vhfa

**Vermont Housing Finance Agency**

# MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: January 13, 2009

**RE: CONFIRMATION OF UPCOMING VHFA BOARD MEETING**

This is to notify you that the next meeting of the Vermont Housing Finance Agency Board of Commissioners has been confirmed. The meeting will be held via conference call and will be initiated:

**Tuesday, January 20, 2009**
**Vermont Housing Finance Agency**
**164 St. Paul Street, Burlington, VT**
**2:00 p.m. – 3:00 p.m.**

Attached are the Agenda and Board packet. Please feel free to contact me should you have any questions prior to the meeting.

**The dial in number for participants is 1 888 387 8686, and then enter 6169906#.**

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

EQUAL HOUSING OPPORTUNITY

**VHFA BOARD MEETING AGENDA**
Vermont Housing Finance Agency
Board Room
164 St. Paul Street, Burlington
Tuesday, January 20, 2009
2:00 p.m. – 3:00 p.m.
**Conference Call**

**Meeting Start** **2:00 p.m.**

**Development**

- Proctorsville Green Condos, Proctorsville (10 minutes)
  - State Tax Credits for Homeownership — Reid/Enclosure
- Butterfield Common Condos, Dover (10 minutes)
  - State Tax Credits for Homeownership — Reid/Enclosure
- NAMCO Block (Allocated), Windsor (10 minutes)
  - Construction Financing — Reid/Enclosure
- Three Cathedral Square, Burlington (10 minutes)
  - Bond Tax Credits & Construction Financing — Reid/Enclosure
- Blake Commons, Swanton (10 minutes)
  - Allocated Tax Credits — Slade/Enclosure

**Adjournment** **3:00p.m.**

**Reports:** ***FYI Only***

- Tax Credit Status Report — Slade/Enclosure

**OVER ►**

vhfa

**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 | Neighborworks construction subsidy | Land Grant | HOMELAND Grant | State Credit Equity | IORTA | Net Sales Price | Monthly Mortgage Pmt | Monthly Condo 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 | $55,000 | $12,500 | $75,449 | $450 | **$361** | 811 | $32,440 |
| 1 | 2 | A | 1,050 | 2 | $274,616 | $50,000 | $12,500 | $14,167 | $55,000 | $55,000 | $12,500 | $75,449 | $450 | **$361** | 811 | $32,440 |
| 1 | 3 | A | 1,050 | 2 | $274,616 | $50,000 | $12,500 | $14,167 | $55,000 | $55,000 | $12,500 | $75,449 | $450 | **$361** | 811 | $32,440 |
| 1 | 4 | A | 1,050 | 2 | $274,616 | $50,000 | $12,500 | $14,167 | $55,000 | $55,000 | $12,500 | $75,449 | $450 | **$361** | 811 | $32,440 |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | 4,200 | 8 | $1,098,464 | $200,000 | $50,000 | $56,667 | $220,000 | $220,000 | $50,000 | $301,797 | | | | |

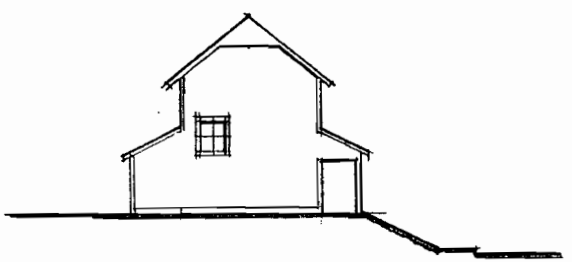
INC/EXP From Now to Sale:

| | |
|---|---|
| Mortgages | 301,797 |
| IORTA | 50,000 |
| VHCB | $220,000 |
| Equity | $220,000 |
| | 791,797 |

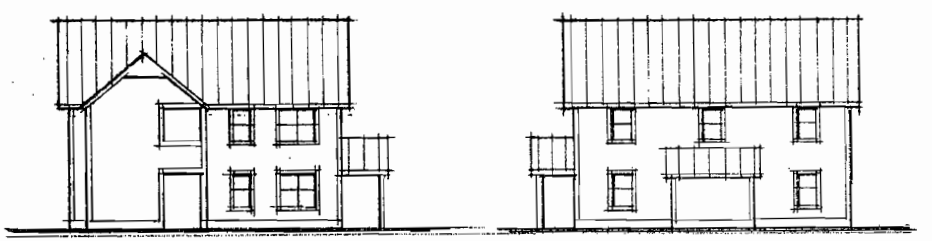
| | |
|---|---|
| VHFA Construction Loa | 660,000 |
| VHFA Ventures Loan | 23,000 |
| Carrying Costs | 94,025 |
| Contingency | 14,772 |
| | 791,797 |

EAST ELEVATION - 4 UNIT TOWNHOUSE BUILDING

2 UNIT APARTMENT BUILDING



SOUTH ELEVATION



SOUTH ELEVATION

NORTH ELEVATION

NORTHERN ARCHITECTS
BURLINGTON VERMONT

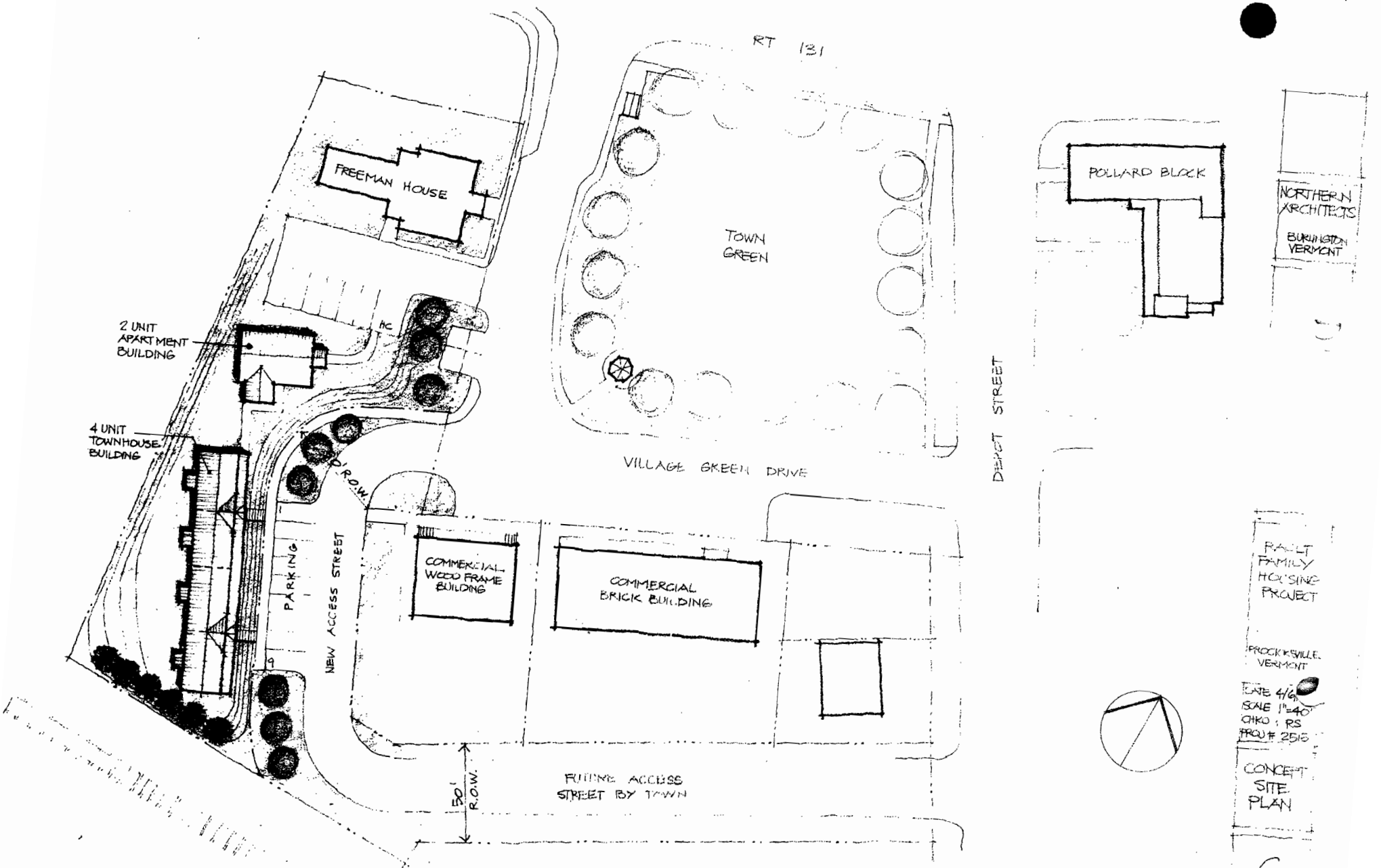
RACLT FAMILY HOUSING PROJECT

PROCTORSVILLE VERMONT

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

CONCEPT ELEVATIONS

5


RT 131
FREEMAN HOUSE
TOWN GREEN
2 UNIT APARTMENT BUILDING
4 UNIT TOWNHOUSE BUILDING
HC
VILLAGE GREEN DRIVE
DEPOT STREET
POLLARD BLOCK
NORTHERN ARCHITECTS
BURLINGTON VERMONT
PARKING
NEW ACCESS STREET
COMMERCIAL WOOD FRAME BUILDING
COMMERCIAL BRICK BUILDING
50' R.O.W.
FUTURE ACCESS STREET BY TOWN
RAULT FAMILY HOUSING PROJECT
ROCKINGSVILLE, VERMONT
DATE 4/6
SCALE 1"=40'
CHKD: RS
PROJ # 2515
CONCEPT SITE PLAN
C

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.

**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**

**Butterfield Condos Sales Schedule**

| Unit # | Cost Per Unit | HOMELAND | Ski Area $$ | VCDP | State Credit | IORTA | Net Sales Price | Revised net price | Int Rate | Term | P & I Pmt | Monthly Fee | Monthly Pmt | Income Needed | % Median |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 | 205,000 | 56,352 | 130,100 | 150,498 | 30,000 | 304,050 | | | | | | | | |

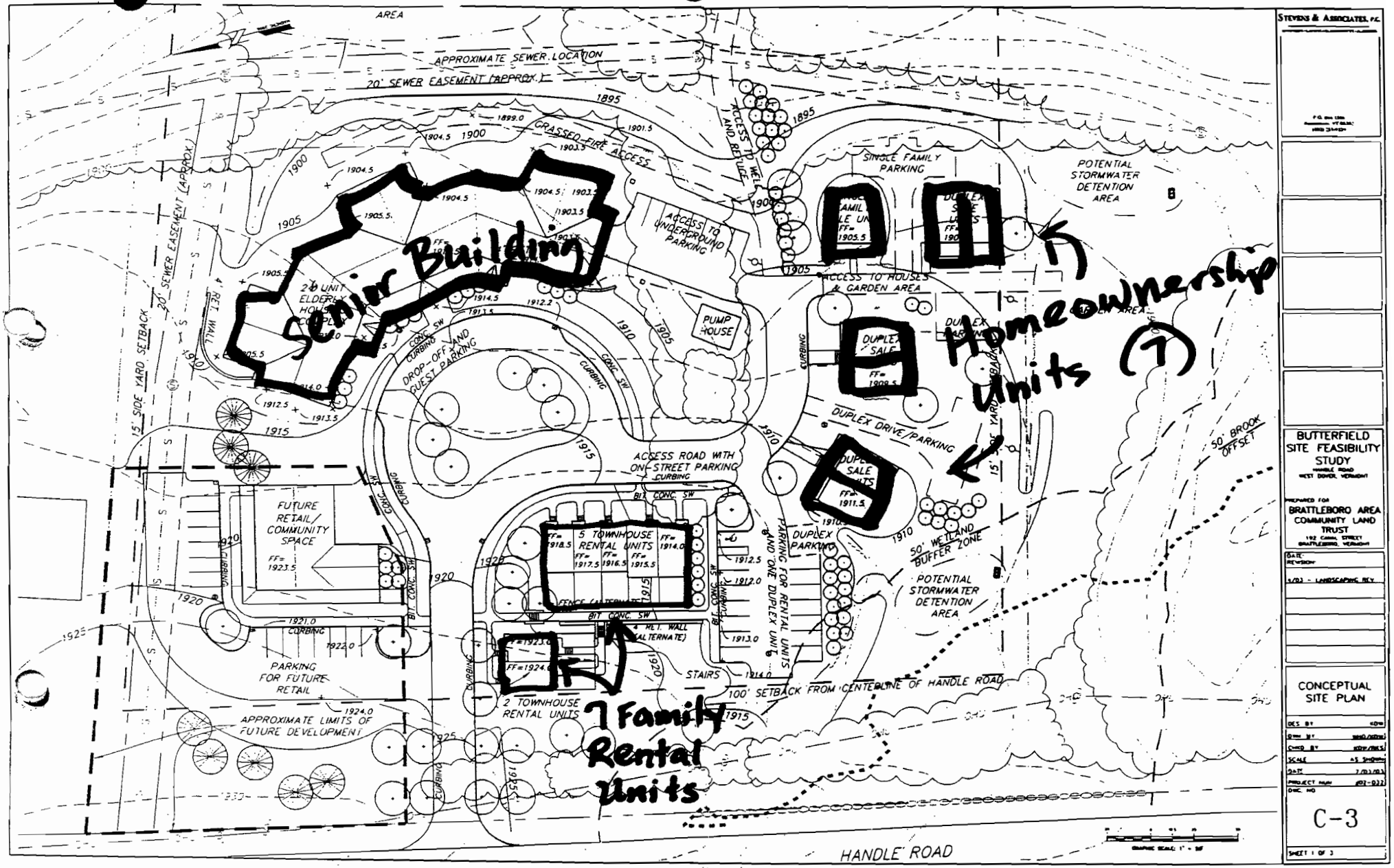
| | |
|---|---|
| Monthly | 100 |
| Fees | 275 |
| | 60 |
| 2 BR | 435 |
| | 80 |
| | 250 |
| | 60 |
| 1 BR | 390 |

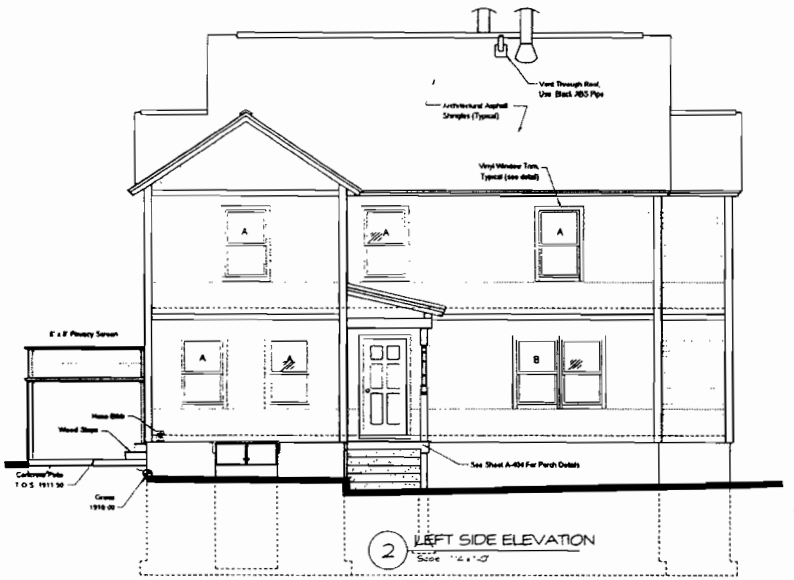
VHFA Income Limits

| | |
|---|---|
| 1-2 | 70,500 |
| 3+ | 81,000 |

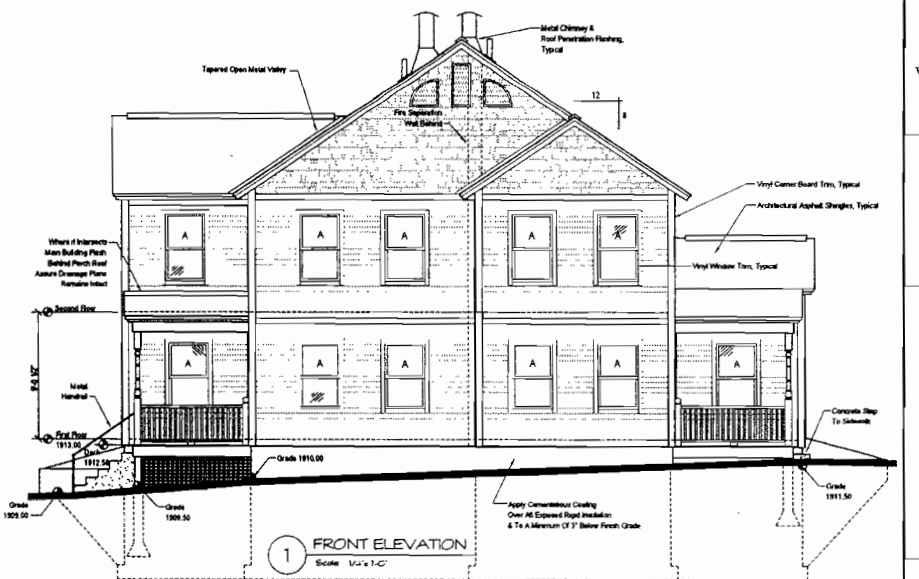
| Median Income | | |
|---|---|---|
| | 1 | 43,800 |
| | 2 | 50,100 |
| | 3 | 56,300 |
| | 4 | 62,600 |

| 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 - Addt'l HOMELAND | 45,000 |
| IORTA Reserved by WHT HOC | 25,000 |
| State Credit Equity | 150,498 |
| | 403,161 |

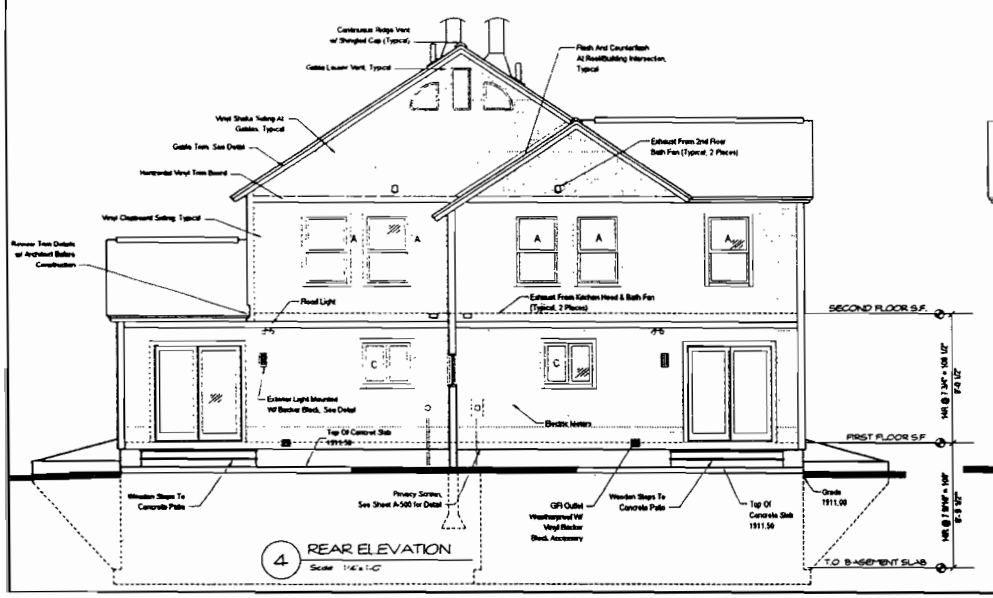

AREA
APPROXIMATE SEWER LOCATION
20' SEWER EASEMENT (APPROX.)
GRASSED FIRE ACCESS
ACCESS TO WELL AND REFUGE
Senior Building
24 UNIT ELDERLY HOUSING COMPLEX
ACCESS TO UNDERGROUND PARKING
PUMP HOUSE
DROP-OFF AND GUEST PARKING
CONC. SW
CURBING
15' SIDE YARD SETBACK
20' SEWER EASEMENT (APPROX.)
SINGLE FAMILY PARKING
POTENTIAL STORMWATER DETENTION AREA
ACCESS TO HOUSES & GARDEN AREA
DUPLEX SALE UNITS
DUPLEX DRIVE/PARKING
Homeownership Units (7)
50' BROOK OFFSET
ACCESS ROAD WITH ON-STREET PARKING
BIT. CONC. SW
FUTURE RETAIL/ COMMUNITY SPACE
FF= 1923.5
5 TOWNHOUSE RENTAL UNITS
FF= 1918.5
FF= 1917.5
FF= 1916.5
FF= 1915.5
FF= 1914.0
DUPLEX PARKING
PARKING FOR RENTAL UNITS AND ONE DUPLEX UNIT
50' WETLAND BUFFER ZONE
POTENTIAL STORMWATER DETENTION AREA
4 Ht. I. WALL (ALTERNATE)
FF=1924.0
2 TOWNHOUSE RENTAL UNITS
Family Rental Units
STAIRS
100' SETBACK FROM CENTERLINE OF HANDLE ROAD
PARKING FOR FUTURE RETAIL
APPROXIMATE LIMITS OF FUTURE DEVELOPMENT
HANDLE ROAD
STEVENS & ASSOCIATES, P.C.
BUTTERFIELD SITE FEASIBILITY STUDY
HANDLE ROAD
WEST DOVER, VERMONT
PREPARED FOR
BRATTLEBORO AREA COMMUNITY LAND TRUST
192 CANAL STREET
BRATTLEBORO, VERMONT
DATE:
REVISION:
4/03 - LANDSCAPING REV.
CONCEPTUAL SITE PLAN
DES. BY
DRWN. BY
CHKD. BY
SCALE
DATE
PROJECT NUM.
DWG. NO.
C-3
SHEET 1 OF 3



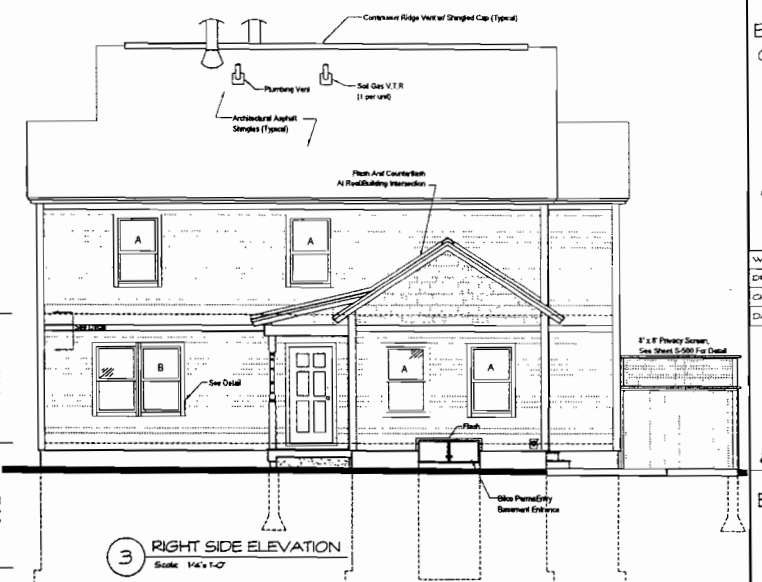

2 LEFT SIDE ELEVATION
Scale: 1/4" = 1'-0"




1 FRONT ELEVATION
Scale: 1/4" = 1'-0"




4 REAR ELEVATION
Scale: 1/4" = 1'-0"




3 RIGHT SIDE ELEVATION
Scale: 1/4" = 1'-0"

Williams & Frehsee, Inc.
167 Main Street, Suite 309
Brattleboro, Vermont 05301
Phone: 802-257-1311
Fax: 802-257-9429
E-mail: info@w&fvt.com

2 & 3 BED. DUPLEX VERSION A

SET SENT TO INGRAM CONSTRUCTION AUGUST 1, 2006

BUTTERFIELD OWNERSHIP HOUSING

West Dover, Vermont

Brattleboro Area Community Land Trust

| | |
|---|---|
| W.F. JOB | 10408 |
| DRAWN BY: | MKU, DMS, ABH |
| CHECKED BY: | |
| DATE | 6/8/06 |

DO NOT SCALE DRAWINGS
© 2006 Williams & Frehsee, Inc.

ELEVATIONS

A-200

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<br>37 tax credit units | **Unit Sizes:** | 22 1-BR @ 811 s.f.<br>17 2-BR @ 1,065 s.f.<br>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.

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

EQUAL HOUSING OPPORTUNITY

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.

**vhfa**

**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<br>(includes a manager unit)<br>92 Housing Credit Units | **Unit Sizes:** | 7 0-BR @ 500 s.f.<br>98 1-BR @ 509 s.f.<br>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<br>(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.

