



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter *CR*

DATE: December 30, 2008

RE: Request for State Affordable Housing Tax Credit for Homeownership:
Proctorsville Condominiums, Proctorsville

Name:	Proctorsville Condos	Location:	Proctorsville
Housing Type:	For-Sale Homes	Unit Type:	Townhouses
Unit Count:	4 Homeownership Units	Total Cost Per Unit:	\$274,616
State Credits Requested:	\$50,000	Sponsor:	Rockingham Area Community Land Trust
Other Funding:	Proceeds from Sales; HOMELAND grants (VHCB), VCDP, Neighborworks		

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

Summary of Request: Rockingham Area Community Land Trust (RACLT) is requesting \$50,000 in State Homeownership Tax Credits to reduce the prices of four newly constructed condo units in Proctorsville.

Project Summary: RACLT developed four homeownership units in Proctorsville which were part of the Proctorsville Green development which also contained 16 rental units. The Town requested that RACLT develop the project and include homeownership units in the mix, and offered land for the project with a long-term lease. All of the units are townhouses, two-bedroom one bath units overlooking the town green. The units were completed in February of 2008 and despite efforts from RACLT's Homeownership Center staff and a listing agent, have not sold. As with other homeownership units the Agency has financed, there is a gap between the development cost of housing and what homes can sell for. This gap is exacerbated due to the downturn in the market. RACLT has further reduced the pricing in order to deliver these homeownership units for monthly costs they believe will be attractive to prospective buyers. RACLT is requesting Homeownership Tax Credits in order to pay for the sales reduction and increased affordability. All four units have HOMELAND subsidies available which will mean each unit will be perpetually affordable, enforced through a Housing Subsidy Covenant. The project is an eligible development as defined in the Allocation Plan. The Homeownership Tax Credits will bring in an additional \$220,000 in equity. The total cost of each unit was \$274,616. The funding from VCDP, Neighborworks, VHCB, IORTA, and now the State Tax Credit equity will bring the cost down resulting in a monthly payment including mortgage, taxes, insurance and condo fee of \$811, which is within reach of households with annual incomes of approximately \$32,440. RACLT has not been able to take a fee on this project; utilization of the State Credit will hopefully allow RACLT to break even on the project and avoid taking a loss. The State Credit is from FY2010, and is therefore subject to funding availability.



Proctorsville Green Townhouses Home Sales Schedule

Unit #	Unit Type	Square Feet	# Bdrms	Cost to construct	VCDP construction Subsidy	Neighborhood construction subsidy	HOMELAND Grant	State Credit Equity	IORTA	Net Sales Price	Monthly Mortgage Pmt	Monthly fee, taxes, insurance	Total Monthly Housing Cost	Affordable to household with an annual income of:
1	1 A	1,050	2	\$274,616	\$50,000	\$12,500	\$14,167	\$55,000	\$12,500	\$75,449		\$450	\$811	\$32,440
1	2 A	1,050	2	\$274,616	\$50,000	\$12,500	\$14,167	\$55,000	\$12,500	\$75,449		\$450	\$811	\$32,440
1	3 A	1,050	2	\$274,616	\$50,000	\$12,500	\$14,167	\$55,000	\$12,500	\$75,449		\$450	\$811	\$32,440
1	4 A	1,050	2	\$274,616	\$50,000	\$12,500	\$14,167	\$55,000	\$12,500	\$75,449		\$450	\$811	\$32,440
			8	\$1,098,464	\$200,000	\$50,000	\$56,667	\$220,000	\$50,000	\$301,797				

INC/EXP From Now to Sale:

Mortgages	301,797		
IORTA	50,000		
VHCB	\$220,000		
Equity	\$220,000		
	<u>791,797</u>		
VHFA Construction Loan		660,000	
VHFA Ventures Loan		23,000	
Carrying Costs		94,025	
Contingency		<u>14,772</u>	
		791,797	

NORTHERN
ARCHITECTS
BURLINGTON
VERMONT

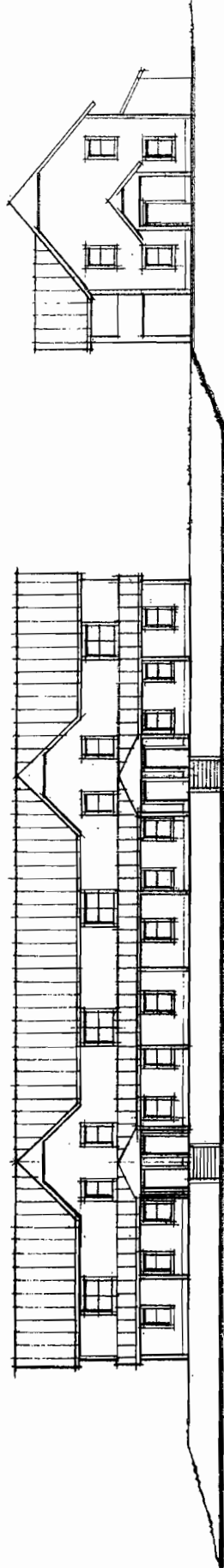
RACIL
FAMILY
HOUSING
PROJECT

PROCESS
VERSION

DATE 4/14/06
SCALE 1"=10'
CHKD: R.S.
PROJ # 2515

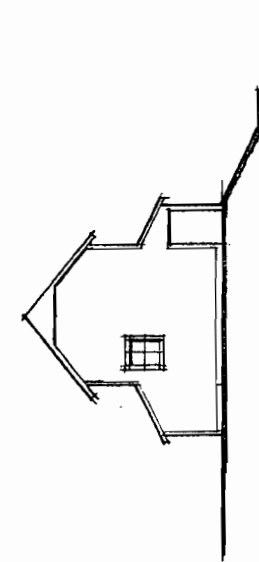
CONCEPT
ELEVATIONS

5

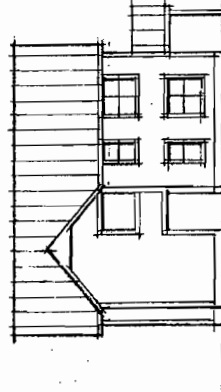


EAST ELEVATION 4 UNIT TOWNHOUSE BUILDING

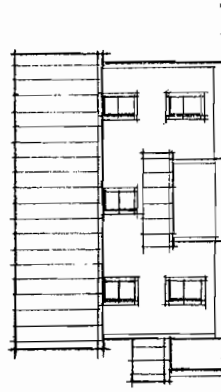
2 UNIT APARTMENT BUILDING



SOUTH ELEVATION



SOUTH ELEVATION



NORTH ELEVATION

NORTHERN ARCHITECTS
BURLINGTON VERMONT

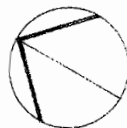
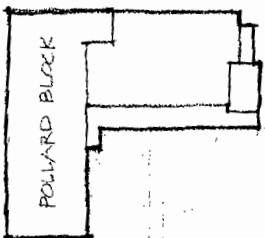
RAULT
FAMILY
HOUSING
PROJECT

PROCKVILLE
VERMONT

DATE 4/6
SCALE 1"=40'
CINO: RS
PROJ # 2515

CONCEPT
SITE
PLAN

C



DEPOT STREET

RT 131

TOWN GREEN

VILLAGE GREEN DRIVE

COMMERCIAL
BRICK BUILDING

COMMERCIAL
WOOD FRAME
BUILDING

EXISTING ACCESS
STREET BY TOWN

30'±

FREEMAN HOUSE

NEW ACCESS STREET
PARKING

2 UNIT
APARTMENT
BUILDING

4 UNIT
TOWNHOUSE
BUILDING

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: PROPOSED ALLOCATION OF VERMONT AFFORDABLE
HOUSING TAX CREDITS (FY2010 STATE HOMEOWNERSHIP CREDITS) FOR
PROCTORSVILLE GREEN TOWNHOUSES, VILLAGE OF PROCTORSVILLE,
TOWN OF CAVENDISH**

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

WHEREAS, an application has been submitted to the Agency by Rockingham Area Community Land Trust, Inc. (the "Borrower") involving the development of four (4) residential for sale condominium units in the Village of Proctorsville, Town of Cavendish (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated December 30, 2008, containing information, conditions and recommendations about the Development (the "Memorandum");

WHEREFORE, it is hereby RESOLVED:

1. The recommendations for the allocation of FY2010 State Homeownership Credits, subject to State appropriation, contained in the Memorandum which is attached and incorporated by this reference are hereby approved.
2. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the proposed allocation of FY2010 State Homeownership Credits in the amount of \$50,000.00 for the Proctorsville Green Townhouses in the Village of Proctorsville, Town of Cavendish, Vermont.



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter *CR*

DATE: December 30, 2008

RE: Request for State Affordable Housing Tax Credit for Homeownership:
Butterfield Commons Condominiums, Dover

Name:	Butterfield Commons	Location:	Dover
Housing Type:	For-Sale Homes	Unit Type:	Townhouses
Unit Count:	3 Homeownership Units	Total Cost Per Unit:	\$219,000
State Homeownership Credits Requested:	\$35,000	Sponsor:	Windham Housing Trust
Other Funding:	Proceeds from Sales; HOMELAND grants (VHCB), VCDP, Ski Area Mitigation Funds; IORTA Funds		

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

Summary of Request: Windham Housing Trust (formerly Brattleboro Area Community Land Trust) (WHT) is seeking \$35,000 in State Homeownership Tax Credits to reduce the price of three new condominium units at Butterfield Common in West Dover.

Project Summary: WHT developed four homeownership units in West Dover which are part of a larger development containing 26 senior and 7 family rental units. The parcel is located across from Mount Snow, and was donated by a woman in town who wanted to see multigenerational, mixed-income housing on the site, as well as a mix of apartments and for-sale homes. Originally WHT was going to build 7 homeownership units. To date they've constructed two duplexes, totaling 4 townhouse units. One unit is sold; the other three units have not sold. Construction of the remaining three units has been put on hold. The condos are a mix of two and three bedrooms. They were completed in the summer of 2007. As with other homeownership units the Agency has financed, there is a gap between the development cost of housing and what homes can sell for. This gap is exacerbated due to the downturn in the market. All three units have HOMELAND subsidies available which will mean the units will be perpetually affordable, enforced with a Housing Subsidy Covenant. The project is an eligible development as defined in the Allocation Plan. WHT has found that potential homebuyers would prefer to rent a sub-standard apartment in Dover for a lower monthly cost than to make the leap to homeownership in a new unit with a higher monthly cost. The Homeownership Tax Credits will bring in an additional \$150,500 in equity, which will result in a net price to buyers of \$53,000-65,000 (after HOMELAND, equity and IORTA funds they have reserved for this project), or a monthly payment, including mortgage, taxes, insurance, condo fee, of \$666 to \$773. WHT has not been able to take a fee on this project; utilization of the State Credit will hopefully allow WHT to break even on the project and avoid taking a loss. The Credit will come from FY2010, and therefore is subject to funding availability.



Butterfield Condos Sales Schedule

Unit #	Unit	HOMELAND	Ski Area \$\$\$	VCDP	State Credit	IORTA Net Sales Price	Revised net price		Int Rate	Term	P & I Pmt	Monthly		Income Needed % Median
												Fee	Pmt	
1	213,000	40,000	14,088	32,525	0	5,000	121,387	SOLD	4.75%	30	633	390	1,023	40,928 82%
2	225,000	55,000	14,088	32,525	50,166	8,333	64,888	64,888	5.95%	30	338	435	773	30,939 62%
3	213,000	55,000	14,088	32,525	50,166	8,333	52,888	52,888	5.95%	30	276	390	666	26,636 53%
4	225,000	55,000	14,088	32,525	50,166	8,334	64,887	64,887	5.95%	30	338	435	773	30,939 62%
876,000				130,100	150,498	30,000	304,050		Median Income					
									1 43,800					
									2 50,100					
									3 56,300					
									4 62,600					

VHFA Income Limits

1-2	70,500
3+	81,000

LAST THREE SALES INC/EXP PROJECTIONS:

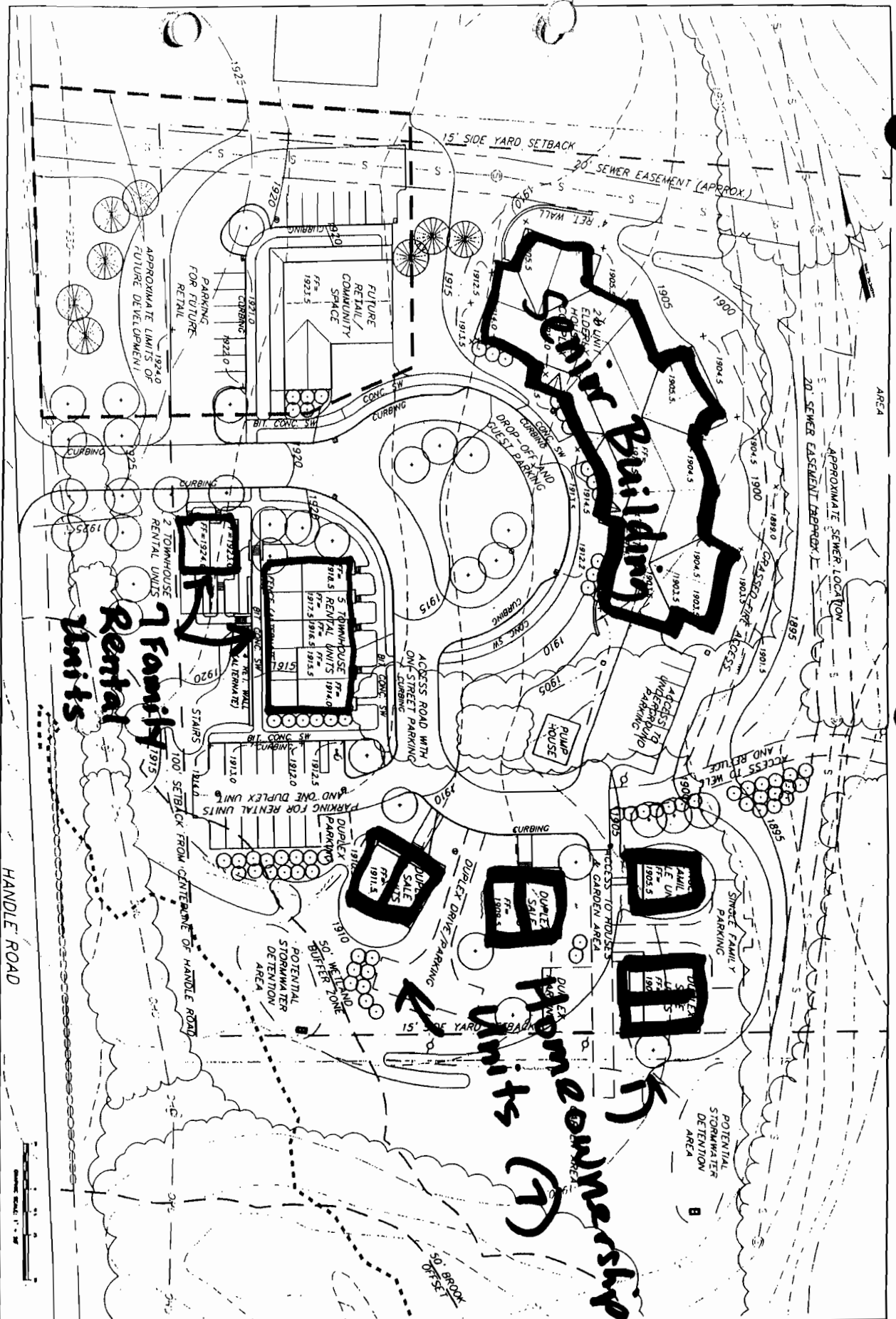
VHFA Outstanding Construction Loan Balance	329,281
Realtor Fee	19,755
WHT Costs/Carrying Costs	52,617
Contingency	1,508
	403,161
Sales Proceeds	182,663
VHCB - Add'l HOMELAND	45,000
IORTA Reserved by WHT HOC	25,000
State Credit Equity	150,498
	403,161

Monthly

Fees

2 BR

1 BR



STEVEN & ASSOCIATES, INC. 1000 N. 10th St. Suite 200 Phoenix, AZ 85004	BUTTERFIELD SITE FEASIBILITY STUDY 1000 N. 10th St. Suite 200 Phoenix, AZ 85004	PREPARED FOR BUTTERFIELD AREA COMMUNITY LAND TRUST 1000 N. 10th St. Suite 200 Phoenix, AZ 85004	DATE: 10/1/2013 SCALE: 1" = 10' PROJECT: C-3	CONCEPTUAL SITE PLAN C-3	SHEET 1 OF 3
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2 & 3 BED.
DUPLEX
VERSION A

SET SENT TO
INGRAM CONSTRUCTION

BUTTERFIELD
OWNERSHIP
HOUSING

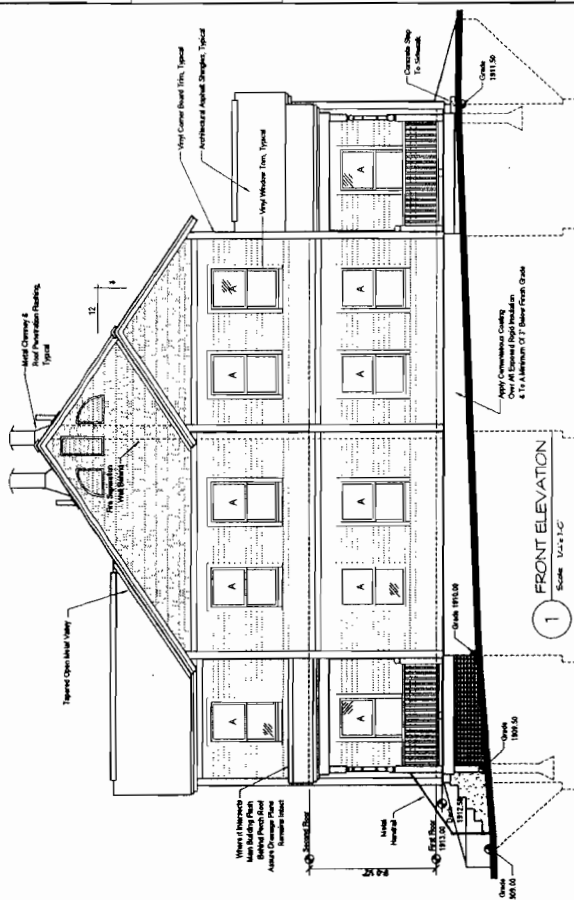
West Dover,
Vermont
Brattleboro Area
Community Land Trust

WF JOB:	12008
MAINT BY:	PLU DTE. 08/11
CHECKED BY:	
DATE:	08/08

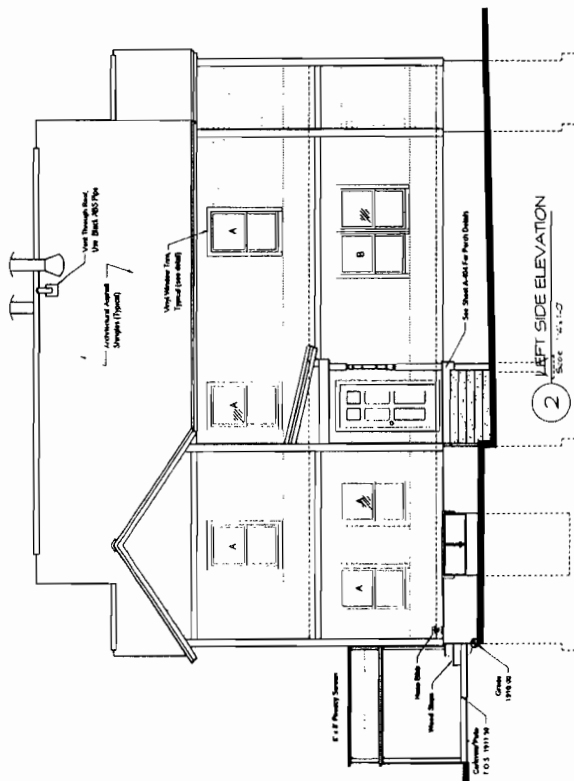
DO NOT SCALE DRAWINGS
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ELEVATIONS

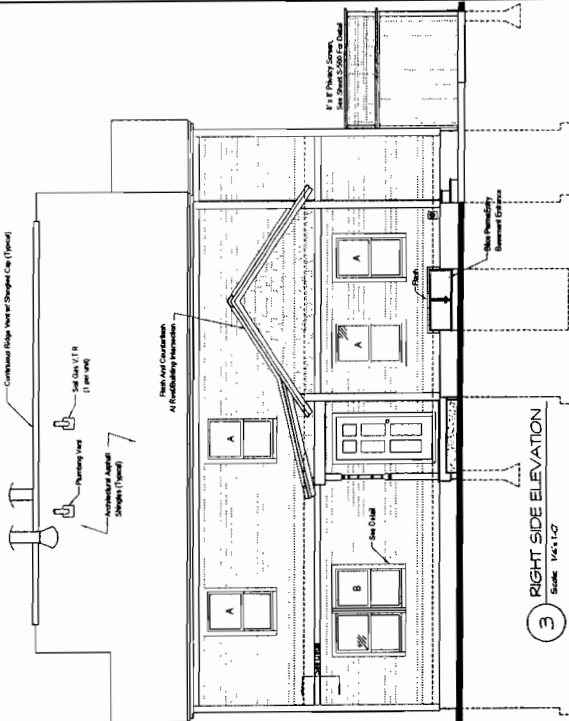
A-200



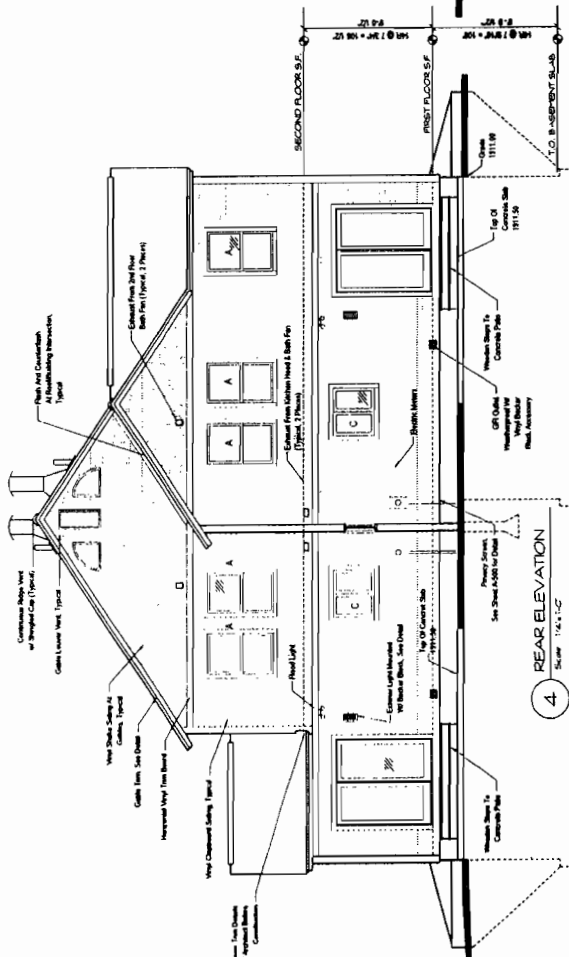
FRONT ELEVATION



FT SIDE ELEVATION



RIGHT SIDE ELEVATION



APPENDIX B

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: PROPOSED ALLOCATION OF VERMONT AFFORDABLE
HOUSING TAX CREDITS (FY2010 STATE HOMEOWNERSHIP CREDITS) FOR
BUTTERFIELD COMMON CONDOMINIUMS, TOWN OF DOVER**

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

WHEREAS, an application has been submitted to the Agency by Windham Housing Trust, Inc. (the "Sponsor") on behalf of BACLT Housing Corporation, managing member of Butterfield Ownership Housing, LLC (the "Borrower") involving the development of three (3) residential for sale condominium units in the Town of Dover (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated December 30, 2008, containing information, conditions and recommendations about the Development (the "Memorandum");

WHEREFORE, it is hereby RESOLVED:

1. The recommendations for the allocation of FY2010 State Homeownership Credits, subject to State appropriation, contained in the Memorandum which is attached and incorporated by this reference are hereby approved.
2. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the proposed allocation of FY2010 State Homeownership Credits in the amount of \$35,000.00 for the Butterfield Common Condominiums in the Town of Dover, Vermont.



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter *CR*

DATE: January 8, 2009

RE: Request for Construction Financing: NAMCO Allocated (formerly Armory Square), Windsor

Name:	NAMCO Block (Allocated)	Location:	Windsor
Housing Type:	General Occupancy	Unit Type:	Flats
Unit Count:	43 units 37 tax credit units	Unit Sizes:	22 1-BR @ 811 s.f. 17 2-BR @ 1,065 s.f. 4 3-BR @ 1,280 s.f.
Total Cost:	\$12,566,117	Per S.F. Acquisition & Construction Cost:	\$243
Loan Requested:	\$6,750,000 taxable construction loan	Sponsors:	Rockingham Area Community Land Trust & Housing Vermont
Other Funding: VCDP, VHCB, HOME, Efficiency Vermont, VHCB Lead, Neighborworks, HUD Special Purpose, AHP, Historic Credit, Town of Windsor, Bank Debt (AHP subsidized), State & Federal (Allocated) Housing Credits, State Downtown Credits, Insurance (from fire), Sales Proceeds of Duplex			

Summary of Request: Mill Brook Allocated Housing Limited Partnership (with its general partner being an affiliate of Rockingham Area Community Land Trust [RACLT] and Housing Vermont [HVT]) is requesting taxable construction financing in the amount of \$6,750,000 for the NAMCO Block Allocated project in Windsor.

Project Background: NAMCO Block, formerly called Armory Square, is a historic four-story brick building containing 72 residential rental units located in Windsor. HVT purchased it, formed two tax credit partnerships with RACLT, and split the project into two for financing and funding purposes, one using Bond (4%) Housing Credits, and the other using Allocated (9%) Housing Credits. The two projects are now known as NAMCO Block Bond and NAMCO Block Allocated.

The purpose of this memo is to request taxable construction financing for the Allocated project, which encompasses 43 of the 72 units. The VHFA Board of Commissioners had approved financing for both the Allocated and the Bond projects at its June 4, 2007 meeting. However, VHFA is currently the construction lender only on the Bond portion of the project (15 units). The partnership decided to use Mascoma Savings Bank to provide the construction financing on the Allocated project, since they are also providing long term permanent financing that is subsidized through the Federal Home Loan Bank Affordable Housing Program (AHP) at completion of construction. The entire project (both Bond and Allocated) is well underway and the contingency has held up. Our construction inspector has approved the value and quality of the work to date.



The project is on target for construction completion in December 2009. The new property manager is Paul Stewart, who will handle lease up once construction is completed.

This request has been precipitated as a result of the tax credit equity investor (Apollo) backing out of its tax credit equity commitment. Despite an executed Subscription Agreement with Apollo, the investors behind Apollo have evaporated and Apollo has not been able to replace those investors. This has been a frequent occurrence with many of the national syndicators. The total amount of equity investment anticipated for the Allocated project is \$7 million. This is the major source of take-out funding that will pay-off the construction loan. This loss of equity commitment has caused a technical default on the existing construction loan with Mascoma. The withdrawal by Apollo has caused Mascoma concern and in the absence of an immediate replacement equity investor, they have considered discontinuing funding construction draws, which would immediately shut-down further construction and would therefore jeopardize the construction loan VHFA has on the Bond side of the project.

As a condition for Mascoma to continue to fund construction draws, they have asked for corporate guarantees from both HVT and VHFA. HVT will provide the guarantee requested, but VHFA staff is not inclined to recommend that for VHFA as it does not give VHFA control of the project, yet does present most of the risk. Instead, staff recommends we replace or take an assignment of the Mascoma construction loan by issuing a taxable bond that we would then sell to Mascoma. They remain vested in the project, but VHFA takes control of the construction process.

VHFA risk becomes whether or not HVT is successful in finding a new equity investor. Mascoma has agreed to provide at least \$1 million in equity investment of the \$7 million needed. HVT has issued new investment proposals to six other potential investors, and is optimistic that they are going to find an equity investor for the remainder within the next 60 days. Additionally, HVT is working on putting together Green Mountain Equity Fund IV, which may also be a source for the equity. Placement of this equity is top priority for HVT. All other funding is committed except for the HUD Special Purpose funds, of which \$400,000 has been committed, and \$617,139 is pending. The project sponsors are working diligently with Senator Leahy's office to secure this funding. We will know more within one to two months.

We would close as soon as possible on this loan. Construction is anticipated to be complete by November 2009.

Recommendation: Staff recommends Board approval to issue taxable bonds in an amount sufficient to replace Mascoma as the current construction lender, with a structure similar to the other credit facilities VHFA has currently in place. It is the intention that these bonds would be sold to Mascoma Saving Bank. Staff recommends that the VHFA Board of Commissioners pass the attached resolution and make the required findings as outlined in the second section of the resolution ("It is hereby determined:"), and that the Board authorize the Executive Director to issue a Letter of Interest and/or a Commitment Letter to finance this property upon satisfactory completion of staff underwriting and due diligence.

08-Jan-09 Armory Square Allocated

Total Residential Units:	43	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	37	Increase in Income from Other Sources:	1.50%
Percent Restricted:	86.05%	Increase in Income from Commercial:	0.00%
Total Development Cost:	12,625,924	Expense increase:	3.00%
Total Development Cost per Unit:	293,626	Vacancy Rate:	5%
Total Development Cost Per SF:	307	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	28.0 years
Max Credit Potential:	609,004	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	629,580	Sponsor's Estimated Yield:	85.28%
State Credit Requested	124,500		
LIHTC - 9%	7.84%	(April 2008)	
LIHTC - 4%	3.36%		

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	325,000	2.57%	5.64%	30	30
HOME	544,896	4.32%	4.21%	30	30
VHCB - GF Loan	926,323	7.34%	0.00%	0	0
HUD Special Purpose Loan	1,017,139	8.06%	0.00%	0	0
VHCB - Lead Funds	89,192	0.71%	4.21%	0	0
VCDP - Loan	494,391	3.92%	0.00%	0	0
State Credits	547,800	4.34%	0.00%	0	0
REEP Loan	57,187	0.45%	0.00%	0	0
AHP Grant	278,987	2.21%	0.00%	0	0
NeighborWorks	404,979	3.21%	4.21%	0	0
Vt Downtown Credits	119,000	0.94%	0.00%	0	0
Sale of Duplex/Insurance	140,304	1.11%	0.00%	0	0
Town of Windsor	261,550	2.07%	0.00%	0	0
Other Equity - Gap/Dev. Loan	290,895	2.30%	N/A	N/A	
Historic equity	1,979,484	15.68%	N/A	N/A	
Tax Credit Equity	5,148,797	40.78%	N/A	N/A	
TOTAL SOURCES	12,625,924	100.00%			

Taxable Construction Loan 6,750,000

USES	5,148,797	
Acquisition	2,245,026	17.78%
Construction Hard Costs	7,733,003	61.25%
Soft Costs	2,647,895	20.97%
TOTAL USES	12,625,924	100.00%

Gap 0

General Partner's Capital Contribution	5,369	0.10%
Limited Partner's Capital Contribution	5,363,746	99.90%
Total Equity	5,369,115	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	37
Total Units	43
Unit Fraction	86.05%
Tax Credit Square Footage	29,745
Total Residential Square Footage	36,100
Square Footage Fraction	82.40%
Applicable Fraction	82.40%

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: CONSTRUCTION FINANCING FOR
NAMCO BLOCK (ALLOCATED), TOWN OF WINDSOR**

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

WHEREAS, an application has been submitted to the Agency by Mill Brook Allocated Housing Limited Partnership in which the general partner is a corporation created by Housing Vermont and Rockingham Area Community Land Trust, Inc. (the "Borrower") involving the financing of the acquisition and rehabilitation of forty-three (43) units of general occupancy rental housing in the Town of Windsor (the "Development"); and

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

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

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated January 8, 2009, containing information, conditions and recommendations about the Development (the "Memorandum") that will amend a certain resolution of the Board of Commissioners dated June 4, 2007 only as related to the taxable construction loan;

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of the units are for occupancy by persons and families of low and moderate income.
2. The acquisition, construction or 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(s).

6. The Borrower qualifies as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making one or more mortgage loans to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Borrower in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more mortgage loans to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter shall be conditioned on the satisfaction by the Borrower of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan(s) for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions, if any, described in the Memorandum.



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter *CR*

DATE: January 9, 2009

RE: Request for Construction Financing & Bond Credits: Three Cathedral Square

Name:	Three Cathedral Square	Location:	Burlington
Housing Type:	Senior Housing	Unit Type:	Flats
Unit Count:	108 Total Units (includes a manager unit) 92 Housing Credit Units	Unit Sizes:	7 0-BR @ 500 s.f. 98 1-BR @ 509 s.f. 3 2-BR @ 620 s.f.
Total Cost:	\$6,217,500	Per S.F. Acquisition & Construction Cost:	\$55
Loan Requested:	\$3,150,000 Construction Loan (tax exempt)	Sponsor:	Cathedral Square Corporation
Housing Credits:	\$188,000 (Bond "4%" Credits)		
Other Funding:	AHP, VHCB, Burlington Trust Fund, CDBG, VCIL, Efficiency Vermont, Reserves		

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

Summary of Request: Cathedral Square Corporation (CSC) is requesting \$3,150,000 in tax exempt construction financing and \$188,000 in Bond Housing Credits in order to refinance and rehabilitate their 108-unit Three Cathedral Square senior apartment and assisted living building in Burlington.

Project Summary: CSC developed Three Cathedral Square (101 senior apartments) in 1977 with HUD 202 financing and rental assistance. It is a 10-story building in downtown Burlington which overlooks Lake Champlain. In 2002, CSC obtained a grant from HUD to convert 28 of the apartments into the first licensed assisted living community in the State, and added 7 market rate units to the building, for a total of 108 units (including one manager unit). Upon completion of the conversion, CSC refinanced the property with permanent debt from VHFA. Since then, cash flow has been very lean, mainly due to issues with the assisted living program - the Medicaid reimbursement rate does not cover costs; "out of house" expenses and lack of revenue when residents are hospitalized and later return; higher insurance and turnover costs. The building has been well managed by CSC during its 30 years; however, expenses related to operations have been higher than anticipated, and the expense of unexpected elevator replacements exceed available cash and reserve accounts. CSC applied for and received a commitment for FHLB Affordable Housing



Program (AHP) funds in order to lower their debt service expense and to do some needed capital improvements. CSC would like to pay off the existing VHFA permanent debt with the AHP subsidized advance. While VHFA does not want to lose permanent loans, this refinancing will result in improved cash flow, thereby strengthening operations. The project is currently on the VHFA Watch List, with a .86 debt coverage ratio. Once it's refinanced, the debt coverage ratio is expected to be 1.30. In addition the AHP provides capital for rehabilitation to be undertaken, including: new elevators, new windows and window repair, energy efficiency improvements, repair of the rooftop solar installation, roof replacement, and some kitchen upgrades. This is work that was not completed at the time of the conversion, as HUD only paid for upgrades specific to the assisted living units. The building currently serves 70 senior households with incomes below 30% of area median income (40 of which have annual incomes below \$10,000). One hundred of the units have project based rental subsidy which makes the rent affordable. CSC is seeking tax exempt construction financing from VHFA in order to utilize the 4% Bond Credit. The AHP funding is committed; Applications have been made to: VHCB (decision anticipated for March or June); Burlington Housing Trust Fund, Efficiency Vermont, Burlington Electric Department, Vermont Gas, and the Vermont Center for Independent Living (all decisions anticipated between February and March). No State permits are required. City Building and Zoning permits are required, which will be obtained by Spring. The estimated timeframe is to close as soon as all funding is committed and local permits are obtained (sometime between March and June) and to complete construction within one year.

Total Residential Units:	108	Increase in Income from Rental Units:	2.00%
Housing Credit Restricted Units:	92	Increase in Income from Other Sources:	1.50%
Percent Restricted:	85.19%	Increase in Income from Commercial:	0.00%
Total Development Cost:	6,304,500	Expense increase:	2.50%
Total Development Cost per Unit:	58,375	Vacancy Rate:	4.0%
Total Development Cost Per SF:	64	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	188,113	Short Depreciation Schedule:	5 years
Credit Amount Allocated:	188,000	Sponsor's Estimated Yield:	83.49%

LIHTC - 4%	3.28%	January 2009
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SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage Bank-AHP	2,450,000	38.86%	4.00%	30	15
CSC Developer Loan	161,500	2.56%	0.00%		15
HOME (existing)	130,000	2.06%	0.00%	30	deferred
EDI (existing)	492,000	7.80%	0	30	deferred
VHCB (existing)	700,000	11.10%	0	30	deferred
Burlington Trust Fund & CDBG	100,000	1.59%	0	40	deferred
VHCB (new)	325,000	5.16%	0	30	deferred
VHCB Energy Grant&Solar Incentive	50,000	0.79%			GP Cap Contribution
Replacement reserves & WIP	318,000	5.04%			GP Cap Contribution
VCIL & Efficiency VT	10,000	0.16%	0	30	deferred
Tax Credit Equity LP	1,568,000	24.87%	N/A	N/A	
	6,304,500	100.00%			

USES

Acquisition	4,252,783	67.46%
Construction Hard Costs	1,205,717	19.12%
Soft Costs	846,000	13.42%
TOTAL USES	6,304,500	100.00%

Gap 0

VHFA Construction Loan	3,150,000	108.00%	1,559,250	11	Tax Exempt
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General Partner's Capital Contribution	1,570	0.10%
Limited Partner's Capital Contribution	1,568,000	99.90%
Total Equity	1,569,570	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	92
Total Units	107 not including manager unit
Unit Fraction	85.98%

12-Jan-09 **Three Cathedral Square**

HC UNITS

Bedrooms

1 Br

2 Br

1 br

1 Br

Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
HUD sect 8	510	89	1,001		1,069,068
No RA	620	3	1,142		41,112
No RA	500	0	1,001		0
Manager	500	1			0
					0
					0
					0
				0	0

Common & Utility Space

	40,000				
Totals	91,250	93			1,110,180

NON HC UNITS

Bedrooms

0 Br

1 Br

2 Br

2 Br

3 Br

4 Br

Type	Square Feet	Number	Rent	Utilities	Annual Rent
	500	7	1,001	0	84,084
	500	8	1,001	0	96,096
				0	0
					0
				0	0
				0	0
				0	0

Totals	98,750	15			180,180
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Total Units 108 **TOTAL All Units** 1,290,360

Less Vacancy 4.00% (51,614)

NET RENT 1,238,746

OTHER INCOME

Laundry	9,000
Interest	
Commercial Space Income	
Other service fees (cable)	22,000

TOTAL INCOME 1,269,746

Three Cathedral Square

Assisted Living Income & Expenses

	2008 Annual Budget	Projection Compared to 2008 Budget	2009 Annual Budget
<u>Personal Care Revenues</u>			
Medicaid ACCS	161,350	(6,434)	198,469
Medicaid ERC	187,841	19,248	206,758
Private Pay basic	144,000	20,662	112,536
Private Pay NHLOC	254,381	(23,198)	248,136
OOH Vacancy Loss	(18,000)	(7,731)	(18,000)
Vacancy	(24,000)	(3,409)	(24,000)
Donations/Grants	-	-	-
Total Personal Care Revenue	705,572	(862)	723,899
<u>Personal Care Expenses</u>			
Personal Care Salaries (incl RN, LPN & RA's)	391,799	(17,620)	424,007
RN Consulting/Nurse/Clinics	-	-	-
Agency call out	75,000	5,618	60,000
Personal Care PR Taxes	35,141	(2,605)	39,009
Personal Care Health	54,107	3,727	76,321
Personal Care Dental	4,769	2,295	4,240
Personal Care Life/Disability	4,174	(374)	5,088
Personal Care Workers Comp (9% rate)	42,398	329	38,161
Personal Care Pension	13,710	958	12,720
Personal Care Training	3,000	2,750	1,000
Care Supplies	6,600	(2,212)	9,500
Medication Mgmt	2,000	2,561	1,000
Laundry/Linen Supplies	1,385	(895)	2,500
Activities Budget	3,600	3,101	2,600
Transportation-residents	7,100	(1,241)	8,500
Transportation-activities	2,000	2,000	500
Personal Care Misc	500	(389)	1,000
Total Personal Care Expenses	647,283	(1,998)	686,146
<u>Kitchen Revenue</u>			
AL Meals	175,896	(4,411)	180,059
Meals Vacancy	(8,600)	7,199	(5,000)
IL Meal	10,200	(3,108)	10,000
Staff Meals	660	(292)	500
Total Kitchen Revenue	178,156	(612)	185,559
<u>Kitchen Expenses:</u>			
Kitchen Wages	72,725	(3,784)	81,196
Kitchen PR Taxes	7,387	1,176	7,470
Kitchen Health	23,249	(827)	16,239
Kitchen Dental	1,167	30	812
Kitchen Life/Disability	805	21	974
Kitchen Workers Comp (6% rate)	4,531	(1,945)	4,872
Kitchen Pension	2,723	(79)	2,436
Kitchen Consultant - Nutritionist	-	-	-
Kitchen Training	-	-	-
Food	79,300	(2,649)	85,890
Kitchen Supplies	16,500	1,143	16,100
Kitchen Misc	-	(5,784)	5,000
Total Kitchen Expenses	208,387	(12,698)	220,989
Total Surplus (Deficit)	28,058	13,223	2,323

		Per Unit		NOTES ON OPERATING COSTS
		Monthly	Per Month	
Administration				
Management Fee	51,360	4,280	40	
Central support services	21,403	1,784	17	
Audit/Accounting	8,000	667	6	
Legal	1,000	83	1	
On site staff	254,468	21,206	196	This staffing is supported by the HUD budget for supportive services
Training/conf	8,640	720	7	The Building provides resident service coordination, nursing support and on-site support
Office	23,300	1,942	18	Additional staffing is paid for in the AL budget which serves the 28 licensed units.
TOTAL ADMINISTRATIVE	368,171	30,681	284	
Utilities				
Electricity	89,734	7,478	69	Utilities include AL commercial kitchen
Fuel	105,000	8,750	81	TCS has more common space than most bldes - includes office, dining, wellness for AL
Water and Sewer	28,000	2,333	22	
Fire Alarm / Emergency	14,000	1,167	11	
Other	8,766	731	7	
TOTAL UTILITIES	245,500	20,458	189	
Maintenance				
Maintenance / Janitor Payroll	170,851	14,238	132	high due to AL, increased turnovers, age of bldg
Janitor supplies	21,750	1,813	17	
Exterminating	200	17	0	
Trash Removal	7,200	600	6	
Snow Removal	11,000	917	8	
Grounds	in contracts			
Repairs Material	in supplies			
Repairs Contract	45,000	3,750	35	high due to AL, increased turnovers, age of bldg
HVAC Repairs / Maintenance	in contracts			
Elevator Contract / Repairs	in contracts			
Unit Turn over repairs	18,000	1,500	14	
Other	2,500	208	2	
TOTAL MAINTENANCE	276,501	23,042	213	per unit month excl. ds & res.
Real Estate Taxes	65,000	5,417	50	
Payroll, benefits Insurance		0	0	787
Property Insurance	65,245	5,437	50	
Replacement Reserves	68,000	5,667	52	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other		0	0	
Total	1,088,417	90,701	848	

Operating Income

Gross Rent
Assisted Living Income
Other Income
Vacancy and other losses
Total Operating Income

Operating Expenses

Total Expenses (excl. Reserves)
Assisted Living Reserves
Sub-Total Operating Expense
GP services fee
Total Operating Expense
Net Operating Income
Less Primary Debt Service
Less Secondary Debt Service
Annual Cash Flow
GP Admin Fee
Net Cash

Cumulative Cash Flow

Beginning Balance
Deposits
Interest
Withdrawals
Ending Balance

Cumulative Replacement Reserves

Beginning Balance
Deposits
Interest
Withdrawals
Ending Balance

Net Operating Income

Plus Reserves
GP Admin Fee
Less Interest Expense
Less Long Depreciation
Less Short Depreciation
Taxable Income (Loss)

Cash Flow

Plus Tax Savings
Plus Tax Credits
After Tax Cash Flow

Net Operating Income

Plus Reserves
GP Admin Fee
Less Interest Expense
Less Long Depreciation
Less Short Depreciation
Taxable Income (Loss)

Cash Flow

Plus Tax Savings
Plus Tax Credits
After Tax Cash Flow

Net Operating Income

Plus Reserves
GP Admin Fee
Less Interest Expense
Less Long Depreciation
Less Short Depreciation
Taxable Income (Loss)

Cash Flow

Plus Tax Savings
Plus Tax Credits
After Tax Cash Flow

Net Operating Income

Plus Reserves
GP Admin Fee
Less Interest Expense
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Less Short Depreciation
Taxable Income (Loss)

Cash Flow

Plus Tax Savings
Plus Tax Credits
After Tax Cash Flow

Net Operating Income

Plus Reserves
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Less Interest Expense
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Taxable Income (Loss)

Cash Flow

Plus Tax Savings
Plus Tax Credits
After Tax Cash Flow

Net Operating Income

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Taxable Income (Loss)

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Taxable Income (Loss)

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After Tax Cash Flow

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Less Interest Expense
Less Long Depreciation
Less Short Depreciation
Taxable Income (Loss)

Cash Flow

Plus Tax Savings
Plus Tax Credits
After Tax Cash Flow

Net Operating Income

Plus Reserves
GP Admin Fee
Less Interest Expense
Less Long Depreciation
Less Short Depreciation
Taxable Income (Loss)

Cash Flow

Plus Tax Savings
Plus Tax Credits
After Tax Cash Flow

Sale at Mortgage Balance:	
Total Losses	1,031,356
Total Capital Contributions	1,568,000
Net Gain	(536,644)
Exit Tax	0

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: CONSTRUCTION FINANCING AND PROPOSED USE OF BOND HOUSING CREDITS FOR THREE CATHEDRAL SQUARE, CITY OF BURLINGTON

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

WHEREAS, an application has been submitted to the Agency by Cathedral Square Corporation (the "Sponsor") on behalf of a to be formed limited partnership in which the Sponsor or its subsidiary or affiliate will be the general partner (the "Borrower") involving the acquisition and rehabilitation of one hundred eight (108) units, including one resident manager unit, of senior rental housing in the City of Burlington (the "Development"); and

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

WHEREAS, the Sponsor qualifies and the Borrower will qualify as housing sponsors within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated January 9, 2009, containing information, conditions and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of the units are for occupancy by persons and families of low and moderate income.
2. The acquisition, construction or rehabilitation 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(s).

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

WHEREFORE, it is hereby RESOLVED:


1. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making one or more mortgage loans to the limited partnership to be created by the Sponsor for the construction financing of the Development based on the recommendations in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more mortgage loans to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsor as the representative of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan(s) for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions, if any, described in the Memorandum.

4. The recommendations for the use of Bond Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.
5. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the use of Bond Housing Credits in an amount necessary for the Development's feasibility for the Three Cathedral Square housing project in the City of Burlington, Vermont.



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joshua Slade, Development Underwriter 

DATE: January 9, 2009

RE: Request for Allocated Housing Credits: Blake Commons, Swanton

Name:	Blake Commons	Location:	Swanton
Housing Type:	General Occupancy	Unit Type:	Flats
Unit Count:	16 Total 16 LIHTC	Unit Sizes:	5 – One Bedroom (800 sq ft) 10 – Two Bedroom (925 sq ft) 1 – Three Bedroom (1,200 sq ft)
Total Cost:	\$3,742,612	Per S.F. Acquisition & Construction Cost:	\$193
Loan Requested:	n/a	Sponsor:	Champlain Housing Trust and Housing Vermont
Housing Credits:	\$333,500 (9% Credit)	Secured Funding:	VHCB Feasibility
Unsecured Funding:	Debt, VCDP, VHCB, HOME and Efficiency Vermont		

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

Project Summary:

- No funding has been secured except for predevelopment funds
- All local permits are in place; an Act 250 amendment is required from the State
- Project is in-fill family housing within close proximity to the designated village center
- Environmental site assessments are complete and yielded no unfavorable results
- Market study supports need for affordable housing of this type in Swanton
- All fees are within limits

Project Discussion: Sponsors, Housing Vermont and Champlain Housing Trust, propose the new construction of a 16-unit building in Swanton. This project will provide homes to households at the 50% and 60% AMI in a community generally regarded as undersupplied in decent, safe and affordable housing.

Blake Commons is a 1.76 acre fully permitted site located on the dead end Blake Street approximately 1 mile from the village center. The site was previously a commercial meat-packing plant which was demolished, re-zoned and permitted for housing by the current owners. It is an in-fill site adjacent to the town recreational fields as well as the soon-to-be-developed Swanton Rail Trail and is within walking distance to the



elementary school. The sponsors have conducted Phase I & II Environmental assessments with no adverse outcome.

The market study, completed on October 1, 2008, supports the proposed project. Of the 116 affordable housing units in Swanton, only 32 of them are not restricted to the elderly. According to the market study approximately 541 households earn less than 60% AMI. Given this data, the estimated absorption rate would be more than 5 units per month. The market study does note that the highest demand for affordable apartments are one-bedroom units in a building serviced by an elevator; however, this data comes primarily from the St. Albans market. Regardless, the market study supports the proposed project.

The proposed new building will contain 16 units on two levels. Although the site had all permits in place, an Act 250 amendment must be filed with the State since the sponsors are constructing a smaller footprint building without garages. There is no concern about the approval of the amendment. All local permits are in place.

The proposed new building will be meet the VHFA Green Building and Design Standards. It will be completely energy efficient and utilize solar hot water as well as a centralized gas-fired boiler system. The building has been situated on the site to maximize passive solar with limited windows on the north side of the building. Heat and hot water will be paid by the owner and tenants will pay for other utilities

The project, upon completion, will be managed by Champlain Housing Trust. VHFA staff does have some concerns regarding CHT's management capacity as well as the high management fees charged to CHT projects. Multifamily staff are engaged in talks with CHT about these ongoing concerns. The attached pro forma reflects the requested management fee by CHT. Final staff approval of the fee will be a condition of the credit award.

The sponsor anticipates all funding in place by May 2009 with a construction start date of June 2009. This timeline is, of course, contingent upon receiving funding from all sources. Estimated completion would be March 2010.

Tax Credit Discussion:

Blake Commons meets four top tier criteria: 1. Infill construction in communities with a vacancy rate of 3.5% or less; 2. Project maintains historic settlement pattern; 3. Project is close to a village center; and, 4. Project is family housing.

Total Residential Units:	16	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	16	Increase in Income from Other Sources:	2.00%
Percent Restricted:	100.00%	Increase in Income from Commercial:	0.00%
Total Development Cost:	3,742,612	Expense increase:	3.00%
Total Development Cost per Unit	233,913	Vacancy Rate:	5%
Total Development Cost Per SF:	259	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	384,940	Short Depreciation Schedule:	7 years
Other: AM Fee & Office Fee	333,500	Sponsor's Estimated Yield:	78.77%

LIHTC - 9%	9.00%	(Jan 2009)
LIHTC - 4%	3.28%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	90,000	2.40%	7.25%	30	30
VHCB	400,000	10.69%	0.00%	30	deferred
HOME	290,000	7.75%	0.00%	20	int. only
VCDP	340,000	9.08%	0.00%	30	deferred
Efficiency Vermont	12,000	0.32%	0.00%	N/A	
VHCB Feasibility	10,000	0.27%	N/A	N/A	
Tax Credit Equity	2,601,652	69.51%	N/A	N/A	
TOTAL SOURCES	3,743,652	100.03%			

USES

Acquisition	326,300	8.72%
Construction Hard Costs	2,462,808	65.80%
Soft Costs	953,504	25.48%
TOTAL USES	3,742,612	100%

Gap (1,040)

General Partner's Capital Contribution	1,300	1.00%
Limited Partner's Capital Contribution	2,600,352	99.00%
Total Equity	2,601,652	

0

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	16
Total Units	16
Unit Fraction	100.00%
Tax Credit Square Footage	14,450
Total Residential Square Footage	14,450
	100.00%
Applicable Fraction	100.00%

5,000
5,0005,000
5,000

	Budget	Per Unit	Per s.f.	VHCB Terms: _____	HOME Terms: _____	Allocation of Sources			Debt Terms: _____	Equity Terms: _____	Other Terms: _____	TOTAL SOURCES
ACQUISITION												
1 Land	320,000	20,000	22.15	320,000								320,000
2 Purchase of Building(s)		0	0.00									0
3 Demolition (without replacement)		0	0.00									0
4 Property Appraisal	2,800	175	0.19								2,800	2,800
5 Legal - Title and Recording	3,500	219	0.24								3,500	3,500
Subtotal - Acquisition	326,300	20,394	22.58									
Other: AM CONSTRUCTION HARD COSTS												
6 Rehabilitation		0	0.00									0
7 New Building(s)	2,177,280	136,080	150.68		290,000	340,000	90,000	1,445,280	12,000			2,177,280
8 Accessory Buildings		0	0.00									0
9 Sitework		0	0.00									0
10 Solar Hot Water	40,000	2,500	2.77					40,000				40,000
11 General Requirements		0	0.00									0
12 Contractor Overhead		0	0.00									0
13 Contractor Profit		0	0.00									0
14 Construction Contingency	217,728	13,608	15.07					217,728				217,728
15 Construction Management	5,000	313	0.35					5,000				5,000
16 Construction Bond Fee		0	0.00									0
17 Hazardous Materials Abatement		0	0.00									0
18 Off-Site Improvements		0	0.00									0
19 Furnishings, Fixtures, & Equipment	22,800	1,425	1.58						22,800			22,800
20 Other (_____)		0	0.00									0
Subtotal - Hard Costs	2,462,808	153,926	170.44									
SOFT COSTS												
21 Architectural	202,795	12,675	14.03	80,000				122,795				202,795
22 Engineering		0	0.00									0
23 Legal/Accounting	30,000	1,875	2.08					30,000				30,000
24 Relocation		0	0.00									0
25 Environmental Assessment	17,272	1,080	1.20					13,572	3,700			17,272
26 Energy Assessment		0	0.00									0
27 Permits/Fees	79,447	4,965	5.50		0			79,447				79,447
28 Independent Market Study	3,000	188	0.21					3,000				3,000
29 Construction Period Insurance	12,000	750	0.83					12,000				12,000
30 Construction Interest	110,000	6,875	7.61					110,000				110,000
31 Construction Loan Origination Fee	35,000	2,188	2.42					35,000				35,000
32 Taxes During Construction	8,000	500	0.55					8,000				8,000
33		0	0.00					1,500				1,500
34 Marketing	4,500	281	0.31					4,500				4,500
35 Tax Credit Fees	13,490	843	0.93					13,490				13,490
36 Soft Cost Contingency	10,000	625	0.69					8,500				8,500
37 Permanent Loan Origination Fee	3,000	188	0.21					3,000				3,000
38 Lender's Counsel's Fee		0	0.00									0
39 Other (_____)		0	0.00									0
SYNDICATION COSTS												
40 Organizational (Partnership)		0	0.00									0
41 Bridge Loan Fees and Expenses		0	0.00									0
42 Syndication Consultant		0	0.00									0
43 Tax Opinion		0	0.00									0
DEVELOPER'S FEES												
44 Developer's Fees	380,000	23,750	26.30					380,000				380,000
45 Other Partnership Fees		0	0.00									0
46 Consultant Fees		0	0.00									0
RESERVES												
47 Working Capital	5,000	313	0.35					5,000				5,000
48 Rent-up (Deficit Escrow) Reserve	5,000	313	0.35					5,000				5,000
49 Other Operating Reserves	35,000	2,188	2.42					35,000				35,000
50 Sinking Fund		0	0.00									0
51 Replacement Reserves		0	0.00									0
Subtotal - Soft Costs	953,504	59,594	65.99									
TOTAL DEVELOPMENT COSTS	3,742,612	233,913	259	400,000	290,000	340,000	90,000	2,600,612	22,000			3,742,612
COST BASIS FOR DEVEL FEE												
DEVELOPER FEE	380,000											
DEVELOPER FEE %	11.45%											

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other	Costs Incurred to	To be Incurred	Total
ACQUISITION									
1 Land	320,000								
2 Purchase of Building(s)	0								
3 Demolition (without replacement)	0								
4 Property Appraisal	2,800	2,800		2,800					
5 Legal - Title and Recording	3,500	3,500		3,500					
Subtotal - Acquisition	326,300								
CONSTRUCTION HARD COSTS									
Other: AA Rehabilitation	0								
7 New Building(s)	2,177,280		2,177,280	2,177,280					
8 Accessory Buildings	0		0	0					
9 Sitework	0		0	0					
10 Solar Hot Water	40,000								
11 General Requirements	0		0	0					
12 Contractor Overhead	0		0	0					
13 Contractor Profit	0		0	0					
14 Construction Contingency	217,728		217,728	217,728					
15 Construction Management	5,000		5,000	5,000					
16 Construction Bond Fee	0		0	0					
17 Hazardous Materials Abatement	0		0	0					
18 Off-Site Improvements	0		0	0					
19 Furnishings, Fixtures, & Equipment	22,800		22,800	22,800					
20 Other ()	0		0	0					
Subtotal - Hard Costs	2,462,808								
SOFT COSTS									
21 Architectural	202,795		202,795	202,795					
22 Engineering	0		0	0					
23 Legal Accounting	30,000		30,000	30,000					
24 Relocation	0		0	0					
25 Environmental Assessment	17,272		17,272	17,272					
26 Energy Assessment	0		0	0					
27 Permits/Fees	79,447		79,447	79,447					
28 Independent Market Study	3,000		3,000	3,000	0				
29 Construction Period Insurance	12,000		12,000	12,000					
30 Construction Interest	110,000		88,000	110,000					
31 Construction Loan Origination Fee	35,000		35,000	35,000					
32 Taxes During Construction	8,000		8,000	8,000					
33 0	0		0	0					
34									
35 Tax Credit Fees	13,490		0	13,490					
36 Soft Cost Contingency	10,000		10,000	10,000					
37 Permanent Loan Origination Fee	10,000								
38 Lender's Counsel's Fee	0		0	0					
39 Other ()	0		0	0					
SYNDICATION COSTS									
40 Organizational (Partnership)	0								
41 Bridge Loan Fees and Expenses	0								
42 Syndication Consultant	0								
43 Tax Opinion	0								
DEVELOPER'S FEES									
44 Developer's Fees	380,000		380,000	380,000					
45 Other Partnership Fees	0		0	0					
46 Consultant Fees	0		0	0					
RESERVES									
47 Working Capital	5,000								
48 Rent-up (Deficit Escrow) Reserve	5,000						5,000		
49 Other Operating Reserves	5,000						5,000		
50 Sinking Fund	0								
51 Replacement Reserves	0								
Subtotal - Soft Costs	953,504								
TOTALS	3,742,612	6,300	3,288,322	3,307,312	0				
LESS: Amount of Non-qualified Financing									
LESS: Historic tax Credit (Residential Portion)									
Total Eligible Basis		6,300	3,288,322	0	20% Historic Credit Rate				
TIMES: Adjusted for QCT/DDA	130.0%		4,274,819		0 Annual Historic Credit				
TIMES: Applicable Fraction	100.00%	6,300	4,274,819						
Total Qualified Basis		6,300	4,274,819	3,307,312					
TIMES: Applicable Percentage		3.28%	9.00%	27.5	Long Term Depreciable Basis				
Total Annual Credit Qualified		207	384,734	120,266	Depreciation Schedule				
Total Tax Credits Requested	333,500			22,800	Annual Depreciation				
Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only)	2,600,612			7	Short Term Depreciable Basis				
Estimated Yield - Housing Credit Syndication	78.77%			3.257	Depreciation Schedule				
Equity Gap	2,600,612				Annual Depreciation				
Credits Needed to fill Equity Gap	333,500								

13-Jan-09 **Blake Commons**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br			0	0	0	0
1 Br		800	5	576	40	34,560
2 Br		925	10	677	49	81,240
3 Br		1,200	1	835	56	10,020
4+ Br			0	0	0	0
Other: AM Fee & Office Fee	Totals	14,450	16			125,820

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br			0	0		0
2 Br			0	0		0
3 Br			0	0		0
4+ Br			0	0		0
	Totals	0	0			0

Common Area Square Footage

0

Grand Totals	14,450	16	125,820
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Less Vacancy	5.00%	(6,291)
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NET RENT	119,529
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OTHER INCOME

Laundry	1,200
Parking	0
Commercial Space Income	0
Other	0

TOTAL INCOME	120,729
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13-Jun-09

Blake Commons

Building #	Unit #	Check all Applicable							A					B						C						
		HOME Unit	Lead Paint Unit	Project Based Assistance	Low Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	OCCUPIED BY: Income level of residents to be served:						AFFORDABLE TO: Units affordable to residents at:					
															<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+
	1	1			1	1	1			1	675	497	40	537		1										
	2	1			1	1				1	745	497	40	537		1										
	3				1	1				1	675	603	49	653			1									
	4				1	1				1	745	603	49	653			1									
	5				1	1				2	876	723	49	772			1									
Other, AMUs	6				1	1				2	937	723	49	772			1									
	7	1			1	1				2	900	596	49	645		1										
	8	1			1	1				2	900	596	49	645		1										
	9	1			1	1	1			2	900	596	49	645		1										
	10				1	1				2	900	723	49	772			1									
	11				1	1				2	900	723	49	772			1									
	12				1	1				2	900	723	49	772			1									
	13				1	1				2	876	723	49	772			1									
	14				1	1				2	937	723	49	772			1									
	15				1	1				3	1,200	835	56	891			1									
	16				1	1				1	745	603	40	643			1									
Total # Units	16									Totals:	13,811	10,487		Total # Units:	0	5	11	0	0	0	0	0	0	0	0	0
Common Area											1,741															
Total											15,552															

13-Jan-09 **Blake Commons**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	17,280	1,440	90	14.3%
Supportive Services		0	0	
Audit/Accounting	3,840	320	20	
Legal	576	48	3	
Compliance Monitoring	768	64	4	
Marketing	480	40	3	
Other: AM Fee & Office Fee	2,496	208	13	
TOTAL ADMINISTRATIVE	25,440	2,120	133	

Utilities				
Electricity	2,880	240	15	
Fuel	15,360	1,280	80	
Water and Sewer	5,760	480	30	
Fire Alarm / Emergency	960	80	5	
Other		0	0	
TOTAL UTILITIES	24,960	2,080	130	

Maintenance				
Maintenance / Janitor Payroll	12,480	1,040	65	
Janitor Supplies	2,880	240	15	
Exterminating	960	80	5	
Trash Removal	2,688	224	14	
Snow Removal	2,688	224	14	
Grounds	1,920	160	10	
Repairs Material		0	0	
Repairs Contract		0	0	
HVAC Repairs / Maintenance	1,920	160	10	
Elevator Contract / Repairs		0	0	
Painting and Decorating	1,920	160	10	
Other		0	0	
TOTAL MAINTENANCE	27,456	2,288	143	

Real Estate Taxes	13,440	1,120	70	per unit month excl. ds & res.
Property Insurance	5,760	480	30	506
Replacement Reserves	8,640	720	45	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other		0	0	
Total	105,696	8,808	551	
		10,000		

"Below-the-Line" Expenses:

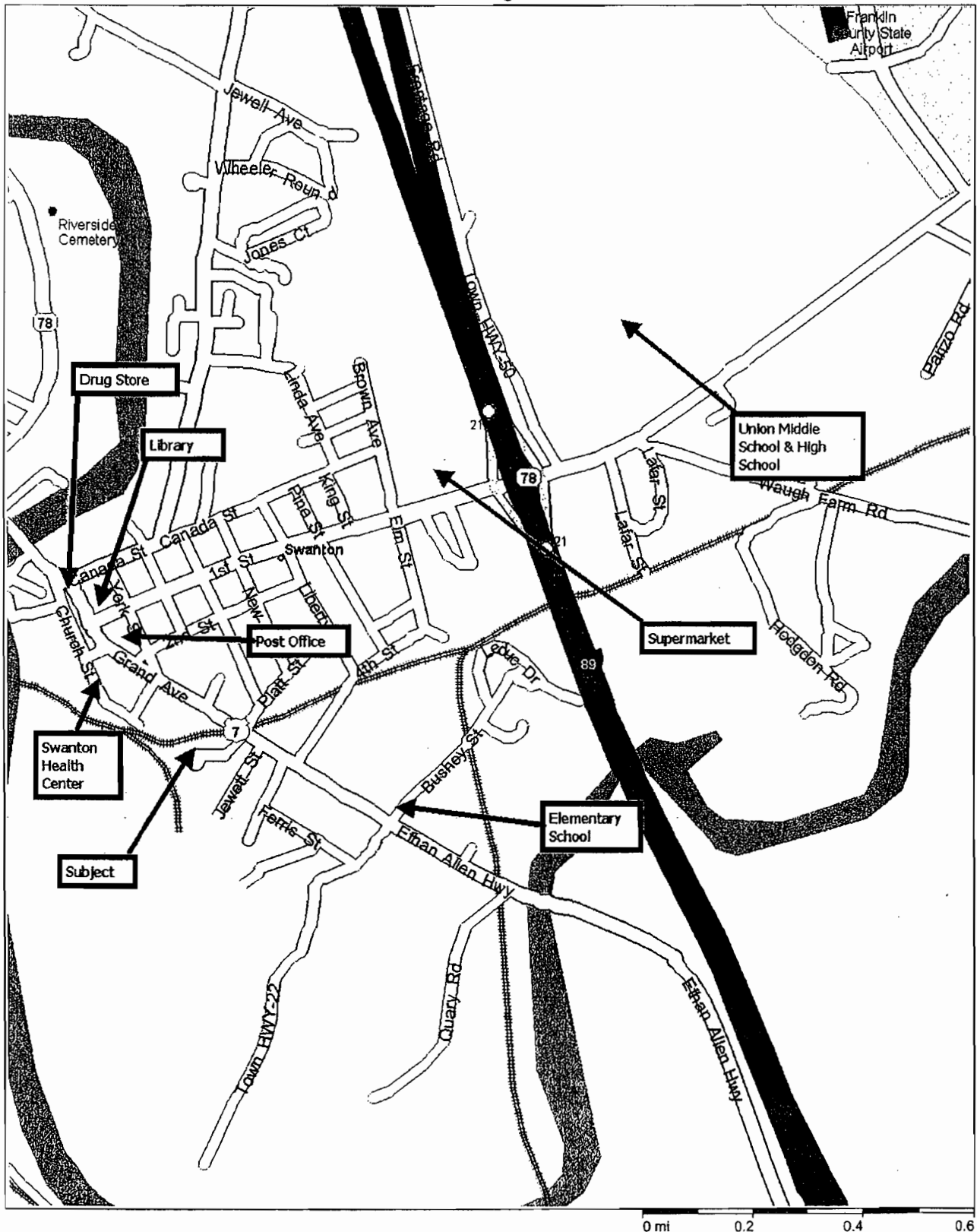
Special LP or GP Fee	0
Repayment of Deferred Fee	0
Partnership Audit or K-1 Fee	0
Distribution	0
Net to Residual	
Receipts/Cumulative Cash Flow	105,696

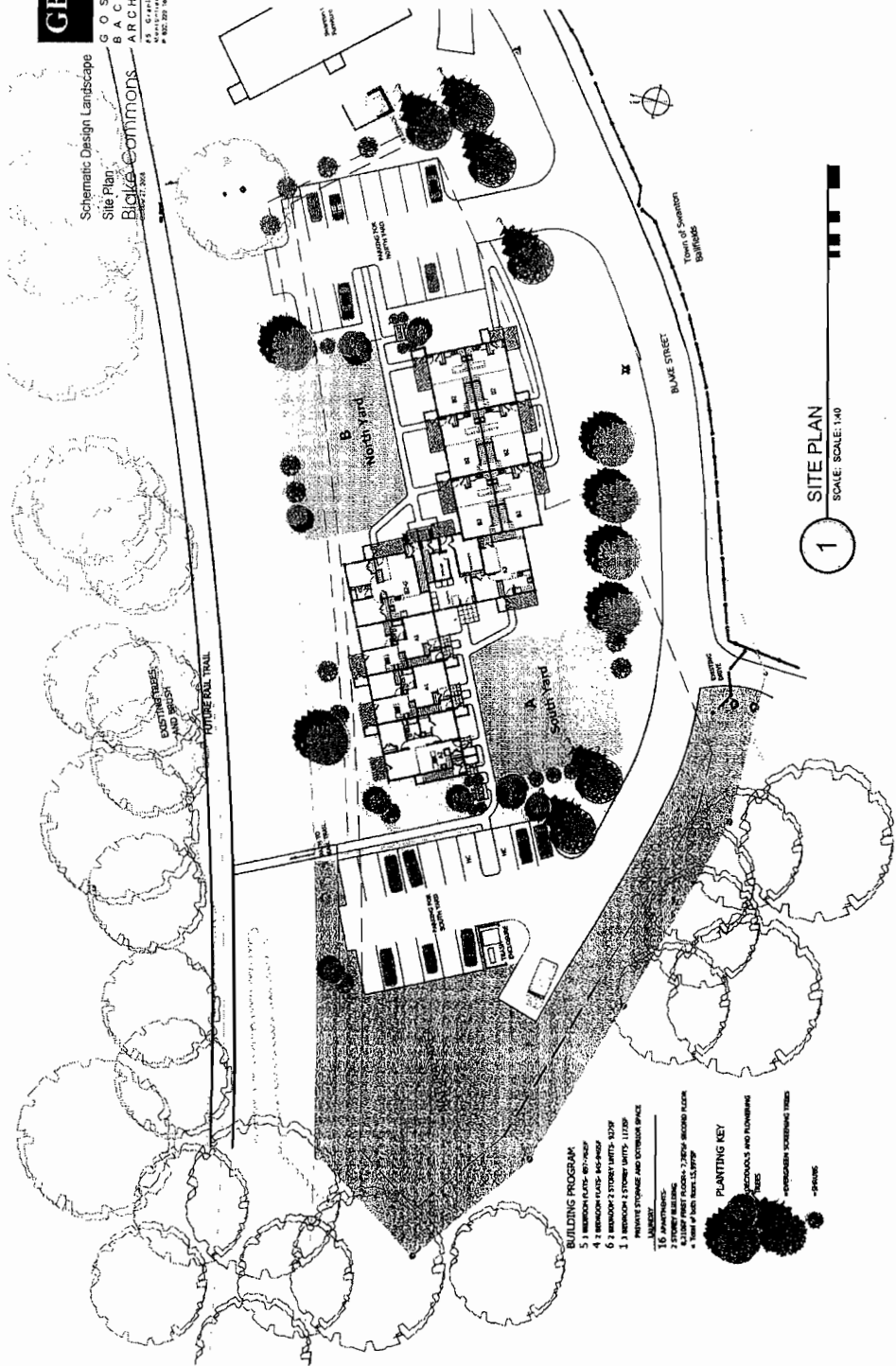
5,000
5,000

5,000
5,000

13-Jan-09		Blake Commons														
Year		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		125,820	127,707	129,623	131,567	133,541	135,544	137,577	139,641	141,735	143,861	146,019	148,210	150,433	152,689	154,980
Other Income		1,200	1,224	1,248	1,273	1,299	1,325	1,351	1,378	1,406	1,434	1,463	1,492	1,522	1,552	1,583
Vacancy and other losses		(6,291)	(6,385)	(6,481)	(6,578)	(6,677)	(6,777)	(6,879)	(6,982)	(7,087)	(7,193)	(7,301)	(7,410)	(7,522)	(7,634)	(7,749)
Total Operating Income		120,729	122,546	124,390	126,262	128,163	130,092	132,050	134,037	136,055	138,102	140,181	142,291	144,433	146,607	148,814
Operating Expenses																
Total Expenses (excl. Reserves)		97,056	99,968	102,967	106,056	109,237	112,515	115,890	119,367	122,948	126,636	130,435	134,348	138,379	142,530	146,806
Other: AM Fee & Office Fee		8,640	8,770	8,901	9,035	9,170	9,308	9,447	9,589	9,733	9,879	10,027	10,177	10,330	10,485	10,642
Total Operating Expense		105,696	108,737	111,868	115,090	118,408	121,822	125,337	128,956	132,681	136,515	140,462	144,526	148,709	153,015	157,448
Net Operating Income		15,033	13,809	12,522	11,172	9,755	8,269	6,712	5,081	3,374	1,587	(281)	(2,235)	(4,276)	(6,408)	(8,634)
Less Primary Debt Service		7,368	7,368	7,368	7,368	7,368	7,368	7,368	7,368	7,368	7,368	7,368	7,368	7,368	7,368	7,368
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		7,665	6,441	5,155	3,804	2,388	902	(655)	(2,286)	(3,994)	(5,780)	(7,649)	(9,602)	(11,643)	(13,776)	(16,002)
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	655	2,286	3,994	5,780	7,649	9,602	11,643	13,776	16,002
Net Cash		7,665	6,441	5,155	3,804	2,388	902	0	0	0	0	0	0	0	0	0
DCR		204.04%	187.43%	169.97%	151.64%	132.41%	112.24%	91.11%	68.97%	45.80%	21.55%	-3.82%	-30.33%	-58.04%	-86.98%	-117.20%
Cumulative Cash Flow																
Beginning Balance		35,000	43,442	50,817	57,039	62,023	65,675	67,899	68,602	67,688	65,048	60,569	54,131	45,612	34,881	21,803
Deposits		7,665	6,441	5,155	3,804	2,388	902	0	0	0	0	0	0	0	0	0
Interest		2.0%	777	933	1,068	1,179	1,264	1,323	1,358	1,372	1,354	1,301	1,211	1,083	912	698
Withdrawals																
Project Operating Needs		0	0	0	0	0	0	(655)	(2,286)	(3,994)	(5,780)	(7,649)	(9,602)	(11,643)	(13,776)	(16,002)
Special LP or GP Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of Deferred Devel. Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Partnership Audit or K-1 Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Distribution of Cash to Owner		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		43,442	50,817	57,039	62,023	65,675	67,899	68,602	67,688	65,048	60,569	54,131	45,612	34,881	21,803	6,237
Cumulative Replacement Reserves																
Beginning Balance		0	8,726	17,758	27,104	36,771	46,768	57,104	67,788	78,829	90,236	102,018	114,186	126,749	139,717	153,101
Deposits		8,640	8,770	8,901	9,035	9,170	9,308	9,447	9,589	9,733	9,879	10,027	10,177	10,330	10,485	10,642
Interest		2.0%	86	262	444	632	827	1,028	1,237	1,452	1,674	1,903	2,141	2,385	2,638	2,899
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		8,726	17,758	27,104	36,771	46,768	57,104	67,788	78,829	90,236	102,018	114,186	126,749	139,717	153,101	166,912
Net Operating Income		15,033	13,809	12,522	11,172	9,755	8,269	6,712	5,081	3,374	1,587	(281)	(2,235)	(4,276)	(6,408)	(8,634)
Plus Reserves		10,000	8,770	8,901	9,035	9,170	9,308	9,447	9,589	9,733	9,879	10,027	10,177	10,330	10,485	10,642
Less Interest Expense		(6,496)	(6,431)	(6,361)	(6,286)	(6,204)	(6,117)	(6,023)	(5,923)	(5,814)	(5,698)	(5,573)	(5,438)	(5,294)	(5,138)	(4,971)
Less Long Depreciation		(120,266)	(120,266)	(120,266)	(120,266)	(120,266)	(120,266)	(120,266)	(120,266)	(120,266)	(120,266)	(120,266)	(120,266)	(120,266)	(120,266)	(120,266)
Less Short Depreciation		(3,257)	(3,257)	(3,257)	(3,257)	(3,257)	(3,257)	(3,257)	(3,257)	(3,257)	(3,257)	(3,257)	(3,257)	(3,257)	(3,257)	(3,257)
Taxable Income (Loss)		(104,986)	(107,376)	(108,460)	(109,602)	(110,802)	(112,063)	(113,387)	(114,781)	(116,243)	(117,773)	(119,373)	(121,043)	(122,783)	(124,593)	(126,473)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		36,745	37,582	37,961	38,361	38,781	39,222	39,685	39,031	39,541	40,074	40,632	41,216	41,827	42,465	43,130
Plus Historic Rehab Credits		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus State Credits		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Federal Housing Credits		333,500	333,500	333,500	333,500	333,500	333,500	333,500	333,500	333,500	333,500	333,500	333,500	333,500	333,500	333,500
After Tax Cash Flow		370,245	371,082	371,461	371,861	372,281	372,722	373,185	372,531	373,041	373,574	374,132	374,716	375,327	375,965	376,630
Total Years		15														
Reinvestment Rate		6.00%	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Current After Tax Cash Flows		370,245	371,082	371,461	371,861	372,281	372,722	373,185	372,531	373,041	373,574	374,132	374,716	375,327	375,965	376,630
Future Value of Cash Flows at Yr 15:		887,314	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Discount Rate:		3.00%														
Capital Contribution Number:		1	2	3												
Date of Capital Contribution:		01-Sep-09	01-Jun-10	01-Mar-11												
Amount of Capital Contribution:		100	1,690,398	910,114												
Present Value of Contributions:		100	1,652,377	869,633												
Cash Flows		(2,522,111)	0	0	0	0	0	0	0	0	0	0	0	0	0	887,314
IRR:		//NUM!														
Equity Yield:		(1)														

Swanton Village Services

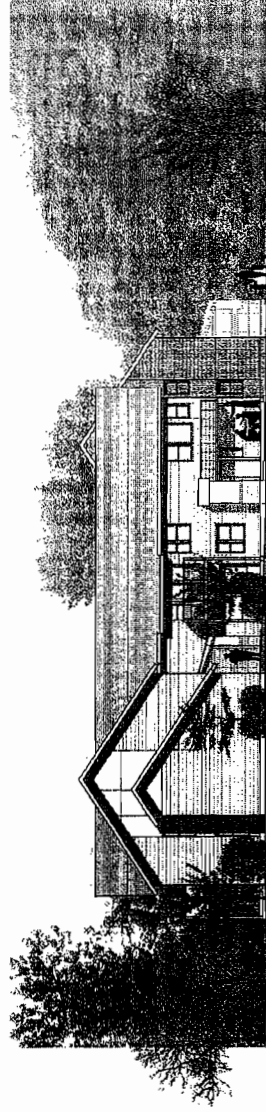




- BUILDING PROGRAM**
- 5 1 BEDROOM FLATS- 80'x100'
 - 4 1 BEDROOM FLATS- 80'x100'
 - 6 2 BEDROOM 2 STORY UNITS- 8'x29'
 - 1 3 BEDROOM 2 STORY UNITS- 11'x29'
 - PERMIT STORAGE AND EXTERIOR SPACE
- LANDSCAPE**
- 15 1" TREES
 - 2 2" TREES
 - 8 3" TREES
 - 8 4" TREES
 - 8 5" TREES
 - 8 6" TREES
 - 8 7" TREES
 - 8 8" TREES
 - 8 9" TREES
 - 8 10" TREES
 - 8 11" TREES
 - 8 12" TREES
 - 8 13" TREES
 - 8 14" TREES
 - 8 15" TREES
 - 8 16" TREES
 - 8 17" TREES
 - 8 18" TREES
 - 8 19" TREES
 - 8 20" TREES
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 - 8 46" TREES
 - 8 47" TREES
 - 8 48" TREES
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VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS FOR BLAKE COMMONS, TOWN OF SWANTON

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Champlain Housing Trust, Inc. (the "Sponsors") on behalf of a to be formed limited partnership in which one or more of the Sponsors or their subsidiaries or affiliates will be co-general partners (the "Borrower") involving the new construction of sixteen (16) units of general occupancy rental housing in the Town of Swanton (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joshua Slade dated January 9, 2009, containing information, conditions and recommendations about the Development (the "Memorandum");


WHEREFORE, it is hereby RESOLVED:

1. The recommendations for the allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.
2. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of \$333,500.00 for the Blake Commons housing project in the Town of Swanton, Vermont.



Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners
FROM: Joshua Slade, Development Underwriter 
DATE: January 13, 2009
RE: Tax Credit Status Report

Board Action: No Board action is required.

Attached is the tax credit status report for 9% Ceiling Credits. The report illustrates that \$2,720,531 of the 2009-2010 pool was committed, leaving \$2,394,469 available from 2010 to allocate. Please note that the 2010 pool is an estimated amount.

Also included is the "State Consolidated Plan Priorities/Other Priorities Table" that shows how projects from 2007 to the present meet the Consolidated Plan Priorities. This is provided to show how Blake Commons compares to other projects that recently received Housing Credit commitments.



Housing Credit Status Report

2008 Carry Forward to 2009	-
Total 2009 Available	2,665,000
Total 2010 Available (est.)	2,450,000
2009 National Pool	-
2009 Returns	-
2010 Returns	-
Total 2009-10 Available:	5,115,000
Less: LOL Res. CA issued in 2009/10	2,720,531
Remaining Available in 2009/10:	2,394,469

Project Name	City	County	MSA / Non MSA	Total # of Units	Project Type	Housing Credit Allocation	Status
Pipeline							
Barre Street Apartments (811)	Montpelier	Washington	Non MSA	25	Acq/Rehab	150,000	
Shelburne Woods	Shelburne	Chittenden	MSA	363	New Construction	1,320,000	
HDI Project	Essex	Chittenden	MSA	38	New Construction	766,000	Nov Mtg
Alburgh Family	Alburgh	Franklin	MSA	13	Acq/Rehab	171,565	
Johnson	Johnson	Lamoille	Non MSA		New Construction		
Ellis Block	Springfield	Windor	Non MSA	6	Rehabilitation		

Pre-Application Meetings							
Upper Story Housing	Brattleboro	Windham	Non-MSA	23	New Construction		
Blake Commons	Swanton	Franklin	MSA	16	New Construction	333,500	
Alburt Family	Alburt	Franklin	MSA	14	Acq/Rehab/New Constr		

Letter of Intent, Reservation, or Carryover Allocation Issued							
Anne Wilder Richards Building (Western Ave)	Brattleboro	Windham	Non MSA	21	New Construction	288,000	2009 Credits, approved 10/08
North Branch and Barre Street Rehabilitation	Montpelier	Washington	Non MSA	39	Acq/Rehab	260,000	Board approved, 2008 Carryover
Bellows Falls Housing - Pine Street	Bellows Falls	Windham	Non MSA	11	Acq/Rehab	210,000	2009 Credits, approved 6/08
Abbott Neighborhood Housing	Brattleboro	Windham	Non MSA	29	Acq/Rehab	283,500	Board approved, 2008 Carryover
Salebury Square	Randolph	Orange	Non MSA	12	New Construction	160,000	2009 Credits, approved 6/08
Vergennes Senior	Vergennes	Addison	Non MSA	25	New Construction	410,000	2009 Credits, approved 7/08
Rutland Scattered Sites 2008	Rutland	Rutland	Non MSA	27	Acq/Rehab New Const	369,600	2008 credits
Brookside - St Albans	St Albans	Franklin	MSA	37	New Construction	692,067	2009 Credits
Brookside HVT	Colchester	Chittenden	MSA	42	New Construction	585,000	2009 Credits
Meadowlane Apartments	Milton	Chittenden	MSA	36	Acq/Rehab/New Const	326,000	2008 Credits; approved 10/1/07
Cummings Street Apartments	Montpelier	Washington	Non MSA	20	Acq/Rehab	77,700	2008 Credits; Letter of Intent issued
Grange Hill	Woodstock	Windor	Non MSA	26	New Construction	365,500	to use 2007 credits, board approved June 07
NAMCO Block Allocated	Windor	Windor	Non MSA	43	Acq/Rehab	629,580	to use 619,616 of 08 & 9,964 of 09
Tomline Canal	Guilford/Brattleboro	Windham	Non MSA	21	Acq/Rehab	229,500	to use 2007 credits, board approved June 07
King Street Housing/Howard Bank Block	Burlington	Chittenden	MSA	20	New Construction	410,000	to use 2007 & 08 credits, board approved June
Wheeler Brook Housing	Warren	Washington	Non MSA	18	New Construction	323,453	credit increased may 2008
Downtown Crossing	Bennington	Bennington	Non MSA	12	Rehab/New Construction	152,379	2007 reservations issued
Stonewall / Bianchi	Montpelier	Washington	Non MSA	18	Acq/Rehab	150,000	2007 reservation issued
Harwick - Benis Block	Hardwick	Caledonia	Non MSA	14	Rehabilitation	98,000	Has 2007 Carryover & 2007 Commitment
Willard Mill	St. Albans	Franklin	MSA	27	Acq/Rehab	360,100	Board Approved, 2007 Commitment
Birge & Wordan	Brattleboro	Windham	Non MSA	17	Acq/Rehab	244,000	Board Approval, 2007 Reservation
Sylvan Woods Stowe	Stowe	Lamoille	Non MSA	28	New Construction	519,000	Construction Complete, 8609% Issued
Village Housing	Middlebury	Addison	Non MSA	30	New Construction	531,000	Board Approved, 2006 Carryover
Rutland AFS	Rutland	Rutland	Non MSA	13	New Construction/Rehab	227,000	Construction Complete, 8609% Issued
Callahan Housing	Burlington	Chittenden	MSA	28	Acq/Rehab	267,750	Construction Complete, 8609% Issued
Bradford	Bradford	Orange	Non MSA	32	Rehabilitation	434,375	Construction Complete
Enosburg Falls Downtown Redevelopment	Enosburg Falls	Franklin	Non MSA	28	New Construction/Rehab	162,500	Construction Complete, 8609% Issued
Eastern Townships (aka Main St Mill)	Richford	Franklin	Non MSA	12	Rehabilitation	182,500	Construction Complete, 8609% Issued
Wildor Building	Brattleboro	Windham	Non MSA	8	Rehabilitation	118,500	Construction Complete, 8609% Issued
West River Valley Senior Housing	Townshend	Windham	Non MSA	52	New Construction	482,650	Construction Complete, 8609% Issued



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

Vermont Housing Finance Agency
164 St. Paul Street, Burlington, Vermont
Thursday, December 18, 2008 at 8:00 a.m.

VHFA Board Members Present:

Lisa Mitiguy Randall, (chair), Rob Alberts, Tom Candon (designee for Thabault), Dayne Canney, Kevin Dorn, Bart Frisbie, Beth Pearce (designee for Spaulding), Tom Pelletier, Gus Seelig

Staff Present:

Dave Adams, Scott Baker, Sarah Carpenter, Maura Collins, Tom Connors, Pat Crady, Elizabeth Mullikin Drake, Joe Erdelyi, John Fairbanks, Sam Falzone, Lori Gilding, Tim Gutchell, Pat Loller, Martha Panton, Cindy Reid, Jacklyn Santerre, Josh Slade

Guests:

Jeff Sula, Merrill Lynch; Jeff Kantor, JD Kantor, Inc.; Richard Williams, VSHA; Bill Bittering and Bruce Pacht, Colby House, LP; Rita Markley, COTS; Nancy Owens and Kathy Beyer, Housing Vermont; Chandra Pollard, CVCLT and Joseph Tait, Morgan Keegan

Chair Mitiguy Randall called the meeting to order at 8:00 a.m.

Mr. Candon made a motion for the Board to go into Executive Session to discuss an employee's employment situation. Mr. Alberts seconded the motion which was approved by all.

At 8:35 a.m. Ms. Canney made a motion for the Board to come out of Executive Session. Mr. Frisbie seconded the motion which was approved by all.

BOARD MEETING

Chair Mitiguy Randall reconvened the Board meeting at 8:40 a.m.

BOARD MINUTES

Mr. Dorn made a motion to approve the October 23, 2008 Board of Commissioners meeting minutes. Mr. Candon seconded the motion which was approved. Ms. Canney abstained from the vote.

Mr. Dorn made a motion to approve the December 10, 2008 Board of Commissioners meeting minutes. Mr. Candon seconded the motion which was approved. Mr. Pelletier abstained from the vote.



CONSENT AGENDA

Ms. Canney made a motion to approve the item on the Consent Agenda (restated here):

- ~ Resolution Regarding Vermont Housing Finance Agency 401(k) Retirement Plan Summary of Material Modifications

Mr. Candon seconded the motion which was unanimously approved.

ED REPORT

Ms. Carpenter reviewed the Executive Director's Report with the Board. She updated the Board on the recent meetings she attended in Washington DC.

Ms. Carpenter reported that she had a constructive meeting with Betsy Bishop, newly appointed combined Commissioner of Economic Development, Housing & Community Affairs.

Ms. Carpenter informed the Board that she has written Governor Douglas a letter in his role as Vice Chair of NGA requesting he place pressure on the Treasury Department, the Federal Reserve and the GSEs to act in support of VHFA and all other HFAs across the country. Ms. Carpenter informed the Board that she is trying to arrange a meeting with Governor Douglas and Susan Dewey, Chair of the National Council of Housing Association and former Treasurer of Virginia, who also knows Governor Douglas through their former positions.

FINANCE

HR Committee Update

Ms. Loller updated the Board on the recent HR Committee meeting. She stated the Committee discussed the health insurance options for the upcoming year. The Committee's recommendation is for the Agency to move to a less expensive benefit plan and that staff contribute an additional 1%, up to 20% of the premium, towards the premium cost. Changes will take effect March 1, 2009.

Proposed Revisions to Approved FY2009 Budget

Ms. Carpenter reviewed the proposed revisions to the FY2009 operating budget.

Proposed revision to other program budgets includes eliminating \$100,000 to the Homeownership Center's for foreclosure counseling. Mr. Candon reported that foreclosure intervention calls to the State have spiked up recently and that court foreclosure filings are also on the rise. The Board discussed the \$100,000 originally budgeted for the Homeownership Centers for foreclosure counseling. Ms. Carpenter reminded the Board that the State contributed \$50,000 to the centers for the same purposes. She reported that based on demand to-date, \$25,000 of the State's contribution of \$50,000, would be for payment due the Centers in mid-January and the balance of \$25,000 should fund activity through March 30, 2009.

Ms. Canney made a motion to approve staff's proposed revisions to the FY2009 operating budget. Ms. Pearce seconded the motion, which was unanimously approved.

Financial Update

Mr. Connors reviewed the Q1 financial statements. He explained the significant increases in financing costs, legal and consulting fees. Despite these additional costs, expenses are below the

operating budget through the month of November as the Agency is making budget cuts wherever possible. This does not reflect the additional financing costs related to the Agency's variable rate debt, which are charged back to the Agency's mortgage programs and not reflected in the operating budget.

Mr. Connors informed the Board that the Agency continues to aggressively work towards replacing two of its liquidity providers, Depfa and Dexia. Both have been downgraded, causing remarketing problems for some of the Agency's variable rate bonds, resulting in significantly higher financing charges. The Agency has variable rate bonds placed with other liquidity providers which are trading fine. There is a balance of \$105 million in variable rate bonds with Depfa and Dexia that need to be replaced. TD Bank has increased its overall commitment to the Agency and agreed to reallocate the Agency's current lines of credit so they can take over as liquidity provider for two of the series, about \$25 million, needing replacement liquidity. Mr. Connors stated multiple rounds of negotiations, resulting in good progress, have been made with FHLB and hopes to have answers by the week end. Mr. Connors explained the terms the Agency is negotiating with FHLB.

Mr. Connors updated the Board regarding Fannie Mae's Community Express Line of Credit and discussions the Agency is having with them. Fannie Mae is still working on their program specifically in the area of collateral requirements. Financing for multifamily projects is not part of this program. Fannie Mae's Community Express program would benefit single family affordable housing only. Both parties agreed to keep each other updated as progress develops.

Mr. Connors updated the Board regarding the Agency's discussions with the State of Vermont about the potential of the State buying the Agency's variable rate bonds, even for just a week, which will take them out of bank bond status and restart the term out period on these bonds. Mr. Connors reiterated the budget adjustments. He stated the main objective is to reduce the drain on general fund balances. He stated the Agency is aggressively working on contingency plans. Mr. Connors will update the Board again regarding general funds at the Finance Committee meeting in January.

Ms. Mullikin Drake explained the resolution pertaining to Federal Home Loan Bank of Boston Advances and Services. Mr. Seelig made a motion to adopt the resolution and Ms. Pearce seconded the motion, which was unanimously approved.

PROGRAM OPERATIONS

Programmatic Changes

Mr. Adams reviewed staff's recommendation to suspend the Multifamily Ventures Program and at staff's discretion, honor the Agency's \$50,000 outstanding commitment to Shelburne Woods. Ms. Canney made a motion to suspend the Multifamily Ventures Program as defined by staff. Mr. Pelletier seconded the motion which was unanimously approved.

Mr. Adams reviewed staff's recommendation to suspend Homeownership's Limited Refinance Program. Mr. Candon made a motion to suspend the program. Mr. Frisbie seconded the motion which was unanimously approved.

Mr. Adams continued the review of staff's recommendation to eliminate the \$100,000 provision for Homeownership Centers with the understanding that the centers be notified and the Agency will continue to reimburse the centers at current levels until the remainder of the State funds of \$50,000 has been spent. Mr. Candon made a motion to eliminate the \$100,000 provision for Homeownership Centers. Mr. Frisbie seconded the motion which was unanimously approved.

Mr. Adams reviewed the Neighborhood Stabilization Program (NSP) with the Board. Mr. Adams informed the Board that it was his understanding based on discussions with ACCD that there would be around \$700,000 available to cover the Agency's cost to administer its proposed portion of the NSP Program. Mr. Pelletier made a motion to authorize staff to implement the NSP program and to form a subsidiary Limited Liability Company if deemed necessary by staff. Mr. Candon seconded the motion which was unanimously approved.

Mr. Adams reviewed Whole Loan Purchase Activities. Ms. Canney made a motion to approve staff's recommendation to change the whole loan pricing structure. Mr. Dorn seconded the motion which was unanimously approved.

Mr. Adams reviewed staff's recommendation to eliminate the 0-point rate option and offer only a 1 (or higher) point product for MBS eligible loans. Because 95% of VHFA approved loans are 0-point options Ms. Canney expressed concern that eliminating the option would take the Agency out of the market. Mr. Adams stated that introducing the change in pricing now is advisable while conventional rates are keeping us out of the market, but also so the change can be reflected in the MBS transition and training sessions with our lenders. Much Board discussion took place. Ms. Crady stated final contracts were in the process of being completed and that contracts will be mailed in mid-January. She informed the Board that procedural guides are being written and training would not take place until March, 2009. Ms. Crady said she expected new lender contracts to be introduced during the training period. Mr. Pelletier made a motion to eliminate the 0-point rate option and offer only a 1 (or higher) point product for MBS eligible loans. Mr. Alberts seconded the motion, which was approved. Ms. Canney opposed the motion.

Mr. Adams reviewed staff's recommendation to suspend the Cash Assistance Program at the earlier of February 1, 2009 or when the remaining \$26,000 has been spent. The recommendation includes revisiting the program when PAC Bonds can be issued. He also reviewed staff's recommendation to return to the practice of deploying IORTA funds through Homeownership Centers. Ms. Crady confirmed that all IORTA funds assist only VHFA borrowers and are used as down payment assistance or closing costs with a cap of \$5,000 per borrower. Staff informed the Board that they will revisit the cap on funds per borrower. Mr. Seelig made a motion to suspend the Cash Assistance Program. Mr. Dorn seconded the motion which was unanimously approved.

Mr. Adams reviewed staff's recommendation to increase Tax Credit Monitoring Fees from \$4.00/unit per month to \$5.00/unit per month effective 2009. Mr. Pelletier suggested raising the fees from \$4.00 to \$6.00, a \$2.00 increase instead of \$1.00 as recommended. Board discussion took place.

Mr. Seelig made a motion to raise Tax Credit Monitoring Fees \$1.00/unit per month per year for each of the next two years. Mr. Candon seconded the motion. Mr. Alberts amended the motion to include raising the fees to \$6.00/unit per month now with the option to lower them if need be. Mr. Pelletier seconded the amended motion, which was approved. Mr. Candon and Mr. Seelig were opposed.

Mr. Adams reviewed program changes under review by staff, but not requiring Board action at this time. Regarding the Homeownership's Energy Saver Loan Fund, Ms. Carpenter stated she expects the State will issue an MOU to the Agency in the near future. She also stated if the Agency cannot find a capital source to fund the program, the Agency will have to reconsider the program. Staff will keep the Board updated regarding the Energy Saver Loan Program.

DEVELOPMENT

During a discussion regarding development funding, staff confirmed that all development commitment letters include conditional terms stating funding is subject to available funds.

Orwell Bank Houses at Green Woods Village, Shoreham

Ms. Canney made a motion to approve a request for State Affordable Housing Tax Credit for Homeownership, Orwell Bank Houses at Green Woods Village, Shoreham. Mr. Seelig seconded the motion which was unanimously approved.

Canal Street Veterans Housing, Winooski

Mr. Slade reviewed the memo requesting Bond Credits and Construction Financing for Canal Street Veterans Housing, Winooski. Ms. Markley reviewed the project with the Board and stated there is an urgent need for Veteran transitional housing.

Mr. Candon made a motion to approve Bond Credits and Construction Financing for Canal Street Veterans Housing, Winooski. Mr. Seelig seconded the motion which was unanimously approved.

Mr. Seelig stated that at the VHCB Board meeting, the Board recommended COTS increase their request for NSP funds in hopes that it may free up other gap funding that is needed for the project.

River Bend Senior Housing, Enosburg Falls

Mr. Slade reviewed the memo requesting Bond Credits and Construction Financing for River Bend Senior Housing, Enosburg Falls. Mr. Williams explained that the development had been relatively well maintained and that the development would not be gutted, therefore the rehab could be completed for \$112/square foot. Mr. Williams explained that he thought that the appraisal is below other appraisals in St. Albans and that they are in negotiations with the owner of the property. Mr. Seelig questioned the \$40,000 per unit appraised value and suggested that staff review the appraisal assumptions. Mr. Williams stated the project will meet VHFA green standards.

Mr. Dorn made a motion to approve a request for Bond Credits and Construction Financing for River Bend Senior Housing, Enosburg Falls. Mr. Pelletier seconded the motion which was unanimously approved.

Colby House, Fairlee

Mr. Erdelyi reviewed the memo requesting Bond Credits and Construction Financing for Colby House, Fairlee. He explained all the changes that have taken place since the September, 2008 Board meeting. He stated the project is a good candidate for NSP funding. Mr. Erdelyi stated all local permits are in hand and he expects other permits to be in hand after the first of the year. Mr. Erdelyi confirmed there has been an extension of the Purchase and Sales Agreement and expects the development to be fully occupied within seven months of completion.

Mr. Seelig made a motion to approve Bond Credits and Construction Financing for Colby House, Fairlee. Ms. Canney seconded the motion which was unanimously approved.

Salmon Run, Burlington

Mr. Erdelyi reviewed the memo requesting Bond Credits, Construction and Permanent Financing for Salmon Run, Burlington. He discussed solutions to slope issues that were determined by two independent engineers. Both companies reached the same conclusions. Mr. Erdelyi stated the engineers are confident the slope issues will not be an issue once they are repaired.

Mr. Seelig made a motion to approve Bond Credits, Construction and Permanent Financing for Salmon Run, Burlington. Mr. Pelletier seconded the motion which was unanimously approved.

River Station Condominiums, Montpelier

Mr. Erdelyi reviewed the memo requesting State Housing Tax Credit for Homeownership for River Station Condominiums, Montpelier.

Mr. Seelig made a motion to approve request for State Housing Tax Credit for Homeownership for River Station Condominiums, Montpelier. Mr. Candon seconded the motion which was approved. Mr. Pelletier abstained.

Ms. Canney informed the Board that MLS listing is available for advertising of the condos. Upgrading membership would be necessary. Ms. Canney offered to work with HVT and CVCLT to inform them of the necessary criteria.

RISK MANAGEMENT

Mr. Adams informed the Board that staff is still concerned with CHT management. He stated the Agency has seen improvements but staff must continue to work closely with CHT to oversee operations.

The Board expressed concern that they had just approved a project with CHT and there are six developments still on the Watch List managed by CHT. Mr. Adams said that staff is constantly in contact with CHT and is assisting in any way they can. Mr. Seelig informed the Board that a lot of people encouraged the merger and the merger was more complex than anyone initially understood.

Mr. Adams reviewed the Watch List with the Board and updated them on strategies staff is doing for improvement.

OTHER BUSINESS

Mr. Carpenter updated the Board on conversations she has had for other allocations of private activity bond recap. She stated the Agency will request less bond cap this year because of the lower volume.

Ms. Carpenter updated the Board on the foreclosure proceeding against Rockingham. She stated there was a court hearing last Thursday and the Agency received a favorable opinion from the court. The court order might motivate the owner to negotiate a sale.

Ms. Alberts made a motion to adjourn the meeting. Mr. Seelig seconded the motion. The meeting adjourned at 1:00 p.m.



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

Vermont Housing Finance Agency
164 St. Paul Street, Burlington, Vermont
Tuesday, January 20, 2009 2:00 p.m.
Conference Call

VHFA Board Members Present:

Lisa Mitiguy Randall, (chair), Tom Candon (designee for Thabault), Dagyne Canney, Bart Frisbie, Beth Pearce (designee for Spaulding), Tom Pelletier, Gus Seelig

Staff Present:

Dave Adams, Sarah Carpenter, Tom Connors, Joe Erdelyi, Sam Falzone, Lori Gilding, Cindy Reid, Josh Slade

Guests:

Jeff Kantor, JD Kantor, Inc.; Nancy Owens and Kathy Beyer, Housing Vermont; Bruce Whitney, RACLT; Amy Wright, Cathedral Square

Chair Mitiguy Randall called the meeting to order at 2:05 p.m.

DEVELOPMENT

Proctorsville Green Condos, Proctorsville

Ms. Reid reviewed the memo requesting State Affordable Housing Tax Credits for Homeownership Proctorsville Condos, Proctorsville. Mr. Frisbie expressed concern with the cost of the development. Ms. Reid explained that the costs for the development are in line with other projects. Bruce Whitney explained a lot of marketing has gone into the development and because the entire village of Proctorsville is on a floodplain, additional excavation and engineering costs were higher. Ms. Reid did confirm that the units have been vacant for almost one year, but not from lack of efforts to market them. Mr. Adams explained the gross sales price to the Board and how the end cost to a buyer was determined. Ms. Reid stated RACLT is targeting buyers with an income level of approximately \$32,000 as opposed to the original targeted income level of \$40,000. She said Proctorsville is a development where the town wanted to build affordable rental and for sale units that were combined within the same development. This was planned prior to the downturn of the market. Ms. Reid said if the strategy presented here does not accomplish the sale of the units, the Agency will take another look at converting the development to multifamily rental units. She stated it would take even more subsidy to convert them to rental. Mr. Whitney explained that over the summer the rental development went through a property management transition, which resulted in several vacancies of the rental units. However, all units are now leased.



Mr. Frisbie expressed concern that building for sale units for the targeted income level seems to present problems to sell them after they are built. Ms. Carpenter agreed and reminded the Board that the Agency has suspended the single family construction program and does not foresee taking on construction of single family homes in the short-term. Ms. Reid stated if the units do not sell, the Agency will reallocate the State Tax Credits to another project.

Ms. Canney made a motion to approve the request for State Affordable Housing Tax Credits for Homeownership for the Proctorsville Condos, a project in Proctorsville. Mr. Seelig seconded the motion. The motion was approved. Mr. Frisbie opposed the motion.

Butterfield Common Condos, Dover

Ms. Reid reviewed the memo requesting State Affordable Housing Tax Credits for Homeownership, Butterfield Commons Condos, Dover. Ms. Reid informed the Board that the woman who donated the parcel of land intended the land to be developed for a mix of affordable housing for families and seniors, and both for rental and homeownership. She stated that if the credits are approved, the units will be remarketed with the new pricing structure. Mr. Kantor stated he believes the Windham Housing Trust will be happy to break even on the development, even if it means not taking their fee.

Mr. Pelletier made a motion to approve the request for State Affordable Housing Tax Credits for Homeownership, Butterfield Commons Condos, Dover. Mr. Candon seconded the motion which was unanimously approved.

NAMCO (formerly Armory Square), Windsor

Ms. Reid reviewed the memo requesting Construction Financing for NAMCO Allocated. Ms. Reid explained the worst case scenario would be if Housing Vermont was unable to secure the needed equity investment and in that event VHFA would need to extend the construction financing beyond 2010 and try to engage other investors. She stated Apollo defaulted on their equity commitment to the development, but there probably would be little success in filing suit against them. Ms. Owens stated all parties were counting on Apollo and no one anticipated the fall out. She also explained that similar situations are being seen throughout the country. Ms. Carpenter stated VHFA had originally approved and was seeking to provide the construction financing at the beginning. Ms. Carpenter does not see this circumstance as setting a precedent for the Agency.

Ms. Canney made a motion to approve the request for Construction Financing for NAMCO Allocated in Windsor. Mr. Seelig seconded the motion. Mr. Frisbie expressed concern the Agency may be at risk because another investor opted out of the transaction. Ms. Owens stated the return on investment is good and the financing is still an attractive investment. The motion was approved. Mr. Frisbie abstained from the vote.

Three Cathedral Square, Burlington

Ms. Reid reviewed the memo for staff's recommendation for request for Construction Financing and Bond Credits, Three Cathedral Square, Burlington. Ms. Wright stated the vacancy rate is approximately 3%. She also explained the reasons for the weak operating budget as well as potential solutions.

Mr. Seelig made a motion to approve the request for Construction Financing and Bond Credits, Three Cathedral Square, Burlington. Mr. Candon seconded the motion. Mr. Frisbie expressed concern that the Agency may be trying to solve medical costs with housing funds. Ms. Carpenter stated the needs of aging residents and certain public policies pressure management to provide more services to the residents, and frail residents want to stay in the apartments where they have lived for many years. Ms. Wright stated the goal is to minimize debt so that the funds collected in rent can be used for services. Ms. Wright is working the state level to get the Agency of Human Services' policies and reimbursement changed so that they meet the needs of the population as it grows older in assisted housing. The motion was unanimously approved.

Mr. Erdelyi updated the Board on the Tax Credit Status Report. He informed the Board there are more projects in the pipe line that will be requesting tax credits than funds available.

Blake Commons, Swanton

Mr. Slade reviewed the memo requesting Allocated Housing Credits, Blake Commons, Swanton. He stated the project has not secured their other funding sources.

Mr. Pelletier requested an update on Champlain Housing Trust's management capacity. Ms. Carpenter stated there are still concerns. CHT is in the process of moving their offices. VHFA staff will continue to meet with CHT and set further benchmarks. In project regulatory agreements VHFA must approve the management agent so CHT as manager can be withdrawn if there is not improvement.

Ms. Carpenter confirmed that the funding presented is based on an estimation of what staff believes Blake Commons can get from other sources. She said the Agency likes to see developers come in early so that they can be underwritten early. She said they may have to come back for more funding if other sources of funding are not committed in the amounts requested. Allocated Housing Credits run with construction costs and have more flexibility.

Ms. Pelletier made a motion to approve the request for Allocated Housing Credits, Blake Commons, Swanton. Mr. Seelig seconded the motion which was unanimously approved.

Mr. Seelig made a motion to adjourn the meeting. Mr. Frisbie seconded the motion. The motion was approved and the meeting adjourned at 3:05 p.m.



Vermont Housing Finance Agency

Consent Agenda

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Elizabeth Mullikin Drake, General Counsel

RE: **Resolutions for Decreasing TD Bank, N.A. Lines of Credit
for Working Capital and Construction Loans**

DATE: January 29, 2009 (for February 9, 2009 Board Meeting)

Requested Action: Adopt attached resolutions

TD Bank, N.A. has required, as a condition of its replacement of DEPFA Bank plc as liquidity facility for the Agency's Series 24A and Series 25A Single Family Housing Variable-Rate Bonds, the reduction of the Agency's Working Capital Line of Credit from \$12.5 million to \$5 million and the reduction of the Agency's Construction Line of Credit from \$15 million to \$12.5 million. TD Bank, N.A. has requested specific resolutions to this effect.

The attached resolutions accomplish the following:

1. TD Bank, N.A. Working Capital Line of Credit – decrease from \$12,500,000 to \$5,000,000; and
2. TD Bank, N.A. Construction Line of Credit – decrease from \$15,000,000 to \$12,500,000.

Please feel free to contact me at (802) 652-3402 or edrake@vhfa.org if you have any questions or comments.



VERMONT HOUSING FINANCE AGENCY

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

WHEREAS, the Agency has an existing line of credit with TD Bank, N. A. in the amount of \$12,500,000, most recently renewed April 16, 2008 and increased by resolution dated July 10, 2008 (the "Working Capital Line of Credit"); and

WHEREAS, the Agency wishes to decrease the amount of the Working Capital Line of Credit to \$5,000,000 at the same or similar terms as those now in place; and

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

NOW, THEREFORE, IT IS HEREBY RESOLVED:

1. That the Agency hereby approves the amendment of the Working Capital Line of Credit to a decreased amount of \$5,000,000 at the same or similar terms that are currently in place (the "New Working Capital Line of Credit"); and
2. That the Agency hereby authorizes the Executive Director and the Chief Financial Officer, individually, in their capacities as Secretary and Treasurer of the Agency, respectively, to take all actions necessary, including the execution and delivery of any and all necessary documents, to amend the Working Capital Line of Credit to be the New Working Capital Line of Credit, and to extend and/or renew the New Working Capital Line of Credit at similar or better terms in the future.

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: TD BANK, N.A. BORROWING
FOR SHORT-TERM CONSTRUCTION LOANS**

WHEREAS, the Agency has an existing line of credit with TD Bank, N. A. in the amount of \$15,000,000, the most recent renewal of which was ratified by resolution dated May 12, 2008 (the "Construction Line of Credit"); and

WHEREAS, the Agency wishes to decrease the amount of the Construction Line of Credit to \$12,500,000 at the same or similar terms as those now in place; and

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

NOW, THEREFORE, IT IS HEREBY RESOLVED:

1. That the Agency hereby approves the amendment of the Construction Line of Credit to a decreased amount of \$12,500,000 at the same or similar terms that are currently in place (the "New Construction Line of Credit"); and
2. That the Agency hereby authorizes the Executive Director and the Chief Financial Officer, individually, in their capacities as Secretary and Treasurer of the Agency, respectively, to take all actions necessary, including the execution and delivery of any and all necessary documents, to amend the Construction Line of Credit to be the New Construction Line of Credit, and to extend and/or renew the New Construction Line of Credit at similar or better terms in the future.



Vermont Housing Finance Agency

Consent Agenda

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Tom Connors, Chief Financial Officer

RE: **General Authorizing Resolution of up to \$35 Million
in Bonds for Funding Multifamily Projects**

DATE: February 2, 2009

Board Action Requested: **Approve attached resolution authorizing the issuance of
up to \$35 million in bonds for multifamily loans**

In order to meet expected future funding demands, staff requests that the Board approve additional authority to issue bonds to fund multifamily loans. Please find attached a "Resolution Authorizing the Issuance and Sale of a Maximum of \$35,000,000 of Bonds In One or More Series to Finance Multi-Family Projects" (like prior resolutions for the same purpose.) The Board last approved a similar resolution on June 4, 2007.



VERMONT HOUSING FINANCE AGENCY

Resolution Authorizing the Issuance and Sale of a Maximum of \$35,000,000
of Bonds In One or More Series to Finance Multi-Family Projects

Adopted February 9, 2009

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**VERMONT HOUSING FINANCE AGENCY
SERIES RESOLUTION AUTHORIZING THE ISSUANCE AND
SALE OF A MAXIMUM OF \$35,000,000 OF BONDS
IN ONE OR MORE SERIES TO FINANCE MULTI-FAMILY PROJECTS**

February 9, 2009

WHEREAS, the Vermont Housing Finance Agency (hereinafter referred to as the "Agency") is authorized to finance Mortgage Loans for multifamily housing for persons and families of low and moderate income in the State of Vermont pursuant to the provisions of the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (hereinafter referred to as the "Act"), and to issue its bonds to obtain funds for such purpose and to refund the same; and

WHEREAS, in order to obtain funds with which to provide financing for mortgage loans to acquire, construct, rehabilitate or refinance various developments for persons and families of low and moderate income, such developments as or to be separately approved by the Commissioners of the Agency, it is deemed necessary and advisable to issue and sell one or more series of bonds of the Agency, not to exceed \$35,000,000 in the aggregate, all as hereinafter provided;

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

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Definitions. As used in this Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"*Bonds*" means the Bonds of the Agency of the Series authorized by this Resolution and a Series Certificate.

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

"*DTC Eligible*" means Bonds issued in book-entry form through the facilities of a securities depository, to provide for the registration of such depository's nominee as owner thereof.

"*General Resolution*" means the resolution entitled "Multi-Family Mortgage Bond Resolution" adopted on February 3, 1977, as amended and supplemented, the resolution entitled "Multi-Family Housing Bond Resolution" adopted on September 25, 1981, as amended and supplemented, or any other resolution adopted by the Agency, and where appropriate shall also include the Trust Indenture approved by the Agency on April 2, 2007, as amended and supplemented, the Trust Indenture dated as of January 1, 2007, as amended and supplemented, and any other trust indenture approved by the Agency, which resolution or trust indenture permits the issuance of one or more series of bonds thereunder to finance Mortgage Loans or

Projects upon the adoption or execution of a series supplemental resolution or trust indenture satisfying the terms and provisions thereof.

“Mortgage Loan” means any mortgage loan with respect to a Project authorized by the Act to be made or financed by the Agency.

“Program” means the general program of the Agency under which it finances Mortgage Loans for Projects.

“Project” means any Residential Housing the Agency is authorized to finance by the Act and which has been approved by separate resolution of the Agency.

“Offering Statement” means the Official Statement, Private Placement Memorandum or similar offering document of the Agency describing the Bonds and used in conjunction with the sale thereof.

“Resolution” means this Resolution Authorizing the Issuance and Sale of a Maximum of \$35,000,000 of Bonds In One or More Series to Finance Multi-Family Projects.

“Series Certificate” means the Series Certificate or Certificates of the Agency dated on or before the date of issuance of the related Series of Bonds which Series Certificate shall establish certain terms and provisions of such Bonds as provided herein; a Series Certificate may also be and include a Supplemental Indenture which contains the provisions required hereby of a Series Certificate.

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

Section 1.02. Authority for Resolution. This Resolution is adopted pursuant to and in accordance with the provisions of the Act and any General Resolution that may be applicable as hereinafter set forth.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF BONDS

Section 2.01. Authorization of Bonds, Principal Amount and Series. In order to provide sufficient funds necessary for the Program, in accordance with and subject to the terms, conditions and limitations established in this Resolution and in any General Resolution applicable thereto, one or more series of Bonds are hereby authorized to be issued, from time to time, each by the execution and delivery of a Series Certificate, in an aggregate principal amount not to exceed \$35,000,000. Such Series Certificate shall be signed by at least two of the following—Chairman, Vice-Chairman, Executive Director, Chief Financial Officer or Chief of Program Operations; provided that if the amount of Bonds authorized by such Series Certificate exceeds \$5,000,000 one of the signatories thereto must be the Chairman or Vice-Chairman. The Agency is of the opinion and hereby determines (a) that the issuance of Bonds in said amount is necessary to provide sufficient funds to be used and expended from time to time for the Program; (b) that the Mortgage Loans to be made or financed on behalf of the Agency with the proceeds of

the Bonds can be issued bearing a rate or rates of interest which will be less than the prevailing rate of interest on comparable mortgage loans available in the State of Vermont without the assistance of the Agency; and (c) that the Agency will derive receipts, revenues and other income from the Mortgage Loans purchased or made with the proceeds of the Bonds sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of the Bonds and the payment of all costs and expenses incurred by the Agency with respect to the Program or purpose for which the Bonds are issued.

Section 2.02. Purposes. The purposes for which the Bonds are being issued are to provide funds to make or finance Mortgage Loans, including making deposits in any funds or accounts of a General Resolution, and include refunding bonds of the Agency issued for such purpose, all as shall be specified in detail in one or more Series Certificates as hereinafter described. Only Mortgage Loans and Projects approved by separate resolution of the Agency may be financed by the proceeds of Bonds authorized hereby.

Section 2.03. Bond Provisions; Series Certificate. A Series of Bonds shall be issued hereunder only upon the delivery of a Series Certificate which shall specify the terms and conditions of such Bonds and the sale and delivery thereof, including without limitation the following:

- (a) the principal amount of Bonds to be issued pursuant thereto;
- (b) the Series or sub-Series designation and title;
- (c) the maturity or maturities of the Bonds, which in no event shall exceed 40 years, provided that if the Agency otherwise approves a Mortgage Loan with a maturity in excess of 40 years from the date of issuance of the Bonds intended to fund such Mortgage, such Bonds may have a maturity not to exceed six months following the maturity of such Mortgage Loan, subject in any case to limitations imposed by the Act;
- (d) the interest rate or rates on the Bonds or the method of determining the same, provided that the interest rate or rates on the Bonds (or the initial rate or rates if the rates are not fixed rates) shall not exceed 7% if the interest on the Bonds is to be exempt from federal income taxation or 9% otherwise, and provided further that if the initial rate or rates are not fixed rates the maximum permitted rate in any case may not exceed 12%;
- (e) the date or dates on which interest on the Bonds is payable;
- (f) the dated date or dates of the Bonds, or the method of determining the same;
- (g) the redemption provisions for the Bonds, which may include optional, mandatory and/or sinking fund redemptions, provided that the Bonds shall be optionally redeemable no later than 15 years after their date of issuance and at a redemption premium not exceeding 3% and reducing by at least 1% annually thereafter;
- (h) the minimum and authorized denominations of the Bonds;

(i) whether or not the interest on the Bonds is to be exempt from federal income taxation;

(j) whether or not the Bonds are to be DTC Eligible;

(k) the form or forms of the Bonds, the manner of numbering and lettering such Bonds, and the Agency commissioners or officers authorized to execute and deliver the same;

(l) whether or not the Bonds are to be general obligations of the Agency and in any event the source of revenues to be pledged and used to pay the same, which pledge shall be immediately effective as provided by the Act;

(m) that the Agency will derive receipts, revenues and other income from the Mortgage Loan(s) made or purchased with the proceeds of such Series of Bonds sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of such Series of Bonds and the payment of all costs and expenses incurred by the Agency with respect to the Program or for the purpose for which such Series of Bonds are issued;

(n) the reserve fund or funds, any requirements with respect to the Bonds, and the method of funding the same;

(o) whether the Bonds shall be insured or guaranteed by a third party, and the premium or fee therefor, provided that such premium or fee shall be less than the present value of the interest rate savings on the Bonds occasioned by such insurance or guaranty;

(p) the specific use of the proceeds of the sale of the Bonds, the Mortgage Loans to be financed or refinanced thereby, and any bonds of the Agency to be refunded thereby;

(q) the manner in which the Bonds are to be sold, the purchaser or purchasers of the Bonds, the form of the agreement used to sell the Bonds (which form shall be comparable to the forms previously used by the Agency in similar sales of bonds) and the sale price of the Bonds, which may include a sale discount or fee paid to the purchaser not to exceed 1.5% of the principal amount of the Bonds;

(r) if the Bonds are to be remarketed, the remarketing agent therefor and the remarketing agent fee (which shall not exceed 0.50% per annum);

(s) if the Bonds are subject to tender by the owners thereof, the tender agent therefor and any liquidity facility therefor, provided that any liquidity facility fee shall not exceed 0.50% per annum;

(t) the form of the documents pursuant to which the Bonds are to be issued, and any and all documents in connection therewith;

(u) the form of the Offering Statement, if any used to sell or market the Bonds (which form shall be comparable to the forms previously used by the Agency in similar sales of bonds);

(v) the form of continuing disclosure agreement, if any, required to satisfy the federal securities laws (which form shall be comparable to the forms previously used by the Agency in similar sales of Bonds);

(w) the trustee and/or paying agent, if any for the Bonds, provided that if the Bonds are issued under a General Resolution the trustee and/or paying agent thereunder shall be the trustee or paying agent, as the case may be, for the Bonds;

(x) whether or not any investment agreements, repurchase agreements or similar instruments are to be used for the investment of all or any Bond proceeds, and any conditions thereto or limitations thereon;

(y) if the Bonds do not pay interest at a fixed rate, whether or not any third party agreements will be used to reduce the risks of possible interest rate fluctuations and, if so, any conditions thereto or limitations thereon; and

(z) any other matters not inconsistent herewith deemed appropriate and necessary and authorized by the Act.

A Series Certificate may specify that this Resolution and the Bonds authorized hereby and thereby shall be considered a "Series Resolution" under a General Resolution, and thereupon this Resolution (as applicable to such Series or Series of Bonds) and such Series Certificate shall be so treated for all purposes with respect to the Bonds authorized and issued thereby, provided that to the extent such General Resolution permits modification by a "Series Resolution" thereunder, the Series Certificate may specify such modifications even though the same are not set forth herein.

ARTICLE III

SPECIAL COVENANTS FOR TAX-EXEMPT BONDS

Section 3.01. Covenants as to Code. If and to the extent a Series or sub-Series of Bonds is designated as Bonds the interest on which is not to be subject to federal income taxation, 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 Bonds to be used, directly or indirectly, in a manner which would result in such bonds being qualified for the exclusion of any such 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) Continuously monitor the nonmortgage investments made directly or indirectly with the proceeds of such Bonds and shall take immediate and appropriate action to reduce the amount invested in nonmortgage investments with a yield materially higher than the yield on such Bonds as may be required by the Code; and

(c) Take such other action as may be necessary or desirable to maintain the exclusion of interest on such Bonds in accordance with Section 103(a) of the Code.

Section 3.02. Rebate. If and to the extent a Series or sub-Series of Bonds is designated as Bonds the interest on which is not to be subject to federal income taxation:

(a) The Agency hereby covenants to establish such separate accounts or subaccounts as may be necessary or desirable to adequately trace and account for the direct and indirect proceeds of such Bonds in order to comply with the rebate or yield reduction payment requirements of Section 148 of the Code. Such accounts or subaccounts may be established at any time upon the written direction of an authorized officer of the Agency.

(b) At least annually, the Agency shall compute and certify in reasonable detail the amount required to be rebated to the United States pursuant to Section 148 of the Code.

(c) As required by Section 148 of the Code, the Agency or any Bond trustee as directed by the Agency shall pay to the United States on behalf of the Agency the amount then required to be paid under Section 148 of the Code. If for any reason funds are not otherwise available for such payment, the Agency covenants to transfer moneys from its own funds for such payment.

(d) The Agency or any Bond trustee as directed by the Agency shall keep such records as will enable them to fulfill their responsibilities under this Section and shall retain such records for at least six years following final payment of the related Bonds.

Section 3.03. Governmental Program Requirement. If and to the extent a Series or sub-Series of Bonds is designated as Bonds the interest on which is not to be subject to federal income taxation, 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 Bonds of the Series or issue which financed such Mortgage Loan in an amount related to the amount of such Mortgage Loan.

Section 3.04. Compliance With Article III. If and to the extent a Series or sub-Series of Bonds is designated as Bonds the interest on which is not to be subject to federal income taxation, the provisions of this Article III shall be complied with by the Agency in order to meet the requirements of the Code such that interest on such 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 such 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 III will satisfy said requirements, in which case compliance with such other provision specified in the Counsel's Opinion shall constitute compliance with the provisions specified in this Article III.

ARTICLE IV

MISCELLANEOUS

Section 4.01. Amendments. This Resolution may be amended from time to time prior to the issuance of any Series of Bonds, which right shall be in addition to any other rights to amend. To the extent a Series of Bonds is issued under and pursuant to a General Resolution, this Resolution and any Series Certificate with respect to such Bonds may be amended under the conditions and to the extent permitted by such General Resolution. To the extent a Series of Bonds is issued only pursuant to this Resolution and a Series Certificate, this Resolution and the Series Certificate may be amended except as restricted hereby, by such Series Certificate or by the Bonds or any other agreement or document executed in conjunction therewith.

Section 4.02. General. The Agency may adopt, and specify in an Officer's Certificate, any additional covenants as to Mortgage Loans, Mortgagors or lenders.

Section 4.03. Authorization of Officers. The Chairman, Vice Chairman or any other Commissioner of the Agency, Executive Director, Treasurer, Chief Financial Officer, Chief of Program Operations and Secretary of the Agency are hereby authorized and directed to do all acts and things (including the conduct of any public hearings required by federal tax laws) and to execute and deliver any and all documents, filings, certificates and other instruments necessary or desirable to effectuate the transactions contemplated by this Resolution or any Series Certificate.

Section 4.04. Effective Date. This resolution shall take effect immediately.



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter *CR*

DATE: January 26, 2009

RE: Request for Allocated Housing Credits: Johnson Community Housing, Johnson

Name:	Johnson Community Housing	Location:	Johnson
Housing Type:	General Occupancy & Senior	Unit Type:	Flats & Townhouses
Unit Count:	28 units 26 tax credit units	Unit Sizes:	22 1-BR @ 811 s.f. 17 2-BR @ 1,065 s.f. 4 3-BR @ 1,280 s.f.
Total Cost:	\$6,888,671	Per S.F. Acquisition & Construction Cost:	\$226
Credits Requested:	\$492,000 9% Credits	Sponsors:	Lamoille Housing Partnership & Housing Vermont
Other Funding: NSP, VHCB, HOME, Efficiency Vermont, Seller Cleanup Escrow Account			

Summary of Request: Lamoille Housing Partnership (LHP) and Housing Vermont (HVT) are requesting \$492,000 in 9% (ceiling) Housing Credits to develop 28 housing units in Johnson.

Project Background: For approximately five years, LHP and HVT have been working in the community of Johnson to address the need for affordable housing. They now have a signed agreement to purchase a site from Vermont Electric Cooperative (VEC). The site is 2.38 acres, in the village center, close to the elementary school and services. The site is contaminated from the past activities of a transformer repair shop. As a result, the existing commercial building will need to be demolished and the site cleaned up. A phase two environmental report has been completed, and an environmental firm is working on a Corrective Action Plan, which will need to be approved by the State Department of Environmental Conservation. VEC is selling the property for \$1 and also providing \$125,000 in clean up funds. Estimated cost of cleanup is \$832,000. As a blighted site, this project is eligible to apply for Neighborhood Stabilization Program (NSP) funds, which it has done, and the funding decision is anticipated in February.

The site will be re-developed into 14 units of family housing (in two buildings) and 10 units of senior housing (in a third building), surrounding a common green. Also included in the project are two properties currently in LHP's portfolio, two units at 334 Lower Main Street, and two units at 71 & 73 Mack Mudgett Drive. These properties (including a barn/garage with an apartment over it which will be demolished as it's too costly to rehabilitate) currently are a financial drain on LHP as stand-alone rental properties. Once rehabbed and combined with more units in a new limited partnership with new management, the existing properties will be able to be managed more cost effectively. Of the 28 total units, there will be three 1-bedroom general



occupancy units, 14 2-bedroom family units, one 3-bedroom family unit, nine 1-bedroom senior units, and one 2-bedroom senior unit.

Alliance Property Management will be the property manager. They manage senior and family housing in nearby Jeffersonville, as well as other properties in Lamoille County.

The project has commitments from VHCB & HOME. The only commitment still needed is from NSP (anticipated in February). An Act 250 permit is needed (approval anticipated in May/June), as well as the State's approval of the Corrective Action Plan. The sponsors hope to close in July, begin construction in August, and complete it by September of 2010.

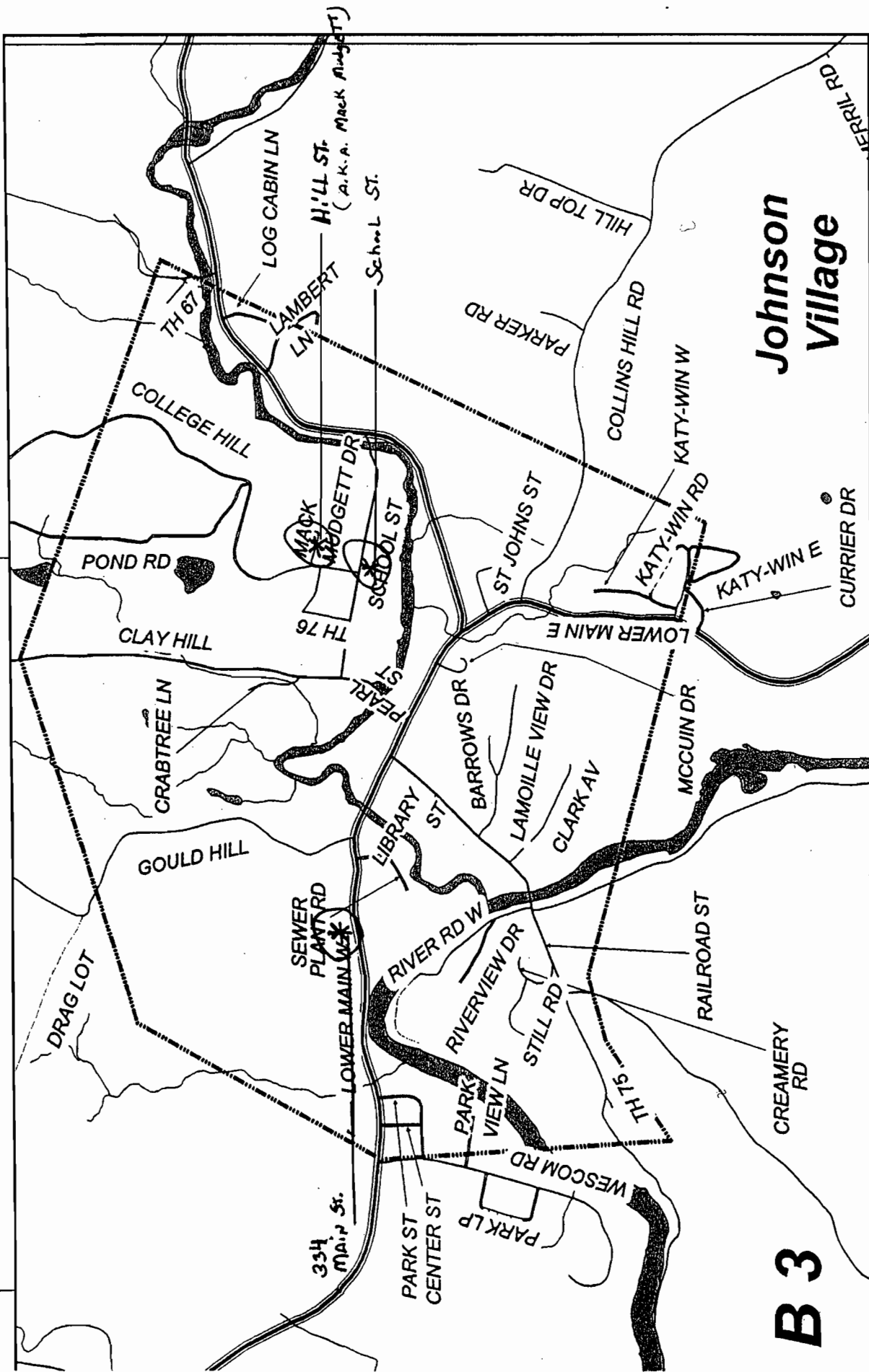
The Selectboard and Village Trustees as well as a local steering committee, support the project. The Planning Commission does not support it (they would prefer homeownership or a community facility on the site). The project does not need a local permit, however, because there is no zoning in Johnson. In the recent past, the Town was not willing to support an application to VCDP, so the sponsors are pleased to now be getting support for this project that will provide both family and senior housing in the village center, as well as the cleanup of a blighted site.

The architect is designing the new buildings to meet the Agency's Green Building standards. This will allow the project to obtain the 130% basis boost, which, per the 2009-2010 Allocation Plan, enables it to qualify for a higher amount of credit. The development will have municipal water and sewer.

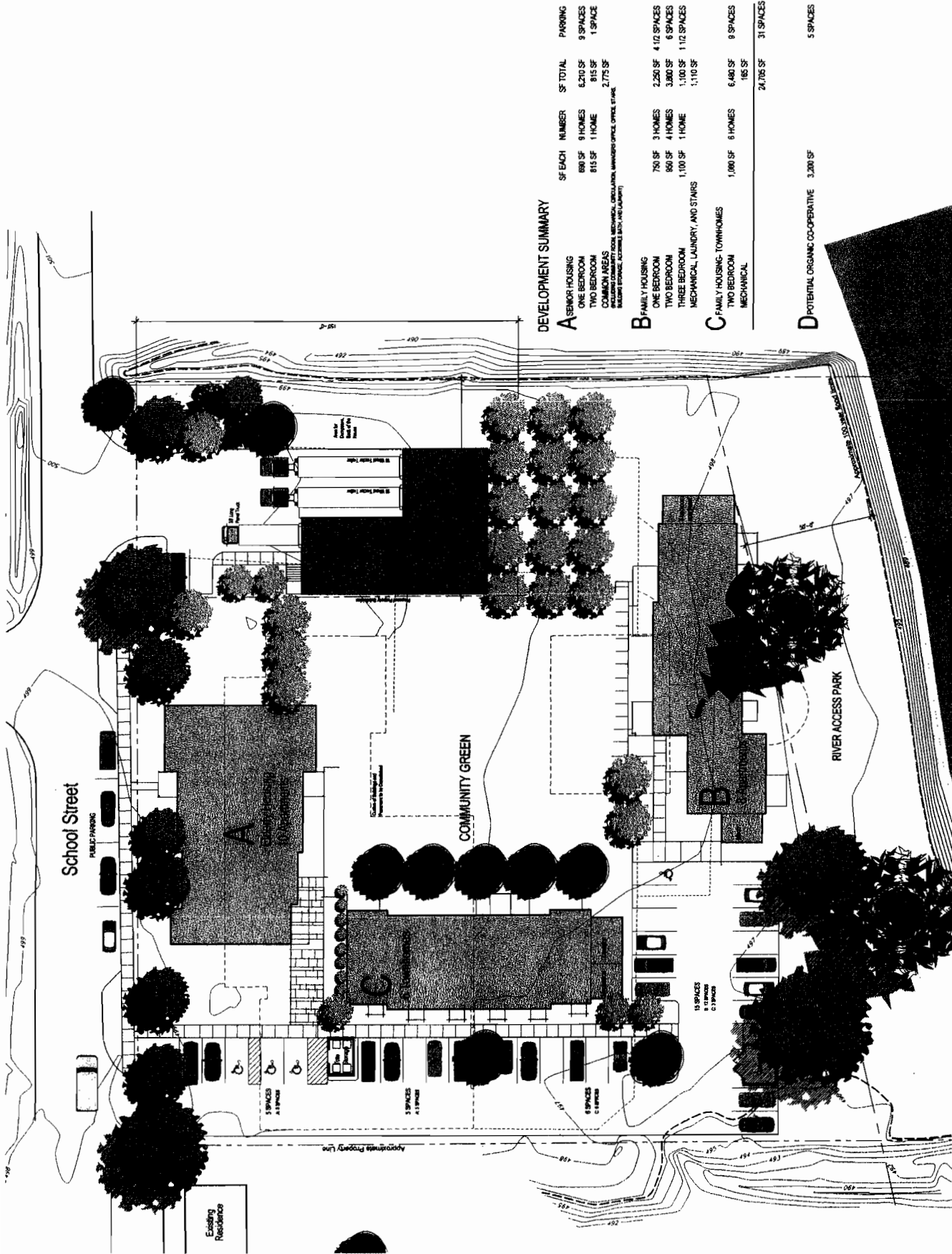
As an aside, the Selectboard and Village Trustees encouraged the sponsors to develop a mixed-use site. As a result, there is a commercial parcel to be subdivided from the residential portion. A 22-year old organic farming cooperative is interested in purchasing the parcel for use as a distribution center.

Tax Credit Summary: The project meets five upper tier criteria: 1) it is a new construction infill development in a community with lower than a 3.5% vacancy rate; 2) the majority of the units are for families and are two bedroom or larger; 3) the project maintains the historic settlement pattern; 4) the project is in a designated village center; 5) the project proposes the removal of blight. The market study strongly recommends the project.

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



B 3

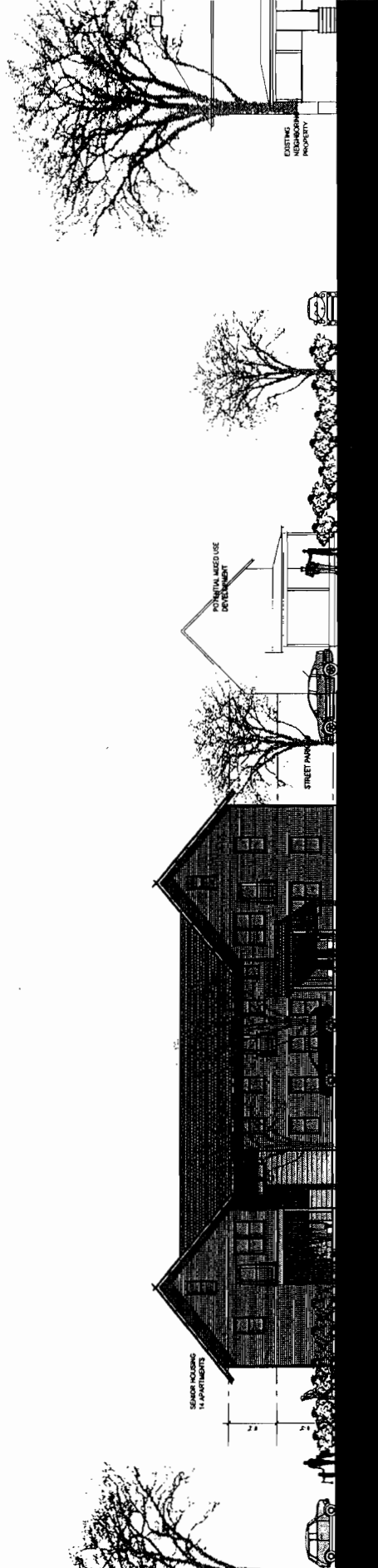


GBA
 GOSSENS
 HACHMAN
 ARCHITECTS
 1000 RIVINGTON ROAD, SUITE 200
 NEWTON, MASSACHUSETTS 02459
 TEL: 617.552.1000 FAX: 617.552.1001

Gihon
 Community
 Housing
 1000 RIVINGTON ROAD, SUITE 200
 NEWTON, MASSACHUSETTS 02459

SENIOR
 HOUSING

A2



1 STREET ELEVATION
 SCALE: 1/8" = 1'-0"

GBA
 GOSSENS
 BACHMAN
 ARCHITECTS
 1000 15th St NW
 Suite 1000
 Washington, DC 20004
 Tel: 202.462.1000
 Fax: 202.462.1001
 www.gba.com

Gihon
 Community
 Housing

Architect
 Date
 Project
 Location
 Scale
 Sheet

FAMILY
 HOUSING

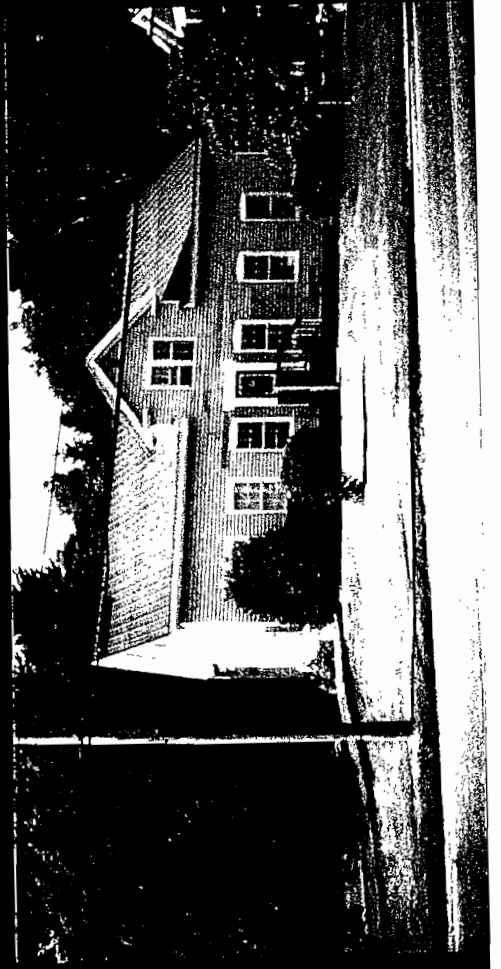
B2



1 COMMUNITY GREEN ELEVATION
 Scale: 1/8" = 1'-0"

HILL AND MAIN
JOHNSON, VT

YEAR COMPLETED: 1994
NUMBER OF BUILDINGS: 2
NUMBER OF APARTMENTS: 5
HANDICAPPED ACCESSIBLE: 0



27-Jan-09 **Johnson Community Housing**

Total Rental Residential Units:	28	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	26	Increase in Income from Other Sources:	2.00%
Percent Restricted:	92.86%	Increase in Income from Commercial:	0.00%
Total Rental Development Cost:	6,888,672	Expense increase:	3.00%
Total Rental Dev. Cost per Unit:	246,024	Vacancy Rate:	5.00%
Total Rental Dev. Cost Per SF:	246	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	602,301	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	492,000	Sponsor's Estimated Yield:	82%

LIHTC - 9%	9.00%	Feb-09
LIHTC - 4%	3.23%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
NSP	1,400,000	20.32%	0.00%	deferred	30
HOME	400,000	5.81%	0.00%	deferred	30
VHCB	603,000	8.75%	0.00%	deferred	30
VEC cleanup escrow	125,000	1.81%	0.00%	deferred	30
Efficiency Vermont	14,000	0.20%	0.00%	deferred	30
Existing VHCB/HOME	286,906	4.16%	0.00%	deferred	30
VHCB feasibility	10,000				
LIHTC equity	4,049,765	58.79%	N/A	N/A	N/A
TOTAL SOURCES	6,888,671	100.00%			

USES

Acquisition	482,394	7.00%
Construction Hard Costs	4,912,928	71.32%
Soft Costs	1,493,350	21.68%
TOTAL USES	6,888,671	100.00%

Gap 0

General Partner's Capital Contribution	2,025	0.05%
Limited Partner's Capital Contribution	4,049,360	99.99%
Total Equity	4,051,385	100.0%

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	26
Total Units	28
Unit Fraction	92.86%
Tax Credit Square Footage	22,153
Total Residential Square Footage	23,853
Square Footage Fraction	92.87%
Applicable Fraction	92.86%

	Budget	Per Unit	Per s.f.	NSP	HOME	Allocation of Sources VHCB VEC	Efficiency	Existing	VHCB	LIHTC	TOTAL SOURCES
ACQUISITION											
1 Land	81,829	2,922	3.43	0.00%	0.00%	0.00%	30	30	0.00%	0.00%	81,829
2 Purchase of Building(s)	265,365	9,477	11.13								265,365
3 Demolition (without replacement)	125,000	4,464	5.24								125,000
4 Property Appraisal	5,000	179	0.21	125,000							5,000
5 Legal - Title and Recording	5,200	186	0.22								5,200
Acquisition/Carrying Costs	0	0	0.00								0
Subtotal - Acquisition	482,394	17,228	20.22								0
CONSTRUCTION HARD COSTS											
6 Rehabilitation	0	0	0.00								0
7 New Building(s)	3,277,600	117,057	137.41	568,464	200,000	592,800	14,000			1,902,336	3,277,600
8	0	0	0.00								0
9 Sitework	403,700	14,418	16.92							403,700	403,700
10 Solar hot water	0	0	0.00								0
11 Clerk of the Works	0	0	0.00								0
12 Contractor Overhead	0	0	0.00								0
13 Contractor Profit	0	0	0.00								0
14 Construction Contingency	372,092	13,289	15.60							372,092	372,092
15 Construction Management	0	0	0.00								0
16 Construction Bond Fee	0	0	0.00								0
17 Hazardous Materials Abatement	831,536	29,698	34.86	706,536		125,000				831,536	831,536
18 Off-Site Improvements	0	0	0.00								0
19 Furnishings, Fixtures, & Equipment	28,000	1,000	1.17							28,000	28,000
20 Other ()	0	0	0.00								0
Subtotal - Hard Costs	4,912,928	175,462	205.97								0
SOFT COSTS											
21 Architectural	304,408	10,872	12.76		200,000	0			10,000	94,408	304,408
22 Engineering	0	0	0.00								0
23 Legal/Accounting	40,000	1,429	1.68							40,000	40,000
24 Education	0	0	0.00								0
25 Environmental Assessment	0	0	0.00								0
26 Energy Assessment	5,500	196	0.23							5,500	5,500
27 Permits/Fees	109,766	3,920	4.60							109,766	109,766
28 Independent Market Study	2,500	89	0.10							2,500	2,500
29 Construction Period Insurance	25,000	893	1.05							25,000	25,000
30 Construction Interest	175,000	6,250	7.34							175,000	175,000
31 Construction Loan Origination Fee	22,000	786	0.92							22,000	22,000
32 Taxes During Construction	8,000	286	0.34							8,000	8,000
33 H.P.	1,500	54	0.06							1,500	1,500
34 Marketing	4,000	143	0.17							4,000	4,000
35 Tax Credit Fees	19,330	690	0.81							19,330	19,330
36 Soft Cost Contingency	9,000	321	0.38							9,000	9,000
37 Permanent Loan Origination Fee	0	0	0.00								0
38 Lender's Counsel's Fee	0	0	0.00								0
39 Other ()	0	0	0.00								0
SYNDICATION COSTS											
40 Organizational (Partnership)	0	0	0.00								0
41 Bridge Loan Fees and Expenses	0	0	0.00								0
42 Syndication Consultant	0	0	0.00								0
43 Tax Opinion	0	0	0.00								0
DEVELOPER'S FEES											
44 Developer's Fees	710,000	25,357	29.77							710,000	710,000
45 Other Partnership Fees	0	0	0.00								0
46 Consultant Fees	0	0	0.00								0
RESERVES											
47 Working Capital	15,000	536	0.63							15,000	15,000
48 Rent-up (Deficit Escrow) Reserve	0	0	0.00								0
49 Other Operating Reserves	42,346	1,512	1.78							42,346	42,346
50 Sinking Fund	0	0	0.00								0
51 Replacement Reserves	0	0	0.00								0
Subtotal - Soft Costs	1,493,350	53,334	62.61								0
TOTAL DEVELOPMENT COSTS	6,888,672	246,024	1,670	1,400,000	400,000	603,000	125,000	14,000	286,906	104,000	4,049,766
			over/under	0							6,888,672
COST BASIS FOR DEVEL FEE	6,121,326										
DEVELOPER FEE	710,000										
DEVELOPER FEE -	11.60%										

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
ACQUISITION						
1 Land	81,829					
2 Purchase of Building(s)	265,365	265,365		265,365		
3 Demolition (without replacement)	125,000			125,000		
4 Property Appraisal	5,000	5,000		5,000		
5 Legal - Title and Recording	5,200	5,200		5,200		
Subtotal - Acquisition	482,394					
CONSTRUCTION HARD COSTS						
6 Rehabilitation	0		0			
7 New Building(s)	3,277,600		3,277,600	3,277,600		
8 0	0		0			
9 Sitework	403,700		403,700	403,700		
10 Solar hot water	0		0			
11 Clerk of the Works	0		0			
12 Contractor Overhead	0		0			
13 Contractor Profit	0		0			
14 Construction Contingency	372,092		372,092	372,092		
15 Construction Management	0		0			
16 Construction Bond Fee	0		0			
17 Hazardous Materials Abatement	831,536		0	831,536		
18 Off-Site Improvements	0		0			
19 Furnishings, Fixtures, & Equipment	28,000		28,000	28,000		
20 Other ()	0		0			
Subtotal - Hard Costs	4,912,928					
SOFT COSTS						
21 Architectural	304,408		304,408	304,408		
22 Engineering	0		0			
23 Legal Accounting	40,000		40,000	40,000		
24 Relocation	0		0			
25 Environmental Assessment	0		0			
26 Energy Assessment	5,500		5,500	5,500		
27 Permits Fees	109,766		109,766	109,766		
28 Independent Market Study	2,500		2,500	2,500		
29 Construction Period Insurance	25,000		25,000	25,000		
30 Construction Interest	175,000		148,750	175,000		
31 Construction Loan Origination Fee	22,000		22,000	22,000		
32 Taxes During Construction	8,000		8,000	8,000		
33 H.P.	1,500		1,500	1,500		
34 Marketing	4,000					
35 Tax Credit Fees	19,330		0	19,330		
36 Soft Cost Contingency	9,000		9,000	9,000		
37 Permanent Loan Origination Fee	0		0			
38 Lender's Counsel's Fee	0		0			
39 Other ()	0		0			
SYNDICATION COSTS						
40 Organizational (Partnership)	0					
41 Bridge Loan Fees and Expenses	0					
42 Syndication Consultant	0					
43 Tax Opinion	0					
DEVELOPER'S FEES						
44 Developer's Fees	710,000		710,000	710,000		
45 Other Partnership Fees	0		0			
46 Consultant Fees	0		0			
RESERVES						
47 Working Capital	15,000					
48 Rent-up (Deficit Escrow) Reserve	0					
49 Other Operating Reserves	42,346					
50 Sinking Fund	0					
51 Replacement Reserves	0					
Subtotal - Soft Costs	1,493,350					
TOTALS	6,888,672	275,565	5,467,816	6,717,497	0	
LESS: Amount of Non-qualified Financing		0				
LESS: Historic tax Credit (Residential Portion)			0	0	20% Historic Cre	
Total Eligible Basis		275,565	5,467,790		0 Annual Hist	
TIMES: Adjusted for QCT: DDA Green Building Stds	130.0%		7,108,127			
TIMES: Applicable Fraction	92.86%	255,882	6,600,404			
Total Qualified Basis		255,882	6,600,404	6,717,497	Long Term Depreciable Bas	
TIMES: Applicable Percentage		3.23%	9.00%	27.5	Depreciation Schedule	
Total Annual Credit Qualified		8,265	594,036	244,273	Annual Depreciation	
Total Tax Credits Requested	492,000			28,000	Short Term Depreciable Bas	
Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only)	4,049,765			7	Depreciation Schedule	
Estimated Yield - Housing Credit Syndication	0.8231			4,000	Annual Depreciation	
Equity Gap	4,049,766					
Credits Needed to fill Equity Gap	492,049					

27-Jan-09 **Johnson Community 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		701	11	598	0	78,936
2 Br		953	14	601	0	100,968
3 Br		1,100	1	685	0	8,220
Totals		22,153	26			188,124
Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		750	1	681	0	8,172
2 Br		950	1	760	0	9,120
3 Br		0	0	0	0	0
4+ Br		0	0	0	0	0
Totals		1,700	2			17,292
Common Area Square Footage		0				
Grand Totals		23,853	28			205,416
Less Vacancy			5.00%			(10,271)
					<u>NET RENT</u>	<u>195,145</u>
	OTHER INCOME					
	Laundry					1,200
	Parking					0
	Commercial Space Income					0
	Other					
					<u>TOTAL INCOME</u>	<u>196,345</u>

Johnson Community Housing

Building #	Unit #	Check all Applicable						A										B					C					
		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%+		
Senior	1	1		1	1	1	1		1	690	680	0	680															
	2	2			1	1	1		1	690	680	0	680															
	3	3			1	1	1		1	690	680	0	680															
	4	4			1	1	1		1	690	667	0	667															
	5	5			1	1	1		1	690	690	0	690															
	6	6			1	1	1		1	690	690	0	690															
	7	7			1	1	1		1	690	667	0	667															
	8	8			1	1	1		1	690	667	0	667															
	9	9			1	1	1		1	690	667	0	667															
	10	10			1	1	1		1	690	667	0	667															
Family-new	1	11							2	815	673	0	673															
	2	12							2	1,080	673	49	722															
	3	13							2	1,080	673	49	722															
	4	14							2	1,080	573	49	572															
	5	15							2	1,080	573	49	572															
	6	16							2	1,080	673	49	722															
	7	17							2	950	673	49	722															
	8	18							2	950	523	49	572															
	9	19							2	950	523	49	572															
	10	20							2	950	673	49	722															
Hill Street	1	21							3	1,100	685	62	747															
	2	22							1	750	567	40	607															
	3	23							1	750	567	40	607															
	4	24							1	750	681	40	721															
	5	25							2	800	530	49	579															
	6	26							2	800	575	49	624															
	7	27							2	800	600	49	649															
	8	28							2	800	575	49	624															
	Total # Units	28	10	0	6	26	2	8	2	Totals:	23,855	17,112		Total # Units:	0	3	23	0	2	0	3	23	0	0	2	0	2	
										45																		

Common area 4,125

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	26,880	2,240	80	13.7%
Supportive Services	0	0	0	
Audit/Accounting	4,000	333	12	
Legal	1,680	140	5	
Compliance Monitoring	1,560	130	5	
Marketing	1,008	84	3	
Other	1,344	112	4	
TOTAL ADMINISTRATIVE	36,472	3,039	109	
Utilities				
Electricity	8,760	730	26	
Fuel - w/ solar h2o	26,640	2,220	79	
Water and Sewer	8,400	700	25	
Fire Alarm / Emergency	2,000	167	6	
Other	0	0	0	
TOTAL UTILITIES	45,800	3,817	136	
Maintenance				
Maintenance / Janitor Payroll	15,120	1,260	45	
Janitor Supplies	2,688	224	8	
Exterminating	672	56	2	
Trash Removal	7,056	588	21	
Snow Removal	8,400	700	25	
Grounds	7,056	588	21	
Repairs Material	0	0	0	
Repairs Contract	0	0	0	
HVAC Repairs / Maintenance	3,360	280	10	
Elevator Contract / Repairs	3,000	250	9	
Painting and Decorating	1,680	140	5	
Other	0	0	0	
TOTAL MAINTENANCE	49,032	4,086	146	
Real Estate Taxes	25,200	2,100	75	per unit month excl. ds & res. 496
Property Insurance	10,080	840	30	
Replacement Reserves	15,120	1,260	45	
Primary Debt Service	0	0	0	
Other "must pay" debt service	0	0	0	
Other	0	0	0	
Total	181,704	15,142	541	

27-Jan-09 Johnson Community Housing

	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Operating Income		205,416	208,497	211,625	214,799	218,021	221,291	224,611	227,980	231,400	234,871	238,394	241,970	245,599	249,283	253,022	256,818	260,670	264,580	268,549	272,577
Gross Rent		1,200	1,224	1,248	1,273	1,299	1,325	1,351	1,378	1,406	1,434	1,463	1,492	1,522	1,552	1,583	1,615	1,647	1,680	1,714	1,748
Other Income		(10,271)	(10,425)	(10,581)	(10,740)	(10,901)	(11,065)	(11,231)	(11,399)	(11,570)	(11,744)	(11,920)	(12,098)	(12,280)	(12,464)	(12,651)	(12,841)	(13,033)	(13,229)	(13,427)	(13,629)
Vacancy and other losses		196,545	199,236	202,292	205,333	208,419	211,552	214,732	217,959	221,236	224,561	227,937	231,363	234,841	238,371	241,955	245,592	249,284	253,031	256,835	260,696
Operating Expenses		166,584	171,582	176,729	182,031	187,492	193,117	198,910	204,877	211,024	217,354	223,875	230,591	237,509	244,634	251,973	259,532	267,318	275,338	283,598	292,106
Total Expenses (excl. Reserves)		15,120	15,347	15,577	15,811	16,048	16,289	16,533	16,781	17,033	17,288	17,547	17,811	18,078	18,349	18,624	18,904	19,187	19,475	19,767	20,063
Reserves		181,704	186,928	192,306	197,841	203,540	209,405	215,443	221,658	228,056	234,642	241,422	248,402	255,587	262,983	270,597	278,436	286,505	294,813	303,365	312,170
Total Operating Expense		14,641	12,368	9,986	7,491	4,879	2,147	(711)	(3,699)	(6,821)	(10,081)	(13,486)	(17,039)	(20,746)	(24,612)	(28,643)	(32,844)	(37,222)	(41,782)	(46,530)	(51,473)
Net Operating Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Primary Debt Service		14,641	12,368	9,986	7,491	4,879	2,147	(711)	(3,699)	(6,821)	(10,081)	(13,486)	(17,039)	(20,746)	(24,612)	(28,643)	(32,844)	(37,222)	(41,782)	(46,530)	(51,473)
Less Secondary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		14,641	12,368	9,986	7,491	4,879	2,147	(711)	(3,699)	(6,821)	(10,081)	(13,486)	(17,039)	(20,746)	(24,612)	(28,643)	(32,844)	(37,222)	(41,782)	(46,530)	(51,473)
Operating Subsidies / Sinking Fund		14,641	12,368	9,986	7,491	4,879	2,147	(711)	(3,699)	(6,821)	(10,081)	(13,486)	(17,039)	(20,746)	(24,612)	(28,643)	(32,844)	(37,222)	(41,782)	(46,530)	(51,473)
Net Cash		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Beginning Balance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deposits		42,346	57,981	71,632	83,150	92,379	99,155	103,306	104,661	103,056	98,296	90,181	78,499	63,030	43,545	19,804	(8,443)	(41,456)	(79,506)	(122,878)	(171,866)
Interest		14,641	12,368	9,986	7,491	4,879	2,147	(711)	(3,699)	(6,821)	(10,081)	(13,486)	(17,039)	(20,746)	(24,612)	(28,643)	(32,844)	(37,222)	(41,782)	(46,530)	(51,473)
Withdrawals		993	1,283	1,532	1,738	1,896	2,005	2,066	2,093	2,061	1,966	1,804	1,570	1,261	871	396	(169)	(829)	(1,590)	(2,458)	(3,437)
Net Operating Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Special LP or GP Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of Deferred Debt Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Partnership Audit or K-1 Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Distribution of Cash to Owner		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		57,981	71,632	83,150	92,379	99,155	103,306	104,661	103,056	98,296	90,181	78,499	63,030	43,545	19,804	(8,443)	(41,456)	(79,506)	(122,878)	(171,866)	(236,776)
Cumulative Replacement Reserves		0	15,271	27,877	40,967	54,555	68,855	84,584	96,169	107,886	117,005	120,288	120,288	141,695	154,211	166,822	177,944	191,139	204,412	217,745	231,119
Beginning Balance		15,120	15,347	15,577	15,811	16,048	16,289	16,533	16,781	17,033	17,288	17,547	17,811	18,078	18,349	18,624	18,904	19,187	19,475	19,767	20,063
Deposits		151	459	713	977	1,252	1,400	1,628	1,859	2,094	2,331	2,516	2,664	2,764	2,815	2,828	2,748	2,605	2,405	2,153	1,823
Interest		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Withdrawals		15,271	27,877	40,967	54,555	68,855	84,584	96,169	107,886	117,005	120,288	120,288	120,288	141,695	154,211	166,822	177,944	191,139	204,412	217,745	231,119
Ending Balance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Operating Income		14,641	12,368	9,986	7,491	4,879	2,147	(711)	(3,699)	(6,821)	(10,081)	(13,486)	(17,039)	(20,746)	(24,612)	(28,643)	(32,844)	(37,222)	(41,782)	(46,530)	(51,473)
Plus Reserves		15,120	15,347	15,577	15,811	16,048	16,289	16,533	16,781	17,033	17,288	17,547	17,811	18,078	18,349	18,624	18,904	19,187	19,475	19,767	20,063
Less Interest Expense		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Long Depreciation		(98,343)	(98,343)	(98,343)	(98,343)	(98,343)	(98,343)	(98,343)	(98,343)	(98,343)	(98,343)	(98,343)	(98,343)	(98,343)	(98,343)	(98,343)	(98,343)	(98,343)	(98,343)	(98,343)	(98,343)
Less Short Depreciation		(3,571)	(3,571)	(3,571)	(3,571)	(3,571)	(3,571)	(3,571)	(3,571)	(3,571)	(3,571)	(3,571)	(3,571)	(3,571)	(3,571)	(3,571)	(3,571)	(3,571)	(3,571)	(3,571)	(3,571)
Taxable Income (Loss)		(72,153)	(74,199)	(76,351)	(78,612)	(80,987)	(83,479)	(86,092)	(88,836)	(91,711)	(94,726)	(97,881)	(101,176)	(104,611)	(108,186)	(112,901)	(117,756)	(122,751)	(127,886)	(133,161)	(138,576)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		25,253	25,970	26,723	27,514	28,345	29,218	30,132	29,841	30,846	31,898	32,998	34,150	35,354	36,612	37,927	39,297	40,719	42,192	43,715	45,288
Plus Historic Rehab Credits		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus State Credits		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Federal Housing Credits		492,000	492,000	492,000	492,000	492,000	492,000	492,000	492,000	492,000	492,000	492,000	492,000	492,000	492,000	492,000	492,000	492,000	492,000	492,000	492,000
After Tax Cash Flow		517,253	517,970	518,723	519,514	520,345	521,218	522,132	523,081	522,846	522,898	523,098	523,354	523,654	524,000	524,392	524,830	525,312	525,839	526,412	527,031
Total Years		15																			
Reinvestment Rate		6.00%																			
Current After Tax Cash Flows		517,253	517,970	518,723	519,514	520,345	521,218	522,132	523,081	522,846	522,898	523,098	523,354	523,654	524,000	524,392	524,830	525,312	525,839	526,412	527,031
Future Value of Cash Flows at Yr 15:		1,239,628	1,171,080	1,106,399	1,045,365	987,771	933,421	882,132	831,736	786,167	743,159	44,159	43,113	42,107	41,137	40,202	39,297	38,423	37,576	36,754	35,954
Discount Rate:		7.50%																			
Capital Contribution Number:		1	2	3	4																
Date of Capital Contribution:		15-Mar-09	30-Sep-10																		
Amount of Capital Contribution:		160	3,239,812	809,853	0																
Present Value of Contributions:		160	3,168,398	720,082	0																
Cash Flows		(3,885,579)																			
IRR:		6.45%																			
Equity Yield:		7.00%																			

Original Basis
Less Depreciation
Basis at Sale
Sales Price
Gain
Exit Tax

6,745,497
8,245,039
#REF!
#REF!
#REF!

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS FOR JOHNSON COMMUNITY HOUSING, TOWN OF JOHNSON

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Lamoille Housing Partnership, Inc. (the "Sponsors") on behalf of a to be formed limited partnership in which one or more of the Sponsors or their subsidiaries or affiliates will be co-general partners (the "Borrower") involving the acquisition, rehabilitation and new construction of a total of twenty-eight (28) units of mixed senior and general occupancy rental housing in the Town of Johnson (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated January 26, 2009, containing information, conditions and recommendations about the Development (the "Memorandum");

WHEREFORE, it is hereby RESOLVED:

1. The recommendations for the allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.
2. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of \$492,000.00 for the Johnson Community Housing project in the Town of Johnson, Vermont.



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joshua Slade, Development Underwriter

DATE: January 27, 2009

RE: Request for Allocated Housing Credits and Construction Financing: Alburgh Family Housing, Alburgh

Name:	Alburgh Family	Location:	Alburgh
Housing Type:	General Occupancy	Unit Type:	Flats and Townhouses
Unit Count:	13 Total 13 LIHTC	Unit Sizes:	2 – One Bedroom (725 sq ft) 5 – Two Bedroom (981 sq ft) 5 – Three Bedroom (1,100 sq ft) 1 – Four Bedroom (1,600 sq ft)
Total Cost:	\$2,787,959	Per S.F. Acquisition & Construction Cost:	\$151
Loan Requested:	\$1,300,000 Construction (taxable)	Sponsor:	Champlain Housing Trust and Housing Vermont
Housing Credits:	\$200,000 (9% Credit)	Secured Funding:	VHFA Ventures, VHFA 0%
Unsecured Funding:	NSP, REEP		

Summary of Request: Champlain Housing Trust and Housing Vermont request an allocation of \$200,000 of 9% Housing Credits, the transfer of a \$20,000 zero percent loan and a \$1,300,000 construction loan for the redevelopment of Alburgh Family Housing – a 13 unit Section 8 family project located in Alburgh.

Project Discussion: The sponsors, Champlain Housing Trust and Housing Vermont, propose the redevelopment of Alburgh Family Housing, a family housing project originally developed in 1984 under the Section 8 New Construction/Rehabilitation program. The property is currently owned by the limited partnership that was created in 1984. However, the original general partner and property manager was removed by VHFA due to misuse of project funds, shortly after completion of the project. For several years, the O'Brien Brothers Agency served as the general partner and property manager—but eventually asked to exit the partnership. In 2000 VHFA encouraged Lake Champlain Housing Development Corporation (now merged with CHT) to take over as general partner and property manager. The operating cash flow of the property has been problematic through out the life of the project.

The property currently consists of three parcels including four duplexes on Carle Street, one four-unit building on Main Street and a small single family home on Milk Street. The proposed redevelopment will sell off the Milk Street house, rehabilitate the four duplexes, and demolish and rebuild the Main Street building. Included in the rehabilitation of the duplexes, one of the large four-bedroom units will be converted



into two one-bedroom units. The four-bedroom units have historically had the greatest vacancy and one unit is being held vacant now in anticipation of the rehabilitation work. There is no net change of units as a result of this redevelopment. The sponsors have submitted the proposed redevelopment plan to HUD for their approval. The sponsors do not need an Act 250 permit and anticipate no problem in receiving local permit approval by the end of March.

The sponsors will submit an application for Neighborhood Stabilization Program funds to VCDP for the February meeting. When developing the project scope of work, the architect and engineer determined that the cost of repairing the dilapidated Main Street structure was greater than new construction. This building, as well as the duplexes, have failed their Real Estate Assessment Center inspections for two years now and are in jeopardy of losing the rental assistance. The sponsors contend that this meets the definition of blight and this project qualifies for NSP funds. This funding will make it possible for the sponsors to redevelop the project without using any State resources.

The sponsors have requested that the VHFA 0% loan be transferred from the existing partnership to the new partnership. Staff has recommended the 0% be paid in full if financially feasible.

Asbestos tests were conducted with some adverse findings. These assessments were required as part of the planned demolition. The redevelopment will include asbestos remediation.

Champlain Housing Trust will continue to act as property manager. CHT will be on-site no less than 10 hours per week which is expected to aide the project. This will create a slightly higher management fee for the property. The fee has yet to be determined but CHT, HVT and VHFA will meet to discuss an acceptable fee. This will be a condition of the Letter of Intent.

Tax Credit Discussion: The proposed project meets five top tier evaluation criteria: 1. Rehabilitation; 2. family housing; 3. project maintains historic settlement pattern; 4. project is in a designated village center or close to one; and, 5. project proposes the removal of blight. The proposed project also meets two second tier evaluation criteria: 1. Housing affordable to households less than or equal to 30% AMGI; and, 2. project serves families currently on public housing waiting lists. Additionally this project meets other priorities, including the rehabilitation of "at-risk" federally subsidized housing and geographic targeting.

A market study has not been completed for this project. It has been ordered and will be reviewed prior to allocating credits.

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

ALBANY FAMILY
 ROOFING
 ALBANY
 VERMONT

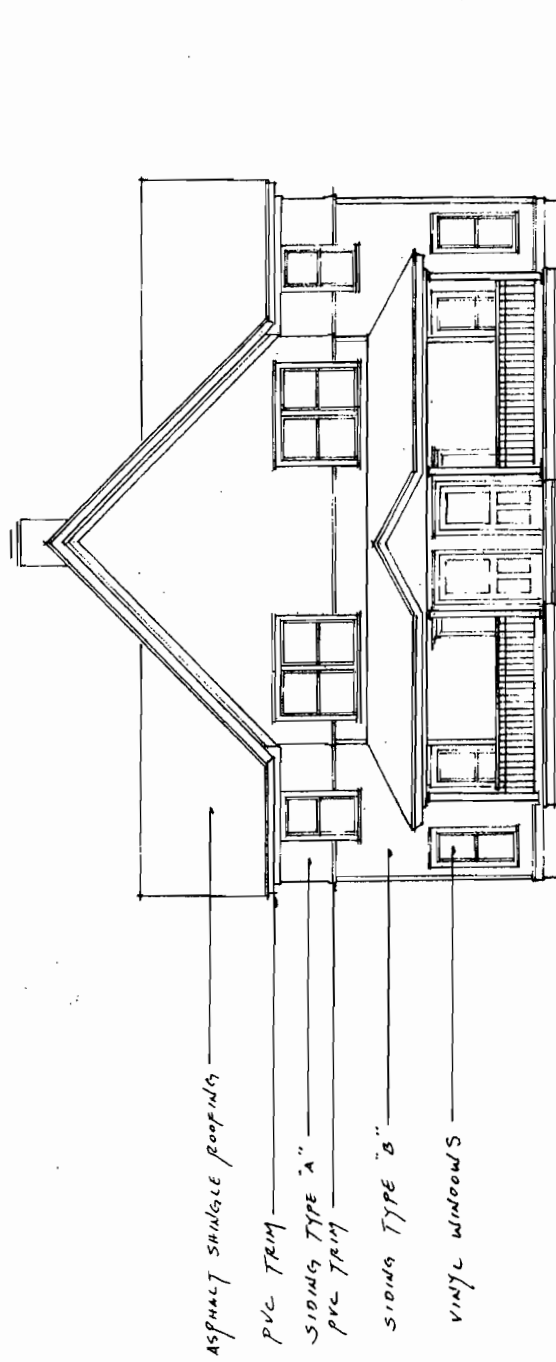
52 ARCHITECTURE
 5274 SHILOH RD
 SEQUEMONT VT 05442
 P 802 886 6666
 F 802 886 6666

MAIN
 STREET
 APTS.

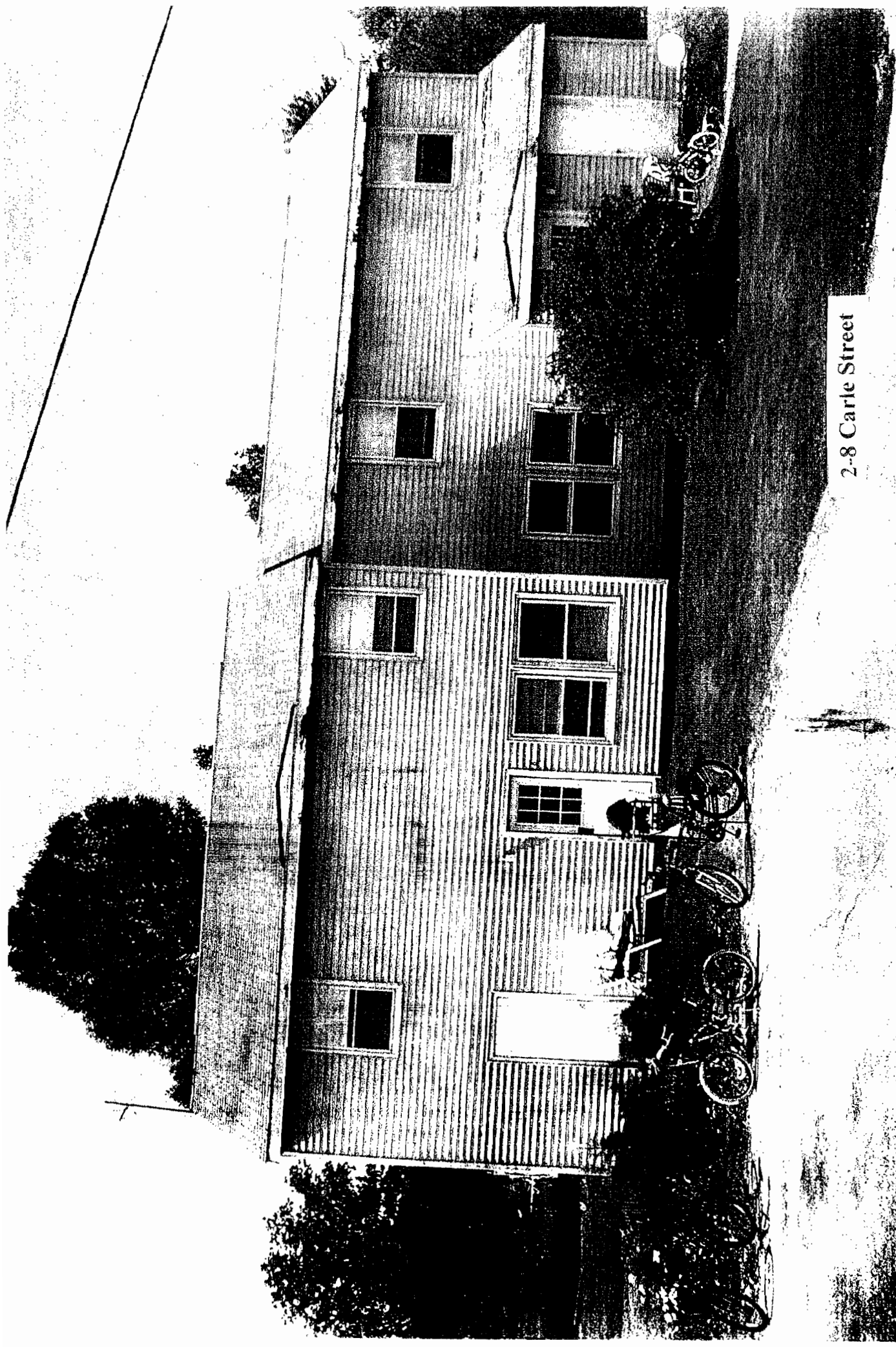
DATE: 12-29-08
 REVISION:
 1-5-09

DRAWING TITLE:

WEST
 ELEVATION



WEST ELEVATION
 $\frac{1}{8}" = 1'-0"$



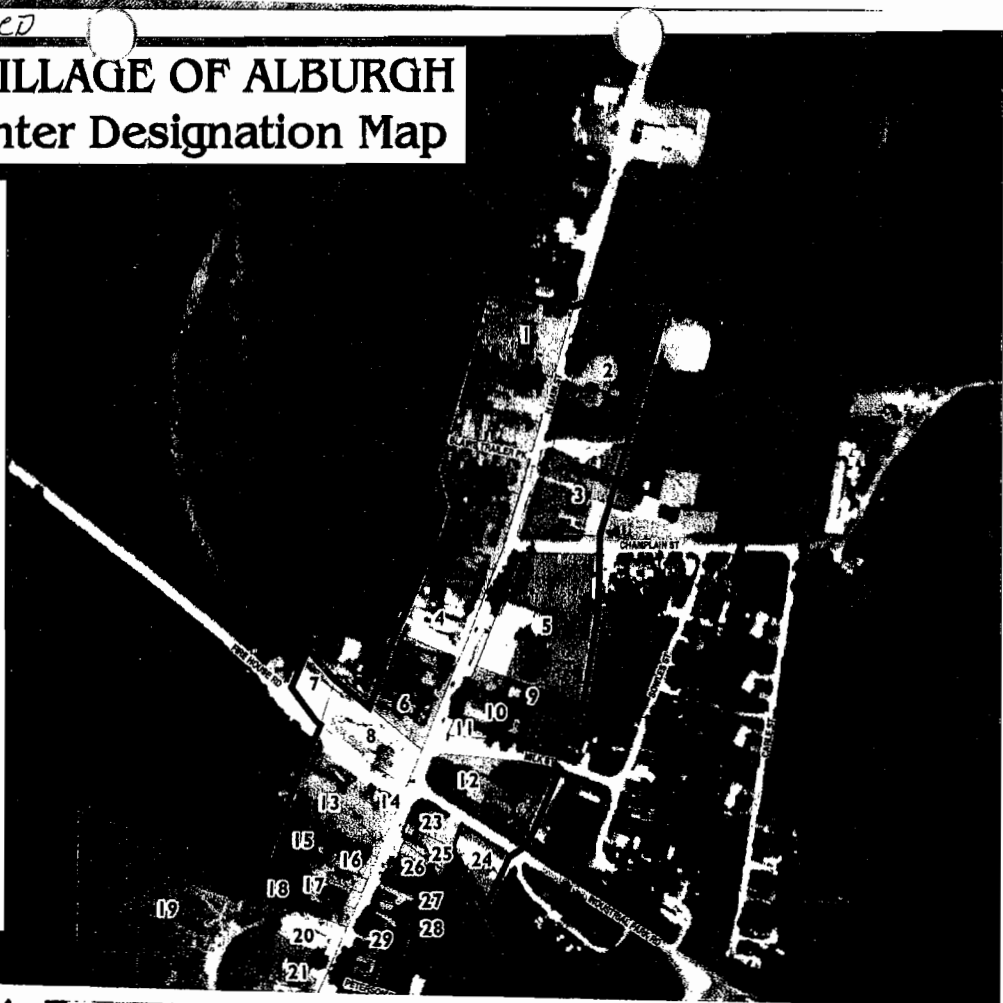
2-8 Carle Street

MAP AS APPROVED

TOWN & VILLAGE OF ALBURGH

Village Center Designation Map

1. Alburgh Laundromat & Car Wash
2. Village Restaurant
3. Alburgh Educational Center
4. St. Amadeus Church
5. St. Amadeus Parish
6. Island Hardware & Feed
7. Alburgh Volunteer Fire Dept.
8. Town Municipal Building
9. Blair's Discount Fuels
10. Alburgh Family Housing
11. Alburgh Beverage Mart
12. New England Via Vermont
13. Irick Excavating
14. Alburgh Historical Society
15. No Building
16. Alburgh Country Store
17. Apartment House
18. Commercial Building
19. Pine Manor Senior Housing
20. United States Post Office
21. Union Bible Church
22. Alburgh Public Library
23. Commercial Lot
24. Alburgh Health Center
25. Kay's Restaurant
26. Chittenden Bank
27. Rental Apartments
28. Rental House
29. Caldwell Banker Real Estate
30. Alburgh Sunoco
31. Rental Apartments
32. Rental Apartments
33. Poissant Auto
34. Fairpoint Communications
35. Unknown
36. Unknown
37. Commercial Building
38. Islands In The Sun Senior Housing & Town Park



26-Jan-09 **Alburg Family (Rehabilitation)**

Total Residential Units:	13	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	13	Increase in Income from Other Sources:	1.50%
Percent Restricted:	100.00%	Increase in Income from Commercial:	0.00%
Total Development Cost:	2,787,959	Expense increase:	3.00%
Total Development Cost per Unit:	214,458	Vacancy Rate:	15%
Total Development Cost Per SF:	203	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	212,238	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	200,000	Sponsor's Estimated Yield:	81.58%

LIHTC - 9%	9.00%	(Jan 2009)
LIHTC - 4%	3.26%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
VHFA 0%	20,000	0.72%	0.00%	Deferred	30
VHCB	0	0.00%	4.00%	30	deferred
HOME	0	0.00%	1.00%	20	int. only
VCDP - NSP	1,130,000	40.53%	0.00%	30	deferred
Efficiency Vermont	6,500	0.23%	N/A	N/A	
Tax Credit Equity	1,631,459	58.52%	N/A	N/A	
TOTAL SOURCES	2,787,959	100.00%			

Construction Loan 1,300,000

USES

Acquisition	454,060	16.29%
Construction Hard Costs	1,619,752	58.10%
Soft Costs	714,147	25.62%
TOTAL USES	2,787,959	100%

Gap (0)

General Partner's Capital Contribution	163	0.01%
Limited Partner's Capital Contribution	1,631,530	99.99%
Total Equity	1,631,693	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	13		
Total Units	13		
Unit Fraction	100.00%		
		0	0
Tax Credit Square Footage	13,720		
Total Residential Square Footage	13,720		
Square Footage Fraction	100.00%		
Applicable Fraction	100.00%		

	Budget	Per Unit	Per s.f.	VHCB Terms: _____	HOME Terms: _____	Allocation of Sources		Equity Terms: _____	Eff. Vt. Terms: _____	TOTAL SOURCES
						VCDP - NSP Terms: _____	Debt Terms: _____			
ACQUISITION										
1 Land	30,565	2,351	2.23				20,000	10,565		30,565
2 Purchase of Building(s)	351,495	27,038	25.65					351,495		351,495
3 Demolition (without replacement)	65,000	5,000	4.74			65,000				65,000
4 Property Appraisal	4,000	308	0.29					4,000		4,000
5 Legal - Title and Recording	3,000	231	0.22					3,000		3,000
Subtotal - Acquisition	454,060	34,928	33.13							
CONSTRUCTION HARD COSTS										
6 Rehabilitation	1,374,344	105,719	100.28			1,065,000		302,844	6,500	1,374,344
7 New Building(s)		0	0.00							0
8 Accessory Buildings		0	0.00							0
9 Sitework - Utilities	10,000	769	0.73					10,000		10,000
10 Commercial Space Costs (if any)	10,000	769	0.73					10,000		10,000
VHFA 0% General Requirements		0	0.00							0
12 Contractor Overhead		0	0.00							0
13 Contractor Profit		0	0.00							0
14 Construction Contingency	192,408	14,801	14.04					192,408		192,408
15 Construction Management	20,000	1,538	1.46					20,000		20,000
16 535		0	0.00							0
17 Hazardous Materials Abatement		0	0.00							0
18 Off-Site Improvements		0	0.00							0
19 Furnishings, Fixtures, & Equipment	13,000	1,000	0.95					13,000		13,000
20 Other (_____)		0	0.00							0
Subtotal - Hard Costs	1,619,752	124,596	118.19							
SOFT COSTS										
21 Architectural	116,819	8,986	8.52					116,819		116,819
22 Engineering		0	0.00							0
23 Legal/Accounting	20,000	1,538	1.46					20,000		20,000
24 Relocation	65,000	5,000	4.74					65,000		65,000
25 Environmental Assessment	6,000	462	0.44					6,000		6,000
26 Energy Assessment		0	0.00							0
27 Permits/Fees	7,779	598	0.57					7,779		7,779
28 Independent Market Study	3,500	269	0.26					3,500		3,500
29 Construction Period Insurance	10,000	769	0.73					10,000		10,000
30 Construction Interest	85,000	6,538	6.20					85,000		85,000
31 Construction Loan Origination Fee	5,000	385	0.36					5,000		5,000
32 Taxes During Construction	15,000	1,154	1.09					15,000		15,000
33 Clerk of the Works	4,000	308	0.29					4,000		4,000
34 Marketing	3,500	269	0.00		0			3,500		3,500
35 Tax Credit Fees	8,490	653	0.62					8,490		8,490
36 Soft Cost Contingency	7,500	577	0.55					7,500		7,500
37 Permanent Loan Origination Fee		0	0.00							0
38 Lender's Counsel's Fee	3,000	231	0.22					3,000		3,000
39 Other (_____)		0	0.00							0
SYNDICATION COSTS										
40 Organizational (Partnership)		0	0.00							0
41 Bridge Loan Fees and Expenses		0	0.00							0
42 Syndication Consultant		0	0.00							0
43 Tax Opinion		0	0.00							0
DEVELOPER'S FEES										
44 Developer's Fees	270,000	20,769	19.70					182,000		182,000
45 Other Partnership Fees		0	0.00							0
46 Consultant Fees		0	0.00							0
RESERVES										
47 Working Capital	10,000	769	0.73					10,000		10,000
48 Rent-up (Deficit Escrow) Reserve		0	0.00							0
49 Other Operating Reserves	53,559	4,120	3.91					53,559		53,559
50 Sinking Fund		0	0.00							0
51 Replacement Reserves	20,000	1,538	1.46					20,000		20,000
Subtotal - Soft Costs	714,147	54,934	52.11							
TOTAL DEVELOPMENT COSTS	2,787,959	214,458	203	0	0	1,130,000	20,000	1,543,459	6,500	2,699,959
COST BASIS FOR DEVEL FEE										
COST BASIS FOR DEVEL FEE	2,434,400									
DEVELOPER FEE	270,000									
DEVELOPER FEE	11.09%									

26-Jan-09 Alburg Family (Rehabilitation)

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other	Costs Incurred to	To be Incurred	Total
ACQUISITION									
1 Land	30,565								
2 Purchase of Building(s)	351,495	351,495		351,495					
3 Demolition (without replacement)	65,000			65,000					
4 Property Appraisal	4,000	4,000		4,000					
5 Legal - Title and Recording	3,000	3,000		3,000					
Subtotal - Acquisition	454,060								
CONSTRUCTION HARD COSTS									
6 Rehabilitation	1,374,344		1,374,344	1,374,344					
7 New Building(s)	0		0	0					
8 Accessory Buildings	0		0	0					
9 Sitework - Utilities	10,000		10,000	10,000					
10 Commercial Space Costs (if any)	10,000								
VHFA 0% General Requirements	0		0	0					
VHFA 0% Contractor Overhead	0		0	0					
13 Contractor Profit	0		0	0					
14 Construction Contingency	192,408		192,408	192,408					
15 Construction Management	20,000		20,000	20,000					
16 535	0		0	0					
17 (234)	0		0	0					
18 Off-Site Improvements	0		0	0					
19 Furnishings, Fixtures, & Equipment	13,000		13,000	13,000					
20 Other ()	0		0	0					
Subtotal - Hard Costs	1,619,752								
SOFT COSTS									
21 Architectural	116,819		116,819	116,819					
22 Engineering	0		0	0					
23 Legal/Accounting	20,000		20,000	20,000					
24 Relocation	65,000		65,000	65,000					
25 Environmental Assessment	6,000		6,000	6,000					
26 Energy Assessment	0		0	0					
27 Permits/Fees	7,779		7,779	7,779					
28 Independent Market Study	3,500		3,500	3,500					
29 Construction Period Insurance	10,000		10,000	10,000					
30 Construction Interest	85,000		85,000	85,000					
31 Construction Loan Origination Fee	5,000		5,000	5,000					
32 Taxes During Construction	15,000		15,000	15,000					
33 Clerk of the Works	4,000		4,000	4,000					
34 Marketing	3,500								
35 Tax Credit Fees	8,490		0	0					
36 Soft Cost Contingency	7,500		7,500	7,500					
37 Permanent Loan Origination Fee	0								
38 Lender's Counsel's Fee	3,000		3,000	3,000					
39 Other ()	0		0	0					
SYNDICATION COSTS									
40 Organizational (Partnership)	0								
41 Bridge Loan Fees and Expenses	0								
42 Syndication Consultant	0								
43 Tax Opinion	0								
DEVELOPER'S FEES									
44 Developer's Fees	270,000		270,000	270,000					
45 Other Partnership Fees	0		0	0					
46 Consultant Fees	0		0	0					
RESERVES									
47 Working Capital	10,000								
48 Rent-up (Deficit Escrow) Reserve	0								
49 Other Operating Reserves	53,559								
50 Sinking Fund	0								
51 Replacement Reserves	20,000								
Subtotal - Soft Costs	714,147								
TOTALS	2,787,959	358,495	2,228,350	2,638,845	0				
LESS: Amount of Non-qualified Financing									
LESS: Historic tax Credit (Residential Portion)			0	0	20% Historic Credit Rate				
					0 Annual Historic Credit				
Total Eligible Basis		358,495	2,228,350						
TIMES: Adjusted for QCT-DDA	100.0%		2,228,350						
TIMES: Applicable Fraction	100.00%	358,495	2,228,350						
Total Qualified Basis		358,495	2,228,350	2,638,845	Long Term Depreciable Basis				
TIMES: Applicable Percentage		3.26%	9.00%	27.5	Depreciation Schedule				
Total Annual Credit Qualified		11.687	200.552	95.958	Annual Depreciation				
Total Tax Credits Requested	200,000			13,000	Short Term Depreciable Basis				
Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only)	1,631,530			7	Depreciation Schedule				
Estimated Yield - Housing Credit Syndication	81.58%			1.857	Annual Depreciation				
Equity Gap	1,631,459								
Credits Needed to fill Equity Gap	199,991								

26-Jan-09 **Alburg Family (Rehabilitation)**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br		725	2	751	29	18,024
2 Br		981	5	765	44	45,900
3 Br		1,100	5	822	59	49,320
4+ Br		1,600	1	893	76	10,716
	Totals	13,455	13			123,960
Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br			0	0		0
VHFA 0%			0	0		0
2 Br			0	0		0
3 Br			0	0		0
4+ Br			0	0		0
	Totals (234)	0	0			0
Common Area Square Footage		250				
	Grand Totals	13,705	13			123,960
	Less Vacancy		15.00%			(18,594)
					<u>NET RENT</u>	<u>105,366</u>
	OTHER INCOME					
	Laundry					0
	Parking					0
	Commercial Space Income					0
	Other					250
					<u>TOTAL INCOME</u>	<u>105,616</u>

26-Jun-09

Alburg Family (Rehabilitation)

Building #	Unit #	Check all Applicable							A					B						C								
		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%+		
1-2 Carle	1			1	1					2	1,050	820	34	864		<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+	
	2			1	1					3	1,150	822	59	881									1					
3-4 Carle	3			1	1					2	1,050	830	41	864									1					
	4			1	1					2	1,150	822	59	881									1					
5-6 Carle	5			1	1					3	1,150	822	59	881									1					
	6			1	1					4	1,600	893	76	969									1					
7-9 Carle	7			1	1					3	1,150	822	59	881									1					
	8			1	1					1	750	771	29	800									1					
	9			1	1					1	750	771	29	800									1					
Mum Street	10			1	1		1			2	980	820	44	864									1					
	11			1	1					2	980	820	44	864									1					
VHHA 0%	12			1	1		1			2	940	820	44	864									1					
	13			1	1					1	770	771	29	800									1					
Total # Units	13									Totals:				Total # Units:		0	13	0	0	0	0	0	0	13	0	0	0	0
										Common	250																	
										Total SqFt	13,720																	

(274)

26-Jan-09 **Alburg Family (Rehabilitation)**

	Annual	Monthly	Per Unit Per Month		
Administration					
Management Fee	13,260	1,105	85	12.6%	13,260 14,820
Site Management Fee		0	0		
Audit/Accounting	4,000	333	26		
Legal		0	0		
Compliance Monitoring	624	52	4		
Marketing	500	42	3		
Other	400	33	3		
TOTAL ADMINISTRATIVE	18,784	1,565	120		
Utilities					
Electricity	2,000	167	13		
Fuel	14,820	1,235	95		
VHFA 0%	9,950	829	64		
Fire Alarm / Emergency	35	3	0		
Other		0	0		
TOTAL UTILITIES	26,805	2,234	172		
Maintenance	(163)				
Maintenance / Janitor Payroll	7,115	593	46		
Janitor Supplies	75	6	0		
Exterminating	400	33	3		
Trash Removal	6,602	550	42		
Snow Removal	2,917	243	19		
Grounds	2,300	192	15		
Repairs Material		0	0		
Repairs Contract		0	0		
HVAC Repairs / Maintenance	1,600	133	10		
Elevator Contract / Repairs		0	0		
Painting and Decorating	4,000	333	26		
Other	1,000	83	6		
TOTAL MAINTENANCE	26,009	2,167	167		
Real Estate Taxes	11,000	917	71	per unit month excl. ds & res. 555	
Property Insurance	3,980	332	26		
Replacement Reserves	7,800	650	50		
Primary Debt Service		0	0		
Other "must pay" debt service		0	0		
Other		0	0		
Total	94,378	7,865	605	0	0

"Below-the-Line" Expenses:

Special LP or GP Fee	0
Repayment of Deferred Fee	0
Partnership Audit or K-1 Fee	0
Distribution	0
Net to Residual	
Receipts/Cumulative Cash Flow	94,378

27-Jan-09		Alburg Family (Rehabilitation)														
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
Gross Rent		123,960	125,819	127,707	129,622	131,567	133,540	135,543	137,576	139,640	141,735	143,861	146,019	148,209	150,432	152,688
Other Income		250	254	258	261	265	269	273	277	282	286	290	294	299	303	308
Vacancy and other losses		(18,594)	(18,873)	(19,156)	(19,443)	(19,735)	(20,031)	(20,331)	(20,636)	(20,946)	(21,260)	(21,579)	(21,903)	(22,231)	(22,565)	(22,903)
Total Operating Income		105,616	107,200	108,808	110,440	112,097	113,778	115,485	117,217	118,976	120,760	122,572	124,410	126,276	128,171	130,093
Operating Expenses																
Total Expenses (excl. Reserves)		86,578	89,175	91,851	94,606	97,444	100,368	103,379	106,480	109,674	112,965	116,354	119,844	123,440	127,143	130,957
Reserves		7,800	7,917	8,036	8,156	8,279	8,403	8,529	8,657	8,787	8,918	9,052	9,188	9,326	9,466	9,608
Total Operating Expense		94,378	97,092	99,886	102,762	105,723	108,770	111,908	115,137	118,461	121,883	125,406	129,032	132,765	136,608	140,565
Net Operating Income		11,238	10,108	8,922	7,678	6,374	5,008	3,578	2,081	515	(1,123)	(2,834)	(4,622)	(6,489)	(8,438)	(10,472)
Less Primary Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VHFA 0%		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow		11,238	10,108	8,922	7,678	6,374	5,008	3,578	2,081	515	(1,123)	(2,834)	(4,622)	(6,489)	(8,438)	(10,472)
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	1,123	2,834	4,622	6,489	8,438	10,472
Net Cash		11,238	10,108	8,922	7,678	6,374	5,008	3,578	2,081	515	0	0	0	0	0	0
DCR	7,683	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cumulative Cash Flow																
Beginning Balance		53,559	65,981	77,509	88,070	97,587	105,976	113,154	119,030	123,512	126,502	127,909	127,633	125,564	121,586	115,580
Deposits		11,238	10,108	8,922	7,678	6,374	5,008	3,578	2,081	515	0	0	0	0	0	0
Interest	2.0%	1,184	1,421	1,639	1,838	2,015	2,170	2,299	2,401	2,475	2,530	2,558	2,553	2,511	2,432	2,312
Withdrawals:																
Project Operating Needs		0	0	0	0	0	0	0	0	0	(1,123)	(2,834)	(4,622)	(6,489)	(8,438)	(10,472)
Special LP or GP Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of Deferred Devel. Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Partnership Audit or K-1 Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Distribution of Cash to Owner		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		65,981	77,509	88,070	97,587	105,976	113,154	119,030	123,512	126,502	127,909	127,633	125,564	121,586	115,580	107,420
Cumulative Replacement Reserves																
Beginning Balance		20,000	28,278	36,840	45,693	54,844	64,403	74,362	84,719	95,484	106,657	118,239	130,221	142,603	155,385	168,667
Deposits		7,800	7,917	8,036	8,156	8,279	8,403	8,529	8,657	8,787	8,918	9,052	9,188	9,326	9,466	9,608
Interest	2.0%	478	645	817	995	1,180	1,370	1,564	1,763	1,967	2,175	2,387	2,602	2,820	3,041	3,265
Withdrawals		0	0	0	0	17,500	0	0	0	0	17,500	0	0	0	0	17,500
Ending Balance		28,278	36,840	45,693	54,844	64,403	74,362	84,719	95,484	106,657	118,239	130,221	142,603	155,385	168,667	182,132
Net Operating Income		11,238	10,108	8,922	7,678	6,374	5,008	3,578	2,081	515	(1,123)	(2,834)	(4,622)	(6,489)	(8,438)	(10,472)
Plus Reserves		7,800	7,917	8,036	8,156	8,279	8,403	8,529	8,657	8,787	8,918	9,052	9,188	9,326	9,466	9,608
Less Interest Expense		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Long Depreciation		(95,958)	(95,958)	(95,958)	(95,958)	(95,958)	(95,958)	(95,958)	(95,958)	(95,958)	(95,958)	(95,958)	(95,958)	(95,958)	(95,958)	(95,958)
Less Short Depreciation		(1,857)	(1,857)	(1,857)	(1,857)	(1,857)	(1,857)	(1,857)	(1,857)	0	0	0	0	0	0	0
Taxable Income (Loss)		(78,777)	(79,790)	(80,857)	(81,981)	(83,162)	(84,404)	(85,709)	(87,079)	(88,514)	(89,999)	(91,524)	(93,089)	(94,694)	(96,339)	(98,024)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		27,572	27,927	28,300	28,693	29,107	29,542	29,998	29,477	30,330	30,857	31,409	31,987	32,592	33,226	33,888
Plus Historic Rehab Credits		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus State Credits		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Federal Housing Credits		200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
After Tax Cash Flow		227,572	227,927	228,300	228,693	229,107	229,542	229,998	229,477	230,330	230,857	231,409	231,987	232,592	233,226	233,888
Total Years	15															
Reinvestment Rate	6.00%															
Current After Tax Cash Flows		227,572	227,927	228,300	228,693	229,107	229,542	229,998	229,477	230,330	230,857	231,409	231,987	232,592	233,226	233,888
Future Value of Cash Flows at Yr 15:		545,390	515,320	486,948	460,176	434,913	411,074	388,577	366,310	346,331	327,475	310,032	294,383	280,118	267,032	254,921
Discount Rate:	3.00%															
Capital Contribution Number:	1	2	3													
Date of Capital Contribution:	01-Sep-09	01-May-10	01-Aug-10													
Amount of Capital Contribution:	100	815,729	815,629													
Present Value of Contributions:	100	799,444	793,241													
Cash Flows	(1,592,785)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,476,999
IRR:	7.13%															
Equity Yield:	(1)															

Alburg Family (Rehabilitation)
Construction Flow of Funds

Sources:		Construction Closing June-09	Month: July-09	August-09	September-09	October-09	November-09	December-09	January-10	February-10	March-10	April-10	Sub Complete May-10	June-10
Construction Draw		696,443.00	-4,500.00	91,958.00	76,932.00	54,069.00	52,917.00	53,138.00	59,047.00	53,857.00	54,701.00	54,015.00	-595,384.00	-753,354.00
Permanent Loan	20,000	20,000												
RIEP	6,500												6,500	
NSP	1,150,000		100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	30,000
LP Cap. Contrib.	1,631,530							100					815,765	815,665
TOTALS:	2,788,030	20,000	100,000	100,000	100,000	100,000	100,000	100,100	100,000	100,000	100,000	100,000	923,265	845,665
Uses														
ACQUISITION														
Land	30,565	30,565												
Purchase of Building(s)	351,495	351,495												
Demolition (without replacement)	65,000		32,500	32,500										
Property Appraisal	4,000		3,000											
Legal - Title and Recording	3,000		3,000											
CONSTRUCTION HARD COSTS														
Rehabilitation	1,374,344		50,000	124,940	124,940	124,940	124,940	124,940	124,940	124,940	124,940	124,940	124,940	82,683
New Building(s)	0													
Accessory Buildings	0													
Sitework - Utilities	10,000				10,000									
Commercial Space Costs (if any)	10,000				10,000									
General Requirements	0													
Contractor Overhead	0													
Contractor Profit	0													
Construction Contingency	192,408		5,000	20,000	20,000	15,000	15,000	15,000	15,000	15,000	15,000	30,000	30,000	9,332
Construction Management	20,000		1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	2,000	2,000	2,500
SSS	0													
Hazardous Materials Abatement	0													
Off-Site Improvements	0													
Furnishings, Fixtures, & Equipment	15,000			2,000		2,000			5,000			4,000		
Other ()	0													
SOFT COSTS														
Architectural	116,819	87,614	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Engineering	0													
Legal Accounting	20,000	15,000											5,000	
Relocation	65,000	17,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Environmental Assessment	6,000	6,000												
Energy Assessment	0													
Permits/Fees	7,779	7,779												
Independent Market Study	3,500	3,500												
Construction Period Insurance	10,000	10,000												
Construction Interest	85,000			4,018	3,992	4,529	4,977	5,298	5,607	5,917	6,261	6,575	6,982	11,296
Construction Loan Origination Fee	5,000	5,000												
Taxes During Construction	15,000	15,000												
Clerk of the Works	4,000	4,000												
Marketing	3,500	3,500												
Tax Credit Fees	8,490	8,490												
Soft Cost Contingency	7,500	2,500		500		500			500		500		3,000	
Permanent Loan Origination Fee	0													
Lender's Counsel's Fee	3,000	3,000												
Other ()	0													
SYNDICATION COSTS														
Organizational (Partnership)	0													
Bridge Loan Fees and Expenses	0													
Syndication Consultant	0													
Tax Opinion	0													
DEVELOPERS FEES														
Developer's Fees	270,000	140,000											65,000	
Other Partnership Fees	0													
Consultant Fees	0													
RESERVES														
Working Capital	10,000												10,000	
Rest-up (Deficit Escrow) Reserve	0													
Other Operating Reserves	53,559												53,559	
Sinking Fund	0													
Replacement Reserves	20,000												20,000	
Repay Construction Loan														
TOTAL DEVELOPMENT COSTS	2,787,959	716,443	95,500	191,958	176,932	154,969	152,917	153,238	159,047	153,857	154,701	174,015	326,981	112,311
Construction Loan Balance	1,300,000	603,557	608,057	516,099	439,167	384,198	331,281	278,143	219,096	165,239	110,538	36,523	631,807	1,365,161
Construction Loan Interest 9.0%		0	4,527	4,560	3,871	3,294	2,881	2,485	2,086	1,643	1,239	829		
Bridge Interest (Cumulative) 9.0%													0	RIEP

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: CONSTRUCTION FINANCING AND
PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS FOR
ALBURGH FAMILY HOUSING, TOWN OF ALBURGH**

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Champlain Housing Trust, Inc. (the "Sponsors") on behalf of a to be formed limited partnership in which one or more of the Sponsors or their subsidiaries or affiliates will be co-general partners (the "Borrower") involving the acquisition, rehabilitation and new construction of a total of thirteen (13) units of general occupancy rental housing in the Town of Alburgh (the "Development"); and

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

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

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

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joshua Slade dated January 26, 2009, containing information, conditions and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of the units are for occupancy by persons and families of low and moderate income.

2. The acquisition, construction or rehabilitation 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(s).

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

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making one or more mortgage loans to the limited partnership to be created by the Sponsors for the construction financing of the Development based on the recommendations in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Sponsors in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more mortgage loans to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan(s) for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions, if any, described in the Memorandum.

4. The recommendations for the allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.
5. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of \$200,000.00 for the Alburgh Family Housing project in the Town of Alburgh, Vermont.



