be typewritten and registered in the name of Cede & Co.

8. The Underwriters have entered into this Purchase Contract in reliance upon the representations and agreements of the Agency herein and the performance by the Agency of its obligations hereunder, both as of the date hereof and as of the date of

Closing. The obligations of the Underwriters under this Purchase Contract are and shall be subject to the following further conditions:

(a) at the time of the Closing, (i) the Official Statement and the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by us, (ii) the proceeds of the sale of the Series 12 Bonds shall be applied as described in the Official Statement, and (iii) you shall have duly adopted and there shall be in full force and effect such resolutions as, in the opinion of Kutak Rock (herein called "Bond Counsel"), are necessary in connection with the transactions contemplated hereby;

(b) the Underwriters shall have the right pursuant to written notice given to the Agency to cancel their obligations to purchase the Underwritten Bonds if, between the date hereof and the Closing: (i) legislation shall be introduced in or enacted by the Congress of the United States or enacted by the State of Vermont, or shall have been reported out of committee of either body of the Congress of the United States or be pending in committee of either body or be reported out of or pending in a joint committee of Congress or legislation pending in the Congress of the United States shall be amended, or a decision shall be rendered by a court of the United States or the State of Vermont, including the Tax Court of the United States, or a ruling shall be made or a regulation shall be proposed or made or a press release or other form of notice shall be issued by the Treasury Department of the United States or the Internal Revenue Service or other federal or Vermont authority having jurisdiction, with respect to federal or Vermont taxation upon revenues or other income of the general character to be derived by the Agency or by any similar body, or upon interest on obligations of the general character of the Series 12 Bonds, that may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or Vermont tax consequences of any of the transactions contemplated in connection herewith, and that, in the reasonable opinion of the Underwriters (with respect to their obligation to purchase the Underwritten Bonds), affects materially and adversely the market for, or sale of, the Underwritten Bonds by the Underwriters at the contemplated offering prices or yields or, (ii) any event shall have occurred, or any condition shall exist that, in the reasonable opinion of the Underwriters either (A) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (B) is not reflected in the Official Statement but should be reflected therein to make the statements and information contained therein not misleading in any material respect; or (iii) there shall have occurred any outbreak or escalation of hostilities or other national or international calamity or crisis, the effect of such outbreak, escalation, calamity or crisis on the financial markets of the United States being such as, in the reasonable opinion of the Underwriters, would affect materially and adversely the ability of the Underwriters to market the Underwritten Bonds; or (iv) there shall be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction; or (v) a general banking moratorium shall have been declared by federal or New York or Vermont authorities having jurisdiction and be in force; or (vi) there shall be established any new restriction on transactions in securities materially adversely affecting the market for the Series 12 Bonds or any securities of the general character of the Series 12 Bonds (including the imposition of any limitation on interest rates) or the extension of credit by, or the charge to the net capital requirements of underwriters established by the New York Stock Exchange, the Securities and Exchange Commission, any other federal or state agency or the Congress of the United States, or by Executive Order that, in the reasonable judgment of the Underwriters would materially and adversely affect the market price of the Underwritten Bonds or the marketability of the Underwritten Bonds which in the Underwriters' judgment makes it impracticable or inadvisable to proceed with solicitation of offers to purchase the Underwritten Bonds; or (vii) a decision of any federal or state court or a ruling or regulation (final, temporary or proposed) of the Securities and Exchange Commission or other governmental agency or Court shall have been made or issued that would (A) make the Series 12 Bonds or any securities of the general character of the Series 12 Bonds subject to the registration requirements of the Securities Act of 1933 or (B) require the qualification of the General Resolution or the Supplemental Resolution under the Trust Indenture Act of 1939, as amended; or (viii) an actual or imminent default or a moratorium in respect of payment of any U.S. Treasury bills, bonds or notes the effect of which in the Underwriters' judgment makes it impractical for the Underwriters to market the Underwritten Bonds;

(c) at or prior to the Closing, the Underwriters shall receive the following documents:

(i) the unqualified approving opinion of Bond Counsel, dated the date of the Closing, in substantially the form included as Appendix VI to the Official Statement, accompanied by a supplementary opinion thereto, dated the date of the Closing and addressed to the Agency, and to the Underwriters, to the effect that (i) this Purchase Contract has been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a binding agreement of the Agency in accordance with its terms; (ii) the Agency has duly approved the Official Statement and has duly ratified the distribution of the Preliminary Official Statement; (iii) the statements contained in the Official Statement with respect to the Series 12 Bonds, the Act, the Agency, the Resolution, the Continuing Disclosure Agreement and federal income tax matters under the headings entitled: "Introductory Statement," "The Agency" (as to the subheading "Purpose and Powers" only), "Single Family Mortgage Purchase Program" (as to the first paragraph only under the subheading "Mortgage Insurance Requirements"), "Security for the Bonds," "The Offered Bonds," "Book Entry System" (as to the eighth and fourteenth paragraphs under such heading only), "Summary of Certain Provisions of the General Resolution," "Pledge and Agreement of the State," "Continuing Disclosure," "Tax Exemption," "Certain Federal Income Tax Matters", Appendix IV "Definitions of Certain

Terms" and Appendix VII "Form of the Continuing Disclosure Agreement" insofar as such statements are made with respect to the Agency or purport to summarize certain provisions of the Act, the Resolution, the Continuing Disclosure Agreement, the Series 12 Bonds and certain provisions of the Internal Revenue Code of 1986, as amended, are correct and do not omit any matter that, in their opinion, should be included or referred to therein and that is not included elsewhere in the Official Statement; (iv) the Resolution and the Series 12 Bonds conform as to form and tenor with the terms and provisions thereof as summarized and set out in the Official Statement; (v) based upon the examinations that they have made as Bond Counsel, and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, nothing has come to their attention that would lead them to believe that the Official Statement as of its date or as of the date of Closing contains or contained any untrue statement of a material fact or omits or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, it being understood that in rendering such opinion Bond Counsel is not required to express an opinion with respect to financial statements and other financial, operating and statistical data included in the Official Statement or the information contained under the heading "Underwriting", in the fourth paragraph of page "i" of the Official Statement or in Appendix V "Certain Information Regarding Credit Enhancement Providers"; (vi) under existing laws, the Series 12 Bonds may be offered and sold without registration under the Securities Act of 1933, as amended, and the Resolution is not required to be qualified under the Trust Indenture Act of 1939, as amended; and (vii) under existing law, the adjustment of the interest rate on all or a portion of the Series 12 Bonds in accordance with the provisions of the Supplemental Resolution will not adversely affect the excludability of interest on the Series 12 Bonds from the gross income of the holders thereof.

(ii) the opinion of Carroll & Scribner, Burlington, Vermont, General Counsel of the Agency, dated the date of the Closing and addressed to the Agency and the Underwriters, with respect to the Series 12 Bonds, to the effect that, with respect to matters of Vermont law only, (i) the Agency is a body politic and corporate of the State of Vermont, duly organized, validly existing and in good standing under the laws of the State of Vermont and has the power to enter into the transactions contemplated by the Official Statement; (ii) the Remarketing Agreement and the Representation Letter have been duly authorized, executed and delivered by the Agency; (iii) the Continuing Disclosure Agreement has been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding agreements of the Agency in accordance with their terms; (iv) this Purchase Contract, the Commitment Agreements that have been executed and delivered as of the date thereof and the Servicing Agreements that have been executed and delivered as of the date thereof have been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the other parties to the same, constitute binding agreements of the Agency in accordance with their terms; (v) the Agency has duly approved the Official Statement and has duly ratified the distribution of the Preliminary Official Statement; (vi) the information in the Official Statement with respect to the Commitment Agreements and the Servicing Agreements is correct and does not omit any statement that, in his opinion, should be included or referred to therein, and the Commitment Agreements that have been executed and delivered as of the date thereof and the Servicing Agreements that have been executed and delivered as of the date thereof conform as to form and tenor with the terms, provisions and descriptions thereof as summarized and set out in the Official Statement; (vii) based upon the examinations that he has made as counsel for the Agency but without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, nothing has come to his attention that would lead him to believe that the Official Statement as of its date or as of the date of Closing (except for the information contained under the heading "Underwriting" or in the second paragraph of page "i" of the Official Statement or in Appendices I, II, IIA, V and VI as to which he need express no opinion) contains or contained any untrue statement of a material fact or omits or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, it being understood that in rendering such opinion, counsel for the Agency shall not be required to express an opinion with respect to financial statements and other financial data included in the Official Statement; (viii) under the Act, the Series 12 Bonds and the interest thereon and the income therefrom are exempt from all Vermont taxation, franchise fees and special assessments of every kind, except for transfer, inheritance and estate taxes; (ix) to the best of his knowledge, there is no action, suit, proceeding, investigation at law or in equity before or by any court, judicial board or body, pending or threatened, against or affecting the Agency, wherein an unfavorable decision, ruling or finding would affect materially and adversely the transactions contemplated by the Official Statement or the validity of the Resolution, the Series

12 Bonds, the Mortgage Loans, the Commitment Agreements, the Servicing Agreements, the Remarketing Agreement, the Representation Letter, the Continuing Disclosure Agreement or this Purchase Contract; and (x) the adoption of the General Resolution, the Supplemental Resolution and the execution and delivery by the Agency of the Series 12 Bonds, the Commitment Agreements, the Servicing Agreements, the Representation Letter, the Remarketing Agreement, the Continuing Disclosure Agreement and this Purchase Contract, and compliance with the terms and provisions thereof, under the circumstances contemplated thereby, and the performance by the Agency of the transactions described in the Official Statement, do not and will not in any material respect conflict with the by-laws of the Agency or any existing law, court order or consent decree to which the Agency is subject, and, to the best of his knowledge after due inquiry, such execution, delivery and compliance does not and will not constitute on the part of the Agency a breach of or default under any agreement or other instrument to which the Agency is a party; it being understood that in rendering such opinion General Counsel of the Agency is entitled to rely on the opinion of the Vermont Department of Taxes with respect to the opinion expressed in clause (viii), need render no opinion as to the requirement of registration of the Series 12 Bonds under the Securities Act of 1933, as amended, or under the similar provisions of any state statute or regulation, and need render no opinion as to any matter of federal law;

(iii) the opinion of Orrick, Herrington & Sutcliffe LLP, New York, New York, counsel for the Underwriters, dated the date of the Closing, and addressed to the Underwriters and the Placement Agent to the effect that (i) under existing laws, the Series 12 Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended; and (ii) without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of their conferences with the representatives of the Agency, counsel for the Agency, Bond Counsel and the Underwriters and their examination of certain documents referred to in the Official Statement, no information has come to the attention of the attorneys in such firm rendering legal services in connection with their representation of the Underwriters in this matter that would cause them to believe that the Official Statement as of its date or as of the date of the Closing contains or contained any untrue statement of a material fact or omits or omitted to state any material fact required to be stated therein or that is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood that in rendering such opinion counsel for the Underwriters is not required to express an opinion with respect to financial statements and other financial, statistical or numerical data included in the Official Statement or any information concerning the book-entry system for registration of the Series 12 Bonds, FSA, MBIA, AMBAC, The Sanwa Bank, Limited or DTC;

(iv) a certificate, dated the date of the Closing, signed by the Chairman and the Executive Director or the Director of Finance of the Agency and in form and substance satisfactory to the Underwriters to the effect that (i) the representations, agreements and warranties of the Agency herein are true and correct in all material respects as of the date of Closing; (ii) the Commitment Agreements that have been executed and delivered as of the date thereof, the Remarketing Agreement, the Representation Letter, the Continuing Disclosure Agreement and the Servicing Agreements that have been executed and delivered as of the date thereof have been duly executed by the Agency and, assuming due execution by the other parties thereto, constitute binding agreements of the Agency that are in full force and effect; (iii) no litigation is pending or, to their knowledge, threatened (a) to restrain or enjoin the issuance, sale, execution or delivery of any of the Series 12 Bonds or the making of loans with the proceeds of the Series 12 Bonds, (b) in any way contesting or affecting any authority for the issuance or validity of the Series 12 Bonds, any proceedings of the Agency taken with respect to the issuance or sale of the Series 12 Bonds, the pledge or application of any money or security provided for the payment of the Series 12 Bonds or the validity of the Resolution, the Commitment Agreements, the Servicing Agreements, the Representation Letter, the Remarketing Agreement, the Continuing Disclosure Agreement or this Purchase Contract, or (c) in any way contesting the existence or powers of the Agency; and (iv) to the best of their knowledge, no event affecting the Agency has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purpose for which it is to be used or that is necessary to be disclosed therein to make the statements and information therein not misleading in any material respect;

(v) a letter of KPMG LLP, dated the date of the Closing and addressed to the Agency and the Underwriters, to the effect that such accountants confirm with respect to the final Official Statement, as of a date not more than five business days prior to the Closing, the statements made in the letter furnished by such accountants pursuant to paragraph 6 hereof;

(vi) two copies of the General Resolution and the Supplemental Resolution;

(vii) two certified copies of the Preliminary Official Statement, the Official Statement and this Purchase Contract;

(viii) a letter of Bond Counsel, dated the date of the Closing and addressed to PaineWebber on behalf of the Underwriters to the effect that their final approving opinion on the Series 12 Bonds may be relied upon by the Underwriters to the same extent as if such opinion was addressed to the Underwriters;

(ix) the Remarketing Agreement, dated the date of Closing and in form satisfactory to the Underwriters;

(x) a copy of the Act, certified by the Agency to be a true and complete copy of the Act as of the date of the Closing;

(xi) a letter from Standard & Poor's Ratings Group to the effect that it has assigned a rating of "AAA" to the Series 12 Bonds;

(xii) a letter from Moody's Investors Service, Inc. to the effect that it has assigned a rating of "Aaa" to the Series 12 Bonds;

(xiii) a copy of the Representation Letter;

(xiv) the Continuing Disclosure Agreement in the form included as Appendix VII to the Official Statement;

(xv) a specimen copy of the municipal bond insurance policy and surety bonds issued by [Financial Security Assurance, Inc. ("FSA") together with an opinion of counsel to FSA] in form and substance satisfactory to the Underwriters; and

(xvi) such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriters or Bond Counsel may reasonably request to evidence compliance by the Agency with legal requirements, the truth and accuracy, as of the time of the Closing, of the representations of the Agency herein and in the Official Statement, and the due performance or satisfaction by the Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Agency.

(d) the Agency shall have simultaneously sold to PaineWebber Incorporated and PaineWebber Incorporated shall have purchased all (but not less than all) of the Series 12 Notes.

If the Agency shall be unable to satisfy the conditions to the Underwriters' contained in this Purchase Contract with respect to the Series 12 Bonds or if the Underwriters' obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriters nor the Agency shall have any further obligation hereunder, except that the amount of the Good Faith Deposit shall be returned to us and the respective obligations under paragraph 10 hereof shall continue.

9. At the Closing, contemporaneously with the receipt of the Underwritten Bonds, the Underwriters will deliver to the Agency a receipt therefor, in form satisfactory to Bond Counsel, signed by PaineWebber on behalf of the Underwriters. On or before the date of the Closing, the Underwriters shall deliver to the Agency a certificate acceptable to Bond Counsel signed by PaineWebber on behalf of the Underwriters to the effect that (i) all of the Underwritten Bonds have been the subject of a bona fide initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices no higher than, or at yields no lower than, those shown on the inside cover of the Official Statement and (ii) based on the Underwriters' records and other information available to them which they believe to be correct, a substantial amount (at least 10%) of each maturity of the Underwritten Bonds was sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at initial prices no higher than, or yields no lower than, those shown on the inside cover of the Official Statement.

10. The Agency shall pay any expenses incident to the performance of its obligations hereunder including but not limited to: (i) the fees and disbursements of Bond Counsel; (ii) the cost of preparing and printing the Preliminary Official Statement and the Official Statement; (iii) the fees of rating agencies; and (iv) the fees and disbursements of any other counsel, experts or consultants retained by the Agency.

The Underwriters shall pay: (i) all advertising expenses in connection with the public offering of the Underwritten Bonds; (ii) the cost of preparing the Blue Sky Memorandum and this Purchase Contract; (iii) all other expenses incurred by them or any of them in connection with their public offering and distribution of the Underwritten Bonds, including the fees and disbursements of counsel retained by them; and (iv) all expenses incurred by them in connection with their performance in the capacity of Underwriters for the Underwritten Bonds.

11. Any notice or other communication to be given to the Agency under this Purchase Contract may be given by delivering the same in writing to Sarah E. Carpenter, Executive Director, Vermont Housing Finance Agency, 164 St. Paul Street, Burlington, Vermont 05401; such notice or other communication to be given to the Underwriters may be given by delivering the same in writing to PaineWebber Incorporated, 1285 Avenue of the Americas, New York, New York 10019, to the attention of Andrew F. Gurley;

12. This Purchase Contract is made solely for the benefit of the Agency and the Underwriters (including the successors or assigns of any of the Underwriters) and no other person, partnership, association or corporation shall acquire or have any rights hereunder or by virtue hereof. All representations and agreements of the Agency in this Purchase Contract shall remain operative and in full force and effect regardless of any

investigation made by or on behalf of any of the Underwriters and shall survive the delivery of and payment for the Series 12 Bonds. This Purchase Contract shall be enforceable in accordance with the laws of the State of New York.

13. For purposes of this Purchase Contract, the End of the Underwriting Period shall mean the earlier of (a) the day of the Closing unless the Agency has been notified in writing to the contrary by the Underwriters on or prior to the day of such Closing, or (b) the date on which the "End of the Underwriting Period" for the Underwritten Bonds has occurred under Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934 (the "Rule").

The Agency may request from the Underwriters from time to time, and the Underwriters shall provide to the Agency upon such request, such information as may be reasonably required by it in order to determine whether the "End of the Underwriting Period" for the Underwritten Bonds has occurred under the Rule with respect to the unsold balances of the Underwritten Bonds that are held by any Underwriter for sale to the public within the meaning of the Rule. If there remains any unsold balance of Underwritten Bonds for sale to the public within the meaning of the Rule, then the Underwriters shall promptly notify the Agency in writing that, in their opinion, the End of the Underwriting Period for the Underwritten Bonds under the Rule has occurred on a date which shall be set forth in such notification. The Agency shall be entitled to treat as the End of the Underwriting Period for the Underwritten Bonds, the date specified by the Underwriters in such notification.

PAINEWEBBER INCORPORATED
SALOMON SMITH BARNEY INC.
A.G. EDWARDS & SONS, INC.

By: PaineWebber Incorporated

By:______________________________
Managing Director

Accepted by the
VERMONT HOUSING FINANCE AGENCY

By: ______________________________
Executive Director

Exhibit A
to the
Purchase Contract

PROPOSED FORM OF ACCOUNTANT'S LETTER
[LETTERHEAD OF KPMG]

_____________, 2000

Vermont Housing Finance Agency
164 St. Paul Street
Burlington, Vermont 05401

PaineWebber Incorporated
Salomon Smith Barney Inc.
A.G. Edwards & Sons, Inc.
c/o PaineWebber Incorporated
1285 Avenue of the Americas
New York, New York 10019

Ladies and Gentlemen:

We audited, in accordance with generally accepted auditing standards, the balance sheet of Vermont Housing Finance Agency (the "Agency") as of June 30, 1999, and the related statements of revenues, expenses and changes in fund balances and cash flows for the year then ended, and have issued our report thereon dated [__________]. Those financial statements and our report thereon are included in the Preliminary Official Statement of the Agency, dated January 25, 2000 (the "Preliminary Official Statement"), relating to the offering of $3,995,000 aggregate principal amount of Single Family Housing Bonds, Series 12A (Non-AMT) (the "Series 12A Bonds"), $26,005,000 aggregate principal amount of Single Family Housing Bonds, Series 12B (AMT) (the "Series 12B Bonds") and together with the Series 12A Bonds, (the "Series 12 Bonds"), $17,500,000 aggregate principal amount of Single Family Housing Notes, Series 12C (AMT) (the "Series 12C Notes") and $17,500,000 aggregate principal amount of Single Family Housing Notes, Series 12D (AMT) (the "Series 12D Notes,") and, together with the Series 12C Notes, the "Series 12 Notes"), all as more fully described in the Official Statement dated February [__], 2000 (the "Official Statement") of the Agency relating to the Series 12 Bonds and the Series 12 Notes. The Series 12 Bonds and the Series 12 Notes are collectively referred to herein as the "Bonds."

We have not audited any financial statements of the Agency as of any date or for any period subsequent to June 30, 1999; although we have conducted an audit for the year ended June 30, 1999, the purpose (and therefore the scope) of the audit was to enable us to express our opinion on the financial statements as of June 30, 1999, and for the year then ended, but not on the financial statements for any interim period within that year or for any period subsequent to June 30, 1999.

At your request, we have read the following, set forth in the Preliminary Official Statement on the indicated pages. Our procedures and findings are as follows:

1. We compared the amount of Prior Bonds under the General Resolution related thereto that remain outstanding at December 31, 1999 on page 1, under the heading "Introductory Statement" of the Official Statement to the corresponding amounts appearing in schedules prepared by the Agency as of December 31, 1999 and found them to be in agreement.

2. We compared the amount of the principal debt outstanding at December 31, 1999 on page 2, under the heading "Introductory Statement" of the Official Statement to the corresponding amounts appearing in schedules prepared by the Agency as of December 31, 1999 and found them to be in agreement.

3. We compared the amounts of issued and outstanding principal debt at December 31, 1999 on page 6, under the heading "Outstanding Indebtedness" of the Official Statement to the corresponding amounts appearing in the schedule prepared by the Agency as of December 31, 1999 and found them to be in agreement.

4. We compared the amount on deposit in the Bond Reserve Fund at December 31, 1999 and the amount of the Bond Reserve Fund Requirement at such date on page 18 under the heading "Bond Reserve Fund" to the corresponding amounts appearing in schedules prepared by the Agency as of December 31, 1999.

5. We compared the amounts at December 31, 1999 under the headings "Portfolio of Loans Outstanding under the Single Family Housing Bond Program" and "Delinquency Statistics for the Single Family Housing Bond Program" in APPENDIX I "Certain Information Relating to the Agency's Existing Single Family Housing Bond Program", including the amounts in the footnotes therein, to the corresponding amounts appearing in the schedules prepared by the Agency as of December 31, 1999 and found them to be in agreement.

The foregoing procedures do not constitute an audit conducted in accordance with generally accepted auditing standards. Had we performed additional procedures or had we conducted an audit or a review of the Agency's financial statements for any period subsequent to June 30, 1999 in accordance with standards established by the American Institute of Certified Public Accountants, other matters might have come to our attention that would have been reported to you.

These procedures should not be taken to supplant any additional inquiries or procedures that you would undertake in your consideration of the proposed offering.

This letter is solely for your information and to assist you in your inquiries in connection with the offering of the securities covered by the Preliminary Official Statement, and it is not to be used, circulated, quoted, or otherwise referred to for any other purpose, including but not limited to the registration, purchase, or sale of securities, nor is it to be filed with or referred to in whole or in part in the Preliminary Official Statement or any other document, except that reference may be made to it in any list of closing documents pertaining to the offering of the securities covered by the Preliminary Official Statement.

We have no responsibility to update this letter for events and circumstances occurring after February [_], 1999.

Very truly yours,

OH&S DRAFT
1/25/00

VERMONT HOUSING FINANCE AGENCY

$17,500,000 Single Family Housing Notes, Series 12C
$17,500,000 Single Family Housing Notes, Series 12D

PURCHASE CONTRACT

February 10, 2000

Vermont Housing Finance Agency
164 St. Paul Street
Burlington, Vermont 05401

Ladies and Gentlemen:

The undersigned, PaineWebber Incorporated (the "Underwriter"), hereby offers to enter into this Purchase Contract (the "Purchase Contract") with you (the "Agency") on the following terms and conditions. This offer is made subject to acceptance by the Agency prior to 5:00 p.m., Vermont time, on the date hereof, and upon such acceptance this Purchase Contract shall be in full force and effect in accordance with its terms and shall be binding upon both the Agency and the Underwriter. If this offer is not so accepted, it is subject to withdrawal by the Underwriter upon written notice delivered to the Agency at any time prior to acceptance hereof by the Agency.

This Purchase Contract relates to the sale of all (but not less than all) of $17,500,000 aggregate principal amount of your Single Family Housing Notes, Series 12C (the "Series 12C Notes"), and $17,500,000 aggregate principal amount of your Single Family Housing Notes, Series 12D (the "Series 12D Notes" and, together with the Series 12C Notes, the "Series 12 Notes"), all as more fully described in the Official Statement dated February [_], 2000 (the "Official Statement") of the Agency relating to the Series 122 Notes and the Agency's $3,995,000 Single Family Housing Bonds, Series 12A (the "Series 12A Bonds") and $26,005,000 Single Family Housing Bonds, Series 12B (the "Series 12B Bonds") and, together with the Series 12A Bonds, (the "Series 12 Bonds"). Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Official Statement.

1. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter hereby agrees to purchase from the Agency and the Agency agrees to sell to the Underwriter all (but not less than all) of the Series 12 Notes at a purchase price equal to the aggregate principal amount thereof, $35,000,000, payable in immediately available funds. The aggregate principal amount of the Series 12 Notes, the date of the Series 12 Notes upon initial issuance, the dates on which and years in which the Series 12 Notes mature, the principal amount of the Series 12 Notes due on each maturity date, the interest rate for the Series 12 Notes due on each maturity date, and the dates upon which interest is to be paid shall be as set forth in the Official Statement.

The Series 12 Notes shall be described in, and shall be issued and secured under and pursuant to, the Agency's Single Family Housing Bond Resolution adopted on September 20, 1990, authorizing the issuance and sale of its Single Family Housing Bonds (as heretofore amended and supplemented, the "General Resolution") and the Sixteenth Supplemental Single Family Housing Bond Resolution authorizing the issuance and sale of the Series 12 Notes, adopted by the Agency on January [_], 2000 (as supplemented by the Series Certificate of the Chairman and Executive Director of the Agency, the "Supplemental Resolution," and, together with the General Resolution, sometimes collectively referred to herein as the "Resolution"). The Underwriter agrees to make a bona fide public offering of the Series 12 Notes at not in excess of the initial offering prices or yields set forth in the Official Statement; reserving, however, the right to change such initial offering prices or yields as the Underwriter deems necessary in connection with the offering of the Series 12 Notes. The Underwriter also reserves the right to overallot or effect transactions that stabilize or maintain the market price of the Series 12 Notes at a level above that which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time.

2. [RESERVED]

3. As security for the performance by the Underwriter of its obligation to accept and pay for the Series 12 Notes at the Closing in accordance with the provisions of this Purchase Contract, the Underwriter herewith delivers to the Agency a certified or official bank check payable to the Agency's order in New York Clearing House funds, in the amount of $[________] (the "Good Faith Deposit"). Said check may be cashed and the proceeds thereof may be invested and held as such security until the Closing. Concurrently with the delivery of and payment for the Series 12 Notes at the Closing, the amount of the Good Faith Deposit shall be applied in partial payment of the purchase price of the Series 12 Notes. If the Agency does not accept this offer, or fails to deliver the Series 12 Notes at the Closing, or is unable to satisfy the conditions to the obligations of the Underwriter contained in this Purchase Contract (unless waived by the Underwriter), or if such obligations are terminated for any reason permitted by this Purchase Contract, the Agency shall immediately return the amount of the Good Faith Deposit to the Underwriter, and thereupon all claims and rights hereunder of the Underwriter against the Agency shall be fully released and discharged. If the Underwriter fails (other than for a reason permitted under this Purchase Contract) to accept and pay for the Series 12 Notes at the Closing, the proceeds of the Good Faith Deposit and the investment earnings thereon shall be retained by the Agency as and for full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriter, and thereupon all your claims and rights hereunder against the Underwriter shall be fully released and discharged. Notwithstanding the foregoing, the respective obligations of the Agency and the Underwriter for the payment of expenses set forth in paragraph 11 hereof shall survive any such termination.

4. The Agency shall deliver or cause to be delivered to the Underwriter within five business days from the date hereof, a reasonable number of copies of the Official Statement of the Agency dated February [_], 2000 with respect to the Series 12 Notes, substantially in the form of the Preliminary Official Statement of the Agency dated

January 25, 2000 with respect to the Series 12 Notes (the "Preliminary Official Statement") with only such changes as have been approved by the Underwriter, signed on your behalf by the Executive Director of the Agency (such Official Statement, including the cover page and all appendices attached thereto being herein called the "Official Statement," except that if the Official Statement has been amended with the Underwriter's approval between the date thereof and the respective dates upon which the Series 12 Notes are delivered to the Underwriter, the term "Official Statement" shall refer to the Official Statement as so amended). As soon as practicable after receipt thereof, the Underwriter shall deliver the Official Statement and any supplement or amendment thereto, to a nationally recognized municipal securities information repository. The Agency hereby authorizes the use of copies of the Official Statement and the Resolution in connection with the public offering and sale of the Series 12 Notes and ratifies the use by the Underwriter, prior to the date hereof, of the Preliminary Official Statement in connection with the public offering of the Series 12 Notes.

5. The Agency represents to and agrees with the Underwriter that:

(a) both as of the date of the Official Statement and at all times subsequent thereto up to and including a date 25 days following the "End of the Underwriting Period" (hereinafter defined) (i) the statements and information contained in the Official Statement (other than the public offering prices or yields of the Series 12 Notes shown on the inside cover of the Official Statement, the stabilization clause on page "i" thereof, the information under the captions "Municipal Bond Insurance" and "Underwriting," and in Appendix V "Certain Information Regarding Credit Enhancement Providers," and any other statements and information therein furnished in writing to the Agency by the Underwriter and statements and information relating to the book-entry system) are and will be true, correct and complete in all material respects and (ii) the Official Statement does not and will not omit any statement or information that is necessary to make the statements and information therein (other than the public offering prices or yields of the Series 12 Notes shown on the inside cover of the Official Statement, the stabilization clause on page "i" thereof or the information under the captions "Municipal Bond Insurance" and "Underwriting," and in Appendix V "Certain Information Regarding Credit Enhancement Providers"), in the light of the circumstances under which they were made, not misleading in any material respect;

(b) the Agency is and will be at the date of Closing duly created and established as a body politic and corporate having the powers and authority set forth in No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended, the same being Chapter 25 of Title 10 of the Vermont Statutes Annotated, as amended (the "Act");

(c) between the date of this Purchase Contract and Closing, the Agency will not, without the prior consent of the Underwriter, issue any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement, and, except in the ordinary course of its business of conducting its programs as described in or contemplated by the Official Statement and except as otherwise described in or contemplated by the Official Statement, will not incur any liabilities, direct or contingent, and there will not have been any adverse change of a material nature in the financial position or in the results of operations of the Agency as disclosed in the Official Statement;

(d) the Agency will undertake, pursuant to the Supplemental Resolution and the Continuing Disclosure Agreement, dated the date of the Closing, between the Agency and the Trustee (the "Continuing Disclosure Agreement"), to provide certain annual financial information and notices of the occurrence of certain events if material. The form of this undertaking is set forth as an appendix to the Preliminary Official Statement and will also be set forth as an appendix to the final Official Statement;

(e) when delivered to and paid for by the Underwriter at Closing in accordance with the provisions of this Purchase Contract, the respective Series 12 Notes will have been duly authorized, executed, issued and delivered and will constitute valid and binding special obligations of the Agency, in conformity with, and entitled to the benefit and security of, the Act, the General Resolution and the Supplemental Resolution;

(f) the adoption of the Resolution, the execution of this Purchase Contract, the Continuing Disclosure Agreement, the Mortgage Loan Application, Commitment and Purchase Agreements (the "Commitment Agreements") and the Mortgage Loan Servicing Agreements (the "Servicing Agreements"), each as described in the Official Statement, the execution of the Blanket Issuer Letter of Representation dated April 4, 1995 relating to certain bonds of the Agency, including the Series 12 Notes (the "Representation Letter"), addressed to The Depository Trust Company ("DTC"), and compliance with the provisions thereof and hereof, under the circumstances contemplated thereby and hereby, does not and will not, in any material respect conflict with or constitute on the part of the Agency a breach of or default under any agreement or other instrument to which the Agency is a party or violate any existing law, ordinance, administrative regulation, court order or consent decree to which the Agency is subject; and

(g) if between the date of this Purchase Contract and a date 25 days following the End of the Underwriting Period (hereinafter defined) (i) any event shall occur or any pre-existing fact or condition shall become known which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Agency shall promptly notify the Underwriter thereof, and (ii) if in the reasonable opinion of the Underwriter, such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the Agency will supplement or amend the Official Statement so that the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided however, that any such amendment or supplement shall be subject to the approval of the Underwriter and its counsel. The Agency will furnish to the Underwriter such number of copies of the Official Statement, as so amended or such supplement, as the Underwriter may reasonably request.

6. Prior to or simultaneously with the execution of this Purchase Contract, we shall have received from KPMG LLP a letter substantially in the form set forth in Exhibit A hereto.

7. At 10:00 a.m. New York time on February 24, 2000, or at such other time or on such earlier or later date upon which we mutually agree (herein called the "Closing"), the Agency will deliver or cause to be delivered the Series 12 Notes to the Underwriter's accounts at the Depository Trust Company, New York, New York ("DTC"), and the other documents hereinafter mentioned to be delivered to the Underwriter at the offices of the Agency in Burlington, Vermont, or at such other place upon which the Agency and the Underwriter may mutually agree, provided that the Series 12 Notes shall be available to the Underwriter at DTC for checking at least 24 hours prior to the Closing. The Underwriter will accept delivery of the Series 12 Notes at the Closing and pay the purchase price thereof (less the amount of the Good Faith Deposit) by wire transfer payable in immediately available funds to the order of the Agency. The Series 12 Notes shall be delivered as duly executed, fully registered bonds in definitive form and bearing CUSIP numbers. The Series 12 Notes (one Bond for each maturity in the respective principal amounts equal to the aggregate principal amounts of the Series 12 Notes for each maturity) will be typewritten and registered in the name of Cede & Co.

8. The Underwriter has entered into this Purchase Contract in reliance upon the representations and agreements of the Agency herein and the performance by the Agency of its obligations hereunder, both as of the date hereof and as of the date of Closing. The obligations of the Underwriter under this Purchase Contract are and shall be subject to the following further conditions:

(a) at the time of the Closing, (i) the Official Statement and the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by us, (ii) the proceeds of the sale of the Series 12 Notes shall be applied as described in the Official Statement, and (iii) you shall have duly adopted and there shall be in full force and effect such resolutions as, in the opinion of Kutak Rock (herein called "Bond Counsel"), are necessary in connection with the transactions contemplated hereby;

(b) the Underwriter shall have the right pursuant to written notice given to the Agency to cancel its obligations to purchase the Series 12 Notes, if, between the date hereof and the Closing: (i) legislation shall be introduced in or enacted by the Congress of the United States or enacted by the State of Vermont, or shall have been reported out of committee of either body of the Congress of the United States or be pending in committee of either body or be reported out of or pending in a joint committee of Congress or legislation pending in the Congress of the United States shall be amended, or a decision shall be rendered by a court of the United States or the State of Vermont, including the Tax Court of the United States, or a ruling shall be made or a regulation shall be proposed or made or a press release or other form of notice shall be issued by the Treasury Department of the United States or the Internal Revenue Service or other federal or Vermont authority having jurisdiction, with respect to federal or Vermont taxation upon revenues or other income of the general character to be derived by the

Agency or by any similar body, or upon interest on obligations of the general character of the Series 12 Notes, that may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or Vermont tax consequences of any of the transactions contemplated in connection herewith, and that, in the reasonable opinion of the Underwriter, affects materially and adversely the market for, or sale of, the Series 12 Notes by the Underwriter at the contemplated offering prices or yields; or (ii) any event shall have occurred, or any condition shall exist that, in the reasonable opinion of the Underwriter either (A) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (B) is not reflected in the Official Statement but should be reflected therein to make the statements and information contained therein not misleading in any material respect; or (iii) there shall have occurred any outbreak or escalation of hostilities or other national or international calamity or crisis, the effect of such outbreak, escalation, calamity or crisis on the financial markets of the United States being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Series 12 Notes or; or (iv) there shall be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction; or (v) a general banking moratorium shall have been declared by federal or New York or Vermont authorities having jurisdiction and be in force; or (vi) there shall be established any new restriction on transactions in securities materially adversely affecting the market for the Series 12 Notes or any securities of the general character of the Series 12 Notes (including the imposition of any limitation on interest rates) or the extension of credit by, or the charge to the net capital requirements of underwriters established by the New York Stock Exchange, the Securities and Exchange Commission, any other federal or state agency or the Congress of the United States, or by Executive Order that, in the reasonable judgment of the Underwriter would materially and adversely affect the market price of the Series 12 Notes or the marketability of the Series 12 Notes which in the Underwriter's judgment makes it impracticable or inadvisable to proceed with solicitation of offers to purchase the Series 12 Notes; or (vii) a decision of any federal or state court or a ruling or regulation (final, temporary or proposed) of the Securities and Exchange Commission or other governmental agency or Court shall have been made or issued that would (A) make the Series 12 Notes or any securities of the general character of the Series 12 Notes subject to the registration requirements of the Securities Act of 1933 or (B) require the qualification of the General Resolution or the Supplemental Resolution under the Trust Indenture Act of 1939, as amended; or (viii) an actual or imminent default or a moratorium in respect of payment of any U.S. Treasury bills, bonds or notes the effect of which in the Underwriter's judgment makes it impractical for the Underwriter to market the Series 12 Notes;

(c) at or prior to the Closing, the Underwriter shall receive the following documents:

(i) the unqualified approving opinion of Bond Counsel, dated the date of the Closing, in substantially the form included as Appendix VI to the Official Statement, accompanied by a supplementary opinion thereto, dated the date of the Closing and addressed to the Agency and to the Underwriter, to the effect that (i) this Purchase Contract has been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a binding agreement of the Agency in accordance with its terms; (ii) the Agency has duly approved the Official Statement and has duly ratified the distribution of the Preliminary Official Statement; (iii) the statements contained in the Official Statement with respect to the Series 12 Notes, the Act, the Agency, the Resolution, the Continuing Disclosure Agreement and federal income tax matters under the headings entitled: "Introductory Statement," "The Agency" (as to the subheading "Purpose and Powers" only), "Single Family Mortgage Purchase Program" (as to the first paragraph only under the subheading "Mortgage Insurance Requirements"), "Security for the Bonds," "The Offered Bonds," "Book Entry System" (as to the eighth and fourteenth paragraphs under such heading only), "Summary of Certain Provisions of the General Resolution," "Pledge and Agreement of the State," "Continuing Disclosure," "Tax Exemption," "Certain Federal Income Tax Matters", Appendix IV "Definitions of Certain Terms" and Appendix VII "Form of the Continuing Disclosure Agreement" insofar as such statements are made with respect to the Agency or purport to summarize certain provisions of the Act, the Resolution, the Continuing Disclosure Agreement, the Series 12 Notes and certain provisions of the Internal Revenue Code of 1986, as amended, are correct and do not omit any matter that, in their opinion, should be included or referred to therein and that is not included elsewhere in the Official Statement; (iv) the Resolution and the Series 12 Notes conform as to form and tenor with the terms and provisions thereof as summarized and set out in the Official Statement; (v) based upon the examinations that they have made as Bond Counsel, and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, nothing has come to their attention that would lead them to believe that the Official Statement as of its date or as of the date of Closing contains or contained any untrue statement of a material fact or omits or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, it being understood that in rendering such opinion Bond Counsel is not required to express an opinion with respect to financial statements and other financial, operating and statistical data included in the Official Statement or the information contained under the heading "Underwriting", in the fourth paragraph of page "i" of the Official Statement or in Appendix V "Certain Information Regarding Credit Enhancement Providers"; (vi) under existing laws, the Series 12 Notes may be offered and sold without registration under the Securities Act of 1933, as amended, and the Resolution is not required to be qualified under the Trust Indenture Act of 1939, as amended; and (vii) under existing law, the adjustment of the interest rate on all or a portion of the Series 12 Notes in accordance with the provisions of the Supplemental Resolution will not adversely affect the excludability of interest on the Series 12 Notes from the gross income of the holders thereof.

(ii) the opinion of Carroll & Scribner, Burlington, Vermont, counsel to the Agency, dated the date of the Closing and addressed to the Agency and the Underwriter, with respect to the Series 12 Notes, to the effect that, with respect to matters of Vermont law only, (i) the Agency is a body politic and corporate of the State of Vermont, duly organized, validly existing and in good standing under the laws of the State of Vermont and has the power to enter into the transactions contemplated by the Official Statement; (ii) the Representation Letter has been duly authorized, executed and delivered by the Agency; (iii) the Continuing Disclosure Agreement has been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding agreements of the Agency in accordance with their terms; (iv) this Purchase Contract, the Commitment Agreements that have been executed and delivered as of the date thereof and the Servicing Agreements that have been executed and delivered as of the date thereof have been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the other parties to the same, constitute binding agreements of the Agency in accordance with their terms; (v) the Agency has duly approved the Official Statement and has duly ratified the distribution of the Preliminary Official Statement; (vi) the information in the Official Statement with respect to the Commitment Agreements and the Servicing Agreements is correct and does not omit any statement that, in its opinion, should be included or referred to therein, and the Commitment Agreements that have been executed and delivered as of the date thereof and the Servicing Agreements that have been executed and delivered as of the date thereof conform as to form and tenor with the terms, provisions and descriptions thereof as summarized and set out in the Official Statement; (vii) based upon the examinations that it has made as counsel to the Agency but without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, nothing has come to its attention that would lead it to believe that the Official Statement as of its date or as of the date of Closing (except for the information contained under the heading "Underwriting" or in the second paragraph of page "i" of the Official Statement or in Appendices I, II, IIA, V and VI as to which it need express no opinion) contains or contained any untrue statement of a material fact or omits or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, it being understood that in rendering such opinion, counsel to the Agency shall not be required to express an opinion with respect to financial statements and other financial data included in the Official Statement; (viii) under the Act, the Series 12 Notes and the interest thereon and the income therefrom are exempt from all Vermont taxation, franchise fees and special assessments of every kind, except for transfer, inheritance and estate taxes; (ix) to the best of its knowledge, there is no action, suit, proceeding, investigation at law or in equity before or by any court, judicial board or body, pending or threatened, against or affecting the Agency, wherein an unfavorable decision, ruling or finding would affect materially and adversely the transactions contemplated by the Official Statement or the validity of the Resolution, the Series 12 Notes, the Mortgage Loans, the Commitment Agreements, the Servicing Agreements, the Representation Letter, the Continuing Disclosure Agreement or this Purchase Contract; and (x) the adoption of the General Resolution, the Supplemental Resolution and the execution and delivery by the Agency of the Series 12 Notes, the Commitment Agreements, the Servicing Agreements, the Representation Letter, the Continuing Disclosure Agreement and this Purchase Contract, and compliance with the terms and provisions thereof, under the circumstances contemplated thereby, and the performance by the Agency of the transactions described in the Official Statement, do not and will not in any material respect conflict with the by-laws of the Agency or any existing law, court order or consent decree to which the Agency is subject, and, to the best of its knowledge after due inquiry, such execution, delivery and compliance does not and will not constitute on the part of the Agency a breach of or default under any agreement or other instrument to which the Agency is a party; it being understood that in rendering such opinion counsel to the Agency is entitled to rely on the opinion of the Vermont Department of Taxes with respect to the opinion expressed in clause (viii), need render no opinion as to the requirement of registration of the Series 12 Notes under the Securities Act of 1933, as amended, or under the similar provisions of any state statute or regulation, and need render no opinion as to any matter of federal law;

(iii) the opinion of Orrick, Herrington & Sutcliffe LLP, New York, New York, counsel to the Underwriter, dated the date of the Closing, and addressed to the Underwriter, to the effect that (i) under existing laws, the Series 12 Notes are not subject to the registration requirements of the Securities Act of 1933, as amended; and (ii) without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of their conferences with the representatives of the Agency, counsel for the Agency, Bond Counsel and the Underwriter and their examination of certain documents referred to in the Official Statement, no information has come to the attention of the attorneys in such firm rendering legal services in connection with their representation of the Underwriter in this matter that would cause them to believe that the Official Statement as of its date or as of the date of the Closing contains or contained any untrue statement of a material fact or omits or omitted to state any material fact required to be stated therein or that is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood that in rendering such opinion counsel for the Underwriter is not required to express an opinion with respect to financial statements and other financial, statistical or numerical data included in the Official Statement or any information concerning the book-entry system for registration of the Series 12 Notes, FSA, MBIA, AMBAC, The Sanwa Bank, Limited or DTC;

(iv) a certificate, dated the date of the Closing, signed by the Chairman and the Executive Director or the Director of Finance of the Agency and in form and substance satisfactory to the Underwriter, to the effect that (i) the representations, agreements and warranties of the Agency herein are true and correct in all material respects as of the date of Closing; (ii) the Commitment Agreements that have been executed and delivered as of the date thereof, the Representation Letter, the Continuing Disclosure Agreement and the Servicing Agreements that have been executed and delivered as of the date thereof have been duly executed by the Agency and, assuming due execution by the other parties thereto, constitute binding agreements of the Agency that are in full force and effect; (iii) no litigation is pending or, to their knowledge, threatened (a) to restrain or enjoin the issuance, sale, execution or delivery of any of the Series 12 Notes or the making of loans with the proceeds of the Series 12 Notes, (b) in any way contesting or affecting any authority for the issuance or validity of the Series 12 Notes, any proceedings of the Agency taken with respect to the issuance or sale of the Series 12 Notes, the pledge or application of any money or security provided for the payment of the Series 12 Notes or the validity of the Resolution, the Commitment Agreements, the Servicing Agreements, the Representation Letter, the Continuing Disclosure Agreement or this Purchase Contract, or (c) in any way contesting the existence or powers of the Agency; and (iv) to the best of their knowledge, no event affecting the Agency has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purpose for which it is to be used or that is necessary to be disclosed therein to make the statements and information therein not misleading in any material respect;

(v) a letter of KPMG LLP, dated the date of the Closing and addressed to the Agency and the Underwriter, to the effect that such accountants confirm with respect to the final Official Statement, as of a date not more than five business days prior to the Closing, the statements made in the letter furnished by such accountants pursuant to paragraph 6 hereof;

(vi) two copies of the General Resolution and the Supplemental Resolution;

(vii) two certified copies of the Preliminary Official Statement, the Official Statement and this Purchase Contract;

(viii) a letter of Bond Counsel, dated the date of the Closing and addressed to PaineWebber on behalf of the Underwriter to the effect that their final approving opinion on the Series 12 Notes may be relied upon by the Underwriter to the same extent as if such opinion was addressed to the Underwriter;

(ix) [RESERVED];

(x) a copy of the Act, certified by the Agency to be a true and complete copy of the Act as of the date of the Closing;

(xi) a letter from Standard & Poor's Ratings Group to the effect that it has assigned a rating of "SP-1+" to the Series 12 Notes;

(xii) a letter from Moody's Investors Service, Inc. to the effect that it has assigned a rating of "MIG 1/A1" to the Series 12 Notes;

(xiii) a copy of the Representation Letter;

(xiv) the Continuing Disclosure Agreement in the form included as Appendix VII to the Official Statement;

(xv) a specimen copy of the municipal bond insurance policy and surety bonds issued by [Financial Security Assurance, Inc. ("FSA") together with an opinion of counsel to FSA] in form and substance satisfactory to the Underwriter; and

(xvi) such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request to evidence compliance by the Agency with legal requirements, the truth and accuracy, as of the time of the Closing, of the representations of the Agency herein and in the Official Statement, and the due performance or satisfaction by the Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Agency.

(d) the Agency shall have simultaneously sold to PaineWebber Incorporated, shall have purchased all (but not less than all) of the Series 12 Bonds.

If the Agency shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Contract with respect to the Series 12 Notes or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriter nor the Agency shall have any further obligation hereunder, except that the amount of the Good Faith Deposit shall be returned to us and the respective obligations under paragraph 11 hereof shall continue.

9. At the Closing, contemporaneously with the receipt of the Series 12 Notes, the Underwriter will deliver to the Agency a receipt therefor, in form satisfactory to Bond Counsel, signed by the Underwriter. On or before the date of the Closing, the Underwriter shall furnish to you a certificate acceptable to Bond Counsel signed by the Underwriter to the effect that (i) all of the Series 12 Notes have been the subject of a bona fide initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of Underwriter or wholesalers) at prices no higher than, or at yields no lower than, those shown on the inside cover of the Official Statement and (ii) based on the Underwriter's records and other information available to them which they believe to be correct, a substantial amount (at least 10%) of each maturity of the Series 12 Notes was sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of Underwriter or wholesalers) at initial prices no higher than, or yields no lower than, those shown on the inside cover of the Official Statement.

10. The Agency shall pay any expenses incident to the performance of its obligations hereunder including but not limited to: (i) the fees and disbursements of Bond Counsel; (ii) the cost of preparing and printing the Preliminary Official Statement and the Official Statement; (iii) the fees of rating agencies; and (iv) the fees and disbursements of any other counsel, experts or consultants retained by the Agency.

The Underwriter shall pay: (i) all advertising expenses in connection with the public offering of the Series 12 Notes; (ii) the cost of preparing the Blue Sky Memorandum and this Purchase Contract; (iii) all other expenses incurred by them or any of them in connection with their public offering and distribution of the Series 12 Notes, including the fees and disbursements of counsel retained by them; and (iv) all expenses incurred by them in connection with their performance in the capacity of Underwriter for the Series 12 Notes.

11. Any notice or other communication to be given to the Agency under this Purchase Contract may be given by delivering the same in writing to Sarah E. Carpenter, Executive Director, Vermont Housing Finance Agency, 164 St. Paul Street, Burlington, Vermont 05401; and such notice or other communication to be given to the Underwriter may be given by delivering the same in writing to PaineWebber Incorporated, 1285 Avenue of the Americas, New York, New York 10019, to the attention of Andrew F. Gurley.

12. This Purchase Contract is made solely for the benefit of the Agency and the Underwriter (including the successors or assigns of any of the Underwriter) and no other person, partnership, association or corporation shall acquire or have any rights hereunder or by virtue hereof. All representations and agreements of the Agency in this Purchase Contract shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Series 12 Notes. This Purchase Contract shall be enforceable in accordance with the laws of the State of New York.

13. For purposes of this Purchase Contract, the End of the Underwriting Period shall mean the earlier of (a) the day of the Closing unless the Agency has been notified in writing to the contrary by the Underwriter on or prior to the day of such Closing, or (b) the date on which the "End of the Underwriting Period" for the Series 12 Notes has occurred under Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934 (the "Rule").

The Agency may request from the Underwriter from time to time, and the Underwriter shall provide to the Agency upon such request, such information as may be reasonably required by it in order to determine whether the "End of the Underwriting Period" for the Series 12 Notes has occurred under the Rule with respect to the unsold balances of the Series 12 Notes that are held by the Underwriter for sale to the public within the meaning of the Rule. If there remains any unsold balance of Series 12 Notes for sale to the public within the meaning of the Rule, then the Underwriter shall promptly notify the Agency in writing that, in their opinion, the End of the Underwriting Period for the Series 12 Notes under the Rule has occurred on a date which shall be set forth in such notification. The Agency shall be entitled to treat as the End of the Underwriting Period for the Series 12 Notes, the date specified by the Underwriter in such notification.

PAINEWEBBER INCORPORATED

By:______________________________
Managing Director

Accepted by the
VERMONT HOUSING FINANCE AGENCY

By: ______________________________
Executive Director

DOCSNY1:653578.2
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Exhibit A
to the
Purchase Contract

PROPOSED FORM OF ACCOUNTANT'S LETTER

[LETTERHEAD OF KPMG]

________, 2000

Vermont Housing Finance Agency
164 St. Paul Street
Burlington, Vermont 05401

PaineWebber Incorporated
1285 Avenue of the Americas
New York, New York 10019

Ladies and Gentlemen:

We audited, in accordance with generally accepted auditing standards, the balance sheet of Vermont Housing Finance Agency (the "Agency") as of June 30, 1999, and the related statements of revenues, expenses and changes in fund balances and cash flows for the year then ended, and have issued our report thereon dated [__________]. Those financial statements and our report thereon are included in the Preliminary Official Statement of the Agency, dated January 25, 2000 (the "Preliminary Official Statement"), relating to the offering of $3,995,000 aggregate principal amount of Single Family Housing Bonds, Series 12A (Non-AMT) (the "Series 12A Bonds"), $26,005,000 aggregate principal amount of Single Family Housing Bonds, Series 12B (AMT) (the "Series 12B Bonds") and, together with the Series 12A Bonds, (the "Series 12 Bonds), $17,500,000 aggregate principal amount of Single Family Housing Notes, Series 12C (AMT) (the "Series 12C Notes") and $17,500,000 aggregate principal amount of Single Family Housing Notes, Series 12D (AMT) (the "Series 12D Notes") and, together with the Series 12C Notes, (the "Series 12 Notes"), all as more fully described in the Official Statement dated February [_], 2000 (the "Official Statement") of the Agency relating to the Series 12 Bonds and the Series 12 Notes. The Series 12 Bonds and the Series 12 Notes are collectively referred to herein as the "Bonds."

We have not audited any financial statements of the Agency as of any date or for any period subsequent to June 30, 1999; although we have conducted an audit for the year ended June 30, 1999, the purpose (and therefore the scope) of the audit was to enable us to express our opinion on the financial statements as of June 30, 1999, and for the year then ended, but not on the financial statements for any interim period within that year or for any period subsequent to June 30, 1999.

At your request, we have read the following, set forth in the Preliminary Official Statement on the indicated pages. Our procedures and findings are as follows:

1. We compared the amount of Prior Bonds under the General Resolution related thereto that remain outstanding at December 31, 1999 on page 1, under the heading "Introductory Statement" of the Official Statement to the corresponding amounts appearing in schedules prepared by the Agency as of December 31, 1999 and found them to be in agreement.

2. We compared the amount of the principal debt outstanding at December 31, 1999 on page 2, under the heading "Introductory Statement" of the Official Statement to the corresponding amounts appearing in schedules prepared by the Agency as of December 31, 1999 and found them to be in agreement.

3. We compared the amounts of issued and outstanding principal debt at December 31, 1999 on page 6, under the heading "Outstanding Indebtedness" of the Official Statement to the corresponding amounts appearing in the schedule prepared by the Agency as of December 31, 1999 and found them to be in agreement.

4. We compared the amount on deposit in the Bond Reserve Fund at December 31, 1999 and the amount of the Bond Reserve Fund Requirement at such date on page 18 under the heading "Bond Reserve Fund" to the corresponding amounts appearing in schedules prepared by the Agency as of December 31, 1999.

5. We compared the amounts at December 31, 1999 under the headings "Portfolio of Loans Outstanding under the Single Family Housing Bond Program" and "Delinquency Statistics for the Single Family Housing Bond Program" in APPENDIX I "Certain Information Relating to the Agency's Existing Single Family Housing Bond Program", including the amounts in the footnotes therein, to the corresponding amounts appearing in the schedules prepared by the Agency as of December 31, 1999 and found them to be in agreement.

The foregoing procedures do not constitute an audit conducted in accordance with generally accepted auditing standards. Had we performed additional procedures or had we conducted an audit or a review of the Agency's financial statements for any period subsequent to June 30, 1999 in accordance with standards established by the American Institute of Certified Public Accountants, other matters might have come to our attention that would have been reported to you.

These procedures should not be taken to supplant any additional inquiries or procedures that you would undertake in your consideration of the proposed offering.

This letter is solely for your information and to assist you in your inquiries in connection with the offering of the securities covered by the Preliminary Official Statement, and it is not to be used, circulated, quoted, or otherwise referred to for any other purpose, including but not limited to the registration, purchase, or sale of securities, nor is it to be filed with or referred to in whole or in part in the Preliminary Official Statement or any other document, except that reference may be made to it in any list of closing documents pertaining to the offering of the securities covered by the Preliminary Official Statement.

RAS

KUTAK ROCK LLP
DRAFT 2/7/00

VERMONT HOUSING FINANCE AGENCY

SIXTEENTH SUPPLEMENTAL SINGLE FAMILY HOUSING BOND RESOLUTION

Adopted February 11, 2000

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MISCELLANEOUS

ARTICLE VI

MUNICIPAL BOND INSURANCE POLICY

SIXTEENTH SUPPLEMENTAL SINGLE FAMILY HOUSING BOND RESOLUTION

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

ARTICLE I

DEFINITIONS AND AUTHORITY

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

Section 1.02. Definitions and Interpretation.

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

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

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

"*Adjusted Rate Bonds*" means all Series 12 Tender Bonds on which the interest rate has been adjusted to the Adjusted Interest Rate on the Adjustment Date and any Series 12 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 12 Tender Bonds is adjusted to the Adjusted Interest Rate as determined in accordance with Section 2.03(a)(ii) hereof.

"*Adjustment Option Period*" means the period commencing on September 1, 2000 and ending on March 1, 2003, inclusive.

"*Adjustment Rating Certificate*" means (i) a certificate of an Authorized Officer to the effect that the Agency has notified each Nationally Recognized Credit Rating Agency then maintaining a credit rating on any Bonds Outstanding that the interest rate on the Series 12 Tender Bonds will be adjusted to the Adjusted Interest Rate on the Adjustment Date and has furnished each such Nationally Recognized Credit Rating Agency with a Remarketing Projection of Revenues satisfying the requirements of Section 2.03(a)(vi) hereof, accompanied by (ii) a letter from each such Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that adjustment of the interest rate on the Series 12 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 12 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 12 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 12 Tender Bonds on the Adjustment Date will not adversely affect the excludability of interest on the Series 12 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 12 Obligations, means the Trustee.

"*Beneficial Owner*" means the person or entity that is considered to be the beneficial owner of any Series 12 Obligation pursuant to the arrangements for book entry determination of ownership applicable to the Bond Depository.

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

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

"*Bond Insurer*" means 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 12 Obligations and end on October 31, 2000.

"*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 15 days prior to the Adjustment Date and not later than seven days prior to the Adjustment Date.

"*Code*" means the Internal Revenue Code of 1986, as amended, and all Treasury Regulations thereunder to the extent applicable to the Series 12 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 12 Bonds, which amount shall not exceed the sum of (i) the unpaid principal balance of the Loan at the date of the default, (ii) the amount of accumulated delinquent interest due on the Loan (excluding late charges and penalty interest), and (iii) the amount of advances made by or for the account of the Agency with respect to such Loan for regularly scheduled payments of principal and interest in arrears, hazard insurance premiums, property taxes, property protection and preservation expenses and foreclosure costs, less the sum of (iv) the amount of all rents, sale proceeds, foreclosure proceeds, insurance settlements, self-insurance proceeds (other than Loan Loss Claim Fund Withdrawals) and other payments (excluding proceeds of fire and extended coverage insurance) collected or received by the Agency from or on account of such Loan and the property securing the same, (v) the amount of cash remaining in any escrow account maintained for such Loan, (vi) the amount paid under any fire and extended coverage policy which is in excess of the amount applied to the restoration of the property or the payment of the Loan and (vii) the amount of any Loan Loss on account of such Loan previously paid from amounts on deposit in the Series 12 Loan Loss Claim Fund.

"*Loan Loss Claim Fund Withdrawals*" means amounts withdrawn from the Series 12 Loan Loss Claim Fund pursuant to Section 3.06(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 scheduled payment when due of the principal of and interest on the Series 12 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 30 days prior to the Adjustment Date.

"*Official Statement*" means the Official Statement of the Agency describing the Series 12 Obligations, in preliminary form dated January 25, 2000, and in final form dated the date of execution of the Purchase Contracts.

"*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 12 Obligation, the stated principal amount thereof.

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

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

"*Purchase Contracts*" means, collectively, the Series 12 Bond Purchase Contract and the Series 12 Note Purchase Contract.

"*Record Date*" with respect to the payment of interest on a Series 12 Obligation, means the fifteenth day of the month next preceding the date on which interest is to be paid on such Series 12 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 12 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 12 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 Inc. and A.G. Edwards & Sons, Inc. or any other investment banking firm, financial institution or other entity at the time acting in the capacity of Remarketing Agent under the Remarketing Agreement.

"*Remarketing Agreement*" means the Remarketing Agreement executed in connection with the issuance of the Series 12 Bonds by the Agency and the Remarketing Agent, or any other remarketing agreement pertaining to the Series 12 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 2.03(a)(vi) hereof calculated on the assumption that the Adjusted Rate Bonds will bear interest at the Adjusted Interest Rate and will mature on the dates determined in accordance with Section 2.03(a)(v) hereof.

"*Representation Letter*" means, with respect to the Series 12 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 or Vice Chairman and Executive Director of the Agency dated on or before the date of issuance of the Series 12 Obligations which Series Certificate shall establish certain terms of the Series 12 Obligations as provided herein.

"*Series 12 Bonds*" means the Series 12A and Series 12B Bonds of the Agency authorized by this Sixteenth Supplemental Resolution.

"*Series 12 Bond Purchase Contract*" means the Purchase Contract by and among the Agency, the Underwriters named therein and the direct institutional purchaser of the Series 12A and Series 12B Bonds, if any, providing for the terms and conditions of the sale of the Series 12A and Series 12B Bonds in substantially the form presented at this meeting and included in the minutes hereof.

"*Series 12 Bond Reserve Requirement*" means an amount with respect to the Series 12 Obligations at least equal to the lesser of (i) 50% of the maximum amount of Debt Service payable on all Series 12 Bonds Outstanding in the current or any subsequent Fiscal Year and (ii) 10% of the original net proceeds of the Series 12 Bonds.

"*Series 12 Contingency Account*" means the account in the Redemption Fund so designated and created pursuant to Section 3.01(e) hereof.

"*Series 12 Contingency Account Deposits*" means the Series 12 Contingency Account Surety Bond, cash or any one or more of the following to the extent its deposit in the Series 12 Contingency Account will not adversely affect the then current unenhanced ratings, if any, assigned to the Bonds by each Nationally Recognized Credit Rating Agency then maintaining a credit rating on the Bonds: (i) irrevocable and unexpired letters of credit issued by banking institutions, (ii) irrevocable policies of insurance in full force and effect issued by insurers, (iii) irrevocable guarantees by banks, bank holding companies, insurance companies or surety companies or (iv) any other similar security or source thereof; in any case deposited or held under the Resolution for the credit of the Series 12 Contingency Account.

"*Series 12 Contingency Account Surety Bond*" means the irrevocable surety bond issued by Financial Security Assurance Inc. to be held for the credit of the Series 12 Contingency Account and any extension thereof or substitute surety bond therefor deposited with the Trustee pursuant to Section 3.02(c) thereof.

"*Series 12 Contingency Account Deposit Provider*" means Financial Security Assurance Inc., as provider of the Series 12 Contingency Account Surety Bond, and, if applicable, the provider of any other Series 12 Contingency Account Deposit.

"*Series 12 Cost of Issuance Account*" means the account in the Program Fund so designated and created by Section 3.01(c) hereof.

"*Series 12 Funded Loan Loss Claim Fund Requirement*" means, at any date of computation, an amount equal to the Series 12 Loan Loss Claim Fund Requirement less the stated and unpaid amounts, if any, of all Series 12 Loan Loss Claim Fund Deposits in full force and effect held for the account of the Series 12 Loan Loss Claim Fund.

"*Series 12 Loan Loss Claim Fund*" means the fund so designated and created pursuant to Section 3.01(a) hereof.

"*Series 12 Loan Loss Claim Fund Deposit Provider*" means Financial Security Assurance Inc., as provider of the Series 12 Loan Loss Claim Fund Surety Bond, and, if applicable, the provider of any other Series 12 Loan Loss Claim Fund Deposit.

"*Series 12 Loan Loss Claim Fund Deposits*" means the Series 12 Loan Loss Claim Fund Surety Bond, cash or any one or more of the following to the extent its deposit in the Series 12 Loan Loss Claim Fund will not adversely affect the then current unenhanced ratings, if any, assigned to the Bonds by each Nationally Recognized Credit Rating Agency then maintaining a credit rating on the Bonds: (i) irrevocable and unexpired letters of credit issued by banking institutions, (ii) irrevocable policies of insurance in full force and effect issued by insurers, (iii) irrevocable guarantees by banks, bank holding companies, insurance companies or surety companies or (iv) any other similar security or source thereof; in any case deposited or held under the Resolution for the credit of the Series 12 Loan Loss Claim Fund and providing for the payment of sums available to pay Loan Loss Claim Fund Withdrawals.

"*Series 12 Loan Loss Claim Fund Requirement*" means, as of any date of computation, (i) an amount at least equal to (A) one and eighty-five hundredths percent (1.85%) of the sum of (1) the aggregate unpaid principal amount of all Loans purchased under the Resolution from amounts on deposit in the Series 12A/B Program Account plus (2) the aggregate amount, if any, then held in the Series 12A/B Program Account which may be applied to the purchase of such Loans, less (B) the aggregate amount of all Loan Loss Claim Fund Withdrawals that have been theretofore made from the Series 12 Loan Loss Claim Fund, or (ii) such lesser amount as each Nationally Recognized Credit Rating Agency confirms to the Agency will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

"*Series 12 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 12 Loan Loss Claim Fund and any extension thereof or substitute surety bond deposited with the Trustee pursuant to Section 3.02(b) hereof.

"*Series 12 Notes*" means the Series 12C Notes and the Series 12D Notes of the Agency authorized by this Sixteenth Supplemental Resolution.

"*Series 12 Note Purchase Contract*" means the Purchase Contract by and between the Agency and PaineWebber Incorporated providing for the terms and conditions of the sale of the Series 12 Notes in substantially the form presented at this meeting and included in the minutes hereof.

"*Series 12 Obligations*" means, collectively, the Series 12A and Series 12B Bonds and the Series 12C and Series 12D Notes.

"*Series 12 Rebate Account*" means the account in the Rebate Fund so designated and created pursuant to Section 3.01(f) hereof.

"*Series 12 Rebate Requirement*" with respect to the Series 12 Obligations, means an amount equal to the cumulative net sum calculated and determined from time to time in accordance with the requirements of Section 148(f) of the Code that must be paid to the United States pursuant to Section 3.05 hereof.

"*Series 12 Reimbursement Agreements*" means, as applicable, (i) the agreement by and between the Agency and the Series 12 Loan Loss Claim Fund Deposit Provider in connection with the Series 12 Loan Loss Claim Fund Deposit and (ii) the agreement by and between the Agency and the Series 12 Contingency Account Deposit Provider in connection with the Series 12 Contingency Account Deposit, and, in each case, as such agreement or agreements may be amended from time to time in accordance therewith.

"*Series 12 Tender Bonds*" means the Series 12 Bonds selected in accordance with Section 2.03(A)(3) hereof for mandatory tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds.

"*Series 12 Tender Bonds Proceeds Subaccount*" means the Series 12A/B Program Account — Tender Bonds Proceeds Subaccount established pursuant to Section 3.01(b) hereof.

"*Series 12A/B Program Account*" means the Series 12A/B Program Account established pursuant to Section 3.01(b) hereof.

"*Series 12C Program Account*" means the Series 12C Program Account established pursuant to Section 3.01(b) hereof.

"*Series 12D Program Account*" means the Series 12D Program Account established pursuant to Section 3.01(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., as underwriters of the Series 12 Bonds and PaineWebber Incorporated as underwriter of the Series 12 Notes.

"*Yield*" means the yield on the Series 12 Obligations or the yield on any Loan or any other investment held under the Resolution and allocable to the Series 12 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 Sixteenth Supplemental Resolution, the term "Interest Payment Date" shall mean (i) with respect to the Series 12 Bonds, May 1 and November 1 of each year commencing on May 1, 2000, any redemption date of any Series 12 Bonds and any other date on which interest on the Series 12 Bonds is required or permitted by the Resolution to be paid, (ii) with respect to the Series 12C Notes, the maturity date thereof and (iii) with respect to the Series 12D Notes, May 1 and November 1 of each year commencing on May 1, 2000.

Section 1.03. Authority. This Sixteenth 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 12 OBLIGATIONS

Section 2.01. Series 12 Obligations; Authorization; Purpose; Findings.

(a) The Agency hereby authorizes the issuance of two Series of Bonds to be designated "Single Family Housing Bonds, Series 12A" and "Single Family Housing Bonds, Series 12B" in an aggregate Principal Amounts not to exceed $3,995,000 and $26,005,000, respectively. In addition, the Agency hereby authorizes the issuance of two Series of Notes to be designated "Single Family Housing Notes, Series 12C" and "Single Family Housing Notes, Series 12D" in aggregate Principal Amounts not to exceed $17,500,000 and $17,500,000, respectively. The Agency hereby determines (i) that the original aggregate Principal Amount of the Series 12 Obligations is necessary to provide sufficient funds to be used and expended for the Program, (ii) that Loans made on behalf of the Agency with moneys allocable to the Series 12 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 12 Obligations as provided herein and from the investment of the proceeds of the Series 12 Notes sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of the Series 12

Obligations and the payment of all costs and expenses incurred by the Agency with respect to the Program for which the Series 12 Obligations are being issued. For purposes of Section 204(B) of the Resolution, all Series 12 Obligations shall be issued as "Fixed-Rate Bonds" as described in Section 203(B) of the Resolution and all Series 12 Bonds shall be issued as "Tender Bonds" as described in Section 203(D) of the Resolution.

(b) The Series 12 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 12A/B Program Account, the Series 12 Cost of Issuance Account, the Series 12 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 12 Notes are being issued to provide funds for the refunding of certain outstanding obligations of the Agency and to make deposits in the Series 12C Program Account and the Series 12D 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 12 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", or "RD", as applicable, and with such further or alternate designation as the Trustee shall determine with the approval of the Agency.

(d) The Series 12 Bonds shall be dated February 1, 2000. The Series 12 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 February 1, 2000, or if the date of authentication of any Series 12 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 12 Bond shall be payable on May 1, 2000 and semi-annually thereafter on May 1 and November 1 of each year. Subject to Section 2.03 hereof, the Series 12 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 12 Bonds exceed a Yield which would result in an interest rate on the Mortgage Loans to be financed with the proceeds of the Series 12 Bonds in excess of 8.00% per annum nor may the final maturity date of the Series 12 Bonds be later than November 1, 2031.

(e) The Series 12 Notes shall be dated the date of their initial authentication and delivery. The Series 12C Notes shall bear interest from the date of their initial authentication and delivery. The Series 12D 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 12D 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 12C Notes shall be payable on the maturity date thereof and interest on the Series 12D Notes shall be payable on May 1, 2000 and semiannually thereafter on May 1 and November 1 of each year. The Series 12 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 12C Notes mature later than March 9, 2001 nor may the Series 12D Notes mature later than April 25, 2002.

(f) The Principal Amount and Redemption Price of the Series 12 Obligations shall be payable at the Principal Office of the Trustee. Interest on the Series 12 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 12 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 12 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 12 Obligations are not restricted to being registered in the registry books of the Agency in the name of Cede & Co., as nominee of the Bond Depository, as provided in Section 2.02 hereof, the Principal Amount and Redemption Price of and interest on the Series 12 Obligations of any registered owner of Series 12 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 12 Obligations on account of which such payment is made.

(g) Pursuant to Section 305(C) of the Resolution, the Agency in its sole discretion may charge for every exchange or transfer of a Series 12 Obligation a fee sufficient to reimburse the Agency for the cost of preparing each new Series 12 Obligation delivered upon such exchange or transfer and for any other expenses of the Agency or the Trustee incurred in connection therewith (in addition to any applicable tax, fee or other governmental charge other than one imposed by the Agency), which fee shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

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

(a) The Series 12 Obligations shall be initially issued in the form of a single separate fully registered bond for each Series and maturity of the Series 12 Obligations in the amount of such maturity. Upon initial issuance, the ownership of the Series 12 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 12 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 12 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 12 Obligations, (ii) the delivery to any Participant, any Beneficial Owner or any other person, other than the Bond Depository, of any notice with respect to the Series 12 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 12 Obligations. The Trustee shall pay the Principal Amount or Redemption Price of, and interest on, the Series 12 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 12 Obligations to the extent of the sum or sums so paid. No person other than the Bond Depository shall receive an authenticated Series 12 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 Sixteenth 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 12 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 12 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 12 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 12 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 12 Obligations credited to its Bond Depository account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 12 Obligations.

(d) Notwithstanding any other provision of this Sixteenth Supplemental Resolution to the contrary, so long as any Series 12 Obligation is registered in the name of Cede & Co., as nominee of the Bond Depository, all payments with respect to the Principal Amount or Redemption Price of, and interest on, such Bond and all notices with respect to such Bond shall be made and given, respectively, to or on the order of the Bond Depository as provided in the Representation Letter.

Section 2.03. Adjusted Rate Bonds.

(a) The Series 12 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 12 Bonds bearing interest at the Adjusted Interest Rate determined in accordance with this Section 2.03.

(i) If at any time and from time to time during the Adjustment Option Period (but not less than 40 days prior to the end of the Adjustment Option Period) any amount attributable to the Series 12 Bonds remains on deposit in the Series 12A/B Program Account and the Agency has determined (A) that the rate of interest to be borne by Loans allocable to Series 12 Bonds bearing interest at the rates set forth in the Series Certificate either (1) exceeds that rate which the Agency reasonably determines is the maximum rate which eligible Borrowers can then afford or (2) exceeds the maximum rate at which Mortgage Lenders are willing, in the judgment of the Agency, to commit to sell Loans for the Agency or (B) that Loans made by or on behalf of the Agency, directly or indirectly, with the proceeds of Series 12 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 12 Bonds (not in excess of the amount then on deposit in the Series 12A/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 (A) the Agency determines that the yield (calculated as of the Certification Date) on the Pro-Forma Tender Bonds bearing interest at the Pro-Forma Adjusted Interest Rate is at least 1/2 of 1% lower than the yield on the Series 12 Bonds (calculated as of the original date of authentication and delivery of the Series 12 Bonds) and (B) the Agency determines that the rate of interest to be borne by Loans allocable to proceeds of

Series 12 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 12 Bonds to become "arbitrage bonds" within the meaning of Section 143(g) or Section 148(a) of the Code and (C) the Agency determines that Loans made by or on behalf of the Agency, directly or indirectly, with proceeds allocable to Series 12 Bonds bearing interest at the Pro-Forma Adjusted Interest Rate can be issued bearing a rate or rates of interest which will be less than the prevailing rate of interest on comparable loans available in the State without the assistance of the Agency and (D) the Agency determines that the rate of interest on such Loans will be sufficient, together with all other Revenues and other funds available for the purpose, to pay in the current and each subsequent Fiscal Year Aggregate Debt Service when due and all Program Expenses (on the assumption that the Pro-Forma Tender Bonds will bear interest at the Pro-Forma Adjusted Interest Rate subsequent to the Certification Date), the Agency may elect in a certificate of an Authorized Officer delivered to the Trustee and the Remarketing Agent to call a Principal Amount of Series 12 Bonds (not in excess of the Principal Amount of Pro-Forma Tender Bonds) for mandatory tender on the Adjustment Date and exchange for or remarketing as Adjusted Rate Bonds. The certificate of an Authorized Officer delivered to the Trustee shall also specify the Adjustment Date after with the Adjusted Rate Bonds shall bear interest at the Adjusted Interest Rate, which Adjustment Date, in the sole discretion of the Agency, shall be any date within the Adjustment Option Period not less than 33 days after the date such certificate is delivered to the Trustee.

(iii) If the Agency shall have elected to call a Principal Amount of Series 12 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 12 Bonds (hereinafter refereed to as "Series 12 Tender Bonds") to be tendered (in aggregate Principal Amount equal to the Principal Amount of Series 12 Bonds specified by the Agency pursuant to Paragraph (a)(ii) of this Section 2.03). If less than all Series 12 Bonds are to be tendered, Series 12 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 12 Bonds of each maturity Outstanding bears to the aggregate Principal Amount of all Series 12 Bonds of all maturities Outstanding. If less than all Series 12 Bonds of any particular maturity are to be tendered, the Trustee shall select by lot the Series 12 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 12 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 12 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 12 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 12 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 12 Tender Bonds for which they were exchanged;

(C) that the Holders of Series 12 Tender Bonds will no longer be entitled to receive interest on such Bonds after the Adjustment Date, except in the case of Series 12 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 12 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 12 Tender Bonds (which portion shall not be less than $5,000 and shall be in whole multiples of $5,000 in Principal Amount) upon compliance by such Bondholder with the provisions of clause (iii) of Section 2.03(b);

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

(F) that if the Series 12 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 12 Tender Bonds in accordance with Section 2.03(b)(iii), unless such Bonds are registered in the name of the Bond Depository or its nominee, such Bondholder shall deliver such Bond or Bonds to the Trustee no later than 10:30 a.m. (New York City time) on the Adjustment Date duly endorsed in blank for transfer (the Trustee and the Bond Depository may agree as to any procedures to be followed by them with respect to the delivery of Series 12 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 12 Tender Bonds, all of such Series 12 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 12 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, facsimile or in writing or by wire sent on the same day or by next-day delivery service. Subject to Paragraph (vii) of this Section 2.03(a), as soon as possible after the Calculation Date the Trustee shall notify Bondholders who elected not to have their Series 12 Tender Bonds purchased pursuant to subparagraph (b)(iii) below of the Adjusted Interest Rate applicable to the Adjusted Rate Bonds to be retained by such holders. Following the Calculation Date, but in no event later than the second Business Day prior to the Adjustment Date, the Agency shall also deliver to the Trustee (1) an Arbitrage Projection Certificate, (2) a Remarketing Projection of Revenues satisfying the provisions of Paragraph (vi) of this Section 2.03(a), (iii) an Adjustment Rating Certificate and (3) a certificate of an Authorized Officer to the effect that the balance on deposit in the Bond Reserve Fund and the Series 12 Loan Loss Claim Fund as of the Adjustment Date will not be less than the Bond Reserve Fund Requirement and the Series 12 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 12 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 12 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 12 Tender Bonds, and to pay all Program Expenses allocable to such Bonds, will be greater following adjustment of the Series 12 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 12 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 12 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 12 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 12 Loan Loss Claim Fund Deposits, other than amounts, Reserve Deposits and Series 12 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 12 Bonds, shall be assumed in such Remarketing Projection of Revenues to be available to pay the Series 12 Bonds unless at or prior to such Adjustment Date the Agency shall have deposited such moneys, Reserve Deposits or Series 12 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 12 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 12 Bonds Outstanding.

(vii) If on or prior to the second Business Day immediately preceding the Adjustment Date either (A) the Agency shall fail to deliver to the Trustee the Arbitrage Projection Certificate, Adjustment Rating Certificate or Remarketing Projection of Revenues or certificate of an Authorized Officer described in Paragraph (iv) of this Section 2.03(a) or (B) either (1) the Agency shall determine (and certify to the Trustee) that the rate of interest to be borne by Loans to be acquired with the proceeds attributable to the Adjusted Rate Bonds exceeds the rate which the Agency reasonably determines is the maximum rate which eligible Borrowers can afford or (2) the Agency shall have reasonably determined (and shall so certify to the Trustee) that Mortgage Lenders would be unable or unwilling to originate Loans for sale to the Agency at such rate or in a principal amount sufficient to fully apply all proceeds allocable to the Adjusted Rate Bonds as herein provided, or (3) the Agency shall determine that Loans made by or on behalf of the Agency, directly or indirectly, with proceeds attributable to the Adjusted Rate Bonds cannot be issued bearing a rate or rates of interest which will be less than the prevailing rate of interest on comparable loans available in the State without the assistance of the Agency, the Series 12 Tender Bonds (or such portion of the Principal Amount thereof as the Agency shall determine is necessary to satisfy the provisions of this Paragraph (vii)) shall not be exchanged for or remarketed as Adjusted Rate Bonds on the Adjustment Date but shall be redeemed on the Adjustment Date in accordance with Section 2.04(B) hereof.

(b) (i) Subject to Paragraph (b)(iii) of this Section 2.03, all Series 12 Tender Bonds shall be subject to mandatory tender for purchase on the Adjustment Date. Subject to the following sentence, any Series 12 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 12 Tender Bonds purchased with remarketing proceeds as contemplated by subparagraph (ii) hereof;

(B) Series 12 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 12 Tender Bonds issued in exchange for or upon the transfer of Series 12 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 12 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 12 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 12 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 12 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 12 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 12 Tender Bonds who has received notice that such Holder's Series 12 Tender Bonds will be exchanged for Adjusted Rate Bonds may direct in writing by mail or by telex or facsimile received by an officer in the Corporate Trust Division of the Trustee no later than 4:00 p.m. (New York City time) on the fifteenth (15th) day prior to the Adjustment Date (or if such day is not a Business Day, on the next succeeding Business Day), as specified in such notice, that all or any specified portion of such Holder's Series 12 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 12 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 12 Tender Bonds for an amount of

Adjusted Rate Bonds equal in Principal Amount to the Series 12 Tender Bonds tendered for exchange and of the same maturity as the Series 12 Tender Bonds so exchanged. The Trustee and the Bond Depository may agree to other arrangements for evidencing the exchange of Series 12 Tender Bonds for Adjusted Rate Bonds in the case of Series 12 Tender Bonds registered in the name of the Bond Depository or its nominee. The Trustee shall notify the Remarketing Agent and the Agency by 5:00 p.m. (New York City time) on the Fifteenth (15th) day prior to the Adjustment Date (or if such day is not a Business Day, on the next succeeding Business Day) of the aggregate amount of Series 12 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 12 Tender Bonds registered in the name of the Bond Depository or its nominee, the direction of a Holder of Series 12 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 12 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 12 Tender Bonds shall be subject to mandatory redemption despite direction to the contrary; and

(B) that such person is the owner of the Series 12 Tender Bonds to be exchanged for Adjusted Rate Bonds.

(v) Series 12 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.

Section 2.04. Redemption Provisions.

(a) All Series 12 Bonds shall be subject to redemption prior to maturity on and after November 1, 2009 in whole or in part, at any time, from such maturities of Series 12 Bonds of similar tenor selected by the Agency and by lot if within a maturity of Series 12 Bonds of similar tenor, on any Interest Payment Date, from moneys deposited in the Series 12 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 12 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 12 Bonds shall be subject to redemption prior to maturity at any time in whole or in part from such maturities of Series 12 Bonds of similar tenor as the Agency shall designate in its discretion in accordance with the Resolution (and, if less than all Series 12 Bonds of similar tenor of a maturity are to be redeemed, by lot within such Series 12 Bonds of similar tenor of such maturity), at a Redemption Price equal to the Principal Amount of each Series 12 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 509 of the Resolution.

(d) If so provided in the Series Certificate, Series 12 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 12 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 12 Bonds, bearing, in addition to such other information as may be required by Section 405 of the Resolution, the "CUSIP" number of each Series 12 Bond or portion thereof to be redeemed, the date and interest rate of such Bond or portion and the name and telephone number of a representative of the Trustee from whom information regarding such redemption can be obtained, shall be given by mailing a copy of such notice not more than 60 days and not less than 30 days prior to the redemption date to the registered owners of all Series 12 Bonds or portions thereof to be redeemed. Notwithstanding anything herein or in the Resolution to the contrary, notice of redemption of any Series 12 Bonds or portions thereof given to the registered owner of $1,000,000 or more Principal Amount of Series 12 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 12 Bond or any defect therein shall not affect the redemption of any other Series 12 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 12 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 12 Bonds on the redemption date therefor). If any Series 12 Bonds called for redemption as provided herein are not presented for payment within 60 days of the redemption date, the Trustee shall mail an additional notice of the redemption of such Series 12 Bonds to the registered owners thereof, provided failure to mail such notice or any defect therein shall not affect the redemption of such Series 12 Bonds on the redemption date therefor.

(f) The Series 12 Notes are not subject to redemption prior to maturity.

Section 2.05. Sale of Series 12 Obligations.

(a) The Series 12 Obligations shall be sold to the Underwriters and any other direct purchasers of the Series 12 Obligations on the terms and conditions, and upon the representations set forth in the related Purchase Contract, which Purchase Contracts are 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 of each Purchase Contract is hereby authorized in all respects; provided, however, that in no event shall the Yield on the Series 12 Bonds exceed a Yield which would result in an interest rate on the Mortgage Loans to be financed with the proceeds of the Series 12 Bonds in excess of 8.00% per annum nor may any Series 12 Obligation mature later than November 1, 2031.

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

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

ARTICLE III

ESTABLISHMENT OF ACCOUNTS AND APPLICATION OF PROCEEDS OF SERIES 12 OBLIGATIONS

Section 3.01. Establishment of Funds and Accounts.

(a) In accordance with Section 502 of the Resolution, the Series 12 Loan Loss Claim Fund is hereby established to be held by the Trustee. The Series 12 Loan Loss Claim Fund shall be deemed to be Additional Security for the Series 12 Bonds within the meaning and with the effect given by Section 207 of the Resolution, and the Series 12 Loan Loss Claim Fund Surety Bond, Investment Obligations and Series 12 Loan Loss Claim Fund Deposits held in such Fund shall be used for the purposes and as provided in Section 3.06 of this Sixteenth Supplemental Resolution.

(b) There are hereby established in the Program Fund separate accounts designated the "Series 12A/B Program Account," the "Series 12C Program Account" and the "Series 12D Program Account" moneys in each of which shall be used for the purposes and as authorized by Section 504 of the Resolution and Section 3.03 of this Sixteenth Supplemental Resolution. There is also hereby established in the Series 12A/B

Program Account a separate subaccount designated the "Series 12 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 12 Tender Bonds Proceeds Subaccount shall be considered for all proposes of the Resolution as on deposit in the Series 12A/B Program Account.

(c) In accordance with Section 502 of the Resolution, a separate account is hereby established in the Program Fund designated the "Series 12 Cost of Issuance Account," moneys in which shall be used for the purposes and as authorized by Section 505(A) of the Resolution.

(d) In accordance with Section 502 of the Resolution, a separate account is hereby established in the Program Fund designated the "Series 12 Capitalized Interest Account," moneys in which shall be used for the purposes and as authorized by Section 505(B) of the Resolution.

(e) In accordance with Section 502 of the Resolution, a separate account is hereby established in the Redemption Fund to be held by the Trustee designated the "Series 12 Contingency Account," the amounts in which shall be used for the purposes and as authorized by Section 3.05 of this Sixteenth Supplemental Resolution. The Series 12 Contingency Account shall be deemed to be Additional Security for the Series 12 Bonds within the meaning and with the effect given by Section 207 of the Resolution.

(f) There is hereby established in the Rebate Fund a separate account designated the "Series 12 Rebate Account," moneys in which shall be used for the purposes and as authorized by Section 510 of the Resolution and Section 3.07 of this Sixteenth Supplemental Resolution.

Section 3.02. Application of Proceeds and Other Moneys.

(a) Upon the authentication and delivery of the Series 12 Obligations, the proceeds of sale of the Series 12 Obligations shall be deposited by the Trustee as provided in the Series Certificate.

(b) On or before the original delivery date of the Series 12 Obligations, the Agency shall deliver to the Trustee cash, the Series 12 Loan Loss Claim Fund Surety Bond or Series 12 Loan Loss Claim Fund Deposits, in an aggregate stated amount equal to the Series 12 Loan Loss Claim Fund Requirement, to be held by the Trustee for the credit of the Series 12 Loan Loss Claim Fund, as provided in Section 3.06 hereof.

(c) On or before the original delivery date of the Series 12 Bonds, the Agency shall deliver cash, the Series 12 Contingency Account Surety Bond or Series 12 Contingency Account Deposits to the Trustee in the amount provided in the Series Certificate. If a Series 12 Contingent Account Deposit is other than cash, the Series 12 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 12 Contingency Account.

Section 3.03. Application of Certain Amounts in Series 12 Program Accounts.

(a) Notwithstanding anything in the Resolution to the contrary, except as hereinafter provided, amounts deposited in the Series 12A/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 504 of the Resolution. Amounts deposited in the Series 12A/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 701 of the Resolution specifying the terms of such Loans and any conditions to the purchase or making thereof and providing for any Additional Security therefor or for the Series 12 Obligations in accordance with Section 207 of the Resolution.

Notwithstanding anything herein to the contrary, on the date of issuance of the Series 12 Obligations, the Trustee shall apply funds on deposit in the Series 12A/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 12A/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 12A/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 12 Obligations.

(c) Notwithstanding anything in Section 504 of the Resolution to the contrary, if on July 23, 2003, (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 12 Bonds remains on deposit in the Series 12A/B Program Account, other than amounts deposited therein pursuant to Section 506(B)(5) of the Resolution, the Trustee shall transfer such amount to the Series 12 Special Redemption Account in the Redemption Fund and shall apply such amount to the redemption of Series 12 Bonds in accordance with Section 2.04(c) hereof on or before August 23, 2003, (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 12A/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 July 23, 2003, to retain in the Series 12A/B Program Account all or any portion of the amount then held therein allocable to the new money proceeds of the Series 12 Bonds as aforesaid to such later date or dates as shall be specified in such certificate if such certificate is accompanied by (i) 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 (ii) 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 12 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 12A/B Program Account, any amount remaining on deposit in the Series 12A/B Program Account on the date or dates specified in such certificate shall be transferred by the Trustee on such date to the Series 12 Special Redemption Account and shall be applied to the redemption of Series 12 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 12A/B Program Account allocable to the new money proceeds of the Series 12 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 12 Bonds.

(d) Amounts on deposit in the Series 12C Program Account and the Series 12D Program Account shall be retained therein and applied to the payment of principal and interest on the applicable Series of Series 12 Notes.

Section 3.04. Application of Series 12 Tender Bond Proceeds Subaccount.

(a) Notwithstanding anything in Section 504 of the Resolution to the contrary, upon receipt by the Trustee of the certificate of an Authorized Officer described in Section 2.03(a)(ii) hereof to the effect that the Agency has elected to call a Principal

Amount of Series 12 Bonds for exchange for or remarketing as Adjusted Rate Bonds on the Adjustment Date, the Trustee shall withdraw from the Series 12A/B Program Account and deposit in the Series 12 Tender Bonds Proceeds Subaccount an amount equal to the Principal Amount of Series 12 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 504 of the Resolution to the contrary, if the conditions specified in Section 2.03(a)(iv) or Section 2.03(a)(vii) hereof shall have occurred, the Trustee shall transfer from the Series 12 Tender Bonds Proceeds Subaccount to the Series 12 Special Redemption Account in the Redemption Fund all or such portion of such funds on deposit in the Series 12 Tender Bonds Proceeds Subaccount as shall be directed by the Agency for application to the redemption of all Series 12 Tender Bonds in accordance with Section 2.04(b) hereof.

(c) Notwithstanding anything in Section 504 of the Resolution to the contrary, if on the Adjustment Date any Series 12 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 12 Tender Bonds Proceeds Subaccount to the Debt Service Fund an amount equal to the Principal Amount of all such Series 12 Tender Bonds not so remarketed. The amount so transferred shall be applied on the Adjustment Date to the purchase of Series 12 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 12 Tender Bonds Proceeds Subaccount to the Series 12A/B Program Account for application thereafter as provided in Section 504 of the Resolution and Section 3.03 hereof.

Section 3.05. Application of Series 12 Contingency Account.

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

(b) The Trustee shall hold the cash deposited by the Agency, the Series 12 Contingency Account Surety Bond or the Series 12 Contingency Account Deposit, as applicable, for the credit of the Series 12 Contingency Account as security for the payment to the Trustee for deposit in the Revenue Fund of amounts, if any, necessary to satisfy the requirements of Section 509(G) of the Resolution upon any redemption of

Series 12 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 12 Contingency Account Deposit, with the prior approval of the Series 12 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 12 Contingency Account or to give notice to the Series 12 Contingency Account Deposit Provider and to draw upon the Series 12 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 12 Contingency Account Deposit and amounts on deposit in or held for the credit of the Series 12 Loan Loss Claim Fund), after consideration of any other amounts deposited in the Revenue Fund pursuant to Paragraph (a) of this Section 3.05 or the related provision of any applicable Supplemental Resolution set forth in the Series Certificate is insufficient to enable the Agency to satisfy the requirements of Section 509(G) of the Resolution with respect to the purchase or redemption of Series 12 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 12 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 12 Contingency Account Deposit is held under the Resolution for the account of the Series 12 Bonds, the Agency may direct the Trustee to reduce the stated amount thereof or to cancel the Series 12 Contingency Account Deposit and return it to the Series 12 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 12 Contingency Account Deposit, the Agency may direct the Trustee to withdraw any or all funds on deposit in the Series 12 Contingency Account and return such funds to the Agency upon the same conditions as a reduction or cancellation of the Series 12 Contingency Account Deposit.

(d) If the Trustee shall receive a notice from the Series 12 Contingency Account Deposit Provider pursuant to the Series 12 Reimbursement Agreement, if any, to the effect that an Event of Default has occurred and is continuing under the Series 12 Reimbursement Agreement and the Series 12 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 12 Contingency Account Deposit, the Trustee shall make such drawing and shall deposit the amount so drawn in the Series 12 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 12 Contingency

Account Deposit the Agency shall deposit with the Trustee an extension thereof or a substitute Series 12 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 12 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 12 Contingency Account Deposit the Trustee shall draw upon the Series 12 Contingency Account Deposit the full amount then available to be drawn thereunder and shall deposit such amount in the Series 12 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 12 Contingency Account is not required for the purposes of such account, the Trustee shall pay the surplus in the Series 12 Contingency Account (as determined by the Agency) or the entire balance therein, as appropriate, to the Agency.

(f) Withdrawals from the Series 12 Contingency Account pursuant to Paragraphs (b) or (c) of this Section 3.05 shall be made by the Trustee, *first*, from cash and Investment Obligations, if any, on deposit in the Series 12 Contingency Account and *second*, from amounts drawn on any Series 12 Contingency Account Deposit. If at the time of making any withdrawal the amount of cash and Investment Obligations on deposit in the Series 12 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 12 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 12 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 12 Contingency Account Deposit.

(g) Interest or other income derived from the investment or deposit of moneys, if any, in the Series 12 Contingency Account shall be transferred by the Trustee to the Agency.

Section 3.06. Application of Series 12 Loan Loss Claim Fund.

(a) The Trustee shall deposit in the Series 12 Loan Loss Claim Fund (i) the amount, if any, set forth in the Series Certificate, (ii) all amounts drawn on the Series 12 Loan Loss Claim Fund Deposit, if any, in accordance with this Section 3.06, (iii) any amount deposited therein from the Revenue Fund pursuant to Section 3.08 of this Sixteenth Supplemental Resolution, (iv) all interest and other earnings on investment or deposit of amounts on deposit in the Series 12 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 12 Loan Loss Claim Fund, including, without limitation, amounts drawn on the Series 12 Loan Loss Claim Fund Deposit, shall be used solely for the purposes provided in Paragraphs (b) and (c) of this Section 3.06.

(b) Upon receipt by the Trustee of a certificate of an Authorized Officer to the effect that a Loan Loss has been realized on a defaulted Loan allocable to the Series 12 Bonds and specifying the amount of such Loan Loss, the Trustee shall withdraw from the Series 12 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 12 Contingency Account shall be insufficient for the purposes of such account, the Trustee shall give notice to the Series 12 Loan Loss Claim Fund Deposit Provider and shall draw the amount of the deficiency from the Series 12 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 12 Loan Loss Claim Fund, together with the stated and unpaid amount of the Series 12 Loan Loss Claim Fund Deposit, if any, shall be not less than the Series 12 Loan Loss Claim Fund Requirement. Any amounts withdrawn from the Series 12 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 12 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 12 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 12 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 12 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 12 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 12 Loan Loss Claim Fund Deposit.

(e) Notwithstanding the foregoing provisions of this Section 3.06, nothing in the Resolution or this Sixteenth Supplemental Resolution shall obligate the Agency to deposit in the Series 12 Loan Loss Claim Fund an amount which would cause the balance in the Series 12 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 12 Loan Loss Claim Fund Requirement. Unless otherwise directed by the Agency, no Loan Loss Claim Fund Withdrawal shall be made by the Trustee if the amount of such Loan Loss Claim Fund Withdrawal, together with the amount of all Loan Loss Claim Fund Withdrawals theretofore made by the Trustee, would exceed an amount equal to (i) 1.85% of the sum of (A) the aggregate original principal amount of all Loans purchased under the Resolution from amounts on deposit in the Series 12A/B Program

Account plus (B) the aggregate amount, if any, then held in the Series 12A/B Program Account which may be applied to the purchase of such Loans, or (ii) such lesser amount as each Nationally Recognized Credit Rating Agency confirms to the Agency will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

(f) Notwithstanding anything herein or in the Resolution to the contrary, at any time the Agency may direct the Trustee to withdraw from the Series 12 Loan Loss Claim Fund and pay to the Agency all or any part of the moneys on deposit in the Series 12 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 12 Loan Loss Claim Fund following such withdrawal, equal to not less than the Series 12 Loan Loss Claim Fund Requirement, (ii) letters from each Nationally Recognized Credit Rating Agency (or other evidence satisfactory to the Trustee) confirming that such withdrawal will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding and (iii) an opinion of Bond Counsel to the effect that such withdrawal will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds Outstanding. In connection with any such withdrawal and the deposit of any Reserve Deposit with the Trustee, the Agency may adopt a Supplemental Resolution pursuant to Section 701 of the Resolution specifying the terms and conditions under which such Reserve Deposit is held for the credit of the Series 12 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 12 Loan Loss Claim Fund exceeds the Series 12 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 12 Loan Loss Claim Fund exceeds the Series 12 Funded Loan Loss Claim Fund Requirement, and/or (ii) the stated and unpaid amount of the Series 12 Loan Loss Claim Fund Deposit exceeds the Series 12 Loan Loss Claim Fund Requirement, the Agency may direct the Trustee to notify the Series 12 Loan Loss Claim Fund Deposit Provider of a reduction in the stated amount of the Series 12 Loan Loss Claim Fund Deposit; provided that if any such excess has resulted from a decrease in the Series 12 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 12 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 12 Loan Loss Claim Fund Deposit Provider pursuant to the Series 12 Reimbursement Agreement, if any, to the effect that an Event of Default has occurred and is continuing under the Series 12 Reimbursement Agreement and the Series 12 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 12 Loan Loss Claim Fund Requirement or the stated and unpaid amount of the Series 12 Loan Loss Claim Fund Deposit, the Trustee shall make such drawing and shall deposit the amount so drawn in the Series 12 Loan Loss Claim Fund.

(j) Not less than five Business Days prior to the date of expiration of the Series 12 Loan Loss Claim Fund Deposit, the Agency shall deposit with the Trustee either an extension of the Series 12 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 12 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 12 Loan Loss Claim Fund at such date and (ii) the stated amount of the Series 12 Loan Loss Claim Fund Deposit at such date. If the Agency shall fail to deposit such extension of the Series 12 Loan Loss Claim Fund Deposit with the Trustee, not less than three Business Days prior to the expiration date of the Series 12 Loan Loss Claim Fund Deposit, the Trustee shall draw on the Series 12 Loan Loss Claim Fund Deposit and deposit in the Series 12 Loan Loss Claim Fund an amount sufficient to cause the Series 12 Funded Loan Loss Claim Fund Requirement to equal the Series 12 Loan Loss Claim Fund Requirement as of such date or, if less, the full amount then available to be drawn under the Series 12 Loan Loss Claim Fund Deposit.

(k) Notwithstanding anything herein or in the Resolution to the contrary, the Series 12 Loan Loss Claim Fund Requirement shall be reduced to zero if at any time the Agency shall file with the Trustee (i) a certificate of an Authorized Officer to the effect that the Agency then maintains or has caused to be maintained in full force and effect a policy or policies of insurance obtained by the Agency under which an insurance company qualified to do business in the State insures the Agency on a portfolio basis, for so long as any Series 12 Bonds are Outstanding under the Resolution, against loss arising out of default on Loans purchased or made from moneys in the Series 12A/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 12 Loan Loss Claim Fund requirement will not adversely affect the unenhanced credit ratings then assigned to any Bonds Outstanding.

Section 3.07. Series 12 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 12 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 12 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 12 Rebate Requirement.

(b) Within 30 days of the end of each Bond Year, the Agency shall furnish to the Trustee a certificate of an Authorized Officer, upon which the Trustee may conclusively rely, setting forth the Series 12 Rebate Requirement for such Bond Year.

(c) Within 60 days after the close of the fifth Bond Year, and at least once in each five-year period thereafter, the Trustee shall pay from the Series 12 Rebate Account to the United States on behalf of the Agency the full amount then required to be paid under Section 148(f) as certified and directed by the Agency in a certificate of an Authorized Officer delivered to the Trustee prior to the due date of such payment. Within 60 days after the Series 12 Obligations have been paid in full, the Trustee shall pay to the United States from the Series 12 Rebate Account on behalf of the Agency the full amount then required to be paid under Section 148(f) as certified by the Agency in a certificate of an Authorized Officer delivered to the Trustee prior to the due date of such payment. Each such payment shall be filed with the Internal Revenue Service Center, 1600 W. 1200 S., Ogden, UT 84201 or any successor location specified by the Internal Revenue Service, accompanied by a copy (furnished to the Trustee by the Agency) of the Form 8038-T (or other similar information reporting form).

(d) In the event that, at the time of any required payment of the Series 12 Rebate Requirement, the amount in the Series 12 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 12 Obligations the amount on deposit in the Series 12 Rebate Account exceeds the Series 12 Rebate Requirement (calculated as of such Interest Payment Date), the Trustee, at the written direction of an Authorized Officer, shall withdraw such excess amount and deposit it in the Revenue Fund.

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

(g) The Agency and the Trustee shall keep such records as will enable them to fulfill the responsibilities under this section and Section 148(f) of the Code and shall retain such records for at least six years following final payment of the Series 12 Obligations.

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

Section 3.08. Application of Certain Amounts in Revenue Fund.

(a) Notwithstanding anything in Section 506(B) of the Resolution to the contrary, on or before each Interest Payment Date of the Series 12 Obligations, after satisfying the requirements of Clauses (i) through (vii), inclusive, of Section 506(B), the Trustee shall apply any balance on deposit in the Revenue Fund attributable to the Series 12 Bonds to the Series 12 Loan Loss Claim Fund to the extent the amount therein is less than the Series 12 Funded Loan Loss Claim Fund Requirement calculated at such Interest Payment Date.

(b) Notwithstanding anything in Section 506(B)(7) of the Resolution, the amount of moneys in the Revenue Fund allocable to the Series 12 Obligations that may be applied to the payment or reimbursement of Program Expenses in any one Fiscal Year pursuant to such Section 506(B)(7) shall not exceed the sum of (i) $10,000 plus (ii) the sum of the fees and reimbursement amounts payable to the Series 12 Loan Loss Claim Fund Deposit Provider in connection with the Series 12 Loan Loss Claim Fund Deposit, the fees and reimbursement amounts payable to the Series 12 Contingency Account Deposit Provider in connection with the Series 12 Contingency Account Deposit, the expenses and reimbursements payable to the Bond Insurer in connection with the Municipal Bond Insurance Policy 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 unenhanced ratings then assigned to any Bonds Outstanding by any Nationally Recognized Credit Rating Agency.

(c) Notwithstanding anything in Section 506(B)(8) of the Resolution to the contrary, no amount on deposit in the Revenue Fund attributable to the Series 12 Obligations shall be transferred to the General Fund pursuant to such Section 506(B)(viii) unless (i) there are no amounts owed to the Series 12 Loan Loss Claim Fund Deposit Provider or the Series 12 Contingency Account Deposit Provider under either of the Series 12 Reimbursement Agreements and (ii) the Projection of Revenues filed with the Trustee in accordance with said Section 506(B)(viii) shows that on the date of such Projection of Revenues the unpaid balance of all Loans then held under the Resolution for the account of the Series 12 Obligations, plus the amount then held in all Funds and Accounts under the Resolution attributable to the Series 12 Obligations, other than amounts held in the Rebate Fund, the Series 12 Contingency Account and the Series 12 Loan Loss Claim Fund and the amounts attributable to the Series 12 Obligations then to be paid to the Agency in accordance with said Section 506(B)(viii), are at least equal to 101% of the Principal Amount of all Series 12 Obligations plus all interest accrued and unpaid thereon as of such date.

(d) The Agency hereby acknowledges and agrees that amounts payable under each of the Series 12 Reimbursement Agreements constitute Program Expenses and shall be paid in accordance with Section 506(B)(7) of the Resolution and Section 3.08(b) hereof.

ARTICLE IV

FORM OF SERIES 12 OBLIGATIONS

Section 4.01. Form of Series 12 Obligations.

(a) All Series 12 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 Sixteenth 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 12 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 Sixteenth Supplemental Resolution, as the Chairman, Executive Director or other Authorized Officer of the Agency shall determine and certify to the Trustee on or before the Adjustment Date.

ARTICLE V

MISCELLANEOUS

Section 5.01. Authorization of Officers. The Chairman, Vice Chairman or any other Commissioner of the Agency, Executive Director, Treasurer, Director of Finance, Director of Homeownership Programs 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 Sixteenth Supplemental Resolution, the Resolution, the Purchase Contracts, the Remarketing Agreement, the Continuing Disclosure Agreement and the Official Statement.

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

Section 5.03. Reimbursement Agreement. The Chairman, Vice-Chairman, or any other Commissioner, Treasurer, Executive Director or Director of Finance are hereby authorized to execute the Series 12 Reimbursement Agreement[s] in such form as shall be approved by Counsel to the Agency and to deliver the same to the Series 12 Loan Loss Claim Fund Deposit Provider and the Series 12 Contingency Account Deposit Provider, as applicable.

Section 5.04. Purchase Contracts; Remarketing Agreement. The Purchase Contracts and the Remarketing Agreement are hereby approved in substantially the forms 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 Contracts and the Remarketing Agreement and, upon such execution, to deliver it to the underwriters of the Bonds and the Remarketing Agent, respectively.

Section 5.05. Remarketing Agent.

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

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

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

Section 5.06. 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.

Section 5.07. Amendment of Resolution. Section 5.06 of the Tenth Supplemental Resolution provided for the amendment of Section 1012 of the Resolution by adding to the end of such Section 1012 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 1002 and 1010.

This amendment to Section 1012 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 and any direct institutional purchaser of the Series 12 Obligations, as initial beneficial owners of the Series 12 Obligations, shall be deemed to have consented to the provisions of Section 5.06 of the Tenth Supplemental Resolution.

Section 5.08. Effective Date. This Sixteenth Supplemental Resolution shall take effect immediately.

ARTICLE VI

MUNICIPAL BOND INSURANCE POLICY

Section 6.01. Municipal Bond Insurance Policy. The Agency shall deposit the Municipal Bond Insurance Policy with the Trustee on the date of issuance of the Series 12 Obligations.

Section 6.02. 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) If, on the third Business Day prior to the related scheduled Interest Payment Date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Resolution, moneys sufficient to pay the principal of and interest on the Series 12 Bonds due on such Payment Date, the Trustee shall give notice to the Bond Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or facsimile of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 12 Bonds due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Bond Insurer and the Bond Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 12 Bonds and the amount required to pay principal of the Series 12 Bonds, confirmed in writing to the Bond Insurer and the Bond Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

(b) In the event the claim to be made is for a Sinking Fund Installment, upon receipt of the moneys due, the Trustee shall authenticate and deliver to affected Bondholders who surrender their Series 12 Bonds a new Series 12 Bond or Series 12 Bonds in the aggregate principal amount equal to the unredeemed portion of the Series 12 Bond surrendered. The Trustee shall designate any portion of payment of principal on Series 12 Bonds paid by the Bond Insurer, whether by virtue of Sinking Fund Redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 12 Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Series 12 Bond to the Insurer, registered in the name of Financial Security Assurance Inc., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series 12 Bond shall have no effect on the amount of principal or interest payable by the Agency on any Series 12 Bond or the subrogation rights of the Bond Insurer.

(c) The Trustee shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Series 12 Policy Payments Account of the Debt Service Fund (which Series 12 Policy Payments Account is hereby created) and the allocation of such funds to payment of interest on and principal paid in respect of any Series 12 Bond. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(d) Upon payment of a claim under the Municipal Bond Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of holders of the Series 12 Bonds referred to herein as the "Series 12 Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Municipal Bond Insurance Policy in trust on behalf of holders of the Series 12 Bonds and shall deposit any such amount in the Series 12 Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to holders of the Series 12 Bonds in the same manner as principal and interest payments are to be made with respect to the Series 12 Bonds under the sections hereof regarding payment of Series 12 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

(e) Funds held in the Series 12 Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee or of any other person or entity.

(f) Any funds remaining in the Series 12 Policy Payments Account following a payment date with respect to the Series 12 Bonds shall promptly be remitted to the Bond Insurer.

(g) The Bond Insurer shall, to the extent it makes any payment of principal of or interest on the Series 12 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond Insurance Policy.

Section 6.03. Notices to the Bond Insurer.

(a) While 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 12 Bonds, including, without limitation, notice of any redemption of or defeasance of Series 12 Bonds, and any certificate rendered pursuant to the Resolution relating to the security for the Series 12 Bonds;

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

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

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

(vi) prior notice of the advance refunding or redemption of any of the Series 12 Bonds, including the principal amount, maturities and CUSIP numbers thereof;

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

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

(ix) notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 12 Bonds;

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

(xi) A full original transcript of all proceedings relating to the execution of any amendment or supplement to the Resolution, the Sixteenth Supplemental Resolution or any other document executed in connection with issuance of the Series 12 Bonds;

(xii) all reports, notices and correspondence with respect to the Series 12 Bonds to be delivered under the terms of the Resolution, the Sixteenth Supplemental Resolution or any other document executed in connection with the issuance of the Series 12 Bonds;

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

(xiv) all notices, documents and certificates furnished the Bond Insurer in accordance with this Section 6.03(a) shall be delivered to: Financial Security Assurance Inc., 350 Park Avenue, New York, New York 10022-6022, Attention: Managing Director – Surveillance; Re: Policy No. [____]-N, Telephone: (212) 826-0100; Facsimile: (212) 339-3529. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

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

(c) The Agency will permit the Bond Insurer to discuss the affairs, finances and accounts of the Agency or any information the Bond Insurer may reasonably request regarding the security for the Series 12 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 12 Bonds at any reasonable time.

(d) The Bond Insurer shall have the right to direct an accounting at the Agency's expense, and the Agency's failure to comply with such direction within 30 days after receipt of written notice of the direction from the Bond Insurer shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Series 12 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 12 Bonds as required and immediately upon the occurrence of any Event of Default with respect to the Series 12 Bonds.

Section 6.04. Consent of the Bond Insurer. No modification, amendment or supplement to the Resolution, the Sixteenth Supplemental Resolution or any other document executed in connection with the Series 12 Bonds that requires the consent of the owners of the Series 12 Bonds may become effective except upon obtaining the prior written consent of the Bond Insurer. Additionally, no amendment, modification or supplement to the Resolution or the Sixteenth Supplemental Resolution shall be permitted unless the Bond Insurer receives a written confirmation from S&P and Moody's that, after giving effect to such amendment, modification or supplement, the Series 12 Bonds will be rated no less than "A+" and "A1" respectively (without giving effect to the Municipal Bond Insurance Policy). Copies of any modification or amendment to the Resolution, the Sixteenth Supplemental Resolution or any other document executed in connection with the Series 12 Bonds shall be sent to each Nationally Recognized Credit Rating Agency at least 10 days prior to the effective date thereof.

Section 6.05. Consent of the Bond Insurer in the Event of Insolvency. Any reorganization or liquidation plan with respect to the Agency must be acceptable to the Bond

Insurer. In the event of any reorganization or liquidation, the Bond Insurer shall have the right to vote on behalf of all Series 12 Bondholders absent a default by the Bond Insurer under the Municipal Bond Insurance Policy.

Section 6.06. Rights of Bond Insurer. The Bond Insurer shall be deemed to be the sole holder of the Series 12 Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Series 12 Bonds insured by it are entitled to take pursuant to Article IX (pertaining to defaults and remedies) and Article X (pertaining to the Trustee) of the Resolution. The Trustee shall take no action with respect to the Series 12 Bonds pursuant to such Article IX and Article X except with the consent, or at the direction, of the Bond Insurer.

In addition, in the event the maturity of the Series 12 Bonds is accelerated, the Bond Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Agency) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Bond Insurer's obligations under the Municipal Bond Insurance Policy with respect to such Series 12 Bonds shall be fully discharged.

Section 6.07. Defeasance of Series 12 Bonds. Notwithstanding anything in the Resolution to the contrary, in the event that the principal and/or interest due on the Series 12 Bonds shall be paid by the Bond Insurer pursuant to the Municipal Bond Insurance Policy, the Series 12 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 12 Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners.

Notwithstanding anything in Article XI of the Resolution to the contrary, only (a) cash and (b) non-callable direct obligations of the United States of America shall be authorized to be used to effect defeasance of the Series 12 Bonds unless the Bond Insurer otherwise approves. In addition, in order to accomplish a defeasance the Agency shall cause to be delivered to the Bond Insurer (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Bond Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Series 12 Bonds in full on the Bond maturity and redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Bond Insurer), and (iii) an opinion of nationally recognized bond counsel to the effect that the Series 12 Bonds are no longer "Outstanding" under the Resolution; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Agency, the Trustee and the Bond Insurer. In the event a forward purchase agreement will be employed in the refunding, such agreement shall be subject to the approval of the Bond Insurer and shall be accompanied by such opinions of counsel as may be required by the Bond Insurer. The Bond Insurer shall be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow. The Series 12 Bonds shall be deemed "Outstanding" under the Resolution unless and until they are in fact paid and retired or the above criteria are met.

Section 6.08. Payment of Municipal Bond Insurance Premium; Expenses. Notwithstanding any provision of Section 506 of the Resolution to the contrary, amounts on deposit in the Revenue Fund and allocable to the Series 12 Bonds shall be used to pay the Municipal Bond Insurance Policy Premium prior to being deposited in the Bond Reserve Fund to replenish any deficiency therein as provided in Section 506(B)(2) of the Resolution.

In addition, the Agency shall pay or reimburse the Bond Insurer as a Program Expense pursuant to Section 5.06(B)(7) of the Resolution, but only to the extent of the trust estate pledged under the Resolution, any and all charges, fees, costs and expenses which the Bond Insurer may reasonably pay or incur in connection with (a) the administration, enforcement, defense or preservation of any rights or security under the Resolution, the Sixteenth Supplemental Resolution or any other document executed in connection with the issuance of the Series 12 Bonds; (b) the pursuit of any remedies under the Resolution, the Sixteenth Supplemental Resolution or any other document executed in connection with the issuance of the Series 12 Bonds or otherwise afforded by law or equity, (c) any amendment, waiver or other action with respect to, or related to, the Resolution, the Sixteenth Supplemental Resolution or any other document executed in connection with the issuance of the Series 12 Bonds whether or not executed or completed, (d) the violation by the Agency of any law, rule or regulation, or any judgment, order or decree applicable to it or (e) any litigation or other dispute in connection with the Resolution, the Sixteenth Supplemental Resolution or any other document executed in connection with the issuance of the Series 12 Bonds or the transactions contemplated thereby, other than amounts resulting from the failure of the Bond Insurer to honor its obligations under the Municipal Bond Insurance Policy. The Agency acknowledges that the Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Resolution, the Sixteenth Supplemental Resolution or any other document executed in connection with the issuance of the Series 12 Bonds.

Section 6.09. Payments by Bond Insurer. The Bond Insurer shall be entitled to pay principal or interest on the Series 12 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Agency (as such terms are defined in the Municipal Bond Insurance Policy) and any amounts due on the Series 12 Bonds as a result of acceleration of the maturity thereof in accordance with the Resolution, whether or not the Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the Municipal Bond Insurance Policy) or a claim upon the Municipal Bond Insurance Policy.

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

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

Section 6.12. Parties Interested Herein; References to Ratings. Nothing in this Sixteenth 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 12 Obligations, any right, remedy or claim under or by reason of this Sixteenth Supplemental Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Sixteenth 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 12 Obligations.

Notwithstanding anything in the Resolution or this Sixteenth Supplemental Resolution to the contrary, any reference in the Resolution or the Sixteenth Supplemental Resolution with respect to the ratings maintained in the Series 12 Obligations by any Nationally Recognized Credit Rating Agency shall mean the unenhanced credit rating on the Series 12 Obligations.

EXHIBIT A

VERMONT HOUSING FINANCE AGENCY
SINGLE FAMILY HOUSING BONDS
Series 12A and Series 12B
Series 12 Tender Bonds Selected
For Tender on _________

The Howard Bank, N.A.
Burlington, VT 05402-0409
Attention: Corporate Trust Department

Re: Election to Retain Adjusted Rate Bonds

Dear Sir or Madam:

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

In accordance with the information given in the Trustee's Notice dated ________, we hereby give you irrevocable notice that we elect to retain $________ aggregate principal amount of Series 12 Tender Bonds and to exchange such Bonds for Adjusted Rate Bonds as described below.

The principal amount or amounts of Series 12 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 Sixteenth Supplemental Single Family Housing Bond Resolution shall occur on or prior to the Adjustment Date, such Series 12 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

25 years
1974 1999
vhfa
Vermont Housing Finance Agency

February 7, 2000

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 17 at 1:00 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**

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Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: February 11, 2000

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 17th at 1:00 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 February 17th!

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Vermont Housing Finance Agency

BOARD AGENDA
Montpelier City Hall
Memorial Room
Montpelier, Vermont

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

1. Review and approval of the minutes from January 18th and February 10th, 2000.

2. DEVELOPMENT
   A. Multifamily Construction & Permanent Loan for St. Johnsbury House Apartments {Erdelyi/Enclosure}
   B Multifamily Construction Loan for Franklin Homestead Assisted Living Residence {Reid/Enclosure}

3. HOMEOWNERSHIP
   A. Summary of Homeownership Programs {Crady/Enclosure}

4. FINANCE
   A. Single Family Series 12 Bond Wrap Up {Schoenbeck/Verbal}
   B. December 31, 1999 Financials {Handout}

5. ADMINISTRATION
   A. Executive Director's Report {Carpenter/Enclosure}

6. MULTIFAMILY
   A. Multifamily Director's Report {Falzone/Enclosure}
   B. HUD Note Sale Transaction {Falzone/Enclosure}

7. Any other business to come before the Board.

<u>Other Enclosures</u>
Fiscal Year 1999 Legislative Annual Report
VHFA Board Human Resources Committee Meeting Minutes

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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Vermont Housing Finance Agency

BOARD MINUTES
Associated General Contractors
148 State Street
Montpelier, Vermont

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

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

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

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

MINUTES

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

DEVELOPMENT

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

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

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

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

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

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

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

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

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

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

HOMEOWNERSHIP

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

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

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

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

FINANCE

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

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

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

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

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

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

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

PUBLIC AFFAIRS

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

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

ADMINISTRATION

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

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

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

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

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

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

OTHER BUSINESS

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

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

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

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

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

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

NOW, THEREFORE, it is hereby RESOLVED:

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

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

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

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

5. This Resolution shall become effective immediately.

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

VERMONT HOUSING FINANCE AGENCY

By ______________________
Executive Director

Attest:

By ______________________
Authorized Officer

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

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

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

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

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

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

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

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

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

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

It is hereby DETERMINED:

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

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

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

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

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

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

WHEREFORE, it is hereby RESOLVED:

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

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

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

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

   c) Sponsor must provide evidence of necessary permits;

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

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

   f) Sponsor must provide evidence of competitive bidding.

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

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

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

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

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

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

Sarah Carpenter

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

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

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

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

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

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

It is hereby DETERMINED:

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

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

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

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

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

WHEREFORE, it is hereby RESOLVED:

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

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

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

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

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

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

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

Sarah E. Carpenter

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

Vermont Housing Finance Agency

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

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

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

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

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

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

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

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

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

Sincerely,

Sarah Carpenter

Sarah E. Carpenter
Executive Director and Secretary

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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Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer JE

DATE: February 10, 2000

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

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

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

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

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

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

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

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

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

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

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

It is hereby DETERMINED:

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

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

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

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

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

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

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

WHEREFORE, it is hereby RESOLVED:

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

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

   a) Sponsor must provide an appraisal to the Agency;

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

   c) Sponsor must provide evidence of necessary permits;

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

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

   f) Sponsor must provide evidence of competitive bidding;

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

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

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

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

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

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

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

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

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

Sarah E. Carpenter

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

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter CR

DATE: February 10, 2000

RE: Multifamily Construction Loan for Franklin Homestead Assisted Living Residence

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

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

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

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

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

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

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

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

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

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

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

It is hereby DETERMINED:

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

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

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

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

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

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

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

WHEREFORE, it is hereby RESOLVED:

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

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

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

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

    c) Sponsor must provide evidence of necessary permits;

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

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

    f) Sponsor must provide evidence of competitive bidding.

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

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

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

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

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

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

Sarah E. Carpenter

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

vhfa
Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

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

DATE: February 11, 2000

RE: Summary of Homeownership Activities

Program Operation

Attached are production reports by product and lender for FY 1999 and year to date FY 2000.

Preliminary testing has been completed on the automated underwriting system that MGIC developed for VHFA loans. A total of 47 existing loans were run through the system and compared to the manual underwriting performed on these loans. Preliminary testing was very successful, and we are ready for the next phase, which will involve processing new applications received by the Chittenden Bank. If all goes well with the testing on "live" applications; we will begin to add other lenders to the system.

There has been a lot of interest and excitement about the 8th Annual VHFA Home Buyer Fair. To improve the flow, and to encourage attendees to immediately go in and talk with the lenders, real estate brokers, homebuilders, nonprofits, and other participants, VHFA will not have a separate pre-qualifying area. Instead, VHFA will staff several booths where attendees can go for information. We will still have the ability to do some pre-qualifying at the VHFA booths and lenders will also offer this service.

Servicing

Attached are delinquency reports and the new REO Inventory Report as of January 31, 2000. The good news is that a total of 17 properties are under deposit, and we are negotiating offers on an additional 6 properties!

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

VHFA Production Report By Product FY2000

July 1, 1999 - June 30, 2000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total
MOVE	4,124,272	5,050,851	2,983,050	10,360,896	9,449,566	5,824,798	4,920,567						42,714,000
MOBILE HOME	212,635	371,335	278,360	655,376	702,706	410,040	604,508						3,234,960
HOUSE	88,500	136,800	248,250	421,000	308,115	218,814	348,950						1,770,429
YESS	43,600	70,470	0	159,900	222,230	0	88,920						585,120
RURAL DEV.	98,180	49,505	80,350	33,200	0	66,250	33,950						361,435
Total	4,567,187	5,678,961	3,590,010	11,630,372	10,682,617	6,519,902	5,996,895						48,665,944

VHFA Production Report By Product FY1999

July 1, 1998 - June 30, 1999

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total
MOVE	1,642,380	3,584,030	3,005,618	1,707,335	3,312,362	1,012,972	2,893,418	2,176,105	1,627,530	1,863,002	2,141,111	2,551,490	27,517,353
MOBILE HOME	450,415	618,141	451,263	117,470	302,485	497,807	375,755	181,723	125,040	129,955	146,600	252,665	3,649,320
HOUSE	0	134,650	68,000	274,300	0	129,875	0	68,900	282,845	121,000	130,750	248,300	1,458,620
RURAL DEV.	51,850	142,350	22,500	125,500	21,000	72,010	29,640	118,095	26,310	146,360	32,755	126,020	914,390
YESS	0	0	0	0	81,289	75,550	0	137,867	73,750	78,872	0	65,137	512,465
Total	2,144,645	4,479,171	3,547,381	2,224,605	3,717,136	1,788,214	3,298,813	2,682,690	2,135,475	2,339,189	2,451,216	3,243,612	34,052,148

VHFA Production Report- Dollar volume by lender FY2000

July 1, 1999 - June 30, 2000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD TOTAL
CHITTENDEN	$1,425,540	$579,575	$405,835	$4,385,635	$3,159,872	$1,992,583	$1,585,270						$13,534,310
SUMMIT	$190,000	$518,618	$0	$1,990,658	$1,008,677	$273,550	$673,113						$4,654,616
BANKNORTH	$235,900	$361,625	$63,000	$701,045	$1,132,075	$812,550	$386,810						$3,693,005
NEFCU	$264,100	$946,415	$557,575	$187,080	$436,943	$111,150	$453,372						$2,956,635
VERMONT NAT'L	$652,325	$853,065	$0	$399,900	$326,889	$109,250	$80,750						$2,422,179
UNION	$116,225	$339,905	$286,375	$595,375	$686,581	$192,025	$61,750						$2,278,236
COMMUNITY	$345,477	$185,181	$490,470	$185,350	$610,001	$270,942	$264,990						$2,352,411
VDCU	$0	$295,040	$327,250	$619,650	$537,330	$229,375	$548,825						$2,557,470
NORTHFIELD	$124,450	$279,660	$62,700	$274,258	$289,500	$205,850	$294,150						$1,530,568
VT STATE ECU	$217,100	$87,400	$0	$282,300	$316,700	$148,200	$55,960						$1,107,660
LYNDONVILLE	$0	$100,000	$0	$629,190	$188,000	$76,950	$118,500						$1,112,640
KITTREDGE	$81,600	$285,775	$0	$412,225	$137,100	$57,950	$74,100						$1,048,750
PASSUMPSIC	$63,000	$140,787	$139,250	$0	$370,525	$231,625	$0						$945,187
HERITAGE FCU	$140,400	$61,750	$406,065	$0	$124,750	$81,480	$147,250						$961,695
BRATTLEBORO	$70,000	$94,000	$253,440	$0	$146,400	$209,050	$114,525						$887,415
UNIVERSAL	$0	$0	$0	$70,703	$276,470	$340,115	$141,493						$828,781
NAT'L BNK MIDDLE	$82,900	$274,500	$0	$131,957	$124,681	$0	$88,500						$702,538
ALBANK	$74,100	$0	$50,065	$211,375	$187,600	$32,000	$94,525						$649,665
FIRST BRANDON	$69,350	$0	$139,310	$158,831	$140,890	$0	$0						$508,381
BNK OF BENN	$87,300	$72,000	$97,350	$0	$69,000	$170,030	$0						$495,680
CTX	$0	$0	$0	$0	$82,650	$407,675	$314,390						$804,715
CITIZENS	$100,340	$55,000	$0	$93,240	$42,655	$125,835	$0						$417,070
VHFA	$161,530	$79,365	$67,650	$33,200	$0	$66,250	$0						$407,995
GMAC	$0	$0	$80,275	$193,400	$101,200	$0	$0						$374,875
MASCOMA	$0	$0	$57,200	$0	$0	$132,034	$0						$189,234
FACTORY	$65,550	$0	$0	$0	$61,100	$51,400	$88,500						$266,550
WELLS RIVER	$0	$0	$78,000	$0	$53,350	$0	$61,750						$193,100
CT RIVER	$0	$55,000	$0	$0	$0	$45,600	$0						$100,600
SOURCE ONE	$0	$0	$0	$0	$0	$76,533	$226,700						$303,233
PEOPLES TRUST	$0	$0	$0	$75,000	$0	$0	$0						$75,000
FLEET	$0	$0	$0	$0	$71,677	$0	$0						$71,677
NAT'L CITY MTG	$0	$0	$0	$0	$0	$69,900	$87,722						$157,622
RD	$0	$14,300	$28,200	$0	$0	$0	$33,950						$76,450
TOTAL	$4,567,187	$5,678,961	$3,590,010	$11,630,372	$10,682,617	$6,519,902	$5,996,895	$0	$0	$0	$0	$0	$48,665,943

VHFA Production Report- Dollar volume by lender

July 1, 1998 - June 30, 1999

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY TOTAL
VERMONT NAT'L	783,110	1,338,300	966,910	914,150	895,755	617,344	968,275	487,925	686,670	348,175	692,145	616,950	**9,315,709**
CHITTENDEN	310,400	1,196,256	506,290	85,500	628,031	0	583,900	330,931	357,030	350,000	336,120	829,777	**5,514,236**
SUMMIT	74,900	504,850	378,439	135,500	387,765	0	398,781	162,200	172,200	79,605	175,390	702,850	**3,172,480**
BANKNORTH	403,340	76,000	193,500	335,460	158,655	152,950	173,775	396,351	0	111,500	119,650	134,450	**2,255,631**
COMMUNITY	47,500	284,785	271,943	0	293,590	122,570	159,450	264,587	73,750	93,542	189,843	211,110	**2,012,670**
UNION	34,000	211,055	182,660	103,700	135,750	0	58,200	306,000	109,950	174,800	0	0	**1,316,115**
NORTHFIELD	117,515	302,250	204,275	237,925	68,400	0	146,475	0	40,740	162,000	0	0	**1,279,580**
VDCU	0	0	21,000	198,500	371,935	66,500	0	0	282,845	170,500	0	124,300	**1,235,580**
ALBANK	0	0	208,373	0	34,500	83,600	81,932	39,900	75,750	131,955	247,400	107,250	**1,010,660**
VHFA	51,850	142,350	22,500	125,500	21,000	72,010	29,640	118,095	26,310	146,360	32,755	140,000	**928,370**
LYNDONVILLE	66,000	0	0	68,000	0	181,650	111,500	166,000	0	0	62,000	0	**655,150**
CITIZENS	0	64,990	0	0	75,660	0	103,550	104,225	136,800	0	94,050	49,900	**629,175**
NAT'L BNK MIDDLE	0	138,850	56,900	0	84,308	140,615	0	0	0	113,905	0	69,675	**604,253**
KITTREDGE	0	57,660	0	20,370	68,400	0	131,325	49,875	96,030	148,375	0	0	**572,035**
BNK OF BENN	143,800	0	153,862	0	0	150,210	0	0	0	0	68,400	0	**516,272**
PASSUMPSIC	0	113,850	0	0	191,180	0	73,000	0	0	52,250	0	50,250	**480,530**
NEFCU	0	0	0	0	0	0	0	0	0	99,750	287,163	0	**386,913**
FIRST BRANDON	0	47,975	0	0	0	57,000	61,750	81,700	0	77,600	0	0	**326,025**
GMAC	0	0	214,850	0	0	0	0	0	77,400	0	0	0	**292,250**
VT STATE ECU	0	0	26,950	0	58,200	0	60,000	0	0	0	0	140,600	**285,750**
BRATTLEBORO	0	0	84,550	0	41,710	0	87,685	57,000	0	0	0	0	**270,945**
HERITAGE FCU	55,100	0	0	0	0	0	0	0	0	0	146,300	0	**201,400**
VERMONT FDRL	0	0	54,379	0	0	76,000	69,575	0	0	0	0	0	**199,954**
PEOPLES TRUST	0	0	0	0	0	0	0	59,000	0	0	0	66,500	**125,500**
WELLS RIVER	57,130	0	0	0	0	0	0	58,900	0	0	0	0	**116,030**
NORWEST	0	0	0	0	0	0	0	0	0	78,872	0	0	**78,872**
GRN MOUNTAIN	0	0	0	0	76,500	0	0	0	0	0	0	0	**76,500**
MTG SERVICE CNT	0	0	0	0	0	67,765	0	0	0	0	0	0	**67,765**
MASCOMA	0	0	0	0	65,250	0	0	0	0	0	0	0	**65,250**
HOWARD	0	0	0	0	60,547	0	0	0	0	0	0	0	**60,547**
Total	2,144,645	4,479,171	3,547,381	2,224,605	3,717,136	1,788,214	3,298,813	2,682,690	2,135,475	2,339,189	2,451,216	3,243,612	34,052,148

HOMEOWNERSHIP PROGRAMS - SERVICING ACTIVITY REPORT

Activity for the month of January 2000

COLLECTIONS

Total 90+ accounts for current month	91	

FORECLOSURES

Foreclosure accounts from previous month	51	
Plus new foreclosure accounts	8	
To REO	3	
Successful interventions	2	
Total Foreclosure accounts for current month	54	(includes 9 loans in Chapter 13)

REAL ESTATE OWNED

REOs from previous month	38	
Plus new REOs	3	
Less property sold	4	
REOs for current month	37	(13 properties are under contract)

REO INVENTORY REPORT

As of January 31, 2000

Mortgagor	REO Date	City	Total Cost Basis	Valuation Allowance as of 9/30/99	List Amount (2)	Current Appraisal	Date Last Appraised	Original Appraisal	Loan Date	Prop Type	Comments
Richards	2/24/97	Fair Haven	$ 88,114	$ 49,134	$ 61,000	$ 65,000	12/1/99	$ 63,500	5/9/86	SF	Under deposit $61,000 closing scheduled 3/15/00
Bushey	1/19/98	Fairfield	$ 66,079	$ 16,713	$ 40,000	$ 52,000	8/22/97	$ 62,000	9/20/95	MH	Title issues - needs septic replacement.
Bergeron	11/17/98	Hartland	$ 63,114	$ 19,295	$ 41,900	$ 50,000	1/5/99	$ 69,000	6/20/94	SF	Under deposit $41,900 closing scheduled 2/18/00 PMI claim paid
Cyr	1/21/99	Proctor	$ 74,500	$ 24,370	$ 42,500	$ 50,000	2/3/99	$ 77,500	7/28/95	SF	Under deposit $42,500 w/$2500 seller concessions
Macie	1/25/99	Fair Haven	$ 64,706	$ 14,882	$ 37,500	$ 53,000	2/1/99	$ 67,000	8/3/94	SF	Under deposit $37,500 closing scheduled 3/3/00. PMI claim paid
Lawrence	3/2/99	Burke	$ 68,150	$ 32,308	$ 26,000	$ 39,000	6/7/99	$ 74,000	5/18/90	SF	Under deposit $26,000
Preston	3/30/99	Duxbury	$ 66,845	$ 18,043	$ 45,000	$ 66,000	9/30/98	$ 82,000	6/25/96	SF	Under deposit $45,000
Hill	4/19/99	Wolcott	$ 66,379	$ 17,925	$ -	$ 50,000	5/19/99	$ 72,000	12/6/94	MH	Pending re-purchase by Banknorth
Steffens/Ryan	5/20/99	Fair Haven	$ 68,637	$ 17,056	$ 56,500	$ 48,000	6/7/99	$ 78,500	9/20/95	SF	Under deposit $56,500
Fuller	5/26/99	Duxbury	$ 67,825	$ 17,005	$ 38,000	$ 53,000	6/1/99	$ 65,000	12/16/94	MH	Under deposit $38,000
Husted	8/18/99	Burke	$ 67,046	$ 29,617	$ 36,000	$ 41,300	8/2/99	$ 78,000	10/21/92	SF	Under deposit $36,000
Greene	9/1/99	Fair Haven	$ 73,641	$ 36,654	$ 38,000	$ 35,000	9/7/99	$ 71,000	8/31/90	SF	Under deposit $38,000 closing scheduled 2/15/00. PMI claim paid
Huneven	9/3/99	Springfield	$ 52,169	$ 24,462	$ 25,000	$ 25,000	7/3/99	$ 57,000	8/4/93	SF	Listed 2/9/00 with Valley Real Estate
Wilson	9/13/99	Marshfield	$ 65,973	$ 25,158	$ 39,900	$ 46,000	5/18/99	$ 66,000	5/11/95	SF	Price reduced
Hughs Sr	9/23/99	Bennington	$ 86,629	$ -	$ 92,000	$ 78,000	10/27/99	$ 88,000	8/19/94	SF	High volume of activity in upper $80's. Advised by Realtor to hold; offer pending
Gaudreau	10/11/99	Washington	$ 47,207	$ -	$ 30,000	$ 30,000	7/6/99	$ 53,000	11/2/94	SF	Under deposit $30,000
Langevin	10/12/99	Williamstown	$ 60,918	$ -	$ 64,900	$ 65,000	2/24/99	$ 69,500	9/21/89	SF	Price will be reduced if not under deposit in 30 days
Currier	10/20/99	Albany	$ 44,085	$ -	$ 30,000	$ 35,000	12/1/99	$ 52,000	12/14/89	SF	Price reduced
Durkee	10/28/99	Thetford	$ 89,571	$ -	$ 89,900	$ 96,500	12/10/99	$ 100,000	9/29/94	SF	Some activity. New listing January. PMI claim paid
Reed	11/2/99	Rutland Town	$ 43,498	$ -	$ 30,000	$ 55,000	12/1/99	$ 77,000	11/9/92	SF	Under deposit $30,000 closing scheduled 2/18/00. PMI claim filed 12/29/99
Fassett	11/3/99	Barre City	$ 76,533	$ -	$ 62,000	$ 72,000	9/2/99	$ 81,000	4/24/96	SF	Under deposit $62,000
Johnson	11/4/99	Wells	$ 49,118	$ -	$ 39,900	$ 40,000	12/6/99	$ 52,000	10/18/91	MH	Minimal activity - investor property. PMI claim paid
Thurston	11/12/99	Williamstown	$ 47,208	$ -	$ 23,900	$ 27,000	12/10/99	$ 60,000	11/10/95	MH	Under deposit $23,900
Durack	11/12/99	St. Albans	$ 59,518	$ -	$ 59,900	$ 60,000	9/28/99	$ 72,000	4/1/94	SF	Negotiating offers - needs septic
Cayia	11/15/99	Barre Town	$ 49,263	$ -	$ 24,900	$ 30,000	6/11/99	$ 47,000	6/26/95	SF	Negotiating offer
Sunderland	11/17/99	Fairfax	$ 76,649	$ -	$ 66,900	$ 55,000	11/16/99	$ 90,000	8/17/93	SF	Negotiating offer
Bates	11/17/99	Ludlow	$ 85,981	$ -	$ 104,000	$ 104,000	9/29/99	$ 99,000	1/15/93	SF	Extreme activity. Fell from contract due to buyers financing
Bauer	11/29/99	Tinmouth	$ 66,840	$ -	$ 79,000	$ 72,000	12/1/99	$ 83,100	7/18/95	MH	Some interest shown; no offers; review list price. PMI claim filed 12/29/99
Gray	11/30/99	Lyndon	$ 49,696	$ -	$ 28,900	$ 23,000	5/12/94	$ 52,000	8/11/94	MH	Vacated 1/3/00. Obtaining values. PMI Claim filed 12/13.
Tessier	12/3/99	Underhill	$ 82,867	$ -	$ -	$ -	8/9/90	$ 101,400	9/24/90	SF	Workout completed
Simonds	12/6/99	Lunenburg	$ 51,644	$ -	$ 64,900	$ 54,000	10/14/99	$ 75,000	10/5/90	MH	Negotiating offer
Potter	12/14/99	Rutland City	$ 72,916	$ -	$ 60,000	$ 40,000	12/28/99	$ 74,000	6/28/95	SF	Newly listed; Realtor feels we are competitive in market. PMI claim filed 12/27/99
Raymond	12/22/99	Cambridge	$ 55,374	$ -	$ 54,900	$ 45,000	9/29/99	$ 66,500	8/30/93	MH	Price reduced
Lawson/Yarnell	12/27/99	Bennington	$ 49,140	$ -	$ 51,500	$ 50,000	9/14/99	$ 56,000	9/1/98	SF	Listed 2/7/00. PMI Claim filed 2/4/00
Couture	12/30/99	Glover	$ 52,403	$ -	$ 65,800	$ 65,800	10/13/98	$ 66,000	5/1/96	SF	Pending offer
Johnson	1/7/00	Concord	$ 57,142	$ -	$ 42,000	$ 53,200	12/17/99	$ 87,000	1/9/92	SF	Under deposit $40,000
Sweet	1/18/00	Burlington	$ 75,269	$ -	$ 82,000	$ 76,000	1/24/00	$ 82,500	11/14/91	CONDO	Under deposit $82,000
Robtoy	1/20/00	Highgate	$ 48,102	$ -	$ -	$ -	4/23/93	$ 53,000	11/17/93	SF	Property is still occupied
	38		$ 2,430,751	$ 342,622	$ 1,774,600	$ 1,899,800		$ 2,719,500			

REOS that are under deposit

(1) Receipts column represents actual and projected mortgage insurance claim payments

(2) If Property is under deposit the List Price is the actual sale price.

2/10/00

REO Inventory

HOMEOWNERSHIP DELINQUENCY REPORT
AS OF: January 31, 2000

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Average
Total Portfolio #	**5918**	**5918**	**5931**	**5934**	**6042**	**6147**	**6191**	**6242**						**6040**
Total Portfolio $	**$326.3**	**$326.8**	**$328.8**	**$329.8**	**$338.7**	**$346.8**	**$350.4**	**$354.3**						**$337.7**

NUMBER OF DELINQUENT LOANS

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	268	272	264	269	290	295	279	294						279
60 Days	75	76	66	68	72	79	91	96						78
90 Days	88	89	87	80	88	84	91	91						87
Foreclosure	58	63	68	64	59	54	51	54						62
Total Delq 1999	**489**	**500**	**485**	**481**	**509**	**512**	**512**	**535**	**0**	**0**	**0**	**0**	**0**	**503**
Total Delq 1998	556	518	548	560	545	596	600	604	609	483	503	548	489	551

PERCENT BY NUMBER OF DELINQUENT LOANS

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	4.53%	4.60%	4.45%	4.53%	4.80%	4.80%	4.51%	4.71%						4.62%
60 Days	1.27%	1.28%	1.11%	1.15%	1.19%	1.29%	1.47%	1.54%						1.29%
90 Days	1.49%	1.50%	1.47%	1.35%	1.46%	1.37%	1.47%	1.46%						1.44%
Foreclosure	0.98%	1.06%	1.15%	1.08%	0.98%	0.88%	0.82%	0.87%						0.98%
Total Delq 1999	**8.26%**	**8.45%**	**8.18%**	**8.11%**	**8.42%**	**8.33%**	**8.27%**	**8.57%**	**0**	**0**	**0**	**0**	**0**	**8.32%**
Total Delq 1998	8.88%	8.33%	8.81%	8.99%	8.78%	9.65%	9.82%	9.93%	10.06%	8.03%	8.41%	9.21%	8.26%	9.01%

DOLLAR AMOUNT OF DELINQUENT LOANS

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	$14.2	$14.5	$14.5	$14.7	$15.6	$16.1	$15.0	$16.6						$15.2
60 Days	$4.3	$4.5	$3.8	$3.9	$4.2	$4.5	$5.6	$5.6						$4.6
90+ Days	$8.4	$8.6	$8.8	$8.4	$8.5	$8.3	$8.1	$8.3						$8.4
Total Delq 1999	**$26.9**	**$27.6**	**$27.1**	**$27.0**	**$28.3**	**$28.9**	**$28.7**	**$30.5**						**$28.1**
Total Delq 1998	Info Not Readily Available.													

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: January 2000

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO		Lender
Vermont National Bank	1769	91	5.14%	34	1.92%	37	2.09%	24	1.36%	186	10.51%	12	0.68%	Vermont National Bank
Chittenden Bank	1028	46	4.47%	10	0.97%	9	0.88%	9	0.88%	74	7.20%	4	0.39%	Chittenden Bank
Banknorth Mortgage Co.	713	38	5.33%	10	1.40%	8	1.12%	3	0.42%	59	8.27%	4	0.56%	Banknorth Mortgage Co.
Graystone Mortgage Company	499	29	5.81%	8	1.60%	8	1.60%	7	1.40%	52	10.42%	6	1.20%	Graystone Mortgage Company
Charter One	369	18	4.88%	7	1.90%	7	1.90%	6	1.63%	38	10.30%	4	1.08%	Charter One
Community National Bank	330	21	6.36%	2	0.61%	4	1.21%	0	0.00%	27	8.18%	2	0.61%	Community National Bank
Mortgage Service Ctr. of NE	78	7	8.97%	3	3.85%	4	5.13%	1	1.28%	15	19.23%	1	1.28%	Mortgage Service Ctr. of NE
Passumpsic Savings Bank	161	3	1.86%	5	3.11%	2	1.24%	1	0.62%	11	6.83%	3	1.86%	Passumpsic Savings Bank
Union Bank	193	6	3.11%	5	2.59%	0	0.00%	0	0.00%	11	5.70%	0	0.00%	Union Bank
Merchants Bank	201	7	3.48%	0	0.00%	2	1.00%	1	0.50%	10	4.98%	0	0.00%	Merchants Bank
Vermont Development CU	124	4	3.23%	2	1.61%	3	2.42%	1	0.81%	10	8.06%	0	0.00%	Vermont Development CU
Citizens Savings Bank	121	5	4.13%	2	1.65%	2	1.65%	0	0.00%	9	7.44%	1	0.83%	Citizens Savings Bank
Northfield Savings Bank	154	5	3.25%	2	1.30%	1	0.65%	1	0.65%	9	5.84%	0	0.00%	Northfield Savings Bank
Bennington Co-op S&L Assoc.	70	4	5.71%	1	1.43%	1	1.43%	0	0.00%	6	8.57%	0	0.00%	Bennington Co-op S&L Assoc.
Lyndonville Savings Bank	76	3	3.95%	0	0.00%	2	2.63%	0	0.00%	5	6.58%	0	0.00%	Lyndonville Savings Bank
Peoples Trust Co.	76	2	2.63%	2	2.63%	1	1.32%	0	0.00%	5	6.58%	0	0.00%	Peoples Trust Co.
Factory Point Nat. Bank	35	3	8.57%	0	0.00%	0	0.00%	0	0.00%	3	8.57%	0	0.00%	Factory Point Nat. Bank
Brattleboro Savings & Loan	43	0	0.00%	2	4.65%	0	0.00%	0	0.00%	2	4.65%	0	0.00%	Brattleboro Savings & Loan
Randolph National Bank	27	1	3.70%	1	3.70%	0	0.00%	0	0.00%	2	7.41%	0	0.00%	Randolph National Bank
GMAC Mortgage	12	1	8.33%	0	0.00%	0	0.00%	0	0.00%	1	8.33%	0	0.00%	GMAC Mortgage
Connecticut River Bank	7	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Connecticut River Bank
First Brandon Nat. Bank	12	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
Heritage Family Credit Union	21	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Heritage Family Credit Union
Mascoma Savings Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Mascoma Savings Bank
New England Federal CU	80	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	New England Federal CU
Wells River Savings Bank	33	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Wells River Savings Bank
Totals	6242	294	4.71%	96	1.54%	91	1.46%	54	0.87%	535	8.57%	37	0.59%	
Totals Previous Month	6191	279	4.51%	91	1.47%	93	1.50%	51	0.82%	514	8.30%	38	0.61%	
Totals Same Mo. Last Yr.	6084	328	5.39%	88	1.45%	137	2.25%	51	0.84%	604	9.93%	43	0.71%	

Lenders	1999 Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan
Large Servicer 400+													
Banknorth Mortgage Co.	7.91%	8.65%	6.27%	6.06%	6.42%	6.60%	6.22%	6.09%	6.41%	7.09%	6.82%	7.89%	8.27%
Chittenden Bank	11.78%	11.43%	8.60%	6.70%	9.27%	9.02%	9.14%	9.45%	8.49%	8.83%	7.88%	6.69%	7.20%
Graystone Mortgage Company	13.41%	16.27%	13.25%	14.75%	17.18%	16.88%	16.22%	12.22%	11.53%	13.07%	11.86%	12.73%	10.42%
Vermont National Bank	9.90%	9.90%	7.82%	8.64%	10.07%	10.00%	8.33%	8.86%	8.82%	8.43%	10.04%	9.77%	10.51%
Average	10.75%	11.56%	8.99%	9.04%	10.74%	10.63%	9.98%	9.16%	8.81%	9.36%	9.15%	9.27%	9.10%
Medium Servicers 399-50													
Bennington Co-op S&L Assoc.	3.23%	3.23%	6.45%	6.45%	3.23%	6.45%	6.45%	6.25%	2.99%	2.99%	2.94%	2.86%	2.86%
Charter One	13.00%	12.94%	10.88%	10.08%	9.84%	12.01%	9.23%	10.88%	11.14%	10.96%	10.16%	9.21%	10.30%
Citizens Savings Bank	6.03%	8.55%	5.88%	9.24%	6.67%	7.50%	8.33%	8.26%	7.56%	7.50%	5.04%	4.96%	7.44%
Community National Bank	8.77%	8.79%	8.20%	9.21%	9.87%	7.67%	7.89%	7.24%	6.11%	7.03%	6.19%	6.44%	8.18%
Lyndonville Savings Bank	8.06%	7.69%	7.69%	4.62%	6.25%	4.76%	4.76%	3.17%	6.45%	4.29%	4.11%	6.76%	6.58%
Merchants Bank	8.33%	7.20%	5.17%	3.54%	5.33%	4.55%	5.53%	2.83%	5.71%	8.74%	6.37%	4.48%	4.98%
Mortgage Service Ctr. of NE	13.25%	11.11%	11.11%	9.88%	9.88%	9.88%	8.75%	12.50%	15.00%	13.92%	14.10%	14.10%	19.23%
New England Federal CU	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%
Northfield Savings Bank	6.34%	4.93%	2.13%	0.70%	2.84%	1.43%	4.29%	3.57%	5.00%	4.90%	4.76%	6.67%	5.84%
Passumpsic Savings Bank	12.42%	11.88%	11.46%	10.90%	10.90%	10.26%	7.74%	8.33%	7.64%	7.10%	6.88%	9.26%	6.83%
Peoples Trust Co.	8.33%	8.33%	6.10%	7.32%	7.41%	8.64%	7.50%	5.13%	10.26%	8.86%	6.49%	6.58%	6.58%
Union Bank	9.36%	8.14%	6.40%	5.78%	8.67%	6.98%	8.72%	6.86%	5.71%	6.59%	6.28%	7.25%	5.70%
Vermont Development CU	3.95%	3.95%	6.25%	7.23%	8.43%	8.24%	9.41%	6.74%	6.38%	8.74%	8.11%	6.96%	8.06%
Average	7.77%	7.44%	6.75%	6.53%	6.87%	6.80%	6.82%	6.29%	6.92%	7.05%	6.26%	6.58%	7.12%
Small Servicers 49-													
Brattleboro Savings & Loan	10.34%	6.67%	6.45%	6.45%	9.68%	6.45%	6.45%	6.25%	5.56%	5.56%	5.26%	4.88%	4.65%
Connecticut River Bank	0.00%	20.00%	20.00%	0.00%	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Factory Point Nat. Bank	9.09%	6.06%	6.06%	6.06%	3.03%	3.13%	9.38%	12.12%	6.45%	12.90%	12.50%	12.12%	8.57%
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	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
GMAC Mortgage	0.00%	0.00%	0.00%	0.00%	0.00%	11.11%	11.11%	11.11%	0.00%	0.00%	8.33%	8.33%	8.33%
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	9.09%	12.50%	9.38%	9.68%	9.68%	3.33%	3.33%	6.67%	7.41%	7.41%	7.41%	7.41%	7.41%
Wells River Savings Bank	10.00%	6.67%	3.23%	3.23%	0.00%	0.00%	0.00%	3.33%	3.23%	3.23%	3.13%	0.00%	0.00%
Average	5.85%	5.19%	4.51%	2.54%	2.24%	4.40%	3.03%	3.95%	2.27%	2.91%	3.66%	3.27%	2.90%

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director SC

DATE: February 11, 2000

RE: **EXECUTIVE DIRECTOR'S REPORT**

Since our last meeting I have had the opportunity to be involved in a variety of meetings discussing the housing crisis in northwest Vermont. The Chamber of Commerce and Greater Burlington industrial Corporation have formed a sub-committee of their public affairs committee to develop a position statement on increasing the housing supply in Chittenden county. They had not previously included anything on housing in their legislative agenda and are particularly concerned about how this will affect economic development and workforce growth. They plan to review the Joint legislative Housing Committee Report to be issued next week and hopefully will support most of those recommendations. The Home Builders and Remodelers Association intend to have a follow up to their housing summit, and I was asked to participate in that planning. The HBA has also had discussions with Mayor Clavelle about how to encourage housing development in Burlington. They were asked to provide specific suggestions and sought input from VHFA.

On February 9th I met with Governor Dean to update him on VHFA activities. Molly Lambert and Kathy Beyer joined me, as well as Kathy Hoyt and John Taylor, the Governors planning assistant who covers housing. The Governor was certainly more engaged in acknowledging housing need than I have seen for a long time. Although he need not offer any specific initiatives, Kathy and I discussed some of VHFA's needs such as adequate bond volume cap, incentives for private placement of VHFA bonds with Vermont banks, the need for developer incentives such as tax credits and infrastructure support, and the need for adequate gap funding (VHCB) to target lower income homeowners and increase affordable rentals. We also discussed the impediments to development like access to land, and he suggested that we look at state land in Chittenden County.

This week I attended a conference put on by Standard and Poors concerning housing bonds. It was very enlightening to hear how the bond market and ratings agencies look at housing bonds, although at times their terminology was a little like listening to a foreign language. I was encouraged that Vermont has done as well as it has given our size, but frustrated that we don't always have access to all the options because our bond issues are so relatively small.

<u>ADMINISTRATION</u>

Due to underwriting issues with CBA, our proposed new health insurance provider - CBA, we were not able to obtain our policy with them as planned. Our new plan will be with Blue Cross/Blue Shield of VT, effective March 1st. Unfortunately we have experienced a substantial cost increase with the change over ($26,000) from Kaiser Permanente to BCBS.

mailing address P.O. Box 408, Burlington, VT 05402-0408 **delivery address** 164 Saint Paul St., Burlington, VT 05401-4364
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Various staff met with consultants from the benchmarking firm, McMannis and Associates the week of January 24th. We will be expecting a draft report within the next two weeks.

The Queen of Tarts has moved out of the space at 162 St. Paul Street. We have negotiated rent payment through the end of January, however the place was not left in very good condition. We also experienced quite a bit of water damage because of a frozen pipe. We are in the process of negotiating a lease for office space with a local non-profit.

HOMEOWNERSHIP

We have reached an agreement with Banknorth to purchase their servicing portfolio (713 loans with principal balances totaling $34 million) at a price of .75% of their outstanding principal balances as of March 31st, 2000. Our offer price was based on independent evaluations which estimated the value of this portfolio within a range from 70 pbts to 80 bpts, and a comparative sale done at 75 basis points. The comparative sale was for Illinois Housing for a much smaller portfolio: $2.4 million and with average balances at $24,000 versus $48,000.

The essence of this transaction is that the agency will be paying approximately $258,000 for the servicing rights, which will generate net servicing income after cost of servicing of $64,500/year. We should breakeven annually if the acquisition cost is amortized over a 4-year period. Income expected to continue after year 4 will be extra income to the agency. These loans will be subserviced by Graystone Mortgage Corporation who have agreed to reduce their servicing fees from $12.00 per loan, per month to $9.00 on the all loans they service for us in addition to the Banknorth portfolio being transferred. We expect to complete this transfer in time for customers to make their April 1st, payments to Graystone.

As a follow up to this and as part of our strategy to consolidate of servicers we will be approaching those with small portfolios and encouraging them to sell to us servicing released. We also anticipate doing a new RFP for a subservice master servicer in the fall.

DEVELOPMENT

VHFA and Housing Vermont have commissioned a cost study to look at why multi-family development costs are so high. The consultant, Thomas Nutt-Powell, is from the Boston area and has done similar work in other parts of the country. We will be splitting the $5000 dollar fee with HV and expect completion in mid-March.

We have received the pre-application requests for tax credits which total $2.7 million for less than $500,000 available credit. $1.2 million is from the Winooski project. We will circulate the list to applicants and hope that some projects will choose not to apply this year. Full applications are due March 3rd. This year we are providing applications on diskette and giving a financial incentive to use our format to reduce time staff must spend in entering data and underwriting the projects.

MULTIFAMILY MANAGEMENT

Enclosed you will find our proposal to HUD for the acquisition of three HUD 236 mortgages. Peter Richardson and I had a successful meeting with HUD in Washington, and we believe it will be possible to achieve a reasonable discount. Housing Vermont is moving a head on the acquisition of Westgate. I believe VHFA needs to negotiate settlement of the premium notes remaining as a result of the Northgate and Applegate transactions. These are notes not tied to the real estate, but if Westgate needs concessions to complete the final financing, now is the time to resolve this.

Next week, VHFA Public Affairs Staff will be facilitating a meeting of the resident service coordinators, who have asked for our assistance in coordinating their group. We also have scheduled a meeting with multi-family owners and mangers on March 17. We are surveying them about their concerns and issues with VHFA, and hope to use this session as a way to get feedback on improving any of our processes and other initiatives they would like to see.

FINANCE

Finance has been busy preparing for new bond issue. In this the process, we discovered that we had not redeemed a bond from the last issue. This will effect our income projections from that issue and may cause a reporting to the IRS. Kutak Rock is exploring the remedies and we will update you at the Board meeting.

Roger, Dave, Joe and I meet with David Parish and Liz Nickerson of the Boston Federal Home Loan Bank. We discussed a variety of changes with FHLB, and would like to pursue a regulation change to relieve the collateral requirement for multifamily HFA projects borrowing from the FHLB.

OTHER

I will be attending the NCHSA annual legislative conference in mid-March. Although Congress is expected not to be in session, I have appointments with congressional staff to discuss the cap increases, as well as a proposal being floated to provide relief in owner exit taxes if they agree to sell and keep the housing permanently affordable.

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sam Falzone, Director, Multifamily Programs

DATE: February 9, 2000

RE: **MULTIFAMILY DIRECTOR'S REPORT**

The attached report for the period ending December 31,1999 is provided for the Board's information and features project narratives, delinquency, multifamily activity, preservation and HAP Contract and ACC Amendment status information. If you have any questions related to this report, please contact me by phone at (652-3435) or by email at sfalzone@vhfa.org. I may be unable to attend the Board Meeting on February 17th due to jury duty.

MULTIFAMILY MANAGEMENT DIRECTOR'S REPORT

For the Period Ending December 31, 1999

1. PROJECT REPORTS

21 Main Street, Derby Line - Barbara and Arthur Postman acquired ownership of these 11 units of elderly housing from 21 Main Street Limited Partnership, the original owner. We extended a $64,000 loan at 7% to accomplish the transfer of ownership in return for ten years of extended affordability beyond the expiration of the HAP Contract. In addition, VHFA now holds an option to purchase should the owners decide to sell the property.

Abenaki Acres, Swanton– Abenaki Self-Help has shown some interest in selling their Abenaki Acres property. VSHA, who now manages the project, is working with Abenaki Self-Help to see if they can work out a fair acquisition price for the property. An appraisal is currently in progress.

Allen Canal Apartments, Winooski - VHFA provided $199,000 of the 0% funding for the preservation of this project. Rehab of 8 units and renovation of 2 have been completed in this 17-unit project purchased by LCHDC in partnership with Housing Vermont. The accelerated number of units rehabbed during the first year of operation will substantially reduce the number of years it will take to complete all proposed renovations.

Bailey, Baldwin, Barre, Montpelier - The rehab is now complete and owner Central Vermont Community Land Trust is managing this property. There are 15 residential rental apartments and one commercial space in 3 buildings.

Bobbin Mill, Burlington - VHFA has authorized an increase to the social services budget at this property and has donated older unused computers for tenant use. It has been reported that they are up and running and have been well received by residents. A representative of owner Jim Pizzagalli has met with Sarah in trying to develop options for the future of both Bobbin Mill and their Maple Street properties.

Colonial Apartments, West Rutland – VHFA has been working with Chris Fucci, owner of the Harold Louis Group and General Partner of Colonial Apartments, to see if we can lock him into a Preservation Agreement and eliminate his ability to prepay his loan.

VHFA has offered $50,000 in additional debt at 7.25%. This loan will be paid as a recognized operating expense of the property. The 2000 Operating Budget will need to be reduced by $4,200 in order to service this additional debt. In exchange, the property will be locked in to our remaining 30 year mortgage and HAP Contract, and VHFA will have an option to purchase the property if they decide to sell.

Issues have arisen in Single Family Homeownership with the Harold Louis Group and VHFA has decided to put a hold on the Preservation deal until we can resolve these problems.

Cummings Street, Montpelier – Vermont Housing Finance Agency entered into a loan agreement in October, 1999 with Cummings Street Housing Limited Partnership. We agreed to lend
$31, 830 of our 0% Refunding Savings money to do an energy conversion at Cummings Street. New gas direct vent Rinnai heaters have been install in all 20 family units. The tenants are very happy with the change and they are already seeing savings in heating costs. Once the system has been in place for a year, the management agent will do a complete energy analysis including proposed reduction of utility allowances.

Depot Square Apartments, St. Johnsbury – In 1999, the project had to borrow money from the Replacement Reserve account in order to pay property taxes. Act 60 increased the taxes at this property by almost $5,000.

The 2000 budget has our approval contingent upon the receipt of a rent increase from VSHA. Without this rent increase, the budget is showing an operating loss.

Harrington Apartments, Burlington- No additional progress appears to have been made on the proposed sale of the property to BHA. Cash flow is tight with the increased winter fuel prices. We will continue to monitor Mrs. Harrington's interest in selling her property.

Hillside MHP, Starksboro – The new water system at Hillside Mobile Home Park is finally complete. The Town of Starksboro zoning board required that a $15,000 escrow be held in place for one year to cover any potential road repairs that may result from buried water lines.