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

| | | | | |
|---|---|---|---|---|
| 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 |

**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 |

| | | |
|---|---|---|
| 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 | Type | Average Square Feet | Number | Average Rent | Utilities | Total Annual Rent |
|---|---|---|---|---|---|---|
| 1 Br | HUD sect 8 | 510 | 89 | 1,001 | | 1,069,068 |
| 2 Br | No RA | 620 | 3 | 1,142 | | 41,112 |
| 1 br | No RA | 500 | 0 | 1,001 | | 0 |
| 1 Br | 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 | Type | Square Feet | Number | Rent | Utilities | Annual Rent |
|---|---|---|---|---|---|---|
| 0 Br | | 500 | 7 | 1,001 | 0 | 84,084 |
| 1 Br | | 500 | 8 | 1,001 | 0 | 96,096 |
| 2 Br | | | | | 0 | 0 |
| 2 Br | | | | | | |
| 3 Br | | | | | 0 | 0 |
| 4 Br | | | | | 0 | 0 |
| | | | | | 0 | 0 |
| | Totals | 98,750 | 15 | | | 180,180 |
| | 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 |
|---|---|---|---|
| **Personal Care Revenues** | | | |
| 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** |
| **Personal Care Expenses** | | | |
| 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 |
| **Kitchen Revenue** | | | |
| 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 |
| **Kitchen Expenses:** | | | |
| 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** |

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

| | | Monthly | Per Unit Per Month | NOTES ON OPERATING COSTS |
|---|---|---|---|---|
| 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 suppport |
| 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 | |

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

| | Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | [redacted] | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | [redacted] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Operating Income | | | | | | | | | | | | | | | | | | | | | |
| Gross Rent | | 1,290,360 | 1,316,167 | 1,342,491 | 1,369,340 | 1,396,727 | 1,424,662 | 1,453,155 | 1,482,218 | 1,511,862 | 1,542,100 | 1,572,942 | 1,604,400 | 1,636,488 | 1,669,218 | 1,702,603 | 1,736,655 | 1,771,388 | 1,806,816 | 1,842,952 | 1,879,811 |
| Assisted Living Income | | 909,458 | 927,647 | 946,200 | 965,124 | 984,426 | 1,004,115 | 1,024,197 | 1,044,681 | 1,065,575 | 1,086,886 | 1,108,624 | 1,130,797 | 1,153,413 | 1,176,481 | 1,200,010 | 1,224,011 | 1,248,491 | 1,273,461 | 1,298,930 | 1,324,908 |
| Other Income | | 31,000 | 31,465 | 31,937 | 32,416 | 32,902 | 33,396 | 33,897 | 34,405 | 34,921 | 35,445 | 35,977 | 36,516 | 37,064 | 37,620 | 38,184 | 38,757 | 39,339 | 39,929 | 40,528 | 41,135 |
| Vacancy and other losses | | (51,614) | (52,647) | (53,700) | (54,774) | (55,869) | (56,986) | (58,126) | (59,289) | (60,474) | (61,684) | (62,918) | (64,176) | (65,460) | (66,769) | (68,104) | (69,466) | (70,856) | (72,273) | (73,718) | (75,192) |
| Total Operating Income | | 2,179,204 | 2,222,633 | 2,266,928 | 2,312,107 | 2,358,187 | 2,405,186 | 2,453,123 | 2,502,016 | 2,551,884 | 2,602,747 | 2,654,625 | 2,707,537 | 2,761,506 | 2,816,550 | 2,872,693 | 2,929,956 | 2,988,362 | 3,047,932 | 3,108,691 | 3,170,662 |
| Operating Expenses | | | | | | | | | | | | | | | | | | | | | |
| Total Expenses (excl. Reserves) | | 1,020,417 | 1,045,927 | 1,072,076 | 1,098,878 | 1,126,349 | 1,154,508 | 1,183,371 | 1,212,955 | 1,243,279 | 1,274,361 | 1,306,220 | 1,338,876 | 1,372,347 | 1,406,656 | 1,441,823 | 1,477,868 | 1,514,815 | 1,552,685 | 1,591,502 | 1,631,290 |
| Assisted Living Expenses | | 907,135 | 925,278 | 943,783 | 962,659 | 981,912 | 1,001,550 | 1,021,581 | 1,042,013 | 1,062,853 | 1,084,110 | 1,105,793 | 1,127,908 | 1,150,467 | 1,173,476 | 1,196,945 | 1,220,884 | 1,245,302 | 1,270,208 | 1,295,612 | 1,321,525 |
| Reserves | | 68,000 | 69,360 | 70,747 | 72,162 | 73,605 | 75,077 | 76,579 | 78,111 | 79,673 | 81,266 | 82,892 | 84,549 | 86,240 | 87,965 | 89,725 | 91,519 | 93,349 | 95,216 | 97,121 | 99,063 |
| Sub-Total Operating Expense | | 1,995,552 | 2,040,565 | 2,086,606 | 2,133,699 | 2,181,867 | 2,231,136 | 2,281,531 | 2,333,079 | 2,385,805 | 2,439,738 | 2,494,904 | 2,551,333 | 2,609,054 | 2,668,097 | 2,728,493 | 2,790,272 | 2,853,466 | 2,918,110 | 2,984,235 | 3,051,878 |
| GP services fee | | | | | | | | | | | | | | | | | 0 | 0 | 0 | 0 | 0 |
| Total Operating Expense | | 1,995,552 | 2,040,565 | 2,086,606 | 2,133,699 | 2,181,867 | 2,231,136 | 2,281,531 | 2,333,079 | 2,385,805 | 2,439,738 | 2,494,904 | 2,551,333 | 2,609,054 | 2,668,097 | 2,728,493 | 2,790,272 | 2,853,466 | 2,918,110 | 2,984,235 | 3,051,878 |
| Net Operating Income | | 183,651 | 182,067 | 180,322 | 178,408 | 176,320 | 174,050 | 171,591 | 168,937 | 166,079 | 163,009 | 159,721 | 156,204 | 152,451 | 148,453 | 144,201 | 139,685 | 134,895 | 129,822 | 124,456 | 118,785 |
| Less Primary Debt Service | | 140,360 | 140,360 | 140,360 | 140,360 | 140,360 | 140,360 | 140,360 | 140,360 | 140,360 | 140,360 | 140,360 | 140,360 | 140,360 | 140,360 | 1,721,659 | 0 | 0 | 0 | 0 | 0 |
| 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 | | 43,291 | 41,707 | 39,962 | 38,048 | 35,960 | 33,690 | 31,231 | 28,577 | 25,719 | 22,649 | 19,360 | 15,844 | 12,091 | 8,093 | (1,577,458) | 139,685 | 134,895 | 129,822 | 124,456 | 118,785 |
| GP Admin Fee | | (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) | (5,000) | 0 | 0 | 0 | 0 | 0 |
| Net Cash | | 38,291 | 36,707 | 34,962 | 33,048 | 30,960 | 28,690 | 26,231 | 23,577 | 20,719 | 17,649 | 14,360 | 10,844 | 7,091 | 3,093 | (1,582,458) | 139,685 | 134,895 | 129,822 | 124,456 | 118,785 |
| DCR | | 130.84% | 129.71% | 128.47% | 127.11% | 125.62% | 124.00% | 122.25% | 120.36% | 118.32% | 116.14% | 113.79% | 111.29% | 108.61% | 105.77% | 8.38% | N/A | N/A | N/A | N/A | N/A |
| Cumulative Cash Flow | | | | | | | | | | | | | | | | | | | | | |
| Beginning Balance | | 90,000 | 129,191 | 167,190 | 203,824 | 238,910 | 272,259 | 303,672 | 332,940 | 359,846 | 384,163 | 405,654 | 424,071 | 439,156 | 450,638 | 458,238 | ######### | (991,149) | (866,166) | (745,005) | (627,999) |
| Deposits | | 38,291 | 36,707 | 34,962 | 33,048 | 30,960 | 28,690 | 26,231 | 23,577 | 20,719 | 17,649 | 14,360 | 10,844 | 7,091 | 3,093 | (1,582,458) | 139,685 | 134,895 | 129,822 | 124,456 | 118,785 |
| Interest 2.0% | | 900 | 1,292 | 1,672 | 2,038 | 2,389 | 2,723 | 3,037 | 3,329 | 3,598 | 3,842 | 4,057 | 4,241 | 4,392 | 4,506 | 4,582 | (11,196) | (9,911) | (8,662) | (7,450) | (6,280) |
| Withdrawals | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | | 129,191 | 167,190 | 203,824 | 238,910 | 272,259 | 303,672 | 332,940 | 359,846 | 384,163 | 405,654 | 424,071 | 439,156 | 450,638 | 458,238 | (1,119,638) | (991,149) | (866,166) | (745,005) | (627,999) | (515,494) |
| Cumulative Replacement Reserves | | | | | | | | | | | | | | | | | | | | | |
| Beginning Balance | | 108,000 | 140,680 | 174,547 | 209,217 | 244,703 | 281,018 | 318,175 | 356,187 | 395,067 | 434,828 | 475,484 | 517,047 | 559,532 | 602,951 | 647,320 | 692,651 | 738,957 | 786,254 | 834,555 | 883,873 |
| Deposits | | 68,000 | 69,360 | 70,747 | 72,162 | 73,605 | 75,077 | 76,579 | 78,111 | 79,673 | 81,266 | 82,892 | 84,549 | 86,240 | 87,965 | 89,725 | 91,519 | 93,349 | 95,216 | 97,121 | 99,063 |
| Interest 2.0% | | 680 | 1,407 | 1,745 | 2,092 | 2,447 | 2,810 | 3,182 | 3,562 | 3,951 | 4,348 | 4,755 | 5,170 | 5,595 | 6,030 | 6,473 | 6,927 | 7,390 | 7,863 | 8,346 | 8,839 |
| Withdrawals | | (36,000) | (36,900) | (37,823) | (38,768) | (39,737) | (40,731) | (41,749) | (42,793) | (43,863) | (44,959) | (46,083) | (47,235) | (48,416) | (49,626) | (50,867) | (52,139) | (53,442) | (54,778) | (56,148) | (57,551) |
| Ending Balance | | 140,680 | 174,547 | 209,217 | 244,703 | 281,018 | 318,175 | 356,187 | 395,067 | 434,828 | 475,484 | 517,047 | 559,532 | 602,951 | 647,320 | 692,651 | 738,957 | 786,254 | 834,555 | 883,873 | 934,224 |

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net Operating Income | 183,651 | 182,067 | 180,322 | 178,408 | 176,320 | 174,050 | 171,591 | 168,937 | 166,079 | 163,009 | 159,721 | 156,204 | 152,451 | 148,453 | 144,201 | 139,685 |
| Plus Reserves | 68,000 | 69,360 | 70,747 | 72,162 | 73,605 | 75,077 | 76,579 | 78,111 | 79,673 | 81,266 | 82,892 | 84,549 | 86,240 | 87,965 | 89,725 | 91,519 |
| GP Admin Fee | (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) | (5,000) | (5,000) |
| Less Interest Expense | (127,215) | (95,457) | (93,627) | (91,724) | (89,742) | (87,680) | (85,533) | (83,300) | (80,975) | (78,556) | (76,038) | (73,417) | (70,690) | (67,851) | (64,897) | 0 |
| Less Long Depreciation | (223,138) | (223,138) | (223,138) | (223,138) | (223,138) | (223,138) | (223,138) | (223,138) | (223,138) | (223,138) | (223,138) | (223,138) | (223,138) | (223,138) | (223,138) | (223,138) |
| Less Short Depreciation | (4,800) | (4,800) | (4,800) | (4,800) | (4,800) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Taxable Income (Loss) | (108,501) | (76,968) | (75,497) | (74,091) | (72,755) | (66,690) | (65,501) | (64,390) | (63,361) | (62,418) | (61,564) | (60,802) | (60,136) | (59,571) | (59,110) | 3,066 |
| Cash Flow | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plus Tax Savings | 37,976 | 26,939 | 26,424 | 25,932 | 25,464 | 23,342 | 22,925 | 22,537 | 22,177 | 21,846 | 21,547 | 21,281 | 21,048 | 20,850 | 20,688 | (1,073) |
| Plus Tax Credits | 188,000 | 188,000 | 188,000 | 188,000 | 188,000 | 188,000 | 188,000 | 188,000 | 188,000 | 188,000 | 0 | | | | | |
| After Tax Cash Flow | 225,976 | 214,939 | 214,424 | 213,932 | 213,464 | 211,342 | 210,925 | 210,537 | 210,177 | 209,846 | 21,547 | 21,281 | 21,048 | 20,850 | 20,688 | (1,073) |

| Sale at Mortgage Balance: | |
|---|---|
| Total Losses | 1,031,356 |
| Total Capital Contributi | 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<br>16 LIHTC | **Unit Sizes:** | 5 – One Bedroom (800 sq ft)<br>10 – Two Bedroom (925 sq ft)<br>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

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**phone** (802) 864-5743 **fax** (802) 864-5746 **www.vhfa.org**

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.

13-Jan-09 **Blake Commons**

| | | | |
|---|---|---|---|
| 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% | 0 |
| Total Equity | 2,601,652 | | |

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 | |
| | 10,000 | 100.00% |
| | | |
| Applicable Fraction | | 100.00% |

5,000
5,000

5,000
5,000

revision date 8/6/2007

13-Jan-09 **Blake Commons**

| | | Budget | Per Unit | Per s.f. | Allocation of Sources: VHCB Terms:___ | HOME Terms:___ | VCDP Terms:___ | 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 | 3,317,612 |
| DEVELOPER FEE | 380,000 |
| DEVELOPER FEE % | 11.45% |

13-Jan-09 **Blake Commons**

| | | 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. AM | 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) | | | 0 | 0 | 20% | Historic Credit Rate | | | |
| | Total Eligible Basis | | 6,300 | 3,288,322 | | 0 | Annual Historic Credit | | | |
| TIMES: | Adjusted for QCT/DDA | 130.0% | | 4,274,819 | | | | | | |
| TIMES: | Applicable Fraction | 100.00% | 6,300 | 4,274,819 | | | | | | |
| | Total Qualified Basis | | 6,300 | 4,274,819 | 3,307,312 | | Long Term Depreciable Basis | | | |
| TIMES: | Applicable Percentage | | 3.28% | 9.00% | 27.5 | | Depreciation Schedule | | | |
| | Total Annual Credit Qualified | | 207 | 384,734 | 120,266 | | Annual Depreciation | | | |

| | |
|---|---|
| Total Tax Credits Requested | 333,500 |
| Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only) | 2,600,612 |
| Estimated Yield - Housing Credit Syndication | 78.77% |
| Equity Gap | 2,600,612 |
| Credits Needed to fill Equity Gap | 333,500 |

| | | |
|---|---|---|
| 22,800 | Short Term Depreciable Basis | |
| 7 | Depreciation Schedule | |
| 3,257 | Annual Depreciation | |

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 |
| | Less Vacancy | | 5.00% | | (6,291) |
| | | | | NET RENT | 119,529 |
| | OTHER INCOME | | | | |
| | Laundry | | | | 1,200 |
| | Parking | | | | 0 |
| | Commercial Space Income | | | | 0 |
| | Other | | | | 0 |
| | | | | TOTAL INCOME | 120,729 |

13-Jan-09 **Blake Commons**

| | Check all Applicable | | | | | | | | | A | | | | | B | | | | | | C | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Building # | Unit # | HOME Unit | Lead Paint Unit | Project Based Assistance | Tax Credit Unit | VHCB Restricted | Accessible | Adaptable | Unrestricted | Number of Bedrooms | Proposed Square Footage | Proposed Rent | Utility Allowance for Tenant-Paid Utilities | Gross Rent (Rent + Tenant-Paid Utilities) | OCCUPIED BY: Income level of residents to be served: | | | | | | AFFORDABLE TO: Units affordable to residents at: | | | | | |
| | | | | | | | | | | | | | | | <30% | <50% | <60% | <80% | <100% | >100% | 30% | 50% | 60% | 65% | 80% | 100%+ |
| | 1 | 1 | | | 1 | | 1 | 1 | | 1 | 675 | 497 | 40 | 537 | | 1 | | | | | | | | | | |
| | 2 | 1 | | | 1 | | 1 | | | 1 | 745 | 497 | 40 | 537 | | 1 | | | | | | | | | | |
| | 3 | | | | 1 | | 1 | | | 1 | 675 | 603 | 49 | 652 | | | 1 | | | | | | | | | |
| | 4 | | | | 1 | | 1 | | | 1 | 745 | 603 | 49 | 652 | | | 1 | | | | | | | | | |
| | 5 | | | | 1 | | 1 | | | 2 | 876 | 723 | 49 | 772 | | | 1 | | | | | | | | | |
| Other AM Fee | 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 | |
| | | | | per unit month excl. ds & res. |
| Real Estate Taxes | 13,440 | 1,120 | 70 | |
| Property Insurance | 5,760 | 480 | 30 | 506 |
| Replacement Reserves | 8,640 | 720 | 45 | |
| Primary Debt Service | | 0 | 0 | |
| Other "must pay" debt service | | | 0 | |
| Other | | 0 | 0 | |
| Total | 105,696 | 8,808 | 551 | |
| | | 10,000 | | |

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 Recepits/Cumulative Cash Flow | 105,696 |

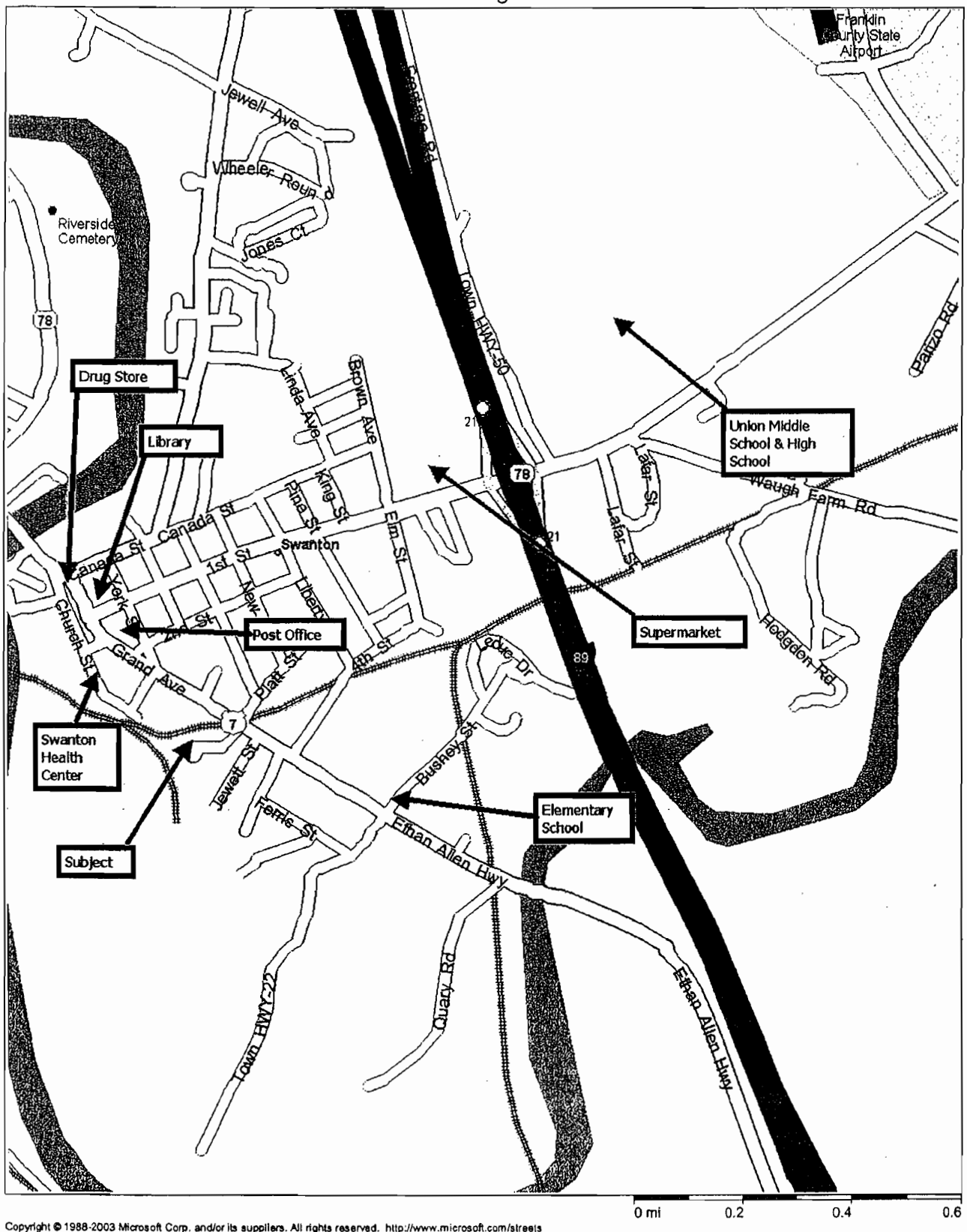
5,000
5,000

5,000
5,000

revision date 8/6/2007

| 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 | 436 |
| 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 | | | | | | 0 | | | | | | | | | | |
| 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 | 3,168 |
| 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 |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 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) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Taxable Income (Loss) | | (104,986) | (107,376) | (108,460) | (109,602) | (110,802) | (112,063) | (113,387) | (111,518) | (112,973) | (114,498) | (116,093) | (117,761) | (119,505) | (121,327) | (123,229) |
| 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 | | | | | | | | | | | | | | |
| Plus State Credits | | 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 | | | | | |
| After Tax Cash Flow | | 370,245 | 371,082 | 371,461 | 371,861 | 372,281 | 372,722 | 373,185 | 372,531 | 373,041 | 373,574 | 40,632 | 41,216 | 41,827 | 42,465 | 43,130 |
| Total Years | 15 | | | | | | | | | | | | | | | |
| Reinvestment Rate | 6.00% | 5,000 | | | | | | | 5,000 | | | | | | | |
| | | 5,000 | 5,001 | 5,002 | 5,003 | 5,004 | 5,005 | 5,006 | 5,000 | 5,001 | 5,002 | 5,003 | 5,004 | 5,005 | 5,006 | 5,007 |
| 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 | 40,632 | 41,216 | 41,827 | 42,465 | 43,130 |
| 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 | 0 | 887,314 |
| IRR: | #NUM! | | | | | | | | | | | | | | | |
| Equity Yield: | (1) | | | | | | | | | | | | | | | |

# Swanton Village Services

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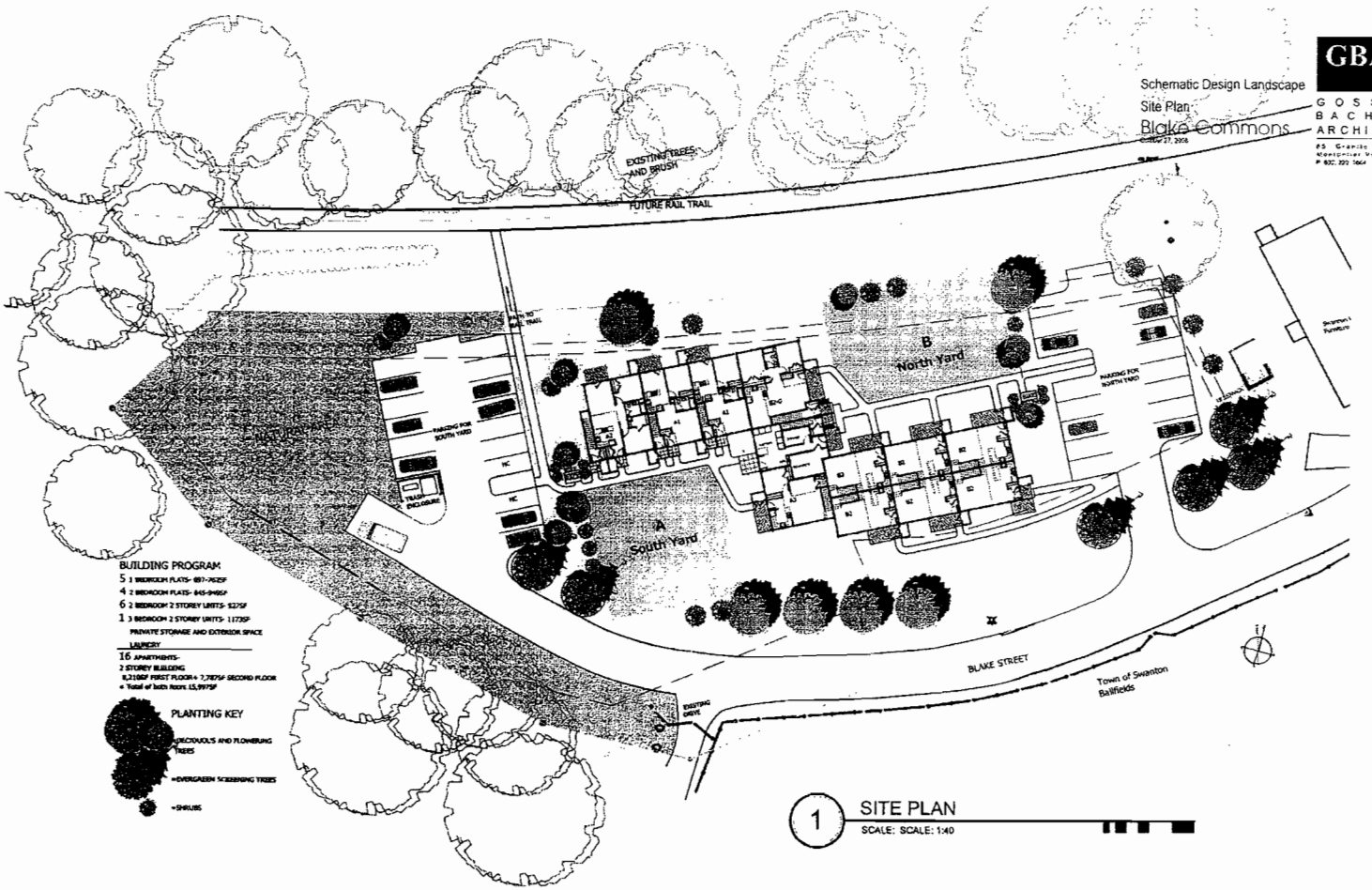
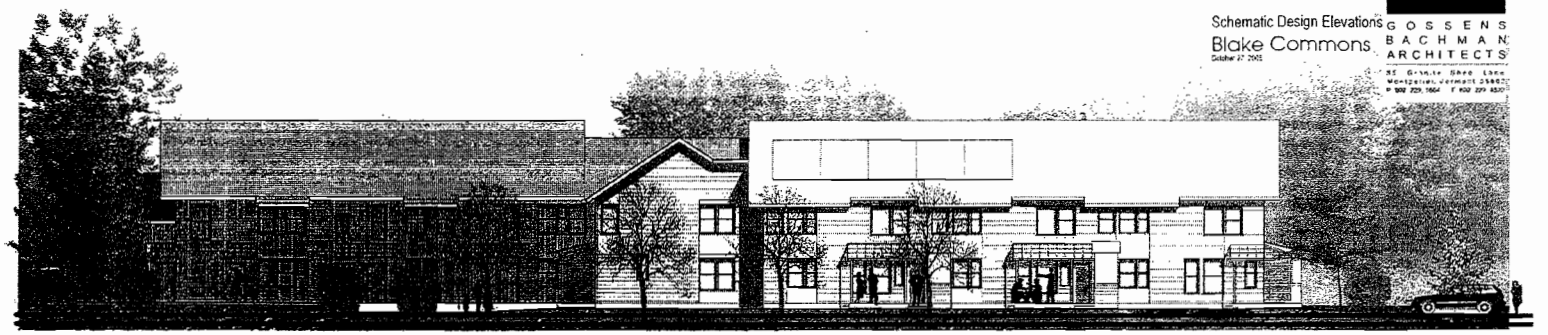



1 SITE PLAN
SCALE: SCALE: 1:40

Schematic Design Landscape
Site Plan
Blake Commons
October 27, 2008

GBA
GOSSENS BACHMAN ARCHITECTS
85 Granite Shed Lane
Montpelier Vermont 05602
P 802.223.3664 F 802.229.4227



1 SOUTH
SCALE: 1/8" = 1'-0"

2 WEST
SCALE: 1/8" = 1'-0"

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.

vhfa

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.