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter *CR*

DATE: January 30, 2009

RE: Request for Increase in Allocated Housing Credits: North Branch and Barre Street Rehabilitation, Montpelier

Summary of Request: North Branch Apartments Limited Partnership (with its general partners being subsidiaries or affiliates of Central Vermont Community Land Trust [CVCLT] and Housing Vermont [HVT]) is requesting an increase of 9% Housing Credits in the amount of \$30,000 for the North Branch and Barre Street Rehabilitation project in Montpelier.

Project Background: This project received a commitment of \$260,000 of 9% Housing Credits and \$300,000 in permanent debt at the September 2008 Board meeting. It is an existing project (two buildings have reached the end of their tax credit compliance period, and the other two buildings are in CVCLT's portfolio and all four buildings need rehabilitation and recapitalization) totaling 45 units which is refinancing (lowering its debt load) and rehabilitating all units and the eroding river wall. Since its approval for credits, some changes have occurred resulting in a funding gap.

First, the sponsors did not receive an anticipated award of \$240,000 from NeighborWorks, despite receiving numerous funding awards for other projects in the past. The next round isn't until June. Second, after completing a survey of all households' incomes, there were more over-income households than estimated. This means there are now 11 market units, as opposed to the seven when staff first reviewed the project. The positive is that it is more of a mixed-income property than before, and many residents have lived there for a long time, and their incomes have increased over time. The downside is that less tax credit units bring in less equity, creating a funding gap.

The sponsors propose obtaining the 130% basis boost by pushing their rehabilitation plans to meet the Green Building Standards (per the 2009-2010 Allocation Plan). This will allow them to increase the basis, thereby their eligibility for more tax credits. The project architect has reviewed the Green Standards and is of the opinion the project can meet them.

The sponsors are requesting this increase now for several reasons:

- They are hoping to get the buildings placed in service by the end of this calendar year in order to be able to claim historic credit this year, and achieve a certain yield (which would decrease if the placed in service date is in 2010).
- Contractors have been pre-qualified, there is a high degree of interest and the sponsors anticipate having ten qualified bids, which bodes well for pricing. There is a momentum with the project. Delaying the project to seek other gap funding at this time would slow this momentum.
- All other funding is committed; all permits are in place; they hope to begin construction in April.

There are two other buildings on Barre Street that VHFA has a loan on that are not going to be included in this project. They also need rehabilitation, however, the residents of the two buildings are all very low income and have mental disabilities and are in need of coordinated services. HVT and CVCLT are concurrently working on a re-development plan for those two buildings and are hoping to secure financing from the HUD 811



mailing address: P.O. Box 408, Burlington, VT 05402-0408 delivery address: 184 Summit Park St., Burlington, VT 05408-4364

phone (802) 864-5743

fax (802) 864-5746

www.vhfa.org



program which would allow them to add service coordination to the management. Staff believes that financing package would be a better fit for the redevelopment of the remaining Barre Street properties. In the interim, staff will work with CVCLT on a revised operating budget with a pro-rated lower amount of debt (the Barre Street building in the North Branch and Barre Street Rehabilitation project is paying down a prorated amount of debt). The two Barre Street properties are on our watch list, and we hope to work with CVCLT on a plan to adequately limp along until the re-development plan is in place.

Recommendation: Staff recommends that the VHFA Board of Commissioners pass the attached resolution; and authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

02-Feb-09 North Branch and Barre Street Rehabilitation

Total Residential Units:	45	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	34	Increase in Income from Other Sources:	1.50%
Percent Restricted:	75.56%	Increase in Income from Commercial:	0.00%
Total Development Cost:	5,606,959	Expense increase:	3.00%
Total Development Cost per Unit:	124,599	Vacancy Rate:	5.00%
Total Development Cost Per SF:	171	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	312,540	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	290,000	Sponsor's Estimated Yield:	84.71%

LIHTC - 9%	9.00%	(Flat Rate)
LIHTC - 4%	3.28%	Jan-09

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage - VHFA	300,000	5.35%	7.45%	30	30
VHCB	420,000	7.49%	0.00%	30	deferred
HOME	350,000	6.24%	4.50%	20	deferred
Neighborworks	0	0.00%	1.00%	30	deferred
Efficiency Vermont	22,500	0.40%	0.00%	30	deferred
Existing soft debt	1,570,828	28.02%	0.00%	30	deferred
Historic Credit Equity	487,376	8.69%	N/A	N/A	
Tax Credit Equity	2,456,255	43.81%	N/A	N/A	
TOTAL SOURCES	5,606,959	100.00%			

USES

Acquisition	1,761,420	31.41%
Construction Hard Costs	2,797,320	49.89%
Soft Costs	1,048,219	18.69%
TOTAL USES	5,606,959	100.00%

Gap (0)

General Partner's Capital Contribution	2,456	0.10%
Limited Partner's Capital Contribution	2,456,009	99.99%
Total Equity	2,456,255	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	34
Total Units	45
Unit Fraction	75.56%
Tax Credit Square Footage	25,656
Total Residential Square Footage	31,724
Square Footage Fraction	80.87%
Applicable Fraction	75.56%

	Budget	Per Unit	Per s.f.
ACQUISITION			
1 Land	263,313	5,851	8.04
2 Purchase of Building(s)	1,492,107	33,158	45.56
3 Demolition (without replacement)		0	0.00
4 Property Appraisal		0	0.00
5 Legal - Title and Recording	6,000	133	0.18
Subtotal - Acquisition	1,761,420	39,143	53.79
CONSTRUCTION HARD COSTS			
6 Rehabilitation	1,920,000	42,667	58.63
7 Envelope - additional	254,000	5,644	7.76
8 Energy Improvements (Solar)	50,000	1,111	1.53
9 Retaining Wall	350,000	7,778	10.69
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	223,320	4,963	6.82
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		0	0.00
20 Other ()		0	0.00
Subtotal - Hard Costs	2,797,320	62,163	85.42
SOFT COSTS			
21 Architectural	226,500	5,033	6.92
22 Engineering		0	0.00
23 Legal/Accounting	50,000	1,111	1.53
24 Relocation	95,000	2,111	2.90
25 Environmental Assessment	33,450	743	1.02
26 Energy Assessment		0	0.00
27 Permits/Fees	18,904	420	0.58
28 Independent Market Study	3,000	67	0.09
29 Construction Period Insurance	5,000	111	0.15
30 Construction Interest	65,000	1,444	1.98
31 Construction Loan Origination Fee	42,500	944	1.30
32 Taxes During Construction	7,500	167	0.23
33 Clerk of the Works	15,000	333	0.46
34 Marketing		0	0.00
35 Loan & Lender Fees	0	0	0.00
36 Soft Cost Contingency	6,000	133	0.18
37 Permanent Loan Origination Fee		0	0.00
38 Lender's Counsel's Fee	0	0	0.00
39 Other (tax credit app fees)	9,450	210	0.29
SYNDICATION COSTS			
40 Organizational (Partnership)		0	0.00
41 Bridge Loan Fees and Expenses	0	0	0.00
42 Syndication Consultant		0	0.00
43 Tax Opinion		0	0.00
DEVELOPER'S FEES			
44 Developer's Fees	170,000	3,778	5.19
45 Other Partnership Fees	170,000	3,778	5.19
46 Consultant Fees		0	0.00
RESERVES			
47 Working Capital		0	0.00
48 Rent-up (Deficit Escrow) Reserve	7,500	167	0.23
49 Other Operating Reserves	69,415	1,543	2.12
50 Sinking Fund		0	0.00
51 Replacement Reserves	54,000	1,200	1.65
Subtotal - Soft Costs	1,048,219	23,294	32.01
TOTAL DEVELOPMENT COSTS	5,606,959	124,599	171
COST BASIS FOR DEVEL FEE			
DEVELOPER FEE	2,797,320		
DEVELOPER FEE %	340,000		
	12.15%		



30-Jan-09 **North Branch and Barre Street Rehabilitation**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br		439	7	377		31,668
1 Br		544	10	627		75,240
2 Br		709	14	690		115,920
3 Br		1,317	3	887		31,932
4+ Br			0	0		0
Totals		22,390	34			254,760
Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br			0	0		0
2 Br		671	5	730		43,800
3 Br		1,065	6	913		65,736
4+ Br			0	0		0
Totals		9,745	11			109,536
Common Area Square Footage		613				
Grand Totals		32,748	45			364,296
Less Vacancy			5.00%			(18,215)
NET RENT						346,081
OTHER INCOME						
Laundry						0
Parking						0
Commercial Space Income						0
Other						
TOTAL INCOME						346,081

30-Jan-09 **North Branch and Barre Street Rehabilitation**

	Annual	Monthly	Per Unit Per Month	
Administration				45
Management Fee	37,800	3,150	70	10.9%
Supportive Services	4,860	405	9	
Audit/Accounting	2,700	225	5	
Legal	1,620	135	3	
Compliance Monitoring	2,592	216	5	
Marketing	1,620	135	3	
Other	10,800	900	20	
TOTAL ADMINISTRATIVE	61,992	5,166	115	
Utilities				
Electricity	4,320	360	8	
Fuel	32,400	2,700	60	
Water and Sewer	20,520	1,710	38	
Fire Alarm / Emergency	540	45	1	
Other	6,480	540	12	
TOTAL UTILITIES	64,260	5,355	119	
Maintenance				
Maintenance / Janitor Payroll	18,900	1,575	35	
Janitor Supplies	1,080	90	2	
Exterminating	1,080	90	2	
Trash Removal	10,800	900	20	
Snow Removal	4,320	360	8	
Grounds	4,320	360	8	
Repairs Material		0	0	
Repairs Contract	13,500	1,125	25	
HVAC Repairs / Maintenance	4,320	360	8	
Elevator Contract / Repairs		0	0	
Painting and Decorating	9,720	810	18	
Other	1,620	135	3	
TOTAL MAINTENANCE	69,660	5,805	129	
Real Estate Taxes	37,800	3,150	70	<div>per unit month excl. ds & res. 468</div>
Property Insurance	18,900	1,575	35	
Replacement Reserves	24,300	2,025	45	
Primary Debt Service	11,675	973	22	
Other "must pay" debt service		0	0	
Other		0	0	
Total	288,587	24,049	534	

North Branch and Barre Street Rehabilitation

	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income		364,296	369,760	375,307	380,936	386,650	392,450	398,337	404,312	410,377	416,532	422,780	429,122	435,559	442,092	448,724
Gross Rent		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vacancy and other losses		(18,215)	(18,488)	(18,765)	(19,047)	(19,333)	(19,623)	(19,917)	(20,216)	(20,519)	(20,827)	(21,139)	(21,456)	(21,778)	(22,105)	(22,436)
Total Operating Income		346,081	351,272	356,542	361,890	367,318	372,828	378,420	384,096	389,858	395,706	401,641	407,666	413,781	419,988	426,288
Operating Expenses		252,612	260,190	267,996	276,036	284,317	292,847	301,632	310,681	320,001	329,601	339,489	349,674	360,164	370,969	382,098
Total Expenses (excl. Reserves)		24,300	24,665	25,034	25,410	25,791	26,178	26,571	26,969	27,374	27,784	28,201	28,624	29,054	29,489	29,932
Reserves		276,912	284,855	293,031	301,446	310,108	319,025	328,203	337,650	347,375	357,386	367,691	378,298	389,218	400,459	412,030
Total Operating Expense		69,169	66,418	63,511	60,444	57,210	53,803	50,218	46,446	42,483	38,320	33,951	29,368	24,563	19,529	14,258
Net Operating Income		25,049	25,049	25,049	25,049	25,049	25,049	25,049	25,049	25,049	25,049	25,049	25,049	25,049	25,049	25,049
Less Primary Debt Service		44,121	41,369	38,462	35,395	32,161	28,755	25,169	21,398	17,434	13,271	8,902	4,319	(485)	(5,519)	(10,791)
Less Secondary Debt Service		44,121	41,369	38,462	35,395	32,161	28,755	25,169	21,398	17,434	13,271	8,902	4,319	485	5,519	10,791
Annual Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Subsidies / Sinking Fund		276,149	265,159	253,559	241,319	228,409	214,809	200,489	185,429	169,609	152,989	135,549	117,249	98,069	77,969	56,929
Net Cash		69,415	69,415	69,415	69,415	69,415	69,415	69,415	69,415	69,415	69,415	69,415	69,415	69,415	69,415	69,415
Beginning Balance		44,121	41,369	38,462	35,395	32,161	28,755	25,169	21,398	17,434	13,271	8,902	4,319	0	0	0
Deposits		1,143	1,692	2,158	2,593	2,993	3,358	3,682	3,966	4,204	4,394	4,534	4,619	4,650	4,648	4,583
Interest	1.25%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Project Operating Needs		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Special LP or GP Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payment of Deferred Devel. Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Partnership Audit or K-1 Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Distribution of Cash to Owner		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		114,679	131,420	189,721	223,388	254,223	282,015	306,547	327,590	344,908	358,254	367,370	371,988	371,832	366,641	356,113
Cumulative Replacement Reserves		54,000	72,809	91,835	101,930	121,769	141,857	161,080	180,428	200,000	219,800	239,832	259,996	279,384	298,000	316,864
Beginning Balance		24,300	24,665	25,034	25,410	25,791	26,178	26,571	26,969	27,374	27,784	28,201	28,624	29,054	29,489	29,932
Deposits	1.25%	827	1,064	1,304	1,433	1,683	1,937	2,193	2,460	2,737	3,024	3,321	3,628	3,944	4,271	4,608
Interest		(6,318)	(6,703)	(7,093)	(7,488)	(7,887)	(8,292)	(8,703)	(9,119)	(9,540)	(9,966)	(10,397)	(10,834)	(11,276)	(11,723)	(12,175)
Withdrawals		72,809	91,835	101,930	121,769	141,857	161,080	180,428	200,000	219,800	239,832	259,996	279,384	298,000	316,864	336,000
Ending Balance		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net Operating Income		69,169	66,418	63,511	60,444	57,210	53,803	50,218	46,446	42,483	38,320	33,951	29,368	24,563	19,529	14,258
Plus Reserves		24,300	24,665	25,034	25,410	25,791	26,178	26,571	26,969	27,374	27,784	28,201	28,624	29,054	29,489	29,932
Less Interest Expense		(38,006)	(37,791)	(37,559)	(37,209)	(36,740)	(36,250)	(35,738)	(35,204)	(34,649)	(34,074)	(33,479)	(32,864)	(32,229)	(31,574)	(30,899)
Less Long Depreciation		(168,713)	(168,713)	(168,713)	(168,713)	(168,713)	(168,713)	(168,713)	(168,713)	(168,713)	(168,713)	(168,713)	(168,713)	(168,713)	(168,713)	(168,713)
Less Short Depreciation		(113,249)	(115,421)	(117,726)	(120,168)	(122,752)	(125,482)	(128,362)	(131,399)	(134,596)	(137,958)	(141,490)	(145,198)	(149,086)	(153,159)	(157,423)
Taxable Income (Loss)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		39,637	40,397	41,204	42,059	42,963	43,919	44,927	45,990	47,109	48,285	49,522	50,819	52,180	53,606	55,098
Plus Historic Rehab Credits		570,631	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus State Credits		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Federal Housing Credits		290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000
After Tax Cash Flow		900,268	330,397	331,204	332,059	332,963	333,919	334,927	335,990	337,109	338,285	339,522	340,819	342,180	343,606	345,098
Total Years	15															
Reinvestment Rate	6.00%															
Current After Tax Cash Flows		900,268	330,397	331,204	332,059	332,963	333,919	334,927	335,990	337,109	338,285	339,522	340,819	342,180	343,606	345,098
Future Value of Cash Flows at Yr 15:		2,157,545	746,997	706,435	668,168	632,063	597,997	565,852	535,516	506,000	477,264	449,271	422,000	395,447	369,500	344,159
Discount Rate:	3.00%															
Capital Contribution Number:	1															
Date of Capital Contribution:	30-Jun-10															
Amount of Capital Contribution:	100															
Present Value of Contributions:	100															
Cash Flows	(2,625,876)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,013,509
IRR:	7.72%															
Equity Yield:	9.1%															

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: INCREASE IN PROPOSED ALLOCATION OF
ALLOCATED HOUSING CREDITS FOR
NORTH BRANCH AND BARRE STREET APARTMENTS, CITY OF MONTPELIER**

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Central Vermont Community Land Trust, Inc. (the "Sponsors") on behalf of North Branch Apartments Limited Partnership in which one or more of the Sponsors or their subsidiaries or affiliates will be co-general partners (the "Borrower") involving the acquisition and rehabilitation of a total of forty-five (45) units of general occupancy rental housing in the City of Montpelier (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated January 30, 2009, containing information, conditions and recommendations about the Development (the "Memorandum") that will amend a certain resolution of the Board of Commissioners dated September 22, 2008 only as related to Allocated Housing Credits;

WHEREFORE, it is hereby RESOLVED:

1. The recommendations for the increased allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.
2. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in an increased total amount of \$290,000.00 for the North Branch and Barre Street Apartments housing project in the City of Montpelier, Vermont.



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

Vermont Housing Finance Agency
Vermont Realtors Association
148 State Street, Montpelier
Monday, February 9, 2009 8:00 a.m.

VHFA Board Members Present:

Lisa Mitiguy Randall, (chair), Rob Alberts, Tom Candon (designee for Thabault), Dayne Canney, Kevin Dorn, Bart Frisbie, Beth Pearce (designee for Spaulding), Tom Pelletier, Gus Seelig

Staff Present:

Dave Adams, Scott Baker, Sarah Carpenter, Maura Collins, Tom Connors, Pat Crady, Elizabeth Mullikin Drake, Joe Erdelyi, John Fairbanks, Lori Gilding, Tim Gutchell, Pat Loller, Cindy Reid

Guests:

Eileen Petltier, Central Vermont Land Trust; Nancy Owens and Kathy Beyer, Housing Vermont; John Giebink and Charlie Brush, Green Mountain Development Group; Michael Monte, Champlain Housing Trust; Rita Pitkin, Lamoille Housing Partnership; Richard Williams, Vermont State Housing Authority

BOARD MEETING

Chair Mitiguy Randall called the Board meeting to order at 8:05 a.m.

BOARD MINUTES

Mr. Candon made a motion to approve the December 18, 2008 Board of Commissioners meeting minutes. Ms. Canney seconded the motion which was unanimously approved.

Mr. Pelletier made a motion to approve the January 20, 2009 Board of Commissioners meeting minutes. Mr. Frisbie seconded the motion which was approved. Mr. Alberts abstained from the vote.

CONSENT AGENDA

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

- ~ Resolution Regarding TD Bank, N.A. Working Capital Line of Credit Borrowing.
- ~ Resolution Regarding TD Bank, N.A. Borrowing for Short-Term Construction Loans.
- ~ Resolution Regarding Authorizing the Issuance and Sale of a Maximum of \$35,000,000 of Bonds In One or More Series to Finance Multi-Family Projects.

Mr. Dorn seconded the motion which was unanimously approved.



ED REPORT

Ms. Carpenter reviewed the Executive Director's Report. She confirmed that Fannie Mae has communicated to the HFAs that they may have a special program designed for HFAs, although the program has not yet been defined.

Ms. Carpenter updated the Board on the Economic Stimulus bill as it relates to housing issues that the House of Representatives recently passed and is now being debated in the Senate. She stated the bill proposed on a national level which may make it difficult for Vermont to compete for funds. She confirmed that there appears to be no money in the plan for counseling services for borrowers who are facing foreclosure. Mr. Candon stated the number of calls into the State seeking assistance with foreclosure has risen dramatically. He stated the reasons for the spike in calls is not due to subprime mortgages, but other issues that Vermonters are facing making it difficult to pay their mortgages.

Ms. Carpenter informed the Board that she had recently attended a realtor day at the Statehouse. She reported the discussions that took place at that meeting.

FINANCE

2nd Quarter 2009 Financial Statements

Mr. Connors reviewed the 2nd quarter financial statements with the Board. He explained that the excess costs related to the liquidity and the credit crisis are the cause of the operating loss and has had a negative impact on the Agency's financial condition overall. Mr. Connors stated that staff is spending a substantial amount of time trying to replace the Agency's liquidity providers. He also stated that loan originations are down 63% due to the downturn in the real estate market and the Agency not being able to compete with conventional interest rates.

Mr. Connors reviewed the budget report with the Board.

Mr. Connors explained the transfers from the Agency's fund balances and the impact the transfers had on the financial statements. He stated the Agency is not planning to transfer any more money out of the single family resolution to fund operations until the liquidity problem has been resolved. With the excess costs associated with the liquidity crisis, the single family resolution is generating approximately half (\$3,000,000) the income it would normally. He confirmed that the Agency has enough operating funds to continue operations for two years if nothing is resolved and barring additional surprises. However, Mr. Connors again stated the urgency in resolving the liquidity crisis.

Financial Update

Mr. Dorn asked what the worst case scenario for the Agency is at this time and what the Board can expect. Ms. Carpenter informed the Board that each resolution appears to have adequate funds to pay the bond holders and has money coming in from loans. However, the longer the Agency continues to spend excess money, due to excess interest costs related to liquidity issues, the less there is to fund operations. The question - is how much unrestricted cash is there above and beyond the debt to the bond holders? Ms. Carpenter stated if nothing changes (i.e. no liquidity changes or assistance from the state), the Agency has approximately enough funding for operations through FY2010 .

Ms. Carpenter informed the Board that other HFAs throughout the country are experiencing the same problems as Vermont. Some HFAs have suspended all their lending operations and others have larger variable rate debt than Vermont. She said Vermont is not as complex because the liquidity that needs to be replaced is relatively low (\$80 million vs. \$10 billion across the country) in comparison.

Mr. Connors updated the Board regarding discussions with FHLB. He stated their terms are not acceptable and staff has been talking with several other banks trying to find creative solutions to the liquidity problems. He stated that Fannie Mae has mentioned they hope to start working with HFAs for liquidity. Mr. Connors also informed the Board that staff has talked with the State to get assistance with credit enhancement to improve the Agency's credit ratings. Ms. Pearce informed the Board that the State's revenue report was recently published and the report indicates, as anticipated, there are cash constraints at the State level.

Mr. Connors informed the Board that the Agency is closing on replacement liquidity for two series (currently with Depfa) with TD Bank for \$25 million. He also stated that TD Bank might be interested in taking an additional series for another \$13 million. He informed the Board that the Agency also has lines of credit with Keybank and Keybank has recently bought the Agency's variable rate bonds for Series 26, taking them out of bank bond status and restarting the term-out clock.

Ms. Carpenter informed the Board that the Agency has approached Vermont based banks for liquidity. None of the local banks have the amount of funding the Agency requires, or in the case with the larger banks, their rating is not high enough. Ms. Carpenter informed the Board that the Agency will revisit the larger banks that had originally told the Agency they were only doing business with existing customers at the time.

Mr. Connors informed the Board that replacing Depfa and Dexia as liquidity providers would reduce the excess interest costs. Mr. Baker discussed the various bond series and explained the rates.

Ms. Pearce stated the State is aware of how serious the Agency's liquidity problem is and the State is trying to find ways to help, while at the same time assessing the risk to the State's cash flow. Mr. Connors suggested finding a solution where the State provides some type of credit enhancement that does not require the State to give the Agency cash. He said that enhancement would help with the Agency's credit rating. It would show the outside world the Agency has the support of the State.

Mr. Dorn said the Governor is aware of the critical issues the Agency is facing. Ms. Carpenter stated the Agency understood the State does not have cash, but wants to find a solution for the State to assist the Agency with credit enhancement. Ms. Carpenter stated again, the excess interest costs are the most damaging to the Agency's financial situation at this time.

The Board discussed at great length a Pledged Equity Fund with the State. Ms. Pearce stated she required a firm understanding of the risks involved before presenting options to the State Treasurer's office for assistance.

After much discussion, the Board agreed Mr. Dorn would schedule a meeting with the Governor, some Board members, Ms. Carpenter, and Mr. Lunderville to discuss liquidity assistance from the State of Vermont. All agreed that time is of the essence.

For Ms. Pearce's benefit, Ms. Mullikin Drake explained the Multi-Family General Authorizing Resolution which was approved on the Consent Agenda by the Board at the beginning of the meeting. She confirmed the Agency does have an existing facility with Keybank which is a Swap agreement for 15 years. Mr. Adams explained that there are approximately \$6.5 million in permanent loans that must close. At this time, the Swap agreement is the only facility the Agency has to fund those loans. Mr. Adams stated Mr. Baker will be discussing the Swap structure with Keybank to ensure there are no basis risks in the Swap rates the Agency pays vs. the rate the Agency receives.

Ms. Pearce made a motion that any contemplation of bond authorization of new Swap agreements be brought before the Board for consideration. Mr. Candon seconded the motion. Ms. Carpenter stated that based on previous Board approved actions, for Multi Family projects, the risk of cost of funds is absorbed by the project. Mr. Adams informed the Board that the Agency needed to move forward with discussions with Keybank to get the existing obligations funded. He stated if the Agency did not meet existing commitments, it would be very problematic for the Agency. Mr. Adams saw no issues going forward with new debt. The motion was unanimously approved.

Organizational Subsidies

Mr. Adams reviewed the Organizational Subsidies memo with the Board. Discussion took place regarding the proposed reductions to the FY10 Budget, especially funding to the Home Ownership Centers. Mr. Seelig requested that staff report back to the Board with a list of other resources that might be available to assist funding of the Home Ownership Centers.

The Board discussed Housing Vermont's membership dues and the need for the Agency to remain a sustaining member. The Board agreed to discuss Housing Vermont's structure and the funding of Housing Vermont's membership at a subsequent Board meeting in greater detail.

Mr. Dorn made a motion to approve staff's recommendation to cut Organizational Subsidies from the FY10 Budget as outlined in the memo presented, excluding Housing Vermont membership dues (pending further discussions) and Home Buyer Education Fees. Mr. Pelletier seconded the motion which was approved. Mr. Seelig opposed the motion.

Pledged Equity Fund

Ms. Carpenter discussed the Agency's desire to set up a pledged equity fund with the State in hopes that it would strengthen the Agency's credit standing. VHFA currently has \$155 million of moral obligation with the State of Vermont, but is only using about \$88 million to improve the credit strength on the Multifamily Mortgage Bond Resolution. The Agency is investigating the

possibility of using some of the remaining moral obligation to strengthen the credit on the Single Family Housing Bond Resolution as an enhancement against stress test loan losses, parity or net equity in that resolution. Once the State Treasurer's office has given its approval, the Agency will be holding meetings with the rating agencies to figure out whether the pledged equity can be used to help its current ratings issues and finding stronger liquidity or credit enhancement. .

DEVELOPMENT

Johnson Community Housing, Town of Johnson

Ms. Reid reviewed the memo requesting Allocated Housing Credits for Johnson Community Housing. She confirmed the property is located on a contaminated site and will involve substantial funds to clean up the site Ms. Reid informed the Board that the project will be eligible for Neighborhood Stabilization Program (NSP) funding. Ms. Carpenter explained the mission of the NSP program. Mr. Dorn encouraged Ms. Beyer to apply for Brownfields funding as well. Ms. Pitkin stated that the housing assessment study that was completed indicated a large need for affordable housing in Johnson.

Ms. Canney made a motion to approve staff's request for Allocated Housing Credits for Johnson Community Housing. Mr. Candon seconded the motion which was unanimously approved.

Alburgh Family Housing, Alburgh

Mr. Erdelyi reviewed memo requesting Allocated Housing Credits and Construction Financing for Alburgh Family Housing. Mr. Adams informed the Board that the development is on the Agency's Watch List. Ms. Carpenter explained that Alburgh Family Housing is the only housing available in that area for very low income people. She also stated it is sometimes difficult to rent because of the conditions that have made the development undesirable without needed rehab.

Ms. Canney made a motion to approve staff's request for Allocated Housing Credits and Construction Financing for Alburgh Family Housing. Mr. Seelig seconded the motion which was unanimously approved.

North Branch and Barre Street Rehabilitation, Montpelier

Ms. Reid reviewed the memo requesting Allocated Housing Credits for North Branch and Barre Street Rehabilitation, Montpelier. Ms. Owens informed the Board that the development would not reapply for NeighborWorks funding again in June because the funding is too competitive and rehabilitation projects receive a lower score for funding. She confirmed that green standards would be used and that the architect has indicated the project can achieve those standards, but it is more challenging for rehab projects to meet green standards. Ms. Reid informed the Board that developer fees are capped at 15% of hard costs and the project's fee is below the maximum allowed.

Mr. Seelig made a motion to approve staff's request for an increase in Allocated Housing Credits for North Branch and Barre Street Rehabilitation in Montpelier. Mr. Alberts seconded the motion which was unanimously approved.

Shelburne Wood Housing, Shelburne

Mr. Erdelyi reviewed the developer's request for the Shelburne Wood development that VHFA Board of Commissioners waive the two-year rolling process for allocating credits beyond the process as described in the approved Allocation Plan. Mr. Giebink presented an update of the project to the Board.

Ms. Canney made a motion to approve the developer's request that VHFA Board of Commissioners waive the two-year rolling process for allocating credits as described in the approved Allocation Plan for the Shelburne Wood development. Mr. Dorn seconded the motion. All agreed the project was a great project, but by approving the motion, some Board members felt other projects might not receive a fair review as they would also not be considered for that future funding. Ms. Mitiguy Randall stated she did not want to approve a request that is outside of the current policy process. The motion was not approved.

HOMEOWNERSHIP

Update on Homeownership Program Options

Mr. Adams reviewed the memo regarding Single Family Program Options.

EXECUTIVE SESSION

Mr. Candon made a motion at 11:45 a.m. to go into Executive Session for employment related reasons. Mr. Seelig seconded the motion which was unanimously approved.

Mr. Alberts made a motion to come out of Executive Session. Mr. Pelletier seconded the motion which was unanimously approved.

Mr. Alberts made a motion to adjourn. Mr. Frisbee seconded the motion which was unanimously approved.



Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners
FROM: Tom Connors, Chief Financial Officer
RE: **Renewal of KeyBank Lines of Credit**
DATE: March 9, 2009

Board Action Requested: Adoption of the resolution to be distributed by email on or before Friday, March 6, 2009, and to be available at the Board meeting.

Summary of Request

The Agency currently has two active lines of credit with KeyBank that will expire at the end of March 2009. These include the Revolving Line of Credit and the 2008 Non-Revolving Purpose and Ability Line of Credit. Staff is requesting the renewal of the Revolving Line of Credit and the authority to open a new construction line of credit, to be known as the 2009 Non-Revolving Purpose and Ability Line of Credit. In addition, staff is requesting the reduction in the cap of two existing construction lines of credit, from which no new loans have been made since after March 31, 2008 or from which no new loans can be made after March 31, 2009. These are known as the 2007 Non-Revolving Purpose and Ability Line of Credit and the 2008 Non-Revolving Purpose and Ability Line of Credit, respectively. These requests, spelled out in more detail below, are similar to those approved by the Board last year at its March 2008 meeting.

Existing Lines

The Agency's \$10 million Revolving Line of Credit currently in place with KeyBank is used to fund predevelopment and other related costs as well as for general working capital purposes. The Agency is asking the Board to approve the renewal of this credit facility at terms similar to the existing facility. This arrangement has been working well for the Agency and there is a need for this type of facility going forward.

The Agency's 2007 Non-Revolving Purpose and Ability Line of Credit (used for short-term construction loans) with KeyBank was initiated in March of 2007 and is currently capped at \$13 million. No new loans have been made since after March 31, 2008. At the end of March, 2009, there will be four loans remaining on this line. Taking into account additional commitments to draw as well as anticipated payoffs, the cap on this line will be lowered to \$11 million. KeyBank will close out the line upon payoff of the last loan.

--over--



mailing address P.O. Box 408, Burlington, VT 05402-0408

phone (802) 864-5743

delivery address 164 Saint Paul St., Burlington, VT 05401-4364

fax (802) 864-5746

www.vhfa.org



The Agency's 2008 Non-Revolving Purpose and Ability Line of Credit (used for short-term construction loans) with KeyBank was initiated in March of 2008 and is currently capped at \$15 million. No new loans can be made after March 31, 2009. At the end of March, 2009, there will be two loans remaining on this line. Taking into account additional commitments to draw as well as anticipated payoffs, the cap on this line will be lowered to \$3 million. KeyBank will close out this line upon payoff of the last loan.

New Line

The Agency is asking the Board to approve authority for a 2009 Non-Revolving Purpose and Ability Line of Credit (used for short-term construction loans) with KeyBank for up to \$31 million at terms similar to the existing facilities. Attached to the Resolution, to be distributed as described above, will be the proposed term sheet from KeyBank.

Attached is a summary of our existing and potential debt under the lines of credit with KeyBank as well as TD Bank, as was provided last year.

Summary of Lines of Credit with TD Bank and KeyBank

<u>Working Capital Lines of Credit</u>	<u>Maximum on Line</u>	<u>Outstanding Balance¹</u>	<u>Available to Draw</u>
TD Bank	5,000,000	-	5,000,000
KeyBank	10,000,000	3,369,926	6,630,074
Total - Working Capital Lines	15,000,000	3,369,926	11,630,074
<u>Construction Lines of Credit</u>	<u>Maximum on Line</u>	<u>Outstanding Balance¹</u>	<u>Available to Draw (Future Projects)</u>
TD Bank	12,500,000	8,910,479	1,400,957
KeyBank	11,000,000	9,059,319	1,769,642
Revolving - all projects			
2007 projects	3,000,000	763,454	2,136,546
2008 projects			-
2009 projects	31,000,000	-	31,000,000
Total - Construction Lines	57,500,000	18,733,252	32,470,000

¹ As of 2/26/09

Please Note: This Resolution authorizes the *Revolving Credit Facility, Amendment of the 2007 and 2008 Credit Facilities for Construction Loans and the 2009 Credit Facility for Construction Loans with KeyBank.*

VERMONT HOUSING FINANCE AGENCY ("VHFA")

RESOLUTIONS REGARDING KEYBANK BORROWINGS

WHEREAS, VHFA desires to renew an existing revolving line of credit, amend existing purpose and ability lines of credit for construction loans and create a new 2009 purpose and ability line of credit for construction loans with KeyBank National Association (the "Bank") at terms that are considered commercially viable, and to extend and/or renew these credit facilities at similar terms in the future;

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

I. REGARDING \$10,000,000 REVOLVING LINE OF CREDIT

RESOLVED: That, the Executive Director of VHFA or the Chief Financial Officer of VHFA be, and each hereby is, authorized for, in the name of, and on behalf of, VHFA (each acting singly) to renew and borrow up to the maximum principal amount of Ten Million Dollars (\$10,000,000.00) under a revolving line of credit from the Bank and to extend and/or renew this facility at similar terms in the future to provide funds for costs associated with predevelopment and other related projects and for general working capital purposes.

RESOLVED: That, without limiting the generality of the above resolution, the Executive Director of VHFA or the Chief Financial Officer of VHFA be, and each hereby is, authorized to renew a line of credit facility in the maximum amount of Ten Million Dollars (\$10,000,000.00) to be secured by a pledge of the general revenues of VHFA, on such terms and conditions deemed appropriate by the Executive Director of VHFA or the Chief Financial Officer of VHFA.

RESOLVED: That, in connection with the above resolutions, the Executive Director of VHFA or the Chief Financial Officer of VHFA or their designees be, and each hereby is, authorized, individually and without the concurrence of any other officer, to make, execute and deliver such loan agreements and promissory notes, security agreements, and any other notes, agreements, trusts, receipts, guarantees and any other evidences of VHFA's indebtedness and obligations to the Bank (collectively, the "Line of Credit Documents"); such Line of Credit Documents to contain such terms and conditions as the signing officer may approve, his or her signature being conclusive evidence of the authorization and approval thereof by VHFA.

RESOLVED:

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

**II. REGARDING AMENDMENT OF THE
EXISTING 2007 \$11,000,000 PURPOSE AND ABILITY LINE OF CREDIT**

RESOLVED:

That, the Executive Director of VHFA or the Chief Financial Officer of VHFA be, and each hereby is, authorized for, in the name of, and on behalf of, VHFA (each acting singly) to amend the Existing 2007 Ability Line of Credit to a new maximum principal amount of Eleven Million Dollars (\$11,000,000.00) (a) to provide short-term bridge financing for residential housing projects in anticipation of permanent take-out financing, (b) to provide for both taxable and tax-exempt advances, and (c) to provide financing to complete site control, site due diligence, site acquisition, development, rehabilitation, and construction with respect to individual projects.

RESOLVED:

That, without limiting the generality of the above resolution, the Executive Director of VHFA or the Chief Financial Officer of VHFA be, and each hereby is, authorized to amend the Existing 2007 Ability Line of Credit to a maximum amount of Eleven Million Dollars (\$11,000,000.00) to be secured by a pledge of the general revenues of VHFA, on such terms and conditions deemed appropriate by the Executive Director of VHFA or the Chief Financial Officer of VHFA. In addition, VHFA is hereby authorized to provide or obtain a negative pledge for the real property and improvements for each project that is funded under this loan facility.

RESOLVED:

That, in connection with the above resolutions, the Executive Director of VHFA or the Chief Financial Officer of VHFA or their designees be, and each hereby is, authorized, individually and without the concurrence of any other officer, to make, execute and deliver such loan agreements and promissory notes, security agreements, and any other notes, agreements, trusts, receipts, guarantees and any other evidences of VHFA's indebtedness and obligations to the Bank (collectively, the "Existing 2007 Ability Line of Credit Documents"); such Existing 2007 Ability Line of Credit Documents to contain such terms and conditions as the signing officer may approve, his or her signature being conclusive evidence of the authorization and approval thereof by VHFA.

RESOLVED:

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

**III. REGARDING AMENDMENT OF THE
EXISTING 2008 \$3,000,000 PURPOSE AND ABILITY LINE OF CREDIT**

RESOLVED:

That, the Executive Director of VHFA or the Chief Financial Officer of VHFA be, and each hereby is, authorized for, in the name of, and on behalf of, VHFA (each acting singly) to amend the Existing 2008 Ability Line of Credit to a new maximum principal amount of Three Million Dollars (\$3,000,000.00) (a) to provide short-term bridge financing for residential housing projects in anticipation of permanent take-out financing, (b) to provide for both taxable and tax-exempt advances, and (c) to provide financing to complete site control, site due diligence, site acquisition, development, rehabilitation, and construction with respect to individual projects.

RESOLVED:

That, without limiting the generality of the above resolution, the Executive Director of VHFA or the Chief Financial Officer of VHFA be, and each hereby is, authorized to amend the Existing 2008 Ability Line of Credit to a maximum amount of Three Million Dollars (\$3,000,000.00) to be secured by a pledge of the general revenues of VHFA, on such terms and conditions deemed appropriate by the Executive Director of VHFA or the Chief Financial Officer of VHFA. In addition, VHFA is hereby authorized to provide or obtain a negative pledge for the real property and improvements for each project that is funded under this loan facility.

RESOLVED:

That, in connection with the above resolutions, the Executive Director of VHFA or the Chief Financial Officer of VHFA or their designees be, and each hereby is, authorized, individually and without the concurrence of any other officer, to make, execute and deliver such loan agreements and promissory notes, security agreements, and any other notes, agreements, trusts, receipts, guarantees and any other evidences of VHFA's indebtedness and obligations to the Bank (collectively, the "Existing 2008 Ability Line of Credit Documents"); such Existing 2008 Ability Line of Credit Documents to contain such terms and conditions as the signing officer may approve, his or her signature being conclusive evidence of the authorization and approval thereof by VHFA.

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

IV. REGARDING PURPOSE AND ABILITY LINE OF CREDIT (2009)

RESOLVED: That, the Executive Director of VHFA or the Chief Financial Officer of VHFA be, and each hereby is, authorized for, in the name of, and on behalf of, VHFA (each acting singly) to borrow the maximum principal amount of up to Thirty-One Million Dollars (\$31,000,000.00) from the Bank and to extend and/or renew this facility at similar terms in the future (a) to provide short-term bridge financing for residential housing projects in anticipation of permanent take-out financing, (b) to provide for both taxable and tax-exempt advances at variable and fixed interest rates, and (c) to provide financing to complete site control, site due diligence, site acquisition, development, rehabilitation, and construction with respect to individual projects.

RESOLVED: That, without limiting the generality of the above resolution, the Executive Director of VHFA or the Chief Financial Officer of VHFA be, and each hereby is, authorized to obtain from the Bank a line of credit facility in the maximum amount of up to Thirty-One Million Dollars (\$31,000,000.00) to be secured by a pledge of the general revenues of VHFA, on such terms and conditions deemed appropriate by the Executive Director of VHFA or the Chief Financial Officer of VHFA. In addition, VHFA is hereby authorized to provide or obtain a negative pledge for the real property and improvements for each project that is funded under this loan facility.

RESOLVED: That, in connection with the above resolutions, the Executive Director of VHFA or the Chief Financial Officer of VHFA or their designees be, and each hereby is, authorized, individually and without the concurrence of any other officer, to make, execute and deliver such loan agreements and promissory notes, security agreements, and any other notes, agreements, trusts, receipts, guarantees and any other evidences of VHFA's indebtedness and obligations to the Bank (collectively, the "2009 Ability Line of Credit Documents"); such 2009 Ability Line of Credit Documents to contain such terms and conditions as the signing officer may approve, his or her signature being conclusive evidence of the authorization and approval thereof by VHFA.

RESOLVED:

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

V. REGARDING ALL RESOLUTIONS

RESOLVED:

That the following resolutions shall apply to all Resolutions stated herein and, generally, to VHFA's relationship with the Bank.

RESOLVED:

That each of the Executive Director of VHFA or the Chief Financial Officer of VHFA or their designees, is hereby authorized, acting singly or jointly, to do any and all other things and perform any and all other actions necessary to effectuate the issuance, execution and delivery of any and all additional agreements, documents, certificates, financing statements or other parts as may be necessary to effectuate any of the foregoing, and such execution and delivery shall be conclusive evidence of the authorization and approval thereof by VHFA.

RESOLVED:

That the Secretary or the Treasurer of VHFA be, and hereby is, authorized and directed to certify, from time to time, to the Bank the contents of these Resolutions; to certify that the provisions hereof are in conformity with the Vermont Housing Finance Agency Act (Title 10 Chapter 25), By-Laws and other documents governing the conduct of the business of VHFA, all as amended; and to certify and attest to the names of the officers of VHFA and their respective specimen signatures.

<u>Liquidity Provider</u>	<u>VHFA Contacts</u>	<u>Title</u>	<u>Date of Last Contact</u>	<u>VHFA Contact</u>	<u>Most Recent Status</u>
FHLB Boston	Dan Devine Susan Elliott Kathy Judge	First Vice President - Treasurer Executive Vice President/Member Services Vice President - Enterprise Risk Management	December 12, 2008 January 26, 2009 January 9, 2009	Sarah/Tom/Scott	FHLB Boston is not willing to consider terms more favorable than the 3 year term, 2 year term out. They have technically backed off on that offer unless we hear that FSA is willing to accept these terms.
Fannie Mae	Jim Peffley	Director, HFA Business Strategies Public Entity Group, Fannie Mae	February 20, 2009	Dave Adams	FNMA knows we are very interested in obtaining liquidity with them. They are waiting for direction from their regulator to work with HFA's. Having some support from the State of VT will be critical to getting liquidity from Fannie Mae.
State Street Global Markets	Tim Butler Michael Murray	Senior Managing Director	February 26, 2009	Connors	Focusing on Liquidity for current clients Trying to reduce their exposure to bond insurers
Chittenden/People's United	Mike Seaver	President, Chittenden Bank		Sarah/Tom/Scott	Sarah will be following up with Mike Seaver.
FHLB Pittsburgh	Kathy Hewlett Brent Anderson	Portfolio Manager	January 23, 2009	Connors	They don't want to be liquidity provider, but would be interested in purchasing private placement taxable bonds.
FHLB Des Moines				Al Hans	No liquidity outside their region
Bank of America	Ellen Duffy Robin Gristburg	Public Finance	February 27, 2009	Sarah/Tom/Scott	Had a conference call 1/20/09 (laid off 2/27)
California Pension Fund (CALPERS)				Al Hans	
JP Morgan	Kent Fitzhew	Sr. Managing Director Housing Finance Group	March 6, 2009	Connors	Need to follow up again on 3/9/09
BB & T	Stephanie Cook			Al Hans	No liquidity at this time
Wells Fargo	Kathleen Taddel Patrick Murphy	VP, Corporate Trust Services Vice President			
TD Bank	Gisèle Klockner	Vice President, Commercial Banking	February 20, 2009	Connors	May be interested in one more series but will need Moody's to verify GO rating
US Bank	Jeff Heckman	Managing Director Government and Non-Profit Banking Division	February 26, 2009	Connors/Baker	If we can get the State or the State pension funds to lend their support, they might be able to work out some arrangement to play a role, as they are most interested in expanding the work they pioneered with CALPERS and CalSTRS.

<u>Liquidity Provider</u>	<u>VHFA Contacts</u>	<u>Title</u>	<u>Date of Last Contact</u>	<u>VHFA Contact</u>	<u>Most Recent Status</u>
Citizens	Peter McCarthy				Dave Adams to write a letter to major VT banks with multiple "asks" including liquidity, lines of credit, etc.
Merchants	Michael R. Tuttle	President, Chief Executive Officer			Dave Adams to write a letter to major VT banks with multiple "asks" including liquidity, lines of credit, etc.
Citigroup Global Markets Inc.	Joel Heller		March 6, 2009	Connors/Baker	They are shying away from FSA insurance.
	Mike Koessel Raymond High	Director			Joel mentioned that Calpers is at work on this for CA state agencies (where Calpers would "backstop" the likes of Depfa or Dexia, thus providing investor comfort that their VRDOs are fully liquid). He also repeated what Sarah mentioned, that Texas is taking similar steps (though he indicated that it was akin to a Commercial Paper program).
State of VT	Jim Douglas Jeb Spaulding Beth Pearce	Governor Treasurer Deputy Treasurer	February 27, 2009	Sarah/Tom/Scott	Authoring a sign-on letter for the National Governors Association
VT State Pension Plan	Jeb Spaulding Beth Pearce David Minot	Treasurer Deputy Treasurer Director of Finance and Investments			
Lloyds TSB Bank plc	Thea Watkins	Director, student loans	March 5, 2009	Connors	On vacation, left message asking for a housing contact
Morgan Stanley	James McIntyre	Vice President	March 5, 2009	Connors	In negotiation with Mitsubishi (21% investor) to provide liquidity too HFA's
RBC Capital Markets	Corey Hoeppner	Director	March 5, 2009	Connors/Baker	Not even providing liquidity to senior managed accounts at this time



Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners
FROM: Elizabeth Mullikin Drake, General Counsel
RE: Annual Meeting
DATE: March 9, 2009

Recommended Board Action: To adopt the attached resolution

As required by the Agency's Bylaws, the March 9, 2009 meeting will be considered the Agency's annual meeting. Each year the Board adopts a resolution in the form attached to accomplish the following:

1. Elect a Vice Chair;
2. Confirm CFO as the Treasurer;
3. Ratify the actions of the Agency's officers over the prior year;
4. Make any necessary changes to the Agency's organizational documents;
5. Confirm the Agency financial authorizations; and
6. Make any new authorizations.

The attached resolution for this year outlines the necessary actions to be taken at this year's annual meeting.



**RESOLUTIONS ADOPTED AT THE ANNUAL MEETING OF
VERMONT HOUSING FINANCE AGENCY, MARCH 9, 2009**

RESOLVED, Gustave Seelig is hereby elected to serve as Vice Chair of the Agency until his successor is elected and qualified.

RESOLVED, Thomas R. Connors is hereby elected to serve as Treasurer of the Agency until his successor is elected and qualified.

RESOLVED, that any and all prior actions of the officers of the Agency since the last annual meeting are hereby authorized, ratified and confirmed.

RESOLVED, that the Chief Financial Officer and Treasurer has authority to delegate financial activities as he deems appropriate, including requisitions from the Agency's financial institutions, to qualified finance staff, with appropriate controls.

RESOLVED, the following persons shall be authorized to sign checks drawn against any of the Agency's accounts:

Executive Director

(Signature)
Sarah E. Carpenter

Chief Financial Officer

(Signature)
Thomas R. Connors

Director of Administration

(Signature)
Patricia M. Loller

Chief of Program Operations

(Signature)
David S. Adams

Controller

(Signature)
Timothy M. Gutchell

Any check in an amount over \$10,000 payable against any of the Agency's accounts must be signed by at least two of the foregoing persons. Any payroll check shall be valid and negotiable when signed by any one of the foregoing persons.

RESOLVED, that the following employees of Vermont Housing Finance Agency are hereby authorized to have access to all safekeeping vault boxes of the Agency for the purposes of safekeeping and retrieving any and all books, papers and documents of the Agency:

Chief Financial Officer

(Signature)
Thomas R. Connors

Controller

(Signature)
Timothy M. Gutchell

Loan Portfolio Specialist

(Signature)
Martha G. Fleming

Senior Financial Analyst

(Signature)
Lisa C. Clark



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

Vermont Housing Finance Agency
Vermont Realtors Association
148 State Street, Montpelier
Monday, March 9, 2009 8:00 a.m.

VHFA Board Members Present:

Lisa Mitiguy Randall, (chair), Rob Alberts, Dayne Canney, Kevin Dorn, Jim Libby
(designee for Gus Seelig), Beth Pearce (designee for Spaulding)

VHFA Board Members Absent

Tom Candon (designee for Thabault), Bart Frisbie, Gus Seelig, Tom Pelletier

Staff Present:

Dave Adams, Sarah Carpenter, Tom Connors, Joe Erdelyi, John Fairbanks, Lori Gilding,
Pat Loller, Cindy Reid

Guests:

Joseph Tait, Morgan Keegan

BOARD MEETING

Chair Mitiguy Randall called the Board meeting to order at 8:35 a.m.

BOARD MINUTES

Mr. Alberts made a motion to approve the February 9, 2009 Board of Commissioners meeting minutes with the following amendment:

Following "Executive Session for employment related reasons": *"Ms. Canney made a motion to present the FY2010 operating budget to reflect a reduction in employment and other expenses in the range of \$290,000 to \$340,000 and begin to implement as soon as possible within the remainder of FY2009. Mr. Candon seconded the motion which was unanimously approved."*

Ms. Canney seconded the motion to approve the February 9, 2009 Board of Commissioners meeting minutes as amended, which was unanimously approved.

ED REPORT

Ms. Carpenter reviewed the Executive Director's Report. She updated the Board on her recent trip to Washington, DC stating she attended the NCSHA Legislative Conference. She expressed



frustration with the lack of details released regarding housing issues and the priorities around those issues.

Ms. Carpenter updated the Board on the Rockingham Canal House foreclosure process. She stated the development should be eligible for NSP money. Mr. Adams provided detailed financial information regarding the foreclosed development and the Agency's plan for the property.

Ms. Carpenter updated the Board on the status of the MacArthur grant.

FINANCE

Renewal of KeyBank Credit Facilities for Working Capital and Construction Loans

Mr. Connors reviewed the memo requesting authorization to adopt the resolution regarding KeyBank lines of credit. Ms. Mitiguy Randall cautioned staff not to over commit credit lines. Mr. Adams explained to the Board that the amount requested in the resolution is based on projects that are currently in the pipeline.

Ms. Caney made a motion to approve the resolution regarding KeyBank borrowings. Ms. Pearce seconded the motion which was unanimously approved.

Financial Update

Mr. Connors informed the Board that staff continues to aggressively look for liquidity options to replace Depfa and Dexia. He distributed a list of liquidity providers that staff has contacted. Mr. Connors explained that the Agency has closed two liquidity replacements with TD Bank, but the Agency continues to require an additional \$82 million in liquidity. He stated TD Bank is considering providing liquidity for one or two more series for a total of \$28 million. Staff has not received a term sheet yet, but expects to within a day or two. However, TD Bank does not want to provide liquidity for another bond series until the Agency receives its GO rating reaffirmation from Moody's. Mr. Connors explained the awkward timing because the Agency is currently communicating with Moody's regarding its Single Family indenture and that the Agency might be facing some type of rating review from Moody's on its Single Family indenture.

Mr. Connors explained that because PMI companies have been downgraded, Moody's is now taking into consideration downgrading HFAs. Staff has informed Moody's that before March 11, 2009 they will present a plan to Moody's that will address any new risk regarding the Agency's PMI exposure in hopes of avoiding a rating downgrade. At the scheduled meeting between VHFA and Moody's, Mr. Connors will explain that the Agency is working with the State Treasurer's office to find a solution to the liquidity concerns.

Significant discussion took place regarding the State of Vermont's Moral Obligation to VHFA. Ms. Mitiguy Randall expressed frustration and concern for whether or not the State would provide similar assistance to VHFA, as has been agreed to for VSAC. Ms. Randall noted the tight timelines remaining to introduce legislation in this legislative session. Ms. Pearce said the Treasurer's office is trying to develop a strategy that will assist VHFA without jeopardizing the State's ratings, but said the Treasurer's office must understand the risks involved.

Ms. Carpenter stated that the concern is if the bonds go to Bank Bonds which would accelerate amortization the State could own the bonds long-term vs. short-term. Mr. Connors informed the Board again that as more time passes, until underperforming liquidity providers are replaced, more money is going out the door (in excess interest costs) the higher the risks become. A meeting of the Board Audit Risk Committee was scheduled for Friday, March 13th to insure all issues were covered to the Board's satisfaction and to update absent Board members on conversations that took place during the Board meeting.

Mr. Connors informed the Board that the Agency did approach S&P for assistance with ratings. He said S&P is under scrutiny by the SEC and their processes have changed substantially. After meeting with S&P's Ratings Evaluation Service (RES), Mr. Connors said the Agency needs to decide if spending up to \$20,000 would be beneficial to find out if pledged equity for stronger liquidity will help maintain or improve the Agency's current ratings since its recent downgrade. Ms. Carpenter explained that 2006 data is used by S&P for their criteria to determine housing ratings and we feel some of that is flawed.

Mr. Connors stated the biggest opportunity for liquidity is if something happens on the Federal level. The Agency has been talking with Fannie Mae, but details of Fannie Mae's plan have not been released.

Mr. Connors informed the Board that staff received a survey from NCSHA which was focused on liquidity, each state's needs for liquidity and if received, how each would use it. The survey is in preparation for a conversation that NCSHA is scheduled to have with the Treasury.

Ms. Carpenter briefly reviewed the structure of other HFAs.

Ms. Mitiguy Randall informed the Board that the Housing Vermont discussion that was planned to take place at the March Board meeting would take place at the April Board meeting because more due diligence was necessary. Mr. Dorn requested the process/procedures be discussed on how VHFA distributes resources to Housing Vermont. Ms. Pearce requested the audited financial statements for Housing Vermont be sent to her.

DEVELOPMENT

Stimulus Bill Impact on Tax Credit Programs

Ms. Carpenter explained the Stimulus Bill Impact on Tax Credit Programs and reviewed the memo regarding the American Recovery and Reinvestment Act – Changes in Vermont. Mr. Erdelyi reviewed the list of projects that may be eligible for the Tax Credit Assistance Program ("TCAP") Stimulus funds coming to Vermont.

Tax Credit Applications for April

Mr. Erdelyi reviewed the tax credit applications for April. Because there are many projects in April to be discussed, Ms. Mitiguy Randall informed the Board that for planning purposes, Board members should plan to end the April Board meeting at 1:00 p.m. rather than noon. Ms. Mitiguy Randall requested staff approach the Board with recommendations for tax credits, rather than full project presentations from developments that have already presented.

HOMEOWNERSHIP

Fannie Mae Cash Window Option

Mr. Adams reviewed the memo regarding Fannie Mae Cash Window Option and explained the details of the option. Ms. Carpenter stated many states currently use this option.

Mr. Alberts made a motion to approve authorization for staff to negotiate terms and all contracts necessary to implement and execute delivery of single family loans into the Fannie Mae Cash Window, and to authorize the Executive Director, Chief of Program Operations, and/or the Chief Financial Officer, to execute any and all documents related thereto. Mr. Dorn seconded the motion which was unanimously approved.

ADMINISTRATION

Annual Meeting

Prior to the meeting, Ms. Randall asked Mr. Seelig whether he would continue to serve as Vice Chair of the Board. Mr. Seelig replied that he would. Ms. Canney made a motion to approve the Resolutions Adopted at the Annual Meeting of Vermont Housing Finance Agency, March 9, 2009. Mr. Alberts seconded the motion which was unanimously approved.

Legislative Update

Ms. Carpenter updated the Board on legislative housing issues.

EXECUTIVE SESSION

Ms. Canney made a motion to go into Executive Session to discuss staffing issues. Ms. Pearce seconded the motion which was unanimously approved.

Mr. Alberts made a motion to come out of Executive Session. Mr. Dorn seconded the motion which was unanimously approved.

Mr. Alberts made a motion to adjourn the meeting. Mr. Dorn seconded the motion which was unanimously approved.



Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Elizabeth Mullikin Drake, Special Counsel

RE: Securitization of Existing Single Family Portfolio – Amendment of Single Family Housing Bond Resolution and Supplemental Indentures to the Multiple Purpose Bond Indenture
Series 2008C - Unexpended Proceeds Call

DATE: March 30, 2009

Board Action Requested: Adoption of the following resolutions:

1. Thirty-Second Supplemental Single Family Housing Bond Resolution;
2. First Amendment to 2007 AB Supplemental Indenture;
3. First Amendment to 2007 CD Supplemental Indenture; and
4. First Amendment to 2008 C Supplemental Indenture.

Discussion:

As part of the Agency's strategy to reduce its exposure to MGIC, the ability to securitize all or a portion of the Agency's existing single family portfolio (as described in Dave Adams' memo) requires amendments to the respective bond resolution and trust indenture. Based on the premise that the securitization improves the security to the bondholders, the amendments allow for the ability to transfer existing mortgage loans in exchange for mortgage-backed securities within the respective resolution and indenture structures.

These amendments do not initiate or dictate an actual securitization. This business decision is addressed in Dave Adams' memo.

The First Amendment to 2008 C Supplemental Indenture also includes a provision to match the Official Statement to this Supplemental Indenture and confirm the ability to do a disproportionate unexpended proceeds call as directed by the Agency and described in Tom Connors' memo.



VERMONT HOUSING FINANCE AGENCY

**THIRTY-SECOND SUPPLEMENTAL SINGLE FAMILY HOUSING
BOND RESOLUTION**

Adopted April 6, 2009

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THIRTY-SECOND 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 "Thirty-Second Supplemental Resolution."

Section 1.02. Definitions and Interpretation.

(a) Except as provided in Paragraph (b) of this Section and in Section 2.01, all terms used herein shall have the same meanings as are given such terms in Section 101 of the Resolution, and, to the extent not defined in the Resolution or this Thirty-Second Supplemental Resolution, in the Servicing Agreement (as hereinafter defined).

(b) In this Thirty-Second Supplemental Resolution, unless a different meaning clearly appears from the context:

"Fannie Mae" means the Federal National Mortgage Association, a government sponsored enterprise organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. Section 1716 et seq.), and any successor thereto.

"Fannie Mae Certificate" means a single pool, guaranteed mortgage pass-through Fannie Mae mortgage-backed security issued by Fannie Mae in book-entry form, recorded in the name of the Trustee or its nominee, guaranteed as to the full and timely payment of principal and interest by Fannie Mae and backed by Mortgage Loans.

"Freddie Mac" means the Federal Home Loan Mortgage Corporation, a stockholder-owned, government sponsored enterprise, created and existing under the Freddie Mac Act, and any successor thereto.

"Freddie Mac Act" means the Federal Home Loan Mortgage Corporation Act and Title III of the Emergency Home Finance Act of 1970, as amended.

"Freddie Mac Certificate" means a security or participation certificate issued by Freddie Mac in book-entry form, the full and timely payment of principal of and interest on which is guaranteed by Freddie Mac, which evidences an undivided interest in a Pool of Mortgage Loans, all of which loans provide for monthly payments of principal and interest in substantially equal installments for

the contractual term of such loan and are amortized over the original term to maturity.

“*GNMA*” means the Government National Mortgage Association, a wholly-owned corporate instrumentality of HUD, and any successor thereto, whose powers are prescribed generally by Title III of the National Housing Act of 1934, as amended.

“*GNMA Certificate*” means custom pool, fully-modified mortgage-backed GNMA I Certificate or GNMA II Certificate, issued by the Servicer, registered in the name of the Trustee or its nominee, guaranteed as to timely payment of principal and interest by GNMA pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and the regulations promulgated thereunder and backed by FHA Insured Mortgage Loans, RD Guaranteed Mortgage Loans or VA Guaranteed Mortgage Loans in the related Mortgage Pool.

“*Servicer*” means a servicer that has entered into a servicing agreement with the Agency for purposes of servicing Mortgage Loans that back Fannie Mae Certificates, Freddie Mac Certificates or GNMA Certificates, or any substitute or successor appointed pursuant to the Servicing Agreement.

“*Servicing Agreement*” means a servicing agreement between the Agency and the Servicer, whereby the Servicer services the Mortgage Loans that are pooled into Loan Securities and held under the Resolution.

Section 1.03. Authority. This Thirty-Second Supplemental Resolution supplements the Resolution and is adopted pursuant to Section 701(5) of the Resolution and in accordance with the Act.

ARTICLE II

AMENDMENT OF RESOLUTION

Section 2.01. Authorization; Purpose; Amendment.

(a) The Agency hereby authorizes the pooling and sale of Mortgage Loans held in Program Funds for a corresponding purchase and deposit to the same Program Funds of Loan Securities backed by such Mortgage Loans. Such Loan Securities are intended to further assure the pool of assets pledged under the Resolution.

(b) To meet the goals of further assuring the security of pledged assets of the Resolution and enable the actions approved in Paragraph (a) above, the Agency hereby amends and supplements the Resolution as directed in Paragraph (c) hereof.

(c) Section 101 of the Resolution is hereby amended by the following:

(i) The definition of Mortgage Loan is supplemented by adding the following at the end of such definition:

“As used in each Supplemental Resolution, the term Mortgage Loan is deemed to include a Loan Security representing an interest in Mortgage Loans.”

(ii) The definition of Loan Security is supplemented by adding the following at the end of such definition:

“Fannie Mae Certificates, Freddie Mac Certificates and GNMA Certificates are all types of Loan Securities.”

[Remainder of page intentionally left blank]

**FIRST AMENDMENT TO
2007 AB SUPPLEMENTAL INDENTURE**

between

VERMONT HOUSING FINANCE AGENCY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

\$66,625,000
Multiple Purpose Bonds
2007 Series A
2007 Series B

Dated as of April 6, 2009

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**FIRST AMENDMENT TO
2007 AB SUPPLEMENTAL INDENTURE**

THIS FIRST AMENDMENT to the Supplemental Indenture dated as of July 1, 2007 and by and between **VERMONT HOUSING FINANCE AGENCY**, a body politic and corporate organized and existing under the Vermont Housing Finance Agency Act, as defined below (the "Agency") and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee") (the "2007 AB Supplemental Indenture"), is made by and between the Agency and the Trustee, as of April 6, 2009 (this "Amendment").

WITNESSETH:

WHEREAS, pursuant to the Constitution and the laws of the State of Vermont, particularly the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (the "Act"), the Agency is authorized to carry out the public purposes described in the Act by issuing its general obligation bonds and by entering into any agreements made in connection therewith; and

WHEREAS, to provide a source of funds for its programs authorized by the Act, the Agency issued its 2007 Series A Multiple Purpose Bonds and 2007 Series B Multiple Purpose Bonds (together, the "2007 Series AB Obligations") pursuant to a Trust Indenture dated as of July 1, 2007 between the Agency and the Trustee (the "General Indenture") and the 2007 AB Supplemental Indenture (together with the General Indenture, the "Indenture"); and

WHEREAS, the 2007 Series AB Obligations were issued for the purpose of financing single-family mortgage loans, multifamily mortgage loans and to make deposits in various funds and accounts; and

WHEREAS, the Agency wishes to amend the 2007 AB Supplemental Indenture to provide for the pooling and sale of existing Single Family Loans in the 2007 Series A Single Family Program Account (the "Pooled Loans") for a corresponding purchase and deposit to the Indenture of Federal Agency Obligations (as defined in the General Indenture) backed by such Pooled Loans; and

WHEREAS, the Agency will enter into a servicing agreement (the "Pooled Loans Servicing Agreement") with a servicer (the "Pooled Loans Servicer") that has agreed to service such Pooled Loans; and

WHEREAS, the purpose of the pooling, sale and securitization of the Pooled Loans is to strengthen the security of the assets pledged under the Indenture.

NOW, THEREFORE, THE 2007 AB SUPPLEMENTAL INDENTURE SHALL BE AMENDED AS FOLLOWS:

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Short Title. This amendment is hereinafter sometimes referred to as the "Amendment."

Section 1.02. Definitions and Interpretation. Except as provided in Section 2.01 herein, all terms used herein shall have the same meanings as are given such terms in Section 1.03 of the General Indenture and Section 1.03 of the 2007 AB Supplemental Indenture.

Section 1.03. Authority. This Amendment amends and supplements the 2007 AB Supplemental Indenture and is adopted pursuant to Section 9.01(b)(ii) of the General Indenture and in accordance with the Act.

ARTICLE II

AMENDMENT OF 2007 AB SUPPLEMENTAL INDENTURE

Section 2.01. Amendment.

(a) **Section 1.03 of the 2007 AB Supplemental Indenture is hereby amended by the following:**

(i) The definition of Single Family Loan is supplemented by adding the following at the end of such definition:

"As used herein, the term Single Family Loan is deemed to include Federal Agency Certificates representing an interest in Single Family Loans."

(ii) The following definitions are hereby added:

"*FHA*" means the Federal Housing Administration, an agency of HUD, or any successor thereto.

"*FHA Insurance*" means FHA mortgage insurance on residences presently issued under any of the FHA insurance programs pursuant to the National Housing Act of 1934, as amended.

"*Fannie Mae*" means the Fannie Mae, a government sponsored enterprise organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. Section 1716 et seq.), and any successor thereto.

"*Fannie Mae Certificate*" means a single pool, guaranteed mortgage pass-through Fannie Mae mortgage-backed security issued by Fannie Mae in book-entry form, recorded in the name of the Trustee or its nominee, guaranteed as to the full and timely payment of principal and interest by

Fannie Mae and backed by Single Family Loans. Fannie Mae Certificates are a type of Federal Agency Obligation, as such term is defined in the General Indenture.

"Federal Agency Certificates" or *"Certificates"* means GNMA Certificates, Fannie Mae Certificates and Freddie Mac Certificates that satisfy the conditions of this Indenture.

"Freddie Mac" means the Federal Home Loan Mortgage Corporation, a stockholder-owned, government sponsored enterprise, created and existing under the Freddie Mac Act, and any successor thereto.

"Freddie Mac Act" means the Federal Home Loan Mortgage Corporation Act and Title III of the Emergency Home Finance Act of 1970, as amended.

"Freddie Mac Certificate" means a security or participation certificate issued by Freddie Mac in book-entry form, the full and timely payment of principal of and interest on which is guaranteed by Freddie Mac, which evidences an undivided interest in a Pool of Single Family Loans, all of which loans provide for monthly payments of principal and interest in substantially equal installments for the contractual term of such loan and are amortized over the original term to maturity. Freddie Mac Certificates are a type of Federal Agency Obligation, as such term is defined in the General Indenture.

"GNMA" means the Government National Mortgage Association, a wholly-owned corporate instrumentality of HUD, and any successor thereto, whose powers are prescribed generally by Title III of the National Housing Act of 1934, as amended.

"GNMA Certificate" means custom pool, fully-modified mortgage-backed GNMA I Certificate or GNMA II Certificate, registered in the name of the Trustee or its nominee, guaranteed as to timely payment of principal and interest by GNMA pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and the regulations promulgated thereunder and backed by FHA Insured Single Family Loans, RD Guaranteed Single Family Loans or VA Guaranteed Single Family Loans in the related Pool. GNMA Certificates are a type of Federal Agency Obligation, as such term is defined in the General Indenture.

"Guarantor" means GNMA, Fannie Mae or Freddie Mac, as applicable.

"Pool" means, with respect to a Federal Agency Certificate, the pool of Single Family Loans securing a particular Federal Agency Certificate.

"Pooled Loans" means existing Single Family Loans in the 2007 Series A Single Family Program Account which are pooled into Federal Agency

Certificates and held under the Indenture; the Pooled Loans are to be serviced by the Pooled Loans Servicer.

“Pooled Loans Servicer” means a servicer that has entered into a servicing agreement with the Agency for the purpose of servicing the Pooled Loans that back Federal Agency Certificates held under the Indenture, or any substitute or successor appointed pursuant to the Pooled Loans Servicing Agreement.

“Pooled Loans Servicing Agreement” means a servicing agreement between the Agency and the Pooled Loans Servicer, whereby the Pooled Loans Servicer services the Pooled Loans.

(b) Section 3.03(b)(iii) is hereby amended by adding “; or” at the end of such subsection.

(c) Section 3.03(b) is hereby supplemented by the addition of the following subsection (iv):

“(iv) be in the form of Federal Agency Certificates; such Federal Agency Certificates are to be purchased in accordance with subsection (e) below.”

(d) Section 3.03 is hereby supplemented by the addition of the following subsections (e) and (f):

(e) The Trustee may sell Single Family Loans held in the 2007 Series A Single Family Program Account for the purpose of pooling such Single Family Loans into Federal Agency Certificates to be held under the Indenture (subject to the requirements of Section 3.03(e)(i) hereof).

(i) At the direction of the Agency, the Trustee shall sell Single Family Loans held in the 2007 Series A Single Family Program Account to purchase Federal Agency Certificates so long as the Trustee, simultaneous with the sale and delivery of the Pooled Loans, has physical possession of the related Federal Agency Certificate(s) or evidence as to a book entry with respect thereto in the name of the Trustee or its nominee such that the Trustee has a first priority perfected security interest at all times.

(ii) The Federal Agency Certificates acquired by the Trustee on behalf of the Agency shall be held by the Trustee in trust and credited to the Revenue Fund for the benefit of the Owners of the 2007 Series AB Obligations and shall be held in book entry form as described in this subsection. Each such Certificate will be issued in book entry form through the book entry system of the Federal Reserve System, pursuant to which such Certificate shall have been registered on the books of the New York or Boston Branch of the Federal Reserve Bank in the name of the

Trustee or a Depository acting on its behalf (in either case, acting as a "participant" as defined in C.F.R. § 357.2, as made applicable to 24 C.F.R. Part 81); and if held by a depository, the Trustee shall have received confirmation in writing that the Depository is holding such Certificate on behalf of, and has identified such Certificate on its records as belonging to, the Trustee. If the Trustee does not receive payment or advice of payment from the Depository with respect to such a Certificate when due by the close of business on the twenty fifth day of any month in the case of Fannie Mae Certificates, the fifteenth day of any month in the case of Freddie Mac Certificates, or twentieth day of any month in the case of GNMA Certificates (or, in each case, the next Business Day if the applicable day is not a Business Day), the Trustee shall demand payment from the applicable Guarantor in connection with the guaranty of timely payments of principal and interest by GNMA, Fannie Mae, or Freddie Mac, as the case may be.

(f) (i) The Agency shall have the right to direct the Trustee to sell or otherwise dispose of some or all of the Federal Agency Certificates to effect an optional redemption of the 2007 Series AB Obligations pursuant to Section 2.04(d) hereof, on a date for which notice of optional redemption is timely given, or to effect a purchase in lieu of any such optional redemption in accordance with Section 4.08 of the General Indenture at the redemption price payable under Section 2.04(d) hereof, provided that if the 2007 Series AB Obligations are redeemed in part, the Trustee shall have received written confirmation from the Rating Agencies that the then existing rating of the remaining Outstanding 2007 Series AB Obligations will not be adversely affected; and

(ii) In connection with any optional redemption of the 2007 Series AB Obligations in part under Section 2.04(d) hereof, excess proceeds from the sale of the Federal Agency Certificates or excess moneys held under the Indenture may be distributed to the Agency upon its written request, but only if, in addition to the satisfaction of Section 3.03(f)(i) hereto, the Trustee shall have received (i) an opinion of Bond Counsel to the effect that such distribution to and use of any such moneys by the Agency will not cause interest on the 2007 Series AB Obligations to become includable in gross income for federal income tax purposes pursuant to Section 103(a) of the Code and (ii) a certification from the Agency to the effect that all applicable Program Expenses then due or anticipated to be due (except for those due to the Agency) have been paid or will be provided for.

Section 2.02. References Within Indenture. All references in the Indenture which are inconsistent with this Amendment are hereby determined to be null and void and of no force or effect.

Section 2.03. Indenture Confirmed. The Indenture, as amended hereby and to the extent not inconsistent herewith, is reaffirmed and restated herein, and said Indenture is hereby incorporated herein by reference as fully as if set forth in its entirety in this Amendment, and the parties hereto hereby ratify and affirm the same.

ARTICLE III

MISCELLANEOUS

Section 3.01. Miscellaneous.

(a) **Counterparts.** This Amendment may be executed in several counterparts, and it shall not be necessary that the signatures of all parties hereto be contained on any one counterpart hereof; each counterpart shall be deemed an original, but all of which together shall constitute one and the same instrument.

(b) **Invalidity.** In the event that any one or more of the provisions contained in this Amendment shall, for any reason, be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Amendment.

(c) **References to Indenture.** From and after the effective date hereof, all references to the Indenture shall be deemed to be references to the Indenture as amended by this Amendment.

(d) **Governing Law.** This Supplement shall be governed by and construed in accordance with the laws of the United States of America and the laws of the State of Vermont.

(e) **Headings.** Section headings in this Amendment are included herein for convenience of reference only and shall not have any effect for purposes of interpretation or construction of the terms of this Amendment.

Section 3.02. Effectiveness. This Amendment shall be effective as of the date hereof.

Executed as of this 6th day of April, 2009.

VERMONT HOUSING FINANCE AGENCY

By _____
Its _____

Executed and Attested:

By _____
Its _____

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By _____
Its _____

[FIRST AMENDMENT TO 2007 AB SUPPLEMENTAL INDENTURE]

**FIRST AMENDMENT TO
2007 CD SUPPLEMENTAL INDENTURE**

between

VERMONT HOUSING FINANCE AGENCY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

\$94,305,000
Multiple Purpose Bonds
2007 Series C
Multiple Purpose Notes
2007 Series D

Dated as of April 6, 2009

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EXHIBIT A	SERVICER SUBMISSION CERTIFICATE	
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**FIRST AMENDMENT TO
2007 CD SUPPLEMENTAL INDENTURE**

THIS FIRST AMENDMENT to the Supplemental Indenture dated as of September 1, 2007 and by and between **VERMONT HOUSING FINANCE AGENCY**, a body politic and corporate organized and existing under the Vermont Housing Finance Agency Act, as defined below (the "Agency") and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee") (the "2007 CD Supplemental Indenture"), is made by and between the Agency and the Trustee, as of April 6, 2009 (this "Amendment").

WITNESSETH:

WHEREAS, pursuant to the Constitution and the laws of the State of Vermont, particularly the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (the "Act"), the Agency is authorized to carry out the public purposes described in the Act by issuing its general obligation bonds and by entering into any agreements made in connection therewith; and

WHEREAS, to provide a source of funds for its programs authorized by the Act, the Agency issued its 2007 Series C Multiple Purpose Bonds and 2007 Series D Multiple Purpose Notes (together, the "2007 Series CD Obligations") pursuant to a Trust Indenture dated as of July 1, 2007 between the Agency and the Trustee (the "General Indenture") and the 2007 CD Supplemental Indenture (together with the General Indenture, the "Indenture"); and

WHEREAS, the 2007 Series CD Obligations were issued for the purpose of financing single-family mortgage loans and to make deposits in various funds and accounts; and

WHEREAS, the Agency wishes to amend the 2007 CD Supplemental Indenture to provide for the pooling and sale of existing Single Family Loans in the 2007 Series C Single Family Program Account (the "Pooled Loans") for a corresponding purchase and deposit to the Indenture of Federal Agency Obligations (as defined in the General Indenture) backed by such Pooled Loans; and

WHEREAS, the Agency will enter into a servicing agreement (the "Pooled Loans Servicing Agreement") with a servicer (the "Pooled Loans Servicer") that has agreed to service such Pooled Loans; and

WHEREAS, the purpose of the pooling, sale and securitization of the Pooled Loans is to strengthen the security of the assets pledged under the Indenture.

NOW, THEREFORE, THE 2007 CD SUPPLEMENTAL INDENTURE SHALL BE AMENDED AS FOLLOWS:

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Short Title. This amendment is hereinafter sometimes referred to as the "Amendment."

Section 1.02. Definitions and Interpretation. Except as provided in Section 2.01 herein, all terms used herein shall have the same meanings as are given such terms in Section 1.03 of the General Indenture and Section 1.03 of the 2007 CD Supplemental Indenture.

Section 1.03. Authority. This Amendment amends and supplements the 2007 CD Supplemental Indenture and is adopted pursuant to Section 9.01(b)(ii) of the General Indenture and in accordance with the Act.

ARTICLE II

AMENDMENT OF 2007 CD SUPPLEMENTAL INDENTURE

Section 2.01. Amendment.

(a) **Section 1.03 of the 2007 CD Supplemental Indenture is hereby amended by the following:**

(i) The definition of Single Family Loan is supplemented by adding the following at the end of such definition:

"As used herein, the term Single Family Loan is deemed to include Federal Agency Certificates representing an interest in Single Family Loans."

(ii) The following definitions are hereby added:

"*FHA*" means the Federal Housing Administration, an agency of HUD, or any successor thereto.

"*FHA Insurance*" means FHA mortgage insurance on residences presently issued under any of the FHA insurance programs pursuant to the National Housing Act of 1934, as amended.

"*Fannie Mae*" means the Fannie Mae, a government sponsored enterprise organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. Section 1716 et seq.), and any successor thereto.

"*Fannie Mae Certificate*" means a single pool, guaranteed mortgage pass-through Fannie Mae mortgage-backed security issued by Fannie Mae in book-entry form, recorded in the name of the Trustee or its nominee, guaranteed as to the full and timely payment of principal and interest by

Fannie Mae and backed by Single Family Loans. Fannie Mae Certificates are a type of Federal Agency Obligation, as such term is defined in the General Indenture.

"Federal Agency Certificates" or *"Certificates"* means GNMA Certificates, Fannie Mae Certificates and Freddie Mac Certificates that satisfy the conditions of this Indenture.

"Freddie Mac" means the Federal Home Loan Mortgage Corporation, a stockholder-owned, government sponsored enterprise, created and existing under the Freddie Mac Act, and any successor thereto.

"Freddie Mac Act" means the Federal Home Loan Mortgage Corporation Act and Title III of the Emergency Home Finance Act of 1970, as amended.

"Freddie Mac Certificate" means a security or participation certificate issued by Freddie Mac in book-entry form, the full and timely payment of principal of and interest on which is guaranteed by Freddie Mac, which evidences an undivided interest in a Pool of Single Family Loans, all of which loans provide for monthly payments of principal and interest in substantially equal installments for the contractual term of such loan and are amortized over the original term to maturity. Freddie Mac Certificates are a type of Federal Agency Obligation, as such term is defined in the General Indenture.

"GNMA" means the Government National Mortgage Association, a wholly-owned corporate instrumentality of HUD, and any successor thereto, whose powers are prescribed generally by Title III of the National Housing Act of 1934, as amended.

"GNMA Certificate" means custom pool, fully-modified mortgage-backed GNMA I Certificate or GNMA II Certificate, registered in the name of the Trustee or its nominee, guaranteed as to timely payment of principal and interest by GNMA pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and the regulations promulgated thereunder and backed by FHA Insured Single Family Loans, RD Guaranteed Single Family Loans or VA Guaranteed Single Family Loans in the related Pool. GNMA Certificates are a type of Federal Agency Obligation, as such term is defined in the General Indenture.

"Guarantor" means GNMA, Fannie Mae or Freddie Mac, as applicable.

"Pool" means, with respect to a Federal Agency Certificate, the pool of Single Family Loans securing a particular Federal Agency Certificate.

"Pooled Loans" means existing Single Family Loans in the 2007 Series C Single Family Program Account which are pooled into Federal Agency

Certificates and held under the Indenture; the Pooled Loans are to be serviced by the Pooled Loans Servicer.

“Pooled Loans Servicer” means a servicer that has entered into a servicing agreement with the Agency for the purpose of servicing the Pooled Loans that back Federal Agency Certificates held under the Indenture, or any substitute or successor appointed pursuant to the Pooled Loans Servicing Agreement.

“Pooled Loans Servicing Agreement” means a servicing agreement between the Agency and the Pooled Loans Servicer, whereby the Pooled Loans Servicer services the Pooled Loans.

(b) Section 3.03(b)(iii) is hereby amended by adding “; or” at the end of such subsection.

(c) Section 3.03(b) is hereby supplemented by the addition of the following subsection (iv):

“(iv) be in the form of Federal Agency Certificates; such Federal Agency Certificates are to be purchased in accordance with subsection (e) below.”

(d) Section 3.03 is hereby supplemented by the addition of the following subsections (e) and (f):

(e) The Trustee may sell Single Family Loans held in the 2007 Series C Single Family Program Account for the purpose of pooling such Single Family Loans into Federal Agency Certificates to be held under the Indenture (subject to the requirements of Section 3.03(e)(i) hereof).

(i) At the direction of the Agency, the Trustee shall sell Single Family Loans held in the 2007 Series C Single Family Program Account to purchase Federal Agency Certificates so long as the Trustee, simultaneous with the sale and delivery of the Pooled Loans, has physical possession of the related Federal Agency Certificate(s) or evidence as to a book entry with respect thereto in the name of the Trustee or its nominee such that the Trustee has a first priority perfected security interest at all times.

(ii) The Federal Agency Certificates acquired by the Trustee on behalf of the Agency shall be held by the Trustee in trust and credited to the Revenue Fund for the benefit of the Owners of the 2007 Series CD Obligations and shall be held in book entry form as described in this subsection. Each such Certificate will be issued in book entry form through the book entry system of the Federal Reserve System, pursuant to which such Certificate shall have been registered on the books of the New York or Boston Branch of the Federal Reserve Bank in the name of the

Trustee or a Depository acting on its behalf (in either case, acting as a "participant" as defined in C.F.R. § 357.2, as made applicable to 24 C.F.R. Part 81); and if held by a depository, the Trustee shall have received confirmation in writing that the Depository is holding such Certificate on behalf of, and has identified such Certificate on its records as belonging to, the Trustee. If the Trustee does not receive payment or advice of payment from the Depository with respect to such a Certificate when due by the close of business on the twenty fifth day of any month in the case of Fannie Mae Certificates, the fifteenth day of any month in the case of Freddie Mac Certificates, or twentieth day of any month in the case of GNMA Certificates (or, in each case, the next Business Day if the applicable day is not a Business Day), the Trustee shall demand payment from the applicable Guarantor in connection with the guaranty of timely payments of principal and interest by GNMA, Fannie Mae, or Freddie Mac, as the case may be.

(f) (i) The Agency shall have the right to direct the Trustee to sell or otherwise dispose of some or all of the Federal Agency Certificates to effect an optional redemption of the 2007 Series CD Obligations pursuant to Section 2.04(d) hereof, on a date for which notice of optional redemption is timely given, or to effect a purchase in lieu of any such optional redemption in accordance with Section 4.08 of the General Indenture at the redemption price payable under Section 2.04(d) hereof, provided that if the 2007 Series CD Obligations are redeemed in part, the Trustee shall have received written confirmation from the Rating Agencies that the then existing rating of the remaining Outstanding 2007 Series CD Obligations will not be adversely affected; and

(ii) In connection with any optional redemption of the 2007 Series CD Obligations in part under Section 2.04(d) hereof, excess proceeds from the sale of the Federal Agency Certificates or excess moneys held under the Indenture may be distributed to the Agency upon its written request, but only if, in addition to the satisfaction of Section 3.03(f)(i) hereto, the Trustee shall have received (i) an opinion of Bond Counsel to the effect that such distribution to and use of any such moneys by the Agency will not cause interest on the 2007 Series CD Obligations to become includable in gross income for federal income tax purposes pursuant to Section 103(a) of the Code and (ii) a certification from the Agency to the effect that all applicable Program Expenses then due or anticipated to be due (except for those due to the Agency) have been paid or will be provided for.

Section 2.02. References Within Indenture. All references in the Indenture which are inconsistent with this Amendment are hereby determined to be null and void and of no force or effect.

Section 2.03. Indenture Confirmed. The Indenture, as amended hereby and to the extent not inconsistent herewith, is reaffirmed and restated herein, and said Indenture is hereby incorporated herein by reference as fully as if set forth in its entirety in this Amendment, and the parties hereto hereby ratify and affirm the same.

ARTICLE III

MISCELLANEOUS

Section 3.01. Miscellaneous.

(a) **Counterparts.** This Amendment may be executed in several counterparts, and it shall not be necessary that the signatures of all parties hereto be contained on any one counterpart hereof; each counterpart shall be deemed an original, but all of which together shall constitute one and the same instrument.

(b) **Invalidity.** In the event that any one or more of the provisions contained in this Amendment shall, for any reason, be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Amendment.

(c) **References to Indenture.** From and after the effective date hereof, all references to the Indenture shall be deemed to be references to the Indenture as amended by this Amendment.

(d) **Governing Law.** This Supplement shall be governed by and construed in accordance with the laws of the United States of America and the laws of the State of Vermont.

(e) **Headings.** Section headings in this Amendment are included herein for convenience of reference only and shall not have any effect for purposes of interpretation or construction of the terms of this Amendment.

Section 3.02. Effectiveness. This Amendment shall be effective as of the date hereof.

Executed as of this 6th day of April, 2009.

VERMONT HOUSING FINANCE AGENCY

By _____
Its _____

Executed and Attested:

By _____
Its _____

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By _____
Its _____

[FIRST AMENDMENT TO 2007 CD SUPPLEMENTAL INDENTURE]

**FIRST AMENDMENT TO
2008 C SUPPLEMENTAL INDENTURE**

between

VERMONT HOUSING FINANCE AGENCY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

\$50,000,000
Multiple Purpose Bonds
2008 Series C-1
Multiple Purpose Bonds
2008 Series C-2

Dated as of April 6, 2009

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EXHIBIT A	SERVICER SUBMISSION CERTIFICATE	
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**FIRST AMENDMENT TO
2008 C SUPPLEMENTAL INDENTURE**

THIS FIRST AMENDMENT to the Supplemental Indenture dated as of September 1, 2008 and by and between **VERMONT HOUSING FINANCE AGENCY**, a body politic and corporate organized and existing under the Vermont Housing Finance Agency Act, as defined below (the "Agency") and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee") (the "2008 C Supplemental Indenture"), is made by and between the Agency and the Trustee, as of April 6, 2009 (this "Amendment").

W I T N E S S E T H :

WHEREAS, pursuant to the Constitution and the laws of the State of Vermont, particularly the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (the "Act"), the Agency is authorized to carry out the public purposes described in the Act by issuing its general obligation bonds and by entering into any agreements made in connection therewith; and

WHEREAS, to provide a source of funds for its programs authorized by the Act, the Agency issued its 2008 Series C-1 Multiple Purpose Bonds and 2008 Series C-2 Multiple Purpose Bonds (together, the "2008 Series C Obligations") pursuant to a Trust Indenture dated as of July 1, 2007 between the Agency and the Trustee (the "General Indenture") and the 2008 C Supplemental Indenture (together with the General Indenture, the "Indenture"); and

WHEREAS, the 2008 Series C Obligations were issued for the purpose of financing single-family mortgage loans and to make deposits in various funds and accounts; and

WHEREAS, the Agency wishes to amend the 2008 C Supplemental Indenture to provide for the purchase of Federal Agency Obligations (as defined in the General Indenture) from unexpended proceeds of the 2008 Series C Single Family Program Account in the Indenture; and

WHEREAS, the Federal Agency Obligations purchased with previously unexpended 2008 Series C Program Account funds will be backed by Single Family Loans meeting the requirements of the Indenture; and

WHEREAS, the Agency has entered into a Mortgage Pooling and Servicing Agreement (the "Servicing Agreement") with U.S. Bank N.A. (the "Servicer"), whereby the Servicer has agreed to purchase Single Family Loans from approved lenders, service such Single Family Loans, pool such Single Family Loans and issue Federal Agency Certificates (as hereinafter defined) to be purchased with funds of the Indenture; and

WHEREAS, the Agency also wishes to amend the 2008 C Supplemental Indenture to provide for the pooling and sale of existing Single Family Loans in the 2008 Series C Single Family Program Account (the "Pooled Loans") for a corresponding purchase and deposit to the Indenture of Federal Agency Certificates backed by such Pooled Loans; and

WHEREAS, the Agency will enter into a separate Servicing Agreement (the “Pooled Loans Servicing Agreement”) with a servicer (the “Pooled Loans Servicer”) that has agreed to service such Pooled Loans; and

WHEREAS, the purpose of (i) purchasing Federal Agency Certificates from unexpended funds in the 2008 Series C Single Family Program Account and (ii) the pooling, sale and securitization of the Pooled Loans is to strengthen the security of the assets pledged under the Indenture; and

WHEREAS, the Agency also wishes to cure a defect in the 2008 C Supplemental Indenture concerning redemptions made with unexpended proceeds of the 2008 Series C Obligations.

NOW, THEREFORE, THE 2008 C SUPPLEMENTAL INDENTURE SHALL BE AMENDED AS FOLLOWS:

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Short Title. This amendment is hereinafter sometimes referred to as the “Amendment.”

Section 1.02. Definitions and Interpretation. Except as provided in Section 2.01 herein, all terms used herein shall have the same meanings as are given such terms in Section 1.03 of the General Indenture and Section 1.03 of the 2008 C Supplemental Indenture, and, to the extent not defined in the General Indenture, the 2008 C Supplemental Indenture or this Amendment, in the Servicing Agreement.

Section 1.03. Authority. This Amendment amends and supplements the 2008 C Supplemental Indenture and is adopted in accordance with the Act and pursuant to (a) Section 9.01(b)(ii) of the General Indenture for amendments made in Section 2.01(a) through (d) below and (b) Section 9.01(i) of the General Indenture for the amendment made in Section 2.01(e) below .

ARTICLE II

AMENDMENT OF 2008 C SUPPLEMENTAL INDENTURE

Section 2.01. Amendment.

(a) **Section 1.03 of the 2008 C Supplemental Indenture is hereby amended by the following:**

(i) The definition of Single Family Loan is supplemented by adding the following at the end of such definition:

“As used herein, the term Single Family Loan is deemed to include Federal Agency Certificates representing an interest in Single Family Loans.”

(ii) The following definitions are hereby added:

“*Certificate Delivery Date*” means the date a Federal Agency Certificate is delivered to the Trustee.

“*Certificate Purchase Price*” means the purchase price paid by the Trustee to the Servicer for the purchase of Federal Agency Certificates, equal to the product of the percentage set forth below (and in the Servicing Agreement) and the principal amount of such Federal Agency Certificate plus accrued interest to the date of delivery of the Federal Agency Certificate.

As of the date of this Amendment, the following percentages shall be used when calculating the Certificate Purchase Price:

<u>Federal Agency Certificates</u>	<u>Purchase Price Percentage</u>
Fannie Mae Certificates	99.71%
GNMA Certificates	99.59
Freddie Mac Certificates	TBD

Such percentages may be modified by the Agency and the Servicer from time to time, as evidenced in the Servicing Agreement.

“*FHA*” means the Federal Housing Administration, an agency of HUD, or any successor thereto.

“*FHA Insurance*” means FHA mortgage insurance on residences presently issued under any of the FHA insurance programs pursuant to the National Housing Act of 1934, as amended.

“*Fannie Mae*” means the Fannie Mae, a government sponsored enterprise organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. Section 1716 et seq.), and any successor thereto.

“*Fannie Mae Certificate*” means a single pool, guaranteed mortgage pass-through Fannie Mae mortgage-backed security issued by Fannie Mae in book-entry form, recorded in the name of the Trustee or its nominee, guaranteed as to the full and timely payment of principal and interest by Fannie Mae and backed by Single Family Loans. Fannie Mae Certificates are a type of Federal Agency Obligation, as such term is defined in the General Indenture.

"Federal Agency Certificates" or *"Certificates"* means GNMA Certificates, Fannie Mae Certificates and Freddie Mac Certificates that satisfy the conditions of this Indenture and the Servicing Agreement.

"Freddie Mac" means the Federal Home Loan Mortgage Corporation, a stockholder-owned, government sponsored enterprise, created and existing under the Freddie Mac Act, and any successor thereto.

"Freddie Mac Act" means the Federal Home Loan Mortgage Corporation Act and Title III of the Emergency Home Finance Act of 1970, as amended.

"Freddie Mac Certificate" means a security or participation certificate issued by Freddie Mac in book-entry form, the full and timely payment of principal of and interest on which is guaranteed by Freddie Mac, which evidences an undivided interest in a Pool of Single Family Loans, all of which loans provide for monthly payments of principal and interest in substantially equal installments for the contractual term of such loan and are amortized over the original term to maturity. Freddie Mac Certificates are a type of Federal Agency Obligation, as such term is defined in the General Indenture.

"GNMA" means the Government National Mortgage Association, a wholly-owned corporate instrumentality of HUD, and any successor thereto, whose powers are prescribed generally by Title III of the National Housing Act of 1934, as amended.

"GNMA Certificate" means custom pool, fully-modified mortgage-backed GNMA I Certificate or GNMA II Certificate, registered in the name of the Trustee or its nominee, guaranteed as to timely payment of principal and interest by GNMA pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and the regulations promulgated thereunder and backed by FHA Insured Single Family Loans, RD Guaranteed Single Family Loans or VA Guaranteed Single Family Loans in the related Pool. GNMA Certificates are a type of Federal Agency Obligation, as such term is defined in the General Indenture.

"Guarantor" means GNMA, Fannie Mae or Freddie Mac, as applicable.

"Pass-Through Rate" means the rate of interest stated on a Federal Agency Certificate.

"Pool" means, with respect to a Federal Agency Certificate, the pool of Single Family Loans securing a particular Federal Agency Certificate.

"Pooled Loans" means existing Single Family Loans in the 2008 Series C Single Family Program Account which are pooled into Federal Agency

Certificates and held under the Indenture; the Pooled Loans are to be serviced by the Pooled Loans Servicer.

“Pooled Loans Servicer” means a servicer that has entered into a servicing agreement with the Agency for the purpose of servicing the Pooled Loans that back Federal Agency Certificates held under the Indenture, or any substitute or successor appointed pursuant to the Pooled Loans Servicing Agreement.

“Pooled Loans Servicing Agreement” means a servicing agreement between the Agency and the Pooled Loans Servicer, whereby the Pooled Loans Servicer services the Pooled Loans.

“Servicer” means U.S. Bank N.A. operating by and through U.S. Bank Home Mortgage-MRBP Division, its successors and assigns as Servicer under the Servicing Agreement, or any substitute or successor appointed pursuant to the Servicing Agreement.

“Servicer Submission Certificate” means the certificate to be submitted by the Servicer to the Trustee at the time of purchase of any Federal Agency Certificate; the Servicer Submission Certificate shall be in substantially the form of Exhibit A hereto.

“Servicing Agreement” means the Mortgage Pooling and Servicing Agreement between the Agency and U.S. Bank N.A., operating by and through U.S. Bank Home Mortgage-MRBP Division, whereby U.S. Bank N.A. services the Single Family Loans that are pooled into Federal Agency Certificates and held under the Indenture.

(b) Section 3.03(b)(iii) is hereby amended by adding “; or” at the end of such subsection.

(c) Section 3.03(b) is hereby supplemented by the addition of the following subsection (iv):

“(iv) be in the form of Federal Agency Certificates; such Federal Agency Certificates are to be purchased in accordance with subsection (e) below.”

(d) Section 3.03 is hereby supplemented by the addition of the following subsections (e), (f) and (g):

(e) The Trustee may sell Single Family Loans held in the 2008 Series C Single Family Program Account for the purpose of pooling such Single Family Loans into Federal Agency Certificates to be held under the Indenture (subject to the requirements of Section 3.03(e)(i) hereof). The Trustee may also use unexpended proceeds on deposit in the 2008 Series C Single Family Program

Account to purchase Federal Agency Certificates at the Certificate Purchase Price (subject to the requirements of Section 3.03(e)(ii) hereof).

(i) At the direction of the Agency, the Trustee shall sell Single Family Loans held in the 2008 Series C Single Family Program Account to purchase Federal Agency Certificates so long as the Trustee, simultaneous with the sale and delivery of the Pooled Loans, has physical possession of the related Federal Agency Certificate(s) or evidence as to a book entry with respect thereto in the name of the Trustee or its nominee such that the Trustee has a first priority perfected security interest at all times.

(ii) The Trustee shall disburse unexpended proceeds held in the 2008 Series C Single Family Program Account to purchase Federal Agency Certificates from the Servicer only upon satisfaction of each of the following conditions:

(A) the Federal Agency Certificate bears interest at the applicable Pass-Through Rate;

(B) the Trustee receives from the Servicer an executed Servicer Submission Certificate relating to the Federal Agency Certificate;

(C) in the case of GNMA Certificates, the Trustee shall also receive from the Servicer HUD Forms 11705 and 11706 each with respect to the related Pool;

(D) in the case of Fannie Mae Certificates, the Trustee shall also receive from the Servicer Fannie Mae Forms 2005 and 2014 each with respect to the related Pool;

(E) in the case of Freddie Mac Certificates, the Trustee shall also receive from the Servicer a Schedule of Mortgages (as defined in the Servicing Agreement) with respect to the related Pool; and

(F) on the Certificate Purchase Date, the Trustee, simultaneous with the delivery of the Certificate Purchase Price, has physical possession of the Federal Agency Certificate or evidence as to a book entry with respect thereto in the name of the Trustee or its nominee such that the Trustee has a first priority perfected security interest at all times.

(iii) The Federal Agency Certificates acquired by the Trustee on behalf of the Agency shall be held by the Trustee in trust and credited to the Revenue Fund for the benefit of the Owners of the 2008 Series C Obligations and shall be held in book entry form as described in this subsection. Each such Certificate will be issued in book entry form through the book entry system of the Federal Reserve System, pursuant to which such Certificate shall have been registered on the books of the New

York or Boston Branch of the Federal Reserve Bank in the name of the Trustee or a Depository acting on its behalf (in either case, acting as a "participant" as defined in C.F.R. § 357.2, as made applicable to 24 C.F.R. Part 81); and if held by a depository, the Trustee shall have received confirmation in writing that the Depository is holding such Certificate on behalf of, and has identified such Certificate on its records as belonging to, the Trustee. If the Trustee does not receive payment or advice of payment from the Depository with respect to such a Certificate when due by the close of business on the twenty fifth day of any month in the case of Fannie Mae Certificates, the fifteenth day of any month in the case of Freddie Mac Certificates, or twentieth day of any month in the case of GNMA Certificates (or, in each case, the next Business Day if the applicable day is not a Business Day), the Trustee shall demand payment from the applicable Guarantor in connection with the guaranty of timely payments of principal and interest by GNMA, Fannie Mae, or Freddie Mac, as the case may be.

(f) (i) The Agency shall have the right to direct the Trustee to sell or otherwise dispose of some or all of the Federal Agency Certificates to effect an optional redemption of the 2008 Series C Obligations pursuant to Section 2.04(d) hereof, on a date for which notice of optional redemption is timely given, or to effect a purchase in lieu of any such optional redemption in accordance with Section 4.08 of the General Indenture at the redemption price payable under Section 2.04(d) hereof, provided that if the 2008 Series C Obligations are redeemed in part, the Trustee shall have received written confirmation from the Rating Agencies that the then existing rating of the remaining Outstanding 2008 Series C Obligations will not be adversely affected; and

(ii) In connection with any optional redemption of the 2008 Series C Obligations in part under Section 2.04(d) hereof, excess proceeds from the sale of the Certificates or excess moneys held under the Indenture may be distributed to the Agency upon its written request, but only if, in addition to the satisfaction of Section 3.03(f)(i) hereto, the Trustee shall have received (i) an opinion of Bond Counsel to the effect that such distribution to and use of any such moneys by the Agency will not cause interest on the 2008 Series C Obligations to become includable in gross income for federal income tax purposes pursuant to Section 103(a) of the Code and (ii) a certification from the Agency to the effect that all applicable Program Expenses then due or anticipated to be due (except for those due to the Agency) have been paid or will be provided for.

(g) The Trustee hereby agrees to purchase from the Servicer, at the Certificate Purchase Price, to the extent (i) directed by the Agency and (ii) that funds are available therefor under this Indenture, all Federal Agency Certificates issued by the Servicer in accordance with terms and provisions of this Indenture and the Servicing Agreement. In connection with such purchase and in

accordance with the Servicing Agreement, the Trustee and the Agency shall receive notice of the aggregate principal amount of, and accrued interest on, each Federal Agency Certificate to be sold to the Trustee at least five (5) Business Days prior to the related Certificate Delivery Date.

(e) **Section 2.04(e)(ii)** is hereby amended by adding the below language to the end of such subsection:

“unless otherwise directed by the Agency.”

Section 2.02. References Within Indenture. All references in the Indenture which are inconsistent with this Amendment are hereby determined to be null and void and of no force or effect.

Section 2.03. Indenture Confirmed. The Indenture, as amended hereby and to the extent not inconsistent herewith, is reaffirmed and restated herein, and said Indenture is hereby incorporated herein by reference as fully as if set forth in its entirety in this Amendment, and the parties hereto hereby ratify and affirm the same.

ARTICLE III

MISCELLANEOUS

Section 3.01. Miscellaneous.

(a) **Counterparts.** This Amendment may be executed in several counterparts, and it shall not be necessary that the signatures of all parties hereto be contained on any one counterpart hereof; each counterpart shall be deemed an original, but all of which together shall constitute one and the same instrument.

(b) **Invalidity.** In the event that any one or more of the provisions contained in this Amendment shall, for any reason, be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Amendment.

(c) **References to Indenture.** From and after the effective date hereof, all references to the Indenture shall be deemed to be references to the Indenture as amended by this Amendment.

(d) **Governing Law.** This Supplement shall be governed by and construed in accordance with the laws of the United States of America and the laws of the State of Vermont.

(e) **Headings.** Section headings in this Amendment are included herein for convenience of reference only and shall not have any effect for purposes of interpretation or construction of the terms of this Amendment.

Section 3.02. Effectiveness. This Amendment shall be effective as of the date hereof.

Executed as of this 6th day of April, 2009.

VERMONT HOUSING FINANCE AGENCY

By _____
Its _____

Executed and Attested:

By _____
Its _____

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By _____
Its _____

[FIRST AMENDMENT TO 2008 C SUPPLEMENTAL INDENTURE]

EXHIBIT A

SERVICER SUBMISSION CERTIFICATE

Vermont Housing Finance Agency
2008 Series C Multiple Purpose Bond Program

The undersigned officer of U.S. Bank N.A., which is acting as Servicer (the "Servicer") under the Vermont Housing Finance Agency 2008 Series C Multiple Purpose Bond Program, does hereby make and execute this certificate pursuant to [Section 5.03(b)] [Section 6.03(b)] [Section 7.03(b)] of the Mortgage Pooling and Servicing Agreement, dated as of January 1, 2009 (the "Agreement"), among Vermont Housing Finance Agency (the "Issuer"), the mortgage lending institutions named therein and the Servicer, and Section 3.03(e)(i)(B) of the 2008 C Supplemental Indenture dated as of September 1, 2008 (the "Supplemental Indenture"), between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee"), as amended by the First Amendment to the 2008 C Supplemental Indenture dated April 6, 2009. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned in the Agreement or the Supplemental Indenture.

The Servicer will submit to the Trustee a Federal Agency Certificate (the "Certificate") for purchase pursuant to the Agreement and the Indenture on _____, 20__ (the "Certificate Purchase Date").

The undersigned hereby certifies, on behalf of the Servicer, that the following information concerning the Certificate and the Single Family Loans forming the Pool represented by the Certificate is true and correct:

1. The Certificate Purchase Price for the Certificate is \$ _____, which is ____% of the Certificate principal amount of \$ _____, plus accrued interest in the amount of \$ _____.
2. The Servicer hereby requests payment of the applicable Certificate Purchase Price against delivery by the Servicer of the subject Certificate.
3. The Certificate has been duly authorized, executed and delivered by the issuer thereof and constitutes a valid and binding obligation enforceable in accordance with its terms.
4. After undertaking the review required by the Agreement, the Servicer believes that each Mortgage Loan (as defined in the Agreement) in the Pool represented by the Certificate is a Qualified Mortgage Loan (as defined in the Agreement) and otherwise satisfies the requirements of the Agreement.
5. The Certificate conforms to the requirements of the Supplemental Indenture and the Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____,
20__.

U.S. BANK N.A., as Servicer

By: _____

Name: _____

Title: _____



Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners; Other Interested Parties

FROM: Joe Erdelyi, Director of Development *JE*
Cynthia Reid, Senior Development Underwriter *CR*
Joshua Slade, Development Officer *JS*

RE: April 2009 Housing Credit Applications

DATE: March 30, 2009

Attachments:

- Budgets, Site Plans, Elevations
- Readiness & Criteria Summary
- Housing Credit checklist

Summary:

Staff received 11 applications requesting \$5,128,222 in credits. There is \$1,701,969 in 2009-2010 Housing Credit ceiling remaining. Projects in this memorandum are listed alphabetically.

The Allocation Plan has five Evaluation Criteria:

1. Consolidated Plan Priorities (7 top tier and 5 bottom tier) : Each project's section in the following memo discusses which Consolidated Plan priorities are met. In addition, the Consolidated Plan priorities met by each project are quantified in the "Readiness" chart attached.

2. Preference is given to projects serving lowest income tenants and qualified tenants for the longest period: Each project that obtains a commitment of ceiling credits will have a perpetual affordability requirement, enforced through a Housing Subsidy Covenant. Each project has affordability requirements imposed by the tax credit program, and in addition most projects achieve a higher standard of affordability, again, detailed in each project's write-up.

3. Preference is given to acquisition/rehabilitation of existing federally subsidized projects (for example, projects like Highgate), where the preservation of the property's affordability is at risk: There are no federally subsidized at-risk projects in this application round.

4. Geographic Targeting: projects in market areas that have been historically underserved: In terms of geographic targeting, the town/city and county of each project is outlined in the "Readiness" chart. There are 5 applications from Chittenden County, 2 from Windham, 2 from Windsor, 1 from Orange and 1 from Rutland. The "Tax Credit Status Report" enclosed in the board packet also provides information on historic geographic distribution of tax credit projects.

5. Developments built to LEED H or Green Communities standards:

Finally, of the 11 projects in this round, one is being built to LEED H Standards (Salisbury Square), another project, Upper Story Housing, is considering the LEED H standard. There are others planning to meet the Green Building standards (included in each project's write-up).

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



Anne Wilder Richards Building, West Brattleboro – Request for Credit Increase

Name:	Anne Wilder Richards	Location:	West Brattleboro
Housing Type:	General Occupancy	Unit Type:	Flats
Unit Count:	21 Total 18 Housing Credit	Unit Sizes:	4 0-Br @ 435 s.f. 15 1-Br @ 639 s.f. 2 2-Br @ 886 s.f.
Total Cost:	\$4,849,552	Per Square Foot Land & Buildings Cost:	\$214
Housing Credits:	\$288,000 already committed; \$57,000 additional requested	Sponsor:	Brattleboro Housing Authority and Housing Vermont
Other Funding:	AHP, HOME, VHCB, VCDP, Town of Brattleboro, Efficiency Vermont, State Credits (or TCAP), Bank loan		

Changes since Last Board Approval:

- Proposed capital grant from Brattleboro Housing Authority (BHA) not available (\$200,000)
- BHA and HVT are deferring \$149,000 of development fee to help fill gap
- State Tax Credit (from FY2011) amount reduced due to concerns about the tenuous status of the credit (equity reduced by \$106,250)
- Updated cost estimates, based on more finalized plans and enhanced energy and envelop related design improvements, increased cost by \$260,000
- Additional request in 9% Credit fills the gaps outlined above
- Has all local permits; Obtained Act 250 approval in March & is in its 30 day appeal period
- Has all funding except for State Credit request of \$40,000 to be made in June 2009; if the State Credit is rescinded, TCAP is a potential source to fill the resulting gap
- Plan to begin construction in June 2009, and complete it in April, 2010

Tax Credit Summary: The project meets three upper tier and two lower tier criteria: 1) it is a rehabilitation; 2) it is within a historic settlement pattern; 3) it is near a designated downtown; 4) it offers some units for households < 30% of area median income; and 5) it serves people on the public housing waiting list. The market study strongly supports the development.

Canal Street Veterans Housing, Winooski

Name:	Canal Street Veterans' Housing	Location:	Winooski
Housing Type:	Transitional & Permanent	Unit Type:	Flats
Units Count:	29 Total 28 Housing Credit 1 Manager's Unit	Unit Sizes:	23 0-Br @ 460 s. f. 2 1-Br @ 700 s. f. 3 2-Br @ 800 s. f.
Total Cost	\$5,708,588	Per Square Foot Land & Buildings Cost:	\$300
Housing Credits:	\$366,000	Sponsor:	Committee on Temporary Shelter & Housing Vermont
Other Funding Sources:	TD BankNorth, VCDP, VHCB, HOME, REEP, Veterans Administration grant & City of Winooski loan. All committed.		

Changes Since Board Approval:

- Ineligible for NSP due to HUD targeting requirements
 - Winooski is not a targeted city
 - Burlington cannot allocate NSP funds from their municipal application to another municipality
 - Project must get a waiver from HUD in order to receive NSP funds from State
- Slight increase in total development costs (no change in development fee)
- Reconfiguration of unit sizes and decrease of one unit
- All permits are in place
- No change in construction timeline (planned construction start date in summer 2009)

Summary: Housing Vermont and the Committee on Temporary Shelter were approved by the VHFA Board for tax-exempt construction financing and Out of Cap credits in December 2008. Since that time the project has not substantially changed; however, the NSP application for the project was not considered at the February 2009 ACCD meeting because the City of Winooski is ineligible for these funds. The State, on behalf of the sponsor, will attempt to get a waiver from HUD but it is unknown when and if such a waiver would be available. Therefore in order to keep the project on its current timeline and maintain the VA grant, the sponsors request an allocation of Ceiling Credits for the project at this time. The sponsor has agreed that should they receive the NSP funds they will return the commitment of 9% Housing Credits, and utilize tax-exempt bond financing with bond credits instead.

Tax Credit Summary: The project meets four upper tier and one lower tier priority: 1. Infill new construction in a low vacancy area; 2. Maintains historic settlement pattern; 3. In a designated downtown; 4. Removes blight; and the lower tier, 1. Targets homeless individuals at or below 30% AMGI. The sponsors have received a commitment from the Veterans' Administration for rental subsidy and will apply for project based Section 8 for the other units. The sponsor is seeking an approval for their service plan from Agency of Human Services. If approved, the project would meet the additional upper tier priority of special needs housing, which, in this case, is defined as "persons in need of transitional housing to avoid or alleviate homelessness."

Centre Drive, Milton

Name:	Centre Drive	Location:	Milton
Housing Type:	General Occupancy	Unit Type:	Flats
Unit Count:	24 Total 23 Housing Credit	Unit Sizes:	8 1-Br @ 698 s. f. 14 2-Br @ 1,103 s. f. 2 3-Br @ 1,304 s. f.
Total Cost:	\$4,101,581	Per Square Foot Land & Buildings Cost:	\$115
Housing Credits:	\$363,199	Sponsor:	Rick Bove
Other Funding Sources:	Amortizing Debt (using the RD 538 loan guarantee program)		

Summary: Rick Bove, who has developed one tax credit development in Burlington and has another under development in St. Albans, has engaged Nickerson Eller LLC as development consultants and they are together working on this project. This site is a level 1.14 acre parcel in Milton with one unused commercial structure on it (to be demolished), and it is served by municipal water and sewer. It is surrounded by commercial and residential uses, and is close to schools, a health center, recreation fields, a library, and a supermarket. Rick Bove has negotiated a land lease with the owner, who has agreed to the perpetual restrictions that the housing credit program carry with it. (Staff are unsure by what mechanism lease payments will be set and kept at a level that will ensure perpetual affordability.) The proposed project would be a single wood-frame building with parking under and surface parking, four stories with an elevator. The ground floor would be commercial space, and tenants for half of the commercial space have been found. The architect is Greg Rabideau, and the property would be managed by EP Property Management. At local public meetings the sponsor received feedback that the project addresses the town's goals for the area, and he received positive comments from the public. Local permits are anticipated for April 2009, and Act 250 for August 2009. No other soft funding is being sought for this development.

Tax Credit Summary: The project meets three upper tier priorities of the Con Plan criterion (infill new construction in low vacancy community, family housing, historic settlement patterns) and one lower tier priority (unique design, for following universal design standards). The project's market study was done in November 2007 by Kurt Kaffenberger and shows a different unit configuration than the current proposal has. Staff will need an updated market study.

Ellis Block, Springfield

Name:	Ellis Block	Location:	Springfield
Housing Type:	General Occupancy	Unit Type:	Flats
Unit Count:	9 Total 9 Housing Credit	Unit Sizes:	9 1-Br @ 560 s.f.
Total Cost:	\$1,343,083 residential only	Per Square Foot Land & Buildings Cost:	\$166
Housing Credits:	\$110,000	Sponsor:	Housing Vermont and Springfield Housing Unlimited
Other Funding:	VCDP; NSP; Town of Springfield		

Summary: The historic Ellis Block in downtown Springfield burned in July 2008. Prior to the fire, it had housed a movie theatre, beauty salon, and 15 single room occupancy units with common bathrooms and kitchen. The fire rendered the building unusable. With the support of the Springfield Chamber of Commerce and Springfield On the Move, Housing Vermont and Springfield Housing Unlimited (a nonprofit subsidiary of Springfield Housing Authority) have put together a re-development plan. In December, H.V. Nonprofit Inc., a subsidiary of Housing Vermont, purchased the building (for \$10.00) in order to stabilize it before more winter weather damage could occur. VCDP funds were obtained to pay for the stabilization work. The sponsors plan to acquire the property and rehabilitate it, to provide nine complete living units (one bedroom units), and commercial space (not a part of the tax credit application). The sponsors are seeking funding from NSP, since it is a blighted property (April decision). The project needs local and state (but not Act 250) permits. Springfield Housing Authority will manage the property upon its completion.

Tax Credit Summary: The proposal meets four upper tier and one lower tier criteria: 1) the project is a rehabilitation; 2) the project maintains the historic settlement pattern; 3) the building is located in a designated downtown; 4) the project removes blight; and 5) the project will serve households currently on the waiting list of the Springfield Housing Authority (SHA). The sponsors are planning to apply for project-based Section 8 vouchers for four units (from both SHA and VSHA). The market study supports the development. If funding and permitting approvals are obtained on schedule construction could begin in August/September 2009.

Forest Park Redevelopment, Rutland

Name:	Forest Park	Location:	Rutland
Housing Type:	General Occupancy	Unit Type:	Townhouse and flats
Unit Count:	78 Total (plus nine homeownership units) 64 Housing Credit	Unit Sizes:	9 1-Br @ 682-875 s. f. 33 2-Br @ 860-985 s. f. 31 3-Br @ 985-1,300 5 4-Br @ 1,400-1,480
Total Cost:	\$19,452,125 (rental portion only)	Per Square Foot Land & Buildings Cost:	\$149
Housing Credits:	\$1,023,000	Sponsor:	Rutland Housing Authority and Housing Vermont
Other Funding Sources:	HOPE VI, VCDP, VHCB, HOME, FHLBB Grant, Amortizing Debt		

Changes since last VHFA Board review:

- The development did not receive HOPE VI funding under the last round, but the program has been reauthorized and the sponsors want to reapply in 2009.
- The allocation previously was \$975,000, and now \$1,023,000 is being sought due to timing and budget changes.

Summary: This development was newly constructed in 1972 as public housing, and it is owned and operated by the Rutland Housing Authority. In 2002 RHA had an architect assess their options, and based on the age, condition, and presence of asbestos, a complete tear-down and redevelopment of the site was chosen as the best option. The Federal funding for such an activity is called HOPE VI and is inconsistently funded. (After the last round it was completely eliminated from the Federal budget. Subsequently it was re-funded, and the most recent stimulus funding bill included an additional increase in HOPE VI funding). The sponsors estimate a HOPE VI round will be held before the end of the calendar year sometime, and a Housing Credit award is a pre-condition of applying for HOPE VI. The sponsor is applying for \$11 million in HOPE VI dollars to be used as follows: \$8.046 million for the rental development, \$1.203 million for the homeownership units, and \$1.675 to fund supportive services. Part of the redevelopment plan includes a comprehensive package of services for the residents, including youth and parents, individuals with mental health and substance abuse issues, job seekers, maternal health, and TANF recipients.

Tax Credit Summary: The project meets three top-tier priorities (family housing, historic settlement patterns, downtown) and two lower tier priorities (affordable to households at or below 30% of median income, serves families on public housing waiting lists). HOPE VI is considered a blight removal program, but the units are useable and occupied.

Grand Way II Senior Housing, South Burlington

Name:	Grand Way II Senior Housing	Location:	South Burlington
Housing Type:	Senior Housing	Unit Type:	Flats
Unit Count:	30 Total; 30 Housing Credit	Unit Sizes:	30 1-Br @ 590 avg sf
Total Cost:	\$5,348,600	Per S.F. Acquisition & Construction Cost:	\$152
Housing Credits:	\$484,000	Sponsor:	Cathedral Square Corporation
Other Funding:	VCDP, VHCB, Efficiency Vermont, Grand Way Commons, <i>Possibly TCAP Stimulus Funds</i>		

Summary: CSC is proposing to develop a 30-unit building adjacent to Grand Way Commons on Farrell Street, a 63-unit senior building which was completed in May 2007. Grand Way Commons fully leased up within 45 days of opening, and has a wait list of 151. CSC's planned expansion is not only to meet more of the demand in the market, but also to create more of an economy of scale for Grand Way Commons, in that it is more cost effective to provide meals and services for 93 households than 63 households. Ten units will be affordable to households at 50% of area median income, and twenty units will be affordable to households at 60% of area median income. CSC is applying to VCHB (June decision), VCDP (June decision) and for TCAP Funding (June decision). CSC needs local permit approval (anticipated by mid-May) and an Act 250 Amendment (estimated by mid-June). Grand Way II meets the special needs definition in the Allocation Plan, as an unlicensed combination of affordable housing and services that will help residents to live independently and age in place. The project both incorporates a majority of special needs households (frail seniors) and also provides service-enriched housing, specifically: an on-site resident services coordinator responsible for recreation & activities planning, health & service care referrals; transportation; 24-hour on-call emergency response through maintenance and live-in manager; weekly health screenings, wellness clinics, nursing services; lifeline emergency monitoring service. These services are included in the rent and are provided to all residents. The Commissioner of the Department of Disabilities, Aging, and Independent Living wrote a letter of support for the project.

Tax Credit Summary: The project meets four upper tier criteria: 1) it is new construction infill in a community with less than 3.5% vacancy rate (the market study indicated a 1% vacancy rate for the Burlington area); 2) it is planned to meet the historic settlement pattern of the surrounding area; 3) the project proposes the removal of blight (demolition of a vacant warehouse in disrepair); and 4) the project incorporates a majority of special needs residents and provides service-enriched housing. The development is 100% tax credit, and seeks a waiver from the mixed income criteria. The sponsors will design and build to the Green Building Standards, enabling them to obtain the 130% boost in basis. The market study strongly supports the proposed development. If all funding and permits are obtained according to their schedule, CSC plans to begin construction in early Fall and complete it by August of 2010.

Grange Hill, Woodstock ~ 2009 Credits were returned/Seeking New Allocation of 2010 Credits

Name:	Grange Hill	Location:	Woodstock
Housing Type:	General Occupancy	Unit Type:	Flats & Townhouses
Unit Count:	28 Total 23 Housing Credit	Unit Sizes:	10 1-Br @ 765 s.f. 15 2-Br @ 985 s.f. 3 3-Br @ 1,187 s.f.
Total Cost:	\$7,632,190	Per Square Foot Land & Buildings Cost:	\$186
Housing Credits:	\$550,000	Sponsor:	Twin Pines Housing Trust and Housing Vermont
Loan Requested:	\$5,000,000 Construction Loan (taxable)		
Other Funding Sources:	AHP; VHCB; HOME; VCDP; Efficiency Vermont; State Housing Credits; TD Banknorth; Woodstock Community Trust		

Summary:

- The parcel was acquired by the Woodstock Community Trust (WCT) in 2005; at the same time WCT joined with Housing Vermont and Twin Pines Housing Trust to create a development team; the project has been in a permit battle since then; Local permit was obtained in Spring 2007; neighbors appealed; Environmental Court Judge overturned local permit 18 months later in September 2008; project went through many design changes to address Court decision; permits are being resubmitted
- Project had an award of \$365,500 in 2009 Housing Credits; Sponsors returned them due to delay caused by permit appeal
- All funding is secured except for a gap of \$233,000, which could be filled with additional State Credits (\$55,000), or TCAP funds – either of which would be possible by June/July 2009
- Two rental units added for a total of 28 units (23 are tax credit units)
- Town Select Board, Development Review Board, as well as regional planning commission support the project
- Town-wide vote approved easement from high school to allow storm water pipe access
- Project sponsors anticipate having state and local permit approval by July 2009
- Project cost has risen by \$2 million since being approved for 2009 credits due to: adding two rental units; permit appeal; carrying cost of land; 'land-banking' the for-sale land (site, legal and permitting expenses, totaling approximately \$554,000) (this will mean housing built on that land in the future will be more affordable); project re-design to address permit appeal; additional site work; construction cost increase due to delay; and there is a loss of projected income from the for-sale housing. Approximately \$1,000,000 of the increase in cost is attributable to the appeal (carrying costs, legal and professional fees, redesign, construction delay, additional site work due to redesign)
- VHFA Commitment of \$3,400,000 Construction Financing from 2007 has expired; **Sponsors are requesting \$5,000,000 Construction Financing.** Take out source is tax credit equity; sponsors plan to use Green Mountain Equity Fund IV as the equity provider.
- Construction could begin in December 2009

Tax Credit Summary: The project meets four top tier criteria: 1) it is infill new construction in a community with a lack of affordable housing stock; 2) it is family housing; 3) it is planned to meet the historic settlement pattern; and 4) it is near a designated village center. The market study, originally commissioned in 2005, was updated in 2007. Staff has requested another update which is not completed yet.

Salisbury Square, Randolph – Request for Credit Increase

Name:	Salisbury Square	Location:	Randolph
Housing Type:	General Occupancy	Unit Type:	Flats
Unit Count:	14 Total 14 Housing Credit	Unit Sizes:	5 1-Br @ 688 s. f. 8 2-Br @ 905 s. f. 1 3-Br @ 1,275 s. f.
Total Cost:	\$3,005,012	Per Square Foot Land & Buildings Cost:	\$180
Housing Credits:	\$160,000 (increase over previous allocation of \$160,000)	Sponsor:	Randolph Area Community Development Corp
Other Funding Sources:	VHCB, HOME, NSP or VCDP, Energy Incentives, LEED grant		

Changes since last VHFA Board review:

- The development has been reconfigured to now have 14 units in three buildings; previously there were 12 in two building (see attached 6/08 Board memo). Two buildings on the lower site will be newly constructed and have ten units, and the “Bookkeeper’s Building” on the upper site, a historic rehab, will have four rental units and common space.
- The sponsors initially believed the New Neighborhoods bill would allow this development to proceed without requiring an Act 250 permit. The minimum development size was changed in conference, and now an Act 250 permit is required.
- The income targeting has also changed. Previously there was one unit at or below 30% of median, four units at or below 50% of median, and seven at or below 60% of median. Now there is one unit at or below 30% of median, one unit at or below 50% of median, and 12 units at or below 60% of median.
- The allocation previously was \$160,000 and now \$160,000 additional is being sought due to the changes in the project configuration, the ability to receive the 9% credit rate and the 130% basis boost, and the sponsor’s wish to use state credits as a backup plan instead of a primary funding source.

Summary: Randolph Area Community Development Corporation (RACDC) and their consultant, the Hartland Group, have been working on the redevelopment of this site into mixed uses including commercial space, for-sale homes, and rental apartments. Since the last Board presentation, the sponsors have obtained a Brownfield Revitalization Fund grant. The clean-up of the site and the expenditure of these funds is nearly complete. Pre-development funding commitments from VCDP and VCLF have been secured, and applications for NSP funds (or regular VCDP funds, if ineligible) have been submitted. The sponsor intends to find out about NSP in time to apply for CDBG funds under the June 17th round. The VHFA commitment for allocated credits is the only permanent funding source committed for the rental development at this time. The sponsors are applying for VHCB and HOME funds for 6/09. On permitting, the sponsors intend to go for DRB approval in 4/09, and for Act 250 as soon as local approval is obtained. The municipality is also requiring the project receive a new water and sewer allocation. The state stormwater permit that Ethan Allen furniture used has been transferred to RACDC and will need to be amended, but there is little or no anticipated increase in impermeable surface area.

Staff have concerns about the future phases of the overall site, which are mainly single-family for-sale homes. The cost of improving and carrying the balance of this site are substantial and it is hard to predict when the homeownership market will turn around. VHFA has made Ventures pre-development loans on both the multifamily and single-family phases of this development, and would condition any award of additional credits on the repayment of both loans upon construction closing of the tax credit development.

Tax Credit Summary: The project still meets five top tier priorities as before, of the "State's Con Plan" criterion (infill new construction in low vacancy community, family housing, historic settlement patterns, near a designated downtown, removal of blight). Because the project is being built to LEED-H standards, it also meets the fifth evaluation criterion. The requested credit increase is in excess of the 5% increase that staff can give, and the reconfiguration of the project also merits Board discussion.

Shelburnewood Phase I

Name:	Shelburnewood I	Location:	Shelburne
Housing Type:	General Occupancy	Unit Type:	Flats and townhouses
Unit Count:	48 Total 34 Housing Credit Note: info on the 34 unit development follows	Unit Sizes:	3 1-Br @ 1,200 s. f. 30 2-Br @ 1,400 s. f. 1 3-Br @ 2,000 s. f.
Total Cost:	\$10,500,750	Per Square Foot Land & Buildings Cost:	\$175
Housing Credits:	\$957,301	Sponsor:	Green Mountain Development Group and Housing Foundation Inc.
Other Funding Sources:	VHCB, VCDP, Amortizing Debt, Developer's Equity		

Summary: Green Mountain Development Group (GMDG) and Housing Foundation, Inc (HFI) are developing two side-by-side projects, simultaneously, totaling 48 units. The overall site is 44 acres, of which 20 will be deeded conservation land and 24 acres will ultimately be developed. The ownership of this first phase will be divided into two partnerships with the 34 unit Housing Credit development in one partnership. No subsidies are being sought for the 14 unit market development. Of the 34 units in the Housing Credit development, 22 are replacements for an existing mobile home park, which is being removed. Seven are new construction, and five are rehab units in existing historic structures. The site is served by municipal water and sewer and natural gas. The sponsors have been working with the town and the seller for a substantial time to assemble a redevelopment plan for this site. As of February 2009 all local zoning is in place to allow for the entire site build-out (i.e. these 48 units, and approximately 224 units in all future phases of the larger site) as shown on the attached plans. The developer expects to proceed along the following schedule: local permits by 7/09; State and Act 250 permits by 10/09; construction start 11/09 (assuming no delays or appeals, and all funding secured). The schedule shown for expected funding is: 500,000 VHCB by 06/09; \$1 million VCDP by 09/09; debt and equity are committed via a letter of interest.

Tax Credit Summary: The project meets four of the top tier criteria: rehab / infill new construction, family housing, maintains historic settlement patterns, and in a designated village center. The project also meets at least two lower tier criteria: serves households below 30% of area median income (for 12 of the 34 restricted homes), and serves households on public housing waiting lists (for the same 12). Staff also would credit the project with meeting the mixed-income criterion, because a simultaneous market-rate rental development is being constructed adjacent and concurrently by the same developer and as part of the same site. VHFA staff have also had discussions with the sponsor about making the project a leasing cooperative, which would qualify it for yet another criterion: eventual tenant ownership. At this time there are significant issues to be resolved with that aspect of the proposal, however.

Upper Story Housing, Brattleboro

Name:	Upper Story Housing	Location:	Brattleboro
Housing Type:	General Occupancy	Unit Type:	Flats
Total Units:	24 Total 19 Housing Credit	Unit Sizes:	4 0-Br @ 465 s.f. 18 1-Br @ 680 s.f. 2 2-Br @ 935 s.f.
Total Cost:	\$4,986,500	Per Square Foot Land & Buildings Cost:	\$174
Housing Credits:	\$445,000	Sponsor:	Windham Housing Trust and Housing Vermont
Other Funding Sources:	VHCB, HOME, Efficiency Vermont, <i>Possibly TCAP funds</i>		

Summary: Windham Housing Trust (WHT) and Housing Vermont (HVT) are developing, along with the Brattleboro Food Co-op, a four-story new building on 4-acre parcel in downtown Brattleboro. The third and fourth floors will be developed into mixed income apartments – 24 total units, of which 19 are tax credit units, and 5 units will serve households above 60% of area median income. The sponsors are seeking four Project-Based Section 8 vouchers from BHA in order to serve four lower-income households. The first and second floors (not part of the tax credit application) will house the new expanded Food Co-op and its business office. The community-driven planning process for the Co-op expansion led to the addition of affordable housing, and the desire to have a green building. This is a significant project for downtown Brattleboro for several reasons: a 1960's style strip mall at the south end of Main Street will be replaced with the first new downtown block in decades; it will allow for a major downtown business to expand; it will include new affordable apartments in a tight rental market. The Co-op is also expanding its eat-in deli and will include outdoor seating. Applications for the housing will be submitted to VHCB/HOME (June decision), and TCAP (June decision). Local and State permit approvals are anticipated by July 2009. Act 250 is not required as the project is located in a designated downtown. WHT will manage the property upon its completion. The market study strongly supports the proposal, as the Brattleboro market area continues to have a low vacancy rate, and a need for more units, especially one-bedroom units.

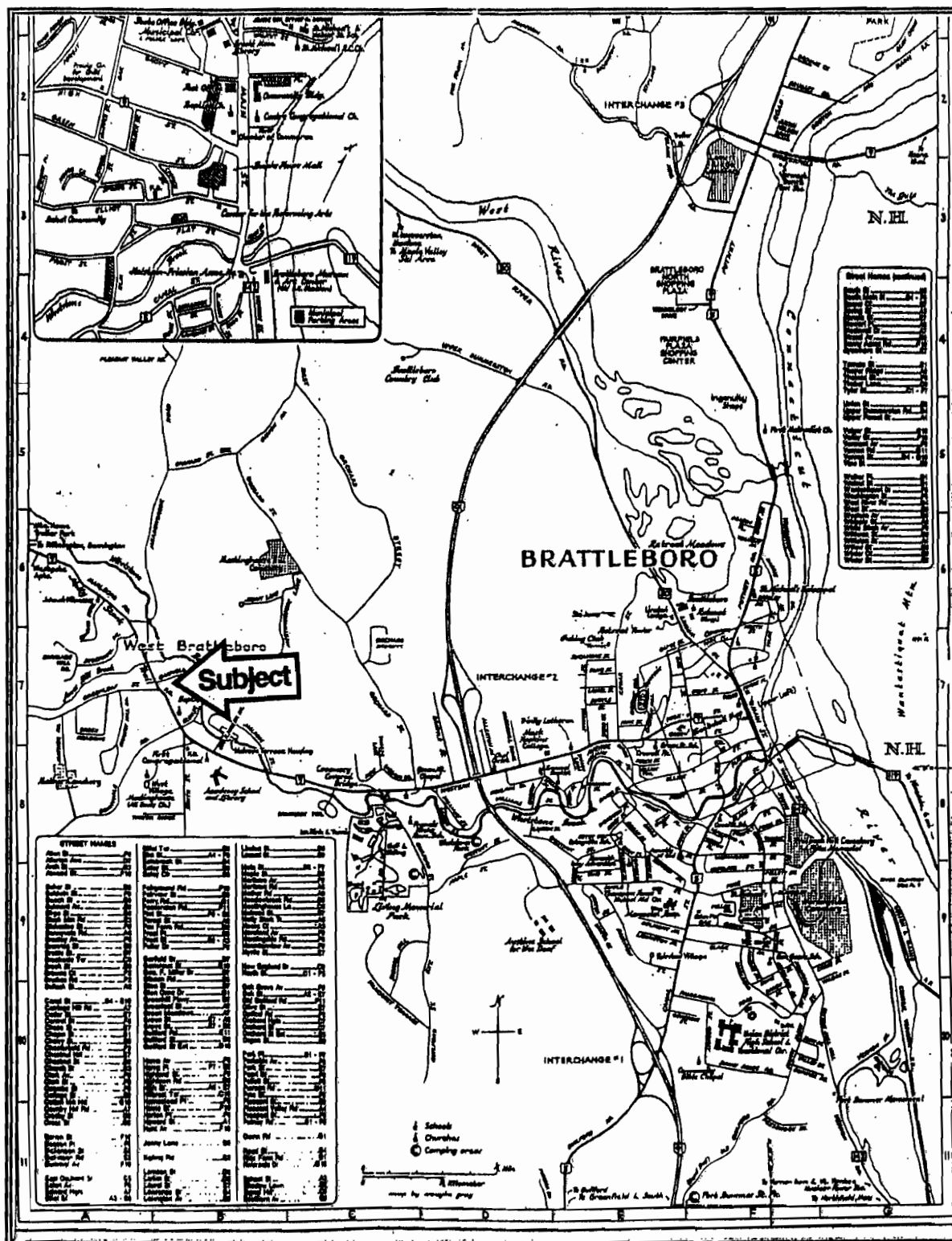
Tax Credit Summary: The project meets 3 upper tier and 1 lower tier criteria: 1) new construction in a low vacancy rate area; 2) project maintains historic settlement pattern; 3) project is in a designated downtown; 4) project is mixed-income (20% units > 60% of area median income). The project, if funded and permitted on schedule, could begin construction in the Fall of 2009.

Wexford at Quarry Hill

Name:	Wexford at Quarry Hill	Location:	South Burlington
Housing Type:	General Occupancy	Unit Type:	Flats
Unit Count:	32 Total 32 Housing Credit (see write-up)	Unit Sizes:	12 1-Br @ 713 s. f. 20 2-Br @ 929 s. f.
Total Cost:	\$6,052,630	Per Square Foot Land & Buildings Cost:	\$123
Housing Credits:	\$612,722	Sponsor:	Homestead Design, Inc.
Other Funding Sources:	Amortizing Debt, TCAP funds, deferred developer's fee		

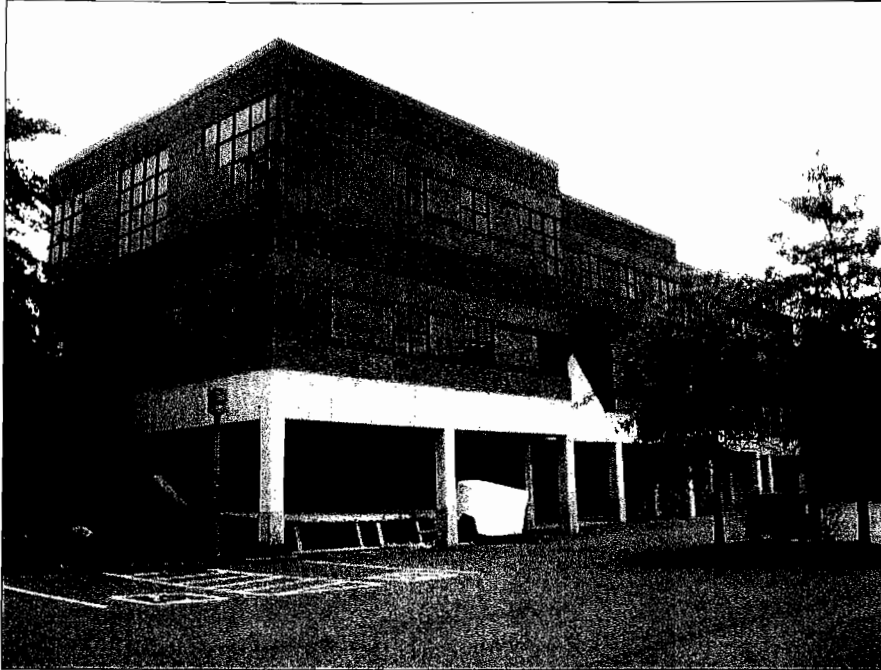
Summary: Homestead Design, Inc. (HDI) has site control for a parcel on the site of the former Quarry Hill Club in South Burlington. This larger site has been subdivided and permitted, and HDI anticipates a minor permit amendment is needed and can be secured by 6/30/09. HDI plans to construct 32 rental units in a single building with parking underneath, similar in design to the other properties they have developed under the Housing Credit program. HDI is a design/build firm that has developed over 150 Housing Credit units in five developments, and has designed or built around 1,400 homes in Vermont since 1976, including more Energy Star homes than any other builder. Construction on this site is anticipated to start 9/09 and complete approximately one year later. The building will be four stories, served by an elevator, and will be managed by EP Property Management. The sponsor has a letter of intent from Key Bank to provide equity and financing.

Tax Credit Summary: The project meets three top tier priorities of the plan (rehab or new construction in a low vacancy community; family housing; maintains historic settlement patterns) and one lower tier priority (unique design, for using universal design standards). This property would meet VHFA's Green Building and Design Standards. The sponsor has asked for a waiver from the threshold requirement that two units be unrestricted. The basis for this request is in part that immediately adjacent to this site are 64 units of unrestricted market-rate housing, currently under construction. (The larger Quarry Hill subdivision now includes a proposed 100-unit continuing care facility and 168 market-rate units of rental housing, excluding this development.) In the event that the Board is not inclined to grant that waiver, then the sponsor can make the development work with a smaller Housing Credit allocation (of 574,427) and a larger amount of TCAP funds (440,000 versus 235,000). Under the "100% Housing Credit" scenario, the sponsor would agree to set rents and to occupy six of the units by households at or below 50% of median. Because of the loss of equity and higher debt level, under the mixed-income scenario only three units would be targeted to households at or below 50% of median.

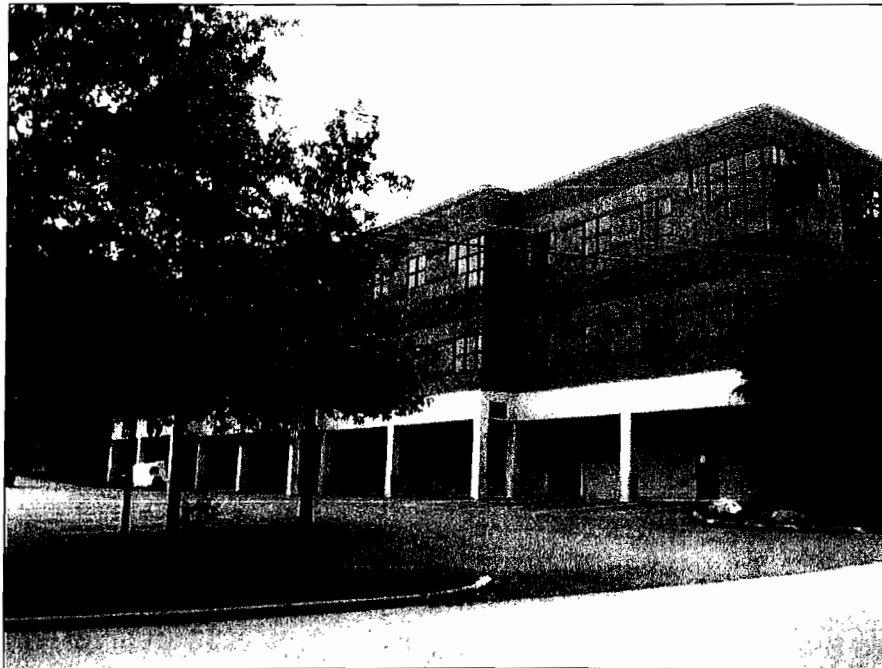


LOCATION MAP

1063 Western Avenue
Brattleboro, Vermont



Northwest View of the Building



Southwest View of the Building from Garfield Drive

J COLEMAN + COMPANY ARCHITECTS
100 N. Main Street, Suite 200, Burlington, VT 05401
Tel: (802) 255-1234

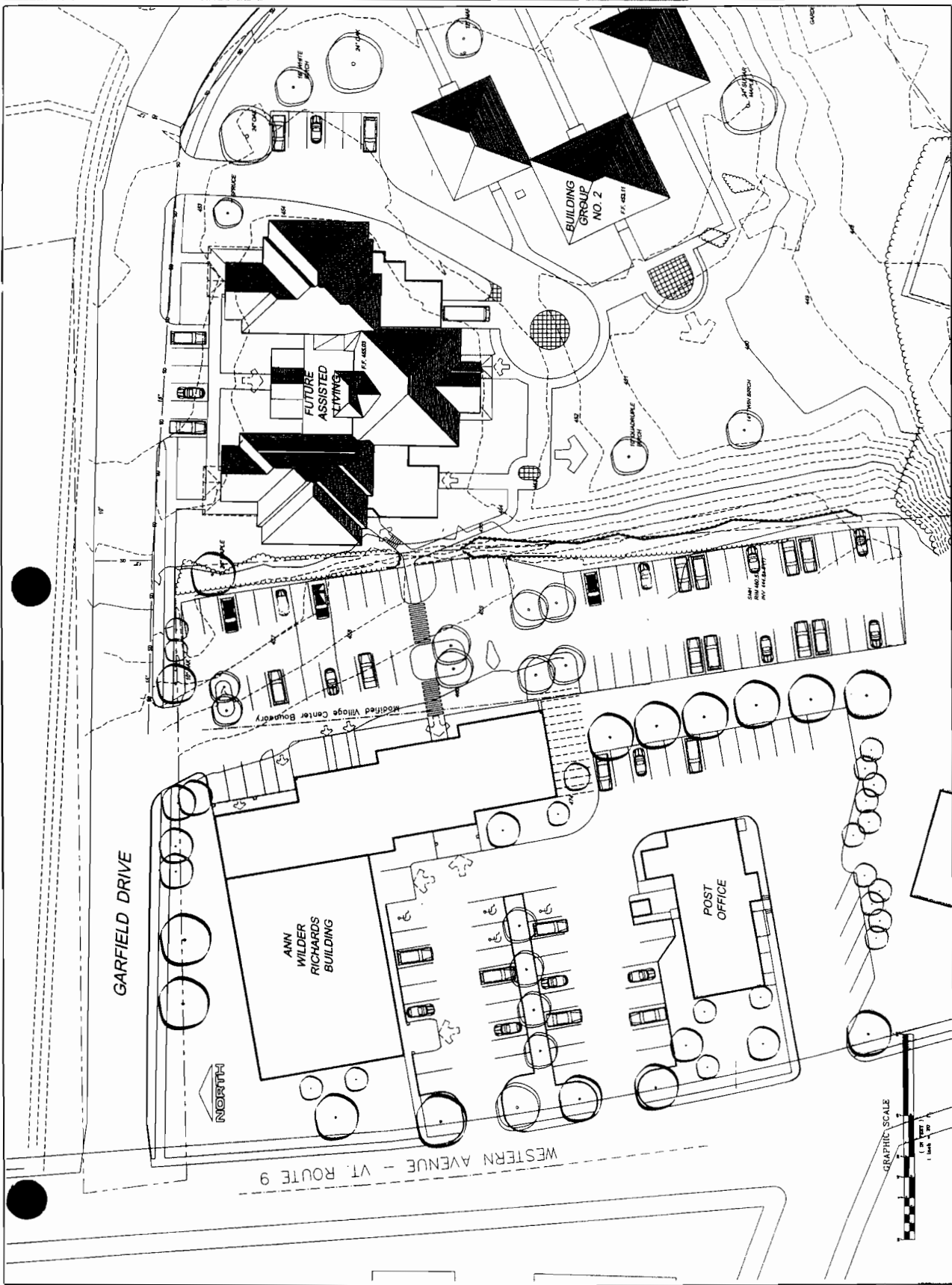
SVE Associates
100 N. Main Street, Suite 200, Burlington, VT 05401
Tel: (802) 255-1234

DATE	DESCRIPTION
10/1/00	Initial Design
11/1/00	Revised Design
12/1/00	Final Design

PROJECT NO. 00000
Mixed Use Conversion
West Ballinboro, VT 05301

PROPOSED SITE

L1.1



J COLEMAN + COMPANY ARCHITECTS
168 WESTBURY ROAD, PLAINFIELD, VT 05440
TEL: 802-281-2952 FAX: 802-281-4333

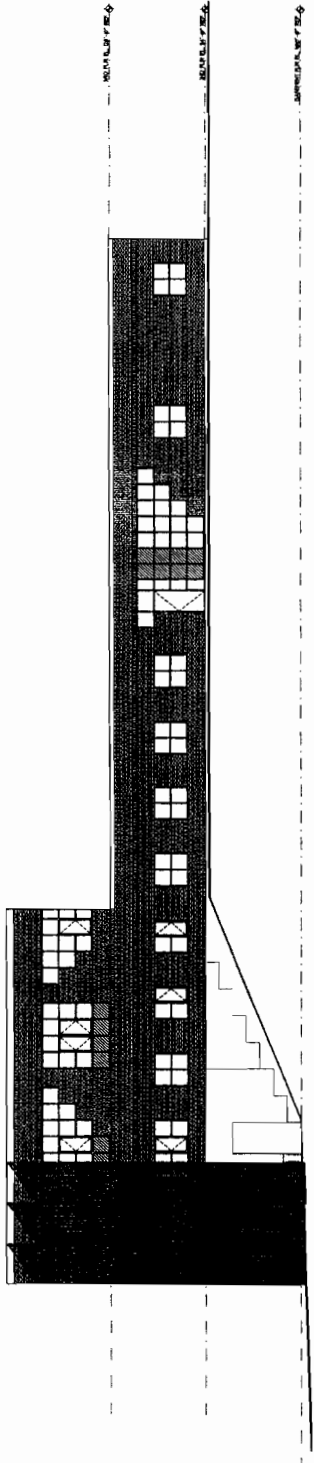
DATE	DESCRIPTION
11.14.2008	CONCEPT DESIGN
01.15.2009	SCHEMATIC DESIGN
03.18.2009	PRELIMINARY DESIGN
05.14.2009	FINAL DESIGN
07.14.2009	CONSTRUCTION DOCUMENTS
09.14.2009	CONSTRUCTION DOCUMENTS
11.14.2009	CONSTRUCTION DOCUMENTS
01.14.2010	CONSTRUCTION DOCUMENTS
03.14.2010	CONSTRUCTION DOCUMENTS
05.14.2010	CONSTRUCTION DOCUMENTS
07.14.2010	CONSTRUCTION DOCUMENTS
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01.14.2016	CONSTRUCTION DOCUMENTS
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11.14.2019	CONSTRUCTION DOCUMENTS
01.14.2020	CONSTRUCTION DOCUMENTS
03.14.2020	CONSTRUCTION DOCUMENTS
05.14.2020	CONSTRUCTION DOCUMENTS
07.14.2020	CONSTRUCTION DOCUMENTS
09.14.2020	CONSTRUCTION DOCUMENTS
11.14.2020	CONSTRUCTION DOCUMENTS
01.14.2021	CONSTRUCTION DOCUMENTS
03.14.2021	CONSTRUCTION DOCUMENTS
05.14.2021	CONSTRUCTION DOCUMENTS
07.14.2021	CONSTRUCTION DOCUMENTS
09.14.2021	CONSTRUCTION DOCUMENTS
11.14.2021	CONSTRUCTION DOCUMENTS
01.14.2022	CONSTRUCTION DOCUMENTS
03.14.2022	CONSTRUCTION DOCUMENTS
05.14.2022	CONSTRUCTION DOCUMENTS
07.14.2022	CONSTRUCTION DOCUMENTS
09.14.2022	CONSTRUCTION DOCUMENTS
11.14.2022	CONSTRUCTION DOCUMENTS
01.14.2023	CONSTRUCTION DOCUMENTS
03.14.2023	CONSTRUCTION DOCUMENTS
05.14.2023	CONSTRUCTION DOCUMENTS
07.14.2023	CONSTRUCTION DOCUMENTS
09.14.2023	CONSTRUCTION DOCUMENTS
11.14.2023	CONSTRUCTION DOCUMENTS
01.14.2024	CONSTRUCTION DOCUMENTS
03.14.2024	CONSTRUCTION DOCUMENTS
05.14.2024	CONSTRUCTION DOCUMENTS
07.14.2024	CONSTRUCTION DOCUMENTS
09.14.2024	CONSTRUCTION DOCUMENTS
11.14.2024	CONSTRUCTION DOCUMENTS
01.14.2025	CONSTRUCTION DOCUMENTS
03.14.2025	CONSTRUCTION DOCUMENTS
05.14.2025	CONSTRUCTION DOCUMENTS
07.14.2025	CONSTRUCTION DOCUMENTS
09.14.2025	CONSTRUCTION DOCUMENTS
11.14.2025	CONSTRUCTION DOCUMENTS

CONCEPT DESIGN

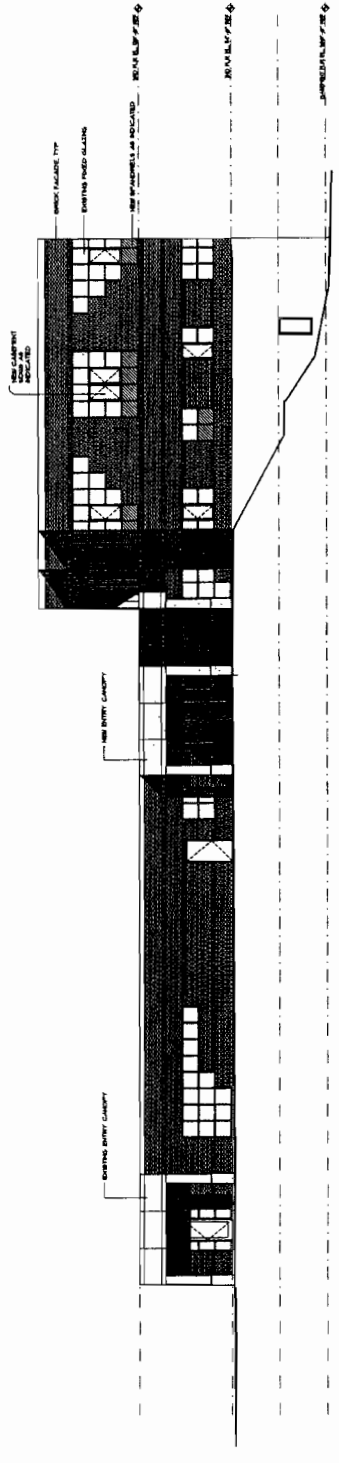
SCALE: AS NOTED
Elevations
PROJECT NO. 2008003
1063 WESTBURY AVENUE
W. BURLINGTON, VT 05401

Mixed Use Renovation
PROJECT NO. 2008003
1063 WESTBURY AVENUE
W. BURLINGTON, VT 05401

A2.2



1 NORTH ELEVATION
1/8" = 1'-0"



2 SOUTH ELEVATION
1/8" = 1'-0"

Total Residential Units:	21	Increase in Income from Rental Units:	1.00%
Housing Credit Restricted Units:	18	Increase in Income from Other Sources:	1.00%
Percent Restricted:	85.71%	Increase in Income from Commercial:	1.00%
Total Development Cost:	5,783,270	Expense increase:	2.50%
Total Development Cost per Unit:	275,394	Vacancy Rate:	5%
Total Development Cost Per SF:	307	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	353,763	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	345,000	Sponsor's Estimated Yield:	87.99%

LIHTC - 9%	9.00%	September-08
LIHTC - 4%	3.23%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	675,000	11.67%	7.50%	25	20
AHP Loan	225,000	3.89%	5.00%	30	25
HOME	250,000	4.32%	0.00%	20	int. only
VCDP	480,000	8.30%	0.00%	30	grant
VHCB Loan	525,000	9.08%	0.00%	30	30
AHP Grant	210,000	3.63%	0.00%	30	30
BHA Loan	0	0.00%	0.00%	30	30
Dev Loan	149,500	2.59%	0.00%	15	15
Town of Bratt---RLF	48,000	0.83%	0.00%	20	20
REEP Loan	15,000	0.26%	0.00%	30	30
State Credit Equity	170,000	2.94%	N/A	N/A	
Tax Credit Equity	3,035,770	52.49%	N/A	N/A	
TOTAL SOURCES	5,783,270	100.00%			

USES

	933,718	Commercial
	4,849,552	Total Residential Only Cost
Acquisition	1,618,225	27.98%
Construction Hard Costs	3,353,218	57.98%
Soft Costs	811,827	14.04%
TOTAL USES	5,783,270	100.00%

Gap 0

General Partner's Capital Contribution	3,036	0.10%
Limited Partner's Capital Contribution	3,035,740	99.999%
Total Equity	3,035,770	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	18
Total Units	21
Unit Fraction	85.71%
Tax Credit Square Footage	11,235
Total Residential Square Footage	13,099
Square Footage Fraction	85.77%
Applicable Fraction	85.71%

	Budget	Per Unit	Per s.f.
ACQUISITION			
1 Land	160,763	7,655	8.53
2 Purchase of Building(s)	1,446,868	68,898	76.76
3 Demolition (without replacement)		0	0.00
4 Property Appraisal	3,531	168	0.19
5 Legal - Title and Recording	7,063	336	0.37
Subtotal - Acquisition	1,618,225	77,058	85.85
CONSTRUCTION HARD COSTS			
6 Rehabilitation	2,175,000	103,571	115.39
7 0		0	0.00
8 0		0	0.00
9 Sitework		0	0.00
10 Commercial Space Costs (if any)	933,718	44,463	49.54
11 General Requirements		0	0.00
12 Contractor Overhead		0	0.00
13 Contractor Profit		0	0.00
14 Construction Contingency	217,500	10,357	11.54
15 Construction Management		0	0.00
16 Construction Bond Fee		0	0.00
17 Hazardous Materials Abatement		0	0.00
18 Off-Site Improvements		0	0.00
19 Furnishings, Fixtures, & Equipment	27,000	1,286	1.43
20 Other ()		0	0.00
Subtotal - Hard Costs	3,353,218	159,677	177.90
SOFT COSTS			
21 Architectural	196,658	9,365	10.43
22 Engineering		0	0.00
23 Legal/Accounting	18,363	874	0.97
24 Relocation	0	0	0.00
25 Environmental Assessment	2,472	118	0.13
26 VCDP Admin	1,766	84	0.09
27 Permits/Fees	25,977	1,237	1.38
28 Independent Market Study	3,531	168	0.19
29 Construction Period Insurance	10,594	504	0.56
30 Construction Interest	70,626	3,363	3.75
31 Construction Loan Origination Fee	22,600	1,076	1.20
32 Taxes During Construction	19,565	932	1.04
33 Clerk of the Works		0	0.00
34 Marketing	3,179	151	0.17
35 Tax Credit Fees	10,350	493	0.55
36 Soft Cost Contingency	4,238	202	0.22
37 Permanent Loan Origination Fee	2,366	113	0.13
38 Lender's Counsel's Fee		0	0.00
39 Other ()		0	0.00
SYNDICATION COSTS			
40 Organizational (Partnership)		0	0.00
41 Bridge Loan Fees and Expenses		0	0.00
42 Syndication Consultant		0	0.00
43 Tax Opinion		0	0.00
DEVELOPER'S FEES			
44 Developer's Fees	176,566	8,408	9.37
45 Other Partnership Fees	176,566	8,408	9.37
46 Consultant Fees		0	0.00
RESERVES			
47 Working Capital	18,000	857	0.95
48 Rent-up (Deficit Escrow) Reserve		0	0.00
49 Other Operating Reserves	48,410	2,305	2.57
50 Sinking Fund		0	0.00
51 Replacement Reserves		0	0.00
Subtotal - Soft Costs	811,827	38,658	43.07
TOTAL DEVELOPMENT COSTS	5,783,270	275,394	306.82

	Budget	Acquisition Basis	Construction Basis
ACQUISITION			
1 Land	160,763		
2 Purchase of Building(s)	1,446,868	1,446,868	
3 Demolition (without replacement)	0		
4 Property Appraisal	3,531	3,531	
5 Legal - Title and Recording	7,063	7,063	
Subtotal - Acquisition	1,618,225		
CONSTRUCTION HARD COSTS			
6 Rehabilitation	2,175,000		2,175,000
7 0	0		0
8 0	0		0
9 0	0		0
10 Commercial Space Costs (if any)	933,718		
11 General Requirements	0		
12 Contractor Overhead	0		
13 Contractor Profit	0		
14 Construction Contingency	217,500		215,000
15 Construction Management	0		
16 Construction Bond Fee	0		
17 Hazardous Materials Abatement	0		
18 Off-Site Improvements	0		
19 Furnishings, Fixtures, & Equipment	27,000		27,000
20 Other ()	0		
Subtotal - Hard Costs	3,353,218		
SOFT COSTS			
21 Architectural	196,658		196,658
22 Engineering	0		
23 Legal/Accounting	18,363		18,363
24 Relocation	0		
25 Environmental Assessment	2,472		2,472
26 VCDP Admin	1,766		
27 Permits/Fees	25,977		25,977
28 Independent Market Study	3,531		3,531
29 Construction Period Insurance	10,594		10,594
30 Construction Interest	70,626		70,626
31 Construction Loan Origination Fee	22,600		22,600
32 Taxes During Construction	19,565		
33 Clerk of the Works	0		
34 Marketing	3,179		
35 Tax Credit Fees	10,350		0
36 Soft Cost Contingency	4,238		4,238
37 Permanent Loan Origination Fee	2,366		
38 Lender's Counsel's Fee	0		
39 Other ()	0		
SYNDICATION COSTS			
40 Organizational (Partnership)	0		
41 Bridge Loan Fees and Expenses	0		
42 Syndication Consultant	0		
43 Tax Opinion	0		
DEVELOPER'S FEES			
44 Developer's Fees	176,566		176,566
45 Other Partnership Fees	176,566		176,566
46 Consultant Fees	0		
RESERVES			
47 Working Capital	18,000		
48 Rent-up (Deficit Escrow) Reserve	0		
49 Other Operating Reserves	48,410		
50 Sinking Fund	0		
51 Replacement Reserves	0		
Subtotal - Soft Costs	811,827		
TOTALS	5,783,270	1,457,462	3,125,191
LESS: Amount of Non-qualified Financing			
LESS: Adjustment for per unit cost limits			
LESS: Historic tax Credit (Residential Portion)			0
Total Eligible Basis		1,457,462	3,125,191
TIMES: Adjusted for QCT/DDA	130.0%		4,062,748
TIMES: Applicable Fraction	85.71%	1,249,253	3,482,356
Total Qualified Basis		1,249,253	3,482,356
TIMES: Applicable Percentage		3.23%	9.00%
Total Annual Credit Qualified		40,351	313,412
Total Tax Credits Requested	345,000		353,763
Estimated Net Syndication Proceeds (excluding historic credit equity)	3,035,770		
Estimated Yield - Housing Credit Syndication	87.99%		
Equity Gap	3,035,770		
Credits Needed to fill Equity Gap	345,000		

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br		420	3	505	0	18,192
1 Br		631	13	630	0	98,280
2 Br		886	2	708	0	16,992
3 Br		0	0	0	0	0
4+ Br		0	0	0	0	0
Totals		11,235	18			133,464

Non-HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br		480	1	625	0	7,500
1 Br		692	2	785	0	18,840
2 Br		0	0	0	0	0
3 Br		0	0	0	0	0
4+ Br		0	0	0	0	0
Totals		1,864	3			26,340

All Units

Grand Totals	13,099	21	159,804
Common Area	5,750		
Total Res SF	18,849		
Less Vacancy	5.00%		(7,990)

NET RENT	151,814
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OTHER INCOME

Laundry	1,200
Interest	500
Commercial Space Income	65,376
Other	

TOTAL INCOME	212,352
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25. Mr. Anne Wilder Richards, West Brattleboro

Building #	Unit #	Check all Applicable								B										C								
		HOAH Unit	Local Public Unit	Project Based Assistance	Tax Credit Unit	VICB 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%		
None - Base	101	0	0	0	0	0	1	1	1	1	480	625	0	804	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	102	1	0	0	0	0	0	1	1	1	491	474	0	574	1	0	0	0	0	0	0	0	0	0	0	0	0	0
	103	0	0	0	0	0	1	1	1	1	638	643	0	661	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	104	0	0	0	0	0	1	1	1	0	606	643	0	661	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	105	0	0	0	0	0	1	1	1	0	659	643	0	661	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	106	1	0	0	0	0	1	1	1	0	886	644	0	748	1	0	0	0	0	0	0	0	0	0	0	0	0	0
	107	0	0	0	0	0	1	1	1	0	591	536	0	622	1	0	0	0	0	0	0	0	0	0	0	0	0	0
	108	0	0	0	0	0	1	1	1	0	547	643	0	661	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	109	0	0	0	0	0	1	1	1	0	742	643	0	661	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	110	0	0	0	0	0	1	1	1	0	605	643	0	661	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	111	0	0	0	0	0	1	1	1	0	773	785	0	868	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	112	0	0	0	0	0	1	1	1	0	385	474	0	574	1	0	0	0	0	0	0	0	0	0	0	0	0	0
	113	0	0	0	0	0	1	1	1	0	575	576	0	585	1	0	0	0	0	0	0	0	0	0	0	0	0	0
	114	0	0	0	0	0	1	1	1	0	885	792	0	794	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	115	0	0	0	0	0	1	1	1	0	592	643	0	661	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	116	0	0	0	0	0	1	1	1	0	847	643	0	661	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	117	0	0	0	0	0	1	1	1	0	721	643	0	661	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	118	0	0	0	0	0	1	1	1	0	606	785	0	868	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	119	0	0	0	0	0	1	1	1	0	773	643	0	661	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	120	0	0	0	0	0	1	1	1	0	385	568	0	611	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	121	0	0	0	0	0	1	1	1	0	559	643	0	661	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	122	0	0	0	0	0	1	1	1	0	559	643	0	661	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total # Units	21	5	0	5	18	18	9	21	3	Totals:	13,104	13,272		Total # Units:	5	0	13	0	3	0		5	0	13	0	3	0	

26. Mr. Anne Wilder Richards, West Brattleboro

BRs	0	4	435
	1	15	679
	2	1	886

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	15,120	1,260	60	
Supportive Services		0	0	
Audit/Accounting	3,528	294	14	
Legal	1,008	84	4	
Compliance Monitoring	1,296	108	5	1,296
Marketing	504	42	2	
Other	3,528	294	14	
TOTAL ADMINISTRATIVE	24,984	2,082	99	
	0			
Utilities	0			
Electricity	7,560	630	30	
Fuel	25,200	2,100	100	
Water and Sewer	7,560	630	30	
Fire Alarm / Emergency	252	21	1	
Other		0	0	
TOTAL UTILITIES	40,572	3,381	161	
Maintenance				
Maintenance / Janitor Payroll	13,860	1,155	55	
Janitor Supplies	1,260	105	5	
Exterminating	252	21	1	
Trash Removal	3,528	294	14	
Snow Removal	3,528	294	14	
Grounds	1,512	126	6	
Repairs Material		0	0	
Repairs Contract		0	0	
HVAC Repairs / Maintenance	1,260	105	5	
Elevator Contract / Repairs	2,520	210	10	
Painting and Decorating	1,008	84	4	
Other		0	0	
TOTAL MAINTENANCE	28,728	2,394	114	
Real Estate Taxes	16,632	1,386	66	
Property Insurance	5,040	420	20	
Replacement Reserves	10,080	840	40	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other	250	21	1	
Total	126,286	10,524	501	

27-Mar-09

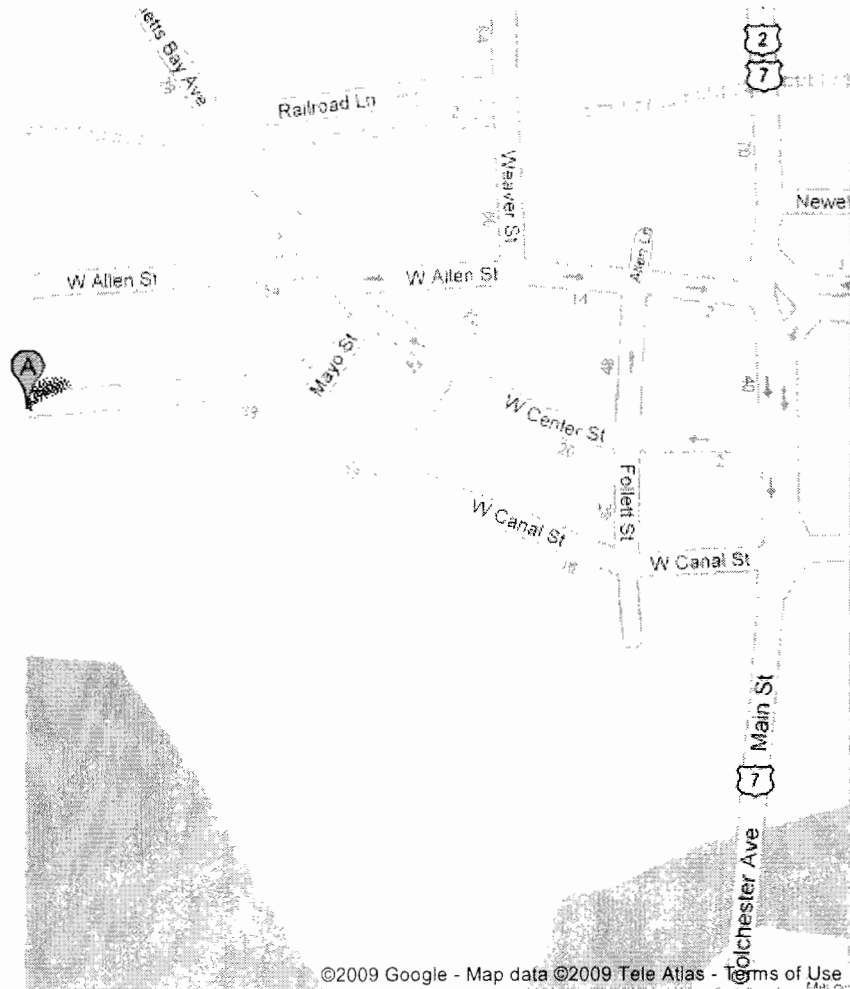
Anne Wilder Richards, West Brattleboro

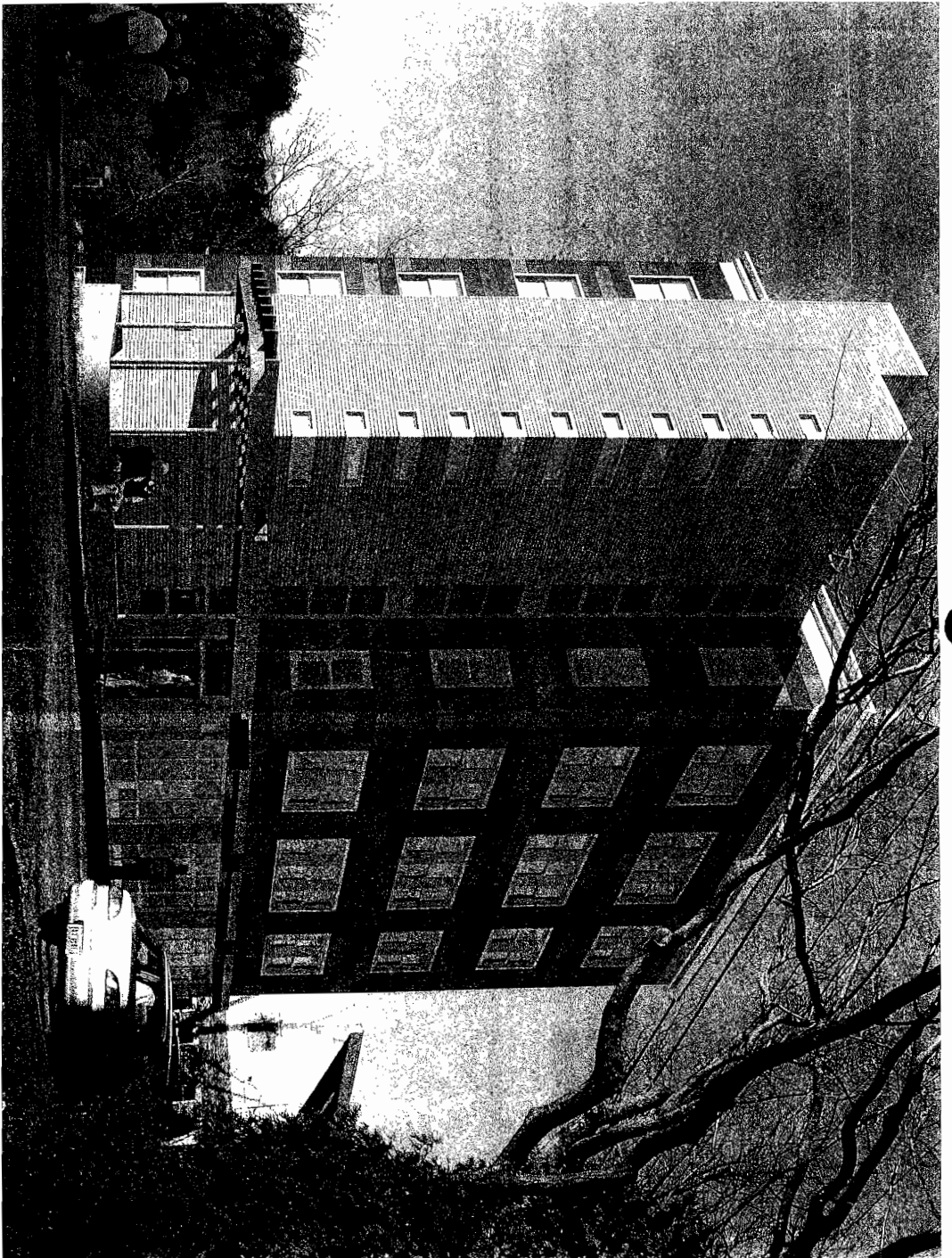
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income		159,804	161,402	163,016	164,646	166,293	167,956	169,635	171,332	173,045	174,775	176,523	178,288	180,071	181,872	183,691
Gross Rent		60,538	61,144	61,755	62,373	62,997	63,626	64,263	64,905	65,554	66,210	66,872	67,541	68,216	68,898	69,587
Other Income		(7,990)	(8,070)	(8,151)	(8,232)	(8,315)	(8,398)	(8,482)	(8,567)	(8,652)	(8,739)	(8,826)	(8,914)	(9,004)	(9,094)	(9,185)
Vacancies and other losses		212,352	214,476	216,620	218,787	220,975	223,184	225,416	227,670	229,947	232,246	234,569	236,915	239,284	241,677	244,093
Total Operating Income		116,206	119,111	122,089	125,141	128,270	131,476	134,763	138,132	141,586	145,125	148,754	152,472	156,284	160,191	164,196
Operating Expenses		10,080	10,181	10,283	10,385	10,489	10,594	10,700	10,807	10,915	11,024	11,135	11,246	11,358	11,472	11,587
Total Expenses (incl. Reserves)		126,286	129,292	132,372	135,527	138,759	142,071	145,463	148,940	152,501	156,150	159,888	163,718	167,643	171,663	175,783
Total Operating Expense		86,066	88,184	89,289	90,385	91,478	92,566	93,650	94,730	95,806	96,878	97,946	99,010	100,071	101,129	102,194
Net Operating Income		59,858	60,927	62,804	64,756	66,792	68,910	71,013	73,102	75,180	77,246	79,309	81,368	83,421	85,470	87,521
Less Primary Debt Service		14,494	14,494	14,494	14,494	14,494	14,494	14,494	14,494	14,494	14,494	14,494	14,494	14,494	14,494	14,494
Less Secondary Debt Service		11,714	10,831	9,896	8,908	7,863	6,761	5,600	4,378	3,094	1,744	328	(1,156)	(2,711)	(4,339)	(6,042)
Annual Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Subsidies		11,714	10,831	9,896	8,908	7,863	6,761	5,600	4,378	3,094	1,744	328	(1,156)	(2,711)	(4,339)	(6,042)
Stinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		11,714	10,831	9,896	8,908	7,863	6,761	5,600	4,378	3,094	1,744	328	(1,156)	(2,711)	(4,339)	(6,042)
DCR		115.75%	114.57%	113.31%	111.98%	110.58%	109.09%	107.53%	105.89%	104.16%	102.35%	100.44%	98.45%	96.35%	94.16%	91.87%
Cumulative Cash Flow		48,410	61,092	73,145	84,504	95,102	104,867	113,726	121,601	128,411	134,073	138,498	141,597	143,273	143,427	141,956
Beginning Balance		11,714	10,831	9,896	8,908	7,863	6,761	5,600	4,378	3,094	1,744	328	0	0	0	0
Deposits		968	1,222	1,463	1,690	1,902	2,097	2,275	2,432	2,568	2,681	2,770	2,832	2,865	2,869	2,839
Interest		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Withdrawals		61,092	73,145	84,504	95,102	104,867	113,726	121,601	128,411	134,073	138,498	141,597	143,273	143,427	141,956	138,754
Ending Balance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative Replacement Reserves		0	10,080	20,462	31,154	42,163	53,504	65,187	77,212	89,587	102,312	115,387	128,812	142,587	156,712	171,187
Beginning Balance		10,080	10,080	10,283	10,385	10,489	10,594	10,700	10,807	10,915	11,024	11,135	11,246	11,358	11,472	11,587
Deposits		0	202	409	623	843	1,069	1,302	1,542	1,790	2,046	2,311	2,586	2,869	3,160	3,459
Interest		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Withdrawals		10,080	20,462	31,154	42,163	53,504	65,187	77,212	89,587	102,312	115,387	128,812	142,587	156,712	171,187	186,106
Ending Balance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net (Operating) Income		86,066	88,184	89,289	90,385	91,478	92,566	93,650	94,730	95,806	96,878	97,946	99,010	100,071	101,129	102,194
Plus Reserves		10,080	10,181	10,283	10,385	10,489	10,594	10,700	10,807	10,915	11,024	11,135	11,246	11,358	11,472	11,587
Less Interest Expense		(61,476)	(60,564)	(59,586)	(58,536)	(57,411)	(56,203)	(54,906)	(53,515)	(52,022)	(50,420)	(48,699)	(46,852)	(44,870)	(42,741)	(40,455)
Less Long Depreciation		(165,660)	(165,660)	(165,660)	(165,660)	(165,660)	(165,660)	(165,660)	(165,660)	(165,660)	(165,660)	(165,660)	(165,660)	(165,660)	(165,660)	(165,660)
Less Short Depreciation		(3,857)	(3,857)	(3,857)	(3,857)	(3,857)	(3,857)	(3,857)	(3,857)	(3,857)	(3,857)	(3,857)	(3,857)	(3,857)	(3,857)	(3,857)
Fixed Income (Loss)		(134,847)	(134,716)	(134,571)	(134,408)	(134,223)	(134,012)	(133,771)	(129,637)	(129,321)	(128,959)	(128,544)	(128,070)	(127,530)	(126,916)	(126,218)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		47,196	47,151	47,100	47,043	46,978	46,904	46,820	46,727	46,625	46,516	46,400	46,278	46,150	46,017	45,879
Plus Tax Credits (state)		40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Plus Tax Credits		345,000	345,000	345,000	345,000	345,000	345,000	345,000	345,000	345,000	345,000	345,000	345,000	345,000	345,000	345,000
After Tax Cash Flow		432,196	432,151	432,100	432,043	431,978	431,904	431,820	431,727	431,625	431,516	431,400	431,278	431,150	431,017	430,879
Total Years		15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
Reinvestment Rate		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Current After Tax Cash Flows		432,196	432,151	432,100	432,043	431,978	431,904	431,820	431,727	431,625	431,516	431,400	431,278	431,150	431,017	430,879
Future Value of Cash Flows at Yr 15		1,371,000	1,269,310	1,175,149	1,087,957	1,007,217	934,092	868,250	808,553	754,553	705,841	662,960	625,460	592,900	564,940	541,160
Discount Rate		6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Capital Contribution Number		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Date of Capital Contribution		15-Oct-09	30-Jun-10	30-Jun-11	30-Jul-12	27-Mar-09	27-Mar-09	27-Mar-09	27-Mar-09	27-Mar-09	27-Mar-09	27-Mar-09	27-Mar-09	27-Mar-09	27-Mar-09	27-Mar-09
Amount of Capital Contribution		100	150,000	500,000	500,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Present Value of Contributions		143,687	450,692	421,909	1,905,646	0	0	0	0	0	0	0	0	0	0	0
Cash Flows		(2,922,034)	0	0	0	0	0	0	0	0	0	0	0	0	0	9,833,305
IRR		8.43%	8.43%	8.43%	8.43%	8.43%	8.43%	8.43%	8.43%	8.43%	8.43%	8.43%	8.43%	8.43%	8.43%	8.43%
Equity Yield		84.70%	84.70%	84.70%	84.70%	84.70%	84.70%	84.70%	84.70%	84.70%	84.70%	84.70%	84.70%	84.70%	84.70%	84.70%



Address **120 W Canal St**
Winooski, VT 05404

Get Google Maps on your phone
Text the word "GMAPS" to 466453





CANAL STREET VETERANS HOUSING

WINGOSKI VERMONT

ZONING PERMIT

Duncan
Wisniewski
ARCHITECTURE

PER-1
DATE: JULY 2006

March 18, 2009

Cathy Voyer
Agency of Human Services
103 South Main Street
Waterbury, VT 05671

Dear Cathy,

Housing Vermont and The Committee on Temporary Shelter (COTS) are seeking 9% Low Income Housing Tax Credits from VHFA for the creation of the COTS Veterans Housing Development. The allocated credits are a necessary part of our funding plan because Neighborhood Stabilization Program (NSP) funds may not currently be used in Winooski. All other financing is in place including a \$1.2M capital grant from the Veterans Administration. The project has secured all of its permits and construction could begin later this summer if the 9% credits are awarded.

The Housing will create twenty-eight (28) new rental apartments in one building on a .13 acre vacant industrial infill site in the City's Designated Downtown at 120 West Canal Street. COTS and Housing Vermont, general partners and co-developers, propose the Canal Street Veterans Housing project as a combination of transitional and permanent housing. Transitional housing will be provided for 20 homeless veterans (18 units) who will move there directly from emergency shelters and stay for up to 24 months. One of these units will be for a resident manager. A common area and kitchen will be located on the ground floor so that residents can share meals and attend weekly program activities on-site.

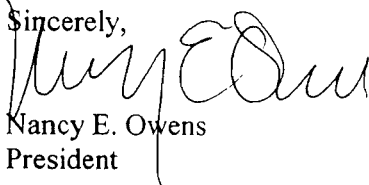
In addition, 10 permanent apartments will be built located on the upper two floors. All of the units will be affordable to households below 60% of median income, the transitional housing has rental subsidy. Six units will be fully accessible and the remaining 22 will be adaptable. The site is within a quarter mile of the newly revitalized downtown and civic and business services, public transportation, schools, shopping, and recreation.

COTS role in this project is to create the social service program for residents based on their expertise serving and housing this population for over 26 years. This program addresses the need for transitional housing for homeless veterans; many of whom suffer from PTSD and other disabling conditions. Without sufficient support services and stable housing, these veterans often become chronically homeless. This project will not only reduce chronic homelessness among an extremely vulnerable population, it will also directly relieve pressure on Vermont's overburdened shelters by creating housing opportunities for those who otherwise cycle repeatedly through the homeless service system. Housing Vermont will take the lead on the development, financing and construction.

We are requesting the Agency of Human Services review the project to ensure it is in line with the requirements of the QAP in regards to Special Needs Housing.

Thank you in advance for your attention to this project. Please contact me with any questions.

Sincerely,



Nancy E. Owens
President

cc: Sarah Carpenter, Josh Slade, Rita Markley
enc: QAP Guidelines, Description of the proposed services



COTS Supportive Service Plan for Veterans Transitional Housing

Project design

COTS Veterans' Transitional Housing is a program that will provide 20 beds of transitional housing to homeless veterans for up to 24 months. There will be a mix of shared one-bedroom units and single units based on the acuity of presenting needs identified during intake and assessment. One of these units will be dedicated for veterans on the verge of relapse that may only need a few weeks of support to regain stability during a crisis period. A live-in manager that is a veteran will provide night-time supervision and peer support. A full-time case manager will provide intensive support and link veterans to an established network of community and VA services based on their needs.

Supportive services provided

The program will utilize the team approach many veterans have experienced in basic training to create an atmosphere of cohesion and collaboration. This model will be key to ensuring that every person has a role and contributes to the well-being of the group as a whole. Roles include meal preparation once a week, clean-up, minor maintenance, and planning of the weekly house meetings.

Veterans will receive wrap-around support services through the extensive network COTS has established over the last 25 years. Case management services will be offered on site to residents at an approximate ratio of 1 case manager to 15 residents. COTS currently provides case management services to homeless individuals at a 1:30 ratio. Though the population will be very similar to the homeless individuals with various complex issues that we now serve, the veteran's case manager will provide more intensive services with the goal of assisting residents in addressing needs and moving them toward housing stability.

Each participant will develop an Individual Service Plan (ISP) with the experienced case manager and identify goals to increase residential stability, job skills and employment, and individual self-determination. The veteran's case manager will collaborate with outside service providers as necessary to facilitate progress in the program, and will link veterans into an established network of support services based on the presenting needs and history. This program will be modeled after COTS' Smith House Transitional Housing Program that provides seven beds of supportive housing to chronically homeless individuals with complex issues and has a 70 percent success rate of transitioning the hardest to house individuals into affordable, permanent housing.

An on-site resident manager (who is a veteran) will also be hired, to provide intensive, one-on-one support, similar to our Smith House and Wilson house manager positions. The National Coalition for Homeless Veterans believe the most effective programs for homeless and at-risk veterans are those that feature transitional housing with the camaraderie of living in structured, substance-free environments with fellow veterans who are succeeding at bettering themselves. This live in manager's main function will be to oversee and manage the operation of the Canal Street program, including tasks such as:

- Ensure the safety and security of the physical structure and the occupants; monitor the safety/security systems.

- Oversee rent collection; record and deposit rents as required; maintain various records and compile reports and data required for grant writing.
- Resolve problems related to tenants; perform landlord duties.
- Act as liaison with local police, fire contractors and a variety of service providers.
- Confer regularly with the Executive Director to exchange information, coordinate and evaluate goals and results, resolve problems and the like

Intake process and initial services provided

We will work directly with the VA Outpatient Clinic in Fort Ethan Allen to identify the level of eligibility of each veteran in our program. The VA currently flags each veteran for eligible services. We will link veterans to the services provided at the clinic, such as medical, mental health, medication evaluations and substance abuse treatment. Our review team comprised of COTS case manager; Julia Rice, VA Substance Abuse clinician; and Bernie O'Neill, VA social worker, will further assess the needs of each veteran and recommend other services based on their needs. We will refer those needing additional mental health assessments to the Primary Mental Health Clinic for a full psychiatric examination and medication evaluation. Each veteran eligible for the program will then meet with the case manager to develop an ISP that focuses on personal goals. Each veteran in the program will also have immediate access to voicemail, computer, YMCA passes and COTS other programs, such as the Daystation.

Once accepted and moving into the residence, veterans will meet with the house case manager within the first 48 hours to review program rules and expectations as well as identify and develop their ISP. The veteran and the house case manager will meet on a weekly basis to address any new issues as they arise and work collaboratively toward goals identified on the ISP. The case manager will be in communication as necessary with any outside supports to facilitate veteran's progress in the program, such as the VA employment specialist, social worker and substance abuse clinician.

While veterans will be immediately linked to local VA services upon eligibility, COTS will also link veterans to community resources for those that may not be eligible for certain VA health benefits or for those seeking a different service option. The case manager will work with providers to identify specific resources for the difference target populations. For example, a female veteran who is dealing with sexual trauma while in the military would be referred to Rebecca Robinson for support through the Military Sexual Trauma Survivors Program. Veterans dealing with substance abuse could participate in the residential weekday program at White River Junction and return to transitional housing on the weekends rather than a 36-bed emergency shelter that may result in relapse.

Collaboration with the VA and community

As the largest service provider for the homeless in Vermont, we have an established network of care. The VA is currently actively engaged with veterans' onsite at our Daystation, the only drop-in day shelter for homeless adults in our county. The VA's local employment specialist, homeless coordinator and substance abuse counselor work with our veterans' onsite on a weekly basis to provide direct service and coordinate statewide services. The VA Outpatient Clinic at Fort Ethan Allen is approximately three miles away from our program and easily accessible through public transportation.

Our network of community and statewide mental health, medical and social service providers is extensive. COTS helped develop the Continuum of Care during the late 1980s, an alliance of 14 housing and social service agencies that meets monthly to identify gaps in support for low-income and homeless people in Chittenden County and to coordinate services. COTS case managers and street outreach staff currently link homeless clients to this network of resources on a daily basis. Our target veterans' population for the transitional housing program includes veterans who are: chronically mentally ill; experiencing PTSD; female; recently released from prison; dually diagnosed; disabled; mentally ill; and struggling with substance abuse.

Below are partner agencies in our network that will provide services and support to the target populations in our program.

1) Veterans Services

- Dennis Ross, Supported Employment Specialist
- Aleta Runey, MSW, Homeless Coordinator
- Kathy Browne, LGSW, Grant & Per Diem Liaison
- Julia Rice, Substance Abuse Counselor, VA Outpatient Clinic Forth Ethan Allen
- Shirley Snelling, Disabled Veterans Outreach Program
- Rebecca Robinson, Military Sexually Trauma

2) Veterans service organizations for Support/Outreach/Mentoring

- Veterans of Foreign Wars, Post No.: 6689, 798, 758, 1034 & 782, Kevin Maloney
- American Legion
- Vietnam Veterans of America, Chapter 829, Marty Martinez
- Veterans Supporting Veterans, Marcus Murphy
- Friends of Veterans
- Ladies Auxiliary to the Veterans of Foreign Wars
- Daughters of the American Revolution, Green Mountain Chapter

3) Community Resources

- Champlain Valley Office of Economic Opportunity (CVOEO)
 - This organization encompasses the Community Action program, Weatherization and Crisis Fuel assistance, food shelf, financial literacy classes and micro business assistance legal advocacy and a crisis hotline, education and outreach programs, transitional support services and referrals.
- Women Helping Battered Women (WHBW)
 - Provides emergency shelter and housing assistance for victims of domestic violence,
- First Congregational Church, the Joint Urban Ministry Project, Inc.
- Agency of Human Services (Burlington)
- Salvation Army
- Chittenden County Probation & Parole
- Vermont Legal Aid
- Opportunities Credit Union, Financial Planning, counseling and services for low-income people

4) *Medial Services*

- VA Outpatient Clinic at Fort Ethan Allen, Colchester
- Safe Harbor Medial Clinic for low-income and homeless people
- Fletcher Allen Hospital
- Community Health Center of Burlington

5) *Substance Abuse*

- VA Outpatient Clinic at Fort Ethan Allen, Colchester
- Safe Harbor
- Maple Leaf Farms
- Rational Recovery Program
- Safe Recovery
- HowardCenter
- Alcoholics Anonymous
- Vermont Department of Alcohol and Drug Abuse
- Turning Point Center

6) *Mental Health Services/PTSD*

- HowardCenter
- VA Outpatient Clinic at Fort Ethan Allen in Colchester
- Vermont Division of Disability and Aging Services, Traumatic Brain Injury
- Primary Mental Healthcare Clinic

7) *Employment*

- VT Department of Labor: Disabled Veterans Outreach Program and Local Veterans' Employment Representatives
- Vocational Rehabilitation
- Workforce Education
- VT Department of Employment & Training

8) *Housing Partners*

- Vermont State Housing Authority
- Burlington Housing Authority
- Champlain Housing Trust
- Winooski Housing Authority

Special characteristics of population to be served

Over the past 25 years, the veterans we have served presented with numerous issues similar to the general homeless population, such as mental illness, substance abuse, disabilities, and loss of family, jobs and housing. What differentiates this population is they can often be service resistant and unwilling to accept support from the VA due to a sense of pride or mistrust. COTS has been the bridge connecting these veterans with VA services by building trust and mediating services. We have been the veteran's advocate and have brought VA services into our programs. This population also presents unique physical and physiological effects associated with duty in war zones, such as PTSD and multiple physical disabilities. These presenting issues coupled with service-resistance often leads to self-medication, isolation and depression.

We will have the ability to provide veterans that may need individual accommodations due to a condition or population, such as a female veteran or a disabled veteran that requires additional space and accommodations. Based on recommendations from veterans service organizations during the planning process and the VA, we have added a respite unit for veterans experiencing a temporary crisis who only need a week or two to stabilize before moving back into their current housing or transitioning to new housing. An example may be a veteran who is experiencing domestic issues, but has income and no serious mental health or substance abuse issues, but needs time to work things out or find new housing. This unit would prevent this veteran from becoming homeless due to a temporary lack of housing.

PROGRAM GOALS

- **Residential stability of participants: How will the success of the program be evaluated on an ongoing basis?**

Success will be measured based on the number of exiting participants who secure permanent housing and maintain housing for at least one year. We have a commitment letter from Vermont State Housing Authority (VSHA) to use VASH vouchers to provide veterans exiting from our program with housing. We also work with local housing partners such as the Burlington Housing Authority, Champlain Housing Trust and Winooski Housing to secure housing for our clients. We will utilize this same network for the veterans that we serve. COTS also operates 44 units of SROs that our clients can be placed in upon exit of the program.

The case manager will maintain contact with exiting veterans up to one year to measure residential stability. We are also very interested in the veteran's perception of success. Just as we do in our other programs, we will develop an annual survey of program participants that will rate our services and identify areas of improvement.

- **Increased skill level and/or income of participants**

COTS currently works closely with the VA Homeless Coordinator and Grants & Per Diem Liaison in Vermont. Assessment of benefits will be built into our intake process so that all levels of entitlements are identified for each veteran in the program. Based on our current outcomes of homeless individuals working with our case management, 65 percent of our participants have increased skill level and/or income while in our programs. Given that this population is similar to our current one, we expect a similar outcome.

- **Greater self-determination of participants**

All of COTS emergency shelters and housing programs require participants to meet with case managers to address the barriers to residential stability and employment- - the key goals that help move this population out of homelessness. Active participation in the development of an ISP, including regular meetings to evaluate progress, is already built into our housing programs. Participation in the house roles and regular maintenance of upkeep of individual units and the building as a whole is also part of the Smith House model and will establish a sense of community, respect and self-determination. The case manager and individual will then identify the barriers to meeting these goals and work together with community and VA partners to address each barrier.