All final disbursements have been made from the VHFA held construction escrow. The accrued interest remaining from this account has been put into Hillside's replacement reserve account to cover future needs at the property.

ACCT is asking that VHFA sign a second amendment to the 1998 Priority Agreement. This is necessary to reflect the higher water system loan amount from VEDA in the amount of $330,000. VHFA is concerned with the level of debt on this property. Yet, we are willing to sign the revised Priority Agreement if the operating budget can show that the property can handle the additional debt service.

Holy Cross Senior Housing, Colchester – There has been no concrete resolution to the septic system problems. The system has been repaired and is functioning, however there remains a fear that more problems are likely and that the whole system should be replaced. The siding has been repaired but the overall condition of the modular construction is still an issue. The situation is being monitored and they are trying to complete any work that was covered under the warranty.

Jeri-Hill, Jericho - McKenzie House & So. St Paul, Burlington - General partner, Dan O' Brien is considering his options with regard to the sale of these properties or possible restructuring of the partnerships. An appraisal report is being completed as a first step in the process of continued negotiations to determine what may be in the properties' best long term interest.

Mad River Meadows, Waitsfield and Valley View, Vergennes – The legal representative for the two partnerships that currently own these two properties has proposed selling both to an out-of-state entity, the Gourley Housing Corporation – which is solely owned by the current general partner. The stated purchase price would be the appraised value, plus a 7% developer's fee and other amounts due the partners. A number of issues have arisen, including the potential conflict of interest, the nature of the benefit to the properties and residents (if any) and the issue of securing permanent affordability, among others.

Monroe Apartments, Burlington - Owner and manager Bill Cross failed to submit annual recertification paperwork which lead to a delay in HAP payments and a mortgage delinquency in November. He has since completed all required submissions and is current with his mortgage payments.

Saxtons River Family Housing – This 17 unit family housing property was sold by Lawrin Crispe (the original developer, owner and manager) to a HVT Limited Partnership in a two stage transaction. The initial acquisition included efforts to address immediate physical needs and was completed on August 26th. The property has been secured as affordable for 30 years. Stewart Property Management Company has assumed responsibility to manage the property. The $541,000 permanent loan closed in December,1999 in conjunction with our bond refunding and an additional $275,000 in 0% funds were committed. Extensive rehabilitation will address deferred maintenance as well as include a much needed energy conversion.

South Square, Burlington – Paul Dettman of BHA has contested his HUD REAC inspection results. HUD's initial software for compiling inspection scores may have been flawed and they have since installed revisions to their program.

Templeton Court, White River Junction – VHFA has agreed to provide $7,500 of 0% money to help cover half of the costs associated with a feasibility and assessment study of the social, economic, and physical problems and opportunities at Templeton Court. This is to cover Phase I of a two phase process. The Vermont Housing Conservation Board has been asked to provide the other $7,500. Templeton recently was awarded a $125,000 drug elimination grant, which they hope to receive in early 2000.

Welden Villa, St. Albans – This project is operating on a deficit budget for 2000. Owners are working on rent increases through the VSHA due to increases in utilities, taxes and insurance, reducing payments to VHCB and reducing CDBG payments to the City of St. Albans. We will continue to closely monitor the financial position and needs of this property.

Westminster Family Housing – After meeting with the managing general partner, progress is being made in addressing deferred maintenance items with the active involvement of the President of the L.E. Smith Management Company. The units are all now occupied. A new roof has been installed on one of the buildings. A Plan of Action is now being prepared for our review. Once the estimated cost of the approved work has been determined, we will again meet with the managing general partner to negotiate the terms and conditions of a 0% loan, which will include a Preservation Agreement.

Westview Terrace, Springfield – The defective windows have been fixed (again) and no problems have been reported according to management as of December 1999. These windows have also not been used much because of the cold weather. They will look at this issue more closely in the spring with the arrival of warmer weather.

Winchester Place, Colchester – While a long-term solution to the financial plight of Winchester Place remains elusive, project operations continue as anticipated. The 2000 operating budget projects an operating deficit of $230,044. The additional capital contribution of one-half that amount as required under the Amended Forbearance Agreement was received from the Merchants Bank on February 8th.

2. DELINQUENT MORTGAGE LOAN PAYMENTS

PROJECT NAME	PENALTY/INTEREST	MONTH	TOTAL DAYS LATE
Monroe Street Apts.	$163.44	November	29
Westminster Family Housing	$355.54	June	36
Saxtons River	Waived	August	34

3. Multifamily Management Activity - Narratives

A. Tax Credit Compliance Monitoring

Eighty-five projects were subject to LIHTC compliance monitoring during 1999. Of these, fifty-two required on-site tenant file reviews and physical inspections and the balance of properties required desk audit reviews of the information contained in the owner's annual status reports. Form 8823 non-compliance findings were reported to the IRS on nine properties and all of these were corrected within 60 days (no major reportable findings were uncovered).

Kim Roy conducted a VHMA sponsored tax credit training in September that was attended by forty-five owner/managers. These sessions were acclaimed and may be repeated as needed to supplement the formal training that is offered on the program by national organizations providing training and certification.

The IRS has also published a final tax credit compliance manual that will become effective on January 1, 2001. These new requirements conform exactly to those that were adopted by VHFA five years ago and so they will not increase our monitoring work load. VHFA continues to compile data for HOME and VHCB grant programs while auditing tax credit properties in order to increase overall monitoring efficiency. This information is then forwarded on to VHCB staff.

B. VHFA & VSHA Respond to HUD RFP

VHFA and VSHA have submitted a joint application to take over HUD's Contract Administration responsibility for more than 1,000 Section 8 units located in Vermont. The division of activities has been detailed in a Memorandum of Agreement between the two agencies and is closely aligned with VHFA's existing duties where we already have either a lender and/or tax credit monitoring role. VSHA has taken a lead position in this application and would be more actively involved with the communications required with HUD. VHFA is providing services in exchange for $100,000 in shared fees that have been allocated one third to VHFA and two thirds to VSHA. Additional performance based fees are also possible as an incentive under the contract. HUD is expected to make announcements on its selections in response to the RFP within the next 30 days.

C. MF Bond Refunding and Note Sale Submission

Multifamily staff has provided all information requested and maintained an excellent professional attitude in responding to the simultaneous demands of these activities while meeting their daily responsibilities for VHFA's existing multifamily portfolio.

4. 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

5. MULTIFAMILY PRESERVATION/LOCK IN AGREEMENTS

PROJECT NAME	# YEARS LOCKED IN	OPTION (Y/N)
21 Main Street	20	Y
Abenaki Acres*	60	NP*
Allen Canal**	31	Y
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*
Hillside Acres	12	N
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
Saxton's River**	30	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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Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sam Falzone, Director, Multifamily Programs

DATE: February 7, 2000

RE: **HUD Note Sale Transaction**

The attached letter will provide you with the most current status of our attempt to purchase the three HUD held Notes for Highgate, Westgate and Mountain View Apartments. We have been encouraged by the comments made following Sarah's meeting in DC with HUD Secretary Bill Apgar and have responded to their exhaustive request for documents within a two week time-frame.

vhfa

Vermont Housing Finance Agency

February 4, 2000

Ms. Audrey McGuire, President
Federal Asset Advisory Company, LLC
475 Fifth Avenue
12th Floor
New York, New York 10017

Re: Vermont's HUD Note Sale Offer

Dear Ms. McGuire:

I have enclosed copies of the information you requested for each of the Notes we are negotiating to purchase from HUD. We hope this will result in the culmination of more than two years of work that has been underway to address the significant physical needs that exist at Westgate and Mountain View Apartments as well as bring all three of these properties into Vermont's permanent affordable housing inventory.

The Note Sale transaction with HUD is the first step in this preservation package that encompasses these Section 236 projects. Highgate and Mountain View Apartments are currently owned by Housing Vermont with local nonprofit partners and are covered under existing use restrictions imposed by the Title VI Preservation and Low Income Housing Tax Credit program. Following our successful Note Sale transaction with HUD, we will work closely with Housing Vermont in their effort to acquire Westgate Apartments, placing it in a resident controlled nonprofit ownership structure, and complete critical repairs that are needed at the property.

In your January 25th request for information, you asked for a description of our proposed mortgage discount and refinancing structure. The methodologies we used to arrive at our offer of 64 cents on the dollar are as follows.

Proposed Mortgage Discount

Background

In the Fall of 1999, VHFA resurrected its Note Sale offer that had been previously rejected by HUD in June of 1998. In this previous offer, we had discounted the value for each of the three properties based on the risk of the Section 8 rent contracts not being renewed after they expired. The resulting values were based on NOI and were further discounted by the amounts we felt were necessary to address the most serious deferred maintenance problems at Westgate and Mountain Views Apts. In both cases, these included the cost to replace underground oil storage tanks, fuel lines, and installation of replacement boilers beyond the capacity of existing project resources. Using these assumptions, and based on a market

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rent driven NOI for each of the three properties, our offer in the aggregate was 30 cents on the dollar (or $1.1 million on a combined outstanding loan balance of $3.7 million).

Proposed Mortgage Discount Methodology

In the Agency's most recent offer to purchase these notes, we looked at two ways of making a determination of value. On each property we used the lesser of 1) the present value of the Interest Reduction Payment (IRP) cash flows or 2) the present value of the projects' Net Operating Income (NOI) including the IRP. For Westgate and Highgate, we relied on the IRP cash flow method as a basis for our offer. This produced values of $744,745 at Westgate (including a $275,000 reduction for capital improvements) and $1,250,470 for Highgate.

At Mountain View, we chose to utilize NOI as the basis for our offer in consideration of the higher risk this property represents due to its poor cash flow. This produced a purchase price of $305,350 including a reduction equal to the amounts needed to make required capital improvements of $144,000.

The cash flow valuations were derived using an 11.5% discount rate reflecting the Agency's high cost of borrowing in the taxable market. Consideration is also given to the risk assumed by acquiring these financial obligations without FHA insurance, secured only by Section 8 Contracts that have expired and are being renewed by HUD on an annual basis. Other factors for using the 11.5% discount rate are related to providing a spread to compensate the Agency for its costs and the uncertainty of interest rates at the time the Agency would fund its purchase of the Notes. In today's bond market, taxable and tax-exempt rates would produce a loan rate to the borrower of 10.5% and 8% respectively.

In projecting revenues available to pay debt service, the Agency has assumed that revenues grow at 2.5% annually, expenses grow at 4%, and replacement reserves are funded at a constant rate annually. Additionally, the Agency assumes that the Section 236 Interest Reduction Payments will continue until the end of the 40 year contracts. Please see the following cash flows as prepared by Paine Webber, our bond underwriters.

Proposed Refinancing Structure

In conjunction with VHFA's purchase of the three Notes, the Agency plans to issue $1.5 million in taxable and $1.1 million in tax-exempt bonds in order to provide a financing package for this transaction. In addition, we expect to be using a combination of tax credits and the IRP income stream for credit enhancement. The discounted mortgages will help provide the cash flow necessary to pay debt service on the bond proceeds being raised to address the physical needs at Mountain View and Westgate.

Ultimately, the transfer of ownership at Westgate to Housing Vermont will involve a commitment of 4% and 9% tax credits for acquisition and rehab, as well as HOME, CDBG and Vermont Housing Conservation Trust Funds provided by the State. The key to bringing all of these resources to the table is our success in gaining HUD's approval to sell these three Notes at the proposed price.

Public Purpose and HUD Concessions

Highgate and Mountain View Apartments are already preserved under existing use restrictions resulting from prior acquisitions by Housing Vermont Partnerships. The proposed sale of all three of Vermont's HUD Notes at this time would create a unprecedented opportunity to acquire and preserve Westgate, one of the last Section 236 project in the state. It would also allow Housing Vermont to address the significant and potentially disastrous environmental hazards presented by buried fuel oil tanks at two of these properties that are more than 25 years old.

HUD has the authority to sell these mortgages to VHFA under the Housing and Community Development Amendments of 1978. The statute permits negotiated sales of subsidized mortgages to state agencies without the need for competitive bidding. VHFA has an outstanding record in successful preservation activities and Vermont's substantial affordable housing funding and delivery system is ready to maximize the impact of our Note Sale proposal.

Our Note Sale proposal also offers HUD an opportunity to meet the goal of reducing its inventory of HUD held properties. The residents of these properties will also be guaranteed the benefits of permanent affordability through the extended use restrictions that will be required as a condition of Housing Vermont's acquisition and rehab of these three properties. In the absence of a successful Note Sale transaction, HUD faces the prospect that two of these properties will struggle and be nothing more than a mediocre housing resource for the foreseeable future.

VHFA has spent considerable time and energy and has the support of the Vermont congressional delegation to bring this proposal to fruition. Please feel free to contact me for any reason to explain the substantial submission package that is enclosed.

Sincerely,

Samuel J. Falzone
Director, Multifamily Programs
Phone (802) 652-3435
Email sfalzone@vhfa.org

Enclosures

cc: Victoria Batemen
Karen Williams
Shaun L. Donovan

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah Carpenter, Executive Director SC

DATE: February 10, 2000

RE: Legislative FY1999 Annual Report

VHFA is required by statute to provide a summary of activities and accomplishments each year to Vermont's general assembly. This report includes a set of financial statements from an independent auditor as well as a statement of the use of funds generated through interest from real estate escrow and trust accounts.

For FY1999, we decided to prepare and distribute a specific legislative summary report with the required detailed financials. A more graphic annual report is being prepared and will be distributed soon. This report will focus on programs and our 25th anniversary with just a summary of the financials.

Attached is a copy of the FY1999 Legislative Annual that was given to Governor Dean, Lt. Governor Racine, members of the Vermont Senate, and to the House committee chairs and members of the committees responsible for housing and financial matters.

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EQUAL HOUSING OPPORTUNITY

VERMONT HOUSING FINANCE AGENCY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES
FOR THE SIX MONTHS ENDED DECEMBER 31, 1999
(With Comparative totals for December 31, 1998)

		SINGLE FAMILY				MULTI-FAMILY					Dec 31, 1998
	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	COMBINED TOTAL
REVENUES:											
Interest Income:											
Mortgage and construction loans receivable	453,015	100,132	4,894	2,926,681	10,151,818	1,308,497	1,606,193	533,318	303,290	17,387,838	17,337,433
Investments	26,808	80,703	2,936	1,204,904	5,075,377	197,033	187,938	27,040	42,466	6,845,205	8,419,641
Fee Income:											
Multi-Family Mortgage Programs	113,459	0	0	0	0	0	47,667	0	0	161,126	107,408
Single Family Mortgage Programs	67,288	0	0	0	0	0	0	0	0	67,288	67,231
Grant income	54,400	0	0	0	0	0	0	0	0	54,400	54,000
VHMGB income	0	0	0	0	0	0	0	0	0	0	190,424
Gain on value of investments	0	(66,593)	(1,706)	(884,738)	0	52,168	(17,279)	0	(59,519)	(977,667)	776,118
Miscellaneous income	26,781	0	0	0	0	0	0	0	0	26,781	23,672
TOTAL REVENUES	741,751	114,242	6,124	3,246,847	15,227,195	1,557,698	1,824,519	560,358	286,237	23,564,971	26,975,927
EXPENSES:											
Financing costs, including interest and amortization of premium, discount and costs of issuance	788,797	22,814	0	3,685,583	12,755,720	1,517,146	816,149	521,327	300,189	20,407,725	22,073,810
Mortgage service and contract administration fees	7,289	6,549	223	118,380	496,478	0	0	0	0	628,919	638,051
Salaries and benefits	927,590	0	0	0	0	0	0	0	0	927,590	1,078,824
Operating expenses	389,563	0	0	0	0	0	0	0	0	389,563	538,912
Professional fees	75,656	0	0	0	0	0	0	0	0	75,656	54,298
Trustee and assignee fees	44,800	0	0	0	0	0	0	0	0	44,800	89,016
Loss on bond redemptions	0	85,806	0	0	0	0	0	0	0	85,806	0
Property disposition and loan loss expenses	(12,571)	0	0	207,978	545,393	0	0	0	0	740,800	721,942
TOTAL EXPENSES	2,221,124	115,169	223	4,011,941	13,797,591	1,517,146	816,149	521,327	300,189	23,300,859	25,194,853
Excess (deficiency) of revenues over expenses	(1,479,373)	(927)	5,901	(765,094)	1,429,604	40,552	1,008,370	39,031	(13,952)	264,112	1,781,074
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	52,383,640
Transfers to general fund	598,923	0	0	(140,900)	(101,583)	(220,000)	(108,440)	(18,000)	(10,000)	0	0
Fund balance at end of period	7,280,936	4,252,457	146,049	16,972,867	10,540,719	4,247,080	8,099,790	239,581	933,860	52,713,339	54,164,714

VERMONT HOUSING FINANCE AGENCY
BALANCE SHEET
DECEMBER 31, 1999
(With comparative totals for December 31, 1998)

		SINGLE FAMILY				MULTI-FAMILY					Dec 31, 1998
	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	COMBINED TOTAL
ASSETS											
Cash and cash equivalents	4,872,083	866,176	35,534	29,460,164	83,077,490	39,054,960	4,483,863	3,310,947	191,563	165,352,780	185,007,499
Investments	100,000	742,342	34,969	17,246,949	91,791,093	3,528,320	2,726,001	0	974,274	117,143,948	78,939,267
Mortgage and const loans receivable	13,513,992	2,610,471	79,619	62,375,446	287,189,147	32,641,108	28,732,337	14,513,167	6,698,567	448,353,854	431,111,156
Accrued int rec - mtg and notes	730,651	16,714	807	561,063	1,741,370	158,343	165,221	143,518	33,493	3,551,180	3,641,517
Accrued int rec - investments	18,584	7,546	750	393,068	2,405,603	47,865	120,499	10,103	23,608	3,027,626	2,335,069
Deferred costs of bond issuance	0	0	0	269,702	1,990,457	424,379	350,640	2,400	42,964	3,080,542	2,995,975
Land	775,000	0	0	0	0	0	0	0	0	775,000	775,000
Building	1,000,834	0	0	0	0	0	0	0	0	1,000,834	1,000,834
Office furniture and fixtures	1,554,928	0	0	0	0	0	0	0	0	1,554,928	1,471,597
Accumulated depreciation	(1,348,521)	0	0	0	0	0	0	0	0	(1,348,521)	(1,193,646)
Other receivables and prepaid expenses	488,326	7,812	842	196,423	299,215	31,710	6,143	0	0	1,030,471	973,560
Interfund receivables (payables)	2,070,308	2,425	(6,435)	(316,557)	(2,197,394)	95,990	(277,541)	13,123	616,081	0	0
Other assets and REO	0	0	0	421,254	1,778,341	0	0	0	0	2,199,595	2,843,038
TOTAL ASSETS	23,776,185	4,253,486	146,086	110,607,512	468,075,322	75,982,675	36,307,163	17,993,258	8,580,550	745,722,237	709,900,866
LIABILITIES AND FUND BALANCES											
Deferred loan origination fees	151,849	0	0	0	0	0	0	0	0	151,849	243,158
Accounts payable	302,695	1,029	37	21,772	502,185	227,055	2,521	0	0	1,057,294	901,776
Escrowed cash deposits	3,522,399	0	0	0	0	3,949	1,378,397	0	66,858	4,971,603	4,800,192
Notes payable	11,860,196	0	0	0	72,000,000	0	0	0	0	83,860,196	11,244,659
Accrued interest payable	47,049	0	0	602,621	4,766,804	1,261,330	580,394	123,399	26,226	7,407,823	6,991,690
Bonds payable	611,061	0	0	94,145,000	383,185,000	71,165,000	27,165,000	17,647,765	7,680,000	601,598,826	637,929,089
Unamortized discount on bonds	0	0	0	(1,134,748)	(2,902,886)	(921,739)	(918,939)	(17,487)	(126,394)	(6,022,193)	(6,374,412)
TOTAL LIABILITIES	16,495,249	1,029	37	93,634,645	457,551,103	71,735,595	28,207,373	17,753,677	7,646,690	693,025,398	655,736,152
Fund balance	7,280,936	4,252,457	146,049	16,972,867	10,540,719	4,247,080	8,099,790	239,581	933,860	52,713,339	54,164,714
TOTAL LIABILITIES & FUND BAL	23,776,185	4,253,486	146,086	110,607,512	468,091,822	75,982,675	36,307,163	17,993,258	8,580,550	745,738,737	709,900,866

VERMONT HOUSING FINANCE AGENCY
BUDGET PERFORMANCE REPORT
December 31, 1999

	ACTUAL BUDGET FYE 06/30/2000	ACTUAL 6 Mos THRU 12/30/1999	PERCENT OF BUDGET FYE 6/30/2000
INCOME			
Single family fees	49,000	23,092	47.1%
Multi-family fees	294,000	151,382	51.5%
Single family servicing fees	22,000	6,542	29.7%
Interest income-loans	1,100,000	454,244	41.3%
Interest income-invest	50,000	25,576	51.2%
VHMGB charges	6,000	0	0.0%
Miscellaneous income	145,000	81,181	56.0%
TOTAL INCOME	**1,666,000**	**742,018**	**44.5%**
FUND TRANSFERS			
Single Family Housing Bonds	2,500,000	101,584	4.1%
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	140,900	17.2%
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	10,000	50.0%
Direct Placement Bonds	35,000	18,000	51.4%
New Bonds Cost of Issuance	50,000	50,000	100.0%
TOTAL TRANSFERS	**4,545,000**	**648,924**	**14.3%**
TOTAL INCOME & TRANSFERS	**6,211,000**	**1,390,942**	**22.4%**

VERMONT HOUSING FINANCE AGENCY
BUDGET PERFORMANCE REPORT
December 31, 1999

	ACTUAL BUDGET FYE 06/30/2000	ACTUAL 6 Mos THRU 12/30/1999	PERCENT OF BUDGET FYE 6/30/2000
EXPENSES			
Salaries & Wages	1,475,688	715,873	48.5%
Consulting fees	225,500	28,074	12.4%
Trustee & Credit fees	215,000	44,801	20.8%
Insurance	195,355	96,478	49.4%
Advertising	125,000	50,690	40.6%
Depreciation	160,000	75,930	47.5%
Pension	126,000	74,205	58.9%
Payroll taxes	112,890	61,453	54.4%
Legal	95,000	34,656	36.5%
Staff travel & Training	83,500	29,018	34.8%
Occupancy	70,000	33,276	47.5%
Telephone	52,000	22,752	43.8%
Maintenance agreements	49,000	14,819	30.2%
Audit	46,000	41,000	89.1%
Interest	40,000	21,273	53.2%
Dues & Subscriptions	34,815	16,177	46.5%
Office supplies	29,000	16,703	57.6%
Contract services	24,500	17,820	72.7%
Postage	17,000	7,020	41.3%
Promotion	17,000	2,667	15.7%
Printing	12,000	0	0.0%
Liability Insurance	12,000	7,593	63.3%
Miscellaneous	8,900	8,757	98.4%
Commissioners fees	4,500	2,278	50.6%
TOTAL OPERATING EXPENSES	**3,230,648**	**1,423,313**	**44.1%**
Lender origination fees	335,000	373,232	111.4%
Loan interest cost	640,000	376,472	58.8%
Organization subsidy expense	186,000	88,689	47.7%
Program loan losses	1,700,000	740,799	43.6%
Advertising - new bond COI	50,000	768	1.5%
TOTAL OTHER COSTS	**2,911,000**	**1,579,960**	**54.3%**
TOTAL EXPENSES	**6,141,648**	**3,003,273**	**48.9%**
SURPLUS (DEFICIT)	**69,352**	**(1,612,331)**	

102 FY 2000 GF BUDGET - INCOME & FUND TRSFRs

1 GENERAL FUND
10 GENERAL FUND OPERATING

	BUDGET		ACTUAL		VARIANCE			
	JUNE	Year-to-Date	DECEMBER	Year-to-Date	MTD Dollars	YTD Dollars	MTD %	YTD %
INCOME:								
Single Family Fees	4,083.37-	49,000.00-	216,936.80-	23,091.99-	212,853.43-	25,908.01	5,212.69	52.87-
Multi-family Fees	24,500.00-	294,000.00-	58,239.92-	151,381.76-	33,739.92-	142,618.24	137.71	48.50-
Servicing Fees	1,833.37-	22,000.00-	1,354.90-	6,542.00-	478.47	15,458.00	26.09-	70.26-
Interest Income - Loans	91,666.74-	1,100,000.00-	92,116.37-	454,244.43-	449.63-	645,755.57	.49	58.70-
Interest Income - Investments	4,166.74-	50,000.00-	2,237.09	25,576.26-	6,403.83	24,423.74	153.68-	48.84-
VHMGB Fees	.00	6,000.00-	.00	.00	.00	6,000.00	.00	100.00-
Miscellaneous Income	12,083.37-	145,000.00-	52,070.94-	81,181.07-	39,987.57-	63,818.93	330.93	44.01-
Total Income	138,333.59-	1,666,000.00-	418,481.84-	742,017.51-	280,148.25-	923,982.49	202.51	55.46-
FUND TRANSFERS:								
SF Housing Bonds	.00	2,500,000.00-	.00	101,584.11-	.00	2,398,415.89	.00	95.93-
SF Insured Mtg Bonds	.00	400,000.00-	.00	.00	.00	400,000.00	.00	100.00-
SF Mortgage Purchase Program	25,000.00-	25,000.00-	.00	.00	25,000.00	25,000.00	100.00-	100.00-
SF Home Mortgage Purch Program	410,000.00-	820,000.00-	116,600.00-	140,900.00-	293,400.00	679,100.00	71.56-	82.81-
MF Mortgage Bonds	.00	440,000.00-	.00	220,000.00-	.00	220,000.00	.00	50.00-
MF Housing Bonds	.00	255,000.00-	.00	108,439.66-	.00	146,560.34	.00	57.47-
MF Housing Development Bonds	10,000.00-	20,000.00-	10,000.00-	10,000.00-	.00	10,000.00	.00	50.00-
MF Direct Placement Bonds	.00	35,000.00-	9,500.00-	18,000.00-	9,500.00-	17,000.00	.00	48.57-
New Bonds Cost of Issuance	.00	50,000.00-	.00	50,000.00	.00	100,000.00	.00	200.00-
Total Fund Transfers	445,000.00-	4,545,000.00-	136,100.00-	548,923.77-	308,900.00	3,996,076.23	69.41-	87.92-
Total Income & Fund Trsfs	583,333.59-	6,211,000.00-	554,581.84-	1,290,941.28-	28,751.75	4,920,058.72	4.92-	79.21-

101 FY 2000 GF BUDGET-EXPENSES & OTHER COSTS

1 GENERAL FUND
10 GENERAL FUND OPERATING

	BUDGET		ACTUAL		VARIANCE			
	JUNE	Year-to-Date	DECEMBER	Year-to-Date	MTD Dollars	YTD Dollars	MTD %	YTD %
OPERATING EXPENSES:								
Salaries and Wages	122,974.30	1,475,688.41	122,104.37	715,872.62	869.93-	759,815.79-	.70-	51.48-
Consulting	18,791.96	225,500.00	6,503.47	28,074.37	12,288.49-	197,425.63-	65.39-	87.55-
Trustee Fees	17,916.74	215,000.00	14,203.07	44,800.49	3,713.67-	170,199.51-	20.72-	79.16-
Group Insurance	16,279.95	195,355.00	12,890.60	96,478.05	3,389.35-	98,876.95-	20.81-	50.61-
Advertising	10,416.85	125,000.00	11,860.91	50,689.97	1,444.06	74,310.03-	13.86	59.44-
Depreciation	13,333.37	160,000.00	11,571.92	75,929.80	1,761.45-	84,070.20-	13.21-	52.54-
Pension	10,500.33	126,000.00	26,473.21	74,205.46	15,972.88	51,794.54-	152.11	41.10-
Payroll Taxes	9,407.61	112,890.00	12,417.29	61,452.83	3,009.68	51,437.17-	31.99	45.56-
Legal	7,916.74	95,000.00	7,506.75	34,655.72	409.99-	60,344.28-	5.17-	63.52-
Travel & Training	6,958.59	83,500.00	4,124.54	29,018.22	2,834.05-	54,481.78-	40.72-	65.24-
Occupancy	5,833.37	70,000.00	4,704.87	33,276.32	1,128.50-	36,723.68-	19.34-	52.46
Telephone	4,333.37	52,000.00	3,395.31	22,752.00	938.06-	29,248.00-	21.64-	56.24-
Maintenace Agreements	4,083.37	49,000.00	2,694.94	14,818.96	1,388.43-	34,181.04-	34.00-	69.75-
Audit	.00	46,000.00	.00	41,000.00	.00	5,000.00-	.00	10.86-
Interest	3,333.37	40,000.00	10,400.14	21,273.01	7,066.77	18,726.99-	212.00	46.81-
Dues & Subscriptions	2,901.47	34,815.00	3,090.18	16,177.15	188.71	18,637.85-	6.50	53.53-
Office Supplies	2,416.74	29,000.00	5,047.41	16,703.16	2,630.67	12,296.84-	108.85	42.4[illegible]
Contract Services	2,041.74	24,500.00	3,100.00	17,820.00	1,058.26	6,680.00-	51.83	27.26-
Promotion	1,416.74	17,000.00	.00	2,667.00	1,416.74-	14,333.00-	100.00-	84.31-
Postage	1,416.74	17,000.00	2,600.37	7,020.21	1,183.63	9,979.79-	83.54	58.70-
Printing	1,000.00	12,000.00	.00	.00	1,000.00-	12,000.00-	100.00-	100.00-
Liability Insurance	1,000.00	12,000.00	1,207.35	7,592.51	207.35	4,407.49-	20.73	36.72-
Miscellaneous	741.74	8,900.00	4,966.98	8,756.90	4,225.24	143.10-	569.63	1.60-
Commisioners Fees	375.00	4,500.00	373.51-	2,278.55	748.51-	2,221.45-	199.60-	49.36-
Total Operating Expenses	265,390.09	3,230,648.41	270,490.17	1,423,313.30	5,100.08	1,807,335.11-	1.92	55.94-
OTHER COSTS:								
Lender Origination Fees	27,916.74	335,000.00	279,269.79	373,232.15	251,353.05	38,232.15	900.36	11.41
Loan Interest Cost	53,333.37	640,000.00	184,510.04	376,472.41	131,176.67	263,527.59-	245.95	41.17-
Organizational Subsidies	15,500.00	186,000.00	7,939.00	88,689.00	7,561.00-	97,311.00-	48.78-	52.31-
Advertising - New Bond COI	4,166.74	50,000.00	58.87	767.57	4,107.87-	49,232.43-	98.58-	98.46-
Program Loan Losses	141,666.74	1,700,000.00	409,193.61	740,798.61	267,526.87	959,201.39-	188.84	56.42-
Total Other Costs	242,583.59	2,911,000.00	880,971.31	1,579,959.74	638,387.72	1,331,040.26-	263.16	45.72-
Total Expenses	507,973.68	6,141,648.41	1,151,461.48	3,003,273.04	643,487.80	3,138,375.37-	126.67	51.09-

vhfa

Vermont Housing Finance Agency

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE

DATE: FEBRUARY 17, 2000

RE: SERIES 12 SINGLE FAMILY BOND FINANCING

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

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

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

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

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

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

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

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

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

NOW, THEREFORE, it is hereby RESOLVED:

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

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

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

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RESOLUTION AMENDING
LOW INCOME HOUSING TAX CREDIT
PROJECT RESERVATIONS

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

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

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

NOW, THEREFORE, it is hereby RESOLVED:

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

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

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

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

Sarah Carpenter

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

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Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: March 17, 2000

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 23, 2000 at 1:00 p.m. at the Associated General Contractors Building , 148 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 March 23rd!

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Vermont Housing Finance Agency

BOARD AGENDA
Associated General Contractor's Building
148 State Street
Montpelier, Vermont

1. Review and approval of the minutes from February 17, 2000.

2. DEVELOPMENT
   - A. Tax Credit Approval Process – Discussion with JCTC {Carpenter/Verbal}

3. FINANCE
   - A. Franklin Homestead Assisted Living Bond Resolution {Schoenbeck/Enclosure}
   - B. Bus Barns Bond Resolution {Schoenbeck/Enclosure}
   - C. Funding Plans – Energy Efficiency Utility (VEIC) {Schoenbeck/Enclosure}

3. PROGRAM OPERATIONS
   - A. Monthly Summary Reports {Crady/Enclosure}
   - B. Loan Request from VHCB {Adams/Enclosure}
   - C. Ventures Loans – Charge Offs {Adams/Enclosure}

4. ADMINISTRATION
   - A. Strategic Plan 2000 {Carpenter/Handout}
   - B. Legislative Materials {Carpenter/Enclosure}
   - C. Executive Director's Report {Carpenter/Verbal}
   - D. April Board Meeting – Verify Attendance {Carpenter/Verbal}

5. Any old or other 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**

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Vermont Housing Finance Agency

BOARD MINUTES
Montpelier City Hall
39 Main Street
Montpelier, Vermont

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

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

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

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

MINUTES

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

EVELOPMENT

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

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

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

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

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

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

HOMEOWNERSHIP

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

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

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

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

FINANCE

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

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

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

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

ADMINISTRATION

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

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

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

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

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

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

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

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

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

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

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

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

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

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

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

NOW, THEREFORE, it is hereby RESOLVED:

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

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

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

4. This Resolution shall become effective immediately.

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

VERMONT HOUSING FINANCE AGENCY

By ____________________
Chief of Program Operations

Attest:

By ____________________
Authorized Officer

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

____

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

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

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

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

NOW, THEREFORE, it is hereby RESOLVED:

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

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

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

4. This Resolution shall become effective immediately.

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

VERMONT HOUSING FINANCE AGENCY

By ______________________
Executive Director

Attest:

By ______________________
Authorized Officer

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

____

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

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: MARCH 16, 2000

RE: FUNDING ENERGY EFFICIENCY UTILITY

Last November we advised the Board about discussions we had with the 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 (EEU) would be responsible to create programs utilizing funds presently built into the rate structure of 22 Vermont utilities generating an expected $10 million a year. We contemplated an involvement in issuing debt (estimated at approximately $3 million) to fund shortages in cash flow from the Public Service Board (PSB) during the three-year contract agreement. The debt would be directly placed with the Chittenden Bank (VEIC's credit provider) on a tax-exempt basis. This would have the advantage of lowering the borrowing costs for VEIC and also giving Chittenden Bank additional comfort for repayment. VEIC was awarded the contract to act as the EEU and contacted us for assistance in their financing models. We had further meetings with Chittenden Bank officials who have indicated their required tax-exempt interest rate would be close to 7% and therefore a tax-exempt bond financing with them is not feasible.

We are now looking at this financing working better as a true line of credit with us on a taxable basis where we would utilize our line of credit with the Howard Bank to make advances to VEIC. We think a line of credit program to VEIC is manageable based on our $5 million loan limit with the Howard since we have recently negotiated replacement surety bond coverage to replace some cash funded loss reserves. A fixed spread over our cost of funds could be replicated in our agreement with VEIC. This is similar to the bridge line of credit arrangement we have with Housing Vermont.

Recommended Action

Approval to negotiate a line of credit agreement with VEIC, not to exceed $3 million for a period of up to three years, at a fixed rate over our cost of funds including security features which enable us to access funds from the Public Service Board in case of default.

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

MEMORANDUM

TO: VHFA Board of Commissioners

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

DATE: March 16, 2000

RE: Summary of Homeownership Activities

PROGRAM OPERATION

Attached are production reports by product and lender for FY 1999 and year to date FY 2000.

So far the testing on "live" applications processed through an automated underwriting system developed by MGIC has been going well. As soon as we have the opportunity to review a number of loans that have gone through the system and the documented files have been reviewed by MGIC, we will begin to add other lenders to the system. Our initial focus will be to focus on our top producing lenders.

VHFA's interest rate (7.55%, 0 points) continues to be the lowest fixed rate available. Reservations are averaging approximately $1.5 to $2.0 million a week. Supply of housing continues to be an issue, especially in the northwest part of the state. VHFA staff will review preliminary data from 1999 property transfer tax returns to determine if a further increase in purchase price limits is possible. Our tentative plans are to have information available at the Board meeting in April.

COLLECTIONS

Attached are delinquency reports and a REO Inventory Report as of February 29, 2000. Our REO inventory is the lowest it's been seen August 1996, with a total of 29 properties. Of the total of 29, 14 are under deposit and 6 properties have offers pending!

mailing address P.O. Box 408, Burlington, VT 05402-0408 **delivery address** 164 Saint Paul St., Burlington, VT 05401-4364
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VHFA Production Report By Product FY2000

July 1, 1999 - June 30, 2000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total
MOVE	4,124,272	5,050,851	2,983,050	10,360,896	9,449,566	5,824,798	4,920,567	3,318,996					46,032,996
MOBILE HOME	212,635	371,335	278,360	655,376	702,706	410,040	604,508	87,700					3,322,660
HOUSE	88,500	136,800	248,250	421,000	308,115	218,814	348,950	265,400					2,035,829
YESS	43,600	70,470	0	159,900	222,230	0	88,920	135,550					720,670
RURAL DEV.	98,180	49,505	80,350	33,200	0	66,250	33,950	26,730					388,165
Total	4,567,187	5,678,961	3,590,010	11,630,372	10,682,617	6,519,902	5,996,895	3,834,376					52,500,320

VHFA Production Report By Product FY1999

July 1, 1998 - June 30, 1999

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total
MOVE	1,642,380	3,584,030	3,005,618	1,707,335	3,312,362	1,012,972	2,893,418	2,176,105	1,627,530	1,863,002	2,141,111	2,551,490	27,517,353
MOBILE HOME	450,415	618,141	451,263	117,470	302,485	497,807	375,755	181,723	125,040	129,955	146,600	252,665	3,649,320
HOUSE	0	134,650	68,000	274,300	0	129,875	0	68,900	282,845	121,000	130,750	248,300	1,458,620
RURAL DEV.	51,850	142,350	22,500	125,500	21,000	72,010	29,640	118,095	26,310	146,360	32,755	126,020	914,390
YESS	0	0	0	0	81,289	75,550	0	137,867	73,750	78,872	0	65,137	512,465
Total	2,144,645	4,479,171	3,547,381	2,224,605	3,717,136	1,788,214	3,298,813	2,682,690	2,135,475	2,339,189	2,451,216	3,243,612	34,052,148

BOND SERIES STATUS REPORT

Series #	Date of Issue	Use by End Date	0 Point Move Rate	Original Issue Amt.	Amount Allocated	Available Funds
7	4/18/96	8/30/99		$42,500,000	$40,277,609	$2,222,391
8	10/9/96	4/1/00		$30,035,000	$30,003,930	$31,070
9	6/13/97	12/26/00	6.70%	$61,788,875	$60,835,252	$953,623
10	4/22/99	N/A	6.35%	$33,016,574	$31,857,009	$1,159,565
11	8/24/99	6/1/02	7.10%	$24,426,258	$22,987,161	$1,439,097
12	2/10/00	8/1/03	7.55%	$28,344,948	$6,554,274	$21,790,674

VHFA Production Report- Dollar volume by lender FY2000

July 1, 1999 - June 30, 2000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD TOTAL
CHITTENDEN	$1,425,540	$579,575	$405,835	$4,385,635	$3,159,872	$1,992,583	$1,585,270	$1,351,497					$14,885,807
SUMMIT	$190,000	$518,618	$0	$1,990,658	$1,008,677	$273,550	$673,113	$86,800					$4,741,416
BANKNORTH	$235,900	$361,625	$63,000	$701,045	$1,132,075	$812,550	$386,810	$185,050					$3,878,055
NEFCU	$264,100	$946,415	$557,575	$187,080	$436,943	$111,150	$453,372	$353,064					$3,309,699
VDCU	$0	$295,040	$327,250	$619,650	$537,330	$229,375	$548,825	$341,305					$2,898,775
UNION	$116,225	$339,905	$286,375	$595,375	$686,581	$192,025	$61,750	$339,750					$2,617,986
VERMONT NAT'L	$652,325	$853,065	$0	$399,900	$326,889	$109,250	$80,750	$0					$2,422,179
COMMUNITY	$345,477	$185,181	$490,470	$185,350	$610,001	$270,942	$264,990	$0					$2,352,411
NORTHFIELD	$124,450	$279,660	$62,700	$274,258	$289,500	$205,850	$294,150	$0					$1,530,568
VT STATE ECU	$217,100	$87,400	$0	$282,300	$316,700	$148,200	$55,960	$174,450					$1,282,110
LYNDONVILLE	$0	$100,000	$0	$629,190	$188,000	$76,950	$118,500	$0					$1,112,640
KITTREDGE	$81,600	$285,775	$0	$412,225	$137,100	$57,950	$74,100	$56,000					$1,104,750
HERITAGE FCU	$140,400	$61,750	$406,065	$0	$124,750	$81,480	$147,250	$102,820					$1,064,515
PASSUMPSIC	$63,000	$140,787	$139,250	$0	$370,525	$231,625	$0	$67,900					$1,013,087
UNIVERSAL	$0	$0	$0	$70,703	$276,470	$340,115	$141,493	$154,000					$982,781
BRATTLEBORO	$70,000	$94,000	$253,440	$0	$146,400	$209,050	$114,525	$0					$887,415
CTX	$0	$0	$0	$0	$82,650	$407,675	$314,390	$0					$804,715
NAT'L BNK MIDDLE	$82,900	$274,500	$0	$131,957	$124,681	$0	$88,500	$64,000					$766,538
ALBANK	$74,100	$0	$50,065	$211,375	$187,600	$32,000	$94,525	$0					$649,665
FIRST BRANDON	$69,350	$0	$139,310	$158,831	$140,890	$0	$0	$72,000					$580,381
CITIZENS	$100,340	$55,000	$0	$93,240	$42,655	$125,835	$0	$162,750					$579,820
GMAC	$0	$0	$80,275	$193,400	$101,200	$0	$0	$151,050					$525,925
BNK OF BENN	$87,300	$72,000	$97,350	$0	$69,000	$170,030	$0	$0					$495,680
VHFA	$161,530	$79,365	$67,650	$33,200	$0	$66,250	$0	$26,730					$434,725
SOURCE ONE	$0	$0	$0	$0	$0	$76,533	$226,700	$0					$303,233
FACTORY	$65,550	$0	$0	$0	$61,100	$51,400	$88,500	$0					$266,550
NAT'L CITY MTG	$0	$0	$0	$0	$0	$69,900	$87,722	$40,000					$197,622
WELLS RIVER	$0	$0	$78,000	$0	$53,350	$0	$61,750	$0					$193,100
MASCOMA	$0	$0	$57,200	$0	$0	$132,034	$0	$0					$189,234
PEOPLES TRUST	$0	$0	$0	$75,000	$0	$0	$0	$105,210					$180,210
CT RIVER	$0	$55,000	$0	$0	$0	$45,600	$0	$0					$100,600
RD	$0	$14,300	$28,200	$0	$0	$0	$33,950	$0					$76,450
FLEET	$0	$0	$0	$0	$71,677	$0	$0	$0					$71,677
TOTAL	$4,567,187	$5,678,961	$3,590,010	$11,630,372	$10,682,617	$6,519,902	$5,996,895	$3,834,376	$0	$0	$0	$0	$52,500,319

HOMEOWNERSHIP PROGRAMS - SERVICING ACTIVITY REPORT

Activity for the month of February 2000

COLLECTIONS

Total 90+ accounts for current month	80

FORECLOSURES

Foreclosure accounts from previous month	54
Plus new foreclosure accounts	10
To REO	1
Successful interventions	1
Total Foreclosure accounts for current month	62 (includes 9 loans in Chapter 13)

REAL ESTATE OWNED

REOs from previous month	37
Plus new REOs	1
Less property sold	8
Less reinstatement	1
REOs for current month	29 (11 properties are under contract)

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: February 2000

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO	
Mortgage Service Ctr. of NE	78	7	8.97%	3	3.85%	3	3.85%	1	1.28%	14	17.95%	1	1.28%
Graystone Mortgage Company	500	37	7.40%	5	1.00%	4	0.80%	8	1.60%	54	10.80%	2	0.40%
Charter One	368	16	4.35%	8	2.17%	6	1.63%	6	1.63%	36	9.78%	3	0.82%
Vermont National Bank	1789	84	4.70%	25	1.40%	36	2.01%	23	1.29%	168	9.39%	11	0.61%
Banknorth Mortgage Co.	716	42	5.87%	5	0.70%	8	1.12%	7	0.98%	62	8.66%	3	0.42%
Passumpsic Savings Bank	162	8	4.94%	2	1.23%	3	1.85%	1	0.62%	14	8.64%	2	1.23%
Bennington Co-op S&L Assoc.	70	3	4.29%	2	2.86%	1	1.43%	0	0.00%	6	8.57%	0	0.00%
Citizens Savings Bank	122	6	4.92%	1	0.82%	3	2.46%	0	0.00%	10	8.20%	1	0.82%
Peoples Trust Co.	76	4	5.26%	1	1.32%	1	1.32%	0	0.00%	6	7.89%	0	0.00%
Vermont Development CU	128	5	3.91%	1	0.78%	3	2.34%	1	0.78%	10	7.81%	0	0.00%
Chittenden Bank	1045	61	5.84%	5	0.48%	5	0.48%	10	0.96%	81	7.75%	4	0.38%
Community National Bank	328	16	4.88%	4	1.22%	3	0.91%	1	0.30%	24	7.32%	2	0.61%
Northfield Savings Bank	154	4	2.60%	3	1.95%	0	0.00%	1	0.65%	8	5.19%	0	0.00%
Brattleboro Savings & Loan	43	1	2.33%	1	2.33%	0	0.00%	0	0.00%	2	4.65%	0	0.00%
Union Bank	197	5	2.54%	2	1.02%	2	1.02%	0	0.00%	9	4.57%	0	0.00%
Merchants Bank	201	6	2.99%	0	0.00%	1	0.50%	2	1.00%	9	4.48%	0	0.00%
Lyndonville Savings Bank	76	0	0.00%	1	1.32%	1	1.32%	1	1.32%	3	3.95%	0	0.00%
Randolph National Bank	27	1	3.70%	0	0.00%	0	0.00%	0	0.00%	1	3.70%	0	0.00%
Factory Point Nat. Bank	34	1	2.94%	0	0.00%	0	0.00%	0	0.00%	1	2.94%	0	0.00%
GMAC Mortgage	14	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Connecticut River Bank	7	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Brandon Nat. Bank	13	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%
Heritage Family Credit Union	22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mascoma Savings Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
New England Federal CU	84	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Wells River Savings Bank	33	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Totals	6297	307	4.88%	69	1.10%	80	1.27%	62	0.98%	518	8.23%	29	0.46%
Totals Previous Month	6242	294	4.71%	96	1.54%	91	1.46%	54	0.87%	535	8.57%	37	0.59%
Totals Same Mo. Last Yr.	6054	347	5.73%	85	1.40%	127	2.10%	50	0.83%	609	10.06%	48	0.79%

Lenders	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
Banknorth Mortgage Co.	8.65%	6.27%	6.06%	6.42%	6.60%	6.22%	6.09%	6.41%	7.09%	6.82%	7.89%	8.27%	8.66%
Bennington Co-op S&L Assoc.	3.23%	6.45%	6.45%	3.23%	6.45%	6.45%	6.25%	2.99%	2.99%	2.94%	2.86%	2.86%	8.57%
Brattleboro Savings & Loan	6.67%	6.45%	6.45%	9.68%	6.45%	6.45%	6.25%	5.56%	5.56%	5.26%	4.88%	4.65%	4.65%
Charter One	12.94%	10.88%	10.08%	9.84%	12.01%	9.23%	10.88%	11.14%	10.96%	10.16%	9.21%	10.30%	9.78%
Chittenden Bank	11.43%	8.60%	6.70%	9.27%	9.02%	9.14%	9.45%	8.49%	8.83%	7.88%	6.69%	7.20%	7.75%
Citizens Savings Bank	8.55%	5.88%	9.24%	6.67%	7.50%	8.33%	8.26%	7.56%	7.50%	5.04%	4.96%	7.44%	7.38%
Community National Bank	8.79%	8.20%	9.21%	9.87%	7.67%	7.89%	7.24%	6.11%	7.03%	6.19%	6.44%	8.18%	7.32%
Connecticut River Bank	20.00%	20.00%	0.00%	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Factory Point Nat. Bank	6.06%	6.06%	6.06%	3.03%	3.13%	9.38%	12.12%	6.45%	12.90%	12.50%	12.12%	8.57%	2.94%
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%	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%	11.11%	11.11%	11.11%	0.00%	0.00%	8.33%	8.33%	8.33%	0.00%
Graystone Mortgage Company	16.27%	13.25%	14.75%	17.18%	16.88%	16.22%	12.22%	11.53%	13.07%	11.86%	12.73%	10.42%	10.80%
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%
Lyndonville Savings Bank	7.69%	7.69%	4.62%	6.25%	4.76%	4.76%	3.17%	6.45%	4.29%	4.11%	6.76%	6.58%	3.95%
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%
Merchants Bank	7.20%	5.17%	3.54%	5.33%	4.55%	5.53%	2.83%	5.71%	8.74%	6.37%	4.48%	4.98%	4.48%
Mortgage Service Ctr. of NE	11.11%	11.11%	9.88%	9.88%	9.88%	8.75%	12.50%	15.00%	13.92%	14.10%	14.10%	19.23%	17.95%
New England Federal CU	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%
Northfield Savings Bank	4.93%	2.13%	0.70%	2.84%	1.43%	4.29%	3.57%	5.00%	4.90%	4.76%	6.67%	5.84%	5.19%
Passumpsic Savings Bank	11.88%	11.46%	10.90%	10.90%	10.26%	7.74%	8.33%	7.64%	7.10%	6.88%	9.26%	6.83%	8.64%
Peoples Trust Co.	8.33%	6.10%	7.32%	7.41%	8.64%	7.50%	5.13%	10.26%	8.86%	6.49%	6.58%	6.58%	7.89%
Randolph National Bank	12.50%	9.38%	9.68%	9.68%	3.33%	3.33%	6.67%	7.41%	7.41%	7.41%	7.41%	7.41%	3.70%
Union Bank	8.14%	6.40%	5.78%	8.67%	6.98%	8.72%	6.86%	5.71%	6.59%	6.28%	7.25%	5.70%	4.57%
Vermont Development CU	3.95%	6.25%	7.23%	8.43%	8.24%	9.41%	6.74%	6.38%	8.74%	8.11%	6.96%	8.06%	7.81%
Vermont National Bank	9.90%	7.82%	8.64%	10.07%	10.00%	8.33%	8.86%	8.82%	8.43%	10.04%	9.77%	10.51%	9.39%
Wells River Savings Bank	6.67%	3.23%	3.23%	0.00%	0.00%	0.00%	3.33%	3.23%	3.23%	3.13%	0.00%	0.00%	0.00%
Average	7.22%	6.25%	5.43%	5.73%	6.48%	5.88%	5.85%	5.48%	5.86%	5.73%	5.75%	5.85%	5.24%

HOMEOWNERSHIP DELINQUENCY REPORT
AS OF: February 29, 2000

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Average
Total Portfolio #	**5918**	**5918**	**5931**	**5934**	**6042**	**6147**	**6191**	**6242**	**6297**					**6069**
Total Portfolio $	**$326.3**	**$326.8**	**$328.8**	**$329.8**	**$338.7**	**$346.8**	**$350.4**	**$354.3**	**$356.7**					**$339.8**

NUMBER OF DELINQUENT LOANS

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	268	272	264	269	290	295	279	294	307					282
60 Days	75	76	66	68	72	79	91	96	69					77
90 Days	88	89	87	80	88	84	91	91	80					86
Foreclosure	58	63	68	64	59	54	51	54	62					59
Total Delq 1999	**489**	**500**	**485**	**481**	**509**	**512**	**512**	**535**	**518**	**0**	**0**	**0**	**0**	**505**
Total Delq 1998	556	518	548	560	545	596	600	604	609	483	503	548	489	551

PERCENT BY NUMBER OF DELINQUENT LOANS

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	4.53%	4.60%	4.45%	4.53%	4.80%	4.80%	4.51%	4.71%	4.88%					4.64%
60 Days	1.27%	1.28%	1.11%	1.15%	1.19%	1.29%	1.47%	1.54%	1.10%					1.27%
90 Days	1.49%	1.50%	1.47%	1.35%	1.46%	1.37%	1.47%	1.46%	1.27%					1.43%
Foreclosure	0.98%	1.06%	1.15%	1.08%	0.98%	0.88%	0.82%	0.87%	0.98%					0.98%
Total Delq 1999	**8.26%**	**8.45%**	**8.18%**	**8.11%**	**8.42%**	**8.33%**	**8.27%**	**8.57%**	**8.23%**	**0**	**0**	**0**	**0**	**8.31%**
Total Delq 1998	8.88%	8.33%	8.81%	8.99%	8.78%	9.65%	9.82%	9.93%	10.06%	8.03%	8.41%	9.21%	8.26%	9.01%

DOLLAR AMOUNT OF DELINQUENT LOANS

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	$14.2	$14.5	$14.5	$14.7	$15.6	$16.1	$15.0	$16.6	$16.8					$15.3
60 Days	$4.3	$4.5	$3.8	$3.9	$4.2	$4.5	$5.6	$5.6	$4.0					$4.5
90+ Days	$8.4	$8.6	$8.8	$8.4	$8.5	$8.3	$8.1	$8.3	$8.0					$8.4
Total Delq 1999	**$26.9**	**$27.6**	**$27.1**	**$27.0**	**$28.3**	**$28.9**	**$28.7**	**$30.5**	**$28.8**					**$28.2**
Total Delq 1998	Info Not Readily Available.													

REO INVENTORY REPORT

As of February 29, 2000

Mortgagor	REO Date	City	Total Cost Basis (1)	Valuation Allowance as of 12/31/99	List Amount (2)	Current Appraisal	Date Last Appraised	Original Appraisal	Loan Date	Prop Type	Comments
Bushey	1/19/98	Fairfield	$ 67,138	$ 17,075	$ 52,000	$ 52,000	8/22/97	$ 62,000	9/20/95	MH	Title issues being resolved; obtaining new values to determine whether to replace septic
Bergeron	11/17/98	Hartland	$ 64,369	$ 19,960	$ 41,900	$ 50,000	1/5/99	$ 69,000	6/20/94	SF	Under deposit $41,900
Cyr	1/21/99	Proctor	$ 75,317	$ 24,973	$ 50,000	$ 50,000	2/3/99	$ 77,500	7/28/95	SF	Was under contract - unable to get financing; property has had a lot of activity
Macie	1/25/99	Fair Haven	$ 65,266	$ 16,447	$ 37,500	$ 53,000	2/1/99	$ 67,000	8/3/94	SF	Under deposit $37,500
Hill	4/19/99	Wolcott	$ 66,888		$ -	$ 50,000	5/19/99	$ 72,000	12/6/94	MH	Was repurchased by Banknorth on 3/2/2000
Fuller	5/26/99	Duxbury	$ 68,315	$ 17,667	$ 38,000	$ 53,000	6/1/99	$ 65,000	12/16/94	MH	Under deposit $38,000
Husted	8/18/99	Burke	$ 67,831	$ 33,757	$ 36,000	$ 41,300	8/2/99	$ 78,000	10/21/92	SF	Under deposit $36,000
Wilson	9/13/99	Marshfield	$ 66,410	$ 27,785	$ 39,900	$ 46,000	5/18/99	$ 66,000	5/11/95	SF	Offer Pending
Hughs Sr	9/23/99	Bennington	$ 88,989	$ 12,921	$ 92,000	$ 78,000	10/27/99	$ 88,000	8/19/94	SF	Was under contract but failed inspection; needs new mound septic system; getting quotes
Gaudreau	10/11/99	Washington	$ 47,427	$ 18,559	$ 30,000	$ 30,000	7/6/99	$ 53,000	11/2/94	SF	Under deposit $30,000
Langevin	10/12/99	Williamstown	$ 61,320	$ -	$ 64,900	$ 65,000	2/24/99	$ 69,500	9/21/89	SF	Offer Pending
Currier	10/20/99	Albany	$ 46,535	$ 10,180	$ 30,000	$ 35,000	12/1/99	$ 52,000	12/14/89	SF	Under deposit $30,000 .
Durkee	10/28/99	Thetford	$ 90,420	$ 20,459	$ 92,000	$ 96,500	12/10/99	$ 100,000	9/29/94	SF	3 bedroom home; septic permitted for 2 bedroom; obtaining new values
Fassett	11/3/99	Barre City	$ 101,304		$ 62,000	$ 68,000	9/2/99	$ 81,000	4/24/96	SF	Sold on March 2, 2000
Johnson	11/4/99	Wells	$ 49,434	$ -	$ 34,900	$ 40,000	12/6/99	$ 52,000	10/18/91	MH	Reduced price to $34,900; Review April 1st.
Durack	11/12/99	St. Albans	$ 60,221	$ -	$ 59,900	$ 60,000	9/28/99	$ 72,000	4/1/94	SF	Offer Pending; Working with RD on sale approval.
Cayia	11/15/99	Barre Town	$ 49,612	$ 23,360	$ 24,000	$ 30,000	6/11/99	$ 47,000	6/26/95	SF	Under deposit $24,000
Bates	11/17/99	Ludlow	$ 87,495	$ -	$ 104,000	$ 104,000	9/29/99	$ 99,000	1/15/93	SF	Was under contract - unable to get financing, property has had a lot of interest
Sunderland	11/17/99	Fairfax	$ 78,323	$ 24,470	$ 66,900	$ 55,000	11/16/99	$ 90,000	8/17/93	SF	Offer Pending
Bauer	11/29/99	Tinmouth	$ 67,245	$ -	$ 72,000	$ 72,000	12/1/99	$ 83,100	7/18/95	MH	Offer Pending
Gray	11/30/99	Lyndon	$ 51,602	$ -	$ 22,900	$ 23,000	5/12/94	$ 52,000	8/11/94	MH	Under deposit $22,900.
Simonds	12/6/99	Lunenburg	$ 52,287	$ 5,363	$ 64,900	$ 54,000	10/14/99	$ 75,000	10/5/90	MH	Offer Pending
Potter	12/14/99	Rutland City	$ 73,164	$ -	$ 56,000	$ 40,000	12/28/99	$ 74,000	6/28/95	SF	Under deposit $56,000
Raymond	12/22/99	Cambridge	$ 55,817	$ 12,050	$ 54,900	$ 45,000	9/29/99	$ 66,500	8/30/93	MH	Under deposit $54,900
Lawson/Yarnell	12/27/99	Bennington	$ 49,650	$ 1,469	$ 45,900	$ 50,000	9/14/99	$ 56,000	9/1/98	SF	Price recently reduced
Couture	12/30/99	Glover	$ 53,755	$ -	$ 55,000	$ 55,000	10/13/98	$ 66,000	5/1/96	SF	Under deposit $55,000
Johnson	1/7/00	Concord	$ 57,820	$ -	$ 40,000	$ 53,200	12/17/99	$ 87,000	1/9/92	SF	Under deposit $40,000
Robtoy	1/20/00	Highgate	$ 49,628	$ -	$ 39,900	$ 30,000	2/22/00	$ 53,000	11/17/93	SF	Market Analysis $40K 60-90 day sale.
Lamery	2/9/00	Cabot	$ 50,776	$ -	$ -	$ -	9/4/91	$ 69,000	10/11/91	SF	Occupied - to vacate 3/21/00.
29			$ 1,864,359	$ 286,495	$ 1,407,400	$ 1,479,000		$ 2,041,600			

Shaded Rows indicate REOS that are under deposit

(1) Total Cost Basis column includes actual or estimated mortgage insurance claim.

(2) If Property is under deposit the List Price is the actual sale price.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FR: David S. Adams, Chief of Program Operations

DT: March 23rd, 2000

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

Borrower: Vermont Housing and Conservation Board

Loan Amount: $100,000

Collateral: Unsecured

Interest Rate: 0%

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

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

Source of Funds: Zero Percent Excess Yield Pool.

Comments:

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

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

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**

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

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

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

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

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

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

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

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

NOW, THEREFORE, it is hereby RESOLVED THAT:

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

Vermont Housing & Conservation Board

149 State Street
Montpelier
Vermont 05602

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

February 3, 2000

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

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

Dear Ms. Carpenter:

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

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

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

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

Sincerely,

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

vhfa

Vermont Housing Finance Agency

TO: **VHFA Board of Commissioners**

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

DT: **March 23rd, 2000**

RE: **Ventures Loans – Charge Offs**

This memorandum is intended to inform the VHFA Board of Commissioners of two Ventures loans that the staff has deemed uncollectable and are scheduled to be charged-off.

Borrower: Vermont State Housing Authority – The Housing Foundation, Inc. (HFI)
Project: Charette Mobile Home Park
Route #5, Dummerston
Date of Loan: January 13, 1998
Loan Amount: $29,000

Comments:
The Housing Foundation Inc. was granted a Ventures loan in the amount of $29,000 in January 1998 to fund predevelopment expenses related to the acquisition of Charrette Mobile Home Park. Repayment of this loan is unlikely given the project's current financial circumstance. The project has cost overruns estimated at $151,200. HFI has applied to VHCB for a $54,200 grant to fill the remaining financing gap. Repayment of the VHFA ventures loan would effectively result in an increase in the amount of the grant request to VHCB. While no official request has come from HFI to charge this off, HFI has noted forgiveness of this loan in their most recent funding request, dated February 22, 2000 to VHCB. A review of the project financial indicates charge-off of the Ventures loan to be in the best interest of the Agency and for the project at this time.

Borrower: Brattleboro Area Community Land Trust
Project: Clark Street,
Brattleboro
Date of Loan: September 23, 1988
Loan Amount: $2,063

Comments:
This loan was originally made on September 23rd, 1988 in the amount of $3,213.19 and was paid down to the current balance on March 26, 1990. No additional payments have been made or are expected at this point. The Land Trust is a small organization with very limited resources to repay this loan further.

Total Ventures loans made since 1988, total 96 loans, with balances of $2,075,557 (as of 3-14-00). Total Ventures charge-offs since the program inception total $58,310 or 2.8%.

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director SC

DATE: March 17, 2000

RE: Legislative Materials

Attached are copies of some issues I presented to our Congressional delegation last week as part of the NCHSA LegCon Program. These highlight some of the federal initiatives of concern to VHFA. I will update you on my visits at the meeting.

I apologize for no written report, but with time away for LegCon and some vacation time in February it has been a short month. In addition to the legislative issues I will also update you on the owners meeting happening on the 17th and hopefully a report on the HUD note sales which we expect to hear about next week. The Joint Committee on Tax Credits will be meeting prior to the Board meeting at noon and will join us in the first part of our meeting to discuss the very difficult process of credit allocation this year.

On another note, Kari has gone on early maternity leave. Although she is feeling well, her doctor ordered her to stay off her feet and get rest. She is due at the end of the month. Ruth Kendrick, who will be covering for Kari, is on vacation for a week, something she had scheduled before we hired her.

Look forward to seeing you on Thursday.

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

Why We Need Your Help This Year

Vermont's Congressional delegation has a superlative voting record on matters of significant importance for VHFA. This year, your demonstrated leadership is needed more than ever!

Pass the Housing Credit Cap Increase With a Small State Floor

Be sure that the provisions of H.R. 175 and S. 1017 are included in any tax bill passed by Congress this year. These bills increase immediately the 14-year old housing caps to restore the purchasing power the Low Income Housing Tax Credits have lost to inflation. We ask that you continue your leadership role in supporting a small state floor to ensure that Vermont has the resources to address affordable rental housing problems.

Pass the Private Activity Bond Cap Increase

Be sure that the provisions of H.R. 864 and S. 459 are included in any tax bill passed by Congress this year. These bills will provide the full increase of private activity bonds, desperately needed by agencies issuing tax exempt bonds for critical public purposes in Vermont.

Repeal the Ten Year Rule

Please introduce legislation to repeal this unnecessary and damaging provision in the tax code. If the Ten Year Rule were repealed, VHFA would have available an estimated $55 million in additional funds over the next five years for affordable homeownership loans.

Repeal the MRB Purchase Price Limit

Please introduce legislation to simplify the tax code and repeal the MRB purchase price limits. Rely instead on the MRB program's household income limits to ensure that the program is targeted to low- and moderate-income households.

Create a Statewide "Targeted" Area for MRB Programs

Designating the entire state of Vermont as "targeted" would enable VHFA to provide additional special financing options to first-time and lower-income home buyers in areas of "chronic economic distress" and in the "red hot" real estate markets.

Why We Need Your Help to Pass the Housing Credit Cap Increase

Housing Credits have produced virtually all of Vermont's recently-developed affordable rental housing. Over 3,200 apartments targeted at households earning no more than 60 percent of the median income have been created or preserved in Vermont since this program began in 1987.

Eighty percent of the members of Congress, including most members of both tax committees, have co-sponsored the Johnson-Rangel (H.R. 175) or the Mack-Graham (S. 1017) bills. These bills increase immediately the 14-year old housing credit caps to restore the purchasing power these caps have lost to inflation. In addition, we ask that you continue your leadership role in supporting a small state floor. The small state floor is an add-on provision that will establish a minimum of $1.5 million, adjusted for inflation. This small state floor will ensure that Vermont and the six other smallest states have the resources needed to address affordable rental housing problems.

Please work with your colleagues to be sure that the housing cap increase, with the small state floor, is included in any tax bill Congress passes this year.

Because Congress has never increased the Housing Credit's volume cap, it has lost almost half of its purchasing power in Vermont to inflation. For the past three years, demand for Housing Credits in Vermont exceeded the supply by at least two to one. This year, demand exceeds supply by seven to one. Future demand for the program will remain strong: over 22,000 Vermont households are projected to need additional affordable rental housing in the year 2003.

Since the program's inception in 1987 to 1999, over $9.1 million in Housing Credit authority has been allocated, resulting in an estimated $201 million in acquisition, development, and construction activity. Housing Credits also raised over $63 million in equity capital for affordable housing. This has benefited the local and regional economies of 52 communities statewide. If Congress increased the Housing Credit cap, the jobs created and resulting wages and tax revenues would pay back much of its cost to the federal Treasury.

2000 Full Applications Received for Low Income Housing Tax Credit Program

3/10/00

Project Name	Sponsor	Location	Requested Credits	Total Development Cost	Number of Units
Columbian / Cottage Scattered Site	RCCLT	Rutland	120,500	1,734,331	13
Renewal Housing	Winooski CDC	Winooski	960,619	23,226,896	225
Winooski Downtown	Winooski CDC	Winooski	93,680	2,349,902	17
Jeffersonville Community Housing	HVT and LHP	Jeffersonville	100,676	2,998,427	32
Smith Housing	HVT and ACCAG	Middlebury	88,200	1,742,431	16
Seminary Housing	HVT and CVCLT	Waterbury	98,914	2,529,772	16
Westgate	HVT, WTI, BACLT	Brattleboro	341,085	11,320,662	100
Farrell Street Housing	HVT and LCHDC	S. Burlington	462,500	15,329,685	160
Rutland Scatt Site Rehab	HVT and RCCLT	Rutland	26,500	2,227,540	31
Townhouse Terrace	HVT and GHT	St. Johnsbury	180,914	3,542,938	36
Clark/Canal Street	BACLT	Brattleboro	64,000	1,191,130	12
TOTALS			2,537,588	68,193,714	658

In 2000, Vermont is expected to received $742,000 in per capita credits. Because of forward allocations,
Vermont expects to allocate only $346,956 in credits this year, plus an expected $1,500 from the National Pool.

Why We Need Your Help to Pass the Private Activity Bond Increase

Vermont's Congressional delegation has demonstrated outstanding support for past and current efforts to increase the Private Activity Bond cap. The 1998 Omnibus Continuing Appropriation bill increases the bond cap five dollars per year beginning in 2003 and would not be fully implemented until 2007. However, the full increase is needed this year. Without an immediate, full increase, the current bond cap will keep Vermont from meeting critical investment needs during the next few years.

Two current bills have the sponsorship of eighty percent of Congress. The Houghton-Neal (H.R. 864) and the Hatch-Breaux (S. 459) bills increase immediately the 14-year old private activity bond caps to restore the purchasing power these bonds have lost to inflation since the cap was imposed in 1986. The Vermont Congressional delegation stands in support of these bills, but sponsorship is not enough! Please be sure the provisions of these bills are included in any tax bill Congress passes this year.

Demand for private activity bonds is growing in Vermont. This year, Vermont experienced significantly more requests for bond cap than the State has the authority to meet due to the bond cap. VHFA initially requested $90 million and VSAC normally would have requested $100 million. These two requests alone would have exceeded Vermont's present cap and left no cap for other issuing agencies. This problem will worsen as the need for bond authority increases to finance more complex public works projects and develop programs for critical public purposes.

In 2000, VHFA received $71 million, significantly less than the $89 million in authority used in 1999 to fund the notes and bonds necessary to maximize the yield for our 30-year mortgages. We estimate that VHFA's needs will continue to be in the $70 million - $90 million range in the next few years. A shortfall could jeopardize VHFA's ability to achieve lower mortgage rates for our homeownership and rental affordable housing programs.

Why Congress Should Repeal The Ten Year Rule

The Ten Year Rule is a damaging and unnecessary tax provision that is strangling the ability of housing finance agencies to finance homeownership mortgages with Mortgage Revenue Bonds (MRBs). Imposed by Congress in 1988, the Ten Year Rule requires that any MRB loan repayments made 10 years after the date of the bond issue must pay off the outstanding bond and not be used to finance new mortgages.

The circumstances that led Congress to impose the Rule no longer apply. Congress included the Rule in the 1988 Tax Act to prevent MRB loan recycling well beyond the MRB program's scheduled expiration the following year. In 1993, Congress made MRBs a permanent part of the Tax Code, making the Ten Year Rule obsolete.

If the Ten Year Rule were repealed, VHFA would have available an estimated $55 million in additional funds over the next five years for making new low-interest mortgage loans to low- and moderate-income Vermonters. These resources are lost at a time when demand for private activity bonds greatly exceeds Vermont's private activity bond cap. Please introduce legislation to simplify the Tax Code by eliminating the Ten Year Rule associated with Mortgage Revenue Bonds for affordable homeownership mortgage loan programs.

Repeal of the Ten Year Rule would increase affordable homeownership opportunities by allowing housing finance agencies to finance more MRB mortgages. It would simplify the Tax Code by eliminating an obsolete and unnecessary provision and would alleviate a severe administrative burden for VHFA. Performing the arduous and complex calculations required to track the Rule's effect on outstanding bonds consumes a significant amount of time and thousands of dollars of expense for VHFA staff, financial consultants, and legal advisors.

Vermont Housing Finance Agency

Summary of the Impact of 10 Year Rule

Single Family Housing Bonds

Year	No prepayments	Expected prepayments	2X Expected prepayments
2000	342,784	1,343,884	2,204,133
2001	1,198,418	4,947,626	7,886,721
2002	1,299,532	5,220,937	8,090,563
2003	1,398,171	5,238,545	7,878,094
2004	1,765,042	5,752,606	8,135,471
2005	2,966,560	8,633,638	11,310,891
Subtotal	8,970,508	31,137,236	45,505,873

Home Mortgage Purchase Bonds

Year	No prepayments	Expected prepayments	2X Expected prepayments
2000	1,090,000	4,321,644	7,553,288
2001	1,165,000	4,202,746	6,852,694
2002	1,250,000	4,105,481	6,255,170
2003	1,355,000	4,039,152	5,759,550
2004	1,445,000	3,968,103	5,321,004
2005	1,555,000	3,926,717	4,965,884
Subtotal	7,860,000	24,563,842	36,707,590
Total prepayments (Unavailable for loans)	**16,830,508**	**55,701,078**	**82,213,463**

Prepared by Evensen Dodge 3/10/00

Why Congress Should Repeal the MRB Purchase Price Limit

Mortgage Revenue Bonds (MRBs) issued by Vermont Housing Finance Agency have helped 22,000 low- and moderate-income Vermont households purchase homes. However, duplicative eligibility requirements are obstacles to ensuring that the MRB program remains fully available to the households the program is intended to serve. The program's regulations currently include household income limits and purchase price limits. The purchase price limits have made administering the MRB program increasingly difficult because they are based on outdated, weak home price data.

VHFA urges Congress to repeal the MRB purchase price limits and rely on the program's household income limits to ensure that the program is targeted to low- and moderate-income households. Please introduce legislation to simplify the Tax Code by eliminating the MRB purchase price limits.

MRB mortgages are strictly underwritten to ensure that qualified MRB borrowers purchase homes at prices their incomes can support. In this way, borrower income limits effectively limit MRB home purchase prices, making separate purchase price limits unnecessary.

The federal government has already demonstrated that having both income and purchase price programs is unnecessary for programs targeted to similar populations as the MRB program. For example, none of the primary federal mortgage insurance programs include both income and purchase price or loan limits. The FHA and VA programs are targeted exclusively through loan limits. Furthermore, the purchase price cap for the Rural Housing Service's mortgagee guarantee program was recently repealed by the Congress because it recognized that the program's borrower income limits and sound underwriting guidelines assure that borrowers purchase appropriately priced homes. This action, included in The Public Housing Reform Bill, in the FY 1999 HUD Appropriations Bill, sets a precedent for allowing statutory borrower income limits to determine maximum home prices under federal housing assistance programs.

Under current MRB program regulations, housing finance agencies must base their purchase price limits on the "safe harbor" prices published by the IRS or on alternative statewide home sales data, if such data exist. However, both options pose serious problems. The safe harbor prices published by the IRS have not been updated since 1994 and are based on a data set that is too small to be reliable in small states like Vermont. Unfortunately, there is no single home price data set in Vermont that is comprehensive enough to serve as an efficient alternative to the outdated "safe harbor" data. Unlike the purchase price limits, the program's income limits are set simply—as a percentage of the area median family income estimated each year by HUD.

If Congress is unwilling to repeal the MRB purchase price limits, the program's statute should be amended to set "safe harbor" limits at 3.5 times the maximum income limit. This would eliminate the program's reliance on the weak, outdated home price data currently used for safe harbor limits.

Why Vermont's MRB Program Should Have A Statewide "Targeted" Area

One major provision of the Mortgage Revenue Bond (MRB) Program allows housing finance agencies to expand certain program requirements, such as household income and purchase price limits, for "targeted" geographic areas. The intent of this "targeting" provision is to help revitalize the economies of "areas of chronic economic distress" by encouraging home buying and expanding local economies.

Most Vermont counties are already designated as "targeted areas" for VHFA's MRB programs. However, the counties in the Burlington metropolitan statistical area (MSA) and several others remain untargeted. In these untargeted areas, VHFA program eligibility requirements are more restricted. The "red hot" housing markets in northwest Vermont and the upper Connecticut Valley present tremendous challenges for home buyers who need VHFA's affordable homeownership programs. In these real estate markets, lower-income home buyers are simply unable to compete successfully, especially because these areas are untargeted and, therefore, are subject to greater MRB restrictions.

Designating the entire state of Vermont as "targeted" would enable VHFA to provide additional special interest rate financing options to first-time and lower-income home buyers struggling to afford homes in the "red hot" real estate markets and in areas of "chronic economic distress." VHFA asks you to support a "targeted" status for the entire state of Vermont for our MRB programs.

MRB program regulations currently require that a targeted area meet the requirements of either an "area of chronic economic distress" or a "qualified census tract." In the mid 1980s, HUD approved the designation of 9 of the 15 county/MSA areas as "targeted," using the criteria for areas of "chronic economic distress." A number of factors were used in developing this designation including the condition of the housing stock, the need of residents for MRB financing, and the potential of MRB financing to improve housing conditions in the area. While VHFA could propose that a designation be based on qualified census tracts, only two census tracks have been identified by HUD as "targeted" areas. Whether using the "area of chronic economic distress" or the "qualified census tract" designation, the MRB regulations simply do not allow sufficient flexibility for VHFA to provide the mortgage financing options needed in a variety of economic conditions around Vermont.

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Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: April 25, 2000

RE: April Reports

April has been a busy month at VHFA and due to the April Board meeting being cancelled, I thought it would be helpful to send a Director's Report update, as well as the various department activity reports. One additional enclosure is the Joint Housing Committee 1999 Report for your review.

We still anticipate the need for a conference call for some Multifamily items, but as of this time a date and time has not yet been determined. Our May meeting will be as planned on the 25th, in Burlington.

Enclosures:

1. Board Minutes from March 23, 2000
2. Joint Housing Committee 1999 Report
3. Finance Department Monthly Summary Report
4. Program Operations Monthly Summary Report
5. Executive Director's Report
6. VHFA Newsletter

vhfa

Vermont Housing Finance Agency

BOARD MINUTES

Associated General Contractors
148 State Street
Montpelier, Vermont

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

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

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

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

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

MINUTES

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

DEVELOPMENT

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

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

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

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

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

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

MULTIFAMILY

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

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

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

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

FINANCE

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

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

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

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

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

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

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

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

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

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

PROGRAM OPERATIONS

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

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

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

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

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

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

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

ADMNINSTRATION

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

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

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

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

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

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

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

OTHER ISSUES

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

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

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

JOINT HOUSING COMMITTEE
1999 REPORT

Committee Members

Rep. Karen Lafayette, Chair	Sen. George Costes
Rep. Alice Emmons, Vice Chair	Sen. Ann Cummings
Rep. Forest Buckland	Sen. James Leddy

Prepared by: Legislative Council

115 STATE STREET
DRAWER 33
MONTPELIER, VT 05633-5301

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

PHONE: (802) 828-2231
FAX: (802) 828-2424

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

STATE OF VERMONT

1999 JOINT HOUSING COMMITTEE REPORT

I. INTRODUCTION

THE HOUSING CRISIS IN VERMONT

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

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

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

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

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

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

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

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

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

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

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

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

1999 COMMITTEE MEMBERS

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

II. MEETINGS AND COMMITTEE PROCESS

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

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

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

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

III. FINDINGS

1. LOCAL PLANNING AND PERMITTING PROCESS

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

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

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

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

2. STATE PLANNING AND ZONING POLICY

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

3. AFFORDABLE HOUSING NEEDS AND PRESSURES

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

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

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

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

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

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

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

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

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

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

4. LIVABLE INCOME

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

5. LANDLORD/TENANT

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

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

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

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

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

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

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

6. MOBILE HOME PARKS

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

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

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

7. RESIDENTIAL CARE

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

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

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

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

8. COMMUNITY DEVELOPMENT ORGANIZATIONS

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

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

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

IV. COMMITTEE RECOMMENDATIONS

1. FINANCING EXISTING AFFORDABLE HOUSING PROGRAMS

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

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

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

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

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

2. FINANCING NEW HOUSING PROGRAMS

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

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

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

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

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

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

3. LANDLORD TENANT

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

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

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

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

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

4. PERMITTING PROCESS

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

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

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

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

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

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

5. AFFORDABLE HOUSING DEVELOPMENT INCENTIVES AND REQUIREMENTS

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

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

6. AFFORDABLE HOUSING PARTNERSHIPS AND COOPERATION

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

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

7. LIVABLE INCOME

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

V. LONG-TERM RECOMMENDATIONS

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

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

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

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

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

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

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

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

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

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

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

VI. SUMMARY OF WITNESS TESTIMONY

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

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

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

Witnesses:

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

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

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

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

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

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

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

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

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

Solutions considered by Roundtable I included:

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

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

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

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

Witnesses:

Greg Brown, Commissioner HCA, offered the following suggestions:

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

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

Don Borden of Two Rivers Ottauquechee Planning Commission testified:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

These provisions include:

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

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

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

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

Robert Gensburg, Esq., Housing Vermont suggested:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

October 15, 1999

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

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

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

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

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

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

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

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

Erhard Mahnke, Affordable Housing Coalition, offered the following:

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

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

VII. SOURCES AND REPORTS

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

Vermont Housing and Conservation Board – Annual Report 1999

Vermont Housing Finance Agency – Annual Report 1999

Rental Housing and Safety Standards Report - December 1999

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

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

VIII. NONGOVERNMENTAL ORGANIZATIONAL SOURCES

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

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

IX. APPENDIX

1997 Memorandum of Understanding

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

General Statement of Purpose

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

Background

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

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

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

Section A: Goals

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section C: Operating Principles

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

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

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

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

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

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

Section D: Operating Structures

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

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

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

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

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

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

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

Section E: Near Term Priorities

1. Continue coordinated effort around lead paint hazard reduction.

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

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

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

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

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

Section F: Mid-Term Priorities

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

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

Section G: Community Partnerships

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

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

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

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

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

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

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

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

Roberta A. Harold (date) 10/31/97
Roberta Harold
USDA Rural ~~Economic & Community~~ Development ~~Service~~

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

Jane Kitchel (date) 11/12/97
Jane Kitchel, Commissioner
Department of Social Welfare

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

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

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

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

JOINT HOUSING COMMITTEE

House Members:

Karen M. Lafayette

Rep. Karen Lafayette, Chair

Alice Emmons

Rep. Alice Emmons, Vice Chair

Forest A Buckland

Rep. Forest Buckland

Senate Members:

George Costes

Sen. George Costes

Ann Cummings

Sen. Ann Cummings

James Leddy

Sen. James Leddy

vhfa

Vermont Housing Finance Agency

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: APRIL 25, 2000

RE: GENERAL FUND BUDGET PERFORMANCE

Over the last couple of months we have had discussions with the Risk Management Committee and also individual Commissioners about our financial reporting format and timing. Beginning with this month we will be providing a monthly activity report of the General Fund and include a short narrative discussing the results. Each quarter we will provide the full summary financial reports off the system. We have already made some modifications to the standard reports to show such things as loss reserves separately and to move the change in market value on investment item to "below the line", based on feedback from the Commissioners. We are continuing to work with our financial consultants, Evensen Dodge, to assist us in providing a suggested design to compare long term financial study estimates with current results in a user-friendly format. We continue to solicit your feedback on ways to improve our financial reporting. Attached to this memo is the general fund budget performance report for the period ending March 31, 2000. We have now completed nine months or 75% of the fiscal year!

INCOME. We are pretty much on track with the budget, although fee income is still lagging a little but we expect a surge in multi-family fees, as there are many projects in the pipeline.

FUND TRANSFERS. The transfers of funds from the Programs to the General Fund have been collected as expected. Additional transfers will be made during the last three months of the fiscal year in the single family bond programs when scheduled payments are paid to bondholders.

EXPENSES. Total expenses are 70.8 % of budget and within the expense constraints for the fiscal year. Interest expense is higher than expected because we had $2.2 million invested in our cash funding of loan loss reserves, which were not replaced with surety bonds until March. The lender origination fees and contract service expense line items are much higher due to the high volume of single family mortgages originated, most at no points requiring the payment of fees. We have been able to save most of the new bond issue cost of issuance advertising expenses that were projected.

PROGRAM LOAN LOSSES. We continue to due a little better than projections for loan losses. Although loan losses are almost $1 million for the nine months, we are about $300,000 better than the budgeted projections.

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

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
INTERIM BUDGET REPORT
INCOME AND FUND TRANSFERS
THRU 03/31/2000

Portion of year expired = 75%

Portion of year remaining = 25%

	BUDGET:		EXPENDED:				REMAINING:	
	Approved Annual Budget	Prorata YTD Budget Thru 03/31/2000	Amount Received YTD Thru 03/31/2000	Percentage of Annual Budget Received Thru 03/31/2000	Amount (Over) Under Prorata YTD Budget As of 03/31/2000	Percent Over(-) Under Prorata YTD Budget Thru 03/31/2000	Amount Outstanding As of 03/31/2000	Percent Outstanding As of 03/31/2000
INCOME:								
Single family Fees	49,000.00	36,750.00	29,577.72	60.36%	7,172.28	19.52%	19,422.28	39.64%
Multi-family Fees	294,000.00	220,500.00	159,994.76	54.42%	60,505.24	27.44%	134,005.24	45.58%
Servicing Fees	22,000.00	16,500.00	6,542.00	29.74%	9,958.00	60.35%	15,458.00	70.26%
Interest Income - Loans	1,100,000.00	825,000.00	818,301.89	74.39%	6,698.11	0.81%	281,698.11	25.61%
Interest Income - Investments	50,000.00	37,500.00	31,872.63	63.75%	5,627.37	15.01%	18,127.37	36.25%
VHMGB Fees	6,000.00	4,500.00	0.00	0.00%	4,500.00	100.00%	6,000.00	100.00%
Miscellaneous Income	145,000.00	108,750.00	94,963.29	65.49%	13,786.71	12.68%	50,036.71	34.51%
Total Income	$1,666,000.00	$1,249,500.00	$1,141,252.29	68.50%	$108,247.71	8.66%	$524,747.71	31.50%
FUND TRANSFERS:								
SF Housing Program	2,500,000.00	1,875,000.00	1,601,584.11	64.06%	273,415.89	-14.58%	898,415.89	35.94%
SF Insured Mortgage Program	400,000.00	300,000.00	0.00	0.00%	300,000.00	-100.00%	400,000.00	100.00%
SF Mtge Purchase Program	25,000.00	18,750.00	0.00	0.00%	18,750.00	-100.00%	25,000.00	100.00%
SF Home Mtge Purch Program	820,000.00	615,000.00	140,900.00	17.18%	474,100.00	-77.09%	679,100.00	82.82%
MF Mortgage Bonds	440,000.00	330,000.00	440,000.00	100.00%	(110,000.00)	33.33%	0.00	0.00%
MF Housing Bonds	255,000.00	191,250.00	108,439.66	42.53%	82,810.34	-43.30%	146,560.34	57.47%
MF Housing Developmnt Bonds	20,000.00	15,000.00	10,000.00	50.00%	5,000.00	-33.33%	10,000.00	50.00%
MF Direct Placement Bonds	35,000.00	26,250.00	26,500.00	75.71%	(250.00)	0.95%	8,500.00	24.29%
New Bonds Cost of Issuance	100,000.00	75,000.00	100,000.00	100.00%	(25,000.00)	33.33%	0.00	0.00%
Total Fund Transfers	$4,595,000.00	$3,446,250.00	$2,427,423.77	52.83%	$1,018,826.23	-29.56%	$2,167,576.23	47.17%
Total Income & Transfers	6,261,000.00	4,695,750.00	3,568,676.06	57.00%	$1,127,073.94	-24.00%	$2,692,323.94	43.00%

Vermont Housing Finance Agency
INTERIM BUDGET REPORT
EXPENSES AND OTHER COSTS
THRU 03/31/2000

Portion of year expired = 75%

Portion of year remaining = 25%

	BUDGET:		EXPENDED:				REMAINING:	
	Approved Annual Budget	Prorata YTD Budget Thru 03/31/2000	Amount Expended YTD Thru 03/31/2000	Percentage of Annual Budget Expended Thru 03/31/2000	Amount (Over) Under Prorata YTD Budget As of 03/31/2000	Percent Over(-) Under Prorata YTD Budget Thru 03/31/2000	Amount Unexpended As of 03/31/2000	Percent Unexpended As of 03/31/2000
OPERATING EXPENSES:								
Salaries and Wages	1,475,688.41	1,106,766.31	1,092,717.42	74.05%	14,048.89	1.27%	382,970.99	25.95%
Consulting	225,500.00	169,125.00	51,925.13	23.03%	117,199.87	69.30%	173,574.87	76.97%
Trustee Fees	215,000.00	161,250.00	112,689.78	52.41%	48,560.22	30.11%	102,310.22	47.59%
Group Insurance	195,355.00	146,516.25	152,229.25	77.92%	(5,713.00)	-3.90%	43,125.75	22.08%
Advertising	125,000.00	93,750.00	91,509.82	73.21%	2,240.18	2.39%	33,490.18	26.79%
Depreciation	160,000.00	120,000.00	115,929.79	72.46%	4,070.21	3.39%	44,070.21	27.54%
Pension	126,000.00	94,500.00	105,658.14	83.86%	(11,158.14)	-11.81%	20,341.86	16.14%
Payroll Taxes	112,890.00	84,667.50	87,829.90	77.80%	(3,162.40)	-3.74%	25,060.10	22.20%
Legal	95,000.00	71,250.00	65,527.88	68.98%	5,722.12	8.03%	29,472.12	31.02%
Travel & Training	83,500.00	62,625.00	44,634.88	53.45%	17,990.12	28.73%	38,865.12	46.55%
Occupancy	70,000.00	52,500.00	55,578.30	79.40%	(3,078.30)	-5.86%	14,421.70	20.60%
Telephone	52,000.00	39,000.00	31,534.72	60.64%	7,465.28	19.14%	20,465.28	39.36%
Maintenace Agreements	49,000.00	36,750.00	24,499.05	50.00%	12,250.95	33.34%	24,500.95	50.00%
Audit	46,000.00	34,500.00	44,561.27	96.87%	(10,061.27)	-29.16%	1,438.73	3.13%
Interest	40,000.00	30,000.00	31,966.57	79.92%	(1,966.57)	-6.56%	8,033.43	20.08%
Dues & Subscriptions	34,815.00	26,111.25	23,647.65	67.92%	2,463.60	9.44%	11,167.35	32.08%
Office Supplies	29,000.00	21,750.00	21,729.81	74.93%	20.19	0.09%	7,270.19	25.07%
Contract Services	24,500.00	18,375.00	25,220.00	102.94%	(6,845.00)	-37.25%	(720.00)	-2.94%
Promotion	17,000.00	12,750.00	2,667.00	15.69%	10,083.00	79.08%	14,333.00	84.31%
Postage	17,000.00	12,750.00	10,784.03	63.44%	1,965.97	15.42%	6,215.97	36.56%
Printing	12,000.00	9,000.00	0.00	0.00%	9,000.00	100.00%	12,000.00	100.00%
Liability Insurance	12,000.00	9,000.00	11,214.59	93.45%	(2,214.59)	-24.61%	785.41	6.55%
Miscellaneous	8,900.00	6,675.00	9,531.20	107.09%	(2,856.20)	-42.79%	(631.20)	-7.09%
Commisioners Fees	4,500.00	3,375.00	2,468.92	54.86%	906.08	26.85%	2,031.08	45.14%
Total Operating Expenses	$3,230,648.41	$2,422,986.31	$2,216,055.10	68.59%	$206,931.21	8.54%	$1,014,593.31	31.41%
OTHER COSTS:								
Lender Origination Fees	335,000.00	251,250.00	496,411.73	148.18%	(245,161.73)	-97.58%	($161,411.73)	-48.18%
Loan Interest Cost	640,000.00	480,000.00	598,424.12	93.50%	(118,424.12)	-24.67%	$41,575.88	6.50%
Organizational Subsidies	186,000.00	139,500.00	100,939.00	54.27%	38,561.00	27.64%	$85,061.00	45.73%
Advertising - New Bond COI	100,000.00	75,000.00	1,639.36	1.64%	73,360.64	97.81%	$98,360.64	98.36%
Program Loan Losses	1,700,000.00	1,275,000.00	968,235.69	56.96%	306,764.31	24.06%	$731,764.31	43.04%
Total Other Costs	$2,961,000.00	$2,220,750.00	$2,165,649.90	73.14%	$55,100.10	-2.48%	$795,350.10	26.86%
Total Expenses	$6,191,648.41	$4,643,736.31	$4,381,705.00	70.77%	$262,031.31	-5.64%	$1,809,943.41	29.23%
Total Surplus (Deficit)	69,351.59	52,013.69	(813,028.94)		(865,042.63)			

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

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

DATE: April 20, 2000

RE: Summary of Homeownership Activities

PROGRAM OPERATION

Attached are production reports by product and lender for FY 1999 and year to date FY 2000.

We are continuing to test the automated underwriting system developed by MGIC, and anticipate adding another lender to the pilot

COLLECTIONS

Attached are delinquency reports and a REO Inventory Report as of March 31, 2000.

There is a lot of good news this month. The Chittenden Bank/Vermont National conversion went very well as did the transfer of Banknorth's servicing to VHFA via Graystone Mortgage. VHFA staff were prepared for slightly higher total delinquencies this month due to these two large projects; however, we were very pleasantly surprised. Total delinquencies decreased from 8.23% as of the end of February to 6.43% as of March 31, 2000. While we believe that tax refunds played a role in helping our borrowers to get back on track with their mortgage payments, both Graystone and Chittenden have indicated that they intend to focus their efforts to maintain and improve on this months percentages.

During the month of March, six borrowers were able to reinstate their loans from foreclosure -- another encouraging sign, and currently 19 of the 30 properties owned by VHFA are under deposit!

Please do not hesitate to call me if you have any questions about any of these reports.

VHFA Production Report- Dollar volume by lender FY2000

July 1, 1999 - June 30, 2000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD TOTAL
CHITTENDEN	$1,425,540	$579,575	$405,835	$4,385,635	$3,159,872	$1,992,583	$1,585,270	$1,351,497	$1,439,014				$16,324,821
SUMMIT	$190,000	$518,618	$0	$1,990,658	$1,008,677	$273,550	$673,113	$86,800	$509,452				$5,250,868
BANKNORTH	$235,900	$361,625	$63,000	$701,045	$1,132,075	$812,550	$386,810	$185,050	$380,075				$4,258,130
NEFCU	$264,100	$946,415	$557,575	$187,080	$436,943	$111,150	$453,372	$353,064	$129,300				$3,438,999
VDCU	$0	$295,040	$327,250	$619,650	$537,330	$229,375	$548,825	$341,305	$0				$2,898,775
UNION	$116,225	$339,905	$286,375	$595,375	$686,581	$192,025	$61,750	$339,750	$0				$2,617,986
VERMONT NAT'L	$652,325	$853,065	$0	$399,900	$326,889	$109,250	$80,750	$0	$0				$2,422,179
COMMUNITY	$345,477	$185,181	$490,470	$185,350	$610,001	$270,942	$264,990	$0	$56,905				$2,409,316
NORTHFIELD	$124,450	$279,660	$62,700	$274,258	$289,500	$205,850	$294,150	$0	$60,800				$1,591,368
VT STATE ECU	$217,100	$87,400	$0	$282,300	$316,700	$148,200	$55,960	$174,450	$60,000				$1,342,110
KITTREDGE	$81,600	$285,775	$0	$412,225	$137,100	$57,950	$74,100	$56,000	$83,905				$1,188,655
UNIVERSAL	$0	$0	$0	$70,703	$276,470	$340,115	$141,493	$154,000	$205,075				$1,187,856
LYNDONVILLE	$0	$100,000	$0	$629,190	$188,000	$76,950	$118,500	$0	$41,325				$1,153,965
HERITAGE FCU	$140,400	$61,750	$406,065	$0	$124,750	$81,480	$147,250	$102,820	$60,800				$1,125,315
PASSUMPSIC	$63,000	$140,787	$139,250	$0	$370,525	$231,625	$0	$67,900	$62,000				$1,075,087
CTX	$0	$0	$0	$0	$82,650	$407,675	$314,390	$0	$248,800				$1,053,515
BRATTLEBORO	$70,000	$94,000	$253,440	$0	$146,400	$209,050	$114,525	$0	$71,300				$958,715
ALBANK	$74,100	$0	$50,065	$211,375	$187,600	$32,000	$94,525	$0	$166,810				$816,475
GMAC	$0	$0	$80,275	$193,400	$101,200	$0	$0	$151,050	$270,075				$796,000
NAT'L BNK MIDDLE	$82,900	$274,500	$0	$131,957	$124,681	$0	$88,500	$64,000	$0				$766,538
FIRST BRANDON	$69,350	$0	$139,310	$158,831	$140,890	$0	$0	$72,000	$0				$580,381
CITIZENS	$100,340	$55,000	$0	$93,240	$42,655	$125,835	$0	$162,750	$0				$579,820
BNK OF BENN	$87,300	$72,000	$97,350	$0	$69,000	$170,030	$0	$0	$69,000				$564,680
VHFA	$161,530	$79,365	$67,650	$33,200	$0	$66,250	$0	$26,730	$74,360				$509,085
SOURCE ONE	$0	$0	$0	$0	$0	$76,533	$226,700	$0	$0				$303,233
NAT'L CITY MTG	$0	$0	$0	$0	$0	$69,900	$87,722	$40,000	$77,500				$275,123
FACTORY	$65,550	$0	$0	$0	$61,100	$51,400	$88,500	$0	$0				$266,550
WELLS RIVER	$0	$0	$78,000	$0	$53,350	$0	$61,750	$0	$0				$193,100
MASCOMA	$0	$0	$57,200	$0	$0	$132,034	$0	$0	$0				$189,234
PEOPLES TRUST	$0	$0	$0	$75,000	$0	$0	$0	$105,210	$0				$180,210
CT RIVER	$0	$55,000	$0	$0	$0	$45,600	$0	$0	$0				$100,600
RD	$0	$14,300	$28,200	$0	$0	$0	$33,950	$0	$0				$76,450
TOTAL	$4,567,187	$5,678,961	$3,590,010	$11,630,372	$10,610,939	$6,519,902	$5,996,895	$3,834,376	$4,066,496	$0	$0	$0	$56,495,139

VHFA Production Report By Product FY2000

July 1, 1999 - June 30, 2000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total
MOVE	4,124,272	5,050,851	2,983,050	10,360,896	9,377,888	5,824,798	4,920,567	3,318,996	3,256,736				49,218,054
MOBILE HOME	212,635	371,335	278,360	655,376	702,706	410,040	604,508	87,700	257,189				3,579,849
HOUSE	88,500	136,800	248,250	421,000	308,115	218,814	348,950	265,400	231,700				2,267,529
YESS	43,600	70,470	0	159,900	222,230	0	88,920	135,550	246,512				967,182
RURAL DEV.	98,180	49,505	80,350	33,200	0	66,250	33,950	26,730	74,360				462,525
Total	4,567,187	5,678,961	3,590,010	11,630,372	10,610,939	6,519,902	5,996,895	3,834,376	4,066,497				56,495,139

VHFA Production Report By Product FY1999

July 1, 1998 - June 30, 1999

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total
MOVE	1,642,380	3,584,030	3,005,618	1,707,335	3,312,362	1,012,972	2,893,418	2,176,105	1,627,530	1,863,002	2,141,111	2,551,490	27,517,353
MOBILE HOME	450,415	618,141	451,263	117,470	302,485	497,807	375,755	181,723	125,040	129,955	146,600	252,665	3,649,320
HOUSE	0	134,650	68,000	274,300	0	129,875	0	68,900	282,845	121,000	130,750	248,300	1,458,620
RURAL DEV.	51,850	142,350	22,500	125,500	21,000	72,010	29,640	118,095	26,310	146,360	32,755	126,020	914,390
YESS	0	0	0	0	81,289	75,550	0	137,867	73,750	78,872	0	65,137	512,465
Total	2,144,645	4,479,171	3,547,381	2,224,605	3,717,136	1,788,214	3,298,813	2,682,690	2,135,475	2,339,189	2,451,216	3,243,612	34,052,148

BOND SERIES STATUS REPORT

Series #	Date of Issue	Use by End Date	0 Point Move Rate	Original Issue Amt.	Amount Allocated	Available Funds
7	4/18/96	8/30/99		$42,500,000	$40,277,609	$2,222,391
8	10/9/96	4/1/00		$30,035,000	$30,003,930	$31,070
9	6/13/97	12/26/00	6.70%	$61,788,875	$60,835,252	$953,623
10	4/22/99	N/A	6.35%	$33,016,574	$31,857,009	$1,159,565
11	8/24/99	6/1/02	7.10%	$24,426,258	$22,987,161	$1,439,097
12	2/10/00	8/1/03	7.55%	$28,344,948	$6,554,274	$21,790,674

VHFA Production Report (Number of loans) FY2000

July 1, 1999 - June 30, 2000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD TOTAL
CHITTENDEN	18	8	5	55	39	27	21	16	17				152
SUMMIT	2	7	0	23	13	4	8	1	6				49
BANKNORTH	4	6	1	11	16	10	6	3	5				48
COMMUNITY	5	3	8	4	10	4	5	0	1				34
VERMONT NAT'L	10	11	0	6	5	1	1	0	0				33
NEFCU	3	12	6	3	6	1	5	4	2				31
VDCU	0	4	5	9	8	4	9	4	0				30
UNION	2	4	3	8	9	3	1	4	0				29
VHFA	7	5	4	1	0	4	0	2	4				21
NORTHFIELD	2	4	1	4	4	3	4	0	1				18
VT STATE ECU	3	1	0	4	4	2	1	3	1				14
PASSUMPSIC	1	2	2	0	5	3	0	1	1				13
LYNDONVILLE	0	1	0	8	3	1	2	0	1				13
KITTREDGE	1	3	0	6	2	1	1	1	1				13
HERITAGE FCU	2	1	5	0	2	1	2	1	1				11
NAT'L BNK MIDDLE	1	5	0	2	2	0	1	1	0				10
BRATTLEBORO	1	1	3	0	2	3	2	0	1				10
ALBANK	1	0	1	3	3	1	1	0	2				9
UNIVERSAL	0	0	0	1	3	4	2	2	3				8
CITIZENS	2	1	0	2	1	2	0	2	0				8
FIRST BRANDON	1	0	2	2	2	0	0	1	0				7
BNK OF BENN	1	1	2	0	1	2	0	0	1				7
CTX	0	0	0	0	1	5	3	0	3				6
GMAC	0	0	1	2	1	0	0	2	3				4
MASCOMA	0	0	1	0	0	2	0	0	0				3
FACTORY	1	0	0	0	1	1	2	0	0				3
WELLS RIVER	0	0	1	0	1	0	1	0	0				2
RD	0	1	1	0	0	0	2	0	0				2
CT RIVER	0	1	0	0	0	1	0	0	0				2
SOURCE ONE	0	0	0	0	0	1	3	0	0				1
PEOPLES TRUST	0	0	0	1	0	0	0	1	0				1
NAT'L CITY MTG	0	0	0	0	0	1	1	1	1				1
TOTAL	68	82	52	155	144	92	84	50	55				593

HOMEOWNERSHIP PROGRAMS - SERVICING ACTIVITY REPORT

Activity for the month of March 2000

COLLECTIONS

Total 90+ accounts for current month	63

FORECLOSURES

Foreclosure accounts from previous month	62
Plus new foreclosure accounts	10
To REO	5
Successful interventions	6
Total Foreclosure accounts for current month	61 (includes 11 loans in Chapter 13)

REAL ESTATE OWNED

REOs from previous month	29
Plus new REOs	5
Less property sold	4
Less reinstatement	0
REOs for current month	30 (14 properties are under contract)

HOMEOWNERSHIP DELINQUENCY REPORT
AS OF: March 31, 2000

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Average
Total Portfolio #	**5918**	**5918**	**5931**	**5934**	**6042**	**6147**	**6191**	**6242**	**6297**	**6271**				**6069**
Total Portfolio $	**$326.3**	**$326.8**	**$328.8**	**$329.8**	**$338.7**	**$346.8**	**$350.4**	**$354.3**	**$356.7**	**$357.7**				**$339.8**

NUMBER OF DELINQUENT LOANS

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	268	272	264	269	290	295	279	294	307	224				282
60 Days	75	76	66	68	72	79	91	96	69	55				77
90 Days	88	89	87	80	88	84	91	91	80	63				86
Foreclosure	58	63	68	64	59	54	51	54	62	61				59
Total Delq 1999	**489**	**500**	**485**	**481**	**509**	**512**	**512**	**535**	**518**	**403**	**0**	**0**	**0**	**505**
Total Delq 1998	556	518	548	560	545	596	600	604	609	483	503	548	489	551

PERCENT BY NUMBER OF DELINQUENT LOANS

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	4.53%	4.60%	4.45%	4.53%	4.80%	4.80%	4.51%	4.71%	4.88%	3.57%				4.64%
60 Days	1.27%	1.28%	1.11%	1.15%	1.19%	1.29%	1.47%	1.54%	1.10%	0.88%				1.27%
90 Days	1.49%	1.50%	1.47%	1.35%	1.46%	1.37%	1.47%	1.46%	1.27%	1.00%				1.43%
Foreclosure	0.98%	1.06%	1.15%	1.08%	0.98%	0.88%	0.82%	0.87%	0.98%	0.97%				0.98%
Total Delq 1999	**8.26%**	**8.45%**	**8.18%**	**8.11%**	**8.42%**	**8.33%**	**8.27%**	**8.57%**	**8.23%**	**6.43%**	**0**	**0**	**0**	**8.31%**
Total Delq 1998	8.88%	8.33%	8.81%	8.99%	8.78%	9.65%	9.82%	9.93%	10.06%	8.03%	8.41%	9.21%	8.26%	9.01%

DOLLAR AMOUNT OF DELINQUENT LOANS

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	$14.2	$14.5	$14.5	$14.7	$15.6	$16.1	$15.0	$16.6	$16.8	$12.5				$15.3
60 Days	$4.3	$4.5	$3.8	$3.9	$4.2	$4.5	$5.6	$5.6	$4.0	$3.1				$4.5
90+ Days	$8.4	$8.6	$8.8	$8.4	$8.5	$8.3	$8.1	$8.3	$8.0	$6.9				$8.4
Total Delq 1999	**$26.9**	**$27.6**	**$27.1**	**$27.0**	**$28.3**	**$28.9**	**$28.7**	**$30.5**	**$28.8**	**$22.5**				**$28.2**
Total Delq 1998	Info Not Readily Available.													

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: March 2000

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO	
Mortgage Service Ctr. of NE	77	6	7.79%	3	3.90%	1	1.30%	1	1.30%	11	14.29%	1	1.30%
Factory Point Nat. Bank	34	4	11.76%	0	0.00%	0	0.00%	0	0.00%	4	11.76%	0	0.00%
Charter One	367	15	4.09%	4	1.09%	5	1.36%	5	1.36%	29	7.90%	3	0.82%
Peoples Trust Co.	76	4	5.26%	1	1.32%	1	1.32%	0	0.00%	6	7.89%	0	0.00%
Banknorth Mortgage Co.	710	30	4.23%	8	1.13%	6	0.85%	6	0.85%	50	7.04%	1	0.14%
Bennington Co-op S&L Assoc.	71	3	4.23%	1	1.41%	1	1.41%	0	0.00%	5	7.04%	0	0.00%
Chittenden Bank	2807	105	3.74%	22	0.78%	30	1.07%	36	1.28%	193	6.88%	16	0.57%
Vermont Development CU	127	3	2.36%	2	1.57%	3	2.36%	0	0.00%	8	6.30%	1	0.79%
GMAC Mortgage	17	1	5.88%	0	0.00%	0	0.00%	0	0.00%	1	5.88%	0	0.00%
Community National Bank	329	11	3.34%	3	0.91%	4	1.22%	1	0.30%	19	5.78%	2	0.61%
Citizens Savings Bank	122	6	4.92%	0	0.00%	1	0.82%	0	0.00%	7	5.74%	0	0.00%
Passumpsic Savings Bank	162	5	3.09%	0	0.00%	2	1.23%	2	1.23%	9	5.56%	2	1.23%
Graystone Mortgage Company	504	17	3.37%	5	0.99%	4	0.79%	6	1.19%	32	6.35%	4	0.79%
Union Bank	197	6	3.05%	2	1.02%	2	1.02%	0	0.00%	10	5.08%	0	0.00%
Brattleboro Savings & Loan	43	1	2.33%	1	2.33%	0	0.00%	0	0.00%	2	4.65%	0	0.00%
Lyndonville Savings Bank	77	0	0.00%	1	1.30%	1	1.30%	1	1.30%	3	3.90%	0	0.00%
Northfield Savings Bank	155	2	1.29%	2	1.29%	1	0.65%	1	0.65%	6	3.87%	0	0.00%
Randolph National Bank	27	1	3.70%	0	0.00%	0	0.00%	0	0.00%	1	3.70%	0	0.00%
Merchants Bank	197	4	2.03%	0	0.00%	1	0.51%	2	1.02%	7	3.55%	0	0.00%
Connecticut River Bank	7	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Brandon Nat. Bank	13	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%
Heritage Family Credit Union	23	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mascoma Savings Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
New England Federal CU	86	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Wells River Savings Bank	33	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Totals	6271	224	3.57%	55	0.88%	63	1.00%	61	0.97%	403	6.43%	30	0.48%
Totals Previous Month	6297	307	4.88%	69	1.10%	80	1.27%	62	0.98%	518	8.23%	29	0.46%
Totals Same Mo. Last Yr.	6014	264	4.39%	67	1.11%	106	1.76%	46	0.76%	483	8.03%	49	0.81%

Lenders	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Banknorth Mortgage Co.	6.27%	6.06%	6.42%	6.60%	6.22%	6.09%	6.41%	7.09%	6.82%	7.89%	8.27%	8.66%	7.04%
Bennington Co-op S&L Assoc.	6.45%	6.45%	3.23%	6.45%	6.45%	6.25%	2.99%	2.99%	2.94%	2.86%	2.86%	8.57%	7.04%
Brattleboro Savings & Loan	6.45%	6.45%	9.68%	6.45%	6.45%	6.25%	5.56%	5.56%	5.26%	4.88%	4.65%	4.65%	4.65%
Charter One	10.88%	10.08%	9.84%	12.01%	9.23%	10.88%	11.14%	10.96%	10.16%	9.21%	10.30%	9.78%	7.90%
Chittenden Bank	8.60%	6.70%	9.27%	9.02%	9.14%	9.45%	8.49%	8.83%	7.88%	6.69%	7.20%	7.75%	6.88%
Citizens Savings Bank	5.88%	9.24%	6.67%	7.50%	8.33%	8.26%	7.56%	7.50%	5.04%	4.96%	7.44%	7.38%	5.74%
Community National Bank	8.20%	9.21%	9.87%	7.67%	7.89%	7.24%	6.11%	7.03%	6.19%	6.44%	8.18%	7.32%	5.78%
Connecticut River Bank	20.00%	0.00%	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Factory Point Nat. Bank	6.06%	6.06%	3.03%	3.13%	9.38%	12.12%	6.45%	12.90%	12.50%	12.12%	8.57%	2.94%	11.76%
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%	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%	11.11%	11.11%	11.11%	0.00%	0.00%	8.33%	8.33%	8.33%	0.00%	5.88%
Graystone Mortgage Company	13.25%	14.75%	17.18%	16.88%	16.22%	12.22%	11.53%	13.07%	11.86%	12.73%	10.42%	10.80%	6.35%
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%
Lyndonville Savings Bank	7.69%	4.62%	6.25%	4.76%	4.76%	3.17%	6.45%	4.29%	4.11%	6.76%	6.58%	3.95%	3.90%
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%
Merchants Bank	5.17%	3.54%	5.33%	4.55%	5.53%	2.83%	5.71%	8.74%	6.37%	4.48%	4.98%	4.48%	3.55%
Mortgage Service Ctr. of NE	11.11%	9.88%	9.88%	9.88%	8.75%	12.50%	15.00%	13.92%	14.10%	14.10%	19.23%	17.95%	14.29%
New England Federal CU	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%
Northfield Savings Bank	2.13%	0.70%	2.84%	1.43%	4.29%	3.57%	5.00%	4.90%	4.76%	6.67%	5.84%	5.19%	3.87%
Passumpsic Savings Bank	11.46%	10.90%	10.90%	10.26%	7.74%	8.33%	7.64%	7.10%	6.88%	9.26%	6.83%	8.64%	5.56%
Peoples Trust Co.	6.10%	7.32%	7.41%	8.64%	7.50%	5.13%	10.26%	8.86%	6.49%	6.58%	6.58%	7.89%	7.89%
Randolph National Bank	9.38%	9.68%	9.68%	3.33%	3.33%	6.67%	7.41%	7.41%	7.41%	7.41%	7.41%	3.70%	3.70%
Union Bank	6.40%	5.78%	8.67%	6.98%	8.72%	6.86%	5.71%	6.59%	6.28%	7.25%	5.70%	4.57%	5.08%
Vermont Development CU	6.25%	7.23%	8.43%	8.24%	9.41%	6.74%	6.38%	8.74%	8.11%	6.96%	8.06%	7.81%	6.30%
Wells River Savings Bank	3.23%	3.23%	0.00%	0.00%	0.00%	3.33%	3.23%	3.23%	3.13%	0.00%	0.00%	0.00%	0.00%
Average	6.19%	5.30%	5.56%	6.34%	5.79%	5.73%	5.35%	5.76%	5.56%	5.60%	5.67%	5.08%	4.74%

REO INVENTORY REPORT

As of March 31, 2000

Mortgagor	REO Date	City	Total Cost Basis	Valuation Allowance as of 12/31/99	List Amount (2)	Current Appraisal	Date Last Appraised	Original Appraisal	Loan Date	Prop Type	Comments
Bushey	1/19/98	Fairfield	$ 67,274	$ 17,075	$ 64,900	$ 52,000	8/22/97	$ 62,000	9/20/95	MH	Title issues resolved. New value with septic $57,000
Cyr	1/21/99	Proctor	$ 75,480	$ 24,973	$ 40,000	$ 50,000	2/3/99	$ 77,500	7/28/95	SF	Under deposit $40,000
Fuller	5/26/99	Duxbury	$ 68,470	$ 17,667	$ 38,000	$ 53,000	6/1/99	$ 65,000	12/16/94	MH	Under deposit $38,000
Husted	8/18/99	Burke	$ 68,196	$ 33,757	$ 35,000	$ 41,300	8/2/99	$ 78,000	10/21/92	SF	Under deposit $35,000
Wilson	9/13/99	Marshfield	$ 66,570	$ 27,785	$ 39,900	$ 46,000	5/18/99	$ 66,000	5/11/95	SF	Under deposit $39,900
Hughs Sr	9/23/99	Bennington	$ 89,194	$ 12,921	$ 92,000	$ 78,000	10/27/99	$ 88,000	8/19/94	SF	failed septic -- getting quotes for new system
Gaudreau	10/11/99	Washington	$ 49,053	$ 18,559	$ 30,000	$ 30,000	7/6/99	$ 53,000	11/2/94	SF	Under deposit $30,000
Langevin	10/12/99	Williamstown	$ 61,449	$ -	$ 59,900	$ 65,000	2/24/99	$ 69,500	9/21/89	SF	Reduced price to $59,900
Currier	10/20/99	Albany	$ 46,623	$ 10,180	$ 30,000	$ 35,000	12/1/99	$ 52,000	12/14/89	SF	Under deposit $30,000
Durkee	10/28/99	Thetford	$ 101,414	$ 20,459	$ 81,000	$ 96,500	12/10/99	$ 100,000	9/29/94	SF	Under deposit $81,000
Johnson	11/4/99	Wells	$ 49,569	$ -	$ 34,000	$ 40,000	12/6/99	$ 52,000	10/18/91	MH	Reduced price to $34,000. Will review listing price.
Durack	11/12/99	St. Albans	$ 60,380	$ -	$ 45,000	$ 60,000	9/28/99	$ 72,000	4/1/94	SF	Under deposit $45,000
Cayia	11/15/99	Barre Town	$ 49,695	$ 23,360	$ 24,000	$ 30,000	6/11/99	$ 47,000	6/26/95	SF	Under deposit $24,000
Bates	11/17/99	Ludlow	$ 88,282	$ -	$ 92,500	$ 104,000	9/29/99	$ 99,000	1/15/93	SF	Under deposit $92,500
Sunderland	11/17/99	Fairfax	$ 78,778	$ 24,470	$ 52,500	$ 55,000	11/16/99	$ 90,000	8/17/93	SF	Under deposit $52,500
Bauer	11/29/99	Tinmouth	$ 67,523	$ -	$ 72,000	$ 72,000	12/1/99	$ 83,100	7/18/95	MH	Offer Pending
Gray	11/30/99	Lyndon	$ 52,177	$ -	$ 22,900	$ 23,000	0101/2000	$ 52,000	8/11/94	MH	Under deposit $22,900
Simonds	12/6/99	Lunenburg	$ 52,410	$ 5,363	$ 59,900	$ 54,000	10/14/99	$ 75,000	10/5/90	MH	Changing Real Estate Agents, will relist at $59,900.
Potter	12/14/99	Rutland City	$ 71,401	$ -	$ 56,000	$ 40,000	12/28/99	$ 74,000	6/28/95	SF	Under deposit $56,000
Raymond	12/22/99	Cambridge	$ 56,516	$ 12,050	$ 54,900	$ 45,000	9/29/99	$ 66,500	8/30/93	MH	Under deposit $54,900
Lawson/Yarnell	12/27/99	Bennington	$ 49,770	$ 1,469	$ 45,000	$ 50,000	9/14/99	$ 56,000	9/1/98	SF	Under deposit $45,000
Couture	12/30/99	Glover	$ 53,860	$ -	$ 55,000	$ 55,000	10/13/98	$ 66,000	5/1/96	SF	Under deposit $55,000
Robtoy	1/20/00	Highgate	$ 52,251	$ -	$ 25,100	$ 30,000	2/22/00	$ 53,000	11/17/93	SF	Under deposit $25,100
Lamery	2/9/00	Cabot	$ 65,485	$ -	$ -	$ -	9/4/91	$ 69,000	10/11/91	SF	Occupied - to vacate 5/1
Angolano	3/23/00	Burlington	$ 97,783	$ -	$ 97,000	$ 83,000	5/4/99	$ 85,000	11/1/96	SF	Under deposit $97,000
Brintnall	3/14/00	Northfield	$ 46,869	$ -	$ 39,900	$ 38,000	3/16/00	$ 49,000	9/17/96	SF	Received $15,000 offer from investor - will counter.
Lamoureux	3/6/00	Shoreham	$ 83,492	$ -	$ -	$ 60,000	4/13/00	$ 80,000	4/22/92	SF	Awaiting values to list.
Maccioli	3/8/00	Bennington	$ 89,939	$ -	$ -	$ 48,000	4/11/00	$ 86,000	11/20/89	SF	Public Sale - VHFA successful bidder at $39,500.
Miller	3/17/00	Bennington	$ 81,625	$ -	$ -	$ 52,500	3/28/00	$ 76,000	1/5/95	SF	Awaiting values to list.
Cahoon	3/20/00	Rutland City	$ 93,788	$ -	$ 89,900	$ 85,000	11/3/99	$ 90,000	5/28/93	SF	Under deposit $89,900
30			$ 2,035,317	$ 250,088	$ 1,376,300	$ 1,571,300		$ 2,131,600			

REOS that are under deposit

(1) Receipts column represents actual and projected mortgage insurance claim payments

(2) If Property is under deposit the List Price is the actual sale price.

4/20/00
REO Inventory

Vermont Housing Finance Agency

Executive Director Report

Administration

Most of the week following our March board meeting was spent with Steve Mitas reviewing and beginning the process of converting the Agency's core business software application for the homeownership and multifamily departments, as well as looking at our electronic data transfer needs . Staff, through representatives from each department and Rick Jean as the project manager, has begun meeting weekly to review each aspect of our systems requirements. MEG (the Mitas Enhancement Group) as it is fondly called, is doing a tremendous amount of preparation work that will have lots of paybacks in understanding all our information needs.. Finance and homeownership will also be exploring the process for data transmission between servicers, trustee, and VHFA. The mutli-family systems are somewhat less developed and Kim, Nina, Ann Marie, Sam and Joe are working to sort out short and long term needs and how they will interface with development proformas, HUD and Tax Credit compliance.

As part of the Agency's compensation and benefit analysis, job descriptions have been either written or updated and we are in the process of re-grading every position. We have moved the function of grading positions from Palmer and Associates to a committee within the Agency, which will allow for a more timely turnaround and a means for ensuring grading integrity.

We are in the process of working through a lease with Burlington Housing Authority for the space previously occupied by the Queen of Tarts. They will have 3-4 offices that will support residential services.

In Public Affairs, Carmel Vaaker is retiring. (Among other things she and her husband enjoy airplane gliding and expect to travel around the country to various events.) We are taking this opportunity to redesign how we handle VHFA customer service. We will continue to have front office customer service, but all inquiries specific to homeownership programs and loans will be referred directly to the homeownership department. We are creating a fulltime position in that department by combining half time from public affairs and a half time administrative assistant position from homeownership. We intend to move away from a consumer helpline and concentrate on referring more directly to the homeownership centers and lending partners. Cathleen and Pat Loller will be exploring ways to handle the web site and design work Carmel did.

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

I have included in your packets a copy of our staff newsletter. We have been doing this since early fall on a more or less regular schedule, but I hadn't thought to give you a copy. Patty Harvel has done a really excellent job putting it together.

Development

Development activities are beginning to really heat up. As you know there is tremendous competition for the 9% tax credit. As those projects are reviewed and credit allocated, we very much expect that those not receiving the cap credit will probably apply for the out of cap credit and bond financing. Joe and Cindy have done a great job in developing a construction loan program to maximize the use of the 4% credit.

In the last few weeks we have received three current financing applications:

McAuley Square, Burlington - Housing VT and Cathedral Square
$3,300,000 permanent, tax-exempt; $ 6,800,000 construction, tax-exempt

Maples Phase II, Rutland - Green Mountain Development Group
$1,300,000 construction and permanent, tax-exempt

Hillcrest Views and Maple Street, St. Albans - VT State Housing Authority, Jeff Kantor
$737,700 construction, tax-exempt

McAuley Square has finally completed all its permitting and construction bidding. Because of increased costs this is an extremely tight project. Housing Vermont and VHFA staff are exploring ways to combine this financing with others or find a private placement for the bond to minimize cost. It seems unlikely that Maples II will go forward immediately since they need $450,000 in CDBG funds that will be highly competitive. St. Albans is a refinance and rehab of two Rural Development 515 projects. They only need short-term money. They are doing $371,000 in rehab and expect to raise $240,000 in equity from the sale of the 4% tax credits. As soon as we have adequate construction information we expect to bring this to the Board . In addition to these projects and those in the tax credit pipeline, we have been approached about two large projects in Burlington, which are just in the initial stages.

On April 12th VHFA cosponsored a working session with the Department of Aging and Disabilities (DAD) and Cathedral Square on developing affordable assisted living. The session, which was coordinated by Cathedral Square, brought in a number of representatives form other New England HFA's and housing groups to discuss how they had approached assisted living. A variety of state and local funders and policy makers were there. One of the reasons for the workshop was to prepare us for a submission to Robert Wood Johnson, which has a new RFP for states to develop assisted living in rural areas. DAD will take the lead, but we will work closely with them in the proposal.

Multifamily Management

We are on the verge of getting HUD's approval on our Note Sale purchases and have been working closely with HUD's consultants, the Federal Asset Advisory Company from New York City. They have revised their original financial analysis of the three properties and will be in DC at the end of April looking to get HUD Secretary Bill Apgar's approval. We expect HUD's decision on our proposal to yield a combined acquisition price of $2.4 million or approximately 69 cents on the dollar.

In response to a joint proposal with VSHA to take over HUD's Contract Administration for the Section 8 program, we have been informed of our selection as Vermont's administrator. This portfolio includes 44 projects with 1,325 assisted units. VHFA's responsibility will cover approximately half of these units in which we already have a lender and tax credit monitoring role. VSHA has taken the lead in this initiative and HUD expects to transfer responsibility for these projects by July 1, 2000.

Staff has completed the review and approval of annual operating budgets for more than 100 properties and is now in the process of reviewing 1999 audited financial statements. They are also working on four preservation transactions that involve properties in Colchester, Alburg, Jericho, and Fairfield. In three of these properties, ownership is being transferred to nonprofits leading to permanent affordability.

On April 13th, the services coordinators of the multifamily projects got together. This group has struggled with how to organize and provide themselves with necessary education and updates. VHFA, through Cathleen Gent and John Burczy, has offered to give them administrative and meeting support.

Management Officer, Kim Roy has been in the hospital for the past two weeks with high fevers that have persisted despite the efforts of a baffled medical team. They continue to conduct tests to determine the cause of these fevers and Kim has maintained an upbeat attitude in the face of this serious condition. Nina McDonnell, Multifamily Operations Specialist sadly lost her father after a prolonged illness. She has returned to work after attending to funeral and financial arrangements with her family in Philadelphia.

Homeownership

As I mentioned earlier, we feel that supporting lenders, realtors and the homeownership centers is our most effective course to increase homeownership production. With the move of Ann Marie Plank to multi family, we have redesigned that position as well one other (Veronica Devos) to focus more on lender support and loan purchase. We welcome Diane Edson, who is joining us from the Chittenden Bank.

The transfer of the Banknorth servicing to VHFA and our subservicer Graystone seemed to go very smoothly. Staff is now working with Graystone on a number of servicing enhancements such as VHFA private label servicing, which includes among other things, sending out billing statements under VHFA letterhead, answering the phone as 'VHFA Mortgage Servicing" and referring customers back to the originating lenders for refinancing and other financial needs. .

Homeownership, as you can see by the attached reports, has had booming business. Although we are busy, we still struggle with the lack of affordable homes in the Northwest. This is now getting a lot more attention from business groups, such as the

Chamber and GBIC, who are seeing the pinch for their employees. A group of representatives from these groups, as well as the Homebuilders, Chittenden Regional Planning, and VHFA have been meeting to discuss strategies in dealing with the housing problem, both homeownership and rental. Some of the approaches will include trying to educate community leaders on the housing needs and getting a better understanding of their impediments. Also, Kathy Beyer, David and myself have met with an ad hoc group of business leaders who are interested in exploring options for a more proactive and planned approach to developing housing communities on a larger scale. I will be meeting with VEPC (Vermont Economic Progress Council) on April 27 to discuss if there are any ways to coordinate their activities in business expansion with housing needs.

Finance

We have included our monthly general fund report. As we discussed at the last meeting, we will start sending these regularly. Staff has been working with Evenson Dodge on a number of ideas to relate our long term projections to current reports. We will review this at the May meeting. We are just beginning to look at our schedule for a single family bond issue. We expect to need that by the end of June or early July.

Other

I have enclosed a copy of the Legislative Joint Housing Committee Report which contains a number of recommendations that we hope will get followed up next session. In this session, there is a proposal for a state housing credit that would piggyback on the federal and it was introduced as part of the miscellaneous tax bill. I will keep you posted on its progress.

In April, I was appointed to serve on the Community Development Advisory Committee of the Federal Reserve Bank of Boston. This group meets three times a year with the Bank President and staff to educate them on lending and financial issues from our perspective in the region, and they educate us about the Reserve System.

We will set a date for the joint Tax Credit Committee and Board meeting as soon as Dick White returns on Monday. We also may need a phone meeting for action on a few multifamily items before the May meeting.

Inside Vhfa

A bulletin for the staff of Vermont Housing Finance Agency
April/May 2000

Important Dates and Events

April 22	Earth Day
April 23	Easter
May 14	Mother's Day
May 30	Memorial Day Holiday

Hats off to…:

Carmel for giving VHFA her all in her short tenure here. She has brightened the Helpline and main switchboard with her sunny disposition and professional and sympathetic advice. We commend her for her "Idea of the Week" and memorable progress and perseverance in learning to use the "page" function. Her work has put VHFA on the map with regard to our web site, and has turned it into a user-friendly place to browse. We wish her good luck chasing the glider in distant lands. Carmel, We will miss you!

The Homeownership Staff who fielded calls and tackled urgent matters on my behalf while I was carving turns through the fresh powder in the mountains of Utah (I promise I was thinking of you all at the time ☺). You were all a big help and it was very much appreciated. Thanks. dk

Kelly - on her recent outstanding achievement award for her outreach successes and the homebuyers fair. Congratulations, Kelly!

Helen for her recent appointment to the Housing and Transportation Planning Committee for the town of Essex Junction. They are lucky to have her.

Continued on the *Flip* side

If you want to tip your hat to any VHFA staff member, please send Patty an email message that includes the text that you would like included. Your submissions are critical to the success of this publication.

Happy Birthday to:

Ann-Marie	Apr 1
Carmel	Apr 23
Cathleen	Apr 28
Chris	May 4
Patty	May 20

For Sale:

Empire console heater, natural gas, 35,000 BTUs, with blower, works great! Includes vent pipe. **Nina ext. 448** **$250**

Shubouty Corner

Fun, facts and unusual stuff from our nonwork lives

Helen bought her first fishing license in 25 years. She put a worm on a hook the first day of fishing season and sent it flying in to the Lamoille. She took the same worm off at the end of the day. If you haven't heard the peepers this spring, take time to take a walk along a stream, brook, river or lake and hear their chorus. They will be raising their voices in song for about another three to four weeks a naturalist said.

Burlington. Did you know that Burlington has been ranked one of the 10 safest weather cities in the US by the Ladies Home Journal? (note: not one of the best for weather, but one of the safest. We don't have dangerous hurricanes, tornadoes, or earthquakes).

MidLife Chrysler has completed recording the drum and bass tracks for their original songs they hope to release on a CD later this year. Our next step is to begin adding rhythm and lead guitar tracks before tackling the vocal tracks. The process is a lot like building a house, first we must lay a good foundation and then erect the framing (drums and bass). From there, we construct and add the remaining elements of each song before doing a final mix and master. This has been a very intense process and is nothing at all like "playing" gigs. We hope that our hard work will yield something we can share with everyone.

All of us at VHFA send best wishes to **Kim Roy** for a speedy recovery.

Scott and Hannah enjoy
the Home Buyer Fair

News From the Executive Director

It seems like it has been a while since I gave you an update on some of my activities. Time flies when you're having fun! After taking some vacation time at the end of February, the last six weeks seems to have been a flurry of legislative and planning activities. I have been to Washington D.C. twice. Once to participate in a roundtable called together by the Housing Assistance Council to identify issues and put together some policy statements around smart growth and rural affordable housing. It is always interesting to see that Vermont is not alone in trying to sort this all out. I also attended the annual NCHSA LegCon meeting. The critical issues still remain to get increases in our tax exempt bond cap and low income housing tax credits. There have not been increases in almost 15 years. Vermont has been fortunate that in the past we generally have had enough bond authority to issue all the tax exempt financing we need for our mortgages. We share this authority with Vermont Student Assistance Corp. (VSAC), Vermont Economic Development Authority, and the Municipal Bond Bank. This is the first year that the entire cap has been allocated with no expectation of extra capacity for next year. We are concerned about a shortfall if we don't get an increase in the future. This year for the tax credits we had over three times the amount of requests for credits than we have to allocate. This may mean some multifamily projects are put on hold or we will have to seek additional resources from other very limited sources.

> [A lack of sufficient tax credits] … may mean some multifamily projects are put on hold or we will have to seek additional resources from other very limited sources.

On the state level, the legislature is still considering their annual appropriations for VHCB, which is the biggest source of gap funding for multi-family projects. We hope they might get $3 - 5 million additional, although the House recommendation was only $2 million. There also is a proposal to start a state housing tax credit. This could generate another $1.3 million for housing. The Joint Housing Committee of the legislature has finally issued its report, which will provide a variety of recommendations that can be taken up in next year's session.

> Two large projects we expect to see are the Marketplace off of Farrell Street … and the acquisition and renovation of Westgate … the last of the Gates).

We expect that VHFA will be involved in many of the proposed projects using the 4% tax credit (which is not rationed) and tax exempt bond financing. Two large projects we expect to see are the Marketplace off of Farrell Street and Shelburne Road (160 units) and the acquisition and renovation of Westgate (100 units in Brattleboro –

Westgate we have been negotiating with HUD to buy the mortgages of Highgate in Barre and Mountainview in Springfield. We also are working with the Vermont State Housing Authority to take on a portion of the Section 8 contract administration now done directly by HUD. In March, we sponsored a meeting and luncheon for multi-family owners to give them a forum to discuss ways VHFA might improve or streamline procedures and policies. It was a very positive meeting with lots of thought on issues to keep in touch on.

This last month there have been a series of meetings to finish up revisions to the state's consolidated housing plan. This is the policy statement that guides much of the state's housing initiative, and serves as a framework for VHFA as we look at new opportunities. This revised plan will have a much greater emphasis on new housing units, based on the shortages identified in several areas of the state. There is a desperate need for affordable rental housing for families and moderate priced homeownership. As well, we are working with the Department of Aging and Disabilities to explore options for developing affordable assisted living for frail elders. Last we week we co-sponsored a workshop with representatives from other states to learn about how they approached this combination of housing and services.

Our homeownership business seems to be booming; however we are very concerned about the lack of affordable homes to buy. This last few months I have been meeting with various groups from the Chamber, GBIC and the Homebuilders Assoc. on trying to identify initiatives to increase production. Some of this may involve reforms to the permitting process, as well as educating local officials about the housing needs in their towns. We also need to look creatively at new ways to develop ownership opportunities in mixed settings. The grand success of our homebuyer fair certainly showed us the depth of interest there is in the marketplace. Many thanks to all who worked and contributed to the great day.

The grand success of our homebuyer fair certainly showed us the depth of interest there is in the marketplace. Many thanks to all who worked and contributed to the great day.

Now, let's hope Spring is here to stay!

Sarah

vhfa
Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director SC

DATE: May 30, 2000

RE: **Changes in Up Coming Board Meetings**

This is a follow up to the Board meeting discussion regarding the changes to the VHFA Board meetings dates for June, July, August and September.

- The **June** meeting is now scheduled for the **29th in Burlington**
- The **July** meeting has been **cancelled**
- The **August** meeting is now scheduled for the **10th in Rutland** – the location to be determined
- The **September** meeting is now scheduled for the **14th in Burlington**

I know everyone's schedules are very busy, especially during the summer. However, if you would review these dates and let Ruth or me know as soon as possible of conflicts with any of the new dates, it will ensure we have a quorum for each of the meetings. Ruth's phone number is 802-652-3412 and her email address is Rkendrick@vhfa.org.

vhfa
Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director SC

DATE: May 17, 2000

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 25, 2000, at 1:00 p.m. at the Vermont Housing Finance Agency Building, 164 St. Paul Street, Burlington, Vermont.

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

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Burlington on May 25th!

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**

vhfa

Vermont Housing Finance Agency

BOARD AGENDA
VHFA Board Room
164 St. Paul Street
Burlington, Vermont

Thursday, May 25, 2000 at 1:00 PM

11:00 AM – 1:00 PM the Human Resources Committee will meet.

1. Executive Session

2. Review and approval of the minutes from March 23rd, 2000.

3. PROGRAM OPERATIONS

A.	Summary of Homeownership Activities	{Crady/Enclosure}
B.	Multifamily Zero Percent Loan Policy	{Adams/Enclosure}
C.	Consolidation of Servicers - Guidelines	{Adams/Enclosure}

4. FINANCE

A.	Funding Energy Efficiency Utility	{Schoenbeck/Enclosure}
B.	Single Family Bond Financing	{Schoenbeck/Enclosure}
C.	General Fund Budget Performance	{Schoenbeck/Enclosure}
D.	March 2000 Financials	{Schoenbeck/Enclosure}
E.	MCC Program	{Adams/Enclosure}

5. DEVELOPMENT

A.	Multifamily Construction Loan for Hillcrest Views Apts. and Maple St. Duplexes	{Reid/Enclosure}
B.	Multifamily Loan Application for Anderson Parkway Housing	{Reid/Enclosure}
C.	Multifamily Loan Application for McAuley Square Housing	{Erdelyi/Enclosure}
D.	Bond Resolutions, Hillcrest Views Apts/Maple St. Duplexes, Anderson Parkway Housing and Northern Senior Housing	{Reid/Enclosure}
E.	Housing Development Costs In Vermont	{Erdelyi/Enclosure}

6. ADMINISTRATION

A.	Executive Director's Report	{Carpenter/Enclosure}
B.	Benchmark Study	{Carpenter/Enclosure}
C.	164 St. Paul St. Capital Repairs	{Carpenter/Verbal}

7. Any old or other business to come before the Board.

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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

MEMORANDUM

TO: VHFA Board of Commissioners

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

DATE: May 18, 2000

RE: Summary of Homeownership Activities

PROGRAM OPERATION

Attached are production reports by product and lender for FY 1999 and year to date FY 2000.

We are continuing to test the automated underwriting system developed by MGIC. Both Chittenden Bank and Summit Financial Services are piloting the system with new applications. Preliminary feedback indicates that while MGIC's system has value in assisting lenders with the loan processing functions, and lenders and MGIC with their underwriting, it has little or no impact on increasing the loan approval time for the borrower. Because MGIC's system is rule based, many loans that will be ultimately approved refer for full underwriting. Referrals are generally due to higher than allowable housing expenses and total expense to income ratios that are usually resolved by the lender during processing. Because the lender gets a "refer" instead of an "accept", they are not willing to issue a commitment to the borrower without a full underwriting review by MGIC. During the next month we plan to explore options with MGIC to determine if changes to the system or the process would allow more loans to receive an "accept" at application.

COLLECTIONS

Attached are delinquency reports and a REO Inventory Report as of April 30, 2000.

As you may recall, last month there was a substantial decrease in overall delinquencies. At that time we indicated that we believed the lower delinquency rate was due in part to tax refunds. Unfortunately, our assumptions were accurate. Delinquencies are up from the 6.43% level reported as of March 31, 2000 to 7.72% as of April 30, 2000. The good news is that delinquencies continue to improve over levels experienced last year, and we continue to see a higher than normal percentage of loan reinstatements during the foreclosure process.

We have also reviewed the loan loss projections for calendar year 2000. Based on the disposition of 25 properties through April 30, 2000, we estimate that we are $50,000 ahead of the projections we made in January. In addition, actual loan losses for the 9 month period ending March 31, 2000 of $967,000, are substantially below our FY 2000 budgeted amount of $1.7 million.

Please do not hesitate to call me if you have any questions about any of these reports.

VHFA Production Report By Product FY2000

July 1, 1999 - June 30, 2000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total
MOVE	4,124,272	5,050,851	2,983,050	10,360,896	9,377,888	5,824,798	4,920,567	3,318,996	3,256,736	3,056,844			52,274,898
MOBILE HOME	212,635	371,335	278,360	655,376	702,706	410,040	604,508	87,700	257,189	107,075			3,686,924
HOUSE	88,500	136,800	248,250	421,000	308,115	218,814	348,950	265,400	231,700	150,500			2,418,029
YESS	43,600	70,470	0	159,900	222,230	0	88,920	135,550	246,512	163,707			1,130,889
RURAL DEV.	98,180	49,505	80,350	33,200	0	66,250	33,950	26,730	74,360	45,100			507,625
Total	4,567,187	5,678,961	3,590,010	11,630,372	10,610,939	6,519,902	5,996,895	3,834,376	4,066,497	3,523,226			60,018,365

VHFA Production Report By Product FY1999

July 1, 1998 - June 30, 1999

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total
MOVE	1,642,380	3,584,030	3,005,618	1,707,335	3,312,362	1,012,972	2,893,418	2,176,105	1,627,530	1,863,002	2,141,111	2,551,490	27,517,353
MOBILE HOME	450,415	618,141	451,263	117,470	302,485	497,807	375,755	181,723	125,040	129,955	146,600	252,665	3,649,320
HOUSE	0	134,650	68,000	274,300	0	129,875	0	68,900	282,845	121,000	130,750	248,300	1,458,620
RURAL DEV.	51,850	142,350	22,500	125,500	21,000	72,010	29,640	118,095	26,310	146,360	32,755	126,020	914,390
YESS	0	0	0	0	81,289	75,550	0	137,867	73,750	78,872	0	65,137	512,465
Total	2,144,645	4,479,171	3,547,381	2,224,605	3,717,136	1,788,214	3,298,813	2,682,690	2,135,475	2,339,189	2,451,216	3,243,612	34,052,148

BOND SERIES STATUS REPORT

Series #	Date of Issue	Use by End Date	0 Point Move Rate	Original Issue Amt.	Amount Allocated	Available Funds
7	4/18/96	8/30/99		$42,500,000	$42,433,234	$66,766
8	10/9/96	4/1/00		$30,035,000	$30,003,930	$31,070
9	6/13/97	12/26/00	6.70%	$61,788,875	$60,996,632	$792,243
10	4/22/99	N/A	6.35%	$33,016,574	$31,722,418	$1,294,156
11	8/24/99	6/1/02	7.10%	$24,426,258	$21,231,259	$3,194,999
12	2/10/00	8/1/03	7.55%	$28,344,948	$22,390,439	$5,954,509

VHFA Production Report- Dollar volume by lender FY2000

July 1, 1999 - June 30, 2000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD TOTAL
CHITTENDEN	$1,425,540	$579,575	$405,835	$4,385,635	$3,159,872	$1,992,583	$1,585,270	$1,351,497	$1,439,014	$1,394,323			$17,719,144
SUMMIT	$190,000	$518,618	$0	$1,990,658	$1,008,677	$273,550	$673,113	$86,800	$509,452	$120,100			$5,370,968
BANKNORTH	$235,900	$361,625	$63,000	$701,045	$1,132,075	$812,550	$386,810	$185,050	$380,075	$125,435			$4,383,565
NEFCU	$264,100	$946,415	$557,575	$187,080	$436,943	$111,150	$453,372	$353,064	$129,300	$424,850			$3,863,849
VDCU	$0	$295,040	$327,250	$619,650	$537,330	$229,375	$548,825	$341,305	$0	$107,801			$3,006,576
UNION	$116,225	$339,905	$286,375	$595,375	$686,581	$192,025	$61,750	$339,750	$0	$70,000			$2,687,986
VERMONT NAT'L	$652,325	$853,065	$0	$399,900	$326,889	$109,250	$80,750	$0	$0	$0			$2,422,179
COMMUNITY	$345,477	$185,181	$490,470	$185,350	$610,001	$270,942	$264,990	$0	$56,905	$135,160			$2,544,476
NORTHFIELD	$124,450	$279,660	$62,700	$274,258	$289,500	$205,850	$294,150	$0	$60,800	$0			$1,591,368
VT STATE ECU	$217,100	$87,400	$0	$282,300	$316,700	$148,200	$55,960	$174,450	$60,000	$87,300			$1,429,410
KITTREDGE	$81,600	$285,775	$0	$412,225	$137,100	$57,950	$74,100	$56,000	$83,905	$0			$1,188,655
UNIVERSAL	$0	$0	$0	$70,703	$276,470	$340,115	$141,493	$154,000	$205,075	$119,005			$1,306,861
LYNDONVILLE	$0	$100,000	$0	$629,190	$188,000	$76,950	$118,500	$0	$41,325	$0			$1,153,965
HERITAGE FCU	$140,400	$61,750	$406,065	$0	$124,750	$81,480	$147,250	$102,820	$60,800	$158,707			$1,284,022
PASSUMPSIC	$63,000	$140,787	$139,250	$0	$370,525	$231,625	$0	$67,900	$62,000	$54,400			$1,129,487
CTX	$0	$0	$0	$0	$82,650	$407,675	$314,390	$0	$248,800	$206,520			$1,260,035
BRATTLEBORO	$70,000	$94,000	$253,440	$0	$146,400	$209,050	$114,525	$0	$71,300	$0			$958,715
ALBANK	$74,100	$0	$50,065	$211,375	$187,600	$32,000	$94,525	$0	$166,810	$35,625			$852,100
GMAC	$0	$0	$80,275	$193,400	$101,200	$0	$0	$151,050	$270,075	$293,900			$1,089,900
NAT'L BNK MIDDLE	$82,900	$274,500	$0	$131,957	$124,681	$0	$88,500	$64,000	$0	$0			$766,538
FIRST BRANDON	$69,350	$0	$139,310	$158,831	$140,890	$0	$0	$72,000	$0	$0			$580,381
CITIZENS	$100,340	$55,000	$0	$93,240	$42,655	$125,835	$0	$162,750	$0	$0			$579,820
BNK OF BENN	$87,300	$72,000	$97,350	$0	$69,000	$170,030	$0	$0	$69,000	$0			$564,680
VHFA	$161,530	$79,365	$67,650	$33,200	$0	$66,250	$0	$26,730	$74,360	$45,100			$554,185
SOURCE ONE	$0	$0	$0	$0	$0	$76,534	$226,700	$0	$0	$0			$303,234
NAT'L CITY MTG	$0	$0	$0	$0	$0	$69,900	$87,722	$40,000	$77,500	$86,800			$361,922
FACTORY	$65,550	$0	$0	$0	$61,100	$51,400	$88,500	$0	$0	$58,200			$324,750
WELLS RIVER	$0	$0	$78,000	$0	$53,350	$0	$61,750	$0	$0	$0			$193,100
MASCOMA	$0	$0	$57,200	$0	$0	$132,034	$0	$0	$0	$0			$189,234
PEOPLES TRUST	$0	$0	$0	$75,000	$0	$0	$0	$105,210	$0	$0			$180,210
CT RIVER	$0	$55,000	$0	$0	$0	$45,600	$0	$0	$0	$0			$100,600
RD	$0	$14,300	$28,200	$0	$0	$0	$33,950	$0	$0	$0			$76,450
TOTAL	$4,567,187	$5,678,961	$3,590,010	$11,630,372	$10,610,939	$6,519,903	$5,996,895	$3,834,376	$4,066,496	$3,523,226	$0	$0	$60,018,365

VHFA Production Report (Number of loans) FY2000

July 1, 1999 - June 30, 2000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD TOTAL
CHITTENDEN	18	8	5	55	39	27	21	16	17	17			152
SUMMIT	2	7	0	23	13	4	8	1	6	2			49
BANKNORTH	4	6	1	11	16	10	6	3	5	2			48
COMMUNITY	5	3	8	4	10	4	5	0	1	3			34
VERMONT NAT'L	10	11	0	6	5	1	1	0	0	0			33
NEFCU	3	12	6	3	6	1	5	4	2	5			31
VDCU	0	4	5	9	8	4	9	4	0	2			30
UNION	2	4	3	8	9	3	1	4	0	1			29
VHFA	7	5	4	1	0	4	0	2	4	2			21
NORTHFIELD	2	4	1	4	4	3	4	0	1	0			18
VT STATE ECU	3	1	0	4	4	2	1	3	1	1			14
PASSUMPSIC	1	2	2	0	5	3	0	1	1	1			13
LYNDONVILLE	0	1	0	8	3	1	2	0	1	0			13
KITTREDGE	1	3	0	6	2	1	1	1	1	0			13
HERITAGE FCU	2	1	5	0	2	1	2	1	1	2			11
NAT'L BNK MIDDLE	1	5	0	2	2	0	1	1	0	0			10
BRATTLEBORO	1	1	3	0	2	3	2	0	1	0			10
ALBANK	1	0	1	3	3	1	1	0	2	1			9
UNIVERSAL	0	0	0	1	3	4	2	2	3	2			8
CITIZENS	2	1	0	2	1	2	0	2	0	0			8
FIRST BRANDON	1	0	2	2	2	0	0	1	0	0			7
BNK OF BENN	1	1	2	0	1	2	0	0	1	0			7
CTX	0	0	0	0	1	5	3	0	3	3			6
GMAC	0	0	1	2	1	0	0	2	3	4			4
MASCOMA	0	0	1	0	0	2	0	0	0	0			3
FACTORY	1	0	0	0	1	1	2	0	0	1			3
WELLS RIVER	0	0	1	0	1	0	1	0	0	0			2
RD	0	1	1	0	0	0	2	0	0	0			2
CT RIVER	0	1	0	0	0	1	0	0	0	0			2
SOURCE ONE	0	0	0	0	0	1	3	0	0	0			1
PEOPLES TRUST	0	0	0	1	0	0	0	1	0	0			1
NAT'L CITY MTG	0	0	0	0	0	1	1	1	1	1			1
TOTAL	68	82	52	155	144	92	84	50	55	50			593

HOMEOWNERSHIP PROGRAMS - SERVICING ACTIVITY REPORT

Activity for the month of April 2000

COLLECTIONS

Total 90+ accounts for current month	61	

FORECLOSURES

Foreclosure accounts from previous month	61	
Plus new foreclosure accounts	7	
To REO	3	
Successful interventions	5	
Total Foreclosure accounts for current month	60	(includes 13 loans in Chapter 13)

REAL ESTATE OWNED

REOs from previous month	30	
Plus new REOs	3	
Less property sold	6	
Less reinstatement		
REOs for current month	27	(17 properties are under contract as of May 18, 2000)

HOMEOWNERSHIP DELINQUENCY REPORT
AS OF: April 30, 2000

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Average
Total Portfolio #	**5918**	**5918**	**5931**	**5934**	**6042**	**6147**	**6191**	**6242**	**6297**	**6271**	**6285**			**6069**
Total Portfolio $	**$326.3**	**$326.8**	**$328.8**	**$329.8**	**$338.7**	**$346.8**	**$350.4**	**$354.3**	**$356.7**	**$357.7**	**359.1**			**$339.8**

NUMBER OF DELINQUENT LOANS

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	268	272	264	269	290	295	279	294	307	224	311			282
60 Days	75	76	66	68	72	79	91	96	69	55	53			77
90 Days	88	89	87	80	88	84	91	91	80	63	61			86
Foreclosure	58	63	68	64	59	54	51	54	62	61	60			59
Total Delq 1999	**489**	**500**	**485**	**481**	**509**	**512**	**512**	**535**	**518**	**403**	**485**	**0**	**0**	**505**
Total Delq 1998	556	518	548	560	545	596	600	604	609	483	503	548	489	551

PERCENT BY NUMBER OF DELINQUENT LOANS

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	4.53%	4.60%	4.45%	4.53%	4.80%	4.80%	4.51%	4.71%	4.88%	3.57%	4.95%			4.64%
60 Days	1.27%	1.28%	1.11%	1.15%	1.19%	1.29%	1.47%	1.54%	1.10%	0.88%	0.84%			1.27%
90 Days	1.49%	1.50%	1.47%	1.35%	1.46%	1.37%	1.47%	1.46%	1.27%	1.00%	0.97%			1.43%
Foreclosure	0.98%	1.06%	1.15%	1.08%	0.98%	0.88%	0.82%	0.87%	0.98%	0.97%	0.95%			0.98%
Total Delq 1999	**8.26%**	**8.45%**	**8.18%**	**8.11%**	**8.42%**	**8.33%**	**8.27%**	**8.57%**	**8.23%**	**6.43%**	**7.72%**	**0**	**0**	**8.31%**
Total Delq 1998	8.88%	8.33%	8.81%	8.99%	8.78%	9.65%	9.82%	9.93%	10.06%	8.03%	8.41%	9.21%	8.26%	9.01%

DOLLAR AMOUNT OF DELINQUENT LOANS

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	$14.2	$14.5	$14.5	$14.7	$15.6	$16.1	$15.0	$16.6	$16.8	$12.5	$16.8			$15.3
60 Days	$4.3	$4.5	$3.8	$3.9	$4.2	$4.5	$5.6	$5.6	$4.0	$3.1	$2.9			$4.5
90+ Days	$8.4	$8.6	$8.8	$8.4	$8.5	$8.3	$8.1	$8.3	$8.0	$6.9	$6.9			$8.4
Total Delq 1999	**$26.9**	**$27.6**	**$27.1**	**$27.0**	**$28.3**	**$28.9**	**$28.7**	**$30.5**	**$28.8**	**$22.5**	**$26.6**			**$28.2**
Total Delq 1998	Info Not Readily Available.													

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: April 2000

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO	
Mascoma Savings Bank	5	1	20.00%	0	0.00%	0	0.00%	0	0.00%	1	20.00%	0	0.00%
Mortgage Service Ctr. of NE	77	9	11.69%	2	2.60%	2	2.60%	1	1.30%	14	18.18%	1	1.30%
Factory Point Nat. Bank	35	3	8.57%	1	2.86%	0	0.00%	0	0.00%	4	11.43%	0	0.00%
Charter One	365	23	6.30%	5	1.37%	6	1.64%	5	1.37%	39	10.68%	2	0.55%
Graystone Mortgage Company	1219	79	6.48%	12	0.98%	13	1.07%	13	1.07%	117	9.60%	5	0.41%
GMAC Mortgage	21	2	9.52%	0	0.00%	0	0.00%	0	0.00%	2	9.52%	0	0.00%
Peoples Trust Co.	76	4	5.26%	2	2.63%	1	1.32%	0	0.00%	7	9.21%	0	0.00%
Randolph National Bank	26	2	7.69%	0	0.00%	0	0.00%	0	0.00%	2	7.69%	0	0.00%
Chittenden Bank	2809	130	4.63%	23	0.82%	23	0.82%	36	1.28%	212	7.55%	12	0.43%
Passumpsic Savings Bank	160	10	6.25%	0	0.00%	0	0.00%	2	1.25%	12	7.50%	2	1.25%
Vermont Development CU	129	5	3.88%	1	0.78%	3	2.33%	0	0.00%	9	6.98%	1	0.78%
Community National Bank	332	15	4.52%	2	0.60%	4	1.20%	1	0.30%	22	6.63%	1	0.30%
Lyndonville Savings Bank	77	2	2.60%	0	0.00%	3	3.90%	0	0.00%	5	6.49%	1	1.30%
Merchants Bank	194	10	5.15%	0	0.00%	0	0.00%	2	1.03%	12	6.19%	1	0.52%
Union Bank	197	7	3.55%	1	0.51%	2	1.02%	0	0.00%	10	5.08%	0	0.00%
Brattleboro Savings & Loan	43	1	2.33%	1	2.33%	0	0.00%	0	0.00%	2	4.65%	0	0.00%
Northfield Savings Bank	154	3	1.95%	1	0.65%	3	1.95%	0	0.00%	7	4.55%	1	0.65%
Bennington Co-op S&L Assoc.	70	2	2.86%	1	1.43%	0	0.00%	0	0.00%	3	4.29%	0	0.00%
Citizens Savings Bank	122	2	1.64%	1	0.82%	1	0.82%	0	0.00%	4	3.28%	0	0.00%
Wells River Savings Bank	33	1	3.03%	0	0.00%	0	0.00%	0	0.00%	1	3.03%	0	0.00%
Connecticut River Bank	7	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Brandon Nat. Bank	13	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%
Heritage Family Credit Union	25	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
New England Federal CU	91	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Totals	6285	311	4.95%	53	0.84%	61	0.97%	60	0.95%	485	7.72%	27	0.43%
Totals Previous Month	6271	224	3.57%	55	0.88%	63	1.00%	61	0.97%	403	6.43%	30	0.48%
Totals Same Mo. Last Yr.	5979	261	4.37%	61	1.02%	130	2.17%	51	0.85%	503	8.41%	46	0.77%

Lenders	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Bennington Co-op S&L Assoc.	6.45%	3.23%	6.45%	6.45%	6.25%	2.99%	2.99%	2.94%	2.86%	2.86%	8.57%	7.04%	4.29%
Brattleboro Savings & Loan	6.45%	9.68%	6.45%	6.45%	6.25%	5.56%	5.56%	5.26%	4.88%	4.65%	4.65%	4.65%	4.65%
Charter One	10.08%	9.84%	12.01%	9.23%	10.88%	11.14%	10.96%	10.16%	9.21%	10.30%	9.78%	7.90%	10.68%
Chittenden Bank	6.70%	9.27%	9.02%	9.14%	9.45%	8.49%	8.83%	7.88%	6.69%	7.20%	7.75%	6.88%	7.55%
Citizens Savings Bank	9.24%	6.67%	7.50%	8.33%	8.26%	7.56%	7.50%	5.04%	4.96%	7.44%	7.38%	5.74%	3.28%
Community National Bank	9.21%	9.87%	7.67%	7.89%	7.24%	6.11%	7.03%	6.19%	6.44%	8.18%	7.32%	5.78%	6.63%
Connecticut River Bank	0.00%	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Factory Point Nat. Bank	6.06%	3.03%	3.13%	9.38%	12.12%	6.45%	12.90%	12.50%	12.12%	8.57%	2.94%	11.76%	11.43%
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%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
GMAC Mortgage	0.00%	0.00%	11.11%	11.11%	11.11%	0.00%	0.00%	8.33%	8.33%	8.33%	0.00%	5.88%	9.52%
Graystone Mortgage Company	14.75%	17.18%	16.88%	16.22%	12.22%	11.53%	13.07%	11.86%	12.73%	10.42%	10.80%	6.35%	9.60%
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%
Lyndonville Savings Bank	4.62%	6.25%	4.76%	4.76%	3.17%	6.45%	4.29%	4.11%	6.76%	6.58%	3.95%	3.90%	6.49%
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%	20.00%
Merchants Bank	3.54%	5.33%	4.55%	5.53%	2.83%	5.71%	8.74%	6.37%	4.48%	4.98%	4.48%	3.55%	6.19%
Mortgage Service Ctr. of NE	9.88%	9.88%	9.88%	8.75%	12.50%	15.00%	13.92%	14.10%	14.10%	19.23%	17.95%	14.29%	18.18%
New England Federal CU	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%
Northfield Savings Bank	0.70%	2.84%	1.43%	4.29%	3.57%	5.00%	4.90%	4.76%	6.67%	5.84%	5.19%	3.87%	4.55%
Passumpsic Savings Bank	10.90%	10.90%	10.26%	7.74%	8.33%	7.64%	7.10%	6.88%	9.26%	6.83%	8.64%	5.56%	7.50%
Peoples Trust Co.	7.32%	7.41%	8.64%	7.50%	5.13%	10.26%	8.86%	6.49%	6.58%	6.58%	7.89%	7.89%	9.21%
Randolph National Bank	9.68%	9.68%	3.33%	3.33%	6.67%	7.41%	7.41%	7.41%	7.41%	7.41%	3.70%	3.70%	7.69%
Union Bank	5.78%	8.67%	6.98%	8.72%	6.86%	5.71%	6.59%	6.28%	7.25%	5.70%	4.57%	5.08%	5.08%
Vermont Development CU	7.23%	8.43%	8.24%	9.41%	6.74%	6.38%	8.74%	8.11%	6.96%	8.06%	7.81%	6.30%	6.98%
Wells River Savings Bank	3.23%	0.00%	0.00%	0.00%	3.33%	3.23%	3.23%	3.13%	0.00%	0.00%	0.00%	0.00%	3.03%
Average	5.27%	5.53%	6.33%	5.77%	5.72%	5.30%	5.70%	5.51%	5.51%	5.57%	4.93%	4.64%	6.50%

REO INVENTORY REPORT
As of April 30, 2000

Mortgagor	REO Date	City	Total Cost Basis	Valuation Allowance as of 3/31/00	List Amount (2)	Current Appraisal	Date Last Appraised	Original Appraisal	Loan Date	Prop Type	Comments
Bushey	1/19/98	Fairfield	$ 67,457	$ 18,271	$ 64,900	$ 52,000	8/22/97	$ 62,000	9/20/95	MH	Working with interested buyer
Fuller	5/26/99	Duxbury	$ 68,470	$ 18,510	$ 38,000	$ 53,000	6/1/99	$ 65,000	12/16/94	MH	Sale fell through - back on market
Husted	8/18/99	Burke	$ 68,205	$ 35,098	$ 35,000	$ 41,300	8/2/99	$ 78,000	10/21/92	SF	Under deposit $35,000 - to close 5/8/00
Wilson	9/13/99	Marshfield	$ 66,681	$ 28,811	$ 39,000	$ 46,000	5/18/99	$ 66,000	5/11/95	SF	Under deposit $39,000
Hughs Sr	9/23/99	Bennington	$ 90,129	$ 15,516	$ 90,000	$ 78,000	10/27/99	$ 88,000	8/19/94	SF	Under deposit $90,000
Langevin	10/12/99	Williamstown	$ 61,614	$ 220	$ 59,900	$ 65,000	2/24/99	$ 69,500	9/21/89	SF	Reduced price to $59,900 -working with interested buyer
Currier	10/20/99	Albany	$ 46,628	$ 13,635	$ 30,000	$ 35,000	12/1/99	$ 52,000	12/14/89	SF	Buyer unable to get financing - under deposit again @ $30K
Durkee	10/28/99	Thetford	$ 91,398	$ 24,887	$ 81,000	$ 96,500	12/10/99	$ 100,000	9/29/94	SF	Under deposit $81,000 - to close 5/3/00
Johnson	11/4/99	Wells	$ 50,003	$ 26,026	$ 29,500	$ 40,000	12/6/99	$ 52,000	10/18/91	MH	Reduced price to $29,500 - no activity
Cayia	11/15/99	Barre Town	$ 50,099	$ 26,117	$ 24,000	$ 30,000	6/11/99	$ 47,000	6/26/95	SF	Under deposit $24,000
Bates	11/17/99	Ludlow	$ 88,282	$ (1,220)	$ 92,500	$ 104,000	9/29/99	$ 99,000	1/15/93	SF	Under deposit $92,500 - to close 5/1/00
Sunderland	11/17/99	Fairfax	$ 79,369	$ 26,634	$ 52,500	$ 55,000	11/16/99	$ 90,000	8/17/93	SF	Under deposit $52,500
Bauer	11/29/99	Tinmouth	$ 67,750	$ (359)	$ 70,000	$ 72,000	12/1/99	$ 83,100	7/18/95	MH	Under deposit $70,000 - to close 5/8/00
Gray	11/30/99	Lyndon	$ 52,240	$ 30,511	$ 22,900	$ 23,000	0101/2000	$ 52,000	8/11/94	MH	Under deposit $22,900 - to close 5/5/00
Simonds	12/6/99	Lunenburg	$ 52,425	$ 8,125	$ 59,900	$ 54,000	10/14/99	$ 75,000	10/5/90	MH	Relisted @ $59,900 4/21/00 - working with interested buyer
Potter	12/14/99	Rutland City	$ 72,222	$ 33,701	$ 56,000	$ 40,000	12/28/99	$ 74,000	6/28/95	SF	Under deposit $56,000
Lawson/Yarnell	12/27/99	Bennington	$ 49,823	$ 7,425	$ 45,000	$ 50,000	9/14/99	$ 56,000	9/1/98	SF	Under deposit $45,000
Lamery	2/9/00	Cabot	$ 65,485	$ -	$ -	$ -	9/4/91	$ 69,000	10/11/91	SF	Property occupied - borrower at guard camp - to vacate 5/21/00
Lamoureux	3/6/00	Shoreham	$ 79,465	$ -	$ 63,000	$ 60,000	4/13/00	$ 80,000	4/22/92	SF	Received verbal offer (low). High level of activity.
Maccioli	3/8/00	Bennington	$ 91,025	$ 24,623	$ 39,000	$ 48,000	4/11/00	$ 86,000	11/20/89	SF	Under deposit $39,000 - to close 5/11/00
Brintnall	3/14/00	Northfield	$ 36,123	$ -	$ 39,900	$ 38,000	3/16/00	$ 49,000	9/17/96	SF	Received $15,000 offer from investor - will counter.
Miller	3/17/00	Bennington	$ 74,930	$ 31,058	$ -	$ 52,500	3/28/00	$ 76,000	1/5/95	SF	Reordered Market Analysis - new broker
Cahoon	3/20/00	Rutland City	$ 93,878	$ 893	$ 88,000	$ 85,000	11/3/99	$ 90,000	5/28/93	SF	Under deposit $88,000
Angolano	3/23/00	Burlington	$ 74,393	$ -	$ 97,000	$ 83,000	5/4/99	$ 85,000	11/1/96	SF	Under deposit $97,000
Willis	4/10/00	Worcester	$ 32,293	$ -	$ 21,900	$ 22,000	3/9/00	$ 32,000	6/19/89	SF	Under deposit @ $21,900 - septic system found to be 275 gal oil tank
Chellis	4/11/00	Burlington	$ 68,168	$ -	$ 89,100	$ 81,000	3/30/00	$ 84,000	9/28/95	CONDO	Under deposit $89,100 - to close 5/4/00
Bradley	4/20/00	Marshfield	$ 21,529	$ -	$ 12,500	$ 10,000	3/20/00	$ 27,500	12/22/89	SF	
Roy	4/28/00	Cambridge	$ 74,536	$ -	$ -	$ -	7/11/94	$ 70,000	8/12/94	MH	Awaiting values to list
27			$ 1,834,620	$ 368,482	$ 1,340,500	$ 1,414,300		$ 1,957,100			

REOS that are under deposit
(1) Receipts column represents actual and projected mortgage insurance claim payments
(2) If Property is under deposit the List Price is the actual sale price.