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# 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: LOI, 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 | # of LIHTC Units | Project Type | Housing Credit Allocation | Status |
|---|---|---|---|---|---|---|---|---|
| **Pipeline** | | | | | | | | |
| Barre Street Apartments (811) | Montpelier | Washington | Non MSA | 25 | 23 | Acq/Rehab | 150,000 | |
| Shelburnewoods | Shelburne | Chittenden | MSA | 363 | | New Construction | 1,320,000 | |
| HDI Project | Essex | Chittenden | MSA | 38 | 38 | New Construction | 766,000 | Nov Mtg |
| Alburgh Family | Alburgh | Franklin | MSA | 13 | 13 | Acq/Rehab | 171,565 | |
| Johnson | Johnson | Lamoille | Non MSA | | | New Construction | | |
| Ellis Block | Springfield | Windsor | Non MSA | 6 | | Rehabilitation | | |
| | | | | | | | | |
| **Pre-Applicaton Meetings** | | | | | | | | |
| Upper Story Housing | Brattleboro | Windham | Non-MSA | 23 | 19 | New Construction | | |
| Blake Commons | Swanton | Franklin | MSA | 16 | 16 | New Construction | 333,500 | |
| Alburg Family | Alburgh | Franklin | MSA | 14 | 14 | Acq/Rehab/New Constr | | |
| **Letter of Intent, Reservation, or Carryover Allocation Issued** | | | | | | | | |
| | | | | | | | | |
| Anne Wilder Richards Building (Western Ave) | Brattleboro | Windham | Non MSA | 21 | 18 | New Construction | 288,000 | 2009 Credits, approved 10/08 |
| North Branch and Barre Street Rehabilitation | Montpelier | Washington | Non MSA | 39 | 34 | Acq/Rehab | 260,000 | Board approved; 2008 Carryover |
| Bellows Falls Housing- Pine Street | Bellows Falls | Windham | Non MSA | 11 | 11 | Acq Rehab | 210,000 | 2009 Credits, approved 6/08 |
| Abbott Neighborhood Housing | Brattleboro | Windham | Non MSA | 29 | 27 | Acq Rehab | 283,500 | Board approved; 2008 Carryover |
| Salisbury Square | Randolph | Orange | Non MSA | 12 | 12 | New Construction | 160,000 | 2009 Credits, approved 6/08 |
| Vergennes Senior | Vergennes | Addison | Non MSA | 25 | 20 | New Construction | 410,000 | 2009 Credits, approved 7/08 |
| Rutland Scattered Sites 2008 | Rutland | Rutland | Non MSA | 27 | 25 | Acq Rehab New Const | 369,600 | 2008 credits |
| Brookside - St Albans | St Albans | Franklin | MSA | 37 | 37 | New Construction | 692,067 | 2009 Credits |
| Brookside HVT | Colchester | Chittenden | MSA | 42 | 36 | New Construction | 585,000 | 2009 Credits |
| Meadowlane Apartments | Milton | Chittenden | MSA | 36 | 35 | Acq/Rehab/New Const | 326,000 | 2008 Credits; approved 10/1/07 |
| Cummings Street Apartments | Montpelier | Washington | Non MSA | 20 | 20 | Acq/Rehab | 77,700 | 2008 Credits; Letter of Intent issued |
| Grange Hill | Woodstock | Windsor | Non MSA | 26 | 26 | New Construction | 365,500 | to use 2007 credits, board approved June 07 |
| NAMCO Block Allocated | Windsor | Windsor | Non MSA | 43 | 43 | Acq/Rehab | 629,580 | ~~to use: 619,616 of '08 & 9,964 of '09~~ |
| Tontine Canal | Guilford/Brattleboro | Windham | Non MSA | 21 | 19 | Acq/Rehab | 229,500 | ~~to use 2007 credits, board approved June 07~~ |
| King Street Housing/Howard Bank Block | Burlington | Chittenden | MSA | 20 | 20 | New Construction | 410,000 | to use 2007 & 08credits, board approved June |
| Wheeler Brook Housing | Warren | Washington | Non MSA | 18 | 18 | New Construction | 323,453 | credit increased may 2008 |
| Downtown Crossing | Bennington | Bennington | Non MSA | 12 | 11 | Rehab/New Construction | 152,379 | 2007 reservations issued |
| Stonewall / Bianchi | Montpelier | Washington | Non MSA | 18 | 17 | Acq/Rehab | 150,000 | 2007 reservation issued |
| Hardwick - Bemis Block | Hardwick | Caledonia | Non MSA | 14 | 14 | Rehabilitation | 98,000 | Has 2007 Carryover & 2007 Commitment |
| Willard Mill | St. Albans | Franklin | MSA | 27 | 25 | Acq/Rehab | 360,100 | Board Approved; 2007 Commitment |
| Birge & Worden | Brattleboro | Windham | Non MSA | 17 | 15 | Acq/Rehab | 244,000 | Board Approval; 2007 Reservation |
| Sylvan Woods Stowe | Stowe | Lamoille | Non MSA | 28 | 22 | New Construction | 519,000 | Construction Complete; 8609s Issued |
| Village Housing | Middlebury | Addison | Non MSA | 30 | 25 | New Construction | 531,000 | Board Approved; 2006 Carryover |
| Rutland AFS | Rutland | Rutland | Non MSA | 13 | 12 | New Construction/Rehab | 227,000 | Construction Complete; 8609s Issued |
| Callahan Housing | Burlington | Chittenden | MSA | 28 | 28 | Acq/Rehab | 267,750 | Construction Complete; 8609s Issued |
| Bradford | Bradford | Orange | Non MSA | 32 | 27 | Rehabilitation | 434,375 | Construction Complete |
| Enosburg Falls Downtown Redevelopment | Enosburg Falls | Franklin | Non MSA | 28 | 25 | New Construction/Rehab | 509,250 | Construction Complete; 8609s Issued |
| Eastern Townships (fka Main St Mill) | Richford | Franklin | Non MSA | 12 | 12 | Rehabilitation | 162,500 | Construction Complete; 8609s Issued |
| Wilder Building | Brattleboro | Windham | Non MSA | 8 | 8 | Rehabilitation | 118,500 | Construction Complete; 8609s Issued |
| West River Valley Senior Housing | Townshend | Windham | Non MSA | 52 | 34 | New Construction | 482,650 | Construction Complete; 8609s Issued |

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**Vermont Housing Finance Agency**

**MEMORANDUM**

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: February 2, 2009

**RE: CONFIRMATION OF UPCOMING VHFA BOARD MEETING**

This is to notify you that the next meeting of the Vermont Housing Finance Agency Board of Commissioners has been confirmed. The meeting will be held:

**Monday, February 9, 2009**
Vermont Association of Realtors
148 State St., Montpelier
**8:00 a.m. – noon**

Attached are the Agenda and Board packet. Please feel free to contact me should you have any questions prior to the meeting.

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**VHFA BOARD MEETING AGENDA**
**Monday, February 9, 2009**
Vermont Association of Realtors
148 State St., Montpelier
**8:00 a.m. – noon**

| | |
|---|---|
| **Meeting Start** | **8:00 a.m.** |
| **Review and Approval of December 18, 2008 and January 20, Board Minutes** (5 minutes) | Enclosure |
| ***Consent Agenda:* Action Requested** (10 minutes) | |
| • Modification to TD Bank, N.A. Lines of Credit | Mullikin Drake/Enclosure |
| • Multi-Family General Authorizing Resolution | Connors/Enclosure |
| **Executive Director's Report** (5 minutes) | Carpenter/Enclosure |
| • Update on Housing Provisions of Economic Stimulus Package (15 minutes) | Carpenter/Discussion |
| • Legislative Update (10 minutes) | Carpenter/Discussion |
| **Finance** | |
| • Financial Update (15 minutes) | Connors/Discussion |
| • 2nd Quarter 2009 Financial Statements (15 minutes) | Connors/Enclosure |
| • Organizational Subsidies – Budget Considerations FY2010 (15 minutes) | Adams/Enclosure |
| • Pledged Equity Fund (15 minutes) | Carpenter/Discussion |
| **Break** (15 minutes) | 9:45 a.m. |
| **Development** | |
| • Johnson Community Housing, Johnson (15 minutes) | |
| · Allocated Housing Credits | Reid/Enclosure |
| • Alburgh Family Housing, Alburgh (15 minutes) | |
| · Allocated Housing Credits & Construction Financing | Slade/Enclosure |
| • North Branch and Barre Street Rehabilitation, Montpelier (15 minutes) | Reid Enclosure |
| · Allocated Housing Credits | |
| • Shelburnewood , Shelburne (15 minutes) | |
| · Request for Waiver from Allocation Plan Process | Erdelyi/Enclosure |
| **Homeownership** | |
| • Update on Homeownership Program Options (15 minutes) | Adams/Enclosure |
| **Executive Session** (20 minutes) | |
| **Other Business** (10 minutes) | |
| **Adjournment** | **Noon** |

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**Reports:** ***FYI Only***

| | |
|---|---|
| ➢ Tax Credit Status Report | Reid/Enclosure |
| ➢ Interesting Housing Fact | Black-Plumeau/Enclosure |
| ➢ Summary of Homeownership Activities/Reports | Crady/Enclosure |
| ➢ Social Responsibility Committee Update | Social Responsibility Committee/Enclosure |
| ➢ 12/31/08 Budget Update | Gutchell/Enclosure |

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**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), Dagyne 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 Bittinger 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.


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## 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 that 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.

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**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.



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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.

vhfa

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)

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**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.

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

EQUAL HOUSING OPPORTUNITY

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.

vhfa

**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.

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

EQUAL HOUSING OPPORTUNITY

**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.

vhfa

**Vermont Housing Finance Agency**

# MEMORANDUM

**TO:** VHFA Board of Commissioners

**FROM:** Sarah E. Carpenter, Executive Director

**DATE:** February 2, 2009

**RE:** **EXECUTIVE DIRECTOR'S REPORT**

## Administration

The Agency held its annual Holiday party on December 19th. Given our economic times, staff made the suggestion that we have it on-site at VHFA and have a potluck luncheon. The boardroom was festively decorated, food was delicious, and the Yankee Swap consisting of items from staffs' homes was very interesting - elephant bamboo planters/plants; pink fuzzy slipper; beautiful paintings and the list goes on! It was great to have staff spend the afternoon together in this festive atmosphere.

Martha Panton celebrated her one year anniversary with the Agency in January and I celebrated my 10 year anniversary in December - my how time flies!

The HDS multifamily software conversion is moving along very well. Staff has been having meetings with HDS to review converted data and to understand more how the various aspects of the software will work with VHFA's processes. A late spring implementation date is anticipated.

Rick Jean and Chris MacAskill when to SunGard for our annual disaster recovery test for the Agency's computer system. They were successful in restoring the Mitas application and other files were restored. However, a problem was identified with the virtual server image that is used to restore the network framework. Once back at the Agency it was identified that this image was not backing up properly. A procedure has been put into place to test this on a monthly basis (this is strictly a network infrastructure image and not data). Now that the issue has been identified, another test is tentatively scheduled for February 12th.

The new 403(b) pension plan is in place and the first deposits were received by Newport Group on January 9th. The paperwork for the Voluntary Correction Plan with the IRS for the 401(k) plan was submitted January 16th and we hope to hear a ruling on this by late fall 2009.



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EQUAL HOUSING OPPORTUNITY

## Development

Staff have been working on a variety of developments, including five brought to the Board at its conference call on January 20th: Proctorsville Homeownership, Butterfield Homeownership, NAMCO allocated construction financing, Three Cathedral Square construction financing and credit allocation, and Blake Commons credit allocation. In addition, Cindy Reid has done work on evaluating the status of Eastview in Middlebury, the upcoming construction loan closing for Bellows Falls Family Housing, on two mobile home parks in central Vermont seeking bridge financing, on the formation of a Vermont chapter of AAHSA, a senior housing and services advocacy group, and on year-end tax credit reporting. Joe Erdelyi has looked at tax credit paperwork for Stonewall Bianchi in Montpelier, Passumpsic North and South in St. Johnsbury, Brookside Village in Colchester, and the ventures loans on Salisbury Square in Randolph, and has continued to look at the NSP program issues and other potential funding from the upcoming federal stimulus package. Josh Slade had pre-application meetings on Alburg Family and Shelburnewoods, and most importantly, received adoption placement of baby Amelia Hope Slade (born January 6th). Josh will be out on family leave as he heads to Maryland to pick her up!

## Homeownership

The Homeownership Department is working with US Bank to finalize procedures and training for lenders on the switch from whole loans to MBS. The department is also working on internal procedures. Dave Adams, Jacklyn Santerre and Pat Crady have also spent a significant amount of time working with Fannie Mae and U S Bank to determine the feasibility and competitiveness of a cash execution under the Fannie Mae Affinity Agreement. VHFA is considering using the program and pricing advantages given to HFAs to offer a program to Vermont Lenders. Many HFAs are considering this option.

Homeownership staff continues to be proactive in working with the servicers of our loans to avoid a foreclosure. VHFA now requires that the servicer request financial information on all delinquent loans to determine the feasibility of a longer term payment plan or loan modification. VHFA will not accept a loan for foreclosure unless this request has been made in writing and the borrower has been given 30 days to complete and return information. The only exception is when the home has been abandoned. Pat Lafond is also assisting Carolynn Mossey to more closely monitor the servicer's collection efforts so VHFA can recommend action to the servicer. We are also receiving an increase in the number of request for forbearance plans from borrowers who have lost their job.

## Multifamily

Multifamily staff has been working incredibly hard to complete reviews of 2009 budgets and 2008 audits. This time of year is always difficult because so much of their activity is tied to calendar year end reports. This is being compounded by the freeze on the open management officer position. Those 48 projects are being redistributed to other staff, but response time to owners will certainly be slowed down,

## Finance

The Finance team continues to work very hard to resolve several financial challenges the Agency is facing due to the impact of the global credit freeze. The most important challenge has been to try to replace some of the Agency's troubled liquidity providers (Depfa and Dexia). These banks have had their ratings downgraded recently, which makes it harder for VHFA to remarket its variable rate bonds.

One of the strong liquidity providers that the Agency works with is TD Bank. They have served as liquidity provider on three of our existing bond series. TD Bank has agreed to replace Depfa Bank on two additional series totaling approximately $25 million. They have also increased their overall commitment to VHFA to $75 million from $65 million. We expect these replacements to close on February 11th. TD Bank has been a loyal and proven partner through this troubled economy.

There have been several other alternatives being researched to replace additional liquidity in a number of creative ways. Our conversations with the Federal Home Loan Bank of Boston have not been successful. Potential other partners include:, Fannie Mae, Bank of America, Peoples United/Chittenden and perhaps a consortium of local banks. These options include providing direct liquidity (like TD Bank) or partnering with other entities in more complex arrangements. We have also applied for a line of credit with Fannie Mae's Community Express program. Other options have included asking partners to buy our variable rate bonds directly. Financial partners like Keybank and the State of Vermont have worked with us on that solution. Scott Baker and Tom Connors have been the people working on these liquidity solutions with the help of Al Hans from Piper Jaffray. Scott has completed countless requests for information from the ratings agencies and financial partners through the past several months with the help of Michelle Packard.

Finance has also been working with Executive Management to identify and implement opportunities to reduce our spending levels, given some of the unexpected expense increases related to the credit environment. Tim Gutchell has been the point person for Finance in tracking and reporting budget adjustments identified by the management team.

Another critical project for Finance at this time of year is to produce 1099's and 1098's by the January 31 deadline. Ashley Lamell has done a great job working with Lisa Clark and the IT team to implement software changes to the Mitas software, test all the changes and produce the forms on time and get them in the mail.

At the same time, the team has been completely focused on closing the December quarter and providing financial statements to our Board and business partners by our 30 day goal. Staff has been very focused at getting this done, including working extra hours and the Martin Luther King holiday. Sue Joachim and Martha Fleming have found ways to accelerate their processes to help keep the closing process on track. This was an example of excellent teamwork to get this done.

## Public Affairs

In the wake of the 2008 statewide housing conference, much of the Public Affairs Department's time has been focused on our Congressional delegation and federal legislation related to housing finance, particularly the Troubled Asset Recovery Program (TARP).

First, John Fairbanks and I crafted a letter for the delegation to the Federal Home Loan Bank of Boston, supporting our efforts to enlist the Bank as a liquidity provider.

Second, working with our sister HFA in Wisconsin, we helped facilitate a letter from Senators Leahy and Kohl to Federal Reserve Board Chair Bernanke on liquidity and bond purchase issues. They circulated that letter and pulled 19 other Senators, representing both parties, on as co-signers.

Meanwhile, Kohl and Leahy wrote separately, with Wisconsin's junior Senator, Russ Feingold, joining them, to Sen. Chris Dodd (D-CT, chair of Senate Banking) and Sen. Kit Bond (R-MO, a member, with Sen. Leahy, of the Appropriations Committee and a major player on housing legislation), requesting they use a portion of TARP funding to help HFAs experiencing liquidity challenges.

Through all this, John was in touch with his HFA colleagues, both in communications and legislative relations, keeping them informed and urging they contact their own Senators on this.

John also produced a memo for Sen. Leahy for a possible meeting. Leahy has already had a conversation with Lawrence Summers, one of President Obama's top economic advisors, where he urged the incoming administration to step in to help HFAs across the country.

That memo was replicated and sent as well to State Sen. Peter Shumlin as background for meetings he had the week of January 26th in Washington.

John has also been working with a group of six communications and legislative relations staff from HFAs around the country to prepare a media outreach effort on this issue. One step in this is a possible op-ed, co-signed by me and Antonio Riley, the executive director of the Wisconsin Housing and Economic Development Authority, to be published in a national paper.

On the state level, John is working on a memorandum describing the economic impact of the Vermont housing tax credit. There is a proposal in the House Ways and Means Committee to eliminate all state tax credits which could include this credit. This would be a substantial blow to financing affordable housing development.

John is also working with Rick DeAngelis, of the Housing and Conservation Board, and Erhard Mahnke, of the Vermont Affordable Housing Coalition, preparing the 2009 housing/wages report. This year's report will be underwritten by organizations outside the Agency and VHCB. It is tentatively scheduled for release March 16th.

As well, John is following up with two of his fellow presenters from the CHAPA conference last month to put together a communications conference for New England housing organizations, probably in the fall or in 2010.

I have been up to the state house several times to provide updates to various committees on VHFA. We also are working with the Treasurer's office and legislative committees for a statute change that will allow us to buy our own bonds if that should be necessary and to change some of the language so that we can use the Moral Obligation bonding authority we have a little more flexibility to create. I also have been appointed as Chair of a legislative committee on Rental Housing Safety and Habitability which will be presenting an interim report soon and will be working on recommendations for implementation in 2010.

Generally things at the Statehouse are pretty gloomy; I will try to keep you posted as proposals arise and things change.

See you on the 9th.

vhfa

Vermont Housing Finance Agency

**TO:** VHFA Board of Commissioners

**FROM:** Tom Connors, Chief Financial Officer

**RE:** Quarterly Financial Statements – December 31, 2008

**DATE:** **February 2, 2009**

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Attached please find the financial statements for the six months ended December 31, 2008 along with some additional explanations and comparative schedules.

The December results reflect how the credit crisis and the housing crisis continue to impact the Agency. Reflecting the slow housing market, loan originations, when compared to the same six month period a year ago (a record year) were down over 63% ($40.1 million vs. $109.8 million a year prior).

As you know, the credit crisis has impacted the Agency heavily in the area of our liquidity providers. Some of our variable rate bonds, which have Depfa Bank and Dexia as liquidity providers, have experienced serious remarketing problems, due to downgrade events of these banks. Financing costs increased $1 million for the first six months compared to the same period last year, reflecting $1.5 million of unanticipated basis paid on variable rate debt. We will be replacing Depfa with TD Bank as liquidity provider for Series 24A and 25A on February 11th, which will provide relief for approximately $25 million of our variable rate bonds. With the help of our financial advisors, staff has been aggressively looking to replace Depfa on one other series and Dexia on three series. We have worked on creative solutions with several other potential partners, but to date those solutions are either expensive, complicated or involve terms that will not be accepted by our bond insurer (FSA) or the rating agencies. The attached narratives and financial schedules will provide a good summary of what has transpired over the first six months of the fiscal year.

Some highlights from the financial results to date:

- The Agency reported an operating loss of ($747,469) for the six months ended December 31, 2008. This compares to an operating income of $2,118,192 for the same period ended December 31, 2007. When combined with an increase in market value of investments, the overall decrease in net assets for the six months is ($68,716). This compares to an increase in net assets of $2,768,512 for the same period in the prior year.



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EQUAL HOUSING OPPORTUNITY

- The impact of the credit crisis on many of our financial partners has translated into significant increased costs for the Agency.

    - Financing costs increased $1 million over the first six months last year, including $1.5 million of unanticipated basis paid on variable rate debt. This trend will continue until we close our replacement liquidity facilities, bringing variable interest expenses to more reasonable rates. Increased financing costs project to be approximately $2-$2.5 million over what was anticipated for the year.
    - Legal and other professional fees related to replacing Depfa and Dexia as liquidity providers, conversion of ARC's (Auction Rate Certificates) to VRDO's (variable Rate Demand Obligations), and other issues surrounding our liquidity and credit issues, totaled $106,729 through 12/31/2008. These costs were unanticipated at the start of the fiscal year and can be expected to continue until we resolve the underlying issues.

- The mortgage and construction loan portfolio grew by $12.3 million net of collections. This included $33.2 million of single-family mortgage purchases.

The financial statements for the first six months are attached, as well as more detailed explanations of the results. These have been very challenging times for the Agency and we expect these challenges to continue for a while. We have made significant progress in replacing our troubled liquidity providers, but we still have a lot of work to do.

We will continue to keep the Board informed of any major financial events as soon as they occur. As always, feel free to contact me directly, if you have any questions.

## Discussion of changes in Statement of Net Assets

The Agency's Statement of Net Assets consists primarily of single family and multi-family mortgage loans, cash and investments, and related bonds and notes payable. It also includes a portfolio of mortgage and construction loans financed through its Operating Fund, as well as a variety of other assets such as property and equipment, other receivables, and deferred charges.

Cash and investments are used to fund loan purchases, bond debt service, and reserve funds, and are typically held in guaranteed investment contracts or other investment vehicles, as authorized in accordance with the Agency's investment policy.