30-Mar-09 Canal Street Veterans Housing

Total Residential Units:	29	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	29	Increase in Income from Other Sources:	1.50%
Percent Restricted:	100.00%	Increase in Income from Commercial:	0.00%
Total Development Cost:	5,708,588	Expense increase:	3.00%
Total Development Cost per Unit:	196,848	Vacancy Rate:	5%
Total Development Cost Per SF:	398	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	465,498	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	366,000	Sponsor's Estimated Yield:	79.96%

LIHTC - 9%	9.00%	(April 2009)
LIHTC - 4%	3.29%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
TD BN Debt	240,000	4.20%	7.00%	30	30
VHCB	325,000	5.69%	0.00%	30	deferred
HOME	200,000	3.50%	0.00%	30	deferred
VCDP	740,000	12.96%	0.00%	30	deferred
VA	1,240,000	21.72%	N/A	30	deferred
REEP Loan	14,500	0.25%	0.00%	30	deferred
City of Winooski	25,000	0.44%	4.00%	30	deferred
NSP Funds	0	0.00%	N/A	30	deferred
Tax Credit Equity	2,924,088	51.22%	N/A	N/A	N/A
TOTAL SOURCES	5,708,588	100.00%			

USES

Acquisition	456,175	7.99%
Construction Hard Costs	3,981,899	69.75%
Soft Costs	1,270,514	22.26%
TOTAL USES	5,708,588	100%

Gap 0

General Partner's Capital Contribution	2,926	0.10%
Limited Partner's Capital Contribution	2,926,088	99.99%
Total Equity	2,929,014	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	29
Total Units	29
Unit Fraction	100.00%
Tax Credit Square Footage	14,360
Total Residential Square Footage	14,360
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

Budget					Allocation of Sources					TOTAL SOURCES		check	0		
Per Unit	Per sq ft	VCTB Terms	HOMI Terms	VCTD Terms	V/A Terms	TD BN Debt Terms	other RIEP and City of Winoski	Equity Terms							
ACQUISITION															
1	Land	383,700	13,217	26.69	325,000			58,700		383,700					
2	Purchase of Building(s)	60,300	2,079	4.20				60,300		60,300					
3	Demolition (without replacement)		0	0.00						0					
4	Property Appraisal	5,000	172	0.35				5,000		5,000					
5	Legal - Title and Recording	7,575	261	0.53				7,575		7,575					
Subtotal - Acquisition		456,175	15,730	31.77											
CONSTRUCTION HARD COSTS															
6	Rehabilitation	0	0	0.00						0					
7	New Building(s)	3,421,454	117,981	238.26	200,000	740,000	1,000,000	79,500	1,441,954	3,421,454					
8	Accessory Buildings	0	0	0.00						0					
9	Sitework	153,546	5,295	10.69			50,000			103,546	153,546				
10	Commercial Space Costs (if any)	0	0	0.00						0					
11	General Requirements	0	0	0.00						0					
12	Contractor Overhead	0	0	0.00						0					
13	Contractor Profit	0	0	0.00						0					
14	Construction Contingency	355,499	12,259	24.76			190,000			165,499	355,499				
15	Construction Management	0	0	0.00						0					
16	Construction Bond Fee	0	0	0.00						0					
17	Hazardous Materials Abatement	10,000	345	0.70						10,000	10,000				
18	Off-Site Improvements	0	0	0.00						0					
19	Furnishings, Fixtures, & Equipment	41,400	1,428	2.88						41,400	41,400				
20	Other ()	0	0	0.00						0					
Subtotal - Hard Costs		3,981,899	137,507	277.29											
SOFT COSTS															
21	Architectural	319,295	11,010	22.24						319,295	319,295				
22	Engineering	0	0	0.00						0					
23	Legal Accounting	30,000	1,034	2.09						30,000	30,000				
24	Relocation	0	0	0.00						0					
25	Environmental Assessment	3,000	103	0.21						3,000	3,000				
26	Energy Assessment	0	0	0.00						0					
27	Permits Fees	65,967	2,275	4.59						65,967	65,967				
28	Independent Market Study	2,000	69	0.14						2,000	2,000				
29	Insurance Taxes	12,000	414	0.84						12,000	12,000				
30	Construction Interest	95,000	3,276	6.62				2,523		92,477	95,000				
31	Construction Loan Origination Fee	22,500	76	1.57						22,500	22,500				
32		0	0	0.00						0					
33	Clerk of the Works	0	0	0.00						0					
34	Marketing	3,000	103	0.21						3,000	3,000				
35	Tax Credit Fees	19,450	671	1.35						19,450	19,450				
36	Soft Cost Contingency	3,500	121	0.24						3,500	3,500				
37	Permanent Loan Origination Fee	0	0	0.00						0					
38	Lender's Counsel's Fee	0	0	0.00						0					
39	Other (VCTD)	15,000	517	1.04						15,000	15,000				
SYNDICATION COSTS															
40	Organizational (Partnership)	0	0	0.00						0					
41	Bridge Loan Fees and Expenses	0	0	0.00						0					
42	Syndication Consultant	0	0	0.00						0					
43	Tax Opinion	0	0	0.00						0					
DEVELOPER'S FEES															
44	Developer's Fees	596,000	20,552	41.50						596,000	596,000				
45	Other Partnership Fees	0	0	0.00						0					
46	Consultant Fees	0	0	0.00						0					
RESERVES															
47	Working Capital	0	0	0.00						0					
48	Run-up (Deficit Escrow) Reserve	15,000	517	1.04				15,000		15,000					
49	Other Operating Reserves	68,802	2,372	4.79				68,802		68,802					
50	Sinking Fund	0	0	0.00						0					
51	Replacement Reserves	0	0	0.00						0					
Subtotal - Soft Costs		1,279,514	43,811	88.48											
TOTAL DEVELOPMENT COSTS		5,708,588	196,848	598	325,000	200,000	740,000	1,240,000	240,000	39,500	2,924,088	5,708,588			
					0	0	0	0	0	0	0				
COST BASIS FOR DEVELOPER:															
DEVELOPER FEE		596,000													
DEVELOPER FEE		11.85%													

30-Mar-09 Canal Street Veterans Housing

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other	Costs Incurred to	To be Incurred	Total
ACQUISITION									
1 Land	383,300								
2 Purchase of Building(s)	60,300	60,300		60,300					
3 Demolition (without replacement)	0			0					
4 Property Appraisal	5,000	5,000		5,000					
5 Legal - Title and Recording	7,575	7,575		7,575					
Subtotal - Acquisition	456,175								
CONSTRUCTION HARD COSTS									
6 Rehabilitation	0		0	0					
7 New Building(s)	3,421,454		3,421,454	3,421,454					
8 Accessory Buildings	0		0	0					
9 Sitework	153,546		153,546	153,546					
10 Commercial Space Costs (if any)	0								
11 General Requirements	0		0	0					
12 Contractor Overhead	0		0	0					
13 Contractor Profit	0		0	0					
14 Construction Contingency	355,499		355,499	355,499					
15 Construction Management	0		0	0					
16 Construction Bond Fee	0		0	0					
17 Hazardous Materials Abatement	10,000		10,000	10,000					
18 Off-Site Improvements	0		0	0					
19 Furnishings, Fixtures, & Equipment	41,400		41,400	41,400					
20 Other ()	0		0	0					
Subtotal - Hard Costs	3,981,899								
SOFT COSTS									
21 Architectural	319,295		319,295	319,295					
22 Engineering	0		0	0					
23 Legal Accounting	30,000		30,000	30,000					
24 Relocation	0		0	0					
25 Environmental Assessment	3,000		3,000	3,000					
26 Energy Assessment	0		0	0					
27 Permits Fees	65,967		65,967	65,967					
28 Independent Market Study	2,000		2,000	2,000					
29 Insurance Taxes	12,000		11,400	11,400					
30 Construction Interest	95,000		95,000	95,000					
31 Construction Loan Origination Fee	22,500		22,500	22,500					
32 0	0		0	0					
33 Clerk of the Works	0		0	0					
34 Marketing	3,000								
35 Tax Credit Fees	19,450		0	19,450					
36 Soft Cost Contingency	3,500		3,500	3,500					
37 Permanent Loan Origination Fee	0								
38 Lender's Counsel's Fee	0		0	0					
39 Other (VCDP)	15,000		15,000	15,000					
SYNDICATION COSTS									
40 Organizational (Partnership)	0								
41 Bridge Loan Fees and Expenses	0								
42 Syndication Consultant	0								
43 Tax Opinion	0								
DEVELOPER'S FEES									
44 Developer's Fees	596,000		596,000	596,000					
45 Other Partnership Fees	0		0	0					
46 Consultant Fees	0		0	0					
RESERVES									
47 Working Capital	0								
48 Rent-up (Deficit Escrow) Reserve	15,000								
49 Other Operating Reserves	68,802								
50 Sinking Fund	0								
51 Replacement Reserves	0								
Subtotal - Soft Costs	1,270,514								
TOTALS	5,708,588	72,875	5,145,561	5,196,486	0				
LESS: Amount of Non-qualified Financing									
LESS: Historic tax Credit (Residential Portion)				0	0				
<div> <div>20% Historic Credit Rate</div> <div>0 Annual Historic Credit</div> </div>									
Total Eligible Basis		72,875	5,145,561						
TIMES: Adjusted for QCT DDA	100.0%		5,145,561						
TIMES: Applicable Fraction	100.00%	72,875	5,145,561						
Total Qualified Basis		72,875	5,145,561						
TIMES: Applicable Percentage	3.29%		9.00%						
Total Annual Credit Qualified		2,398	463,100						
<div> <div>5,196,486 Long Term Depreciable Basis</div> <div>27.5 Depreciation Schedule</div> <div>188,963 Annual Depreciation</div> </div>									
<div> <div>41,400 Short Term Depreciable Basis</div> <div>7 Depreciation Schedule</div> <div>5,914 Annual Depreciation</div> </div>									
<div> <div>Total Tax Credits Requested</div> <div>Estimated Net Syndication Proceeds (Sec 42 Housing Credit only)</div> <div>Estimated Yield - Housing Credit Syndication</div> <div>Equity Gap</div> <div>Credits Needed to fill Equity Gap</div> </div>									
	366,000								
	2,926,088								
	79.96%								
	2,924,088								
	365,750								

30-Mar-09 **Canal Street Veterans Housing**

Master Lease Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br		420	12	621	0	89,424
1 Br		560	2	673	0	16,152
2 Br		800	3	750	0	27,000
3 Br			0	0		0
4+ Br			0	0		0
Totals		8,560	17			132,576

Permanent Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br		420	10	713	31	85,560
1 Br			0	0		0
2 Br		800	2	825	49	19,800
3 Br			0	0		0
4+ Br			0	0		0
Totals		5,800	12			105,360

Common Area Square Footage

0

Grand Totals	14,360	29		237,936
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Less Vacancy	5.00%	2.50%	(8,582)
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NET RENT	229,354
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OTHER INCOME

Laundry	1,200
Parking	0
Commercial Space Income	0
Other: Vets Services	86,328

TOTAL INCOME	316,882
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Canal Street Veterans Housing

Building #	Unit #	Check all Applicable							V					B						C						
		HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VICB 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%+
Transitional	G-1								0	420	595	0	595		1							1				
	G-2	1							1	700	750	0	750		1							1				
	G-3								0	420	595	0	595		1							1				
	1-1								0	420	595	0	595		1											
	1-2	1							0	420	750	0	750		1							1	1			
	1-3	1							0	420	595	0	595		1							1	1			
	1-4								0	420	595	0	595		1											
	2-1	1							1	420	750	0	750		1							1	1			
	2-2								0	420	595	0	595		1							1	1			
	2-3	1							0	420	595	0	595		1							1	1			
	2-4								0	420	595	0	595		1											
	2-5	1							2	800	750	0	750		1							1	1			
	3-1								2	800	750	0	750		1							1	1			
	3-2								0	420	595	0	595		1							1	1			
	3-3								0	420	595	0	595		1											
Permanent	*3-4*								0	420	595	0	595		1							1	1			
	3-5								2	800	750	49	799		1							1	1			
	4-1								0	420	595	0	595		1											
	4-2								2	800	825	49	874			1							1			
	4-3								0	420	665	31	696				1					1				
	4-4								0	420	665	31	696				1							1		
	4-5								2	800	825	49	874				1						1			
	4-6								0	420	825	31	856				1					1				
	5-1								0	420	825	31	856				1							1		
	5-2								0	420	825	31	856				1							1		
	5-3								0	420	665	31	696				1					1				
	5-4								0	420	665	31	696					1						1		
	5-5								0	420	665	31	696						1					1		
	5-6								0	420	665	31	696							1				1		
	Totals:										14,780	20,420	Total # Units:		0	20	8	0	0	0	20	6	8	0	0	0

30-Mar-09 **Canal Street Veterans Housing**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	26,100	2,175	75	8.2%
Vets Services	86,328	7,194	248	
Audit/Accounting	4,176	348	12	
Legal	1,044	87	3	
Compliance Monitoring	2,088	174	6	2,088
Marketing	3,480	290	10	
Other	2,784	232	8	
TOTAL ADMINISTRATIVE	126,000	10,500	362	
Utilities				
Electricity	7,308	609	21	
Fuel	27,840	2,320	80	
Water and Sewer	12,180	1,015	35	
Fire Alarm / Emergency	1,044	87	3	
Other	0	0	0	
TOTAL UTILITIES	48,372	4,031	139	
Maintenance				
Maintenance / Janitor Payroll	27,840	2,320	80	
Janitor Supplies	1,740	145	5	
Exterminating	348	29	1	
Trash Removal	4,040	337	12	
Snow Removal	4,040	337	12	
Grounds	1,740	145	5	
Repairs Material	0	0	0	
Repairs Contract	0	0	0	
HVAC Repairs / Maintenance	1,044	87	3	
Elevator Contract / Repairs	2,000	167	6	
Painting and Decorating	1,740	145	5	
Other	1,392	116	4	
TOTAL MAINTENANCE	45,924	3,827	132	
Real Estate Taxes	24,360	2,030	70	per unit month excl. ds & res. 723
Property Insurance	6,960	580	20	
Replacement Reserves	17,400	1,450	50	
Primary Debt Service	0	0	0	
Other "must pay" debt service	0	0	0	
Other	0	0	0	
Total	269,016	22,418	773	
	182,688			
"Below-the-Line" Expenses:				
Special LP or GP Fee	0			
Repayment of Deferred Fee	0			
Partnership Audit or K-1 Fee	0			
Distribution	0			
Net to Residual				
Receipits/Cumulative Cash Flow	269,016			

30-Mar-09		Canal Street Veterans Housing														
	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income																
	Gross Rent	237,936	241,505	245,128	248,805	252,537	256,325	260,170	264,072	268,033	272,054	276,134	280,276	284,481	288,748	293,079
	VA Services Per Diem	86,328	88,918	91,585	94,333	97,163	100,078	103,080	106,173	109,358	112,638	116,018	119,498	123,083	126,776	130,579
	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	(8,582)	(12,075)	(12,256)	(12,440)	(12,627)	(12,816)	(13,008)	(13,204)	(13,402)	(13,603)	(13,807)	(14,014)	(14,224)	(14,437)	(14,654)
	Total Operating Income	316,882	319,566	325,693	331,952	338,346	344,879	351,553	358,373	365,341	372,461	379,738	387,174	394,774	402,542	410,482
Operating Expenses																
	Total Expenses (excl. Reserves)	165,288	170,247	175,354	180,615	186,033	191,614	197,363	203,283	209,382	215,663	222,133	228,797	235,661	242,731	250,013
	VA Services	86,328	88,918	91,585	94,333	97,163	100,078	103,080	106,173	109,358	112,638	116,018	119,498	123,083	126,776	130,579
	Services	17,400	17,661	17,926	18,195	18,468	18,745	19,026	19,311	19,601	19,895	20,193	20,496	20,804	21,116	21,433
	Total Operating Expense	269,016	276,825	284,865	293,142	301,664	310,437	319,469	328,767	338,341	348,197	358,344	368,792	379,548	390,622	402,024
	Net Operating Income	47,866	42,740	40,828	38,810	36,683	34,442	32,085	29,606	27,000	24,265	21,394	18,383	15,226	11,920	8,458
	Less Primary Debt Service	19,161	19,161	19,161	19,161	19,161	19,161	19,161	19,161	19,161	19,161	19,161	19,161	19,161	19,161	19,161
	Less Secondary Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Annual Cash Flow	28,705	23,579	21,667	19,649	17,522	15,282	12,924	10,445	7,840	5,104	2,233	(778)	(3,934)	(7,241)	(10,703)
Operating Subsidies / Sinking Fund																
	Net Cash	28,705	23,579	21,667	19,649	17,522	15,282	12,924	10,445	7,840	5,104	2,233	0	0	0	0
	DCR	249.81%	223.06%	213.08%	202.55%	191.45%	179.75%	167.45%	154.51%	140.92%	126.64%	111.65%	95.94%	79.47%	62.21%	44.14%
Cumulative Cash Flow																
	Beginning Balance	68,802	99,170	124,969	149,351	172,184	193,325	212,626	229,931	245,079	257,899	268,212	275,832	280,570	282,247	280,651
	Deposits	28,705	23,579	21,667	19,649	17,522	15,282	12,924	10,445	7,840	5,104	2,233	0	0	0	0
	Interest	2.0%	1,663	2,219	2,716	3,184	3,619	4,019	4,382	4,703	4,980	5,209	5,387	5,517	5,611	5,645
Withdrawals																
	Project Operating Needs	0	0	0	0	0	0	0	0	0	0	0	(778)	(3,934)	(7,241)	(10,703)
	Special LP or GP Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Repayment of Deferred Devel. Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Partnership Audit or K-1 Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Distribution of Cash to Owner	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Ending Balance	99,170	124,969	149,351	172,184	193,325	212,626	229,931	245,079	257,899	268,212	275,832	280,570	282,247	280,651	275,561
Cumulative Replacement Reserves																
	Beginning Balance	0	17,574	35,763	54,584	74,052	92,080	109,063	124,999	139,886	153,724	166,511	178,247	188,930	198,559	207,133
	Deposits	17,400	17,661	17,926	18,195	18,468	18,745	19,026	19,311	19,601	19,895	20,193	20,496	20,804	21,116	21,433
	Interest	2.0%	174	528	895	1,274	1,666	2,029	2,353	2,634	2,873	3,071	3,229	3,357	3,452	3,527
	Withdrawals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Ending Balance	17,574	35,763	54,584	74,052	92,080	109,063	124,999	139,886	153,724	166,511	178,247	188,930	198,559	207,133	214,951
	Net Operating Income	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Plus Reserves	17,400	17,661	17,926	18,195	18,468	18,745	19,026	19,311	19,601	19,895	20,193	20,496	20,804	21,116	21,433
	Less Interest Expense	(16,723)	(16,547)	(16,358)	(16,155)	(15,938)	(15,705)	(15,455)	(15,187)	(14,900)	(14,592)	(14,261)	(13,907)	(13,527)	(13,120)	(12,683)
	Less Long Depreciation	(188,963)	(188,963)	(188,963)	(188,963)	(188,963)	(188,963)	(188,963)	(188,963)	(188,963)	(188,963)	(188,963)	(188,963)	(188,963)	(188,963)	(188,963)
	Less Short Depreciation	(5,914)	(5,914)	(5,914)	(5,914)	(5,914)	(5,914)	(5,914)	(5,914)	(5,914)	(5,914)	(5,914)	(5,914)	(5,914)	(5,914)	(5,914)
	Taxable Income (Loss)	(146,375)	(151,023)	(152,481)	(154,028)	(155,665)	(157,395)	(159,222)	(161,143)	(163,156)	(165,261)	(167,457)	(169,744)	(172,121)	(174,589)	(177,146)
	Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Plus Tax Savings	51,217	52,858	53,369	53,910	54,483	55,088	55,728	56,402	57,110	57,852	58,628	59,438	60,281	61,157	62,065
	Plus Historic Rehab Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Plus State Credits	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
	Plus Federal Housing Credits	366,000	366,000	366,000	366,000	366,000	366,000	366,000	366,000	366,000	366,000	366,000	366,000	366,000	366,000	366,000
	After Tax Cash Flow	467,217	468,858	469,369	469,910	470,483	471,088	471,728	472,402	473,110	473,852	474,628	475,438	476,281	477,157	478,065
	Total Years	15														
	Reinvestment Rate	6.00%														
	Current After Tax Cash Flows	467,217	468,858	469,369	469,910	470,483	471,088	471,728	472,402	473,110	473,852	474,628	475,438	476,281	477,157	478,065
Future Value of Cash Flows at Yr 15:																
	Discount Rate:	3.00%														
	Capital Contribution Number:	1	2	3	4											
	Date of Capital Contribution:	31-Dec-08	30-Jun-10	31-Dec-09												
	Amount of Capital Contribution:	100	2,340,870	585,118												
	Present Value of Contributions:	100	2,236,751	567,589												
	Cash Flows	(2,804,441)	0	0	0	0	0	0	0	0	0	0	0	0	0	8,259,871
	IRR:	7.47%														
	Equity Yield:	77%														

(continued from p. 10)

[illegible]

Total Residential Units:	24	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	23	Increase in Income from Other Sources:	1.50%
Percent Restricted:	95.83%	Increase in Income from Commercial:	1.50%
Total Development Cost:	4,101,432	Expense increase:	3.00%
Total Development Cost per Unit:	170,893	Vacancy Rate:	5%
Total Development Cost Per SF:	146	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	428,413	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	363,199	Sponsor's Estimated Yield:	82.01%

LIHTC - 9%	9.00%	(March 2009)
LIHTC - 4%	3.27%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term	Commercial	Combined
First Mortgage	1,771,000	43.18%	5.37%	30	20		1,771,000
VHCB		0.00%	4.00%	30	deferred		
HOME		0.00%	1.00%	20	int. only		
VCDP		0.00%	4.00%	30	deferred		
Other Equity		0.00%	N/A	N/A			
Tax Credit Equity	2,978,232	72.61%	N/A	N/A			2,981,213
TOTAL SOURCES	4,749,232	115.79%				650,631	4,752,213

USES

Acquisition	0	0.00%
Construction Hard Costs	3,769,144	79.32%
Soft Costs	982,920	20.68%
TOTAL USES	4,752,063	100%

Gap 2,831

General Partner's Capital Contribution	0	0.01%
Limited Partner's Capital Contribution	2,978,232	99.99%
Total Equity	2,978,232	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	23
Total Units	24
Unit Fraction	95.83%
Tax Credit Square Footage	22,240
Total Residential Square Footage	22,938
Square Footage Fraction	96.96%
Applicable Fraction	95.83%

Total Development Costs - Residential Only										Mixed-Use Only	
Budget			Per Unit	Per s.f.	VHCB	HOME	Allocation of Sources				
					Terms: _____	Terms: _____	VCDP	Debt terms: _____	Equity	Other	
					_____	_____	_____	20/30 _____	Terms: _____	_____	
					_____	_____	_____	5.5% _____	_____	_____	
					_____	_____	_____	_____	_____	_____	
					_____	_____	_____	_____	_____	_____	
					_____	_____	_____	_____	_____	_____	
					_____	_____	_____	_____	_____	_____	
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					_____	_____	_____	_____	_____	_____	
					_____	_____	_____	_____	_____	_____	
					_____	_____	_____	_____	_____	_____	
					_____	_____	_____	_____	_____	_____	
					_____	_____	_____	_____	_____	_____	
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					_____	_____	_____	_____	_____	_____	
					_____	_____	_____	_____	_____	_____	
					_____	_____	_____	_____	_____	_____	
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					_____	_____	_____	_____	_____	_____	
					_____	_____	_____	_____	_____	_____	
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	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
ACQUISITION						
1 Land	0					
2 Purchase of Building(s)	0					
3 Demolition (without replacement)	0					
4 Property Appraisal	0			0		
5 Legal - Title and Recording	0			0		
Subtotal - Acquisition	0					
CONSTRUCTION HARD COSTS						
6 Rehabilitation	0					
7 New Building(s)	2,573,426		2,573,426	2,573,426		
8 Accessory Buildings	0					
9 Sitework	298,838		298,838	298,838		
10 Commercial Space Costs (if any)	0					
11 General Requirements	58,658		58,658	58,658		
12 Contractor Overhead - in Construction	0		0	0		
13 Contractor Profit - in Construction	0		0	0		
14 Construction Contingency	201,059		201,059	201,059		
15 Construction Management	0		0	0		
16 Construction Bond Fee	62,640		62,640	62,640		
17 Hazardous Materials Abatement	0		0	0		
18 Off-Site Improvements	0		0	0		
19 Furnishings, Fixtures, & Equipment	27,600		27,600	27,600		
20 Other ()	0		0	0		
Subtotal - Hard Costs	3,222,220					
SOFT COSTS						
21 Architectural	42,691		42,691	42,691		
22 Engineering	42,691		42,691	42,691		
23 Legal/Accounting	23,538		23,538	23,538		
24 Relocation	0		0	0		
25 Environmental Assessment	0		0	0		
26 Energy Assessment	4,269		4,269	4,269		
27 Permits/Fees	34,153		34,153	34,153		
28 Independent Market Study	7,000		7,000	7,000		
29 Construction Period Insurance	12,807		12,807	12,807		
30 Construction Interest	26,778		26,778	26,778		
31 Construction Loan Origination Fee	17,710		17,710	17,710		
32 Taxes During Construction	8,538		8,538	8,538		
33 Clerk of the Works	0		0	0		
34 Marketing	12,807					
35 Tax Credit Fees	14,778		14,778	14,778		
36 Soft Cost Contingency	0		0	0		
37 Permanent Loan Origination Fee	17,710					
38 Lender's Counsel's Fee	8,538		8,538	8,538		
39 Other ()	0		0	0		
SYNDICATION COSTS						
40 Organizational (Partnership)	10,000					
41 Bridge Loan Fees and Expenses	74,813					
42 Syndication Consultant	74,456					
43 Tax Opinion	10,000					
DEVELOPER'S FEES						
44 Developer's Fees	287,739		287,739	287,739		
45 Other Partnership Fees	0		0	0		
46 Consultant Fees	67,400		67,400	67,400		
RESERVES						
47 Working Capital	21,580					
48 Rent-up (Deficit Escrow) Reserve	68,306					
49 Other Operating Reserves	0					
50 Sinking Fund	0					
51 Replacement Reserves	0					
Subtotal - Soft Costs	879,212					
TOTALS	4,101,432	0	3,820,851	3,793,251	0	
LESS: Amount of Non-qualified Financing						
LESS: Historic tax Credit (Residential Portion)			0	0		
Total Eligible Basis		0	3,820,851			
HHS: Adjusted for QCT-DDA	130.0%		4,967,107			
HHS: Applicable Fraction	95.83%	0	4,760,144			
Total Qualified Basis		0	4,760,144	3,793,251		
HHS: Applicable Percentage		3.27%	9.00%	27.5		
Total Annual Credit Qualified		0	428,413	137,936		
Total Tax Credits Requested	363,199			27,600		
Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only)	2,978,232			7		
Estimated Yield - Housing Credit Syndication	82.01%			3,943		
Equity Gap	2,330,432					
Credits Needed to fill Equity Gap	284,199					

27-Mar-09 Centre Drive, Milton Vermont

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br		698	7	767		64,428
2 Br		1,053	14	911		153,048
3 Br		1,304	2	1,045		25,080
4+ Br		0	0	0		0
Totals		22,240	23			242,556

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br		698	1	950		11,400
2 Br			0	0		0
3 Br			0	0		0
4+ Br			0	0		0
Totals		698	1			11,400

Common Area Square Footage

Grand Totals	28,027	24		253,956
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Less Vacancy 5.00% (12,698)

OTHER INCOME

Laundry				0
Parking				0
Commercial Space Income	6,544 Sq. Ft.			74,602
Other				0

TOTAL INCOME 315,860

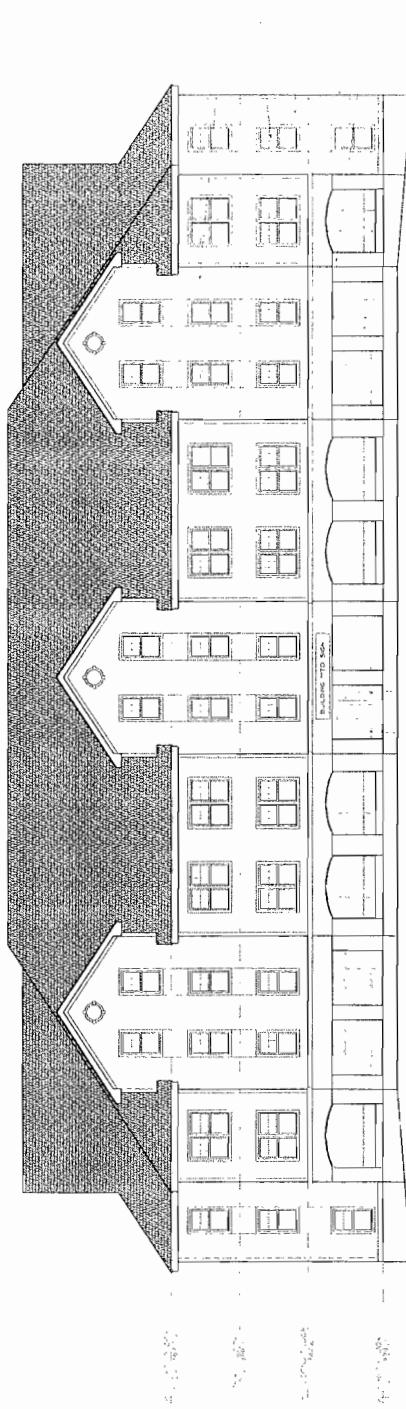
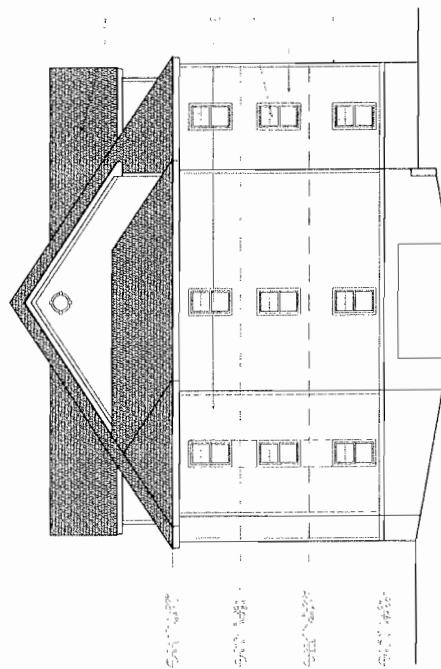
NET RENT 241,258

Building #	Unit #	Check all Applicable					A			B						C																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
		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:																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							
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Total Annual Rent 264,780

27-Mar-09 **Centre Drive, Milton Vermont**

	Residential		Per Unit	
	Annual	Monthly	Per Month	
Administration				
Management Fee	15,700	1,308	55	5.0%
Supportive Services		0	0	
Audit/Accounting	3,415	285	12	
Legal	854	71	3	
Compliance Monitoring	1,500	125	5	
Marketing	1,281	107	4	
Other		0	0	
TOTAL ADMINISTRATIVE	22,750	1,896	79	
Utilities				
Electricity	1,500	125	5	
Fuel	15,000	1,250	52	
Water and Sewer	6,404	534	22	
Fire Alarm / Emergency	854	71	3	
Other		0	0	
TOTAL UTILITIES	23,758	1,980	82	
Maintenance				
Maintenance / Janitor Payroll	15,000	1,250	52	
Janitor Supplies	500	42	2	
Exterminating	500	42	2	
Trash Removal	4,000	333	14	
Snow Removal	1,708	142	6	
Grounds	2,135	178	7	
Repairs Material	2,000	167	7	
Repairs Contract	2,000	167	7	
HVAC Repairs / Maintenance	500	42	2	
Elevator Contract / Repairs	3,000	250	10	
Painting and Decorating	2,500	208	9	
Other		0	0	
TOTAL MAINTENANCE	33,843	2,820	118	
Real Estate Taxes	35,861	2,988	125	per unit month excl. ds & res. 439
Property Insurance	10,246	854	36	
Replacement Reserves	10,080	840	35	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other - Land Lease	30,738	2,562	107	
Total	167,276	13,940	581	

EAST ELEVATION

NORTH ELEVATION

STARKY NOBINE

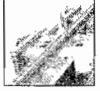
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Author	Year	Method	Sample Size	Findings
Wright et al.	1990	Survey	1000	High levels of stress and anxiety among nurses
Smith et al.	1992	Survey	1500	Increased stress levels in nurses working in intensive care
Johnson et al.	1995	Survey	2000	Stress and burnout in nurses: a longitudinal study
Miller et al.	1998	Survey	1200	Impact of workload on nurse stress and patient care
Chen et al.	2001	Survey	1800	Stress and job satisfaction in nurses: a cross-sectional study
Lee et al.	2003	Survey	1600	Stress and burnout in nurses: a meta-analysis
Kim et al.	2005	Survey	1400	Stress and job satisfaction in nurses: a longitudinal study
Wang et al.	2007	Survey	1700	Stress and burnout in nurses: a cross-sectional study
Li et al.	2009	Survey	1900	Stress and job satisfaction in nurses: a longitudinal study
Chen et al.	2011	Survey	2100	Stress and burnout in nurses: a meta-analysis
Wang et al.	2013	Survey	2300	Stress and job satisfaction in nurses: a longitudinal study
Li et al.	2015	Survey	2500	Stress and burnout in nurses: a cross-sectional study
Chen et al.	2017	Survey	2700	Stress and job satisfaction in nurses: a longitudinal study
Wang et al.	2019	Survey	2900	Stress and burnout in nurses: a meta-analysis
Li et al.	2021	Survey	3100	Stress and job satisfaction in nurses: a longitudinal study

EXTERIOR ELEVATIONS

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CENTRE DRIVE MIXED SE BUILDING



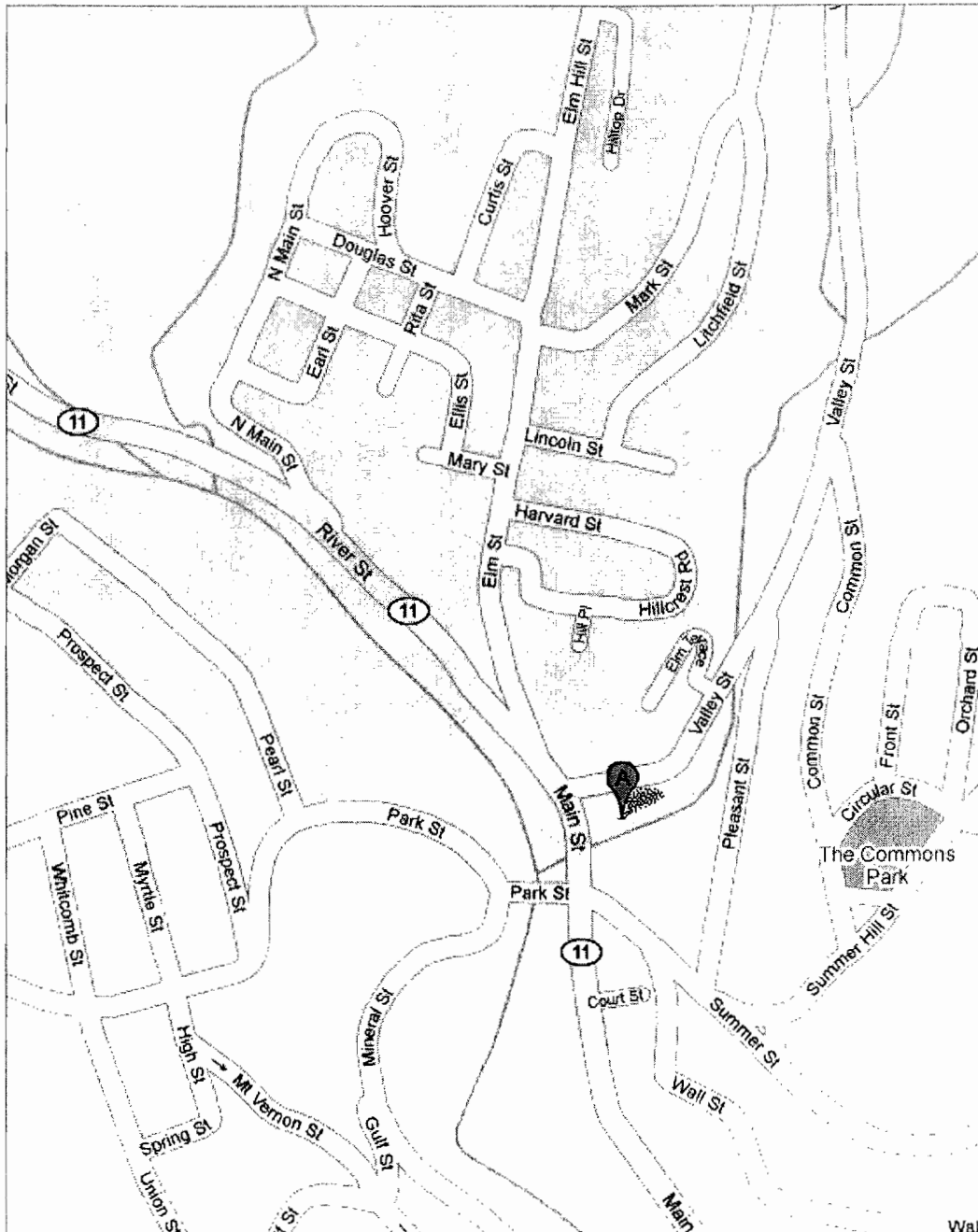
RABIDEAU ARCHITECTS
25 ST PAUL ST, SUITE 110
Burlington, VT 05401
Tel: 802.685.0142
Fax: 802.685.0147

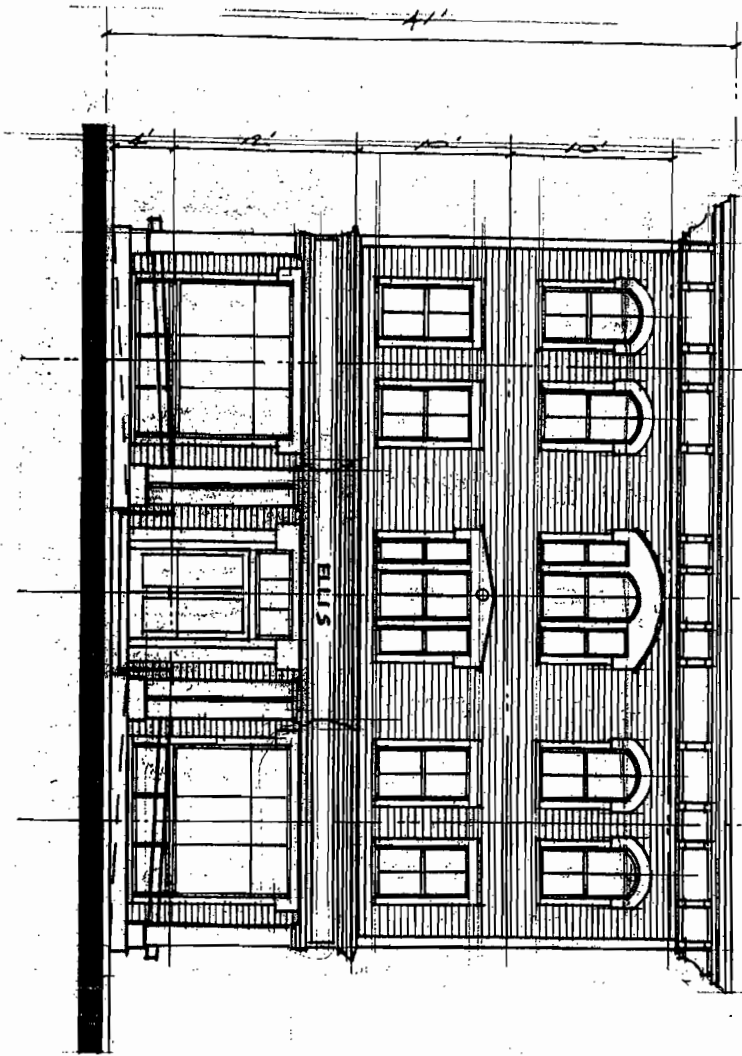


Address **26 Main St**
Springfield, VT 05156

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ELEVATION

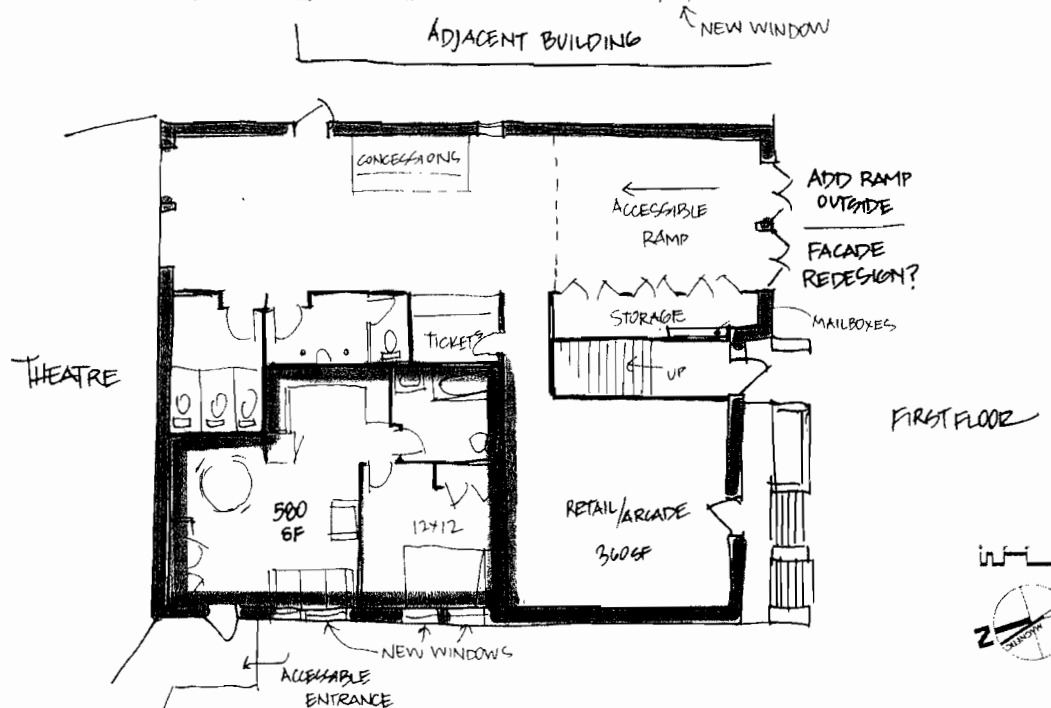
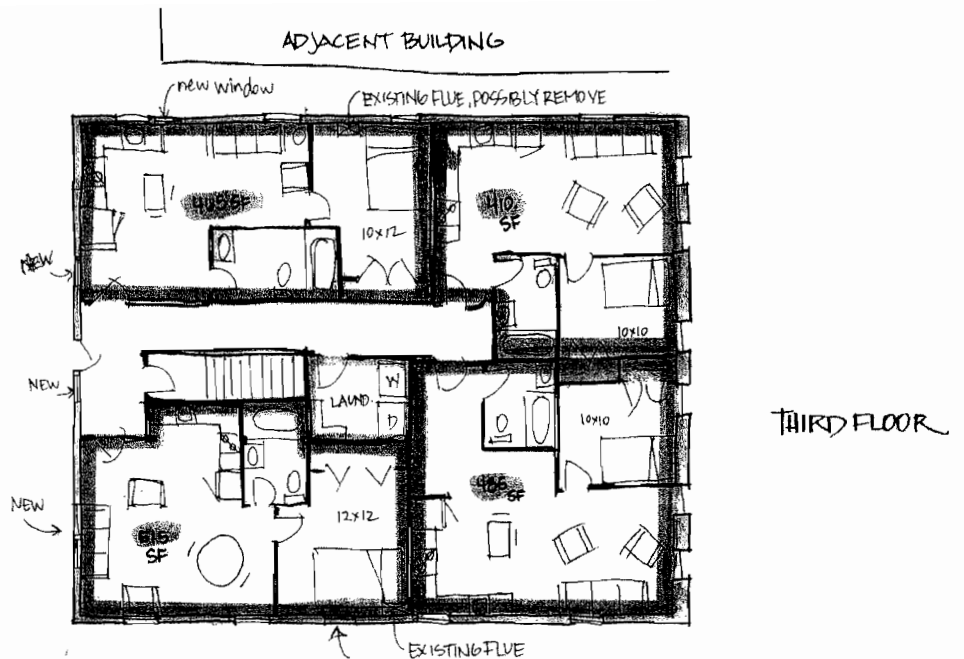
THE ELLIS BLOCK

SPRINGFIELD, VT

PRELIMINARY SKETCH PLANS 1-2007

123 ST PAUL ST

BURKINGTON VT 05401



Total Rental Residential Units:	9	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	9	Increase in Income from Other Sources:	1.50%
Percent Restricted:	100.00%	Increase in Income from Commercial:	1.50%
Total Rental Development Cost:	1,236,712	Expense increase:	2.25%
Total Rental Dev. Cost per Unit:	137,412	Vacancy Rate:	5.00%
Total Rental Dev. Cost Per SF:	103	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	100,728	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	110,000	Sponsor's Estimated Yield:	0.85

LIHTC - 9%	9.00%	
LIHTC - 4%	3.27%	March 2009

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
Town of Springfield	25,000	0.89%	0.00%	30	30
VCDP-CDBG	0	0.00%	0.00%	deferred	30
NSP	1,235,000	43.80%	0.00%	deferred	30
VCDP- stabilization	165,000	5.85%	0.00%	deferred	30
Springfield Housing Unlimited	50,000	1.77%	0.00%	deferred	30
LIHTC equity	1,344,837	47.69%	N/A	N/A	N/A
TOTAL SOURCES	2,819,837	100.00%			
Residential Only	1,343,083				

USES

Acquisition	4,310	0.15%
Construction Hard Costs	2,111,163	74.87%
Soft Costs	704,365	24.98%
TOTAL USES	2,819,837	100.00%

Gap	0
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General Partner's Capital Contribution	465	0.05%
Limited Partner's Capital Contribution	929,407	99.99%
Total Equity	929,872	100.0%

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	9
Total Units	9
Unit Fraction	100.00%
Tax Credit Square Footage	5,040
Total Residential Square Footage	6,048
Square Footage Fraction	83.33%
Applicable Fraction	83.33%

	Budget	Per Unit	Per s.f	Housing	Commercial	Stabilization	Housing + Stabilization	Per Square Foot
ACQUISITION				52%	48%			
1 Land	10	1	0.00	0	0	10	5	0.00
2 Purchase of Building(s)	0	0	0.00	0	0	0	0	0.00
3 Demolition (without replacement)	0	0	0.00	0	0	0	0	0.00
4 Property Appraisal	0	0	0.00	0	0	0	0	0.00
5 Legal - Title and Recording	4,300	478	0.71	2,184	2,016	100	2,236	0.37
Acquisition/Carrying Costs	0	0	0.00	0	0	0	0	0.00
Subtotal - Acquisition	4,310	479	0.71	2,184	2,016	110	2,241	0.37
CONSTRUCTION HARD COSTS								
6 Rehabilitation	1,290,000	143,333	213.29	816,480	473,520		816,480	135.00
7 Commercial fit up	441,420	49,047	72.99		441,420		0	0.00
8 Abatement	10,000	1,111	1.65		10,000		0	0.00
9 Demolition & Stabilization	168,000	18,667	27.78	0	0	168,000	87,360	14.44
10	0	0	0.00	0	0	0	0	0.00
11 Clerk of the Works	0	0	0.00	0	0	0	0	0.00
12 Contractor Overhead	0	0	0.00	0	0	0	0	0.00
13 Contractor Profit	0	0	0.00	0	0	0	0	0.00
14 Construction Contingency	192,743	21,416	31.87	82,548	92,494	16,800	91,284	15.09
15 Construction Management	0	0	0.00	0	0	0	0	0.00
16 Construction Bond Fee	0	0	0.00	0	0	0	0	0.00
17 Hazardous Materials Abatement	0	0	0.00	0	0	0	0	0.00
18 Off-Site Improvements	0	0	0.00	0	0	0	0	0.00
19 Furnishings, Fixtures, & Equipment	9,000	1,000	1.49	9,000	0	0	9,000	1.49
20 Other ()	0	0	0.00	0	0	0	0	0.00
Subtotal - Hard Costs	2,111,163	234,574	349.07	908,028	1,017,434	184,800	1,004,124	166.03
SOFT COSTS								
21 Architectural	127,400	14,156	21.06	53,000	65,900	8,500	57,420	9.49
22 Historic Preservation Consultant	19,450	2,161	3.22	3,000	15,000		3,000	0.50
23 Legal/Accounting	35,000	3,889	5.79	15,000	13,920	6,000	18,200	3.01
24 Relocation	0	0	0.00	0	0	800	416	0.07
25 Environmental Assessment	22,550	2,506	3.73	11,726	10,824		11,726	1.94
26 Energy Assessment	0	0	0.00	0	0	0	0	0.00
27 Permits/Fees	17,224	1,914	2.85	9,000	7,424		9,000	1.49
28 Independent Market Study	18,000	2,000	2.98	3,000	15,000		3,000	0.50
29 Construction Period Insurance	10,211	1,135	1.69	3,438	3,173	3,600	5,310	0.88
30 Construction Interest	38,500	4,278	6.37	20,020	18,480		20,020	3.31
31 Construction Loan Origination Fee	0	0	0.00	0	0	0	0	0.00
32 Taxes During Construction	0	0	0.00	0	0	0	0	0.00
33	0	0	0.00	0	0	0	0	0.00
34 Marketing	0	0	0.00	0	0	0	0	0.00
35 Tax Credit Fees	14,050	1,561	2.32	14,950			14,950	2.47
36 Soft Cost Contingency	5,000	556	0.83	2,210	2,040	750	2,600	0.43
37 Permanent Loan Origination Fee	29,800	3,311	4.93	15,496	14,304		15,496	2.56
38 Lender's Counsel's Fee	0	0	0.00	0	0	0	0	0.00
39 Other ()	0	0	0.00	0	0	0	0	0.00
SYNDICATION COSTS				0	0		0	
40 Organizational (Partnership)	0	0	0.00	0	0	0	0	0.00
41 Bridge Loan Fees and Expenses	0	0	0.00	0	0	0	0	0.00
42 Syndication Consultant	0	0	0.00	0	0	0	0	0.00
43 Tax Opinion	0	0	0.00	0	0	0	0	0.00
DEVELOPER'S FEES				0	0		0	
44 Developer's Fees	280,000	31,111	46.30	145,600	134,400		145,600	24.07
45 Other Partnership Fees	0	0	0.00	0	0	0	0	0.00
46 Consultant Fees	0	0	0.00	0	0	0	0	0.00
RESERVES				0	0		0	
47 Working Capital	0	0	0.00	0	0	0	0	0.00
48 Rent-up (Deficit Escrow) Reserve	15,000	1,667	2.48	7,800	7,200		7,800	1.29
49 Other Operating Reserves	22,180	2,464	3.67	22,180			22,180	3.67
50 Sinking Fund/Capitalized Lease	50,000	5,556	8.27		50,000		0	0.00
51 Replacement Reserves	0	0	0.00	0	0	0	0	0.00
Subtotal - Soft Costs	704,365	78,263	116.46	326,500	357,665	19,650	336,718	55.67
TOTAL DEVELOPMENT COSTS	2,819,838	313,315	235	1,236,712	1,377,115	204,560	1,343,083	222.07
			over (under)			2,818,387		
COST BASIS FOR DEVEL FEE	2,452,658							
DEVELOPER FEE	280,000							
DEVELOPER FEE %	11.42%			2,782,658				

$$u = 1 - \frac{1}{2} \ln \frac{1 + \sqrt{1 - 4\alpha}}{1 - \sqrt{1 - 4\alpha}} \quad \text{as } \alpha \rightarrow 0^+.$$

30-Mar-09 **Ellis Block**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		560	9	616	0	66,528
2 Br		0	0	0	0	0
3 Br		0	0	0	0	0
Totals		5,040	9			66,528
Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		0	0	0	0	0
2 Br		0	0	0	0	0
3 Br		0	0	0	0	0
4+ Br		0	0	0	0	0
Totals		0	0			0
Common Area Square Footage		0				
		1,008				
Grand Totals		6,048	9			66,528
	Less Vacancy		5.00%			(3,326)
					<u>NET RENT</u>	<u>63,202</u>
	OTHER INCOME					
	Laundry					0
	Parking					0
	Commercial Space Income					21,660
	Other					0
					<u>TOTAL INCOME</u>	<u>84,862</u>

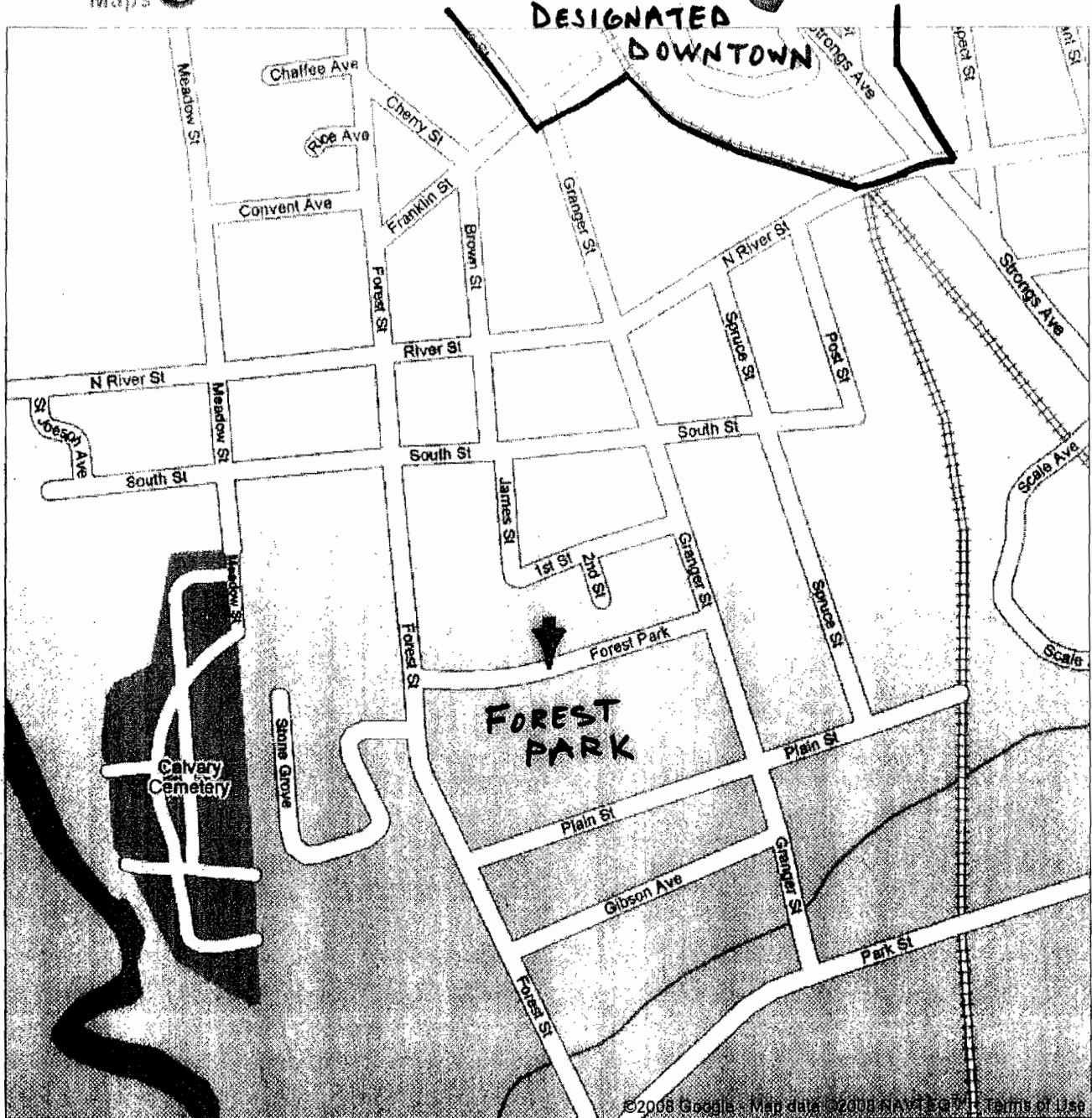
30-Mar-09 **Ellis Block**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	7,560	630	70	8.9%
Supportive Services	0	0	0	
Audit/Accounting	4,320	360	40	
Legal	1,080	90	10	
Compliance Monitoring	648	54	6	
Marketing	540	45	5	
Other	864	72	8	
TOTAL ADMINISTRATIVE	15,012	1,251	139	
Utilities				
Electricity	3,240	270	30	
Fuel - oil	9,180	765	85	
Water and Sewer	3,240	270	30	
Fire Alarm / Emergency	2,160	180	20	
Other	0	0	0	
TOTAL UTILITIES	17,820	1,485	165	
Maintenance				
Maintenance / Janitor Payroll	8,100	675	75	
Janitor Supplies	2,700	225	25	
Exterminating	540	45	5	
Trash Removal	1,404	117	13	
Snow Removal	864	72	8	
Grounds	0	0	0	
Repairs Material	0	0	0	
Repairs Contract	0	0	0	
HVAC Repairs / Maintenance	1,620	135	15	
Elevator Contract / Repairs	0	0	0	
Painting and Decorating	1,080	90	10	
Other	0	0	0	
TOTAL MAINTENANCE	16,308	1,359	151	
Real Estate Taxes	13,836	1,153	128	per unit month excl. ds & res. 618
Property Insurance	3,780	315	35	
Replacement Reserves	4,860	405	45	
Primary Debt Service	833	69	8	
Other "must pay" debt service	0	0	0	
Other	0	0	0	
Total	72,449	6,037	671	
"Below-the-Line" Expenses:				
Special LP or GP Fee				
Repayment of Deferred Fee	0			
Partnership Audit or K-1 Fee	0			
Distribution	0			
Net to Residual				
Receipts/Cumulative Cash Flow	72,449			



Address **Forest Park**
Rutland, VT 05701

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FOREST PARK

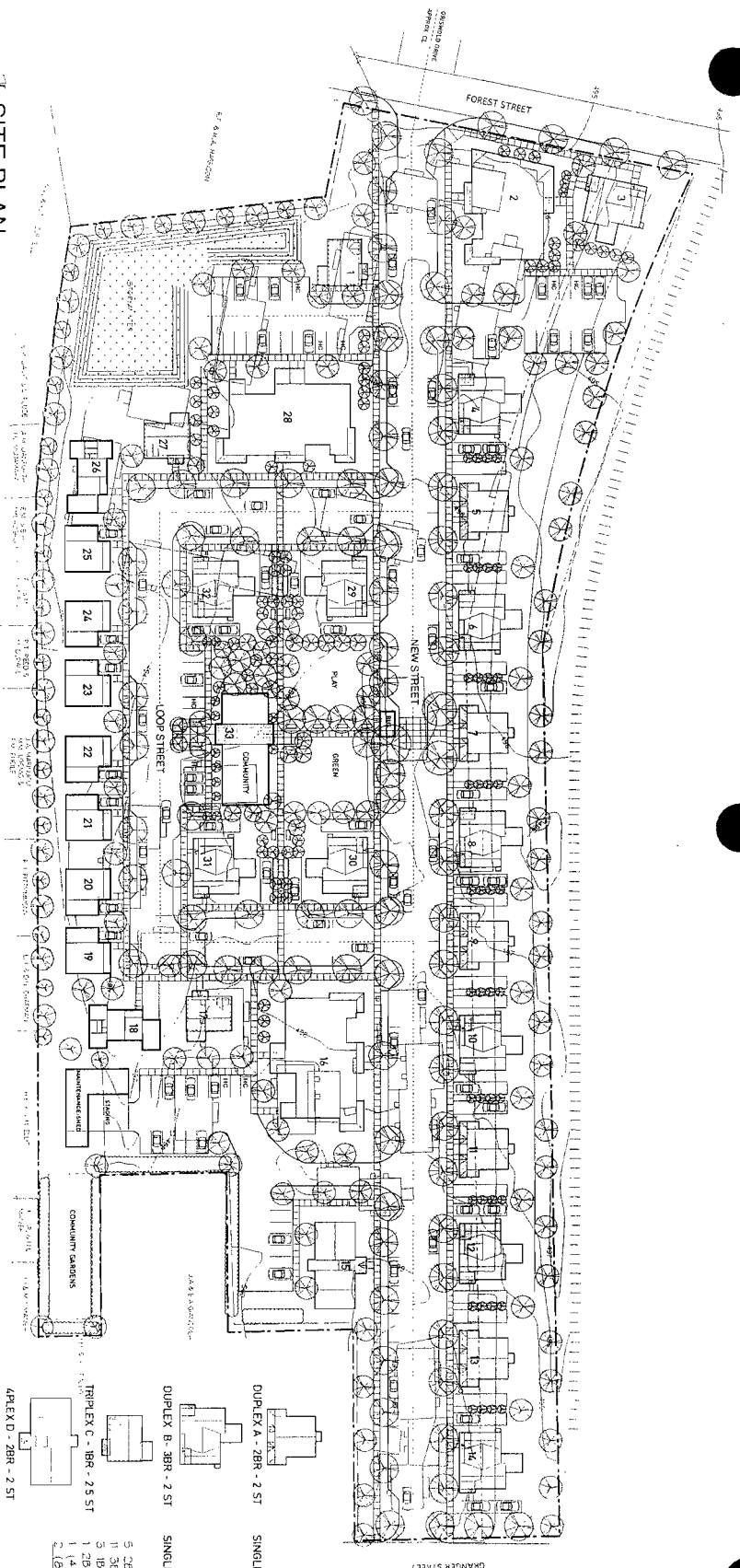
RUTLAND VERMONT

PRELIMINARY CONCEPT - NOT FOR CONSTRUCTION

Duncan Wisniewski
ARCHITECTURE
55 GORTON STREET
RUTLAND, VT 05701
TEL: 802.255.1234
FAX: 802.255.1235
WWW.DUNCANWISNIEWSKI.COM

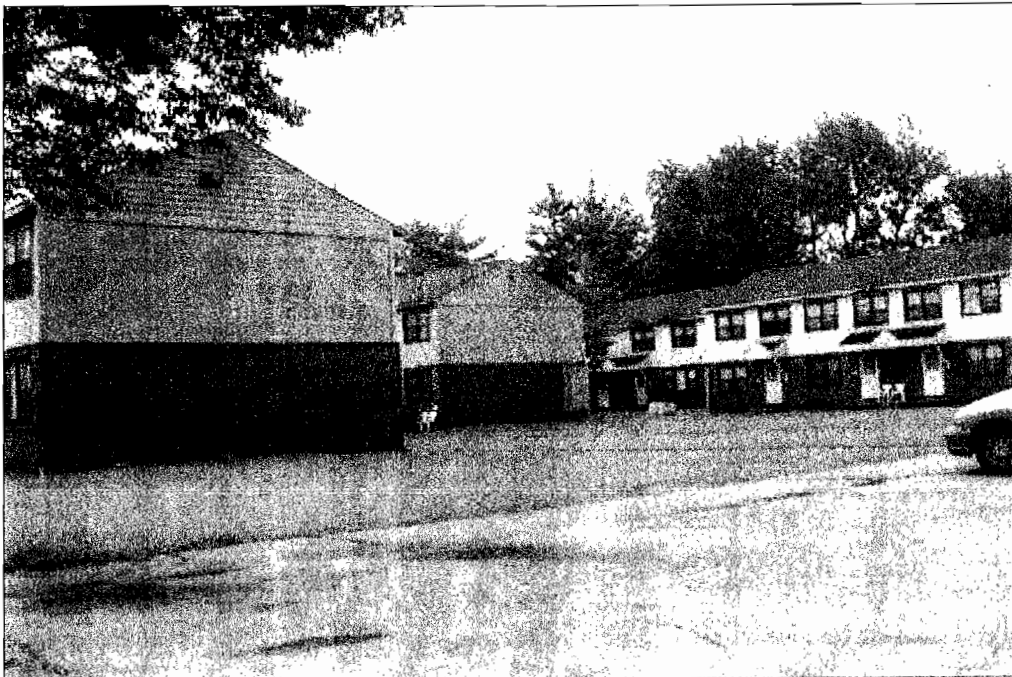
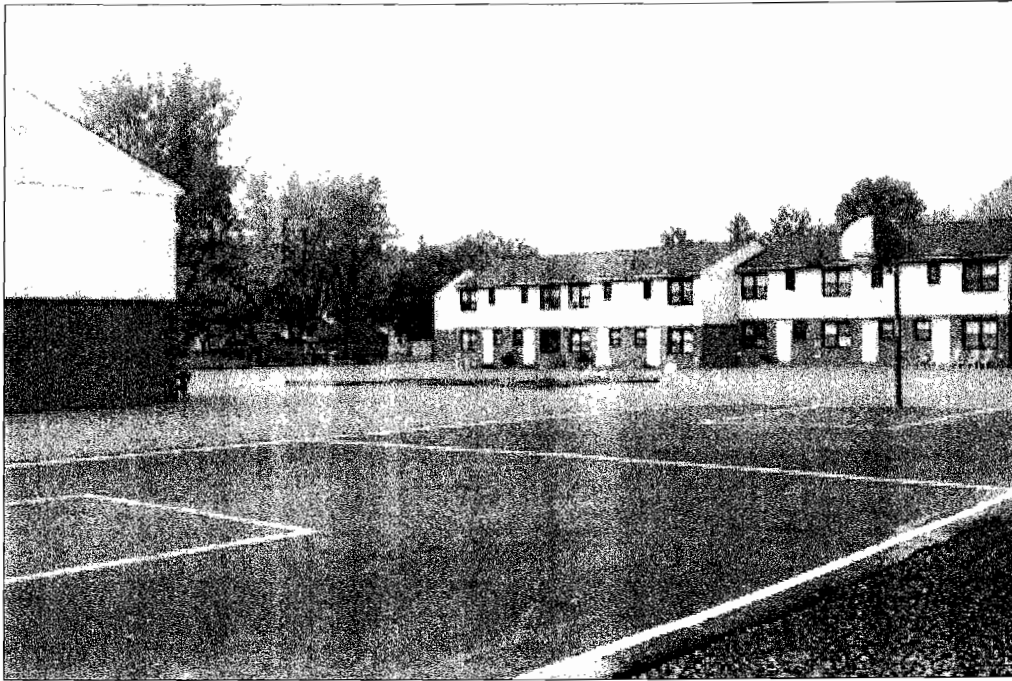
1 SITE PLAN

0 40 100



- DUPLEX A - 2BR - 2 ST**
10
- SINGLE FAMILY G - 2BR - 2 ST**
11
- DUPLEX B - 3BR - 2 ST**
12
- SINGLE FAMILY H - 2BR - 1 ST**
13
- TRIPLEX C - 1BR - 2.5 ST**
14
- 4PLEX D - 2BR - 2 ST**
15
- 9PLEX E - 2BR/3BR - 3 ST**
16
- 12PLEX F - 2BR/3BR - 3 ST**
17
- 5 CDR DUPLEX**
18
- 11 3BR DUPLEX**
19
- 3 1BR DUPLEX**
20
- 1 2BR 4PLEX**
21
- 1 (4 CDR) 5 CDR 9PLEX**
22
- 2 (6 CDR) 4 CDR 9PLEX**
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- RETAIL TYPES:**
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- DRIVEWAY/GARAGE**
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- LOTS**
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Forest Park photographs continued



Total Rental Residential Units:	87	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	64	Increase in Income from Other Sources:	1.50%
Percent Restricted:	73.56%	Increase in Income from Commercial:	0.00%
Total Development Cost:	19,452,125	Expense increase:	3.00%
Total Dev. Cost per Unit:	223,588	Vacancy Rate:	5.00%
Total Dev. Cost Per SF:	180.97	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	1,337,945	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	1,023,000	Sponsor's Estimated Yield:	81.08%

LIHTC - 9%	9.00%	(April '09)	78
LIHTC - 4%	3.29%		

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term	Rental
Bank debt	600,000	3.08%	3.00%	30	30	200,000
VHCB-HOME	500,000	2.57%	4.50%	30	deferred	500,000
VHCB	900,000	4.63%	0.00%	30	deferred	900,000
VCDP	750,000	3.86%	4.50%	30	deferred	750,000
HOPE VI	8,046,825	41.37%	4.50%	55	deferred	7,612,461
Home sales		0.00%	N/A	N/A	N/A	
FHLB-AHP advanced loan		0.00%	3.00%	20	30	495,000
FHLB-AHP grant	330,000	1.70%	0.00%	N/A	N/A	325,000
REEP	39,000	0.20%	N/A	N/A	N/A	
Tax Credit Equity	8,286,300	42.60%	N/A	N/A	N/A	8,385,217
TOTAL SOURCES	19,452,125	100.00%				19,167,678

VHFA Construction Loan	9,250,000					245,739
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USES

Acquisition	1,253,536	6.44%
Construction Hard Costs	14,787,131	76.02%
Soft Costs	3,411,458	17.54%
TOTAL USES	19,452,125	100%

Gap	0
-----	---

General Partner's Capital Contribution		0.10%
Limited Partner's Capital Contribution	8,286,300	99.90%
Total Equity	8,286,300	100.0%

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	64
Total Units	78
Unit Fraction	82.05%
Tax Credit Square Footage	65,749
Total Residential Square Footage	79,941
Square Footage Fraction	82.25%
Applicable Fraction	82.05%

	Rental Budget	Per Unit	Per s.f.
ACQUISITION			
1 Land	0	0	0.00
2 Purchase of Building(s)	0	0	0.00
3 Demolition (without replacement)	99,895	1,148	0.93
4 Property Appraisal	8,058	93	0.07
5 Legal - Title and Recording	4,029	46	0.04
Asbestos Abatement	1,141,554	13,121	10.62
Subtotal - Acquisition	1,253,536	14,408	11.66
CONSTRUCTION HARD COSTS			
6 Rehabilitation	0	0	0.00
7 New Building(s)	11,128,282	127,911	103.53
8 Total Homeownership Costs		0	0.00
9 Sitework	2,049,374	23,556	19.07
10 Community building & playground	381,034	4,380	3.54
11 City Road	470,690	5,410	4.38
12 Contractor Overhead		0	0.00
13 Contractor Profit		0	0.00
14 Construction Contingency	661,950	7,609	6.16
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	95,801	1,101	0.89
20 Other ()		0	0.00
Subtotal - Hard Costs	14,787,131	169,967	137.57
SOFT COSTS			
21 Architectural	764,310	8,785	7.11
22 Engineering	0	0	0.00
23 Legal/Accounting	44,828	515	0.42
24 Relocation	198,732	2,284	1.85
25 Environmental Assessment	14,793	170	0.14
26 Energy Assessment		0	0.00
27 Permits/Fees	139,600	1,605	1.30
28 Independent Market Study	3,586	41	0.03
29 Construction Period Insurance		0	0.00
30 Construction Interest	372,684	4,284	3.47
31 Construction Loan Origination Fee		0	0.00
32 Taxes During Construction	35,813	412	0.33
33 Clerk of the Works		0	0.00
34 Marketing		0	0.00
35 Tax Credit Fees	40,600	467	0.38
36 Soft Cost Contingency	8,966	103	0.08
37 Permanent Loan Origination Fee	44,431	511	0.41
38 Lender's Counsel's Fee		0	0.00
39 Other ()		0	0.00
SYNDICATION COSTS			
40 Organizational (Partnership)		0	0.00
41 Bridge Loan Fees and Expenses		0	0.00
42 Syndication Consultant		0	0.00
43 Tax Opinion		0	0.00
DEVELOPER'S FEES			
44 Developer's Fees	1,434,482	16,488	13.35
45 Other Partnership Fees		0	0.00
46 Consultant Fees	107,586	1,237	1.00
RESERVES			
47 Working Capital		0	0.00
48 Rent-up (Deficit Escrow) Reserve	35,000	402	0.33
49 Other Operating Reserves	166,046	1,909	1.54
50 Sinking Fund		0	0.00
51 Replacement Reserves		0	0.00
Subtotal - Soft Costs	3,411,458	39,212	31.74
TOTAL DEVELOPMENT COSTS	19,452,125	223,588	180.97

	Rental Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
ACQUISITION						
1 Land	0					
2 Purchase of Building(s)	0	0				
3 Demolition (without replacement)	99,895					
4 Property Appraisal	8,058		8,058	8,058		
5 Legal - Title and Recording	4,029		4,029	4,029		
Subtotal - Acquisition	1,253,536					
CONSTRUCTION HARD COSTS						
6 Rehabilitation	0		0	0		
7 New Building(s)	11,128,282		11,128,282	11,128,282		
8 Total Homeownership Costs	0		0	0		
9 Sitework	2,049,374		2,049,374	2,049,374		
10 Community building & playground	381,034		381,034	381,034		
11 City Road	470,690		0	0		
12 Contractor Overhead	0		0	0		
13 Contractor Profit	0		0	0		
14 Construction Contingency	661,950		661,950	661,950		
15 Construction Management	0		0	0		
16 Construction Bond Fee	0		0	0		
17 Hazardous Materials Abatement	0		824,034	1,141,554		
18 Off-Site Improvements	0		0	0		
19 Furnishings, Fixtures, & Equipment	95,801		95,801	95,801		
20 Other ()	0		0	0		
Subtotal - Hard Costs	14,787,131					
SOFT COSTS						
21 Architectural	764,310		764,310	764,310		
22 Engineering	0		0	0		
23 Legal/Accounting	44,828		44,828	44,828		
24 Relocation	198,732		198,732	198,732		
25 Environmental Assessment	14,793		14,793	14,793		
26 Energy Assessment	0		0	0		
27 Permits/Fees	139,600		139,600	139,600		
28 Independent Market Study	3,586		0	0		
29 Construction Period Insurance	0		0	0		
30 Construction Interest	372,684		279,513	279,513		
31 Construction Loan Origination Fee	0		0	0		
32 Taxes During Construction	35,813		35,813	35,813		
33 Clerk of the Works	0		0	0		
34 Marketing	0		0	0		
35 Tax Credit Fees	40,600		0	40,600		
36 Soft Cost Contingency	8,966		8,966	8,966		
37 Permanent Loan Origination Fee	44,431		44,431	44,431		
38 Lender's Counsel's Fee	0		0	0		
39 Other ()	0		0	0		
SYNDICATION COSTS						
40 Organizational (Partnership)	0					
41 Bridge Loan Fees and Expenses	0					
42 Syndication Consultant	0					
43 Tax Opinion	0					
DEVELOPER'S FEES						
44 Developer's Fees	1,434,482		1,434,482	1,434,482		
45 Other Partnership Fees	0		0	0		
46 Consultant Fees	107,586		0	107,586		
RESERVES						
47 Working Capital	0					
48 Rent-up (Deficit Escrow) Reserve	35,000			17,500		
49 Other Operating Reserves	166,046					
50 Sinking Fund	0					
51 Replacement Reserves	0					
Subtotal - Soft Costs	3,411,458					
TOTALS	19,452,125	0	18,118,030	18,505,435	0	
LESS: Amount of Non-qualified Financing						
LESS: Historic tax Credit (Residential Portion)			0	0		
Total Eligible Basis		0	18,118,004		20% Historic Credit Rate	
TIME: Adjusted for QCT/DDA	100.0%		18,118,004		0 Annual Historic Credit	
TIME: Applicable Fraction	82.05%	0	14,866,055			
Total Qualified Basis		0	14,866,055	18,505,435	Long Term Depreciable Basis	
TIME: Applicable Percentage		3.27%	9.00%	27.5	Depreciation Schedule	
Total Annual Credit Qualified		0	1,337,945	672,925	Annual Depreciation	
Total Tax Credits Requested	1,023,000			95,801	Short Term Depreciable Basis	
Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only)	8,286,300			7	Depreciation Schedule	
Estimated Yield - Housing Credit Syndication	81.08%			13,686	Annual Depreciation	
Equity Gap	8,286,300					
Credits Needed to fill Equity Gap	1,023,000					

29-Mar-09 **Forest Park**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br		0	0	0		0
1 Br		766	8	519	29	49,824
2 Br		904	27	613	44	198,612
3 Br		1,163	24	709	44	204,192
4 Br		1,464	5	683	59	40,980
	Totals	37,856	64			493,608
Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br		0	0	0		0
1 Br		728	1	620	29	7,440
2 Br		955	6	721	44	51,912
3 Br		1,105	7	953	59	80,052
4+ Br			0	0		0
	Totals	14,193	14			139,404
Common Area Square Footage homeownership units		18,588				
		12,224	9			
	Grand Totals	82,861	87			633,012
	70,637					
	Less Vacancy		5.00%			(31,651)
					<u>NET RENT</u>	<u>601,361</u>
	OTHER INCOME					
	Laundry					0
	Parking					0
	Commercial Space Income					0
	Other					500
					<u>TOTAL INCOME</u>	<u>601,861</u>

[illegible]

Forest Park

Building #	Unit #	Check all Applicable								A			B						C																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
		HOV4+ Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHC/B 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:																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
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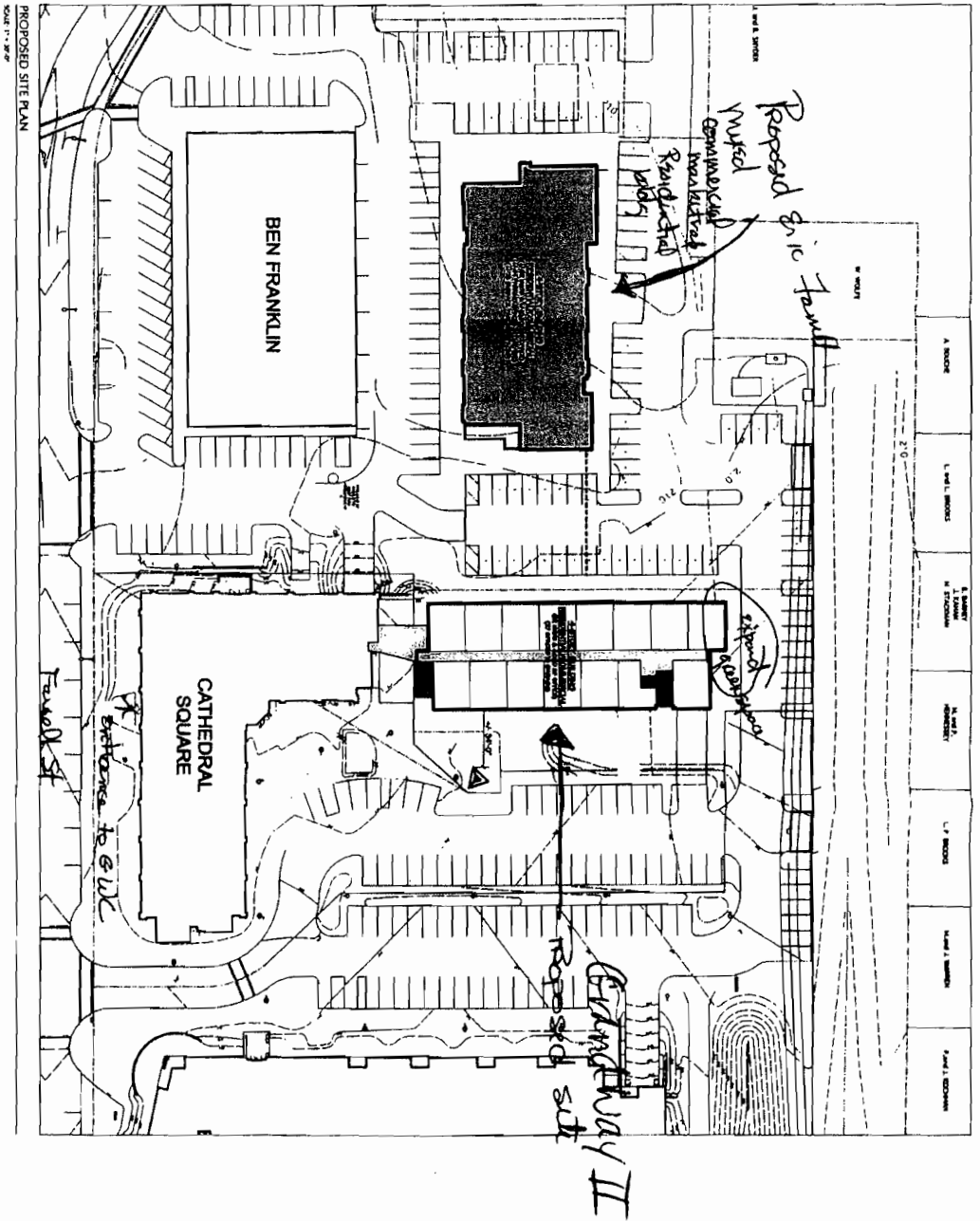
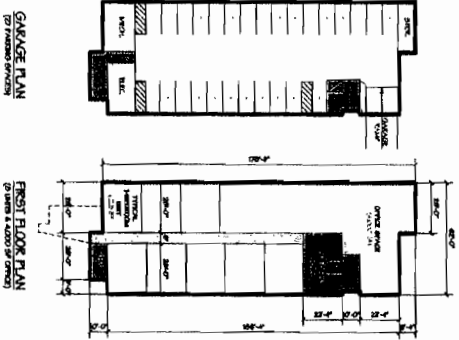
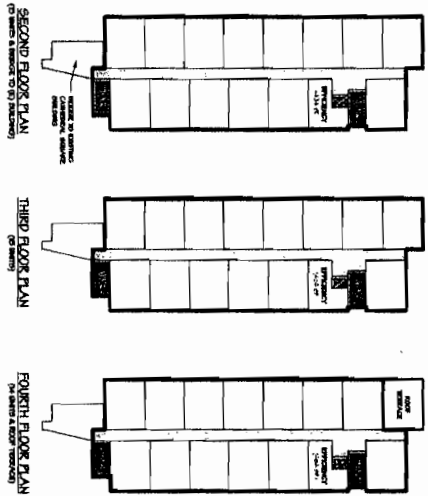
total rental SF 107,487

29-Mar-09 **Forest Park**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	65,520	5,460	63	10.9%
Supportive Services	32,760	2,730	31	
Audit/Accounting	3,744	312	4	
Legal	4,680	390	4	
Compliance Monitoring	2,592	216	2	
Marketing	0	0	0	
Other	11,232	936	11	
TOTAL ADMINISTRATIVE	120,528	10,044	115	
Utilities				
Electricity	5,616	468	5	
Fuel	74,880	6,240	72	
Water and Sewer	28,080	2,340	27	
Fire Alarm / Emergency	4,680	390	4	
Other		0	0	
TOTAL UTILITIES	113,256	9,438	108	
Maintenance				
Maintenance / Janitor Payroll	51,480	4,290	49	
Janitor Supplies	18,720	1,560	18	
Exterminating	4,680	390	4	
Trash Removal	20,592	1,716	20	
Snow Removal	13,104	1,092	13	
Grounds	14,976	1,248	14	
Repairs Material	0	0	0	
Repairs Contract	0	0	0	
HVAC Repairs / Maintenance	4,680	390	4	
Elevator Contract / Repairs	0	0	0	
Painting and Decorating	7,488	624	7	
Other	4,680	390	4	
TOTAL MAINTENANCE	140,400	11,700	134	
Real Estate Taxes	65,520	5,460	63	per unit month excl. ds & res. 448
Property Insurance	28,080	2,340	27	
Replacement Reserves	42,120	3,510	40	
Primary Debt Service	30,355	2,530	29	
Other "must pay" debt service		0	0	
Other	0	0	0	
Total	540,259	45,022	517	

2013 Mar 09		Forest Park														
Year		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income	Gross Rent	633,012	642,507	652,145	661,927	671,856	681,934	692,163	702,545	713,083	723,780	734,636	745,656	756,841	768,193	779,716
	Other Income	500	508	515	523	531	539	547	555	563	572	580	589	598	607	616
	Vacancy and other losses	(31,651)	(32,125)	(32,607)	(33,096)	(33,593)	(34,097)	(34,608)	(35,127)	(35,654)	(36,189)	(36,732)	(37,283)	(37,842)	(38,410)	(38,986)
	Total Operating Income	601,861	610,889	620,053	629,353	638,794	648,376	658,101	667,973	677,992	688,162	698,483	708,962	719,596	730,390	741,346
	Operating Expenses															
	Total Expenses (incl. Reserves)	467,784	481,818	496,272	511,160	526,495	542,200	558,559	575,315	592,575	610,352	628,663	647,522	666,948	686,957	707,565
	Reserves	42,120	42,752	43,393	44,044	44,705	45,375	46,056	46,747	47,448	48,160	48,882	49,615	50,359	51,115	51,882
	Total Operating Expense	509,904	524,569	539,665	555,204	571,200	587,663	604,614	622,062	640,023	658,512	677,545	697,138	717,308	738,071	759,447
	Net Operating Income	91,957	86,320	80,388	74,149	67,594	60,711	53,487	45,911	37,970	29,651	20,940	11,824	2,289	(7,681)	(18,101)
	Less Primary Debt Service	30,355	30,355	30,355	30,355	30,355	30,355	30,355	30,355	30,355	30,355	30,355	30,355	30,355	30,355	30,355
	Less Secondary Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative Cash Flow	Annual Cash Flow	61,602	55,965	50,032	43,794	37,239	30,355	23,131	15,555	7,614	(705)	(9,415)	(18,531)	(28,067)	(38,037)	(48,456)
	Operating Subsidies	0	0	0	0	0	0	0	0	0	705	9,415	18,531	28,067	38,037	48,456
	Sinking Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Net Cash	61,602	55,965	50,032	43,794	37,239	30,355	23,131	15,555	7,614	0	0	0	0	0	0
DCR	Beginning Balance	302.93%	284.36%	264.82%	244.27%	222.68%	200.00%	176.20%	151.24%	125.08%	97.68%	68.98%	38.95%	7.54%	-25.30%	-59.63%
	Deposits	166,046	233,553	297,364	357,067	412,230	462,394	507,076	545,767	577,929	602,995	620,380	629,576	629,932	620,764	601,350
	Interest	5,905	7,846	9,671	11,369	12,925	14,327	15,559	16,606	17,452	18,090	18,611	18,887	18,898	18,623	18,041
	Withdrawals	0	0	0	0	0	0	0	0	0	(705)	(9,415)	(18,531)	(28,067)	(38,037)	(48,456)
Project Operating Needs	Special I.P. or GP Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Replacement of Deferred Devel. Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Partnership Audit or K-1 Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Distribution of Cash to Owner	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative Cash to Owner	Ending Balance	233,553	297,364	357,067	412,230	462,394	507,076	545,767	577,929	602,995	620,380	629,576	629,932	620,764	601,350	570,935
	Beginning Balance	0	37,541	76,471	116,828	158,649	201,973	226,842	252,895	280,167	308,693	313,508	269,149	299,643	331,499	364,755
	Deposits	42,120	42,752	43,393	44,044	44,705	45,375	46,056	46,747	47,448	48,160	48,882	49,615	50,359	51,115	51,882
	Interest	421	1,178	1,963	2,777	3,620	4,493	5,325	6,078	6,655	6,655	6,759	6,879	6,996	7,141	7,314
Cumulative Withdrawals	Withdrawals	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(50,000)	(100,000)	(25,000)	(25,000)	(25,000)	(25,000)
	Ending Balance	37,541	76,471	116,828	158,649	201,973	226,842	252,895	280,167	308,693	313,508	269,149	299,643	331,499	364,755	399,450

Grandway II Site plan

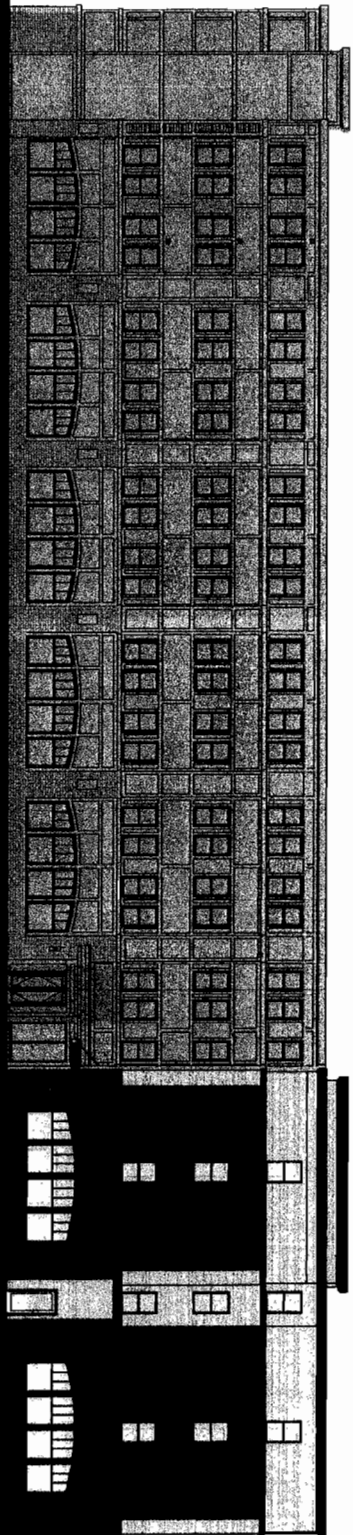


BACON STREET LOFTS

SOUTH BURLINGTON, VT

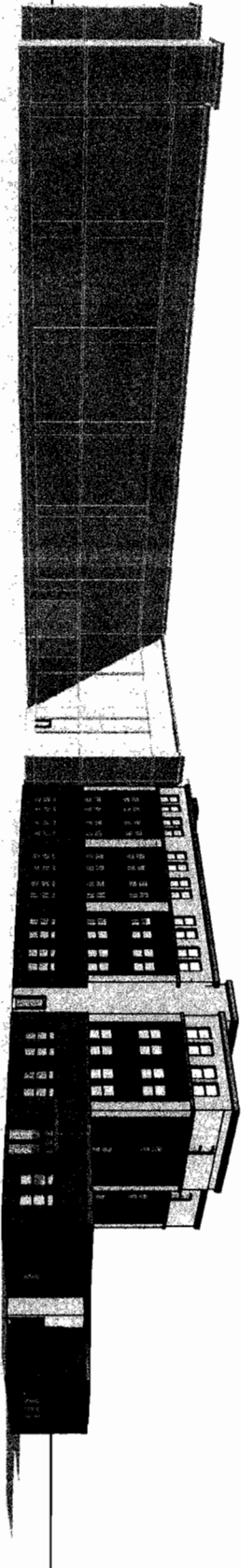
PROGRESS DRAWINGS

Duncan
Wisniewski
ARCHITECTURE



NORTH ELEVATION

Scale: 1/16" = 1'-0"



NORTH EAST PERSPECTIVE

Scale: 1/4" = 1'-0"

CATHEDRAL SQAURE - FARRELL STREET EXPANSION

SOUTH BURLINGTON, VERMONT

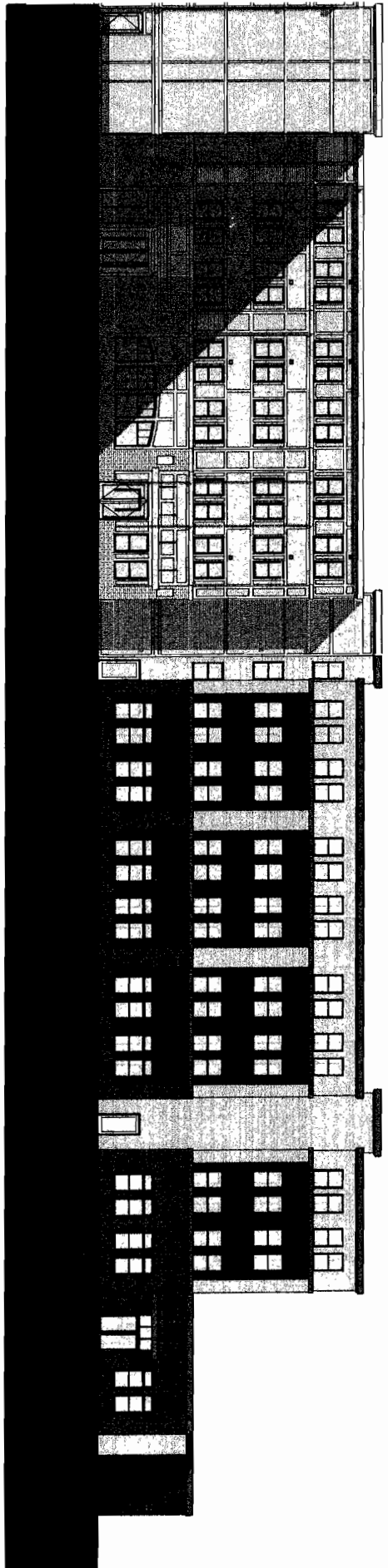
DESIGNED BY
DUNCAN WISNIEWSKI ARCHITECTS

PROGRESS PRINT

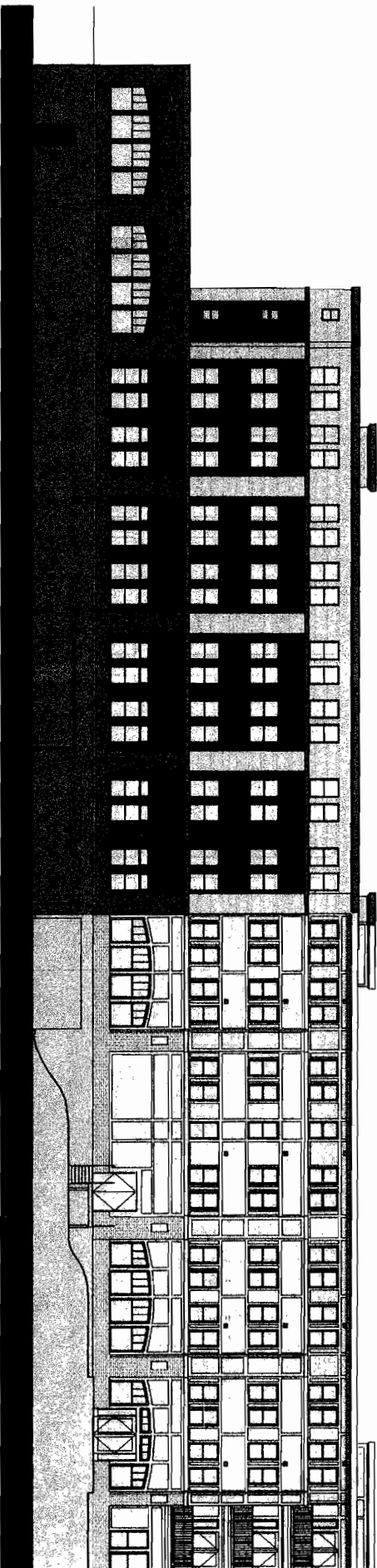
Duncan
Wisniewski
ARCHITECTS

333 WEST MAIN STREET, SUITE 100
SOUTH BURLINGTON, VERMONT 05403
PHONE: 802.253.1111 FAX: 802.253.1112

A5



EAST ELEVATION
Scale: 1/16" = 1'-0"



WEST ELEVATION
Scale: 1/16" = 1'-0"



CATHEDRAL SQUARE - FARRELL STREET EXPANSION

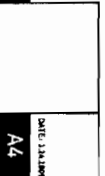
SOUTH BURLINGTON, VERMONT

DATE: 11/15/2011
DRAWN BY: J. WISNIEWSKI
CHECKED BY: J. WISNIEWSKI

PROGRESS PRINT

**Duncan
Wisniewski
ARCHITECTS**

2200 FARM ROAD, SUITE 100
SOUTH BURLINGTON, VT 05403
PHONE: 802.253.1111
WWW.DUNCANWISNIEWSKI.COM



A4

CATHEDRAL SQAURE - FARRELL STREET EXPANSION

SOUTH BURLINGTON, VERMONT

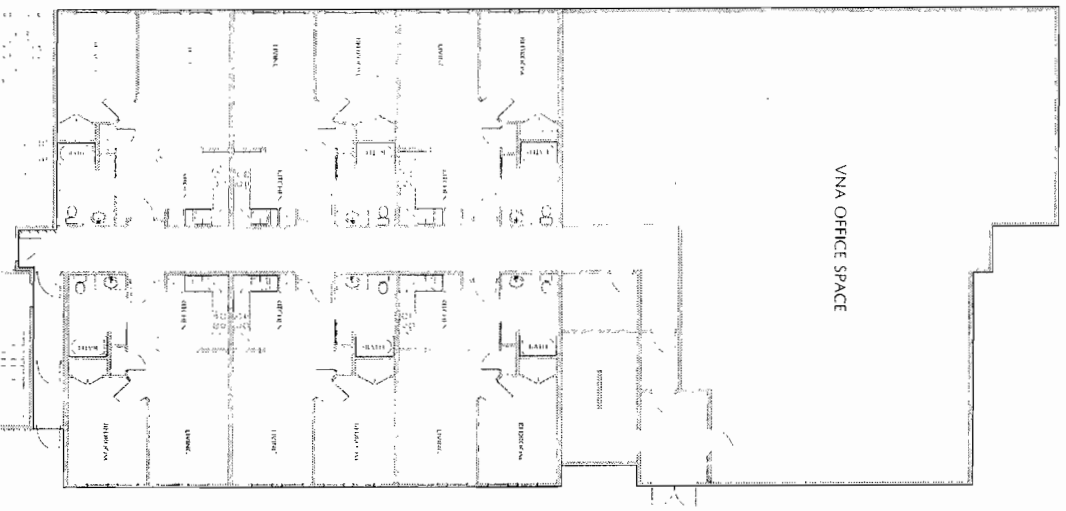
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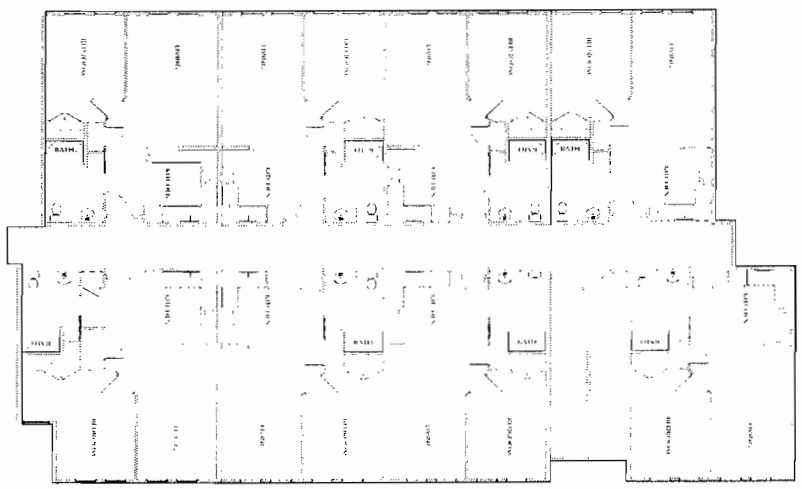
205 SOUTH CAMP AIN STREET
BURLINGTON, VERMONT 05401
P: 802.864.4475 F: 802.864.4472

DATE: 11.1.2004
A1-10

FIRST FLOOR EXPANSION
Scale: 1/16" = 1'-0"



SECOND FLOOR EXPANSION
Scale: 1/16" = 1'-0"



27-Mar-09 **Grand Way II Senior Housing**

Total Residential Units:	30	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	30	Increase in Income from Other Sources:	1.50%
Percent Restricted:	100.00%	Increase in Income from Commercial:	0.00%
Total Development Cost:	5,348,600	Expense increase:	3.00%
Total Development Cost per Unit:	178,287	Vacancy Rate:	5%
Total Development Cost Per SF:	193	Partner's Tax Rate:	35%
Max Credit Potential:	485,447	Long Depreciation Schedule:	27.5 years
Credit Amount Allocated:	484,000	Short Depreciation Schedule:	5 years
VT State Credit	0	Sponsor's Estimated Yield:	73.56%
LIHTC - 9%	Fixed		
LIHTC - 4%	3.27%	March 2009	

SOURCES

	% of Total Development Cost	Interest Rate	Amortization	Term
Development Fee Loan	96,600	1.81%	1.00%	10
VHCB Feasibility (GP Equity)	10,000	0.19%	0.00%	30 deferred
VHCB	415,000	7.76%	0.00%	30 deferred
Efficiency VT	30,000	0.56%	0.00%	0 Cap Contribution
VCDP	550,000	10.28%	0.00%	30 deferred
HUD SP/ stimulus	307,000	5.74%	0.00%	GP Cap Contribution
Grandway I Partnership	380,000	7.10%	0.00%	30 deferred
Tax Credit Equity LP	3,560,000	66.56%	N/A	N/A
	5,348,600	100.00%		

USES

Acquisition	808,500	15.12%
Construction Hard Costs	3,391,450	63.41%
Soft Costs	1,148,650	21.48%
TOTAL USES	5,348,600	100.00%
Gap	0	

General Partner's Capital Contribution	35,604	1.00%
Limited Partner's Capital Contribution	3,560,000	99.99%
Total Equity	3,595,604	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	30
Total Units	30
Unit Fraction	100.00%
Tax Credit Square Footage	27,700
Total Residential Square Footage	27,700
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

Total Project

Budget	Per Unit	Per s.f.	2,742,750							TOTAL SOURCES
			3,560,000	425,000	550,000	85,000	307,000	380,000	30,000	
ACQUISITION			Tax Credit Equity LP	VHCB	VCDP	Development Fee loan	HUD SP/ stimulus	Grandway I Partnership	Efficiency VT	
1 Land	400,000	13,333	14.44		400,000					0
2 Site improvements in basis	400,000	13,333	14.44	260,000	140,000					0
3 Demolition (without replacement)		0	0.00							0
4 Property Appraisal	3,500	117	0.13	3,500						0
5 Legal - Title and Recording	5,000	167	0.18	5,000						0
Subtotal - Acquisition	808,500	26,950	29.19	5,000	263,500	540,000	0	0	0	0
CONSTRUCTION HARD COSTS										
6 New Construction	2,724,150	90,805	98.34	2,235,650	151,500		307,000		30,000	0
7 common space	100,000	3,333	3.61	100,000						0
8 Office Space	360,000	12,000	13.00					360,000		0
9 Sitework		0	0.00							0
10 Commercial Space Costs (if any)		0	0.00							0
11 General Requirements		0	0.00							0
12		0	0.00							0
13 Contractor Profit		0	0.00							0
14 Construction Contingency	152,300	5,077	5.50	152,300						0
15 Construction Management		0	0.00							0
16 Construction Bond Fee		0	0.00							0
17 Hazardous Materials Abatement		0	0.00							0
18 Off-Site Improvements		0	0.00							0
19 Furnishings, Fixtures, & Equipment	55,000	1,833	1.99	55,000						0
20		0	0.00							0
Subtotal - Hard Costs	3,391,450	113,048	122.44	2,542,950	151,500	0	0	307,000	360,000	30,000
SOFT COSTS										
21										0
22 Survey	2,500	83	0.09	2,500						0
23 Legal/Accounting	20,000	667	0.72	17,500	2,500					0
24 owners representative	30,000	1,000	1.08	30,000						0
25 Environmental Assessment	2,500	83	0.09		2,500					0
26 Architectural / Engineering	190,000	6,333	6.86	165,000	5,000			20,000		0
27 Permits Fees	50,000	1,667	1.81	50,000						0
28 Commissioning	0	0	0.00	0						0
29 Compaction Testing/soils	5,000	167	0.18	5,000						0
30 Independent Market Study	1,500	50	0.05	1,500						0
31 Construction Period Insurance	15,000	500	0.54	15,000						0
32 Construction Interest	72,000	2,400	2.60	72,000						0
33 Loan Origination Fee	17,500	583	0.63	17,500						0
34 Taxes During Construction	8,000	267	0.29	8,000						0
35 Inspection Fee	6,000	200	0.22	6,000						0
36 Marketing	10,000	333	0.36	10,000						0
37 Tax Credit Fees	19,650	655	0.71	19,650						0
38 Soft Cost Contingency	15,000	500	0.54	15,000						0
39 VHFA Lender's Council Fee	0	0	0.00	0						0
40 VCDP administration	10,000	333	0.36		10,000					0
41		0	0.00	0						0
42 Cost Cert IRS & HUD	6,500	217	0.23	6,500						0
43 Capital Needs Assessment		0	0.00	0						0
SYNDICATION COSTS										
44 Organizational (Partnership)	3,500	117	0.13	3,500						0
45 Bridge Loan Fees and Expenses	18,000	600	0.65	18,000						0
46 Syndication Consultant	2,500	83	0.09	2,500						0
47 Tax Opinion	1,500	50	0.05	1,500						0
DEVELOPER'S FEES										
48 Developer's Fees	499,000	16,633	18.01	402,400		96,600				0
49 deferred development fee		333	0.36	0						0
50 Consultant Fees	63,000	2,100	2.27	63,000						0
RESERVES										
51 Working Capital		0	0.00	0						0
52 Rent-up (Deficit Escrow) Reserve	20,000	667	0.72	20,000						0
53 Operating Reserves	60,000	2,000	2.17	60,000						0
54 Sinking Fund (RA)		0	0.00	0						0
55 Replacement Reserves		0	0.00	0						0
Subtotal - Soft Costs	1,148,650	38,288	41.47	1,012,050	10,000	10,000	96,600	0	20,000	0
TOTAL DEVELOPMENT COSTS	5,148,600	177,887	193.09	3,560,000	425,000	550,000	96,600	307,000	380,000	30,000
				3,560,000	425,000	550,000	75,000	307,000	380,000	30,000

5,348,600

	0	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Commercial Other
ACQUISITION						
1 Land	400,000					
2 Site improvements in basis	400,000	400,000		400,000		
3 Demolition (without replacement)	0					
4 Property Appraisal	3,500	3,500		3,500		
5 Legal - Title and Recording	5,000	5,000		5,000		
Subtotal - Acquisition	808,500					
CONSTRUCTION HARD COSTS						
6 New Construction	2,724,150		2,724,150	2,724,150		
7 common space	100,000		100,000	100,000		
8 Office Space	360,000			360,000		
9 Sitework	0		0	0		
10 Commercial Space Costs (if any)	0					
11 General Requirements	0		0	0		
12 0	0		0	0		
13 Contractor Profit	0		0	0	0	
14 Construction Contingency	152,300		152,300	152,300		
15 Survey	0		0	0		
16 Architectural/Engineering	0		0	0		
17 Hazardous Materials Abatement	0		0	0		
18 Off-Site Improvements	0		0	0		
19 Furnishings, Fixtures, & Equipment	55,000		55,000	55,000	0	
20 0	0		0	0	0	
Subtotal - Hard Costs	3,391,450					
SOFT COSTS						
21						
22 Survey	2,500		2,500	2,500		
23 Legal/Accounting	20,000		20,000	20,000		
24 owners representative	30,000		30,000	30,000		
25 Environmental Assessment	2,500		2,500	2,500		
26 Architectural / Engineering	190,000		190,000	190,000		
27 Permits/Fees	50,000		50,000	50,000		
28 Commissioning	0		0	0		
29 Compaction/Testing	5,000		5,000	5,000		
30 Independent Market Study	1,500		1,500	1,500		
31 Construction Period Insurance	15,000		15,000	15,000		
32 Construction Interest	72,000		72,000	72,000		
33 Loan Origination Fee	17,500		17,500	17,500		
34 Taxes During Construction	8,000		8,000	8,000		
35 Inspection Fee	6,000		6,000	6,000		
36 Marketing	10,000					
37 Tax Credit Fees	19,650					
38 Soft Cost Contingency	15,000		15,000	15,000		
39 VHFA Lender's Council Fee	0		0	0		
40 VCDP administration	10,000					
41 0	0					
42 Cost Cert IRS & HUD	6,500		6,500	6,500		
43 Capital Needs Assessment	0					
SYNDICATION COSTS						
44 Organizational (Partnership)	3,500					
45 Bridge Loan Fees and Expenses	18,000					
46 Syndication Consultant	2,500					
47 Tax Opinion	1,500					
DEVELOPER'S FEES						
48 Developer's Fees	499,000		499,000	499,000		
49 deferred development fee	0		0	0		
50 Consultant Fees	63,000		63,000	63,000		
RESERVES						
51 Working Capital	0					
52 Rent-up (Deficit Escrow) Reserve	20,000					
53 Operating Reserves	60,000					
54 Sinking Fund (RA)	0					
55 Replacement Reserves	0					
Subtotal - Soft Costs	1,148,650					
TOTALS	5,348,600	408,500	4,034,950	4,748,450	0	
LESS: Amount of Non-qualified Financing					0	
LESS: Adjustment for per unit cost limits	100.00%		0			
LESS: Historic tax Credit (Residential Portion)			0	0	20% Historic Credit Rate	
					0 Annual Historic Credit	
Total Eligible Basis		408,500	4,034,950			
TIMES: Adjusted for QCT/DDA	130.00%		5,245,435			
TIMES: Applicable Fraction	100.00%	408,500	5,245,435			
Total Qualified Basis		408,500	5,245,435	4,693,450	Long Term Depreciable Basis	
TIMES: Applicable Percentage		3.27%	9.00%	27.5	Depreciation Schedule	
Total Annual Credit Qualified		13,358	472,089	170,671	Annual Depreciation	
Total Tax Credits Requested	484,000		485,447	55,000	Short Term Depreciable Basis	
Estimated Net Syndication Proceeds						
(excluding historic credit equity)	3,560,000				5	Depreciation Schedule
Estimated Yield - Housing Credit Syndication	73.56%			11,000	Annual Depreciation	
Equity Gap	3,560,000					
Credits Needed to fill Equity Gap	484,000					

HC UNITS

Bedrooms

1 Br

1 Br

1 br

1 Br

Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
HUD sect 8	590	10	600		72,000
No RA	590	20	750		180,000
No RA	590				0
Manager	590				0
					0
					0
					0
					0
				0	0

Common & Utility Space

Totals 10,000

27,700

30

252,000

NON HC UNITS

Bedrooms

0 Br

1 Br

2 Br

2 Br

3 Br

4 Br

Type	Square Feet	Number	Rent	Utilities	Annual Rent
				0	0
				0	0
				0	0
				0	0
				0	0
				0	0

Totals 27,700

0

0

Total Units 30

TOTAL All Units 252,000

Less Vacancy 3.00%

(7,560)

NET RENT 244,440**OTHER INCOME**

Laundry

2,000

Interest

500

Commercial Space Income

Other

0

TOTAL INCOME 246,940

Grand Way II Senior Housing

Monthly Per Unit
Per Month

Administration

Management Fee	19,800	1,650	55
Central support services	8,000	667	22
Audit/Accounting	4,000	333	11
Legal	1,000	83	3
Marketing	500	42	1
Wellness/on-site	45,000	3,750	125
Compliance office supplies/tel	8,000	667	22
TOTAL ADMINISTRATIVE	86,300	7,192	240

Utilities

Electricity	14,000	1,167	39
Fuel	14,500	1,208	40
Water and Sewer	3,000	250	8
Fire Alarm / Emergency	2,500	208	7
Other		0	0
TOTAL UTILITIES	34,000	2,833	94

Maintenance

Maintenance / Janitor Payroll	14,000	1,167	39	11
Janitor supplies	800	67	2	
Exterminating	1,000	83	3	
Trash Removal	2,000	167	6	
Snow Removal	5,000	417	14	
Grounds	2,000	167	6	
Repairs Material	4,000	333	11	
Repairs Contract	4,000	333	11	
HVAC Repairs / Maintenance	2,000	167	6	
Elevator Contract / Repairs	2,000	167	6	
Painting and Decorating	1,000	83	3	
Other	3,000	250	8	
TOTAL MAINTENANCE	40,800	3,400	113	

Real Estate Taxes	22,000	1,833	61
Property Insurance	5,000	417	14
Replacement Reserves	14,500	1,208	40
Primary Debt Service		0	0
Other "must pay" debt service		0	0
Other	0	0	0
Total	202,600	16,883	582

per unit month excl. ds & res. 523
--

Grand Way II Senior Housing															
27-Mar-09															
Year															
1															
2															
3															
4															
5															
6															
7															
8															
9															
10															
11															
12															
13															
14															
15															
RD 1% Loan, No Interest Credit															
Operating Income															
Gross Rent	252,000	255,780	259,617	263,511	267,464	271,476	275,548	279,681	283,876	288,134	292,456	296,843	301,296	305,815	310,402
Other Income	2,500	2,538	2,576	2,614	2,653	2,693	2,734	2,775	2,816	2,858	2,901	2,945	2,989	3,034	3,079
Vacancy and other losses	(7,560)	(12,789)	(12,981)	(13,176)	(13,373)	(13,574)	(13,777)	(13,984)	(14,194)	(14,407)	(14,623)	(14,842)	(15,065)	(15,291)	(15,520)
Total Operating Income	246,940	245,529	249,211	252,950	256,744	260,595	264,504	268,471	272,499	276,586	280,735	284,946	289,220	293,558	297,962
Operating Expenses															
Total Expenses (excl. Reserves)	188,100	193,743	199,555	205,542	211,708	218,059	224,601	231,339	238,279	245,428	252,791	260,374	268,186	276,231	284,518
Reserves	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500
Sub-Total Operating Expense	202,600	208,243	214,055	220,042	226,208	232,559	239,101	245,839	252,779	259,928	267,291	274,874	282,686	290,731	299,018
GP services fee	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Total Operating Expense	207,100	212,743	218,555	224,542	230,708	237,059	243,601	250,339	257,279	264,428	271,791	279,374	287,186	295,231	303,518
Net Operating Income	39,840	32,786	30,656	28,408	26,036	23,536	20,903	18,132	15,219	12,158	8,944	5,571	2,034	(1,673)	(5,556)
Less Primary Debt Service	10,155	10,155	10,155	10,155	10,155	10,155	10,155	10,155	10,155	10,155	0	0	0	0	0
Less Secondary Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow	29,685	22,630	20,501	18,253	15,881	13,380	10,748	7,977	5,064	2,003	8,944	5,571	2,034	(1,673)	(5,556)
Wellness Program	0	0	0	0	0	0	0	0	0	0	0	0	0	1,673	5,556
Net Cash	29,685	22,630	20,501	18,253	15,881	13,380	10,748	7,977	5,064	2,003	8,944	5,571	2,034	0	0
DCR															
Cumulative Cash Flow	392.32%	322.85%	301.88%	279.74%	256.38%	231.76%	205.84%	178.55%	149.87%	119.73%	N/A	N/A	N/A	N/A	N/A
Beginning Balance	60,000	90,285	113,818	135,457	155,065	172,496	187,601	200,225	210,204	217,370	221,547	232,707	240,605	245,046	245,823
Deposits	29,685	22,630	20,501	18,253	15,881	13,380	10,748	7,977	5,064	2,003	8,944	5,571	2,034	0	0
Interest	600	903	1,138	1,355	1,551	1,725	1,876	2,002	2,102	2,174	2,215	2,327	2,406	2,450	2,458
Withdrawals	0	0	0	0	0	0	0	0	0	0	0	0	0	(1,673)	(5,556)
Ending Balance	90,285	113,818	135,457	155,065	172,496	187,601	200,225	210,204	217,370	221,547	232,707	240,605	245,046	245,823	242,725
Cumulative Replacement Reserves															
Beginning Balance	0	14,645	29,291	44,084	59,025	74,115	89,357	104,750	120,298	136,001	151,861	167,879	184,058	200,399	216,903
Deposits	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500
Interest	145	146	293	441	590	741	894	1,048	1,203	1,360	1,519	1,679	1,841	2,004	2,169
Withdrawals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	14,645	29,291	44,084	59,025	74,115	89,357	104,750	120,298	136,001	151,861	167,879	184,058	200,399	216,903	233,572
Net Operating Income															
Plus Reserves	39,840	32,786	30,656	28,408	26,036	23,536	20,903	18,132	15,219	12,158	8,944	5,571	2,034	(1,673)	(5,556)
Less Interest Expense	(15,924)	(831)	(737)	(643)	(547)	(451)	(353)	(255)	(155)	(55)	0	0	0	0	0
Less Long Depreciation	(170,671)	(170,671)	(170,671)	(170,671)	(170,671)	(170,671)	(170,671)	(170,671)	(170,671)	(170,671)	(170,671)	(170,671)	(170,671)	(170,671)	(170,671)
Less Short Depreciation	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	0	0	0	0	0	0	0	0
Taxable Income (Loss)	(143,255)	(135,216)	(137,252)	(139,406)	(141,682)	(144,086)	(146,621)	(138,293)	(141,107)	(144,068)	(147,227)	(150,599)	(154,136)	(157,844)	(161,727)
Cash Flow															
Plus Tax Savings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Credits	50,139	47,326	48,038	48,792	49,589	50,430	51,317	48,403	49,387	50,424	51,529	52,710	53,948	55,245	56,605
After Tax Cash Flow	484,000	484,000	484,000	484,000	484,000	484,000	484,000	484,000	484,000	484,000	484,000	484,000	484,000	484,000	484,000
	534,139	531,326	532,038	532,792	533,589	534,430	535,317	532,403	533,387	534,424	51,529	52,710	53,948	55,245	56,605

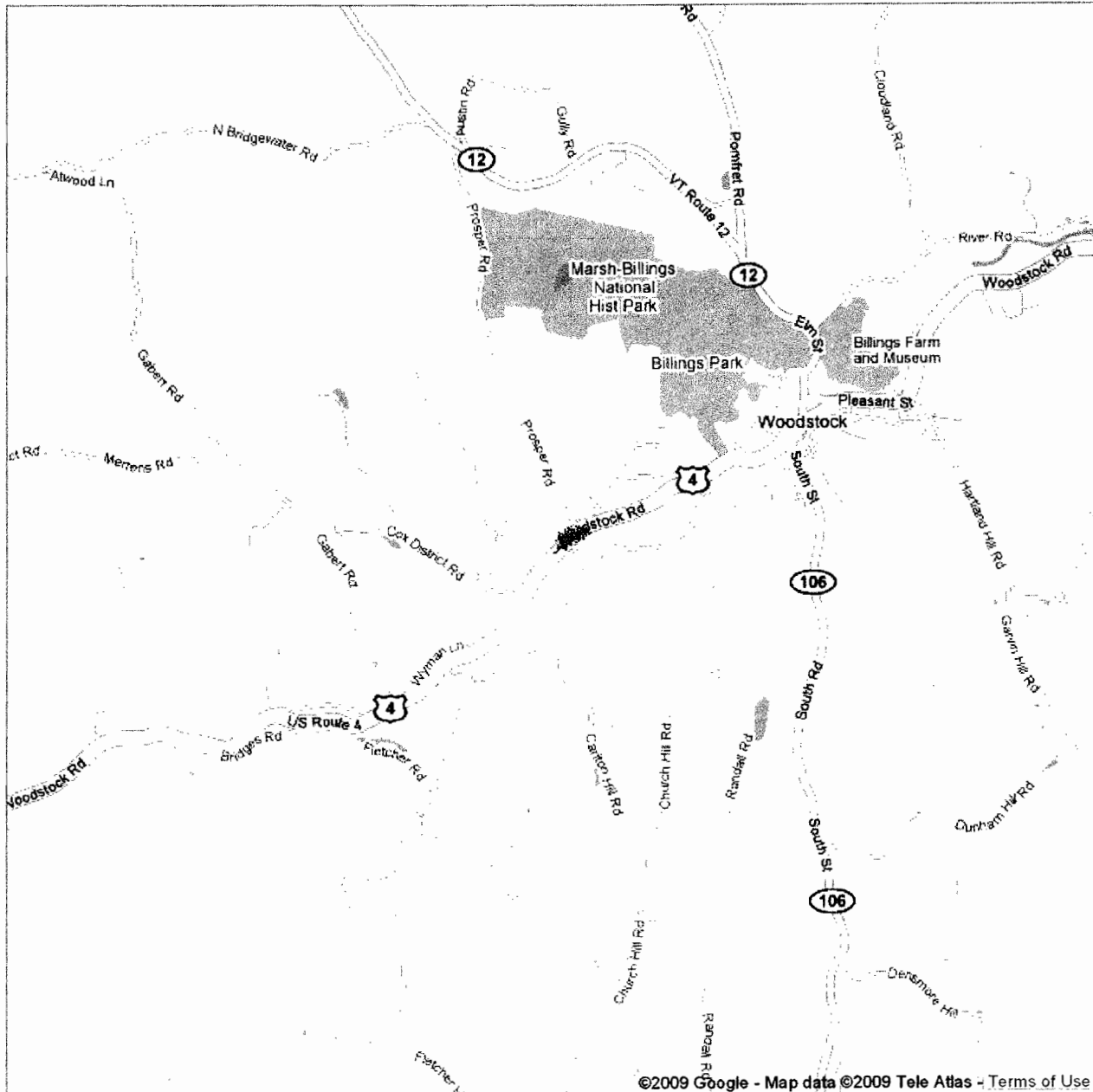


Address **473 Woodstock Rd**
Woodstock, VT 05091

Get Google Maps on your phone



Text the word "GMAPS" to 466453





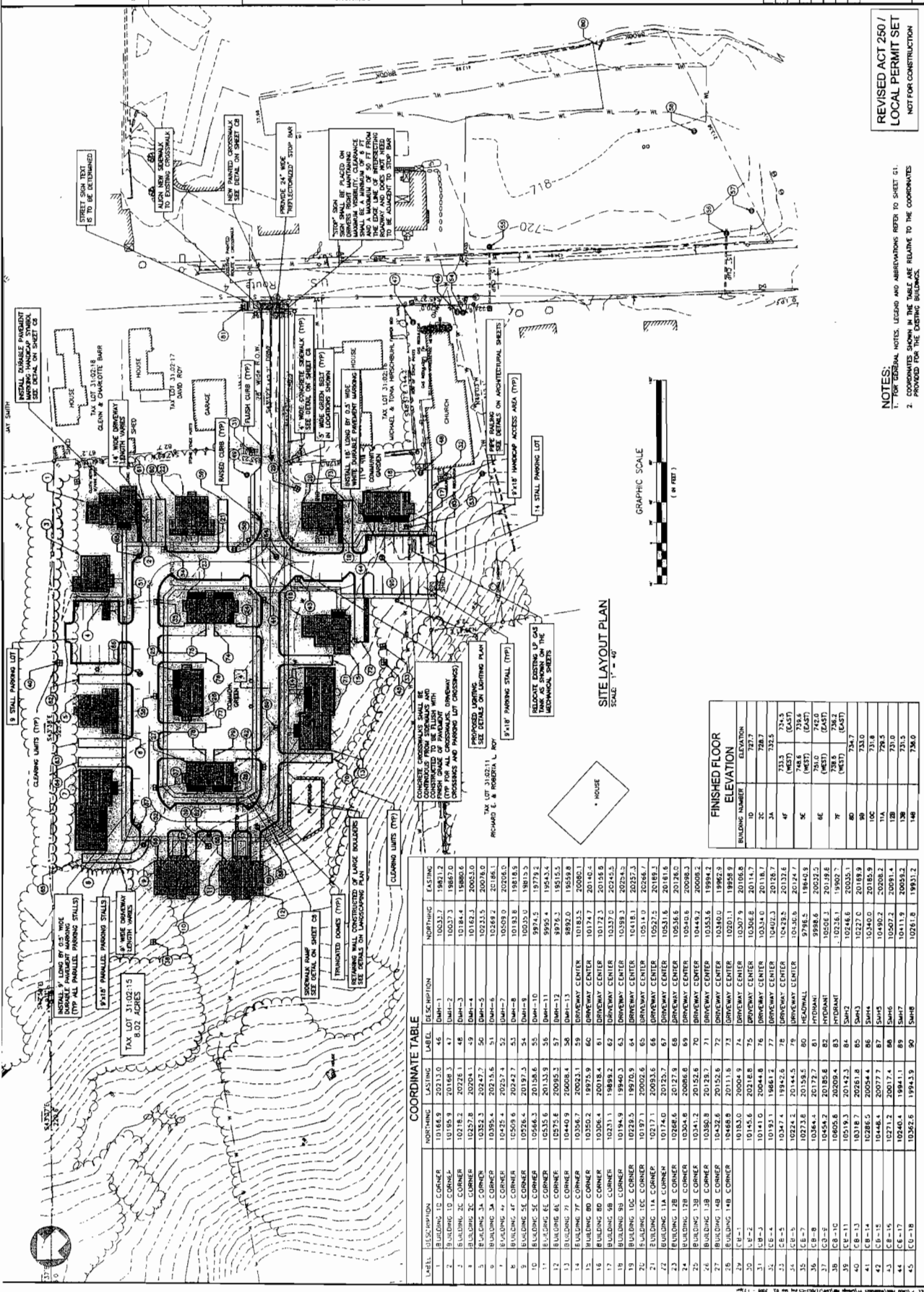
DATE	COMMENTS
BY	

PROPOSED SITE LAYOUT

GRANGE HILL HOUSING PROJECT

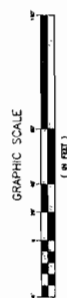
Project #	717003
Project Mgr.	RED
Design By	EAC
Reviewed By	RED
Approved By	RED
Date	MARCH 2, 2008
Scale	AS SHOWN

C5



REVISED ACT 250 /
 LOCAL PERMIT SET
 NOT FOR CONSTRUCTION

NOTES:
 1. FOR EDITIONAL NOTES, LEGEND AND ABBREVIATIONS REFER TO SHEET C1.
 2. COORDINATES SHOWN IN THE TABLE ARE RELATIVE TO THE COORDINATES PROVIDED FOR THE EXISTING BUILDINGS.

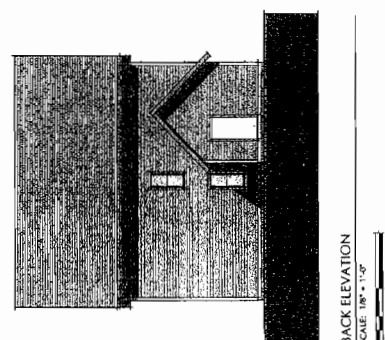
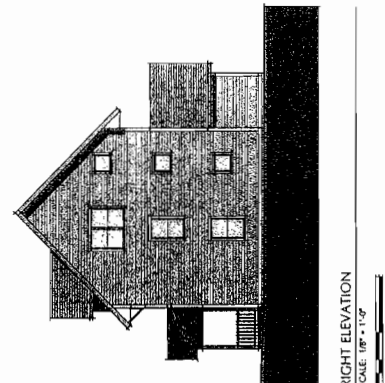
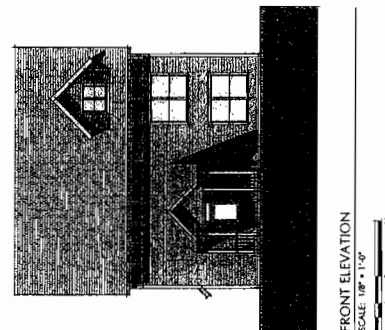
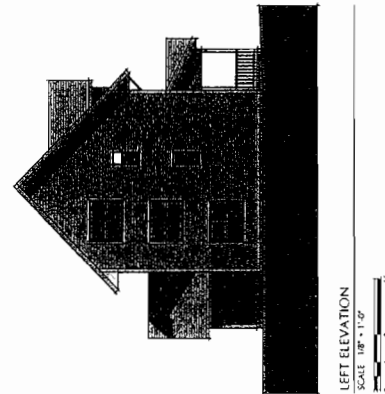
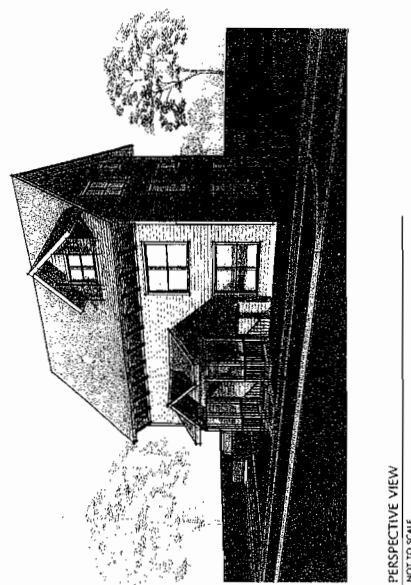
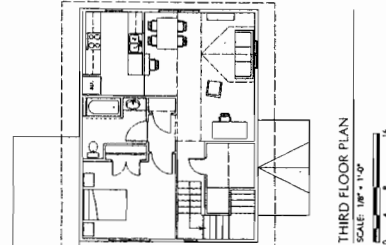
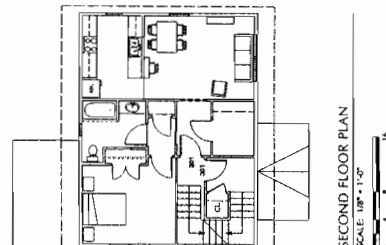
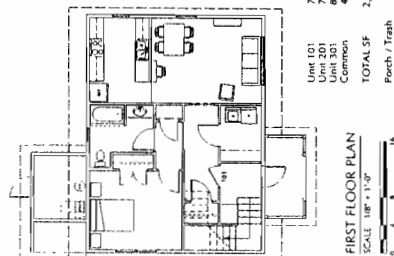


SITE LAYOUT PLAN
 SCALE: 1" = 40'

BUILDING NUMBER	ELEVATION
10	727.7
20	728.7
30	728.7
40	733.3
50	733.3
60	736.2
70	736.2
80	736.2
90	736.2
100	736.2
110	736.2
120	736.2
130	736.2
140	736.2

COORDINATE TABLE

LABEL	DESCRIPTION	NORTHING	EASTING
1	BUILDING 10 CORNER	10186.9	20213.0
2	BUILDING 10 CORNER	10186.9	20213.0
3	BUILDING 10 CORNER	10186.9	20213.0
4	BUILDING 10 CORNER	10186.9	20213.0
5	BUILDING 10 CORNER	10186.9	20213.0
6	BUILDING 10 CORNER	10186.9	20213.0
7	BUILDING 10 CORNER	10186.9	20213.0
8	BUILDING 10 CORNER	10186.9	20213.0
9	BUILDING 10 CORNER	10186.9	20213.0
10	BUILDING 10 CORNER	10186.9	20213.0
11	BUILDING 10 CORNER	10186.9	20213.0
12	BUILDING 10 CORNER	10186.9	20213.0
13	BUILDING 10 CORNER	10186.9	20213.0
14	BUILDING 10 CORNER	10186.9	20213.0
15	BUILDING 10 CORNER	10186.9	20213.0
16	BUILDING 10 CORNER	10186.9	20213.0
17	BUILDING 10 CORNER	10186.9	20213.0
18	BUILDING 10 CORNER	10186.9	20213.0
19	BUILDING 10 CORNER	10186.9	20213.0
20	BUILDING 10 CORNER	10186.9	20213.0
21	BUILDING 10 CORNER	10186.9	20213.0
22	BUILDING 10 CORNER	10186.9	20213.0
23	BUILDING 10 CORNER	10186.9	20213.0
24	BUILDING 10 CORNER	10186.9	20213.0
25	BUILDING 10 CORNER	10186.9	20213.0
26	BUILDING 10 CORNER	10186.9	20213.0
27	BUILDING 10 CORNER	10186.9	20213.0
28	BUILDING 10 CORNER	10186.9	20213.0
29	BUILDING 10 CORNER	10186.9	20213.0
30	BUILDING 10 CORNER	10186.9	20213.0
31	BUILDING 10 CORNER	10186.9	20213.0
32	BUILDING 10 CORNER	10186.9	20213.0
33	BUILDING 10 CORNER	10186.9	20213.0
34	BUILDING 10 CORNER	10186.9	20213.0
35	BUILDING 10 CORNER	10186.9	20213.0
36	BUILDING 10 CORNER	10186.9	20213.0
37	BUILDING 10 CORNER	10186.9	20213.0
38	BUILDING 10 CORNER	10186.9	20213.0
39	BUILDING 10 CORNER	10186.9	20213.0
40	BUILDING 10 CORNER	10186.9	20213.0
41	BUILDING 10 CORNER	10186.9	20213.0
42	BUILDING 10 CORNER	10186.9	20213.0
43	BUILDING 10 CORNER	10186.9	20213.0
44	BUILDING 10 CORNER	10186.9	20213.0
45	BUILDING 10 CORNER	10186.9	20213.0



GRANGE HILL - TRIPLEX C

WEST WOODSTOCK, VERMONT

ZONING / ACT 250

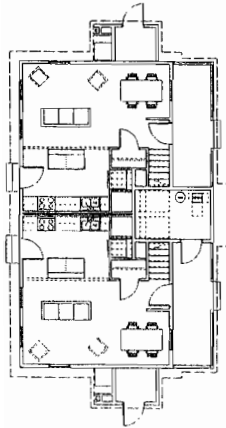
Duncan
 Wisniewski
 ARCHITECTURE

255 SOUTH CHAMPLAIN STREET
 BURLINGTON, VERMONT 05401
 T: 802-664-6593 F: 802-664-6992

DATE: 03.02.2009

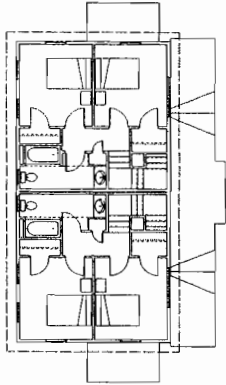
A3

CONSULT: 2009 ALL RIGHTS RESERVED
 DUNCAN WISNIEWSKI ARCHITECTURE
 255 SOUTH CHAMPLAIN STREET
 BURLINGTON, VERMONT 05401

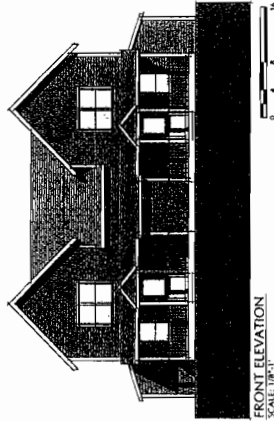


FIRST FLOOR PLAN
SCALE 1/8"=1'-0"

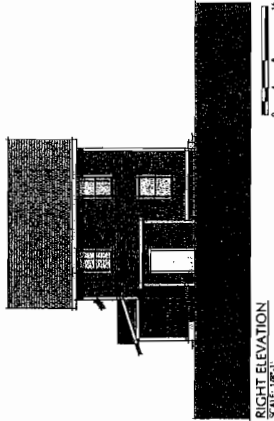
Room 1
Common Mechanical
ENTRANCE
Storage 1/2 Bath



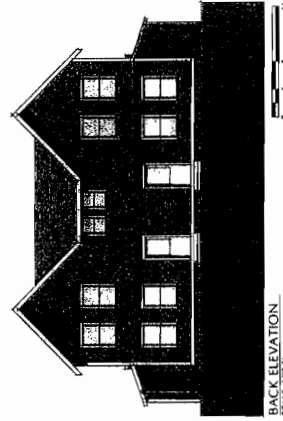
SECOND FLOOR PLAN
SCALE 1/8"=1'-0"



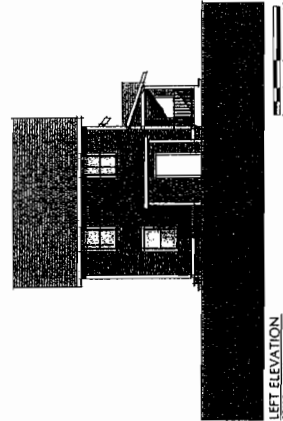
FRONT ELEVATION
SCALE 1/8"=1'-0"



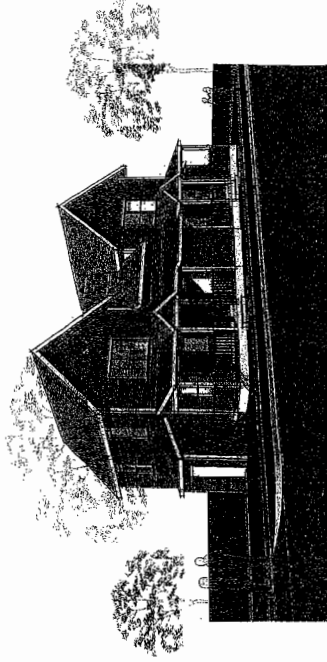
RIGHT ELEVATION
SCALE 1/8"=1'-0"



BACK ELEVATION
SCALE 1/8"=1'-0"



LEFT ELEVATION
SCALE 1/8"=1'-0"



PERSPECTIVE VIEW



PERSPECTIVE VIEW

GRANGE HILL - DUPLEX B

WEST WOODSTOCK, VERMONT

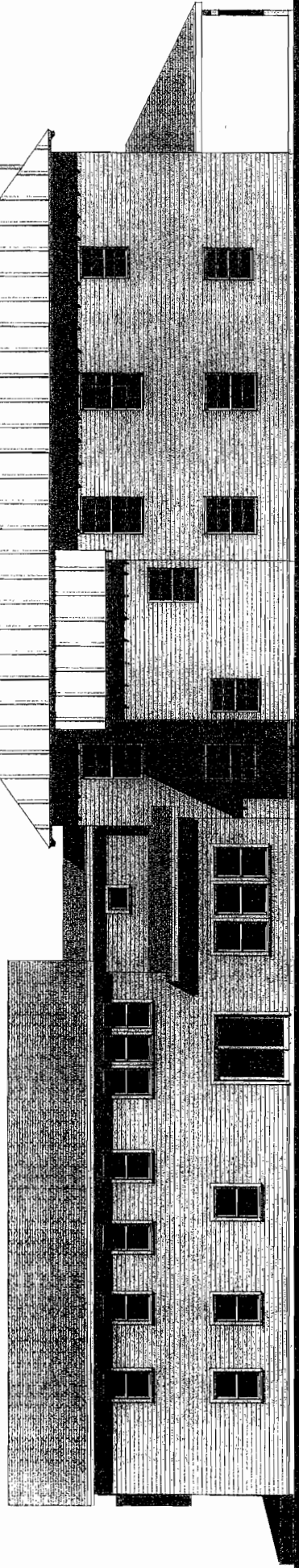
Duncan
Wisniewski
ARCHITECTURE

233 SOUTH CHURCH STREET
VERMONT
TEL: 802-864-4595 F: 802-864-4592

ZONING / ACT 250

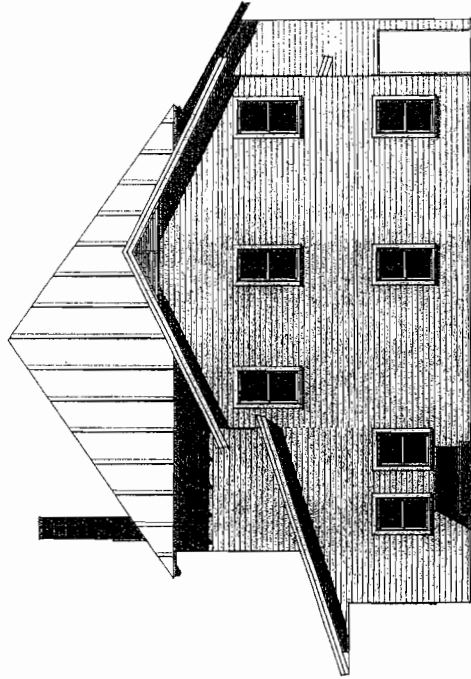
CONVISED BY: J. J. JONES, JR.
CONVISED BY: J. J. JONES, JR.
CONVISED BY: J. J. JONES, JR.

DATE: 05.02.2009
A2



PROPOSED WEST ELEVATION

SCALE: 1/4" = 1'-0"
0 5 10 15 25
FEET



PROPOSED NORTH ELEVATION

SCALE: 1/4" = 1'-0"
0 5 10 15 25
FEET

GRANGE HALL

WEST WOODSTOCK, VERMONT

**Duncan
Wisniewski**
ARCHITECTURE

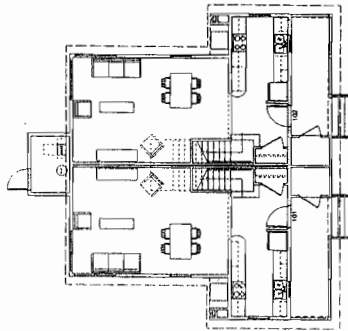
255 SOUTH MAIN STREET
BURLINGTON, VERMONT 05401
T-802-844-6993 F-802-844-9992

DATE: 02.02.2009

A8

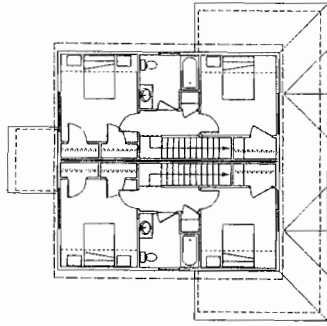
REVISED ACT 250/LOCAL PERMIT SET

CONFORMS TO 2009 AIA MINIMUM STANDARD
FOR PRACTICE OF ARCHITECTURE
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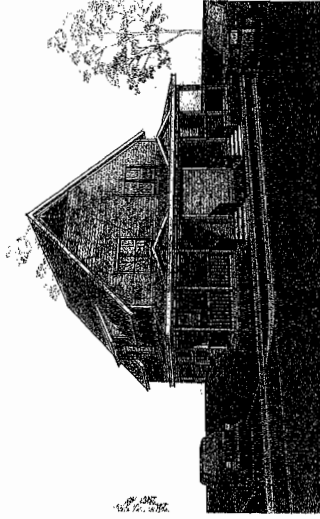


FIRST FLOOR PLAN
SCALE: 1/8" = 1'-0"

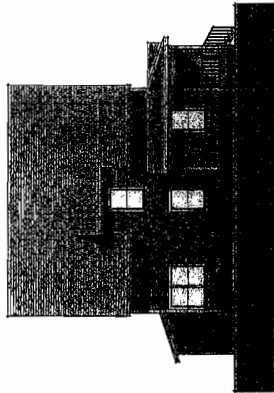
Unit 101
Unit 102
TOTAL SF



SECOND FLOOR PLAN
SCALE: 1/8" = 1'-0"



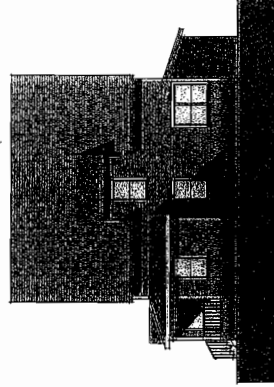
PERSPECTIVE VIEW
NOT TO SCALE



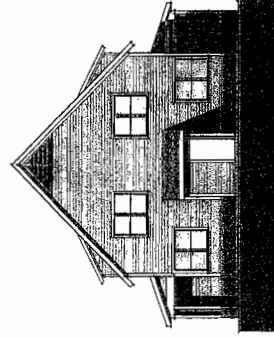
LEFT ELEVATION
SCALE: 1/8" = 1'-0"



FRONT ELEVATION
SCALE: 1/8" = 1'-0"



RIGHT ELEVATION
SCALE: 1/8" = 1'-0"



BACK ELEVATION
SCALE: 1/8" = 1'-0"

GRANGE HILL - DUPLEX A

WEST WOODSTOCK, VERMONT

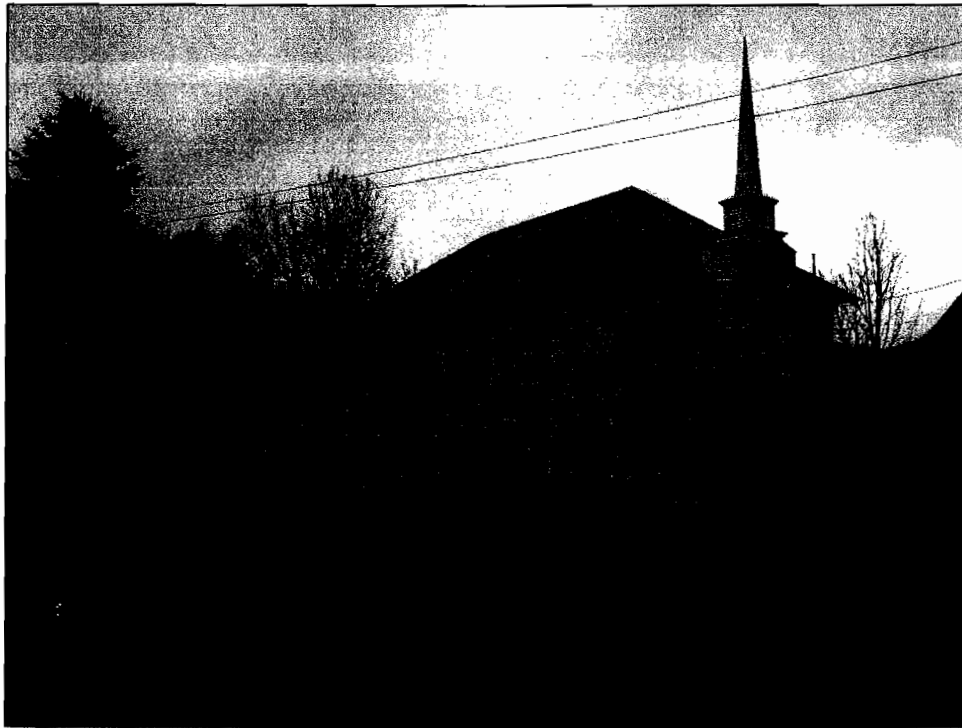
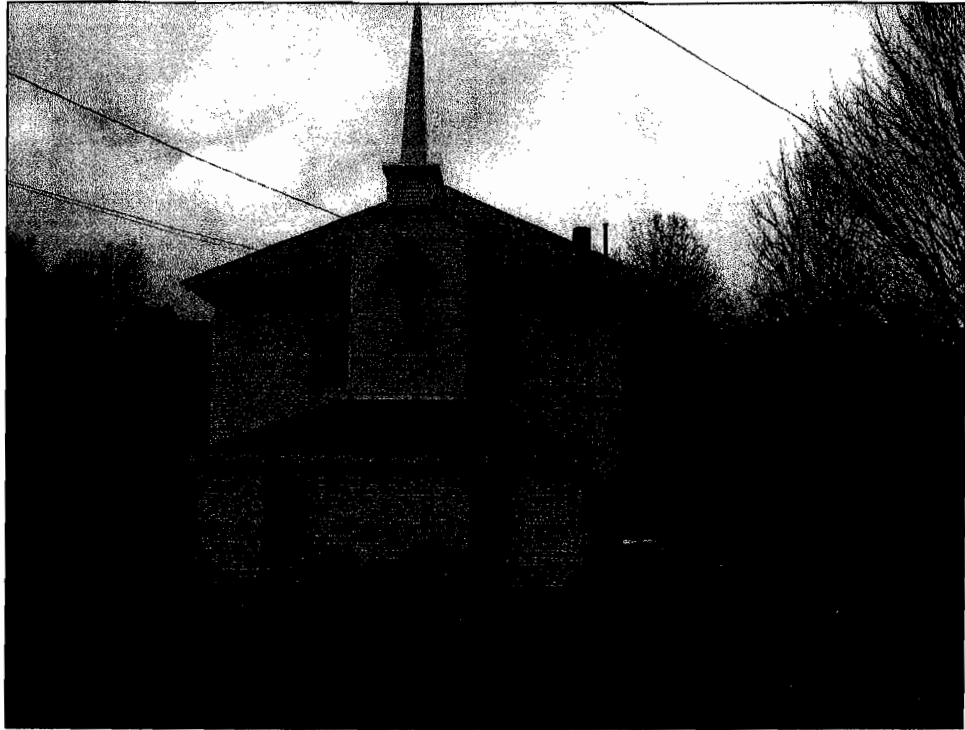
ZONING / ACT 250

Duncan
Wisniewski
ARCHITECTURE

233 SOUTH CHAMBERS STREET
BURLINGTON, VERMONT 05401
T: 802.844.4595 F: 802.844.4522

DATE: 02.02.2009

A1



3/27/2009

Grange Hill, Woodstock

Total Residential Units:	28	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	23	Increase in Income from Other Sources:	1.50%
Percent Restricted:	82.14%	Increase in Income from Commercial:	1.50%
Total Development Cost:	7,632,190	Expense increase:	3.00%
Total Development Cost per Unit:	272,578	Vacancy Rate:	5%
Total Development Cost Per SF:	232	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	616,884	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	587,000	Sponsor's Estimated Yield:	81.31%

LIHTC - 9%	9.00%
LIHTC - 4%	3.27%

March 2009

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
Commercial Debt (AHP)	465,000	6.09%	3.50%	25	25
HOME	475,000	6.22%	5.34%	30	def loan
VCDP	750,000	9.83%	0.00%	30	def loan
VHCB	550,000	7.21%	0.00%	30	def loan
REEP	14,000	0.18%	0.00%	30	grant
AHP Grant	335,000	4.39%	0.00%	30	grant
TD Banknorth	15,000	0.20%	N/A	N/A	
Woodstock Community Trust	80,000	1.05%	N/A	N/A	
Other Equity	520,690	6.82%	N/A	N/A	
Tax Credit Equity	4,427,500	58.01%	N/A	N/A	
TOTAL SOURCES	7,632,190	100.00%			

VHFA Construction Loan 5,000,000 taxable, 18 month**USES**

Acquisition	561,440	7.36%
Construction Hard Costs	5,554,154	72.77%
Soft Costs	1,516,596	19.87%
TOTAL USES	7,632,190	100.00%

Gap 0

General Partner's Capital Contribution	1	1.00%
Limited Partner's Capital Contribution	4,725,350	99.00%
Total Equity	4,725,351	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	23
Total Units	28
Unit Fraction	82.14%
Tax Credit Square Footage	21,437
Total Residential Square Footage	25,906
Square Footage Fraction	82.75%
Applicable Fraction	82.14%

27-Mar-09 Grange Hill, Woodstock		186 LRP											
		Allocation of Sources								TD BN & EFF VT Equity			
		Per Unit	Per s.f.	VHCB Terms:	HOME Terms:	VCDP Terms:	AHO Debt Terms:	AHP Terms:	WCT Terms:			TOTAL SOURCES	
ACQUISITION													
1	Land	211,334	7,548	6.43	211,334							211,334	
2	Purchase of Building(s)	268,666	9,395	8.18	268,666							268,666	
3	Acquisition Interest	78,240	2,794	2.38	70,000						8,240	78,240	
4	Property Appraisal	600	21	0.02							600	600	
5	Legal - Title and Recording	2,600	93	0.08							2,600	2,600	
Subtotal - Acquisition		561,440	20,051	17.09									
CONSTRUCTION HARD COSTS													
6	Rehabilitation		0	0.00									
7	New Building(s)	3,515,658	125,559	107.02	475,000	450,000	465,000	335,000		14,000	1,776,658	3,515,658	
8	Allocation to Ownership	553,243	19,759	16.84					80,000	15,000	458,243	553,243	
9	Sitework	1,050,000	37,500	31.96		300,000					750,000	1,050,000	
10	Commercial Space Costs (if any)		0	0.00								0	
11	General Requirements		0	0.00								0	
12	Contractor Overhead		0	0.00								0	
13	Contractor Profit		0	0.00								0	
14	Construction Contingency	386,253	13,795	11.76							386,253	386,253	
15	Construction Management		0	0.00								0	
16	Construction Bond Fee		0	0.00								0	
17	Hazardous Materials Abatement		0	0.00								0	
18	Off-Site Improvements		0	0.00								0	
19	Furnishings, Fixtures, & Equipment	37,000	1,321	1.13							37,000	37,000	
20	Other (playground & benches)	12,000	429	0.37							12,000	12,000	
Subtotal - Hard Costs		5,554,154	198,363	169.07									
SOFT COSTS													
21	Architectural	425,600	15,200	12.96							425,600	425,600	
22	Engineering		0	0.00								0	
23	Legal/Accounting	42,555	1,520	1.30							42,555	42,555	
24	Relocation		0	0.00								0	
25	Legal Permit	60,000	2,143	1.83							60,000	60,000	
26	Energy Traffic Wetland Reports	28,160	1,006	0.86							28,160	28,160	
27	Permits Fees	47,742	1,705	1.45							47,742	47,742	
28	Independent Market Study	2,660	95	0.08							2,660	2,660	
29	Construction Period Insurance	21,610	772	0.66							21,610	21,610	
30	Construction Interest	150,000	5,357	4.57							150,000	150,000	
31	Loan & Lender Fees	30,587	1,092	0.93							30,587	30,587	
32	Taxes During Construction		0	0.00								0	
33	Clerk of the Works		0	0.00								0	
34	Marketing	4,500	161	0.14							4,500	4,500	
35	Tax Credit Fees	26,550	948	0.81							26,550	26,550	
36	Soft Cost Contingency	5,000	179	0.15							5,000	5,000	
37	Permanent Loan Origination Fee		0	0.00								0	
38	Lender's Counsel's Fee		0	0.00								0	
39	Other (_____)		0	0.00								0	
SYNDICATION COSTS													
40	Organizational (Partnership)		0	0.00								0	
41	Bridge Loan Fees and Expenses		0	0.00								0	
42	Syndication Consultant		0	0.00								0	
43	Tax Opinion		0	0.00								0	
DEVELOPER'S FEES													
44	Developer's Fees - HVT	305,000	10,893	9.28							305,000	305,000	
45	Other Partnership Fees - TPHT	305,000	10,893	9.28							305,000	305,000	
46	Consultant Fees		0	0.00								0	
RESERVES													
47	Working Capital	51,632	1,844	1.57							51,632	51,632	
48	Rent-up (Deficit Escrow) Reserve	10,000	357	0.30							10,000	10,000	
49	Other Operating Reserves		0	0.00								0	
50	Sinking Fund		0	0.00								0	
51	Replacement Reserves		0	0.00								0	
Subtotal - Soft Costs		1,516,596	54,164	46.17									
TOTAL DEVELOPMENT COSTS		7,632,190	272,578	232	550,000	475,000	750,000	465,000	335,000	80,000	29,000	4,948,190	
		6,960,558											
		610,000											
		8.76%											

	0	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
ACQUISITION						
1 Land	211,334					
2 Purchase of Building(s)	268,666	268,666		268,666		
3 Acquisition Interest	78,240					
4 Property Appraisal	600	600				
5 Legal - Title and Recording	2,600	2,600				
Subtotal - Acquisition	561,440					
CONSTRUCTION HARD COSTS						
6 Rehabilitation	0		0			
7 New Building(s)	3,515,658		3,515,658	3,515,658		
8 Allocation to Ownership	553,243					
9 Sitework	1,050,000		1,050,000	1,050,000		
10 Commercial Space Costs (if any)	0					
11 General Requirements	0		0			
12 Contractor Overhead	0		0			
13 Contractor Profit	0		0			
14 Construction Contingency	386,253		386,253	386,253		
15 Construction Management	0		0			
16 Construction Bond Fee	0		0			
17 Hazardous Materials Abatement	0		0			
18 Off-Site Improvements	0		0			
19 Furnishings, Fixtures, & Equipment	37,000		37,000			
20 Other (playground & benches)	12,000		12,000	12,000		
Subtotal - Hard Costs	5,554,154					
SOFT COSTS						
21 Architectural	425,600		425,600	425,600		
22 Engineering	0		0			
23 Legal/Accounting	42,555		42,555	42,555		
24 Relocation	0		0			
25 Legal Permit	60,000		60,000	60,000		
26 Energy Traffic Wetland Reports	28,160		28,160	28,160		
27 Permits/Fees	47,742		47,742	47,742		
28 Independent Market Study	2,660		2,660	2,660		
29 Construction Period Insurance	21,610		21,610	21,610		
30 Construction Interest	150,000		150,000	150,000		
31 Loan & Lender Fees	30,587		24,470	24,470		
32 Taxes During Construction	0					
33 Clerk of the Works	0		0			
34 Marketing	4,500					
35 Tax Credit Fees	26,550			26,550		
36 Soft Cost Contingency	5,000		5,000	5,000		
37 Permanent Loan Origination Fee	0					
38 Lender's Counsel's Fee	0					
39 Other ()	0					
SYNDICATION COSTS						
40 Organizational (Partnership)	0					
41 Bridge Loan Fees and Expenses	0					
42 Syndication Consultant	0					
43 Tax Opinion	0					
DEVELOPER'S FEES						
44 Developer's Fees - HVT	305,000		305,000	305,000		
45 Other Partnership Fees - TPHT	305,000		305,000	305,000		
46 Consultant Fees	0					
RESERVES						
47 Working Capital	51,632					
48 Rent-up (Deficit Escrow) Reserve	10,000					
49 Other Operating Reserves	0					
50 Sinking Fund	0					
51 Replacement Reserves	0					
Subtotal - Soft Costs	1,516,596					
TOTALS	7,632,190	271,866	6,418,708	6,676,924	0	
LESS: Amount of Non-qualified Financing						
LESS: Adjustment for per unit cost limits						
LESS: Historic tax Credit (Residential Portion)			0	0	20% Historic Credit Rate	
Total Eligible Basis		271,866	6,418,708		0 Annual Historic Credit	
TIMES: Adjusted for QCT/DDA	130.0%		8,344,320			
TIMES: Applicable Fraction	82.14%	223,319	6,854,263			
Total Qualified Basis		223,319	6,854,263	6,676,924	Long Term Depreciable Basis	
TIMES: Applicable Percentage	3.27%		9,00%	27.5	Depreciation Schedule	
Total Annual Credit Qualified		0	616,884	242,797	Annual Depreciation	
Total Tax Credits Requested	550,000		616,884	37,000	Short Term Depreciable Basis	
Estimated Net Syndication Proceeds						
(excluding historic credit equity)	4,427,500				7	Depreciation Schedule
Estimated Yield - Housing Credit Syndication	81.31%			5,286	Annual Depreciation	
Equity Gap	4,427,500					
Credits Needed to fill Equity Gap	550,000					

27-Mar-09 **Grange Hill, Woodstock**

HC Restricted Units		Type	Average Square Feet	Number	Average Rent	Utilities	Total
Bedrooms							Annual Rent
0 Br				0	0		0
1 Br			829	8	542		52,032
2 Br			937	12	667		96,048
3 Br			1,187	3	797		28,692
4+ Br				0	0		0
Totals			21,437	23			176,772
Non-HC Restricted Units		Type	Square Feet	Number	Rent	Utilities	Total
Bedrooms							Annual Rent
0 Br				0	0		0
1 Br			829	2	716		17,184
2 Br			937	3	843		30,348
3 Br				0	0		0
4+ Br				0	0		0
Totals			4,469	5			47,532
common area square footage			6,945				
All Units							
Grand Totals			32,851	28			224,304
Less Vacancy				5.00%			(11,215)
						NET RENT	213,089
OTHER INCOME							
Laundry							0
Parking							0
Commercial Space Income							0
Other							0
						TOTAL INCOME	213,089

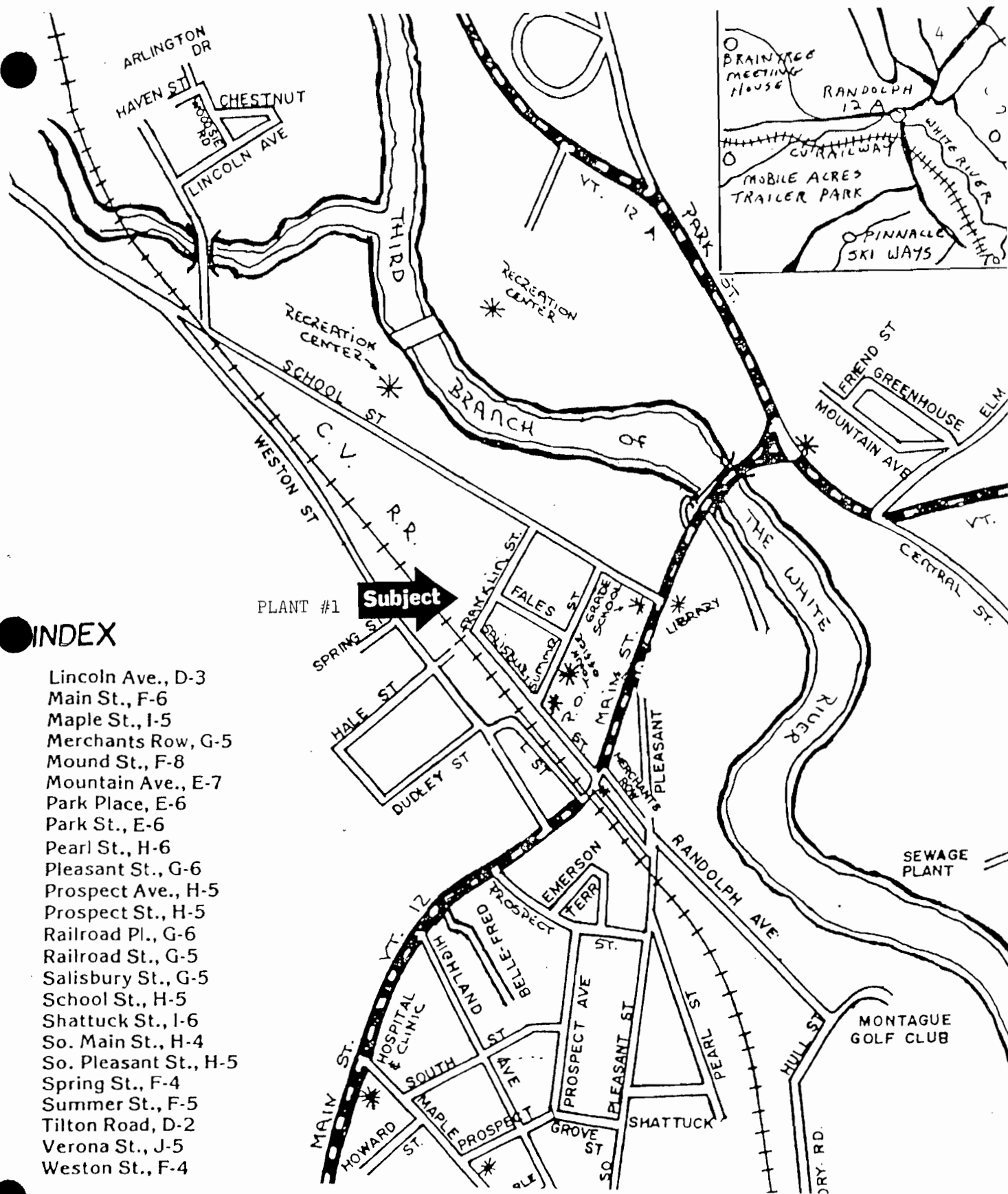
Grange Hill, Woodstock																																	
Building #	Unit #	Check all Applicable										A					B							C									
		HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHC Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	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			2	945	735	49	784																				
	2				1	1			2	945	735	49	784																				
	3	1			1	1			2	945	599	49	648																				
	4				1	1			2	945	735	49	784																				
	5				1	1			2	985	735	49	784																				
	6				1	1			2	985	843	49	892																				
	7				1	1			3	1,220	850	62	912																				
	8	1			1	1			3	1,220	692	62	754																				
	9				1	1			1	772	613	40	653																				
	10	1			1	1			1	774	499	40	539																				
	11				1	1			1	836	716	40	756																				
	12	1			1	1			1	772	499	40	539																				
	13	1			1	1			1	774	499	40	539																				
	14	1			1	1			1	836	499	40	539																				
	15	1			1	1			2	945	599	49	648																				
	16	1			1	1			2	945	599	49	648																				
	17				1	1			2	945	735	49	784																				
	18	1			1	1			2	945	599	49	648																				
	19				1	1			2	985	735	49	784																				
	20				1	1			2	724	613	49	662																				
	21	1			1	1			1	836	499	40	539																				
	22				1	1			1	985	843	40	883																				
	23				1	1			1	724	716	40	756																				
	24	1			1	1			2	836	499	49	548																				
	25				1	1			2	985	843	49	892																				
	26	1			1	1			2	985	599	49	648																				
	27				1	1			3	1,120	850	62	912																				
	28				1	1				985	843	40	883																				
Total # Units	28	12	0	0	23	28	0	0	Totals:	25,902	18,821	Total # Units:	40	0	12	11	0	0	5	0	12	11	5	0	0	0	0	0	0	0	0	0	

17,216
82.02%

20,991

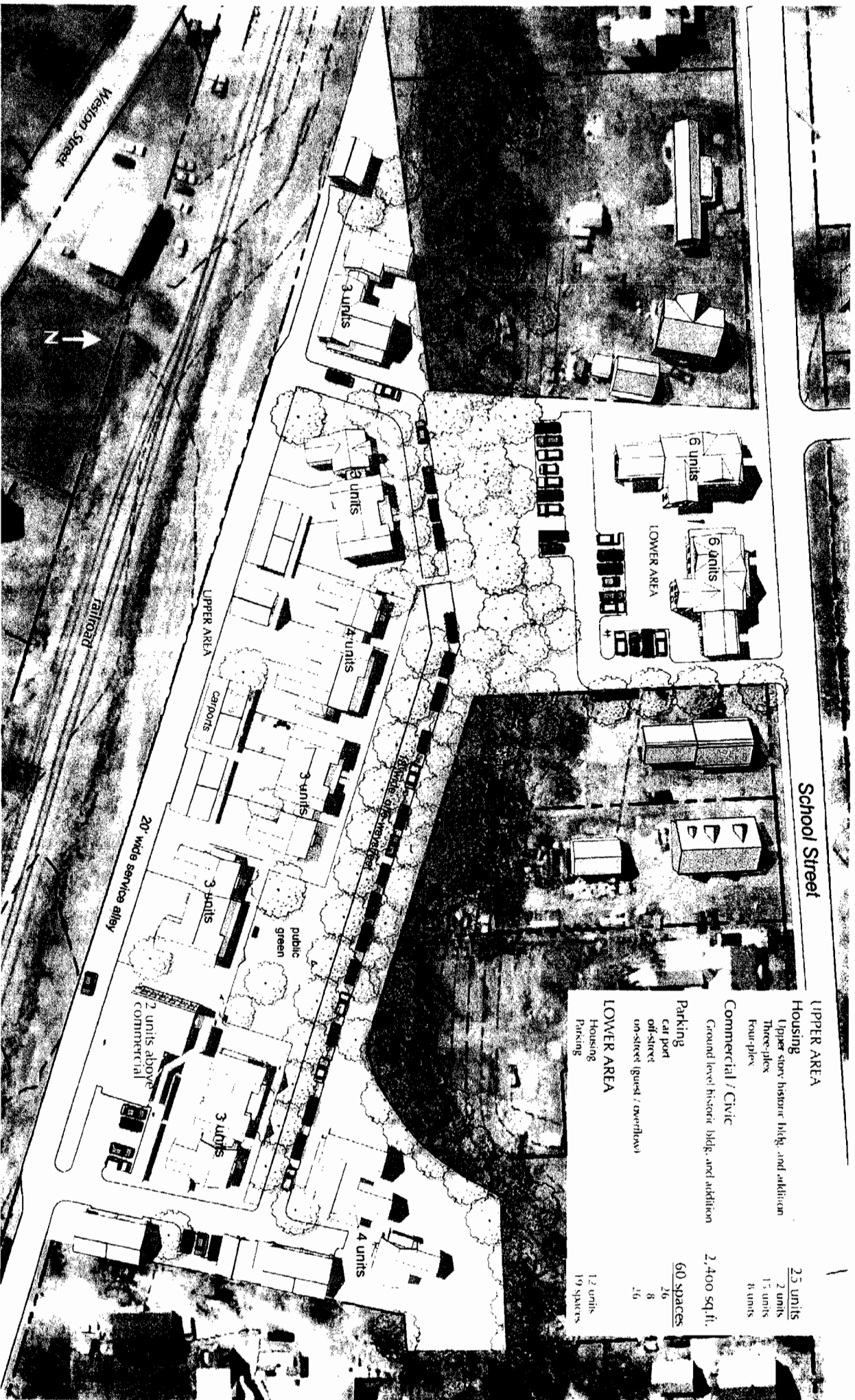
27-Mar-09 **Grange Hill, Woodstock**

	Annual	Monthly	Per Unit Per Month
Administration			
Management Fee	25,200	2,100	75
Supportive Services		0	0
Audit/Accounting	4,032	336	12
Legal	2,016	168	6
Compliance Monitoring	1,656	138	5
Marketing	1,008	84	3
Other - HVT Investor Services	2,688	224	8
TOTAL ADMINISTRATIVE	36,600	3,050	109
Utilities			
Electricity	5,040	420	15
Fuel	21,840	1,820	65
Water and Sewer	10,080	840	30
Fire Alarm / Emergency	1,680	140	5
Other	1,680	140	5
TOTAL UTILITIES	40,320	3,360	120
Maintenance			
Maintenance / Janitor Payroll	18,480	1,540	55
Janitor Supplies	5,040	420	15
Exterminating	672	56	2
Trash Removal	5,376	448	16
Snow Removal	5,712	476	17
Grounds	6,720	560	20
Repairs Material		0	0
Repairs Contract		0	0
HVAC Repairs / Maintenance		0	0
Elevator Contract / Repairs		0	0
Painting and Decorating	2,688	224	8
Other		0	0
TOTAL MAINTENANCE	44,688	3,724	133
Real Estate Taxes	25,200	2,100	75
Property Insurance	8,400	700	25
Replacement Reserves	13,440	1,120	40
Primary Debt Service		0	0
Other "must pay" debt service		0	0
Other		0	0
Total	168,648	14,054	502



INDEX

Lincoln Ave., D-3
 Main St., F-6
 Maple St., I-5
 Merchants Row, G-5
 Mound St., F-8
 Mountain Ave., E-7
 Park Place, E-6
 Park St., E-6
 Pearl St., H-6
 Pleasant St., G-6
 Prospect Ave., H-5
 Prospect St., H-5
 Railroad Pl., G-6
 Railroad St., G-5
 Salisbury St., G-5
 School St., H-5
 Shattuck St., I-6
 So. Main St., H-4
 So. Pleasant St., H-5
 Spring St., F-4
 Summer St., F-5
 Tilton Road, D-2
 Verona St., J-5
 Weston St., F-4



Salisbury Square •

Conceptual Site Plan

Scale: 1" = 40'

Terra Firma Urban Design

November 28, 2007

Randolph Area Community Development Corporation
 Hartland Group

29-Mar-09

Salisbury Square Apartments

Total Residential Units:	12	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	12	Increase in Income from Other Sources:	1.50%
Percent Restricted:	100.00%	Increase in Income from Commercial:	n/a
Total Development Cost:	3,005,012	Expense increase:	3.00%
Total Development Cost per Unit:	250,418	Vacancy Rate:	5.00%
Total Development Cost Per SF:	266	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	320,039	Short Depreciation Schedule:	7 years
Federal Credit Amount Allocated:	320,000	Sponsor's Estimated Yield:	70.56%
State Credit Amount Requested			
LIHTC - 9%	9.00%	April-09	
LIHTC - 4%	3.29%		

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage		0.00%	6.50%	30	30
VHCB	45,800	1.52%	0.00%	Deferred	30
HOME	69,837	2.32%	5.00%	Deferred	30
VCDP	601,600	20.02%	0.00%	Deferred	Grant
Efficiency Incentives + LEED Grant	32,000	1.06%	0.00%	n/a	Grant
State Equity		0.00%			
LIHTC Equity	2,255,774	75.07%			
TOTAL SOURCES	3,005,011	100.00%			

USES

Acquisition	120,555	4.01%
Construction Hard Costs	2,033,638	67.67%
Soft Costs	850,818	28.31%
TOTAL USES	3,005,012	100%

Gap/(Surplus) 1

General Partner's Capital Contribution	226	0.01%
Limited Partner's Capital Contribution	2,257,806	99.99%
Total Equity	2,258,032	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	14
Total Units	14
Unit Fraction	100.00%
Tax Credit Square Footage	11,952
Total Residential Square Footage	11,952
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

Salisbury Square Apartments

Sources and Uses

\$ 180.24

Sources/Uses

	Budget	Per Unit	Per s.f.
ACQUISITION			
Land		\$ -	\$ -
Purchase of Land and Building	77,778	\$ 5,555.57	\$ 6.51
Demolition only	38,889	\$ 2,777.79	\$ 3.25
Property Appraisal	1,944	\$ 138.86	\$ 0.16
Legal - Title, T Ins & Recording	1,944	\$ 138.86	\$ 0.16
Subtotal - Acquisition	120,555	\$ 8,611.07	\$ 10.09
CONSTRUCTION HARD COSTS			
Rehabilitation	369,000	\$ 26,357.14	\$ 30.87
New rental Building	982,284	\$ 70,163.14	\$ 82.19
SF Homes (conventional pricing-energy efficient)	0	\$ -	
Green Design and Upgrade on SF Homes (\$15 sf)	0	\$ -	
Basements	0	\$ -	
Sitework	252,778	\$ 18,055.57	\$ 21.15
Unit Button up	0	\$ -	\$ -
Utilities	23,433	\$ 1,673.79	\$ 1.96
Brownfield Remediation		\$ -	\$ -
Landscaping	29,167	\$ 2,083.36	\$ 2.44
Contractor Overhead (4%)	65,329	\$ 4,666.36	\$ 5.47
Contractor Profit (5%)	81,661	\$ 5,832.93	\$ 6.83
Construction Consultant	7,778	\$ 555.57	\$ 0.65
Construction Bond Fee (0.06%)	16,332	\$ 1,166.57	\$ 1.37
Hazardous Materials Abatement		\$ -	\$ -
Furnishings, Fixtures, & Equipment	21,000	\$ 1,500.00	\$ 1.76
Construction Contingency @ 10%	184,876	\$ 13,205.44	\$ 15.47
Subtotal - Hard Costs	2,033,638	\$ 145,259.87	\$ 170.15
SOFT COSTS			
Architectural/Engineering	133,628	\$ 9,544.86	\$ 11.18
Civil Engineering	45,581	\$ 3,255.79	\$ 3.81
Urban Design	2,105	\$ 150.36	\$ 0.18
Legal- Accounting	15,556	\$ 1,111.14	\$ 1.30
Legal- Sales	0	\$ -	\$ -
Environmental Assessment	3,889	\$ 277.79	\$ 0.33
Traffic Study	2,917	\$ 208.36	\$ 0.24
C.N.A.	2,500	\$ 178.57	\$ 0.21
Permits/Fees	19,444	\$ 1,388.86	\$ 1.63
Construction Period Insurance	2,528	\$ 180.57	\$ 0.21
Construction Interest	42,778	\$ 3,055.57	\$ 3.58
Loan commitment/credit Fees	12,800	\$ 914.29	\$ 1.07
Carrying costs	38,889	\$ 2,777.79	\$ 3.25
Liability Insurance and Property Tax	7,778	\$ 555.57	\$ 0.65
Geotech/Controlled Inspections	2,403	\$ 171.64	\$ 0.20
Applications	2,798	\$ 199.86	\$ 0.23
Appraisals	3,111	\$ 222.21	\$ 0.26
Historic Preservation Consultant	8,180	\$ 584.29	\$ 0.68
Survey	4,861	\$ 347.21	\$ 0.41
Market Studies	6,135	\$ 438.21	\$ 0.51
Leed H Certification	7,822	\$ 558.71	\$ 0.65
Miscellaneous	6,631	\$ 473.64	\$ 0.55
Marketing	7,500	\$ 535.71	\$ 0.63
Soft Cost Contingency @ 10%	37,983	\$ 2,713.10	\$ 3.18
SYNDICATION COSTS			
Organizational (Partnership)	4,000	\$ 285.71	\$ 0.33
Cost Certification	4,000	\$ 285.71	\$ 0.33
Syndication legal/accounting	20,000	\$ 1,428.57	\$ 1.67
DEVELOPER'S FEES			
Developer's & Consultant Fees	312,001	\$ 22,285.79	\$ 26.10
RESERVES			
Working Capital	15,000	\$ 1,071.43	\$ 1.26
Rent-up (Deficit Escrow) Reserve	15,000	\$ 1,071.43	\$ 1.26
Taxes and Insurance Escrow	7,000	\$ 500.00	\$ 0.59
Fund Operating Reserve	28,000	\$ 2,000.00	\$ 2.34
Fund Replacement Reserves	28,000	\$ 2,000.00	\$ 2.34
Subtotal - Soft Costs	850,818	\$ 60,772.74	\$ 71.19
TOTAL DEVELOPMENT COSTS	3,005,012	\$ 214,643.69	\$ 251.42

29-Mar-09 **Salisbury Square Apartment Rental Schedule**

Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
1 Br	new	688	5	513	29	30,780
2 Br	new	905	8	694	44	66,648
3 Br	rehab	1,275	1	706	59	8,472
4+ Br		0	0	0	0	0
Totals		11,952	14			105,900

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		0	0	0	0	0
2 Br		0	0	0	0	0
3 Br		0	0	0	0	0
4+ Br		0	0	0	0	0
Totals		0	0			0
All Units						
Grand Totals		11,952	14			105,900

Less Vacancy 5.00% (5,295)

NET RENT 100,605

OTHER INCOME

Laundry	25	300
Parking		0
Commercial Space Income		
Total		300

TOTAL INCOME 101,205

Salisbury Square Apartments

Credit Calculations

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation
ACQUISITION				
Land	0			
Purchase of Land and Building	77,778	15,000		15,000
Demolition only	38,889			38,889
Property Appraisal	1,944	1,944		1,944
Legal - Title, T Ins & Recording	1,944	1,944		1,944
Subtotal - Acquisition	120,555			
CONSTRUCTION HARD COSTS				
Rehabilitation	369,000		369,000	369,000
New rental Building	982,284		982,284	982,284
SF Homes (conventional pricing-energy effie)	0		0	0
Green Design and Upgrade on SF Homes (\$1	0		0	0
Basements	0		0	0
Sitework	252,778		252,778	252,778
Unit Button up	0		0	0
Utilities	23,433		23,433	23,433
Brownfield Remediation	0		0	0
Landscaping	29,167		29,167	29,167
Contractor Overhead (4%)	65,329		65,329	65,329
Contractor Profit (5%)	81,661		81,661	81,661
Construction Consultant	7,778		0	0
Construction Bond Fee (0.06%)	16,332		16,332	16,332
Hazardous Materials Abatement	0		0	0
Furnishings, Fixtures, & Equipment	21,000		21,000	21,000
Construction Contingency @ 10%	184,876		184,876	184,876
Subtotal - Hard Costs	2,033,638			
SOFT COSTS				
Architectural Engineering	133,628		133,628	133,628
Civil Engineering	45,581		45,581	45,581
Urban Design	2,105		2,105	2,105
Legal- Accounting	15,556		15,556	15,556
Legal- Sales	0		0	0
Environmental Assessment	3,889		3,889	3,889
Traffic Study	2,917		2,917	2,917
C.N.A	2,500		2,500	2,500
Permits Fees	19,444		19,444	19,444
Construction Period Insurance	2,528		2,528	2,528
Construction Interest	42,778		42,778	42,778
Loan commitment credit Fees	12,800		0	0
Carrying costs	38,889		38,889	38,889
Liability Insurance and Property Tax	7,778		7,778	7,778
Geotech Controlled Inspections	2,403		2,403	2,403
Applications	2,798		2,798	2,798
Appraisals	3,111		3,111	3,111
Historic Preservation Consultant	8,180		8,180	8,180
Survey	4,861		4,861	4,861
Market Studies	6,135		6,135	6,135
Leed H Certification	7,822		7,822	7,822
Association working capital	0		0	0
Miscellaneous	6,631		6,631	6,631
Marketing	7,500		0	0
Soft Cost Contingency @ 10%	37,983		37,983	37,983
			0	0
SYNDICATION COSTS				
Organizational (Partnership)	4,000			
Cost Certification	4,000			
Syndication legal accounting	20,000			
Tax Opinion	0			
DEVELOPER'S FEES				
Developer's & Consultant Fees	312,001		312,001	312,001
Other Partnership Fees	0		0	0
Consultant Fees	0		0	0
RESERVES				
Working Capital	15,000			
Rent-up (Deficit Escrow) Reserve	15,000			
Fund Operating Reserve	28,000			
Tax and insurance escrow	7,000			
Fund Replacement Reserves	28,000			
Subtotal - Soft Costs	850,818			
TOTALS	3,005,012	18,888	2,735,378	2,608,279
Acquisition Basis	18,888			
Construction Basis	2,735,378			
Historic Basis	0			
Depreciation Basis	2,608,279			
Amount of Non-qualified Financing				
Adjustment for per unit cost limits				
Historic tax Credit (Residential Portion)				
Total Eligible Basis		18,888	2,735,378	20%
Adjusted for QCT DDA	130.0%	24,554	3,555,992	0
Applicable Fraction	100.0%	24,554	3,555,992	100%
Total Qualified Basis		24,554	3,555,992	0
Applicable Percentage		3.29%	9.00%	
Total Annual Credit Qualified		0	320,039	
TOTAL QUALIFIED CREDIT		320,039		
Total Tax Credits Requested	320,000			
Estimated Net Syndication Proceeds				
(excluding historic credit equity)	2,255,774			
Estimated Yield - Housing Credit Syndicator	70.56%			
Equity Gap	2,255,775			
Credits Needed to fill Equity Gap	320,032			

Salisbury Square Apartments Rent Summary

Building #	Unit #	Check all Applicable								A			B						C																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
		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:																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							
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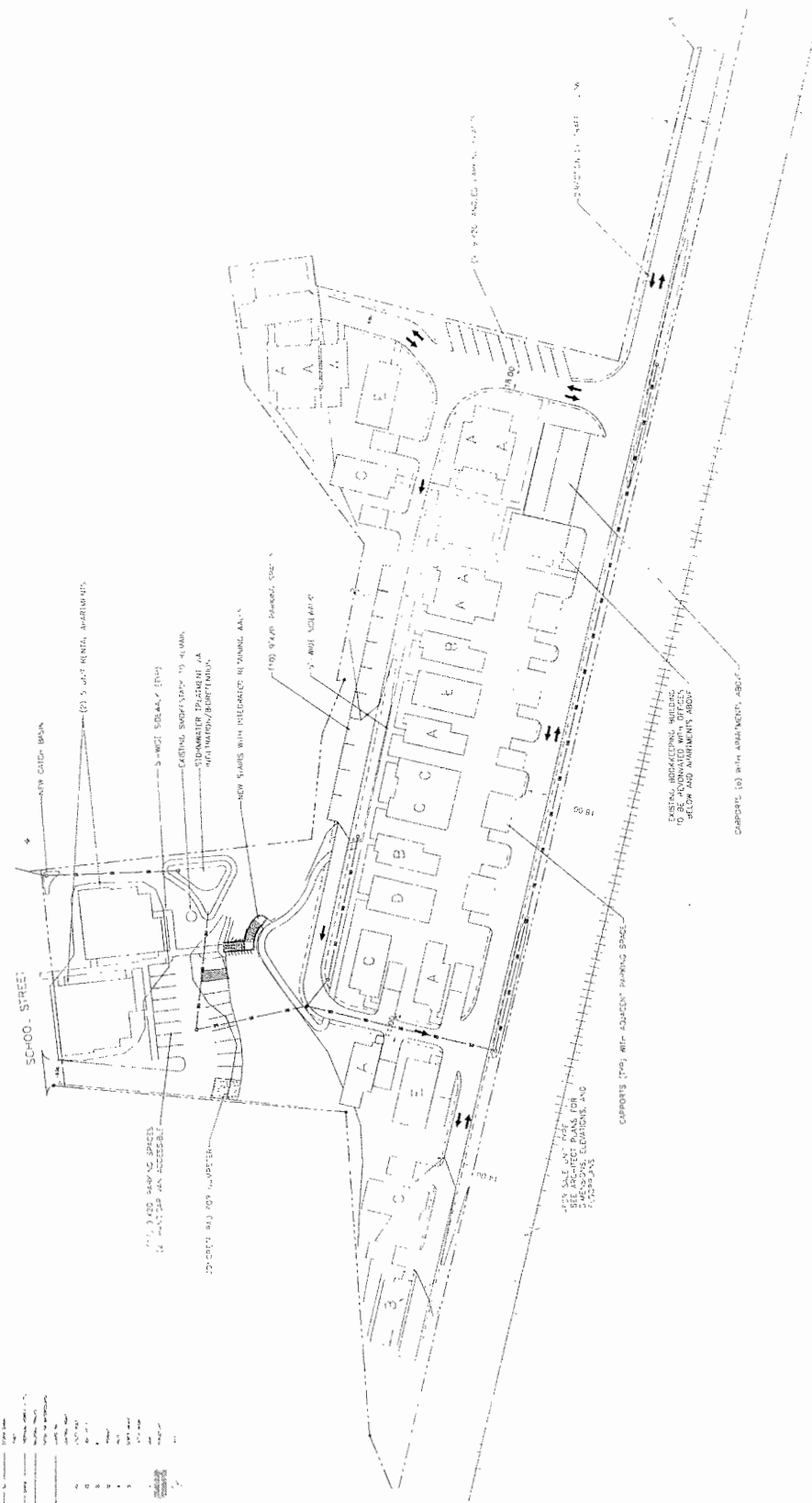
29-Mar-09

Salisbury Square 1st year Operating Expenses

	Annual	Monthly	Per Unit Per Month
Administration			
Management Fee	8,750	729	61
Audit/Accounting	3,500	292	21
Legal	583	49	3
Asset Management Fee	1,400	117	8
Marketing	583	49	3
Compliance Monitoring	1,008	84	6
TOTAL ADMINISTRATIVE	15,824	1,319	94
Utilities			
Electricity	3,000	250	18
Fuel	10,000	833	60
Water and Sewer	5,500	458	33
Fire Alarm / Emergency	460	38	3
Other	840	70	5
TOTAL UTILITIES	19,800	1,650	118
Maintenance			
Maintenance / Janitor Payroll	9,129	761	40
Janitor Supplies	1,750	146	10
Exterminating	350	29	2
Trash Removal	3,000	250	18
Snow Removal	3,500	292	21
Grounds	3,500	292	21
Repairs Material	2,333	194	14
Repairs Contract	2,333	194	14
HVAC Repairs / Maintenance	0	0	0
Elevator Contract / Repairs	0	0	0
Painting and Decorating	840	70	7
Misc	0	0	0
TOTAL MAINTENANCE	26,735	186	13
Real Estate Taxes			
Real Estate Taxes	15,000	1,250	89
Property Insurance	3,500	292	21
Replacement Reserves	5,880	490	35
Primary Debt Service		0	0
Other		0	0
Total (excluding debt service)	86,739	7,228	516

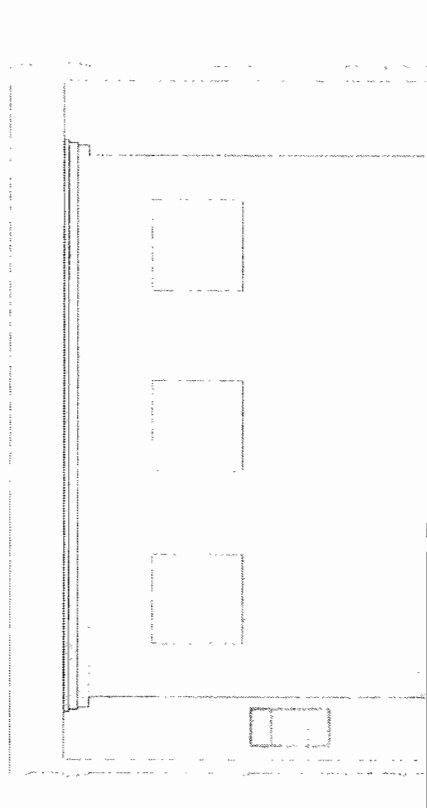
Sansbury Square Apartments 30 Year Cash Flow

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income															
Gross Rent	105,900	107,489	109,101	110,737	112,398	114,084	115,796	117,533	119,296	121,085	122,901	124,745	126,616	128,515	130,443
Other Income	300	305	309	314	318	323	328	333	338	343	348	353	359	364	370
Vacancy and other losses	(5,295)	(5,390)	(5,470)	(5,553)	(5,636)	(5,720)	(5,806)	(5,893)	(5,982)	(6,071)	(6,162)	(6,255)	(6,349)	(6,444)	(6,541)
Total Operating Income	100,905	102,403	103,939	105,498	107,081	108,687	110,317	111,972	113,652	115,357	117,087	118,843	120,626	122,435	124,272
Operating Expenses															
Total Expenses (excl. Reserves)	80,859	83,285	85,783	88,357	91,008	93,738	96,550	99,446	102,430	105,503	108,668	111,928	115,286	118,744	122,306
Replacement Reserves	5,880	6,056	6,238	6,425	6,618	6,817	7,021	7,232	7,449	7,672	7,902	8,139	8,383	8,635	8,894
Total Operating Expense	86,739	89,341	92,021	94,782	97,626	100,554	103,571	106,678	109,878	113,175	116,570	120,067	123,669	127,379	131,201
Net Operating Income	14,166	13,062	11,918	10,716	9,455	8,133	6,747	5,294	3,773	2,182	517	(1,224)	(3,043)	(4,944)	(6,929)
Less Primary Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Secondary Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow	14,166	13,062	11,918	10,716	9,455	8,133	6,747	5,294	3,773	2,182	517	(1,224)	(3,043)	(4,944)	(6,929)
Less Contributions to Op Acct	(14,166)	(13,062)	(11,918)	(10,716)	(9,455)	(8,133)	(6,747)	(5,294)	(3,773)	(2,182)	(517)	0	0	0	0
Plus Withdrawals from Op Acct	0	0	0	0	0	0	0	0	0	0	0	1,224	3,043	4,944	6,929
Net Cash	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DCR (incl rep reserve contribution)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Operating Account															
Beginning Balance	43,000	57,449	70,773	82,929	93,860	103,504	111,800	118,682	124,082	127,931	130,156	130,683	129,460	126,416	121,473
Deposits	14,166	13,062	11,918	10,716	9,455	8,133	6,747	5,294	3,773	2,182	517	0	0	0	0
Interest 2.0%	283	261	238	214	189	163	135	106	75	44	10	0	0	0	0
Withdrawals	0	0	0	0	0	0	0	0	0	0	0	(1,224)	(3,043)	(4,944)	(6,929)
Ending Balance	57,449	70,773	82,929	93,860	103,504	111,800	118,682	124,082	127,931	130,156	130,683	129,460	126,416	121,473	114,544
Rent Up Reserve															
Beginning Balance	15,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deposits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest 0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Withdrawals	(15,000)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative Replacement Reserves															
Beginning Balance	28,000	33,998	40,175	46,538	53,092	(1,490)	5,463	12,624	20,001	27,598	(25,908)	(17,848)	(9,546)	(995)	7,813
Deposits	5,880	6,056	6,238	6,425	6,618	6,817	7,021	7,232	7,449	7,672	7,902	8,139	8,383	8,635	8,894
Interest 2.0%	118	121	125	129	132	136	140	145	149	153	158	163	168	173	178
Withdrawals	0	0	0	0	(61,332)	0	0	0	0	(61,332)	0	0	0	0	(61,332)
Ending Balance	33,998	40,175	46,538	53,092	(1,490)	5,463	12,624	20,001	27,598	(25,908)	(17,848)	(9,546)	(995)	7,813	(44,447)

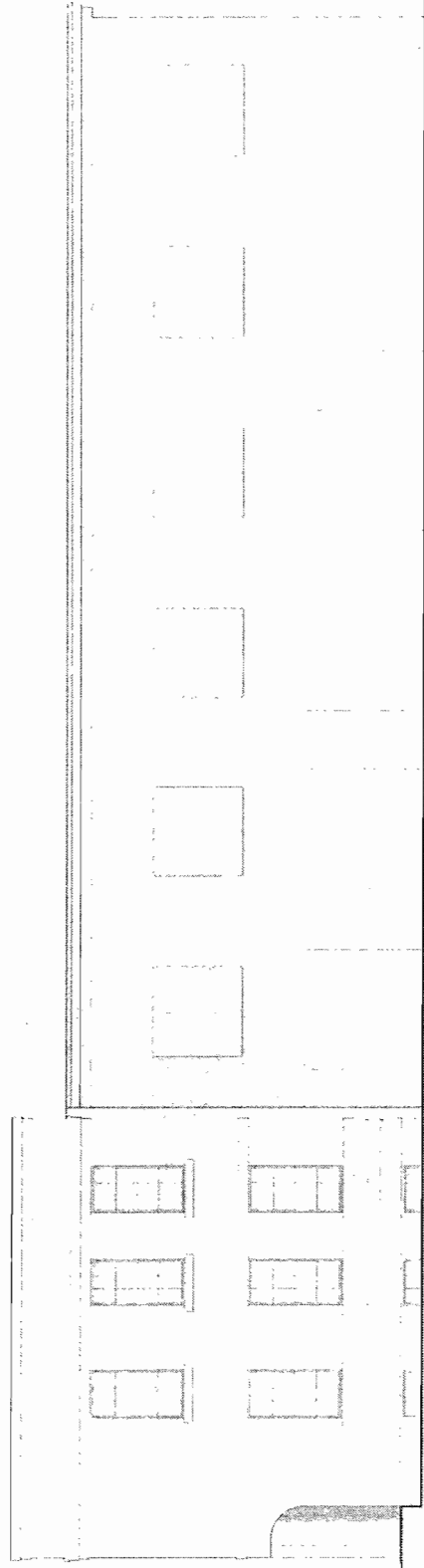


Abstract

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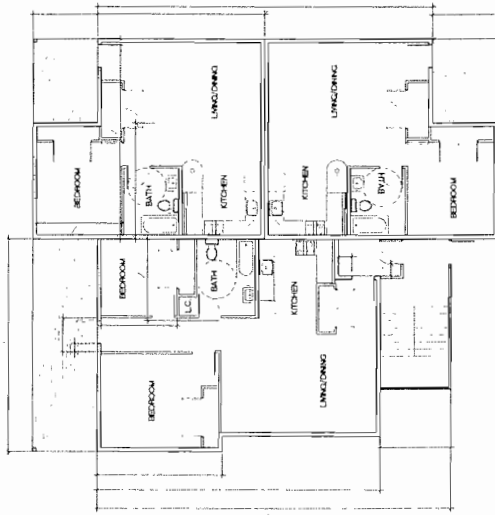


2 EAST ELEVATION
SCALE 1/8"=1'-0"

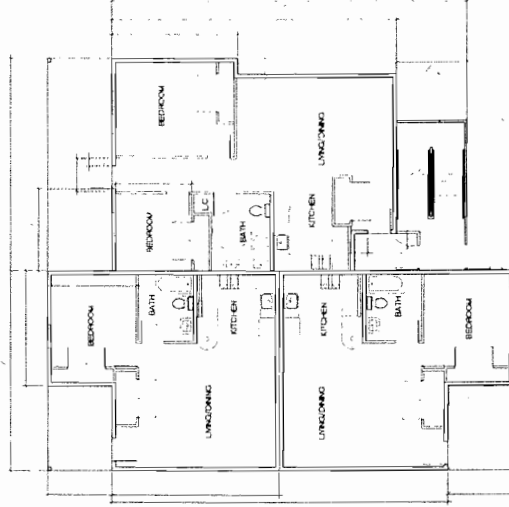


3 SOUTH ELEVATION
SCALE 1/8"=1'-0"

1ST STORY APT TYP. BUILDING A



1ST STORY APT TYP. BUILDING B



MULTI FAMILY HOUSING SCHEMATIC DESIGN

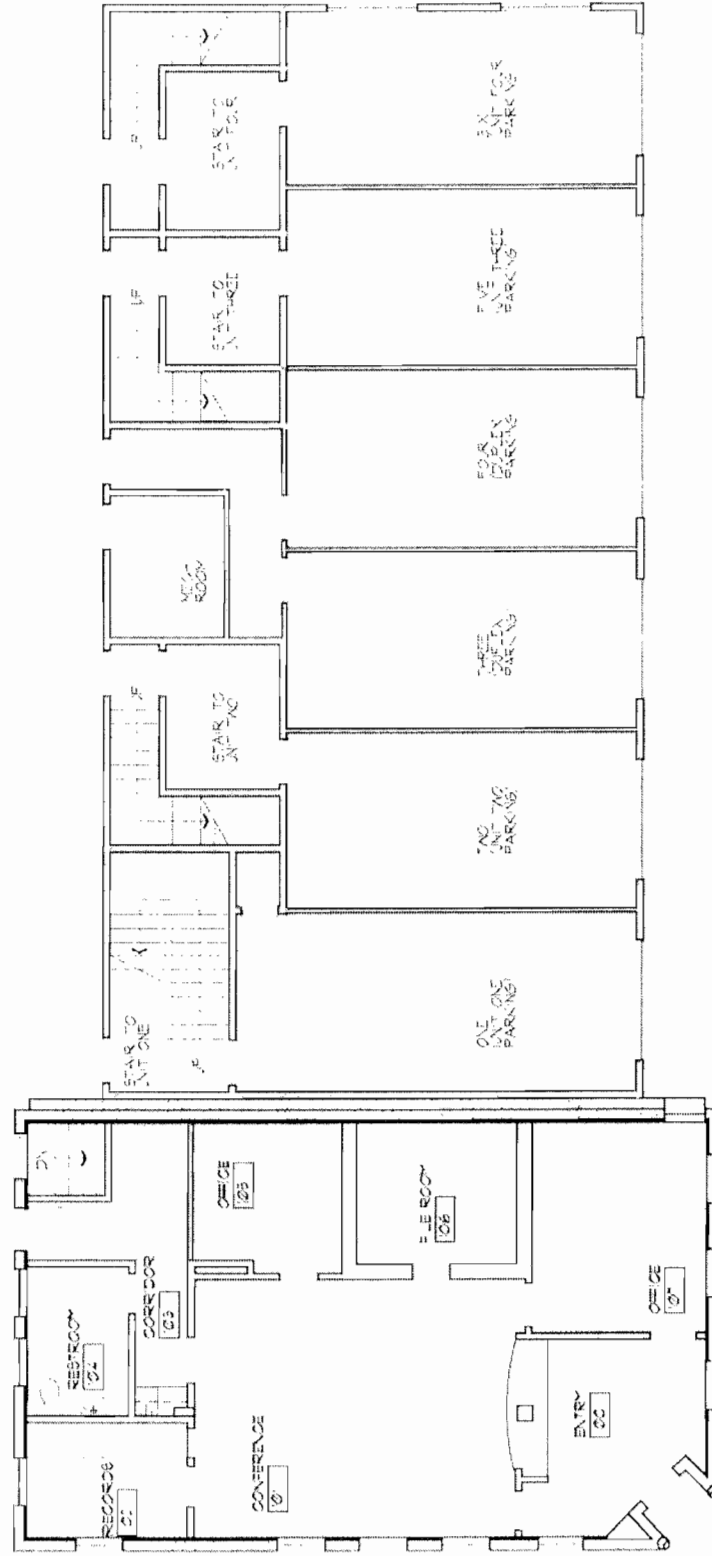
MARCH 25, 2009



SALISBURY SQUARE

SCOTT + PARTNERS
ARCHITECTS
20 THURGOOD LAWRENCE JUNCTION VERMONT 05402
P. 802.875.583 F. 802.872.7764

DATE: 03/25/09
DRAWING NO.
14147001



SCHEMATIC FIRST FLOOR PLAN

SCALE: 1/8" = 1'-0"

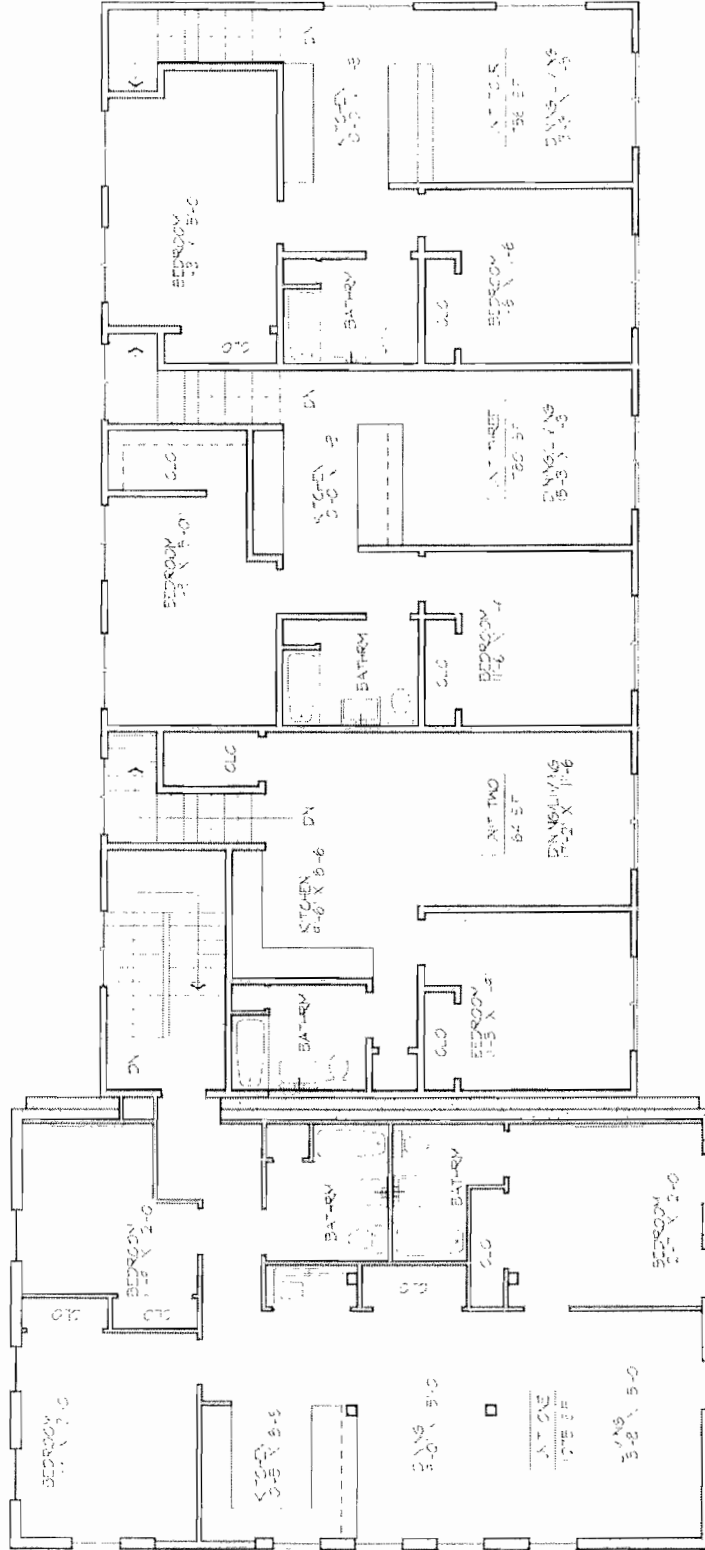
SALISBURY SQUARE

RANDOLPH, VERMONT

BLACK
RIVER
DESIGN

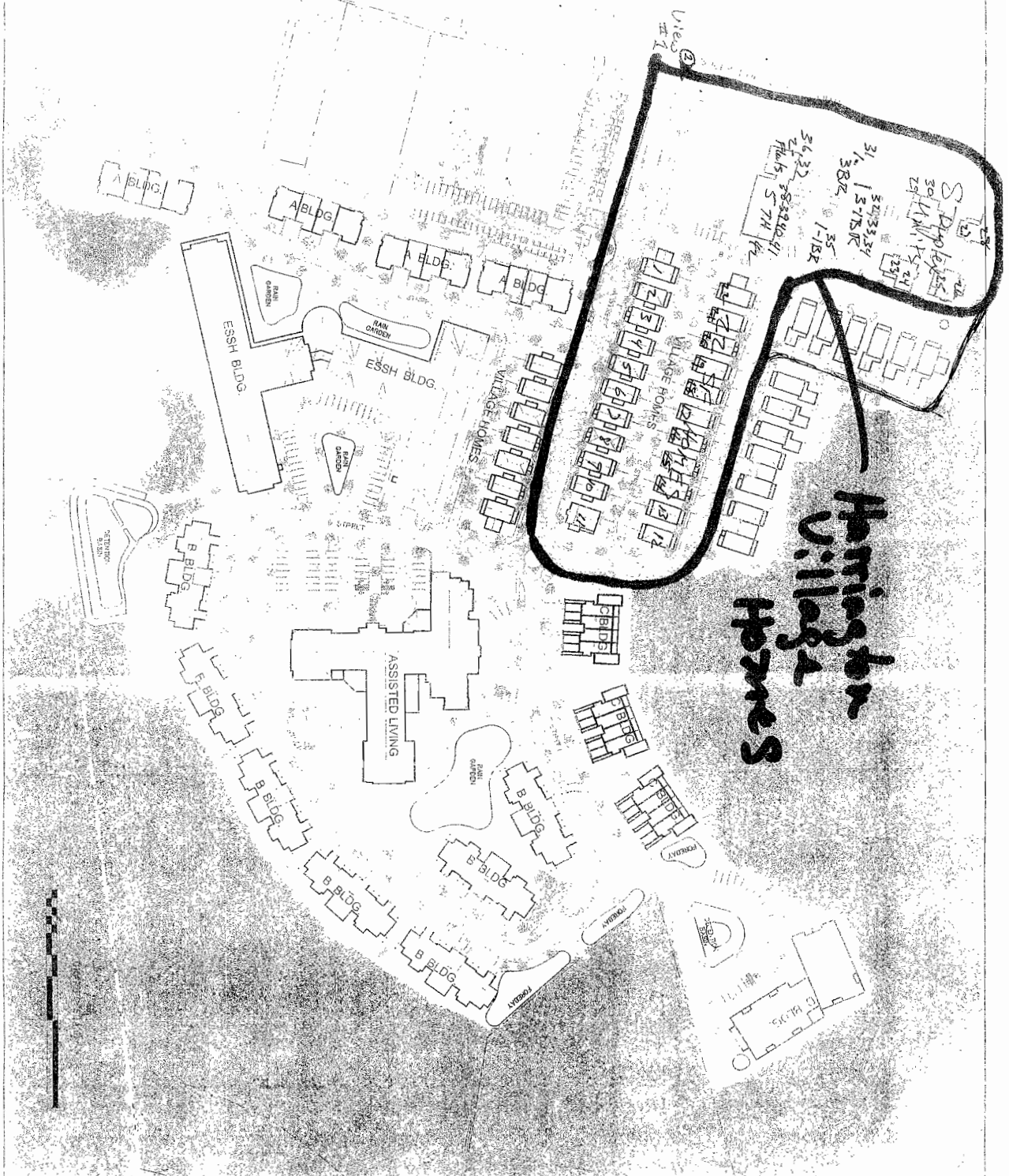
DATE
NO. EDITION
DRAWN BY
CHECKED BY

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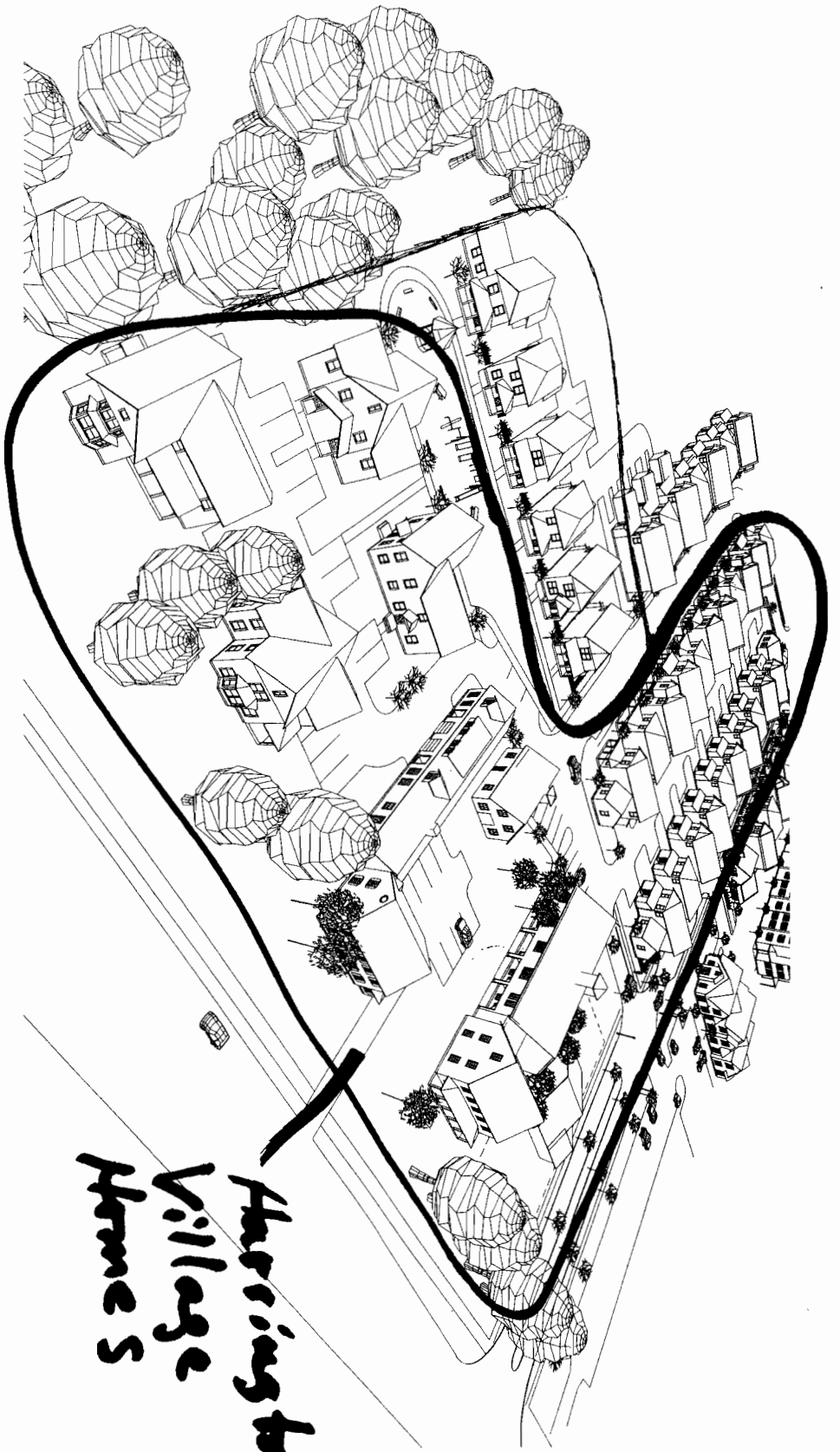


SCHEMATIC SECOND FLOOR PLAN

SCALE: 1/8" = 1'-0"

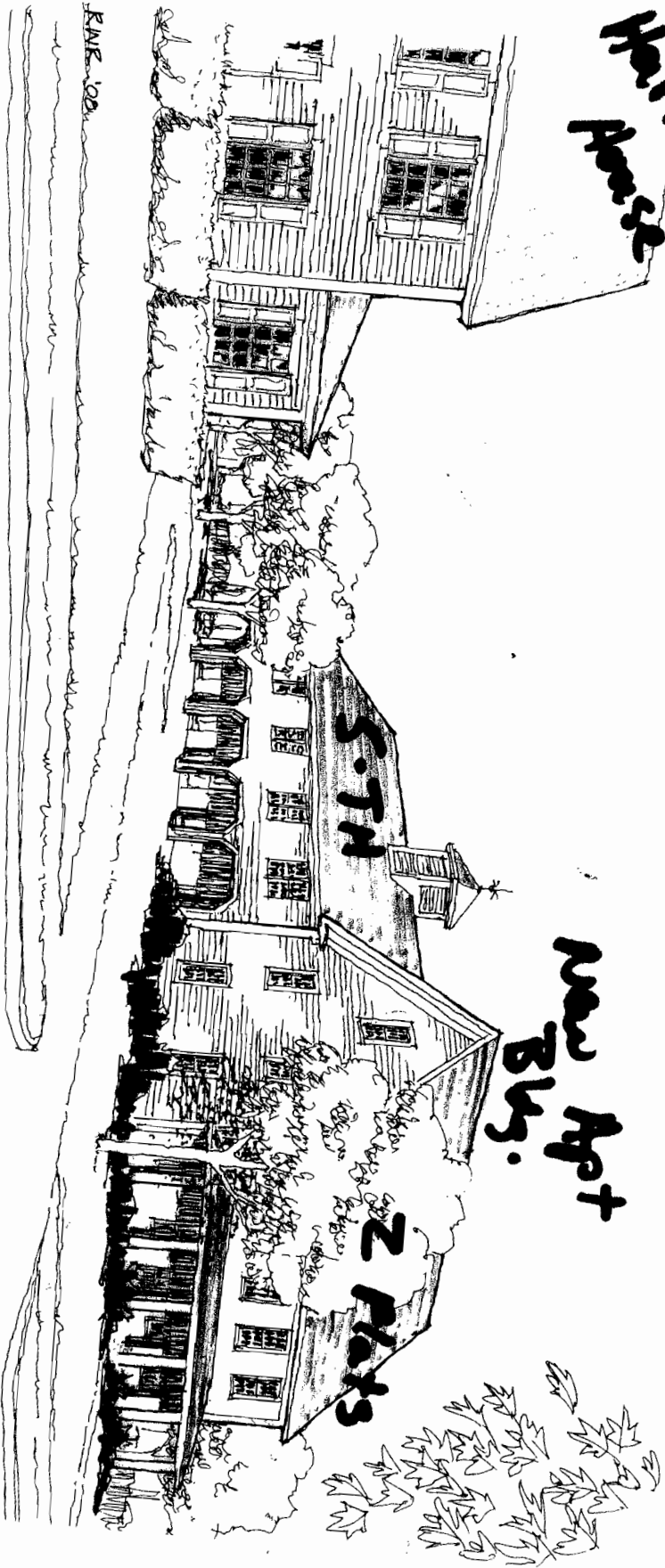


<p>PROJECT</p> <p>SHELBURNE WOODS</p> <p>SHELBURNE ROAD</p> <p>SHELBURNE VERMONT</p>	<p>GREEN MOUNTAIN DEVELOPMENT GROUP</p>	<p>LOCATION MAP</p> <p>DATE: 10/17/2003</p> <p>DESIGN: [blank]</p> <p>SCALE: 1" = 100'</p>	<p>CONCEPTUAL OVERALL LANDSCAPE PLAN</p>
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*Harvington
Village
Homes*

Marine
Avenue



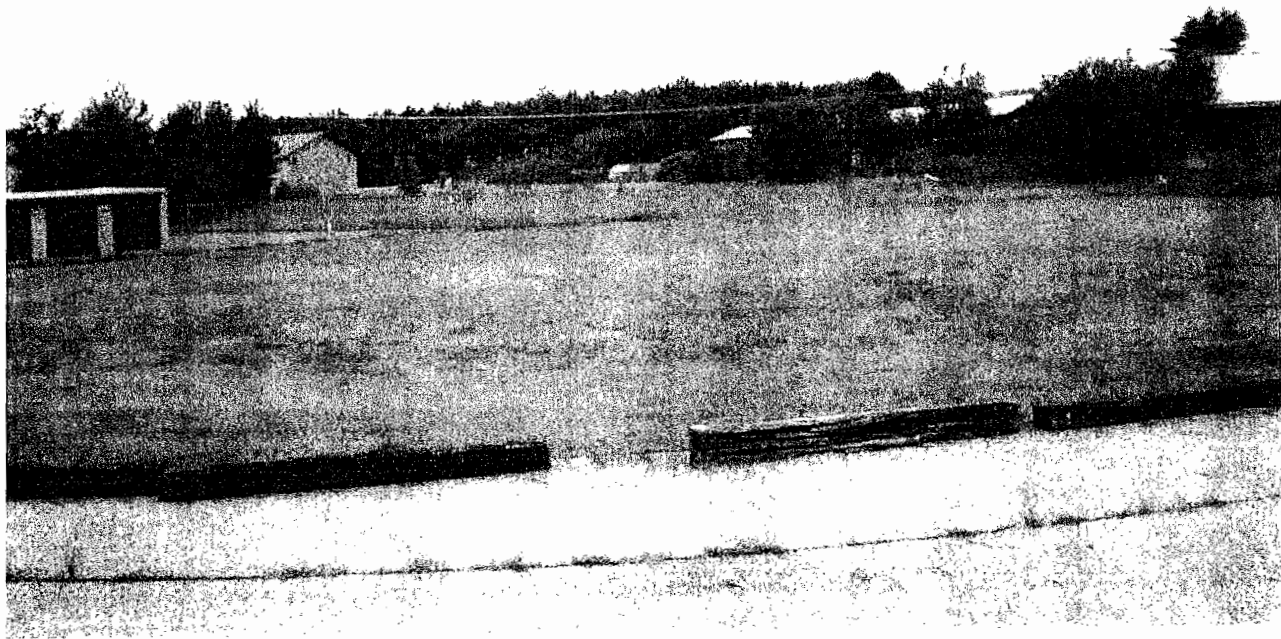
New Apt
Bldg.