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Dave Adams, Chief of Program Operations

DATE: May 18, 2000

RE: Multifamily Zero Percent Loan Policy

Attached for your review and approval is a draft of the proposed Multifamily Zero Percent Loan Policy. This policy is intended to serve as a guide which will determine how we will use excess interest earnings created from the refunding of bonds issued between 1977 and 1982, with lower rate bonds issued in 1995 and 1999.

The policy states the rules and regulations that determine how these funds can be used, along with the Agency's recommended uses within these parameters. The highest priority for use of zero percent funds will be given to those projects that are generating the excess interest earnings. Thirty percent of the projected funds over a rolling 12 month period will be retained for this purpose. The balance may be used for other existing projects and to supplement funding of new development loans.

Also attached is an update of the amount of Zero Percent funds available along with a list of projects that we see on the horizon that indicate a potential a need zero percent funding. The staff will allocate zero percent loans according to this policy going forward.

Recommended Action:
Your approval of this policy is recommended.

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
"MULTIFAMILY ZERO PERCENT" LENDING POLICY

The "Zero Percent" Lending Policy is intended to provide guidelines for the use of funds generated from "excess yield" on existing Section 8 project loans in the Agency's multifamily portfolio. Excess yield funds refer to the excess "interest" earnings available to the Agency that have been created by refunding underlying bonds (originally issued between 1977 to 1983) at high interest rates with bonds more recently issued (1995 Series A and 1999 Series A Bonds) at lower interest rates. VHFA is required to use "Excess Yield" in a manner governed by regulations related to the specific bond resolution from which the excess yield is being generated, as well as regulatory requirements established for Tax Exempt Mortgage Revenue Bonds as outlined below.

Of primary concern relating to the use of excess yield funds is recognition that these funds are a limited resource. These funds remain available for reinvestment in the form of zero percent loans only as long as the underlying Section 8 loans generating excess yield remain in the Agency's portfolio with original rates and terms. The agency acknowledges that projects generating excess yield are critical to the ongoing availability of these funds and will therefore place priority on reinvesting excess yield funds into those projects. In addition, the Agency will use zero percent loans in conjunction with new projects that promote the Agencies goals and use of VHFA financing programs.

COMPLIANCE WITH ARBITRAGE RULES

Use of excess yield funds in the form of zero percent loans shall be used to maximize resources to achieve the Agency's affordable housing mission while adhering to Arbitrage restrictions imposed by Internal Revenue Code, governing Tax Exempt Mortgage Revenue Bond offerings. Arbitrage restrictions limit the Agency to a maximum spread between the yield paid by the Agency to purchasers of the underlying bonds ("bond yield") and the interest earned by the Agency on loans financed by the bonds ("purpose obligation yield") to no more than 1.5%. The Agency will make all zero percent loans as "purpose obligations" defined as, loans made in accordance with the Agency's stated public purpose and governmental program requirements authorized by the related bond resolution. As such, all zero percent loans must be eligible for use in calculating a blended investment rate for all loans in the resolution. Loans which are classified as "non-purpose obligations" defined as being any loans made by the Agency that are outside its stated purpose or which do not meet the requirements of the underlying bond resolution, will not be eligible for the zero percent loan program.

COMPLIANCE WITH NON-ARBITRAGE RULES

There are certain basic tax rules that are unrelated to arbitrage restrictions but which affect the Agency's flexibility to granting loans using excess yield funds. Zero percent loan proceeds can be used for restructuring, preservation and lock-in of existing loans in the Agency portfolio that meet the underlying bond resolution requirements. All loans made with excess yield funds are to be "true loans" with reasonable expectation and ability to repay.

In order for zero percent loans to be used to meet the arbitrage requirements for blending rates, they must be: 1) be pledged to secure the 1995 and 1999 Bonds; 2) used for any purpose allowed under "the Act" (The Vermont Housing Finance Agency Act of 1974 as amended), and 3) a loan generally available to the public to provide housing, or to a 501(c)(3) organization for its charitable purposes or a loan to a state or political subdivision and secured by residential real property.

Zero percent funds may be used to make loans for preservation through acquisitions by nonprofits or to existing project owners to enable them to rehabilitate their projects or to fund extended affordability. These preservation loans must be made to a qualified housing sponsor on a project that already has a loan outstanding with VHFA and which meets the requirements of the underlying bond resolution.

Zero percent loans can also be made to owners of other unrelated projects (that is projects not already financed with another bond-financed loan in the portfolio), as long as the unrelated project loans are "purpose obligations" of the Agency and meet the requirements of the underlying bond resolution.

GENERAL REQUIREMENTS FOR ZERO PERCENT LOANS

All "Zero Percent" loans will be pledged as security for the 1995 and 1999 Series A Bonds, and may be made for any purpose authorized under the Vermont Housing Finance Agency Act (the "Act") of 1974 as amended.

All projects applying for the zero percent loan program are expected to have sought out other sources of funds needed to support the project. Projects must demonstrate the need for zero percent funds after all other resources have been exhausted.

Zero percent loans will only be made to projects that meet VHFA Multifamily underwriting requirements and must demonstrate financial viability projected for the entire term of the loan.

All loans made under the zero percent loan program, are expected to be paid in full with payment of principal and interest generally deferred until the stated maturity date of the note. Annual commitment of zero percent excess yield loans will not exceed current and anticipated excess yield earnings expected by the Agency within a one year period.

INTENDED USES FOR ZERO PERCENT LOANS:

Existing multifamily projects financed by VHFA:

VHFA will place the highest priority for the use of the zero percent pool on existing loans currently financed by the Agency, particularly those which are generating "excess yield". Zero percent loans on existing VHFA financed projects may be for the purpose of:

- To fund preservation incentives for existing project owners in exchange for lock-in and preservation agreements which extend the term of the affordability covenants a minimum of 15 years, but in no event for less than the term of the zero percent loan
-
- To fund rehabilitation of existing projects.
- To fund acquisition and/or rehab of existing projects by non-profit organizations and/or which insure long term preservation using affordable housing covenants.

The Agency will allocate **30%** of the excess yield funds projected to be generated over a rolling 12 month period for loans to existing VHFA financed projects.

New Development Loans:

Zero percent loans may be made in conjunction with other VHFA financing to acquire, rehabilitate or construct housing which meet the requirements of the underlying bond resolution and tax exempt mortgage revenue bond restrictions. Priority on new project loans will be given to those projects which are in line with state-wide housing initiatives promoting the creation of additional affordable housing units. Zero percent loans on new projects must:

- Demonstrate need for zero percent loan funds after having exhausted all other financing resources.
- Meet all requirements for the underlying bond resolution creating the excess yield pool as well as those requirements under the Tax Exempt Mortgage Revenue Bond rules.
- Must remain financially viable throughout the term of the loan
- Be made in conjunction with other VHFA financing, with priority to projects receiving permanent financing.

Mobile Home Parks:
Zero percent loans may be made to finance a loan to the owner of a mobile home park for infrastructure (pads, septic, roads, water, etc.), meeting the above criteria and are limited to non-profit owners or to a mobile home park cooperatives which insure long term affordability. Mobile home units within these parks must be set up as "complete living units", and can not be used for business purposes. Mobile home units must not be for "transient housing", that being no leases with terms of less than 30 days.

Loans on Single Family Housing Units:
Zero percent loans may be made to individuals for the purchase and improvement of single family houses, including mobile home units, as long as they are owner occupied and where the property is not being used for business purposes. The Agency will limit the use of zero percent loans in these cases to facilitate the sale of Agency REO properties, and where no other avenues are available, in single family loan workouts.

Loans for other purposes:
Zero percent loans may be made at the discretion of the Board of Commissioners for purposes not stated above, which meet the regulatory requirements of the 1995 and 1999 Mortgage Revenue bond requirements and which comply with the arbitrage limitations.

LOAN APPROVALS:

Loans made for existing multifamily projects and those to facilitate the sale of agency REO properties may be made with the approval of the Executive Director, the Chief of Program Operations or the Chief Financial Officer.

The Executive Director, the Chief of Program Operations, or the Chief Financial Officer, with the recommendation from the operations staff, may approve new development loans meeting the provisions of this policy up to and including $100,000. Other loan requests will follow VHFA approval guidelines.

Approved as of : ____________
Last Revised: ____________

0% Current Needs
Planned Multifamily Uses 2001

PROJECT	AMOUNT	ANTICIPATED USE & DATE	
Westminster	$ 90,000	Rehab/restoration of reserves	July
King Street	$125,000	NP Acquisition	June
Point School	$ 75,000	NP Acquisition/Preservation	Aug.
French Hill	$ 15,000	Replace leach field	July
Jeri-Hill Apts	$300,000	NP Acquisition/Preservation	July
Chester Arthur	$100,000	NP Acquisition/Preservation	Sept.
Mad River	$250,000	NP Acquisition/Preservation	Dec.
Valley View	$150,000	NP Acquisition/Preservation	Dec.
Bemis Block	$ 10,000	NP Preservation/rehab	Aug.
Hardwick	$ 90,000	NP Preservation/rehab	Aug.
Templeton	$250,000	Debt Restructuring/rehab	April
Depot II	$ 25,000	Rehab	Sept.
School Street	$ 25,000	Rehab	Oct.
Winchester	$125,000	Accommodation Loans (@ $11,363/mo)	
Alburg Family	$ 20,000	NP Acquisition/Preservation	Nov.
Garden Apts.	$ 50,000	Energy Conversion/rehab	Sept.
TOTAL	$1,700,000		

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Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Dave Adams, Chief of Program Operations

DATE: May 18, 2000

RE: Consolidation of Servicers - Guidelines

As part of our strategic initiatives for this year, the Homeownership Department has been challenged to manage the number and type of approved lenders servicing VHFA single family mortgage loans. Management has felt that greater efficiencies can be achieved by consolidating small or inactive servicers, restricting out-of-state servicers and automating monthly reporting mechanisms with our remaining servicers.

As of this writing, VHFA has 6,271 loans that are serviced by 25 lenders. The average servicing portfolio size of the lenders is 250 loans. It is generally recognized that portfolio's of this size are not cost effective or efficient to service either for the lender or the agency. The guidelines are intended to be as sensitive to our Vermont based community lenders as possible. It is our intent not to mandate consolidation at this time and to contact each lender individually to encourage consolidation.

Under the guidelines proposed, we would intend to encourage those lenders servicing under 100 loans to transfer their servicing to VHFA. We will also target lenders who no longer participate in our new loan programs and those overall performance with is poor for consolidation.

We believe that there is a potential under these guidelines to reduce the number of servicers from 25 to less than 12. A list of those lenders we feel could be consolidated is attached, with those lenders shown in the highlighted area of the spreadsheet.

<u>**Recommended action:**</u>
The staff is recommending adopting of the guidelines attached for consolidating servicers.

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GUIDELINE FOR APPROVING NEW SERVICERS AND CONSOLIDATING EXISTING SERVICERS

OVERVIEW

VHFA has strategically determined that it is in the best interest of the Agency and its long term mission of providing affordable housing in Vermont, to consolidate the numbers of lenders it has approved to service VHFA residential mortgage loans. The purpose of creating these guidelines is to provide direction to the Agency that improves operating efficiency without sacrificing our commitment to customer service or to the relationship we have with our existing Vermont based, community lending partners. These guidelines are made in recognition of changes in the landscape of our lending partners which has resulted in an increase in the number of non-servicing mortgage companies and regional or national banks who are originating but unable to service VHFA mortgage loans.

VHFA desires to consolidate, wherever possible, the number of servicers who service a relatively small number of VHFA loans to improve operating efficiencies. The Agency wishes to minimize the number of out of state servicers and will only maintain those currently servicing loans for VHFA and will only approve others who have been solicited by VHFA. The Agency acknowledges that many Vermont based community banks have expressed concern that any loan originated by them, could potentially be serviced by a competitor bank. To this end, VHFA will use the following guidelines for consolidating existing servicers and or approving any new servicer.

GUIDELINES FOR APPROVAL OF NEW AND CONSOLIDATION OF SERVICERS

- VHFA servicers must continue to actively originate VHFA mortgage loans, selling a minimum of two million dollars per year to VHFA.
- Other than VHFA's currently approved servicers, sub-servicer, or master servicer (or those solicited by VHFA through a bidding and due diligence process) no new servicers will be approved that are not based in Vermont.
- Must currently be servicing a minimum of 100 VHFA loans, or have production that would increase their VHFA servicing portfolio size to 100 within two years of approval..
- VHFA servicers must have the ability to electronically transmit monthly remittance and reconciliation reports acceptable to VHFA and commit to the Agency to establish an electronic data interchange.
- The servicer must maintain acceptable levels of delinquencies defined as being consistently below a level not greater than 10% above the average overall delinquency level for VHFA's total residential loan portfolio.
- Approved servicers must execute a VHFA Servicing Agreement and agree to participate in training programs offered from time to time by the Agency.
- VHFA will avoid wherever possible selecting a sub-servicer who would compete or otherwise create a conflict of interest with an existing approved servicer for its customers. In addition, VHFA's sub-servicer will not solicit VHFA loans for refinancing business. Any request for refinancing from an existing borrower will be referred to the originating lender whenever possible.

Approved as of: ____________
Revised:

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: March 2000

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO	
Chittenden Bank	2807	105	3.74%	22	0.78%	30	1.07%	36	1.28%	193	6.88%	16	0.57%
Banknorth Mortgage Co.	710	30	4.23%	8	1.13%	6	0.85%	6	0.85%	50	7.04%	1	0.14%
Graystone Mortgage Company	504	17	3.37%	5	0.99%	4	0.79%	6	1.19%	32	6.35%	4	0.79%
Charter One	367	15	4.09%	4	1.09%	5	1.36%	5	1.36%	29	7.90%	3	0.82%
Community National Bank	329	11	3.34%	3	0.91%	4	1.22%	1	0.30%	19	5.78%	2	0.61%
Union Bank	197	6	3.05%	2	1.02%	2	1.02%	0	0.00%	10	5.08%	0	0.00%
Merchants Bank	197	4	2.03%	0	0.00%	1	0.51%	2	1.02%	7	3.55%	0	0.00%
Passumpsic Savings Bank	162	5	3.09%	0	0.00%	2	1.23%	2	1.23%	9	5.56%	2	1.23%
Northfield Savings Bank	155	2	1.29%	2	1.29%	1	0.65%	1	0.65%	6	3.87%	0	0.00%
Vermont Development CU	127	3	2.36%	2	1.57%	3	2.36%	0	0.00%	8	6.30%	1	0.79%
Citizens Savings Bank	122	6	4.92%	0	0.00%	1	0.82%	0	0.00%	7	5.74%	0	0.00%
New England Federal CU	86	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mortgage Service Ctr. of NE	77	6	7.79%	3	3.90%	1	1.30%	1	1.30%	11	14.29%	1	1.30%
Lyndonville Savings Bank	77	0	0.00%	1	1.30%	1	1.30%	1	1.30%	3	3.90%	0	0.00%
Peoples Trust Co.	76	4	5.26%	1	1.32%	1	1.32%	0	0.00%	6	7.89%	0	0.00%
Bennington Co-op S&L Assoc	71	3	4.23%	1	1.41%	1	1.41%	0	0.00%	5	7.04%	0	0.00%
Brattleboro Savings & Loan	43	1	2.33%	1	2.33%	0	0.00%	0	0.00%	2	4.65%	0	0.00%
Factory Point Nat. Bank	34	4	11.76%	0	0.00%	0	0.00%	0	0.00%	4	11.76%	0	0.00%
Wells River Savings Bank	33	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Randolph National Bank	27	1	3.70%	0	0.00%	0	0.00%	0	0.00%	1	3.70%	0	0.00%
Heritage Family Credit Union	23	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
GMAC Mortgage	17	1	5.88%	0	0.00%	0	0.00%	0	0.00%	1	5.88%	0	0.00%
First Brandon Nat. Bank	13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Connecticut River Bank	7	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%
Mascoma Savings Bank	5	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Totals	6271	224	3.57%	55	0.88%	63	1.00%	61	0.97%	403	6.43%	30	0.48%
Totals Previous Month	6297	307	4.88%	69	1.10%	80	1.27%	62	0.98%	518	8.23%	29	0.46%

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Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: MAY 19, 2000

RE: FUNDING ENERGY EFFICIENCY UTILITY

At the March Board meeting we discussed the funding of a line of credit with the Vermont Energy Investment Corporation (VEIC) related to their State Energy Efficiency Utility initiative. A couple of concerns were raised during the discussion about State liability and credit standing of the various utility organizations that fund the Energy Efficiency Utility (EEU). We contemplated an involvement in issuing debt (estimated at approximately $3 million) to fund shortages in cash flow from the Public Service Board (PSB) during the three-year contract agreement. Since the last meeting payments have started to flow from the PSB to VEIC. VEIC has been utilizing their $1.5 million line of credit with the Chittenden Bank to supplement the PSB payments. At this point in time that credit facility has been sufficient to meet VEIC cash flow needs.

Now that the program is in operation, VEIC estimates that they would only need a $2 million facility for their cash flow shortages. Although, Chittenden has provided them with a reasonable rate, they would like to be able to utilize the best rate available. We would intend to use our line of credit with the Howard Bank to make advances to VEIC. We think a line of credit program to VEIC is manageable based on our $5 million loan limit with the Howard. A fixed spread of 1% over our cost of funds similar to the bridge line of credit arrangement we have with Housing Vermont would be replicated.

Recommended Action

Approval to negotiate a line of credit agreement with VEIC, not to exceed $2 million for a period of up to three years, at a fixed rate over our cost of funds. Obtain a collateral assignment of contract security feature which enable us to access funds from the Public Service Board in case of default.

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Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: May 19, 2000

RE: SINGLE FAMILY BOND FINANCING

We have had an initial conference call with our bond financing team to formulate strategies regarding a new bond financing. The Series 12 mortgage money is expected to be used up before the end of June. The original estimated Series 13 bond schedule would have us pricing and selling bonds the last week of June. We have about $5.9 million of 7.55% (no point) funds remaining from the Series 12 (last) financing. It appears that the current market rates would produce a similar rate to the existing program. We are also reviewing the availability of recyclable funds from Series 7-9. Our preliminary calculations indicate that we have a pool of almost $11 million that we could recycle at rates at or below the currently offered rate of 7.55%. Current conventional mortgage rates are in the 9% range (with no points). We would continue to enjoy a strong rate advantage against the conventional market, which may accelerate our origination schedule.

The market pressures are expected to continue to push rates up at least until the next Federal Open Market Committee meeting schedule for June 27th. Our intention is to continue to monitor the current market, utilize our recyclable pool and move forward with a new financing as those funds ate utilized and the bond market stabilizes. We would put documents together so that we could issue bonds on short notice but with a new targeted date of mid-August. The size and structure would be nearly identical to the last financing with lendable proceeds in the $30 million range and a bond issue size (including notes) of about $65 million and using $28 million of the volume cap we set-aside for single family purposes.

Recommended Action
Proceed with the plan of action outlined in this memorandum.

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EQUAL HOUSING OPPORTUNITY

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Vermont Housing Finance Agency

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: MAY 19, 2000

RE: GENERAL FUND BUDGET PERFORMANCE

This is the second month of the revised monthly activity report for the General Fund. This is also the first quarter we are implementing the full summary financial report format off our reporting system. Since we did not meet last month, this will be the first opportunity to discuss how the new report format works for Commissioners. We are interested in your feedback to improve our financial reports. Several of the comments regarding the General fund budget report will be similar to those mentioned last month. Recommendations for budget amendments will be discussed at the Board meeting and will cover areas addressed below in the comments.

INCOME. Although, we continue to lag in multi-family fees, we are quite busy in working on financings. The fees are not recognized until the closings take place. Our General Funds loan volume has also been lower than expected resulting in earnings lower than budgeted.

FUND TRANSFERS. The transfers of funds from the Programs to the General Fund have been collected as expected. Transfers will be made of the remaining single family bond programs in May and June.

EXPENSES. Total expenses are at 77% of budget although a couple of accounts have significant variances from original budgeted amounts. Lender origination fees and contract services for underwriting are well over budget to the continued high volume and utilization of no-point mortgage products. Advertising for new bond issues and loan losses continue to be well under budget. Loan losses are running at $350,000 under budget for the year to date.

CAPITAL BUDGET. The approved capital budget for the fiscal year was $92,500, of which $20,000 was expended representing 22% of the capital budget. Exterior building work continues to be deferred and delayed purchase of a computer server are the major causes.

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

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EQUAL HOUSING OPPORTUNITY

Vermont Housing Finance Agency
INTERIM BUDGET REPORT
INCOME AND FUND TRANSFERS
THRU 04/30/2000

Portion of year expired = 83%

Portion of year remaining = 17%

	BUDGET:		RECEIVED:				REMAINING:	
	Approved Annual Budget	Prorata YTD Budget Thru 04/30/2000	Amount Received YTD Thru 04/30/2000	Percentage of Annual Budget Received Thru 04/30/2000	Amount (Over) Under Prorata YTD Budget As of 04/30/2000	Percent Over(-) Under Prorata YTD Budget Thru 04/30/2000	Amount Outstanding As of 04/30/2000	Percent Outstanding As of 04/30/2000
INCOME:								
Single family Fees	49,000.00	40,833.32	42,561.53	86.86%	(1,728.21)	-4.23%	6,438.47	13.14%
Multi-family Fees	294,000.00	244,999.90	176,453.76	60.02%	68,546.14	27.98%	117,546.24	39.98%
Servicing Fees	22,000.00	18,333.33	7,757.56	35.26%	10,575.77	57.69%	14,242.44	64.74%
Interest Income - Loans	1,100,000.00	916,666.30	784,804.35	71.35%	131,861.95	14.38%	315,195.65	28.65%
Interest Income - Investments	50,000.00	41,666.65	47,412.80	94.83%	(5,746.15)	-13.79%	2,587.20	5.17%
VHMGB Fees	6,000.00	5,000.00	2,117.06	35.28%	2,882.94	57.66%	3,882.94	64.72%
Miscellaneous Income	145,000.00	120,833.29	105,101.73	72.48%	15,731.56	13.02%	39,898.27	27.52%
Total Income	$1,666,000.00	$1,388,332.79	$1,166,208.79	70.00%	$222,124.00	16.00%	$499,791.21	30.00%
NET FUND TRANSFERS:								
SF Housing Program	2,500,000.00	2,083,332.50	1,290,287.47	51.61%	793,045.03	-38.07%	1,209,712.53	48.39%
~~SF Insured Mortgage Program~~	~~400,000.00~~	~~333,333.20~~	~~0.00~~	~~0.00%~~	~~333,333.20~~	~~-100.00%~~	~~400,000.00~~	~~100.00%~~
SF Mtge Purchase Program	25,000.00	20,833.33	0.00	0.00%	20,833.33	-100.00%	25,000.00	100.00%
SF Home Mtge Purch Program	820,000.00	683,333.06	140,900.00	17.18%	542,433.06	-79.38%	679,100.00	82.82%
MF Mortgage Bonds	440,000.00	366,666.52	440,000.00	100.00%	(73,333.48)	20.00%	0.00	0.00%
MF Housing Bonds	255,000.00	212,499.92	108,439.66	42.53%	104,060.26	-48.97%	146,560.34	57.47%
MF Housing Developmnt Bonds	20,000.00	16,666.66	10,000.00	50.00%	6,666.66	-40.00%	10,000.00	50.00%
MF Direct Placement Bonds	35,000.00	29,166.66	26,500.00	75.71%	2,666.66	-9.14%	8,500.00	24.29%
New Bonds Cost of Issuance	100,000.00	83,333.30	100,000.00	100.00%	(16,666.70)	20.00%	0.00	0.00%
Total Fund Transfers	$4,595,000.00	$3,829,165.15	$2,116,127.13	46.05%	$1,713,038.02	-44.74%	$2,478,872.87	53.95%
Total Income & Transfers	6,261,000.00	5,217,497.94	3,282,335.92	52.43%	$1,935,162.02	-37.09%	$2,978,664.08	47.57%

Vermont Housing Finance Agency
INTERIM BUDGET REPORT
EXPENSES AND OTHER COSTS
THRU 04/30/2000

Portion of year expired = 83%

Portion of year remaining = 17%

	BUDGET:		EXPENDED:				REMAINING:	
	Approved Annual Budget	Prorata YTD Budget Thru 04/30/2000	Amount Expended YTD Thru 04/30/2000	Percentage of Annual Budget Expended Thru 04/30/2000	Amount (Over) Under Prorata YTD Budget As of 04/30/2000	Percent Over(-) Under Prorata YTD Budget Thru 04/30/2000	Amount Unexpended As of 04/30/2000	Percent Unexpended As of 04/30/2000
OPERATING EXPENSES:								
Salaries and Wages	1,475,688.41	1,229,691.15	1,229,498.25	83.32%	192.90	0.02%	246,190.16	16.68%
Consulting	225,500.00	187,909.15	69,966.67	31.03%	117,942.48	62.77%	155,533.33	68.97%
Trustee Fees	215,000.00	179,159.50	117,678.70	54.73%	61,480.80	34.32%	97,321.30	45.27%
Group Insurance	195,355.00	162,789.32	170,868.30	87.47%	(8,078.98)	-4.96%	24,486.70	12.53%
Advertising	125,000.00	104,162.50	99,892.26	79.91%	4,270.24	4.10%	25,107.74	20.09%
Depreciation	160,000.00	133,328.00	134,586.89	84.12%	(1,258.89)	-0.94%	25,413.11	15.88%
Pension	126,000.00	104,995.80	116,487.40	92.45%	(11,491.60)	-10.94%	9,512.60	7.55%
Payroll Taxes	112,890.00	94,071.24	96,357.16	85.35%	(2,285.92)	-2.43%	16,532.84	14.65%
Legal	95,000.00	79,163.50	70,572.37	74.29%	8,591.13	10.85%	24,427.63	25.71%
Travel & Training	83,500.00	69,580.55	49,496.25	59.28%	20,084.30	28.86%	34,003.75	40.72%
Occupancy	70,000.00	58,331.00	60,415.95	86.31%	(2,084.95)	-3.57%	9,584.05	13.69%
Telephone	52,000.00	43,331.60	34,807.29	66.94%	8,524.31	19.67%	17,192.71	33.06%
Maintenace Agreements	49,000.00	40,831.70	27,555.70	56.24%	13,276.00	32.51%	21,444.30	43.76%
Audit	46,000.00	38,331.80	44,561.27	96.87%	(6,229.47)	-16.25%	1,438.73	3.13%
Interest	40,000.00	33,332.00	32,466.03	81.17%	865.97	2.60%	7,533.97	18.83%
Dues & Subscriptions	34,815.00	29,011.34	25,658.49	73.70%	3,352.85	11.56%	9,156.51	26.30%
Office Supplies	29,000.00	24,165.70	23,864.80	82.29%	300.90	1.25%	5,135.20	17.71%
Contract Services	24,500.00	20,415.85	28,415.00	115.98%	(7,999.15)	-39.18%	(3,915.00)	-15.98%
Promotion	17,000.00	14,166.10	2,667.00	15.69%	11,499.10	81.17%	14,333.00	84.31%
Postage	17,000.00	14,166.10	12,121.35	71.30%	2,044.75	14.43%	4,878.65	28.70%
Printing	12,000.00	9,999.60	0.00	0.00%	9,999.60	100.00%	12,000.00	100.00%
Liability Insurance	12,000.00	9,999.60	12,421.94	103.52%	(2,422.34)	-24.22%	(421.94)	-3.52%
Miscellaneous	8,900.00	7,416.37	9,794.97	110.06%	(2,378.60)	-32.07%	(894.97)	-10.06%
Commisioners Fees	4,500.00	3,749.85	3,062.91	68.06%	686.94	18.32%	1,437.09	31.94%
Total Operating Expenses	$3,230,648.41	$2,692,099.32	$2,473,216.95	76.55%	$218,882.37	8.13%	$757,431.46	23.45%
OTHER COSTS:								
Lender Origination Fees	335,000.00	279,155.50	530,393.87	158.33%	(251,238.37)	-90.00%	($195,393.87)	-58.33%
Loan Interest Cost	640,000.00	533,312.00	608,250.55	95.04%	(74,938.55)	-14.05%	$31,749.45	4.96%
Organizational Subsidies	186,000.00	154,993.80	105,689.00	56.82%	49,304.80	31.81%	$80,311.00	43.18%
Advertising - New Bond COI	100,000.00	83,330.00	14,958.64	14.96%	68,371.36	82.05%	$85,041.36	85.04%
Program Loan Losses	1,700,000.00	1,416,610.00	1,062,960.34	62.53%	353,649.66	24.96%	$637,039.66	37.47%
Total Other Costs	$2,961,000.00	$2,467,401.30	$2,322,252.40	78.43%	$145,148.90	-5.88%	$638,747.60	21.57%
Total Expenses	$6,191,648.41	$5,159,500.62	$4,795,469.35	77.45%	$364,031.27	-7.06%	$1,396,179.06	22.55%
Total Surplus (Deficit)	69,351.59	57,792.99	(1,513,133.43)		(1,571,130.75)			

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Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: MAY 19, 2000

RE: MARCH 2000 FINANCIALS

Attached to this memorandum is the balance sheet and statement of revenues for the bond programs and the General Fund through March 31, 2000. The results continue to be in line with expectations. This is the first quarter we are using the reports off our Mitas system.

Balance Sheet. Total assets are $770 million compared with $745 million in December and $622 million in March of 1999. One of the best benchmarks for our continued profitability is outstanding loan balances that have increased by $34 million over the last year. We have purchased $56 million of single family mortgages so far this fiscal year. Fund balances total $54.5 million compared to $52.1 million in March 1999. We are now showing a separate line item indicating the loan loss reserve (below the loans receivable) amounting to $2.4 million at March 2000.

Statement of Revenues. Revenues exceeded expenses by $2 million for the nine months ended March 31, 2000, compared to a small loss for the same period last year. Last year there was a market value loss on investments of $500,000, loan losses of $1 million and losses recognized on bond redemptions of $1.5 million. In the current year, although loan losses were about the same, losses on bond redemptions were only $200,000 and investment market value loss was under $100,000. The effect of these comparisons, is that we were about $500,000 more profitable for the nine month period after discounting the special adjustments for redemptions and market value change. We have reformatted the income statement to show surplus before market value change in investments.

If you have any questions regarding the financial statements as of March 31, 2000, feel free to call me at your convenience or bring your questions to the Board 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**

VERMONT HOUSING FINANCE AGENCY Consolidated Financial Statements Date: 03/31/2000

	GENERAL FUND	SINGLE FAMILY	MULTI FAMILY	TOTAL
ASSETS				
Cash and cash equivalents	5,858,458.41	123,139,477.32	11,331,733.05	140,329,668.78
Investments	100,000.00	146,765,283.23	8,084,087.81	154,949,371.04
Mortgage and construction loan	13,558,664.58	362,363,362.84	83,724,398.48	459,646,425.90
Less: reserve for loan losses		2,406,676.00-		2,406,676.00-
Accrued interest receivable				
-Mortgage and notes	774,125.64	2,310,535.83	525,669.18	3,610,330.65
-Investments	26,283.54	6,180,288.52	110,289.48	6,316,861.54
Deferred cost of bond issuance		2,386,269.59	809,147.70	3,195,417.29
Office furniture and fixtures	1,558,745.27			1,558,745.27
Less: accumulated depreciation	1,393,844.45-			1,393,844.45-
Land	775,000.00			775,000.00
Building	1,000,833.95			1,000,833.95
Other receivables:prepaids	527,115.31	457,610.43	15,855.00	1,000,580.74
Interfund receivables	353,680.13-	27,867.52	325,812.61	
Other assets		1,851,773.03		1,851,773.03
TOTAL ASSETS	22,431,702.12	643,075,792.31	104,926,993.31	770,434,487.74
LIABILITIES & FUND BALANCE				
Deferred income	118,598.68			118,598.68
Accounts payable	424,708.93	720,794.95	109,060.62	1,254,564.50
Escrowed cash deposits	3,524,324.54	45,231.25-	1,566,583.16	5,045,676.45
Notes payable	9,537,803.06	107,000,000.00		116,537,803.06
Accrued interest	67,447.44	13,760,032.14	712,229.03	14,539,708.61
Accreted interest				
Bonds payable	611,060.55	493,325,000.00	90,758,298.60	584,694,359.15
Unamortized premium on bonds		4,287,018.88-	1,955,573.09-	6,242,591.97-
Fund balance	8,147,758.92	32,602,215.35	13,736,394.99	54,486,369.26
TOTAL LIABILITIES & FUND BAL	22,431,702.12	643,075,792.31	104,926,993.31	770,434,487.74

VERMONT HOUSING FINANCE AGENCY Consolidated Financial Statements Date: 03/31/2000

	GENERAL FUND	SINGLE FAMILY	MULTI FAMILY	TOTAL
REVENUES:				
Interest Income:				
Mortgage & construction loans	706,542.69	20,044,951.40	5,346,979.85	26,098,473.94
Investments	43,068.12	10,217,569.93	967,484.29	11,228,122.34
Fee income:				
Multi-family programs	136,803.25		71,499.87	208,303.12
Single family programs	109,205.98			109,205.98
Grant income	60,400.00			60,400.00
VHMGB income	2,117.06			2,117.06
Miscellaneous income	45,668.79			45,668.79
TOTAL REVENUES	1,103,805.89	30,262,521.33	6,385,964.01	37,752,291.23
EXPENSES:				
Financing costs: including interest and amorti zation of premium, discount & costs of issuance	1,180,471.06	25,189,442.32	4,884,286.57	31,254,199.95
Mortgage service, contract administration fees, & proper ty disposition expense	15,808.53	944,117.47		959,926.00
Salaries and benefits	1,455,042.85			1,455,042.85
Operating expenses	589,878.16			589,878.16
Professional fees	110,089.15			110,089.15
Trustee and assignee fees	108,207.78			108,207.78
Loss on bond redemptions		207,255.09		207,255.09
Foreclosed property loss	14,640.93-	982,566.88		967,925.95
TOTAL EXPENSES	3,444,856.60	27,323,381.76	4,884,286.57	35,652,524.93
Surplus before change in investment market value	2,341,050.71-	2,939,139.57	1,501,677.44	2,099,766.30
Change in investment value		79,532.46-	16,907.27	62,625.19-
Excess (deficiency) of revenues over expenses	2,341,050.71-	2,859,607.11	1,518,584.71	2,037,141.11
Fund balance, beginning	8,161,385.86	31,485,092.35	12,802,749.94	52,449,228.15
Transfer to program funds				
Transfer to General Fund	2,327,423.77	1,742,484.11-	584,939.66-	
Fund balance, end of period	8,147,758.92	32,602,215.35	13,736,394.99	54,486,369.26

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Vermont Housing Finance Agency

MEMORANDUM

TO: **VHFA Board of Commissioners**

FROM: **Dave Adams, Chief of Program Operations**

DATE: **May 16, 2000**

RE: **MCC PROGRAM:**

In October 1998, the VHFA Board approved the reallocation of $8 million in MRB volume cap authority to the Mortgage Credit Certificate (MCC) program. This allocation made $2 million dollars available for MCC's and was intended to last from October 1998 to December 31st, 2000. As of this writing, we have just under $300,000 of MCC authority remaining. It is anticipated that we will use this up by May 26th. We temporarily suspended the MCC program effective May 23rd, by fax notice to our lenders. We are recommending that the board not reallocate bonding authority to continue the MCC program for the following reasons:

- Bond Authority granted to VHFA by the State Emergency Board totaled $71 million for year 2000. Single family loan production combined with Multifamily development applications, indicate the need for all bond authority to remain allocated to loan programs.
- VHFA gives up significant earnings on the MCC program versus the MRB loans. Reallocation of $8 million in volume cap needed to support a $2 million MCC program will cost the agency $70,000 per year in opportunity loss. This reflects the difference in the loss of 1.125% interest income and the one-time fee income from the MCC's issued.

The downside to suspending this program will be the negative feedback we will receive from those lending partners using the program. We are seeing most MCC's used by mortgage companies in conjunction with an FHA loans that are not sold to VHFA. A list of lending partners using the MCC program and their corresponding volume is attached.

Recommended Action:

The staff recommends that the Board approve suspension of the MCC program until such time as there is sufficient volume cap available to the Agency to offer this program without cutting into volume cap needed to support the Agency's loan programs.

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**

MCC PRODUCTION IN THE MOST RECENT ISSUE (Series 10 Bond Authority) FOR THE PERIOD OF OCTOBER 1998 TO MAY 2000.

Banknorth	19
Universal Mortgage	15
Chittenden	10
CTX Mortgage Co.	10
Summit Financial	6
Commonwealth United	4
National City Mortgage Co.	4
Northfield Savings	3
GMAC	3
Wells Fargo	2
VBT St Employees Cr Un	2
Albank	1
New England Federal Credit Union	1
Keybank	1
Heritage Family	1
Citimortgage, Inc.	1

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Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter CR

DATE: May 18, 2000

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

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

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

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

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

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

WHEREAS, a proposal has been presented to the Agency by the Hillcrest Views Limited Partnership, whose general partner is Vermont State Housing Authority, involving the rehabilitation of 34 units of rental housing in the Town of St. Albans and the acquisition and rehabilitation of 4 units of rental housing in the City of St. Albans (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $800,000 aggregate principal amount (the "Bonds") to finance a loan to the Hillcrest Views Limited Partnership (the "Borrower") to rehabilitate 34 units of rental housing and acquire and rehabilitate an additional four units of rental housing (the "Project") in St. Albans, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a mortgage loan in the amount of up to $800,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible;

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid, dated May 18, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The construction costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will increase the supply of well-planned, well-designed permanent, temporary, transitional or emergency housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The sponsor and its general partner are financially responsible and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a mortgage loan to Hillcrest Views Limited Partnership for construction financing in an amount not to exceed $800,000; the term of the construction loan will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsor must provide a Phase I Environmental Site Assessment (ESA) and address any findings of the Assessment in the scope of work to the satisfaction of the Agency;

   b) Sponsor must provide evidence of necessary permits;

   c) Sponsor must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

   d) Sponsor must demonstrate that there is adequate contingency budgeted prior to closing;

   e) Sponsor must provide evidence of competitive bidding.

3. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and construct the Project is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in their discretion, issue a Commitment Letter for an interim loan for the acquisition and construction of the Development, in an amount not to exceed $800,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds. The Sponsor shall be responsible for loan fees. The Commitment Letter may be issued to Vermont State Housing Authority as a representative of the limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on May 25, 2000.

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

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Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter CR

DATE: May 18, 2000

RE: Multifamily Loan Application for Anderson Parkway Housing

Name:	Anderson Parkway Housing	**Location:**	South Burlington
Housing Type:	Family	**Unit Type:**	Townhouses/ Flats
Total Units:	18	**Unit Sizes:**	2 bedroom (1039 avg sf)
Total Cost:	$2,679,207	**Per Unit Cost:**	$148,845
Loan Requested:	$550,000 construction	**Housing Credits:**	$32,744
Other Funding:	VHCB, HOME, VCDP, Housing Credits, VHFA permanent debt		
Sponsors:	Lake Champlain Housing Development Corporation (LCHDC), Housing Vermont (HVT)		

Anderson Parkway, formerly known as "South Burlington Community Housing" and "Hayden Parkway", has a VHFA permanent loan commitment of $250,000, and has a $141,000 commitment of 2000 Housing Credits. It is an 18-unit (nine duplexes) new construction family development off of Hayden Parkway and Williston Road in South Burlington. The project's approval was appealed by one of the neighbors, delaying the development process. The sponsor obtained new cost estimates, resulting in an 18% increase over last year. The sponsor is now requesting a tax exempt construction loan in order to obtain 4% tax credits to make up the gap caused by the increase in construction costs and costs related to the appeal. The "9%" credits are being shifted to six buildings and the "4%" credits will be utilized on three buildings. The Sponsor obtained an increase in its funding award from VHCB, and has made a request for $50,000 in additional funding to VCDP, which will be decided by early June. The sitework in this project is unusually expensive due largely to a requirement that a storm water pumping system be installed. The project received a waiver from the Housing Credit cost limits last year due to the expense associated with the storm water issue. An as built appraisal is in process but has not yet been completed. All other funding (except for additional VCDP) is committed; the sponsor plans to acquire the parcel by June 1st and begin construction by mid-June.

Recommendation: That the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board authorize the Executive Director and the Chief of Program Operations to issue a Letter of Interest and a Commitment Letter to finance this development upon satisfactory completion of staff underwriting and due diligence.

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT RE: CONSTRUCTION FINANCING FOR ANDERSON PARKWAY HOUSING, SOUTH BURLINGTON

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, a proposal has been presented to the Agency by the Anderson Housing Limited Partnership, whose general partners are H.V. 2000, Inc., and Lake Champlain Housing Ventures Inc., involving the new construction of 18 units of rental housing in the City of South Burlington (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to the issuance and sale of tax-exempt bonds of not more than $600,000 aggregate principal amount (the "Bonds") to finance a loan to the Anderson Housing Limited Partnership (the "Borrower") to construct 18 units of rental housing (the "Project") in South Burlington, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $600,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible;

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid, dated May 18, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The construction costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will increase the supply of well-planned, well-designed permanent, temporary, transitional or emergency housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The sponsor and its general partner are financially responsible and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to Anderson Housing Limited Partnership for construction financing in an amount not to exceed $600,000; the term of the construction loan will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsor must provide an as built appraisal satisfactory to VHFA;

   b) Sponsor must address the issues regarding the existing underground storage tank identified in the Level I Environmental Site Assessment, and provide documentation as appropriate, to the satisfaction of VHFA;

   c) Sponsor must provide evidence of necessary permits;

   d) Sponsor must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

   e) Sponsor must provide evidence of competitive bidding.

3. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and construct the Project is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally

approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in her/his discretion, issue a Commitment Letter for construction of the Development, in an amount not to exceed $600,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds. The Sponsor shall be responsible for loan fees. The Commitment Letter may be issued to H. V. 2000, Inc. and Lake Champlain Housing Ventures Inc. as representatives of the limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director, Chief of Program Operations and the Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on May 25, 2000.

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. IN A MAXIMUM AMOUNT OF $600,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO ANDERSON HOUSING LIMITED PARTNERSHIP TO FINANCE THE CONSTRUCTION OF AN 18-UNIT DEVELOPMENT IN SOUTH BURLINGTON

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow moneys on the basis of its general credit and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $600,000 aggregate principal amount to Stratevest & Co., or some other subsidiary of BankNorth Group, Inc. (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance a construction loan to Anderson Housing Limited Partnership (the "Borrower") to construct an 18-unit development (the "Project") in South Burlington, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $600,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 25th day of May, 2000.

VERMONT HOUSING FINANCE AGENCY

By ______________________
Executive Director

Attest:

By ______________________
Authorized Officer

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Montpelier, Vermont, on May 25, 2000.

____

SARAH E. CARPENTER
Executive Director and Secretary
Vermont Housing Finance Agency

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer JE

DATE: May 18, 2000

RE: Multifamily Loan Application for McAuley Square Housing

Name:	McAuley Square Housing	**Location:**	Burlington
Housing Type:	Senior / Family	**Unit Type:**	Flats
Total Units:	74	**Unit Sizes:**	6 Efficiencies (467 avg sf) 41 1 bedroom (609 avg sf) 25 2 bedroom (859 avg sf) 2 3 bedroom (1,019 avg sf)
Total Cost:	$9,063,920	**Per Unit Cost:**	$122,485
Loan Requested:	$4,100,000 construction $3,301,000 permanent $380,000 0% funds	**Housing Credits:**	$88,000 ceiling credits $134,088 4% credits
Other Funding:	VHCB, HOME, VCDP, Housing Credits, VHFA permanent debt, Burlington Housing Trust Fund, Burlington Replacement Units, AHP, Neighborworks, HUD McKinney, developers' loans		
Sponsors:	Cathedral Square Corporation (CSC), Housing Vermont (HVT), The Sisters of Mercy		

In 1991 the Sisters of Mercy began to explore uses for a site they own on Mansfield Avenue, and working with many parties developed a plan for "inter-generational" housing. After a long and expensive approval process, the sponsors can now proceed with the development of the McAuley Square project. The project in this final format consists of: 55 senior units in a single structure; seven units in the "Lund Building" for pregnant and parenting teens; and 12 units in the "Scholar Building" for low-income single parents who are enrolled in degree programs in an area college. Because of this process, and because there are now fewer units than originally proposed, the project costs are high, but not out of line with other comparable projects. Thirteen funding sources are shown in the project's development budget and all have been committed thus far except for VHFA financing. The sponsors have requested tax-exempt construction financing of $4,100,000 with a term of up to 18 months, for purposes of obtaining the 4% tax credits for the Lund and Senior buildings. In addition, the sponsors are seeking permanent tax-exempt financing of $3,301,000 with a 30 year term and amortization. The sponsors are working with VHFA actively to privately place the debt and thus minimize underwriting costs and rate. In addition to these two loans, the sponsors are seeking $380,000 in 0% funding from VHFA to fill a funding gap.

Recommendation: That the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board authorize the Executive Director to issue a Letter of Interest and a Commitment Letter to finance this development upon satisfactory completion of staff underwriting and due diligence.

19-May-00 **McAuley Square**

Total Residential Units:	74	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	70	Increase in Income from Other Sources:	3.50%
Percent Restricted:	94.59%	Increase in Income from Commercial:	0.00%
Total Development Cost:	9,063,920	Expense increase:	3.00%
Total Development Cost per Unit:	122,485	Vacancy Rate:	2.5%
Total Development Cost Per SF:	112	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	650,622	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	222,088	Sponsor's Estimated Yield:	158.34%

LIHTC - 9%	8.48%	(May 2000)
LIHTC - 4%	3.63%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	3,300,989	36.42%	6.25%	30	30
HOME	50,000	0.55%	7.00%	0	30
VHCB	435,000	4.80%	4.00%	0	30
Burl. Housing T.F	15,000	0.17%	7.00%	0	30
Burlington Repl. Units	121,500	1.34%	0.00%	0	30
AHP	90,500	1.00%	0.00%	0	30
HUD	367,000	4.05%	7.00%	0	30
VHFA	380,000	4.19%	0.00%	0	30
VHCB - additional	295,000	3.25%	4.00%	0	30
Neighborworks	296,000	3.27%	7.00%	0	30
Sisters Loan	100,000	1.10%	7.00%	0	30
Developer Loan	100,000	1.10%	2.75%	10	30
Tax Credit Equity	3,512,911	38.76%	N/A	N/A	
TOTAL SOURCES	9,063,900	100.00%			

USES

Acquisition	873,325	9.64%
Construction Hard Costs	6,627,750	73.12%
Soft Costs	1,562,845	17.24%
TOTAL USES	9,063,920	100%
Gap	20	

PER UNIT COST LIMIT CALCULATION

	per unit limits	number of units			
0 Br	84,390	7	590,730		
1 Br	90,140	37	3,335,180		
2 Br	95,890	23	2,205,470		
3 Br	101,637	2	203,274		
4 Br	107,390	1	107,390		
Maximum cost allowed under the per unit cost limits		70	6,442,044		
Projected total cost, excluding cash accounts			9,027,920	Cost Overage %	140.14%
	(over)/under		(2,585,876)		

General Partner's Capital Contribution	1	0.10%
Limited Partner's Capital Contribution	3,512,931	99.90%
Total Equity	3,512,932	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	70
Total Units	74
Unit Fraction	94.59%
Tax Credit Square Footage	48,614
Total Residential Square Footage	51,524
Square Footage Fraction	94.35%
Applicable Fraction	94.35%

form revision date: 2/27/97

		Budget		Per Unit	Per s.f.
	ACQUISITION				
1	Land	858,750	858,750	11,605	10.60
2	Purchase of Building(s)		0	0	0.00
3	Demolition (without replacement)		0	0	0.00
4	Property Appraisal	3,000	3,000	41	0.04
5	Legal - Title and Recording	11,575	11,575	156	0.14
	Subtotal - Acquisition	873,325		11,802	10.78
	CONSTRUCTION HARD COSTS				
6	Rehabilitation		0	0	0.00
7	New Building(s)	5,050,386	5,050,386	68,248	62.32
8	Accessory Buildings		0	0	0.00
9	Sitework	594,582	594,582	8,035	7.34
10	Commercial Space Costs (if any)		0	0	0.00
11	General Requirements	457,627	457,627	6,184	5.65
12	Contractor Overhead		0	0	0.00
13	Contractor Profit		0	0	0.00
14	Construction Contingency	230,000	230,000	3,108	2.84
15	Construction Management	235,955	235,955	3,189	2.91
16	Construction Bond Fee		0	0	0.00
17	Hazardous Materials Abatement		0	0	0.00
18	Off-Site Improvements		0	0	0.00
19	Furnishings, Fixtures, & Equipment	59,200	59,200	800	0.73
20	Other (________________)		0	0	0.00
	Subtotal - Hard Costs	6,627,750		89,564	81.78
	SOFT COSTS				
21	Architectural	464,903	464,903	6,282	5.74
22	Engineering		0	0	0.00
23	Legal/Accounting	74,809	74,809	1,011	0.92
24	Relocation		0	0	0.00
25	Environmental Assessment	6,000	6,000	81	0.07
26	Energy Assessment		0	0	0.00
27	Permits/Fees	83,118	83,118	1,123	1.03
28	Independent Market Study		0	0	0.00
29	Construction Period Insurance	11,190	11,190	151	0.14
30	Construction Interest	158,991	158,991	2,149	1.96
31	Construction Loan Origination Fee	21,505	21,505	291	0.27
32	Taxes During Construction	11,190	11,190	151	0.14
33	Clerk of the Works	35,000	35,000	473	0.43
34	Marketing	10,000	10,000	135	0.12
35	Tax Credit Fees	6,560	6,560	89	0.08
36	Soft Cost Contingency	21,759	21,759	294	0.27
37	Permanent Loan Origination Fee		0	0	0.00
38	Lender's Counsel's Fee		0	0	0.00
39	Other (_consultants_)	21,820	21,820	295	0.27
	SYNDICATION COSTS				
40	Organizational (Partnership)		0	0	0.00
41	Bridge Loan Fees and Expenses		0	0	0.00
42	Syndication Consultant		0	0	0.00
43	Tax Opinion		0	0	0.00
	DEVELOPER'S FEES				
44	Developer's Fees	300,000	300,000	4,054	3.70
45	Other Partnership Fees	300,000	300,000	4,054	3.70
46	Consultant Fees		0	0	0.00
	RESERVES				
47	Working Capital	36,000	36,000	486	0.44
48	Rent-up (Deficit Escrow) Reserve		0	0	0.00
49	Other Operating Reserves		0	0	0.00
50	Sinking Fund		0	0	0.00
51	Replacement Reserves		0	0	0.00
	Subtotal - Soft Costs	1,562,845		21,120	19.28
	TOTAL DEVELOPMENT COSTS	9,063,920		122,485	111.84

19-May-00 **McAuley Square**

#	Item	Budget	Elderly Budget	Elderly Acquisition Basis	Elderly Construction Basis	Elderly Residential Depreciation	Lund Budget	Lund Acquisition Basis	Lund Construction Basis	Lund Residential Depreciation	Scholar Budget	Scholar Acquisition Basis	Scholar Construction Basis	Scholar Residential Depreciation
	ACQUISITION													
1	Land	858,750	658,492				75,547				124,711			
2	Purchase of Building(s)	0	0			0	0			0	0			0
3	Demolition (without replacement)	0	0			0	0			0	0			0
4	Property Appraisal	3,000	2,300	2,300		2,300	264	264		264	436	436		436
5	Legal - Title and Recording	11,575	8,876	0		8,876	1,018	0		1,018	1,681	0		1,681
	Subtotal - Acquisition	873,325	669,668				76,829				126,828			
	CONSTRUCTION HARD COSTS													
6	Rehabilitation	0	0			0	0			0	0			0
7	New Building(s)	5,050,386	3,639,617		3,639,617	3,639,617	624,462		624,462	624,462	786,307		786,307	786,307
8	Accessory Buildings	0	0			0	0			0	0			0
9	Sitework	594,582	554,582		554,582	554,582	20,000		20,000	20,000	20,000		20,000	20,000
10	Commercial Space Costs (if any)	0	0				0				0			
11	General Requirements	457,627	350,910		350,910	350,910	40,259		40,259	40,259	66,458		66,458	66,458
12	Contractor Overhead	0	0			0	0			0	0			0
13	Contractor Profit	0	0			0	0			0	0			0
14	Construction Contingency	230,000	176,365		176,365	176,365	20,234		20,234	20,234	33,402		33,402	33,402
15	Construction Management	235,955	180,931		180,931	180,931	20,758		20,758	20,758	34,266		34,266	34,266
16	Construction Bond Fee	0	0			0	0			0	0			0
17	Hazardous Materials Abatement	0	0			0	0			0	0			0
18	Off-Site Improvements	0	0			0	0			0	0			0
19	Furnishings, Fixtures, & Equipment	59,200	45,395		45,395	45,395	5,208		5,208	5,208	8,597		8,597	8,597
20	Other (____________)	0	0			0	0			0	0			0
	Subtotal - Hard Costs	6,627,750	4,947,799				730,920				949,031			
	SOFT COSTS													
21	Architectural	464,903	356,489		356,489	356,489	40,899		40,899	40,899	67,515		67,515	67,515
22	Engineering	0	0			0	0			0	0			0
23	Legal/Accounting	74,809	57,364		57,364	57,364	6,581		6,581	6,581	10,864		10,864	10,864
24	Relocation	0	0			0	0			0	0			0
25	Environmental Assessment	6,000	4,601		4,601	4,601	528		528	528	871		871	871
26	Energy Assessment	0	0			0	0			0	0			0
27	Permits/Fees	83,118	63,735		63,735	63,735	7,312		7,312	7,312	12,071		12,071	12,071
28	Independent Market Study	0	0			0	0			0	0			0
29	Construction Period Insurance	11,190	8,581		8,580	8,581	984		985	984	1,625		1,625	1,625
30	Construction Interest	158,991	138,991		138,991	138,991	10,000		10,000	10,000	10,000		10,000	10,000
31	Construction Loan Origination Fee	21,505	16,490		6,596	16,490	1,892		757	1,892	3,123		1,249	3,123
32	Taxes During Construction	11,190	8,581		8,580	8,581	984		985	984	1,625		1,625	1,625
33	Clerk of the Works	35,000	26,838		26,838	26,838	3,079		3,079	3,079	5,083		5,083	5,083
34	Marketing	10,000	7,668				880							
35	Tax Credit Fees	6,560	5,030		5,030	5,030	577		577	577	953		953	953
36	Soft Cost Contingency	21,759	16,685		16,685	16,685	1,914		1,914	1,914	3,160		3,160	3,160
37	Permanent Loan Origination Fee	0	0				0				0			
38	Lender's Counsel's Fee	0	0			0	0			0	0			0
39	Other (_consultants_)	21,820	16,731		16,731	16,731	1,920		1,920	1,920	3,169		3,169	3,169
	SYNDICATION COSTS													
40	Organizational (Partnership)	0	0				0				0			
41	Bridge Loan Fees and Expenses	0	0				0				0			
42	Syndication Consultant	0	0				0				0			
43	Tax Opinion	0	0				0				0			
	DEVELOPER'S FEES													
44	Developer's Fees	300,000	230,041		230,041	230,041	49,959		49,959	49,959	20,000		20,000	20,000
45	Other Partnership Fees	300,000	230,041		230,041	230,041	49,959		49,959	49,959	20,000		20,000	20,000
46	Consultant Fees	0	0			0	0			0	0			0
	RESERVES													
47	Working Capital	36,000	27,605				3,167				5,228			
48	Rent-up (Deficit Escrow) Reserve	0	0				0				0			
49	Other Operating Reserves	0	0				0				0			
50	Sinking Fund	0	0				0				0			
51	Replacement Reserves	0	0				0				0			
	Subtotal - Soft Costs	1,562,845	1,215,471				180,635				166,739			
	TOTALS	9,063,920	6,832,938	2,300	6,118,102	6,093,779	988,384	264	906,376	903,583	1,242,598	436	1,107,215	1,102,609
LESS	Amount of Non-qualified Financing									0				
LESS	Adjustment for per unit cost limits	1	1		0		1		0		1		0	
LESS:	Historic tax Credit (Residential Portion)				0				0	0			0	0
	Total Eligible Basis			0	6,118,102			0	906,376			0	1,107,215	
TIMES:	Adjusted for QCT/DDA	100.0%	100.0%		6,118,102		100.0%		906,376		100.0%		1,107,215	
TIMES:	Applicable Fraction	94.35%	100.00%	0	6,118,102		100.00%	0	906,376		100.00%	0	1,107,215	
	Total Qualified Basis			0	6,118,102	6,093,779		0	906,376	903,583		0	1,107,215	1,102,609
TIMES:	Applicable Percentage			3.63%	3.63%	27.5		3.63%	3.63%	27.5		3.63%	8.48%	27.5
	Total Annual Credit Qualified			0	222,087	221,592		0	32,901	32,858		0	93,892	40,095
						45,395				5,208				8,597
						7				7				7
						6,485				744				1,228

Total Tax Credits Requested	348,880
Estimated Net Syndication Proceeds (**excluding historic credit equity**)	3,512,911
Estimated Yield - Housing Credit Syndication	100.79%
Equity Gap	3,512,931
Credits Needed to fill Equity Gap	348,882

revision date: 2/2?/9?

19-May-00 **McAuley Square**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br	Lund	616	7	430		36,120
1 Br	Scholar	601	3	529		19,044
2 Br	Scholar	782	7	706		59,304
3 Br	Scholar	847	2	962		23,088
1BR	Elder	608	34	576		235,008
2BR	Elder	880	16	700		134,400
Mgr	Elder	579	1	400		4,800
	Totals	48,614	70			511,764

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br		605	2	775		18,600
2 Br		850	2	900		21,600
3 Br			0	0		0
4+ Br			0	0		0
	Totals	2,910	4			40,200
All Units	Common Area	29,517				
	Grand Totals	81,041	74			551,964

Less Vacancy	3.00%		13,516
	5%		5,072
		NET RENT	533,376

OTHER INCOME

Laundry	10,392
Parking	0
Commercial Space Income	0
Other	6,203

TOTAL INCOME	549,971

19-May-00 **McAuley Square**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	40,000	3,333	45	7.3%
Supportive Services	10,584	882	12	
Audit/Accounting	3,888	324	4	
Legal	648	54	1	
Compliance Monitoring	3,456	288	4	
Marketing		0	0	
Admin/salaries and benefits	21,550			
Other/ office expense	8,640	720	10	
TOTAL ADMINISTRATIVE	88,766	7,397	100	
Utilities				
Electricity	31,968	2,664	36	
Fuel	15,984	1,332	18	
Water and Sewer	15,336	1,278	17	
Fire Alarm / Emergency	4,320	360	5	
Other		0	0	
TOTAL UTILITIES	67,608	5,634	76	
Maintenance				
Maintenance / Janitor Payroll	32,832	2,736	37	
Janitor Supplies	4,320	360	5	
Exterminating	1,728	144	2	
Trash Removal	8,640	720	10	
Snow Removal	8,640	720	10	
Grounds	8,640	720	10	
Repairs Material		0	0	
Repairs Contract		0	0	
HVAC Repairs / Maintenance		0	0	
Elevator Contract / Repairs	2,592	216	3	
Painting and Decorating		0	0	
Other		0	0	
TOTAL MAINTENANCE	67,392	5,616	76	
				per unit month
Real Estate Taxes	32,832	2,736	37	excl. ds & res.
Property Insurance	12,312	1,026	14	303
Replacement Reserves	22,200	1,850	25	
Primary Debt Service	243,897	20,325	275	
Other "must pay" debt service		0	0	
Other		0	0	
Total	535,007	44,584	602	

19-May-00		McAuley Square														
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		551,964	560,243	568,647	577,177	585,834	594,622	603,541	612,594	621,783	631,110	640,577	650,185	659,938	669,837	679,885
Other Income		16,595	17,176	17,777	18,399	19,043	19,710	20,399	21,113	21,852	22,617	23,409	24,228	25,076	25,954	26,862
Vacancy and other losses		(18,588)	(18,866)	(19,149)	(19,437)	(19,728)	(20,024)	(20,325)	(20,629)	(20,939)	(21,253)	(21,572)	(21,895)	(22,224)	(22,557)	(22,895)
Total Operating Income		549,971	558,553	567,275	576,139	585,149	594,307	603,616	613,079	622,697	632,474	642,414	652,518	662,791	673,234	683,852
Operating Expenses																
Total Expenses (excl. Reserves)		268,910	276,977	285,287	293,845	302,661	311,740	321,093	330,725	340,647	350,867	361,393	372,234	383,401	394,903	406,751
Reserves		22,200	22,533	22,871	23,214	23,562	23,916	24,274	24,639	25,008	25,383	25,764	26,150	26,543	26,941	27,345
Total Operating Expense		291,110	299,510	308,158	317,059	326,223	335,656	345,367	355,364	365,655	376,250	387,157	398,385	409,944	421,844	434,095
Net Operating Income		258,861	259,043	259,117	259,080	258,927	258,651	258,249	257,715	257,042	256,225	255,257	254,134	252,847	251,390	249,756
Less Primary Debt Service		243,897	243,897	243,897	243,897	243,897	243,897	243,897	243,897	243,897	243,897	243,897	243,897	243,897	243,897	243,897
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		14,964	15,145	15,220	15,183	15,029	14,754	14,352	13,817	13,145	12,328	11,360	10,236	8,949	7,493	5,859
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		14,964	15,145	15,220	15,183	15,029	14,754	14,352	13,817	13,145	12,328	11,360	10,236	8,949	7,493	5,859
		115.24%														
DCR		106.14%	106.21%	106.24%	106.23%	106.16%	106.05%	105.88%	105.67%	105.39%	105.05%	104.66%	104.20%	103.67%	103.07%	102.40%
Cumulative Cash Flow																
Beginning Balance		36,000	50,964	52,129	53,392	54,642	55,765	61,634	67,219	72,381	76,973	80,840	86,897	98,872	109,798	119,487
Deposits		14,964	15,145	15,220	15,183	15,029	14,754	14,352	13,817	13,145	12,328	11,360	10,236	8,949	7,493	5,859
Interest	2.0%	0	1,019	1,043	1,068	1,093	1,115	1,233	1,344	1,448	1,539	1,617	1,738	1,977	2,196	2,390
Withdrawals		0	(15,000)	(15,000)	(15,000)	(15,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(6,920)	0	0	0	0
Ending Balance		50,964	52,129	53,392	54,642	55,765	61,634	67,219	72,381	76,973	80,840	86,897	98,872	109,798	119,487	127,736
Cumulative Replacement Reserves																
Beginning Balance		0	22,422	45,636	69,660	94,515	120,225	146,811	174,297	202,705	232,061	262,389	293,714	326,062	359,460	393,935
Deposits		22,200	22,533	22,871	23,214	23,562	23,916	24,274	24,639	25,008	25,383	25,764	26,150	26,543	26,941	27,345
Interest	2.0%	222	681	1,153	1,642	2,147	2,670	3,211	3,770	4,348	4,944	5,561	6,198	6,855	7,534	8,234
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		22,422	45,636	69,660	94,515	120,225	146,811	174,297	202,705	232,061	262,389	293,714	326,062	359,460	393,935	429,514
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		258,861	259,043	259,117	259,080	258,927	258,651	258,249	257,715	257,042	256,225	255,257	254,134	252,847	251,390	249,756
Plus Reserves		22,200	22,533	22,871	23,214	23,562	23,916	24,274	24,639	25,008	25,383	25,764	26,150	26,543	26,941	27,345
Less Interest Expense		(561,789)	(530,483)	(496,295)	(459,430)	(416,092)	(279,660)	(276,026)	(272,167)	(268,069)	(263,717)	(259,094)	(254,268)	(249,329)	(244,072)	(238,477)
Less Long Depreciation		(272,454)	(272,454)	(272,454)	(272,454)	(272,454)	(272,454)	(272,454)	(272,454)	(272,454)	(272,454)	(272,454)	(272,454)	(272,454)	(272,454)	(272,454)
Less Short Depreciation		(8,457)	(8,457)	(8,457)	(8,457)	(8,457)	(8,457)	(8,457)	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(561,639)	(529,818)	(495,218)	(458,048)	(414,514)	(278,004)	(274,414)	(262,268)	(258,474)	(254,563)	(250,527)	(246,438)	(242,394)	(238,195)	(233,830)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		196,574	185,436	173,326	160,317	145,080	97,301	96,045	91,794	90,466	89,097	87,684	86,253	84,838	83,368	81,840
Plus Tax Credits		222,088	222,088	222,088	222,088	222,088	222,088	222,088	222,088	222,088	222,088					
After Tax Cash Flow		418,662	407,525	395,415	382,405	367,168	319,390	318,133	313,882	312,554	311,185	87,684	86,253	84,838	83,368	81,840
Total Years	15															
Reinvestment Rate	8.00%															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Current After Tax Cash Flows		418,662	407,525	395,415	382,405	367,168	319,390	318,133	313,882	312,554	311,185	87,684	86,253	84,838	83,368	81,840
Future Value of Cash Flows at Yr 15		1,328,067	1,196,979	1,075,379	962,961	856,104	689,538	635,950	580,974	535,663	493,812	128,837	117,347	106,871	97,241	88,388
Discount Rate	5.52%															
Capital Contribution Number	1	2	3	4	5	6	7	8								
Date of Capital Contribution	01-Jun-00	01-Jun-01	01-Sep-01	01-Jun-02	01-Jun-03	01-Jun-04	01-Jun-05	01-Jun-06								
Amount of Capital Contribution:	44,845	44,845	44,845	627,836	627,836	627,836	672,681	1,793,817								
Present Value of Contributions:	44,845	42,403	41,808	561,310	530,739	501,756	508,316	1,281,684								
Cash Flows	(3,512,860)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,894,110
	3,512,911															
IRR	6.39%															
Equity Yield	158.33%															

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT RE: CONSTRUCTION FINANCING FOR MCAULEY SQUARE, BURLINGTON

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, a proposal has been presented to the Agency by the McAuley Square Housing Limited Partnership, whose general partners are H.V.McAuley, Inc., and McAuley Square, Inc., involving the new construction of 74 units of rental housing in the City of Burlington (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to the issuance and sale of tax-exempt bonds of not more than $4,100,000 aggregate principal amount (the "Bonds") to finance a loan to the McAuley Square Housing Limited Partnership (the "Borrower") to construct 62 units of a 74 unit rental housing development (the "Project") in Burlington, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in an amount of up to $4,100,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds and a long-term loan in an amount of up to $3,500,000, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible;

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joseph Erdelyi, dated May 18, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The construction costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such

persons and families.

4. The housing sponsor undertaking the Development will increase the supply of well-planned, well-designed permanent, temporary, transitional or emergency housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The sponsor and its general partner are financially responsible and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to McAuley Square Housing Limited Partnership for construction financing in an amount not to exceed $4,100,000; the term of the construction loan will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds and a long-term loan in an amount of up to $3,500,000, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

1. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsor must provide an as built appraisal satisfactory to VHFA;

   b) Sponsor must provide a Phase I Environmental Site Assessment (ESA) and address any findings in the scope of work to the satisfaction of the Agency;

   c) Sponsor must provide evidence of necessary permits;

   d) Sponsor must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

   e) Sponsor must provide a written property tax estimate from the City of Burlington; and

   f) Sponsor must provide additional security satisfactory to VHFA.

3. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and construct the Project is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in her/his discretion, issue a Commitment Letter for a construction loan for the Development in an amount not to exceed $4,100,000 and a long-term loan in an amount not to exceed $3,500,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The long-term loan shall be due and payable not more than 30 years from the date the loan is made; shall be fully amortized over the period of the loan, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds for both loans shall be tax-exempt bond proceeds. The Sponsor shall be responsible for loan fees and transaction costs. The Commitment Letter may be issued to H. V. McAuley, Inc. and McAuley Square, Inc. as representatives of the limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director is authorized to make an additional loan to the Borrower for the Development of not more than $380,000 at an interest rate of 0%.

7. The Executive Director, Chief of Program Operations and the Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on May 25, 2000.

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. IN A MAXIMUM AMOUNT OF $800,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO HILLCREST VIEWS HOUSING LIMITED PARTNERSHIP TO FINANCE THE ACQUISITION AND REHABILITATION OF 4 UNITS AND THE REHABILITATION OF A 34 UNIT DEVELOPMENT IN ST. ALBANS

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow moneys on the basis of its general credit and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $800,000 aggregate principal amount to Stratevest & Co., or some other subsidiary of BankNorth Group, Inc. (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance a construction loan to Hillcrest Views Housing Limited Partnership (the "Borrower") to acquire and rehabilitate four units, and to rehabilitate a 34-unit development (the "Project") in St. Albans, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $800,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 25th day of May, 2000.

VERMONT HOUSING FINANCE AGENCY

By [signature]
Executive Director

Attest:

By [signature]
Authorized Officer

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on May 25, 2000.

[signature]

SARAH E. CARPENTER
Executive Director and Secretary
Vermont Housing Finance Agency

Housing Development Costs in Vermont

a report

prepared for

Vermont Housing Finance Agency
and
Housing Vermont

prepared by

Capital Needs Unlimited, Inc.

April 30, 2000

SUMMARY

This is a study to understand cost factors influencing development of affordable housing in Vermont. It was commissioned jointly by Housing Vermont and the Vermont Housing Finance Agency to better understand the ingredients that contribute to project costs. Relevant issues include type of construction (new or substantial rehabilitation), sponsorship (for- or non-profit), occupancy (family or elderly), use (housing only or mixed with commercial uses), and site features (location, historic designation, age and condition of building).

Nine illustrative developments were selected for analysis. The properties are located in seven communities around the state. They range in size from 10 to 60 units. While this sample is not valid for statistical purposes, it is sufficient to expose a range of development situations in a variety of Vermont communities.

The five key findings and conclusions are as follows:

1. There is a considerable variation in the type of construction, size of units, occupant population, development configuration and special features of the housing developments. As a result, comparison of development costs *per unit* are less meaningful than comparing costs *per square foot.*
2. As compared to development costs of affordable housing in other state, Vermont costs are quite reasonable. Some cost factors, such as A/E and Developer Fees, are below percentages permitted by HUD on developments involving HUD financing.
3. Newly constructed elderly housing developments, with relatively small unit sizes and less challenging development circumstances, have the lowest cost per square foot. Elderly projects cost as much as 40% less than the typical development, whether they are new construction or rehabilitation.
4. The combination of hard and land costs ranges (from \$58/sf to \$93/sf) on eight properties. New and rehabilitated projects occurred at both ends of the range.[1] The best predictor of cost per square foot is development occupancy (senior or general).
5. Multiple community development objectives, such as rehabilitating historic downtown buildings and/or abating environmental hazards, can add up to 40% to the typical cost per square foot. Special funding sources are used to address such non-shelter objectives. These special sources appear to equalize costs between "shelter only" and developments serving multiple objectives.

[1] Park Place is considered a special case given the extent of non-housing space (about 1/3 of total) and its downtown Burlington location. Park Place hard and land costs are about \$125/sf.

Terms of Reference

Housing Vermont (HV) and the Vermont Housing Finance Agency (VHFA) wish to understand factors influencing housing development costs of projects in which the organizations are involved. Among factors of interest are development features, size, number of buildings, type of construction, nature of preexisting conditions, location, design, infrastructure, and financing. HV and VHFA jointly retained Capital Needs Unlimited to undertake an analysis of the issue and prepare a report.[2] The following process was undertaken:

- VHFA and HV identified a set of nine developments that they considered to be illustrative of the range of conditions and costs current of Vermont. HV, a non-profit organization, was the joint venture developer of six of the properties; for-profit companies developed the other three properties.
- Basic descriptive, cost and financing information was organized by HV and VHFA and provided to CNU on each development.
- CNU completed an initial analysis to ensure comparability of data. Additional information was requested and provided.
- Meetings were conducted in Burlington with the HV project managers for the six developments in that portfolio, and with VHFA personnel for the other three developments. These meetings covered a range of questions, and obtained in particular determined dimensional information. A tour of the Burlington area was completed, which included drive-by visits to each of the properties.

Summary of Developments

A detailed summary of the nine properties is provided on the next page. Separate summaries for each property (including photos) is presented in Appendix A. The nine properties have the following characteristics:

- Occupancy: — 3 senior, 1 mixed (senior/disabled/general), 5 general
- Construction — 5 new, 4 rehab; 3 elevator, 2 walk-up, 3 rowhouse, 1 walk-up/rowhouse[3]
- Use — 3 housing and retail, 1 house with home offices, 5 housing only
- Development Size — Smallest is 10 units; 6 from 10 to 17 units, largest 60 units
- Unit Composition — 7% 0BR; 64% 1BR; 25% 2BR; 3% 3BR; 1% 4BR
- Average Unit Size (SF) — From 605 sf to 996 sf
- Average Cost per Unit — From $62,727 to $129,762
- Average Cost per SF — From $68.60 to $149.51
- Average Cost per SF (Hard and Land only) — From $57.49 to $129.01 (8 under $93/sf)

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[2] Capital Needs Unlimited (CNU) is a real estate consulting organization located in Brookline, MA. The work on this report was carried out by CNU's President, Dr. Thomas E. Nutt-Powell. Dr. Nutt-Powell has over 35 years experience in affordable housing.

[3] Walk-up means units entered from common hall; rowhouse means units have private entry from building exterior.

SUMMARY COST ANALYSIS

9 Housing Developments

Vermont

Development	Bennington Arts Housing		Eagle Crest		Exner Block		Homestead Greene	
Location	Bennington		Williston		Bellows Falls		North Bennington	
Year Completed	1999		2000		2000		1999	
Construction Type	Rehab		New		Rehab		New	
Occupancy	General with retail		Senior		General with retail		Senior	
Building Type & #	RH/WU	5	Elevator		WU		RH	4
Total Cost	$ 1,679,962		$ 3,763,613		$ 1,615,962		$ 1,397,000	
Total Units	15	Net of Other	60		10	Net of Other	17	
Cost/Unit	$ 111,997	$ 100,574	$ 62,727		$ 161,596	$ 129,762	$ 82,176	
Cost/SF	$ 113.48		$ 83.08		$ 128.24		$ 103.20	
Total Bldg SF	14,804	% SF by use	$ 45,302	% SF by use	$ 12,601	% SF by use	$ 13,537	% SF by use
Unit SF	12756	86.2%	36288	80.1%	7676	60.9%	12716	93.9%
Common Area SF	538	3.6%	9014	19.9%	2441	19.4%	821	6.1%
Other SF	1510	10.2%	0	0.0%	2484	19.7%	0	0.0%
UNIT # & SF	Average SF is 850		Average SF is 605		Average SF is 768		Average SF is 748	
0 BR	2	450						
0 BRaccessible								
1 BR	5	642	40	537	9	703	17	748
1 BRaccessible	1	674						
2 BR	3	866	20	740	1	1353		
2 BRaccessible								
3 BR								
3 BRaccessible	1	1300						
4 BR	3	1092						
4 BRaccessible								
	$/SF	% of Total	$/SF	% of Total	$/SF	% of Total	$/SF	% of Total
Site Work	$ 2.38	2.1%	$ 4.41	5.3%	$ 6.38	5.0%	$ 14.88	14.4%
Concrete	$ 0.54	0.5%	$ 5.52	6.6%	$ 0.23	0.2%	$ 5.06	4.9%
Masonry	$ 1.89	1.7%	$ -	0.0%	$ 0.16	0.1%	$ -	0.0%
Metals	$ 0.70	0.6%	$ 2.30	2.8%	$ 1.46	1.1%	$ -	0.0%
Wood and Plastics	$ 7.10	6.3%	$ 15.78	19.0%	$ 6.89	5.4%	$ 11.35	11.0%
Thermal Protection	$ 2.11	1.9%	$ 1.85	2.2%	$ 3.65	2.8%	$ 5.31	5.1%
Doors & Windows	$ 3.79	3.3%	$ 3.44	4.1%	$ 4.04	3.2%	$ 2.15	2.1%
Finishes	$ 7.58	6.7%	$ 8.45	10.2%	$ 11.58	9.0%	$ 6.30	6.1%
Specialties	$ 0.43	0.4%	$ 0.68	0.8%	$ 0.26	0.2%	$ 0.55	0.5%
Equipment	$ 0.89	0.8%	$ 1.79	2.2%	$ 0.79	0.6%	$ 0.85	0.8%
Furnishings	$ -	0.0%	$ 1.10	1.3%	$ 1.65	1.3%	$ 1.77	1.7%
Special Construct	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
Conveying	$ -	0.0%	$ 0.82	1.0%	$ -	0.0%	$ -	0.0%
Mechanical	$ 16.26	14.3%	$ 9.18	11.1%	$ 15.28	11.9%	$ 6.84	6.6%
Electrical	$ 2.89	2.5%	$ 5.08	6.1%	$ 5.95	4.6%	$ 4.88	4.7%
SUB-TOTAL	$ 46.56	41.0%	$ 60.42	72.7%	$ 58.32	45.5%	$ 59.94	58.1%
Bldr Gen Cond	$ 5.82	5.1%	$ 3.60	4.3%	$ 7.27	5.7%	$ 4.14	4.0%
Bldr OH&P	$ -	0.0%	$ -	0.0%	$ 7.65	6.0%	$ 5.13	5.0%
P&P Bonds	$ 0.61	0.5%	$ -	0.0%	$ 0.62	0.5%	$ -	0.0%
Insurance	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
Permits and Fees	$ 0.20	0.2%	$ 1.33	1.6%	$ 0.83	0.6%	$ 1.44	1.4%
Change Orders	$ 4.00	3.5%	$ 1.30	1.6%	$ -	0.0%	$ 0.33	0.3%
Other Builder Costs	$ 0.49	0.4%	$ -	0.0%	$ 10.91	8.5%	$ -	0.0%
TOTAL, HARD	$ 57.69	50.8%	$ 66.65	80.2%	$ 85.60	66.8%	$ 70.98	68.8%
Purchase	$ 28.24	24.9%	$ 7.10	8.5%	$ 2.38	1.9%	$ 4.06	3.9%
Special Site Studies	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
Demolition	$ -	0.0%	$ -	0.0%	$ 0.40	0.3%	$ -	0.0%
HazMat Abate	$ 1.87	1.6%	$ -	0.0%	$ 2.50	2.0%	$ -	0.0%
Extraordinary Site	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
Other	$ 0.66	0.6%	$ -	0.0%	$ -	0.0%	$ -	0.0%
TOTAL, LAND	$ 30.77	27.1%	$ 7.10	8.5%	$ 5.28	4.1%	$ 4.06	3.9%
A&E	$ 5.77	5.1%	$ 1.32	1.6%	$ 9.90	7.7%	$ 6.98	6.8%
Legal	$ 0.99	0.9%	$ 0.22	0.3%	$ 0.99	0.8%	$ 1.32	1.3%
Title	$ 0.22	0.2%	$ 0.17	0.2%	$ 0.32	0.2%	$ -	0.0%
Consultants	$ 2.75	2.4%	$ 0.97	1.2%	$ 4.13	3.2%	$ 0.55	0.5%
Insurance & Taxes	$ 1.15	1.0%	$ 0.35	0.4%	$ 0.60	0.5%	$ 0.17	0.2%
Interest	$ 1.61	1.4%	$ 1.77	2.1%	$ 2.95	2.3%	$ 2.30	2.2%
Fees	$ 1.02	0.9%	$ 1.19	1.4%	$ 0.35	0.3%	$ 2.40	2.3%
Marketing/Leasing	$ -	0.0%	$ 0.19	0.2%	$ 0.79	0.6%	$ -	0.0%
Developer Fee	$ 8.30	7.3%	$ 2.42	2.9%	$ 15.12	11.8%	$ 12.93	12.5%
Other	$ 3.22	2.8%	$ 0.73	0.9%	$ 2.22	1.7%	$ 1.51	1.5%
TOTAL, SOFT	$ 25.02	22.0%	$ 9.33	11.2%	$ 37.36	29.1%	$ 28.16	27.3%
GRAND TOTAL	$ 113.48		$ 83.08		$ 128.24		$ 103.20	

SUMMARY COST ANALYSIS

9 Housing Developments

Vermont

Development	Lakeview		Maples Senior Living Center		Mill View		Park Place		Richmond Village	
Location	Newport		Rutland		Burlington		Burlington		Richmond	
Year Completed	1999		1999		2000		1999		1999	
Construction Type	Rehab		New		New		Rehab		New	
Occupancy	General, disabled, seniors		Senior		General		General with retail		General with home offices	
Building Type & #	WU	3	Elevator	1	RH	1	Elevator	1	RH	7
Total Cost	$ 1,374,619		$ 3,976,121		$ 1,321,266		$ 6,400,772		$ 1,785,466	
Total Units	16		51		12		34	Net of Other	16	
Cost/Unit	$ 85,914		$ 77,963		$ 110,106		$ 188,258	$ 117,473	$ 111,592	
Cost/SF	$ 82.69		$ 68.60		$ 116.39		$ 149.51		$ 112.06	
Total Bldg SF	16,624	% SF by use	$ 57,960	% SF by use	$ 11,352	% SF by use	$ 42,812	% SF by use	$ 15,933	% SF by use
Unit SF	12831	77.2%	34035	58.7%	10644	93.8%	21293	49.7%	15933	100.0%
Common Area SF	3793	22.8%	23925	41.3%	708	6.2%	5407	12.6%	0	0.0%
Other SF	0	0.0%	0	0.0%	0	0.0%	16112	37.6%	0	0.0%
UNIT # & SF	Average SF is 802		Average SF is 667		Average SF is 887		Average SF is 626		Average SF is 996	
0 BR	2	489					10	450		
0 BRaccessible										
1 BR	9	790	42	625	4	520	22	700	1	951
1 BRaccessible					2	560			1	1039
2 BR	2	742	9	865	4	1170	2	890	12	971
2 BRaccessible									1	1214
3 BR	3	1013			2	1382			1	1074
3 BRaccessible										
4 BR										
4 BRaccessible										
	$/SF	% of Total	$/SF	% of Total	$/SF	% of Total	$/SF	% of Total	$/SF	% of Total
Site Work	$ 0.82	1.0%	$ 7.07	10.3%	$ 11.23	9.6%	$ 4.01	2.7%	$ 11.64	10.4%
Concrete	$ 0.55	0.7%	$ 2.47	3.6%	$ 3.06	2.6%	$ 0.57	0.4%	$ 6.91	6.2%
Masonry	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ 6.48	4.3%	$ -	0.0%
Metals	$ 0.31	0.4%	$ 0.29	0.4%	$ -	0.0%	$ 0.92	0.6%	$ -	0.0%
Wood and Plastics	$ 4.39	5.3%	$ 9.03	13.2%	$ 14.27	12.3%	$ 11.78	7.9%	$ 9.32	8.3%
Thermal Protection	$ 2.47	3.0%	$ 2.57	3.7%	$ 3.94	3.4%	$ 3.66	2.4%	$ 8.04	7.2%
Doors & Windows	$ 5.02	6.1%	$ 2.67	3.9%	$ 4.93	4.2%	$ 5.28	3.5%	$ 3.51	3.1%
Finishes	$ 4.11	5.0%	$ 6.59	9.6%	$ 10.54	9.1%	$ 9.42	6.3%	$ 5.73	5.1%
Specialties	$ 1.23	1.5%	$ 0.52	0.8%	$ -	0.0%	$ 0.26	0.2%	$ 0.05	0.0%
Equipment	$ 1.56	1.9%	$ -	0.0%	$ 0.75	0.6%	$ 2.07	1.4%	$ 2.54	2.3%
Furnishings	$ 0.99	1.2%	$ 3.69	5.4%	$ 1.76	1.5%	$ -	0.0%	$ 1.71	1.5%
Special Construct	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ 19.79	13.2%	$ -	0.0%
Conveying	$ -	0.0%	$ 0.66	1.0%	$ -	0.0%	$ 1.37	0.9%	$ -	0.0%
Mechanical	$ 8.13	9.8%	$ 6.59	9.6%	$ 12.35	10.6%	$ 12.09	8.1%	$ 8.69	7.8%
Electrical	$ 2.04	2.5%	$ 3.71	5.4%	$ 4.56	3.9%	$ 11.60	7.8%	$ 4.08	3.6%
SUB-TOTAL	$ 31.61	38.2%	$ 45.86	66.9%	$ 67.39	57.9%	$ 89.30	59.7%	$ 62.21	55.5%
Bldr Gen Cond	$ 1.31	1.6%	$ 2.68	3.9%	$ 5.81	5.0%	$ 8.82	5.9%	$ 3.95	3.5%
Bldr OH&P	$ -	0.0%	$ 2.76	4.0%	$ 2.98	2.6%	$ -	0.0%	$ -	0.0%
P&P Bonds	$ -	0.0%	$ 0.29	0.4%	$ 0.60	0.5%	$ -	0.0%	$ 0.81	0.7%
Insurance	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
Permits and Fees	$ -	0.0%	$ -	0.0%	$ 1.32	1.1%	$ 0.61	0.4%	$ 2.89	2.6%
Change Orders	$ 8.67	10.5%	$ 0.66	1.0%	$ 3.39	2.9%	$ 5.14	3.4%	$ 3.06	2.7%
Other Builder Costs	$ 1.52	1.8%	$ 1.73	2.5%	$ 2.97	2.5%	$ 1.06	0.7%	$ 2.43	2.2%
TOTAL, HARD	$ 43.11	52.1%	$ 53.97	78.7%	$ 84.47	72.6%	$ 104.93	70.2%	$ 75.36	67.2%
Purchase	$ 18.30	22.1%	$ 3.52	5.1%	$ 7.75	6.7%	$ 24.08	16.1%	$ 11.61	10.4%
Special Site Studies	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
Demolition	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
HazMat Abate	$ -	0.0%	$ -	0.0%	$ 0.52	0.4%	$ -	0.0%	$ -	0.0%
Extraordinary Site	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
Other	$ 0.06	0.1%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
TOTAL, LAND	$ 18.35	22.2%	$ 3.52	5.1%	$ 8.27	7.1%	$ 24.08	16.1%	$ 11.61	10.4%
A&E	$ 4.46	5.4%	$ 1.43	2.1%	$ 7.14	6.1%	$ 5.17	3.5%	$ 6.29	5.6%
Legal	$ 0.87	1.1%	$ 0.75	1.1%	$ 0.88	0.8%	$ 1.04	0.7%	$ 1.70	1.5%
Title	$ 0.19	0.2%	$ 0.04	0.1%	$ 0.40	0.3%	$ 0.27	0.2%	$ 0.23	0.2%
Consultants	$ 1.11	1.3%	$ 0.61	0.9%	$ 1.04	0.9%	$ 0.80	0.5%	$ 0.49	0.4%
Insurance & Taxes	$ 0.96	1.2%	$ 0.17	0.2%	$ 0.47	0.4%	$ 0.40	0.3%	$ 0.19	0.2%
Interest	$ 2.01	2.4%	$ 0.34	0.5%	$ 1.70	1.5%	$ 3.51	2.3%	$ 2.22	2.0%
Fees	$ 1.93	2.3%	$ 2.17	3.2%	$ 0.50	0.4%	$ -	0.0%	$ 0.38	0.3%
Marketing/Leasing	$ 0.03	0.0%	$ 0.41	0.6%	$ 0.30	0.3%	$ 0.02	0.0%	$ 2.60	2.3%
Developer Fee	$ 7.52	9.1%	$ 3.70	5.4%	$ 10.13	8.7%	$ 9.24	6.2%	$ 6.68	6.0%
Other	$ 2.16	2.6%	$ 1.47	2.1%	$ 1.10	0.9%	$ 0.05	0.03%	$ 4.30	3.8%
TOTAL, SOFT	$ 21.23	25.7%	$ 11.11	16.2%	$ 23.65	20.3%	$ 20.51	13.7%	$ 25.09	22.4%
GRAND TOTAL	$ 82.69		$ 68.60		$ 116.39		$ 149.51		$ 112.06	

Evaluation Considerations

With the possible exception of the two new construction senior developments with elevators, none of the developments have characteristics that invite easy comparison. For example, three of the nine properties include significant commercial space. One project was designed to encourage home occupations by adding an office. Another project is a three-level building with private entries to each unit. The variety is illustrated by the following project profiles:

- **Bennington Arts Housing** — 5 rehabbed buildings on 4 sites, two of which have space programmed for use as arts center. Non-housing is 10.2% of SF. 15 units 0 to 4 BR.
- **Eagle Crest** — 1 new elevator senior building. 60 units (40 1 BR; 20 2 BR).
- **Exner Block** — 1 rehabbed building with ground floor retail. Non-housing is 19.7% of SF. 10 units (1 & 2 BR)
- **Homestead Greene** — 4 new single-story senior buildings. 17 units, all 1 BR
- **Lakeview** — 3 rehabbed buildings on 3 sites, with senior, disabled and general occupancy. 16 units (0 to 3 BR)
- **Maples Senior Living Center** — 1 new elevator senior building, with common space anticipating subsequent phases. 51 units (42 1 BR; 9 2 BR)
- **Mill View** — 1 new three story building. 12 units (1>3 BR)
- **Park Place** — 1 rehabbed building with ground floor retail/office. Non-housing is 37.6% of SF. 34 units (0 to 2 BR)
- **Richmond Village** — 7 new two-story buildings, some with home offices. 16 units (1 to 3 BR)

The senior properties can have significant common areas, including kitchen/dining facilities, community rooms and storage. These spaces are comparatively inexpensive to build and equip, thus lowering average cost calculations. Four properties involve preservation of significant structures, which adds a non-housing objective (and set of special costs) to the development effort. Analysis of costs therefore requires an understanding of the objectives intended, and the type structure provided to meet those objectives.

Unit Size and Cost

The table presented below summarizes the average unit size and cost for each of the nine developments. The developments are grouped by construction type. The ranking in $/SF and $/DU is also provided. The #1 ranking indicates the lowest cost. $/DU is the "net" cost, factoring out the proportionate cost of the non-housing space in the three developments with commercial uses.

SUMMARY OF KEY INDICATORS

9 Housing Developments

Type	Name	$/DU	Average SF	$/SF	Total DU	Rank $/SF	Rank $/DU
New/General	Mill View	$110,106	887	$116.39	12	7	6
New/General	Richmond	$111,592	996	$112.06	16	5	7
Rehab/Retail	Park Place	$117,473	626	$149.51	34	9	8
Rehab/Retail	Exner Block	$129,762	768	$128.24	10	8	9
Rehab/Retail	Bennington Arts	$101,574	850	$113.48	15	6	5
Rehab/Mixed	Lakeview	$85,914	802	$82.69	16	2	4
New/Senior	Homestead	$82,176	748	$103.20	17	4	3
New/Senior	Eagle Crest	$62,727	605	$83.08	60	3	1
New/Senior	Maples	$77,963	667	$68.60	51	1	2

Rank for $/SF and $/DU is lowest to highest cost.

This presentation of data illustrates the limitations of using $/DU as a basis for comparison among developments, even when non-housing uses are factored out. Developments for senior occupancy have the three lowest costs/DU. They also provide small units calculated as average SF/unit. It is therefore not at all surprising that the $/DU would be the lowest if the unit size is also small.

Development Characteristics and Cost

Examining the type and size of construction is also a good way to understand development costs. For example, the three rehabbed developments with substantial retail space have high costs per square foot, a function primarily of the special complications of gut rehabilitation for historically significant properties. By comparison, the two largest properties (51 and 60 units, each in a single building) have the lowest costs, reflecting the ability to spread certain soft costs over a larger square foot total. The comparison of $/SF of the two elevator senior developments ($69/SF and $83/SF) with the single-story small (17 unit) new senior development (at $103/SF) is instructive. The number of units and type of construction (including infrastructure) contribute to the smaller property costing 50% more per square foot than the lower costing elevator property.

As noted earlier, the developments meet policy objectives that go beyond providing just shelter. The table on the following page summarizes the features of the nine developments that have cost impacts. Twelve features are identified, as follows:

1. *Rehabilitation* — Rehab involves working with a building in place, and, if gut rehab, reconfiguring existing structures to meet contemporary standards. Research shows costs are 15% or more than the comparable new construction.
2. *Number of site* — Work at more that one site reduces efficiencies.
3. *Difficult site* — Construction on sites with difficult features increases costs.
4. *Downtown site* — Working in a built-up and heavily used area increases costs
5. *Occupancy* — Housing for general rather than senior populations is more expensive as it typically involves larger units, more bathrooms, increased size of HVAC equipment, etc.
6. *Common area* — Buildings with common areas increase costs per unit as compared with those having only dwelling spaces.
7. *Elevator* — Buildings with elevators cost more than those without.
8. *Program space* — Space to serve special purposes (such as the Bennington arts space) have special cost requirements different from those for common areas.
9. *Retail* — Even if tenants cover retail build-out directly, the costs to prepare retail space for eventual renting is greater than that for common areas.
10. *Historic* — Costs are higher when a building involves historic preservation.
11. *Home Office* — Special spaces in a dwelling unit increase costs as compared to a unit with the same number of bedrooms.
12. *Fewer than 50 units* — Soft costs tend to be fixed regardless of development size, making smaller developments more costly per unit and per SF.

SUMMARY OF FEATURES AFFECTING COST

9 Housing Developments

Type	Lakeview	Ben Arts	Park Place	Exner Block	Richmond	Mill View	Homestead	Eagle Crest	Maples
Construction	**Rehab**	**Rehab**	**Rehab**	**Rehab**	New	New	New	New	New
# sites	**3**	**4**	1	1	1	1	1	1	1
Difficult Site	No	No	**Yes**	**Yes**	No	**Yes**	No	No	No
Downtown Site	No	No	**Yes**	**Yes**	No	No	No	No	No
Occupancy	**General**	**General**	**General**	**General**	**General**	**General**	Senior	Senior	Senior
Common Area	**Yes**	No	**Yes**	**Yes**	No	No	**Yes**	**Yes**	**Yes**
Elevator	No	No	**Yes**	No	No	No	No	**Yes**	**Yes**
Program	No	**Yes**	No	No	No	No	No	No	No
Retail	No	No	**Yes**	**Yes**	No	No	No	No	No
Historic	**Yes**	**Yes**	**Yes**	**Yes**	No	No	No	No	No
Home Office	No	No	No	No	**Yes**	No	No	No	No
< 50 units	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	No	No
TOTAL	**6**	**6**	**9**	**8**	**3**	**3**	**2**	**2**	**2**
$/SF	$ 82.69	$ 113.48	$ 149.51	$ 138.24	$ 112.06	$ 116.39	$ 103.20	$ 83.08	$ 68.60
Rank $/SF	8th	4th	1st	2nd	5th	3rd	6th	7th	9th

Rank: 1st is highest cost

The cost rankings shown in the table track almost exactly with the number of non-shelter objectives being met at a development. The best example is Park Place, which has 9 of the 12 features affecting costs. This development involved gut rehab (including repair of fire damage) of a major downtown historic building, with a difficult site (grade change and abutter accommodations), general (not senior) occupancy, common areas, significant amounts of retail and office space, and fewer than 50 units. The building is at an especially prominent location in Burlington, and its restoration to productive use was regarded as critical to community development objectives.

The Bennington Arts (6 of 12 features) and Exner Block (8 of 12 features) developments have features like Park Place. They rank 2nd and 4th in cost/SF. The three senior developments (all new construction on previously undeveloped sites) are the least complicated to develop, and have the fewest features at 2 each. They rank 6th, 7th and 9th in $/SF. Lakeview, which ranks 8th in $/SF, has 6 of 12 features. Its relative lower costs are a function of one of the buildings needing only modest rehab, bringing the $/SF for the total development down significantly. Similarly Mill View, which ranks 3rd in $/SF despite having only 3 of the 12 features. However, the nature of the construction (on a steep hill, with 2 level units with balconies over flats) and low number of units in the development (12) explains its higher $/SF ranking.

Comparison of Square Foot (SF) Costs

The table on the following page provides a comparison of $/SF, in absolute and percentage terms. It includes a comparison with the estimated $/SF for new construction based on the R. S. Means *Square Foot Costs*.[4] It also compares costs for each development with the average $/SF of the nine properties as well as a comparison to the median $/SF. The average $/SF for the nine properties is $106.36, while the median is $112.06, the $/SF of the Richmond development. The highest cost development (Park Place) is about 1/3 higher in $/SF than median or mean. The lowest cost development (Maples) is about 1/3 lower than median or mean.

[4] Costs are for "average" construction of the appropriate building type, adjusted for attributes and location. Means does not provide equivalent estimates for rehab. The Means costs are adjusted up from hard costs only to capture an average soft cost, and permit reasonable comparison with actual $/SF to construct the 5 new developments.

COMPARISON OF SF COSTS

9 Housing Developments

Type	Name	$/SF (built)	$/SF (Means)	% of Means	% Median	% Average	% lowest
	Average $/sf	$ 106.36	Median $/sf	$ 112.06			
New/General	Mill View	$116.39	$111.46	104%	104%	109%	170%
New/General	Richmond	$112.06	$111.67	100%	100%	105%	163%
Rehab/Retail	Park Place	$149.51	NA	NA	133%	141%	218%
Rehab/Retail	Exner Block	$128.24	NA	NA	114%	121%	187%
Rehab/Retail	Bennington Arts	$113.48	NA	NA	101%	107%	165%
Rehab/Mixed	Lakeview	$82.69	NA	NA	74%	78%	121%
New/Senior	Homestead	$103.20	$90.30	114%	92%	97%	150%
New/Senior	Eagle Crest	$83.08	$91.33	91%	74%	78%	121%
New/Senior	Maples	$68.60	$92.42	74%	61%	64%	100%

Means is hard cost x 130% to capture soft costs

Interestingly the built and Means $/SF for the two general occupancy developments are essentially the same. By comparison the costs for the three senior developments vary from Means, both higher and lower.[5]

A more important analysis comes from the comparison of $/SF of developments compared with either the lowest possible cost (here the lowest priced senior new construction) or the median (or average) cost of properties built in Vermont with affordable housing objectives.[6] Because the number of developments analyzed is small, it is not possible to state with full assurance the premium associated with meeting special policies. However the following inferences are reasonable, given the state of the data:

[5] This variation is likely the result of specific attributes of these developments not captured in an "average" cost/SF of the Means cost estimation system.

[6] For purposes of this discussion, median and average are regarded as essentially the same, and referred to as "typical".

1. The typical development in $/SF involves new construction (general or senior occupancy) of small properties (15± units) with units sizes of 750>1000 sf each. Such development costs in the range of $110±/SF, inclusive of hard and soft costs.
2. As compared with typical costs, extensive rehabilitation of downtown historic properties including provisions for ground level retail increases $/SF by 20% to 40%.
3. As compared with typical costs, construction of large senior developments (50+ units) on uncomplicated sites yields costs ranging from 25% to 40% lower than the typical level.
4. Developments for general occupancy (new or rehab) will involve costs significantly higher than that for the lowest priced senior development, ranging from 20% to 120% higher in $/SF.
5. Almost without exception, meeting multiple public policy objectives increases costs, with each additional objective adding 10% or more to the cost of the lowest priced housing option.

Hard and Land Cost Details

Comparing costs between rehabilitation of existing properties and construction of new properties necessitates combining hard costs (which are the total of trades, builder general conditions, overhead and profit, and other construction-related costs) and land costs. On this basis there is a narrowing of the range of costs among of the nine developments, with the combination of hard and land costs ranging from $58/sf to $93/sf on eight properties. Park Place is considered a special case given the extent of non-housing space and costs, and its downtown Burlington location. Park Place hard and land costs are about $125/sf.

On this basis the three rehab properties are $62/sf, $88/sf and $91/sf. The new construction properties are $58/sf, $73/sf, $75/sf, $87/sf and $93/sf. Again the four lowest developments in costs are senior developments, while the four highest cost developments are general occupancy including two with retail uses. The clustering of $/SF (hard and land) by type of use is a good indication of plausible costs by intended purpose, when multiple objectives are being sought.[7]

[7] Because contractors tend to present cost information differently, comparisons of costs in the CSI categories found on the detailed table does not provide useful information. This is especially evident in the presentation of General Contractor cost components (General Conditions, Overhead & Profit, Payment and Performance Bonds, Insurance, Permits & Fees). However the total of General Contractor costs was well within industry standards, ranging from a low of 1.6% to a high of 12.3%. Eight of the nine developments had GC costs at 9% or less of total costs.

Soft Costs

The most significant component of soft costs for the nine developments is developer fee. The range is a low of 2.9% to a high of 12.5% of total costs. A better way to understand developer costs is the actual dollar amount. There is a basic set of activities to complete a transaction, regardless of the number of units being financed. Beyond these basic activities, the time involved in closing a transaction is more properly understood according to complexity of the development. Notwithstanding these realities, developer fees are subject to cost containment pressures. What typically results is that small deals involve developer "losses" or an effort to package several small properties into a larger deal in order to achieve a minimum economy of scale.

The actual costs of developer fees range from a low of $107,000 (16 units) to a high of $396,000 (34 units). The highest fee is for Park Place. Given its special characteristics, a better comparison is made among the other eight developments. The next highest fee after Park Place is $215k (51 units). The fees by numbers of units are: $107k (16), $110k (60), $115k (12), $123k (15), $125k (16), $175k (17), $190k (10), $215k (51) and $396k (34). This array of fees shows a clustering of cost to do a development at a minimum in the $125,000 range, with higher costs for developments with significant non-housing elements ($190k and $396k) or other factors. The two other highest development fees involved for-profit developers. The $110k fee for the 60 unit development is an apparent anomaly, especially given that this development involved a for-profit developer.

Financing

The table on the following page summarizes the sources of financing for the nine developments. Six developments have non-profit developers; the other three involve for-profit developers. The most significant feature of these data is the extent to which the non-profit developers are involved in multi-aspect developments. These developments receive significant grant funds and special debt structuring in order to achieve both affordable housing goals. Only one of the three for-profit developer properties involved grant funds; all six of the other properties had grant funds, up to 1/8 of the total budget. Similarly these properties made use of deferred debt arrangements (HOME, CDBG, and so on) up to nearly half of the total budget. All of these six had sources which made heavy use of syndication proceeds from allocation of Low-Income Housing Tax Credits, up to nearly 60% of budget. The use of special funding sources (notably grants) would appear to begin to equalize costs among types of development, with the special funding covering the costs of other "non-shelter" objectives, such as historic preservation. The developments which have many special objectives (such as Park Place, Exner Block and Bennington Arts, have from 30>50% of the costs covered by "special" financing sources, including grants and deferred debt. Indeed, of the non-profit developer properties, only Lakeview (at 12.5%) makes modest use of "special" financing. By comparison the for-profit development properties all much little use of "special" financing, at 3.2%, 4.6% and 14.9%. This bolsters the observation that special objectives beyond just shelter are typically met by special sources.

SUMMARY OF SOURCES, by %

Development	Type	Equity	DEBT Amortizing	Deferred*	Grants
Bennington Arts	General/retail	57.8%	1.2%	28.4%	12.6%
Exner Block	General/retail	49.7%	0.0%	42.2%	8.1%
Lakeview	General/seniors	32.5%	55.1%	6.0%	6.5%
Mill View	General	57.8%	8.7%	32.9%	0.5%
Park Place	General/retail	44.4%	27.0%	21.9%	6.7%
Richmond Village	General	35.2%	14.8%	44.5%	5.5%
Eagle Crest	Seniors	11.5%	85.2%	3.2%	0.0%
Homestead Greene	Seniors	28.0%	67.3%	4.6%	0.0%
Maples	Seniors	44.3%	40.8%	2.4%	12.5%

* Deferred includes Developer Fee deferral for three for-profit developers.

Conclusions

The purpose of this report is to determine what factors influence the costs of housing being developed in Vermont for populations meriting housing assistance, and to respond to questions about the reasonableness of those costs. Conclusions are drawn based on the nine illustrative developments, which represent the type of affordable housing activity currently undertaken with the involvement of VHFA. VHFA is the state's primary institutional mechanism to prompt affordable housing development.

The primary conclusions are follow:

- There is a considerable variation in the type of construction, size of units, occupant population, development configuration and special features of the housing developments. As a result, comparison of development costs *per unit* are less meaningful than comparing costs *per square foot*. The nine developments have a median $/SF of $112.06, with a range from $68.60 to $149.51. Simpler senior developments cluster at the lower end. New family construction and simpler gut rehab developments cluster in the middle range. Complicated historic rehab with commercial uses cluster at the higher end.
- As compared to development costs of affordable housing in other state, Vermont costs are quite reasonable. To the extent that matches can be identified between sample developments and the typical costs for development provided by national cost estimation firms such as R. S. Means, the costs are essentially the same. Some cost factors are below national norms, with A/E and Developer fees frequently below the percentages suggested and/or permitted by HUD for developments involving HUD financing.
- Newly constructed elderly housing developments, with relatively small unit sizes and less challenging development circumstances, have the lowest cost per square foot. Elderly projects cost as much as 40% less than the typical development, whether they are new construction or rehabilitation. This is attributable in large part to the three "senior only" developments all being

new construction, with two being the developments with the largest number of units. Costs per square foot will decrease when soft costs can be distributed across a larger unit base.

- When both new construction and rehab are involved, a good measure of comparison is the combination of hard (that is, construction) and land (that is, acquisition) costs. The combination of hard and land costs ranges (from $58/sf to $93/sf) on eight properties. New and rehabilitated projects occur at both ends of the range. Again, occupancy is the best best predictor of cost, with senior developments (new or rehab) at the lower end and general occupancy developments (new or rehab) at the higher end. The ninth property, Park Place, is considered a special case given the extent of non-housing space (about 1/3 of total) and its downtown Burlington location. Park Place hard and land costs are about $125/sf.
- Having multiple community development objectives (that is, adding objectives such as rehabilitating historic downtown buildings and/or abating environmental hazards to the fundamental purpose of creating shelter) can add up to 40% to the typical cost per square foot. Special funding sources and/or debt amortization plans are available and have been used in the sample developments to address such non-shelter objectives. These special sources appear to equalize costs between developments with "shelter-only" objectives and those that have multiple objectives.

The last of these conclusions merits some additional comment. There are several important social policies are being addressed in the higher cost developments. The most evident of these policies is preservation of significant existing buildings in downtown locations. When these properties are rehabilitated, hard costs are higher because of the nature of the buildings (size, historic significance) and location (complications in construction). A second objective is mixed use, including retail/commercial, office (including offices for home businesses) and arts. Even with tenant build-out completed by others, the costs of preparation of this space are high, especially if commercial space constitutes a large proportion of the development. A third objective is enabling seniors to "age in place" by providing supportive services in large developments for seniors, single-story structures and fully accessible dwelling units. Finally, Vermont is not a state with concentrated populations. As a result even its "large" developments (60± units) are modest in size by national standards. Most of the developments (6 of 9) have fewer than 20 units. While developments of this scale "fit" into Vermont communities, they are more costly to develop because essentially fixed soft costs are spread over a small unit base.

APPENDIX A

Detailed Information on Properties

Bennington Arts Housing, Bennington

Eagle Crest, Williston

Exner Block, Bellows Falls

Homestead Greene, North Bennington

Lakeview, Newport

Maples Senior Living Center, Rutland

Mill View, Burlington

Park Place, Burlington

Richmond Village, Richmond

SUMMARY COST ANALYSIS

9 Housing Developments

Vermont

Development Location	*Bennington Arts Housing Bennington*		*Eagle Crest Williston*		*Exner Block Bellows Falls*		*Homestead Greene North Bennington*	
Year Completed	1999		2000		2000		1999	
Construction Type	Rehab		New		Rehab		New	
Occupancy	General with retail		Senior		General with retail		Senior	
Building Type & #	RH/WU	5	Elevator		WU		RH	4
Total Cost	$ 1,679,962		$ 3,763,613		$ 1,615,962		$ 1,397,000	
Total Units	15	*Net of Other*	60		10	*Net of Other*	17	
Cost/Unit	$ 111,997	*$ 100,574*	$ 62,727		$ 161,596	*$ 129,762*	$ 82,176	
Cost/SF	$ 113.48		$ 83.08		$ 128.24		$ 103.20	
Total Bldg SF	14,804	% SF by use	$ 45,302	% SF by use	$ 12,601	% SF by use	$ 13,537	% SF by use
Unit SF	12756	86.2%	36288	80.1%	7676	60.9%	12716	93.9%
Common Area SF	538	3.6%	9014	19.9%	2441	19.4%	821	6.1%
Other SF	1510	10.2%	0	0.0%	2484	19.7%	0	0.0%
UNIT # & SF	Average SF is 850		Average SF is 605		Average SF is 768		Average SF is 748	
0 BR	2	450						
0 BR*accessible*								
1 BR	5	642	40	537	9	703	17	748
1 BR*accessible*	1	674						
2 BR	3	866	20	740	1	1353		
2 BR*accessible*								
3 BR								
3 BR*accessible*	1	1300						
4 BR	3	1092						
4 BR*accessible*								
	$/SF	**% of Total**	**$/SF**	**% of Total**	**$/SF**	**% of Total**	**$/SF**	**% of Total**
Site Work	$ 2.38	2.1%	$ 4.41	5.3%	$ 6.38	5.0%	$ 14.88	14.4%
Concrete	$ 0.54	0.5%	$ 5.52	6.6%	$ 0.23	0.2%	$ 5.06	4.9%
Masonry	$ 1.89	1.7%	$ -	0.0%	$ 0.16	0.1%	$ -	0.0%
Metals	$ 0.70	0.6%	$ 2.30	2.8%	$ 1.46	1.1%	$ -	0.0%
Wood and Plastics	$ 7.10	6.3%	$ 15.78	19.0%	$ 6.89	5.4%	$ 11.35	11.0%
Thermal Protection	$ 2.11	1.9%	$ 1.85	2.2%	$ 3.65	2.8%	$ 5.31	5.1%
Doors & Windows	$ 3.79	3.3%	$ 3.44	4.1%	$ 4.04	3.2%	$ 2.15	2.1%
Finishes	$ 7.58	6.7%	$ 8.45	10.2%	$ 11.58	9.0%	$ 6.30	6.1%
Specialties	$ 0.43	0.4%	$ 0.68	0.8%	$ 0.26	0.2%	$ 0.55	0.5%
Equipment	$ 0.89	0.8%	$ 1.79	2.2%	$ 0.79	0.6%	$ 0.85	0.8%
Furnishings	$ -	0.0%	$ 1.10	1.3%	$ 1.65	1.3%	$ 1.77	1.7%
Special Construct	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
Conveying	$ -	0.0%	$ 0.82	1.0%	$ -	0.0%	$ -	0.0%
Mechanical	$ 16.26	14.3%	$ 9.18	11.1%	$ 15.28	11.9%	$ 6.84	6.6%
Electrical	$ 2.89	2.5%	$ 5.08	6.1%	$ 5.95	4.6%	$ 4.88	4.7%
SUB-TOTAL	**$ 46.56**	**41.0%**	**$ 60.42**	**72.7%**	**$ 58.32**	**45.5%**	**$ 59.94**	**58.1%**
Bldr Gen Cond	$ 5.82	5.1%	$ 3.60	4.3%	$ 7.27	5.7%	$ 4.14	4.0%
Bldr OH&P	$ -	0.0%	$ -	0.0%	$ 7.65	6.0%	$ 5.13	5.0%
P&P Bonds	$ 0.61	0.5%	$ -	0.0%	$ 0.62	0.5%	$ -	0.0%
Insurance	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
Permits and Fees	$ 0.20	0.2%	$ 1.33	1.6%	$ 0.83	0.6%	$ 1.44	1.4%
Change Orders	$ 4.00	3.5%	$ 1.30	1.6%	$ -	0.0%	$ 0.33	0.3%
Other Builder Costs	$ 0.49	0.4%	$ -	0.0%	$ 10.91	8.5%	$ -	0.0%
TOTAL, HARD	**$ 57.69**	**50.8%**	**$ 66.65**	**80.2%**	**$ 85.60**	**66.8%**	**$ 70.98**	**68.8%**
Purchase	$ 28.24	24.9%	$ 7.10	8.5%	$ 2.38	1.9%	$ 4.06	3.9%
Special Site Studies	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
Demolition	$ -	0.0%	$ -	0.0%	$ 0.40	0.3%	$ -	0.0%
HazMat Abate	$ 1.87	1.6%	$ -	0.0%	$ 2.50	2.0%	$ -	0.0%
Extraordinary Site	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
Other	$ 0.66	0.6%	$ -	0.0%	$ -	0.0%	$ -	0.0%
TOTAL, LAND	**$ 30.77**	**27.1%**	**$ 7.10**	**8.5%**	**$ 5.28**	**4.1%**	**$ 4.06**	**3.9%**
A&E	$ 5.77	5.1%	$ 1.32	1.6%	$ 9.90	7.7%	$ 6.98	6.8%
Legal	$ 0.99	0.9%	$ 0.22	0.3%	$ 0.99	0.8%	$ 1.32	1.3%
Title	$ 0.22	0.2%	$ 0.17	0.2%	$ 0.32	0.2%	$ -	0.0%
Consultants	$ 2.75	2.4%	$ 0.97	1.2%	$ 4.13	3.2%	$ 0.55	0.5%
Insurance & Taxes	$ 1.15	1.0%	$ 0.35	0.4%	$ 0.60	0.5%	$ 0.17	0.2%
Interest	$ 1.61	1.4%	$ 1.77	2.1%	$ 2.95	2.3%	$ 2.30	2.2%
Fees	$ 1.02	0.9%	$ 1.19	1.4%	$ 0.35	0.3%	$ 2.40	2.3%
Marketing/Leasing	$ -	0.0%	$ 0.19	0.2%	$ 0.79	0.6%	$ -	0.0%
Developer Fee	$ 8.30	7.3%	$ 2.42	2.9%	$ 15.12	11.8%	$ 12.93	12.5%
Other	$ 3.22	2.8%	$ 0.73	0.9%	$ 2.22	1.7%	$ 1.51	1.5%
TOTAL, SOFT	**$ 25.02**	**22.0%**	**$ 9.33**	**11.2%**	**$ 37.36**	**29.1%**	**$ 28.16**	**27.3%**
GRAND TOTAL	**$ 113.48**		**$ 83.08**		**$ 128.24**		**$ 103.20**	

SUMMARY COST ANALYSIS

9 Housing Developments

Vermont

Lakeview Newport		*Maples Senior Living Center Rutland*		*Mill View Burlington*		*Park Place Burlington*		*Richmond Village Richmond*	
1999		1999		2000		1999		1999	
Rehab		New		New		Rehab		New	
General, disabled, seniors		Senior		General		General with retail		General with home offices	
WU	3	Elevator	1	RH	1	Elevator	1	RH	7
$ 1,374,619		$ 3,976,121		$ 1,321,266		$ 6,400,772		$ 1,785,466	
16		51		12		34	*Net of Other*	16	
$ 85,914		$ 77,963		$ 110,106		$ 188,258	*$ 117,473*	$ 111,592	
$ 82.69		$ 68.60		$ 116.39		$ 149.51		$ 112.06	
16,624	% SF by use	$ 57,960	% SF by use	$ 11,352	% SF by use	$ 42,812	% SF by use	$ 15,933	% SF by use
12831	77.2%	34035	58.7%	10644	93.8%	21293	49.7%	15933	100.0%
3793	22.8%	23925	41.3%	708	6.2%	5407	12.6%	0	0.0%
0	0.0%	0	0.0%	0	0.0%	16112	37.6%	0	0.0%
Average SF is	802	Average SF is 667		Average SF is	887	Average SF is 626		Average SF is 996	
2	489					10	450		
9	790	42	625	4	520	22	700	1	951
				2	560			1	1039
2	742	9	865	4	1170	2	890	12	971
								1	1214
3	1013			2	1382			1	1074
$/SF	**% of Total**	**$/SF**	**% of Total**	**$/SF**	**% of Total**	**$/SF**	**% of Total**	**$/SF**	**% of Total**
$ 0.82	1.0%	$ 7.07	10.3%	$ 11.23	9.6%	$ 4.01	2.7%	$ 11.64	10.4%
$ 0.55	0.7%	$ 2.47	3.6%	$ 3.06	2.6%	$ 0.57	0.4%	$ 6.91	6.2%
$ -	0.0%	$ -	0.0%	$ -	0.0%	$ 6.48	4.3%	$ -	0.0%
$ 0.31	0.4%	$ 0.29	0.4%	$ -	0.0%	$ 0.92	0.6%	$ -	0.0%
$ 4.39	5.3%	$ 9.03	13.2%	$ 14.27	12.3%	$ 11.78	7.9%	$ 9.32	8.3%
$ 2.47	3.0%	$ 2.57	3.7%	$ 3.94	3.4%	$ 3.66	2.4%	$ 8.04	7.2%
$ 5.02	6.1%	$ 2.67	3.9%	$ 4.93	4.2%	$ 5.28	3.5%	$ 3.51	3.1%
$ 4.11	5.0%	$ 6.59	9.6%	$ 10.54	9.1%	$ 9.42	6.3%	$ 5.73	5.1%
$ 1.23	1.5%	$ 0.52	0.8%	$ -	0.0%	$ 0.26	0.2%	$ 0.05	0.0%
$ 1.56	1.9%	$ -	0.0%	$ 0.75	0.6%	$ 2.07	1.4%	$ 2.54	2.3%
$ 0.99	1.2%	$ 3.69	5.4%	$ 1.76	1.5%	$ -	0.0%	$ 1.71	1.5%
$ -	0.0%	$ -	0.0%	$ -	0.0%	$ 19.79	13.2%	$ -	0.0%
$ -	0.0%	$ 0.66	1.0%	$ -	0.0%	$ 1.37	0.9%	$ -	0.0%
$ 8.13	9.8%	$ 6.59	9.6%	$ 12.35	10.6%	$ 12.09	8.1%	$ 8.69	7.8%
$ 2.04	2.5%	$ 3.71	5.4%	$ 4.56	3.9%	$ 11.60	7.8%	$ 4.08	3.6%
$ 31.61	**38.2%**	**$ 45.86**	**66.9%**	**$ 67.39**	**57.9%**	**$ 89.30**	**59.7%**	**$ 62.21**	**55.5%**
$ 1.31	1.6%	$ 2.68	3.9%	$ 5.81	5.0%	$ 8.82	5.9%	$ 3.95	3.5%
$ -	0.0%	$ 2.76	4.0%	$ 2.98	2.6%	$ -	0.0%	$ -	0.0%
$ -	0.0%	$ 0.29	0.4%	$ 0.60	0.5%	$ -	0.0%	$ 0.81	0.7%
$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
$ -	0.0%	$ -	0.0%	$ 1.32	1.1%	$ 0.61	0.4%	$ 2.89	2.6%
$ 8.67	10.5%	$ 0.66	1.0%	$ 3.39	2.9%	$ 5.14	3.4%	$ 3.06	2.7%
$ 1.52	1.8%	$ 1.73	2.5%	$ 2.97	2.5%	$ 1.06	0.7%	$ 2.43	2.2%
$ 43.11	**52.1%**	**$ 53.97**	**78.7%**	**$ 84.47**	**72.6%**	**$ 104.93**	**70.2%**	**$ 75.36**	**67.2%**
$ 18.30	22.1%	$ 3.52	5.1%	$ 7.75	6.7%	$ 24.08	16.1%	$ 11.61	10.4%
$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
$ -	0.0%	$ -	0.0%	$ 0.52	0.4%	$ -	0.0%	$ -	0.0%
$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
$ 0.06	0.1%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
$ 18.35	**22.2%**	**$ 3.52**	**5.1%**	**$ 8.27**	**7.1%**	**$ 24.08**	**16.1%**	**$ 11.61**	**10.4%**
$ 4.46	5.4%	$ 1.43	2.1%	$ 7.14	6.1%	$ 5.17	3.5%	$ 6.29	5.6%
$ 0.87	1.1%	$ 0.75	1.1%	$ 0.88	0.8%	$ 1.04	0.7%	$ 1.70	1.5%
$ 0.19	0.2%	$ 0.04	0.1%	$ 0.40	0.3%	$ 0.27	0.2%	$ 0.23	0.2%
$ 1.11	1.3%	$ 0.61	0.9%	$ 1.04	0.9%	$ 0.80	0.5%	$ 0.49	0.4%
$ 0.96	1.2%	$ 0.17	0.2%	$ 0.47	0.4%	$ 0.40	0.3%	$ 0.19	0.2%
$ 2.01	2.4%	$ 0.34	0.5%	$ 1.70	1.5%	$ 3.51	2.3%	$ 2.22	2.0%
$ 1.93	2.3%	$ 2.17	3.2%	$ 0.50	0.4%	$ -	0.0%	$ 0.38	0.3%
$ 0.03	0.0%	$ 0.41	0.6%	$ 0.30	0.3%	$ 0.02	0.0%	$ 2.60	2.3%
$ 7.52	9.1%	$ 3.70	5.4%	$ 10.13	8.7%	$ 9.24	6.2%	$ 6.68	6.0%
$ 2.16	2.6%	$ 1.47	2.1%	$ 1.10	0.9%	$ 0.05	0.03%	$ 4.30	3.8%
$ 21.23	**25.7%**	**$ 11.11**	**16.2%**	**$ 23.65**	**20.3%**	**$ 20.51**	**13.7%**	**$ 25.09**	**22.4%**
$ 82.69		**$ 68.60**		**$ 116.39**		**$ 149.51**		**$ 112.06**	

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director SC

DATE: May 19, 2000

RE: **EXECUTIVE DIRECTOR'S REPORT**

ADMINISTRATION

This last month Pat Loller, Dave and Roger have spent a tremendous amount of time reviewing and regrading all our job descriptions and job qualification criteria. I don't think we realized how out of date things were, but it was a wonderful opportunity for all of us to really understand the agency staffing and job functions. I tried to participate in a lot of it and found it extremely helpful. Pat did an incredible job in heading up this effort and researching and analyzing all aspects of benefit and compensation comparable. Also, staff is working on the conversion of the operations departments' Mitas software and have very busy developing our agency requirements and reviewing software.

The Vermont legislature concluded its work for the 2000 session, passing a number of bills of importance to VHFA. The state tax credit passed, with a funding level of $100,000, which will begin to reduce the demand for the federal LIHTC program. VHCB received an appropriation of $11.5 million, including $1.0 million for emergency housing. A revised landlord/tenant bill provides additional notice provisions in cases where foreclosure takes place. In Winooski, a special district was created to assist its major redevelopment/housing project: this enables the city to reduce tax levels when bonds for the project are issued. In the coming weeks, we will analyze the full impact of the 2000 legislative session.

PROGRAM OPERATIONS

On May 1st a variety of folks interested in affordable housing were invited by Congressman Sanders to meet with representatives from FannieMae. Bernie is not very happy with FannieMae's participation in Vermont and has challenged them to come up with programs that better serve our need. I n Bernie's role on the House Banking Committee this may have some meaning. We have subsequently had a meeting with some of FannieMae's multifamily staff about direct purchase of VHFA bonds. Our interest is to get them to purchase bonds just on the credit of the agency so we can eliminate the costs of bind insurance and underwriting fees. On the homeownership side we intend to pull together a meeting of some of our partners to see what kind of loan products they might want which we could package in a direct sale to FannieMae. Of course in all our discussion we stressed how rate sensitive our loans are and that the size of our issues would be very small compared to Fannie Mae standards.

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**

On May 22nd Sam and I will be participating in a phone conference with Senator Jeffords staff to seek his support in co-sponsoring legislation to defer exit taxes for owners of assisted housing. This issue has been an impediment in many housing preservation deals and can impact the end sales price greatly. A coalition of national organizations is interested in third relief, and this is something we have discussed for some time.

We also expect to asked to solicit the support and possible co-sponsorship of our congressional delegation for legislation to add a simplified income based determination to purchase price limits under the single family MRB rule.

HOMEOWNERSHIP

Most of the updates and issues concerning homeownership are included in the Board mailing. Pat Crady took a very well deserved two week vacation this month and came back to continued booming business.

MULTIFAMILY MANAGEMENT

We have received unofficial word that HUD has approved our Note Sale purchase offer at the $2,300,565 amount we had proposed in November of 1999. After receiving official notice from HUD, our next steps will involve deciding on a source of funds to take out the HUD loan and preparation and review of required documents prior to a closing.

Multifamily Staff has continued to work on the sale of several properties and recent appraisals have lead to agreements to transfer ownership to nonprofit organizations including Lake Champlain Housing, Cathedral Square and the Burlington Housing Authority.

VHFA cosponsored and participated in the 2nd Annual New England Resident Services Coordinators' conference that was held in Providence RI. Several service coordinators from Vermont attended this conference where more than 300 people turned out representing all six New England states. These programs are designed to build upon and provide an educational forum for the service coordination network that was originally created as a result of funding provided through VHFA's successful Robert Wood Johnson Foundation and Administration on Aging grants.

DEVELOPMENT

The Development department recently had a permanent closing on Eagle Crest and a construction closing on Franklin, with a groundbreaking scheduled for May 22nd. Williamstown had a groundbreaking and a pre-closing. Bus Barns and St. Johnsbury House are upcoming closings. Joe and Cindy have been putting tremendous effort into analyzing the tax credit applications as well as a number of new loan applications. We expect that after the housing credit applications we will have a number of additional projects seeking loans.

FINANCE

Finance Department initiatives this month included completing the third quarter financials and April General fund operating reports, meeting on implementing electronic data transfer with our master servicer, beginning discussions on Series 13 Single Family bond issue and continuing to work on sorting out the financing options for the group of multi-family financings. In addition, the audit RFP has been mailed out to the National firms for response this month and we have been working with staff on the compensation and benefits package to be implemented into the FY2001 budget. We are in contact with Moody's about receiving our General Obligation/Internal Credit Rating and are working with Evensen Dodge to develop "benchmarks" for Agency financial reporting and using their assistance to help sort out and balance funding for single family mortgages and the new bond program. We have continued to pursue a funding agreement for the Vermont Energy Efficiency Utility.

Other

We have rented our office space next door to the Burlington Housing Authority as offices for staff they could not accommodate at their main office at 230 St.Paul Street. The space which was left bare (and in awful condition) by our last restaurant tenant is being repaired and fitted up for offices by BHA in exchange for reduced rent for two years. We also have spoken to BHA about assisting us with other building repairs as needed. One item that was delayed from last year is the repointing of the bricks and repairs of all our sills and soffits. We will discuss this at the Board meeting.

One piece of great news (for me and all the administration staff) is that Kari expects to be back at work June 5. We certainly have missed her.

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director SC

DATE: May 19, 2000

RE: **BENCHMARK STUDY**

Attached is the final report from the Benchmark Study we had performed earlier this year by McManis and Associates. Our objective was to identify possible benchmarks for performance objectives, as well as see how we compare to other HFA's relative to production and types of programs offered.

I'm happy to note that there were no startling findings. The report shows that VHFA is not an outlier in the various categories reviewed, which confirmed what we thought to be true. Our plan is to use the report to confirm strategic plan objectives, as well as establish contacts with other HFA's for future program development.

Due to the full Agenda for May's meeting, this will not be a discussion item. However, I would be happy to add to the June agenda if Board members would like to discuss further.

vhfa
Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: June 23, 2000

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 29th, 2000, at 1:00 p.m. at the Vermont Housing Finance Agency Building, 164 St. Paul Street, Burlington, Vermont.

Attached is the Agenda and Board packet. The master copy of the Board minutes kept on file here at the Agency includes any attachments that may be referenced in the minutes; copies will be made available should any Board members be interested in reviewing them.

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Burlington on June 29th!

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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Vermont Housing Finance Agency

June 19, 2000

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 29th at 1:00 p.m. at Vermont Housing Finance Agency, 164 St. 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

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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Vermont Housing Finance Agency

BOARD AGENDA

Vermont Housing Finance Agency
164 Saint Paul Street
Burlington, VT 05401

Thursday, June 29th at 1:00 p.m.

1. Approval of the minutes from May 25, 2000.

2. **TAX CREDITS**
   - A. Approval of the JCTC minutes from June 6, 2000 {Enclosure}
   - B. 2000 State Affordable Housing Tax Credit Requests {Reid/Enclosure}

3. **PROGRAM OPERATIONS**

   Homeownership
   - A. Summary of Homeownership Center Activity for 1999 {Crady/Black-Plumeau/Enclosure}
   - B. Monthly Reports {Crady/Enclosure}

   Development
   - A. Jeffersonville Community Housing {Erdelyi/Enclosure}
   - B. Westgate Apartments - Update {Erdelyi/Enclosure}
   - C. 2000 Multifamily Development Activity Report {Reid/Enclosure}

   Multifamily Management
   - A. HUD Note Sale {Falzone/Enclosure}
   - B. Multifamily Director's Report {Falzone/Enclosure}

4. **PUBLIC AFFAIRS/PLANNING**
   - A. Federal and State Legislative Update {Gent/Enclosure}

5. **FINANCE**
   - A. Budget {Schoenbeck/Enclosure}*

6. **ADMINISTRATION**
   - A. HR Policies {Carpenter/Enclosure}*
   - B. Executive Director's Report {Carpenter/Enclosure}

7. Any other business to come before the Board.

* Sent under separate cover.

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EQUAL HOUSING OPPORTUNITY

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Vermont Housing Finance Agency

BOARD MINUTES

Vermont Housing Finance Agency
164 St. Paul Street
Burlington, Vermont

Thursday, May 25, 2000 at 1:00 p.m.

PRESENT: Chairman White, Commissioners Randall, Douglas, Candon (designee of Costle), Beyer (designee of Lambert)

Staff: Ms. Carpenter, Ms. Loller, Mr. Adams, Mr. Schoenbeck, Ms. Crady, Ms. Gent, Ms. Reid, Mr. Erdelyi, Ms. Devos

Others: Peter Richardson, Andy Broderick, Nancy Owens (Housing VT), Bob Duncan and John MacDonald

Chairman White called the meeting to order at 1:10

The HR Board Committee was unable to meet as originally planned prior to this Board meeting, consequently there are no recommendations for the Board at this time. The HR Committee will meet prior to the June Board meeting and will forward any recommendations to the full Board for discussion at the June meeting.

There were several changes made to the Board meeting schedule. The June meeting has been moved from 22nd to the 29th and will be held in Burlington; the July meeting has been canceled; the August meeting has been moved from the 24th to the 10th and will be held in Rutland and the September meeting will be moved from the 28th to the 14th, to be held in Burlington.

MINUTES

Ms. Randall made a motion to approve the minutes from March 23, 2000. The motion carried unanimously after being seconded by Mr. Candon.

Chairman White took a moment to display the United Way Campaign of the Year Award and generously congratulated VHFA staff and the Special Events Committee for a wonderful campaign year and such a prestigious award.

PROGRAM OPERATIONS

Ms.Crady reviewed a summary of Homeownership activities, highlighting that activity has been very strong especially in those areas outside of Chittenden county. She also stated we would be utilizing recycled bonds to fund our singlefamily program until the next bond deal has been completed.

Ms. Crady commented on the slight increase in delinquencies, but noted that there have been dramatic improvements in the 60+ day delinquency category. Loss projections are currently better than expected for both the fiscal and calendar years. Ms. Crady also stated that adjustments would be made for the fiscal year for budgeting purposes and comparison features.

Ms. Crady also commented that, although we have two lenders currently testing the MGIC automated system there is still a need to discuss with MGIC the options available for revising the automated system to meet our criteria. Automated underwriting will not begin for at least two months.

Mr. Adams reviewed the draft of the Multifamily Zero Percent Loan Policy which will serve as a guide in helping determine how we will use excess interest earnings created from the refunding of numerous multifamily bonds. The projects that are currently generating the excess interest earnings will be given the highest priority and thirty percent of the projected funds over a 12-month period would be retained for this purpose. In addition to that priority, VHFA will use zero percent loans for new projects that promote the Agency's goals and use VHFA financing programs.

Several clarifications were made under the Intended Uses section of the document, the Agency will allocate, at a minimum, 30% of the excess yield funds for loans to existing VHFA financed properties. The wording for mobile home usage will be clarified to ensure consistency with the allowable uses of the funds. Mr. Candon made a motion to approve the multifamily zero percent lending policy. The motion carried unanimously after being seconded by Ms. Randall.

Ms. Carpenter then asked for clarification regarding when the Board needs to approve individual projects' proposals to use the 0% funds. Due to the general language in the policy, it seems to be unclear as to when the Board would like to review the requests. The Board unanimously agreed that, for existing VHFA projects that are not troubled, we do not need their approval. However, staff should report to the Board all loans made with 0% funds.

Mr. Adams next discussed the consolidation of loan servicers (transfer of servicing to VHFA). Consolidation of servicing is not mandatory at this time, however, it will be encouraged to those institutions servicing under one hundred loans. There is a potential to reduce the number of servicers from 25 to 12, including those lenders no longer participating in our Homeownership loan programs. Mr. Adams reviewed the list of lenders and indicated he will contact a number of lenders individually to discuss a possible servicing consolidation process. VHFA will need to guarantee a "no solicitation" policy to protect the relationship of the lender with its customers. Currently, VHFA has a sub-servicing agreement with Graystone. However, VHFA expects to review that sub-servicing agreement in the next year.

VHFA will use guidelines for loan origination volume and servicing portfolio size when deciding which institutions to contact about servicing. Chairman White indicated that these guidelines should be flexible and program participation voluntary. No Board approval is required.

Mr. Adams discussed the MCC Program and the recommendation of suspending the MCC Program. Based on the current bond authority granted to VHFA, there is a need for the volume cap to remain in Single Family loan production and Multifamily development applications. There is insufficient bond authority for the mortgage programs and the MCC Program.

After a brief discussion, Mr. Douglas made a motion to approve Staff recommendations regarding the suspension of the MCC program until sufficient volume cap is available to the Agency to not jeopardize VHFA's loan programs. The motion carried unanimously after being seconded by Mr. Candon.

FINANCE

Mr. Schoenbeck began with the funding line of credit for the energy efficiency utility. Since the last Board meeting, VEIC has received payments from the Public Service Board and VEIC has been utilizing a line of credit with the Chittenden Bank to supplement the PSB payments. The cash flow is clearer now and VEIC's need has decreased from $3 million to $2 million and VEIC would like to utilize the best rate available. VHFA would intend to use our line of credit with the Howard Bank to make advances to VEIC. After a brief discussion, Mr. Douglas made a motion to approve the negotiation with VEIC for a line of credit agreement not to exceed $2 million, up to three years, at a fixed rate over our cost of funds. VHFA will obtain a collateral assignment of contract security to enable VHFA to access funds from the Public Service Board in case of default. The motion carried unanimously after being seconded by Ms. Beyer.

Mr. Schoenbeck discussed the upcoming single-family bond financing. Series 12 mortgage money is expected to be depleted by the end of June. Our bond financing team has developed a strategy to recycle $11 million in funds from Series 7 through 9 at or below our current rate of 7.55%. When the above funds are nearly depleted, a new bond deal would take place (approximately mid-August), with the hopes of obtaining lendable proceeds in the range of $30 million, a bond issue size of $65 million and using $28 million of the volume cap for single family purposes. The recommended action is to proceed with the above outline. No board action is required at this time.

Mr. Schoenbeck next discussed the FY2000 General Fund and March 2000 financial reports and were in line with expectations. Lender origination fees and contract services are over budget due to high single family volume while the loan losses are under budget by $350,000. The capital budget is below budgeted amounts.

Regarding the March 2000 financials, total assets have increased and revenues have exceeded expenses by $2 million for the nine months ended March 31, 2000. We are $500,000 more profitable after discounting special adjustments compared to the same period last year. Our general finance health is better which can be easily observed by noting the loans receivable benchmark which has increased due to more new loans being made in excess of payoffs.

MULTI-FAMILY

Mr. Erdelyi began with a brief discussion of the loan application from McAuley Square Housing. This is a senior/family housing project located in Burlington with 74 total units (55 senior, 12 for low-income single parents and 7 for pregnant and parenting teens) with a per unit cost of $122,485. There are thirteen committed funding sources in the project's development budget. The sponsors are requesting tax-exempt construction financing of $4,100,000 with a term of up to 18 months to obtain the 4% tax credits for two of the buildings. A request for permanent tax-exempt financing of $3,301,000 with a 30-year term and amortization has been requested. In addition, the sponsors are also requesting $380,000 in 0% funding from VHFA to fill a funding gap.

Mr. Erdelyi reviewed new information regarding the project:. The appraisal came in at $4.25 million that reflects market conditions. There is 36% common space that contributes to the high cost of this project. Developer fees are somewhat high but still within current parameters. The sponsors have requested VHFA work with them to privately place the bond. If successful, the lower cost of doing this would be passed on to the project by only changing a 75bp mark-up on the rate.

Representatives of Housing Vermont were also present and answered several questions from the Board.

Ms. Beyer made a motion to approve the "Resolution Pertaining To A Letter of Interest and Commitment Re: Construction Financing For McAuley Square, Burlington" and authorize Ms. Carpenter to issue this letter upon completion of staff underwriting and due diligence. The motion carried unanimously after being seconded by Mr. Candon.

Ms. Reid began with a brief description of Anderson Parkway Housing, formerly known as "South Burlington Community Housing" and "Hayden Parkway". This project consists of 18 family units (nine duplexes) with a per unit cost of $148,845 and a permanent loan commitment of $250,000 from VHFA and $141,000 commitment of 2000 Housing Credits. The sponsor is seeking a tax-exempt construction loan ($550,000) in order to obtain 4% tax credits to cover the increase in construction costs and appeal costs. The 9% credits will be shifted to six buildings while three buildings will received 4% credits.

Ms. Reid stated the appraisal came in at $1.4 million, all water problems have been solved, and permits have been obtained. Along with Ms. Reid, the three members of Housing Vermont also helped answer questions posed by the Board.

Ms. Randall made a motion to approve the "Resolution Pertaining To A Letter of Interest and Commitment Re: Construction Financing for Anderson Parkway Housing, South Burlington," along with the condition of $48,000 in VDCP funding committed prior to closing. The motion carried unanimously after being seconded by Ms. Beyer.

Ms. Reid next discussed Hillcrest Views Apts & Maple Street Duplexes which is sponsored by Vermont State Housing Authority. This consists of 38 family units located in St. Albans with a per unit cost of $74,186 and is a consolidation of two projects originally financed by Rural Development. Rural Development is to provide permanent financing for the project as well as rental assistance for all of the units. Hillcrest Views Limited Partnership is seeking a tax-exempt construction loan of $737,000 to obtain the 4% out-of-cap Housing Credit.

After a brief discussion, Mr. Candon made a motion to approve the "Resolution Pertaining To A Letter of Interest and Commitment Re: Construction Financing For Hillcrest Views Apartments and Maple Street Duplexes, St. Albans." The motion carried unanimously after being seconded by Ms. Randall.

Mr. Candon made a motion to approve the following three resolutions as presented for authorization of issuance to Stratevest for three previously approved loans: "Resolution Authorizing The Issuance And Sale Of A General Obligation Bond To Stratevest & Co. In A Maximum Amount Of $800,000 And Using The Proceeds To Make A Loan In Such Amount To Hillcrest Views Housing Limited Partnership To Finance The Acquisition And Rehabilitation Of 4 Units And The Rehabilitation Of A 34 Unit Development In St. Albans."

"Resolution Authorizing The Issuance And Sale Of A General Obligation Bond To Stratevest & Co. In A Maximum Amount Of $600,000 And Using The Procees To Make A Loan In Such Amount To Anderson Housing Limited Partnership To Finance The Construction Of An 18-Unit Development In South Burlington."

"Resolution Authorizing The Issuance And Sale Of A General Obligation Bond To Stratevest & Co. In A Maximum Amount Of $260,000 And Using The Proceeds To Make A Loan In Such Amount To Northern Senior Housing, L.P. To Finance The Acquisition Of A 38-Unit Development In St. Johnsbury." The motion carried unanimously after being seconded by Ms. Randall.

ADMINISTRATION

Ms. Carpenter began with a discussion regarding capital repairs to the VHFA office building and introduced John MacDonald, Director of Facility Management of Burlington Housing Authority and Bob Duncan, a local architect to share their findings regarding several building issues: masonry reconstruction and window and roof replacement.

A handout of the potential costs was distributed for review and discussion. The deterioration of the masonry was thought to be repairable by re-constructing and re-pointing; the windows were suggested to be replaced but there may be some short-term alternatives; the roof is most critical of required repairs. The estimated total cost of the masonry work at this time is $180,000.

Due to the shortage of qualified masons in the area to do re-pointing and repair work, both Mr. MacDonald and Mr. Duncan are recommending that the masonry work be priced on a time and material basis, rather than a lump sum bid.

The Board approved completion of the masonry work within the parameters discussed, as well as approval of the roof replacement. Windows will not be repaired at this time. The Board discussed VHFA's bidding policies and Mr. Duncan and Mr. MacDonald were requested to do comparisons regarding rates and prices and report to Ms. Carpenter.

Chairman White suggested that the final two topics (Housing Development Costs in Vermont and the benchmarking study) be deferred to next month's meeting.

The meeting adjourned at 3.55 p.m.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

Joint Committee on Tax Credits & VHFA Board of Commissioners
2000 Round One
June 6, 2000
Associated General Contractor's Building, Montpelier

Committee Members Present:	Sarah Carpenter, Richard Williams, Gregory Brown, Gus Seelig (10:15 AM) John Taylor (10:30 AM)
Commissioners Present:	Richard White, Tom Candon, Suzanne Young (for Jim Douglas), Kathy Beyer
Staff Members Present:	Joe Erdelyi, Cindy Reid
Public Present:	Robert Bernstein (Addison County Community Action Group {ACCAG}); Ed Willenbaker (Winooski Housing Authority); Mike Richardson (Capital Ideas Inc.); Ed Burke (Brattleboro Area Community Land Trust); Dave Weaver (Westgate Tenants Association); Dot Parenchuck (Westgate Tenants Association); Steve Howard (Westgate); Tom Plumb (ACCAG); Annette Lynch (CSAC); Marie Gilmond (Rutland County Community Land Trust), Jeffrey Kantor (J.D. Kantor Inc.); J. Ladd (Lake Champlain Housing Development Corporation {LCHDC}); Amy Wright (LCHDC); Martin Hahn (Central Vermont Community Land Trust {CVCLT}); Peter Richardson (Housing Vermont); Karen Winchell (CVCLT); Steve Lotspeich (Town of Waterbury); Connie Snow (Brattleboro Area Community Land Trust); Nancy Owens (Housing Vermont); Lucy Leriche (Lamoille Housing Partnership); Lynn Mansfield (Housing Vermont); William Niquette (Winooski Community Development Corporation)

Dick White called the meeting to order at 10:00 AM.

Townhouse Terrace:
Cindy Reid stated that this application was withdrawn from consideration for 9% credits. Andy Broderick said that Gilman Housing Trust plans to package the project with a downtown St. Johnsbury revitalization project.

Farrell Street:
Kenn Sassorossi presented, and described the project as meeting key state policies: 1) it's a suburban community meeting its fair share of the housing shortage; 2) it is new construction and adds new units; 3) it is infill and this does not contribute to sprawl. The project is 3 buildings with the 4th being land banked. J. Ladd said the Act 250 application will go in 6/6 or 6/7/00, and the project has preliminary local approval. There is no indication of an appeal. Andy Broderick stated that there is one 9% building and two 4% building proposed; the 4th building in the future will use 4% credits. Total equity is \$5.2 million; \$275,000 in 9% credit therefore has a \$1.92 leverage value. Andy stated that without an allocation of 9% credit the project cannot be built. VCDP funds being applied for will go toward the 4th building.

At this time, Sarah provided an update of the new State Affordable Housing Tax Credit. This credit will be publicly notified, staff will review applications, the Committee will review them and make a recommendation to the Board, and the Board will make a decision at the June 29th Board meeting.

Green Mountain Seminary:
Martin Hahn stated that the project meets three goals: 1) adds new family units in a village center; 2) preserves a historic structure; 3) enhances a community asset. Waterbury's vacancy rate is less than 1%; there are many modest wage earners needing housing; the building is deteriorating and is the tallest structure in the village. There appears to be no opposition. Karen Winchell described the permitting process to be on schedule. By June 30th the local permit should be obtained and Act 250 submitted. Andy Broderick stated that the \$102,000 9% credit has a \$1.19 leverage of the overall \$1.6 million in equity. Andy ran the gap with 4% credits and determined the project would need \$41,000 of the new State Tax Credit if no 9% credit was allocated. This scenario would leave the project with a gap of \$109,000. The VCDP award will be decided on 6/7/00; the rest of the financing is committed except for a capital campaign of \$35,000. Housing Vermont making

progress on issues with the Historic Credit. Steve Lotspeich stated the Selectboard is 100% behind the project, and that the project is a priority for the Town.

Rutland Rehab:
This application has been withdrawn from consideration for the 9% credit. VHCB will fund the gap of $57,000 resulting from the project using the 4% credit.

Columbian Avenue:
Marie Gilmond presented the project as a historic property, and a project which meets 5 of 6 of the first tier Consolidated Plan criteria. It adds new units, including two 4-bedroom units and one accessible unit. VHCB and HOME will be decided on 6/16/00. The City is supportive of the project and is selling the property for $500 to RCCLT, and may reduce impact fees as well. There is a large affordable housing demand in Rutland. It is a blighted site, and the permits are obtained and RCCLT is ready to go. Jeff Kantor stated that they have worked hard to reduce their 9% credit request. Without 9% credits, there is a gap of $190,000. Using 4% credits, the project would need $71,000 of the new State Credit. There was discussion regarding the City applying for VCDP. The City is planning to apply for a downtown redevelopment project, for nonprofit office space. Marie said the soil at the site had been tested and RCCLT is awaiting a State sign off on soils. The yield is 0.89 on this project, not as efficient as others; Jeff Kantor said ESIC was interested in syndicating, but private placement was also a possibility.

Smith's Housing:
Bob Bernstein circulated a handout. He said the project does well in meeting Consolidated Plan priorities, has an efficient yield, and was the second highest on income targeting. Local support is strong, and there is a great need for the units. This is a historic property and the deal is well leveraged. He described the current condition as being children living in squalor. Tom Plumb stated that there were no zoning issues anticipated. Middlebury College has raised the pressure on housing with increased enrollment. There are currently tenants on fixed incomes living in the units, and ACCAG has 15 homeless families on waiting lists for housing. Kathy Beyer questioned the high acquisition cost of $29,000 per unit. This project has applied for AHP with a mid-June decision. ACCAG plans to close on acquisition in October. There would be a $319,000 gap as a 4% deal. Sarah asked about dropping the two new units, but ACCAG wants the density and the cost efficiency. Gus asked about the Town's willingness to apply for VCDP. There are 16 occupied units. There are housing code violations but the Town is not doing anything at this time. Relocation will be difficult but is doable.

Clark/Canal Street:
Connie Snow presented – all funding is committed, and the project is ready to go. Other BACLT units are being held for relocation purposes. There are some life safety issues, including electrical, deteriorating retaining wall, wet basements, and BACLT is trying to stay ahead of deteriorating conditions. There are currently very low income and low income residents. This is affordable family housing in the downtown. The Town has concerns about applying for VCDP, mainly for capacity reasons. Jeff Kantor stated that as a 4% project, the need for State Tax Credit would be $60,000 with 9 tax credit units (of 12 total), $50,000 with 10 tax credit units. Since it's an occupied project, the amount needed would depend upon whether there is turnover or not.

Jeffersonville:
Lucy Leriche presented the project as 32 total units, 22 elderly and 10 family. The 10 family units are applying for the 9% credit. This is a new construction project with municipal water and sewer. The vacancy rate is less than 2%. Lamoille County is one of the fastest growing counties, and is feeling the Chittenden County pressure. All funding is committed. Act 250 is committed, and the 30 day appeal period is half way over. They want to begin construction in July. Andy stated that the family units would use 9% credit; the elderly units would use 4% credit. The project is located in the village center, but did not obtain the downtown criteria. This is because Jeffersonville is not a designated downtown. There was discussion about the local community group which has worked on this idea since 1988.

Westgate:
Ed Burke described the project. Built in the 1970s in West Brattleboro, a HUD 236 project. There are 100 units, housing 254 people including 114 children. This is a mixed age and mixed income development. It is a key component of Brattleboro's affordable housing stock; of the housing in Brattleboro, one in three 3-bedroom units is at Westgate. The Town bus services the development. The Town is very supportive of this effort. The housing development is outdated. One third of the units flood; drainage is a serious problem. The significant cost of the project is driven by sitework. The Tenants Association is very active. Andy clarified that their request is $335,000. Applications are in to VHCB and VCDP.

A lot of progress has been made identifying sources. Andy stated that the community center and related sitework is approximately $500,000. There was discussion about the per unit costs compared to other Gates, and about the need for and cost of the community center; Gus thought they were comparable to Highgate considering the CPI over time plus the increase in construction costs. Gus stated his support for the community center as important over the long term.

Hanson Block & Renewal Housing:
Mike Richardson presented. Hanson & Renewal are 400 units in two phases. TIF legislation is in place. The City is the co-applicant for Act 250; Master Act 250 permit will determine density, road, school, water/sewer. Density is the key to this project – only a public/private partnership would build this dense & produce this many units. The sponsor realizes the credit request is larger than available credit. The sponsor needs credits for Building B from 1,2,3 years in order to construct by 2002. Need an overall financing plan by the end of the calendar year, otherwise, costs will be more including land acquisition. Bill Niquette stated that the WCDC currently owns Hanson Block. The usual financing sources are inadequate for this project (Renewal & Hanson combined). TIF was pursued to get tens of millions from the City. Density is high in Winooski. Sponsor wants to develop rentals due to demand, and is unsure about for sale products in a high density high rise. There appear to be 4 opposers out of hundreds of abutters. The housing is the backbone of this proposal. Ed Willenbaker stated that housing will be built on the site, and it's a question of how affordable. There was discussion regarding the size and height Buildings A & B, as well as the small size of the units. Sarah cited the need for a market study and need for WCDC to look at ownership options. Kathy Beyer raised concern about the risk posed to VHFA as lender.

After a break for lunch, discussion continued at 1:00 PM. After general discussion, Greg moved to approve $335,000 in credit for Westgate. Sarah updated the Committee members and Commissioners, that VHFA made an offer to purchase the Note from HUD. The project needs immediate work. Gus seconded Greg's motion. Gus stated that counting on transportation funding for Westgate is a longshot.

Greg then moved Farrell Street at $275,000. Gus stated that the creation of net new units is important, and that Smith's and Clark/Canal are not doing this. He went on to say that Winooski is an attractive proposal not yet ready for action, and he added his support for Farrell Street. Andy Broderick detailed the permit process, and stated that Farrell Street's Act 250 permit may take 120 days due to the water/wastewater permit.

Gus stated his support for the Jeffersonville project, citing that the project's sponsors have sought funding from a variety of sources, VCDP, VHCB, and the project has Act 250. The project will provide 10 new family units. Kathy Beyer reported that the Town of Jeffersonville would have supported a 100% elderly project, but VHCB and VCDP lobbied the town for family housing. Jeffersonville's gap with 4% credit would be $260,000.

Kathy expressed her support for the Columbian Avenue project, in that it is also adding units.

There was further discussion regarding Smith's Housing and Columbian Avenue, and that both Middlebury and Rutland may be able to apply for VCDP funds.

After further discussion, Greg moved to approve Westgate at $335,000, Farrell Street at $275,000, and Jeffersonville at $99,897. Gus seconded. The Committee approved the motion unanimously.

Tom Candon moved to accept the Committee's recommendation; Kathy Beyer seconded. The Commissioners approved the motion unanimously.

There was discussion about the new State Tax Credit. Staff will issue a notice of availability to developers, and there will be a Committee telephone meeting before June 29th to make a recommendation to the Board of Commissioners. At the June 29th Board meeting the Committee's recommendation will be considered and a decision will be made.

Dick Williams moved to approve the Committee minutes of May 3, 2000 and May 24, 2000; Greg seconded. The minutes were approved unanimously.

The meeting was adjourned at 3:15 P.M.

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Vermont Housing Finance Agency

MEMORANDUM

TO: Joint Committee on Tax Credits

FROM: Joe Erdelyi, Senior Development Officer JE
Cindy Reid, Multifamily Development Underwriter CR

RE: 2000 State Affordable Housing Tax Credit Requests

DATE: June 21, 2000

Staff received five applications requesting a total of $236,758 of the State Tax Credit this year. This year $100,000 is available for allocation. The Committee and Board discussed the issue of forward committing 2001Credit briefly at the June 6 meeting, but no decision was made. The memo that went out to developers soliciting applications for the State Tax Credit cited two criteria for proposals: applications for 9% credits in 2000 that did not receive commitments for 9% credits; and applications for 4% credits which best meet the Allocation Plan criteria. All five applications received had applied for 9% credit and did not receive commitments. All projects assume a waiver from the program cost limits.

The Joint Committee on Tax Credits will meet to discuss these projects and make recommendations to the VHFA Board of Commissioners on: **Thursday, June 29, 2000; 11:30 AM; VHFA Board Room, 164 St. Paul Street, Burlington.** A brief summary of each application follows.

PROJECT SUMMARIES

Name:	Clark & Canal	**Location:**	Brattleboro, Windham County
Housing Type:	Family	**Building Type:**	Flats
Total Units:	12	**HC Restricted Units:**	10
Project Type:	Rehab	**Per Unit Cost:**	$111,098
Total Cost:	$1,333,180	**State Credit Request:**	$45,000
Sponsors:	Brattleboro Area Community Land Trust		

Summary: BACLT purchased the four buildings that make up this application in 1989 and has rented them as affordable housing since then. They intend to rehabilitate the units to meet current standards, including life safety, electrical, mechanical, energy efficiency, lead paint abatement, and other work. Ten of the units will be tax-credit restricted (there were 9 tax credit units in the 9% Credit budget previously reviewed but one over-income tenant is moving), and the remaining two will be VHCB restricted. There are two units serving mentally ill tenants and who require special supportive services. The buildings are also going to receive the historic rehab credit. The project has been included in a Letter of Intent submitted to VCDP, although VCDP funding is not assumed

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in the budget. If the project receives State Tax Credits, the project will be removed from the Letter of Intent and not seek VCDP funding (conversely, if the project does not receive State Tax Credits, it will seek VCDP to fill the gap). BACLT is concerned that Westgate's second request for VCDP will make it difficult for Clark/Canal to obtain funding. The project will be ready to go once VHFA construction financing is obtained.

Name:	Columbian Avenue	**Location:**	Rutland, Rutland County
Housing Type:	Family	**Building Type:**	Flats/Townhouses
Total Units:	9	**HC Restricted Units:**	9
Project Type:	Rehab	**Per Unit Cost:**	$125,145
Total Cost:	$1,126,300	**State Credit Request:**	$62,000
Sponsor:	Rutland County Community Land Trust		

Summary: RCCLT proposes to develop this blighted property currently owned by the City, and rehab it to provide 9 units of housing. It is a large historic two-story brick structure, and has been boarded up and uninhabitable for several years. The sponsor has commitments for VHCB and HOME funds, and plans to utilize historic tax credits. The sponsor has obtained site plan and zoning approval. The City of Rutland added the project to a Letter of Intent for VCDP funding which was being submitted for another Rutland project. However, VCDP funding is not assumed as a source in this budget. If the project receives State Tax Credits, the project will be removed from the Letter of Intent and not seek VCDP funding (conversely, if the project doesn't receive State Tax Credits, it will seek VCDP to fill the gap). The project will be ready to go once VHFA construction financing is obtained.

Name:	Green Mountain Seminary	**Location:**	Waterbury Center, Washington County
Housing Type:	Family	**Building Type:**	Elevator/4 stories
Total Units:	16	**HC Restricted Units:**	14
Project Type:	Rehab	**Per Unit Resid. Cost:**	$139,950
Total Resid. Cost:	$2,239,203	**State Credit Request:**	$56,000
Sponsors:	Housing Vermont, Central Vermont Community Land Trust		

Summary: HVT and CVCLT propose to rehab the historic Green Mountain Seminary building to create 16 units of housing. It currently is a blighted structure. A branch of the town library will remain located in the building. Since the June 6 meeting occurred, the VCDP funding request was denied. HVT will reapply for VCDP, and that decision will be made by mid-October. The project has commitments for VHCB and HOME funding and a Town Revolving Loan Fund loan, and is seeking additional VHCB funds, local fundraising, and historic credits. The sponsor is working on local permitting and plans to submit an Act 250 application at the end of June. Two additional tax credit units were added from the previous 9% credit budget, for a total of 14 tax credit units.

Name:	Hanson Block	**Location:**	Winooski Chittenden County
Housing Type:	Family	**Building Type:**	Flats, lofts
Total Units:	10	**HC Restricted Units:**	10
Project Type:	New Construction	**Per Resid. Unit Cost:**	$128,541
Total Resid. Cost:	$1,285,410	**State Credit Request:**	$15,258
Sponsors:	Winooski Community Development Corporation		

Summary: The sponsor intends to rehab this property and maintain first floor commercial space and create two residential units on the second floor. On an adjacent lot also on Main Street, a new 3-story building will be constructed creating first floor commercial space and 8 apartments on the second and third floors. There will be four 1-bedroom units and six 2-bedroom units. Ten parking spaces will be created. The newly constructed building will have an elevator and two units will be accessible. A total of 5,000 square feet of commercial space will be created, expected to be office space. The Hanson Block building is blighted and uninhabitable currently. This latest scenario assumes VHCB funding, 4% credits, state historic credits, historic credits, WCDC assumed debt, VHFA debt, developer loan. No funding is committed yet (with the exception of WCDC debt). The sponsor estimates having local permits by September and does not anticipate needing Act 250.

Name:	Smith's Housing	**Location:**	Middlebury, Addison County
Housing Type:	Family	**Building Type:**	Flat
Total Units:	16	**HC Restricted Units:**	16
Project Type:	Rehab	**Per Unit Cost:**	$110,766
Total Cost:	$1,772,252	**State Credit Request:**	$58,500
Sponsors:	Housing Vermont, Addison County Community Action Group		

Summary: HVT and ACCAG are proposing to rehab three buildings and construct a fourth building for a total of 16 units. The project has commitments for VHCB and HOME funding, and is seeking AHP funds and REEP funding. The project will also utilize the historic rehab credit and the Vermont Downtown credit. Since the June 6 meeting, a letter of intent has been submitted to apply for VCDP funds; the decision is expected in mid-October. VCDP funds of $187,000 are assumed in this budget. The sponsor needs local approvals and does not anticipate needing Act 250 approval.