The following table summarizes the net assets of the Agency as of December 31, 2008 with comparative data from the prior fiscal year.

| | December 31, 2008 | June 30, 2008 | December 31, 2007 | % Change Dec 2008 vs. June 2008 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and investments | $ 161,550,174 | 200,568,394 | 220,159,008 | (19.5) |
| Loans receivable, net | 717,592,500 | 705,340,994 | 700,985,167 | 1.7 |
| Other assets | 19,633,565 | 20,176,584 | 20,559,210 | (2.7) |
| Total assets | 898,776,239 | 926,085,972 | 941,703,385 | (2.9) |
| **Liabilities** | | | | |
| Bonds and notes payable | 801,966,022 | 828,973,611 | 843,778,871 | (3.3) |
| Other liabilities | 12,621,390 | 12,854,819 | 13,076,277 | (1.8) |
| Total liabilities | 814,587,412 | 841,828,430 | 856,855,148 | (3.2) |
| **Net Assets** | | | | |
| Invested in capital assets | 1,630,152 | 1,593,923 | 1,571,985 | 2.3 |
| Restricted: | | | | |
| Bond and other requirements | 67,145,660 | 66,371,231 | 65,663,729 | 1.2 |
| Excess yield loans | 8,539,071 | 8,539,071 | 8,539,071 | — |
| Unrestricted | 6,873,944 | 7,753,317 | 9,073,452 | (11.3) |
| Total net assets | $ 84,188,827 | 84,257,542 | 84,848,237 | (0.1) |

Total assets decreased by $27.3 million or 2.9% for the six months ended December 31, 2008 when compared to the year ended June 30, 2008, primarily as a result of:

- Cash and investments decreased by $39 million, or 19.5%. Significant additions to cash were the proceeds of the new $50 million single-family bond deal that closed at the end of September, and $26.4 million in year-to-date mortgage loan P & I collections. Cash was used to pay off $48 million in notes and $27.5 million in bonds payable, and to purchase. $40.1 million of mortgage loans.

- Total mortgage and construction loans receivable increased by $12.3 million, or 1.7% for the six month period. Loan originations for the first six months of fiscal year 2009 were $40 million (vs. $109.8 million for the comparable period last year). Single family originations represented $33.2 million of this amount (vs. $90.6 million last year).

| Mortgage Loans Receivable: | | Six Months Ended December 2008 | Fiscal Year Ended June 2008 | Six Months Ended December 2007 | % Chg Year to Year Dec 2008 vs. June 2008 |
|---|---|---|---|---|---|
| Beginning balance | $ | 705,340,994 | 623,559,509 | 623,559,509 | 13.1 |
| Mortgage loan originations | | 40,085,862 | 159,721,796 | 109,818,753 | (63.5) |
| Principal collections | | (26,907,198) | (76,527,169) | (32,099,434) | (16.2) |
| Loans transferred to REO status | | (927,158) | (940,445) | (293,661) | 215.7 |
| Loan loss provision | | - | (472,697) | - | n/a |
| Ending balance | $ | 717,592,500 | 705,340,994 | 700,985,167 | 2.4 |

Total liabilities of the Agency decreased by $27.2 million, or 3.2% for the six months ended December 31, 2008 when compared to the year ended June 30, 2008, primarily as a net result of:

- $50 million in bonds issued under the Multiple Purpose resolution.
- Fifteen multi-family construction projects received $6.8 million in loan advances which were financed with notes payable from lending institutions. $7.2 million of prior loan advances were repaid.
- Two issues of Multiple Purpose Notes matured during the period, reducing notes payable by $48.2 million.
- $27.5 million of principle was paid on outstanding bonds payable.

## Discussion of changes in Statement of Revenues, Expenses and Changes in Net Assets

The Agency's operating revenues consist primarily of interest income on mortgage and construction loans, investment income, and miscellaneous fee income. Operating expenses consist of bond interest expense and other debt financing costs, operational expenses, and mortgage servicing fees.

The following summarizes the changes in net assets for the six months ended December 31, 2008 with comparative data from the prior fiscal year.

| | Six Months Ended December 2008 | Six Months Ended December 2007 | Fiscal Year Ended June 30, 2008 | % Chg Dec 2008 vs. Dec 2007 |
|---|---|---|---|---|
| **Operating Revenues** | | | | |
| Interest on loans | $ 21,400,455 | 20,494,163 | 41,677,841 | 4.4 |
| Interest on investments | 3,264,944 | 5,959,218 | 9,717,928 | (45.2) |
| Fee income | 150,379 | 259,312 | 699,694 | (42.0) |
| Other revenue | 102,297 | 32,217 | 75,684 | 217.5 |
| Total operating revenues | 24,918,075 | 26,744,910 | 52,171,147 | (6.8) |
| **Operating Expenses** | | | | |
| Financing costs | 22,610,316 | 21,593,720 | 43,355,316 | 4.7 |
| Operational expenses | 2,444,865 | 2,428,171 | 4,900,926 | 0.7 |
| Mortgage servicing | 528,461 | 664,441 | 1,338,593 | (20.5) |
| Loan loss provision | 191,487 | 58,424 | 512,180 | 227.8 |
| Loss on bond redemptions | (109,585) | (118,038) | (187,468) | n/a |
| Total operating expenses | 25,665,544 | 24,626,718 | 49,919,547 | 4.2 |
| Operating income (loss) | (747,469) | 2,118,192 | 2,251,600 | (135.3) |
| **Non-Operating Revenues** | | | | |
| Net appreciation (depreciation) in fair value of investments: | 678,753 | 650,320 | (73,782) | 4.4 |
| Excess (deficiency) of revenues | (68,716) | 2,768,512 | 2,177,818 | (102.5) |

The Agency's net loss for the six months ended December 31, 2008 was $68,716, compared to a surplus of $2,768,512 through the second quarter of last year. The change results primarily from the effects of:

- The operating loss for the period of $747,469, compared to a surplus of $2,118,192 for the comparable six months last year. A large portion of the change in results is due to decreased investment interest income of $2,694,274, and an increase in financing costs of $1,016,596 offset by increased mortgage loan interest income of $906,292.

- The decrease in investment interest income by $2.7 million, or 45.2%, from the same period last year, was due primarily to dramatically lower money market investment rates (0.01% this year versus 3.27% last year). In addition, the liquidation of our Depfa GIC, earning interest at average rates of 5%, resulted in reinvestment of approximately $10 million into money market accounts at the much lower interest rates. The balance of cash and investments was also lower at the end of the quarter as we bought mortgages with the proceeds of the new $50 million bond issue.

- The increased financing costs reflect approximately $1.5 million of unanticipated basis paid on VHFA's variable rate debt during the six month period.
- Net appreciation in the fair value of investments accounted for an increase in net assets of $678,753 through 12/31/08, compared to net appreciation of $650,320 in the first half of the prior year.
- Operational expenses increased by $16,694, or 0.7% compared to the year earlier period.

**VHFA** **VHFA CONSOLIDATED FINANCIAL STATEMENTS** **Date: 12/31/2**

| | GENERAL FUND | SINGLE FAMILY | MULTIPLE PURPOSE BONDS | MULTI FAMILY | GENERAL OBLIGATION | | TOTAL |
|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | |
| Cash and cash equivalents | 4,428,002.10 | 31,044,779.81 | 65,815,173.58 | 26,698,239.69 | | | 127,986,195.18 |
| Investments | 100,000.00 | 28,375,068.54 | | 5,088,910.53 | | | 33,563,979.07 |
| Mortgage and construction loan | 15,264,168.65 | 438,060,725.45 | 158,016,308.67 | 110,302,959.64 | | | 721,644,162.41 |
| Less: reserve for loan loss | 2,000,000.00- | 247,301.00- | 1,514,361.00- | 290,000.00- | | | 4,051,662.00- |
| Accrued interest receivable | | | | | | | |
| -Mortgage and notes | 1,160,549.08 | 1,908,691.75 | 473,954.13 | 360,015.26 | | | 3,903,210.22 |
| -Investments | 577.69 | 331,256.12 | 407,464.02 | 265,300.77 | | | 1,004,598.60 |
| Deferred cost of bond issuance | | 2,631,045.67 | 830,083.95 | 957,599.72 | | | 4,418,729.34 |
| Deferred mortgage origination fees, net | 313,927.66- | 1,406,448.36 | 252,472.94 | | | | 1,344,993.64 |
| Office furniture and fixtures | 1,667,197.58 | | | | | | 1,667,197.58 |
| Less: accumulated depreciation | 1,812,879.23 | | | | | | 1,812,879.23 |
| Land | 775,000.00 | | | | | | 775,000.00 |
| Building | 1,000,833.95 | | | | | | 1,000,833.95 |
| Other receivables:prepaids | 404,545.12 | 4,102,473.11 | 1,662,822.28 | 108,990.45 | | | 6,278,830.96 |
| Interfund receivables | 522,829.42- | 2,120,475.23 | 1,154,029.19- | 443,616.62- | | | |
| Other assets | | 1,018,311.29 | 34,738.50 | | | | 1,053,049.79 |
| TOTAL ASSETS | 20,151,237.86 | 510,751,974.33 | 224,824,627.88 | 143,048,399.44 | | | 898,776,239.51 |
| LIABILITIES & FUND BALANCE | | | | | | | |
| Deferred income | 187,424.00 | | | | | | 187,424.00 |
| Accounts payable | 461,199.87 | 2,746,150.03 | 327,575.81 | 100,832.18 | | | 3,635,757.89 |
| Escrowed cash deposits | 2,388,896.44 | 75,228.71- | | | | | 2,313,667.73 |
| Notes payable | 8,025,207.73 | | 21,845,000.00 | 20,713,702.97 | | | 50,583,910.70 |
| Accrued interest | 39,760.86 | 4,080,451.49 | 2,090,492.31 | 1,909,090.56 | | | 8,119,795.22 |
| Accreted interest | | | | | | | |
| Bonds payable | 544,653.37 | 463,155,000.00 | 181,115,000.00 | 106,567,458.41 | | | 751,382,111.78 |
| Unamort premium on bonds/notes | | 577,453.03- | 126,683.81- | 931,118.04- | | | 1,635,254.88- |
| Fund balance | 8,504,095.59 | 41,423,054.55 | 19,573,243.57 | 14,688,433.36 | | | 84,188,827.07 |
| TOTAL LIABILITIES & FUND BAL | 20,151,237.86 | 510,751,974.33 | 224,824,627.88 | 143,048,399.44 | | | 898,776,239.51 |

**VHFA**

# VHFA CONSOLIDATED FINANCIAL STATEMENTS

**Date: 12/31/2008**

| | GENERAL FUND | SINGLE FAMILY | MULTIPLE PURPOSE BONDS | MULTI FAMILY | GENERAL OBLIGATION | | TOTAL |
|---|---|---|---|---|---|---|---|
| REVENUES: | | | | | | | |
| Interest Income: | | | | | | | |
| Mortgage & construction loans | 465,634.85 | 13,078,783.44 | 4,249,685.85 | 3,606,351.29 | | | 21,400,455.43 |
| Investments | 27,590.32 | 1,479,190.59 | 1,331,056.59 | 427,106.30 | | | 3,264,943.80 |
| Gain/loss on investment sale | | | | | | | |
| Fee income: | | | | | | | |
| Multi-family programs | 111,672.74 | | 58,999.59 | 27,888.00- | | | 142,784.33 |
| Single family programs | 6,915.17 | 32.00 | 648.00 | | | | 7,595.17 |
| Grant income | | | | | | | |
| VHMGB income | | | | | | | |
| Miscellaneous income | 102,296.60 | | | | | | 102,296.60 |
| TOTAL REVENUES | 714,109.68 | 14,558,006.03 | 5,640,390.03 | 4,005,569.59 | | | 24,918,075.33 |
| EXPENSES: | | | | | | | |
| Financing costs: including interest and amortization of premium, discount & costs of issuance | 375,717.17 | 13,445,792.34 | 5,405,293.56 | 3,383,512.86 | | | 22,610,315.93 |
| Mortgage service, contract administration fees, & property disposition expense | 2,686.83 | 422,975.95 | 102,798.12 | | | | 528,460.90 |
| Salaries and benefits | 1,616,568.74 | | | | | | 1,616,568.74 |
| Operating expenses | 628,084.64 | | | | | | 628,084.64 |
| Professional fees | 79,892.15 | 11,000.03 | 1,514.80 | | | | 92,406.98 |
| Trustee and assignee fees | 107,804.41 | | | | | | 107,804.41 |
| Loss on bond redemptions | | 109,584.52- | | | | | 109,584.52- |
| Foreclosed property loss | | 191,486.84 | | | | | 191,486.84 |
| TOTAL EXPENSES | 2,810,753.94 | 13,961,670.64 | 5,509,606.48 | 3,383,512.86 | | | 25,665,543.92 |
| Surplus before change in investment market value | 2,096,644.26- | 596,335.39 | 130,783.55 | 622,056.73 | | | 747,468.59- |
| Change in investment value | | 632,588.87 | | 46,164.06 | | | 678,752.93 |
| Excess (deficiency) of revenues over expenses | 2,096,644.26- | 1,228,924.26 | 130,783.55 | 668,220.79 | | | 68,715.66- |
| Fund balance, beginning | 9,347,239.85 | 44,469,130.29 | 16,192,460.02 | 14,248,712.57 | | | 84,257,542.73 |
| Transfer to General Fund (net) | 1,253,500.00 | 4,275,000.00- | 3,250,000.00 | 228,500.00- | | | |
| Fund balance, end of period | 8,504,095.59 | 41,423,054.55 | 19,573,243.57 | 14,688,433.36 | | | 84,188,827.07 |

# MEMORANDUM

To: VHFA Board of Commissioners
From: Dave Adams
Date: 1-27-09 for meeting of February 9th, 2009
Re: Organizational Subsidies – Budget Considerations FY 2010.

In an effort to reduce all discretionary expenses, Staff feels we need to plan for the elimination of subsidies provided to outside parties until such time as VHFA returns to a secure and profitable financial condition. Organizational subsidies are one of the largest of these expenses. Reductions for unexpended subsidies were already made to the degree possible for this fiscal year. Staff is recommending we plan now to make additional cuts for FY2010 so the parties that would otherwise be recipients can be notified sooner than later and allow them to plan accordingly.

Organizational Subsidies were originally budgeted this year at $415,000. This was reduced by $125,000 to $290,000 as part of the most recent Board approved budget amendments. The reduction was comprised of the following:

- $100,000 Foreclosure Intervention Funding to Home Ownership Centers (HOCs).
- $10,000 Home buyer education fees to the HOCs reflecting lower production volumes.
- $15,000 other Organizational Support not yet spent.

The remaining $290,000 consisted of the items listed below that had already been paid or that require a continued provision:

- $209,000 Home Ownership Centers for operational support.
- $ 35,000 Home Ownership Centers for homebuyer education fees
- $ 15,000 Housing Vermont membership dues
- $ 21,000 DREAM, Opportunities Credit Union, Vt. Resident Service Coordinator.

Staff recommend and request Board approval to cut all of the above from the next FY budget, with the exception of Home Buyer Education Fees which are only paid to the Home Ownership Centers on loans financed by VHFA. Staff would revisit this as the Agency's financial condition allows.

vhfa

**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<br>26 tax credit units | **Unit Sizes:** | 22 1-BR @ 811 s.f.<br>17 2-BR @ 1,065 s.f.<br>4 3-BR @ 1,280 s.f. |
| **Total Cost:** | $6,888,671 | **Per S.F. Acquisition & Construction Cost:** | $226 |
| **Credits Requested:** | $492,000<br>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.

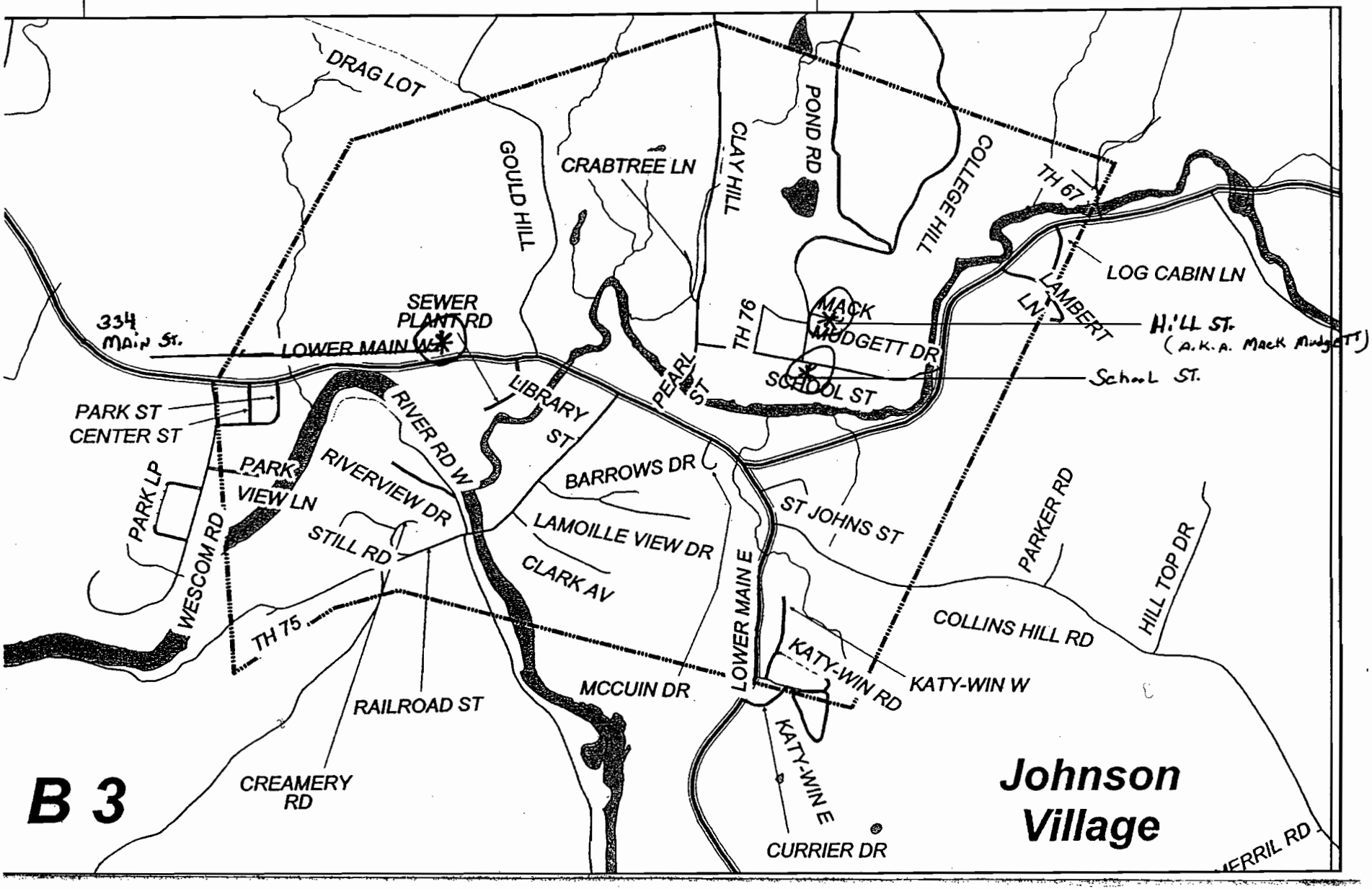
The Selectboard and Village Trustees as well as a local steering committee, support the project. The Planning Commission does not support it (they would prefer homeownership or a community facility on the site). The project does not need a local permit, however, because there is no zoning in Johnson. 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.

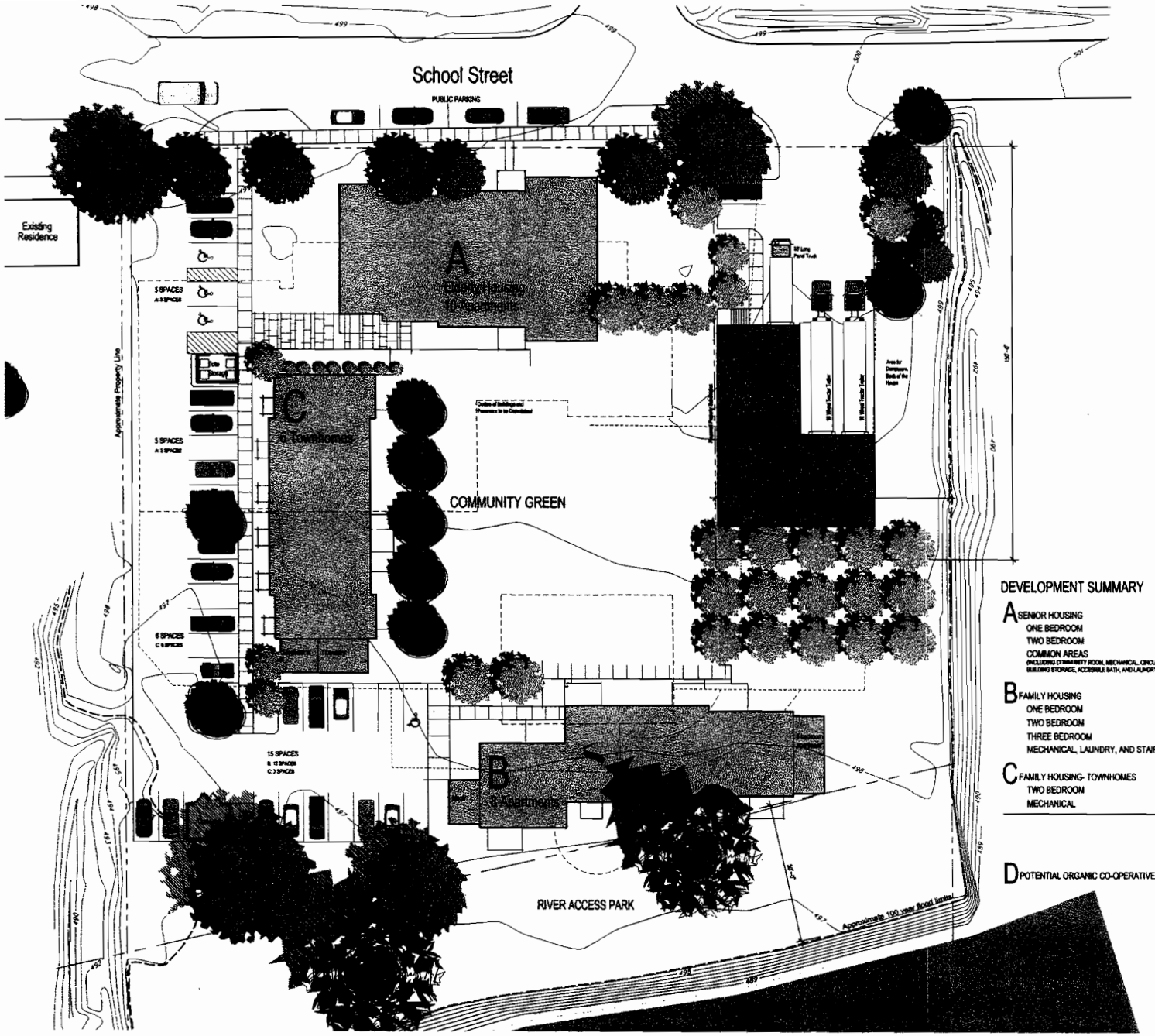
The architect is designing the new buildings to meet the Agency's Green Building standards. This will allow the project to obtain the 130% basis boost, which, per the 2009-2010 Allocation Plan, enables it to qualify for a higher amount of credit. The development will have municipal water and sewer.

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.


DRAG LOT
GOULD HILL
CRABTREE LN
CLAY HILL
POND RD
COLLEGE HILL
TH 67
LOG CABIN LN
LAMBERT LN
HILL ST.
(A.K.A. Mack Mudgett)
School ST.
334 Main St.
LOWER MAIN W
SEWER PLANT RD
MACK MUDGETT DR
TH 76
SCHOOL ST
PEARL ST
LIBRARY ST
RIVER RD W
PARK ST
CENTER ST
PARK VIEW LN
PARK LP
WESCOM RD
RIVERVIEW DR
STILL RD
BARROWS DR
LAMOILLE VIEW DR
CLARK AV
ST JOHNS ST
PARKER RD
HILL TOP DR
COLLINS HILL RD
TH 75
LOWER MAIN E
KATY-WIN RD
KATY-WIN W
KATY-WIN E
MCCUIN DR
RAILROAD ST
CREAMERY RD
CURRIER DR
B 3
Johnson Village




## DEVELOPMENT SUMMARY

| | | SF EACH | NUMBER | SF TOTAL | PARKING |
|---|---|---|---|---|---|
| **A** | SENIOR HOUSING | | | | |
| | ONE BEDROOM | 690 SF | 9 HOMES | 6,210 SF | 9 SPACES |
| | TWO BEDROOM | 815 SF | 1 HOME | 815 SF | 1 SPACE |
| | COMMON AREAS (INCLUDING COMMUNITY ROOM, MECHANICAL, CIRCULATION, MANAGERS OFFICE, OFFICE, STAIRS, BUILDING STORAGE, ACCESSIBLE BATH, AND LAUNDRY) | | | 2,775 SF | |
| **B** | FAMILY HOUSING | | | | |
| | ONE BEDROOM | 750 SF | 3 HOMES | 2,250 SF | 4 1/2 SPACES |
| | TWO BEDROOM | 950 SF | 4 HOMES | 3,800 SF | 6 SPACES |
| | THREE BEDROOM | 1,100 SF | 1 HOME | 1,100 SF | 1 1/2 SPACES |
| | MECHANICAL, LAUNDRY, AND STAIRS | | | 1,110 SF | |
| **C** | FAMILY HOUSING- TOWNHOMES | | | | |
| | TWO BEDROOM | 1,080 SF | 8 HOMES | 6,480 SF | 9 SPACES |
| | MECHANICAL | | | 185 SF | |
| | | | | 24,705 SF | 31 SPACES |
| **D** | POTENTIAL ORGANIC CO-OPERATIVE | 3,200 SF | | | 5 SPACES |

GBA
GOSSENS BACHMAN ARCHITECTS
65 Granite Shed Lane
Montpelier, Vermont 05602
P 802.229.1884 F 802.229.4623

# Johnson Community Housing

Johnson, Vermont

Revisions:

Job Number: 0000-00
File Name: 14 Units.dwg
Scale: 1" = 16'-0"
Date: January 6, 2009

## SITE PLAN

S1

©Gossens Bachman, Inc.