2 Flats

S. 7th

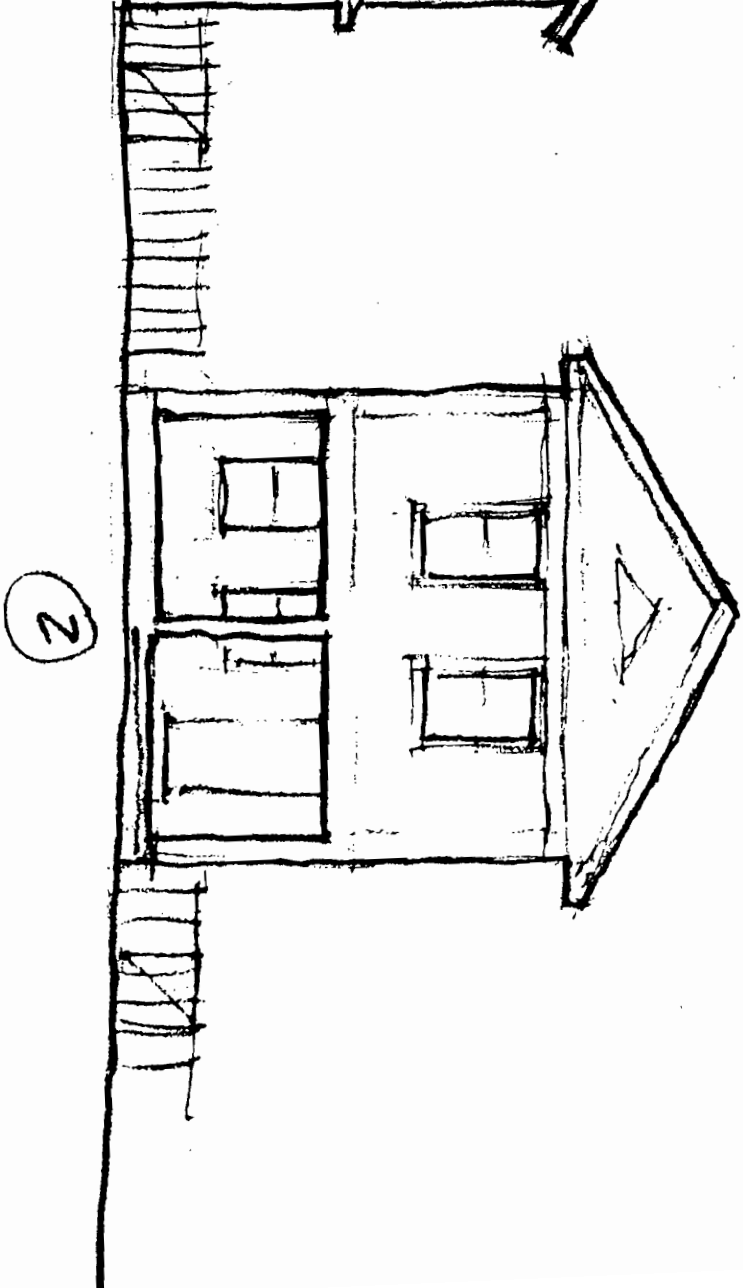
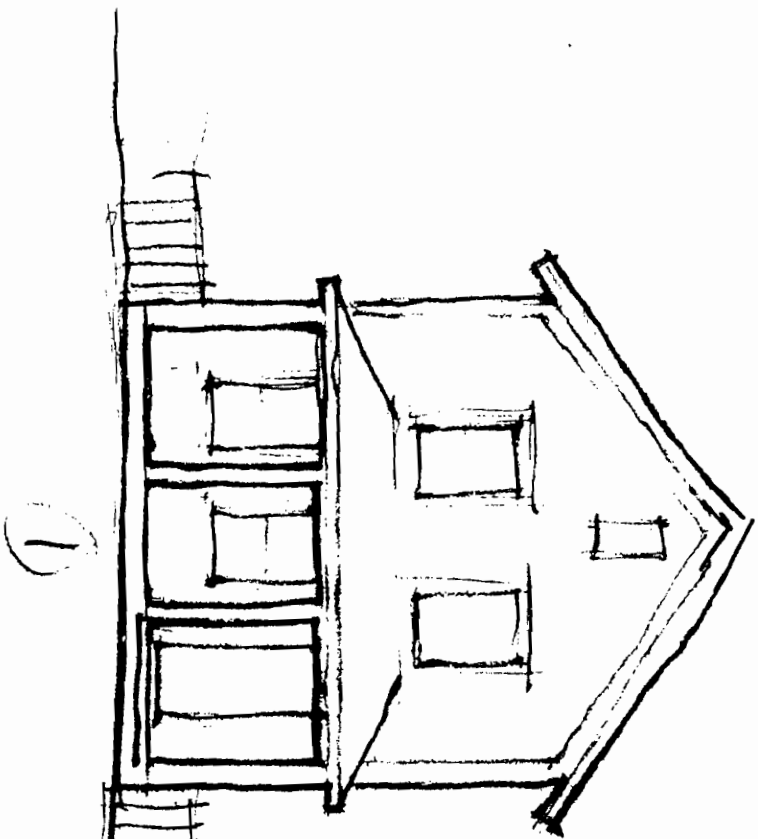
Rte 5

KAR 100



Draft
6/30/08

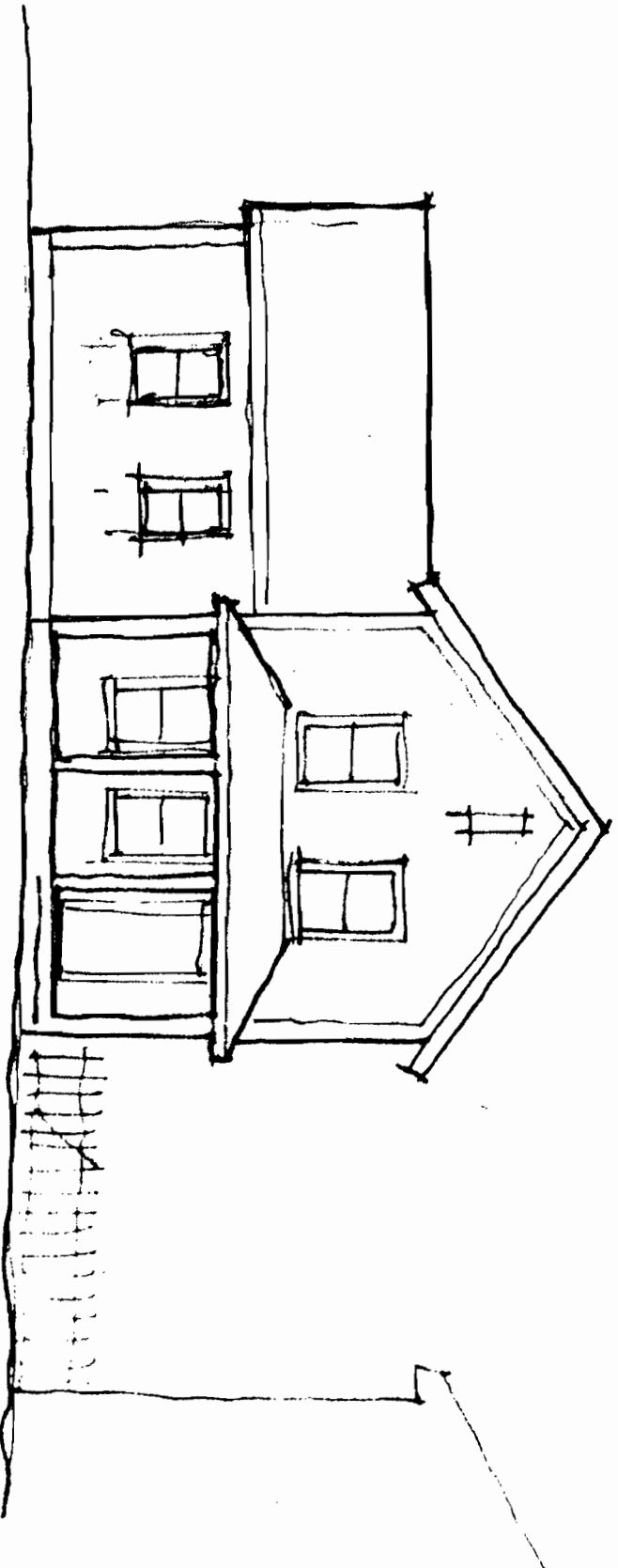
VILLAGE HOMES



Village Homes

Draft

6/30/08



3-BR UNIT

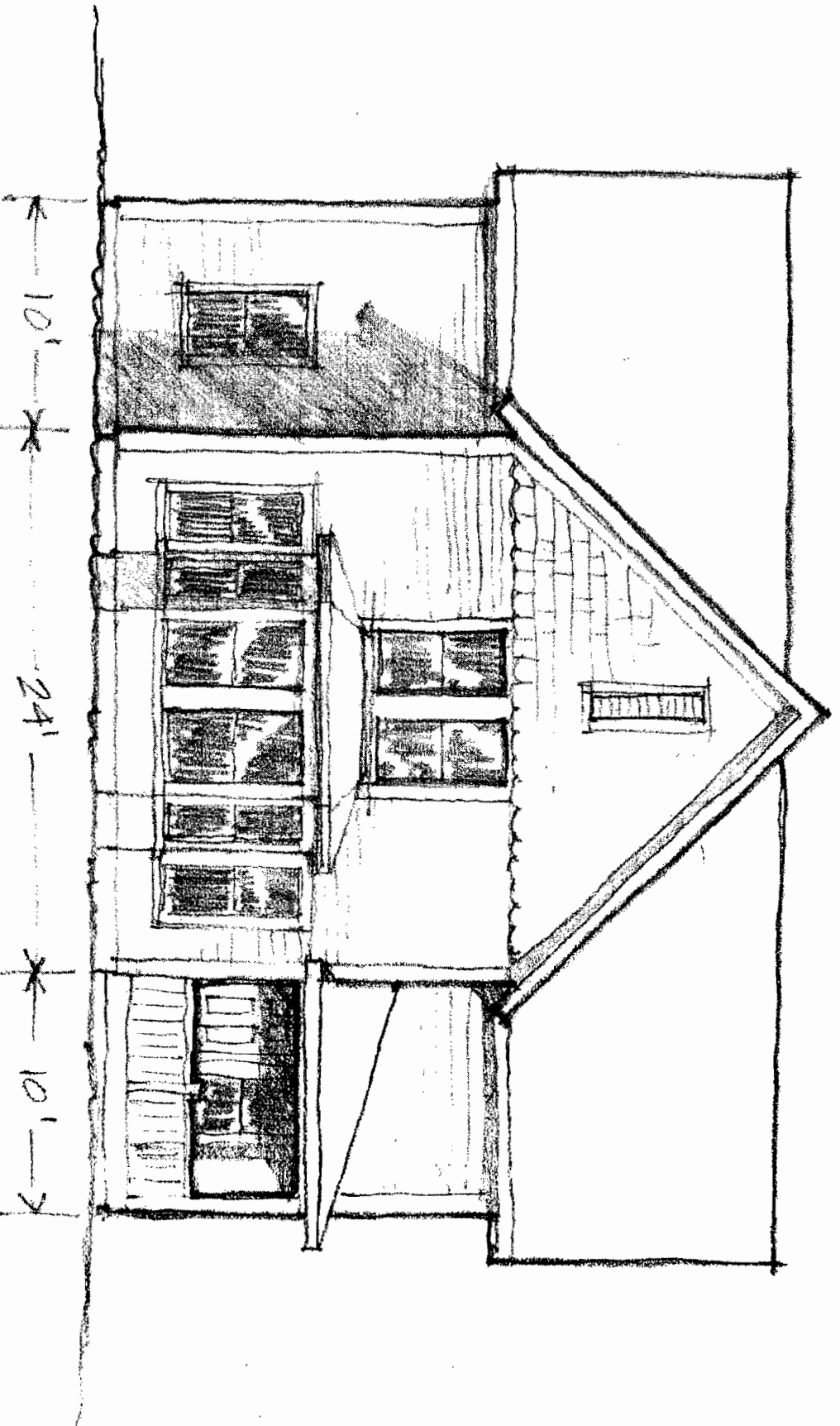
Harrington Village Duplex



20' * 26'

ROUTE 7 NORTH HOUSE #2
STREET ELEVATION
9/9/05
1/8" = 1'-0"

Harrington Village Duplex



ROUTE 7 NORTH • HOUSE #1

9/9/08

STREET ELEVATION
1/8" = 1'-0"

Total Residential Units:	34	Increase in Income from Rental Units:	2.00%
Housing Credit Restricted Units:	34	Increase in Income from Other Sources:	2.00%
Percent Restricted:	100.00%	Increase in Income from Commercial:	0.00%
Total Development Cost:	10,629,750	Expense increase:	3.50%
Total Development Cost per Unit:	312,640	Vacancy Rate:	5%
Total Development Cost Per SF:	226	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	957,301	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	957,301	Sponsor's Estimated Yield:	77.46%
LIHTC - 9%	9.00%		
LIHTC - 4%	3.52%		

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	1,500,000	14.11%	6.00%	30	30
VHCB	500,000	4.70%	0.00%	30	deferred
HOME		0.00%	0.00%	20	int. only
VCDP	1,000,000	9.41%	0.00%	30	deferred
Deferred Developer Fees	221,886	2.09%	N/A	N/A	
Historic Equity		0.00%	N/A	N/A	
Tax Credit Equity	7,407,864	69.69%	N/A	N/A	
TOTAL SOURCES	10,629,750	100.00%			

USES

Acquisition	2,002,750	18.84%
Construction Hard Costs	6,204,000	58.36%
Soft Costs	2,423,000	22.79%
TOTAL USES	10,629,750	100%

Gap 0

General Partner's Capital Contribution	0	0.10%
Limited Partner's Capital Contribution	7,407,864	99.90%
Total Equity	7,407,864	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	34
Total Units	34
Unit Fraction	100.00%
Tax Credit Square Footage	47,300
Total Residential Square Footage	47,300
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

	Budget	Per Unit	Per s.f.
ACQUISITION			
1 Land	1,020,000	30,000	21.70
2 Purchase of Mobile Homes	625,000	18,382	13.30
3 Buildings	357,750	10,522	7.61
4 Property Appraisal		0	0.00
5 Legal - Title and Recording		0	0.00
Subtotal - Acquisition	2,002,750	58,904	42.61
CONSTRUCTION HARD COSTS			
6 Rehabilitation		0	0.00
7 New Building(s)	3,464,000	101,882	73.70
8 Accessory Buildings		0	0.00
9 Sitework	2,300,000	0	0.00
10 Commercial Space Costs (if any)		0	0.00
11 General Requirements		0	0.00
12 Contractor Overhead		0	0.00
13 Contractor Profit		0	0.00
14 Construction Contingency	300,000	8,824	6.38
15 Construction Management	140,000	4,118	2.98
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		0	0.00
20 Other ()		0	0.00
Subtotal - Hard Costs	6,204,000	182,471	132.00
SOFT COSTS			
21 Architectural	250,000	7,353	5.32
22 Engineering	175,000	5,147	3.72
23 Legal/Accounting	85,000	2,500	1.81
24 Pre-closing development costs	105,000	3,088	2.23
25 Environmental Assessment	5,000	147	0.11
26 Energy Assessment	2,000	59	0.04
27 Permits/Fees	184,000	5,412	3.91
28 Independent Market Study	8,000	235	0.17
29 Construction Period Insurance	65,000	1,912	1.38
30 Construction Interest	75,000	2,206	1.60
31 Construction Loan Origination Fee	40,000	1,176	0.85
32 Taxes During Construction	20,000	588	0.43
33 Clerk of the Works	0	0	0.00
34 Marketing	48,000	1,412	1.02
35 Tax Credit Fees	34,000	1,000	0.72
36 Soft Cost Contingency	200,000	5,882	4.26
37 Permanent Loan Origination Fee		0	0.00
38 Lender's Counsel's Fee	40,000	1,176	0.85
39 Other ()	18,000	529	0.38
SYNDICATION COSTS			
40 Organizational (Partnership)	38,000	1,118	0.81
41 Bridge Loan Fees and Expenses		0	0.00
42 Syndication Consultant		0	0.00
43 Tax Opinion		0	0.00
DEVELOPER'S FEES			
44 Developer's Fees	800,000	23,529	17.02
45 Other Partnership Fees		0	0.00
46 Consultant Fees	120,000	3,529	2.55
RESERVES			
47 Working Capital	10,000	294	0.21
48 Rent-up (Deficit Escrow) Reserve		0	0.00
49 Other Operating Reserves	101,000	2,971	2.15
50 Sinking Fund		0	0.00
51 Replacement Reserves		0	0.00
Subtotal - Soft Costs	2,423,000	71,265	51.55
TOTAL DEVELOPMENT COSTS	10,629,750	312,640	226.16

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
ACQUISITION						
1 Land	1,020,000					
2 Purchase of Mobile Homes	625,000					
3 Buildings	357,750					
4 Property Appraisal	0					
5 Legal - Title and Recording	0					
Subtotal - Acquisition	2,002,750					
CONSTRUCTION HARD COSTS						
6 Rehabilitation	0		0	0		
7 New Building(s)	3,464,000		3,464,000	3,464,000	509,412	
8 Accessory Buildings	0		0	0	0	
9 Sitework	2,300,000		2,300,000	2,300,000	338,235	
10 Commercial Space Costs (if any)	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	300,000		300,000	300,000	44,118	
15 Construction Management	140,000		140,000	140,000	20,588	
16 Construction Bond Fee	0		0	0	0	
17 Hazardous Materials Abatement	0		0	0	0	
18 Off-Site Improvements	0		0	0	0	
19 Furnishings, Fixtures, & Equipment	0		0	0	0	
20 Other (_____)	0		0	0	0	
Subtotal - Hard Costs	6,204,000					
SOFT COSTS						
21 Architectural	250,000		250,000	250,000	36,765	
22 Engineering	175,000		175,000	175,000	25,735	
23 Legal/Accounting	85,000		85,000	85,000	12,500	
24 Pre-closing development costs	105,000		105,000	105,000	15,441	
25 Environmental Assessment	5,000		5,000	5,000	735	
26 Energy Assessment	2,000		2,000	2,000	294	
27 Permits/Fees	184,000		184,000	184,000	27,059	
28 Independent Market Study	8,000		8,000	8,000	1,176	
29 Construction Period Insurance	65,000		65,000	65,000	9,559	
30 Construction Interest	75,000		75,000	75,000	11,029	
31 Construction Loan Origination Fee	40,000		40,000	40,000	5,882	
32 Taxes During Construction	20,000		20,000	20,000	2,941	
33 Clerk of the Works	0		0	0	0	
34 Marketing	48,000					
35 Tax Credit Fees	34,000		34,000	34,000	5,000	
36 Soft Cost Contingency	200,000		200,000	200,000	29,412	
37 Permanent Loan Origination Fee	0					
38 Lender's Counsel's Fee	40,000		40,000	40,000	5,882	
39 Other (_____)	18,000		18,000	18,000	2,647	
SYNDICATION COSTS						
40 Organizational (Partnership)	38,000					
41 Bridge Loan Fees and Expenses	0					
42 Syndication Consultant	0					
43 Tax Opinion	0					
DEVELOPER'S FEES						
44 Developer's Fees	800,000		800,000	800,000	117,647	
45 Other Partnership Fees	0		0	0	0	
46 Consultant Fees	120,000		120,000	120,000	17,647	
RESERVES						
47 Working Capital	10,000					
48 Rent-up (Deficit Escrow) Reserve	0					
49 Other Operating Reserves	101,000					
50 Sinking Fund	0					
51 Replacement Reserves	0					
Subtotal - Soft Costs	2,423,000					
TOTALS	10,629,750	0	8,430,000	8,430,000	1,239,706	
LESS: Amount of Non-qualified Financing						
LESS: Historic tax Credit (Residential Portion)						
Total Eligible Basis				247,941	20% Historic Credit Rate	
					247,941 Annual Historic Credit	
TIMES Adjusted for QCT DDA	130.0%	0	8,182,059			
TIMES Applicable Fraction	100.00%	0	10,636,676			
Total Qualified Basis				8,182,059	Long Term Depreciable Basis	
TIMES Applicable Percentage		3.52%	9.00%	27.5	Depreciation Schedule	
Total Annual Credit Qualified				297,529	Annual Depreciation	
Total Tax Credits Requested				0	Short Term Depreciable Basis	
Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only)				7,407,864	7 Depreciation Schedule	
Estimated Yield - Housing Credit Syndication				77.46%	0 Annual Depreciation	
Equity Gap				7,407,864		
Credits Needed to fill Equity Gap				957,301		

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br		1,200	3	578		20,808
2 Br		1,200	3	872		31,392
2 Br		1,400	15	872		156,960
3 Br		2,000	1	998		11,976
2BR Project Based Voucher		1,400	12	952		137,088
	Totals	47,000	34			358,224

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br			0	0		0
2 Br		1,400	0	0		0
3 Br			0	0		0
4+ Br			0	0		0
	Totals	0	0			0

Common Area Square Footage

0

Grand Totals	47,000	34	358,224
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Less Vacancy	5.00%	(17,911)
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NET RENT	340,313
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OTHER INCOME

Laundry	0
Parking	0
Commercial Space Income	0
Other (Interest)	

TOTAL INCOME	340,313
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SHELburne, WOOD HARRINGTON VILLAGE HOMES - 34

Building #	Unit #	Check all Applicable										A					B					C						
		HOV# Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	V HCB 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:								
															<10%	<50%	<60%	<80%	>100%	30%	50%	60%	65%	80%	100%+			
1	1			X	X	X	X		2	1,400	952	120	1,072	X					X									
2	2			X	X	X	X		2	1,400	952	120	1,072	X					X									
3	3			X	X	X	X		2	1,400	952	120	1,072	X					X									
4	4			X	X	X	X		2	1,400	952	120	1,072	X					X									
5	5			X	X	X	X		2	1,400	952	120	1,072	X					X									
6	6			X	X	X	X		2	1,400	952	120	1,072	X					X									
7	7			X	X	X	X		2	1,400	952	120	1,072	X					X									
8	8			X	X	X	X		2	1,400	952	120	1,072	X					X									
9	9			X	X	X	X		2	1,400	952	120	1,072	X					X									
10	10			X	X	X	X		2	1,400	952	120	1,072	X					X									
11	11			X	X	X	X		2	1,400	952	120	1,072	X					X									
12	12			X	X	X	X		2	1,400	952	120	1,072	X					X									
13	13			X	X	X	X		2	1,400	952	120	1,072	X					X									
14	14			X	X	X	X		2	1,400	707	120	827		X					X								
15	15			X	X	X	X		2	1,400	707	120	827		X					X								
16	16			X	X	X	X		2	1,400	707	120	827							X								
17	17			X	X	X	X		2	1,400	872	120	992							X								
18	18			X	X	X	X		2	1,400	872	120	992							X								
19	19			X	X	X	X		2	1,400	872	120	992							X								
20	20			X	X	X	X		2	1,400	872	120	992							X								
21	21			X	X	X	X		2	1,400	872	120	992							X								
22	22			X	X	X	X		2	1,400	872	120	992							X								
23	23			X	X	X	X		3	2,000	998	150	1,148							X								
24	24			X	X	X	X		1	1,200	578	90	668		X					X								
25	25			X	X	X	X		1	1,200	578	90	668		X					X								
26	26			X	X	X	X		1	1,200	872	120	992							X								
27	27			X	X	X	X		2	1,200	872	120	992							X								
28	28			X	X	X	X		2	1,200	872	120	992							X								
29	29			X	X	X	X		2	1,200	872	120	992							X								
30	30			X	X	X	X		2	1,400	872	120	992							X								
31	31			X	X	X	X		2	1,400	872	120	992							X								
32	32			X	X	X	X		2	1,400	872	120	992							X								
33	33			X	X	X	X		2	1,400	872	120	992							X								
34	34			X	X	X	X		2	1,400	872	120	992							X								
Total # Units	34				34	34	34		Totals:	47,000	29,192		Total # Units:	12	7	15	0	0	12	7	15	0	0	0	0	0	0	

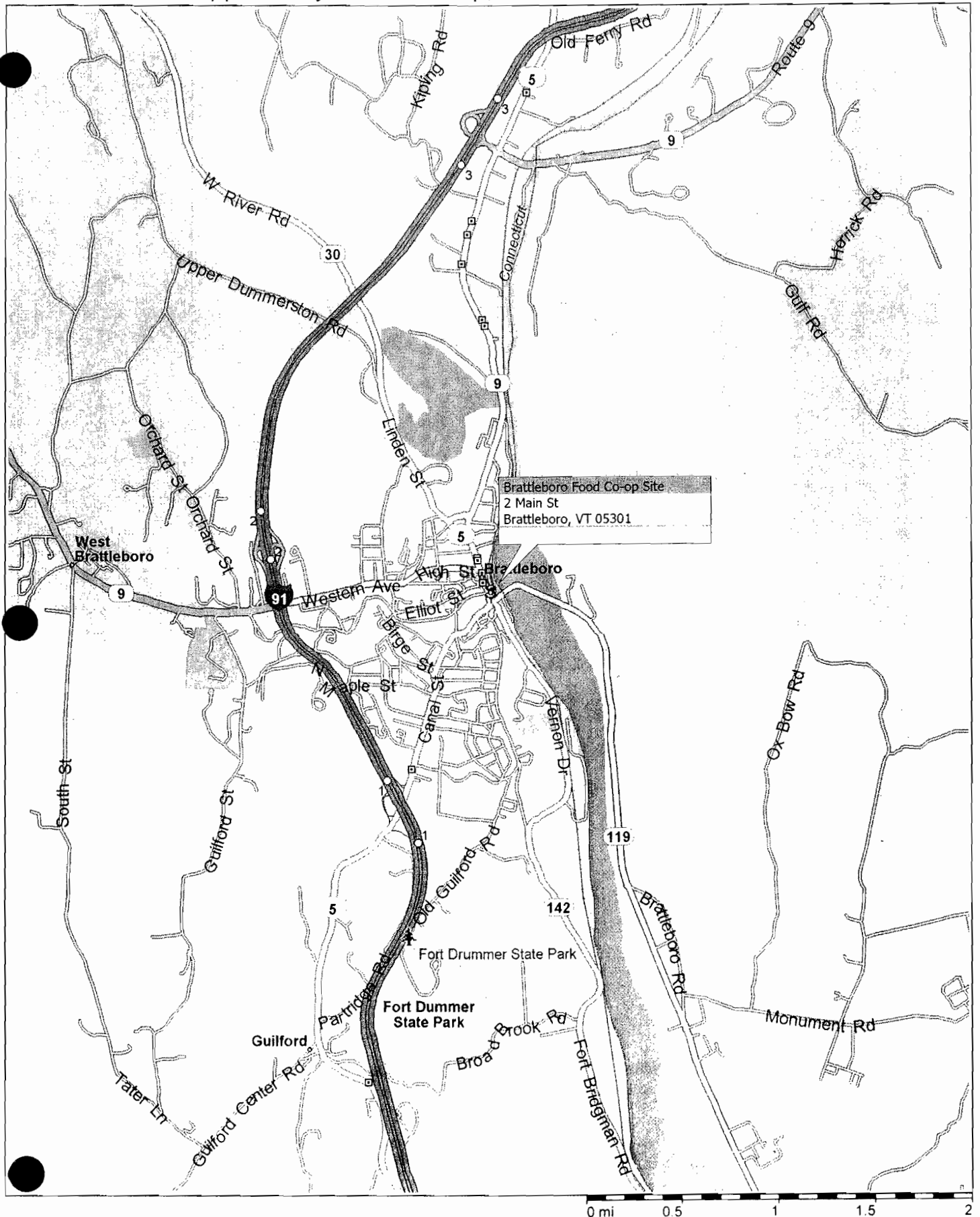
29-Mar-09 **SHELBURNE WOOD HARRINGTON VILLAGE HOMES - 34**

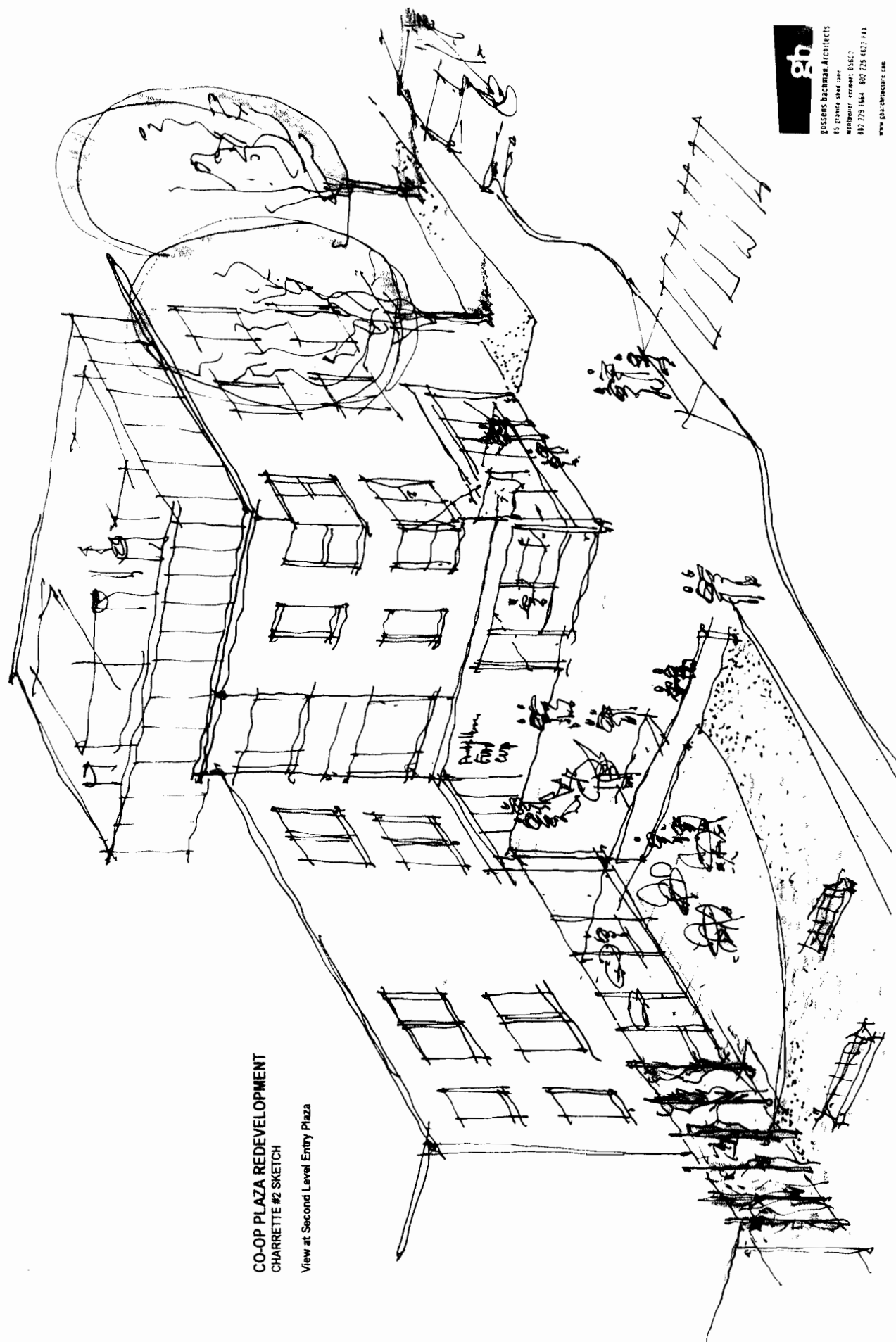
	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	23,183	1,932	57	6.8%
Supportive Services	2,400	200	6	
Audit/Accounting	4,500	375	11	
Legal	1,200	100	3	
Compliance Monitoring	2,448	204	6	
Marketing	1,200	100	3	
Other	1,200	100	3	
TOTAL ADMINISTRATIVE	36,131	3,011	89	
Utilities				
Electricity	3,600	300	9	
Fuel	1,000	83	2	
Water and Sewer	0	0	0	
Fire Alarm / Emergency	0	0	0	
Other	0	0	0	
TOTAL UTILITIES	4,600	383	11	
Maintenance				
Maintenance / Janitor Payroll	24,000	2,000	59	
Janitor Supplies	0	0	0	
Exterminating	1,200	100	3	
Trash Removal	8,000	667	20	
Snow Removal	8,000	667	20	
Grounds	12,000	1,000	29	
Repairs Material	6,000	500	15	
Repairs Contract	8,000	667	20	
HVAC Repairs / Maintenance	4,000	333	10	
Elevator Contract / Repairs	0	0	0	
Painting and Decorating	12,000	1,000	29	
Other	2,400	200	6	
TOTAL MAINTENANCE	85,600	7,133	210	
Real Estate Taxes	34,000	2,833	83	<div>per unit month excl. ds & res. 454</div>
Property Insurance	25,000	2,083	61	
Replacement Reserves	17,000	1,417	42	
Primary Debt Service	113,772	9,481	279	
Other "must pay" debt service		0	0	
Other		0	0	
Total	316,103	26,342	775	

29-Mar-09 **SHELburne WOOD HARRINGTON VILLAGE HOMES - 34**

	Yr 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income															
Gross Rent	358,224	365,388	372,696	380,150	387,733	395,508	403,418	411,487	419,717	428,111	436,673	445,407	454,315	463,401	472,669
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vacancy and other losses	(17,911)	(18,269)	(18,635)	(19,008)	(19,388)	(19,775)	(20,171)	(20,574)	(20,986)	(21,406)	(21,834)	(22,270)	(22,716)	(23,170)	(23,633)
Total Operating Income	340,313	347,119	354,061	361,143	368,366	375,733	383,247	390,913	398,731	406,705	414,839	423,136	431,599	440,231	449,036
Operating Expenses															
Total Expenses (incl. Reserves)	185,331	191,818	198,531	205,480	212,672	220,115	227,819	235,793	244,046	252,387	261,428	270,578	280,048	289,850	299,994
Reserves	17,000	17,510	18,035	18,576	19,134	19,708	20,299	20,908	21,535	22,181	22,847	23,532	24,238	24,965	25,714
Total Operating Expense	202,331	209,328	216,567	224,056	231,805	239,823	248,118	256,701	265,581	274,768	284,274	294,110	304,286	314,815	325,708
Net Operating Income	137,982	137,791	137,495	137,086	136,560	135,910	135,129	134,212	133,150	131,937	130,565	129,026	127,313	125,416	123,327
Less Primary Debt Service	113,772	113,772	113,772	113,772	113,772	113,772	113,772	113,772	113,772	113,772	113,772	113,772	113,772	113,772	113,772
Less Secondary Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow	24,209	24,019	23,723	23,314	22,788	22,138	21,357	20,439	19,378	18,165	16,793	15,254	13,541	11,644	9,555
Operating Subsidies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sinking Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash	24,209	24,019	23,723	23,314	22,788	22,138	21,357	20,439	19,378	18,165	16,793	15,254	13,541	11,644	9,555
Cumulative Cash Flow															
Beginning Balance	121,28%	121,11%	120,85%	120,49%	120,03%	119,46%	118,77%	117,97%	117,03%	115,97%	114,76%	113,41%	111,90%	110,23%	108,40%
Deposits	101,000	101,000	101,000	101,000	101,000	101,000	101,000	101,000	101,000	101,000	101,000	101,000	101,000	101,000	101,000
Interest	24,209	24,019	23,723	23,314	22,788	22,138	21,357	20,439	19,378	18,165	16,793	15,254	13,541	11,644	9,555
Withdrawals	2,362	2,260	2,257	2,253	2,248	2,241	2,234	2,224	2,214	2,202	2,188	2,173	2,155	2,136	2,116
Project Operating Needs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Special I.P. or GP Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Replacement of Deferred Devel. Fee	(26,472)	(26,279)	(25,980)	(25,567)	(25,050)	(24,428)	(23,701)	(22,869)	(21,933)	(20,895)	(19,756)	(18,515)	(17,173)	(15,730)	(14,187)
Partnership Audit or K-1 Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Distribution of Cash to Owner	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	101,000	101,000	101,000	101,000	101,000	101,000	101,000	101,000	101,000	101,000	101,000	101,000	101,000	101,000	101,000
Cumulative Replacement Reserves															
Beginning Balance	0	17,170	35,199	54,118	73,963	94,767	116,567	139,400	163,305	188,322	214,491	241,856	270,460	300,350	331,572
Deposits	17,000	17,510	18,035	18,576	19,134	19,708	20,299	20,908	21,535	22,181	22,847	23,532	24,238	24,965	25,714
Interest	170	519	884	1,268	1,671	2,092	2,534	2,997	3,481	3,988	4,518	5,072	5,652	6,257	6,889
Withdrawals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	17,170	35,199	54,118	73,963	94,767	116,567	139,400	163,305	188,322	214,491	241,856	270,460	300,350	331,572	364,174
Net Operating Income	137,982	137,791	137,495	137,086	136,560	135,910	135,129	134,212	133,150	131,937	130,565	129,026	127,313	125,416	123,327
Plus Reserves	17,000	17,510	18,035	18,576	19,134	19,708	20,299	20,908	21,535	22,181	22,847	23,532	24,238	24,965	25,714
Less Interest Expense	(97,006)	(95,884)	(94,685)	(93,407)	(92,043)	(90,588)	(89,035)	(87,379)	(85,611)	(83,725)	(81,713)	(79,566)	(77,275)	(74,831)	(72,223)
Less Long Depreciation	(297,529)	(297,529)	(297,529)	(297,529)	(297,529)	(297,529)	(297,529)	(297,529)	(297,529)	(297,529)	(297,529)	(297,529)	(297,529)	(297,529)	(297,529)
Less Short Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxable Income (Loss)	(239,554)	(238,112)	(236,685)	(235,274)	(233,879)	(232,500)	(231,137)	(229,789)	(228,456)	(227,137)	(225,831)	(224,537)	(223,253)	(221,979)	(220,711)
Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings	83,844	83,339	82,840	82,346	81,858	81,375	80,898	80,426	79,959	79,498	79,041	78,588	78,139	77,693	77,249
Plus Historic Rehab Credits	247,941	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus State Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Federal Housing Credits	957,301	957,301	957,301	957,301	957,301	957,301	957,301	957,301	957,301	957,301	957,301	957,301	957,301	957,301	957,301
After Tax Cash Flow	1,289,086	1,040,640	1,040,141	1,039,647	1,039,159	1,038,676	1,038,199	1,037,727	1,037,260	1,036,799	1,036,337	1,035,875	1,035,413	1,034,951	1,034,489
Total Years	15														
Reinvestment Rate	6.00%														
Current After Tax Cash Flows	1,289,086	1,040,640	1,040,141	1,039,647	1,039,159	1,038,676	1,038,199	1,037,727	1,037,260	1,036,799	1,036,337	1,035,875	1,035,413	1,034,951	1,034,489
Future Value of Cash Flows at Yr 15:	3,089,370	2,352,787	2,218,545	2,091,973	1,972,633	1,860,110	1,754,015	1,653,979	1,559,656	1,470,719	1,387,799	1,306,799	1,227,499	1,149,649	1,072,999
Capital Contribution Number:	1	2	3												
Date of Capital Contribution:	01-Jan-11	01-Jan-11	01-Aug-11												
Amount of Capital Contribution:	1,481,573	4,444,719	1,481,573												
Present Value of Contributions:	1,481,573	4,300,443	1,408,380												
Cash Flows	(1,190,396)	0	0	0	0	0	0	0	0	0	0	0	0	0	20,491,020
IRR:	7.23%														
Equity Yield:	75.19%														

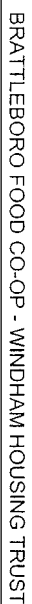
Upper Story Location Map, 2 Main Street, Brattleboro





CO-OP PLAZA REDEVELOPMENT
CHARRETTE #2 SKETCH

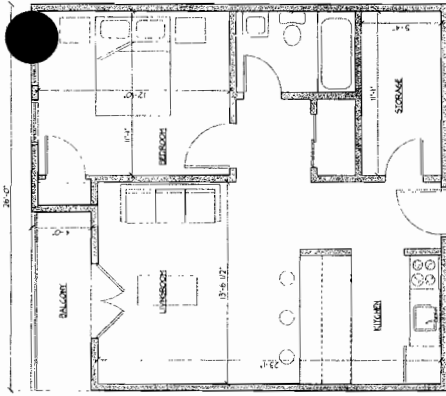
View at Second Level Entry Plaza



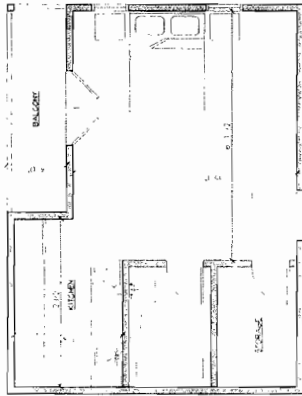
THIRD FLOOR PLAN

SCALE $\frac{1}{16}"=1'-0"$

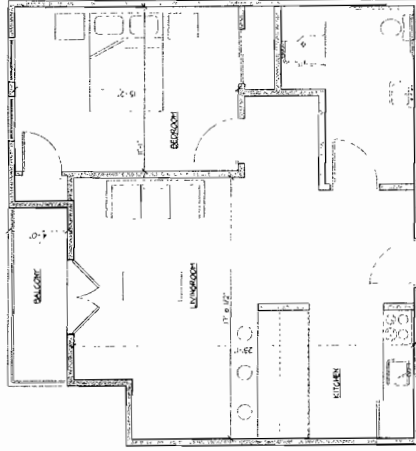
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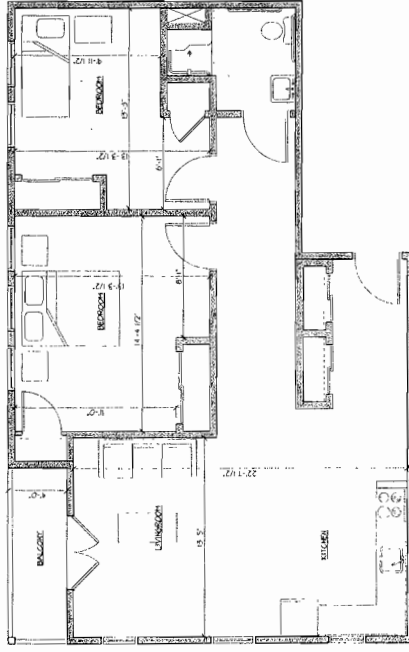
ONE BEDROOM UNIT (TYP)
UNIT AREA: 689 SF



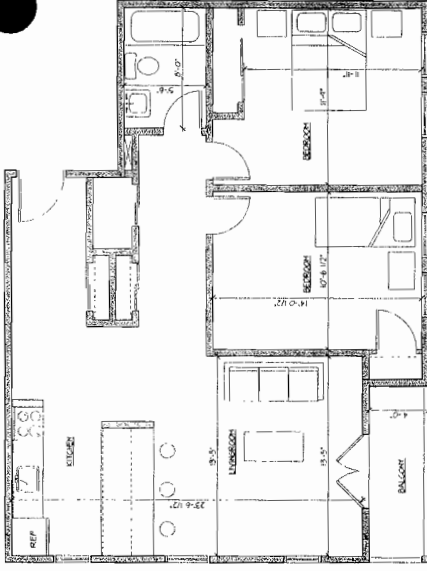
EFFICIENCY APARTMENT (TYP)
UNIT AREA: 465 SF



ONE BEDROOM UNIT (H/C)
UNIT AREA: 760 SF



TWO BEDROOM UNIT (H/C)
UNIT AREA: 1010 SF



TWO BEDROOM UNIT (TYP)
UNIT AREA: 935 SF

Total Residential Units:	24	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	19	Increase in Income from Other Sources:	1.50%
Percent Restricted:	79.17%	Increase in Income from Commercial:	0.00%
Total Development Cost:	4,986,500	Expense increase:	3.00%
Total Development Cost per Unit:	207,771	Vacancy Rate:	5.00%
Total Development Cost Per SF:	225	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	446,987	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	445,000	Sponsor's Estimated Yield:	81.01%
LIHTC - 9%	9.00%	(Flat Rate)	
LIHTC - 4%	3.25%	Jan-09	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	0	0.00%	0.00%	30	30
VHCB	475,000	9.53%	0.00%	0	30
HOME	400,000	8.02%	4.50%	0	30
Efficiency Vermont	12,000	0.24%	5.00%	30	20
TCAP	495,000	9.93%	0.00%	30	20
LIHTC equity	3,604,500	72.29%	N/A	N/A	
TOTAL SOURCES	4,986,500	100.00%			

USES

Acquisition	7,500	0.15%
Construction Hard Costs	3,854,570	77.30%
Soft Costs	1,124,430	22.55%
TOTAL USES	4,986,500	100.00%

Gap 0

General Partner's Capital Contribution	3,605	0.10%
Limited Partner's Capital Contribution	3,604,140	99.99%
Total Equity	3,604,500	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	19
Total Units	24
Unit Fraction	79.17%
Tax Credit Square Footage	12,570
Total Residential Square Footage	15,970
Square Footage Fraction	78.71%
Applicable Fraction	78.71%

	Budget	Per Unit	Per s.f.	First Mortgage	VHCB	Allocation of Sources HOME	#REF!	Efficiency Vers TCAP	LIHTC equity	TOTAL
ACQUISITION			174.10							
1 Land	0	0	0.00		0	475,000		12,000	495,000	3,604,500 SOURCES
2 Purchase of Buildings	0	0	0.00							0
3 Demolition (without replacement)	0	0	0.00							0
4 Property Appraisal	2,000	83	0.09							4,000
5 Legal - Title and Recording	5,500	229	0.25							5,500
Subtotal - Acquisition	7,500	313	0.34							
CONSTRUCTION HARD COSTS										
6 Construction	3,406,900	141,954	153.58			400,000	236,500	120,000	95,000	1,901,089 3,227,589
7 Shared Infrastructure	160,000	6,667	7.21							115,000
8 Energy Improvements (Solar)	0	0	0.00							0
9 Retaining Wall	0	0	0.00							0
10 Commercial Space Costs (if any)	0	0	0.00							0
11 General Requirements	0	0	0.00							0
12 Contractor Overhead	0	0	0.00							0
13 Contractor Profit	0	0	0.00							0
14 Construction Contingency	256,070	10,670	11.54							242,964
15 Construction Management	0	0	0.00							0
16 Construction Bond Fee	0	0	0.00							0
17 Hazardous Materials Abatement	0	0	0.00							0
18 Off-Site Improvements	0	0	0.00							0
19 Furnishings, Fixtures, & Equipment	31,600	1,317	1.42							30,700
20 Other ()	0	0	0.00							0
Subtotal - Hard Costs	3,854,570	160,607	173.76							
SOFT COSTS										
21 Architectural	231,241	9,635	10.42							289,300
22 Engineering	0	0	0.00							0
23 Legal Accounting	32,000	1,333	1.44							32,000
24 Relocation	0	0	0.00							0
25 Environmental Assessment	6,500	271	0.29							6,500
26 Energy Assessment	0	0	0.00							0
27 Permit Fees	56,978	2,374	2.57							55,314
28 Independent Market Study	4,500	188	0.20							4,500
29 Construction Period Insurance	25,552	1,065	1.15							24,207
30 Construction Interest	102,083	4,253	4.60							122,500
31 Construction Loan Origination Fee	0	0	0.00							0
32 Taxes During Construction	0	0	0.00							0
33 Commissioning	10,950	456	0.49							10,950
34 Marketing	5,000	208	0.23							5,000
35 Loan & Lender Fees	39,200	1,633	1.77							39,200
36 Soft Cost Contingency	5,500	229	0.25							5,500
37 Market Study	0	0	0.00							0
38 Lender's Counsel's Fee	0	0	0.00							0
39 Other (tax credit app fees)	20,250	844	0.91							20,250
SYNDICATION COSTS										
40 Organizational (Partnership)	0	0	0.00							0
41 Bridge Loan Fees and Expenses	0	0	0.00							0
42 Syndication Consultant	0	0	0.00							0
43 Law Opinion	0	0	0.00							0
DEVELOPER'S FEES										
44 Developer's Fees - HV1	250,000	10,417	11.27							500,000
45 Other Partnership Fees - VHT	250,000	10,417	11.27							0
46 Consultant Fees	0	0	0.00							0
RESERVES										
47 Working Capital	0	0	0.00							0
48 Rent-up (Deficit Escrow) Reserve	8,500	354	0.38							8,500
49 Other Operating Reserves	76,176	3,174	3.43							70,242
50 Sinking Fund	0	0	0.00							0
51 Replacement Reserves	0	0	0.00							0
Subtotal - Soft Costs	1,124,430	46,851	50.69							
TOTAL DEVELOPMENT COSTS	4,986,500	207,771	224.79		0	475,000	236,500	120,000	95,000	4,819,716
COST BASIS FOR DEVELOPER	4,401,824									
DEVELOPER'S FEES	500,000									
DEVELOPER'S FEES	11.36%									

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
ACQUISITION						
1 Land	0					
2 Purchase of Building(s)	0	0		0		
3 Demolition (without replacement)	0			0		
4 Property Appraisal	2,000	2,000		2,000		
5 Legal - Title and Recording	5,500	5,500		5,500		
Subtotal - Acquisition	7,500					
CONSTRUCTION HARD COSTS						
6 Construction	3,406,900		3,406,900	3,406,900	0	
7 Shared infrastructure	160,000		160,000	160,000	0	
8 Energy Improvements (Solar)	0		0	0	0	
9 Retaining Wall	0		0	0	0	
10 Commercial Space Costs (if any)	0					
11 General Requirements	0		0	0		
12 Contractor Overhead	0		0	0		
13 Contractor Profit	0		0	0		
14 Construction Contingency	256,070		256,070	256,070	0	
15 Construction Management	0		0	0		
16 Construction Bond Fee	0		0	0		
17 Hazardous Materials Abatement	0		0	0		
18 Off-Site Improvements	0		0	0		
19 Furnishings, Fixtures, & Equipment	31,600		31,600	31,600		
20 Other ()	0		0	0		
Subtotal - Hard Costs	3,854,570					
SOFT COSTS						
21 Architectural	231,241		231,241	231,241	0	
22 Engineering	0		0	0	0	
23 Legal/Accounting	32,000		32,000	32,000	0	
24 Relocation	0		0	0	0	
25 Environmental Assessment	6,500		6,500	6,500	0	
26 Energy Assessment	0		0	0	0	
27 Permits/Fees	56,978		56,978	56,978	0	
28 Independent Market Study	4,500		4,500	4,500	0	
29 Construction Period Insurance	25,552		25,552	25,552	0	
30 Construction Interest	102,083		86,771	86,771	0	
31 Construction Loan Origination Fee	0		0	0	0	
32 Taxes During Construction	0		0	0	0	
33 Commissioning	10,950		10,950	10,950	0	
34 Marketing	5,000					
35 Loan & Lender Fees	39,200		39,200	39,200	0	
36 Soft Cost Contingency	5,500		5,500	5,500	0	
37 Market Study	0					
38 Lender's Counsel's Fee	0		0	0	0	
39 Other (tax credit app fees)	20,250			20,250	0	
SYNDICATION COSTS						
40 Organizational (Partnership)	0					
41 Bridge Loan Fees and Expenses	0					
42 Syndication Consultant	0					
43 Tax Opinion	0					
DEVELOPER'S FEES						
44 Developer's Fees - HVT	250,000		250,000	250,000	0	
45 Other Partnership Fees - WHT	250,000		250,000	250,000	0	
46 Consultant Fees	0		0	0	0	
RESERVES						
47 Working Capital	0					
48 Rent-up (Deficit Escrow) Reserve	8,500					
49 Other Operating Reserves	76,176					
50 Sinking Fund	0					
51 Replacement Reserves	0					
Subtotal - Soft Costs	1,124,430					
TOTALS	4,986,500	7,500	4,853,762	4,849,912	0	
LESS: Amount of Non-qualified Financing						
LESS: Historic tax Credit (Residential Portion)			0	0	20% Historic Credit Rate	
Total Eligible Basis		7,500	4,853,762		0 Annual Historic Credit	
TIMES: Adjusted for QCT/DDA	130.0%		6,309,891			
TIMES: Applicable Fraction	78.71%	5,903	4,966,520			
Total Qualified Basis		5,903	4,966,520	4,849,912	Long Term Depreciable Basis	
TIMES: Applicable Percentage		3.25%	9.00%	27.5	Depreciation Schedule	
Total Annual Credit Qualified			446,987	176,360	Annual Depreciation	
Total possible tax credits						
Total Tax Credits Requested	445,000			31,600	Short Term Depreciable Basis	
Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only)	3,604,500			7	Depreciation Schedule	
Estimated Yield - Housing Credit Syndication	81.01%		445,000	4,514	Annual Depreciation	
Equity Gap	3,604,500					
Credits Needed to fill Equity Gap	445,000					

27-Mar-09 **Upper Story Housing, Brattleboro**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br		465	4	482		23,136
1 Br		680	13	604		94,224
2 Br		935	2	804		19,296
3 Br		0	0	0		0
4+ Br			0	0		0
Totals		12,570	19			136,656

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br		680	5	684		41,040
2 Br		0	0	0		0
3 Br		0	0	0		0
4+ Br			0	0		0
Totals		3,400	5			41,040

Common Area Square Footage

0

Grand Totals 15,970 24 177,696

Less Vacancy 5.00% (8,885)

NET RENT 168,811

OTHER INCOME

Laundry 0
 Parking 0
 Commercial Space Income 0
 Other 0

TOTAL INCOME 168,811

Upper Story Housing, Brattleboro

Building #	Unit #	Check all Applicable					A			B					C																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
		HOML 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:																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
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27-Mar-09 **Upper Story Housing, Brattleboro**

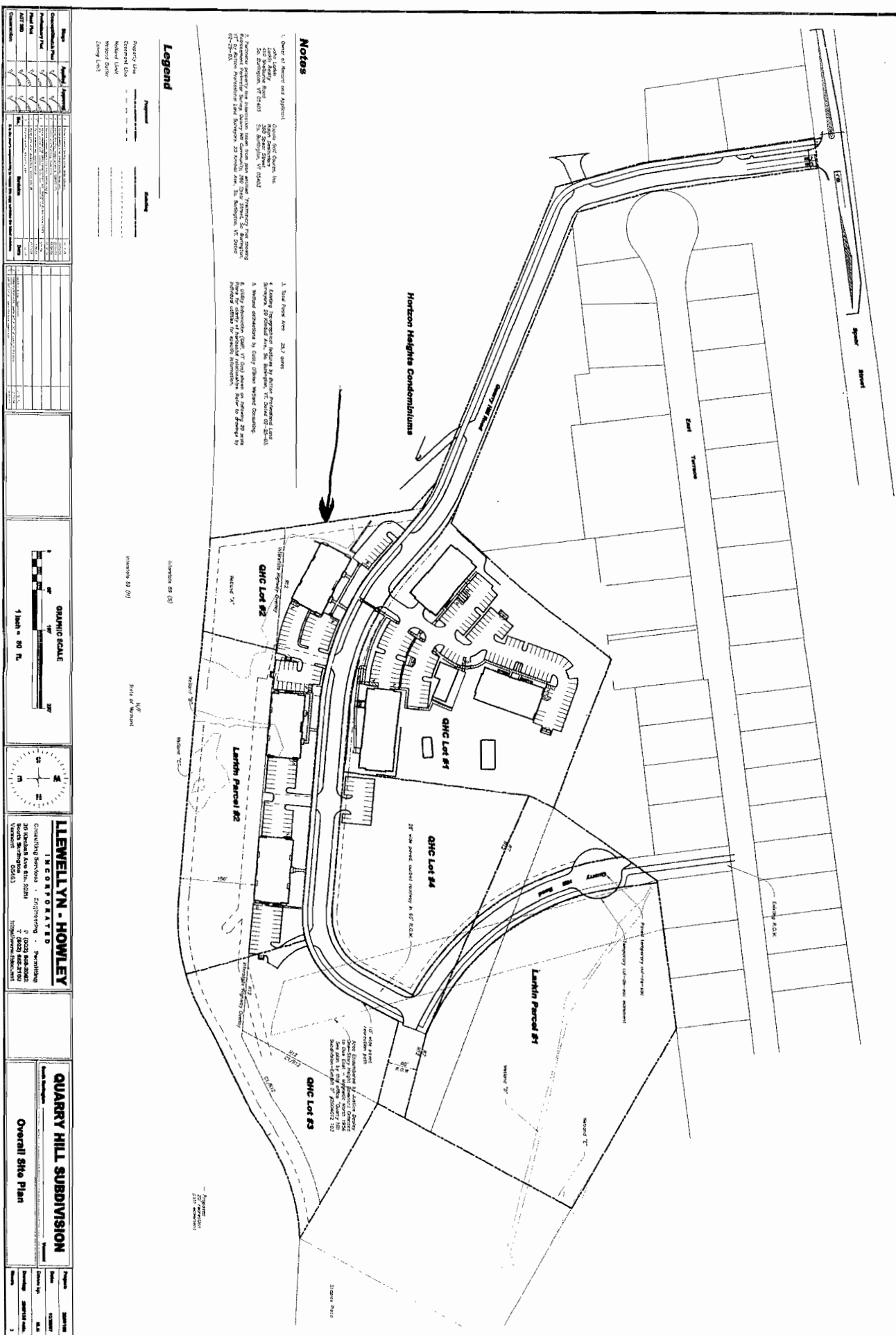
	Annual	Monthly	Per Unit Per Month	
Administration				24
Management Fee	21,600	1,800	75	12.8%
Supportive Services	0	0	0	
Audit/Accounting	4,608	384	16	
Legal	1,440	120	5	
Compliance Monitoring	1,368	114	5	
Marketing	576	48	2	
Other - HVT asset mgt fee	2,304	192	8	
TOTAL ADMINISTRATIVE	31,896	2,658	111	
Utilities				
Electricity	10,080	840	8	
Fuel	15,840	1,320	60	
Water and Sewer	8,640	720	30	
Fire Alarm / Emergency	2,016	168	7	
Other	0	0	0	
TOTAL UTILITIES	36,576	3,048	127	
Maintenance				
Maintenance / Janitor Payroll	11,520	960	40	
Janitor Supplies	2,880	240	10	
Exterminating	576	48	2	
Trash Removal	4,320	360	15	
Snow Removal	0	0	0	
Grounds	0	0	0	
Repairs Material	0	0	0	
Repairs Contract	0	0	0	
HVAC Repairs / Maintenance	3,168	264	11	
Elevator Contract / Repairs	2,304	192	8	
Painting and Decorating	2,880	240	10	
Other - Assoc Maintenance	4,320	360	15	
TOTAL MAINTENANCE	31,968	2,664	111	
Real Estate Taxes	22,464	1,872	78	per unit month excl. ds & res. 455
Property Insurance	8,064	672	28	
Replacement Reserves	12,960	1,080	45	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other "Association Management	8,640	720	30	
Total	152,568	12,714	530	

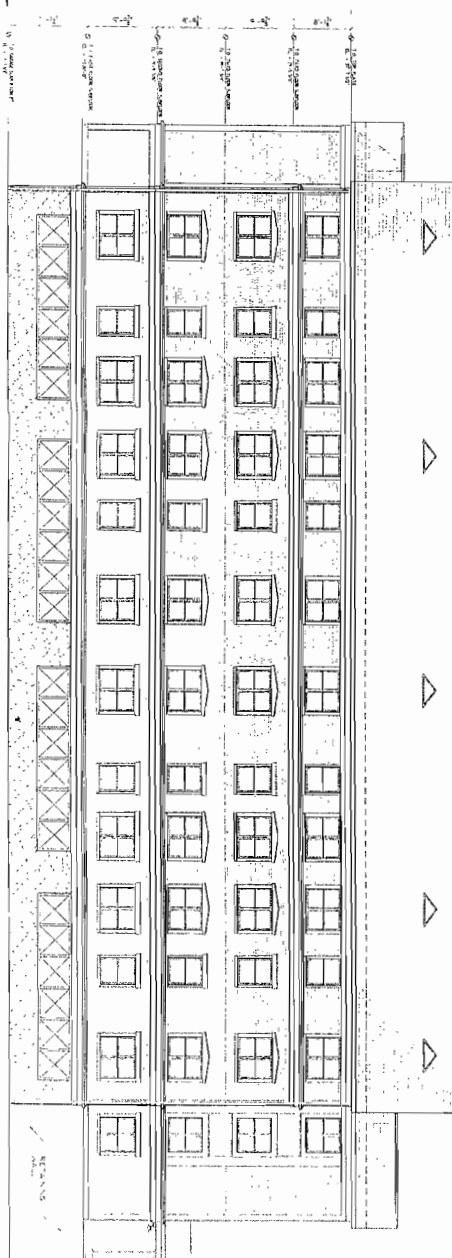
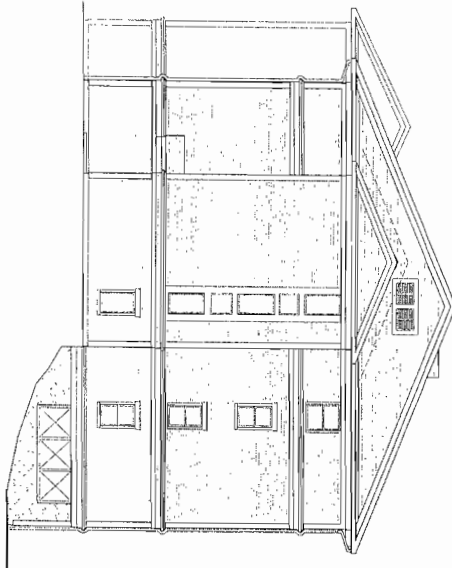
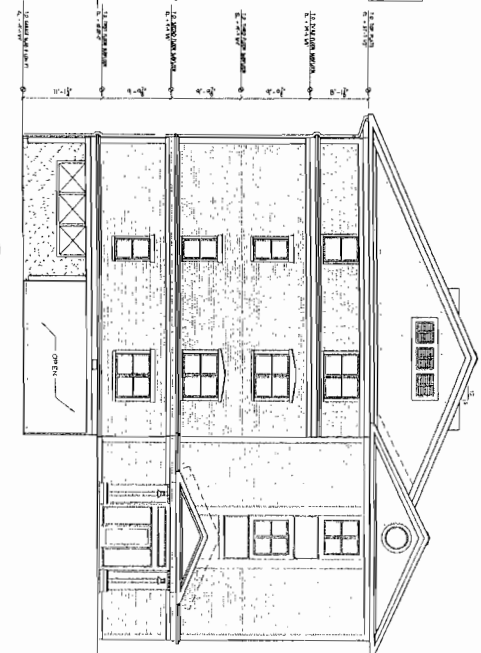
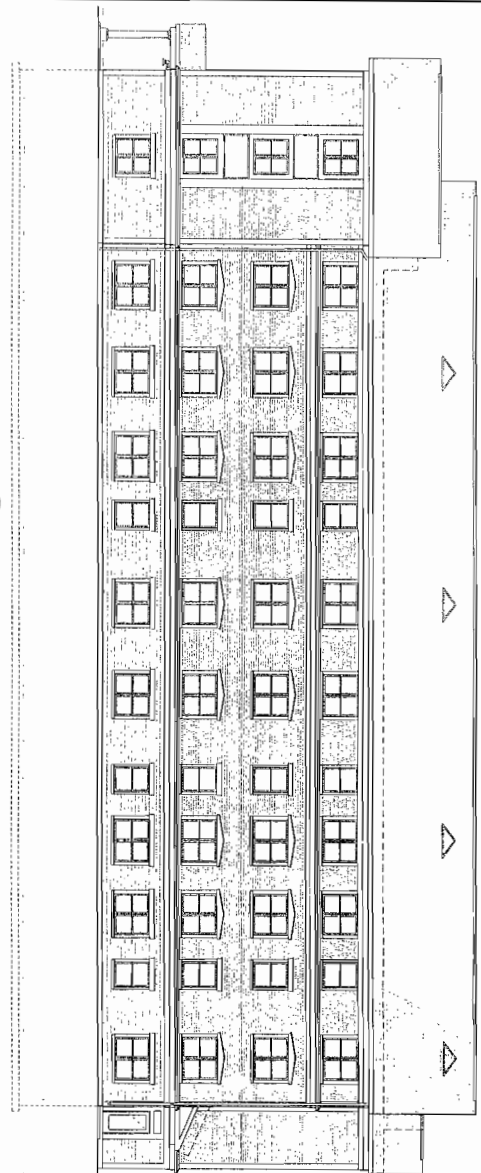
"Below-the-Line" Expenses:

Special LP or GP Fee	0
Repayment of Deferred Fee	0
Partnership Audit or K-1 Fee	0
Distribution	4,320
Net to Residual	
Receipts/Cumulative Cash Flow	148,248

27-Mar-09 Upper Story Housing, Brattleboro

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income	177,696	180,361	183,067	185,813	188,600	191,429	194,300	197,215	200,173	203,176	206,223	209,317	212,457	215,643	218,878
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vacancy and other losses	(8,885)	(9,018)	(9,153)	(9,291)	(9,430)	(9,571)	(9,711)	(9,861)	(10,009)	(10,159)	(10,311)	(10,466)	(10,623)	(10,782)	(10,944)
Total Operating Income	168,811	171,343	173,914	176,522	179,170	181,858	184,589	187,354	190,165	193,017	195,912	198,851	201,834	204,861	207,934
Operating Expenses															
Total Expenses (incl. Reserves)	139,608	143,796	148,110	152,553	157,130	161,844	166,699	171,700	176,831	182,157	187,621	193,250	199,048	205,019	211,170
Reserves	12,960	13,154	13,352	13,552	13,755	13,962	14,171	14,384	14,599	14,818	15,041	15,266	15,495	15,728	15,964
Total Operating Expense	152,568	156,951	161,462	166,105	170,885	175,806	180,870	186,084	191,431	196,975	202,662	208,516	214,543	220,747	227,133
Net Operating Income	16,243	14,393	12,452	10,417	8,285	6,052	3,715	1,270	(1,286)	(3,958)	(6,750)	(9,665)	(12,709)	(15,885)	(19,199)
Less Primary Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Secondary Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow	16,243	14,393	12,452	10,417	8,285	6,052	3,715	1,270	(1,286)	(3,958)	(6,750)	(9,665)	(12,709)	(15,885)	(19,199)
Operating Subsidies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sinking Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash	16,243	14,393	12,452	10,417	8,285	6,052	3,715	1,270	(1,286)	(3,958)	(6,750)	(9,665)	(12,709)	(15,885)	(19,199)
DCR	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cumulative Cash Flow															
Beginning Balance	76,176	89,153	100,430	109,895	117,430	122,915	126,221	127,217	125,766	121,732	114,976	105,343	92,674	76,804	57,558
Deposits	16,243	14,393	12,452	10,417	8,285	6,052	3,715	1,270	(1,286)	(3,958)	(6,750)	(9,665)	(12,709)	(15,885)	(19,199)
Interest	1,054	1,204	1,333	1,439	1,520	1,574	1,601	1,598	1,572	1,522	1,437	1,317	1,158	960	719
Withdrawals:															
Project Operating Needs	0	0	0	0	0	0	0	0	(1,286)	(3,958)	(6,750)	(9,665)	(12,709)	(15,885)	(19,199)
Special LP or GP Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of Deferred Devel Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Partnership Audit or K-1 Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Distribution of Cash to Owner	(4,320)	(4,320)	(4,320)	(4,320)	(4,320)	(4,320)	(4,320)	(4,320)	(4,320)	(4,320)	(4,320)	(4,320)	(4,320)	(4,320)	0
Ending Balance	89,153	100,430	109,895	117,430	122,915	126,221	127,217	125,766	121,732	114,976	105,343	92,674	76,804	57,558	39,079
Cumulative Replacement Reserves															
Beginning Balance	0	13,041	26,441	40,206	54,346	68,866	83,026	96,753	110,000	122,752	135,000	146,750	157,000	166,750	175,000
Deposits	12,960	13,154	13,352	13,552	13,755	13,962	14,171	14,384	14,599	14,818	15,041	15,266	15,495	15,728	15,964
Interest	81	245	414	587	765	948	1,136	1,329	1,526	1,726	1,931	2,141	2,356	2,576	2,801
Withdrawals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	13,041	26,441	40,206	54,346	68,866	83,026	96,753	110,000	122,752	135,000	146,750	157,000	166,750	175,000	182,961
Net Operating Income	16,243	14,393	12,452	10,417	8,285	6,052	3,715	1,270	(1,286)	(3,958)	(6,750)	(9,665)	(12,709)	(15,885)	(19,199)
Plus Reserves	12,960	13,154	13,352	13,552	13,755	13,962	14,171	14,384	14,599	14,818	15,041	15,266	15,495	15,728	15,964
Less Interest Expense	(18,600)	(19,401)	(20,238)	(21,113)	(22,022)	(22,962)	(23,938)	(24,950)	(26,000)	(27,088)	(28,212)	(29,372)	(30,568)	(31,800)	(33,068)
Less Long Depreciation	(176,360)	(176,360)	(176,360)	(176,360)	(176,360)	(176,360)	(176,360)	(176,360)	(176,360)	(176,360)	(176,360)	(176,360)	(176,360)	(176,360)	(176,360)
Less Short Depreciation	(4,514)	(4,514)	(4,514)	(4,514)	(4,514)	(4,514)	(4,514)	(4,514)	(4,514)	(4,514)	(4,514)	(4,514)	(4,514)	(4,514)	(4,514)
Taxable Income (Loss)	(170,272)	(172,729)	(175,310)	(178,019)	(180,862)	(183,843)	(186,969)	(190,230)	(193,636)	(197,188)	(200,889)	(204,740)	(208,742)	(212,896)	(217,264)
Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings	59,595	60,455	61,338	62,307	63,302	64,345	65,439	66,585	67,784	69,036	70,343	71,706	73,126	74,604	76,142
Plus Historic Rehab Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus State Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Federal Housing Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
After Tax Cash Flow	59,595	60,455	61,338	62,307	63,302	64,345	65,439	66,585	67,784	69,036	70,343	71,706	73,126	74,604	76,142
Total Years	15														
Reinvestment Rate	6.00%														
Current After Tax Cash Flows	504,595	505,455	506,358	507,307	508,302	509,345	510,439	511,582	512,774	514,015	515,306	516,647	518,039	519,483	520,981
Future Value of Cash Flows at Yr 15:	1,209,291	1,142,785	1,080,026	1,020,801	964,908	912,160	862,376	812,871	763,638	714,665	665,946	617,473	569,239	521,246	473,494
Discount Rate:	6.00%														
Capital Contribution Number:	1	2	3	4											
Date of Capital Contribution:	30-Sep-09	31-Mar-11	30-Jun-11												
Amount of Capital Contribution:	2,883,600	720,800	0												
Present Value of Contributions	100	2,632,359	648,095	0											
Cash Flows	(5,280,554)	0	0	0	0	0	0	0	0	0	0	0	0	0	10,032,969
IRR:	7.74%														
Equity Yield	73.74%														





QUARRY HILL LOT #2

Residential
South Burlington, Vermont

EXTERIOR ELEVATIONS

NOTES ON THIS SHEET ARE THE PROPERTY OF HEMSTEAD CREDIT REFINANCING AND ANY USE OF THESE PLANS WITHOUT PERMISSION OF HEMSTEAD CREDIT REFINANCING IS PROHIBITED.

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PROCESS FROM
MATERIAL CONSTRUCTION

[illegible]

Total Residential Units:	32	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	32	Increase in Income from Other Sources:	1.50%
Percent Restricted:	100.00%	Increase in Income from Commercial:	3.00%
Total Development Cost:	6,052,629	Expense increase:	3.00%
Total Development Cost per Unit:	189,145	Vacancy Rate:	7%
Total Development Cost Per SF:	164	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	612,722	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	608,444	Sponsor's Estimated Yield:	72.72%
LIHTC - 9%	9.00%	(Feb 2009)	
LIHTC - 4%	3.23%		

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	1,202,173	19.86%	7.50%	30	30
VHCB		0.00%	4.00%	30	deferred
HOME	235,000	3.88%	0.00%	20	deferred
Deferred Developer Fee	234,997	3.88%	4.00%	30	deferred
Other Equity		0.00%	N/A	N/A	
Tax Credit Equity	4,380,459	72.37%	N/A	N/A	
TOTAL SOURCES	6,052,629	100.00%			

USES

Acquisition	638,340	10.55%
Construction Hard Costs	3,929,423	64.92%
Soft Costs	1,484,866	24.53%
TOTAL USES	6,052,629	100%

Gap 0

General Partner's Capital Contribution	100	1.00%
Limited Partner's Capital Contribution	4,380,359	99.00%
Total Equity	4,380,459	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	32
Total Units	32
Unit Fraction	100.00%
Tax Credit Square Footage	37,002
Total Residential Square Footage	37,002
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

	Budget	Per Unit	123.45 Per s f.	21.53% First Mortgage	Deferred Developer Fee	78.47% Equity Other	TOTAL SOURCES
ACQUISITION							
1 Land	632,340	19.761	17.09	1,202,173	234,997	4,380,459	632,340
2 Purchase of Building(s)		0	0.00	136,169		496,171	0
3 Demolition (without replacement)		0	0.00	0		0	0
4 Property Appraisal	3,500	109	0.09	754		2,746	3,500
5 Legal - Title and Recording	2,500	78	0.07	538		1,962	2,500
Subtotal - Acquisition	638,340	19.948	17.25				
CONSTRUCTION HARD COSTS							
6 Rehabilitation		0	0.00	0		0	0
7 New Building(s)	2,410,400	75.325	65.14	519,059		1,891,341	2,410,400
8 Accessory Buildings		0	0.00	0		0	0
9 Sitework	790,000	24.688	21.35	170,120		619,880	790,000
10 Commercial Space Costs (if any)		0	0.00	0		0	0
11 General Requirements	192,024	6.001	5.19	41,351		150,673	192,024
12 Contractor Overhead	67,848	2,120	1.83	14,610		53,238	67,848
13 Contractor Profit	207,616	6,488	5.61	44,708		162,908	207,616
14 Construction Contingency	183,394	5,731	4.96	39,492		143,902	183,394
15 Construction Management		0	0.00	0		0	0
16 Construction Bond Fee	48,141	1,504	1.30	10,367		37,774	48,141
17 Hazardous Materials Abatement		0	0.00	0		0	0
18 Off-Site Improvements		0	0.00	0		0	0
19 Furnishings, Fixtures, & Equipment	30,000	938	0.81	6,460		23,540	30,000
20 Other ()		0	0.00	0		0	0
Subtotal - Hard Costs	3,929,423	122.794	106.19				
SOFT COSTS							
21 Architectural	125,000	3,906	3.38	26,918		98,082	125,000
22 Engineering		0	0.00	0		0	0
23 Legal Accounting	30,000	938	0.81	6,460		23,540	30,000
24 Relocation		0	0.00	0		0	0
25 Environmental Assessment	3,000	94	0.08	646		2,354	3,000
26 Energy Assessment	2,500	78	0.07	538		1,962	2,500
27 Permits Fees	196,600	6,144	5.31	42,336		154,264	196,600
28 Independent Market Study	3,000	94	0.08	646		2,354	3,000
29 Construction Period Insurance	9,000	281	0.24	1,938		7,062	9,000
30 Construction Interest	174,281	5,446	4.71	37,530		136,751	174,281
31 Construction Loan Origination Fee	56,250	1,758	1.52	12,113		44,137	56,250
32 Taxes During Construction	15,000	469	0.41	3,230		11,770	15,000
33 Clerk of the Works	5,000	156	0.14	1,077		3,923	5,000
34 Marketing	16,000	500	0.43	3,445		12,555	16,000
35 Tax Credit Fees	18,850	589	0.51	4,059		14,791	18,850
36 Soft Cost Contingency	17,960	561	0.49	3,868		14,092	17,960
37 Permanent Loan Origination Fee		0	0.00	0		0	0
38 Lender's Counsel's Fee		0	0.00	0		0	0
39 Other (c.n.a.)	2,500	78	0.07	538		1,962	2,500
SYNDICATION COSTS							
40 Organizational (Partnership)		0	0.00	0		0	0
41 Bridge Loan Fees and Expenses		0	0.00	0		0	0
42 Syndication Consultant		0	0.00	0		0	0
43 Tax Opinion	2,500	78	0.07	538		1,962	2,500
DEVELOPER'S FEES							
44 Developer's Fees	629,425	19,670	17.01	106,114	128,840	388,481	629,425
45 Other Partnership Fees	38,000	1,188	1.03	8,183		29,817	38,000
46 Consultant Fees		0	0.00	0		0	0
RESERVES							
47 Working Capital	140,000	4,375	3.78	30,148		109,852	140,000
48 Rent-up (Deficit Escrow) Reserve		0	0.00	0		0	0
49 Other Operating Reserves		0	0.00	0		0	0
50 Sinking Fund		0	0.00	0		0	0
51 Replacement Reserves		0	0.00	0		0	0
Subtotal - Soft Costs	1,484,866	46,402	40.15				
TOTAL DEVELOPMENT COSTS	6,052,629	189.145	164	1,273,956	128,840	4,643,846	6,046,642
COST BASIS FOR DEVELOPER FEE							
DEVELOPER FEE	5,245,204						
DEVELOPER FEE %	667,425						
	12.72%						

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
ACQUISITION						
1 Land	632,340					
2 Purchase of Building(s)	0					
3 Demolition (without replacement)	0					
4 Property Appraisal	3,500					
5 Legal - Title and Recording	2,500					
Subtotal - Acquisition	638,340					
CONSTRUCTION HARD COSTS						
6 Rehabilitation	0		0			
7 New Building(s)	2,410,400		2,410,400			
8 Accessory Buildings	0		0			
9 Sitework	790,000		790,000			
10 Commercial Space Costs (if any)	0					
11 General Requirements	192,024		192,024			
12 Contractor Overhead	67,848		67,848			
13 Contractor Profit	207,616		207,616			
14 Construction Contingency	183,394		183,394			
15 Construction Management	0		0			
16 Construction Bond Fee	48,141		48,141			
17 Hazardous Materials Abatement	0		0			
18 Off-Site Improvements	0		0			
19 Furnishings, Fixtures, & Equipment	30,000		30,000			
20 Other ()	0		0			
Subtotal - Hard Costs	3,929,423					
SOFT COSTS						
21 Architectural	125,000		125,000			
22 Engineering	0		0			
23 Legal/Accounting	30,000		30,000			
24 Relocation	0		0			
25 Environmental Assessment	3,000		3,000			
26 Energy Assessment	2,500		2,500			
27 Permits/Fees	196,600		196,600			
28 Independent Market Study	3,000		3,000			
29 Construction Period Insurance	9,000		9,000			
30 Construction Interest	174,281		174,281			
31 Construction Loan Origination Fee	56,250		56,250			
32 Taxes During Construction	15,000		15,000			
33 Clerk of the Works	5,000		5,000			
34 Marketing	16,000					
35 Tax Credit Fees	18,850					
36 Soft Cost Contingency	17,960		17,960			
37 Permanent Loan Origination Fee	0					
38 Lender's Counsel's Fee	0					
39 Other (c.n.a.)	2,500		2,500			
SYNDICATION COSTS						
40 Organizational (Partnership)	0					
41 Bridge Loan Fees and Expenses	0					
42 Syndication Consultant	0					
43 Tax Opinion	2,500					
DEVELOPER'S FEES						
44 Developer's Fees	629,425		629,425			
45 Other Partnership Fees	38,000		38,000			
46 Consultant Fees	0					
RESERVES						
47 Working Capital	140,000					
48 Rent-up (Deficit Escrow) Reserve	0					
49 Other Operating Reserves	0					
50 Sinking Fund	0					
51 Replacement Reserves	0					
Subtotal - Soft Costs	1,484,866					
TOTALS	6,052,629	0	5,236,939	0	0	
LESS: Amount of Non-qualified Financing						
LESS: Historic tax Credit (Residential Portion)			0	0	20% Historic Credit Rate	
Total Eligible Basis		0	5,236,939		0 Annual Historic Credit	
TIMES: Adjusted for QCI/DDA	130.00%		6,808,021			
TIMES: Applicable Fraction	100.00%	0	6,808,021			
Total Qualified Basis		0	6,808,021			
TIMES: Applicable Percentage		3.23%	9,000%			
Total Annual Credit Qualified		0	612,722			
Total Tax Credits Requested	608,444					
Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only)	4,380,359					
Estimated Yield - Housing Credit Syndication	72.72%					
Equity Gap	4,380,459					
Credits Needed to fill Equity Gap	608,458					

0 Long Term Depreciable Basis
27.5 Depreciation Schedule
0 Annual Depreciation

0 Short Term Depreciable Basis
7 Depreciation Schedule
0 Annual Depreciation

27-Mar-09 **Wexford at Quarry Hill**

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
1 Br	50%	713	2	624		14,976
1 Br	60%	713	10	755		90,600
2 Br	50%	929	4	740		35,520
2 Br	60%	929	16	897		172,224
			0	0		0
Totals		27,136	32			313,320

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br			0	0		0
1 Br			0	0		0
2 Br			0	0		0
3 Br			0	0		0
4+ Br			0	0		0
Totals		0	0			0

Common Area Square Footage 9,866

Grand Totals 37,002 32 313,320

Less Vacancy 7.00% (21,932)

NET RENT 291,388

OTHER INCOME

Laundry 4,000
 Parking 0
 Commercial Space Income 0
 Other 0

TOTAL INCOME 295,388

Wexford at Quarry Hill

2-2-2016

Building #	Unit #	Check all Applicable						A					B					C													
		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	713	755	27	782																			
1	2							1	713	755	27	782																			
1	3							1	713	755	27	782																			
1	4							1	713	755	27	782																			
1	5							1	713	755	27	782																			
1	6							1	713	755	27	782																			
1	7							1	713	755	27	782																			
1	8							1	713	755	27	782																			
1	9							1	713	755	27	782																			
1	10							1	713	755	27	782																			
1	11							1	713	634	27	651																			
1	12							1	713	624	27	651																			
1	13							2	929	897	41	938																			
1	14							2	929	897	41	938																			
1	15							2	929	897	41	938																			
1	16							2	929	897	41	938																			
1	17							2	929	897	41	938																			
1	18							2	929	897	41	938																			
1	19							2	929	897	41	938																			
1	20							2	929	897	41	938																			
1	21							2	929	897	41	938																			
1	22							2	929	897	41	938																			
1	23							2	929	897	41	938																			
1	24							2	929	897	41	938																			
1	25							2	929	897	41	938																			
1	26							2	929	897	41	938																			
1	27							2	929	897	41	938																			
1	28							2	929	897	41	938																			
1	29							2	929	740	41	781																			
1	30							2	929	740	41	781																			
1	31							2	929	740	41	781																			
1	32							2	929	740	41	781																			
Total # Units	32							Totals:	27,136			Total # Units:																			
									26,110																						

27-Mar-09 **Wexford at Quarry Hill**

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	17,822	1,485	46	6.0%
Supportive Services		0	0	
Audit/Accounting	3,500	292	9	
Legal	1,000	83	3	
Compliance Monitoring	2,304	192	6	
Marketing	1,000	83	3	
Other	500	42	1	
TOTAL ADMINISTRATIVE	26,126	2,177	68	
Utilities				
Electricity	3,421	285	9	
Fuel	15,521	1,293	40	
Water and Sewer	4,500	375	12	
Fire Alarm / Emergency	3,500	292	9	
Other		0	0	
TOTAL UTILITIES	26,942	2,245	70	
Maintenance				
Maintenance / Janitor Payroll	15,000	1,250	39	
Janitor Supplies	1,200	100	3	
Exterminating	500	42	1	
Trash Removal	3,500	292	9	
Snow Removal	7,000	583	18	
Grounds	6,000	500	16	
Repairs Material	2,500	208	7	
Repairs Contract	2,500	208	7	
HVAC Repairs / Maintenance	1,200	100	3	
Elevator Contract / Repairs	3,800	317	10	
Painting and Decorating	6,000	500	16	
Other	750	63	2	
TOTAL MAINTENANCE	49,950	4,163	130	
Real Estate Taxes	44,940	3,745	117	per unit month excl. ds & res. 409
Property Insurance	9,250	771	24	
Replacement Reserves	13,440	1,120	35	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other		0	0	
Total	170,648	14,221	444	

Wexford at Quarry Hill

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income	313,320	318,020	322,790	327,632	332,546	337,535	342,598	347,737	352,953	358,247	363,621	369,075	374,611	380,230	385,934
Gross Rent	4,000	4,000	4,121	4,183	4,245	4,309	4,374	4,439	4,506	4,574	4,642	4,712	4,782	4,854	4,927
Other Income	(21,932)	(22,261)	(22,595)	(22,929)	(23,278)	(23,627)	(23,982)	(24,342)	(24,707)	(25,077)	(25,453)	(25,835)	(26,223)	(26,616)	(27,015)
Operating Expenses	395,388	399,818	404,316	408,880	413,514	418,216	422,990	427,834	432,752	437,743	442,809	447,952	453,171	458,468	463,845
Total Operating Income	187,208	166,924	166,792	171,785	176,939	182,247	187,715	193,346	199,146	205,121	211,274	217,613	224,141	230,865	237,791
Reserves	13,440	13,642	13,846	14,054	14,265	14,479	14,696	14,916	15,140	15,367	15,598	15,832	16,069	16,310	16,555
Total Operating Expense	170,648	175,566	180,638	185,839	191,204	196,766	202,410	208,262	214,286	220,488	226,872	233,444	240,210	247,175	254,346
Net Operating Income	124,740	124,253	123,687	123,041	122,310	121,490	120,579	119,572	118,465	117,255	115,937	114,507	112,961	111,293	109,499
Less Primary Debt Service	100,869	100,869	100,869	100,869	100,869	100,869	100,869	100,869	100,869	100,869	100,869	100,869	100,869	100,869	100,869
Less Secondary Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow	23,870	23,383	22,818	22,172	21,441	20,621	19,710	18,703	17,596	16,386	15,068	13,638	12,091	10,424	8,630
Operating Subsidies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sinking Fund	23,870	23,383	22,818	22,172	21,441	20,621	19,710	18,703	17,596	16,386	15,068	13,638	12,091	10,424	8,630
Net Cash	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PR	123,66%	123,18%	122,67%	121,88%	121,26%	120,43%	119,54%	118,54%	117,44%	116,24%	114,94%	113,52%	111,99%	110,33%	108,56%
Cumulative Cash Flow	0	24,109	48,208	72,219	96,057	119,633	142,853	165,618	187,820	209,348	230,085	249,906	268,678	286,264	302,517
Beginning Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deposits	23,870	23,383	22,818	22,172	21,441	20,621	19,710	18,703	17,596	16,386	15,068	13,638	12,091	10,424	8,630
Interest	239	716	1,192	1,666	2,136	2,599	3,054	3,499	3,932	4,351	4,752	5,134	5,494	5,830	6,137
Withdrawals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Project Operating Needs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Special LP or GP Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of Deferred Devel. Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Partnership Audit or K-1 Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Distribution of Cash to Owner	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	24,109	48,208	72,219	96,057	119,633	142,853	165,618	187,820	209,348	230,085	249,906	268,678	286,264	302,517	317,284
Cumulative Replacement Reserves	0	13,574	27,624	42,161	57,199	72,750	88,829	105,448	122,622	140,366	158,694	177,622	197,164	217,338	238,158
Beginning Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deposits	13,440	13,642	13,846	14,054	14,265	14,479	14,696	14,916	15,140	15,367	15,598	15,832	16,069	16,310	16,555
Interest	134	408	691	984	1,287	1,600	1,924	2,258	2,604	2,961	3,330	3,711	4,104	4,510	4,929
Withdrawals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	13,574	27,624	42,161	57,199	72,750	88,829	105,448	122,622	140,366	158,694	177,622	197,164	217,338	238,158	259,641
Net Operating Income	124,740	124,253	123,687	123,041	122,310	121,490	120,579	119,572	118,465	117,255	115,937	114,507	112,961	111,293	109,499
Plus Reserves	13,440	13,642	13,846	14,054	14,265	14,479	14,696	14,916	15,140	15,367	15,598	15,832	16,069	16,310	16,555
Less Interest Expense	(99,187)	(98,703)	(98,167)	(97,574)	(96,921)	(96,200)	(95,407)	(94,536)	(93,578)	(92,528)	(91,377)	(90,117)	(88,738)	(87,239)	(85,581)
Less Long Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Short Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxable Income (Loss)	35,993	39,191	39,367	39,521	39,654	39,769	39,868	39,953	40,027	40,094	40,158	40,222	40,292	40,374	40,473
Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings	(13,647)	(13,717)	(13,778)	(13,832)	(13,879)	(13,919)	(13,954)	(13,983)	(14,009)	(14,033)	(14,055)	(14,078)	(14,102)	(14,131)	(14,165)
Plus Historic Rehab Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus State Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Federal Housing Credits	608,444	608,444	608,444	608,444	608,444	608,444	608,444	608,444	608,444	608,444	608,444	608,444	608,444	608,444	608,444
After Tax Cash Flow	594,297	594,727	594,666	594,612	594,565	594,525	594,490	594,461	594,435	594,411	594,387	594,363	594,339	594,315	594,291
Total Years	15														
Return Stream Rate	6.00%														
Current After Tax Cash Flows	594,297	594,727	594,666	594,612	594,565	594,525	594,490	594,461	594,435	594,411	594,387	594,363	594,339	594,315	594,291
Future Value of Cash Flows at Yr 15	1,225,463	1,344,621	1,268,379	1,196,476	1,128,662	1,064,703	1,004,379	947,480	893,810	843,183	(18,809)	(17,773)	(16,796)	(15,877)	(15,015)
Discount Rate	3.00%														
Capital Contribution Number	1	2	3	4											
Date of Capital Contribution	01-Sep-09	01-Nov-10	01-Apr-11	01-Nov-11											
Amount of Capital Contribution	1,095,090	2,409,197	525,643	350,429											
Present Value of Contributions	1,095,090	2,325,174	800,967	328,076											
Cash Flows	(4,249,307)	0	0	0	0	0	0	0	0	0	0	0	0	0	1,032,886
IRR	6.57%														
Equity Yield	70.54%														

Housing Credit Applications - 2009-2010

Business and Criteria Summary

Project	City/Town	County	Funding - Readiness	Permitting - Readiness	Criteria met*	Other Notable Info	# units	Credit Amt	Credit Amt per unit	Could Start Construction
Anne Wilder Richards	Brattleboro	Windham	Has all funding except for FY2011 State Credits; may apply for TCAP, June 09	Have local approval and Act 250 (30 day appeal period started 3/11)	3/2	Rec'd Credit Commitment 10/08; seeking increase 4/09	21	57,000	16,429	Jun-09
Centre Drive	Milton	Chittenden	No other funding needed; sponsor will pursue RD 538 loan guarantee to make debt stronger; no debt or equity commitments yet	Sponsor anticipates local permits by 4/09 and state permits by 5/09.	3/1	Land lease; re-use of commercial site served by municipal water and sewer.	24	363,199	15,133	Jun-09
Canal Street Veterans Housing	Winooski	Chittenden	NSP - May 09 \$1.2 M	All Approved	5/1	Special Needs Housing	30	366,000	12,200	Aug-09
Ellis Block	Springfield	Windsor	NSP - April '09	Local & State W/W needed (no Act 250 needed)	4/1	Burned out downtown blg; has rec'd VCDP \$ for stabilization; HVT partnering with SHU	9	110,000	12,222	Aug-09
Forest Park	Rutland	Rutland	has some VHCB & HOME committed; needs HOPE VI, CDBG, AHP, VHCB, and HOME	demo and rebuild, decreasing density; local and Act 250 permits required	3/2	will re-apply for HOPE VI in 2009	74	1,023,000	13,824	Jul-10
Grandway II	South Burlington	Chittenden	Needs everything: VHCB - June VCDP - June TCAP - June	Local - May 09 Act 250 - June 09	4/0	special needs housing	30	484,000	16,133	Sep-09
Grange Hill	Woodstock	Windsor	has all original funding committed; seeking re-allocation of credits; has gap of approx \$233,000 - may seek add'l state tax credits	facing permit appeal - waiting for decision - could be June 09	4/0	got allocation in 2007; permit appeals delayed project and credits had to be returned	28	550,000	19,643	Dec-09
Salisbury Square	Randolph	Orange	NSP - 4/09; if not, then CDBG 6/09 6/09 VHCB & HOME	needs local (4/2009); Act 250, water, stormwater all needed	5/0	Credit increase	14	160,000	22,857	Sep-09
Shelburne Woods I	Shelburne	Chittenden	VHCB by 06/09 vcdp by 9/09	needs local (4/2009); Act 250, water, stormwater all needed	4/3	smart growth endorsement; many detached single family homes	48	957,301	19,944	Nov-09
Upper Story Housing	Brattleboro	Windham	Needs everything: VHCB June '09 HOME June '09 TCAP June '09 total \$1.37 million	Local needed (no Act 250 needed - in designated downtown) needs state water & wastewater	3/1	downtown development; mixed income; residential/commercial mix- bldg includes Food Coop, restaurant & salon.	24	445,000	18,542	Sep-09
Wexford at Quarry Hill	South Burlington	Chittenden	under discussions for debt and equity; seeking \$250k TCAP	has local and Act 250; needs minor Act 250 amendment	3/1	seeks waiver from mixed-income threshold	32	612,722	19,148	Sep-09

Key
3/1

* = # top tier criteria met/# second tier criteria met



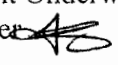
Total -> 5,128,223



Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Director of Development 
Cynthia Reid, Senior Development Underwriter 
Joshua Slade, Development Officer 

DATE: March 30, 2009

RE: Recommendations for April Tax Credit Projects

Board Action: Staff evaluated allocations of housing credits for eleven projects and construction financing for one project. Staff recommends that the Board adopt resolutions in the form attached hereto with respect to the following five developments: Anne Wilder Richards, Canal Street Veterans Housing, Ellis Block, Grange Hill, and Salisbury Square. The applicable resolution also provides construction financing to one of the projects as to which Staff is recommending an allocation of housing credits.

Summary: Staff are recommending that all of the developments that have previously received tax credit assistance by Board action be approved, and also that one other project be approved at this time. Three of these projects (Anne Wilder Richards in Brattleboro, Salisbury Square in Randolph, and Grange Hill in Woodstock) were previously awarded 9% ceiling credits, and for reasons listed in the memos are seeking increases to those awards. One other project (Canal Street Veterans Housing) was awarded 4% "bond" credits, but now is seeking an allocation of 9% credits because Winooski has been determined to be ineligible to receive NSP funding. These four projects will use \$1,133,000 in credits.

Of the remaining projects, staff considered which ones met most of the criteria in the Plan, and the next two were Ellis Block and Shelburnewood. They would have had equal number of criteria met, but for the fact that VSHA awarded 12 units of project based assistance to Shelburnewood, and Ellis Block intends to apply to Springfield Housing Authority and Vermont State Housing Authority for project based assistance, but has not done so yet. Ellis is seeking \$110,000 in credit and Shelburne \$957,301. The sponsors of Ellis Block have purchased it for \$10, due to its fire damage, and used VCDP funds to stabilize it through last winter, and until other funding can be obtained. It needs local approvals but no Act 250, since it is in a designated downtown. Shelburnewood has its zoning in place for the proposed development, and is moving forward with its design work in order to get local DRB permits and Act 250 approval, using owner's cash and a VHFA pre-development loan. The Credit request from Shelburnewood is in excess of the per project limit (30% of the annual credit ceiling) per the Allocation Plan. A waiver from this limit will require Board discussion and action. Staff's assessment is that of these two, Ellis could begin work sooner, and are recommending it for approval. The Ellis credit amount and the previous four projects all total \$1,243,000 leaving \$458,969 available for the following projects: Centre Drive, Forest Park, Grandway II, Shelburnewood, Upper Story, and Wexford at Quarry Hill.

Regarding Forest Park, staff feel this development is the farthest away from being able to start construction, despite its enormous importance to the State, and its potential to leverage substantial new Federal funding.



mailing address P.O. Box 408, Burlington, VT 05402-0408

phone (802) 864-5743

delivery address 164 Saint Paul St., Burlington, VT 05401-4364

fax (802) 864-5746

www.vhfa.org



Staff are recommending no action be taken on Forest Park at this time. Over the summer staff will work with the Tax Credit Committee and the Board to make changes to the Qualified Allocation Plan to allow for developments like Forest Park (which if funded would bring in a significant amount of federal funding new to the state) to be considered outside the two-year rolling allocation process. Staff are aware of the pressures of development, but are not recommending opening the process up for every applicant to come in and ask for future commitments of credits.

The remaining five projects have credit requests totaling \$2,862,222. Since the available credits are only \$458,969, staff wishes to have more time to see how to accommodate as many projects as possible. There are many immediate uncertainties in the funding of affordable housing, such as: the level of VHCB funding this year, the possible loss of funding for state credits, the knowledge of which projects will get NSP funding in the near future, the knowledge of which projects will get CDBG in the current cycle, as well as what tax credit pricing will be. For this reason, staff propose postponing decisions on the remaining projects until the June Board meeting. In the intervening time Staff will work with the project sponsors on their proposals, and will work on a means of competitively awarding the TCAP funding, as required by its statute.

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: PROPOSED ALLOCATION OF
ALLOCATED HOUSING CREDITS FOR
ANNE WILDER RICHARDS BUILDING, TOWN OF BRATTLEBORO**

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Brattleboro Housing Authority (the "Sponsors") on behalf of a to be formed limited partnership in which one or more of the Sponsors or their subsidiaries or affiliates will be co-general partners (the "Borrower") involving the acquisition and rehabilitation of twenty-one (21) units of general occupancy rental housing in the Town of Brattleboro (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi, Cynthia Reid and Joshua Slade entitled "April 2009 Housing Credit Applications" dated March 30, 2009 containing information about the Development and a memorandum from Joe Erdelyi, Cynthia Reid and Joshua Slade entitled "Recommendations for April Tax Credit Projects" dated March 30, 2009 containing conditions and recommendations about the Development (the "Memoranda"); and

WHEREAS, this Resolution amends and replaces in its entirety that certain resolution of the Board of Commissioners adopted September 22, 2008 relating to the same subject matter;

WHEREFORE, it is hereby RESOLVED:

1. The recommendations for the allocation of Allocated Housing Credits for the Development contained in the Memoranda which are attached and incorporated by this reference are hereby approved.
2. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of \$345,000.00 for the Anne Wilder Richards Building housing project in the Town of Brattleboro, Vermont.
3. The findings set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings of the Board based on substantial evidence.

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS FOR CANAL STREET VETERANS HOUSING, CITY OF WINOOSKI

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Committee on Temporary Shelter (the "Sponsors") on behalf of a to be formed limited partnership in which one or more of the Sponsors or their subsidiaries or affiliates will be co-general partners (the "Borrower") involving the new construction of twenty-nine (29) units of transitional and permanent supportive housing for homeless and at risk of becoming homeless veterans in the City of Winooski (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi, Cynthia Reid and Joshua Slade entitled "April 2009 Housing Credit Applications" dated March 30, 2009 containing information about the Development and a memorandum from Joe Erdelyi, Cynthia Reid and Joshua Slade entitled "Recommendations for April Tax Credit Projects" dated March 30, 2009 containing conditions and recommendations about the Development (the "Memoranda"); and

WHEREAS, this Resolution amends that certain resolution of the Board of Commissioners adopted December 18, 2008 (the "December 18 Resolution") only as related to the number of units; and

WHEREAS, this Resolution will be effective only until and unless NSP funding in the required amount, as determined by the Agency, is obtained on or prior to June 30, 2009. If this resolution is effective, the December 18 Resolution shall be ineffective. If this resolution is ineffective, the December 18 Resolution shall be effective. Only one resolution shall be effective at any given point;

WHEREFORE, it is hereby RESOLVED:

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

2. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of \$366,000.00 for the Canal Street Veterans Housing project in the City of Winooski, Vermont.
3. The findings set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings of the Board based on substantial evidence.

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: PROPOSED ALLOCATION OF
ALLOCATED HOUSING CREDITS FOR ELLIS BLOCK, TOWN OF SPRINGFIELD**

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Springfield Housing Unlimited (the "Sponsors") on behalf of a to be formed limited partnership in which one or more of the Sponsors or their subsidiaries or affiliates will be co-general partners (the "Borrower") involving the acquisition and rehabilitation of nine (9) units of general occupancy rental housing in the Town of Springfield (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi, Cynthia Reid and Joshua Slade entitled "April 2009 Housing Credit Applications" dated March 30, 2009 containing information about the Development and a memorandum from Joe Erdelyi, Cynthia Reid and Joshua Slade entitled "Recommendations for April Tax Credit Projects" dated March 30, 2009 containing conditions and recommendations about the Development (the "Memoranda");

WHEREFORE, it is hereby RESOLVED:

1. The recommendations for the allocation of Allocated Housing Credits for the Development contained in the Memoranda which are attached and incorporated by this reference are hereby approved.
2. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of \$110,000.00 for the Ellis Block housing project in the Town of Springfield, Vermont.
3. The findings set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings of the Board based on substantial evidence.

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: CONSTRUCTION FINANCING AND
PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS FOR
GRANGE HILL, TOWN OF WOODSTOCK**

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Twin Pines Housing Trust (the "Sponsors") on behalf of a to be formed limited partnership in which one or more of the Sponsors or their subsidiaries or affiliates will be co-general partners (the "Borrower") involving the new construction of a total of twenty-eight (28) units of general occupancy rental housing in the Town of Woodstock (the "Development"); and

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

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

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

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi, Cynthia Reid and Joshua Slade entitled "April 2009 Housing Credit Applications" dated March 30, 2009 containing information about the Development and a memorandum from Joe Erdelyi, Cynthia Reid and Joshua Slade entitled "Recommendations for April Tax Credit Projects" dated March 30, 2009 containing conditions and recommendations about the Development (the "Memoranda"); and

WHEREAS, this Resolution amends and replaces in its entirety that certain resolution of the Board of Commissioners adopted on June 4, 2007 relating to the same subject matter;

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of the units are for occupancy by persons and families of low and moderate income.

2. The acquisition, construction or rehabilitation 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(s).

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

WHEREFORE, it is hereby RESOLVED:

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

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

3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan(s) for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions, if any, described in the Memoranda.
4. The recommendations for the allocation of Allocated Housing Credits for the Development contained in the Memoranda which are attached and incorporated by this reference are hereby approved.
5. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of \$550,000.00 for the Grange Hill housing project in the Town of Woodstock, Vermont.
6. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board based on substantial evidence.

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: PROPOSED ALLOCATION OF ALLOCATED
HOUSING CREDITS FOR SALISBURY SQUARE, TOWN OF RANDOLPH**

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

WHEREAS, an application has been submitted to the Agency by Randolph Area Community Development Corporation (the "Sponsor") on behalf of a to be formed limited partnership in which the Sponsor or its subsidiary or affiliate will be the general partner (the "Borrower") involving the acquisition, rehabilitation and new construction of a total of fourteen (14) units of general occupancy rental housing in the Town of Randolph (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi, Cynthia Reid and Joshua Slade entitled "April 2009 Housing Credit Applications" dated March 30, 2009 containing information about the Development and a memorandum from Joe Erdelyi, Cynthia Reid and Joshua Slade entitled "Recommendations for April Tax Credit Projects" dated March 30, 2009 containing conditions and recommendations about the Development (the "Memoranda"); and

WHEREAS, this Resolution amends and replaces in its entirety that certain resolution of the Board of Commissioners adopted June 30, 2008 relating to the same subject matter;

WHEREFORE, it is hereby RESOLVED:

1. The recommendations for the allocation of Allocated Housing Credits for the Development contained in the Memoranda which are attached and incorporated by this reference are hereby approved.
2. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of \$320,000.00 for the Salisbury Square housing project in the Town of Randolph, Vermont.
3. The Executive Director and the appropriate staff are authorized to reduce the allocation of federal Allocated Housing Credits to the extent funding is available for the Development from other sources.
4. The findings set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings of the Board based on substantial evidence.



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

Vermont Housing Finance Agency
Central Vermont Chamber of Commerce
963 Paine Turnpike North, Berlin
Monday, April 6, 2009 8:00 a.m.

VHFA Board Members Present:

Gus Seelig (vice-chair), Tom Candon (designee for Thabault), Dagyne Canney, Kevin Dorn, Bart Frisbie, Beth Pearce (designee for Spaulding), Tom Pelletier

VHFA Board Members Absent

Lisa Mitiguy Randall, (chair), Rob Alberts

Staff Present:

Dave Adams, Sarah Carpenter, Tom Connors, Pat Crady, Maura Collins, Elizabeth Mullikin Drake, Joe Erdelyi, Lori Gilding, Cindy Reid, Josh Slade, Mark Westergard

Guests:

James McIntyre, Morgan Stanley; Jeff Sula, Merrill Lynch; Ansel Caine, Caine Mitter; Justin Dextrateur, Hartland Group; Charlie Brush and John Giebink, Green Mountain Development Group; Amy Wright and Molly Dugan, Cathedral Square Corporation; Bob Marcellino, Homestead Design, Inc.; Rick Bove, Bove Brothers Realty; John Eller and Liz Nickerson, Nickerson Eller, LLC; Krister Adams, Housing Foundation Inc.; Jerry Barton, Shelburne Affordable Housing Coalition; Julie Iffland, Randolph Area Community Development Corporation; Christine Hart, Brattleboro Housing Authority; Nancy Owens and Kathy Beyer, Housing Vermont; Kevin Loso, Rutland Housing Authority; Rita Markley, Committee On Temporary Shelter; Alex Gyori, Brattleboro Food Co-op; Susan Inui-Kelley, Woodstock Interfaith Housing Coalition; Bruce Pacht, Twin Pines Housing Trust; Connie Snow, Windham Housing Trust; Mary Helen Harthorne, Springfield On The Move; Bill Morlock, Springfield Housing Authority

Staff and Guests via Conference Call:

Scott Baker; Al Hans and Melanie Miller, Piper Jaffay

BOARD MEETING

Vice-Chair Seelig called the Board meeting to order at 8:10 a.m.



BOARD MINUTES

Ms. Canney made a motion to approve the March 9, 2009 Board of Commissioners meeting minutes. Mr. Dorn seconded the motion which was unanimously approved. Mr. Candon, Mr. Frisbie and Mr. Pelletier abstained from the vote.

EXECUTIVE DIRECTOR'S REPORT

Ms. Carpenter reviewed the Executive Director's report. She stated the majority of her time working with the Legislature has been primarily focused on obtaining more flexibility with the use of pledged moral obligation with the State. She stated there have been no new details released from the federal government regarding housing issues.

Ms. Carpenter introduced Mark Westergard as the Agency's newly appointed General Counsel.

FINANCE

Liquidity

Mr. Connors stated the Agency continues its focus on replacing \$81.5 million in liquidity and is hopeful of some progress. He informed the Board that TD Bank specified the term sheets for two additional series, totaling approximately \$25 million. He stated the Agency met with Wells Fargo last week and they are interested in expanding their relationship with VHFA. Mr. Connors said Wells Fargo is looking very seriously at replacing up to three series of liquidity for the Agency, totaling approximately \$40 million. He said the Agency will have an update from Wells Fargo before the end of the week. Mr. Connors cautioned the Board that pricing will be more expensive than what the Agency is accustomed to. Mr. Connors stated that rumors of Fannie Mae rolling out a liquidity program continue to be strong.

Lines of Credit

Mr. Connors informed the Board that term sheets with Keybank were approved to renew the Agency's existing lines of credit. He stated the terms are a lot higher than in previous agreements. He said the terms were of no surprise, but staff will open discussions with other banks for more competitive rates.

Staff has renewed talks with the Vermont State Pension Fund and plans to submit a proposal for a financing source for multifamily projects and possibly our VRDO's.

Mr. Connors said in previous Board meetings the Board had discussed letting a couple of series go to bank bonds. Currently the Agency has no bank bonds and rating agencies are not looking favorably on bank bonds at this time, therefore staff is not considering letting any series go to bank bonds, but will continue to look at this strategy in the future. Also, bank bond rates are not all that different than the rates the Agency is paying on its variable rate debt, so the financial advantage is not that significant relative to the risk.

Mr. Connors informed the Board that the Treasurer's office is in support of moving forward with the amendment of the State's moral obligation with VHFA.

Securitizing Existing Single Family Portfolio

Mr. Adams reviewed the memo requesting Board approval to authorize staff to negotiate terms and all contacts necessary to securitize loans in the existing VHFA single family portfolio with Fannie Mae, and/or Ginnie Mae. Mr. Adams explained the reason for the accelerated action was because of the rating agencies' recent downgrades to mortgage insurance companies. There is a lot of pressure from rating agencies to reduce VHFA's exposure to MGIC even though these loans are performing well.

EXECUTIVE SESSION

Mr. Candon made a motion to go into Executive Session for contract negotiation purposes where premature general public knowledge would clearly place VHFA at a substantial disadvantage at 8:40 a.m. Mr. Pelletier seconded the motion, which was unanimously approved.

Mr. Dorn made a motion to come out of Executive Session at 9:20 a.m. Mr. Pelletier seconded the motion, which was unanimously approved.

Securitizing Existing Single Family Portfolio (Continued)

Mr. Dorn made a motion to approve staff's request to authorize staff to negotiate terms and all contacts necessary to securitize loans in the existing VHFA single family portfolio with Fannie Mae, and/or Ginnie Mae, and to authorize the Executive Director, Chief of Program Operations, and/or the Chief Financial Officer, to execute any and all documents related thereto. Ms. Canney seconded the motion, which was unanimously approved.

Securitizing Existing Single Family Portfolio - Amendment of Bond Resolutions

Ms. Mullikin Drake reviewed the Amendment of Single Family Housing Bond Resolution and Supplemental Indentures to the Multiple Purpose Bond Indenture.

Mr. Pelletier made a motion to adopt four resolutions re:

1. Thirty-Second Supplement Single Family Housing Bond Resolution;
2. First Amendment to 2007 AB Supplemental Indenture;
3. First Amendment to 2007 CD Supplemental Indenture; and
4. First Amendment to 2008 S Supplemental Indenture

Mr. Dorn seconded the motion, which was unanimously approved.

Unexpended Bond Proceeds for Single Family Series 2008C

Mr. Connors reviewed the Unexpended Bond Proceeds for Single Family Series 2008C memo to the Board. Ms. Crady informed the Board that the last time the Agency called bonds was in 1986 or 1988. Mr. Connors said that approximately 100% of the bonds were sold to Vermont investors. Mr. Hans explained the issues related to calling the bonds. One of the significant benefits of the unexpended bond call is that the lending rates on the remaining proceeds will be lowered and more competitive, helping to increase loan production. It will also reduce negative arbitrage by about \$29,000 a month. It was noted that the unexpended call under consideration would increase the percentage of swaps, from 24% to 35% in 2008C even though the nominal amount would not increase. It was also noted that the Board originally authorized staff to go up to 40% at the time the 2008C Resolution was approved, and no further Board authorizations are needed to go forward with the unexpended call.

DEVELOPMENT

Mr. Erdelyi reviewed the 2009 Housing Credit Applications memo. A summary of each development was presented by staff members with a representative(s) from each development available for additional questions and comments. The list of Allocated Tax Credit Applications presented is as follows:

- Anne Wilder Richards Building, Brattleboro
- Canal Street Veterans Housing, Winooski
- Centre Drive, Milton
- Ellis Block, Springfield
- Forest Park Redevelopment, Rutland
- Grand Way II Senior Housing, South Burlington
- Grange Hill, Woodstock – includes Construction Financing
- Salisbury Square, Randolph
- Shelburnewood I, Shelburne
- Upper Story Housing, Brattleboro
- Wexford at Quarry Hill, South Burlington

After a lengthy discussion by the Board, Ms. Pearce made a motion to adopt the staff's recommendation and support resolutions with respect to the following five developments: Anne Wilder Richards, Canal Street Veterans Housing, Ellis Block, Grange Hill and Salisbury Square. The applicable resolution also provides construction financing to Grange Hill, Woodstock, to which staff is also recommending an allocation of housing credits. Mr. Candon seconded the motion. The motion was approved. Ms. Canney, Mr. Frisbie and Mr. Dorn opposed the motion.

Ms. Pearce made a motion to award Grand Way II the remaining \$458,000 in tax credits. The motion was not seconded.

The Board discussed the criteria for the Qualified Allocation Plan (QAP) at great length. A decision was made for staff to re-evaluate the QAP and make recommended changes to the plan at the June Board meeting.

The Board expressed concerns for the ability to consider large projects versus smaller projects and for projects needing forward commitment of credits beyond credits available under the current two-year process in order to apply competitively for other significant Federal subsidiaries (i.e. Forest Park – Hope VI application). Other issues discussed for further consideration included readiness and requests for increases to credits previously approved. Staff was directed to review areas discussed and propose changes to the QAP for the June meeting.

Because of time constraints, the Board decided to defer the Housing Vermont discussion until a later date.

HOMEOWNERSHIP

Recommendations for New Income and Purchase Price Limits


Ms. Crady reviewed the memo regarding Recommendations for New Income and Purchase Price Limits. Ms. Canney made a motion to approve the income limits and purchase price limits proposed by staff. Mr. Pelletier seconded the motion, which was unanimously approved.

Mr. Pelletier made a motion to adjourn the meeting. Ms. Canney seconded the motion. The meeting adjourned at 1:10 p.m.



Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners
FROM: Patricia M. Loller, Director of Administration 
DATE: May 4, 2009
RE: Pension Plan Resolution

Action Requested:

Adoption of attached pension resolution to exclude from the definition of Compensation all taxable fringe benefits compensation.

Discussion:

The Agency's Pension plan currently excludes overtime, insurance buyout, car allowance, VHFA Disability and bonuses from the definition of Compensation for the purposes of calculating the Agency's contribution for staff. Recently a new taxable benefit for health/dental insurance for domestic partners has been implemented and this benefit should not be used to determine the Pension contribution.

In order to avoid future individual resolutions of this sort, the Pension Plan Trustees are recommending that the Pension plan exclude all current and future taxable fringe benefits from the definition of Compensation relative to the Pension plan.

Attached is a copy of the Summary of Material Modifications that will be distributed to all plan participants and the associated resolution for your approval.

Please don't hesitate to give me a call with questions at 652-3425.



Vermont Housing Finance Agency

**RESOLUTION RE: 403(b) RETIREMENT SAVINGS PLAN
FOR THE EXCLUSION OF CERTAIN PAY FROM
THE DEFINITION OF COMPENSATION**

WHEREAS, the Vermont Housing Finance Agency (the "Agency" or "VHFA") wishes to adopt certain changes to its 403(b) Retirement Savings Plan as follows:

NOW, THEREFORE, be it RESOLVED:

1. Effective January 1, 2009, the VHFA 403(b) Retirement Savings Plan (the "Plan") document section 26b. shall be amended to read as follows:
 - a. 26b. If **A.26a.ii** or **iii** is selected, describe other pay excluded from the definition of Compensation and indicate for what purpose (e.g., Elective Deferrals, Matching, etc.) the Compensation is excluded: **Exclude overtime, commissions, bonuses, cash payments made in lieu of using VHFA medical insurance, any car allowances, VHFA short term disability payments and taxable fringe benefits as these amounts are not considered "base salary".**
2. The proper Officers of the Agency shall act as soon as possible to notify employees of the Agency of the adoption of this Amendment. All participants in the Plan shall be notified of the change in writing as soon as possible by distribution of the attached "Summary of Material Modifications." This information should be maintained with the master Summary Plan Description and enrollment materials for distribution to future participants. The proper Officers of the Agency shall be, and hereby are, authorized and directed to execute any and all such documents and to perform any and all such acts as may be necessary and proper to effect the foregoing.

**Vermont Housing Finance Agency ("VHFA")
SUMMARY OF MATERIAL MODIFICATIONS
VHFA 403(b) Retirement Savings Plan**

**To: All Participants and Beneficiaries of the
VHFA 403(b) Retirement Savings Plan**
From: Vermont Housing Finance Agency
Date: May 12, 2009

This is a summary of recent changes to your Plan.

Effective January 1, 2009, the following **exclusion** has been added to the definition of compensation (thereby excluding such pay from the definition of compensation):

Definition of compensation exclusion: Taxable fringe benefits

If you have any questions on this Summary or the amendments to your plan, contact your Plan Administrator:

Vermont Housing Finance Agency
164 St. Paul Street
PO Box 408
Burlington, VT 05402-0408
(802) 652-3425



Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners
FROM: Patricia M. Loller, Director of Administration
DATE: May 4, 2009
RE: Pension Plan Resolution

A handwritten signature in black ink, appearing to be "Patricia M. Loller", is written over the "FROM:" line.

Action Requested:

Adoption of attached pension resolution to authorize the merger of the Vermont Housing Finance Agency 401(k) Retirement Plan into the Vermont Housing Finance Agency 403(b) Retirement Plan.

Discussion:

The IRS has approved the Voluntary Correction Plan (VCP) the Agency submitted to resolve the Agency's 401(k) eligibility issue. In doing so, the merger of the 401(k) and 403(b) plans was approved. Deposits have been made to the 403(b) plan beginning January 1, 2009. The merger will entail moving the remaining John Hancock 401(k) balances to the 403(b) plan with Newport Group at which point the John Hancock plan will be closed.

This resolution will authorize the merger of the two plans; authorize staff to execute a merger agreement and any and all other documents, and to perform other duties needed to successfully complete this transaction.

Plan participants will be notified of this merger well in advance of the designated date.

Please don't hesitate to give me a call with questions at 652-3425.



Vermont Housing Finance Agency

RESOLUTION RE: RETIREMENT PLAN MERGER

WHEREAS, the Vermont Housing Finance Agency (the "Agency") wishes to authorize the merger of the Vermont Housing Finance Agency 401(k) Retirement Plan (the "401(k) Plan") into the Vermont Housing Finance Agency 403(b) Retirement Plan (the "403(b) Plan") and take any other actions consistent with the Compliance Statement dated April 16, 2009 issued by the Internal Revenue Service (the "IRS").


NOW, THEREFORE, BE IT RESOLVED:

1. That the 401(k) Plan be merged into the 403(b) Plan as soon as administratively practicable and that the Agency undertake any other acts deemed necessary or advisable in accordance with the IRS Compliance Statement dated April 16, 2009.
2. That the proper Officers of the Agency shall notify 401(k) Plan participants of the merger and provide them with all pertinent information with respect to the merger.
3. That the proper Officers of the Agency be, and hereby are, authorized and directed to execute a merger agreement and any and all other documents and to perform any and all such acts as may be necessary and proper to effect the foregoing.



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joshua Slade, Development Underwriter 

DATE: April 29, 2009

RE: Request for Bond Housing Credits and Construction Financing:
Missisquoi Manor Senior Housing, Richford

Name:	Missisquoi Manor Senior Housing	Location:	Richford
Housing Type:	Senior	Unit Type:	Flats
Unit Count:	24 Total 24 Housing Credit	Unit Sizes:	24 -- 1 BR; 516 sq ft
Total Cost:	\$1,715,737	Per S.F. Acquisition & Construction Cost:	\$88.17/sq ft
Loan Requested:	\$1,500,000 Tax Exempt Construction Loan	Sponsor:	Housing Vermont & Richford Renaissance Corp.
Housing Credits:	\$48,900 "Bond"	Other Funding:	VHCB, RD 515

Summary:

- 24 units of senior housing in Richford
- Rehab scope includes ADA upgrades, new kitchens, bathrooms, flooring and finishes
- No funding commitments at this time – expects RD decision in July
- No Act 250 required, does need local zoning and permit approval

Project Narrative: Housing Vermont (HVT) and Richford Renaissance Corp. (RRC) are working in partnership to acquire and rehabilitate 24 units of privately owned senior housing on Liberty Street in Richford which is at risk of converting to market rate housing upon the expiration of the current HAP contract.

The project, Missisquoi Manor Senior Housing, was originally built in 1980 and offers 24 units of subsidized housing to senior and disabled residents. The sponsors intend to renew the rental assistance contract when it expires in 2010.

The project consists of one building with two two-story wings with a one-story community room, laundry, office and mechanical room in the center. The apartments are all one bedroom units with a living room, dining area and kitchen. There is a small shared (by two apartments) "mud room" between the outer door and the apartment door of each unit. The site is a short walk to the new grocery store, and the health and dental centers.

The property is in good repair but, typical of other 30 year old projects, needs a number of upgrades and replacements. The two "handicap" units do not meet ADA standards and will require a small addition and floor



plan reconfiguration to be fully ADA accessible units. All units will be substantially rehabilitated and receive new kitchens, bathrooms, finishes, appliances and flooring. Residents will be relocated for short periods of time while their unit is being renovated. The parking area will be repaved, the walkways will be replaced and storage will be built. The feasibility of solar hot water will be assessed and at a minimum the boiler system will be fitted to be solar ready. Some site work for drainage will be completed and it is anticipated some minor electrical upgrades will be needed.

The market study strongly supports this project. The appraisal from August 2008 came in at \$620,000 (\$25,834/unit). The environmental phase one was completed and yielded some asbestos in the flooring for which there is a remediation plan. An Act 250 permit will not be required. Local zoning and permitting is underway. Funding commitments are expected to be in place by July 2009. Construction is anticipated to begin in September 2009 and wrap up in February 2010.

Richford Renaissance Corporation will manage the property upon its completion.

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

29-Apr-09 Missisquoi Manor Senior Housing

Total Rental Residential Units:	24	Increase in Income from Rental Units:	1.00%
Housing Credit Restricted Units:	24	Increase in Income from Other Sources:	1.00%
Percent Restricted:	100.00%	Increase in Income from Commercial:	0.00%
Total Rental Development Cost:	1,715,776	Expense increase:	2.50%
Total Rental Dev. Cost per Unit:	71,491	Vacancy Rate:	5.00%
Total Rental Dev. Cost Per SF:	112	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	51,902	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	48,900	Sponsor's Estimated Yield:	0.81

LIHTC - 9% 9.00%

LIHTC - 4% 3.29% (April 2009)

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
Rural Development 515	1,000,000	58.28%	1.00%	50	50
VHCB/HOME	195,000	11.37%	0.00%	deferred	30
CVOEO WX	0	0.00%	0.00%	deferred	30
Existing cash	0	0.00%	0.00%	N/A	N/A
Developer Loan	0				
LIHTC equity	395,775	23.07%	N/A	N/A	N/A
TOTAL SOURCES	1,590,775	92.71%			

USES

Acquisition	625,800	36.47%
Construction Hard Costs	728,109	42.44%
Soft Costs	361,867	21.09%
TOTAL USES	1,715,775	100%

Gap 125,000

VHFA Construction Loan 1,500,000

General Partner's Capital Contribution	198	0.05%
Limited Partner's Capital Contribution	395,775	99.99%
Total Equity	395,973	100.0%

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	24
Total Units	24
Unit Fraction	100.00%
Tax Credit Square Footage	12,384
Total Residential Square Footage	15,294
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

20-Apr-2019

Mississippi Manor Senior Housing

		1,500,000	1,000,000	195,000	0	0	0	395,775	
		Allocation of Sources							
		Budget	Per Unit	Per s.f.	Tax Exempt Bond	Development SFS	Existing cash	Developer Loan	LIHTC equity
ACQUISITION									
1	Land	62,000	2,583	4.05	62,000				
2	Purchase of Buildings	558,000	23,250	36.48	363,000	195,000			
3	Demolition (to build replacement)	0	0	0.00					
4	Property Appraisal	2,800	117	0.18	2,800				
5	Legal - Title and Recording	5,000	125	0.20	5,000				
Acquisition Contingency Costs									
Subtotal - Acquisition		625,800	26,075	40.92					
CONSTRUCTION COSTS									
6	Rehabilitation	553,533	23,064	36.19	553,533				
7	New Buildings	0	0	0.00					
8									
9	Sitework	37,900	1,579	2.48	37,900				
10		0	0	0.00					
11	Clerk of the Works	0	0	0.00					
12	Contractor Overhead	0	0	0.00					
13	Contractor Profit	0	0	0.00					
14	Construction Contingency	94,971	3,957	6.21	94,971				
15	Construction Management	0	0	0.00					
16	Construction Bond Fee	0	0	0.00					
17	Hazardous Materials Abatement	19,580	816	1.28	19,580				
18	Off-Site Improvements	0	0	0.00					
19	Furnishings, Fixtures, & Equipment	22,125	922	1.45	22,125				
20	Other ()	0	0	0.00					
Subtotal - Hard Costs		728,109	30,238	47.61					
SOFT COSTS									
21	Architectural	51,195	2,133	3.35	51,195				
22	Engineering	0	0	0.00					
23	Legal Accounting	20,000	853	1.31	20,000				
24	Relocation	2,500	104	0.16	2,500				
25	Environmental Assessment	7,000	292	0.46	7,000				
26	Energy Assessment	0	0	0.00					
27	Permits Fees	3,000	125	0.20	3,000				
28	Independent Market Study	3,000	125	0.20	3,000				
29	Construction Period Insurance	10,000	417	0.65	10,000				
30	Construction Interest	34,375	1,432	2.25	34,375				
31	Construction Loan Origination Fee	8,000	333	0.52	8,000				
32	Taxes During Construction	0	0	0.00					
33		0	0	0.00					
34	Marketing	0	0	0.00					
35	Loan Fees	2,475	103	0.16	2,475				
36	Soft Cost Contingency	8,500	354	0.56	8,500				
37	Permanent Loan Origination Fee	0	0	0.00					
38	Lender's Counsel's Fee	0	0	0.00					
39	Other ()	0	0	0.00					
SYNDICATION COSTS									
40	Organizational Partnership	0	0	0.00					
41	Bridge Loan Fees and Expenses	0	0	0.00					
42	Syndication Consultant	0	0	0.00					
43	Loan Opinion	0	0	0.00					
DEVELOPMENT COSTS									
44	Developer's Fees	145,000	6,042	9.48	145,000				
45	Other Partnership Fees	0	0	0.00					
46	Consultant Fees	0	0	0.00					
RESERVES									
47	Working Capital	10,000	417	0.65					
48	Reserve (Deficit) Reserve	0	0	0.00					
49	Other Operating Reserves	46,822	1,951	3.06					
50	Sinking Fund	0	0	0.00					
51	Replacement Reserves	10,000	417	0.65					
Subtotal - Soft Costs		361,867	15,078	23.66					
TOTAL DEVELOPMENT COSTS		1,715,776	71,491	139	1,453,954	1,000,000	195,000	0	0
				over / (under)	(46,046)	0	0	0	0
COST BASIS FOR DEVELOPMENT		1,803,954							
DEVELOPER FEE		145,000							
DEVELOPER FEE		0 (4%)							
COST BASIS FOR TOTAL B/B		1,646,479							
5% TEST		0							

29-Apr-09 **Missisquoi Manor Senior Housing**

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
ACQUISITION						
1 Land	62,000					
2 Purchase of Building(s)	558,000	558,000		546,840		
3 Demolition (without replacement)	0			0		
4 Property Appraisal	2,800	2,800		2,800		
5 Legal - Title and Recording	3,000	3,000		3,000		
Subtotal - Acquisition	625,800					
CONSTRUCTION HARD COSTS						
6 Rehabilitation	553,533		553,533	553,533		
7 New Building(s)	0		0	0		
8 0	0		0	0		
9 Sitework	37,900		37,900	37,900		
10 0	0		0	0		
11 Clerk of the Works	0		0	0		
12 Contractor Overhead	0		0	0		
13 Contractor Profit	0		0	0		
14 Construction Contingency	94,971		94,971	94,971		
15 Construction Management	0		0	0		
16 Construction Bond Fee	0		0	0		
17 Hazardous Materials Abatement	19,580		19,580	19,580		
18 Off-Site Improvements	0		0	0		
19 Furnishings, Fixtures, & Equipment	22,125		22,125	22,125		
20 Other ()	0		0	0		
Subtotal - Hard Costs	728,109					
SOFT COSTS						
21 Architectural	51,195		51,195	51,195		
22 Engineering	0		0	0		
23 Legal Accounting	20,000		20,000	20,000		
24 Relocation	2,500		2,500	2,500		
25 Environmental Assessment	7,000		7,000	7,000		
26 Energy Assessment	0		0	0		
27 Permits/Fees	3,000		3,000	3,000		
28 Independent Market Study	3,000		3,000	3,000		
29 Construction Period Insurance	10,000		10,000	10,000		
30 Construction Interest	34,375		27,500	27,500		
31 Construction Loan Origination Fee	8,000		8,000	8,000		
32 Taxes During Construction	0		0	0		
33 Clerk of the Works	0		0	0		
34 Marketing	0		0	0		
35 Tax Credit Fees	2,475		0	0		
36 Soft Cost Contingency	8,500		8,500	8,500		
37 Permanent Loan Origination Fee	0		0	0		
38 Lender's Counsel's Fee	0		0	0		
39 Other ()	0		0	0		
SYNDICATION COSTS						
40 Organizational (Partnership)	0					
41 Bridge Loan Fees and Expenses	0					
42 Syndication Consultant	0					
43 Tax Opinion	0					
DEVELOPER'S FEES						
44 Developer's Fees	145,000		145,000	145,000		
45 Other Partnership Fees	0		0	0		
46 Consultant Fees	0		0	0		
RESERVES						
47 Working Capital	10,000					
48 Rent-up (Deficit Escrow) Reserve	0					
49 Other Operating Reserves	46,822					
50 Sinking Fund	0					
51 Replacement Reserves	10,000					
Subtotal - Soft Costs	361,867					
TOTALS	1,715,776	563,800	1,013,804	1,544,319	0	
LESS: Amount of Non-qualified Financing		0				
LESS: Historic tax Credit (Residential Portion)			0	0		
Total Eligible Basis		563,800	1,013,778			
TIMES: Adjusted for QCT-DDA	100.0%		1,013,778			
TIMES: Applicable Fraction	100.00%	563,800	1,013,778			
Total Qualified Basis		563,800	1,013,778	1,544,319		
TIMES: Applicable Percentage		3.29%	3.29%			
Total Annual Credit Qualified		18,549	33,353	56,157		
Long Term Depreciable Basis						
Total Tax Credits Requested	48,900		51,902	22,125		
Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only)	395,775			7		
Estimated Yield - Housing Credit Syndication	80.94%			3,161		
Equity Gap	520,776					
Credits Needed to fill Equity Gap	64,345					

29-Apr-09 Missisquoi Manor Senior Housing

HC Restricted Units		Average		Average		Total
Bedrooms	Type	Square Feet	Number	Rent	Utilities	Annual Rent
0 Br		0	0	0	0	0
1 Br		516	24	750	0	216,000
2 Br		0	0	0	0	0
3 Br		0	0	0	0	0
Totals		12,384	24			216,000
Non-HC Restricted Units						
Bedrooms	Type	Square Feet	Number	Rent	Utilities	Annual Rent
0 Br		0	0	0	0	0
1 Br		0	0	0	0	0
2 Br		0	0	0	0	0
3 Br		0	0	0	0	0
4+ Br		0	0	0	0	0
Totals		0	0			0
Common Area Square Footage		2,910				
Grand Totals		15,294	24			216,000
Less Vacancy			5.00%			(10,800)
					NET RENT	205,200
OTHER INCOME						
Laundry						1,100
Parking						0
Commercial Space Income						0
Other						0
TOTAL INCOME						206,300

revision date: 8/6/2007

29-Apr-09 Missisquoi Manor Senior Housing

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	25,500	2,125	89	12.4%
Supportive Services	0	0	0	
Audit/Accounting	3,000	250	10	
Legal	1,545	129	5	
Compliance Monitoring	1,728	144	6	
Marketing	300	25	1	
Other	2,304	192	8	
TOTAL ADMINISTRATIVE	34,377	2,865	119	
Utilities				
Electricity	8,961	747	31	
Fuel - wood pellet & oil combo	22,500	1,875	78	
Water and Sewer	3,502	292	12	
Fire Alarm / Emergency	3,090	258	11	
Other- propane	773	64	3	
TOTAL UTILITIES	38,826	3,236	135	
Maintenance				
Maintenance / Janitor Payroll	5,871	489	20	
Janitor Supplies	2,781	232	10	
Exterminating	150	13	1	
Trash Removal	3,399	283	12	
Snow Removal	5,500	458	19	
Grounds	6,798	567	24	
Repairs Material	0	0	0	
Repairs Contract	12,000	1,000	42	
HVAC Repairs / Maintenance	1,500	125	5	
Elevator Contract / Repairs	0	0	0	
Painting and Decorating	3,605	300	13	
Other	0	0	0	
TOTAL MAINTENANCE	41,604	3,467	144	
Real Estate Taxes	24,560	2,047	85	per unit month
Property Insurance	9,500	792	33	excl. ds & res.
Replacement Reserves	13,000	1,083	45	517
Primary Debt Service	25,423	2,119	88	
Other "must pay" debt service		0	0	
Other	0	0	0	
Total	187,290	15,608	650	

Admin Other detail

8,500 admin salaries, benefits
0 payroll taxes
300 office exp
2,304 investor services fee @ 8 PUM (non fund projects)
11,104 total

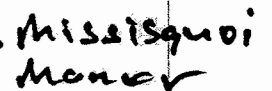
20-Apr-09 Missisquoi Manor Senior Housing

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income															
Gross Rent	216,000	218,160	220,342	222,545	224,770	227,018	229,288	231,581	233,897	236,236	238,598	240,984	243,394	245,828	248,286
Other Income	1,100	1,111	1,122	1,133	1,145	1,156	1,168	1,179	1,191	1,203	1,215	1,227	1,240	1,252	1,264
Vacancy and other losses	(10,800)	(10,908)	(11,017)	(11,127)	(11,239)	(11,351)	(11,464)	(11,579)	(11,695)	(11,812)	(11,930)	(12,049)	(12,170)	(12,291)	(12,414)
Total Operating Income	206,300	208,363	210,447	212,551	214,677	216,823	218,992	221,182	223,393	225,627	227,884	230,162	232,464	234,789	237,137
Operating Expenses															
Total Expenses (excl. Reserves)	148,867	152,589	156,403	160,313	164,321	168,429	172,640	176,956	181,380	185,914	190,562	195,326	200,210	205,215	210,345
Reserves	13,000	13,130	13,261	13,394	13,528	13,663	13,800	13,938	14,077	14,218	14,360	14,504	14,649	14,795	14,943
Total Operating Expense	161,867	165,719	169,665	173,707	177,849	182,092	186,440	190,894	195,457	200,132	204,922	209,830	214,858	220,010	225,288
Net Operating Income	44,433	42,644	40,782	38,844	36,827	34,731	32,552	30,288	27,936	25,495	22,961	20,332	17,606	14,779	11,848
Less Primary Debt Service	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423
Less Secondary Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow	19,010	17,221	15,359	13,421	11,404	9,308	7,129	4,865	2,513	72	(2,462)	(5,091)	(7,817)	(10,644)	(13,575)
Operating Subsidies / Sinking Fund	0	0	0	0	0	0	0	0	0	0	2,462	5,091	7,817	10,644	13,575
Net Cash	19,010	17,221	15,359	13,421	11,404	9,308	7,129	4,865	2,513	72	0	0	0	0	0
Cumulative Cash Flow															
Beginning Balance	174,77%	167,74%	160,41%	152,79%	144,86%	136,61%	128,04%	119,13%	109,89%	100,28%	90,32%	79,98%	69,25%	58,13%	46,60%
Deposits	46,822	64,574	80,875	95,621	108,705	120,013	129,430	136,835	142,101	145,097	145,687	143,755	139,155	131,737	121,343
Interest	19,010	17,221	15,359	13,421	11,404	9,308	7,129	4,865	2,513	72	0	0	0	0	0
2.0%	1,127	1,464	1,771	2,047	2,288	2,493	2,660	2,785	2,867	2,903	2,914	2,875	2,783	2,635	2,427
Withdrawals:															
Project Operating Needs	0	0	0	0	0	0	0	0	0	0	(2,462)	(5,091)	(7,817)	(10,644)	(13,575)
Special LP or GP Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of Deferred Devel. Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Partnership Audit or K-1 Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Distribution of Cash to Owner	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)
Ending Balance	64,574	80,875	95,621	108,705	120,013	129,430	136,835	142,101	145,097	145,687	143,755	139,155	131,737	121,343	107,811
Cumulative Replacement Reserves															
Beginning Balance	10,000	20,770	30,287	38,006	46,014	53,118	48,300	54,060	61,338	68,303	64,549	57,151	31,679	(32)	(5,578)
Deposits	13,000	13,130	13,261	13,394	13,528	13,663	13,800	13,938	14,077	14,218	14,360	14,504	14,649	14,795	14,943
Interest	330	547	738	894	1,056	1,199	1,321	1,421	1,508	1,588	1,668	1,748	1,828	1,908	1,988
2.0%	(2,560)	(4,160)	(5,280)	(6,280)	(7,480)	(8,680)	(9,144)	(7,880)	(8,480)	(19,480)	(23,192)	(41,264)	(47,140)	(20,488)	(14,888)
Withdrawals	20,770	30,287	38,006	46,014	53,118	48,300	54,060	61,338	68,303	64,549	57,151	31,679	(32)	(5,578)	(5,484)
Ending Balance															
Net Operating Income	44,433	42,644	40,782	38,844	36,827	34,731	32,552	30,288	27,936	25,495	22,961	20,332	17,606	14,779	11,848
Plus Reserves	13,000	13,130	13,261	13,394	13,528	13,663	13,800	13,938	14,077	14,218	14,360	14,504	14,649	14,795	14,943
Less Interest Expense	(10,000)	(9,746)	(9,689)	(9,530)	(9,371)	(9,210)	(9,047)	(8,882)	(8,716)	(8,548)	(8,379)	(8,207)	(8,034)	(7,860)	(7,683)
Less Long Depreciation	(56,157)	(56,157)	(56,157)	(56,157)	(56,157)	(56,157)	(56,157)	(56,157)	(56,157)	(56,157)	(56,157)	(56,157)	(56,157)	(56,157)	(56,157)
Less Short Depreciation	(3,161)	(3,161)	(3,161)	(3,161)	(3,161)	(3,161)	(3,161)	(3,161)	(3,161)	(3,161)	(3,161)	(3,161)	(3,161)	(3,161)	(3,161)
Taxable Income (Loss)	(11,885)	(13,289)	(14,963)	(16,611)	(18,333)	(20,133)	(22,013)	(20,814)	(22,860)	(24,992)	(27,215)	(29,528)	(31,937)	(34,443)	(37,049)
Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings	4,160	4,651	5,237	5,814	6,417	7,047	7,705	7,285	8,001	8,747	9,525	10,335	11,178	12,055	12,967
Plus Historic Rehab Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus State Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Federal Housing Credits	48,900	48,900	48,900	48,900	48,900	48,900	48,900	48,900	48,900	48,900	48,900	48,900	48,900	48,900	48,900
After Tax Cash Flow	53,060	53,551	54,137	54,714	55,317	55,947	56,605	56,185	56,901	57,647	58,325	59,035	59,778	60,555	61,367

Missisquoi Manor Senior Housing

Construction Flow of Funds

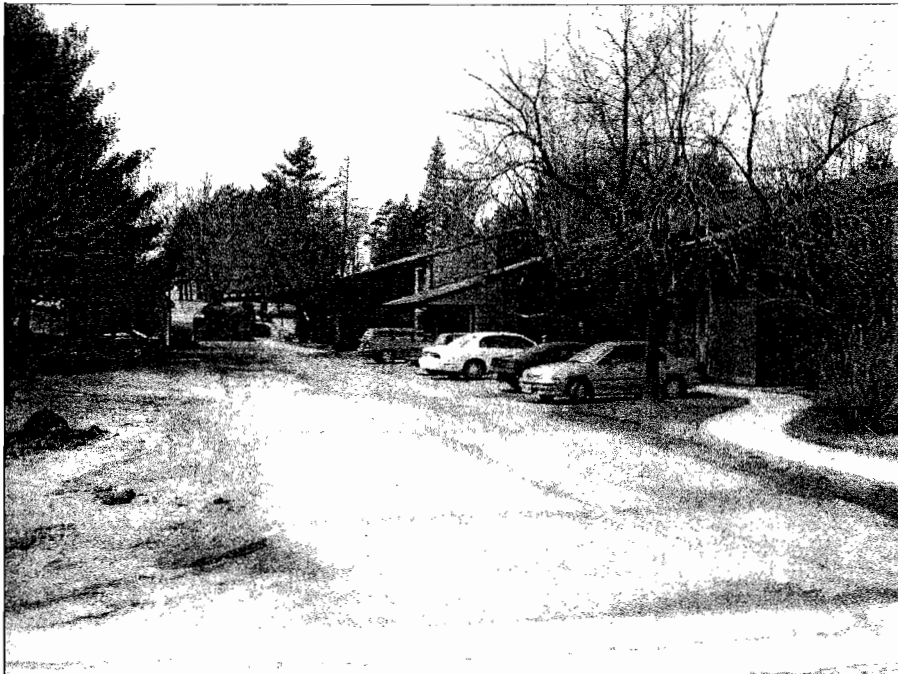
Sources:	2009														Nov-10
	Month	Closing	1	2	3	4	5	6	7	8	9	10	11	12	
Construction Loan															
Rural Development 515	1,000,000														
WIC HOME	195,000	195,000													
CVOLVO WX	0	0													
Existing cash	0	0													
Developer Loan	0	0													
GP Cap Contrib	395,775	100													
LP Cap Contrib	1,800,775	195,100	0	0	0	0	316,620	1,000,000	0	79,055	0	0	0	0	0
TOTALS		12th													
Uses:															
ACQUISITION															
Land	62,000														
Purchase of Buildings	586,000	586,000													
Demolition (without replacement)	0														
Property Appraisal	2,800														
Legal - title and Recording	3,000														
CONSTRUCTION/HARD COSTS															
Rehabilitation	353,533	92,236	92,236	92,236	92,236	92,236	92,236								
New Buildings	0														
Stewark	37,000	18,950	9,475	9,475											
Clerk of the Works	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contractor's overhead	0														
Contractor Profit	94,971	15,829	15,829	15,829	15,829	15,829	15,829								
Construction Contingency	0														
Construction Management	0														
Construction Bond Fee	19,280														
Construction Materials Allowance	0														
Construction Insurance	0														
Construction Interest	34,375	10,000	4,067	4,738	5,423	6,013	6,565	5,868	1,311	1,317	1,150	1,155	1,161	1,166	0
Construction Loan Origination Fee	8,000														
Jones During Construction	0														
Clerk of the Works	0														
Marking	0														
Tax Credit Fees	2,475														
Soft Cost Contingency	8,500						8,500								
Permanent Loan Origination Fee	0														
Lender's Counsel's Fee	0														
Other ()	0														
SYNDICATION COSTS															
Organizational (Partnership)	0														
Bridge Loan Fees and Expenses	0														
Syndication Consultant	0														
Tax Opinion	0														
DEVELOPERS FEES															
Developer's Fees	145,000	71,510					36,250								
Other Partnership Fees	0														
Consultant Fees	0														
RESERVES															
Working Capital	10,000				10,000										
Ren-up/Deferred (screw) Reserve	0														
Other Operating Reserve	46,822														
Sinking Fund	0														
Replacement Reserves	10,000	10,000													
Repairs	0														
TOTAL DEVELOPMENT COSTS	1,715,776	937,479	146,326	149,541	128,627	120,466	164,518	5,868	1,311	42,567	1,150	1,155	1,161	1,166	0
Construction Draw Amount	125,001	762,379	146,326	149,541	128,627	120,466	(153,102)	(994,132)	1,311	(36,488)	1,150	1,155	1,161	1,166	0
Construction Loan Interest	5,500 th		4,067	4,738	5,423	6,013	6,565	5,868	1,311	1,317	1,150	1,155	1,161	1,166	0
Construction Loan Term	7.70 th	887,280	1,033,705	1,103,246	1,131,873	1,432,339	1,280,238	286,106	287,417	250,029	253,079	253,335	254,395	255,561	255,561



Missisquoi Manor Senior Housing, Richford



Entrance and front of building, from Liberty Street (March 2009).



From Liberty Street (March 2009).

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: CONSTRUCTION FINANCING AND
PROPOSED USE OF BOND HOUSING CREDITS FOR
MISSISQUOI MANOR SENIOR HOUSING, TOWN OF RICHFORD**

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Richford Renaissance Corporation (the "Sponsors") on behalf of a to be formed limited partnership in which one or more of the Sponsors or their subsidiaries or affiliates will be general or co-general partner(s) (the "Borrower") involving the acquisition and rehabilitation of twenty-four (24) units of senior rental housing in the Town of Richford (the "Development"); and

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

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

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

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joshua Slade dated April 29, 2009, containing information, conditions and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of the units are for occupancy by persons and families of low and moderate income.
2. The acquisition, construction or rehabilitation 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(s).

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

WHEREFORE, it is hereby RESOLVED:


1. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making one or more mortgage loans to the limited partnership to be created by the Sponsors for the construction financing of the Development based on the recommendations in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Sponsors in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more mortgage loans to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan(s) for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions, if any, described in the Memorandum.

4. The recommendations for the use of Bond Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.
5. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the use of Bond Housing Credits in an amount necessary for the Development's feasibility for the Missisquoi Manor Senior Housing project in the Town of Richford, Vermont.
6. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board based on substantial evidence.



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joshua Slade, Development Underwriter 

DATE: April 29, 2009

RE: Request for Bond Housing Credits and Construction Financing:
Pine Manor Senior Housing, Alburgh

Name:	Pine Manor Senior Housing	Location:	Alburgh
Housing Type:	Senior	Unit Type:	Flats
Unit Count:	16 Total 16 Housing Credit	Unit Sizes:	14 – 1 BR; 682 sq ft 2 – 2 BR; 825 sq ft
Total Cost:	\$2,060,475	Per S.F. Acquisition & Construction Cost:	\$145.30/sq ft
Loans Requested:	\$1,500,000 Tax Exempt Construction Financing	Sponsor:	Housing Vermont & Champlain Housing Trust
Housing Credits:	\$61,600 Bond	Other Funding: (not committed)	VHCB; RD 515; Weatherization

Summary:

- 16 units of senior housing in Alburgh (in close proximity to Alburgh Family Housing)
- Fire safety and code deficiency updates (includes egress issues in one building)
- ADA upgrades to meet current code for handicapped accessible units
- Window, roof, siding, driveway, kitchen & bath replacements
- Heating, weatherization, site grading and other electrical upgrades for efficiency
- Gap of \$270,000

Project Narrative: Housing Vermont (HVT) and Champlain Housing Trust (CHT), the Sponsors, propose the acquisition and substantial rehabilitation of Pine Manor Senior Housing – a privately owned and managed 16-unit project in Alburgh. The project was originally constructed in 1982 to provide Section 8 subsidized housing to seniors and disabled members of the Alburgh community. At this time the project faces uncertainty as the original HAP contract nears expiration (March 2012) and there are no permanent affordability covenants encumbering the property.

The 4-acre site sits within the designated Alburgh Village Center one block off Main Street behind both the post office and library. The site is also a short walk to the shore of Lake Champlain. Some site work will be necessary including repaving the driveway, replacing walkways and some minor re-grading to redirect water away from the buildings and reduce standing water after spring melts and rain storms.



The buildings are over 27 years old and, typical of such, require many of the interior and exterior finishes and components to be replaced. The windowsills are rotten, the siding is damaged and faded, the roof shingles are cupping and the appliances are outdated and inefficient. Additionally, the scope of work includes a new heating system, weatherization, ventilation and lighting upgrades. A feasibility analysis for solar hot water will be conducted and at a minimum the boiler will be "solar ready."

Upon completion the sponsors will apply to renew the HAP contract with HUD. An appraisal of the property yielded a value of \$470,000. An independent market study was conducted and found sufficient need for the units. The sponsors do not need an Act 250 permit or amendment. Local zoning permits are in hand. Funding decisions are expected to be complete in July 2009. The proposed construction closing is for September 2009 with an 8-month construction period. CHT will act as property manager upon completion of the project.

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

29-Apr-09 **Pine Manor Senior Housing**

Total Rental Residential Units:	16	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	16	Increase in Income from Other Sources:	1.50%
Percent Restricted:	100.00%	Increase in Income from Commercial:	0.00%
Total Rental Development Cost:	2,043,603	Expense increase:	3.00%
Total Rental Dev. Cost per Unit:	127,725	Vacancy Rate:	5.00%
Total Rental Dev. Cost Per SF:	145	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	64,048	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	60,600	Sponsor's Estimated Yield:	0.81

LIHTC - 9% 9.00%

LIHTC - 4% 3.29% (April 2009)

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term	Committed
Rural Development 515	1,000,000	48.93%	1.00%	50	50	No - July 2009
VHCB/HOME	240,000	11.74%	0.00%	deferred	30	No - June 2009
CVOEO WX	42,500	2.08%	0.00%	deferred	30	No - June 2009
LIHTC equity	491,102	24.03%	N/A	N/A	N/A	
TOTAL SOURCES	1,773,602	86.79%				

USES

Acquisition	461,000	22.56%
Construction Hard Costs	1,148,488	56.20%
Soft Costs	434,115	21.24%
TOTAL USES	2,043,602	100%

Gap 270,000

VHFA Construction Loan 1,500,000

General Partner's Capital Contribution	246	0.05%
Limited Partner's Capital Contribution	491,053	99.99%
Total Equity	491,298	100.0%

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	16
Total Units	16
Unit Fraction	100.00%
Tax Credit Square Footage	11,193
Total Residential Square Footage	11,193
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

Allocation of Sources

ACQUISITION	Budget	Per Unit	Per sq. f	Tax Exempt Bond	Rural Development	Allocation of Sources			TOTAL SOURCES
						515	VERB HOME CYCLOD WX	LEBUC equity	
1 Land	45,500	2,844	4.06	45,500					45,500
2 Purchase of buildings	409,500	25,594	36.58	92,000					409,500
3 Demolition (building replacement)	0	0	0	0					0
4 Property Appraisal	3,000	188	0.27	491	3,000				3,000
5 Legal - Title and Recording	3,000	188	0.27	0	3,000				3,000
6 Acquisition Costs	0	0	0.00	0	0				0
7 Acquisition Costs - Acquisition	461,000	28,813	41.19						0
8 CONSTRUCTION HARD COSTS	886,385	55,299	79.19	886,385	843,385		42,500		886,385
9 New Buildings	0	0	0.00	0	0				0
10 Site work	88,000	5,500	7.86	88,000	88,000				88,000
11 Clerk of the Works	0	0	0.00	0	0				0
12 Contractor Overhead	0	0	0.00	0	0				0
13 Contractor Profit	0	0	0.00	0	0				0
14 Construction Contingency	149,803	9,363	13.38	149,803	62,115			87,688	149,803
15 Construction Management	0	0	0.00	0	0				0
16 Construction Bond Fee	0	0	0.00	0	0				0
17 Hazardous Materials Abatement	6,000	375	0.54	6,000	6,000				6,000
18 Off-Site Improvements	0	0	0.00	0	0				0
19 Fundings, Fixtures, & Equipment	18,300	1,144	1.63	18,300	18,300				18,300
20 Other ()	0	0	0.00	0	0				0
21 Subtotal - Hard Costs	1,148,488	71,781	102.60	74,072				74,072	74,072
22 Architectural	4,620	6.62	0.00	0	0				4,620
23 Engineering	20,000	1,250	0.00	20,000	20,000				20,000
24 Surveying	1,650	103	0.15	1,650	1,650				1,650
25 Relocation	26,400	2,320	3.32	26,400	26,400				26,400
26 Environmental Assessment	16,400	1,025	1.47	16,400	16,400				16,400
27 Energy Assessment	0	0.00	0.00	0	0				0
28 Permits Fees	51,300	3,210	4.46	51,300	51,300				51,300
29 Independent Market Study	3,000	188	0.27	3,000	3,000				3,000
30 Construction Period Insurance	10,000	625	0.89	10,000	10,000				10,000
31 Construction Interest	37,125	2,320	3.32	37,125	37,125				37,125
32 Construction Loan Origination Fee	7,500	469	0.67	7,500	7,500				7,500
33 Taxes During Construction	0	0	0.00	0	0				0
34 Marketing	0	0	0.00	0	0				0
35 Tax Credit Fees	3,600	225	0.32	3,600	3,600				3,600
36 Soft Cost Contingency	10,589	662	0.95	10,589	10,589				10,589
37 Permanent Loan Origination Fee	0	0	0.00	0	0				0
38 Lenders Counsel Fee	0	0	0.00	0	0				0
39 Other ()	0	0	0.00	0	0				0
40 SPENDING ALTERNATIVES	0	0	0.00	0	0				0
41 Organizational Partnership	0	0	0.00	0	0				0
42 Bridge Loan Fees and Expenses	0	0	0.00	0	0				0
43 System Consultant	0	0	0.00	0	0				0
44 Tax Exemption	0	0	0.00	0	0				0
45 DEVELOPERS FEES	180,000	11,250	16.08	180,000	180,000			180,000	180,000
46 Developers Fees	0	0	0.00	0	0				0
47 Other Partnership Fees	0	0	0.00	0	0				0
48 RESERVES	0	0	0.00	0	0				0
49 Working Capital	12,125	758	1.08	12,125	12,125				12,125
50 Start-up (Deficit Carryover) Reserve	0	0	0.00	0	0				0
51 Other Operating Reserves	19,534	1,221	1.75	19,534	19,534				19,534
52 Sinking Fund	0	0	0.00	0	0				0
53 Replacement Reserves	8,640	540	0.77	8,640	8,640				8,640
54 Subtotal - Soft Costs	204,713	12,725	18.3	204,713	204,713			204,713	204,713
55 TOTAL DEVELOPMENT COSTS	2,047,603	127,725	183.06	2,047,603	2,047,603			2,047,603	2,047,603
56 COST BASIS FOR DEVELOPER	1,823,304			1,823,304	1,823,304				1,823,304
57 DEVELOPER FEE	180,000			180,000	180,000				180,000
58 DEVELOPER FEE	9,875			9,875	9,875				9,875
59 COST BASIS FOR THE BON	1,999,304			1,999,304	1,999,304				1,999,304
60 5% TEST	84			84	84				84

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
ACQUISITION						
1 Land	45,500					
2 Purchase of Building(s)	409,500	409,500		409,500		
3 Demolition (without replacement)	0			0		
4 Property Appraisal	3,000	3,000		3,000		
5 Legal - Title and Recording	3,000	3,000		3,000		
Subtotal - Acquisition	461,000					
CONSTRUCTION HARD COSTS						
6 Rehabilitation	886,385		886,385	886,385		
7 New Building(s)	0		0	0		
8 0	0		0	0		
9 Sitework	88,000		88,000	88,000		
10 0	0		0	0		
11 Clerk of the Works	0		0	0		
12 Contractor Overhead	0		0	0		
13 Contractor Profit	0		0	0		
14 Construction Contingency	149,803		149,803	149,803		
15 Construction Management	0		0	0		
16 Construction Bond Fee	0		0	0		
17 Hazardous Materials Abatement	6,000		6,000	6,000		
18 Off-Site Improvements	0		0	0		
19 Furnishings, Fixtures, & Equipment	18,300		18,300	18,300		
20 Other ()	0		0	0		
Subtotal - Hard Costs	1,148,488					
SOFT COSTS						
21 Architectural	74,072		74,072	74,072		
22 Engineering	0		0	0		
23 Legal Accounting	20,000		20,000	20,000		
24 Relocation	26,400		26,400	26,400		
25 Environmental Assessment	16,400		16,400	16,400		
26 Energy Assessment	0		0	0		
27 Permits Fees	5,130		5,130	5,130		
28 Independent Market Study	3,000		3,000	3,000		
29 Construction Period Insurance	10,000		10,000	10,000		
30 Construction Interest	37,125		29,700	37,125		
31 Construction Loan Origination Fee	7,500		7,500	7,500		
32 Taxes During Construction	0		0	0		
33 Clerk of the Works	0		0	0		
34 Marketing	0		0	0		
35 Tax Credit Fees	3,600		0	3,600		
36 Soft Cost Contingency	10,589		10,589	10,589		
37 Permanent Loan Origination Fee	0		0	0		
38 Lender's Counsel's Fee	0		0	0		
39 Other ()	0		0	0		
SYNDICATION COSTS						
40 Organizational (Partnership)	0					
41 Bridge Loan Fees and Expenses	0					
42 Syndication Consultant	0					
43 Tax Opinion	0					
DEVELOPER'S FEES						
44 Developer's Fees	180,000		180,000	180,000		
45 Other Partnership Fees	0		0	0		
46 Consultant Fees	0		0	0		
RESERVES						
47 Working Capital	12,125					
48 Rent-up (Deficit Escrow) Reserve	0					
49 Other Operating Reserves	19,534					
50 Sinking Fund	0					
51 Replacement Reserves	8,640					
Subtotal - Soft Costs	434,115					
TOTALS	2,043,603	415,500	1,531,279	1,939,504	0	
LESS Amount of Non-qualified Financing		0				
LESS Historic tax Credit (Residential Portion)			0	0		
Total Eligible Basis		415,500	1,531,253			
TIMES: Adjusted for QCT DDA	100.0%		1,531,253			
TIMES: Applicable Fraction	100.00%	415,500	1,531,253			
Total Qualified Basis		415,500	1,531,253	1,939,504		
TIMES: Applicable Percentage		3.29%	3.29%	27.5		
Total Annual Credit Qualified		13,670	50,378	70,527		
Total Tax Credits Requested	60,600			18,300		
Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only)	491,102			7		
Estimated Yield - Housing Credit Syndication	0.8104			2.614		
Equity Gap	761,103					
Credits Needed to fill Equity Gap	93,926					

20% Historic Credit Rate
0 Annual Historic Credit

Long Term Depreciable Basis
Depreciation Schedule
Annual Depreciation

Short Term Depreciable Basis
Depreciation Schedule
Annual Depreciation

29-Apr-09 **Pine Manor Senior Housing**

HC Restricted Units		Type	Average	Number	Average	Utilities	Total
Bedrooms	Square Feet		Rent		Annual Rent		
0 Br	0	0	0	0	0	0	
1 Br	682	14	880	0	147,840		
2 Br	825	2	1,039	0	24,936		
3 Br	0	0	0	0	0		
Totals		11,193	16			172,776	
Non-HC Restricted Units		Type	Square Feet	Number	Rent	Utilities	Total
Bedrooms	Annual Rent						
0 Br	0	0	0	0	0	0	
1 Br	0	0	0	0	0	0	
2 Br	0	0	0	0	0	0	
3 Br	0	0	0	0	0	0	
4+ Br	0	0	0	0	0	0	
Totals		0	0			0	
Common Area Square Footage			0				
Grand Totals		11,193	16			172,776	
Less Vacancy		5.00%				(8,639)	
NET RENT						164,137	
OTHER INCOME							
Laundry						600	
Parking						0	
Commercial Space Income						0	
Other						0	
TOTAL INCOME						164,737	

revision date: 8/6/2007

29-Apr-09 Pine Manor Senior Housing

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	12,500	1,042	65	7.6%
Supportive Services	0	0	0	
Audit/Accounting	3,000	250	16	
Legal	500	42	3	
Compliance Monitoring	1,152	96	6	
Marketing	0	0	0	
Other	5,750	479	30	
TOTAL ADMINISTRATIVE	22,902	1,909	119	
Utilities				
Electricity	10,500	875	55	
Fuel - oil	12,000	1,000	63	
Water and Sewer	11,264	939	59	
Fire Alarm / Emergency	2,500	208	13	
Other	0	0	0	
TOTAL UTILITIES	36,264	3,022	189	
Maintenance				
Maintenance / Janitor Payroll	9,000	750	47	
Janitor Supplies	800	67	4	
Exterminating	0	0	0	
Trash Removal	3,500	292	18	
Snow Removal	3,000	250	16	
Grounds	3,000	250	16	
Repairs Material	0	0	0	
Repairs Contract	0	0	0	
HVAC Repairs / Maintenance	500	42	3	
Elevator Contract / Repairs	0	0	0	
Painting and Decorating	2,000	167	10	
Other	7,000	583	36	
TOTAL MAINTENANCE	28,800	2,400	150	
Real Estate Taxes	14,000	1,167	73	per unit month excl. ds & res. 565
Property Insurance	6,600	550	34	
Replacement Reserves	8,640	720	45	
Primary Debt Service	23,153	1,929	121	
Other "must pay" debt service		0	0	
Other	0	0	0	
Total	140,359	11,697	731	
Admin Other detail				
	4,750	admin salaries, benefits		
	0	payroll taxes		
	1,000	office exp		
	0	misc admin exp		
	5,750	total		

29-Apr-09 Pine Manor Senior Housing

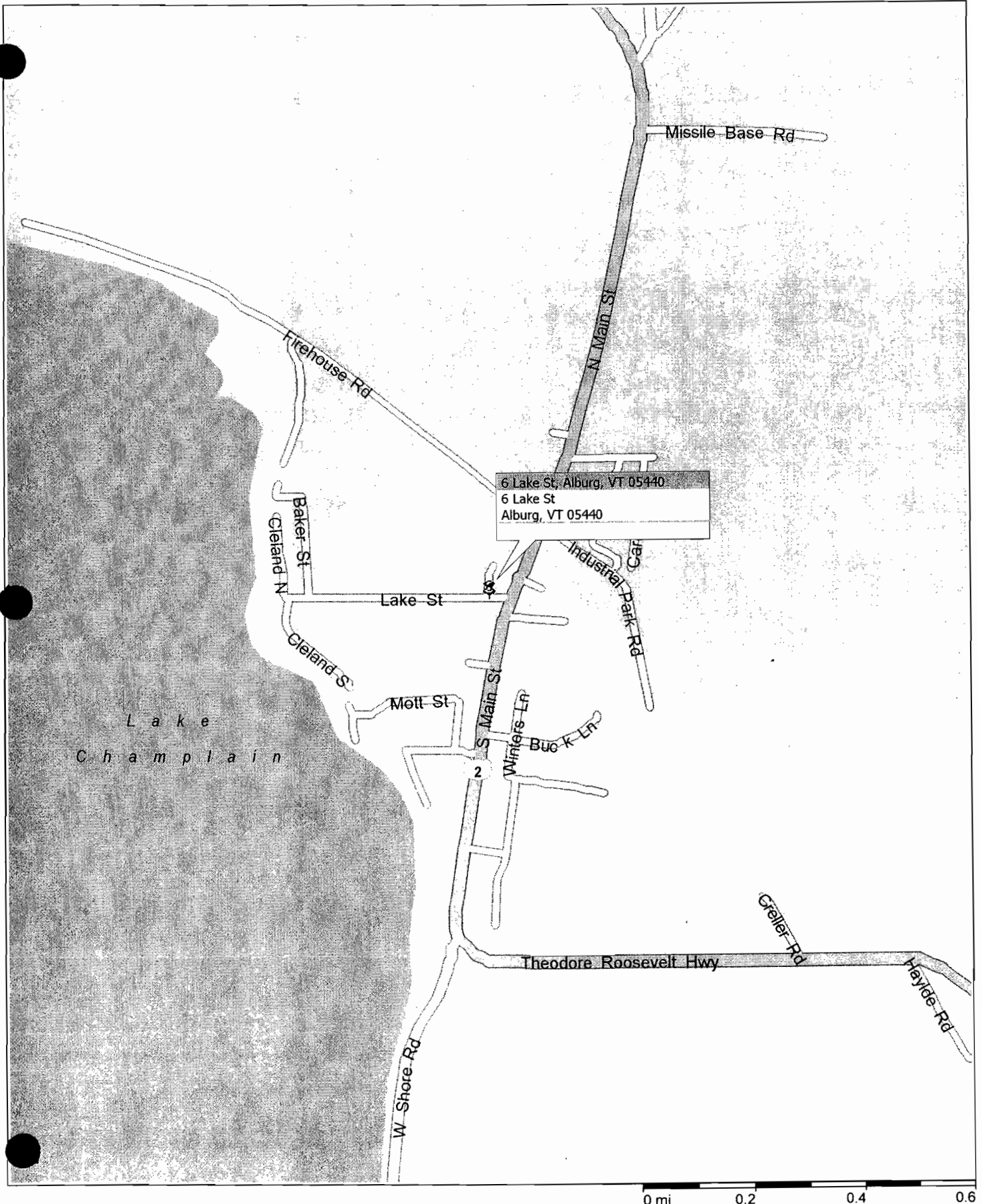
Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Operating Income:																				
Gross Rent	172,776	175,368	177,998	180,668	183,378	186,129	188,921	191,755	194,631	197,550	200,514	203,521	206,574	209,673	212,818	216,010	219,250	222,539	225,877	229,265
Other Income	600	609	618	627	637	646	656	666	676	686	696	707	717	728	739	750	761	773	784	796
Vacancy and other losses	(8,639)	(8,768)	(8,900)	(9,033)	(9,169)	(9,306)	(9,446)	(9,588)	(9,732)	(9,878)	(10,026)	(10,176)	(10,329)	(10,484)	(10,641)	(10,801)	(10,963)	(11,127)	(11,294)	(11,463)
Total Operating Income	164,737	167,208	169,716	172,262	174,846	177,469	180,131	182,833	185,575	188,359	191,184	194,052	196,963	199,917	202,916	205,960	209,049	212,185	215,368	218,598
Operating Expenses:																				
Total Expenses (excl. Reserves)	108,566	111,823	115,178	118,633	122,102	125,588	129,093	132,622	136,175	139,759	143,374	147,020	150,697	154,406	158,146	161,917	165,719	169,552	173,417	177,314
Reserves	8,040	8,770	9,505	10,245	10,990	11,740	12,495	13,255	14,020	14,790	15,565	16,345	17,130	17,920	18,715	19,515	20,320	21,130	21,945	22,765
Total Operating Expense	117,206	120,593	124,683	128,878	133,092	137,328	141,588	145,877	150,195	154,549	158,939	163,365	167,827	172,326	176,861	181,432	186,039	190,682	195,362	200,079
Net Operating Income	47,531	46,616	45,038	43,629	41,754	40,081	38,743	37,538	36,364	35,220	34,110	33,032	31,977	30,947	29,999	29,058	28,115	27,170	26,233	25,304
Less Primary Debt Service	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423
Less Secondary Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow	22,108	21,193	20,214	19,171	18,061	16,880	15,627	14,298	12,891	11,403	9,830	8,171	6,420	4,576	2,635	592	1,555	3,810	6,177	8,661
Operating Subsidies / Sinking Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash	22,108	21,193	20,214	19,171	18,061	16,880	15,627	14,298	12,891	11,403	9,830	8,171	6,420	4,576	2,635	592	1,555	3,810	6,177	8,661
Cumulative Cash Flow																				
Beginning Balance	186,965	183,369	179,511	175,411	171,049	166,409	161,477	156,244	150,711	144,855	138,677	132,199	125,225	118,005	110,366	102,335	93,899	85,016	75,706	65,916
Deposits	19,534	40,754	61,428	81,482	100,836	119,406	137,104	153,838	169,511	184,021	197,261	209,119	219,478	228,213	235,197	240,293	243,360	244,266	242,862	238,988
Interest	259	404	534	640	751	851	947	1,038	1,125	1,206	1,282	1,354	1,421	1,484	1,542	1,596	1,646	1,692	1,735	1,774
Withdrawals:																				
Project Operating Needs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Special LP or GP Fee	(1,500)	(1,545)	(1,591)	(1,639)	(1,688)	(1,739)	(1,791)	(1,845)	(1,900)	(1,957)	(2,016)	(2,076)	(2,139)	(2,203)	(2,269)	(2,337)	(2,407)	(2,479)	(2,554)	(2,630)
Repayment of Deferred Devel. Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Partnership Audit or S-I Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Distribution of Cash to Owner	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	40,754	61,428	81,482	100,836	119,406	137,104	153,838	169,511	184,021	197,261	209,119	219,478	228,213	235,197	240,293	243,360	244,266	242,862	238,988	232,477
Cumulative Replacement Reserves																				
Beginning Balance	8,640	15,833	22,233	27,481	32,969	37,904	42,301	46,158	49,493	52,324	54,658	56,499	57,846	58,699	59,056	59,417	59,782	60,151	60,524	60,899
Deposits	8,640	8,770	8,901	9,035	9,170	9,308	9,447	9,589	9,733	9,879	10,027	10,177	10,330	10,485	10,642	10,802	10,964	11,128	11,295	11,465
Interest	259	404	534	640	751	851	947	1,038	1,125	1,206	1,282	1,354	1,421	1,484	1,542	1,596	1,646	1,692	1,735	1,774
Withdrawals	(1,707)	(2,773)	(4,187)	(5,987)	(8,120)	(10,584)	(13,384)	(16,529)	(20,037)	(23,909)	(28,147)	(32,754)	(37,731)	(43,078)	(48,786)	(54,848)	(61,266)	(68,042)	(75,174)	(82,661)
Ending Balance	15,833	22,233	27,481	32,969	37,904	42,301	46,158	49,493	52,324	54,658	56,499	57,846	58,699	59,056	59,417	59,782	60,151	60,524	60,899	61,273
Net Operating Income	47,531	46,616	45,038	43,629	41,754	40,081	38,743	37,538	36,364	35,220	34,110	33,032	31,977	30,947	29,999	29,058	28,115	27,170	26,233	25,304
Plus Reserves	8,640	8,770	8,901	9,035	9,170	9,308	9,447	9,589	9,733	9,879	10,027	10,177	10,330	10,485	10,642	10,802	10,964	11,128	11,295	11,465
Less Interest Expense	(10,000)	(9,746)	(9,490)	(9,233)	(8,975)	(8,716)	(8,456)	(8,195)	(7,933)	(7,670)	(7,406)	(7,141)	(6,875)	(6,608)	(6,340)	(6,071)	(5,801)	(5,530)	(5,258)	(4,985)
Less Long Depreciation	(70,327)	(70,527)	(70,727)	(70,927)	(71,127)	(71,327)	(71,527)	(71,727)	(71,927)	(72,127)	(72,327)	(72,527)	(72,727)	(72,927)	(73,127)	(73,327)	(73,527)	(73,727)	(73,927)	(74,127)
Less Short Depreciation	(2,614)	(2,614)	(2,614)	(2,614)	(2,614)	(2,614)	(2,614)	(2,614)	(2,614)	(2,614)	(2,614)	(2,614)	(2,614)	(2,614)	(2,614)	(2,614)	(2,614)	(2,614)	(2,614)	(2,614)
Taxable Income (Loss)	(26,971)	(27,502)	(28,032)	(28,562)	(29,092)	(29,622)	(30,152)	(30,682)	(31,212)	(31,742)	(32,272)	(32,802)	(33,332)	(33,862)	(34,392)	(34,922)	(35,452)	(35,982)	(36,512)	(37,042)
Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings	9,440	9,626	9,812	10,000	10,188	10,376	10,564	10,752	10,940	11,128	11,316	11,504	11,692	11,880	12,068	12,256	12,444	12,632	12,820	13,008
Plus Interest Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus State Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Federal Housing Credits	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600
After Tax Cash Flow	70,940	70,226	70,502	70,765	71,050	71,339	71,692	72,135	72,578	73,021	73,464	73,907	74,350	74,793	75,236	75,679	76,122	76,565	77,008	77,451
Total Years	15																			
Reinvestment Rate	6.00%																			
Current After Tax Cash Flows	70,940	70,226	70,502	70,765	71,050	71,339	71,692	72,135	72,578	73,021	73,464	73,907	74,350	74,793	75,236	75,679	76,122	76,565	77,008	77,451
Future Value of Cash Flows at Yr 15:	167,854	158,774	150,376	142,093	134,875	127,793	121,122	115,378	109,538	103,600	97,562	91,324	84,886	78,248	71,409	64,369	57,127	49,684	42,040	34,196
Discount Rate:	7.50%																			
Capital Contribution Number:	1	2	3	4																
Date of Capital Contribution:	30-Apr-10	31-Jul-10																		
Amount of Capital Contribution:	100	392,852	98,120	0																
Present Value of Contributions:	375,909	92,099	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flows	(468,108)																			
IRR:	7.59%																			
Equity Yield:	77%																			

Original Basis	1987-2014
Less Depreciation	444,444
Rebasis at Sale	3,034,015
Sales Price	4,957,000
Gain	1,922,985
Exit Tax	495,746

Pine Manor Senior Housing
Construction Pay of Funds

Sources	Month	Calendar												Fiscal Year											
		Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
Construction Loan																									
Rural Development \$1.5	1,000,000																								
VICTH HOME	240,000																								
CVHEAD WX	42,500																								
GP Cap Contrib																									
GP Cap Contrib	491,102																								
TOTALS	1,773,602																								
Fees																									
CONSTRUCTION																									
Land	45,500																								
Purchase of Building(s)	409,500																								
Demolition (without replacement)	0																								
Property Appraisal	3,000																								
Legal - Title and Recording	3,000																								
CONSTRUCTION HARD COSTS																									
Rehabilitation	886,585																								
New Building(s)	0																								
Sitework	88,000																								
Check of the Works	0																								
Contractor Overhead	0																								
Contractor Profit	0																								
Construction Contingency	149,603																								
Construction Management	0																								
Construction Bond Fee	6,000																								
Construction Materials Shipment	0																								
Construction Materials	0																								
Other Construction	18,300																								
Prerequisites, Forms, & Equipment	0																								
SGT/COSTS																									
Architectural	74,000																								
Engineering	20,000																								
Legal Accounting	4,400																								
Relocation	16,400																								
Financial Assessment	0																								
Energy Assessment	5,120																								
Geotechnical	3,000																								
Independent Market Study	10,000																								
Construction Period Insurance	37,125																								
Construction Loan Origination Fee	7,500																								
Fees During Construction	0																								
Check of the Works	0																								
Permit Fees	3,600																								
Construction Management	10,500																								
Permit Loan Origination Fee	0																								
Lender's Counsel Fee	0																								
Other Construction	0																								
SYNDICATING COSTS																									
Organizational Partnership	0																								
Bridge Loan Fees and Expenses	0																								
Syndicator Consultant	0																								
Lax Opinion	0																								
PERMITTING COSTS																									
Other Partnership Fees	90,000																								
Consultant Fees	0																								
RENTAL																									
Working Capital	12,125																								
Rent-up (Deficit) - carry Reserve	0																								
Other Operating Reserves	19,534																								
Subsidy Fund	8,640																								
Replacement Reserve	0																								
TOTAL CONSTRUCTION COSTS	2,043,603																								
Construction Loan Balance	270,001																								
Construction Loan Interest 5.50%																									
Bridge Interest (cumulative) 7.00%																									

Pine Manor Location Map



Pine Manor Senior Housing, Alburgh



Entrance to Pine Manor (fall 2008).



Front of building A (fall 2008).

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: CONSTRUCTION FINANCING AND PROPOSED USE OF BOND HOUSING CREDITS FOR PINE MANOR SENIOR HOUSING, TOWN OF ALBURGH

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Champlain Housing Trust, Inc. (the "Sponsors") on behalf of a to be formed limited partnership in which one or more of the Sponsors or their subsidiaries or affiliates will be general or co-general partner(s) (the "Borrower") involving the acquisition and rehabilitation of a total of sixteen (16) units of senior rental housing in the Town of Alburgh (the "Development"); and

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

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

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

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joshua Slade dated April 29, 2009, containing information, conditions and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of the units are for occupancy by persons and families of low and moderate income.
2. The acquisition, construction or rehabilitation 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(s).

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

WHEREFORE, it is hereby RESOLVED:


1. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making one or more mortgage loans to the limited partnership to be created by the Sponsors for the construction financing of the Development based on the recommendations in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Sponsors in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more mortgage loans to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan(s) for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions, if any, described in the Memorandum.

4. The recommendations for the use of Bond Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.
5. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the use of Bond Housing Credits in an amount necessary for the Development's feasibility for the Pine Manor Senior Housing project in the Town of Alburgh, Vermont.
6. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board based on substantial evidence.



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joshua M. Slade, Development Underwriter 

DATE: April 27, 2009

RE: Increase in Allocation of Vermont Affordable Housing Credit

Recommendation: Staff recommends that the Board of Commissioners pass the attached resolution and authorize staff to issue the appropriate documentation under the Qualified Allocation Plan.

Background: Abbott Neighborhood Housing received awards of both 9% Housing Credit and Vermont Affordable Housing Credit in June 2008. Since that time the project has gone out to bid, received estimates, found an equity commitment, secured other funding sources and closed on its construction loan. Unfortunately bids came back higher than budgeted (\$180,000 over the construction estimates). The overrun was partially a result of a decreased construction budget due to increases in other line item expenses like; survey, asbestos abatement and relocation. The sponsor, Windham Housing Trust reduced the scope of work and was able to start the project; however there are items totaling about \$80,000 that would be beneficial to reinstate. These items include: solar hot water on two buildings, rebuilding a 3 story rear porch, and providing maximum weatherization on the new "green" Elliot ST building. Therefore WHT has requested additional State Credits to achieve this. The project has already received maximum assistance from SEVA Weatherization program/Efficiency VT and staff has determined that there are no additional funds available.

The project has an allocation of \$65,000 in state credit. Increasing this amount to \$83,000 will help the project generate an additional \$76,500 (an approximate total of \$352,750 in equity).

Staff recommends allocating an additional \$18,000 of Vermont Affordable Housing Credit to Abbott Neighborhood Housing.



29-Apr-09

Abbott Neighborhood Housing

Total Residential Units:	28	Increase in Income from Rental Units:	1.5%
Housing Credit Restricted Units:	25	Increase in Income from Other Sources:	1.5%
Percent Restricted:	89%	Increase in Income from Commercial:	1.5%
Total Development Cost:	4,348,942	Expense increase:	3.0%
Total Development Cost per Unit:	155,319	Vacancy Rate:	5.0%
Total Development Cost Per SF:	168	Partner's Tax Rate:	35%
Historic Credit Max	418,379	Long Depreciation Schedule:	27.5
Historic Credit / Agreement	412,300	Short Depreciation Schedule:	7
State Credit Allocated	83,000	Commercial Vacancy Rate	25.0%
Max Credit	306,566	Sponsor's Estimated Yield:	86.04%
HC Credit Allocated	283,500		
Solar credit	23,000		
LIHTC - 4%	3.36%	DCR Yr 1 & 15 N/A	N/A
LIHTC - 9%	9.00%		

SOURCES		% TDC	Interest Rate	Amortization	Term
Bank		0.00%	0.00%	0	0
HOME	380,000	8.74%	4.50%	30	deferred
VHCB	431,000	9.91%	0.00%	30	deferred
Lead Loan	70,000	1.61%	0.00%	30	deferred
VHCB Feasiblity	15,000	0.34%		GP Captial Contribution	
Project Reserves	17,835	0.41%			
Efficiency VT & VCIL	13,000	0.30%		GP Captial Contribution	
SEVCA	4,000	0.09%			
Existing VHCB (w/interest accural)	250,117	5.75%	1.00%	30	deferred
		0.00%			
State Tax Credit equity	363,990	8.37%		GP Capital Contribution	
Tax Credit Equity (LP Cap Contrib)	2,804,000	64.48%			Equity
TOTAL SOURCES	4,348,942	100.00%		100.00%	
USES					
Acquisition	1,100,354	25.30%			
Construction Hard Costs	2,304,641	52.99%			
Soft Costs	943,947	21.71%			
TOTAL USES	4,348,942	100.00%			
Gap	0				

General Partner's Capital Contribution	2,439	0.10%
Limited Partner's Capital Contribution	2,436,678	99.90%
Total Equity	2,439,117	

APPLICABLE FRACTION CALCULATION
See botom of Credit Calc page

Abbott Neighborhood Housing 29-Apr-09

USES OF FUNDS		Budget	Per Unit	Per s.f.	VHCB Terms: _____	HOME Terms: _____	Equity Terms: _____	VHCB & Existing	Lead Loan	REEP, VCIL, Feas, Resrv
ACQUISITION		Total								
1	Land	146,000	5,214	5.66			146,000			
2	Abbott Block (land \$76,000)	660,354	23,584	25.58	182,250		227,987	250,117		
3	Elliot Street	60,000	2,143	2.32	29,750		30,250			
4	Horton Place (Land \$70,000)	219,000	7,821	8.48	219,000					
5			0	0.00						
6			0	0.00						
7	Property Appraisal	5,500	196	0.21			3,000			2,500
8	Legal - Title and Recording	9,500	339	0.37			9,500			
Subtotal - Acquisition		1,100,354	39,298	42.62						
CONSTRUCTION HARD COSTS										
9	Abbott Block	590,694	21,096	36.88			585,194			5,500
10	Elliot Street	502,289	17,939	218.01			499,789			2,500
11	Horton Place	830,883	29,674	110.78		125,000	679,383		17,500	9,000
12	SEVCA		0	0.00						
13			0	0.00						
14	solar hot water install \$77,700	77,700	2,775	3.01			77,700			
15	Construction Contingency	170,575	6,092	6.61			170,575			
16	Lead abatement	52,500	1,875	2.03					52,500	
17	Hazardous Mat Abatement		0	0.00						
18	Asbestos Abatement & Testing	58,000	2,071	2.25		15,000	43,000			
19			0	0.00						
20	Furnishings, Fixtures, & Equipment	22,000	786	0.85			22,000			
21			0	0.00						
22	Subtotal - Hard Costs	2,304,641	82,309	89.28						
SOFT COSTS										
23	Architectural	168,000	6,000	6.51		87,500	68,000			12,500
24	Testing	7,500	268	0.29			7,500			
25	Legal/Accounting	22,000	786	0.85		12,000	10,000			
26	Civil Engineering	48,000	1,714	1.86		35,000	13,000			
27	Cost Certification	6,000	214	0.23			6,000			
28	Relocation	48,000	1,714	1.86		15,000	33,000			
29	Environmental Assessment	4,200	150	0.16		4,200				
30	Survey / Topo	15,000	536	0.58		15,000				
31	Permits/Fees	11,000	393	0.43		11,000				
32	Market Study	2,000	71	0.08		2,000				
33	Construction Period Insurance	8,500	304	0.33		8,500				
34	Construction Interest	82,000	2,929	3.18		16,000	66,000			
35	Loan Origination Fee	15,125	540	0.59			15,125			
36	Taxes During Construction	5,700	204	0.22			5,700			
37	Clerk of the Works	20,000	714	0.77		14,000	6,000			
38	Marketing	2,500	89	0.10			2,500			
39	VHFA Tax Credit Fees	11,590	414	0.45		9,300	2,290			
40	Inspection Fees	2,200	79	0.09			2,200			
41	Soft Cost Contingency	10,500	375	0.41			10,500			
42	Permanent Loan Origination Fee	0	0	0.00						
43	Lenders Counsel's Fee	0	0	0.00						
44	Historic Consultant & Fees	23,000	821	0.89		10,500	12,500			
45	Other (CNA)	3,500	125	0.14			3,500			
SYNDICATION COSTS										
46	LP Legal	1,000	36	0.04			1,000			
47	Bridge Loan Fees and Expenses	18,500	661	0.72			18,500			
48	Syndication Consultant	2,500	89	0.10			2,500			
49	Tax Opinion		0	0.00						
DEVELOPER'S FEES										
50	Developer's Fees	298,797	10,671	11.57			298,797			
51	Deferred fee		0	0.00						
52	Consultant Fees	64,000	2,286	2.48			64,000			
RESERVES										
53	Operating Rerserve	17,000	607	0.66			17,000			
54	Rent-up (Deficit Escrow) Reserve	8,000	286	0.31			8,000			
55	Other Operating Reserves		0	0.00						
56	Sinking Fund		0	0.00						
57	Replacement Reserves	17,835	637	0.69						17,835
58	Subtotal - Soft Costs	943,947	33,712	36.57						
TOTAL DEVELOPMENT COSTS		4,348,942	155,319	168.47	431,000	380,000	3,167,990	250,117	70,000	49,835

Abbott Neighborhood Housing

29-Apr-09

<u>USES OF FUNDS</u>	Budget Total	Abbott Block Residential	Abbott Block Commercial	12& 6 Horton Pl	Elliot Street
ACQUISITION					
Land	146,000	70,186	5,814	70,000	
Abbott Block (land \$76,000)	660,354	609,837	50,517		
Elliot Street	60,000				60,000
Horton Place (Land \$70,000)	219,000			219,000	
	0				
	0				
Property Appraisal	5,500	1,575	130	2,365	1,430
Legal - Title and Recording	9,500	2,720	225	4,085	2,470
Subtotal - Acquisition	1,100,354	684,317	56,687	295,450	63,900
CONSTRUCTION HARD COSTS					
Abbott Block	590,694	545,506	45,188		
Elliot Street	502,289				502,289
Horton Place	830,883			830,883	
SEVCA	0			0	
	0				
solar hot water install	77,700	23,314	1,931	35,400	10,710
Construction Contingency	170,575	48,833	4,045	73,347	44,350
Lead abatement	52,500	26,250	0	26,250	
Hazardous Mat Abatement	0	0	0		
Asbestos Abatement & Testing	58,000	16,605	1,375	24,940	15,080
	0	0	0		
Furnishings, Fixtures, & Equipment	22,000	6,820	0	9,460	5,720
Subtotal - Hard Costs	2,304,641	667,327	52,540	1,000,280	578,149
SOFT COSTS					
Architectural	168,000	48,096	3,984	72,240	43,680
Testing	7,500	2,147	178	3,225	1,950
Legal/Accounting	22,000	6,298	522	9,460	5,720
Civil Engineering	48,000	13,742	1,138	20,640	12,480
Cost Certification	6,000	1,718	142	2,580	1,560
Relocation	48,000	14,880	0	20,640	12,480
Environmental Assessment	4,200	1,202	100	1,806	1,092
Survey / Topo	15,000	4,294	356	6,450	3,900
Permits/Fees	11,000	3,149	261	4,730	2,860
Market Study	2,000	573	47	860	520
Construction Period Insurance	8,500	2,433	202	3,655	2,210
Construction Interest	82,000	23,475	1,945	35,260	21,320
Loan Origination Fee	15,125	4,330	359	6,504	3,933
Taxes During Construction	5,700	1,632	135	2,451	1,482
Clerk of the Works	20,000	5,726	474	8,600	5,200
Marketing	2,500	716	59	1,075	650
VHFA Tax Credit Fees	11,590	3,318	275	4,984	3,013
Inspection Fees	2,200	630	52	946	572
Soft Cost Contingency	10,500	3,006	249	4,515	2,730
Permanent Loan Origination Fee	0	0	0	0	0
Lenders Counsel's Fee	0	0	0	0	0
Historic Consultant & Fees	23,000	6,585	545	15,870	
Other (CNA)	3,500	1,002	83	1,505	910
SYNDICATION COSTS					
LP Legal	1,000	286	24	430	260
Bridge Loan Fees and Expenses	18,500	5,296	439	7,955	4,810
Syndication Consultant	2,500	716	59	1,075	650
Tax Opinion	0	0	0	0	0
DEVELOPER'S FEES					
Developer's Fees	298,797	48,601	4,026	128,483	117,687
Deferred fee	0	0		0	0
Consultant Fees	64,000	14,840	0	27,520	21,640
RESERVES					
Operating Reserve	17,000	4,867	403	7,310	4,420
Rent-up (Deficit Escrow) Reserve	8,000	2,290	190	3,440	2,080
Other Operating Reserves	0	0	0	0	0
Sinking Fund	0	0	0	0	0
Replacement Reserves	17,835	5,106	423	7,669	4,637
Subtotal - Soft Costs	943,947	230,954	16,670	411,877	284,446
TOTAL DEVELOPMENT COSTS	4,348,942	1,582,598	125,896	1,707,607	926,495

29-Apr-09 Abbott Neighborhood Housing

HC Restricted Units			Average		Average		Total
	Bedrooms	Type	Square Feet	Number	Rent	Utilities	Annual Rent
10 Canal	Abbott Block						
1	2 Br	TB Sect 8	780	1	683		8,196
2	2 Br		838	1	505		6,060
3	1 Br	PB Sect 8	552	1	639		7,668
4	1 Br	TB Sect 8	564	1	524		6,288
5	2 Br		865	1	524		6,288
6	2 Br	TB Sect 8	766	1	649		7,788
7	1 Br	TB Sect 8	564	1	494		5,928
8	1 Br		528	1	550		6,600
9	1 Br	PB Sect 8	550	1	639		7,668
							0
							0
12	1 Br	PB Sect 8	564	1	639		7,668
13	1 Br		528	1	524		6,288
14	1 Br		550	1	494		5,928
15	1 Br		528	1	445		5,340
	Common area		2,859				
18 Canal							
1	3 Br		957	1	640		7,680
2	2 Br	PB Sect 8	1,037	1	833		9,996
	Common area		535				
	Elliot Street						
	1 Br		559	2	520		12,480
	1 Br		559	2	520		12,480
	Common area		68				0
	12 Horton						
	2 Br		936	1	625		7,500
	2 Br		936	1	625		7,500
	2 Br						0
	16 Horton						
	1 br		521	1	520		6,240
	1 br		521	1	520		6,240
	3 br		1,045	1	700		8,400
	3 br		1,045	1	700		8,400
	Common		1,559				
Totals			22,432	25			174,624
Non-HC Restricted Units			Total				
	Bedrooms	Type	Square Feet	Number	Rent	Utilities	Annual Rent
10 Canal							0
Unit 11	2 br	>100%	742	1	631		7,572
Unit 10	1 br		480	1	580		6,960
12 Horton							
	2 Br	100%	936	1	625		7,500
							0
Totals			2,158	3			22,032
Commercial SF			1,225				
All Units		Grand Total	25,815	28			196,656

Less Vacancy 5.00% (9,833)

NET RENT 186,823

OTHER INCOME

Laundry - Interest

Commercial Income

900

750

10,800

TOTAL INC 198,373

Building #	Unit #	Check all Applicable						A				B							C									
		HOME Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage (NET)	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	OCCUPIED BY: Income level of residents to be served:							AFFORDABLE TO: Units affordable to residents at:							
														<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+			
10 Canal Street	1	1		1	1	1		2	780	683	44	727		1				1										
	2	1		1	1			2	838	505	44	549		1					1									
	3		1	1	1			1	552	639	29	668	1							1								
	4			1	1			1	564	524	29	553		1														
	5			1	1			2	865	524	44	568		1														
	6			1	1			2	766	649	44	693		1														
	7			1	1			1	564	494	29	523		1														
	8	1		1	1			1	528	550	29	579		1														
	9		1	1	1			1	550	639	29	668	1							1								
	10				1			1	480	580	29	609		1														
	11				1			2	742	631	44	675		1														
	12		1	1	1			1	564	639	29	668	1							1								
	13			1	1			1	528	524	29	553		1														
	14			1	1			1	550	494	29	523		1														
	15			1	1			1	528	445	29	474		1														
18 Canal Street	1			1	1			3	1,650	640	59	699		1														
	2	1	1	1	1			2	1,650	640	44	684	1							1								
12 Horton Pl	1	1	1	1	1			2	936	625	44	669		1														
	2	1		1	1			2	936	625	44	669		1														
	3						1	2	936	625	44	669			1													
16 Horton Pl	1	1		1	1	1		1	522	520	29	549		1														
	2	1	1	1	1			1	521	520	29	549		1														
	3	1		1	1			3	1,303	685	59	744		1														
	4			1	1			3	1,305	685	59	744		1														
172 Elliot Street	1			1	1			1	559	520	29	549		1														

29-Apr-09 **Abbott Neighborhood Housing**

	Annual	Monthly	Per Unit Per Month	Abbott Block	Elliot	Horton
Administration						
Management Fee	18,792	1,566	54	12,312	2,592	3,888
Supportive Services	0	0	0			
Audit/Accounting	4,000	333	11	2,500	600	900
Legal	1,750	146	5	750	500	500
Compliance Monitoring	2,088	174	6	1,368	144	576
Marketing	1,200	100	3	500	350	350
Other	1,300	108	4	800	250	250
TOTAL ADMINISTRATIVE	29,130	2,428	84			
Utilities						
Electricity	7,700	642	22	5,400	600	1,700
Fuel	37,000	3,083	106	24,000	4,000	9,000
Water and Sewer	6,700	558	19	3,900	1,000	1,800
Fire Alarm / Emergency	2,350	196	7	1,500	250	600
Other	0	0	0			
TOTAL UTILITIES	53,750	4,479	154			
Maintenance						
Maintenance / Janitor Payrol	11,600	967	33	6,200	1,900	3,500
Janitor Supplies	400	33	1	200	100	100
Exterminating	550	46	2	200	150	200
Trash Removal	2,700	225	8	2,400	100	200
Snow Removal	8,600	717	25	5,000	1,500	2,100
Grounds	1,100	92	3	100	400	600
Repairs Material	5,350	446	15	3,000	850	1,500
Repairs Contract	4,000	333	11	1,500	1,000	1,500
HVAC Repairs / Maintenance	2,750	229	8	1,500	500	750
Elevator Contract / Repairs	0	0	0			
Painting and Decorating	2,750	229	8	1,500	500	750
Other	0	0	0	0		
TOTAL MAINTENANCE	39,800	3,317	114			
Real Estate Taxes						
Real Estate Taxes	19,500	1,625	56	13,000	2,300	4,200
Property Insurance	8,400	700	24	5,400	1,000	2,000
Flood Insurance	0	0	0			
Replacement Reserves	19,150	1,596	55	12,350	2,600	4,200
Other "must pay" debt service		0	0			
Other		0	0			
Total	169,730	14,144	488	105,380	23,186	41,164

per unit month
excl. ds & res
433

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: INCREASE IN PROPOSED ALLOCATION OF
VERMONT AFFORDABLE HOUSING TAX CREDITS (FY2010 STATE RENTAL
CREDITS) FOR ABBOTT NEIGHBORHOOD HOUSING, TOWN OF BRATTLEBORO**

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

WHEREAS, an application has been submitted to the Agency by Windham Housing Trust, Inc. (the "Sponsor") on behalf of a to be formed limited partnership in which the Sponsor or its subsidiary or affiliate will be the general partner (the "Borrower") involving the acquisition and rehabilitation of a total of twenty-eight (28) units of general occupancy rental housing in the Town of Brattleboro (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joshua Slade dated April 27, 2009, containing information, conditions and recommendations about the Development (the "Memorandum"); and

WHEREAS, this Resolution amends that certain resolution of the Board of Commissioners adopted June 30, 2008, relating to the same subject matter;

WHEREFORE, it is hereby RESOLVED:

1. The recommendations for the increased allocation of FY2010 State Rental Credits, subject to State appropriation, contained in the Memorandum which is attached and incorporated by this reference are hereby approved.
2. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the proposed allocation of FY2010 State Rental Credits in the aggregate amount of \$83,000.00 (the aggregate amount after the increase approved by this Resolution) for the Abbott Neighborhood Housing project in the Town of Brattleboro, Vermont.
3. The findings set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings of the Board based on substantial evidence.



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes
Vermont Housing Finance Agency
Agency of Commerce and Community Development
Calvin Coolidge Conference Room
National Life Building, 6th Floor, Montpelier
Monday, May 11, 2009 8:00 a.m.

VHFA Board Members Present:

Lisa Mitiguy Randall (Chair), Rob Alberts, Tom Candon (designee for Thabault), Dagne Canney, Bart Frisbie, Beth Pearce (designee for Spaulding), Tom Pelletier, James Saudade (designee for Dorn), Gus Seelig (vice-chair)

Staff Present:

Dave Adams, Scott Baker, Sarah Carpenter, Tom Connors, Pat Crady, Maura Collins, Elizabeth Mullikin Drake, Joe Erdelyi, John Fairbanks, Sam Falzone, Lori Gilding, Pat Loller, Cindy Reid, Josh Slade, Mark Westergard

Guests:

Kathy Beyer and Matt Moore, Housing Vermont; Richard Williams, Vermont State Housing Authority; Amy Demetrowitz, Champlain Housing Trust; Jeff Kantor, J.D. Kantor, Inc.; Isaac Wagner, Windham Housing Trust

Guests via Conference Call:

Al Hans, Piper Jaffay

BOARD MEETING

Chair Mitiguy Randall called the Board meeting to order at 8:10 a.m.

BOARD MINUTES

Mr. Candon made a motion to approve the April 6, 2009 Board of Commissioners meeting minutes with the following amendment made by Ms. Pearce:

Following the last paragraph on page 3 "*Unexpended Bond Proceeds for Single Family Series 2008C*", Ms. Pearce requested the following additional sentence be added:

"Ms. Pearce raised concerns regarding increased swap concentration."

Mr. Pelletier seconded the motion which was unanimously approved. Mr. Alberts and Mr. Saudade abstained from the vote.



ADMINISTRATION

2010 Board of Commissioners Schedule

The Board reviewed the 2010 Board of Commissioners Schedule. Ms. Mitiguy Randall informed the Board that the October 2010 meeting falls close to the Columbus Day holiday. She requested any board member who may need to move the meeting date, contact Martha Panton.

Housing Vermont Report

Ms. Mullikin Drake reviewed the Housing Vermont memo with the Board. The Board discussed Housing Vermont's current structure and performance as well as the benefits to VHFA to remain a Sustaining Member. Mr. Seelig stated that by remaining a Sustaining Member of Housing Vermont, the Agency may have influence over permanently affordable housing developments in the most rural areas of the State, even when it may not make strong economic sense to do so.

Mr. Saudade made a motion to dissolve the Agency's relationship as a Sustaining Member of Housing Vermont. Ms. Canney seconded the motion. The motion was not approved. Ms. Pearce abstained from the vote and Mr. Pelletier, Mr. Candon, Mr. Seelig and Ms. Mitiguy Randall were opposed. Ms. Mitiguy Randall stated she agreed with Mr. Seelig; she thought the Agency should continue to have influence over where the money is being spent. She requested the issue be discussed again in the fall of 2009.