Summary of Requests:

Clark Canal	$45,000
Columbian	$62,000
Green Mountain Seminary	$56,000
Hanson Block	$15,258
Smith's	$58,500
Total	$236,758

Enclosed are minutes from the June 6, 2000 meeting for approval at the June 29th meeting.
If you have any questions or concerns about this memo, please feel free to call Cindy at 652-3462.

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homeownership Programs PC
Leslie Black-Plumeau, Research Analyst

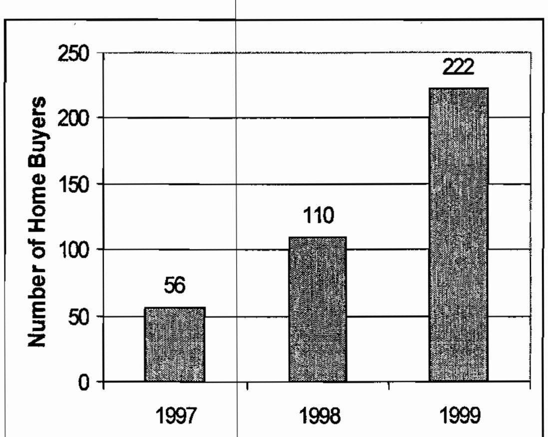
DATE: June 22, 2000

RE: Report of Homeownership Centers Activity 1999

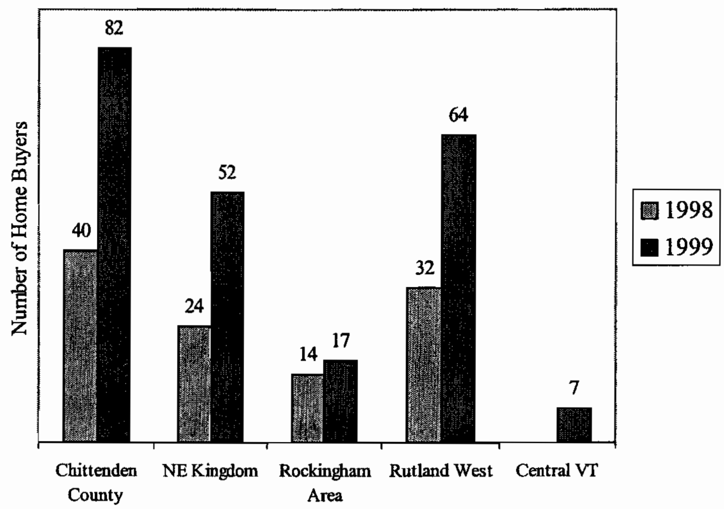
The Homeownership Centers of Vermont continued to increase their levels of customer activity in 1999, particularly with respect to customers purchasing homes and receiving classroom education. The four centers in Chittenden County, Rutland, the Rockingham area, and the Northeast Kingdom, were joined by a fifth center in central Vermont in July 1999. This memorandum provides information on center customers who purchased homes, customers who received delinquency intervention or foreclosure prevention services, workshop attendees, and the centers' current customers. In addition, information is provided on VHFA/Homeownership Center training and joint outreach activities that have been completed or are planned, an update on the status of the Center's capital campaign, and the status of a feasibility study to expand the Center in Northwest Vermont into Grand Isle and Franklin counties.

Home Purchases Continued To Increase Substantially

Through the combined efforts of the homeownership centers, a total of 222 customer households purchased homes in 1999, compared with 110 in 1998. This was the second year in a row that the total number of households purchasing homes through the centers doubled, as shown below:

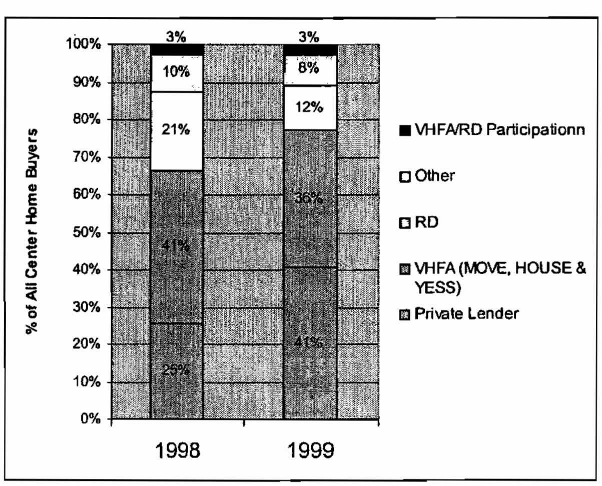


The central Vermont center began providing homeownership education during the summer of 1999 and helped its first customer to purchase a home in July 1999. For each of the other centers, more customers purchased homes in 1999 than in the previous year. In fact, the number of homebuyers doubled at the centers in Chittenden County, the Northeast Kingdom, and Rutland, as shown below:

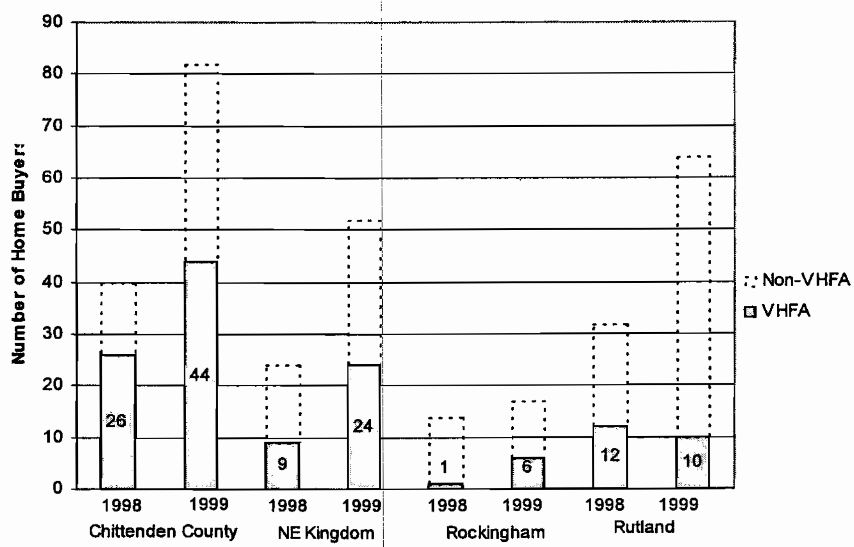


Of the 222 customers who purchased homes through the centers in 1999, about 68 percent, or 150 households, had low incomes (less than 80% of the area median). During 1999 and the first quarter of 2000, the centers completed their efforts to meet the activity level goals established for the PROGRESS program (at the time of this memo there are two loans waiting to close). This program was initiated in 1998 through the combined efforts of the homeownership centers, the Vermont Development Credit Union, VHFA and the Federal Home Loan Bank. Through this program, 40 low-income households, including 13 households with incomes less than 50% of median, became homeowners.

Overall, 36 percent of the households who purchased homes through the homeownership centers last year used VHFA financing. There was a noteworthy increase in 1999 in the percentage of center customers who used financing provided by private lenders, from 25 percent in 1998 to 41 percent, as shown below:



The number of center customers who bought homes through VHFA in 1999 nearly doubled, from 45 in 1998 to 87. These 87 households accounted for almost 10 percent of all loans VHFA purchased in 1999. Furthermore, each center met the VHFA loan volume goals established in their fiscal year 2000 contracts with VHFA for July – December 1999. The number of VHFA home buyers for each center are shown below in yellow:

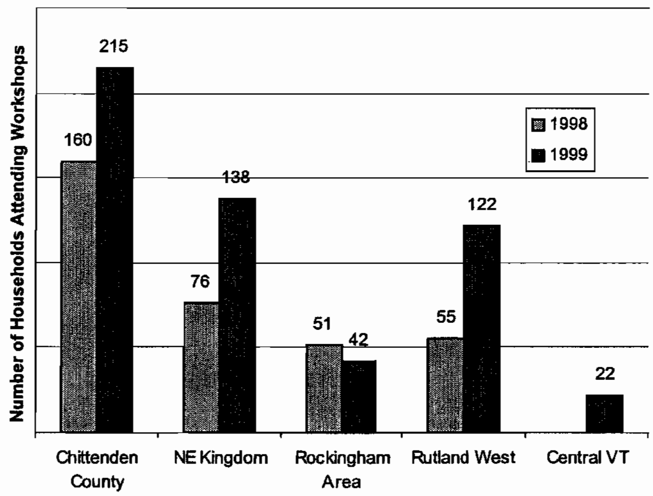


Delinquency Intervention and Foreclosure Prevention Activities

In addition to assisting with home purchases, the centers worked with about 41 households in 1999 who already owned homes and were facing delinquency or foreclosure. Six of these households had VHFA mortgages. The Chittenden County center worked with 16 households, Rutland with 12, Rockingham with 8, and the Northeast Kingdom center, with 5. The centers served these households through budget counseling, credit counseling, by acting as a liaison with servicers, by discussing refinancing options and providing referrals, and by assisting with forbearance, partial claims, modifications, and foreclosures. To date, only 5 of these 41 households have experienced foreclosure.

Number of Workshop Attendees Increased Substantially in 1999

The total number of households completing homebuyer education workshops at the centers grew from 342 in 1998 to 516 in 1999. As shown below, the centers in Chittenden County, the Northeast Kingdom, and Rutland educated many more households in 1999 than in 1998.



The Chittenden County and Northeast Kingdom centers both reported offering specialty and post-purchase workshops in 1999 on budget, general home maintenance, Act 60, plumbing, painting and wall repair, pruning shrubs, deck building, and energy efficiency.

Centers Are Actively Counseling Over 500 Households

The centers estimated that they are actively counseling 504 households with the potential to purchase homes in the next 2 years, as shown below:

	Chittenden County	NE Kingdom	Rockingham Area	Rutland West	Central VT	All Centers
0-6 months	94	40	14	35	13	183
6-12 months	35	72	16	30	2	153
1-2 years	62	36	9	61	6	168
Total	191	148	39	126	21	504

Training and Joint Outreach

In addition to training opportunities that each center has through the Neighborhood Reinvestment Training Institute, VHFA continues to provide ongoing training and technical assistance to center staff. Whenever possible VHFA participates in outreach activities initiated by the centers and involves the centers in outreach activities initiated by VHFA or our lending partners. Some examples are:

- Case study/scenario training for center staff on VHFA financing programs;
- Training in partnership with Rural Development on how the RD Guarantee program works with VHFA loan programs;

- Homebuying Basics workshop with the southeast center sponsored by Springfield Savings and Loan;
- Participation in a workshop offered by the center in northwest Vermont for individuals who are considering the purchase of a duplex;
- Participation with the Rutland County Homeownership Center in a luncheon for center partners;
- A training for the centers that features George Barlowe from Credit Bureau Services of Vermont on credit reporting laws, credit scores, etc., and Marilyn Morin of Universal Mortgage on FHA and VA insured/guaranteed loans;
- Training on the legalities of lending and compliance issues with Gordon Raymond of Chittenden Bank and Attorney Brian Hahir.

VHFA staff will continue to meet with the centers on a quarterly basis to identify areas where additional training is needed and to coordinate that training. VHFA staff will also assist the Centers with technical assistance and funding for promotion, marketing, and outreach.

Collaboration between Lake Champlain Housing Development Corporation and BCLT to serve Franklin and Grand Isle Counties

Last year VHFA approved a request from LCHDC in the amount of $11,000 to assist them to work with BCLT to explore the feasibility of collaboration between both organizations to serve residents of Franklin and Grand Isle Counties. VHFA's goal in funding this feasibility study was to develop a model that will allow the collaboration between LCHDC and BCLT to be replicated in other areas of the state. The first phase, a housing survey, has been completed. Preliminary information indicates a high level of unmet need, both existing and projected, for center services in Franklin and Grand Isle Counties. The data collected in the housing survey will be used for phase two, which will be to develop a model and determine the feasibility of collaboration between LCHDC and BCLT. LCHDC/BCLT will hire a consultant to work with both organizations to facilitate a joint planning process, a business plan, identify funding sources, and recommend the optimal organizational structure for the center.

Homeownership Center Capital Campaign

Last year VHFA also approved a contribution of $5,000 to match funds from Neighborhood Reinvestment and the Vermont Community Foundation to assist the Centers to fund their capital campaign to assure the long-term viability of the Centers. A consultant has been hired and a preliminary report of the feasibility of a statewide capital campaign is in the process of being drafted. Brenda Torpy, Executive Director of BCLT will be at the Board meeting and will provide an additional update.

Special Updates

The new Homeownership Center in Central Vermont has made significant progress during their first year of operation. Lyn Millhiser joined the Center as Homeownership Program Coordinator responsible for center activities and CVCLT's Homeland Program. CVCLT began their operation with strong partnerships of other nonprofits and Rural Development. Partners were trained, delivery systems and tracking systems implemented, and additional partnerships developed (Consumer Credit Counseling Services, Universal Mortgage, Northfield SB, Summit Financial, Chittenden Bank and Banknorth Mortgage). Because the information indicated above reflects activity for calendar year 1999, and Central Vermont's formal program did not begin until September 1, 1999, the following are updated numbers for the period of September 1, 1999 through May 31, 1999:

- A total of 39 orientation sessions were offered serving 103 households;
- A total of 8 workshops were held with 89 households attending (128 people) who are actively pursuing homeownership;
- The center assisted 17 households to purchase homes.

Central Vermont Community Land Trust has applied to NeighborWorks® (a program of the Neighborhood Reinvestment Corporation) for affiliation. Neighborhood Reinvestment conducted an on-site assessment in May of this year, and is scheduled to conduct a chartering program review in July. If all goes well, CVCLT expects to receive a charter from NeighborWorks® sometime in October.

Board Action Requested

No action is required. Last year the Board approved an additional three-year funding commitment to the centers. A full evaluation of the centers will be completed by December 31, 2001.

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homeownership Programs

DATE: June 22, 2000 PC

RE: Summary of Homeownership Activities

PROGRAM OPERATION

Attached are production reports by product and lender for FY 1999 and year to date FY 2000.

We have a meeting scheduled with MGIC during the first week of July to discuss the automated underwriting system they developed for VHFA loans and to determine the future of the pilot project.

COLLECTIONS

Attached are delinquency reports and a REO Inventory Report as of May 31, 2000.

We continue to make progress in reducing overall delinquency levels. We are also trying to work with listing brokers to review the marketing strategy on some of our older REOS. Our goal is to get those properties under deposit within the next 60 days

Please do not hesitate to call me if you have any questions about any of these reports.

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

VHFA Production Report- Dollar volume by lender FY2000

July 1, 1999 - June 30, 2000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD TOTAL
CHITTENDEN	$1,425,540	$579,575	$405,835	$4,385,635	$3,159,872	$1,992,583	$1,585,270	$1,351,497	$1,439,014	$1,394,323	$1,451,163		$19,170,307
SUMMIT	$190,000	$518,618	$0	$1,990,658	$1,008,677	$273,550	$673,113	$86,800	$509,452	$120,100	$320,985		$5,691,953
BANKNORTH	$235,900	$361,625	$63,000	$701,045	$1,132,075	$812,550	$386,810	$185,050	$380,075	$125,435	$425,750		$4,809,315
NEFCU	$264,100	$946,415	$557,575	$187,080	$436,943	$111,150	$453,372	$353,064	$129,300	$424,850	$260,000		$4,123,849
VDCU	$0	$295,040	$327,250	$619,650	$537,330	$229,375	$548,825	$341,305	$0	$107,801	$0		$3,006,576
UNION	$116,225	$339,905	$286,375	$595,375	$686,581	$192,025	$61,750	$339,750	$0	$70,000	$71,250		$2,759,236
COMMUNITY	$345,477	$185,181	$490,470	$185,350	$610,001	$270,942	$264,990	$0	$56,905	$135,160	$58,900		$2,603,376
VERMONT NAT'L	$652,325	$853,065	$0	$399,900	$326,889	$109,250	$80,750	$0	$0	$0	$0		$2,422,179
NORTHFIELD	$124,450	$279,660	$62,700	$274,258	$289,500	$205,850	$294,150	$0	$60,800	$0	$151,050		$1,742,418
VT STATE ECU	$217,100	$87,400	$0	$282,300	$316,700	$148,200	$55,960	$174,450	$60,000	$87,300	$152,700		$1,582,110
CTX	$0	$0	$0	$0	$82,650	$407,675	$314,390	$0	$248,800	$206,520	$169,800		$1,429,835
UNIVERSAL	$0	$0	$0	$70,703	$276,470	$340,115	$141,493	$154,000	$205,075	$119,005	$78,089		$1,384,950
HERITAGE FCU	$140,400	$61,750	$406,065	$0	$124,750	$81,480	$147,250	$102,820	$60,800	$158,707	$0		$1,284,022
KITTREDGE	$81,600	$285,775	$0	$412,225	$137,100	$57,950	$74,100	$56,000	$83,905	$0	$0		$1,188,655
GMAC	$0	$0	$80,275	$193,400	$101,200	$0	$0	$151,050	$270,075	$293,900	$86,350		$1,176,250
LYNDONVILLE	$0	$100,000	$0	$629,190	$188,000	$76,950	$118,500	$0	$41,325	$0	$0		$1,153,965
BRATTLEBORO	$70,000	$94,000	$253,440	$0	$146,400	$209,050	$114,525	$0	$71,300	$0	$172,000		$1,130,715
PASSUMPSIC	$63,000	$140,787	$139,250	$0	$370,525	$231,625	$0	$67,900	$62,000	$54,400	$0		$1,129,487
ALBANK	$74,100	$0	$50,065	$211,375	$187,600	$32,000	$94,525	$0	$166,810	$35,625	$110,575		$962,675
NAT'L BNK MIDDLE	$82,900	$274,500	$0	$131,957	$124,681	$0	$88,500	$64,000	$0	$0	$0		$766,538
CITIZENS	$100,340	$55,000	$0	$93,240	$42,655	$125,835	$0	$162,750	$0	$0	$64,600		$644,420
FIRST BRANDON	$69,350	$0	$139,310	$158,831	$140,890	$0	$0	$72,000	$0	$0	$0		$580,381
VHFA	$161,530	$79,365	$67,650	$33,200	$0	$66,250	$0	$26,730	$74,360	$45,100	$15,910		$570,095
BNK OF BENN	$87,300	$72,000	$97,350	$0	$69,000	$170,030	$0	$0	$69,000	$0	$0		$564,680
SOURCE ONE	$0	$0	$0	$0	$0	$76,534	$226,700	$0	$0	$0	$239,780		$543,014
NAT'L CITY MTG	$0	$0	$0	$0	$0	$69,900	$87,722	$40,000	$77,500	$86,800	$89,445		$451,367
FACTORY	$65,550	$0	$0	$0	$61,100	$51,400	$88,500	$0	$0	$58,200	$0		$324,750
PEOPLES TRUST	$0	$0	$0	$75,000	$0	$0	$0	$105,210	$0	$0	$60,000		$240,210
WELLS RIVER	$0	$0	$78,000	$0	$53,350	$0	$61,750	$0	$0	$0	$0		$193,100
MASCOMA	$0	$0	$57,200	$0	$0	$132,034	$0	$0	$0	$0	$0		$189,234
CT RIVER	$0	$55,000	$0	$0	$0	$45,600	$0	$0	$0	$0	$0		$100,600
RD	$0	$14,300	$28,200	$0	$0	$0	$33,950	$0	$0	$0	$0		$76,450
TOTAL	$4,567,187	$5,678,961	$3,590,010	$11,630,372	$10,610,859	$6,519,903	$5,996,895	$3,834,376	$4,066,596	$3,523,226	$3,978,347	$0	$63,996,712

VHFA Production Report By Product FY2000

July 1, 1999 - June 30, 2000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total
MOVE	4,124,272	5,050,851	2,983,050	10,360,896	9,377,888	5,824,798	4,920,567	3,318,996	3,256,736	3,056,844	3,290,355		55,565,253
MOBILE HOME	212,635	371,335	278,360	655,376	702,706	410,040	604,508	87,700	257,189	107,075	470,137		4,157,061
HOUSE	88,500	136,800	248,250	421,000	308,115	218,814	348,950	265,400	231,700	150,500	59,600		2,477,629
YESS	43,600	70,470	0	159,900	222,230	0	88,920	135,550	246,512	163,707	142,345		1,273,234
RURAL DEV.	98,180	49,505	80,350	33,200	0	66,250	33,950	26,730	74,360	45,100	15,910		523,535
Total	4,567,187	5,678,961	3,590,010	11,630,372	10,610,939	6,519,902	5,996,895	3,834,376	4,066,497	3,523,226	3,978,347		63,996,712

VHFA Production Report By Product FY1999

July 1, 1998 - June 30, 1999

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total
MOVE	1,642,380	3,584,030	3,005,618	1,707,335	3,312,362	1,012,972	2,893,418	2,176,105	1,627,530	1,863,002	2,141,111	2,551,490	27,517,353
MOBILE HOME	450,415	618,141	451,263	117,470	302,485	497,807	375,755	181,723	125,040	129,955	146,600	252,665	3,649,320
HOUSE	0	134,650	68,000	274,300	0	129,875	0	68,900	282,845	121,000	130,750	248,300	1,458,620
RURAL DEV.	51,850	142,350	22,500	125,500	21,000	72,010	29,640	118,095	26,310	146,360	32,755	126,020	914,390
YESS	0	0	0	0	81,289	75,550	0	137,867	73,750	78,872	0	65,137	512,465
Total	2,144,645	4,479,171	3,547,381	2,224,605	3,717,136	1,788,214	3,298,813	2,682,690	2,135,475	2,339,189	2,451,216	3,243,612	34,052,148

BOND SERIES STATUS REPORT

Series #	Date of Issue	Use by End Date	0 Point Move Rate	Original Issue Amt.	Amount Allocated	Available Funds
7	4/18/96	8/30/99		$42,500,000	$42,433,234	$66,766
8	10/9/96	4/1/00		$30,035,000	$30,003,930	$31,070
9	6/13/97	12/26/00	6.70%	$61,788,875	$60,996,632	$792,243
10	4/22/99	N/A	6.35%	$33,016,574	$31,722,418	$1,294,156
11	8/24/99	6/1/02	7.10%	$24,426,258	$21,231,259	$3,194,999
12	2/10/00	8/1/03	7.55%	$28,344,948	$22,390,439	$5,954,509

VHFA Production Report (Number of loans) FY2000

July 1, 1999 - June 30, 2000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD TOTAL
CHITTENDEN	18	8	5	55	39	27	21	16	17	17	20		152
SUMMIT	2	7	0	23	13	4	8	1	6	2	4		49
BANKNORTH	4	6	1	11	16	10	6	3	5	2	6		48
COMMUNITY	5	3	8	4	10	4	5	0	1	3	1		34
VERMONT NAT'L	10	11	0	6	5	1	1	0	0	0	0		33
NEFCU	3	12	6	3	6	1	5	4	2	5	4		31
VDCU	0	4	5	9	8	4	9	4	0	2	0		30
UNION	2	4	3	8	9	3	1	4	0	1	1		29
VHFA	7	5	4	1	0	4	0	2	4	2	2		21
NORTHFIELD	2	4	1	4	4	3	4	0	1	0	2		18
VT STATE ECU	3	1	0	4	4	2	1	3	1	1	2		14
PASSUMPSIC	1	2	2	0	5	3	0	1	1	1	0		13
LYNDONVILLE	0	1	0	8	3	1	2	0	1	0	0		13
KITTREDGE	1	3	0	6	2	1	1	1	1	0	0		13
HERITAGE FCU	2	1	5	0	2	1	2	1	1	2	0		11
NAT'L BNK MIDDLE	1	5	0	2	2	0	1	1	0	0	0		10
BRATTLEBORO	1	1	3	0	2	3	2	0	1	0	2		10
ALBANK	1	0	1	3	3	1	1	0	2	1	2		9
UNIVERSAL	0	0	0	1	3	4	2	2	3	2	1		8
CITIZENS	2	1	0	2	1	2	0	2	0	0	1		8
FIRST BRANDON	1	0	2	2	2	0	0	1	0	0	0		7
BNK OF BENN	1	1	2	0	1	2	0	0	1	0	0		7
CTX	0	0	0	0	1	5	3	0	3	3	3		6
GMAC	0	0	1	2	1	0	0	2	3	4	1		4
MASCOMA	0	0	1	0	0	2	0	0	0	0	0		3
FACTORY	1	0	0	0	1	1	2	0	0	1	0		3
WELLS RIVER	0	0	1	0	1	0	1	0	0	0	0		2
RD	0	1	1	0	0	0	2	0	0	0	0		2
CT RIVER	0	1	0	0	0	1	0	0	0	0	0		2
SOURCE ONE	0	0	0	0	0	1	3	0	0	0	3		1
PEOPLES TRUST	0	0	0	1	0	0	0	1	0	0	1		1
NAT'L CITY MTG	0	0	0	0	0	1	1	1	1	1	1		1
TOTAL	68	82	52	155	144	92	84	50	55	50	57		593

HOMEOWNERSHIP PROGRAMS - SERVICING ACTIVITY REPORT

Activity for the month of May 2000

COLLECTIONS

Total 90+ accounts for current month	57	

FORECLOSURES

Foreclosure accounts from previous month	60	
Plus new foreclosure accounts	4	
To REO	4	
Successful interventions	3	
Total Foreclosure accounts for current month	57	(includes 11 loans in Chapter 13)

REAL ESTATE OWNED

REOs from previous month	27	
Plus new REOs	4	
Less property sold	9	
Less reinstatement	0	
REOs for current month	22	(7 properties are under contract as of June 7, 2000)

HOMEOWNERSHIP DELINQUENCY REPORT
AS OF: May 31, 2000

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan-00	Feb	Mar	Apr	May	Jun	YTD Average
Total Portfolio #	**5918**	**5918**	**5931**	**5934**	**6042**	**6147**	**6191**	**6242**	**6297**	**6271**	**6285**	**6291**		**6122**
Total Portfolio $	**$326.3**	**$326.8**	**$328.8**	**$329.8**	**$338.7**	**$346.8**	**$350.4**	**$354.3**	**$356.7**	**$357.7**	**359.1**	**359.9**		**$344.6**

NUMBER OF DELINQUENT LOANS

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan-00	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	268	272	264	269	290	295	279	294	307	224	311	269		279
60 Days	75	76	66	68	72	79	91	96	69	55	53	74		73
90 Days	88	89	87	80	88	84	91	91	80	63	61	57		80
Foreclosure	58	63	68	64	59	54	51	54	62	61	60	56		59
Total Delq 99-00	489	500	485	481	509	512	512	535	518	403	485	456	0	453
Total Delq 98-99	556	518	548	560	545	596	600	604	609	483	503	548	489	551

PERCENT BY NUMBER OF DELINQUENT LOANS

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan-00	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	4.53%	4.60%	4.45%	4.53%	4.80%	4.80%	4.51%	4.71%	4.88%	3.57%	4.95%	4.28%		4.64%
60 Days	1.27%	1.28%	1.11%	1.15%	1.19%	1.29%	1.47%	1.54%	1.10%	0.88%	0.84%	1.18%		1.27%
90 Days	1.49%	1.50%	1.47%	1.35%	1.46%	1.37%	1.47%	1.46%	1.27%	1.00%	0.97%	0.91%		1.43%
Foreclosure	0.98%	1.06%	1.15%	1.08%	0.98%	0.88%	0.82%	0.87%	0.98%	0.97%	0.95%	0.89%		0.98%
Total Delq 99-00	8.26%	8.45%	8.18%	8.11%	8.42%	8.33%	8.29%	8.57%	8.23%	6.43%	7.72%	7.25%	0	8.31%
Total Delq 98-99	8.88%	8.33%	8.81%	8.99%	8.78%	9.65%	9.82%	9.93%	10.06%	8.03%	8.41%	9.21%	8.26%	9.01%

DOLLAR AMOUNT OF DELINQUENT LOANS

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan-00	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	$14.2	$14.5	$14.5	$14.7	$15.6	$16.1	$15.0	$16.6	$16.8	$12.5	$16.8	$14.8		$15.3
60 Days	$4.3	$4.5	$3.8	$3.9	$4.2	$4.5	$5.6	$5.6	$4.0	$3.1	$2.9	$4.1		$4.5
90+ Days	$8.4	$8.6	$8.8	$8.4	$8.5	$8.3	$8.1	$8.3	$8.0	$6.9	$6.9	$6.4		$8.4
Total Delq 99-00	$26.9	$27.6	$27.1	$27.0	$28.3	$28.9	$28.7	$30.5	$28.8	$22.5	$26.6	$25.3		$28.2
Total Delq 98-99	Info Not Readily Available.													

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: May 2000

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO	
Mortgage Service Ctr. of NE	77	8	10.39%	7	9.09%	1	1.30%	1	1.30%	17	22.08%	0	0.00%
Mascoma Savings Bank	5	1	20.00%	0	0.00%	0	0.00%	0	0.00%	1	20.00%	0	0.00%
Charter One	363	24	6.61%	5	1.38%	7	1.93%	4	1.10%	40	11.02%	1	0.28%
Graystone Mortgage Company	1227	64	5.22%	20	1.63%	16	1.30%	14	1.14%	114	9.29%	4	0.33%
GMAC Mortgage	22	2	9.09%	0	0.00%	0	0.00%	0	0.00%	2	9.09%	0	0.00%
Randolph National Bank	26	1	3.85%	1	3.85%	0	0.00%	0	0.00%	2	7.69%	0	0.00%
Passumpsic Savings Bank	159	10	6.29%	0	0.00%	0	0.00%	2	1.26%	12	7.55%	1	0.63%
Chittenden Bank	2802	115	4.10%	27	0.96%	21	0.75%	31	1.11%	194	6.92%	13	0.46%
Peoples Trust Co.	76	2	2.63%	2	2.63%	1	1.32%	0	0.00%	5	6.58%	0	0.00%
Community National Bank	333	12	3.60%	5	1.50%	3	0.90%	1	0.30%	21	6.31%	1	0.30%
Vermont Development CU	128	3	2.34%	2	1.56%	2	1.56%	1	0.78%	8	6.25%	0	0.00%
Merchants Bank	194	10	5.15%	0	0.00%	0	0.00%	2	1.03%	12	6.19%	0	0.00%
Lyndonville Savings Bank	75	2	2.67%	0	0.00%	2	2.67%	0	0.00%	4	5.33%	1	1.33%
Union Bank	198	6	3.03%	1	0.51%	1	0.51%	0	0.00%	8	4.04%	0	0.00%
Brattleboro Savings & Loan	45	1	2.22%	1	2.22%	0	0.00%	0	0.00%	2	4.44%	0	0.00%
Bennington Co-op S&L Assoc.	70	1	1.43%	2	2.86%	0	0.00%	0	0.00%	3	4.29%	0	0.00%
Citizens Savings Bank	123	4	3.25%	0	0.00%	1	0.81%	0	0.00%	5	4.07%	0	0.00%
Northfield Savings Bank	155	2	1.29%	1	0.65%	2	1.29%	0	0.00%	5	3.23%	1	0.65%
Wells River Savings Bank	33	1	3.03%	0	0.00%	0	0.00%	0	0.00%	1	3.03%	0	0.00%
Factory Point Nat. Bank	35	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Connecticut River Bank	7	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Brandon Nat. Bank	13	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%
Heritage Family Credit Union	25	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
New England Federal CU	95	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Totals	6291	269	4.28%	74	1.18%	57	0.91%	56	0.89%	456	7.25%	22	0.35%
Totals Previous Month	6285	311	4.95%	53	0.84%	61	0.97%	60	0.95%	485	7.72%	27	0.43%
Totals Same Mo. Last Yr.	5950	287	4.82%	67	1.13%	141	2.37%	53	0.89%	548	9.21%	46	0.77%

Lenders	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Bennington Co-op S&L Assoc.	3.23%	6.45%	6.45%	6.25%	2.99%	2.99%	2.94%	2.86%	2.86%	8.57%	7.04%	4.29%	4.29%
Brattleboro Savings & Loan	9.68%	6.45%	6.45%	6.25%	5.56%	5.56%	5.26%	4.88%	4.65%	4.65%	4.65%	4.65%	4.44%
Charter One	9.84%	12.01%	9.23%	10.88%	11.14%	10.96%	10.16%	9.21%	10.30%	9.78%	7.90%	10.68%	11.02%
Chittenden Bank	9.27%	9.02%	9.14%	9.45%	8.49%	8.83%	7.88%	6.69%	7.20%	7.75%	6.88%	7.55%	6.96%
Citizens Savings Bank	6.67%	7.50%	8.33%	8.26%	7.56%	7.50%	5.04%	4.96%	7.44%	7.38%	5.74%	3.28%	4.07%
Community National Bank	9.87%	7.67%	7.89%	7.24%	6.11%	7.03%	6.19%	6.44%	8.18%	7.32%	5.78%	6.63%	6.31%
Connecticut River Bank	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Factory Point Nat. Bank	3.03%	3.13%	9.38%	12.12%	6.45%	12.90%	12.50%	12.12%	8.57%	2.94%	11.76%	11.43%	0.00%
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%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
GMAC Mortgage	0.00%	11.11%	11.11%	11.11%	0.00%	0.00%	8.33%	8.33%	8.33%	0.00%	5.88%	9.52%	9.29%
Graystone Mortgage Company	17.18%	16.88%	16.22%	12.22%	11.53%	13.07%	11.86%	12.73%	10.42%	10.80%	6.35%	9.60%	9.09%
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%
Lyndonville Savings Bank	6.25%	4.76%	4.76%	3.17%	6.45%	4.29%	4.11%	6.76%	6.58%	3.95%	3.90%	6.49%	5.33%
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%	20.00%	20.00%
Merchants Bank	5.33%	4.55%	5.53%	2.83%	5.71%	8.74%	6.37%	4.48%	4.98%	4.48%	3.55%	6.19%	6.19%
Mortgage Service Ctr. of NE	9.88%	9.88%	8.75%	12.50%	15.00%	13.92%	14.10%	14.10%	19.23%	17.95%	14.29%	18.18%	22.08%
New England Federal CU	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%
Northfield Savings Bank	2.84%	1.43%	4.29%	3.57%	5.00%	4.90%	4.76%	6.67%	5.84%	5.19%	3.87%	4.55%	3.23%
Passumpsic Savings Bank	10.90%	10.26%	7.74%	8.33%	7.64%	7.10%	6.88%	9.26%	6.83%	8.64%	5.56%	7.50%	7.55%
Peoples Trust Co.	7.41%	8.64%	7.50%	5.13%	10.26%	8.86%	6.49%	6.58%	6.58%	7.89%	7.89%	9.21%	6.58%
Randolph National Bank	9.68%	3.33%	3.33%	6.67%	7.41%	7.41%	7.41%	7.41%	7.41%	3.70%	3.70%	7.69%	7.69%
Union Bank	8.67%	6.98%	8.72%	6.86%	5.71%	6.59%	6.28%	7.25%	5.70%	4.57%	5.08%	5.08%	4.55%
Vermont Development CU	8.43%	8.24%	9.41%	6.74%	6.38%	8.74%	8.11%	6.96%	8.06%	7.81%	6.30%	6.98%	6.25%
Wells River Savings Bank	0.00%	0.00%	0.00%	3.33%	3.23%	3.23%	3.13%	0.00%	0.00%	0.00%	0.00%	3.03%	3.03%
Average	5.53%	6.33%	5.77%	5.72%	5.30%	5.70%	5.51%	5.51%	5.57%	4.93%	4.64%	6.50%	5.92%

REO INVENTORY REPORT
As of May 31, 2000

Mortgagor	REO Date	City	Princ. Bal.	Interest	Expenses	Receipts (1)	Total Cost Basis	Valuation Allowance as of 3/31/00	List Amount (2)	Current Appraisal	Date Last Appraised	Original Appraisal	Loan Date	Prop Type	Comments
Bushey	1/19/98	Fairfield	$ 57,867	$ 5,686	$ 21,590	$ 17,360	$ 67,782	$ 18,271	$ 64,900	$ 52,000	8/22/97	$ 62,000	9/20/95	MH	Working with interested buyer
Fuller	5/26/99	Duxbury	$ 62,454	$ 10,267	$ 8,416	$ 12,237	$ 68,899	$ 18,510	$ 39,900	$ 53,000	6/1/99	$ 65,000	12/16/94	MH	Reduced price to $39,900
Wilson	9/13/99	Marshfield	$ 46,790	$ 6,766	$ 13,627	$ -	$ 67,182	$ 28,811	$ 39,000	$ 46,000	5/18/99	$ 66,000	5/11/95	SF	Under deposit $39,000
Hughs Sr	9/23/99	Bennington	$ 79,168	$ 9,546	$ 19,711	$ 17,903	$ 90,522	$ 15,516	$ 90,000	$ 78,000	10/27/99	$ 88,000	8/19/94	SF	Under deposit $90,000
Langevin	10/12/99	Williamstown	$ 58,913	$ 9,218	$ 7,691	$ 13,642	$ 62,180	$ 220	$ 59,900	$ 65,000	2/24/99	$ 69,500	9/21/89	SF	Reduced price to $59,900 -working with interested buyer
Currier	10/20/99	Albany	$ 44,646	$ 4,790	$ 10,001	$ 10,400	$ 49,037	$ 13,635	$ 30,000	$ 35,000	12/1/99	$ 52,000	12/14/89	SF	Under deposit $30,000 to close 6/6/00
Johnson	11/4/99	Wells	$ 49,792	$ 5,988	$ 5,874	$ 11,138	$ 50,516	$ 26,026	$ 29,500	$ 40,000	12/6/99	$ 52,000	10/18/91	MH	Reduced price to $29,500 - no activity
Sunderland	11/17/99	Fairfax	$ 80,983	$ 9,419	$ 8,398	$ 18,693	$ 80,107	$ 26,634	$ 52,500	$ 55,000	11/16/99	$ 90,000	8/17/93	SF	Under deposit $52,500
Simonds	12/6/99	Lunenburg	$ 56,945	$ 4,520	$ 6,021	$ 14,541	$ 52,945	$ 8,125	$ 54,900	$ 54,000	10/14/99	$ 75,000	10/5/90	MH	Relisted @ $54,900
Potter	12/14/99	Rutland City	$ 68,268	$ 7,237	$ 18,475	$ 14,952	$ 79,028	$ 33,701	$ 56,000	$ 40,000	12/28/99	$ 74,000	6/28/95	SF	Under deposit $56,000 to close 5/31/00
Lawson/Yarnell	12/27/99	Bennington	$ 54,088	$ 3,486	$ 12,781	$ 13,665	$ 56,690	$ 7,425	$ 45,000	$ 50,000	9/14/99	$ 56,000	9/1/98	SF	Under deposit $45,000 to close 5/31/00
Lamery	2/9/00	Cabot	$ 61,006	$ 13,373	$ 6,200	$ 13,700	$ 66,879	$ -	$ -	$ -	9/4/91	$ 69,000	10/11/91	SF	Property occupied - Repurchase proposal sent to borrowers attorney
Lamoureux	3/6/00	Shoreham	$ 71,412	$ 10,269	$ 8,291	$ 15,898	$ 74,074	$ -	$ 63,000	$ 60,000	4/13/00	$ 80,000	4/22/92	SF	Received verbal offer (low). High level of activity.
Maccioli	3/8/00	Bennington	$ 65,723	$ 10,236	$ 17,215	$ -	$ 93,174	$ 24,623	$ 39,000	$ 48,000	4/11/00	$ 86,000	11/20/89	SF	Under deposit $39,000 - to close 5/11/00
Brintnall	3/14/00	Northfield	$ 39,579	$ 4,454	$ 4,425	$ 12,186	$ 36,272	$ -	$ 43,700	$ 38,000	3/16/00	$ 49,000	9/17/96	SF	Under deposit $43,7000 - to close 7/26/00
Miller	3/17/00	Bennington	$ 72,663	$ 7,387	$ 9,148	$ 12,939	$ 76,259	$ 31,058	$ 65,000	$ 52,500	3/28/00	$ 76,000	1/5/95	SF	Listed for $65,000
Cahoon	3/20/00	Rutland City	$ 80,205	$ 7,487	$ 7,356	$ 16,432	$ 78,616	$ 893	$ 88,000	$ 85,000	11/3/99	$ 90,000	5/28/93	SF	Under deposit $88,000
Willis	4/10/00	Worcester	$ 27,679	$ 4,994	$ 7,110	$ 6,450	$ 33,333	$ -	$ 17,000	$ 22,000	3/9/00	$ 32,000	6/19/89	SF	Under deposit @ $17,000 - septic system found to be 275 gal oil tank
Bradley	4/20/00	Marshfield	$ 21,176	$ 1,184	$ 5,456	$ 4,980	$ 22,836	$ -	$ 6,500	$ 10,000	3/20/00	$ 27,500	12/22/89	SF	Under deposit $6,500 to close 6/25/00
Roy	4/28/00	Cambridge	$ 62,346	$ 10,164	$ 4,665	$ 14,192	$ 62,983	$ -	$ 57,900	$ 58,000	5/24/00	$ 70,000	8/12/94	MH	Listed for $57,900
Frye	5/1/00	Lyndon	$ 29,202	$ 1,787	$ 3,027	$ -	$ 34,016	$ -	$ 24,900	$ 24,000	4/12/00	$ 35,000	8/4/94	MH	Listed for $24,900
Reed	5/1/00	Wheelock	$ 30,107	$ 2,842	$ 3,563	$ -	$ 36,512	$ -	$ 24,900	$ 25,000	2/23/00	$ 38,000	9/19/90	SF	Listed for $24,900
Acheson	5/2/00	Brattleboro	$ 81,075	$ 9,087	$ 8,541	$ -	$ 98,703	$ -	$ 89,900	$ 86,000	2/4/00	$ 93,000	6/6/91	2FD	Listed for $89,900
Dolle	5/26/00	Readsboro	$ 42,374	$ 4,894	$ 8,649	$ -	$ 55,917	$ -	$ 35,000	$ 32,000	11/19/99	$ 55,000	10/25/93	SF	Listed for $35,000
Pero	5/31/00	Hartford	$ 72,769	$ 9,858	$ 2,802	$ -	$ 85,429	$ -	$ -	$ -	9/23/92	$ 82,000	11/5/92	SF	Reinstated 5/31/00
25			$ 1,161,703	$ 146,470	$ 202,451	$ 241,308	$ 1,269,315	$ 253,448	$ 941,700	$ 941,500		$ 1,329,000			

REOS that are under deposit

(1) Receipts column represents actual and projected mortgage insurance claim payments

(2) If Property is under deposit the List Price is the actual sale price.

6/20/00
REO Inventory

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. IN A MAXIMUM AMOUNT OF $260,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO NORTHERN SENIOR HOUSING, L.P. TO FINANCE THE ACQUISITION OF A 38-UNIT DEVELOPMENT IN ST. JOHNSBURY

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow moneys on the basis of its general credit and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $260,000 aggregate principal amount to Stratevest & Co., or some other subsidiary of BankNorth Group, Inc. (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance a loan to Northern Senior Housing, L.P.(the "Borrower") to acquire a 38-unit development (the "Project") in St. Johnsbury, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $260,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 29th day of ~~May~~ June, 2000.

VERMONT HOUSING FINANCE AGENCY

By ______________________
Executive Director

Attest:

By ______________________
Authorized Officer

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on June 29, 2000.

____
SARAH E. CARPENTER
Executive Director and Secretary
Vermont Housing Finance Agency

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer JE

DATE: June 15, 2000

RE: Westgate Apartments - Update

Since the Board was last updated on Westgate there have been a few significant developments. In a separate memo, Sam describes the status of the HUD note purchase endeavor. HUD's acceptance of our offer contains many conditions to be worked out, but none appear insurmountable. Of the total note purchase, the discounted value of the note for Westgate is $343,030. The remaining principal balance on the Westgate note is $1.23 million. This difference will allow VHFA to lend money to the partnership that intends to purchase and rehabilitate the property. By following some HUD requirements, the Interest Reduction Payments (IRP) will remain in place, which for the next 12 years will also contribute to the financial viability of this project.

The project was one of three that received allocations of Housing Credits at the combined Board/Committee meeting of June 6th. The credits allocated were $335,000, or almost the entire remaining year 2000 state ceiling. When combined with the so-called 4% "automatic" credits that accompany tax-exempt bond financing, the total credits should equal $513,000, and the equity raised should equal $4.97 million , which is about 43% of the total sources of funding. Many of the other sources of funding will not be committed until October of this year. The total cost for acquisition and rehabilitation is estimated to be around $11.5 million.

We expect the acquisition and rehabilitation of Westgate to happen in phases. The partnership will acquire the property "as is" from the seller and VHFA will acquire the note from HUD on or around the same date (to avoid having to deal with two different owners). The structure of this financing will be presented to the Board when we present the financing plan for the note sale. A financing plan for the total redevelopment of the property will be presented once the other funding has been secured. Although there is some risk associated with this structure (i.e., the remaining rehabilitation sources do not get committed), there are also some benefits (earlier non-profit ownership, lower costs associated with acquisition, separation of the two transactions for tax credit purposes). All of the Vermont funding agencies are aware of the importance of Westgate and have long expressed a desire to see this sale and redevelopment occur.

Staff have recently received an appraisal, but a staff review has not been completed. The appraisal estimates a value of $2.1 million. This value is for the property "as-is", but it recognizes that the property suffers from deferred maintenance. Staff will complete its review of the appraisal and its financial analysis of the project, and determine how best to structure the financing to meet the project's needs and VHFA's need for loan security.

Recommendation: No Board action is required at this time.

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

2000 Multifamily Development Activity
January 1, 2000 through June 30, 2000

1. Ventures Pre-Development Loans	Type Project	Type Housing	# Units	Sponsor	Location	Loan/ Credit Amount	Status
Charette MHP	MHP	Family	14	Housing Foundation Inc.	Dummerston	$29,000	Committed 1/13/98. Written off 3/23/00.
Red Lion Inn	Acq/Rehab	Elderly	20	Randolph Neighborhood Housing Services	Randolph	$45,000	Committed 5/27/98.
South Burl/ LCHDC	New Const	Family	16	Lake Champlain Housing Devel Corp	So. Burlington	$17,000	Committed 8/26/98; 1999 Tax Credits & VHFA Loan.
South Burl/ CSC	New Const	Elderly	10	Cathedral Square Corp	So. Burlington	$9,000	Committed 8/26/98
Fairwood Meadows Hse	New Const	Level III CCH	20	Lamoille Housing Partnership	Morrisville	$50,000	Committed 11/10/98. (Now "Copley House".)
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
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 12/31/00
Bus Barns	Acq/Rehab	Family	25	Burlington Community Land Trust	Burlington	$15,000	Committed 9/2/99; 2000 tax credits.
Waterbury Seminary	Acq/Rehab	Family	16	Central Vermont Community Land Trust/Housing Vermont	Waterbury	$14,787	Committed 8/16/99
Townhouse Terrace	Acq/Rehab	Family	36	Housing Vermont	St. Johnsbury	$31,000	Committed 11/4/99
South Burlington	New Const	Family	18	LCHDC	South Burlington	$28,000	Committed 10/27/99; 2000 tax credits and debt both committed
South Burlington	New Const	Special Needs	10	Cathedral Square Corp	South Burlington	$16,000	Committed 10/27/99
Marketplace	New Const	Family	80	LCHDC	South Burlington	$60,000	Committed 12/30/99; 2000 Tax credits committed ; TE debt

2000 Multifamily Development Activity
January 1, 2000 through June 30, 2000

1. Ventures Pre-Development Loans, Cont'd	Type Project	Type Housing	# Units	Sponsor	Location	Loan/ Credit Amount	Status
Waterbury Seminary	Acq/Rehab	Family	16	CVCLT	Waterbury	$25,213	Committed 1/19/00.
Westgate	Acq/Rehab	Family	100	HVT	West Brattleboro	$37,850	Committed 1/13/00; 2000 tax credits committed.
Columbian/Cottage	Acq/Rehab	Family	13	RCCLT	Rutland	$23,000	Committed 4/14/00.
Assisted Living	New Const	Elderly	25	CSC	Burlington	$50,000	Committed 4/14/00.
The Baldwin Block	Acq/Rehab	Family	7	WRAP/HVT	Wells River	$21,000	Committed 6/15/00.
Stowe Family Housing	New Const	Family	40	LHP/HVT	Stowe	$60,000	Committed 6/21/00.

2000 Multifamily Development Activity
January 1, 2000 through June 30, 2000

2. 1999 Housing Credit Projects	Type Project	Type Housing	# Units	Sponsor	Location	Loan/ Credit Amount	Status
Hawkins Housing	Acq/Rehab	Family	14	ACCAG/HVT	Middlebury & Vergennes	$85,471	Carryover issued 12/29//99.
Manchester Knoll	New Const	Family	20	RAHC	Manchester	$138,113	Carryover issued 12/23/99
Mary Exner Block	Acq/Rehab	Family	10	HVT/RACLT	Bellows Falls	$63,512	Carryover issued 11/19/99. (using $36,603 in 1999 credits & $26,909 in 2000 credits)
Mill View Housing	New Const	Family	12	LCHDC/HVT	Burlington	$85,779	Carryover issued 11/16/99.
Bus Barns	Acq/Rehab	Family	25	BCLT/HVT	Burlington	$166,492	Carryover issued 12/30/99. (using $137,782 in 1999 credits & $28,710 in 2000 credits)
Swanton School	Acq/Rehab	Elderly	16	Lake Champlain Housing Development Corporation / HVT	Swanton	$53,010	Out of Cap. Closed 11/24/99.
Portland & Main	Acq/Rehab	Family	8	Lamoille Housing Partnership/HVT	Morrisville	$37,500	Out of Cap. Closed 11/30/99
Crystal Lake, Barton	Acq/Rehab	Family	16	Housing Vermont/ Gilman Housing Trust	Barton	$59,564	Out of Cap. Closed 12/7/99
The Briars	Acq/Rehab	Family	24	Housing Vermont/Twin Pines Housing Trust	Wilder	$21,900	Out of Cap; Closed 6/29/99; under construction.
Eagle Crest (Blair Apartments)	New Construction	Elderly	60	Yandow/Dousevicz Construction Corp	Williston	$24,469	Out of Cap; Closed 5/11/00.

2000 Multifamily Development Activity
January 1, 2000 through June 30, 2000

3. 2000 Housing Credit Projects	Type Project	Type Housing	# Units	Sponsor	Location	Loan/ Credit Amount	Status
Anderson Parkway	New Const	Family	12	LCHDC/HVT	South Burlington	$141,000	Credit Reservation issued 7/1/99. 2000 tax credits committed.
Bus Barns	Acq/Rehab	Family	25	BCLT/HVT	Burlington	$66,035	Out of Cap; Tax exempt bond
St. Johnsbury House	Acq/Rehab	Elderly	36	Green Mountain Development Group	St. Johnsbury	$198,425	Forward Commitment of 2000 Credits
The Gardens	New Const	Elderly	30	Dick Dybvig	Williamstown	$21,173	Out of Cap; tax exempt bond
Franklin Homestead	New Const	Elderly	18	HVT	Franklin	$33,353	Out of Cap; tax exempt bond
Saxtons River	Acq/Rehab	Family	17	HVT	Saxtons River	$69,315	Out of Cap; Tax exempt bond
Anderson Parkway	New Const	Family	6	HVT/LCHDC	South Burlington	$31,681	Out of Cap; Tax exempt bond
Hillcrest Views/Maple St	Acq/Rehab	Family	38	VSHA	St. Albans	$25,000	Out of Cap; Tax exempt bond
McAuley Square – Senior & Lund	New Const	Family/ Elderly	62	HVT/CSC	Burlington	$134,088	Out of Cap; Tax exempt bond
McAuley Square – Scholar	New Const	Family	12	HVT/CSC	Burlington	$88,000	2000 Credits Committed
Farrell Street	New Const	Family	120	HVT/LCHDC	South Burlington	$275,000	2001 Forward Commitment of Tax Credits
Westgate	Acq/Rehab	Family	56	HVT/BACLT/WTA	W. Brattleboro	$335,000	2000 Credits Committed
Westgate	Acq/Rehab	Family	44	HVT/BACLT/WTA	W. Brattleboro	$178,094	Out of Cap; TE debt
Jeffersonville	New Const	Family	10	HVT/LHP	Jeffersonville	$99,897	2000/2001 Credits Committed
Jeffersonville	New Const	Elderly	22	HVT/LHP	Jeffersonville	$70,448	Out of Cap; TE debt

2000 Multifamily Development Activity
January 1, 2000 through June 30, 2000

4. Multifamily Loans	Type Project	Type Housing	# Units	Sponsor	Location	Loan Amount	ST or Constr. Financing	Status
Jacobs Mobile Court	Existing MHP	Family/ Elderly	19	Randolph Area CDC	Randolph	$80,862		Closed 2/15/00.
Eagle Crest (formerly Blair Apartments)	New Construction	Elderly	60	Yandow/Dousevicz Construction Corp	Williston	$3,200,000	$3,707,000	Closed 5/11/00. Tax exempt
Swanton School	Acq/Rehab	Elderly	16	Lake Champlain Housing Development Corporation / HVT	Swanton		$980,000	Closed 11/24/99; under construction. Tax exempt
Bus Barns	Acq/Rehab/ New Const	Family	25	HVT/BCLT	Burlington	$250,000	$1,100,000	Commitment 12/3/99; TE construction financing & out of cap credit (+ 9% credit). To close 8/00 and 11/00.
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. Closed 11/30/99
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. Closed12/6/99.
South Burlington Community Housing	New Const	Family	18	Housing Vermont/LCHDC	So. Burlington	$254,515	$550,000	Commitments 8/19/99 and 5/25/00. To close July 2000.
The Gardens at Williamstown Square	Acq/Rehab & New Construction	Elderly/ Assisted Living	30	Dick Dybvig	Williamstown	$1,880,000	$1,880,000	Letter of Commitment approved 11/11/99; Construction Loan Closed 6/8/00.
Saxtons River	Acq/Rehab	Family	17	Housing Vermont/RACLT	Rockingham	$541,000	$459,000	Commitment 10/21/99; *tax exempt* financing and 4% tax credits. Closed 12/21/99

2000 Multifamily Development Activity
January 1, 2000 through June 30, 2000

4. Multifamily Loans (Continued)	**Type Project**	**Type Housing**	**# Units**	**Sponsor**	**Location**	**Loan Amount**	**ST or Constr. Financing**	**Status**
Franklin Homestead Assisted Living	New Const	Elderly	18	HVT	Franklin		$725,000	T*ax exempt* financing and out of cap tax credits. Closed 4/11/00.
St. Johnsbury House	Acq/Rehab	Elderly	38	Green Mountain Development Group	St. Johnsbury	$200,000	$460,000	Committed 2/17/00; 2000 Tax Credits
Hillcrest Views Apts/ Maple Street Duplexes	Acq/Rehab	Family	38	VSHA	St. Albans		$737,700	Committed 5/25/00; tax exempt; to close 7/00
McAuley Square	New Const	Family/ Elderly	74	HVT/CSC	Burlington	$3,301,000	$4,100,000	Committed 5/25/00; tax exempt bond; (plus $380,000 0% loan committed 5/25/00.)
Jeffersonville Elderly	New Const	Elderly	22	HVT/LHP	Jeffersonville	$253,500	$1,040,000	To Board 6/00 for commitment

2000 Multifamily Development Activity
January 1, 2000 through June 30, 2000

5. Multifamily pipeline and potential projects	Type Project	Type Housing	# Units	Sponsor	Location	Loan Amount	ST or Constr. Financing	Status
Stratton Mountain	New Const	Family	36	Capital Ideas Inc.	Stratton or Winhall	$2,600,000	$2,600,000	Loan application not yet submitted; *Seeking tax exempt* financing and out of cap tax credits.
Limerock I	New Const	Family	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.
Marketplace (Farrell St)	New Const	Family	160	LCHDC/HVT	South Burlington	$3,187,000	$4,530,600	Loan application not yet submitted; seeking tax exempt financing
Richford	Acq/Rehab	Elderly	10	LCHDC/Housing Vermont	Richford		$500,000	Loan application not yet submitted; Seeking RD financing. *Tax exempt* bond & 4% credit.
Westgate	Acq/Rehab	Family	100	Housing Vermont	Brattleboro			Have 2000 Credit Commitment; to 6/00 Board
The Baldwin Block	Acq/Rehab	Family	7	HVT/WRAP	Wells River	$314,000	$768,250	Loan application not submitted yet; tax exempt debt & out of cap credit.
Columbian Avenue	Acq/Rehab	Family	9	RCCLT	Rutland		$580,000	TE Debt & out of cap credit
Green Mountain Seminary	Acq/Rehab	Family	16	CVCLT/HVT	Waterbury Center		$1,185,000	TE Debt & out of cap credit
Smiths Housing	Acq/Rehab	Family	16	ACCAG/HVT	Middlebury		$922,000	TE Debt & out of cap credit
Rutland Rehab	Acq/Rehab	Family	31	HVT/RCCLT	Rutland		$1,159,000	TE Debt & out of cap credit

vhfa
Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sam Falzone, Director of Multifamily Programs

DATE: June 22, 2000

RE: **HUD Note Sale**

On June 9th, we received HUD's long awaited approval for VHFA's purchase of the three Vermont HUD held Section 236 Notes related to Westgate, Highgate and Mountain View Apartments. The price approved by HUD is $2,382,735 and includes a continuation of the Interest Reduction Payments (IRP) subsidy for each property. In our proposal to HUD submitted in November of 1999, VHFA offered to purchase these Notes for $2,300,565 or 64 cents on the dollar. The IRP payments provide a guaranteed combined income stream to the Agency of more than $3 million over the remaining term of the original HUD mortgages.

The savings derived from our purchase of these Notes at a discount will help provided some of the resources that are needed to acquire and rehabilitate Westgate and complete capital improvements at Mountain View. With Housing Vermont's acquisition of Westgate, all three of these properties will now be in ownership structures that are committed to the extended affordability of these units.

VHFA must now structure a bond issue to purchase the Notes from HUD and provide additional funds for acquisition and rehab needs as well. We will begin working with bond counsel and our financial advisors on how best to structure the sale of these bonds so that we can keep the existing mortgage terms the same but sell bonds with different terms behind the mortgages. This will allow us to reallocate the bond proceeds to different projects having the new debt "wrapped" by another mortgage. This complicated structure is required in order to protect the IRP subsidy by keeping the Section 236 mortgage terms the same. We anticipate that a bond closing might occur by mid-August, with a simultaneous closing on Housing Vermont's acquisition of Westgate. It is likely that we will need Board approval by phone in July to have you approve the specific loan amounts and terms for this financing. We expect to combine this with a multifamily bond issue for other projects you have approved.

RECOMMENDED BOARD ACTION:

Authorize the Executive Director, Director of Finance or Chief of Operations to take all necessary steps to secure a bond financing plan in order to provide the proceeds with which to purchase the HUD notes and allow for the acquisition and rehab planned at these properties.

vhfa
Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sam Falzone, Director, Multifamily Programs

DATE: June 20, 2000

RE: **MULTIFAMILY DIRECTOR'S REPORT**

The attached report for the period ending May 31, 2000 is provided for the Board's information and features project narratives, delinquency, preservation and HAP Contract and ACC Amendment status information. If you have any questions related to this report, please contact me by phone at (652-3435) or by email at sfalzone@vhfa.org.

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

MULTIFAMILY MANAGEMENT DIRECTOR'S REPORT

For the Period Ending May 31, 2000

1. PROJECT REPORTS

Abenaki Acres, Swanton – An appraisal was completed by Keller, Navin and O'Brien and the value of the property came in higher than expected. This 12-unit property located in Swanton appraised at $48,333 - $50,000 per unit. The current debt at Abenaki Acres totals $532,600 ($44,838/unit). VSHA continues to work with Abenaki Self-Help who have shown interest in selling Abenaki Acres and VSHA is trying to find out how much it will take to buy them out. They are looking at about $90,000 in 0% funding to address capital improvements. This would cover a new heating system for all 12 units, new roofs for 2 buildings and siding on 4 buildings. The property is covered under a 1992 Preservation Agreement.

Alburg Family Housing and Point School Apartments in Colchester - In Alburg the General Partner who is motivated to sell will be replaced by Lake Champlain Housing Development Corporation. LCHV will assume property management from O'Brien Brothers. The long-term goal is to also replace the limited partners. The Colchester property will be sold to LCHDC sometime late in July when provisions of the Partnership Agreement will make the transfer less cumbersome. LCHV will continue to be the Property Manager after the sale, which is good news given their excellent performance with this challenging property.

Allen Apartments, Winooski - Has had a large number of turnovers with several evictions. The budget is tight and the reserve balance low. LCHDC believes with the current occupancy mix and the recent rehab of the units that we will see an increase in the revenues and a decrease in expenses.

Bardwell House, Rutland - The ownership is again considering extending a lock-in and option to VHFA in return for authorizing payment of a Preservation Fee. They mistakenly believed that any residual receipts would accrue to the owner. Since this is a "post universe" project, reserves will remain with the property at time of sale and may revert to HUD at the termination or expiration of the HAP Contract.

Bemis Block & Hardwick Family – VHFA met with HVT, NCMC and Ahead to discuss the short-term and long-term needs of their two Hardwick properties. VHFA is willing to commit $100,000 in 0% money to these two properties in exchange for a lock-in and Preservation Agreement. This money would be used to address energy needs and other improvements as outlined in the CNA.

In exchange for a lock-in and Preservation Agreement at Bemis Block, VHFA is willing to release some Residual Receipt money to make improvements to the commercial spaces. This will make these units more marketable and in return increase rental income.

The general partners must seek limited partner approvals in order for these preservation transactions to take place.

Bobbin Mill, Burlington - Received a failing score on their HUD REAC inspection, which they felt was extremely harsh. VHFA has found the property to be in very good condition. Many of the points taken off were for the building site and exterior, such as cracks in pavement and landscaping (grass not growing in high traffic area), and heaving of sidewalks. Other items were scratches on counter tops and doors and cupboards needing refinishing. They are diligently working to correct all reasonable deficiencies listed by HUD. They are also in the process of upgrading many of the windows to more energy efficient replacements.

Colonial Apartments, West Rutland – VHFA's work with Chris Fucci to lock him into a Preservation Agreement is at a stand-still. Chris has not been successful in receiving approval of the transfer of ownership from HUD. The transfer involves moving David Fucci's ownership interest to Chris. We understand from several sources that Chris is experiencing legal problems and that management company changes are consuming his time. The preservation deal may be delayed for some time.

Depot II, Bethel - Needs $25,000 in 0% funding in order to address repair needs that exceed available resources. The property is already covered by a 1993 Preservation Agreement.

Depot Square Apartments, St. Johnsbury – Depot Square continues to pursue a budget-based rent increase with the VSHA.

Duggan Row, Burlington - Received a low score on their HUD REAC inspection. Most of the low score was attributable to the second floor porch railings, which block a part of the window. The property meets all of the Burlington fire codes including an extra set of egress stairs for the second floor, which was recommended by Burlington, yet not required.

French Hill MHP, Williston – Kenn Sassorossi of LCHDC wants to refinance his loan at French Hill MHP. There are capital improvements that need to be addressed, as outlined in the CNA. The operating account and replacement reserve funds are limited. Also, the property has only been producing a break-even cash flow. VHFA is willing to refinance the loan at 7.35% as well as lend $15,000 in 0% money. LCHDC has contacted the State Pension Fund to see if they can provide some relief on their 10% prepayment penalties. LCHDC is awaiting approval from the pension fund.

Garden Apartments, Burlington - Should be considered as a prime candidate for 0% funding in order to complete the second phase of an energy conversion for the final 10 units. Approximately $50,000 is anticipated.

Harrington Apartments, Burlington - Mrs. Harrington is in the process of arranging for computerization of her tenant rental information submission to VHFA. This is the last project to be computerized, which will expedite the process of her paper work for HUD.

Highgate, Barre - The good news is that HUD has granted a HAP Contract extension to June 30, 2001 with three additional one-year terms. Unfortunately, as in years past, persistent vacancies have caused some short-term cash flow problems. There are $38,000 in Vacancy Claims pending with HUD that should be received by September 1. VHCB has underwritten the services of a marketing consultant to develop a strategy to reduce vacancies. The proposal is due in early July. The ownership and management company are working closely together to address this problem.

Holy Angels Commons, St. Albans - In a bit of serendipity, the commercial-grade kitchen that has not been used in over a decade here has been sold for $4,500 to The Gardens in Williamstown. Some of the kitchen space will be converted to tenant storage, a long unmet need. The Gardens, an assisted living facility now under construction, will benefit by acquiring high quality kitchen equipment at a fraction of the cost.

Jeri-Hill, Jericho - Dan O'Brien has executed an Option Agreement with Cathedral Square Corporation (CSC) to purchase the property for $1,200,000. An appraisal has been completed and VHFA has agreed to provide $300,000 in 0% funding. VHFA will charge a 1% origination fee for the transfer/assumption of the existing mortgage balance. A capital needs assessment is being completed. Some problems noted are roof leaks and gas smells coming from the heating system. We are waiting for the report and will address these issues with CSC. If all goes well, we anticipate completion of the sale by this fall. Dan O'Brien may continue to manage the property until the end of the year for Cathedral Square. Cathedral Square currently proposes to complete some accessibility improvements to the community space and will sign a Preservation Agreement providing perpetual affordability for these 24 units.

King Street Apartments, Burlington - Rebecca Kaiser has provided a letter of intent to sell her property. She is negotiating with Burlington Housing Authority for the sale. An appraisal report is scheduled for mid- to late July. BHA has inspected the property. It is anticipated that VHFA will offer approximately $125,000 of 0% funds to complete the transaction. More will be known after the appraisal has been completed.

Northgate, Burlington - There is a pending request to utilize substantial reserve funds ($300,000 was a ballpark figure mentioned) for the construction of 300 canopy/overhangs over the dining room entry door for the 2 Bedroom and 3 Bedroom units. While plans and specs are being drawn, discussion with the partners is being encouraged to address this most recent significant reduction of reserves and the implications of a budget approval process that does not strictly adhere to the Use Agreement and Schedule B of the Housing

Subsidy Covenant. In light of the short construction season and the fact that the bidding process has yet to begin, it is probable that this work will be deferred until 2001.

Rockingham Canal, Bellows Falls - The flat roofs of the atrium are currently being replaced. They have been a continuing source of problems over the years and there are sufficient funds in the project reserve accounts to fund the balance of these improvements.

Saxtons River Family Housing Complex - The property was transferred to a new non-profit limited partnership at the end of 1999. The second more extensive stage of rehab work is well under with completion scheduled for late summer. Stewart Property Management is doing a great job during this transitional stage.

School Street, Plainfield - The budget is very tight. VHFA anticipates a potential use of approximately $25,000 in 0% funding for rehab work. The property is already covered by a 1991 Preservation Agreement.

South Meadow, Burlington - The owner has requested an Agency loan of $135,000 to address items identified in the Capital Needs Assessment. Together with $50,000 in Replacement Reserve funds, this loan will assure that virtually every item identified in the CNA will be addressed in an accelerated manner. The loan term will be 10 years at an interest rate of 8.5%.

Templeton Court, White River Junction – Phase I of the feasibility and assessment study of the social, economic, and physical problems and opportunities at Templeton Court is almost complete. A check for $7,500 in 0% funds will be provided. We anticipate obtaining some clarification as to the direction the property will take after reviewing the report. An additional $250,000 in 0% funds is anticipated to be needed for debt restructuring and rehab.

Welden Villa, St. Albans – Project is operating on a deficit budget. They are working on rent increases through VSHA due to increases in utilities, taxes and insurance, reducing payments to VHCB and reducing payments to the city of St. Albans. We have agreed to provide approximately $86,000 in 0% funds to cover the cost of some capital improvements for items such as carpeting, paving, appliances and accessibility improvements.

Westminster Family Housing -- The current owner has met with us to explore the possible sale of the property to a nonprofit housing entity thus assuring its perpetual affordability. We have agreed to facilitate this transfer at a $35,000 price above the mortgage balance that will make the partners whole in terms of capital gains. The current on-site manager has been put on 30-day probation by the management company in an effort to motivate better performance. VSHA has recently completed a comprehensive management review and physical inspection. Their findings are pending.

Westview Terrace, Springfield – The windows, which were replaced and repaired last year, appear to be working according to management.

2. DELINQUENT MORTGAGE LOAN PAYMENTS

PROJECT NAME	PENALTY/INTEREST	MONTH	TOTAL DAYS LATE
Westminster Family Hsg	$355.54	June (99)	36
Saxtons River	Waived	August	34
Monroe Street Apts.	$163.44	November	29
Wells House	$187.63	February	21
Westminster	$324.55	February	19

3. ACC AND HAP CONTRACT AMENDMENTS REQUIRED

PROJECT NAME	ORIGINAL ACC	CURRENT AMENDMENT	EST RESERVE BAL @ 12/31/99
Allen Apartments	102,492	*	9,684
Bardwell House	558,504	*	(21,176)
Bemis Block	83,769	*	(1,844)
Benson Heights	106,700	*	(19,076)
Bobbin Mill	397,273	*	57,825
Canterbury N & S	217,324	*	86,776
Darling Inn	136,704	*	(17,230)
Depot II	52,416	69,576	1,811
Dogwood Elderly	46,224	*	(7,659)
Duggan Row House	95,904	*	(1,639)
Garden Apts.	72,876	*	(14,934)
Green Hill Apts.	93,814	*	(15,026)
Hebert Farm	53,448	*	10,862
Holy Angels Commons	227,988	*	136,137
Homestead Mews	180,403	*	42,293
Jeri-Hill	182,326	*	72,137
Mad River Meadows	190,194	*	47,565
Maple St./K.S.N.R.C.	57,900	*	750
Mellishwood	40,920	*	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	*	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	*	5,501
Randolph Circle	127,080	*	8,264
School House Apts.	76,449	*	2,758
School Street Apts.	68,028	*	(20,636)
Sugarwood Apts.	101,647	*	32,703
Sunrise Manor	141,960	*	10,458
Valley View	156,152	*	(8,689)
Village Apts.	60,168	*	(24,252)
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)
21 Main Street	20	Y
Abenaki Acres*	60	NP*
Allen Canal**	31	Y
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*
Hillside Acres	12	N
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
Saxton's River**	30	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

vhfa
Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Cathleen Gent, Public Affairs Director CG

DATE: June 21, 2000

RE: Federal and State Legislative Activities

A number of legislative initiatives of importance to VHFA are currently being discussed at the federal level. In addition, the 2000 Vermont legislature approved many laws that affect how VHFA conducts business. Here is a summary of the federal initiatives currently under consideration as well as newly enacted Vermont laws.

Federal Legislation

As the Congressional session thrashes toward adjournment in early October, a large tax bill vehicle for the cap increases for the Low Income Housing Tax Credit program and private activity bonds may be at hand. Other legislation supported by VHFA is also being considered and introduced.

Community Renewal Tax Bill

On May 24th, President Clinton and Speaker of the House Dennis Hasterd (R-IL) announced that they had agreed on the details of the Community Renewal Tax Bill. This appears to be the current vehicle for increasing the authority caps for Low Income Housing Tax Credits and private activity bonds. The bill is based on several bills including H.R. 815 and H.R. 2848.

Until the Community Renewal Tax bill agreement last month between the White House and the Speaker of the House, each of those items was included in separate bills and not attached to any large tax bill. Fortunately, the Community Renewal Tax Bill provides a great vehicle to accomplish the much-needed legislation we have worked to pass for the last several years.

The Community Renewal Tax Bill is still in negotiations and no bill number has been assigned. The main issues revolve around the cap increases, with the House and the White House versions differing in the phase-in period for the cap increases. The White House supports a full and immediate increase for BOTH caps. The House version has a five-year phase in provision. The full and immediate increase is tremendously important for Vermont since immediate relief would be on the way for the private activity bond cap and the Low Income Housing Tax Credit cap, two

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

programs experiencing unprecedented demand in the state. Governor Dean has written a letter to President Clinton urging the White House to remain firm with their position. Moderate Republican members of the House may hold the key to resolving the impasse and moving the bill forward with full and immediate increases for both the Low Income Housing Tax Credit and private activity bonds.

Expand Methodologies for Determining Purchase Price Limits

A bill of great assistance to VHFA and to potential homeowners in Vermont has been introduced in both the House and the Senate. H.R. 4552 and S. 2714 are identical bills which would amend the Internal Revenue Code to provide housing finance agencies with an additional method of calculating purchase price limits for homes financed through mortgage revenue bonds. Senator Jeffords, a key Republican member of the Senate Finance Committee, is co-sponsoring S. 2714.

The bill makes a technical correction to a long-standing problem. It would give VHFA the ability to adjust much more efficiently our homeownership program purchase price limits. Specifically, purchase price limits could be set at 3.5 time the applicable median family income. Since VHFA's lending is limited by the available private activity bond cap, revising purchase price limits does not affect VHFA's total loan production. For this reason, there is no program cost increase associated with this bill.

Using the existing methodology for setting MRB purchase price limits is very difficult in Vermont. Currently, housing finance agencies must base their purchase price limits on the "safe harbor" prices published by the IRS or on alternative statewide home sales data, if such data exist. However, the safe harbor limits have not been updated since 1994 and are based on a data set that is too small to be reliable in small states like Vermont. Also, getting statewide home sales data is very difficult in Vermont. With the option provided through this bill, our programs could better reflect market conditions, especially in red-hot real estate markets where our programs are currently not able to serve the need because our purchase price limits are outdated.

Neutralize Contingent Tax

Most of Vermont's current affordable rental housing was produced through the Section 8 project-based rental assistance program using a limited partnership ownership structure. These partnership structures have provided significant tax benefits to the investors over the first 15 to 20 years but now represent an increasing taxable income drain that is slowly eroding the earlier partnership tax benefits. A sale or outright gift of these properties at this stage, even at the outstanding mortgage balance, triggers a sizable capital gains tax liability (so called contingent taxes) and the sales prices needed to offset these taxes are prohibitive. The result is a real estate dilemma in which the investors would like to sell their rental properties and affordable housing nonprofits would like to acquire and preserve this important affordable housing inventory, but contingent taxes prevent the sale from occurring.

Sarah Carpenter and Sam Falzone are participating in a working group to introduce legislation to neutralize the contingent tax associated with the Section 8 project-based rental assistance program. This legislation would forgive or reduce the capital gains for owners whose properties are transferred to new ownership in exchange for a commitment to extend affordability restrictions for the remaining useful life of the property. Last year, Senator Jeffords introduced the Affordable Housing Preservation Act of 1999 that promoted the sale of these properties to nonprofit organizations, but did not directly provide a solution for the contingent tax problem.

Making other Technical Corrections for MRB Programs

In addition to expanding purchase price limits, there are two other technical corrections to the IRS code that VHFA would like to see pursued, either through H.R. 4552 and S. 2714 or another vehicle.

- We would like to add one category to the "targeting" provisions. In addition to the qualified census tracts and areas of chronic economic distress, there are a number of small geographic areas in Vermont such as the Entitlement Community in Burlington that HUD has targeted through its programs. By adding this category to Section 143(j) of the Internal Revenue Code, VHFA could be a more effective partner in providing loan products in neighborhoods which HUD has identified as needing special assistance.
- The first-time homeowner restriction (Section 143 (d)) in non-targeted counties does not allow newly divorced persons or members of limited equity coops to qualify as first-time homeowners. Individuals in those special circumstances would benefit greatly by being able to purchase a home through VHFA.

These matters were discussed with members of Vermont's Congressional delegation in March, but no legislation is being considered at this time.

Repeal the Ten Year Rule

Imposed by Congress in 1988, the Ten Year Rule requires that any MRB loan repayments made 10 years after the date of the bond issue must pay off the outstanding bond and not be used to finance new mortgages. At the time the law was made, MRBs were scheduled to expire the following year. When MRBs were made a permanent part of the Tax Code in 1993, the Ten Year Rule became obsolete yet remains in effect. A draft bill has been developed, but needs some technical clarifications before it is introduced.

If the Ten Year Rule were repealed, VHFA would have available an estimated $55 million in additional funds over the next five years for making new low-interest mortgage loans. These resources are lost at a time when demand for private activity bonds greatly exceeds Vermont's current cap.

HOME Program

Funds for the HOME Program are allocated to the Department of Housing and Community Affairs and administered by VHCB. This program is essential to the successful development of affordable housing for very-low income Vermonters. The House has approved funding for the HOME Program at $1.585 million, a decrease from last year's budget of $1.6 billion. The Senate Appropriations Committee is considering the FY 2001 HUD/VA appropriations bill at this time. An effort is underway by a group of national housing organizations to urge the Senate to consider increasing the HOME Program budget to $2 billion. Senator Leahy is a member of that committee and is being encouraged by many Vermont organizations, led by VHCB, to support that increase and reverse the spending reduction approved by the House.

Vermont Legislation

The Vermont legislature made many accomplishments this year, with some unfinished business to take up in 2001. Highlights of the 2000 Vermont legislature include:

- A State housing credit was created, based on the federal credit. Up to $100,000 in credits will be available this year for affordable rental projects which previously received federal credits.
- VHCB received an annual appropriation of $11.5 million. In addition, $4 million in one-time money was allocated for affordable housing and emergency housing efforts.
- Under current planning law, towns may grant planned residential developments a density bonus of up to 25%. S. 309 permits towns to grant up to an additional 25% for affordable housing.
- S. 309 also eliminates the grand-fathering of non-compliant waste water or water systems in mobile home parks when either the system fails or the park closes. This law will not allow parks with unsafe systems to close and then re-open with a grand-fathered status.
- The state's eviction bill was revised in a number of ways. The most significant for VHFA relate to the process for notification when a property is entering the foreclosure process. Lenders will be required to notify tenants, not just the mortgagor, at the time of a loan foreclosure. In addition, landlords will be required to notify new tenants who move in after the lender has provided a notice of foreclosure. Final notices to vacate properties are increased from 5 to 30 days. The bill also mandates the Department of Labor and Industry and the Department of Housing and Community Affairs to develop a system for state-wide housing code enforcement and apartment registrations.
- Additional funding was approved through H. 842 for regional and local planning. Regional planning commissions will receive $2.7 million and local planning efforts will receive $764,000.
- $1 million was appropriated in one-time funds (H. 842) for grants and loans to municipalities and private nonprofits to enhance revitalization efforts in downtowns designated through the state's downtown program.
- New accessibility standards are established for single family residential new construction. H. 612 sets standards for exterior and interior doorways, interior hallways, environmental and utility controls and outlets, and bathroom walls.

- The City of Winooski can create a tax increment finance district in the downtown area and use the incremental property tax revenue generated in that district to pay off bonds issued by the city. The proceeds of the bonds, which cannot exceed a total of $30 million, will be used to build public infrastructure improvements to help leverage private investment in the downtown.
- Agency heads will hold cabinet meetings, chaired by the Governor, to assure collaboration and coordination among state agencies in supporting economic development while respecting Vermont's traditional settlement patterns.
- H. 837 increases the minimum wage from %5.75 to $6.25. The Earned Income Tax Credit (EITC) increases from 25% to 32% of the federal credit. Additional data gathering about livable wage issues will be conducted and published.

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: June 23, 2000

RE: EXECUTIVE DIRECTOR'S REPORT

ADMINISTRATION

Just after our last Board meeting, Jim Douglas, Cathleen Gent, representatives from the other state bond issuers, and I had the opportunity to meet with Senator Jim Jeffords to affirm his support for a more immediate increase in bond authority. As you are aware having enough cap allocation is critical for VHFA to keep up with the demand for our mortgages and financing. Roger Schoenbeck, Andy Broderick from Housing Vermont, Amy Wright and I met with Harlan Sylvester at Smith Barney to discuss some possibilities for placing VHFA bonds with private investors. Amy has a lead for one of her projects, and Housing Vermont and the Sister's of Mercy are seeking a socially conscious investor for the McAuley Square project. We would need to find investors with enough personal wealth and investment sophistication to stay in for the long term (15 + years). Dave and I (and others), at the invitation of Mayor Clavelle, just met with the new community representative of Freddie Mac about special initiatives they might consider for the Burlington area. We had similar discussions with her, as we did with Fannie Mae, although Freddie has an "Alliance Community" designation that Burlington or the region might be eligible for that could bring some special funding. This month, staff, including myself, had the opportunity to attend the special functions of the Northwest Realtors, the Vermont Mortgage Bankers Assoc., and the Homebuilders. I also attended an excellent day conference put on by VHCB on housing, conservation and community issues.

PUBLIC AFFAIRS

We have reorganized some of the functions within the Public Affairs department. Patty Harvell will be moving to the Homeownership department to fill the new Customer Service position we created by combining half time helpline function from Public Affairs and a half time Administrative Assistant position from Homeownership. This leaves us with a vacancy for a full time Administrative Assistant/Customer Service position in the front office, as well as a part time position to manage our web page and other design needs. We are currently recruiting for those positions and looking for candidates. We also are moving the research function from Public Affairs to Program Operations. Most of Leslie Black-Plumeau's work is production related so we believe it made more sense for her to work directly with Dave. She will continue to support Cathleen if we need any policy research. This will allow Cathleen to be more focused on public relations, special projects and legislative issues. One event we are planning for this fall, probably November, is a conference to provide updates on federal and state legislation and a forum to discuss issues related to producing more affordable housing.

INFORMATION SYSTEMS

The conversion to the Mitas Windows system is progressing on schedule. Mitas staff will be at VHFA Tuesday, June 20th through Friday, June 23rd. The Windows software will be installed and data will be converted. Implementation meetings will be conducted throughout the week. Testing and evaluation of the Windows software will begin the week of July 10th. Earlier this month we had an all day visit from staff of the Rhode Island HFA. They also use Mitas and are planning a windows conversion. Staff was able to compare notes about use of the software and other IS issues.

DEVELOPMENT

There have been (or are upcoming) a number of groundbreaking ceremonies: Manchester Knoll (a tax credit project), The Briars (loan and tax credits), Anderson Parkway (loan and tax credits), Morrisville (tax credit and construction loan - project completion / ribbon cutting), and Williamstown (loan and tax credits). Williamstown also just recently closed on its construction loan. Governor Dean was in Manchester and will be at Morrisville and Anderson Parkway. I attended Manchester and will be at Anderson, and Dave will attend Morrisville. I also attended Williamstown, as did Tom Candon.

St. Johnsbury House ran into a problem syndicating the 4% acquisition credits due to a recent IRS private letter ruling that has the national syndicator concerned. Staff proposes to fill the funding gap this creates with deferred developer fees and a small 0% loan. Housing Vermont and VHFA staff are looking into the larger issue, as it could impact how other projects are structured.

The new state tax credits have been applied for. The tax credit committee will meet on the 29th at 11:30 just before the Board meeting. If you plan to attend let Kari know. We have enclosed information on the applicants and we will discuss the committee's recommendation at the Board meeting.

MULTIFAMILY MANAGEMENT

We are happy to report that Kim Roy has returned to work after a long illness. She has been working half time but is expected return to full time status very soon.

Multifamily staff has recently completed responding to a Standard & Poor's surveillance request on more than 90 properties that are part of three separate bond resolutions. Moody's has now made a similar request for information covering all multifamily developments as part of our desire to obtain an Issuer Credit Rating (ICR) from them.

In early June, Nina McDonnell and Ann Marie Plank completed training and each passed their exam for designation as a Certified Occupancy Specialist (COS). John Burczy completed a course and took an exam that will lead to his designation as a Certified Manager of Housing.

HOMEOWNERSHIP

Most of the department's activities this month are reflected in Pat's reports. The Homeownership staff have been very busy with the Mitas conversion and implementation activities. Beginning the second week in July, Patty Harvell will move into the Homeownership Customer Service position. Elizabeth Bartlett, the Administrative Assistant for the servicing staff, has resigned. Mary Sweeney will fill that position on a half time basis. We are pleased that Mary will continue with us, as her position was eliminated with the creation of the full time customer service position.

FINANCE
Most of the finance activity this month has focused on preparing for the upcoming bond issues and preparing the FY 2001 budget. We have made a number of changes to allocate and spread costs to individual departments, as well as working on ways to more closely track expenses that are paid and amortized out of bond funds. The Board Budget Committee is not meeting until Friday the 23rd, so depending on any changes we need to make we may be sending you the final budget recommendation under separate cover. Although we do not have a scheduled meeting for July, we do expect to meet by phone to approve both the single family bond in August and a multifamily bond.

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer

DATE: June 15, 2000

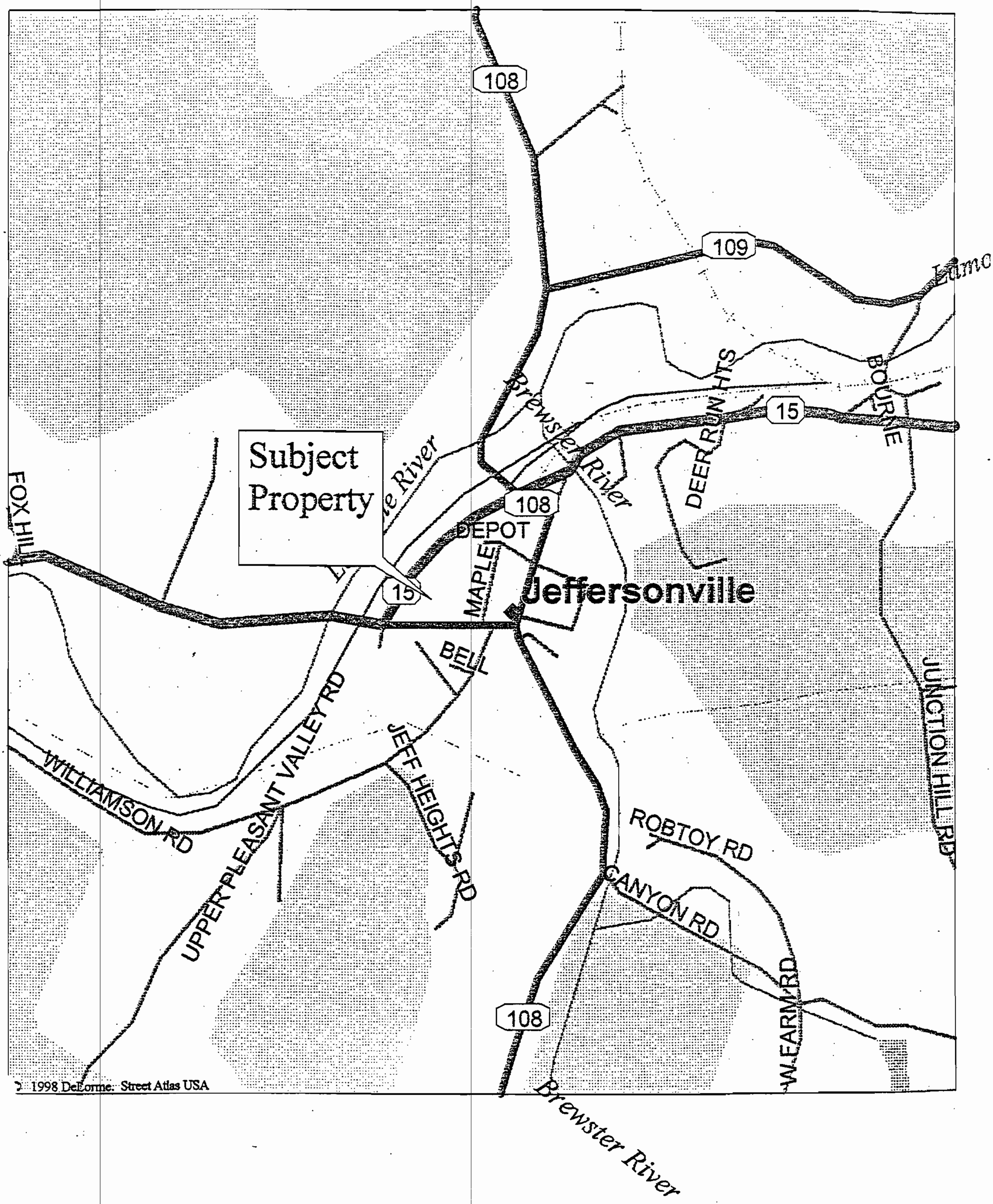
RE: Multifamily Loan Application for Jeffersonville Community Housing

Name:	Jeffersonville Community Housing	**Location:**	Jeffersonville
Housing Type:	Senior / Family	**Unit Type:**	Flats
Total Units:	32	**Unit Sizes:**	19 1 bedroom (756 avg sf) 13 2 bedroom (1,020 avg sf)
Total Cost:	$2,998,427	**Per Unit Cost:**	$93,701
Loan Requested:	$1,042,000 construction $253,000 permanent both from tax-exempt bond proceeds	**Housing Credits:**	$99,897 ceiling credits $70,448 4% credits
Other Funding:	VHCB, HOME, VCDP, Housing Credits, VHFA debt		
Sponsors:	Lamoille Housing Partnership (LHP), Housing Vermont (HVT)		

The Brewster River Land Company, a consortium of four individuals with local business interests in Jeffersonville, has received all state and local permits and construction bids to build this development on a 5.3 acre lot near the center of Jeffersonville. (However, staff recently learned that an Act 250 appeal has just been initiated). The sponsors intend to buy this development for a fixed price (i.e., a "turnkey" purchase) in phased installments, and to rent the units to low income family and elderly households. Housing Vermont will oversee and approve the construction throughout the process to ensure that the units are being built to the agreed-upon specifications. The development consists of three new construction buildings: a three-story apartment building for seniors, serviced by an elevator, with 19 one-bedroom units and three two-bedroom units; and two five-plexes for ten two-bedroom units of family housing. VHFA'a loan will be against the 22 unit senior phase only. The sponsors have submitted an appraisal, an Environmental Site Assessment (with no on-site contamination issues), and a market study for the senior housing. The market study identifies a need for 10 to 20 units of senior housing in Jeffersonville, and projects a rent-up period for this development of 18 months. Jeffersonville has seen an average of eight new rental units come on line each year for the past five years, and for the market area this proposal would have a significant impact. Staff's primary concern regarding this development is the rent-up period and the financial viability of the project in this time period. The total cost of the project and the per unit cost are relatively low compared to other recent developments. Portions of the lot are in the 100 year floodplain, but the Act 250 approval requires the structures be placed on the site above this level. All of the other funding sources including the tax credits have been committed.

Recommendation: That the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board authorize the Executive Director to issue a Letter of Interest and a Commitment Letter to finance this development upon satisfactory completion of staff underwriting and due diligence.

Subject Location Map



22-Jun-00 **Jeffersonville**

Total Residential Units:	32	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	28	Increase in Income from Other Sources:	1.50%
Percent Restricted:	87.50%	Increase in Income from Commercial:	0.00%
Total Development Cost:	3,023,732	Expense increase:	3.00%
Total Development Cost per Unit:	94,492	Vacancy Rate:	5%
Total Development Cost Per SF:	109	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	173,246	Short Depreciation Schedule:	7 years
Total Credit Amount:	171,816	Sponsor's Estimated Yield:	95.50%
9% Credit Amount:	99,897		
LIHTC - 9%	8.53%	(June 2000)	
LIHTC - 4%	3.65%		

SOURCES - Senior

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	253,500	8.38%	7.75%	30	20
HOME	139,397	4.61%	6.25%	20	int. only
VCDP	200,000	6.61%	2.00%	30	grant
VHCB	520,000	17.20%	N/A	N/A	
Historic equity	0	0.00%	N/A	N/A	
Tax Credit Equity	924,765	30.58%	N/A	N/A	
TOTAL SOURCES	2,037,662	67.39%			

USES

Acquisition	117,770	5.78%
Construction Hard Costs	1,513,945	74.30%
Soft Costs	405,947	19.92%
TOTAL USES	2,037,662	100%
Gap	0	

PER UNIT COST LIMIT CALCULATION

	per unit limits		number of units	Elderly	Family	
0 Br	84,390		0	0		
1 Br	90,140		19	1,712,660		
2 Br	95,890		11	287,670	958,900	
3 Br	101,637		2	203,274		
4 Br	107,390		0	0		
Maximum cost allowed under the per unit cost limits				2,203,604	958,900	
Projected total cost, excluding cash accounts				2,007,586	968,046	Family cost li
		(over)/under		196,018	(9,146)	Elderly cost li

General Partner's Capital Contribution	1	1.00%
Limited Partner's Capital Contribution	1,624,430	99.00%
Total Equity	1,624,431	

APPLICABLE FRACTION CALCULATION

	family	elderly
Tax Credit Restricted Units	10	18
Total Units	10	22
Unit Fraction	100.00%	81.82%
Tax Credit Square Footage	24,352	0
Total Residential Square Footage	24,352	3,276
Square Footage Fraction	100.00%	0.00%
Applicable Fraction	100.00%	0.00%

22-Jun-00 **Jeffersonville**

ELDERLY
Allocation of Sources

#		Budget	Per Unit	Per s.f.	Family	Elderly	VHCB	HOME	VCDP	Debt	Equity
							Terms:____	Terms:____	Terms:____	Terms:____	Terms:____
	ACQUISITION										
1	Land	160,000	5,000	5.79	50,000	110,000	110,000				
2	Purchase of Building(s)		0	0.00	0						
3	Demolition (without replacement)		0	0.00	0						
4	Property Appraisal	5,000	156	0.18	1,562	3,438	3,438				
5	Legal - Title and Recording	6,300	197	0.23	1,968	4,332	4,332				
	Subtotal - Acquisition	171,300	5,353	6.20	53,530	117,770					
	CONSTRUCTION HARD COSTS										
6	Rehabilitation		0	0.00							
7	New Building(s)	1,697,033	53,032	61.42	550,675	1,146,358	402,231	139,397	200,000	253,500	151,230
8	Accessory Buildings		0	0.00	0						
9	Sitework	222,600	6,956	8.06	68,000	154,600					154,600
10	Commercial Space Costs (if any)		0	0.00	0						0
11	General Requirements	70,000	2,188	2.53	21,875	48,125					48,125
12	Contractor Overhead	153,571	4,799	5.56	47,991	105,580					105,580
13	Contractor Profit		0	0.00	0						0
14	Construction Contingency	55,193	1,725	2.00	17,711	37,482					37,482
15	Construction Management		0	0.00	0						0
16	Construction Bond Fee		0	0.00	0						0
17	Hazardous Materials Abatement		0	0.00	0						0
18	Off-Site Improvements		0	0.00	0						0
19	Furnishings, Fixtures, & Equipment	31,300	978	1.13	9,500	21,800					21,800
20	Other (________________)		0	0.00							0
	Subtotal - Hard Costs	2,229,697	69,678	80.70	715,752	1,513,945					
	SOFT COSTS										
21	Architectural	49,500	1,547	1.79	15,469	34,031					34,031
22	Engineering		0	0.00	0						0
23	Legal/Accounting	13,000	406	0.47	4,871	8,129					8,129
24	Relocation		0	0.00	0						0
25	Environmental Assessment	3,200	100	0.12	1,000	2,200					2,200
26	Energy Assessment		0	0.00	0						0
27	Permits/Fees	95,557	2,986	3.46	35,806	59,751					59,751
28	Independent Market Study		0	0.00	0						0
29	Construction Period Insurance	3,750	117	0.14	-940	4,690					4,690
30	Construction Interest	62,790	1,962	2.27	20,000	42,790					42,790
31	Construction Loan Origination Fee	21,046	658	0.76	0	21,046					21,046
32	Taxes During Construction	3,750	117	0.14	3,750						0
33	Clerk of the Works	30,000	938	1.09	9,375	20,625					20,625
34	Marketing	2,000	63	0.07	750	1,250					1,250
35	Tax Credit Fees	3,850	120	0.14	1,444	2,406					2,406
36	Soft Cost Contingency	16,192	506	0.59	6,067	10,125					10,125
37	Permanent Loan Origination Fee		0	0.00	0						0
38	Lender's Counsel's Fee		0	0.00	0						0
39	Other (____________)		0	0.00	0						0
	SYNDICATION COSTS										
40	Organizational (Partnership)		0	0.00	0						0
41	Bridge Loan Fees and Expenses		0	0.00	0						0
42	Syndication Consultant		0	0.00	0						0
43	Tax Opinion		0	0.00	0						0
	DEVELOPER'S FEES										
44	Developer's Fees	200,000	6,250	7.24	74,942	125,058					125,058
45	Other Partnership Fees	70,000	2,188	2.53	26,230	43,770					43,770
46	Consultant Fees		0	0.00	0						0
	RESERVES										
47	Working Capital	48,100	1,503	1.74	18,024	30,076					30,076
48	Rent-up (Deficit Escrow) Reserve		0	0.00	0						0
49	Other Operating Reserves		0	0.00	0						0
50	Sinking Fund		0	0.00	0						0
51	Replacement Reserves		0	0.00	0						0
	Subtotal - Soft Costs	622,735	19,460	22.54	216,788	405,947					
	TOTAL DEVELOPMENT COSTS	3,023,732	94,492	109	986,070	2,037,662	520,001	139,397	200,000	253,500	924,764

Jeffersonville

		Elderly	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	110,000					
2	Purchase of Building(s)	0					
3	Demolition (without replacement)	0					
4	Property Appraisal	3,438	0		3,438		
5	Legal - Title and Recording	4,332	0		4,332		
0	Subtotal - Acquisition	117,770					
0	CONSTRUCTION HARD COSTS	0					
6	Rehabilitation	0					
7	New Building(s)	1,146,358		1,146,358	1,146,358		
8	Accessory Buildings	0					
9	Sitework	154,600		154,600	154,600		
10	Commercial Space Costs (if any)	0					
11	General Requirements	48,125		48,125	48,125		
12	Contractor Overhead	105,580		105,580	105,580		
13	Contractor Profit	0		0	0		
14	Construction Contingency	37,482		37,482	37,482		
15	Construction Management	0					
16	Construction Bond Fee	0					
17	Hazardous Materials Abatement	0					
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Equipment	21,800		21,800			
20	Other (______________)	0					
0	Subtotal - Hard Costs	1,513,945					
0	SOFT COSTS	0					
21	Architectural	34,031		34,031	34,031		
22	Engineering	0					
23	Legal/Accounting	8,129		8,129	8,129		
24	Relocation	0					
25	Environmental Assessment	2,200		2,200	2,200		
26	Energy Assessment	0					
27	Permits/Fees	59,751		59,751	59,751		
28	Independent Market Study	0					
29	Construction Period Insurance	4,690		4,690	4,690		
30	Construction Interest	42,790		42,790	42,790		
31	Construction Loan Origination Fee	21,046					
32	Taxes During Construction	0		0	0		
33	Clerk of the Works	20,625		20,625	20,625		
34	Marketing	1,250					
35	Tax Credit Fees	2,406		2,406	2,406		
36	Soft Cost Contingency	10,125		10,125	10,125		
37	Permanent Loan Origination Fee	0					
38	Lender's Counsel's Fee	0					
39	Other (______________)	0					
0	SYNDICATION COSTS	0					
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
0	DEVELOPER'S FEES	0					
44	Developer's Fees	125,058		125,058	125,058		
45	Other Partnership Fees	43,770		43,770	43,770		
46	Consultant Fees	0					
0	RESERVES	0					
47	Working Capital	30,076					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves	0					
50	Sinking Fund	0					
51	Replacement Reserves	0					
0	Subtotal - Soft Costs	405,947					
	TOTALS	2,037,662	1,867,520	1,867,520	1,853,490	0	
	Amount of Non-qualified Financing		0	0	0	0	
	Adjustment for per unit cost limits	1.00	0	0			
	Historic tax Credit (Residential Portion)			0	0	20% Historic Cred	
	Total Eligible Basis		1,867,520	1,867,520		0 Annual Histo	
	Adjusted for QCT/DDA	130.0%	2,427,776	2,427,776			
	Applicable Fraction & bldg adjuster	81.16%	1,970,369	1,970,369			
	Total Qualified Basis		1,970,369	1,970,369	1,853,490	Long Term Depreciable Basis	
	Applicable Percentage		3.65%	3.65%	27.5	Depreciation Schedule	
	Total Annual Credit Qualified		71,918	71,918	67,400	Annual Depreciation	
	Total Tax Credits Requested	143,837	1,986,500		21,800	Short Term Depreciable Basis	
	Estimated Net Syndication Proceeds (**excluding historic credit equity**)	1,610,550			7	Depreciation Schedule	
	Estimated Yield - Housing Credit Syndication	95.50%			3,114	Annual Depreciation	
	Equity Gap	0					
	Credits Needed to fill Equity Gap	#DIV/0!					

22-Jun-00 **Jeffersonville**

	Check all Applicable									A					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)	AFFORDABLE TO: Units affordable to residents at:					
															30%	50%	60%	65%	80%	100%+
five plex	1	x			x	x				2	1,024	390	45	435		1				
	2				x	x				2	1,024	470	45	515			1			
	3				x	x				2	1,024	470	45	515			1			
	4				x	x	x			2	1,024	470	45	515			1			
	5				x	x				2	1,024	470	45	515			1			
Five plex	1	x			x	x				2	1,024	390	45	435		1				
	2				x	x				2	1,024	470	45	515			1			
	3				x	x				2	1,024	470	45	515			1			
	4				x	x	x			2	1,024	470	45	515			1			
	5				x	x				2	1,024	470	45	515			1			
Elderly	101	x			x	x				1	756	361	0	361						
	102				x	x				1	756	421	0	421		1				
	103				x	x				1	756	421	0	421			1			
	104				x	x				1	756	421	0	421			1			
	105				x	x				1	756	421	0	421			1			
	106								x	1	756	546	0	546			1			
	201								x	1	756	546	0	546					1	
	202				x	x				2	1,008	520	0	520					1	
	203	x			x	x				1	756	361	0	361			1			
	204				x	x				1	756	421	0	421		1				
	205				x	x				1	756	421	0	421			1			
	206				x	x				1	756	436	0	436			1			
	207				x	x				1	756	436	0	436			1			
	208				x	x				2	1,008	520	0	520			1			
	301	x			x	x				1	756	361	0	361			1			
	302				x	x				1	756	421	0	421		1				
	303				x	x				1	756	421	0	421			1			
	304				x	x				1	756	436	0	436			1			
	305				x	x				1	756	436	0	436			1			
	306				x	x				1	756	436	0	436			1			
	307								x	1	756	546	0	546			1			
	308								x	2	1,008	670	0	670					1	
																			1	
Total # Units	32				28					Totals:	27,628	14,519		Total # Units:	0	5	23	0	4	0

22-Jun-00 **Jeffersonville**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br	elderly	756	16	414	0	79,572
2 Br	family	1,024	10	454	45	54,480
2 Br	elderly	1,008	2	520	0	12,480
4+ Br			0	0		0
	Totals	24,352	28			146,532

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br						0
1 Br	elderly	756	3	546	0	19,656
2 Br	elderly	1,008	1	670	0	8,040
3 Br						0
4+ Br						0
	Totals	3,276	4			27,696
All Units						
	Grand Totals	27,628	32			174,228

Less Vacancy	5.00%	(8,711)
	NET RENT	165,517

OTHER INCOME

Laundry	3,576
Parking	0
Commercial Space Income	0
Other	1,584
TOTAL INCOME	170,677

22-Jun-00 **Jeffersonville**

	Senior	Monthly	Per Unit Per Month	
Administration				
Management Fee	15,840	1,320	41	9.3%
Supportive Services	1,320	110	3	
Audit/Accounting	2,376	198	6	
Legal	1,320	110	3	
Compliance Monitoring	432	36	1	
Marketing		0	0	
Other	6,072	506	16	
TOTAL ADMINISTRATIVE	27,360	2,280	71	
Utilities				
Electricity	3,960	330	10	
Fuel	7,920	660	21	
Water and Sewer	6,600	550	17	
Fire Alarm / Emergency	528	44	1	
Other	0	0	0	
TOTAL UTILITIES	19,008	1,584	50	
Maintenance				
Maintenance / Janitor Payroll	13,200	1,100	34	
Janitor Supplies	1,320	110	3	
Exterminating	528	44	1	
Trash Removal	2,376	198	6	
Snow Removal	2,112	176	6	
Grounds	1,848	154	5	
Repairs Material		0	0	
Repairs Contract		0	0	
HVAC Repairs / Maintenance		0	0	
Elevator Contract / Repairs	1,848	154	5	
Painting and Decorating	1,848	154	5	
Other	0	0	0	
TOTAL MAINTENANCE	25,080	2,090	65	per unit month excl. ds & res. 226
Real Estate Taxes	11,880	990	31	
Property Insurance	3,432	286	9	
Replacement Reserves	6,600	550	17	
Primary Debt Service	21,270	1,773	55	
Other "must pay" debt service		0	0	
Other		0	0	
Total	114,630	9,553	299	

form revision date: 2/27/97

22-Jun-00	Jeffersonville																
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Operating Income																	
Gross Rent		119,748	121,544	123,367	125,218	127,096	129,003	130,938	132,902	134,895	136,919	138,972	141,057	143,173	145,320	147,500	
Other Income		5,160	5,237	5,316	5,396	5,477	5,559	5,642	5,727	5,813	5,900	5,988	6,078	6,169	6,262	6,356	
Vacancy and other losses		(6,245)	(6,077)	(6,168)	(6,261)	(6,355)	(6,450)	(6,547)	(6,645)	(6,745)	(6,846)	(6,949)	(7,053)	(7,159)	(7,266)	(7,375)	
Total Operating Income		118,663	120,704	122,515	124,353	126,218	128,111	130,033	131,983	133,963	135,973	138,012	140,082	142,184	144,316	146,481	
Operating Expenses																	
Total Expenses (excl. Reserves)		86,760	89,363	92,044	94,805	97,649	100,579	103,596	106,704	109,905	113,202	116,598	120,096	123,699	127,410	131,232	
Reserves		6,600	6,699	6,799	6,901	7,005	7,110	7,217	7,325	7,435	7,546	7,660	7,774	7,891	8,009	8,130	
Total Operating Expense		93,360	96,062	98,843	101,706	104,654	107,689	110,813	114,029	117,340	120,748	124,258	127,871	131,590	135,419	139,362	
Net Operating Income		25,303	24,643	23,672	22,646	21,564	20,423	19,220	17,955	16,623	15,224	13,754	12,212	10,594	8,897	7,119	
Less Primary Debt Service		21,793	21,793	21,793	21,793	21,793	21,793	21,793	21,793	21,793	21,793	21,793	21,793	21,793	21,793	21,793	
Less Secondary Debt Service																	
Annual Cash Flow		3,509	2,849	1,879	853	(229)	(1,371)	(2,573)	(3,839)	(5,170)	(6,569)	(8,039)	(9,581)	(11,200)	(12,896)	(14,674)	
Operating Subsidies / Sinking Fund		0	0	0	0	229	1,371	2,573	3,839	5,170	6,569	8,039	9,581	11,200	12,896	14,674	
Net Cash		3,509	2,849	1,879	853	0	0	0	0	0	0	0	0	0	0	0	
DCR		116.10%	113.07%	108.62%	103.91%	98.95%	93.71%	88.19%	82.39%	76.28%	69.86%	63.11%	56.03%	48.61%	40.82%	32.67%	
Cumulative Cash Flow																	
Beginning Balance		30,076	34,859	39,159	42,642	45,217	46,797	47,298	46,617	44,643	41,259	36,340	29,755	21,363	11,018	(1,437)	
Deposits		3,509	2,849	1,879	853	0	0	0	0	0	0	0	0	0	0	0	
Interest	4.0%	1,273	1,451	1,604	1,723	1,809	1,872	1,892	1,865	1,786	1,650	1,454	1,190	855	441	0	
Withdrawals		0	0	0	0	(229)	(1,371)	(2,573)	(3,839)	(5,170)	(6,569)	(8,039)	(9,581)	(11,200)	(12,896)	(14,674)	
Ending Balance		34,859	39,159	42,642	45,217	46,797	47,298	46,617	44,643	41,259	36,340	29,755	21,363	11,018	(1,437)	(16,111)	
Cumulative Replacement Reserves																	
Beginning Balance		0	6,732	7,007	7,293	7,590	7,900	8,223	8,558	8,908	9,271	9,650	10,043	10,453	10,880	11,324	
Deposits		6,600	6,699	6,799	6,901	7,005	7,110	7,217	7,325	7,435	7,546	7,660	7,774	7,891	8,009	8,130	
Interest	4.0%	132	275	286	298	310	322	336	349	364	378	394	410	427	444	462	
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Ending Balance		6,732	7,007	7,293	7,590	7,900	8,223	8,558	8,908	9,271	9,650	10,043	10,453	10,880	11,324	11,786	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Net Operating Income		25,303	24,643	23,672	22,646	21,564	20,423	19,220	17,955	16,623	15,224	13,754	12,212	10,594	8,897	7,119	
Plus Reserves		6,600	6,699	6,799	6,901	7,005	7,110	7,217	7,325	7,435	7,546	7,660	7,774	7,891	8,009	8,130	
Less Interest Expense		(156,172)	(134,518)	(111,127)	(85,860)	(31,805)	(31,648)	(31,473)	(31,279)	(31,064)	(30,827)	(30,564)	(30,275)	(29,956)	(29,606)	(29,222)	
Less Long Depreciation		(100,410)	(100,410)	(100,410)	(100,410)	(100,410)	(100,410)	(100,410)	(100,410)	(100,410)	(100,410)	(100,410)	(100,410)	(100,410)	(100,410)	(100,410)	
Less Short Depreciation		(4,471)	(4,471)	(4,471)	(4,471)	(4,471)	(4,471)	(4,471)	0	0	0	0	0	0	0	0	
Taxable Income (Loss)		(229,151)	(208,058)	(185,538)	(161,194)	(108,118)	(108,997)	(109,918)	(106,410)	(107,417)	(108,467)	(109,561)	(110,699)	(111,882)	(113,110)	(114,383)	
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Plus Tax Savings		80,203	72,820	64,938	56,418	37,841	38,149	38,471	37,244	37,596	37,963	38,346	38,745	39,159	39,589	40,034	
Plus Tax Credits		171,816	171,816	171,816	171,816	171,816	171,816	171,816	171,816	171,816	171,816						
After Tax Cash Flow		252,018	244,636	236,754	228,234	209,657	209,965	210,287	209,059	209,411	209,779	38,346	38,745	39,159	39,589	40,034	
Total Years	15																
Reinvestment Rate	11.00%																
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Current After Tax Cash Flows		252,018	244,636	236,754	228,234	209,657	209,965	210,287	209,059	209,411	209,779	38,346	38,745	39,159	39,589	40,034	
Future Value of Cash Flows at Yr 15:		1,205,804	1,054,489	919,381	798,464	660,787	596,178	537,922	481,785	434,772	392,373	64,616	58,817	53,555	48,777	44,438	
Discount Rate:	9.85%																
Capital Contribution Number:	1	2	3	4	5	6	7	8									
Date of Capital Contribution:	01-Sep-02	01-Sep-03	01-Sep-04	01-Sep-05													
Amount of Capital Contribution:	393,327	393,327	393,327	727,655				0									
Present Value of Contributions:	(393,327)	(355,949)	(322,035)	(539,148)													
Cash Flows	(1,610,458)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7,352,157
IRR:	10.65%																
Equity Yield:	94.68%																

RESOLUTION PERTAINING TO A LETTER OF INTEREST RE: CONSTRUCTION AND PERMANENT FINANCING FOR JEFFERSONVILLE COMMUNITY HOUSING, JEFFERSONVILLE

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow moneys and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, a proposal has been presented to the Agency by Lamoille Housing Partnership and Housing Vermont for the turnkey purchase of three newly constructed buildings, of which 22 units of elderly rental housing in one building in the Town of Cambridge will be financed by the Agency (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $1,075,000 aggregate principal amount (the "Bonds") to finance a construction loan to Jeffersonville Housing Limited Partnership (the "Borrower") for the new construction of a 22 unit building (the "Project") in Cambridge, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $1,075,000 as construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds; and a mortgage loan in an amount of up to $275,000 as long-term financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds; and

WHEREAS, the to-be-formed limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible;

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi, dated June 15, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The construction costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage

of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will increase the supply of well-planned, well-designed permanent, temporary, transitional or emergency housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The sponsor and its general partners are financially responsible and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to a to-be-formed limited partnership, the Jeffersonville Housing Limited Partnership, for construction financing in an amount not to exceed $1,075,000; and long term financing of the Development in an amount not to exceed $270,000. The term of the construction loan will be 18 months; and the interest rate not more than 150 basis points above the Agency's cost of funds. The term of the permanent loan will be not more than thirty years; the amortization period thirty years; and the interest rate not more than 150 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsor must provide a written property tax estimate;

   b) Sponsor must provide final plans and specifications for VHFA review and approval prior to VHFA loan closing;

   c) Sponsor must provide evidence that all funds from other sources are to be put into the development at or near the completion of construction, without regard to the occupancy level of the development;

d) Sponsor must provide evidence that other funders are not requiring repayment until the development has achieved one full year of economic full occupancy;

e) Sponsor must provide evidence that it has enough cash or other assets to be used as a rent-up reserve to cover shortfalls in income sufficient to pay debt service and operating expenses; and

f) Sponsor shall provide evidence of sufficient additional security to cover the difference between the appraised value of the senior housing phase of the development and the Agency's outstanding loan balance on the construction loan.

3. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and construct the Project is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director may, in her discretion, issue a Commitment Letter for a construction loan for acquisition and construction in an amount not to exceed $1,075,000 and a long-term loan for financing of the Development in an amount not to exceed $275,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds. The Sponsor shall be responsible for loan fees.

7. The term loan shall be amortized over a period of approximately 30 years. The interest rate and the source of funds shall be determined by the Executive Director, but the interest rate will not exceed 150 basis points above the Agency's cost of funds. The Commitment Letter may be issued to the ownership entity. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

8. The Executive Director, after consultation with the Chairman of the Agency, is given the discretion to vary the amounts of the loans by not more than 10% and to change the sources of funds.

9. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: June 23, 2000

RE: HOUSING VERMONT

Attached are proposed bylaw changes for Housing Vermont. I don't see any problems with them and recommend their approval.

Housing Vermont's Board still has a vacancy for a VHFA appointee. They are particularly interested in finding someone from the southwest part of the state.

Peter Richardson, President of Housing Vermont, has announced his resignation effective August 1. Peter will remain in Vermont, but will pursue several national consulting opportunities. He has done a wonderful job in his 3 ½ years at Housing Vermont and will be greatly missed.

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**

HOUSING VERMONT

Memo

To: Sarah Carpenter

From: Peter Richardson PR

Date: June 9, 2000

Re: Proposed Bylaw Changes

At its June 8, 2000, meeting, the Housing Vermont board discussed amendments to Article III of our bylaws to facilitate calling and conducting meetings. The following bylaw changes were resolved:

Section 3. Add: "Additional regular meetings of the directors to discuss and act upon usual and customary business of the corporation shall take place at the call of the President. Such call will be made with no less than ten (10) days notice to each director and shall specify the date, time and place of the meeting."

Section 4. Add: "A special meeting may be called on three (3) days notice to each director."

Section 5. Delete the first sentence and add: "Notice of any special meeting shall be given at least three days previously thereto by written notice delivered personally, by telegram, mailed to each director at his or her business address, or by facsimile or email, or other means reasonably calculated to provide actual notice of such meeting."

Section 6. Add: "One or more directors may participate in a meeting by telephone or other electronic means, and in that event shall be counted as present for purposes of determining whether a quorum exists at that meeting."

Article X provides that bylaw amendments be approved by "two-thirds of the Sustaining Members." VHFA is the sole sustaining member. On behalf of the board, I therefore request your approval of these amendments. Please call me with any questions or comments. Thanks.

vhfa
Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Kari A. Caragher, Executive/HR Assistant

DATE: June 23, 2000

RE: REVISED 2000 BOARD MEETING SCHEDULE

Following is a revised list of the Board meetings through September.

DATE	LOCATION
June 29th	Burlington, VHFA
July	***CANCELLED***
August 10th	Rutland, Linden Terrace
September 14th	Burlington, VHFA

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**

Kari Caragher

From: Kari Caragher
Sent: Monday, August 07, 2000 4:13 PM
To: 'mmoore@dol.state.vt.us'
Subject: VHFA Board Meeting

The VHFA Board Meeting will now be held at 12:00 noon on August 10, 2000 in Rutland at Linden Terrace. The letter I sent you to notice this meeting indicated that it began at 1:00 p.m., we have since then moved the time to 12:00.

Thank you.

Kari A. Caragher
kcaragher@vhfa.org
Executive/HR Assistant
(802) 652-3413 (p)
(802) 864-5746 (f)

vhfa

Vermont Housing Finance Agency

August 2, 2000

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, August 10th at 1:00 p.m. at Linden Terrace, 191 Grove Street, Rutland, 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

vhfa
Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: August 4, 2000

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 10th, 2000, at 1:00 p.m. at Linden Terrace, 191 Grove Street, Rutland, 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 Rutland on August 10th!

Directions to Linden Terrace: Take Route 7 south into Rutland. At second set of lights you will be on Crescent Street. Take a right to the end of the intersection (the Pet Cage will be on your right). Take a right onto Grove Street and the second or third street on the right will be Linden Terrace.

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**

vhfa

Vermont Housing Finance Agency

BOARD AGENDA
Linden Terrace
191 Grove Street
Rutland, Vermont

Thursday, August 10th 2000 at 1:00 p.m.

1. Review and approval of the minutes from the June 29th meeting.

2. DEVELOPMENT

A.	Westgate Loan Approval	{Erdelyi/Enclosure}

3. HOMEOWNERSHIP

A.	Summary of Homeownership Activites	{Crady/Enclosure}
B.	Additions to Targeted Areas and Revisions to Income and Purchase Price Limits Under MRB Program	{Crady/Black-Plumeau/Enclosure}

4. FINANCE

A.	Single Family Bond Issue	{Schoenbeck/Enclosure}
B.	Multifamily Bond Financing	{Schoenbeck/Enclosure}
C.	HUD Note Purchase	{Schoenbeck/Enclosure}

5. ADMINISTRATION

A.	Executive Director's Report	{Carpenter/Enclosure}

6. Any other old or new business.

BOARD MINUTES
Vermont Housing Finance Agency
164 Saint Paul Street
Burlington, Vermont
Thursday, June 29, 2000 at 1:00 p.m.

PRESENT: Chairman White, Commissioners Seelig, Canney, Randall, Candon (designee of Costle), Beyer (designee of Lambert)

Staff: Ms. Carpenter, Ms. Caragher, Ms. Kendrick, Ms. Crady, Ms. Reid, Ms. Gent, Mr. Schoenbeck, Ms. Deforge

Other: Mr. Broderick (Housing Vermont), Mr. Cole (AG Edwards), Ms. Torpy (Burlington Community Land Trust), Ms. Malloy (Rockingham Homeownership Center), Ms. Millhiser (Central Vermont Homeownership Center), Mr. Zavala and Ms. Biddle (Rutland West Homeownership Center), Mr. Kelley (Lyndonville Homeownership Center, Ms. Gilmond (Rutland County Community Land Trust)

Mr. Seelig called the meeting to order at 1:10 p.m. The first item on the agenda was the approval of the May 25th Board minutes. After a motion made by Mr. Candon and seconded by Ms. Beyer, the motion carried unanimously.

Mr. Candon made a motion to approve the minutes from the June 6th Joint Committee on Tax Credits meeting. The motion carried unanimously after being seconded by Ms. Beyer.

HOMEOWNERSHIP CENTERS

Ms. Crady reviewed the report of Homeownership Center Activity 1999. The Homeownership Centers have produced significant program increases in the past year. There are now five Homeownership Centers in Vermont. Ms. Crady introduced the representatives from each of the Centers and then asked them to give a brief overview of what the local Center has accomplished in the past year.

Mr. Zavala, from Rutland West, indicated that their southwest Center has gone through many changes in the past twelve months, including the departure of their executive director of fourteen years. They have done a lot of work with Rural Development (RD) and have established a great relationship with RD. They also have received a tremendous amount of support from both the Chittenden Bank and the Heritage Family Credit Union. Mr. Zavala noted that the Center would be focusing their efforts in 2000 on the post purchase side. The Center received a grant for $660,000 to work on rehabilitating units in the Rutland area. Mr. Zavala also indicated that their foreclosure intervention work has increased and they are seeing fewer people fall into foreclosure.

Ms. Malloy, from Rockingham, stated that the Center has made significant progress during her first year there. They have been very busy with foreclosure interventions, assisting customers to stay in their homes.

They have also done a great deal of post purchase counseling. Ms. Malloy also mentioned that Rockingham just recently hired an executive director.

Ms. Millhiser, from Central Vermont, indicated that they just recently launched their program in September 1999. Currently, one staff member facilitates workshops for homebuyers in their area. To this date, the Center has put ninety people through their workshops, out of which nineteen closings have occurred. Ms. Millhiser is very proud of their ability to serve the community and the impact it has on people when they are able to purchase a home. They have recently recruited a lender from the Chittenden Bank to volunteer one afternoon a week at the Center to perform counseling. The Center has also counseled four couples through its delinquency intervention program, two of whom are back on track and making their mortgage payments. The Central Vermont Center has applied to Neighborworks for affiliation.

Mr. Kelley, from the Northeast Kingdom, indicated that he is fairly new to the Center and hasn't had the opportunity to observe much from last year's activity. He indicated that he is very excited about the Center and where they are headed for 2000. The Center is working with Community National Bank to package its VHFA loans and then return the completed loan package to Community National Bank's underwriting department.

Ms. Torpy, from Chittenden County, indicated that they have received a $100,000 grant from Neighborworks to work on delinquency and foreclosure intervention. They have also been working with HUD on HUD foreclosures and have completed several sales in the City of Burlington.

Ms. Torpy briefly discussed the Homeownership Centers Capital Campaign. The goal is $3 million over three years. Neighborworks has come up with some extra money to assist the Centers with the capital campaign effort. Staff from the Centers will approach Fannie Mae for some assistance, also.

Chairman White commended all of the Centers for all of the work they are doing and thanked them for attending the meeting to update the Board about the 1999 activity.

TAX CREDITS

The Joint Committee on Tax Credits (JCTC) met prior to the Board meeting and are recommending that the following projects be allocated state tax credits: Clark & Canal in Brattleboro $42,000; Green Mountain Seminary in Waterbury Center $42,000; and Hanson Block in Winooski $16,000. The JCTC did not recommend allocating credits to either Columbian Avenue in Rutland and Smith's Housing in Middlebury at this time. Ms. Reid indicated that if Green Mountain Seminary doesn't get CDBG funding in October, then they would not get the $42,000 credit allocation. One suggestion is that, if Columbian Avenue and Smith's Housing are not successful in getting CDBG funding in October, than perhaps they could apply for 2001 credits, and that allocation round may be held in the fall.

After further discussion, Mr. Seelig made a motion to approve the JCTC's recommendation to allocate $42,000 to Clark & Canal, $42,000 to Green Mountain Seminary, and $16,000 to Hanson Block. The motion carried unanimously after being seconded by Ms. Randall.

DEVELOPMENT

Ms. Reid discussed the multifamily loan application for Jeffersonville Community Housing. This project consists of 32 mixed income senior and family housing units. VHFA's loan will be for the senior housing, which is for 22 of the units. All other funding for this project is committed. Ms. Reid noted that the Act 250 permit has recently been appealed, but staff feels that we should keep the loan moving forward. After a brief discussion, Mr. Candon made a motion to approve the "Resolution Pertaining to a Letter of Interest Re: Construction and Permanent Financing for Jeffersonville Community Housing, Jeffersonville." The motion carried unanimously after being seconded by Mr. Seelig.

Ms. Carpenter provided a brief update on Westgate. HUD approved VHFA's purchase of the notes related to Westgate, Highgate, and Mountain View Apartments. Once we have structured a bond issue to purchase these notes from HUD, extended affordability of these units will be committed. Housing Vermont will be requesting financing from VHFA in the fall for the Westgate rehabilitation and mortgage loan. After further discussion, Mr. Candon made a motion to authorize the Executive Director, Director of Finance, or Chief of Operations to secure a bond financing plan to purchase the HUD notes and allow for the acquisition and rehab planned at these properties.

HOMEOWNERSHIP

Ms. Crady indicated that staff is meeting with MGIC in early July to discuss the automated underwriting system they developed for VHFA loans. Ms. Crady also noted that staff continues to make progress in reducing overall delinquency levels and selling our REO properties.

PUBLIC AFFAIRS & PLANNING

Ms. Gent briefly reviewed her memo regarding federal and state Legislative activities. Vermont's Congressional delegation is very supportive of the initiatives of importance to VHFA and our partners. Ms. Gent did ask that, if any Board member would like to write a letter of appreciation to our delegation, it would be very appreciated.

Chairman White suggested that the Board try to meet with Senator Jeffords in Rutland before our August Board meeting to discuss federal legislation. Ms. Gent indicated that she would contact Senator Jeffords office to try and set up a meeting.

FINANCE

Mr. Schoenbeck indicated that both the Board Human Resources Committee and the Risk Management Committee have reviewed the FY01 budget and made the recommendations listed on the memo provided to the Board. Mr. Schoenbeck noted that VHFA's FY01 budget is fairly stable compared with last year's budget and actual expenses. The biggest actual savings in FY00 were in consulting, advertising, and loan losses. Ms. Beyer indicated that, from budget to budget, there was a 6% increase, but that the budget to actual had an 11% increase. Mr. Schoenbeck reported that although there were savings in FY00, most were a one-time savings or due to timing differences and will result in an increase in the FY01 budget. After a brief discussion, Ms. Randall made a motion to approve the FY01 proposed operating and capital budgets. The motion carried unanimously after being seconded by Mr. Seelig.

ADMINISTRATION

Ms. Carpenter indicated that both the Board Human Resources Committee and the Risk Management Committee have reviewed the proposed benefit changes for VHFA. After a brief discussion, Mr. Candon made a motion to approve all of the proposed benefit changes. The motion carried unanimously after being seconded by Ms. Beyer.

Ms. Carpenter asked the Board to approve proposed bylaw changes for Housing Vermont. Mr. Seelig made a motion to approve the changes as described in a memo from Ms. Carpenter. The motion carried unanimously after being seconded by Ms. Beyer.

At this time, Mr. Seelig made a motion to go into Executive Session for the purpose of discussing the Executive Director's salary increase pursuant to 1 VSA Section 313 (a)(3). The motion was seconded by Mr. Candon. A motion was made by Ms. Canney to give the Executive Director a 5% salary increase effective July 1, 2000. The motion carried unanimously after being seconded by Ms. Randall. The motion to come out of Executive Session was made by Ms. Beyer and seconded by Ms. Canney.

With no further business, the meeting adjourned at 4:10 p.m.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer JE

DATE: August 1, 2000

RE: Westgate Apartments – Loan Authorizations

Name:	Westgate Apartments	**Location:**	Brattleboro
Housing Type:	Family	**Unit Type:**	Townhouses / Flats
Total Units:	100	**Unit Sizes:**	12 1 bedroom (705 avg sf) 58 2 bedroom (950 avg sf) 30 3 bedroom (1,190 avg sf)
Total Cost:	$11,768,036	**Per Unit Cost:**	$117,680
Loans Requested:	See memo below	**Housing Credits:**	$335,000 ceiling credits $160,741 4% credits
Other Funding:	VHCB, HOME, VCDP, Housing Credits, VHFA debt, transportation funds		
Sponsors:	Westgate Tenants Organization (WTO), Housing Vermont (HVT)		

Staff have worked with Housing Vermont, HUD, bond counsel, and others to finalize the structure of the Westgate transactions. The attached table indicates there are three separate transactions: the note acquisition from HUD by VHFA, the property acquisition by a partnership created by Housing Vermont, and the funding of all of the rehabilitation by numerous sources. In order for this financing structure to work, Housing Vermont needs to receive a Private Letter Ruling from the IRS to clarify the limits of mixing taxable and tax-exempt financing in a single development. Should they not receive a favorable ruling, Housing Vermont is confident that they can create separate partnerships and restructure the financing in a manner that still creates a viable development. However, the ruling they seek would clarify for them the ability to pursue a financing structure that they wish to use on a number of developments, and if they obtain it, would make the development process clearer and easier for VHFA to underwrite.

As proposed, the plan could involve as many as five loans from VHFA (see attached table). These include: 1) a 12 year loan of $707,046; 2) a 30 year loan of $827,256; 3) a short-term construction loan for the rehab of $2,150,000; 4) a deferred loan of $884,567 from the discounted note purchase savings; and, 5) a 0% loan of $290,000. Loans one through four would be made from tax-exempt bond proceeds. Housing Vermont has requested that the discount VHFA receives from the note purchase be passed on to the project, provided that VHFA gets its out of pocket expenses reimbursed and receives it usual fees.

Recommendation: That the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board authorize the Executive Director to issue a Letter of Interest and a Commitment Letter to finance this development upon satisfactory completion of staff underwriting and due diligence.

Westgate Apartments

Westgate Acquisition by HVT et al. from Seller	Westgate Rehabilitation Financing
Sources:	**Sources:**
VHFA Loan One - tax-exempt permanent loan: (7%, 145 months) 707,046 VHFA Loan Two - tax-exempt permanent: (7.75%, 360 months) 827,256 Various other soft sources: 692,855	Tax Credit Equity: 4,752,954 VHFA Loan Three - tax-exempt short-term : 2,150,000 VHFA Loan Four: 884,567 (deferred loan, must be reasonable expectation of repayment) Various other soft sources: 3,450,245 VHFA Loan Five – "Zero Percent" Loan: 290,000
Total: 2,227,157	Total: 11,527,766

Uses:	Uses:
Acquisition Price (to Seller): 2,055,000 Other acquisition costs: 10,000 VHFA Transaction Costs: 162,157	Rehab and soft costs: 9,540,036 Pay off VHFA tax-exempt short-term 1: 2,150,000
Total: 2,227,157	Total: 11,690,036

Acquisition Cost Breakdown:	
Cost of Acquiring Note from HUD: 343,030 Pay off due Seller: 827,403 Available – (see Rehab sources): 884,567	
Total: 2,055,000	
	Short 162,270

HUD note balance for Westgate is $1,227,597 as of 5/00; the note acquisition cost is $343,030.

Assume not acquisition and property acquisition closings in September 2000; first Interest Reduction Payment received 10/2000

Appraised value of Westgate is $2,100,000.

VHFA's out-of –pocket expenses are now a project cost, creating a funding shortfall of about $162k that HVT is working to fill.

1 This amount is needed to meet the 50% test on the "4% credit" portion of the rehab.

04-Aug-00 **Westgate Housing**

Total Residential Units:	100	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	61	Increase in Income from Other Sources:	1.50%
Percent Restricted:	61.00%	Increase in Income from Commercial:	1.50%
Total Development Cost:	11,768,036	Expense increase:	3.00%
Total Development Cost per Unit:	117,680	Vacancy Rate:	5%
Total Development Cost Per SF:	119	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	507,545	Short Depreciation Schedule:	7 years
Total Credit Amount:	494,423	Sponsor's Estimated Yield:	96.38%
9% Credit Amount	335,000		
LIHTC - 9%	8.47%	(Aug 2000)	
LIHTC - 4%	3.63%		

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
VHFA Bond Debt - 30 year	827,256	7.03%	7.75%	30	30
VHFA Bond Debt - 12 year	707,046	6.01%	7.00%	12	12
VHFA Deferred Debt	884,567	7.52%	0.00%	30	30
Developer Loan	100,000	0.85%	7.25%	10	10
HOME	320,000	2.72%	7.00%	30	30
VHCB Special	1,680,000	14.28%	0.00%	30	30
HUD Special Purpose	1,000,000	8.50%	7.00%	10	10
VHFA 0% Funds	290,000	2.46%	0.00%	20	20
VCDP	479,500	4.07%	0.00%	30	30
Brattleboro RLF	7,600	0.06%	0.00%	30	30
Transportation Funds	556,000	4.72%	0.00%	30	30
Tax Credit Equity	4,760,593	40.45%	N/A	N/A	N/A
TOTAL SOURCES	11,612,562	98.68%			

USES

Acquisition	2,065,000	17.55%
Construction Hard Costs	7,617,658	64.73%
Soft Costs	2,085,378	17.72%
TOTAL USES	11,768,036	100%
Gap	155,474	

PER UNIT COST LIMIT CALCULATION

	per unit limits		number of units			
0 Br	84,390		0	0		
1 Br	90,140		12	1,081,680		
2 Br	95,890		58	5,561,620		
3 Br	101,637		30	3,049,110		
4 Br	107,390		0	0		
Maximum cost allowed under the per unit cost limits				9,692,410		
Projected total cost, excluding cash accounts				11,718,035	Cost Overage %	83%
		(over)/under		(2,025,625)		

General Partner's Capital Contribution	1.00%
Limited Partner's Capital Contribution	99.00%
Total Equity	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	61
Total Units	100
Unit Fraction	61.00%
Tax Credit Square Footage	59,345
Total Residential Square Footage	99,260
Square Footage Fraction	59.79%
Applicable Fraction	59.79%

04-Aug-00 **Westgate Housing**

#	Item	Budget	Lower I	Lower II	Middle	Upper
	ACQUISITION					
1	Land	328,000	72,160	72,160	104,960	78,720
2	Purchase of Building(s)	1,722,000	378,840	378,840	551,040	413,280
3	Demolition (without replacement)	0	0		0	0
4	Property Appraisal	3,000	660	660	960	720
5	Legal - Title and Recording	12,000	2,640	2,640	3,840	2,880
	Subtotal - Acquisition	2,065,000	454,300	454,300	660,800	495,600
	CONSTRUCTION HARD COSTS					
6	Rehabilitation	4,203,909	914,814	904,649	1,347,657	1,036,789
7	New Building(s)	0	0		0	0
8	Accessory Buildings	196,090	42,671	42,197	62,861	48,361
9	Sitework	2,628,054	571,892	565,537	842,481	648,144
10	Commercial Space Costs (if any)	0	0		0	0
11	General Requirements	0	0		0	0
12	Contractor Overhead	0	0		0	0
13	Contractor Profit	0	0		0	0
14	Construction Contingency	527,104	114,703	113,429	168,975	129,997
15	Construction Management	0	0		0	0
16	Construction Bond Fee	0	0		0	0
17	Hazardous Materials Abatement	62,501	13,601	13,450	20,036	15,414
18	Off-Site Improvements	0	0		0	0
19	Furnishings, Fixtures, & Equipment	0				
20	Other (________________)	0	0		0	0
	Subtotal - Hard Costs	7,617,658	1,657,681	1,639,262	2,442,010	1,878,705
	SOFT COSTS					
21	Architectural	433,290	94,288	93,241	138,901	106,860
22	Engineering	0	0		0	0
23	Legal/Accounting	15,000	3,264	3,228	4,809	3,699
24	Relocation	85,000	18,497	18,291	27,249	20,963
25	Environmental Assessment	4,000	870	861	1,282	987
26	Energy Assessment	0	0		0	0
27	Permits/Fees	62,525	13,606	13,455	20,044	15,420
28	Independent Market Study	0	0		0	0
29	Construction Period Insurance	35,000	7,616	7,532	11,220	8,632
30	Construction Interest	188,001	40,911	40,456	60,268	46,366
31	Construction Loan Origination Fee	32,000	6,964	6,886	10,258	7,892
32	Taxes During Construction	0				
33	Clerk of the Works	55,000	11,969	11,836	17,631	13,564
34	Marketing	5,500	1,197	1,184	1,763	1,356
35	Tax Credit Fees	9,200	2,002	1,980	2,949	2,269
36	Soft Cost Contingency	24,861	5,410	5,350	7,970	6,131
37	Permanent Loan Origination Fee	0	0		0	0
38	Lender's Counsel's Fee	163,000	35,860	35,860	52,160	39,120
39	Other (rent loss during contract)	23,000	5,060	5,060	7,360	5,520
	SYNDICATION COSTS					
40	Organizational (Partnership)	0	0		0	0
41	Bridge Loan Fees and Expenses	0	0		0	0
42	Syndication Consultant	0	0		0	0
43	Tax Opinion	0	0		0	0
	DEVELOPER'S FEES					
44	Developer's Fees	900,000	195,849	193,673	288,515	221,963
45	Other Partnership Fees	0	0		0	0
46	Consultant Fees	0	0		0	0
	RESERVES					
47	Working Capital	50,001	10,881	10,760	16,029	12,331
48	Rent-up (Deficit Escrow) Reserve	0	0		0	0
49	Other Operating Reserves	0	0		0	0
50	Sinking Fund	0	0		0	0
51	Replacement Reserves	0	0		0	0
	Subtotal - Soft Costs	2,085,378	454,244	449,653	668,408	513,073
	TOTAL DEVELOPMENT COSTS	11,768,036	2,566,225	2,543,215	3,771,218	2,887,378

4,200,840
2,184,437

04-Aug-00 **Westgate Housing**

#	Item	Budget	Acquisition Basis	9% Construction Basis	4% Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION							
1	Land	328,000						
2	Purchase of Building(s)	1,722,000	1,722,000			#REF!	#REF!	#REF!
3	Demolition (without replacement)	0				#REF!	#REF!	#REF!
4	Property Appraisal	3,000	3,000			#REF!	#REF!	#REF!
5	Legal - Title and Recording	12,000	12,000			#REF!	#REF!	#REF!
	Subtotal - Acquisition	2,065,000						
	CONSTRUCTION HARD COSTS							
6	Rehabilitation	4,203,909		2,384,446	1,819,463	#REF!	#REF!	#REF!
7	New Building(s)	0		0	0	#REF!	#REF!	#REF!
8	Accessory Buildings	196,090		111,222	84,868	#REF!	#REF!	#REF!
9	Sitework	2,628,054		1,490,625	1,137,429	#REF!	#REF!	#REF!
10	Commercial Space Costs (if any)	0		0	0		#REF!	#REF!
11	General Requirements	0		0	0	#REF!	#REF!	#REF!
12	Contractor Overhead	0		0	0	#REF!	#REF!	#REF!
13	Contractor Profit	0		0	0	#REF!	#REF!	#REF!
14	Construction Contingency	527,104		298,972	228,132	#REF!	#REF!	#REF!
15	Construction Management	0		0	0	#REF!	#REF!	#REF!
16	Construction Bond Fee	0		0	0	#REF!	#REF!	#REF!
17	Hazardous Materials Abatement	62,501		35,450	27,051	#REF!	#REF!	#REF!
18	Off-Site Improvements	0		0	0	#REF!	#REF!	#REF!
19	Furnishings, Fixtures, & Equipment	0		0	0	#REF!	#REF!	#REF!
20	Other (__________)	0		0	0	#REF!	#REF!	#REF!
	Subtotal - Hard Costs	7,617,658						
	SOFT COSTS							
21	Architectural	433,290		245,761	187,529	#REF!	#REF!	#REF!
22	Engineering	0		0	0	#REF!	#REF!	#REF!
23	Legal/Accounting	15,000		8,508	6,492	#REF!	#REF!	#REF!
24	Relocation	85,000		48,212	36,788	#REF!	#REF!	#REF!
25	Environmental Assessment	4,000		2,269	1,731	#REF!	#REF!	#REF!
26	Energy Assessment	0		0	0	#REF!	#REF!	#REF!
27	Permits/Fees	62,525		35,464	27,061	#REF!	#REF!	#REF!
28	Independent Market Study	0		0	0	#REF!	#REF!	#REF!
29	Construction Period Insurance	35,000		19,852	15,148	#REF!	#REF!	#REF!
30	Construction Interest	188,001		106,634	81,367	#REF!	#REF!	#REF!
31	Construction Loan Origination Fee	32,000				#REF!	#REF!	#REF!
32	Taxes During Construction	0		0	0	#REF!	#REF!	#REF!
33	Clerk of the Works	55,000		31,195	23,805	#REF!	#REF!	#REF!
34	Marketing	5,500						
35	Tax Credit Fees	9,200		5,218	3,982	#REF!	#REF!	#REF!
36	Soft Cost Contingency	24,861		14,101	10,760	#REF!	#REF!	#REF!
37	Permanent Loan Origination Fee	0		0	0			
38	Lender's Counsel's Fee	163,000		91,280	71,720	#REF!	#REF!	#REF!
39	Other (rent loss during contract)	23,000	23,000			#REF!	#REF!	#REF!
	SYNDICATION COSTS							
40	Organizational (Partnership)	0		0	0			
41	Bridge Loan Fees and Expenses	0		0	0			
42	Syndication Consultant	0		0	0			
43	Tax Opinion	0		0	0			
	DEVELOPER'S FEES							
44	Developer's Fees	900,000		510,478	389,522	#REF!	#REF!	#REF!
45	Other Partnership Fees	0		0	0	#REF!	#REF!	#REF!
46	Consultant Fees	0		0	0	#REF!	#REF!	#REF!
	RESERVES							
47	Working Capital	50,001						
48	Rent-up (Deficit Escrow) Reserve	0		0	0			
49	Other Operating Reserves	0		0	0			
50	Sinking Fund	0		0	0			
51	Replacement Reserves	0		0	0			
	Subtotal - Soft Costs	2,085,378						
	TOTALS	11,768,036	1,760,000	5,439,687	4,152,848	11,187,034	#REF!	
LESS:	Amount of Non-qualified Financing							
LESS:	Adjustment for per unit cost limits	82.7%	WAIVER					
LESS:	Historic tax Credit (Residential Portion)					0	20%	Historic Credit Rate
	Total Eligible Basis		1,760,000	5,439,687	4,152,848		#REF!	Annual Historic Credit
TIMES:	Adjusted for QCT/DDA	130.0%		7,071,593	5,398,702			
TIMES:	Applicable Fraction	59.79%	1,052,259	4,110,056	3,339,568			
	Total Qualified Basis		1,052,259	4,110,056	3,339,568	11,187,034	Long Term Depreciable Basis	
TIMES:	Applicable Percentage		3.63%	8.47%	3.63%	27.5	Depreciation Schedule	
	Total Annual Bond Credit Qualified	386,319	38,197	348,122	121,226	406,801	Annual Depreciation	
	Total Annual Bond Credit Assumed	386,319	38,197	348,122	121,226			
						0	Short Term Depreciable Basis	
						7	Depreciation Schedule	
						0	Annual Depreciation	

Total Tax Credits Requested	502,898	3,022,847	61.16%	34.57%
Estimated Net Syndication Proceeds (excluding historic credit equity)	4,842,192	2,325,559	54.17%	23.55%
Estimated Yield - Housing Credit Syndication	96.38%	5,348,406		58.12%
Equity Gap	4,916,067			
Credits Needed to fill Equity Gap	510,570	2,051,964	52.73%	26.51%
		2,029,164	71.09%	35.35%
		4,081,128		61.86%

04-Aug-00 **Westgate Housing**

HC Restricted Units

Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		705	9	400	36	43,200
2 Br		950	37	481	45	213,564
3 Br		1,190	15	558	51	100,440
4+ Br		0	0	0	0	0
	Totals	59,345	61			357,204

Non-HC Restricted Units

Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		705	3	435	36	15,660
2 Br		950	21	539	45	135,828
3 Br		1,190	15	608	51	109,440
4+ Br		0	0	0	0	0
	Totals	39,915	39			260,928

All Units

Grand Totals	99,260	100	618,132
Less Vacancy		5.00%	(30,907)
NET RENT			587,225

OTHER INCOME

Laundry		1,200
Parking		0
Commercial Space Income		0
Other IRP	(on cash flow)	0
TOTAL INCOME		588,425

form revision date: 2/27/97

04-Aug-00 **Westgate Housing**

	Annual	Monthly	Per Unit Per Month	
Administration				100
Management Fee	48,000	4,000	40	100
Supportive Services	0	0	0	
Audit/Accounting	4,800	400	4	
Legal	4,800	400	4	
Compliance Monitoring	2,400	200	2	
Marketing	2,400	200	2	
Other	51,600	4,300	43	
TOTAL ADMINISTRATIVE	114,000	9,500	95	
Utilities				
Electricity	12,000	1,000	10	
Fuel	54,000	4,500	45	
Water and Sewer	36,000	3,000	30	
Fire Alarm / Emergency	2,400	200	2	
Other	0	0	0	
TOTAL UTILITIES	104,400	8,700	87	
Maintenance				
Maintenance / Janitor Payroll	48,000	4,000	40	
Janitor Supplies	6,000	500	5	
Exterminating	2,400	200	2	
Trash Removal	18,000	1,500	15	
Snow Removal	8,400	700	7	
Grounds	8,400	700	7	
Repairs Material	0	0	0	
Repairs Contract	0	0	0	
HVAC Repairs / Maintenance	0	0	0	
Elevator Contract / Repairs	3,600	300	3	
Painting and Decorating	8,400	700	7	
Other	0	0	0	
TOTAL MAINTENANCE	103,200	8,600	86	per unit month
Real Estate Taxes	66,000	5,500	55	excl. ds & res.
Property Insurance	20,400	1,700	17	340
Replacement Reserves	36,000	3,000	30	
Primary Debt Service	0	0	0	
Other "must pay" debt service	0	0	0	
Other	0	0	0	
Total	444,000	37,000	370	

04-Aug-00 **Westgate Housing**

	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		618,132	627,404	636,815	646,367	656,063	665,904	675,892	686,031	696,321	706,766	717,367	728,128	739,050	750,136	761,388
IRP Income		88,862	88,524	88,162	87,773	87,356	86,909	86,430	85,915	85,365	84,774	84,141	83,621	7,024		
Other Income		1,200	1,218	1,236	1,255	1,274	1,293	1,312	1,332	1,352	1,372	1,393	1,414	1,435	1,456	1,478
Vacancy and other losses		(30,907)	(31,370)	(31,841)	(32,318)	(32,803)	(33,295)	(33,795)	(34,302)	(34,816)	(35,338)	(35,868)	(36,406)	(36,952)	(37,507)	(38,069)
Total Operating Income		677,287	685,776	694,372	703,077	711,889	720,810	729,840	738,976	748,222	757,574	767,032	776,756	710,556	714,085	724,796
Operating Expenses																
Total Expenses (excl. Reserves)		408,000	420,240	432,847	445,833	459,208	472,984	487,173	501,789	516,842	532,347	548,318	564,767	581,710	599,162	617,137
Reserves		36,000	36,540	37,088	37,644	38,209	38,782	39,364	39,954	40,554	41,162	41,779	42,406	43,042	43,688	44,343
Total Operating Expense		444,000	456,780	469,935	483,477	497,417	511,766	526,537	541,743	557,396	573,509	590,097	607,174	624,753	642,850	661,480
Net Operating Income		233,287	228,996	224,437	219,600	214,473	209,044	203,302	197,233	190,826	184,065	176,935	169,583	85,803	71,235	63,317
Less Primary Debt Service		157,988	157,988	157,988	157,988	157,988	157,988	157,988	157,988	157,988	157,988	157,988	157,988	78,820	71,119	71,119
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		75,299	71,008	66,449	61,612	56,485	51,056	45,315	39,245	32,838	26,077	18,947	11,595	6,984	117	(7,802)
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	7,802
Net Cash		75,299	71,008	66,449	61,612	56,485	51,056	45,315	39,245	32,838	26,077	18,947	11,595	6,984	117	0
DCR		147.66%	144.95%	142.06%	139.00%	135.75%	132.32%	128.68%	124.84%	120.79%	116.51%	111.99%	107.34%	108.86%	100.16%	89.03%
Cumulative Cash Flow																
Beginning Balance		25,001	86,962	146,490	203,246	256,867	306,969	353,147	394,968	431,974	463,683	489,582	523,217	550,508	574,007	591,344
Deposits		75,299	71,008	66,449	61,612	56,485	51,056	45,315	39,245	32,838	26,077	18,947	11,595	6,984	117	0
Interest	3.0%	750	2,609	4,395	6,097	7,706	9,209	10,594	11,849	12,959	13,910	14,687	15,697	16,515	17,220	17,740
Withdrawals to subsidize operations		0	0	0	0	0	0	0	0	0	0	0	0	0	0	(7,802)
Withdrawals to pay developer loan		(14,088)	(14,088)	(14,088)	(14,088)	(14,088)	(14,088)	(14,088)	(14,088)	(14,088)	(14,088)	0	0	0	0	0
Ending Balance		86,962	146,490	203,246	256,867	306,969	353,147	394,968	431,974	463,683	489,582	523,217	550,508	574,007	591,344	601,282
Cumulative Replacement Reserves																
Beginning Balance		0	36,540	74,749	114,679	156,389	(36,812)	2,561	42,602	84,463	128,206	(62,918)	(20,503)	22,549	66,934	113,326
Deposits		36,000	36,540	37,088	37,644	38,209	38,782	39,364	39,954	40,554	41,162	41,779	42,406	43,042	43,688	44,343
Interest	3.0%	540	1,669	2,841	4,066	7,590	591	677	1,906	3,190	6,713	636	646	1,342	2,704	6,226
Withdrawals	2,390	0	0	0	0	(239,000)	0	0	0	0	(239,000)	0	0	0	0	(239,000)
Ending Balance		36,540	74,749	114,679	156,389	(36,812)	2,561	42,602	84,463	128,206	(62,918)	(20,503)	22,549	66,934	113,326	(75,105)
13																
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		233,287	228,996	224,437	219,600	214,473	209,044	203,302	197,233	190,826	184,065	176,935	169,583	85,803	71,235	63,317
Plus Reserves		36,000	36,540	37,088	37,644	38,209	38,782	39,364	39,954	40,554	41,162	41,779	42,406	43,042	43,688	44,343
Less Interest Expense		(567,461)	(502,297)	(431,944)	(198,950)	(194,117)	(188,926)	(183,351)	(177,365)	(170,937)	(164,033)	(157,097)	(150,227)	(145,675)	(143,698)	(142,106)
Less Long Depreciation		(406,801)	(406,801)	(406,801)	(406,801)	(406,801)	(406,801)	(406,801)	(406,801)	(406,801)	(406,801)	(406,801)	(406,801)	(406,801)	(406,801)	(406,801)
Less Short Depreciation		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(704,975)	(643,563)	(577,221)	(348,508)	(348,236)	(347,900)	(347,486)	(346,979)	(346,358)	(345,608)	(345,183)	(345,039)	(423,631)	(435,576)	(441,247)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		246,741	225,247	202,027	121,978	121,883	121,765	121,620	121,443	121,225	120,963	120,814	120,764	148,271	152,451	154,437
Plus Tax Credits		494,423	494,423	494,423	494,423	494,423	494,423	494,423	494,423	494,423	494,423					
After Tax Cash Flow		741,165	719,670	696,451	616,401	616,306	616,188	616,043	615,866	615,649	615,386	120,814	120,764	148,271	152,451	154,437
Total Years	15															
Reinvestment Rate	8.00%															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Current After Tax Cash Flows		741,165	719,670	696,451	616,401	616,306	616,188	616,043	615,866	615,649	615,386	120,814	120,764	148,271	152,451	154,437
Future Value of Cash Flows at Yr 15:		2,351,099	2,113,811	1,894,084	1,552,202	1,437,003	1,330,305	1,231,474	1,139,925	1,055,114	976,540	177,516	164,298	186,778	177,819	166,792
Discount Rate:	4.86%															
Capital Contribution Number:	1	2	3	4	5	6	7	8								
Date of Capital Contribution:	30-Sep-99	30-Sep-00	30-Sep-01	30-Sep-02	30-Sep-03	04-Aug-00	04-Aug-00	04-Aug-00								
Amount of Capital Contribution:	58,273	233,093	1,165,466	1,165,466	3,205,031	0	0	0								
Present Value of Contributions:	(58,273)	(221,857)	(1,055,952)	(1,005,184)	(2,631,358)											
Cash Flows	(4,972,624)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15,954,759
IRR:	8.08%			8.25%												
Equity Yield:	101.59%			101.55%												

form revision date 2 27 97

vhfa
Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homeownership Programs PC

DATE: August 2, 2000

RE: Summary of Homeownership Activities

PROGRAM OPERATION

Attached are production reports by product and lender for FY 1999 and FY 2000. Please note that total loans purchased in FY 2000 increased 210% over FY 1999! Increased activity can be attributed to a number of factors (great rates, responsive outreach and customer service, and dedicated partners) -- all working together to deliver a great program.

Staff had a meeting with MGIC in July to discuss the automated underwriting system they developed for VHFA loans and to determine the future of the pilot project. As previously reported both Summit Financial and Chittenden Bank have experience limited benefit from using the system. MGIC indicated that they would continue to maintain the system because it does help MGIC underwriters to decrease their response time on individual loans. We agreed to approach several additional lenders who may have less experienced staff to determine if the automated underwriting system will assist their staff to process and underwrite VHFA loans.

COLLECTIONS

Attached are delinquency reports and a REO Inventory Report as of June 30, 2000.

We continue to make progress in reducing overall delinquency levels. Dave Adams has approached management at Mortgage Service Center of New England to determine their interest in transferring their VHFA loans to Chittenden Bank, and has had preliminary discussions with Charter On, First Nationwide Mortgage and Mascoma Savings Bank about purchasing servicing.

We also continue to have good experience in selling our REO property. Currently 11 out of the 18 REO properties are under deposit.

Please do not hesitate to call me if you have any questions about any of these reports.

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**

VHFA Production Report- Dollar volume by lender FY2000

July 1, 1999 - June 30, 2000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD TOTAL
CHITTENDEN	$1,425,540	$579,575	$405,835	$4,385,635	$3,159,872	$1,992,583	$1,585,270	$1,351,497	$1,439,014	$1,394,323	$1,451,163	$2,080,798	$21,251,105
SUMMIT	$190,000	$518,618	$0	$1,990,658	$1,008,677	$273,550	$673,113	$86,800	$509,452	$120,100	$320,985	$834,550	$6,526,503
BANKNORTH	$235,900	$361,625	$63,000	$701,045	$1,132,075	$812,550	$386,810	$185,050	$380,075	$125,435	$425,750	$192,750	$5,002,065
NEFCU	$264,100	$946,415	$557,575	$187,080	$436,943	$111,150	$453,372	$353,064	$129,300	$424,850	$260,000	$729,475	$4,853,324
VDCU	$0	$295,040	$327,250	$619,650	$537,330	$229,375	$548,825	$341,305	$0	$107,801	$0	$470,000	$3,476,576
UNION	$116,225	$339,905	$286,375	$595,375	$686,581	$192,025	$61,750	$339,750	$0	$70,000	$71,250	$375,150	$3,134,386
COMMUNITY	$345,477	$185,181	$490,470	$185,350	$610,001	$270,942	$264,990	$0	$56,905	$135,160	$58,900	$156,871	$2,760,247
VERMONT NAT'L	$652,325	$853,065	$0	$399,900	$326,889	$109,250	$80,750	$0	$0	$0	$0	$0	$2,422,179
NORTHFIELD	$124,450	$279,660	$62,700	$274,258	$289,500	$205,850	$294,150	$0	$60,800	$0	$151,050	$429,030	$2,171,448
VT STATE ECU	$217,100	$87,400	$0	$282,300	$316,700	$148,200	$55,960	$174,450	$60,000	$87,300	$152,700	$161,100	$1,743,210
CTX	$0	$0	$0	$0	$82,650	$407,675	$314,390	$0	$248,800	$206,520	$169,800	$229,095	$1,658,930
GMAC	$0	$0	$80,275	$193,400	$101,200	$0	$0	$151,050	$270,075	$293,900	$86,350	$300,700	$1,476,950
BRATTLEBORO	$70,000	$94,000	$253,440	$0	$146,400	$209,050	$114,525	$0	$71,300	$0	$172,000	$276,750	$1,407,465
UNIVERSAL	$0	$0	$0	$70,703	$276,470	$340,115	$141,493	$154,000	$205,075	$119,005	$78,089	$0	$1,384,950
HERITAGE FCU	$140,400	$61,750	$406,065	$0	$124,750	$81,480	$147,250	$102,820	$60,800	$158,707	$0	$53,675	$1,337,697
KITTREDGE	$81,600	$285,775	$0	$412,225	$137,100	$57,950	$74,100	$56,000	$83,905	$0	$0	$74,100	$1,262,755
LYNDONVILLE	$0	$100,000	$0	$629,190	$188,000	$76,950	$118,500	$0	$41,325	$0	$0	$81,700	$1,235,665
CHARTER ONE	$74,100	$0	$50,065	$211,375	$187,600	$32,000	$94,525	$0	$166,810	$35,625	$110,575	$199,725	$1,162,400
PASSUMPSIC	$63,000	$140,787	$139,250	$0	$370,525	$231,625	$0	$67,900	$62,000	$54,400	$0	$0	$1,129,487
NAT'L BNK MIDDLE	$82,900	$274,500	$0	$131,957	$124,681	$0	$88,500	$64,000	$0	$0	$0	$0	$766,538
VHFA	$161,530	$79,365	$67,650	$33,200	$0	$66,250	$0	$26,730	$74,360	$45,100	$15,910	$175,650	$745,745
CITIZENS	$100,340	$55,000	$0	$93,240	$42,655	$125,835	$0	$162,750	$0	$0	$64,600	$65,100	$709,520
FIRST BRANDON	$69,350	$0	$139,310	$158,831	$140,890	$0	$0	$72,000	$0	$0	$0	$0	$580,381
BNK OF BENN	$87,300	$72,000	$97,350	$0	$69,000	$170,030	$0	$0	$69,000	$0	$0	$0	$564,680
SOURCE ONE	$0	$0	$0	$0	$0	$76,534	$226,700	$0	$0	$0	$239,780	$0	$543,014
NAT'L CITY MTG	$0	$0	$0	$0	$0	$69,900	$87,722	$40,000	$77,500	$86,800	$89,445	$85,000	$536,367
PEOPLES TRUST	$0	$0	$0	$75,000	$0	$0	$0	$105,210	$0	$0	$60,000	$127,600	$367,810
FACTORY	$65,550	$0	$0	$0	$61,100	$51,400	$88,500	$0	$0	$58,200	$0	$0	$324,750
WELLS RIVER	$0	$0	$78,000	$0	$53,350	$0	$61,750	$0	$0	$0	$0	$99,750	$292,850
MASCOMA	$0	$0	$57,200	$0	$0	$132,034	$0	$0	$0	$0	$0	$80,750	$269,984
CT RIVER	$0	$55,000	$0	$0	$0	$45,600	$0	$0	$0	$0	$0	$0	$100,600
RD	$0	$14,300	$28,200	$0	$0	$0	$33,950	$0	$0	$0	$0	$0	$76,450
CITIMORTGAGE, IN	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$209,150	$209,150
MTG FINANCIAL	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$111,550	$111,550
NCFCU	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$56,166	$56,166
TOTAL	$4,567,187	$5,678,961	$3,590,010	$11,630,372	$10,610,939	$6,512,903	$5,990,305	$3,834,376	$4,066,496	$3,523,226	$3,978,347	$7,650,185	$71,662,897

VHFA Production Report (Number of loans) FY2000

July 1, 1999 - June 30, 2000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD TOTAL
CHITTENDEN	18	8	5	55	39	27	21	16	17	17	20	27	270
SUMMIT	2	7	0	23	13	4	8	1	6	2	4	10	80
BANKNORTH	4	6	1	11	16	10	6	3	5	2	6	2	72
NEFCU	3	12	6	3	6	1	5	4	2	5	4	9	60
VDCU	0	4	5	9	8	4	9	4	0	2	0	7	52
COMMUNITY	5	3	8	4	10	4	5	0	1	3	1	3	47
UNION	2	4	3	8	9	3	1	4	0	1	1	5	41
VHFA	7	5	4	1	0	4	0	2	4	2	2	8	39
VERMONT NAT'L	10	11	0	6	5	1	1	0	0	0	0	0	34
NORTHFIELD	2	4	1	4	4	3	4	0	1	0	2	6	31
VT STATE ECU	3	1	0	4	4	2	1	3	1	1	2	2	24
CTX	0	0	0	0	1	5	3	0	3	3	3	3	21
GMAC	0	0	1	2	1	0	0	2	3	4	1	5	19
UNIVERSAL	0	0	0	1	3	4	2	2	3	2	1	0	18
HERITAGE FCU	2	1	5	0	2	1	2	1	1	2	0	1	18
CHARTER ONE	1	0	1	3	3	1	1	0	2	1	2	3	18
BRATTLEBORO	1	1	3	0	2	3	2	0	1	0	2	3	18
LYNDONVILLE	0	1	0	8	3	1	2	0	1	0	0	1	17
KITTREDGE	1	3	0	6	2	1	1	1	1	0	0	1	17
PASSUMPSIC	1	2	2	0	5	3	0	1	1	1	0	0	16
NAT'L BNK MIDDLE	1	5	0	2	2	0	1	1	0	0	0	0	12
CITIZENS	2	1	0	2	1	2	0	2	0	0	1	1	12
FIRST BRANDON	1	0	2	2	2	0	0	1	0	0	0	0	8
BNK OF BENN	1	1	2	0	1	2	0	0	1	0	0	0	8
SOURCE ONE	0	0	0	0	0	1	3	0	0	0	3	0	7
NAT'L CITY MTG	0	0	0	0	0	1	1	1	1	1	1	1	7
FACTORY	1	0	0	0	1	1	2	0	0	1	0	0	6
PEOPLES TRUST	0	0	0	1	0	0	0	1	0	0	1	2	5
WELLS RIVER	0	0	1	0	1	0	1	0	0	0	0	1	4
RD	0	1	1	0	0	0	2	0	0	0	0	0	4
MASCOMA	0	0	1	0	0	2	0	0	0	0	0	1	4
CITIMORTGAGE, INC	0	0	0	0	0	0	0	0	0	0	0	3	3
CT RIVER	0	1	0	0	0	1	0	0	0	0	0	0	2
NCFCU	0	0	0	0	0	0	0	0	0	0	0	1	1
MTG FINANCIAL SRV	0	0	0	0	0	0	0	0	0	0	0	1	1
TOTAL	68	82	52	155	144	92	84	50	55	50	[illegible]	107	996

Production Lender FY2000
7/25/00 1:32 PM

VHFA Production Report By Product FY2000

July 1, 1999 - June 30, 2000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total
MOVE	4,124,272	5,050,851	2,983,050	10,360,896	9,377,888	5,824,798	4,920,567	3,318,996	3,256,736	3,056,844	3,290,355	6,229,550	**61,794,803**
MOBILE HOME	212,635	371,335	278,360	655,376	702,706	410,040	604,508	87,700	257,189	107,075	470,137	755,456	**4,912,517**
HOUSE	88,500	136,800	248,250	421,000	308,115	218,814	348,950	265,400	231,700	150,500	59,600	352,350	**2,829,979**
YESS	43,600	70,470	0	159,900	222,230	0	88,920	135,550	246,512	163,707	142,345	158,559	**1,431,793**
RURAL DEV.	98,180	49,505	80,350	33,200	0	66,250	33,950	26,730	74,360	45,100	15,910	160,270	**683,805**
Total	4,567,187	5,678,961	3,590,010	11,630,372	10,610,939	6,519,902	5,996,895	3,834,376	4,066,497	3,523,226	3,978,347	7,656,185	71,652,897

VHFA Production Report By Product FY1999

July 1, 1998 - June 30, 1999

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total
MOVE	1,642,380	3,584,030	3,005,618	1,707,335	3,312,362	1,012,972	2,893,418	2,176,105	1,627,530	1,863,002	2,141,111	2,551,490	**27,517,353**
MOBILE HOME	450,415	618,141	451,263	117,470	302,485	497,807	375,755	181,723	125,040	129,955	146,600	252,665	**3,649,320**
HOUSE	0	134,650	68,000	274,300	0	129,875	0	68,900	282,845	121,000	130,750	248,300	**1,458,620**
RURAL DEV.	51,850	142,350	22,500	125,500	21,000	72,010	29,640	118,095	26,310	146,360	32,755	126,020	**914,390**
YESS	0	0	0	0	81,289	75,550	0	137,867	73,750	78,872	0	65,137	**512,465**
Total	2,144,645	4,479,171	3,547,381	2,224,605	3,717,136	1,788,214	3,298,813	2,682,690	2,135,475	2,339,189	2,451,216	3,243,612	34,052,148

BOND SERIES STATUS REPORT

Series #	Date of Issue	Use by End Date	0 Point Move Rate	Original Issue Amt.	Amount Allocated	Available Funds
7	4/18/96	8/30/99		$42,500,000	$37,384,560	$5,115,440
8	10/9/96	4/1/00		$30,035,000	$29,326,063	$708,937
9	6/13/97	12/26/00	6.70%	$61,788,875	$60,692,070	$1,096,805
10	4/22/99	N/A	6.35%	$33,016,574	$32,960,439	$56,135
11	8/24/99	6/1/02	7.10%	$24,426,258	$24,012,893	$413,365
12	2/10/00	8/1/03	7.55%	$28,344,948	$26,380,480	$1,964,468

Note: Increases in funds available from older bond issues are generally the result of recycled prepayments, or re-allocation of funds from other bond issues.