1 STREET ELEVATION

GBA
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ARCHITECTS

Gihon
Community
Housing

SENIOR
HOUSING

A2

1 COMMUNITY GREEN ELEVATION

GBA

GOSSENS BACHMAN ARCHITECTS

Gihon Community Housing

FAMILY HOUSING

B2

## 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 |
| Efficiciency 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 | Efficiciency | Existing | VHCB | LIHTC | TOTAL SOURCES |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | ACQUISITION | | | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | N/A | |
| | | | | | 30 | 30 | 30 | 30 | 30 | 30 | 0 | N/A | |
| 1 | Land | 81,829 | 2,922 | 3.43 | | 0 | 0 | | 0 | 21,541 | | 60,288 | 81,829 |
| 2 | Purchase of Building(s) | 265,365 | 9,477 | 11.13 | | 0 | | | | 265,365 | | | 265,365 |
| 3 | Demolition (without replacement) | 125,000 | 4,464 | 5.24 | 125,000 | | | | | | | | 125,000 |
| 4 | Property Appraisal | 5,000 | 179 | 0.21 | | | 5,000 | | | | 0 | | 5,000 |
| 5 | Legal - Title and Recording | 5,200 | 186 | 0.22 | | | 5,200 | | | | 0 | | 5,200 |
| | Acquisition/Carrying Costs | 0 | 0 | 0.00 | | | | | | | | | 0 |
| | Subtotal - Acquisition | 482,394 | 17,228 | 20.22 | | | | | | | | | |
| | 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 | 0 |
| 9 | Sitework | 403,700 | 14,418 | 16.92 | | | | | | | | 403,700 | 403,700 |
| 10 | Solor 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 | 372,092 | 13,289 | 15.60 | | | | | | | | 372,092 | 372,092 |
| 15 | Construction Management | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| 16 | Construction Bond Fee | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| 17 | Hazardous Materials Abatement | 831,536 | 29,698 | 34.86 | 706,536 | | | 125,000 | | | | 0 | 831,536 |
| 18 | Off-Site Improvements | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| 19 | Furnishings, Fixtures, & Equipment | 28,000 | 1,000 | 1.17 | | | | | | | | 28,000 | 28,000 |
| 20 | Other (_____) | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| | Subtotal - Hard Costs | 4,912,928 | 175,462 | 205.97 | | | | | | | | | |
| | SOFT COSTS | | | | | | | | | | | | |
| 21 | Architectural | 304,408 | 10,872 | 12.76 | | 200,000 | 0 | | | | 10,000 | 94,408 | 304,408 |
| 22 | Engineering | | 0 | 0.00 | | | | | | | | 0 | 0 |
| 23 | Legal/Accounting | 40,000 | 1,429 | 1.68 | | | | | | | | 40,000 | 40,000 |
| 24 | Relocation | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| 25 | Environmental Assessment | 0 | 0 | 0.00 | | | | | | | 0 | 0 | 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 | 0 |
| 38 | Lender's Counsel's Fee | | 0 | 0.00 | | | | | | | | 0 | 0 |
| 39 | Other (_____) | | 0 | 0.00 | | | | | | | | 0 | 0 |
| | SYNDICATION COSTS | | | | | | | | | | | | |
| 40 | Organizational (Partnership) | | 0 | 0.00 | | | | | | | | 0 | 0 |
| 41 | Bridge Loan Fees and Expenses | | 0 | 0.00 | | | | | | | | 0 | 0 |
| 42 | Syndication Consultant | | 0 | 0.00 | | | | | | | | 0 | 0 |
| 43 | Tax Opinion | | 0 | 0.00 | | | | | | | | 0 | 0 |
| | DEVELOPER'S FEES | | | | | | | | | | | | |
| 44 | Developer's Fees | 710,000 | 25,357 | 29.77 | | | | | | | | 710,000 | 710,000 |
| 45 | Other Partnership Fees | | 0 | 0.00 | | | | | | | | 0 | 0 |
| 46 | Consultant Fees | | 0 | 0.00 | | | | | | | | 0 | 0 |
| | RESERVES | | | | | | | | | | | | |
| 47 | Working Capital | 15,000 | 536 | 0.63 | | | | | | 0 | | 15,000 | 15,000 |
| 48 | Rent-up (Deficit Escrow) Reserve | | 0 | 0.00 | | | | | | | | 0 | 0 |
| 49 | Other Operating Reserves | 42,346 | 1,512 | 1.78 | | | | | | 0 | | 42,346 | 42,346 |
| 50 | Sinking Fund | | 0 | 0.00 | | | | | | | | 0 | 0 |
| 51 | Replacement Reserves | 0 | 0 | 0.00 | | | | | | 0 | | 0 | 0 |
| | Subtotal - Soft Costs | 1,493,350 | 53,334 | 62.61 | | | | | | | | | |
| | TOTAL DEVELOPMENT COSTS | 6,888,672 | 246,024 | 1.670 | 1,400,000 | 400,000 | 603,000 | 125,000 | 14,000 | 286,906 | 10,000 | 4,049,766 | 6,888,672 |
| | | | | over/ (unde | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 6,888,672 |

| | |
|---|---|
| COST BASIS FOR DEVEL FEE | 6,121,326 |
| DEVELOPER FEE | 710,000 |
| DEVELOPER FEE - | 11.60% |

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

| | | 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 | 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 | 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) |
| | | | | NET RENT | 195,145 |
| | OTHER INCOME | | | | |
| | Laundry | | | | 1,200 |
| | Parking | | | | 0 |
| | Commercial Space Income | | | | 0 |
| | Other | | | | |
| | | | | TOTAL INCOME | 196,345 |

27-Jan-09

# Johnson Community Housing

| | | Check all Applicable | | | | | | | | | A | | | | | B | | | | | | C | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Building # | | Unit # | HOME Unit | Lead Paint Unit | Project Based Assistance | Tax Credit Unit | VHCB Restricted | Accessible | Adaptable | Unrestricted | Number of Bedrooms | Proposed Square Footage | Proposed Rent | Utility Allowance for Tenant-Paid Utilities | Gross Rent (Rent + Tenant-Paid Utilities) | OCCUPIED BY: Income level of residents to be served: | | | | | | AFFORDABLE TO: Units affordable to residents at: | | | | | |
| | | | | | | | | | | | | | | | | <30% | <50% | <60% | <80% | <100% | >100% | 30% | 50% | 60% | 65% | 80% | 100%+ |
| **Senior** | 1 | 1 | 1 | | 1 | 1 | 1 | 1 | | | 1 | 690 | 680 | 0 | 680 | | 1 | | | | | | 1 | | | | |
| | 2 | 2 | 1 | | 1 | 1 | 1 | | 1 | | 1 | 690 | 680 | 0 | 680 | | 1 | | | | | | 1 | | | | |
| | 3 | 3 | 1 | | 1 | 1 | 1 | | 1 | | 1 | 690 | 680 | 0 | 680 | | 1 | | | | | | 1 | | | | |
| | 4 | 4 | | | 1 | 1 | 1 | 1 | | | 1 | 690 | 567 | 0 | 567 | | | 1 | | | | | | 1 | | | |
| | 5 | 5 | | | 1 | 1 | 1 | | 1 | | 1 | 690 | 567 | 0 | 567 | | | 1 | | | | | | 1 | | | |
| | 6 | 6 | | | | 1 | 1 | | 1 | | 1 | 690 | 567 | 0 | 567 | | | 1 | | | | | | 1 | | | |
| | 7 | 7 | | | | 1 | 1 | | 1 | | 1 | 690 | 567 | 0 | 567 | | | 1 | | | | | | 1 | | | |
| | 8 | 8 | | | | 1 | 1 | | 1 | | 1 | 690 | 567 | 0 | 567 | | | 1 | | | | | | 1 | | | |
| | 9 | 9 | | | | 1 | 1 | | 1 | | 1 | 690 | 567 | 0 | 567 | | | 1 | | | | | | 1 | | | |
| | 10 | 10 | | | 1 | 1 | 1 | | 1 | | 2 | 815 | 673 | 0 | 673 | | | 1 | | | | | | 1 | | | |
| **Family-new** | 1 | 11 | | | | 1 | 1 | | | | 2 | 1,080 | 673 | 49 | 722 | | | 1 | | | | | | 1 | | | |
| | 2 | 12 | | | | 1 | 1 | | | | 2 | 1,080 | 673 | 49 | 722 | | | 1 | | | | | | 1 | | | |
| | 3 | 13 | 1 | | | 1 | 1 | | | | 2 | 1,080 | 523 | 49 | 572 | | | 1 | | | | | | 1 | | | |
| | 4 | 14 | 1 | | | 1 | 1 | | | | 2 | 1,080 | 523 | 49 | 572 | | | 1 | | | | | | 1 | | | |
| | 5 | 15 | | | | 1 | 1 | | | | 2 | 1,080 | 673 | 49 | 722 | | | 1 | | | | | | 1 | | | |
| | 6 | 16 | | | | 1 | 1 | | | | 2 | 1,080 | 673 | 49 | 722 | | | 1 | | | | | | 1 | | | |
| | 7 | 17 | 1 | | | 1 | 1 | | | | 2 | 950 | 523 | 49 | 572 | | | 1 | | | | | | 1 | | | |
| | 8 | 18 | 1 | | | 1 | 1 | | | | 2 | 950 | 523 | 49 | 572 | | | 1 | | | | | | 1 | | | |
| | 9 | 19 | | | | 0 | 0 | | | 1 | 2 | 950 | 760 | 49 | 809 | | | 0 | | 1 | | | | 0 | | | 1 |
| | 10 | 20 | | | | 1 | 1 | | | | 2 | 950 | 673 | 49 | 722 | | | 1 | | | | | | 1 | | | |
| | 11 | 21 | | | | 1 | 1 | | | | 3 | 1,100 | 685 | 62 | 747 | | | 1 | | | | | | 1 | | | |
| | 12 | 22 | | | | 1 | 1 | | | | 1 | 750 | 567 | 40 | 607 | | | 1 | | | | | | 1 | | | |
| | 13 | 23 | | | | 1 | 1 | | | | 1 | 750 | 567 | 40 | 607 | | | 1 | | | | | | 1 | | | |
| | 14 | 24 | | | | 0 | 0 | | | 1 | 1 | 750 | 681 | 40 | 721 | | | 0 | | 1 | | | | 0 | | | 1 |
| **Hill Street** | 1 | 25 | | | | 1 | 1 | | | | 2 | 800 | 530 | 49 | 579 | | | 1 | | | | | | 1 | | | |
| | 2 | 26 | 1 | | | 1 | 1 | | | | 2 | 800 | 575 | 49 | 624 | | | 1 | | | | | | 1 | | | |
| **Main Street** | 1 | 27 | 1 | | | 1 | 1 | | | | 2 | 800 | 600 | 49 | 649 | | | 1 | | | | | | 1 | | | |
| | 2 | 28 | 1 | | | 1 | 1 | | | | 2 | 800 | 575 | 49 | 624 | | | 1 | | | | | | 1 | | | |
| **Total # Units** | | **28** | **10** | **0** | **6** | **26** | **26** | **2** | **8** | **2** | **Totals:** | 23,855 | 17,112 | | **Total # Units:** | 0 | 3 | 23 | 0 | 2 | 0 | 0 | 3 | 23 | 0 | 0 | 2 |
| | | | | | | | | | | 28 | 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 | |
| | | | | per unit month |
| Real Estate Taxes | 25,200 | 2,100 | 75 | excl. ds & res. |
| Property Insurance | 10,080 | 840 | 30 | 496 |
| Replacement Reserves | 15,120 | 1,260 | 45 | |
| Primary Debt Service | 0 | 0 | 0 | |
| Other "must pay" debt service | | 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 | | | | | | | | | | | | | | | | | | | | | |
| Gross Rent | | 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 |
| 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 | 1,615 | 1,647 | 1,680 | 1,714 | 1,748 |
| Vacancy and other losses | | (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) |
| Total Operating Income | | 196,345 | 199,296 | 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 | | | | | | | | | | | | | | | | | | | | | |
| Total Expenses (excl. Reserves) | | 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 |
| 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 |
| Total Operating Expense | | 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 |
| 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) |
| Less Primary Debt Service | | 0 | 0 | 0 | 0 | 0 | 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 | 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 | | 0 | 0 | 0 | 0 | 0 | 0 | 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 | | 14,641 | 12,368 | 9,986 | 7,491 | 4,879 | 2,147 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DCR | | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Cumulative Cash Flow | | | | | | | | | | | | | | | | | | | | | |
| Beginning Balance | | 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) |
| Deposits | | 14,641 | 12,368 | 9,986 | 7,491 | 4,879 | 2,147 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest | 2.0% | 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) |
| Withdrawals: | | | | | | | | | | | | | | | | | | | | | |
| Project Operating Needs | | 0 | 0 | 0 | 0 | 0 | 0 | (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) |
| 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 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 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) | (226,776) |
| Cumulative Replacement Reserves | | | | | | | | | | | | | | | | | | | | | |
| Beginning Balance | | 0 | 15,271 | 27,877 | 40,967 | 54,555 | 61,855 | 73,143 | 84,584 | 96,169 | 107,886 | 117,005 | 129,288 | 141,695 | 154,211 | 166,822 | 177,944 | 191,139 | 204,412 | 217,745 | 231,119 |
| Deposits | | 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 |
| Interest | 2.0% | 151 | 459 | 713 | 977 | 1,252 | 1,400 | 1,628 | 1,859 | 2,094 | 2,331 | 2,516 | 2,764 | 3,015 | 3,268 | 3,523 | 3,748 | 4,015 | 4,283 | 4,553 | 4,823 |
| Withdrawals | | 0 | (3,200) | (3,200) | (3,200) | (10,000) | (6,400) | (6,720) | (7,056) | (7,409) | (10,500) | (7,779) | (8,168) | (8,577) | (9,005) | (11,025) | (9,456) | (9,929) | (10,425) | (10,946) | (11,576) |
| Ending Balance | | 15,271 | 27,877 | 40,967 | 54,555 | 61,855 | 73,143 | 84,584 | 96,169 | 107,886 | 117,005 | 129,288 | 141,695 | 154,211 | 166,822 | 177,944 | 191,139 | 204,412 | 217,745 | 231,119 | 244,429 |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | | | | | |
| 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) | | | | | |
| 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 | | | | | |
| Less Interest Expense | | 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) | | | | | |
| Less Short Depreciation | | (3,571) | (3,571) | (3,571) | (3,571) | (3,571) | (3,571) | (3,571) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | |
| Taxable Income (Loss) | | (72,153) | (74,199) | (76,351) | (78,612) | (80,987) | (83,479) | (86,092) | (85,261) | (88,131) | (91,136) | (94,281) | (97,571) | (101,011) | (104,606) | (108,362) | | | | | |
| Cash Flow | | 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 | | | | | |
| Plus Historic Rehab Credits | | 0 | | | | | | | | | | | | | | | | | | | |
| Plus State Credits | | 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 | | | | | | | | | | |
| After Tax Cash Flow | | 517,253 | 517,970 | 518,723 | 519,514 | 520,345 | 521,218 | 522,132 | 521,841 | 522,846 | 523,898 | 32,998 | 34,150 | 35,354 | 36,612 | 37,927 | | | | | |

| | |
|---|---|
| Original Basis | 6,745,497 |
| Less Depreciation | ########## |
| Basis at Sale | 8,245,639 |
| Sales Price | #REF! |
| Gain | #REF! |
| Exit Tax | #REF! |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Years | 15 | | | | | | | | | | | | | | | |
| Reinvestment Rate | 6.00% | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Current After Tax Cash Flows | | 517,253 | 517,970 | 518,723 | 519,514 | 520,345 | 521,218 | 522,132 | 521,841 | 522,846 | 523,898 | 32,998 | 34,150 | 35,354 | 36,612 | 37,927 |
| 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 |
| Discount Rate: | 7.50% | | | | | | | | | | | | | | | |
| Capital Contribution Number: | 1 | 2 | 3 | 4 | | | | | | | | | | | | |
| Date of Capital Contribution: | 15-Mar-09 | 30-Jun-09 | 30-Sep-10 | | | | | | | | | | | | | |
| Amount of Capital Contribution: | 100 | 3,239,812 | 809,853 | 0 | | | | | | | | | | | | |
| Present Value of Contributions: | 100 | 3,168,398 | 720,082 | 0 | | | | | | | | | | | | |
| Cash Flows | (3,888,579) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9,937,576 |
| IRR: | 6.45% | | | | | | | | | | | | | | | |
| Equity Yield: | 79% | | | | | | | | | | | | | | | |

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<br>13 LIHTC | **Unit Sizes:** | 2 – One Bedroom (725 sq ft)<br>5 – Two Bedroom (981 sq ft)<br>5 – Three Bedroom (1,100 sq ft)<br>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 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.

WEST ELEVATION
1/8" = 1'-0"

ALBURGH FAMILY HOUSING
ALBURGH
VERMONT

S2 ARCHITECTURE
8224 SHELBURNE RD
SHELBURNE VT 05482
P 802 985 5486
F 802 985 5385

MAIN STREET APTS.

DATE: 12.29.08
REVISION:
1.5.09

DRAWING TITLE:
WEST ELEVATION

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% | | |

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

| | | Budget | Per Unit | Per s.f. | Allocation of Sources VHCB Terms:___ | HOME Terms:___ | VCDP - NSP Terms:___ | Debt Terms:___ | Equity Terms:___ | Eff. Vt. Terms:___ | TOTAL SOURCES |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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 | 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 | | | |
| | Total Eligible Basis | | 358,495 | 2,228,350 | | | 0 Annual Historic Credit | | | |
| 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 |
| Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only) | 1,631,530 |
| Estimated Yield - Housing Credit Syndication | 81.58% |
| Equity Gap | 1,631,459 |
| Credits Needed to fill Equity Gap | 199,991 |

13,000 Short Term Depreciable Basis

7 Depreciation Schedule

1,857 Annual Depreciation

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 | 0 | 0 | | | 0 |
| | (234) | | | | | |
| Common Area Square Footage | | 250 | | | | |
| | Grand Totals | 13,705 | 13 | | | 123,960 |
| | | Less Vacancy | 15.00% | | | (18,594) |
| | | | | | NET RENT | 105,366 |
| | | OTHER INCOME | | | | |
| | | Laundry | | | | 0 |
| | | Parking | | | | 0 |
| | | Commercial Space Income | | | | 0 |
| | | Other | | | | 250 |
| | | | | | TOTAL INCOME | 105,616 |

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

| | Check all Applicable | | | | | | | | | A | | | | | B | | | | | | C | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Building # | Unit # | HOME Unit | Lead Paint Unit | Project Based Assistance | Tax Credit Unit | VHCB Restricted | Accessible | Adaptable | Unrestricted | Number of Bedrooms | Proposed Square Footage | Proposed Rent | Utility Allowance for Tenant-Paid Utilities | Gross Rent (Rent + Tenant-Paid Utilities) | OCCUPIED BY: Income level of residents to be served: | | | | | | AFFORDABLE TO: Units affordable to residents at: | | | | | |
| | | | | | | | | | | | | | | | <30% | <50% | <60% | <80% | <100% | >100% | 30% | 50% | 60% | 65% | 80% | 100%+ |
| 1-2 Carle | 1 | | | 1 | 1 | | | | | 2 | 1,050 | 820 | 44 | 864 | | 1 | | | | | | 1 | | | | |
| | 2 | | | 1 | 1 | | | | | 3 | 1,150 | 822 | 59 | 881 | | 1 | | | | | | 1 | | | | |
| 3-4 Carle | 3 | | | 1 | 1 | | | | | 2 | 1050 | 820 | 44 | 864 | | 1 | | | | | | 1 | | | | |
| | 4 | | | 1 | 1 | | | | | 3 | 1,150 | 822 | 59 | 881 | | 1 | | | | | | 1 | | | | |
| 5-6 Carle | 5 | | | 1 | 1 | | | | | 3 | 1,150 | 822 | 59 | 881 | | 1 | | | | | | 1 | | | | |
| | 6 | | | 1 | 1 | | | | | 4 | 1,600 | 893 | 76 | 969 | | 1 | | | | | | 1 | | | | |
| 7-9 Carle | 7 | | | 1 | 1 | | | | | 3 | 1,150 | 822 | 59 | 881 | | 1 | | | | | | 1 | | | | |
| | 8 | | | 1 | 1 | | | | | 1 | 750 | 771 | 29 | 800 | | 1 | | | | | | 1 | | | | |
| | 9 | | | 1 | 1 | | | | | 1 | 750 | 771 | 29 | 800 | | 1 | | | | | | 1 | | | | |
| Main Street | 10 | | | 1 | 1 | | 1 | | | 2 | 980 | 820 | 44 | 864 | | 1 | | | | | | 1 | | | | |
| | 11 | | | 1 | 1 | | | | | 2 | 980 | 820 | 44 | 864 | | 1 | | | | | | 1 | | | | |
| VHFA 0% | 12 | | | 1 | 1 | | 1 | | | 2 | 940 | 820 | 44 | 864 | | 1 | | | | | | 1 | | | | |
| | 13 | | | 1 | 1 | | | | | 1 | 770 | 771 | 29 | 800 | | 1 | | | | | | 1 | | | | |
| Total # Units | 13 | | | | | | | | | Totals: | 13,470 | 10,594 | | Total # Units: | 0 | 13 | 0 | 0 | 0 | 0 | 0 | 13 | 0 | 0 | 0 | 0 |
| | | | | | | | | | | Common | 250 | | | | | | | | | | | | | | | |
| | | | | | | | | | | Total SqFt | 13,720 | | | | | | | | | | | | | | | |

(2X4)

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 | | | |
| | | | | per unit month | | |
| Real Estate Taxes | 11,000 | 917 | 71 | excl. ds & res. | | |
| Property Insurance | 3,980 | 332 | 26 | 555 | | |
| Replacement Reserves | 7,800 | 650 | 50 | | | |
| Primary Debt Service | | 0 | 0 | | | |
| Other "must pay" debt service | | 0 | 0 | | | |
| Other | | 0 | 0 | 0 | 0 | |
| Total | 94,378 | 7,865 | 605 | | | |

"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 Recepits/Cumulative Cash Flow | 94,378 |

revision date: 8 6 2007

| 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 | 81,803 | 91,926 | 102,378 | 113,169 | 124,307 | 153,301 | 165,510 | 178,100 | 191,081 | 204,463 |
| 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 | 1,720 | 1,924 | 2,134 | 2,351 | 2,575 | 3,157 | 3,402 | 3,655 | 3,916 | 4,185 |
| 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 | 81,803 | 91,926 | 102,378 | 113,169 | 124,307 | 153,301 | 165,510 | 178,100 | 191,081 | 204,463 | 235,756 |
| | | 1 | 2 | 0 | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 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) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Taxable Income (Loss) | | (78,777) | (79,790) | (80,857) | (81,981) | (83,162) | (84,404) | (85,709) | (85,221) | (86,657) | (88,162) | (89,740) | (91,392) | (93,121) | (94,930) | (96,822) |
| 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 | 29,827 | 30,330 | 30,857 | 31,409 | 31,987 | 32,592 | 33,226 | 33,888 |
| Plus Historic Rehab Credits | | 0 | | | | | | | | | | | | | | |
| Plus State Credits | | 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 | | | | | |
| After Tax Cash Flow | | 227,572 | 227,927 | 228,300 | 228,693 | 229,107 | 229,542 | 229,998 | 229,827 | 230,330 | 230,857 | 31,409 | 31,987 | 32,592 | 33,226 | 33,888 |
| Total Years | 15 | | | | | | | | | | | | | | | |
| Reinvestment Rate | 6.00% | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Current After Tax Cash Flows | | 227,572 | 227,927 | 228,300 | 228,693 | 229,107 | 229,542 | 229,998 | 229,827 | 230,330 | 230,857 | 31,409 | 31,987 | 32,592 | 33,226 | 33,888 |
| 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 | 42,032 | 40,383 | 38,818 | 37,332 | 35,921 |
| 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 | 54,969.00 | 52,917.00 | 53,138.00 | 59,047.00 | 53,857.00 | 54,701.00 | 74,015.00 | -595,284.00 | -733,354.00 |
| Permanent Loan | 20,000 | 20,000 | | | | | | | | | | | | |
| RLEP | 6,500 | - | | | | | | | | | | | 6,500 | |
| NSP | 1,130,000 | | 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 | 922,265 | 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 |
| 535 | 0 | | | | | | | | | | | | | |
| Hazardous Materials Abatement | 0 | | | | | | | | | | | | | |
| Off-Site Improvements | 0 | | | | | | | | | | | | | |
| Furnishings, Fixtures, & Equipment | 13,000 | | | 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 | | | | | | | | | | | | | |
| DEVELOPER'S FEES | | | | | | | | | | | | | | |
| Developer's Fees | 270,000 | 140,000 | | | | | | | | | | | 65,000 | |
| Other Partnership Fees | 0 | | | | | | | | | | | | | |
| Consultant Fees | 0 | | | | | | | | | | | | | |
| RESERVES | | | | | | | | | | | | | | |
| Working Capital | 10,000 | | | | | | | | | | | | 10,000 | |
| Rent-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 | #REF! |