EXECUTIVE DIRECTOR'S REPORT

Ms. Carpenter reviewed the Executive Director's report. She reported on legislative activities. Ms. Carpenter informed the Board that the provision the Agency submitted to give the Agency more flexibility with the use of its moral obligation authority with the State is part of the Miscellaneous Tax Bill. She stated liquidity continues to be a challenge, as well as finding new lending sources for long-term multifamily housing development. She stated in another bill that has not passed are provisions for VHFA and VEDA to work with ACCD to do loan underwriting for the Community Development Block Grant Program. There is a proposal in the bill that would shift some Neighborhood Stabilization Program (NSP) funding to VHCB for administration. Lengthy negotiation over the administration of some NSP funding has held up the entire NSP program. Ms. Carpenter informed the Board the Homeownership Acquisition and Rehabilitation Program (HARP) program which will be administered by VHFA is ready to go and awaiting approval. Mr. Saudade informed the Board that the NSP funding issues appear to be resolved and he expects approval this week.

Ms. Carpenter informed the Board the Homeownership staff is working hard with the conversion to Mortgage Backed Securities (MBS). Ms. Crady stated the primary reason some lenders have opted not to participate in the program is due to the fact that they want the ability to continue to service their loans.

Mr. Candon informed the Board that there was one piece of legislation that allowed for clean energy districts that did pass and allows municipalities to bond, get grants, or get loans for energy efficiency. It allows people in towns to participate in the program and allows them to get a loan from the municipality to upgrade their homes under various energy standards. The money awarded to borrowers will be treated similarly to tax assessments, which will place the

municipality in first position on liens. Mr. Candon stated if Fannie Mae decides not to purchase loans made on properties encumbered by these energy assessments, many issues could arise.

Ms. Carpenter stated she and Mr. Seelig have been working with the Department of Public Service to ensure a reasonable amount of the new energy money is available for improvements in multifamily housing stock. A needs assessment was completed a year ago and the Agency is in a position to begin improvements immediately.

There was discussion on the status of VHFA delinquencies. Mr. Candon asked for clarification on why borrowers declined to provide financial information so that the Agency could determine the feasibility of a loan modification. Ms. Crady explained that all VHFA servicers require financial information prior to offering loan modification, but most borrowers do not respond, or respond with very limited information. The servicer then follows up with the borrower with a letter indicating they may be able to help. Ms. Crady said she expects more loan modifications will take place over the next three to four months. Ms. Crady informed the Board that the number of loan modifications that are being done this year is substantially higher than last year.

ADMINISTRATION

Pension Resolutions

Ms. Loller reviewed the memo requesting adoption of the pension resolution to exclude from the definition of Compensation all taxable fringe benefits compensation. Mr. Seelig made a motion to adopt the resolution. Mr. Candon seconded the motion, which was unanimously approved.

Ms. Loller reviewed the memo requesting adoption of the pension resolution to authorize the merger of the Vermont Housing Finance Agency 401(k) Retirement Plan into the Vermont Housing Finance Agency 403(b) Retirement Plan. Mr. Candon made a motion to adopt the resolution. Mr. Alberts seconded the motion, which was unanimously approved. Mr. Candon thanked staff for all their efforts to obtain approval in a timely manner.

HOMEOWNERSHIP

Program Updates

Ms. Crady updated the Board on the MBS program and the agreement with US Bank to sell through a cash window. She informed the Board that rates would be adjusted daily to compete with conventional rates to enable the Agency to deliver loans. Mr. Adams stated it will be very difficult to manage the pipeline because to date VHFA does not require lenders to make a firm delivery commitment to the Agency when the lender reserves a loan. Ms. Crady reviewed the programs the Agency currently offers.

Securitizing Existing Single Family Portfolio – Freddie Mac

Mr. Adams reviewed the memo requesting Board approval to authorize staff to negotiate terms and all contracts necessary to securitize loans in the existing VHFA single family portfolio with Freddie Mac. Mr. Adams confirmed that the time limit on the guarantee for the portfolio could change each day.

Ms. Carpenter informed the Board that the Agency is going to hire an independent company (First American CoreLogic) to review the Agency's portfolio at the loan level. This independent

review will be conducted to affirm the value of the Agency's portfolio and will be made available to the rating agencies to consider in their evaluation of the Agency's rating.

Mr. Seelig made a motion to approve staff's request to authorize staff to negotiate terms and all contracts necessary to securitize loans in the existing VHFA single family portfolio with Freddie Mac, and to authorize the Executive Director, Chief of Program Operations, and/or the Chief Financial Officer, to execute any and all documents related thereto. Mr. Pelletier seconded the motion, which was unanimously approved.

FINANCE

3rd Quarter Financials

Mr. Connors reviewed the FY09 third quarter financial statements with the Board. He informed the Board that the Finance Department has reallocated work and has reduced the number of days to close each month.

OTHER BUSINESS

The Board publicly acknowledged and thanked Elizabeth Mullikin Drake for her eight years of service at the Agency, as well as John Fairbanks for his eight years with the Agency. Both will leave VHFA within the next few weeks.

DEVELOPMENT

Missisquoi Manor, Richford

Mr. Slade reviewed the memo requesting Bond Housing Credits and Construction Financing for Missisquoi Manor. Mr. Moore reviewed the history of the development and stated this would be an opportunity to renew the HAP contract that will expire soon. He stated an updated capital needs assessment (CNA) is being prepared for the property at this time. The budget presented shows replacement reserve expenses for the first few years, but Mr. Moore expects the budget may be higher than what may actually be needed and will be adjusted after the CNA is completed. Mr. Frisbie expressed concern with purchasing a 30 year old property. Mr. Moore said if Housing Vermont does not purchase the property, it would go on the market and the tenants could be in jeopardy of losing housing.

Mr. Candon made a motion to approve staff's request for Bond Housing Credits and Construction Financing for Missisquoi Manor Senior Housing. Mr. Pelletier seconded the motion which was unanimously approved.

Pine Manor, Alburgh

Mr. Slade reviewed the memo requesting Bond Housing Credits and Construction Financing for Pine Manor. Mr. Moore explained the construction scope of work and the community impact of the development. Mr. Moore informed the Board that Pine Manor is the same scenario as Missisquoi Manor in terms of completing a CNA before a more defined replacement reserve expense report can be determined. Ms. Demetrowitz explained that the Pine Manor project would increase CHT's presence in the town because Alburgh Family Housing is across the street. She updated the Board on the Alburgh Family Housing development at this time.

Mr. Saudade made a motion to approve staff's request for Bond Housing Credits and Construction Financing for Pine Manor Senior Housing with the understanding that an updated pro forma will be given to staff upon the completion of an "as built" CNA. Mr. Alberts seconded the motion which was unanimously approved.

Abbott Neighborhood Housing, Brattleboro

Mr. Slade reviewed the memo requesting an increase in Allocation of Vermont Affordable Housing Credits for Abbott Neighborhood Housing. Mr. Kantor explained the additional costs. He stated if the changes are done during construction, operating costs and life cycle costs would be reduced in the future. Mr. Wagner informed the Board that he has revisited all other funding sources, including the State's new energy money; and if the Board does not approve the request, there will not be funding to complete the upgrades. The Board discussed ways to access the State's new energy money, however construction is underway and changes must be made at this time. Ms. Carpenter and Mr. Seelig agreed that accessing the new funds for energy has been difficult and the policy must be changed. A lot of Board discussion took place regarding finding other resources to fill the gap and how the Agency might be able to assist with the energy funding policy from the State. The Board discussed the option of filling the gap with developer fees. Mr. Wagner informed the Board that the WHT has recently reduced staff and is not able to reduce developer fees. Mr. Frisbie stated he would like to see more creativity in filling the funding gap before a project returns to the Agency for a second and third time for additional funding.

Mr. Seelig made a motion to increase Allocation of Vermont Affordable Housing Credits for Abbott Neighborhood Housing. Mr. Saudade seconded the motion, which was approved. Ms. Canney, Mr. Frisbie and Ms. Pearce opposed the motion.

EXECUTIVE SESSION

Ms. Canney made a motion to go into Executive Session at 9:58 a.m. for real estate contract negotiation purposes. Mr. Frisbie seconded the motion, which was unanimously approved.

Ms. Canney made a motion to come out of Executive Session at 10:20 a.m. Mr. Pelletier seconded the motion, which was unanimously approved.

Ms. Canney made a motion to accept the Purchase and Sale offer made by Stewart Group to purchase Rockingham Canal House. Mr. Alberts seconded the motion, which was approved. Mr. Saudade abstained from vote.

FINANCE

Finance Update

Mr. Connors gave a financial update to the Board. He stated the Agency continues to struggle with finding replacement in liquidity providers for Depfa and Dexia. He informed the Board that TD Bank has agreed to replace two series and hopes to close around July 1, although it will be more expensive to the Agency. One contingency for closing is to obtain a full updated confirmation of the Agency's GO rating from Moody's. Staff has requested the Agency be placed on the fast track with Moody's. Mr. Connors stated the Agency has reduced its working lines of credit with Key Bank and TD Bank and have begun negotiations with other banks for

additional credit and financing opportunities. Staff has met with Chittenden Bank and Citizens Bank. Chittenden said they will consider private placement bonds for specific projects. Citizens Bank is looking at financing programs like the MacArthur program. He informed the Board that staff has met with Wells Fargo as a possible partial replacement liquidity provider. Discussions are still underway. Improvements on rates with Depfa and Dexia liquidity have taken place with the remarketing agents because of an announcement that the German Government plans to nationalize Depfa's parent company. Staff is hopeful to see additional rate improvement in the upcoming weeks. Mr. Connors is optimistic about an anticipated announcement from Fannie Mae for a liquidity program during the month of May. Mr. Connors said the Agency is about to submit a proposal to the State Pension Fund for purchasing multifamily permanent bonds as well as possibly buying some of the Agency's VRDOs. Ms. Pearce expressed concern that the Agency is increasing its swap risk because of unexpended proceeds and asked about cross refunding. Mr. Hans explained cross refunding to the Board. Mr. Hans said there is nothing regarding cross refunding that would be beneficial for the Agency at this time, but will keep looking at it. He said swaps are not the problem at this time; VRDOs are the issue. Ms. Pearce mentioned the Agency's concentration with TD Bank. She said rating agencies often look for more diversification. Mr. Connors said the Agency would prefer to use Wells Fargo or Fannie Mae, however in this market there are not a lot of options and the Agency cannot afford to wait for other opportunities. Ms. Carpenter informed the Board that a meeting with the Governor, Mr. Lunderville and Mr. Mike Smith has been scheduled to discuss what ways, if any, the State can be of assistance to the Agency with its liquidity and capital access issues.

DEVELOPMENT

2009-2010 Qualified Allocation Plan

Ms. Reid reviewed the Qualified Allocation Plan memo. Ms. Carpenter requested the Board affirm issues they are interested in and requested a brainstorming session if there are other issues or revised language the Board would like to see in the QAP before the June Board meeting. She informed the Board that there is a meeting scheduled to discuss the plan in more detail with the intention to bring back the revision to the Board for the June meeting. Mr. Pelletier asked that 30% ceiling be defined as well as *substantial* new outside Federal resources. Mr. Saudade suggested leaving out the word Federal and encouraged borrowers to get other new resources defined as "not usual sources". Ms. Pearce suggested considering another limit because the limits have not been breached often. She suggested defining why projects keep coming back to VHFA, as well as define what resources they have applied for and the reasons they have been denied. Mr. Erdelyi explained the reasons for combining two criteria and making them a threshold – historic settlement and workforce housing in a ski area. He stated it is the intent to raise the bar to determine what projects are denied when all are equal otherwise. Mr. Erdelyi stated the goal in placing the 30% cap on a project is to try to do more than one or two projects per year, enabling the developer to construct the project in phases over several years. Ms. Reid confirmed that the any proposed changes could be waived on a case-by-case basis.

Ms. Canny stated that a for-profit developer brings resources to the table that the Agency would not otherwise see and she suggested using this opportunity as a criteria. She said bringing in equity from a for-profit developer may possibility be a way to leverage funds for the future, thus saving federal money for other projects. Mr. Erdelyi informed the Board that once tax credits are awarded, the developer has 18 months to either turn the award into a reservation certificate (IRS

recognition document) or a carryover allocation. If a developer can't meet the 18 month deadline, they must return the credits and cannot reapply for another six months. A developer must keep a project moving forward. If a carryover is awarded, the project must be complete by the end of the second year. Ms. Reid confirmed the Agency has done everything possible to ensure the Agency never loses tax credits.

Ms. Pearce requested that staff review the minutes from the previous month (April 6, 2009) regarding Board request concerning the ability to consider large projects versus smaller projects and readiness and requests for increases to credits previously approved.

OTHER BUSINESS

Ms. Carpenter informed the Board that VHFA is scheduled to receive approximately \$5 million in TCAP money, which is soft money to fill gaps between what the housing equity market provides and the project receives. There is another program offered to enable the Agency to exchange money. Ms. Carpenter said the Agency is seeking authorization to apply for TCAP funding by June 3rd.

Mr. Candon made a motion to authorize staff to apply for TCAP funding. Mr. Pelletier seconded the motion, which was unanimously approved.

Mr. Alberts made a motion to adjourn the meeting. Ms. Canney seconded the motion. The meeting adjourned at 12:30 p.m.



Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners
FROM: Dave Adams, Chief of Program Operations
DATE: June 5, 2009
RE: Approval to provide interim financing - Rockingham Canal House

Board Action: Staff recommend and request Board approval to provide short-term bridge financing in an amount not to exceed \$850,000 to Stewart Property Management, Inc. or its designee to facilitate a closing on the sale of Rockingham Canal House prior to June 30th, 2009.

Summary: VHFA acquired title through foreclosure to Rockingham Canal House, in Bellows Falls on March 17th. VHFA subsequently entered into a purchase and sale agreement with Stewart Property Management. VHFA and Paul Stewart desire to close on the acquisition of this project before June 30th, 2009 if at all possible.

The agreed upon sales price to Stewart is \$850,000 with an agreement to discount that price by 10% (to \$765,000) if permanent source of funding comes from the Neighborhood Stabilization Program (NSP). A commitment of NSP funds is anticipated on or before June 25th, with funding later in July or August. It has been determined that transferring title of the project from VHFA to Paul Stewart prior to NSP funding, will not preclude the project from being eligible to receive NSP funding. In the event NSP funding is not available to the project, it is anticipated that Mr. Stewart will seek traditional sources of funding which is likely to include an application to VHFA for out-of-cap credits and tax-exempt bond financing.

The loan will be secured by a first mortgage loan against the project and will include provisions for long term affordable housing restrictions that will remain in place in perpetuity.



VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: BRIDGE FINANCING
FOR ROCKINGHAM CANAL HOUSE,
VILLAGE OF BELLOWS FALLS, TOWN OF ROCKINGHAM**

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

WHEREAS, an application has been submitted to the Agency by Stewart Property Management, Inc. (the "Sponsor") on behalf of a to be formed limited liability company in which the Sponsor or its subsidiary or affiliate will be the member or manager (the "Borrower") involving the bridge financing of the purchase of forty-one (41) units of senior rental housing in the Village of Bellows Falls, Town of Rockingham (the "Development"); and

WHEREAS, the application contemplates one or more mortgage loans for bridge financing of the Development at an interest rate of 6.5%; and

WHEREAS, the Sponsor qualifies and the Borrower will qualify as housing sponsors within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from David S. Adams dated June 5, 2009, containing information, conditions and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of the units are for occupancy by persons and families of low and moderate income.
2. The acquisition 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(s).

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

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making one or more mortgage loans to the limited liability company to be created by the Sponsor for the bridge financing of the purchase of the Development based on the recommendations in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more mortgage loans to the Borrower for the bridge financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsor as the representative of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan(s) for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions, if any, described in the Memorandum.
4. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter *CR*

DATE: June 9, 2009

RE: Request for Increase in Construction Loan Amount: Cathedral Square Senior Living (a.k.a. Three Cathedral Square)

This is being put on consent agenda because the Board has already reviewed this project and supported the Sponsor's initial request for construction financing and bond credits (a plentiful and non-competitive resource). Board approval of an increase in the construction loan amount will enable the project to move forward to closing and construction.

Summary of Request: Cathedral Square Corporation (CSC) is requesting an increase of \$850,000 in their \$3,150,000 tax-exempt construction loan amount for a revised loan amount of \$4,000,000 for the Cathedral Square Senior Living project in Burlington.

Project Summary: In January 2009 the VHFA Board of Commissioners approved a \$3,150,000 construction loan to Cathedral Square Corporation so that it could refinance and complete needed rehab to its 108-unit senior building at Three Cathedral Square in Burlington. The loan is tax-exempt, allowing the project to access bond (4%) Housing Credits.

When the project was being underwritten, the development consultant and staff were under the impression that part of the Affordable Housing Program (AHP) funds could come in before completion, thus requiring a smaller construction loan amount. After the development consultant pursued this with his accountant, it became clear that keeping the AHP funds entirely separate from the bond funds (i.e. drawing the AHP loan proceeds at completion of rehab) was the more prudent approach to financing this project.

All other funding is committed, including the equity, which is coming from Chittenden/People's United Bank. Take out sources to pay off the construction loan include the AHP loan and tax credit equity. We are anticipating a late July closing and for construction to begin immediately thereafter.

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



VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: INCREASE IN BOTH CONSTRUCTION FINANCING AND
PROPOSED USE OF BOND HOUSING CREDITS FOR
CATHEDRAL SQUARE SENIOR LIVING, CITY OF BURLINGTON**

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

WHEREAS, an application to the Agency by Cathedral Square Corporation (the "Sponsor") on behalf of a to be formed limited partnership in which the Sponsor or its subsidiary or affiliate will be the general partner (the "Borrower") involving the acquisition and rehabilitation of one hundred eight (108) units, including one resident manager unit, of senior rental housing in the City of Burlington (the "Development") has been updated; and

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

WHEREAS, the Sponsor qualifies and the Borrower will qualify as housing sponsors within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated June 9, 2009, containing information, conditions and recommendations about the Development (the "Memorandum"); and

WHEREAS, this Resolution amends and replaces that certain resolution of the Board of Commissioners adopted January 20, 2009;

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of the units are for occupancy by persons and families of low and moderate income.

2. The acquisition, construction or rehabilitation 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(s).

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

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making one or more mortgage loans to the limited partnership to be created by the Sponsor for the construction financing of the Development based on the recommendations in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more mortgage loans to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsor as the representative of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan(s) for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements

of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions, if any, described in the Memorandum.

4. The recommendations for the use of Bond Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.
5. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the use of Bond Housing Credits in an amount necessary for the Development's feasibility for the Cathedral Square Senior Living (a.k.a. Three Cathedral Square) housing project in the City of Burlington, Vermont.
6. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners
FROM: Dave Adams, Chief of Program Operations
DATE: June 9, 2009
RE: Freddie Mac Resolution

This is being put on consent agenda because the Board has already approved a similar resolution at its Board meeting on May 11th, authorizing Sarah Carpenter, Tom Connors, and David Adams to sign any and all documents related to and necessary for securitizing a portion of the existing VHFA single family portfolio with Freddie Mac.

Board Action Requested:

To approve the specific form of Resolution attached as "Exhibit "A" and including Exhibit "A-1" as provided by and specific to Freddie Mac.

Explanation:

Freddie Mac requires this specific resolution as part of the execution of the portfolio securitization. The resolution authorizes certain designated staff (Sarah Carpenter, David Adams, Thomas Connors as shown on Exhibit "A-1" at VHFA to execute and deliver any and all documents and/or forms, or records and to perform and all duties related to the transfer of cash and or securities by various transfer systems.

Staff is of the opinion that the Board action taken on May 11th, 2009 authorized the above mentioned staff to execute any and all documents related to our transaction with Freddie Mac, and that this is not inconsistent with that Board action. Given the complexities of the transaction, Staff feel that providing this Resolution in the form specifically provided by Freddie Mac is advisable and may help facilitate the tight time frame we are working with on this transaction. Board approval is requested and recommended accordingly.



EXHIBIT "A"

**BOARD OF COMMISSIONERS
VERMONT HOUSING FINANCE AGENCY**

May 11, 2009

WHEREAS, the BOARD OF COMMISSIONERS of VERMONT HOUSING FINANCE AGENCY is adopting the following resolution ("Resolution") to amend, restate and reassign general delegations of authority to its management with respect to subject matters not otherwise covered by specific Resolutions.

NOW, THEREFORE, BE IT RESOLVED that the persons listed on **Exhibit "A-1"**, attached hereto, are authorized and empowered (the "Authorized Persons") individually to provide the Federal Home Loan Mortgage Corporation ("Freddie Mac"), with instructions to transfer funds (cash or securities) by wire transfer, Automated Clearing House ("ACH") or other payment system specifically and expressly approved by Freddie Mac in connection with the sale of mortgages to Freddie Mac.

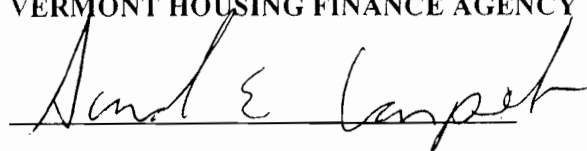
BE IT FURTHER RESOLVED that the Authorized Persons are authorized individually to execute and deliver any and all instruments, documents and/or forms ("Records") necessary or proper or required by a Freddie Mac to effectuate the authority set forth in this Resolution including, but not limited to, delivering: (i) a Record to Freddie Mac bearing the original signature of any of the Authorized Persons; or (ii) a facsimile ("fax") transmission of a Record to Freddie Mac bearing a copy or representation of the original signature of any of the Authorized Persons that contains or communicates instructions (or modifies previously provided instructions) to transfer funds by wire transfer, Automated Clearing House ("ACH") or other payment system specifically and expressly approved by Freddie Mac.

BE IT FURTHER RESOLVED that the Authorized Persons are also authorized to execute and deliver instructions to Freddie Mac to transfer funds (cash or securities, as applicable) by wire transfer, ACH or other payment system specifically and expressly approved by Freddie Mac using electronic means and electronic signatures.

Any such actions set forth above heretofore taken by any of the Authorized Persons on behalf of VERMONT HOUSING FINANCE AGENCY are hereby ratified, approved, and confirmed.

By the **BOARD OF COMMISSIONERS of
VERMONT HOUSING FINANCE AGENCY**

By:



Name: Sarah E. Carpenter

Title: Executive Director of

Vermont Housing Finance Agency

EXHIBIT "A-1"

VERMONT HOUSING FINANCE AGENCY AUTHORIZED PERSONS

The following persons are authorized and empowered individually to execute and deliver any and all instruments, documents and/or forms necessary or proper or required by a Freddie Mac to effectuate the sale of mortgages to Freddie Mac, as further described in **Exhibit "A"**;

Sarah E. Carpenter
Executive Director and Secretary

David S. Adams
Chief of Program Operations

Thomas R. Connors
Chief Financial Officer and Treasurer

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: APPROVAL OF PURCHASE AND SALE AGREEMENT FOR
ROCKINGHAM CANAL HOUSE,
VILLAGE OF BELLOWS FALLS, TOWN OF ROCKINGHAM**

WHEREAS, the Agency desires to sell forty-one (41) units of senior rental housing in the Village of Bellows Falls, Town of Rockingham known as Rockingham Canal House (the "Development"); and

WHEREAS, the Board was presented with and discussed the terms of the Purchase and Sale Agreement entered into by Stewart Property Management, Inc. and the Agency regarding the sale of the Development, as reflected in the minutes of the May 11, 2009 meeting of the Board;

WHEREFORE, it is hereby RESOLVED:

The Board hereby ratifies and confirms the terms of the Purchase and Sale Agreement between Stewart Property Management, Inc. and the Agency, dated May 19, 2009, and hereby authorizes the Executive Director, the Chief of Program Operations and the Chief Financial Officer, each individually, to execute any and all documents and to do any other actions necessary to effectuate the sale of the Development as described in the Purchase and Sale Agreement and with the approval of the General Counsel.



MEMORANDUM

Vermont Housing Finance Agency

TO: VHFA Board of Commissioners
FROM: Tom Connors, Chief Financial Officer
RE: Approval of FY2010 Operating Budget
DATE: June 9, 2009

Board Action Requested: Approve the FY2010 General Fund Operating and Capital Budgets reviewed at the June 4th VHFA Audit Risk Committee Meeting

Attached please find the budget package reviewed at the June 4th VHFA Audit Risk Committee Meeting. The packet includes a memo summarizing the FY2010 Agency Initiatives as well as explanations for each of the major budget categories. Also included are several companion documents: the actual three-page worksheet showing the proposed budget for FY2010 by department, along with the original and amended budget for the current year, the projected actual for the current year and percentage change in budgets, as well as a capital budget.

Staff is asking that the Board approve this budget based on the recommendation of the VHFA Audit Risk Committee.



TO: VHFA BOARD OF COMMISSIONERS
FROM: Tom Connors, Chief Financial Officer
DATE: June 4, 2009
RE: FY2010 PROPOSED BUDGET

The purpose of this memo is to provide the VHFA Board of Commissioners with an explanation of the assumptions behind the FY2010 general fund budget proposal.

Included with this memorandum are several companion documents: the actual three-page worksheet showing the proposed budget for FY2010 by department, along with the original and amended budget for the current year, the projected actual for the current year and percentage change in budgets and a capital budget. Similar to last year's budget memo, we have incorporated the proposed "Agency Initiatives" as part of this memo. The Initiatives outline major activities the Agency will undertake during the year that have potential budgetary impact. The details of that impact are left to the Budget Narrative Section.

It is important to note that because of the challenging and changing circumstances we find ourselves in this year we see this as a dynamic document that may need to be revisited several times during the year. This is the operating / general fund budget and does not reflect the cash flows of our bond programs.

VHFA
FY2010 INITIATIVES
June 2009

PROGRAM OPERATIONS:

Homeownership

- **Production** for FY2010 is projected at 480 loans totaling \$60 million, a decrease from FY09 budget of \$80 million but above a projected actual of around \$37.5 million. Our proposed production for FY2010 is dependent on being able to get back into the bond market with an issue early in the fiscal year. We anticipate \$58 million will be sold or securitized with either Fannie Mae/GNMA/FHLMC, and the remaining \$2 million will be Whole Loans (DIRECT) held by VHFA. Of the \$58 million planned for delivery to FNMA/GNMA we assume \$23 million will be delivered into the Cash Window at a gain on sale of \$123,500 and \$25 million will be swapped into mortgage backed securities. We will leverage bond proceeds by using it as a hedge, to support cash sales with a targeted gain on sale of 75 basis points on cash executions with Fannie Mae.

- **Implement Mortgage Backed Securities Structure** – VHFA implemented its Mortgage Backed Security structure as of May 1st, 2009. The new structure and processes are still new as of the writing of the FY2010 budget memo. We anticipate that a combination of securitizing single family loans and selling loans for cash will be utilized in FY2010. In the event the Agency is unable to access the single family bond market and achieve competitive rates, Staff will also be exploring a strategy to use forward commitments in the conventional securities markets to replace bonds as a hedge for single family production. The Board should anticipate a proposal for its review in the first quarter of FY2010 if Staff feels it appropriate to move ahead with that proposal.
- **Loan Loss Provision** is proposed at \$500,000, an increase from \$300,000 budgeted in FY2009.

Multifamily

- **Production – MF Development** is projected at \$30 million, on 10 projects including new and existing projects.
- **Production – Tax Credit Applications** are projected at \$2,300,000 in ceiling (i.e. 9%) credits, \$350,000 in out-of-cap (i.e. 4%) credits, and \$500,000 in State credits (includes \$400,000 in multifamily credits and \$100,000 in homeownership credits). Although the amount of credits available for us to award is greater than the budgeted amounts, the budgeted amounts reflect what we expect will close with resulting fees paid to the Agency during the fiscal year. **Loan Loss Provisions** are recommended at a total of \$400,000 for FY2010 covering existing multifamily portfolio loans, multifamily and single family predevelopment loans, and single family construction loans.
- **Preservation Activities** – Preservation activities will be very dependent on VHFA's ability to access the bond markets for long-term capital. Approval, enrollment and implementation of the HUD Risk Share Insurance, and/or the HUD 221(d)4 Program are in process and appear to be essential to accessing the multifamily bond markets. Production estimates above only include \$6 million of permanent loans which we feel is conservative but reflects our uncertainty with the bond markets. Refunding of the MF1999 C&D bonds is still a potential for FY2010 but entirely dependent on the bond markets. There are 82 projects in that resolution that Staff will continue to stay in touch with in the event we are able to go to market with a bond issue. Production estimates could be revised upward in that event.
- **Risk Management** – Risk Management activities will continue to include quarterly reviews by staff of the Watch List projects and semi-annual reports to the Board. Focus will continue to be on projects with exposure to risk of loss to the Agency, and projects at risk of prepayment out of the multifamily portfolio. (See Preservation activities above). Single Family Development Construction loans have been of greatest concern. That program was suspended this past year.
- **Tax Credit Program** – Changes to the Qualified Allocation Plan (QAP) are planned again for FY2010. We continue to be oversubscribed for Ceiling (9%) Credits, and VT State Housing Credits and therefore assume 100% of available credits will be awarded. Allocated Credits available to Vermont for FY 2010 total approximately \$2.5 million. State Housing Credits total \$500,000- \$100,000 of which is for Homeownership Tax Credits.
- **Rural Ventures Inc.** - participate in the implementation of this venture and the distribution of New Market Credits to projects that have some amount of affordable housing.

POLICY, PLANNING AND RESEARCH :

- **Housing Needs Assessment** - Staff will continue its grant with the Department of Housing and Community Affairs (May through October 2009) to complete the 5-year Housing Needs Assessment as required for the Consolidated Plan.
- **Strategic Developments** - Staff will continue to help the Agency strategize, organize, and prioritize efforts across departments. This includes: (1) facilitating the Operations Committee where the key operational priorities of the Agency are confirmed and departmental resources committed; (2) tracking the progress of efforts to resolve the Agency's liquidity, production, and ratings concerns; as well as (3) re-address the Agency's long-term strategic plan in light of the economic downturn.
- **Supportive Housing Partnerships** - VHFA will continue its work with the Agency of Human Services (AHS) and other housing funders on effective partnerships between these organizations on the state level, and their funding recipients at the local level. The goal this year will be to launch the Homeless Prevention and Rapid Re-Housing stimulus funding, monitor at-risk rental projects in VHFA's portfolio where tenants may benefit by AHS involvement, and continued support of the Vermont Interagency Council on Homelessness and the state's Continuums of Care. If market conditions warrant, staff might consider its 10% set aside of housing credits for permanent supportive housing, but at this point that initiative is on hold.

FINANCE:

- **Liquidity** – Staff will continue to actively pursue liquidity providers who offer Standby Bond Purchase Agreements to replace Depfa and Dexia on \$81 million (six issues) of single family variable debt. We expect to close one or two of these series with TD Bank by mid-July, depending on Moodys' ability to reaffirm the Agency's GO rating. We are also waiting to hear from Wells Fargo and Fannie Mae on the remaining series, which will also affect our decision on how many series to do with TD Bank.
- **RFP – Underwriters** – Because of the many unplanned financial challenges in FY 2009, the decision was made to postpone the RFP for bond underwriters for one year. During FY2010, staff will determine if and when it will be appropriate to consider this project again. A lot will depend on the condition of the financial markets, what underwriters still remain as options and what other priorities face the staff at that time.
- **Capital Sources (short-term)** – VHFA will continue talks with the State Treasurer's Office for the Operating Line of Credit about possibly extending the expiration date (current line expires June 30, 2009). Staff will also continue talks with area banks (Citizens, Merchants, others) who could provide additional lines of credit for working capital and multifamily construction.
- **Capital Sources (long-term)** – The Agency will complete negotiations with the Vermont State Pension (VPIC) for potential investment in multifamily permanent financing. Staff will also continue to search for other partners for private placement of multifamily permanent financing, including local banks as well as the GSE's.
- **Fraud Prevention** – The Agency plans to implement Positive Pay and ACH Debit Filter Block to continue to reduce the possibility of fraudulent bank account activity. Staff plans to implement these processes by November 30, 2009.

- **Ratings** – VHFA will work with Rating Agencies to maintain/upgrade ratings on bond issues. Staff will also be proactive in reacting to ratings changes of financial partners (GIC providers, bond insurers, mortgage insurers).
- **Reporting** – We will continue to enhance the quality and timeliness of the periodic financial statements. The focus for FY2010 will be to continue to look for ways to accelerate or eliminate steps in the closing process as well as other key financial processes, identifying “best practice” procedures within the department as well as in other departments and implement those wherever possible to improve efficiency and accelerate the distribution of financial information to our internal and external customers.
- **Bond Management** – Finance staff will coordinate with the bond working team to revise bond structures necessary to deliver competitive rates to the Program areas, while managing risk associated with varying bond structures, and as presented in the municipal bond markets. We will also explore other options for financing mobile homes and condos.

ADMINISTRATION:

- **Organizational Review** – The Agency has postponed the organizational review initiative started in early 2008.

- **Legislative/ Regulatory**

State Issues:

- VHFA will continue to work with the Administration, the Treasurer’s Office, and the Legislature to pursue any necessary legislative or investment initiatives that will assist VHFA in continuing healthy loan programs and access the capital markets.
- VHFA will work with the other Vermont housing agencies to further explore coordination and perhaps consolidation of activities. VHFA will be an active participant in any study committee that may pursue some of these initiatives.
- The Executive Director, as Chair of the Legislative Rental Housing Safety and Habitability Committee, will continue those responsibilities culminating with a proposed legislative and implementation initiatives.
- Work with the State Treasurer’s Office and the State Pension Fund to explore new funding sources.

Federal Issues

- Continue proactive work with Vermont’s congressional Delegation on Federal initiatives that support VHFA and affordable housing.
- Actively serve as an appointed member of NCSHA’s Housing GSE Working Group. The GSE Working Group was established by NCSHA last March for the purpose of strengthening HFA partnerships and developing business opportunities with the housing GSEs—Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. Its immediate priority is to serve as a discussion forum on implementation issues related to the Administration’s HFA support plans for HFA Housing Bond and liquidity programs, as well as explore mortgage insurance and other GSE product development opportunities. In addition, the Working Group will work with the Federal Housing Finance Agency (FHFA), the GSEs’ regulator, to deepen FHFA’s understanding of HFAs, your needs, and your relationships with the housing GSEs. It will also help inform NCSHA’s GSE legislative efforts.

- Actively serve as an appointed member of NCSHA's Future of HFAs Working Group. They will be launching a strategic planning process to consider how HFAs do business and what we might need to change to remain relevant and successful in the future.
 - Participate in the NCSHA Housing Credit Task Force which will be advancing its work to develop recommended practices in Credit administration, with focus on the extensive changes the program has undergone over the last year.
- **Housing Conference** – Initial planning for the November 2011 conference will commence this coming year. The Agency will not be in a position to provide the lead planning and administrative roles as in the past; however, staff will initiate discussions with other key organizations to discuss the planning process and how best to ensure the 2011 conference is as successful as past Housing Conferences.
- **Public Awareness Campaign** – The future of the Public Awareness Campaign is uncertain at this time due to the elimination of the Public Affairs Manager position. The Agency will be polling the campaign membership to discuss their desires for the future of the campaign. In the interim the Agency will continue to maintain the campaign's website, updating with pertinent housing information and related articles.
- **Professional Support** – The Agency will have a limited role in providing public outreach, media support and other assistance to organizations and individuals around the state advocating for affordable housing, including local housing task forces, community leaders and elected officials.

INFORMATION TECHNOLOGY:

- Complete system upgrades to remain current with Mitas and Housing Development Software (HDS) modules
- Continue the development of the Agency's Intranet utilizing MS SharePoint Services to enhance agency communication and project management activities.
- Implement Housing Development Software (HDS) Report Writer module. Postponed implementation of the Tax Credit and MF Origination modules until FY2011. All part of original Software Upgrade budget passed in December 2006.
- Upgrade of Agency's network firewall protection

FY2010 PROPOSED BUDGET – DISCUSSION DETAILS

BUDGET OVERVIEW:

The financial landscape facing VHFA continues to reflect many uncertainties, especially in the areas of liquidity, capital sources, federal and state legislation and the housing market. Most of these variables are beyond the control of the Agency. This year's budget reflects the annualized impact of the significant budget reductions implemented in FY2009. The budget being submitted is based on "what we know at the moment" and assumes that most of the major financial challenges will be resolved in the near term. If those assumptions prove incorrect, the budget will have to be revisited accordingly.

Nevertheless, we continue to use the basic budget philosophy of funding operations from the earnings in the bond programs because income generated within the general fund is not sufficient to pay for operations. Our financial advisors prepared a cash flow report which demonstrates that the transfers from the bond programs are consistent with the projections of transfers on a straight-line basis over the remaining expected life of the bond programs. We used the level of cash flow estimated in this year's projections. Until the liquidity issues and the related excessive interest charges are corrected, we continue to make the assumption that we will not depend on funds from the Single Family Housing Bonds to fund operations in FY2010. Generally, our goal is to show a small surplus for FY2010 from operations, without resorting to extraordinary transfers, thereby marginally increasing the General Fund balance.

INCOME:

Income for the general fund in FY2010 is budgeted at \$1,496,054. Due to the significant budget reductions in FY2009, the Agency was able to fund operations by depending less on fund transfers and used approximately \$1.1 million in General Fund cash to fund the balance of operating expenses. Net income is budgeted for FY2010 at \$14,396.

Interest Income for general fund loans is expected to drop significantly in FY2010 versus the FY2009 budget by approximately \$240k. This is due mainly to the amortizing of the loan portfolio in the general fund. Old loans are ageing out and no new loans are being made in the general fund. The interest income from general fund investments is also expected to be significantly lower in FY2009 (\$80k less than the amended budget) due to decreased holdings of cash as well as lower rates of return.

Multifamily Fee Income for FY2010 is budgeted at \$634,607. Projected actual for this past year is estimated at \$400,000 approximately \$238,000 under budget. The shortfall in income projections is the result of lower than anticipated volume of closed loans. FY09 anticipated 15 to 20 project closings with production of \$24 million. While staff worked on 13 projects during the year, only 4 closed, of which only 3 generated fee income. Eight projects which were approved for funding in the amount of \$29 million remain pending closing but due to timing and other factors, will not close before this fiscal year-end, but are anticipated to close in FY2010.

Multifamily fee income includes: origination fees (points), tax credit origination fees, HAP Contract Administration Fee Income, and Tax Credit Monitoring Fee income. Fee income also includes amortization of fees paid to the Agency for work staff completed on the Winooski project and reimbursements of legal and construction fee expenses.

Gain on Sale of Loans (Single Family) - This is the first budget year that includes this line item. Gain on sale of loans relates to delivery of loans into the Fannie Mae cash window. VHFA rates are set daily according to cash window prices available from USBank, and set so as to remain competitive with conventional rates, with a target net gain on sale to VHFA at 75 basis points. We assumed that of \$60 million in total production, \$25 million would be securities that generate interest income over the life of the loans, and \$23 million would be delivered into the cash window with a planned gain on sale of loans totaling \$123,500 in FY2010.

Single Family Fee Income consists of fees charged for REALTOR training classes and service fee income on loans we service for Rural Development.

Miscellaneous Income includes rental income from one tenant in the Annex (\$15,120) and the Northgate land rental (\$41,000), as well as other miscellaneous items. The FY2010 budget is flat relative to the original FY2009 budget.

IORTA Income - A separate line item IORTA Income was added to the budget spreadsheet to isolate a one-time recognition of pass-through revenue related to IORTA funds in FY2009, which is offset in fund transfers. Therefore, there was no net impact to the bottom line for this transaction.

Fund Transfers. This category represents the surpluses transferred from the bond programs to fund operations. We plan to fund our draws at a level higher than FY2009 projected actual, but below the amended FY2009 budget. As in FY2009 the Agency plans to depend less on fund transfers to fund operations than in previous years. The Agency plans to leverage remaining cash in the general fund to cover the balance of operating costs. Also, as mentioned in the Budget Overview, until the liquidity issues and the related excessive interest charges are corrected, the Agency will continue to make the assumption that we will not depend on funds from the Single Family Housing Bonds to fund operations in FY2010. As always any fund transfers will be supported by the cash flows supplied by our financial advisors.

EXPENSES:

Projected Actual Total Expenses and Other Costs for FY2009 are anticipated to come in 10.89% under the amended budget for the year and \$827k or 13.9% under the original budget. The expenses for FY2010 are more than \$1 million or 17.4% below the original FY2009 budget. The FY2010 budget is also 14.5% lower than the amended FY2009 budget and 4.06 % lower than the FY2009 projected actual. The decrease relates mainly to reductions in salaries and wages, employee benefits and payroll taxes due to reductions made in FY2009 and the reduction in organizational subsidy to the Homeownership Centers. Total expenses in FY2009 were reduced despite having to incur over \$218k in additional professional fees due to liquidity and ARC replacement activity.

Explanations of the key expense areas follow:

Commissioners Expenses. FY2009 projected actual is under budget because no Commissioners attended an NCSHA conference (\$2,000) and two board members have declined reimbursement (\$2,000). Elimination of the NCSHA conference and above reimbursements has resulted in a similar reduction in FY2010 budget amount.

Consulting. Consulting expenses are budgeted at \$44,340 for FY10 compared to \$64,025 budgeted in FY2009 and projected actual at \$74,073. Consulting on the production side of the Agency includes expenses for professional services that are not reimbursed by or attributable to new multifamily or single family loans. This may include appraisals, review appraisals, market studies, rent comparability studies, multifamily capitalization rate opinions, and other professional services that are required from time to time. In addition to these, we have increased the consulting provisions for MF Management and Development to recognize the increasing work we are requesting from outside sources including: Allen & Brooks, and Dave Anderson, for their work on Housing Studies, Setting Cap Rates, and Cost of Housing.

The FY2009 consulting budget includes \$15,000 for the implementation of recommendations related to the 2008 organizational review process. As a result of the December budget reductions only \$3,379 of the \$15,000 was spent. Though there is still a need for support in the areas of leadership skills, change management, decision making, delegation and staff development, this support will continue to be on the back burner until the financial markets turn around.

The IT data warehouse project was placed on hold in December resulting in \$16,000 not being expended. Public Affairs also did not sponsor any inter-agency initiatives resulting in \$2,500 being unspent.

Contract Services include among other things: single family file storage facility fees, ADP payroll processing fees and reimbursable construction inspection fees. Projected actual expenses for FY2009 will come in roughly \$20,000 under a budget of \$84,986. Multifamily construction fee expenses were lower than expected due to lower than expected closings. Additionally, we reduced file storage expenses for single family loans by moving all files on-site. We are budgeting \$45,417 of which \$35,000 is reimbursable construction loan inspection fees.

Employee Benefits. Employee benefits (minus pension expense are expected to be under budget in FY2009 by 9.9%. The FY2010 budget of \$490,898 reflects an 11.7% decrease over the FY2009 budget primarily due to the decision to not move to a high deductible health plan this past year and also due to the staff reductions implemented in FY2009. The FY2010 budget does include a health insurance premium increase of 10% for 2010. In March 2009, the health insurance plan was also changed to have higher employee copayments and as well as higher staff contributions toward the insurance premiums.

Dental insurance is anticipated to increase 7%, while life, STD, and LDS will increase in the vicinity of 2% for the coming year. Employee Benefits line item also includes health insurance buyout, tuition reimbursement, workers compensation, EAP, flex plan administration, health program, car allowance, and adoption benefits.

This line item does not include the benefits associated with the full-time NSP position and also the work on the Housing Needs Assessment. These amounts will be netted out of the income line item '**HARP & Special Programs Income.**'

Legal Expense. Legal Fee Expense was originally budgeted in FY2009 at \$50,000 then revised upwards to \$71,000 in December 2008 reflecting the increase in legal fees being incurred for work done around our Single Family variable rate debt, and legal fees on Rockingham Canal House. The proposed budget for legal fee expense in 2010 is \$41,000, reflecting a return to more normal volume of legal issues that require outside legal assistance. This also assumes we have in-house counsel to minimize reliance on outside counsel. The FY2010 budget includes a \$5,000 provision for outside legal work, which is a 50% reduction from FY 2009 due to expected lower legal fees by virtue of having completed the pension project and the Rockingham Canal House foreclosure. The remaining fees are for legal work that may be required for contract reviews related to the MBS implementation, legal fees related to bond issues for Development based on the number of closings, and MF Management for a couple of projects on the Watch List that may require outside legal assistance.

Liability Insurance. For the second year in a row, the Agency received a premium holiday on its general liability policy with the State of VT (savings of ~ \$5,000 each year). It was anticipated that we would experience a 50% premium holiday for FY2009 vs. the 100% it received. The Agency also experienced lower than anticipated premiums for property and Mortgage E&O policies, resulting in FY2009 coming in under budget. FY2010 budget reflects an increase over FY2009 due to the expiration of the State premium holiday.

Maintenance Agreements. FY2009 projected actual and FY2010 budget amounts are lower than the FY2009 budget due to not implementing some of the HDS Multifamily software modules in this fiscal year. The remaining two modules will be postponed until FY2011.

Marketing & Outreach is comprised of all radio and print advertising, promotional items and various event sponsorships. This was budgeted at \$216,000 for FY2009 (\$88,000 is shown "below the line" as part of our Cost of Issuance). FY2009 will be significantly below budget (\$81,718) as a result of the December 2009 budget adjustments. FY2010 budget of \$100,350 will be more than 50% less than the FY2009's budget. (Nothing budgeted 'below the line').

Occupancy. The projected actual for FY2009 is lower than budget by 6%, primarily due to lower than expected non-recurring misc facilities expenses. Staff continues to find ways to reduce occupancy expenses in these challenging times and as such the FY2010 budget will be only 3.6% higher than FY2009 projected actual.

Pension Expense. FY2009 projected actual and FY2010 budget amounts are down as a direct result of the staff reductions in FY2009.

Printing. The FY2009 projected actual of \$8,076 is 59% less than the FY2009 budget of \$19,750 for the following reasons: the Agency produced an electronic Holiday card resulting in no printing expenses; no special Housing Papers were produced this past year; and the Housing Wages report

had minimal copies made and was funded through the Housing Awareness Campaign. The FY2010 budget of \$3,750 reflects similar savings for FY2010 in addition to the Agency curtailing its production of the annual report in calendar format. A smaller report will be generated with minimal copies printed. The Homeownership department also anticipated some reduction in its printed promotional/marketing material.

Salaries and Wages - The FY2009 projected actual will be \$53,823 less than the original FY2009 budget. The FY2010 budget will be even further reduced by an additional \$243,530 for a total of \$297,353 from the FY2009 budget amount. This represents a 12.39% decrease in salary expense for FY2010 - all as a direct result of the staff reductions in FY2009. The FTE count will drop from 41.7 for FY2009 to 36.1 for FY2010 for a total reduction of 5.6 FTEs or 13.4%.

The FY2010 budget includes baseline salaries as of June 30, 2009 with no staff salary increases for FY2010. An amount for possible overtime was included (not necessarily at OT rates) due to several hourly staff moving to part-time hours as part of the downsizing in March of this year. An additional small amount was added for any job changes or other variable that may come up during the year.

The salary budget DOES NOT include the NSP Specialist position and salaries associated with the work for the Housing Needs Assessment for the State. These amounts will be netted out of the income line item '**HARP & Special Programs Income.**'

Staff Travel and Training. FY2009 projected actual staff travel and training amount will be \$58,205 below the FY2009 budget amount. All non-critical travel/training was curtailed due the current financial environment. FY2010 budget of \$70,389 reflects a similar philosophy for fiscal year.

Temporary Services. A contingent budget of \$3,000 will remain for FY2010 though none was expended in FY2009.

Trustee Fees. FY2009 projected actual is approximately \$46,000 lower than the original and amended budgets. This was mainly because the Agency didn't contract for the Five Year Financial Study completed every five years by the Agency's Financial Advisor (also referred to by Piper Jaffray as the Capital Adequacy Study). Given the constant ongoing analysis of the Agency's financial situation throughout the year, the timing of the study seemed unnecessary and redundant. The Agency has also not included this expense in the FY2010 budget for the same reason. The budget for FY2010 is up slightly from the FY2009 projected actual to account for any unusual trustee fees due to liquidity replacements, etc.

Software Conversion. The Board approved a total budget not to exceed \$390,000 for the implementation of the new software. One time expenses of \$36,900 were spent in FY2007; \$37,500 was expended in FY2008 and approximately \$6,684 for FY2009. The capital budget expenses through FY2009 for the project were projected at \$236,000 and will be depreciated over five years. This project is moving more slowly than originally anticipated and as a result some capital expenses are not occurring in FY2009 as originally planned and may be moved out as far as FY2011.

The project is still within budget; however items are being allocated a bit differently between expenses and capital expenditures. Actual expense items for FY2009 will be \$6,684, well below the \$71,150 budgeted. Substantially less training was required; however there was unexpected business and software analysis expenses incurred in addition to the actual conversion expenses being more than anticipated. The one-time expense items for FY2010 are expected to be \$11,000 and there will be no capital expenses anticipated at this time.

Capital Budget. (Attached) In December the Capital budget was substantially reduced as a direct result of the current economic environment - \$108,840 in technology and \$20,100 in furniture/facilities. The FY2010 budget amount of \$81,929 reflects required technology capital items needed to ensure the network is reliable and stable. The furniture/facilities expenses include repair of the Annex exterior (repair doors and paint) and roof leak, contingency for very old heat pumps and misc furnishings.

Of the FY2009 budget of \$372,528, which includes the previously approved software conversion project expenses - approximately \$150,000 was expended. Another \$70,000 in Mitas and HDS software implementations were not completed in FY2009. An additional \$20,000 in furniture/facilities items were also not completed, though not officially cut in the December budget adjustments.

Special Note:

In FY2009 the Board approved the implementation of Server Virtualization (SV) in the amount of \$100,000. This project would have paid for itself within five years; however the initial outlay is more than the Agency could do at this time. As a result of not implementing SV, the Agency is in need of replacing 3 servers that no longer are on warranty, adding a new UPS unit for these servers and also purchasing additional licenses of our backup software as the number of servers is increasing. These new expenses total \$25,400 or one-fourth of the cost of doing SV. It is also anticipated that there will be a need to replace 2-3 more servers in FY2011. As we make these individual purchases vs. implement SV we are losing the financial benefits of implementing this new technology though the business benefits are still very strong to move forward with this technology.

Funds were also eliminated from the FY2009 Capital and various expense budgets for the implementation of a data warehouse that would dramatically improve the Agency's data retrieval and report generation processes. Should there be an upturn in the Agency's financial situation, staff may return to the Board for a budget adjustment request for an additional \$7,000 for the capital budget and \$18,250 in consulting, training and software maintenance expense.

Organizational Subsidy – Organizational Subsidies were originally budgeted at \$415,000 for FY2009, and reduced to \$290,000 in December 2008. The FY2010 budget has been further reduced to \$50,000 which only includes a \$30,000 provision for home buyer educational fee reimbursements to the home ownership centers, \$15,000 sustaining membership dues to Housing Vermont, and \$5,000 provision that enable VHFA to co-sponsor events with other housing partners if asked.

Loan Losses/ Delinquencies – We recommend a loan loss provision for Homeownership of \$500,000 for FY2010. Loan losses for FY2009 are expected to be \$469,748, and are higher than budgeted at \$300,000. We anticipate loan losses for 2010 will be similar to this past year.

Loan Loss Provisions for Multifamily are recommended at a total of \$400,000 for FY2010 covering existing multifamily portfolio loans, multifamily and single family predevelopment loans, and single family construction loans.

Service Release Premiums: All single family production loans purchased by VHFA in FY2010 will be purchased with servicing release to VHFA/USBank. Servicing release premiums that will be paid to our participating lenders will either be covered by premiums paid to VHFA by USBank in the case of loans securitized or sold to Fannie Mae. We anticipate only purchasing \$2 million in Whole Loans where a service release premium will be paid to the lenders by VHFA. That amount is shown on the budget for FY2010 as a \$25,000 expense, which will be offset by borrower paid points in the amount of \$40,000 (see Origination Fees below). There are no budgeted amounts for the acquisition of bulk servicing portfolios. In the event we are able to acquire bulk servicing, staff will provide the Board with specific cost benefit analysis at that time.

Origination Fees. Origination Fees in FY2009 and all prior years reflected a 1.25% fee VHFA paid to all lenders on every loan. These fees were budgeted at \$800,000 last year, and are shown in the FY2010 budget as a negative \$40,000. The \$40,000 reflects points that VHFA is charging on the planned \$2 million in Whole Loans it has budgeted to purchase in the DIRECT Loan Program. These fees offset the service release premiums noted above, and assist in building loan loss reserves to meet rating agency requirements for whole loans.

Recommended Action:

Approval of the FY2010 operating and capital budgets as presented.

FY 2010 GF OPERATING BUDGET COMPILATION
INCOME AND FUND BALANCE TRANSFERS

Audit Risk Committee 06/04/09

	PRIOR YEAR - FY 2009			COMPARISONS		
	Original Budget FY 2009	Amended Budget FY 2009	Projected Actual FY 2009	% Change 2009 Amended Budget to 2010 Budget	% Change 2009 Proj Act to Amended 2009 Budget	% Change 2009 Proj Act to 2010 Budget
Income:						
Interest Inc - Loans	794,500	849,500	850,722	-34.51%	0.14%	-34.60%
Multi-Family Fees	638,000	638,000	400,000	-0.53%	-37.30%	58.65%
Gain on Sale of Loans	n/a	n/a	0	n/a	n/a	n/a
Miscellaneous Income	64,772	64,772	63,530	-0.31%	-1.92%	1.64%
IORTA Income	n/a	75,000	75,000	n/a	n/a	n/a
HARP & Special Programs	n/a	n/a	0	n/a	n/a	n/a
Interest Inc - Investments	128,250	100,407	30,865	-80.08%	-69.26%	-35.20%
Single Family Fees	21,000	21,000	14,382	-38.10%	-31.51%	-9.61%
Total Income	1,646,522	1,748,679	1,434,499	-14.45%	-17.97%	4.29%
Fund Transfers:						
SF Housing Bonds	2,900,000	2,475,000	1,100,000	-100.00%	-55.56%	-100.00%
SF Insured Mtg Bonds	550,000	550,000	550,000	18.18%	0.00%	n/a
SF Home Mtg Purchase Pgm	350,000	350,000	350,000	471.43%	0.00%	471.43%
MF Mortgage Bonds	575,000	575,000	575,000	13.04%	0.00%	13.04%
MP Bonds	0	(75,000)	(75,000)	n/a	n/a	n/a
MF Direct Placement Bonds	125,000	125,000	125,000	0.00%	0.00%	0.00%
Total Fund Transfers	4,500,000	4,000,000	2,625,000	-14.38%	-34.38%	30.48%
** Use of General Fund Cash	n/a	n/a	1,054,660	n/a	n/a	-100.00%
Summary:						
Income, Fd Trsfers & GF Cash	6,146,522	5,748,679	5,114,159	-14.40%	-11.04%	-3.78%
Expenses & Other Costs	(5,941,695)	(5,738,960)	(5,114,159)	-14.50%	-10.89%	-4.06%
Budgeted GF Surplus	204,827	9,719	0	48.12%	-100.00%	n/a

** The Agency typically budgets a small cash surplus each year for its operating budget. The GF surplus simply represents the excess of cash transfers from programs to cover operating expenses net of operating income. During fiscal year 2009 management decided to fund a significant portion of 2009 operations from accumulated prior years General Fund surpluses rather than from program transfers. The decision was driven by the need to preserve program cash to cover increased cash needs resulting from the liquidity/VRDO stresses, as well as transfers for future operations.

Vermont Housing Finance Agency
FY YEAR 2010 GF OPERATING BUDGET COMPILATION

EXPENSES BY DEPARTMENT

Audit Risk Committee 06/04/09

Expenses:

Audit

Administration
(1-10-11)

Public Affairs
(1-10-12)

Administration

Information Tech
(1-10-13)

Info Systems

Finance
(1-20-21)

Finance

Development
(1-30-31)

Development

Homeownership
(1-30-32)

Homeownership

Multi-Family
(1-30-33)

Multi-Family

Commissioner Expenses

70,000

5,000

8,000

1,000

3,100

Consulting

5,000

15,000

7,240

5,000

8,000

1,000

3,100

Contract Services

6,717

500

1,352

1,000

35,000

1,200

2,500

Dues & Subscriptions

23,000

23,575

42,621

96,123

1,925

6,750

2,300

Employee Benefits

75,329

23,575

42,621

96,123

62,084

108,328

82,838

Interest Expense

5,000

5,000

5,000

7,000

15,000

9,000

5,000

Legal Expense

19,446

19,100

91,650

500

500

70,500

4,250

Maintenance Agreements

13,734

19,100

91,650

500

500

70,500

4,250

Marketing & Outreach

6,000

19,100

91,650

500

500

70,500

4,250

Miscellaneous & Other

4,105

19,100

91,650

500

500

70,500

4,250

Occupancy

93,322

19,100

91,650

500

500

70,500

4,250

Office Supplies

21,431

19,100

91,650

500

500

70,500

4,250

Payroll Taxes

23,823

8,027

14,512

31,706

21,138

34,840

28,204

Unemployment Contributions

27,000

10,792

19,510

42,628

28,420

46,841

37,920

Pension Expense

29,218

10,792

19,510

42,628

28,420

46,841

37,920

Postage

17,720

750

190,571

416,381

500

2,000

500

Printing

285,400

105,411

190,571

416,381

500

2,000

500

Salaries and Wages

20,625

3,075

5,215

7,950

7,915

11,334

14,275

Loan Securitization

24,228

3,075

5,215

7,950

7,915

11,334

14,275

Staff Travel & Training

3,000

3,075

5,215

7,950

7,915

11,334

14,275

Telephone

3,000

3,075

5,215

7,950

7,915

11,334

14,275

Trustee & FA Fees

712,558

186,230

377,491

974,811

458,079

809,331

551,280

Prof Fees - Liquidity / VRD

712,558

186,230

377,491

974,811

458,079

809,331

551,280

Other Costs (general fund):

Loan Interest Cost

Organizational Support

Ventures Loan Losses

Software Conversion

Total Other Costs (general fund)

Depreciation

Total Expenses, Other Costs & Depreciation (general fund)

Selected Bond Program Costs (income):

Single-Family Loan losses

Multi-Family Loan losses

Outreach & Marketing - new bond COI

Servicing Release Premiums

SF Loan Origination fees

Professional Fees Liquidity / VRD

Professional Fees Liquidity / VRD

Professional Fees Liquidity / VRD



Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners
FROM: Patricia M. Loller, Director of Administration
DATE: June 12, 2009
RE: 403(b) Retirement Plan Resolution

Action Requested:

Adoption of the attached retirement plan resolution to reduce the number of hours work from 1000 per year to 500 per year for purposes of calculating employee vesting.

Discussion:

The Agency's vesting schedule is 20% per year for the first five years of service after which point the employee will be 100% vested in the profit sharing employer contribution. This schedule applies if the employee works a minimum of 1000 hours/year (or 20 hours/week). Staff is recommending that the number of hours worked requirement be lowered to 500 hours worked/week in order to allow regular (permanent) staff working less than 20 hours to be vested for the employer profit sharing contributions.

The Agency has very low turnover, so the monetary risk associated with this change is minimal.

Attached is a copy of the Summary of Material Modifications that will be distributed to all plan participants and the associated resolution for your approval.

Please don't hesitate to give me a call with questions at 652-3425.



Vermont Housing Finance Agency

**RESOLUTION RE: VHFA 403(b) RETIREMENT SAVINGS PLAN
VESTING COMPUTATION**

WHEREAS, the Vermont Housing Finance Agency (the “Agency” or “VHFA”) wishes to adopt a certain change to the VHFA 403(b) Retirement Savings Plan as follows:

NOW, THEREFORE, BE IT RESOLVED:

1. That effective **January 1, 2009** the VHFA 403(b) Retirement Savings Plan (the “Plan”) document section **Vesting Service Computation Rules** shall be amended to read as follows:
 2. Number of Hours of Service necessary for a Year of Vesting Service: **500**
(Not more than 1,000 if the Adoption Agreement provides that the Plan is subject to ERISA. If left blank, the Plan will use 1,000 Hours of Service.)
2. That all participants in the Plan be notified of the change in writing as soon as possible by distribution of the attached “Summary of Material Modifications.” This information will be maintained with the master Summary Plan Description and enrollment materials for distribution to future participants.

**SUMMARY OF MATERIAL MODIFICATIONS
VHFA 403(b) Retirement Savings Plan**

NOTICE: To all Participants and Beneficiaries of the VHFA 403 (b) Retirement Savings Plan

Effective January 1, 2009 the following change has been made to your plan:

Hours of Service necessary for a Year of Vesting Service has been reduced from
1000 hours to **500** hours.

You should attach this document to your current Summary Plan Description for future reference.

Sincerely,

Vermont Housing Finance Agency
EIN: 03-0239902
June 2009



Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Director of Development *JE*
Cynthia Reid, Senior Development Underwriter *CR*
Joshua Slade, Development Officer *JS*

DATE: June 11, 2009

RE: Recommendations for June Tax Credit Projects

Recommended Board Action: Staff evaluated applications for housing credits for five projects and construction financing for one project. Staff recommends that the Board adopt resolutions in the form attached hereto with respect to Shelburne Wood and Upper Story. (Staff propose funding Shelburne Wood and Upper Story at this time.) Staff recommend not allocating ceiling credits to: Grandway II, Centre Drive and Wexford at Quarry Hill.

Discussion: Of the five applications under consideration the two which meet the most elements of the Qualified Allocation Plan (QAP) are Shelburne Wood and Upper Story (see enclosed Housing Credit Status Report). Both are highly competitive developments that meet many priorities of the State's Consolidated Plan. Of these two developments, Staff believe it likely that Upper Story can proceed to construction closing earlier: it does not need an Act 250 permit, and the project has local support. Upper Story has funding \$875,000 committed from VHCB (which is all that it sought) and still needs funding commitments of \$495,000 from TCAP. Windham Housing Trust will be seeking those funds in July 2009. Shelburne Woods has funding commitments from VHCB of \$500,000 (which is all that it sought) and still needs funding of \$1,000,000 from VCDP, and is seeking those funds in September 2009.

One other factor for consideration: the Brattleboro Food Co-op owns the Upper Story site and is the driving force behind this re-development. The project is planned to be four stories with the Brattleboro Food Co-op in the lower half of the building and 24 units (19 of which are affordable) in the upper two floors. However, if the housing funding cannot be assembled this summer, the Co-op intends to proceed with a different building design that does not have any housing in the upper stories. The Co-op has expressed to Housing Vermont and Windham Housing Trust that the Co-op needs to make a decision on this by July. (The Co-op will allow time for the Sponsors to apply for TCAP funds in July before pursuing the no-housing option).

For these reasons, Staff recommends Upper Story receive \$445,000 of the remaining 2009-2010 Housing Credits. With this allocation the project is expected to be ready to proceed in Fall 2009, and without this allocation (or comparable other funding) the project will be developed without an affordable housing component. As a condition of this award, the sponsors of Upper Story are requested to seek New Markets Tax Credits (the site is currently ineligible), and if such funding is obtained, to reduce the credit award or the VHCB commitment accordingly. Staff also recommends approving a construction loan in the amount of \$3,500,000.



Shelburne Woods meets the same number of QAP evaluation criteria as Upper Story. Under current rules, Shelburne Woods cannot apply for CDBG funds without an allocation of Housing Credits. The sponsors of Shelburne Woods have made a substantial investment of time and non-public money in the design and engineering of the site, and continue to do so on a monthly basis. (If there is a local "NIMBY" struggle in getting permits, this expense is likely to increase.) The first phases of Shelburne Wood will protect the affordable housing options, in an expensive community, for the approximately 22 households that face the certain closure of their mobile home park. Future phases of this development have been represented to include for-sale homes within VHFA's first-time homebuyer price limits. For all these reasons, Staff recommend an award of Housing Credits for this development at this time.

If the recommended credits are given to Upper Story, there is approximately \$45,000 in 2009-2010 ceiling credits remaining. Staff believe that an award of only \$45,000 to Shelburne Wood (out of a requested \$957,301) would not create a financially viable project: no investor would be interested in such a small allocation, and the funding gap would be so huge that the other comparable housing resources in the State would not be sufficient to ever fill this gap. For these reasons, an allocation of only \$45,000 (and an invitation to the Sponsors to apply for the balance in January 2010) would in Staff's opinion constitute a de facto "forward commitment" of the remaining \$912,301 from the 2011 credit ceiling.

Therefore, Staff recommends allocating the remaining 2009-2010 credits to Shelburne Wood, and forward allocating the balance from the 2011 Housing Credit Ceiling, to the full amount of \$957,301.

In concurrence with the recommendation on Shelburne Wood from VHCB, staff recommends a condition to the award that the developer must apply for VCDP funds in July 2009. If the Town of Shelburne is unwilling to apply for these funds, staff recommends we revoke the Housing Credit award. As a second condition of the Shelburne Wood award, the Sponsors are requested to seek funding from the Agency of Transportation for the costs of the Route 7 intersection, and if such funds are obtained, to reduce the credit award or the VHCB commitment accordingly.

The award to Shelburne Wood will require three waivers from the current QAP: 1. Mixed Income – the first two phases consist of 48 units owned by two separate partnerships. There will be 34 affordable units within one of those phases (out of a total 34), and so that phase of the development is not mixed income. 2. Over 30% of Ceiling – Staff feels that this project is significant enough to receive an allocation greater than 30% of the Ceiling. 3. The development requires a forward allocation beyond the two years described in the Plan.

Project Summaries (Updated since April 2009)

Name:	Upper Story Housing	Location:	Brattleboro
Housing Type:	General Occupancy	Unit Type:	Flats
Total Units:	24 Total 19 Housing Credit	Unit Sizes:	4 0-Br @ 465 s.f. 18 1-Br @ 680 s.f. 2 2-Br @ 935 s.f.
Total Cost:	\$4,985,947	Per Square Foot Land & Buildings Cost:	\$174
Housing Credits:	\$445,000	Sponsor:	Windham Housing Trust and Housing Vermont
Construction Loan:	\$3,500,000	Other Funding Sources:	Efficiency Vermont, TCAP
Committed Funding Sources:	VHCB, HOME		

Summary: Windham Housing Trust (WHT) and Housing Vermont (HVT) are developing, along with the Brattleboro Food Co-op, a four-story new building on 4-acre parcel in downtown Brattleboro. The third and fourth floors will be developed into mixed income apartments – 24 total units, of which 19 are tax credit units, and 5 units will serve households above 60% of area median income. The sponsors have secured four Project-Based Section 8 vouchers from BHA in order to serve four lower-income households. The first and second floors (not part of the tax credit application) will house the new expanded Food Co-op and its business office. The community-driven planning process for the Co-op expansion led to the addition of affordable housing, and the desire to have a green building. An applications for the housing will be submitted to VHFA for TCAP (July decision). Local and State permit approvals are anticipated by August or September 2009. Act 250 is not required as the project is located in a designated downtown. WHT will manage the property upon its completion. The market study strongly supports the proposal, as the Brattleboro market area continues to have a low vacancy rate, and a need for more units, especially one-bedroom units.

Tax Credit Summary: The project meets 4 upper tier and 3 lower tier criteria: 1) new construction in a low vacancy rate area; 2) project provides for a local or regional need for another type of housing (rather than family) as demonstrated by a market study; 3) project maintains historic settlement pattern; 4) project is in a designated downtown; 5) project is mixed-income (20% units > 60% of area median income); 6) housing affordable to households earning less than or equal to 30% of the AMGI; and 7) project serves families currently on public housing waiting lists.

The project, if funded and permitted on schedule, could begin construction in the Fall of 2009.

Name:	Shelburne Wood I	Location:	Shelburne
Housing Type:	General Occupancy	Unit Type:	Flats and townhouses
Unit Count:	48 Total 34 Housing Credit Note: info on the 34 unit development follows	Unit Sizes:	3 1-Br @ 1,200 s. f. 30 2-Br @ 1,400 s. f. 1 3-Br @ 2,000 s. f.
Total Cost:	\$10,629,750	Per Square Foot Land & Buildings Cost:	\$185
Housing Credits:	\$957,301	Sponsor:	Green Mountain Development Group and Housing Foundation Inc.
Other Funding Sources:	VHCB, VCDP, Amortizing Debt, Developer's Equity		

Summary: Green Mountain Development Group (GMDG) and Housing Foundation, Inc (HFI) are developing two side-by-side projects, simultaneously, totaling 48 rental units. The overall site is 44 acres, of which 20 will be deeded conservation land and 24 acres will ultimately be developed. The ownership of this first phase will be divided into two partnerships with the 34 unit Housing Credit development in one partnership. No subsidies are being sought for the 14 unit market development. Of the 34 units in the Housing Credit development, 22 are replacements for an existing mobile home park, which is being removed. Seven are new construction, and five are rehab units in existing historic structures. The site is served by municipal water and sewer and natural gas. The sponsors have been working with the town and the seller for a substantial time to assemble a redevelopment plan for this site. As of February 2009 all local zoning is in place to allow for the entire site build-out (i.e. these 48 units, and approximately 224 units in all future phases of the larger site) as shown on the attached plans. The developer expects to proceed along the following schedule: local permits by 7/09; State and Act 250 permits by 10/09; construction start 11/09 (assuming no delays or appeals, and all funding secured). The schedule shown for expected funding is: 500,000 VHCB by 06/09; \$1 million VCDP by 09/09; debt and equity are committed via a letter of interest.

Tax Credit Summary: The project meets four of the top tier criteria: rehab / infill new construction, family housing, maintains historic settlement patterns, and in a designated village center. The project also meets at least two lower tier criteria: serves households below 30% of area median income (for 12 of the 34 restricted homes), and serves households on public housing waiting lists (for the same 12). Staff also would credit the project with meeting the mixed-income criterion, because a simultaneous market-rate rental development is being constructed adjacent and concurrently by the same developer and as part of the same site. Staff understands that the Sponsor will convert 22 of the units to homeownership after the 15 year compliance period.

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: CONSTRUCTION FINANCING AND
PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS FOR
UPPER STORY HOUSING, TOWN OF BRATTLEBORO**

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Windham Housing Trust, Inc. (the "Sponsors") on behalf of a to be formed limited partnership in which one or more of the Sponsors or their subsidiaries or affiliates will be general or co-general partner(s) (the "Borrower") involving the new construction of twenty-four (24) units of general occupancy rental housing in the Town of Brattleboro (the "Development"); and

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

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

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

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi, Cynthia Reid and Joshua Slade entitled "Recommendations for June Tax Credit Projects" dated June 11, 2009 containing information, recommendations and conditions about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of the units are for occupancy by persons and families of low and moderate income.

2. The acquisition, construction or rehabilitation 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(s).

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

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making one or more mortgage loans to the limited partnership to be created by the Sponsors for the construction financing of the Development based on the recommendations and conditions in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Sponsors in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more mortgage loans to the Borrower for the construction financing of the Development based on the recommendations and conditions in the attached Memorandum. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan(s) for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements

of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions, if any, described in the Memorandum.

4. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the Memorandum and the 2009-2010 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of \$445,000.00 for the Upper Story Housing project in the Town of Brattleboro, Vermont.

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS FOR SHELBURNEWOOD I, TOWN OF SHELBURNE

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

WHEREAS, an application has been submitted to the Agency by Green Mountain Development Group, Inc. and Housing Foundation, Inc. (the "Sponsors") on behalf of a to be formed limited partnership in which one or more of the Sponsors or their subsidiaries or affiliates will be general or co-general partner(s) (the "Borrower") involving the acquisition, rehabilitation and new construction of a total of thirty-four (34) units of general occupancy rental housing in the Town of Shelburne (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi, Cynthia Reid and Joshua Slade entitled "Recommendations for June Tax Credit Projects " dated June 11, 2009 containing information, recommendations and conditions about the Development (the "Memorandum");

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the Memorandum, including the described waivers, and in the 2009-2010 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of \$957,301.00 for the Shelburnewood I housing project in the Town of Shelburne, Vermont.

Tax Credit Assistance Program (TCAP) Possible Projects											
Project	City/Town	County	Funding Readiness	As of 6/18/09 Permitting Readiness	Other Info	# Units	9%/4%	VCDP	VHCB	TCAP Low	TCAP High
Alburgh Family	Alburgh	Grand Isle	Needs NSP All funded but \$170,000	n/a		13	9%	0	0	\$0	\$1,130,000
Anne Wilder Richards	Brattleboro	Windham		All set	will start const 7/09	21	9%	Y	Y	\$0	\$170,000
Centre Drive	Milton	Chittenden	Credits & Debt only by 5/09	Local Approval		24	applied 9%	N/A	N/A	\$1,585,455	\$1,585,455
Courtyard	Winooski	Chittenden	Needs all	Needs all		101	4%	N/A	N/A	\$0	\$700,000
Grand Way II	So. Burlington	Chittenden	Needs VHCBC & VCDP; has HOME	Needs local & Act 250 amendmt		30	applied 9%	applied	applied	\$2,260,000	\$2,260,000
Missisquoi Manor	Richford	Franklin	Applied for RD	All set	could start 9/09	24	4%	N/A	\$195,000	\$125,000	\$175,000
Pine Manor	Alburgh	Grand Isle	Applied for RD	All set	could start 9/09	16	4%	Applied	\$240,000	\$270,000	\$270,000
Pleasant Street	St. Albans	Franklin	RD	All set	could start 10/09	24	4%	N/A	\$330,000	\$200,000	\$200,000
Salisbury Square	Randolph	Orange	needs all but credits	Needs local & Act 250		14	9%	applied	Y	\$0	\$176,545
Salmon Run	Burlington	Chittenden	needs perm fin	n/a		79	4%	N/A	Y	\$1,500,000	\$1,500,000
Shelburne Woods I	Shelburne	Chittenden	needs all	Needs local & Act 250		48	applied 9%	will apply	Y	\$0	\$1,000,000
Upper Story	Brattleboro	Windham	All set	Needs local only	could start con	24	applied 9%	N/A	\$875,000	\$495,000	\$495,000
Vergennes Senior	Vergennes	Addison	reapplying for HUD 202	Needs permits		25	9%	applied	applied	not yet determined	
Wexford at Quarry Hill	So. Burlington	Chittenden	needs all	All set		32	applied 9%	N/A	N/A	\$2,904,000	\$2,904,000

\$ 9,339,455 12,566,000

Estimated TCAP Available \$ 5,416,546



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

Vermont Housing Finance Agency
164 St. Paul Street – Board Room
Burlington
Friday, June 19, 2009 8:00 a.m.

VHFA Board Members Present:

Lisa Mitiguy Randall (Chair), Rob Alberts, Tom Candon (designee for Thabault), Dayne Canney, Kevin Dorn, Bart Frisbie, Polly Nichol (designee for Gus Seelig), Beth Pearce (designee for Spaulding), Tom Pelletier

Staff Present:

Dave Adams, Scott Baker, Sarah Carpenter, Tom Connors, Renee Couture, Pat Crady, Joe Erdelyi, Sam Falzone, Lori Gilding, Tim Gutchell, Pat Loller, Cindy Reid, Josh Slade

Guests:

Nancy Owens, Housing Vermont; Amy Wright and Molly Dugan, Cathedral Square Corporation; Raymond High, Citi Group; Richard Williams, Vermont State Housing Authority; Charlie Brush and John Giebink, Green Mountain Development Group; Liz Nickerson, Nickerson Eller, LLC; Connie Snow, Windham Housing Trust

BOARD MEETING

Chair Mitiguy Randall called the Board meeting to order at 8:10 a.m.

BOARD MINUTES

Mr. Candon made a motion to approve the May 11, 2009 Board of Commissioners meeting minutes. Mr. Frisbie seconded the motion which was approved by all except Ms. Nichol who abstained from the vote.

CONSENT AGENDA

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

- ~ Resolution Regarding Bridge Financing for Rockingham Canal House, Village of Bellows Falls, Town of Rockingham
- ~ Resolution Regarding Increase in both Construction Financing and Proposed Use of Bond Housing Credits for Cathedral Square Senior Living, City of Burlington
- ~ Resolution Regarding Freddie Mac Authorized Persons
- ~ Resolution Regarding Approval of Purchase and Sale Agreement for Rockingham Canal House, Village of Bellows Falls, Town of Rockingham

Mr. Dorn seconded the motion which was unanimously approved.



EXECUTIVE DIRECTOR'S REPORT

Ms. Carpenter reviewed the Executive Director's report and the recent activities of staff. She reported that staff has been extremely busy during these demanding times. Ms. Carpenter informed the Board while in Los Angeles she met with David Pearle from FHFA, regulator for the GSE's. David Pearle informed the group that the HFAs' housing issues are now in the hands of the Attorney's office at Treasury. Ms. Carpenter said the HFAs are hearing that there will be a positive outcome from the Federal government, but is unsure of the timing.

Ms. Carpenter reviewed legislative items that came from the last session. She reported at this time no opinion has been given or asked for regarding the Agency of Commerce reorganization. She anticipates a study will take place and more information will be available later summer. Ms. Carpenter will keep the Board updated as more information becomes available.

Mr. Connors confirmed that Fitch upgraded Depfa's short-term ratings. He said he is hoping the upgrade will have a positive impact on market and is hoping other rating agencies will also upgrade Depfa.

VHFA Accomplishments/2010 Initiatives

Mr. Connors and Ms. Carpenter reviewed the Agency's 2009 major accomplishments with the Board. They also presented the Agency's FY2010 initiatives stating the initiatives are based on the assumptions that the Agency is able to get back in the bond market in the next six months.

Ms. Carpenter confirmed a refinancing program could be an option for the Agency. Mr. Adams added that the Agency must be able to get back in the bond market to do so.

Ms. Mitiguy Randall suggested hosting a brainstorming session with reps from major lenders to come up with ideas on how the Agency might work differently to help solve the issues around keeping the Single Family loan program moving forward. She suggested listing the issues and ideas for a win/win situation for both sides.

Ms. Carpenter reported that the Agency has proposed a \$4 million loan with Citizen's Bank to fund the McArthur Grant Activity. Some of the funding could be used for predevelopment and to get the Venture Loan Program back up and running.

Mr. Candon requested a one-page status report on the IT initiatives.

FINANCE

FY2010 Operating Budget

Mr. Candon made a motion to approve the FY2010 General Fund Operating and Capital Budgets that were reviewed at the June 4th Audit/Risk Management Committee Meeting. Mr. Pelletier seconded the motion which was unanimously approved. Ms. Pearce acknowledged that she expressed reservations about the budget when it was presented to the Audit/Risk Management Committee. After further discussion and consideration, she is comfortable with the proposed budget.

Finance Update

Mr. Connors updated the Board on liquidity issues. He stated the Agency has signed commitment letters with TD Bank to replace approximately \$27 million of the \$82 million liquidity needed. Mr. Connors informed the Board that after positive feedback from Wells Fargo, they notified him that they were unable to assist VHFA to secure credit. He stated the only option remaining seems to be from the US Treasury. He stated the Agency continues to hear positive press regarding a liquidity program for HFAs, but nothing has been announced yet.

Ms. Carpenter informed the Board that there is a new CEO at FHLB of Boston. She is attempting to schedule a meeting with the FHLB CEO and the Executive Directors from Massachusetts and Maine in hopes the new CEO will be able to assist the agencies.

Mr. Connors reported the Agency is on hold with the rating agencies. He said the Agency's portfolio review, completed by First American Core Logic, was very positive and he will be submitting the findings to S&P and other rating agencies. Mr. Connors handed out preliminary findings of the report and informed the Board a more detailed report would be forthcoming. He said Illinois Housing Agency has also conducted a third party portfolio review and has submitted their findings to S&P as well.

Mr. Connors reported on the financial partner downgrades.

ADMINISTRATION

403(b) Retirement Plan

Ms. Loller reviewed the memo regarding using a lesser number of hours worked for purposes of calculating employee vesting.

Mr. Candon made a motion to approve staff's recommendation to use a lesser number of hours worked (reducing the number from 1,000 per year to 500 per year) for purposes of calculating employee vesting in the 403(b) Retirement Plan. Ms. Canney seconded the motion which was unanimously approved.

Housing Vermont

At the May Board meeting there was discussion regarding VHFA remaining a sustaining board member of Housing Vermont, which enables VHFA to appoint three Housing Vermont board members. At this June meeting, the Board decided to defer a decision regarding reappointment of Housing Vermont board members until the July meeting.

One year ago, at its June 2008 meeting, the VHFA Board decided the process of selecting Housing Vermont board members would be as follows: Ms. Carpenter would email a copy of the memo from Housing Vermont regarding "Board Membership – Upcoming VHFA Vacancies" to all VHFA Board members and ask them to submit to her, prior to the August VHFA Board meeting, any individuals that they would like to see serve on Housing Vermont's board. At the August VHFA Board meeting the Board would review and select and endorse appointees from the list of candidates.

At the July Board meeting the VHFA Board will revisit continuing to be a sustaining member of Housing Vermont and the process agreed upon to select Housing Vermont board members.

DEVELOPMENT

Qualified Allocation Plan Changes

Ms. Reid reviewed the memo regarding changes to the Qualified Allocation Plan as recommended by the Joint Tax Credit Committee. Mr. Alberts made a motion to adopt the changes to the Qualified Allocation Plan as recommended by the Joint Tax Credit Committee and authorize staff to forward the changes to the Governor for approval. Ms. Canney seconded the motion which was unanimously approved.

TCAP Competitive Priorities – ARRA

Mr. Erdelyi reviewed the memo regarding the American Recovery and Reinvestment Act (ARRA) and explained the TCAP Competitive Priorities plan.

Allocation of 2009/2010 Housing Credits

Mr. Erdelyi updated the Board on the three projects that are not being recommended at this time for Allocation of 2009/2010 Housing credits and explained that more TCAP funds are needed than are available. The Board decided to vote on the two recommended projects individually. Mr. Marcelino asked Mr. Erdelyi to relay his disappointment with returning to funding rounds and also he would like to see readiness as a requirement going forward.

Shelburnewood I, Shelburne

Mr. Erdelyi reviewed the memo requesting Allocation of Allocated Housing Credits for Shelburnewood I, Town of Shelburne. Mr. Giebink stated they will not be returning to VHFA for future funding. He said Phase I of the project will get affordable and workforce housing in place first. Ms. Nichol expressed concern regarding the cost per unit and suggested pushing the developers to find other resources such as transportation and AHP funding, or redesign the project to lower the per unit cost. Much discussion took place regarding redesign. Staff and the developers agreed to continue to look at options for cost savings and ways to reduce funding request.

Ms. Canney made a motion to approve the proposed Allocation of Allocated Housing Credits for Shelburnewood I, Town of Shelburne. Mr. Frisbie seconded the motion which was approved. Ms. Pearce and Ms. Nichol opposed the motion.

Mr. Erdelyi and Ms. Reid will report back to the Board in the fall on the Agency of Transportation possible funding for Shelburnewoods.

Upper Story Housing, Brattleboro

Mr. Slade reviewed the memo requesting Construction Financing and Proposed Allocation of Allocated Housing Credits for Upper Story Housing, Town of Brattleboro. Mr. Pelletier made a motion to approve Construction Financing and Proposed Allocation of Allocated Housing Credits for Upper Story Housing, Town of Brattleboro. Mr. Alberts seconded the motion which was unanimously approved.

TCAP funding

Mr. Erdelyi handed out and reviewed a list of possible projects for TCAP funding.

HOMEOWNERSHIP

Mortgage Credit Certification Program

Mr. Adams reviewed the memo regarding Reinstatement of the Mortgage Credit Certificate Program. Ms. Canney made a motion to approve staff's recommendation to issue a public notice notifying home owners and lenders that the Mortgage Credit Certification Program may be available on or after October 1, 2009. Ms. Pearce seconded the motion which was unanimously approved.

Homeownership Activities/Reports

Ms. Crady reviewed the Homeownership Activities report with the Board, with specific focus on delinquency and foreclosure trends.

OTHER BUSINESS

Ms. Carpenter confirmed the July meeting will be held on July 28th at VHFA.

It was decided to leave the August 13th meeting on the schedule and determine if it will be needed once the July 28th meeting agenda is finalized. It was also decided the October retreat would be one long day instead of two. Board members will be surveyed on the best day. Once the day is determined, October 15th or 16th, an email will be sent to the Board informing them of which day.

Mr. Alberts made a motion to adjourn the meeting. Ms. Canney seconded the motion. The meeting adjourned at noon.



Vermont Housing Finance Agency
MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Elizabeth Mullikin Drake, General Counsel *EMD*

RE: Agency Purchase of Agency Bonds – Amendment of Bond Resolutions

DATE: July 21, 2009

Requested Action: Adoption of the attached resolutions.

Discussion: Since the Legislature amended the Vermont Housing Finance Agency Act (the “VHFA Act”) effective July 1, the Agency is now authorized to purchase its own bonds without cancellation. Like the VHFA Act, the concept of automatic cancellation has also been carried in the Agency’s bond resolutions. Because of the continued costs associated with the increased interest rates on the Agency’s Variable Rate Demand Obligations (“VRDOs”), a possible strategy being considered by staff is to have the Agency temporarily purchase its own VRDOs. In addition to amending the resolutions, other bond documentation will need to be amended to allow for an actual purchase to take place.

The following are attached:

1. Thirty-Third Supplemental Single Family Housing Bond Resolution (specific to Series 23 only);
2. Second Amendment to 2007AB Supplemental Indenture of Multiple Purpose Bonds Trust Indenture;
3. Second Amendment to 2007CD Supplemental Indenture of Multiple Purpose Bonds Trust Indenture;
4. Second Amendment to 2008C Supplemental Indenture of Multiple Purpose Bonds Trust Indenture; and
5. Fourth Supplement to Multi-Family Mortgage Bond Resolution.

Each of these amendments clarifies for the respective supplemental resolution or trust indenture in the case of the Multiple Purpose Bonds that any purchase of the Agency’s own bonds or VRDOs as an Investment Obligation does not result in a cancellation of the bonds or VRDOs.

Tom will discuss the status of this strategy as part of his Finance Update.



EXHIBIT "A"

BOARD OF COMMISSIONERS VERMONT HOUSING FINANCE AGENCY

July 28, 2009

WHEREAS, the BOARD OF COMMISSIONERS of VERMONT HOUSING FINANCE AGENCY is adopting the following resolution ("Resolution") to amend, restate and reassign general delegations of authority to its management with respect to subject matters not otherwise covered by specific Resolutions.

NOW, THEREFORE, BE IT RESOLVED that the persons listed on **Exhibit "A-1"**, attached hereto, are authorized and empowered (the "Authorized Persons") individually to provide the Federal Home Loan Mortgage Corporation ("Freddie Mac"), with instructions to transfer funds (cash or securities) by wire transfer, Automated Clearing House ("ACH") or other payment system specifically and expressly approved by Freddie Mac in connection with the sale of mortgages to Freddie Mac.

BE IT FURTHER RESOLVED that the Authorized Persons are authorized individually to execute and deliver any and all instruments, documents and/or forms ("Records") necessary or proper or required by a Freddie Mac to effectuate the authority set forth in this Resolution including, but not limited to, delivering: (i) a Record to Freddie Mac bearing the original signature of any of the Authorized Persons; or (ii) a facsimile ("fax") transmission of a Record to Freddie Mac bearing a copy or representation of the original signature of any of the Authorized Persons that contains or communicates instructions (or modifies previously provided instructions) to transfer funds by wire transfer, Automated Clearing House ("ACH") or other payment system specifically and expressly approved by Freddie Mac.

BE IT FURTHER RESOLVED that the Authorized Persons are also authorized to execute and deliver instructions to Freddie Mac to transfer funds (cash or securities, as applicable) by wire transfer, ACH or other payment system specifically and expressly approved by Freddie Mac using electronic means and electronic signatures.

Any such actions set forth above heretofore taken by any of the Authorized Persons on behalf of VERMONT HOUSING FINANCE AGENCY are hereby ratified, approved, and confirmed.

**By the BOARD OF COMMISSIONERS of
VERMONT HOUSING FINANCE AGENCY**

By: _____

Name: Sarah E. Carpenter

Title: Executive Director of
Vermont Housing Finance Agency

EXHIBIT "A-1"

**VERMONT HOUSING FINANCE AGENCY
AUTHORIZED PERSONS**

The following persons are authorized and empowered individually to execute and deliver any and all instruments, documents and/or forms necessary or proper or required by a Freddie Mac to effectuate the sale of mortgages to Freddie Mac, as further described in **Exhibit "A"**,

Sarah E. Carpenter

Executive Director and Secretary

David S. Adams

Chief of Program Operations

Thomas R. Connors

Chief Financial Officer and Treasurer

Patricia A. Crady

Director of Homeownership Programs

Jacklyn R. Santerre

Assistant Director of Homeownership Programs

Lisa C. Clark

Senior Financial Analyst

VERMONT HOUSING FINANCE AGENCY

**THIRTY-THIRD SUPPLEMENTAL SINGLE FAMILY HOUSING
BOND RESOLUTION**

Adopted July 28, 2009

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DEFINITIONS AND AUTHORITY

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ARTICLE II
AMENDMENT OF RESOLUTION

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**THIRTY-THIRD 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 “Thirty-Third Supplemental Resolution.”

Section 1.02. Definitions and Interpretation. All terms used herein shall have the same meanings as are given such terms in Section 101 of the Resolution.

Section 1.03. Authority. This Thirty-Third Supplemental Resolution supplements the Resolution and is adopted pursuant to Section 701(6) of the Resolution and in accordance with the Act.

ARTICLE II

AMENDMENT OF RESOLUTION

Section 2.01. Amendment. The Agency hereby amends Section 5.02 of Appendix C in the Series Certificate relating to its Single Family Housing Bonds, Series 23, by striking any reference to (i) the Agency’s inability to purchase its own Bonds or (ii) any cancellation of Bonds upon purchase by the Agency. Such Section 5.02 is further amended by adding the following at the end of such section:

“Subject to federal and state law, the Agency is permitted to purchase and hold any portion of the Variable Rate Demand Bonds.”

[Remainder of page intentionally left blank]

**SECOND AMENDMENT TO
2007 AB SUPPLEMENTAL INDENTURE**

between

VERMONT HOUSING FINANCE AGENCY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

\$66,625,000
Multiple Purpose Bonds
2007 Series A

Multiple Purpose Bonds
2007 Series B

Dated as of July 28, 2009

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EXHIBIT A	SERVICER SUBMISSION CERTIFICATE	
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**SECOND AMENDMENT TO
2007 AB SUPPLEMENTAL INDENTURE**

THIS SECOND AMENDMENT to the Supplemental Indenture dated as of July 1, 2007, as amended on April 6, 2009, by and between **VERMONT HOUSING FINANCE AGENCY**, a body politic and corporate organized and existing under the Vermont Housing Finance Agency Act, as defined below (the "Agency") and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee") (the "2007 AB Supplemental Indenture"), is made by and between the Agency and the Trustee, as of July 28, 2009 (this "Amendment").

WITNESSETH:

WHEREAS, pursuant to the Constitution and the laws of the State of Vermont, particularly the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (the "Act"), the Agency is authorized to carry out the public purposes described in the Act by issuing its general obligation bonds and by entering into any agreements made in connection therewith; and

WHEREAS, to provide a source of funds for its programs authorized by the Act, the Agency issued its 2007 Series A Multiple Purpose Bonds and 2007 Series B Multiple Purpose Bonds (together, the "2007 Series AB Obligations") pursuant to a Trust Indenture dated as of July 1, 2007 between the Agency and the Trustee (the "General Indenture") and the 2007 AB Supplemental Indenture (together with the General Indenture, the "Indenture"); and

WHEREAS, the 2007 Series AB Obligations were issued for the purpose of financing single-family mortgage loans, multifamily mortgage loans and to make deposits in various funds and accounts; and

WHEREAS, the Agency wishes to amend the 2007 AB Supplemental Indenture to provide for the purchase of its own Variable Rate Demand Bonds (as defined in the 2007 AB Supplemental Indenture) for the purpose of holding such Variable Rate Demand Bonds, as now permitted under the laws of the State of Vermont.

NOW, THEREFORE, THE 2007 AB SUPPLEMENTAL INDENTURE SHALL BE AMENDED AS FOLLOWS:

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Short Title. This amendment is hereinafter sometimes referred to as the "Amendment."

Section 1.02. Definitions and Interpretation. All terms used herein shall have the same meanings as are given such terms in Section 1.03 of the General Indenture and Section 1.03 of the 2007 AB Supplemental Indenture.

Section 1.03. Authority. This Amendment amends and supplements the 2007 AB Supplemental Indenture and is adopted pursuant to Section 9.01(b)(ii) and 9.01(j) of the General Indenture and in accordance with the Act.

ARTICLE II

AMENDMENT OF 2007 AB SUPPLEMENTAL INDENTURE

Section 2.01. Amendment. Section 3.02(e)(iv) of Appendix D of the 2007 AB Supplemental Indenture is hereby amended by striking any reference to (i) the Agency's inability to purchase its own Bonds or (ii) any cancellation of Bonds upon purchase by the Agency. Such Section 3.02(e)(iv) is further amended by adding the following at the end of such section:

“Subject to federal and state law, the Agency is permitted to purchase and hold any portion of the Variable Rate Demand Bonds.”

Section 2.02. References Within Indenture. All references in the Indenture which are inconsistent with this Amendment are hereby determined to be null and void and of no force or effect.

Section 2.03. Indenture Confirmed. The Indenture, as amended hereby and to the extent not inconsistent herewith, is reaffirmed and restated herein, and said Indenture is hereby incorporated herein by reference as fully as if set forth in its entirety in this Amendment, and the parties hereto hereby ratify and affirm the same.

ARTICLE III

MISCELLANEOUS

Section 3.01. Miscellaneous.

(a) **Counterparts.** This Amendment may be executed in several counterparts, and it shall not be necessary that the signatures of all parties hereto be contained on any one counterpart hereof; each counterpart shall be deemed an original, but all of which together shall constitute one and the same instrument.

(b) **Invalidity.** In the event that any one or more of the provisions contained in this Amendment shall, for any reason, be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Amendment.

(c) **References to Indenture.** From and after the effective date hereof, all references to the Indenture shall be deemed to be references to the Indenture as amended by this Amendment.

(d) ***Governing Law.*** This Supplement shall be governed by and construed in accordance with the laws of the United States of America and the laws of the State of Vermont.

(e) ***Headings.*** Section headings in this Amendment are included herein for convenience of reference only and shall not have any effect for purposes of interpretation or construction of the terms of this Amendment.

Section 3.02. Effectiveness. This Amendment shall be effective as of the date hereof.

Executed as of this 28th day of July, 2009.

VERMONT HOUSING FINANCE AGENCY

By _____
Its _____

Executed and Attested:

By _____
Its _____

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By _____
Its _____

[SECOND AMENDMENT TO 2007 AB SUPPLEMENTAL INDENTURE]

**SECOND AMENDMENT TO
2007 CD SUPPLEMENTAL INDENTURE**

between

VERMONT HOUSING FINANCE AGENCY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

\$94,305,000
Multiple Purpose Bonds
2007 Series C
Multiple Purpose Notes
2007 Series D

Dated as of July 28, 2009

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ARTICLE III MISCELLANEOUS

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EXHIBIT A	SERVICER SUBMISSION CERTIFICATE	
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**SECOND AMENDMENT TO
2007 CD SUPPLEMENTAL INDENTURE**

THIS SECOND AMENDMENT to the Supplemental Indenture dated as of September 1, 2007, as amended April 6, 2009, by and between **VERMONT HOUSING FINANCE AGENCY**, a body politic and corporate organized and existing under the Vermont Housing Finance Agency Act, as defined below (the "Agency") and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee") (the "2007 CD Supplemental Indenture"), is made by and between the Agency and the Trustee, as of July 28, 2009 (this "Amendment").

WITNESSETH:

WHEREAS, pursuant to the Constitution and the laws of the State of Vermont, particularly the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (the "Act"), the Agency is authorized to carry out the public purposes described in the Act by issuing its general obligation bonds and by entering into any agreements made in connection therewith; and

WHEREAS, to provide a source of funds for its programs authorized by the Act, the Agency issued its 2007 Series C Multiple Purpose Bonds and 2007 Series D Multiple Purpose Notes (together, the "2007 Series CD Obligations") pursuant to a Trust Indenture dated as of July 1, 2007 between the Agency and the Trustee (the "General Indenture") and the 2007 CD Supplemental Indenture (together with the General Indenture, the "Indenture"); and

WHEREAS, the 2007 Series CD Obligations were issued for the purpose of financing single-family mortgage loans and to make deposits in various funds and accounts; and

WHEREAS, the Agency wishes to amend the 2007 CD Supplemental Indenture to provide for the purchase of its own Variable Rate Demand Bonds (as defined in the 2007 CD Supplemental Indenture) for the purpose of holding such Variable Rate Demand Bonds, as now permitted under the laws of the State of Vermont;

NOW, THEREFORE, THE 2007 CD SUPPLEMENTAL INDENTURE SHALL BE AMENDED AS FOLLOWS:

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Short Title. This amendment is hereinafter sometimes referred to as the "Amendment."

Section 1.02. Definitions and Interpretation. All terms used herein shall have the same meanings as are given such terms in Section 1.03 of the General Indenture and Section 1.03 of the 2007 CD Supplemental Indenture.

Section 1.03. Authority. This Amendment amends and supplements the 2007 CD Supplemental Indenture and is adopted pursuant to Section 9.01(b)(ii) and Section 9.01(j) of the General Indenture and in accordance with the Act.

ARTICLE II

AMENDMENT OF 2007 CD SUPPLEMENTAL INDENTURE

Section 2.01. Amendment. Section 3.02(e)(iv) of Appendix D of the 2007 AB Supplemental Indenture is hereby amended by striking any reference to (i) the Agency's inability to purchase its own Bonds or (ii) any cancellation of Bonds upon purchase by the Agency. Such Section 3.02(e)(iv) is further amended by adding the following at the end of such section:

“Subject to federal and state law, the Agency is permitted to purchase and hold any portion of the Variable Rate Demand Bonds.”

Section 2.02. References Within Indenture. All references in the Indenture which are inconsistent with this Amendment are hereby determined to be null and void and of no force or effect.

Section 2.03. Indenture Confirmed. The Indenture, as amended hereby and to the extent not inconsistent herewith, is reaffirmed and restated herein, and said Indenture is hereby incorporated herein by reference as fully as if set forth in its entirety in this Amendment, and the parties hereto hereby ratify and affirm the same.

ARTICLE III

MISCELLANEOUS

Section 3.01. Miscellaneous.

(a) **Counterparts.** This Amendment may be executed in several counterparts, and it shall not be necessary that the signatures of all parties hereto be contained on any one counterpart hereof; each counterpart shall be deemed an original, but all of which together shall constitute one and the same instrument.

(b) **Invalidity.** In the event that any one or more of the provisions contained in this Amendment shall, for any reason, be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Amendment.

(c) **References to Indenture.** From and after the effective date hereof, all references to the Indenture shall be deemed to be references to the Indenture as amended by this Amendment.

(d) ***Governing Law.*** This Supplement shall be governed by and construed in accordance with the laws of the United States of America and the laws of the State of Vermont.

(e) ***Headings.*** Section headings in this Amendment are included herein for convenience of reference only and shall not have any effect for purposes of interpretation or construction of the terms of this Amendment.

Section 3.02. Effectiveness. This Amendment shall be effective as of the date hereof.

Executed as of this 28th day of July, 2009.

VERMONT HOUSING FINANCE AGENCY

By _____
Its _____

Executed and Attested:

By _____
Its _____

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By _____
Its _____

[SECOND AMENDMENT TO 2007 CD SUPPLEMENTAL INDENTURE]

**SECOND AMENDMENT TO
2008 C SUPPLEMENTAL INDENTURE**

between

VERMONT HOUSING FINANCE AGENCY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

\$50,000,000
Multiple Purpose Bonds
2008 Series C-1
Multiple Purpose Bonds
2008 Series C-2

Dated as of July 28, 2009

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ARTICLE III MISCELLANEOUS

Section 3.01.	Miscellaneous	7
Section 3.02.	Effectiveness	7

EXHIBIT A	SERVICER SUBMISSION CERTIFICATE	
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**SECOND AMENDMENT TO
2008 C SUPPLEMENTAL INDENTURE**

THIS SECOND AMENDMENT to the Supplemental Indenture dated as of September 1, 2008, as amended April 6, 2009, by and between **VERMONT HOUSING FINANCE AGENCY**, a body politic and corporate organized and existing under the Vermont Housing Finance Agency Act, as defined below (the "Agency") and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee") (the "2008 C Supplemental Indenture"), is made by and between the Agency and the Trustee, as of July 28, 2009 (this "Amendment").

WITNESSETH:

WHEREAS, pursuant to the Constitution and the laws of the State of Vermont, particularly the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (the "Act"), the Agency is authorized to carry out the public purposes described in the Act by issuing its general obligation bonds and by entering into any agreements made in connection therewith; and

WHEREAS, to provide a source of funds for its programs authorized by the Act, the Agency issued its 2008 Series C-1 Multiple Purpose Bonds and 2008 Series C-2 Multiple Purpose Bonds (together, the "2008 Series C Obligations") pursuant to a Trust Indenture dated as of July 1, 2007 between the Agency and the Trustee (the "General Indenture") and the 2008 C Supplemental Indenture (together with the General Indenture, the "Indenture"); and

WHEREAS, the 2008 Series C Obligations were issued for the purpose of financing single-family mortgage loans and to make deposits in various funds and accounts; and

WHEREAS, the Agency wishes to amend the 2008 C Supplemental Indenture to provide for the purchase of its own Variable Rate Demand Bonds (as defined in the 2008 C Supplemental Indenture) for the purpose of holding such Variable Rate Demand Bonds, as now permitted under the laws of the State of Vermont

NOW, THEREFORE, THE 2008 C SUPPLEMENTAL INDENTURE SHALL BE AMENDED AS FOLLOWS:

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Short Title. This amendment is hereinafter sometimes referred to as the "Amendment."

Section 1.02. Definitions and Interpretation. All terms used herein shall have the same meanings as are given such terms in Section 1.03 of the General Indenture and Section 1.03 of the 2008 C Supplemental Indenture.

Section 1.03. Authority. This Amendment amends and supplements the 2008 C Supplemental Indenture and is adopted in accordance with the Act and pursuant to Section 9.01(b)(ii) and Section 9.01(j) of the General Indenture.

ARTICLE II

AMENDMENT OF 2008 C SUPPLEMENTAL INDENTURE

Section 2.01. Amendment. Section 3.02(e)(iv) of Appendix D of the 2008 C Supplemental Indenture is hereby amended by striking any reference to (i) the Agency's inability to purchase its own Bonds or (ii) any cancellation of Bonds upon purchase by the Agency. Such Section 3.02(e)(iv) is further amended by adding the following at the end of such section:

“Subject to federal and state law, the Agency is permitted to purchase and hold any portion of the Variable Rate Demand Bonds.”

Section 2.02. References Within Indenture. All references in the Indenture which are inconsistent with this Amendment are hereby determined to be null and void and of no force or effect.

Section 2.03. Indenture Confirmed. The Indenture, as amended hereby and to the extent not inconsistent herewith, is reaffirmed and restated herein, and said Indenture is hereby incorporated herein by reference as fully as if set forth in its entirety in this Amendment, and the parties hereto hereby ratify and affirm the same.

ARTICLE III

MISCELLANEOUS

Section 3.01. Miscellaneous.

(a) **Counterparts.** This Amendment may be executed in several counterparts, and it shall not be necessary that the signatures of all parties hereto be contained on any one counterpart hereof; each counterpart shall be deemed an original, but all of which together shall constitute one and the same instrument.

(b) **Invalidity.** In the event that any one or more of the provisions contained in this Amendment shall, for any reason, be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Amendment.

(c) **References to Indenture.** From and after the effective date hereof, all references to the Indenture shall be deemed to be references to the Indenture as amended by this Amendment.

(d) ***Governing Law.*** This Supplement shall be governed by and construed in accordance with the laws of the United States of America and the laws of the State of Vermont.

(e) ***Headings.*** Section headings in this Amendment are included herein for convenience of reference only and shall not have any effect for purposes of interpretation or construction of the terms of this Amendment.

Section 3.02. Effectiveness. This Amendment shall be effective as of the date hereof.

Executed as of this 28th day of July, 2009.

VERMONT HOUSING FINANCE AGENCY

By _____
Its _____

Executed and Attested:

By _____
Its _____

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By _____
Its _____

[SECOND AMENDMENT TO 2008 C SUPPLEMENTAL INDENTURE]

VERMONT HOUSING FINANCE AGENCY

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

Adopted July 28, 2009

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**VERMONT HOUSING FINANCE AGENCY
FOURTH SUPPLEMENT TO MULTI-FAMILY
MORTGAGE BOND RESOLUTION
July 28, 2009**

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

WHEREAS, in 1999 the Agency amended the General Bond Resolution to specifically permit the Agency to purchase its own bonds as an Investment Obligation and the Agency now desires to supplement and amend the General Bond Resolution to clarify that any such purchase of its own bonds as an Investment Obligation does not result in a cancellation thereof, all to give the Agency more flexibility with respect to the public purposes described in the General Bond Resolution, and has determined that such supplement and amendment may be adopted without the consent of the Bondholders, but with the consent of the Bond Trustee, as provided in Section 802 of the General Bond Resolution;

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

ARTICLE I

DETERMINATIONS AND DEFINITIONS

Section 1.01. Authority and Purpose. This Resolution is adopted under authority and in accordance with the provisions of the Act to effect the public purposes delineated in the General Bond Resolution, all in accordance with Section 802 of the General Bond Resolution.

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

Section 1.03. Definitions.

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

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

"General Bond Resolution" means the Multi-Family Mortgage Bond Resolution adopted February 3, 1977, as supplemented and amended on July 16, 1986, on June 22,

1989, and on March 18, 1999, and as supplemented to date to provide for the issuance of Bonds thereunder, by and between the Agency and the Trustee.

“Resolution” means this Fourth Supplement Resolution dated July 28, 2009.

“Trustee” means Banknorth, National Association, as successor trustee.

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

ARTICLE II

AMENDMENTS

Section 2.01. Amendment to Section 1206. Section 1206 of the General Bond Resolution is hereby amended and supplemented by adding the following additional new paragraph:

“Provided, however, that the foregoing shall not apply to any obligations of the Agency (including Bonds) purchased as an Investment Obligation, and notwithstanding any other provisions hereof (in particular, Section 508), Bonds of the Agency purchased as an Investment Obligation shall not be deemed paid, cancelled or extinguished, although any Bonds while held by the Agency or Trustee as an Investment Obligation shall not be considered Outstanding for the purposes of Article VIII, IX or X hereof.

Any provision in a Series Resolution which provides for the cancellation of any Bond purchased in the open market in lieu of redemption, shall not apply to any Bond purchased by the Trustee as an Investment Obligation as specified in an Officer’s Certificate.”

Section 2.02. Effective Date. The foregoing amendment shall become effective only upon making the filing hereof with, and upon receipt of the consent of, the Trustee in accordance with Section 802 of the General Bond Resolution.

ARTICLE III

MISCELLANEOUS

Section 3.01. Applicability of the General Bond Resolution. The provisions of the General Bond Resolution are hereby ratified, approved and confirmed, and shall be applicable to the authorization, execution, authentication, issuance, redemption, payment, sale and delivery of the Bonds, the custody and the distribution of the proceeds of the Bonds and the security, payment, redemption and enforcement of payment thereof. This Resolution is authorized, executed and delivered under the provisions of Section 802 of the General Bond Resolution.

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

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

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

Section 3.05. Effective Date. This resolution shall take effect immediately and shall be deemed to supplement and amend the General Bond Resolution upon the Agency making the filing hereof with, and upon receiving consent of, the Trustee, as provided in Section 802 of the General Bond Resolution.

VERMONT HOUSING FINANCE AGENCY

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

Adopted July 28, 2009

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**VERMONT HOUSING FINANCE AGENCY
FOURTH SUPPLEMENT TO MULTI-FAMILY
MORTGAGE BOND RESOLUTION**

July 28, 2009

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

WHEREAS, in 1999 the Agency amended the General Bond Resolution to specifically permit the Agency to purchase its own bonds as an Investment Obligation and the Agency now desires to supplement and amend the General Bond Resolution to clarify that any such purchase of its own bonds as an Investment Obligation does not result in a cancellation thereof, all to give the Agency more flexibility with respect to the public purposes described in the General Bond Resolution, and has determined that such supplement and amendment may be adopted without the consent of the Bondholders, but with the consent of the Bond Trustee, as provided in Section 802 of the General Bond Resolution;

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

ARTICLE I

DETERMINATIONS AND DEFINITIONS

Section 1.01. Authority and Purpose. This Resolution is adopted under authority and in accordance with the provisions of the Act to effect the public purposes delineated in the General Bond Resolution, all in accordance with Section 802 of the General Bond Resolution.

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

Section 1.03. Definitions.

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

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

"General Bond Resolution" means the Multi-Family Mortgage Bond Resolution adopted February 3, 1977, as supplemented and amended on July 16, 1986, on June 22,

1989, and on March 18, 1999, and as supplemented to date to provide for the issuance of Bonds thereunder, by and between the Agency and the Trustee.

“Resolution” means this Fourth Supplement Resolution dated July 28, 2009.

“Trustee” means Banknorth, National Association, as successor trustee.

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

ARTICLE II

AMENDMENTS

Section 2.01. Amendment to Section 1206. Section 1206 of the General Bond Resolution is hereby amended and supplemented by adding the following additional new paragraph:

“Provided, however, that the foregoing shall not apply to any obligations of the Agency (including Bonds) purchased as an Investment Obligation, and notwithstanding any other provisions hereof (in particular, Section 508), Bonds of the Agency purchased as an Investment Obligation shall not be deemed paid, cancelled or extinguished, although any Bonds while held by the Agency or Trustee as an Investment Obligation shall not be considered Outstanding for the purposes of Article VIII, IX or X hereof.

Any provision in a Series Resolution which provides for the cancellation of any Bond purchased in the open market in lieu of redemption, shall not apply to any Bond purchased by the Trustee as an Investment Obligation as specified in an Officer’s Certificate.”

Section 2.02. Effective Date. The foregoing amendment shall become effective only upon making the filing hereof with, and upon receipt of the consent of, the Trustee in accordance with Section 802 of the General Bond Resolution.

ARTICLE III

MISCELLANEOUS

Section 3.01. Applicability of the General Bond Resolution. The provisions of the General Bond Resolution are hereby ratified, approved and confirmed, and shall be applicable to the authorization, execution, authentication, issuance, redemption, payment, sale and delivery of the Bonds, the custody and the distribution of the proceeds of the Bonds and the security, payment, redemption and enforcement of payment thereof. This Resolution is authorized, executed and delivered under the provisions of Section 802 of the General Bond Resolution.

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

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

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

Section 3.05. Effective Date. This resolution shall take effect immediately and shall be deemed to supplement and amend the General Bond Resolution upon the Agency making the filing hereof with, and upon receiving consent of, the Trustee, as provided in Section 802 of the General Bond Resolution.



Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners
FROM: Elizabeth Mullikin Drake, General Counsel *EMD*
RE: MacArthur Foundation – Borrowing Resolution
DATE: July 21, 2009

Requested Action: Adoption of the attached resolution.

Discussion: VHFA was awarded \$2,000,000.00 from the MacArthur Foundation to supplement its housing preservation programs. The terms and conditions of this award are attached. Staff is hopeful that this grant can be closed and become available in the near future.

As a condition of the award, the attached borrowing resolution must be in place.

Joe and Sam will be available at the Board meeting to discuss the plans for this program and your questions.



State and Local Housing Preservation Leaders Awards

Program Related Investments DRAFT Term Sheet

PRI Lender	John D. and Catherine T. MacArthur Foundation, an Illinois not-for-profit corporation
PRI Borrower	Vermont Housing Finance Agency
PRI Amount	\$2,000,000
Tax Status	501 (c) 3 - supporting organization
Collateral	Unsecured
Security	Full, general recourse obligation of the Borrower
Interest Rate	2%, to be paid quarterly by certified or cashier's check or by federal wire transfer. Interest shall be computed on the basis of a 360-day year, a 30-day month, and the actual number of days elapsed in any period of less than one (1) calendar month.
Term	10 years
Payout	\$1,000,000 - 2009 \$1,000,000 - 2010
Repayment	April 1, 2017 - \$500,000 April 1, 2018 - \$500,000 April 1, 2019 - \$1,000,000
Use of Proceeds	Predevelopment, equity bridge and energy improvement financing to preserve affordable rental housing in Vermont.
Proposed Covenants	To be Determined
Reporting Requirements	Borrower shall provide to the following information to the Lender as outlined below for the duration of the Loan. a. Annual Reporting: Written report outlining the use of the Foundation's loan during the previous 12 months.

b. Semi-annual Reports:

- i. Production activity for the prior period plus a running total of all production since closing on the loan, and;
- ii. Short description of acquisition and preservation activities initiated during the prior period, and;
- iii. Unaudited financial statements for the prior period.

Closing Conditions

Borrower shall provide prior to closing copies of the following documents:

- i. Current Certificate of Good Standing for Borrower
- ii. Most recent audited financial statements (6/30/2008)
- iii. Unaudited financial statement for the most recent interim financial period (should be dated no more than 90 days from anticipated date of closing)
- iv. Evidence of commitments for up to \$1.0 million in financing for energy efficiency fund.
- v. Evidence of commitments for up to \$3 million in financing for the equity bridge and predevelopment loan fund.
- vi. Evidence of commitments for up to \$1.0 million in financing for a predevelopment loan fund to help eligible nonprofit housing developers with determining project feasibility.
- vii. Borrowing resolution authorizing this transaction.

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: MACARTHUR FOUNDATION BORROWING
FOR HOUSING PRESERVATION PROGRAM**

WHEREAS, the Agency applied to The John D. and Catherine T. MacArthur Foundation (the "MacArthur Foundation") for and received an Award for State and Local Housing Preservation Leaders for Program Related Investment ("PRI") in the amount of Two Million and 00/100 Dollars (\$2,000,000.00) (the "MacArthur PRI Award"); and

WHEREAS, the Agency received a draft term sheet which describes the terms and conditions of the MacArthur PRI Award (the "Award Term Sheet") which Award Term Sheet has been presented to and reviewed by the Board of Commissioners; and

WHEREAS, the Agency wishes to accept the MacArthur PRI Award based on its authority under Title 10 V.S.A. Chapter 25, § 621(3) and § 631; and

WHEREAS, the Agency wishes to authorize the Executive Director and the Chief Financial Officer in their capacities as Secretary and Treasurer of the Agency, and the Chief of Program Operations, respectively, to do all actions necessary, including the execution of documents, to accept the MacArthur PRI Award;

NOW, THEREFORE, IT IS HEREBY RESOLVED:

1. That the Agency hereby approves the terms and conditions of the MacArthur PRI Award as described in the Award Term Sheet as a general obligation of the Agency payable solely from the revenues or assets of the Agency; and
2. That the Executive Director and the Chief Financial Officer in their capacities as Secretary and Treasurer of the Agency, respectively, and the Chief of Program Operations be, and each hereby is, authorized for, in the name of, and on behalf of, VHFA to borrow Two Million and 00/100 Dollars (\$2,000,000.00) from the MacArthur Foundation; and
3. That the Executive Director and the Chief Financial Officer in their capacities as Secretary and Treasurer of the Agency, respectively, and the Chief of Program Operations, or their designees be, and each hereby is, authorized, individually and without the concurrence of any other officer, to make, execute and deliver such loan agreements and promissory notes, security agreements, and any other notes, agreements, and any other evidences of VHFA's indebtedness and obligations to the MacArthur Foundation for the MacArthur PRI Award and to take any and all other actions necessary to accept the MacArthur PRI Award.



Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Director of Development *JE*
Cynthia Reid, Senior Development Underwriter *CR*
Joshua Slade, Development Officer *JS*

DATE: July 21, 2009

RE: Recommendations for TCAP Funding

Recommended Board Action: Staff recommend that the Board adopt resolutions in the form attached hereto with respect to: Anne Wilder Richards, Courtyard Apartments, Grand Way II, Pine Manor, Pleasant Street, Salmon Run, and Upper Story. Staff recommend not allocating TCAP funds to Centre Drive.

Recommendation Discussion: Staff received ten applications for TCAP. One project (The Meadows) is a senior development in Essex to be developed by Jim and Brad Dousevich, 49 units of new construction. The TCAP guidance we received from HUD specifies that TCAP can go to projects that have or concurrently receive an allocation of Housing Credits. Staff need more information with the application for tax-exempt bond financing and "bond" Credits in order to perform our underwriting and due diligence. We are working with the sponsors to get that and, subject to that underwriting, to bring a recommendation for bond financing and Credits to a future Board meeting. A second project (Missisquoi Manor) has lost site control, and staff intend to wait for the sponsors to work through some issues before recommending any funding. Of the remaining eight projects, five have received VHFA approval for credits already, and three (Centre Drive, The Courtyard Apartments, and Grand Way II) are seeking Credit approval concurrent with the TCAP approval. Any development that receives Board approval of bond credits or ceiling credits prior to 9/30/09 is eligible for TCAP.

The TCAP competitive priorities that were submitted to HUD included: first, looking at projects that are under construction but have an unexpected funding gap; and second, TCAP should go to the projects most ready to proceed to construction start. Staff considered readiness in terms of permits needed and in terms of funding that has been committed, or is still being sought. Each project has unique features and challenges, and the recommendation attempts to take all this into account. Staff also intend to utilize "surplus" Exchange funds in a manner consistent with TCAP, and are using these funds on one project. Attached is a chart summarizing project status, requests and recommendations for TCAP funding.



Project Discussion: Following is a summary of each project, including updates since the last time each project was brought before the Board in June.

ANNE WILDER RICHARDS

Name:	Anne Wilder Richards	Location:	Brattleboro
Housing Type:	General Occupancy	Unit Type:	Flats
Total Units:	21 Total 18 Housing Credit	Unit Sizes:	4 0-Br @ 435 avg s.f. 15 1-Br @ 639 avg s.f. 2 2-Br @ 886 avg s.f.
Total Cost:	\$4,515,281 (residential only)	Per Square Foot Land & Buildings Cost:	\$288 (residential only)
Sponsors:	Brattleboro Housing Authority & Housing Vermont		
Committed Funding Sources:	HOME; Efficiency Vermont; AHP; VCDP; VHCB; Town of Brattleboro; Bank Debt; 9% Housing Credits		
TCAP Requested:	\$170,000		

Updates:

- Construction began mid-July; Baybutt Construction is the General Contractor
- All sources are committed (including 9% Housing Credits) except for a gap of \$170,000 which staff propose using 1602 Credit Exchange funds to fill (the sponsors had planned to apply for FY2011 State Credits to fill this gap, but instead applied for TCAP and/or Exchange Funds at staff's recommendation, in order to fill this gap in a timely way)
- Chittenden Bank is providing both the construction financing and the tax credit equity

TCAP Summary:

Anne Wilder Richards is highly competitive for TCAP and/or Exchange funds, as it is under construction and has a funding gap.

Centre Drive, Milton

Name:	Centre Drive	Location:	Milton
Housing Type:	General Occupancy	Unit Type:	Flats
Unit Count:	24 Total 23 Housing Credit	Unit Sizes:	8 1-Br @ 698 s. f. 14 2-Br @ 1,053 s. f. 2 3-Br @ 1,304 s. f.
Total Cost:	\$4,656,961	Per Square Foot Land & Buildings Cost:	\$115
Housing Credits:	\$122,332 ("bond" credits)	Sponsor:	Rick Bove
VHFA Loan Request:	\$2,690,000		
Other Funding Sources:	Amortizing Debt (using the RD 538 loan guarantee program); other equity		

Project Summary: See discussion in the Centre Drive financing memorandum.

TCAP Summary: This development seeks construction financing, TCAP, and bond credits from VHFA, and permanent bank financing. It has local permits and the sponsor reports no opposition, and therefore anticipates Act 250 permits could be obtained within 45 days of the start of that process. However, there is a substantial funding gap to fill (\$285,000), the permanent financing is not committed, and there are no equity investors. Even with VHFA approval, staff believe the construction on this project would not begin until spring 2010. Staff are not recommending TCAP funding at this time.

The Courtyard Apartments

Name:	The Courtyard Apartments	Location:	Winooski
Housing Type:	Senior	Unit Type:	Flats
Total Units:	101 Total 100 Housing Credit	Unit Sizes:	86 – 596 sq ft; 1 bdrm 15 – 855 sq ft; 2 bdrm
Total Cost:	\$7,153,208	Per Square Foot Land & Buildings Cost:	\$99.61
Construction Loan:	\$3,837,000 Construction \$3,837,000 Permanent \$300,000 Zero Percent	Sponsors:	Chittenden Housing Corporation
Committed Funding Sources:	None	Other Funding Sources Pending:	AHP, VHCB Energy (ARRA Funds)
TCAP Requested:	\$691,546		

Updates: See other write up for project information.

TCAP Summary: The Courtyard Apartments meets the TCAP competitive priorities established by VHFA. The project will need only a local building permit. Funding commitments are all expected by early October. Construction could begin in November 2009.

GRAND WAY II

Name:	Grand Way II	Location:	South Burlington
Housing Type:	Senior with Services	Unit Type:	Flats
Total Units:	28 Total 28 Housing Credit	Unit Sizes:	28 1-Br @ 625 s.f.
Total Cost:	\$5,162,000	Per Square Foot Land & Buildings Cost:	\$156
Construction Loan Requested:	\$2,600,000	Sponsor:	Cathedral Square Corporation
Committed Funding Sources:	HOME, Efficiency Vermont	Other Funding Sources Pending:	VCDP, VHCB
TCAP Requested:	\$2,260,000		

Updates Since June 2009:

- The project was downsized by two units (30 to 28) in order to lower the building height to address neighborhood concern as well as reduce the VHCB request
- HOME funding of \$307,000 committed
- Has re-applied for VHCB (9/09)
- Has re-applied for VCDP (9/09)
- Local permit in process; approval anticipated 8/4/09
- Act 250 Amendment will be submitted within 2 weeks of Local Permit Approval
- Architect and General Contractor have been selected
- Construction could begin as early as December, and before TCAP deadline of 2/28/10
- Project now applying for Tax Exempt Construction financing (\$2,600,000) and 4% Credits as it did not receive 9% Credits at the June Board meeting

TCAP Summary:

Grand Way II met the next most QAP criteria after the two projects that received 9% Credit awards at the June Board meeting. They have a commitment for HOME funds, and are applying for both VHCB and VCDP for the second time, at the recommendation of those agency's respective staff. The permitting and funding timelines would allow the project to begin construction prior to the 2/28/10 TCAP deadline.

Pine Manor Senior Housing

Name:	Pine Manor Senior Housing	Location:	Alburgh
Housing Type:	Senior	Unit Type:	Flats
Total Units:	16 – Total 16 – LIHTC	Unit Sizes:	14 – 1 BR; 682 sq ft 2 – 2 BR; 825 sq ft
Total Cost:	\$2,060,475	Per Square Foot Land & Buildings Cost:	\$145.30/sq ft
Construction Loan:	\$1,500,000	Sponsors:	Housing Vermont Champlain Housing Trust
Committed Funding Sources:	VHCB	Other Funding Sources Pending:	Rural Development and CVOEO Weatherization
TCAP Requested:	\$270,000		

Updates: There are no significant updates to the Pine Manor project.

TCAP Summary: Pine Manor Senior Housing meets the TCAP competitive priorities as established by VHFA. The project will be able to close and begin construction in mid- to late-October 2009. The Sponsors do not anticipate a problem securing permanent debt from Rural Development because they have not requested rental subsidy. Staff recommends approving \$270,000 in TCAP financing for Pine Manor Senior Housing.

Pleasant Street Apartments

Name:	Pleasant Street Apartments	Location:	Enosburg
Housing Type:	General Occupancy	Unit Type:	Townhouses & Flats
Total Units:	24 – Total 24 – LIHTC	Unit Sizes:	8 – One Bedroom (666 sq ft) 16 – Two Bedroom (796 sq ft)
Total Cost:	\$3,111,974	Per Square Foot Land & Buildings Cost:	\$131.50
Construction Loan:	\$2,410,500	Sponsors:	Housing Vermont Champlain Housing Trust
Committed Funding Sources:	VHCB & Equity Investor	Other Funding Sources Pending:	Rural Development and CVOEO Weatherization
TCAP Requested:	\$200,000		

Updates: Pleasant Street Apartments was approved by the VHFA Board in July 2008. At that time it did not receive its Rural Development funding, rather it was placed on a waiting list. Since then the project has changed slightly with an increase in the budget of 5%. This is partially due to a higher acquisition cost due to accrued payables and vacancies. Additionally the Sponsors have removed and replaced a few of the funding sources including eliminating VHFA as a permanent lender and increasing the RD loan. The Sponsors have confirmed the installation of wood pellet boilers (instead of oil boilers) and solar domestic hot water.

TCAP Summary: Pleasant Street Apartments meets the TCAP competitive priorities as established by VHFA. The project will be able to close and begin construction in mid- to late-October 2009. The Sponsors may be able to begin sooner if they hear about the RD financing prior to the end of the Federal fiscal year (September '09). Staff recommends approving \$200,000 in TCAP financing for Pleasant Street Apartments.

Salmon Run

Name:	Salmon Run	Location:	Burlington
Housing Type:	General Occupancy	Unit Type:	Flats
Total Units:	80 Total 79 Rentals (One Resident Mgr. Unit) 61 Tax Credit Units	Unit Sizes:	40 two br. (974 sq. ft.) 39 three br. (1,133 sq. ft.)
Total Cost:	\$12,254,778	Per Square Foot Land & Buildings Cost:	\$130.08
Construction Loan:	\$6,500,000	Sponsors:	Champlain Housing Trust and Housing Vermont
Committed Funding Sources:	Tax-exempt construction loan, "bond" Housing Credits, VHCB, HOME	Other Funding Sources Pending:	Permanent financing, DOE Solar grant (both verbally committed)
TCAP Requested:	\$1,500,000		

Updates: The sponsors have negotiated with the City of Burlington to have the deferred interest on the old HoDAG loan forgiven, which will reduce the cost of the project but also reduces the eligible basis and the potential credit allocation. The project is now receiving \$1.85 million in City affordable housing trust funds. The project went out to bid July 22nd and can start construction in August, if all the financing is lined up (all permits are now in place). VHFA has required the sponsors to do the sitework first, and to carry a large contingency to cover unknown site conditions. VHFA had intended to provide permanent financing, but market conditions are difficult for placing permanent debt, and the sponsors have been encourage to seek that elsewhere. The terms being discussed for permanent debt now do not allow as much borrowing as originally planned. All of these factors together have created a funding gap of \$1,500,000 for which TCAP is being sought to fill.

TCAP Summary: Salmon Run is one of the most “ready to proceed” of any of the developments described in this memo. VHFA has been working with the sponsors since 2006 to structure this transaction, and its tax-exempt bond financing and credits have already been committed, qualifying it for TCAP. The sponsors have sought and obtained HOME funds from the City, VHCB funds, and a mix of other funding for the energy-related improvements. The overall TCAP request is high, but the project is quite large and on a per-unit basis, the request for TCAP is reasonable. The size of the project and its ability to move forward soon are strong points for meeting the intent of the TCAP enabling legislation, to provide stimulus to the economy and to spend the TCAP on a quick timeline.

UPPER STORY

Name:	Upper Story Housing	Location:	Brattleboro
Housing Type:	General Occupancy	Unit Type:	Flats
Total Units:	24 Total 19 Housing Credit	Unit Sizes:	4 0-Br @ 465 s.f. 18 1-Br @ 680 s.f. 2 2-Br @ 935 s.f.
Total Cost:	\$4,985,947	Per Square Foot Land & Buildings Cost:	\$174
Construction Loan:	\$3,500,000	Sponsors:	Windham Housing Trust and Housing Vermont
Committed Funding Sources:	VHCB, HOME, Efficiency Vermont	Other Funding Sources Pending:	Equity Investor
TCAP Requested:	\$495,000		

Updates Since June 2009: The project has all of its funding in place. The Sponsors intend on bringing the tax credits to the Green Mountain Equity Fund IV.

TCAP Summary: Upper Story meets all of the competitive priorities established by VHFA. Since a major component of this project is the Brattleboro Food Co-op, the development timeline needs to take into account the business of the co-op and thereby the holiday season. Even though the design phase of the project was delayed due to the allocation of tax credits, the construction could begin in late November or early December. However, those months are the busiest for the co-op, work must be delayed until after the holiday season. Therefore, the Sponsors anticipate closing on the construction loan in January or February 2010. There are no foreseen delays in the construction, permitting or financing process allowing for

Tax Credit Assistance Program (TCAP) Applications			As of:	7/20/09						
Project	City/Town	County	Funding Readiness	Permit Readiness	Construction Start	# Units	9%/4%	TCAP applied	TCAP Recommended	1602 Exchange Recommended
Anne Wilder Richards	Brattleboro	Windham	All set	All set	under construction	21	9%	170,000	-	170,000
Centre Drive	Milton	Chittenden	Need Credits & Debt, gap	Have local; need Act 250	May-10	24	applied 4%	1,668,596	-	
Courtyard	Winooski	Chittenden	Need all	n/a	Nov-09	101	applied 4%	828,964	691,546	
Grand Way II	So. Burlington	Chittenden	Need VHC 9/09 & VCDP 9/09	Need local 8/09 & Act 250 amend 10/09	Dec-09	28	applied 4%	2,260,000	2,260,000	
Pine Manor	Alburgh	Grand Isle	Applied for RD	All set	Oct-09	16	4%	270,000	270,000	
Pleasant Street	Enosburg	Franklin	Applied for RD	All set	Oct-09	24	4%	200,000	200,000	
Salmon Run	Burlington	Chittenden	need perm debt	n/a	Aug-09	79	4%	1,500,000	1,500,000	
Upper Story	Brattleboro	Windham	All set	Need local	Feb-10	24	9%	495,000	495,000	

TCAP Requested:	\$ 7,392,560	\$ 5,416,546	\$ 170,000
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TCAP Available:	\$ 5,416,546	\$ 5,416,546	
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1502 Exchange Available:	\$ 170,000	\$ 170,000	
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Total TCAP & 1502:	\$ 5,586,546	\$ 5,416,546	\$ 170,000
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Shortfall:	\$ (1,806,014)	\$ -	\$ -
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VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: SURPLUS 1602 EXCHANGE FINANCING FOR
ANNE WILDER RICHARDS BUILDING, TOWN OF BRATTLEBORO**

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Brattleboro Housing Authority (the "Sponsors") on behalf of A.W. Richards Housing Limited Partnership in which the Sponsors' affiliates are co-general partners (the "Borrower") involving the acquisition and rehabilitation of twenty-one (21) units of general occupancy rental housing in the Town of Brattleboro (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan, and, the 1602 Exchange funds are made available to the Agency under Section 1602 of the American Recovery and Reinvestment Tax Act of 2009 ("ARRA"); and

WHEREAS, the Board of Commissioners adopted a Resolution entitled "Resolution Re: Proposed Allocation of Allocated Housing Credits for Anne Wilder Richards Building, Town of Brattleboro" on April 6, 2009 (the "Prior Resolution") for the commitment of Allocated Housing Credits to the Development and all of such Allocated Housing Credits will be used in the financing plan for the Development; and

WHEREAS, the Surplus 1602 Exchange funds will be used for one or more grants or zero percent (0%) mortgage loans to the Development; and

WHEREAS, the Sponsor qualifies and the Borrower will qualify as housing sponsors within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi, Cynthia Reid and Joshua Slade dated July 21, 2009, containing information, conditions and recommendations about the Surplus 1602 Exchange financing for the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of

the units are for occupancy by persons and families of low and moderate income.

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

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

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

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

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

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more grants or zero percent (0%) mortgage loans to the Borrower for the financing of the Development using Surplus 1602 Exchange funds based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act and Section 1602 of the ARRA, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
2. The amount of Surplus 1602 Exchange funds available for the Development shall not exceed \$170,000.00. The Executive Director and her designees will establish such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act and Section 1602 of the ARRA, and the applicable regulations and policies of the Agency, including the conditions, if any, described in the Memorandum.
3. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: TCAP FINANCING
FOR
THE COURTYARD APARTMENTS, CITY OF WINOOSKI**

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

WHEREAS, an application has been submitted to the Agency by Chittenden Housing Corporation (the "Sponsor") on behalf of a to be formed limited partnership in which the Sponsor or its subsidiary or affiliate will be the general partner (the "Borrower") involving the acquisition and rehabilitation of one hundred one (101) units of senior rental housing in the City of Winooski (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan, and, the priorities for the Tax Credit Assistance Program (also known as "TCAP") have been properly adopted and accepted in the form of the TCAP Grant Agreement between the Agency and the U.S. Department of Housing and Urban Development ("HUD") dated June 24, 2009; and

WHEREAS, the TCAP funds will be used for one or more zero percent (0%) mortgage loans to the Development; and

WHEREAS, the Sponsor qualifies and the Borrower will qualify as housing sponsors within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi, Cynthia Reid and Joshua Slade dated July 21, 2009, containing information, conditions and recommendations about the TCAP financing for the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of the units are for occupancy by persons and families of low and moderate income.

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

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

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

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

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

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more zero percent (0%) mortgage loans for the financing of the Development using TCAP funds based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsor as the representative of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act and the TCAP, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
2. The amount of TCAP funds available for the Development shall not exceed \$691,546.00. The Executive Director and her designees will establish such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act and the TCAP, and the applicable regulations and policies of the Agency, including the conditions, if any, described in the Memorandum.
3. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: TCAP FINANCING
FOR GRAND WAY II SENIOR HOUSING, CITY OF 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, an application has been submitted to the Agency by Cathedral Square Corporation (the "Sponsor") on behalf of a to be formed limited partnership in which the Sponsor or its subsidiary or affiliate will be the general partner (the "Borrower") involving the new construction of twenty-eight (28) units of senior rental housing in the City of South Burlington (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan, and, the priorities for the Tax Credit Assistance Program (also known as "TCAP") have been properly adopted and accepted in the form of the TCAP Grant Agreement between the Agency and the U.S. Department of Housing and Urban Development ("HUD") dated June 24, 2009; and

WHEREAS, the TCAP funds will be used for one or more zero percent (0%) mortgage loans to the Development; and

WHEREAS, the Sponsor qualifies and the Borrower will qualify as housing sponsors within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi, Cynthia Reid and Joshua Slade dated July 21, 2009, containing information, conditions and recommendations about the TCAP financing for the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of the units are for occupancy by persons and families of low and moderate income.
2. The acquisition, construction or rehabilitation costs to be incurred by the housing

sponsors are for housing development costs within the meaning of the Act.

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

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

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

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

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more zero percent (0%) mortgage loans for the financing of the Development using TCAP funds based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsor as the representative of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act and the TCAP, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
2. The amount of TCAP funds available for the Development shall not exceed \$2,260,000.00. The Executive Director and her designees will establish such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act and the TCAP, and the applicable regulations and policies of the Agency, including the conditions, if any, described in the Memorandum.
3. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: TCAP FINANCING FOR
PINE MANOR SENIOR HOUSING, TOWN OF ALBURGH**

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Champlain Housing Trust, Inc. (the "Sponsors") on behalf of a to be formed limited partnership in which one or more of the Sponsors or their subsidiaries or affiliates will be general or co-general partner(s) (the "Borrower") involving the acquisition and rehabilitation of a total of sixteen (16) units of senior rental housing in the Town of Alburgh (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan, and, the priorities for the Tax Credit Assistance Program (also known as "TCAP") have been properly adopted and accepted in the form of the TCAP Grant Agreement between the Agency and the U.S. Department of Housing and Urban Development ("HUD") dated June 24, 2009; and

WHEREAS, the Board of Commissioners adopted a Resolution entitled "Resolution Re: Construction Financing and Proposed Use of Bond Housing Credits for Pine Manor Senior Housing, Town of Alburgh" on May 11, 2009 (the "Prior Resolution") for the commitment of other financing and Bond Housing Credits to the Development and all or a portion of such Bond Housing Credits will be used in the financing plan for the Development and such determinations in the Prior Resolution are incorporated herein; and

WHEREAS, the TCAP funds will be used for one or more zero percent (0%) mortgage loans to the Development; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi, Cynthia Reid and Joshua Slade dated July 21, 2009, containing information, conditions and recommendations about the TCAP financing for the Development (the "Memorandum");

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more zero percent (0%) mortgage loans to the Borrower for the financing of the Development using TCAP funds based on the recommendations in the attached Memorandum. The Commitment Letter may be

issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act and the TCAP, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

2. The amount of TCAP funds available for the Development shall not exceed \$270,000.00. The Executive Director and her designees will establish such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act and the TCAP, and the applicable regulations and policies of the Agency, including the conditions, if any, described in the Memorandum.
3. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: TCAP FINANCING FOR PLEASANT STREET APARTMENTS,
VILLAGE OF ENOSBURG FALLS, TOWN OF ENOSBURGH**

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Champlain Housing Trust, Inc. (the "Sponsors") on behalf of Pleasant Street Housing Limited Partnership in which both Sponsors' subsidiaries or affiliates are co-general partners (the "Borrower") involving the acquisition and rehabilitation of a total of twenty-four (24) units of general occupancy rental housing in the Village of Enosburg Falls, Town of Enosburgh (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan, and, the priorities for the Tax Credit Assistance Program (also known as "TCAP") have been properly adopted and accepted in the form of the TCAP Grant Agreement between the Agency and the U.S. Department of Housing and Urban Development ("HUD") dated June 24, 2009; and

WHEREAS, the Board of Commissioners adopted a Resolution entitled "Resolution Re: Construction and Permanent Financing and Proposed Use of Bond Housing Credits for Pleasant Street Apartments, Town of Enosburgh, Village of Enosburg Falls" on June 30, 2008 (the "Prior Resolution") for the commitment of other financing and Bond Housing Credits to the Development and all or a portion of such Bond Housing Credits will be used in the financing plan for the Development and such determinations in the Prior Resolution are incorporated herein; and

WHEREAS, the TCAP funds will be used for one or more zero percent (0%) mortgage loans to the Development; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi, Cynthia Reid and Joshua Slade dated July 21, 2009, containing information, conditions and recommendations about the TCAP financing for the Development (the "Memorandum");

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more zero percent (0%) mortgage loans to the

Borrower for the financing of the Development using TCAP funds based on the recommendations in the attached Memorandum. The Commitment Letter shall be conditioned on the satisfaction by the Borrower of all requirements of the Act and the TCAP, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

2. The amount of TCAP funds available for the Development shall not exceed \$200,000.00. The Executive Director and her designees will establish such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act and the TCAP, and the applicable regulations and policies of the Agency, including the conditions, if any, described in the Memorandum.
3. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: TCAP FINANCING FOR SALMON RUN, CITY OF BURLINGTON

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Champlain Housing Trust, Inc. (the "Sponsors") on behalf of a to be formed limited partnership in which one or more of the Sponsors or their subsidiaries or affiliates will be general or co-general partner(s) (the "Borrower") involving the acquisition and rehabilitation of a total of eighty (80) units of general occupancy rental housing in the City of Burlington (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan, and, the priorities for the Tax Credit Assistance Program (also known as "TCAP") have been properly adopted and accepted in the form of the TCAP Grant Agreement between the Agency and the U.S. Department of Housing and Urban Development ("HUD") dated June 24, 2009; and

WHEREAS, the Board of Commissioners adopted a Resolution entitled "Resolution Re: Construction and Permanent Financing and Proposed Use of Bond Housing Credits for Salmon Run, City of Burlington" on December 18, 2008 (the "Prior Resolution") for the commitment of other financing and Bond Housing Credits to the Development and all or a portion of such Bond Housing Credits will be used in the financing plan for the Development and such determinations in the Prior Resolution are incorporated herein; and

WHEREAS, the TCAP funds will be used for one or more zero percent (0%) mortgage loans to the Development; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi, Cynthia Reid and Joshua Slade dated July 21, 2009, containing information, conditions and recommendations about the TCAP financing for the Development (the "Memorandum");

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more zero percent (0%) mortgage loans to the Borrower for the financing of the Development using TCAP funds based on the recommendations in the attached Memorandum. The Commitment Letter may be

issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act and the TCAP, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

2. The amount of TCAP funds available for the Development shall not exceed \$1,500,000.00. The Executive Director and her designees will establish such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act and the TCAP, and the applicable regulations and policies of the Agency, including the conditions, if any, described in the Memorandum.
3. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: TCAP FINANCING FOR
UPPER STORY HOUSING, TOWN OF BRATTLEBORO**

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Windham Housing Trust, Inc. (the "Sponsors") on behalf of a to be formed limited partnership in which one or more of the Sponsors or their subsidiaries or affiliates will be general or co-general partner(s) (the "Borrower") involving the new construction of twenty-four (24) units of general occupancy rental housing in the Town of Brattleboro (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan, and, the priorities for the Tax Credit Assistance Program (also known as "TCAP") have been properly adopted and accepted in the form of the TCAP Grant Agreement between the Agency and the U.S. Department of Housing and Urban Development ("HUD") dated June 24, 2009; and

WHEREAS, the Board of Commissioners adopted a Resolution entitled "Resolution Re: Construction Financing and Proposed Allocation of Allocated Housing Credits for Upper Story Housing, Town of Brattleboro" on June 19, 2009 (the "Prior Resolution") for the commitment of other financing and Allocated Housing Credits to the Development and all or a portion of such Allocated Housing Credits will be used in the financing plan for the Development and such determinations in the Prior Resolution are incorporated herein; and

WHEREAS, the TCAP funds will be used for one or more zero percent (0%) mortgage loans to the Development; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi, Cynthia Reid and Joshua Slade dated July 21, 2009, containing information, conditions and recommendations about the TCAP financing for the Development (the "Memorandum");

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more zero percent (0%) mortgage loans to the Borrower for the financing of the Development using TCAP funds based on the recommendations in the attached Memorandum. The Commitment Letter may be

issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act and the TCAP, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

2. The amount of TCAP funds available for the Development shall not exceed \$495,000.00. The Executive Director and her designees will establish such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act and the TCAP, and the applicable regulations and policies of the Agency, including the conditions, if any, described in the Memorandum.
3. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.

Total Residential Units:	21	Increase in Income from Rental Units:	1.00%
Housing Credit Restricted Units:	18	Increase in Income from Other Sources:	1.00%
Percent Restricted:	85.71%	Increase in Income from Commercial:	1.00%
Total Development Cost:	5,783,270	Expense increase:	2.50%
Total Development Cost per Unit:	275,394	Vacancy Rate:	5%
Total Development Cost Per SF:	307	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	355,265	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	345,000	Sponsor's Estimated Yield:	87.99%

LIHTC - 9%	9.00%	
LIHTC - 4%	3.35%	July 09

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	675,000	11.67%	7.50%	25	20
AHP Loan	225,000	3.89%	5.00%	30	25
HOME	250,000	4.32%	0.00%	20	int. only
VCDP	480,000	8.30%	0.00%	30	grant
VHCB Loan	525,000	9.08%	0.00%	30	30
AHP Grant	210,000	3.63%	0.00%	30	30
BHA Loan	0	0.00%	0.00%	30	30
Dev Loan	149,500	2.59%	0.00%	15	15
Town of Bratt---RLF	48,000	0.83%	0.00%	20	20
REEP Loan	15,000	0.26%	0.00%	30	30
TCAP	170,000	2.94%	0.00%	30	
Tax Credit Equity	3,035,770	52.49%	N/A	N/A	
TOTAL SOURCES	5,783,270	100.00%			

USES

	933,718	Commercial
	4,849,552	Total Residential Only Cost
Acquisition	1,618,225	27.98%
Construction Hard Costs	3,353,218	57.98%
Soft Costs	811,827	14.04%
TOTAL USES	5,783,270	100.00%

Gap 0

General Partner's Capital Contribution	3,036	0.10%
Limited Partner's Capital Contribution	3,035,740	99.999%
Total Equity	3,035,770	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	18
Total Units	21
Unit Fraction	85.71%
Tax Credit Square Footage	11,235
Total Residential Square Footage	13,099
Square Footage Fraction	85.77%
Applicable Fraction	85.71%

20-Jul-09 Centre Drive, Milton Vermont

Total Residential Units:	24	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	23	Increase in Income from Other Sources:	1.50%
Percent Restricted:	95.83%	Increase in Income from Commercial:	1.50%
Total Development Cost:	3,990,192	Expense increase:	3.00%
Total Development Cost per Unit:	166,258	Vacancy Rate:	5%
Total Development Cost Per SF:	142	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	122,285	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	122,332	Sponsor's Estimated Yield:	82.12%

LIHTC - 9%	7.82%	(July 2009)
LIHTC - 4%	3.35%	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	1,683,000	42.18%	5.37%	30	20
VHCB		0.00%	4.00%	30	deferred
HOME		0.00%	1.00%	20	int. only
TCAP	1,668,596	41.82%	0.00%	30	deferred
Other	285,141	7.15%	N/A	N/A	
Tax Credit Equity	1,003,634	25.15%	N/A	N/A	
TOTAL SOURCES	4,640,371	100.00%			

USES

Acquisition	0	0.00%		2,686,634	
Construction Hard Costs	3,769,144	81.23%			
Soft Costs	871,227	18.77%			
TOTAL USES	4,640,371	100%			

Gap 0

General Partner's Capital Contribution	0	0.10%
Limited Partner's Capital Contribution	1,003,634	99.90%
Total Equity	1,003,634	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	23
Total Units	24
Unit Fraction	95.83%
Tax Credit Square Footage	22,236
Total Residential Square Footage	22,934
Square Footage Fraction	96.96%
Applicable Fraction	95.83%

20-Jul-09 **Courtyard Apartments**

Total Residential Units:	101	Increase in Income from Rental Units:	2.00%
Housing Credit Restricted Units:	100	Increase in Income from Other Sources:	2.00%
Percent Restricted:	99.01%	Increase in Income from Commercial:	2.00%
Total Development Cost:	7,153,208	Expense increase:	2.00%
Total Development Cost per Unit:	70,824	Vacancy Rate:	3%
Total Development Cost Per SF:	67	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	203,079	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	203,079	Sponsor's Estimated Yield:	83.08%

LIHTC - 9%	9.00%	
LIHTC - 4%	3.35%	(July 2009)

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
VHFA Permanent Debt	3,837,000	53.64%	5.70%	30	20
VHFA Zero Percent	300,000	4.19%	0.00%	30	deferred
VHCB/HOME	0	0.00%	0.00%		
TCAP	691,546	9.67%	0.00%	N/A	Grant
AHP	500,000	6.99%	N/A	N/A	
Tax Credit Equity	1,687,245	23.59%	N/A	N/A	
TOTAL SOURCES	7,015,791	98.08%			

USES

Acquisition	4,464,740	62.42%
Construction Hard Costs	1,917,068	26.80%
Soft Costs	771,401	10.78%
TOTAL USES	7,153,208	100%

Gap 137,418

General Partner's Capital Contribution	1,687	0.10%
Limited Partner's Capital Contribution	1,685,558	99.90%
Total Equity	1,687,245	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	100
Total Units	101
Unit Fraction	99.01%
Tax Credit Square Footage	64,067
Total Residential Square Footage	64,067
Square Footage Fraction	100.00%
Applicable Fraction	99.01%

20-Jul-09 **Grandway II Senior Housing**

	28	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	28	Increase in Income from Other Sources:	1.50%
Percent Restricted:	100.00%	Increase in Income from Commercial:	0.00%
Total Residential Development Cost:	4,802,000	Expense increase:	3.00%
Total Res Dev Cost per Unit:	171,500	Vacancy Rate:	5%
Total Development Cost Per SF:	199	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.0 years
Max Credit Potential:	142,816	Short Depreciation Schedule:	5 years
Credit Amount Allocated:	139,000	Sponsor's Estimated Yield:	88.50%
VT State Credit	0		
Historic Credit			
LIHTC - 4%	3.35%	July 2009	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
Development Fee Loan	95,000	1.84%	1.00%	10	
VHCB Feasibility (GP Equity)	10,000	0.19%	0.00%	30	deferred
VHCB	300,000	5.81%	0.00%	30	deferred
Efficiency VT	30,000	0.58%	N/A	N/A	Cap Contribution
VCDP	550,000	10.65%	0.00%	30	deferred
TCAP	2,260,000	43.78%	0.00%	30	deferred
HOME	307,000	5.95%	0.00%	30	deferred
Grandway I Partnership	380,000	7.36%	N/A	N/A	Cap Contribution
Tax Credit Equity LP	1,230,000	23.83%	N/A	N/A	
	5,162,000	100.00%			

USES

Acquisition	808,500	15.66%
Construction Hard Costs	3,245,650	62.88%
Soft Costs	1,107,850	21.46%
TOTAL USES	5,162,000	100.00%

Gap 0

VHFA Construction Loan 2,600,000

General Partner's Capital Contribution	12,301	1.00%
Limited Partner's Capital Contribution	1,230,000	99.99%
Total Equity	1,242,301	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	28
Total Units	28
Unit Fraction	100.00%
Tax Credit Square Footage	26,000
Total Residential Square Footage	26,000
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

Total Rental Residential Units:	16	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	16	Increase in Income from Other Sources:	1.50%
Percent Restricted:	100.00%	Increase in Income from Commercial:	0.00%
Total Rental Development Cost:	2,043,439	Expense increase:	3.00%
Total Rental Dev. Cost per Unit:	127,715	Vacancy Rate:	5.00%
Total Rental Dev. Cost Per SF:	145	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	64,043	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	60,600	Sponsor's Estimated Yield:	0.81

LIHTC - 9% 9.00%

LIHTC - 4% 3.29% (April 2009)

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term	Committed
Rural Development 515	1,000,000	48.94%	1.00%	50	50	No - July 2009
VHCB/HOME	240,000	11.74%	0.00%	deferred	30	Yes
CVOEO WX	42,500	2.08%	0.00%	deferred	30	Yes
TCAP	270,000	13.21%	0	deferred	30	
LIHTC equity	490,938	24.03%	N/A	N/A	N/A	
TOTAL SOURCES	2,043,438	100.00%				

USES

Acquisition	461,000	22.56%
Construction Hard Costs	1,148,199	56.19%
Soft Costs	434,240	21.25%

TOTAL USES	2,043,438	100%
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Gap	0
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VHFA Construction Loan	1,500,000
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General Partner's Capital Contribution	245	0.05%
Limited Partner's Capital Contribution	490,889	99.99%
Total Equity	491,134	100.0%

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	16
Total Units	16
Unit Fraction	100.00%
Tax Credit Square Footage	11,193
Total Residential Square Footage	11,193
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

20-Jul-09 Pleasant Street Apartments

Total Rental Residential Units:	24	Increase in Income from Rental Units:	2.00%
Housing Credit Restricted Units:	24	Increase in Income from Other Sources:	2.00%
Percent Restricted:	100.00%	Increase in Income from Commercial:	0.00%
Total Rental Development Cost:	3,299,020	Expense increase:	2.50%
Total Rental Dev. Cost per Unit:	137,459	Vacancy Rate:	5.00%
Total Rental Dev. Cost Per SF:	169	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	96,549	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	91,193	Sponsor's Estimated Yield:	0.81

LIHTC - 9% 8.00%

LIHTC - 4% 3.29% (April 2009)

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
VHFA permanent debt	0	0.00%	7.00%	30	30
Rural Development 1%	720,000	21.82%	1.00%	50	30
Rural Development MPR	1,130,442	34.27%	1.00%	deferred	20
VHCB	330,000	10.00%	0.00%	deferred	30
CVOEO/RGGI	55,000	1.67%	0.00%	deferred	30
TCAP	200,000	6.06%	0.00%	deferred	30
Existing cash	95,000	2.88%	0.00%	N/A	N/A

LIHTC equity	768,577	23.30%	N/A	N/A	N/A
TOTAL SOURCES	3,299,019	100.00%			

USES

Acquisition	1,071,409	32.48%
Construction Hard Costs	1,513,461	45.88%
Soft Costs	714,150	21.65%

TOTAL USES	3,299,019	100%
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Gap 0

General Partner's Capital Contribution	369	0.05%
Limited Partner's Capital Contribution	738,589	99.99%
Total Equity	738,959	100.0%

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	24
Total Units	24
Unit Fraction	100.00%
Tax Credit Square Footage	18,304
Total Residential Square Footage	18,304
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

21-Jul-09		Salmon Run Rehab			
Total Residential Units:	79	Increase in Income from Rental Units:		1.50%	
Housing Credit Restricted Units:	61	Increase in Income from Other Sources:		1.50%	
Percent Restricted:	77.22%	Increase in Income from Commercial:		0.00%	
Total Development Cost:	12,254,778	Expense increase:		3.00%	
Total Development Cost per Unit:	155,124	Vacancy Rate:		4.00%	
Total Development Cost Per SF:	147	Partner's Tax Rate:		35%	
Credit Election:	40/60	Long Depreciation Schedule:		27.5	years
Max Credit Potential:	325,530	Short Depreciation Schedule:		7	years
Credit Amount Allocated:	326,561	Sponsor's Estimated Yield:		81.48%	
LIHTC - 9%	n/a				
LIHTC - 4%	3.35%	Jul-09			
SOURCES					
		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage - VHFA	2,900,000	23.66%	7.75%	25	16
VHCB	700,000	5.71%	0.00%	30	deferred
VHCB/VHFA - existing loan	250,000	2.04%	0.00%	30	deferred
VHCB/VHFA - deferred interest	979,925	8.00%	0.00%	30	deferred
City/HODAG existing	900,000	7.34%	0.00%	30	deferred
City/HODAG existing--deferred interest	0	0.00%	0.00%	30	deferred
LCHDC Note (City Trust Fund)--existing	0	0.00%	0.00%	30	deferred
City Trust Fund - new	1,850,000	15.10%	0.00%	30	deferred
City/HOME	285,000	2.33%	4.00%	30	deferred
TCAP	1,500,000	12.24%	0.00%	30	deferred
DOE Solar	110,000	0.90%	0.00%	30	deferred
BED/VT Gas	45,000	0.37%	0.00%	N/A	N/A
Existing repl. & oper reserves	74,000	0.60%	N/A	N/A	N/A
Tax Credit Equity	2,660,587	21.71%	N/A	N/A	N/A
TOTAL SOURCES	12,254,512	100.00%			
USES					
Acquisition	6,028,748	49.20%			
Construction Hard Costs	4,814,000	39.28%			
Soft Costs	1,412,031	11.52%			
TOTAL USES	12,254,778	100%			
Construction Loan (VHFA)	6,500,000	15 months	6.00%		
Gap	266				
General Partner's Capital Contribution			0	0.01%	
Limited Partner's Capital Contribution			2,660,587	99.99%	
Total Equity			2,660,587		
APPLICABLE FRACTION CALCULATION					
		Tax Credit Restricted Units	61		
		Total Units	79		
		Unit Fraction	77.22%		
		Tax Credit Square Footage	63,985		
		Total Residential Square Footage	83,149		
		Square Footage Fraction	76.95%		
		Applicable Fraction	76.95%		

20-Jul-09 **Upper Story Housing**

Total Residential Units:	24	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	19	Increase in Income from Other Sources:	1.50%
Percent Restricted:	79.17%	Increase in Income from Commercial:	0.00%
Total Development Cost:	4,985,947	Expense increase:	3.00%
Total Development Cost per Unit:	207,748	Vacancy Rate:	5.00%
Total Development Cost Per SF:	225	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	448,776	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	445,000	Sponsor's Estimated Yield:	81.00%
LIHTC - 9%	9.00%	(Flat Rate)	
LIHTC - 4%	3.25%	(May 2009)	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	0	0.00%	0.00%	30	30
VHCB	475,000	9.53%	0.00%	0	30
HOME	400,000	8.02%	0.00%	0	30
TCAP	495,000	9.93%	0.00%	0	0
Eff Vt	12,000	0.24%	0.00%	30	20
AHP - Grant		0.00%	0.00%	30	20
LIHTC equity	3,603,947	72.28%	N/A	N/A	
TOTAL SOURCES	4,985,947	100.00%			

USES

Acquisition	7,500	0.15%
Construction Hard Costs	3,854,017	77.30%
Soft Costs	1,124,430	22.55%
TOTAL USES	4,985,947	100%

Gap 0

VHFA Construction Loan 3,500,000

General Partner's Capital Contribution	3,604	0.10%
Limited Partner's Capital Contribution	3,603,587	99.99%
Total Equity	3,603,947	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	19
Total Units	24
Unit Fraction	79.17%
Tax Credit Square Footage	13,035
Total Residential Square Footage	15,970
Square Footage Fraction	81.62%
Applicable Fraction	79.17%



Vermont Housing Finance Agency
MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Director of Development *JE*

DATE: July 21, 2009

RE: Centre Drive, Milton; Construction Financing and Bond Credits

Name:	Centre Drive	Location:	Milton
Housing Type:	General Occupancy	Unit Type:	Flats
Unit Count:	24 Total 23 Housing Credit	Unit Sizes:	8 1-Br @ 698 s. f. 14 2-Br @ 1,053 s. f. 2 3-Br @ 1,304 s. f.
Total Cost:	\$4,656,961	Per Square Foot Land & Buildings Cost:	\$115
Housing Credits:	\$122,332 ("bond" credits)	Sponsor:	Rick Bove
VHFA Loan Request:	\$3,000,000 tax-exempt construction loan		
Other Funding Sources:	Amortizing Debt (using the RD 538 loan guarantee program); other equity and/or TCAP		

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

Summary: Rick Bove, who has developed one tax credit development in Burlington and has another under development in St. Albans, has engaged Nickerson Eller LLC as development consultants and they are together working on this project. This site is a level 1.14 acre parcel in Milton with one unused commercial structure on it (to be demolished), and it is served by municipal water and sewer. It is surrounded by commercial and residential uses, and is close to schools, a health-center, recreation fields, a library, and a supermarket. Rick Bove has negotiated a land lease with the owner, who has agreed to the perpetual restrictions that the Housing Credit program carry with it. The proposed project would be a single wood-frame building with parking under and surface parking, four stories with an elevator. The ground floor would be commercial space, and tenants for half of the commercial space have been found. The architect is Greg Rabideau, and the property would be managed by EP Property Management. Local permits are reportedly in hand, and the sponsor believes Act 250 permits could be obtained within 45 days of initiation of the Act 250 permit process.



Tax Credit Discussion: The sponsor has provided an updated market study by Kurt Kaffenberger. The study indicates a strong demand for rental units in Milton and that the proposed rents (90% of the maximum allowed by the tax credit program) are below the market rents, and the market should absorb these units at a conservative rate of 4 per month. Staff are concerned about the difficulty that the sponsor ran into at his Brookside St Albans development, which is currently attempting to close on its equity. The original tax credit investor withdrew and the current investor has been very reluctant to commit to that deal, and is being very challenging to get to closing with. Even developers and equity consultants more experienced than Rick Bove and Nickerson Eller LLC are having these delays and having investors withdraw, and staff believe that this problem will be faced by the Centre Drive project.

Staff wish to give the sponsor the opportunity to pursue this development, and are recommending the bond financing and bond credits. As with all VHFA commitments, there will be conditions in the commitment letter that will need to be met prior to closing. If there are returned TCAP funds, this Housing Credit approval will make this development eligible to apply for it in the future.

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: CONSTRUCTION FINANCING
AND PROPOSED USE OF BOND HOUSING CREDITS FOR
CENTRE DRIVE, TOWN OF MILTON**

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

WHEREAS, an application has been submitted to the Agency by Richard J. Bove, Jr. (the "Sponsor") on behalf of a to be formed limited partnership in which the Sponsor or its subsidiary or affiliate will be the general partner (the "Borrower") involving the new construction of twenty-four (24) units of general occupancy rental housing in the Town of Milton (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

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

WHEREAS, the Sponsor qualifies and the Borrower will qualify as housing sponsors within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi dated July 21, 2009, containing information, conditions and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of the units are for occupancy by persons and families of low and moderate income.
2. The acquisition, construction or rehabilitation costs to be incurred by the housing sponsors are for housing development costs within the meaning of the Act.

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

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

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

6. The Borrower will be required to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more mortgage loans to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsor as the representative of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
2. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions, if any, described in the Memorandum.
3. The recommendations for the use of Bond Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.
4. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the use of Bond Housing Credits in an amount necessary for the Development's feasibility for the Centre Drive housing project in the Town of Milton, Vermont.
5. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.

1) THIS IS NOT A SURVEY. BOUNDARY INFORMATION SHOWN IS BASED ON A SURVEY ENTITLED "TUNTON CENTRAL FURNACE PLANT" BY PITZPATRICK, LEE WILLIAM INCORPORATED, ESSAY, ARIZONA, WENBACH, DATED NOVEMBER 1984 AND RECORDED IN MAP SLIDE 179 OF THE TOWN OF TUNTON LAND RECORDS AND RECORDED THEREIN AS MAP 179-18.

[illegible]

KEY	SCIENTIFIC NAME	COMMON NAME	QUAN.	SIZE	COMMENTS
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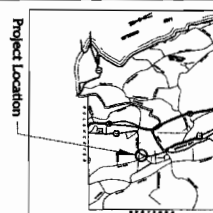
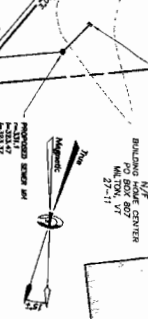
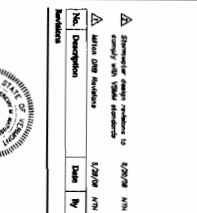
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THIS FINAL PLAT HAS BEEN APPROVED BY RESOLUTION OF THE DEVELOPMENT REVIEW BOARD OF THE TOWN OF WILTON, VT. THIS _____ DAY OF _____ 200____, SUBJECT TO THE REQUIREMENTS AND CONDITIONS OF SAID RESOLUTION.


TOWN OF MILTON, VT
Received for record _____ 200____
at _____ O'Clock _____ m, and Recorded
in Milton Land Records Slide _____

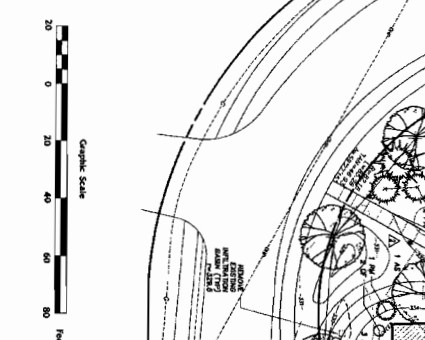
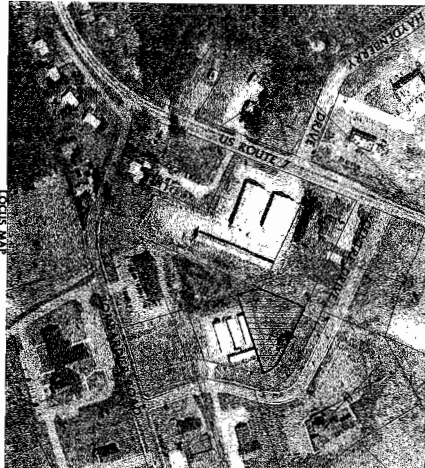
Town Clerk

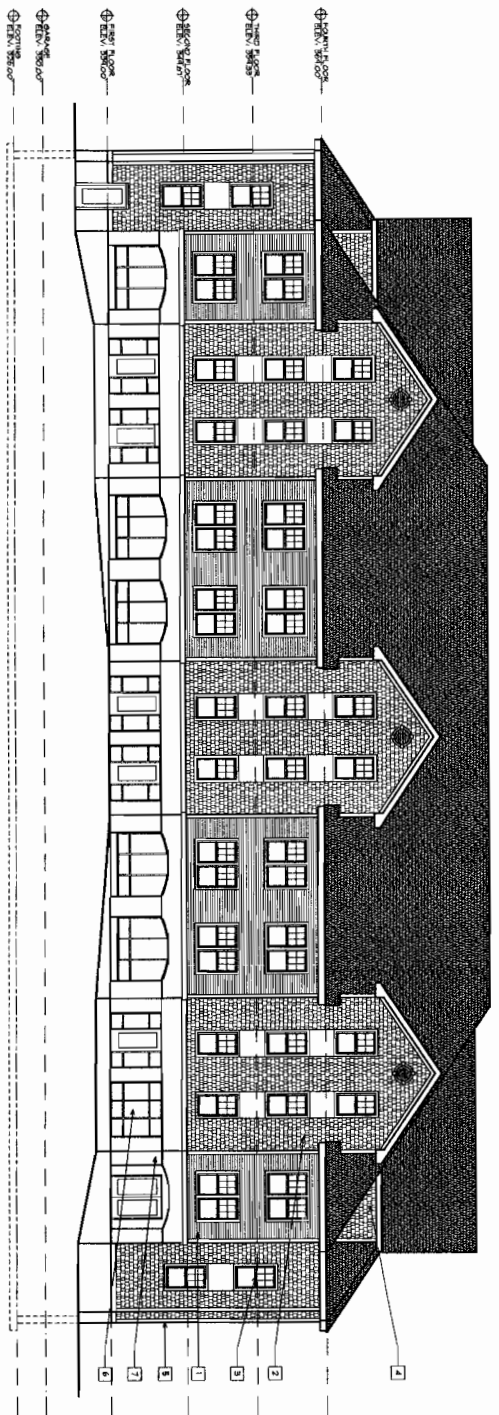
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DEVELOPMEN
894 LAKE #
MILTON,
27-9-1

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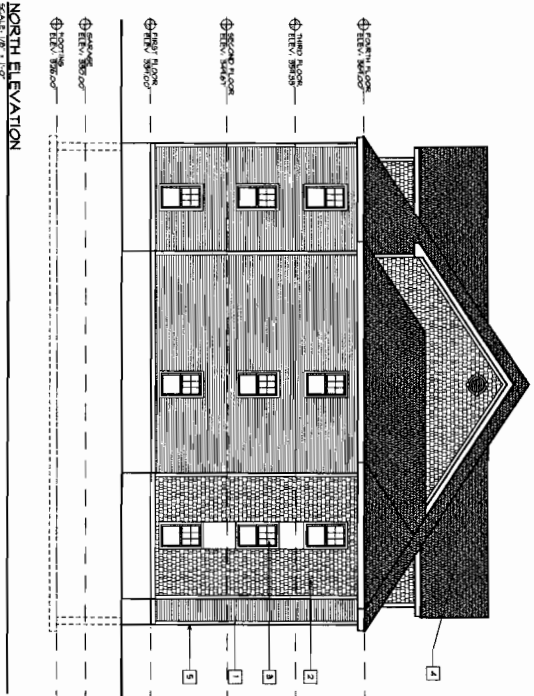
Project Title
BOVE BROTHERS REALTY

Drawing Number	J09001-01			Revision	
Project Manager	LM	Drawn	RHP		
Date	02/21/02	P.A.	CS	Scale	1"=30'
Project reference	J09001				
Sheet No.	001	J09001/001			
Approved					





EAST ELEVATION
SCALE: 1/8" = 1'-0"



NORTH ELEVATION
SCALE: 1/8" = 1'-0"

EXTERIOR MATERIALS

- 1 SIDING TYPE-1: CONCRETE BOARD LAP SIDING BY JAMES HARDIE OR APPROVED EQUAL. COLOR: HEATHERED TONES JH60-20.
- 2 SIDING TYPE-2: CONCRETE BOARD LAP SIDING BY JAMES HARDIE OR APPROVED EQUAL. COLOR: MOUNTAIN SIDE JH60-30.
- 3 WINDOWS: GLAD MOOD LOW-E ARGON FILLED WINDOWS BY THERM-A-CORE. COLORED GLASS. COLOR: WHITE.
- 4 ROOFING: ASPHALT/FLTE-3 FREE-SPONTANEOUS STYLE SHINGLES (NO NO OR EQUAL). COLOR: AS SELECTED BY ARCHITECT.
- 5 EXTERIOR TRIM: FINE GRANT LAMINATION FOR INSIDE & OUTSIDE. COLOR: WHITE. FOR FASCIAL EAVES, COLOR: ALPINE FROST JH60-10.
- 6 STONEFRONT: ALUMINUM STONEFRONT COMPONENTS WITH LOW-E ARGON FILLED GLASS. COLOR: WHITE.
- 7 EXTERIOR FINISH: SYNTHETIC STUCCO FINISH (1 1/2" R. 3") INSTALLED IN CONCORDANCE WITH MANUFACTURER'S INSTRUCTIONS. COLOR: HEATHERED TONES JH60-20.

SIGN INFORMATION

SIGNS ARE REGULATED BY MILTON ZONING ORDINANCE SECTION 161. THIS BUILDING MAY HAVE ONE BUILDING MOUNTED SIGN WITH A MAXIMUM AREA OF 24 SQ. FT. AND ONE FREE-STANDING SIGN NOT EXCEEDING 24 SQ. FT. SIGNS MAY NOT BE INTERNALLY ILLUMINATED. ALL SIGNS ARE TO BE CARVED OR PAINTED WOOD WITH INDIRECT LIGHTING.

EXTERIOR ELEVATIONS

SCALE: 1/8" = 1'-0"

CENTRE DRIVE MIXED USE BUILDING
MILTON, VERMONT



RABIDEAU ARCHITECTS
147 FAYETTE STREET
MILTON, VT 05475
PHONE: 802.853.8100
FAX: 802.853.8101

A-7

SHEET NUMBER

REVISIONS:	DATE:
1. INITIAL DESIGN	01/22/2008
2. CLIENT AND SIGN INFORMATION ADDED	01/22/2008

21-Jul-09 Centre Drive, Milton Vermont

Total Residential Units:	24	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	23	Increase in Income from Other Sources:	1.50%
Percent Restricted:	95.83%	Increase in Income from Commercial:	1.50%
Total Development Cost:	3,990,192	Expense increase:	3.00%
Total Development Cost per Unit:	166,258	Vacancy Rate:	5%
Total Development Cost Per SF:	142	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	122,285	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	122,332	Sponsor's Estimated Yield:	82.12%
LIHTC - 9%	7.82%	(July 2009)	
LIHTC - 4%	3.35%		

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First Mortgage	1,683,000	42.18%	5.37%	30	20
VHCB		0.00%	4.00%	30	deferred
HOME		0.00%	1.00%	20	int. only
TCAP	1,668,596	41.82%	0.00%	30	deferred
Other	285,141	7.15%	N/A	N/A	
Tax Credit Equity	1,003,634	25.15%	N/A	N/A	
TOTAL SOURCES	4,640,371	100.00%			

VHFA Construction Loan 3,000,000 tax exempt, 9 month, variable rate

USES

Acquisition	0	0.00%
Construction Hard Costs	3,769,144	81.23%
Soft Costs	871,227	18.77%
TOTAL USES	4,640,371	100%

Gap 0

General Partner's Capital Contribution	0	0.10%
Limited Partner's Capital Contribution	1,003,634	99.90%
Total Equity	1,003,634	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	23
Total Units	24
Unit Fraction	95.83%
Tax Credit Square Footage	22,236
Total Residential Square Footage	22,934
Square Footage Fraction	96.96%
Applicable Fraction	95.83%

Total Development Costs - Residential Only			Allocation of Sources - Commercial				Allocation of Sources - Residential				Mixed-Use Only				
Budget			Per s.f.	Debt	Equity	Other	Debt	Equity	Other	Debt	Equity	Other	Debt	Equity	Other
			Per Unit	Terms: 20/30 5.37%	Terms: 20/30 5.37%	Terms: 20/30 5.37%	Terms: 20/30 5.37%	Terms: 20/30 5.37%	Terms: 20/30 5.37%	Terms: 20/30 5.37%	Terms: 20/30 5.37%	Terms: 20/30 5.37%	Terms: 20/30 5.37%	Terms: 20/30 5.37%	Terms: 20/30 5.37%
ACQUISITION			0	0	0	0	0	0	0	0	0	0	0	0	0
1	Land														
2	Purchase of Building(s)														
3	Demolition (without replacement)														
4	Property Appraisal														
5	Legal - Title and Recording														
Subtotal - Acquisition			0	0	0	0	0	0	0	0	0	0	0	0	0
CONSTRUCTION HARD COSTS															
6	Rehabilitation														
7	New Building(s)	2,573,426	107,226	91.83	440,574	1,569,792	1,003,634								
8	Accessory Buildings														
9	Sitework	298,838	12,452	10.66	51,162	298,838									
10	Commercial Space Costs (if any)														
11	General Requirements	58,658	2,444	2.09	10,042	58,658									
12	Contractor Overhead - in Construction														
13	Contractor Profit - in Construction														
14	Construction Contingency	201,059	8,377	7.17	34,421	201,059									
15	Construction Management														
16	Construction Bond Fee	62,640	2,610	2.24	10,724	62,640									
17	Hazardous Materials Abatement														
18	Off-Site Improvements														
19	Furnishings, Fixtures, & Equipment	27,600	1,150	0.98		27,600									
20	Other ()														
Subtotal - Hard Costs			3,222,220	134,259	114.98								546,923	3,769,144	
SOFT COSTS															
21	Architectural	42,691	1,779	1.52	7,309	42,691									
22	Engineering	42,691	1,779	1.52	7,309	42,691									
23	Legal/Accounting	23,538	981	0.84	1,462	23,538									
24	Relocation														
25	Environmental Assessment														
26	Energy Assessment	4,269	178	0.15	731	4,269									
27	Permits/Fees	34,153	1,423	1.22	5,847	34,153									
28	Independent Market Study	7,000	292	0.25		7,000									
29	Construction Period Insurance	12,807	534	0.46	2,193	12,807									
30	Construction Interest	21,727	1,060	0.91	3,720	21,727									
31	Construction Loan Origination Fee	14,370	701	0.60	2,460	14,370									
32	Taxes During Construction	8,538	356	0.30	1,462	8,538									
33	Clerk of the Works														
34	Marketing	12,807	534	0.46	2,193	12,807									
35	Tax Credit Fees	5,143	214	0.18		5,143									
36	Soft Cost Contingency														
37	Permanent Loan Origination Fee	14,370	701	0.60	2,460	14,370									
38	Lender's Counsel's Fee	8,538	356	0.30	1,462	8,538									
39	Other ()														
SYNDICATION COSTS															
40	Organizational (Partnership)	10,000	417	0.36		10,000									
41	Bridge Loan Fees and Expenses	25,211	1,050	0.90		25,211									
42	Syndication Consultant	25,091	1,045	0.90		25,091									
43	Tax Opinion	10,000	417	0.36		10,000									
DEVELOPER'S FEES															
44	Developer's Fees	287,739	11,989	10.27	49,261	287,739									
45	Other Partnership Fees														
46	Consultant Fees	67,400	2,808	2.41		67,400									
RESERVES															
47	Working Capital	21,580	899	0.77	3,695	21,580									
48	Rent-up (Deficit Escrow) Reserve	68,306	2,846	2.44	11,694	68,306									
49	Other Operating Reserves														
50	Sinking Fund														
51	Replacement Reserves														
Subtotal - Soft Costs			767,971	31,999	27.41								103,256	871,227	
TOTAL DEVELOPMENT COSTS			3,990,192	166,258	142	650,179	0	2,986,558	1,003,634	0	4,640,371	650,179	4,640,371		

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic	Commercial Basis
ACQUISITION						
1 Land		0				
2 Purchase of Building(s)		0				0
3 Demolition (without replacement)		0				0
4 Property Appraisal		0		0		0
5 Legal - Title and Recording		0		0		0
Subtotal - Acquisition		0				
CONSTRUCTION HARD COSTS						
6 Rehabilitation		0				0
7 New Building(s)	2,573,426		2,573,426	2,573,426		440,574
8 Accessory Buildings		0				0
9 Sitework	298,838		298,838	298,838		51,162
10 Commercial Space Costs (if any)		0				0
11 General Requirements	58,658		58,658	58,658		10,042
12 Contractor Overhead - in Construction		0	0	0		0
13 Contractor Profit - in Construction		0	0	0		0
14 Construction Contingency	201,059		201,059	201,059		34,421
15 Construction Management		0	0	0		0
16 Construction Bond Fee	62,640		62,640	62,640		10,724
17 Hazardous Materials Abatement		0	0	0		0
18 Off-Site Improvements		0	0	0		0
19 Furnishings, Fixtures, & Equipment	27,600		27,600	27,600		0
20 Other ()		0	0	0		0
Subtotal - Hard Costs	3,222,220					
SOFT COSTS						
21 Architectural	42,691		42,691	42,691		7,309
22 Engineering	42,691		42,691	42,691		7,309
23 Legal/Accounting	23,538		23,538	23,538		1,462
24 Relocation		0	0	0		0
25 Environmental Assessment		0	0	0		0
26 Energy Assessment	4,269		4,269	4,269		731
27 Permits/Fees	34,153		34,153	34,153		5,847
28 Independent Market Study	7,000		7,000	7,000		0
29 Construction Period Insurance	12,807		12,807	12,807		2,193
30 Construction Interest	25,447		25,447	25,447		3,720
31 Construction Loan Origination Fee	16,830		16,830	16,830		2,460
32 Taxes During Construction	8,538		8,538	8,538		1,462
33 Clerk of the Works		0	0	0		0
34 Marketing	12,807					
35 Tax Credit Fees	5,143		5,143	5,143		0
36 Soft Cost Contingency		0	0	0		0
37 Permanent Loan Origination Fee	16,830					
38 Lender's Counsel's Fee	8,538		8,538	8,538		1,462
39 Other ()		0	0	0		0
SYNDICATION COSTS						
40 Organizational (Partnership)	10,000					
41 Bridge Loan Fees and Expenses	25,211					
42 Syndication Consultant	25,091					
43 Tax Opinion	10,000					
DEVELOPER'S FEES						
44 Developer's Fees	287,739		287,739	287,739		
45 Other Partnership Fees		0	0	0		
46 Consultant Fees	67,400		67,400	67,400		
RESERVES						
47 Working Capital	21,580					
48 Rent-up (Deficit Escrow) Reserve	68,306					
49 Other Operating Reserves		0				
50 Sinking Fund		0				
51 Replacement Reserves		0				
Subtotal - Soft Costs	767,971					
TOTALS	3,990,192	0	3,809,006	3,781,406	0	580,877
LESS: Amount of Non-qualified Financing						
LESS: Historic tax Credit (Residential Portion)			0	0	20% Historic Credit Rate	
Total Eligible Basis		0	3,809,006		0 Annual Historic Credit	
TIMES: Adjusted for QCT/DDA	100.0%		3,809,006			
TIMES: Applicable Fraction	95.83%	0	3,650,297			
Total Qualified Basis		0	3,650,297	4,362,282	Long Term including Commercial	
TIMES: Applicable Percentage		3.35%	3.35%	27.5	Depreciation Schedule	
Total Annual Credit Qualified		0	122,285	158,628	Annual Depreciation	
Total Tax Credits Requested	122,285			27,600	Short Term Depreciable Basis	
Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only)	1,003,248			7	Depreciation Schedule	
Estimated Yield - Housing Credit Syndication	82.12%			3,943	Annual Depreciation	
Equity Gap	353,455					
Credits Needed to fill Equity Gap	43,082					

21-Jul-09 Centre Drive, Milton Vermont

HC Restricted Units	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
Bedrooms						
0 Br			0	0		0
1 Br		698	7	761		63,924
2 Br		1,053	14	913		153,384
3 Br		1,304	2	1,054		25,296
4+ Br		0	0	0		0
Totals		22,236	23			242,604

Non-HC Restricted Units	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
Bedrooms						
0 Br			0	0		0
1 Br		698	1	1,100		13,200
2 Br			0	0		0
3 Br			0	0		0
4+ Br			0	0		0
Totals		698	1			13,200

Common Area Square Footage	5,089	
Grand Totals	28,023	24
Less Vacancy	5.00%	
		(12,790)

OTHER INCOME	NET RENT	243,014
Laundry		0
Parking		0
Commercial Space Income	6,544 Sq. Ft.	74,602
Other		0
TOTAL INCOME		317,615

21-Jul-09

Centre Drive, Milton Vermont

Building #	Unit #	Check all Applicable						A			B				C																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							
		HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted		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:																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
						Accessible	Adaptable						Unrestricted	<30%	<50%	<60%	<80%	<100%	>100%	30%	50%	60%	65%	80%	100%+																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
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Total Annual Rent 255,804

21-Jul-09 Centre Drive, Milton Vermont

	RESIDENTIAL				COMMERCIAL		TOTAL	
	Annual	Monthly	Per Unit Per Month		Annual	Monthly	Annual	Monthly
Administration								
Management Fee	15,700	1,308	55	4.9%	500	42	16,200	1,350
Supportive Services	0	0	0		0	0	0	0
Audit/Accounting	3,415	285	12		585	49	4,000	333
Legal	854	71	3		146	12	1,000	83
Compliance Monitoring	1,500	125	5		0	0	1,500	125
Marketing	1,281	107	4		219	18	1,500	125
Other	0	0	0		0	0	0	0
TOTAL ADMINISTRATIVE	22,750	1,896	79		1,450	121	24,200	2,017
Utilities								
Electricity	10,000	833	35		1,000	83	11,000	917
Fuel	15,000	1,250	52		0	0	15,000	1,250
Water and Sewer	6,404	534	22		1,096	91	7,500	625
Fire Alarm / Emergency	854	71	3		146	12	1,000	83
Other	0	0	0		0	0	0	0
TOTAL UTILITIES	32,258	2,688	112		2,242	187	34,500	2,875
Maintenance								
Maintenance / Janitor Payroll	15,000	1,250	52		0	0	15,000	1,250
Janitor Supplies	500	42	2		0	0	500	42
Exterminating	500	42	2		0	0	500	42
Trash Removal	4,000	333	14		0	0	4,000	333
Snow Removal	1,708	142	6		292	24	2,000	167
Grounds	2,135	178	7		365	30	2,500	208
Repairs Material	2,000	167	7		0	0	2,000	167
Repairs Contract	2,000	167	7		0	0	2,000	167
HVAC Repairs / Maintenance	500	42	2		0	0	500	42
Elevator Contract / Repairs	3,000	250	10		0	0	3,000	250
Painting and Decorating	2,500	208	9		0	0	2,500	208
Other	0	0	0		0	0	0	0
TOTAL MAINTENANCE	33,842	2,820	118		658	55	34,500	2,875
Real Estate Taxes	35,861	2,988	125	per unit month excl. ds & res. 469	6,139	512	42,000	3,500
Property Insurance	10,246	854	36		1,754	146	12,000	1,000
Replacement Reserves	10,080	840	35		0	0	10,080	840
Primary Debt Service	0	0	0		0	0	0	0
Other "must pay" debt service	0	0	0		0	0	0	0
Other - Land Lease	30,738	2,561	107		5,262	439	36,000	3,000
Total	175,774	14,648	610		17,506	1,459	193,280	16,107

21-Jul-09		Centre Drive, Milton Vermont														
Year		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income	Gross Rent	255,804	259,641	263,536	267,489	271,501	275,574	279,707	283,903	288,161	292,484	296,871	301,324	305,844	310,432	315,088
	Other Income	74,602	75,721	76,856	78,009	79,179	80,367	81,573	82,796	84,038	85,299	86,578	87,877	89,195	90,533	91,891
	Vacancy and other losses	(12,790)	(12,982)	(13,177)	(13,374)	(13,575)	(13,779)	(13,985)	(14,195)	(14,408)	(14,624)	(14,844)	(15,066)	(15,292)	(15,522)	(15,754)
	Total Operating Income	317,615	322,380	327,215	332,124	337,105	342,162	347,294	352,504	357,791	363,158	368,606	374,135	379,747	385,443	391,225
	Operating Expenses															
Total Expenses (excl. Reserves)	Total Expenses (excl. Reserves)	152,462	157,036	161,747	166,600	171,598	176,746	182,048	187,509	193,135	198,929	204,897	211,044	217,375	223,896	230,613
	Reserves	10,080	10,231	10,385	10,540	10,699	10,859	11,022	11,187	11,355	11,525	11,698	11,874	12,052	12,233	12,416
	Total Operating Expense	162,542	167,267	172,132	177,140	182,296	187,605	193,070	198,697	204,490	210,454	216,595	222,917	229,427	236,129	243,029
Net Operating Income	Net Operating Income	155,073	155,112	155,083	154,983	154,809	154,557	154,225	153,807	153,302	152,704	152,011	151,217	150,320	149,314	148,196
	Less Primary Debt Service	113,029	113,029	113,029	113,029	113,029	113,029	113,029	113,029	113,029	113,029	113,029	113,029	113,029	113,029	113,029
	Less Secondary Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Annual Cash Flow	42,044	42,083	42,055	41,955	41,780	41,528	41,196	40,778	40,273	39,675	38,982	38,189	37,291	36,285	35,167
	Operating Subsidies / Sinking Fund Net Cash	42,044	42,083	42,055	41,955	41,780	41,528	41,196	40,778	40,273	39,675	38,982	38,189	37,291	36,285	35,167
Cumulative Cash Flow	DCR	137.20%	137.23%	137.21%	137.12%	136.96%	136.74%	136.45%	136.08%	135.63%	135.10%	134.49%	133.79%	132.99%	132.10%	131.11%
	Beginning Balance	0	78,465	158,538	240,184	323,362	408,027	494,131	581,622	670,440	760,525	851,807	944,215	1,037,670	1,132,087	1,227,377
	Deposits	42,044	42,083	42,055	41,955	41,780	41,528	41,196	40,778	40,273	39,675	38,982	38,189	37,291	36,285	35,167
	Interest	420	1,990	3,591	5,223	6,885	8,576	10,295	12,040	13,812	15,607	17,426	19,266	21,126	23,005	24,899
	2.0%															
Withdrawals:	land lease payment	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000
	Special LP or GP Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Repayment of Deferred Devel. Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Partnership Audit or K-1 Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Distribution of Cash to Owner	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative Replacement Reserves	Ending Balance	78,465	158,538	240,184	323,362	408,027	494,131	581,622	670,440	760,525	851,807	944,215	1,037,670	1,132,087	1,227,377	1,323,443
	Beginning Balance	0	10,181	20,718	31,621	42,899	54,563	66,621	79,086	91,967	105,275	119,021	133,217	147,873	163,003	178,618
	Deposits	10,080	10,231	10,385	10,540	10,699	10,859	11,022	11,187	11,355	11,525	11,698	11,874	12,052	12,233	12,416
	Interest	101	306	518	738	965	1,200	1,443	1,694	1,953	2,221	2,497	2,783	3,078	3,382	3,697
	2.0%															
Withdrawals	Withdrawals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Ending Balance	10,181	20,718	31,621	42,899	54,563	66,621	79,086	91,967	105,275	119,021	133,217	147,873	163,003	178,618	194,731



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter *CR*

DATE: July 21, 2009

RE: Request for Construction Financing & Bond Credits: Grand Way II

Name:	Grand Way II	Location:	South Burlington
Housing Type:	Senior with Services	Unit Type:	Flats
Total Units:	28 Total 28 Housing Credit	Unit Sizes:	28 1-Br @ 625 s.f.
Total Cost:	\$5,162,000	Per Square Foot Land & Buildings Cost:	\$156
Construction Loan Requested:	\$2,600,000	Sponsor:	Cathedral Square Corporation
Housing Credits Requested:	\$139,000 (4% bond)	TCAP Requested:	\$2,260,000
Committed Funding Sources:	HOME, Efficiency Vermont	Other Funding Sources Pending:	VCDP, VHCB

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

Summary of Request: Cathedral Square Corporation (CSC) is requesting \$2,600,000 in tax exempt construction financing and \$139,000 in Bond Housing Credits in order to construct Grand Way II, 28 units of senior housing with services, to be built adjacent to Grand Way Commons, on Farrell Street in South Burlington.

Updates Since June 2009:

- The project was downsized by two units (30 to 28) in order to lower the building height to address neighborhood concern as well as reduce the VHCB request
- HOME funding of \$307,000 committed
- Has re-applied for VHCB (9/09 decision)
- Has re-applied for VCDP (9/09 decision)
- Local permit in process; approval anticipated 8/4/09
- Act 250 Amendment will be submitted within 2 weeks of Local Permit Approval



- Architect and General Contractor have been selected
- Construction could begin in December
- Project now applying for Tax Exempt Construction financing (\$2,600,000), 4% Credits, and TCAP funds (\$2,260,000) as it did not receive 9% Credits at the June Board meeting (TCAP request made separately in this board packet)
- Grand Way Commons has 151 households currently on its waiting list
- Grand Way II met the next most QAP criteria after the two projects that received 9% Credit awards at the June Board meeting

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: CONSTRUCTION FINANCING
AND PROPOSED USE OF BOND HOUSING CREDITS FOR
GRAND WAY II SENIOR HOUSING, CITY OF 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, an application has been submitted to the Agency by Cathedral Square Corporation (the "Sponsor") on behalf of a to be formed limited partnership in which the Sponsor or its subsidiary or affiliate will be the general partner (the "Borrower") involving the new construction of twenty-eight (28) units of senior rental housing in the City of South Burlington (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

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

WHEREAS, the Sponsor qualifies and the Borrower will qualify as housing sponsors within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated July 21, 2009, containing information, conditions and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of the units are for occupancy by persons and families of low and moderate income.
2. The acquisition, construction or rehabilitation costs to be incurred by the housing sponsors are for housing development costs within the meaning of the Act.
3. There exists, or without the proposed residential housing there will exist, a shortage

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

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

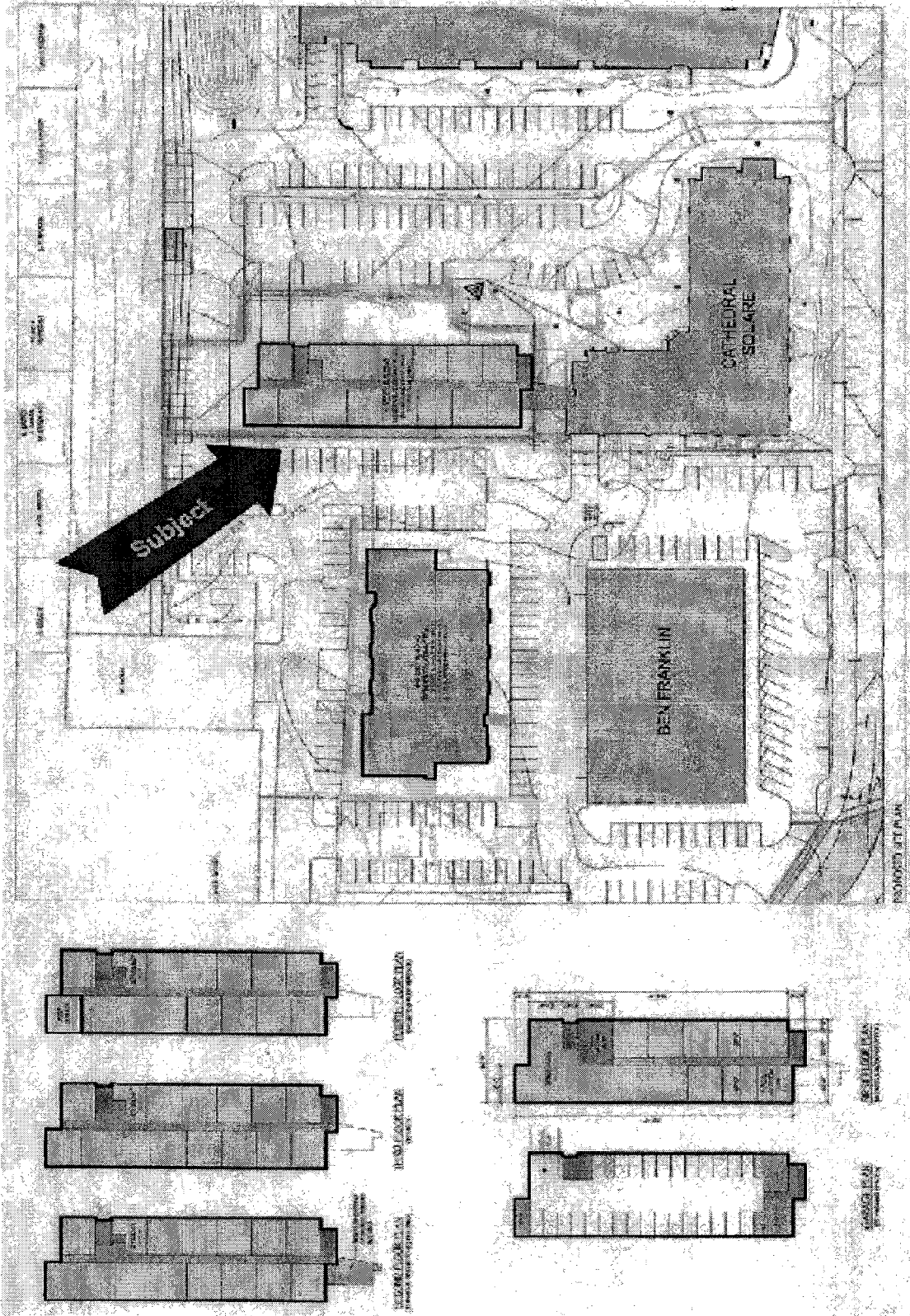
5. The security value of the Development will equal at least the amount of the Agency's loan(s).

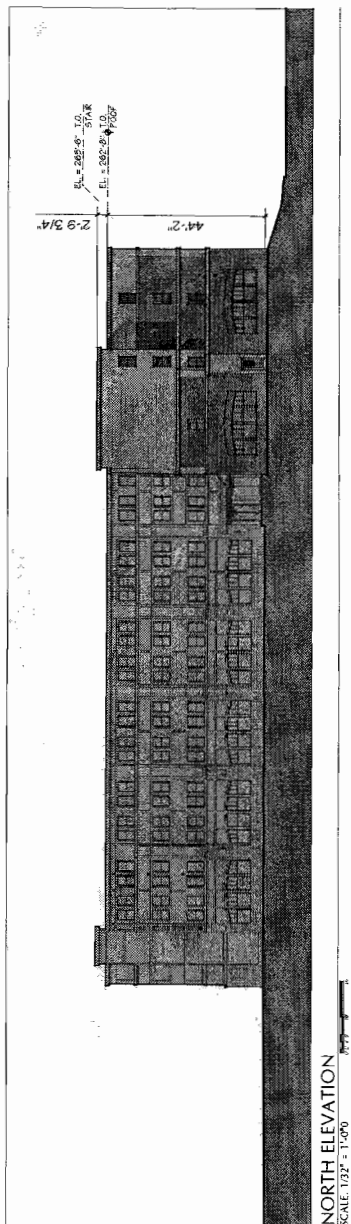
6. The Sponsor is financially responsible and is a qualified housing sponsor within the meaning of the Act. The Borrower will be required to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

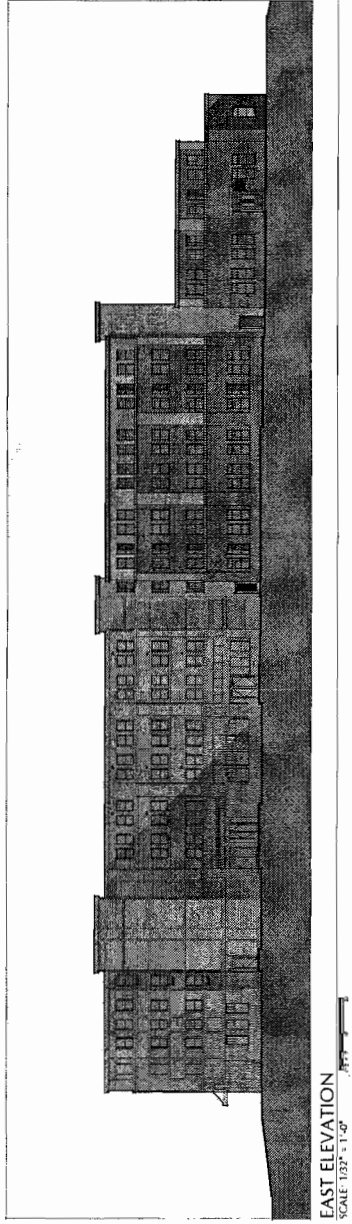
1. The Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more mortgage loans to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsor as the representative of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
2. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions, if any, described in the Memorandum.
3. The recommendations for the use of Bond Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.
4. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the use of Bond Housing Credits in an amount necessary for the Development's feasibility for the Grand Way II Senior Housing project in the City of South Burlington, Vermont.
5. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.