HOMEOWNERSHIP PROGRAMS - SERVICING ACTIVITY REPORT

Activity for the month of June 2000

COLLECTIONS

Total 90+ accounts for current month	52

FORECLOSURES

Foreclosure accounts from previous month	55
Plus new foreclosure accounts	5
To REO	3
Successful interventions	3
Total Foreclosure accounts for current month	54 (includes 10 loans in Chapter 13)

REAL ESTATE OWNED

REOs from previous month	22
Plus new REOs	3
Less property sold	7
Less reinstatement	0
REOs for current month	18 (11 properties are under contract as of July 31, 2000)

HOMEOWNERSHIP DELINQUENCY REPORT
AS OF: June 30, 2000

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan-00	Feb	Mar	Apr	May	Jun	YTD Average
Total Portfolio #	**5918**	**5918**	**5931**	**5934**	**6042**	**6147**	**6191**	**6242**	**6297**	**6271**	**6285**	**6291**	**6338**	**6139**
Total Portfolio $	**$326.3**	**$326.8**	**$328.8**	**$329.8**	**$338.7**	**$346.8**	**$350.4**	**$354.3**	**$356.7**	**$357.7**	**359.1**	**359.9**	**364.1**	**$346.1**

NUMBER OF DELINQUENT LOANS

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan-00	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	268	272	264	269	290	295	279	294	307	224	311	269	259	277
60 Days	75	76	66	68	72	79	91	96	69	55	53	74	64	72
90 Days	88	89	87	80	88	84	91	91	80	63	61	57	52	78
Foreclosure	58	63	68	64	59	54	51	54	62	61	60	55	54	59
Total Delq 99-00	489	500	485	481	509	512	512	535	518	403	485	455	429	486
Total Delq 98-99	556	518	548	560	545	596	600	604	609	483	503	548	489	551

PERCENT BY NUMBER OF DELINQUENT LOANS

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan-00	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	4.53%	4.60%	4.45%	4.53%	4.80%	4.80%	4.51%	4.71%	4.88%	3.57%	4.95%	4.28%	4.09%	4.51%
60 Days	1.27%	1.28%	1.11%	1.15%	1.19%	1.29%	1.47%	1.54%	1.10%	0.88%	0.84%	1.18%	1.01%	1.18%
90 Days	1.49%	1.50%	1.47%	1.35%	1.46%	1.37%	1.47%	1.46%	1.27%	1.00%	0.97%	0.91%	0.82%	1.27%
Foreclosure	0.98%	1.06%	1.15%	1.08%	0.98%	0.88%	0.82%	0.87%	0.98%	0.97%	0.95%	0.87%	0.85%	0.96%
Total Delq 99-00	8.26%	8.45%	8.18%	8.31%	8.42%	8.33%	8.27%	8.57%	8.23%	6.43%	7.72%	7.23%	6.77%	7.92%
Total Delq 98-99	8.88%	8.33%	8.81%	8.99%	8.78%	9.65%	9.82%	9.93%	10.06%	8.03%	8.41%	9.21%	8.26%	9.01%

DOLLAR AMOUNT OF DELINQUENT LOANS

	Jun-99	Jul	Aug	Sep	Oct	Nov	Dec	Jan-00	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	$14.2	$14.5	$14.5	$14.7	$15.6	$16.1	$15.0	$16.6	$16.8	$12.5	$16.8	$14.8	$14.5	$15.3
60 Days	$4.3	$4.5	$3.8	$3.9	$4.2	$4.5	$5.6	$5.6	$4.0	$3.1	$2.9	$4.1	$3.5	$4.5
90+ Days	$8.4	$8.6	$8.8	$8.4	$8.5	$8.3	$8.1	$8.3	$8.0	$6.9	$6.9	$6.4	$6.1	$8.4
Total Delq 99-00	$26.9	$27.6	$27.1	$27.0	$28.3	$28.9	$28.2	$30.5	$28.8	$22.5	$26.6	$25.3	$24.1	$28.2
Total Delq 98-99	Info Not Readily Available.													

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: June 2000

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO	
Mortgage Service Ctr. of NE	76	7	9.21%	6	7.89%	3	3.95%	1	1.32%	17	22.37%	0	0.00%
Randolph National Bank	26	2	7.69%	1	3.85%	0	0.00%	0	0.00%	3	11.54%	0	0.00%
Charter One	365	22	6.03%	2	0.55%	8	2.19%	4	1.10%	36	9.86%	0	0.00%
Graystone Mortgage Company	1242	54	4.35%	18	1.45%	17	1.37%	13	1.05%	102	8.21%	3	0.24%
Merchants Bank	191	13	6.81%	0	0.00%	0	0.00%	2	1.05%	15	7.85%	0	0.00%
Vermont Development CU	134	6	4.48%	1	0.75%	2	1.49%	1	0.75%	10	7.46%	0	0.00%
Community National Bank	332	15	4.52%	4	1.20%	1	0.30%	1	0.30%	21	6.33%	0	0.00%
Chittenden Bank	2804	106	3.78%	23	0.82%	17	0.61%	30	1.07%	176	6.28%	13	0.46%
Northfield Savings Bank	161	8	4.97%	1	0.62%	1	0.62%	0	0.00%	10	6.21%	0	0.00%
Bennington Co-op S&L Assoc.	70	2	2.86%	2	2.86%	0	0.00%	0	0.00%	4	5.71%	0	0.00%
Factory Point Nat. Bank	35	2	5.71%	0	0.00%	0	0.00%	0	0.00%	2	5.71%	0	0.00%
Union Bank	202	7	3.47%	3	1.49%	1	0.50%	0	0.00%	11	5.45%	0	0.00%
Peoples Trust Co.	78	2	2.56%	1	1.28%	1	1.28%	0	0.00%	4	5.13%	0	0.00%
Passumpsic Savings Bank	157	5	3.18%	0	0.00%	0	0.00%	2	1.27%	7	4.46%	1	0.64%
Lyndonville Savings Bank	76	1	1.32%	1	1.32%	1	1.32%	0	0.00%	3	3.95%	1	1.32%
Wells River Savings Bank	32	1	3.13%	0	0.00%	0	0.00%	0	0.00%	1	3.13%	0	0.00%
New England Federal CU	104	3	2.88%	0	0.00%	0	0.00%	0	0.00%	3	2.88%	0	0.00%
Citizens Savings Bank	122	2	1.64%	1	0.82%	0	0.00%	0	0.00%	3	2.46%	0	0.00%
Brattleboro Savings & Loan	47	1	2.13%	0	0.00%	0	0.00%	0	0.00%	1	2.13%	0	0.00%
Mascoma Savings Bank	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
GMAC Mortgage	27	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Connecticut River Bank	7	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Brandon Nat. Bank	13	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%
Heritage Family Credit Union	26	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Totals	6338	259	4.09%	64	1.01%	52	0.82%	54	0.85%	429	6.77%	18	0.28%
Totals Previous Month	6291	269	4.28%	74	1.18%	57	0.91%	55	0.87%	455	7.23%	22	0.35%
Totals Same Mo. Last Yr.	5918	268	4.53%	75	1.27%	88	1.49%	58	0.98%	489	8.26%	43	0.73%

Lenders	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Bennington Co-op S&L Assoc.	6.45%	6.45%	6.25%	2.99%	2.99%	2.94%	2.86%	2.86%	8.57%	7.04%	4.29%	4.29%	5.71%
Brattleboro Savings & Loan	6.45%	6.45%	6.25%	5.56%	5.56%	5.26%	4.88%	4.65%	4.65%	4.65%	4.65%	4.44%	2.13%
Charter One	12.01%	9.23%	10.88%	11.14%	10.96%	10.16%	9.21%	10.30%	9.78%	7.90%	10.68%	11.02%	9.86%
Chittenden Bank	9.02%	9.14%	9.45%	8.49%	8.83%	7.88%	6.69%	7.20%	7.75%	6.88%	7.55%	6.96%	6.31%
Citizens Savings Bank	7.50%	8.33%	8.26%	7.56%	7.50%	5.04%	4.96%	7.44%	7.38%	5.74%	3.28%	4.07%	2.46%
Community National Bank	7.67%	7.89%	7.24%	6.11%	7.03%	6.19%	6.44%	8.18%	7.32%	5.78%	6.63%	6.31%	6.33%
Connecticut River Bank	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Factory Point Nat. Bank	3.13%	9.38%	12.12%	6.45%	12.90%	12.50%	12.12%	8.57%	2.94%	11.76%	11.43%	0.00%	5.71%
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%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
GMAC Mortgage	11.11%	11.11%	11.11%	0.00%	0.00%	8.33%	8.33%	8.33%	0.00%	5.88%	9.52%	9.29%	0.00%
Graystone Mortgage Company	16.88%	16.22%	12.22%	11.53%	13.07%	11.86%	12.73%	10.42%	10.80%	6.35%	9.60%	9.09%	8.21%
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%
Lyndonville Savings Bank	4.76%	4.76%	3.17%	6.45%	4.29%	4.11%	6.76%	6.58%	3.95%	3.90%	6.49%	5.33%	3.95%
Mascoma Savings Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	20.00%	20.00%	0.00%
Merchants Bank	4.55%	5.53%	2.83%	5.71%	8.74%	6.37%	4.48%	4.98%	4.48%	3.55%	6.19%	6.19%	7.85%
Mortgage Service Ctr. of NE	9.88%	8.75%	12.50%	15.00%	13.92%	14.10%	14.10%	19.23%	17.95%	14.29%	18.18%	22.08%	22.37%
New England Federal CU	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.88%
Northfield Savings Bank	1.43%	4.29%	3.57%	5.00%	4.90%	4.76%	6.67%	5.84%	5.19%	3.87%	4.55%	3.23%	6.21%
Passumpsic Savings Bank	10.26%	7.74%	8.33%	7.64%	7.10%	6.88%	9.26%	6.83%	8.64%	5.56%	7.50%	7.55%	4.46%
Peoples Trust Co.	8.64%	7.50%	5.13%	10.26%	8.86%	6.49%	6.58%	6.58%	7.89%	7.89%	9.21%	6.58%	5.13%
Randolph National Bank	3.33%	3.33%	6.67%	7.41%	7.41%	7.41%	7.41%	7.41%	3.70%	3.70%	7.69%	7.69%	11.54%
Union Bank	6.98%	8.72%	6.86%	5.71%	6.59%	6.28%	7.25%	5.70%	4.57%	5.08%	5.08%	4.55%	5.45%
Vermont Development CU	8.24%	9.41%	6.74%	6.38%	8.74%	8.11%	6.96%	8.06%	7.81%	6.30%	6.98%	6.25%	7.46%
Wells River Savings Bank	0.00%	0.00%	3.33%	3.23%	3.23%	3.13%	0.00%	0.00%	0.00%	0.00%	3.03%	3.03%	3.13%
Average	6.33%	5.77%	5.72%	5.30%	5.70%	5.51%	5.51%	5.57%	4.93%	4.64%	6.50%	5.92%	5.09%

REO INVENTORY REPORT
As of June 30, 2000

Mortgagor	REO Date	City	Princ. Bal.	Interest	Expenses	Receipts (1)	Total Cost Basis	Valuation Allowance as of 3/31/00	List Amount (2)	Current Appraisal	Date Last Appraised	Original Appraisal	Loan Date	Prop Type	Comments
Bushey	1/19/98	Fairfield	$ 57,867	$ 5,686	$ 21,822	$ 17,360	$ 68,014	$ 18,271	$ -	$ 52,000	8/22/97	$ 62,000	9/20/95	MH	Unresolved title issues; property not on market
Fuller	5/26/99	Duxbury	$ 62,454	$ 10,267	$ 8,577	$ 12,237	$ 69,060	$ 18,510	$ 35,000	$ 53,000	6/1/99	$ 65,000	12/16/94	MH	Under deposit $35,000
Wilson	9/13/99	Marshfield	$ 46,790	$ 6,766	$ 13,709	$ -	$ 67,264	$ 28,811	$ 39,000	$ 46,000	5/18/99	$ 66,000	5/11/95	SF	Under deposit $39,000
Hughs Sr	9/23/99	Bennington	$ 79,168	$ 9,546	$ 30,153	$ 17,903	$ 100,964	$ 15,516	$ 90,000	$ 78,000	10/27/99	$ 88,000	8/19/94	SF	Under deposit $90,000
Langevin	10/12/99	Williamstown	$ 58,913	$ 9,218	$ 7,968	$ 13,642	$ 62,457	$ 220	$ -	$ 65,000	2/24/99	$ 69,500	9/21/89	SF	Possible Title Issues; Property not on market
Johnson	11/4/99	Wells	$ 49,792	$ 5,988	$ 5,950	$ 11,138	$ 50,592	$ 26,026	$ 20,000	$ 40,000	12/6/99	$ 52,000	10/18/91	MH	Under deposit $20,000
Simonds	12/6/99	Lunenburg	$ 56,945	$ 4,520	$ 6,308	$ 14,541	$ 53,232	$ 8,125	$ 40,000	$ 54,000	10/14/99	$ 75,000	10/5/90	MH	Under deposit $40,000
Lamoureux	3/6/00	Shoreham	$ 71,412	$ 10,269	$ 9,006	$ 15,898	$ 74,789	$ -	$ 63,000	$ 60,000	4/13/00	$ 80,000	4/22/92	SF	We have interested buyer; possible septic issues
Brintnall	3/14/00	Northfield	$ 39,579	$ 4,454	$ 4,597	$ 12,186	$ 36,444	$ -	$ 43,700	$ 38,000	3/16/00	$ 49,000	9/17/96	SF	Under deposit $43,7000 - to close 7/26/00
Miller	3/17/00	Bennington	$ 72,663	$ 7,387	$ 9,301	$ 12,939	$ 76,412	$ 31,058	$ 53,000	$ 52,500	3/28/00	$ 76,000	1/5/95	SF	Under deposit $53,000
Roy	4/28/00	Cambridge	$ 62,346	$ 10,164	$ 4,845	$ 14,192	$ 63,163	$ -	$ 52,900	$ 58,000	5/24/00	$ 70,000	8/12/94	MH	Reduced to $52,900
Frye	5/1/00	Lyndon	$ 29,202	$ 1,787	$ 3,237	$ 6,500	$ 27,726	$ -	$ 19,000	$ 24,000	4/12/00	$ 35,000	8/4/94	MH	Under deposit $19,000
Reed	5/1/00	Wheelock	$ 30,107	$ 2,842	$ 3,738	$ 8,250	$ 28,437	$ -	$ 15,000	$ 25,000	2/23/00	$ 38,000	9/19/90	SF	Under deposit $15,000
Acheson	5/2/00	Brattleboro	$ 81,075	$ 9,087	$ 12,386	$ -	$ 102,548	$ -	$ 79,000	$ 86,000	2/4/00	$ 93,000	6/6/91	2FD	Reduced price to $79,900
Debruin	6/26/00	Sunderland	$ 61,586	$ 9,747	$ 6,043	$ -	$ 77,376	$ -	$ 65,000	$ 50,000	1/28/00	$ 71,000	9/28/90	SF	Offer received from adjoining property owner
Roberts	6/12/00	Newport City	$ 40,163	$ 4,241	$ 3,717	$ 1,398	$ 46,723	$ -	$ 32,500	$ 32,500	5/1/00	$ 52,000	10/13/89	SF	Listed for $32,500
Gian	6/27/00	Bennington	$ 49,882	$ 5,448	$ 4,941	$ -	$ 60,271	$ -	$ 48,000	$ 48,000	2/12/00	$ 62,000	7/3/91	SF	Under deposit $48,000
Dolle	5/26/00	Readsboro	$ 42,374	$ 4,894	$ 9,648	$ -	$ 56,916	$ -	$ 35,000	$ 32,000	11/19/99	$ 55,000	10/25/93	SF	Under deposit $30,000
18			$ 657,928	$ 84,264	$ 122,236	$ 142,036	$ 722,391	$ 146,537	$ 436,600	$ 596,500		$ 752,500			

REOS that are under deposit

(1) Receipts column represents actual and projected mortgage insurance claim payments

(2) If Property is under deposit the List Price is the actual sale price.

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia Crady, Director of Homeownership Programs PAC
Leslie Black-Plumeau, Research Analyst LB-P

DATE: August 4, 2000

RE: Additions To Targeted Areas and Revisions To Income and Purchase Price Limits Under MRB Program

The purpose of this memo is to propose expanding the areas targeted under the Mortgage Revenue Bond program to include two qualified census tracts in downtown Burlington and to discuss revisions to our income and purchase price limits for VHFA's homeownership programs. We are currently in the process of reviewing the home sales data needed to finalize our purchase price limit proposals. We expect to complete this additional analysis during the next 2 weeks.

Expanding Targeted Areas

According to MRB program regulations, HFAs may consider certain areas of their states as targeted areas if they meet the requirements of (1) an "area of chronic economic distress" or (2) a "qualified census tract." Nine of the 15 statistical areas in Vermont have already been designated as targeted areas under the area of chronic economic distress criteria. In addition to these nine areas, the IRS has designated two qualified census tracts in Vermont. By definition, these census tracts have "70 percent or more of the families have income which is 80 percent or less of the statewide median family income." These two census tracks (census tracks 4 and 10) encompass the majority of the Old North End neighborhood and the King Street neighborhood in Burlington. Targeting those neighborhoods would allow VHFA to provide financing to non-first time buyers and establish higher income limits and purchase price limits in those areas. The City of Burlington and the Homeownership Center are also targeting those neighborhoods for homeownership and have a special program for the purchase of a duplex. Additional targeting of VHFA programs in those areas may also allow a more economically diverse group of households to become homeowners.

Targeting only two census tracks within a community does create issues with program operation and administration. There are several streets where VHFA's income and purchase price limits would be higher on one side than on the other side. We believe that we can overcome these difficulties through the purchase of address identifying software.

Maximum 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 2000 median income tables for the state and for each county. Based on the new HUD data, VHFA could increase our limits in all counties, as shown in the following table.

	Current Limits		Maximum Potential Limits		Limits Proposed	
Area/County	2 or Fewer Persons	3+ Persons	2 or Fewer Persons	3+ Persons	2 or Fewer Persons	3+ Persons
Burlington MSA	$50,000	$57,500	$52,300	$60,145	$52,300	$60,000
Burlington's Qualified Census Tracts	$50,000	$57,500	$62,760	$73,220	*	*
Washington	$50,000	$57,500	$52,680	$61,460	$52,300	$60,000
Chittenden (non-MSA)	$50,000	$57,500	$53,900	$61,985	$52,300	$60,000
Caledonia, Essex, Franklin (non-MSA), Lamoille, Orange, Orleans, Rutland, Windham	$49,000	$57,500	$51,600	$60,200	$51,600	$60,000
Addison, Bennington, Grand Isle (non-MSA), Windsor	$41,000	$47,000	$43,000	$49,450	$43,000	$49,400

* = To be determined

Maximum Purchase Price Limits

From discussions with our lender, real estate, and nonprofit partners, we know that VHFA's purchase price limits are still lagging real estate prices in many parts of the state. When VHFA's purchase price limits lag too far behind price changes in the real estate market, VHFA's financing options become unavailable to some borrowers who need our mortgage loan products.

In establishing our purchase price limits, MRB regulations allow VHFA to use <u>either</u> the average area purchase price information released by the U.S. Department of the Treasury OR information compiled by each HFA for single family residences purchased during the most recent 12-month period for which data is available. Because the Treasury Department has not released new purchase price information since 1994, VHFA is in the process of compiling home sales data for the 12-month period from June 1999 through May 2000. For each statistical area in the state, VHFA may compute a purchase price limit based on either the data analyzed by VHFA or on the Treasury Department's 1994 "safe harbor" data.

At this time, VHFA is focusing its purchase price analysis on the areas experiencing price increases for which MLS data is available in a consolidated, automated format: the Burlington MSA and Addison, Bennington, Grand Isle, Rutland, and Windham Counties. Although VHFA relies largely on the property transfer tax data maintained by the Vermont Department of Taxes to compute average area purchase prices, MLS data is also required to help distinguish new homes from existing homes. MRB program regulations require that HFAs examine homes sales data separately for new homes and existing homes when computing average area purchase prices and purchase price limits.

The following table lists current and recommended purchase price limits, based on our preliminary analysis of the prices of single-family homes sold in June 1999 – May 2000:

	Existing 1-Family			Existing 2-Family			New Homes		
	Current	Maximum*	Proposed	Current	Maximum*	Proposed	Current	Maximum*	Proposed
Addison	110,000	118,729	118,000	127,000	133,689	133,000	129,000	129,136	N/C
Bennington	110,000	127,478	126,000	124,000	143,541	141,000	129,000	203,863	160,000
Grand Isle (Non-MSA)	100,000	110,777	110,000	120,000	124,734	124,000	129,000	129,136	129,000
Lamoille	120,000	120,831	120,000	135,000	136,056	135,000	150,000	231,879	160,000
Rutland	110,000	117,173	117,000	126,000	131,937	131,000	150,000	166,426	160,000
Windham	120,000	134,563	126,000	135,000	151,518	141,000	150,000	172,141	160,000
MSA	120,000	126,277	126,000	137,000	142,188	141,000	155,000	160,430	160,000
Burlington QCTs	120,000	154,339	TBD	137,000	173,786	TBD	155,000	196,081	160,000

**Maximum limits, based on preliminary analysis of Property Transfer Tax Data*
TBD = To be determined

During the next two weeks, we plan to finalize our analysis of June 1999 – May 2000 home purchase prices.

<u>Board Action Requested</u>

We recommend that the Board take the following actions at the August 10th meeting:

- Approve the expansion of the areas targeted under the MRB program to include Census Tracts 4 and 10 in Burlington.

- Approve the proposed income limits.

- Approve the proposed purchase price limits, and grant to the Executive Director certain flexibility to adjust these limits if necessary after the final purchase price analysis is completed. Specifically, if the final analysis indicates that purchase price limits should be lower than proposed, the Executive Director shall have the flexibility to adjust the limits downward to ensure that they are supported by the final data analyses. Alternatively, if the final analysis indicates that purchase price limits could be higher than proposed here, the Executive Director shall have the flexibility to adjust the limits upward by no more than $5,000 and within the maximum limits supported by the final analyses.

NOTE: Appropriate income limits and purchase price limits for the Burlington Qualified Census Track areas will be determined after a discussion with the City of Burlington and Homeownership Center staff. A recommendation will be made at the Board meeting on August 10, 2000.

All three of the changes (expanding the targeted areas, increasing income limits, and increasing purchase price limits) will be made at the same time, in late August or early September.

vhfa

Vermont Housing Finance Agency

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: AUGUST 3, 2000

RE: SINGLE FAMILY BOND FINANCING

Attached to this memorandum is a copy of the Preliminary Official Statement (P.O.S.) that was distributed to potential bondholders, drafts (copies from Series 12) of the Reimbursement Agreements with Financial Security Assurance Inc. (bond insurer), a draft of the purchase contract(s) with the underwriters and a draft copy of the Seventeenth 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 2.01 mandate the limits of the financing, i.e. a bond financing of $35,720,000 and note financing not exceeding $35 million. Section 2.05 requires a yield calculation that would result in a no point mortgage rate of no more than 7.55%, and bonds maturing no later than November 1, 2033. The Series Resolution also authorizes entering into the purchase contract with the Underwriters (section 2.05) and authorizes the Reimbursement Agreement terms and conditions with the bond insurer.

This financing will provide us with $33.6 million of mortgage proceeds. We expect that the current pool of recycled funds and the Series 13 proceeds will carry us into next year. The current projected rate on the Series 13 mortgage funds is 7.25% with no points. We again received an excellent bid from FSA for bond insurance, which will increase our rating to AAA. A new feature in this financing is a PAC (planned amortization class) bond which dedicates prepayments in a range to specific bondholders at reduced rates that helps reduce the mortgage rate. Also for the first time our POS is available electronically at www.imagemaster.com, follow the directions for new issues.

If the Board concurs in moving forward with the financing, the tentative schedule has two telephone conference calls scheduled. The first call would be on Friday, August 11, 2000 at 10 AM, where the pricing scale to be released for retail investors will be discussed. A second call for Thursday, August 17, 2000 at 10 AM would confirm the pricing and "sell" the bonds to PaineWebber. Both of these calls can be accessed by Commissioners by dialing 1-877-849-9634 and entering access code 666777#. Other calls may be scheduled if necessary as conditions warrant. As long as the pricing meets the requirements under the Series Resolution, no further action would be necessary by the Board.

If you have questions on the documents enclosed or the financing in general, please call me at 652-3436 at your convenience.

Recommended Action
Approval of the ~~Sixteenth~~ Supplemental Single Family Housing Bond Resolution.
Seventeenth

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

vhfa
Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: AUGUST 4, 2000

RE: MULTI-FAMILY BOND FINANCING

We are currently attempting to find the best way to finance several projects in the most beneficial and cost effective way possible. We have been able to continue the short-term tax-exempt projects with Stratevest at very favorable rates and are working with the Federal Home Loan Bank to place our small taxable projects.

The Board has approved the Williamstown (Gardens) project which needs $1.9 million of permanent financing and McAuley Square which needs about $3.5 million. The portion of the HUD note purchase, which is tax-exempt (about $300,000), could also be folded into the contemplated financing. Our plan is to try to sell these project bonds to FannieMae on a private placement basis with unrated bonds. We are working with Moody's Investors Service to obtain our internal credit rating (ICR) which may be necessary before Fannie Mae will buy our bonds. Failing that plan, we may have to put together a public offering through our underwriters. In either case we will be putting together information to prepare a Preliminary Official Statement (POS) or Private Placement Memorandum (PPM). Vacation schedules and reworking the numbers and rates on McAuley Square are temporarily delaying that project. We have internally financed advances to Williamstown of about $540,000 and although we have a not to exceed rate to the project of 7.75%, the bond market is cooperating and we expect that we could earn our full spread as our bond cost should not exceed 6.25% on a public offering.

Although, we do not have a current schedule for the financing, the transaction may come together quite quickly and we may need to schedule a Board conference call before the next Board meeting in September to move ahead with permanent financing.

Recommended Action
Develop an offering statement as required to move forward with the financing.

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: AUGUST 4, 2000

RE: HUD NOTE PURCHASE

As an update, in June Sam Falzone reported that we had received approval from HUD of our proposal to purchase the HUD notes on Westgate, Highgate and Mountain View. We are still waiting on final forms and agreements to consummate this transaction. In a separate memo Joe Erdelyi has discussed our plans for the Westgate financing. As part of that total plan for Westgate we need to complete the transaction with HUD. Westgate is the only project whose note purchase is eligible for tax-exempt financing because of it's transfer to a new owner. John Wagner from Kutak Rock has also told us that in his opinion, we can only finance only about $300,000 on a tax-exempt basis of the approximate $2.4 million total purchase price. We will continue to look for ways to finance the taxable portion of the transaction either in conjunction with our tax-exempt package or as a stand-alone financing.

Although, we do not have a current schedule for the financing, the transaction may come together quite quickly and we may need to schedule a Board conference call before the next Board meeting in September to move ahead with permanent financing.

Recommended Action

The Board has already approved staff to move forward with the financing. For update purposes only.

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Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah Carpenter, Executive Director

DATE: August 4, 2000

RE: **EXECUTIVE DIRECTOR'S REPORT**

ADMINISTRATION

We have entered into a contract with Loren Hogaboom Masonry to have the pointing work completed on the exterior of the building. Loren started work July 24th and anticipates an early November completion date. As we discussed at the May Board meeting, we will also be pursuing contracts for extensive windowsill repairs and a total roof replacement.

Tim Koscis from Mitas conducted an implementation and training session in late June for the Mortgage Loan and Direct Servicing modules. The MEG (Mitas Enhance Group) Committee continues to meet weekly and work through the very tedious process involved in a system conversion. Rick Jean anticipates that we will commence testing of these two modules very soon after Labor Day. Implementation and training on the remaining modules will occur in early fall.

DEVELOPMENT

Development has closed the construction loans on Hillcrest in St. Albans, the St. Johnsbury House and Anderson Parkway in South Burlington. The Morrisville Portland & Main loan paid off and open houses at Crystal Lake in Barton and the Park Village Apartments in Brandon were attended. We have also closed two loans to Dalton Drive Neighborhood Association to pay for porch and roof repairs at the Fort. In addition we are working extensively with Housing Vermont on finalizing the details of the McAuley and Westgate developments.

FINANCE

Much of the department's work has focused on wrapping up the year-end accounting. KPMG will start their audit work within the next two weeks and finish by mid-September. The bond issue work continues and Roger will update you on this at the Board meeting.

HOMEOWNERSHIP

Patty Harvel has moved to the new Customer Service position in Homeownership and that transition has gone very well. Linda Wilson, one of our Loan Management Specialists in servicing, has resigned. Dave and Pat Crady will be exploring how to refill this position within the department, in light of increased production and decreased foreclosures. We will be issuing new loan servicing guides early this fall to clarify VHFA's role in foreclosures.

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EQUAL HOUSING OPPORTUNITY

MULTIFAMILY MANAGEMENT

Things have been quieter this month with a number of staff vacations. We have had one issue come up with Canterbury South housing, a family project in St. Johnsbury. The project has had a persistent problem with mold. The management company, NCMC, an affiliate of the Gilman Housing Trust and Housing Vermont, has hired consultants to test and review the problem and develop a solution. It appears to be a variety of reasons related to some design problems, inadequate use of unit air ventilators that were added this winter, and some malfunctioning hot water heaters that flooded apartments. Dryer vents were all redirected outside away from the vent system, but some moisture problems may be compounded in some units by housekeeping issues. NCMC appears to be proceeding in a thorough process to develop a plan for correcting the problems, although they do not yet have full proposal or price for remediation. Proper use of the unit air ventilators is somewhat tied to the project's heating system which could add a lot to a solution. Without knowing the full scope yet, it appears that the project should have adequate reserves. We are satisfied about NCMC's handling of this, but there is a group of tenants who are quite vocal about their concerns related to the mold and feel there may be health problems. The Vermont Health Department has been involved in the testing and has not indicated the immediate concerns of the tenants. Some tenants feel that NCMC is not acting quickly enough and have gone to the press with this. We will keep you informed as this proceeds.

PUBLIC AFFAIRS & PLANNING

We are still recruiting for the web design position and the administrative assistant in Public Affairs. We have been lucky to have Caitlin Falzone temping for us this summer to fill the front office position. Cathleen and I have begun planning for a conference we want to put together late fall to focus on federal and state issues and legislation related to increasing production of affordable housing. We are having trouble pinning down a keynote speaker, and also some date conflicts with other training in the state. I hope to update you more on Thursday.

The Community Renewal Bill that contains increases in both the credit and bond caps did pass the House this week. The increases were not as aggressive as we had hoped, but there is a $2 million small state minimum amendment that would be wonderful for Vermont. We expect the Senate to be supportive, but will keep you up to date. Within this bill there has been contention around language that would allow the use of federal funds to religious groups who provide community services. I understand from Senator Jeffords office that there was compromise on this last year but that same language has not been introduced this year. We also are working with Senator Jeffords office on co-sponsorship of a technical amendment to the MRB rule around purchase price limits, Senator Leahy's office on completion and funding of the HUD note sale, and with Rep. Sanders office on favorable bond purchase programs through Fannie Mae.

OTHER

I returned this week from the NCHSA Executive Directors workshop in Stevenson, Washington, and combined it with some vacation time to visit my brother in Seattle. I also expect to take vacation at the end of August to spend time at Lake Carmi.

EVENSEN DODGE INC
FINANCIAL CONSULTANTS

MEMORANDUM

DATE: August 7, 2000

TO: Vermont Housing Finance Agency

FROM: Evensen Dodge Inc.

SUBJECT: Single Family Housing Bonds, Series 13A, 13B, and 13C
Anticipated Results Based Upon Current Market Conditions

The estimated sources and uses of funds is shown below.

Principal Amount of Bonds	$35,720,000
Principal Amount of Notes	35,000,000
Total Sources of Funds	$70,720,000
Program Account for Mortgage Loans	$33,574,917
Program Account for Note Proceeds	35,000,000
Bond Reserve Fund	1,499,387
Revenue Fund	57,656
Cost of Issuance	200,000
Underwriters' Discount	388,040
Total Uses of Funds	$70,720,000

Funds immediately available for mortgage loans total $33,574,917. Based upon current market conditions, the maximum interest rates, including an additional 0.25% for expected loan losses, are shown in the chart below. The 0.25% for projected loan losses is permitted, but not required, to be included in the loan rate. Funds will be made available for mortgage loans from the note proceeds at the time the notes are refunded into long term fixed rate bonds.

Loan Type	Origination Fee and Discount Points	Interest Rate
Fixed Rate (Move)	2	6.90%
Fixed Rate (Move)	1	7.05%
Fixed Rate (Move)	0	7.30%
Step Rate (Move)	1	6.15/6.45/7.45%

The bond/note structure is identical to the Agency's Series 10, 11, and 12 issues and continues to be effective in providing a lower interest rate to homebuyers. The Series 13 bond/note structure is expected to reduce the maximum interest rate on the loans by 0.21% in comparison to a standalone bond issue. The mortgage subsidy and the cost of issuing the notes are approximately equal to the net investment earnings that the Agency is able to retain on the note issue. As a result, the Agency's earnings on the bond/note issue are very similar to a standalone bond issue. In addition, this structure provides a method of preserving the Agency's bonding authority.

The preliminary bond structure includes serial bonds with annual maturities from 2002 to 2014 and term bonds with final maturities in 2020, 2026, and 2031. The 2026 maturity will be issued as a Planned Amortization Class (PAC) bond, which is the first time that the Agency has used this structure. This means that all prepayments up to 100% PSA received from mortgages originated from the Series 13 bond proceeds must first be used to call the 2026 PAC bond. The use of this structure will produce a 8 basis point savings on the mortgage rate compared to a structure without a PAC bond. The interest rates for the 2030 maturity for housing issues sold over the last two weeks have ranged from 6.05% to 6.15%, down from the 6.45% 30 year AMT maturity on the Agency's Series 12 bond issue.

The notes include a one-year and a two-year maturity. Based upon current market conditions, the rates would be approximately 4.40% and 4.70%, respectively.

The underwriters' discount for the bonds is estimated to be $314,583, which is $8.81 per thousand. The underwriters' discount for the notes is estimated to be $73,457, which is $2.10 per thousand. These costs are comparable to other state housing bond issues of similar size and structure. The takedown component of the underwriters' discount for housing bonds sold recently ranged from $5.64 per thousand to $6.12 per thousand. The Agency's takedown is estimated to be $5.74 per thousand, which is at the low end of the range. The management fee component of the underwriters' discounts for housing bonds sold this week ranged from $52,500 to $169,150. The Agency's management fee is estimated to be $71,440 which is also at the low end of the range.

vhfa

Vermont Housing Finance Agency

August 23, 2000

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 Tuesday, August 29th at 12:00 p.m. via conference call. If anyone would like to participate, please come to 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

Kari Caragher

From: Kari Caragher
Sent: Tuesday, August 22, 2000 8:48 AM
To: Dagyne Canney (E-mail); Gus Seelig (E-mail); Jim Douglas (E-mail); Kathy Beyer (E-mail); Lisa Randall (E-mail); Richard White (E-mail); Tom Candon (E-mail)
Cc: Senior Management
Subject: Board Meeting

The next Board meeting (via conference call) will be held on Tuesday, August 29th at 12:00 noon. We will discuss the allocation of volume cap for the single family bond financing.

To connect to this meeting, you must dial **1-877-849-9634**. The password to enter is: **666777**.

If you will not be able to participate in this conference call, please let me know. Thank you.

Kari A. Caragher
kcaragher@vhfa.org
Executive/HR Assistant
(802) 652-3413 (p)
(802) 864-5746 (f)

RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: WESTGATE APARTMENTS

WHEREAS, a proposal has been presented to the Agency by Housing Vermont, a non-profit development corporation, (the "Sponsor") on behalf of one or more to-be-formed limited partnerships, involving the acquisition, rehabilitation and long-term financing of a 100 unit family rental property located in 17 residential buildings on Westgate Drive in the Town of Brattleboro (the "Development"); and

WHEREAS, the proposal contemplates a number of VHFA loans from tax-exempt bond proceeds in a combined amount not to exceed $5,000,000, the use of 0% funds in the total amount of approximately $290,000 and a deferred loan of approximately $885,000; however, a different mix of sources and amounts may be necessary; and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to the issuance and sale of tax-exempt bonds of not more than $5,000,000 aggregate principal amount (the "Bonds") to finance several loans to the one or more to-be-formed limited partnerships (the "Borrower") to acquire and rehabilitate a 100 units rental housing development (the "Project") in Brattleboro, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the Sponsor and the limited partnership(s) will qualify as housing sponsors within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joseph Erdelyi dated August 1, 2000 containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will increase the supply of well-planned, well-designed term housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The Sponsor is a financially responsible organization and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making as many as five mortgage loans to one or more to-be-formed limited partnerships, of which the general partner will be a wholly owned subsidiary of Housing Vermont for the acquisition, rehabilitation and long-term financing of the Westgate Apartments housing development in Brattleboro. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance or for other purposes with the consent of the Agency. The Letter of Interest shall be conditioned on, among other items, receipt and review of an appraisal satisfactory to Staff supporting the loan amounts requested.

2. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director may, in her discretion, issue a Commitment Letter for construction and long-term loans for the acquisition, rehabilitation and long-term financing of the Development, in a combined amount not to exceed $5,000,000. The Agency shall receive reimbursement for its out-of-pocket expenses and shall charge loan fees for these loans.

3. As detailed in the Memorandum, one term loan shall be amortized over a period of approximately 12 years from the date of the loan. A second term loan shall be amortized over a period of not more than 30 years from the date of the loan. A construction loan shall mature within a reasonable time after the substantial completion of the rehabilitation of the Development. The interest rate on these three loans shall not exceed 150 basis points above the Agency's source of funds. The source of funds shall be newly-issued tax-exempt bond proceeds. The deferred loan shall be in an amount derived from the discounted note purchase savings. The zero percent loan shall not exceed $300,000 and shall mature after February 15, 2014. The Commitment Letter may be issued to the to-be-formed limited partnership(s). The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

4. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and construct the Project is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code

Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

5. The preliminary approval of paragraph 4 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

6. The Executive Director, after consultation with the Chairman of the Agency, is given the discretion to vary the amounts and sources of funds

7. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Rutland, Vermont, on August 10, 2000.

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

M E M O R A N D U M

TO: Senior Management

FROM: Kari

DATE: August 28, 2000

RE: AUGUST 29TH BOARD CONFERENCE CALL

Attached are materials for the Board conference call scheduled for Tuesday, August 29th at 12:00 p.m.

The meeting will be held in the Lake Suite.

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Glenn A. Jarrett

DATE: August 14, 2000

RE: Private Activity Bond Volume Cap

BACKGROUND:

Each year the Agency is allocated part of the State's $150 million annual volume cap for private activity bonds. On January 15, the Emergency Board allocated $71 million to the Agency and in February you allocated $28 million of that amount to single family purposes for the Series 12 single family bonds that were issued that month. At this time, with the Series 13 single family bond closing scheduled for the end of this month, it is necessary to allocate another $28 million for single family uses. Staff wishes to have the remaining $15 million allocated for exempt facility (multi-family) bonds.

Roger would be happy to answer any questions that you may have in my absence.

REQUESTED ACTION:

Approval of the attached resolution.

H:\bonds\volcap\boardmem.00

RESOLUTION RELATING TO
VERMONT HOUSING FINANCE AGENCY
ELECTION TO ALLOCATE
2000 PRIVATE ACTIVITY BOND
VOLUME CAP ALLOCATION

WHEREAS, the Vermont Housing Finance Agency (the "Agency") was allocated $71 million in 2000 private activity bond volume cap by the State of Vermont Emergency Board and allocated $28 million of that authority to qualified mortgage bonds on February 17, 2000; and

WHEREAS, the Agency desires to elect to utilize an additional $28 million of the remaining $43 million in volume cap for qualified mortgage bonds and mortgage credit certificates and the remaining $15 million to exempt facility bonds; and

NOW, THEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency elects to allocate $28,000,000 of its unused 2000 volume cap pursuant to section 146 of the Internal Revenue Code of 1986 for the purposes of issuing qualified mortgage bonds or mortgage credit certificates and $15,000,000 of its unused 2000 volume cap pursuant to section 146 of the Internal Revenue Code of 1986 for the purposes of issuing exempt facility bonds.

H:\bonds\volcap\volume cap 00 .resolution

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homeownership Programs
Leslie Black-Plumeau, Research Analyst

DATE: August 23, 2000

RE: Final Purchase Price Limits

At the August 10th meeting the Board approved new purchase price limits based on a preliminary analysis of Property Transfer Tax Data. Approval was granted to the Executive Director to approve purchase price limits once the final analysis was completed. The Executive Director was also granted the flexibility to adjust the limits upward by no more than $5,000 and within the maximum limits supported by the final analyses and approved by bond-counsel. For new homes in the Burlington MSA, the Board approved a limit of $160,000; however, the final data analysis revealed a higher average purchase price for new homes than initially forecast. In light of these higher prices, VHFA proposes increasing this purchase price limit to $175,000.

With the exception of the limit for new homes in the MSA, the limits shown on Attachment A to this memo fall within the guidelines approved by the Board on August 10, 2000. We have also included increased limits for several areas not included in this year's purchase price data analysis. In these areas, VHFA set limits in 1999 that were not as high as the maximum bond-counsel approved limits. The limits proposed for these areas are no more than $5,000 of our current limits.

Board Action Requested

Staff request Board approval to increase the new construction purchase price limit for the MSA to $175,000.

Attachment A

	Existing Homes	New Homes	Existing 2-Family
Addison	117,000	129,000	132,000
Bennington	123,000	158,000	138,000
Caledonia	112,000	155,000	126,000
Chittenden (Non-MSA)	115,000	129,000	126,000
Essex	112,000	155,000	126,000
Franklin (Non-MSA)	112,000	155,000	126,000
Grand Isle (Non-MSA)	115,000	129,000	129,000
Lamoille	123,000	162,000	138,000
Orange	112,000	155,000	126,000
Orleans	112,000	155,000	126,000
Rutland	117,000	165,000	132,000
Washington	117,000	155,000	132,000
Windham	123,000	155,000	138,000
Windsor	112,000	129,000	126,000
MSA	123,000	175,000	138,000
Burlington QCTs	135,000	175,000	150,000

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Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer JE

DATE: August 25, 2000

RE: Changes to the Approvals for McAuley Square Housing

Since the Board approved the loans for this project at its May meeting, a number of developments have come about. VHFA is still looking at both a private placement of the bonds with Fannie Mae as well as a normal multifamily issue that would be conventionally underwritten and sold. Fannie Mae has informed VHFA that they do not intend to purchase bonds at rates lower than we would find available elsewhere, so the advantage of their involvement would be reduced underwriting and issuance costs.

Housing Vermont (HVT) has requested three changes to the existing VHFA loan approvals: 1) HVT would like to own the property during development and to transfer it to a partnership upon completion, in order to pay substantially less in sales taxes; 2) HVT would like to use the allocated 9% credits on the Lund Building rather than the Scholar Building, in order to receive more "out-of-cap" credits, and therefore more overall credits; and 3) HVT is seeking an additional $800,000 taxable construction loan.

The first two changes can be considered administrative in nature, not substantially altering the overall project as it has been proposed all along. The request for an additional construction loan is due to the fact that HVT needs to separate the project into two side-by-side entities, one using the taxable financing and one using tax-exempt. (Due to a private letter ruling issued by the IRS in May, many developers including HVT are separating their projects into two distinct components so the tax-exempt financing does not "taint" the taxable funding and therefore jeopardize the allocated tax credits.) The problem is that the sources that are available for the taxable piece are not available until the end of construction. After some discussion HVT has agreed to use its $1.5 million dollar line of credit with VHFA for this purpose, and therefore will not need a separate loan approval from the VHFA Board.

If HVT is successful in obtaining the private letter ruling it seeks from the IRS on the Westgate project, it will no longer need to divide the mixed "taxable / tax-exempt" developments into two partnerships. The problem of an artificially-created surplus of funds on the tax-exempt piece, and a shortage on the taxable side, would be eliminated.

Recommendation: That the VHFA Board of Commissioners pass the attached resolution authorizing the changes stated above.

RESOLUTION PERTAINING TO A COMMITMENT LETTER RE: CONSTRUCTION AND TERM FINANCING FOR MCAULEY SQUARE, BURLINGTON

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, this development has been the subject of a prior resolution by the Agency on May 25, 2000; and

WHEREAS, a proposal was previously presented to the Agency by the McAuley Square Housing Limited Partnership, whose general partners are H.V.McAuley, Inc., and McAuley Square, Inc., involving the new construction of 74 units of rental housing in the City of Burlington (the "Development"); and

WHEREAS, Housing Vermont (the "Sponsor"), the sole owner of H.V. McAuley, Inc., wishes to maintain ownership of the Development during construction in order to minimize sales tax on construction materials; and

WHEREAS, the Sponsor wishes to allocate tax-exempt financing to the Elderly Building and the Scholar Building rather than the Elderly Building and the Lund Building; and

WHEREAS, the Agency has previously taken "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to the issuance and sale of tax-exempt bonds of not more than $4,100,000 aggregate principal amount (the "Bonds") to finance a loan to the McAuley Square Housing Limited Partnership. With this resolution, the Agency is modifying the identity of the Borrower to include Housing Vermont and to modify the construction loan so that it will be made for the purposes of constructing 67, rather than 62, units of a 74 unit rental housing development (the "Project") in Burlington, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in an amount of up to $4,100,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds and a long-term loan in an amount of up to $3,500,000, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the sponsor is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible and has previously made the statutory determinations; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joseph Erdelyi, dated August 25, 2000, containing information and recommendations about the Development (the "Memorandum");

The Agency therefore amends, in part, its resolution of May 25, 2000, so that the affected paragraphs read as follows:

WHEREFORE, it is hereby RESOLVED:

1. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in her/his discretion, issue a Commitment Letter to Housing Vermont or McAuley Square Bond Housing Limited Partnership for a construction loan for the Development in an amount not to exceed $4,100,000 and a long-term loan in an amount not to exceed $3,500,000.

2. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The long-term loan shall be made to McAuley Square Bond Housing Limited Partnership or another partnership whose general partners are H.V. McAuley, Inc. and McAuley Square, Inc., it shall be due and payable not more than 30 years from the date the loan is made; shall be fully amortized over the period of the loan, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds for both loans shall be tax-exempt bond proceeds. The Borrower shall be responsible for loan fees and transaction costs. The Commitment Letter may be issued to Housing Vermont or to H.V. McAuley, Inc. and McAuley Square, Inc. as representatives of the limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director is authorized to make an additional loan to the Borrower for the Development of not more than $380,000 at an interest rate of 0%.

4. The Executive Director, Chief of Program Operations and the Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loans contemplated by this resolution.

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Vermont Housing Finance Agency

September 1, 2000

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, September 14th at 12:00 p.m. at the Vermont Housing Finance Agency, 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

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Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: September 8, 2000

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 14th, 2000, at 12:00 p.m. at the VHFA Office, 164 Saint Paul Street, Burlington, Vermont. *Lunch will be served.*

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 14th!

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 AGENDA

Vermont Housing Finance Agency
164 Saint Paul Street
Burlington, Vermont

Thursday, September 14th at 12:00 p.m.

The Human Resources Committee will meet prior to the Board meeting at 11:00 a.m.

1. Review and approval of the minutes from August 10th and August 29th 2000.

2. **FINANCE**
   - A. Auditors Report {Presentation}
   - B. Robin Ginsburg (Bond Insurer) {Presentation}
   - C. Series 13 Single Family Bond Financing Wrapup {Schoenbeck/Enclosure}

3. **DEVELOPMENT**
   - A. Changes to McAuley Square Housing {Erdelyi/Enclosure}
   - B. Multifamily Construction Loan Application For Baldwin Block {Reid/Enclosure}
   - C. Multifamily Construction Loan Application For BennSouth {Reid/Enclosure}
   - D. Resolutions {Enclosed}
     - Letter of Interest and Commitment – Baldwin Block
     - Letter of Interest and Commitment – BennSouth
     - Issuance and Sale of a General Obligation Bond in a Maximum Amount of $840,000 (Housing Vermont and Wells River Action Group)
     - Issuance and Sale of a General Obligation Bond in a Maximum Amount of $850,000 for Acquisition and Rehabilitation and up to $350,000 for a Long Term Loan (RAHC - Bennington)

4. **HOMEOWNERSHIP**
   - A. Summary of Homeownership Activities {Crady/Enclosure}

5. **MULTIFAMILY MANAGEMENT**
   - A. Jeri-Hill Apartments – 0% Loan Update {Falzone/Enclosure}

6. **ADMINISTRATION**
   - A. Executive Director's Report {Carpenter/Enclosure}

7. Any other business to come before the Board.

OTHER ENCLOSURES
- A. Revised Board Meetings for 2000 {Enclosure}
- B. Northwest Housing Vermont Needs Study Summary {Enclosure}

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BOARD MINUTES

Linden Terrace
191 Grove Street
Rutland, Vermont 05701

Thursday, August 10th 2000 at 12:00 p.m.

PRESENT: Chairman White, Commissioners Canney, Seelig, Candon (designee of Costle), Beyer (designee of Lambert), Young (designee of Douglas)

Staff: Ms. Carpenter, Ms. Caragher, Ms. Crady, Ms. Black-Plumeau, Ms. Reid, Mr. Falzone, Mr. Adams, Mr. Schoenbeck

Chairman White called the meeting to order at 12:18 p.m. The first item on the agenda was the approval of the June 29th Board minutes. Ms. Beyer made a motion to approve the minutes of June 29th with two changes: (1) the motion to give the Executive Director a 5% salary increase was made and seconded after they came out of Executive Session; and (2) the motion made by Mr. Candon to authorize the Executive Director, Director of Finance, or Chief of Program Operations to secure a bond financing plan to purchase HUD notes and allow for the acquisition and rehab planned at these properties was carried unanimously after being seconded by Ms. Randall. The motion to approve the June 29th minutes as corrected carried unanimously after being seconded by Mr. Candon.

DEVELOPMENT

Ms. Reid indicated that staff has been working with HUD, bond counsel and Housing Vermont to complete the structure of the Westgate acquisition. Westgate's appraised value is $2.1 million and the HUD note balance for Westgate is approximately $1.2 million. VHFA is purchasing this note from HUD for $343,030. Once VHFA has purchased the note from HUD, a partnership created by Housing Vermont will acquire the property. Housing Vermont is seeking a Private Letter Ruling from the IRS to clarify the limits of combining taxable and tax-exempt financing for this project. Housing Vermont is confident that separate partnerships can be created and financing restructured if they do not receive a positive ruling from the IRS.

Staff is proposing that VHFA provide up to five loans: (1) a 12-year loan of $707,046; (2) a 30-year loan of $827,256; (3) a short-term construction loan of $2,150,000 for the rehab; (4) a deferred loan of $884,567 from the discounted note purchase savings; and (5) a 0% loan of $290,000. Loans one through four would be made from tax-exempt bond proceeds. The Board expressed concern that the Commitment Letter should indicate that VHFA would not go ahead with these loans unless all additional funding is in place. Ms. Reid indicated that she would include that language in the Commitment Letter.

After further discussion, Ms. Canney made a motion to approve the "Resolution Pertaining to Combined Letter of Interest and Commitment Letter Re: Westgate Apartments" and for the Commitment Letter to include language that VHFA will not go ahead with funding the loans unless all additional funding is in place. The motion carried unanimously after being seconded by Mr. Seelig.

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

HOMEOWNERSHIP

Ms. Crady reported that we have had a great year for mortgage purchases. Activity continues to be very strong and we currently have less than $1 million available in funding. Staff continues to work with MGIC on the automated underwriting system. While both Summit Financial and Chittenden Bank indicate that they experience only a small benefit from using this system, MGIC indicates that it helps them a great deal in underwriting VHFA loans. Staff will approach several other lenders to determine if the automated underwriting system would assist their staff to process VHFA loans.

Ms. Crady indicated that, on the collection side, we continue to make great progress. Currently 11 out of 18 REO properties are under deposit. Staff continues to have discussions with lenders to explore the option of VHFA purchasing the servicing of the loans.

Next, Ms. Crady discussed proposed new additions to targeted areas, which would allow expansion of the targeted areas under the MRB program, to include two census tracts in Burlington (King Street and the Old North End). Targeting both the King Street and the Old North End neighborhoods would allow VHFA to provide financing to non-first time homebuyers. The City of Burlington and the Homeownership Center are also targeting those neighborhoods and have a special program for purchasing duplexes.

Staff is also proposing to revise VHFA current income and purchase price limits. The income limits proposed were adjusted according to HUD's annual median income figures. Based on this data, staff recommended increased income limits in all counties. Ms. Crady noted that VHFA has focused our purchase price limits on the areas experiencing price increases.

After further discussion, Ms. Beyer made a motion to approve the staffs recommendation to approve the expansion of the areas targeted under the MRB program to include Census Tracts 4 and 10 in Burlington, to approve the proposed income limits and proposed purchase price limits, and to grant the Executive Director the flexibility to adjust these limits (not more than $5,000) if necessary after the final purchase price analysis is completed. The motion carried unanimously after being seconded by Ms. Canney.

FINANCE

Mr. Schoenbeck briefly reviewed the handout from Evensen Dodge Inc., which provided information on the anticipated interest rate options, based upon the current market conditions. Evensen Dodge, Inc. listed the maximum interest rates and included an additional .25% for expected loan losses. Mr. Schoenbeck indicated that he is expecting that our current pool of funds and the Series 13 proceeds will carry us into 2001. This bond deal will provide VHFA with $33.6 million of mortgage proceeds.

Mr. Schoenbeck reported that a copy of the Preliminary Official Statement is available on the web if anyone was interested in viewing it electronically. It was suggested, that during Governor Dean's press conference at the VHFA offices next week, perhaps he could mention that VHFA has had a very busy year and that VHFA will have a new bond sale at the end of this month bringing in new interest rates for VHFA borrowers. After a brief discussion, Mr. Candon made a motion to approve the Seventeenth Supplemental Single Family Housing Bond Resolution. The motion carried unanimously after being seconded by Mr. Seelig.

Next, Mr. Schoenbeck briefly reviewed the multi-family bond financing. Staff has been working to determine the most cost-effective method to finance several multi-family projects. Mr. Schoenbeck indicated that staff is working with Fannie Mae to privately place debt with them. Staff is also working with Moody's Investors Service to obtain our internal credit rating, which may be necessary before Fannie Mae will acquire our bonds.

Chairman White stated that staff should proceed with developing an offering statement in order to move forward with the financing. Mr. Schoenbeck noted that he would keep the Board informed as this process moves forward.

Staff continues to work with HUD on purchasing the notes on Westgate, Highgate, and Mountain View. Staff is waiting to get final forms and agreements before finalizing this transaction. Mr. Schoenbeck will inform the Board once things move forward.

EXECUTIVE DIRECTOR'S REPORT

Ms. Carpenter indicated that Governor Dean is holding a press conference at the VHFA offices on Thursday, August 17th at 1:30 p.m. He will discuss the Northwest Housing Study that Ms. Gent, Ms. Beyer and Ms. Carpenter (and many others) have been working diligently on. Ms. Carpenter asked that if anyone was interested in attending to please do so.

Ms. Carpenter noted that staff is planning a daylong conference in late November or early December focusing on both federal and state legislation issues. Ms. Gent is working on confirming a keynote speaker for the event. Ms. Carpenter added that she hopes to have a series of workshops surrounding affordable housing issues also at the conference.

Chairman White suggested that staff try to confirm the conference date for November 30th and then have the Board retreat the next day, December 1st. Ms. Carpenter indicated she would try to confirm those dates and get back in touch with the Board with more information.

OTHER BUSINESS

Chairman White announced that he has submitted a letter of resignation to Governor Dean effective January 1, 2001 (or sooner if a replacement is found) as Chairman of the VHFA Board. Chairman White indicated that he has been extremely busy with the National Bankers Association and has recently been asked to be their Chairman beginning next year. Chairman White stated that he has enjoyed working for the Agency. The Board and staff congratulated Chairman White and told him he would be missed.

With no further business, the meeting adjourned at 2:25 p.m.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

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Vermont Housing Finance Agency

BOARD MINUTES

Vermont Housing Finance Agency
164 Saint Paul Street
Burlington, Vermont

Tuesday, August 29th at 12:00 p.m.

VIA CONFERENCE CALL — Chairman White; Commissioners Canney, Randall, Candon (designee of Costle), Beyer (designee of Lambert), Seelig, Young (designee of Douglas)

Other: Mr. Gurley (PaineWebber Inc.), Mr. Jarrett (Caroll & Scribner)

PRESENT — Ms. Carpenter, Ms. Gent, Ms. Crady, Ms. Caragher, Ms. Black-Plumeau, Mr. Erdelyi, Mr. Schoenbeck, Mr. Adams

Chairman White called the meeting to order at 12:02 p.m. The first item for discussion was the private activity bond volume cap. Ms. Carpenter indicated that the Emergency Board allocated $71 million to the Agency in January and, of that amount, the Board allocated $28 million to the Series 12 single family bonds. At this time, it is necessary to allocate another $28 million to single family and the remaining $15 million to multifamily. Mr. Seelig made a motion to approve the "Resolution Relating to Vermont Housing Finance Agency Election to Allocate 2000 Private Activity Bond Volume Cap Allocation." The motion carried unanimously after being seconded by Ms. Beyer.

Next, Ms. Crady discussed the homeownership purchase price limits. At the August 10th meeting, the Executive Director was given the authority to adjust the purchase price limits upward by no more than $5,000 and within the maximum limits supported by the final analyses and approval by bond counsel. Ms. Crady indicated that Ms. Black-Plumeau has completed her analysis and that it indicated a higher average purchase price for new homes in the Burlington MSA than originally estimated. Staff is recommending an increase to the new construction purchase price limit for the Burlington MSA from $155,000 to $175,000.

The Board expressed concern about raising the purchase price limit to $175,000. It was suggested that we increase the limit to $165,000 and review the limit again in six months. Also, Ms. Crady pointed out that attachment A of her memo had a mistake in it - the Existing 2-Family Purchase Price for the Chittenden (non-MSA) should be $129,000 not $126,000. After further discussion, Ms. Randall made a motion to approve an increase of the purchase price limit to $165,000 and to review the limit in six months. The motion carried unanimously after being seconded by Mr. Seelig.

Mr. Erdelyi briefly reviewed the changes for McAuley Square Housing. The Board approved the loans for this project in May and, since then, a number of developments have occurred. Housing Vermont is requesting three changes to the existing VHFA loan approvals: (1) to pay substantially less in sales tax, Housing Vermont would like to own the property during development; (2) Housing Vermont would like to use the allocated 9% credits on the Lund Building rather than

the Scholar Building so they can receive more "out-of-cap" credits; and (3) Housing Vermont is seeking an additional $800,000 taxable construction loan, which will be funded through their bridge loan facility with us. Mr. Erdelyi indicated that, due to a Private Letter Ruling from the IRS, Housing Vermont is requesting an additional construction loan so that they can separate the project into two side-by-side entities, one using the taxable financing and the other using tax-exempt.

After a brief discussion, Ms. Canney made a motion to approve the "Resolution Pertaining to a Commitment Letter Re: Construction and Term Financing For McAuley Square, Burlington." The motion carried unanimously after being seconded by Ms. Beyer.

Mr. Schoenbeck indicated that all the documents for the single family bond sale have been signed and that the rates were lower than anticipated due to revised calculations. Mr. Schoenbeck stated that the transaction would be complete by 1:00 p.m. August 30th. The new rates will be announced to the lenders on August 30th for a September 1st effective date.

Ms. Carpenter briefly discussed the meeting schedule for the rest of the year. The Board meeting dates suggested was September 14th in Burlington, October 26th in Burlington and November 16th in Montpelier. The Board retreat was tentatively set for December 8th, but two Board members can not attend that day, so we will have the retreat on November 30th. Ms. Carpenter indicated that we would confirm these dates via email. Ms. Carpenter also reminded the Board that the Affordable Housing Legislative Conference will be held on November 29th at the Radisson Hotel.

With no further business, the meeting adjourned at 12:47 p.m.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

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Vermont Housing Finance Agency

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: SEPTEMBER 7, 2000

RE: SERIES 13 SINGLE FAMILY BOND FINANCING WRAPUP

The sale of the Series 13 bonds took place Thursday, August 17th and closed on Wednesday, August 30th. You will be receiving a report directly from Evensen Dodge, which analyzes our bond transaction in detail.

As reported on the conference call on August 29th, our financing went quite well and produced mortgage rates (including coverage for projected loan losses) of 7.1% with no points and 6.95% with one point (our two most popular products).

The key financing techniques that provided the low mortgage rates are use of supplemental notes and PAC bonds, which cut the rates by about 30 basis points. The market cooperated and we were the first State housing agency which sold 30 year bonds at less than 6% this year! PaineWebber took about $8 million of bonds that there were no orders for including $2.6 million of the $8.6 million PAC bonds. This represents about 23% of the total bond issue and was quite beneficial in "getting the deal done" at the aggressive rates indicated.

Evensen Dodge facilitated the placement of the investment contracts, which exceed the cost of the bonds and includes a new participant West Deutsche Landesbank. Another new feature "a make whole provision" provides us a new measure of protection in case a provider credit rating is downgraded in the future.

Bond insurance was provided by FSA (Financial Security Assurance) who continued their pattern of outbidding the other insurers and providing us with a benefit to upgrade to a AAA rating and also covered our last expiring letter of credit originally issued by Sanwa Bank.

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Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer JE

DATE: September 8, 2000

RE: Changes to McAuley Square Housing

Based on the final structuring of the McAuley Square ownership and financing package, the development now has a few late-breaking changes that need to be addressed. First, there is a funding gap of $296,000 in the sources. This is due to a combination of factors, including adjustments to the operating expense levels, working capital requirements, amortizing debt capacity, and credit amount. Second, VHFA has approved tax-exempt permanent financing for two of the buildings, and Housing Vermont requests that VHFA shift about $113,000 of this amount to the third building and make a loan using other sources (i.e., taxable bond or VHFA's general fund). This will enable the developer to still borrow enough needed to finance the project and at the same time it will not jeopardize the allocated tax credits. The overall permanent debt, both from taxable and tax-exempt sources combined, is now just under $3 million.

The funding gap can be addressed a number of ways, but timing is becoming crucial. Most of the other sources have been approached more than once and asked to increase their funding amounts already. The project is borrowing all it can afford, and the gap needs to be filled with equity, grants, or soft financing. Staff propose that VHFA increase it's commitment of 0% funds (from $380,000 to $528,000) and fill half of this gap. The developer would pledge its fee to cover the difference in the interim, and can pursue other funding sources to fill this gap going forward.

Recommendation: That the VHFA Board of Commissioners pass the attached resolution authorizing the changes stated above.

RESOLUTION PERTAINING TO A COMMITMENT LETTER RE: CONSTRUCTION AND TERM FINANCING FOR MCAULEY SQUARE, BURLINGTON

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, this development has been the subject of prior resolutions by the Agency on May 25, 2000 and August 29, 2000; and

WHEREAS, the Agency has previously taken "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to the issuance and sale of tax-exempt bonds of not more than $4,100,000 aggregate principal amount (the "Bonds") to finance a loan to the McAuley Square Housing Limited Partnership. The Agency has modified that resolution so that the Borrower may include Housing Vermont and so the construction loan will be made for the purposes of constructing 67, rather than 62, units of a 74 unit rental housing development (the "Project") in the Scholar and Elderly Buildings on Mansfield Avenue in Burlington, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in an amount of up to $4,100,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds and a long-term loan in an amount of up to $3,500,000, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible and has previously made the statutory determinations; and

WHEREAS, the Sponsor has further modified its requests of the Agency to (1) increase the amount of 0% funds the Agency loans to the Sponsor from $380,000 to $528,000 and (2) loan approximately $113,000 for long-term loan for the third building in the Development, the so-called "Lund" Building, with the source of funds to be other than the proceeds of tax-exempt bonds, such as the Agency's General Fund or proceeds of taxable bonds; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joseph Erdelyi, dated September 8, 2000, containing additional information and recommendations about the Development (the "Memorandum");

The Agency therefore amends, in part, its resolutions of May 25, 2000 and August 29, 2000, so that the affected paragraphs read as follows:

WHEREFORE, it is hereby RESOLVED:

1. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in her/his discretion, issue a Commitment Letter to Housing Vermont or McAuley Square Bond Housing Limited

Partnership for a construction loan for the Development in an amount not to exceed $4,100,000 and a long-term loan in an amount not to exceed $3,500,000.

2. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The long-term loan shall be made to McAuley Square Bond Housing Limited Partnership and McAuley Square Allocated Housing Limited Partnership or another partnership whose general partners are H.V. McAuley, Inc. and McAuley Square, Inc., it shall be due and payable not more than 30 years from the date the loan is made, but shall be amortized over a period of 40 years, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds for both loans shall be tax-exempt bond proceeds. A portion of the long-term loan in an amount not to exceed $125,000 shall be made to McAuley Square Allocated Housing Limited Partnership for the financing of the seven unit building known as the "Lund Building" with the source of funds for that portion of the loan to be other than the proceeds of tax-exempt bonds and shall be due and payable not more than 30 years from the date the loan is made, will be fully amortized over the period of the loan, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The Borrower shall be responsible for loan fees and transaction costs. The Commitment Letter may be issued to Housing Vermont or to H.V. McAuley, Inc. and McAuley Square, Inc. as representatives of the limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director is authorized to make an additional loan to the Borrower for the Development of not more than $530,000 at an interest rate of 0%.

4. The Executive Director, Chief of Program Operations and the Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loans contemplated by this resolution.

vhfa
Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter CR

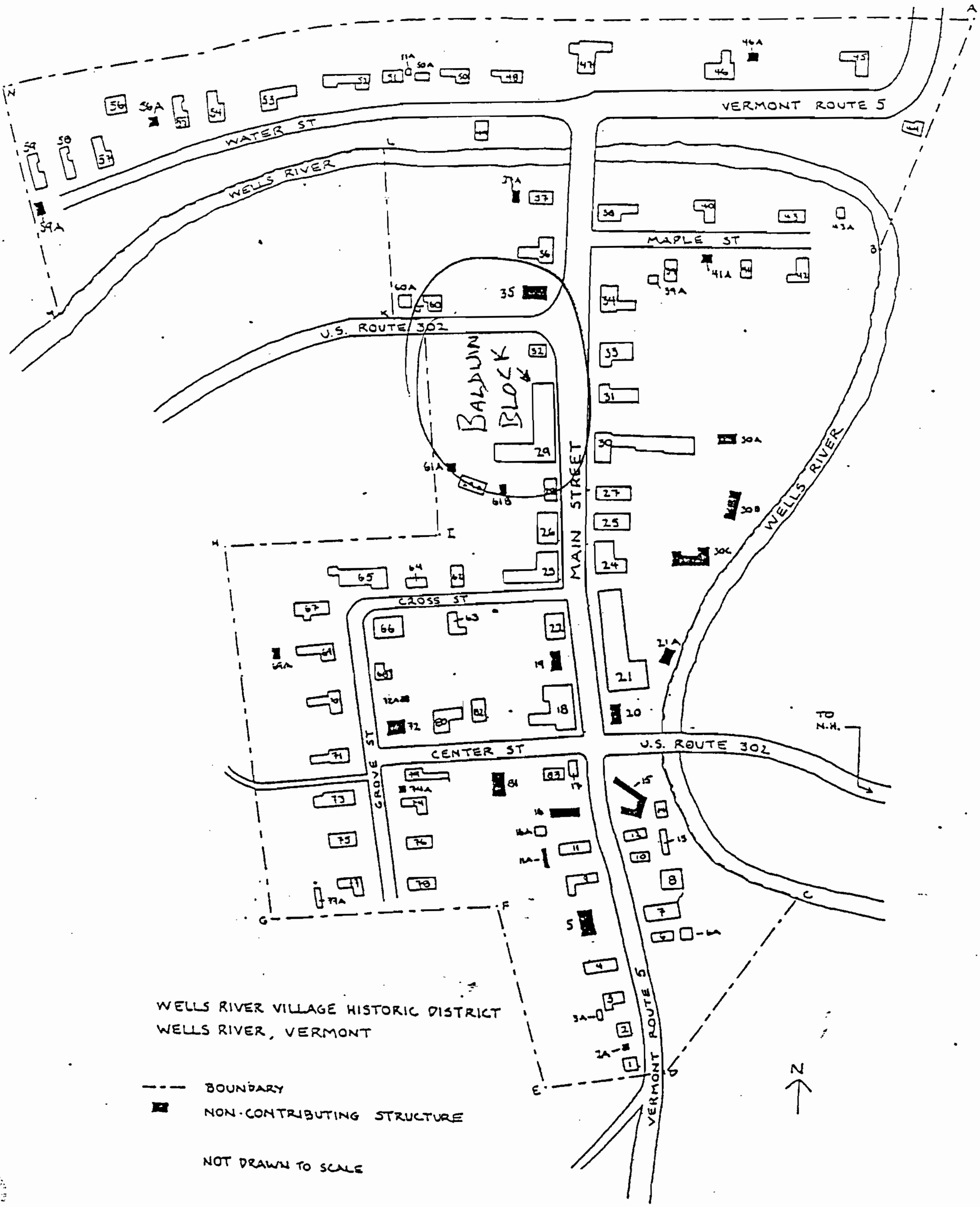
DATE: September 7, 2000

RE: Multifamily Construction Loan Application for The Baldwin Block

Name:	The Baldwin Block	**Location:**	Wells River
Housing Type:	Family	**Unit Type:**	Townhouses/ Flats
Total Units:	7	**Unit Sizes:**	1 Bedroom (540 avg sf) 2 bedroom (1184 avg sf)
Total Cost:	$841,261 (residential)	**Per Unit Cost:**	$120,180
Loan Requested:	$840,000 construction	**Housing Credits:**	$28,546
Other Funding:	VHCB, HOME, HUD Special Purpose, Preservation Trust, VHCB Lead, Historic Tax Credits, Housing Credits		
Sponsors:	Housing Vermont (HVT); Wells River Action Program (WRAP)		

Wells River Action Program (WRAP) and Housing Vermont are teaming up for another downtown revitalization project in Wells River. The Baldwin Block is a blighted historic commercial building on Main Street in the Village of Wells River. The proposed development involves restoring the building and developing commercial space on the ground floor and seven apartments on the second floor. The U.S. Post Office will lease one of the commercial units (a 20 year renewable lease has been signed); the remaining commercial unit may be developed into a daycare. Of the seven residential units, there are four 1-bedroom units and three 2-bedroom units. Five units are accessed from an elevator and are handicapped accessible; two are townhouse style. The tax exempt construction loan is requested for the residential portion of the project, in order for the sponsor to utilize 4% Housing Credits. The residential units will be 100% tax credit and serving households at or below 60% of median income. HVT and WRAP will form a limited partnership that will own the property. Northern Community Management Corporation (NCMC) has been selected as property manager. WRAP and HVT have partnered on other downtown revitalization efforts involving both residential and commercial re-development. This project completes WRAP's long term goal for the turnaround of the downtown district. An as-built appraisal has not yet been completed. All other funding except for permanent debt on the commercial portion of the project has been committed. The sponsor plans to acquire the property in November and begin construction soon after.

Recommendation: That the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board authorize the Executive Director and the Chief of Program Operations to issue a Letter of Interest and a Commitment Letter to finance this development upon satisfactory completion of staff underwriting and due diligence.



WELLS RIVER VILLAGE HISTORIC DISTRICT
WELLS RIVER, VERMONT

- - - BOUNDARY

NON-CONTRIBUTING STRUCTURE

NOT DRAWN TO SCALE

MND 1981 (REVISED 1983)

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter

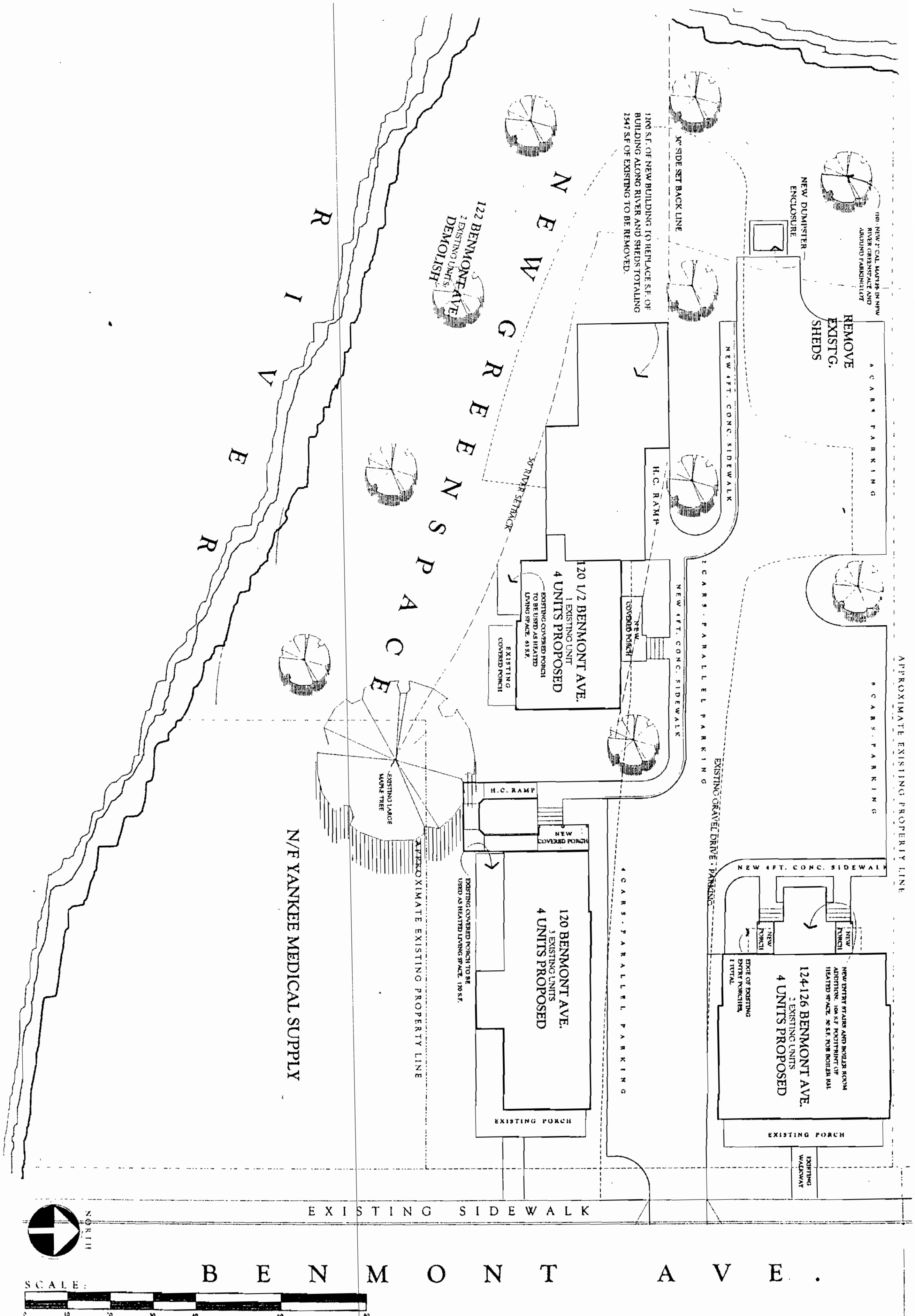
DATE: September 7, 2000

RE: Multifamily Construction Loan Application for BennSouth

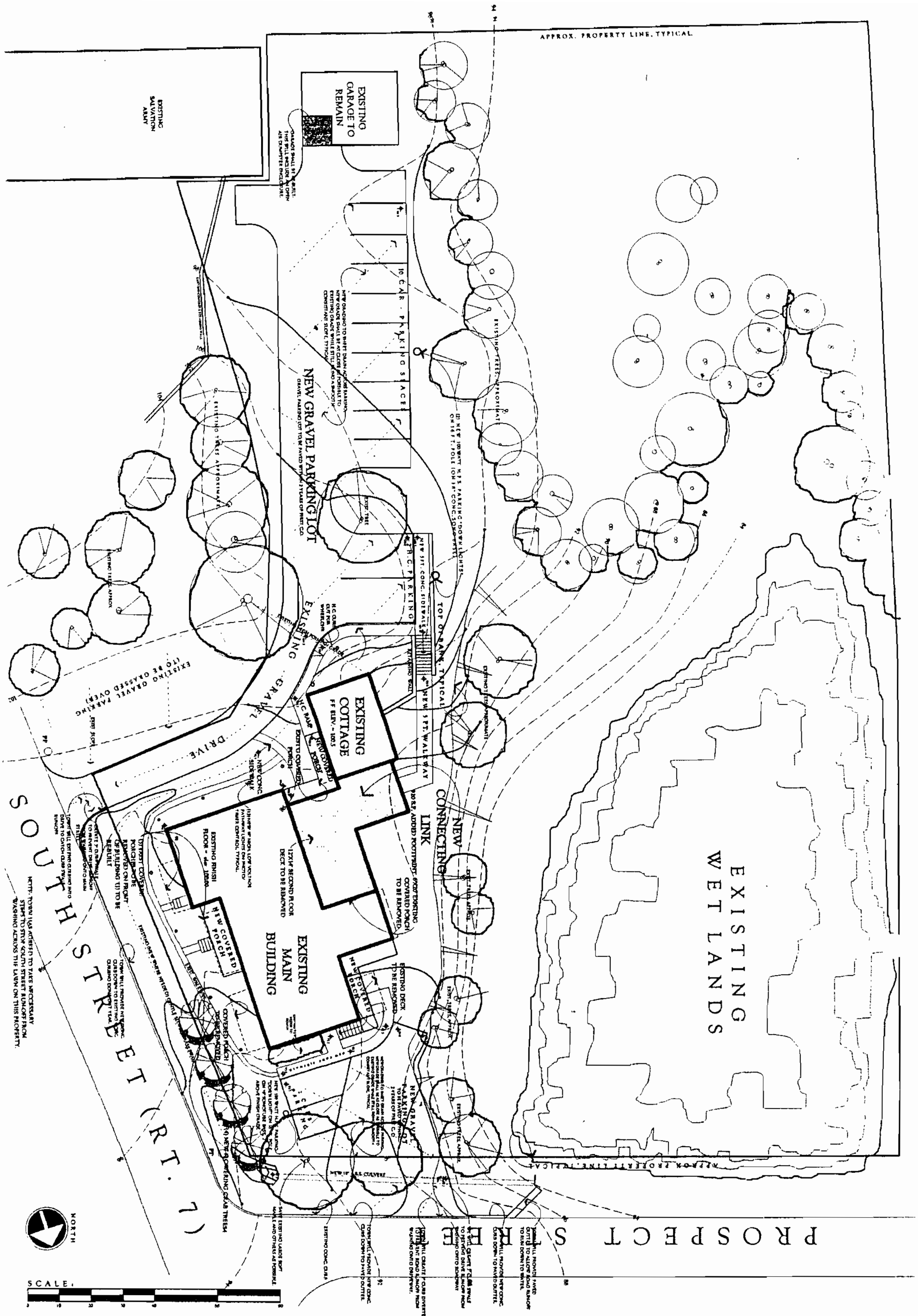
Name:	BennSouth	**Location:**	Bennington
Housing Type:	Family	**Unit Type:**	Townhouses/Flats
Total Units:	21	**Unit Sizes:**	1 BR (618 avg sf); 2 BR (773 avg sf); 3 BR (1154 avg sf); 4 BR (1510 avg sf)
Total Cost:	$1,613,473	**Per Unit Cost:**	$76,832
Loan Requested:	$850,000 construction; $350,000 permanent	**Housing Credits:**	$45,203
Other Funding:	VHCB, HOME, VHCB Lead, Housing Credits, Historic Tax Credits, possibly AHP		
Sponsors:	Regional Affordable Housing Corporation (RAHC)		

The Regional Affordable Housing Corporation (RAHC) is planning to acquire and rehabilitate five buildings totaling 13 units, located at 501-507 South Street and 120-126 Benmont Avenue in Bennington. The properties will be re-configured, and after substantial rehab of four buildings, some new construction infill, and demolition of one deteriorated structure, there will be 21 units in four buildings. There will be nine 1-bedroom units, eight 2-bedroom units, three 3-bedroom units, and one 4-bedroom unit. The properties have suffered from neglect and have code violations. The South Street property will utilize Historic Tax Credits. RAHC is applying for $850,000 in tax exempt construction financing in order to utilize 4% Housing Credits. RAHC is also requesting permanent debt. The sponsor has secured funding commitments for VHCB and HOME. There is a funding gap, larger than when the sponsor first applied, since the project supports less debt than as presented in the loan application. The sponsor is working to fill the gap with a Federal Home Loan Bank Affordable Housing Program grant or subsidized advance, or possibly additional VHCB and HOME funding. RAHC has a significant presence in the Benmont Avenue neighborhood, having already developed 16 units of housing there. RAHC currently owns and operates 115 units of affordable housing in Bennington. Once completed, RAHC will manage the development. An as-completed appraisal has not yet been obtained.

Recommendation: That the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board authorize the Executive Director and the Chief of Program Operations to issue a Letter of Interest and a Commitment Letter to finance this development upon satisfactory completion of staff underwriting and due diligence.



S2 PROPOSED SITE PLAN	PROJECT: RENOVATIONS & ADDITIONS 120-126 BENMONT AVE. BENNINGTON, VERMONT	REGIONAL AFFORDABLE HOUSING CORPORATION EXEC. DIRECTOR: DIANE BINNICK BENNINGTON, VERMONT	T. J. RASMUS & COMPANY DESIGN/BUILD CONSTRUCTION SERVICES 32 ABBOTT STREET • HOOSICK FALLS, NY • 518/686-5305



S1	501-507 SOUTH STREET SITE PLAN	PROJECT: RENOVATIONS & ADDITIONS 501-507 SOUTH STREET BENNINGTON, VERMONT	REGIONAL AFFORDABLE HOUSING CORPORATION EXEC. DIRECTOR: DIANE BINNICK BENNINGTON, VERMONT	T. J. RASMUS & COMPANY DESIGN/BUILD CONSTRUCTION SERVICES 32 ABBOTT STREET • HOOSICK FALLS, NY • 518/686-5305

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT RE: CONSTRUCTION FINANCING FOR THE BALDWIN BLOCK, WELLS RIVER

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, a proposal has been presented to the Agency by Housing Vermont and Wells River Action Group, involving the acquisition and rehabilitation of seven units of rental housing in the Village of Wells River (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $840,000 aggregate principal amount (the "Bonds") to finance a loan to a limited partnership to be created by Housing Vermont and Wells River Action Group (the "Borrower") to acquire and rehabilitate seven units of rental housing (the "Project") in Wells River, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a mortgage loan in the amount of up to $840,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible;

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid, dated September 7, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The construction costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will increase the supply of well-

planned, well-designed permanent, temporary, transitional or emergency housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The sponsor and its general partner are financially responsible and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a mortgage loan to a limited partnership to be created by Housing Vermont and Wells River Action Group for construction financing in an amount not to exceed $840,000; the term of the construction loan will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsor must provide a Phase I Environmental Site Assessment (ESA) and address any findings of the Assessment in the scope of work to the satisfaction of the Agency;

   b) Sponsor must provide an as-built appraisal satisfactory to the Agency;

   c) Sponsor must provide evidence of necessary permits;

   d) Sponsor must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

   e) Sponsor must provide commitment for permanent debt prior to VHFA loan closing;

   f) Sponsor must provide evidence of competitive bidding.

3. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and construct the Project is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond

proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in their discretion, issue a Commitment Letter for an interim loan for the acquisition and construction of the Development, in an amount not to exceed $840,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds. The Sponsor shall be responsible for loan fees. The Commitment Letter may be issued to Housing Vermont as a representative of the to-be-formed limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT LETTER RE: CONSTRUCTION AND PERMANENT FINANCING FOR BENNSOUTH DEVELOPMENT, BENNINGTON

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, a proposal has been presented to the Agency by the Regional Affordable Housing Corporation (the "Sponsor"), involving the acquisition and rehabilitation of five buildings containing 21 units of rental housing in the Town of Bennington (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $850,000 aggregate principal amount (the "Bonds") to finance loan(s) to a limited partnership to be created by the Regional Affordable Housing Corporation (the "Borrower") to acquire and rehabilitate 21 units of rental housing located at 501-507 South Street and 120-126 Benmont Avenue (the "Development") in Bennington, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates first mortgage loan(s) in the amount of up to $850,000 from the proceeds of tax-exempt bonds for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the proposal contemplates first mortgage loan(s) in the amount of up to $350,000 as long-term financing for the 21-unit BennSouth project with the interest rate to be determined by the Agency depending on the source of funds, which may be from proceeds of tax-exempt bonds, or taxable sources of funds, and shall have an interest rate of not more than 150 basis points above the Agency's cost of funds; and

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible;

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid, dated September 7, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will increase the supply of well-planned, well-designed permanent, temporary, transitional or emergency housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The Sponsor is a financially responsible organization and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making mortgage loan(s) to a limited partnership to be created by the Regional Affordable Housing Corporation for construction financing in an amount not to exceed $850,000; the term of the construction loan(s) will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds. The Executive Director is also authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making mortgage loan(s) to a limited partnership to be created by the Regional Affordable Housing Corporation for the long term financing of the Development in an amount not to exceed $350,000; the term of the long-term loan(s) will be 20 years, the amortization period will not exceed 30 years, and the interest rate will be not more than 150 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsor must provide an as-built appraisal satisfactory to the Agency;

   b) Sponsor must provide a Phase I Environmental Site Assessment (ESA) and address any findings of the Assessment in the scope of work to the satisfaction of the Agency;

c) Sponsor must provide a written estimate of property taxes for the as-improved development;

d) As a condition of permanent financing, sponsor must provide a capital needs assessment satisfactory to VHFA;

e) Sponsor must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

f) Sponsor must provide evidence of necessary permits;

g) Sponsor must demonstrate that Requisite Financing has been committed by December 31, 2000, including but not limited to Affordable Housing Program, VHCB and long term debt. "Requisite financing" means financing in an amount and with terms at least equivalent, in the sole judgment of the Agency, in the aggregate, to each of the sources of funding represented on the multifamily loan application. If the sponsor is unable to obtain commitments of "Requisite Financing", the sponsor may have to reduce costs from the development budget so that the total uses of funds matches the total sources of funds;

h) Sponsor must provide an executed construction contract by loan closing that is within the project's budget to maintain overall feasibility and is reasonably in line with an independent cost estimate to be performed by the Agency in the event Sponsor does not competitively bid the construction contract; builders profit, overhead and general requirements must be in compliance with the Housing Credit Allocation Plan.

3. The issuance of tax-exempt Bonds for the purpose of financing loan(s) to the Borrower to allow the Borrower to acquire and rehabilitate the Development is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in their discretion, issue a Commitment Letter for construction loan(s) for the acquisition and rehabilitation of the Development, in an amount not to exceed $850,000; and a Commitment Letter

for term loan(s) in an amount not to exceed $350,000. The Executive Director, Chief of Program Operations and Director of Finance are authorized to allocate the loan proceeds to all or portions of the Development.

6. The construction loan(s) shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds. The permanent loan(s) shall be due and payable not more than 20 years from the date the loan is made, payments shall be based on a 30 year amortization period and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of the funds shall be determined by the Executive Director. The Sponsor shall be responsible for loan fees. The Commitment Letter may be issued to Regional Affordable Housing Corporation as a representative of the to-be-formed limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate the financing.

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. OR SOME OTHER PURCHASER IN A MAXIMUM AMOUNT OF $840,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO A TO BE FORMED LIMITED PARTNERSHIP TO BE CREATED BY HOUSING VERMONT AND WELLS RIVER ACTION GROUP TO FINANCE THE ACQUISITION AND REHABILITATION OF A 7-UNIT DEVELOPMENT IN WELLS RIVER

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies on the basis of its general credit and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $840,000 aggregate principal amount to Stratevest & Co., some other subsidiary of BankNorth Group, Inc., or some other entity (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance a construction loan to a to-be-formed limited partnership to be created by a subsidiary of Housing Vermont and Wells River Action Group, (the "Borrower") to acquire and rehabilitate a 7-unit development (the "Project") in Wells River, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $840,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 14th day of September, 2000.

VERMONT HOUSING FINANCE AGENCY

By ______________________________
Executive Director

Attest:

By ______________________________
Authorized Officer

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS TO STRATEVEST & CO. OR SOME OTHER PURCHASER IN A MAXIMUM AMOUNT OF $850,000 FOR ACQUISITION AND REHABILITATION AND UP TO $350,000 FOR A LONG TERM LOAN AND USING THE PROCEEDS TO MAKE LOANS IN SUCH AMOUNT TO A TO- BE-FORMED LIMITED PARTNERSHIP TO BE CREATED BY THE REGIONAL AFFORDABLE HOUSING CORPORATION TO FINANCE THE ACQUISITION AND REHABILITATION OF A 21-UNIT DEVELOPMENT IN BENNINGTON

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies on the basis of its general credit and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $850,000 aggregate principal amount to Stratevest & Co., some other subsidiary of BankNorth Group, Inc., or some other entity (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance construction loan(s) to a to-be-formed limited partnership to be created by The Regional Affordable Housing Corporation, (the "Borrower") to acquire and rehabilitate a 21-unit development located at 501-507 South Street and 120-126 Benmont Avenue (the "Project") in Bennington, Vermont that will qualify for federal low-income housing tax credits; and

WHEREAS, the Agency may desire to issue and sell tax-exempt bonds of not more than $350,000 aggregate principal amount to Stratevest & Co., some other subsidiary of BankNorth Group, Inc., or some other entity (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance long-term loan(s) to a to-be-formed limited partnership to be created by The Regional Affordable Housing Corporation, (the "Borrower") for a 21-unit development located at 501-507 South Street and 120-126 Benmont Avenue (the "Project") in Bennington, Vermont that will qualify for federal low-income housing tax credits; and

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $850,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The issuance and sale of up to $850,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment

thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

3. The issuance and sale of up to $350,000 principal amount of tax-exempt bonds to the Purchaser (the "Long-term Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and/or, in the discretion of the Executive Director, a pledge of the revenues derived from the Project, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed thirty years and the interest rate thereon shall not exceed 8%. The obligation of the Agency to repay the Long-term Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

4. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

5. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents that may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

6. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 14th day of September, 2000.

VERMONT HOUSING FINANCE AGENCY

By ______________________________
Executive Director

Attest:

By ______________________________
Authorized Officer

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homeownership Programs PC

DATE: September 6, 2000

RE: Summary of Homeownership Activities

PROGRAM OPERATION

Attached are production reports by product and lender for FY 2000 and year to date FY 2001. VHFA's new lower interest rate, higher income limits and purchase price limits, and new targeted areas have been very well received by lenders, real estate brokers and consumers. We have had approximately $1.8 million in reservations in the three days since the new rate was announced.

COLLECTIONS

Attached are delinquency reports and the REO Inventory Report as of July 31, 2000. July delinquencies at 6.55%, continue a downward trend and is well below our average delinquency rate for last year of 7.92%. While we expect colder whether to reverse this trend, we hope to hold the line as best we can during the coming winter months.

The number of loans in foreclosure continues to hover in the low to mid 50's. Improvement is somewhat hampered by Chapter 13 Bankruptcies. REO's total 23 properties of which 10 are sold or under contract. Contract and sale prices of the sold REO are averaging 78% of our most recent appraised values, but around 62% of our cost basis including accrued interest.

On a sad note, Darren Keniston, VHFA's Loan Servicing Specialist, has announced that he will be leaving VHFA on September 22nd to relocate to Phoenix. Darren has done a great job in working with servicing lenders to reduce delinquencies -- he will be greatly missed by VHFA staff and our partners.

SERVICING CONSOLIDATION:

Dave Adams has contacted the Merchants Bank, Firs Nationwide Mortgage Co., Mascoma Savings Bank, and the Mortgage Service Center of New England regarding transfer of their servicing portfolios. Final decisions from these lenders are still pending.

Please do not hesitate to call me if you have any questions about any of the reports.

VHFA Production Report By Product FY2001

July 1, 2000 - June 30, 2001

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total
MOVE	6,082,656												6,082,656
MOBILE HOM	866,063												866,063
HOUSE	142,750												142,750
YESS	157,150												157,150
RURAL DEV.	139,900												139,900
Total	7,388,519	0	0	0	0	0	0	0	0	0	0	0	7,388,519

VHFA Production Report By Product FY2000

July 1, 1999 - June 30, 2000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total
MOVE	4,124,272	5,050,851	2,983,050	10,360,896	9,377,888	5,824,798	4,920,567	3,318,996	3,256,736	3,056,844	3,290,355	6,229,550	61,794,803
MOBILE HOM	212,635	371,335	278,360	655,376	702,706	410,040	604,508	87,700	257,189	107,075	470,137	755,456	4,912,517
HOUSE	88,500	136,800	248,250	421,000	308,115	218,814	348,950	265,400	231,700	150,500	59,600	352,350	2,829,979
RURAL DEV.	43,600	70,470	0	159,900	222,230	0	88,920	135,550	246,512	163,707	142,345	158,559	1,431,793
YESS	98,180	49,505	80,350	33,200	0	66,250	33,950	26,730	74,360	45,100	15,910	160,270	683,805
Total	4,567,187	5,678,961	3,590,010	11,630,372	10,610,939	6,519,902	5,996,895	3,834,376	4,066,497	3,523,226	3,978,347	7,656,185	71,652,897

BOND SERIES STATUS REPORT

Series #	Date of Issue	Use by End Date	0 Point Move Rate	Original Issue Amt.	Amount Allocated	Available Funds
7	4/18/96	8/30/99		$42,500,000	$39,663,916	$2,836,084
8	10/9/96	4/1/00		$30,035,000	$30,035,000	$0
9	6/13/97	12/26/00	6.70%	$61,788,875	$57,559,574	$4,229,301
10	4/22/99	N/A	6.35%	$33,016,574	$33,016,574	$0
11	8/24/99	6/1/02	7.10%	$24,426,258	$24,426,258	$0
12	2/10/00	8/1/03	7.55%	$28,344,948	$29,539,903	-$1,194,955
13	8/28/00	2/28/04	7.10%	$33,737,121	$1,991,718	$31,745,403

VHFA Production Report- Dollar volume by lender FY2001

July 1, 2000 - June 30, 2001

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD TOTAL
CHITTENDEN	$2,213,475												$2,213,475
GMAC	$462,050												$462,050
CITIMORTGAGE, I	$454,975												$454,975
NEFCU	$441,615												$441,615
SUMMIT	$386,875												$386,875
BNK OF BENN	$278,850												$278,850
LYNDONVILLE	$268,000												$268,000
VDCU	$242,235												$242,235
BANKNORTH	$232,990												$232,990
NORTHFIELD	$228,018												$228,018
CTX	$225,746												$225,746
VHFA	$213,775												$213,775
FACTORY	$209,500												$209,500
KITTREDGE	$201,270												$201,270
COMMUNITY	$197,500												$197,500
NCFCU	$159,610												$159,610
VT STATE ECU	$153,500												$153,500
UNION	$128,100												$128,100
CHARTER ONE	$119,700												$119,700
PEOPLES TRUST	$110,000												$110,000
WELLS RIVER	$91,200												$91,200
MTG FINANCIAL	$78,375												$78,375
BRATTLEBORO	$72,000												$72,000
UNIVERSAL	$68,870												$68,870
HERITAGE FCU	$64,505												$64,505
PASSUMPSIC	$61,750												$61,750
CITIZENS	$24,035												$24,035
CT RIVER	$0												$0
FIRST BRANDON	$0												$0
MASCOMA	$0												$0
NAT'L BNK MIDDL	$0												$0
NAT'L CITY MTG	$0												$0
RD	$0												$0
SOURCE ONE	$0												$0
VERMONT NAT'L	$0												$0
TOTAL	$7,388,519	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$7,388,519

HOMEOWNERSHIP PROGRAMS - SERVICING ACTIVITY REPORT

Activity for the month of July 2000

COLLECTIONS

Total 90+ accounts for current month	53	

FORECLOSURES

Foreclosure accounts from previous month	53	
Plus new foreclosure accounts	10	
To REO	6	
Successful interventions	2	
Total Foreclosure accounts for current month	55	(includes 11 loans in Chapter 13)

REAL ESTATE OWNED

REOs from previous month	20	
Plus new REOs	6	
Less property sold	3	
Less reinstatement	0	
REOs for current month	23	(10 are sold or under contract as of 9/5/2000)

HOMEOWNERSHIP DELINQUENCY REPORT
AS OF: July 31, 2000

	Jun-00	Jul	Aug	Sep	Oct	Nov	Dec	Jan-01	Feb	Mar	Apr	May	Jun	YTD Average
Total Portfolio #	**6338**	**6382**												**6360**
Total Portfolio $	**$364.1**	**$367.9**												**$366.0**

NUMBER OF DELINQUENT LOANS

	Jun-00	Jul	Aug	Sep	Oct	Nov	Dec	Jan-01	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	259	254												257
60 Days	64	56												60
90 Days	52	53												53
Foreclosure	54	55												55
Total Delq 00-01	**429**	**418**												**424**
Total Delq 99-00	489	500	485	481	509	512	512	535	518	403	485	455	429	486

PERCENT BY NUMBER OF DELINQUENT LOANS

	Jun-00	Jul	Aug	Sep	Oct	Nov	Dec	Jan-01	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	4.09%	3.98%												4.03%
60 Days	1.01%	0.88%												0.94%
90 Days	0.82%	0.83%												0.83%
Foreclosure	0.85%	0.86%												0.86%
Total Delq 00-01	**6.77%**	**6.55%**												**6.66%**
Total Delq 99-00	8.26%	8.45%	8.18%	8.11%	8.42%	8.33%	8.27%	8.57%	8.23%	6.43%	7.72%	7.23%	6.77%	7.92%

DOLLAR AMOUNT OF DELINQUENT LOANS

	Jun-00	Jul	Aug	Sep	Oct	Nov	Dec	Jan-01	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	$14.5	$14.2												$14.4
60 Days	$3.5	$2.8												$3.2
90+ Days	$6.1	$6.3												$6.2
Total Delq 00-01	$24.1	$23.3												$23.7
Total Delq 99-00	**$26.9**	**$27.6**	**$27.1**	**$27.0**	**$28.3**	**$28.9**	**$28.7**	**$30.5**	**$28.8**	**$22.5**	**$26.6**	**$25.3**	**$24.1**	**$28.2**

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: July 2000

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO	
Mortgage Service Ctr. of NE	76	6	7.89%	3	3.95%	4	5.26%	1	1.32%	14	18.42%	0	0.00%
Charter One	366	23	6.28%	3	0.82%	6	1.64%	6	1.64%	38	10.38%	0	0.00%
Factory Point Nat. Bank	38	3	7.89%	0	0.00%	0	0.00%	0	0.00%	3	7.89%	0	0.00%
Graystone Mortgage Company	1261	55	4.36%	14	1.11%	17	1.35%	15	1.19%	101	8.01%	3	0.24%
Northfield Savings Bank	164	9	5.49%	2	1.22%	0	0.00%	1	0.61%	12	7.32%	0	0.00%
Community National Bank	332	13	3.92%	4	1.20%	4	1.20%	0	0.00%	21	6.33%	1	0.30%
Chittenden Bank	2801	108	3.86%	23	0.82%	16	0.57%	30	1.07%	177	6.32%	15	0.54%
Merchants Bank	187	10	5.35%	0	0.00%	0	0.00%	1	0.53%	11	5.88%	0	0.00%
Vermont Development CU	137	3	2.19%	1	0.73%	2	1.46%	0	0.00%	6	4.38%	1	0.73%
Peoples Trust Co.	79	2	2.53%	0	0.00%	2	2.53%	0	0.00%	4	5.06%	0	0.00%
Passumpsic Savings Bank	157	6	3.82%	0	0.00%	0	0.00%	1	0.64%	7	4.46%	2	1.27%
Union Bank	203	6	2.96%	2	0.99%	1	0.49%	0	0.00%	9	4.43%	0	0.00%
Brattleboro Savings & Loan	48	2	4.17%	0	0.00%	0	0.00%	0	0.00%	2	4.17%	0	0.00%
Bennington Co-op S&L Assoc.	74	1	1.35%	2	2.70%	0	0.00%	0	0.00%	3	4.05%	0	0.00%
Randolph National Bank	25	1	4.00%	0	0.00%	0	0.00%	0	0.00%	1	4.00%	0	0.00%
Lyndonville Savings Bank	80	1	1.25%	1	1.25%	1	1.25%	0	0.00%	3	3.75%	1	1.25%
Citizens Savings Bank	122	4	3.28%	0	0.00%	0	0.00%	0	0.00%	4	3.28%	0	0.00%
GMAC Mortgage	33	1	3.03%	0	0.00%	0	0.00%	0	0.00%	1	3.03%	0	0.00%
New England Federal CU	109	0	0.00%	1	0.92%	0	0.00%	0	0.00%	1	0.92%	0	0.00%
Mascoma Savings Bank	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Wells River Savings Bank	32	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Connecticut River Bank	7	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Brandon Nat. Bank	13	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%
Heritage Family Credit Union	27	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Totals	6382	254	3.98%	56	0.88%	53	0.83%	55	0.86%	418	6.55%	23	0.36%
Totals Previous Month	6338	259	4.09%	64	1.01%	52	0.82%	54	0.85%	429	6.77%	18	0.28%
Totals Same Mo. Last Yr.	5918	268	4.53%	75	1.27%	88	1.49%	58	0.98%	489	8.26%	43	0.73%

Lenders	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July
Bennington Co-op S&L Assoc.	6.45%	6.25%	2.99%	2.99%	2.94%	2.86%	2.86%	8.57%	7.04%	4.29%	4.29%	5.71%	4.05%
Brattleboro Savings & Loan	6.45%	6.25%	5.56%	5.56%	5.26%	4.88%	4.65%	4.65%	4.65%	4.65%	4.44%	2.13%	4.17%
Charter One	9.23%	10.88%	11.14%	10.96%	10.16%	9.21%	10.30%	9.78%	7.90%	10.68%	11.02%	9.86%	10.38%
Chittenden Bank	9.14%	9.45%	8.49%	8.83%	7.88%	6.69%	7.20%	7.75%	6.88%	7.55%	6.96%	6.31%	6.32%
Citizens Savings Bank	8.33%	8.26%	7.56%	7.50%	5.04%	4.96%	7.44%	7.38%	5.74%	3.28%	4.07%	2.46%	3.28%
Community National Bank	7.89%	7.24%	6.11%	7.03%	6.19%	6.44%	8.18%	7.32%	5.78%	6.63%	6.31%	6.33%	6.33%
Connecticut River 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%
Factory Point Nat. Bank	9.38%	12.12%	6.45%	12.90%	12.50%	12.12%	8.57%	2.94%	11.76%	11.43%	0.00%	5.71%	7.89%
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%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
GMAC Mortgage	11.11%	11.11%	0.00%	0.00%	8.33%	8.33%	8.33%	0.00%	5.88%	9.52%	9.29%	0.00%	3.03%
Graystone Mortgage Company	16.22%	12.22%	11.53%	13.07%	11.86%	12.73%	10.42%	10.80%	6.35%	9.60%	9.09%	8.21%	8.01%
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%
Lyndonville Savings Bank	4.76%	3.17%	6.45%	4.29%	4.11%	6.76%	6.58%	3.95%	3.90%	6.49%	5.33%	3.95%	3.75%
Mascoma Savings Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	20.00%	20.00%	0.00%	0.00%
Merchants Bank	5.53%	2.83%	5.71%	8.74%	6.37%	4.48%	4.98%	4.48%	3.55%	6.19%	6.19%	7.85%	5.88%
Mortgage Service Ctr. of NE	8.75%	12.50%	15.00%	13.92%	14.10%	14.10%	19.23%	17.95%	14.29%	18.18%	22.08%	22.37%	18.42%
New England Federal CU	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.88%	0.92%
Northfield Savings Bank	4.29%	3.57%	5.00%	4.90%	4.76%	6.67%	5.84%	5.19%	3.87%	4.55%	3.23%	6.21%	7.32%
Passumpsic Savings Bank	7.74%	8.33%	7.64%	7.10%	6.88%	9.26%	6.83%	8.64%	5.56%	7.50%	7.55%	4.46%	4.46%
Peoples Trust Co.	7.50%	5.13%	10.26%	8.86%	6.49%	6.58%	6.58%	7.89%	7.89%	9.21%	6.58%	5.13%	5.06%
Randolph National Bank	3.33%	6.67%	7.41%	7.41%	7.41%	7.41%	7.41%	3.70%	3.70%	7.69%	7.69%	11.54%	4.00%
Union Bank	8.72%	6.86%	5.71%	6.59%	6.28%	7.25%	5.70%	4.57%	5.08%	5.08%	4.55%	5.45%	4.43%
Vermont Development CU	9.41%	6.74%	6.38%	8.74%	8.11%	6.96%	8.06%	7.81%	6.30%	6.98%	6.25%	7.46%	4.38%
Wells River Savings Bank	0.00%	3.33%	3.23%	3.23%	3.13%	0.00%	0.00%	0.00%	0.00%	3.03%	3.03%	3.13%	0.00%
Average	5.77%	5.72%	5.30%	5.70%	5.51%	5.51%	5.57%	4.93%	4.64%	6.50%	5.92%	5.09%	4.48%

REO INVENTORY REPORT
As of July 31, 2000

Mortgagor	REO Date	City	Princ. Bal.	Interest	Expenses	Receipts (1)	Total Cost Basis	Valuation Allowance as of 6/30/00	List Amount (2)	Current Appraisal	Date Last Appraised	Original Appraisal	Loan Date	Prop Type	Comments
Bushey	1/19/98	Fairfield	$ 57,867	$ 5,686	$ 21,946	$ 17,360	$ 68,138	$ 18,978	$ -	$ 52,000	8/22/97	$ 62,000	9/20/95	MH	Unresolved title issues; new MA & Appraisal ordered
Fuller	5/26/99	Duxbury	$ 62,454	$ 10,267	$ 8,889	$ 12,237	$ 69,372	$ 19,125	$ 35,000	$ 53,000	6/1/99	$ 65,000	12/16/94	MH	Sold 8/21/2000
Langevin	10/12/99	Williamstown	$ 58,913	$ 9,218	$ 8,214	$ 13,642	$ 62,703	$ 1,115	$ 66,000	$ 65,000	8/24/00	$ 69,500	9/21/89	SF	Newly listed; Title Issues Resolved
Johnson	11/4/99	Wells	$ 49,792	$ 5,988	$ 6,219	$ 11,139	$ 50,860	$ 27,026	$ 22,500	$ 40,000	12/6/99	$ 52,000	10/18/91	MH	Under deposit $22,500
Simonds	12/6/99	Lunenburg	$ 56,945	$ 4,520	$ 7,948	$ 14,541	$ 54,872	$ 8,860	$ 40,000	$ 54,000	10/14/99	$ 75,000	10/5/90	MH	Under deposit $40,000
Lamoureux	3/6/00	Shoreham	$ 71,412	$ 10,269	$ 9,620	$ 15,898	$ 75,403	$ 18,294	$ 63,000	$ 60,000	4/13/00	$ 80,000	4/22/92	SF	Septic failure; new system approved
Miller	3/17/00	Bennington	$ 72,663	$ 7,387	$ 10,372	$ 12,939	$ 77,483	$ 24,988	$ 53,000	$ 52,500	3/28/00	$ 76,000	1/5/95	SF	Under deposit $53,000
Roy	4/28/00	Cambridge	$ 62,346	$ 10,164	$ 5,644	$ 14,192	$ 63,962	$ 11,234	$ 52,900	$ 58,000	5/24/00	$ 70,000	8/12/94	MH	Under deposit $52,900
Frye	5/1/00	Lyndon	$ 29,202	$ 1,787	$ 4,807	$ 6,500	$ 29,296	$ 13,466	$ 19,000	$ 24,000	4/12/00	$ 35,000	8/4/94	MH	Sold 8/8/2000
Reed	5/1/00	Wheelock	$ 30,107	$ 2,842	$ 3,817	$ 8,250	$ 28,516	$ 9,985	$ 15,000	$ 25,000	2/23/00	$ 38,000	9/19/90	SF	Sold 8/11/2000
Acheson	5/2/00	Brattleboro	$ 81,075	$ 9,087	$ 12,947	$ 18,500	$ 84,609	$ 6,920	$ 79,000	$ 86,000	2/4/00	$ 93,000	6/6/91	2FD	Reduced price to $79,000
Dolle	5/26/00	Readsboro	$ 42,374	$ 4,894	$ 10,022	$ 9,400	$ 47,890	$ 18,740	$ 30,000	$ 32,000	11/19/99	$ 55,000	10/25/93	SF	Under deposit $30,000
St. Peter	6/9/00	Starksboro	$ 20,527	$ 1,083	$ 4,174	$ -	$ 25,784	$ -	$ 20,000	$ 10,000	8/29/00	$ 26,000	10/24/98	MH	Listed for $20,000
Roberts	6/12/00	Newport City	$ 40,163	$ 4,241	$ 5,614	$ 1,398	$ 48,620	$ 17,869	$ 32,500	$ 32,500	5/1/00	$ 52,000	10/13/89	SF	Listed for $32,500
Debruin	6/26/00	Sunderland	$ 61,586	$ 9,747	$ 8,056	$ 4,377	$ 75,012	$ -	$ 65,000	$ 50,000	1/28/00	$ 71,000	9/28/90	SF	Have low offer of $35,000; countered at $45,000
Gian	6/27/00	Bennington	$ 49,882	$ 5,448	$ 9,510	$ -	$ 64,840	$ -	$ 48,000	$ 48,000	2/12/00	$ 62,000	7/3/91	SF	Sold 8/1/2000
Place	7/1/00	Brighton	$ 36,986	$ 2,767	$ 5,409	$ 5,231	$ 39,931	$ -	$ 17,000	$ 29,000	6/19/00	$ 40,000	7/31/92	SF	Sold 8/23/2000
Pignone	7/12/00	Barre Town	$ 35,053	$ 3,323	$ 7,244	$ 9,570	$ 36,050	$ -	$ 27,000	$ 27,000	6/20/00	$ 43,000	5/11/90	SF	CVCLT's option expires 9/12/2000
Coletti	7/14/00	Barre City	$ 50,132	$ 9,639	$ 5,750	$ 14,057	$ 51,464	$ -	$ 65,000	$ 65,000	8/24/00	$ 58,000	9/15/94	SF	MA is $37,000
Pariseau	7/17/00	Brandon	$ 51,764	$ 6,262	$ 7,364	$ 5,545	$ 59,845	$ -	$ 37,000	$ 20,000	10/20/99	$ 61,000	6/16/94	SF	Listed based on $37,000 MA
Tanner	7/19/00	Wallingford	$ 75,433	$ 10,223	$ 1,247	$ 18,858	$ 68,045	$ -	$ 79,500	$ 69,500	8/24/00	$ 88,000	12/1/97	SF	Listed based on MA for $79,500
Torrey	7/28/00	Brandon	$ 69,227	$ 5,462	$ 2,356	$ 21	$ 77,024	$ -	$ 57,000	$ 57,000	7/27/00	$ 75,500	8/1/90	SF	MA is $45,000
Hartson	7/30/00	St Johnsbury	$ 48,413	$ 3,644	$ 1,625	$ 10,839	$ 42,843	$ -	$ 45,000	$ 37,000	8/28/00	$ 57,000	11/10/93	SF	Have offer; needs PMI approval
23			$ 1,214,315	$ 143,947	$ 168,794	$ 224,494	$ 1,302,562	$ 196,600	$ 968,400	$ 1,046,500		$ 1,404,000			

REOS that are under deposit

(1) Receipts column represents actual and projected mortgage insurance claim payments

(2) If Property is under deposit the List Price is the actual sale price.

vhfa
Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sam Falzone, Director of Multifamily Programs

DATE: September 5, 2000

RE: **Jeri-Hill Apartments - 0% Loan**

Cathedral Square Corporation (CSC) has entered into an agreement to purchase this 24 unit elderly property located in Jericho from Leo and Dan O'Brien. We have committed to restructure VHFA's existing 14% debt and provide new amortizing and 0% loans in an effort to place these units into the permanent affordable inventory. CSC has agreed to sign a formal Preservation Agreement that will be recorded with a deed to the land.

The Board has asked to be kept informed about this type of preservation transaction and this memo is provided in response to that request. Although amounts may change slightly depending on timing of the closing, the following sources and uses summary will provide you with key aspects included in this transaction.

Sources

Existing VHFA Debt		$	642,500
Additional Advance under 1st Mortgage		$	429,140
0% Deferred Loan		$	254,031
	TOTAL	**$**	**1,325,671**

Uses

Acquisition		$	1,200,000
Construction		$	74,146
Development Fee		$	24,000
Legal, VHFA Loan Fees, Other Soft Costs		$	27,525
	TOTAL	**$**	**1,325,671**

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: September 8, 2000

RE: EXECUTIVE DIRECTOR'S REPORT

ADMINISTRATION

The work on the exterior of the building is continuing at a good pace. We have contracted with Great Northern Construction, Inc. to replace all the window sills, as the majority of them were rotted. In the next month we will be contracting out the remaining window repair work (scrape, paint, caulk and putty), as well as the roof replacement.

The Agency will be having its second annual staff retreat on November 3rd, which will be facilitated by Paula Cope. Our focus will be a continuation of the work of the last year around customer service and communication. Paula will also be facilitating some process flow work with the Finance department in late September.

Veronica Devos and Polly Thibault have been busy organizing this years United Way Campaign. We have had several raffles for items ranging from back to school packages to days off to summer time fun baskets. There are more raffles still in store, as well as a breakfast for staff to benefit the United Way on Friday September 15th at 9:00. Board members are welcome also - $3 per person! We will have final numbers on the campaign in November.

HOMEOWNERSHIP

Business continues to boom and we expect it to continue with our new rates. In addition to regular activity, staff has been busy preparing and testing for the window conversion of the Mitas system. Jacklyn has been particularly involved with this. We are sorry to announce that Darren Kenniston, our Loan Servicing Specialist (Collections), will be leaving VHFA. He has been planning for some time to move to Phoenix to be near family.

DEVELOPMENT

The Development staff has been very busy with three upcoming closings - McAuley, Westgate, and Bus Barns; two loans going to the Board for approval this month; multiple construction loans ongoing; and a large pipeline of incoming projects. There was an open house at Exner Block in Bellows Falls (a tax credit project) and there is an upcoming open house at the Swanton School.

MULTIFAMILY MANAGEMENT

Multifamily Staff has completed both the 2001 Annual Budget Package and 2000 Audit Requirements Package revisions and mailings to the owners, managers and accountants of VHFA financed properties. With Cathleen's help, these forms and documents are now also available on our Website in PDF format. The budget form is in Excel 97 and contains formulas and embedded links that allow for automatic calculation and electronic submission of the 2001 Operating Budgets.

Several preservation transactions have progressed and we expect to close on the Jeri-Hill Apts. transaction by the end of September. BHA's acquisition of King Street Apts. in Burlington is imminent and they have submitted a P & S Agreement to the owner. LCHDC is actively negotiating on several properties and we expect that these will close early in the fall.

At Canterbury South in St. Johnsbury, the extensive mold problems that have been the subject of much discussion and interest by the media have been studied and a plan to address this problem, in addition to making other major capital improvements, is now in place. The improvements will require the relocation of five families for up to 90 days and, to date, three of these families have accepted the relocation options offered. The remaining two families were not satisfied with the alternative housing options they were offered and the management company is working hard to find acceptable temporary housing during the rehab. Displaced residents will continue to receive their rental subsidy while they are housed in one of the relocation units. This entire matter has caught the attention of an impressive array of State and Federal officials including Governor Dean, State Health Department as well as congressional staff from Senator Jeffords and Leahy's office.

FINANCE

Finance staff has completed all their audit work, and we expect to have the completed audit available to hand out to you at the meeting. Roger is continuing to work with Evenson Dodge to update our long-range projections and identify some clearer benchmarks. We continue to have discussions with Fannie Mae about the purchase of the multifamily bond we will be issuing shortly. We had hoped that with the assistance of Congressman Sanders and his work on the House Banking Committee, we might get them to purchase our bonds directly based solely on the credit of the agency. It appears that they may be willing to purchase them directly (saving underwriting fees), but we will still want the bond insurance and the official statement work we had hoped to avoid. We have not determined a rate. We had hoped a negotiated rate might be more favorable, and will be working with Evenson Dodge to check this against the market.

PUBLIC AFFAIRS & PLANNING

The Series 13 bond financing and associated interest rate and income and purchase price changes are being implemented very smoothly. I participated with Peter Clavelle and others in a press conference earlier this week announcing the changes, in particular the special targeting for Census Tracts 4 and 10 in the City of Burlington. Press coverage of the statewide announcement has been very good. It really is helping to get the good news out about the positive changes for our homeownership programs.

On August 17th, the long awaited "Housing in Northwest Vermont" study was released. The results are very dramatic and are already generating much discussion among our private sector and affordable housing partners. (Enclosed is a copy of the study summary for your review.) I participated with Governor Dean, Gus Seelig, and Greg Brown on August 17th in the press conference announcing the results of that study.

That study and other efforts are definitely confirming what affordable housing advocates have known for quite some time about the seriousness of affordable housing problems in Vermont. The timing of the November 29th "Affordable Housing Legislative Conference" couldn't be better. We are looking forward to getting affordable housing issues squarely on the table in preparation for new federal and Vermont legislative sessions. Planning for the conference is well underway. Be sure to mark your calendars to attend!

OTHER

On September 13th there will be a daylong conference sponsored by the Vermont Community Development Association, which will focus on "Housing the Workforce". I participated in some of the planning. On September 20 there will be a daylong meeting of the Joint Housing Committee. I will be testifying and providing some updates on VHFA programs. September 24 – 27, Roger. Pat Crady, Sam, Rick Jean, Cathleen, and myself will be at the NCHSA annual Conference in San Francisco.

vhfa
Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Kari A. Caragher, Executive/HR Assistant KC

DATE: September 8, 2000

RE: REVISED SCHEDULE FOR BOARD MEETINGS THROUGH DECEMBER 2000

Below are the revised dates for the upcoming Board meetings.

September 14th	12:00 p.m. (HR Committee begins at 11:00 a.m.)	VHFA Office, Burlington
October 26th	12:00 p.m. (Risk Management tentative 10 a.m. – 12 p.m.)	VHFA Office, Burlington
November 30th	All Day Retreat	Location to be determined
December 15th	10:00 a.m., with Staff Holiday Luncheon to follow	VHFA office, Burlington Staff Holiday Luncheon location to be determined

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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Vermont Housing Finance Agency

HOUSING IN NORTHWEST VERMONT
A Review of Demand and Supply of Housing in the Six-County Region

The need for new housing in northwest Vermont is growing and a study released in August by the Housing Council indicates that, by the year 2010, a gap between supply and demand of more than 10,000 housing units will exist in the region. A strong regional economy will continue to drive demand for housing. However, the growing imbalance between housing supply and demand and significant shifts toward an older population will exacerbate affordable housing needs, particularly for the workforce segment of the population. If this occurs, the ability of the six-county region to realize its otherwise bright economic development potential may be stymied.

VHFA supported the research project by providing funding and by participating as a lead organization within a working committee to oversee the study.

The consulting firms of Economic & Policy Resources, Inc. and Thomas E. Kavat Consulting completed ten-year demand forecasts of demographic, employment, and earnings projections for a six county area and, from those forecasts, estimated the future demand for housing. In addition to developing demand forecasts, the study estimated the number of units likely to be built given current building trends and forecast the anticipated gap between the demand for and the supply of affordable housing in the region. The consultants also examined "fair share" housing initiatives throughout the United States and identified factors that are needed for the successful implementation of a fair share allocation strategy in northwest Vermont.

Rental vacancy rates in some areas of northwest Vermont, primarily within Chittenden County, are below 0.5% and the number of homes for sale at affordable prices has decreased dramatically. At the same time, several major firms plan expansions that could result in 4,000 new high-quality, good-paying jobs. Growth in the service sector continues and several thousand lower-wage jobs are likely to be created. These factors will result in significant in-migration to the northwest Vermont region in order to meet employers' needs, which will place additional pressure on the already distressed housing market.

Highlights of the Housing in Northwest Vermont study show:

- Because of low vacancy rates and the lack of housing supply, the northwest region *currently* needs 7,400 additional housing units. Roughly 5,300 units of owner-occupied and 2,100 units of rental housing are needed in the region to achieve a better balanced housing market, even before taking into consideration the housing requirements associated with the projected economic and population growth over the next ten years.

- Between 2000-2010, the regional economy will add approximately 44,000 jobs and see a population increase of 41,000 persons.

(OVER)

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

- Over half of the region's new employment growth will take place in the service sector, with almost one-fifth being created in the trades occupations. This means that nearly one in two new jobs created in the region will be in job categories where affordable housing assistance is likely to be needed.

- The continued aging of the baby boom generation will likely lead to the largest population increase occurring in the 55-64 and the 65 and over age categories. These categories will account for three-fourths of the total population increase in the region and will greatly influence the demand for housing in northwest Vermont.

- As a result of the projected population growth, over 23,600 additional housing units will be needed over the next ten years.

- Of the 23,600 new units needed, nearly 18,000 will be for owner-occupied housing. Of these, about 9,800 affordable homes will be needed for households with incomes below 120 percent of median income. Those households generally need some kind of affordable mortgage products.

- Of the 23,600 new units needed, approximately 5,600 will be for rental housing. About 3,70 of those units will be needed for households earning below 80 percent of median income, including 1,700 units needed for households earning below 30 percent of median income.

- A gap of more than 10,000 housing units between supply and demand is expected in the region by the year 2010. This assumes that the rate of market-rate construction and affordable housing development is roughly 1,700 units per year, a level that is significantly higher than the current new construction rate, but somewhat lower than the rate found in the 1980s housing boom.

- The expected gap in housing units will result in increased housing costs and an associated reduction in housing affordability, particularly for low- and moderate-income residents of the region, who enjoy fewer housing choices. This affordability pressure is most acute for the lowest income households earning below 30 percent of median income.

- The combination of continuing economic growth, the imbalance between housing demand and supply, and significant increases in older age categories will likely further exacerbate housing needs for low- and moderate-income residents of northwest Vermont as wealthier households compete with other households for housing. This competition may be a major factor contributing to recent upward pressure on rent levels and home prices in the region.

- A successful strategy for developing a regional "fair share" allocation system within the northwest Vermont region should employ a "carrot and stick" approach. Successful "fair share" efforts share certain features. Long-term and sustained political leadership is needed to garner public support and commitment through some type of regional or multi-jurisdictional government structure. A balanced and fair method to implement a "fair share" approach for the region must also be developed.

For addition information about the Housing in Northwestern Vermont study, please contact Cathleen Gent at Vermont Housing Finance Agency at 802-652-3424.

Housing in Northwestern Vermont

A Review of Demand and Supply of Housing in the Six County Region

AUGUST 15, 2000

Prepared for: The Vermont Housing Council
by Economic & Policy Resources, Inc. and Thomas E. Kavet Consulting

I. Introduction

This study was commissioned by the Vermont Housing Conservation Board (VHCB) in January 2000. The need for this study grew out of a series of reports on housing published over the past three years, on-going discussions between housing experts and economic development officials throughout the State, and information brought to light at the 1999 Annual Rural Development Conference which identified the need to examine future economic development and housing demand in northwest Vermont.

In particular, there has been discussion regarding the need to better understand the effects of tightening housing markets on the housing needs of lower income people–particularly in the greater Chittenden County region–at the past three annual rural summits convened by the Vermont Council on Rural Development. The task to undertake such a study was delegated to the Vermont Housing Council, which turned to the Vermont Housing and Conservation Board (VHCB) for assistance.

VHCB brought together an interagency working group that includes the Vermont Housing Finance Agency, Vermont Department of Housing and Community Affairs, Vermont State Housing Authority, Burlington Community and Economic Development Office, the University of Vermont's Community Outreach and Partnership Center, Vermont Office of Economic Opportunity, Burlington Housing Authority, Lake Champlain Housing Development Corporation, Burlington Community Land Trust, Housing Vermont, Winooski Housing Authority, and USDA Rural Development. This working group developed a proposed scope of work to anticipate the effects of projected job and population growth in the six county region of northwest Vermont on the demand for and supply of housing in general, and affordable housing in particular. The report which follows is the outcome of the study undertaken during the winter and spring of 2000. Organizations which also provided financial support for this study included the Lake Champlain Chamber of Commerce and the Greater Burlington Industrial Corporation.

This study provides a basis for review and understanding of the housing needs–particularly the affordable housing needs–of Vermonters living in the six counties of northwestern Vermont.[1] The study reports the results of a comprehensive review of the future housing needs in the six county area within a one hour commuting radius of Burlington, Vermont and its proximate communities. Housing demand and forecasted housing supply are examined and compared for the study region for 2000, 2005 and 2010.

The study includes a review and update of the economic outlook for the six

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[1] For the purposes of this study, the six counties include Addison, Chittenden, Franklin, Grand Isle, Lamoille, and Washington counties.

county area. Population and housing needs are forecasted for the study years based on this updated economic outlook. Housing supply estimates for 1998 were updated based on data and information from the State of Vermont and property tax data from selected communities in the study area. Forecasted housing demand and supply data for the 2000 to 2010 period were developed using information from a variety of sources including: (1) the official state short-term economic and demographic forecast for Vermont developed for and published by the New England Economic Project, (2) data from the State of Vermont, and (3) several studies from nonprofit and other regional groups in the northwest region of Vermont.

II. Purpose of the Study

It has been a decade since the last Census was taken in northwest Vermont communities. It will be another three years until detailed information from the 2000 Census will become available. It is the purpose of this study to develop an interim needs assessment until those more complete data become available. Secondly, this study also develops a sub-regional needs assessment based on economic and demographic trends in the Franklin and Grand Isle county portions of the six county region, and a review of methods used in other jurisdictions around the country for determining "fair share" approaches for the provision of affordable housing in the region.

III. Summary Conclusions of the Affordable Housing Needs Assessment in Northwest Vermont

The economy of northwest Vermont is currently experiencing a period of nearly unprecedented prosperity. Against the backdrop of an unemployment rate of less than 2.5 percent in the region are recent announcements by major employers which indicate that over 4,000 new, high-quality, good-paying jobs will be created in the region over the next decade. When considered on top of an already dynamic, high-performance regional economy, the northwest region is expected to experience significant population growth–including significant levels of population in-migration–as these new employment opportunities are created and filled.

The northwest region currently has an estimated need for 7,400 additional housing units, given reports of current low vacancy rates in the region–especially in region's metro area. This estimated shortage of units indicates that roughly 5,300 units of owner housing and 2,100 units of renter housing are needed in the region to help assure a more rational functioning housing market even before the housing requirements associated with the projected economic and population over the next decade.

In view of this confluence of positive economic development events and considering the current housing situation, comparatively little attention has been given to the implications for housing requirements–and particularly affordable housing–associated with the prospective economic, job, and population growth in the six county region in northwest Vermont.[2] This study was undertaken to help fill the information void with respect to the impact on housing from this projected economic and population growth with particular attention paid to the needs of low and moderate income households.

- ☐ **The likely strong regional economy over the next decade will stimulate significant additional need for housing that will not be met if units are added to the inventory at rates experienced in recent history.**

The study found that the relatively strong economic growth expected in the six county region will stimulate significant additional need for housing in the region. Before considering the effect of likely new construction and the development of additional housing by non-profit organizations and municipalities, the study estimates that more than 23,600 additional housing units will need to be added to the housing stock over the 2000-2010 period in order to accommodate the shelter needs of the regional population in the expected economic climate. Just over three-fourths or nearly 18,000 of the additional units required are expected to be in the owner housing category, and approximately one-fourth or 5,600 units are expected to be rental housing.

Even if market construction and the efforts of affordable housing groups are able to deliver roughly 1,750 units per year to the regional housing inventory over the next decade, there will be an unmet need or gap of more than 10,000 housing units in the region by 2010.[3] [4] That gap represents just over 1/3 of the expected increase in total housing demand over the study period. If the housing needs of the workforce are not met, the ability of the six county region to realize its otherwise bright economic development potential may be stymied.

- ☐ **The regional population continues to age and household size will likely decline over the next decade. As a result, there will be a need for more housing units per 1,000 of population over the period as well.**

Beyond the sheer magnitude of the economic growth and housing demand numbers, the underlying demographic dynamics of the changing regional population will have a significant impact on housing demand over the next decade. This study found that the continued aging of the baby-boom generation will likely lead to the largest population increase occurring in the 55-64 years age category, followed by the next

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[2] The northwest region includes Addison County, Chittenden County, Franklin County, Grand Isle County, Lamoille County and Washington County.

[3] That is a level that is significantly higher than the 1990s but somewhat lower than the 1980s housing boom.

[4] This represents an average between the high-end estimate of and estimated 2,142 units per year added to the inventory between 1985 and 1999 and the 1,322 units per year added to the inventory during the slow-growth 1990s.

most significant increases occurring in the 45-54 years and the 65-74 years age groups. The study indicates that these groups are projected to account for three-fourths of the total population increase in the region over the next decade and they will therefore greatly influence the demand for housing in the six county region. This dynamic is important in that household size can generally be expected to decline as the population grows older. Declining household size, in turn, implies that more housing will be needed per 1,000 persons of population in the region over the next decade as this aging trend continues.

- ☐ **The economic forecast indicates that the region will likely continue to experience significant economic and population growth over the study period but at rates that are remarkably ordinary by historical benchmarks.**

The regional economy is expected to add an estimated 44,250 jobs over the 2000-2010 period, and will experience a population increase of roughly 41,450 over the same period. This forecast suggests that the regional economy will be adding an exceptional number of jobs and people. However, it is important to note that the region as it grows can achieve those aggregate, forecasted numbers with remarkably ordinary rates of growth. For example, the job growth forecast can be attained with a 1.8 percent annual rate of growth over the 2000-2010 period versus a 2.4 percent rate of job growth actually experienced in the region over the 1985-97 time period. In addition, the projected population growth corresponds to a 1.2 percent annual rate of increase, just one-tenth of one percentage point higher than the 1.1 percent annual rate of population growth experienced in the region over the 1985-97 period. In this context, the projected 1.2 percent annual rate of population growth looks strong only in comparison to the slow growth during the 1990s.

- ☐ **The long-term economic forecast also indicates that over half of the region's new employment opportunities–or 22,800 jobs–will be created in the service sector, and another 8,000 jobs will be created in trade–a category of jobs where wages are low and housing assistance needs tend to be high.**

Although some of these jobs are high-paying, the majority of jobs in Services and Trade are among the lowest-paying in the regional economy. That means that nearly one in two new jobs to be created in the region over the next decade will be in job categories where affordable housing needs tend to be high. Therefore, a key economic performance question for the six county region for the future is how and where the people who are likely to fill these generally lower-paying jobs will find affordable housing.

- ☐ **More than one-half of the projected growth in owner households over the next decade will occur in income categories which generally require housing assistance.**

The long-term demand projections indicate that owner households are projected to increase by just over 17,500 households over the 2000-2010 time period–a level that is over 10 percent higher than the growth in the number of owner households during the 1990s. Of the owner households, roughly 3,500 households are projected to be in the less than 50 percent of median income categories, 2,850 households are projected to be in the 51 percent to 80 percent of median income class, roughly 1,700 more are projected to be in the 81 percent to 100 percent of median income class, and roughly 1,800 more are projected to be in the 101 percent to 120 percent income class. In total, roughly 9,800 owner households are projected to be in the less than 120 percent of median household income categories–the categories generally thought to include those who require housing assistance.

- ☐ **Nearly three-fourths of the projected regional growth in renter households over the next decade will occur in income categories which generally require housing assistance.**

Renter households are projected to increase by roughly 5,600 households over the 2000-2010 time frame–a level that is more than 80 percent greater than the renter household growth rate during the 1990s. Of the renter households, roughly 1,700 households–or nearly 1/3 of the household increase–are projected to be in the less than 31 percent of median income class. Roughly 925 more are projected to be in the 31 percent to 50 percent of median income class, meaning that over 50 percent of the 5,225 renter household increase over the next ten years are projected to be in the less than 50 percent of the regional median household income categories. Over 1,000 more are projected to be in the 51 percent to 80 percent of median income class. As a result, over 70 percent of the projected increase in renter households, or roughly 3,670 households over the next ten years, is expected to be in the less than 80 percent of median household income categories. These are the income categories which are generally expected to require housing assistance.

Geographically, nearly one-half of the housing units in the region in 1998 were found in Chittenden County. That implies that a roughly proportional number of the total need for additional housing units in the region over the next decade will likely be found in Chittenden County as well. Since rental units tend to be concentrated in urban areas, it is likely that Chittenden County–which includes the region's significant metro area–could be expected to account for an even greater percentage of the need for renter units and a somewhat lower share of owner units.

- ☐ **The expected continuation of the region's economic strength, inadequate housing supply, and the aging population will likely result in rising cost pressures and reduced housing affordability over the next decade.**

The housing demand implications of the expected strong, underlying performance of the regional economy, the aging population, and the potential for a significant level of unmet housing demand will place significant upward pressure on regional real estate and housing prices over the next decade. Past experience with unmet demand pressures of this nature and size have historically led to housing cost increases which have reduced the affordability of housing–particularly for low and moderate income households who have fewer housing choices.

This affordability pressure is most clearly illustrated in the study in the less than 50 percent of median household income category where the gap between supply and need is estimated to be large–at nearly 16,000 units in the six county region. These are households–including families and individuals–which have the fewest number of housing choices. In the case of renter units–at nearly 11,500 units in 2010–the unit gap is projected to exceed the aggregate total for the entire income class spectrum.[5]

The combination of the continuing economic growth, the growing supply and demand imbalance, and an aging population will likely further exacerbate low and moderate income housing needs because higher income households may choose to live in and compete with lower income households for housing units lower price categories than they otherwise could afford. This competition may be a major factor causing what has been perceived by some as recent upward pressure on rent levels and housing prices around the region. This is an area that was beyond the scope of this analysis and one that appears ripe for further research and analysis.

☐ **An examination of current practices concerning "fair-share" affordable housing allocation strategies concluded that a combination of "carrot and stick" approach was the most successful approach employed in jurisdictions around the country.**

This study examined "fair share" housing initiatives throughout the United States. Four factors were identified that would be necessary for the successful implementation of a "fair share" allocation strategy in any region. The first factor involved creating an environment of public acceptance and support in order to help define the need and overcome resistance to the concept in participating, individual communities. The second factor, which was closely related to the first, was the need to develop long-term and sustained political leadership on the issue. The third factor was the need to find a unifying umbrella of governance which had the attributes to handle what is likely a regional or multi-jurisdictional issue. The fourth factor was the need to develop a balanced and fair method to implement a "fair share" approach in the region.

Experience has found that strictly voluntary and purely regulatory approaches

[5] The estimated housing unit shortage in the less than 50 percent of median household exceeds the number for the entire income class spectrum because there are housing unit surpluses in other, higher income categories.

have nearly always failed on one aspect or another. Conversely, cooperative approaches with appropriate regulatory enforcement and financial inducements, such as state and/or federal funding, appears to offer an opportunity to address the regional aspects of the "fair share" affordable housing issue in the region. Extreme care needs to be exercised in the development of any "fair share" strategy's allocation mechanism. A credible formula would employ only high-quality and appropriately-detailed data so that unintended consequences can be avoided. A "fair share" approach that adheres to the above guidelines would likely have the best chances for success in any region.

IV. Executive Summary

An examination of the demand for and inventory of housing in the six county region of northwestern Vermont was undertaken at the request of housing agencies in the region. The Vermont Housing and Conservation Board as representative of public and non-profit housing agencies commissioned the report in January 2000. Economic & Policy Resources, Inc., a Williston, Vermont based economic consulting firm, served as principal economist in undertaking the study and preparing the forecasts. Mr. Thomas Kavet participated in the study as a sub-contractor to Economic & Policy Resources, Inc.

The study examined the housing demand for the approximately 305,000 residents in the ninety-one towns making up the six northwest counties of Vermont over the 2000 to 2010 time frame. Based on analysis of employment and residence patterns, this geographic area demonstrates strong economic and social linkages. The existence of these linkages influence housing demand throughout the region. However, not all towns in the region participate with equal strength of these linkages. Eight towns in the region account for 40 percent of the region's total population and the largest 36 towns account for 80 percent of the region's total population. The population in a total of seventy of the ninety-one towns in the region was estimated to be less than four thousand persons in 1998.

The forecast of the region's housing needs was prepared by first undertaking a forecast of economic growth anticipated in the six county area through the study horizon. An input-output model of the region's economy was obtained from Regional Economic Models, Inc. (REMI) in Amherst, Massachusetts. The REMI input-output model is a dynamic modeling tool which uses history to describe the economic linkages within a region's economy and between the region and the U.S. economy. Following adjustments to recognize recent changes in the region's economic structure, the model is employed to produce a forecast of economic activity including employment, GRP, and personal income.

Based on the economic results of the model, population is forecast using current population characteristics and estimates of economic in-migration. In this manner, population and housing are examined in the framework of the region's anticipated determinative economic activity. Table 1 displays the results of the economic modeling employing the REMI input-output model adjusted for recent known development events effecting the region's economic structure.

Housing Demand

The economic forecast for the six county region anticipates total employment increasing from 215,336 in 1998 to 271,345 in 2010 for an average annual rate of change of 1.8 percent across the forecast horizon.

Table 1.
Base Line Employment, GRP, Personal Income, Inflation, and Population--Northwest Vermont

	Actual			Forecast			Avg % Chg.
Economic Variable	1985	1990	1995	2000	2005	2010	00 - 10
Total Employment (Thous)	156.911	185.855	200.106	227.104	252.046	271.345	
Employment % Change	-	18.4%	7.7%	2.0%	1.8%	1.3%	1.8%
GRP (Bil 92$)	5.755	7.348	7.767	9.584	11.439	13.122	
GRP % Change	-	27.7%	5.7%	2.8%	3.4%	2.6%	3.2%
Pers Inc (Bil Nom $)	3.466	5.278	6.581	8.609	11.005	13.817	
Per Inc % Change	-	52.3%	24.7%	4.8%	4.6%	4.5%	4.8%
Inflation Index (92$)	70.104	86.997	100.658	108.31	121.22	135.583	
Inflation % Change	-	24.1%	15.7%	2.3%	2.2%	2.3%	2.3%
Population (Thous)	265.333	285.762	299.187	314.287	334.937	355.697	
Population % Change	-	7.7%	4.7%	1.2%	1.2%	1.2%	1.2%

Notes:
[1] Source: Regional Economic Modeling, Inc. (REMI) Amerherst, MA (2000) and Economic & Policy Resources, Inc. Williston, VT (2000).
[2] REMI uses data supplied by government agencies such as the U.S. Department of Commerce, U.S. Department of Labor, U.S. Bureau of Economic Analysis.
[3] The current model includes historic data through 1997.
[4] Percent change shown is compound annual average change.

Prepared by: Economic & Policy Resources, Inc. Williston, Vermont 05495 (802)878-0346 and Thomas E. Kavet Economic and Information Systems Consulting, Williamstown, Vermont 05679 (802) 433-1360

Gross Regional Product (GRP) is anticipated to increase from $8.8 billion in 1998 to $13.1 billion in real dollar terms in 2010. This is an increase of 49 percent over the twelve year period for an average of 3.2 percent. In response to this economic outlook, population is forecast to grow from approximately 307,000 to 355,700 between 1998 and 2010.

Total households are then forecast from the population forecast and Census Bureau data describing the relationship between population and household formation. The household forecast describes the demand for housing with detail delineated by age of the head of the household and income of the household. The forecast indicates that number of households will increase from approximately 122,750 households in 2000 to 133,700 households in 2005 and 145,600 households in 2010. In total, the region is expected to experience an increase of roughly households between 2000 and 2010. The age distribution of the forecast households is shown in Table 2. Of the total number of new households expected in the region between 2000 and 2010, it is anticipated that 17,640 households will be seeking to own their residences and an additional 5,228 will be in the renter occupied category. A total of 5,373 new households will be headed by persons of age 65 or older between 2000 and 2010. Of this total, 4,036 households are expected to own their residences and the balance of 1,337 households will occupy rental units.

Table 2.
Household Projections for the 6-County Region

Age of Householder	2000 Households	2005 Households	2010 Households	Number Change 2000-10	Annual % Change 1990-00	Annual % Change 2000-10
Total Households						
15-24	6,924	7,517	7,450	526	-0.1%	0.7%
25-34	23,347	23,743	25,486	2,139	-0.8%	0.9%
35-44	29,220	28,178	29,093	(127)	1.2%	-0.0%
45-54	26,510	30,285	30,311	3,801	5.3%	1.3%
55-64	15,849	21,647	27,004	11,155	2.5%	5.5%
65-74	11,096	11,736	15,063	3,967	0.8%	3.1%
75+	9,802	10,610	11,208	1,406	2.2%	1.3%
>65	20,898	22,346	26,271	5,373	1.4%	2.3%
Total	122,748	133,716	145,615	22,868	1.6%	1.7%

Source:
1990 Census Data for Vermont, STF-3, Sample Data, Table P13
Economic and Demographic Projections for 6 County Region as prepared by Economic & Policy Resources, Inc. using REMI EDFS-14 model.

Prepared by: Economic & Policy Resources, Inc. - Williston, Vermont 05495-1660

A total of 48,146 households in the region in 2000 are estimated to be in the 80 percent of median household income or lower category. Of this amount, 23,087 are estimated to be in rented residential units and the balance of 25,059 households are estimated to occupy their own residences. The number of households in this category is expected to increase by 9,976 between 2000 and 2010, an increase of 20.7 percent across the ten year period. Of this total increase in households below eighty percent of median household income, 3,671 households are expected to be in the rental category. A total of 26,691 households are estimated to be first time home buyers during the 2000 to 2010 forecast horizon in the region.

Housing Inventory

An update of the number of housing units in the six county region was undertaken using a modification of the Census Bureau's estimation methodology and the estimates of the Vermont Health Department/Center for Rural Studies at the University of Vermont. The update indicates that in 1998 there were 133,865 housing units in the six county region. Of this total, 82,719 units were owner occupied and 51,146 were renter occupied. An estimated 7,994 of the total renter units were subsidized in 1998. Of the estimated 133,865 units in the region's housing inventory, 119,769 are estimated to be full-time year-around housing units.

Comparing Housing Demand With Supply

A comparison of forecasted housing demand with the 1998 housing unit supply, indicates the need for an addition to the region's full-time year-around housing stock of roughly 7,400 units in 2000–an amount which reflects current need in the region to address the combination of a low vacancy rate and projected demand in the region. A total of approximately 18,700 units are needed in 2005 and a total of just over 31,000 units are projected to be needed in 2010. Of these totals, just over 5,300 units in the year 2000, just over 14,000 units in 2005 and nearly 23,300 units in 2010 are needed for the owner category. The balance of nearly 2,100 units in 2000, just over 4,700 units in 2005 and more than 7,700 units in 2010 are projected for the renter unit category. Of the total projected housing need in 2010, demand in the very low income category (less than 50% of median household income) is expected to exceed 4,200 owner units and be at the level of nearly 11,500 renter units. The total projected need in the renter category actually exceeds the total for all income class categories because the number of units in the supply exceeds demand in higher income categories. The detail of the distribution of unit deficits and surpluses by income class category was beyond the scope of this study and is an area that is ripe for further research.

A comparison of housing unit demand with anticipated additions to the housing inventory from market and other building during the forecast horizon indicates that between 15,864 and 25,938 new housing units are projected to be added to the housing inventory during the 2000 to 2010 forecast horizon. Even with these new units, a housing deficit is anticipated of between roughly 5,100 units under the high-build scenario and 15,150 units under the low-build scenario. Averaging the scenarios over the entire 12-year study period results in a total unmet housing demand in excess of 10,100 total units. Unmet owner housing unit demand of roughly 8,000 units or 670 units per year is projected for the 12 year period. Using the same approach for renter units, results in an unmet need of roughly 2,500 units or roughly 200 units per year. Table 3 summarizes the forecast housing demand compared to the projected unit inventory under the two alternative construction/unit addition scenarios used in this study.

Lastly, the study attempted to apportion the housing demand and gap analysis figures to Chittenden County for illustrative purposes. The study found that nearly one half of the projected housing demand and, by implication, housing need was generated by economic activity and population growth in Chittenden County, slightly under one-half of the anticipated demand and need for housing will likely occur in Chittenden

County. In terms of housing units, this would equate to just under 5,000 total housing units over the 12-year period. Since rental units tend to be concentrated in urban areas, it is likely that Chittenden County–which includes the region's significant metro area–could be expected to account for an even greater percentage of the need for renter units than the owner share. The reader is cautioned that this is not a rigorous estimate of housing unit demand for Chittenden County but is provided with the assumption that all of the conversion factors (e.g. vacancy rates, annual unit destruction rates, etc.) that apply for the region apply for Chittenden County as well.

Table 3.
Projected Housing Demand Compared to Anticipated Market Supply Under Two Scenarios

	1998	2000	2005	2010
Full-Time Year-Around Housing Inventory	119,769			
Forecasted Housing Demand (Total)		127,181	138,499	150,788
Forecasted Deficit Before Unit Additions		(7,412)	(18,730)	(31,020)
Forecasted Market/Other Construction				
"Low-Build" Scenario--Units Added		2,644	9,254	15,864
"High-Build" Scenario--Units Added		3,978	14,510	25,938
Forecast Housing Supply (Total)				
"Low-Build" Scenario Unit Inventory		122,413	129,023	135,633
"High-Build" Scenario Unit Inventory		123,747	134,279	145,707
Projected Deficit After Unit Additions				
"Low-Build" Scenario [A]		(4,768)	(9,476)	(15,156)
"High-Build" Scenario [B]		(3,434)	(4,220)	(5,081)
Average of Scenarios [A] and [B]		(4,101)	(6,848)	(10,119)
MEMO: Projected Deficit in Chittenden County		(1,970)	(3,329)	(4,976)

Notes:

[A] The "low-build" scenario adds housing units a rate of growth equivalent to that experienced in the 1990 to 1998 time period or roughly 1,322 units per year.

[B] The "high-build" scenario adds housing units at a rate equal to the average annual compound rate of change during the 1984 to 1998 time period or at an annual average rate of 2,161 units per year.

Sources:

United States Census Bureau, Census Data for Vermont.
Vermont Department of Health
Economic & Policy Resources, Inc., Williston, Vermont

Prepared by: Economic & Policy Resources, Inc. Williston, Vermont 05495 802-878-0346

Summary of the Special Analyses

Four supplemental analyses were undertaken as part of this study. These analyses included an estimate of first-time home buyers in the region over the study time frame, a review of sub-regional estimates for the Franklin-Grand Isle region, and a review of “fair share” affordable housing allocation strategies used in jurisdictions around the country.

Regarding the first, the study found that the northwest region can be expected to have a total of roughly 26,150 over the next decade or an average of 2,600 first-time home-buyers per year. This result was derived using the mid-point between two general approaches–one employing an aging cohort model and the other applying national and regional survey data of home buyers from the National Association of Realtors.

Regarding the second special analysis, both Franklin and Grand Isle counties are expected to experience significant growth in households and housing demand, with growth in the MSA portion of the sub-region generally mirroring the character and pace of the region as a whole. The non-MSA portion will experience somewhat different growth, given its higher home ownership percentage and its more rural economy.

With respect to the third special analysis, the study reviewed the experience of “fair share” affordable housing allocation strategies around the country. Based on that experience, the study identified four enabling factors for developing and potentially implementing such a strategy in the region. They included: (1) the need for a public consensus of the need for such a strategy, (2) the need for long-term, consistent political leadership in participating and potentially-participating communities, (3) the need for a unifying umbrella of regional governance, and (4) the need for a combined incentive-regulatory based approach.

A Final Comment on Affordability

The housing demand projections and the number of units projected to be needed in the region are likely conservative estimates of what is needed–especially with respect to affordable housing units. The housing demand implications of the expected strong underlying performance of the regional economy, the aging population, and the potential for a significant level of unmet housing demand will place significant upward pressure on regional housing prices over the next decade. Past experience with unmet demand pressures of this type have historically led to housing cost increases which have reduced the affordability of housing–particularly for low and moderate income households. The specific implications of these effects require further study.

Housing Development Costs in Vermont

a report

prepared for

Vermont Housing Finance Agency
and
Housing Vermont

prepared by

Capital Needs Unlimited, Inc.

April 30, 2000

SUMMARY

This is a study to understand cost factors influencing development of affordable housing in Vermont. It was commissioned jointly by Housing Vermont and the Vermont Housing Finance Agency to better understand the ingredients that contribute to project costs. Relevant issues include type of construction (new or substantial rehabilitation), sponsorship (for- or non-profit), occupancy (family or elderly), use (housing only or mixed with commercial uses), and site features (location, historic designation, age and condition of building).

Nine illustrative developments were selected for analysis. The properties are located in seven communities around the state. They range in size from 10 to 60 units. While this sample is not valid for statistical purposes, it is sufficient to expose a range of development situations in a variety of Vermont communities.

The five key findings and conclusions are as follows:

1. There is a considerable variation in the type of construction, size of units, occupant population, development configuration and special features of the housing developments. As a result, comparison of development costs *per unit* are less meaningful than comparing costs *per square foot*.
2. As compared to development costs of affordable housing in other state, Vermont costs are quite reasonable. Some cost factors, such as A/E and Developer Fees, are below percentages permitted by HUD on developments involving HUD financing.
3. Newly constructed elderly housing developments, with relatively small unit sizes and less challenging development circumstances, have the lowest cost per square foot. Elderly projects cost as much as 40% less than the typical development, whether they are new construction or rehabilitation.
4. The combination of hard and land costs ranges (from $58/sf to $93/sf) on eight properties. New and rehabilitated projects occurred at both ends of the range.[1] The best predictor of cost per square foot is development occupancy (senior or general).
5. Multiple community development objectives, such as rehabilitating historic downtown buildings and/or abating environmental hazards, can add up to 40% to the typical cost per square foot. Special funding sources are used to address such non-shelter objectives. These special sources appear to equalize costs between "shelter only" and developments serving multiple objectives.

[1] Park Place is considered a special case given the extent of non-housing space (about 1/3 of total) and its downtown Burlington location. Park Place hard and land costs are about $125/sf.

Terms of Reference

Housing Vermont (HV) and the Vermont Housing Finance Agency (VHFA) wish to understand factors influencing housing development costs of projects in which the organizations are involved. Among factors of interest are development features, size, number of buildings, type of construction, nature of preexisting conditions, location, design, infrastructure, and financing. HV and VHFA jointly retained Capital Needs Unlimited to undertake an analysis of the issue and prepare a report.[2] The following process was undertaken:

- VHFA and HV identified a set of nine developments that they considered to be illustrative of the range of conditions and costs current of Vermont. HV, a non-profit organization, was the joint venture developer of six of the properties; for-profit companies developed the other three properties.
- Basic descriptive, cost and financing information was organized by HV and VHFA and provided to CNU on each development.
- CNU completed an initial analysis to ensure comparability of data. Additional information was requested and provided.
- Meetings were conducted in Burlington with the HV project managers for the six developments in that portfolio, and with VHFA personnel for the other three developments. These meetings covered a range of questions, and obtained in particular determined dimensional information. A tour of the Burlington area was completed, which included drive-by visits to each of the properties.

Summary of Developments

A detailed summary of the nine properties is provided on the next page. Separate summaries for each property (including photos) is presented in Appendix A. The nine properties have the following characteristics:

- Occupancy: — 3 senior, 1 mixed (senior/disabled/general), 5 general
- Construction — 5 new, 4 rehab; 3 elevator, 2 walk-up, 3 rowhouse, 1 walk-up/rowhouse[3]
- Use — 3 housing and retail, 1 house with home offices, 5 housing only
- Development Size — Smallest is 10 units; 6 from 10 to 17 units, largest 60 units
- Unit Composition — 7% 0BR; 64% 1BR; 25% 2BR; 3% 3BR; 1% 4BR
- Average Unit Size (SF) — From 605 sf to 996 sf
- Average Cost per Unit — From $62,727 to $129,762
- Average Cost per SF — From $68.60 to $149.51
- Average Cost per SF (Hard and Land only) — From $57.49 to $129.01 (8 under $93/sf)

[2] Capital Needs Unlimited (CNU) is a real estate consulting organization located in Brookline, MA. The work on this report was carried out by CNU's President, Dr. Thomas E. Nutt-Powell. Dr. Nutt-Powell has over 35 years experience in affordable housing.

[3] Walk-up means units entered from common hall; rowhouse means units have private entry from building exterior.