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.

vhfa

**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

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 | 2,797,320 |
| DEVELOPER FEE | 340,000 |
| DEVELOPER FEE % | 12.15% |

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

| | | Budget | Acquisition Basis | Construction Basis | Residential Depreciation | Historic Credit Basis | Other |
|---|---|---|---|---|---|---|---|
| | ACQUISITION | | | | | | |
| 1 | Land | 263,313 | | | | | |
| 2 | Purchase of Building(s) | 1,492,107 | 1,492,107 | | 1,492,107 | | |
| 3 | Demolition (without replacement) | 0 | | | 0 | | |
| 4 | Property Appraisal | 0 | 0 | | 0 | | |
| 5 | Legal - Title and Recording | 6,000 | 6,000 | | 6,000 | | |
| | Subtotal - Acquisition | 1,761,420 | | | | | |
| | CONSTRUCTION HARD COSTS | | | | | | |
| 6 | Rehabilitation | 1,920,000 | | 1,920,000 | 1,920,000 | 1,360,000 | |
| 7 | Envelope - additional | 254,000 | | 254,000 | 254,000 | 254,000 | |
| 8 | Energy Improvements (Solar) | 50,000 | | 50,000 | 50,000 | 25,745 | |
| 9 | Retaining Wall | 350,000 | | 350,000 | 350,000 | 350,000 | |
| 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 | 223,320 | | 223,320 | 223,320 | 198,975 | |
| 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 | 0 | | 0 | 0 | | |
| 20 | Other (_____) | 0 | | 0 | 0 | | |
| | Subtotal - Hard Costs | 2,797,320 | | | | | |
| | SOFT COSTS | | | | | | |
| 21 | Architectural | 226,500 | | 226,500 | 226,500 | 175,088 | |
| 22 | Engineering | 0 | | 0 | 0 | 0 | |
| 23 | Legal/Accounting | 50,000 | | 50,000 | 50,000 | 20,893 | |
| 24 | Relocation | 95,000 | | 95,000 | 95,000 | 66,162 | |
| 25 | Environmental Assessment | 33,450 | | 33,450 | 33,450 | 23,296 | |
| 26 | Energy Assessment | 0 | | 0 | 0 | 0 | |
| 27 | Permits/Fees | 18,904 | | 18,904 | 18,904 | 13,166 | |
| 28 | Independent Market Study | 3,000 | | 3,000 | 3,000 | 2,089 | |
| 29 | Construction Period Insurance | 5,000 | | 5,000 | 5,000 | 4,353 | |
| 30 | Construction Interest | 65,000 | | 48,750 | 65,000 | 52,758 | |
| 31 | Construction Loan Origination Fee | 42,500 | | 42,500 | 42,500 | 14,800 | |
| 32 | Taxes During Construction | 7,500 | | 7,500 | 7,500 | 4,353 | |
| 33 | Clerk of the Works | 15,000 | | 15,000 | 15,000 | 11,595 | |
| 34 | Marketing | 0 | | | | | |
| 35 | Loan & Lender Fees | 0 | | 0 | 0 | 14,800 | |
| 36 | Soft Cost Contingency | 6,000 | | 6,000 | 6,000 | 4,179 | |
| 37 | Permanent Loan Origination Fee | 0 | | | | | |
| 38 | Lender's Counsel's Fee | 0 | | 0 | 0 | 0 | |
| 39 | Other (tax credit app fees) | 9,450 | | | 9,450 | 6,581 | |
| | 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 | 170,000 | | 170,000 | 170,000 | 262,826 | |
| 45 | Other Partnership Fees | 170,000 | | 170,000 | 170,000 | 0 | |
| 46 | Consultant Fees | 0 | | 0 | 0 | 0 | |
| | RESERVES | | | | | | |
| 47 | Working Capital | 0 | | | | | |
| 48 | Rent-up (Deficit Escrow) Reserve | 7,500 | | | | | |
| 49 | Other Operating Reserves | 69,415 | | | | | |
| 50 | Sinking Fund | 0 | | | | | |
| 51 | Replacement Reserves | 54,000 | | | | | |
| | Subtotal - Soft Costs | 1,048,219 | | | | | |
| | TOTALS | 5,606,959 | 1,498,107 | 3,688,924 | 5,212,731 | 2,865,658 | |
| LESS: | Amount of Non-qualified Financing | | | | | | |
| LESS: | Historic tax Credit (Residential Portion) | | | 573,384 | 573,132 | 20% | Historic Credit Rate |
| | Total Eligible Basis | | 1,498,107 | 3,115,540 | | 573,132 | Annual Historic Credit |
| TIMES: | Adjusted for QCT/DDA | 130.0% | | 4,050,202 | | | |
| TIMES: | Applicable Fraction | 75.56% | 1,131,903 | 3,060,153 | | | |
| | Total Qualified Basis | | 1,131,903 | 3,060,153 | 4,639,600 | Long Term Depreciable Basis | |
| TIMES: | Applicable Percentage | | 3.28% | 9.00% | 27.5 | Depreciation Schedule | |
| | Total Annual Credit Qualified | | 37,126 | 275,414 | 168,713 | Annual Depreciation | |
| | Total possible tax credits | 312,540 | | | | | |
| | **Total Tax Credits Requested** | **290,000** | | | 0 | Short Term Depreciable Basis | |
| | Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only) | 2,456,255 | | | 7 | Depreciation Schedule | |
| | Estimated Yield - Housing Credit Syndication | 84.71% | | | 0 | Annual Depreciation | |
| | Equity Gap | 2,456,255 | | | | | |
| | Credits Needed to fill Equity Gap | 290,000 | | | | | |

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 | |
| | | | | per unit month excl. ds & res. 468 |
| Real Estate Taxes | 37,800 | 3,150 | 70 | |
| 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 | |

revision date: 8/6/2007

| 30-Jan-09 | | North Branch and Barre Street Rehabilitation | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Operating Income | | | | | | | | | | | | | | | | |
| Gross Rent | | 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 |
| 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 | | | | | | | | | | | | | | | | |
| Total Expenses (excl. Reserves) | | 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 |
| 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 |
| Total Operating Expense | | 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 |
| 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 |
| Less Primary Debt Service | | 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 Secondary Debt Service | | | | | | | | | | | | | | | | |
| Annual Cash Flow | | 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) |
| Operating Subsidies / Sinking Fund | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 485 | 5,519 | 10,791 |
| Net Cash | | 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 |
| DCR | | 276.14% | 265.15% | 253.55% | 241.31% | 228.40% | 214.80% | 200.48% | 185.42% | 169.60% | 152.98% | 135.54% | 117.24% | 98.06% | 77.96% | 56.92% |
| Cumulative Cash Flow | | | | | | | | | | | | | | | | |
| Beginning Balance | | 69,415 | 114,679 | 153,420 | 189,721 | 223,388 | 254,223 | 282,015 | 306,547 | 327,590 | 344,908 | 358,254 | 367,370 | 371,988 | 371,832 | 366,641 |
| Deposits | | 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 |
| Interest | 1.25% | 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 |
| Withdrawals: | | | | | | | | | | | | | | | | |
| Project Operating Needs | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (485) | (5,519) | (10,791) |
| 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 | (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) |
| Ending Balance | | 114,679 | 153,420 | 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 | | | | | | | | | | | | | | | | |
| Beginning Balance | | 54,000 | 72,809 | 91,835 | 101,930 | 121,769 | 141,857 | 141,080 | 66,028 | 63,339 | 60,104 | 61,346 | 56,996 | 52,013 | 46,364 | 40,017 |
| Deposits | | 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 |
| Interest | 1.25% | 827 | 1,064 | 1,304 | 1,433 | 1,683 | 1,937 | 1,930 | 994 | 963 | 925 | 943 | 891 | 832 | 764 | 687 |
| Withdrawals | | (6,318) | (6,703) | (16,244) | (7,003) | (7,387) | (28,892) | (103,552) | (30,652) | (31,572) | (27,467) | (33,494) | (34,499) | (35,534) | (36,600) | (37,932) |
| Ending Balance | | 72,809 | 91,835 | 101,930 | 121,769 | 141,857 | 141,080 | 66,028 | 63,339 | 60,104 | 61,346 | 56,996 | 52,013 | 46,364 | 40,017 | 32,704 |
| | | 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) | (37,309) | (37,040) | (36,750) | (36,438) | (36,102) | (35,740) | (35,350) | (34,930) | (34,477) | (33,990) | (33,465) | (32,899) |
| 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 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Taxable Income (Loss) | | (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) |
| 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 | | | | | | | | 69,813 | | | | | | |
| Plus State Credits | | 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 | | | | | |
| After Tax Cash Flow | | 900,268 | 330,397 | 331,204 | 332,059 | 332,963 | 333,919 | 334,927 | 335,990 | 406,922 | 338,285 | 49,522 | 50,819 | 52,180 | 53,606 | 55,098 |
| Total Years | 15 | | | | | | | | | | | | | | | |
| Reinvestment Rate | 6.00% | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Current After Tax Cash Flows | | 900,268 | 330,397 | 331,204 | 332,059 | 332,963 | 333,919 | 334,927 | 335,990 | 406,922 | 338,285 | 49,522 | 50,819 | 52,180 | 53,606 | 55,098 |
| 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 | 611,860 | 479,864 | 66,271 | 64,158 | 62,147 | 60,231 | 58,404 |
| Discount Rate: | 3.00% | | | | | | | | | | | | | | | |
| Capital Contribution Number: | 1 | 2 | 3 | 4 | | | | | | | | | | | | |
| Date of Capital Contribution: | 30-Jun-09 | 31-Mar-10 | 30-Sep-10 | | | | | | | | | | | | | |
| Amount of Capital Contribution: | 100 | 2,134,440 | 560,460 | 0 | | | | | | | | | | | | |
| Present Value of Contributions: | 100 | 2,086,258 | 539,518 | 0 | | | | | | | | | | | | |
| 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: | 91% | | | | | | | | | | | | | | | |

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.

vhfa

**Vermont Housing Finance Agency**

# MEMORANDUM

**TO:** VHFA Board of Commissioners

**FROM:** Joe Erdelyi, Director of Development

**DATE:** January 30, 2009

**RE:** Shelburne Wood Housing Credit Proposal

**Summary of Developer's Request:** That the VHFA Board of Commissioner waive the two-year rolling process for allocating credits as described in the approved Allocation Plan, for one of the Shelburne Wood developments.

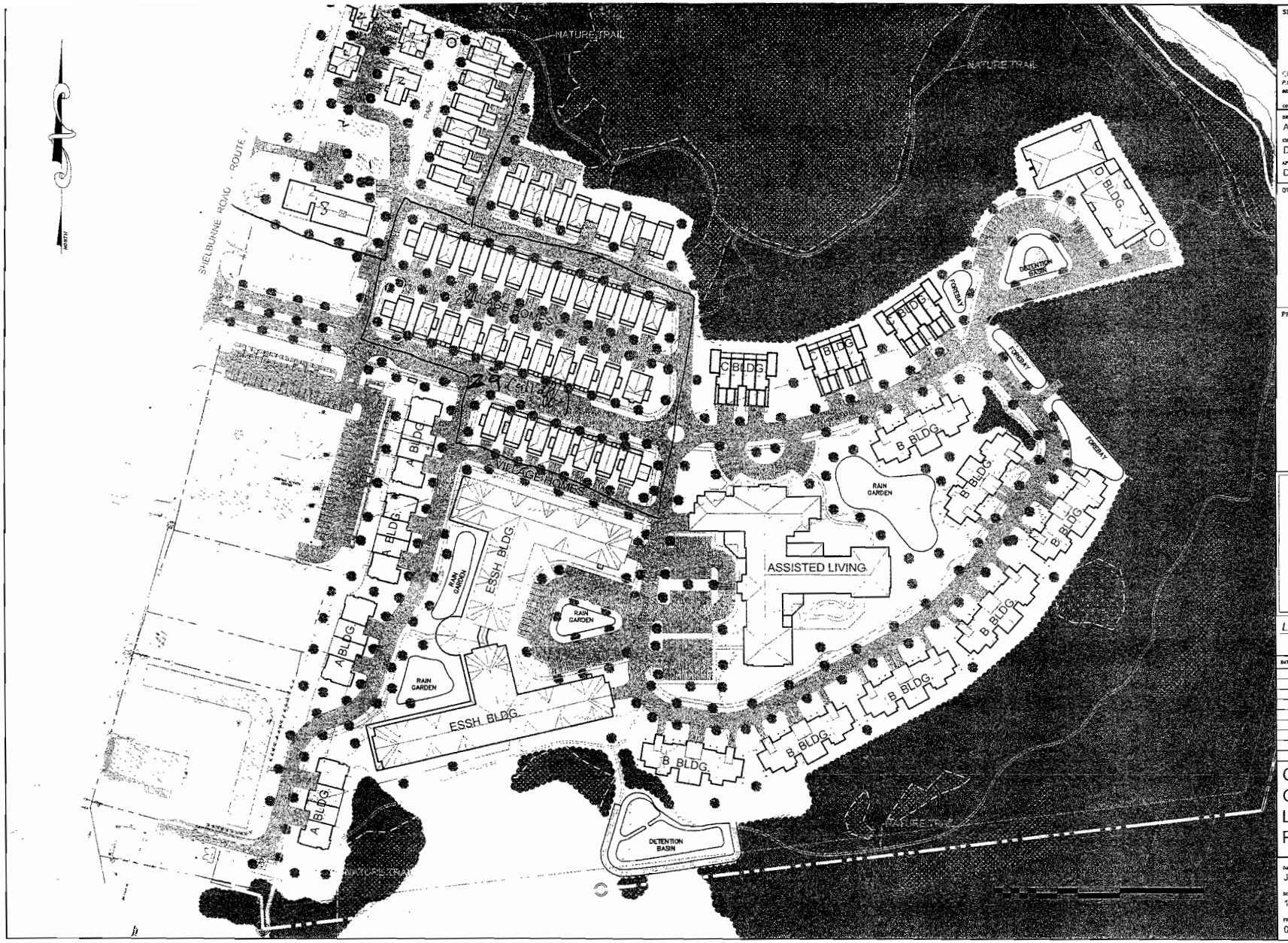
**Background:** VHFA Staff have had a pre-application meeting with Green Mountain Development Group and the Vermont State Housing Authority, co-developers of this site. The first two phases of development are being called: Shelburne Village Homes (29 detached modular homes that replace a mobile home park to be removed); and Harrington Village (25 apartments in a mix of bedroom sizes, both new construction and rehab). In Phase I all of the 29 homes are currently proposed to be tax credit units, and in Phase II 19 of the 25 apartments are tax-credit restricted. The developers are obtaining a market study and would like to go to the VHFA Board meeting in March for consideration of 9% credits for both phases. After the completion of these two phases the developer plans on substantial other development of the site over many years, including: for-sale homes within VHFA's price limits, market-rate for sale homes, affordable and market-rate senior rental housing with a la carte services, and assisted living (see attached site map).

The developer plans to acquire the entire site and proceed with the infrastructure for the first of these two phases in 2010. The credit request is $735,000 for Phase I and $480,000 for Phase II. Given the mechanics of working on the site, the pressing need to relocate the park residents, and possibly the market absorption, the developer is seeking the allocation of credits for Phase I from the 2010 ceiling, and for Phase II from the 2011 ceiling. This is their most realistic estimate of the timelines for these two phases. (In the future the developer also plans on applying for Housing Credits for some of the senior housing and possibly the assisted living.) Assuming the market study is acceptable, staff are prepared to review the application for Phase I and bring it to the March Board meeting.

VHFA's process looks at the current year's credit ceiling and the next year's ceiling, but does not allocate further than that. This is done to allow developers time to secure permits and funding, but also to not "tie-up" credits on some projects while causing other projects (that are possibly more ready-to-proceed) to do without. The Board previously waived this process only once, on Forest Park in Rutland, for the purpose of leveraging over $8 million of new HUD funding for the State. (The HOPE VI application was subsequently not funded, and the credits were uncommitted.) Staff informed the Shelburne Wood developer that VHFA could not entertain an application for credits that is not compliant with the Allocation Plan, but instead would first bring to the Board the request for waiver from this process. Because Phase II is a request from the 2011 credit ceiling, it seeks this waiver.

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

EQUAL HOUSING OPPORTUNITY




SITE ENGINEER:
CIVIL ENGINEERING ASSOCIATES, INC.
P.O. BOX 485 SHELBURNE, VT 05482
802-985-2223 FAX 802-985-2271 web: www.cea-vt.com

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DRAWN: ACL
CHECKED: DSM
APPROVED: DSM

OWNER:

GREEN MTN DEVELOPMENT GROUP

PROJECT:

SHELBURNE WOODS

SHELBURNE ROAD
SHELBURNE
VERMONT

LOCATION MAP
1" = 2000'

| DATE | CHECKED | REVISION |
|---|---|---|
| | | |

# CONCEPTUAL OVERALL LANDSCAPING PLAN

DATE: JULY, 2008
SCALE: 1" = 60'
PROJ. NO.: 07146

DRAWING NUMBER: L1

P:\AutoCADD Projects\2007\07146\07146.dwg, 10/1/2008 11:58:17 AM, akaselle

vhfa

MEMORANDUM

**Vermont Housing Finance Agency**

To: VHFA Board of Commissioners
From: Dave Adams and Pat Crady
Date: 2-02-09 for meeting of February 9th, 2009
Re: Singe Family Program Discussion – Options under Consideration

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**Background:**

VHFA's single family rates have been above conventional rates for several months. The results are evident in the Homeownership Production Report, with only $848,000 in loans purchase for the month of January, and $34.1 million so far YTD. There have been minimal reservations for the month of January and we continue to be concerned for the $26 million in unexpended bond proceeds which are invested at rates below our cost of the bonds (i.e. Negative Arbitrage).

Market conditions are not expected to return to normal anytime soon. Although we continue to work toward the implementation of the Mortgage Backed Security structure, the ability to issue tax-exempt mortgage revenue bonds that result in competitive pricing is limited and requires us to look at other options to get back into the market.

**Options being evaluated:**

I: Reduce our rates to something below "Full Spread Rate"

Piper Jaffrey recently updated their cash flow/yield analysis for loans purchased in this bond issue. That analysis calculates a full spread rate of 5.6% with 1 point which is lower than the original cash flow analysis. As a result and in an effort to get back in the market with more competitive rates, we reduced our rates to 5.50% with 1-point. The new rate was effective February 3rd. Although this is 10 basis points below full spread, our hope is that we will see some increase in production that enables us to spend down bond proceeds and reduce the cost we are experiencing from negative arbitrage.

II: Explore sale of loans to Fannie Mae through a Cash Execution

Staff is evaluating the feasibility of selling loans to Fannie Mae through their cash window. Fannie Mae offers HFA's better cash pricing than is available to the conventional market. Staff's preliminary evaluation indicates this may allow VHFA to get back in the market with more competitive rates.

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The process with our lenders will be the same as is currently being implemented under the Mortgage Backed Security structure. The only difference will be that once loans have been delivered to USBank, and with a minimum pool of loans totaling $1 million, we will evaluate whether selling loans for cash or swapping them for a Mortgage Backed Security is a better execution for the Agency.

Staff sees this as an added tool that will provide us with greater flexibility to respond to market changes with some potential opportunity for increased profitability. Any risk of locking in rates and prices in a cash execution will be minimized by setting rates based on the cost of funds from whatever bond series we have outstanding at the time. While we may opt to accept something less than full spread rate, as we are forced to do now, this will keep in place a mechanism to achieve whatever minimum spread we are willing to accept yet allows for another option if at the time of execution a cash delivery is more advantageous to the Agency.

Staff has more work to do to evaluate the Fannie Mae Cash Execution Option and will present more details at the March Board meeting.

III Unexpended Call

In the event conventional rates continue to fall and the Agency is unable to get back into the Single Family market, we will at some point need to consider using the uncommitted bond funds and pay-off the 2008-C bonds. This is referred to as an "Unexpended Call". The primary benefit of this option is to eliminate the expense of negative arbitrage which is currently running at -1.71% on the unexpended bond proceeds. We may call all or a portion of the bonds, but some concern is noted if any of the variable rate bonds are called as there is significant expense associated with unwinding these particular bonds. Current bondholders are not fond of having their bonds called which could be reflected in future bond sales. Additionally, to the degree bond proceeds are used to call the bonds those proceeds are no longer available to fund the Single Family Program.

**There is no Board Action Requested** at this time. Staff wants to keep the Board advised of the Options we are working on to either get our Single Family Program back in the market and/or to eliminate our exposure to negative arbitrage. We anticipate requesting Board authorization to allow the sale of loans to the Fannie Mae Cash Window at the March Board meeting. We will want this in place for implementation simultaneously with the MBS structure.

## VHFA 2008C ANALYSIS OF CURRENT WHOLE LOAN PROGRAM VERSUS FNMA CASH EXECUTION VERSUS FNMA MBS EXECUTION

| | 2008C WHOLE LOANS FULL SPREAD RATE SCENARIO | 2008C WHOLE LOANS RATES AS OF 2-3-09 | 2008C FNMA CASH EXECUTION 2-6-09 | 2008C AS IF FNMA MBS EXECUTION |
|---|---|---|---|---|
| **CASH IMPACT ANALYSIS** | | | | |
| 2008C Full Spread | 5.60 1 pt/ 5.75 0 pt | 5.5% and 1 point | 5.50% with no points | 5.50% with no points |
| Points Paid by Borrower | 1.00% | 1.00% | 0% | 0% |
| Fee Paid to Lenders | -1.75% | -1.75% | -1.50% | -1.50% |
| USBank Cash Sale Transaction Fee | N/A | N/A | -0.15% | N/A |
| USBank Service Release Premium to VHFA | N/A | N/A | 1.31% | 1.54% |
| Loan Level Price Adjustment-FNMA .56% | NONE | NONE | Borrower to Pay | Borrower to Pay |
| Adverse Market Fee - FNMA .25% | NONE | NONE | Borrower to Pay | Borrower to Pay |
| **FNMA 30-Day Cash Price** | N/A | N/A | **101.38%** | N/A |
| **NET IMPACT ON CASH TO(FR) VHFA** | -0.75% | -0.75% | 101.04% | 0.04% |

**INTEREST RATE SPREAD ANALYSISTO VHFA OVER LIFE OF LOANS**

| | | | | |
|---|---|---|---|---|
| Cost of Funds 2008C | 4.480% | 4.480% | 5.25% | 4.63% |
| Servicing Fee to Lenders | 0.250% | 0.250% | 0.25% | 0.31% |
| Guarantee Fee to Fannie Mae | 0.000% | 0.000% | N/A | 0.19% |
| **Spread to VHFA** | **0.875%** | **0.770%** | **0.00%** | **0.37%** |
| Note Rate to Borrower | 5.605% | 5.500% | 5.50% | 5.50% |

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**Vermont Housing Finance Agency**

# MEMORANDUM

**TO:** VHFA Board of Commissioners

**FROM:** Cynthia Reid, Senior Development Underwriter CR

**DATE:** January 29, 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 $3,054,031 of the 2009-2010 pool has been committed, leaving $2,060,969 available from 2010 to allocate. Assuming both projects before the Board at this meeting (Alburgh and Johnson) are funded, totaling $692,000, there will then be $1,368,969 remaining in 2010.

Please note that the 2010 pool is an estimated amount, and we will still receive some amount of national pool credits in 2009 and likely in 2010.

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 Alburgh Family Housing and Johnson Family Housing compare to other projects that recently received Housing Credit commitments.