Proposed Building Sketch

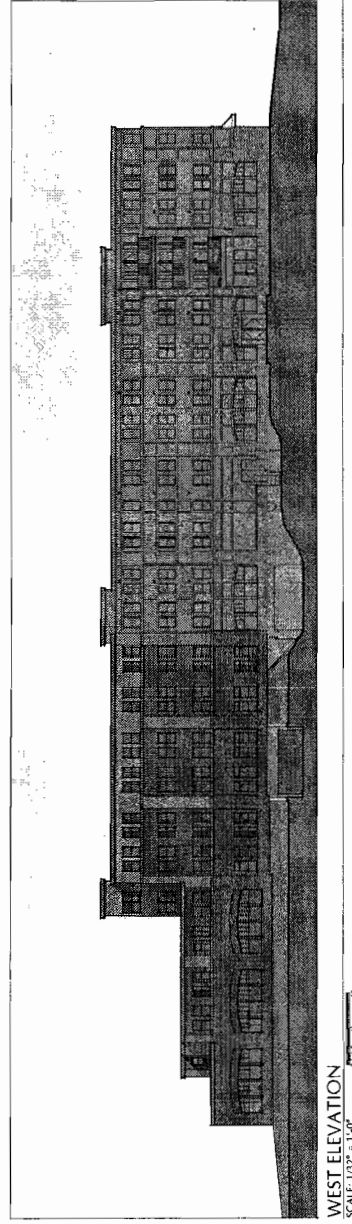




NORTH ELEVATION
SCALE: 1/32" = 1'-0"



EAST ELEVATION
SCALE: 1/32" = 1'-0"



WEST ELEVATION
SCALE: 1/32" = 1'-0"

O'DELL PARKWAY P.U.D. (GRAND WAY-2)

SOUTH BURLINGTON, VERMONT

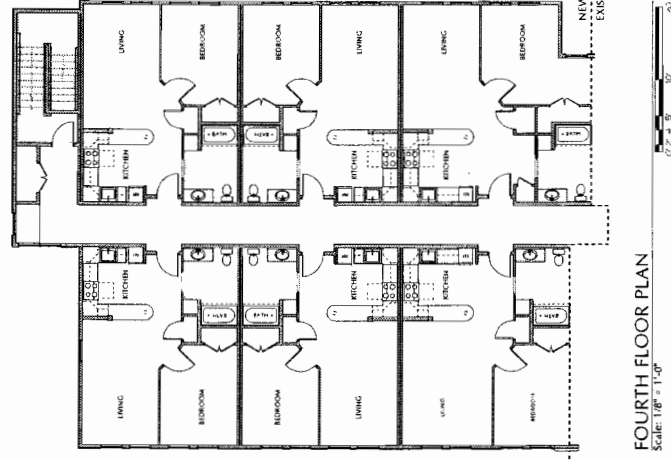
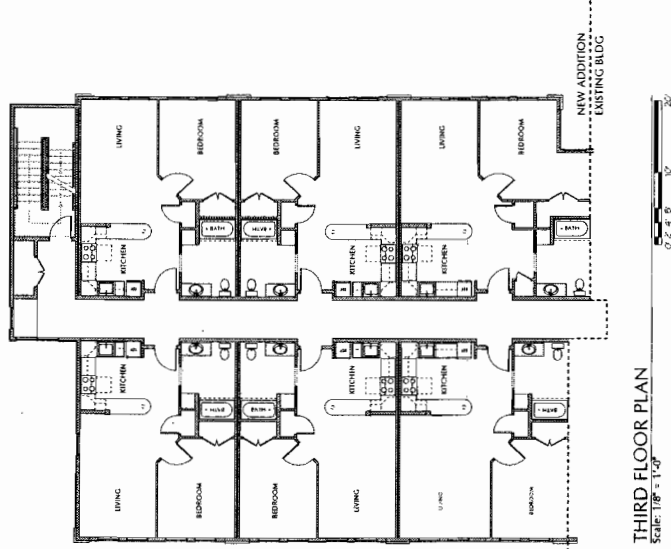
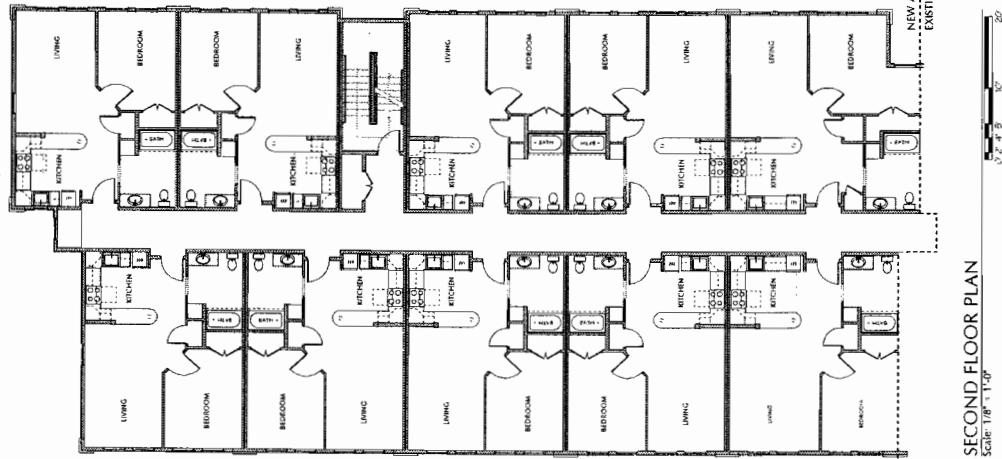
Duncan
Wisniewski
ARCHITECTURE

255 SOUTH CROSSING STREET
BURLINGTON, VERMONT 05401
TEL: 802-255-1111 FAX: 802-255-1112

DESIGN PLANS

DATE: 11.14.2009

EI



O'DELL PARKWAY P.U.D. (GRAND WAY-2)

SOUTH BURLINGTON, VERMONT

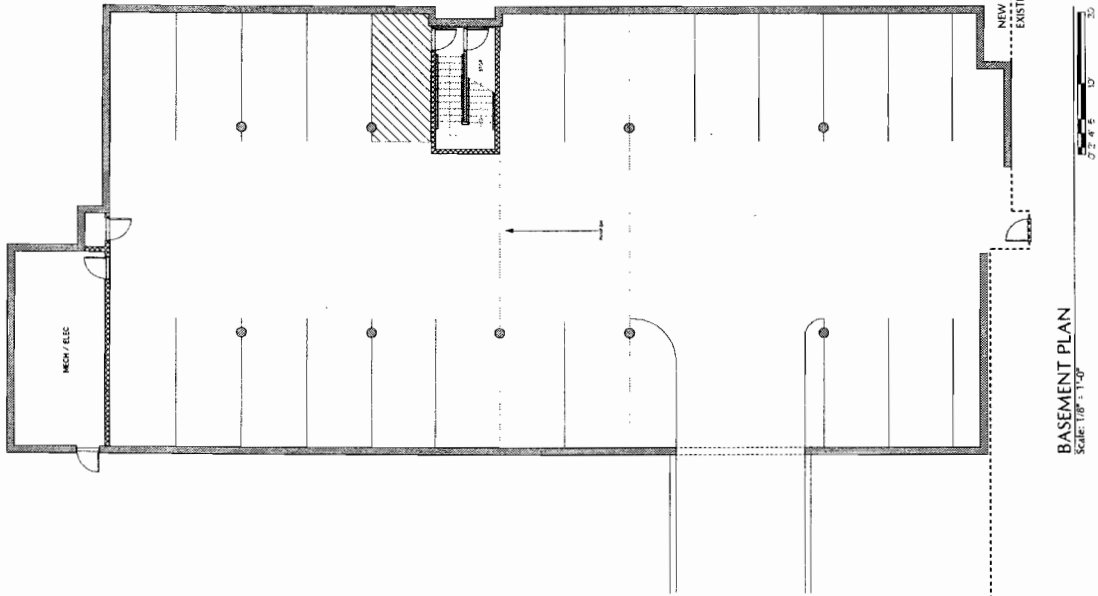
**Duncan
Wisniewski**
ARCHITECTURE

155 SOUTH CAMPANA STREET
BURLINGTON, VERMONT 05401
802.442.8552 • 802.562.9422

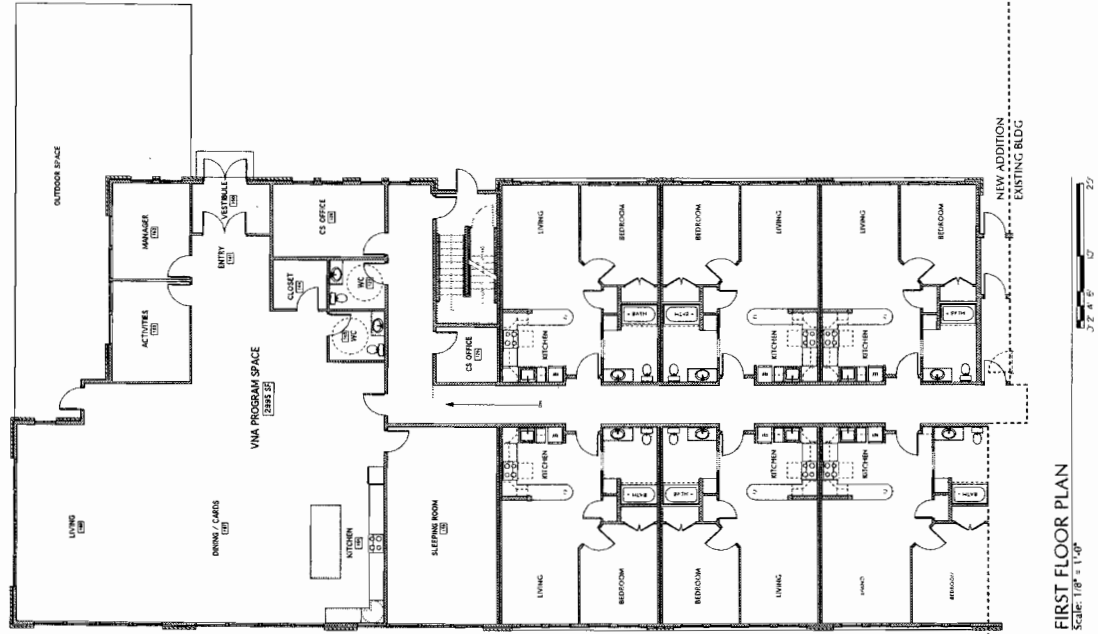
DESIGN PLANS

DATE: 7/24/2009

A1-10



BASEMENT PLAN
Scale: 1/8" = 1'-0"



FIRST FLOOR PLAN
Scale: 1/8" = 1'-0"

O'DELL PARKWAY P.U.D. (GRAND WAY-2)

SOUTH BURLINGTON VERMONT

**Duncan
Wisniewski**
ARCHITECTURE

DATE: 7/12/2009

AJ-00

DESIGN PLANS

200 O'DELL PARKWAY, SUITE 200
SOUTH BURLINGTON, VERMONT 05403
TEL: 802.253.4422 FAX: 802.253.4423

20-Jul-09 **Grandway II Senior Housing**

Housing Credit Restricted Units:	28	Increase in Income from Rental Units:	1.50%
Percent Restricted:	100.00%	Increase in Income from Other Sources:	1.50%
Total Residential Development Cost:	4,802,000	Increase in Income from Commercial:	0.00%
Total Res Dev Cost per Unit:	171,500	Expense increase:	3.00%
Total Development Cost Per SF:	199	Vacancy Rate:	5%
		Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.0 years
Max Credit Potential:	142,816	Short Depreciation Schedule:	5 years
Credit Amount Allocated:	139,000	Sponsor's Estimated Yield:	88.50%
VT State Credit	0		
Historic Credit			
LIHTC - 4%	3.35%	July 2009	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
Development Fee Loan	95,000	1.84%	1.00%	10	10
VHCB Feasibility (GP Equity)	10,000	0.19%	0.00%	30	deferred
VHCB	300,000	5.81%	0.00%	30	deferred
Efficiency VT	30,000	0.58%	N/A	N/A	Cap Contribution
VCDP	550,000	10.65%	0.00%	30	deferred
TCAP	2,260,000	43.78%	0.00%	30	deferred
HOME	307,000	5.95%	0.00%	30	deferred
Grandway I Partnership	380,000	7.36%	N/A	N/A	Cap Contribution
Tax Credit Equity LP	1,230,000	23.83%	N/A	N/A	
	5,162,000	100.00%			

USES

Acquisition	808,500	15.66%
Construction Hard Costs	3,245,650	62.88%
Soft Costs	1,107,850	21.46%
TOTAL USES	5,162,000	100.00%

Gap 0

VHFA Construction Loan 2,600,000

General Partner's Capital Contribution	12,301	1.00%
Limited Partner's Capital Contribution	1,230,000	99.99%
Total Equity	1,242,301	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	28
Total Units	28
Unit Fraction	100.00%
Tax Credit Square Footage	26,000
Total Residential Square Footage	26,000
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

20-Jul-09 Grandway II Senior Housing

Total Project			Total		2,742,750						
Budget	Per Unit	Per s.f	3,560,000	425,000	550,000	85,000	307,000	380,000	30,000		
			TC Equity & TCAP	VHCB	VCDP	Development Fee loan	HOME	Grandway I Partnership	Efficiency VT		
ACQUISITION											
1 Land	400,000	14,286	15.38								
2 Site improvements in basis	400,000	14,286	15.38	115,000	145,000	400,000					
3 Demolition (without replacement)		0	0.00								
4 Property Appraisal	3,500	125	0.13		3,500						
5 Legal - Title and Recording	5,000	179	0.19	5,000							
Subtotal - Acquisition	808,500	28,875	31.10	120,000	148,500	540,000	0	0	0	0	
CONSTRUCTION HARD COSTS											
6 New Construction	2,674,150	95,505	116.78	2,185,650	151,500		307,000			30,000	
7 common space		0	0.00								
8 Office Space	360,000	12,857	116.13					360,000			
9 Sitework		0	0.00								
10 Commercial Space Costs (if any)		0	0.00								
11 General Requirements		0	0.00								
12		0	0.00								
13 Contractor Profit		0	0.00								
14 Construction Contingency	155,000	5,536	5.96								
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	56,500	2,018	2.17								
20		0	0.00								
Subtotal - Hard Costs	3,245,650	115,916	124.83	2,185,650	151,500	0	0	307,000	360,000	30,000	
SOFT COSTS											
21											
22 Survey	4,500	161	0.17	4,500							
23 Legal/Accounting	25,000	893	0.96	22,500	2,500						
24 owners representative	30,000	1,071	1.15	30,000							
25 Environmental Assessment	2,500	89	0.10		2,500						
26 Architectural/Engineering	190,000	6,786	7.31	165,000	5,000			20,000			
27 Permits/Fees	50,000	1,786	1.92	50,000							
VHFA Cons Commissioning	0	0	0.00	0							
29	5,850	209	0.23	5,850							
30 Independent Market Study	1,500	54	0.06	1,500							
31 Construction Period Insurance	15,000	536	0.58	15,000							
32 Construction Interest	68,000	2,429	2.62	68,000							
33 Loan Origination Fee	0	0	0.00	0							
34 Taxes During Construction	8,000	286	0.31	8,000							
35 Inspection Fee	6,000	214	0.23	6,000							
36 Marketing	10,000	357	0.38	10,000							
37 Tax Credit Fees	6,000	214	0.23	6,000							
38 Soft Cost Contingency	15,000	536	0.58	15,000							
39 VHFA Lender's Council Fee	7,500	268	0.29	7,500							
40 VCDP administration	10,000	357	0.38		10,000						
41	0	0	0.00	0							
42 Cost Cert IRS & HUD	6,500	232	0.25	6,500							
43 Capital Needs Assessment		0	0.00	0							
SYNDICATION COSTS											
44 Organizational (Partnership)	3,500	125	0.13	3,500							
45 Bridge Loan Fees and Expenses	18,000	643	0.69	18,000							
46 Syndication Consultant	2,500	89	0.10	2,500							
47 Tax Opinion	1,500	54	0.06	1,500							
DEVELOPER'S FEES											
48 Developer's Fees	482,000	17,214	18.54	387,000		95,000					
49 deferred development fee		357	0.38	0							
50 Consultant Fees	59,000	2,107	2.27	59,000							
RESERVES											
51 Working Capital		0	0.00	0							
52 Rent-up (Deficit Escrow) Reserve	20,000	714	0.77	20,000							
53 Operating Reserve	60,000	2,143	2.31	60,000							
54 Sinking Fund (RA)		0	0.00	0							
55		0	0.00	0							
Subtotal - Soft Costs	1,107,850	39,566	42.61	972,850	10,000	10,000	95,000	0	20,000	0	
TOTAL DEVELOPMENT COSTS	5,162,000	183,898	198.54	3,278,500	310,000	#####	95,000	307,000	380,000	30,000	

20-Jul-09 **Grandway II Senior Housing**

	0	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Commercial Other
ACQUISITION						
1 Land	400,000					
2 Site improvements in basis	400,000	400,000		400,000		
3 Demolition (without replacement)	0					
4 Property Appraisal	3,500	3,500		3,500		
5 Legal - Title and Recording	5,000	5,000		5,000		
Subtotal - Acquisition	808,500					
CONSTRUCTION HARD COSTS						
6 New Construction	2,674,150		2,674,150	2,674,150		
7 common space	0		0	0		
8 Office Space	360,000					
9 Sitework	0		0	0		
10 Commercial Space Costs (if any)	0					
11 General Requirements	0		0	0		
12 0	0		0	0		
13 Contractor Profit	0		0	0		
14 Construction Contingency	155,000		155,000	155,000		
15 Survey	0		0	0		
16 Architectural/Engineering	0		0	0		
17 Hazardous Materials Abatement	0		0	0		
18 Off-Site Improvements	0		0	0		
19 Furnishings, Fixtures, & Equipment	56,500		56,500	56,500		
20 0	0		0	0		
Subtotal - Hard Costs	3,245,650					
SOFT COSTS						
21 Survey	4,500		4,500	4,500		
23 Legal/Accounting	25,000		25,000	25,000		
24 owners representative	30,000		30,000	30,000		
25 Environmental Assessment	2,500		2,500	2,500		
26 Architectural / Engineering	190,000		190,000	190,000		
27 Permits/Fees	50,000		50,000	50,000		
VHFA Con Commissioning	0		0	0		
VHFA Con Compaction/Testing	0		0	0		
30 0	0		0	0		
31 Construction Period Insurance	15,000		15,000	15,000		
32 Construction Interest	68,000		68,000	68,000		
33 Loan Origination Fee	0		0	0		
34 Taxes During Construction	8,000		8,000	8,000		
35 Inspection Fee	6,000		6,000	6,000		
36 Marketing	10,000					
37 Tax Credit Fees	6,000					
38 Soft Cost Contingency	15,000		15,000	15,000		
39 VHFA Lender's Council Fee	7,500		7,500	7,500		
40 VCDP administration	10,000					
41 0	0					
42 Cost Cert IRS & HUD	6,500		6,500	6,500		
43 Capital Needs Assessment	0					
SYNDICATION COSTS						
44 Organizational (Partnership)	3,500					
45 Bridge Loan Fees and Expenses	18,000					
46 Syndication Consultant	2,500					
47 Tax Opinion	1,500					
DEVELOPER'S FEES						
48 Developer's Fees	482,000		482,000	482,000		
49 deferred development fee	0		0	0		
50 Consultant Fees	59,000		59,000	59,000		
RESERVES						
51 Working Capital	0					
52 Rent-up (Deficit Escrow) Reserve	20,000					
53 Operating Reserve	60,000					
54 Sinking Fund (RA)	0					
55 0	0					
Subtotal - Soft Costs	1,107,850					
TOTALS	5,162,000	408,500	3,854,650	4,206,650	0	0
LESS: Amount of Non-qualified Financing					0	
LESS: Adjustment for per unit cost limits	100.00%		0			
LESS: Historic tax Credit (Residential Portion)			0	0	20% Historic Credit Rate	
					0 Annual Historic Credit	
TOTALS		408,500	3,854,650			
TIMES: Adjusted for QCT/DDA	100.00%		3,854,650			
TIMES: Applicable Fraction	100.00%	408,500	3,854,650			
TOTALS		408,500	3,854,650			
TIMES: Applicable Percentage	3.35%		3.35%	4,150,150	Long Term Depreciable Basis	
TOTALS		13,685	129,131	27.0	Depreciation Schedule	
TOTALS				153,709	Annual Depreciation	
Total Tax Credits Requested	139,000		142,816	56,500	Short Term Depreciable Basis	
Estimated Net Syndication Proceeds (excluding historic credit equity)	1,230,000			5	Depreciation Schedule	
Estimated Yield - Housing Credit Syndication	88.50%			11,300	Annual Depreciation	
Equity Gap	0					
Credits Needed to fill Equity Gap	0					
				0.00		

HC UNITS

Bedrooms

1 Br

1 Br

1 br

1 Br

Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
	625	9	600		64,800
	625	19	750		171,000
No RA					0
Manager					0
					0
					0
					0
					0
Residential Common Area	5,400			0	0
Commercial Space	3,100				
Totals	26,000	28			235,800

NON HC UNITS

Bedrooms

0 Br

1 Br

2 Br

2 Br

3 Br

4 Br

Type	Square Feet	Number	Rent	Utilities	
				0	
				0	
				0	
				0	
				0	
				0	
Totals	26,000	0			
Total Units		28			
Less Vacancy		5.00%			
			TOTAL All Units		235,800
					(11,790)

NET RENT 224,010**OTHER INCOME**

Laundry

Interest

Commercial Space Income

Other

2,000
500
0

VHFA Construction Loan

TOTAL INCOME 226,510

20-Jul-09 **Grandway II Senior Housing**

		Monthly	Per Unit Per Month	
Administration				
Management Fee	18,480	1,540	55	
Central support services	7,500	625	22	
Audit/Accounting	4,000	333	12	
Legal	1,000	83	3	
Marketing	500	42	1	
Wellness/on-site	35,000	2,917	104	
Compliance office supplies/tel	7,500	625	22	
TOTAL ADMINISTRATIVE	73,980	6,165	220	
Utilities				
Electricity	18,000	1,500	54	
Fuel	13,400	1,117	40	
Water and Sewer	4,000	333	12	
Fire Alarm / Emergency	1,800	150	5	
Other		0	0	
TOTAL UTILITIES	37,200	3,100	111	
Maintenance				
Maintenance / Janitor Payroll	12,500	1,042	37	10
Janitor supplies	700	58	2	
Exterminating	800	67	2	
Trash Removal	2,000	167	6	
Snow Removal	4,000	333	12	
Grounds	2,000	167	6	
Repairs Material	3,500	292	10	
Repairs Contract	3,500	292	10	
HVAC Repairs / Maintenance	2,000	167	6	
Elevator Contract / Repairs	2,000	167	6	
Painting and Decorating	1,000	83	3	
Other	1,000	83	3	
TOTAL MAINTENANCE	35,000	2,917	104	
Other				
VIHFA Construction Loan				
Real Estate Taxes			0	
Property Insurance	5,000	417	15	
Replacement Reserves	16,800	1,400	50	
Primary Debt Service		0	0	
Other "must pay" debt service		0	0	
Other	0	0	0	
Total	167,980	13,998	518	

per unit month
excl. ds & res.
450

Grandway II Senior Housing


20-Jul-09

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Operating Income																				
Gross Rent	235,800	239,337	242,927	246,571	250,270	254,024	257,834	261,701	265,627	269,611	273,656	277,760	281,927	286,156	290,448	294,805	299,227	303,715	308,271	312,895
Other Income	2,500	2,538	2,576	2,614	2,653	2,693	2,734	2,774	2,816	2,858	2,901	2,945	2,989	3,034	3,079	3,126	3,172	3,220	3,268	3,317
Vacancy and other losses	(11,790)	(11,967)	(12,146)	(12,329)	(12,513)	(12,701)	(12,892)	(13,085)	(13,281)	(13,481)	(13,683)	(13,888)	(14,096)	(14,308)	(14,522)	(14,740)	(14,961)	(15,186)	(15,414)	(15,645)
Total Operating Income	226,510	229,908	233,356	236,857	240,409	244,016	247,676	251,391	255,162	258,989	262,874	266,817	270,819	274,882	278,905	283,190	287,438	291,749	296,126	300,568
Operating Expenses																				
Total Expenses (excl. Reserves)	151,180	155,715	160,387	165,198	170,154	175,259	180,517	185,932	191,510	197,256	203,173	209,268	215,547	222,013	228,673	235,534	242,600	249,878	257,374	265,095
Reserves	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800
Sub-Total Operating Expense	167,980	172,515	177,187	181,998	186,954	192,059	197,317	202,732	208,310	214,056	219,973	226,068	232,347	238,813	245,473	252,334	259,400	266,678	274,174	281,895
Partnership services fee	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Total Operating Expense	172,480	177,015	181,687	186,498	191,454	196,559	201,817	207,232	212,810	218,556	224,473	230,568	236,847	243,313	249,973	256,834	263,900	271,178	278,674	286,395
Net Operating Income	54,030	52,892	51,669	50,358	48,955	47,457	45,859	44,159	42,352	40,447	38,401	36,249	33,973	31,569	29,032	26,357	23,538	20,571	17,452	14,173
Less Primary Debt Service	9,987	9,987	9,987	9,987	9,987	9,987	9,987	9,987	9,987	9,987	9,987	9,987	9,987	9,987	9,987	9,987	9,987	9,987	9,987	9,987
Less Secondary Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow	44,043	42,905	41,683	40,371	38,968	37,470	35,872	34,172	32,365	30,447	28,401	26,249	23,973	21,569	19,032	16,357	13,538	10,571	7,452	4,173
Net Cash	44,043	42,905	41,683	40,371	38,968	37,470	35,872	34,172	32,365	30,447	28,401	26,249	23,973	21,569	19,032	16,357	13,538	10,571	7,452	4,173
DCR	541.01%	529.62%	517.37%	504.24%	490.19%	475.19%	459.19%	442.17%	424.07%	404.87%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cumulative Cash Flow																				
Beginning Balance	0	44,043	87,389	129,945	171,616	212,300	251,893	290,284	327,359	362,997	397,074	439,445	480,089	518,862	555,620	590,208	626,966	661,274	692,959	721,841
Deposits	44,043	42,905	41,683	40,371	38,968	37,470	35,872	34,172	32,365	30,447	28,401	26,249	23,973	21,569	19,032	16,357	13,538	10,571	7,452	4,173
Interest	0	440	874	1,299	1,716	2,123	2,519	2,903	3,274	3,630	3,971	4,394	4,801	5,189	5,556	5,902	6,270	6,613	6,930	7,218
Withdrawals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	44,043	87,389	129,945	171,616	212,300	251,893	290,284	327,359	362,997	397,074	439,445	480,089	518,862	555,620	590,208	626,966	661,274	692,959	721,841	747,732
Cumulative Replacement Reserves																				
Beginning Balance	60,000	76,968	94,538	112,283	130,206	147,308	165,381	185,545	207,700	231,855	258,010	286,165	316,320	348,475	382,630	418,785	456,940	497,095	539,250	583,405
Deposits	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800
Interest	168	770	945	1,123	1,302	1,473	1,644	1,815	1,986	2,157	2,328	2,499	2,670	2,841	3,012	3,183	3,354	3,525	3,696	3,867
Withdrawals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	76,968	94,538	112,283	130,206	147,308	165,381	185,545	207,700	231,855	258,010	286,165	316,320	348,475	382,630	418,785	456,940	497,095	539,250	583,405	631,012
VHFA Construction Loan																				
Net Operating Income	54,030	52,892	51,669	50,358	48,955	47,457	45,859	44,159	42,352	40,447	38,401	36,249	33,973	31,569	29,032	26,357	23,538	20,571	17,452	14,173
Plus Reserves	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800
Less Interest Expense	(15,908)	(16,177)	(16,446)	(16,715)	(16,984)	(17,253)	(17,522)	(17,791)	(18,060)	(18,329)	(18,598)	(18,867)	(19,136)	(19,405)	(19,674)	(19,943)	(20,212)	(20,481)	(20,750)	(21,019)
Less Long Depreciation	(153,709)	(153,709)	(153,709)	(153,709)	(153,709)	(153,709)	(153,709)	(153,709)	(153,709)	(153,709)	(153,709)	(153,709)	(153,709)	(153,709)	(153,709)	(153,709)	(153,709)	(153,709)	(153,709)	(153,709)
Less Short Depreciation	(11,300)	(11,300)	(11,300)	(11,300)	(11,300)	(11,300)	(11,300)	(11,300)	(11,300)	(11,300)	(11,300)	(11,300)	(11,300)	(11,300)	(11,300)	(11,300)	(11,300)	(11,300)	(11,300)	(11,300)
Taxable Income (Loss)	(110,088)	(96,134)	(82,180)	(68,226)	(54,272)	(40,318)	(26,364)	(12,410)	2,544	16,588	30,632	44,676	58,720	72,764	86,808	100,852	114,896	128,940	142,984	157,028
Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings	38,531	33,647	34,043	34,469	34,927	35,419	35,944	36,500	37,085	37,700	38,354	39,048	39,781	40,554	41,367	42,219	43,110	44,040	45,009	46,017
Plus Tax Credits	139,000	139,000	139,000	139,000	139,000	139,000	139,000	139,000	139,000	139,000	139,000	139,000	139,000	139,000	139,000	139,000	139,000	139,000	139,000	139,000
After Tax Cash Flow	177,531	172,647	173,043	173,469	173,927	174,419	174,944	175,500	176,085	176,700	177,354	178,048	178,781	179,554	180,367	181,219	182,110	183,040	184,009	185,017



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joshua Slade, Development Underwriter 

DATE: July 21, 2009

RE: Request for Bond Housing Credits, Construction, Zero Percent and Permanent Financing: The Courtyard Apartments, Winooski

Name:	The Courtyard Apartments	Location:	Winooski
Housing Type:	Senior	Unit Type:	Flats
Unit Count:	101 Total 100 LIHTC	Unit Sizes:	86 – 596 sq ft; 1 bdrm 15 – 855 sq ft; 2 bdrm
Total Cost:	\$7,153,208	Per S.F. Acquisition & Construction Cost:	\$99.61
Loans Requested:	\$3,837,000 Construction \$3,837,000 Permanent \$300,000 Zero Percent	Sponsor:	Chittenden Housing Corporation
Housing Credits:	\$198,847 "Bond" Credits	Other Funding: (not committed)	VHCB Energy (ARRA funds); AHP, TCAP

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

Summary:

- 101 units (100 affordable) of senior housing in Winooski
- No major permitting needed
- Rehab work includes significant energy efficiency upgrades
- VHFA currently has a zero percent loan on this project and this loan would be assumed.

Project Narrative: Chittenden Housing Corporation, in conjunction with consultants Liz Nickerson and John Eller, the Sponsors, propose the acquisition and substantial rehabilitation of The Courtyard Apartments – a privately owned and managed 101 unit senior housing project in Winooski. The project was originally constructed in 1980 to provide Section 8 subsidized housing to seniors and disabled members of the Winooski community. The project was acquired by Chittenden Housing Corporation (a subsidiary of the Winooski Housing Authority) in 2006. At that time some rehabilitation was completed; however, due to a previous transfer of ownership the full rehabilitation did not take place because the project did not qualify for acquisition basis which lowered the amount of tax credit equity it could generate. Since the modernization of Section 42 the project now qualifies for acquisition credit.



The project is located just outside the designated downtown of Winooski at 120 East Spring Street. Some work will need to be completed including some site grading to eliminate a water infiltration problem in the small basement under one of the wings. Other "hardscape" and landscape changes will be made as the budget allows.

The majority of the rehabilitation work will include replacing the 400 windows, updating fixtures and appliances, upgrading the electrical, security and monitoring systems, upgrading the ventilation and air exchange systems, and installing a natural gas fired water heating system to integrate with the already on site unit based Whalen units. Common spaces including the community room and laundry facility will also be upgraded. This work will complete the severely needed energy efficiency upgrades that were started in 2006.

The project will need one waiver. Because this is an existing project with 100 Project Based Section 8 units out of a total of 101 units, it does not and will not meet the mixed income threshold requirement. Staff supports this waiver request and recommends the Board approve the waiver.

Upon urging from staff, the Sponsor has applied for a Green Retrofit Program (GRP) grant from the Department of Housing and Urban Development (HUD). If awarded the project will have an additional \$1,500,000 to offset the amount of long term debt required; however, this is not shown in the current pro forma because these are highly competitive funds. Staff recommends conditioning the award of financing and credits on the application for the Green Retrofit Program, and if the project is awarded GRP funds the Sponsor must provide an updated pro forma and scope of work which should result in an overall decrease of necessary long term debt.

Staff would also like to recommend that the commitment be made conditional upon the application for soft sources of funding including the ARRA Energy funds.

21-Jul-09 **Courtyard Apartments**

Total Residential Units:	101	Increase in Income from Rental Units:	2.00%
Housing Credit Restricted Units:	100	Increase in Income from Other Sources:	2.00%
Percent Restricted:	99.01%	Increase in Income from Commercial:	2.00%
Total Development Cost:	7,153,208	Expense increase:	2.00%
Total Development Cost per Unit:	70,824	Vacancy Rate:	3%
Total Development Cost Per SF:	67	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	203,079	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	203,079	Sponsor's Estimated Yield:	83.08%

LIHTC - 9%	9.00%
LIHTC - 4%	3.35%

(July 2009)

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
VHFA Permanent Debt	3,837,000	53.64%	5.70%	30	20
VHFA Zero Percent	300,000	4.19%	0.00%	30	deferred
VHCB/HOME	0	0.00%	0.00%		
TCAP	691,546	9.67%	0.00%	N/A	Grant
AHP	500,000	6.99%	N/A	N/A	
Tax Credit Equity	1,687,245	23.59%	N/A	N/A	
TOTAL SOURCES	7,015,791	98.08%			

USES

Acquisition	4,464,740	62.42%
Construction Hard Costs	1,917,068	26.80%
Soft Costs	771,401	10.78%
TOTAL USES	7,153,208	100%
Gap	137,418	

General Partner's Capital Contribution	1,687	0.10%
Limited Partner's Capital Contribution	1,685,558	99.90%
Total Equity	1,687,245	

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	100
Total Units	101
Unit Fraction	99.01%
Tax Credit Square Footage	64,067
Total Residential Square Footage	64,067
Square Footage Fraction	100.00%
Applicable Fraction	99.01%

21-Jul-09 Courtyard Apartments

Budget	Per Unit	Per s.f.	VHCB Terms:	Allocation of Sources			Other Terms:	TOTAL SOURCES
				HOME Terms:	VCDP Terms:	Debt Terms:		
ACQUISITION								
1 Land	864,948	8.564	8.06					700,000 VCLF
2 Purchase of Building(s)	3,459,792	34,255	32.23					3,624,740 TD Banknorth
3 Financing Cost	125,000	1,238	1.16					4,324,740 Total
4 Property Appraisal	7,500	74	0.07					assume 20% land value
5 Legal - Title and Recording	7,500	74	0.07					
Subtotal - Acquisition	4,464,740	44,205	41.60					
CONSTRUCTION HARD COSTS								
6 Rehabilitation	1,351,045	13,377	12.59					
7 New Building(s)	0	0	0.00					
8 Accessory Buildings	66,600	659	0.62					
9 Sitework	0	0	0.00					
10 Commercial Space Costs (if any)	31,188	309	0.29					2.0% of construction
11 General Requirements	38,985	386	0.36					2.5% of construction
12 Contractor Overhead	116,956	1,158	1.09					7.5% of construction
13 Contractor Profit	141,765	1,404	1.32					10.0% of construction
14 Construction Contingency	31,188	309	0.29					2.0% of construction
15 Construction Management	38,341	380	0.36					2% of construction
16 Construction Bond Fee	0	0	0.00					
17 Hazardous Materials Abatement	0	0	0.00					
18 Off-Site Improvements	101,000	1,000	0.94					#### per unit
19 Furnishings, Fixtures, & Equipment	0	0	0.00					
20 Other ()	0	0	0.00					
Subtotal - Hard Costs	1,917,068	18,981	17.86					
SOFT COSTS								
21 Architectural	115,024	1,139	1.07					6.0% of hard costs
22 Engineering	76,683	759	0.71					4.0% of hard costs
23 Legal/Accounting	30,000	297	0.28					includes \$15,000 for final Tax Credit audit
24 Relocation	0	0	0.00					
25 Environmental Assessment	5,000	50	0.05					
26 Energy Assessment	10,000	99	0.09					0.55% of hard costs
27 Permits/Fees	10,544	104	0.10					
28 Independent Market Study	7,500	74	0.07					
29 Construction Period Insurance	15,000	149	0.14					
30 Construction Interest	149,643	1,482	1.39					6.50% at 60% drawn for 1.0 year
31 Construction Loan Origination Fee	38,370	380	0.36					1.0% of construction loan
32 Taxes During Construction	0	0	0.00					
33 Clerk of the Works	0	0	0.00					
34 Marketing	0	0	0.00					
35 Tax Credit Fees	8,373	83	0.08					4.0% of Tax Credits + \$250
36 Soft Cost Contingency	0	0	0.00					
37 Permanent Loan Origination Fee	38,370	380	0.36					1.0% of construction loan
38 Lender's Counsel's Fee	5,000	50	0.05					
39 Other ()	0	0	0.00					
SYNDICATION COSTS								
40 Organizational (Partnership)	10,000	99	0.09					
41 Bridge Loan Fees and Expenses	56,691	561	0.53					
42 Syndication Consultant	42,139	417	0.39					
43 Tax Opinion	10,000	99	0.09					
DEVELOPER'S FEES								
44 Developer's Fees	0	0	0.00					
45 Other Partnership Fees	0	0	0.00					
46 Consultant Fees	143,064	1,416	1.33					2.0% of TDC
RESERVES								
47 Working Capital	0	0	0.00					
48 Rent-up (Deficit Escrow) Reserve	0	0	0.00					
49 Other Operating Reserves	0	0	0.00					
50 Sinking Fund	0	0	0.00					
51 Replacement Reserves	0	0	0.00					
Subtotal - Soft Costs	771,401	7,638	7.19					
TOTAL DEVELOPMENT COSTS	7,153,208	70,824	67					
COST BASIS FOR DEVELOP FEE								
DEVELOPER FEE	6,908,005							
DEVELOPER FEE %	185,203							
	2.66%							

21-Jul-09 Courtyard Apartments

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other	Costs Incurred to	To be Incurred	Total
ACQUISITION									
1 Land	864,948								
2 Purchase of Building(s)	3,459,792	3,459,792		3,459,792					
3 Financing Cost	125,000	125,000		125,000					
4 Property Appraisal	7,500	7,500		7,500					
5 Legal - Title and Recording	7,500	7,500		7,500					
Subtotal - Acquisition	4,464,740								
CONSTRUCTION HARD COSTS									
6 Rehabilitation	1,351,045		1,351,045	1,351,045					
7 New Building(s)	0		0	0					
8 Accessory Buildings	0		0	0					
9 Sitework	66,600		66,600	66,600					
10 Commercial Space Costs (if any)	0								
11 General Requirements	31,188		31,188	31,188					
12 Contractor Overhead	38,985		38,985	38,985					
13 Contractor Profit	116,956		116,956	116,956					
14 Construction Contingency	141,765		141,765	141,765					
15 Construction Management	31,188		31,188	31,188					
16 Construction Bond Fee	38,341		38,341	38,341					
17 Hazardous Materials Abatement	0		0	0					
18 Off-Site Improvements	0		0	0					
19 Furnishings, Fixtures, & Equipment	101,000		101,000	101,000					
20 Other ()	0		0	0					
Subtotal - Hard Costs	1,917,068								
SOFT COSTS									
21 Architectural	115,024		115,024	115,024					
22 Engineering	76,683		76,683	76,683					
23 Legal/Accounting	30,000		30,000	30,000					
24 Relocation	0		0	0					
25 Environmental Assessment	5,000		5,000	5,000					
26 Energy Assessment	10,000		10,000	10,000					
27 Permits/Fees	10,544		10,544	10,544					
28 Independent Market Study	7,500		7,500	7,500					
29 Construction Period Insurance	15,000		15,000	15,000					
30 Construction Interest	149,643		149,643	149,643					
31 Construction Loan Origination Fee	38,370		38,370	38,370					
32 Taxes During Construction	0		0	0					
33 Clerk of the Works	0		0	0					
34 Marketing	0		0	0					
35 Tax Credit Fees	8,373		0	0					
36 Soft Cost Contingency	0		0	0					
37 Permanent Loan Origination Fee	38,370		0	0					
38 Lender's Counsel's Fee	5,000		5,000	5,000					
39 Other ()	0		0	0					
SYNDICATION COSTS									
40 Organizational (Partnership)	10,000								
41 Bridge Loan Fees and Expenses	56,691								
42 Syndication Consultant	42,139								
43 Tax Opinion	10,000								
DEVELOPER'S FEES									
44 Developer's Fees	0		0	0					
45 Other Partnership Fees	0		0	0					
46 Consultant Fees	143,064		143,064	143,064					
RESERVES									
47 Working Capital	0								
48 Rent-up (Deficit Escrow) Reserve	0								
49 Other Operating Reserves	0								
50 Sinking Fund	0								
51 Replacement Reserves	0								
Subtotal - Soft Costs	771,401								
TOTALS	7,153,208	3,599,792	2,522,895	6,021,687	0				
LESS: Amount of Non-qualified Financing				0					
LESS: Historic tax Credit (Residential Portion)				0					
Total Eligible Basis		3,599,792	2,522,895						
TIMES: Adjusted for QCT/DDA	100.0%		2,522,895						
TIMES: Applicable Fraction	99.01%	3,564,150	2,497,916						
Total Qualified Basis		3,564,150	2,497,916	6,021,687					
TIMES: Applicable Percentage		3.35%	3.35%						
Total Annual Credit Qualified		119,399	83,680	218,970					
Total Tax Credits Requested	203,079			101,000					
Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only)	1,685,558			7					
Estimated Yield - Housing Credit Syndication	83.08%		83 cents/\$	14,429					
Equity Gap	1,824,662								
Credits Needed to fill Equity Gap	219,839								

21-Jul-09 **Courtyard Apartments**

HC Restricted Units		Average	Average	Total		
Bedrooms	Type	Square Feet	Number	Rent	Utilities	Annual Rent
1 Br		615	2	853		20,472
1 Br		590	56	853		573,216
1 Br		592	9	853		92,124
1 Br		585	12	853		122,832
1 Br		655	1	853		10,236
1 Br		622	4	853		40,944
1 Br		742	2	853		20,472
2 Br		750	2	1,030		24,720
2 Br		954	1	1,030		12,360
2 Br		768	1	1,030		12,360
2 Br		860	6	1,030		74,160
2 Br		888	5	1,030		61,800
Totals		64,067	101			1,065,696
Non-HC Restricted Units						Total
Bedrooms	Type	Square Feet	Number	Rent	Utilities	Annual Rent
0 Br			0	0		0
1 Br			0	0		0
2 Br			0	0		0
3 Br			0	0		0
4+ Br			0	0		0
Totals		0	0			0
Common Area Square Footage		43,268				
Grand Totals		107,335	101			1,065,696
Less Vacancy			3.00%			(31,971)
					NET RENT	1,033,725
OTHER INCOME						
Laundry						6,804
Parking						0
Commercial Space Income						810
Other - interest						480
TOTAL INCOME						1,041,819

21-Jul-09 **Courtyard Apartments**

	Annual	Monthly	Per Unit Per Month		
Administration					
Management Fee	44,712	3,726	37	4.3%	maximum of \$70/unit/month
Supportive Services	10,507	876	9		
Audit/Accounting	8,000	667	7		
Legal		0	0		
Compliance Monitoring		0	0		
Marketing		0	0		
Other	117,521	9,793	97		
TOTAL ADMINISTRATIVE	180,740	15,062	149		
Utilities					
Electricity	79,955	6,663	66		
Fuel	69,966	5,831	58		
Water and Sewer	34,837	2,903	29		
Fire Alarm / Emergency		0	0		
Other		0	0		
TOTAL UTILITIES	184,758	15,397	152		
Maintenance					
Maintenance / Janitor Payroll	74,067	6,172	61		
Janitor Supplies	1,800	150	1		
Exterminating	2,648	221	2		
Trash Removal	4,562	380	4		
Snow Removal	11,061	922	9		
Grounds	15,906	1,326	13		
Repairs Material	8,200	683	7		
Repairs Contract	7,857	655	6		
HVAC Repairs / Maintenance	2,000	167	2		
Elevator Contract / Repairs	15,966	1,331	13		
Painting and Decorating	10,000	833	8		
Other		0	0		
TOTAL MAINTENANCE	154,067	12,839	127		
Real Estate Taxes	129,448	10,787	107	per unit month excl. ds & res. 570	
Property Insurance	41,385	3,449	34		
Replacement Reserves	45,450	3,788	38		not less than \$35/unit/month
Primary Debt Service		0	0		
Other "must pay" debt service		0	0		
Other		0	0		
Total	735,848	61,321	607		

"Below-the-Line" Expenses:

Special LP or GP Fee	0
Repayment of Deferred Fee	0
Partnership Audit or K-1 Fee	0
Distribution	0
Net to Residual	
Receipts/Cumulative Cash Flow	735,848

21-Jul-09	Courtward Apartments														
Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income															
Gross Rent	1,065,696	1,087,010	1,108,750	1,130,925	1,153,544	1,176,614	1,200,147	1,224,150	1,248,633	1,273,605	1,299,077	1,325,059	1,351,560	1,378,591	1,406,163
Other Income	8,094	8,256	8,421	8,589	8,761	8,936	9,115	9,297	9,483	9,673	9,867	10,064	10,265	10,470	10,680
Vacancy and other losses	(31,971)	(32,610)	(33,263)	(33,928)	(34,606)	(35,298)	(36,004)	(36,724)	(37,459)	(38,208)	(38,972)	(39,752)	(40,547)	(41,358)	(42,185)
Total Operating Income	1,041,819	1,062,656	1,083,909	1,105,587	1,127,699	1,150,252	1,173,258	1,196,723	1,220,657	1,245,070	1,269,972	1,295,371	1,321,279	1,347,704	1,374,658
Operating Expenses															
Total Expenses (excl. Reserves)	690,398	704,206	718,290	732,656	747,309	762,255	777,500	793,050	808,911	825,090	841,591	858,423	875,592	893,103	910,965
Reserves	45,450	46,359	47,286	48,232	49,197	50,180	51,184	52,208	53,252	54,317	55,403	56,511	57,642	58,794	59,970
Total Operating Expense	735,848	750,565	765,576	780,888	796,506	812,436	828,684	845,258	862,163	879,406	896,995	914,934	933,233	951,898	970,936
Net Operating Income	305,971	312,091	318,332	324,699	331,193	337,817	344,573	351,465	358,494	365,664	372,977	380,437	388,045	395,806	403,722
Less Primary Debt Service	267,240	267,240	267,240	267,240	267,240	267,240	267,240	267,240	267,240	267,240	267,240	267,240	267,240	267,240	267,240
Less Secondary Debt Service	38,732	44,831	51,093	57,459	63,953	70,577	77,334	84,225	91,254	98,424	105,738	113,197	120,806	128,567	136,483
Annual Cash Flow	38,732	44,831	51,093	57,459	63,953	70,577	77,334	84,225	91,254	98,424	105,738	113,197	120,806	128,567	136,483
Operating Subsidies / Sinking Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash	38,732	44,831	51,093	57,459	63,953	70,577	77,334	84,225	91,254	98,424	105,738	113,197	120,806	128,567	136,483
Cumulative Cash Flow															
Beginning Balance	114,499	116,788	119,125	121,509	123,938	126,411	128,944	131,529	134,155	136,831	139,577	142,369	145,211	148,111	151,079
Deposits	0	39,119	85,201	138,508	199,313	267,892	344,533	429,530	523,188	625,819	737,744	859,294	990,808	1,132,638	1,285,144
Interest	38,732	44,831	51,093	57,459	63,953	70,577	77,334	84,225	91,254	98,424	105,738	113,197	120,806	128,567	136,483
Withdrawals:	387	1,231	2,215	3,345	4,626	6,064	7,664	9,433	11,376	13,501	15,812	18,318	21,024	23,938	27,068
Project Operating Needs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Special LP or GP Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of Deferred Devel. Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Partnership Audit or K-1 Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Distribution of Cash to Owner	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	39,119	85,201	138,508	199,313	267,892	344,533	429,530	523,188	625,819	737,744	859,294	990,808	1,132,638	1,285,144	1,448,694
Cumulative Replacement Reserves															
Beginning Balance	0	15,905	32,145	48,720	65,627	82,863	100,424	118,307	136,507	155,018	173,835	192,952	212,360	232,053	252,020
Deposits	45,450	46,359	47,286	48,232	49,197	50,180	51,184	52,208	53,252	54,317	55,403	56,511	57,642	58,794	59,970
Interest	455	782	1,116	1,457	1,805	2,159	2,520	2,888	3,263	3,644	4,031	4,424	4,824	5,229	5,640
Withdrawals	(30,000)	(30,900)	(31,827)	(32,782)	(33,765)	(34,778)	(35,822)	(36,896)	(38,003)	(39,143)	(40,317)	(41,527)	(42,773)	(44,056)	(45,378)
Ending Balance	15,905	32,145	48,720	65,627	82,863	100,424	118,307	136,507	155,018	173,835	192,952	212,360	232,053	252,020	272,253
Net Operating Income	305,971	312,091	318,332	324,699	331,193	337,817	344,573	351,465	358,494	365,664	372,977	380,437	388,045	395,806	403,722
Plus Reserves	45,450	46,359	47,286	48,232	49,197	50,180	51,184	52,208	53,252	54,317	55,403	56,511	57,642	58,794	59,970
Less Interest Expense	(217,421)	(214,506)	(211,420)	(208,154)	(204,697)	(201,037)	(197,164)	(193,063)	(188,723)	(184,129)	(179,266)	(174,118)	(168,669)	(162,901)	(156,796)
Less Long Depreciation	(218,970)	(218,970)	(218,970)	(218,970)	(218,970)	(218,970)	(218,970)	(218,970)	(218,970)	(218,970)	(218,970)	(218,970)	(218,970)	(218,970)	(218,970)
Less Short Depreciation	(14,429)	(14,429)	(14,429)	(14,429)	(14,429)	(14,429)	(14,429)	(14,429)	(14,429)	(14,429)	(14,429)	(14,429)	(14,429)	(14,429)	(14,429)
Taxable Income (Loss)	(99,399)	(89,455)	(79,201)	(68,622)	(57,706)	(46,439)	(34,805)	(23,361)	(11,882)	0	0	0	0	0	0
Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings	34,790	31,309	27,720	24,018	20,197	16,254	12,182	7,926	(1,418)	(5,909)	(10,551)	(15,351)	(20,317)	(25,455)	(30,774)
Plus Historic Rehab Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus State Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Federal Housing Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
After Tax Cash Flow	203,079	203,079	203,079	203,079	203,079	203,079	203,079	203,079	203,079	203,079	203,079	203,079	203,079	203,079	203,079
Total Years	15														
Reinvestment Rate	6.00%														
Current After Tax Cash Flows	237,869	234,389	230,799	227,097	223,276	219,333	215,261	206,006	201,661	197,171	192,600	188,045	183,501	178,969	174,449
Future Value of Cash Flows at Yr 15:	570,066	529,930	492,279	456,984	423,845	392,792	363,679	338,342	303,223	279,690	257,690	236,290	215,511	195,445	175,999
Discount Rate:	3.00%														
Capital Contribution Number:	1	2	3	4											
Date of Capital Contribution:	01-Nov-09														
Amount of Capital Contribution:	337,449														
Present Value of Contributions:	1,309,359														
Cash Flows	(1,646,808)														
IRR:	6.13%														
Equity Yield:	(1)														



VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: CONSTRUCTION AND PERMANENT FINANCING
AND PROPOSED USE OF BOND HOUSING CREDITS FOR
THE COURTYARD APARTMENTS, CITY OF WINOOSKI**

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

WHEREAS, an application has been submitted to the Agency by Chittenden Housing Corporation (the "Sponsor") on behalf of a to be formed limited partnership in which the Sponsor or its subsidiary or affiliate will be the general partner (the "Borrower") involving the acquisition and rehabilitation of one hundred one (101) units of senior rental housing in the City of Winooski (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

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

WHEREAS, the application contemplates the assumption of an existing 0% deferred mortgage loan in the amount of \$300,000 that was previously used by the Sponsor for improvements for the Development; and

WHEREAS, the Sponsor qualifies and the Borrower will qualify as housing sponsors within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joshua Slade dated July 21, 2009, containing information, conditions and recommendations about the TCAP financing for the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of

the units are for occupancy by persons and families of low and moderate income.

2. The acquisition, construction or rehabilitation 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(s).

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

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more mortgage loans to the Borrower for the construction and permanent financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsor as the representative of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
2. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan(s) for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions, if any, described in the Memorandum.
3. An assumption of an existing 0% deferred loan to the Sponsor for the Development in the amount of \$300,000.00 is hereby approved.
4. The recommendations for the use of Bond Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.

5. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the use of Bond Housing Credits in an amount necessary for the Development's feasibility for The Courtyard Apartments housing project in the City of Winooski, Vermont.
6. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners
FROM: Cynthia Reid, Senior Development Underwriter *CR*
DATE: July 21, 2009
RE: 1602 Credit Exchange Projects

Recommendation: Staff recommend that the Board adopt resolutions in the form attached hereto with respect to: Armory Square Allocated (aka NAMCO Block), Brookside Village, Colchester, and North Branch Apartments.

Summary: VHFA recently applied to the Credit Exchange Program, or Section 1602, which is part of the American Recovery and Reinvestment Act (ARRA), to exchange tax credits for cash for three projects. The three projects – Armory Square Allocated, Brookside Village Colchester and North Branch Apartments, either could not sell any of their tax credits, or could only sell a portion of them. This is due to the decrease of equity investors in the market, which is a national problem the 1602 program is addressing. Here is a summary of what was exchanged:

Project	2008 Credit	2009 Credit	Total Credit
Armory Square Allocated	\$334,580	\$0	\$334,580
Brookside Village Colchester	\$0	\$585,000	\$585,000
North Branch Apartments	\$260,000	\$30,000	\$290,000
	Total		\$1,209,580

The total credit amount of \$1,209,580 was exchanged to Treasury for \$10,281,430 (\$1,209,580 x 10 years x \$.85). The exchange request was approved and the funds are available to pay off construction loans of the three developments when they are completed. This amount will replace the equity that the projects had planned on in their respective development budgets. The "1602" funds will be loaned to the projects as 0% 30 year deferred loans.

This will allow the projects to continue construction seamlessly, and allow them the same level of resource as if they still had tax credit equity. Since the Board of Commissioners already approved loans to Armory Square Allocated and North Branch Apartments, the attached Resolutions ratify the findings from the earlier approvals, in order that the Agency can lend the 1602 funds. In addition, since North Branch Apartments needed a written commitment for its construction loan closing last week and staff issued a Commitment Letter for these funds, the North Branch Resolution also ratifies the issuance of this Commitment Letter. The Board has not approved any debt for the Brookside Village Colchester project, so the attached Resolution contains the proper findings needed in order for the Agency to lend the 1602 funds.



VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: 1602 EXCHANGE FINANCING FOR
NAMCO BLOCK (ALLOCATED), TOWN OF WINDSOR**

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Rockingham Area Community Land Trust, Inc. (the "Sponsors") on behalf of Mill Brook Allocated Housing Limited Partnership in which the general partner is a corporation created by Housing Vermont and Rockingham Area Community Land Trust, Inc. (the "Borrower") involving the financing of the acquisition and rehabilitation of forty-three (43) units of general occupancy rental housing in the Town of Windsor (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan, and, the 1602 Exchange funds are made available to the Agency under Section 1602 of the American Recovery and Reinvestment Tax Act of 2009 ("ARRA"); and

WHEREAS, the Board of Commissioners adopted a Resolution entitled "Resolution Re: Construction Financing and Proposed Allocation of Allocated Housing Credits for Armory Square, Windsor" on June 4, 2007 and a "Resolution Re: Construction Financing for NAMCO Block (Allocated)" on January 20, 2009 (the "Prior Resolutions") for the commitment of other financing and Allocated Housing Credits to the Development and the other financing and a portion of such Allocated Housing Credits will be used in the financing plan for the Development and such determinations in the Prior Resolutions are incorporated herein; and

WHEREAS, the 1602 Exchange funds will be used for one or more grants or zero percent (0%) mortgage loans to the Development; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated July 21, 2009, containing information about the 1602 Exchange Funds and the Development (the "Memorandum");

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more grants or zero percent (0%) mortgage loans to the Borrower for the financing of the Development using 1602 Exchange funds. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act and Section 1602 of the ARRA, the

applicable regulations of the Agency, and such further requirements as the Agency may establish.

2. The amount of 1602 Exchange funds available for the Development shall not exceed \$2,843,930.00. The Executive Director and her designees will establish such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act and Section 1602 of the ARRA, and the applicable regulations and policies of the Agency, including the conditions, if any, described in the Memorandum.
3. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: 1602 EXCHANGE FINANCING FOR
BROOKSIDE VILLAGE, TOWN OF COLCHESTER**

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Champlain Housing Trust (the "Sponsors") on behalf of Brookside Housing Limited Partnership in which the Sponsors' affiliates are co-general partners (the "Borrower") involving the construction of forty-two (42) units of general occupancy rental housing in the Town of Colchester (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan, and, the 1602 Exchange funds are made available to the Agency under Section 1602 of the American Recovery and Reinvestment Tax Act of 2009 ("ARRA"); and

WHEREAS, the Board of Commissioners adopted a Resolution entitled "Resolution Re: Proposed Allocation of Allocated Housing Credits for Brookside Village, Town of Colchester" on February 11, 2008 (the "Prior Resolution") for the commitment of Allocated Housing Credits to the Development; and

WHEREAS, the 1602 Exchange funds will be used for one or more grants or zero percent (0%) mortgage loans to the Development; and

WHEREAS, the Sponsor qualifies and the Borrower will qualify as housing sponsors within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated July 21, 2009, containing information about the 1602 Exchange Funds and the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of the units are for occupancy by persons and families of low and moderate income.

2. The acquisition, construction or rehabilitation 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(s).

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

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more grants or zero percent (0%) mortgage loans to the Borrower for the financing of the Development using 1602 Exchange funds. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act and Section 1602 of the ARRA, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
2. The amount of 1602 Exchange funds available for the Development shall not exceed \$4,972,500.00. The Executive Director and her designees will establish such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act and Section 1602 of the ARRA, and the applicable regulations and policies of the Agency, including the conditions, if any, described in the Memorandum.
3. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: 1602 EXCHANGE FINANCING
FOR NORTH BRANCH AND BARRE STREET APARTMENTS,
CITY OF MONTPELIER**

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Central Vermont Community Land Trust, Inc. (the "Sponsors") on behalf of North Branch Apartments Limited Partnership in which the Sponsors' affiliates are co-general partners (the "Borrower") involving the acquisition and rehabilitation of a total of forty-five (45) units of general occupancy rental housing in the City of Montpelier (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan, and, the 1602 Exchange funds are made available to the Agency under Section 1602 of the American Recovery and Reinvestment Tax Act of 2009 ("ARRA"); and

WHEREAS, the 1602 Exchange funds will be used for one or more grants or zero percent (0%) mortgage loans to the Development; and

WHEREAS, the Board of Commissioners adopted a Resolution entitled "Resolution Re: Permanent Financing and Proposed Allocation of Allocated Housing Credits for North Branch and Barre Street Apartments, City of Montpelier" on September 22, 2008 and another Resolution entitled "Resolution Re: Proposed Allocation of Allocated Housing Credits for North Branch and Barre Street Apartments, City of Montpelier" on February April 6, 2009 (the "Prior Resolutions") for the commitment of other financing and Allocated Housing Credits to the Development and such determinations in the Prior Resolutions are incorporated herein; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated July 21, 2009, containing information about the 1602 Exchange Funds and the Development (the "Memorandum");

WHEREFORE, it is hereby RESOLVED:

1. Based on the Prior Resolutions, the Commitment Letter for one or more grants or zero percent (0%) mortgage loans to the Borrower for the financing of the Development using 1602 Exchange funds issued by the Executive Director or her designee is hereby ratified and confirmed.

2. The amount of 1602 Exchange funds available for the Development shall not exceed \$2,361,000.00. The Executive Director and her designees will establish such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act and Section 1602 of the ARRA, and the applicable regulations and policies of the Agency, including the conditions, if any, described in the Memorandum.
3. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

Vermont Housing Finance Agency
164 St. Paul Street – Board Room
Burlington
Tuesday, July 28, 2009 8:00 a.m.

VHFA Board Members Present:

Gus Seelig-Vice Chair and Acting Chair, Tom Candon (designee for Thabault), Kevin Dorn, Bart Frisbie, Beth Pearce (designee for Spaulding), Tom Pelletier

VHFA Board Member Present via Conference Call

Dagyne Canney

VHFA Board Member Absent

Lisa Mitiguy Randall-Chair, Rob Alberts

Staff Present:

Dave Adams, Scott Baker, Sarah Carpenter, Maura Collins, Tom Connors, Renee Couture, Pat Crady, Elizabeth Mullikin Drake, Joe Erdelyi, Sam Falzone, Lori Gilding, Pat Loller, Cindy Reid, Josh Slade

Guests:

Nancy Owens, Kathy Beyer, Matt Moore (Housing Vermont); Amy Wright, Molly Dugan (Cathedral Square Corporation); Liz Nickerson (Nickerson Eller LLC); James McIntyre (Morgan Stanley); Jeff Kantor (J.D. Kantor, Inc.)

BOARD MEETING

Vice Chair Seelig called the Board meeting to order at 8:15 a.m.

BOARD MINUTES

Mr. Pelletier made a motion to approve the June 19, 2009 Board of Commissioners meeting minutes. Mr. Dorn seconded the motion which was unanimously approved.

EXECUTIVE DIRECTOR'S REPORT

Ms. Carpenter reviewed the Executive Director's report. She informed the Board that, despite the rumors, the Federal government has not yet announced any plan to assist HFAs with liquidity and bond issuance. Ms. Carpenter explained the new 1602 Tax Credit Exchange Program and how it operates. Ms. Carpenter informed the Board that Governor Douglas has formed "Tiger" teams, comprised of State agency staff that will be evaluating about 20 State governmental



organizations and other state agencies including the housing agencies, , with an eye toward gaining efficiencies.

FINANCE

Finance Update

Mr. Connors presented a financial update, covering the following topics:

- Agency's biggest current financial challenges
- Liquidity update
- Maintaining/Improving Credit Ratings
- Moody's General Obligation Rating of the Agency
- Investment Income
- Sources of Capital – Single Family Financing
- Sources of Capital – Multifamily Financing

Ms. Carpenter informed the Board that she, as well as Ms. Pearce, Mr. Candon and Ms. Mitiguy Randall had a productive meeting with State administrative officials about the Agency's financial position. They are planning a follow-up meeting and will present specific ideas regarding how the State might assist the Agency.

VHFA Purchase of VHFA Bonds

Ms. Mullikin Drake reviewed the memo regarding the Agency's purchase of its own bonds, which requires, among other things, amendments to Bond Resolutions. She explained that the Agency's purchase of its own bonds will not affect the ratings of the bonds.

Mr. Candon made a motion to approve the:

- Thirty-Third Supplemental Single Family Housing Bond Resolution
- Second Amendment to 2007 AB Supplemental Indenture
- Second Amendment to 2007 CD Supplemental Indenture
- Second Amendment to 2008 C Supplemental Indenture
- Fourth Supplement to the Multi-Family Mortgage Bond Resolution

Ms. Pearce seconded the motion which was unanimously approved.

Freddie Mac Resolution

Ms. Drake distributed a resolution requested by Freddie Mac that attaches to Freddie Mac's Form 988SF, Certificate of Incumbency, which authorizes specific staff members to interact with Freddie Mac. Mr. Pelletier made a motion to adopt the resolution to amend, restate and reassign general delegations of authority to VHFA's management with respect to subject matters not otherwise covered by specific resolutions. Mr. Dorn seconded the motion, which was unanimously approved.

ADMINISTRATION

Appointment of Housing Vermont Board Members

Ms. Carpenter reviewed the Housing Vermont ("HVT") memo regarding whether VHFA should remain a sustaining member of HVT. She reviewed HVT's history, how they got started, where they are today and VHFA's role over the years.

Ms. Owens reviewed the history of the investment that was made by VHFA to spawn Housing Vermont and noted that HVT was fine with VHFA no longer continuing to be a sustaining member, meaning the \$15,000 membership fee would discontinue and VHFA would no longer appoint members to the HVT Board. Ms. Carpenter discussed with the Board that the Agency has many business relationships with HVT and that staff is neutral regarding the continuation of VHFA's sustaining membership. Mr. Dorn explained why he believes remaining a sustaining member could be perceived as a conflict of interest.

Ms. Carpenter summarized the Agency's bridge loan to HVT and explained the loan is analyzed on an on-going basis. Mr. Adams noted that, in his review of HVT's financials, HVT was continuing to invest most of their fund balances as receivables from their housing projects. Ms. Carpenter explained the \$1.19 million funding agreement (separate and distinct from the bridge loan) and confirmed there are no idle funds. Ms. Pearce requested staff develop and implement a process to ensure that annual certification is received from HVT as to interest due on idle funds.

Mr. Dorn made a motion to terminate VHFA's sustaining membership in HVT. Mr. Pelletier seconded the motion. Ms. Mullikin Drake said the HVT Bylaws and the \$1.19 million funding agreement would have to be rewritten, the latter to document how the Agency monitors the funds. Everyone agreed documenting how the funds are monitored will be completed regardless of the vote. Mr. Seelig explained that he does not see VHFA's sustaining membership as conflict of interest because HVT takes on projects that no one else will touch. The motion was unanimously approved.

HOMEOWNERSHIP

Summary of Homeownership Activities/Reports

Ms. Crady reviewed the Summary of Homeownership Activities/Report. Ms. Crady informed the Board that staff is working on building new relationships with lenders that are no longer participating. Discussion took place regarding reaching out to the Northeast Kingdom and Bennington County areas

Estimated Value of VHFA's Single Family Portfolio

Ms. Collins reviewed the memo regarding Estimated Value of VHFA's Single Family Portfolio as well as the results of the third party portfolio analysis. She said S&P informed the Agency that it does not consider third party evaluations in its analysis, but Moody's seemed more open about and appreciative of the information submitted. Mr. McIntyre informed the Board that S&P is beginning to receive pressure to improve the accuracy of its small state models.

DEVELOPMENT

MacArthur Foundation Borrowing Resolution

Ms. Mullikin Drake explained the conditions of the MacArthur Foundation award. Mr. Candon made a motion to give staff authorization to execute all documents to close the grant award. Mr. Dorn seconded the motion, which was unanimously approved.

TCAP Recommendations by Project

Mr. Erdelyi reviewed the TCAP program and the memo recommending TCAP funding to certain projects and Surplus 1602 Exchange Funds to another. Mr. Erdelyi explained the reasons

projects have funding gaps and how the projects were selected for recommendation for TCAP funding. He gave a brief update on each project requesting TCAP funding.

Ms. Pearce made a motion to adopt the following resolutions:

- Resolution Re: Surplus 1602 Exchange Financing for Anne Wilder Richards Building, Town of Brattleboro
- Resolution Re: TCAP Financing for The Courtyard Apartments, City of Winooski
- Resolution Re: TCAP Financing for Grand Way II Senior Housing, City of South Burlington
- Resolution Re: TCAP Financing for Pine Manor Senior Housing, Town of Alburgh
- Resolution Re: TCAP Financing for Pleasant Street Apartments, Village of Enosburg Falls, Town of Enosburg
- Resolution Re: TCAP Financing for Salmon Run, City of Burlington
- Resolution Re: TCAP Financing for Upper Story Housing, Town of Brattleboro

Mr. Candon seconded the motion, which was unanimously approved.

Centre Drive, Milton

Mr. Erdelyi reviewed the memo regarding Centre Drive, Milton. He explained if we are not the permanent lender that after the construction loan is paid off, there will be no on-going liability to the Agency. Mr. Seelig inquired about any possible issues with management and construction quality given past experience with Victoria Place. Mr. Erdelyi replied that he and Ms. Nickerson would be working with Mr. Bove during this process. Mr. Dorn made a motion to approve Construction Financing and Bond Credits for Centre Drive, Milton. Mr. Pelletier seconded the motion, which was unanimously approved.

Grand Way II, South Burlington

Ms. Reid reviewed the memo regarding Grand Way II, South Burlington. Ms. Pearce made a motion to approve Construction Financing and Bond Credits for Grand Way II, South Burlington. Mr. Pelletier seconded the motion, which was unanimously approved.

Courtyard Apartments, Winooski

Mr. Slade reviewed the memo regarding Courtyard Apartments, Winooski. Mr. Seelig noted the sponsor should speak with REGGI if Courtyard Apartments doesn't get other federal funding. Mr. Pelletier made a motion to approve Bond Housing Credits, Construction Financing, assumption of a Zero Percent Loan and Permanent Financing for Courtyard Apartments, Winooski. Mr. Candon seconded the motion, which was unanimously approved.

Section 1602 Exchange Funds

Ms. Reid reviewed the memo regarding 1602 Credit Exchange Projects. She explained the reasons for structuring the 1602 Exchange Funds as zero percent loans rather than grants. Mr. Seelig voiced concern regarding the Agency's successors wanting to collect on the loans sometime in the future. Ms. Reid explained that the Agency wants to ensure the projects stay in tax compliance which will be VHFA's responsibility to monitor. Mr. Erdelyi informed the Board that there was a lot of discussion at the national level on this subject and it was determined that there are more enforcement capabilities when a loan is made vs. awarding a grant.

Ms. Reid informed the Board she would obtain an update on the possible installation of a pellet boiler at Armory Square.

Mr. Candon made a motion to approve a resolution re: 1602 Exchange Financing for NAMCO Block (Allocated), Town of Windsor with the amount of the 1602 exchange not to exceed \$2,843,930.00. Ms. Pearce seconded the motion, which was unanimously approved.

Mr. Candon made a motion to approve a resolution re: 1602 Exchange Financing for Brookside Village, Colchester with the amount of the 1602 exchange not to exceed \$4,972,500.00. Ms. Pearce seconded the motion, which was approved. Mr. Pelletier abstained from the vote.

Ms. Pearce made a motion to approve a resolution re: 1602 Exchange Financing for North Branch and Barre Street Apartments, Montpelier with the amount of the 1602 exchange not to exceed \$2,361,000.00. Mr. Candon seconded the motion, which was unanimously approved.

OTHER BUSINESS

August/September Board Meetings

The Board discussed the upcoming Board meeting schedule and agenda items. It was decided to cancel the August 13th Board meeting and poll Board members for a new date later in the month.

Ms. Pearce made a motion to adjourn the meeting. Mr. Pelletier seconded the motion. The meeting adjourned at 11:15 a.m.



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter *CR*

DATE: August 12, 2009

RE: Request for Construction Financing: Johnson Community Housing, Johnson

Name:	Johnson Community Housing	Location:	Johnson
Housing Type:	General Occupancy & Senior	Unit Type:	Flats & Townhouses
Unit Count:	28 units 26 tax credit units	Unit Sizes:	12 1-BR @ 705 s.f. 15 2-BR @ 953 s.f. 1 3-BR @ 1,100 s.f.
Total Cost:	\$6,773,906	Per S.F. Acquisition & Construction Cost:	\$191
Construction Loan Requested:	\$3,100,000	Sponsors:	Lamoille Housing Partnership & Housing Vermont
Other Funding: NSP, VHCB, HOME, Efficiency Vermont, Seller Cleanup Escrow Account, 9% Housing Credits			

Summary of Request: Lamoille Housing Partnership (LHP) and Housing Vermont (HVT) are requesting a taxable construction loan of \$3,100,000 for Johnson Community Housing in Johnson.

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

Summary of Project: The VHFA Board of Commissioners approved 9% Housing Credits for this project in February 2009. It is a new construction project, 14 family units in two buildings and 10 senior units in a third building on a 2.14-acre village center site in Johnson. Formerly owned by Vermont Electric Cooperative, it is a contaminated site – the existing building will be demolished and the site remediated. The project also includes two existing buildings owned by LHP, located at 334 Lower Main Street, and 71 & 73 Mack Mudgett Drive. These buildings will be acquired by the tax credit partnership and rehabbed.

Updates Since February 2009:

- All funding is committed
- Housing Vermont plans to use Green Mountain Equity Fund IV as the equity investor, in combination with one bank which is interested and currently reviewing the proposal (Fund IV can handle the full equity request if needed, but project sponsors are trying to widen their potential investment pool)
- Act 250 permit is anticipated by the end of August (no problems identified)



mailing address P.O. Box 408, Burlington, VT 05402-0408

phone (802) 864-5743

delivery address 164 Saint Paul St., Burlington, VT 05401-4364

fax (802) 864-5746

www.vhfa.org



- An application was submitted to the Brownfields Revitalization Fund for environmental cleanup; grant funds are no longer available; developers are reviewing the project's capacity to handle cleanup funds as amortizing debt
- Final Corrective Action Plan anticipated in August (for environmental cleanup)
- Project will go out to bid in October and start construction in November (final timing depending on winter conditions)
- Alliance Property Management will be the property manager
- Gossens Bachman Architects is designing the new buildings to meet the Agency's Green Building standards

12-Aug-09 **Johnson Community Housing**

Total Rental Residential Units:	28	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	26	Increase in Income from Other Sources:	2.00%
Percent Restricted:	92.86%	Increase in Income from Commercial:	0.00%
Total Rental Development Cost:	6,773,907	Expense increase:	3.00%
Total Rental Dev. Cost per Unit:	241,925	Vacancy Rate:	5.00%
Total Rental Dev. Cost Per SF:	242	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	512,595	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	492,000	Sponsor's Estimated Yield:	0.80

LIHTC - 9%	9.00%
LIHTC - 4%	3.35%

August 2009

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
First mortgage	0	0.00%	1.00%	30	30
NSP	1,400,000	20.67%	0.00%	deferred	30
HOME	400,000	5.91%	0.00%	deferred	30
VHCB	602,000	8.89%	0.00%	deferred	30
VEC cleanup escrow	125,000	1.85%	0.00%	deferred	30
Efficiency Vermont	14,000	0.21%	0.00%	deferred	30
Existing VHCB/HOME	286,906	4.24%	0.00%	deferred	30
VHCB feasibility	10,000	0.15%	0.00%	N/A	N/A
LIHTC equity	3,936,000	58.11%	N/A	N/A	N/A
TOTAL SOURCES	6,773,906	100.00%			

USES

Acquisition	482,394	7.12%
Construction Hard Costs	4,853,257	71.65%
Soft Costs	1,438,256	21.23%
TOTAL USES	6,773,906	100.00%

VHFA Construction Loan **3,100,000** taxable 18 month

Gap **0**

General Partner's Capital Contribution	1,968	0.05%
Limited Partner's Capital Contribution	3,935,606	99.99%
Total Equity	3,937,574	100.0%

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	26
Total Units	28
Unit Fraction	92.86%
 Tax Credit Square Footage	 22,153
Total Residential Square Footage	27,980
Square Footage Fraction	79.17%
 Applicable Fraction	 79.17%

Allocation of Sources																
		Budget	Per Unit	Per s.f.	First mortgage	NSP	HOME	VHCB	VEC cleanup escrow	Efficiency Vermont	Existing VHCB/HO ME	VHCB feasibility	LIHTC equity	TOTAL SOURCES		
ACQUISITION																
1	Land	81,829	2,922	2.92		1.00% 30	0.00% 30	0.00% 30	0.00% 30	0.00% 30	0.00% 30	0.00% 30	N/A	60,288	81,829	
2	Purchase of Building(s)	265,365	9,477	9.48											265,365	
3	Demolition (without replacement)	125,000	4,464	4.47											125,000	
4	Property Appraisal	5,000	179	0.18											5,000	
5	Legal - Title and Recording	5,200	186	0.19											5,200	
Acquisition/Carrying Costs		0	0	0.00											0	
Subtotal - Acquisition		482,394	17,228	17.24											0	
CONSTRUCTION HARD COSTS																
6	Rehabilitation	0	0	0.00											0	
7	New Building(s)	3,327,160	118,827	118.91	90,000	568,464	200,000	592,800		14,000			1,861,896	3,327,160	0	
8		0	0	0.00									0		0	
9	Sitework	403,700	14,418	14.43											403,700	
10	Solar hot water	0	0	0.00									0		0	
11	Clerk of the Works	0	0	0.00									0		0	
12	Contractor Overhead	0	0	0.00									0		0	
13	Contractor Profit	0	0	0.00									0		0	
14	Construction Contingency	377,048	13,466	13.48											377,048	
15	Construction Management	0	0	0.00									0		0	
16	Construction Bond Fee	0	0	0.00									0		0	
17	Hazardous Materials Abatement	627,051	22,395	22.41			502,051		125,000				0		627,051	
18	Brownfields Contingency	90,298	3,225	3.23									90,298		90,298	
19	Furnishings, Fixtures, & Equipment	28,000	1,000	1.00									28,000		28,000	
20	Other ()	0	0	0.00									0		0	
Subtotal - Hard Costs		4,853,257	173,331	173.45			200,000	0				10,000	89,337	299,337	0	
SOFT COSTS																
21	Architectural	299,337	10,691	10.70											299,337	
22	Engineering	0	0	0.00									0		0	
23	Legal/Accounting	40,000	1,429	1.43									40,000		40,000	
24	Relocation	15,000	536	0.54									15,000		15,000	
25	Environmental Assessment	0	0	0.00									0		0	
26	Energy Assessment	4,000	143	0.14									4,000		4,000	
27	Permits/Fees	54,843	1,959	1.96									54,843		54,843	
28	Independent Market Study	4,500	161	0.16									4,500		4,500	
29	Construction Period Insurance	25,000	893	0.89									25,000		25,000	
30	Construction Interest	140,000	5,000	5.00									140,000		140,000	
31	Construction Loan Origination Fee	26,000	929	0.93									26,000		26,000	
32	Taxes During Construction	8,000	286	0.29									8,000		8,000	
33	H.P.	1,500	54	0.05									1,500		1,500	
34	Marketing	4,000	143	0.14									4,000		4,000	
35	Tax Credit Fees	19,930	712	0.71									19,930		19,930	
36	Soft Cost Contingency	8,230	294	0.29									8,230		8,230	
37	Permanent Loan Origination Fee	0	0	0.00									0		0	
38	Lender's Counsel's Fee	5,000	179	0.18									5,000		5,000	
39	Other ()	0	0	0.00									0		0	
SYNDICATION COSTS																
40	Organizational (Partnership)	0	0	0.00									0		0	
41	Bridge Loan Fees and Expenses	0	0	0.00									0		0	
42	Syndication Consultant	0	0	0.00									0		0	
43	Tax Opinion	0	0	0.00									0		0	
DEVELOPER'S FEES																
44	Developer's Fees	710,000	25,357	25.38									710,000		710,000	
45	Other Partnership Fees	0	0	0.00									0		0	
46	Consultant Fees	0	0	0.00									0		0	
RESERVES																
47	Working Capital	30,000	1,071	1.07									30,000		30,000	
48	Rent-up (Deficit Escrow) Reserve	0	0	0.00								0	0		0	
49	Other Operating Reserves	42,916	1,533	1.53								0	42,916		42,916	
50	Sinking Fund	0	0	0.00								0	0		0	
51	Replacement Reserves	0	0	0.00								0	0		0	
Subtotal - Soft Costs		1,438,256	51,366	51.40											0	
TOTAL DEVELOPMENT COSTS		6,773,907	241,925	241.92	90,000	1,195,315 (204,485)	400,000	603,000	125,000	14,000	286,906	10,000	4,049,486	6,773,907	0	
													0	113,486	6,773,907	
COST BASIS FOR DEVEL FEE		5,990,991														
DEVELOPER FEE		710,000														
DEVELOPER FEE %		11.85%														

12-Aug-09 Johnson Community Housing

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other	Costs Incurred to Date	To be Incurred	Total
ACQUISITION									
1 Land	81,829								
2 Purchase of Building(s)	265,365	265,365							
3 Demolition (without replacement)	125,000								
4 Property Appraisal	5,000	5,000							
5 Legal - Title and Recording	5,200	5,200							
Subtotal - Acquisition	482,394								
CONSTRUCTION HARD COSTS									
6 Rehabilitation	0		0						
7 New Building(s)	3,327,160		3,327,160	3,327,160					
8 0	0		0						
9 Sitework	403,700		403,700	403,700					
10 Solor hot water	0		0						
11 Clerk of the Works	0		0						
12 Contractor Overhead	0		0						
13 Contractor Profit	0		0						
14 Construction Contingency	377,048		377,048	377,048					
15 Construction Management	0		0						
16 Construction Bond Fee	0		0						
17 Hazardous Materials Abatement	627,051		0						
18 Brownfields Contingency	90,298		0						
19 Furnishings, Fixtures, & Equipment	28,000		28,000						
20 Other ()	0		0						
Subtotal - Hard Costs	4,853,257								
SOFT COSTS									
21 Architectural	299,337		299,337	299,337					
22 Engineering	0		0						
23 Legal/Accounting	40,000		40,000	40,000					
24 Relocation	15,000		15,000	15,000					
25 Environmental Assessment	0		0						
26 Energy Assessment	4,000		4,000	4,000					
27 Permits/Fees	54,843		54,843	54,843					
28 Independent Market Study	4,500		4,500	4,500					
29 Construction Period Insurance	25,000		25,000	25,000					
30 Construction Interest	140,000		119,000	119,000					
31 Construction Loan Origination Fee	26,000		26,000	26,000					
32 Taxes During Construction	8,000		8,000	8,000					
33 H.P.	1,500		1,500	1,500					
34 Marketing	4,000								
35 Tax Credit Fees	19,930		0						
36 Soft Cost Contingency	8,230		8,230	8,230					
37 Permanent Loan Origination Fee	0		0						
38 Lender's Counsel's Fee	5,000		5,000	5,000					
39 Other ()	0		0						
SYNDICATION COSTS									
40 Organizational (Partnership)	0								
41 Bridge Loan Fees and Expenses	0								
42 Syndication Consultant	0								
43 Tax Opinion	0								
DEVELOPER'S FEES									
44 Developer's Fees	710,000		710,000	710,000					
45 Other Partnership Fees	0		0						
46 Consultant Fees	0		0						
RESERVES									
47 Working Capital	30,000								
48 Rent-up (Deficit Escrow) Reserve	0								
49 Other Operating Reserves	42,916								
50 Sinking Fund	0								
51 Replacement Reserves	0								
Subtotal - Soft Costs	1,438,256								
TOTALS	6,773,907	275,565	5,456,318	5,428,318	0				
LESS: Amount of Non-qualified Financing		0							
LESS: Historic tax Credit (Residential Portion)			0	0					
Total Eligible Basis		275,565	5,456,292						
TIMES: Adjusted for QCT/DDA/Green Building Stds	130.0%		7,093,180						
TIMES: Applicable Fraction	79.17%	218,177	5,615,983						
Total Qualified Basis		218,177	5,615,983	5,428,318					
TIMES: Applicable Percentage		3.28%	9.00%	27.5					
Total Annual Credit Qualified		7,156	505,438	197,393					
Total Tax Credits Requested	492,000			28,000					
Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only)	3,936,000			7					
Estimated Yield - Housing Credit Syndication	0.8000			4,000					
Equity Gap	3,936,001								
Credits Needed to fill Equity Gap	492,000								

12-Aug-09 **Johnson Community 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		701	11	598	0	78,936
2 Br		953	14	601	0	100,968
3 Br		1,100	1	685	0	8,220
Totals		22,153	26			188,124
Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		750	1	681	0	8,172
2 Br		950	1	760	0	9,120
3 Br		0	0	0	0	0
4+ Br		0	0	0	0	0
Totals		1,700	2			17,292
Common Area Square Footage		0				
Grand Totals		27,980	28			205,416
Less Vacancy			5.00%			(10,271)
					NET RENT	195,145
					OTHER INCOME	
					Laundry	1,200
					Parking	0
					Commercial Space Income	0
					Other	500
					TOTAL INCOME	196,845

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	26,880	2,240	80	13.7%
Supportive Services	0	0	0	
Audit/Accounting	4,000	333	12	
Legal	1,680	140	5	
Compliance Monitoring	1,872	156	6	
Marketing	1,008	84	3	
Other	1,344	112	4	
TOTAL ADMINISTRATIVE	36,784	3,065	109	
Utilities				
Electricity	8,760	730	26	
Fuel - w/ solar h2o	26,640	2,220	79	
Water and Sewer	8,400	700	25	
Fire Alarm / Emergency	2,000	167	6	
Other	0	0	0	
TOTAL UTILITIES	45,800	3,817	136	
Maintenance				
Maintenance / Janitor Payroll	15,120	1,260	45	
Janitor Supplies	2,688	224	8	
Exterminating	672	56	2	
Trash Removal	7,056	588	21	
Snow Removal	8,400	700	25	
Grounds	7,056	588	21	
Repairs Material	0	0	0	
Repairs Contract	0	0	0	
HVAC Repairs / Maintenance	3,360	280	10	
Elevator Contract / Repairs	3,000	250	9	
Painting and Decorating	1,680	140	5	
Other	0	0	0	
TOTAL MAINTENANCE	49,032	4,086	146	
Real Estate Taxes	25,200	2,100	75	per unit month excl. ds & res. 497
Property Insurance	10,080	840	30	
Replacement Reserves	15,120	1,260	45	
Primary Debt Service	0	0	0	
Other "must pay" debt service	0	0	0	
Other	0	0	0	
Total	182,016	15,168	542	
"Below-the-Line" Expenses:				
Special LP or GP Fee				
Repayment of Deferred Fee	0			
Partnership Audit or K-1 Fee	0			
Distribution	0			
Net to Residual				
Receipits/Cumulative Cash Flow	182,016			

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: CONSTRUCTION FINANCING FOR
JOHNSON COMMUNITY HOUSING, TOWN OF JOHNSON**

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Lamoille Housing Partnership, Inc. (the "Sponsors") on behalf of a to be formed limited partnership in which one or more of the Sponsors or their subsidiaries or affiliates will be general or co-general partner(s) (the "Borrower") involving the acquisition, rehabilitation and new construction of a total of twenty-eight (28) units of mixed senior and general occupancy rental housing in the Town of Johnson (the "Development"); and

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

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

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated August 12, 2009, containing information, conditions and recommendations about the Development (the "Memorandum").

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of the units are for occupancy by persons and families of low and moderate income.
2. The acquisition, construction or rehabilitation 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(s).


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

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making one or more mortgage loans to the limited partnership to be created by the Sponsors for the construction financing of the Development based on the recommendations in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Sponsors in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more mortgage loans to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan(s) for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions, if any, described in the Memorandum.
4. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners
FROM: Josh Slade, Development Underwriter 
DATE: August 13, 2009
RE: 1602 Credit Exchange – Blake Commons

Recommendation: Staff recommends that the Board adopt the resolution in the form attached hereto with respect to Blake Commons Housing Limited Partnership.

Summary: VHFA recently applied to the Credit Exchange Program, or Section 1602, which is part of the American Recovery and Reinvestment Act (ARRA), to exchange tax credits for cash for this project. The project Sponsors (Housing Vermont and Champlain Housing Trust) could only sell a portion of the tax credits allocated to the project. This is due to the decrease in the number of equity investors in the market, which is a national problem the 1602 program was intended to address.

Blake Commons received an allocation of 2009 credits in the amount of \$333,500. Construction bids came back substantially lower than budgeted and as a result the Sponsors are returning \$61,500 of those credits. Of the remaining \$272,000, the Sponsor has a commitment from the Merchants Bank to purchase \$104,949 and is requesting to exchange the remaining \$167,051. The reduction in construction costs, combined with the exchange of these credits, will also allow the Sponsors to return both VCDP and HOME funds that were awarded.

Staff anticipates the application to Treasury will be approved and requests permission to provide the tax credit exchange proceeds to the project as either a grant or in the form of a 0% 30 year deferred loan. Nationally the preference is to provide these funds as loans. Staff prefers and recommends the deferred loan structure.

The Board has not approved any debt for the Blake Commons, so the attached Resolution contains the proper findings needed in order for the Agency to lend the 1602 funds.



VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: 1602 EXCHANGE FINANCING FOR
BLAKE COMMONS, TOWN OF SWANTON**

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Champlain Housing Trust, Inc. (the "Sponsors") on behalf of Blake Commons Housing Limited Partnership in which the Sponsors' affiliates are co-general partners (the "Borrower") involving the construction of sixteen (16) units of general occupancy rental housing in the Town of Swanton (the "Development"); and

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan, and, the 1602 Exchange funds are made available to the Agency under Section 1602 of the American Recovery and Reinvestment Tax Act of 2009 ("ARRA"); and

WHEREAS, the Board of Commissioners adopted a Resolution entitled "Resolution Re: Proposed Allocation of Allocated Housing Credits for Blake Commons, Town of Swanton" on January 20, 2009 (the "Prior Resolution") for the commitment of Allocated Housing Credits to the Development; and

WHEREAS, the 1602 Exchange funds will be used for one or more grants or zero percent (0%) mortgage loans to the Development; and

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

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

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joshua Slade dated August 13, 2009, containing information about the 1602 Exchange Funds and the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of the units are for occupancy by persons and families of low and moderate income.
2. The acquisition, construction or rehabilitation 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(s).

6. The Sponsors are financially responsible and are qualified housing sponsors within the meaning of the Act.



WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more grants or zero percent (0%) mortgage loans to the Borrower for the financing of the Development using 1602 Exchange funds. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act and Section 1602 of the ARRA, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
2. The amount of 1602 Exchange funds available for the Development shall not exceed \$1,419,936.00. The Executive Director and her designees will establish such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act and Section 1602 of the ARRA, and the applicable regulations and policies of the Agency, including the conditions, if any, described in the Memorandum.
3. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joshua Slade, Development Underwriter 
Cynthia Reid, Senior Development Underwriter 

DATE: August 18, 2009

RE: Request for State Affordable Housing Tax Credit for Homeownership:
Middlebury South Village Cottages, Middlebury
East Branch Farms, Manchester

Recommendation: That the VHFA Board of Commissioners authorize staff to allocate up to \$15,000 of FY 2010 State Homeownership Tax Credits in part or in whole to either Rutland West Neighborhood Housing Services for one or two units at Middlebury South Cottages, or Josh Wein for one or two units at East Branch Farms in Manchester, and to issue the appropriate documentation according to the Qualified Allocation Plan.

Summary of Request:

Middlebury South Cottages – Of the original 27 planned homes only five were constructed. Three have sold and two homes remain available for sale. Staff have had preliminary discussions with Housing Vermont and other interested parties in various work-out scenarios for the project; however, those discussions have not yet yielded a plan. Meanwhile the two homes remain on the market.

East Branch Farms – Of the ten homes constructed, only two have sold. The developer continues to work with the Regional Affordable Housing Corporation to market the affordable units and secure HOMELAND grants. Phase II of this project is on hold.

Staff would like Board authorization to allocate up to \$15,000 of State Homeownership Tax Credit to either or both of the above projects to write down the cost of one or two for-sale units for eligible homebuyers. An allocation of \$15,000 generates approximately \$64,000, and could be used to subsidize one or two homes (one in each development, or one or two in one of the developments). Staff is making this request of the Board now so that in the event activity picks up at either development during the selling season, we can act quickly to allocate the Credits to Rutland West Neighborhood Housing Services for the Cottages, and/or Josh Wein for East Branch Farms. This will widen the pool of potential eligible homebuyers and perhaps stimulate sales activity. Staff would like the discretion to allocate all of the credit to one of the two projects (for one or two units), or a portion of the equity to each project, not to exceed \$15,000 in total. This is the last of the FY10 State Credits available to allocate, and we have no other requests for it.





Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes
Vermont Housing Finance Agency – Conference Call
164 St. Paul Street – Board Room
Burlington
Wednesday, August 26, 2009 9:00 a.m.

VHFA Board Member Present via Conference Call

Lisa Mitiguy Randall-Chair, Gus Seelig-Vice Chair, Tom Candon (designee for Thabault), Jim Saudade (designee for Dorn), Bart Frisbie, Beth Pearce (designee for Spaulding), Tom Pelletier, Dayne Canney, Rob Alberts

Staff Present:

Dave Adams, Sarah Carpenter, Tom Connors, Pat Crady, George Demas, Joe Erdelyi, Martha Panton, Pat Loller, Cindy Reid, Josh Slade

Guests:

Kathy Beyer, Ken Sassorossi (via Conference Call) (Housing Vermont)

BOARD MEETING

Chair Randall called the Board meeting to order at 9:05 a.m.

BOARD MINUTES

Mr. Seelig made a motion to approve the July 28, 2009 Board of Commissioners meeting minutes. Mr. Candon seconded the motion. Mr. Alberts and Mr. Saudade abstained.

EXECUTIVE DIRECTOR'S REPORT

Ms. Carpenter introduced George Demas to the Board as the Agency's new General Counsel and went on to review the Executive Director's report. She noted that the Agency will most likely not recommend the Eastview, Middlebury project at this time due to the substantial cash reserves that would be required of the Agency if we were to issue private placement general obligation bonds to fund the project. More will be presented to the Board if the transaction goes forward. She made special mention of the Wall Street Journal article and the quarterly report from the Mortgage Banker Association regarding the low delinquencies/foreclosures in Vermont and other northeast states.

ADMINISTRATION

Housing Vermont

Ms. Carpenter reviewed the Housing Vermont memo sent by Nancy Owens regarding a change to Housing Vermont's by-laws to reflect the elimination of VHFA's sustaining member



provision. At the July 28, 2009 VHFA Board meeting, the Board approved VHFA withdrawing as a sustaining member of Housing Vermont. Under VHFA's lending arrangements with Housing Vermont, VHFA retains the right to approve by-law and article changes as well as monitor their operations. Mr. Seelig made a motion to approve changes to Housing Vermont's by laws that delete the sustaining member category as outlined in the memo. Ms. Canney seconded the motion, which was unanimously approved.

FINANCE

Finance Update

Mr. Connors reviewed the August Finance Update handout. He noted that there are some changes from last month; however, the priorities still remain the same. Mr. Connors reviewed the following issues:

- Liquidity
- Maintaining / Improving Credit Ratings
- Investment Income
- Loan Production
- Sources of Capital

In discussing the sources of capital Ms. Randall asked how the cash window was working for the Agency. Mr. Adams explained that the Agency has been very conservative in setting our rates to preserve remaining bond proceeds, and to deliver what we can to the cash window. Mr. Adams reported that we have delivered just over \$400,000 for sale at the FNMA cash window with an anticipated net gain on sale well above our budgeted 75 basis point target. Ms. Canney asked how we are doing with single family production relative to budget projections. Mr. Adams said that it is too early in year to say how will end the year with so much hinging on whether or not we can get back into the bond market with another issue. If at the end of the first quarter the Agency is not able to enter the bond market we will re-project the budget numbers. Ms. Carpenter stated that if the Agency went out to bond today, the rate would be in the 6.5% range, well above the conventional rates. She emphasized that the Agency has had several productive meetings with the State to look at a bond structure that might shorten the term of the long bond to take advantage of the lower 15 year rate, given the 30 year pricing is out of the market for the Agency.

Ms. Carpenter requested that Ms. Crady provide an update on mobile home loans. Ms. Crady explained that the Agency has run into problems obtaining title insurance that meets US Bank's interpretation of the Freddie Mac/Fannie Mae requirements. HUD and RD have stated that the title insurance must cover the mobile home and land as real estate. Title insurance companies will provide one ALTA form, which had previously been acceptable, but will not provide the one now required due to certain inconsistencies in the Vermont Statutes relating to the status of mobile homes as real estate. The Agency is working to find a way around this problem, but currently this issue is preventing VHFA from making any loans for mobile homes. Mr. Candon also mentioned that the Summer Study Mobile Home group will be meeting in the next two weeks and he will be sure to discuss at that time. Mr. Candon, Ms. Carpenter, Mr. Demas and Mr. Adams will discuss further off line.

DEVELOPMENT

Construction Financing: Johnson Community Housing

Ms. Reid reviewed the memo regarding the \$3,100,000 loan for Johnson Community Housing, which would close in October or November. Mr. Seelig made a motion to approve the construction financing for Johnson Community Housing. Mr. Pelletier seconded the motion, which was unanimously approved.

1602 Credit Exchange: Blake Commons

Mr. Slade reviewed the memo regarding Blake Commons Housing request to provide tax credit exchange proceeds as a deferred loan under the new 1602 Credit Exchange program. Staff recommends and prefers a single deferred loan structure over a grant. Mr. Seelig made a motion to issue a commitment letter and close on a 30 year 0% treasury exchange fund loan. Mr. Pelletier seconded the motion, which was unanimously approved.

State Affordable Housing Tax Credit for Homeownership

Ms. Reid reviewed the memo and explained that the Agency would like to issue the remaining FY10 Homeownership Tax Credits to Middlebury South Village Cottages and/or East Branch Farms. These credits would be used to make the units more affordable. The credit has worked well when issued to other homeownership projects. The credit will be awarded on a first come first serve basis. Mr. Frisbie made a motion to authorize staff to allocate up to \$15,000 of FY10 State Homeownership Tax Credit to either or both of the projects. Mr. Candon seconded the motion, which was unanimously approved.

UVM Student Housing Bonds

Mr. Adams explained that the issues with Winooski's Spinner Place student housing have continued and VHFA will need to stay involved. Mr. Candon expressed concern regarding what would happen if this property went into foreclosure. Mr. Adams explained that Sovereign Bank would be forced to purchase the bonds and assume all risk of loss in the event the project defaults on its obligations. The City of Winooski owns the ground lease and also has certain rights that it could enforce, but there is minimal if any risk of financial loss to the Agency, other than our Issuer Fees of \$6,500/year. We have not received these since the inception of the project, nor have we accounted for those as income to the Agency. This is a conduit bond, so VHFA is not financially at risk. Mr. Pelletier made a motion to allow staff to keep the board informed of the high profile project and authorization to execute any and all agreements necessary to make changes to the Indenture and related documents. Mr. Seelig seconded the motion, which was unanimously approved.

OTHER BUSINESS

VHFA Projects News

Ms. Carpenter reported that a multi-family project VHFA has financed in St. Johnsbury has been infested with bed bugs. Mr. Falzone is working with the owner and the Department of Health to remedy the situation. She also reported that a multi-family project in Proctor was struck by lightning. The building has suffered extensive electrical damage and will require significant repairs before it can be re-occupied.

September Board Meetings

Ms. Carpenter informed the board that the Agency may need a business meeting in September. There are a few possible times to hold the meeting. It could be in conjunction with the Audit/Finance Committee meeting on September 29th or via conference call at another time. The Agency will keep the Board up to date as a decision is made.

Mr. Seelig made a motion to adjourn the meeting. Ms. Canney seconded the motion. The meeting adjourned at 10:15 a.m.



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Director of Development *JB*

DATE: September 24, 2009

RE: Request for Allocated Housing Credits and Construction Financing: Forest Park, Rutland

Name:	Forest Park	Location:	Rutland
Housing Type:	General Occupancy	Unit Type:	Mixed
Unit Count:	78 rental units (plus nine homeownership units) 65 tax credit units	Unit Sizes:	9 1-BR; 682-875 s.f. 33 2-BR; 860-985 s.f. 31 3-BR; 985 - 1,480 s.f. 5 3-BR; 985 - 1,480 s.f.
Total Cost:	\$19,847,676 rental only (\$22,259,382 including homeownership units)	Per S.F. Acquisition & Construction Cost:	\$138.07
Credits Requested:	\$1,100,000 ("Allocated" Credits) \$495,000 Phase I \$605,000 Phase II	Sponsor:	Rutland Housing Authority & Housing Vermont
Loan Requested:	\$6,000,000 taxable construction loan, which may be divided between the two phases (rental units only)	Other Funding:	HOPE VI, Public Housing Transformation Funds, HOME, VHCBC, VCDP, FHLB, AHP

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

Project Background: Forest Park was built as public housing in 1972. The Rutland Housing Authority currently owns and manages it, and has many challenges with the development, some of which stem from the age, design and layout. The buildings are now quite dated and in need of major capital infusion, like much of the Public Housing nationwide. The primary program for accomplishing this is the HUD "HOPE VI" program, a well-established, funded program that usually goes to larger, more urban areas. (Vermont has never received any HOPE VI funds, which are awarded nationally on a competitive basis. For this development, RHA is applying for \$6.4 million dollars from the program.) In order to have a competitive application for HOPE VI, the sponsor needs a commitment of tax credits prior to applying. The HOPE VI application is due to be submitted in November.

In 2002 RHA hired an architect to do an analysis of the options for the site (continue as-is, rehabilitate, or demolish and rebuild), and based on that study and a number of practical considerations RHA decided to demolish and rebuild the property. Recently, asbestos was discovered throughout the apartments in the drywall compound and ceiling finishes, and this would need to be abated, regardless of how they chose to

mailing address P.O. Box 408, Burlington, VT 05402-0408

delivery address 164 Saint Paul St., Burlington, VT 05401-1564

phone (802) 864-5743

fax (802) 864-5746

www.vhfa.org



proceed. But the age of the units, and the discovery of the asbestos, point towards the desirability of starting with a clean site.

The site is approximately four blocks from Rutland's designated downtown, close to schools, shopping, and parks. Currently there are 75 apartments in 16 buildings. The plan as proposed has a complete demolition, the relocation of a road (that will be built to municipal standards and given to the City), all new infrastructure, and the construction of 78 apartments, a community building, a playground, a community garden, and nine detached single-family homes. The site is served by municipal water and sewer, and there is adequate capacity for the proposed development in both of those systems. Surface water, which is a problem on the site, would be handled by a new stormwater retention pond. The density of the proposed re-development is allowed under current zoning. The City is very supportive of RHA's plans to redevelop the site from exclusively Public Housing Authority units to a more multi-level, integrated development. The proposed new development would have 34 Public Housing units, another 31 affordable rentals, 13 unrestricted rentals, and nine homeownership units. HOPE VI funds can and will be used to construct the homeownership units, and the rental assistance administered by RHA can be used to help very low income homebuyers get into these homes.

Forest Park currently has an on-site Boys and Girls Club, a Head Start program, and a Dream Program. Like much of Public Housing nationwide, Forest Park has a high concentration of very low income households, and seen a large share of social issues among its tenants. The redevelopment plan will turn the project into a more diverse, mixed-income community. As part of the HOPE VI redevelopment additional social service funding is being sought, and a social service plan is being developed with a consultant, Gilmore Kean LLC. The development intends to apply for \$840,000 for capitalization of service funds (not shown in the attached budgets). The redeveloped Forest Park will continue to offer the same programs and offer additional ones, including a neighborhood network (to offer training and internet access to low-income residents).

All of the existing tenants will be given relocation vouchers (tenant-based rent assistance), which they can take with them anywhere in the country. These vouchers will be awarded to RHA along with the HOPE VI funding. Should the tenants all stay in Rutland, the currently vacant housing stock should be sufficient to absorb their number. Experience with this program has shown that some tend to move away, and others will stay in the area. The apartments will be completely vacated, to facilitate the redevelopment.

RHA has been using the services of Duvernay + Brooks, a consultant that has worked on a number of HOPE VI developments nationwide, to put together a competitive plan and application. Housing Vermont will be the development partner and tax credit syndicator, the architect is Michael Wisniewski of Duncan Wisniewski Architects, and Rutland Housing Authority is planning to manage the development. The sponsors estimate a June 2010 construction start.

Since the Board last saw this proposal, HUD has changed its rules regarding HOPE VI and now extraordinary site costs are not factored into the calculation of the award amount, which greatly diminishes the potential HOPE VI funding. However, the sponsors have also received an award of \$2.4 million from one of the ARRA stimulus programs called Public Housing Transformation Funds. The sponsors have divided the project into two phases for financing purposes (if sufficient funding is received, both phases could proceed together). The layout is such that the phases could also happen independently. Phase one is outlined on the site plan (attached).

Tax Credit Discussion:

The project meets three top tier criteria within the Consolidated Plan Priorities: 1) rehabilitation; 1) family housing with a majority of the units 2 BR or larger; and 3) the project is close to a designated downtown or village center. (The "rehabilitation" is a demolish and rebuild, because of the financial infeasibility of any lesser level of rehab due to asbestos contamination.) The project also meets one other criteria (serving households on Public Housing waiting lists), and partially meets a second (serving households below 30% of

area median income – with the 34 Public Housing units). The Allocation Plan requires that projects meet at least three top tier and one other (top tier or lower tier) criteria. Some of the other criteria are met in part, or are borderline. For example, the “removal of blight” criterion defines blight as buildings largely unusable or uninhabitable. These existing units are occupied, but HOPE VI is considered a blight-removal program. And to get the “mixed-income” criterion, 15 units would need to be “market-rate,” and this proposal has 13. Nevertheless, the project meets or exceeds the required thresholds, and is competitive for credits.

To be eligible to apply for credits outside the two-year ceiling under the new Allocation Plan, the project needs to bring in (in capital or operating funds) new dollars at least equal to 40% of the project cost. Combining the HOPE VI, the Public Housing Transformation Funds, and the HOPE VI service funds, these three sources total 39.4% of the cost. There are also 34 new project-based rental assistance units, and vouchers for the existing tenants, and the value of those contracts puts the project well over the threshold.

There are two policies in the Plan that the development would need a waiver from, in order to go forward as presented. First, the development is applying for approximately 45% of an annual allocation of the State’s ceiling credits, and the Plan limits any one development to 33%. Staff recommend this waiver, because of the large amount of leveraged funds being brought in, and because of the project’s great needs. The second policy is in regard to developer’s fees. The Plan has a 10% developer’s fee limit for large projects and a “cash-portion of the fee” limit of \$1,000,000. The current budget shows a cash fee of \$1.88 million. (The overall fee is about 10.67% of cost.) Staff support the waiver from this policy as well, with reservations, for two reasons. First, it seems unlikely that all of the funding shown will be secured, in the amounts as shown. And construction costs are likely to fluctuate between now and spring 2010. The high fee serves as a contingency against both factors. Also, if the two phases are looked at individually, as smaller side-by-side projects, the fee is within the program limits. Staff believe the division of the project into phases was not done to circumvent the policies in the QAP, but to make two exclusive funding sources (HOPE VI and Public Housing Transformation Funds) both usable. The sponsors have done extensive work on this proposal over a multi-year period, and it is at least as complex and labor intensive as any new construction project.

The project is seeking the 130% basis boost allowable to projects that fully meet the Green Building and Design Standards. This boost is only allowed to projects of 49 units or less. Looked at separately, each phase qualifies for this boost.

A market study was completed by Doug Kennedy of Landvest in April 2008 and it indicates that about a third to a half of the current tenants would return to either the Public Housing or tax credit units. It also estimates that the development should be 75% leased up within four months of construction completion, and fully leased within eight months. This study will need to be updated because the configuration has changed some, and because the market conditions will change between now and the project commencement.

RENTAL DWELLING UNITS	
5 2BR DUPLEX	10
9 3BR DUPLEX	18
2 4BR DUPLEX	4
3 1BR TRIPLEX	9
1 2BR 4PLEX	4
1 (4)2BR/(5)3BR 9PLEX	9
2 (5)2BR/(4)3BR 12PLEX	24
SUBTOTAL	78

FOR SALE DWELLING	
7 2BR (optional 3rd BR)	7
2 2BR ACCESSIBLE FLAT	2
TOTAL	87

RENTAL TYPES:	
1BR	9
2BR	33
3BR	35
4BR	3

PARKING	
DRIVEWAY + GARAGE (9)	78
LOTS	64
PRIVATE STREET	28
SUBTOTAL	170
PUBLIC STREET	47
TOTAL	217

4

DUPLEX A
2BR - 2 ST

7

DUPLEX B1
3BR - 2 ST

2

DUPLEX B2
4BR - 2 ST

1

TRIPLEX C
1BR - 2.5 ST

1

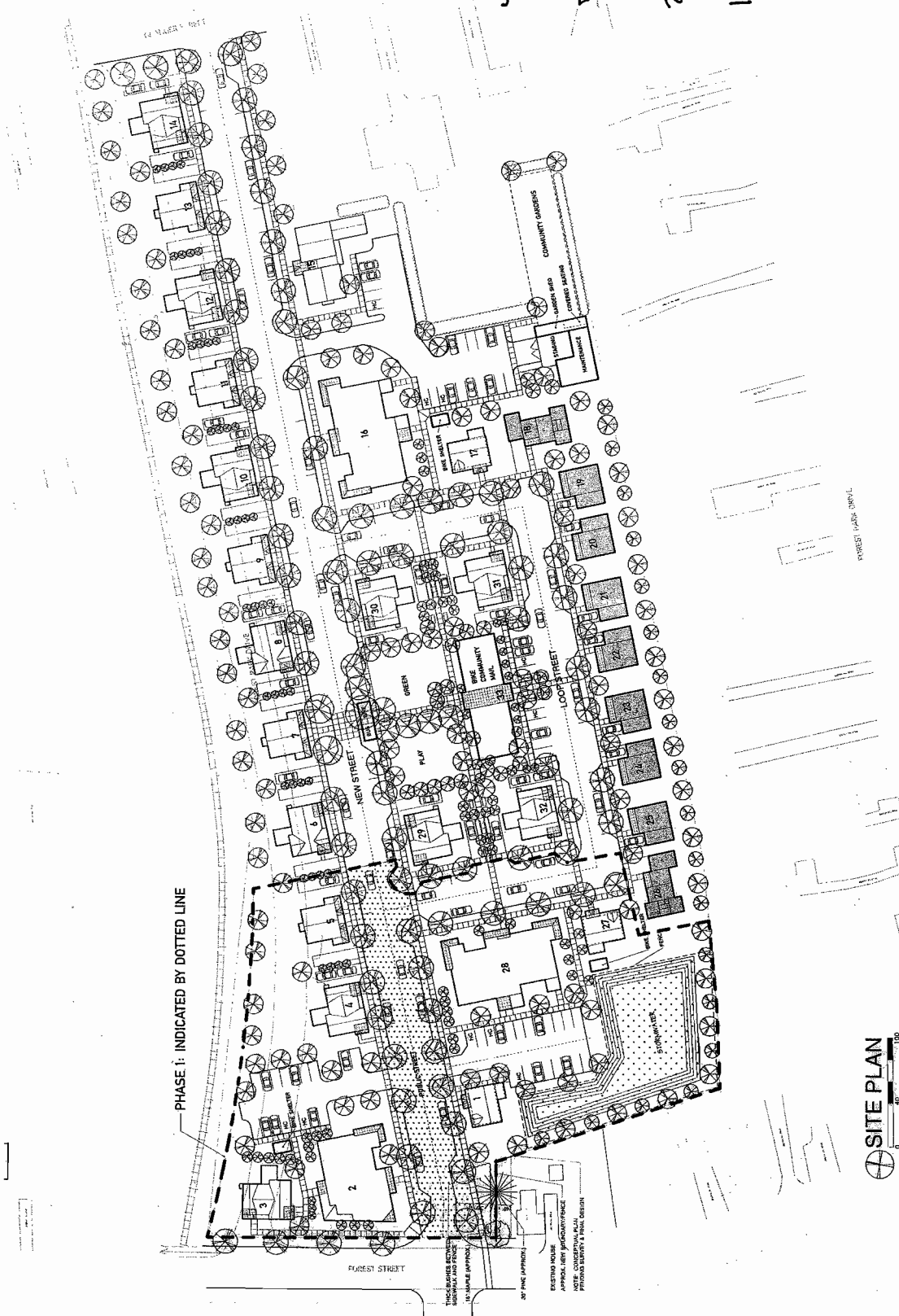
4PLEX D
2BR - 2 ST

9PLEX E
2BR/3BR - 3 ST

12PLEX F
2BR/3BR - 3 ST

SINGLE FAMILY G
2BR - 2 ST

SINGLE FAMILY H
2BR - 1 ST



25-Sep-09 **Forest Park**

Total Rental Units:	78	Increase in Income from Rental Units:	1.50%		
Housing Credit Restricted Units:	65	Increase in Income from Other Sources:	1.50%		
Percent Restricted:	83.33%	Increase in Income from Commercial:	0.00%		
Total Development Cost:	19,847,676	Expense increase:	3.00%		
Total Dev. Cost per Unit:	254,457	Vacancy Rate:	5.00%		
Total Dev. Cost Per SF:	176.12	Partner's Tax Rate:	35%		
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years		
Max Credit Potential:	1,750,292	Short Depreciation Schedule:	7 years		
Credit Amount Allocated:	1,100,000	Sponsor's Estimated Yield:	81.87%	40,562	72,130
Credit Amount, Phase I:	495,000				12,224
Credit Amount, Phase II:	605,000				
LIHTC - 9%	9.00%	(Oct '09)		Phase I	Phase II
LIHTC - 4%	3.37%			33	45
					9

SOURCES							Rental	Rental	Homeownership
		% of Total Development Cost	Interest Rate	Amortization	Term				
Bank debt		0.00%	3.00%	30	30				
VHCB-HOME	800,000	4.03%	4.50%	30	deferred	500,000	300,000		
VHCB	870,000	4.38%	0.00%	30	deferred	170,000	700,000		100,000
VHCB Capacity	50,000	0.25%				50,000			
VCDP	1,250,000	6.30%	4.50%	30	deferred	750,000	500,000		
HUD Pub Hsg Transformation	2,347,000	11.83%				2,347,000			
HOPE VI	4,632,294	23.34%	4.50%	55	deferred		4,632,294		907,706
Home sales		0.00%	N/A	N/A	N/A				1,305,000
FHLB-AHP advanced loan	350,000	1.76%	3.00%	30	20			350,000	
FHLB-AHP grant	375,000	1.89%	0.00%	N/A	N/A			375,000	75,000
Rutland Housing Authority	126,000	0.63%				126,000			
RPC	75,000	0.38%	N/A	N/A	N/A			75,000	
Tax Credit Equity	8,972,382	45.21%	N/A	N/A	N/A	4,007,222	4,965,160		24,000
TOTAL SOURCES	19,847,676	100.00%				7,950,222	11,897,454		2,411,706
VHFA Construction Loan	9,250,000	7,819,294	39.40%			240,916	264,388		267,967
						196.00	164.94		197.29

USES		
Acquisition	1,006,075	5.07%
Construction Hard Costs	14,553,508	73.33%
Soft Costs	4,287,846	21.60%
TOTAL USES	19,847,429	100%

Gap (247)

General Partner's Capital Contribution		0.10%
Limited Partner's Capital Contribution	8,997,132	99.90%
Total Equity	8,997,132	100.0%

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	65
Total Units	78
Unit Fraction	83.33%
Tax Credit Square Footage	67,303
Total Residential Square Footage	80,491
Square Footage Fraction	83.62%
Applicable Fraction	83.33%

[illegible]

25-Sep-09	Forest Park Combined I & II			138.07	0	800,000	870,000	1,250,000	4,632,294	2,347,000	0	350,000	375,000	126,000	75,000	50,000	8,972,382	19,847,676
ACQUISITION																		
		Rental Budget	Per Unit	Per s.f.	Bank debt	VHCB- HOME	VHCB	VCDP	HOPE VI	HUD Pub Hsg Transformation	Home sales	FHLB- advanced loan	FHLB- AHP grant	Rutland Housing Authority	RPC	VHCB Capacity	Tax Credit Equity	TOTAL SOURCES
1	Land	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Purchase of Building(s)	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Demolition (without replacement)	88,759	1,138	0.79	0	0	0	0	0	0	0	0	0	0	0	0	88,759	88,759
4	Property Appraisal	9,564	123	0.08	0	0	0	0	0	0	0	0	0	0	0	0	9,564	9,564
5	Legal - Title and Recording	9,798	126	0.09	0	0	0	0	0	0	0	0	0	0	0	0	9,798	9,798
	Asbestos Abatement	897,954	11,512	7.97	0	0	0	0	0	0	0	0	0	0	0	0	897,954	897,954
	Subtotal - Acquisition	1,006,075	12,898	8.93														
CONSTRUCTION HARD COSTS																		
6	Rehabilitation	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	New Building(s)	11,218,871	143,832	99.55	0	800,000	870,000	1,250,000	4,632,294	2,347,000	0	0	0	0	0	0	1,319,577	11,218,871
8	Total Homeownership Costs	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Sitework	1,835,134	23,527	16.28	0	0	0	0	0	0	0	350,000	375,000	126,000	0	0	984,134	1,835,134
10	Community building & playground	304,167	3,900	2.70	0	0	0	0	0	0	0	0	0	0	0	0	304,167	304,167
11	City Road	430,500	5,519	3.82	0	0	0	0	0	0	0	0	0	0	75,000	0	355,500	430,500
12	Contractor Overhead	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Contractor Profit	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Construction Contingency	657,377	8,428	5.83	0	0	0	0	0	0	0	0	0	0	0	0	657,377	657,377
15	Construction Management	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Construction Bond Fee	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	Hazardous Materials Abatement	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	Off-Site Improvements	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	Furnishings, Fixtures, & Equipment	107,459	1,378	0.95	0	0	0	0	0	0	0	0	0	0	0	0	107,459	107,459
20	Other ()	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal - Hard Costs	14,553,508	186,583	129.14														
SOFT COSTS																		
21	Architectural	893,083	11,450	7.92	0	0	0	0	0	0	0	0	0	0	0	50,000	843,083	893,083
22	Engineering	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Legal/Accounting	86,667	1,111	0.77	0	0	0	0	0	0	0	0	0	0	0	0	86,667	86,667
24	Relocation	195,363	2,505	1.73	0	0	0	0	0	0	0	0	0	0	0	0	195,363	195,363
25	Environmental Assessment	30,250	388	0.27	0	0	0	0	0	0	0	0	0	0	0	0	30,250	30,250
26	Energy Assessment	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27	Permits/Fees	155,920	1,999	1.38	0	0	0	0	0	0	0	0	0	0	0	0	155,920	155,920
28	Independent Market Study	18,500	237	0.16	0	0	0	0	0	0	0	0	0	0	0	18,500	18,500	18,500
29	Construction Period Insurance	42,982	551	0.38	0	0	0	0	0	0	0	0	0	0	0	0	42,982	42,982
30	Construction Interest	332,890	4,268	2.95	0	0	0	0	0	0	0	0	0	0	0	0	332,890	332,890
31	Construction Loan Origination Fee	63,963	820	0.57	0	0	0	0	0	0	0	0	0	0	0	0	63,963	63,963
32	Taxes During Construction	35,000	449	0.31	0	0	0	0	0	0	0	0	0	0	0	0	35,000	35,000
33	Clerk of the Works	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	Marketing	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35	Tax Credit Fees	45,000	577	0.40	0	0	0	0	0	0	0	0	0	0	0	0	45,000	45,000
36	Soft Cost Contingency	22,500	288	0.20	0	0	0	0	0	0	0	0	0	0	0	0	22,500	22,500
37	Permanent Loan Origination Fee	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
38	Lender's Counsel's Fee	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
39	Other (Duvernay Brooks, Gilmore Keen)	170,000	2,179	1.51	0	0	0	0	0	0	0	0	0	0	0	0	170,000	170,000
SYNDICATION COSTS																		
40	Organizational (Partnership)	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
41	Bridge Loan Fee and Expenses	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42	Syndication Consultant	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
43	Tax Option	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DEVELOPER'S FEES																		
44	Developer's Fees	1,883,334	24,145	16.71	0	0	0	0	0	0	0	0	0	0	0	0	1,883,334	1,883,334
45	Other Partnership Fees	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
46	Consultant Fees	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RESERVES																		
47	Working Capital	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
48	Rent-up (Deficit Escrow) Reserve	65,000	833	0.58	0	0	0	0	0	0	0	0	0	0	0	0	65,000	65,000
49	Other Operating Reserves	247,393	3,172	2.20	0	0	0	0	0	0	0	0	0	0	0	0	247,393	247,393
50	Sinking Fund	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
51	Replacement Reserves	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Subtotal - Soft Costs	4,287,846	54,972	38.05														
	TOTAL DEVELOPMENT COSTS	19,847,429	254,454	176.12	0	800,000	870,000	1,250,000	4,632,294	2,347,000	0	350,000	375,000	126,000	75,000	50,000	8,972,134	19,847,428

25-Sep-09 Forest Park Combined I & II

	Rental Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
ACQUISITION						
1 Land	0					
2 Purchase of Building(s)	0	0				
3 Demolition (without replacement)	88,759					
4 Property Appraisal	9,564			0		
5 Legal - Title and Recording	9,798			0		
Subtotal - Acquisition	1,006,075					
CONSTRUCTION HARD COSTS						
6 Rehabilitation	0		0	0		
7 New Building(s)	11,218,871		11,218,871	11,218,871		
8 Total Homeownership Costs	0			0		
9 Sitework	1,835,134		1,835,134	1,835,134		
10 Community building & playground	304,167		304,167	304,167		
11 City Road	430,500		0	0		
12 Contractor Overhead	0		0	0		
13 Contractor Profit	0		0	0		
14 Construction Contingency	657,377		657,377	657,377		
15 Construction Management	0		0	0		
16 Construction Bond Fee	0		0	0		
17 Hazardous Materials Abatement	0		0	897,954		
18 Off-Site Improvements	0		0	0		
19 Furnishings, Fixtures, & Equipment	107,459		107,459	107,459		
20 Other ()	0		0	0		
Subtotal - Hard Costs	14,553,508					
SOFT COSTS						
21 Architectural	893,083		893,083	893,083		
22 Engineering	0		0	0		
23 Legal/Accounting	86,667		86,667	86,667		
24 Relocation	195,363		195,363	195,363		
25 Environmental Assessment	30,250		30,250	30,250		
26 Energy Assessment	0		0	0		
27 Permits/Fees	155,920		155,920	155,920		
28 Independent Market Study	18,500		0	0		
29 Construction Period Insurance	42,982		42,982	42,982		
30 Construction Interest	332,890		249,668	249,668		
31 Construction Loan Origination Fee	63,963		63,963	63,963		
32 Taxes During Construction	35,000		35,000	35,000		
33 Clerk of the Works	0		0	0		
34 Marketing	0		0	0		
35 Tax Credit Fees	45,000		0	45,000		
36 Soft Cost Contingency	22,500		22,500	22,500		
37 Permanent Loan Origination Fee	0		0	0		
38 Lender's Counsel's Fee	0		0	0		
39 Other (Duvernay Brooks, Gilmore Keen)	170,000		170,000	170,000		
SYNDICATION COSTS						
40 Organizational (Partnership)	0					
41 Bridge Loan Fees and Expenses	0					
42 Syndication Consultant	0					
43 Tax Opinion	0					
DEVELOPER'S FEES						
44 Developer's Fees	1,883,334		1,883,334	1,883,334		
45 Other Partnership Fees	0		0	0		
46 Consultant Fees	0		0	0		
RESERVES						
47 Working Capital	0					
48 Rent-up (Deficit Escrow) Reserve	65,000			32,500		
49 Other Operating Reserves	247,393					
50 Sinking Fund	0					
51 Replacement Reserves	0					
Subtotal - Soft Costs	4,287,846					
TOTALS	19,847,429	0	17,951,738	18,819,733	0	
LESS: Amount of Non-qualified Financing						
LESS: Historic tax Credit (Residential Portion)			0	0		
Total Eligible Basis		0	17,951,712			
TIMES: Adjusted for QCT/DDA	130.0%		23,337,226			
TIMES: Applicable Fraction	83.33%	0	19,447,688			
Total Qualified Basis		0	19,447,688	18,819,733		
TIMES: Applicable Percentage		3.37%	9.00%	27.5		
Total Annual Credit Qualified		0	1,750,292	684,354		
Long Term Depreciable Basis						
Total Tax Credits Requested	1,100,000			107,459		
Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only)	8,997,132					
Estimated Yield - Housing Credit Syndication	81.87%					
Equity Gap	8,972,135					
Credits Needed to fill Equity Gap	1,096,944					
Short Term Depreciable Basis						
				7		
				15,351		

20% Historic Credit Rate
0 Annual Historic Credit

82.00%

Long Term Depreciable Basis
Depreciation Schedule
Annual Depreciation

Short Term Depreciable Basis

7 Depreciation Schedule
Annual Depreciation

25-Sep-09 **Forest Park**

HC Restricted Units		Average		Average		Total
Bedrooms	Type	Square Feet	Number	Rent	Utilities	Annual Rent
0 Br		0	0	0		0
1 Br		748	8	519	29	49,824
2 Br		909	26	613	44	191,256
3 Br		1,184	24	709	59	204,192
4 Br		1,327	7	683	76	57,372
	Totals	67,303	65			502,644
Non-HC Restricted Units						Total
Bedrooms	Type	Square Feet	Number	Rent	Utilities	Annual Rent
0 Br		0	0	0		0
1 Br		875	1	620	29	7,440
2 Br		929	7	721	44	60,564
3 Br		1,162	5	949	59	56,952
4+ Br			0	0		0
	Totals	13,187	13			124,956
	80,490					
Common Area Square Footage		32,203				
	Grand Totals	112,693	78			627,600
	Less Vacancy		5.00%			(31,380)
					NET RENT	596,220
	OTHER INCOME					
	Laundry					500
	Services					31,500
	Commercial Space Income					0
	Other					
					TOTAL INCOME	628,220

Forest Park

Building #	phase	Unit #	Check all Applicable						A			B						C																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
			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:																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
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total rental SF	107,487	72	78
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25-Sep-09 **Forest Park**

	Annual	Monthly	Per Unit Per Month		Phase I	Phase II
Administration						
Management Fee	65,520	5,460	70	10.4%	27,720	37,800
Supportive Services	31,500	2,625	34			31,500
Audit/Accounting	7,704	642	8		3,960	3,744
Legal	4,680	390	5		1,980	2,700
Compliance Monitoring	5,184	432	6		2,592	2,592
Marketing	1,584	132	2		1,584	
Other	7,488	624	8		3,168	4,320
TOTAL ADMINISTRATIVE	123,660	10,305	132		41,004	82,656
Utilities						
Electricity	5,616	468	6		2,376	3,240
Fuel	74,880	6,240	80		31,680	43,200
Water and Sewer	28,080	2,340	30		11,880	16,200
Fire Alarm / Emergency	4,680	390	5		1,980	2,700
Other	0	0	0			
TOTAL UTILITIES	113,256	9,438	121		47,916	65,340
Maintenance						
Maintenance / Janitor Payroll	51,480	4,290	55		21,780	29,700
Janitor Supplies	18,720	1,560	20		7,920	10,800
Exterminating	4,680	390	5		1,980	2,700
Trash Removal	20,592	1,716	22		8,712	11,880
Snow Removal	13,104	1,092	14		5,544	7,560
Grounds	14,976	1,248	16		6,336	8,640
Repairs Material	0	0	0			
Repairs Contract	0	0	0			
HVAC Repairs / Maintenance	4,680	390	5		1,980	2,700
Elevator Contract / Repairs	0	0	0			
Painting and Decorating	7,488	624	8		3,168	4,320
Other	4,680	390	5		1,980	2,700
TOTAL MAINTENANCE	140,400	11,700	150		59,400	81,000
Real Estate Taxes						
Real Estate Taxes	65,520	5,460	70	per unit month excl. ds & res. 503	27,720	37,800
Property Insurance	28,080	2,340	30		11,880	16,200
Replacement Reserves	42,120	3,510	45		17,820	24,300
Primary Debt Service	23,293	1,941	25			
Other "must pay" debt service		0	0			
Other	0	0	0			
Total	536,329	44,694	573		205,740	307,296

25-Sep-09		Forest Park														
Year		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income	Gross Rent	627,600	637,014	646,569	656,268	666,112	676,103	686,245	696,539	706,987	717,592	728,355	739,281	750,370	761,626	773,050
	Other Income	32,000	32,480	32,967	33,462	33,964	34,473	34,990	35,515	36,048	36,588	37,137	37,694	38,260	38,834	39,416
	Vacancy and other losses	(31,380)	(31,851)	(32,328)	(32,813)	(33,306)	(33,805)	(34,312)	(34,827)	(35,349)	(35,880)	(36,418)	(36,964)	(37,518)	(38,081)	(38,652)
	Total Operating Income	628,220	637,643	647,208	656,916	666,770	676,771	686,923	697,227	707,685	718,300	729,075	740,011	751,111	762,378	773,814
Operating Expenses	Total Expenses (excl. Reserves)	470,916	485,043	499,595	514,583	530,020	545,921	562,298	579,167	596,542	614,439	632,872	651,858	671,414	691,556	712,303
	Reserves	42,120	42,752	43,393	44,044	44,705	45,375	46,056	46,747	47,448	48,160	48,882	49,615	50,359	51,115	51,882
	Total Operating Expense	513,036	527,795	542,988	558,627	574,725	591,296	608,354	625,914	643,990	662,598	681,754	701,473	721,773	742,671	764,184
Net Operating Income		115,184	109,848	104,220	98,289	92,045	85,475	78,569	71,313	63,695	55,702	47,321	38,538	29,338	19,707	9,629
Less Primary Debt Service (AHP)		23,293	23,293	23,293	23,293	23,293	23,293	23,293	23,293	23,293	23,293	23,293	23,293	23,293	23,293	23,293
Annual Cash Flow		91,891	86,555	80,927	74,996	68,752	62,182	55,276	48,020	40,402	32,409	24,028	15,245	6,045	(3,586)	(13,664)
Operating Subsidies / Sinking Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		91,891	86,555	80,927	74,996	68,752	62,182	55,276	48,020	40,402	32,409	24,028	15,245	6,045	0	0
Cumulative Cash Flow		494,509	471,599	447,439	421,979	395,169	366,969	337,309	306,159	273,459	239,149	203,169	165,459	125,959	84,609	41,349
Withdrawals:	Beginning Balance	247,393	348,084	446,380	541,912	634,291	723,103	807,911	888,253	963,641	1,033,558	1,097,460	1,154,772	1,204,889	1,247,171	1,281,001
	Deposits	91,891	86,555	80,927	74,996	68,752	62,182	55,276	48,020	40,402	32,409	24,028	15,245	6,045	0	0
	Interest	8,800	11,741	14,605	17,382	20,060	22,626	25,066	27,368	29,515	31,493	33,284	34,872	36,237	37,415	38,430
Project Operating Needs		0	0	0	0	0	0	0	0	0	0	0	0	0	(3,586)	(13,664)
Special LP or GP Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of Deferred Devel. Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Partnership Audit or K-1 Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Distribution of Cash to Owner		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		348,084	446,380	541,912	634,291	723,103	807,911	888,253	963,641	1,033,558	1,097,460	1,154,772	1,204,889	1,247,171	1,281,001	1,305,767
Cumulative Replacement Reserves																
Beginning Balance		0	42,541	86,571	132,130	179,257	(14,955)	30,575	77,702	126,471	176,922	(13,847)	35,247	86,063	138,647	193,046
	Deposits	42,120	42,752	43,393	44,044	44,705	45,375	46,056	46,747	47,448	48,160	48,882	49,615	50,359	51,115	51,882
	Interest	421	1,278	2,165	3,083	4,032	155	1,072	2,022	3,004	4,020	212	1,201	2,225	3,284	4,380
Withdrawals						(242,949)					(242,949)					(242,949)
Ending Balance		42,541	86,571	132,130	179,257	(14,955)	30,575	77,702	126,471	176,922	(13,847)	35,247	86,063	138,647	193,046	6,359

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: CONSTRUCTION FINANCING AND
PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS FOR
FOREST PARK – PHASE I, CITY OF RUTLAND**

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Rutland Housing Authority (the “Sponsors”) on behalf of a to-be-formed limited partnership in which one or more of the Sponsors or their subsidiaries or affiliates will be general or co-general partner(s) (the “Borrower”) involving the construction of a total of seventy-eight (78) units of general occupancy rental housing (in two phases) in the City of Rutland (the “Development”); and

WHEREAS, the application contemplates one or more mortgage loans for construction financing for the Development with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency’s cost of funds; and

WHEREAS, the Sponsors qualify and the Borrower will qualify as housing sponsors within the meaning of the Vermont Housing Finance Agency Act (the “Act”); and

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

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi dated September 24, 2009, containing information, conditions and recommendations about the Development (the “Memorandum”); and

WHEREAS, the Commitment issued in connection with that certain resolution of the Board of Commissioners adopted May 12, 2008 has expired;

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of the units are for occupancy by persons and families of low and moderate income.

2. The acquisition, construction or rehabilitation 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(s).

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

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making one or more mortgage loans to the limited partnership to be created by the Sponsors for the construction financing of the Development based on the recommendations in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Sponsors in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more mortgage loans to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan(s) for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions, if any, described in the Memorandum.

4. The recommendations for the allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.
5. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of \$495,000.00 for the Forest Park – Phase I housing project in the City of Rutland, Vermont.
6. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: CONSTRUCTION FINANCING AND
PROPOSED ALLOCATION OF ALLOCATED HOUSING CREDITS FOR
FOREST PARK – PHASE II, CITY OF RUTLAND**

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Rutland Housing Authority (the “Sponsors”) on behalf of a to-be-formed limited partnership in which one or more of the Sponsors or their subsidiaries or affiliates will be general or co-general partner(s) (the “Borrower”) involving the construction of a total of seventy-eight (78) units of general occupancy rental housing (in two phases) in the City of Rutland (the “Development”); and

WHEREAS, the application contemplates one or more mortgage loans for construction financing for the Development with the interest rate to be determined by the Agency depending on the source of funds, but not to exceed 150 basis points above the Agency’s cost of funds; and

WHEREAS, the Sponsors qualify and the Borrower will qualify as housing sponsors within the meaning of the Vermont Housing Finance Agency Act (the “Act”); and

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

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joe Erdelyi dated September 24, 2009, containing information, conditions and recommendations about the Development (the “Memorandum”); and

WHEREAS, the Commitment issued in connection with that certain resolution of the Board of Commissioners adopted May 12, 2008 has expired;

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of the units are for occupancy by persons and families of low and moderate income.

2. The acquisition, construction or rehabilitation 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(s).

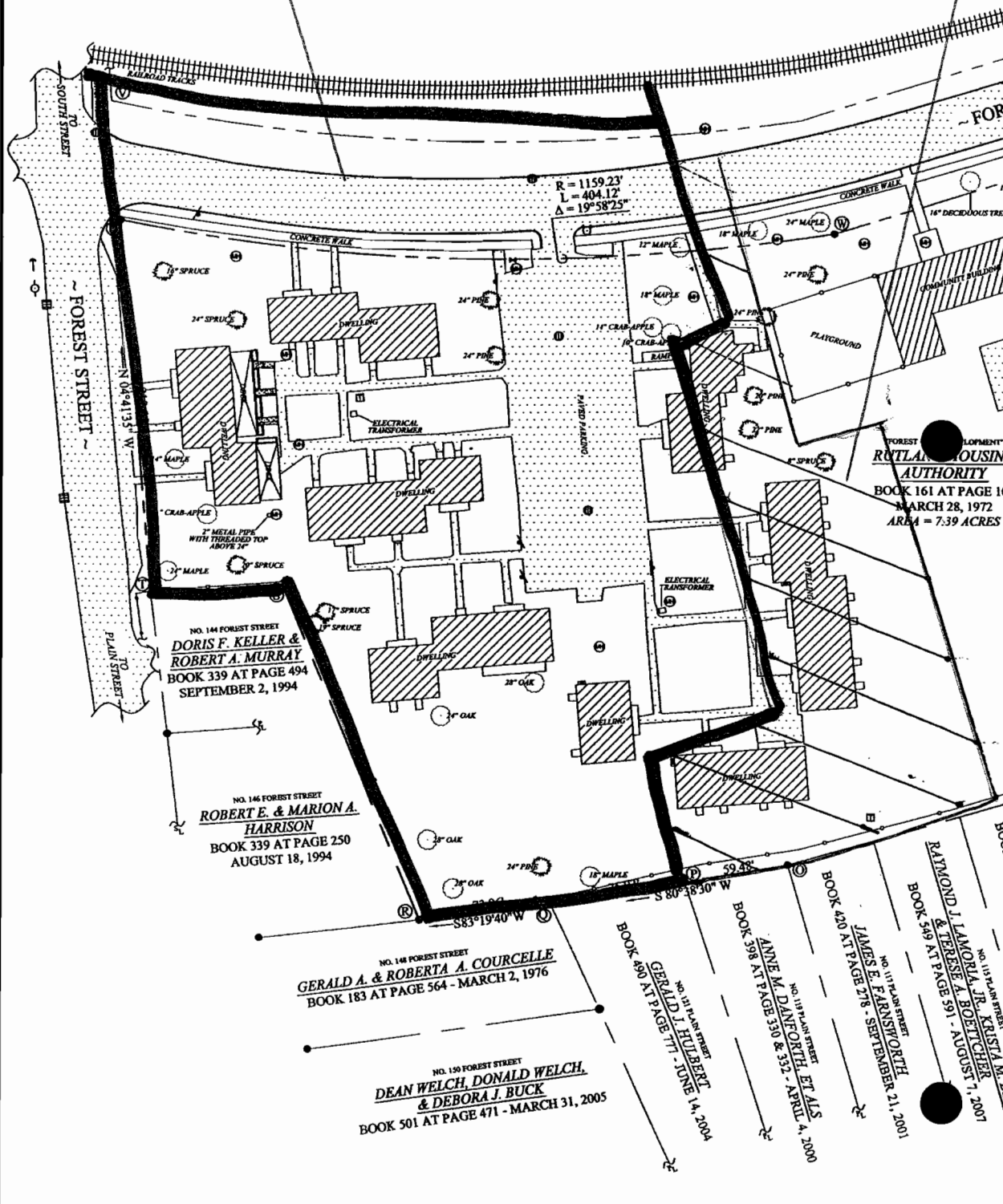
6. The Sponsors are financially responsible and are qualified housing sponsors within the meaning of the Act. The Borrower will be required to qualify as a housing sponsor within the meaning of the Act.

WHEREFORE, it is hereby RESOLVED:

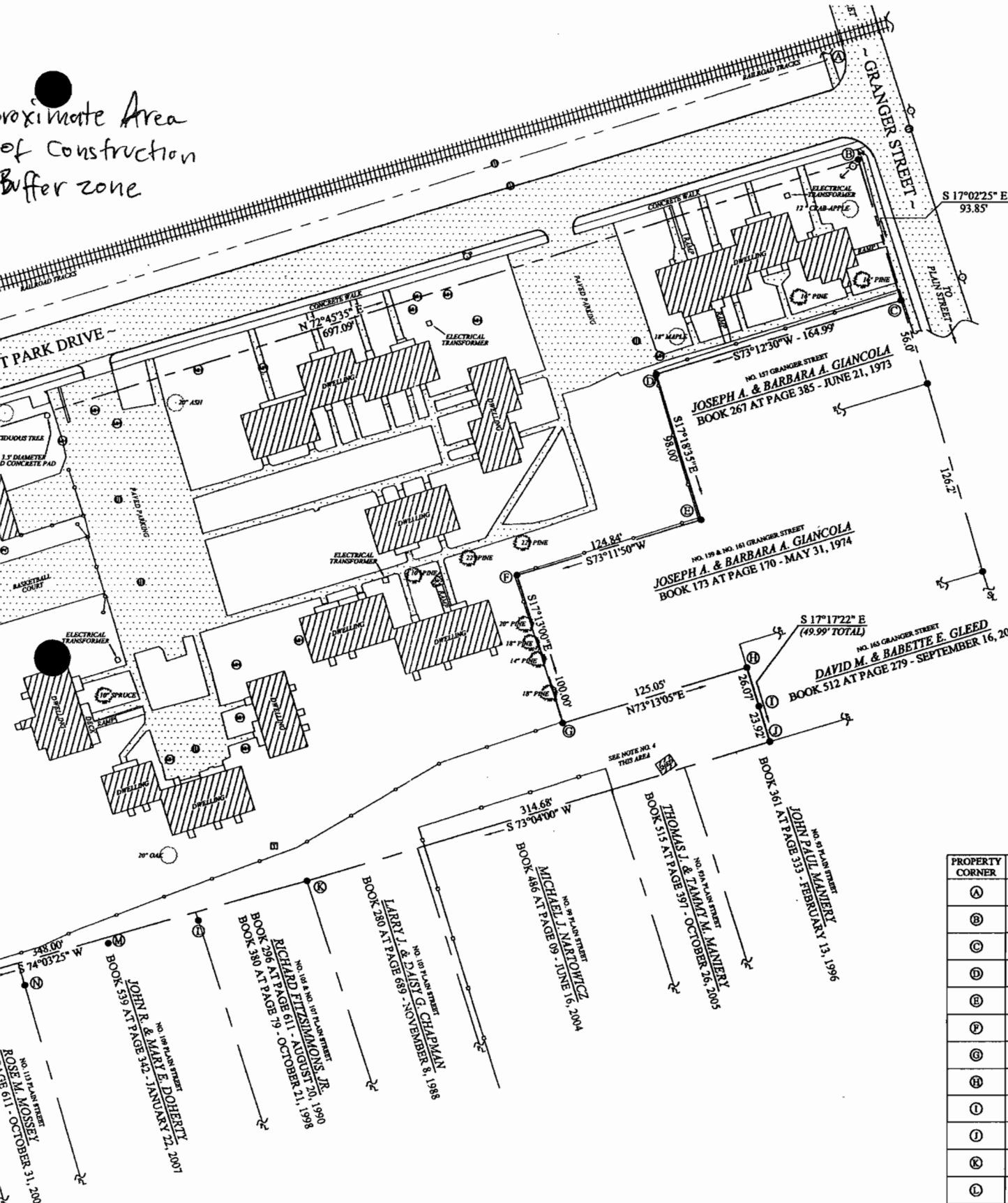
1. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making one or more mortgage loans to the limited partnership to be created by the Sponsors for the construction financing of the Development based on the recommendations in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Sponsors in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more mortgage loans to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan(s) for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions, if any, described in the Memorandum.

4. The recommendations for the allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.
5. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the proposed allocation of federal Allocated Housing Credits in the amount of \$605,000.00 for the Forest Park – Phase II housing project in the City of Rutland, Vermont.
6. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.

PAVED SURFACE
GRAVEL SURFACE
UTILITY POLE
GUY WIRE
FIRE HYDRANT
WATER VALVE
MANHOLE
PROPANE TANK ACCESS
TELEPHONE UTILITY BOX
CATCH BASIN (ROUND)
CATCH BASIN (SQUARE)
DECIDUOUS TREE
CONIFEROUS TREE
SIGN



Approximate Area
of Construction
Buffer zone




PROPERTY CORNER	MONUMENT	RI
(A)	UNMONUMENTED POINT	
(B)	3/4" IRON PIPE	
(C)	1/2" IRON PIPE	
(D)	3/4" IRON PIPE	
(E)	3/4" IRON PIPE	
(F)	3/4" IRON PIPE	
(G)	3/4" IRON PIPE	
(H)	3/4" IRON PIPE	
(I)	3/4" IRON PIPE	
(J)	3/4" IRON PIPE	
(K)	3/4" IRON PIPE	
(L)	3/4" IRON PIPE	

FOREST PARK



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Joshua Slade, Development Underwriter 

DATE: September 21, 2009

RE: Request for Surplus 1602 Exchange Funds:
Missisquoi Manor Senior Housing, Richford

Name:	Missisquoi Manor Senior Housing	Location:	Richford
Housing Type:	Senior	Unit Type:	Flats
Unit Count:	24 Total 24 Housing Credit	Unit Sizes:	24 – 1 BR; 516 sq ft
Total Cost:	\$1,842,026	Per S.F. Acquisition & Construction Cost:	\$95.44/sq ft
Loan Requested:	\$169,652 1602 Exchange Loan	Sponsor:	Housing Vermont & Richford Renaissance Corp.
Housing Credits: (previously committed)	\$48,900 "Bond"	Other Funding: (all committed)	VHCB, RD 515

Summary of Request:

The Sponsors request the VHFA Board of Commissioners approve a \$169,652 "1602 Exchange Loan" in the form of a 0% deferred loan to Missisquoi Manor Senior Housing.

Project Narrative: This project was approved by the VHFA Board for both Bond Housing Credits and Construction Financing at the May 11, 2009 meeting. HVT originally had the project under contract to purchase contingent upon receiving the Rural Development 515 funding. They also originally intended on applying for TCAP funds; however, the deadline for the contingency occurred before the RD515 award was received. HVT was not prepared to purchase the property without the RD515 commitment and therefore did not apply for the TCAP funds. The seller was not willing to extend the contingency and so the original contract expired.

After receiving the RD515 award, HVT re-approached the seller and secured a new purchase and sales contract. At that time they contacted VHFA regarding TCAP funds. Since these funds were already fully allocated staff suggested they pursue surplus 1602 funds. Construction plans are 75% complete. The Sponsors will have to fill a small financing gap, but can do so with a deferred development fee if needed. HVT intends to close on the project in November with a December construction start date.

A quick summary of the project:



- 24 units of senior housing in Richford
- Rehab scope includes ADA upgrades, new kitchens, bathrooms, flooring and finishes
- All funding committed – remaining gap to be filled with a Deferred Developer Fee
- Updated appraisal ordered – this commitment will be contingent upon VHFA approval of appraisal
- No Act 250 required, does need local zoning and permit approval which is expected in November 2009

The source of funds requested is surplus from the returns of credit (1602 Exchange Program from ARRA) to Treasury. Since the yield Treasury is providing on credit exchanges is \$0.85, which in all cases surpasses the yield projects budgeted for equity, the result is a slight surplus. The Board approved \$170,000 in surplus 1602 funds in July for Anne Wilder Richards. This funding request of \$169,652 is the balance of the surplus.

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

21-Sep-09 Missisquoi Manor Senior Housing

Total Rental Residential Units:	24	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	24	Increase in Income from Other Sources:	1.50%
Percent Restricted:	100.00%	Increase in Income from Commercial:	0.00%
Total Rental Development Cost:	1,842,027	Expense increase:	2.00%
Total Rental Dev. Cost per Unit:	76,751	Vacancy Rate:	5.00%
Total Rental Dev. Cost Per SF:	119	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	55,975	Short Depreciation Schedule:	7 years
Credit Amount Allocated:	53,000	Sponsor's Estimated Yield:	0.79

LIHTC - 9%	9.00%	
LIHTC - 4%	3.36%	(Sep 2009)

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
Rural Development 515	1,000,000	54.29%	1.00%	50	50
VHCB/HOME	195,000	10.59%	0.00%	deferred	30
1602 Exchange Loan	169,652	9.21%	0.00%	deferred	30
Developer Loan	58,674				
LIHTC equity	418,700	22.73%	N/A	N/A	N/A
TOTAL SOURCES	1,842,026	100.00%			

USES

Acquisition	801,845	43.53%
Construction Hard Costs	667,304	36.23%
Soft Costs	372,878	20.24%

TOTAL USES 1,842,026 100%

Gap 0

VHFA Construction Loan 1,500,000

General Partner's Capital Contribution	209	0.05%
Limited Partner's Capital Contribution	418,700	99.99%
Total Equity	418,909	100.0%

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	24
Total Units	24
Unit Fraction	100.00%
Tax Credit Square Footage	12,484
Total Residential Square Footage	15,394
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

21-Sep-09 Missisquoi Manor Senior Housing

	Budget	Per Unit	Per s.f.	Tax Exempt Bond	Rural Development 515	Allocation of Sources 1602	Developer Loan	LIHTC equity	418,700
ACQUISITION									
1 Land	2,344	2,344	3.65	56,250	56,250	56,250	56,250	56,250	56,250
2 Purchase of Building(s)	28,906	28,906	45.07	498,750	498,750	498,750	498,750	498,750	498,750
3 Demolition (without replacement)			0.00						
4 Property Appraisal	367	367	0.57	8,800	8,800	8,800	8,800	8,800	8,800
5 Legal - Title and Recording	125	125	0.19	3,000	3,000	3,000	3,000	3,000	3,000
6 Acquisition Carrying Costs	1,669	1,669	2.60	40,045	40,045	40,045	40,045	40,045	40,045
Subtotal - Acquisition	33,410	33,410	52.09						
CONSTRUCTION/HARD COSTS									
7 Rehabilitation	22,133	22,133	34.51	531,199	531,199	531,199	531,199	531,199	531,199
8 New Building(s)			0.00						
9 Stewwork	183	183	0.29	4,400	4,400	4,400	4,400	4,400	4,400
10 Clerk of the Works			0.00						
11 Contractor Overhead			0.00						
12 Contractor Profit			0.00						
13 Construction Contingency	3,750	3,750	5.85	90,000	90,000	90,000	90,000	90,000	90,000
14 Construction Management			0.00						
15 Construction Bond Fee			0.00						
16 Construction Materials Abatement	816	816	1.27	19,580	19,580	19,580	19,580	19,580	19,580
17 Off-Site Improvements			0.00						
18 Furnishings, Fixtures, & Equipment	922	922	1.44	22,125	22,125	22,125	22,125	22,125	22,125
20 Other			0.00						
Subtotal - Hard Costs	667,304	667,304	43.35						
SOFT COSTS									
21 Architectural	51,195	51,195	3.33	51,195	51,195	51,195	51,195	51,195	51,195
22 Engineering			0.00						
23 Legal/Accounting	833	833	1.30	20,000	20,000	20,000	20,000	20,000	20,000
24 Relocation	417	417	0.65	10,000	10,000	10,000	10,000	10,000	10,000
25 Environmental Assessment	292	292	0.45	7,000	7,000	7,000	7,000	7,000	7,000
26 Energy Assessment			0.00						
27 Permits/Fees	125	125	0.19	3,000	3,000	3,000	3,000	3,000	3,000
28 Independent Market Study	125	125	0.19	3,000	3,000	3,000	3,000	3,000	3,000
29 Construction Period Insurance	417	417	0.65	10,000	10,000	10,000	10,000	10,000	10,000
30 Construction Interest	1,167	1,167	1.82	28,000	28,000	28,000	28,000	28,000	28,000
31 Construction Loan Origination Fee	333	333	0.52	8,000	8,000	8,000	8,000	8,000	8,000
32 Taxes During Construction			0.00						
33 Marketing			0.00						
34 Tax Credit Fees	2,475	2,475	0.16	2,475	2,475	2,475	2,475	2,475	2,475
35 Soft Cost Contingency	354	354	0.55	8,500	8,500	8,500	8,500	8,500	8,500
37 Permanent Loan Origination Fee			0.00						
38 Lender's Counsel's Fee			0.00						
39 Other			0.00						
SYNDICATION COSTS									
40 Organizational (Partnership)			0.00						
41 Bridge Loan Fees and Expenses			0.00						
42 Syndication Consultant			0.00						
43 Tax Opinion			0.00						
DEVELOPER'S FEES									
44 Developer's Fees	6,250	6,250	9.74	91,326	91,326	91,326	91,326	91,326	91,326
45 Other Partnership Fees			0.00						
46 Consultant Fees			0.00						
RESERVES									
47 Working Capital	417	417	0.65						
48 Rent-up (Deficit Escrow) Reserve			0.00						
49 Other Operating Reserves	1,971	1,971	3.07						
50 Sinking Fund			0.00						
51 Replacement Reserves	600	600	0.94						
Subtotal - Soft Costs	12,878	12,878	24.22						
TOTAL DEVELOPMENT COSTS	1,842,027	1,842,027	148 over/under						
COST BASIS FOR DEVELOPER FEE	1,842,027								
DEVELOPER FEE	150,000								
DEVELOPER FEE %	9.26%								
COST BASIS FOR TE BOND	1,767,844								
50% TEST	86%								

21-Sep-09 Missisquoi Manor Senior Housing

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
ACQUISITION						
1 Land	56,250					
2 Purchase of Building(s)	693,750	693,750		679,875		
3 Demolition (without replacement)	0			0		
4 Property Appraisal	8,800	8,800		8,800		
5 Legal - Title and Recording	3,000	3,000		3,000		
Acquisition/Carrying Costs	40,045	0		0		
Subtotal - Acquisition	801,845					
CONSTRUCTION HARD COSTS						
6 Rehabilitation	531,199		531,199	531,199		
7 New Building(s)	0		0	0		
8 0	0		0	0		
9 Sitework	4,400		4,400	4,400		
10 0	0		0	0		
11 Clerk of the Works	0		0	0		
12 Contractor Overhead	0		0	0		
13 Contractor Profit	0		0	0		
14 Construction Contingency	90,000		90,000	90,000		
15 Construction Management	0		0	0		
16 Construction Bond Fee	0		0	0		
17 Hazardous Materials Abatement	19,580		19,580	19,580		
18 Off-Site Improvements	0		0	0		
19 Furnishings, Fixtures, & Equipment	22,125		22,125	22,125		
20 Other ()	0		0	0		
Subtotal - Hard Costs	667,304					
SOFT COSTS						
21 Architectural	51,195		51,195	51,195		
22 Engineering	0		0	0		
23 Legal/Accounting	20,000		20,000	20,000		
24 Relocation	10,000		10,000	10,000		
25 Environmental Assessment	7,000		7,000	7,000		
26 Energy Assessment	0		0	0		
27 Permits/Fees	3,000		3,000	3,000		
28 Independent Market Study	3,000		3,000	3,000		
29 Construction Period Insurance	10,000		10,000	10,000		
30 Construction Interest	28,000		22,400	22,400		
31 Construction Loan Origination Fee	8,000		8,000	8,000		
32 Taxes During Construction	0		0	0		
33 Clerk of the Works	0		0	0		
34 Marketing	0		0	0		
35 Tax Credit Fees	2,475		0	0		
36 Soft Cost Contingency	8,500		8,500	8,500		
37 Permanent Loan Origination Fee	0		0	0		
38 Lender's Counsel's Fee	0		0	0		
39 Other ()	0		0	0		
SYNDICATION COSTS						
40 Organizational (Partnership)	0					
41 Bridge Loan Fees and Expenses	0					
42 Syndication Consultant	0					
43 Tax Opinion	0					
DEVELOPER'S FEES						
44 Developer's Fees	150,000		150,000	150,000		
45 Other Partnership Fees	0		0	0		
46 Consultant Fees	0		0	0		
RESERVES						
47 Working Capital	10,000					
48 Rent-up (Deficit Escrow) Reserve	0					
49 Other Operating Reserves	47,308					
50 Sinking Fund	0					
51 Replacement Reserves	14,400					
Subtotal - Soft Costs	372,878					
TOTALS	1,842,027	705,550	960,399	1,629,949	0	
LESS: Amount of Non-qualified Financing		0				
LESS: Historic tax Credit (Residential Portion)				0		
Total Eligible Basis		705,550	960,373			
TIMES: Adjusted for QCT/DDA	100.0%		960,373			
TIMES: Applicable Fraction	100.00%	705,550	960,373			
Total Qualified Basis		705,550	960,373	1,629,949		
TIMES: Applicable Percentage		3.36%	3.36%	27.5		
Total Annual Credit Qualified		23,706	32,269	59,271		
Total Tax Credits Requested	53,000		55,975	22,125		
Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only)	418,700			7		
Estimated Yield - Housing Credit Syndication	79.01%			3,161		
Equity Gap	418,701					
Credits Needed to fill Equity Gap	53,000					

20% Historic Credit Rate
0 Annual Historic Credit

Long Term Depreciable Basis
Depreciation Schedule
Annual Depreciation

Short Term Depreciable Basis
Depreciation Schedule
Annual Depreciation

21-Sep-09 **Missisquoi Manor Senior 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		520	24	750	0	216,000
2 Br		0	0	0	0	0
3 Br		0	0	0	0	0
Totals		12,484	24			216,000

Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		0	0	0	0	0
2 Br		0	0	0	0	0
3 Br		0	0	0	0	0
4+ Br		0	0	0	0	0
Totals		0	0			0

Common Area Square Footage

2,910

Grand Totals	15,394	24	216,000
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Less Vacancy	5.00%	(10,800)
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NET RENT	205,200
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OTHER INCOME

Laundry	1,100
Parking	0
Commercial Space Income	0
Other	0

TOTAL INCOME	206,300
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Missisquoi Manor Senior Housing

Building #	Unit #	Check all Applicable						A			B					C														
		HOME Unit	Lead Paint Unit	Project Based Assistance	Tax Credit Unit	VHCB Restricted	Accessible	Adaptable	Unrestricted	Number of Bedrooms	Proposed Square Footage	Proposed Rent	Utility Allowance for Tenant-Paid Utilities	Gross Rent (Rent + Tenant-Paid Utilities)	OCCUPIED BY: Income level of residents to be served:					AFFORDABLE TO: Units affordable to residents at:										
															<30%	<50%	<60%	<80%	>100%	>100%	30%	50%	60%	65%	80%	100%+				
	1	1		1	1	1	1	1	1	1	516	750	0	750		1					1									
	2	1		1	1	1	1	1	1	1	516	750	0	750		1					1									
	3	1		1	1	1	1	1	1	1	516	750	0	750		1					1									
	4	1		1	1	1	1	1	1	1	516	750	0	750		1					1									
HC	5	1		1	1	1	1	1	1	1	566	750	0	750		1					1									
HC	6	1		1	1	1	1	1	1	1	566	750	0	750		1					1									
	7	1		1	1	1	1	1	1	1	516	750	0	750		1					1									
	8	1		1	1	1	1	1	1	1	516	750	0	750		1					1									
	9	1		1	1	1	1	1	1	1	516	750	0	750		1					1									
	10	1		1	1	1	1	1	1	1	516	750	0	750		1					1									
	11	1		1	1	1	1	1	1	1	516	750	0	750		1					1									
	12	1		1	1	1	1	1	1	1	516	750	0	750		1					1									
	13	1		1	1	1	1	1	1	1	516	750	0	750		1					1									
	14	1		1	1	1	1	1	1	1	516	750	0	750		1					1									
	15	1		1	1	1	1	1	1	1	516	750	0	750		1					1									
	16	1		1	1	1	1	1	1	1	516	750	0	750		1					1									
	17	1		1	1	1	1	1	1	1	516	750	0	750		1					1									
	18	1		1	1	1	1	1	1	1	516	750	0	750		1					1									
	19	1		1	1	1	1	1	1	1	516	750	0	750		1					1									
	20	1		1	1	1	1	1	1	1	516	750	0	750		1					1									
	21	1		1	1	1	1	1	1	1	516	750	0	750		1					1									
	22	1		1	1	1	1	1	1	1	516	750	0	750		1					1									
	23	1		1	1	1	1	1	1	1	516	750	0	750		1					1									
	24	1		1	1	1	1	1	1	1	516	750	0	750		1					1									
Total # Units	24	5	0	24	24	10	2	10	0	Totals:	12,484	18,000	0	Total # Units:	0	24	0	0	0	0	24	0	0	0	0	0				
											24												24							
											gross SF	15,469												24						
											common SF	2,985												0						
											total rental SF	12,484												0						

21-Sep-09 Missisquoi Manor Senior Housing

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	28,500	2,375	99	13.8%
Supportive Services	0	0	0	
Audit/Accounting	3,000	250	10	
Legal	1,545	129	5	
Compliance Monitoring	1,728	144	6	
Marketing	300	25	1	
Other	2,304	192	8	
TOTAL ADMINISTRATIVE	37,377	3,115	130	
Utilities				
Electricity	8,961	747	31	
Fuel - wood pellet & oil combo	22,500	1,875	78	
Water and Sewer	3,502	292	12	
Fire Alarm / Emergency	3,090	258	11	
Other- propane	773	64	3	
TOTAL UTILITIES	38,826	3,236	135	
Maintenance				
Maintenance / Janitor Payroll	5,871	489	20	
Janitor Supplies	2,781	232	10	
Exterminating	150	13	1	
Trash Removal	3,399	283	12	
Snow Removal	5,500	458	19	
Grounds	6,798	567	24	
Repairs Material	0	0	0	
Repairs Contract	12,000	1,000	42	
HVAC Repairs / Maintenance	1,500	125	5	
Elevator Contract / Repairs	0	0	0	
Painting and Decorating	3,605	300	13	
Other	0	0	0	
TOTAL MAINTENANCE	41,604	3,467	144	
Real Estate Taxes	24,560	2,047	85	per unit month excl. ds & res. 527
Property Insurance	9,500	792	33	
Replacement Reserves	15,840	1,320	55	
Primary Debt Service	25,423	2,119	88	
Other "must pay" debt service		0	0	
Other	0	0	0	
Total	193,130	16,094	671	
Admin Other detail				
	8,500	admin salaries, benefits		
	0	payroll taxes		
	300	office exp		
	2,304	investor services fee @ 8 PUM (non fund projects)		
	11,104	total		

21-Sep-09		Missisquoi Manor Senior Housing														
Year		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income	Gross Rent	216,000	219,240	222,529	225,867	229,255	232,693	236,184	239,727	243,322	246,972	250,677	254,437	258,254	262,127	266,059
	Other Income	1,100	1,117	1,133	1,150	1,167	1,185	1,203	1,221	1,239	1,258	1,277	1,296	1,315	1,335	1,355
	Vacancy and other losses	(10,800)	(10,962)	(11,126)	(11,293)	(11,463)	(11,635)	(11,809)	(11,986)	(12,166)	(12,349)	(12,534)	(12,722)	(12,913)	(13,106)	(13,303)
	Total Operating Income	206,300	209,395	212,535	215,723	218,959	222,244	225,577	228,961	232,395	235,881	239,420	243,011	246,656	250,356	254,111
Operating Expenses	Total Expenses (excl. Reserves)	151,867	154,904	158,002	161,162	164,386	167,673	171,027	174,447	177,936	181,495	185,125	188,828	192,604	196,456	200,385
	Reserves	15,840	16,078	16,319	16,564	16,812	17,064	17,320	17,580	17,844	18,111	18,383	18,659	18,939	19,223	19,511
	Total Operating Expense	167,707	170,982	174,321	177,726	181,198	184,738	188,347	192,027	195,780	199,606	203,508	207,486	211,543	215,679	219,896
	Net Operating Income	38,593	38,413	38,214	37,997	37,762	37,506	37,230	36,934	36,615	36,275	35,912	35,525	35,113	34,677	34,215
Less Primary Debt Service	Less Secondary Debt Service	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423	25,423
	Annual Cash Flow	13,170	12,989	12,791	12,574	12,338	12,083	11,807	11,511	11,192	10,852	10,488	10,102	9,690	9,254	8,792
	Operating Subsidies / Sinking Fund	13,170	12,989	12,791	12,574	12,338	12,083	11,807	11,511	11,192	10,852	10,488	10,102	9,690	9,254	8,792
	Net Cash	151,80%	151.09%	150.31%	149.46%	148.53%	147.53%	146.44%	145.28%	144.02%	142.68%	141.26%	139.73%	138.12%	136.40%	134.58%
Cumulative Cash Flow	Beginning Balance	47,308	59,172	71,091	83,047	95,024	107,003	118,963	130,883	142,742	154,517	166,184	177,717	189,090	200,275	211,243
	Deposits	13,170	12,989	12,791	12,574	12,338	12,083	11,807	11,511	11,192	10,852	10,488	10,102	9,690	9,254	8,792
	Interest	1,078	1,313	1,550	1,787	2,024	2,261	2,497	2,733	2,967	3,199	3,429	3,655	3,879	4,098	4,313
	Withdrawals:															
Project Operating Needs	Special LP or GP Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Repayment of Deferred Devel. Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Partnership Audit or K-1 Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Distribution of Cash to Owner	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)
Ending Balance	59,172	71,091	83,047	95,024	107,003	118,963	130,883	142,742	154,517	166,184	177,717	189,090	200,275	211,243	221,964	
Cumulative Replacement Reserves	Beginning Balance	14,400	28,126	40,767	51,785	63,269	74,035	82,881	89,415	94,415	105,845	106,774	104,285	83,952	57,619	57,698
	Deposits	15,840	16,078	16,319	16,564	16,812	17,064	17,320	17,580	17,844	18,111	18,383	18,659	18,939	19,223	19,511
	Interest	446	723	979	1,201	1,434	1,651	1,835	1,983	2,067	2,298	2,319	2,272	1,868	1,345	1,349
	Withdrawals	(2,560)	(4,160)	(6,280)	(6,280)	(7,480)	(9,680)	(9,144)	(7,880)	(8,480)	(9,480)	(23,192)	(41,264)	(47,140)	(20,488)	(14,888)
Ending Balance	28,126	40,767	51,785	63,269	74,035	82,881	89,415	94,415	105,845	106,774	104,285	83,952	57,619	57,698	63,670	
Net Operating Income	Net Operating Income	38,593	38,413	38,214	37,997	37,762	37,506	37,230	36,934	36,615	36,275	35,912	35,525	35,113	34,677	34,215
	Plus Reserve	15,840	16,078	16,319	16,564	16,812	17,064	17,320	17,580	17,844	18,111	18,383	18,659	18,939	19,223	19,511
	Less Interest Expense	(10,000)	(9,746)	(9,689)	(9,530)	(9,371)	(9,210)	(9,047)	(8,882)	(8,716)	(8,548)	(8,379)	(8,207)	(8,034)	(7,860)	(7,683)
	Less Long Depreciation	(59,271)	(59,271)	(59,271)	(59,271)	(59,271)	(59,271)	(59,271)	(59,271)	(59,271)	(59,271)	(59,271)	(59,271)	(59,271)	(59,271)	(59,271)
Less Short Depreciation	(3,161)	(3,161)	(3,161)	(3,161)	(3,161)	(3,161)	(3,161)	0	0	0	0	0	0	0	0	0
Taxable Income (Loss)	(17,999)	(17,687)	(17,587)	(17,401)	(17,229)	(17,071)	(16,928)	(16,809)	(16,728)	(16,674)	(16,644)	(16,635)	(16,639)	(16,643)	(16,648)	(16,653)
Cash Flow	Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Plus Tax Savings	6,300	6,191	6,156	6,090	6,030	5,975	5,925	4,774	4,735	4,701	4,674	4,653	4,639	4,631	4,630
	Plus Historic Rehab Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Plus State Credits	53,000	53,000	53,000	53,000	53,000	53,000	53,000	53,000	53,000	53,000	53,000	53,000	53,000	53,000	53,000
Plus Federal Housing Credits	After Tax Cash Flow	59,300	59,191	59,156	59,090	59,030	58,975	58,925	57,774	57,735	57,701	4,674	4,653	4,639	4,631	4,630

Missisquoi Manor Senior Housing
Construction Flow of Funds

Construction Flow of Funds	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Month:	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	2010	2011	2012	2013	2014	2015	2016
Constr. Closing																						
Sources:																						
Construction Loan	1,000,000																					
Rural Development 515	195,000					1,000,000																
VHCB/HOME	169,652					135,722			33,930													
Developer Loan	58,674					58,674																
GP Cap Contrib	418,700	100				334,960			83,640													
LP Cap Contrib.	1,842,026	195,100	0	0	0	1,529,356	0	0	117,570	0	0	0	0	0	0							
TOTALS:																						
11%																						
Uses:																						
ACQUISITION																						
Land	56,250																					
Purchase of Building(s)	693,750																					
Demolition (without replacement)	0																					
Property Appraisal	8,800																					
Legal - Title and Recording	3,000																					
CONSTRUCTION HARD COSTS																						
Rehabilitation	531,199	88,533	88,533	88,533	88,533	88,533																
New Building(s)	0																					
Sitework	4,400	2,200	1,100	1,100	0	0	0	0	0	0	0	0	0	0	0							
Clerk of the Works	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
Contractor Overhead	0																					
Contractor Profit	0																					
Construction Contingency	90,000	15,000	15,000	15,000	15,000	15,000																
Construction Management	0																					
Construction Bond Fee	0																					
Hazardous Materials Abatement	19,580																					
Off-Site Improvements	22,125																					
Furnishings, Fixtures, & Equipment	0																					
Other ()	0																					
SOFT COSTS																						
Architectural	51,195	25,598	5,120	5,120	5,120	5,120																
Engineering	0																					
Legal/Accounting	20,000	15,000	5,000	5,000	5,000	5,000			5,000													
Relocation	10,000	7,000	7,000	7,000	7,000	7,000																
Environmental Assessment	0																					
Energy Assessment	0																					
Permits/Fees	3,000	3,000	3,000	3,000	3,000	3,000																
Independent Market Study	3,000	3,000	3,000	3,000	3,000	3,000																
Construction Period Insurance	10,000	10,000	10,000	10,000	10,000	10,000																
Construction Interest	28,000	3,887	4,498	5,123	5,690	6,237	(35)	(35)	(35)	(379)	(381)	(383)	(385)	0	0							
Construction Loan Origination Fee	8,000																					
Taxes During Construction	0																					
Clerk of the Works	0																					
Marketing	0																					
Tax Credit Fees	2,475																					
Soft Cost Contingency	8,500					8,500																
Permanent Loan Origination Fee	0																					
Lender's Counsel's Fee	0																					
Other ()	0																					
SYNDICATION COSTS																						
Organizational (Partnership)	0																					
Bridge Loan Fees and Expenses	0																					
Syndication Consultant	0																					
Tax Opinion	0																					
DEVELOPER'S FEES																						
Developer's Fees	150,000	75,000				37,500																
Other Partnership Fees	0																					
Consultant Fees	0																					
RESERVES																						
Working Capital	10,000																					
Rent-up (Deficit Escrow) Reserve	0																					
Other Operating Reserves	47,308																					
Sinking Fund	0																					
Replacement Reserves	14,400																					
Repay Construction Loan	1,801,982	1,083,314	133,220	136,376	123,776	119,343	160,890	(35)	(35)	(35)	(381)	(383)	(385)	0	0							
TOTAL DEVELOPMENT COSTS																						
Construction Draw Amount	(40,044)	888,214	133,220	136,376	123,776	119,343	(1,368,466)	(35)	(35)	(75,105)	(379)	(381)	(383)	(385)	0	0						
Construction Loan Interest	5.50%	848,170	981,390	1,117,765	1,241,541	1,360,884	(7,581)	(7,616)	(82,756)	(83,136)	(83,517)	(83,899)	(84,284)	(84,284)	(84,284)							
Cumulative Const. Loan	7.0%																					

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: SURPLUS 1602 FINANCING FOR
MISSISQUOI MANOR SENIOR HOUSING, TOWN OF RICHFORD**

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Richford Renaissance Corporation (the "Sponsors") on behalf of Missisquoi Manor Housing Limited Partnership in which the Sponsors and/or their subsidiaries or affiliates are co-general partners (the "Borrower") involving the acquisition and rehabilitation of twenty-four (24) units of senior rental housing in the Town of Richford (the "Development"); and

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

WHEREAS, certain funds have been made available to the Agency under Section 1602 of the American Recovery and Reinvestment Tax Act of 2009 ("ARRA") in lieu of Allocated Low Income Housing Tax Credits ("1602 Funds"); and

WHEREAS, the Board of Commissioners adopted a Resolution entitled "Resolution Re: Construction Financing and Proposed Use of Bond Housing Credits for Missisquoi Manor Senior Housing, Town of Richford" on May 11, 2009 (the "Prior Resolution") for the commitment of other financing and Bond Housing Credits to the Development, and the other financing and Bond Housing Credits will be used in the financing plan for the Development; and

WHEREAS, in addition to the Bond Housing Credits previously approved, certain surplus 1602 Funds have been requested for one or more grants or zero percent (0%) mortgage loans to the Development; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Joshua Slade dated September 21, 2009, containing information about the surplus 1602 Funds and the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

1. The Determinations in the Prior Resolution are hereby adopted and incorporated by reference.

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more grants or zero percent (0%) mortgage loans to the Borrower for the financing of the Development using surplus 1602

Funds based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act and Section 1602 of the ARRA, the applicable regulations of the Agency, and such further requirements as the Agency may establish.

2. The amount of surplus 1602 Funds available for the Development shall not exceed \$169,652.00. The Executive Director and her designees will establish such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act and Section 1602 of the ARRA, and the applicable regulations and policies of the Agency, including the conditions, if any, described in the Memorandum.
3. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

Vermont Housing Finance Agency

164 St. Paul Street – Board Room

Burlington

Tuesday, September 29, 2009 2:30 p.m.

VHFA Board Member Present:

Tom Pelletier (Acting chair), Tom Candon (designee for Thabault), Jim Saudade (designee for Dorn), Bart Frisbie

VHFA Board Members Present via Conference Call:

Beth Pearce (designee for Spaulding), Dayne Canney, Rob Alberts

Staff Present:

Dave Adams, Sarah Carpenter, Tom Connors, George Demas, Joe Erdelyi, Martha Panton, Pat Loller, Cindy Reid, Josh Slade

Guests:

Kevin Loso (Rutland Housing Authority), Nancy Owens (Housing Vermont), Matt Moore (Housing Vermont)

BOARD MEETING

Mr. Pelletier called the Board meeting to order at 2:35 p.m.

BOARD MINUTES

Mr. Saudade moved that the Board approve the August 26, 2009 Board of Commissioners meeting minutes. Mr. Frisbie seconded the motion, which was unanimously approved.

DEVELOPMENT

Forest Park

Mr. Erdelyi reminded the Board that this project was brought before the Board in May 2008. An allocation of tax credits in the amount of \$975,000 was made at that time to enable an application for funding from the HOPE VI program. The HOPE VI application was not funded that year, resulting in a pull back of the credit allocation by VHFA. Forest Park has applied to the Federal Home Loan Bank of Boston – AHP Program and intends to apply again for HOPE VI Funding. Both require an allocation of credits as a condition of their application. Mr. Erdelyi explained that there have been a few changes to the proposal since May 2008 including receipt of economic stimulus money and restructuring the project into two phases.

Mr. Loso told the Board that the current inhabitants would be given public housing vouchers which allows them to live in other places at a reduced rate. As the inhabitants return to the newly rebuilt Forest Park the vouchers would be returned to the community to be used by others.



Mr. Erdelyi noted that the projected developer fee varies from the Agency's policy. The policy permits a 15% developer fee for small projects, 12% fee for a moderate sized project, and 10% on a large project. Forest Park is a large project; however, it is not going to receive the economy of scale benefit that the sliding fee scale assumes due to the number of funding sources and overall complexity of the project.

Mr. Frisbie asked what determines if Forest Park is done in two phases. Ms. Owens explained that it depends upon the finance schedule. Phase one is dependent on stimulus money, funds from VHFA and VCDP. Phase two is dependent upon HOPE VI and other sources. They have been given 1 year to obligate the federal stimulus funds and 3 years to spend them.

Ms. Carpenter asked if Hope VI is not awarded, could they still do phase one. Mr. Loso explained that they could. Ms. Owens said that if Hope VI is not awarded they could break the project into even more phases.

Mr. Erdelyi reviewed the Tax Credit Status Report. Mr. Candon asked if there are other projects of this scale in the pipeline. Mr. Erdelyi responded that there are not.

Mr. Frisbie asked whether the \$605,000 of allocated credits for Phase II is directly tied to HOPE VI. Ms. Owens explained that it is. Ms. Carpenter explained that that portion of the tax credit allocation requested would be conditioned upon approval of the proposed HOPE VI application, and the allocation would be taken back if the HOPE VI application was not approved in this funding round.

Mr. Candon moved that the Board authorize the Executive Director to issue a Letter of Intent and a Commitment Letter to finance Forest Park. Ms. Canney seconded the motion, which was unanimously approved.

Mr. Saudade noted that just because he voted positively it does not commit ACCD to a CDBG award.

Missisquoi Manor

Mr. Slade reminded the Board that Missisquoi Manor had been previously submitted to the Board in May 2009. The project did not move forward as planned due to timing issues with the Purchase and Sale Agreement in effect at that time, and its financing contingency deadline. Subsequently, Housing Vermont secured a new purchase and sales contract and the required commitment for permanent financing. The timing delay created a small funding gap which staff is recommending be filled using 1602 Exchange funds.

Mr. Saudade moved that the Board approve a \$169,652 1602 Exchange Fund Loan in the form of a 0% deferred loan. Ms. Canney seconded the motion, which was unanimously approved.

Mr. Candon moved to adjourn the meeting. Mr. Frisbie seconded the motion. The meeting adjourned at 3:15 p.m.



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

Main Street Landing Performing Arts Center,
60 Lake Street – Great Room
Burlington

Thursday, October 15, 2009 8:00 a.m.

VHFA Board Member Present:

Lisa Mitiguy-Randall (Chair), Gus Seelig (Vice Chair), Tom Pelletier, Tom Candon (designee for Thabault), Kevin Dorn, Bart Frisbie, Beth Pearce (designee for Spaulding), Dayne Canney, Rob Alberts

Staff Present:

Dave Adams, Sarah Carpenter, Tom Connors, George Demas, Joe Erdelyi, Martha Panton, Pat Loller, Sam Falzone, Pat Crady, Scott Baker, Tim Gutchell, Rick Jean

Guests:

Sarah Timmerman (KPMG), Renee Bourget-Place – via conference call (KPMG)

BOARD MEETING

Ms. Mitiguy-Randall called the Board meeting to order at 8:12 a.m.

EXECUTIVE DIRECTOR'S REPORT

Ms. Carpenter reviewed the Executive Director's report. She noted that the NCSHA Conference that staff attended in San Antonio did not bring the good news that they had hoped for. We are still being told federal assistance will come soon. She explained that NCSHA was trying to push several tax credit issues on to the tax extension bill which is two part. One would extend the 1602 tax credit exchange program and another would continue the 10% increase in housing credits received in 2008.

Mr. Adams informed the Board that HUD auditors were at VHFA this week to look at the NSP program. They were very happy with the progress so far. He passed out the progress report for the quarter ending September 30, 2009.

BOARD MINUTES

Ms. Canney moved that the Board approve the September 29, 2009 Board of Commissioners meeting minutes. Mr. Candon seconded the motion. Ms. Mitiguy-Randall abstained.

FINANCE

KPMG Financial Audit

Mr. Pelletier reviewed the presentation from the Audit Risk Committee meeting. The committee recommended acceptance of the 2009 Financials. Ms. Bourget-Place explained that everything has been finalized in the reports that Ms. Timmerman passed out. The Financials were recorded accurately and in accordance with GAAP. She highlighted the section on loan receivables,



which the audit team spent a lot of time to and explained that KPMG is comfortable with the allowances.

Mr. Pelletier moved that the Board approve the Financial Statements. Ms. Pearce seconded the motion, which was unanimously approved.

Morgan Stanley Smith Barney Account

Mr. Connors informed the Board that the Agency is setting up a retail brokerage account with Morgan Stanley Smith Barney, the entity that manages the Agency's 403(b) plan. This will give the Agency the option and ability to trade certain securities.

Ms. Canney moved that the Board approve the attached resolution naming authorized officers for the Morgan Stanley Smith Barney account. Mr. Seelig seconded the motion, which was unanimously approved.

ADMINISTRATION

IT Planning

Ms. Loller reviewed the Information Technology Planning document that was previously requested by Mr. Candon. She highlighted the Future Initiatives section of the document, specifically Data Warehouse and Server Virtualization.

Server Virtualization

Ms. Loller requested that the Board approve the Server Virtualization request that was previously recommended for Board approval by the Audit Risk Committee at the September meeting. Mr. Dorn asked if staff had considered outsourcing the data and servers. Ms. Carpenter explained that staff's analysis showed that it made sense to expand now because we have reached the end of life for a number of servers. About a year and a half ago when the Agency made a decision to go to server virtualization we looked at outsourcing and we concluded that it did not make economic sense. Mr. Jean also explained that the industry standard is to move toward Server Virtualization and that outsourcing would be a more expensive option.

Mr. Candon moved that the Board approve Server Virtualization. Mr. Seelig seconded the motion, which was unanimously approved.

Whistleblower Policy

Ms. Loller requested that the Board approve the Whistleblower Policy as recommended by the Audit Risk Committee.

Ms. Canney made a motion to approve the Whistleblower Policy. Mr. Dorn seconded the motion, which was unanimously approved.

Mr. Candon moved to adjourn the meeting. Mr. Alberts seconded the motion. The meeting adjourned at 8:42 a.m.



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter *CR*

DATE: November 6, 2009

RE: Request for Bond and State Credits, Construction and Permanent Financing:
Windsor Village, Windsor

Name:	Windsor Village	Location:	Windsor
Housing Type:	Senior and General	Unit Type:	Flats & Townhouses
Unit Count:	77 total units 77 Housing Credit units	Unit Sizes:	59 1-BR @ 617 sf 18 2-BR @ 857 sf
Total Cost:	\$6,348,665	Per S.F. Acquisition & Construction Cost:	\$98
4% Housing Credits:	\$193,700	Sponsors:	Rockingham Area Community Land Trust (RACLT) & Housing Vermont (HVT)
State Housing Credits:	\$30,000 (recommended in a separate memo)	Loans Requested:	\$3,000,000 Construction \$2,584,000 Permanent
Other Funding: VHCB, HOME, Neighborworks, Efficiency Vermont, Historic Tax Credits			

Summary of Request: HVT and RACLT are requesting \$3,000,000 in tax exempt construction financing, \$2,584,000 in permanent financing, \$193,700 in 4% (Bond) Tax Credits, and \$30,000 in State Tax Credits (recommended in a separate memo) for the acquisition and rehabilitation of 77 residential rental units in Windsor.

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

Project Summary: This property was the former Vermont State Prison, built in 1808, and converted to housing in 1978. In 1994 HVT purchased and rehabilitated the property. It is now at the end of its tax credit compliance period and presents a challenge from an energy use perspective. The property consists of three brick buildings on a 4.48 acre +/- site, near downtown Windsor. Sixty seven of the units are occupied by seniors and disabled individuals, and 10 of the units are occupied by families. Seventy four units have project-based Section 8 rental assistance (contract expires in 2018) and one unit has tenant-based Section 8 rental assistance. The development has a low vacancy rate (< 2%) and a waiting list. The sponsors plan to form a new tax credit partnership in order to acquire and rehabilitate the property. The focus of the

mailing address P.O. Box 406, Burlington, VT 05402-0406 delivery address 164 Saint Paul St, Burlington, VT 05401-4364

phone (802) 864-5743

fax (802) 864-5746

www.vhfa.org



rehabilitation will be on energy improvements, including: new high efficiency boilers, solar domestic hot water, new windows, appliances and fixtures, improved ventilation, insulation and air sealing. The scope of work will also include new carpeting, new finishes, asbestos abatement, repaving driveways and repairing walkways. Among the goals of the improvements is to reduce energy costs, lower operating expenses and increase replacement reserve deposits.

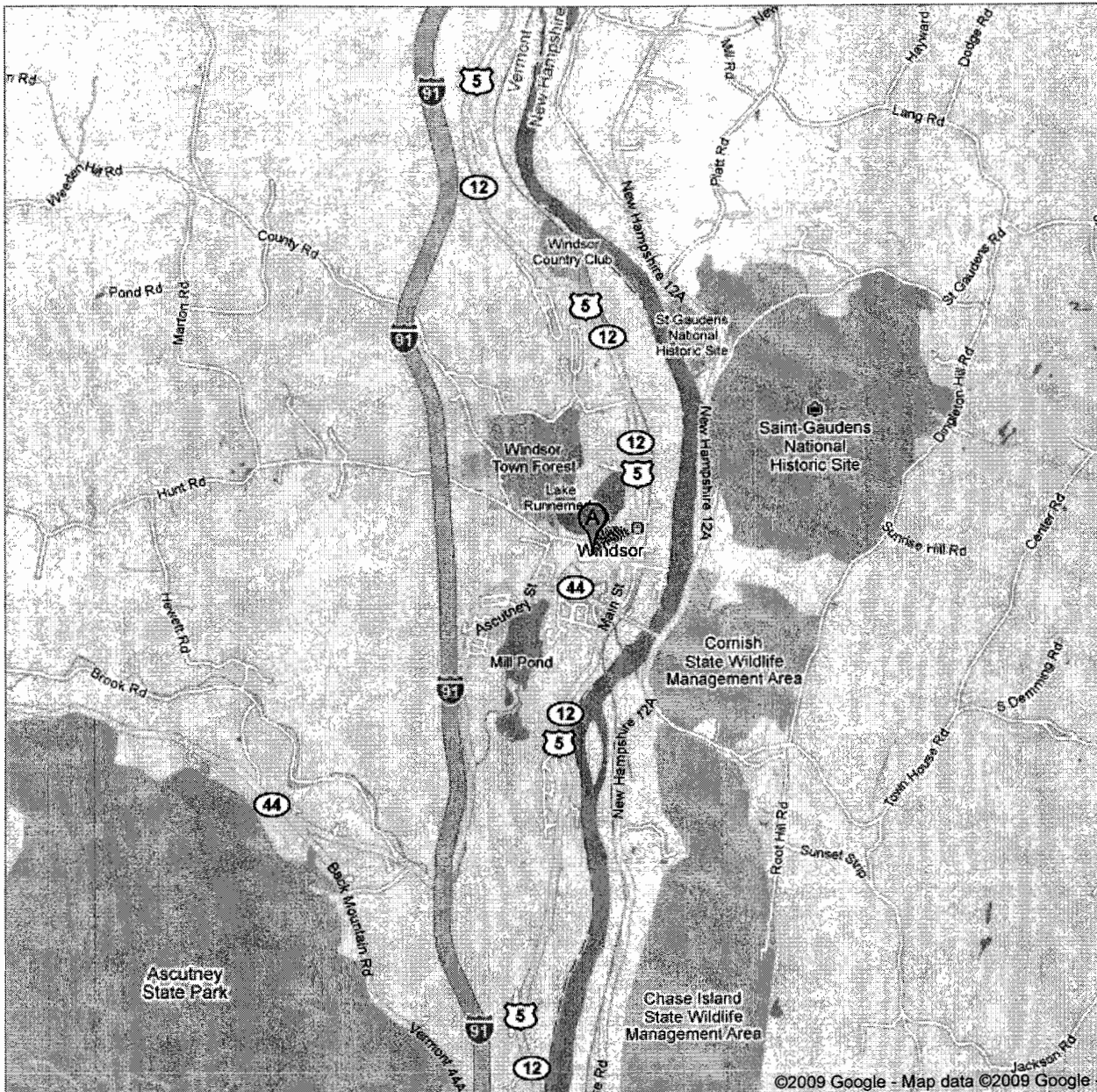
This project, due to its high energy use, has been selected for consideration by the Vermont Fuel Efficiency Partnership with the goals of increasing energy efficiency and preserving affordable housing stock. The sponsors are applying for funding for energy improvements (estimated at \$500,000) from a combination of resources VHCB/RGGI/Weatherization. No local permits are required. The only State permit likely to be required is a Department of Public Safety (DPS) Construction Permit. The sponsors are working with DPS to determine what if any health and safety upgrades will be required. Applications have been submitted to VHCB (for VHCB, HOME and Energy funds) and Neighborworks, and funding decisions are anticipated in December and January respectively.

Stewart Property Management has managed the property since May 2008, has been doing a good job, and will continue on. A half-time Resident Services Coordinator assists the residents, and is funded in part by operating income and in part by the Ascutney Hospital. As part of this re-structuring, the to-be-formed partnership will pay off existing loans to VHFA and borrow a new permanent loan, which is an increased loan amount but an extended term thus a decrease in annual debt service. The current name of the development is "Olde Windsor Village", but will be re-named to "Windsor Village". Construction loan closing and construction start are anticipated in June of 2010. Construction should be completed by the Fall of 2010.

Google maps

Address 65 State St
Windsor, VT 05089

Notes Windsor Village

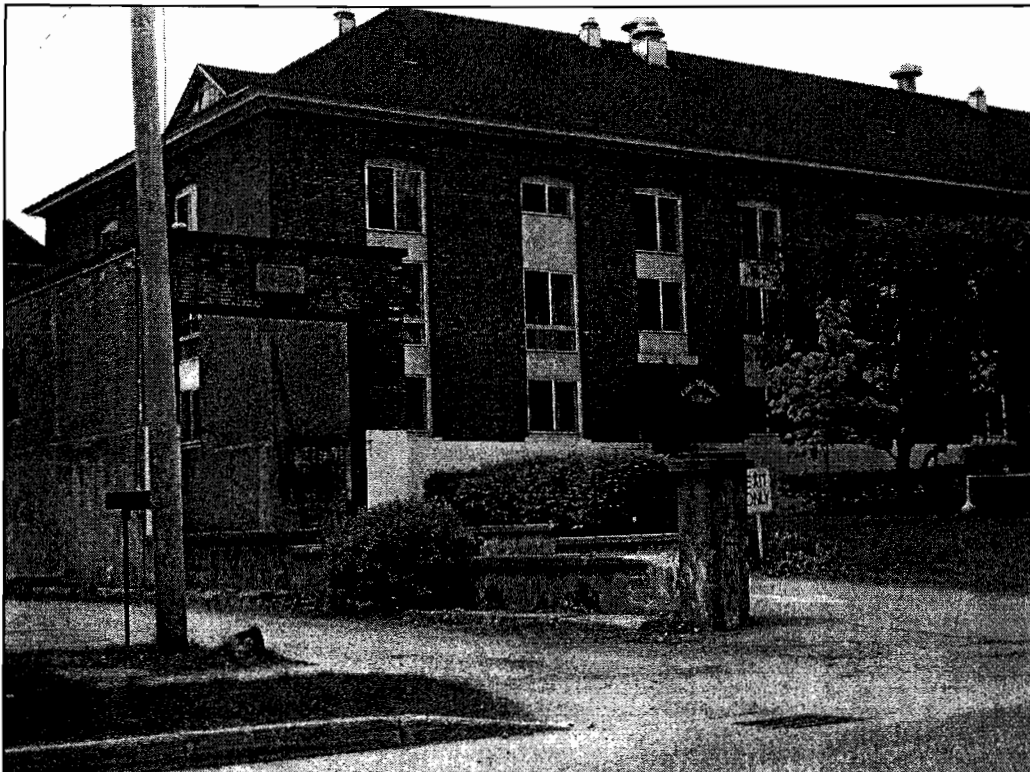


Old Windsor Village
65 State Street, Windsor



Building A (Elderly)

(2009)



Front - Main Building, D Wing (Elderly)

(2009)

11/6/09

Windsor Village Green Retrofit

Total Rental Residential Units:	77	Increase in Income from Rental Units:	1.00%
Housing Credit Restricted Units:	77	Increase in Income from Other Sources:	1.00%
Percent Restricted:	100.00%	Increase in Income from Commercial:	0.00%
Total Rental Development Cost:	6,348,666	Expense increase:	2.50%
Total Rental Dev. Cost per Unit:	82,450	Vacancy Rate:	4.00%
Total Rental Dev. Cost Per SF:	111	Partner's Tax Rate:	35%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	204,018	Short Depreciation Schedule:	7 years
State Credit Allocated:	30,000	Sponsor's Estimated Yield:	0.80
Credit Amount Allocated:	193,700		

LIHTC - 9%	9.00%	
LIHTC - 4%	3.33%	Nov-09

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term	Committed
VHFA permanent loan	2,584,000	40.70%	7.00%	30	30	No - Nov 2009
VHCB- Energy Efficiency	500,000	7.88%	0.00%	deferred	30	No - Dec 2009
NeighborWorks	275,000	4.33%	4.00%	deferred	30	No - Dec 2009
VHCB/HOME	500,000	7.88%	4.00%	deferred	30	No - Dec 2009
State tax credit equity	125,000	1.97%	N/A	N/A	N/A	No - Nov 2009
Efficiency VT - REEP	38,500	0.61%	0.00%	deferred	30	No - Nov 2009
LIHTC & RITC equity	2,326,165	36.64%	N/A	N/A	N/A	
TOTAL SOURCES	6,348,665	100.00%				

USES

Acquisition	1,470,239	23.16%
Construction Hard Costs	3,613,592	56.92%
Soft Costs	1,264,835	19.92%
TOTAL USES	6,348,665	100%

Gap 0

VHFA Construction Loan	3,000,000	88%	Tax Exempt Bond
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General Partner's Capital Contribution	778	0.05%
Limited Partner's Capital Contribution	1,555,881	99.99%
Total Equity	1,556,659	100.0%

APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	77
Total Units	77
Unit Fraction	100.00%
Tax Credit Square Footage	51,829
Total Residential Square Footage	51,829
Square Footage Fraction	100.00%
Applicable Fraction	100.00%

11/6/09	Windsor Village Green Retrofit	Budget	Per Unit	Per s.f.	Tax Exempt Bond	Allocation of Sources					Efficiency VT - REEP	LIHTC & RITC equity	TOTAL SOURCES
						VHFA	VHCB - Energy	NeighborWork	VHCB/HOME	State tax credit			
						permanent loan	Efficiency	s		equity			
ACQUISITION													
1	Land	142,769	1,854	2.75		142,769							142,769
2	Purchase of Building(s)	1,284,920	16,687	24.79		1,284,920							1,284,920
3	Demolition (without replacement)	0	0	0.00									0
4	Property Appraisal	2,800	36	0.05								2,800	2,800
5	Legal - Title and Recording	3,000	39	0.06								3,000	3,000
	Acquisition/Carrying Costs	36,750	477	0.71								36,750	36,750
	Subtotal - Acquisition	1,470,239	19,094	28.37									0
CONSTRUCTION HARD COSTS													
6	Rehabilitation	2,940,852	38,193	56.74									2,940,852
7	New Building(s)	0	0	0.00									0
8		0	0	0.00									0
9	Sitework	102,440	1,330	1.98									102,440
10		0	0	0.00									0
11	Clerk of the Works	25,000	325	0.48									25,000
12	Contractor Overhead	0	0	0.00									0
13	Contractor Profit	0	0	0.00									0
14	Construction Contingency	375,000	4,870	7.24									375,000
15	Construction Management	0	0	0.00									0
16	Construction Bond Fee	0	0	0.00									0
17	Hazardous Materials Abatement	85,600	1,112	1.65									85,600
18	Off-Site Improvements	0	0	0.00									0
19	Furnishings, Fixtures, & Equipment	84,700	1,100	1.63									84,700
20	Other	0	0	0.00									0
	Subtotal - Hard Costs	3,613,592	46,930	69.72									0
SOFT COSTS													
21	Architectural	213,000	2,766	4.11									213,000
22	Engineering	0	0	0.00									0
23	Legal/Accounting	25,000	325	0.48									25,000
24	Relocation	90,950	1,181	1.75									90,950
25	Environmental Assessment	8,500	110	0.16									8,500
26	Energy Assessment	0	0	0.00									0
27	Permits/Fees	20,000	260	0.39									20,000
28	Independent Market Study	1,500	19	0.03									1,500
29	Construction Period Insurance	2,500	32	0.05									2,500
30	Construction Interest	106,250	1,380	2.05									106,250
31	Construction Loan Origination Fee	55,760	724	1.08									55,760
32	Taxes During Construction	0	0	0.00									0
33	Marketing	0	0	0.00									0
34	Tax Credit Fees	6,750	88	0.13									6,750
35	Soft Cost Contingency	35,205	457	0.68									35,205
37	Permanent Loan Origination Fee	0	0	0.00									0
38	Lender's Counsel's Fee	0	0	0.00									0
39	Other	0	0	0.00									0
SYNDICATION COSTS													
40	Organizational (Partnership)	0	0	0.00									0
41	Bridge Loan Fees and Expenses	0	0	0.00									0
42	Syndication Consultant	0	0	0.00									0
43	Tax Opinion	0	0	0.00									0
DEVELOPER'S FEES													
44	Developer's Fees	500,000	6,494	9.65									500,000
45	Other Partnership Fees	0	0	0.00									0
46	Consultant Fees	0	0	0.00									0
RESERVES													
47	Working Capital	30,000	390	0.58									30,000
48	Rent-up (Deficit Escrow) Reserve	0	0	0.00									0
49	Other Operating Reserves	118,600	1,540	2.29									118,600
50	Sinking Fund	0	0	0.00									0
51	Replacement Reserves	50,820	660	0.98									50,820
	Subtotal - Soft Costs	1,264,835	16,426	24.40									0
	TOTAL DEVELOPMENT COSTS	6,348,666	82,450	123.12		0	2,584,000	0	275,000	0	38,500	2,326,165	6,348,666
				over/under		0	0	0	0	0	0	1	0

	Budget	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Credit Basis	Other
ACQUISITION						
1 Land	142,769					
2 Purchase of Building(s)	1,284,920	1,284,920		1,284,920		
3 Demolition (without replacement)	0			0		
4 Property Appraisal	2,800	2,800		2,800		2,800
5 Legal - Title and Recording	3,000	3,000		3,000		
Subtotal - Acquisition	1,470,239					
CONSTRUCTION HARD COSTS						
6 Rehabilitation	2,940,852		2,940,852	2,940,852	2,940,852	
7 New Building(s)	0		0	0		
8 0	0		0	0		
9 Sitework	102,440		102,440	102,440		102,440
10 0	0		0			
11 Clerk of the Works	25,000		0	25,000		
12 Contractor Overhead	0		0	0		
13 Contractor Profit	0		0	0		
14 Construction Contingency	375,000		375,000	375,000		375,000
15 Construction Management	0		0	0		
16 Construction Bond Fee	0		0	0		
17 Hazardous Materials Abatement	85,600		85,600	85,600		85,600
18 Off-Site Improvements	0		0	0		
19 Furnishings, Fixtures, & Equipment	84,700		84,700	84,700		
20 Other ()	0		0	0		
Subtotal - Hard Costs	3,613,592					
SOFT COSTS						
21 Architectural	213,000		213,000	213,000	213,000	
22 Engineering	0		0	0		0
23 Legal/Accounting	25,000		25,000	25,000		25,000
24 Relocation	90,950		90,950	90,950		90,950
25 Environmental Assessment	8,500		8,500	8,500		8,500
26 Energy Assessment	0		0	0		0
27 Permits/Fees	20,000		20,000	20,000		20,000
28 Independent Market Study	1,500		1,500	1,500		1,500
29 Construction Period Insurance	2,500		2,500	2,500		2,500
30 Construction Interest	106,250		85,000	106,250		85,000
31 Construction Loan Origination Fee	55,760		55,760	55,760		41,820
32 Taxes During Construction	0		0	0		0
33 Clerk of the Works	0		0	0		0
34 Marketing	0		0			
35 Tax Credit Fees	6,750		0	6,750		0
36 Soft Cost Contingency	35,205		35,205	35,205		35,205
37 Permanent Loan Origination Fee	0		0			
38 Lender's Counsel's Fee	0		0	0		
39 Other ()	0		0	0		
SYNDICATION COSTS						
40 Organizational (Partnership)	0					
41 Bridge Loan Fees and Expenses	0					
42 Syndication Consultant	0					
43 Tax Opinion	0					
DEVELOPER'S FEES						
44 Developer's Fees	500,000		500,000	500,000		500,000
45 Other Partnership Fees	0		0	0		
46 Consultant Fees	0		0	0		
RESERVES						
47 Working Capital	30,000					
48 Rent-up (Deficit Escrow) Reserve	0					
49 Other Operating Reserves	118,600					
50 Sinking Fund	0					
51 Replacement Reserves	50,820					
Subtotal - Soft Costs	1,264,835					
TOTALS	6,348,666	1,290,720	4,626,007	5,885,027	4,530,167	
LESS: Amount of Non-qualified Financing		0				
LESS: Historic tax Credit (Residential Portion)			906,033	906,033		
Total Eligible Basis		1,290,720	3,719,948			
TIMES: Adjusted for QCT/DDA	130.0%		4,835,932			
TIMES: Applicable Fraction	100.00%	1,290,720	4,835,932			
Total Qualified Basis		1,290,720	4,835,932	4,978,994		Long Term Depreciable Basis
TIMES: Applicable Percentage		3.33%	3.33%	27.5		Depreciation Schedule
Total Annual Credit Qualified		42,981	161,037	181,054		Annual Depreciation
Total Tax Credits Possible	204,018					
Total Tax Credits Requested	193,700		204,018	84,700		Short Term Depreciable Basis
Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only)	1,556,037					
Estimated Yield - Housing Credit Syndication	0.8033					
Equity Gap	1,556,037					
Credits Needed to fill Equity Gap	193,719					
						7 Depreciation Schedule
						12,100 Annual Depreciation

11/6/09

Windsor Village Green Retrofit

HC Restricted Units Bedrooms	Type	Average Square Feet	Number	Average Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		617	59	879	0	622,332
2 Br		857	18	952	0	205,632
3 Br		0	0	0	0	0
Totals		51,829	77			827,964
Non-HC Restricted Units Bedrooms	Type	Square Feet	Number	Rent	Utilities	Total Annual Rent
0 Br		0	0	0	0	0
1 Br		0	0	0	0	0
2 Br		0	0	0	0	0
3 Br		0	0	0	0	0
4+ Br		0	0	0	0	0
Totals		0	0			0
Common Area Square Footage		0				
Grand Totals		51,829	77			827,964
Less Vacancy			4.00%			(33,119)
NET RENT						794,845
OTHER INCOME						
Laundry						9,000
Parking						0
Commercial Space Income						0
Other						525
TOTAL INCOME						804,370

11/6/09

Windsor Village Green Retrofit

	Annual	Monthly	Per Unit Per Month	
Administration				
Management Fee	55,146	4,596	60	6.9%
Supportive Services	10,000	833	11	
Audit/Accounting	4,950	413	5	
Legal	3,000	250	3	
Compliance Monitoring	5,544	462	6	
Marketing	100	8	0	
Other	35,310	2,943	38	
TOTAL ADMINISTRATIVE	114,050	9,504	123	
Utilities				
Electricity	50,000	4,167	54	
Fuel - oil	75,000	6,250	81	
Water and Sewer	33,000	2,750	36	
Fire Alarm / Emergency	4,200	350	5	
Other	1,500	125	2	
TOTAL UTILITIES	163,700	13,642	177	
Maintenance				
Maintenance / Janitor Payroll	36,100	3,008	39	
Janitor Supplies	11,960	997	13	
Exterminating	1,500	125	2	
Trash Removal	8,400	700	9	
Snow Removal	7,800	650	8	
Grounds	14,000	1,167	15	
Repairs Material	0	0	0	
Repairs Contract	24,000	2,000	26	
HVAC Repairs / Maintenance	1,500	125	2	
Elevator Contract / Repairs	7,500	625	8	
Painting and Decorating	0	0	0	
Other	0	0	0	
TOTAL MAINTENANCE	112,760	9,397	122	
Real Estate Taxes	71,306	5,942	77	per unit month excl. ds & res. 524
Property Insurance	22,000	1,833	24	
Replacement Reserves	50,820	4,235	55	
Primary Debt Service	206,297	17,191	223	
Other "must pay" debt service		0	0	
Other	250	21	0	
Total	741,183	61,765	802	

Admin Other detail

22,650	admin salaries, benefits
0	payroll taxes
360	office exp
12,300	misc admin exp
35,310	total

11/6/09 Windsor Village Green Retrofit

	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Operating Income		827,964	836,244	844,606	853,052	861,583	870,198	878,990	887,689	896,566	905,532	914,587	923,733	932,971	942,300	951,723	961,241	970,853	980,561	990,367	1,000,271
Gross Rent		9,525	9,620	9,716	9,814	9,912	10,011	10,111	10,212	10,314	10,417	10,522	10,627	10,733	10,840	10,949	11,058	11,169	11,280	11,393	11,507
Other Income		(33,119)	(33,450)	(33,784)	(34,122)	(34,463)	(34,808)	(35,156)	(35,508)	(35,863)	(36,221)	(36,583)	(36,949)	(37,319)	(37,692)	(38,069)	(38,449)	(38,834)	(39,222)	(39,615)	(40,011)
Vacancy and other losses		804,370	812,414	820,538	828,744	837,031	845,401	853,855	862,394	871,018	879,728	888,525	897,411	906,385	915,449	924,603	933,849	943,188	952,619	962,146	971,767
Operating Expenses		484,066	496,168	508,572	521,286	534,318	547,676	561,368	575,402	589,787	604,532	619,645	635,137	651,015	667,290	683,973	701,072	718,599	736,564	754,978	773,852
Total Expenses (excl. Reserves)		50,820	51,328	51,841	52,360	52,883	53,412	53,946	54,486	55,031	55,581	56,137	56,698	57,265	57,838	58,416	59,000	59,590	60,186	60,788	61,396
Reserves		534,886	547,496	560,413	573,646	587,202	601,089	615,315	629,888	644,818	660,113	675,782	691,835	708,280	725,128	742,389	760,072	778,189	796,750	815,766	835,248
Total Operating Expense		269,484	264,918	260,125	255,098	249,829	244,313	238,541	232,506	226,200	219,615	212,743	205,576	198,105	190,320	182,214	173,777	164,998	155,869	146,380	136,519
Net Operating Income		206,297	206,297	206,297	206,297	206,297	206,297	206,297	206,297	206,297	206,297	206,297	206,297	206,297	206,297	206,297	206,297	206,297	206,297	206,297	206,297
Less Primary Debt Service		63,187	58,621	53,828	48,801	43,532	38,016	32,244	26,209	19,903	13,318	6,446	(721)	(8,192)	(15,977)	(24,083)	(32,520)	(41,299)	(50,428)	(59,917)	(69,778)
Less Secondary Debt Service		63,187	58,621	53,828	48,801	43,532	38,016	32,244	26,209	19,903	13,318	6,446	(721)	(8,192)	(15,977)	(24,083)	(32,520)	(41,299)	(50,428)	(59,917)	(69,778)
Annual Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Subsidies / Sliding Fund		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Beginning Balance		183,291	244,627	302,310	356,030	405,462	450,270	490,102	524,592	553,338	576,003	592,114	601,267	603,082	597,099	582,839	559,803	527,474	485,313	432,763	369,242
Deposits		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Project Operating Needs		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Special LP or OP Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of Debt or Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Participating Capital Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Distribution of Cash to Owner		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		183,291	244,627	302,310	356,030	405,462	450,270	490,102	524,592	553,338	576,003	592,114	601,267	603,082	597,099	582,839	559,803	527,474	485,313	432,763	369,242
Cumulative Replacement Reserves		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Beginning Balance		50,820	103,165	157,069	188,571	227,726	256,692	271,653	303,572	328,674	352,828	380,022	405,462	427,724	450,270	478,189	506,561	535,496	564,996	595,061	625,696
Deposits		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Withdrawals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		50,820	103,165	157,069	188,571	227,726	256,692	271,653	303,572	328,674	352,828	380,022	405,462	427,724	450,270	478,189	506,561	535,496	564,996	595,061	625,696
Net Operating Income		269,484	264,918	260,125	255,098	249,829	244,313	238,541	232,506	226,200	219,615	212,743	205,576	198,105	190,320	182,214	173,777	164,998	155,869	146,380	136,519
Plus Reserves		50,820	51,328	51,841	52,360	52,883	53,412	53,946	54,486	55,031	55,581	56,137	56,698	57,265	57,838	58,416	59,000	59,590	60,186	60,788	61,396
Less Interest Expense		(211,880)	(198,679)	(210,602)	(208,960)	(207,981)	(206,885)	(205,661)	(204,298)	(202,784)	(201,105)	(199,248)	(197,197)	(194,977)	(192,449)	(189,654)	(186,604)	(183,304)	(179,754)	(176,054)	(172,204)
Less Long Depreciation		(181,054)	(181,054)	(181,054)	(181,054)	(181,054)	(181,054)	(181,054)	(181,054)	(181,054)	(181,054)	(181,054)	(181,054)	(181,054)	(181,054)	(181,054)	(181,054)	(181,054)	(181,054)	(181,054)	(181,054)
Less Short Depreciation		(12,100)	(12,100)	(12,100)	(12,100)	(12,100)	(12,100)	(12,100)	(12,100)	(12,100)	(12,100)	(12,100)	(12,100)	(12,100)	(12,100)	(12,100)	(12,100)	(12,100)	(12,100)	(12,100)	(12,100)
Taxable Income (Loss)		(84,730)	(75,587)	(61,790)	(45,527)	(29,401)	(10,411)	(107,552)	(99,724)	(104,122)	(108,642)	(113,279)	(118,038)	(122,882)	(127,833)	(132,873)	(138,004)	(143,224)	(148,534)	(153,934)	(159,424)
Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Savings		29,635	26,455	23,126	33,435	34,791	36,194	37,643	39,093	40,543	42,000	43,468	44,947	46,437	47,937	49,447	50,967	52,497	54,027	55,557	57,087
Plus Historic Rehab Credits		906,033	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Plus State Credits		193,700	193,700	193,700	193,700	193,700	193,700	193,700	193,700	193,700	193,700	193,700	193,700	193,700	193,700	193,700	193,700	193,700	193,700	193,700	193,700
Plus Federal Housing Credits		1,192,389	250,155	255,826	257,135	258,491	259,847	261,203	262,559	263,915	265,271	266,627	267,983	269,339	270,695	272,051	273,407	274,763	276,119	277,475	278,831
After Tax Cash Flow		1,192,389	250,155	255,826	257,135	258,491	259,847	261,203	262,559	263,915	265,271	266,627	267,983	269,339	270,695	272,051	273,407	274,763	276,119	277,475	278,831
Total Years		15																			
Renvestment Rate		6.00%																			
Current After Tax Cash Flows		1,192,389	250,155	255,826	257,135	258,491	259,847	261,203	262,559	263,915	265,271	266,627	267,983	269,339	270,695	272,051	273,407	274,763	276,119	277,475	278,831
Future Value of Cash Flows at Yr 15:		2,778,543	565,577	545,659	517,405	490,692	464,705	439,480	414,955	391,080	367,705	344,780	322,255	300,180	278,605	257,480	236,855	216,780	197,205	178,180	159,705
Discount Rate:		7.50%																			
Capital Contribution Number:		1	2	3	4																
Date of Capital Contribution:		30-Dec-10	30-Apr-11																		
Amount of Capital Contribution:		1,860,952	463,133	0																	
Present Value of Contributions:		1,860,952	463,133	0																	
Cash Flows		(2,228,017)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IRR:		7.93%																			
Equity Yield:		1.15%																			

Original Basis	5,063,694
Less Depreciation	(2,800,515)
Basis at Sale	2,263,179
Sales Price	7,864,208
Gain	5,601,029
Exit Tax	#REF!