SUMMARY COST ANALYSIS

9 Housing Developments

Vermont

Development / *Location*	*Bennington Arts Housing* / *Bennington*		*Eagle Crest* / *Williston*		*Exner Block* / *Bellows Falls*		*Homestead Greene* / *North Bennington*	
Year Completed	1999		2000		2000		1999	
Construction Type	Rehab		New		Rehab		New	
Occupancy	General with retail		Senior		General with retail		Senior	
Building Type & #	RH/WU	5	Elevator		WU		RH	4
Total Cost	$ 1,679,962		$ 3,763,613		$ 1,615,962		$ 1,397,000	
Total Units	15	*Net of Other*	60		10	*Net of Other*	17	
Cost/Unit	$ 111,997	*$ 100,574*	$ 62,727		$ 161,596	*$ 129,762*	$ 82,176	
Cost/SF	$ 113.48		$ 83.08		$ 128.24		$ 103.20	
Total Bldg SF	14,804	% SF by use	$ 45,302	% SF by use	$ 12,601	% SF by use	$ 13,537	% SF by use
Unit SF	12756	86.2%	36288	80.1%	7676	60.9%	12716	93.9%
Common Area SF	538	3.6%	9014	19.9%	2441	19.4%	821	6.1%
Other SF	1510	10.2%	0	0.0%	2484	19.7%	0	0.0%
UNIT # & SF	Average SF is 850		Average SF is 605		Average SF is 768		Average SF is 748	
0 BR	2	450						
0 BR*accessible*								
1 BR	5	642	40	537	9	703	17	748
1 BR*accessible*	1	674						
2 BR	3	866	20	740	1	1353		
2 BR*accessible*								
3 BR								
3 BR*accessible*	1	1300						
4 BR	3	1092						
4 BR*accessible*								
	$/SF	**% of Total**	**$/SF**	**% of Total**	**$/SF**	**% of Total**	**$/SF**	**% of Total**
Site Work	$ 2.38	2.1%	$ 4.41	5.3%	$ 6.38	5.0%	$ 14.88	14.4%
Concrete	$ 0.54	0.5%	$ 5.52	6.6%	$ 0.23	0.2%	$ 5.06	4.9%
Masonry	$ 1.89	1.7%	$ -	0.0%	$ 0.16	0.1%	$ -	0.0%
Metals	$ 0.70	0.6%	$ 2.30	2.8%	$ 1.46	1.1%	$ -	0.0%
Wood and Plastics	$ 7.10	6.3%	$ 15.78	19.0%	$ 6.89	5.4%	$ 11.35	11.0%
Thermal Protection	$ 2.11	1.9%	$ 1.85	2.2%	$ 3.65	2.8%	$ 5.31	5.1%
Doors & Windows	$ 3.79	3.3%	$ 3.44	4.1%	$ 4.04	3.2%	$ 2.15	2.1%
Finishes	$ 7.58	6.7%	$ 8.45	10.2%	$ 11.58	9.0%	$ 6.30	6.1%
Specialties	$ 0.43	0.4%	$ 0.68	0.8%	$ 0.26	0.2%	$ 0.55	0.5%
Equipment	$ 0.89	0.8%	$ 1.79	2.2%	$ 0.79	0.6%	$ 0.85	0.8%
Furnishings	$ -	0.0%	$ 1.10	1.3%	$ 1.65	1.3%	$ 1.77	1.7%
Special Construct	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
Conveying	$ -	0.0%	$ 0.82	1.0%	$ -	0.0%	$ -	0.0%
Mechanical	$ 16.26	14.3%	$ 9.18	11.1%	$ 15.28	11.9%	$ 6.84	6.6%
Electrical	$ 2.89	2.5%	$ 5.08	6.1%	$ 5.95	4.6%	$ 4.88	4.7%
SUB-TOTAL	**$ 46.56**	**41.0%**	**$ 60.42**	**72.7%**	**$ 58.32**	**45.5%**	**$ 59.94**	**58.1%**
Bldr Gen Cond	$ 5.82	5.1%	$ 3.60	4.3%	$ 7.27	5.7%	$ 4.14	4.0%
Bldr OH&P	$ -	0.0%	$ -	0.0%	$ 7.65	6.0%	$ 5.13	5.0%
P&P Bonds	$ 0.61	0.5%	$ -	0.0%	$ 0.62	0.5%	$ -	0.0%
Insurance	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
Permits and Fees	$ 0.20	0.2%	$ 1.33	1.6%	$ 0.83	0.6%	$ 1.44	1.4%
Change Orders	$ 4.00	3.5%	$ 1.30	1.6%	$ -	0.0%	$ 0.33	0.3%
Other Builder Costs	$ 0.49	0.4%	$ -	0.0%	$ 10.91	8.5%	$ -	0.0%
TOTAL, HARD	**$ 57.69**	**50.8%**	**$ 66.65**	**80.2%**	**$ 85.60**	**66.8%**	**$ 70.98**	**68.8%**
Purchase	$ 28.24	24.9%	$ 7.10	8.5%	$ 2.38	1.9%	$ 4.06	3.9%
Special Site Studies	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
Demolition	$ -	0.0%	$ -	0.0%	$ 0.40	0.3%	$ -	0.0%
HazMat Abate	$ 1.87	1.6%	$ -	0.0%	$ 2.50	2.0%	$ -	0.0%
Extraordinary Site	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
Other	$ 0.66	0.6%	$ -	0.0%	$ -	0.0%	$ -	0.0%
TOTAL, LAND	**$ 30.77**	**27.1%**	**$ 7.10**	**8.5%**	**$ 5.28**	**4.1%**	**$ 4.06**	**3.9%**
A&E	$ 5.77	5.1%	$ 1.32	1.6%	$ 9.90	7.7%	$ 6.98	6.8%
Legal	$ 0.99	0.9%	$ 0.22	0.3%	$ 0.99	0.8%	$ 1.32	1.3%
Title	$ 0.22	0.2%	$ 0.17	0.2%	$ 0.32	0.2%	$ -	0.0%
Consultants	$ 2.75	2.4%	$ 0.97	1.2%	$ 4.13	3.2%	$ 0.55	0.5%
Insurance & Taxes	$ 1.15	1.0%	$ 0.35	0.4%	$ 0.60	0.5%	$ 0.17	0.2%
Interest	$ 1.61	1.4%	$ 1.77	2.1%	$ 2.95	2.3%	$ 2.30	2.2%
Fees	$ 1.02	0.9%	$ 1.19	1.4%	$ 0.35	0.3%	$ 2.40	2.3%
Marketing/Leasing	$ -	0.0%	$ 0.19	0.2%	$ 0.79	0.6%	$ -	0.0%
Developer Fee	$ 8.30	7.3%	$ 2.42	2.9%	$ 15.12	11.8%	$ 12.93	12.5%
Other	$ 3.22	2.8%	$ 0.73	0.9%	$ 2.22	1.7%	$ 1.51	1.5%
TOTAL, SOFT	**$ 25.02**	**22.0%**	**$ 9.33**	**11.2%**	**$ 37.36**	**29.1%**	**$ 28.16**	**27.3%**
GRAND TOTAL	$ 113.48		$ 83.08		$ 128.24		[illegible]	

SUMMARY COST ANALYSIS

9 Housing Developments

Vermont

Lakeview *Newport*		*Maples Senior Living Center* *Rutland*		*Mill View* *Burlington*		*Park Place* *Burlington*		*Richmond Village* *Richmond*	
1999		1999		2000		1999		1999	
Rehab		New		New		Rehab		New	
General, disabled, seniors		Senior		General		General with retail		General with home offices	
WU	3	Elevator	1	RH	1	Elevator	1	RH	7
$ 1,374,619		$ 3,976,121		$ 1,321,266		$ 6,400,772		$ 1,785,466	
16		51		12		34	*Net of Other*	16	
$ 85,914		$ 77,963		$ 110,106		$ 188,258	*$ 117,473*	$ 111,592	
$ 82.69		$ 68.60		$ 116.39		$ 149.51		$ 112.06	
16,624	% SF by use	$ 57,960	% SF by use	$ 11,352	% SF by use	$ 42,812	% SF by use	$ 15,933	% SF by use
12831	77.2%	34035	58.7%	10644	93.8%	21293	49.7%	15933	100.0%
3793	22.8%	23925	41.3%	708	6.2%	5407	12.6%	0	0.0%
0	0.0%	0	0.0%	0	0.0%	16112	37.6%	0	0.0%
Average SF is 802		Average SF is 667		Average SF is 887		Average SF is 626		Average SF is 996	
2	489					10	450		
9	790	42	625	4	520	22	700	1	951
				2	560			1	1039
2	742	9	865	4	1170	2	890	12	971
								1	1214
3	1013			2	1382			1	1074
$/SF	**% of Total**	**$/SF**	**% of Total**	**$/SF**	**% of Total**	**$/SF**	**% of Total**	**$/SF**	**% of Total**
$ 0.82	1.0%	$ 7.07	10.3%	$ 11.23	9.6%	$ 4.01	2.7%	$ 11.64	10.4%
$ 0.55	0.7%	$ 2.47	3.6%	$ 3.06	2.6%	$ 0.57	0.4%	$ 6.91	6.2%
$ -	0.0%	$ -	0.0%	$ -	0.0%	$ 6.48	4.3%	$ -	0.0%
$ 0.31	0.4%	$ 0.29	0.4%	$ -	0.0%	$ 0.92	0.6%	$ -	0.0%
$ 4.39	5.3%	$ 9.03	13.2%	$ 14.27	12.3%	$ 11.78	7.9%	$ 9.32	8.3%
$ 2.47	3.0%	$ 2.57	3.7%	$ 3.94	3.4%	$ 3.66	2.4%	$ 8.04	7.2%
$ 5.02	6.1%	$ 2.67	3.9%	$ 4.93	4.2%	$ 5.28	3.5%	$ 3.51	3.1%
$ 4.11	5.0%	$ 6.59	9.6%	$ 10.54	9.1%	$ 9.42	6.3%	$ 5.73	5.1%
$ 1.23	1.5%	$ 0.52	0.8%	$ -	0.0%	$ 0.26	0.2%	$ 0.05	0.0%
$ 1.56	1.9%	$ -	0.0%	$ 0.75	0.6%	$ 2.07	1.4%	$ 2.54	2.3%
$ 0.99	1.2%	$ 3.69	5.4%	$ 1.76	1.5%	$ -	0.0%	$ 1.71	1.5%
$ -	0.0%	$ -	0.0%	$ -	0.0%	$ 19.79	13.2%	$ -	0.0%
$ -	0.0%	$ 0.66	1.0%	$ -	0.0%	$ 1.37	0.9%	$ -	0.0%
$ 8.13	9.8%	$ 6.59	9.6%	$ 12.35	10.6%	$ 12.09	8.1%	$ 8.69	7.8%
$ 2.04	2.5%	$ 3.71	5.4%	$ 4.56	3.9%	$ 11.60	7.8%	$ 4.08	3.6%
$ 31.61	**38.2%**	**$ 45.86**	**66.9%**	**$ 67.39**	**57.9%**	**$ 89.30**	**59.7%**	**$ 62.21**	**55.5%**
$ 1.31	1.6%	$ 2.68	3.9%	$ 5.81	5.0%	$ 8.82	5.9%	$ 3.95	3.5%
$ -	0.0%	$ 2.76	4.0%	$ 2.98	2.6%	$ -	0.0%	$ -	0.0%
$ -	0.0%	$ 0.29	0.4%	$ 0.60	0.5%	$ -	0.0%	$ 0.81	0.7%
$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
$ -	0.0%	$ -	0.0%	$ 1.32	1.1%	$ 0.61	0.4%	$ 2.89	2.6%
$ 8.67	10.5%	$ 0.66	1.0%	$ 3.39	2.9%	$ 5.14	3.4%	$ 3.06	2.7%
$ 1.52	1.8%	$ 1.73	2.5%	$ 2.97	2.5%	$ 1.06	0.7%	$ 2.43	2.2%
$ 43.11	**52.1%**	**$ 53.97**	**78.7%**	**$ 84.47**	**72.6%**	**$ 104.93**	**70.2%**	**$ 75.36**	**67.2%**
$ 18.30	22.1%	$ 3.52	5.1%	$ 7.75	6.7%	$ 24.08	16.1%	$ 11.61	10.4%
$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
$ -	0.0%	$ -	0.0%	$ 0.52	0.4%	$ -	0.0%	$ -	0.0%
$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
$ 0.06	0.1%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
$ 18.35	**22.2%**	**$ 3.52**	**5.1%**	**$ 8.27**	**7.1%**	**$ 24.08**	**16.1%**	**$ 11.61**	**10.4%**
$ 4.46	5.4%	$ 1.43	2.1%	$ 7.14	6.1%	$ 5.17	3.5%	$ 6.29	5.6%
$ 0.87	1.1%	$ 0.75	1.1%	$ 0.88	0.8%	$ 1.04	0.7%	$ 1.70	1.5%
$ 0.19	0.2%	$ 0.04	0.1%	$ 0.40	0.3%	$ 0.27	0.2%	$ 0.23	0.2%
$ 1.11	1.3%	$ 0.61	0.9%	$ 1.04	0.9%	$ 0.80	0.5%	$ 0.49	0.4%
$ 0.96	1.2%	$ 0.17	0.2%	$ 0.47	0.4%	$ 0.40	0.3%	$ 0.19	0.2%
$ 2.01	2.4%	$ 0.34	0.5%	$ 1.70	1.5%	$ 3.51	2.3%	$ 2.22	2.0%
$ 1.93	2.3%	$ 2.17	3.2%	$ 0.50	0.4%	$ -	0.0%	$ 0.38	0.3%
$ 0.03	0.0%	$ 0.41	0.6%	$ 0.30	0.3%	$ 0.02	0.0%	$ 2.60	2.3%
$ 7.52	9.1%	$ 3.70	5.4%	$ 10.13	8.7%	$ 9.24	6.2%	$ 6.68	6.0%
$ 2.16	2.6%	$ 1.47	2.1%	$ 1.10	0.9%	$ 0.05	0.03%	$ 4.30	3.8%
$ 21.23	**25.7%**	**$ 11.11**	**16.2%**	**$ 23.65**	**20.3%**	**$ 20.51**	**13.7%**	**$ 25.09**	**22.4%**
$ 82.69		**$ 68.60**		**$ 116.39**		**$ 149.51**		**$ 112.06**	

Evaluation Considerations

With the possible exception of the two new construction senior developments with elevators, none of the developments have characteristics that invite easy comparison. For example, three of the nine properties include significant commercial space. One project was designed to encourage home occupations by adding an office. Another project is a three-level building with private entries to each unit. The variety is illustrated by the following project profiles:

- **Bennington Arts Housing —** 5 rehabbed buildings on 4 sites, two of which have space programmed for use as arts center. Non-housing is 10.2% of SF. 15 units 0 to 4 BR.
- **Eagle Crest** — 1 new elevator senior building. 60 units (40 1 BR; 20 2 BR).
- **Exner Block** — 1 rehabbed building with ground floor retail. Non-housing is 19.7% of SF. 10 units (1 & 2 BR)
- **Homestead Greene** — 4 new single-story senior buildings. 17 units, all 1 BR
- **Lakeview** — 3 rehabbed buildings on 3 sites, with senior, disabled and general occupancy. 16 units (0 to 3 BR)
- **Maples Senior Living Center** — 1 new elevator senior building, with common space anticipating subsequent phases. 51 units (42 1 BR; 9 2 BR)
- **Mill View** — 1 new three story building. 12 units (1>3 BR)
- **Park Place** — 1 rehabbed building with ground floor retail/office. Non-housing is 37.6% of SF. 34 units (0 to 2 BR)
- **Richmond Village** — 7 new two-story buildings, some with home offices. 16 units (1 to 3 BR)

The senior properties can have significant common areas, including kitchen/dining facilities, community rooms and storage. These spaces are comparatively inexpensive to build and equip, thus lowering average cost calculations. Four properties involve preservation of significant structures, which adds a non-housing objective (and set of special costs) to the development effort. Analysis of costs therefore requires an understanding of the objectives intended, and the type structure provided to meet those objectives.

Unit Size and Cost

The table presented below summarizes the average unit size and cost for each of the nine developments. The developments are grouped by construction type. The ranking in $/SF and $/DU is also provided. The #1 ranking indicates the lowest cost. $/DU is the "net" cost, factoring out the proportionate cost of the non-housing space in the three developments with commercial uses.

SUMMARY OF KEY INDICATORS

9 Housing Developments

Type	Name	$/DU	Average SF	$/SF	Total DU	Rank $/SF	Rank $/DU
New/General	Mill View	$110,106	887	$116.39	12	7	6
New/General	Richmond	$111,592	996	$112.06	16	5	7
Rehab/Retail	Park Place	$117,473	626	$149.51	34	9	8
Rehab/Retail	Exner Block	$129,762	768	$128.24	10	8	9
Rehab/Retail	Bennington Arts	$101,574	850	$113.48	15	6	5
Rehab/Mixed	Lakeview	$85,914	802	$82.69	16	2	4
New/Senior	Homestead	$82,176	748	$103.20	17	4	3
New/Senior	Eagle Crest	$62,727	605	$83.08	60	3	1
New/Senior	Maples	$77,963	667	$68.60	51	1	2

Rank for $/SF and $/DU is lowest to highest cost.

This presentation of data illustrates the limitations of using $/DU as a basis for comparison among developments, even when non-housing uses are factored out. Developments for senior occupancy have the three lowest costs/DU. They also provide small units calculated as average SF/unit. It is therefore not at all surprising that the $/DU would be the lowest if the unit size is also small.

Development Characteristics and Cost

Examining the type and size of construction is also a good way to understand development costs. For example, the three rehabbed developments with substantial retail space have high costs per square foot, a function primarily of the special complications of gut rehabilitation for historically significant properties. By comparison, the two largest properties (51 and 60 units, each in a single building) have the lowest costs, reflecting the ability to spread certain soft costs over a larger square foot total. The comparison of $/SF of the two elevator senior developments ($69/SF and $83/SF) with the single-story small (17 unit) new senior development (at $103/SF) is instructive. The number of units and type of construction (including infrastructure) contribute to the smaller property costing 50% more per square foot than the lower costing elevator property.

As noted earlier, the developments meet policy objectives that go beyond providing just shelter. The table on the following page summarizes the features of the nine developments that have cost impacts. Twelve features are identified, as follows:

1. *Rehabilitation* — Rehab involves working with a building in place, and, if gut rehab, reconfiguring existing structures to meet contemporary standards. Research shows costs are 15% or more than the comparable new construction.
2. *Number of site* — Work at more that one site reduces efficiencies.
3. *Difficult site* — Construction on sites with difficult features increases costs.
4. *Downtown site* — Working in a built-up and heavily used area increases costs
5. *Occupancy* — Housing for general rather than senior populations is more expensive as it typically involves larger units, more bathrooms, increased size of HVAC equipment, etc.
6. *Common area* — Buildings with common areas increase costs per unit as compared with those having only dwelling spaces.
7. *Elevator* — Buildings with elevators cost more than those without.
8. *Program space* — Space to serve special purposes (such as the Bennington arts space) have special cost requirements different from those for common areas.
9. *Retail* — Even if tenants cover retail build-out directly, the costs to prepare retail space for eventual renting is greater than that for common areas.
10. *Historic* — Costs are higher when a building involves historic preservation.
11. *Home Office* — Special spaces in a dwelling unit increase costs as compared to a unit with the same number of bedrooms.
12. *Fewer than 50 units* — Soft costs tend to be fixed regardless of development size, making smaller developments more costly per unit and per SF.

SUMMARY OF FEATURES AFFECTING COST

9 Housing Developments

Type	Lakeview	Ben Arts	Park Place	Exner Block	Richmond	Mill View	Homestead	Eagle Crest	Maples
Construction	**Rehab**	**Rehab**	**Rehab**	**Rehab**	New	New	New	New	New
# sites	3	**4**	1	1	1	1	1	1	1
Difficult Site	No	No	**Yes**	**Yes**	No	**Yes**	No	No	No
Downtown Site	No	No	**Yes**	**Yes**	No	No	No	No	No
Occupancy	**General**	**General**	**General**	**General**	**General**	**General**	Senior	Senior	Senior
Common Area	**Yes**	No	**Yes**	**Yes**	No	No	**Yes**	**Yes**	**Yes**
Elevator	No	No	**Yes**	No	No	No	No	**Yes**	**Yes**
Program	No	**Yes**	No	No	No	No	No	No	No
Retail	No	No	**Yes**	**Yes**	No	No	No	No	No
Historic	**Yes**	**Yes**	**Yes**	**Yes**	No	No	No	No	No
Home Office	No	No	No	No	**Yes**	No	No	No	No
< 50 units	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	No	No
TOTAL	**6**	**6**	**9**	**8**	**3**	**3**	**2**	**2**	**2**
$/SF	$ 82.69	$ 113.48	$ 149.51	$ 138.24	$ 112.06	$ 116.39	$ 103.20	$ 83.08	$ 68.60
Rank $/SF	8th	4th	1st	2nd	5th	3rd	6th	7th	9th

Rank: 1st is highest cost

The cost rankings shown in the table track almost exactly with the number of non-shelter objectives being met at a development. The best example is Park Place, which has 9 of the 12 features affecting costs. This development involved gut rehab (including repair of fire damage) of a major downtown historic building, with a difficult site (grade change and abutter accommodations), general (not senior) occupancy, common areas, significant amounts of retail and office space, and fewer than 50 units. The building is at an especially prominent location in Burlington, and its restoration to productive use was regarded as critical to community development objectives.

The Bennington Arts (6 of 12 features) and Exner Block (8 of 12 features) developments have features like Park Place. They rank 2nd and 4th in cost/SF. The three senior developments (all new construction on previously undeveloped sites) are the least complicated to develop, and have the fewest features at 2 each. They rank 6th, 7th and 9th in $/SF. Lakeview, which ranks 8th in $/SF, has 6 of 12 features. Its relative lower costs are a function of one of the buildings needing only modest rehab, bringing the $/SF for the total development down significantly. Similarly Mill View, which ranks 3rd in $/SF despite having only 3 of the 12 features. However, the nature of the construction (on a steep hill, with 2 level units with balconies over flats) and low number of units in the development (12) explains its higher $/SF ranking.

Comparison of Square Foot (SF) Costs

The table on the following page provides a comparison of $/SF, in absolute and percentage terms. It includes a comparison with the estimated $/SF for new construction based on the R. S. Means *Square Foot Costs*.[4] It also compares costs for each development with the average $/SF of the nine properties as well as a comparison to the median $/SF. The average $/SF for the nine properties is $106.36, while the median is $112.06, the $/SF of the Richmond development. The highest cost development (Park Place) is about 1/3 higher in $/SF than median or mean. The lowest cost development (Maples) is about 1/3 lower than median or mean.

[4] Costs are for "average" construction of the appropriate building type, adjusted for attributes and location. Means does not provide equivalent estimates for rehab. The Means costs are adjusted up from hard costs only to capture an average soft cost, and permit reasonable comparison with actual $/SF to construct the 5 new developments.

COMPARISON OF SF COSTS

9 Housing Developments

Type	Name	$/SF (built)	$/SF (Means)	% of Means	% Median	% Average	% lowest
	Average $/sf	**$ 106.36**	**Median $/sf**	**$ 112.06**			
New/General	Mill View	$116.39	$111.46	104%	104%	109%	170%
New/General	Richmond	$112.06	$111.67	100%	100%	105%	163%
Rehab/Retail	Park Place	$149.51	NA	NA	133%	141%	218%
Rehab/Retail	Exner Block	$128.24	NA	NA	114%	121%	187%
Rehab/Retail	Bennington Arts	$113.48	NA	NA	101%	107%	165%
Rehab/Mixed	Lakeview	$82.69	NA	NA	74%	78%	121%
New/Senior	Homestead	$103.20	$90.30	114%	92%	97%	150%
New/Senior	Eagle Crest	$83.08	$91.33	91%	74%	78%	121%
New/Senior	Maples	$68.60	$92.42	74%	61%	64%	100%

Means is hard cost x 130% to capture soft costs

Interestingly the built and Means $/SF for the two general occupancy developments are essentially the same. By comparison the costs for the three senior developments vary from Means, both higher and lower.[5]

A more important analysis comes from the comparison of $/SF of developments compared with either the lowest possible cost (here the lowest priced senior new construction) or the median (or average) cost of properties built in Vermont with affordable housing objectives.[6] Because the number of developments analyzed is small, it is not possible to state with full assurance the premium associated with meeting special policies. However the following inferences are reasonable, given the state of the data:

[5] This variation is likely the result of specific attributes of these developments not captured in an "average" cost/SF of the Means cost estimation system.
[6] For purposes of this discussion, median and average are regarded as essentially the same, and referred to as "typical".

1. The typical development in $/SF involves new construction (general or senior occupancy) of small properties (15± units) with units sizes of 750>1000 sf each. Such development costs in the range of $110±/SF, inclusive of hard and soft costs.
2. As compared with typical costs, extensive rehabilitation of downtown historic properties including provisions for ground level retail increases $/SF by 20% to 40%.
3. As compared with typical costs, construction of large senior developments (50+ units) on uncomplicated sites yields costs ranging from 25% to 40% lower than the typical level.
4. Developments for general occupancy (new or rehab) will involve costs significantly higher than that for the lowest priced senior development, ranging from 20% to 120% higher in $/SF.
5. Almost without exception, meeting multiple public policy objectives increases costs, with each additional objective adding 10% or more to the cost of the lowest priced housing option.

Hard and Land Cost Details

Comparing costs between rehabilitation of existing properties and construction of new properties necessitates combining hard costs (which are the total of trades, builder general conditions, overhead and profit, and other construction-related costs) and land costs. On this basis there is a narrowing of the range of costs among of the nine developments, with the combination of hard and land costs ranging from $58/sf to $93/sf on eight properties. Park Place is considered a special case given the extent of non-housing space and costs, and its downtown Burlington location. Park Place hard and land costs are about $125/sf.

On this basis the three rehab properties are $62/sf, $88/sf and $91/sf. The new construction properties are $58/sf, $73/sf, $75/sf, $87/sf and $93/sf. Again the four lowest developments in costs are senior developments, while the four highest cost developments are general occupancy including two with retail uses. The clustering of $/SF (hard and land) by type of use is a good indication of plausible costs by intended purpose, when multiple objectives are being sought.[7]

[7] Because contractors tend to present cost information differently, comparisons of costs in the CSI categories found on the detailed table does not provide useful information. This is especially evident in the presentation of General Contractor cost components (General Conditions, Overhead & Profit, Payment and Performance Bonds, Insurance, Permits & Fees). However the total of General Contractor costs was well within industry standards, ranging from a low of 1.6% to a high of 12.3%. Eight of the nine developments had GC costs at 9% or less of total costs.

Soft Costs

The most significant component of soft costs for the nine developments is developer fee. The range is a low of 2.9% to a high of 12.5% of total costs. A better way to understand developer costs is the actual dollar amount. There is a basic set of activities to complete a transaction, regardless of the number of units being financed. Beyond these basic activities, the time involved in closing a transaction is more properly understood according to complexity of the development. Notwithstanding these realities, developer fees are subject to cost containment pressures. What typically results is that small deals involve developer "losses" or an effort to package several small properties into a larger deal in order to achieve a minimum economy of scale.

The actual costs of developer fees range from a low of $107,000 (16 units) to a high of $396,000 (34 units). The highest fee is for Park Place. Given its special characteristics, a better comparison is made among the other eight developments. The next highest fee after Park Place is $215k (51 units). The fees by numbers of units are: $107k (16), $110k (60), $115k (12), $123k (15), $125k (16), $175k (17), $190k (10), $215k (51) and $396k (34). This array of fees shows a clustering of cost to do a development at a minimum in the $125,000 range, with higher costs for developments with significant non-housing elements ($190k and $396k) or other factors. The two other highest development fees involved for-profit developers. The $110k fee for the 60 unit development is an apparent anomaly, especially given that this development involved a for-profit developer.

Financing

The table on the following page summarizes the sources of financing for the nine developments. Six developments have non-profit developers; the other three involve for-profit developers. The most significant feature of these data is the extent to which the non-profit developers are involved in multi-aspect developments. These developments receive significant grant funds and special debt structuring in order to achieve both affordable housing goals. Only one of the three for-profit developer properties involved grant funds; all six of the other properties had grant funds, up to 1/8 of the total budget. Similarly these properties made use of deferred debt arrangements (HOME, CDBG, and so on) up to nearly half of the total budget. All of these six had sources which made heavy use of syndication proceeds from allocation of Low-Income Housing Tax Credits, up to nearly 60% of budget. The use of special funding sources (notably grants) would appear to begin to equalize costs among types of development, with the special funding covering the costs of other "non-shelter" objectives, such as historic preservation. The developments which have many special objectives (such as Park Place, Exner Block and Bennington Arts, have from 30>50% of the costs covered by "special" financing sources, including grants and deferred debt. Indeed, of the non-profit developer properties, only Lakeview (at 12.5%) makes modest use of "special" financing. By comparison the for-profit development properties all much little use of "special" financing, at 3.2%, 4.6% and 14.9%. This bolsters the observation that special objectives beyond just shelter are typically met by special sources.

SUMMARY OF SOURCES, by %

Development	Type	Equity	DEBT Amortizing	Deferred*	Grants
Bennington Arts	General/retail	57.8%	1.2%	28.4%	12.6%
Exner Block	General/retail	49.7%	0.0%	42.2%	8.1%
Lakeview	General/seniors	32.5%	55.1%	6.0%	6.5%
Mill View	General	57.8%	8.7%	32.9%	0.5%
Park Place	General/retail	44.4%	27.0%	21.9%	6.7%
Richmond Village	General	35.2%	14.8%	44.5%	5.5%
Eagle Crest	Seniors	11.5%	85.2%	3.2%	0.0%
Homestead Greene	Seniors	28.0%	67.3%	4.6%	0.0%
Maples	Seniors	44.3%	40.8%	2.4%	12.5%

* Deferred includes Developer Fee deferral for three for-profit developers.

Conclusions

The purpose of this report is to determine what factors influence the costs of housing being developed in Vermont for populations meriting housing assistance, and to respond to questions about the reasonableness of those costs. Conclusions are drawn based on the nine illustrative developments, which represent the type of affordable housing activity currently undertaken with the involvement of VHFA. VHFA is the state's primary institutional mechanism to prompt affordable housing development.

The primary conclusions are follow:

- There is a considerable variation in the type of construction, size of units, occupant population, development configuration and special features of the housing developments. As a result, comparison of development costs *per unit* are less meaningful than comparing costs *per square foot*. The nine developments have a median $/SF of $112.06, with a range from $68.60 to $149.51. Simpler senior developments cluster at the lower end. New family construction and simpler gut rehab developments cluster in the middle range. Complicated historic rehab with commercial uses cluster at the higher end.
- As compared to development costs of affordable housing in other state, Vermont costs are quite reasonable. To the extent that matches can be identified between sample developments and the typical costs for development provided by national cost estimation firms such as R. S. Means, the costs are essentially the same. Some cost factors are below national norms, with A/E and Developer fees frequently below the percentages suggested and/or permitted by HUD for developments involving HUD financing.
- Newly constructed elderly housing developments, with relatively small unit sizes and less challenging development circumstances, have the lowest cost per square foot. Elderly projects cost as much as 40% less than the typical development, whether they are new construction or rehabilitation. This is attributable in large part to the three "senior only" developments all being

new construction, with two being the developments with the largest number of units. Costs per square foot will decrease when soft costs can be distributed across a larger unit base.

- When both new construction and rehab are involved, a good measure of comparison is the combination of hard (that is, construction) and land (that is, acquisition) costs. The combination of hard and land costs ranges (from $58/sf to $93/sf) on eight properties. New and rehabilitated projects occur at both ends of the range. Again, occupancy is the best best predictor of cost, with senior developments (new or rehab) at the lower end and general occupancy developments (new or rehab) at the higher end. The ninth property, Park Place, is considered a special case given the extent of non-housing space (about 1/3 of total) and its downtown Burlington location. Park Place hard and land costs are about $125/sf.

- Having multiple community development objectives (that is, adding objectives such as rehabilitating historic downtown buildings and/or abating environmental hazards to the fundamental purpose of creating shelter) can add up to 40% to the typical cost per square foot. Special funding sources and/or debt amortization plans are available and have been used in the sample developments to address such non-shelter objectives. These special sources appear to equalize costs between developments with "shelter-only" objectives and those that have multiple objectives.

The last of these conclusions merits some additional comment. There are several important social policies are being addressed in the higher cost developments. The most evident of these policies is preservation of significant existing buildings in downtown locations. When these properties are rehabilitated, hard costs are higher because of the nature of the buildings (size, historic significance) and location (complications in construction). A second objective is mixed use, including retail/commercial, office (including offices for home businesses) and arts. Even with tenant build-out completed by others, the costs of preparation of this space are high, especially if commercial space constitutes a large proportion of the development. A third objective is enabling seniors to "age in place" by providing supportive services in large developments for seniors, single-story structures and fully accessible dwelling units. Finally, Vermont is not a state with concentrated populations. As a result even its "large" developments (60± units) are modest in size by national standards. Most of the developments (6 of 9) have fewer than 20 units. While developments of this scale "fit" into Vermont communities, they are more costly to develop because essentially fixed soft costs are spread over a small unit base.

APPENDIX A

Detailed Information on Properties

Bennington Arts Housing, Bennington

Eagle Crest, Williston

Exner Block, Bellows Falls

Homestead Greene, North Bennington

Lakeview, Newport

Maples Senior Living Center, Rutland

Mill View, Burlington

Park Place, Burlington

Richmond Village, Richmond

COST ANALYSIS

BENNINGTON ARTS HOUSING

Bennington and North Bennington, VT

Artists; Display Space

Developer(s) Vermont Arts Exchange (VAE) and H.V. 1998, Inc.
Developer Type VAE is non-profit; HV is affiliate of Housing Vermont
Year Completed 1999
Builder Stewart Construction
A/E
Construction Type Rehab of existing MFD; Adpative Reuse (fire houses)
Total Cost $ 1,679,962
Other 14 of the units income restricted by LIHTC financing; HRC also awarded

			Net of Program
Total Units		15	
Cost/Unit	$	111,997	$ 100,574
Cost/SF	$	113.48	
Total Bldg SF		14804	% SF by use
Unit SF		12756	86.2%
Common Area SF		538	3.6%
Program SF		1510	10.2%

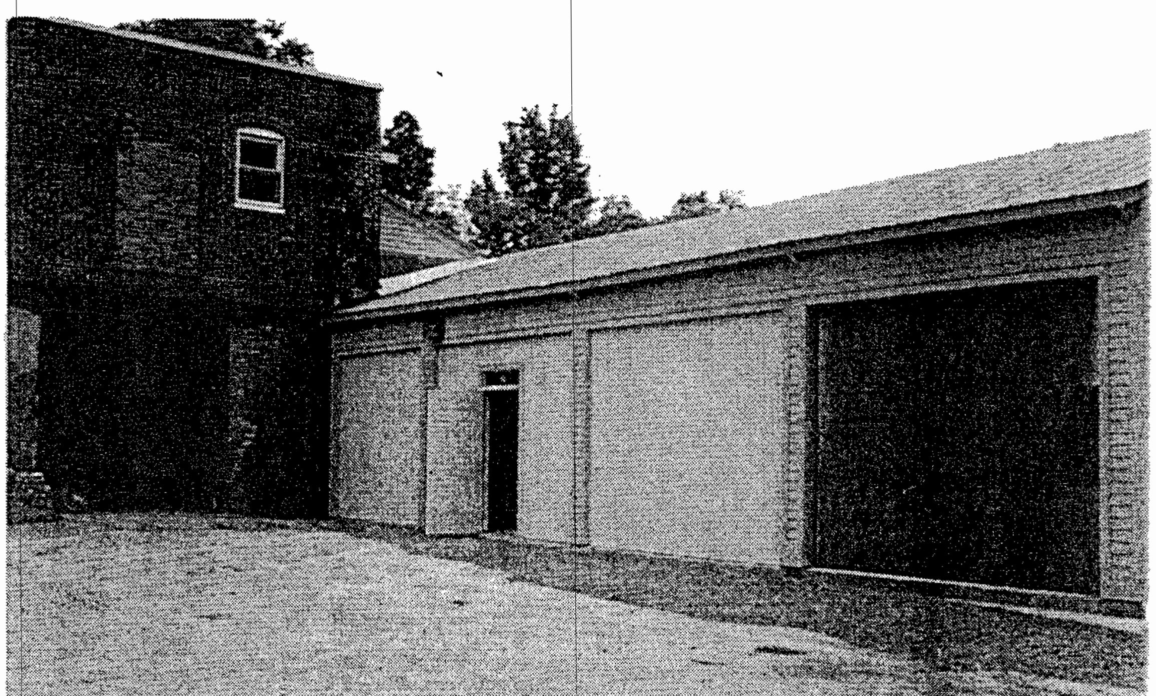
BUILDINGS

	Type #	SFD	Rowhouse 2	Walk-up 3	Elevator	Common Mechanical space and access
Unit Size in SF (average)			Bradford & Stark	Sage & BrickRow		
0 BR	450		2			
0 BR*accessible*						
1 BR	642		1	4		
1 BR*accessible*	674			1		
2 BR	866		1	2		
2 BR*accessible*						
3 BR						
3 BR*accessible*	1300		1			
4 BR	1092			3		
4 BR*accessible*						
TOTAL UNITS	15	0	5	10	0	

Note: Common includes mechanical space serving more than one unit. Program space is arts-oriented, 1st floor in former Fire Houses

Descriptive Information

Sources		Amount	%	Notes
Equity	$	995,000	57.8%	LIHTC credits
Debt	$	20,000	1.2%	Amortizing
VHCB Loan	$	210,000	12.2%	Deferred
HOME Loan	$	261,985	15.2%	Deferred
Lead Paint Loan	$	17,500	1.0%	Deferred
Feasibility Grant	$	6,360	0.4%	VHCB
Special Purpose Grant	$	100,000	5.8%	HUD
Preservation Grant	$	25,000	1.5%	Preservation Trust
AHP Grant	$	85,000	4.9%	FHLBB
TOTAL	$	1,720,845		



COST ANALYSIS

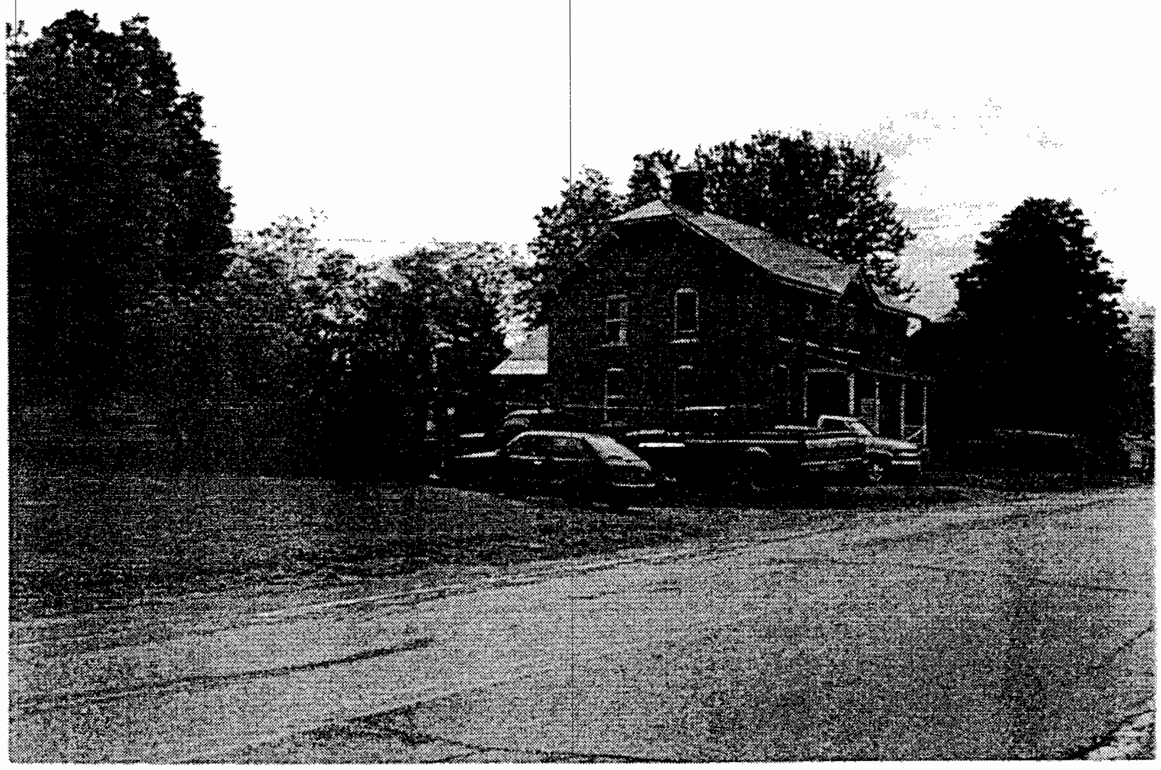
BENNINGTON ARTS HOUSING

Bennington and North Bennington, VT

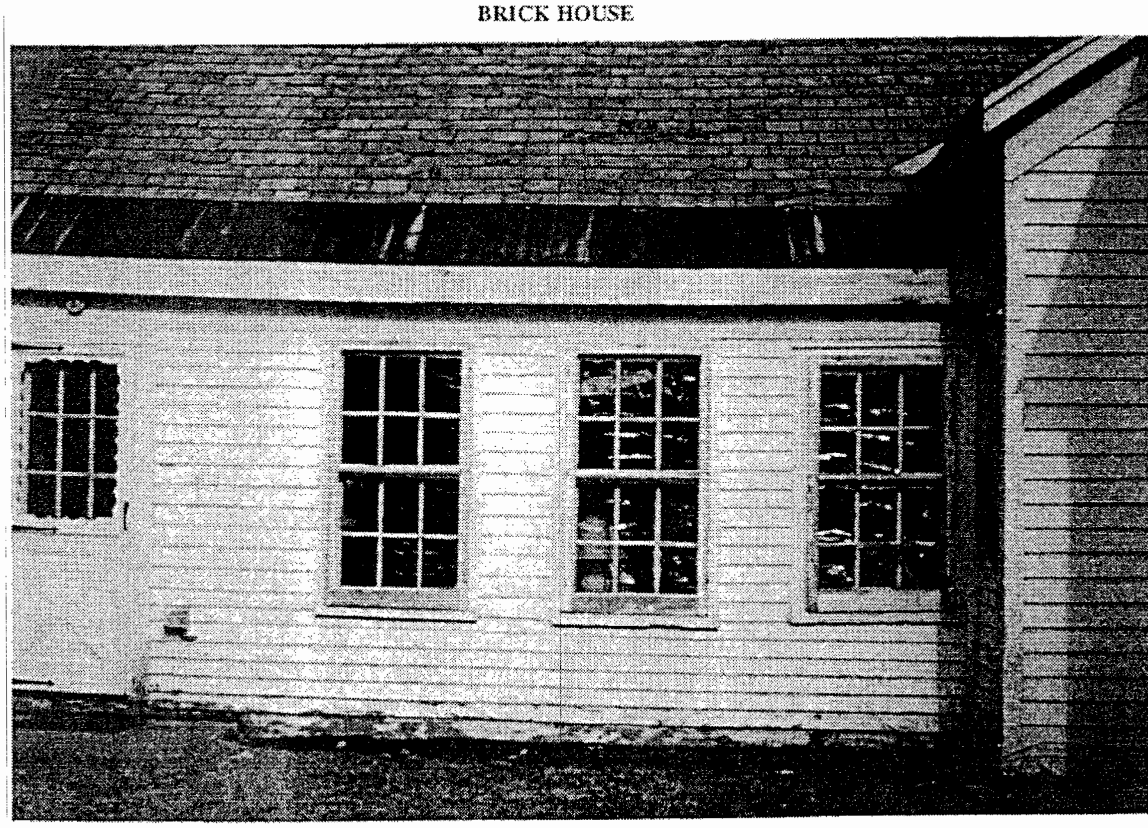
Artists; Display Space

	COST BREAKDOWN				
	Div	Activity	$/SF	% of Total	COST
CONSTRUCTION	ALL	Construction	$ -	0.0%	
	2	Site Work	$ 2.38	2.1%	$ 35,254
	3	Concrete	$ 0.54	0.5%	$ 8,038
	4	Masonry	$ 1.89	1.7%	$ 27,960
	5	Metals	$ 0.70	0.6%	$ 10,369
	6	Wood and Plastics	$ 7.10	6.3%	$ 105,151
	7	Thermal Protection	$ 2.11	1.9%	$ 31,176
	8	Doors & Windows	$ 3.79	3.3%	$ 56,065
	9	Finishes	$ 7.58	6.7%	$ 112,236
	10	Specialties	$ 0.43	0.4%	$ 6,400
	11	Equipment	$ 0.89	0.8%	$ 13,168
	12	Furnishings	$ -	0.0%	$ -
	13	Special Construct	$ -	0.0%	$ -
	14	Conveying	$ -	0.0%	$ -
	15	Mechanical	$ 16.26	14.3%	$ 240,687
	16	Electrical	$ 2.89	2.5%	$ 42,790
	SUB-TOTAL, ALL TRADES		$ 46.56	41.0%	$ 689,294
	Builder's General Conditions		$ 5.82	5.1%	$ 86,203
	Builder's Overhead & Profit		$ -	0.0%	
	P&P Bonds		$ 0.61	0.5%	$ 9,000
	Insurance		$ -	0.0%	
	Permits and Fees		$ 0.20	0.2%	$ 3,016
	Change Orders		$ 4.00	3.5%	$ 59,266
	Other Builder Costs (describe)		$ -	0.0%	
		Contingency	$ 0.49	0.4%	$ 7,283
	TOTAL, CONSTRUCTION		$ 57.69	50.8%	$ 854,063
LAND COSTS	Purchase		$ 28.24	24.9%	$ 418,000
	Special Site Studies		$ -	0.0%	
	Demolition		$ -	0.0%	
	Hazardous Material Abatement		$ 1.87	1.6%	$ 27,681
	Extraordinary Site Costs		$ -	0.0%	
	Other	Rent Loss	$ 0.66	0.6%	$ 9,809
			$ -	0.0%	
	TOTAL, LAND		$ 30.77	27.1%	$ 455,490
SOFT COSTS	A&E	with Clerk of Works	$ 5.77	5.1%	$ 85,410
	Legal	with accounting	$ 0.99	0.9%	$ 14,728
	Title	tax, recording	$ 0.22	0.2%	$ 3,191
	Consultants	Listed below	$ 2.75	2.4%	$ 40,655
	Insurance & Taxes		$ 1.15	1.0%	$ 17,068
	Interest	with principal	$ 1.61	1.4%	$ 23,797
	Fees		$ 1.02	0.9%	$ 15,055
	Marketing/Leasing		$ -	0.0%	
	Developer Fee		$ 8.30	7.3%	$ 122,813
	Other	Relocation,I/E,contingency	$ 0.45	0.4%	$ 6,692
		Arts Programming	$ 2.77	2.4%	$ 41,000
	TOTAL, SOFT COSTS		$ 25.02	22.0%	$ 370,409
				TOTAL PROJECT COST	$ 1,679,962

Consultants: appraisal, construction estimate/inspection, environmental/LBP/ACM assessment, energy audit, historic



BRICK HOUSE



SAGE

COST ANALYSIS

EAGLE CREST (aka Blair Apartments)
Williston, VT
Seniors

Developer Entity	Yandow/Dousevicz
Developer Type	For Profit
Year Completed	2000
Builder	Yandow/Dousevicz
A/E	Rabideau Architects, Inc.
Construction Type	New
Total Cost	**$ 3,763,613**
Other	14 units LIHTC; 17 units VHFA restricted; 29 units market-rate

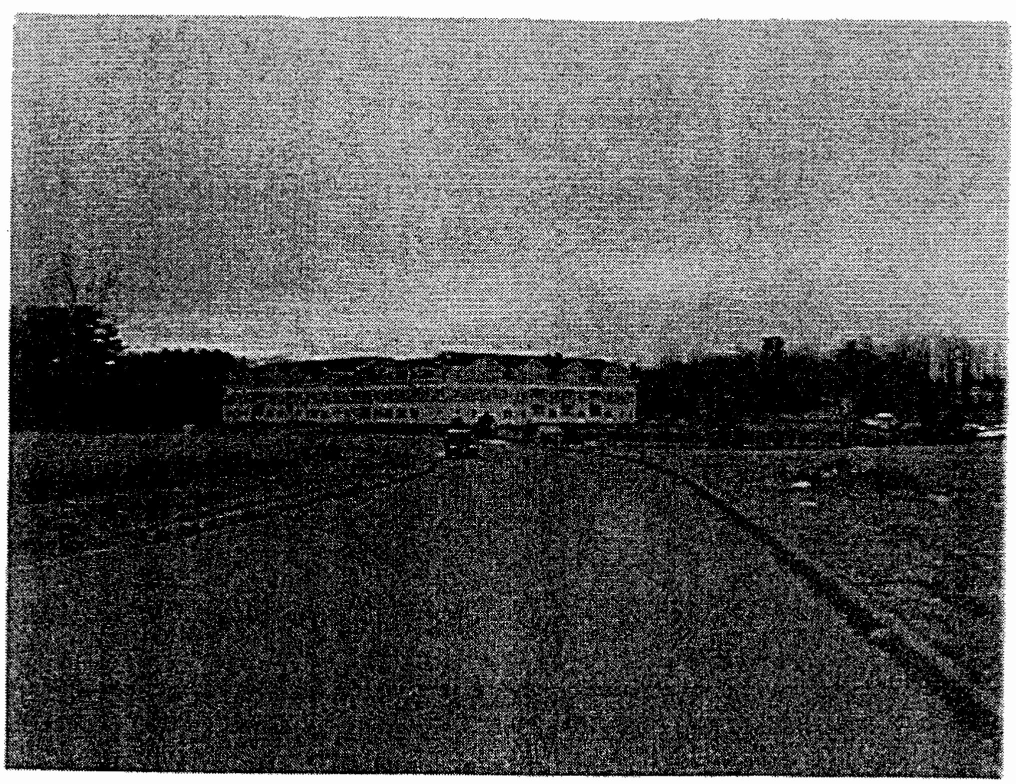
Total Units	**60**	
Cost/Unit	**$ 62,727**	
Cost/SF	**$ 83.08**	
Total Bldg SF	**45302**	% SF by use
Unit SF	36288	80.1%
Common Area SF	9014	19.9%
Retail SF	0	0.0%

BUILDINGS

Type / # / *Unit Size in SF* (average)		SFD	Townhouse	Walk-up	Elevator	Common
#					1	Large first floor area Halls+ upper
0 BR						
0 BR*accessible*						
1 BR	537				40	
1 BR*accessible*						
2 BR	740				20	
2 BR*accessible*						
3 BR						
3 BR*accessible*						
4 BR						
4 BR*accessible*						
TOTAL UNITS	**60**	0	0	0	60	

Descriptive Information

Sources	Amount	%	Notes
Equity	$ 432,975	11.5%	LIHTC credits
Debt	$ 3,200,000	85.2%	1st mortgage
Deferred Fee	$ 121,659	3.2%	Developer
TOTAL	**$ 3,754,634**		



COST ANALYSIS

EAGLE CREST (aka Blair Apartments)

Williston, VT

Seniors

COST BREAKDOWN

	Div	Activity	$/SF	% of Total	COST
CONSTRUCTION	ALL	Construction	$ -	0.0%	
	2	Site Work	$ 4.41	5.3%	$ 200,000
	3	Concrete	$ 5.52	6.6%	$ 250,000
	4	Masonry	$ -	0.0%	
	5	Metals	$ 2.30	2.8%	$ 104,000
	6	Wood and Plastics	$ 15.78	19.0%	$ 715,000
	7	Thermal Protection	$ 1.85	2.2%	$ 84,000
	8	Doors & Windows	$ 3.44	4.1%	$ 156,000
	9	Finishes	$ 8.45	10.2%	$ 383,000
	10	Specialties	$ 0.68	0.8%	$ 31,000
	11	Equipment	$ 1.79	2.2%	$ 81,000
	12	Furnishings	$ 1.10	1.3%	$ 50,000
	13	Special Construct	$ -	0.0%	
	14	Conveying	$ 0.82	1.0%	$ 37,000
	15	Mechanical	$ 9.18	11.1%	$ 416,000
	16	Electrical	$ 5.08	6.1%	$ 230,000
	SUB-TOTAL, ALL TRADES		$ 60.42	72.7%	$ 2,737,000
	Builder's General Conditions		$ 3.60	4.3%	$ 163,000
	Builder's Overhead & Profit		$ -	0.0%	
	P&P Bonds		$ -	0.0%	
	Insurance		$ -	0.0%	
	Permits and Fees		$ 1.33	1.6%	$ 60,298
	Change Orders		$ 1.30	1.6%	$ 59,000
	Other Builder Costs (d	contingency	$ -	0.0%	
			$ -	0.0%	
	TOTAL, CONSTRUCTION		$ 66.65	80.2%	$ 3,019,298
LAND COSTS	Purchase		$ 7.10	8.5%	$ 321,469
	Special Site Studies		$ -	0.0%	
	Demolition		$ -	0.0%	
	Hazardous Material Abatement		$ -	0.0%	
	Extraordinary Site Costs		$ -	0.0%	
	Other		$ -	0.0%	
			$ -	0.0%	
	TOTAL, LAND		$ 7.10	8.5%	$ 321,469
SOFT COSTS	A&E		$ 1.32	1.6%	$ 60,000
	Legal	with accounting	$ 0.22	0.3%	$ 10,000
	Title		$ 0.17	0.2%	$ 7,897
	Consultants		$ 0.97	1.2%	$ 43,771
	Insurance & Taxes		$ 0.35	0.4%	$ 15,950
	Interest	with principal	$ 1.77	2.1%	$ 80,000
	Fees	includes organizational	$ 1.19	1.4%	$ 53,899
	Marketing/Leasing		$ 0.19	0.2%	$ 8,500
	Developer Fee		$ 2.42	2.9%	$ 109,829
	Other	rent-up reserve	$ 0.73	0.9%	$ 33,000
			$ -	0.0%	
	TOTAL, SOFT COSTS		$ 9.33	11.2%	$ 422,846
				TOTAL PROJECT COST	**$ 3,763,613**

Consultants: appraisal, construction estimate/inspection, environmental/LBP/ACM assessment, market study

COST ANALYSIS

THE EXNER BLOCK

Bellows Falls, VT

Artists; Comercial Storefronts

Developer Entity	Rockingham Area Community Land Trust (RACLT) and H.V 1999, Inc	**Total Units**	**10** / *Net of Retail*
Developer Type	RACLT is non-profit; HV is affiliate of Housing Vermont	**Cost/Unit**	**$ 161,596** / *$ 129,762*
Year Completed	Under construction as of March 2000	**Cost/SF**	**$ 128.24**
Builder		**Total Bldg SF**	**12601** / % SF by use
A/E	Danny Freshee	Unit SF	7676 / 60.9%
Construction Type	New Rehab New & Rehab Adpative Reuse	Common Area SF	2441 / 19.4%
Total Cost	**$ 1,615,962**	Retail SF	2484 / 19.7%

Other 8 units LIHTC, of which 3 HOME. 2 units market-rate. Historic credits allocated.
Construction of bridge, parking, island improvements seaparte. Estimate

BUILDINGS

	Type / # / *Unit Size in SF* (average)	SFD	Townhouse	Walk-up 1	Elevator	Common (Halls, stairs, laundry HC restroom, porch)
0 BR						
0 BR*accessible*						
1 BR	703			9		
1 BR*accessible*						
2 BR						
2 BR*accessible*	1353			1		
3 BR						
3 BR*accessible*						
4 BR						
4 BR*accessible*						
TOTAL UNITS	10	0	0	10	0	

NOTE: 2 BR includes studio space, common area includes porch.

Descriptive Information

Sources	Amount	%	Notes
Equity	$ 966,000	49.7%	LIHTC credits
CDBG Loan	$ 419,000	21.6%	Deferred
VHCB Loan	$ 180,000	9.3%	Deferred
HOME Loan	$ 185,000	9.5%	Deferred
Lead Paint Loan	$ 35,000	1.8%	Deferred
Energy Grant	$ 10,000	0.5%	VHCB
Special Purpose Grant	$ 148,000	7.6%	HUD
TOTAL	$ 1,943,000		

COST ANALYSIS

THE EXNER BLOCK

Bellows Falls, VT

Artists; Comercial Storefronts

	Div	Activity	$/SF	% of Total	COST
		COST BREAKDOWN			
CONSTRUCTION	ALL	Construction	$ -	0.0%	
	2	Site Work + demo	$ 6.38	5.0%	$ 80,447
	3	Concrete	$ 0.23	0.2%	$ 2,864
	4	Masonry	$ 0.16	0.1%	$ 1,981
	5	Metals	$ 1.46	1.1%	$ 18,446
	6	Wood and Plastics	$ 6.89	5.4%	$ 86,789
	7	Thermal Protection	$ 3.65	2.8%	$ 46,039
	8	Doors & Windows	$ 4.04	3.2%	$ 50,911
	9	Finishes	$ 11.58	9.0%	$ 145,858
	10	Specialties	$ 0.26	0.2%	$ 3,246
	11	Equipment	$ 0.79	0.6%	$ 9,929
	12	Furnishings	$ 1.65	1.3%	$ 20,829
	13	Special (Island NIC)	$ -	0.0%	
	14	Conveying	$ -	0.0%	
	15	Mechanical	$ 15.28	11.9%	$ 192,540
	16	Electrical	$ 5.95	4.6%	$ 75,000
	SUB-TOTAL, ALL TRADES		$ 58.32	45.5%	$ 734,879
	Builder's General Conditions		$ 7.27	5.7%	$ 91,589
	Builder's Overhead & Profit		$ 7.65	6.0%	$ 96,430
	P&P Bonds	with insurance	$ 0.62	0.5%	$ 7,831
	Insurance		$ -	0.0%	
	Permits and Fees		$ 0.83	0.6%	$ 10,424
	Change Orders		$ -	0.0%	
	Other Builder Costs (d	preconstruction maintenance	$ 0.44	0.3%	$ 5,500
		contingency	$ 10.48	8.2%	$ 132,027
	TOTAL, CONSTRUCTION		$ 85.60	66.8%	$ 1,078,680
LAND COSTS	Purchase		$ 2.38	1.9%	$ 30,000
	Special Site Studies		$ -	0.0%	
	Demolition		$ 0.40	0.3%	$ 5,000
	Hazardous Material Abatement		$ 2.50	2.0%	$ 31,553
	Extraordinary Site Costs		$ -	0.0%	
	Other		$ -	0.0%	
			$ -	0.0%	
	TOTAL, LAND		$ 5.28	4.1%	$ 66,553
SOFT COSTS	A&E	with Clerk of Works	$ 9.90	7.7%	$ 124,713
	Legal	with accounting	$ 0.99	0.8%	$ 12,500
	Title		$ 0.32	0.2%	$ 4,000
	Consultants		$ 4.13	3.2%	$ 52,000
	Insurance & Taxes		$ 0.60	0.5%	$ 7,500
	Interest	with principal	$ 2.95	2.3%	$ 37,200
	Fees		$ 0.35	0.3%	$ 4,355
	Marketing/Leasing	small business dev	$ 0.79	0.6%	$ 10,000
	Developer Fee		$ 15.12	11.8%	$ 190,462
	Other	working capital	$ 1.59	1.2%	$ 20,000
		contingency	$ 0.63	0.5%	$ 7,999
	TOTAL, SOFT COSTS		$ 37.36	29.1%	$ 470,729
				TOTAL PROJECT COST	$ 1,615,962

Consultants: appraisal, environmental/LBP/ACM assessment, development, market study

COST ANALYSIS

HOMESTEAD GREENE

North Bennington, VT

Senor

Developer Entity	North Bennington II Ltd Partnership
Developer Type	For profit (Jack Heaton and Frank Murphy)
Year Completed	1999
Builder	Cheshire Builders
A/E	Timothy D. Smith & Associates, Inc.
Construction Type	New
Total Cost	$ 1,397,000
Other	4% LIHTC; all units covered

Total Units	17	
Cost/Unit	$ 82,176	
Cost/SF	$ 103.20	
Total Bldg SF	13537	% SF by use
Unit SF	12716	93.9%
Common Area SF	821	6.1%
Retail SF	0	0.0%

BUILDINGS

	Type # *Unit Size in SF* (average)	SFD	Townhouse 4 single story	Walk-up	Elevator	Common
0 BR						
0 BR*accessible*						
1 BR	748		17			
1 BR*accessible*						
2 BR						
2 BR*accessible*						
3 BR						
3 BR*accessible*						
4 BR						
4 BR*accessible*						
TOTAL UNITS	17	0	17	0	0	

Descriptive Information

Sources		Amount	%	Notes
Equity	$	414,050	28.0%	LIHTC credits
Debt	$	994,500	67.3%	1st mortgage
Deferred Fee	$	68,331	4.6%	Developer
TOTAL	$	1,476,881		

COST ANALYSIS

HOMESTEAD GREENE

North Bennington, VT

Senor

COST BREAKDOWN					
	Div Activity		$/SF	% of Total	COST
CONSTRUCTION	ALL	Construction	$ -	0.0%	
	2	Site Work	$ 14.88	14.4%	$ 201,489
	3	Concrete	$ 5.06	4.9%	$ 68,437
	4	Masonry	$ -	0.0%	
	5	Metals	$ -	0.0%	
	6	Wood and Plastics	$ 11.35	11.0%	$ 153,696
	7	Thermal Protection	$ 5.31	5.1%	$ 71,893
	8	Doors & Windows	$ 2.15	2.1%	$ 29,050
	9	Finishes	$ 6.30	6.1%	$ 85,272
	10	Specialties	$ 0.55	0.5%	$ 7,392
	11	Equipment	$ 0.85	0.8%	$ 11,565
	12	Furnishings	$ 1.77	1.7%	$ 23,920
	13	Special Construct	$ -	0.0%	
	14	Conveying	$ -	0.0%	
	15	Mechanical	$ 6.84	6.6%	$ 92,556
	16	Electrical	$ 4.88	4.7%	$ 66,111
	SUB-TOTAL, ALL TRADES		$ 59.94	58.1%	$ 811,381
	Builder's General Conditions		$ 4.14	4.0%	$ 56,071
	Builder's Overhead & Profit		$ 5.13	5.0%	$ 69,396
	P&P Bonds		$ -	0.0%	
	Insurance		$ -	0.0%	
	Permits and Fees		$ 1.44	1.4%	$ 19,500
	Change Orders		$ 0.33	0.3%	$ 4,500
	Other Builder Costs (describe)		$ -	0.0%	
			$ -	0.0%	
	TOTAL, CONSTRUCTION		$ 70.98	68.8%	$ 960,848
LAND COSTS	Purchase		$ 4.06	3.9%	$ 55,000
	Special Site Studies		$ -	0.0%	
	Demolition		$ -	0.0%	
	Hazardous Material Abatement		$ -	0.0%	
	Extraordinary Site Costs		$ -	0.0%	
	Other		$ -	0.0%	
			$ -	0.0%	
	TOTAL, LAND		$ 4.06	3.9%	$ 55,000
SOFT COSTS	A&E		$ 6.98	6.8%	$ 94,452
	Legal	with accounting	$ 1.32	1.3%	$ 17,804
	Title		$ -	0.0%	
	Consultants		$ 0.55	0.5%	$ 7,484
	Insurance		$ 0.17	0.2%	$ 2,250
	Interest		$ 2.30	2.2%	$ 31,181
	Fees		$ 2.40	2.3%	$ 32,474
	Marketing/Leasing		$ -	0.0%	
	Developer Fee		$ 12.93	12.5%	$ 175,000
	Other	working capital	$ 1.51	1.5%	$ 20,507
			$ -	0.0%	
	TOTAL, LAND		$ 28.16	27.3%	$ 381,152
				TOTAL PROJECT COST	$ 1,397,000

Consultants: construction inspection, environmental assessment, market study

COST ANALYSIS

LAKEVIEW HOUSING

Newport, VT

MIXED

Developer Entity	Gilman Housing Trust and H.V. 1998, Inc.
Developer Type	Gilman Housing Trust is non-profit; HV is affiliate of Housing Vermont
Year Completed	1999
Builder	
A/E	Olivia Beleau (GHT staff designer)
Construction Type	Rehab
Total Cost	$ 1,374,619
Other	All units LIHTC; serves elderly, disabled, and families

Total Units	16	
Cost/Unit	$ 85,914	
Cost/SF	$ 82.69	
Total Bldg SF	**16624**	% SF by use
Unit SF	12831	77.2%
Common Area SF	3793	22.8%
Retail SF	0	0.0%

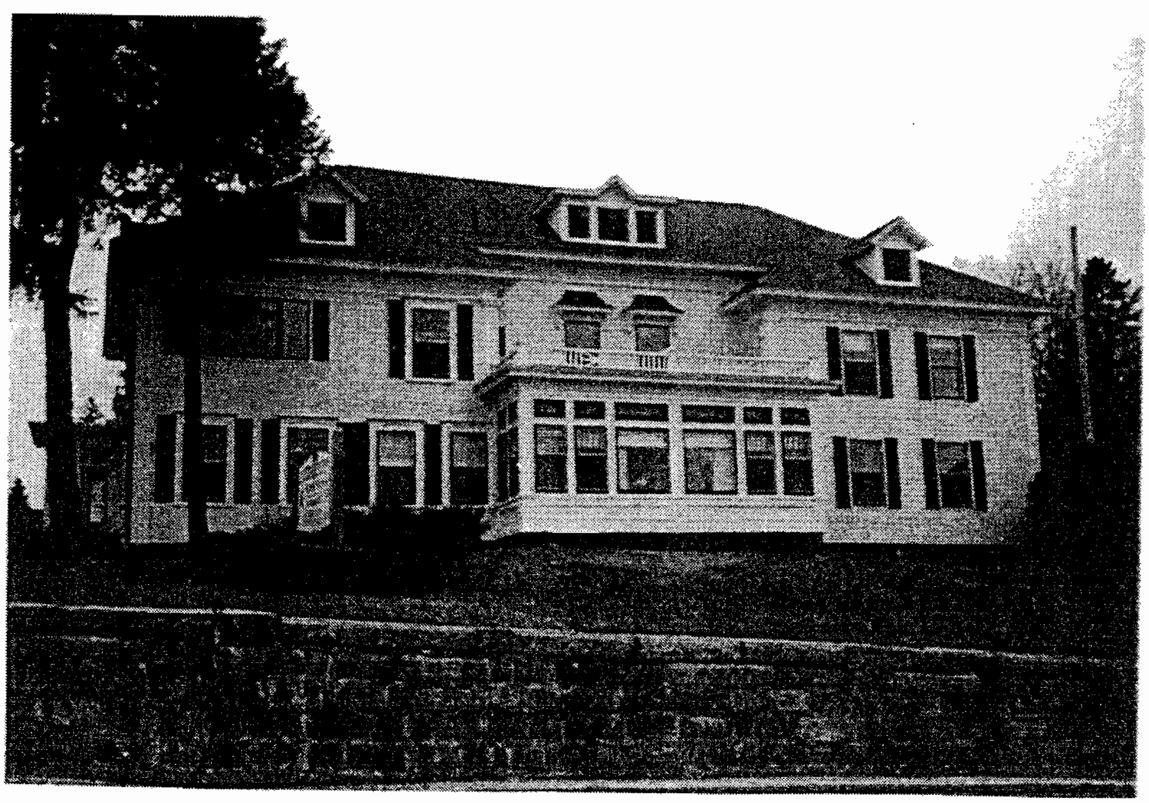
BUILDINGS

Type # *Unit Size in SF* (average)		SFD	Townhouse	Walk-up	Elevator	Common
				1		
0 BR	489			2		
0 BR*accessible*						
1 BR	790			9		
1 BR*accessible*						
2 BR	742			2		
2 BR*accessible*						
3 BR	1013			3		
3 BR*accessible*						
4 BR						
4 BR*accessible*						
TOTAL UNITS	16	0	0	16	0	

NOTE: Common includes porch/stairs at Highland; hall/stairs Prouty; xxx at mk; M&E all.

Descriptive Information

Sources		Amount	%	Notes
Equity	$	471,000	32.5%	LIHTC credits
VHCB Loan	$	86,405	6.0%	Deferred
Rural Development Sec 515 Loan	$	800,000	55.1%	Amortizing
Energy Grant	$	8,000	0.6%	REEP
Feasibility Grant	$	5,700	0.4%	VHCB
AHP Grant	$	80,000	5.5%	FHLBB
TOTAL	$	1,451,105		



COST ANALYSIS

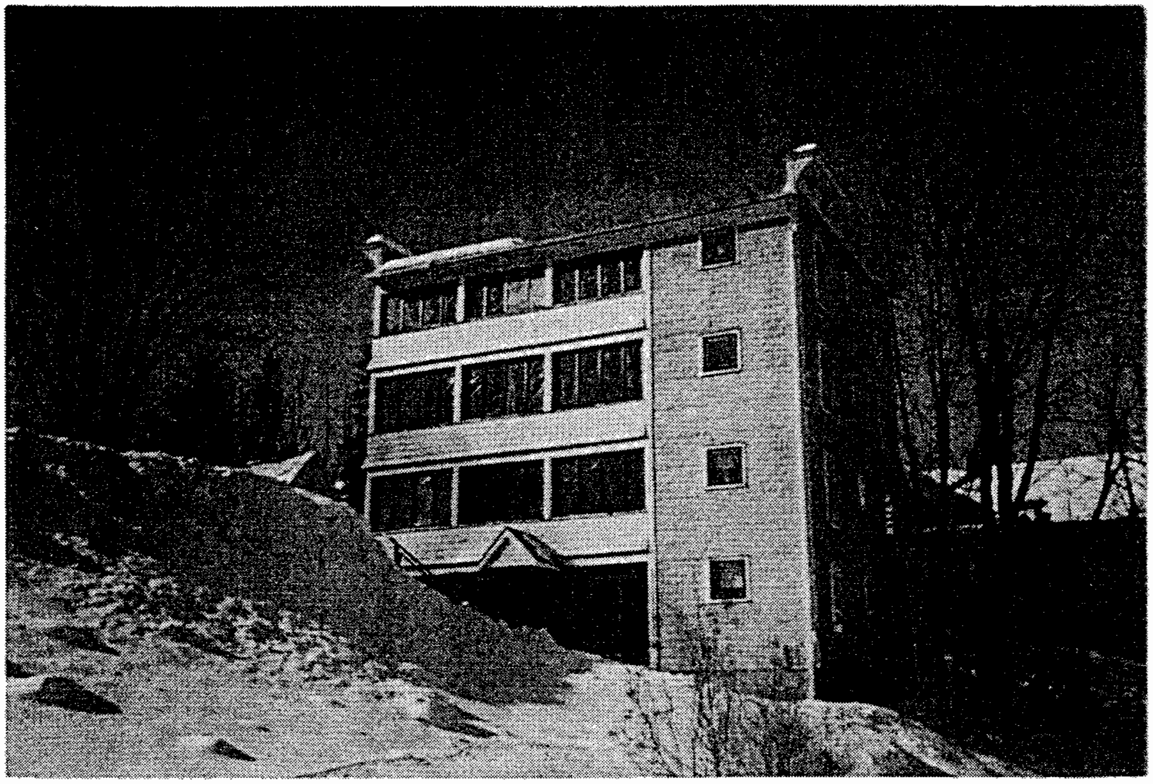
LAKEVIEW HOUSING

Newport, VT

MIXED

COST BREAKDOWN					
	Div	Activity	$/SF	% of Total	COST
CONSTRUCTION	ALL	Construction	$ -	0.0%	
	2	Site Work	$ 0.82	1.0%	$ 13,600
	3	Concrete	$ 0.55	0.7%	$ 9,200
	4	Masonry	$ -	0.0%	
	5	Metals	$ 0.31	0.4%	$ 5,100
	6	Wood and Plastics	$ 4.39	5.3%	$ 72,924
	7	Thermal Protection	$ 2.47	3.0%	$ 41,100
	8	Doors & Windows	$ 5.02	6.1%	$ 83,480
	9	Finishes	$ 4.11	5.0%	$ 68,241
	10	Specialties	$ 1.23	1.5%	$ 20,450
	11	Equipment	$ 1.56	1.9%	$ 25,895
	12	Furnishings	$ 0.99	1.2%	$ 16,388
	13	Special Construct	$ -	0.0%	
	14	Conveying	$ -	0.0%	
	15	Mechanical	$ 8.13	9.8%	$ 135,108
	16	Electrical	$ 2.04	2.5%	$ 33,925
	SUB-TOTAL, ALL TRADES		**$ 31.61**	**38.2%**	**$ 525,411**
	Builder's General Conditions		$ 1.31	1.6%	$ 21,709
	Builder's Overhead & Profit		$ -	0.0%	
	P&P Bonds		$ -	0.0%	
	Insurance		$ -	0.0%	
	Permits and Fees		$ -	0.0%	
	Change Orders		$ 8.67	10.5%	$ 144,139
	Other Builder Costs (d	demolition	$ 1.52	1.8%	$ 25,300
		contingency	$ -	0.0%	
	TOTAL, CONSTRUCTION		**$ 43.11**	**52.1%**	**$ 716,559**
LAND COSTS	Purchase		$ 18.30	22.1%	$ 304,205
	Special Site Studies		$ -	0.0%	
	Demolition		$ -	0.0%	
	Hazardous Material Abatement		$ -	0.0%	
	Extraordinary Site Costs		$ -	0.0%	
	Other	rent loss	$ 0.06	0.1%	$ 920
			$ -	0.0%	
	TOTAL, LAND		**$ 18.35**	**22.2%**	**$ 305,125**
SOFT COSTS	A&E	with clerk of works	$ 4.46	5.4%	$ 74,172
	Legal	with accounting	$ 0.87	1.1%	$ 14,455
	Title		$ 0.19	0.2%	$ 3,094
	Consultants		$ 1.11	1.3%	$ 18,422
	Insurance & Taxes		$ 0.96	1.2%	$ 15,884
	Interest		$ 2.01	2.4%	$ 33,475
	Fees		$ 1.93	2.3%	$ 32,088
	Marketing/Leasing		$ 0.03	0.0%	$ 420
	Developer Fee		$ 7.52	9.1%	$ 125,000
	Other	relocation	$ 0.68	0.8%	$ 11,285
		bank, working capital	$ 1.48	1.8%	$ 24,640
	TOTAL, SOFT COSTS		**$ 21.23**	**25.7%**	**$ 352,935**
				TOTAL PROJECT COST	**$ 1,374,619**

Consultants: construction inspection, environmental assessment, market study



HIGHLAND

FIELD

COST ANALYSIS

MAPLES SENIOR LIVING CENTER

Rutland, VT

Seniors

Developer Entity	Green Mountain Develoment Group
Developer Type	John Giebink and Charles Brush (for profit)
Year Completed	1999
Builder	DEW Construction
A/E	J. Graham Goldsmith, Architect P.C.
Construction Type	New
Total Cost	$ 3,976,121
Other	36 units LIHTC; 15 units market-rate?
	Health+ component by Rutland Area Visiting Nurse Association & Hospice

Total Units	**51**	
Cost/Unit	**$ 77,963**	
Cost/SF	**$ 68.60**	
Total Bldg SF	**57960**	% SF by use
Unit SF	34035	58.7%
Common Area SF	23925	41.3%
Retail SF	0	0.0%

BUILDINGS

	Type / # / *Unit Size in SF* (average)	SFD	Townhouse	Walk-up	Elevator 1	Common Lower level for Phases I++
0 BR						
0 BR*accessible*						
1 BR	625				42	
1 BR*accessible*						
2 BR	865				9	
2 BR*accessible*						
3 BR						
3 BR*accessible*						
4 BR						
4 BR*accessible*						
TOTAL UNITS	51	0	0	0	51	

NOTE. Lower level has dining area, kitchen, activity spaces and storage. plus M&E spaces. Enter on middle level, with offices

Descriptive Information

Sources	Amount	%	Notes
Equity	$ 1,788,700	44.3%	LIHTC credits
Debt	$ 1,650,000	40.8%	1st mortgage
VCDP	$ 504,000	12.5%	Grant
Deferred Fee	$ 97,300	2.4%	Developer
TOTAL	**$ 4,040,000**		

COST ANALYSIS

MAPLES SENIOR LIVING CENTER

Rutland, VT

Seniors

COST BREAKDOWN							
	Div	Activity	$/SF		% of Total	COST	
CONSTRUCTION	ALL	Construction	$	-	0.0%		
	2	Site Work	$	7.07	10.3%	$	409,638
	3	Concrete	$	2.47	3.6%	$	143,200
	4	Masonry	$	-	0.0%		
	5	Metals	$	0.29	0.4%	$	16,680
	6	Wood and Plastics	$	9.03	13.2%	$	523,285
	7	Thermal Protection	$	2.57	3.7%	$	148,890
	8	Doors & Windows	$	2.67	3.9%	$	154,800
	9	Finishes	$	6.59	9.6%	$	382,160
	10	Specialties	$	0.52	0.8%	$	30,270
	11	Equipment	$	-	0.0%		
	12	Furnishings	$	3.69	5.4%	$	214,064
	13	Special Construct	$	-	0.0%		
	14	Conveying	$	0.66	1.0%	$	38,290
	15	Mechanical	$	6.59	9.6%	$	382,225
	16	Electrical	$	3.71	5.4%	$	214,760
	SUB-TOTAL, ALL TRADES		$	45.86	66.9%	$	2,658,262
	Builder's General Conditions		$	2.68	3.9%	$	155,200
	Builder's Overhead & Profit		$	2.76	4.0%	$	160,000
	P&P Bonds		$	0.29	0.4%	$	16,700
	Insurance		$	-	0.0%		
	Permits and Fees		$	-	0.0%		
	Change Orders		$	0.66	1.0%	$	38,213
	Other Builder Costs (d construction mgt		$	1.73	2.5%	$	100,000
			$	-	0.0%		
	TOTAL, CONSTRUCTION		$	53.97	78.7%	$	3,128,375
LAND COSTS	Purchase		$	3.52	5.1%	$	204,000
	Special Site Studies		$	-	0.0%		
	Demolition		$	-	0.0%		
	Hazardous Material Abatement		$	-	0.0%		
	Extraordinary Site Costs		$	-	0.0%		
	Other		$	-	0.0%		
			$	-	0.0%		
	TOTAL, LAND		$	3.52	5.1%	$	204,000
SOFT COSTS	A&E		$	1.43	2.1%	$	82,918
	Legal	with accounting	$	0.75	1.1%	$	43,564
	Title		$	0.04	0.1%	$	2,550
	Consultants		$	0.61	0.9%	$	35,589
	Insurance & Taxes		$	0.17	0.2%	$	9,875
	Interest		$	0.34	0.5%	$	19,620
	Fees		$	2.17	3.2%	$	125,807
	Marketing/Leasing		$	0.41	0.6%	$	23,970
	Developer Fee		$	3.70	5.4%	$	214,630
	Other	contingency	$	0.33	0.5%	$	19,223
		working capital/reserves	$	1.14	1.7%	$	66,000
	TOTAL, LAND		$	11.11	16.2%	$	643,746
					TOTAL PROJECT COST	$	3,976,121

Consultants: syndication

COST ANALYSIS

MILL VIEW HOUSING

Burlington, VT

Family

Developer Entity Lake Champlain Housing Development Corp & H.V 1999, Inc.
Developer Type LCHDC is non-profit; HV is affiliate of Housing Vermont
Year Completed 2000
Builder J. A. Morrissey, Inc.
A/E Arnold and Scangas Architecture; Champlain Consulting Eng; Dubois & King
Construction Type New
Total Cost $ 1,321,266
Other

Total Units	12	
Cost/Unit	$ 110,106	
Cost/SF	$ 116.39	
Total Bldg SF	**11352**	% SF by use
Unit SF	10644	93.8%
Common Area SF	708	6.2%
Retail SF	0	0.0%

BUILDINGS

	Type	SFD	Townhouse	Walk-up	Elevator	Common
	#		1			
	Unit Size in SF (average)		all individual entries			
0 BR						
0 BR*accessible*						
1 BR	520		4			
1 BR*accessible*	560		2			
2 BR	1170		4			
2 BR*accessible*						
3 BR	1382		2			
3 BR*accessible*						
4 BR						
4 BR*accessible*						
TOTAL UNITS	12	0	12	0	0	

NOTE: 2BR & 3 BR SF includes balcony; common is mechanical room and covered entries to upper units.

Descriptive Information

Sources	Amount	%	Notes
Equity	$ 760,399	57.8%	LIHTC credits
Debt	$ 115,000	8.7%	Amortizing
Burlington HTF Loan	$ 50,000	3.8%	Deferred
HOME Loan	$ 133,000	10.1%	Deferred
VHCB Loan	$ 240,000	18.2%	Deferred
Agency of Natural Resoruces Loan	$ 10,000	0.8%	Amortizing
Energy Incentives Grant	$ 7,000	0.5%	
TOTAL	$ 1,315,399		

COST ANALYSIS

MILL VIEW HOUSING

Burlington, VT

Family

COST BREAKDOWN

	Div	Activity	$/SF	% of Total	COST
CONSTRUCTION	ALL	Construction	$ -	0.0%	
	2	Site Work	$ 11.23	9.6%	$ 127,480
	3	Concrete	$ 3.06	2.6%	$ 34,700
	4	Masonry	$ -	0.0%	
	5	Metals	$ -	0.0%	
	6	Wood and Plastics	$ 14.27	12.3%	$ 161,940
	7	Thermal Protection	$ 3.94	3.4%	$ 44,758
	8	Doors & Windows	$ 4.93	4.2%	$ 56,000
	9	Finishes	$ 10.54	9.1%	$ 119,689
	10	Specialties	$ -	0.0%	
	11	Equipment	$ 0.75	0.6%	$ 8,550
	12	Furnishings	$ 1.76	1.5%	$ 19,950
	13	Special Construct	$ -	0.0%	
	14	Conveying	$ -	0.0%	
	15	Mechanical	$ 12.35	10.6%	$ 140,223
	16	Electrical	$ 4.56	3.9%	$ 51,734
	SUB-TOTAL, ALL TRADES		$ 67.39	57.9%	$ 765,024
	Builder's General Conditions		$ 5.81	5.0%	$ 65,977
	Builder's Overhead & Profit		$ 2.98	2.6%	$ 33,873
	P&P Bonds		$ 0.60	0.5%	$ 6,851
	Insurance		$ -	0.0%	
	Permits and Fees		$ 1.32	1.1%	$ 14,997
	Change Orders	includes allowances	$ 3.39	2.9%	$ 38,516
	Other Builder Costs (d	contingency	$ 0.52	0.4%	$ 5,900
		work outside contract	$ 2.45	2.1%	$ 27,774
	TOTAL, CONSTRUCTION		$ 84.47	72.6%	$ 958,912
LAND COSTS	Purchase		$ 7.75	6.7%	$ 88,000
	Special Site Studies		$ -	0.0%	
	Demolition		$ -	0.0%	$ [illegible]
	Hazardous Material Abatement		$ 0.52	0.4%	$ 5,900
	Extraordinary Site Costs		$ -	0.0%	
	Other		$ -	0.0%	
			$ -	0.0%	
	TOTAL, LAND		$ 8.27	7.1%	$ 93,900
SOFT COSTS	A&E	with Clerk of Works	$ 7.14	6.1%	$ 80,999
	Legal	with accounting	$ 0.88	0.8%	$ 10,000
	Title		$ 0.40	0.3%	$ 4,500
	Consultants		$ 1.04	0.9%	$ 11,753
	Insurance & Taxes		$ 0.47	0.4%	$ 5,336
	Interest		$ 1.70	1.5%	$ 19,336
	Fees		$ 0.50	0.4%	$ 5,671
	Marketing/Leasing		$ 0.30	0.3%	$ 3,406
	Developer Fee		$ 10.13	8.7%	$ 115,000
	Other	working capital	$ 0.97	0.8%	$ 11,000
		contingency, bank	$ 0.13	0.1%	$ 1,452
	TOTAL, SOFT COSTS		$ 23.65	20.3%	$ 268,454
				TOTAL PROJECT COST	$ 1,321,266

Consultants: appraisal, , environmental assessment

COST ANALYSIS

PARK PLACE HOUSING COOPERATIVE

Burlington, VT

General

Developer Entity Burlington Community Land Trust and H. V. 1997, Inc.
Developer Type BCLT is non-profit; HV is affiliate of Housing Vermont
Year Completed 1998 & 1999
Builder
A/E Duncan-Wisneiwski Architecture
Construction Type Rehab
Total Cost $ 6,400,772
Other 30 LIHTC units; 4 market-rate. Also Historic Credits. Former hotel. Post-fire restoration

			Net of Retail
Total Units		34	
Cost/Unit	$	188,258	*$ 117,473*
Cost/SF	$	149.51	
Total Bldg SF		**42812**	% SF by use
Unit SF		21293	49.7%
Common Area SF		5407	12.6%
Retail SF		16112	37.6%

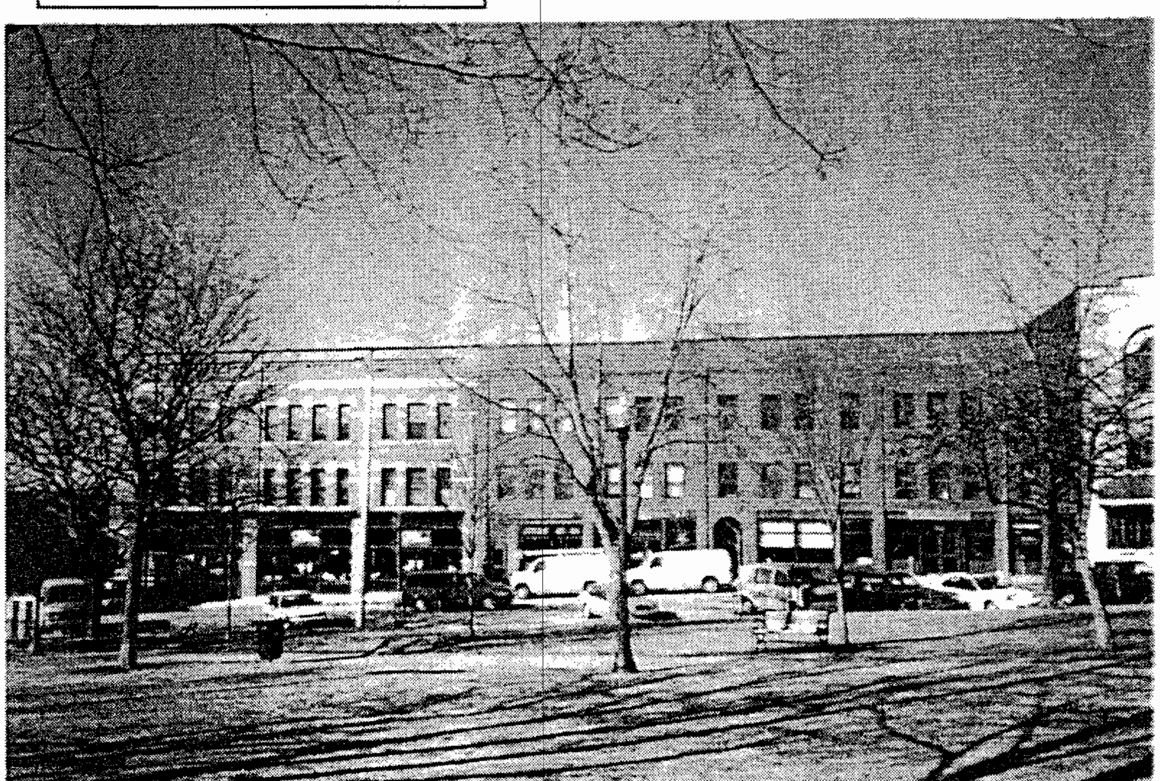
BUILDINGS

	Type # *Unit Size in SF* (average)	SFD	Townhouse	Walk-up	Elevator 1	Common
0 BR	450				10	
0 BR*accessible*						
1 BR	700				22	
1 BR*accessible*						
2 BR	890				2	
2 BR*accessible*						
3 BR						
3 BR*accessible*						
4 BR						
4 BR*accessible*						
TOTAL UNITS	34	0	0	0	34	

NOTE: Common area includs laundry and conference area, halls, stairs and elevators

Descriptive Information

Sources		Amount	%	Notes
Equity	$	1,760,000	44.4%	LIHTC credits
Debt	$	1,072,000	27.0%	Amortizing
VHCB Loan	$	460,000	11.6%	Deferred
HOME Loan	$	250,000	6.3%	Deferred
NeighborhoodWorks Loan	$	160,000	4.0%	Deferred
Burlington Housing Trust Grant	$	55,000	1.4%	BHT
Historic Preservation Grant	$	35,000	0.9%	
AHP Grant	$	175,000	4.4%	FHLBB
TOTAL	**$**	**3,967,000**		



COST ANALYSIS

PARK PLACE HOUSING COOPERATIVE

Burlington, VT

General

COST BREAKDOWN

	Div	Activity	$/SF	% of Total	COST
CONSTRUCTION	ALL	Construction	$ -	0.0%	
	2	Site Work	$ 4.01	2.7%	$ 171,675
	3	Concrete	$ 0.57	0.4%	$ 24,308
	4	Masonry	$ 6.48	4.3%	$ 277,612
	5	Metals	$ 0.92	0.6%	$ 39,330
	6	Wood and Plastics	$ 11.78	7.9%	$ 504,207
	7	Thermal Protection	$ 3.66	2.4%	$ 156,698
	8	Doors & Windows	$ 5.28	3.5%	$ 225,895
	9	Finishes	$ 9.42	6.3%	$ 403,087
	10	Specialties	$ 0.26	0.2%	$ 11,244
	11	Equipment	$ 2.07	1.4%	$ 88,712
	12	Furnishings	$ -	0.0%	
	13	Special Construct	$ 19.79	13.2%	$ 847,265
	14	Conveying	$ 1.37	0.9%	$ 58,636
	15	Mechanical	$ 12.09	8.1%	$ 517,723
	16	Electrical	$ 11.60	7.8%	$ 496,810
	SUB-TOTAL, ALL TRADES		$ 89.30	59.7%	$ 3,823,202
	Builder's General Conditions		$ 8.82	5.9%	$ 377,559
	Builder's Overhead & Profit		$ -	0.0%	
	P&P Bonds		$ -	0.0%	
	Insurance		$ -	0.0%	
	Permits and Fees		$ 0.61	0.4%	$ 26,108
	Change Orders		$ 5.14	3.4%	$ 219,891
	Other Builder Costs (d	contingency	$ 1.06	0.7%	$ 45,377
			$ -	0.0%	
	TOTAL, CONSTRUCTION		$ 104.93	70.2%	$ 4,492,137
LAND COSTS	Purchase		$ 24.08	16.1%	$ 1,030,740
	Special Site Studies		$ -	0.0%	
	Demolition		$ -	0.0%	
	Hazardous Material Abatement		$ -	0.0%	
	Extraordinary Site Costs		$ -	0.0%	
	Other		$ -	0.0%	
			$ -	0.0%	
	TOTAL, LAND		$ 24.08	16.1%	$ 1,030,740
SOFT COSTS	A&E		$ 5.17	3.5%	$ 221,476
	Legal	with accounting	$ 1.04	0.7%	$ 44,554
	Title		$ 0.27	0.2%	$ 11,766
	Consultants		$ 0.80	0.5%	$ 34,148
	Insurance & Taxes		$ 0.40	0.3%	$ 17,084
	Interest	with principal	$ 3.51	2.3%	$ 150,202
	Fees		$ -	0.0%	
	Marketing/Leasing		$ 0.02	0.0%	$ 1,065
	Developer Fee		$ 9.24	6.2%	$ 395,500
	Other	contingency, bank	$ 0.05	0.0%	$ 2,102
			$ -	0.0%	
	TOTAL, SOFT COSTS		$ 20.51	13.7%	$ 877,896
				TOTAL PROJECT COST	$ 6,400,772

Consultants: appraisal, realtors, other

COST ANALYSIS

RICHMOND VILLAGE HOUSING

Richmond, VT

Mixed

Developer Entity	Lake Champlain Housing Development Corp & H.V 1997, Inc
Developer Type	LCHDC is non-profit; HV is affiliate of Housing Vermont
Year Completed	1999
Builder	Professional Construction Management, Inc.
A/E	Duncan-Wisneiwski Architecture
Construction Type	New Rehab New & Rehab Adpative Reuse
Total Cost	$ 1,785,466
Other	Includes home office
	Also sponsored by Town and by Richmond Housing, Inc

Total Units	16		
Cost/Unit	$	111,592	
Cost/SF	$	112.06	
Total Bldg SF	15933		% SF by use
Unit SF	15933		100.0%
Common Area SF	0		0.0%
Retail SF	0		0.0%

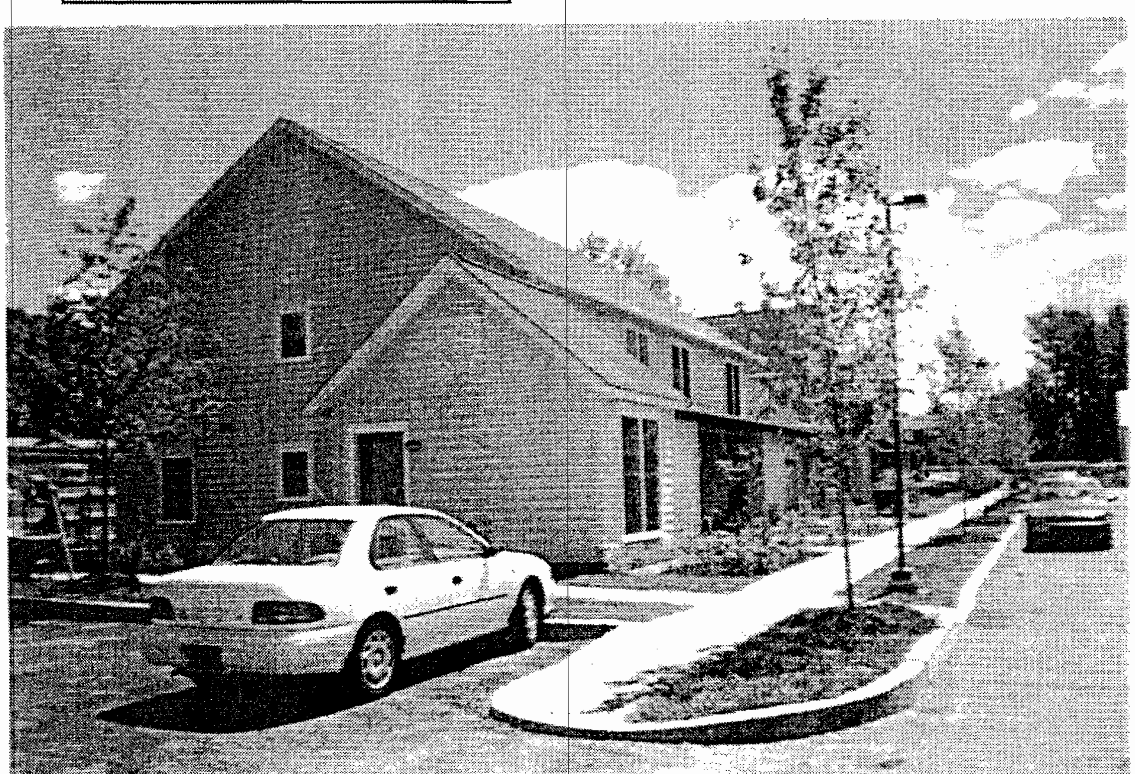
BUILDINGS

	Type / # / *Unit Size in SF* (average)	SFD	Townhouse 7 (Each unit separate entry)	Walk-up	Elevator	Common
0 BR						
0 BR*accessible*						
1 BR	951		1			
1 BR*accessible*	1039		1			
2 BR	971		12			
2 BR*accessible*	1214		1			
3 BR	1074		1			
3 BR*accessible*						
4 BR						
4 BR*accessible*						
TOTAL UNITS	16	0	16	0	0	

NOTE: Certain units have offices as additional room

Descriptive Information

Sources		Amount	%	Notes
Equity	$	608,600	35.2%	LIHTC credits
VNB Debt	$	255,200	14.8%	Amortizing
VHCB Loan	$	265,000	15.3%	Deferred
HOME Loan	$	205,000	11.9%	Deferred
CDBG Loan	$	300,000	17.3%	Deferred
Grant	$	6,000	0.3%	VHCB
AHP Grant	$	90,000	5.2%	FHLBB
TOTAL	**$**	**1,729,800**		



COST ANALYSIS

RICHMOND VILLAGE HOUSING

Richmond, VT

Mixed

COST BREAKDOWN

	Div	Activity	$/SF	% of Total	COST
CONSTRUCTION	ALL	Construction	$ -	0.0%	
	2	Site Work	$ 11.64	10.4%	$ 185,396
	3	Concrete	$ 6.91	6.2%	$ 110,100
	4	Masonry	$ -	0.0%	
	5	Metals	$ -	0.0%	
	6	Wood and Plastics	$ 9.32	8.3%	$ 148,571
	7	Thermal Protection	$ 8.04	7.2%	$ 128,026
	8	Doors & Windows	$ 3.51	3.1%	$ 55,850
	9	Finishes	$ 5.73	5.1%	$ 91,374
	10	Specialties	$ 0.05	0.0%	$ 836
	11	Equipment	$ 2.54	2.3%	$ 40,463
	12	Furnishings	$ 1.71	1.5%	$ 27,200
	13	Special Construct	$ -	0.0%	
	14	Conveying	$ -	0.0%	
	15	Mechanical	$ 8.69	7.8%	$ 138,400
	16	Electrical	$ 4.08	3.6%	$ 65,000
	SUB-TOTAL, ALL TRADES		$ 62.21	55.5%	$ 991,216
	Builder's General Conditions		$ 3.95	3.5%	$ 62,950
	Builder's Overhead & Profit		$ -	0.0%	
	P&P Bonds		$ 0.81	0.7%	$ 12,950
	Insurance		$ -	0.0%	
	Permits and Fees		$ 2.89	2.6%	$ 46,057
	Change Orders		$ 3.06	2.7%	$ 48,765
	Other Builder Costs (d	contingency	$ 2.43	2.2%	$ 38,704
			$ -	0.0%	
	TOTAL, CONSTRUCTION		$ 75.36	67.2%	$ 1,200,642
LAND COSTS	Purchase		$ 11.61	10.4%	$ 185,000
	Special Site Studies		$ -	0.0%	
	Demolition		$ -	0.0%	
	Hazardous Material Abatement		$ -	0.0%	
	Extraordinary Site Costs		$ -	0.0%	
	Other		$ -	0.0%	
			$ -	0.0%	
	TOTAL, LAND		$ 11.61	10.4%	$ 185,000
SOFT COSTS	A&E	with Clerk of Works	$ 6.29	5.6%	$ 100,188
	Legal	with accounting	$ 1.70	1.5%	$ 27,070
	Title		$ 0.23	0.2%	$ 3,694
	Consultants		$ 0.49	0.4%	$ 7,844
	Insurance & Taxes		$ 0.19	0.2%	$ 3,032
	Interest	with principal	$ 2.22	2.0%	$ 35,403
	Fees		$ 0.38	0.3%	$ 6,104
	Marketing/Leasing		$ 2.60	2.3%	$ 41,404
	Developer Fee		$ 6.68	6.0%	$ 106,500
	Other	Business Relocation	$ 3.17	2.8%	$ 50,430
		Working Capital	$ 0.63	0.6%	$ 10,000
		Contingency, bank	$ 0.09	0.1%	$ 1,438
		Preconstruction Exp	$ 0.42	0.4%	$ 6,718
	TOTAL, SOFT COSTS		$ 25.09	22.4%	$ 399,825
				TOTAL PROJECT COST	$ 1,785,466

Consultants: appraisal, environmental/ assessment, archeology, market

Kari Caragher

From: Kari Caragher
Sent: Wednesday, August 23, 2000 4:20 PM
To: Dagyne Canney (E-mail); Gus Seelig (E-mail); Jim Douglas (E-mail); Kathy Beyer (E-mail); Lisa Randall (E-mail); Richard White (E-mail); Tom Candon (E-mail)
Cc: Senior Management
Subject: August 29 Board Meeting Materials

Attached is a Resolution for the Board to discuss during the conference call on Tuesday. This Resolution would allow VHFA to sell our Single Family Housing Bonds-Series 13 to the underwriters. I have attached a memo from Glenn Jarrett explaining the procedure.

Also attached is a memo for your consideration from Pat Crady regarding the final Purchase Price Limits. If you have problems reading any of the attachments, please call me and I can fax it to you. Thank you.

VOLUME CAP 00 RESOLUTION.DOC

Board Memo re higher new const...

BOARDMEMO-volume cap allocatio...

Kari A. Caragher
kcaragher@vhfa.org
Executive/HR Assistant
(802) 652-3413 (p)
(802) 864-5746 (f)

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Glenn A. Jarrett

DATE: August 14, 2000

RE: Private Activity Bond Volume Cap

BACKGROUND:

Each year the Agency is allocated part of the State's $150 million annual volume cap for private activity bonds. On January 15, the Emergency Board allocated $71 million to the Agency and in February you allocated $28 million of that amount to single family purposes for the Series 12 single family bonds that were issued that month. At this time, with the Series 13 single family bond closing scheduled for the end of this month, it is necessary to allocate another $28 million for single family uses. Staff wishes to have the remaining $15 million allocated for exempt facility (multi-family) bonds.

Roger would be happy to answer any questions that you may have in my absence.

REQUESTED ACTION:

Approval of the attached resolution.

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**RESOLUTION RELATING TO
VERMONT HOUSING FINANCE AGENCY
ELECTION TO ALLOCATE
2000 PRIVATE ACTIVITY BOND
VOLUME CAP ALLOCATION**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") was allocated $71 million in 2000 private activity bond volume cap by the State of Vermont Emergency Board and allocated $28 million of that authority to qualified mortgage bonds on February 17, 2000; and

WHEREAS, the Agency desires to elect to utilize an additional $28 million of the remaining $43 million in volume cap for qualified mortgage bonds and mortgage credit certificates and the remaining $15 million to exempt facility bonds; and

NOW, THEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency elects to allocate $28,000,000 of its unused 2000 volume cap pursuant to section 146 of the Internal Revenue Code of 1986 for the purposes of issuing qualified mortgage bonds or mortgage credit certificates and $15,000,000 of its unused 2000 volume cap pursuant to section 146 of the Internal Revenue Code of 1986 for the purposes of issuing exempt facility bonds.

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MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homeownership Programs
Leslie Black-Plumeau, Research Analyst

DATE: August 23, 2000

RE: Final Purchase Price Limits

At the August 10th meeting the Board approved new purchase price limits based on a preliminary analysis of Property Transfer Tax Data. Approval was granted to the Executive Director to approve purchase price limits once the final analysis was completed. The Executive Director was also granted the flexibility to adjust the limits upward by no more than $5,000 and within the maximum limits supported by the final analyses and approved by bond-counsel. For new homes in the Burlington MSA, the Board approved a limit of $160,000; however, the final data analysis revealed a higher average purchase price for new homes than initially forecast. In light of these higher prices, VHFA proposes increasing this purchase price limit to $175,000.

With the exception of the limit for new homes in the MSA, the limits shown on Attachment A to this memo fall within the guidelines approved by the Board on August 10, 2000. We have also included increased limits for several areas not included in this year's purchase price data analysis. In these areas, VHFA set limits in 1999 that were not as high as the maximum bond-counsel approved limits. The limits proposed for these areas are no more than $5,000 of our current limits.

Board Action Requested

Staff request Board approval to increase the new construction purchase price limit for the MSA to $175,000.

Attachment A

	Existing Homes	New Homes	Existing 2-Family
Addison	117,000	129,000	132,000
Bennington	123,000	158,000	138,000
Caledonia	112,000	155,000	126,000
Chittenden (Non-MSA)	115,000	129,000	126,000
Essex	112,000	155,000	126,000
Franklin (Non-MSA)	112,000	155,000	126,000
Grand Isle (Non-MSA)	115,000	129,000	129,000
Lamoille	123,000	162,000	138,000
Orange	112,000	155,000	126,000
Orleans	112,000	155,000	126,000
Rutland	117,000	165,000	132,000
Washington	117,000	155,000	132,000
Windham	123,000	155,000	138,000
Windsor	112,000	129,000	126,000
MSA	123,000	175,000	138,000
Burlington QCTs	135,000	175,000	150,000

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer JE

DATE: August 25, 2000

RE: Changes to the Approvals for McAuley Square Housing

Since the Board approved the loans for this project at its May meeting, a number of developments have come about. VHFA is still looking at both a private placement of the bonds with Fannie Mae as well as a normal multifamily issue that would be conventionally underwritten and sold. Fannie Mae has informed VHFA that they do not intend to purchase bonds at rates lower than we would find available elsewhere, so the advantage of their involvement would be reduced underwriting and issuance costs.

Housing Vermont (HVT) has requested three changes to the existing VHFA loan approvals: 1) HVT would like to own the property during development and to transfer it to a partnership upon completion, in order to pay substantially less in sales taxes; 2) HVT would like to use the allocated 9% credits on the Lund Building rather than the Scholar Building, in order to receive more "out-of-cap" credits, and therefore more overall credits; and 3) HVT is seeking an additional $800,000 taxable construction loan.

The first two changes can be considered administrative in nature, not substantially altering the overall project as it has been proposed all along. The request for an additional construction loan is due to the fact that HVT needs to separate the project into two side-by-side entities, one using the taxable financing and one using tax-exempt. (Due to a private letter ruling issued by the IRS in May, many developers including HVT are separating their projects into two distinct components so the tax-exempt financing does not "taint" the taxable funding and therefore jeopardize the allocated tax credits.) The problem is that the sources that are available for the taxable piece are not available until the end of construction. After some discussion HVT has agreed to use its $1.5 million dollar line of credit with VHFA for this purpose, and therefore will not need a separate loan approval from the VHFA Board.

If HVT is successful in obtaining the private letter ruling it seeks from the IRS on the Westgate project, it will no longer need to divide the mixed "taxable / tax-exempt" developments into two partnerships. The problem of an artificially-created surplus of funds on the tax-exempt piece, and a shortage on the taxable side, would be eliminated.

Recommendation: That the VHFA Board of Commissioners pass the attached resolution authorizing the changes stated above.

RESOLUTION PERTAINING TO A COMMITMENT LETTER RE: CONSTRUCTION AND TERM FINANCING FOR MCAULEY SQUARE, BURLINGTON

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, this development has been the subject of a prior resolution by the Agency on May 25, 2000; and

WHEREAS, a proposal was previously presented to the Agency by the McAuley Square Housing Limited Partnership, whose general partners are H.V.McAuley, Inc., and McAuley Square, Inc., involving the new construction of 74 units of rental housing in the City of Burlington (the "Development"); and

WHEREAS, Housing Vermont (the "Sponsor"), the sole owner of H.V. McAuley, Inc., wishes to maintain ownership of the Development during construction in order to minimize sales tax on construction materials; and

WHEREAS, the Sponsor wishes to allocate tax-exempt financing to the Elderly Building and the Scholar Building rather than the Elderly Building and the Lund Building; and

WHEREAS, the Agency has previously taken "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to the issuance and sale of tax-exempt bonds of not more than $4,100,000 aggregate principal amount (the "Bonds") to finance a loan to the McAuley Square Housing Limited Partnership. With this resolution, the Agency is modifying the identity of the Borrower to include Housing Vermont and to modify the construction loan so that it will be made for the purposes of constructing 67, rather than 62, units of a 74 unit rental housing development (the "Project") in Burlington, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in an amount of up to $4,100,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds and a long-term loan in an amount of up to $3,500,000, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the sponsor is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible and has previously made the statutory determinations; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joseph Erdelyi, dated August 25, 2000, containing information and recommendations about the Development (the "Memorandum");

The Agency therefore amends, in part, its resolution of May 25, 2000, so that the affected paragraphs read as follows:

WHEREFORE, it is hereby RESOLVED:

1. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in her/his discretion, issue a Commitment Letter to Housing Vermont or McAuley Square Bond Housing Limited Partnership for a construction loan for the Development in an amount not to exceed $4,100,000 and a long-term loan in an amount not to exceed $3,500,000.

2. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The long-term loan shall be made to McAuley Square Bond Housing Limited Partnership or another partnership whose general partners are H.V. McAuley, Inc. and McAuley Square, Inc., it shall be due and payable not more than 30 years from the date the loan is made; shall be fully amortized over the period of the loan, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds for both loans shall be tax-exempt bond proceeds. The Borrower shall be responsible for loan fees and transaction costs. The Commitment Letter may be issued to Housing Vermont or to H.V. McAuley, Inc. and McAuley Square, Inc. as representatives of the limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director is authorized to make an additional loan to the Borrower for the Development of not more than $380,000 at an interest rate of 0%.

4. The Executive Director, Chief of Program Operations and the Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loans contemplated by this resolution.

RESOLUTION PERTAINING TO A COMMITMENT LETTER RE: CONSTRUCTION AND TERM FINANCING FOR MCAULEY SQUARE, BURLINGTON

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, this development has been the subject of a prior resolution by the Agency on May 25, 2000; and

WHEREAS, a proposal was previously presented to the Agency by the McAuley Square Housing Limited Partnership, whose general partners are H.V.McAuley, Inc., and McAuley Square, Inc., involving the new construction of 74 units of rental housing in the City of Burlington (the "Development"); and

WHEREAS, Housing Vermont (the "Sponsor"), the sole owner of H.V. McAuley, Inc., wishes to maintain ownership of the Development during construction in order to minimize sales tax on construction materials; and

WHEREAS, the Sponsor wishes to allocate tax-exempt financing to the Elderly Building and the Scholar Building rather than the Elderly Building and the Lund Building; and

WHEREAS, the Agency has previously taken "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to the issuance and sale of tax-exempt bonds of not more than $4,100,000 aggregate principal amount (the "Bonds") to finance a loan to the McAuley Square Housing Limited Partnership. With this resolution, the Agency is modifying the identity of the Borrower to include Housing Vermont and to modify the construction loan so that it will be made for the purposes of constructing 67, rather than 62, units of a 74 unit rental housing development (the "Project") in Burlington, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in an amount of up to $4,100,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds and a long-term loan in an amount of up to $3,500,000, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the sponsor is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible and has previously made the statutory determinations; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joseph Erdelyi, dated August 25, 2000, containing information and recommendations about the Development (the "Memorandum");

The Agency therefore amends, in part, its resolution of May 25, 2000, so that the affected paragraphs read as follows:

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2. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The long-term loan shall be made to McAuley Square Bond Housing Limited Partnership or another partnership whose general partners are H.V. McAuley, Inc. and McAuley Square, Inc., it shall be due and payable not more than 30 years from the date the loan is made; shall be fully amortized over the period of the loan, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds for both loans shall be tax-exempt bond proceeds. The Borrower shall be responsible for loan fees and transaction costs. The Commitment Letter may be issued to Housing Vermont or to H.V. McAuley, Inc. and McAuley Square, Inc. as representatives of the limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

3. The Executive Director is authorized to make an additional loan to the Borrower for the Development of not more than $380,000 at an interest rate of 0%.

4. The Executive Director, Chief of Program Operations and the Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loans contemplated by this resolution.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on August 29, 2000.

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

**RESOLUTION RELATING TO
VERMONT HOUSING FINANCE AGENCY
ELECTION TO ALLOCATE
2000 PRIVATE ACTIVITY BOND
VOLUME CAP ALLOCATION**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") was allocated $71 million in 2000 private activity bond volume cap by the State of Vermont Emergency Board and allocated $28 million of that authority to qualified mortgage bonds on February 17, 2000; and

WHEREAS, the Agency desires to elect to utilize an additional $28 million of the remaining $43 million in volume cap for qualified mortgage bonds and mortgage credit certificates and the remaining $15 million to exempt facility bonds; and

NOW, THEREFORE, it is hereby RESOLVED:

1. The Vermont Housing Finance Agency elects to allocate $28,000,000 of its unused 2000 volume cap pursuant to section 146 of the Internal Revenue Code of 1986 for the purposes of issuing qualified mortgage bonds or mortgage credit certificates and $15,000,000 of its unused 2000 volume cap pursuant to section 146 of the Internal Revenue Code of 1986 for the purposes of issuing exempt facility bonds.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on August 29, 2000.

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

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Vermont Housing Finance Agency

October 20, 2000

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 26th at 12:00 p.m. at the Vermont Housing Finance Agency, 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

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: October 20, 2000

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 26th, 2000, at 12:00 p.m. at the VHFA Office, 164 Saint Paul Street, Burlington, Vermont. *Lunch will be served.*

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 October 26th!

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Vermont Housing Finance Agency

BOARD AGENDA

Vermont Housing Finance Agency
164 Saint Paul Street
Burlington, VT 05401

Thursday, October 26th at 12:00

10:30 a.m. – 12:00 p.m.
HR Board Committee will meet.

12:00 p.m.

1. Approval of the minutes of September 14,2000

2. **DEVELOPMENT**
   - A. Multifamily Construction Loan Application for Rutland Rehab, Phase II — {Erdelyi/Enclosure}
   - B. 2000 Multifamily Development Activity Report — {Reid/Enclosure}
   - C. Multifamily Loans for Possible Consideration in November — {Carpenter/Adams/Enclosure}

3. **HOMEOWNERSHIP**
   - A. Summary of Homeownership Activities — {Crady/Enclosure}

4. **FINANCE**
   - A. Multifamily Bond Financing — {Schoenbeck/Enclosure}
   - B. McAuley Square Bond Resolution — {Jarrett/Enclosure}
   - C. Financial Study Review — {Schoenbeck/Enclosure}

5. **ADMINISTRATION**
   - A. Executive Director's Report — {Carpenter/Enclosure}
   - B. November Board Conference Call — {Carpenter/Verbal}

6. **MULTIFAMILY MANAGEMENT**
   - A. Preservation/Equity Loan — {Falzone/ Verbal}

7. Any other new or old 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**

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Vermont Housing Finance Agency

BOARD MINUTES

Vermont Housing Finance Agency
164 Saint Paul Street
Burlington, Vermont

Thursday, September 14, 2000

PRESENT: Chairman White, Commissioners Randall, Seelig, Canney, Candon (designee of Costle), Young (designee of Douglas), Beyer (designee of Lambert)

Staff: Ms. Carpenter, Ms. Caragher, Ms. Kendrick, Ms. Gent, Mr. Adams, Mr. Schoenbeck, Mr. Erdelyi, Ms. Reid, Mr. Falzone, Mr. Baker, Ms. Loller

Other: Mr. McNamara (HUD) Mr. Poane (HUD), Mr. Nicoll (KPMG), Ms. Ginsburg (FSA), Ms. Owens (Housing Vermont), Mr. Glassberg (Capital Ideas, Inc.)

FINANCE

Chairman White called the meeting to order at 12:25 p.m. Mr. Schoenbeck introduced Mr. Nicolls from KPMG. Mr. Nicolls indicated that the packet handed out was a draft of the audit statements accompanied by two general opinion letters. Mr. Nicoll noted that, after conducting the audit, they concluded to have a clean opinion, as they have had in the past. They did not propose any adjustments to our financial statements during the audit. Mr. Nicoll indicated that VHFA closed the books very quickly this year and had all the necessary information ready for the auditors, before they arrived. This was very helpful and made the auditors production more efficient. As part of the audit, internal controls are reviewed and KPMG reported that our internal controls systems are very effective.

Regarding the letter addressed to the Board of Commissioners, KPMG indicates that they noted an accounting issue, which discussed the way we continue to accrue interest on a loan after the loan is not performing. Mr. Schoenbeck noted that, when Vermont Home Mortgage Guarantee Board insured most of our loans, it was their policy to pay VHFA interest on the loan until it was discharged. VHFA instituted the policy to accrue interest on a loan after it is not performing to ensure that all collectable interest was reported for insurance purposes.

The Board and Mr. Schoenbeck thanked Mr. Nicoll for presenting this information to the Board and for all KMPG's hard work.

Mr. Schoenbeck briefly reviewed the financial statements. On the balance sheet, the restricted fund balance is $8.6 million, an increase of $400,000 from last year; the total fund balance is $56 million, an increase of $4 million from last year; and the total mortgage and construction loans receivable is $464 million, an increase of $42 million from last year. The income statement indicates a $3.6 million surplus but, after adjusting for special one-time expenses, the adjusted surplus is $5.4 million. Mr. Schoenbeck reminded the Board that a good "benchmark" to measure surplus was to take 1% of mortgage loans receivable.

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

Chairman White congratulated Mr. Schoenbeck and his staff on a job well done and on the timeliness of their reports.

Next, Ms. Ginsburg of Financial Security Assurance (FSA) was introduced. Mr. Schoenbeck noted that Ms. Ginsburg has been working with VHFA since the Series 7 bond issue and that staff really appreciates her hard work, support and advocacy. Ms. Ginsburg reviewed with the Board information on bond insurance and specifically FSA's relationship with VHFA. After a very informative discussion, the Board thanked Ms. Ginsburg for presenting the useful explanation.

Next, Mr. Schoenbeck updated the Board on the Series 13 single family bond financing. He handed out a booklet from Evensen Dodge, which detailed the complete bond transaction. The financing went very well and produced very good interest rates. Mr. Schoenbeck noted that, this year, VHFA was the first agency in the country to sell 30-year bonds under 6%!

MINUTES

Next on the Agenda was the approval of the minutes from August 10^{th} and August 29^{th}. Mr. Seelig made a motion to approve both sets of minutes. The motion carried unanimously after being seconded by Mr. Candon.

DEVELOPMENT

Ms. Reid reviewed the multifamily construction loan application for BennSouth. The Regional Affordable Housing Corporation (RAHC) is planning to acquire and rehabilitate this project located on 2 separate sites. After rehab is completed, there will be nine 1-bedroom units, eight 2-bedroom units, three 3-bedroom units and one 4-bedroom unit. RAHC is requesting an $850,000 tax-exempt construction loan so that they may utilize the 4% Housing Credits. They are also requesting a permanent loan of $350,000. In addition, staff has committed to RAHC a $100,000 loan with a 0% interest rate to bridge the gap if RAHC ends up utilizing VHFA permanent debt.

A motion was made by Ms. Randall to approve the "Resolution Pertaining to a Letter of Interest and Commitment Letter Re: Construction and Permanent Financing for BennSouth Development, Bennington." The motion carried unanimously after being seconded by Mr. Candon. Mr. Seelig made a motion to approve the bond resolution, which authorizes VHFA to issue a bond for this project. The motion carried unanimously after being seconded by Mr. Candon.

Ms. Reid discussed the multifamily construction loan application for The Baldwin Block project next. Wells River Action Program (WRAP) and Housing Vermont are developing this project in Wells River, which includes restoring the building and developing commercial space on the ground floor and seven apartments on the second floor. Of the seven apartments, four are 1-bedroom units and three are 2-bedroom units. The Board expressed concern that there is a greater need for family units rather than 1-bedroom units. The U.S. Post Office will lease one of the commercial units and the remaining unit may be utilized as a co-op daycare. Housing Vermont is seeking a construction loan of $840,000 in order to utilize the 4% Housing Credits.

After a brief discussion, Mr. Seelig made a motion to approve both the "Resolution Pertaining to a Letter of Interest and Commitment Re: Construction Financing for the Baldwin Block, Wells River" and the resolution authorizing VHFA to issue a bond for the project. The motion carried unanimously after being seconded by Ms. Randall.

Mr. Erdelyi updated the Board on the changes to McAuley Square Housing. After reviewing new information, it has been determined that there is a funding gap of approximately $296,000. This is due to adjustments to the operating expense levels, working capital requirements, amortizing debt capacity, and credit amount. VHFA has also approved tax-exempt financing for two of the buildings and Housing Vermont requests that VHFA shift $113,000 of this amount to the third building to make a loan using other sources. This will allow the developer to still be able to borrow enough to finance the project and will not jeopardize the allocated tax credits.

Staff proposed to increase VHFA's commitment of 0% funds from $380,000 to $528,000 to fill half of the gap. With no further discussion, Ms. Randall made a motion to approve the "Resolution Pertaining to a Commitment Letter Re: Construction and Term Financing for McAuley Square, Burlington." The motion carried unanimously after being seconded by Mr. Seelig.

HOMEOWNERSHIP

Next, Mr. McNamara from the Department of Housing and Urban Development presented VHFA and the Board of Commissioners with an award for "Best Practices". VHFA and statewide Homeownership Centers were nominated and, out of 2800 nominees, the Homeownership Centers in Vermont won! Mr. McNamara congratulated staff and the Board and commented what a great job they were doing supporting the Homeownership Centers.

Mr. Adams reported that, since the new lower rates were announced on September 1st, we have had approximately $2 million in reservations. Mr. Adams also noted that the new lower interest rates, higher income and purchase price limits, and the new targeted areas have been well received by both lenders and consumers.

Collections are steadily decreasing and are below our average delinquency rate for last year. Loans in foreclosure continue to remain the same and we currently have 23 REO properties, 10 of which are under contract or have been sold.

Mr. Adams indicated that he has contacted several lenders regarding the transfer of their servicing portfolios. Most of the lenders contacted are in the process of thinking about transferring the servicing with a more formal offer being formulated for the Merchants Bank.

MGIC has introduced a 100% LTV program. Mr. Adams indicated that VHFA would like to implement this program within the next few weeks and would be handled as a expansion of our LTV limits on our EZQ and EZQ Plus programs. In order to be eligible for this, VHFA requires a borrowers credit score to be at least 720. The Board expressed concern about the 720 credit score, indicating that it seemed too high. The Board also noted that they would hesitate offering this program if few borrowers were eligible to utilize it. Mr. Adams indicated that staff would review the program requirements.

MULTIFAMILY

Mr. Falzone updated the Board on Jeri-Hill Apartments. He noted that Cathedral Square Corporation (CSC) has entered into an agreement to purchase the Jeri-Hill Apartments from Leo and Dan O'Brien. VHFA has committed to restructure their existing 14% debt and provide 0% loans in order to keep these units permanently affordable. CSC will sign a Preservation Agreement.

ADMINISTRATION

Ms. Carpenter reminded the Board that the revised Board schedule was in their Board packet and that the Legislative Conference will be held on November 29th. Ms. Carpenter noted that the Board retreat is confirmed for November 30th in the Burlington area and that we will let them know the exact location as soon as possible.

OTHER

Mr. Adams indicated that we might need to have a Board meeting via conference call between the October 26th meeting and the November 30th retreat. There are a few multifamily loans that will need action during that time. Mr. Adams believes that the conference call will have to take place before November 13th. Mr. Seelig suggested that, at the October Board meeting, there be a general discussion regarding those projects needing approval in order to familiarize the Board ahead of time.

Mr. Erdelyi briefly reviewed the conclusions from the "Housing Development Costs in Vermont" report. Compared to other states, Vermont is not extraordinarily high in construction costs. The report also suggests that, rather than use the per unit cost, the per square foot cost provides a better measurement tool. Mr. Erdelyi hopes to familiarize himself with this concept and encourages the Board to do that as well.

The Board also briefly discussed the "Housing in Northwestern Vermont" report summary. That study highlighted the tremendous need for housing, particularly affordable housing, in the State's most populated region.

Ms. Carpenter noted that there will be a HR Board Committee meeting before the October 26th meeting in Burlington and that the Risk Management Committee will be rescheduled for a later date.

With no further business, the meeting adjourned at 2:45 p.m.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer

DATE: October 19, 2000

RE: Multifamily Construction Loan Application for Rutland Rehab, Phase II

Name:	Rutland Rehab Phase II	**Location:**	Rutland
Housing Type:	General Occupancy	**Unit Type:**	Townhouses/Flats
Total Units:	31	**Unit Sizes:**	6 one br (625 sf); 24 two br (800 sf); 1 three br (1,100 sf)
Total Cost:	$2,297,585 (both phases)	**Per S. F. Cost** (land, acquisition, construction)	$88.18 (both phases)
Loan Requested:	$240,000 construction	**Housing Credits:**	$20,246
Other Funding:	VHCB, HOME, VHCB Lead, Housing Credits		
Sponsors:	Housing Vermont (VHT), Rutland County Community Land Trust (RCCLT)		

The development consists of nine buildings that were acquired and rehabilitated by the sponsors as a tax credit development in 1992. The level of rehabilitation done at the time was not adequate and the property has suffered from poor management. RCCLT assumed the management over a year ago and is attempting to fix all of the problems they have found. The sponsors intend to replace existing debt with deferred financing and equity, perform approximately $290,000 in additional rehabilitation to bring the units up to standard, and recapitalize the project's cash accounts. The rehabilitation includes heating systems, ventilation, siding, porch and foundation repair, and finishes. This scope of work was based on a capital needs assessment. The tax-exempt construction loan requested will enable the sponsor to receive approximately $215,000 from the syndication of the 4% credits. The property will remain in the current ownership entity, the Rutland Rehab Limited Partnership

Staff have not requested an updated appraisal on any of these properties. If none of the property values have declined since the original appraisals were done in 1992, VHFA will have a loan-to value ratio of 41%. Staff have reviewed the original Environmental Site Assessments, which had no significant findings – however, one property never had an ESA performed. Staff will require either a new ESA or that the sponsors hold VHFA harmless for any environmental problems that arise from this property.

Recommendation: That the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board authorize the Executive Director and the Chief of Program Operations to issue a Letter of Interest and a Commitment Letter to finance this development upon satisfactory completion of staff underwriting and due diligence.

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT LETTER RE: CONSTRUCTION FINANCING FOR RUTLAND REHAB DEVELOPMENT, RUTLAND

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, a proposal has been presented to the Agency by the Rutland Rehab Limited Partnership (the "Borrower" or the "Sponsor"), involving the rehabilitation of nine buildings containing 31 units of rental housing in the City of Rutland (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $270,000 aggregate principal amount (the "Bonds") to finance a loan to the Borrower to rehabilitate 31 units of rental housing located at 35 Baxter Street, 69 ½ Baxter Street, 37 Bellevue, 133 Library Ave., 30 Elm Street, 52 Williams Street, 51 Summer Street, 18 & 18 ½ Cottage Street (the "Development") in Rutland, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $270,000 from the proceeds of tax-exempt bonds for rehabilitation financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the limited partnership qualifies as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible;

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi, dated October 19, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such

persons and families.

4. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent, temporary, transitional or emergency housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The Sponsor is a financially responsible organization and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a mortgage loan to the Rutland Rehab Limited Partnership for construction financing in an amount not to exceed $270,000; the term of the construction loan will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Borrower must provide a Phase I Environmental Site Assessment (ESA) and address any findings of the Assessment in the scope of work to the satisfaction of the Agency or provide an environmental indemnity agreement satisfactory to counsel to the Agency;

   b) Borrower must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

   c) Borrower must provide evidence of necessary permits;

   d) Borrower must provide an executed construction contract by loan closing that is within the project's budget to maintain overall feasibility and is reasonably in line with an independent cost estimate to be performed by the Agency in the event Borrower does not competitively bid the construction contract; builder's profit, overhead and general requirements must be in compliance with the Housing Credit Allocation Plan.

3. The issuance of tax-exempt Bonds for the purpose of financing a loan to the

Borrower to allow the Borrower to rehabilitate the Development is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in their discretion, issue a Commitment Letter for an interim loan for the rehabilitation of the Development, in an amount not to exceed $270,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds. The Borrower shall be responsible for loan fees and transaction costs. The Commitment Letter may be issued to Rutland County Community Land Trust and/or H.V. 1991, Inc. as representatives of the limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Borrower of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. OR SOME OTHER PURCHASER IN A MAXIMUM AMOUNT OF $270,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO THE RUTLAND REHAB LIMITED PARTNERSHIP TO FINANCE THE REHABILITATION OF A 31-UNIT DEVELOPMENT IN RUTLAND

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies on the basis of its general credit and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $270,000 aggregate principal amount to Stratevest & Co., some other subsidiary of BankNorth Group, Inc., or some other entity (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance a construction loan to the Rutland Rehab Limited Partnership, (the "Borrower") to rehabilitate a 31-unit development located at 35 Baxter Street, 69 ½ Baxter Street, 37 Bellevue, 133 Library Ave., 30 Elm Street, 52 Williams Street, 51 Summer Street, 18 & 18 ½ Cottage Street (the "Project") in Rutland, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $270,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents that may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 26th day of October, 2000.

VERMONT HOUSING FINANCE AGENCY

By ______________________________

Executive Director

Attest:

By ______________________________

Authorized Officer

2000 Multifamily Development Activity
January 1, 2000 through September 30, 2000

1. Ventures Pre-Development Loans	Type Project	Type Housing	# Units	Sponsor	Location	Loan/ Credit Amount	Status
Charette MHP	MHP	Family	14	Housing Foundation Inc.	Dummerston	$29,000	Committed 1/13/98. Written off 3/23/00.
Red Lion Inn	Acq/Rehab	Elderly	20	Randolph Neighborhood Housing Services	Randolph	$45,000	Committed 5/27/98.
South Burl/ LCHDC	New Const	Family	16	Lake Champlain Housing Devel Corp	So. Burlington	$17,000	Committed 8/26/98; 1999 Tax Credits & VHFA Loan.
South Burl/ CSC	New Const	Elderly	10	Cathedral Square Corp	So. Burlington	$9,000	Committed 8/26/98
Fairwood Meadows Hse	New Const	Level III CCH	20	Lamoille Housing Partnership	Morrisville	$50,000	Committed 11/10/98. (Now "Copley House".) Repaid 6/28/00
The Copley House	Acq/Rehab	Level III CCH	23	Lamoille Housing Partnership	Morrisville	$5,000	Committed 5/4/99. Repaid 6/28/00
Bus Barns	Acq/Rehab	Family	25	Burlington Community Land Trust	Burlington	$35,000	Committed 5/18/99; 2000 tax credits
502 North Branch	Lease to Own	SFH	1	Regional Affordable Housing Corp	Bennington	$83,546	*Bridge loan* made 3/12/97; loan matures 6/30/01
Willows MHP	MHP	Eld/Fam	4	Regional Affordable Housing Corp	Bennington	$15,143	*Bridge loan* made 12/28/94; loan matures 12/31/00
Bus Barns	Acq/Rehab	Family	25	Burlington Community Land Trust	Burlington	$15,000	Committed 9/2/99; 2000 tax credits.
Waterbury Seminary	Acq/Rehab	Family	16	Central Vermont Community Land Trust/Housing Vermont	Waterbury	$14,787	Committed 8/16/99
Townhouse Terrace	Acq/Rehab	Family	36	Housing Vermont	St. Johnsbury	$31,000	Committed 11/4/99
South Burlington	New Const	Family	18	LCHDC	South Burlington	$28,000	Committed 10/27/99; 2000 tax credits and debt both committed
South Burlington	New Const	Special Needs	10	Cathedral Square Corp	South Burlington	$16,000	Committed 10/27/99
Marketplace	New Const	Family	80	LCHDC	South Burlington	$60,000	Committed 12/30/99; 2000 Tax credits committed ; TE debt

2000 Multifamily Development Activity
January 1, 2000 through September 30, 2000

1. Ventures Pre-Development Loans, Cont'd	Type Project	Type Housing	# Units	Sponsor	Location	Loan/ Credit Amount	Status
Waterbury Seminary	Acq/Rehab	Family	16	CVCLT	Waterbury	$25,213	Committed 1/19/00.
Westgate	Acq/Rehab	Family	100	HVT	West Brattleboro	$37,850	Committed 1/13/00; 2000 tax credits committed.
Columbian/Cottage	Acq/Rehab	Family	13	RCCLT	Rutland	$23,000	Committed 4/14/00.
Assisted Living	New Const	Elderly	25	CSC	Burlington	$50,000	Committed 4/14/00.
The Baldwin Block	Acq/Rehab	Family	7	WRAP/HVT	Wells River	$21,000	Committed 6/15/00.
Stowe Family Housing	New Const	Family	40	LHP/HVT	Stowe	$60,000	Committed 6/21/00.
Smiths Housing	Acq/Rehab	Family	17	ACCAG/HVT	Middlebury	$20,150	Committed 7/25/00.

2000 Multifamily Development Activity
January 1, 2000 through September 30, 2000

2. 1999 Housing Credit Projects	Type Project	Type Housing	# Units	Sponsor	Location	Loan/ Credit Amount	Status
Hawkins Housing	Acq/Rehab	Family	14	ACCAG/HVT	Middlebury & Vergennes	$85,471	Carryover issued 12/29//99.
Manchester Knoll	New Const	Family	20	RAHC	Manchester	$138,113	Carryover issued 12/23/99
Mary Exner Block	Acq/Rehab	Family	10	HVT/RACLT	Bellows Falls	$63,512	Carryover issued 11/19/99. (using $36,603 in 1999 credits & $26,909 in 2000 credits)
Mill View Housing	New Const	Family	12	LCHDC/HVT	Burlington	$85,779	Carryover issued 11/16/99. 8609 issued 9/5/00
Bus Barns	Acq/Rehab	Family	25	BCLT/HVT	Burlington	$166,492	Carryover issued 12/30/99. (using $137,782 in 1999 credits & $28,710 in 2000 credits)
Park Village Apts	Acq/Rehab	Fam/Eld	39	Holmberg Properties	Brandon	$162,104	Carryover issued 12/30/98. (using $162,104 in 1999 credits & $18,340 in 1998 credits)
Swanton School	Acq/Rehab	Elderly	16	Lake Champlain Housing Development Corporation / HVT	Swanton	$53,010	Out of Cap. Closed 11/24/99. Loan paid off 9/27/00.
Portland & Main	Acq/Rehab	Family	8	Lamoille Housing Partnership/HVT	Morrisville	$37,500	Out of Cap. Closed 11/30/99
Crystal Lake, Barton	Acq/Rehab	Family	16	Housing Vermont/ Gilman Housing Trust	Barton	$59,564	Out of Cap. Closed 12/7/99
The Briars	Acq/Rehab	Family	24	Housing Vermont/Twin Pines Housing Trust	Wilder	$21,900	Out of Cap; Closed 6/29/99; under construction.
Eagle Crest (Blair Apartments)	New Construction	Elderly	60	Yandow/Dousevicz Construction Corp	Williston	$24,469	Out of Cap; Closed 5/11/00.

2000 Multifamily Development Activity
January 1, 2000 through September 30, 2000

3. 2000 Housing Credit Projects	Type Project	Type Housing	# Units	Sponsor	Location	Loan/ Credit Amount	Status
Anderson Parkway I	New Const	Family	12	LCHDC/HVT	South Burlington	$141,000	Credit Reservation issued 7/1/99. 2000 tax credits committed.
Bus Barns	Acq/Rehab	Family	25	BCLT/HVT	Burlington	$66,035	Out of Cap; Tax exempt bond
St. Johnsbury House	Acq/Rehab	Elderly	36	Green Mountain Development Group	St. Johnsbury	$198,425	Forward Commitment of 2000 Credits
The Gardens	New Const	Elderly	30	Dick Dybvig	Williamstown	$21,173	Out of Cap; tax exempt bond
Franklin Homestead	New Const	Elderly	18	HVT	Franklin	$33,353	Out of Cap; tax exempt bond
Saxtons River	Acq/Rehab	Family	17	HVT	Saxtons River	$69,315	Out of Cap; Tax exempt bond
Anderson Parkway II	New Const	Family	6	HVT/LCHDC	South Burlington	$31,681	Out of Cap; Tax exempt bond
Hillcrest Views/Maple St	Acq/Rehab	Family	38	VSHA	St. Albans	$25,000	Out of Cap; Tax exempt bond
McAuley Square – Senior & Scholar	New Const	Family/ Elderly	62	HVT/CSC	Burlington	$249,601	Out of Cap; Tax exempt bond
McAuley Square – Lund	New Const	Family	12	HVT/CSC	Burlington	$88,000	2000 Credits Committed
Farrell Street	New Const	Family	120	HVT/LCHDC	South Burlington	$275,000	2001 Forward Commitment of Tax Credits
Westgate	Acq/Rehab	Family	56	HVT/BACLT/WTA	W. Brattleboro	$335,000	2000 Credits Committed
Westgate	Acq/Rehab	Family	44	HVT/BACLT/WTA	W. Brattleboro	$178,094	Out of Cap; TE debt
Jeffersonville	New Const	Family	10	HVT/LHP	Jeffersonville	$99,897	2000/2001 Credits Committed
Jeffersonville	New Const	Elderly	22	HVT/LHP	Jeffersonville	$70,448	Out of Cap; TE debt

2000 Multifamily Development Activity
January 1, 2000 through September 30, 2000

4. Multifamily Loans	Type Project	Type Housing	# Units	Sponsor	Location	Loan Amount	ST or Constr. Financing	Status
Jacobs Mobile Court	Existing MHP	Family/ Elderly	19	Randolph Area CDC	Randolph	$80,862		Closed 2/15/00.
Eagle Crest (formerly Blair Apartments)	New Construction	Elderly	60	Yandow/Dousevicz Construction Corp	Williston	$3,200,000	$3,707,000	Closed 5/11/00. Tax exempt
Swanton School	Acq/Rehab	Elderly	16	Lake Champlain Housing Development Corporation / HVT	Swanton		$980,000	Loan Repaid 9/27/00.
Bus Barns	Acq/Rehab/ New Const	Family	25	HVT/BCLT	Burlington	$250,000	$1,100,000	Commitment 12/3/99; TE construction financing & out of cap credit (+ 9% credit).
								To close 11/00.
Portland & Main	Acq/Rehab	Family	8	Lamoille Housing Partnership/HVT	Morrisville		$550,000	Paid off 7/12/00
Crystal Lake, Barton	Acq/Rehab	Family	16	Housing Vermont/ Gilman Housing Trust	Barton		$900,000	Commitment 6/17/99. Tax exempt financing and out of cap tax credits. Closed12/6/99.
South Burlington Community Housing	New Const	Family	18	Housing Vermont/LCHDC	So. Burlington	$254,515	$550,000	Commitments 8/19/99 and 5/25/00. Closed 8/1/00.
The Gardens at Williamstown Square	Acq/Rehab & New Construction	Elderly/ Assisted Living	30	Dick Dybvig	Williamstown	$1,880,000	$1,880,000	Letter of Commitment approved 11/11/99; Construction Loan Closed 6/8/00.
Saxtons River	Acq/Rehab	Family	17	Housing Vermont/RACLT	Rockingham	$541,000	$459,000	Commitment 10/21/99; *tax exempt* financing and 4% tax credits. Closed 12/21/99

2000 Multifamily Development Activity
January 1, 2000 through September 30, 2000

4. Multifamily Loans (Continued)	Type Project	Type Housing	# Units	Sponsor	Location	Loan Amount	ST or Constr. Financing	Status
Franklin Homestead Assisted Living	New Const	Elderly	18	HVT	Franklin	-	$725,000	Tax exempt financing and out of cap tax credits. Closed 4/11/00.
St. Johnsbury House	Acq/Rehab	Elderly	38	Green Mountain Development Group	St. Johnsbury	$200,000	$460,000	Closed 7/00; April 2001 completion anticipated
Hillcrest Views Apts/ Maple Street Duplexes	Acq/Rehab	Family	38	VSHA	St. Albans		$737,700	Committed 5/25/00; tax exempt; closed 8/2/00
McAuley Square	New Const	Family/ Elderly	74	HVT/CSC	Burlington	$2,850,000	$4,100,000	Closed 9/00; tax exempt bond; completion 7/01
The Baldwin Block	Acq/Rehab	Family	7	HVT/WRAP	Wells River	-	$840,000	Board approved 9/00; tax exempt debt & out of cap credit
Rutland Rehab	Acq/Rehab	Family	31	HVT/RCCLT	Rutland	-	$240,000	To Board 10/00; tax exempt debt & out of cap credit
Westgate	Acq/Rehab	Family	100	Housing Vermont	Brattleboro	$1,534,302	$2,600,000	Have 2000 Credit Commitment; Board approved 8/00
Marketplace (Farrell St)	New Const	Family	160	LCHDC/HVT	South Burlington	$4,421,000	$5,500,000	To Board 11/00; tax exempt debt & out of cap credit
BennSouth	Acq/Rehab	Family	21	RACLT	Bennington	$350,000	$850,000	Board Approved 9/00; tax exempt debt & out of cap credit
Jeffersonville Elderly	New Const	Elderly	22	HVT/LHP	Jeffersonville	$253,500	$1,040,000	Board approved 6/00; tax exempt debt & out of cap credit; Act 250 appeal

2000 Multifamily Development Activity
January 1, 2000 through September 30, 2000

5. Multifamily pipeline and potential projects	Type Project	Type Housing	# Units	Sponsor	Location	Loan Amount	ST or Constr. Financing	Status
Maples II	New Const	Elderly	32	GMDG	Rutland	$1,650,000	$1,650,000	Preliminary application pending 9/26/00. Includes construction/permanent loan request, plus zero percent gap funding.
Birchwood Manor MHP	Acq/Rehab	Family	172	VHEI	Milton	$2,106,200		Preliminary Application pending investigation of ability and terms of issuing 501c3Bond
Brookside MHP	Acq/Rehab	Family	48	ACCT	Starksboro	$818,050		Preliminary Application pending investigation of ability and terms of issuing 501c3Bond
Burr Oak Housing (Maple Tree Place)	New Const	Family	50	HVT/BCLT	Williston	$1,457,938	$2,900,000	Application not yet submitted; to Board 11/00; TE Debt & 4% credit
Stratton Mountain	New Const	Family	36	Capital Ideas Inc.	Stratton or Winhall	$2,600,000	$2,600,000	Loan application not yet submitted; *Seeking tax exempt* financing and out of cap tax credits.
Limerock I	New Const	Family	45	Housing Vermont/LCHDC	So. Burlington	$1,080,000	$2,150,000	Loan application not yet submitted; Seeking *tax exempt* financing and out of cap tax credits.
Richford	Acq/Rehab	Elderly	10	LCHDC/Housing Vermont	Richford	-	$500,000	Loan application not yet submitted; Seeking RD financing. *Tax exempt* bond & 4% credit.
Green Mountain Seminary	Acq/Rehab	Family	16	CVCLT/HVT	Waterbury Center		$1,185,000	TE Debt & out of cap credit (Has State Credit Commitment)
Smiths Housing	Acq/Rehab	Family	16	ACCAG/HVT	Middlebury		$922,000	TE Debt & out of cap credit

2000 Multifamily Development Activity
January 1, 2000 through September 30, 2000

5. Multifamily pipeline and potential projects (cont'd)	Type Project	Type Housing	# Units	Sponsor	Location	Loan Amount	ST or Constr. Financing	Status
Columbian Avenue	Acq/Rehab	Family	9	RCCLT	Rutland		$580,000	TE Debt & out of cap credit
Stowe Family Housing	New Const	Family	40	HVT/LHP	Stowe	$450,000	$2,800,000	Application not yet submitted; TE Debt & out of cap credit.
Clark/Canal	Acq/Rehab	Family	12	BACLT	Brattleboro		$733,250	Application not yet submitted; TE Debt & out of cap credit. (Has State Credit Commitment)
Hanson Block	Acq/Rehab	Family	10	WCDC	Winooski	$677,400	$970,000	Application not yet submitted; TE & out of cap credit; Has State Credit Committed)
Vernon Elderly	New Const	Elderly		HVT	Vernon			Application not yet submitted; TE Debt & out of cap credit.

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah Carpenter, Executive Director
Dave Adams, Chief of Program Operations

DATE: October 20, 2000

RE: Multifamily Loans for Possible Consideration in November

Below are brief descriptions of three loan requests that may come to you in November. David has been working on these, but we do not have complete information to make recommendations at this time. David has been gone all this week to the NCSHA Executive Management Institute, but expects to update you about their status at the Board meeting. Because each of these projects wants to close relatively soon and we have not mentioned them previously, we thought this update would be helpful. If we underwrite and approve these loans we would expect to sell them to Fannie Mae.

The first two projects are requests for funds to acquire mobile home parks. Both groups have been working on the acquisitions for some time. This type of acquisition is not different than we have done before, however we are proposing that these be financed through the sale of 501(C) 3 bonds, which we have not done before. This is a type of tax exempt financing available to nonprofits that meet the IRS charitable tests. In the past the mobile home loans we have done have been taxable. Kutak Rock has concurred that mobile home parks can meet this test if owned by a 501(C) 3 organization, and in fact VSHA has issued there own bonds to finance parks.

ACCLT has financing lined up with the National Bank of Middlebury and VSHA with the Howard Bank, however both offers would not provide long term fixed rate financing. Through our negotiations with Fannie Mae, using the underwriting and credit of the agency, we would be able to sell thirty-year fixed rate bonds for these projects. We obviously feel that this will benefit the long-term stability of the parks, particularly in a good rate environment. ACCLT and VSHA are weighing this against what they believe may be extra underwriting and reporting requirements and the possibility of a lower front end rate.

The other project I have listed is Maples II in Rutland. We did not loan on the Maple I, but there was quite a bit of review related to tax credit allocation. The second phase is ready to go, but there is a gap in financing if they use the 4% credit. We are working with Green Mountain Development to find ways to close the gap. Staff has recommended that we provide a 0% loan to the project. This is very consistent with the policy that the Board adopted, which would target those funds to facilitate the use of VHFA loan programs and would increase preservation. We want to make sure that the Board concurs. We would expect to get extended affordability on the Maples, as well some extended affordability and/or loan lock in at Sugarwood, a family housing project

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**

owned by GMD in Middlebury. Sugarwood is a producer of excess yield and a contributor to the 0% pool. GMD would like to see the excess yield directed to the Maples.

Project Description

Project Name: **Brookside Mobile Home Park**
Loan Request: **$918,000**

This is a 48-lot mobile home park located in Starksboro, Vermont. The park is being acquired by the Addison County Community Trust (ACCT). Income levels of the park residents generally are very low income families, disabled or seniors who live on fixed incomes and currently pay $273 per month in lot rent. Through the acquisition of the park by ACCT, it is the goal to reduce and stabilize rents, and perform various infrastructure improvements in the park.

Total acquisition and improvement costs will be $1,234,050. VHFA will provide long term fixed rate tax exempt financing in the amount of $918,000, through the issuance of a 501(C) 3 bond. Other funding sources include a grant from the Vermont Housing Conservation Board in the amount of $216,000, with the anticipation of HOME funds in the amount $100,000 to be used to purchase and install five units on the currently vacant lots.

The Addison County Community Trust was established in 1989 as a private non-profit organization. The Trust works to create and maintain permanently affordable housing for low and moderate income families and to preserve farmland. ACCT currently owns and manages six other mobile home parks in Vermont.

Project Description

Project Name: **Birchwood Manor Mobile Home Park**
Loan Request: **$2,016,000**

This is a 172-lot mobile home park located in Milton, Vermont. The park is being acquired by The Housing Foundation, Inc. (HFI) is a subsidiary corporation and housing development arm of the Vermont State Housing Authority. The acquisition of this park converts ownership from a private for-profit individual to a well-known and long standing nonprofit agency. HFI will acquire the park for $3.5 million, and intends infrastructure upgrades totaling an additional $2.3 million. Total acquisition and construction cost will be just under $5.8 million.

VHFA will provide long term fixed rate tax exempt financing in the amount of $2,016,00 through the issuance of a 501c3 bond and secured by a first lien position on the park real estate. Other funding sources include: a grant from the Vermont Housing Conservation Board in the amount of $650,000; VCDP Grant of $750,000; Drinking Water State Revolving Fund $225,000; FHLB AHP funds at $250,000, the seller is providing a gift of the purchase price in the amount of $1,560,000 with additional private donation of $30,000, and fee waivers by VSHA and the Town of Milton totaling $286,000. Secondary financing of $30,000 will be provided from Fecteau Homes. VHFA anticipated loan to value is expected to be under 50%.

The Housing Foundation Inc., owns and operates several parks around the state.

Project Description

Project Name: **Maples II, Senior Housing**
Loan Request: **$1,650,000**

Project Description:
Maples II is the second phase of a proposed three phase senior housing apartment complex located in the City of Rutland. Maples II will consist of 32 newly constructed one and two bedroom units, using tax exempt bond financing, in conjunction with 4% tax credit equity. Maples I and Maples II, although technically two distinct projects, will comprise connecting buildings. Maples III is planned for construction at a later date and will be a separate building altogether.

Maples II is highly supported by the City and is recognized to be filling an important need for affordable senior housing in Rutland. As proposed, Maples II will consist of 40% tax credit units targeting households at or below 60% of the area median income. There will be 11, one bedroom and 2 two bedroom restricted units, with 15 and 4 market rate units respectively. VHFA will provide $1,650,000 in tax exempt financing amortized over thirty years, with a balloon at the end of twenty years. In addition, VHFA will be further subsidizing the project with a $198,000 zero percent loan, with payments deferred for 20 years. Total acquisition and development of Maples II is $2,247,138. In addition to the VHFA financing package, the balance of the project will be financed with tax credit equity expected to be $312,000, deferred developers fees of $93,000 and the balance from developers equity.

The project owner will be a single purpose limited partnership known as "Maples II Limited Partnership. Tax Credit investors are expected to be private individuals or one of the local banks. Green Mountain Development Group, Inc will be the general partner whose principal owners are John Giebink and Charles Brush. Green Mountain Development Group have extensive experience with elderly housing projects having constructed similar projects in Burlington (Pines I, II, III, IV), St. Johnsbury House, Maples I, and another senior living project in New Hampshire. All projects appear to be well run, and in high demand with waiting lists for available units.

vhfa
Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homeownership Programs PC

DATE: October 19, 2000

RE: Summary of Homeownership Activities

PROGRAM OPERATION

Attached are production reports by product and lender for FY 2000 and year to date FY 2001. Activity has slowed somewhat but all our lenders indicate that they are still very busy. As of October 19, 2000, VHFA has approximately $14.3 million in loans that have been preliminarily approved. The majority of these loans will be submitted for purchase within the next three months.

With the lender luncheons behind us, information about next spring's homebuyer fair is being sent to prior and prospective participants. The venue has been switched to the Sheraton Conference Center to allow for larger booth spaces and more participants. Our goal is to have every VHFA participating lender who does business in the northwest part of the state participate. We are also seeking greater participation from real estate brokers, homebuilders, property inspection services, attorneys, moving companies and insurance companies.

COLLECTIONS

Attached are delinquency reports and a REO report as of August 31, 2000 and September 30, 2000. Delinquency levels are up slightly over lower levels of this past summer. We anticipate that some borrowers will experience stress on their monthly budgets as they begin to pay winter heating expenses. We are asking servicers to closely monitor new delinquencies and work with chronically delinquent borrowers to avoid defaults due to heating costs. As of October 19, 2000, 13 out of 22 properties owned by VHFA are under contract.

Please do not hesitate to call me if you have any questions about any of the reports.

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

VHFA Production Report By Product FY2001

July 1, 2000 - June 30, 2001

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total
MOVE	6,082,656	5,896,809	6,163,020										18,142,485
MOBILE HOME	866,063	348,550	616,554										1,831,167
HOUSE	142,750	100,000	221,600										464,350
YESS	157,150	55,000	0										212,150
RURAL DEV.	139,900	43,180	57,360										240,440
Total	7,388,519	6,443,539	7,058,534	0	0	0	0	0	0	0	0	0	20,890,592

VHFA Production Report By Product FY2000

July 1, 1999 - June 30, 2000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total
MOVE	4,124,272	5,050,851	2,983,050	10,360,896	9,377,888	5,824,798	4,920,567	3,318,996	3,256,736	3,056,844	3,290,355	6,229,550	61,794,803
MOBILE HOME	212,635	371,335	278,360	655,376	702,706	410,040	604,508	87,700	257,189	107,075	470,137	755,456	4,912,517
HOUSE	88,500	136,800	248,250	421,000	308,115	218,814	348,950	265,400	231,700	150,500	59,600	352,350	2,829,979
RURAL DEV.	43,600	70,470	0	159,900	222,230	0	88,920	135,550	246,512	163,707	142,345	158,559	1,431,793
YESS	98,180	49,505	80,350	33,200	0	66,250	33,950	26,730	74,360	45,100	15,910	160,270	683,805
Total	4,567,187	5,678,961	3,590,010	11,630,372	10,610,939	6,519,902	5,996,895	3,834,376	4,066,497	3,523,226	3,978,347	7,656,185	71,652,897

BOND SERIES STATUS REPORT

Series #	Date of Issue	Use by End Date	0 Point Move Rate	Original Issue Amt.	Amount Allocated	Available Funds
7	4/18/96	recycled	7.10%	$42,500,000	$39,867,022	$2,632,978
8	10/9/96	4/1/00		$30,035,000	$30,035,000	$0
9	6/13/97	recycled	7.10%	$61,788,875	$57,559,574	$4,229,301
10	4/22/99	N/A	6.35%	$33,016,574	$33,016,574	$0
11	8/24/99	6/1/02	7.10%	$24,426,258	$24,426,258	$0
12	2/10/00	8/1/03	7.55%	$28,344,948	$28,344,948	$0
13	8/28/00	2/28/04	7.10%	$33,737,121	$10,312,319	$23,424,802

VHFA Production Report- Dollar volume by lender FY2001

July 1, 2000 - June 30, 2001

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD TOTAL
CHITTENDEN	$2,213,475	$1,049,968	$2,099,177										$5,362,620
SUMMIT	$386,875	$595,453	$306,250										$1,288,578
UNIVERSAL	$68,870	$870,970	$323,590										$1,263,430
NEFCU	$441,615	$78,958	$677,905										$1,198,478
BANKNORTH	$232,990	$227,170	$582,660										$1,042,820
GMAC	$462,050	$309,600	$253,850										$1,025,500
VT STATE ECU	$153,500	$597,350	$0										$750,850
CTX	$225,746	$120,150	$361,400										$707,296
CHARTER ONE	$119,700	$578,120	$0										$697,820
COMMUNITY	$197,500	$0	$493,950										$691,450
VDCU	$242,235	$0	$390,129										$632,364
CITIMORTGAGE, IN	$454,975	0	$143,750										$598,725
NORTHFIELD	$228,018	$99,000	$246,128										$573,146
UNION	$128,100	$343,275	$49,955										$521,330
KITTREDGE	$201,270	$243,500	$38,000										$482,770
FACTORY	$209,500	$187,425	$85,400										$482,325
MTG FINANCIAL	$78,375	$281,000	$46,500										$405,875
LYNDONVILLE	$268,000	$0	$112,635										$380,635
NCFCU	$159,610	$176,000	$0										$335,610
MASCOMA	$0	$147,400	$169,750										$317,150
VHFA (RD)	$213,775	$43,180	$57,360										$314,315
BNK OF BENN	$278,850	$0	$0										$278,850
CITIZENS	$24,035	$46,075	$206,645										$276,755
BRATTLEBORO	$72,000	$125,000	$78,300										$275,300
HERITAGE FCU	$64,505	$194,745	$0										$259,250
WELLS RIVER	$91,200	$129,200	$0										$220,400
PASSUMPSIC	$61,750	$0	$104,000										$165,750
NAT'L CITY MTG	$0	$0	$126,200										$126,200
PEOPLES TRUST	$110,000	$0	$0										$110,000
CT RIVER	$0	$0	$105,000										$105,000
FIRST BRANDON	$0	$0	$0										$0
NAT'L BNK MIDDLE	$0	$0	$0										$0
TOTAL	$7,388,519	$6,443,539	$7,058,534	$0	$0	$0	$0	$0	$0	$0	$0	$0	$20,890,592

HOMEOWNERSHIP DELINQUENCY REPORT
AS OF: September 30, 2000

	Jun-00	Jul	Aug	Sep	Oct	Nov	Dec	Jan-01	Feb	Mar	Apr	May	Jun	YTD Average
Total Portfolio #	**6338**	**6382**	**6429**	**6464**										**6403**
Total Portfolio $	**$364.1**	**$367.9**	**$371.2**	**$375.2**										**$369.6**

NUMBER OF DELINQUENT LOANS

	Jun-00	Jul	Aug	Sep	Oct	Nov	Dec	Jan-01	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	259	254	263	280										264
60 Days	64	56	72	65										64
90 Days	52	53	47	49										50
Foreclosure	54	55	56	58										56
Total Delq 00-01	429	418	438	452										434
Total Delq 99-00	489	500	485	481	509	512	512	535	518	403	485	455	429	486

PERCENT BY NUMBER OF DELINQUENT LOANS

	Jun-00	Jul	Aug	Sep	Oct	Nov	Dec	Jan-01	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	4.09%	3.98%	4.09%	4.32%										4.12%
60 Days	1.01%	0.88%	1.12%	1.01%										1.00%
90 Days	0.82%	0.83%	0.73%	0.76%										0.79%
Foreclosure	0.85%	0.86%	0.87%	0.90%										0.87%
Total Delq 00-01	6.77%	6.55%	6.81%	6.99%										6.78%
Total Delq 99-00	8.26%	8.45%	8.18%	8.11%	8.42%	8.33%	8.27%	8.57%	8.23%	6.43%	7.72%	7.23%	6.77%	7.92%

DOLLAR AMOUNT OF DELINQUENT LOANS

	Jun-00	Jul	Aug	Sep	Oct	Nov	Dec	Jan-01	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	$14.5	$14.2	$14.8	$15.4										$14.7
60 Days	$3.5	$2.8	$3.9	$3.7										$3.5
90+ Days	$6.1	$6.3	$6.0	$6.2										$6.2
Total Delq 00-01	$24.1	$23.3	$24.7	$25.3										$24.4
Total Delq 99-00	**$26.9**	**$27.6**	**$27.1**	**$27.0**	**$28.3**	**$28.9**	**$28.7**	**$30.5**	**$28.8**	**$22.5**	**$26.6**	**$25.3**	**$24.1**	**$28.2**

HOMEOWNERSHIP PROGRAMS - SERVICING ACTIVITY REPORT

Activity for the month of August 2000

COLLECTIONS

Total 90+ accounts for current month	47

FORECLOSURES

Foreclosure accounts from previous month	55
Plus new foreclosure accounts	6
To REO	3
Successful interventions	2
Total Foreclosure accounts for current month	56 (includes 14 loans in Chapter 13)

REAL ESTATE OWNED

REOs from previous month	23
Plus new REOs	3
Less property sold	6
Less reinstatement	0
REOs for current month	20

VERMONT HOUSING FINANCE AGENCY
DELINQUENCY STATISTICAL REPORT
SINGLE FAMILY PORTFOLIO
EFFECTIVE: August 2000

Lenders	Loans	30	Days	60	Days	90+	Days	Auth	FCL	Delinq		REO	
Mortgage Service Ctr. of NE	75	7	9.33%	2	2.67%	4	5.33%	1	1.33%	14	18.67%	0	0.00%
Factory Point Nat. Bank	41	5	12.20%	0	0.00%	0	0.00%	0	0.00%	5	12.20%	0	0.00%
Charter One	367	29	7.90%	4	1.09%	4	1.09%	7	1.91%	44	11.99%	1	0.27%
Merchants Bank	185	10	5.41%	4	2.16%	0	0.00%	1	0.54%	15	8.11%	0	0.00%
Community National Bank	331	16	4.83%	5	1.51%	4	1.21%	0	0.00%	25	7.55%	0	0.00%
Graystone Mortgage Company	1295	52	4.02%	17	1.31%	13	1.00%	15	1.16%	97	7.49%	2	0.15%
Chittenden Bank	2795	114	4.08%	26	0.93%	15	0.54%	30	1.07%	185	6.62%	14	0.50%
Brattleboro Savings & Loan	50	3	6.00%	0	0.00%	0	0.00%	0	0.00%	3	6.00%	0	0.00%
Union Bank	208	7	3.37%	2	0.96%	2	0.96%	0	0.00%	11	5.29%	0	0.00%
Vermont Development CU	136	4	2.94%	1	0.74%	2	1.47%	0	0.00%	7	5.15%	1	0.74%
Passumpsic Savings Bank	156	5	3.21%	2	1.28%	0	0.00%	1	0.64%	8	5.13%	2	1.28%
Northfield Savings Bank	165	2	1.21%	5	3.03%	0	0.00%	1	0.61%	8	4.85%	0	0.00%
Citizens Savings Bank	123	5	4.07%	0	0.00%	0	0.00%	0	0.00%	5	4.07%	0	0.00%
Bennington Co-op S&L Assoc.	74	1	1.35%	1	1.35%	1	1.35%	0	0.00%	3	4.05%	0	0.00%
Randolph National Bank	25	0	0.00%	1	4.00%	0	0.00%	0	0.00%	1	4.00%	0	0.00%
Peoples Trust Co.	79	2	2.53%	0	0.00%	1	1.27%	0	0.00%	3	3.80%	0	0.00%
GMAC Mortgage	37	1	2.70%	0	0.00%	0	0.00%	0	0.00%	1	2.70%	0	0.00%
Lyndonville Savings Bank	80	0	0.00%	2	2.50%	0	0.00%	0	0.00%	2	2.50%	0	0.00%
New England Federal CU	110	0	0.00%	0	0.00%	1	0.91%	0	0.00%	1	0.91%	0	0.00%
Mascoma Savings Bank	8	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Wells River Savings Bank	34	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Connecticut River Bank	7	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Brandon Nat. Bank	13	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%
Heritage Family Credit Union	30	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Totals	6429	263	4.09%	72	1.12%	47	0.73%	56	0.87%	438	6.81%	20	0.31%
Totals Previous Month	6382	254	3.98%	56	0.88%	53	0.83%	55	0.86%	418	6.55%	23	0.36%
Totals Same Mo. Last Yr.	5918	272	4.60%	76	1.28%	89	1.50%	63	1.06%	500	8.45%	41	0.69%

Lenders	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
Bennington Co-op S&L Assoc.	6.25%	2.99%	2.99%	2.94%	2.86%	2.86%	8.57%	7.04%	4.29%	4.29%	5.71%	4.05%	4.05%
Brattleboro Savings & Loan	6.25%	5.56%	5.56%	5.26%	4.88%	4.65%	4.65%	4.65%	4.65%	4.44%	2.13%	4.17%	6.00%
Charter One	10.88%	11.14%	10.96%	10.16%	9.21%	10.30%	9.78%	7.90%	10.68%	11.02%	9.86%	10.38%	11.99%
Chittenden Bank	9.45%	8.49%	8.83%	7.88%	6.69%	7.20%	7.75%	6.88%	7.55%	6.96%	6.31%	6.32%	6.62%
Citizens Savings Bank	8.26%	7.56%	7.50%	5.04%	4.96%	7.44%	7.38%	5.74%	3.28%	4.07%	2.46%	3.28%	4.07%
Community National Bank	7.24%	6.11%	7.03%	6.19%	6.44%	8.18%	7.32%	5.78%	6.63%	6.31%	6.33%	6.33%	7.55%
Connecticut River 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%
Factory Point Nat. Bank	12.12%	6.45%	12.90%	12.50%	12.12%	8.57%	2.94%	11.76%	11.43%	0.00%	5.71%	7.89%	12.20%
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%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
GMAC Mortgage	11.11%	0.00%	0.00%	8.33%	8.33%	8.33%	0.00%	5.88%	9.52%	9.29%	0.00%	3.03%	2.70%
Graystone Mortgage Company	12.22%	11.53%	13.07%	11.86%	12.73%	10.42%	10.80%	6.35%	9.60%	9.09%	8.21%	8.01%	7.49%
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%
Lyndonville Savings Bank	3.17%	6.45%	4.29%	4.11%	6.76%	6.58%	3.95%	3.90%	6.49%	5.33%	3.95%	3.75%	2.50%
Mascoma Savings Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	20.00%	20.00%	0.00%	0.00%	0.00%
Merchants Bank	2.83%	5.71%	8.74%	6.37%	4.48%	4.98%	4.48%	3.55%	6.19%	6.19%	7.85%	5.88%	8.11%
Mortgage Service Ctr. of NE	12.50%	15.00%	13.92%	14.10%	14.10%	19.23%	17.95%	14.29%	18.18%	22.08%	22.37%	18.42%	18.67%
New England Federal CU	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.88%	0.92%	0.91%
Northfield Savings Bank	3.57%	5.00%	4.90%	4.76%	6.67%	5.84%	5.19%	3.87%	4.55%	3.23%	6.21%	7.32%	4.85%
Passumpsic Savings Bank	8.33%	7.64%	7.10%	6.88%	9.26%	6.83%	8.64%	5.56%	7.50%	7.55%	4.46%	4.46%	5.13%
Peoples Trust Co.	5.13%	10.26%	8.86%	6.49%	6.58%	6.58%	7.89%	7.89%	9.21%	6.58%	5.13%	5.06%	3.80%
Randolph National Bank	6.67%	7.41%	7.41%	7.41%	7.41%	7.41%	3.70%	3.70%	7.69%	7.69%	11.54%	4.00%	4.00%
Union Bank	6.86%	5.71%	6.59%	6.28%	7.25%	5.70%	4.57%	5.08%	5.08%	4.55%	5.45%	4.43%	5.29%
Vermont Development CU	6.74%	6.38%	8.74%	8.11%	6.96%	8.06%	7.81%	6.30%	6.98%	6.25%	7.46%	4.38%	5.15%
Wells River Savings Bank	3.33%	3.23%	3.23%	3.13%	0.00%	0.00%	0.00%	0.00%	3.03%	3.03%	3.13%	0.00%	0.00%
Average	5.72%	5.30%	5.70%	5.51%	5.51%	5.57%	4.93%	4.64%	6.50%	5.92%	5.09%	4.48%	4.84%

REO INVENTORY REPORT
As of August 31, 2000

Mortgagor	REO Date	City	Princ. Bal.	Interest	Expenses	Receipts (1)	Total Cost Basis	Valuation Allowance as of 6/30/00	List Amount (2)	Current Appraisal	Date Last Appraised	Original Appraisal	Loan Date	Prop Type	Comments
Bushey	1/19/98	Fairfield	$ 57,867	$ 5,686	$ 21,946	$ 17,360	$ 68,138	$ 18,978	$ -	$ 52,000	8/22/97	$ 62,000	9/20/95	MH	Title Issues Close to Resolution; Values Ordered
Langevin	10/12/99	Williamstown	$ 58,913	$ 9,218	$ 8,214	$ 13,642	$ 62,703	$ 1,115	$ 66,000	$ 65,000	8/24/00	$ 69,500	9/21/89	SF	Under deposit $66,000
Johnson	11/4/99	Wells	$ 49,792	$ 5,988	$ 6,219	$ 11,139	$ 50,860	$ 27,026	$ 20,000	$ 40,000	12/6/99	$ 52,000	10/18/91	MH	Under deposit $20,000
Simonds	12/6/99	Lunenburg	$ 56,945	$ 4,520	$ 7,948	$ 14,541	$ 54,872	$ 8,860	$ 40,000	$ 54,000	10/14/99	$ 75,000	10/5/90	MH	Has been under deposit twice; unable to finance
Lamoureux	3/6/00	Shoreham	$ 71,412	$ 10,269	$ 9,620	$ 15,898	$ 75,403	$ 18,294	$ 63,000	$ 60,000	4/13/00	$ 80,000	4/22/92	SF	Under deposit $63,000
Miller	3/17/00	Bennington	$ 72,663	$ 7,387	$ 10,372	$ 12,939	$ 77,483	$ 24,988	$ 53,000	$ 52,500	3/28/00	$ 76,000	1/5/95	SF	Sold 9/21/2000
Roy	4/28/00	Cambridge	$ 62,346	$ 10,164	$ 5,644	$ 14,192	$ 63,962	$ 11,234	$ 52,900	$ 58,000	5/24/00	$ 70,000	8/12/94	MH	Under deposit $52,900
Acheson	5/2/00	Brattleboro	$ 81,075	$ 9,087	$ 12,947	$ 18,500	$ 84,609	$ 6,920	$ 75,900	$ 86,000	2/4/00	$ 93,000	6/6/91	2FD	Reduced price to $75,900
St. Peter	6/9/00	Starksboro	$ 20,527	$ 1,083	$ 4,174	$ 2,463	$ 23,321	$ -	$ 20,000	$ 10,000	8/29/00	$ 26,000	10/24/98	MH	Listed for $20,000; Have MA for $20,000
Roberts, R	6/12/00	Newport City	$ 40,163	$ 4,241	$ 5,614	$ 10,798	$ 39,220	$ 17,869	$ 20,000	$ 32,500	5/1/00	$ 52,000	10/13/89	SF	Under deposit $20,000
Debruin	6/26/00	Sunderland	$ 61,586	$ 9,747	$ 8,056	$ 4,377	$ 75,012	$ -	$ 37,500	$ 50,000	1/28/00	$ 71,000	9/28/90	SF	Under Deposit for $37,500
Pignone	7/12/00	Barre Town	$ 35,053	$ 3,323	$ 7,244	$ 9,570	$ 36,050	$ -	$ 27,000	$ 27,000	6/20/00	$ 43,000	5/11/90	SF	Property has a lot of interest
Coletti	7/14/00	Barre City	$ 50,132	$ 9,639	$ 5,750	$ 14,057	$ 51,464	$ -	$ 65,000	$ 65,000	8/24/00	$ 58,000	9/15/94	SF	Under deposit $65,000
Pariseau	7/17/00	Brandon	$ 51,764	$ 6,262	$ 7,364	$ 5,545	$ 59,845	$ -	$ 37,000	$ 20,000	10/20/99	$ 61,000	6/16/94	SF	Listed based on $37,000 MA
Tanner	7/19/00	Wallingford	$ 75,433	$ 10,223	$ 1,247	$ 18,858	$ 68,045	$ -	$ 75,000	$ 69,500	8/24/00	$ 88,000	12/1/97	SF	Under deposit $75,000
Torrey	7/28/00	Brandon	$ 69,227	$ 5,462	$ 2,356	$ 13,771	$ 63,274	$ -	$ 47,500	$ 57,000	7/27/00	$ 75,500	8/1/90	SF	Under deposit $47,500
Hartson	7/30/00	St Johnsbury	$ 48,413	$ 3,644	$ 1,625	$ 10,839	$ 42,843	$ -	$ 38,500	$ 37,000	8/28/00	$ 57,000	11/10/93	SF	Under deposit $38,500
Fogarty	8/15/00	Rutland City	$ 50,138	$ 4,895	$ 3,927	$ 15,042	$ 43,918	$ -	$ 39,500	$ 30,000	10/9/00	$ 59,000	10/30/95	2FD	Listed based on MA of $39,500
Linton	8/16/00	Brattleboro	$ 69,817	$ 12,414	$ 23,418	$ 15,913	$ 89,736	$ -	$ 66,000	$ 66,000	2/17/00	$ 82,000	8/4/90	SF	Listed for $66,000
Roberts, D	8/24/00	Newbury	$ 54,865	$ 2,991	$ 4,989	$ 13,716	$ 49,129	$ -	$ 57,000	$ 57,000	3/15/00	$ 57,000	4/5/99	SF	Listed for $57,000
20			$ 1,138,130	$ 136,243	$ 158,674	$ 253,160	$ 1,179,887	$ 135,284	$ 900,800	$ 988,500		$ 1,307,000			

REOS that are under deposit

(1) Receipts column represents actual and projected mortgage insurance claim payments

(2) If Property is under deposit the List Price is the actual sale price.