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**phone** (802) 864-5743 **fax** (802) 864-5746 **www.vhfa.org**

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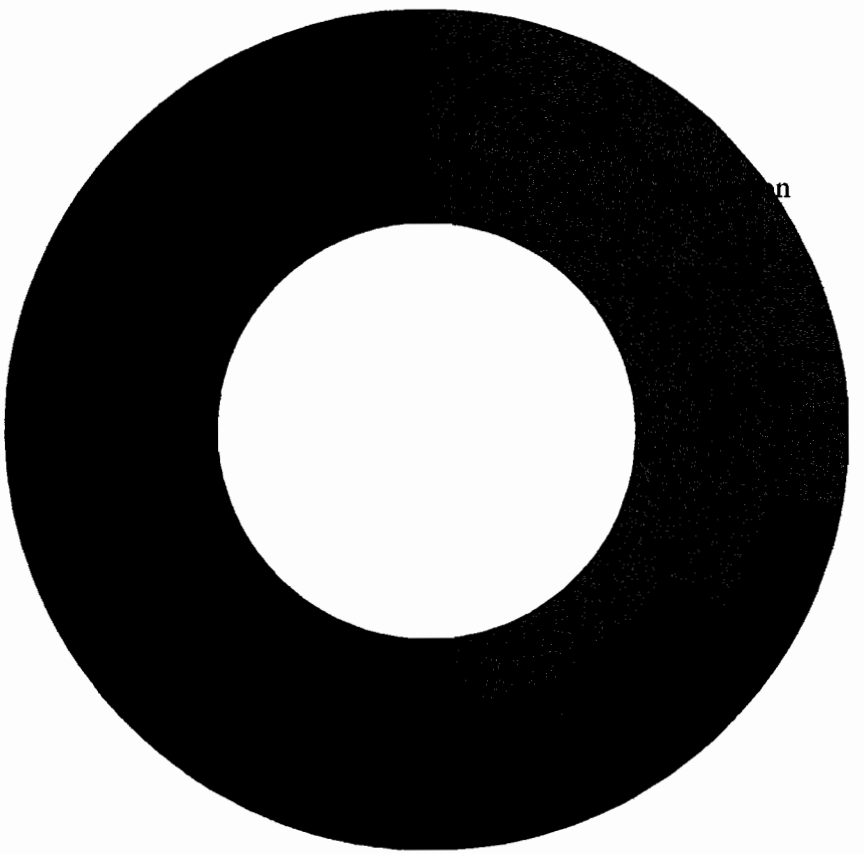
| | | | |
|---|---|---|---|
| 2008 Carry Forward to 2009 | | - | |
| Total 2009 Available | | 2,665,000 | |
| Total 2010 Available (est.) | | 2,450,000 | |
| 2009 National Pool | | - | |
| 2009 Returns | | - | |
| 2010 Returns | | - | |
| Total 2009-10 Available: | | 5,115,000 | |
| | | | |
| Less: LOI. Res. CA issued in 2009/10 | | 3,054,031 | |
| Remaining Available in 2009/10: | | | 2,060,969 |

| Project Name | City | County | MSA / Non MSA | Total # of Units | # of LIHTC Units | Project Type | Housing Credit Allocation | Status | Allocation Per Unit |
|---|---|---|---|---|---|---|---|---|---|
| **Pipeline** | | | | | | | | | |
| Barre Street Apartments (811) | Montpelier | Washington | Non MSA | 25 | 23 | Acq/Rehab | 150,000 | | 6,000 |
| Shelburnewoods 1 | Shelburne | Chittenden | MSA | 29 | 29 | New Construction | 735,000 | seeks 2/09 approval of 2010 credits | 25,345 |
| Shelburnewoods 2 | Shelburne | Chittenden | MSA | 25 | 19 | Acq/Rehab/New Constr | 480,000 | seeks 2/09 approval of 2011 credits | 19,200 |
| Ellis Block | Springfield | Windsor | Non MSA | 6 | | Rehabilitation | | | |
| **Pre-Applicaton Meetings** | | | | | | | | | |
| Upper Story Housing | Brattleboro | Windham | Non-MSA | 23 | 19 | New Construction | 453,650 | | 19,724 |
| Johnson Community Housing | Johnson | Lamoille | Non-MSA | 28 | 26 | New Const & Acq/Rehab | 492,000 | Seeks 2010 credits at 2/09 meeting | 17,571 |
| Alburgh Family | Alburgh | Franklin | MSA | 14 | 14 | Acq/Rehab/New Constr | 200,000 | Seeks 2010 credits at 2/09 meeting | 14,286 |
| Hausner Building (HDI) | Essex | Chittenden | MSA | 38 | 36 | New Construction | 708,048 | seeks 3/09 credit approval | 18,633 |
| **Letter of Intent, Reservation, or Carryover Allocation Issued** | | | | | | | | | |
| Blake Commons | Swanton | Franklin | MSA | 16 | 16 | New Construction | 333,500 | | 20,844 |
| Anne Wilder Richards Building (Western Ave) | Brattleboro | Windham | Non MSA | 21 | 18 | New Construction | 288,000 | 2009 Credits, approved 10/08 | 13,714 |
| North Branch and Barre Street Rehabilitation | Montpelier | Washington | Non MSA | 39 | 34 | Acq/Rehab | 260,000 | Board approved; 2008 Carryover | 6,667 |
| Bellows Falls Housing- Pine Street | Bellows Falls | Windham | Non MSA | 11 | 11 | Acq Rehab | 210,000 | 2009 Credits, approved 6/08 | 19,091 |
| Abbott Neighborhood Housing | Brattleboro | Windham | Non MSA | 29 | 27 | Acq Rehab | 283,500 | Board approved; 2008 Carryover | 9,776 |
| Salisbury Square | Randolph | Orange | Non MSA | 12 | 12 | New Construction | 160,000 | 2009 Credits, approved 6/08 | 13,333 |
| Vergennes Senior | Vergennes | Addison | Non MSA | 25 | 20 | New Construction | 410,000 | 2009 Credits, approved 7/08 | 16,400 |
| Rutland Scattered Sites 2008 | Rutland | Rutland | Non MSA | 27 | 25 | Acq Rehab New Const | 369,600 | 2008 credits | 13,689 |
| Brookside - St Albans | St Albans | Franklin | MSA | 37 | 37 | New Construction | 692,067 | 2009 Credits | 18,705 |
| Brookside HVT | Colchester | Chittenden | MSA | 42 | 36 | New Construction | 585,000 | 2009 Credits | 13,929 |
| Meadowlane Apartments | Milton | Chittenden | MSA | 36 | 35 | Acq/Rehab/New Const | 326,000 | 2008 Credits; approved 10/1/07 | 9,056 |
| Cummings Street Apartments | Montpelier | Washington | Non MSA | 20 | 20 | Acq/Rehab | 77,700 | 2008 Credits; Letter of Intent issued | 3,885 |
| Grange Hill | Woodstock | Windsor | Non MSA | 26 | 26 | New Construction | 365,500 | to use 2007 credits, board approved June 07 | 14,058 |
| NAMCO Block Allocated | Windsor | Windsor | Non MSA | 43 | 43 | Acq/Rehab | 629,580 | to use: 619,616 of '08 & 9,964 of '09 | 14,641 |
| Tontine Canal | Guilford/Brattleboro | Windham | Non MSA | 21 | 19 | Acq/Rehab | 229,500 | to use 2007 credits, board approved June 07 | 10,929 |
| King Street Housing/Howard Bank Block | Burlington | Chittenden | MSA | 20 | 20 | New Construction | 410,000 | to use 2007 & 08credits, board approved June | 20,500 |
| Wheeler Brook Housing | Warren | Washington | Non MSA | 18 | 18 | New Construction | 323,453 | credit increased may 2008 | 17,970 |
| Downtown Crossing | Bennington | Bennington | Non MSA | 12 | 11 | Rehab/New Construction | 152,379 | 2007 reservations issued | 12,698 |
| Stonewall / Bianchi | Montpelier | Washington | Non MSA | 18 | 17 | Acq/Rehab | 150,000 | 2007 reservation issued | 8,333 |
| Hardwick - Bemis Block | Hardwick | Caledonia | Non MSA | 14 | 14 | Rehabilitation | 98,000 | Has 2007 Carryover & 2007 Commitment | 7,000 |
| Willard Mill | St. Albans | Franklin | MSA | 27 | 25 | Acq/Rehab | 360,100 | Board Approved; 2007 Commitment | 13,337 |
| Birge & Worden | Brattleboro | Windham | Non MSA | 17 | 15 | Acq/Rehab | 244,000 | Board Approval; 2007 Reservation | 14,353 |
| Sylvan Woods Stowe | Stowe | Lamoille | Non MSA | 28 | 22 | New Construction | 519,000 | Construction Complete; 8609s Issued | 18,536 |
| Village Housing | Middlebury | Addison | Non MSA | 30 | 25 | New Construction | 531,000 | Board Approved; 2006 Carryover | 17,700 |
| Rutland AFS | Rutland | Rutland | Non MSA | 13 | 12 | New Construction/Rehab | 227,000 | Construction Complete; 8609s Issued | 17,462 |
| Callahan Housing | Burlington | Chittenden | MSA | 28 | 28 | Acq/Rehab | 267,750 | Construction Complete; 8609s Issued | 9,563 |
| Bradford | Bradford | Orange | Non MSA | 32 | 27 | Rehabilitation | 434,375 | Construction Complete | 13,574 |
| Enosburg Falls Downtown Redevelopment | Enosburg Falls | Franklin | Non MSA | 28 | 25 | New Construction/Rehab | 509,250 | Construction Complete; 8609s Issued | 18,188 |
| Eastern Townships (fka Main St Mill) | Richford | Franklin | Non MSA | 12 | 12 | Rehabilitation | 162,500 | Construction Complete; 8609s Issued | 13,542 |
| Wilder Building | Brattleboro | Windham | Non MSA | 8 | 8 | Rehabilitation | 118,500 | Construction Complete; 8609s Issued | 14,813 |
| West River Valley Senior Housing | Townshend | Windham | Non MSA | 52 | 34 | New Construction | 482,650 | Construction Complete; 8609s Issued | 9,282 |

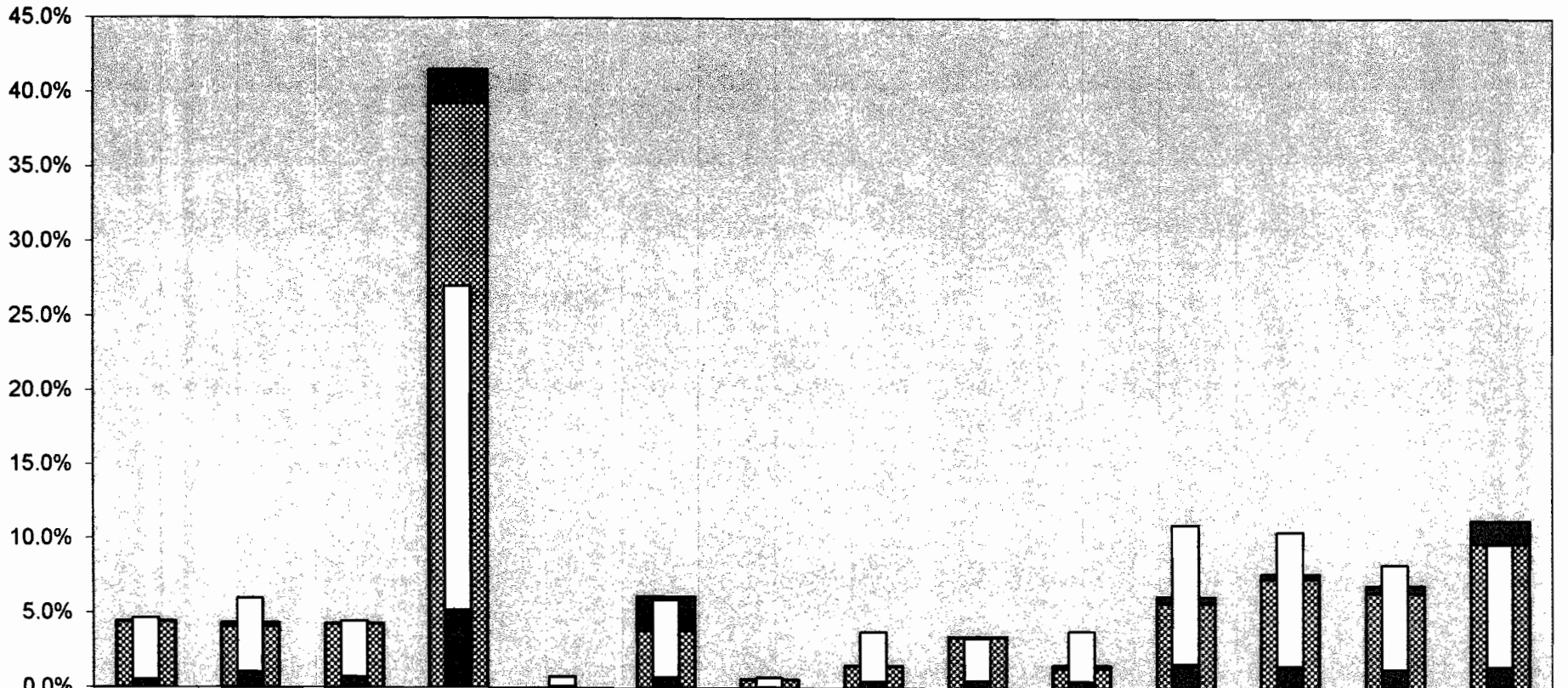
## State Consolidated Plan Priorities / Other Priorities Table

| | *First Tier* | | | | | | *Second Tier* | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2010** | **Rehab or Vacancy <3.5%** | **Family Housing** | **Settlement Pattern** | **Downtown or Village Center** | **Removal of Blight** | **Special Needs** | **Mixed Income** | **Unique Design** | **<30% or targets homeless** | **Public Housing** | **Eventual Tenant Ownership** | **Total** | **Housing Credit Amount** |
| Alburgh Family Housing | XX | XX | XX | XX | XX | | | | X | | | 65% | $ 200,000 |
| Johnson Community Housing | XX | XX | XX | XX | XX | | | | | | | 59% | $ 492,000 |
| Blake Commons | XX | XX | XX | XX | | | | | | | | 47% | $ 333,500 |
| **2009** | | | | | | | | | | | | | |
| Salisbury Square | XX | XX | XX | XX | XX | | | | | | | 59% | $ 160,000 |
| Vergennes Senior | XX | | XX | XX | | | X | | X | | | 47% | $ 410,000 |
| Brookside - Colchester | XX | XX | XX | XX | | | | | | | | 47% | $ 585,000 |
| Rutland Scattered Sites 2008 | XX | XX | XX | XX | | | | | | | | 47% | $ 352,000 |
| Anne Wilder Richards Bldg | XX | | XX | XX | | | | | X | | | 41% | $ 288,000 |
| Bellows Falls - Pine Street | XX | | XX | XX | | | | | X | | | 41% | $ 210,000 |
| Brookside - St. Albans | XX | XX | XX | | | | | X | | | | 41% | $ 492,000 |
| Colby House | XX | | XX | | XX | | X | | | | | 41% | $ 289,631 |
| Grange Hill | XX | XX | XX | | | | | | | | | 35% | $ 365,500 |
| **2008** | | | | | | | | | | | | | |
| Cummings Street Apts | XX | XX | XX | XX | | | | | X | | | 53% | $ 77,700 |
| Tontine Canal | XX | XX | XX | XX | | | | | | | | 47% | $ 229,500 |
| King Street Housing | XX | | XX | XX | | | | | | | X | 41% | $ 410,000 |
| Armory Square Allocated | XX | | XX | XX | | | | | X | | | 41% | $ 629,580 |
| Meadowlane Apts. Milton | XX | | XX | | | | | | X | | | 29% | $ 326,000 |
| North Branch Barre St Rehab | XX | XX | XX | XX | X | | | | | | | 53% | $ 260,000 |
| Abbott Scattered Sites | XX | XX | XX | XX | X | | | | | | | 53% | $ 283,500 |
| **2007** | | | | | | | | | | | | | |
| Stonewall / Bianchi | XX | XX | XX | XX | XX | | X | | X | | | 71% | $ 150,000 |
| Downtown Crossing | XX | XX | XX | XX | | | X | | | | | 53% | $ 152,379 |
| Bemis Block | XX | | XX | XX | XX | | | | X | | | 53% | $ 98,000 |
| Willard Mill, St. Albans | XX | XX | XX | XX | | | X | | | | | 53% | $ 360,100 |
| Main Street Mill Revelopmt Richford | XX | | XX | XX | XX | | | | | | | 47% | $ 162,500 |
| West River Valley Senior | | | XX | XX | | XX | X | | X | | | 47% | $ 482,650 |
| Callahan | XX | XX | XX | XX | | | | | | | | 47% | $ 267,750 |
| Birge & Worden, Brattleboro | XX | | XX | XX | | | X | | X | | | 47% | $ 244,000 |
| Wheeler Brook Housing | XX | XX | | | | | X | | | | | 29% | $ 260,000 |

# MSA / Non MSA



## Geographic Distribution




| | Addison | Bennington | Caledonia | Chittenden | Essex | Franklin | Grand Isle | Lamoille | Orange | Orleans | Rutland | Washington | Windham | Windsor |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ■ units in process | 0.0% | 0.2% | 0.0% | 2.2% | 0.0% | 2.2% | 0.0% | 0.0% | 0.0% | 0.2% | 0.4% | 0.3% | 0.5% | 1.5% |
| ▨ units in service | 4.4% | 4.1% | 4.3% | 39.3% | 0.0% | 3.9% | 0.6% | 1.5% | 3.4% | 1.4% | 5.8% | 7.4% | 6.5% | 9.8% |
| □ all rental housing | 4.6% | 6.0% | 4.5% | 27.0% | 0.8% | 5.9% | 0.7% | 3.8% | 3.4% | 3.8% | 11.0% | 10.5% | 8.3% | 9.7% |
| ■ all assisted units | 0.56% | 1.06% | 0.74% | 5.24% | 0.11% | 0.74% | 0.07% | 0.46% | 0.50% | 0.47% | 1.67% | 1.55% | 1.34% | 1.52% |

# Interesting Housing Fact
**February 2009 Board Meeting**
**Prepared by Leslie Black-Plumeau**

## Vermont's Economic Projections

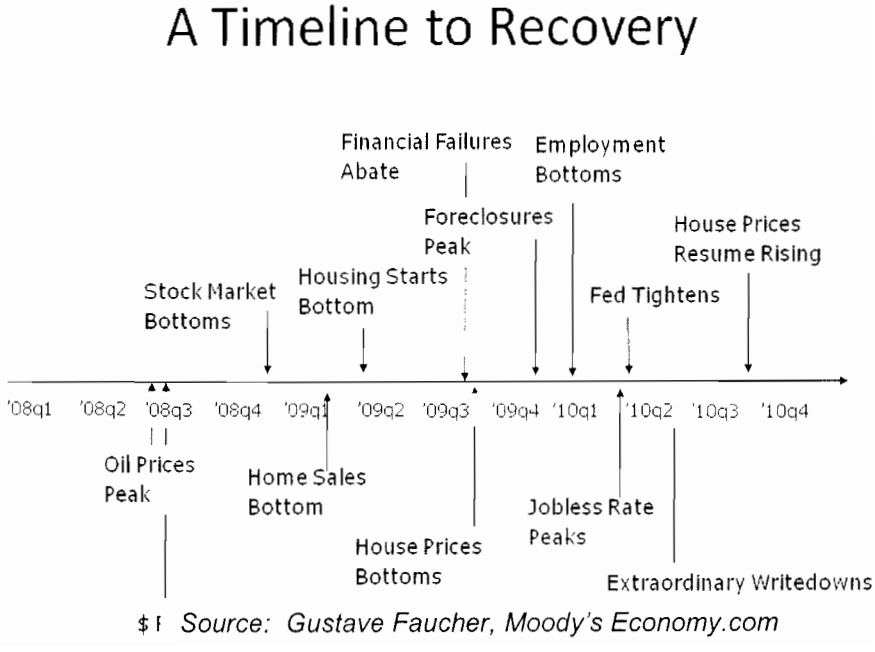
Uncertainty is a consistent theme among economists these days, with each round of projections for Vermont's plight worse than the last. Columnist Robert Samuelson explained to the audience at a Vermont economy conference in early January that the only other national economic experience like this was the spiraling inflation of the 1970s because, like now, *people could not see where it would end.*

State economists Jeff Carr and Tom Kavet anticipate that this will surely be the longest and deepest recession since the Depression. No leading indicators are pointing to a recovery any time in the near future, they explain. The worst part of this recession is still to come in Vermont and will likely occur in 2009 as losses in Vermont's retail sector peak, according to their latest forecasts.

Forecasts show that the Vermont unemployment rate is likely to reach a high of 7 - 7.5% in 2010. Art Woolf estimates that 5,000 Vermont jobs were lost in 2008 and that another 4,500 will be lost in 2009. Construction employment has been the hardest hit so far, although additional losses in the thousands are also expected for Vermont's manufacturing and retail sectors.

Vermont's employment and housing market declines are both expected to be less severe than for the U.S. as a whole. Median VT home prices remained constant between 2007 and 2008, despite falling prices in many other states. Jeff Carr predicts a small dip (2.7%) in 2009 before VT home prices level off again in 2010.

Although Vermont's recession is not likely to be as deep as elsewhere, the timing of our recovery is expected to mirror the U.S. in many respects.




*Source: Gustave Faucher, Moody's Economy.com*

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**Vermont Housing Finance Agency**

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homeownership Programs

DATE: February 2, 2009

RE: Summary of Homeownership Activities

## PRODUCTION

Production reports by fiscal and calendar year are attached. VHFA's Homeownership Program has seen a substantial drop in activity both for the calendar and fiscal year.

- Current pipeline as of December 31, 2008 was approximately $3.0 million – compared with $32.0 million in December 2007.
- Production for YTD calendar year 2008 is $65.0 million compared with $136.7 million in 2007 – a reduction of 52%.
- Production for YTD fiscal year 2009 is $32.1 million compared with $81.7 in 2008 – a reduction of 62%.

## COLLECTIONS

Delinquency and REO reports are attached. As of December 31, 2009 VHFA owns 12 properties; 3 were sold in the month of January. Three properties that we currently own and two additional properties we expect to own in February will be targeted for NSP funds. We also have approximately 10 loans in foreclosure that are in NSP eligible areas.

Delinquencies continue to rise. VHFA is being proactive in working with servicers to identify borrowers who would benefits from a loan modification. Pat Lafond is assisting Carolynn Mossey in those efforts.

If you have any questions please do not hesitate to call me at 652-3442 or email me at pcrady@vhfa.org.