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: CONSTRUCTION AND PERMANENT FINANCING AND
PROPOSED USE OF BOND HOUSING CREDITS FOR
WINDSOR VILLAGE, TOWN OF WINDSOR**

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

WHEREAS, an application has been submitted to the Agency by Housing Vermont and Rockingham Area Community Land Trust, Inc. (the "Sponsors") on behalf of a to be formed limited partnership in which one or more of the Sponsors or their subsidiaries or affiliates will be general or co-general partner(s) (the "Borrower") involving the acquisition and rehabilitation of a total of seventy-seven (77) units of mixed senior and general occupancy rental housing in the Town of Windsor (the "Development"); and

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

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

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

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated November 6, 2009, containing information, conditions and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of the units are for occupancy by persons and families of low and moderate income.

2. The acquisition, construction or rehabilitation 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(s).

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

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making one or more mortgage loans to the limited partnership to be created by the Sponsors for the construction and permanent financing of the Development based on the recommendations in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Sponsors in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more mortgage loans to the Borrower for the construction and permanent financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsors as the representatives of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsors of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan(s) for the Development, and such conditions and

terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions, if any, described in the Memorandum.

4. The recommendations for the use of Bond Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.
5. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the use of Bond Housing Credits in an amount necessary for the Development's feasibility for the Windsor Village housing project in the Town of Windsor, Vermont.
6. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter *CR*

DATE: November 3, 2009

RE: Request for Bond Credits, Construction Financing, State Credits: Stanislaus Housing, West Rutland

Name:	Stanislaus Housing	Location:	West Rutland
Housing Type:	General Occupancy	Unit Type:	Flats and one townhouse
Unit Count:	21 total units 20 Housing Credit units	Unit Sizes:	10 1-BR @ 545 avg sf 9 2-BR @ 771 avg sf 2 3-BR @ 865 avg sf
Total Cost:	\$4,402,120	Per S.F. Acquisition & Construction Cost:	\$254
4% Housing Credits:	\$124,000	Sponsor:	Rutland County Community Land Trust (RCCLT)
State Housing Credits:	\$59,000 (recommended in a separate memo)	Loan Requested:	\$2,300,000 Construction Loan – Tax Exempt
Other Funding: VHCB, HOME, NSP, VHCB Lead & Feasibility, Efficiency Vermont, Historic Tax Credits			

Summary of Request: RCCLT is requesting \$2,300,000 in tax exempt construction financing, \$124,000 in 4% (Bond) Tax Credits, and \$59,000 in State Tax Credits (recommended in a separate memo) for the development of 21 residential rental units in West Rutland.

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

Project Summary: The Rutland County Community Land Trust (RCCLT) is proposing to develop 17 new rental units at 95 and 113 Barnes Street, and restructure 4 existing units plus one commercial unit (a marble carving studio) at 259 Marble Street, all located in West Rutland. 95 Barnes Street is the former *Stanislaus School*, built in 1924, and partially unused since the 1970s (with the exception of three condominium units, one of which is owned and occupied by its original owner, and two of which are rented). The balance of the building is unused and vacant. 113 Barnes Street is a former Convent, from 1900, and is a vacant, uninhabitable blighted property. 259 Marble Street is an occupied building comprised of four residential units and one commercial unit and is currently owned by RCCLT and in need of restructuring. The Town Manager advised that RCCLT has been in contact with the town of West Rutland and has been offered a vacant



unutilized buildings, as well with the area's housing needs. RCCLT will form a limited partnership for tax credit purposes, which will acquire and rehabilitate the buildings, to create a total of 21 residential rental units. There will be six units affordable to households below 50% of area median income, 14 units affordable to households below 60% of area median income, and one market unit, available to a household with an income greater than 60% of area median income. There will be two accessible units. All of the VHCB, HOME and NSP funding is committed.

The buildings have municipal water and wastewater, and are located within or near a designated village center. They are also close to the school, grocery store, services, and there are free municipal busses which can transport residents to services, including health services, in Rutland.

Sources of take-out financing for the construction loan include tax credit equity (both from bond credits, state credits, and historic credits), and Neighborhood Stabilization Program (NSP) funding.

Local permit approval is anticipated by December; a minor Act 250 permit approval is anticipated by February 2010. Laz Scangas is the Architect and Jeff Kantor is the Development Consultant. RCCLT will provide the property management. The sponsor anticipates acquiring the properties in March 2010 and beginning construction immediately thereafter. Completion is expected by December 2010.

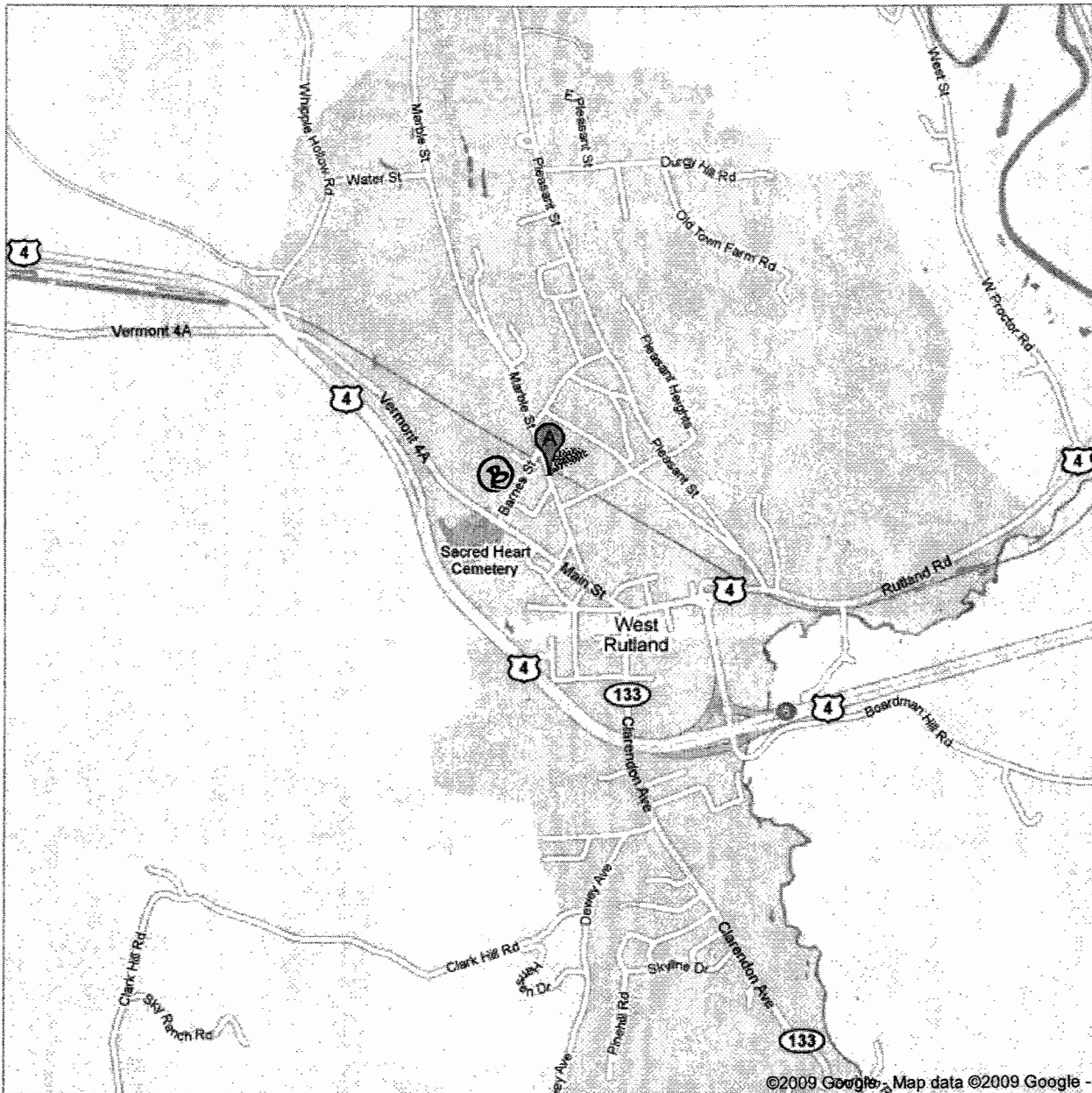
Google maps

Address 295 Marble St ^A
West Rutland, VT 05777^B 95 + 113 Barnes Street

Get Google Maps on your phone



Text the word "GMAPS" to 466453



View of the Former School across Barnes Street



95 Barnes St

View of the Former Convent



113 Barnes St.

10-Nov-09

Stanislaus Housing, West Rutland

Total Residential Units:	21	Increase in Income from Rental Units:	1.5%
Housing Credit Restricted Units:	20	Increase in Income from Other Sources:	1.5%
Percent Restricted:	95%	Increase in Income from Commercial:	0%
Total Development Cost:	4,402,120	Expense increase:	3.0%
Total Development Cost per Unit:	209,625	Vacancy Rate:	5.0%
Total Development Cost Per SF:	327	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5
Historic Credit	600,000	Short Depreciation Schedule:	5
State Credit	59,000		
Max Credit	124,017	Sponsor's Estimated Yield:	83.95%

HC Credit Allocated

124,000

LIHTC - 4%	3.33%
LIHTC - 9%	3.33%

DCR Yr 1 & 15 N/A

N/A

Nov 2009

SOURCES

		% TDC	Interest Rate	Amortization	Term
HOME	315,000	7.16%	0.00%	30	deferred
VHCB	425,000	9.65%	0.00%	30	deferred
VHCB NSP	1,248,000	28.35%	0.00%	30	deferred
State Credit	252,000	5.72%		GP Capital Contribution	
Lead Loan	25,000	0.57%	0.00%	30	deferred
VHCB Feasibility	10,000	0.23%		GP Capital Contribution	
Existing Marble ST VHCB - VCDP	482,120	10.95%	0.00%	30	deferred
Efficiency VT	10,000	0.23%		GP Capital Contribution	
Historic tax credit equity	595,000	13.52%			Equity
Tax Credit Equity (LP Cap Contrib)	1,040,000	23.62%			Equity
TOTAL SOURCES	4,402,120	100.00%			

USES

Acquisition	928,620	21.09%
Construction Hard Costs	2,487,900	56.52%
Soft Costs	985,600	22.39%
TOTAL USES	4,402,120	100.00%

VHFA Construction Loan

2,300,000

52% tax exempt

Gap

0

General Partner's Capital Contribution

9,369

0.90%

Limited Partner's Capital Contribution

1,040,000

99.90%

Total Equity

1,049,369

APPLICABLE FRACTION CALCULATION

See botom of Credit Calc page

Stanislaus Housing, West Rutland

10-Nov-09

USES OF FUNDS		Budget	Per Unit	Per s.f.	VHCB Terms:	HOME Terms:	Equity Terms:	VHCB & HOME				State Tax Credit	REEP, Feas, SEVCA, Lead
		Total						VHCB NSP	Existing				
ACQUISITION													
1	Land	130,000	6,190	9.66	59,597			30,403	40,000				
2	Buildings	794,120	37,815		238,834			113,166	442,120				
3	Property Appraisal	2,000	95	0.15				676					1,324
4	Legal - Title and Recording	2,500	119	0.19			1,655	845					
5	Subtotal - Acquisition	928,620	44,220	69.02									
CONSTRUCTION HARD COSTS													
7	Construction	2,184,041	104,002			112,500	1,295,894	709,241			47,285	19,121	
8	Construction Contingency	223,154	10,626	16.59			82,230	70,924			70,000		
9	Lead abatement	25,000	1,190	1.86				8,445				16,555	
10	Hazardous Mat Abatement	10,705	510	0.80		5,000	2,089	3,616					
11	Asbestos Abatement & Testing	30,000	1,429	2.23		10,000	9,866	10,134					
12		0	0	0.00									
13	Furnishings, Fixtures, & Equipment	15,000	714	1.11			9,933	5,067					
14	Other (Vacancy Operating Losses)	0	0	0.00				0					
15	Subtotal - Hard Costs	2,487,900	118,471	184.91									
SOFT COSTS													
17	Architectural	190,000	9,048	14.12	35,000		82,817	64,183					8,000
18	Testing	2,500	119	0.19			1,655	845					
19	Legal/Accounting	24,500	1,167	1.82	10,500		7,244	6,756					
20	Cost Certification	6,000	286				4,311	1,689					
21	Relocation	24,000	1,143	1.78	10,500		13,500	0					
22	Environmental Assessment	2,500	119	0.19		1,655		845					
23	Survey / Topo	5,000	238	0.37		3,311		1,689					
24	Permits/Fees	20,000	952	1.49	13,244			6,756					
25	Market Study	3,000	143	0.22	1,987			1,013					
26	Construction Period Insurance	14,500	690	1.08	9,602			4,898					
27	Construction Interest	75,000	3,571	5.57			49,664	25,336					
28	Loan Origination Fee	15,000	714	1.11	9,933			5,067					
29	Taxes During Construction	10,000	476	0.74	6,622			3,378					
30	Clerk of the Works	0	0	0.00				0					
31	Marketing	1,500	71	0.11			1,500						
32	VHFA Tax Credit Fees	5,600	267	0.42	3,708			1,892					
33	Inspection Fees	4,000	190	0.30	2,649			1,351					
34	Soft Cost Contingency	10,000	476	0.74			6,622	3,378					
35	Permanent Loan Origination Fee	0	0	0.00				0					
36	Lenders Counsel's Fee	3,500	167	0.26			2,318	1,182					
37	Historic Consultant & Fees	7,500	357	0.56		4,966		2,534					
38	Other (CNA)	2,000	95	0.15			2,000						
SYNDICATION COSTS													
40	LP Legal	1,500	71	0.11			993	507					
41	Bridge Loan Fees and Expenses	20,000	952	1.49			13,244	6,756					
42	Syndication Consultant	2,500	119	0.19			1,655	845					
43	Tax Opinion	0	0	0.00									
DEVELOPER'S FEES													
45	Developer's Fees	347,500	16,548	25.83	6,544	180,879	5,601	111,477			42,999		
46	Other Partnership	0	0	0.00				0					
47	Consultant Fees	65,000	3,095	4.83	12,969		30,074	21,957					
RESERVES													
49	Operating Reserve	60,000	2,857	4.46			7,563	12,705			39,732		
50	Rent-up (Deficit Escrow) Reserve	25,000	1,190	1.86				8,445			16,555		
51	Other Operating Reserves	0	0	0.00									
52	Sinking Fund	0	0	0.00				0					
53	Replacement Reserves	38,000	1,810	2.82			2,571				35,429		
54	Subtotal - Soft Costs	985,600	46,933	73.25									
55	TOTAL DEVELOPMENT COSTS	4,402,120	209,625	327.17	425,000	315,000	1,634,999	1,248,000	482,120	252,000	45,000		

Stanislaus School and Convent		Budget		Per Unit	Per s.f.	259 Marble ST		Budget	Per Unit	Per s.f.
USES OF FUNDS						USES OF FUNDS				
ACQUISITION		Total	School	Convent House		ACQUISITION		Total		
Land	90,000	59,597	30,403	5,294	7.77	Land	40,000	10,000	12.21	
Buildings	335,000	221,834	113,166	19,706	28.90	Buildings	459,120	114,780	140.19	
Property Appraisal	2,000	1,324	676	118	0.17	Property Appraisal		0	0.00	
Legal - Title and Recording	2,500	1,655	845	147	0.22	Legal - Title and Recording		0	0.00	
Subtotal - Acquisition	429,500	284,412	145,088	25,265	37.06	Subtotal - Acquisition	499,120	124,780	152.40	
CONSTRUCTION HARD COSTS						CONSTRUCTION HARD COSTS				
Construction	2,099,541	1,390,300	709,241	123,502	181.15	Construction	84,500	21,125	25.80	
Construction Contingency @ 10%	209,954	139,030	70,924	12,350	18.12	Construction Contingency	13,200	3,300	4.03	
Lead abatement	25,000	16,555	8,445	1,471	2.16	Lead abatement		0	0.00	
Hazardous Mat Abatement	10,705	7,089	3,616	630	0.92	Hazardous Mat Abatement		0	0.00	
Asbestos Abatement & Testing	30,000	19,866	10,134	1,765	2.59	Asbestos Abatement & Testing		0	0.00	
		0	0	0	0.00			0	0.00	
Furnishings, Fixtures, & Equipment	15,000	9,933	5,067	882	1.29	Furnishings, Fixtures, & Equipment		0	0.00	
Other (Vacancy Operating Losses)		0	0	0	0.00	Other (Vacancy Operating Losses)		0	0.00	
Subtotal - Hard Costs	2,390,200	1,582,772	807,428	140,600	206.23	Subtotal - Hard Costs	97,700	24,425	29.83	
SOFT COSTS						SOFT COSTS				
Architectural	190,000	125,817	64,183	11,176	16.39	Architectural		0	0.00	
Testing	2,500	1,655	845	147	0.22	Testing		0	0.00	
Legal/Accounting	20,000	13,244	6,756	1,176	1.73	Legal/Accounting	4,500	1,125	1.37	
Cost Certification	5,000	3,311	1,689	294	0.43	Cost Certification	1,000	250	0.31	
Relocation	24,000	24,000		1,412	2.07	Relocation		0	0.00	
Environmental Assessment	2,500	1,655	845	147	0.22	Environmental Assessment		0	0.00	
Survey / Topo	5,000	3,311	1,689	294	0.43	Survey / Topo		0	0.00	
Permits/Fees	20,000	13,244	6,756	1,176	1.73	Permits/Fees		0	0.00	
Market Study	3,000	1,987	1,013	176	0.26	Market Study		0	0.00	
Construction Period Insurance	14,500	9,602	4,898	853	1.25	Construction Period Insurance		0	0.00	
Construction Interest	75,000	49,664	25,336	4,412	6.47	Construction Interest		0	0.00	
Loan Origination Fee	15,000	9,933	5,067	882	1.29	Loan Origination Fee		0	0.00	
Taxes During Construction	10,000	6,622	3,378	588	0.86	Taxes During Construction		0	0.00	
Clerk of the Works	0	0	0	0	0.00	Clerk of the Works		0	0.00	
Marketing	1,500	993	507	88	0.13	Marketing		0	0.00	
VHFA Tax Credit Fees	5,600	3,708	1,892	329	0.48	VHFA Tax Credit Fees		0	0.00	
Inspection Fees	4,000	2,649	1,351	235	0.35	Inspection Fees		0	0.00	
Soft Cost Contingency	10,000	6,622	3,378	588	0.86	Soft Cost Contingency		0	0.00	
Permanent Loan Origination Fee	0	0	0	0	0.00	Permanent Loan Origination Fee		0	0.00	
Lenders Counsel's Fee	3,500	2,318	1,182	206	0.30	Lenders Counsel's Fee		0	0.00	
Historic Consultant & Fees	7,500	4,966	2,534	441	0.65	Historic Consultant & Fees		0	0.00	
Other (CNA)	2,000	1,324	676	118	0.17	Other (CNA)		0	0.00	
SYNDICATION COSTS						SYNDICATION COSTS				
LP Legal	1,500	993	507	88	0.13	LP Legal		0	0.00	
Bridge Loan Fees and Expenses	20,000	13,244	6,756	1,176	1.73	Bridge Loan Fees and Expenses		0	0.00	
Syndication Consultant	2,500	1,655	845	147	0.22	Syndication Consultant		0	0.00	
Tax Opinion	0	0	0	0	0.00	Tax Opinion		0	0.00	
DEVELOPER'S FEES						DEVELOPER'S FEES				
Developer's Fees	330,000	218,523	111,477	19,412	28.47	Developer's Fees	17,500	4,375	5.34	
Other Partnership		0	0	0	0.00	Other Partnership		0	0.00	
Consultant Fees	65,000	43,043	21,957	3,824	5.61	Consultant Fees		0	0.00	
RESERVES						RESERVES				
Operating Rerserve	60,000	39,732	20,268	3,529	5.18	Operating Rerserve		0	0.00	
Rent-up (Deficit Escrow) Reserve	25,000	16,555	8,445	1,471	2.16	Rent-up (Deficit Escrow) Reserve		0	0.00	
Other Operating Reserves		0	0	0	0.00	Other Operating Reserves		0	0.00	
Sinking Fund		0	0	0	0.00	Sinking Fund		0	0.00	
Replacement Reserves	10,000	6,622	3,378	588	0.86	Replacement Reserves	28,000	7,000	8.55	
Subtotal - Soft Costs	934,600	626,992	307,608	54,976	80.64	Subtotal - Soft Costs	51,000	12,750	15.57	
TOTAL DEVELOPMENT COSTS	3,754,300	2,494,176	1,260,124	220,841	323.93	TOTAL DEVELOPMENT COSTS	647,820	161,955	197.81	

Stamulus Housing, West Rutland

10-Nov-09

TOTAL BUDGET		Stamulus School		Current House		Historic Basis	
10-Nov-09	10-Nov-09	Acquisition Basis	Construction Basis	Residential Depreciation	Historic Basis	Acquisition Basis	Construction Basis
1. Land	332,000	221,834		221,834		113,166	
2. Stamulus & Curvent							
3.							
4.							
5. Property Appraisal	2,000	1,324		1,324		676	
6. Legal - Title and Recording	2,500	1,655		1,655		845	
7. Construction	2,099,541	1,390,200	1,390,200		709,241	709,241	664,241
8.							
9.							
10.							
11.							
12.							
13. Construction Contingency	209,854	139,030	139,030		70,924	70,924	70,924
14. Lead abatement	25,000	16,555	16,555		8,445	8,445	8,445
15. Hazardous Material Abatement	10,705	7,080	7,080		3,616	3,616	3,616
16. Asbestos Abatement & Testing	30,000	19,866	19,866		10,134	10,134	10,134
17.							
18. Furnishings, Fixtures, & Equipment	15,800	9,933	9,933		5,067	5,067	5,067
19. Other (Vacancy Operating Losses)	0	0	0		0	0	0
20. SOFT COSTS							
21. Architectural	190,000	125,817	125,817		64,183	64,183	64,183
22. Testing	2,500	1,655	1,655		845	845	845
23. Legal/Accounting	20,000	13,244	13,244		6,756	6,756	6,756
24.							
25. Cost Certification	5,000	3,311	3,311		1,689	1,689	1,689
26. Environmental Assessment	24,000	15,555	15,555		845	845	845
27. Survey / Topo	3,000	3,311	3,311		1,689	1,689	1,689
28. Market Study	20,000	13,244	13,244		6,756	6,756	6,756
29. Construction Period Insurance	14,500	9,602	9,602		4,898	4,898	4,898
30. Construction Interest	75,000	49,664	49,664		25,336	25,336	25,336
31. Loan Origination Fee	15,000	9,933	9,933		5,067	5,067	5,067
32. Taxes During Construction	10,000	6,622	6,622		3,378	3,378	3,378
33. Clerk of the Works	1,500	0	0		0	0	0
34. Modeling	5,600	2,649	2,649		1,351	1,351	1,351
35. VHA Tax Credit Fees	4,000	6,622	6,622		3,378	3,378	3,378
36. Soft Cost Contingency	10,000	0	0		0	0	0
37. Permanent Loan Origination Fee	0	0	0		0	0	0
38. Lenders Counselor Fee	3,500	2,318	2,318		1,182	1,182	1,182
39. Historic Consultant & Fees	7,500	4,966	4,966		2,534	2,534	2,534
40. Other (CNA)	2,000						
41. LP Legal	1,500						
42. Bridge Loan Fees and Expenses	20,000						
43. Syndication Consultant	2,500						
44. Tax Option	0						
45. Developer's Fees	330,000	218,523	218,523		111,477	111,477	111,477
46. Other Partnership Fees for Reserves	0	0	0		0	0	0
47. Consultant Fees	65,000	43,043	43,043		21,957	21,957	21,957
48. Working Capital	60,000						
49. Run-up (Deficit Escrow) Reserve	25,000	0	0		0	0	0
50. Other Operating Reserves	0	0	0		0	0	0
51. Sinking Fund	0	0	0		0	0	0
52. Replacement Reserves	10,000						
53. Subtotal - Soft Costs	3,754,340	2,248,814	2,248,814		1,181,381	1,021,695	1,021,695
54. TOTAL DEVELOPMENT COSTS							
55. LESS: Amount of Non-qualified Financing	0%	0	0		0	0	0
56. LESS: Adjustment for per unit cost limits							
57. HISTORIC TAX CREDIT (Residential Portion)	136.0%	224,814	224,814		114,686	114,686	114,686
58. HISTORIC TAX CREDIT (Commercial Portion)							
59. HISTORIC TAX CREDIT (Total)							
60. HISTORIC TAX CREDIT (Total)							
61. HISTORIC TAX CREDIT (Total)							
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10-Nov-09 Stanislaus Housing, West Rutland

HC Restricted Units		Average		Average		Total
Bedrooms	Type	Square Feet	Number	Rent	Utilities	Annual Rent
School (95 Barnes Street)						
1 Br	60%	660	1	625	29	7,500
1 Br	60%	660	1	600	29	7,200
1 Br	60%	660	1	600	29	7,200
1 Br	60%	660	1	675	29	8,100
1 Br	50%	460	1	540	29	6,480
1 Br	60%	635	1	600	29	7,200
1 Br	50%	455	1	540	29	6,480
2 Br	50%	570	1	625	44	7,500
2 Br	60%	600	1	625	44	7,500
2 Br	60%	740	1	675	44	8,100
2 Br	60%	840	1	675	44	8,100
2 Br	60%	870	1	675	44	8,100

Convent (113 Barnes Street)						
1 Br	60%	520	1	600	29	7,200
2 Br	60%	810	1	675	44	8,100
2 Br	60%	925	1	675	44	8,100
2 Br	50%	710	1	625	44	7,500
2 Br	60%	815	1	675	44	8,100

259 Marble						
1 Br	50%	450	1	500	29	6,000
3 Br	50%	980	1	700	59	8,400
3 Br	50%	750	1	700	59	8,400

Totals 20 151,260

Non-HC Restricted Units		Average		Average		Total
Bedrooms	Type	Square Feet	Number	Rent	Utilities	Annual Rent
School (95 Barnes Street)						
	80%					0
259 Marble						
1 Br	80%	345	1	550	29	6,600
Totals			1			6,600

All Units Grand Total 13,455 21 157,860

Less Vacancy 5.00% (7,893)

NET RENT 149,967

OTHER INCOME

Commercial Space	250 p/mo	75%	2,250
Laundry			0
Other	interest		200

TOTAL INC 152,417

School SF 7,810
 Convent SF 3,780
 259 Marble SF 3,275
 14,865

10-Nov-09 Stanislaus Housing, West Rutland

	Per Unit				
	Annual	Monthly	Per Month	Stanislaus	259 Marble
Administration					
Management Fee	14,400	1,200	57	10,980	3,420
Supportive Services	0	0	0	0	0
Audit/Accounting	3,600	300	14	3,600	0
Legal	2,500	208	10	1,500	1,000
Compliance Monitoring	1,500	125	6	1,200	300
Marketing	250	21	1	150	100
Other	200	17	1	150	50
TOTAL ADMINISTRATIVE	22,450	1,871	89	17,580	4,870
Utilities					
Electricity	5,700	475	23	5,000	700
Fuel	24,000	2,000	95	16,000	8,000
Water and Sewer	7,050	588	28	4,500	2,550
Fire Alarm / Emergency	200	17	1	0	200
Other	0	0	0	0	0
TOTAL UTILITIES	36,950	3,079	147	25,500	11,450
Maintenance					
Maintenance / Janitor Payroll	10,000	833	40	8,000	2,000
Janitor Supplies	0	0	0	0	0
Exterminating	0	0	0	0	0
Trash Removal	3,825	319	15	3,000	825
Snow Removal	2,900	242	12	2,500	400
Grounds	2,700	225	11	2,500	200
Repairs Material	2,450	204	10	2,000	450
Repairs Contract	4,000	333	16	3,500	500
HVAC Repairs / Maintenance	1,200	100	5	900	300
Elevator Contract / Repairs	1,800	150	7	2,400	0
Painting and Decorating	4,000	333	16	3,000	1,500
Other	0	0	0	0	0
TOTAL MAINTENANCE	32,875	2,740	130	27,800	6,175
Real Estate Taxes					
Real Estate Taxes	18,000	1,500	71	15,000	3,000
Property Insurance	7,300	608	29	4,500	2,800
Flood Insurance	1,500	125	6	1,500	0
Replacement Reserves	12,500	1,042	50	6,500	4,080
Other "must pay" debt service	0	0	0	0	0
Other	0	0	0	0	0
Total	131,575	10,965	522	98,380	32,375

per unit month

excl. ds & res

467

Stanislaus Housing, West Rutland															
10-Nov-09															
	Year														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Operating Income															
Gross Rent	157,860	160,228	162,631	165,071	167,547	170,060	172,611	175,200	177,828	180,496	183,203	185,951	188,740	191,571	194,445
Other Income	2,450	2,487	2,524	2,562	2,600	2,639	2,679	2,719	2,760	2,801	2,843	2,886	2,929	2,973	3,018
Vacancy and other losses	(7,893)	(8,011)	(8,132)	(8,254)	(8,377)	(8,503)	(8,631)	(8,760)	(8,891)	(9,025)	(9,160)	(9,298)	(9,437)	(9,579)	(9,722)
Total Operating Income	152,417	154,703	157,024	159,379	161,770	164,196	166,659	169,159	171,697	174,272	176,886	179,539	182,233	184,966	187,741
Operating Expenses															
Total Expenses (excl. Reserves)	119,075	122,647	126,327	130,116	134,020	138,041	142,182	146,447	150,841	155,366	160,027	164,828	169,772	174,866	180,112
GP Asset Mgmt Fee	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	0	0	0	0	0	0
Reserves	12,500	12,688	12,878	13,071	13,267	13,466	13,668	13,873	14,081	14,292	14,507	14,724	14,945	15,169	15,397
Total Operating Expense	134,575	138,335	142,204	146,187	150,287	154,507	158,850	163,320	164,922	169,658	174,534	179,552	184,718	190,035	195,509
Net Operating Income	17,842	16,369	14,819	13,192	11,483	9,690	7,810	5,839	6,775	4,614	2,353	(13)	(2,485)	(5,069)	(7,768)
Less Primary Debt Service															
Less Secondary Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Cash Flow	17,842	16,369	14,819	13,192	11,483	9,690	7,810	5,839	6,775	4,614	2,353	(13)	(2,485)	(5,069)	(7,768)
Operating Subsidies / Sinking Fund	0	0	0	0	0	0	0	0	0	0	0	13	2,485	5,069	7,768
Net Cash	17,842	16,369	14,819	13,192	11,483	9,690	7,810	5,839	6,775	4,614	2,353	0	0	0	0
Cumulative Cash Flow															
Beginning Balance	60,000	78,620	95,939	111,866	126,308	139,169	150,347	159,738	167,233	175,748	182,165	186,363	188,214	187,611	184,418
Deposits	17,842	16,369	14,819	13,192	11,483	9,690	7,810	5,839	6,775	4,614	2,353	0	0	0	0
Interest 2.0%	778	950	1,108	1,251	1,378	1,489	1,582	1,656	1,740	1,804	1,845	1,864	1,882	1,876	1,844
Withdrawals	0	0	0	0	0	0	0	0	0	0	0	(13)	(2,485)	(5,069)	(7,768)
Ending Balance	78,620	95,939	111,866	126,308	139,169	150,347	159,738	167,233	175,748	182,165	186,363	188,214	187,611	184,418	178,494
Cumulative Replacement Reserves															
Beginning Balance	38,000	51,385	64,713	78,367	92,352	54,176	68,318	82,806	97,646	112,844	44,408	59,504	74,970	90,815	107,044
Deposits	12,500	12,688	12,878	13,071	13,267	13,466	13,668	13,873	14,081	14,292	14,507	14,724	14,945	15,169	15,397
Interest 2.0%	885	641	776	914	1,056	676	820	967	1,117	1,271	589	742	899	1,060	1,224
Withdrawals	0	0	0	0	(52,500)	0	0	0	0	(84,000)	0	0	0	0	(105,000)
Ending Balance	51,385	64,713	78,367	92,352	54,176	68,318	82,806	97,646	112,844	44,408	59,504	74,970	90,815	107,044	18,665
Net Operating Income															
Net Operating Income	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Plus Reserves	17,842	16,369	14,819	13,192	11,483	9,690	7,810	5,839	6,775	4,614	2,353	(13)	(2,485)	(5,069)	(7,768)
Less Interest Expense	12,500	12,688	12,878	13,071	13,267	13,466	13,668	13,873	14,081	14,292	14,507	14,724	14,945	15,169	15,397
Less Bridge Loan Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Long Depreciation	(20,000)	(144,271)	(144,271)	(144,271)	(144,271)	(144,271)	(144,271)	(144,271)	(144,271)	(144,271)	(144,271)	(144,271)	(144,271)	(144,271)	(144,271)
Less Mid Depreciation	(144,271)	(144,271)	(144,271)	(144,271)	(144,271)	(144,271)	(144,271)	(144,271)	(144,271)	(144,271)	(144,271)	(144,271)	(144,271)	(144,271)	(144,271)
Less Short Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxable Income (Loss)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	0	0	0	0	0	0
Cash Flow	(136,929)	(118,215)	(119,574)	(121,009)	(122,522)	(124,116)	(125,794)	(124,559)	(123,416)	(125,365)	(127,412)	(129,560)	(131,811)	(134,171)	(136,643)
Plus Tax Savings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Tax Credits	47,925	41,375	41,851	42,353	42,883	43,440	44,028	43,596	43,195	43,878	44,594	45,346	46,134	46,960	47,825
After Tax Cash Flow	724,000	124,000	124,000	124,000	124,000	124,000	124,000	124,000	124,000	124,000	124,000	124,000	124,000	124,000	124,000
	771,925	165,375	165,851	166,353	166,883	167,440	168,028	167,596	167,195	167,878	44,594	45,346	46,134	46,960	47,825

VERMONT HOUSING FINANCE AGENCY

RESOLUTION RE: CONSTRUCTION FINANCING AND PROPOSED USE OF BOND HOUSING CREDITS FOR STANISLAUS HOUSING, TOWN OF WEST RUTLAND

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

WHEREAS, an application has been submitted to the Agency by Rutland County Community Land Trust, Inc. (the "Sponsor") on behalf of a to be formed limited partnership in which the Sponsor or its subsidiary or affiliate will be the general partner (the "Borrower") involving the acquisition and rehabilitation of a total of twenty-one (21) units of general occupancy rental housing in the Town of West Rutland (the "Development"); and

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

WHEREAS, the Sponsor qualifies and the Borrower will qualify as housing sponsors within the meaning of the Vermont Housing Finance Agency Act (the "Act"); and

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

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid dated November 3, 2009, containing information, conditions and recommendations about the Development (the "Memorandum");

THEREFORE, it is hereby DETERMINED:

1. The Development is primarily for persons and families of low and moderate income, or qualifies for financing with proceeds of federally tax-exempt obligations, or at least 20 percent of the units are for occupancy by persons and families of low and moderate income.
2. The acquisition, construction or rehabilitation 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(s).

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

WHEREFORE, it is hereby RESOLVED:

1. The Executive Director or her designees may, in his or her discretion, issue one or more Letters of Interest declaring the Agency's interest in making one or more mortgage loans to the limited partnership to be created by the Sponsor for the construction financing of the Development based on the recommendations in the attached Memorandum. The Letter of Interest is not a commitment to finance and shall be conditional upon the availability of funds and the satisfactory completion of such further requirements as the Agency may establish in each case. The Letter of Interest may be used by the Sponsor in support of applications for operating subsidies, mortgage insurance, or for other purposes with the consent of the Agency.
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more mortgage loans to the Borrower for the construction financing of the Development based on the recommendations in the attached Memorandum. The Commitment Letter may be issued to the Sponsor as the representative of the Borrower. The Commitment Letter shall be conditioned on the satisfaction by the Sponsor of all requirements of the Act, the applicable regulations of the Agency, and such further requirements as the Agency may establish.
3. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan(s) for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions, if any, described in the Memorandum.

4. The recommendations for the use of Bond Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.
5. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the use of Bond Housing Credits in an amount necessary for the Development's feasibility for the Stanislaus Housing project in the Town of West Rutland, Vermont.
6. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.



Vermont Housing Finance Agency

TO: VHFA Board of Commissioners

FROM: Cynthia Reid, Senior Development Underwriter
Joshua Slade, Development Underwriter
Joe Erdelyi, Director of Development

DATE: November 9, 2009

RE: Requests for FY11 State Tax Credits

Recommendation

Staff recommends that the VHFA Board of Commissioners pass the attached resolution and authorize staff to issue the appropriate documentation according to the Qualified Allocation Plan.

Summary

The projects listed below have applied for FY2011 State Affordable Housing Tax Credits. Historically, we have recommended awards of State Credits not more than two years out. We are looking at allocating FY2011 Credit. The annual amount of State Tax Credits is \$500,000: \$400,000 is for multifamily rental housing, and \$100,000 is for homeownership. Staff is recommending allocating a total of \$289,000 in credits to seven of the eight multifamily rental projects, and a total of \$60,000 to two of the three homeownership projects. This will leave us with \$111,000 left to allocate for rental projects, and \$40,000 left to allocate for homeownership units.

State Credits continue to be a valuable resource both to help fill funding gaps, and to reduce the cost of homeownership, and they continue to be in high demand. Attached for your information is a history of what has been allocated to date.

Staff recommends the allocations on the attached chart subject to meeting all other statutory requirements. Following is a summary of each individual request:

Rental Project Summaries

Alburgh Family Housing: VHFA has received a proposal from Housing Vermont and Champlain Housing Trust to acquire and rehabilitate this 13 unit property in Alburgh. Assuming that the VHFA Board of Commissioners approves the proposal, the Sponsors have applied for State Credits. The Sponsors have already received an allocation of 9% credits and have applied for NSP funds to fill the remaining gap.

Ellis Block: This burned out building in Springfield is being re-developed by Springfield Housing Authority and Housing Vermont. When the sponsors applied for a combination of NSP and VCDP funds they were awarded less than requested. The project has all funding committed except for a \$500,400 gap for which they are seeking to fill with a combination of NSP (12/11 decision), Preservation Trust (12/15 decision) and equity from State Credits. If the Preservation Trust award is higher than anticipated, and/or if bids come back in lower than budgeted, staff will de-comment any portion of the State Credits not needed. The end product will



be 9 affordable rental units and a re-furbished movie theatre. Construction is anticipated to begin in February 2010.

Forest Park Phase II: The second phase of Forest Park consists of the 45 units that are applying to receive HOPE VI funds as part of the re-development. (Phase I consists of 33 units and has already received an award of Public Housing Transformation Funds.) VHFA approved an allocation of Housing Credits to both phases and a construction loan to Phase II at the October 2009 Board meeting. Other sources for Phase II include HOME, VHCB, VCDP, AHP, and Regional Planning Commission funds, none of which are committed. HOPE VI application is due mid-November and the sponsors expect to hear by March 2010. If all funding is received construction would begin in May or June 2010.

Pine Manor: Pine Manor Senior Housing is sponsored by Housing Vermont and Champlain Housing Trust. This 16-unit senior housing project in Alburgh is a preservation project which has received all of its other funding sources including TCAP, VHCB/HOME, RD and 4% (Bond) Housing Credits. The project is on track to begin construction in either late December or early January. The Sponsors have sought other gap filling funds however were unsuccessful. In order to keep to the development schedule, the Sponsors have requested \$20,000 in State Credit.

Stanislaus Housing: This project is discussed in a separate memo in this Board package which requests construction financing and bond credits. All other funding is committed and permits are anticipated by February 2010. Construction is anticipated to begin in March 2010.

Susie Wilson Apartments: This 30-unit new construction turn-key project sponsored by Housing Vermont and Champlain Housing Trust has not yet received any funding. At this time the Sponsors still need to apply for 9% Housing Credits, VCDP and VHCB/HOME. The Sponsors have requested \$80,000 in State Credit; however, since 9% Credits will not be available until next June, staff recommends tabling this request.

Vergennes Senior: This 25-unit new construction senior development sponsored by Housing Vermont and Addison County Community Trust, did not receive a HUD 202 award its first time around due to two technicalities. Both technicalities have been addressed, and the sponsors are re-applying at HUD Manchester's encouragement, and the funding decision will occur in January/February. Sponsors have commitments for VHCB, HOME, HUD Special Purpose, 9% Housing Credits, and VHFA construction financing. The sponsors have also re-applied for VCDP which has a decision in February. All permitting will be final by the end of November. Should the sponsors obtain commitments for HUD 202, VCDP, and State Credits, they will be ready to begin construction by May 2010. The sponsors were awarded \$30,000 in FY2010 State Credits previously. \$18,000 of that award was de-committed from Vergennes and committed to another project that was under construction and had immediate needs (Abbott Neighborhood Housing), so they still have \$12,000 committed from FY2010. They are requesting \$28,000 from FY2011, for a total State Credit award of \$40,000. They are requesting an increase of the total award from \$30,000 to \$40,000 due to additional city requirements for site improvements, in combination with more up to date site-work cost estimates.

Windsor Village: This project is discussed in a separate memo in the Board package which requests construction and permanent financing and bond credits. Construction is anticipated to begin in June 2010.

Homeownership Project Summaries

Cascades: HKW Cascades, LLC has requested \$40,000 in Homeownership Credit to provide down payment assistance grants to income eligible buyers at the Cascades in Winooski. HKW Cascades, LLC will partner with a non-profit to provide homebuyer education and perpetual affordability compliance. HKW Cascades,

LLC has previous met with Champlain Housing Trust and will most likely partner with them. The down payment assistance grants of approximately \$40,000 will be comparable to a VHCB grant. Staff recommends approving this request.

Charlotte Green Cottages: Champlain Housing Trust has requested an allocation of \$47,000 in Homeownership Credit for the development of 4 “cottage” units in Charlotte. This turn-key project has received \$180,000 from VHCB to be used as down payment assistance grants for homebuyers. CHT would like to bring the total subsidy up to \$90,000 per unit by combining the VHCB assistance with equity from the State Housing Credit. Staff has concerns regarding the location of the project. State priorities are for downtown or village center growth. This project is not near or in a village center. Staff recommends allocating credit to existing new housing stock rather than adding more units to an already saturated market; therefore, staff does not recommend an allocation to this project.

River Station Condos, Montpelier: River Station Condominiums are adjacent to a newly constructed multifamily development developed by Central Vermont Community Land Trust (CVCLT) and Housing Vermont. Construction of the condos was completed in March 2007 and the sponsors have been struggling with a general downturn in the homeownership market since they came on line. There is a purchase and sale contract on the final unit now, and after that final sale the sponsors will not have recovered all their costs or earned any profit or fees on these condominiums. The sponsors previously requested and received \$40,000 in homeownership tax credits which were applied to two units, making the homes more affordable. They have requested an additional \$40,000 towards this final unit. Staff recommend an allocation of \$20,000 – an allocation of \$40,000 towards a single home would be the largest allocation of homeownership credits the Agency has ever made. (Previous awards range from \$5,000 to \$25,000 per unit and average around \$14,000 per unit.)

Attachments:

- List of FY2011 State Credit Applications & Recommendations
- History of State Credit Awards

FY2011 State Credit Applications							Recommended Allocation
Rental Applications							
Project	Amount	# Units	Town	County	Could Start Construction		
Alburgh Family Housing	52,000	13	Alburgh	Grand Isle	TBD	52,000	
Ellis Block	50,000	9	Springfield	Windsor	Feb-10	50,000	
Forest Park Phase II	50,000	45	Rutland	Rutland	Jun-10	50,000	
Pine Manor	20,000	16	Alburgh	Grand Isle	Jan-10	20,000	
Stanislaus Housing	59,000	21	West Rutland	Rutland	Mar-10	59,000	
Susie Wilson Road Essex	80,000	30	Essex	Chittenden	Sep-10	-	
Vergennes Senior	28,000	25	Vergennes	Addison	May-10	28,000	
Windsor Village	30,000	77	Windsor	Windsor	Jun-10	30,000	
Total	369,000				TOTAL:	289,000	
Amount Available	400,000						
Homeownership Applications							
Project	Amount		Town	County	Could Start Const		
Cascades	40,000	8	Winooski	Chittenden	Already Built	40,000	
Charlotte Green Cottages	47,000	4	Charlotte	Addison	Pending Sales	-	
River Station Condo	40,000	1	Montpelier	Washington	Already Built	20,000	
Total	127,000				TOTAL:	60,000	
Amount Available	100,000						

Vermont Affordable Housing Tax Credit

Year	Project	City/Town	Sponsor(s)	Total #		Project Type	Amount Allocated	VT-8609 Filed with Tax Dept
				Units	# Tax Credit Units			
2000	Clark & Canal Street	Brattleboro	BACLT/ HVT	12	10	Acq/Rehab	58,000	✓
	Green Mountain Seminary	Waterbury	CVCLT/HVT	16	14	Acq/Rehab	42,000	✓
							100,000	
2001	Jeffersonville Senior	Jeffersonville	LHP/HVT	22	18	New Const	100,000	✓
	Moose River Housing	St. Johnsbury	GHT/HVT	28	28	Acq/Rehab	50,000	✓
							150,000	
2002	Creekview Housing	Vergennes	HVT/ACCAG	36	31	Acq/Rehab	80,000	✓
	Groton Redevelopment	Groton	HVT/GHT	18	18	Acq/Rehab	20,000	✓
	Vernon Senior Housing	Vernon	HVT/BACLT	24	17	New Const	50,000	✓
							150,000	
2003	Highgate Apartments	Barre	HVT/HHI	120	74	Rehab	50,000	✓
	Whetstone	Brattleboro	BACLT	20	17	Rehab	100,000	✓
							150,000	
2004	Highgate Apartments	Barre	HVT/HHI	120	74	Rehab	150,000	✓
							150,000	
2005	Butterfield Senior	West Dover	BACLT	26	22	New Const	150,000	✓
							150,000	
2006	Evergreen Place	Waitsfield	CVCLT	18	18	Rehab/New	106,000	✓
	Groton Redevelopment	Groton	HVT/GHT	18	18	Rehab	44,000	✓
							150,000	
FY 2007	Sadawga Springs Apts	Whitingham	BACLT	9	7	Acq/Rehab	47,000	✓
	Vernon Senior Housing	Vernon	BACLT/VS/HVT	24	17	New Const	29,000	✓
	Farrell St Senior Housing	So. Burlington	CSC	63	63	New Const	74,000	✓
	Enosburg Falls Housing	Enosburg Falls	HVT/LCHDC	28	25	New/Rehab	92,500	✓
	Conant Square	Brandon	RCCLT	19	19	Acq/Rehab	32,500	✓
	Rutland AFS	Rutland	RCCLT	13	13	Rehab/New	25,000	✓
							300,000	
FY 2008	Bradford Scattered Site	Bradford	CVCLT/HVT	32	27	Acq/Rehab	62,500	✓
	Enosburg Falls Housing	Enosburg Falls	HVT/LCHDC	28	25	New/Rehab	32,500	✓
	Stowe Family Housing	Stowe	LHP/HVT	28	22	New Const	55,000	✓
	West River Valley Assisted Living	Townshend	VC/HVT	28	15	New Const	60,000	✓
	Rutland AFS	Rutland	RCCLT	13	13	Rehab/New	31,000	✓
	Esteyville Housing	Brattleboro	BACLT	20	20	Rehab	53,500	✓
	Middlebury South Village (MF)	Middlebury	HVT/ACCAG/ACCT	30	25	New Const	50,000	✓
	Willard Mill	St Albans	HVT	27	24	Acq/Rehab	55,500	✓
							400,000	
FY 2009	NAMCO Block Allocated	Windsor	RACLT/HVT	43	37	Acq/Rehab	124,500	
	Essex Senior Housing	Essex Junction	CSC	48	48	New Const	31,875	✓
	Tontine Canal	Guilford, Brattleboro	BACLT	21	18	Acq/Rehab	37,450	✓
	West River Assisted Living	Townshend	VC/HVT	28	15	New Const	53,815	✓
	Wheeler Brook	Warren	CVCLT/HVT	18	16	New Const	84,660	✓
	Grange Hill	Woodstock	TPHT/HVT	26	22	New Const	67,700	✓
							400,000	
FY 2009	HOMEOWNERSHIP CREDIT							
	Sylvan Woods Condos	Stowe	LHP/HVT	2	2	New Const	50,000	✓
	River Station Condos	Montpelier	CVCLT/HVT	2	2	New Const	40,000	✓
	Green Woods Village	Shoreham	ACCT	2	2	New & Rehab	10,000	
							100,000	
FY 2010	Abbott Neighborhood Housing	Brattleboro	WHT	28	25	Acq/Rehab	83,000	
	Bellows Falls - Williams & South St	Bellows Falls	RACLT/HVT	17	17	Acq/Rehab	29,400	
	Brookside Village Housing	Colchester	CHT/HVT	42	36	New Constr	188,600	
	Rutland Scattered Sites 2008	Rutland	RCCLT	27	25	Acq/Rehab/Ne	87,000	
	Vergennes Senior Housing	Vergennes	ACCT/HVT	25	20	New Constr	12,000	
							400,000	
FY 2010	HOMEOWNERSHIP CREDIT							
	Proctorsville Condo 12	Proctorsville	RACLT	1	1	New Constr	12,500	✓
	Proctorsville Condo 16	Proctorsville	RACLT	1	1	New Constr	12,500	✓
	Proctorsville Condo 20	Proctorsville	RACLT	1	1	New Constr	12,500	✓
	Proctorsville Condo 24	Proctorsville	RACLT	1	1	New Constr	12,500	✓
	Butterfield Common Condo 20B	West Dover	WHT	1	1	New Constr	11,600	✓
	Butterfield Common Condo 18A	West Dover	WHT	1	1	New Constr	11,700	✓
	Butterfield Common Condo 20A	West Dover	WHT	1	1	New Constr	11,700	✓
	East Branch Farms	Manchester	Josh Wein	1	1	New Constr	15,000	
							100,000	
TOTALS				945				

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: PROPOSED ALLOCATIONS OF
VERMONT AFFORDABLE HOUSING TAX CREDITS
(FY2011 STATE RENTAL AND STATE HOMEOWNERSHIP CREDITS)**

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

WHEREAS, the Governor of the State of Vermont has approved the 2009-2010 Qualified Allocation Plan; and

WHEREAS, the Board of Commissioners has been presented with a memorandum from Cynthia Reid, Joshua Slade and Joe Erdelyi dated November 9, 2009, containing information, conditions and recommendations for the proposed allocations of FY2011 State Rental and State Homeownership Credits (the "Memorandum");

WHEREFORE, it is hereby RESOLVED:

1. The recommendations for the allocations of FY2011 State Rental and State Homeownership Credits, subject to State appropriation, contained in the Memorandum which is attached and incorporated by this reference are hereby approved;
2. The Executive Director and the appropriate staff are hereby authorized to take such actions as are described in the 2009-2010 Qualified Allocation Plan regarding the proposed allocations of FY2011 State Rental and State Homeownership Credits in the amounts below;
3. The findings set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings of the Board.

[Remainder of this page intentionally left blank.]

Project	City/Town	Sponsor(s)	# Units	State <u>Rental</u> Credits
Alburgh Family Housing	Alburgh	Champlain Housing Trust, Inc. Housing Vermont	13	\$52,000
Ellis Block	Springfield	Springfield Housing Authority Housing Vermont	9	\$50,000
Forest Park – Phase II	Rutland	Rutland Housing Authority Housing Vermont	45	\$50,000
Pine Manor Senior Housing	Alburgh	Champlain Housing Trust, Inc. Housing Vermont	16	\$20,000
Stanislaus Housing	West Rutland	Rockingham Area Community Land Trust, Inc.	21	\$59,000
Vergennes Senior Housing	Vergennes	Addison County Community Trust Housing Vermont	25	\$28,000
Windsor Village	Windsor	Rockingham Area Community Land Trust, Inc. Housing Vermont	77	\$30,000
FY2011 STATE RENTAL CREDITS AVAILABLE TO ALLOCATE				\$400,000
FY2011 STATE RENTAL CREDITS ALLOCATED BY THIS RESOLUTION				\$289,000


Project	City/Town	Sponsor(s)	# Units	State <u>Homeownership</u> Credits
Cascades Condominiums	Winooski	HKW Cascades LLC	8	\$40,000
River Station Condominiums	Montpelier	Central Vermont Community Land Trust, Inc. Housing Vermont	1	\$20,000
FY2011 STATE HOMEOWNERSHIP CREDITS AVAILABLE TO ALLOCATE				\$100,000
FY2011 STATE HOMEOWNERSHIP CREDITS ALLOCATED BY THIS RESOLUTION				\$60,000



Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Thomas R. Connors, Chief Financial Officer 

DATE: November 12, 2009 (for November 19, 2009 Board Meeting)

RE: New Issue Bond Program (NIBP) & Temporary Credit and Liquidity Program (TCLP)

On October 19, 2009, the Obama Administration announced new initiatives for State and Local Housing Finance Agencies pursuant to which the U.S. Treasury, through Fannie Mae and Freddie Mac, will purchase new housing finance agency ("HFA") single family and multifamily bonds and provide credit and liquidity facilities for outstanding variable rate bonds. You will receive, under separate cover, a copy of the presentation I will make at the Board Meeting next Thursday to explain the details of these initiatives (together, the "HFA Initiatives").

Attached to this memo are several Board Resolutions which, upon your approval, will allow the Agency to take full advantage of the HFA Initiatives. These are:

New Issue Bond Program (NIBP)

1. Resolution Authorizing and Approving the Execution and Delivery of a Trust Indenture, Providing for the Issuance of Special Obligation Mortgage Revenue Bonds (Mortgage Backed Securities Program)

Following this Resolution is a form of general Trust Indenture entitled, "Trust Indenture by and between Vermont Housing Finance Agency and [Trustee], as Trustee / Securing Mortgage Revenue Bonds (Mortgage Backed Securities Program)"

2. Resolution Authorizing and Approving the Execution and Delivery of a (General) Trust Indenture, Providing for the Issuance of HFA Initiative Multifamily Bonds

Following this Resolution is a form of general trust indenture entitled, "Trust Indenture by and between Vermont Housing Finance Agency and XXX Bank, National Association, as Trustee / Securing HFA Initiative Multifamily Bonds"

3. Resolution Authorizing the Issuance and Sale of a Maximum of \$100,000,000 of Bonds and Notes In One or More Series to Finance Mortgage Loans

Prior to passage of this Resolution, staff has outstanding authority to issue \$119,372,585 in bonds for its single family programs.



4. Resolution Authorizing the Issuance and Sale of a Maximum of \$25,000,000 of Bonds In One or More Series to Finance Multi-Family Projects

Prior to passage of this Resolution, staff has outstanding authority to issue \$20,201,000 in bonds for its multifamily programs.

Temporary Credit and Liquidity Program (TCLP)

5. Resolution Confirming the Authority of the Executive Director or Chief Financial Officer and Treasurer to Obtain Replacement Liquidity Agreements for the Agency's Variable Rate Demand Bonds Issued in Connection with its Single Family Program

VERMONT HOUSING FINANCE AGENCY

RESOLUTION AUTHORIZING AND APPROVING THE EXECUTION AND
DELIVERY OF A TRUST INDENTURE, PROVIDING FOR THE ISSUANCE
OF SPECIAL OBLIGATION MORTGAGE REVENUE BONDS (MORTGAGE
BACKED SECURITIES PROGRAM)

November 19, 2009

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized and empowered by the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (the "Act"), to make mortgage loans to finance, and to purchase from mortgage lenders mortgage loans with respect to, residential housing for persons of low and moderate income ("Single Family Mortgages"), to purchase securities comprised of such Single Family Mortgages ("Certificates"), and to issue bonds to finance the same, all to promote the expansion of the supply of funds available for mortgages for residential housing and to encourage an adequate supply of safe and decent housing at reasonable costs, and to otherwise carry out its powers as authorized by the Act; and

WHEREAS, the Agency has previously implemented a single-family loan program whereby it purchases Certificates comprised of the Single Family Mortgages and has funded such program through the issuance of its general obligation Multiple Purpose Program Bonds, and through the use of lines of credit and short-term bonds to provide interim financing for such program; and

WHEREAS, the Agency desires to complement and supplement its present bond-issuing programs, as well as provide an alternate source of funding for both existing and future programs and take full advantage of federal bond purchasing programs, by approving and adopting a Trust Indenture which provides for the issuance of special obligation Mortgage Revenue Bonds (Mortgage Backed Securities Program) of the Agency, which bonds can be issued to finance the purchase of Certificates and which bonds will be payable solely from and secured solely by a pledge of certain revenues, Certificates and funds and accounts established and held under such Trust Indenture; and

WHEREAS, a form of general Trust Indenture (the "Indenture") providing for the issuance of such special obligation Mortgage Revenue Bonds (Mortgage Backed Securities Program) has herewith been presented to the Board;

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

Section 1. The Agency does hereby find and determine, 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, it is reasonable and necessary that the Agency provide for the issuance of its special obligation Mortgage Revenue Bonds (Mortgage Backed Securities Program), with or without the pledge of additional security, to provide a complementary and supplemental source of funds for its programs and thereby promote an adequate supply of safe and decent housing in the State at reasonable costs.

Section 2. The Agency hereby approves the Indenture, to be entered into between the Agency and a commercial bank designated by the Executive Director, as trustee, in substantially the form presented at this meeting with such amendments, deletions and additions as the authorized Agency signatory officer, in the exercise of such officer's independent judgment and discretion, determines to be necessary or appropriate, and the Chair, Vice Chair, Executive Director, Chief of Program Operations, or Treasurer and Chief Financial Officer are each hereby authorized to execute and deliver the same, to be attested by any other such officer or the Secretary or any Assistant Secretary, all as such Agency signatory officer shall determine necessary or desirable in order to effectuate the purposes of this Resolution.

Section 3. Bonds may be issued under the Indenture only to the extent authorized by separate resolution adopted by the Commissioners of the Agency.

Section 4. This Resolution shall take effect immediately.

TRUST INDENTURE

by and between

VERMONT HOUSING FINANCE AGENCY

and

[_____] ,
as Trustee

Securing
Mortgage Revenue Bonds
(Mortgage Backed Securities Program)

Dated as of December 1, 2009

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TRUST INDENTURE

THIS TRUST INDENTURE, dated as of December 1, 2009 (this "Indenture"), is by and between **VERMONT HOUSING FINANCE AGENCY**, a body politic and corporate organized and existing under the Vermont Housing Finance Agency Act, as amended (the "Agency"), and [____], a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, pursuant to the Constitution and the laws of the State of Vermont, particularly the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (the "Act"), the Agency is authorized to carry out the public purposes described in the Act by issuing its special obligation bonds and by entering into any agreements made in connection therewith; and

WHEREAS, to provide a source of funds for its programs authorized by the Act, the Agency has determined to authorize the issuance of its special obligation Mortgage Revenue Bonds (Mortgage Backed Securities Program) (the "Bonds") pursuant to this Indenture and one or more supplemental indentures ("Supplemental Indentures") and to enter into this Indenture to secure the Bonds as hereafter described; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as provided in this Indenture and the related Supplemental Indentures, the valid, binding and legal obligations of the Agency according to the import thereof, and to constitute this Indenture a valid assignment and pledge of the amounts pledged to the payment of principal of and interest on the Bonds and other obligations secured hereunder, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof and of the related Supplemental Indentures, have in all respects been duly authorized; and

WHEREAS, the Trustee has accepted the trusts created by this Indenture and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS TRUST INDENTURE WITNESSETH:

GRANTING CLAUSES

The Agency, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds to be issued hereunder from time to time by the holders thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, interest and redemption premium, if any, on the Bonds and other obligations secured hereunder according to their tenor and effect and to secure the performance and observance by the Agency of all the covenants expressed or implied herein and in the Bonds and other obligations secured hereunder, does hereby, on the terms herein provided and subject to the provisions hereof permitting the application of amounts held hereunder and the exercise of rights in connection

with the following properties, pledge and assign all right, title and interest of the Agency in and to the following unto the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the Agency hereinafter set forth and for the equal and proportionate benefit and security, from time to time, of the owners of the Bonds or any other creditors secured hereunder, without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one Bond over any other Bond or any other creditor secured hereunder, by reason of priority in the issue, sale or negotiation thereof or otherwise, all in accordance with the terms hereof:

(a) Revenues, (b) Federal Agency Obligations deposited in the Indenture, (c) Additional Security, if any, and (d) all moneys and securities held in funds and accounts of this Indenture, including Bond proceeds (other than proceeds deposited in trust for the retirement of any outstanding Bonds or other indebtedness of the Agency), and other assets from time to time held by the Trustee under and subject to the terms of this Indenture or any Supplemental Indenture (other than amounts held in the Rebate Fund, if any);

TO HAVE AND TO HOLD all and singular the trust estate (the "Trust Estate"), whether now owned or hereafter acquired, unto the Trustee and its respective successors in trust and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit and security of all present and future owners of all Bonds without preference of any Bond over any other Bond or any other creditor secured hereunder, except as otherwise herein provided, and for enforcement of the payment of the Bonds or any other creditors secured hereunder in accordance with their terms, and all other sums payable hereunder or on the Bonds and for the performance of and compliance with the obligations, covenants and conditions of this Indenture, as if all the Bonds at any time outstanding had been authenticated, executed and delivered simultaneously with the execution and delivery of this Indenture, all as herein set forth;

PROVIDED, HOWEVER, that if the Agency, its successors or assigns shall well and truly pay, or cause to be paid, the principal of, premium, if any, and interest on the Bonds or any other obligations due or to become due thereon, at the times and in the manner mentioned in the Bonds or such obligations according to the true intent and meaning thereof, and shall cause the payments to be made as required under Article VII hereof, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture and each and every Supplemental Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due in accordance with the terms and provisions hereof and each and every Supplemental Indenture, then upon such final payments this Indenture and each and every Supplemental Indenture and the rights hereby and thereby granted shall cease, terminate and be void; otherwise this Indenture and each and every Supplemental Indenture to be and remain in full force and effect;

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds or other obligations issued and secured hereunder and under each and every Supplemental Indenture are to be issued, authenticated and delivered, and all said property, rights and interests, including, without limitation, the amounts hereby assigned and pledged, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter and in the related Supplemental Indenture expressed, and the Agency has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective owners from time to time, or at any time, of the Bonds, or any part thereof, as follows (subject, however, to the provisions of Section 1.02 hereof):

ARTICLE I

DETERMINATIONS AND DEFINITIONS

Section 1.01. Authority and Purpose. This Indenture is entered into under authority and in accordance with the provisions of the Act, for the purpose of effectuating the public purposes as set forth in the Act; and for the purpose of establishing covenants, agreements and procedures to assure that amounts will be sufficient for the repayment of money borrowed for this purpose, and that any amounts pledged hereunder exceeding the amounts needed for this purpose will be applied in accordance with law for other purposes authorized by the Act.

Section 1.02. Contract With Trustee and Bondholders. As provided in the Act and in consideration of the acceptance by the Trustee of the trusts herein created and of the purchase and acceptance of Bonds issued hereunder by any who shall from time to time be holders thereof and of any other obligations of the Agency secured hereunder:

(a) the provisions of this Indenture shall be a contract of the Agency with the holders of the Bonds and any other obligations secured hereunder;

(b) the Agency pledges to the Trustee for the payment of the principal of, premium, if any, and interest on the Bonds, and the Sinking Fund Installments for the retirement thereof, if any, and any other obligations secured hereunder, at the times and in the manner provided in this Indenture and any Supplemental Indenture, and grants a security interest in, all money, Permitted Investments and other assets and income held in and receivable by the Funds and Accounts (except the Rebate Fund, if any) established by or pursuant to this Indenture and any Supplemental Indenture, subject to the right of the Agency to direct withdrawals of amounts from said Funds and Accounts upon the conditions set forth in this Indenture, which pledge constitutes a first lien on such pledged moneys and revenues;

(c) the pledge made and security interests granted herein and the covenants and agreements herein set forth shall be for the equal benefit, protection and security of holders of any and all such Bonds, and Providers of Qualified Hedge Agreements if so provided in a Supplemental Indenture, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any Bond over any other Bond, and any other obligations secured hereunder, except as expressly provided or permitted herein;

(d) this pledge is valid and binding from the time when made, and the property so pledged and hereafter received by the Agency shall immediately be subject to the lien thereof without any physical delivery or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Agency, whether or not such parties have notice thereof, and neither this Indenture nor any other instrument by which such pledge is created need be recorded;

(e) the Bonds and obligations pursuant to Qualified Hedge Agreements are special obligations of the Agency, payable solely from and secured solely by a pledge of (a) Revenues, (b) Federal Agency Obligations deposited in the Indenture, (c) Additional Security, if any, and (d) all funds and accounts established under the Indenture, other than the Rebate Fund established for any Series of Bonds. The Bonds and obligations pursuant to Qualified Hedge Agreements will not constitute a debt of the State or any political subdivision thereof, and neither the State nor any of its political subdivisions are liable thereon. The Bonds and obligations pursuant to Qualified Hedge Agreements will not constitute a debt or liability or obligation or a pledge of the faith and credit of the State but will be payable solely from certain Revenues, Federal Agency Obligations deposited in the Indenture, and funds and accounts established under the Indenture. The State is not liable on the Bonds and obligations pursuant to Qualified Hedge Agreements and the Bonds and obligations pursuant to Qualified Hedge Agreements are not a debt of the State and neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of or the interest on the Bonds and obligations pursuant to Qualified Hedge Agreements; and

(f) the State has agreed that it will not limit or restrict the rights vested in the Agency to perform its obligations and to fulfill the terms of any agreement made with the Holders of the Bonds or Providers, or in any way impair the rights and remedies of the Bondholders or Providers, until the Bonds and Providers of Qualified Hedge Agreements if so provided in a Supplemental Indenture, together with the interest thereon and interest on any unpaid installments of interest, are fully met, paid and discharged.

Section 1.03. Definitions. In this Indenture, unless a different meaning clearly appears from the context, the following terms have the following respective meanings:

“Accountant” means the accountant or firm of accountants who regularly audit the books and accounts of the Agency.

“Accountant’s Certificate” means an opinion or report signed by any Accountant.

“Accounts” means the Accounts established pursuant to this Indenture or any Supplemental Indenture.

“Act” means the Vermont Housing Finance Agency Act, No. 260 of Vermont Acts of 1973, Adjourned Session, as amended from time to time.

“Additional Security” shall have the meaning given such term in any Supplemental Indenture.

"Agency" means the Vermont Housing Finance Agency and any successor thereto.

"Amortized Value" means, for securities purchased at a premium above or a discount below par, the value as of any given date obtained by amortizing the premium or discount over the period from the date of such purchase to the date of calculation at the original yield to maturity.

"Appreciated Amount" means with respect to a Deferred Interest Bond, (a) as of any date of computation with respect to any Deferred Interest Bond up to the date, *if any*, set forth in the Supplemental Indenture authorizing such Deferred Interest Bond as the date on which such Deferred Interest Bond shall commence to bear interest payable thereafter on applicable Interest Payment Dates, an amount equal to the initial principal amount of such Deferred Interest Bond plus the interest accrued on such Deferred Interest Bond from the date of original issuance of such Deferred Interest Bond to the applicable Interest Payment Date next preceding the date of computation or the date of computation if an applicable Interest Payment Date, such increased amount to accrue at the rate per annum set forth in the Supplemental Indenture authorizing such Deferred Interest Bonds, compounded on each applicable Interest Payment Date, plus, if such date of computation shall not be an applicable Interest Payment Date, a portion of the difference between the Appreciated Amount as of the immediately preceding applicable Interest Payment Date (or the date of original issuance if the date of computation is prior to the first applicable Interest Payment Date succeeding the date of original issuance) and the Appreciated Amount as of the immediately succeeding applicable Interest Payment Date, calculated based upon an assumption that the Appreciated Amount accrues in equal daily amounts on the basis set forth in the Supplemental Indenture authorizing such Deferred Interest Bonds; and (b) as of any date of computation on and after the date, *if any*, set forth in the Supplemental Indenture authorizing such Deferred Interest Bond as the date on which such Deferred Interest Bond shall commence to bear interest payable thereafter on applicable Interest Payment Dates, the Appreciated Amount as of such current interest payment commencement date.

For the purposes of (a) actions, requests, notifications, consents or directions of Bondowners under this Indenture, (b) required payment upon default or anticipated default pursuant to acceleration of maturity or otherwise as described in Article VIII hereof, the calculation of the Appreciated Amount shall be as of the applicable Interest Payment Dates for such Deferred Interest Bond, as specified in a Supplemental Indenture, preceding such date of calculation (unless such date of calculation shall be an Interest Payment Date, in which case, as of the date of calculation).

"Authorized Officer" means the Chair, Vice Chair, Executive Director and Secretary, Chief Financial Officer and Treasurer, and Chief of Program Operations of the Agency or any other person authorized by resolution of the Agency to perform an act or sign a document.

"Bond" or *"Bonds"* means any Bond or Bonds authorized and issued pursuant to this Indenture and a Supplemental Indenture.

"Bondholder" or *"holder of Bonds"* or *"owner of Bonds"* means the registered owner of any Bond.

"Bond Year" means a 12-month period (or shorter initial or ending year period) commencing on July 1 in each year that Bonds are Outstanding and ending on June 30 of the succeeding year.

"Book Entry System" means such system for registering the Bonds of one or more Series set forth in a Supplemental Indenture.

"Business Day" means any day other than a Saturday, Sunday, a day on which the offices of the Agency are closed, or any other day on which the New York Stock Exchange or banks are authorized or obligated by law or executive order to close in New York, New York or in any city in which is located the corporate trust operations office of the Trustee or such other date as set forth in a Supplemental Indenture.

"Cash Equivalent" means a letter of credit, insurance policy, surety, guarantee or other security arrangement (as defined and provided for in a Supplemental Indenture), which Cash Equivalent shall have such terms necessary to maintain the unenhanced Rating of the Bonds.

"Cash Flow Certificate" means a certificate from a Designated Officer to the effect that the action proposed to be taken is consistent with the assumptions set forth in the last Cash Flow Analysis filed with the Trustee.

"Certificate," "Statement," "Request," "Requisition" and "Order" mean, respectively, a written certificate, statement, request, requisition or order executed as follows: (a) if by the Agency, any person as may be designated and authorized to sign for the Agency and (b) if by a Lender or a Servicer, by such person as may be designated and authorized to sign for such Lender or Servicer, as applicable. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"Code" means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder; each reference to a Section of the Code herein shall be deemed to include the United States Treasury regulations proposed or in effect thereunder and applied to the Bonds or the use of the proceeds thereof, and also includes all amendments and successor provisions unless the context requires otherwise.

"Conventional Mortgage Loan" means a Mortgage Loan, other than an FHA-Insured Mortgage Loan or a VA Mortgage Loan, which meets the requirements of the Operating Agreements and Fannie Mae or Freddie Mac, as applicable.

"Costs of Issuance" means the Agency's administrative fee, if any, and all items of expense directly or indirectly payable by or reimbursable to the Agency and related to the authorization, issuance, sale, delivery and/or remarketing of a Series of Bonds.

"Cost of Issuance Fund" means the fund established by Section 5.01 hereof.

"Counsel" means any attorney or firm of attorneys (who may be employed by or of counsel to the Agency or an attorney or firm of attorneys retained by it in other connections)

licensed to practice in the state in which he/she or it maintains an office (and if the opinion is with respect to an interpretation of federal tax laws or regulations or with respect to the issuance of an additional Series of Bonds or interpretation or application of this Indenture, is also a nationally recognized attorney or firm of attorneys experienced in such matters), selected or employed by the Agency.

"Counsel's Opinion" means an opinion signed by any Counsel.

"Current Interest-Bearing Bonds" means Bonds as to which interest is payable on each Interest Payment Date.

"Date of Original Issuance" means, with respect to a particular Series of Bonds, the date on which the Agency initially issues such Series of Bonds.

"Debt Service Fund" means the Fund so designated which is established by Section 5.01 hereof.

"Deferred Interest Bonds" means the Bonds so designated in a Supplemental Indenture but shall not include any such Bond from and after the date, if any, on which such Bond will bear interest that is payable to the holder of such Bond prior to its scheduled maturity.

"Depository" means any bank or trust company or national banking association selected by the Agency as a depository of moneys or securities held under the provisions of this Indenture and may include the Trustee and any Paying Agent.

"Delivery Period" means the period specified in a Supplemental Indenture during which the Trustee shall purchase Federal Agency Certificates from the Servicer.

"Escrow Payment" shall have the meaning set forth in any Supplemental Indenture.

"Event of Default" means the occurrence of any event specified in Section 8.01 hereof.

"Excess Earnings" means excess investment earnings, net of any credits or offsets thereto, which must be rebated to the United States of America pursuant to Section 143(g) of the Code.

"Executive Director" means the Executive Director of the Agency appointed pursuant to the Act, or his or her designee.

"Executive Director's Determination" means a Certificate signed by the Executive Director, delivered to the Trustee and each Rating Agency, reflecting modifications to this Indenture with respect to one or more Series of Bonds, as permitted or required by the express terms of this Indenture or the Supplemental Indenture related to such Series.

"Fannie Mae" means Fannie Mae, a government sponsored enterprise organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. Section 1716 et seq.), and any successor thereto.

"Fannie Mae Certificate" means a single pool, guaranteed mortgage, pass-through certificate, bearing interest at the Pass-Through Rate, issued by Fannie Mae, guaranteed as to timely payment of interest and principal by Fannie Mae and backed by Conventional Mortgage Loans, which will mature not later than the date set forth in the applicable Supplemental Indenture.

"Fannie Mae Certificate Purchase Price" means the percentage of the principal balance of the applicable pool of Mortgage Loans on record at Fannie Mae on the first day of the month of purchase as set forth in the applicable Supplemental Indenture.

"FDIC" means the Federal Deposit Insurance Corporation or any successor thereto.

"Federal Agency Certificates" or *"Certificates"* means, collectively, the GNMA Certificates, the Fannie Mae Certificates and the Freddie Mac Certificates.

"Federal Agency Obligations" means bonds, debentures or other obligations issued by Fannie Mae, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit Bank, any Federal Home Loan Bank, the Student Loan Marketing Association (more commonly known as Sallie Mae), the Resolution Funding Corporation, the Tennessee Valley Authority, any Federal Loan Bank or GNMA and any other obligations of any agency controlled or supervised by and acting as an instrumentality of the United States Government pursuant to authority granted by the Congress of the United States.

"Federal Obligations" means direct obligations of the United States or other obligations the timely payment of principal and interest of which is fully and unconditionally guaranteed by the United States.

"FHA" means the Federal Housing Administration of the United States Department of Housing and Urban Development, or any successor to its functions.

"FHA-Insured Mortgage Loan" means a Home Mortgage Loan insured by FHA in accordance with the provisions of the Operating Agreements.

"Fiduciary" means the Trustee and any Paying Agent.

"Fiscal Year" means the period of 12 calendar months commencing on July 1 in any calendar year and ending on June 30 in the following year.

"Freddie Mac" means the Federal Home Loan Mortgage Corporation or any successor thereto.

"Freddie Mac Certificate" means a mortgage participation certificate issued by Freddie Mac and representing an undivided interest in a pool of Conventional Mortgage Loans identified by a particular alphanumeric number and CUSIP number, guaranteed as to timely payment of principal and interest by Freddie Mac and bearing interest at the Pass-Through Rate, which will mature not later than the date set forth in the applicable Supplemental Indenture.

"Freddie Mac Certificate Purchase Price" means the percentage of the principal balance of the applicable pool of Mortgage Loans on record at Freddie Mac on the first day of the month of purchase as set forth in the applicable Supplemental Indenture.

"GNMA" means the Government National Mortgage Association, a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development or any successor to its functions. Its powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C. 1716 et seq.) and any successor to its functions.

"GNMA Certificate" means a fully modified, mortgage-backed security (which may be issued under either the GNMA I Program or the GNMA II Program) bearing interest at the Pass-Through Rate, issued by a Servicer, registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by GNMA pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and the regulations promulgated thereunder backed by FHA-Insured Mortgage Loans or VA Guaranteed Mortgage Loans made by a Lender and purchased by a Servicer, which will mature not later than the date set forth in the applicable Supplemental Indenture.

"GNMA Certificate Purchase Price" means the percentage of the principal balance of the applicable pool of Mortgage Loans on record at GNMA on the first day of the month of purchase, as set forth in the applicable Supplemental Indenture.

"GNMA Guaranty Agreement" means the one or more guaranty agreements in the form set forth in the GNMA Guide between each Servicer and GNMA now or hereafter in effect pursuant to which GNMA has agreed or will agree to guarantee GNMA Certificates backed by Mortgage Loans.

"GNMA Guide" means the GNMA Mortgage-Backed Securities Guide Section 5500.3, as amended from time to time.

"Hedge Agreement" means a payment exchange agreement, swap agreement, forward purchase agreement or any other hedge agreement entered into by the Agency providing for payments between the parties based on levels of, or changes in, interest rates or other indices or contracts to exchange cash flows or a series of payments or contracts, including, without limitation, interest rate floors, or caps, options, puts or calls, which allows the Agency to manage or hedge payment, rate, spread or similar risk with respect to all or a portion of any Series of Bonds or any assets pledged under this Indenture.

"Home" means real property and improvements thereon consisting of a single dwelling unit and which is owned by a Mortgagor who occupies or intends to occupy such unit, including a condominium unit, mobile home, or, to the extent authorized by the Agency, any dwelling structure consisting of two-, three- or four-family dwelling units, one unit of which (unless such Homes are financed exclusively with the proceeds of Taxable Bonds) is occupied by the owner of the units, and which units were first occupied as homes at least five years before the Home Mortgage Loan with respect to the owner-occupied unit is executed.

"HUD" means the Department of Housing and Urban Development and any successor thereto and shall include FHA, as dictated by context.

"Indenture" means this Trust Indenture dated as of December 1, 2009 between the Agency and the Trustee, as amended and supplemented from time to time in accordance with its terms.

"Interest" or *"interest"* means, with respect to any Bonds, the amount of interest specified with respect thereto by the Supplemental Indenture authorizing the issuance thereof, and, in reference to debt service on the Bonds, shall include regular payments (but not termination payments or other fees or expenses) required of the Agency for any related Qualified Hedge Agreement to the extent so specified in the Supplemental Indenture authorizing the same.

"Interest Account" means the interest account within the Debt Service Fund established by Section 5.01 hereof.

"Interest Payment Date" means any date upon which interest on Bonds is payable in accordance with their terms and the terms of this Indenture or any Supplemental Indenture.

"Interest Period" means the period or periods specified in a Supplemental Indenture.

"Investment Securities" means, to the extent permitted by law, any of the following: (a) direct obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States, which obligations include, but are not limited to, the following: (i) United States Treasury obligations which are direct or fully guaranteed obligations of the United States of America and (ii) senior obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by either GNMA or the United States Export-Import Bank; (b) FHA debentures; (c) Farm Credit System Financial Assistance Corporation senior debt obligations; (d) federal funds, certificates of deposit, time deposits and bankers' acceptances (having maturities of not more than 365 days) of any bank, including any subsidiaries or affiliates of the Trustee, the debt obligations of which (or, in the case of the principal bank in a bank holding company, debt obligations of the bank holding company) have been rated in the highest rating category (for the maturity thereof) of the Rating Agency; (e) units in a taxable government money market mutual fund rated in the highest rating category by the Rating Agency composed solely of obligations described in (a) through (c) above, including money market funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services; (f) any investment agreement, provided that any such investment agreement shall not adversely affect the current rating on the Bonds by the Rating Agency; and (g) any other investment that will not adversely affect the rating on the Bonds by the Rating Agency.

"Lender" means a lending institution executing the Operating Agreement and meeting the criteria established by the Program.

"Mortgage" means a deed of trust, mortgage or other similar instrument or instruments creating a lien on real property and the improvements thereon securing a Mortgage Loan.

"Mortgage Loan" or *"Home Mortgage Loan"* means a loan made by a Lender on behalf of the Agency with respect to a Home pursuant to and in accordance with the Act, the applicable Operating Agreement, this Indenture and the Program, evidenced by a Note and secured by a Mortgage, which, together with the applicable Mortgagor and Home, meets the applicable requirements of the Act, such Operating Agreement, this Indenture and the Program.

"Mortgagor" means the maker of, and any other party obligated on, a Note in connection with the acquisition of a Home through the borrowing of money pursuant to a Mortgage Loan and includes, where appropriate, a subsequent owner of such Home who purchases such Home subject to the related Mortgage or who assumes such Note, and who, in each case, meets the applicable requirements of the Act, the Operating Agreements, this Indenture and the Program.

"Note" means the promissory note or other document or documents evidencing the obligation of a Mortgagor to repay a Mortgage Loan.

"Notice Address" means the address designated in writing by the Agency, the Trustee or any Rating Agency to the other party to which subsequent notices, certificates or other communications hereunder shall be sent.

"Operating Agreements" means the Master Operating Agreements, in each case by and between the Agency and a Lender, and all amendments or supplements thereto.

"Original Principal Amount" means the aggregate original amount at which each maturity of the Deferred Interest Bonds of any Series shall initially be offered to the public, as set forth in the Supplemental Indenture.

"Outstanding" or *"Bonds Outstanding"* means all Bonds which have been authenticated and delivered by the Trustee under this Indenture, except:

(a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds for the payment or redemption of which cash funds or Federal Obligations or any combination thereof shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(c) Bonds in lieu of which other Bonds have been executed and delivered under Section 3.09 hereof; and

(d) Bonds otherwise specified in a Supplemental Indenture.

"Parity Certificate" means a certificate of the Agency giving effect to any action contemplated to be taken in connection with the filing thereof, showing that (a) the sum of (i) the moneys, Investment Securities and cash then credited to the Program Fund, the Revenue Fund,

and the Debt Service Fund and any accrued interest on any of the foregoing, (ii) the unpaid principal amount of all Federal Agency Certificates credited to the Program Fund and any accrued interest thereon and (iii) such additional Series Revenues, if any, as may be specified by a Supplemental Indenture exceeds (b) an amount equal to 102% (or such higher percentage as may be specified in a Supplemental Indenture) of the Principal Amount of Outstanding Bonds of all Series plus accrued interest to the date of calculation.

"Pass-Through Rate" means the rate of interest on a Certificate equal to the rate set forth in the applicable Supplemental Indenture.

"Paying Agent" means any bank or trust company designated pursuant to this Indenture to serve as a paying agency or place of payment for a Series of Bonds, and any successors designated pursuant to this Indenture or a Supplemental Indenture.

"Permitted Investments" means any of the following which at the time are legal investments under the law of the State for funds held under the Indenture which are then proposed to be invested hereunder: (a) Federal Obligations; (b) obligations of any state of the United States of America or any political subdivision of such a state (such obligations of which are rated in the highest long-term rating category by each Rating Agency); (c) Federal Agency Obligations; (d) repurchase agreements collateralized by securities described in (a), (b) or (c) above with any institution that will not adversely affect the Rating of the Bonds at the time of purchase; (e) investment agreements, secured or unsecured as required by the Agency, with any institution that will not adversely affect the Rating of the Bonds at the time of execution; (f) any of the following obligations that would not adversely affect the Rating of the Bonds at the time of purchase: (i) time deposits, certificates of deposit or any other deposit with federally or state-chartered banks (including the Trustee and its affiliates), the deposits of which are fully insured by the FDIC, (ii) commercial paper, (iii) shares of a money market mutual fund or other collective investment fund registered under the Investment Company Act of 1940, as amended, whose shares are registered under the Securities Act of 1933, as amended, having assets of at least \$100 million, and (iv) any other investment with a financial institution; provided that, for the purposes of (d), (e) or (f) above, unless otherwise notified by a Rating Agency, if the general unsecured obligation of an institution is rated by such Rating Agency at a level which is not lower than one rating below the unenhanced Rating on the Bonds, any agreement constituting a general unsecured obligation of such an institution shall not be treated as adversely affecting the Rating of the Bonds; and further provided that it is expressly understood that the definition of Permitted Investments shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to the Indenture, thus permitting investments with different characteristics from those permitted which the Executive Director deems from time to time to be in the interest of the Agency to include as Permitted Investments, as reflected in an Executive Director's Determination, or in a Supplemental Indenture if at the time of inclusion such inclusion will not, in and of itself, adversely affect the then current Rating on the Bonds.

"Prepayment Account" means the account established by Section 5.01 hereof.

"Prepayments" means any moneys received or recovered by the Agency or the Trustee from any unscheduled payment of or with respect to principal on any Certificate prior to the scheduled payments of principal called for by such Federal Agency Certificates, whether (a) by

voluntary prepayment made by the Mortgagor, (b) as a consequence of the damage, destruction or condemnation of the Home or any part thereof or (c) in the event of a default thereon by the Mortgagor.

"Principal" or *"principal"* means (a) unless otherwise provided herein or in a Supplemental Indenture, as such term references the principal amount of a Deferred Interest Bond or Deferred Interest Bonds, the Appreciated Amount thereof, and (b) as such term references the principal amount of any other Bond or Bonds, the principal amount at maturity of such Bond or Bonds.

"Program" means the program of financing Mortgage Loans pursuant to the Act, this Indenture, the Operating Agreements and the Servicing Agreement.

"Program Expense Fund" means the fund of such name established by Section 5.01 hereof.

"Program Expenses" means any fee, premium or other item of expense directly or indirectly payable by or reimbursable to the Agency and related to (a) the compensation and expenses of the Trustee and any other paying agents, (b) the servicing of loans (singular or pooled) financed by or pledged to secure Bonds (whether by the Agency or mortgage lenders or others), (c) the maintenance in full force and effect of any additional security for the Bonds, (d) any policy or policies of insurance on or relating to loans maintained by the Agency pursuant to any supplemental indenture (e) any fees or termination payments which (i) are not equivalent to regular Bond debt service payments and (ii) are due and payable to any Provider pursuant to a Qualified Hedge Agreement and (f) reasonable costs and expenses incurred by the Agency in connection with the administration of the Agency's programs pursuant to which the Federal Agency Obligations are financed or its ownership, preservation, rehabilitation or disposition of property acquired by the Agency through the protection or enforcement of its rights conferred by law under the applicable loan.

"Program Fund" means the Fund so designated which is established by Section 5.01 hereof.

"Provider" means any person or entity providing a Hedge Agreement pursuant to an agreement with or upon the request of the Agency.

"Purchase Date" means the first Business Day of each month and any other day acceptable to the Trustee and the Servicer and on which the Servicer delivers Federal Agency Certificates to the Trustee for purchase, with moneys on deposit in the Program Fund, as provided in the applicable Supplemental Indenture.

"Qualified Hedge Agreement" means a Hedge Agreement which meets the tests of Section 1.04(a).

"Qualified Institution" means (a) a bank, a trust company, a national banking association, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America,

a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America, a corporation, a trust, a partnership, an unincorporated organization, or a government or an agency, instrumentality, program, account, fund, political subdivision or corporation thereof, in each case the unsecured or uncollateralized long-term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such organization, at the time a Qualified Hedge Agreement is entered into by the Agency are either (i) rated at least as high as the Bonds by each Rating Agency which rates such obligations or (ii) such that entering into a Qualified Hedge Agreement with such entity will not adversely affect the then current unenhanced Ratings, if any, assigned to the Bonds by each Rating Agency or (b) GNMA or any successor thereto, Fannie Mae or any successor thereto, or any other federal agency or instrumentality the obligations of which are backed by the full faith and credit of the United States of America.

"Rating" means, with respect to any Series of Bonds, the then-current rating or ratings assigned by each Rating Agency pursuant to the request of the Agency without regard to the benefit of any bond insurance or other credit enhancement relating to any Bond.

"Rating Agency" means a nationally recognized organization that has an outstanding rating on the Bonds pursuant to the request of the Agency.

"Rebate Fund" means the Fund so designated which is established, if so elected by the Agency, pursuant to Section 5.01 hereof.

"Record Date" means any Regular Record Date, Special Record Date or Redemption Record Date.

"Redemption Account" means the redemption account of the Debt Service Fund established by Section 5.01 hereof.

"Redemption Record Date" means the date or dates set forth in the Supplemental Indenture authorizing the particular Series of Bonds.

"Refunding Issue" means any Bonds delivered pursuant to Section 2.03 hereof.

"Regular Record Date" means the date or dates set forth in the Supplemental Indenture authorizing the particular Series of Bonds.

"Reserve Fund" means the Fund so designated which is established by Section 5.01 hereof.

"Reserve Requirement" means, as of any particular date of calculation, the aggregate of the amounts specified, if any, as the Reserve Requirement in the Supplemental Indentures authorizing the outstanding Series of Bonds.

"Revenue Fund" means the Fund so designated which is established by Section 5.01 hereof.

"Revenues" means (i) all amounts received as repayment of principal, interest and all other charges received for, and all other income and receipts derived by the Agency from deposited Federal Agency Obligations or any way in connection therewith, (ii) moneys deposited in a sinking, redemption or reserve fund or other Fund or Account to secure Bonds or to provide for the payment of the principal of, premium or interest on Bonds and (iii) to the extent hereinafter provided, interest earnings or income received on moneys so deposited in any Fund or Account pursuant to this Indenture (other than the Rebate Fund established for any Series of Bonds) and all other payments and receipts received with respect to Federal Agency Obligations, including the proceeds of insurance claims (but excluding Servicing Fees and Escrow Payments).

"Serial Bonds" means the Bonds which are so designated as Serial Bonds in a Supplemental Indenture.

"Series" means, unless otherwise specified in a Supplemental Indenture, all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction pursuant to a Supplemental Indenture, and any Bonds thereafter delivered in lieu of or in substitution for such Bonds pursuant to Article III, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

"Servicer" means one or more servicers which have entered into Servicing Agreements with the Agency, or their successors and assigns or any substitute entity therefor, as identified in a Supplemental Indenture.

"Servicing Agreement" means an agreement between the Agency and a Servicer, as identified in a Supplemental Indenture.

"Servicing Fees" means (a) any fees paid to or retained by a Servicer servicing Mortgage Loans pursuant to a Servicing Agreement and (b) any fees retained by the Agency with respect to Mortgage Loans owned and serviced by the Agency.

"Sinking Fund Installment" means any amount of money required by or pursuant to this Indenture or a Supplemental Indenture to be paid on a specified date toward the retirement of any particular Term Bonds of a Series before maturity.

"Special Program Fund" means the Fund so designated which is established, if so elected by the Agency, pursuant to Section 5.01 hereof.

"Special Record Date" means the date described in Section 3.01 hereof.

"State" means the State of Vermont.

"Supplemental Indenture" means an indenture supplemental to or amendatory of this Indenture, adopted by the Agency in accordance with Article IX.

"Targeted Area" means any of those census tracts and other areas in the State as identified by the Agency.

"Targeted Area Mortgage Loan" means a Mortgage Loan which was originated to finance the acquisition or construction of a Home located within a Targeted Area.

"Term Bonds" means that portion of a Series of Bonds so designated in a Supplemental Indenture as Term Bonds.

"Trustee" means [____], a national banking association, its successor or successors and any other corporation or association which may at any time be substituted in its place pursuant to this Indenture.

"USDA/RD" or *"RD"* means the United States Department of Agriculture: Rural Development (formerly known as Farmers Home Loan Administration), or any successor thereto.

"VA" means the Veterans Administration, an agency of the United States, or any successors to its functions.

"VA Mortgage Loan" means a Home Mortgage Loan guaranteed by VA in accordance with the provisions of the Operating Agreements.

Section 1.04. Hedging Transaction.

(a) A Hedge Agreement is a Qualified Hedge Agreement if, at the time of execution of such Hedge Agreement, (i) the Provider of the Hedge Agreement is a Qualified Institution or the Provider's obligations under the Hedge Agreement are unconditionally guaranteed by a Qualified Institution and (ii) the Agency designates it as such by a certificate of an Authorized Officer.

(b) If the Agency shall enter into any Qualified Hedge Agreement with respect to any Bonds and the Agency has made a determination that the Qualified Hedge Agreement was entered into for the purpose of hedging or managing the interest due with respect to specified Bonds, then during the term of the Qualified Hedge Agreement and so long as the Provider of the Qualified Hedge Agreement is not in default:

(i) so long as the Provider of the Qualified Hedge Agreement is not in default, for purposes of any calculation of debt service, the interest rate on the Bonds with respect to which the Qualified Hedge Agreement applies shall be determined as if such Bonds had interest payments equal to the interest payable on those Bonds less any payments reasonably expected to be made to the Agency by the Provider and plus any payments reasonably expected to be made by the Agency to the Provider in accordance with the terms of the Qualified Hedge Agreement (other than fees, expenses or termination payments payable to such Provider for providing the Qualified Hedge Agreement);

(ii) any such payments (other than fees and termination payments) required to be made by the Agency to the Provider pursuant to such Qualified Hedge Agreement shall be made from amounts on deposit in the Debt Service

Fund pursuant to Section 5.05(a) or (b), unless otherwise specified by the Agency to be paid from other moneys; and

(iii) any such payments received by or for the account of the Agency from the Provider pursuant to such Qualified Hedge Agreement shall constitute Revenues and be deposited in the Revenue Fund.

Section 1.05. Interpretation. The following principles govern the interpretation of other words and phrases used in this Indenture and any Supplemental Indenture:

(a) Articles, sections, paragraphs and clauses mentioned by number only are those so numbered which are contained in this Indenture;

(b) Captions, titles or headings preceding any article or section herein, and any table of contents or index attached hereto, are solely for convenience of reference and are not part of this Indenture and shall not affect its meaning, construction or effect;

(c) Terms such as "herein," "hereunder," "hereby," "hereto" and "hereof" refer to this Indenture, or when used in conjunction with a subsection refer to the Section of which such subsection is a part and not to any particular section hereof unless so indicated, and "heretofore" and "hereafter" mean before and after the date of execution and delivery of this Indenture, respectively;

(d) Words importing the masculine gender include the feminine and neuter genders;

(e) Words importing persons include firms, associations, corporations and any other legal entities;

(f) Words importing the redemption or redeeming or calling for redemption of a Bond do not include or connote the payment of such Bond at its stated maturity or the purchase of such Bond;

(g) Words importing the singular number include the plural number, and vice versa; and

(h) Except as otherwise specifically provided herein, all references to a particular time shall be to New York City time.

ARTICLE II

ISSUANCE OF BONDS

Section 2.01. Authorization.

(a) To provide sufficient funds to carry out its public purposes and programs as set forth in the Act and to refund outstanding bonds and other obligations of the Agency, Bonds may be issued under and secured by this Indenture subject to the

provisions of this Article. The Agency has ascertained and it is hereby determined and declared that the execution and delivery of this Indenture is necessary to carry out the powers and duties expressly provided by the Act, that each and every act, matter, thing or course of conduct as to which provision is made herein is necessary or convenient in order to carry out and effectuate the purposes of the Agency in accordance with the Act and to carry out powers expressly given in the Act, and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes of the Agency under the Act.

The Bonds issued hereunder, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any Bond over any other Bond, except as expressly provided or permitted herein. There is hereby created, in the manner and to the extent provided herein, a continuing pledge and lien on the Trust Estate to secure the full and final payment of the principal and redemption price of and interest on all the Outstanding Bonds. The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under this Indenture is not limited except as is or may hereafter be provided in this Indenture, any Supplemental Indenture or as may be limited by law.

The Bonds may, if and when authorized pursuant to one or more Supplemental Indentures, be issued in one or more Series, and the designation thereof, in addition to the name "Vermont Housing Finance Agency Mortgage Revenue Bonds (Mortgage Backed Securities Program)," shall include such further appropriate particular designation, added to or incorporated in such title for the Bonds of any particular Series, as specified in such Supplemental Indenture or Supplemental Indentures. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

(b) The Bonds shall be special obligations of the Agency, payable solely from and secured solely by a pledge of (a) Revenues, (b) Federal Agency Obligations deposited in the Indenture, (c) all Additional Security, if any, and (d) all funds and accounts established under the Indenture (other than the Rebate Fund established for any Series of Bonds). The Bonds will not constitute a debt of the State of Vermont or any political subdivision thereof, and neither said State nor any of its political subdivisions are liable thereon. The Bonds will not constitute a debt or liability or obligation or a pledge of the faith and credit of the State of Vermont or of any political subdivision thereof but will be payable solely from the revenues or assets of the Agency. The State of Vermont is not liable on the Bonds and the Bonds are not a debt of the State of Vermont or of any political subdivision thereof and neither the faith and credit nor the taxing power of the State of Vermont or of any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds and the Bonds of each Series shall contain on the face thereof substantially the following statement: THIS BOND IS A SPECIAL OBLIGATION OF THE AGENCY PAYABLE SOLELY FROM AND SECURED SOLELY BY A PLEDGE OF REVENUES OF THE INDENTURE, FEDERAL AGENCY OBLIGATIONS DEPOSITED IN THE INDENTURE, ADDITIONAL SECURITY, IF ANY, AND FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE (OTHER THAN THE REBATE FUND

ESTABLISHED FOR ANY SERIES OF BONDS). THE AGENCY HAS NO TAXING POWER. THIS BOND DOES NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF VERMONT OR OF ANY POLITICAL SUBDIVISION THEREOF OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF VERMONT OR OF ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF VERMONT OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

Section 2.02. Conditions Precedent to the Issuance of Bonds.

(a) All (but not less than all) of the Bonds of each Series, except in connection with a Refunding Issue, shall be executed by the Agency for issuance and delivery under this Indenture, delivered to the Trustee for authentication and, upon authentication by the Trustee, delivered upon order of the Agency, but only upon receipt by the Trustee of:

(i) A Counsel's Opinion dated the date of delivery thereof, with respect to the issuance of the Bonds in a form acceptable to the Agency as specified in the Supplemental Indenture.

(ii) A request and authorization to the Trustee on behalf of the Agency, signed by an Authorized Officer, to authenticate and deliver such Bonds to the purchaser or purchasers therein identified upon payment to the Trustee for the account of the Agency of the purchase price therefor.

(iii) A copy of the Supplemental Indenture authorizing such Bonds, which shall specify:

(A) The authorized principal amount and Series designation of such Bonds;

(B) The purpose or purposes for which such Series of Bonds is being issued;

(C) The Date or Dates of Original Issuance, the maturity date or dates and amounts of each maturity (or the method of determining the same) and, if interest is to be paid, the Interest Payment Dates and the first Interest Payment Date of the Bonds of such Series;

(D) The interest rate or rates (if any) or the maximum interest rate of the Bonds of such Series, or the manner of determining such rate or rates;

(E) The portion, if any, of the Series of Bonds that is Term Bonds, that is Serial Bonds or that is otherwise designated by a specific name or term;

(F) The amount and due date of each Sinking Fund Installment, if any, or the method of determining the same, for the Term Bonds or other Bonds subject to a Sinking Fund Installment;

(G) The denominations of, and the manner of dating, numbering and lettering, the Bonds of such Series, the forms of the Bonds and the Record Date or Dates and Redemption Record Dates for such Series of Bonds;

(H) The provisions of the Trustee's certificate of authentication;

(I) If not already determined pursuant hereto, the Paying Agent or Paying Agents, Depositaries, market agents, auction agents, securities depository, if any, and the place or places of payment of the principal and redemption price, if any, of the Bonds of such Series;

(J) The redemption price or prices, if any, and, subject to Article IV hereof, the redemption terms (including the time or times and the terms and conditions upon which the Bonds of such Series may be redeemed prior to their maturities, including, without limitation, the method of selection for redemption as among maturities and Series), if any, for the Bonds of such Series;

(K) The use of the proceeds of the Bonds of such series, including the amounts (if any) to be deposited in any Fund or Account from the proceeds of the Bonds of such Series or otherwise;

(L) The Reserve Requirement for such Series and the amount, if any, necessary for deposit in the Reserve Fund in order that amounts therein equal or exceed the Reserve Requirement;

(M) The time, place and manner of the sale for the Bonds of such Series, as provided in the Act;

(N) Whether Bonds of such Series are to be secured by credit enhancement and, if so, the form of credit enhancement to be obtained, the identity of the credit enhancement agency and the substantial form of the significant documents relating to the credit enhancement;

(O) Whether Bonds of such Series are to contain any tender or put options or the like and, if so, whether and to what extent such tender or put option will be secured by a liquidity facility and any alternative liquidity facility, whether such Bonds are to be remarketed following or in connection with such tender or put and, if so, the identity of any remarketing agent and the substantial form of any remarketing agreement relating to such Bonds, and whether and upon what terms such Bonds may be converted to fixed interest rates;

(P) Whether interest on the Bonds of such Series is intended to be excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code or any successor statute thereto;

(Q) Such additional matters as may be necessary or appropriate to cause interest on the Bonds of the Series to be issued pursuant to such Supplemental Indenture to be excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code if it is intended that interest on the Bonds be so exempt and to prevent the issuance of such Series from adversely affecting the federal income tax treatment of any Outstanding Bonds and the interest thereon intended to be so exempt; and

(R) Any other provisions deemed advisable by the Agency as shall not conflict with the provisions of this Indenture or the Act.

(iv) A Certificate stating that (A) the principal amount of the Bonds then to be issued, together with the principal amount of the Bonds, notes and other obligations theretofore issued pursuant to the Act, will not exceed in aggregate principal amount any limitation thereon imposed herein or by law; (B) upon the issuance and delivery of such Bonds, the Reserve Requirement will be met; and (C) except in the case of Refunding Bonds, at the time of issuance of such additional Bonds, the Agency shall not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Indenture.

(v) With respect to each Series of Bonds issued pursuant to this Indenture (other than the initial Series of Bonds), evidence that each Rating Agency has confirmed that such Series will have a Rating no lower than the Rating assigned to Bonds issued prior to the issuance of such Series of Bonds to be issued.

(vi) If such Series of Bonds is to have the benefit of a liquidity facility or be secured by credit enhancement, the executed liquidity facility or credit enhancement or evidence that all conditions precedent to the issuance of such liquidity facility or credit enhancement have been met as of the date of issuance of such Series of Bonds.

(vii) Such further documents and moneys as are required by the provisions of Article IX or any related Supplemental Indenture adopted pursuant to Article IX.

(b) All the Bonds of each Series shall be in fully registered form and, to the extent so provided herein and in the related Supplemental Indenture, may be issued in book-entry form only. After the original issuance of Bonds of any Series, no Bonds of such Series shall be issued except in exchange or transfer for other Bonds of such Series pursuant to Article III.

Section 2.03. Provisions for Refunding Issue.

(a) Subject to the laws of the State, including, but not limited to, the Act, as amended from time to time, Bonds of one or more Series may be issued and delivered, in accordance with the terms and conditions of this Section 2.03, for the purpose of refunding any Bonds then Outstanding or any other bonds of the Agency. The Supplemental Indenture authorizing each such Series of Bonds of a Refunding Issue shall set forth that the purposes for which such Series of Bonds is issued are the payment or redemption of any part or all of the Bonds of any one or more Series then Outstanding, and, if the expenses of such issuance and payment or redemption are not otherwise provided for, the payment of the expenses of such issuance and redemption, and shall contain a description of the bonds so to be redeemed.

(b) The Bonds of the Series of a Refunding Issue may be issued, and authenticated by the Trustee, only if:

(i) There shall thereupon be deposited with the Trustee either:

(A) moneys in an amount sufficient to effect payment at the applicable maturity or redemption price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which moneys shall be held by the Trustee in a separate account irrevocably in trust for the holders of Outstanding Bonds being refunded; or

(B) Permitted Investments in such principal amounts, having such maturities, bearing such interest and otherwise having such terms and qualifications as shall be required to pay the applicable maturity or redemption price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which Permitted Investments shall be held in trust for the holders of Outstanding Bonds being refunded;

(ii) The Trustee has received instructions, satisfactory to it, to give due notice of redemption of all the Bonds so to be redeemed on a redemption date specified in such instructions, as such date may be revised in a Certificate, and to give notice in the manner provided in Section 4.05 that the moneys payable upon such redemption will be available on said redemption date for payment to the holders of the Bonds entitled thereto;

(iii) The Trustee shall furnish to the Agency at the time of delivery of the Series of Bonds of the Refunding Issue a certificate or other evidence satisfactory to the Trustee stating that it holds or there is being held in trust the Permitted Investments and/or moneys required to effect such redemption; and

(iv) The requirements set forth in Section 2.02 hereof have been satisfied.

Section 2.04. Other Obligations. So long as any Bonds or Hedge Agreements are Outstanding, the Agency hereby covenants that it will not create or permit the creation of or issue any obligations or create any additional indebtedness (other than additional Series of Bonds or Hedge Agreements) which will be secured by a superior or equal charge or superior or equal lien on the amounts pledged hereunder or will be payable, on an equal or superior basis, from any of the Funds or Accounts established and created by or pursuant to this Indenture. The Agency may, however, issue evidences of indebtedness (including general obligations of the Agency) not issued and secured under this Indenture, which evidences of indebtedness may be secured by a lien on particular revenues, moneys or assets not already pledged hereunder.

ARTICLE III

GENERAL BOND PROVISIONS

Section 3.01. Medium of Payment; Form and Date.

(a) The Bonds shall be payable, with respect to interest, principal and premium, if any, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, or in such other coin or currency as set forth in a Supplemental Indenture. Payment of interest (other than at a stated maturity date) and premium, if any, on, and principal (payable upon redemption) of, the Bonds will be made by wire transfer to the person in whose name each Bond is registered at the close of business on the Regular Record Date or the Redemption Record Date, as the case may be, so long as ownership of such Bond is registered in book-entry form; provided, however, that, in the event of a default in the payment of interest due on any Interest Payment Date, such interest shall cease to be payable to the person in whose name such Bond was registered on such Record Date and shall be payable, when and if paid, to the person in whose name such Bond is registered at the close of business on the record date fixed therefor by the Trustee (each a "Special Record Date"), which shall not be more than 15 days and not less than 10 days prior to the date of the proposed payment. Interest on the Bonds shall be paid when due, if ownership of such Series of the Bonds is not maintained in book-entry form, by check or draft drawn on the Trustee and mailed by the Trustee to the registered owner at the address shown on the registration books of the Trustee as of the Record Date. Payment of principal and interest on the stated maturity date on each of the Series of Bonds will be made upon presentation and surrender of each Bond of such Series, at the office of the Trustee or the Paying Agent maintained for that purpose. CUSIP number identification with appropriate dollar amount of payment pertaining to each CUSIP number (if such payment represents payment on more than one Bond identified by a particular CUSIP number) shall accompany all payments of principal of, premium, if any, and interest on the Bonds.

(b) Current Interest-Bearing Bonds of each Series issued prior to the first Interest Payment Date thereof shall be dated as of the date or dates specified in the Supplemental Indenture authorizing the issuance thereof. Bonds issued on or subsequent to the first Interest Payment Date shall be dated as of the date of authentication of the Bonds and interest shall be paid from the Interest Payment Date next preceding the date

of authentication, unless such date of delivery shall be an Interest Payment Date in which case they shall be dated as of such date of delivery; provided, however, that if, as shown by the records of the Trustee, interest on the Bonds of any Series shall be in default, the Bonds of such Series issued in lieu of Bonds surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full on the Bonds surrendered. Deferred Interest Bonds of any Series shall be dated as of the date or dates specified in the Supplemental Indenture authorizing the issuance thereof. Except as set forth in a Supplemental Indenture, Bonds of each Series shall bear interest from their dated date until the first Interest Payment Date and thereafter from the Interest Payment Date next preceding the date of their authentication by the Trustee (unless authenticated on an Interest Payment Date, in which case they shall bear interest from such Interest Payment Date or, in the case of Bonds issued while interest on the Bonds shall be in default, from the date to which interest has been paid in full).

(c) For all purposes of the Act relating to or dealing with the date of the Bonds, Bonds of any Series shall be deemed to be dated as of the Date of Original Issuance specified for the Bonds of such Series in the Supplemental Indenture authorizing the issuance thereof.

(d) All Bonds of each Series shall mature or be subject to a Sinking Fund Installment, if any, on the date or dates fixed by a Supplemental Indenture. Interest on all Current Interest-Bearing Bonds of each Series shall be payable on the dates set forth in the applicable Supplemental Indenture. The first installment of interest due on the Bonds of a Series may be for such period as set forth in a Supplemental Indenture. Interest on any Deferred Interest Bonds of a Series shall be payable as set forth in a Supplemental Indenture (which may be upon maturity or earlier redemption of such Bonds or such date or dates prior to maturity or earlier redemption of such Bonds as specified in a Supplemental Indenture).

Section 3.02. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto or as may be authorized by the Agency prior to the delivery thereof.

Section 3.03. Execution and Authentication.

(a) The Bonds of each Series shall be signed by, or bear the facsimile signature of, the Chair or Vice Chair and attested (by manual or facsimile signature) by the Secretary or such other person or persons designated in the applicable Supplemental Indenture, and, if required by the Act or other applicable law, the seal of the Agency or a facsimile thereof shall be impressed or imprinted on the Bonds. In case any officer who shall have signed any of the Bonds or whose signature appears on any of the Bonds shall cease to be such officer before the Bonds are actually delivered, such Bonds may, nevertheless, be delivered as herein provided, and may be issued as if the persons who signed them or whose signatures appear thereon had not ceased to hold such office or be so employed. Any Bond of a Series may be signed by such persons as at the actual time

of the execution of such Bond shall be duly authorized or shall be the proper officers to sign such Bond, although on the Date of Original Issuance of a Series of Bonds such persons may not have been such officers.

(b) Only such of the Bonds as shall have endorsed thereon a certificate of authentication substantially in the form set forth in the applicable Supplemental Indenture, duly executed by the Trustee, shall be entitled to any benefit or security under this Indenture. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless and until a certificate of authentication on such Bond shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereunder.

Section 3.04. Interchangeability. Bonds, upon surrender thereof at the principal office of the Trustee, with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount or Original Principal Amount, as the case may be, of Bonds of the same Series, maturity and interest rate, subject to any provisions contained in the applicable Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System.

Section 3.05. Negotiability and Registry. All the Bonds issued pursuant to this Indenture shall be negotiable as provided in Article 8 of the Uniform Commercial Code, as adopted by the State, subject to the provisions for registration and transfer contained in the Bonds and this Indenture and applicable State law. So long as any of the Bonds shall remain Outstanding, the Trustee shall maintain and keep, for the benefit of the Agency, at the corporate trust operations office of the Trustee, books for the registration and transfer of Bonds which books shall be open to inspection by the Agency; and, upon presentation thereof for such purpose at said office, subject to any provisions in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System, the Agency shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable requirements as it or the Trustee may prescribe, any Bond entitled to registration or transfer. So long as any of the Bonds remain Outstanding, the Agency shall make all necessary provisions to permit the exchange of Bonds at the corporate trust operations office of the Trustee, subject to any provisions contained in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System.

Section 3.06. Transfer of Bonds. Subject to any provisions contained in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System, each Bond shall be transferable only upon the books of the Agency kept for registration of transfers of Bonds, at the corporate trust operations office of the Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the

registered owner or his duly authorized attorney. Upon the surrender for transfer of any such Bond, the Agency shall execute and the Trustee shall authenticate and deliver in the name of the transferee a new registered Bond or Bonds of the same Series, aggregate principal amount or Original Principal Amount, interest rate and maturity as the surrendered Bond.

The Agency, the Trustee and any Paying Agent may deem and treat the person in whose name any Outstanding Bond shall be registered upon the books of the Agency as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal, Appreciated Amount, premium, if any, of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid; neither the Agency, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

The transfer of Bonds of a particular Series may be further limited as provided in the Supplemental Indenture relating thereto.

Section 3.07. Regulations for Exchange and Transfer. Subject to any provisions contained in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System and Section 3.06, in all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Agency shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture and the Supplemental Indenture under which any such Bond is issued. All Bonds surrendered in any such exchanges or transfers shall be cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Agency or, at the direction of the Agency, the Trustee may make a charge to the Bondholder sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Agency nor the Trustee shall be obligated to make any such exchange or transfer of Bonds called for redemption or, in the case of any proposed redemption of Bonds, during the 15 days prior to the first mailing of notice calling such Bonds or portions thereof for redemption as herein provided.

Section 3.08. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Trustee shall authenticate and deliver, in accordance with the laws of the State, including, but not limited to, the Act, as amended from time to time, and, to the extent not inconsistent therewith, the provisions of this Section, a new Bond of like Series, maturity, interest rate and principal amount or Original Principal Amount, as the case may be, as the Bond, if any, so mutilated, destroyed, stolen or lost, provided, however, that in the case of any mutilated Bond, the mutilated Bond must first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there must be first furnished to the Agency and the Trustee evidence satisfactory to them of the ownership of the Bond, and of the loss, theft or destruction, together with indemnity satisfactory to the Agency and the Trustee and compliance with such other reasonable requirements as the Agency and the Trustee may prescribe and paying such expenses as the Agency or the Trustee may incur in connection therewith. All Bonds so surrendered to the Trustee shall be cancelled by it.

Upon the issuance of any new Bond under this Section, the Agency or, at the direction of the Agency, the Trustee may require the payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees, of the Agency, any Paying Agent or the Trustee connected therewith.

Section 3.09. Preparation of Definitive Bonds; Temporary Bonds. Until the definitive Bonds of any Series are prepared, there may be executed, and, upon request of an Authorized Officer, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof, one or more temporary Bonds, substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in any authorized denominations, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Agency shall cause to be prepared and to be executed and delivered to the Trustee, upon the surrender of such temporary Bonds deliver in exchange therefor, at the corporate trust operations office of the Trustee, definitive registered Bonds, of the same Series, aggregate principal amount or Original Principal Amount, as the case may be, interest rate and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued and authenticated pursuant to this Indenture. All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee. No charge for taxes or governmental charges shall be made against the owner upon an exchange of a temporary Bond for a definitive Bond.

Section 3.10. Extension of Payment of Bonds. The Agency shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds, or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest, or by any other arrangement; in case the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended, such Bonds, or claims for interest shall not be entitled, in case of any default under this Indenture, to the benefit of this Indenture or the Funds or Accounts (except funds held in trust for the payment of particular Bonds) held by the Trustee or any Paying Agent, except after the payment of the principal of all Bonds issued and Outstanding the maturity of which has occurred and has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Agency to enter into agreements with particular Bondholders as provided in Section 9.04 hereof or to issue refunding Bonds as provided in Article II hereof, and such issuance shall not be deemed to constitute an extension of the maturity of any Bond or of the time of payment of any claim for interest.

Section 3.11. Money Held for Particular Bonds. The amounts held for the payment of the interest, principal, Appreciated Amount or premium, if any, due on any date with respect to particular Bonds shall be held by the Paying Agent and shall, pending such payment, be held in trust by it for the owners of the Bonds entitled thereto and the Paying Agent shall maintain adequate records for the purpose of segregating the funds, and for the purposes of this Indenture, such interest, principal or premium, after the due date thereof, shall no longer be considered to be unpaid. The Trustee shall notify the Agency of any moneys so held for the payment of interest or principal or premium due with respect to particular Bonds which remain in the custody of the Trustee or Paying Agent on the date which is two years after the date on which such Bonds

matured or were redeemed (or 90 days prior to the day such moneys would, under the laws of the State, escheat or be required to be paid to the State, if either of such dates is earlier) and, upon a written request from the Agency, shall return such funds to the State upon such request, and the owners of such Bonds shall thereafter look only to the State for payment and then only to the extent of the funds so received from the Trustee without any interest thereon.

Section 3.12. Cancellation of Bonds. All Bonds purchased, redeemed or paid shall be cancelled upon the purchase, redemption or payment of such Bonds. No such Bonds shall be deemed Outstanding under this Indenture and no Bonds shall be issued in lieu thereof.

Section 3.13. Book-entry Form of Bonds. Notwithstanding anything herein to the contrary, the Agency may elect, in the related Supplemental Indenture, that Bonds for a particular Series be registered pursuant to a Book Entry System, without certificates being provided or available to the registered owner thereof.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Procedure and Prices. Bonds of a Series redeemable prior to maturity pursuant to a Supplemental Indenture shall be subject to redemption upon notice as provided in this Article, at such times, at such redemption prices and upon such terms in addition to the terms contained in this Article IV as may be specified in the Supplemental Indenture authorizing such Series.

Section 4.02. Redemption at the Election or Direction of Agency. In the case of any redemption of Bonds at the election or direction of the Agency, the Agency shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the Series, and of the principal amounts of the Bonds of each maturity of such Series to be redeemed, which Series maturities and principal amounts thereof to be redeemed shall be determined by the Agency in its sole discretion, subject to any limitations with respect thereto contained in the applicable Supplemental Indenture or in this Indenture. Such notice shall be given at least 30 days but no more than 60 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee or contained in the applicable Supplemental Indenture. In the event notice of redemption shall have been given as provided in Section 4.05 (except for a conditional notice as authorized by the last paragraph thereof), there shall be paid on or prior to the redemption date (but not necessarily prior to the date on which notice of redemption shall have been given as provided in Section 4.05) to the appropriate Paying Agents, an amount in cash which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient to redeem on the redemption date at the redemption price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed. The Agency shall promptly notify the Trustee in writing of all such payments by it to a Paying Agent.

Section 4.03. Redemption Otherwise Than at Agency's Election or Direction. Whenever, by the terms of this Indenture and pursuant to a Supplemental Indenture, the Trustee is required or authorized to redeem Bonds other than at the election or direction of the Agency,

the Trustee shall select the Bonds to be redeemed, give the notice of redemption and pay out of moneys available therefor (or pay to any Paying Agent, if applicable) the redemption price thereof, plus interest accrued and unpaid to the redemption date, to the appropriate Paying Agents in accordance with the terms of this Article IV and the terms of the applicable Supplemental Indenture.

Section 4.04. Selection of Bonds To Be Redeemed. In the event of redemption of less than all of the Outstanding Bonds of like Series, interest rate and maturity, the Bonds to be redeemed in part shall be selected pursuant to the written notice described in Section 4.02 hereof, or if not so provided, randomly in such manner as the Trustee in its discretion deems fair, unless otherwise specified in the Supplemental Indenture authorizing such Series of Bonds.

Section 4.05. Notice of Redemption. This Section shall govern the provision of notice of redemption *unless* otherwise provided in a Supplemental Indenture, provided, however, that if any terms set forth in this Section or in any Supplemental Indenture are inconsistent with the laws of the State, including, but not limited to, the Act, as amended from time to time, the laws of the State shall govern, and provided that the Trustee shall not be responsible for and shall be held harmless for any failure to comply with laws of the State that are inconsistent with this Indenture or any Supplemental Indenture unless the Agency shall have provided the Trustee with written notice of such laws. When the Trustee shall be required or authorized to redeem Bonds, the Trustee shall, in accordance with the terms and provisions of the Bonds and of this Indenture, give notice (which notice shall be dated the date given) of the redemption of Bonds, which notice shall specify (a) the name of the Bonds, (b) the Series, (c) the date of issue, (d) the redemption price, (e) the maturities, interest rates and CUSIP numbers of the Bonds to be redeemed, (f) the redemption date and the place or places where amounts due upon such redemption will be payable (including name and address of the Trustee or redemption agent, with contact person and telephone number), (g) if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed (i.e., certificate numbers), (h) in the case of a Bond to be redeemed in part only, such notice shall also specify the portion of the principal amount or Original Principal Amount, as the case may be, thereof to be redeemed and (i) such other information as may be specified in a Supplemental Indenture with respect to a particular Series of Bonds. Such notice shall further state that, except as otherwise provided in the last paragraph of this Section, on the Redemption Date there shall become due and payable upon each Bond to be redeemed the redemption price thereof, or the redemption price of the specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, with interest accrued and unpaid to such date, and that from and after such date, interest thereon shall cease to accrue and be payable. Such notice shall be given by mailing a copy of such notice, first-class mail, postage prepaid, at least 30 days but no more than 60 days prior to such Redemption Date, to the registered owner of any Bond, all or a portion of which is to be redeemed, at his last address, if any, appearing upon the registry books, but failure so to mail any such notice or any defect in such notice shall not be a condition precedent to or affect the validity of any proceedings for the redemption of other Bonds.

In addition, the Trustee will send (no more than 60 days after the date for redemption) a further notice of redemption to each registered owner who has not presented his or her Bond for redemption within 30 days subsequent to the Redemption Date. Each such notice will be sent by first-class mail, postage prepaid.

Any notice of redemption pursuant to this Section may, if directed by the Agency, be given specifying that the redemption of the Bonds so called for redemption is made conditional upon the deposit of sufficient amounts to pay the redemption price therefor on the Redemption Date and, if amounts are not so available, such notice of redemption shall be cancelled and be null and void and the Bonds so called for redemption and subject to such conditional redemption notice shall continue to remain Outstanding.

Section 4.06. Payment and Cancellation of Bonds Redeemed and Purchased. Notice having been given in the manner provided in Section 4.05, the Bonds or portions thereof called for redemption and specified in said notice shall, except as provided in Section 4.05, become due and payable on the Redemption Date specified in said notice at the redemption prices thereof applicable on such date, plus unpaid interest on said Bonds or portions thereof accrued to such date, and upon presentation and surrender thereof at the place or places specified in said notice, said Bonds or portions thereof shall be paid at the said redemption prices, plus unpaid interest on said Bonds or portions thereof accrued to such date. CUSIP number identification with appropriate dollar amounts for each CUSIP number shall accompany all redemption payments and interest payments, whether by check or by wire transfer. If there shall be so called for redemption less than all of a Bond, the Agency shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond to the Trustee, without charge to the owner thereof, for the unredeemed balance of the principal amount or Original Principal Amount of the Bond so surrendered, Bonds of like Series, designation, interest rate and maturity. If, on such redemption date, money for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest thereon accrued and unpaid to such date, shall be held by or on behalf of the Trustee so as to be available therefor on such date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest on the Bonds or portions thereof of such maturity so called for redemption shall cease to accrue and become payable, and said Bonds or portions of Bonds shall no longer be considered Outstanding hereunder.

Section 4.07. Redeemed Bonds as Satisfaction of Sinking Fund Installments. Upon any purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established pursuant to a Supplemental Indenture (other than by application of Sinking Fund Installments), an amount equal to the applicable redemption prices thereof (as specified in a Supplemental Indenture) shall be credited toward a part of all or any one or more of such Sinking Fund Installments, as directed by the Agency in a Certificate delivered to the Trustee by the fortieth day preceding the next date a Sinking Fund Installment is due or as directed in a Supplemental Indenture, or, failing any such direction, toward such Sinking Fund Installments on a proportionate basis. Such applicable redemption prices shall be the respective redemption prices which would be applicable upon the redemption of such Bonds from the respective Sinking Fund Installments on the due dates thereof. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of the calculation of principal installments due on a future date.

Section 4.08. Purchase of Bonds; Tenders. Unless expressly provided otherwise herein, if at any time moneys are held in any Fund or Account hereunder or in a Supplemental

Indenture to be used to redeem Bonds, in lieu of such redemption the Agency may direct the Trustee to use part or all of such moneys to purchase Bonds of the respective Series, interest rates and maturities that would otherwise be subject to redemption from such moneys. The purchase price of such Bonds shall not exceed the applicable redemption price of the Bonds which would be redeemed but for the operation of this Section (accrued interest to be paid from the same Fund or Account from which accrued interest would be paid upon the redemption of such Bonds); provided, however, that the purchase price of such Bonds may include a premium if the payment thereof does not adversely affect the Rating of the Bonds. Any such purchase must be completed prior to the time notice would otherwise be required to be given to redeem the related Bonds. All Bonds so purchased shall be cancelled by the Trustee and applied as a credit against the obligation to redeem such Bonds from such moneys. Savings resulting from the purchase of Bonds at less than their respective redemption prices shall be used to purchase or redeem additional Bonds to the extent permitted by the provisions hereof and the relevant Supplemental Indenture or, at the request of the Agency, and upon receipt of a Counsel's Opinion that such action will not adversely affect the tax-exempt status of interest on the tax-exempt Bonds, withdrawn and paid to the Agency free and clear of the lien of this Indenture.

The Agency may direct the Trustee, on behalf of the Agency, to request the submission of tenders following notice requesting such submission prior to making the purchases authorized pursuant to the preceding paragraph. The Agency may specify the maximum and minimum periods of time which shall transpire between the date upon which such notice is to be given and the date upon which such tenders are to be accepted. No tenders shall be considered or accepted at any price exceeding the price specified in the preceding paragraph for the purchase of Bonds. The Agency shall accept bids with the lowest price and in the event the moneys available for purchase pursuant to such tenders are not sufficient to permit acceptance of all tenders and if there shall be tenders at an equal price above the amount of moneys available for purchase, then the Agency shall select randomly, or in such manner as it shall determine in its discretion, the Bonds tendered which shall be purchased.

ARTICLE V

ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts and Application of Bond Proceeds.

(a) The following special Funds shall be held by the Trustee or by a Fiduciary, in segregated accounts, in the name of the Trustee to account for funds to be deposited therein pursuant to the terms hereof or of any Supplemental Indenture or as directed by a Certificate:

(i) a Program Fund including a Targeted Area Program Account therein;

(ii) a Revenue Fund; including a Prepayment Account and a Capitalized Interest Account therein;

- (iii) a Debt Service Fund including a Redemption Account therein;
- (iv) a Reserve Fund;
- (v) a Special Program Fund;
- (vi) a Rebate Fund;
- (vii) a Cost of Issuance Fund; and
- (viii) a Program Expense Fund

The designation of each such Fund set forth above shall include the term "Vermont Housing Finance Agency, Mortgage Revenue Bonds (Mortgage Backed Securities Program)," which term shall precede the designation as set forth above.

No amounts may be withdrawn, transferred or paid out of any of the above Funds except as provided in this Article or in a Supplemental Indenture.

(b) The Trustee shall also establish such other special funds, accounts or subaccounts as the Agency may direct pursuant to any Supplemental Indenture or any Certificate, including but not limited to a capitalized interest account and a Bond Purchase Fund, and moneys deposited therein shall be used and pledged only as provided in such Supplemental Indenture or Certificate. Each such fund, account and subaccount shall be held by the Trustee, in trust, separate and apart from all other funds of the Agency, for the purposes provided in this Indenture and any Supplemental Indenture.

(c) Unless otherwise provided in a Supplemental Indenture or a Certificate, the Trustee shall establish in each Fund a separate Account for each Series of Bonds. Except as otherwise provided, the proceeds of a particular Series of Bonds issued pursuant to a Supplemental Indenture and the earnings on investments of moneys in the Funds or Accounts relating to a particular Series of Bonds, when required to be deposited in any Fund, shall be deposited or credited to the Account established therein for that particular Series of Bonds. Withdrawals from Funds and Accounts in connection with a particular Series of Bonds may be made and used (including for purposes of redemption) for such Series of Bonds as well as any other Series of Bonds unless specifically prohibited in a related Supplemental Indenture. For purposes of investment, the Trustee and the Agency may consolidate the Accounts required to be established in a particular Fund into one Fund so long as adequate records are maintained as to the amounts held in each such Fund allocable to each Series of Bonds.

(d) The proceeds from any Series of Bonds shall be deposited in the Funds and Accounts established under this Indenture in accordance with the terms of this Article V and of the Supplemental Indenture authorizing such Series of Bonds. The Trustee shall also deposit in the Funds and Accounts established under this Indenture such other moneys or assets of the Agency as the Agency may direct by a Certificate.

Section 5.02. Deposit of Series Revenues.

(a) The Agency will cause all Revenues to be deposited with the Trustee. Investment earnings (net of losses) on each Fund and Account established pursuant to this Indenture (other than the Rebate Fund and the Cost of Issuance Fund) shall be credited to the Revenue Fund except as otherwise provided in this Article V.

(b)(i) The GNMA Certificates acquired by the Trustee on behalf of the Agency shall be held at all times by the Trustee in trust for the benefit of the Owners and shall be registered in the name of the Trustee or its nominee or held in book-entry form as described in this subsection. GNMA Certificates may be acquired in the form of Participants Trust Co. ("PTC") book-entry interests, provided that:

(A) if GNMA Certificates are acquired in book-entry form, the Trustee shall receive confirmation from a PTC participant acting as agent or custodian for the Trustee that PTC has made appropriate entries in its records of the issuance of such book-entry GNMA Certificates to the account of a PTC participant acting as agent or custodian for the Trustee;

(B) before accepting GNMA Certificates in physical form or in book-entry form, the Trustee shall, upon payment for the GNMA Certificates, acquire an ownership interest, as Trustee, of the GNMA Certificates free and clear of any PTC clearing liens;

(C) the Trustee shall deliver to PTC an irrevocable instruction to the effect that all fees arising in connection with the transfer are to be charged to another account maintained by PTC;

(D) PTC delivers to the Trustee a certificate to the effect that, based on the instruction regarding payment of its fees, PTC will not charge the Trustee for so long as the instruction remains in effect. The certificate may make exceptions (as provided in the amended PTC rules) to charge the Trustee for the recovery of securities or cash credited to the Trustee by mistake and to secure and repay any advance of principal and interest made by PTC; and

(E) if the Trustee does not receive payment or advice from the depository of payment with respect to a GNMA Certificate when due by the close of business on the day on which payments are required to be submitted to the Trustee, the Trustee shall demand by telephone payment from GNMA in immediately available funds in connection with the guaranty of timely payments of principal and interest by GNMA in accordance with the terms of the GNMA Certificates.

In lieu of compliance with the requirements of paragraphs (C) and (D) above, the Agency may provide other evidence acceptable to the Rating Agency that PTC will not exercise rights of setoff against the Series Revenues for its fees and charges.

(ii) The Fannie Mae Certificates acquired by the Trustee on behalf of the Agency shall be held at all times by the Trustee or its nominee in trust for the benefit of the Owners and shall be held in book-entry form as described in this subsection. A

Fannie Mae Certificate will be issued in book-entry form through a book-entry system of the Federal Reserve System and transferred to the Trustee. If the Trustee does not receive payment or advice from the depository of payment with respect to a Fannie Mae Certificate when due by the close of business on the twenty-fifth day of any month (or the next business day if the twenty-fifth day is not a business day), the Trustee shall demand by telephone payment from Fannie Mae in immediately available funds in connection with the guaranty of timely payments of principal and interest by Fannie Mae in accordance with the terms of the Fannie Mae Certificates.

(b) The Freddie Mac Certificates acquired by the Trustee on behalf of the Agency shall be held at all times by the Trustee or its nominee in trust for the benefit of the Owners and shall be held in book-entry form as described in this subsection. A Freddie Mac Certificate will be issued in book-entry form through a book-entry system of the Federal Reserve System and transferred to the Trustee. If the Trustee does not receive payment or advice from the depository of payment with respect to a Freddie Mac Certificate when due by the close of business on the twenty-fifth day of any month (or the next business day if the twenty-fifth day is not a business day), the Trustee shall demand by telephone payment from Freddie Mac in immediately available funds in connection with the guaranty of timely payments of principal and interest by Freddie Mac in accordance with the terms of the Freddie Mac Certificates.

Section 5.03. Program Fund.

The Trustee shall deposit moneys in the applicable subaccount of the Program Fund and the Targeted Area Program Account of the Program Fund as provided in the applicable Supplemental Indenture. Moneys in the applicable subaccount of the Program Fund (other than moneys deposited in the applicable subaccount of the Targeted Area Program Account) shall be withdrawn solely for (i) the acquisition of Certificates (including Certificates backed by Mortgage Loans on Homes located in Targeted Areas if no funds remain on deposit in the applicable subaccount of the Targeted Area Program Account) from the Servicer pursuant to the Servicing Agreement on each Purchase Date (and to make the transfer to the applicable subaccount of the Revenue Fund as described below), (ii) deposit to the applicable subaccount of the Redemption Account of the Debt Service Fund for the redemption of Bonds pursuant to the applicable Supplemental Indenture and (iii) transfers to the applicable subaccount of the Rebate Fund pursuant to Section 5.06.

Moneys in the applicable subaccount of the Targeted Area Program Account shall be withdrawn solely for (A) the acquisition of that portion of Certificates backed by Mortgage Loans on Homes located in Targeted Areas from the Servicer pursuant to the Servicing Agreement on each Purchase Date (and to make the transfer to the applicable subaccount of the Revenue Fund as described below), (B) the redemption of Bonds pursuant to the applicable Supplemental Indenture, (C) upon receipt by the Trustee of a request of the Agency accompanied by an opinion of Bond Counsel to the effect that such action will not adversely affect the exclusion from gross income of interest on the related Series of Bonds for federal income tax purposes, the acquisition of that portion of Certificates backed by Mortgage Loans on homes located in non-Targeted Areas from the

Servicer pursuant to the Servicing Agreement on each Purchase Date (and to make the transfer to the applicable subaccount of the Revenue Fund as described below) and (D) transfers to the applicable subaccount of the Rebate Fund pursuant to Section 5.06.

On each Purchase Date, the Trustee shall acquire Certificates from the Servicer as provided in the Servicing Agreement and this Indenture. The purchase price of each Certificate acquired from the Servicer on a Purchase Date shall be the GNMA Certificate Purchase Price, the Fannie Mae Certificate Purchase Price or the Freddie Mac Certificate Purchase Price, as applicable. If so specified in the related Supplemental Indenture, the Trustee shall transfer from the applicable subaccount of the Program Fund or the Targeted Area Program Account, as applicable, to the applicable subaccount of the Revenue Fund a percentage, as specified in the applicable Supplemental Indenture, of the outstanding principal amount of each Certificate so purchased. The Trustee shall release to the Agency from time to time amounts on deposit in the applicable subaccount of the Program Fund and the Targeted Area Program Account if the Agency shall have filed with the Trustee: (i) a Request of the Agency specifying the amount of funds to be released; (ii) a Cash Flow Certificate and a Parity Certificate; (iii) an opinion of Bond Counsel to the effect that such action will not adversely affect the exclusion from gross income of interest on the related Series of Bonds for federal income tax purposes; and (iv) a confirmation from the Rating Agency that such action shall not alter the rating on the related Series of Bonds. If the Trustee receives an interest payment on a Certificate representing interest accrued prior to the date such Certificate was purchased by the Trustee with amounts on deposit in the Program Fund or the Targeted Area Program Account, the Trustee shall remit such amount to the Servicer when received, unless otherwise specified in a Supplemental Indenture.

The Trustee shall not disburse moneys from the Program Fund or the Targeted Area Program Account for the acquisition of a Certificate unless (i) such Certificate shall be acquired in accordance with this Section 5.03(a), (ii) such Certificate will bear interest at the applicable Pass-Through Rate and (iii) the Certificate will be held by the Trustee as described in Section 5.02(b) hereof.

(a) On such dates as set forth in the applicable Supplemental Indenture, the Trustee shall transfer to the applicable subaccount of the Redemption Account of the Debt Service Fund all amounts remaining in such Fund and such Account to be applied to the redemption of Bonds of the related Series on such date. Such transfer may be made on a date or dates after the date or dates set forth in the applicable Supplemental Indenture, as to all or part of amounts remaining in the Program Fund or the Targeted Area Program Account if the Agency shall have filed with the Trustee on or prior to the Business Day which is 30 days prior to the scheduled date of transfer (i) a Request of the Agency specifying the amount to be retained in the applicable subaccount of the Program Fund or the Targeted Area Program Account and the proposed later date of transfer, (ii) a Cash Flow Certificate, (iii) an opinion of Bond Counsel to the effect that the failure to transfer such amounts to the Redemption Account of the Debt Service Fund on such date will not adversely affect the exclusion of interest on such Series of Bonds from gross income for federal income tax purposes and (iv) a confirmation from the Rating Agency that such action shall not adversely affect the rating on the related Series of Bonds.

(b) Certificates credited to the Program Fund may be released to the Agency, free and clear of the lien of this Indenture, upon the filing of a certificate of a Designated Officer directing the same and filing with the Trustee (i) a Cash Flow Certificate, (ii) a Parity Certificate, (iii) a Counsel's Opinion that the release of such Certificates will not adversely affect the tax-exempt status of interest on the Bonds and (iv) a confirmation from the Rating Agency that such action shall not adversely affect the rating on the related Series of Bonds.

Section 5.04. Revenue Fund.

(a) Except as otherwise provided in Section 5.02 hereof, and except as otherwise provided in a Supplemental Indenture, Revenues shall be deposited in the Revenue Fund as and when received by the Trustee; provided that Prepayments shall be deposited in the applicable subaccount of the Prepayment Account of the Revenue Fund. If the Trustee receives an interest payment on a Certificate representing interest accrued prior to the date such Certificate was purchased by the Trustee with amounts on deposit in the Program Fund, the Trustee will remit such amount to the Servicer. On the dates specified in the related Supplemental Indenture, and except as otherwise provided in a Supplemental Indenture, the Trustee shall transfer from the Revenue Fund and deposit into one or more of the following Funds and pay to the entities entitled to payment, the amounts set forth below and in the following order of priority:

(i) At the direction of the Agency, to the Rebate Fund, if and to the extent required by the Rebate Analyst;

(ii) To the Debt Service Fund, an amount sufficient, together with money on deposit therein, to pay the interest on the Bonds of such Series due on such Interest Payment Date or date of redemption of all or a portion of the Bonds, or to make payments to any Provider of a Qualified Hedge Agreement (other than fees, expenses or termination payments payable to such Provider, which are designated as Program Expenses hereunder) if so required pursuant to the terms of any Qualified Hedge Agreement entered into with respect to a Series of Bonds, and to the Redemption Account of the Debt Service Fund an amount sufficient, together with money on deposit therein, to pay the principal of Bonds due on the next Principal Payment Date;

(iii) After providing for the payments required by (i) and (ii) above, to the related subaccount of the Program Expense Fund the amount necessary to pay Program Expenses then due and payable with respect to such Series;

(iv) If so specified by the related Supplemental Indenture, to the related subaccount of Program Fund for the purposes specified in Section 5.03 hereof; and

(v) If so specified by the related Supplemental Indenture, to release to the Agency free and clear of the lien of this Indenture upon the filing by the

Agency with the Trustee of (A) a request signed by a Designated Officer of the Agency and (B) a Parity Certificate; and

(vi) Commencing with the Interest Payment Date specified in the applicable Supplemental Indenture, to the applicable subaccount of the Redemption Account of the Debt Service Fund the amounts in excess of \$10,000 remaining in the applicable subaccount of the Revenue Fund following the payments required to be made pursuant to clauses (i) through (v) above for redemption of the related Series of Bonds, or if no Bonds of such Series remain Outstanding, to such other subaccount of the Redemption Account of the Debt Service Fund specified in a Certificate of the Agency delivered to the Trustee.

Amounts on deposit in the applicable subaccount of the Prepayment Account of the Revenue Fund shall be transferred to the applicable subaccount of the Redemption Account of the Debt Service Fund of the Debt Service Fund at the times specified in the related Supplemental Indenture.

(b) Prior to the date no moneys remain on deposit in the applicable subaccount of the Program Fund or the Targeted Area Program Account, moneys in the applicable subaccount of the Capitalized Interest Account shall be withdrawn solely for transfer to the applicable subaccount of the Rebate Fund or the Debt Service Fund or to the Redemption Account of the Debt Service Fund (but only to make the payment required pursuant to the provisions of the applicable Supplemental Indenture regarding mandatory redemption) in the event other moneys on deposit in the applicable subaccount of the Revenue Fund are insufficient to make required deposits into such funds pursuant to Section 5.04 or in the event that amounts on deposit in the Redemption Account of the Debt Service Fund are insufficient to make the payments required pursuant to the applicable Supplemental Indenture's provisions regarding mandatory redemption. Unless a later date is specified in a Supplemental Indenture, on the first Interest Payment Date following the date no moneys remain on deposit in the applicable subaccount of the Program Fund or the Targeted Area Program Account, the Trustee shall transfer all other moneys remaining on deposit in the applicable subaccount of the Capitalized Interest Account to the applicable subaccount of the Revenue Fund or shall transfer such amounts to the Agency, if the Agency shall have filed with the Trustee (i) a Request of the Agency specifying the amount of funds to be released, (ii) a Cash Flow Certificate and (iii) if required by the related Supplemental Indenture, a confirmation from the Rating Agency that such action shall not adversely affect the rating on the related Series of Bonds.

Section 5.05. Debt Service Fund.

The Debt Service Fund is comprised of an Interest Account and a Redemption Account of the Debt Service Fund.

(a) With respect to the Interest Account:

(i) The Trustee shall withdraw from the applicable subaccount of the Interest Account on each Interest Payment Date or redemption date, an amount

equal to the unpaid interest due on the related Series of Bonds Outstanding on such Interest Payment Date or redemption date, as applicable, and shall cause such amount to be applied to the payment of such interest when due.

(ii) If Bonds are to be redeemed on any day other than an Interest Payment Date, the Trustee will withdraw from the applicable subaccount of the Interest Account on the date of such redemption, an amount equal to the interest due and payable on such date and cause such amount to be applied to the payment of said interest when due.

(iii) All withdrawals and transfers from the Interest Account under the provisions of this Section 5.05 shall be made not earlier than the Interest Payment Date or redemption date to which they relate, and the amounts so withdrawn or transferred shall, for all purposes of this Indenture, be deemed to remain in and be part of the Interest Account of the Debt Service Fund until such Interest Payment Date or redemption date.

(iv) Any investment earnings (net of losses) on moneys held in the Interest Account shall be credited to, and any losses charged against, the related subaccount of the Revenue Fund upon receipt.

(b) With respect to the Redemption Account of the Debt Service Fund:

(i) The Trustee shall apply all amounts deposited in the applicable subaccount of the Redemption Account of the Debt Service Fund to pay the principal of the related Series of Bonds (whether at maturity or by sinking fund redemption), and redeem such Bonds in the manner and upon the terms and conditions specified in the applicable Supplemental Indenture at the next succeeding practicable permitted date of redemption for which, at the time of such deposit, notice of redemption can be but has not been given in accordance with the applicable Supplemental Indenture; provided, however, that prior to giving such notice of redemption, the Trustee shall, at the direction of the Agency, apply the amount in the applicable subaccount of the Redemption Account of the Debt Service Fund (or in the applicable subaccount of the Revenue Fund to the extent the Trustee determines that such amounts would otherwise be transferred to the applicable subaccount of the Redemption Account of the Debt Service Fund on the following Interest Payment Date) to the purchase of Bonds of the related Series at public or private sale as and when and at such price (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account of the Debt Service Fund) as the Agency may, in its discretion, determine; provided, however, such purchase price (plus any commission) shall not exceed the par value of such Bonds. All Bonds so purchased or redeemed shall be cancelled and destroyed by the Trustee (unless otherwise directed by the Agency).

(ii) Investment earnings (net of losses) on all moneys on deposit in the Redemption Account of the Debt Service Fund shall be credited to the applicable subaccount of the Revenue Fund..

Section 5.06. Rebate Fund.

(a) There shall be deposited in the Rebate Fund, as directed by a Certificate of an Authorized Officer, such amounts determined by the Agency as are necessary to satisfy any "arbitrage rebate requirements" to comply with the requirements of Section 148 of the Code.

(b) Payments shall be made from the Rebate Fund, as directed by a Certificate of an Authorized Officer, at such times and in such amounts as are necessary to comply with the requirements of Section 148 of the Code.

(c) Any investment earnings on moneys held in the Rebate Fund shall remain in the Rebate Fund, unless directed by a Certificate to be transferred or credited by the Trustee to another Fund or Account or to the Agency.

Section 5.07. Cost of Issuance Fund. Amounts on deposit in the applicable subaccount of the Cost of Issuance Fund shall be expended only to pay Costs of Issuance upon receipt of written instructions from the Agency. Any moneys remaining in the applicable subaccount of the Cost of Issuance Fund on such dates as set forth in the applicable Supplemental Indenture and not specifically committed to the payment of such costs shall be transferred to the Agency to be used for any public purposes of the Agency. Investment earnings (net of losses) on any moneys on deposit in the Cost of Issuance Fund shall be credited to the Agency.

Section 5.08. Program Expense Fund. Moneys in the applicable subaccount of the Program Expense Fund shall be used solely to pay Program Expenses for the related Series of Bonds on the date such fees are due and payable.

Section 5.09. Deficiencies in the Interest Account or Redemption Account of the Debt Service Fund.

(a) In the event that the amount in the Interest Account is insufficient to pay interest on the Bonds when due, the Trustee shall transfer to the Interest Account the amount of such deficiency by withdrawing said amount from the following Funds (first, from the applicable subaccounts established for the related Series of Bonds, and only if such insufficiency persists thereafter from subaccounts related to any other Series of Bonds), at the direction of the Agency, in the following order of priority: (i) the Revenue Fund, including the Prepayment Account therein, (ii) the Capitalized Interest Account and (iii) any other Fund or Account established pursuant to this Indenture other than (A) the Rebate Fund and (B) the Redemption Account to the extent that moneys therein have been set aside for the redemption of Bonds with respect to which notice of redemption has previously been given.

(b) In the event that the amount in the Redemption Account is insufficient to pay the principal of the Bonds when due, the Trustee shall transfer to the Redemption

Account the amount of such deficiency by withdrawing said amount from the following Funds (first, from the applicable subaccounts established for the related Series of Bonds, and only if the insufficiency persists thereafter from subaccounts related to any other Series of Bonds), at the direction of the Agency, in the following order of priority: (i) the Revenue Fund, including the Prepayment Account therein, (ii) the Capitalized Interest Account and (iii) any other Fund or Account established pursuant to this Indenture except (A) the Interest Account and (B) the Rebate Fund.

Section 5.10. Trustee's Maintenance of Records on Payment of Bonds. In connection with the payment, redemption or purchase of all Bonds under the provisions of this Indenture, the Trustee shall keep accurate records of the source of the moneys used to pay, redeem or purchase such Bonds (whether derived from any balance remaining in any Fund under this Indenture or otherwise).

Section 5.11. Transfer of Moneys to Redemption Account. Whenever amounts held in the related subaccounts of the Revenue Fund, the Interest Account and the Redemption Account, valuing all Investment Securities held in such Funds (other than the Certificates) as provided in Section 6.01 hereof, are sufficient to redeem 100% of the Principal Amount of all Outstanding Bonds of the related Series, plus accrued interest on the earliest practicable date for which notice of redemption may still be given and to pay the Trustee's Fees, all such amounts shall be transferred to the related subaccount of the Redemption Account and all such Investment Securities shall be liquidated to the extent necessary to provide moneys sufficient for such redemption. The Trustee shall not give notice of such redemption, however, until all amounts necessary for such redemption shall have been transferred to the Redemption Account and all Investment Securities shall have been liquidated to the extent necessary to provide moneys sufficient for such redemption.

Section 5.12. Investment of Moneys in Funds. All moneys in any of the Funds and Accounts established pursuant to this Indenture shall be invested by the Trustee, upon the written direction of the Agency, in Investment Securities to maximize investment income, with proper regard for the preservation of principal. Absent written direction of the Agency, the Trustee shall invest moneys in any of the Funds and Accounts established pursuant to this Indenture in those investments described in clause (e) of the definition of Investment Securities.

Moneys in all Funds and Accounts established under this Indenture shall be invested in Investment Securities paying interest and maturing not later than the dates on which it is estimated that such moneys will be required by the Trustee for the Bonds.

Investment Securities acquired as an investment of moneys in any Fund or Account established under this Indenture shall be credited to such Fund or Account. For the purpose of determining the amount in any such Fund, all Investment Securities credited to such Fund or Account shall be valued at the lesser of cost (exclusive of accrued interest after the first payment of interest following purchase) or par value (plus, prior to the first payment of interest following purchase, the amount of any accrued interest paid as part of the purchase price); provided, however, that any repurchase agreements or investment agreements shall be valued, respectively, at the unpaid repurchase price or principal balance collectible pursuant thereto.

All interest, profits and other income earned from investment of all moneys in a subaccount of any Fund or Account (other than the Rebate Fund and the Cost of Issuance Fund, which shall be retained in such Funds) established under this Indenture shall be deposited when received in the applicable subaccount of the Revenue Fund.

Except as expressly prohibited herein, moneys in the Funds or Accounts may be commingled or segregated for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in particular Funds or Accounts those amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the Funds or Accounts to which they are credited and otherwise as provided in this Indenture. The Trustee may sell at the best price obtainable, or present for redemption, any Investment Securities so purchased whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the Fund or Account to which such Investment Security is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment or the sale thereof. The Trustee may act as principal or agent in the acquisition or disposition of any investments.

ARTICLE VI

COVENANTS

Section 6.01. General. The Agency hereby particularly covenants and agrees with the Trustee and with the holders of the Bonds of each Series, and each Provider of a Qualified Hedge Agreement, and makes provisions which shall be a part of its contract with such holders and Providers, to the effect and with the purpose set forth in the following provisions and Sections of this Article. The provisions of this Article shall be effective from and after the time of the delivery of the Bonds of each Series issued under this Indenture.

Section 6.02. Payment of Bonds. The Agency shall duly and punctually pay or cause to be paid (from the Trust Estate and any other of the Agency's revenues, assets or moneys, subject only to agreements now or hereafter made with holders of notes and bonds, other than the Bonds, pledging particular revenues, moneys or assets for the payment thereof) the principal amount of and interest on the Bonds, and any payments due to a Provider of a Qualified Hedge Agreement (other than fees, expenses and termination payments), at the dates and places and in the manner mentioned in the Bonds or Hedge Agreement, as the case may be, according to the true intent and meaning thereof, and shall duly and punctually pay or cause to be paid (from the Trust Estate and any of the Agency's other revenues, assets or moneys, subject only to agreements now or hereafter made with holders of notes and bonds, other than the Bonds, pledging particular revenues, moneys or assets for the payment thereof) to the Trustee any part of any and all Sinking Fund Installments, and any payments due to a Provider of a Qualified Hedge Agreement (other than fees, expenses and termination payments), required pursuant to any provision of this Indenture and the related Supplemental Indentures.

Section 6.03. Personnel and Servicing of Programs. In accordance with the laws of the State and the Act, the Agency shall at all times appoint, retain and employ competent personnel for the purpose of carrying out its respective programs and shall establish and enforce

reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges, and all persons employed by the Agency shall be qualified for their respective positions.

Section 6.04. Tax Covenants.

(a) Subject to subsection (b) of this Section, the Agency shall at all times do and perform all acts and things necessary and may otherwise act as permitted by law in order to assure that interest paid on the Bonds shall, for the purposes of federal income taxation, be excludable from the gross income of the owners thereof and exempt from such taxation, except in the event that such recipient is a "substantial user" or "related person" within the meaning of the Code.

(b) Notwithstanding the foregoing, the Agency hereby reserves the right to elect to issue Bonds the interest on which is not exempt from federal income taxation, if such election is made prior to the issuance of such Bonds and, to the extent applicable, the requirements of the Act or similar law in effect are satisfied with respect to such election and the covenants contained in this Section shall not apply to such Bonds.

Section 6.05. Accounts and Reports. The Agency shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all its transactions relating to the Bonds and all Funds and Accounts established by or pursuant to this Indenture or any Supplemental Indenture, which shall at all reasonable times be subject to the inspection of the Trustee or of the holders (or beneficial owners if their names and addresses have been filed with the Trustee for such purposes) of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

The Agency shall annually, within 270 days after the close of each Fiscal Year, prepare financial statements for such Fiscal Year. The financial statements shall be accompanied by the report of an Accountant stating that the financial statements examined present fairly the financial position of the Agency at the end of the Fiscal Year, the results of its operations and changes in financial position for the period examined, in conformity with generally accepted accounting principles, with such exceptions as may be noted in such report.

Any such financial statements may be presented with respect to the accounts for the Bonds or on a consolidated or combined basis with other reports of the Agency.

A copy of such financials and any Accountant's report relating thereto shall be mailed promptly thereafter by the Agency to each Bondowner who shall have filed his name and address with the Agency for such purposes.

Section 6.06. Compliance With Conditions Precedent. Upon the date of execution and delivery of a Series of Bonds, all conditions, acts and things required by law or by this Indenture to exist, to have happened or to have been performed precedent to or in the issuance of such Bonds shall exist, have happened and have been performed, and such Bonds, together with all other indebtedness of the Agency, shall be within every debt and other limit prescribed by law.

Section 6.07. Further Assurance. At any and all times, the Agency shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary and may otherwise act as permitted by law for the better assuring, conveying, granting, assigning or confirming all and singular the rights, Funds and Accounts and assets pledged, assigned and established pursuant to this Indenture, including the moneys, securities and Permitted Investments hereby pledged or assigned, or assigned in trust, or intended so to be, or which the Agency may hereafter become bound to pledge or assign in trust.

Section 6.08. Powers as to Bonds and Pledge. The Agency is duly authorized, pursuant to law, to authorize and issue Bonds, to enter into this Indenture, to enter into Hedge Agreements and to pledge the assets and revenues purported to be pledged by this Indenture, in the manner and to the extent provided in this Indenture and in any Supplemental Indenture. The assets and revenues so pledged and so held in trust are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and assignment in trust created by this Indenture, and all corporate action on the part of the Agency to that end has been duly and validly taken. Each Series of Bonds, the Agency's payment obligations under Qualified Hedge Agreements and the provisions of this Indenture are and will be the valid and legally enforceable special obligations of the Agency in accordance with their terms and the terms of this Indenture and the related Supplemental Indenture subject only to agreements now or hereafter made with holders of notes and bonds, other than the Bonds pledging particular revenues, moneys or assets for the payment thereof. The Agency shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the assets and revenues so pledged under this Indenture and all the rights of the Bondholders or any other creditors secured under this Indenture (including Providers), against all claims and demands of all persons whomsoever.

Section 6.09. Program Covenants.

(a) By Certificate of the Agency, the Agency shall cause the Trustee to, from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, the Program, this Indenture, all other applicable laws and regulations and with sound banking practices and principles, use and apply the amounts held in the Program Fund to purchase Certificates and do all such acts and things necessary to produce Revenues sufficient to pay when due the principal of and interest on the Bonds and shall take all steps, actions and proceedings reasonably necessary in the judgment of the Agency to cause the Trustee to enforce the terms, covenants and conditions of the Certificates, each Operating Agreement, the Servicing Agreement and any Investment Security.

The Agency shall supervise, or cause to be supervised, each Lender's compliance with its Operating Agreement. In the event any Operating Agreement shall be cancelled or terminated as to the Lender for any reason, the Agency shall take all steps necessary to replace such Lender with successor parties, in accordance with the provisions of the Operating Agreement and the requirements of GNMA, Fannie Mae or Freddie Mac, as applicable, but subject to the approval of the Agency.

(b) The Agency shall not, without the written consent of the Trustee, alter, modify or cancel, or agree to consent to alter, modify or cancel, any agreement which relates to or affects the security for the Bonds. The Trustee shall not consent to any change in the maturity of any Certificate.

(c) The Agency shall not consent to the modification of, or modify, the rate or rates of interest, or the amount or time of payment of any installment of interest or principal, or the security for or any of the terms or provisions of any Mortgage Loan or any insurance on or with respect thereto in any manner which would materially impair the security of the Bonds.

The Agency shall not amend, modify or supplement the Operating Agreement or the Servicing Agreement or consent to any such amendment, modification or supplementation without the written consent of the Trustee. The Trustee shall give such written consent only if the Trustee first obtains the written consent of the Owners of a majority in Principal Amount of the Bonds to such amendment, modification or supplement or if, based on the Counsel's Opinion, either (i) such changes will not materially adversely affect the interests of the Owners or result in any material impairment of the security hereby given for the payment of the Bonds or (ii) such amendment is necessary to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Section 6.10. Amendment of Mortgage Loans or Certificates; Disposition of Certificates. The Agency shall not consent to or agree to or permit any amendment or modification of any Mortgage Loan or Certificate which will in any manner impair or materially adversely affect the rights or security of the Bondholders or the Trustee under this Indenture. In determining whether any amendment or modification will in any manner impair or materially adversely affect the rights or security of the Bondholders or the Trustee under this Indenture, the Agency may rely on a Counsel's Opinion.

The Agency may at any time, consistent with the other provisions of this Indenture, sell, transfer, assign, dispose of or otherwise release from the lien of this Indenture a Certificate:

(a) in order to realize the benefit of any insurance or guarantee with respect to such Certificate or any covenant of a Lender under an Operating Agreement or a Servicer under any Servicing Agreement;

(b) in order to provide funds for the redemption or purchase of a principal amount of Bonds corresponding to the unpaid principal amount of such Certificate, if (i) a Cash Flow Analysis and (ii) a confirmation from the Rating Agency that such transfer will not alter the rating on the related Series of Bonds shall be filed with the Trustee giving effect to the proposed sale thereof and the application of the proceeds of such sale; provided, however, that no such certificate or confirmation shall be necessary if all Outstanding Bonds are simultaneously defeased pursuant to Article VIII hereof;

(c) upon payment in full of such Certificate; or

(d) as provided in Section 5.03(c) hereof.

The Agency may also sell any Mortgage Loan, Certificate or other obligation evidencing or securing a Mortgage Loan made or purchased by the Agency if it is necessary for the Agency to take such action in order to maintain the tax exemption on any Series of Bonds pursuant to the Code.

ARTICLE VII

DISCHARGE OF LIEN

If the Agency shall pay or cause to be paid, or there shall otherwise be paid or provision for payment made, to the holders of the Bonds the principal amount of, premium, if any, and interest due or to become due thereon, and to Providers amounts due under a Qualified Hedge Agreement secured hereby, at the times and in the manner stipulated therein, then unless there shall be delivered to the Trustee a Certificate to the contrary, these presents and the estate and rights hereby granted shall cease, determine and be void, whereupon the Trustee shall cancel and discharge the lien of this Indenture, and execute and deliver to the Agency such instruments in writing as shall be requisite to release the lien hereof, and reconvey, release, assign and deliver unto the Agency any and all the estate, right, title and interest in and to any and all rights or property assigned or pledged to the Trustee or otherwise subject to the lien of this Indenture, except cash held by the Trustee or any Paying Agent for the payment of the principal amount of, premium, if any, and interest on any Series of Bonds.

Any Bond shall be deemed to be paid within the meaning of this Article and for all purposes of this Indenture and any Supplemental Indenture when payment of the principal amount of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein), either (a) shall have been made or caused to be made in accordance with the terms thereof or (b) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (i) moneys sufficient to make such payment and/or (ii) Federal Obligations (which may be subject to redemption prior to maturity only if such terms of redemption do not adversely affect the Rating of the Bonds) maturing as to principal and interest in such amount and at such time as will ensure the availability of sufficient moneys to make such payment. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of any such payment from such moneys or Federal Obligations.

Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed prior to their stated maturity, no deposit under the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until the Agency shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instruction:

- (i) stating the date when the principal amount (and premium, if any) of each such Bond is to be paid, whether at maturity or on a redemption date;
- (ii) to call for redemption pursuant to this Indenture (and at such times as notice thereof may be given in accordance with this Indenture) any Bonds to be redeemed prior to maturity pursuant to in clause (b) of the preceding paragraph hereof; and

(iii) to mail, as soon as practicable, in the manner prescribed by Article IV hereof, a notice to the holders of such Bonds and to each Rating Agency that the deposit required by clause (b) of the preceding paragraph above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal amount or redemption price, if applicable, on said Bonds as specified in (i) hereof and, if a maturity date is stated, whether or not such Bonds continue to be subject to redemption.

All moneys so deposited with the Trustee as provided in this Article may at the direction of the Agency also be invested and reinvested in Federal Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Federal Obligations in the hands of the Trustee pursuant to this Article which is not required for the payment of the Bonds and interest and premium, if any, thereon with respect to which such moneys shall have been so deposited shall be deposited in the Revenue Fund as and when realized and collected for such an application as are other moneys deposited in such Fund.

Notwithstanding any provision of any other Article of this Indenture which may be contrary to the provisions of this Article, all moneys or Federal Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of Bonds (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular Bonds (including interest and premium thereof, if any) with respect to which such moneys and Federal Obligations have been so set aside in trust.

Anything in Article IX hereof to the contrary notwithstanding, if moneys or Federal Obligations have been deposited or set aside with the Trustee pursuant to this Article for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of this Article shall be made without the consent of the holder of each Bond affected thereby.

ARTICLE VIII

DEFAULTS AND REMEDIES

Section 8.01. Events of Default. Each of the following shall constitute an event of default under this Indenture and is herein called an "Event of Default":

(a) Interest on any of the Bonds is not paid on any date when due or the principal of any Bonds is not paid at maturity or the redemption price of any Bond is not paid at a Redemption Date at which such Bonds have been called for redemption, or regular payments (excluding fees, expenses or termination payments) on a Qualified Hedge Agreement are not paid when due;

(b) If there is a default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Agency in this Indenture, in any Supplemental Indenture or in the Bonds contained, and such default is not remedied within 60 days after notice thereof pursuant to Section 8.10 hereof; or

(c) The Agency files a petition seeking a composition of indebtedness under the federal bankruptcy laws or under any applicable law or statute of the United States of America or of the State, or if the State has limited or altered the rights of the Agency pursuant to the Act, as in force on the date of this Indenture, to fulfill the terms of any agreements made with the Holders of Bonds or in any way impaired the rights and remedies of Holders of Bonds while any Bonds are Outstanding.

Upon the occurrence of an Event of Default as set forth above and of which the Trustee has knowledge, and upon the cure, if any, of any such Event of Default, the Trustee shall provide written notice thereof to the Agency and the holders of the Bonds outstanding (and each beneficial owner who has filed a written notice with the Trustee requesting the same) within 10 days of learning of the Event of Default or the occurrence of such Event of Default.

Section 8.02. Remedies; Rights of Bondholders. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy under the Act, at law or in equity, to enforce the payment of the principal of, premium, if any, and interest on the Bonds then Outstanding, and any other creditors secured hereunder, including, without limitation, the following:

(a) The Trustee may declare the principal amount of all Bonds Outstanding and the interest accrued thereon to be immediately due and payable, whereupon such principal amount and interest shall thereupon become immediately due and payable, if an Event of Default pursuant to Section 8.01(a) has occurred;

(b) The books and records of the Agency relating to the Bonds shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys, but only to the extent that such inspection and use does not challenge, in the Agency's discretion, the confidentiality of such books and records as well as other related communications of the Agency; and

(c) The Agency, whenever the Trustee shall demand, will account as if it were the trustee of an express trust for all money, securities and Funds and Accounts pledged or held under this Indenture for such period as shall be stated in such demand.

If an Event of Default shall have occurred and, if requested so to do by the holders of not less than a majority in aggregate principal amount of Bonds then Outstanding or, if such Event of Default is an Event of Default described in clause (a) of Section 8.01 hereof, by the holders of not less than a majority in the aggregate principal amount of Bonds then Outstanding of the Series with respect to which such Event of Default has occurred, and indemnified by such holders in a manner acceptable to the Trustee, the Trustee shall be obligated to exercise one or more of the rights and powers conferred by this Section, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every such right and power may be exercised from time to time as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 8.03. Right of Bondholders To Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder, provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 8.04. Appointment of Receivers. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 8.05. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, following the satisfaction of any payments due the Trustee under the provisions of Sections 11.02 and 11.07 hereof, be deposited in the Revenue Fund and all moneys in the Revenue Fund (other than moneys held for redemption of Bonds duly called for redemption) shall be applied as follows:

(a) Unless the principal amount of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST, to the payment to the persons entitled thereto of all interest then due on the Bonds (including regular payments due under a Qualified Hedge Agreement which are equivalent to Bond interest, but not including fees, expenses or termination payments), in the order of the maturity of such interest and, if the amount available shall not be sufficient to pay in full said amount, then to the payment ratably, according to the amounts due to the persons entitled thereto, without any discrimination or privilege;

SECOND, to the payment to the persons entitled thereto of the unpaid principal amount of any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became

due at the rate borne by the Bonds and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege;

THIRD, to be held for the payment to the persons entitled thereto as the same shall become due of the principal amount of and interest (including regular payments due under a Qualified Hedge Agreement which are equivalent to Bond interest, but not including fees, expenses or termination payments) on the Bonds which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with interest then due and owing thereon, payment shall be made ratably according to the amount of principal due on such date to the persons entitled thereto without any discrimination or privilege; and

FOURTH, fees, expenses and termination payments due and payable under any Hedge Agreement.

(b) If the principal amount of all the Bonds shall have become or shall have been declared due, all such moneys shall be applied, first, to the payment of the principal amount and interest (including regular payments due under a Qualified Hedge Agreement which are equivalent to Bond interest, but not including fees, expenses or termination payments) then due and unpaid upon the Bonds, without preference or priority of principal amount over interest or of interest over principal amount, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal amount and interest, to the persons entitled thereto without any discrimination or privilege, and, second, to fees, expenses and termination payments due and payable under a Hedge Agreement.

(c) If the principal amount of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of subsection (b) of this Section in the event that the principal amount of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a) of this Section.

With respect to the foregoing, amounts due under a Qualified Hedge Agreement which are equivalent to Bond interest shall be treated as Bond interest.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The deposit of such money with any Paying Agent, or otherwise setting aside such money, in trust for the proper purpose shall constitute proper application by the Trustee. The Trustee shall incur no liability to the Agency, to any Bondholder or to any other person for any delay in applying any such money,

so long as the Trustee acts with reasonable diligence having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the principal amount to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all principal amounts of and interest on all Bonds have been paid under the provisions of this Section and all fees, expenses and charges of the Trustee and any Paying Agent have been paid, any balance remaining in the Revenue Fund shall be paid to the Agency.

Section 8.06. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding related thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as the Trustee without the necessity of joining as plaintiffs or defendants any holder of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit of the holders of the Outstanding Bonds.

Section 8.07. Rights and Remedies of Bondholders. No holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless (a) a default has occurred of which the Trustee has been notified as provided in Section 11.03 hereof, or of which by said Section 11.03 it is deemed to have notice, (b) such default shall have become an Event of Default and the owners of not less than a majority in aggregate principal amount of Bonds then Outstanding or, if such Event of Default is an Event of Default described in clause (a) of Section 8.01 hereof, by the owners of not less than a majority in aggregate principal amount of Bonds then Outstanding of the Series with respect to which such Event of Default has happened, shall have given written notice to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in their own name or names, (c) such Bondholders have offered to the Trustee indemnity as provided in Article XI hereof and (d) the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by his action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of the holders of all Bonds then Outstanding, subject to the provisions of this Indenture. However, nothing contained in this

Indenture shall affect or impair the right of any holder to enforce the payment of the principal of and interest on any Bond it owns at and after the maturity or upon the redemption thereof, or the obligation of the Agency to pay the principal of and interest on any such Bond issued hereunder to the holder thereof at the time, place, from the source and in the manner in the Bonds expressed, but in any case only from the Trust Estate.

Section 8.08. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Agency, the Trustee and the Bondholders shall be restored, subject to any final determination in such proceeding, to their former positions and rights hereunder, respectively, with regard to the property herein subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 8.09. Waivers of Events of Default. The Trustee may at its discretion waive any Event of Default hereunder and its consequences, and shall do so upon the written request of the holders of (a) more than 66-2/3% in aggregate principal amount of all the Bonds then Outstanding in respect of which default in the payment of principal amount or interest, or both, exists or (b) at least a majority in aggregate principal amount of all Bonds then Outstanding in the case of any other default; provided, however, that there shall not be waived (i) any Event of Default in the payment of the principal amount of any Outstanding Bonds at the date of maturity or sinking fund redemption date specified therein or (ii) any default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission, all arrears of interest or all arrears of payments of principal amount when due, as the case may be, with interest on overdue principal at the rate borne by the Bonds, and all reasonable fees and expenses of the Trustee in connection with such default shall have been paid or provided for. In case of any such waiver or rescission, the Agency, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 8.10. Notice of Defaults Under Section 8.01(b); Opportunity of the Agency To Cure Such Defaults. Anything herein to the contrary notwithstanding, no default under Section 8.01(b) hereof shall constitute an Event of Default until actual notice of such default by first class mail (postage prepaid) shall be given to the Agency by the Trustee or by the holders of not less than a majority in aggregate principal amount of all Bonds Outstanding and the Agency shall have had 60 days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Agency within the applicable period and diligently pursued until the default is corrected.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.01. Supplemental Indentures Effective Upon Filing. Without the consent of or notice to any of the Bondholders, for any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture of the Agency supplementing this Indenture may be adopted, which Supplemental Indenture, upon filing with the Trustee of a copy thereof certified by an Authorized Officer, shall be fully effective in accordance with its terms:

(a) to close this Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in this Indenture on, the delivery of Bonds or the issuance of other evidences of indebtedness;

(b) (i) to add to the covenants or agreements of the Agency in this Indenture other covenants or agreements to be observed by the Agency which are not contrary to or inconsistent with this Indenture as theretofore in effect or (ii) to make any change (other than a change requiring the consent of the holders of all Outstanding Bonds pursuant to Section 9.03 hereof) which is not materially adverse to the security of the Bondholders;

(c) to add to the limitations or restrictions in this Indenture other limitations or restrictions to be observed by the Agency which are not contrary to or inconsistent with this Indenture as theretofore in effect;

(d) to surrender any right, power or privilege reserved to or conferred upon the Agency by this Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Agency contained in this Indenture;

(e) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture of any revenues, Funds, Accounts or other assets;

(f) to make any changes which, in the opinion of Counsel, are necessary to preserve the tax-exempt status of the interest on the Bonds;

(g) to make such changes to obtain or maintain the Rating on the Bonds, provided such changes do not result in a downgrade or withdrawal of the current Rating;

(h) to modify any of the provisions of this Indenture in any respect whatever, provided that (i) such modifications shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding and (ii) such Supplemental Indenture shall be specifically referred to in the text of all Bonds of any Series delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof;

(i) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Indenture;

(j) to authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in Section 2.02, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds; and

(k) to insert such provisions clarifying matters or questions arising under this Indenture as are necessary or desirable and are not contrary to or inconsistent with this Indenture as theretofore in effect.

Section 9.02. Supplemental Indentures Requiring Consent of Bondholders.

Exclusive of Supplemental Indentures covered by Section 9.01 hereof and subject to the terms and provisions contained in this Section, and not otherwise, (a) the holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding at the time such consent is given and (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, the holders of not less than a majority in aggregate principal amount of the Bonds of the particular Series Outstanding affected at the time such consent is given shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Agency and the Trustee of such indentures supplemental hereto as shall be deemed necessary and desirable by the Agency for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any Supplemental Indentures; provided, however, that, except as set forth in Section 9.03 hereof, nothing in this Section contained shall permit, or be construed as permitting, without the consent of the holders of all Outstanding Bonds, (i) an extension of the maturity or mandatory sinking fund redemption date of the principal of or the time for payment of the interest on any Bond issued hereunder, (ii) a reduction in the principal amount of any Bond or the rate of interest (except as otherwise provided in a Supplemental Indenture), or sinking fund redemption requirements, thereon, (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture, or (v) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

For the purposes of this Section, Bonds of any particular Series shall be deemed to be affected by a modification or amendment of this Indenture if the same materially or adversely affects or diminishes the rights of the holders of Bonds of such Series. The Trustee, relying upon Counsel's opinion, may determine whether or not, in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity would be affected by a modification or amendment of the Indenture, and any such determination shall be binding and conclusive on the Agency and all holders of Bonds. With respect to matters affecting the security for the Bonds, the Trustee may conclusively rely upon written evidence from each Rating Agency that a change will not adversely affect the Rating on the Outstanding Bonds.

Section 9.03. Modifications by Unanimous Consent. Notwithstanding anything contained in the foregoing provisions of this Article, the terms and provisions of this Indenture, and the rights and obligations of the Agency and the holders of the Bonds, in any particular, may be modified or amended in any respect upon the execution by the Agency and filing in accordance with the provisions of this Article of a Supplemental Indenture of the Agency making such modification or amendment and the consent to such Supplemental Indenture of the holders of all of the Bonds then Outstanding, such consent to be given and proved as provided in Section 9.04, except that no notice to Bondholders, either by mailing or publication, shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

In addition, the Agency may enter into an agreement with any Bondholder restricting one or more rights of such Bondholder, provided that such agreement shall affect only such Bondholder (or assigns) and such agreement shall not grant such Bondholder any rights or privileges not afforded other Bondholders.

Section 9.04. Consent of Bondholder. The Agency may at any time execute and file a Supplemental Indenture from the Agency making a modification or amendment permitted by the provisions of Section 9.02 or 9.03, to take effect when and as provided in this Section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Agency), together with a request to the Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Trustee to the Bondholders. Such Supplemental Indenture shall not be effective unless and until, and shall take effect in accordance with its terms when, (a) there shall have been filed with the Trustee (i) the written consent of the holders of the percentage of Outstanding Bonds specified in Section 9.02 or 9.03, as the case may be and (ii) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully adopted by the Agency in accordance with the provisions of this Indenture, is authorized or permitted by the provisions of this Indenture, and, when effective, will be valid and binding upon the Agency and enforceable in accordance with its terms and (b) a notice shall have been given as hereinafter provided in this Section. Each such consent shall be effective only if executed by a holder of Bonds as of the date such consent is given.

In connection with this Section 9.04, any such consent shall be binding upon the holder of the Bonds giving such consent and upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent holder thereof has notice thereof), but, notwithstanding the provisions of Section 12.01, such consent may be revoked in writing by the filing with the Trustee, not later than the time when the written statement of the Trustee hereinafter in this Section provided for is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with the Trustee.

The Agency may establish a record date for purposes of the solicitation of consents from the holders of Bonds and shall give the Trustee notice thereof.

At any time after the holders of the required percentage of Bonds shall have filed their consents to such Supplemental Indenture, the Trustee shall make and file with the Agency a

written statement that the holders of such required percentage of Bonds have filed and given such consents and that proof of the holding of such Bonds has been examined and found sufficient by the Trustee. Such written statement shall be conclusive that such consents have been so filed and have been given. At any time thereafter notice, stating in substance that such Supplemental Indenture (which may be referred to as a Supplemental Indenture adopted by the Agency on a stated date, a copy of which is on file with the Trustee) has been consented to by the holders of the required percentage of Bonds and will be effective as provided in this Section, shall be mailed to Bondholders. The Agency shall file with the Trustee proof of the mailing thereof. A record, consisting of the papers required or permitted by this Section to be made by or filed with the Trustee, shall be proof of the matters therein stated.

Section 9.05. Authorization to Trustee. The Trustee is authorized to accept the delivery of a certified copy of any Supplemental Indenture of the Agency referred to and permitted or authorized by Section 9.01, 9.02, 9.03 or 9.04, upon satisfaction of any requirements with respect thereto, to consent to such indenture as provided in such Section and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such actions, shall be fully protected in relying on a Counsel's Opinion that such Supplemental Indenture is authorized or permitted by the provisions of this Indenture or contains no provisions which are contrary to or inconsistent with this Indenture as theretofore in effect.

Section 9.06. Exclusion of Bonds. Bonds owned or held by or for the account of the Agency shall be excluded and shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, and the Agency shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action under this Article, the Agency shall furnish the Trustee a Certificate, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 9.07. Notation on Bonds. Bonds delivered after the effective date of any action taken as in this Article provided may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Agency and the Trustee as to such action. If the Agency or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Agency to conform to such action may be prepared and delivered, and upon demand of the holder of any Bond then Outstanding may be exchanged, without cost to such Bondholder, for Bonds of the same designation, maturity and interest rate then Outstanding, upon surrender of such Bonds. Every holder of any Outstanding Bond shall, however, by his purchase and retention of such Bond, be deemed to consent to be bound by every modification and amendment of this Indenture adopted in accordance with the provisions of this Article, whether or not noted or endorsed on or incorporated in such Bond.

Section 9.08. Copies of Supplemental Indentures. The Agency shall forward a copy of any Supplemental Indenture (in substantially final form) to the Rating Agency.

ARTICLE X

DEPOSITARIES OF MONEYS AND INVESTMENT OF FUNDS

Section 10.01. Depositaries. All moneys held by the Trustee under the provisions of this Indenture shall be deposited with the Trustee or one or more Fiduciaries in trust for the Trustee. All moneys deposited under the provisions of this Indenture with the Trustee or any Fiduciary shall be held in trust and applied only in accordance with the provisions of this Indenture and any related Supplemental Indenture, and each of the Funds and the Accounts, and any subaccounts, established by this Indenture shall be a trust fund for the purposes thereof. The Trustee and the Agency shall not permit the deposit of any moneys with any Fiduciary in an amount exceeding the amount insured by the FDIC, unless secured by Permitted Investments.

Section 10.02. Investment of Funds and Accounts Held by Trustee. Except as otherwise provided in this Indenture, the Agency may direct the Trustee to, and in the absence of direction the Trustee shall, invest moneys in the Funds and the Accounts held by the Trustee in Permitted Investments, the maturity or redemption date at the option of the holder of which shall not exceed the date or dates on which moneys in said Fund or Account for which the investments were made are reasonably expected to be required for the purposes provided in this Indenture and any related Supplemental Indenture. The Trustee agrees to take such actions, including, but not limited to, the giving of timely notices for payment, as are required pursuant to the terms of any Permitted Investment or any guarantee related thereto.

Obligations purchased as an investment of moneys in any Fund or Account held by the Trustee under the provisions of this Indenture shall be deemed at all times to be a part of such Fund or Account. Moneys in separate Funds and Accounts may be commingled for the purpose of investment or deposit, subject to instructions from an Authorized Officer, to the extent possible in conformity with the provisions of this Section, so long as adequate records are maintained as to the amounts held in each such Fund or Account allocable to each Series of Bonds.

In computing the amount in any Fund or Account held by the Trustee under the provisions of this Indenture, obligations purchased by the Trustee or transferred by the Agency to the Trustee as an investment of moneys therein shall be valued at the Amortized Value, plus the amount of accrued interest, except that securities covered by repurchase agreements shall be valued at market price. Where market prices for obligations held by the Trustee are not readily available, the Trustee may determine the market price for such obligations in such manner as it deems reasonable. To the extent that moneys are invested pursuant to an Investment Agreement, such Investment Agreement shall be valued at par, unless the provider of the Investment Agreement is in default of its payments thereunder in which case it shall be valued as provided in the immediately preceding sentence.

At the direction of an Authorized Officer, the Trustee shall sell outright or pursuant to a repurchase agreement at the best price reasonably obtainable, or present for redemption, any obligation purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Fund or Account for which such investment was made. When transferring moneys from one Fund or Account to another, investments need

not be liquidated, and all or a portion of such invested moneys may be credited to a particular Fund or Account from another.

At the direction of an Authorized Officer, the Trustee may sell Permitted Investments hereunder and purchase any Permitted Investments in exchange therefor.

Investments authorized to be made by the Trustee pursuant to this Article X may be made by the Trustee through its own bond or investment departments or any affiliates or subsidiaries wholly owned by the entity which wholly owns the Trustee.

The Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory authority grant the Agency the right to receive brokerage confirmations of security transactions as they occur, the Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee shall have no liability or responsibility for any loss or for failure to maximize earnings resulting from any investments made in accordance with the provisions of this Section. The Trustee shall be entitled to assume, absent receipt by the Trustee of written notice to the contrary, that any investment which at the time of purchase is Permitted Investment remains a Permitted Investment thereafter.

ARTICLE XI

THE FIDUCIARIES

Section 11.01. Trustee and Depositaries; Appointment and Acceptance.

(a) Any entity appointed as the Trustee hereunder shall be a bank, trust company or national banking association having trust powers and having either (i) a combined capital and surplus of not less than \$75,000,000 or (ii) \$500,000,000 of assets under trust, and shall have delivered to the Trustee a copy of this Indenture, certified by an Authorized Officer. The Trustee shall be and is hereby vested with all the property, rights, powers and duties granted, pledged and assigned to it by this Indenture, in trust for the Bondholders.

(b) The Agency, consistent with the laws of the State and the Act, may appoint Fiduciaries as depositaries of money held under the provisions of this Indenture and shall further advise such Fiduciaries as to any requirements with respect to such moneys. Each Fiduciary shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Agency and the Trustee written acceptance thereof.

Section 11.02. Paying Agents. The Agency hereby appoints the Trustee as the Paying Agent for the Bonds and may, at any time or from time to time by a Supplemental Indenture, appoint one or more other Paying Agents for such Bonds. Each Paying Agent shall be a bank, trust company or national banking association, having trust powers and having a capital and surplus aggregating at least \$15,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture. Each Paying Agent, other than the Trustee, shall signify its acceptance of the duties and obligations imposed

upon it by this Indenture by executing and delivering to the Agency and the Trustee a written acceptance thereof. The Trustee may be appointed and may act as a Paying Agent.

Section 11.03. Responsibilities of Fiduciaries. The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Agency, and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations for the validity or sufficiency of this Indenture or any Bonds issued hereunder or in respect of the security afforded by this Indenture, and no Fiduciary shall incur any responsibility in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the Agency or others in accordance with this Indenture, except the Trustee to the extent such proceeds are paid to the Trustee in its capacity as Trustee. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability, to institute or defend any action or suit in respect of this Indenture or Bonds, or to advance any of its own moneys, unless properly indemnified. No Fiduciary shall be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default.

In addition, no Fiduciary shall be under any obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Agency, or to report, or make or file claims or proof of loss for, any loss or damage insured against or which may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. No Fiduciary shall be under any obligation to see that any duties herein imposed upon the Agency or any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and no Fiduciary shall be under any obligation for failure to see that any such duties or covenants are so done or performed. No Fiduciary shall be liable or responsible because of the failure of the Agency or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the Agency.

The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, provided that the immunities and exemptions from liability of the Trustee hereunder shall extend to such agents, receivers and employees, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof, subject to Section 11.07 hereof. The Trustee may act upon the opinion or advice of any attorneys (who may but need not be the attorney or attorneys for the Agency) approved by the

Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction in good faith in reliance upon such opinion or advice.

Unless an officer of the corporate trust department of the Trustee shall have actual knowledge thereof, the Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except defaults under Section 8.01(a) hereof unless the Trustee shall be specifically notified in writing of such default by the Agency or a court of law or by any owner of the Bonds. Except as otherwise specifically provided for in this Indenture, all notices or other instruments required by this Indenture to be delivered to the Trustee must, to be effective, be delivered at the corporate trust office of the Trustee, and, in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid.

The permissive right of the Trustee to do things enumerated in this Indenture shall not, unless otherwise provided herein, be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct or failure to perform obligations under this Indenture.

At any and all reasonable times, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right to inspect any and all of the books, papers and records of the Agency pertaining to the receipts under the Bonds, and to duplicate such memoranda in regard thereto as may be desired, provided that such inspection and duplication does not challenge, in the Agency's discretion, the confidentiality of such books, papers and records as well as other related communications of the Agency.

The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Agency to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

Section 11.04. Funds Held in Trust. All money held by any Fiduciary, as such, at any time pursuant to the terms of this Indenture shall be and is hereby assigned, transferred and set over unto such Fiduciary in trust for the purposes and under the terms and conditions of this Indenture.

Section 11.05. Evidence on Which Fiduciaries May Act. Each Fiduciary shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion, bond or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Agency, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good

faith and in accordance therewith. Whenever any Fiduciary shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate stating the same, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Indenture, but in its discretion the Fiduciary may, in lieu thereof, accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by or on behalf of the Agency to any Fiduciary shall be sufficiently executed if executed by an Authorized Officer.

Section 11.06. Preservation and Inspection of Documents. All reports, certificates, statements and other documents received by any Fiduciary under the provisions of this Indenture shall be retained in its possession and shall be available at all reasonable times for inspection by the Agency, any other Fiduciary or any Bondholder, and their agents and their representatives, any of whom may make copies thereof, but any such reports, certificates, statements or other documents may, at the election of such Fiduciary, be destroyed or otherwise disposed of at any time six years after such date as the pledge created by this Indenture shall be discharged as provided in Article VII.

Section 11.07. Compensation and Expenses. Subject to the provisions of any contract between the Agency and each Fiduciary relating to the compensation of such Fiduciary, the Agency shall pay, from moneys available in the Trust Estate, to such Fiduciary reasonable compensation for all services performed by it hereunder and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts hereby created and the performance of its powers and duties hereunder, and, from such source only and to the extent permitted by law, shall indemnify and save each Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to its negligence or willful misconduct. Each Fiduciary accepting appointment hereunder agrees, as a condition to such appointment, to indemnify and save the Agency harmless against any liabilities which the Agency may incur as a result of the failure of such Fiduciary's negligence or willful misconduct.

Section 11.08. Certain Permitted Acts. Any Fiduciary may become the owner of or may deal in Bonds or transact other bank or trust business with the Agency as fully and with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or executive directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such committee shall represent the holders of a majority in principal amount of the Bonds Outstanding.

Section 11.09. Resignation of Fiduciary. A Fiduciary, or any successor thereof, may at any time resign and be discharged of its duties and obligations created by this Indenture by giving not less than 60 days' written notice to the Agency and delivering notice thereof to the

Bondholders, specifying the date when such resignation shall take effect. Such resignation shall take effect upon the day specified in such notice, but only if a successor has been appointed to succeed such Fiduciary, unless prior to the date specified in such notice a successor shall have been appointed by the Agency or Bondholders as herein provided, in which event such resignation shall take effect immediately on the appointment of such successor. Notwithstanding the above, the resignation of the Trustee shall not be effective unless a successor Trustee has been appointed and has accepted the duties of the Trustee.

Section 11.10. Removal. A Fiduciary, or any successor thereof, may be removed at any time by the Agency (if the Agency is not in default hereunder) or by the holders of not less than a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Agency, by, in the case of removal by the Bondholders, an instrument or concurrent instruments in writing signed and duly acknowledged by such Bondholders or by their attorneys duly authorized in writing and delivered to the Agency and by, in the case of removal by the Agency, notice thereof to the Trustee. Copies of each such instrument shall be delivered by the Agency to each Fiduciary and any successor thereof. Notwithstanding the above, the removal of the Trustee shall not be effective unless a successor Trustee has been appointed and has accepted the duties of the Trustee.

Section 11.11. Appointment of Successor Fiduciary. In case at any time a Fiduciary, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent or if a receiver, liquidator or conservator of such Fiduciary or of its property shall be appointed or if any public office or officer shall take charge or control of such Fiduciary or of its property or affairs, a successor may be appointed by the Agency or, if the Agency fails to act, by the holders of not less than a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Agency, by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to such successor Fiduciary, notification thereof being given to the Agency, the predecessor Fiduciary and any other Fiduciaries. Pending such appointment, the Agency shall forthwith appoint a Fiduciary to fill such vacancy until a successor Fiduciary shall be appointed by Bondholders as herein authorized. The Agency shall deliver notice to the Bondholders of any such appointment within 20 days after such appointment and shall give notice of such appointment to the Rating Agency. Any successor Fiduciary appointed by the Agency shall, immediately and without further act, be superseded by a Fiduciary appointed by Bondholders. If in a proper case no appointment of a successor Fiduciary shall be made pursuant to the foregoing provisions of this Section within 45 days after the Fiduciary shall have given to the Agency written notice as provided in Section 11.09 or after notice received pursuant to Section 11.10 or after the occurrence of any other event requiring or authorizing such appointment, the Fiduciary or any other Fiduciary or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon, after such notice, if any, as said court may deem proper and prescribe, appoint such successor Fiduciary. Any Fiduciary appointed under the provisions of this Section shall have the qualifications prescribed for its predecessor in Section 11.01 or Section 11.02.

Section 11.12. Transfer of Rights and Property to Successor Fiduciary. Any successor Fiduciary appointed hereunder shall execute, acknowledge and deliver to its predecessor Fiduciary, and also to the Agency, an instrument accepting such appointment, and

thereupon such successor Fiduciary, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Fiduciary, with like effect as if named herein as such Fiduciary, but the Fiduciary ceasing to act shall, nevertheless, on the written request of the Agency or of the Successor Fiduciary, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Fiduciary all the right, title and interest of the predecessor Fiduciary in and to any property held by it under this Indenture and shall pay over, assign and deliver to the successor Fiduciary any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Agency be required by such successor Fiduciary for more fully and certainly vesting in and confirming to such successor Fiduciary any such moneys, estates, properties, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Agency to the extent allowed by law. Any such successor Fiduciary shall promptly notify the other Fiduciaries of its appointment as such Fiduciary.

Section 11.13. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which such Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a financial institution which is qualified to be a successor to such Fiduciary under Section 11.01 or Section 11.02 and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

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

Section 11.14. Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that, in case of litigation under this Indenture, and in particular in case of the enforcement of such instrument or agreement upon default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, the Trustee may appoint an additional individual or institution as a separate or Co-Trustee, in which event each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or Co-Trustee, but only to the extent necessary to enable such separate or Co-Trustee to exercise such powers, rights and remedies, and every covenant

and obligation necessary to the exercise thereof by such separate or Co-Trustee shall run to and be enforceable by either of them. In the event of such an appointment, Trustee shall notify the Agency of the appointment of such Co-Trustee and any reasonable fees and expenses of such Co-Trustee shall be payable solely from the Trust Estate as described in Section 11.07 hereof.

Should any deed, conveyance or instrument in writing from the Agency be required by the separate or Co-Trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Agency to the extent allowed by law. In case any separate or Co-Trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or Co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate or Co-Trustee.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Consents, etc., of Bondholders. Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Bondholders (other than an assignment of a Bond) may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee and any Paying Agent with regard to any action taken by it under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

(b) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the registration books of the Agency maintained by the Trustee pursuant to this Indenture.

Section 12.02. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture, any Supplemental Indenture or the Bonds is intended or shall be construed to give to any person other than the Agency, the Fiduciaries, the Providers and the holders of the Bonds, any legal or equitable right, remedy or claim under or in respect to this Indenture or any Supplemental Indenture or any covenants, conditions and provisions herein contained; this Indenture, all Supplemental Indentures and all of the covenants, conditions and provisions hereof being

intended to be and being for the sole and exclusive benefit of the Agency, the Fiduciaries, the Providers and the holders of the Bonds as herein provided.

Section 12.03. Severability. If any provision of this Indenture or any Supplemental Indenture shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein or therein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 12.04. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of interest on or principal of, or the date fixed for redemption of, any Bond shall not be a Business Day, then payment of interest or principal may be made on the succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption.

Section 12.05. Applicable Provisions of Law. This Indenture and each Supplemental Indenture shall be governed by and construed in accordance with the laws of the State without regard to principles of conflicts of laws. If any terms set forth in this Indenture are inconsistent with the laws of the State, the laws of the State shall govern. In the event any action, claim or other legal proceeding arising out of this Indenture is filed, such proceeding shall be brought in the Superior Court of Chittenden County, Vermont, or, if a federal forum is required, in the Federal Courts of Vermont; provided, however, the Agency does not waive any immunities related to jurisdiction of the federal courts that may be available to it.

Section 12.06. No Recourse on Bonds. No recourse shall be had for the payment of the principal of, premium, if any, or the interest on the Bonds or for any claim based thereon or on this Indenture or any Supplemental Indenture against any officer, employee or agent of the Agency or any person executing the Bonds.

Section 12.07. Maximum Interest Rate. In no event shall the interest rate for the Bonds exceed the maximum rate permitted by applicable law.

Section 12.08. Notices. Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or sent by telegram, addressed to the appropriate Notice Address. The Agency and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 12.09. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[SIGNATURE PAGE TO TRUST INDENTURE]

Executed as of this 1st day of November, 2009.

VERMONT HOUSING FINANCE AGENCY

By _____
Its _____

Executed and Attested:

By _____
Its _____

[_____] , as Trustee

By _____
Its _____

VERMONT HOUSING FINANCE AGENCY

RESOLUTION AUTHORIZING AND APPROVING THE EXECUTION AND
DELIVERY OF A (GENERAL) TRUST INDENTURE, PROVIDING FOR THE
ISSUANCE OF HFA INITIATIVE MULTIFAMILY BONDS

November 19, 2009

WHEREAS, the Vermont Housing Finance Agency (the "Agency") is authorized and empowered by the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (the "Act"), to make mortgage loans to finance, and to purchase from mortgage lenders mortgage loans with respect to, residential housing for persons of low and moderate income, and to issue bonds to finance the same, all to promote the expansion of the supply of funds available for mortgages for residential housing and to encourage an adequate supply of safe and decent housing at reasonable costs, and to otherwise carry out its powers as authorized by the Act; and

WHEREAS, the Agency has previously implemented multifamily mortgage loan and mortgage purchase programs and has funded such programs through the issuance of both general obligation and revenue bonds, and through the use of lines of credit and short-term bonds to provide interim financing for such programs; and

WHEREAS, the Agency desires to complement and supplement its present multifamily bond-issuing programs, provide an alternate source of funding for both existing and future programs and projects, and take full advantage of the Multifamily New Issue Bond Program announced by the United States Department of the Treasury on October 19, 2009 (the "Treasury Program") and various federal tax law provisions, by approving and adopting a Trust Indenture which provides for the issuance of HFA Initiative Multifamily Bonds (the "Bonds") of the Agency, which Bonds can be issued to finance any multifamily program of the Agency and which bonds will be payable from the funds and assets of the Agency pledged to secure such bonds; and

WHEREAS, a form of general Trust Indenture (the "Indenture") providing for the issuance of such Bonds has herewith been presented to the Board;

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

Section 1. The Agency does hereby find and determine, 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, it is reasonable and necessary that the Agency provide for the issuance of its Bonds, and thereby promote an adequate supply of safe and decent housing in the State at reasonable costs.

Section 2. The Agency hereby approves the Indenture, to be entered into between the Agency and a commercial bank designated by the Executive Director, as trustee, in substantially the form presented at this meeting with such amendments, deletions and additions as the authorized Agency signatory officer, in the exercise of such officer's independent judgment and

discretion, determines to be necessary or appropriate (including those necessary to comply with the Treasury Program), and the Chair, Vice Chair, Executive Director, Chief of Program Operations, or Treasurer and Chief Financial Officer are each hereby authorized to execute and deliver the same, to be attested by any other such officer or the Secretary or any Assistant Secretary, all as such Agency signatory officer shall determine necessary or desirable in order to effectuate the purposes of this Resolution.

Section 3. Bonds may be issued under the Indenture only to the extent authorized by separate resolution adopted by the Commissioners of the Agency.

Section 4. This Resolution shall take effect immediately.

TRUST INDENTURE

by and between

VERMONT HOUSING FINANCE AGENCY

and

XXX BANK, NATIONAL ASSOCIATION,
as Trustee

Securing
HFA Initiative Multifamily Bonds

Dated as of December 1, 2009

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**(HFA INITIATIVE MULTIFAMILY)
TRUST INDENTURE**

THIS TRUST INDENTURE, dated as of December 1, 2009 (this "Indenture"), is by and between **VERMONT HOUSING FINANCE AGENCY**, a body politic and corporate organized and existing under the Vermont Housing Finance Authority Act, as amended (the "Agency"), and **XXX BANK, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, pursuant to the Constitution and the laws of the State of Vermont, particularly the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (the "Act"), the Agency is authorized to carry out the public purposes described in the Act by issuing its bonds and by entering into any agreements made in connection therewith; and

WHEREAS, to provide a source of funds for its programs authorized by the Act, the Agency has determined to authorize the issuance of its limited obligation HFA Initiative Multifamily Bonds (the "Bonds") pursuant to this Indenture and one or more supplemental indentures or series certificates ("Supplemental Indentures") and to enter into this Indenture to secure the Bonds as hereafter described; and

WHEREAS, it is intended that each Series of Bonds (or Subseries thereof if so provided in the Supplemental Indenture authorizing such Series) be payable solely from and secured solely by the moneys, assets and securities held hereunder designated to be used for or with respect to the payment of debt service on such Series of Bonds (or Subseries thereof if so provided in the Supplemental Indenture authorizing such Series); and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture and the related Supplemental Indentures provided, the valid, binding and legal obligations of the Agency according to the import thereof, and to constitute this Indenture a valid assignment and pledge of the amounts pledged to the payment of principal of and interest on the Bonds (or any Series or Subseries thereof) and other obligations secured hereunder, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof and of the related Supplemental Indentures, have in all respects been duly authorized; and

WHEREAS, the Trustee has accepted the trusts created by this Indenture and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS TRUST INDENTURE WITNESSETH:

GRANTING CLAUSES

The Agency, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds to be issued hereunder

from time to time by the holders thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, interest and redemption premium, if any, on the Bonds (or any Series or Subseries thereof) and other obligations secured hereunder according to their tenor and effect and to secure the performance and observance by the Agency of all the covenants expressed or implied herein and in the Bonds and other obligations secured hereunder, does hereby, on the terms herein provided and subject to the provisions hereof permitting the application of amounts held hereunder and the exercise of rights in connection with the following properties, pledge and assign all right, title and interest of the Agency in and to the following unto the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the Agency hereinafter set forth and for the equal and proportionate benefit and security, from time to time, of the owners of the related Series (or any Subseries thereof, as herein provided) of the Bonds or any other creditors secured hereunder, without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one Bond over any other Bond of such Series (or Subseries thereof, as herein provided) or any other creditor secured hereunder, by reason of priority in the issue, sale or negotiation thereof or otherwise, all in accordance with the terms hereof:

All moneys and securities, including Bond proceeds (other than proceeds deposited in trust for the retirement of any outstanding Bonds or other indebtedness of the Agency), and other assets from time to time held by the Trustee under and subject to the terms of this Indenture or any Supplemental Indenture (other than amounts held in the Rebate Fund, if any) with respect to each such Series (or Subseries as hereinafter provided) and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the Agency, or by anyone in its behalf or with its written consent, to the Trustee which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

TO HAVE AND TO HOLD all and singular the trust estate (the "Trust Estate"), whether now owned or hereafter acquired, unto the Trustee and its respective successors in trust and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit and security of all present and future owners of all Bonds of the related Series (or Subseries thereof, as herein provided) without preference of any Bond over any other Bond of such Series or any other creditor secured hereunder, except as otherwise herein provided, and for enforcement of the payment of the Bonds of such Series (or Subseries thereof, as herein provided) or any other creditors secured hereunder in accordance with their terms, and all other sums payable hereunder or on the Bonds of such Series (or Subseries thereof, as herein provided) and for the performance of and compliance with the obligations, covenants and conditions of this Indenture, as if all the Bonds of such Series (or Subseries thereof, as herein provided) at any time outstanding had been authenticated, executed and delivered simultaneously with the execution and delivery of this Indenture, all as herein set forth;

PROVIDED, HOWEVER, that if the Agency, its successors or assigns shall well and truly pay, or cause to be paid, the principal of, premium, if any, and interest on the Bonds of the related Series (or Subseries thereof, as herein provided) or any other obligations due or to become due thereon, at the times and in the manner mentioned in such Bonds or such obligations according to the true intent and meaning thereof, and shall cause the payments to be made as required under Article VII hereof, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture and each and every Supplemental Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due in accordance with the terms and provisions hereof and each and every Supplemental Indenture, then upon such final payments this Indenture and each and every Supplemental Indenture and the rights hereby and thereby granted shall cease, terminate and be void with respect to such Bonds; otherwise this Indenture and each and every Supplemental Indenture to be and remain in full force and effect;

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds or other obligations issued and secured hereunder and under each and every Supplemental Indenture are to be issued, authenticated and delivered, and all said property, rights and interests, including, without limitation, the amounts hereby assigned and pledged, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter and in the related Supplemental Indenture expressed, and the Agency has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective owners from time to time, or at any time, of the Bonds, or any part thereof, as follows (subject, however, to the provisions of Section 1.02 hereof):

ARTICLE I

DETERMINATIONS AND DEFINITIONS

Section 1.01. Authority and Purpose. This Indenture is entered into under authority and in accordance with the provisions of the Act, for the purpose of effectuating the public purposes as set forth in the Act; and for the purpose of establishing covenants, agreements and procedures to assure that amounts will be sufficient for the repayment of money borrowed for this purpose, and that any amounts pledged hereunder exceeding the amounts needed for this purpose will be applied in accordance with law for other purposes authorized by the Act.