10/16/00

REO Inventory-Aug

HOMEOWNERSHIP PROGRAMS - SERVICING ACTIVITY REPORT

Activity for the month of September 2000

COLLECTIONS

Total 90+ accounts for current month	49

FORECLOSURES

Foreclosure accounts from previous month	56
Plus new foreclosure accounts	8
To REO	3
Successful interventions	3
Total Foreclosure accounts for current month	58 (includes 10 loans in Chapter 13)

REAL ESTATE OWNED

REOs from previous month	20
Plus new REOs	4
Less property sold	2
Less reinstatement	0
REOs for current month	22

VERMONT HOUSING FINANCE AGENCY
HOMEOWNERSHIP PROGRAM MONTHLY DELINQUENCY REPORT
SEPTEMBER 30, 2000

Lenders	Total Loans	30 Days		60 Days		90+ Days		In Foreclosure		Total Delinquent		Real Estate Owned	
Mortgage Service Ctr. of NE	73	6	8.22%	1	1.37%	5	6.85%	1	1.37%	13	17.81%	0	0.00%
Charter One	363	18	4.96%	10	2.75%	3	0.83%	9	2.48%	40	11.02%	1	0.28%
Graystone Mortgage Company	1304	73	5.60%	9	0.69%	18	1.38%	13	1.00%	113	8.67%	2	0.15%
Community National Bank	335	17	5.07%	7	2.09%	2	0.60%	1	0.30%	27	8.06%	0	0.00%
Factory Point Nat. Bank	42	3	7.14%	0	0.00%	0	0.00%	0	0.00%	3	7.14%	0	0.00%
Chittenden Bank	2800	126	4.50%	29	1.04%	10	0.36%	30	1.07%	195	6.96%	16	0.57%
Peoples Trust Co.	79	2	2.53%	2	2.53%	1	1.27%	0	0.00%	5	6.33%	0	0.00%
Northfield Savings Bank	168	7	4.17%	0	0.00%	2	1.19%	1	0.60%	10	5.95%	0	0.00%
Vermont Development CU	140	4	2.86%	2	1.43%	2	1.43%	0	0.00%	8	5.71%	1	0.71%
Union Bank	209	8	3.83%	1	0.48%	2	0.96%	0	0.00%	11	5.26%	0	0.00%
Passumpsic Savings Bank	155	4	2.58%	0	0.00%	2	1.29%	1	0.65%	7	4.52%	2	1.29%
Bank of Bennington	74	1	1.35%	1	1.35%	1	1.35%	0	0.00%	3	4.05%	0	0.00%
Brattleboro Savings & Loan	51	2	3.92%	0	0.00%	0	0.00%	0	0.00%	2	3.92%	0	0.00%
Merchants Bank	182	4	2.20%	1	0.55%	1	0.55%	1	0.55%	7	3.85%	0	0.00%
Citizens Savings Bank	123	3	2.44%	1	0.81%	0	0.00%	0	0.00%	4	3.25%	0	0.00%
Wells River Savings Bank	34	1	2.94%	0	0.00%	0	0.00%	0	0.00%	1	2.94%	0	0.00%
Lyndonville Savings Bank	82	1	1.22%	1	1.22%	0	0.00%	0	0.00%	2	2.44%	0	0.00%
New England Federal CU	118	0	0.00%	0	0.00%	0	0.00%	1	0.85%	1	0.85%	0	0.00%
Connecticut River Bank	8	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Brandon Nat. Bank	13	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	40	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Heritage Family Credit Union	30	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mascoma Savings Bank	11	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Randolph National Bank	25	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
												0	
Totals	**6464**	**280**	**4.33%**	**65**	**1.01%**	**49**	**0.76%**	**58**	**0.90%**	**452**	**6.99%**	22	**0.34%**
Totals Previous Month	6429	263	4.09%	72	1.12%	47	0.73%	56	0.87%	438	6.81%	20	0.31%
Totals Same Mo. Last Yr.	5934	269	4.53%	68	1.15%	80	1.35%	64	1.08%	481	8.11%	37	0.62%

VERMONT HOUSING FINANCE AGENCY
HOMEOWNERSHIP PROGRAM DELINQUENCY STATISTICAL REPORT

Lenders	Sep-99	Oct-99	Nov-99	Dec-99	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00
Bank of Bennington	2.99%	2.99%	2.94%	2.86%	2.86%	8.57%	7.04%	4.29%	4.29%	5.71%	4.05%	4.05%	4.05%
Brattleboro Savings & Loan	5.56%	5.56%	5.26%	4.88%	4.65%	4.65%	4.65%	4.65%	4.44%	2.13%	4.17%	6.00%	3.92%
Charter One	11.14%	10.96%	10.16%	9.21%	10.30%	9.78%	7.90%	10.68%	11.02%	9.86%	10.38%	11.99%	11.02%
Chittenden Bank	8.49%	8.83%	7.88%	6.69%	7.20%	7.75%	6.88%	7.55%	6.96%	6.31%	6.32%	6.62%	6.96%
Citizens Savings Bank	7.56%	7.50%	5.04%	4.96%	7.44%	7.38%	5.74%	3.28%	4.07%	2.46%	3.28%	4.07%	3.25%
Community National Bank	6.11%	7.03%	6.19%	6.44%	8.18%	7.32%	5.78%	6.63%	6.31%	6.33%	6.33%	7.55%	8.06%
Connecticut River 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%
Factory Point Nat. Bank	6.45%	12.90%	12.50%	12.12%	8.57%	2.94%	11.76%	11.43%	0.00%	5.71%	7.89%	12.20%	7.14%
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%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
GMAC Mortgage	0.00%	0.00%	8.33%	8.33%	8.33%	0.00%	5.88%	9.52%	9.29%	0.00%	3.03%	2.70%	0.00%
Graystone Mortgage Company	11.53%	13.07%	11.86%	12.73%	10.42%	10.80%	6.35%	9.60%	9.09%	8.21%	8.01%	7.49%	8.67%
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%
Lyndonville Savings Bank	6.45%	4.29%	4.11%	6.76%	6.58%	3.95%	3.90%	6.49%	5.33%	3.95%	3.75%	2.50%	2.44%
Mascoma Savings Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	20.00%	20.00%	0.00%	0.00%	0.00%	0.00%
Merchants Bank	5.71%	8.74%	6.37%	4.48%	4.98%	4.48%	3.55%	6.19%	6.19%	7.85%	5.88%	8.11%	3.85%
Mortgage Service Ctr. of NE	15.00%	13.92%	14.10%	14.10%	19.23%	17.95%	14.29%	18.18%	22.08%	22.37%	18.42%	18.67%	17.81%
New England Federal CU	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.88%	0.92%	0.91%	0.85%
Northfield Savings Bank	5.00%	4.90%	4.76%	6.67%	5.84%	5.19%	3.87%	4.55%	3.23%	6.21%	7.32%	4.85%	5.95%
Passumpsic Savings Bank	7.64%	7.10%	6.88%	9.26%	6.83%	8.64%	5.56%	7.50%	7.55%	4.46%	4.46%	5.13%	4.52%
Peoples Trust Co.	10.26%	8.86%	6.49%	6.58%	6.58%	7.89%	7.89%	9.21%	6.58%	5.13%	5.06%	3.80%	6.33%
Randolph National Bank	7.41%	7.41%	7.41%	7.41%	7.41%	3.70%	3.70%	7.69%	7.69%	11.54%	4.00%	4.00%	0.00%
Union Bank	5.71%	6.59%	6.28%	7.25%	5.70%	4.57%	5.08%	5.08%	4.55%	5.45%	4.43%	5.29%	5.26%
Vermont Development CU	6.38%	8.74%	8.11%	6.96%	8.06%	7.81%	6.30%	6.98%	6.25%	7.46%	4.38%	5.15%	5.71%
Wells River Savings Bank	3.23%	3.23%	3.13%	0.00%	0.00%	0.00%	0.00%	3.03%	3.03%	3.13%	0.00%	0.00%	2.94%

REO INVENTORY REPORT
As of September 30, 2000

Mortgagor	REO Date	City	Princ. Bal.	Interest	Expenses	Receipts (1)	Total Cost Basis	Valuation Allowance as of 6/30/00	List Amount (2)	Current Appraisal	Date Last Appraised	Original Appraisal	Loan Date	Prop Type	Comments
Bushey	1/19/98	Fairfield	$ 57,867	$ 5,686	$ 25,964	$ 17,360	$ 72,156	$ 18,978	$ -	$ 60,000	10/4/00	$ 62,000	9/20/95	MH	Title Issues Resolved; Waiting for MA to list
Langevin	10/12/99	Williamstown	$ 58,913	$ 9,218	$ 13,889	$ 13,642	$ 68,378	$ 1,115	$ 66,000	$ 65,000	8/24/00	$ 69,500	9/21/89	SF	Under deposit $66,000
Johnson	11/4/99	Wells	$ 49,792	$ 5,988	$ 7,099	$ 11,139	$ 51,740	$ 27,026	$ 20,000	$ 40,000	12/6/99	$ 52,000	10/18/91	MH	Under deposit $20,000
Simonds	12/6/99	Lunenburg	$ 56,945	$ 4,520	$ 10,271	$ 14,541	$ 57,195	$ 8,860	$ 35,000	$ 54,000	10/14/99	$ 75,000	10/5/90	MH	Price reduced from $40,000
Lamoureux	3/6/00	Shoreham	$ 71,412	$ 10,269	$ 12,121	$ 15,898	$ 77,904	$ 18,294	$ 63,000	$ 60,000	4/13/00	$ 80,000	4/22/92	SF	Under deposit $63,000
Acheson	5/2/00	Brattleboro	$ 81,075	$ 9,087	$ 13,434	$ 18,500	$ 85,096	$ 6,920	$ 72,000	$ 86,000	2/4/00	$ 93,000	6/6/91	2FD	Under deposit $72,000
St. Peter	6/9/00	Starksboro	$ 20,527	$ 1,083	$ 4,818	$ 2,463	$ 23,965	$ -	$ 17,500	$ 10,000	8/29/00	$ 26,000	10/24/98	MH	Price reduced from $20,000; MA for $20,000
Roberts, R	6/12/00	Newport City	$ 40,163	$ 4,241	$ 6,070	$ 10,798	$ 39,676	$ 17,869	$ 20,000	$ 32,500	5/1/00	$ 52,000	10/13/89	SF	Under deposit $20,000
Debruin	6/26/00	Sunderland	$ 61,586	$ 9,747	$ 9,379	$ 15,376	$ 65,336	$ -	$ 37,500	$ 50,000	1/28/00	$ 71,000	9/28/90	SF	Under Deposit for $37,500
Pignone	7/12/00	Barre Town	$ 35,053	$ 3,323	$ 10,530	$ 9,570	$ 39,336	$ -	$ 27,000	$ 27,000	6/20/00	$ 43,000	5/11/90	SF	Property has a lot of interest
Coletti	7/14/00	Barre City	$ 50,132	$ 9,639	$ 7,848	$ 12,414	$ 55,205	$ -	$ 65,000	$ 65,000	8/24/00	$ 58,000	9/15/94	SF	Under deposit $65,000
Pariseau	7/17/00	Brandon	$ 51,764	$ 6,262	$ 8,597	$ 11,382	$ 55,241	$ -	$ 32,900	$ 20,000	10/20/99	$ 61,000	6/16/94	SF	Price reduced to $32,900
Tanner	7/19/00	Wallingford	$ 75,433	$ 10,223	$ 6,170	$ 18,858	$ 72,968	$ -	$ 75,000	$ 69,500	8/24/00	$ 88,000	12/1/97	SF	Under deposit $75,000
Torrey	7/28/00	Brandon	$ 69,227	$ 5,462	$ 3,243	$ 13,771	$ 64,161	$ -	$ 47,500	$ 57,000	7/27/00	$ 75,500	8/1/90	SF	Under deposit $47,500
Hartson	7/30/00	St Johnsbury	$ 48,413	$ 3,644	$ 4,207	$ 10,839	$ 45,425	$ -	$ 38,500	$ 37,000	8/28/00	$ 57,000	11/10/93	SF	Under deposit $38,500
Fogarty	8/15/00	Rutland City	$ 50,138	$ 4,895	$ 7,114	$ 15,042	$ 47,105	$ -	$ 39,500	$ 30,000	10/9/00	$ 59,000	10/30/95	2FD	Listed based on MA of $39,500
Linton	8/16/00	Brattleboro	$ 69,817	$ 12,414	$ 26,865	$ 15,913	$ 93,183	$ -	$ 66,000	$ 66,000	2/17/00	$ 82,000	8/4/90	SF	Listed for $66,000
Roberts, D	8/24/00	Newbury	$ 54,865	$ 2,991	$ 6,579	$ 13,716	$ 50,719	$ -	$ 57,000	$ 57,000	3/15/00	$ 57,000	4/5/99	SF	Listed for $57,000
DePietro, P	9/1/00	Mt. Holly	$ 68,921	$ 8,356	$ 5,104	$ 16,627	$ 65,754	$ -	$ 55,000	$ 58,500	7/5/00	$ 75,000	12/15/95	SF	Under deposit $55,000
McGraw, B	9/2/00	Fairhaven	$ 43,099	$ 4,390	$ 3,639	$ 25,000	$ 26,128	$ -	$ 25,000	$ 27,500	9/12/00	$ 44,000	3/21/97	SF	Under deposit $25,000
Clark, S	9/18/00	Clarendon	$ 34,050	$ 5,205	$ 2,737	$ 7,975	$ 34,017	$ -	$ -	$ 20,000	10/12/00	$ 40,000	5/26/89	MH	Waiting for MA
Mulholland, J	9/22/00	Huntington	$ 61,237	$ 6,160	$ 3,487	$ -	$ 70,884	$ -	$ 69,900	$ 68,000	9/8/00	$ 65,000	6/4/98	MH	Listed for $69,900; A lot of interest!
22			$ 1,210,428	$ 142,803	$ 199,165	$ 290,824	$ 1,261,572	$ 99,062	$ 929,300	$ 1,060,000		$ 1,385,000			

REOS that are under deposit

(1) Receipts column represents actual and projected mortgage insurance claim payments

(2) If Property is under deposit the List Price is the actual sale price.

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: OCTOBER 20, 2000

RE: MULTI-FAMILY BOND FINANCING

Enclosed for your review is a Series Resolution and Private Placement Memorandum (PPM) prepared by Kutak Rock in conjunction with the permanent financing of Williamstown (Gardens) and McAuley Square. Adoption of the Series Resolution will enable us to sell bonds to finance these two projects. We plan to sell these bonds directly to Fannie Mae and save underwriter costs of about 10 basis points to the rate. We are hopeful that we can sell the bonds at or below 6% so as to produce a loan rate of 7.5%. The Series Resolution provides limits on the amount of financing ($7 million and the maximum bond rate 7%). Issuing these bonds under the Multi-family Mortgage Bond Resolution provides the AA rating necessary for Fannie Mae to purchase the bonds. We will consider bond insurance only if it provides an economic benefit. We are hoping to sell the bonds in early November and close in about a week after the sale.

We have been working on a group of financing initiatives, some of which you will read and hear about today. Ideally, we would have combined these projects into a single bond financing, but the timing is not working. The other projects that we were looking to include in this financing are the HUD notes purchase and related acquisition of the Westgate project and the mobile home parks. We have been negotiating with Fannie Mae and they have agreed to purchase (based on agreeing on pricing terms) a privately placed bond to them to back all of the projects mentioned. This could consist of taxable and 501(c)(3) bonds. They have agreed to purchase these bonds in separate issues, as they are ready to be financed.

We may need to put together a financing on fairly short notice so as to lock in rates on some of the other projects mentioned. This may also entail a Board conference call prior to the next Board meeting to approve a new Series Resolution that will be used to sell subsequent bonds to Fannie Mae. There will be some minor duplication of costs in doing multiple issues instead of combining them into one but we have worked with the providers of services to reduce the costs by asking them to look at this as a package. Evensen Dodge and rating agency fees are the prime targets.

Recommended Action

Adoption of the 2000 Series A Series Resolution and consensus to move forward with the financing plan as outlined for the remaining projects.

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

vhfa

Vermont Housing Finance Agency

MEMORANDUM

To: VHFA Board of Commissioners

From: Glenn A. Jarrett

Date: October 19, 2000

Re: McAuley Square Bond Resolution

Background:

The closing on this development was held on September 25. The Agency's construction loan is split between long and short term tax exempt bonds to enable the owner to obtain 4% out of cap housing credits.

This resolution authorizes the Agency to issue $1,250,000 in short term tax exempt notes to Stratevest & Company. The TEFRA hearings have been held for this bond issuance.

Requested Action:

Approval of the attached resolution that approves the issuance of short term tax exempt notes for the McAuley Square development in Burlington.

mailing address P.O. Box 408, Burlington, VT 05402-0408 delivery address 164 Saint Paul St., Burlington, VT 05401-4364
phone (802) 864-5743 or (800) 339-5866 consumer helpline (800) 287-8432 fax (802) 864-5746 www.vhfa.org

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. IN A MAXIMUM AMOUNT OF $1,250,000 AND USING THE PROCEEDS, ALONG WITH OTHER TAX-EXEMPT PROCEEDS, TO MAKE A LOAN IN THE MAXIMUM AMOUNT OF $4,100,000 TO HOUSING VERMONT TO FINANCE THE CONSTRUCTION OF 67 UNITS OF A 74-UNIT DEVELOPMENT IN BURLINGTON

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow moneys on the basis of its general credit and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $1,250,000 aggregate principal amount to Stratevest & Co., or some other subsidiary of BankNorth Group, Inc. (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance, in part, a construction loan to Housing Vermont (the "Borrower") to construct 67 units of a 74-unit development, McAuley Square (the "Project") in Burlington, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $1,250,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 26th day of October, 2000.

VERMONT HOUSING FINANCE AGENCY

By ______________________________
Executive Director

Attest:

By ______________________________
Authorized Officer

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: OCTOBER 20, 2000

RE: FINANCIAL STUDY REVIEW

Enclosed with this memorandum is a report prepared by Evensen Dodge that compares our financial activity for the calendar years1998 and 1999 with the projections that were made in their report in early 1998 based on 1997 information. We worked with Evensen Dodge in an effort to respond to Commissioner questions about how do our actual results compare to where we "should be". We will continue to utilize the "quick benchmark" of using 1% of mortgage loan balances as an annual measure of expected earnings.

As you will recognize, it is not immediately obvious what is the measure of the results. There are many counteracting events that to some extent canceled each other out. Issues to be concerned about are the rapid prepayments experienced compared to the projections from 1997, the losses we absorbed in the elimination of the Guarantee Board, the initial low mortgage activity and the higher level of loan losses experienced. On the plus side, mortgage activity has certainly picked up, loan losses and real estate owned are much improved, long term savings on servicing purchased, investment earnings exceed estimates and recent financings earn more than the projections. One of the things we have discussed with Evensen Dodge is to update the report with more recent experience of prepayment activity, meaning increasing the "expected level" from the 100% projected in the original report.

I hope you will find the report enlightening and I will be available to respond to questions that the report may generate. If there is additional information desired that this report does not address or you need clarification on this report that we can not answer, we could always ask Al Hans from Evensen Dodge to plan a trip to Vermont to meet with the Commissioners.

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**

EVENSEN DODGE INC

MEMORANDUM

DATE: October 26, 2000

TO: Vermont Housing Finance Agency

FROM: Evensen Dodge Inc.

SUBJECT: Comparison of Actual Results to Projections, *Risk Based Capital Analysis and Financial Plan*

Background

The *Risk Based Capital Analysis and Financial Plan* report was prepared in 1998 to project the Agency's long term ability to make scheduled debt service payments, to pay for costs of operating the Agency, and to provide housing programs. This report is updated every five years. During the interim, the Agency staff and Evensen Dodge have compared the actual results for calendar years 1998 and 1999 to the benchmarks established in the report. The purpose of the comparison is to identify significant variances and to take corrective actions, if needed. In the future, this comparison can be updated on an annual basis at the end of every calendar year or at the end of every fiscal year.

This memorandum provides an executive summary of the findings. Attached to the memorandum are a detailed discussion of results for each bond resolution and the General Fund, a financial summary at a glance (debt service capacity) for each bond resolution and the General Fund, and a financial summary at a glance (single family prepayment speeds).

Summary of Findings

Loans Outstanding ($448 million actual versus $517 million projected)

Loans outstanding are $69 million (13%) less than projected. The difference can be broken down between the single family loan variance of a negative $71 million and the multi-family loan variance of a positive $2 million.

The single family projections assumed new loan purchases of $47.6 million per year. Actual loan purchases have been less as a result of a slow year in 1998 during a period of declining conventional interest rates. The Agency has already taken corrective action in reversing this trend by selling smaller more frequent bond issues to keep the Agency's loan rates competitive, by using a bond/note structure to create interest rate subsidy pools, and by actively marketing the program. As a result, loan purchases for fiscal year ending June 30, 2000 totaled $71.7 million.

601 Second Avenue South, Suite 5100, Minneapolis, MN 55402
612/338-3535 800/328-8200 FAX 612/338-7264

Loan prepayments were projected in accordance with 100% of the FHA decrement table that is a historical record of prepayment speeds for FHA loans. Currently, the industry standard prepayment assumption model is the Public Securities Association (PSA) model. This is similar to the FHA decrement table. Since PSA is the current industry standard, we know track the Agency's prepayment experience against the PSA model. A 100% PSA level assumes a prepayment rate of 0.2% per annum of the outstanding loan balance for the first month and an additional 0.2% per annum prepayment rate in each month thereafter until the thirtieth month. Beginning in the thirtieth month, 100% PSA assumes a constant prepayment rate of 6% per annum each month.

During the last couple of years, prepayment levels have been higher than 100% PSA. Please refer to the attached prepayment speed tables for details. Prepayments speeds have averaged 303% PSA (18% annual loan prepayments for loans older than thirty months) for the older high-rate mortgage loans in the Mortgage Purchase Bonds Resolution and have averaged 140% (8% annual loan prepayments for loans older than thirty months) in the Housing Bonds Resolution. The prepayment levels range from 50% PSA to 197% PSA for individual bond series within the Housing Bonds Resolution. Bond series with higher loan rates have higher prepayment speeds than bond series with lower loan rates. The recent prepayment experience of the Agency will be incorporated into future cash flow projections.

The Agency has minimized the effect of prepayments on its operations by preserving the bonding authority associated with the redeemed bonds. This authority is used in conjunction with new bonding authority to provide funds for new mortgage loans. Loan prepayments totaling $15 million have also been recycled directly into new mortgage loans.

The multi-family projections assumed loan originations of $9 million for the two year period. Actual originations have exceeded projections by $8 million as a result of loan originations through private placements with Stratevest and the Federal Home Loan Bank. Some of these loans are short term loans funded from tax-exempt bonds that qualify the project for low-income housing tax credits.

The multi-family projections assumed no loan prepayments. Loan prepayments have totaled $7 million during this two year period. The prepayments were for South Meadow (for which a new loan was originated to new owners), a mobile home park, and other short term loans.

Loans outstanding are less than projected. What does this mean for the Agency? A faster level of prepayments decreases the Agency's asset base and future earnings. There is no impact on the Agency's ability to pay debt service either in the near term or long term. There is no near term impact on the Agency's ability to pay operating costs or provide housing programs. But there is a long term impact on the Agency's ability to pay operating cost and provide housing programs. The Agency should negotiate with the State to obtain a larger amount of bonding authority to support its current funding levels of $75 million for single family programs and $10 million for multi-family programs. The Agency should continue to preserve all refunding bonding authority from bond redemptions from early prepayment of loans and the Agency should continue to use the bond/note structure to create lower loan rates. In addition, the Agency should encourage the preservations of its existing multi-family loan portfolio.

Fund Balances ($41 million actual versus $41 million projected)

On an apples-to-apples comparison, the actual fund balance is a couple of million less than the projected fund balance. The actual fund balance includes $1.8 million of market value increases not included in the projections. Also, the actual fund balance includes $3.1 million of zero percent, deferred payment loans not included in the projected fund balance.

Single family loan losses were projected at $1.1 million. Actual losses have totaled $2.4 million. Based upon this historical loan loss experience, the Agency has increased the loan interest rate by 0.25% for loans funded from its new bond issues. This adjustment is worth $1 million on a net present value basis for $60 million of loan purchases. This number is not included in the Agency's fund balance today, but will have a positive impact on the Agency's fund balance in the future.

The Agency has taken other actions to improve it fund balance in the future. The cross-call program was established for bonds under the Home Mortgage Bond Resolution and the Housing Bond Resolution. As a result, the Agency redeems the highest interest rate bonds, to the extent permitted by tax laws and the series resolutions. Another action taken was the current refunding of the bonds under the Multi-Family Mortgage Bonds Resolution that will provide $1.5 million of interest rate savings that will be retained by the Agency and will provide $2.1 million of interest rate savings that will be available for program subsidies.

No multi-family loan losses were projected and none have occurred. The forbearance agreement for the Winchester project continues until March 2005. One of the tools for a long term solution for this project is the current refunding of the bonds that will result in a lower interest rate and an extended loan amortization.

Expenses associated with the VHMGB were greater than expected. The projections had assumed a breakeven between expenses and expense reimbursements. Actual results had a net cost to the Agency of $588,000. This is a one-time cost that provide a permanent solution for a lingering problem.

Operating expenses of the Agency have been below the projected amounts.

Transfers from Bond Resolutions

Transfers from the Bond Resolution to the General Fund totaled $3.4 million in 1998 and $2.4 million in 1999 and this is the same as projected. The transfer in 1998 was larger to provide additional liquidity to the General Fund. Transfers to the General Fund are projected at $2.4 million per year for 2000 and 2001. The Agency has budgeted $2.6 million for fiscal year ending June 30, 2001. The additional $200,000 is available from the Single Family Insured Mortgage Bonds Resolution and the additional amount is needed to provide liquidity to the General Fund.

The projections of transfers to the General Fund during the next fifteen years are not impacted by the actual results during 1998 and 1999. But the faster loan prepayment levels will have an impact in the later years. One of the positive results of the economic refunding of the Multi-Family Mortgage Bonds in 1999 was a restructuring of the bond maturities to provide level debt service. The restructuring will permit the annual transfer of $440,000 per year to the General Fund that was otherwise projected to be eliminated during the period 2002 to 2006.

Future transfers from two other Resolutions will be able to occur quicker than projected as a result of faster prepayment levels. The Single Family Insured Mortgage Bonds has $4.2 million of fund balances comprised of loans and investments and all of the bonds have been retired. The Single Family Home Mortgage Purchase Bonds has $15.5 million of fund balances and the bonds will be paid in full by 2005 at current loan prepayment speeds. The interest rate on the remaining bonds is 7.5% so that redeeming the bonds from excess revenues continues to be the best investment for the Agency. As these fund balance become available, they can be used to (i) transfer to the General Fund for administrative operations, (ii) transfer to the General Fund to satisfy collateral requirements for Federal Home Loan Bank advances (iii) transfer to the General Fund to warehouse loans prior to the sale of bonds, or (iv) transfers to the Multi-Family Mortgage Bonds Resolution or Single Family Housing Bonds Resolution for the purpose of providing credit support for new bond issues if required by rating agencies to maintain the existing credit ratings.

Summary

The have been both positive and negative variances from the projections. Corrective actions have already been taken for some of the negative variances like lower-than-expected loan purchases and loan losses. Recent loan purchases are now back on a record pace and the interest rates on new loans have incorporated a 0.25% addition to fund loan losses based upon historical experience. Loan prepayment levels have been faster than expected. Agency staff and Evensen Dodge will continue to monitor prepayment levels and future projections will incorporate historical prepayment levels. As a corrective action, the Agency has either recycled prepayments into new loans or has preserved the bonding authority to the extent permitted by law. While loan balances and fund balances are currently lower than projected, many of the actions taken by the Agency will increase the future balances of loans and fund balances.

Results by Bond Resolution

Single Family Insured Mortgage Bonds

- The last bond issue under this resolution was sold in 1977. No new program activity was planned.
- Variances from the 1998 financial plan include the receipt of loan prepayments at a faster level and the redemption of bonds in full a couple of years ahead of plans. This has had two positive results. The first result is that the fund balance will become available to be used for other purposes quicker than planned. The second result is that the early redemption of bonds provided valuable non-AMT refunding authority that was used to make new mortgages.
- Loan prepayments speeds have been approximately 150% of the Public Securities Association (PSA) level. This means that mortgage loan balances are being reduced by 9% annually per year. The financial study used 100% PSA as the base line. A faster level of prepayments has increased the Agency's liquidity of its fund balance. This should not have a substantial impact on the Agency's future profitability. The average rate on these loans is 7.32%.
- Bonds were redeemed in full in 1999 from investments within the Resolution. The Agency recycled all of this valuable non-AMT bonding authority in conjunction with the Series 10 Bonds.
- The financial statement's fund balance of $4.2 million is the same as the financial plan's projected fund balance when adjusted for the market value adjustments of $200,000 that are required under GASB No. 31. The Agency does not plan on selling the securities.
- Transfers to the General Fund have been $200,000 per year as planned. The financial plan had assumed transfers to the General Fund of $200,000 per year through 2002, a $2.4 million transfer in 2003, and transfers thereafter based upon loan payments as received. Future transfers can occur quicker than planned in that all of the bonds have been redeemed. The Agency has budgeted a $400,000 transfer for fiscal year ending June 30, 2001.
- The fund balance, which is comprised of $1.6 million in cash and investments and $2.6 million in loans, will be used to support the Agency's housing programs and administrative operations. Examples of uses include (i) transfers to the General Fund for administrative operations, (ii) satisfaction of collateral requirements for Federal Home Loan Bank advances (iii) warehousing of loans prior to sale of bonds and (iv) transfers to the Multi-family Mortgage Bonds Resolution or the Single Family Housing Bonds Resolution for the purpose of providing credit support for new bond issues if required by the rating agencies.

Single Family Home Mortgage Purchase Bonds

- The last bond issue under this resolution was sold in 1989. No new program activity was planned.
- Variances from the 1998 financial plan include the receipt of loan prepayments at a faster level and a larger amount of investment income. The net result is a higher fund balance as of today, but decreased future revenues.
- Loan prepayments speeds have averaged 303% of the Public Securities Association (PSA) level. This means that mortgage loan balances are being reduced by 18% annually per year. Loans outstanding of $62.3 million are $22.9 million (27%) less than the financial plan. The financial study used 100% PSA as the base line. A faster level of prepayments decreases the Agency's asset base and its future earnings.
- Bonds outstanding of $94.1 million are $8.8 million higher than the financial plan. Some bond redemptions were deferred in order to preserve and recycle bonding authority in conjunction with new bond issues. Deferred bond redemptions were revenue neutral in that the investments had interest rates at the same levels as the bond coupons. Bond redemptions that have occurred have targeted the highest interest rate bonds through a cross-calling program that has resulted in lower interest expense to the Agency.
- The financial statement's adjusted fund balance of $15.5 million is approximately $800,000 larger than the financial plan's projected fund balance when adjusted for the market value adjustments of approximately $2 million that are required under GASB No. 31. The Agency does not plan on selling the securities at this time. The $800,000 positive variance, net of the market value gain, is explained by higher interest rates on short term investments (4% assumed vs. 7.5% to 7.8% actual), higher loan losses ($315,000 projected vs. $800,000 actual), and lower interest income on loans due to faster prepayments as discussed above.
- Transfers to the General Fund have been $120,000 per year as planned.

The receipt of loan prepayments at a faster rate than planned will decrease the future earnings of the Agency, although it has no immediate impact on the Agency's financial plans. At a 300% PSA level, $120,000 per year will be transferred to the General Fund through the year 2005, at which time all bonds will be redeemed. Subsequent to the redemption of bonds, $15.2 million of loans and $500,000 of investments will be available to the Agency to support the Agency's housing programs and administrative operations. Under the 100% PSA base line scenario, $120,000 per year will be transferred to the General Fund through the year 2010, at which time all bonds will be redeemed. Subsequent to the redemption of bond, $25.7 million of loans and $500,000 of investments will be remaining.

The net present value of future earnings, net of the annual transfers to the General Fund, decreases from $15.6 million to $12.4 million for a 300% PSA level in comparison to a 100% PSA level. The Agency may be able to make up part of this decrease from the gain on sale of securities at the time the bonds are redeemed, from higher than planned short-term investment rates, the recycling of more-than-planned bonding authority, and the investment of fund balances at higher than planned interest rates.

Single Family Housing Bonds

- The Agency administers it single family housing program through this resolution. Bonds have been sold under this resolution from 1990 to the current time.

- Variances from the 1998 financial plan include the receipt of loan prepayments at a faster level, the purchase of a smaller amount of loans, larger loan losses, lower interest expense, and higher loan spreads. The Agency has made substantial progress in increasing program activity under this resolution during 1999 and 2000 and increasing profitability by using the bond/note structure and by incorporating expected loan losses into its spread.

- Loan prepayments speeds have averaged 140% of the Public Securities Association (PSA) level with a range of 50% to 197%. This means that mortgage loan balances are being reduced from prepayments by an average of 8% annually per year, with a range of 4% annually to 12% annually for individual bond issues. The financial study used 100% PSA as the base line that equates to a 6% annual prepayment level. A faster level of prepayments decreases the Agency's asset base and its future earnings.

- Loan purchases have been smaller than the planned $47.6 million per year. No new bond issues were sold in 1998 and loan purchases in 1998 were significantly smaller than planned as a result of declining conventional interest rates. During fiscal year ended June 30, 2000, loan purchases totaled $71.7 million. Increased volume is a result of more competitive interest rate on loans that has been created from the bond/note structures and as a result of the growing economy. In addition, $15 million of loan prepayments from low-cost bond issues were recycled into new mortgages. The recycling preserved low cost money without incurring any transaction costs.

- The Agency has increased the interest rate on new loans by approximately 0.25% to fund loan losses. This is based upon the Agency's historical loan losses and the result will be to increase the profitability on new loans. For each $60 million of loan purchases, the additional 0.25% has a net present value to the Agency of $1 million.

- The Agency has purchased servicing rights for some of its loans at a cost of 0.5% to 0.75%. The Agency has a four to five year payback based upon net revenues of 0.18% per year. Subsequent to that time, the 0.18% will be profit to the Agency.

- Loans outstanding of $287.1 million are $47.7 million (14%) less than the financial plan's base line scenario that used 100% PSA and loan purchases of $47.6 million per year.

- Bonds outstanding of $383.1 million are $27.9 million lower than the financial plan. The reduction is a result of a combination of issuing $40.2 million less bonds than planned and of delaying bond redemptions until such time that the bonding authority can be refunded in conjunction with new bond issues. Investments being held for bond redemptions generally have interest rates at or above the bond coupons. In order to decrease the Agency's interest expense, the Agency has targeted high interest rate bonds through a cross-calling program.

- The financial statement's adjusted fund balance of $5.6 million is approximately $1.4 million smaller than the financial plan's projected fund balance. The negative variance is mostly explained by the amount and timing of loan losses. Actual losses during 1998 and 1999 totaled $1.6 million in comparison to the projected total of $850,000.

- Transfers to the General Fund were $2.5 million in 1998 and $1.5 million in 1999 as planned.

The receipt of loan prepayments at a faster rate than planned will decrease the future earnings of the Agency, although it has no immediate impact on the Agency's financial plans. At a 140% PSA level, $2.1 million per year will be transferred to the General Fund through the year 2019. Under the 100% PSA base line scenario, $2.1 million per year will be transferred to the General Fund through the year 2024. The net present value of future earning, net of the annual transfers to the General Fund, decreases from $4.1 million to $2.5 million for a 140% PSA level in comparison to a 100% PSA level. The financial plan modeled new bonds issues only through 2008. Therefore, projections out to the year 2019 become less significant in the Agency's planning.

Overall, the actual experience has under-performed the plan to date. However, the Agency has made substantial progress in taking corrective measures that will bring future results back into line with the plan. Smaller, more frequent bond issues have been sold in order to keep the Agency's interest rates competitive with market rates. In addition, the bond/note structure has provided interest rate subsidies of approximately $2.5 million that reduced loan rates by 0.21% to 0.30%. As a result, loan volume during 1999 and 2000 has exceeded projections. In order to address profitability, interest rates on loans made during 1999 and 2000 include a margin for projected loan losses. This will increase the Agency's profitability in the future. The financial plan incorporates a $1.5 million annual transfer to the General Fund through 2003 and $2.1 million, thereafter. This is still a realistic projection based upon actual experience to date, although the parity (assets/liabilities) level grows very slowly. The Agency may want to transfer the equity from the Single Family Insured Mortgage Program or the Single Family Home Mortgage Purchase Program into the Single Family Housing Bond Program to increase the parity level if requested by the ratings agencies to maintain the credit ratings.

Multi-Family Mortgage Bonds

- The economic refunding that was recommended in the financial study has been completed. Interest savings totaled $3.6 million. The Agency will be able to retain $1.5 million of the savings and the remaining $2.1 million will be available for program subsidies. In addition, the Agency realized gains on sale and transfers of investments.

- Bond issues for new multi-family loans totaled $9.3 million in comparison to the plan of $10.0 million for 1998 and 1999. The financial plan had assumed the bond issues were sold under the Multi-Family Housing Bond Resolution. Half of the loans were made at 1.50% spread (full spread) and half of the loans were made at 0.95%. The financial plan assumed a 1.00% spread.

- There have been no loan losses and this is consistent with the financial plan.

- Loan prepayments have totaled $5.0 million (South Meadow for which a new loan was made) while the financial plan assumed no prepayments.

- The financial statement's adjusted fund balance of $2.9 million is approximately $700,000 smaller than the financial plan's projected fund balance. The negative variance is mostly explained by the issuance costs for the economic refunding bond issue and by $547,000 of unrealized losses on investments. The Agency will recover the full cost of issuance from future interest rate savings. Also, the Agency plans on holding the investments to maturity. More importantly, future earnings will be greater than planned as a result of the economic refunding.

- Transfers to the General Fund were $450,000 in 1998 and in 1999 as planned. The financial plan terminated these transfers during the period 2002 to 2006 due to a lack of liquidity. The economic refunding solved this liquidity shortfall so that the annual transfers can continue without interruption.

Overall, the actual experience to date has been better than planned. The main challenge for the future is to maintain the Resolution's Aa3/AA- credit ratings while making new loans that will dilute the security of the existing Section 8 loans. The Agency should explore participation in HUD's risk-share program as a partial solution. The Agency may want to transfer a portion of the equity from the Single Family Insured Mortgage Program or the Single Family Home Mortgage Purchase Program into the Multi-Family Mortgage Bond Program to increase the parity level if requested by rating agencies to maintain the credit ratings.

Multi-Family Housing Bonds

- The last bond issue under this resolution was sold in 1997. As noted above, new program activity of $5.0 million annually has taken place in the Multi-Family Mortgage Bonds Resolution rather than under this Resolution. As a result, bonds outstanding are $10.0 million less than projected.

- Loan balances are $5.9 million lower than projections. The difference is mostly explained by $9.0 million of planned loans that were instead made in the Mortgage Bonds Resolution and by the inclusion of $3.1 million of 0% deferred loans ("yield compliance" loans) that are included in the financial statements but not included in the financial plan. The financial plan excludes the loans due to their deferred nature of repayment.

- There have been no loan losses and this is consistent with the financial plan.

- No loan prepayments have occurred and this is consistent with the financial plan.

- The financial statement's adjusted fund balance of $6.8 million is approximately $1.6 million larger than the financial plan's projected fund balance. The positive variance is mostly explained by including "excess yield" and deferred loans in the financial statements, but not in the financial plan.

- Transfers to the General Fund were $160,000 in 1998 and in 1999 as planned.

Overall, the actual experience to date has been the same as planned. The Resolution should be able to continue to transfer $160,000 per year into the foreseeable future. The Agency will need to continue to evaluate what the value of the 0% deferred loans will be in the context of net present value and in the context of compliance with tax provisions.

Multi-Family Direct Placement Bonds

- Overall, this group of bonds performed as planned.

- Loan balances are $500,000 higher than projections that incorporated no new program activity and no loan prepayments. New program activity has included $3.5 million of new loans and bonds, privately placed with the Stratevest Group, and loan prepayments for mobile home parks have occurred.

- There have been no loan losses and this is consistent with the financial plan.

- Transfers to the General Fund were $35,000 in 1998 and in 1999 as planned.

Multi-Family Housing Development Bonds

- One bond issue was sold under this Resolution in 1989 for the Winchester project. The project continues to pay scheduled loan payments from a combination of project revenues, capital contributions by the owner, and a 0% deferred payment loan as projected in 1998 financial plan.

- The loan balance is the same as projected.

- There have been no loan losses and this is consistent with the financial plan.

- The financial statement's adjusted fund balance is slightly higher than projected as a result of unrealized market value gains and loan payment lags modeled into the projections.

- Transfers to the General Fund were $20,000 in 1998 and in 1999 as planned.

- The current forbearance agreement with the owner ends in March 2005. The bond issue can be current refunded to lower interest rates and to restructure the maturities to extend the loan term. This option will increase the Agency's loan security and preserve the loan within the Agency's asset base.

General Fund

- The fund balance is $1.7 million below the projected balance. The reduction is explained by the costs associated with termination of the Vermont Home Mortgage Guarantee Board (VHMGB) and transfers to bond programs to cover loan losses.

- The projections assumed the VHMGB expenses incurred by the Agency would be reimbursed by VHMGB. The termination of VHMGB has a net cost to the Agency of approximately $588,000. The State and the Agency benefited from this transaction by eliminating an otherwise unresolved long term problem.

- Approximately $400,000 and $250,000 have been disbursed by the General Fund to pay loan origination fees for the Agency's zero-point program and to purchase servicing rights of single-family mortgages from participating lenders. As a result, the Agency will be reimbursed for these disbursements by having higher future revenues in the bond programs.

- Loans receivable and notes payable are $5.6 million higher than projected as a result of new loan activity financed from advances from the Federal Home Loan Bank. This activity increases the Agency's asset base and future earnings.

- Transfers to the General Fund from the Agency's various bond resolutions were $3.4 million in 1998 and $2.4 million in 1999 as projected.

- Administrative expenses (including VHMGB) were projected at $3.7 million and $3.8 million for 1998 and 1999, respectively. Actual expenses were less than projected and totaled $3.3 million and $3.6 million for fiscal year's 1998 and 1999, respectively.

Vermont Housing Finance Agency

Financial Summary at a Glance
(Debt Service Capacity)

(As of December 31, 1999)

SINGLE FAMILY PROGRAM

Single Family Insured Mortgage Bonds

	Loans	Assets	Liabilities	Fund Balances	Parity
Actual	2,610,471	4,253,486	0	4,253,486	N/A
Projected (10/1/99)	2,877,152	9,427,892	4,950,000	4,477,892	190.46%

Single Family Home Mortgage Purchase Bonds

	Loans	Assets	Liabilities	Fund Balances	Parity
Actual	62,375,446	110,337,810	94,769,393	15,568,417	116.43%
Projected (12/1/99)	85,348,922	98,336,834	85,580,000	12,756,834	114.91%

Single Family Housing Bonds

	Loans	Assets	Liabilities	Fund Balances	Parity
Actual	287,189,147	380,096,365	374,448,989	5,647,376	101.51%
Projected (11/1/99)	334,961,153	418,166,182	411,085,000	7,081,182	101.72%

Total

	Loans	Assets	Liabilities	Fund Balances
Actual	352,175,064	494,687,661	469,218,382	25,469,279
Projected	423,187,227	525,930,908	501,615,000	24,315,908
Difference	(71,012,163)	(31,243,247)	(32,396,618)	1,153,371

Vermont Housing Finance Agency

Financial Summary at a Glance
(Debt Service Capacity)

(As of December 31, 1999)

MULTI-FAMILY PROGRAM

Multi-Family Mortgage Bonds

	Loans	Assets	Liabilities	Fund Balances	Parity
Actual	32,641,108	44,896,296	41,995,334	2,900,962	106.91%
Projected (2/15/2000)	30,749,940	36,017,567	32,390,000	3,627,567	111.20%

Multi-Family Housing Bonds

	Loans	Assets	Liabilities	Fund Balances	Parity
Actual	28,732,337	35,956,523	29,126,312	6,830,211	123.45%
Projected (2/15/2000)	34,654,097	41,150,911	35,965,000	5,185,911	114.42%

Multi-Family Direct Placement Bonds

	Loans	Assets	Liabilities	Fund Balances	Parity
Actual	14,513,167	17,990,858	17,771,164	219,694	101.24%
Projected (12/1/1999)	14,047,692	14,845,104	14,549,084	296,020	102.03%

Multi-Family Housing Development Bonds

	Loans	Assets	Liabilities	Fund Balances	Parity
Actual	6,698,567	8,537,586	7,773,084	764,502	109.84%
Projected (12/15/1999)	6,713,275	8,207,955	7,680,000	527,955	106.87%

Total

	Loans	Assets	Liabilities	Fund Balances
Actual	82,585,179	107,381,263	96,665,894	10,715,369
Projected	86,165,004	100,221,537	90,584,084	9,637,453
Difference	(3,579,825)	7,159,726	6,081,810	1,077,916

Vermont Housing Finance Agency

Financial Summary at a Glance
(Debt Service Capacity)

(As of December 31, 1999)

GENERAL FUND

	Loans	Assets	Liabilities	Fund Balances	Parity
Actual	13,513,992	18,271,545	12,821,001	5,450,544	142.51%
Projected (12/27/1999)	7,856,009	14,256,697	7,143,941	7,112,756	199.56%

CONSOLIDATED

	Loans	Assets	Liabilities	Fund Balances	Parity
Actual	448,274,235	620,340,469	578,705,277	41,635,192	107.19%
Projected	517,208,240	640,409,142	599,343,025	41,066,117	106.85%
Difference	(68,934,005)	(20,068,673)	(20,637,748)	569,075	

Note: The actual numbers that are taken from the financial statements have been adjusted by eliminating deferred cost of issuance and unamortized bond discount on bonds. In addition, notes payable under Single Family Housing Bonds, certain refunded bonds, and fixed assets have been eliminated for comparison purposes.

Vermont Housing Finance Agency

Financial Summary at a Glance
(Single Family Prepayment Speed)
(1/1/1998 -- 12/31/1999)

Single Family Home Mortgage Purchase Bonds

	Actual Prepayment Speed (in PSA)	Weighted Average Coupon Rates (in %)	Merrill Lynch Index (Averaged) (in PSA)
Pre 1988B	343	10.01	N.A.[1]
1988 B	325	8.84	338
1989A	267	8.65	315
1989 B	292	8.56	315
Resoulution Average	303	8.92	N.A.[2]

Single Family Housing Bonds

	Actual Prepayment Speed (in PSA)	Weighted Average Coupon Rates (in %)	Merrill Lynch Index (Averaged)[3] (in PSA)
Series 1-3	172	8.09	315
Series 4	197	8.26	315
Series 5	148	7.79	260
Series 6	119	7.75	260
Series 7	72	7.00	204
Series 8	50	7.14	204
Series 9	60	7.02	204
Resolution Average	140	7.65	N.A.[2]

(1) The 10% subindex has been discontinued since 1995 due to the rapid payoff during the 1992-1993 low interest rate environment.
(2) The *Resolution Average* is for reference only due to different seasonality and coupons among series.
(3) The comparison between actual and Merrill Lynch Index should be viewed with caution since the Index were composed of loans significantly seasoned than those in the Resolution.

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director SC

DATE: October 20, 2000

RE: **EXECUTIVE DIRECTOR'S REPORT**

ADMINISTRATION

The week after our last Board meeting I attended the annual meeting of the national Council of State Housing Agencies. This is always a good opportunity to meet with other HFA directors and staff to share ideas. I had the opportunity to spend some time with our consultants Evenson Dodge and Kutak Rock, as well as Paine Webber and FSA to discuss ideas on future bond structures. We also met with Fannie Mae to further negotiations about their direct purchase of small multifamily bonds.

Mitas was here for a week this month to conduct the implementation meeting for the Multifamily Development and Management software conversions, which are planned for early 2001. Single Family continues with testing the new Windows environment and the plan is to also convert Single Family in early 2001. The conversion group, (which includes: Jacklyn Santerre, Kim Roy, Nina McDonnell, Ann Marie Plank, Sherri Mullin, Lisa Clark, Leslie Black-Plumeau and is headed up by Rick Jean), is doing a great job with all the detail work involved in this type of conversion – we are half way there!

The Agency is sponsoring a Health Awareness Day for staff on November 16th. The VNA will provide blood pressure and cholesterol screenings, as well as administer flu shots for those interested. There are also several health wise events planned through out the day, including healthy snacks and seminars. Board members are welcome to attend.

Paula Cope will be facilitating a full day staff retreat on November 3rd, which will focus on enhancing our communication skills and how communication affects all aspects of our business.

The Board Retreat will be at the Burlington Boathouse on November 30th.

DEVELOPMENT

Construction is underway for the following projects: Anderson Parkway, Crystal Lake, Hillcrest Views/Maple Street, The Gardens, Franklin Assisted Living, St. Johnsbury House, and McAuley Square. Westgate is hopeful that they will close in early November, and Bus Barns is closing towards the end of November. The Gardens anticipate completing construction by November and having the permanent closing then. Swanton School is completed and has paid off their construction loan.

The Robert W. Johnson (RWJ) Foundation was here on October 17th for a daylong meeting at the Agency. Vermont is a finalist (there are 10 finalists, from whom 8 will be chosen) for a demonstration grant to develop affordable assisted living. The Department of Aging will be taking the lead on the grant, but Cindy Reid and I have been working very closely with them.

We are planning to schedule a special Board meeting in early November, via conference call, to discuss Marketplace (South Burlington), Burr Oak (Taft Corners, Williston), Maples II, Birchwood Manor MHP, and Brookside MHP.

MULTIFAMILY MANGAGEMENT

As I mentioned earlier, multifamily staff has been spending a great deal of time on the Mitas conversion. The multifamily modules were much less developed than the single-family programs, so there will be significant changes when we go to windows. Multifamily programs are also much more detailed and individualized depending on what funding each agency tracks.

On October 24th and 25th David and I, as well as the all multifamily management staff, will be attending the annual Vermont Housing Managers annual conference in Stowe.

HOMEOWNERSHIP

The lender luncheons that were held over the past several months were very well received and attended. It's always great to have an opportunity to get out of the office and meet the people who work with our borrowers. Kelly Deforge did her usual great job in planning and executing each event with a lot of assistance from Jacklyn, Veronica, Diane, and Patty. It was also very nice to have some of our Commissioners join us.

VHFA has implemented changes to its EZQ+ loan product for borrowers with an exceptional credit history. EZQ+ borrowers may now finance 100% of the purchase price (our previous limit was 97% of the purchase price). Also EZQ+ borrowers are not required to use their own cash assets for closing costs. MGIC has agreed to insure these loans.

Last month Pat Crady reported that Darren Keniston, VHFA's Loan Servicing Specialist, resigned to relocate to Phoenix. With Darren's departure, and the resignation of Linda Wilson (Loss Management Specialist) in August, this presented an opportunity to look at the needs of the Homeownership Department. While we do not believe that we need to replace Linda Wilson, additional assistance was needed. It was decided instead to have two Loan Servicing Specialist positions with expanded responsibilities. Carolynn Mossey, former Collections Support Specialist, is being promoted to fill one position in a trainee capacity and Pat is interviewing applicants for the second position. Polly Thibault, (Loss Management Specialist), will continue to have primary responsibility for loans in foreclosure and the disposition of properties owned by VHFA.

PUBLIC AFFAIRS & PLANNING

Plans are well underway for the November 29th "2001 Vermont Affordable Housing Odessy" conference, with a wide range of topics and speakers being finalized. As events unfold at both the state and federal levels the importance of this conference is becoming more evident. The conference is bound to generate lots of ideas and solutions for legislative and collaborative approaches, so I hope you will plan to attend.

With respect to federal legislation, we continue to be optimistic that some type of a community development bill or large tax bill will be passed. Senators Leahy and Jeffords are both co-sponsoring a community renewal bill that provides exactly what VHFA and our partners have been seeking for several years. If this bill is passed, the full, immediate, and inflation-indexed volume cap increases for the private activity bond and the LIHTC programs will be achieved, as well as an alternative methodology for calculating Mortgage Revenue Bond purchase price limits. Let's hope that a tax bill is passed!

Since the last Board meeting, I have attended two meetings of the Joint Legislative Housing Committee. I am hopeful that we will see some legislation changes that could support production of housing. There has been a lot of discussion around planning and permitting statutes, as well as implications of tax policies. I have been asked to participate on a work group that will be looking at the implications of Tax Incremental Financing (TIF) as it relates to affordable housing and downtown revitalization.

On October 4th Gus and I appeared on the Channel 17 Housing Show to discuss the Northwest Housing Study.

FINANCE

On September 21st the finance staff had a retreat, facilitated by Paula Cope, to begin the a process of reviewing all their work flow, looking at what might be changed and updated as we move to more electronic data transfer, and review how tasks and functional areas are divided among positions.

On October 2nd we met with Moody' s here at the agency to discuss our Internal Credit Rating (ICR). We had provided them with a lot of information in August and they had been waiting for our audit to complete their site visit. We think things went well, but we should hear definitely after their credit committee meets this week. Given our size we are expecting an A2. This will give us a GO rating that could allow some investors to buy bonds with out additional insurance or credit enhancement. It also will allow us to participate in the HUD Risk Sharing program, which would provide credit enhancement. We had been hopeful that Fannie Mae would accept a single A rating, but that is not the case. At our meeting with Fannie Mae they did agree to purchase double A or better rated bonds directly as we issue them. While this does not really provide much rate break it does provide flexibility.

On October 27th we are meeting with National Life to discuss the purchase of VHFA bonds. David and I also met this month with the Vermont Community Loan Fund to discuss ways to partner on the identification of socially responsible investors who might want a guaranteed return and on other ways to use their status as a Community Development Credit Union (CDFI).

OTHER

A reminder again about the **Housing Conference at the Radisson on November 29th** and the **Board Retreat at the Burlington Boathouse on November 30th**. If you need overnight accommodations please let Kari know.

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS TO STRATEVEST & CO. OR SOME OTHER PURCHASER IN A MAXIMUM AMOUNT OF $850,000 FOR ACQUISITION AND REHABILITATION AND UP TO $350,000 FOR A LONG TERM LOAN AND USING THE PROCEEDS TO MAKE LOANS IN SUCH AMOUNT TO A TO- BE-FORMED LIMITED PARTNERSHIP TO BE CREATED BY THE REGIONAL AFFORDABLE HOUSING CORPORATION TO FINANCE THE ACQUISITION AND REHABILITATION OF A 21-UNIT DEVELOPMENT IN BENNINGTON

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies on the basis of its general credit and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $850,000 aggregate principal amount to Stratevest & Co., some other subsidiary of BankNorth Group, Inc., or some other entity (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance construction loan(s) to a to-be-formed limited partnership to be created by The Regional Affordable Housing Corporation, (the "Borrower") to acquire and rehabilitate a 21-unit development located at 501-507 South Street and 120-126 Benmont Avenue (the "Project") in Bennington, Vermont that will qualify for federal low-income housing tax credits; and

WHEREAS, the Agency may desire to issue and sell tax-exempt bonds of not more than $350,000 aggregate principal amount to Stratevest & Co., some other subsidiary of BankNorth Group, Inc., or some other entity (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance long-term loan(s) to a to-be-formed limited partnership to be created by The Regional Affordable Housing Corporation, (the "Borrower") for a 21-unit development located at 501-507 South Street and 120-126 Benmont Avenue (the "Project") in Bennington, Vermont that will qualify for federal low-income housing tax credits; and

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $850,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The issuance and sale of up to $350,000 principal amount of tax-exempt bonds to the Purchaser (the "Long-term Borrowing") is hereby authorized and approved, the security for the

repayment thereof being the general obligation of the Agency as hereinafter described, and/or, in the discretion of the Executive Director, a pledge of the revenues derived from the Project, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed thirty years and the interest rate thereon shall not exceed 8%. The obligation of the Agency to repay the Long-term Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

3. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

4. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents that may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

5. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 14th day of September, 2000.

VERMONT HOUSING FINANCE AGENCY

By ______________________
Executive Director

Attest:

By ______________________
Authorized Officer

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. OR SOME OTHER PURCHASER IN A MAXIMUM AMOUNT OF $840,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO A TO BE FORMED LIMITED PARTNERSHIP TO BE CREATED BY HOUSING VERMONT AND WELLS RIVER ACTION GROUP TO FINANCE THE ACQUISITION AND REHABILITATION OF A 7-UNIT DEVELOPMENT IN WELLS RIVER

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies on the basis of its general credit and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $840,000 aggregate principal amount to Stratevest & Co., some other subsidiary of BankNorth Group, Inc., or some other entity (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance a construction loan to a to-be-formed limited partnership to be created by a subsidiary of Housing Vermont and Wells River Action Group, (the "Borrower") to acquire and rehabilitate a 7-unit development (the "Project") in Wells River, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $840,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 14th day of September, 2000.

VERMONT HOUSING FINANCE AGENCY

By ______________________
Executive Director

Attest:

By ______________________
Authorized Officer

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT LETTER RE: CONSTRUCTION AND PERMANENT FINANCING FOR BENNSOUTH DEVELOPMENT, BENNINGTON

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, a proposal has been presented to the Agency by the Regional Affordable Housing Corporation (the "Sponsor"), involving the acquisition and rehabilitation of five buildings containing 21 units of rental housing in the Town of Bennington (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $850,000 aggregate principal amount (the "Bonds") to finance loan(s) to a limited partnership to be created by the Regional Affordable Housing Corporation (the "Borrower") to acquire and rehabilitate 21 units of rental housing located at 501-507 South Street and 120-126 Benmont Avenue (the "Development") in Bennington, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates first mortgage loan(s) in the amount of up to $850,000 from the proceeds of tax-exempt bonds for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the proposal contemplates first mortgage loan(s) in the amount of up to $350,000 as long-term financing for the 21-unit BennSouth project with the interest rate to be determined by the Agency depending on the source of funds, which may be from proceeds of tax-exempt bonds, or taxable sources of funds, and shall have an interest rate of not more than 150 basis points above the Agency's cost of funds; and

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible;

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid, dated September 7, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will increase the supply of well-planned, well-designed permanent, temporary, transitional or emergency housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The Sponsor is a financially responsible organization and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making mortgage loan(s) to a limited partnership to be created by the Regional Affordable Housing Corporation for construction financing in an amount not to exceed $850,000; the term of the construction loan(s) will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds. The Executive Director is also authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making mortgage loan(s) to a limited partnership to be created by the Regional Affordable Housing Corporation for the long term financing of the Development in an amount not to exceed $350,000; the term of the long-term loan(s) will be 20 years, the amortization period will not exceed 30 years, and the interest rate will be not more than 150 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

    a) Sponsor must provide an as-built appraisal satisfactory to the Agency;

    b) Sponsor must provide a Phase I Environmental Site Assessment (ESA) and address any findings of the Assessment in the scope of work to the satisfaction of the Agency;

c) Sponsor must provide a written estimate of property taxes for the as-improved development;

d) As a condition of permanent financing, sponsor must provide a capital needs assessment satisfactory to VHFA;

e) Sponsor must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

f) Sponsor must provide evidence of necessary permits;

g) Sponsor must demonstrate that Requisite Financing has been committed by December 31, 2000, including but not limited to Affordable Housing Program, VHCB and long term debt. "Requisite financing" means financing in an amount and with terms at least equivalent, in the sole judgment of the Agency, in the aggregate, to each of the sources of funding represented on the multifamily loan application. If the sponsor is unable to obtain commitments of "Requisite Financing", the sponsor may have to reduce costs from the development budget so that the total uses of funds matches the total sources of funds;

h) Sponsor must provide an executed construction contract by loan closing that is within the project's budget to maintain overall feasibility and is reasonably in line with an independent cost estimate to be performed by the Agency in the event Sponsor does not competitively bid the construction contract; builders profit, overhead and general requirements must be in compliance with the Housing Credit Allocation Plan.

3. The issuance of tax-exempt Bonds for the purpose of financing loan(s) to the Borrower to allow the Borrower to acquire and rehabilitate the Development is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in their discretion, issue a Commitment Letter for construction loan(s) for the acquisition and rehabilitation of the Development, in an amount not to exceed $850,000; and a Commitment Letter

for term loan(s) in an amount not to exceed $350,000. The Executive Director, Chief of Program Operations and Director of Finance are authorized to allocate the loan proceeds to all or portions of the Development.

6. The construction loan(s) shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds. The permanent loan(s) shall be due and payable not more than 20 years from the date the loan is made, payments shall be based on a 30 year amortization period and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of the funds shall be determined by the Executive Director. The Sponsor shall be responsible for loan fees. The Commitment Letter may be issued to Regional Affordable Housing Corporation as a representative of the to-be-formed limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate the financing.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on September 14, 2000.

Sarah Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT RE: CONSTRUCTION FINANCING FOR THE BALDWIN BLOCK, WELLS RIVER

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, a proposal has been presented to the Agency by Housing Vermont and Wells River Action Group, involving the acquisition and rehabilitation of seven units of rental housing in the Village of Wells River (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $840,000 aggregate principal amount (the "Bonds") to finance a loan to a limited partnership to be created by Housing Vermont and Wells River Action Group (the "Borrower") to acquire and rehabilitate seven units of rental housing (the "Project") in Wells River, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a mortgage loan in the amount of up to $840,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible;

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid, dated September 7, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The construction costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will increase the supply of well-

planned, well-designed permanent, temporary, transitional or emergency housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The sponsor and its general partner are financially responsible and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a mortgage loan to a limited partnership to be created by Housing Vermont and Wells River Action Group for construction financing in an amount not to exceed $840,000; the term of the construction loan will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

    a) Sponsor must provide a Phase I Environmental Site Assessment (ESA) and address any findings of the Assessment in the scope of work to the satisfaction of the Agency;

    b) Sponsor must provide an as built appraisal satisfactory to the Agency;

    c) Sponsor must provide evidence of necessary permits;

    d) Sponsor must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

    e) Sponsor must provide commitment for permanent debt prior to VHFA loan closing;

    f) Sponsor must provide evidence of competitive bidding.

3. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and construct the Project is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond

proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in their discretion, issue a Commitment Letter for an interim loan for the acquisition and construction of the Development, in an amount not to exceed $840,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds. The Sponsor shall be responsible for loan fees. The Commitment Letter may be issued to Housing Vermont as a representative of the to-be-formed limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on September 14, 2000.

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

vhfa

Vermont Housing Finance Agency

November 20, 2000

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 Tuesday, November 28th at 2:00 p.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

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: November 22, 2000

RE: **CONFIRMATION OF UPCOMING CONFERENCE CALL**

This is to notify you that the next Vermont Housing Finance Agency Board of Commissioners meeting has been confirmed. The meeting will be held via conference call on November 28, 2000 at 2:00 p.m.

Attached is the Agenda and Board packet.

Please feel free to contact me should you have any questions prior to the conference call. Thanks!

REMINDER:
The toll free number you need to dial to connect to the conference call is 1-877-849-9634 and then you must dial the password, which is 666777#.

vhfa
Vermont Housing Finance Agency

BOARD AGENDA
Vermont Housing Finance Agency

(VIA CONFERENCE CALL)

November 28th, 2000 at 2:00 p.m.

1. Construction and Permanent Loans for Maple Tree Place, Williston {Erdelyi/Enclosure}
2. Construction, Permanent, and 0% Loan Application For Marketplace, South Burlington {Reid/Enclosure}
3. Multifamily Loan Application for Brookside Mobile Home Park, Starksboro {Adams/Enclosure}

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

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer JE

DATE: November 22, 2000

RE: Construction and Permanent Loans for Maple Tree Place, Williston

Name:	Maple Tree Place	**Location:**	Williston
Housing Type:	General Occupancy	**Unit Type:**	Garden Style (Flats)
Total Units:	50	**Unit Sizes:**	Ten 1 br (565 sf) 30 2 br (850 sf) Ten 3 br (1,050 sf)
Total Cost:	$6,026,350	**Per S.F. Cost:** (land, hard construction)	$120.58
Loans Requested:	$1,424,938 - thirty year $208,000 - ten year $3,350,000 construction	**Housing Credits:**	$131,483 (all 4% from outside the State's credit ceiling)
Other Funding:	VHCB, HOME, VCDP, HUD Special Purpose, developer loan		
Sponsors:	Housing Vermont (HVT); Burlington Community Land Trust (BCLT)		

The proposed housing uses a portion of the larger Maple Tree Place commercial development at Tafts Corners (see attached site plan) for newly constructed units in nine buildings. The development has received all approvals, and site grading and infrastructure connections are underway currently. Although the project design has been chosen, final plans and specs are not completed. The contractor will be selected by a bid process and construction will begin in March. Of the permanent funding sources shown in the application, only the VCDP and HUD Special Purpose funds have been committed as of the writing of this memo. A decision on the VHCB and HOME funding is expected by mid-December. Thirty-six of the fifty apartments will be income restricted under the tax credit program, and eleven of those units will have even deeper restrictions. Eight units with Project-based Section 8 assistance are shown in the budget and this subsidy is also pending. The ten-year VHFA loan would amortize over the term of this rent assistance contract, and all of the VHFA loans are from tax-exempt bond proceeds. BCLT will manage the development. No appraisal has been completed at this time and the VHFA loan commitment would be contingent upon an appraisal that supports the loans requested. Level I and II Environmental Site Assessments were completed which reported no significant hazardous conditions.

Recommendation: That the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board authorize the Executive Director and the Chief of Program Operations to issue a Letter of Interest and a Commitment Letter to finance this development upon satisfactory completion of staff underwriting and due diligence.

21-Nov-00 **Maple Tree Place**

HC Restricted Units

Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br		565	7	443		37,200
2 Br		850	23	579		159,840
3 Br		1,050	6	690		49,680
4+ Br			0	0		0
	Totals	29,805	36			246,720

Non-HC Restricted Units

Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br		565	3	550		19,800
2 Br		850	7	750		63,000
3 Br		1,050	4	920		44,160
4+ Br			0	0		0
	Totals	11,845	14			126,960

All Units

Grand Totals	41,650	50	373,680
Less Vacancy		5.00%	(18,684)
NET RENT			354,996

OTHER INCOME

Laundry	3,500
Parking	0
Commercial Space Income	0
Other	0
TOTAL INCOME	358,496

21-Nov-00

Maple Tree Place

	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	565	400	36	436								1				
	2	1			1					1	565	400	36	436								1				
	3	1			1					1	565	400	36	436								1				
	4	1			1					1	565	400	36	436								1				
	5				1					1	565	500	36	536									1			
	6				1					1	565	500	36	536									1			
	7				1					1	565	500	36	536									1			
	8								1	1	565	550	36	586						1			1			
	9								1	1	565	550	36	586						1			1			
	10								1	1	565	550	36	586						1			1			
	11	1			1					2	850	520	45	565								1				
	12	1			1					2	850	520	45	565								1				
	13	1			1					2	850	520	45	565								1				
	14	1			1					2	850	520	45	565								1				
	15	1			1					2	850	520	45	565								1				
	16				1					2	850	520	45	565									1			
	17				1					2	850	600	45	645									1			
	18				1					2	850	600	45	645									1			
	19				1					2	850	600	45	645									1			
	20				1					2	850	600	45	645									1			
	21				1					2	850	600	45	645									1			
	22				1					2	850	600	45	645									1			
	23				1					2	850	600	45	645									1			
	24				1					2	850	600	45	645									1			
	25				1					2	850	600	45	645									1			
	26				1					2	850	600	45	645									1			
	27				1					2	850	600	45	645									1			
	28				1					2	850	600	45	645									1			
	29				1					2	850	600	45	645									1			
	30				1					2	850	600	45	645									1			
	31				1					2	850	600	45	645									1			
	32				1					2	850	600	45	645									1			
	33				1					2	850	600	45	645									1			
	34								1	2	850	750	45	795						1						1
	35								1	2	850	750	45	795						1						1
	36								1	2	850	750	45	795						1						1
	37								1	2	850	750	45	795						1						1
	38								1	2	850	750	45	795						1						1
	39								1	2	850	750	45	795						1						1
	40								1	2	850	750	45	795						1						1
	41	1			1					3	1,050	620	51	671								1				
	42	1			1					3	1,050	620	51	671								1				
	43				1					3	1,050	725	51	776									1			
	44				1					3	1,050	725	51	776									1			
	45				1					3	1,050	725	51	776									1			
	46				1					3	1,050	725	51	776									1			
	47								1	3	1,050	920	51	971						1						1
	48								1	3	1,050	920	51	971						1						1
	49								1	3	1,050	920	51	971						1						1
	50								1	3	1,050	920	51	971						1						1
Total # Units	50	11			36				14	Totals:	41,650	31,140		Total # Units	0	0	0	0	0	14	0	11	28	0	0	11

21-Nov-00 **Maple Tree Place**

#		Budget	Per Unit	Per s.f.	VHCB	HOME	Allocation of Sources VCDP	Debt	HUD	N.Works	Equity	Other	TOTAL SOURCES	
	ACQUISITION				Terms: $1,374,000; 0%, 30 yr	Terms: $250,000; 7%, 10 yrs	Terms: $750,000; 0%, 30 yrs	Terms: $1,457,938; 7.5%, 30 yr	Terms: $425,267; 7%, 10 yrs	Terms: $55,000; 0%, 30 yrs	Terms: $1,504,500	Terms:____		
1	Land	775,000	15,500	18.61			503,750						503,750	271,250
2	Purchase of Building(s)		0	0.00	40,000		231,250						271,250	#######
3	Demolition (without replacement)		0	0.00									0	0
4	Property Appraisal	3,500	70	0.08	3,500								3,500	0
5	Legal - Title and Recording	9,500	190	0.23	9,500								9,500	0
	Subtotal - Acquisition	788,000	15,760	18.92										
	CONSTRUCTION HARD COSTS													
6	Rehabilitation		0	0.00									0	
7	New Building(s)	3,674,875	73,498	88.23	1,321,000	250,000			382,500	43,000	1,503,500		3,500,000	174,875
8	Accessory Buildings		0	0.00									0	0
9	Sitework	315,125	6,303	7.57				292,000		12,000	21,000		325,000	(9,875)
10	Commercial Space Costs (if any)		0	0.00									0	0
11	General Requirements		0	0.00									0	0
12	Contractor Overhead		0	0.00									0	0
13	Contractor Profit		0	0.00									0	0
14	Construction Contingency	201,775	4,036	4.84				195,025					195,025	6,750
15	Construction Management		0	0.00									0	0
16	Construction Bond Fee		0	0.00									0	0
17	Hazardous Materials Abatement		0	0.00									0	0
18	Off-Site Improvements		0	0.00									0	0
19	Furnishings, Fixtures, & Equipment	42,500	850	1.02					42,500				42,500	0
20	Other (____________)		0	0.00									0	0
	Subtotal - Hard Costs	4,234,275	84,686	101.66										
	SOFT COSTS													
21	Architectural	193,000	3,860	4.63				210,000					210,000	(17,000)
22	Engineering		0	0.00									0	0
23	Legal/Accounting	13,000	260	0.31				13,000					13,000	0
24	Relocation		0	0.00									0	0
25	Environmental Assessment	3,000	60	0.07				3,000					3,000	0
26	Energy Assessment		0	0.00									0	0
27	Permits/Fees	65,963	1,319	1.58				65,344					65,344	619
28	Independent Market Study		0	0.00									0	0
29	Construction Period Insurance	8,000	160	0.19									0	8,000
30	Construction Interest	78,118	1,562	1.88				78,878					78,878	(760)
31	Construction Loan Origination Fee	63,374	1,267	1.52				30,500					30,500	32,874
32	Taxes During Construction		0	0.00									0	0
33	Clerk of the Works		0	0.00				30,000					30,000	(30,000)
34	Marketing	4,500	90	0.11				4,000					4,000	500
35	Tax Credit Fees	3,850	77	0.09				3,850					3,850	0
36	Soft Cost Contingency	14,670	293	0.35				13,009					13,009	1,661
37	Permanent Loan Origination Fee		0	0.00									0	0
38	Lender's Counsel's Fee		0	0.00									0	0
39	Other (CD Administration)	19,100	382	0.46				19,100					19,100	0
	SYNDICATION COSTS													
40	Organizational (Partnership)		0	0.00									0	0
41	Bridge Loan Fees and Expenses		0	0.00									0	0
42	Syndication Consultant		0	0.00									0	0
43	Tax Opinion		0	0.00									0	0
	DEVELOPER'S FEES													
44	Developer's Fees	500,000	10,000	12.00				450,000				50,000	500,000	0
45	Other Partnership Fees		0	0.00									0	0
46	Consultant Fees		0	0.00									0	0
	RESERVES													
47	Working Capital	37,500	750	0.90				37,500					37,500	0
48	Rent-up (Deficit Escrow) Reserve		0	0.00									0	0
49	Other Operating Reserves		0	0.00									0	0
50	Sinking Fund		0	0.00									0	0
51	Replacement Reserves		0	0.00									0	0
	Subtotal - Soft Costs	1,004,075	20,082	24.11										
	TOTAL DEVELOPMENT COSTS	6,026,350	120,527	144.69	1,374,000	250,000	735,000	1,445,206	425,000	55,000	1,524,500	50,000	5,838,706	167,644
	fee	9.11%			0	0	15,000	(20,268)	40,000	153,000	(20,000)	0	167,732	

credit fees	4,123	
loan fees	39,699	2,646,625
legal	5,000	
inspector	5,000	
total	53,822	

form revision date 2/27/97

21-Nov-00 **Maple Tree Place**

		Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	775,000					
2	Purchase of Building(s)	0					
3	Demolition (without replacement)	0					
4	Property Appraisal	3,500			3,500		
5	Legal - Title and Recording	9,500			9,500		
	Subtotal - Acquisition	788,000					
	CONSTRUCTION HARD COSTS						
6	Rehabilitation	0					
7	New Building(s)	3,674,875		3,674,875	3,674,875		
8	Accessory Buildings	0					
9	Sitework	315,125		315,125	315,125		
10	Commercial Space Costs (if any)	0					
11	General Requirements	0					
12	Contractor Overhead	0					
13	Contractor Profit	0					
14	Construction Contingency	201,775		201,775	201,775		
15	Construction Management	0					
16	Construction Bond Fee	0					
17	Hazardous Materials Abatement	0					
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Equipment	42,500		42,500	42,500		
20	Other (______________)	0					
	Subtotal - Hard Costs	4,234,275					
	SOFT COSTS						
21	Architectural	193,000		193,000	193,000		
22	Engineering	0			0		
23	Legal/Accounting	13,000		13,000	13,000		
24	Relocation	0			0		
25	Environmental Assessment	3,000		3,000	3,000		
26	Energy Assessment	0		0	0		
27	Permits/Fees	65,963		65,963	65,963		
28	Independent Market Study	0		0	0		
29	Construction Period Insurance	8,000		8,000	8,000		
30	Construction Interest	78,118		78,118	78,118		
31	Construction Loan Origination Fee	63,374		31,687			
32	Taxes During Construction	0		0	0		
33	Clerk of the Works	0		0	0		
34	Marketing	4,500			4,500		
35	Tax Credit Fees	3,850		3,850	3,850		
36	Soft Cost Contingency	14,670		14,670	14,670		
37	Permanent Loan Origination Fee	0					
38	Lender's Counsel's Fee	0					
39	Other (CD Administration)	19,100		19,100	19,100		
	SYNDICATION COSTS						
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES						
44	Developer's Fees	500,000		425,000	500,000		
45	Other Partnership Fees	0					
46	Consultant Fees	0					
	RESERVES						
47	Working Capital	37,500					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves	0					
50	Sinking Fund	0					
51	Replacement Reserves	0					
	Subtotal - Soft Costs	1,004,075					
	TOTALS	6,026,350	0	5,089,663	5,107,976	0	

	Budget	Acquisition Basis	Construction Basis		
LESS: Amount of Non-qualified Financing					
LESS: Adjustment for per unit cost limits	1.25		0		
LESS: Historic tax Credit (Residential Portion)			0	0	20% Historic Credit Rate
Total Eligible Basis		0	5,089,663		0 Annual Historic Credit
TIMES: Adjusted for QCT/DDA	100.0%		5,089,663		
TIMES: Applicable Fraction	71.56%	0	3,642,195		
Total Qualified Basis		0	3,642,195	5,107,976	Long Term Depreciable Basis
TIMES: Applicable Percentage		3.59%	3.59%	27.5	Depreciation Schedule
Total Annual Credit Qualified		0	130,755	185,745	Annual Depreciation
				42,500	Short Term Depreciable Basis
				7	Depreciation Schedule
				6,071	Annual Depreciation

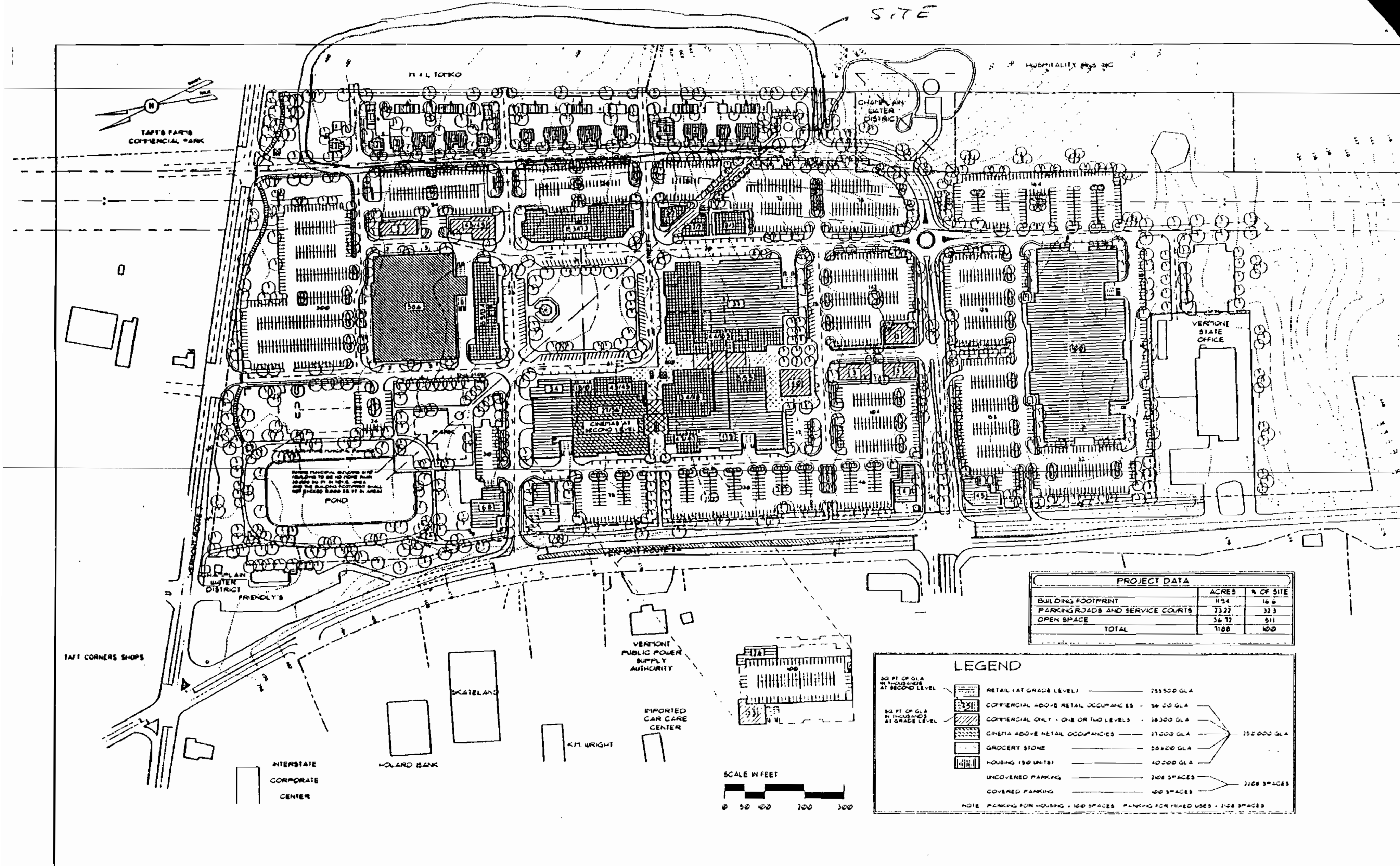
Total Tax Credits Requested	130,714
Estimated Net Syndication Proceeds (**excluding historic credit equity**)	1,504,500
Estimated Yield - Housing Credit Syndication	116.26%
Equity Gap	1,504,412
Credits Needed to fill Equity Gap	130,706

21-Nov-00 **Maple Tree Place**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	39,000	3,250	65	10.9%
Supportive Services		0	0	
Audit/Accounting	6,600	550	11	
Legal	3,000	250	5	
Compliance Monitoring	1,200	100	2	
Marketing		0	0	
Other	4,800	400	8	
TOTAL ADMINISTRATIVE	54,600	4,550	91	
Utilities				
Electricity	3,000	250	5	
Fuel	21,000	1,750	35	
Water and Sewer	9,000	750	15	
Fire Alarm / Emergency	1,200	100	2	
Other		0	0	
TOTAL UTILITIES	34,200	2,850	57	
Maintenance				
Maintenance / Janitor Payroll	24,000	2,000	40	
Janitor Supplies	3,000	250	5	
Exterminating	1,200	100	2	
Trash Removal	6,000	500	10	
Snow Removal	6,000	500	10	
Grounds	6,000	500	10	
Repairs Material		0	0	
Repairs Contract		0	0	
HVAC Repairs / Maintenance		0	0	
Elevator Contract / Repairs		0	0	
Painting and Decorating	3,000	250	5	
Other		0	0	
TOTAL MAINTENANCE	49,200	4,100	82	
				per unit month
Real Estate Taxes	54,000	4,500	90	excl. ds & res.
Property Insurance	7,800	650	13	333
Replacement Reserves	18,000	1,500	30	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other		0	0	
Total	217,800	18,150	363	

form revision date: 2/27/97

21-Nov-00		Maple Tree Place														
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		373,680	379,285	384,974	390,749	396,610	402,559	408,598	414,727	420,948	427,262	433,671	440,176	446,779	453,480	460,282
Section 8 premium		28,512	28,940	29,374	29,814	30,262	30,716	31,176	31,644	32,119	32,600					
Other Income		3,500	3,553	3,606	3,660	3,715	3,770	3,827	3,884	3,943	4,002	4,062	4,123	4,185	4,247	4,311
Vacancy and other losses		(18,684)	(18,964)	(19,249)	(19,537)	(19,831)	(20,128)	(20,430)	(20,736)	(21,047)	(21,363)	(21,684)	(22,009)	(22,339)	(22,674)	(23,014)
Total Operating Income		387,008	392,813	398,705	404,686	410,756	416,918	423,171	429,519	435,962	442,501	416,049	422,290	428,624	435,054	441,580
Operating Expenses																
Total Expenses (excl. Reserves)		199,800	205,794	211,968	218,327	224,877	231,623	238,572	245,729	253,101	260,694	268,514	276,570	284,867	293,413	302,215
Reserves		18,000	18,270	18,544	18,822	19,105	19,391	19,682	19,977	20,277	20,581	20,890	21,203	21,521	21,844	22,172
Total Operating Expense		217,800	224,064	230,512	237,149	243,981	251,014	258,254	265,706	273,378	281,275	289,404	297,773	306,388	315,257	324,387
Net Operating Income		169,208	168,749	168,193	167,537	166,775	165,903	164,918	163,813	162,584	161,226	126,645	124,517	122,236	119,797	117,192
Less Primary Debt Service		119,560	119,560	119,560	119,560	119,560	119,560	119,560	119,560	119,560	119,560	119,560	119,560	119,560	119,560	119,560
Less Secondary Debt Service		29,563	29,563	29,563	29,563	29,563	29,563	29,563	29,563	29,563	29,563	0	0	0	0	0
Annual Cash Flow		20,085	19,626	19,070	18,413	17,652	16,780	15,794	14,690	13,461	12,103	7,085	4,956	2,676	236	(2,368)
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,368
Net Cash		20,085	19,626	19,070	18,413	17,652	16,780	15,794	14,690	13,461	12,103	7,085	4,956	2,676	236	0
DCR		113.47%	113.16%	112.79%	112.35%	111.84%	111.25%	110.59%	109.85%	109.03%	108.12%	105.93%	104.15%	102.24%	100.20%	98.02%
Cumulative Cash Flow																
Beginning Balance		18,750	35,019	51,382	67,743	83,997	100,031	115,725	130,947	145,559	159,411	172,342	185,706	197,336	207,012	214,502
Deposits		20,085	19,626	19,070	18,413	17,652	16,780	15,794	14,690	13,461	12,103	7,085	4,956	2,676	236	0
Interest	3.5%	1,184	1,738	2,291	2,840	3,383	3,913	4,428	4,922	5,391	5,828	6,280	6,673	7,000	7,254	7,425
Withdrawals		(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	0	0	0	0	(2,368)
Ending Balance		35,019	51,382	67,743	83,997	100,031	115,725	130,947	145,559	159,411	172,342	185,706	197,336	207,012	214,502	219,559
Cumulative Replacement Reserves																
Beginning Balance		0	18,630	38,192	58,721	80,258	(15,888)	3,626	24,124	45,644	68,228	(26,441)	(5,551)	16,200	39,041	63,016
Deposits		18,000	18,270	18,544	18,822	19,105	19,391	19,682	19,977	20,277	20,581	20,890	21,203	21,521	21,844	22,172
Interest	3.5%	630	1,292	1,986	2,714	0	123	816	1,544	2,307	0	0	548	1,320	2,131	0
Withdrawals		0	0	0	0	(115,250)	0	0	0	0	(115,250)	0	0	0	0	(115,250)
Ending Balance		18,630	38,192	58,721	80,258	(15,888)	3,626	24,124	45,644	68,228	(26,441)	(5,551)	16,200	39,041	63,016	(30,062)
2,305	17,656															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		169,208	168,749	168,193	167,537	166,775	165,903	164,918	163,813	162,584	161,226	126,645	124,517	122,236	119,797	117,192
Plus Reserves		18,000	18,270	18,544	18,822	19,105	19,391	19,682	19,977	20,277	20,581	20,890	21,203	21,521	21,844	22,172
Less Interest Expense		(267,470)	(239,179)	(204,571)	(164,544)	(161,866)	(158,980)	(155,871)	(152,521)	(148,913)	(145,025)	(141,867)	(139,714)	(137,393)	(134,891)	(132,196)
Less Long Depreciation		(185,745)	(185,745)	(185,745)	(185,745)	(185,745)	(185,745)	(185,745)	(185,745)	(185,745)	(185,745)	(185,745)	(185,745)	(185,745)	(185,745)	(185,745)
Less Short Depreciation		(6,071)	(6,071)	(6,071)	(6,071)	(6,071)	(6,071)	(6,071)	0	0	0	0	0	0	0	0
Taxable Income (Loss)		(272,078)	(243,976)	(209,650)	(170,001)	(167,802)	(165,501)	(163,087)	(154,476)	(151,796)	(148,962)	(180,077)	(179,738)	(179,380)	(178,995)	(178,577)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		95,227	85,392	73,377	59,500	58,731	57,926	57,081	54,067	53,129	52,137	63,027	62,908	62,783	62,648	62,502
Plus Tax Credits		131,483	131,483	131,483	131,483	131,483	131,483	131,483	131,483	131,483	131,483					
After Tax Cash Flow		226,710	216,875	204,860	190,983	190,214	189,409	188,564	185,550	184,612	183,620	63,027	62,908	62,783	62,648	62,502
Total Years	15															
Reinvestment Rate	8.00%															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Current After Tax Cash Flows	99.90%	226,484	216,658	204,655	190,792	190,024	189,219	188,375	185,364	184,427	183,436	62,964	62,845	62,720	62,586	62,439
Future Value of Cash Flows at Yr 15:		718,445	636,366	556,586	480,448	443,066	408,510	376,563	343,096	316,076	291,090	92,515	85,500	79,009	73,000	67,434
Discount Rate:	4.75%															
Capital Contribution Number:	1	2	3	4	5	6	7	8								
Date of Capital Contribution:	01-Jul-99	01-Apr-00	01-Jul-00	01-Jul-01	01-Jul-02	01-Jul-03										
Amount of Capital Contribution:	16,914	16,914	253,712	422,854	473,596	507,425	0	0								
Present Value of Contributions:	16,914	16,311	241,752	383,977	409,834	418,464										
Cash Flows	(1,487,252)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,967,704
	1,487,416															
IRR:	8.37%															
Equity Yield:	1.14															



PROJECT DATA

	ACRES	% OF SITE
BUILDING FOOTPRINT	11 94	16 6
PARKING ROADS AND SERVICE COURTS	23 22	32 3
OPEN SPACE	36 72	51 1
TOTAL	71 88	100

LEGEND

SQ FT OF GLA IN THOUSANDS AT SECOND LEVEL

SQ FT OF GLA IN THOUSANDS AT GRADE LEVEL

RETAIL (AT GRADE LEVEL)	255500 GLA	
COMMERCIAL ABOVE RETAIL OCCUPANCIES	56 000 GLA	250 000 GLA
COMMERCIAL ONLY - ONE OR TWO LEVELS	38300 GLA	
CINEMA ABOVE RETAIL OCCUPANCIES	37000 GLA	
GROCERY STORE	58600 GLA	
HOUSING (50 UNITS)	40 000 GLA	
UNCOVERED PARKING	2108 SPACES	2508 SPACES
COVERED PARKING	400 SPACES	

NOTE PARKING FOR HOUSING - 100 SPACES PARKING FOR MIXED USES - 2108 SPACES

THE BURLEY PARTNERSHIP - ARCHITECTURE PLANNING INTERIOR DESIGN WAITSFIELD, VERMONT 05673 (802) 496 - 3500	REVISIONS	PROJECT TITLE MAPLE TREE PLACE WILLISTON, VERMONT	SHEET TITLE ARCHITECTURAL SITE PLAN	JOB NO PSP1HR1 SCALE 1" = 100' DRAWN RB BC DATE 12/8/95 S-1

1 2 BEDROOM - RING ROAD ELEVATION
1/4"=1'-0"

2 3 BEDROOM - PARKING ELEVATION
1/4"=1'-0"

[redacted]
architecture
planning
interiors

project: WATER TOWER HOUSING
WILLISTON, VERMONT

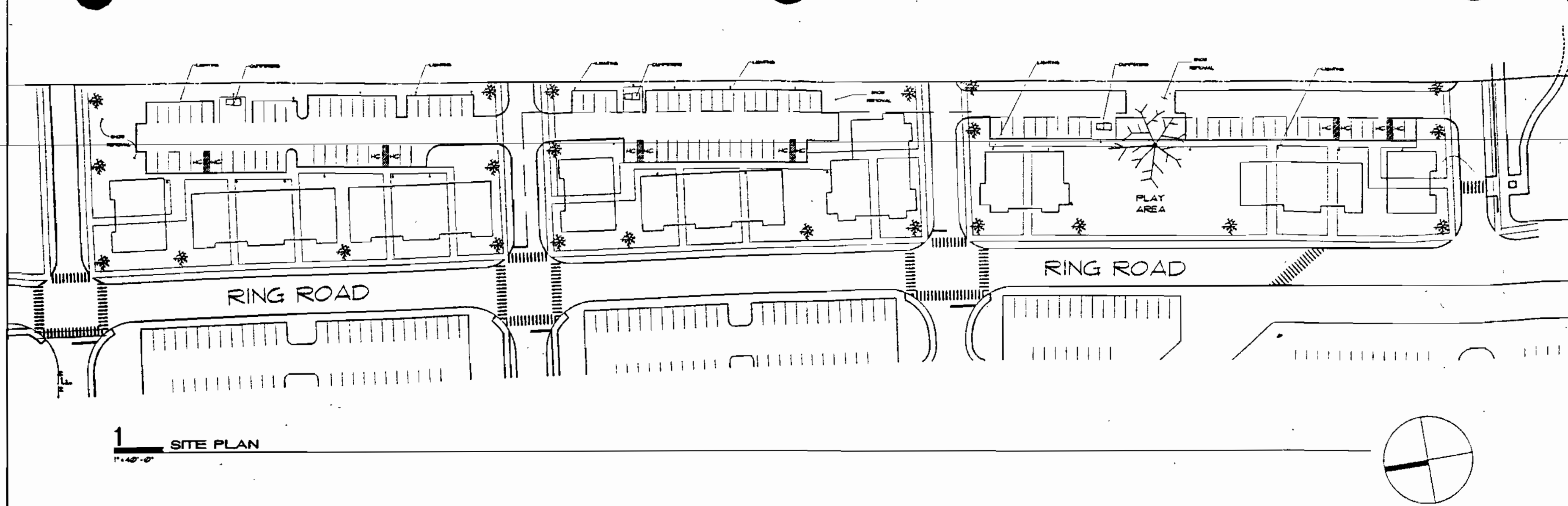
drwg. title: TWO BEDROOM UNITS
EXTERIOR ELEVATIONS

scale 1/4"=1'-0"
project no.
drawn by
date
file

date | revisions

drwg. no.
A-7.2

Sheet __ Of __



1 SITE PLAN
1"=40'-0"

3 SECTION THROUGH SITE
1"=40'-0"

GENERAL NOTES:

1. ALL BUILDINGS TO BE TWO LEVELS.

2. ALL UNITS TO BE SINGLE LEVEL.

3. GROSS LIVING AREA PER 1 BDR UNIT = 560 S.F.
GROSS LIVING AREA PER 2 BDR UNIT = 737 S.F.
GROSS LIVING AREA PER 3 BDR UNIT = 1008 S.F.
TOTAL GROSS LIVING AREA = 35,440 S.F.

4. TOTAL UNITS = 50
BEDROOMS = 100

5. PARKING = 101 SPACES

6. OAK TREE * 53
DIAMETER = 3.4'
DRIP LINE = 75'

architecture planning interiors

[redacted]

30 main street essex junction vermont 05452
p 802.879.5153 f 802.872.2764

project
WATER TOWER HOUSING
HOUSING VERMONT / BURLINGTON COMMUNITY LAND TRUST
WILLISTON, VERMONT

drwg. title
PRELIMINARY SITE PLAN

scale	1"=40'-0"
project no.	00-190
drawn by	KW
date	5-5-00
file	site.dwg
date	revisions

drwg. no.
SITE

Sheet 1 Of 1

21-Nov-00 **Maple Tree Place**

Total Residential Units:	50	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	36	Increase in Income from Other Sources:	1.50%
Percent Restricted:	72.00%	Increase in Income from Commercial:	1.50%
Total Development Cost:	6,026,350	Expense increase:	3.00%
Total Development Cost per Unit:	120,527	Vacancy Rate:	5%
Acquisition & Hard Cost Per SF:	120.58	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	130,755	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	131,483	Sponsor's Estimated Yield:	116.26%

LIHTC - 9%	8.39%	(Dec 2000)
LIHTC - 4%	3.59%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	1,424,938	23.65%	7.50%	30	30
VHCB	1,374,000	22.80%	0.00%	0	30
HOME	250,000	4.15%	7.00%	0	10
VHFA 10 year loan	208,000	3.45%	7.45%	10	10
VCDP	750,000	12.45%	0.00%	0	30
HUD Special Purpose	465,000	7.72%	7.00%	0	10
Deferred Fee	50,000	0.83%	N/A	N/A	
0% loan	0	0.00%	N/A	N/A	
Tax Credit Equity	1,504,500	24.97%	N/A	N/A	
TOTAL SOURCES	6,026,438	100.00%			

USES

Acquisition	788,000	13.08%
Construction Hard Costs	4,234,275	70.26%
Soft Costs	1,004,075	16.66%
TOTAL USES	6,026,350	100%
Gap	(88)	

PER UNIT COST LIMIT CALCULATION

	per unit limits	number of units			
0 Br	84,390	0	0		
1 Br	90,140	10	901,400		
2 Br	95,890	30	2,876,700		
3 Br	101,637	10	1,016,370		
4 Br	107,390	0	0		
Maximum cost allowed under the per unit cost limits			4,794,470		
Projected total cost, excluding cash accounts			5,988,850	Cost Overage %	125%
		(over)/under	(1,194,380)		

General Partner's Capital Contribution	15,286	1.00%
Limited Partner's Capital Contribution	1,513,351	99.00%
Total Equity	1,528,637	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	36
Total Units	50
Unit Fraction	72.00%
Tax Credit Square Footage	29,805
Total Residential Square Footage	41,650
Square Footage Fraction	71.56%
Applicable Fraction	71.56%

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT RE: CONSTRUCTION FINANCING FOR MAPLE TREE PLACE, WILLISTON

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, a proposal has been presented to the Agency by Housing Vermont on behalf of a to-be-formed limited partnership involving the new construction of 50 units of rental housing in the Town of Williston (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to the issuance and sale of tax-exempt bonds of not more than $5,200,000 aggregate principal amount (the "Bonds") to finance a loan to the Housing Vermont or a partnership that includes a subsidiary of Housing Vermont as a general partner (the "Borrower") to construct a 50 unit rental housing development (the "Project") in Williston, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in an amount of up to $3,500,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds and one or more long-term loans in an amount of up to $1,700,000, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible;

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joseph Erdelyi, dated November 22, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The construction costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such

persons and families.

4. The housing sponsor undertaking the Development will increase the supply of well-planned, well-designed permanent, temporary, transitional or emergency housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The sponsor and its general partner are financially responsible and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to Housing Vermont or a to-be-formed partnership including a subsidiary of Housing Vermont as a general partner for construction financing in an amount not to exceed $3,500,000; the term of the construction loan will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds and one or more long-term loans in an amount of up to $1,700,000, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

1. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsor must provide an as-built appraisal satisfactory to VHFA;

   b) Sponsor must provide evidence of necessary permits;

   c) Sponsor must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

   d) Sponsor must provide a written property tax estimate from the Town of Williston; and

   e) Sponsor must provide additional security satisfactory to VHFA.

3. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and construct the Project is hereby preliminarily

approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in her/his discretion, issue a Commitment Letter for a construction loan for the Development in an amount not to exceed $3,500,000 and a long-term loan in an amount not to exceed $1,700,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. One long-term loan shall be due and payable not more than 30 years from the date the loan is made; shall be fully amortized over the period of the loan, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The other long-term loan shall be due and payable not more than 10 years from the date the loan is made, shall be fully amortized over the period of the loan, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds for all loans shall be tax-exempt bond proceeds. The Sponsor shall be responsible for loan fees and transaction costs. The Commitment Letter may be issued to Housing Vermont as a representative of the to-be-formed limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director, Chief of Program Operations and the Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

vhfa
Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter CR

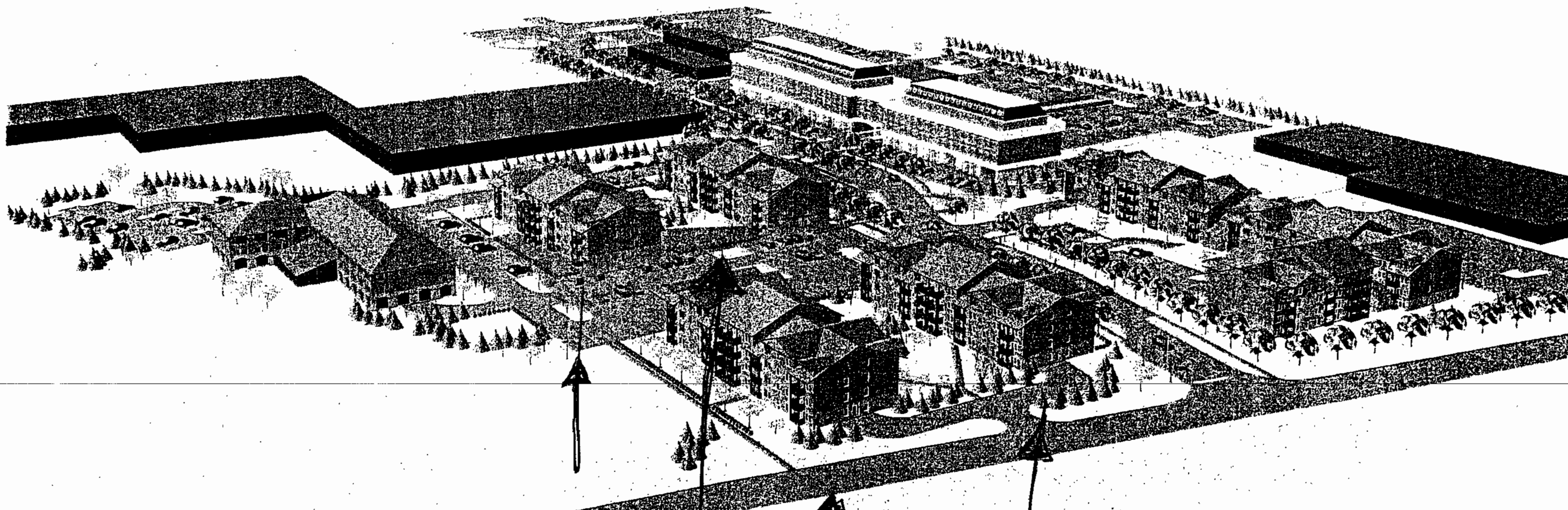
DATE: November 22, 2000

RE: Construction, Permanent, and 0% Loan Application for Marketplace, South Burlington

Name:	Marketplace	**Location:**	South Burlington
Housing Type:	General Occupancy	**Unit Type:**	Townhouses/Flats
Total Units:	160	**Unit Sizes:**	24 one-br (722 sf) 120 two-br (931 avg sf) 16 three-br (1,076 sf)
Total Cost:	$15,708,735	**Per S.F. Cost:** (land, acquisition, construction)	$107.36
Loans Requested:	$4,565,000 permanent $9,991,470 construction $300,000 0% loan	**Housing Credits: (4% Credits)**	$291,880
Other Funding:	VHCB, HOME, VCDP, HUD Special Purpose, Housing Credits (9%), developer loan		
Sponsors:	Housing Vermont (HVT); Lake Champlain Housing Development Corporation (LCHDC)		

Lake Champlain Housing Development Corporation (LCHDC) and Housing Vermont (HVT) are co-developing a 160 unit new construction project on Farrell Street in South Burlington. There will be four buildings of 40 units each: 24 one-bedroom units, 120 two-bedroom units, and 16 three-bedroom units. This is a modified "turn-key" structure, wherein the permitted land will be acquired by a to-be-formed limited partnership, and Wright/Morrissey Realty Corporation (Seller) will construct the development; progress payments will be made during the construction period. HVT and LCHDC have had significant involvement in the development of the project's design and specifications. The project has local permit approval, and is anticipating obtaining Act 250 approval by mid-December, subject to a 30-day appeal period. A tax exempt construction loan of $6,439,470 will finance three buildings, which will in turn make them eligible for out of cap (4%) tax credits. A second, taxable, construction loan of up to $3,552,000 will finance the fourth building, which has an advanced commitment for 9% tax credits from the 2001 credit ceiling. A permanent taxable loan of $1,250,000 will finance the fourth 9% building; a permanent tax exempt loan of $3,315,000 and the 0% loan will finance the three "4%" buildings. The project has secured all funding commitments. A level I environmental site assessment was completed which reported no evidence of environmentally hazardous conditions. An appraisal has been completed and values the as-built development at $13,000,000. Lake Champlain Housing Ventures will manage the development.

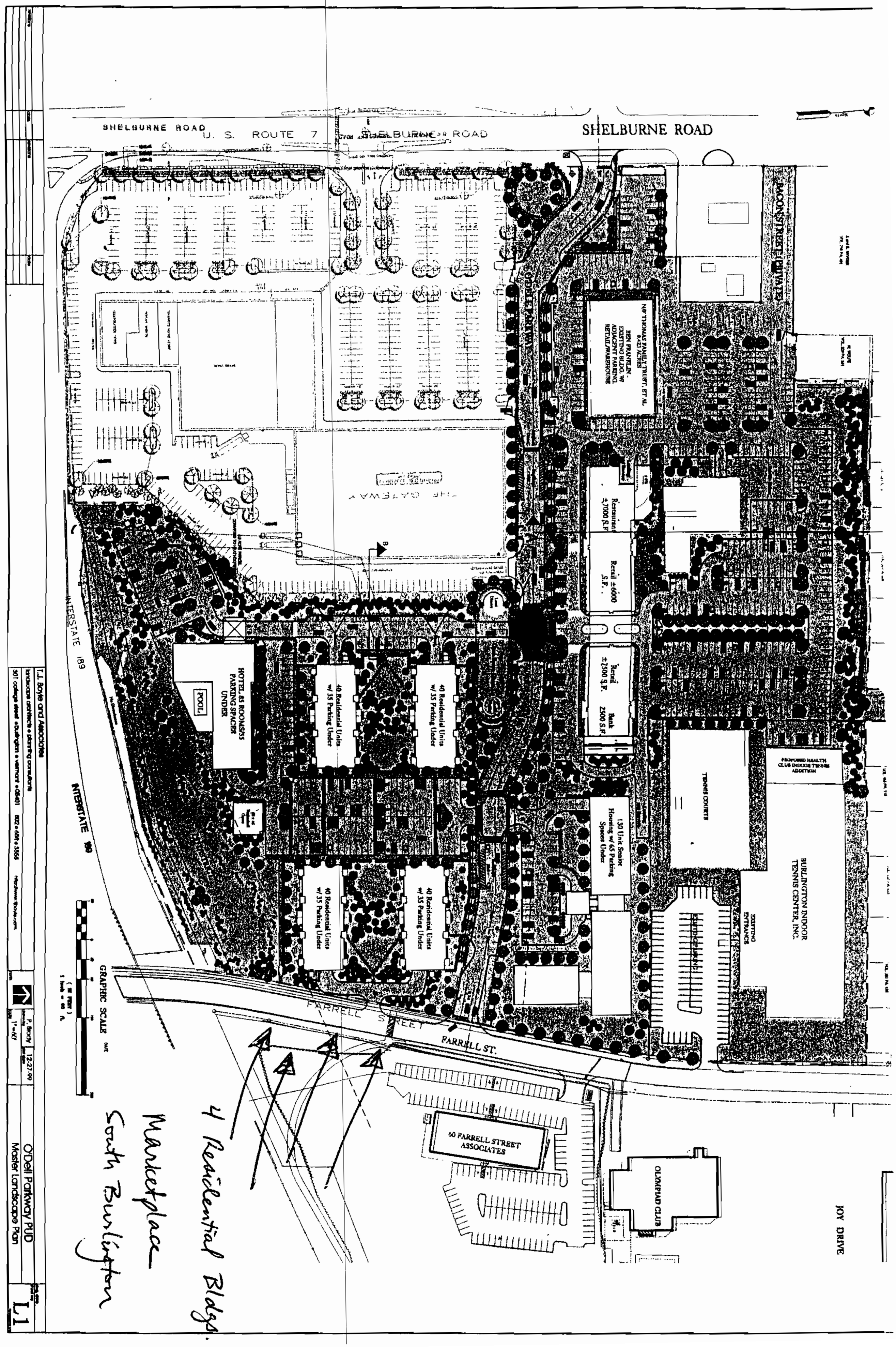
Recommendation: That the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board authorize the Executive Director and the Chief of Program Operations to issue a Letter of Interest and a Commitment Letter to finance this development upon satisfactory completion of staff underwriting and due diligence.



4 Residential Buildings
40 units each

Marketplace

Owner / Applicant :	T.J. Boyle and Associates				
	landscape architects • planning consultants		drawn by P. Brody	date 1-4-00	O'Dell Parkway PUD	sheet no.
	301 college street • burlington • vermont • 05401 802• 658• 3555 http//:www.tjboyle.com	north	scale		Aerial View of Site	



4 Residential Bldgs.
Marketplace
South Burlington

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT LETTER RE: CONSTRUCTION AND PERMANENT FINANCING FOR MARKETPLACE DEVELOPMENT, SOUTH BURLINGTON

WHEREAS, the Vermont Housing Finance Agency (the “Agency”) is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, a proposal has been presented to the Agency by Housing Vermont and Lake Champlain Housing Development Corporation (the “Sponsors”), involving the new construction of four buildings containing 160 units of rental housing in the City of South Burlington (the "Development"); and

WHEREAS, the Agency desires to take “official action” for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $6,900,000 aggregate principal amount (the “Bonds”) to finance a loan to a limited partnership to be created by Housing Vermont and Lake Champlain Housing Development Corporation (the “Borrower”) to construct 120 units of rental housing in three buildings located at 65 Farrell Street (the “Development”) in South Burlington, Vermont that will qualify for federal low-income housing tax credits; and

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $6,700,000 from the proceeds of tax-exempt bonds for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency’s cost of funds; and

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $3,350,000 as long-term financing for 120 units in three buildings in the Marketplace project, from the proceeds of tax-exempt bonds, and with the interest rate to be determined by the Agency depending on the source of funds, and the loan shall have an interest rate of not more than 150 basis points above the Agency’s cost of funds; and

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $3,552,000 from the proceeds of taxable bonds for construction financing for one 40 unit building in the Marketplace project, with the interest rate to be determined by the Agency depending on the source of funds; and

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $1,300,000 as long-term financing for one 40 unit building in the Marketplace project, from the proceeds of taxable bonds, and with the interest rate to be determined by the Agency depending on the source of funds; and

WHEREAS, the Borrower is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid, dated November 22, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The acquisition and construction costs to be incurred by the housing Sponsors are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing Sponsors undertaking the Development will increase the supply of well-planned, well-designed permanent, temporary, transitional or emergency housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The Sponsors are financially responsible organizations and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making mortgage loan(s) to a limited partnership to be created by Housing Vermont and Lake Champlain Housing Development Corporation for construction financing in an amount not to exceed $10,252,000 (consisting of a tax exempt loan of up to $6,700,000 and a taxable loan of up to $3,552,000); the term of the construction loan(s) will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds. The Executive Director is also authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making mortgage loan(s) to a limited partnership to be created by Housing Vermont and Lake Champlain Housing Development Corporation for the long term financing of the Development in an amount not to exceed $4,650,000 (consisting of a tax exempt loan of up to $3,350,000 and a taxable loan of up to $1,300,000); the term of the long-term loan(s) will be 30 years, the amortization period will not exceed 30 years, and the interest rate will be not more than 150 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of

funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing Sponsors in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

a) Sponsors must provide a written estimate of property taxes from the City of South Burlington for the as-improved development;

b) Sponsors must provide final plans and specifications for VHFA review and approval at least 4 weeks prior to VHFA loan closing;

c) Sponsors must provide evidence of necessary permits that are final;

d) Sponsors must fill any funding gap created by changing budget assumptions on Section 8 income and lender/loan fees prior to closing;

e) Sponsors must provide executed construction contract and all addenda by loan closing that is within the project's budget to maintain overall feasibility and is reasonably in line with an independent cost estimate to be performed by the Agency; builders profit, overhead and general requirements must be in compliance with the Housing Credit Allocation Plan;

f) Sponsors must provide a management plan, lease-up plan and budgeted lease-up reserve satisfactory to VHFA prior to closing;

g) Sponsors must provide a guarantee satisfactory to VHFA through the end of the lease up period.

3. The issuance of tax-exempt Bonds for the purpose of financing loan(s) to the Borrower to allow the Borrower to acquire and rehabilitate the Development is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive

Director or the Chief of Program Operations may, in their discretion, issue a Commitment Letter for construction loan(s) for the construction of the Development, in an amount not to exceed $6,700,000 tax exempt and $3,552,000 taxable for a total of $10,252,000 in construction financing; and a Commitment Letter for term loan(s) in an amount not to exceed $1,300,000 taxable and $3,350,000 tax exempt for a total of $4,650,000 in permanent financing. The Executive Director, Chief of Program Operations and Director of Finance are authorized to allocate the loan proceeds to all or portions of the Development.

6. The construction loan(s) shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds for a $6,700,000 loan and taxable bond proceeds for a $3,552,000 loan. The permanent loan(s) shall be due and payable not more than 30 years from the date the loan is made, payments shall be based on a 30 year amortization period and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of the funds shall be tax-exempt bond proceeds for the $3,350,000 loan and taxable bond proceeds for the $1,300,000 loan. The Sponsors shall be responsible for loan fees and transaction costs. The Commitment Letter may be issued to Housing Vermont and Lake Champlain Housing Development Corporation as representatives of the to-be-formed limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director is authorized to make an additional loan to the Borrower for the development of not more than $300,000 at an interest rate of 0%.

8. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate the financing.

22-Nov-00 **Farrell Street, South Burlington**

Total Residential Units:	160	Increase in Income from Rental Units:	1.5%
Housing Credit Restricted Units:	130	Increase in Income from Other Sources:	1.5%
Percent Restricted:	81.25%	Increase in Income from Commercial:	1.5%
Total Development Cost:	15,708,735	Expense increase:	3%
Total Development Cost per Unit:	98,180	Vacancy Rate:	5%
Total Development Cost Per SF:	107	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
		Short Depreciation Schedule:	7 years
4% Credit Amount Allocated:	291,880	Sponsor's Estimated Yield:	101.02%
9% Credit Allocated:	275,000		

LIHTC - 9%	8.53%	(June 2000)
LIHTC - 4%	3.59%	(December 2000)

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage - tax exempt	3,315,000	21.10%	7.50%	30	30
First Mortgage - taxable	1,250,000	7.96%	8.90%	30	30
HOME	216,000	1.38%	7.00%	30	30
VCDP	722,690	4.60%	0.00%	30	30
VHCB	3,184,000	20.27%	2.00%	30	30
HUD Special Purpose	675,250	4.30%	7.00%	10	10
VHFA 0% Loan	300,000	1.91%	0.00%	15	15
Developer Loan	200,000	1.27%	0.00%	15	15
VHCB Development Loan	50,000	0.32%	0.00%	15	15
Tax Credit Equity	5,698,200	36.27%	N/A	N/A	
TOTAL SOURCES	15,611,140	99.38%			

USES

Acquisition	1,465,000	9.33%
Construction Hard Costs	12,338,000	78.54%
Soft Costs	1,905,735	12.13%
TOTAL USES	15,708,735	100.00%
Gap	97,595	

PER UNIT COST LIMIT CALCULATION

	per unit limits	number of units			
0 Br	84,390	0	0		
1 Br	90,140	24	2,163,360		
2 Br	95,890	120	11,506,800		
3 Br	101,637	16	1,626,192		
4 Br	107,390	0	0		
Maximum cost allowed under the per unit cost limits		160	15,296,352		
Projected total cost, excluding cash accounts			15,628,735	Cost Overage %	97.87%
	(over)/under		(332,383)		

General Partner's Capital Contribution	56,982	1.00%
Limited Partner's Capital Contribution	5,641,218	99.00%
Total Equity	5,698,200	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	130
Total Units	160
Unit Fraction	81.25%
Tax Credit Square Footage	119,444
Total Residential Square Footage	146,312
Square Footage Fraction	81.64%
Applicable Fraction	81.25%

form revision date: 2/27/97

22-Nov-00 **Farrell Street, South Burlington**

	TOTAL PROJECT COSTS	Budget	Per Unit	Per s.f.
	ACQUISITION			
1	Land	1,440,000	9,000	9.84
2	Purchase of Building(s)		0	0.00
3	Demolition (without replacement)		0	0.00
4	Property Appraisal	4,000	25	0.03
5	Legal - Title and Recording	21,000	131	0.14
	Subtotal - Acquisition	1,465,000	9,156	10.01
	CONSTRUCTION HARD COSTS			
6	Rehabilitation		0	0.00
7	New Building(s)	11,210,000	70,063	76.62
8	Accessory Buildings		0	0.00
9	Sitework	1,000,000	6,250	6.83
10	Commercial Space Costs (if any)		0	0.00
11	General Requirements		0	0.00
12	Contractor Overhead		0	0.00
13	Contractor Profit		0	0.00
14	Construction Contingency		0	0.00
15	Construction Management		0	0.00
16	Construction Bond Fee		0	0.00
17	Hazardous Materials Abatement		0	0.00
18	Off-Site Improvements		0	0.00
19	Furnishings, Fixtures, & Equipment	128,000	800	0.87
20	Other (________________)		0	0.00
	Subtotal - Hard Costs	12,338,000	77,113	84.33
	SOFT COSTS			
21	Architectural	20,000	125	0.14
22	Engineering		0	0.00
23	Legal/Accounting	35,000	219	0.24
24	Relocation		0	0.00
25	Environmental Assessment	4,000	25	0.03
26	Energy Assessment	0	0	0.00
27	Permits/Fees	20,000	125	0.14
28	Independent Market Study		0	0.00
29	Construction Period Inspections	5,000	31	0.03
30	Construction Interest	240,000	1,500	1.64
31	Construction Loan Origination Fee	149,900	937	1.02
32	Taxes During Construction		0	0.00
33	Clerk of the Works	18,000	113	0.12
34	Marketing	7,500	47	0.05
35	Tax Credit Fees	18,200	114	0.12
36	Soft Cost Contingency	23,135	145	0.16
37	Permanent Loan Origination Fee		0	0.00
38	Lender's Counsel's Fee	5,000	31	0.03
39	Other (________________)		0	0.00
	SYNDICATION COSTS			
40	Organizational (Partnership)		0	0.00
41	Bridge Loan Fees and Expenses		0	0.00
42	Syndication Consultant		0	0.00
43	Tax Opinion		0	0.00
	DEVELOPER'S FEES			
44	HVT Development Fee	640,000	4,000	4.37
45	LCHDC Development Fee	640,000	4,000	4.37
46	Consultant Fees		0	0.00
	RESERVES			
47	Working Capital	80,000	500	0.55
48	Rent-up (Deficit Escrow) Reserve		0	0.00
49	Other Operating Reserves		0	0.00
50	Sinking Fund		0	0.00
51	Replacement Reserves		0	0.00
	Subtotal - Soft Costs	1,905,735	11,911	13.03
	TOTAL DEVELOPMENT COSTS	15,708,735	98,180	107.36

1,280,000
8.92%

22-Nov-00 **Farrell Street, South Burlington**

	Building SE Credit Calc	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	360,000					
2	Purchase of Building(s)	0					
3	Demolition (without replacement)	0					
4	Property Appraisal	1,000	1,000		1,000		
5	Legal - Title and Recording	5,250			5,250		
	Subtotal - Acquisition	366,250					
	CONSTRUCTION HARD COSTS	0					
6	Rehabilitation	0					
7	New Building(s)	2,802,500		2,802,500	2,802,500		
8	Accessory Buildings	0					
9	Sitework	250,000		250,000	250,000		
10	Commercial Space Costs (if any)	0					
11	General Requirements	0					
12	Contractor Overhead	0					
13	Contractor Profit	0					
14	Construction Contingency	0					
15	Construction Management	0					
16	Construction Bond Fee	0					
17	Hazardous Materials Abatement	0					
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Equipment	32,000		32,000			
20	Other (______________)	0					
	Subtotal - Hard Costs	3,084,500					
	SOFT COSTS	0					
21	Architectural	5,000		5,000	5,000		
22	Engineering	0					
23	Legal/Accounting	8,750		8,750	8,750		
24	Relocation	0					
25	Environmental Assessment	1,000		1,000	1,000		
26	Energy Assessment	0					
27	Permits/Fees	5,000		5,000	5,000		
28	Independent Market Study	0					
29	Construction Period Inspections	1,250					
30	Construction Interest	60,000		60,000	60,000		
31	Construction Loan Origination Fee	32,198					
32	Taxes During Construction	0					
33	Clerk of the Works	4,500		4,500	4,500		
34	Marketing	1,875			1,875		
35	Tax Credit Fees	4,550		4,550	4,550		
36	Soft Cost Contingency	5,784		5,784	5,784		
37	Permanent Loan Origination Fee	3,875					
38	Lender's Counsel's Fee	1,250					
39	Other (______________)	0					
	SYNDICATION COSTS	0					
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES	0					
44	HVT Development Fee	160,000		160,000	160,000		
45	LCHDC Development Fee	160,000		160,000	160,000		
46	Consultant Fees	0					
	RESERVES	0					
47	Working Capital	20,000					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves	0					
50	Sinking Fund	0					
51	Replacement Reserves	0					
	Subtotal - Soft Costs	475,032					
	TOTALS	3,925,782	1,000	3,499,084	3,475,209	0	
LESS:	Amount of Non-qualified Financing						
LESS:	Adjustment for per unit cost limits	100.00%		0			
LESS:	Historic tax Credit (Residential Portion)			0	0	20% Historic Credit Rate	
	Total Eligible Basis		1,000	3,499,084		0 Annual Historic Credit	
TIMES:	Adjusted for QCT/DDA	100.00%		3,499,084			
TIMES:	Applicable Fraction	[redacted]	725	2,536,836			
	Total Qualified Basis		725	2,536,836			
TIMES:	Applicable Percentage		3.59%	3.59%			
	Total Annual Credit Qualified		0	91,072			

Total Tax Credits Requested	92,037
Estimated Net Syndication Proceeds (**excluding historic credit equity**)	1,262,428
Estimated Yield - Housing Credit Syndication	138.55%
Equity Gap	1,264,928
Credits Needed to fill Equity Gap	92,219

3,475,209	**Long Term Depreciable Basis**
27.5	Depreciation Schedule
126,371	Annual Depreciation
32,000	Short Term Depreciable Basis
7	Depreciation Schedule
4,571	Annual Depreciation

22-Nov-00 **Farrell Street, South Burlington**

	Building SW Credit Calc	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	360,000					
2	Purchase of Building(s)	0					
3	Demolition (without replacement)	0					
4	Property Appraisal	1,000	1,000		1,000		
5	Legal - Title and Recording	5,250			5,250		
	Subtotal - Acquisition	366,250					
	CONSTRUCTION HARD COSTS	0					
6	Rehabilitation	0					
7	New Building(s)	2,802,500		2,802,500	2,802,500		
8	Accessory Buildings	0					
9	Sitework	250,000		250,000	250,000		
10	Commercial Space Costs (if any)	0					
11	General Requirements	0					
12	Contractor Overhead	0					
13	Contractor Profit	0					
14	Construction Contingency	0					
15	Construction Management	0					
16	Construction Bond Fee	0					
17	Hazardous Materials Abatement	0					
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Equipment	32,000		32,000			
20	Other (________________)	0					
	Subtotal - Hard Costs	3,084,500					
	SOFT COSTS	0					
21	Architectural	5,000		5,000	5,000		
22	Engineering	0					
23	Legal/Accounting	8,750		8,750	8,750		
24	Relocation	0					
25	Environmental Assessment	1,000		1,000	1,000		
26	Energy Assessment	0					
27	Permits/Fees	5,000		5,000	5,000		
28	Independent Market Study	0					
29	Construction Period Inspections	1,250					
30	Construction Interest	60,000		60,000	60,000		
31	Construction Loan Origination Fee	32,198					
32	Taxes During Construction	0					
33	Clerk of the Works	4,500		4,500	4,500		
34	Marketing	1,875			1,875		
35	Tax Credit Fees	4,550		4,550	4,550		
36	Soft Cost Contingency	5,784		5,784	5,784		
37	Permanent Loan Origination Fee	3,875					
38	Lender's Counsel's Fee	1,250					
39	Other (____________)	0					
	SYNDICATION COSTS	0					
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES	0					
44	HVT Development Fee	160,000		160,000	160,000		
45	LCHDC Development Fee	160,000		160,000	160,000		
46	Consultant Fees	0					
	RESERVES	0					
47	Working Capital	20,000					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves	0					
50	Sinking Fund	0					
51	Replacement Reserves	0					
	Subtotal - Soft Costs	475,032					
	TOTALS	3,925,782	1,000	3,499,084	3,475,209	0	
LESS:	Amount of Non-qualified Financing						
LESS:	Adjustment for per unit cost limits	100.00%		0			
LESS:	Historic tax Credit (Residential Portion)			0		0	
	Total Eligible Basis		1,000	3,499,084			
TIMES:	Adjusted for QCT/DDA	100.0%		3,499,084			
TIMES:	Applicable Fraction	92.50%	925	3,236,653			
	Total Qualified Basis		925	3,236,653			
TIMES:	Applicable Percentage		3.59%	8.53%			
	Total Annual Credit Qualified		0	276,086			

20% Historic Credit Rate
0 Annual Historic Credit

3,475,209	Long Term Depreciable Basis
27.5	Depreciation Schedule
126,371	Annual Depreciation
32,000	Short Term Depreciable Basis
7	Depreciation Schedule
4,571	Annual Depreciation

Total Tax Credits Requested	275,000
Estimated Net Syndication Proceeds (**excluding historic credit equity**)	2,286,500
Estimated Yield - Housing Credit Syndication	83.99%
Equity Gap	2,342,280
Credits Needed to fill Equity Gap	281,709

22-Nov-00 **Farrell Street, South Burlington**

	Building NW Credit Calc	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	360,000					
2	Purchase of Building(s)	0					
3	Demolition (without replacement)	0					
4	Property Appraisal	1,000	1,000		1,000		
5	Legal - Title and Recording	5,250			5,250		
	Subtotal - Acquisition	366,250					
	CONSTRUCTION HARD COSTS	0					
6	Rehabilitation	0					
7	New Building(s)	2,802,500		2,802,500	2,802,500		
8	Accessory Buildings	0					
9	Sitework	250,000		250,000	250,000		
10	Commercial Space Costs (if any)	0					
11	General Requirements	0					
12	Contractor Overhead	0					
13	Contractor Profit	0					
14	Construction Contingency	0					
15	Construction Management	0					
16	Construction Bond Fee	0					
17	Hazardous Materials Abatement	0					
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Equipment	32,000		32,000			
20	Other (________________)	0					
	Subtotal - Hard Costs	3,084,500					
	SOFT COSTS	0					
21	Architectural	5,000		5,000	5,000		
22	Engineering	0					
23	Legal/Accounting	8,750		8,750	8,750		
24	Relocation	0					
25	Environmental Assessment	1,000		1,000	1,000		
26	Energy Assessment	0		0	0		
27	Permits/Fees	0		0	0		
28	Independent Market Study	0					
29	Construction Period Inspections	1,250					
30	Construction Interest	60,000		60,000	60,000		
31	Construction Loan Origination Fee	53,280					
32	Taxes During Construction	0					
33	Clerk of the Works	4,500		4,500	4,500		
34	Marketing	1,875			1,875		
35	Tax Credit Fees	4,550		4,550	4,550		
36	Soft Cost Contingency	5,784		5,784	5,784		
37	Permanent Loan Origination Fee	0					
38	Lender's Counsel's Fee	1,250					
39	Other (______________)	0					
	SYNDICATION COSTS	0					
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES	0					
44	HVT Development Fee	160,000		160,000	160,000		
45	LCHDC Development Fee	160,000		160,000	160,000		
46	Consultant Fees	5,000					
	RESERVES	0					
47	Working Capital	20,000					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves	0					
50	Sinking Fund	0					
51	Replacement Reserves	0					
	Subtotal - Soft Costs	492,239					
	TOTALS	3,942,989	1,000	3,494,084	3,470,209	0	
LESS:	Amount of Non-qualified Financing						
LESS:	Adjustment for per unit cost limits	100.00%		0			
LESS:	Historic tax Credit (Residential Portion)			0	0		
	Total Eligible Basis		1,000	3,494,084			
TIMES:	Adjusted for QCT/DDA	100.00%		3,494,084			
TIMES:	Applicable Fraction	100.00%	1,000	3,494,084			
	Total Qualified Basis		1,000	3,494,084			
TIMES:	Applicable Percentage		3.59%	3.59%			
	Total Annual Credit Qualified		0	125,438			

20%	Historic Credit Rate
0	Annual Historic Credit
3,470,209	**Long Term Depreciable Basis**
27.5	**Depreciation Schedule**
126,189	**Annual Depreciation**
32,000	**Short Term Depreciable Basis**
7	**Depreciation Schedule**
4,571	**Annual Depreciation**

Total Tax Credits Requested	126,947
Estimated Net Syndication Proceeds (**excluding historic credit equity)**	1,262,428
Estimated Yield - Housing Credit Syndication	100.45%
Equity Gap	1,264,928
Credits Needed to fill Equity Gap	127,198

22-Nov-00 **Farrell Street, South Burlington**

	Building NE Credit Calc	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
	ACQUISITION						
1	Land	360,000					
2	Purchase of Building(s)	0					
3	Demolition (without replacement)	0					
4	Property Appraisal	1,000	1,000		1,000		
5	Legal - Title and Recording	5,250			5,250		
	Subtotal - Acquisition	366,250					
	CONSTRUCTION HARD COSTS	0					
6	Rehabilitation	0					
7	New Building(s)	2,802,500		2,802,500	2,802,500		
8	Accessory Buildings	0					
9	Sitework	250,000		250,000	250,000		
10	Commercial Space Costs (if any)	0					
11	General Requirements	0					
12	Contractor Overhead	0					
13	Contractor Profit	0					
14	Construction Contingency	0					
15	Construction Management	0					
16	Construction Bond Fee	0					
17	Hazardous Materials Abatement	0					
18	Off-Site Improvements	0					
19	Furnishings, Fixtures, & Equipment	32,000		32,000			
20	Other (________________)	0					
	Subtotal - Hard Costs	3,084,500					
	SOFT COSTS	0					
21	Architectural	5,000		5,000	5,000		
22	Engineering	0					
23	Legal/Accounting	8,750		8,750	8,750		
24	Relocation	0					
25	Environmental Assessment	1,000		1,000	1,000		
26	Energy Assessment						
27	Permits/Fees	5,000		5,000	5,000		
28	Independent Market Study	0					
29	Construction Period Inspections	1,250					
30	Construction Interest	60,000		60,000	60,000		
31	Construction Loan Origination Fee	32,198					
32	Taxes During Construction	0					
33	Clerk of the Works	4,500		4,500	4,500		
34	Marketing	1,875			1,875		
35	Tax Credit Fees	4,550		4,550	4,550		
36	Soft Cost Contingency	5,784		5,784	5,784		
37	Permanent Loan Origination Fee	3,875					
38	Lender's Counsel's Fee	1,250					
39	Other (____________)	0					
	SYNDICATION COSTS	0					
40	Organizational (Partnership)	0					
41	Bridge Loan Fees and Expenses	0					
42	Syndication Consultant	0					
43	Tax Opinion	0					
	DEVELOPER'S FEES	0					
44	HVT Development Fee	160,000		160,000	160,000		
45	LCHDC Development Fee	160,000		160,000	160,000		
46	Consultant Fees	0					
	RESERVES	0					
47	Working Capital	20,000					
48	Rent-up (Deficit Escrow) Reserve	0					
49	Other Operating Reserves	0					
50	Sinking Fund	0					
51	Replacement Reserves	0					
	Subtotal - Soft Costs	475,032					
	TOTALS	3,925,782	1,000	3,499,084	3,475,209	0	
LESS:	Amount of Non-qualified Financing						
LESS:	Adjustment for per unit cost limits	100.00%		0			
LESS:	Historic tax Credit (Residential Portion)			0	0		
	Total Eligible Basis		1,000	3,499,084			
TIMES:	Adjusted for QCT/DDA	100.0%		3,499,084			
TIMES:	Applicable Fraction	60.00%	600	2,099,450			
	Total Qualified Basis		600	2,099,450			
TIMES:	Applicable Percentage		3.59%	3.59%			
	Total Annual Credit Qualified		0	75,370			

20%	Historic Credit Rate
0	Annual Historic Credit

Total Tax Credits Requested	76,168
Estimated Net Syndication Proceeds (**excluding historic credit equity**)	1,105,719
Estimated Yield - Housing Credit Syndication	146.63%
Equity Gap	1,108,219
Credits Needed to fill Equity Gap	76,340

3,475,209	**Long Term Depreciable Basis**
27.5	Depreciation Schedule
126,371	Annual Depreciation
32,000	Short Term Depreciable Basis
7	Depreciation Schedule
4,571	Annual Depreciation

22-Nov-00 **Farrell Street, South Burlington**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br		722	18	476		102,816
2 Br Flats		925	87	569		594,036
2 Br Townhouses		973	9	585		63,180
3 Br		1,076	16	765		146,880
	Totals	119,444	130			906,912

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br		722	6	614		44,208
2 Br Flats		925	17	739		150,756
2 Br Townhouses		973	7	749		62,916
3 Br		1,076	0	950		0
	Totals	26,868	30			257,880

All Units

Grand Totals	146,312	160			1,164,792
	Less Vacancy	5.00%			(58,240)
				NET RENT	1,106,552

OTHER INCOME

Laundry	600/month	14,400
Section 8		60,000
Commercial Space Income		0
Other		0
	TOTAL INCOME	1,180,952

form revision date: 2/27/97

22-Nov-00 **Farrell Street, South Burlington**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	86,400	7,200	45	7.3%
Supportive Services	34,560	2,880	18	
Audit/Accounting	9,600	800	5	
Legal	9,600	800	5	
Compliance Monitoring	3,840	320	2	
Marketing		0	0	
Other	15,360	1,280	8	
TOTAL ADMINISTRATIVE	159,360	13,280	83	
Utilities				
Electricity	9,600	800	5	
Fuel	67,200	5,600	35	
Water and Sewer	38,400	3,200	20	
Fire Alarm / Emergency	3,840	320	2	
Other		0	0	
TOTAL UTILITIES	119,040	9,920	62	
Maintenance				
Maintenance / Janitor Payroll	76,800	6,400	40	
Janitor Supplies	9,600	800	5	
Exterminating	3,840	320	2	
Trash Removal	28,800	2,400	15	
Snow Removal	15,360	1,280	8	
Grounds	15,360	1,280	8	
Repairs Material		0	0	
Repairs Contract		0	0	
HVAC Repairs / Maintenance		0	0	
Elevator Contract / Repairs	9,600	800	5	
Painting and Decorating	13,440	1,120	7	
Other		0	0	
TOTAL MAINTENANCE	172,800	14,400	90	
Real Estate Taxes	172,800	14,400	90	per unit month excl. ds & res. 338
Property Insurance	24,960	2,080	13	
Replacement Reserves	57,600	4,800	30	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other		0	0	
Total	706,560	58,880	368	

form revision date: 2/27/97

22-Nov-00 **Farrell Street, South Burlington**

	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Operating Income																	
Gross Rent		1,164,792	1,182,264	1,199,998	1,217,998	1,236,268	1,254,812	1,273,634	1,292,738	1,312,130	1,331,811	1,351,789	1,372,065	1,392,646	1,413,536	1,434,739	
Other Income		74,400	75,516	76,649	77,798	78,965	80,150	81,352	82,572	83,811	85,068	86,344	87,639	88,954	90,288	91,643	
Vacancy and other losses		(58,240)	(59,113)	(60,000)	(60,900)	(61,813)	(62,741)	(63,682)	(64,637)	(65,606)	(66,591)	(67,589)	(68,603)	(69,632)	(70,677)	(71,737)	
Total Operating Income		1,180,952	1,198,667	1,216,647	1,234,896	1,253,420	1,272,221	1,291,304	1,310,674	1,330,334	1,350,289	1,370,543	1,391,102	1,411,968	1,433,148	1,454,645	
Operating Expenses																	
Total Expenses (excl. Reserves)		648,960	668,429	688,482	709,136	730,410	752,323	774,892	798,139	822,083	846,746	872,148	898,312	925,262	953,020	981,610	
Reserves		57,600	58,464	59,341	60,231	61,135	62,052	62,982	63,927	64,886	65,859	66,847	67,850	68,868	69,901	70,949	
Total Operating Expense		706,560	726,893	747,823	769,367	791,545	814,374	837,875	862,066	886,969	912,605	938,995	966,162	994,129	1,022,920	1,052,559	
Net Operating Income		474,392	471,774	468,824	465,529	461,875	457,847	453,430	448,608	443,365	437,684	431,548	424,939	417,839	410,227	402,086	
Less Primary Debt Service (tax exempt)		278,148	278,148	278,148	278,148	278,148	278,148	278,148	278,148	278,148	278,148	278,148	278,148	278,148	278,148	278,148	
Less Primary Debt Service (taxable)		119,616	119,616	119,616	119,616	119,616	119,616	119,616	119,616	119,616	119,616	119,616	119,616	119,616	119,616	119,616	
Less Developer Loan		13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	0	0	0	0	0	
Annual Cash Flow		63,296	180,293	177,343	174,048	170,394	166,366	161,949	157,127	151,884	146,203	153,401	146,792	139,691	132,080	123,938	
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Net Cash		63,296	180,293	177,343	174,048	170,394	166,366	161,949	157,127	151,884	146,203	153,401	146,792	139,691	132,080	123,938	
DCR		115.40%	114.76%	114.04%	113.24%	112.35%	111.37%	110.30%	109.12%	107.85%	106.47%	108.49%	106.83%	105.05%	103.13%	101.09%	
Cumulative Cash Flow																	
Beginning Balance		0	63,935	247,341	431,472	615,995	800,555	984,775	1,168,254	1,350,569	1,531,272	1,709,887	1,899,380	2,086,026	2,269,270	2,448,528	
Deposits		63,296	180,293	177,343	174,048	170,394	166,366	161,949	157,127	151,884	146,203	153,401	146,792	139,691	132,080	123,938	
Interest	2.0%	639	3,113	6,788	10,475	14,166	17,853	21,530	25,188	28,818	32,412	36,093	39,854	43,553	47,178	50,717	
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Ending Balance		63,935	247,341	431,472	615,995	800,555	984,775	1,168,254	1,350,569	1,531,272	1,709,887	1,899,380	2,086,026	2,269,270	2,448,528	2,623,183	
Cumulative Replacement Reserves																	
Beginning Balance		0	58,176	118,406	180,738	245,229	13,585	76,537	141,702	209,137	278,904	52,604	121,189	192,173	265,618	341,591	
Deposits		57,600	58,464	59,341	60,231	61,135	62,052	62,982	63,927	64,886	65,859	66,847	67,850	68,868	69,901	70,949	
Interest	2.0%	576	1,766	2,991	4,260	7,221	901	2,182	3,508	4,880	7,841	1,738	3,134	4,578	6,072	9,032	
Withdrawals*		0	0	0	0	(300,000)	0	0	0	0	(300,000)	0	0	0	0	(300,000)	
Ending Balance		58,176	118,406	180,738	245,229	13,585	76,537	141,702	209,137	278,904	52,604	121,189	192,173	265,618	341,591	121,572	
* = assumes $1875 per unit is expended every 5 years																	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Net Operating Income		474,392	471,774	468,824	465,529	461,875	457,847	453,430	448,608	443,365	437,684	431,548	424,939	417,839	410,227	402,086	
Plus Reserves		57,600	58,464	59,341	60,231	61,135	62,052	62,982	63,927	64,886	65,859	66,847	67,850	68,868	69,901	70,949	
Less Interest Expense		(916,793)	(840,489)	(758,000)	(478,114)	(475,442)	(472,469)	(469,169)	(465,512)	(461,468)	(457,003)	(452,080)	(446,661)	(440,702)	(434,156)	(426,974)	
Less Long Depreciation		(505,485)	(505,485)	(505,485)	(505,485)	(505,485)	(505,485)	(505,485)	(505,485)	(505,485)	(505,485)	(505,485)	(505,485)	(505,485)	(505,485)	(505,485)	
Less Short Depreciation		(18,286)	(18,286)	(18,286)	(18,286)	(18,286)	(18,286)	(18,286)	0	0	0	0	0	0	0	0	
Taxable Income (Loss)		(908,571)	(834,022)	(753,605)	(476,124)	(476,203)	(476,341)	(476,527)	(458,462)	(458,702)	(458,944)	(459,170)	(459,357)	(459,480)	(459,513)	(459,424)	
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Plus Tax Savings		318,000	291,908	263,762	166,644	166,671	166,720	166,785	160,462	160,546	160,630	160,709	160,775	160,818	160,830	160,798	
Plus Tax Credits		566,880	566,880	566,880	566,880	566,880	566,880	566,880	566,880	566,880	566,880						
After Tax Cash Flow		884,880	858,788	830,642	733,524	733,551	733,600	733,665	727,342	727,426	727,511	160,709	160,775	160,818	160,830	160,798	
Total Years	15																
Reinvestment Rate	12.00%																
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Current After Tax Cash Flows		884,880	858,788	830,642	733,524	733,551	733,600	733,665	727,342	727,426	727,511	160,709	160,775	160,818	160,830	160,798	
Future Value of Cash Flows at Yr 15:		4,843,451	4,196,993	3,624,501	2,857,791	2,551,696	2,278,450	2,034,510	1,800,872	1,608,107	1,435,977	283,225	252,982	225,938	201,745	180,094	
Discount Rate:	5.04%																
Capital Contribution Number:	1	2	3	4	5	6	7	8									
Date of Capital Contribution:	20-Mar-01	20-Mar-02	15-Oct-03	15-Oct-04	15-Oct-05												
Amount of Capital Contribution:	66,776	267,102	1,335,510	1,335,510	3,672,653	0	0	0									
Present Value of Contributions:	66,776	253,805	1,171,097	1,112,639	2,907,431												
Cash Flows	(5,511,747)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	28,376,332
IRR:	11.54%																
Equity Yield:	98.21%																

form revision date: 2/27/97

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: David Adams, Chief of Program Operations

DATE: November 22, 2000

RE: Multifamily Loan Application for Brookside Mobile Home Park, Starksboro

Project Name: **Brookside Mobile Home Park, Starksboro**
Project Sponsor: **Addison County Community Trust (ACCT)**

Loan Request:	$845,000 fixed rate, underwritten at 7.5%, 30 years	VHFA
Other Funding:	$100,000 fixed rate, 7%, 30 years balloon in 5 years	VCLF
	$216,000 grant funds	VHCB

Acquisition Cost	$845,000	**Acquisition Cost per Unit**	$17,604
Improvements	$176,450		
Other Dev Cost	$139,550		
Total Dev Cost	$1,161,000	**Total Dev Cost per Unit**	$24,188

The Addison County Community Trust (ACCT) is proposing to acquire Brookside Mobile Home Park from Dan Mendl a for-profit owner. The park consists of forty-eight lots with 75% of the residents at income levels at or below 80% of median income, 16% of which are below 50% and 44% are between 50 to 80% of median income. ACCT has requested permanent financing from VHFA in the amount of $845,000, and represents 100% loan to existing value, and 73% loan to total development cost.

Improvements planned to the park include replacement of the entire electrical system, filling potholes in the roads, with significant provisions for improvements to the on-site septic systems, and upgrades to the water system according to the recommendations of the recent Wellhead Protection Plan. The park is considered to be in very good shape overall and the planned improvements insure it remains that way for the foreseeable future.

Water supply to the park is from three drilled wells which are reported to exceed the average daily usage, in addition to a 15,000 gallon storage tank. The wells were drilled between 1987 and 1988, with complete systems upgrade in around the same time frame. The park has been operating on a temporary water system permit, pending submission of a Source Protection Plan, which has been completed as of October 25th, and submitted to the Agency of Natural Resources for approval.

On-site sewer consists of twenty-four 1,000 gallon concrete septic tanks and leach fields servicing two lots per system. Reports from Otter Creek Engineering indicate favorable soil conditions for the on-site system and have indicated that the budget for septic repairs and improvements are adequate.

VHFA will be issuing a 501(c)3 bond as our source of funds and anticipate that Fannie Mae will purchase the bond.

Recommendation: That the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board authorize the Executive Director to issue a Letter of Commitment to finance this development upon satisfactory completion of staff underwriting and due diligence.

RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: PERMANENT FINANCING FOR BROOKSIDE MOBILE HOME PARK (STARKSBORO)

WHEREAS, a proposal has been presented to the Agency by Addison County Community Trust ("ACCT"), involving the acquisition and rehabilitation of Brookside Mobile Home Park, a mobile home park containing 48 pads located in Starksboro (the "Development"); and

WHEREAS, the proposal contemplates a term mortgage loan of $845,000 with an amortization period of 30 years and term of 30 years, with the interest rate to be determined by the Agency depending on the source of funds; and

WHEREAS, Addison County Community Trust is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible;

WHEREAS, the Board of Commissioners has been presented with a memorandum from David Adams, Chief of Program Operations, dated November 22, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent, temporary, transitional or emergency housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the Agency's loan after the rehabilitation.

6. The sponsor is a financially responsible organization and qualifies as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to the Addison County Community Trust for the acquisition and rehabilitation of Brookside Mobile Home Park in Starksboro in an amount not to exceed $845,000, with the following conditions:

   a. ACCT to provide VHFA with original appraisal report as provided by Keller Navin & O'Brien, Inc, dated May 2, 2000 along with any original updates to the appraisal report.

   b. Receipt and review of a Level I Environmental Site Assessment indicating no evidence of hazardous materials or practices that have, or could have, an adverse affect on the park. Level II Site Assessment and mitigation if initial site assessment warrants

   c. ACCT or its attorney to provide evidence or certification that ACCT is a 501(c)(3) organization and that the acquisition and operation of the mobile home park will not create unrelated business taxable income to ACCT or jeopardize ACCT's status as a qualified 501(c)(3) organization. Loan proceeds must be used for the acquisition and improvement in the park and may not be used for working capital.

   d. VHFA to receive, review and approve an updated schedule of "Sources and Uses" of funds, Cash Flow Schedules, along with a construction schedule and cost breakdown for improvement planned to the park. Cash flow projections must support a debt service ratio of not less than 103%, at anytime during the life of the loan, and must achieve a minimum DCR of 115% within the first ten years.

   e. VHFA shall specifically require receipt of approval by the Agency of Natural Resources, Water Supply Division of the Source Protection Plan, dated October 25th, 2000 as prepared by Bannister Research and Consulting. VHFA will require compliance with any of the conditions of this approval and must approve any changes to the proposed project and project financials that may result from this approval.

   f. Receipt, review and approval of construction plan and cost estimate for work proposed for replacement of park electrical infrastructure.

   g. Receipt, review and approval or cost estimate and scope of work to be done by WC Paving Company for road repairs.

   h. Receipt, review and approval or cost estimate and scope of work to be done to Water System.

i. The Agency's funding is subject to receipt of funding as proposed from VHCB and VCLF. Any changes to the amounts, terms or conditions of any of the funding sources are subject to approval by VHFA.

2. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, construction financing, or for other purposes with the consent of the Agency.

3. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director may, in her discretion, issue a Commitment Letter for a long-term loan for the acquisition and rehabilitation of the Development, in an amount not to exceed $845,000.

4. The long-term loan shall be due and payable not more than 30 years from the date the loan is made; the interest rate on the long-term loan shall not exceed 150 basis points above the Agency's cost of funds. The Sponsor shall be responsible for loan fees and the cost of appraisal, engineering studies and reports, environmental assessments and legal services. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

5. The Executive Director and the Chief of Program Operations are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO FANNIE MAE IN A MAXIMUM AMOUNT OF $900,000 AND USING THE PROCEEDS, TO MAKE A LOAN TO ADDISON COUNTY COMMUNITY TRUST TO FINANCE THE ACQUISITION AND REHABILITATION OF A 48-UNIT MOBILE HOME PARK IN STARKSBORO

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow moneys on the basis of its general credit and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $900,000 aggregate principal amount to Fannie Mae, or some other purchaser (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance, in part, a loan to Addison County Community Trust, an organization qualified under section 501(c)(3) of the Internal Revenue Code (the "Borrower") to acquire and rehabilitate a 48-unit mobile home park, Brookside Mobile Home Park (the "Project") in Starksboro, Vermont;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $900,000 principal amount of bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed 30 years and the interest rate thereon shall not exceed 7.5%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 28th day of November, 2000.

VERMONT HOUSING FINANCE AGENCY

Attest:

By ______________________________
Authorized Officer

By ______________________________
Executive Director

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT LETTER RE: CONSTRUCTION FINANCING FOR RUTLAND REHAB DEVELOPMENT, RUTLAND

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, a proposal has been presented to the Agency by the Rutland Rehab Limited Partnership (the "Borrower" or the "Sponsor"), involving the rehabilitation of nine buildings containing 31 units of rental housing in the City of Rutland (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $270,000 aggregate principal amount (the "Bonds") to finance a loan to the Borrower to rehabilitate 31 units of rental housing located at 35 Baxter Street, 69 ½ Baxter Street, 37 Bellevue, 133 Library Ave., 30 Elm Street, 52 Williams Street, 51 Summer Street, 18 & 18 ½ Cottage Street (the "Development") in Rutland, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $270,000 from the proceeds of tax-exempt bonds for rehabilitation financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the limited partnership qualifies as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible;

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi, dated October 19, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such

persons and families.

4. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent, temporary, transitional or emergency housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The Sponsor is a financially responsible organization and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a mortgage loan to the Rutland Rehab Limited Partnership for construction financing in an amount not to exceed $270,000; the term of the construction loan will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Borrower must provide a Phase I Environmental Site Assessment (ESA) and address any findings of the Assessment in the scope of work to the satisfaction of the Agency or provide an environmental indemnity agreement satisfactory to counsel to the Agency;

   b) Borrower must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

   c) Borrower must provide evidence of necessary permits;

   d) Borrower must provide an executed construction contract by loan closing that is within the project's budget to maintain overall feasibility and is reasonably in line with an independent cost estimate to be performed by the Agency in the event Borrower does not competitively bid the construction contract; builder's profit, overhead and general requirements must be in compliance with the Housing Credit Allocation Plan.

3. The issuance of tax-exempt Bonds for the purpose of financing a loan to the

Borrower to allow the Borrower to rehabilitate the Development is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in their discretion, issue a Commitment Letter for an interim loan for the rehabilitation of the Development, in an amount not to exceed $270,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds. The Borrower shall be responsible for loan fees and transaction costs. The Commitment Letter may be issued to Rutland County Community Land Trust and/or H.V. 1991, Inc. as representatives of the limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Borrower of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on October 26, 2000.

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: WESTGATE APARTMENTS

WHEREAS, a proposal has been presented to the Agency by Housing Vermont, a non-profit development corporation, (the "Sponsor") on behalf of one or more to-be-formed limited partnerships, involving the acquisition, rehabilitation and long-term financing of a 100 unit family rental property located in 17 residential buildings on Westgate Drive in the Town of Brattleboro (the "Development"); and

WHEREAS, the proposal contemplates a number of VHFA loans from tax-exempt bond proceeds in a combined amount not to exceed $5,000,000, the use of 0% funds in the total amount of approximately $290,000 and a deferred loan of approximately $885,000; however, a different mix of sources and amounts may be necessary; and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to the issuance and sale of tax-exempt bonds of not more than $5,000,000 aggregate principal amount (the "Bonds") to finance several loans to the one or more to-be-formed limited partnerships (the "Borrower") to acquire and rehabilitate a 100 units rental housing development (the "Project") in Brattleboro, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the Sponsor and the limited partnership(s) will qualify as housing sponsors within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joseph Erdelyi dated August 1, 2000 containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will increase the supply of well-planned, well-designed term housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The Sponsor is a financially responsible organization and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making as many as five mortgage loans to one or more to-be-formed limited partnerships, of which the general partner will be a wholly owned subsidiary of Housing Vermont for the acquisition, rehabilitation and long-term financing of the Westgate Apartments housing development in Brattleboro. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance or for other purposes with the consent of the Agency. The Letter of Interest shall be conditioned on, among other items, receipt and review of an appraisal satisfactory to Staff supporting the loan amounts requested.

2. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director may, in her discretion, issue a Commitment Letter for construction and long-term loans for the acquisition, rehabilitation and long-term financing of the Development, in a combined amount not to exceed $5,000,000. The Agency shall receive reimbursement for its out-of-pocket expenses and shall charge loan fees for these loans.

3. As detailed in the Memorandum, one term loan shall be amortized over a period of approximately 12 years from the date of the loan. A second term loan shall be amortized over a period of not more than 30 years from the date of the loan. A construction loan shall mature within a reasonable time after the substantial completion of the rehabilitation of the Development. The interest rate on these three loans shall not exceed 150 basis points above the Agency's source of funds. The source of funds shall be newly-issued tax-exempt bond proceeds. The deferred loan shall be in an amount derived from the discounted note purchase savings. The zero percent loan shall not exceed $300,000 and shall mature after February 15, 2014. The Commitment Letter may be issued to the to-be-formed limited partnership(s). The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

4. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and construct the Project is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code

Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

5. The preliminary approval of paragraph 4 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

6. The Executive Director, after consultation with the Chairman of the Agency, is given the discretion to vary the amounts and sources of funds

7. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on October 26, 2000.

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. OR SOME OTHER PURCHASER IN A MAXIMUM AMOUNT OF $270,000 AND USING THE PROCEEDS TO MAKE A LOAN IN SUCH AMOUNT TO THE RUTLAND REHAB LIMITED PARTNERSHIP TO FINANCE THE REHABILITATION OF A 31-UNIT DEVELOPMENT IN RUTLAND

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies on the basis of its general credit and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $270,000 aggregate principal amount to Stratevest & Co., some other subsidiary of BankNorth Group, Inc., or some other entity (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance a construction loan to the Rutland Rehab Limited Partnership, (the "Borrower") to rehabilitate a 31-unit development located at 35 Baxter Street, 69 ½ Baxter Street, 37 Bellevue, 133 Library Ave., 30 Elm Street, 52 Williams Street, 51 Summer Street, 18 & 18 ½ Cottage Street (the "Project") in Rutland, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $270,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents that may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 26th day of October, 2000.

VERMONT HOUSING FINANCE AGENCY

By ______________________
Executive Director

Attest:

By ______________________
Authorized Officer

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on October 26, 2000.