Section 1.02. Contract With Trustee and Bondholders. As provided in the Act and in consideration of the acceptance by the Trustee of the trusts herein created and of the purchase and acceptance of Bonds issued hereunder by any who shall from time to time be holders thereof and of any other obligations of the Agency secured hereunder:

- (a) the provisions of this Indenture shall be a contract of the Agency with the holders of the Bonds of each Series (or Subseries thereof, as herein provided) and any other obligations secured hereunder;

(b) the Agency pledges to the Trustee for the payment of the principal of, premium, if any, and interest on the Bonds of each Series (or Subseries thereof, as herein provided), separate and apart from the pledge for any other Series (or Subseries thereof, as herein provided), and the Sinking Fund Installments for the retirement thereof, if any, and any other obligations secured hereunder, at the times and in the manner provided in this Indenture and any Supplemental Indenture, and grants a security interest in, all money, Permitted Investments and other assets and income held in and receivable by the Funds and Accounts (except the Rebate Fund, if any) established by or pursuant to this Indenture and any Supplemental Indenture for the related Series (or Subseries thereof as herein provided) of Bonds, subject to the right of the Agency to direct withdrawals of amounts from said Funds and Accounts upon the conditions set forth in this Indenture, which pledge constitutes a first lien on such pledged moneys and revenues;

(c) the pledge made and security interests granted herein and the covenants and agreements herein set forth shall be for the equal benefit, protection and security of holders of any and all such Bonds of the related Series (or Subseries thereof, as herein provided), and Providers of Qualified Hedge Agreements of the related Series (or Subseries thereof, as herein provided) if so provided in a Supplemental Indenture, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any Bond over any other Bond of the related Series (or Subseries thereof, as herein provided), and any other obligations secured hereunder, except as expressly provided or permitted herein;

(d) this pledge is valid and binding from the time when made, and the property so pledged and hereafter received by the Agency shall immediately be subject to the lien thereof without any physical delivery or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Agency, whether or not such parties have notice thereof, and neither this Indenture nor any other instrument by which such pledge is created need be recorded;

(e) the Bonds of each Series (or Subseries as herein provided) and obligations pursuant to Qualified Hedge Agreements of each Series (or Subseries as herein provided) are limited obligations of the Agency, and are payable from any of the Agency's revenues, assets or moneys held hereunder for the benefit of the Bonds of such Series (or Subseries as herein provided) or other obligations relating to such Series (or Subseries), subject only to agreements made with holders of notes and bonds or other indebtedness pledging particular revenues, moneys or assets for the payment thereof. The Bonds and obligations pursuant to Qualified Hedge Agreements will not constitute a debt of the State or any political subdivision thereof, and neither the State nor any of its political subdivisions are liable thereon. The Bonds and obligations pursuant to Qualified Hedge Agreements will not constitute a debt or liability or obligation or a pledge of the faith and credit of the State but will be payable solely from the revenues or assets of the Agency pledged therefor. The State is not liable on the Bonds and obligations pursuant to Qualified Hedge Agreements and the Bonds and obligations pursuant to Qualified Hedge Agreements are not a debt of the State and neither the faith and credit nor the taxing

power of the State is pledged to the payment of the principal of or the interest on the Bonds and obligations pursuant to Qualified Hedge Agreements; and

(f) the State has agreed that it will not limit or restrict the rights vested in the Agency to perform its obligations and to fulfill the terms of any agreement made with the Holders of the Bonds or Providers, or in any way impair the rights and remedies of the Bondholders or Providers, until the Bonds and Providers of Qualified Hedge Agreements if so provided in a Supplemental Indenture, together with the interest thereon and interest on any unpaid installments of interest, are fully met, paid and discharged.

Section 1.03. Definitions. In this Indenture, unless a different meaning clearly appears from the context, the following terms have the following respective meanings:

"Accountant" means the accountant or firm of accountants who regularly audit the books and accounts of the Agency.

"Accountant's Certificate" means an opinion or report signed by any Accountant.

"Accounts" means the Accounts established pursuant to this Indenture or any Supplemental Indenture.

"Act" means the Vermont Housing Finance Agency Act, No. 260 of Vermont Acts of 1973, Adjourned Session, as amended from time to time.

"Agency" means the Vermont Housing Finance Agency and any successor thereto.

"Amortized Value" means, for securities purchased at a premium above or a discount below par, the value as of any given date obtained by amortizing the premium or discount over the period from the date of such purchase to the date of calculation at the original yield to maturity.

"Appreciated Amount" means with respect to a Deferred Interest Bond, (a) as of any date of computation with respect to any Deferred Interest Bond up to the date, *if any*, set forth in the Supplemental Indenture authorizing such Deferred Interest Bond as the date on which such Deferred Interest Bond shall commence to bear interest payable thereafter on applicable Interest Payment Dates, an amount equal to the initial principal amount of such Deferred Interest Bond plus the interest accrued on such Deferred Interest Bond from the date of original issuance of such Deferred Interest Bond to the applicable Interest Payment Date next preceding the date of computation or the date of computation if an applicable Interest Payment Date, such increased amount to accrue at the rate per annum set forth in the Supplemental Indenture authorizing such Deferred Interest Bonds, compounded on each applicable Interest Payment Date, plus, if such date of computation shall not be an applicable Interest Payment Date, a portion of the difference between the Appreciated Amount as of the immediately preceding applicable Interest Payment Date (or the date of original issuance if the date of computation is prior to the first applicable Interest Payment Date succeeding the date of original issuance) and the Appreciated Amount as of the immediately succeeding applicable Interest Payment Date, calculated based upon an assumption that the Appreciated Amount accrues in equal daily amounts on the basis set forth in the Supplemental Indenture authorizing such Deferred Interest Bonds; and (b) as of any date of

computation on and after the date, if any, set forth in the Supplemental Indenture authorizing such Deferred Interest Bond as the date on which such Deferred Interest Bond shall commence to bear interest payable thereafter on applicable Interest Payment Dates, the Appreciated Amount as of such current interest payment commencement date.

For the purposes of (a) actions, requests, notifications, consents or directions of Bondowners under this Indenture, (b) required payment upon default or anticipated default pursuant to acceleration of maturity or otherwise as described in Article VIII hereof, the calculation of the Appreciated Amount shall be as of the applicable Interest Payment Dates for such Deferred Interest Bond, as specified in a Supplemental Indenture, preceding such date of calculation (unless such date of calculation shall be an Interest Payment Date, in which case, as of the date of calculation).

"Authorized Officer" means the Chair, Vice Chair, Executive Director and Secretary, Chief Financial Officer and Treasurer, and Chief of Program Operations of the Agency or any other person authorized by resolution of the Agency to perform an act or sign a document.

"Bond" or *"Bonds"* means any Bond or Bonds authorized and issued pursuant to this Indenture and a Supplemental Indenture.

"Bondholder" or *"holder of Bonds"* or *"owner of Bonds"* means the registered owner of any Bond.

"Bond Year" means a 12-month period (or shorter initial or ending year period) commencing on July 1 in each year that Bonds are Outstanding and ending on June 30 of the succeeding year.

"Book Entry System" means such system for registering the Bonds of one or more Series set forth in a Supplemental Indenture.

"Business Day" means any day other than a Saturday, Sunday, a day on which the offices of the Agency are closed, or any other day on which the New York Stock Exchange or banks are authorized or obligated by law or executive order to close in New York, New York or in any city in which is located the corporate trust operations office of the Trustee or such other date as set forth in a Supplemental Indenture.

"Cash Equivalent" means a letter of credit, insurance policy, surety, guarantee or other security arrangement (as defined and provided for in a Supplemental Indenture), which Cash Equivalent shall have such terms necessary to maintain the unenhanced Rating of the Bonds.

"Cash Flow Certificate" means, with respect to a Series (or Subseries) of Bonds, an Officer's Certificate demonstrating projected annual Revenues with respect to such Series (or Subseries) sufficient to pay projected Program Expenses with respect to such Series (or Subseries) and scheduled interest and principal payments with respect to such Series (or Subseries) and with respect thereto:

- (a) A Cash Flow Certificate shall set forth projected Revenues, Program Expenses and the interest and principal payments for each Bond Year during which such

Series (or Subseries) of Bonds will be Outstanding based upon the reasonable expectations of the Agency at the time such Certificate is filed;

(b) The Cash Flow Certificate shall set forth the assumptions upon which the estimates therein are based, which assumptions shall be based upon the Agency's reasonable expectations at the time such Cash Flow Certificate is filed. Except with respect to actions being taken contemporaneously with the delivery of a Cash Flow Certificate, events reflected in a Cash Flow Certificate may be as of a date or reasonably adjusted to a date not more than one hundred eighty (180) days prior to the date of delivery of such statement; and

(c) The listing of Revenues from Loans and Investments shall be supported by a schedule identifying the Loans and Investments by maturity and interest rate which shall be furnished to the Trustee upon request.

"Certificate" means a certificate of an Authorized Officer.

"Code" means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder; each reference to a Section of the Code herein shall be deemed to include the United States Treasury regulations proposed or in effect thereunder and applied to the Bonds or the use of the proceeds thereof, and also includes all amendments and successor provisions unless the context requires otherwise.

"Counsel" means any attorney or firm of attorneys (who may be employed by or of counsel to the Agency or an attorney or firm of attorneys retained by it in other connections) licensed to practice in the state in which he/she or it maintains an office (and if the opinion is with respect to an interpretation of federal tax laws or regulations or with respect to the issuance of an additional Series of Bonds or interpretation or application of this Indenture, is also a nationally recognized attorney or firm of attorneys experienced in such matters), selected or employed by the Agency.

"Counsel's Opinion" means an opinion signed by any Counsel.

"Current Interest-Bearing Bonds" means Bonds as to which interest is payable on each Interest Payment Date.

"Date of Original Issuance" means, with respect to a particular Series of Bonds, the date on which the Agency initially issues such Series of Bonds.

"Debt Service Fund" means the Fund so designated which is established by Section 5.01 hereof.

"Deferred Interest Bonds" means the Bonds so designated in a Supplemental Indenture but shall not include any such Bond from and after the date, if any, on which such Bond will bear interest that is payable to the holder of such Bond prior to its scheduled maturity.

"Depository" means any bank or trust company or national banking association selected by the Agency as a depository of moneys or securities held under the provisions of this Indenture and may include the Trustee and any Paying Agent.

"Event of Default" means the occurrence of any event specified in Section 8.01 hereof.

"Excess Earnings" means excess investment earnings, net of any credits or offsets thereto, which must be rebated to the United States of America pursuant to Section 143(g) of the Code.

"Executive Director" means the Executive Director of the Agency appointed pursuant to the Act, or his or her designee.

"Executive Director's Determination" means a Certificate signed by the Executive Director, delivered to the Trustee and each Rating Agency, reflecting modifications to this Indenture with respect to one or more Series (or Subseries) of Bonds, as permitted or required by the express terms of this Indenture or the Supplemental Indenture related to such Series.

"FDIC" means the Federal Deposit Insurance Corporation or any successor thereto.

"Federal Agency Obligations" means bonds, debentures or other obligations issued by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit Bank, any Federal Home Loan Bank, the Student Loan Marketing Association (more commonly known as Sallie Mae), the Resolution Funding Corporation, the Tennessee Valley Authority, any Federal Loan Bank or the Government National Mortgage Association and any other obligations of any agency controlled or supervised by and acting as an instrumentality of the United States Government pursuant to authority granted by the Congress of the United States.

"Federal Obligations" means direct obligations of the United States or other obligations the timely payment of principal and interest of which is fully and unconditionally guaranteed by the United States.

"Fiduciary" means the Trustee and any Paying Agent.

"Fiscal Year" means the period of 12 calendar months commencing on July 1 in any calendar year and ending on June 30 in the following year.

"Hedge Agreement" means a payment exchange agreement, swap agreement, forward purchase agreement or any other hedge agreement entered into by the Agency providing for payments between the parties based on levels of, or changes in, interest rates or other indices or contracts to exchange cash flows or a series of payments or contracts, including, without limitation, interest rate floors, or caps, options, puts or calls, which allows the Agency to manage or hedge payment, rate, spread or similar risk with respect to all or a portion of any Series of Bonds or any assets pledged under this Indenture.

"HUD" means the Department of Housing and Urban Development and any successor thereto and shall include FHA, as dictated by context.

"Indenture" means this Trust Indenture dated as of December 1, 2009 between the Agency and the Trustee, as amended and supplemented from time to time in accordance with its terms.

"Interest" or *"interest"* means, with respect to any Bonds, the amount of interest specified with respect thereto by the Supplemental Indenture authorizing the issuance thereof, and, in reference to debt service on the Bonds, shall include regular payments (but not termination payments or other fees or expenses) required of the Agency for any related Qualified Hedge Agreement to the extent so specified in the Supplemental Indenture authorizing the same.

"Interest Payment Date" means any date upon which interest on the Series of Bonds is payable in accordance with their terms and the terms of this Indenture or any Supplemental Indenture.

"Interest Period" means the period or periods specified in a Supplemental Indenture.

"Notice Address" means the address designated in writing by the Agency, the Trustee or any Rating Agency to the other party to which subsequent notices, certificates or other communications hereunder shall be sent.

"Original Principal Amount" means the aggregate original amount at which each maturity of the Deferred Interest Bonds of any Series shall initially be offered to the public, as set forth in the Supplemental Indenture.

"Outstanding" or *"Bonds Outstanding"* means all Bonds of a Series which have been authenticated and delivered by the Trustee under this Indenture, except:

(a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds for the payment or redemption of which cash funds or Federal Obligations or any combination thereof shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(c) Bonds in lieu of which other Bonds have been executed and delivered under Section 3.09 hereof; and

(d) Bonds otherwise specified in a Supplemental Indenture.

"Parity Certificate" means, with respect to a Series (or Subseries) of Bonds, unless otherwise specified in the Supplemental Indenture authorizing such Series, a Certificate demonstrating that the "value" of the "principal assets" securing such Series (or Subseries) equals or exceeds 100% of the "capital value" of such Series (or Subseries) of Bonds, and with respect thereto:

(a) "value" means a periodic valuation of principal assets to be made by an Officer's Certificate (and not for financial reporting purposes), as amounts computed for the several categories of principal assets, respectively, as follows: (i) for a Loan, the unpaid principal amount thereof; and (ii) for Permitted Investments and deposits, the principal amount or amortized cost of a Permitted Investment, whichever is lower, if it matures more than twenty-four (24) months after the date of computation or is held subject to a repurchase agreement, and the principal amount of a deposit or of a Permitted Investment that matures within twenty-four (24) months after the date of computation and is not held subject to a repurchase agreement, provided that accrued interest shall be excluded from each such computation;

(b) "principal assets" means all Loans (including Defaulted Loans), deposited cash and Permitted Investments in all Series (or Subseries) Accounts in the Program Fund, the Debt Service Fund, the Reserve Fund and the Revenue Fund, other than Permitted Investments and cash held pursuant to Article VII or to pay accrued interest on Outstanding Bonds of such Series (or Subseries); and

(c) "capital value" means for any or all Bonds of such Series (or Subseries) Outstanding on a particular date, the aggregate principal amount of current interest-paying Bonds, plus the aggregate Appreciated Amount of any Deferred Interest Bonds, computing the Appreciated Amount as of the then next preceding interest payment (compounding) date.

"*Paying Agent*" means any bank or trust company designated pursuant to this Indenture to serve as a paying agency or place of payment for a Series of Bonds, and any successors designated pursuant to this Indenture or a Supplemental Indenture.

"*Permitted Investments*" means any of the following which at the time are legal investments under the law of the State for funds held under the Indenture which are then proposed to be invested hereunder: (a) Federal Obligations; (b) obligations of any state of the United States of America or any political subdivision of such a state (such obligations of which are rated in the highest long-term rating category by each Rating Agency); (c) Federal Agency Obligations; (d) repurchase agreements collateralized by securities described in (a), (b) or (c) above with any institution that will not adversely affect the Rating of the Bonds at the time of purchase; (e) investment agreements, secured or unsecured as required by the Agency, with any institution that will not adversely affect the Rating of the Bonds at the time of execution; (f) any of the following obligations that would not adversely affect the Rating of the Bonds at the time of purchase: (i) time deposits, certificates of deposit or any other deposit with federally or state-chartered banks (including the Trustee and its affiliates), the deposits of which are fully insured by the FDIC, (ii) commercial paper, (iii) shares of a money market mutual fund or other collective investment fund registered under the Investment Company Act of 1940, as amended, whose shares are registered under the Securities Act of 1933, as amended, having assets of at least \$100 million, and (iv) any other investment with a financial institution; provided that, for the purposes of (d), (e) or (f) above, unless otherwise notified by a Rating Agency, if the general unsecured obligation of an institution is rated by such Rating Agency at a level which is not lower than one rating below the unenhanced Rating on the Bonds, any agreement constituting a general unsecured obligation of such an institution shall not be treated as adversely affecting the

Rating of the Bonds; and further provided that it is expressly understood that the definition of Permitted Investments shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to the Indenture, thus permitting investments with different characteristics from those permitted which the Executive Director deems from time to time to be in the interest of the Agency to include as Permitted Investments, as reflected in an Executive Director's Determination, or in a Supplemental Indenture if at the time of inclusion such inclusion will not, in and of itself, adversely affect the then current Rating on the Bonds.

"Principal" or *"principal"* means (a) unless otherwise provided herein or in a Supplemental Indenture, as such term references the principal amount of a Deferred Interest Bond or Deferred Interest Bonds, the Appreciated Amount thereof, and (b) as such term references the principal amount of any other Bond or Bonds, the principal amount at maturity of such Bond or Bonds.

"Program Expenses" means any fee, premium or other item of expense directly or indirectly payable by or reimbursable to the Agency and related to (a) the compensation and expenses of the Trustee and any other paying agents, (b) the servicing of loans financed by or pledged to secure Bonds (whether by the Agency or mortgage lenders or others), (c) the maintenance in full force and effect of any additional security for the Bonds, (d) any policy or policies of insurance on or relating to loans maintained by the Agency pursuant to any supplemental indenture and (e) reasonable costs and expenses incurred by the Agency in connection with the administration of the Agency's programs pursuant to which the Loans are financed or its ownership, preservation, rehabilitation or disposition of property acquired by the Agency through the protection or enforcement of its rights conferred by law under the applicable loan.

"Program Fund" means the Fund so designated which is established by Section 5.01 hereof.

"Provider" means any person or entity providing a Hedge Agreement pursuant to an agreement with or upon the request of the Agency.

"Qualified Hedge Agreement" means a Hedge Agreement which meets the tests of Section 1.04(a).

"Qualified Institution" means (a) a bank, a trust company, a national banking association, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America, a corporation, a trust, a partnership, an unincorporated organization, or a government or an agency, instrumentality, program, account, fund, political subdivision or corporation thereof, in each case the unsecured or uncollateralized long-term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such organization, at the time a Qualified Hedge Agreement is entered into by the Agency are either (i) rated at least as high as the Bonds by each Rating Agency which rates such obligations or (ii) such that entering into a

Qualified Hedge Agreement with such entity will not adversely affect the then current unenhanced Ratings, if any, assigned to the Bonds by each Rating Agency or (b) the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality the obligations of which are backed by the full faith and credit of the United States of America.

"Rating" means, with respect to any Series of Bonds, the then-current rating or ratings assigned by each Rating Agency pursuant to the request of the Agency without regard to the benefit of any bond insurance or other credit enhancement relating to any Bond.

"Rating Agency" means a nationally recognized organization that has an outstanding rating on the Bonds pursuant to the request of the Agency.

"Rebate Fund" means the Fund so designated which is established, if so elected by the Agency, pursuant to Section 5.01 hereof.

"Record Date" means any Regular Record Date, Special Record Date or Redemption Record Date.

"Redemption Record Date" means the date or dates set forth in the Supplemental Indenture authorizing the particular Series of Bonds.

"Refunding Issue" means any Bonds delivered pursuant to Section 2.03 hereof.

"Regular Record Date" means the date or dates set forth in the Supplemental Indenture authorizing the particular Series of Bonds.

"Reserve Fund" means the Fund so designated which is established by Section 5.01 hereof.

"Reserve Requirement" means, as of any particular date of calculation, the aggregate of the amounts specified, if any, as the Reserve Requirement in the Supplemental Indentures authorizing the outstanding Series of Bonds.

"Revenue Fund" means the Fund so designated which is established by Section 5.01 hereof.

"Serial Bonds" means the Bonds which are so designated as Serial Bonds in a Supplemental Indenture.

"Series" means, unless otherwise specified in a Supplemental Indenture, all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction pursuant to a Supplemental Indenture, and any Bonds thereafter delivered in lieu of or in substitution for such Bonds pursuant to Article III, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

"Sinking Fund Installment" means any amount of money required by or pursuant to this Indenture or a Supplemental Indenture to be paid on a specified date toward the retirement of any particular Term Bonds of a Series before maturity.

"Special Program Fund" means the Fund so designated which is established, if so elected by the Agency, pursuant to Section 5.01 hereof.

"Special Record Date" means the date described in Section 3.01 hereof.

"State" means the State of Vermont.

"Subseries" means a portion of a Series of Bonds as specified in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

"Supplemental Indenture" means an indenture supplemental to or amendatory of this Indenture, adopted by the Agency in accordance with Article IX.

"Term Bonds" means that portion of a Series of Bonds so designated in a Supplemental Indenture as Term Bonds.

"Trustee" means XXX Bank, National Association, a national banking association, its successor or successors and any other corporation or association which may at any time be substituted in its place pursuant to this Indenture.

Section 1.04. Hedging Transaction.

(a) A Hedge Agreement is a Qualified Hedge Agreement if, at the time of execution of such Hedge Agreement, (i) the Provider of the Hedge Agreement is a Qualified Institution or the Provider's obligations under the Hedge Agreement are unconditionally guaranteed by a Qualified Institution and (ii) the Agency designates it as such by a certificate of an Authorized Officer.

(b) If the Agency shall enter into any Qualified Hedge Agreement with respect to any Series (or Subseries) of Bonds and the Agency has made a determination that the Qualified Hedge Agreement was entered into for the purpose of hedging or managing the interest due with respect to specified Bonds of such Series (or Subseries), then during the term of the Qualified Hedge Agreement and so long as the Provider of the Qualified Hedge Agreement is not in default:

(i) so long as the Provider of the Qualified Hedge Agreement is not in default, for purposes of any calculation of debt service, the interest rate on the Bonds with respect to which the Qualified Hedge Agreement applies shall be determined as if such Bonds had interest payments equal to the interest payable on those Bonds less any payments reasonably expected to be made to the Agency by the Provider and plus any payments reasonably expected to be made by the Agency to the Provider in accordance with the terms of the Qualified Hedge Agreement (other than fees, expenses or termination payments payable to such Provider for providing the Qualified Hedge Agreement);

(ii) any such payments (other than fees and termination payments) required to be made by the Agency to the Provider pursuant to such Qualified Hedge Agreement shall be made from amounts on deposit in the related Series Account of the Debt Service Fund pursuant to Section 5.05(a) or (b), unless otherwise specified by the Agency to be paid from other moneys;

(iii) any such payments received by or for the account of the Agency from the Provider pursuant to such Qualified Hedge Agreement shall constitute Revenues and be deposited in the related Series (or Subseries) Account of the Revenue Fund; and

(iv) fees not equivalent to regular Bond debt service payments, expenses and termination payments, if any, payable to the Provider may be deemed to be debt service and paid from amounts on deposit in the related Series Account of the Revenue Fund but subordinate to payment of principal, interest and Sinking Fund Installments on the Bonds (and amounts equivalent to such payments payable to a Provider under a Hedge Agreement) and amounts required to be paid pursuant to Section 5.03(b)(iii), or such funds in Section 5.03(e) as are specifically designated by the Agency, in each case if and to the extent expressly provided in the Qualified Hedge Agreement or applicable Supplemental Indenture.

Section 1.05. Interpretation. The following principles govern the interpretation of other words and phrases used in this Indenture and any Supplemental Indenture:

(a) Articles, sections, paragraphs and clauses mentioned by number only are those so numbered which are contained in this Indenture;

(b) Captions, titles or headings preceding any article or section herein, and any table of contents or index attached hereto, are solely for convenience of reference and are not part of this Indenture and shall not affect its meaning, construction or effect;

(c) Terms such as "herein," "hereunder," "hereby," "hereto" and "hereof" refer to this Indenture, or when used in conjunction with a subsection refer to the Section of which such subsection is a part and not to any particular section hereof unless so indicated, and "heretofore" and "hereafter" mean before and after the date of execution and delivery of this Indenture, respectively;

(d) Words importing the masculine gender include the feminine and neuter genders;

(e) Words importing persons include firms, associations, corporations and any other legal entities;

(f) Words importing the redemption or redeeming or calling for redemption of a Bond do not include or connote the payment of such Bond at its stated maturity or the purchase of such Bond;

(g) Words importing the singular number include the plural number, and vice versa; and

(h) Except as otherwise specifically provided herein, all references to a particular time shall be to New York City time.

ARTICLE II

ISSUANCE OF BONDS

Section 2.01. Authorization.

(a) To provide sufficient funds to carry out its public purposes and programs as set forth in the Act and to refund outstanding bonds and other obligations of the Agency, Bonds may be issued under and secured by this Indenture subject to the provisions of this Article. The Agency has ascertained and it is hereby determined and declared that the execution and delivery of this Indenture is necessary to carry out the powers and duties expressly provided by the Act, that each and every act, matter, thing or course of conduct as to which provision is made herein is necessary or convenient in order to carry out and effectuate the purposes of the Agency in accordance with the Act and to carry out powers expressly given in the Act, and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes of the Agency under the Act.

The Bonds of each Series issued hereunder, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any Bond of such Series over any other Bond of such Series, except as expressly provided or permitted herein or in a Supplemental Indenture. There is hereby created, in the manner and to the extent provided herein, a continuing pledge and lien on the Trust Estate to secure the full and final payment of the principal and redemption price of and interest on all the Outstanding Series (or Subseries) of Bonds. The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under this Indenture is not limited except as is or may hereafter be provided in this Indenture, any Supplemental Indenture or as may be limited by law.

The Bonds may, if and when authorized pursuant to one or more Supplemental Indentures, be issued in one or more Series (or Subseries), and the designation thereof, in addition to the name "Vermont Housing Finance Agency HFA Initiative Multifamily Bonds," shall include such further appropriate particular designation, added to or incorporated in such title for the Bonds of any particular Series (or Subseries), as specified in such Supplemental Indenture or Supplemental Indentures. Each Bond shall bear upon its face the designation so determined for the Series (or Subseries) to which it belongs.

(b) The Bonds shall be limited obligations of the Agency, and each Series of Bonds (or Subseries, as herein provided) is payable from any of the Agency's revenues,

assets or moneys pledged hereunder for the payment of the Series. The Bonds will not constitute a debt of the State of Vermont or any political subdivision thereof, and neither said State nor any of its political subdivisions are liable thereon. The Bonds will not constitute a debt or liability or obligation or a pledge of the faith and credit of the State of Vermont or of any political subdivision thereof but will be payable solely from the revenues or assets of the Agency pledged hereunder. The State of Vermont is not liable on the Bonds and the Bonds are not a debt of the State of Vermont or of any political subdivision thereof and neither the faith and credit nor the taxing power of the State of Vermont or of any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds and the Bonds of each Series shall contain on the face thereof substantially the following statement: THIS BOND IS A LIMITED OBLIGATION OF THE AGENCY AND IS PAYABLE SOLELY FROM THE AGENCY'S REVENUES, ASSETS OR MONEYS PLEDGED HEREUNDER FOR THE PAYMENT OF THIS SERIES OF BONDS. THE AGENCY HAS NO TAXING POWER. THIS BOND DOES NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF VERMONT OR OF ANY POLITICAL SUBDIVISION THEREOF OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF VERMONT OR OF ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF VERMONT OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

Section 2.02. Conditions Precedent to the Issuance of Bonds.

(a) All (but not less than all) of the Bonds of each Series, except in connection with a Refunding Issue, shall be executed by the Agency for issuance and delivery under this Indenture, delivered to the Trustee for authentication and, upon authentication by the Trustee, delivered upon order of the Agency, but only upon receipt by the Trustee of:

(i) A Counsel's Opinion, dated the date of delivery thereof, with respect to the issuance of the Bonds in a form acceptable to the Agency as specified in the Supplemental Indenture.

(ii) A request and authorization to the Trustee on behalf of the Agency, signed by an Authorized Officer, to authenticate and deliver such Bonds to the purchaser or purchasers therein identified upon payment to the Trustee for the account of the Agency of the purchase price therefor.

(iii) A copy of the Supplemental Indenture authorizing such Bonds, which shall specify:

(A) The authorized principal amount and Series designation of such Bonds;

(B) The purpose or purposes for which such Series of Bonds is being issued;

(C) The Date or Dates of Original Issuance, the maturity date or dates and amounts of each maturity (or the method of determining the same) and, if interest is to be paid, the Interest Payment Dates and the first Interest Payment Date of the Bonds of such Series;

(D) The interest rate or rates (if any) or the maximum interest rate of the Bonds of such Series, or the manner of determining such rate or rates;

(E) The portion, if any, of the Series of Bonds that is Term Bonds, that is Serial Bonds or that is otherwise designated by a specific name or term;

(F) The amount and due date of each Sinking Fund Installment, if any, or the method of determining the same, for the Term Bonds or other Bonds subject to a Sinking Fund Installment;

(G) The denominations of, and the manner of dating, numbering and lettering, the Bonds of such Series, the forms of the Bonds and the Record Date or Dates and Redemption Record Dates for such Series of Bonds;

(H) The provisions of the Trustee's certificate of authentication;

(I) If not already determined pursuant hereto, the Paying Agent or Paying Agents, Depositaries, market agents, auction agents, securities depository, if any, and the place or places of payment of the principal and redemption price, if any, of the Bonds of such Series;

(J) The redemption price or prices, if any, and, subject to Article IV hereof, the redemption terms (including the time or times and the terms and conditions upon which the Bonds of such Series may be redeemed prior to their maturities, including, without limitation, the method of selection for redemption as among maturities and Series), if any, for the Bonds of such Series;

(K) The use of the proceeds of the Bonds of such series, including the amounts (if any) to be deposited in any Fund or Account from the proceeds of the Bonds of such Series or otherwise;

(L) The Reserve Requirement for such Series and the amount, if any, necessary for deposit in the Reserve Fund in order that amounts therein equal or exceed such Reserve Requirement;

(M) The time, place and manner of the sale for the Bonds of such Series, as provided in the Act;

(N) Whether Bonds of such Series are to be secured by credit enhancement and, if so, the form of credit enhancement to be obtained, the identity of the credit enhancement agency and the substantial form of the significant documents relating to the credit enhancement;

(O) Whether Bonds of such Series are to contain any tender or put options or the like and, if so, whether and to what extent such tender or put option will be secured by a liquidity facility and any alternative liquidity facility, whether such Bonds are to be remarketed following or in connection with such tender or put and, if so, the identity of any remarketing agent and the substantial form of any remarketing agreement relating to such Bonds, and whether and upon what terms such Bonds may be converted to fixed interest rates;

(P) Whether interest on the Bonds of such Series is intended to be excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code or any successor statute thereto;

(Q) Whether there will be Subseries of such Series, and if so the procedures for such designation and conditions thereof, including a specification of the security therefor;

(R) Such additional matters as may be necessary or appropriate to cause interest on the Bonds of the Series to be issued pursuant to such Supplemental Indenture to be excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code if it is intended that interest on the Bonds be so exempt and to prevent the issuance of such Series from adversely affecting the federal income tax treatment of any Outstanding Bonds and the interest thereon intended to be so exempt; and

(S) Any other provisions deemed advisable by the Agency as shall not conflict with the provisions of this Indenture or the Act.

(iv) A Certificate stating that (A) the principal amount of the Bonds then to be issued, together with the principal amount of the Bonds, notes and other obligations theretofore issued pursuant to the Act, will not exceed in aggregate principal amount any limitation thereon imposed herein or by law; (B) upon the issuance and delivery of such Bonds, the related Reserve Requirement will be met; and (C) except in the case of Refunding Bonds, at the time of issuance of such additional Bonds, the Agency shall not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Indenture.

(v) If such Series of Bonds is to have the benefit of a liquidity facility or be secured by credit enhancement, the executed liquidity facility or credit enhancement or evidence that all conditions precedent to the issuance of such

liquidity facility or credit enhancement have been met as of the date of issuance of such Series of Bonds.

(vi) Such further documents and moneys as are required by the provisions of Article IX or any related Supplemental Indenture adopted pursuant to Article IX.

(b) All the Bonds of each Series shall be in fully registered form and, to the extent so provided herein and in the related Supplemental Indenture, may be issued in book-entry form only. After the original issuance of Bonds of any Series, no Bonds of such Series shall be issued except in exchange or transfer for other Bonds of such Series pursuant to Article III.

Section 2.03. Provisions for Refunding Issue.

(a) Subject to the laws of the State, including, but not limited to, the Act, as amended from time to time, Bonds of one or more Series may be issued and delivered, in accordance with the terms and conditions of this Section 2.03, for the purpose of refunding any Bonds then Outstanding or any other bonds or indebtedness of the Agency. The Supplemental Indenture authorizing each such Series of Bonds of a Refunding Issue shall set forth that the purposes for which such Series of Bonds is issued are the payment or redemption of any part or all of the Bonds of any one or more Series then Outstanding, and, if the expenses of such issuance and payment or redemption are not otherwise provided for, the payment of the expenses of such issuance and redemption, and shall contain a description of the bonds or indebtedness so to be redeemed or paid.

(b) The Bonds of the Series of a Refunding Issue may be issued, and authenticated by the Trustee, only if:

(i) There shall thereupon be deposited with the Trustee either:

(A) moneys in an amount sufficient to effect payment at the applicable maturity or redemption price of the Bonds to be refunded, if any, together with accrued interest on such Bonds to the maturity or redemption date, which moneys shall be held by the Trustee in a separate account irrevocably in trust for the holders of Outstanding Bonds being refunded; or

(B) Permitted Investments in such principal amounts, having such maturities, bearing such interest and otherwise having such terms and qualifications as shall be required to pay the applicable maturity or redemption price of the Bonds to be refunded, if any, together with accrued interest on such Bonds to the maturity or redemption date, which Permitted Investments shall be held in trust for the holders of Outstanding Bonds being refunded;

(ii) The Trustee has received instructions, satisfactory to it, to give due notice of redemption of all the Bonds so to be redeemed on a redemption date

specified in such instructions, as such date may be revised in a Certificate, and to give notice in the manner provided in Section 4.05 that the moneys payable upon such redemption will be available on said redemption date for payment to the holders of the Bonds entitled thereto;

(iii) The Trustee shall furnish to the Agency at the time of delivery of the Series of Bonds of the Refunding Issue a certificate or other evidence satisfactory to the Trustee stating that it holds or there is being held in trust the Permitted Investments and/or moneys required to effect such redemption; and

(iv) The requirements set forth in Section 2.02 hereof have been satisfied.

Section 2.04. Other Obligations. So long as any Series of Bonds or Hedge Agreements are Outstanding, the Agency hereby covenants that it will not create or permit the creation of or issue any obligations or create any additional indebtedness (other than additional Series of Bonds or Hedge Agreements) which will be secured by a superior or equal charge or superior or equal lien on the amounts pledged hereunder for such Series or Hedge Agreement or will be payable, on an equal or superior basis, from any of the Funds or Accounts established and created by or pursuant to this Indenture for such Series or Hedge Agreement. The Agency may, however, issue evidences of indebtedness (including general obligations of the Agency) not issued and secured under this Indenture, which evidences of indebtedness may be secured by a lien on particular revenues, moneys or assets not already pledged hereunder.

ARTICLE III

GENERAL BOND PROVISIONS

Section 3.01. Medium of Payment; Form and Date.

(a) The Bonds shall be payable, with respect to interest, principal and premium, if any, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, or in such other coin or currency as set forth in a Supplemental Indenture. Payment of interest (other than at a stated maturity date) and premium, if any, on, and principal (payable upon redemption) of, the Bonds will be made by wire transfer to the person in whose name each Bond is registered at the close of business on the Regular Record Date or the Redemption Record Date, as the case may be, so long as ownership of such Bond is registered in book-entry form; provided, however, that, if the event of a default in the payment of interest due on any Interest Payment Date, such interest shall cease to be payable to the person in whose name such Bond was registered on such Record Date and shall be payable, when and if paid, to the person in whose name such Bond is registered at the close of business on the record date fixed therefor by the Trustee (each a "Special Record Date"), which shall not be more than 15 days and not less than 10 days prior to the date of the proposed payment. Interest on the Bonds shall be paid when due, if ownership of such Series of the Bonds is not maintained in book-entry form, by check or draft drawn on the Trustee and mailed by the Trustee to the registered owner at the

address shown on the registration books of the Trustee as of the Record Date. Payment of principal and interest on the stated maturity date on each of the Series of Bonds will be made upon presentation and surrender of each Bond of such Series, at the office of the Trustee or the Paying Agent maintained for that purpose. CUSIP number identification with appropriate dollar amount of payment pertaining to each CUSIP number (if such payment represents payment on more than one Bond identified by a particular CUSIP number) shall accompany all payments of principal of, premium, if any, and interest on the Bonds.

(b) Current Interest-Bearing Bonds of each Series issued prior to the first Interest Payment Date thereof shall be dated as of the date or dates specified in the Supplemental Indenture authorizing the issuance thereof. Bonds issued on or subsequent to the first Interest Payment Date shall be dated as of the date of authentication of the Bonds and interest shall be paid from the Interest Payment Date next preceding the date of authentication, unless such date of delivery shall be an Interest Payment Date in which case they shall be dated as of such date of delivery; provided, however, that if, as shown by the records of the Trustee, interest on the Bonds of any Series shall be in default, the Bonds of such Series issued in lieu of Bonds surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full on the Bonds surrendered. Deferred Interest Bonds of any Series shall be dated as of the date or dates specified in the Supplemental Indenture authorizing the issuance thereof. Except as set forth in a Supplemental Indenture, Bonds of each Series shall bear interest from their dated date until the first Interest Payment Date and thereafter from the Interest Payment Date next preceding the date of their authentication by the Trustee (unless authenticated on an Interest Payment Date, in which case they shall bear interest from such Interest Payment Date or, in the case of Bonds issued while interest on the Bonds shall be in default, from the date to which interest has been paid in full).

(c) For all purposes of the Act relating to or dealing with the date of the Bonds, Bonds of any Series shall be deemed to be dated as of the Date of Original Issuance specified for the Bonds of such Series in the Supplemental Indenture authorizing the issuance thereof.

(d) All Bonds of each Series shall mature or be subject to a Sinking Fund Installment, if any, on the date or dates fixed by a Supplemental Indenture. Interest on all Current Interest-Bearing Bonds of each Series shall be payable on the dates set forth in the applicable Supplemental Indenture. The first installment of interest due on the Bonds of a Series may be for such period as set forth in a Supplemental Indenture. Interest on any Deferred Interest Bonds of a Series shall be payable as set forth in a Supplemental Indenture (which may be upon maturity or earlier redemption of such Bonds or such date or dates prior to maturity or earlier redemption of such Bonds as specified in a Supplemental Indenture).

Section 3.02. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or appropriate to conform to any applicable rules and regulations

of any governmental authority or any usage or requirement of law with respect thereto or as may be authorized by the Agency prior to the delivery thereof.

Section 3.03. Execution and Authentication.

(a) The Bonds of each Series shall be signed by, or bear the facsimile signature of, the Chair or Vice Chair and attested (by manual or facsimile signature) by the Secretary or such other person or persons designated in the applicable Supplemental Indenture, and, if required by the Act or other applicable law, the seal of the Agency or a facsimile thereof shall be impressed or imprinted on the Bonds. In case any officer who shall have signed any of the Bonds or whose signature appears on any of the Bonds shall cease to be such officer before the Bonds are actually delivered, such Bonds may, nevertheless, be delivered as herein provided, and may be issued as if the persons who signed them or whose signatures appear thereon had not ceased to hold such office or be so employed. Any Bond of a Series may be signed by such persons as at the actual time of the execution of such Bond shall be duly authorized or shall be the proper officers to sign such Bond, although on the Date of Original Issuance of a Series of Bonds such persons may not have been such officers.

(b) Only such of the Bonds as shall have endorsed thereon a certificate of authentication substantially in the form set forth in the applicable Supplemental Indenture, duly executed by the Trustee, shall be entitled to any benefit or security under this Indenture. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless and until a certificate of authentication on such Bond shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereunder.

Section 3.04. Interchangeability. Bonds, upon surrender thereof at the principal office of the Trustee, with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount or Original Principal Amount, as the case may be, of Bonds of the same Series (or Subseries), maturity and interest rate, subject to any provisions contained in the applicable Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System.

Section 3.05. Negotiability and Registry. All the Bonds issued pursuant to this Indenture shall be negotiable as provided in Article 8 of the Uniform Commercial Code, as adopted by the State, subject to the provisions for registration and transfer contained in the Bonds and this Indenture and applicable State law. So long as any of the Bonds shall remain Outstanding, the Trustee shall maintain and keep, for the benefit of the Agency, at the corporate trust operations office of the Trustee, books for the registration and transfer of Bonds which books shall be open to inspection by the Agency; and, upon presentation thereof for such purpose

at said office, subject to any provisions in a Supplemental Indenture relating to the registration of a Series (or Subseries) of Bonds pursuant to a Book Entry System, the Agency shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable requirements as it or the Trustee may prescribe, any Bond entitled to registration or transfer. So long as any of the Bonds remain Outstanding, the Agency shall make all necessary provisions to permit the exchange of Bonds at the corporate trust operations office of the Trustee, subject to any provisions contained in a Supplemental Indenture relating to the registration of a Series (or Subseries) of Bonds pursuant to a Book Entry System.

Section 3.06. Transfer of Bonds. Subject to any provisions contained in a Supplemental Indenture relating to the registration of a Series (or Subseries) of Bonds pursuant to a Book Entry System, each Bond shall be transferable only upon the books of the Agency kept for registration of transfers of Bonds, at the corporate trust operations office of the Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney. Upon the surrender for transfer of any such Bond, the Agency shall execute and the Trustee shall authenticate and deliver in the name of the transferee a new registered Bond or Bonds of the same Series (or Subseries), aggregate principal amount or Original Principal Amount, interest rate and maturity as the surrendered Bond.

The Agency, the Trustee and any Paying Agent may deem and treat the person in whose name any Outstanding Bond shall be registered upon the books of the Agency as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal, Appreciated Amount, premium, if any, of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid; neither the Agency, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

The transfer of Bonds of a particular Series may be further limited as provided in the Supplemental Indenture relating thereto.

Section 3.07. Regulations for Exchange and Transfer. Subject to any provisions contained in a Supplemental Indenture relating to the registration of a Series of Bonds pursuant to a Book Entry System and Section 3.06, in all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Agency shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture and the Supplemental Indenture under which any such Bond is issued. All Bonds surrendered in any such exchanges or transfers shall be cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Agency or, at the direction of the Agency, the Trustee may make a charge to the Bondholder sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Agency nor the Trustee shall be obligated to make any such exchange or transfer of Bonds called for redemption or, in the case of any proposed redemption of Bonds, during the 15 days prior to the first mailing of notice calling such Bonds or portions thereof for redemption as herein provided.

Section 3.08. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Trustee shall authenticate and deliver, in accordance with the laws of the State, including, but not limited to, the Act, as amended from time to time, and, to the extent not inconsistent therewith, the provisions of this Section, a new Bond of like Series (or Subseries), maturity, interest rate and principal amount or Original Principal Amount, as the case may be, as the Bond, if any, so mutilated, destroyed, stolen or lost, provided, however, that in the case of any mutilated Bond, the mutilated Bond must first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there must be first furnished to the Agency and the Trustee evidence satisfactory to them of the ownership of the Bond, and of the loss, theft or destruction, together with indemnity satisfactory to the Agency and the Trustee and compliance with such other reasonable requirements as the Agency and the Trustee may prescribe and paying such expenses as the Agency or the Trustee may incur in connection therewith. All Bonds so surrendered to the Trustee shall be cancelled by it.

Upon the issuance of any new Bond under this Section, the Agency or, at the direction of the Agency, the Trustee may require the payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees, of the Agency, any Paying Agent or the Trustee connected therewith.

Section 3.09. Preparation of Definitive Bonds; Temporary Bonds. Until the definitive Bonds of any Series are prepared, there may be executed, and, upon request of an Authorized Officer, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof, one or more temporary Bonds, substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in any authorized denominations, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Agency shall cause to be prepared and to be executed and delivered to the Trustee, upon the surrender of such temporary Bonds deliver in exchange therefor, at the corporate trust operations office of the Trustee, definitive registered Bonds, of the same Series (or Subseries), aggregate principal amount or Original Principal Amount, as the case may be, interest rate and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued and authenticated pursuant to this Indenture. All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee. No charge for taxes or governmental charges shall be made against the owner upon an exchange of a temporary Bond for a definitive Bond.

Section 3.10. Extension of Payment of Bonds. The Agency shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds, or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest, or by any other arrangement; in case the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended, such Bonds, or claims for interest shall not be entitled, in case of any default under this Indenture, to the benefit of this Indenture or the Funds or Accounts (except funds held in trust for the payment of particular Bonds) held by the Trustee or any Paying Agent, except after the payment of the principal of all Bonds issued and Outstanding the maturity of which has occurred and has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims

for interest. Nothing herein shall be deemed to limit the right of the Agency to enter into agreements with particular Bondholders as provided in Section 9.04 hereof or to issue refunding Bonds as provided in Article II hereof, and such issuance shall not be deemed to constitute an extension of the maturity of any Bond or of the time of payment of any claim for interest.

Section 3.11. Money Held for Particular Bonds. The amounts held for the payment of the interest, principal, Appreciated Amount or premium, if any, due on any date with respect to particular Bonds shall be held by the Paying Agent and shall, pending such payment, be held in trust by it for the owners of the Bonds entitled thereto and the Paying Agent shall maintain adequate records for the purpose of segregating the funds, and for the purposes of this Indenture, such interest, principal or premium, after the due date thereof, shall no longer be considered to be unpaid. The Trustee shall notify the Agency of any moneys so held for the payment of interest or principal or premium due with respect to particular Bonds which remain in the custody of the Trustee or Paying Agent on the date which is two years after the date on which such Bonds matured or were redeemed (or 90 days prior to the day such moneys would, under the laws of the State, escheat or be required to be paid to the State, if either of such dates is earlier) and, upon a written request from the Agency, shall return such funds to the State upon such request, and the owners of such Bonds shall thereafter look only to the State for payment and then only to the extent of the funds so received from the Trustee without any interest thereon.

Section 3.12. Cancellation of Bonds. All Bonds purchased, redeemed or paid shall be cancelled upon the purchase, redemption or payment of such Bonds. No such Bonds shall be deemed Outstanding under this Indenture and no Bonds shall be issued in lieu thereof. All such Bonds cancelled under any of the provisions of this Indenture shall be destroyed in accordance with the Act, as amended, or the applicable laws of the State, and notice thereof delivered to the Agency upon request.

Section 3.13. Book-entry Form of Bonds. Notwithstanding anything herein to the contrary, the Agency may elect, in the related Supplemental Indenture, that Bonds for a particular Series be registered pursuant to a Book Entry System, without certificates being provided or available to the registered owner thereof.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Procedure and Prices. Bonds of a Series redeemable prior to maturity pursuant to a Supplemental Indenture shall be subject to redemption upon notice as provided in this Article, at such times, at such redemption prices and upon such terms in addition to the terms contained in this Article IV as may be specified in the Supplemental Indenture authorizing such Series.

Section 4.02. Redemption at the Election or Direction of Agency. In the case of any redemption of Bonds at the election or direction of the Agency, the Agency shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the Series (or Subseries), and of the principal amounts of the Bonds of each maturity of such Series (or Subseries) to be redeemed, which Series (or Subseries) maturities and principal amounts

thereof to be redeemed shall be determined by the Agency in its sole discretion, subject to any limitations with respect thereto contained in the applicable Supplemental Indenture or in this Indenture. Such notice shall be given at least 30 days but no more than 60 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee or contained in the applicable Supplemental Indenture. In the event notice of redemption shall have been given as provided in Section 4.05 (except for a conditional notice as authorized by the last paragraph thereof), there shall be paid on or prior to the redemption date (but not necessarily prior to the date on which notice of redemption shall have been given as provided in Section 4.05) to the appropriate Paying Agents, an amount in cash which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient to redeem on the redemption date at the redemption price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed. The Agency shall promptly notify the Trustee in writing of all such payments by it to a Paying Agent.

Section 4.03. Redemption Otherwise Than at Agency's Election or Direction.

Whenever, by the terms of this Indenture and pursuant to a Supplemental Indenture, the Trustee is required or authorized to redeem Bonds other than at the election or direction of the Agency, the Trustee shall select the Bonds to be redeemed, give the notice of redemption and pay out of moneys available therefor (or pay to any Paying Agent, if applicable) the redemption price thereof, plus interest accrued and unpaid to the redemption date, to the appropriate Paying Agents in accordance with the terms of this Article IV and the terms of the applicable Supplemental Indenture.

Section 4.04. Selection of Bonds To Be Redeemed. In the event of redemption of less than all of the Outstanding Bonds of like Series (or Subseries), interest rate and maturity, the Bonds to be redeemed in part shall be selected pursuant to the written notice described in Section 4.02 hereof, or if not so provided, randomly in such manner as the Trustee in its discretion deems fair, unless otherwise specified in the Supplemental Indenture authorizing such Series of Bonds.

Section 4.05. Notice of Redemption. This Section shall govern the provision of notice of redemption *unless* otherwise provided in a Supplemental Indenture; provided, however, that if any terms set forth in this Section or in any Supplemental Indenture are inconsistent with the laws of the State, including, but not limited to, the Act, as amended from time to time, the laws of the State shall govern, and provided that the Trustee shall not be responsible for and shall be held harmless for any failure to comply with laws of the State that are inconsistent with this Indenture or any Supplemental Indenture unless the Agency shall have provided the Trustee with written notice of such laws. When the Trustee shall be required or authorized to redeem Bonds, the Trustee shall, in accordance with the terms and provisions of the Bonds and of this Indenture, give notice (which notice shall be dated the date given) of the redemption of Bonds, which notice shall specify (a) the name of the Bonds, (b) the Series (or Subseries, if applicable), (c) the date of issue, (d) the redemption price, (e) the maturities, interest rates and CUSIP numbers of the Bonds to be redeemed, (f) the redemption date and the place or places where amounts due upon such redemption will be payable (including name and address of the Trustee or redemption agent, with contact person and telephone number), (g) if less than all of the Bonds of any like Series (or Subseries, if applicable) and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed (i.e., certificate numbers), (h) in the case

of a Bond to be redeemed in part only, such notice shall also specify the portion of the principal amount or Original Principal Amount, as the case may be, thereof to be redeemed and (i) such other information as may be specified in a Supplemental Indenture with respect to a particular Series (or Subseries) of Bonds. Such notice shall further state that, except as otherwise provided in the last paragraph of this Section, on the Redemption Date there shall become due and payable upon each Bond to be redeemed the redemption price thereof, or the redemption price of the specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, with interest accrued and unpaid to such date, and that from and after such date, interest thereon shall cease to accrue and be payable. Such notice shall be given by mailing a copy of such notice, first-class mail, postage prepaid, at least 30 days but no more than 60 days prior to such Redemption Date, to the registered owner of any Bond, all or a portion of which is to be redeemed, at his last address, if any, appearing upon the registry books, but failure so to mail any such notice or any defect in such notice shall not be a condition precedent to or affect the validity of any proceedings for the redemption of other Bonds.

In addition, the Trustee will send (no more than 60 days after the date for redemption) a further notice of redemption to each registered owner who has not presented his or her Bond for redemption within 30 days subsequent to the Redemption Date. Each such notice will be sent by first-class mail, postage prepaid.

Any notice of redemption pursuant to this Section may, if directed by the Agency, be given specifying that the redemption of the Bonds so called for redemption is made conditional upon the deposit of sufficient amounts to pay the redemption price therefor on the Redemption Date and, if amounts are not so available, such notice of redemption shall be cancelled and be null and void and the Bonds so called for redemption and subject to such conditional redemption notice shall continue to remain Outstanding.

Section 4.06. Payment and Cancellation of Bonds Redeemed and Purchased. Notice having been given in the manner provided in Section 4.05, the Bonds or portions thereof called for redemption and specified in said notice shall, except as provided in Section 4.05, become due and payable on the Redemption Date specified in said notice at the redemption prices thereof applicable on such date, plus unpaid interest on said Bonds or portions thereof accrued to such date, and upon presentation and surrender thereof at the place or places specified in said notice, said Bonds or portions thereof shall be paid at the said redemption prices, plus unpaid interest on said Bonds or portions thereof accrued to such date. CUSIP number identification with appropriate dollar amounts for each CUSIP number shall accompany all redemption payments and interest payments, whether by check or by wire transfer. If there shall be so called for redemption less than all of a Bond, the Agency shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond to the Trustee, without charge to the owner thereof, for the unredeemed balance of the principal amount or Original Principal Amount of the Bond so surrendered, Bonds of like Series (or Subseries, if applicable), designation, interest rate and maturity. If, on such redemption date, money for the redemption of all the Bonds or portions thereof of any like Series (or Subseries, if applicable) and maturity to be redeemed, together with interest thereon accrued and unpaid to such date, shall be held by or on behalf of the Trustee so as to be available therefor on such date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest on the Bonds or portions thereof

of such maturity so called for redemption shall cease to accrue and become payable, and said Bonds or portions of Bonds shall no longer be considered Outstanding hereunder.

Section 4.07. Redeemed Bonds as Satisfaction of Sinking Fund Installments. Upon any purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established pursuant to a Supplemental Indenture (other than by application of Sinking Fund Installments), an amount equal to the applicable redemption prices thereof (as specified in a Supplemental Indenture) shall be credited toward a part of all or any one or more of such Sinking Fund Installments, as directed by the Agency in a Certificate delivered to the Trustee by the fortieth day preceding the next date a Sinking Fund Installment is due or as directed in a Supplemental Indenture, or, failing any such direction, toward such Sinking Fund Installments on a proportionate basis. Such applicable redemption prices shall be the respective redemption prices which would be applicable upon the redemption of such Bonds from the respective Sinking Fund Installments on the due dates thereof. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of the calculation of principal installments due on a future date.

Section 4.08. Purchase of Bonds; Tenders. Unless expressly provided otherwise herein, if at any time moneys are held in any Fund or Account hereunder or in a Supplemental Indenture to be used to redeem Bonds, in lieu of such redemption the Agency may direct the Trustee to use part or all of such moneys to purchase Bonds of the respective Series (or Subseries, if applicable), interest rates and maturities that would otherwise be subject to redemption from such moneys. The purchase price of such Bonds shall not exceed the applicable redemption price of the Bonds which would be redeemed but for the operation of this Section (accrued interest to be paid from the same Fund or Account from which accrued interest would be paid upon the redemption of such Bonds); provided, however, that the purchase price of such Bonds may include a premium if the payment thereof does not adversely affect the Rating of the Bonds. Any such purchase must be completed prior to the time notice would otherwise be required to be given to redeem the related Bonds. All Bonds so purchased shall be cancelled by the Trustee and applied as a credit against the obligation to redeem such Bonds from such moneys. Savings resulting from the purchase of Bonds at less than their respective redemption prices shall be used to purchase or redeem additional Bonds to the extent permitted by the provisions hereof and the relevant Supplemental Indenture or, at the request of the Agency, and upon receipt of a Counsel's Opinion that such action will not adversely affect the tax-exempt status of interest on the tax-exempt Bonds, withdrawn and paid to the Agency free and clear of the lien of this Indenture.

The Agency may direct the Trustee, on behalf of the Agency, to request the submission of tenders following notice requesting such submission prior to making the purchases authorized pursuant to the preceding paragraph. The Agency may specify the maximum and minimum periods of time which shall transpire between the date upon which such notice is to be given and the date upon which such tenders are to be accepted. No tenders shall be considered or accepted at any price exceeding the price specified in the preceding paragraph for the purchase of Bonds. The Agency shall accept bids with the lowest price and in the event the moneys available for purchase pursuant to such tenders are not sufficient to permit acceptance of all tenders and if

there shall be tenders at an equal price above the amount of moneys available for purchase, then the Agency shall select randomly, or in such manner as it shall determine in its discretion, the Bonds tendered which shall be purchased.

ARTICLE V

ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts and Application of Bond Proceeds.

(a) The following special Funds shall be held by the Trustee or by a Fiduciary, in segregated accounts, in the name of the Trustee to account for funds to be deposited therein pursuant to the terms hereof or of any Supplemental Indenture or as directed by a Certificate:

- (i) a Program Fund;
- (ii) a Revenue Fund;
- (iii) a Debt Service Fund;
- (iv) a Reserve Fund;
- (v) a Special Program Fund; and
- (vi) a Rebate Fund.

The designation of each such Fund set forth above shall include the term "Vermont Housing Finance Agency, HFA Initiative Multifamily Bonds," which term shall precede the designation as set forth above.

No amounts may be withdrawn, transferred or paid out of any of the above Funds except as provided in this Article or in a Supplemental Indenture.

(b) The Trustee shall also establish such other special funds, accounts or subaccounts as the Agency may direct pursuant to any Supplemental Indenture or any Certificate, including but not limited to a capitalized interest account, and moneys deposited therein shall be used and pledged only as provided in such Supplemental Indenture or Certificate. Each such fund, account and subaccount shall be held by the Trustee, in trust, separate and apart from all other funds of the Agency, for the purposes provided in this Indenture and any Supplemental Indenture.

(c) The Trustee shall establish in each Fund a separate Account for each Series of Bonds, and if so directed in a Supplemental Indenture or a Certificate a subaccount of each such Account for Subseries of Bonds. Except as otherwise provided, the proceeds of a particular Series of Bonds issued pursuant to a Supplemental Indenture

and the earnings on investments of moneys in the Funds or Accounts relating to a particular Series of Bonds, when required to be deposited in any Fund, shall be deposited or credited to the Account established therein for that particular Series of Bonds. Withdrawals from Funds and Accounts in connection with a particular Series of Bonds may be made and used (including for purposes of redemption) only for such Series of Bonds. For purposes of investment, the Trustee and the Agency may consolidate the Accounts required to be established in a particular Fund into one Fund so long as adequate records are maintained as to the amounts held in each such Fund allocable to each Series of Bonds.

(d) The proceeds from any Series of Bonds shall be deposited in the Funds and Accounts established under this Indenture for such Series in accordance with the terms of this Article V and of the Supplemental Indenture authorizing such Series of Bonds. The Trustee shall also deposit in the Funds and Accounts established under this Indenture such other moneys or assets of the Agency as the Agency may direct by a Certificate.

Section 5.02. Program Fund.

(a) At the direction of an Authorized Officer, the Trustee shall from time to time pay out, or permit the withdrawal of, money from the Program Fund, for any purpose set forth in a Supplemental Indenture.

(b) The Trustee shall, to the extent amounts are insufficient in the Revenue Fund to pay principal of or interest on any Series of the Bonds or any Sinking Fund Installment when due, transfer (after transferring amounts in any capitalized interest account established in connection with such Series or the related Series Account of the Special Program Fund and the Reserve Fund) moneys from the related Account in the Program Fund (to the extent of amounts available therein) to the Revenue Fund to pay principal of or interest on such Series of Bonds and any Sinking Fund Installments.

(c) Any investment earnings on moneys held in the Program Fund shall be credited to and retained in the related Series Accounts of the Revenue Fund upon receipt, unless directed by a Certificate to be transferred or credited by the Trustee to the related Series Account of another Fund.

(d) Amounts or assets credited to the Program Fund may, upon the direction of an Authorized Officer, be transferred or credited by the Trustee to the related Series Accounts of the Revenue Fund or the related Series Account of another Fund at such times as directed by such Authorized Officer.

Section 5.03. Revenue Fund.

(a) All moneys and amounts pledged hereunder shall, promptly upon receipt by the Agency, be deposited in the related Series Account of the Revenue Fund. Such amounts which have been received by persons collecting them on behalf of the Agency but have not yet been paid over directly to the Agency by such persons shall not be

required to be so deposited until so paid over; provided, however, that such amounts shall be deemed to have been received by the Agency for purposes of Section 1.02 hereof.

(b) On or before each Interest Payment Date for each Series of the Outstanding Bonds, or on such other dates as may be directed in any Supplemental Indenture, the Trustee shall apply the balance on deposit in the related Account of the Revenue Fund as follows and in the following order of priority (provided that if the Agency by Supplemental Indenture shall have created one or more additional Series funds and accounts or subaccounts within Funds and Accounts in accordance with Section 5.01(b) hereof, the Agency may by Supplemental Indenture modify the priority set forth in this subsection after satisfaction of the requirements of clauses (i), (ii) and (iii) of this subsection);

(i) To the related Account of the Debt Service Fund, an amount equal to the unpaid interest due on the Series of Bonds on that date, and on any redemption date or purchase date pursuant to Section 4.08 hereof, an amount equal to the unpaid interest due on the Series of Bonds to be paid, redeemed or purchased, and any amounts required to be paid to the Provider of a Qualified Hedge Agreement (other than fees, expenses or termination payments payable to such Provider of the Qualified Hedge Agreement) equivalent to interest with respect to such Series;

(ii) To the related Account of the Debt Service Fund, (A) an amount equal to the principal amount of the Series of Outstanding Bonds, if any, due (whether by maturity, redemption or otherwise) on that date and (B) an amount equal to the related Sinking Fund Installment, if any, due on that date; and

(iii) To the related Account of the Reserve Fund, if and to the extent required so that the amount therein shall equal the Reserve Requirement for such Series.

(c) Any investment earnings on moneys held in the Revenue Fund shall remain in the related Series Accounts of the Revenue Fund, unless directed by a Certificate to be transferred or credited by the Trustee to the related Series Account of another Fund or Account.

(d) Amounts or assets in the related Series Accounts of the Revenue Fund may, on and after each Interest Payment Date upon the direction of an Authorized Officer, be used to pay Program Expenses related to such Series or be transferred or credited by the Trustee to the related Series Account of another Fund or Account or, upon the delivery of a Parity Certificate and a Cash Flow Certificate with respect to such Series (unless otherwise permitted by the related Supplemental Indenture), to the Agency, at such times as directed by such Authorized Officer.

(e) As provided more specifically in Section 5.04 hereof, the Trustee shall, to the extent the amount in the related Series Account of the Revenue Fund and the Debt Service Fund is insufficient to pay principal of or interest on a Series of Bonds or

amounts owed to a Provider under a Hedge Agreement equivalent to interest (other than fees or expenses or termination payments, except as otherwise provided in Section 1.04) related to such Series or any Sinking Fund Installment when due on such Series, transfer the amount of such deficiency from the related Series Accounts of the following funds in the related Series Accounts of the following order: (i) any amounts in any capitalized interest account established pursuant to a Supplemental Indenture, (ii) the Special Program Fund, if any, to the extent of amounts available therein and available therefor, (iii) the Reserve Fund, to the extent of amounts available therein, and (iv) the Program Fund, to the extent of amounts available therein and therefor.

(f) Fees, expenses and termination payments payable to the Provider under a Hedge Agreement shall be payable in accordance with Section 1.04(iv) and 1.02(e) hereof.

(g) As long as no Event of Default shall have occurred and be continuing, the Trustee shall be entitled to rely on a certificate of an Authorized Officer as to the proper amounts to be deposited in the various Funds and Accounts as required by this Section. The Agency agrees to furnish the Trustee with such a certificate prior to each time the Trustee is required or directed to allocate amounts from the Revenue Fund. Such certificate shall identify separately all amounts so to be allocated as may be required by any applicable Supplemental Indenture, setting forth the Series of Bonds to which such amounts are attributable. The Trustee shall retain copies of such certificates while any of such Bonds remain Outstanding and shall also maintain appropriate records of the interest and other income earned on investment or deposit of all such amounts while held hereunder in any Fund or Account identifying the Series of Bonds to which such interest and other income is attributable.

(h) Notwithstanding anything in this Section to the contrary, so long as there shall be held in the related Series Account of the Debt Service Fund an amount sufficient to fully pay all Outstanding Bonds of such Series in accordance with their terms (including Principal Amount or Redemption Price and interest) and all amounts due the Provider of a Hedge Agreement pursuant to subsection (b) above, no deposits shall be required to be made into the related Series Account of the Debt Service Fund.

Section 5.04. Debt Service Deposits. On or before the fifth Business Day preceding each Interest Payment Date on a Series of Bonds and any other date on which principal or interest on or any Sinking Fund Installment with respect to the Bonds is due, if the Trustee does not have on deposit in the related Series Account of the Revenue Account and the Debt Service Fund an amount sufficient and available to pay the interest, principal or Sinking Fund Installment of such Series due on such Interest Payment Date or other date, or any payment is due under a Qualified Hedge Agreement equivalent to interest (other than fees, expenses or termination payments) related to such Series, the Trustee shall give the Agency notice of the amount so on deposit and the amount of the insufficiency; provided, however, that the failure by the Trustee to give such notice shall not relieve the Agency of the obligation to make or cause the transfers required in the immediately succeeding Section.

Section 5.05. Debt Service Fund.

(a) On each Interest Payment Date and any other date on which interest on a Series of the Bonds is payable, the Trustee shall withdraw from the related Account of the Debt Service Fund an amount equal to the unpaid interest due on the Bonds on that date, and on any redemption date or purchase date pursuant to Section 4.08 hereof, an amount equal to the unpaid interest due on the Bonds to be paid, redeemed or purchased, and any amounts required to be paid to the Provider of a Qualified Hedge Agreement (other than fees, expenses or termination payments payable to such Provider of the Qualified Hedge Agreement) equivalent to interest with respect to such Series and shall cause it to be applied to the payment of said interest or amount when due, or shall transmit it to one or more Paying Agents, who shall apply it to such payment.

(b) The Trustee shall withdraw from the related Account of the Debt Service Fund on each date on which principal of a Series of the Bonds is payable (i) an amount equal to the principal amount of the Outstanding Bonds of such Series, if any, due (whether by maturity, redemption or otherwise) on that date, which shall be applied to the payment or purchase of the principal of said Bonds of such Series or transmitted to one or more Paying Agents who shall apply it to such payment and (ii) an amount equal to the Sinking Fund Installment of such Series, if any, due on that date, which shall be applied to the redemption of Bonds of such Series to be redeemed on that date or transmitted to one or more Paying Agents who shall apply it to such redemption.

(c) Unless other dates are specified in the Supplemental Indenture authorizing a Series of Bonds, on or before the thirty-first day prior to each such date on which a Sinking Fund Installment is due, the Trustee shall proceed to select for redemption in the manner provided in this Section from all Outstanding Bonds of the Series subject to redemption from such Sinking Fund Installment an amount of such Bonds, equal to the aggregate principal amount of such Bonds redeemable with such Sinking Fund Installment, and shall call such Bonds for redemption from such Sinking Fund Installment on the next succeeding date for redemption, and give notice of such call in accordance with this Indenture. On or before the fortieth day next preceding any date on which a Sinking Fund Installment is due, the Agency, by a Certificate, may (i) deliver to the Trustee for cancellation Bonds which are subject to redemption from such Sinking Fund Installment, or portions thereof, in any aggregate principal amount desired or (ii) receive a credit in respect of its Sinking Fund Installment obligation for any such Bonds, which prior to said date have been delivered to the Trustee for cancellation or redeemed (otherwise than through redemption from a Sinking Fund Installment) and canceled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment obligation. Each Bond or portion thereof so delivered or previously redeemed shall be credited by the Trustee at the principal amount thereof on the obligation with respect to such Sinking Fund Installments as the Certificate shall direct and the principal amount of such Bonds to be redeemed by such Sinking Fund Installment shall be accordingly reduced.

(d) Any investment earnings on moneys held in a Series Account of the Debt Service Fund shall be transferred to the related Series Account of the Revenue Fund,

unless directed by a Certificate to be transferred or credited by the Trustee to the related Series Account of another Fund or Account.

(e) Amounts or assets in a Series Account of the Debt Service Fund may, on and after each Interest Payment Date upon the direction of an Authorized Officer, be transferred or credited by the Trustee to the related Series Account of another Fund or Account at such times as directed by such Authorized Officer.

Section 5.06. Reserve Fund.

(a) There shall be maintained in the Series Accounts of the Reserve Fund, from the proceeds of the sale of the related Series of Bonds or such other sources as specified by a direction of an Authorized Officer, an amount equal to the Reserve Requirement for each such Series.

(b) The Trustee shall, to the extent the amount in the Series Account of the Revenue Fund is insufficient to pay principal of and interest on the related Series of Bonds and any Sinking Fund Installments therefor and any amounts required to be paid to the Provider of a related Hedge Agreement (other than fees or termination payments payable to such Provider) unless otherwise provided in such Hedge Agreement or any related Supplemental Indenture, transfer from the Series Account of the Reserve Fund (after transferring any amounts in any capitalized interest account established pursuant to a Supplemental Indenture or the Series Account of the Special Program Fund (to the extent of amounts available therein and therefor)) to the Series Account of the Revenue Fund to pay the principal of and interest on the related Series of Bonds and any related Sinking Fund Installments and any amounts required to be paid to the Provider of a related Hedge Agreement (other than fees or termination payments payable to such Provider) unless otherwise provided in such Hedge Agreement or any related Supplemental Indenture. The Trustee shall notify the Agency in writing prior to any such withdrawal from a Series Account in the Reserve Fund.

(c) So long as any such credit or transfer does not reduce the amount in the applicable Series Account of the Reserve Fund below the related Reserve Requirement for such Series, any investment earnings on moneys held in the Reserve Fund shall be credited to the related Series Account of the Revenue Fund, unless directed by a Certificate to be transferred or credited by the Trustee to the related Series Account of another Fund or Account at such times as directed by such Authorized Officer.

(d) Any balance in the applicable Series Account of the Reserve Fund in excess of the Reserve Requirement for such Series shall, upon the direction of a Certificate, be transferred or credited by the Trustee to the related Series Account of the Revenue Fund or the related Series Account of such other Fund or Account at such times as directed by such Authorized Officer.

(e) The Reserve Requirement with respect to the applicable Series of Bonds may be funded through Cash Equivalents. In connection with any discussion in this

Indenture of "moneys" on deposit in or held for the credit of the Reserve Fund, "moneys" shall be deemed to include said Cash Equivalents.

Section 5.07. Rebate Fund.

(a) There shall be deposited in the related Series Account of the Rebate Fund, as directed by a Certificate of an Authorized Officer, such amounts determined by the Agency as are necessary to satisfy any "arbitrage rebate requirements" to comply with the requirements of Section 148 of the Code.

(b) Payments shall be made from the related Series Account of the Rebate Fund, as directed by a Certificate of an Authorized Officer, at such times and in such amounts as are necessary to comply with the requirements of Section 148 of the Code.

(c) Any investment earnings on moneys held in the related Series Account of the Rebate Fund shall remain in such Series Account, unless directed by a Certificate to be transferred or credited by the Trustee to the related Series Account of another Fund or Account.

Section 5.08. Special Program Fund.

(a) If and to the extent directed by a Certificate of an Authorized Officer, the Trustee shall create the Special Program Fund, or Series Accounts therein, and from time to time (i) pay out money from the Special Program Fund for any purpose permitted under the Act and (ii) transfer funds to the Agency free and clear of the lien of this Indenture.

(b) The Trustee shall, to the extent the amount in the related Series Account of the Revenue Fund is insufficient to pay the principal of and interest on the related Series of Bonds and any Sinking Fund Installment thereon when due and any amounts required to be paid to the Provider of a related Hedge Agreement (other than fees or termination payments payable to such Provider) unless otherwise provided in such Hedge Agreement or any related Supplemental Indenture, transfer (after transferring amounts in any capitalized interest account established for such Series in connection with a Supplemental Indenture) moneys from the Special Program Fund, to the extent of amounts therein which are not otherwise restricted for specific purposes, to the related Series Account of the Revenue Fund to pay the principal of and interest on the Bonds of such Series and any Sinking Fund Installment thereon and any amounts required to be paid to the Provider of a related Hedge Agreement (other than fees or termination payments payable to such Provider) unless otherwise provided in such Hedge Agreement or any related Supplemental Indenture.

(c) Any investment earnings on moneys held in the Special Program Fund shall remain in the Special Program Fund, unless directed by a Certificate to be transferred or credited by the Trustee to another Fund or Account or to the Agency.

ARTICLE VI

COVENANTS

Section 6.01. General. The Agency hereby particularly covenants and agrees with the Trustee and with the holders of the Bonds of each Series, and each Provider of a Qualified Hedge Agreement, and makes provisions which shall be a part of its contract with such holders and Providers, to the effect and with the purpose set forth in the following provisions and Sections of this Article. The provisions of this Article shall be effective from and after the time of the delivery of the Bonds of each Series issued under this Indenture.

Section 6.02. Payment of Bonds. The Agency shall duly and punctually pay or cause to be paid (from the Trust Estate pledged for each respective Series or Subseries of Bonds) the principal amount of and interest on the Bonds of each Series or Subseries, and any payments due to a Provider of a related Qualified Hedge Agreement (other than fees, expenses and termination payments), at the dates and places and in the manner mentioned in the Bonds of each Series or Subseries or related Hedge Agreement, as the case may be, according to the true intent and meaning thereof, and shall duly and punctually pay or cause to be paid (from the Trust Estate pledged for each respective Series or Subseries of Bonds) to the Trustee any part of any and all related Sinking Fund Installments, and any payments due to a Provider of a related Qualified Hedge Agreement (other than fees, expenses and termination payments), required pursuant to any provision of this Indenture and the related Supplemental Indentures.

Section 6.03. Personnel and Servicing of Programs. In accordance with the laws of the State and the Act, the Agency shall at all times appoint, retain and employ competent personnel for the purpose of carrying out its respective programs and shall establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges, and all persons employed by the Agency shall be qualified for their respective positions.

Section 6.04. Tax Covenants.

(a) Subject to subsection (b) of this Section, the Agency shall at all times do and perform all acts and things necessary and may otherwise act as permitted by law in order to assure that interest paid on the Bonds of each Series shall, for the purposes of federal income taxation, be excludable from the gross income of the owners thereof and exempt from such taxation, except in the event that such recipient is a "substantial user" or "related person" within the meaning of the Code.

(b) Notwithstanding the foregoing, the Agency hereby reserves the right to elect to issue Bonds the interest on which is not exempt from federal income taxation, if such election is made prior to the issuance of such Bonds and, to the extent applicable, the requirements of the Act or similar law in effect are satisfied with respect to such election and the covenants contained in this Section shall not apply to such Bonds.

Section 6.05. Accounts and Reports. The Agency shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all

its transactions relating to the each Series of Bonds and all Funds and Accounts established by or pursuant to this Indenture or any Supplemental Indenture, which shall at all reasonable times be subject to the inspection of the Trustee or of the holders (or beneficial owners if their names and addresses have been filed with the Trustee for such purposes) of an aggregate of not less than 5% in principal amount of such Series of Bonds then Outstanding or their representatives duly authorized in writing.

The Agency shall annually, within 270 days after the close of each Fiscal Year, prepare financial statements for such Fiscal Year. The financial statements shall be accompanied by the report of an Accountant stating that the financial statements examined present fairly the financial position of the Agency at the end of the Fiscal Year, the results of its operations and changes in financial position for the period examined, in conformity with generally accepted accounting principles, with such exceptions as may be noted in such report.

Any such financial statements may be presented with respect to the accounts for each Series of the Bonds or on a consolidated or combined basis with other reports of the Agency.

A copy of such financials and any Accountant's report relating thereto shall be mailed promptly thereafter by the Agency to each Bondowner who shall have filed his name and address with the Agency for such purposes.

Section 6.06. Compliance With Conditions Precedent. Upon the date of execution and delivery of a Series of Bonds, all conditions, acts and things required by law or by this Indenture to exist, to have happened or to have been performed precedent to or in the issuance of such Bonds shall exist, have happened and have been performed, and such Bonds, together with all other indebtedness of the Agency, shall be within every debt and other limit prescribed by law.

Section 6.07. Further Assurance. At any and all times, the Agency shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary and may otherwise act as permitted by law for the better assuring, conveying, granting, assigning or confirming all and singular the rights, Funds and Accounts and assets pledged, assigned and established pursuant to this Indenture, including the moneys, securities and Permitted Investments hereby pledged or assigned, or assigned in trust, or intended so to be, or which the Agency may hereafter become bound to pledge or assign in trust.

Section 6.08. Powers as to Bonds and Pledge. The Agency is duly authorized, pursuant to law, to authorize and issue Bonds, to enter into this Indenture, to enter into Hedge Agreements and to pledge the assets and revenues purported to be pledged by this Indenture, in the manner and to the extent provided in this Indenture and in any Supplemental Indenture. The assets and revenues so pledged and so held in trust are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and assignment in trust created by this Indenture, and all corporate action on the part of the Agency to that end has been duly and validly taken. Each Series of Bonds, the Agency's payment obligations under Qualified Hedge Agreements and the provisions of this Indenture are and will be the valid and legally enforceable limited obligations of the Agency in accordance

with their terms and the terms of this Indenture and the related Supplemental Indenture. The Agency shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the assets and revenues so pledged under this Indenture and all the rights of the Bondholders or any other creditors secured under this Indenture (including Providers), against all claims and demands of all persons whomsoever.

ARTICLE VII

DISCHARGE OF LIEN

If the Agency shall pay or cause to be paid, or there shall otherwise be paid or provision for payment made, to the holders of a Series of the Bonds the principal amount of, premium, if any, and interest due or to become due thereon, and to Providers amounts due under a related Qualified Hedge Agreement secured hereby, at the times and in the manner stipulated therein, then unless there shall be delivered to the Trustee a Certificate to the contrary, these presents and the estate and rights hereby granted with respect to such Series shall cease, determine and be void, whereupon the Trustee shall cancel and discharge the lien of this Indenture, and execute and deliver to the Agency such instruments in writing as shall be requisite to release the lien hereof, and reconvey, release, assign and deliver unto the Agency any and all the estate, right, title and interest in and to any and all rights or property assigned or pledged to the Trustee or otherwise subject to the lien of this Indenture, except cash held by the Trustee or any Paying Agent for the payment of the principal amount of, premium, if any, and interest on a particular Series of Bonds.

Any Bond shall be deemed to be paid within the meaning of this Article and for all purposes of this Indenture and any Supplemental Indenture when payment of the principal amount of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein), either (a) shall have been made or caused to be made in accordance with the terms thereof or (b) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (i) moneys sufficient to make such payment and/or (ii) Federal Obligations (which may be subject to redemption prior to maturity only if such terms of redemption do not adversely affect the Rating of the related Series of Bonds) maturing as to principal and interest in such amount and at such time as will ensure the availability of sufficient moneys to make such payment. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of any such payment from such moneys or Federal Obligations.

Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed prior to their stated maturity, no deposit under the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until the Agency shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instruction:

- (i) stating the date when the principal amount (and premium, if any) of each such Bond is to be paid, whether at maturity or on a redemption date;

(ii) to call for redemption pursuant to this Indenture (and at such times as notice thereof may be given in accordance with this Indenture) any Bonds to be redeemed prior to maturity pursuant to in clause (b) of the preceding paragraph hereof; and

(iii) to mail, as soon as practicable, in the manner prescribed by Article IV hereof, a notice to the holders of such Bonds and to each Rating Agency that the deposit required by clause (b) of the preceding paragraph above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal amount or redemption price, if applicable, on said Bonds as specified in (i) hereof and, if a maturity date is stated, whether or not such Bonds continue to be subject to redemption.

All moneys so deposited with the Trustee as provided in this Article may at the direction of the Agency also be invested and reinvested in Federal Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Federal Obligations in the hands of the Trustee pursuant to this Article which is not required for the payment of the Bonds and interest and premium, if any, thereon with respect to which such moneys shall have been so deposited shall be deposited in the related Series Account of the Revenue Fund as and when realized and collected for such an application as are other moneys deposited in such Fund.

Notwithstanding any provision of any other Article of this Indenture which may be contrary to the provisions of this Article, all moneys or Federal Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of Bonds (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular Bonds (including interest and premium thereof, if any) with respect to which such moneys and Federal Obligations have been so set aside in trust.

Anything in Article IX hereof to the contrary notwithstanding, if moneys or Federal Obligations have been deposited or set aside with the Trustee pursuant to this Article for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of this Article shall be made without the consent of the holder of each Bond affected thereby.

ARTICLE VIII

DEFAULTS AND REMEDIES

Section 8.01. Events of Default. Each of the following with respect to a Series of Bonds shall constitute an event of default under this Indenture with respect to such Series and is herein called an "Event of Default":

(a) Interest on any of the Series of Bonds is not paid on any date when due or the principal of any Series of Bonds is not paid at maturity or the redemption price of any Series of Bond is not paid at a Redemption Date at which such Series of Bonds have been called for redemption, or regular payments (excluding fees, expenses or termination payments) on a Qualified Hedge Agreement for a Series of Bonds are not paid when due;

(b) If there is a default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Agency in this Indenture, in any Supplemental Indenture or in the Bonds contained with respect to a Series, and such default is not remedied within 60 days after notice thereof pursuant to Section 8.10 hereof; or

(c) The Agency files a petition seeking a composition of indebtedness under the federal bankruptcy laws or under any applicable law or statute of the United States of America or of the State, or if the State has limited or altered the rights of the Agency pursuant to the Act, as in force on the date of this Indenture, to fulfill the terms of any agreements made with the Holders of a Series of Bonds or in any way impaired the rights and remedies of Holders of a Series of Bonds while any Bonds of such Series are Outstanding.

Upon the occurrence of an Event of Default as set forth above and of which the Trustee has knowledge, and upon the cure, if any, of any such Event of Default, the Trustee shall provide written notice thereof to the Agency and the holders of the Bonds of such Series which are Outstanding (and each beneficial owner who has filed a written notice with the Trustee requesting the same) within 10 days of learning of the Event of Default or the occurrence of such Event of Default.

Section 8.02. Remedies; Rights of Bondholders. Upon the occurrence of an Event of Default with respect to a Series of Bonds, the Trustee may pursue any available remedy under the Act, at law or in equity, to enforce the payment of the principal of, premium, if any, and interest on the related Series of Bonds, and any other creditors secured hereunder, including, without limitation, the following:

(a) The Trustee may declare the principal amount of all of the Series of Bonds Outstanding and the interest accrued thereon to be immediately due and payable, whereupon such principal amount and interest shall thereupon become immediately due and payable, if an Event of Default pursuant to Section 8.01(a) has occurred;

(b) The books and records of the Agency relating to the Series of Bonds shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys, but only to the extent that such inspection and use does not challenge, in the Agency's discretion, the confidentiality of such books and records as well as other related communications of the Agency; and

(c) The Agency, whenever the Trustee shall demand, will account as if it were the trustee of an express trust for all money, securities and Funds and Accounts pledged or held under this Indenture for such Series for such period as shall be stated in such demand.

If an Event of Default shall have occurred with respect to a Series of Bonds and, if requested so to do by the holders of not less than a majority in aggregate principal amount of such Series of Bonds then Outstanding with respect to which such Event of Default has occurred, and indemnified by such holders in a manner acceptable to the Trustee, the Trustee shall be

obligated to exercise one or more of the rights and powers conferred by this Section, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders of such Series.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or to the Bondholders of such Series is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholders of such Series hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every such right and power may be exercised from time to time as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Bondholders of the affected Series, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 8.03. Right of Bondholders To Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Bonds of any Series then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture related to such Series, or for the appointment of a receiver or any other proceedings hereunder related to such Series, provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 8.04. Appointment of Receivers. Upon the occurrence of an Event of Default with respect to a Series of Bonds, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders of such Series under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate with respect to such Series and of the revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 8.05. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, following the satisfaction of any payments due the Trustee under the provisions of Sections 11.02 and 11.07 hereof, be deposited in the related Series Account of the Revenue Fund and all moneys in the related Series Account of the Revenue Fund (other than moneys held for redemption of such Series of Bonds duly called for redemption) shall be applied as follows:

(a) Unless the principal amount of all the Bonds of such Series shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST, to the payment to the persons entitled thereto of all interest then due on the Bonds of such Series (including regular payments due under a

Qualified Hedge Agreement for such Series of Bonds which are equivalent to Bond interest, but not including fees, expenses or termination payments), in the order of the maturity of such interest and, if the amount available shall not be sufficient to pay in full said amount, then to the payment ratably, according to the amounts due to the persons entitled thereto, without any discrimination or privilege;

SECOND, to the payment to the persons entitled thereto of the unpaid principal amount of any of the Bonds of such Series which shall have become due (other than Bonds of such Series matured or called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bonds of such Series from the respective dates upon which they became due at the rate borne by the Bonds of such Series and, if the amount available shall not be sufficient to pay in full Bonds of such Series due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege;

THIRD, to be held for the payment to the persons entitled thereto as the same shall become due of the principal amount of and interest (including regular payments due under a Qualified Hedge Agreement for such Series of Bonds which are equivalent to Bond interest, but not including fees, expenses or termination payments) on the Bonds of such Series which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full Bonds of such Series due on any particular date, together with interest then due and owing thereon, payment shall be made ratably according to the amount of principal due on such date to the persons entitled thereto without any discrimination or privilege; and

FOURTH, fees, expenses and termination payments due and payable under any Hedge Agreement for such Series of Bonds.

(b) If the principal amount of all the Bonds of such Series shall have become or shall have been declared due, all such moneys shall be applied, first, to the payment of the principal amount and interest (including regular payments due under a Qualified Hedge Agreement for such Series of Bonds which are equivalent to Bond interest, but not including fees, expenses or termination payments) then due and unpaid upon the Bonds of such Series, without preference or priority of principal amount over interest or of interest over principal amount, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal amount and interest, to the persons entitled thereto without any discrimination or privilege, and, second, to fees, expenses and termination payments due and payable under a Hedge Agreement for such Series of Bonds.

(c) If the principal amount of all the Bonds of such Series shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of

subsection (b) of this Section in the event that the principal amount of all the Bonds of such Series shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a) of this Section.

With respect to the foregoing, amounts due under a Qualified Hedge Agreement for such Series of Bonds which are equivalent to Bond interest shall be treated as Bond interest of such Series.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The deposit of such money with any Paying Agent, or otherwise setting aside such money, in trust for the proper purpose shall constitute proper application by the Trustee. The Trustee shall incur no liability to the Agency, to any Bondholder or to any other person for any delay in applying any such money, so long as the Trustee acts with reasonable diligence having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the principal amount to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all principal amounts of and interest on all Bonds of a Series have been paid under the provisions of this Section and all fees, expenses and charges of the Trustee and any Paying Agent have been paid, any balance remaining in the related Series Account of the Revenue Fund shall be paid to the Agency.

Section 8.06. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding related thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as the Trustee without the necessity of joining as plaintiffs or defendants any holder of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit of the holders of the Outstanding Bonds of the Series so affected.

Section 8.07. Rights and Remedies of Bondholders. No holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless (a) a default with respect to such Series has occurred of which the Trustee has been notified as provided in Section 11.03 hereof, or of which by said Section 11.03 it is deemed to have notice, (b) such default shall have become an Event of Default and the owners of not less than a majority in aggregate principal amount of Bonds then Outstanding of the Series with respect to which such Event of Default has happened, shall have

given written notice to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in their own name or names, (c) such Bondholders have offered to the Trustee indemnity as provided in Article XI hereof and (d) the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by his action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of the holders of all Bonds of the affected Series then Outstanding, subject to the provisions of this Indenture. However, nothing contained in this Indenture shall affect or impair the right of any holder to enforce the payment of the principal of and interest on any Bond it owns at and after the maturity or upon the redemption thereof, or the obligation of the Agency to pay the principal of and interest on any such Bond issued hereunder to the holder thereof at the time, place, from the source and in the manner in the Bonds expressed, but in any case only from the Trust Estate.

Section 8.08. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Agency, the Trustee and the Bondholders shall be restored, subject to any final determination in such proceeding, to their former positions and rights hereunder, respectively, with regard to the property herein subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 8.09. Waivers of Events of Default. The Trustee may at its discretion waive any Event of Default hereunder and its consequences, and shall do so upon the written request of the holders of (a) more than 66-2/3% in aggregate principal amount of all the Series of Bonds then Outstanding in respect of which default in the payment of principal amount or interest, or both, exists or (b) at least a majority in aggregate principal amount of all Bonds then Outstanding of the affected Series in the case of any other default; provided, however, that there shall not be waived (i) any Event of Default in the payment of the principal amount of any Outstanding Bonds at the date of maturity or sinking fund redemption date specified therein or (ii) any default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission, all arrears of interest or all arrears of payments of principal amount when due, as the case may be, with interest on overdue principal at the rate borne by the Bonds, and all reasonable fees and expenses of the Trustee in connection with such default shall have been paid or provided for. In case of any such waiver or rescission, the Agency, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 8.10. Notice of Defaults Under Section 8.01(b); Opportunity of the Agency To Cure Such Defaults. Anything herein to the contrary notwithstanding, no default under Section 8.01(b) hereof shall constitute an Event of Default until actual notice of such default by first class mail (postage prepaid) shall be given to the Agency by the Trustee or by the holders of not less than a majority in aggregate principal amount of all Bonds Outstanding of the affected Series and the Agency shall have had 60 days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Agency within the applicable period and diligently pursued until the default is corrected.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.01. Supplemental Indentures Effective Upon Filing. Without the consent of or notice to any of the Bondholders, for any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture of the Agency supplementing this Indenture may be adopted, which Supplemental Indenture, upon filing with the Trustee of a copy thereof certified by an Authorized Officer, shall be fully effective in accordance with its terms:

(a) to close this Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in this Indenture on, the delivery of Bonds or the issuance of other evidences of indebtedness;

(b) (i) to add to the covenants or agreements of the Agency in this Indenture other covenants or agreements to be observed by the Agency which are not contrary to or inconsistent with this Indenture as theretofore in effect or (ii) to make any change (other than a change requiring the consent of the holders of all Outstanding Bonds pursuant to Section 9.03 hereof) which is not materially adverse to the security of the Bondholders;

(c) to add to the limitations or restrictions in this Indenture other limitations or restrictions to be observed by the Agency which are not contrary to or inconsistent with this Indenture as theretofore in effect;

(d) to surrender any right, power or privilege reserved to or conferred upon the Agency by this Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Agency contained in this Indenture;

(e) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture of any revenues, Funds, Accounts or other assets;

(f) to make any changes which, in the opinion of Counsel, are necessary to preserve the tax-exempt status of the interest on the Bonds;

(g) to make such changes to obtain or maintain the Rating on the Bonds, provided such changes do not result in a downgrade or withdrawal of the current Rating;

(h) to modify any of the provisions of this Indenture in any respect whatever, provided that (i) such modifications shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding and (ii) such Supplemental Indenture shall be specifically referred to in the text of all Bonds of any Series delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof;

(i) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Indenture;

(j) to authorize Bonds of a Series, or authorize one or more Subseries thereof, and, in connection therewith, specify and determine the matters and things referred to in Section 2.02, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds; and

(k) to insert such provisions clarifying matters or questions arising under this Indenture as are necessary or desirable and are not contrary to or inconsistent with this Indenture as theretofore in effect.

Section 9.02. Supplemental Indentures Requiring Consent of Bondholders.

Exclusive of Supplemental Indentures covered by Section 9.01 hereof and subject to the terms and provisions contained in this Section, and not otherwise, (a) the holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding at the time such consent is given, and (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, the holders of not less than a majority in aggregate principal amount of the Bonds of the particular Series Outstanding affected at the time such consent is given, shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Agency and the Trustee of such indentures supplemental hereto as shall be deemed necessary and desirable by the Agency for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any Supplemental Indentures; provided, however, that, except as set forth in Section 9.03 hereof, nothing in this Section contained shall permit, or be construed as permitting, without the consent of the holders of all Outstanding Bonds of any affected Series, (i) an extension of the maturity or mandatory sinking fund redemption date of the principal of or the time for payment of the interest on any Bond issued hereunder, (ii) a reduction in the principal amount of any Bond or the rate of interest (except as otherwise provided in a Supplemental Indenture), or sinking fund redemption requirements, thereon, (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture, or (v) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

For the purposes of this Section, Bonds of any particular Series shall be deemed to be affected by a modification or amendment of this Indenture if the same materially or adversely affects or diminishes the rights of the holders of Bonds of such Series. The Trustee, relying upon Counsel's opinion, may determine whether or not, in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity would be affected by a modification or amendment of the Indenture, and any such determination shall be binding and conclusive on the Agency and all holders of Bonds. With respect to matters affecting the security for the Bonds, the Trustee may conclusively rely upon written evidence from each Rating Agency that a change will not adversely affect the Rating on the Outstanding Bonds.

Section 9.03. Modifications by Unanimous Consent. Notwithstanding anything contained in the foregoing provisions of this Article, the terms and provisions of this Indenture, and the rights and obligations of the Agency and the holders of any Series of the Bonds, in any particular, may be modified or amended in any respect upon the execution by the Agency and filing in accordance with the provisions of this Article of a Supplemental Indenture of the Agency making such modification or amendment and the consent to such Supplemental Indenture of the holders of all of the Bonds then Outstanding of the affected Series, such consent to be given and proved as provided in Section 9.04, except that no notice to Bondholders, either by mailing or publication, shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

In addition, the Agency may enter into an agreement with any Bondholder restricting one or more rights of such Bondholder, provided that such agreement shall affect only such Bondholder (or assigns) and such agreement shall not grant such Bondholder any rights or privileges not afforded other Bondholders of the same Series.

Section 9.04. Consent of Bondholder. The Agency may at any time execute and file a Supplemental Indenture from the Agency making a modification or amendment permitted by the provisions of Section 9.02 or 9.03, to take effect when and as provided in this Section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Agency), together with a request to the Bondholders of the affected Series for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Trustee to the Bondholders of such Series. Such Supplemental Indenture shall not be effective unless and until, and shall take effect in accordance with its terms when, (a) there shall have been filed with the Trustee (i) the written consent of the holders of the percentage of Outstanding Bonds of the affected Series specified in Section 9.02 or 9.03, as the case may be and (ii) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully adopted by the Agency in accordance with the provisions of this Indenture, is authorized or permitted by the provisions of this Indenture, and, when effective, will be valid and binding upon the Agency and enforceable in accordance with its terms and (b) a notice shall have been given as hereinafter provided in this Section. Each such consent shall be effective only if executed by a holder of Bonds as of the date such consent is given.

In connection with this Section 9.04, any such consent shall be binding upon the holder of the Bonds giving such consent and upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent holder thereof has notice

thereof), but, notwithstanding the provisions of Section 12.01, such consent may be revoked in writing by the filing with the Trustee, not later than the time when the written statement of the Trustee hereinafter in this Section provided for is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with the Trustee.

The Agency may establish a record date for purposes of the solicitation of consents from the holders of Bonds and shall give the Trustee notice thereof.

At any time after the holders of the required percentage of Bonds shall have filed their consents to such Supplemental Indenture, the Trustee shall make and file with the Agency a written statement that the holders of such required percentage of Bonds have filed and given such consents and that proof of the holding of such Bonds has been examined and found sufficient by the Trustee. Such written statement shall be conclusive that such consents have been so filed and have been given. At any time thereafter notice, stating in substance that such Supplemental Indenture (which may be referred to as a Supplemental Indenture adopted by the Agency on a stated date, a copy of which is on file with the Trustee) has been consented to by the holders of the required percentage of Bonds of such Series and will be effective as provided in this Section, shall be mailed to Bondholders of such Series. The Agency shall file with the Trustee proof of the mailing thereof. A record, consisting of the papers required or permitted by this Section to be made by or filed with the Trustee, shall be proof of the matters therein stated.

Section 9.05. Authorization to Trustee. The Trustee is authorized to accept the delivery of a certified copy of any Supplemental Indenture of the Agency referred to and permitted or authorized by Section 9.01, 9.02, 9.03 or 9.04, upon satisfaction of any requirements with respect thereto, to consent to such Supplemental Indenture as provided in such Section and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such actions, shall be fully protected in relying on a Counsel's Opinion that such Supplemental Indenture is authorized or permitted by the provisions of this Indenture or contains no provisions which are contrary to or inconsistent with this Indenture as theretofore in effect.

Section 9.06. Exclusion of Bonds. Bonds owned or held by or for the account of the Agency shall be excluded and shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, and the Agency shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action under this Article, the Agency shall furnish the Trustee a Certificate, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 9.07. Notation on Bonds. Bonds delivered after the effective date of any action taken as in this Article provided may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Agency and the Trustee as to such action. If the Agency or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Agency to conform to such action may be prepared and delivered, and upon demand of the holder of any Bond then Outstanding may be exchanged, without cost to such Bondholder, for Bonds of the same designation, Series, maturity and interest rate then

Outstanding, upon surrender of such Bonds. Every holder of any Outstanding Bond shall, however, by his purchase and retention of such Bond, be deemed to consent to be bound by every modification and amendment of this Indenture adopted in accordance with the provisions of this Article, whether or not noted or endorsed on or incorporated in such Bond.

Section 9.08. Copies of Supplemental Indentures. The Agency shall forward a copy of any Supplemental Indenture (in substantially final form) to the Rating Agency.

ARTICLE X

DEPOSITARIES OF MONEYS AND INVESTMENT OF FUNDS

Section 10.01. Depositaries. All moneys held by the Trustee under the provisions of this Indenture shall be deposited with the Trustee or one or more Fiduciaries in trust for the Trustee. All moneys deposited under the provisions of this Indenture with the Trustee or any Fiduciary shall be held in trust and applied only in accordance with the provisions of this Indenture and any related Supplemental Indenture, and each of the Funds and the Accounts, and any subaccounts, established by this Indenture shall be a trust fund for the purposes thereof. The Trustee and the Agency shall not permit the deposit of any moneys with any Fiduciary in an amount exceeding the amount insured by the FDIC, unless secured by Permitted Investments.

Section 10.02. Investment of Funds and Accounts Held by Trustee. Except as otherwise provided in this Indenture, the Agency may direct the Trustee to, and in the absence of direction the Trustee shall, invest moneys in the Funds and the Accounts held by the Trustee in Permitted Investments, the maturity or redemption date at the option of the holder of which shall not exceed the date or dates on which moneys in said Fund or Account for which the investments were made are reasonably expected to be required for the purposes provided in this Indenture and any related Supplemental Indenture. The Trustee agrees to take such actions, including, but not limited to, the giving of timely notices for payment, as are required pursuant to the terms of any Permitted Investment or any guarantee related thereto.

Obligations purchased as an investment of moneys in any Fund or Account held by the Trustee under the provisions of this Indenture shall be deemed at all times to be a part of such Fund or Account. Moneys in separate Funds and Accounts may be commingled for the purpose of investment or deposit, subject to instructions from an Authorized Officer, to the extent possible in conformity with the provisions of this Section, so long as adequate records are maintained as to the amounts held in each such Fund or Account allocable to each Series of Bonds.

In computing the amount in any Fund or Account held by the Trustee under the provisions of this Indenture, obligations purchased by the Trustee or transferred by the Agency to the Trustee as an investment of moneys therein shall be valued at the Amortized Value, plus the amount of accrued interest, except that securities covered by repurchase agreements shall be valued at market price. Where market prices for obligations held by the Trustee are not readily available, the Trustee may determine the market price for such obligations in such manner as it deems reasonable. To the extent that moneys are invested pursuant to an Investment Agreement, such Investment Agreement shall be valued at par, unless the provider of the Investment

Agreement is in default of its payments thereunder in which case it shall be valued as provided in the immediately preceding sentence.

At the direction of an Authorized Officer, the Trustee shall sell outright or pursuant to a repurchase agreement at the best price reasonably obtainable, or present for redemption, any obligation purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Fund or Account for which such investment was made. When transferring moneys from one Fund or Account to another, investments need not be liquidated, and all or a portion of such invested moneys may be credited to a particular Fund or Account from another.

At the direction of an Authorized Officer, the Trustee may sell Permitted Investments hereunder and purchase any Permitted Investments in exchange therefor.

Investments authorized to be made by the Trustee pursuant to this Article X may be made by the Trustee through its own bond or investment departments or any affiliates or subsidiaries wholly owned by the entity which wholly owns the Trustee.

The Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory authority grant the Agency the right to receive brokerage confirmations of security transactions as they occur, the Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee shall have no liability or responsibility for any loss or for failure to maximize earnings resulting from any investments made in accordance with the provisions of this Section. The Trustee shall be entitled to assume, absent receipt by the Trustee of written notice to the contrary, that any investment which at the time of purchase is Permitted Investment remains a Permitted Investment thereafter.

ARTICLE XI

THE FIDUCIARIES

Section 11.01. Trustee and Depositaries; Appointment and Acceptance.

(a) Any entity appointed as the Trustee hereunder shall be a bank, trust company or national banking association having trust powers and having either (i) a combined capital and surplus of not less than \$75,000,000 or (ii) \$500,000,000 of assets under trust, and shall have delivered to the Trustee a copy of this Indenture, certified by an Authorized Officer. The Trustee shall be and is hereby vested with all the property, rights, powers and duties granted, pledged and assigned to it by this Indenture, in trust for the Bondholders.

(b) The Agency, consistent with the laws of the State and the Act, may appoint Fiduciaries as depositaries of money held under the provisions of this Indenture and shall further advise such Fiduciaries as to any requirements with respect to such moneys. Each Fiduciary shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Agency and the Trustee written acceptance thereof.

Section 11.02. Paying Agents. The Agency hereby appoints the Trustee as the Paying Agent for the Bonds and may, at any time or from time to time by a Supplemental Indenture, appoint one or more other Paying Agents for such Bonds. Each Paying Agent shall be a bank, trust company or national banking association, having trust powers and having a capital and surplus aggregating at least \$15,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture. Each Paying Agent, other than the Trustee, shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Agency and the Trustee a written acceptance thereof. The Trustee may be appointed and may act as a Paying Agent.

Section 11.03. Responsibilities of Fiduciaries. The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Agency, and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations for the validity or sufficiency of this Indenture or any Bonds issued hereunder or in respect of the security afforded by this Indenture, and no Fiduciary shall incur any responsibility in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the Agency or others in accordance with this Indenture, except the Trustee to the extent such proceeds are paid to the Trustee in its capacity as Trustee. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability, to institute or defend any action or suit in respect of this Indenture or Bonds, or to advance any of its own moneys, unless properly indemnified. No Fiduciary shall be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default.

In addition, no Fiduciary shall be under any obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Agency, or to report, or make or file claims or proof of loss for, any loss or damage insured against or which may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. No Fiduciary shall be under any obligation to see that any duties herein imposed upon the Agency or any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and no Fiduciary shall be under any obligation for failure to see that any such duties or covenants are so done or performed. No Fiduciary shall be liable or responsible because of the failure of the Agency or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the Agency.

The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, provided that the immunities and exemptions from liability of the Trustee hereunder shall extend to such agents, receivers and employees, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof, subject to Section 11.07 hereof. The Trustee may act upon the opinion or advice of any attorneys (who may but need not be the attorney or attorneys for the Agency) approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction in good faith in reliance upon such opinion or advice.

Unless an officer of the corporate trust department of the Trustee shall have actual knowledge thereof, the Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except defaults under Section 8.01(a) hereof unless the Trustee shall be specifically notified in writing of such default by the Agency or a court of law or by any owner of the Bonds. Except as otherwise specifically provided for in this Indenture, all notices or other instruments required by this Indenture to be delivered to the Trustee must, to be effective, be delivered at the corporate trust office of the Trustee, and, in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid.

The permissive right of the Trustee to do things enumerated in this Indenture shall not, unless otherwise provided herein, be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct or failure to perform obligations under this Indenture.

At any and all reasonable times, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right to inspect any and all of the books, papers and records of the Agency pertaining to the receipts under the Bonds, and to duplicate such memoranda in regard thereto as may be desired, provided that such inspection and duplication does not challenge, in the Agency's discretion, the confidentiality of such books, papers and records as well as other related communications of the Agency.

The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Agency to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

Section 11.04. Funds Held in Trust. All money held by any Fiduciary, as such, at any time pursuant to the terms of this Indenture shall be and is hereby assigned, transferred and set

over unto such Fiduciary in trust for the purposes and under the terms and conditions of this Indenture.

Section 11.05. Evidence on Which Fiduciaries May Act. Each Fiduciary shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion, bond or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Agency, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever any Fiduciary shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate stating the same, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Indenture, but in its discretion the Fiduciary may, in lieu thereof, accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by or on behalf of the Agency to any Fiduciary shall be sufficiently executed if executed by an Authorized Officer.

Section 11.06. Preservation and Inspection of Documents. All reports, certificates, statements and other documents received by any Fiduciary under the provisions of this Indenture shall be retained in its possession and shall be available at all reasonable times for inspection by the Agency, any other Fiduciary or any Bondholder, and their agents and their representatives, any of whom may make copies thereof, but any such reports, certificates, statements or other documents may, at the election of such Fiduciary, be destroyed or otherwise disposed of at any time six years after such date as the pledge created by this Indenture shall be discharged as provided in Article VII.

Section 11.07. Compensation and Expenses. Subject to the provisions of any contract between the Agency and each Fiduciary relating to the compensation of such Fiduciary, the Agency shall pay, from moneys available in the Trust Estate, to such Fiduciary reasonable compensation for all services performed by it hereunder and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts hereby created and the performance of its powers and duties hereunder, and, from such source only and to the extent permitted by law, shall indemnify and save each Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to its negligence or willful misconduct. Each Fiduciary accepting appointment hereunder agrees, as a condition to such appointment, to indemnify and save the Agency harmless against any liabilities which the Agency may incur as a result of the failure of such Fiduciary's negligence or willful misconduct.

Section 11.08. Certain Permitted Acts. Any Fiduciary may become the owner of or may deal in Bonds or transact other bank or trust business with the Agency as fully and with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any

Fiduciary may act as depository for, and permit any of its officers or executive directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such committee shall represent the holders of a majority in principal amount of the Bonds Outstanding.

Section 11.09. Resignation of Fiduciary. A Fiduciary, or any successor thereof, may at any time resign and be discharged of its duties and obligations created by this Indenture by giving not less than 60 days' written notice to the Agency and delivering notice thereof to the Bondholders, specifying the date when such resignation shall take effect. Such resignation shall take effect upon the day specified in such notice, but only if a successor has been appointed to succeed such Fiduciary, unless prior to the date specified in such notice a successor shall have been appointed by the Agency or Bondholders as herein provided, in which event such resignation shall take effect immediately on the appointment of such successor. Notwithstanding the above, the resignation of the Trustee shall not be effective unless a successor Trustee has been appointed and has accepted the duties of the Trustee.

Section 11.10. Removal. A Fiduciary, or any successor thereof, may be removed at any time by the Agency (if the Agency is not in default hereunder) or by the holders of not less than a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Agency, by, in the case of removal by the Bondholders, an instrument or concurrent instruments in writing signed and duly acknowledged by such Bondholders or by their attorneys duly authorized in writing and delivered to the Agency and by, in the case of removal by the Agency, notice thereof to the Trustee. Copies of each such instrument shall be delivered by the Agency to each Fiduciary and any successor thereof. Notwithstanding the above, the removal of the Trustee shall not be effective unless a successor Trustee has been appointed and has accepted the duties of the Trustee.

Section 11.11. Appointment of Successor Fiduciary. In case at any time a Fiduciary, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent or if a receiver, liquidator or conservator of such Fiduciary or of its property shall be appointed or if any public office or officer shall take charge or control of such Fiduciary or of its property or affairs, a successor may be appointed by the Agency or, if the Agency fails to act, by the holders of not less than a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Agency, by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to such successor Fiduciary, notification thereof being given to the Agency, the predecessor Fiduciary and any other Fiduciaries. Pending such appointment, the Agency shall forthwith appoint a Fiduciary to fill such vacancy until a successor Fiduciary shall be appointed by Bondholders as herein authorized. The Agency shall deliver notice to the Bondholders of any such appointment within 20 days after such appointment and shall give notice of such appointment to the Rating Agency. Any successor Fiduciary appointed by the Agency shall, immediately and without further act, be superseded by a Fiduciary appointed by Bondholders. If in a proper case no appointment of a successor Fiduciary shall be made pursuant to the foregoing provisions of this Section within 45 days after the Fiduciary shall have given to the Agency written notice as provided in Section 11.09 or after notice received pursuant to Section 11.10 or after the occurrence of any other event requiring or

authorizing such appointment, the Fiduciary or any other Fiduciary or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon, after such notice, if any, as said court may deem proper and prescribe, appoint such successor Fiduciary. Any Fiduciary appointed under the provisions of this Section shall have the qualifications prescribed for its predecessor in Section 11.01 or Section 11.02.

Section 11.12. Transfer of Rights and Property to Successor Fiduciary. Any successor Fiduciary appointed hereunder shall execute, acknowledge and deliver to its predecessor Fiduciary, and also to the Agency, an instrument accepting such appointment, and thereupon such successor Fiduciary, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Fiduciary, with like effect as if named herein as such Fiduciary, but the Fiduciary ceasing to act shall, nevertheless, on the written request of the Agency or of the Successor Fiduciary, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Fiduciary all the right, title and interest of the predecessor Fiduciary in and to any property held by it under this Indenture and shall pay over, assign and deliver to the successor Fiduciary any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Agency be required by such successor Fiduciary for more fully and certainly vesting in and confirming to such successor Fiduciary any such moneys, estates, properties, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Agency to the extent allowed by law. Any such successor Fiduciary shall promptly notify the other Fiduciaries of its appointment as such Fiduciary.

Section 11.13. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which such Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a financial institution which is qualified to be a successor to such Fiduciary under Section 11.01 or Section 11.02 and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

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

Section 11.14. Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that, in case of litigation under this Indenture, and in particular in case of the enforcement of such instrument or agreement upon default, or in

case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, the Trustee may appoint an additional individual or institution as a separate or Co-Trustee, in which event each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or Co-Trustee, but only to the extent necessary to enable such separate or Co-Trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or Co-Trustee shall run to and be enforceable by either of them. In the event of such an appointment, Trustee shall notify the Agency of the appointment of such Co-Trustee and any reasonable fees and expenses of such Co-Trustee shall be payable solely from the Trust Estate as described in Section 11.07 hereof.

Should any deed, conveyance or instrument in writing from the Agency be required by the separate or Co-Trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Agency to the extent allowed by law. In case any separate or Co-Trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or Co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate or Co-Trustee.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Consents, etc., of Bondholders. Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Bondholders (other than an assignment of a Bond) may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee and any Paying Agent with regard to any action taken by it under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

(b) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the registration books of the Agency maintained by the Trustee pursuant to this Indenture.

Section 12.02. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture, any Supplemental Indenture or the Bonds is intended or shall be construed to give to any person other than the Agency, the Fiduciaries, the Providers and the holders of the Bonds, any legal or equitable right, remedy or claim under or in respect to this Indenture or any Supplemental Indenture or any covenants, conditions and provisions herein contained; this Indenture, all Supplemental Indentures and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the Agency, the Fiduciaries, the Providers and the holders of the Bonds as herein provided.

Section 12.03. Severability. If any provision of this Indenture or any Supplemental Indenture shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein or therein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 12.04. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of interest on or principal of, or the date fixed for redemption of, any Bond shall not be a Business Day, then payment of interest or principal may be made on the succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption.

Section 12.05. Applicable Provisions of Law. This Indenture and each Supplemental Indenture shall be governed by and construed in accordance with the laws of the State without regard to principles of conflicts of laws. If any terms set forth in this Indenture are inconsistent with the laws of the State, the laws of the State shall govern. In the event any action, claim or other legal proceeding arising out of this Indenture is filed, such proceeding shall be brought in the Superior Court of Chittenden County, Vermont, or, if a federal forum is required, in the Federal Courts of Vermont; provided, however, the Agency does not waive any immunities related to jurisdiction of the federal courts that may be available to it.

Section 12.06. No Recourse on Bonds. No recourse shall be had for the payment of the principal of, premium, if any, or the interest on the Bonds or for any claim based thereon or on this Indenture or any Supplemental Indenture against any officer, employee or agent of the Agency or any person executing the Bonds.

Section 12.07. Maximum Interest Rate. In no event shall the interest rate for the Bonds exceed the maximum rate permitted by applicable law.

Section 12.08. Notices. Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or sent by telegram, addressed to the appropriate Notice Address. The Agency and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 12.09. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[SIGNATURE PAGE TO TRUST INDENTURE]

Executed as of this ____ day of _____, 2009.

VERMONT HOUSING FINANCE AGENCY

By _____
Its _____

Executed and Attested:

By _____
Its _____

XXX BANK, NATIONAL ASSOCIATION, as
Trustee

By _____
Its _____

**VERMONT HOUSING FINANCE AGENCY RESOLUTION CONFIRMING THE
AUTHORITY OF THE EXECUTIVE DIRECTOR OR CHIEF FINANCIAL
OFFICER AND TREASURER TO OBTAIN REPLACEMENT LIQUIDITY
AGREEMENTS FOR THE AGENCY'S VARIABLE RATE DEMAND BONDS
ISSUED IN CONNECTION WITH ITS SINGLE FAMILY PROGRAM**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") has, from time to time, issued variable rate demand bonds to provide financing for its single family program; and

WHEREAS, such bonds have a tender right which is supported by a liquidity agreement provided by a commercial bank; and

WHEREAS, from time to time, the Agency is required to replace expiring bank liquidity agreements or it is in the best interests of the Agency to replace existing liquidity agreements;

NOW, THEREFORE, BE IT RESOLVED as follows:

Section 1. It is hereby confirmed that either of the Executive Director or Chief Financial Officer and Treasurer is authorized to enter into negotiations with financial institutions or other entities to obtain replacement liquidity facilities from time to time, and to enter into and execute documents to effectuate the substitution of replacement liquidity facilities, all as such person deems reasonable or appropriate to maintain the most cost effective financing for the Agency's single family programs.

Section 2. The substitution of any liquidity facility shall be reported to the Commissioners at their next succeeding meeting.

Section 3. This Resolution shall take effect immediately.

VERMONT HOUSING FINANCE AGENCY

**Resolution Authorizing the Issuance and Sale of a Maximum of \$100,000,000
of Bonds and Notes In One or More Series
to Finance Mortgage Loans**

Adopted November 19, 2009

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**VERMONT HOUSING FINANCE AGENCY
RESOLUTION AUTHORIZING THE ISSUANCE AND
SALE OF A MAXIMUM OF \$100,000,000 OF BONDS AND NOTES
IN ONE OR MORE SERIES TO FINANCE MORTGAGE LOANS**

November 19, 2009

WHEREAS, the Vermont Housing Finance Agency (hereinafter referred to as the "Agency") is authorized to finance Mortgage Loans for single-family residential housing for persons and families of low and moderate income in the State of Vermont and to purchase securities comprised of such mortgages, pursuant to the provisions of the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (hereinafter referred to as the "Act"), and to issue its bonds to obtain funds for such purpose and to refund the same; and

WHEREAS, in order to obtain funds with which to provide financing for mortgage loans to acquire, construct, rehabilitate or improve residential housing for persons and families of low and moderate income (including the purchase of securities comprised of such mortgage loans), it is deemed necessary and advisable to issue and sell one or more series of bonds and notes of the Agency, not to exceed \$100,000,000 in the aggregate, all as hereinafter provided;

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

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Definitions. As used in this Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"*Bonds*" means the Bonds of the Agency of the Series authorized by this Resolution and a Supplemental Indenture.

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

"*DTC Eligible*" means Bonds and Notes issued in book-entry form through the facilities of a securities depository, to provide for the registration of such depository's nominee as owner thereof.

"*General Resolution*" means the resolution entitled "Single Family Housing Bond Resolution" adopted on September 20, 1990, as amended and supplemented, the general indenture entitled "Trust Indenture (Multiple Purpose Bonds)" approved on April 2, 2007, as amended and supplemented, the general indenture entitled "Mortgage Revenue Bonds (Mortgage Backed Securities Program)" approved on November 19, 2009, as amended and supplemented, or any other resolution or trust indenture adopted by the Agency which permits the issuance of one or more series of bonds and notes thereunder to finance mortgage loans for single-family residential housing for low- and moderate-income persons.

"Mortgage Loan" means any mortgage loan with respect to single-family residential housing for low- and moderate-income persons as authorized by the Act and may include not only first mortgage loans but also down payment/closing costs assistance loans and home improvement loans to the extent authorized by resolution of the Agency and a General Resolution; securities representing an interest in such mortgage loans are also deemed to be Mortgage Loans.

"Notes" means the Notes of the Agency of the Series authorized by this Resolution and a Supplemental Indenture; provided, however, that as provided in Section 2.01 hereof and as may be provided in a Supplemental Indenture, a portion of any Notes may be issued as a separate issue from any Bonds for federal tax purposes.

"Program" means the general program of the Agency under which it finances Mortgage Loans.

"Offering Statement" means the Official Statement, Private Placement Memorandum or similar offering document of the Agency describing the Bonds and Notes, and used in conjunction with the sale thereof.

"Resolution" means this Resolution Authorizing the Issuance and Sale of a Maximum of \$100,000,000 of Bonds and Notes In One or More Series to Finance Mortgage Loans.

"Supplemental Indenture" means the Supplemental Indenture of the Agency dated on or before the date of issuance of the related Series of Bonds or Series of Notes, which Supplemental Indenture shall establish certain terms and provisions of such Bonds and Notes as provided herein.

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

Section 1.02. Authority for Resolution. This Resolution is adopted pursuant to and in accordance with the provisions of the Act and any General Resolution that may be applicable as hereinafter set forth.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF BONDS

Section 2.01. Authorization of Bonds, Notes, Principal Amount and Series. In order to provide sufficient funds necessary for the Program, in accordance with and subject to the terms, conditions and limitations established in this Resolution and in any General Resolution applicable thereto, one or more series of Bonds and Notes are hereby authorized to be issued, from time to time, each by the execution and delivery of a Supplemental Indenture, in an aggregate principal amount not to exceed \$100,000,000; provided, however, that (i) the conversion or technical reissuance of any such principal amount shall be authorized pursuant to this Resolution and require no further action by the Commissioners, (ii) any issuance of Bonds or Notes hereunder is subject to limitations imposed by the Act, including, but not limited to, a cap on the total outstanding principal amount of bonds of the Agency, if any, and (iii) notes may be

issued as short term obligations with a maturity of less than 3 years from the date of issuance thereof, the proceeds of which shall not be made available for the funding of mortgage loans until such obligations have been refunded with a series of long term Bonds, and may be issued as their own tax plan. Such Supplemental Indenture shall be signed by at least two of the following—Chairman, Vice-Chairman, Executive Director, Chief Financial Officer or Chief of Program Operations; provided that one of the signatories thereto must be the Chairman or Vice-Chairman. The Agency is of the opinion and hereby determines (a) that the issuance of Bonds and Notes in said amount is necessary to provide sufficient funds to be used and expended from time to time for the Program; (b) that the Mortgage Loans to be made or financed on behalf of the Agency with the proceeds of the Bonds can be issued bearing a rate or rates of interest which will be less than the prevailing rate of interest on comparable mortgage loans available in the State of Vermont without the assistance of the Agency; and (c) that the Agency will derive receipts, revenues and other income from the Mortgage Loans purchased or made with the proceeds of the Bonds sufficient to provide, together with any investment income derived from proceeds of such Bonds and Notes, and all other available receipts, revenues and income of the Agency, for the payment of the Bonds and Notes and the payment of all costs and expenses incurred by the Agency with respect to the Program or purpose for which the Bonds and Notes are issued.

Section 2.02. Purposes. The purposes for which the Bonds and Notes are being issued are to provide funds to make or finance Mortgage Loans, including making deposits in any funds or accounts of a General Resolution, and include refunding bonds of the Agency issued for such purpose, all as shall be specified in detail in one or more Supplemental Indentures as hereinafter described; provided, however, the proceeds of any Notes shall not be made available for the funding of Mortgage Loans until such obligations have been refunded with a series of long term Bonds. Only Mortgage Loans meeting the requirements of the Program, as approved by the Agency, may be financed by the proceeds of Bonds authorized hereby.

Section 2.03. Bond and Note Provisions; Supplemental Indenture. A Series of Bonds or Notes shall be issued hereunder only upon the delivery of a Supplemental Indenture which shall specify the terms and conditions of such Bonds or Notes, and the sale and delivery thereof, including without limitation the following:

- (a) the principal amount of Bonds and Notes to be issued pursuant thereto;
- (b) the Series or sub-Series designation and title;
- (c) the maturity or maturities of the Bonds and Notes, which in no event shall exceed 40 years, subject in any case to limitations imposed by the Act;
- (d) the interest rate or rates on the Bonds and Notes or the method of determining the same, provided that the interest rate or rates on the Bonds (or the initial rate or rates if the rates are not fixed rates) shall not exceed 7½% if the interest on the Bonds and Notes is to be exempt from federal income taxation or 9% otherwise, and provided further that if the initial rate or rates are not fixed rates the maximum permitted rate in any case may not exceed 12%;

- (e) the date or dates on which interest on the Bonds and Notes are payable;
- (f) the dated date or dates of the Bonds and Notes, or the method of determining the same;
- (g) the redemption provisions for the Bonds and Notes, which may include optional, mandatory and/or sinking fund redemptions, provided that the Bonds shall be optionally redeemable no later than 15 years after their date of issuance and at a redemption premium not exceeding 3% and reducing by at least 1% annually thereafter;
- (h) the minimum and authorized denominations of the Bonds and Notes;
- (i) whether or not the interest on the Bonds and Notes is to be exempt from federal income taxation;
- (j) whether or not the Bonds and Notes are to be DTC Eligible;
- (k) the form or forms of the Bonds and Notes, the manner of numbering and lettering such Bonds and Notes, and the Agency commissioners or officers authorized to execute and deliver the same;
- (l) whether or not the Bonds and Notes are to be general obligations of the Agency and in any event the source of revenues to be pledged and used to pay the same, which pledge shall be immediately effective as provided by the Act;
- (m) that the Agency will derive receipts, revenues and other income from the Mortgage Loan(s) made or purchased with the proceeds of such Series of Bonds sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of such Series of Bonds and the payment of all costs and expenses incurred by the Agency with respect to the Program or for the purpose for which such Series of Bonds are issued;
- (n) the reserve fund or funds, any requirements with respect to the Bonds or Notes, and the method of funding the same;
- (o) whether the Bonds shall be insured or guaranteed by a third party, and the premium or fee therefor, provided that such premium or fee shall be less than the present value of the interest rate savings on the Bonds occasioned by such insurance or guaranty;
- (p) the specific use of the proceeds of the sale of the Bonds and Notes, the type of Mortgage Loans to be financed or refinanced by the Bonds, and any bonds of the Agency to be refunded the Bonds or Notes;
- (q) the manner in which the Bonds and Notes are to be sold, the purchaser or purchasers of the Bonds and Notes, the form of the agreement used to sell the Bonds and Notes (which form shall be comparable to the forms previously used by the Agency in similar sales of bonds and notes) and the sale price of the Bonds and Notes, which may

include a sale discount or fee paid to the purchaser not to exceed 1.5% of the principal amount of the Bonds and Notes;

(r) if the Bonds are to be remarketed, the remarketing agent therefor and the remarketing agent fee (which shall not exceed 0.50% per annum);

(s) if the Bonds are to be auctioned, the auction agent therefor and the auction agent fee (which shall not exceed 0.30% per annum);

(t) if the Bonds are subject to tender by the owners thereof, the tender agent therefor and any liquidity facility therefor, provided that any liquidity facility fee shall not exceed 2.50% per annum;

(u) the form of the documents pursuant to which the Bonds and Notes are to be issued, and any and all documents in connection therewith;

(v) the form of the Offering Statement, if any used to sell or market the Bonds and Notes (which form shall be comparable to the forms previously used by the Agency in similar sales of bonds and notes);

(w) the form of continuing disclosure agreement, if any, required to satisfy the federal securities laws (which form shall be comparable to the forms previously used by the Agency in similar sales of bonds and notes);

(x) the trustee and/or paying agent, if any for the Bonds and Notes, provided that if the Bonds and Notes are issued under a General Resolution the trustee and/or paying agent thereunder shall be the trustee or paying agent, as the case may be, for such Bonds and Notes;

(y) whether or not any investment agreements, repurchase agreements or similar instruments are to be used for the investment of all or any Bond or Note proceeds, and any conditions thereto or limitations thereon;

(z) if the Bonds do not pay interest at a fixed rate, whether or not any third party agreements will be used to reduce the risks to the Agency of possible interest rate fluctuations and, if so, any conditions thereto or limitations thereon, provided that any interest rate swap, cap or similar hedging agreement shall be consistent with any swap management plan adopted by the Agency; and

(aa) any other matters not inconsistent herewith deemed appropriate and necessary and authorized by the Act.

A Supplemental Indenture may specify that this Resolution and the Bonds and Notes authorized hereby and thereby shall be considered a "Series Resolution" under a General Resolution or a "Supplemental Indenture" under a general Trust Indenture or Indenture of Trust, and thereupon this Resolution (as applicable to such Series, Series of Bonds or Series of Notes) and such Supplemental Indenture shall be so treated for all purposes with respect to the Bonds and Notes authorized and issued thereby, provided that to the extent such General Resolution

permits modification by a "Series Resolution" thereunder or such general Trust Indenture or Indenture of Trust permits modification by a "Supplemental Indenture" thereunder, the Supplemental Indenture may specify such modifications even though the same are not set forth herein.

ARTICLE III

SPECIAL COVENANTS FOR TAX-EXEMPT BONDS

Section 3.01. Covenants as to Code. If and to the extent a Series or sub-Series of Bonds or Notes is designated as Bonds or Notes the interest on which is not to be subject to federal income taxation, 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 Bonds to be used, directly or indirectly, in a manner which would result in such bonds being qualified for the exclusion of any such 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) Continuously monitor the nonmortgage investments made directly or indirectly with the proceeds of such Bonds and Notes, and shall take immediate and appropriate action to reduce the amount invested in nonmortgage investments with a yield materially higher than the yield on such Bonds and Notes, as may be required by the Code; and

(c) Take such other action as may be necessary or desirable to maintain the exclusion of interest on such Bonds and Notes in accordance with Section 103(a) of the Code.

Section 3.02. Rebate. If and to the extent a Series or sub-Series of Bonds and Notes is designated as Bonds and Notes the interest on which is not to be subject to federal income taxation:

(a) The Agency hereby covenants to establish such separate accounts or subaccounts as may be necessary or desirable to adequately trace and account for the direct and indirect proceeds of such Bonds and Notes in order to comply with the rebate or yield reduction payment requirements of Section 148 of the Code. Such accounts or subaccounts may be established at any time upon the written direction of an authorized officer of the Agency.

(b) At least annually, the Agency shall compute and certify in reasonable detail the amount required to be rebated to the United States pursuant to Section 148 of the Code.

(c) As required by Section 148 of the Code, the Agency or any Bond or Note trustee as directed by the Agency shall pay to the United States on behalf of the Agency the amount then required to be paid under Section 148 of the Code. If for any reason funds are not otherwise available for such payment, the Agency covenants to transfer moneys from its own funds for such payment.

(d) The Agency or any Bond or Note trustee as directed by the Agency shall keep such records as will enable them to fulfill their responsibilities under this Section and shall retain such records for at least six years following final payment of the related Bonds and Notes.

Section 3.03. Governmental Program Requirement. If and to the extent a Series or sub-Series of Bonds or Notes is designated as Bonds and Notes the interest on which is not to be subject to federal income taxation, 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 Bonds of the Series or issue which financed such Mortgage Loan in an amount related to the amount of such Mortgage Loan.

Section 3.04. Compliance With Article III. If and to the extent a Series or sub-Series of Bonds or Notes is designated as Bonds and Notes the interest on which is not to be subject to federal income taxation, the provisions of this Article III shall be complied with by the Agency in order to meet the requirements of the Code such that interest on such Bonds and Notes 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 such Bonds and Notes 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 III will satisfy said requirements, in which case compliance with such other provision specified in the Counsel's Opinion shall constitute compliance with the provisions specified in this Article III.

ARTICLE IV

MISCELLANEOUS

Section 4.01. Amendments. This Resolution may be amended from time to time prior to the issuance of any Series of Bonds or Series of Notes, which right shall be in addition to any other rights to amend. To the extent a Series of Bonds or a Series of Notes is issued under and pursuant to a General Resolution, this Resolution and any Supplemental Indenture with respect to such Bonds and Notes may be amended under the conditions and to the extent permitted by such General Resolution.

Section 4.02. General. The Agency may adopt, and specify in an Officer's Certificate, any additional covenants as to Mortgage Loans, mortgagors or lenders.

Section 4.03. Authorization of Officers. The Chairman, Vice Chairman or any other Commissioner of the Agency, Executive Director, Treasurer, Chief Financial Officer, Chief of Program Operations and Secretary of the Agency are hereby authorized and directed to do all acts and things (including the conduct of any public hearings required by federal tax laws) and to execute and deliver any and all documents, filings, certificates and other instruments necessary or desirable to effectuate the transactions contemplated by this Resolution or any Supplemental Indenture.

Section 4.04. Effective Date. This resolution shall take effect immediately.

VERMONT HOUSING FINANCE AGENCY

**Resolution Authorizing the Issuance and Sale of a Maximum of \$25,000,000
of Bonds In One or More Series to Finance Multi-Family Projects**

Adopted November 19, 2009

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**VERMONT HOUSING FINANCE AGENCY
SERIES RESOLUTION AUTHORIZING THE ISSUANCE AND
SALE OF A MAXIMUM OF \$25,000,000 OF BONDS
IN ONE OR MORE SERIES TO FINANCE MULTI-FAMILY PROJECTS**

November 19, 2009

WHEREAS, the Vermont Housing Finance Agency (hereinafter referred to as the "Agency") is authorized to finance Mortgage Loans for multifamily housing for persons and families of low and moderate income in the State of Vermont pursuant to the provisions of the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (hereinafter referred to as the "Act"), and to issue its bonds to obtain funds for such purpose and to refund the same; and

WHEREAS, in order to obtain funds with which to provide financing for mortgage loans to acquire, construct, rehabilitate or refinance various developments for persons and families of low and moderate income, such developments as or to be separately approved by the Commissioners of the Agency, it is deemed necessary and advisable to issue and sell one or more series of bonds of the Agency, not to exceed \$25,000,000 in the aggregate, all as hereinafter provided;

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

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Definitions. As used in this Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"*Bonds*" means the Bonds of the Agency of the Series authorized by this Resolution and a Series Certificate.

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

"*DTC Eligible*" means Bonds issued in book-entry form through the facilities of a securities depository, to provide for the registration of such depository's nominee as owner thereof.

"*General Resolution*" means the resolution entitled "Multi-Family Mortgage Bond Resolution" adopted on February 3, 1977, as amended and supplemented, the resolution entitled "Multi-Family Housing Bond Resolution" adopted on September 25, 1981, as amended and supplemented, or any other resolution adopted by the Agency, and where appropriate shall also include the Trust Indenture approved by the Agency on April 2, 2007, as amended and supplemented, the Trust Indenture dated as of January 1, 2007, as amended and supplemented, the Trust Indenture approved by the Agency on the date hereof and dated as of December 1, 2009 and any other trust indenture approved by the Agency, which resolution or trust indenture

permits the issuance of one or more series of bonds thereunder to finance Mortgage Loans or Projects upon the adoption or execution of a series supplemental resolution or trust indenture satisfying the terms and provisions thereof.

"Mortgage Loan" means any mortgage loan with respect to a Project authorized by the Act to be made or financed by the Agency.

"Program" means the general program of the Agency under which it finances Mortgage Loans for Projects.

"Project" means any Residential Housing the Agency is authorized to finance by the Act and which has been approved by separate resolution of the Agency.

"Offering Statement" means the Official Statement, Private Placement Memorandum or similar offering document of the Agency describing the Bonds and used in conjunction with the sale thereof.

"Resolution" means this Resolution Authorizing the Issuance and Sale of a Maximum of \$25,000,000 of Bonds In One or More Series to Finance Multi-Family Projects.

"Series Certificate" means the Series Certificate or Certificates of the Agency dated on or before the date of issuance of the related Series of Bonds which Series Certificate shall establish certain terms and provisions of such Bonds as provided herein; a Series Certificate may also be and include a Supplemental Indenture which contains the provisions required hereby of a Series Certificate.

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

Section 1.02. Authority for Resolution. This Resolution is adopted pursuant to and in accordance with the provisions of the Act and any General Resolution that may be applicable as hereinafter set forth.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF BONDS

Section 2.01. Authorization of Bonds, Principal Amount and Series. In order to provide sufficient funds necessary for the Program, in accordance with and subject to the terms, conditions and limitations established in this Resolution and in any General Resolution applicable thereto, one or more series of Bonds are hereby authorized to be issued, from time to time, each by the execution and delivery of a Series Certificate, in an aggregate principal amount not to exceed \$25,000,000. Such Series Certificate shall be signed by at least two of the following—Chairman, Vice-Chairman, Executive Director, Chief Financial Officer or Chief of Program Operations; provided that if the amount of Bonds authorized by such Series Certificate exceeds \$5,000,000 one of the signatories thereto must be the Chairman or Vice-Chairman. The Agency is of the opinion and hereby determines (a) that the issuance of Bonds in said amount is necessary to provide sufficient funds to be used and expended from time to time for the Program;

(b) that the Mortgage Loans to be made or financed on behalf of the Agency with the proceeds of the Bonds can be issued bearing a rate or rates of interest which will be less than the prevailing rate of interest on comparable mortgage loans available in the State of Vermont without the assistance of the Agency; and (c) that the Agency will derive receipts, revenues and other income from the Mortgage Loans purchased or made with the proceeds of the Bonds sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of the Bonds and the payment of all costs and expenses incurred by the Agency with respect to the Program or purpose for which the Bonds are issued.

Section 2.02. Purposes. The purposes for which the Bonds are being issued are to provide funds to make or finance Mortgage Loans, including making deposits in any funds or accounts of a General Resolution, and include refunding bonds of the Agency issued for such purpose, all as shall be specified in detail in one or more Series Certificates as hereinafter described. Only Mortgage Loans and Projects approved by separate resolution of the Agency may be financed by the proceeds of Bonds authorized hereby.

Section 2.03. Bond Provisions; Series Certificate. A Series of Bonds shall be issued hereunder only upon the delivery of a Series Certificate which shall specify the terms and conditions of such Bonds and the sale and delivery thereof, including without limitation the following:

- (a) the principal amount of Bonds to be issued pursuant thereto;
- (b) the Series or sub-Series designation and title;
- (c) the maturity or maturities of the Bonds, which in no event shall exceed 40 years, provided that if the Agency otherwise approves a Mortgage Loan with a maturity in excess of 40 years from the date of issuance of the Bonds intended to fund such Mortgage, such Bonds may have a maturity not to exceed six months following the maturity of such Mortgage Loan, subject in any case to limitations imposed by the Act;
- (d) the interest rate or rates on the Bonds or the method of determining the same, provided that the interest rate or rates on the Bonds (or the initial rate or rates if the rates are not fixed rates) shall not exceed 7% if the interest on the Bonds is to be exempt from federal income taxation or 9% otherwise, and provided further that if the initial rate or rates are not fixed rates the maximum permitted rate in any case may not exceed 12%;
- (e) the date or dates on which interest on the Bonds is payable;
- (f) the dated date or dates of the Bonds, or the method of determining the same;
- (g) the redemption provisions for the Bonds, which may include optional, mandatory and/or sinking fund redemptions, provided that the Bonds shall be optionally redeemable no later than 15 years after their date of issuance and at a redemption premium not exceeding 3% and reducing by at least 1% annually thereafter;
- (h) the minimum and authorized denominations of the Bonds;

(i) whether or not the interest on the Bonds is to be exempt from federal income taxation;

(j) whether or not the Bonds are to be DTC Eligible;

(k) the form or forms of the Bonds, the manner of numbering and lettering such Bonds, and the Agency commissioners or officers authorized to execute and deliver the same;

(l) whether or not the Bonds are to be general obligations of the Agency and in any event the source of revenues to be pledged and used to pay the same, which pledge shall be immediately effective as provided by the Act;

(m) that the Agency will derive receipts, revenues and other income from the Mortgage Loan(s) made or purchased with the proceeds of such Series of Bonds sufficient to provide, together with all other available receipts, revenues and income of the Agency, for the payment of such Series of Bonds and the payment of all costs and expenses incurred by the Agency with respect to the Program or for the purpose for which such Series of Bonds are issued;

(n) the reserve fund or funds, any requirements with respect to the Bonds, and the method of funding the same;

(o) whether the Bonds shall be insured or guaranteed by a third party, and the premium or fee therefor, provided that such premium or fee shall be less than the present value of the interest rate savings on the Bonds occasioned by such insurance or guaranty;

(p) the specific use of the proceeds of the sale of the Bonds, the Mortgage Loans to be financed or refinanced thereby, and any bonds of the Agency to be refunded thereby;

(q) the manner in which the Bonds are to be sold, the purchaser or purchasers of the Bonds, the form of the agreement used to sell the Bonds (which form shall be comparable to the forms previously used by the Agency in similar sales of bonds) and the sale price of the Bonds, which may include a sale discount or fee paid to the purchaser not to exceed 1.5% of the principal amount of the Bonds;

(r) if the Bonds are to be remarketed, the remarketing agent therefor and the remarketing agent fee (which shall not exceed 0.50% per annum);

(s) if the Bonds are subject to tender by the owners thereof, the tender agent therefor and any liquidity facility therefor, provided that any liquidity facility fee shall not exceed 0.50% per annum;

(t) the form of the documents pursuant to which the Bonds are to be issued, and any and all documents in connection therewith;

(u) the form of the Offering Statement, if any used to sell or market the Bonds (which form shall be comparable to the forms previously used by the Agency in similar sales of bonds);

(v) the form of continuing disclosure agreement, if any, required to satisfy the federal securities laws (which form shall be comparable to the forms previously used by the Agency in similar sales of Bonds);

(w) the trustee and/or paying agent, if any for the Bonds, provided that if the Bonds are issued under a General Resolution the trustee and/or paying agent thereunder shall be the trustee or paying agent, as the case may be, for the Bonds;

(x) whether or not any investment agreements, repurchase agreements or similar instruments are to be used for the investment of all or any Bond proceeds, and any conditions thereto or limitations thereon;

(y) if the Bonds do not pay interest at a fixed rate, whether or not any third party agreements will be used to reduce the risks of possible interest rate fluctuations and, if so, any conditions thereto or limitations thereon; and

(z) any other matters not inconsistent herewith deemed appropriate and necessary and authorized by the Act.

A Series Certificate may specify that this Resolution and the Bonds authorized hereby and thereby shall be considered a "Series Resolution" under a General Resolution or a "Supplemental Indenture" under a Trust Indenture, and thereupon this Resolution (as applicable to such Series or Series of Bonds) and such Series Certificate shall be so treated for all purposes with respect to the Bonds authorized and issued thereby, provided that to the extent such General Resolution or Trust Indenture permits modification by a "Series Resolution" or a "Supplemental Indenture" thereunder, the Series Certificate may specify such modifications even though the same are not set forth herein.

ARTICLE III

SPECIAL COVENANTS FOR TAX-EXEMPT BONDS

Section 3.01. Covenants as to Code. If and to the extent a Series or sub-Series of Bonds is designated as Bonds the interest on which is not to be subject to federal income taxation, 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 Bonds to be used, directly or indirectly, in a manner which would result in such bonds being qualified for the exclusion of any such 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) Continuously monitor the nonmortgage investments made directly or indirectly with the proceeds of such Bonds and shall take immediate and appropriate action to reduce the amount invested in nonmortgage investments with a yield materially higher than the yield on such Bonds as may be required by the Code; and

(c) Take such other action as may be necessary or desirable to maintain the exclusion of interest on such Bonds in accordance with Section 103(a) of the Code.

Section 3.02. Rebate. If and to the extent a Series or sub-Series of Bonds is designated as Bonds the interest on which is not to be subject to federal income taxation:

(a) The Agency hereby covenants to establish such separate accounts or subaccounts as may be necessary or desirable to adequately trace and account for the direct and indirect proceeds of such Bonds in order to comply with the rebate or yield reduction payment requirements of Section 148 of the Code. Such accounts or subaccounts may be established at any time upon the written direction of an authorized officer of the Agency.

(b) At least annually, the Agency shall compute and certify in reasonable detail the amount required to be rebated to the United States pursuant to Section 148 of the Code.

(c) As required by Section 148 of the Code, the Agency or any Bond trustee as directed by the Agency shall pay to the United States on behalf of the Agency the amount then required to be paid under Section 148 of the Code. If for any reason funds are not otherwise available for such payment, the Agency covenants to transfer moneys from its own funds for such payment.

(d) The Agency or any Bond trustee as directed by the Agency shall keep such records as will enable them to fulfill their responsibilities under this Section and shall retain such records for at least six years following final payment of the related Bonds.

Section 3.03. Governmental Program Requirement. If and to the extent a Series or sub-Series of Bonds is designated as Bonds the interest on which is not to be subject to federal income taxation, 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 Bonds of the Series or issue which financed such Mortgage Loan in an amount related to the amount of such Mortgage Loan.

Section 3.04. Compliance With Article III. If and to the extent a Series or sub-Series of Bonds is designated as Bonds the interest on which is not to be subject to federal income taxation, the provisions of this Article III shall be complied with by the Agency in order to meet

the requirements of the Code such that interest on such 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 such 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 III will satisfy said requirements, in which case compliance with such other provision specified in the Counsel's Opinion shall constitute compliance with the provisions specified in this Article III.

ARTICLE IV

MISCELLANEOUS

Section 4.01. Amendments. This Resolution may be amended from time to time prior to the issuance of any Series of Bonds, which right shall be in addition to any other rights to amend. To the extent a Series of Bonds is issued under and pursuant to a General Resolution or Trust Indenture, this Resolution and any Series Certificate with respect to such Bonds may be amended under the conditions and to the extent permitted by such General Resolution or Trust Indenture. To the extent a Series of Bonds is issued only pursuant to this Resolution and a Series Certificate, this Resolution and the Series Certificate may be amended except as restricted hereby, by such Series Certificate or by the Bonds or any other agreement or document executed in conjunction therewith.

Section 4.02. General. The Agency may adopt, and specify in an Officer's Certificate, any additional covenants as to Mortgage Loans, Mortgagors or lenders.

Section 4.03. Authorization of Officers. The Chairman, Vice Chairman or any other Commissioner of the Agency, Executive Director, Treasurer, Chief Financial Officer, Chief of Program Operations and Secretary of the Agency are hereby authorized and directed to do all acts and things (including the conduct of any public hearings required by federal tax laws) and to execute and deliver any and all documents, filings, certificates and other instruments necessary or desirable to effectuate the transactions contemplated by this Resolution or any Series Certificate.

Section 4.04. Effective Date. This resolution shall take effect immediately.



Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners
FROM: Patricia M. Loller, Director of Administration
DATE: December 10, 2009
RE: VHFA 403(b) Retirement Plan Amendment

Recommendation: Approval of the attached resolution to amend the VHFA 403(b) Retirement Plan to include regulatory changes required of all 403(b) plans.

The IRS has finalized language on several laws/bills pertaining to 403(b) plans and this new language needs to be amended to the Agency's current 403(b) Retirement Plan. The affected sections of the plan relate to: Rollover to Roth IRAs; Payment upon death or disability during qualified military service; hardship distributions; and reservist distributions.

Attached is a copy of the Summary of Material Modification (SMM), which outlines the change in more detail and will be distributed to staff prior to 12/31/09. Also attached is a copy of the PPA Amendment that reflects the changes noted on the SMM.

Please let me know if you have any questions - 652-3425



Vermont Housing Finance Agency

RESOLUTION RE: 403(b) RETIREMENT SAVINGS PLAN AMENDMENT
PURSUANT TO REGULATORY CHANGES

WHEREAS, the Vermont Housing Finance Agency (the "Agency" or "VHFA") is required to amend the VHFA 403(b) Retirement Savings Plan (the "Plan") to include regulatory changes with respect to Rollovers to Roth IRAs, Payment upon Death or Disability During Qualified Military Service, Hardship Distributions and Reservist Distributions,

NOW, THEREFORE, BE IT RESOLVED:

1. The Plan be amended in the form attached hereto, which amendment is hereby adopted and approved;
2. The appropriate officers of the Agency be, and they hereby are, authorized and directed to execute said amendment on behalf of the Agency;
3. The proper officers of the Agency shall act as soon as possible to notify employees of the Agency of the adoption of this amendment. All participants in the Plan shall be notified of the change in writing as soon as possible by distribution of the attached "Summary of Material Modifications." This information shall be maintained with the master Summary Plan Description and enrollment materials for distribution to future participants;
4. The officers of the Agency be, and they hereby are, authorized and directed to take any and all actions and execute and deliver such documents as they may deem necessary, appropriate or convenient to effect the foregoing resolutions including, without limitation, causing to be prepared and filed such reports, documents or other information as may be required under applicable law.

VHFA 403(B) RETIREMENT SAVINGS PLAN

SUMMARY OF MATERIAL MODIFICATIONS

The purpose of this Summary of Material Modifications is to inform you of a change that has been made to the VHFA 403(b) Retirement Savings Plan. This change has affected the information previously provided to you in the Plan's Summary Plan Description. The Summary Plan Description is modified as described below.

Rollover to Roth IRA

For distributions made after December 31, 2007, you may make a direct rollover of a distribution directly into your Roth IRA. You may make the rollover only if the distribution would otherwise qualify as an eligible rollover distribution. Please note that you will still be taxed on the rollover to the Roth IRA. You should seek professional tax advice before requesting a direct rollover to your Roth IRA.

Payment upon Death or Disability During Qualified Military Service

Effective January 1, 2009, if you die or become disabled while performing qualified military service while still a Participant in the Plan you will be treated as if you were employed by the Company on the day preceding death or Disability and terminated employment on the day of death or Disability.

Hardship Distributions

Effective as of the effective date of current document, Hardship distributions may be made for certain expenses of your primary beneficiary in addition to your dependents. These expenses include those for medical, tuition, and funeral expenses. A person is your "primary beneficiary" if that person is named as a beneficiary under the Plan and has an unconditional right to all or a portion of your Account Balance upon your death.

Reservist Distributions

Effective January 1, 2009, if you were a military reservist called to active duty for a period in excess of 179 days or for an indefinite period, you may receive a distribution from the plan while still employed from amounts attributable to elective deferrals and catch-up contributions. You must make the distribution during the period beginning on the date of your call-up and ending at the close of the active duty period. In addition, you must have been called to active duty after September 11, 2001.

V4.02-4.02

VHFA 403(b) Retirement Savings Plan

PPA AMENDMENT

WHEREAS, Vermont Housing Finance Agency (the "Company") maintains the VHFA 403(b) Retirement Savings Plan (the "Plan") for the benefit of certain of its employees; and

WHEREAS, Pursuant to Section 13.01 of the Plan, the Company desires to amend the Plan;

NOW, THEREFORE, the Plan is hereby amended as set forth below effective as provided therein.

This Amendment to the Plan is adopted to reflect the provisions of the Pension Protection Act of 2006 (the "PPA"), the Worker, Retiree and Employer Recovery Act (the "WRERA") and certain other provisions of applicable law and the applicable regulations that are generally effective after December 31, 2006 ("Applicable Law"). This Amendment is intended as good faith compliance with the requirements of the PPA and Applicable Law and is to be construed in accordance with same. This Amendment and the provisions of Applicable Law shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Amendment, PPA and Applicable Law.

A. OPTIONAL PROVISIONS:

QACA Provisions

- 1a. If this is a 401(k) or 403(b) plan, does the Plan provide for a safe-harbor qualified automatic contribution arrangement (QACA) exempt from most testing under Code section 401(k)(13) and/or 401(m)(12) (Paragraph B.2)?

- i. ☐ Yes - QACA safe harbor match.
- ii. ☐ Yes - QACA 3% nonelective contribution.
- iii. ☒ No.

NOTE: See A.5 below if the Plan is also an eligible automatic contribution arrangement (EACA).

NOTE: If A.1a.i is selected (the Plan has a QACA safe harbor match), complete A.1b - A.9 (but not A.4).

NOTE: If A.1a.ii is selected (the plan has a QACA 3% nonelective safe harbor), complete A.1b - 5 and A.8-9.

- 1b. If A.1a.i or A.1a.ii is selected, indicate the safe harbors the Plan is intended to satisfy:

- i. ☐ ADP (Code section 401(k)(13)) and ACP (Code section 401(m)(12))
- ii. ☐ ADP (Code section 401(k)(13)) only

NOTE: If A.1b.ii (ADP only) is selected, the Plan will not be subject to any of the conditions and/or limitations that apply to the ACP safe harbor of Code section 401(m)(12).

NOTE: If A.1b.i (ADP and ACP) is selected and A.1a.ii (QACA nonelective), review the notes under A.6-7.

NOTE: If A.1a.i or A.1a.ii is selected and the Plan is a Full Scope 403(b) plan, the Plan is intended to meet the ACP safe harbor only.

2. If A.1a.i or A.1a.ii is selected, enter effective date of QACA safe harbor provisions: _____. (The effective date must be no earlier than the first day of the first Plan Year beginning on or after January 1, 2008 and otherwise comply with applicable IRS guidance.)

NOTE: A QACA safe harbor Plan Year must be twelve months long or at least three months long if it is the first Plan Year of a newly established plan. If a cash or deferred arrangement is added to an existing plan, the cash or deferred arrangement (and safe harbor features) must be effective no later than three months prior to the end of the Plan Year.

- 3a. If A.1a.i or A.1a.ii is selected (QACA), enter the amount of the election for the initial period as a percentage of Compensation (between 3 - 10%): _____%.

NOTE: The initial period shall commence on the Participant's date of initial participation and end on the last day of the first Plan Year that begins after the date of initial participation.

- 3b. If A.1a.i or A.1a.ii is selected (QACA), enter the amount of the election for the first Plan Year after the initial period as a percentage of Compensation (between 4 - 10%): _____%.

- 3c. If A.1a.i or A.1a.ii is selected (QACA), enter the amount of the election for the second Plan Year after the initial period as a percentage of Compensation (between 5 - 10%): _____%.
- 3d. If A.1.i or A.1.ii is selected (QACA), enter the amount of the election for the third and subsequent Plan Years after the initial period as a percentage of Compensation (between 6 - 10%): _____%.
- 3e. If A.1a.i or A.1a.ii is selected (QACA), indicate whether the arrangement will apply to Participants who have an election in place with respect to Elective Deferrals prior to the effective date of the QACA:
☐ Yes ☐ No
NOTE: Compensation must be a safe harbor definition of compensation as defined in Treas. Reg. section 1.401(k)-3(b)(2).
- 4a. If A.1a.ii (3% nonelective) is selected, safe harbor nonelective contributions will be made on behalf of:
 i. ☐ All Participants
 ii. ☐ Participants who are Nonhighly Compensated Employees
 iii. ☐ Participants who are Non-Key Employees
 iv. ☐ Participants who have met the greatest minimum age and service conditions permitted under Code section 410(a)(1)(A) before the first day of the seventh month of the Plan Year.
- 4b. If A.1.ii is selected (3% nonelective) and A.4a.i (all Participants) is selected, require service for Highly Compensated Employees to receive safe harbor nonelective contribution:
☐ Yes ☐ No
- 4c. If A.1.ii is selected (3% nonelective), A.4a.i (all Participants) is selected and A.4b is "Yes", Hours of Service required in the applicable Plan Year for Highly Compensated Employees to receive safe harbor nonelective contribution: _____ (Not more than 1,000. If left blank, the Plan will use 1,000 Hours of Service.)
- 4d. If A.1.ii is selected (3% nonelective), A.4a.i (all Participants) is selected, require employment on the last day of Plan Year for Highly Compensated Employees to receive safe harbor nonelective contribution:
☐ Yes ☐ No

EACA Provisions

- 5a. If A.1a.i or A.1a.ii is selected (the Plan provides for automatic enrollment) or if the Plan otherwise provides for traditional automatic enrollment, does the Plan intend to be an eligible automatic contribution arrangement (EACA) (Paragraph B.3)?
☐ Yes ☐ No
NOTE: All employees eligible for Elective Deferrals must also be eligible for automatic contributions in order to qualify for the extended period for refunds of ADP/ACP testing failures. This means the automatic enrollment feature must apply to all participants (even those with an election in place to the extent that their Elective Deferral elections equal or are less than the automatic enrollment amount). If the Plan is a QACA (A.1a.iii is not selected), A.3e must be "Yes" and if the Plan is a nonelective QACA (A.1a.ii is selected), A.4a.i must be selected, and A.4b and A.4d must be "No" (all participants eligible for an elective deferral must receive the automatic contribution) in order to qualify for the extended period for refunds of ADP/ACP testing failures.
NOTE: If the Plan has a traditional automatic enrollment contribution arrangement, the Plan must provide that the default contribution is a uniform percentage of compensation; although the percentage may vary based on years of service.
- 5b. If A.5.a is "Yes", enter effective date of EACA refunds _____. (The effective date must be no earlier than the first day of the first Plan Year beginning on or after January 1, 2008 and otherwise comply with applicable IRS guidance.)

Matching - Service

6. **NOTE:** If the Plan is intended to be a safe harbor 401(k) plan by use of a safe harbor matching formula (A.1a.i is selected) or the Plan is intended to satisfy the ACP safe harbor of Code section 401(m)(12) (A.1a.ii is selected, A.1b.i is selected and Matching contributions are allowed under the Plan) no requirements may be specified in the Plan to receive an allocation of Matching Contributions.

Matching - Formula

7. The following Notes apply if the Plan is intended to be a safe harbor 401(k) plan by use of a safe harbor matching formula (A.1a.i is selected) or the Plan is intended to satisfy the ACP safe harbor of Code section 401(m)(12) (A.1a.ii is selected, A.1b.i is selected and Matching contributions are allowed under the Plan):
NOTE: If A.1a.i (QACA safe harbor match) is selected then the Plan must provide a formula that makes matching contributions in an amount equal to the sum of 100 percent of the elective contributions of the employee to the extent that such contributions do not exceed 1 percent of compensation plus 50 percent of so much of such contributions as exceed 1 percent but do not exceed 6 percent of compensation. In addition, the Plan Sponsor may also elect a Matching Contribution formula where: (i) the aggregate amount of Matching Contributions at each rate of Matched Employee Contributions is at least equal to the aggregate amount of Matching Contributions which would have been made if the Matching Contributions were made under the formula described in the preceding sentence, and (ii) the rate of Matching Contributions cannot increase as a Participant's Matched Employee Contributions increase.
NOTE: If A.1a.i (QACA safe harbor match) is selected or if the Plan is intended to satisfy the ACP safe harbor of Code section 401(m)(12), no Highly Compensated Employee can receive a greater rate of Matching Contributions than a Nonhighly Compensated Employee at the same rate of Matched Employee Contributions.
NOTE: If the Plan is intended to satisfy the ACP safe harbor of Code section 401(m)(12) (A.1b.i is selected): (i) the rate of Matching Contributions cannot increase as a Participant's Matched Employee Contributions increase, (ii) Matching Contributions cannot be made on Matched Employee Contributions in excess of six percent (6%) of Compensation, and (iii) the amount of Matching Contributions subject to the Company's discretion shall not exceed four percent (4%) of Compensation.

QACA VESTING

8. QACA (Non Elective and Match) Vesting Schedule. If this is a 401(k) or 403(b) plan and if A.1a.iii is not selected, specify the vesting schedule for contributions made pursuant to A.1a.i or A.1a.ii:
☐ 100% ☐ 2 Year Cliff ☐ Other
9a. Other QACA Schedule - less than 1 year: _____.
9b. Other QACA Schedule - 1 year but less than 2 years: _____.
9c. Other QACA Schedule - 2 or more years: 100%

Vesting

- 12a. PPA Vesting Schedule. If the Plan provides for Nonelective Contributions, the vesting schedule for Nonelective Contributions made with respect to Plan Years beginning on or after January 1, 2007 shall be:
☐ 100% ☐ 2-6 Year Graded ☐ 1-5 Year Graded ☐ 1-4 Year Graded ☐ 3 Year Cliff ☒ 2 Year Cliff ☒ Other
12b. If the Plan provides for Nonelective Contributions, retain prior Nonelective Vesting schedule for pre 2007 contributions:
☐ Yes ☐ No
NOTE: If A.12b is "Yes", the PPA Vesting Schedule shall apply to Employer nonelective contributions for Plan Years beginning after December 31, 2006. If A.12b is "No", the PPA Vesting Schedule shall apply to Participants who complete at least one Hour of Service in a Plan Year beginning after December 31, 2006.
13a. Other Nonelective Schedule - less than 1 year: 0
13b. Other Nonelective Schedule - 1 year but less than 2 years: 20
13c. Other Nonelective Schedule - 2 years but less than 3 years: 40
13d. Other Nonelective Schedule - 3 years but less than 4 years: 60
13e. Other Nonelective Schedule - 4 years but less than 5 years: 80
13f. Other Nonelective Schedule - 5 years but less than 6 years: 100
13g. Other Nonelective Schedule - 6 or more years: 100%.
NOTE: If A.12a is "Other", then any vesting schedule described in A.13 must provide vesting at least as rapidly as the "3 Year Cliff" vesting schedule or the "2-6 Year Graded" vesting schedule.

Normal Retirement Age [Money Purchase or Target Plan Only]

- 14a. Normal Retirement Age. It is necessary to amend the Plan to revise the definition of Normal Retirement Age:
☐ Yes ☐ No
- 14b. If A.14a is "Yes", Normal Retirement Age means:
 i. ☐ Attainment of age _____.
 ii. ☐ Later of attainment of Age _____ and the _____ anniversary of participation in the Plan.
- 14c. If A.14a is "Yes", describe the Plan provisions that will prevent the Plan from violating the Code and ERISA: _____.
NOTE: Item A.14c must contain language to prevent the reduction of benefits that would cause the Plan to fail to satisfy Code section 411(d)(6), Code section 411(a)(9) (requiring that the normal retirement benefit not be less than the greater of any early retirement benefit payable under the Plan or the benefit under the Plan commencing at Normal Retirement Age), Code section 411(a)(10) (if the amendment changes the Plan's vesting rules), or Code section 4980F/ERISA section 204(h) (relating to amendments that reduce the rate of future benefit accrual). See Treas. Reg. 1.411(d)-4, Q&A-12.
NOTE: If the Plan permits inservice distributions after the attainment of Normal Retirement Age, the increase in the age component of Normal Retirement Age shall not be deemed a violation of Code section 411(d)(6) provided that the amendment is adopted after May 22, 2007 and before the end of the Plan's remedial amendment period.
- 14d. If A.14a is "Yes", enter the effective date of change in the Normal Retirement Age: _____. (If the Normal Retirement Age was 55 or greater, and less than 62, must be after May 22, 2007 and no later than the first day of the first Plan year beginning after June 30, 2008).

Inservice

- 15a. If the Plan is a money purchase or target benefit plan, the Plan permits a distribution to be made to a Participant who has attained age 62 and who has not separated from employment:
 i. ☐ Yes - under any distribution option offered to a Terminated Participant.
 ii. ☐ Yes - limited to the following terms and conditions: _____.
 iii. ☐ No.
- 15b. If A.15a is "Yes", the effective date shall be the first day of the first Plan Year beginning on or after: _____.
NOTE: May not be earlier than January 1, 2007.
- 16a. If the Plan provides for in service withdrawals on account of Hardship and uses the safe harbor criteria for Hardship determinations, expand the Hardship criteria to include the Beneficiary of the Participant:
☒ Yes ☐ No
NOTE: If A.16a is "Yes", Hardship distributions may be made for a primary Beneficiary for expenses described in Treas. Reg. sections 1.401(k)-1(d)(3)(iii)(B)(1), (3), or (5) (relating to medical, tuition, and funeral expenses, respectively). A "primary Beneficiary" is an individual who is named as a Beneficiary under the Plan and has an unconditional right to all or a portion of the Participant's Account Balance upon the death of the Participant.
- 16b. If the Plan provides for Hardship withdrawals, uses the safe harbor criteria for Hardship determinations and A.16a is "Yes", enter the effective date: **as of the effective date of current document.**
NOTE: May not be earlier than August 17, 2006.
- 17a. If this is a 401(k) or 403(b) plan, permit Qualified Reservist Distributions:
☒ Yes ☐ No
NOTE: If A.17a is "Yes", a Participant may receive a distribution from amounts attributable to Elective Deferrals and catch-up contributions provided that: (i) such Participant was a member of a reserve component ordered or called to active duty for a period in excess of 179 days or for an indefinite period, (ii) such distribution is made during the period beginning on the date of such order or call and ending at the close of the active duty period, (iii) the Participant was ordered or called to active duty after September 11, 2001, and (iv) the distribution otherwise complies with Code section 72(t)(2)(G)(iii).
- 17b. If A.17a is "Yes", enter the effective date: **January 1, 2009.**
NOTE: May not be earlier than September 11, 2001.

Death or Disability During Qualified Military Service [HEART Act]

- 18a. For benefit accrual purposes, a Participant that dies or becomes Disabled while performing qualified military service will be treated as if he had been employed by the Company on the day preceding death or Disability and terminated employment on the day of death or Disability pursuant to Code section 414(u)(9) (Paragraph B.10):
[x] Yes [] No
- 18b. If A.18a is "Yes", enter the effective date: 1/1/2009 (must be on or after January 1, 2007).
NOTE: If the Plan is a Limited Scope 403(b) Plan sponsored by a Non Profit Organization and the Plan is not a Church Plan and not a Governmental Plan, then the above benefit accruals are permitted only to the extent provided in the Individual Agreements.

B. STANDARD PROVISIONS:

1. Section 1004 PPA--Qualified Optional Survivor Annuity. This Paragraph is effective for annuity starting dates in Plan Years beginning after December 31, 2007. To the extent that the Plan must offer a Qualified Joint and Survivor Annuity (QJSA), the Plan shall also offer a Qualified Optional Survivor Annuity (QOSA) as another optional form of benefit. The QOSA shall be an annuity for the life of the Participant with a survivor annuity that is equal to the applicable percentage of the amount of the annuity that is payable during the joint lives of the Participant and the spouse, and that is the actuarial equivalent of a single life annuity for the life of the Participant. The survivor percentage of the QOSA shall be determined in accordance with the following:
 - A. If the Plan provides for a specific QJSA survivor annuity percentage and such percentage is less than 75%, then the Plan's QOSA shall be 75%.
 - B. If the Plan provides for a specific QJSA survivor annuity percentage and such percentage is greater than or equal to 75%, then the Plan's QOSA shall be 50%.
 - C. If the Plan does not provide for a specific QJSA survivor annuity percentage, then the QJSA survivor annuity percentage shall be 50% and the QOSA survivor annuity percentage shall be 75%.
2. Section 902(a)-(c) PPA--Qualified Automatic Contribution Arrangement (QACA). This Paragraph is effective to the extent provided in the Optional Provisions.
 - A. Automatic Enrollment. Upon the initial satisfaction of the Plan's eligibility requirements with respect to Elective Deferrals (and at the effective date of the addition of an automatic enrollment feature for current Participants) an Eligible Employee who has not made an Elective Deferral election (or to the extent provided in the Optional Provisions above under a qualified automatic contribution arrangement, all Eligible Employees) shall be deemed to have made an Elective Deferral election in the amount specified in the Optional Provisions; provided the following provisions are satisfied:
 1. In a reasonable period of time before the deemed election takes place, the Eligible Employee shall receive a notice that explains the automatic Elective Deferral election, his or her compensation reduction percentage and the individual's right to elect to have no such Elective Deferrals made to the Plan or to alter the amount of those contributions, including the procedure for exercising that right and the timing for implementation of any such election. The Eligible Employee may file an election to receive cash in lieu of Elective Deferrals up to the time such deemed election is made.
 2. The default election must be effective no later than the earlier of (i) the pay date for the second payroll period that begins after the date the notice is provided, or (ii) the first pay date that occurs at least 30 days after the notice is provided. Notwithstanding any delay in when the first default contribution is made, nonelective contributions that are based on a full year's contributions and the rate of matching contributions that varies based on

Compensation must be based on Compensation earned since the participant was first eligible under the plan.

3. The Plan Administrator may, on a uniform and non-discriminatory basis, provide that applicable percentages shall be based on the number of years (or portions of years) since the beginning of the initial period for an Eligible Employee pursuant to Treas. Reg. 1.401(k)-3(j)(2)(iii)(A).
 4. If the Plan provides for Roth Elective Deferrals, all Elective Deferrals made under this section shall be designated as Pre-tax Elective Deferrals unless the Plan provides that Elective Deferrals under this section shall be designated as Roth Elective Deferrals.
 5. The rate of Elective Deferral contributions in effect for an employee immediately prior to the effective date of the default percentage under the qualified automatic contribution arrangement shall not be reduced.
- B. Rehires.** The Plan Administrator may, on a uniform and non-discriminatory basis, provide that a new initial period shall begin for an Employee who is terminated for a full Plan Year and is rehired in a subsequent Plan Year.
- C. Subsequent Elections.** The Plan Administrator may, on a uniform and non-discriminatory basis, provide that an affirmative election expires at the end of each Plan Year and that the Employee must make a new affirmative election if he or she wants the prior rate of elective contribution to continue.
- D. Nonelective Contribution.** If the Optional Provisions specify that the Plan will satisfy the QACA 401(k) safe harbor provisions by making a nonelective contribution to the Plan, the Company shall make Qualified Nonelective Contributions to the Plan in an amount not less than three percent (3%) of Participants' Compensation on behalf of each Employee who is eligible to make Elective Deferrals during the Plan Year, and meets any additional requirements provided in the Optional Provisions. The Participant's interest in his Qualified Nonelective Contribution Account attributable to nonelective contributions made pursuant to this Paragraph shall vest based on his Years of Vesting Service in accordance with the terms of the Optional provisions.
- E.** The Plan Administrator may apply the requirements of Treas. Reg. section 1.401(m)-2 by excluding Matching Contributions with respect to all Eligible Employees that do not exceed 3-1/2 percent of Compensation.
- F.** Any required contributions shall be subject to the distribution restrictions applicable to Qualified Nonelective Contributions.
- G. Top Heavy.** The top-heavy requirements of Code section 416 and this Section shall not apply in any year beginning after December 31, 2001 in which the Plan consists solely of a cash or deferred arrangement which meets the requirements of Code sections 401(k)(12) or 401(k)(13) and matching contributions with respect to which the requirements of Code sections 401(m)(11) or 401(m)(12) are met.
3. **Section 902(d)-(e) PPA-- Eligible Automatic Contribution Arrangement (EACA).** To the extent provided in the Optional Provisions, an Employee for whom elective contributions have been automatically made may elect to withdraw all of the contributions made on his or her behalf including earnings thereon to the date of the withdrawal. This withdrawal right is available only if the withdrawal election is made within 90 days after the date of the first contribution. Any Matching Contribution made with respect to the amount withdrawn (adjusted for allocable gains and losses) shall be forfeited. A withdrawal request will be treated as an affirmative election to stop having Elective Deferrals made unless the Employee affirmatively elects otherwise.

- A. Election Period. The Plan Administrator may, on a uniform and non-discriminatory basis, require an election period shorter than 90 days, provided that such election period be at least 30 days.
 - B. Treatment of Refunds. Elective contributions refunded pursuant to this Paragraph and any related Matching Contributions forfeited, shall not be taken into account in determining an Employee's deferral or contribution percentages under the ADP and ACP tests, and shall be disregarded in determining limitations under Code section 402(g). Any amounts refunded under this Paragraph are not an eligible rollover contribution. No spousal consent is required for a refund under this Section.
 - C. The provisions of this Paragraph are separately applied to each portion of the Plan after the application of the mandatory disaggregation rules or Code section 410(b).
 - D. Rehires. The Plan Administrator may, on a uniform and non-discriminatory basis, for an Employee who is terminated for a full Plan Year and is rehired in a subsequent Plan Year provide that such Employee be treated as a new hire.
 - E. Fees. The amount distributed may be reduced by fees pursuant to Treas. Reg. section 1.414(w)-1(c)(3)(ii).
 - F. Refund Deadline. Effective for Plan Years beginning on or after January 1, 2010, the extended testing deadline of Code section 4979 shall apply only if all Employees eligible to make elective contributions are covered under the EACA for the entire Plan Year (or the portion of the Plan Year the Employees are Eligible Employees).
 - G. Covered Employees. All Employees who make an affirmative election shall remain covered Employees within the meaning of Treas. Reg. section 1.414(w)-1(e)(3).
 - H. The provisions of this Paragraph are subject to any requirements under Code section 414(w), Code section 4979, the final Treasury Regulations issued February 24, 2009 and any corresponding guidance or regulations issued thereunder.
4. Section 902(e)(3) PPA--Refunds Due to Failed ADP/ACP Tests.
- A. Excess Contributions. Effective for Plan Years beginning after December 31, 2007 (excess contributions distributed after December 31, 2008), the Plan shall not allocate gains and losses on distributions of excess contributions (as defined in Code section 401(k)(8)(B)) for the period after the end of the Plan Year in which such excess contributions arose.
 - B. Excess Aggregate Contributions. Effective for Plan Years beginning after December 31, 2007 (excess aggregate contributions distributed after December 31, 2008), the Plan shall not allocate gains and losses on distributions of excess aggregate contributions (as defined in Code section 401(m)(6)(B)) for the period after the end of the Plan Year in which such excess aggregate contributions arose.
5. Announcement 2007-59--Mid-Year Changes to Safe Harbor Plans. Mid-year changes to implement a qualified Roth contribution program under Code section 402A, or a hardship withdrawal under Part III of IRS Notice 2007-7 (relating to medical, tuition, and funeral expenses for a primary Beneficiary under the Plan) shall not cause a plan to fail to satisfy the safe harbor provisions of Code sections 401(k)(12) and/or 401(m)(11).
6. Section 824 PPA--Rollover to Roth IRA. Effective for distributions made after December 31, 2007, a Participant may roll over a distribution from the Plan to a Roth IRA provided that the amount rolled over is an eligible rollover distribution (as defined in Code section 402(c)(4)) and, pursuant to Code section 408A(d)(3)(A), there is included in gross income any amount that would be includible if the distribution were not rolled over.

7. Partial Plan Termination. In determining whether a partial plan termination has occurred, the Plan Administrator shall employ the analysis set forth in IRS Revenue Ruling 2007-43.
8. HEART Act -- Death Benefits Under USERRA. Effective January 1, 2007, if a Participant dies while performing qualified military service (as defined in Code section 414(u)), the survivors of the Participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service specified in Paragraph B.10 below) provided under the Plan as if the Participant had resumed and then terminated employment on account of death pursuant to Code section 401(a)(37).
9. HEART Act -- Differential Military Pay. Effective for Plan Years beginning after December 31, 2008, pursuant to Code section 414(u)(12), a Participant receiving differential wage payments (as defined in Code section 3401(h)(2)) shall be treated as an Employee of the Employer making the payment and the differential wage payments shall be treated as Compensation under the Plan.
 - A. For purposes of Code sections 401(k)(2)(B)(i)(I), 403(b)(7)(A)(ii), 403(b)(11)(A), or 457(d)(1)(A)(ii), a Participant shall be treated as having terminated from employment during any period the Participant is performing services described in Code section 3401(h)(2)(A).
 - B. If a Participant elects to receive a distribution by reason of Paragraph B.9.A, the Participant may not make an Elective Deferral during the 6-month period beginning on the date of distribution.
10. HEART Act -- Death or Disability During Qualified Military Service. To the extent provided in the Optional Provisions and pursuant to Code section 414(u)(9), a Participant that dies or becomes disabled while performing qualified military service (as defined in Code section 414(u)) will be treated as if he had been employed by the Company on the day preceding death or Disability and terminated employment on the day of death or Disability and receive benefit accruals related to the period of qualified military service as provided under Code section 414(u)(8), except as provided in B.10.A and B.10.B below:
 - A. All Participants eligible for benefits under the Plan by reason of this Section shall be provided benefits on reasonably equivalent terms.
 - B. For the purposes of applying Code section 414(u)(8)(C), a Participant's Elective Deferrals shall be determined based on the Participant's average actual contributions for:
 1. the 12-month period of service with the Employer immediately prior to qualified military service, or
 2. if service with the Employer is less than such 12-month period, the actual length of continuous service with the Employer.
11. After-Tax Rollovers. Effective for taxable years beginning on or after January 1, 2007, if the Plan permits Rollover Contributions to the Plan from all qualified plans and tax favored vehicles, the eligible plans shall include after-tax contributions as permitted by Section 822 of PPA. The Plan shall separately account for amounts so transferred, including separately accounting for the portion of such contribution which is includible in gross income and the portion of such contribution which is not so includible.
12. Qualified Default Investment Alternatives (ODIA). Use this Paragraph to add any language to comply with the regulations under DOL regulation section 2550.404c-5 relating to fiduciary relief for investments in qualified investment alternatives.
13. Notice Periods. Effective for Plan Years beginning after December 31, 2006, any required notification period under Code sections 402(f) (rollovers), 411(a)(11) (consent to distribution) or 417 (joint and survivor annuities) shall be extended from 90 days to 180 days.

14. Non-spouse Rollovers. Effective January 1, 2007, a non-spouse Beneficiary who is a designated Beneficiary within the meaning of Code section 401(a)(9)(E) may, after the death of the Participant, make a direct rollover of a distribution to an IRA established on behalf of the designated Beneficiary; provided that the distributed amount satisfies all the requirements to be an eligible rollover distribution other than the requirement that the distribution be made to the Participant or the Participant's spouse. Such direct rollovers shall be subject to the terms and conditions of IRS Notice 2007-7 and superseding guidance, including but not limited to the provision in Q&A-17 regarding required minimum distributions. Effective January 1, 2010, the distributions described in this Paragraph shall be subject to Code sections 401(a)(31), 402(f) and 3405(c).
15. Top Heavy. Effective for Plan Years beginning after December 31, 2001, in determining whether the Plan is top heavy, the term "severance from employment" shall be substituted for "separation from service."
16. Section 822 PPA -- Direct Rollover of After-Tax Contributions. Effective for taxable years beginning on or after January 1, 2007, a portion of a distribution shall not fail to be an eligible rollover distribution merely because such portion consists of amounts which are not includible in gross income. However, such portion may be transferred as a direct rollover only to a qualified trust or to an annuity contract described in Code section 403(b) that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.
17. Notice of Right to Defer. Effective for Plan Years beginning on or after January 1, 2007, any description of a Participant's right to defer a distribution under Code section 411(a)(11) must also include a description of the consequences of failing to defer receipt of the distribution. The Plan will not be treated as failing to meet these notice requirements if the Plan Administrator makes a reasonable attempt to comply with the new requirements during the period that is within 90 days of the issuance of regulations.
18. Refunds of Excess Deferrals.
 - A. Effective for taxable years beginning after December 31, 2006 (excesses distributed after December 31, 2007), any refunds of Elective Deferrals that exceed the dollar limitation contained in Code section 402(g) shall be adjusted for income or loss up to the date of distribution. The income/loss allocable to excess deferrals is equal to the sum of the allocable gain or loss for the Plan Year and, to the extent that such excess deferrals would otherwise be credited with gain or loss for the gap period (i.e., the period after the close of the Plan Year and prior to the distribution) if the total Account were to be distributed, the allocable gain or loss during that period. The Plan Administrator may use any reasonable method for computing the income allocable to excess deferrals, provided that the method does not violate Code section 401(a)(4), is used consistently for all Participants and for all corrective distributions under the Plan for the Plan Year, and is used by the Plan for allocating income to Participant's Accounts. The Plan will not fail to use a reasonable method for computing the income allocable to excess contributions merely because the income allocable to excess contributions is determined on a date that is no more than 7 days before the actual distribution. In addition, the Plan Administrator may allocate income in any manner permitted under applicable Treasury Regulations.
 - B. Effective for taxable years beginning after December 31, 2007, gap period income described in Paragraph A shall not be distributed.
19. Mandatory Rollovers - Roth. Effective for taxable years beginning after December 31, 2005, eligible rollover distributions from a Participant's Roth Elective Deferral Account are separately taken into account in determining whether the total amount of the Participant's Account balances under the Plan exceeds \$1,000 for purposes of mandatory distributions from the Plan. Notwithstanding the foregoing, this Paragraph shall not be effective until the date this amendment is adopted to the extent that it is inconsistent with the terms of a predecessor plan provision.

20. Protected Benefits. This Paragraph is effective for Plan amendments adopted after August 9, 2006 (periods beginning on or after June 7, 2004 relating to suspension of benefit payments).
- A. Except as provided in Paragraph 20.B, a Plan amendment may not decrease a Participant's accrued benefits, or otherwise place greater restrictions or conditions on a Participant's rights to Code section 411(d)(6) protected benefits, even if the amendment merely adds a restriction or condition that is permitted under the vesting rules in Code section 411(a)(3) through (11).
- B. An amendment described in Paragraph 20.A does not violate Code section 411(d)(6) to the extent: (i) it applies with respect to benefits that accrue after the applicable amendment date; or (ii) the Plan amendment changes the Plan's vesting computation period and it satisfies the applicable requirements under 29 CFR 2530.203-2(c).
21. QDRO. Effective April 6, 2007, pursuant to DOL regulation 2530.206, a domestic relations order will not fail to be a Qualified Domestic Relations Order solely because the domestic relations order: (i) revises or is issued after another domestic relations order or Qualified Domestic Relations Order, or (ii) the domestic relations order is issued after the Participant's death, divorce or annuity starting date.
22. Reserved.
23. Loans. This Paragraph shall apply to the extent that the Plan allows for loans. The provisions of Code Section 72(p) and Treas. Reg. 1.72(p)-1 shall apply to the Plan and are hereby incorporated by reference.
24. Required Minimum Distributions. The minimum distribution rules under Code section 401(a)(9) shall not apply for the calendar year 2009. For purposes of this Paragraph: (i) the required beginning date with respect to any individual shall be determined without regard to this Paragraph for purposes of applying the minimum distribution rules under Code section 401(a)(9) for calendar years after 2009, and (ii), if applicable, the 5-year period described in Code section 401(a)(9)(B)(ii) shall be determined without regard to calendar year 2009. If all or any portion of a distribution during 2009 is treated as an eligible rollover distribution but would not be so treated if the minimum distribution requirements under Code section 401(a)(9) had applied during 2009, such distribution shall not be treated as an eligible rollover distribution for purposes of Code sections 401(a)(31), 3405(c) or 402(f).
25. Rev. Rul. 2008-40-Transfer to Nonqualified Plan. Subject to the conditions and limitations of Revenue Ruling 2008-40, a transfer of assets from the Plan's trust to a nonqualified foreign trust shall be treated as a distribution.
26. Rev. Rul. 2008-45-Exclusive Benefit Rule. Sponsorship of the Plan may not be transferred to an unrelated taxpayer if such transfer would violate Revenue Ruling 2008-45.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed this ____ day of _____, 2009.

VERMONT HOUSING FINANCE AGENCY:

Signature: _____

Print Name: _____

Title/Position: _____



Vermont Housing Finance Agency

MEMORANDUM

TO: VHFA Board of Commissioners
FROM: Patricia M. Loller, Director of Administration
DATE: December 10, 2009
RE: VHFA Flexible Benefit Plan Amendment

Recommendation: Approval of the attached resolution to amend the VHFA Flexible Benefit Plan to reinstate the 'grace period' provision that was previously removed in May 2008 effective January 1, 2010.

Grace Period

The Board approved the removal of the Grace Period from the Agency's Flex Plan in 2008 in anticipation of moving to a high deductible health plan with an HSA account (a 'full' Flex Plan is not allowed with HSA accounts).

The Grace Period allows staff to continue to incur expenses for 60 days into the following calendar year – i.e. plan participants will be able to still incur expenses for the 2010 plan year until February 28, 2011. Reimbursements can be requested until March 31, 2011. This feature allows a buffer in case staff is not able to expend all their Flex Plan dollars by yearend.

Staff is requesting that the May 2008 Flex Plan amendment to remove the Grace Period from the Flex Plan be rescinded effective January 1, 2010.

Please let me know if you have any questions - 652-3425



Vermont Housing Finance Agency

**RESOLUTION RE: GRACE PERIOD AMENDMENT
TO THE FLEXIBLE BENEFIT PLAN**

WHEREAS, the Vermont Housing Finance Agency (the "Agency") has previously established a Cafeteria Plan within the meaning of Section 125 of the Internal Revenue Code, as amended from time to time, to provide certain benefits to its Employees (the "Plan"); and

WHEREAS, by resolution of the Commissioners on May 12, 2008, the Plan was amended by Amendment #1 to the Vermont Housing Finance Agency Flexible Benefit Plan ("Amendment #1"), a copy of which is attached hereto, to discontinue the sixty (60) day grace period in which employees were allowed to submit for reimbursement health care expenses incurred in the sixty (60) day period following the calendar year; and

WHEREAS, the Agency has determined that it wishes to reinstate such sixty (60) day grace period for the periods commencing January 1, 2010;

NOW, THEREFORE, be it RESOLVED:

1. That the Plan be and hereby is amended by rescinding the provisions of Amendment #1 in their entirety effective January 1, 2010, so that the terms of the Plan for all periods commencing on and after January 1, 2010, shall be the same as the terms of the Plan prior to the effectiveness of Amendment #1;
2. That the foregoing resolution shall not affect the validity of the provisions of Amendment #1 between the date of its original effectiveness and December 31, 2009; and
3. That the proper employees of the Agency be, and they hereby are, authorized and directed to execute any and all such documents and to perform any and all such acts as may be necessary and proper to effect the foregoing.

Amendment #1

Vermont Housing Finance Agency Flexible Benefit Plan

The following section is amended by deletion:

Section 1.15

The following sections are amended by substitution of the attached:

Section: 6.3

Section 6.7

Section 8.1

Section 8.2

The revised sections are hereby adopted and are to be substituted for the originals. These changes are retroactively effective to January 1, 2008. These changes will have no adverse effect on any Plan Participant during the period from the effective date of this Amendment and the below execution date.

Executed at Burlington, Vermont, this _____ day of _____, 2008.

BY: _____
Name, Title

Plan #: 510

Employer Identification #: 03-0239902

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6.3 FORFEITURES

The amount in the Health Flexible Spending Account as of the end of any Plan Year (and after the processing of all claims for such Plan Year pursuant to Section 6.7 hereof) shall be forfeited and credited to the benefit plan surplus. In such event, the Participant shall have no further claim to such amount for any reason, subject to Section 8.2.

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6.7 HEALTH FLEXIBLE SPENDING ACCOUNT CLAIMS

(a) All Medical Expenses incurred by a Participant shall be reimbursed during the Plan Year subject to Section 2.6, even though the submission of such a claim occurs after his participation hereunder ceases; but provided that the Medical Expenses were incurred during the applicable Plan Year. Medical Expenses are treated as having been incurred when the Participant is provided with the medical care that gives rise to the medical expenses, not when the Participant is formally billed or charged for, or pays for the medical care.

(b) The Administrator shall direct the reimbursement to each eligible Participant for all allowable Medical Expenses, up to a maximum of the amount designated by the Participant for the Health Flexible Spending Account for the Plan Year. Reimbursements shall be made available to the Participant throughout the year without regard to the level of Cafeteria Plan Benefit Dollars which have been allocated to the fund at any given point in time. Furthermore, a Participant shall be entitled to reimbursements only for amounts in excess of any payments or other reimbursements under any health care plan covering the Participant and/or his Spouse or Dependents.

(c) Claims for the reimbursement of Medical Expenses incurred in any Plan Year shall be paid as soon after a claim has been filed as is administratively practicable; provided however, that if a Participant fails to submit a claim within the 90 day period immediately following the end of the Plan Year or 90 days after termination of employment, those Medical Expense claims shall not be considered for reimbursement by the Administrator.

(d) Reimbursement payments under this Plan shall be made directly to the

Participant. However, in the Administrator's discretion, payments may be made directly to the service provider. The application for payment or reimbursement shall be made to the Administrator on an acceptable form within a reasonable time of incurring the debt or paying for the service. The application shall include a written statement from an independent third party stating that the Medical Expense has been incurred and the amount of such expense. Furthermore, the Participant shall provide a written statement that the Medical Expense has not been reimbursed or is not reimbursable under any other health plan coverage and, if reimbursed from the Health Flexible Spending Account, such amount will not be claimed as a tax deduction. The Administrator shall retain a file of all such applications.

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8.1 CLAIM FOR BENEFITS

(a) Any claim for Benefits underwritten by an Insurance Contract shall be made to the Insurer. If the Insurer denies any claim, the Participant or beneficiary shall follow the Insurer's claims review procedure.

(b) Any claim for Dependent Care Flexible Spending Account Benefits shall be made to the Administrator. If a Participant fails to submit a claim within the 90 day period immediately following the end of the Plan Year or within the 90 day period immediately following termination of employment, those claims shall not be considered for reimbursement by the Administrator. If the Administrator denies a claim, the Administrator may provide notice to the Participant or beneficiary, in writing, within 90 days after the claim is filed unless special circumstances require an extension of time for processing the claim. The notice of a denial of a claim shall be written in a manner calculated to be understood by the claimant and shall set forth:

- (1) specific references to the pertinent Plan provisions on which the denial is based;
- (2) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation as to why such information is necessary; and
- (3) an explanation of the Plan's claim procedure.

(c) Within 60 days after receipt of the above material, the claimant shall have a reasonable opportunity to appeal the claim denial to the Administrator for a full

and fair review. The claimant or his duly authorized representative may:

- (1) request a review upon written notice to the Administrator;
- (2) review pertinent documents; and
- (3) submit issues and comments in writing.

(d) A decision on the review by the Administrator will be made not later than 60 days after receipt of a request for review, unless special circumstances require an extension of time for processing (such as the need to hold a hearing), in which event a decision should be rendered as soon as possible, but in no event later than 120 days after such receipt. The decision of the Administrator shall be written and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, with specific references to the pertinent Plan provisions on which the decision is based.

(e) If a Participant fails to submit a claim under the Health Flexible Spending Account within the 90 day period immediately following the end of the Plan Year or within the 90 day period immediately following termination of employment, those claims shall not be considered for reimbursement by the Administrator. Once a claim is submitted, the following timetable for claims and

rules below apply:

Notification of whether claim is accepted or denied	30 days
Extension due to matters beyond the control of the Plan	15 days
Insufficient information on the Claim:	
Notification of	15 days
Response by Participant	45 days
Review of claim denial	60 days

The Plan Administrator will provide written or electronic notification of any claim denial. The notice will state:

- (1) The specific reason or reasons for the denial.
- (2) Reference to the specific Plan provisions on which the denial was based.

(3) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary.

(4) A description of the Plan's review procedures and the time limits applicable to such procedures. This will include a statement of the right to bring a civil action under section 502 of ERISA following a denial on review.

(5) A statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Claim.

(6) If the denial was based on an internal rule, guideline, protocol, or other similar criterion, the specific rule, guideline, protocol, or criterion will be provided free of charge. If this is not practical, a statement will be included that such a rule, guideline, protocol, or criterion was relied upon in making the denial and a copy will be provided free of charge to the claimant upon request.

When the Participant receives a denial, the Participant shall have 180 days following receipt of the notification in which to appeal the decision. The Participant may submit written comments, documents, records, and other information relating to the Claim. If the Participant requests, the Participant shall be provided, free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Claim.

The period of time within which a denial on review is required to be made will begin at the time an appeal is filed in accordance with the procedures of the Plan. This timing is without regard to whether all the necessary information accompanies the filing.

A document, record, or other information shall be considered relevant to a Claim if it:

(1) was relied upon in making the claim determination;

(2) was submitted, considered, or generated in the course of making the claim determination, without regard to whether it was relied upon in making the claim determination;

(3) demonstrated compliance with the administrative processes and safeguards designed to ensure and to verify that claim determinations are made in accordance with Plan documents and Plan provisions have been applied consistently with respect to all claimants; or

(4) constituted a statement of policy or guidance with respect to the Plan concerning the denied claim.

The review will take into account all comments, documents, records, and other information submitted by the claimant relating to the Claim, without regard to whether such information was submitted or considered in the initial claim determination. The review will not afford deference to the initial denial and will be conducted by a fiduciary of the Plan who is neither the individual who made the adverse determination nor a subordinate of that individual.

(f) Any balance remaining in the Participant's Dependent Care Flexible Spending Account or Health Flexible Spending Account as of the end of each Plan Year (if applicable) shall be forfeited and deposited in the benefit plan surplus of the Employer pursuant to Section 6.3 or Section 7.8, whichever is applicable, unless the Participant had made a claim for such Plan Year, in writing, which has been denied or is pending; in which event the amount of the claim shall be held in his account until the claim appeal procedures set forth above have been satisfied or the claim is paid. If any such claim is denied on appeal, the amount held beyond the end of the Plan Year shall be forfeited and credited to the benefit plan surplus.

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8.2 APPLICATION OF BENEFIT PLAN SURPLUS

Any forfeited amounts credited to the benefit plan surplus by virtue of the failure of a Participant to incur a qualified expense or seek reimbursement in a timely manner may, but need not be, separately accounted for after the close of the Plan Year (or after such further time specified herein for the filing of claims) in which such forfeitures arose. In no event shall such amounts be carried over to reimburse a Participant for expenses incurred during a subsequent Plan Year for the same or any other Benefit available under the Plan; nor shall amounts forfeited by a particular Participant be made available to such Participant in any other form or manner, except as permitted by Treasury regulations. Amounts in the benefit plan surplus shall first be used to defray any administrative costs and experience losses and thereafter be retained by the Employer.



Vermont Housing Finance Agency

VHFA Board of Commissioners Meeting Minutes

Vermont Housing Finance Agency

164 St. Paul Street – Board Room

Burlington

Thursday, November 19, 2009 9:45 a.m.

VHFA Board Member Present:

Tom Pelletier (Chair), Gus Seelig (Vice Chair), Rob Alberts, Dagyne Canney, Lisa Randall, Bart Frisbie, Kevin Dorn

Staff Present:

Dave Adams, Sarah Carpenter, Tom Connors, George Demas, Cindy Reid, Maura Collins, Martha Panton, Pat Loller, Renee Couture, Josh Slade, Scott Baker, Sam Falzone, Pat Crady

Guests:

Nancy Owens (Housing Vermont), Al Hans (Piper Jaffrey), Matthew St. Peter (VHFA Intern from Champlain College), Raymond High (Citigroup), Ken Braverman (HKW Cascades), Bruce Whitney (Rockingham Area Community Land Trust), Elizabeth Kulas (Housing Trust of Rutland County), Jeff Kantor (J.D. Kantor Inc. Development Consulting), Amy Demetrowitz (Champlain Housing Trust), Mark Hess (HKW Cascades)

BOARD MEETING

Mr. Pelletier called the Board meeting to order at 9:55 a.m. Ms. Carpenter announced that Mr. Pelletier had been appointed by the Governor to be the new Chair of the VHFA Board of Commissioners. Mr. Pelletier thanked Ms. Randall for her many years as Chair of the Board.

BOARD MINUTES

Mr. Seelig moved that the Board approve the October 15, 2009 Board of Commissioners meeting minutes. Ms. Canney seconded the motion, which was unanimously approved.

EXECUTIVE DIRECTOR'S REPORT

Ms. Carpenter reviewed the Executive Director's report. She informed the Board of activities on the federal level regarding several housing proposals including funding for the federal housing trust fund, a proposal to extend the 1602 tax credit exchange program, a request to extend



increased housing credits from 2008 and a request to extend the exchange of credits to 4% housing credits.

Mr. Seelig thanked VHFA staff, specifically Mr. Falzone, Mr. Erdelyi and Ms. Reid, for their work on the Housing Preservation Workshop. He also let the Board know of some policy issues regarding historic preservation and the use of solar panels. Mr. Seelig plans to discuss with the congressional delegation, but also thinks VHFA should participate in the discussions.

DEVELOPMENT

Alburgh Family Housing

Mr. Adams reviewed the Sale of Alburgh Family Housing Memo. Mr. Seelig recused himself and left the room for this discussion. Ms. Randall asked if the property was marketed in a public way. Mr. Adams informed the Board that VHFA publicly announced requests for offers in *The Burlington Free Press* and in a local paper in St. Albans, *The St. Albans Messenger*. There was only one offer on the property from Housing Vermont. Ms. Randall noted that the Agency should make sure it has a good appraisal before moving forward and, if the appraisal indicates, pursue the offer. Mr. Adams noted that the Agency should get out whole on the principal, however, will lose any accrued interest. Ms. Carpenter also noted that this is the only family housing in Alburgh and it has a 40-year HAP contract.

Ms. Canney moved that the Board approve the sale of Alburgh Family Housing to Housing Vermont. Ms. Randall seconded the motion which was approved by all directors except Mr. Seelig who abstained and Mr. Dorn who was not present for the vote.

Windsor Village

Ms. Reid reviewed the Request for Bond and State Credits, Construction and Permanent Financing for Windsor Village. It was noted that the HOME and VHCB funds would be presented for approval at the December VHCB Directors meeting. Ms. Owens told the Board that it is vital to do this project in the summer time due to boiler upgrades.

Ms. Reid thanked Mr. Whitney for all his good work with RACLT as this was his last week with the organization.

Mr. Seelig moved that the Board approve \$3,000,000 in tax exempt construction financing, \$2,584,000 in permanent financing and \$193,700 in 4% Bond Tax Credits for the acquisition and rehabilitation of 77 residential rental units in Windsor. (The State Credits were addressed separately.) Mr. Alberts seconded the motion which was unanimously approved by all directors except Mr. Dorn who was not present for this vote.

Stanislaus Housing

Ms. Reid reviewed the Request for Bond Credits, Construction Financing, and State Credits for Stanislaus Housing. Ms. Randall asked if a market study had been conducted. Ms. Reid stated that one had been completed as a requirement for approval.

Ms. Canney moved that the Board approve \$2,300,000 in tax exempt construction financing and \$124,000 in 4% Bond Tax Credits for the development of 21 residential units in West Rutland.

(The State Credits were addressed separately.) Mr. Seelig seconded the motion which was unanimously approved.

FY2011 State Housing Tax Credits

Ms. Reid reviewed the Requests for FY11 State Tax Credits. She handed out a revised resolution. Mr. Seelig recused himself from the Alburgh Family Housing portion of the discussion.

Ms. Reid explained that staff was not recommending the allocation of State Homeownership Credits for Charlotte Green Cottages. Ms. Demetrowitz explained that the project produces much needed affordable housing in Charlotte and that the project is actually in East Charlotte. The project has obtained a \$40,000 per unit commitment from VHCB already. Ms. Canney asked if staff could discuss the fact that the development would not be in a village center. Ms. Demetrowitz explained that there is a church and a school nearby along with a cluster of other homes. After discussion, Mr. Alberts recommended awarding Charlotte Green Cottages \$20,000 in State Homeownership Credits, time limited to June 1, 2010.

Mr. Alberts moved that the Board approve State Rental Credits as recommended by staff to Alburgh Family Housing. Ms. Randall seconded the motion which was approved by all directors except Mr. Seelig and Mr. Dorn who abstained.

Ms. Canney moved that the Board approve the State Rental Credits as recommended by staff to Ellis Block, Forest Park – Phase II, Pine Manor Senior Housing, Stanislaus Housing, Vergennes Senior Housing, and Windsor Village. Mr. Seelig seconded the motion, which was unanimously approved.

Mr. Seelig moved that the Board approve State Homeownership Credits as recommended by staff to Cascades Condominiums and River Station Condominiums and \$20,000 in State Homeownership Credits to Charlotte Green Cottages, time limited to June 1, 2010. Mr. Dorn seconded the motion, which was unanimously approved.

FINANCE

Interest Rate/Swap Analysis

Mr. Hans reviewed with the Board the Swap Update – Single Family Housing & Multiple Purpose Indentures booklet as prepared by Piper Jaffray.

Mr. Seelig asked Mr. Hans whether, looking back to 2005 and knowing what he knows now, would he have advised VHFA differently with respect to variable rate debt (VRDO) and entering into interest rate swaps. Mr. Hans explained that as a result of the VRDOs the Agency was able to offer a lower mortgage rate resulting in many additional loans, but that has come with a cost of exposure to the recent market collapse. The losses to the Agency were the result of the downgrade of the liquidity providers not necessarily the structure. Mr. Hans pointed out that the Agency did diversify among swap counter parties and limited the amount of variable rate debt/swaps included in the bond deals to not more than 30% of each series, thus, limiting its exposure (unlike many HFAs that issued a much higher percent of variable rate debt/swap deals).

Ms. Canney asked about \$4 million of cumulative negative basis reported in the presentation. She also stated she would like to have had those funds to be used for the Cash Assistance Program. There was discussion regarding until there are bond investors for that type of bond that probably would not be possible. Ms Carpenter stated that this could be an option once the Agency rebuilds the cash in the various programs, and that the Board could decide at that time.

Ms. Randall asked what the Agency's risk would be as the liquidity facilities associated with the variable rate debt mature in 2011 and what the Agency should do plan ahead. Mr. Connors replied that staff will need to keep an eye on this and enter into new liquidity facility contracts as opportunities arise.

Ms. Randall voiced concern about MGIC concentration, as it is the private mortgage insurer for over half of the Agency's single family portfolio. Mr. Pelletier asked Ms. Carpenter and Mr. Adams to review Ms. Randall's line of questioning and report back at the December Board Meeting.

1st Quarter Financials

Mr. Connors reviewed the First Quarter Fiscal Year 2010 presentation.

Mr. Frisbee asked if the Agency is doing too much with TD Bank if VHFA was to replace the Series 23 liquidity facility (Depfa) with TD Bank. Mr. Connors explained that there are limited options and that TD Bank rates are better than the program offered by the U.S. Treasury. Mr. Hans listed the three alternatives that the Agency has:

1. Don't replace Depfa (the Series 23 Liquidity Facility provider) in hopes that its interest rate, currently at 5%, will continue to decline.
2. Pursue the temporary liquidity facility option through the U.S. Treasury.
3. Replace the Series 23 Liquidity Facility with TD Bank.

Mr. Connors explained that the Agency needs to look at this continually and take advantage of better options as they become available. Ms. Randall asked that Mr. Connors provide a full report of the Agency's entire relationship with TD Bank at the January or February Board Meeting.

New Federal Housing Program Overview and Implementation

Mr. Connors reviewed the New Federal Housing Program presentation.

Mr. Seelig asked if the indentures that the Board was being asked to approve today were reviewed from a legal perspective. Mr. Demas explained that Kutak Rock prepared the documents. He said that there will be one change in the form indentures to the Parity Certificate reducing the required minimum level from 102% to 100%.

Ms. Randall asked about the risks issuing escrow bonds if the Agency did not eventually convert them for purchase of mortgage loans. Ms. Carpenter explained that there is not much risk as there should not be negative arbitrage on the escrowed bonds and there will not be prepayment penalties.

Mr. Seelig asked what kind of rate would be needed to entice homebuyers to obtain VHFA financing. Ms. Randall explained that the mortgage loan rate would need to be below 5% to compete with conventional rates. A brief discussion followed regarding how the rates are structured in the new programs.

Ms. Canney reiterated that she would like to see the Agency bring back the Cash Assistance Program as she believes it would give the Agency a clear advantage. Ms. Carpenter agreed that reinstating the Cash Assistance Program would be desirable, however, at this time there is no capital source for the Program.

Ms. Canney moved that the Board approve the five Resolutions for the New Federal Housing Program as recommended by staff. Mr. Seelig seconded the motion, which was unanimously approved.

Investment Policy

Mr. Baker reviewed the Investment Update and Investment Portfolio Recap. He informed the Board that staff is in the process of reviewing the Investment Policy. Ms. Carpenter said that this will be presented to the Board every two years. Ms. Randall noted that in the Investment Policy the Treasurer and the CFO is the same person and that it should be updated to include the Executive Director and the CFO, removing the Treasurer title.

EXECUTIVE SESSION

Ms. Randall moved that the Board go into Executive Session at 12:30 p.m. Mr. Seelig seconded the motion, which was unanimously approved.

Mr. Seelig moved that the Board adjourn Executive Session at 12:55 p.m. Mr. Dorn seconded the motion, which was unanimously approved.

Mr. Seelig commented that he recently heard that a standing Executive Session should not be warned and suggested that we should look into that

OTHER BUSINESS

January Board Meeting

Ms. Carpenter reported that the January Board Meeting would no longer need to be a full day session. Staff will not be ready for an extended planning session until February or March at which time the meeting could be extended to a full day session.

Mr. Seelig moved to adjourn the meeting. Mr. Frisbie seconded the motion, which was unanimously approved. The meeting adjourned at 1:05 p.m.