____

SARAH E. CARPENTER
Executive Director and Secretary
Vermont Housing Finance Agency

VERMONT HOUSING FINANCE AGENCY

Series Resolution Authorizing the Issuance and Sale of a Maximum of $7,000,000

Multi-Family Mortgage Bonds, 2000 Series A

Adopted October 26, 2000

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ARTICLE V

MISCELLANEOUS

VERMONT HOUSING FINANCE AGENCY
SERIES RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A MAXIMUM OF $7,000,000 MULTI-FAMILY MORTGAGE BONDS, 2000 SERIES A

October 26, 2000

WHEREAS, the Vermont Housing Finance Agency (hereinafter referred to as the "Agency") is authorized to finance Mortgage Loans for multifamily housing for persons and families of low and moderate income in the State of Vermont pursuant to the provisions of the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (hereinafter referred to as the "Act"), and to issue its bonds to obtain funds for such purpose; and

WHEREAS, the Agency heretofore adopted on February 3, 1977 a resolution entitled "Multi-Family Mortgage Bond Resolution" (hereinafter referred to as the "General Bond Resolution"), and from time to time has issued series of Multi-Family Bonds thereunder ("Bonds") to finance Mortgage Loans or to refund Bonds issued to finance Mortgage Loans; and

WHEREAS, in order to obtain funds with which to provide permanent financing for Mortgage Loans to acquire, construct, rehabilitate or refinance various developments for persons and families of low and moderate income, as or to be separately approved by the Commissioners of the Agency, it is deemed necessary and advisable to issue one series of Multi-Family Mortgage Bonds of the Agency as hereinafter provided;

NOW, THEREFORE, BE IT RESOLVED BY THE VERMONT HOUSING FINANCE AGENCY and the Commissioners thereof, as follows:

Article I

DEFINITIONS AND AUTHORITY

.1. Definitions.

(a) Except as provided in subparagraph (b) of this Section, all defined terms contained in the General Bond Resolution shall have the same meanings in this 2000 Series A Resolution as such defined terms are given in the General Bond Resolution.

(b) As used in this 2000 Series A Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*1999 Series C/D Bonds*" means the Bonds of the Agency of the Series authorized by the 1999 Series C/D Resolution.

"*Official Statement*" means the Official Statement or Private Placement Memorandum of the Agency describing the 2000 Series A Bonds, in substantially the form of the Official Statement, dated November 19, 1999, for the 1999 Series C/D Bonds, but with appropriate changes to reflect the 2000 Series A Bonds and the purposes therefore, the terms of which shall be completed upon the sale of the 2000 Series A Bonds pursuant to the provisions of Section 2.03 hereof.

"*Rebate Account*" means the 2000 Series A Rebate Account established pursuant to Section 4.01 hereof.

"*Record Date*" means, with respect to the payment of interest on a 2000 Series A Bond, the first day of the month in which interest is to be paid on such 2000 Series A Bond or, if such first day is not a business day, the next preceding business day, provided that, with respect to overdue interest or interest payable on any overdue amount, the Trustee may establish a special record date, which date shall be not more than 20 business days before the date set for payment, and provided further that the Trustee shall give notice of a special record date by mailing a copy of such notice in the manner provided in the General Bond Resolution to the registered owners of all 2000 Series A Bonds Outstanding to which such special record date is applicable at least 10 days before the special record date or in such other time and manner as the Trustee may deem appropriate.

"*Series Certificate*" means the Series Certificate of the Chairman and Executive Director of the Agency dated on or before the date of issuance of the 2000 Series A Bonds which Series Certificate shall establish certain terms of the 2000 Series A Bonds as provided herein.

"*2000 Series A Resolution*" means this Series Resolution Authorizing the Issuance and sale of a maximum of $7,000,000 Multi-Family Mortgage Bonds, 2000 Series A.

"*2000 Series A Bonds*" means the 2000 Series A Bonds of the Agency authorized by this 2000 Series A Resolution.

The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this 2000 Series A Resolution, refer to this 2000 Series A Resolution.

.2. Authority for 2000 Series A Resolution. This 2000 Series A Resolution is adopted pursuant to and in accordance with the provisions of the Act and the General Bond Resolution.

Article II

AUTHORIZATION, TERMS AND ISSUANCE OF 2000 SERIES A BONDS

.1. Authorization of Bonds, Principal Amount, Designation and Series. In order to provide sufficient funds necessary for the Program, in accordance with and subject to the terms, conditions and limitations established in the General Bond Resolution and this 2000 Series A Resolution, one series of Multi-Family Mortgage Bonds, designated "Multi-Family Mortgage Bonds, 2000 Series A" is hereby authorized to be issued in an aggregate principal amount of not to exceed $7,000,000, the final principal amount of each Series to be specified in the Series Certificate. The Agency is of the opinion and hereby determines (a) that the issuance of Bonds in said amount is necessary to provide sufficient funds to be used and expended for the Program; (b) that the Mortgage Loans to be financed on behalf of the Agency with the proceeds of the 2000 Series A Bonds can be issued bearing a rate of interest that will be less than the prevailing rate of interest on comparable mortgage loans available in the State of Vermont without the assistance of the Agency; and (c) that the Agency will derive receipts, revenues and other income from the Mortgage Loans made with the proceeds of the 2000 Series A Bonds sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of the 2000 Series A Bonds and the payment of all costs and expenses incurred by the Agency with respect to the Program for which the 2000 Series A Bonds are issued.

.2. **Purposes**. The purposes for which the 2000 Series A Bonds are being issued are to provide funds for deposit in the Debt Service Reserve Fund, the 2000 Series A Cost of Issuance Account, the Redemption Fund and the 2000 Series A Mortgage Loan Account, subject to the limitations and provisions provided in Article IV of the General Bond Resolution and in the amounts determined by or pursuant to Article III hereof.

.3. **Issue Date**. Notwithstanding Section 304 of the General Bond Resolution, all 2000 Series A Bonds shall be dated November 1, 2000 (unless otherwise specified in the Series Certificate).

.4. **The 2000 Series A Bonds**. Notwithstanding Section 304(c) of the General Bond Resolution, the 2000 Series A Bonds shall bear interest from the February 15 or August 15 to which interest has been paid or duly provided for next preceding their date of authentication or, if no interest has been paid, from November 1, 2000 (unless otherwise specified in the Series Certificate), or if the date of authentication of any 2000 Series A Bond is subsequent to the Record Date for any Interest Payment and on or prior to the Interest Payment Date therefor, and if interest is paid on such Interest Payment Date, from such Interest Payment Date. The 2000 Series A Bonds shall mature on the dates and in the principal amounts and shall bear interest at the rates set forth in the Series Certificate, provided that the rates on the 2000 Series A Bonds shall not exceed 7% per annum nor may the final maturity of the 2000 Series A Bonds be later than November 1, 2041. Subject to the provisions of the General Bond Resolution and Article II here of each 2000 Series A Bond shall be in substantially the form of the 1999 Series C/D Bonds and as set forth in the Series Certificate, with such insertions or variations by Series as to any redemption or amortization provisions and such other insertions or omissions, endorsements and variations as may be required or permitted by the General Bond Resolution or the Series Certificate; the 2000 Series A Bonds shall be executed by the manual or facsimile signature of the Chairman or Vice Chairman and attested by the Secretary or Director of Finance and have impressed or imprinted thereon the corporate seal of the Agency or a facsimile thereof. Interest on each 2000 Series A Bond shall be payable semiannually on February 15 and August 15 in each year, commencing on the date specified in the Series Certificate.

.5. Denomination, Numbers and Letters.

(a) The 2000 Series A Bonds shall be issued solely in fully registered form in the denomination of $5,000 or any integral multiple thereof not exceeding the aggregate principal amount of 2000 Series A Bonds of each Series maturing in the year of maturity of the Bonds for which the denomination is to be specified. Notwithstanding Section 307 of the General Bond Resolution, registered 2000 Series A Bonds shall not be interchangeable for non-registered-coupon 2000 Series A Bonds. The 2000 Series A Bonds of each Series shall be numbered consecutively from one upwards in order of maturity with the letter "R" preceding each number.

The 2000 Series A Bonds shall be issued to CEDE & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as fully registered bonds in denominations of one bond for each maturity in the aggregate principal amount of such maturity. In the event DTC determines to discontinue providing its services or the Agency elects to terminate the book-entry system with DTC and a successor securities depository for all the 2000 Series A Bonds is not designated, the Agency and the Trustee shall arrange for the delivery of certificates for the 2000 Series A Bonds.

Subject to paragraph (b) below, the principal and Redemption Price of 2000 Series A Bonds shall be payable at the Principal Office of the Trustee. Interest on the 2000 Series A Bonds shall be payable by check or draft drawn upon the Trustee and mailed to the address of the registered owner thereof as it shall appear on the registry books of the Trustee; provided, however, the Agency may pay interest on fully registered 2000 Series A Bonds by checks or drafts mailed to the persons entitled thereto, and the Agency may provide for any such payment by wire transfer of funds; provided, further, that if the 2000 Series A Bonds are in book-entry form, payment shall be made in accordance with the procedures of DTC. The principal and Redemption Price of and interest on 2000 Series A Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents.

(b) Notwithstanding any other provisions herein or the provisions of the General Bond Resolution to the contrary, the following shall be applicable with respect to the payment, transfer and provision of notices with respect to the 2000 Series A Bonds:

(i) During the term of the 2000 Series A Bonds, ownership and subsequent transfer of ownership will be reflected by book entry on the records of DTC and those financial institutions for whom DTC effects book-entry transfers (collectively, the "Participants"). No person for whom a Participant has an interest in the 2000 Series A Bonds (a "Beneficial Owner") shall receive bond certificates representing their respective interest in the 2000 Series A Bonds except in the event that DTC or the Agency shall determine, at its option, to terminate the book-entry system described in this Section. Payment of principal and Redemption Price of, and interest on, the 2000 Series A Bonds will be made by the Trustee to DTC, which will in turn remit such payment of principal and Redemption Price and interest to its Participants, which will in turn remit such principal and Redemption Price and interest to the Beneficial Owners of the 2000 Series A Bonds until and unless DTC or the Agency elects to terminate the book-entry system, whereupon the Agency shall deliver bond certificates to the Beneficial Owners of the 2000 Series A Bonds or their nominees. Bond certificates issued under this Section may not be transferred or exchanged except as provided in this Section.

(ii) Upon the reduction of the principal amount of any maturity of the 2000 Series A Bonds, the registered Bondowner may make a notation of such redemption on the panel of the Bond, stating the amount so redeemed, or may return the Bond to the Trustee for exchange for a new 2000 Series A Bond authenticated by the Trustee in the proper principal amount. Such notation, if made by the Bondholder, may be made for reference only and may not be relied upon by any other person as being in any way determinative of the principal amount of such Bond Outstanding, unless the Trustee has initialed the notation on the panel.

(iii) DTC, or its nominee, will be the sole Bondholder of the 2000 Series A Bonds, and no investor or other party purchasing, selling or otherwise transferring ownership of any 2000 Series A Bonds will receive, hold or deliver any bond certificates as long as DTC holds the 2000 Series A Bonds immobilized from circulation.

(iv) The 2000 Series A Bonds may not be transferred or exchanged except:

(A) To any successor of DTC (or its nominee) or any substitute depository ("Substitute Depository") designated pursuant to (B) below, provided that any successor of DTC or any Substitute Depository must be a qualified and registered "clearing agency" as provided in Section 17A of the Securities Act of 1934, as amended;

(B) To a Substitute Depository designated by or acceptable to the Agency upon (1) the determination by DTC that the 2000 Series A Bonds shall no longer be eligible for depository services or (2) a determination by the Agency that DTC is no longer able to carry out its functions, provided that any such Substitute Depository must be qualified to act as such, as provided in subparagraph (A) above; or

(C) To those persons to whom transfer is requested in written transfer instructions in the event that:

(1) DTC shall resign or discontinue its services for the 2000 Series A Bonds and only if the Agency is unable to locate a

qualified successor within two months following the resignation or determination of noneligibility; or

(2) Upon a determination by the Agency that the continuation of the book-entry system described herein, which precludes the issuance of certificates to any Bondholder other than DTC (or its nominee) is no longer in the best interest of the Beneficial Owners of the Bonds.

(v) DTC is hereby appointed the securities depository for the 2000 Series A Bonds.

.6. **Paying Agents**. The Howard Bank, N.A., in the City of Burlington, Vermont, and such additional Paying Agent or Paying Agents, if any, as may be selected by the Executive Director in New York, New York or Boston, Massachusetts with due regard to the fees charged and for services rendered to the Agency are hereby appointed the Paying Agents for the 2000 Series A Bonds, subject to Section 1102 of the General Bond Resolution.

.7. **Redemption at the Election of the Agency and Terms**.

(a) As and to the extent specified in the Series Certificate, the 2000 Series A Bonds shall be subject to redemption otherwise than by operation of Sinking Fund Installments, either in whole or in part, from moneys deposited in the Optional Redemption Account in the Redemption Fund upon receipt of the Officer's Certificates as provided in Section 508 of the General Bond Resolution, and upon notice as provided in Section 2.09 hereof, and when redeemed in any period shown in the following table, at a Redemption Price equal to 100% of the principal amount of each 2000 Series A Bond to be so redeemed, plus accrued interest to the redemption date.

(b) As and to the extent specified in the Series Certificate, the 2000 Series A Bonds are also subject to redemption in whole or in part at any time at par plus accrued interest to the redemption date from moneys deposited in the Optional Redemption Account or the Special Redemption Account in the Redemption Fund, upon receipt of the Officer's Certificates as provided in Section 508 of the General Bond Resolution and upon notice as provided in Section 2.09 hereof, from (a) unused moneys in the 2000 Series A Mortgage Loan Account, (b) reductions in the Mortgage Reserve Fund Requirement, (c) reductions in the Debt Service Reserve Fund Requirement, (d) Recovery Payments or (e) Prepayments.

.8. **Sinking Fund Installments**. If so provided in the Series Certificate, 2000 Series A Bonds maturing on the dates set forth in the Series Certificate shall be subject to sinking fund redemption prior to maturity in part on the dates and in the amounts set forth in the Series Certificate through application of Sinking Fund Installments at a Redemption Price equal to the principal amount of each 2000 Series A Bond or portion thereof to be redeemed, plus accrued interest to the redemption date. Unless none of such Bonds shall then be Outstanding, the Agency shall be required to pay on February 15 and/or August 15 of each year, as set forth in the

Series Certificate, for the retirement of such Bonds the amount set opposite such date in said Series Certificate, and the said amount so to be paid on each such date is hereby established as and shall constitute a Sinking Fund Installment for retirement of such Bonds; provided, however, that where there has been special or optional redemption of 2000 Series A Bonds subject to sinking fund redemption, the amount of each future Sinking Fund Installment shown will be reduced as provided in the Officer's Certificate filed pursuant to Section 508 of the General Bond Resolution prior to such special or optional redemption.

.9. Notice of Redemption. Notwithstanding anything in the Bond Resolution to the contrary, the requirements of Section 703 of the Bond Resolution for the publication of notice of redemption in Authorized Newspapers shall not apply to the 2000 Series A Bonds. Notwithstanding said Section 703, notice of redemption of 2000 Series A Bonds shall be sufficiently given for all purposes of the General Bond Resolution if given by mailing a copy of such notice, postage prepaid, not less than 30 days nor more than 60 days before the redemption date, to the registered owners of all 2000 Series A Bonds or portions thereof to be redeemed at their addresses appearing on the registry books (with respect to a 2000 Series A Bond in book-entry-only form, such notice shall be mailed to the Securities Depository), provided failure to mail such notice to any Holder of a 2000 Series A Bond or any defect in such notice shall not affect the redemption of any other 2000 Series A Bond for which the required notice has been given. Notice having been given by mailing as aforesaid, the 2000 Series A Bonds so called for redemption shall be due and payable on the redemption date in the manner and with the effect provided in Section 705 of the General Bond Resolution.

.10. Sale of 2000 Series A Bonds.

(a) The 2000 Series A Bonds authorized to be issued herein shall be sold to Fannie Mae, and/or PaineWebber Incorporated, Salomon Smith Barney and A.G. Edwards & Sons, Inc., as may be specified by an Authorized Officer of the Agency, at a price equal to the principal amount of the 2000 Series A Bonds, plus accrued interest, unless otherwise specified in the Series Certificate, pursuant to the terms of a Purchase Contract substantially in the form of that used in connection with the sale of the 1999 Series C/D Bonds and on file with the Agency, the terms and provisions of which Purchase Contract are hereby approved and which the Executive Director is hereby authorized to execute on behalf of the Agency, subject to such changes as the Executive Director may deem appropriate and as may be required to accommodate the terms and provisions of the Series Certificate. The purchasers may be paid a fee by the Agency, as set forth in the Series Certificate, provided that such fee shall not exceed 1.5% of the principal amount of the 2000 Series A Bonds. The Commissioners of the Agency hereby authorize the Executive Director and the Chairman to approve the final fee for the purchase of the 2000 Series A Bonds.

(b) The distribution of a preliminary Official Statement, in the form approved by the Executive Director, is hereby approved. The completion of the terms of the final Official Statement by the Chairman, the Vice Chairman, the Executive Director and the Director of Finance of the Agency is hereby authorized and approved, and each is hereby authorized to permit the distribution of the final Official Statement, with such changes, omissions, insertions and revisions as they shall deem advisable, and the Chairman or Executive Director is authorized to sign and deliver such final Official Statement.

(c) The 2000 Series A Bonds shall be delivered upon compliance with the provisions of Section 202 of the General Bond Resolution.

Article III

ESTABLISHMENT OF ACCOUNTS AND APPLICATION OF 2000 SERIES A BOND PROCEEDS

.1. **Debt Service Reserve Fund**. Upon receipt of the proceeds of the sale of the 2000 Series A Bonds, there shall be deposited from such proceeds such amount as is needed to increase the amounts held by the Trustee in such Fund as of the date of delivery of the 2000 Series A Bonds to an amount at least equal to the Debt Service Reserve Requirement calculated as of such date. In order to determine Bonds issued for the purpose of funding the Debt Service Reserve Fund in the definition of Debt Service Reserve Requirement in the General Bond Resolution, there shall be delivered to the Trustee at the time of delivery of the 2000 Series A Bonds an Officer's Certificate designating such Bonds.

.2. **Establishment of the 2000 Series A Cost of Issuance Account**. There is hereby established within the Program Fund an Account to be designated as the 2000 Series A Bonds Cost of Issuance Account, the moneys in which shall be used for the purposes and as authorized by Section 403 of the General Bond Resolution.

.3. **Establishment of the 2000 Series A Mortgage Loan Account**. There is hereby established within the Program Fund an Account for the 2000 Series A Bonds, to be designated by Series, the moneys in which shall be used for the purposes and as authorized by Section 402 of the General Bond Resolution.

.4. **Application of Other Proceeds**.

(a) From the proceeds of the 2000 Series A Bonds remaining after the deposit made pursuant to Section 3.01 hereof, there shall be paid to the Trustee for deposit as follows:

(i) Into the Debt Service Fund the amount (if any) of interest accrued from the date of the 2000 Series A Bonds to the date of delivery thereof.

(ii) All other proceeds of the sale of the 2000 Series A Bonds shall be deposited by the Trustee into the Debt Service Reserve Fund, the Cost of Issuance Account or the Mortgage Loan Account in the amounts, if any, as shall be set forth in the Series Certificate.

(b) The Agency shall designate in the Series Certificate the amounts, if any, to be deposited in or transferred among the Debt Service Reserve Fund or the Accounts and Funds referred to in Section 401 of the General Bond Resolution in accordance with this Article III upon the delivery of the 2000 Series A Bonds by the Agency, including any amounts necessary for the purposes of fully funding the 2000 Series A Costs of Issuance Account.

(c) The Agency hereby covenants that it will not take any action, or fail to take any action, and it will not use or direct the use of the proceeds of the 2000 Series A Bonds or any other moneys in its possession or control, in any manner which would adversely affect the tax-exempt status of the interest payable on any Bonds then Outstanding under Section 103 of the Code.

Article IV

ESTABLISHMENT OF REBATE ACCOUNT AND SPECIAL COVENANTS

.1. Rebate Account.

(a) There is hereby established in the General Fund a separate trust account, to be held by the Trustee but not subject to the pledge or lien of the General Bond Resolution, designated the "2000 Series A Rebate Account," moneys in which are pledged to and shall be used solely for the purposes set forth in this Section 4.01. The Rebate Account shall not be subject to the claim of any party (including Bondholders) and shall not be paid over to any party other than the United States of America or the Agency to the extent provided in this Section 4.01.

(b) The Agency hereby covenants to establish such other separate accounts or subaccounts within the Funds and Accounts established pursuant to the General Bond Resolution as may be necessary or desirable to adequately trace and account for the direct and indirect proceeds of the 2000 Series A Bonds in order to comply with the rebate or yield reduction payment requirements of Section 148 of the Code. Such accounts or subaccounts may be established at any time upon the written direction of an Authorized Officer.

(c) At least annually, the Agency shall compute and certify to the Trustee in reasonable detail the amount required to be rebated to the United States pursuant to Section 148 of the Code and shall deposit or direct the Trustee to deposit such amount into the 2000 Series A Rebate Account from moneys held in the Revenue Fund after application of such moneys in accordance with clauses First, Second, Third and Fourth of Section 504 of the General Bond Resolution or, in the event such moneys are insufficient to make such deposit, from the General Fund or from any other moneys available to the Agency and not subject to the pledge or lien of the Bond Resolution. If for any reason funds are not available under the Bond Resolution for such deposit into the Rebate Fund, the Agency covenants to transfer moneys from its own funds for such deposit.

(d) If, at the close of any fiscal year, the amount in the 2000 Series A Rebate Account exceeds the amount that would be required to be paid to the United States under (c), upon certification thereof in reasonable detail by the Agency to the Trustee, such excess shall promptly be paid to the Agency for deposit in the General Fund.

(e) As required by Section 148 of the Code pursuant to direction from the Agency, the Trustee shall pay to the United States on behalf of the Agency the amount then required to be paid under Section 148 of the Code.

(f) The Trustee and the Agency shall keep such records as will enable them to fulfill their responsibilities under this Section 4.01 and shall retain such records for at least six years following final payment of the 2000 Series A Bonds.

.2. Governmental Program Requirement. The Agency shall not make any arrangement, formal or informal, pursuant to which any mortgagor, mortgage lender or other person (or any related person as defined in Section 147 of the Code) who may receive a Mortgage Loan under the Program shall purchase 2000 Series A Bonds in an amount related to the amount of such Mortgage Loan.

.3. Covenants as to Code. The Agency shall not permit at any time or times any moneys made available to purchase Mortgage Loans in accordance herewith or any proceeds of the 2000 Series A Bonds to be used, directly or indirectly, in a manner which would result in such bonds being qualified for the exclusion of any 2000 Series A Bond from the treatment afforded by subsection (a) of Section 103 of the Code by reason of such bond being classified as an "arbitrage bond" within the meaning of Section 148 of the Code, and, without limiting the generality of the foregoing, the Agency shall:

(a) Include restrictions in all agreements relating to the purchase or making of Mortgage Loans with the moneys made available to purchase or make Mortgage Loans so as to permit the financing of Mortgage Loans only in compliance with the Code, and establish and maintain reasonable procedures to ensure compliance with the requirements of the Code, if applicable. Any failure to meet such requirements shall be corrected by the Agency within a reasonable period after failure is discovered;

The Agency has specifically required that no person (or any related person, as defined in Section 144(a)(3) of the Code) shall purchase Bonds pursuant to any agreement, formal or informal, in an amount related to the amount of the Mortgage Loans to be made or acquired under the Program by the Agency;

The Agency shall continuously monitor the nonmortgage investments made directly or indirectly with the proceeds of the 2000 Series A Bonds and shall take immediate and appropriate action to reduce the amount invested in nonmortgage investments with a yield materially higher than the yield on the 2000 Series A Bonds as may be required by the Code; and

(b) The Agency shall take such other action as may be necessary or desirable to maintain the exclusion of interest of the 2000 Series A Bonds in accordance with Section 103(a) of the Code.

.4. **Compliance With Article IV**. The provisions of this Article IV shall be complied with by the Agency in order to meet the requirements of the Code such that interest on the 2000 Series A Bonds shall be and remain exempt from federal income taxes; provided, however, that the Agency shall not be required to comply with any such provision with respect to the 2000 Series A Bonds in the event the Agency receives a Counsel's Opinion from a nationally recognized bond counsel firm that compliance with such provision is no longer required to satisfy the requirements of the Code or that compliance with some other provision in lieu of a provision specified in this Article IV will satisfy said requirements, in which case compliance with such other provision specified in the Counsel's Opinion shall constitute compliance with the provisions specified in this Article IV.

Article V

MISCELLANEOUS

.1. **Mailed Notice**. Notwithstanding anything in the Bond Resolution to the contrary, the requirements of Article IX and Sections 1108 and 1110 of the General Bond Resolution regarding the publication of notice of the matters referred to therein shall not apply to the 2000 Series A Bonds, and mailed notice to the Holders of the 2000 Series A Bonds, given in the manner described in Section 901(A) of the General Bond Resolution, in lieu of such published notice, shall be deemed to comply with the notice requirements of said Article and Sections.

.2. **General**. The Agency may adopt, and specify in an Officer's Certificate, any additional covenants as to Mortgage Loans, Mortgagors or lenders to be inserted as per the General Bond Resolution.

.3. **Authorization of Officers**. The Chairman, Vice Chairman or any other Commissioner of the Agency, Executive Director, Deputy Director, Treasurer, Director of Finance and Secretary of the Agency are hereby authorized and directed to do all acts and things and to execute and deliver any and all documents, certificates and other instruments necessary or desirable to effectuate the transaction contemplated by this 2000 Series A Resolution, the General Bond Resolution and the Official Statement.

.4. **Effective Date**. This resolution shall take effect immediately.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held at Burlington, Vermont, on October 26, 2000.

Sarah Carpenter

SARAH E. CARPENTER
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND TO STRATEVEST & CO. IN A MAXIMUM AMOUNT OF $1,250,000 AND USING THE PROCEEDS, ALONG WITH OTHER TAX-EXEMPT PROCEEDS, TO MAKE A LOAN IN THE MAXIMUM AMOUNT OF $4,100,000 TO HOUSING VERMONT TO FINANCE THE CONSTRUCTION OF 67 UNITS OF A 74-UNIT DEVELOPMENT IN BURLINGTON

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow moneys on the basis of its general credit and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $1,250,000 aggregate principal amount to Stratevest & Co., or some other subsidiary of BankNorth Group, Inc. (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance, in part, a construction loan to Housing Vermont (the "Borrower") to construct 67 units of a 74-unit development, McAuley Square (the "Project") in Burlington, Vermont that will qualify for federal low-income housing tax credits;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $1,250,000 principal amount of tax-exempt bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed eighteen months and the interest rate thereon shall not exceed 7%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 26th day of October, 2000.

VERMONT HOUSING FINANCE AGENCY

By ______________________
Executive Director

Attest:

By ______________________
Authorized Officer

vhfa
Vermont Housing Finance Agency

December 6, 2000

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 15 at 9:30 a.m. at the Vermont Housing Finance Agency, 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

Community NATIONAL BANK

"In these communities to serve."

Dear VHFA staff members:

The following is the text of my message for this year's annual report, which I wanted to share with each of you:

"It has been my privilege to serve as Chair of the Board of Commissioners of VHFA for the last seven years. During that time we have seen many changes at the Agency, including the retirement of our long time Executive Director, Alan Hunt and the recruitment of his successor and current Executive Director, Sarah Carpenter. For many years, Alan's name was synonymous with VHFA, and his contributions to the Agency and affordable housing in Vermont were many. Sarah has proven to be a worthy successor, bringing over 20 years of experience in affordable housing to the agency and her own distinct management style.

"Other highlights from the last seven years include:

- over $320 million in home loans
- over $47 million in financing to rehabilitate or build new affordable multifamily properties
- $6.6 million in low income housing tax credits, leading to the development of over 2000 affordable rental units
- over $1.6. million "ventures" loans to non profit organizations for pre development activities
- the creation of the HomeOwnership Centers of Vermont
- winding up the affairs of the Vermont Home Mortgage Guarantee Board
- the initiation of agency-wide strategic planning
- the celebration our 20th and 25th anniversaries

"As I leave the agency at the end of this year, I think that the agency is in good hands and on a sound footing, both financially and organizationally. This is a real tribute to the skill, experience and dedication of the employees, whether they be front line or back room, officers or staff. Most importantly, VHFA is governed and run by a board of commissioners and management team that are truly committed to the cause for which the agency was founded: to finance and promote affordable, safe and decent housing opportunities for low and moderate income Vermonters. I am proud to have played a part in this remarkable organization."

Respectfully yours,

Richard C. White

Richard C. White

P.O. Box 259 • Derby, VT 05829 Tel. 802-334-7915 • Fax: 802-334-8266
cnbderby@together.net www.communitynationalbank.com

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Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: December 8, 2000

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 15th, 2000, at 9:30 a.m. at the VHFA Office, 164 Saint Paul Street, Burlington, Vermont.

Attached is the Agenda and Board packet. The master copy of the Board minutes kept on file here at the Agency includes any attachments that may be referenced in the minutes; copies will be made available should any Board members be interested in reviewing them.

Please feel free to contact me should you have any questions prior to the meeting. I look forward to seeing you in Burlington on December 15th!

Following the meeting, you are all invited to join staff at the Sirloin Saloon for our holiday luncheon beginning at 1:30 p.m.

BOARD AGENDA

Vermont Housing Finance Agency
164 Saint Paul Street
Burlington, Vermont

Friday, December 15, 2000 at 9:30 a.m.

1. Approval of the minutes from October 26th and November 28th 2000.

2. **FINANCE**

A.	September Financials	{Schoenbeck/Enclosure}
B.	Update on Multifamily Bond Issue	{Schoenbeck/Enclosure}
C.	Private Activity Bond Volume Cap	{Jarrett/Enclosure}

3. **DEVELOPMENT**

A.	Multifamily/Development Update	{Carpenter/Enclosure}
B.	Proposed Rate & Fee Changes to Multifamily Loan and Housing Credit Programs	{Reid/Enclosure
C.	KSNRC Acquisition of 43 King Street (Chickenbone bar site)	{Erdelyi/Enclosure}

4. **MULTIFAMILY MANAGEMENT**

A.	Templeton Update	{Falzone/Verbal}
B.	King Street Apartments – 0% Loan	{Falzone/Enclosure}

5. **HOMEOWNERSHIP**

A.	Summary of Homeownership Activities	{Crady/Enclosure}
B.	Merchants Bank Servicing Acquisition	{Adams/Enclosure}

6. **ADMINISTRATION**

A.	Executive Director's Report	{Carpenter/Enclosure}
B.	Proposed 2001 Schedule	{Carpenter/Verbal}
C.	Board Human Resource Minutes	{Loller/Enclosure}
D.	Employee Handbook Changes for Approval	{Loller/Enclosure}

7. Any old or new business to come before the Board.

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Vermont Housing Finance Agency

BOARD MINUTES

Vermont Housing Finance Agency
164 Saint Paul Street
Burlington, Vermont

Thursday, October 26th 2000 at 12:00 p.m.

PRESENT: Chairman White, Commissioners Seelig, Candon (designee of Costle), Douglas, Canney, Brown (designee of Lambert), Randall
Staff: Ms. Carpenter, Ms. Caragher, Ms. Loller, Mr. Schoenbeck, Mr. Adams, Mr. Falzone, Ms. Crady

Chairman White called the meeting to order at 12:28 p.m. Mr. Candon made a motion to approve the minutes from September 14, 2000. The motion carried unanimously after being seconded by Ms. Randall.

MULTIFAMILY MANAGEMENT

Mr. Falzone discussed with the Board a situation that has risen with Chris Fucci, a VHFA property owner. A while back, Mr. Fucci came to VHFA and asked to refinance his VHFA loan. Staff negotiated a way for him to receive an equity loan and in return, he was asked to sign a Preservation Agreement. Before staff was willing to do this, he had to resolve a couple of issues (bring his operating expenses down so that he could service his new debt and resolve a prior transfer of ownership he made without HUD's approval). Since that time, staff has became aware of several issues of concern pertaining to Mr. Fucci and the properties that he manages. Currently, there has been a court order to remove him as a manager for two properties and there is also a court order pending in New Hampshire that acknowledged that a large amount of money was missing from some of the projects he manages.

Mr. Falzone indicated that in light of this new information, Mr. Falzone wanted to get the Board's feedback on how to proceed with this equity loan. After a discussion among the Board and staff, the Board recommended that staff proceed with this loan request, but increase oversight of the Fucci Company or seek replacement of the management of this property. The Board also recommended that we include conditions in the Commitment Letter that will give VHFA assurance that all project assets and the residents will be protected.

DEVELOPMENT

Mr. Adams briefly reviewed the multifamily construction loan request for Rutland Rehab, Phase II. The development consists of thirty-one units in nine buildings. Housing Vermont and Rutland County Community Land Trust are requesting a $240,000 tax-exempt construction loan, which will enable them to receive 4% tax credits.

After a brief discussion, Ms. Canney made a motion to approve the "Resolution Pertaining to a Letter of Interest and Commitment Letter Re: Construction Financing for Rutland Rehab Development, Rutland" and the "Resolution Authorizing the Issuance and Sale of a General Obligation Bond to Stratevest & Co. or Some other Purchaser in a Maximum Amount of $270,000, and Using the Proceeds to Make a Loan in such amount to the Rutland Rehab Limited Partnership to Finance the Rehabilitation of a 31-Unit Development in Rutland." The motion carried unanimously after being seconded by Mr. Douglas.

Ms. Carpenter reviewed the multifamily loans that may have to be considered at some point in November. The first two projects are requesting funds to acquire mobile home parks. Staff is proposing that these be financed through the sale of 501 {c} 3 bonds, which is something VHFA has not done before. This tax-exempt financing is available to nonprofits that meet the IRS charitable tests. Kutak Rock has indicated that mobile home parks can meet this test if owned by a 501 {c} 3 organization. Addison County Community Trust (ACCT) has lined up financing with the National Bank of Middlebury and Vermont State Housing Authority (VSHA) with the Howard Bank, however both offers would not provide long-term fixed rate financing. VHFA would be able to sell thirty-year fixed rate bonds for these projects, ensuring long-term stability of the parks, with a good interest rate. VSHA and ACCT are discussing all their options.

The other project is Maples II in Rutland. The project is ready to go, but there is a gap in financing if they use the 4% credit. Staff is working with Green Mountain Development Group to find ways to close the gap. Staff is recommending that VHFA provide a 0% loan in the amount of $198,000 to help the project close the gap. If VHFA proceeds with the 0% loan, staff would expect to receive extended affordability on the Maples II, & I and would require a lockout on our loan on Sugarwood, a housing project in Middlebury (also owned by the Green Mountain Development group).

After a brief discussion, the board indicated that they were comfortable with staff's recommendations and to proceed with the financings.

HOMEOWNERSHIP

Ms. Crady discussed the Homeownership activities next. On the production side, activity is still very strong. Currently we have $8 - $10 million in reservations. This is not as much activity as we showed in early summer, but is still very strong for this time of the year.

Ms. Crady reported that our Lender Lunches have gone very well this year and have been widely attended. Currently, staff is working on the upcoming Home Buyer Fair happening in March 2001. Staff is doing a lot of advanced planning, as Kelly Deforge, our Outreach Coordinator, will be out on maternity leave during the first part of 2001.

On the collection side, with staff changes and a few busy months, delinquencies are slightly up. Ms. Crady indicated that delinquencies do tend to increase during the fall months. Staff has asked VHFA servicers to keep a close watch on new delinquencies and to work with the chronically delinquent borrowers in order to avoid defaults due to heating costs. Currently, 13 out of the 22 VHFA REO properties are under contract.

Ms. Crady announced that the Central Vermont Homeownership Center has been awarded a NeighborWorks® Charter and their celebration is being held today.

FINANCE

Mr. Schoenbeck reviewed the multifamily bond financing that staff has been working on in order to provide permanent financing to The Gardens and to McAuley Square. Adoption of the Series Resolution (included in the Board packet) will enable VHFA to sell bonds to finance both of these projects. Moody's has indicated that we will receive an AA rating. The bonds will be sold directly to Fannie Mae and will save us underwriter costs of about 10 basis points to the rate. Staff would like to proceed with this and hope to have it completed within 2 weeks.

Staff is also hoping to include the HUD note purchase and the acquisition of the Westgate project and the mobile home parks in this bond financing. Fannie Mae has agreed to purchase a privately placed bond to them to back the projects mentioned. This could consist of taxable 501 {c} 3 bonds.

After a brief discussion, Mr. Seelig made a motion to adopt the 2000 Series A Series Resolution. The motion carried unanimously after being seconded by Mr. Douglas.

Next, Mr. Schoenbeck reviewed the McAuley Square Bond Resolution that would allow VHFA to issue $1,250,000 in short-term tax exempt notes to Stratevest & Company. With no further discussion, Mr. Candon made a motion to approve the Resolution approving the issuance of short-term tax exempt notes for the McAuley Square development. The motion carried unanimously after being seconded by Mr. Brown.

Due to minor changes that have occurred during the planning for the Westgate closing, staff is recommending that the Board approve increasing the maximum loan amounts from $5 million to $5.5 million, to ensure wiggle room if needed. Mr. Douglas made a motion to approve the "Amended Resolution Pertaining to Combined Letter of Interest and Commitment Letter Re: Westgate Apartments." The motion carried unanimously after being seconded by Mr. Seelig.

Mr. Schoenbeck discussed the memorandum from Evensen Dodge, Inc., included in the Board packet. The purpose for this financial review is to identify significant variances from the 1998 financial study and to take corrective actions, if needed. There were several changes that occurred in the last 2 years that we did not anticipate. The closing of the Vermont Home Mortgage Guarantee Board was just one of these unexpected events. In 1998, our mortgage activity was extremely low and, therefore, did not allow us to meet our mortgage loan targets. Corrective actions have been taken for some of the negative variances (loan losses and decreased loan purchases). Recent loan purchases are doing very well and loan prepayment levels have been higher than expected. Evensen Dodge and staff will continue to monitor prepayment levels and report as to what kind of an impact that will have on projections. Mr. Schoenbeck noted that, in the last two years, we are much closer to our targets.

ADMINISTRATION

Ms. Carpenter indicated that Al Hans of Evensen Dodge, Inc. would be here for the Affordable Housing Conference on November 29th. She suggested that the Board and Senior Management staff have breakfast or dinner with him while he is here to answer any questions regarding the financial review he prepared for VHFA. The Board agreed that they would like to have breakfast with Al on November 30th before the Board retreat begins.

Ms. Carpenter noted that we would be contracting with Elizabeth Mullikin Drake for the next 3 – 6 months to assist us with our legal needs. Staff would like her to review several matters while she is here, including our closing process for multifamily financings and bonds, a review of our statues, and the process for REO attorney's. We also hope that she can help us assess what we may need in the future for legal needs.

Ms. Carpenter reminded the Board that they should let Kari know if they need overnight accommodations for the upcoming conference and Board retreat.

With no further business, Mr. Brown made a motion to adjourn at 2:50 p.m. The motion carried unanimously after being seconded by Mr. Candon.

Sincerely,

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary

vhfa

Vermont Housing Finance Agency

BOARD MINUTES
Vermont Housing Finance Agency
164 Saint Paul Street
Burlington, VT 05401

Tuesday, November 28, 2000
CONFERENCE CALL

Present:	Staff: Ms. Carpenter, Mr. Schoenbeck, Ms. Reid, Mr. Falzone, Mr. Erdelyi, Mr. Adams Other: Ms. Ready (ACCT), Ms. White (ACCT), Mr. Broderick (Housing Vermont)
Via conference call:	Board: Chairman White, Commissioners Randall, Candon (designee of Costle), Brown (designee of Lambert), Canney, Seelig

Chairman White called the meeting to order at 2:05 p.m. Mr. Adams reviewed the multifamily loan application for Brookside Mobile Home Park. The Addison County Community Trust (ACCT) is proposing to acquire Brookside Mobile Home Park, which consists of forty-eight lots. They are requesting an $845,000 permanent loan from VHFA.

Although the park is generally in good shape, ACCT is planning to do some rehab work (replace the electrical system, improve the septic systems, and fill in the potholes on the road). Mr. Adams indicated that the current lot rents are $273.00, but will be reduced to $250.00. Mr. Seelig expressed concern about the level of the lot rents and that ACCT did not seek VCDP funding. He then encouraged ACCT to work with VHCB on fulfilling their grant conditions.

VHFA is planning to issue a 501 (c) 3 bond as a source for the $845,000 being requested and staff anticipates that Fannie Mae will purchase the bond. Ms. Canney made a motion to approve both resolutions "Resolution Pertaining to Combined Letter of Interest and Commitment Letter Re: Permanent Financing for Brookside Mobile Home Park (Starksboro)" and "Resolution Authorizing the Issuance and Sale of a General Obligation Bond to Fannie Mae in a Maximum Amount of $900,000 and Using the Proceeds to Make a Loan to ACCT to Finance the Acquisition and Rehabilitation of a 48-Unit Mobile Home Park in Starksboro." The motion carried unanimously after being seconded by Mr. Seelig.

Ms. Reid reviewed the loan application for Marketplace in South Burlington. Lake Champlain Housing Development Corporation (LCHDC) and Housing Vermont (HVT) are co-developing a 160-unit new construction project on Farrell Street in South Burlington. There will be 4 buildings, each consisting of 40 units. The buildings are spilt into two projects – a three building 4% tax credit project and a one building 9% tax credit project. The three-building project is requesting 4 loans: $6,439,470 tax- exempt construction loan; $3,121,000 30 year tax-exempt permanent loan; $380,000 10 year tax-exempt permanent loan; $300,000 0% loan. The tax-exempt financing will enable the project to qualify for 4% tax credits in the amount of approximately $290,000. The one-building project is requesting three loans: $3,073,500 taxable construction loan; $925,000 taxable 30-year permanent loan; $110,000 10-year taxable permanent loan. The one-building project has a commitment for 2001 9% tax credits in the amount of $275,000. Housing Vermont is assuming 26 Section 8 vouchers, which are project-based for 10 years., The structure of the debt mirrors this income. There is a gap of approximately $170,000, which HVT is working to fill. There is an individual who may be interested in a direct purchase of bonds. The project has all other funding commitments. The project has local permits and is anticipating Act 250 approval in mid-December, subject to a 30-day appeal period.

After a brief discussion, Ms. Canney made a motion to approve the "Resolution Pertaining to a Letter of Interest and Commitment Letter Re: Construction and Permanent Financing for Marketplace Development, South Burlington." The motion carried unanimously after being seconded by Mr. Candon.

Mr. Erdelyi indicated the construction and permanent loans being requested for Maple Tree Place in Williston would construct nine buildings (fifty units) of housing. Thirty-six of the fifty units will be income restricted under the tax credit program and eleven of those units will have even deeper restrictions. The appraisal has not been completed, but staff anticipates that the value will exceed the requested debt amount of $33,000 per unit. The loan represents 28% of the total project cost.

Mr. Erdelyi noted that he had increased the aggregate loan amount from $5.2 million to $5.5 million on the resolution. There was concern that the site plan appeared to be heavily covered with parking lots. Mr. Broderick indicated he would look at this concern.

With no further discussion, Mr. Seelig made a motion to approve the "Resolution Pertaining to a Letter of Interest and Commitment Re: Construction Financing for Maple Tree Place, Williston." The motion carried unanimously after being seconded by Mr. Brown.

With no futher business, Ms. Canney made a motion to adjourn the meeting at 2:45 p.m. The motion carried unanimously after being seconded by Mr. Seelig.

Sincerely,

Sarah Carpenter

Sarah E. Carpenter
Executive Director and Secretary

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE RAS

DATE: DECEMBER 8, 2000

RE: SEPTEMBER 2000 FINANCIALS

Attached to this memorandum is the balance sheet and statement of revenues for the bond programs (green sheet) and the General Fund (red sheet) through September 30, 2000. The results are well in line with expectations for the General Fund and we did quite well for the bond programs due to higher loan balances retained, increased yield on investments and market value changes. We are continuing to utilize reports off our Mitas system.

Balance Sheet. Total assets are $792 million compared with $720 million in September of 1999 and $727 million in last June. The earnings benchmark based on outstanding loan balances that have increased by $50 million over the last year! That translates into increased expected earnings capacity of $500,000/year. Fund balances total $58.4 million compared to $52.9 million in September 1999.

Statement of Revenues. Revenues exceeded expenses by $2 million for the three months ended September 30, 2000, compared to $450,000 for the same period last year. Last year there was a market value loss on investments of $500,000 compared to a $300,000 gain this year, losses recognized on bond redemptions were $75,000 higher last year and income in the 0% loan pool increased by $400,000. Our increased loan balances and increased yield on investments explains the balance in the improved earnings picture.

General Fund Results. Income and transfers total 22% of the projected budget and total expenses were at 24% which is very close to expectations for the first quarter of the year especially factoring in some minor timing issues. Loan losses were $327,000, close to one quarter of the annual estimate of $1.2 million.

If you have any questions regarding the financial statements as of September 30, 2000, feel free to call me at your convenience or bring your questions to the Board meeting.

Vermont Housing Finance Agency

INTERIM BUDGET REPORT

INCOME AND FUND TRANSFERS

FY 2001 Thru 09/30/2000

Portion of year expired = 25%

Portion of year remaining = 7

	BUDGET:		RECEIVED:				REMAINING:	
	Approved Annual Budget	Prorata YTD Budget Thru 09/30/2000	Amount Received YTD Thru 09/30/2000	Percentage of Annual Budget Received Thru 09/30/2000	Amount (Over) Under Prorata YTD Budget As of 09/30/2000	Percent Over Under(-) Prorata YTD Budget Thru 09/30/2000	Amount Outstanding As of 09/30/2000	Percent Outstandi As of 09/30/
INCOME:								
Single family Fees	20,000.00	5,000.00	12,760.78	63.80%	(7,760.78)	155.22%	7,239.22	3
Multi-family Fees	403,040.00	100,760.00	162,738.50	40.38%	(61,978.50)	61.51%	240,301.50	5
Interest Income - Loans	1,100,000.00	275,000.00	243,956.86	22.18%	31,043.14	-11 29%	856,043.14	7
Interest Income - Investments	40,000.00	10,000.00	17,512.61	43.78%	(7,512.61)	75.13%	22,487.39	5
Miscellaneous Income	73,313.00	18,328.25	15,959.32	21.77%	2,368.93	-12.93%	57,353.68	7
Total Income	$1,636,353.00	$409,088.25	$452,928.07	27.68%	($43,839.82)	10.72%	$1,183,424.93	7
NET FUND TRANSFERS:								
SF Housing Program	2,400,000.00	600,000.00	0.00	0.00%	600,000 00	-100 00%	2,400,000.00	10
SF Insured Mortgage Program	400,000.00	100,000.00	400,000.00	100.00%	(300,000.00)	300.00%	0.00	
SF Mtge Purchase Program	2,500.00	625.00	0.00	0.00%	625.00	-100.00%	2,500.00	10
SF Home Mtge Purch Program	605,000.00	151,250.00	0.00	0.00%	151,250.00	-100.00%	605,000.00	10
MF Mortgage Bonds	440,000.00	110,000.00	220,000.00	50.00%	(110,000.00)	100.00%	220,000.00	5
MF Housing Bonds	255,000.00	63,750.00	108,439.66	42.53%	(44,689.66)	70 10%	146,560.34	5
MF Housing Developmnt Bonds	20,000.00	5,000.00	0.00	0.00%	5,000.00	-100.00%	20,000.00	10
MF Direct Placement Bonds	35,000.00	8,750.00	8,500.00	24.29%	250.00	-2 86%	26,500.00	7
New Bonds Cost of Issuance	50,000.00	12,500.00	100,000.00	200.00%	(87,500.00)	700.00%	(50,000.00)	-10
Total Fund Transfers	$4,207,500.00	$1,051,875.00	$836,939.66	19.89%	$214,935.34	-20.43%	$3,370,560.34	8
Total Income & Transfers	5,843,853.00	1,460,963.25	1,289,867.73	22.07%	$171,095.52	-11.71%	$4,553,985.27	7

Vermont Housing Finance Agency
INTERIM BUDGET REPORT
EXPENSES AND OTHER COSTS
FY 2001 THRU 09/30/2000

Portion of year expired = 25%

Portion of year remaining = 75%

	BUDGET:		EXPENDED:				REMAINING:	
	Approved Annual Budget	Prorata YTD Budget Thru 09/30/2000	Amount Expended YTD Thru 09/30/2000	Percentage of Annual Budget Expended Thru 09/30/2000	Amount (Over) Under Prorata YTD Budget As of 09/30/2000	Percent Over(-) Under Prorata YTD Budget Thru 09/30/2000	Amount Unexpended As of 09/30/2000	Percent Unexpended As of 09/30/2000
OPERATING EXPENSES:								
Salaries and Wages	1,571,299.00	392,824.75	408,365.68	25.99%	(15,540.93)	-3.96%	1,162,933.32	74.01%
Consulting	134,500.00	33,625.00	15,295.77	11.37%	18,329.23	54.51%	119,204.23	88.63%
Trustee Fees	213,000.00	53,250.00	42,956.96	20.17%	10,293.04	19.33%	170,043.04	79.83%
Group Insurance	249,590.00	62,397.50	55,913.09	22.40%	6,484.41	10.39%	193,676.91	77.60%
Advertising	24,500.00	6,125.00	6,286.35	25.66%	(161.35)	-2.63%	18,213.65	74.34%
Depreciation	171,110.50	42,777.63	37,661.46	22.01%	5,116.17	11.96%	133,449.04	77.99%
Pension	152,430.00	38,107.50	30,042.10	19.71%	8,065.40	21.16%	122,387.90	80.29%
Payroll Taxes	118,816.00	29,704.00	26,151.61	22.01%	3,552.39	11.96%	92,664.39	77.99%
Legal	98,800.00	24,700.00	22,648.46	22.92%	2,051.54	8.31%	76,151.54	77.08%
Travel & Training	99,800.00	24,950.00	20,154.09	20.19%	4,795.91	19.22%	79,645.91	79.81%
Occupancy	84,000.00	21,000.00	19,549.13	23.27%	1,450.87	6.91%	64,450.87	76.73%
Telephone	46,000.00	11,500.00	8,394.05	18.25%	3,105.95	27.01%	37,605.95	81.75%
Maintenance Agreements	50,000.00	12,500.00	8,220.63	16.44%	4,279.37	34.23%	41,779.37	83.56%
Audit	43,000.00	35,000.00	35,000.00	81.40%	0.00	0.00%	8,000.00	18.60%
Interest	42,576.48	10,644.12	10,714.81	25.17%	(70.69)	-0.66%	31,861.67	74.83%
Dues & Subscriptions	27,715.00	6,928.75	6,412.32	23.14%	516.43	7.45%	21,302.68	76.86%
Office Supplies	29,000.00	7,250.00	5,600.14	19.31%	1,649.86	22.76%	23,399.86	80.69%
Contract Services	71,800.00	17,950.00	7,053.20	9.82%	10,896.80	60.71%	64,746.80	90.18%
Promotion	86,300.00	21,575.00	3,701.84	4.29%	17,873.16	82.84%	82,598.16	95.71%
Postage	17,510.00	4,377.50	3,621.73	20.68%	755.77	17.26%	13,888.27	79.32%
Printing	36,500.00	9,125.00	3,506.98	9.61%	5,618.02	61.57%	32,993.02	90.39%
Liability Insurance	26,000.00	6,500.00	4,540.82	17.46%	1,959.18	30.14%	21,459.18	82.54%
Miscellaneous	7,200.00	1,800.00	771.90	10.72%	1,028.10	57.12%	6,428.10	89.28%
Commisioners Fees	7,500.00	1,875.00	665.34	8.87%	1,209.66	64.52%	6,834.66	91.13%
Secretarial services	2,500.00	625.00	384.75	15.39%	240.25	38.44%	2,115.25	84.61%
Total Operating Expenses	$3,411,446.98	$877,111.75	$783,613.21	22.97%	$93,498.54	13.08%	$2,627,833.77	78.27%
OTHER COSTS:								
Amort - Purc'd Srv & Orig Fees	226,243.54	56,560.89	18,843.63	8.33%	37,717.26	66.68%	207,399.91	91.67%
Loan Interest Cost	741,423.00	185,355.75	165,569.79	22.33%	19,785.96	10.67%	575,853.21	77.67%
Organizational Subsidies	161,000.00	40,250.00	105,187.05	65.33%	(64,937.05)	-161.33%	55,812.95	34.67%
Advertising - New Bond COI	50,000.00	12,500.00	723.15	1.45%	11,776.85	94.21%	49,276.85	98.55%
Program Loan Losses	1,200,000.00	300,000.00	327,639.61	27.30%	(27,639.61)	-9.21%	872,360.39	72.70%
Total Other Costs	$2,378,666.54	$594,666.64	$617,963.23	25.13%	($23,296.59)	-3.92%	$1,760,703.31	74.87%
Total Expenses	$5,790,113.52	$1,471,778.39	$1,401,576.44	24.21%	$70,201.95	4.77%	$4,388,537.08	75.79%
Total Surplus (Deficit)	53,739.48	13,434.86	(111,708.71)					

VERMONT HOUSING FINANCE AGENCY Consolidated Financial Statements Date: 09/30/2000

	GENERAL FUND	SINGLE FAMILY	MULTI FAMILY	TOTAL
ASSETS				
Cash and cash equivalents	5,191,214.97	124,945,033.39	13,712,295.01	143,848,543.37
Investments	100,000.00	147,349,747.91	7,974,534.07	155,424,281.98
Mortgage and construction loan	14,323,394.00	379,905,828.11	84,461,931.59	478,691,153.70
Less: reserve for loan loss		2,170,843.00-		2,170,843.00-
Accrued interest receivable				
-Mortgage and notes	815,853.03	2,422,692.82	390,240.05	3,628,785.90
-Investments	15,515.57	5,567,154.14	128,151.58	5,710,821.29
Deferred cost of bond issuance		2,487,853.06	795,558.30	3,283,411.36
Office furniture and fixtures	657,935.28			657,935.28
Less: accumulated depreciation	537,662.37-			537,662.37-
Land	775,000.00			775,000.00
Building	1,000,833.95			1,000,833.95
Other receivables:prepaids	677,826.67	386,884.29	52,124.19	1,116,835.15
Interfund receivables	743,629.39	56,180.86	799,810.25-	
Other assets		1,196,992.39		1,196,992.39
TOTAL ASSETS	23,763,540.49	662,147,523.97	106,715,024.54	792,626,089.00
LIABILITIES & FUND BALANCE				
Deferred income	426,592.10-			426,592.10-
Accounts payable	630,837.63	403,211.36		1,034,048.99
Escrowed cash deposits	3,466,506.12	16,640.00-	1,473,661.77	4,923,527.89
Notes payable	10,719,437.84	106,000,000.00		116,719,437.84
Accrued interest	89,728.57	13,837,459.57	723,772.40	14,650,960.54
Accreted interest				
Bonds payable	611,060.55	511,605,000.00	91,544,516.75	603,760,577.30
Unamortized premium on bonds		4,534,664.13-	1,897,655.63-	6,432,319.76-
Fund balance	8,672,561.88	34,853,157.17	14,870,729.25	58,396,448.30
TOTAL LIABILITIES & FUND BAL	23,763,540.49	662,147,523.97	106,715,024.54	792,626,089.00

VERMONT HOUSING FINANCE AGENCY Consolidated Financial Statements Date: 09/30/2000

	GENERAL FUND	SINGLE FAMILY	MULTI FAMILY	TOTAL
REVENUES:				
Interest Income:				
Mortgage & construction loans	243,956.86	7,106,325.61	1,996,637.30	9,346,919.77
Investments	17,512.61	4,104,803.81	429,478.72	4,551,795.14
Fee income:				
Multi-family programs	104,907.59		23,833.29	128,740.88
Single family programs	2,809.44-			2,809.44-
Grant income	4,860.00			4,860.00
VHMGB income				
Miscellaneous income	11,099.32			11,099.32
TOTAL REVENUES	379,526.94	11,211,129.42	2,449,949.31	14,040,605.67
EXPENSES:				
Financing costs:				
including interest and amortization of premium, discount & costs of issuance	180,474.60	8,869,609.34	1,379,282.34	10,429,366.28
Mortgage service, contract administration fees, & property disposition expense	18,843.63	322,355.52	16,359.00	357,558.15
Salaries and benefits	527,755.68			527,755.68
Operating expenses	247,891.98			247,891.98
Professional fees	57,648.46			57,648.46
Trustee and assignee fees	42,956.96			42,956.96
Loss on bond redemptions		11,966.26		11,966.26
Foreclosed property loss	1,514.67-	327,639.61		326,124.94
TOTAL EXPENSES	1,074,056.64	9,531,570.73	1,395,641.34	12,001,268.71
Surplus before change in investment market value	694,529.70-	1,679,558.69	1,054,307.97	2,039,336.96
Change in investment value		213,342.56	46,267.80	259,610.36
Excess (deficiency) of revenues over expenses	694,529.70-	1,892,901.25	1,100,575.77	2,298,947.32
Fund balance, beginning	8,630,151.92	33,360,255.92	14,107,093.14	56,097,500.98
Transfer to General Fund (net)	736,939.66	400,000.00-	336,939.66-	
Fund balance, end of period	8,672,561.88	34,853,157.17	14,870,729.25	58,396,448.30

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA BOARD OF COMMISSIONERS

FROM: ROGER A. SCHOENBECK, DIRECTOR OF FINANCE

DATE: DECEMBER 8, 2000

RE: MULTI-FAMILY BOND FINANCING

Last Friday, December 1st, we closed our note purchase with HUD and advanced about $3 million in connection with that transaction. This culminates almost a year of work on this financing. The Board has also approved the financing of the Brookside Mobile Home Park, which is expected to close by the end of the year. We temporarily are financing these projects from our line of credit with the Howard Bank but need to permanently finance these initiatives as we have discussed through the sale of a bond to Fannie Mae. We today discussed the timing and other issues with our bond financing team. The plan is to put together documents to enable the sale of the bonds by December 20th. By the Board meeting we are expecting to have available for your review a Series Resolution and Private Placement Memorandum (PPM) prepared by Kutak Rock. Adoption of the Series Resolution will enable us to sell bonds to finance these initiatives. These bonds would be very similar to the bond sale just completed. The sale of the bonds directly to Fannie Mae is expected to save underwriter costs of about 10 basis points to the rate. Since the purchase of the HUD notes is for existing projects, we will have to issue taxable bonds for financing which Fannie Mae will buy and is a tough product to place. Taxable bonds are expected to cost about 150 baisis points more than tax-exempt bonds. We are sizing the bond issue to include the Westgate transaction if it is ready to go in time for this issue. That will add about $3.8 million to the bond issue. Rates are currently quite attractive due to Fed policy expectations and settlement of the election (we hope!) A closing by the 10th of January is currently contemplated. Issuing these bonds under the Multi-family Mortgage Bond Resolution provides the AA rating necessary for Fannie Mae to purchase the bonds.

Recommended Action

Adoption of the 2000 Series B, C, D Series Resolution to be presented and consensus to move forward with the financing plan as outlined.

mailing address P.O. Box 408, Burlington, VT 05402-0408 **delivery address** 164 Saint Paul St., Burlington, VT 05401-4364
phone (802) 864-5743 **fax** (802) 864-5746 **www.vhfa.org**

vhfa
Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Glenn A. Jarrett

DATE: December 8, 2000

RE: Private Activity Bond Volume Cap

BACKGROUND:

The Agency has utilized all of the single family private activity bond volume cap for the issuance of Series 12 and Series 13. There is still multi-family volume cap remaining from the $15 million you allocated for those purposes in August.

In order to use the multi-family volume cap after the end of 2000, you are required to pass a resolution authorizing the carry-forward of the volume cap. A proposed resolution is attached.

I would be happy to answer any questions that you may have.

REQUESTED ACTION:

Approval of the attached resolution.

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mailing address P.O. Box 408, Burlington, VT 05402-0408 delivery address 164 Saint Paul St., Burlington, VT 05401-4364
phone (802) 864-5743 fax (802) 864-5746 www.vhfa.org

RESOLUTION RELATING TO VERMONT HOUSING FINANCE AGENCY ELECTION TO CARRYFORWARD 2000 PRIVATE ACTIVITY BOND VOLUME CAP ALLOCATION

WHEREAS, the Vermont Housing Finance Agency (the "Agency") has been allocated $71,000,000 in 2000 private activity bond volume cap by the State of Vermont and has allocated $56,000,000 of that to qualified mortgage bonds and mortgage credit certificates and has allocated $15,000,000 to exempt facility bonds; and

WHEREAS, the Agency desires to carry forward any of its unused volume cap pursuant to section 146 of the Internal Revenue Code of 1986;

NOW, THEREFORE, it is hereby RESOLVED:

1. If the Vermont Housing Finance Agency is allocated any additional volume cap by the State of Vermont on or after December 15, 2000, it elects to allocate all of such additional volume cap for the purposes of issuing qualified mortgage bonds or mortgage credit certificates.

2. The Vermont Housing Finance Agency elects to carry forward all of its unused volume cap pursuant to section 146 of the Internal Revenue Code of 1986 for the purposes of issuing exempt facility bonds unless it is allocated any additional volume cap by the State of Vermont on or after December 15, 2000, in which case it elects to carry forward all of such additional volume cap for the purposes of issuing qualified mortgage bonds or mortgage credit certificates.

3. The Executive Director and Director of Finance are directed, and each of them is authorized, to take all steps necessary to carry forward the Agency's unused volume cap, including, but not limited to preparation, execution, and delivery of a Carryforward Election of Unused Private Activity Volume Cap in such form as may be required by the Internal Revenue Service and consistent in content and effect with this Resolution.

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vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter SC

DATE: December 8, 2000

RE: Multifamily/Development Update

For your information, I have attached a list of the multifamily loans that we expect to close in the next six months. As you can see, each project has multiple loans (construction and permanent) and are sized to various funding sources. The result of this, as well as increased volume, has added substantially to the current workload. Almost all of the projects will have tax credits, which increases the monitoring requirements. In order to accommodate this activity and not slow down loan approval, we will be adding another support person to work with both the development and multifamily staff. They currently have one shared position, something we combined about 18 months ago, which eliminated one of two positions. This year's budget reflects the reduced number of positions, however by adding a position back, we may exceed the budget. We hope to accommodate the addition by moving money from other areas, but wanted you to be aware that we may need to make an adjustment.

Another item I wanted you to be aware of is that we have finally closed on the acquisition of the notes from HUD. This will permanently put Highgate (Barre), Mountainview (Springfield), and Westgate (Brattleboro) in our portfolio. In good HUD form we were shuffling a lot of paper until the very last minute and we are still trying to straighten out some of the deposit requirements from HUD. We were disappointed that the HAP Contract Administration, associated with these projects, was ultimately awarded to VSHA instead of VHFA directly. We are in the process of renegotiating our MOA with VSHA to encompass these projects and will update you as we go along.

Finally, you have a separate memo that updates you on our fee policy. We have, at times, been inconsistent and wanted to formalize what we have been doing and make the fees cover our cost of doing business. Staff did quite a bit of research to determine where we fall relative to other HFA's, particularly those in New England. With these changes we are still on the low to middle side. In our discussion we wanted to make sure that we had something that we can give developers to start the loan process with. In order to maintain business, there may be a need at times to renegotiate fees if interest rates change dramatically in the process. We also realize there are a few existing projects that may need a waiver on the tax credit monitoring fee.

Financing Needs and Timing																							
Revision Date:		08-Dec-00																					
							Closing and Draw Timeframe																
	Loan	Amount	Type	Source	Date Loan Authorized	Date of Bond Resolution	S-00	O-00	N-00	D-00	J-01	F-01	M-01	A-01	M-01	J-01	J-01	A-01	S-01	O-01	N-01	D-01	
Development Loans																							
Anderson Parkway	C	550,000	tax-exempt	Stratevest	May-00	May-00	-----	-----	-----	-----	-----	-----	|										
Anderson Parkway	P	190,000	taxable	FHLBB	Aug-99	n/a							X										
BennSouth	C & P	350,000	tax-exempt	Fannie Mae	Aug-00	Aug-00					|	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	|	
BennSouth	C	500,000	tax-exempt	Stratevest	Aug-00	Aug-00					|	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	|	
Brookside MHP	P	845,000	501(c)3	Fannie Mae	Nov-00	Nov-00				X													
Bus Barns	C	1,100,000	tax-exempt	Stratevest	Jan-00	Mar-00				X	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	|		
Bus Barns	P	245,000	taxable	FHLBB	Nov-99	n/a															X		
Crystal Lake, Barton	C	900,000	tax-exempt	Stratevest	Jun-99	Dec-99	-----	-----	-----	-----	-----	|											
Franklin Homestead Assisted Living	C	725,000	tax-exempt	Stratevest	Feb-00	Mar-00	-----	-----	-----	-----	|											
Hillcrest	C	550,000	tax-exempt	Stratevest	May-00	May-00	-----	-----	-----	|												
Jeffersonville	C & P	253,000	tax-exempt	Fannie Mae	Jun-00	not yet done							|	-----	-----	-----	-----	-----	-----	-----	-----	|	
Jeffersonville	C	789,000	tax-exempt	Stratevest	Jun-00	not yet done							|	-----	-----	-----	-----	-----	-----	-----	-----	|	
Maple Tree Place	C	1,717,062	tax-exempt	Stratevest	Nov-00	not yet done							|	-----	-----	-----	-----	-----	-----	-----	-----	-----	Apr-02
Maple Tree Place	C & P 30 yr	1,424,938	tax-exempt	Fannie Mae	Nov-00	not yet done							|	-----	-----	-----	-----	-----	-----	-----	-----	-----	Apr-02
Maple Tree Place	C & P 10 yr	208,000	tax-exempt	Fannie Mae	Nov-00	not yet done							|	-----	-----	-----	-----	-----	-----	-----	-----	-----	Apr-02
Marketplace	C & P 30 yr	925,000	taxable	?	Nov-00	not yet done							|	-----	-----	-----	-----	-----	-----	-----	-----	-----	Apr-02
Marketplace	C & P 30 yr	3,121,000	tax-exempt	?	Nov-00	not yet done							|	-----	-----	-----	-----	-----	-----	-----	-----	-----	Apr-02
Marketplace	C & P 10 yr	380,000	tax-exempt	?	Nov-00	not yet done							|	-----	-----	-----	-----	-----	-----	-----	-----	-----	Apr-02
Marketplace	C & P 10 yr	110,000	taxable	?	Nov-00	not yet done							|	-----	-----	-----	-----	-----	-----	-----	-----	-----	Apr-02
Marketplace	C	2,038,500	taxable	?	Nov-00	not yet done							|	-----	-----	-----	-----	-----	-----	-----	-----	-----	Apr-02
Marketplace (Farrell St)	C	2,938,470	tax-exempt	?	Nov-00	not yet done							|	-----	-----	-----	-----	-----	-----	-----	-----	-----	Apr-02
McAuley Square	C	1,250,000	tax-exempt	Stratevest	May-00	Oct-00	|	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	|				
McAuley Square	C & P	2,850,000	tax-exempt	Fannie Mae	May-00	Oct-00	|	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	|				
Rutland Rehab Phase II	C	240,000	tax-exempt	Stratevest	Oct-00	Oct-00				|	-----	-----	-----	-----	|								
St. Johnsbury House	P	230,000	taxable	FHLBB	Feb-00	n/a								X									
~~St. Johnsbury House~~	~~C~~	~~230,000~~	~~taxable~~	~~Howard L.C.~~	~~Feb-00~~	~~n/a~~				|	-----	-----	-----	|									
The Baldwin Block	C	840,000	tax-exempt	Stratevest	Aug-00	Aug-00					|	-----	-----	-----	-----	-----	-----	-----	-----	-----	|		
Westgate	P 12 yr	707,046	tax-exempt	Fannie Mae	Aug-00	not yet done						X											
Westgate	P 30 yr	827,256	tax-exempt	Fannie Mae	Aug-00	not yet done						X											
Westgate	C	2,150,000	tax-exempt	Stratevest	Aug-00	not yet done						|	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	Jul-02
Williamstown	C	1,880,000	tax-exempt	Fannie Mae	Nov-99	Oct-00	-----	-----	-----	|												
Williamstown	P	1,950,000	tax-exempt	Fannie Mae	Nov-99	n/a				X													
Lime Kiln		2,150,000	tax-exempt											|	-----	-----	-----	-----	-----	-----	-----	-----	Jan-02
Green Mountain Seminary		1,185,000	tax-exempt																				
Smiths Housing		922,000	tax-exempt																				
Columbian Avenue	C	580,000	tax-exempt																				
Stowe Family Housing		2,800,000	tax-exempt																				
Clark/Canal	C	700,000	tax-exempt																				
Maples II		1,650,000	tax-exempt																				
Multifamily Projects																							
HUD Note Acquisitions																							
Westgate		343,030	tax-exempt	?						X													
Highgate		1,370,000	taxable	?						X													
Mountain View		634,000	taxable	?						X													
Mountain View- Rehab		140,000	tax-exempt	?										X									
Fucci, Colonial Apts.		50,000	Pres/equity	GF						X													
Lake Champlain Apts.		690,000	tax-exempt	?								X											
French Hill MHP		115,000	taxable	? - GF							X												
King Street		79,000	tax-exempt	reimbursement of GF																			
King Street		137,711	tax-exempt	0% Pool																			
Jeri-Hill		429,140	tax-exempt	reimbursement of GF																			
Point School		110,000	tax-exempt	0% Pool																			
Westminster		50,000	tax-exempt	0% Pool																			
Chester Arthur		100,000	tax-exempt	?																			

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Multifamily Development Underwriter CR

DATE: December 8, 2000

RE: Proposed Rate & Fee Changes to Multifamily Loan and Housing Credit Programs

Attached is a proposed policy for Multifamily Loan Rates and Fees, and Housing Credit Program Fees, for your review. The policy for loan rates and fees is an effort mainly to formalize current practice. The Housing Credit fees have gone unchanged since 1993, and the proposed increases are designed to keep up with the costs of administering the program.

The policy is for your review only; no formal Board action is required.

mailing address P.O. Box 408, Burlington, VT 05402-0408 **delivery address** 164 Saint Paul St., Burlington, VT 05401-4364
phone (802) 864-5743 **fax** (802) 864-5746 **www.vhfa.org**

Vertmont Housing Finance Agency
Multifamily Loan Rate & Fee, and
Housing Credit Program Fee Policy

I. Multifamily Loan Program

- **Construction Loans: Tax Exempt & Taxable**

Fees: Commitment Fee
$1,000 for loans < $500,000
$5,000 for loans >= $500,000
Commitment fee is paid when commitment letter is signed.
Commitment fee is credited toward points if loan closes.

Points: 1.5% of loan amount (if loan term is < 12 months, points are prorated {6 month term = .75%; 9 month term = 1.125%} in order to meet arbitrage rules) (points are payable at construction closing)

Legal: Borrower pays legal fees of Lender

Construction Inspection Fee: Borrower pays construction inspection fees of Lender

Other services: Borrower pays for other third party expenses e.g. appraisal

Rate: For tax exempt loans <= 12 months, 0 basis points above cost of funds
For tax exempt loans > = 12 months, the maximum allowable that can be charged under arbitrage rules, up to 150 basis points.

- **Permanent Loans: Tax Exempt & Taxable**

Fees: Commitment Fee
$1,000 for loans < $500,000
$5,000 for loans >= $500,000
Commitment fee is paid when commitment letter is signed.
Commitment fee is credited toward points if loan closes.

Points: 1.5% of loan amount (payable at first closing)

Legal: Paid by Borrower

If construction and permanent loan have the same source of funds (i.e. both tax exempt or both taxable), points charged = 1.5% of the larger loan amount ($1,000,000 construction and $1,000,000 permanent = $15,000). If construction loan and permanent loan have different sources (e.g. tax exempt construction and taxable permanent), 1.5% points will be charged on each loan amount.

Cost of bond issuance is paid by VHFA, but is calculated in the interest rate spread.

Rate: 150 basis points above the Agency's cost of funds.

Note: All fees and interest rate spreads are subject to arbitrage limitations.

Note: There is a minimum 15 year lock out provision on all permanent loans.

- **Zero Percent Loans**

  Points: New Loans: No points are charged
  Loan Restructurings: 1% of loan amount

- **Loan Restructurings** (includes existing and new debt for portfolio projects)

  Points: 1% of loan amount

  Legal: Paid by Borrower

  Other services: Borrower will pay for construction inspection services, appraisal, any other applicable third party costs

  Term: Lockout provision is the lesser of the remaining term of loan or 15 years

- **Ventures Pre-development Loans**

  Fees: N/A

  Rate: Interest rate is 3%; interest is accrued and payable with principal at construction closing

II. Housing Credit Program

For Ceiling Credit (9%) and Out of Cap Credit (4%) Programs

Application Fee: $250

Reservation Fee: 4% of the annual credit amount

Compliance Monitoring: $4 per unit per month for 15 years

{Note: Currently Housing Credit Fees are as follows: Application Fee: $200; Reservation Fee: 3% of the annual credit amount for non-profits; 4% for for profits; Compliance Monitoring: $2 per unit per month for 15 years}

For Permanent Loans, Construction Loans, Housing Credit Applications:
Until 12/31/01, VHFA will provide a rebate for applicants who submit applications and spreadsheets electronically; the rebate will be the lesser of the total VHFA fee paid (including points, commitment fees, Lender's legal and construction inspection fees, application fee, tax credit reservation fee) or $500. This rebate will apply per application, with a maximum of three rebates per individual applicant.

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Senior Development Officer JE

DATE: December 8, 2000

RE: King Street Neighborhood Revitalization Corporation (KSNRC)
Acquisition of 43 King Street (The "Chickenbone" bar site)

Paul Dettman, Executive Director of the Burlington Housing Authority (BHA), recently approached VHFA staff on behalf of KSNRC (see attached). KSNRC has a unique opportunity to acquire a bar in a downtown residential neighborhood, to demolish the existing structure, and to create five new units of affordable housing. Unfortunately, this opportunity comes with a very brief window of time in which to act. VHFA has been requested to provide interim financing to facilitate this acquisition, as well as permanent financing of $340,000. Staff have not yet had time to underwrite this proposal or to perform the usual due diligence. We anticipate bringing the full proposal to the Board in January.

The interim financing requested, $100,000 in so-called 0% funds, would be used to fund the acquisition. Of this amount, $20,000 would remain as a long-term loan of 0% funds. Because VHFA receives no yield burn on 0% funds that are loaned short-term, staff prefer to use another source, such as VHFA's general fund or our Howard Bank line of credit, for $80,000 of the interim financing. An increased 0% loan amount of $25,000 would cover any associated interest costs. Board authorization of small loans from these sources is not normally required, so this memo is for informational purposes only.

Because KSNRC is providing $60,000 in cash up front, and because of their mission and history, staff believe that KSNRC has developed or will develop a workable plan to create the housing they propose for this site. Although an appraisal supporting the acquisition price has been submitted, staff have not yet done a review. Other normal reviews, such as an Environmental Site Assessment, a review of final plans and specs, receipt of permits, receipt of other funding commitments, and review of the construction budget all still need to be done. BHA is using its development experience to structure the deal for KSNRC, and the current plan would use neither tax credits nor bond volume cap, which would enable VHFA to save those resources.

Recommended Action: No Board action is required at this time.

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BURLINGTON
HOUSING
AUTHORITY

EQUAL HOUSING OPPORTUNITY

MEMO

Date: November 27, 2000

To: VHFA BOARD OF COMMISSIONERS

From: Paul Dettman for King Street Neighborhood Revitalization Corporation

Subject: THE CHICKEN BONE COMMUNITY REVITALIZATION/AFFORDABLE HOUSING INITIATIVE

On behalf of King Street Neighborhood Revitalization Corporation (KSNRC), I am requesting VHFA financing assistance in order to make possible an important community revitalization initiative in the King Street Neighborhood, the conversion of the Chicken Bone bar site at 43 King Street to affordable housing. We ask that you review this request not only as a financing opportunity but also as a way for VHFA to contribute to the health of the neighborhood in which your offices are located.

KSNRC has since the early 1980s been committed to community revitalization and affordable housing development in the King Street neighborhood. It fostered and facilitated the development of a number of Section 8 project-based family developments and owns a Section 8 family development at 174 Maple Street. It has also provided assistance to Lake Champlain Housing for two of its affordable housing initiatives in the neighborhood. Last month, in partnership with BHA, it participated in a preservation initiative of a privately owned Section project, with apartments in two buildings on King Street.

The Chicken Bone bar in recent years has been a detriment to the quality of life in this low income neighborhood. The recent temporary closing of the bar provides an opportunity to purchase the property and convert the site to a use which will substantially improve the quality of life in the neighborhood and provide additional, much needed, affordable housing.

The property is currently appraised at $230,000. KSNRC has obtained a second 30 day option to purchase the property from the owner, David J. Abdoo, at a 'bargain sale' price of $165,000. Because Mr. Abdoo is not willing to entered into an extended option agreement or purchase and sale agreement, KSNRC must enter into an unconditional purchase and sale agreement on or about December 20, 2000, with a closing on or about January 15, 2001. Otherwise, Mr. Abdoo, who has the property listed for sale, will attempt to sell it for its highest value, which is continued use as a bar.

230 ST. PAUL STREET • BURLINGTON, VERMONT 05401 • FAX: 802-658-1286

Main Office • 802 864-0538 (VOICE/TTY) Section 8 Office • 802-864-4650 Maintenance Office • 802-658-1750

KSNRC is developing this project in partnership and with the support of the Burlington Housing Authority and the City of Burlington Community and Economic Development Office. A permit application for demolition of the current building and construction of five affordable apartments has been prepared and submitted to Planning and Zoning. The application has been reviewed by and is supported by planning staff. It was reviewed and approved by the Design Advisory Board on November 28th. TheDevelopment Review Board will review the project on December 19th.

Bobby Miller, who has been actively involved in the neighborhood through King Street Youth Center, has agreed, in principle, to support this project by committing to demolish the current building and construct the new building at a cost of $50 per square foot.

BHA will provide project management services during the development phase of the project. BHA will also be engaged as the property manager.

In addition to VHFA financing, KSNRC will provide or seek the following funding/financing commitments to make this project feasible.

1. KSNRC will provide $60,000 as an equity contribution.

2. BHA will be asked to provide project-based Section 8 Housing Choice Vouchers for all five units. BHA is prepared to provide project-based assistance subject only to HUD implemention of new statutory provisions contained in the FFY2001 Appropriations Bill.

3. The City of Burlington will be asked to provide $20,000 from its Trust Fund. CEDO has given a preliminary indication that it is willing to de-obligate funds in this amount from another project which will not be proceeding this year in order to make these funds immediately available.

4. VHCB will be asked to provide a grant of $50,000. We are currently discussing this project with VHCB staff.

<u>Short-Term Financing</u>

Because of the unusual circumstances regarding the purchase, KSNRC will need to purchase the property before permits are place and before all funding commitments have been made.

In order to enable purchase of the property on or about January 15, 2001, KSNRC is requesting short-term VHFA financing in the form of a 0% Non-Amortizing Loan in the amount of $100,000. KSNRC will provide $65,000 plus closing costs from its own resources to enable purchase of the property.

This loan will be repayable in full upon completion of construction and occupancy of the new buildings.

Permanent Financing

KSNRC is requesting the following permanent financing from VHFA:

1. A 30 year, 7% fixed rate amortizing loan in the amount of $340,000.

2. A 0% non-amortizing loan in the amount of $20,000 payable upon pay-off of the primary mortgage.

KSNRC, BHA and CEDO thank you for your anticipated support of this initiative.

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sam Falzone, Director of Multifamily Programs

DATE: December 6, 2000

RE: **King Street Apts. - 0% Loan**

A partnership comprised of the Burlington Housing Authority (BHA) and King Street Neighborhood Revitalization Corporation (KSNRC) purchased this 7 unit family property located in two building in Burlington on November 6th. In order to accomplish this transfer, we restructured VHFA's existing 14% debt and provided a new amortizing loan in the amount of $79,000 which will be serviced with savings from the restructured loan. We also advanced $137,711 in 0% loan proceeds.. These units have now been placed into the permanent affordable inventory using a new Preservation Agreement that will be recorded with the deed to the land.

The Board has asked to be kept informed about this type of preservation transaction and this memo is provided in response to that request. The following sources and uses summary will provide you with key elements included in this transaction.

Sources

Existing VHFA Debt		$	200,200
Additional Advance under 1st Mortgage		$	79,000
0% Deferred Loan		$	137,711
Borrower's Equity		$	25,000
	TOTAL	**$**	**441,911**

Uses

Acquisition		$	340,000
Construction		$	77,000
VHFA Loan Fees		$	4,152
Legal, Recording , Other Soft Costs		$	8,202
Working Capital		$	12,557
	TOTAL	**$**	**441,911**

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vhfa
Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homeownership Programs PC

DATE: December 7, 2000

RE: Summary of Homeownership Activities

PROGRAM OPERATION

Attached are production reports by product and lender for FY 2000 and year to date FY 2001. Reduced activity has given us the opportunity to work on improving loan origination and loan sale procedures. We are also working to get our guides on CD in a PDF format so that lenders can print forms instead of relying on camera-ready copies.

COLLECTIONS

Attached are delinquency reports and a REO report as October 31, 2000. Delinquency levels are down slightly from last month. As of December 7, 2000, 12 out of 22 properties owned by VHFA are under contract.

Please do not hesitate to call me if you have any questions about any of the reports.

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VHFA Production Report By Product FY2001

July 1, 2000 - June 30, 2001

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total
MOVE	6,082,656	5,896,809	6,163,020	5,000,898	5,687,117								28,830,500
MOBILE HOME	866,063	348,550	616,554	524,049	486,555								2,841,771
HOUSE	142,750	100,000	221,600	89,165	124,500								678,015
YESS	157,150	55,000	0	170,450	217,455								600,055
RURAL DEV.	139,900	43,180	57,360	10,000	39,000								289,440
Total	7,388,519	6,443,539	7,058,534	5,794,562	6,554,627	0	0	0	0	0	0	0	33,239,781

VHFA Production Report By Product FY2000

July 1, 1999 - June 30, 2000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total
MOVE	4,124,272	5,050,851	2,983,050	10,360,896	9,377,888	5,824,798	4,920,567	3,318,996	3,256,736	3,056,844	3,290,355	6,229,550	61,794,803
MOBILE HOME	212,635	371,335	278,360	655,376	702,706	410,040	604,508	87,700	257,189	107,075	470,137	755,456	4,912,517
HOUSE	88,500	136,800	248,250	421,000	308,115	218,814	348,950	265,400	231,700	150,500	59,600	352,350	2,829,979
RURAL DEV.	43,600	70,470	0	159,900	222,230	0	88,920	135,550	246,512	163,707	142,345	158,559	1,431,793
YESS	98,180	49,505	80,350	33,200	0	66,250	33,950	26,730	74,360	45,100	15,910	160,270	683,805
Total	4,567,187	5,678,961	3,590,010	11,630,372	10,610,939	6,519,902	5,996,895	3,834,376	4,066,497	3,523,226	3,978,347	7,656,485	71,652,897

BOND SERIES STATUS REPORT update as of 12-6-00

Series #	Date of Issue	Use by End Date	0 Point Move Rate	Original Issue Amt.	Amount Allocated	Available Funds
7	4/18/96	8/30/99		$42,500,000	$39,574,785	$2,925,215
8	10/9/96	4/1/00		$30,035,000	$30,026,783	*
9	6/13/97	12/26/00	7.10%	$61,788,875	$57,559,574	$4,229,301
10	4/22/99	N/A	6.35%	$33,016,574	$32,952,362	*
11	8/24/99	6/1/02	7.10%	$24,426,258	$24,412,182	*
12	2/10/00	8/1/03	7.55%	$28,344,948	$28,341,330	*
13	8/28/00	2/28/04	7.10%	$33,737,121	$16,371,247	$17,365,874

* Reflects available funds under $250,000

VHFA Production Report- Dollar volume by lender FY2001

July 1, 2000 - June 30, 2001

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD TOTAL
CHITTENDEN	$2,213,475	$1,049,968	$2,099,177	$906,400	$1,473,065								$7,742,085
NEFCU	$441,615	$78,958	$677,905	$588,430	$162,500								$1,949,408
SUMMIT	$386,875	$595,453	$306,250	$104,500	$314,390								$1,707,468
BANKNORTH	$232,990	$227,170	$582,660	$298,950	$339,300								$1,681,070
VDCU	$242,235	$0	$390,129	$360,170	$687,874								$1,680,408
UNIVERSAL	$68,870	$870,970	$323,590	$175,413	$85,405								$1,524,248
CHARTER ONE	$119,700	$578,120	$0	$428,255	$188,815								$1,314,890
GMAC	$462,050	$309,600	$253,850	$88,250	$164,350								$1,278,100
NORTHFIELD	$228,018	$99,000	$246,128	$334,260	$320,100								$1,227,506
CTX	$225,746	$120,150	$361,400	$310,565	$192,200								$1,210,061
VT STATE ECU	$153,500	$597,350	$0	$280,550	$145,000								$1,176,400
UNION	$128,100	$343,275	$49,955	$435,932	$140,740								$1,098,002
COMMUNITY	$197,500	$0	$493,950	$60,500	$222,763								$974,713
CITIMORTGAGE, IN	$454,975	0	$143,750	$170,383	$77,500								$846,608
KITTREDGE	$201,270	$243,500	$38,000	$86,400	$113,850								$683,020
BNK OF BENN	$278,850	$0	$0	$282,730	$57,700								$619,280
LYNDONVILLE	$268,000	$0	$112,635	$74,690	$101,755								$557,080
FACTORY	$209,500	$187,425	$85,400	$61,750	$0								$544,075
BRATTLEBORO	$72,000	$125,000	$78,300	$0	$264,725								$540,025
HERITAGE FCU	$64,505	$194,745	$0	$69,600	$204,390								$533,240
NCFCU	$159,610	$176,000	$0	$0	$178,900								$514,510
MTG FINANCIAL	$78,375	$281,000	$46,500	$72,000	$0								$477,875
PEOPLES TRUST	$110,000	$0	$0	$256,300	$101,650								$467,950
CITIZENS	$24,035	$46,075	$206,645	$0	$146,450								$423,205
PASSUMPSIC	$61,750	$0	$104,000	$29,450	$207,320								$402,520
MASCOMA	$0	$147,400	$169,750	$0	$72,450								$389,600
VHFA (RD)	$213,775	$43,180	$57,360	$26,640	$39,000								$379,955
WELLS RIVER	$91,200	$129,200	$0	$70,310	$81,000								$371,710
CT RIVER	$0	$0	$105,000	$87,084	$150,785								$342,869
NAT'L CITY MTG	$0	$0	$126,200	$63,050	$81,200								$270,450
WELLS FARGO	$0	$0	$0	$0	$187,200								$187,200
NAT'L BNK MIDDLE	$0	$0	$0	$72,000	$52,250								$124,250
FIRST BRANDON	$0	$0	$0	$0	$0								$0
TOTAL	$7,388,519	$6,443,539	$7,058,534	$5,794,562	$6,554,627	$0	$0	$0	$0	$0	$0	$0	$33,239,781

VHFA Production Report (Number of loans) FY2001

July 1, 2000 - June 30, 2001

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD TOTAL
CHITTENDEN	27	13	27	11	20								98
NEFCU	6	1	9	8	2								26
BANKNORTH	3	4	7	4	5								23
SUMMIT	5	7	4	2	4								22
VDCU	3	0	5	4	8								20
UNIVERSAL	1	12	4	2	1								20
NORTHFIELD	3	1	4	6	5								19
CHARTER ONE	2	8	0	6	3								19
VHFA (RD)	7	3	4	2	1								17
VT STATE ECU	2	8	0	4	2								16
GMAC	6	4	3	1	2								16
UNION	2	5	1	5	2								15
CTX	2	2	4	4	2								14
COMMUNITY	3	0	7	1	3								14
CITIMORTGAGE, INC	6	0	2	2	1								11
BNK OF BENN	4	0	0	5	1								10
LYNDONVILLE	4	0	2	1	2								9
KITTREDGE	3	3	1	1	1								9
HERITAGE FCU	1	3	0	1	3								8
FACTORY	3	3	1	1	0								8
CITIZENS	1	1	3	0	3								8
NCFCU	2	2	0	0	3								7
BRATTLEBORO	1	2	1	0	3								7
PASSUMPSIC	1	0	1	1	3								6
MTG FINANCIAL SRV	1	3	1	1	0								6
MASCOMA	0	2	3	0	1								6
WELLS RIVER	1	2	0	1	1								5
PEOPLES TRUST	1	0	0	3	1								5
NAT'L CITY MTG	0	0	2	1	1								4
CT RIVER	0	0	1	1	2								4
WELLS FARGO	0	0	0	0	2								2
NAT'L BNK MIDDLE	0	0	0	1	1								2
FIRST BRANDON	0	0	0	0	0								0
TOTAL	101	89	97	80	89	0	0	0	0	0	0	0	456

HOMEOWNERSHIP PROGRAMS - SERVICING ACTIVITY REPORT

Activity for the month of October 2000

COLLECTIONS

Total 90+ accounts for current month	44

FORECLOSURES

Foreclosure accounts from previous month	58
Plus new foreclosure accounts	7
To REO	2
Successful interventions	2
Total Foreclosure accounts for current month	61 (includes 13 loans in Chapter 13)

REAL ESTATE OWNED

REOs from previous month	22
Plus new REOs	4
Less property sold	4
Less reinstatement	0
REOs for current month	22

HOMEOWNERSHIP DELINQUENCY REPORT
AS OF: October 31, 2000

	Jun-00	Jul	Aug	Sep	Oct	Nov	Dec	Jan-01	Feb	Mar	Apr	May	Jun	YTD Average
Total Portfolio #	**6338**	**6382**	**6429**	**6464**	**6483**									**6419**
Total Portfolio $	**$364.1**	**$367.9**	**$371.2**	**$375.2**	**$377.3**									**$371.1**

NUMBER OF DELINQUENT LOANS

	Jun-00	Jul	Aug	Sep	Oct	Nov	Dec	Jan-01	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	259	254	263	280	264									264
60 Days	64	56	72	65	61									64
90 Days	52	53	47	49	44									49
Foreclosure	54	55	56	58	61									57
Total Delq 00-01	429	418	438	452	430									432
Total Delq 99-00	489	500	485	481	509	512	512	535	518	403	485	455	429	486

PERCENT BY NUMBER OF DELINQUENT LOANS

	Jun-00	Jul	Aug	Sep	Oct	Nov	Dec	Jan-01	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	4.09%	3.98%	4.09%	4.32%	4.07%									4.11%
60 Days	1.01%	0.88%	1.12%	1.01%	0.94%									0.99%
90 Days	0.82%	0.83%	0.73%	0.76%	0.68%									0.76%
Foreclosure	0.85%	0.86%	0.87%	0.90%	0.94%									0.88%
Total Delq 00-01	6.77%	6.55%	6.81%	6.99%	6.63%									6.75%
Total Delq 99-00	8.26%	8.45%	8.18%	8.11%	8.42%	8.33%	8.27%	8.57%	8.23%	6.43%	7.72%	7.23%	6.77%	7.92%

DOLLAR AMOUNT OF DELINQUENT LOANS

	Jun-00	Jul	Aug	Sep	Oct	Nov	Dec	Jan-01	Feb	Mar	Apr	May	Jun	YTD Average
30 Days	$14.5	$14.2	$14.8	$15.4	$14.8									$14.7
60 Days	$3.5	$2.8	$3.9	$3.7	$3.5									$3.5
90+ Days	$6.1	$6.3	$6.0	$6.2	$5.9									$6.1
Total Delq 00-01	$24.1	$23.3	$24.7	$25.3	$24.2									[illegible]
Total Delq 99-00	**$26.9**	**$27.6**	**$27.1**	**$27.0**	**$28.3**	**$28.9**	**$28.7**	**$30.5**	**$28.8**	**$22.5**	**$26.6**	**$25.3**	**$24.1**	**$28.2**

VERMONT HOUSING FINANCE AGENCY
HOMEOWNERSHIP PROGRAM MONTHLY DELINQUENCY REPORT
October 31, 2000

Lenders	Total Loans	30 Days		60 Days		90+ Days		In Foreclosure		Total Delinquent		Real Estate Owned	
Mortgage Service Ctr. of NE	72	5	6.94%	1	1.39%	4	5.56%	0	0.00%	10	13.89%	1	1.39%
Factory Point Nat. Bank	43	5	11.63%	0	0.00%	0	0.00%	0	0.00%	5	11.63%	0	0.00%
Connecticut River Bank	9	1	11.11%	0	0.00%	0	0.00%	0	0.00%	1	11.11%	0	0.00%
Charter One	369	16	4.34%	4	1.08%	4	1.08%	10	2.71%	34	9.21%	1	0.27%
Graystone Mortgage Company	1311	67	5.11%	14	1.07%	16	1.22%	13	0.99%	110	8.39%	4	0.31%
Northfield Savings Bank	172	9	5.23%	4	2.33%	0	0.00%	1	0.58%	14	8.14%	0	0.00%
Peoples Trust Co.	80	5	6.25%	0	0.00%	1	1.25%	0	0.00%	6	7.50%	0	0.00%
Community National Bank	334	15	4.49%	5	1.50%	4	1.20%	1	0.30%	25	7.49%	0	0.00%
Merchants Bank	179	12	6.70%	0	0.00%	0	0.00%	1	0.56%	13	7.26%	0	0.00%
Vermont Development CU	144	6	4.17%	1	0.69%	2	1.39%	0	0.00%	9	6.25%	1	0.69%
Union Bank	212	9	4.25%	1	0.47%	2	0.94%	1	0.47%	13	6.13%	0	0.00%
Chittenden Bank	2781	101	3.63%	27	0.97%	9	0.32%	32	1.15%	169	6.08%	14	0.50%
Brattleboro Savings & Loan	51	3	5.88%	0	0.00%	0	0.00%	0	0.00%	3	5.88%	0	0.00%
Bank of Bennington	79	1	1.27%	2	2.53%	1	1.27%	0	0.00%	4	5.06%	0	0.00%
GMAC Mortgage	40	2	5.00%	0	0.00%	0	0.00%	0	0.00%	2	5.00%	0	0.00%
Passumpsic Savings Bank	156	5	3.21%	0	0.00%	1	0.64%	1	0.64%	7	4.49%	1	0.64%
Citizens Savings Bank	123	2	1.63%	1	0.81%	0	0.00%	0	0.00%	3	2.44%	0	0.00%
Lyndonville Savings Bank	83	0	0.00%	1	1.20%	0	0.00%	0	0.00%	1	1.20%	0	0.00%
New England Federal CU	125	0	0.00%	0	0.00%	0	0.00%	1	0.80%	1	0.80%	0	0.00%
Wells River Savings Bank	35	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
First Brandon Nat. Bank	13	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%
Heritage Family Credit Union	31	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mascoma Savings Bank	11	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Randolph National Bank	25	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Totals	**6483**	**264**	**4.07%**	**61**	**0.94%**	**44**	**0.68%**	**61**	**0.94%**	**430**	**6.63%**	**22**	**0.34%**
Totals Previous Month	6464	280	4.33%	65	1.01%	49	0.76%	58	0.90%	452	6.99%	22	0.34%
Totals Same Mo. Last Yr.	6042	290	4.80%	72	1.19%	88	1.46%	59	0.98%	509	8.42%	37	0.61%

VERMONT HOUSING FINANCE AGENCY
HOMEOWNERSHIP PROGRAM DELINQUENCY STATISTICAL REPORT BY LENDER

Lenders	Oct 1999	Nov 1999	Dec 1999	Jan 2000	Feb 2000	Mar 2000	Apr 2000	May 2000	June 2000	July 2000	Aug 2000	Sept 2000	Oct 2000
Bank of Bennington	2.99%	2.94%	2.86%	2.86%	8.57%	7.04%	4.29%	4.29%	5.71%	4.05%	4.05%	4.05%	5.06%
Brattleboro Savings & Loan	5.56%	5.26%	4.88%	4.65%	4.65%	4.65%	4.65%	4.44%	2.13%	4.17%	6.00%	3.92%	5.88%
Charter One	10.96%	10.16%	9.21%	10.30%	9.78%	7.90%	10.68%	11.02%	9.86%	10.38%	11.99%	11.02%	9.21%
Chittenden Bank	8.83%	7.88%	6.69%	7.20%	7.75%	6.88%	7.55%	6.96%	6.31%	6.32%	6.62%	6.96%	6.08%
Citizens Savings Bank	7.50%	5.04%	4.96%	7.44%	7.38%	5.74%	3.28%	4.07%	2.46%	3.28%	4.07%	3.25%	2.44%
Community National Bank	7.03%	6.19%	6.44%	8.18%	7.32%	5.78%	6.63%	6.31%	6.33%	6.33%	7.55%	8.06%	7.49%
Connecticut River 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%	11.11%
Factory Point Nat. Bank	12.90%	12.50%	12.12%	8.57%	2.94%	11.76%	11.43%	0.00%	5.71%	7.89%	12.20%	7.14%	11.63%
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%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
GMAC Mortgage	0.00%	8.33%	8.33%	8.33%	0.00%	5.88%	9.52%	9.29%	0.00%	3.03%	2.70%	0.00%	0.00%
Graystone Mortgage Company	13.07%	11.86%	12.73%	10.42%	10.80%	6.35%	9.60%	9.09%	8.21%	8.01%	7.49%	8.67%	8.39%
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%
Lyndonville Savings Bank	4.29%	4.11%	6.76%	6.58%	3.95%	3.90%	6.49%	5.33%	3.95%	3.75%	2.50%	2.44%	1.20%
Mascoma Savings Bank	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	20.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Merchants Bank	8.74%	6.37%	4.48%	4.98%	4.48%	3.55%	6.19%	6.19%	7.85%	5.88%	8.11%	3.85%	7.26%
Mortgage Service Ctr. of NE	13.92%	14.10%	14.10%	19.23%	17.95%	14.29%	18.18%	22.08%	22.37%	18.42%	18.67%	17.81%	13.89%
New England Federal CU	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.88%	0.92%	0.91%	0.85%	0.80%
Northfield Savings Bank	4.90%	4.76%	6.67%	5.84%	5.19%	3.87%	4.55%	3.23%	6.21%	7.32%	4.85%	5.95%	8.14%
Passumpsic Savings Bank	7.10%	6.88%	9.26%	6.83%	8.64%	5.56%	7.50%	7.55%	4.46%	4.46%	5.13%	4.52%	4.49%
Peoples Trust Co.	8.86%	6.49%	6.58%	6.58%	7.89%	7.89%	9.21%	6.58%	5.13%	5.06%	3.80%	6.33%	7.50%
Randolph National Bank	7.41%	7.41%	7.41%	7.41%	3.70%	3.70%	7.69%	7.69%	11.54%	4.00%	4.00%	0.00%	0.00%
Union Bank	6.59%	6.28%	7.25%	5.70%	4.57%	5.08%	5.08%	4.55%	5.45%	4.43%	5.29%	5.26%	6.13%
Vermont Development CU	8.74%	8.11%	6.96%	8.06%	7.81%	6.30%	6.98%	6.25%	7.46%	4.38%	5.15%	5.71%	6.25%
Wells River Savings Bank	3.23%	3.13%	0.00%	0.00%	0.00%	0.00%	3.03%	3.03%	3.13%	0.00%	0.00%	2.94%	0.00%

REO INVENTORY REPORT
As of October 31, 2000

Mortgagor	REO Date	City	Princ. Bal.	Interest	Expenses	Receipts (1)	Total Cost Basis	Valuation Allowance as of 6/30/00	List Amount (2)	Current Appraisal	Date Last Appraised	Original Appraisal	Loan Date	Prop Type	Comments
Bushey	1/19/98	Fairfield	$ 57,867	$ 5,686	$ 26,788	$ 17,360	$ 72,980	$ 18,978	$ 60,000	$ 60,000	10/4/00	$ 62,000	9/20/95	MH	Title Issues Resolved; Listed for $60,000
Langevin	10/12/99	Williamstown	$ 58,913	$ 9,218	$ 23,207	$ 81,156	$ 10,182	$ 1,115	$ 66,000	$ 65,000	8/24/00	$ 69,500	9/21/89	SF	Sold November 3, 2000
Johnson	11/4/99	Wells	$ 49,792	$ 5,988	$ 10,479	$ 33,639	$ 32,620	$ 27,026	$ -	$ 40,000	12/6/99	$ 52,000	10/18/91	MH	Sold November 27, 2000
Simonds	12/6/99	Lunenburg	$ 56,945	$ 4,520	$ 12,798	$ 50,300	$ 23,963	$ 8,860	$ -	$ 54,000	10/14/99	$ 75,000	10/5/90	MH	Sold November 29, 2000
Lamoureux	3/6/00	Shoreham	$ 71,412	$ 10,269	$ 16,059	$ 15,898	$ 81,842	$ 18,294	$ 63,000	$ 60,000	4/13/00	$ 80,000	4/22/92	SF	Under deposit $63,000
Acheson	5/2/00	Brattleboro	$ 81,075	$ 9,087	$ 13,848	$ 18,500	$ 85,510	$ 6,920	$ 72,000	$ 86,000	2/4/00	$ 93,000	6/6/91	2FD	Under deposit $72,000
St. Peter	6/9/00	Starksboro	$ 20,527	$ 1,083	$ 6,354	$ 2,463	$ 25,501	$ -	$ 10,000	$ 10,000	8/29/00	$ 26,000	10/24/98	MH	Price reduced from $17,500 to $10,000
Pignone	7/12/00	Barre Town	$ 35,053	$ 3,323	$ 23,697	$ 9,570	$ 52,503	$ -	$ 46,000	$ 46,000	6/20/00	$ 43,000	5/11/90	SF	VHFA will purchase lot from CVCLT
Coletti	7/14/00	Barre City	$ 50,132	$ 9,639	$ 8,254	$ 21,414	$ 46,611	$ -	$ 55,000	$ 65,000	8/24/00	$ 58,000	9/15/94	SF	Price reduced from $65,000 to $55,000
Pariseau	7/17/00	Brandon	$ 51,764	$ 6,262	$ 9,218	$ 11,383	$ 55,861	$ -	$ 28,500	$ 20,000	10/20/99	$ 61,000	6/16/94	SF	Under deposit $28,500
Torrey	7/28/00	Brandon	$ 69,227	$ 5,462	$ 9,989	$ 61,669	$ 23,009	$ -	$ -	$ 57,000	7/27/00	$ 75,500	8/1/90	SF	Sold 11/9/2000
Fogarty	8/15/00	Rutland City	$ 50,138	$ 4,895	$ 8,956	$ 15,041	$ 48,948	$ -	$ 39,500	$ 30,000	10/9/00	$ 59,000	10/30/95	2FD	Offer pending; will reduce price if not sold by 12/30
Linton	8/16/00	Brattleboro	$ 69,817	$ 12,414	$ 27,079	$ 15,912	$ 93,398	$ -	$ 64,000	$ 66,000	2/17/00	$ 82,000	8/4/90	SF	Under deposit $64,000
Roberts, D	8/24/00	Newbury	$ 54,865	$ 2,991	$ 7,246	$ 14,038	$ 51,064	$ -	$ 47,000	$ 57,000	3/15/00	$ 57,000	4/5/99	SF	Reduced from $57,000 to $47,000
DePietro, P	9/1/00	Mt. Holly	$ 68,921	$ 8,356	$ 9,940	$ 72,476	$ 14,741	$ -	$ -	$ 58,500	7/5/00	$ 75,000	12/15/95	SF	Sold 11/3/2000
McGraw, B	9/2/00	Fairhaven	$ 43,099	$ 4,390	$ 4,332	$ 26,821	$ 25,000	$ -	$ 27,000	$ 27,500	9/12/00	$ 44,000	3/21/97	SF	Under deposit $27,000
Clark, S	9/18/00	Clarendon	$ 34,050	$ 5,205	$ 3,828	$ 8,758	$ 34,325	$ -	$ 24,500	$ 20,000	10/12/00	$ 40,000	5/26/89	MH	A lot of interest as an improved lot; offers pending
Mulholland, J	9/22/00	Huntington	$ 61,237	$ 6,160	$ 11,090	$ 85,860	$ (7,373)	$ -	$ -	$ 68,000	9/8/00	$ 65,000	6/4/98	MH	Sold 11/22/2000
Spafford, K	9/25/00	Springfield	$ 79,651	$ 6,481	$ 9,115	$ 3,602	$ 91,645		$ 85,000	$ 80,000	6/23/00	$ 91,000	8/2/95	SF	Offer pending.
Park, A	10/13/00	Stannard	$ 42,805	$ 6,222	$ 9,036	$ -	$ 58,063	$ -	$ 69,900	$ 72,000	10/18/00	$ 47,000	5/25/94	SF	Reduced from $74,000 to $69,900
Cote, Lisa	10/17/00	Berlin	$ 85,529	$ 4,552	$ 5,066	$ 3,147	$ 92,000	$ -	$ 92,000	$ 85,000	10/19/00	$ 86,000	4/19/99	SF	Under Deposit $92,000
22			$ 1,192,818	$ 132,203	$ 256,379	$ 569,007	$ 1,012,393	$ 81,193	$ 849,400	$ 1,127,000		$ 1,341,000			

REOS that are under deposit

(1) Receipts column represents actual and projected mortgage insurance claim payments

(2) If Property is under deposit the List Price is the actual sale price.

vhfa

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: David Adams, Chief of Program Operations

DATE: December 7, 2000

RE: Merchants Bank

VHFA has finalized contract negotiations to purchase the VHFA servicing portfolio from the Merchants Bank. The actual transfer dates are still pending but we are targeting mid-January with a February fallback. Below is a summary of the acquisition cost and income benefits to VHFA. The Merchants Bank loans closely resemble those we purchased from Banknorth, with the exception of a slightly higher weighted average rate. The higher rate results in a slightly lower price of .65% versus .75 paid to Banknorth. The Banknorth portfolio is performing in line with our original projections. We are providing this to keep you informed but no Board action is required.

Merchants Bank Portfolio Statistics:

Total Principal Balances as of 11-30-00		$	8,532,566
Number of loans:		$	182
Weighted Average Interest Rate			8.395%
Weighted Average Remaining Term/Mos.			250
Weighted Average Principal Balance		$	46,900

Cost/Benefit Summary

Purchase price (65bpts) paid for servicing	0.65%		55,462
NAMEX (Consulting Fees - Portfolio Evaluation/Pricing			1,250
First American Tax Service Transfer Fees $5.00/loan		$	910
Total Acquisition Cost:		**$**	**57,622**
Current Service Fees Paid to Merchants Bank that will become income to VHFA: (.379%/yr)	0.379%	$	32,338
Cost of Servicing to Graystone: $9.00/loan/month	$ 9.00	$	19,656
Net Income to VHFA from Servicing Acquisition		**$**	**12,682**
Years to cover cost of acquisition with no prepayments			**4.54**
Years to cover cost of acquisition assuming 11% prepays			**5.50**

mailing address P.O. Box 408, Burlington, VT 05402-0408 delivery address 164 Saint Paul St., Burlington, VT 05401-4364
phone (802) 864-5743 fax (802) 864-5746 www.vhfa.org

EQUAL HOUSING OPPORTUNITY

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter

DATE: December 8, 2000

RE: **EXECUTIVE DIRECTOR'S REPORT**

ADMINISTRATION

The annual staff retreat was held at Shelburne Farms on November 3rd. Paula Cope did a great job introducing staff to a life orientation system known as LIFO. We identified our various styles and discussed how to use this information to improve communications among staff.

Due to the good work of Kari Caragher and Ruth Kendrick, the Agency held its first Health Awareness Day on November 16th. The VNA was here to check cholesterol, blood pressure and discuss cardiovascular risks. We also had demonstrations in yoga, karate, self-awareness and aromatherapy. The day was a great success and we look forward to this becoming an annual event.

The pointing project and replacement of the windowsills is complete. Loren Hogaboom did an outstanding job and actually completed the pointing a week early! The roof is the last item to be replaced and we are slated for this to start on December 18th.

Once again the United Way Campaign was a huge success. Polly Thibault and Vernonica Devos did another outstanding job in running this year's campaign. Through various fundraisers over the past 6 months, $2,658 dollars were raised. These funds, in addition to the $5,504 in staff contributions, resulted in an Agency total of $8,162.

Elizabeth Mullikin Drake has joined us in a part time advisory position for next three to six months to work on some special projects and help review the legal needs of the agency. Currently she is reviewing our statutes and rules, as well as our multifamily loan process. Our intent is to better systematize and streamline what we are doing in loan approval and closing, as well as the bond process. Her initial read is that we can accomplish this within our existing statutes and hopefully within our rules. If we look forward to possible broader projects (i.e. mixed use, commercial, homeownership, rental) we may need to clarify our rules as to how restrictive we are per project related to low and moderate income occupancy. Other projects Elizabeth will be working on include a review and process for REO legal services, and documentation of internal and board policies.

mailing address P.O. Box 408, Burlington, VT 05402-0408 **delivery address** 164 Saint Paul St., Burlington, VT 05401-4364
phone (802) 864-5743 **fax** (802) 864-5746 **www.vhfa.org**

PUBLIC AFFAIRS & PLANNING

As you all know, the 2000 Affordable Housing Conference was a huge success. The feedback during and after the conference has been extremely positive and energized. Cathleen Gent did a great job working with the planning committee to identify issues and appropriate speakers to address these issues. The whole Administration division jumped in to provide Cathleen the support she needed to ensure a successful conference.

MULTIFAMILY

Multifamily staff and members of senior staff participated in Vermont Housing Managers' 19th Annual Conference in late October. I was quite honored (and surprised) to receive their annual award. This meeting attracted 120 owner and management company representatives and addressed a wide range of housing issues. There is a strong desire to facilitate a tri-state conference next year working with the New Hampshire and Maine organizations. Multifamily staff also attended the 11th New England HFA Management conference where management staff from all six New England states came together to discuss common issues, share ideas, develop regional statistics and solutions to shared problems.

Several preservation transactions have progressed and two have closed placing 31 units into nonprofit ownership with perpetual affordability provisions. Additional transactions are in the pipeline, including some under a P & S Agreement to the owners.

The extensive mold problems at Canterbury South in St. Johnsbury are being addressed and residents have been successfully relocated. Major repairs and replacements will be costly and Phase I activity is expected to be in the $500,000 range. We will condition the advance of 0% funds needed to complete some of this work in a Preservation Agreement that encompasses all 28 units at this property.

The Castleton, Parsons Hill litigation related to contaminated water appears to be heating up again. Attorneys representing all parties have begun taking depositions in preparation for a court case. In a related matter, the insurance company representing the project is again seeking a declaratory judgement in an attempt avoid liability and exposure to pending law suits under the pollution exclusion provision of their policy with Parsons Hill. A hearing is scheduled for December 28th in Washington County Superior Count on this action.

Staff has also spent considerable time in reviewing serious financial and physical problems at Templeton Court in White River Junction. These 36 family units, which were acquired in 1991 by VSHA, have been faced with some of the most difficult social and physical challenges we have ever experienced in the multifamily portfolio. We have had several meetings with VSHA and other agencies to discuss various options and will be meeting again on Dec.14th.

We will discuss the information we have in more detail at the Board meeting.

HOMEOWNERSHIP

The Homeownership Department continues to be very busy. Although loan activity has slowed, staff now has more time to do Mitas Windows conversion testing and complete plans for the Home

Buyer Fair. A total of 38 out of 42 booths are committed or reserved. So far we have 5 new vendors and are planning on a full house. Staff has also had the opportunity to work on getting procedural guides on disk in a PDF format so that lenders can print forms instead of having to deal with camera-ready copies. On the Servicing side, we are in the process of interviewing for an administrative position to assist Carolynn Mossey and Polly Thibault.

DEVELOPMENT

At this point we assume that Congress will not pass a tax bill and we will not receive increase in tax credits or bond cap. This of course puts a real strain on resources. It is forcing projects to develop much complicated loan structures to maximize the 4% out of cap credit and bond financing. The workload related to loan closings, tax credit compliance, and the data base conversion process has increased such that we will be adding another Multifamily Operations Specialist. The Tax Credit Committee will be meeting on Dec.14th to review changes to the allocation plan related to new recommended practices for compliance. They will also discuss the allocation process for 2001. We will update you at the Board meeting.

FINANCE

At the end of October, Roger, Dave and I met with officials at National Life to pursue their direct investment in VHFA bonds. They were very cordial, but I don't think that it will be very fruitful. In November, Dave and I met with HUD to explore application for the HUD Risk Share program, as well as delegated underwriting for their multifamily loan programs. The risk share program would allow us to receive AA bond insurance at a very reasonable rate. This could open up some options for direct placement of bonds. We had been waiting for the issuance of our internal credit rating (ICR) from Moody's, that we now officially have. We do expect to apply to HUD for risk share authority, although the application is a little daunting.

On the afternoon of Dec. 8th there will be a conference call with the other State bond issuers (VSAC, VEDA, the Municipal Bond Bank). Based on this years production activity ($62 -65 million homeownership and $15 -17 million multi family) we may need over $80 million in bond authority. We have no carry over in the single-family program and we are still reviewing were we will be at year-end based on the multifamily loan commitments made to date. A few big projects like Westgate and Marketplace, which were projected to close this year, will not close until early 2001. None of our bond projections have factored in a large project like the Winooski redevelopment.

OTHER

December 10 – 12, I will be at the NCSHA Executive Directors meeting in New York City. I look forward to seeing you all on the 15th and hope you can join staff for their holiday lunch.

vhfa

Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Patricia M. Loller, Director of Administration PML

DATE: December 8, 2000

RE: Employee Handbook Changes for Approval

Attached are four Employee Handbook policies for review and approval by the Board.

- Performance Evaluation
- Group Health Insurance
- Combined Time Off (CTO)
- Business Travel Expenses

These policies have been reviewed and approved by Heather Briggs, HR legal counsel and the Board HR Committee.

Please give me a call with any questions, 652-3425.

Board Action Required:
Approval of the above mentioned policies.

GROUP HEALTH INSURANCE

All regular VHFA employees who regularly work at least 20 hours per week are eligible for a partially 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. Necessary application forms will be furnished to you during employee orientation by human resources. 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.

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.

Approved by legal 10/18/00

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 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. Managers are encouraged to meet regularly with staff 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. Formal performance evaluations are scheduled to occur annually.

Approved by legal 10/18/00

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 when incurring per diem meal (tax and tip inclusive) expenses:

$50.00 per day
$35.00 per ½ day

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 ten (10) 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.

BUSINESS TRAVEL EXPENSES FOR NON-EXEMPT EMPLOYEES

Travel Hours

All non-exempt employees will be compensated for their entire travel time, no matter how long it is, 7 days a week.

Approved by legal 10/18/00

Work Hours (Monday through Friday)
All non-exempt employees will be compensated for a minimum of your normal scheduled hours worked, plus any hours worked over and above your normally scheduled hours. If you are normally scheduled for 7.5 hours per day and work only 7, you will be paid the 7.5 hours.

Work Hours (Saturday and Sunday)
All non-exempt employees will be compensated for hours worked. If you work 4 hours on a Sunday, you will be paid the 4 hours.

Approved by legal 10/18/00

COMBINED TIME OFF (CTO)

VHFA realizes that an important component of an enjoyable workplace environment is occasional time off for rest and relaxation.

All regular full-time and part-time employees are eligible to earn combined time off (CTO). CTO is paid time off that can be used for vacation, sick and personal time. Combined time is accrued monthly, based on an employee's length of service.

Beginning with the first full month after hire, a full-time regular employee will begin to accrue 1.5 days of CTO per month (resulting in 18 total days during their first year of service) during all months actually worked and during any period covered by Family Medical Leave. For each year of service thereafter, an employee will earn one additional day of CTO, up to a maximum of 28 days after 10 years. For regular employees working less than 37.5 hours, their accrual will be pro-rated according to their total hours worked.

The employee's supervisor must approve all <u>planned</u> time off in advance. In order to provide for minimal disruption of VHFA workflow, employees should not expect CTO to exceed more than two weeks in succession, but from time to time exceptions may be made at the discretion of your department director.

Below is a schedule of CTO allowance for regular full-time employees.

Years of Service	Days allotted per year
1	18
2	19
3	20
4	21
5	22
6	23
7	24
8	25
9	26
10	27
Over 10	28

Time taken may be deducted in half-hour increments.

CARRY FORWARD

On December 31st of each year, employees may carry forward up to, but no more than, their total CTO accrual for that year. For example, if an employee has been employed at VHFA for 2 years, they may carry forward up to 19 days of CTO.

TERMINATION OF EMPLOYMENT

Upon termination of employment, all remaining CTO accrued to the date of termination will be paid on the next regular pay date.

Approved by Legal 10/25/00

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT RE: CONSTRUCTION FINANCING FOR MAPLE TREE PLACE, WILLISTON

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, a proposal has been presented to the Agency by Housing Vermont on behalf of a to-be-formed limited partnership involving the new construction of 50 units of rental housing in the Town of Williston (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to the issuance and sale of tax-exempt bonds of not more than $5,500,000 aggregate principal amount (the "Bonds") to finance a loan to the Housing Vermont or a partnership that includes a subsidiary of Housing Vermont as a general partner (the "Borrower") to construct a 50 unit rental housing development (the "Project") in Williston, Vermont that will qualify for federal low-income housing tax credits;

WHEREAS, the proposal contemplates a first mortgage loan in an amount of up to $3,800,000 for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds and one or more long-term loans in an amount of up to $1,700,000, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

WHEREAS, the limited partnership is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible;

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joseph Erdelyi, dated November 22, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The construction costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such

persons and families.

4. The housing sponsor undertaking the Development will increase the supply of well-planned, well-designed permanent, temporary, transitional or emergency housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The sponsor and its general partner are financially responsible and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to Housing Vermont or a to-be-formed partnership including a subsidiary of Housing Vermont as a general partner for construction financing in an amount not to exceed $3,500,000; the term of the construction loan will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds and one or more long-term loans in an amount of up to $1,700,000, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds;

1. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsor must provide an as-built appraisal satisfactory to VHFA;

   b) Sponsor must provide evidence of necessary permits;

   c) Sponsor must provide final plans and specifications for VHFA review and approval at least 3 weeks prior to VHFA loan closing;

   d) Sponsor must provide a written property tax estimate from the Town of Williston; and

   e) Sponsor must provide additional security satisfactory to VHFA.

3. The issuance of the Bonds for the purpose of financing a loan to the Borrower to allow the Borrower to acquire and construct the Project is hereby preliminarily

approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in her/his discretion, issue a Commitment Letter for a construction loan for the Development in an amount not to exceed $3,500,000 and a long-term loan in an amount not to exceed $1,700,000.

6. The construction loan shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. One long-term loan shall be due and payable not more than 30 years from the date the loan is made; shall be fully amortized over the period of the loan, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The other long-term loan shall be due and payable not more than 10 years from the date the loan is made, shall be fully amortized over the period of the loan, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds for all loans shall be tax-exempt bond proceeds. The Sponsor shall be responsible for loan fees and transaction costs. The Commitment Letter may be issued to Housing Vermont as a representative of the to-be-formed limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director, Chief of Program Operations and the Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held by conference call at Burlington, Vermont, on November 28, 2000.

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION PERTAINING TO COMBINED LETTER OF INTEREST AND COMMITMENT LETTER RE: PERMANENT FINANCING FOR BROOKSIDE MOBILE HOME PARK (STARKSBORO)

WHEREAS, a proposal has been presented to the Agency by Addison County Community Trust ("ACCT"), involving the acquisition and rehabilitation of Brookside Mobile Home Park, a mobile home park containing 48 pads located in Starksboro (the "Development"); and

WHEREAS, the proposal contemplates a term mortgage loan of $845,000 with an amortization period of 30 years and term of 30 years, with the interest rate to be determined by the Agency depending on the source of funds; and

WHEREAS, Addison County Community Trust is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible;

WHEREAS, the Board of Commissioners has been presented with a memorandum from David Adams, Chief of Program Operations, dated November 22, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The acquisition and rehabilitation costs to be incurred by the housing sponsor are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing sponsor undertaking the Development will maintain the supply of well-planned, well-designed permanent, temporary, transitional or emergency housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the Agency's loan after the rehabilitation.

6. The sponsor is a financially responsible organization and qualifies as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director is authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making a first mortgage loan to the Addison County Community Trust for the acquisition and rehabilitation of Brookside Mobile Home Park in Starksboro in an amount not to exceed $845,000, with the following conditions:

    a. ACCT to provide VHFA with original appraisal report as provided by Keller Navin & O'Brien, Inc, dated May 2, 2000 along with any original updates to the appraisal report.

    b. Receipt and review of a Level I Environmental Site Assessment indicating no evidence of hazardous materials or practices that have, or could have, an adverse affect on the park. Level II Site Assessment and mitigation if initial site assessment warrants

    c. ACCT or its attorney to provide evidence or certification that ACCT is a 501(c)(3) organization and that the acquisition and operation of the mobile home park will not create unrelated business taxable income to ACCT or jeopardize ACCT's status as a qualified 501(c)(3) organization. Loan proceeds must be used for the acquisition and improvement in the park and may not be used for working capital.

    d. VHFA to receive, review and approve an updated schedule of "Sources and Uses" of funds, Cash Flow Schedules, along with a construction schedule and cost breakdown for improvement planned to the park. Cash flow projections must support a debt service ratio of not less than 103%, at anytime during the life of the loan, and must achieve a minimum DCR of 115% within the first ten years.

    e. VHFA shall specifically require receipt of approval by the Agency of Natural Resources, Water Supply Division of the Source Protection Plan, dated October 25th, 2000 as prepared by Bannister Research and Consulting. VHFA will require compliance with any of the conditions of this approval and must approve any changes to the proposed project and project financials that may result from this approval.

    f. Receipt, review and approval of construction plan and cost estimate for work proposed for replacement of park electrical infrastructure.

    g. Receipt, review and approval or cost estimate and scope of work to be done by WC Paving Company for road repairs.

    h. Receipt, review and approval or cost estimate and scope of work to be done to Water System.

i. The Agency's funding is subject to receipt of funding as proposed from VHCB and VCLF. Any changes to the amounts, terms or conditions of any of the funding sources are subject to approval by VHFA.

2. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing sponsor in support of applications for operating subsidies, mortgage insurance, construction financing, or for other purposes with the consent of the Agency.

3. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director may, in her discretion, issue a Commitment Letter for a long-term loan for the acquisition and rehabilitation of the Development, in an amount not to exceed $845,000.

4. The long-term loan shall be due and payable not more than 30 years from the date the loan is made; the interest rate on the long-term loan shall not exceed 150 basis points above the Agency's cost of funds. The Sponsor shall be responsible for loan fees and the cost of appraisal, engineering studies and reports, environmental assessments and legal services. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

5. The Executive Director and the Chief of Program Operations are hereby authorized to take all necessary steps and execute any and all documents required to effectuate this loan.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held by conference cal at Burlington, Vermont, on November 28, 2000.

Sarah E. Carpenter

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION PERTAINING TO A LETTER OF INTEREST AND COMMITMENT LETTER RE: CONSTRUCTION AND PERMANENT FINANCING FOR MARKETPLACE DEVELOPMENT, SOUTH BURLINGTON

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow monies and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, a proposal has been presented to the Agency by Housing Vermont and Lake Champlain Housing Development Corporation (the "Sponsors"), involving the new construction of four buildings containing 160 units of rental housing in the City of South Burlington (the "Development"); and

WHEREAS, the Agency desires to take "official action" for the purpose of, and to reimburse itself for any advances of its funds prior to, the issuance and sale of tax-exempt bonds of not more than $6,900,000 aggregate principal amount (the "Bonds") to finance a loan to a limited partnership to be created by Housing Vermont and Lake Champlain Housing Development Corporation (the "Borrower") to construct 120 units of rental housing in three buildings located at 65 Farrell Street (the "Development") in South Burlington, Vermont that will qualify for federal low-income housing tax credits; and

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $6,700,000 from the proceeds of tax-exempt bonds for construction financing, with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency's cost of funds; and

WHEREAS, the proposal contemplates first mortgage loans in the amount of up to $3,600,000 as long-term financing for 120 units in three buildings in the Marketplace project, from the proceeds of tax-exempt bonds, and with the interest rate to be determined by the Agency depending on the source of funds, and the loan shall have an interest rate of not more than 150 basis points above the Agency's cost of funds; and

WHEREAS, the proposal contemplates a first mortgage loan in the amount of up to $3,552,000 from the proceeds of taxable bonds for construction financing for one 40 unit building in the Marketplace project, with the interest rate to be determined by the Agency depending on the source of funds; and

WHEREAS, the proposal contemplates first mortgage loans in the amount of up to $1,100,000 as long-term financing for one 40 unit building in the Marketplace project, from the proceeds of taxable bonds, and with the interest rate to be determined by the Agency depending on the source of funds; and

WHEREAS, the Borrower is expected to qualify as a housing sponsor within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

WHEREAS, the Agency has determined that the Development will assist in fulfilling the purposes of the Act and is financially feasible; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid, dated November 22, 2000, containing information and recommendations about the Development (the "Memorandum");

It is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income.

2. The acquisition and construction costs to be incurred by the housing Sponsors are for housing development costs within the meaning of the Act.

3. There exists, or without the proposed residential housing there will exist, a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low and moderate income are able to afford within the general housing market area of the Development, and private enterprise and investment are unable, without assistance, to provide an adequate supply of the residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families.

4. The housing Sponsors undertaking the Development will increase the supply of well-planned, well-designed permanent, temporary, transitional or emergency housing for persons and families of low and moderate income.

5. The security value of the Development will equal at least the amount of the Agency's loan.

6. The Sponsors are financially responsible organizations and the proposed ownership entity is expected to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director and the Chief of Program Operations are authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making mortgage loans to a limited partnership to be created by Housing Vermont and Lake Champlain Housing Development Corporation for construction financing in an amount not to exceed $10,252,000 (consisting of a tax exempt loan of up to $6,700,000 and a taxable loan of up to $3,552,000); the term of the construction loans will be not more than 18 months, and the interest rate not more than 150 basis points above the Agency's cost of funds. The Executive Director is also authorized to issue a Letter of Interest declaring Vermont Housing Finance Agency's interest in making mortgage loans to a limited partnership to be created by Housing Vermont and Lake Champlain Housing Development Corporation for the long term financing of the Development in an amount not to exceed $4,700,000 (consisting of tax exempt loans of up to $3,600,000 and taxable loans of up to $1,100,000); the term of two long-term loans will be 30 years, the amortization period will not exceed 30 years, and the interest rate will be not more than 150 basis points above the Agency's cost of funds. The term of two other long term loans shall be 10 years from the date the loans are made, and shall

be fully amortized over the period of the loans, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the housing Sponsors in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.

2. The Letter of Interest shall include the following conditions. Any documents submitted in satisfaction of these conditions must be satisfactory to the Agency in form and content:

   a) Sponsors must provide a written estimate of property taxes from the City of South Burlington for the as-improved development;

   b) Sponsors must provide final plans and specifications for VHFA review and approval at least 4 weeks prior to VHFA loan closing;

   c) Sponsors must provide evidence of necessary permits that are final;

   d) Sponsors must fill any funding gap created by changing budget assumptions on Section 8 income and lender/loan fees prior to closing;

   e) Sponsors must provide executed construction contract and all addenda by loan closing that is within the project's budget to maintain overall feasibility and is reasonably in line with an independent cost estimate to be performed by the Agency; builders profit, overhead and general requirements must be in compliance with the Housing Credit Allocation Plan;

   f) Sponsors must provide a management plan, lease-up plan and budgeted lease-up reserve satisfactory to VHFA prior to closing;

   g) Sponsors must provide a guarantee satisfactory to VHFA through the end of the lease up period;

   h) Sponsors must provide a commitment of Section 8 rental assistance the amount of which supports the requested debt prior to closing.

3. The issuance of tax-exempt Bonds for the purpose of financing loan(s) to the Borrower to allow the Borrower to acquire and rehabilitate the Development is hereby preliminarily approved, and, pursuant to Section 1:150-2 of the Internal Revenue Code Regulations, the Agency hereby states its intention to reimburse itself from Bond proceeds for any advances of Agency funds prior to the issuance of the Bonds.

4. The preliminary approval of paragraph 3 does not obligate the Agency to finally approve the issuance of said Bonds. Final approval of the issuance of the Bonds can

only be authorized by subsequent action, which may contain such conditions thereto as the Board may deem appropriate. The Board in its absolute discretion may refuse to finally authorize the issuance of the Bonds and shall not be liable to the Borrower or any other person for its refusal to do so.

5. Upon the satisfaction of the conditions attached to the Letter of Interest, the Executive Director or the Chief of Program Operations may, in their discretion, issue a Commitment Letter for construction loans for the construction of the Development, in an amount not to exceed \$6,700,000 tax exempt and \$3,552,000 taxable for a total of \$10,252,000 in construction financing; and a Commitment Letter for term loans in an amount not to exceed \$1,100,000 taxable and \$3,600,000 tax exempt for a total of \$4,700,000 in permanent financing. The Executive Director, Chief of Program Operations and Director of Finance are authorized to allocate the loan proceeds to all or portions of the Development.

6. The construction loan(s) shall be due and payable not more than 18 months from the date the loan is made; payments of interest only shall be due before maturity, and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of funds shall be tax-exempt bond proceeds for a \$6,700,000 loan and taxable bond proceeds for a \$3,552,000 loan. Two permanent loans shall be due and payable not more than 30 years from the date the loans are made, payments shall be based on a 30 year amortization period and the interest rate shall not exceed 150 basis points above the Agency's cost of funds; two other permanent loans shall be based on a 10 year amortization period and the interest rate shall not exceed 150 basis points above the Agency's cost of funds. The source of the funds shall be tax-exempt bond proceeds for the loans totaling \$3,600,000 and taxable bond proceeds for the loans totaling \$1,100,000. The Sponsors shall be responsible for loan fees and transaction costs. The Commitment Letter may be issued to Housing Vermont and Lake Champlain Housing Development Corporation as representatives of the to-be-formed limited partnership. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

7. The Executive Director is authorized to make an additional loan to the Borrower for the development of not more than \$300,000 at an interest rate of 0%.

8. The Executive Director, Chief of Program Operations and Director of Finance are hereby authorized to take all necessary steps and execute any and all documents required to effectuate the financing.

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency held by conference call at Burlington, Vermont, on November 28, 2000.

Sarah E. Carpenter
Executive Director and Secretary
Vermont Housing Finance Agency

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND IN A MAXIMUM AMOUNT OF $900,000 AND USING THE PROCEEDS, TO MAKE A LOAN TO ADDISON COUNTY COMMUNITY TRUST TO FINANCE THE ACQUISITION AND REHABILITATION OF A 48-UNIT MOBILE HOME PARK IN STARKSBORO

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized by the Vermont Housing Finance Agency Act to issue bonds and borrow moneys on the basis of its general credit and to make loans to finance projects for persons and families of low and moderate income; and

WHEREAS, the Agency desires to issue and sell tax-exempt bonds of not more than $900,000 aggregate principal amount to Fannie Mae, or some other purchaser (the "Purchaser") based on the Agency's general obligation credit and use the proceeds to finance, in part, a loan to Addison County Community Trust, an organization qualified under section 501(c)(3) of the Internal Revenue Code (the "Borrower") to acquire and rehabilitate a 48-unit mobile home park, Brookside Mobile Home Park (the "Project") in Starksboro, Vermont;

NOW, THEREFORE, it is hereby RESOLVED:

1. The issuance and sale of up to $900,000 principal amount of bonds to the Purchaser (the "Borrowing") is hereby authorized and approved, the security for the repayment thereof being the general obligation of the Agency as hereinafter described, and the Executive Director, Chief of Program Operations and Director of Finance are each hereby authorized and directed to execute and deliver such documents as they deem appropriate and necessary to evidence such Borrowing and the Agency's obligation to repay the same, including, without limitation, a bond delivered to the Purchaser with such terms as the person executing the same shall deem appropriate, provided that the maturity of such Borrowing shall not exceed 30 years and the interest rate thereon shall not exceed 7.5%. The obligation of the Agency to repay the Borrowing shall constitute a general obligation of the Agency payable out of any revenues or moneys of the Agency, subject only to any agreements with the holders of particular notes or bonds pledging any particular revenues.

2. The Executive Director, Chief of Program Operations or Director of Finance is each hereby authorized to issue certifications as to the Agency's reasonable expectations regarding the amount and use of the proceeds of the Borrowing as described in Section 148 of the Internal Revenue Code of 1986, as amended.

3. The Executive Director, Chief of Program Operations, Director of Finance and any Commissioner or other officer of the Agency, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required to implement the foregoing, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof.

4. This Resolution shall become effective immediately.

ADOPTED by the Vermont Housing Finance Agency this 28th day of November, 2000.

VERMONT HOUSING FINANCE AGENCY

By ____________________
Executive Director

Attest:

By ____________________
Authorized Officer

I hereby certify that the foregoing is a true copy of a resolution of the Vermont Housing Finance Agency adopted at a lawful meeting of the Commissioners of the Vermont Housing Finance Agency by conference call at Burlington, Vermont, on November 28, 2000.

____
SARAH E. CARPENTER
Executive Director and Secretary
Vermont Housing Finance Agency

99 Church Street
New York, New York 10007
Phone: 212-553-4056
Fax: 212-553-4791

Moody's Investors Service

Fax

To:	Mr. Roger Schoenbeck	**From:**	Ansel Duvivier
Fax:	802-864-5746	**Date:**	December 8, 2000
Phone:	802-652-3436	**Pages:**	5
Re:	VHFA Issuer Rating Credit Report	**CC:**	

☐ **Urgent** ☐ **For Review** ☐ **Please Comment** ☐ **Please Reply** ☐ **Please Recycle**

Roger,

Enclosed within is the credit report done in conjunction with the recent issuer credit rating for the Vermont Housing Finance Agency.

Should you have any questions, please do not hesitate to contact me at the number listed above.

Thank you

Ansel Duvivier

Moody's Investors Service
Global Credit Research

Municipal Credit Research
Rating Update
Published 29 Nov 2000

Vermont Housing Finance Agency

Contacts

Erik A. Bresnahan	212-553-1304
Ansel Duvivier	212-553-4056
Florence Zeman	212-553-4836

Moody's Rating

MOODY'S ASSIGNS A2 ISSUER RATING WITH A STABLE OUTLOOK TO THE VERMONT HOUSING FINANCE AGENCY

Opinion

Moody's Investors Service has assigned an Issuer Rating of A2 with a stable outlook to the Vermont Housing Finance Agency (VHFA). The A2 rating reflects VHFA's satisfactory financial position, the financial strength, solid performance history and risk profile of its individual bond programs, and VHFA's experienced management team. The Issuer Rating applies to general obligation debt issued by the agency. VHFA currently has approximately $600 million in outstanding bonds issued to finance single and multi-family housing throughout the State, $182 million of which carry VHFA's general obligation pledge. However, all of VHFA's bond programs are currently rated higher than A2 as a result of the financial strength and structure of the various trust indentures.

The VHFA was created in 1974 as a body politic and corporate of the State of Vermont. The VHFA's purpose 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 State of Vermont is not financially accountable for the VHFA.

SATISFACTORY AND IMPROVING FINANCIAL POSITION

Moody's believes that VHFA's financial position is satisfactory and improving. VHFA's bond programs have experienced positive net revenue flows in recent years and have fund balances at sufficient levels to support liabilities under various stress scenarios analyzed by Moody's. Moody's expects positive financial factors to continue. VHFA's adjusted combined fund balance as of June 30, 2000, which represents the total equity position of VHFA, was over $55 million, or 8.47% of bonds outstanding. Approximately 85% of the adjusted combined fund balance is pledged under various trust indentures, the remaining 15% of the fund balance is held within VHFA's General Fund.

VHFA's General Fund provides a first source of liquidity for the Agency. The General Fund is used for operating costs and is pledged as a backup resource for VHFA's

Home Mortgage Purchase Bonds, Multi-Family Mortgage Bonds, Multi-Family Housing Bonds, and Direct Placement Programs (VHFA's General Fund is not pledged to the Single Family Housing Bond Program). The VHFA has also used its General Fund to provide collateral for credit agreements and to finance a variety of housing programs. VHFA's general fund as a percentage of bonds outstanding is relatively low compared to other state housing finance agencies at 1.29%, since the Agency holds most of their funds within the bond indentures. However, VHFA's individual bond indenture provisions allow for a portion of the equity in the bond programs to be withdrawn for other purposes, one of which could be to support general obligation debt. Moody's analysis of VHFA's programs show that a portion of the funds in the various indentures could be removed to support general obligation debt without jeopardizing the current rating on the programs.

The majority of VHFA's assets and liabilities reside within the Single Family Housing Bond Program (1990 General Resolution). The Single Family Housing Bond Program is rated A1 based upon the program's stable and secure financial performance, adequate loan portfolio insurance provisions and performance, solid program structure, and capable HFA management oversight.

The Single Family Housing Bond Program's asset to debt ratio of 1.017 is likely to remain at this level as the Agency continues to utilize the program. Program net revenues will continue to drive this stability, offset to some degree by Agency usage of funds to cover additional bond issuance costs. We anticipate that the Agency will continue to transfer funds from the Single Family Housing Bond program into the Agency's general fund.

VHFA's multi-family programs have also contributed to the General Fund of the agency. The Multi-family Bond Program Indentures have performed well and solid annual gross revenues have allowed the multifamily programs' fund balances to grow while also contributing $1.7 million to the General Fund during the past three, fiscal years.

AUTHORITY'S BOND-FUNDED LOAN PORTFOLIO EXHIBITS SOUND COMPOSITION AND PERFORMANCE CHARACTERISTICS

The overall asset composition of VHFA's bond programs is sound. The single family and multi-family loan portfolios have performed well and the agency has a sensible investment policy. VHFA's investment portfolio consists of cash, money market funds, U.S. Treasury and Agency Obligations, and Investment Agreements with financial institutions rated A3 or higher.

Moody's believes that the Single Family Housing Bond Program's Mortgage insurance provisions and loan performance are strong. As of June 30, 2000, the loan portfolio consisted of 5,154 loans totaling $307.8 million. Approximately 64% of the mortgage loans carry private mortgage insurance through PMI Mortgage Insurance Company, rated Aa2. Twenty-nine percent of the loans carry federal guarantees through FHA, VA or the USDA/RD programs or are insured by a privately mortgage insurance company other than PMI Mortgage Insurance Company, and 7% have loan-to value ratios below 80% and, therefore, do not require mortgage insurance.

The VHFA's general obligation is pledged to all of their Multi-family bond programs. VHFA's multi-family loan portfolio has performed extremely well to date, with zero loan foreclosures in their 26 year operating history. VHFA has approximately $91 million in bonds outstanding secured by approximately 100 multi-family properties ranging in size from five to 166 units. Approximately 75% of the properties receive subsidies under the Section 8 program for all or a portion of the units, the remaining properties do not receive direct federal rental subsidies. While the unsubsidized multifamily loans are riskier in nature, the program's high level of overcollateralization and the performance of the seasoned loans mitigate this factor.

EXPERIENCED MANAGEMENT ADDS TO AGENCY STRENGTH

Moody's believes that VHFA's capable staff adds additional credit strength to the Issuer Rating and the various bond programs. Key management staff has significant financial and housing experience in both the public and private sector. The current Executive Director, appointed in October, 1998, has nearly twenty years experience in affordable housing. The Director of Finance has been with the Agency for nearly twenty years, providing strong financial oversight and stability, and the Agency's Chief of Program Operations has nearly 30 experience in the commercial banking sector prior to joining the Agency. VHFA's multi-family staff is experienced and has been extremely successful in underwriting and monitoring multi-family projects financed by the Agency. Staff members responsible for the management of the single family loan portfolio have had significant private sector loan management experience prior to their employment with the HFA. Furthermore, Senior Staff has developed a thorough and sound financial plan and is continually studying VHFA's operations and benchmarking against similar agencies to ensure that they are balancing the Agency's public purpose mission with sound fiscal policy.

In addition, Moody's anticipates that VHFA's strong working relationship with the State of Vermont will continue and help to ensure continued Agency financial stability. The Agency has seven commissioners, consisting of the State Commissioner of Banking, Insurance, Securities and Health Care Administration, the State Treasurer, the Secretary or Commerce and Community Development, or their designees, and four members appointed by the Governor with the advise and consent of the Senate.

Outlook

The outlook for the A2 rating is stable. VHFA's programs are currently self sufficient and we expect VHFA to continue to generate sufficient revenues from operations to cover liabilities. Potential risks to the rating include a severe housing market downturn or an unanticipated change in state governmental policy that would withdraw unpledged moneys from VHFA's fund balance for state purposes. However, based upon the strong working relationship between VHFA and the state and the state's historical commitment to housing, Moody's does not anticipate such an action to occur.

KUTAK ROCK LLP
DRAFT 12/8/00

VERMONT HOUSING FINANCE AGENCY

Series Resolution Authorizing the Issuance and Sale of a Maximum of $8,000,000

Multi-Family Mortgage Bonds, 2000 Series B, 2000 Series C and 2000 Series D

Adopted December 15, 2000

01-303802.01

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MISCELLANEOUS

VERMONT HOUSING FINANCE AGENCY
SERIES RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A MAXIMUM OF $8,000,000 MULTI-FAMILY MORTGAGE BONDS, 2000 SERIES B, 2000 SERIES C AND 2000 SERIES D

December 15, 2000

WHEREAS, the Vermont Housing Finance Agency (hereinafter referred to as the "Agency") is authorized to finance Mortgage Loans for multifamily housing for persons and families of low and moderate income in the State of Vermont pursuant to the provisions of the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (hereinafter referred to as the "Act"), and to issue its bonds to obtain funds for such purpose; and

WHEREAS, the Agency heretofore adopted on February 3, 1977 a resolution entitled "Multi-Family Mortgage Bond Resolution" (hereinafter referred to as the "General Bond Resolution"), and from time to time has issued series of Multi-Family Bonds thereunder ("Bonds") to finance Mortgage Loans or to refund Bonds issued to finance Mortgage Loans; and

WHEREAS, in order to obtain funds with which to provide permanent financing for Mortgage Loans to acquire, construct, rehabilitate or refinance various developments for persons and families of low and moderate income, as or to be separately approved by the Commissioners of the Agency, it is deemed necessary and advisable to issue new 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 2000 Series B/C/D Resolution as such defined terms are given in the General Bond Resolution.

(b) As used in this 2000 Series B/C/D 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.

"*2000 Series A Bonds*" means the Bonds of the Agency of the Series authorized by the 2000 Series A Resolution.

"*Official Statement*" means the Official Statement, Private Placement Memorandum or similar offering document of the Agency describing the 2000 Series B/C/D Bonds, in substantially the form of the Private Placement Memorandum, dated November 9, 2000, for the 2000 Series A Bonds, but with appropriate changes to reflect the 2000 Series B/C/D Bonds and the purposes therefore, the terms of which shall be completed upon the sale of the 2000 Series B/C/D Bonds pursuant to the provisions of Section 2.03 hereof.

"*Rebate Account*" means the 2000 Series B/C/D Rebate Account established pursuant to Section 4.01 hereof.

"*Record Date*" means, with respect to the payment of interest on a 2000 Series B/C/D Bond, the first day of the month in which interest is to be paid on such 2000 Series B/C/D Bond or, if such first day is not a business day, the next preceding business day, provided that, with respect to overdue interest or interest payable on any overdue amount, the Trustee may establish a special record date, which date shall be not more than 20 business days before the date set for payment, and provided further that the Trustee shall give notice of a special record date by mailing a copy of such notice in the manner provided in the General Bond Resolution to the registered owners of all 2000 Series B/C/D 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 or Certificates of the Chairman and Executive Director of the Agency dated on or before the date of issuance of the related 2000 Series B/C/D Bonds which Series Certificate shall establish certain terms of the 2000 Series B/C/D Bonds as provided herein.

"*2000 Series B/C/D Bonds*" means the Bonds of the Agency of the Series authorized by this 2000 Series B/C/D Resolution.

"*2000 Series B/C/D Resolution*" means this Series Resolution Authorizing the Issuance and sale of a maximum of $8,000,000 Multi-Family Mortgage Bonds, 2000 Series B, 2000 Series C and 2000 Series D.

"*2000 Series B Bonds*" means the 2000 Series B Bonds of the 2000 Series B/C/D Bonds.

"*2000 Series C Bonds*" means the 2000 Series C Bonds of the 2000 Series B/C/D Bonds.

"*2000 Series D Bonds*" means the 2000 Series D Bonds of the 2000 Series B/C/D Bonds.

The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this 2000 Series B/C/D Resolution, refer to this 2000 Series B/C/D Resolution.

Section 1.02. Authority for 2000 Series B/C/D Resolution. This 2000 Series B/C/D Resolution is adopted pursuant to and in accordance with the provisions of the Act and the General Bond Resolution.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF 2000 SERIES B/C/D 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 2000 Series B/C/D Resolution, additional series of Multi-Family Mortgage Bonds, designated "Multi-Family Mortgage Bonds, 2000 Series B," "Multi-Family Mortgage Bonds, 2000 Series C" and "Multi-Family Mortgage Bonds, 2000 Series D,"or such other series designation as shall be specified in the Series Certificate, are hereby authorized to be issued in an aggregate principal amount of not to exceed $8,000,000, the final principal amount of each Series and any sub-Series of any Series to be specified in the Series Certificate. The Agency is of the opinion and hereby determines (a) that the issuance of Bonds in said amount is necessary to provide sufficient funds to be used and expended for the Program; (b) that the Mortgage Loans to be financed on behalf of the Agency with the proceeds of the 2000 Series B/C/D Bonds can be issued bearing a rate of interest that will be less than the prevailing rate of interest on comparable mortgage loans available in the State of Vermont without the assistance of the Agency; and (c) that the Agency will derive receipts, revenues and other income from the Mortgage Loans made with the proceeds of the 2000 Series B/C/D Bonds sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of the 2000 Series B/C/D Bonds and the payment of all costs and expenses incurred by the Agency with respect to the Program for which the 2000 Series B/C/D Bonds are issued.

Section 2.02. Purposes. The purposes for which the 2000 Series B/C/D Bonds are being issued are to provide funds for deposit in the Debt Service Reserve Fund, the 2000 Series B/C/D Cost of Issuance Account, the Redemption Fund and the 2000 Series B/C/D 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 2000 Series B/C/D Bonds shall be dated December 1, 2000 (unless otherwise specified in the Series Certificate).

Section 2.04. The 2000 Series B/C/D Bonds. Notwithstanding Section 304(c) of the General Bond Resolution, the 2000 Series B/C/D 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, 2000 (unless otherwise specified in the Series Certificate), or if the date of authentication of any 2000 Series B/C/D Bond is subsequent to the Record Date for any Interest Payment and on or prior to the Interest Payment Date therefor, and if interest is paid on such Interest Payment Date, from such Interest Payment Date. The 2000 Series B/C/D Bonds shall mature on the dates and in the principal amounts and shall bear interest at the rates set forth in the Series Certificate, provided that the rates on the 2000 Series B Bonds and the 2000 Series C Bonds and any other Series the interest on which is exempt from federal income taxation shall not exceed 7% per annum and the rates on the 2000 Series D Bonds or any other Series the interest on which is not exempt from federal income taxation shall not exceed 8.5% per annum nor may the final maturity of the 2000 Series B/C/D Bonds be later than December 1, 2041. Subject to the provisions of the General Bond Resolution and Article II of the 2000 Series B/C/D Resolution, each 2000 Series B/C/D Bond shall be in substantially the form of the 2000 Series A Bonds and as set forth in the Series Certificate, with such insertions or variations by Series as to any redemption or amortization provisions and such other insertions or omissions, endorsements and variations as may be required or permitted by the General Bond Resolution or the Series Certificate; the 2000 Series B/C/D Bonds shall be executed by the manual or facsimile signature of the Chairman or Vice Chairman and attested by the Secretary or Director of Finance and have impressed or imprinted thereon the corporate seal of the Agency or a facsimile thereof. Interest on each 2000 Series B/C/D 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 2000 Series B/C/D Bonds shall be issued solely in fully registered form in the denomination of $5,000 or any integral multiple thereof not exceeding the aggregate principal amount of 2000 Series B/C/D Bonds of each Series maturing in the year of maturity of the Bonds for which the denomination is to be specified. Notwithstanding Section 307 of the General Bond Resolution, registered 2000 Series B/C/D Bonds shall not be interchangeable for non-registered-coupon 2000 Series B/C/D Bonds. The 2000 Series B/C/D Bonds of each Series shall be numbered consecutively from one upwards in order of maturity with the letter "R" preceding each number.

The 2000 Series B/C/D Bonds shall be issued to CEDE & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as fully registered bonds in denominations of one bond for each maturity in the aggregate principal amount of such maturity. In the event DTC determines to discontinue providing its services or the Agency elects to terminate the book-entry system with DTC and a successor securities depository for all the 2000 Series B/C/D Bonds is not designated, the Agency and the Trustee shall arrange for the delivery of certificates for the 2000 Series B/C/D Bonds.

Subject to paragraph (b) below, the principal and Redemption Price of 2000 Series B/C/D Bonds shall be payable at the Principal Office of the Trustee. Interest on the 2000 Series B/C/D Bonds shall be payable by check or draft drawn upon the Trustee and mailed to the address of the registered owner thereof as it shall appear on the registry books of the Trustee; provided, however, the Agency may pay interest on fully registered 2000 Series B/C/D Bonds by checks or drafts mailed to the persons entitled thereto, and the Agency may provide for any such payment by wire transfer of funds; provided, further, that if the 2000 Series B/C/D Bonds are in book-entry form, payment shall be made in accordance with the procedures of DTC. The principal and Redemption Price of and interest on 2000 Series B/C/D Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents.

(b) Notwithstanding any other provisions herein or the provisions of the General Bond Resolution to the contrary, the following shall be applicable with respect to the payment, transfer and provision of notices with respect to the 2000 Series B/C/D Bonds:

(i) During the term of the 2000 Series B/C/D Bonds, ownership and subsequent transfer of ownership will be reflected by book entry on the records of DTC and those financial institutions for whom DTC effects book-entry transfers (collectively, the "Participants"). No person for whom a Participant has an interest in the 2000 Series B/C/D Bonds (a "Beneficial Owner") shall receive bond certificates representing their respective interest in the 2000 Series B/C/D Bonds except in the event that DTC or the Agency shall determine, at its option, to terminate the book-entry system described in this Section. Payment of principal and Redemption Price of, and interest on, the 2000 Series B/C/D Bonds will be made by the Trustee to DTC, which will in turn remit such payment of principal and Redemption Price and interest to its Participants, which will in turn remit such principal and Redemption Price and interest to the Beneficial Owners of the 2000 Series B/C/D Bonds until and unless DTC or the Agency elects to terminate the book-entry system, whereupon the Agency shall deliver bond certificates to the Beneficial Owners of the 2000 Series B/C/D Bonds or their nominees. Bond certificates issued under this Section may not be transferred or exchanged except as provided in this Section.

(ii) Upon the reduction of the principal amount of any maturity of the 2000 Series B/C/D Bonds, the registered Bondowner may make a notation of such redemption on the panel of the Bond, stating the amount so redeemed, or may return the Bond to the Trustee for exchange for a new 2000 Series B/C/D Bond authenticated by the Trustee in the proper principal amount. Such notation, if made by the Bondholder, may be made for reference only and may not be relied upon by any other person as being in any way determinative of the principal amount of such Bond Outstanding, unless the Trustee has initialed the notation on the panel.

(iii) DTC, or its nominee, will be the sole Bondholder of the 2000 Series B/C/D Bonds, and no investor or other party purchasing, selling or otherwise transferring ownership of any 2000 Series B/C/D Bonds will receive, hold or deliver any bond certificates as long as DTC holds the 2000 Series B/C/D Bonds immobilized from circulation.

(iv) The 2000 Series B/C/D Bonds may not be transferred or exchanged except:

(A) To any successor of DTC (or its nominee) or any substitute depository ("Substitute Depository") designated pursuant to (B) below, provided that any successor of DTC or any Substitute Depository must be a qualified and registered "clearing agency" as provided in Section 17A of the Securities Act of 1934, as amended;

(B) To a Substitute Depository designated by or acceptable to the Agency upon (1) the determination by DTC that the 2000 Series B/C/D Bonds shall no longer be eligible for depository services or (2) a determination by the Agency that DTC is no longer able to carry out its functions, provided that any such Substitute Depository must be qualified to act as such, as provided in subparagraph (A) above; or

(C) To those persons to whom transfer is requested in written transfer instructions in the event that:

(1) DTC shall resign or discontinue its services for the 2000 Series B/C/D Bonds and only if the Agency is unable to locate a qualified successor within two months following the resignation or determination of noneligibility; or

(2) Upon a determination by the Agency that the continuation of the book-entry system described herein, which precludes the issuance of certificates to any Bondholder other than DTC (or its nominee) is no longer in the best interest of the Beneficial Owners of the Bonds.

(v) DTC is hereby appointed the securities depository for the 2000 Series B/C/D 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 2000 Series B/C/D Bonds, subject to Section 1102 of the General Bond Resolution.

Section 2.07. Redemption at the Election of the Agency and Terms.

(a) As and to the extent specified in the Series Certificate, the 2000 Series B/C/D Bonds shall be subject to redemption otherwise than by operation of Sinking Fund Installments, either in whole or in part, from moneys deposited in the Optional Redemption Account in the Redemption Fund upon receipt of the Officer's Certificates as provided in Section 508 of the General Bond Resolution, and upon notice as provided in Section 2.09 hereof, and when redeemed in any period shown in the following table, at a Redemption Price equal to 100% of the principal amount of each 2000 Series B/C/D Bond to be so redeemed, plus accrued interest to the redemption date.

(b) As and to the extent specified in the Series Certificate, the 2000 Series B/C/D Bonds are also subject to redemption in whole or in part at any time at par plus accrued interest to the redemption date from moneys deposited in the Optional

Redemption Account or the Special Redemption Account in the Redemption Fund, upon receipt of the Officer's Certificates as provided in Section 508 of the General Bond Resolution and upon notice as provided in Section 2.09 hereof, from (a) unused moneys in the 2000 Series B/C/D Mortgage Loan Account, (b) reductions in the Mortgage Reserve Fund Requirement, (c) reductions in the Debt Service Reserve Fund Requirement, (d) Recovery Payments or (e) Prepayments.

Section 2.08. Sinking Fund Installments. If so provided in the Series Certificate, 2000 Series B/C/D Bonds maturing on the dates set forth in the Series Certificate shall be subject to sinking fund redemption prior to maturity in part on the dates and in the amounts set forth in the Series Certificate through application of Sinking Fund Installments at a Redemption Price equal to the principal amount of each 2000 Series B/C/D Bond or portion thereof to be redeemed, plus accrued interest to the redemption date. Unless none of such Bonds shall then be Outstanding, the Agency shall be required to pay on February 15 and/or August 15 of each year, as set forth in the Series Certificate, for the retirement of such Bonds the amount set opposite such date in said Series Certificate, and the said amount so to be paid on each such date is hereby established as and shall constitute a Sinking Fund Installment for retirement of such Bonds; provided, however, that where there has been special or optional redemption of 2000 Series B/C/D 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 2000 Series B/C/D Bonds. Notwithstanding said Section 703, notice of redemption of 2000 Series B/C/D Bonds shall be sufficiently given for all purposes of the General Bond Resolution if given by mailing a copy of such notice, postage prepaid, not less than 30 days nor more than 60 days before the redemption date, to the registered owners of all 2000 Series B/C/D Bonds or portions thereof to be redeemed at their addresses appearing on the registry books (with respect to a 2000 Series B/C/D Bond in book-entry-only form, such notice shall be mailed to the Securities Depository), provided failure to mail such notice to any Holder of a 2000 Series B/C/D Bond or any defect in such notice shall not affect the redemption of any other 2000 Series B/C/D Bond for which the required notice has been given. Notice having been given by mailing as aforesaid, the 2000 Series B/C/D 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 2000 Series B/C/D Bonds.

(a) The 2000 Series B/C/D Bonds authorized to be issued herein shall be sold to Fannie Mae, and/or PaineWebber Incorporated, Salomon Smith Barney and A.G. Edwards if specified by an Authorized Officer of the Agency to achieve a lower interest rate, at a price equal to the principal amount of the 2000 Series B/C/D 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 2000 Series A Bonds and on file with the Agency, the terms and provisions of which Purchase Contract are hereby approved and which the Executive Director is hereby authorized to execute on behalf of the Agency, subject to such changes as the Executive Director may deem appropriate and as may be required to accommodate the terms and provisions of the Series Certificate. The purchasers may be paid a fee by the Agency, as set forth in the Series Certificate, provided that such fee shall not exceed 1.5% of the principal amount of the 2000 Series B/C/D Bonds. The Commissioners of the Agency hereby authorize the Executive Director and the Chairman to approve the final fee for the purchase of the 2000 Series B/C/D Bonds.

(b) The distribution of a preliminary Private Placement Memorandum, in the form approved by the Executive Director, is hereby approved. The completion of the terms of the final Private Placement Memorandum 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 Private Placement Memorandum, 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 Private Placement Memorandum.

(c) The 2000 Series B/C/D Bonds shall be delivered upon compliance with the provisions of Section 202 of the General Bond Resolution.

ARTICLE III

ESTABLISHMENT OF ACCOUNTS AND APPLICATION OF 2000 SERIES B/C/D BOND PROCEEDS

Section 3.01. Debt Service Reserve Fund. Upon receipt of the proceeds of the sale of the 2000 Series B/C/D Bonds, there shall be deposited from such proceeds such amount as is needed to increase the amounts held by the Trustee in such Fund as of the date of delivery of the 2000 Series B/C/D Bonds to an amount at least equal to the Debt Service Reserve Requirement calculated as of such date. In order to determine Bonds issued for the purpose of funding the Debt Service Reserve Fund in the definition of Debt Service Reserve Requirement in the General Bond Resolution, there shall be delivered to the Trustee at the time of delivery of the 2000 Series B/C/D Bonds an Officer's Certificate designating such Bonds.

Section 3.02. Establishment of the 2000 Series B/C/D Cost of Issuance Account. There is hereby established within the Program Fund an Account to be designated as the 2000 Series B/C/D Bonds Cost of Issuance Account, the moneys in which shall be used for the purposes and as authorized by Section 403 of the General Bond Resolution.

Section 3.03. Establishment of the 2000 Series B/C/D Mortgage Loan Accounts. There is hereby established within the Program Fund an Account for each Series of the 2000 Series B/C/D 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 2000 Series B/C/D Bonds remaining after the deposit made pursuant to Section 3.01 hereof, there shall be paid to the Trustee for deposit as follows:

(i) Into the Debt Service Fund the amount (if any) of interest accrued from the date of the 2000 Series B/C/D Bonds to the date of delivery thereof.

(ii) All other proceeds of the sale of the 2000 Series B/C/D Bonds shall be deposited by the Trustee into the Debt Service Reserve Fund, the 2000 Series B/C/D Cost of Issuance Account or the 2000 Series B/C/D 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 2000 Series B/C/D Bonds by the Agency, including any amounts necessary for the purposes of fully funding the 2000 Series B/C/D Costs of Issuance Account.

(c) The Agency hereby covenants that it will not take any action, or fail to take any action, and it will not use or direct the use of the proceeds of the 2000 Series B/C/D Bonds or any other moneys in its possession or control, in any manner which would adversely affect the tax-exempt status under Section 103 of the Code of the interest payable on any Bonds then Outstanding.

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 "2000 Series B/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 2000 Series B/C Bonds in order to comply with the rebate or yield reduction payment requirements of Section 148 of the Code. Such accounts or subaccounts may be established at any time upon the written direction of an Authorized Officer.

(c) At least annually, the Agency shall compute and certify to the Trustee in reasonable detail the amount required to be rebated to the United States pursuant to Section 148 of the Code and shall deposit or direct the Trustee to deposit such amount into the 2000 Series B/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 2000 Series B/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 2000 Series B/C 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 2000 Series B/C 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 2000 Series B/C Bonds to be used, directly or indirectly, in a manner which would result in such bonds being qualified for the exclusion of any 2000 Series B/C 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 2000 Series B/C Bonds and shall take immediate and appropriate action to reduce the amount invested in nonmortgage investments with a yield materially higher than the yield on the 2000 Series B/C 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 2000 Series B/C 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 2000 Series B/C Bonds shall be and remain exempt from federal income taxes; provided, however, that the Agency shall not be required to comply with any such provision with respect to the 2000 Series B/C 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 2000 Series B/C/D Bonds, and mailed notice to the Holders of the 2000 Series B/C/D 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 2000 Series B/C/D Resolution, the General Bond Resolution and the Official Statement.

Section 5.04. Effective Date. This resolution shall take effect immediately.