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## CY08 Product Summary

| | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MOVE | 5,248,251 | 3,427,331 | 3,778,513 | 6,998,305 | 7,773,157 | 4,597,940 | 7,913,135 | 8,574,063 | 4,624,303 | 4,508,466 | 2,745,710 | 1,582,622 | **61,771,796** |
| HOUSE | 137,900 | 430,095 | 330,600 | 254,015 | 326,900 | 439,230 | 436,200 | 1,387,090 | 655,500 | 234,670 | 148,000 | 458,570 | **5,238,770** |
| LIMITED REFI | | | | | 127,000 | | | | | | | | **127,000** |
| Total | **5,386,151** | **3,857,426** | **4,109,113** | **7,252,320** | **8,227,057** | **5,037,170** | **8,349,335** | **9,961,153** | **5,279,803** | **4,743,136** | **2,893,710** | **2,041,192** | **67,137,566** |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MOBILE HOME | 253,450 | 190,400 | 168,200 | 693,610 | 900,875 | 472,464 | 482,875 | 174,700 | 482,450 | 0 | 91,960 | 140,600 | **4,051,584** |

## CY07 Production Summary

| | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MOVE | 6,478,688 | 5,154,110 | 9,199,141 | 7,493,657 | 9,454,524 | 14,182,842 | 15,006,819 | 22,493,246 | 18,558,175 | 9,782,437 | 12,998,387 | 7,847,269 | **138,649,295** |
| HOUSE | 201,680 | 225,325 | 692,110 | 419,285 | 495,000 | 231,525 | 753,673 | 932,565 | 537,140 | 629,082 | | 298,000 | **5,415,385** |
| RURAL DEV. | | | | | | | | | | | | | **0** |
| LIMITED REFI | | | | | | | 74,638 | | | | | | **74,638** |
| FIXED35 | | | 247,500 | | 205,000 | | | | | | 175,100 | 133,000 | **760,600** |
| Total | **6,680,368** | **5,379,435** | **10,138,751** | **7,912,942** | **10,154,524** | **14,414,367** | **15,835,130** | **23,425,811** | **19,095,315** | **10,411,519** | **13,173,487** | **8,278,269** | **144,899,918** |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MOBILE HOME | 865,250 | 220,750 | 565,164 | 1,009,882 | 1,070,175 | 1,110,190 | 1,749,881 | 1,764,831 | 1,747,220 | 709,668 | 874,370 | 65,800 | **11,753,181** |

# CY08 Dollar Volume by Lender

| | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NEW ENGLAND FCU | 1,244,937 | 966,704 | 1,367,936 | 2,566,786 | 2,536,425 | 479,556 | 1,486,293 | 2,673,086 | 761,525 | 531,452 | 651,540 | 138,875 | 15,405,115 |
| CHITTENDEN MTG SVCS | 513,166 | 635,993 | 244,300 | 630,200 | 659,800 | 896,833 | 600,317 | 2,781,101 | 1,130,115 | 908,020 | 156,500 | 522,260 | 9,678,605 |
| UNIVERSAL | 446,900 | 650,280 | 1,104,400 | 431,465 | 748,340 | 682,700 | 967,528 | 460,200 | 1,178,845 | 460,550 | 464,825 | 106,295 | 7,702,328 |
| MTG FINANCIAL | 939,517 | 408,526 | 353,271 | 947,524 | 624,198 | 363,094 | 789,070 | 580,213 | 417,520 | 228,000 | 420,250 | 99,500 | 6,170,683 |
| COMMUNITY | 444,000 | 256,000 | 170,457 | 150,860 | 372,400 | 122,448 | 241,255 | 626,313 | 478,620 | 359,327 | 286,549 | 385,000 | 3,893,229 |
| VT STATE ECU | 223,964 | | 137,500 | | 514,242 | 180,000 | 314,184 | 748,950 | 117,346 | 81,632 | | 243,806 | 2,561,624 |
| NAT'L BNK MIDDLE | | | 96,349 | 551,040 | 31,200 | 164,000 | 477,260 | 335,100 | 273,600 | 98,400 | 132,686 | | 2,159,635 |
| N.E. HOME LOAN | 77,800 | 69,250 | | | 143,000 | 465,784 | 254,625 | 125,000 | 427,462 | 376,500 | 175,100 | | 2,114,521 |
| HERITAGE FCU | | 62,000 | 135,200 | | 248,396 | 160,000 | 231,600 | 215,520 | 283,550 | 415,310 | 152,000 | 164,956 | 2,068,532 |
| UNION | 254,112 | | 150,000 | | 189,000 | 423,545 | 440,400 | | | 263,950 | | 160,000 | 1,881,007 |
| VT FEDERAL CU | 265,000 | | 122,900 | 395,000 | 118,000 | | 100,000 | 335,750 | 139,220 | 113,905 | 91,960 | 123,500 | 1,805,235 |
| NORTHFIELD | 241,900 | | | | 111,000 | 239,980 | 716,055 | 120,000 | | | 216,800 | 97,000 | 1,742,735 |
| NORTH COUNTRY CU | | | 138,000 | 165,869 | 169,900 | 453,250 | 275,400 | 284,970 | 72,000 | 130,800 | | | 1,690,189 |
| PEOPLES TRUST | 145,200 | 108,000 | | | 280,000 | 100,000 | 260,000 | 333,000 | | 359,750 | | | 1,585,950 |
| CT RIVER | 274,405 | 104,040 | | 137,700 | | 71,400 | 217,600 | | | 129,540 | | | 934,685 |
| WELLS FARGO | | | | 125,000 | 125,000 | | 449,800 | 189,150 | | | | | 888,950 |
| GMAC | | 112,106 | | 245,717 | 240,669 | 120,000 | 124,448 | | | | | | 842,940 |
| NATIONAL CITY | | 206,000 | | 223,000 | 146,700 | | | | | 160,000 | | | 735,700 |
| OPPORTUNITIES CU | | | | | 516,500 | | | | | | | | 516,500 |
| TDBANKNORTH | | 188,127 | | | | 114,580 | 206,700 | | | | | | 509,407 |
| SUMMIT (Merrimack Mtg) | | | | | 298,387 | | | | | | | | 298,387 |
| MASCOMA | | | | 82,000 | 153,900 | | | | | | | | 235,900 |
| BRATTLEBORO | 43,250 | | 39,000 | | | | | 152,800 | | | | | 235,050 |
| CCO MORTGAGE | | | | 204,600 | | | | | | | | | 204,600 |
| FIRST COMMUNITY | | 90,400 | | 114,000 | | | | | | | | | 204,400 |
| CTX | | | | 188,000 | | | | | | | | | 188,000 |
| LAKE SUNAPEE | | | | 93,559 | | | 80,800 | | | | | | 174,359 |
| FIRST NAT'L BNK ORWELL | | | 49,800 | | | | 116,000 | | | | | | 165,800 |
| COUNTRYWIDE | | | | | | | | | | | 145,500 | | 145,500 |
| BANK OF BENN | 142,000 | | | | | | | | | | | | 142,000 |
| LYNDONVILLE | 130,000 | | | | | | | | | | | | 130,000 |
| RIVER VALLEY CU | | | | | | | | | | 126,000 | | | 126,000 |
| BERKSHIRE BANK | | | | | | | | | | | | | 0 |
| KEY BANK | | | | | | | | | | | | | 0 |
| LIBERTYQUEST | | | | | | | | | | | | | 0 |
| TOTAL | $5,386,151 | $3,857,426 | $4,109,113 | $7,252,320 | 8,227,057 | $5,037,170 | $8,349,335 | $9,961,155 | $5,279,803 | $4,743,136 | $2,893,710 | $2,041,192 | $67,137,566 |

# CY08 Number of loans

| | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NEW ENGLAND FCU | 7 | 6 | 9 | 16 | 15 | 3 | 8 | 16 | 6 | 5 | 5 | 2 | **98** |
| CHITTENDEN MTG SVCS | 6 | 4 | 3 | 5 | 6 | 7 | 4 | 21 | 9 | 7 | 2 | 5 | **79** |
| UNIVERSAL | 3 | 5 | 6 | 4 | 5 | 5 | 7 | 4 | 9 | 3 | 3 | 2 | **56** |
| MTG FINANCIAL | 6 | 2 | 2 | 6 | 4 | 2 | 5 | 4 | 3 | 1 | 2 | 1 | **38** |
| COMMUNITY | 3 | 2 | 2 | 2 | 3 | 1 | 2 | 6 | 4 | 3 | 3 | 3 | **34** |
| VT STATE ECU | 2 | | 1 | | 4 | 1 | 2 | 6 | 1 | 1 | | 2 | **20** |
| HERITAGE FCU | | 1 | 1 | | 3 | 1 | 2 | 2 | 3 | 4 | 1 | 1 | **19** |
| NAT'L BNK MIDDLE | | | 1 | 5 | 1 | 1 | 4 | 3 | 2 | 1 | 1 | | **19** |
| N.E. HOME LOAN | 1 | 1 | | | 1 | 3 | 1 | 1 | 3 | 3 | 1 | | **15** |
| NORTHFIELD | 2 | | | | 1 | 2 | 5 | 1 | | | 2 | 1 | **14** |
| NORTH COUNTRY CU | | | 1 | 1 | 1 | 4 | 2 | 2 | 1 | 1 | | | **13** |
| UNION | 2 | | 1 | | 1 | 3 | 3 | | | 2 | | 1 | **13** |
| PEOPLES TRUST | 2 | 1 | | | 2 | 1 | 2 | 2 | | 2 | | | **12** |
| VT FEDERAL CU | 1 | | 1 | 2 | 1 | | 1 | 2 | 1 | 1 | 1 | 1 | **12** |
| CT RIVER | 2 | 1 | | 1 | | 1 | 2 | | | 1 | | | **8** |
| GMAC | | 1 | | 3 | 2 | 1 | 1 | | | | | | **8** |
| NATIONAL CITY | | 2 | | 2 | 1 | | | | | 1 | | | **6** |
| WELLS FARGO | | | | 1 | 1 | | 3 | 1 | | | | | **6** |
| OPPORTUNITIES CU | | | | | 4 | | | | | | | | **4** |
| TDBANKNORTH | | 1 | | | | 1 | 2 | | | | | | **4** |
| BRATTLEBORO | 1 | | 1 | | | | | 1 | | | | | **3** |
| FIRST COMMUNITY | | 1 | | 1 | | | | | | | | | **2** |
| FIRST NAT'L BNK ORWELL | | | 1 | | | | 1 | | | | | | **2** |
| LAKE SUNAPEE | | | | 1 | | | 1 | | | | | | **2** |
| MASCOMA | | | | 1 | 1 | | | | | | | | **2** |
| SUMMIT (Merrimack Mtg) | | | | | 2 | | | | | | | | **2** |
| BANK OF BENN | 1 | | | | | | | | | | | | **1** |
| CCO MORTGAGE | | | | 1 | | | | | | | | | **1** |
| COUNTRYWIDE | | | | | | | | | | | 1 | | **1** |
| CTX | | | | 1 | | | | | | | | | **1** |
| LYNDONVILLE | 1 | | | | | | | | | | | | **1** |
| RIVER VALLEY CU | | | | | | | | | | 1 | | | **1** |
| BERKSHIRE BANK | | | | | | | | | | | | | **0** |
| KEY BANK | | | | | | | | | | | | | **0** |
| LIBERTYQUEST | | | | | | | | | | | | | **0** |
| TOTAL | 40 | 28 | 30 | 53 | 59 | 37 | 58 | 72 | 42 | 37 | 22 | 19 | **497** |

# FY09 Production Summary

July 1, 2008 - June 30, 2009

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FY Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MOVE | 7,913,135 | 8,574,063 | 4,624,303 | 4,508,466 | 2,745,710 | 1,582,622 | | | | | | | **29,948,299** |
| HOUSE | 436,200 | 1,387,090 | 655,500 | 234,670 | 148,000 | 458,570 | | | | | | | **3,320,030** |
| LIMITED REFI | | | | | | | | | | | | | **0** |
| FIXED35 | | | | | | | | | | | | | **0** |
| **Dollar Total** | **8,349,335** | **9,961,153** | **5,279,803** | **4,743,136** | **2,893,710** | **2,041,192** | **0** | **0** | **0** | **0** | **0** | **0** | **33,268,329** |
| **Total # of Loans** | **58** | **72** | **42** | **37** | **22** | **19** | | | | | | | **250** |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MOBILE HOME | 482,875 | 174,700 | 482,450 | 0 | 91,960 | 140,600 | | | | | | | **1,372,585** |
| **Total # of MH*** | **5** | **2** | **6** | **0** | **1** | **1** | | | | | | | **15** |

*The Mobile Home # is included in the above line item titled "Total # of Loans"

# FY08 Production Summary

July 1, 2007 - June 30, 2008

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FY Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MOVE | 15,006,819 | 22,493,246 | 18,558,175 | 9,782,437 | 12,998,387 | 7,847,269 | 5,248,251 | 3,427,331 | 3,778,513 | 6,998,305 | 7,773,157 | 4,597,940 | **118,509,830** |
| HOUSE | 753,673 | 932,565 | 537,140 | 629,082 | | 298,000 | 137,900 | 430,095 | 330,600 | 254,015 | 326,900 | 439,230 | **5,069,200** |
| LIMITED REFI | 74,638 | | | | | | | | | | 127,000 | | **201,638** |
| FIXED35 | | | | | 175,100 | 133,000 | | | | | | | **308,100** |
| **Dollar Total** | **15,835,130** | **23,425,811** | **19,095,315** | **10,411,519** | **13,173,487** | **8,278,269** | **5,386,151** | **3,857,426** | **4,109,113** | **7,252,320** | **8,227,057** | **5,037,170** | **124,088,768** |
| **Total # of Loans** | **109** | **158** | **132** | **72** | **89** | **58** | **40** | **28** | **30** | **53** | **59** | **37** | **865** |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MOBILE HOME | 1,749,881 | 1,764,831 | 1,747,220 | 709,668 | 874,370 | 658,000 | **253,450** | **190,400** | **168,200** | **693,610** | **900,875** | **472,464** | **10,182,969** |
| **Total # of MH*** | **17** | **17** | **17** | **9** | **8** | **6** | **3** | **2** | **3** | **7** | **9** | **4** | **102** |

*The Mobile Home # is included in the above line item titled "Total # of Loans"

# FY09 Dollar Volume by Lender

July 1, 2008- e 30, 2009

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NEW ENGLAND FCU | 1,486,293 | 2,673,086 | 761,525 | 531,452 | 651,540 | 138,875 | | | | | | | $6,242,771 |
| CHITTENDEN MTG SVCS | 600,317 | 2,781,101 | 1,130,115 | 908,020 | 156,500 | 522,260 | | | | | | | $6,098,313 |
| UNIVERSAL | 967,528 | 460,200 | 1,178,845 | 460,550 | 464,825 | 106,295 | | | | | | | $3,638,243 |
| MTG FINANCIAL | 789,070 | 580,213 | 417,520 | 228,000 | 420,250 | 99,500 | | | | | | | $2,534,553 |
| COMMUNITY | 241,255 | 626,313 | 478,620 | 359,327 | 286,549 | 385,000 | | | | | | | $2,377,064 |
| VT STATE ECU | 314,184 | 748,950 | 117,346 | 81,632 | | 243,806 | | | | | | | $1,505,918 |
| HERITAGE FCU | 231,600 | 215,520 | 283,550 | 415,310 | 152,000 | 164,956 | | | | | | | $1,462,936 |
| N.E. HOME LOAN | 254,625 | 125,000 | 427,462 | 376,500 | 175,100 | | | | | | | | $1,358,687 |
| NAT'L BNK MIDDLE | 477,260 | 335,100 | 273,600 | 98,400 | 132,686 | | | | | | | | $1,317,046 |
| NORTHFIELD | 716,055 | 120,000 | | | 216,800 | 97,000 | | | | | | | $1,149,855 |
| PEOPLES TRUST | 260,000 | 333,000 | | 359,750 | | | | | | | | | $952,750 |
| VT FEDERAL CU | 100,000 | 335,750 | 139,220 | 113,905 | 91,960 | 123,500 | | | | | | | $904,335 |
| UNION | 440,400 | | | 263,950 | | 160,000 | | | | | | | $864,350 |
| NORTH COUNTRY CU | 275,400 | 284,970 | $72,000 | 130,800 | | | | | | | | | $763,170 |
| WELLS FARGO | 449,800 | 189,150 | | | | | | | | | | | $638,950 |
| CT RIVER | 217,600 | | | 129,540 | | | | | | | | | $347,140 |
| TDBANKNORTH | 206,700 | | | | | | | | | | | | $206,700 |
| NATIONAL CITY | | | | 160,000 | | | | | | | | | $160,000 |
| BRATTLEBORO | | 152,800 | | | | | | | | | | | $152,800 |
| COUNTRYWIDE | | | | | 145,500 | | | | | | | | $145,500 |
| RIVER VALLE CU | 0 | | | 126,000 | | | | | | | | | $126,000 |
| GMAC | 124,448 | | | | | | | | | | | | $124,448 |
| FIRST NAT'L BNK ORWELL | 116,000 | | | | | | | | | | | | $116,000 |
| LAKE SUNAPEE | 80,800 | | | | | | | | | | | | $80,800 |
| BANK OF BENN | | | | | | | | | | | | | $0 |
| BERKSHIRE BANK | | | | | | | | | | | | | $0 |
| CCO MORTGAGE | | | | | | | | | | | | | $0 |
| LIBERTYQUEST | | | | | | | | | | | | | $0 |
| MASCOMA | | | | | | | | | | | | | $0 |
| OPPORTUNITIES CU | | | | | | | | | | | | | $0 |
| SUMMIT (Merrimack Mtg) | | | | | | | | | | | | | $0 |
| TOTAL | $8,349,335 | $9,961,153 | $5,279,803 | $4,743,136 | $2,893,710 | $2,041,192 | $0 | $0 | $0 | $0 | $0 | $0 | $36,268,329 |

# FY09 Loan Volume by Lender

July 1, 2008 - June 30, 2009

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CHITTENDEN MTG SVCS | 4 | 21 | 9 | 7 | 2 | 5 | | | | | | | 48 |
| NEW ENGLAND FCU | 8 | 16 | 6 | 5 | 5 | 2 | | | | | | | 42 |
| UNIVERSAL | 7 | 4 | 9 | 3 | 3 | 2 | | | | | | | 28 |
| COMMUNITY | 2 | 6 | 4 | 3 | 3 | 3 | | | | | | | 21 |
| MTG FINANCIAL SRV | 5 | 4 | 3 | 1 | 2 | 1 | | | | | | | 16 |
| HERITAGE FCU | 2 | 2 | 3 | 4 | 1 | 1 | | | | | | | 13 |
| NAT'L BNK MIDDLE | 4 | 3 | 2 | 1 | 1 | | | | | | | | 11 |
| VT STATE ECU | 2 | 6 | 1 | 1 | | 2 | | | | | | | 12 |
| N.E. HOME LOAN | 1 | 1 | 3 | 3 | 1 | | | | | | | | 9 |
| NORTHFIELD | 5 | 1 | | | 2 | 1 | | | | | | | 9 |
| NORTH COUNTRY FCU | 2 | 2 | 1 | 1 | | | | | | | | | 6 |
| PEOPLES TRUST | 2 | 2 | | 2 | | | | | | | | | 6 |
| VT FEDERAL CU | 1 | 2 | 1 | 1 | 1 | 1 | | | | | | | 7 |
| UNION | 3 | | | 2 | | 1 | | | | | | | 6 |
| WELLS FARGO | 3 | 1 | | | | | | | | | | | 4 |
| CT RIVER | 2 | | | 1 | | | | | | | | | 3 |
| TDBANKNORTH | 2 | | | | | | | | | | | | 2 |
| BRATTLEBORO | | 1 | | | | | | | | | | | 1 |
| COUNTRYWIDE | | | | | 1 | | | | | | | | 1 |
| FIRST NAT'L BNK ORWELL | 1 | | | | | | | | | | | | 1 |
| GMAC | 1 | | | | | | | | | | | | 1 |
| LAKE SUNAPEE | 1 | | | | | | | | | | | | 1 |
| NATIONAL CITY | | | | 1 | | | | | | | | | 1 |
| RIVER VALLEY CU | | | | 1 | | | | | | | | | 1 |
| BANK OF BENN | | | | | | | | | | | | | 0 |
| BERKSHIRE BANK | | | | | | | | | | | | | 0 |
| CCO MORTGAGE | | | | | | | | | | | | | 0 |
| LIBERTYQUEST | | | | | | | | | | | | | 0 |
| MASCOMA | | | | | | | | | | | | | 0 |
| OPPORTUNITIES CU | | | | | | | | | | | | | 0 |
| SUMMIT (Merrimack Mtg) | | | | | | | | | | | | | 0 |
| TOTAL | 58 | 72 | 42 | 37 | 22 | 19 | 0 | 0 | 0 | 0 | 0 | 0 | 250 |

VERMONT HOUSING FINANCE AGENCY
HOMEOWNERSHIP PROGRAM MONTHLY DELINQUENCY REPORT
December 31, 2008

| Lenders | Total Loans | 30 Days | | 60 Days | | 90+ Days | | In Foreclosure & Bankruptcy | | Total Delinquent | | REO | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Chittenden Mortgage Services | 1209 | 69 | 5.71% | 31 | 2.56% | 12 | 0.99% | 16 | 1.32% | 128 | 10.59% | 0 | 0.00% |
| Community National Bank | 351 | 24 | 6.84% | 4 | 1.14% | 3 | 0.85% | 4 | 1.14% | 35 | 9.97% | 0 | 0.00% |
| Opportunities CU | 124 | 9 | 7.26% | 2 | 1.61% | 0 | 0.00% | 0 | 0.00% | 11 | 8.87% | 0 | 0.00% |
| Graystone Solutions | 2504 | 122 | 4.87% | 34 | 1.36% | 17 | 0.68% | 23 | 0.92% | 196 | 7.83% | 9 | 0.36% |
| Union Bank | 325 | 9 | 2.77% | 6 | 1.85% | 1 | 0.31% | 2 | 0.62% | 18 | 5.54% | 1 | 0.31% |
| Bank of Bennington | 57 | 3 | 5.26% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 3 | 5.26% | 0 | 0.00% |
| Mascoma Savings Bank | 48 | 2 | 4.17% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 2 | 4.17% | 0 | 0.00% |
| Peoples Trust Co. | 117 | 1 | 0.85% | 2 | 1.71% | 0 | 0.00% | 1 | 0.85% | 4 | 3.42% | 0 | 0.00% |
| Heritage Family Credit Union | 168 | 3 | 1.79% | 0 | 0.00% | 1 | 0.60% | 0 | 0.00% | 4 | 2.38% | 0 | 0.00% |
| Brattleboro Savings & Loan | 96 | 1 | 1.04% | 0 | 0.00% | 1 | 1.04% | 0 | 0.00% | 2 | 2.08% | 0 | 0.00% |
| Connecticut River Bank | 66 | 0 | 0.00% | 1 | 1.52% | 0 | 0.00% | 0 | 0.00% | 1 | 1.52% | 0 | 0.00% |
| New England Federal CU | 639 | 5 | 0.78% | 1 | 0.16% | 1 | 0.16% | 0 | 0.00% | 7 | 1.10% | 2 | 0.31% |
| Totals | 5704 | 248 | 4.35% | 81 | 1.42% | 36 | 0.63% | 46 | 0.81% | 411 | 7.21% | 12 | 0.21% |
| Totals Previous Month | 5704 | 239 | 4.19% | 71 | 1.24% | 42 | 0.74% | 50 | 0.88% | 402 | 7.05% | 10 | 0.18% |
| Totals Same Mo. Last Yr. | 5599 | 237 | 4.23% | 68 | 1.21% | 32 | 0.57% | 44 | 0.79% | 381 | 6.80% | 2 | 0.04% |

**Note: Of the loans in foreclosure, a total of 17 are under a Chapter 13 Bankruptcy Plan**

| Lenders | Dec 2007 | Jan 2008 | Feb 2008 | Mar 2008 | April 2008 | May 2008 | June 2008 | July 2008 | Aug 2008 | Sept 2008 | Oct 2008 | Nov 2008 | Dec 2008 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bank of Bennington | 11.11% | 7.81% | 6.45% | 8.06% | 4.84% | 6.67% | 6.78% | 3.39% | 6.78% | 5.08% | 5.17% | 5.17% | 5.26% |
| Brattleboro Savings & Loan | 4.21% | 7.29% | 5.21% | 4.17% | 4.17% | 2.08% | 2.08% | 3.16% | 2.08% | 1.04% | 2.08% | 3.13% | 2.08% |
| Chittenden Mortgage Services | 9.99% | 9.33% | 8.43% | 8.17% | 7.96% | 7.45% | 8.30% | 9.02% | 8.59% | 9.15% | 9.07% | 10.84% | 10.59% |
| Community National Bank | 7.31% | 6.40% | 6.40% | 4.93% | 5.52% | 5.51% | 5.56% | 7.58% | 6.92% | 5.73% | 6.03% | 7.16% | 9.97% |
| Connecticut River Bank | 4.84% | 4.76% | 0.00% | 1.54% | 1.52% | 1.52% | 0.00% | 0.00% | 0.00% | 0.00% | 2.99% | 3.03% | 1.52% |
| Graystone | 7.26% | 6.06% | 6.42% | 5.93% | 6.27% | 5.45% | 5.81% | 5.32% | 6.07% | 6.26% | 5.88% | 7.31% | 7.83% |
| Heritage Family CU | 1.27% | 0.63% | 1.26% | 0.63% | 1.25% | 1.23% | 1.23% | 1.24% | 0.61% | 3.05% | 3.01% | 2.40% | 2.38% |
| Mascoma Savings Bank | 4.17% | 0.00% | 4.26% | 2.17% | 4.26% | 2.08% | 4.17% | 4.17% | 4.17% | 4.17% | 4.17% | 6.25% | 4.17% |
| New England Federal CU | 1.41% | 1.05% | 1.04% | 0.68% | 0.83% | 1.31% | 1.14% | 1.30% | 1.59% | 1.90% | 1.26% | 1.25% | 1.10% |
| Opportunites CU | 8.53% | 6.98% | 5.43% | 4.72% | 7.14% | 7.09% | 7.09% | 9.52% | 9.52% | 8.00% | 8.00% | 10.40% | 8.87% |
| Peoples Trust Co. | 3.45% | 4.27% | 2.56% | 4.42% | 2.61% | 3.42% | 5.08% | 5.08% | 4.24% | 3.39% | 4.24% | 4.24% | 3.42% |
| Union Bank | 4.22% | 4.49% | 5.15% | 4.24% | 5.49% | 4.31% | 5.81% | 4.28% | 5.86% | 5.86% | 5.85% | 6.79% | 5.54% |

## HOMEOWNERSHIP DELINQUENCY REPORT
## FISCAL YEAR 2009

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Portfolio # | 5659 | 5694 | 5702 | 5700 | 5704 | 5704 | | | | | | | 5694 |
| Total Portfolio $ | 557.5 | 563.9 | 565.8 | 566.9 | 568.3 | 568.0 | | | | | | | 565.1 |

### NUMBER OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | 168 | 193 | 204 | 175 | 239 | 248 | | | | | | | 205 |
| 60 Days | 71 | 68 | 60 | 78 | 71 | 81 | | | | | | | 72 |
| 90 Days | 29 | 23 | 31 | 31 | 42 | 36 | | | | | | | 32 |
| Foreclosure | 48 | 51 | 49 | 50 | 50 | 46 | | | | | | | 49 |
| Total Delq FY 09 | 316 | 335 | 344 | 334 | 402 | 411 | | | | | | | 357 |
| Total Delq FY 08 | 311 | 304 | 344 | 307 | 326 | 381 | 337 | 330 | 304 | 318 | 289 | 314 | 322 |

### PERCENT BY NUMBER OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | 2.97% | 3.39% | 3.58% | 3.07% | 4.19% | 4.35% | | | | | | | 3.59% |
| 60 Days | 1.25% | 1.19% | 1.05% | 1.37% | 1.24% | 1.42% | | | | | | | 1.25% |
| 90 Days | 0.51% | 0.40% | 0.54% | 0.54% | 0.74% | 0.63% | | | | | | | 0.56% |
| Foreclosure | 0.85% | 0.90% | 0.86% | 0.88% | 0.88% | 0.81% | | | | | | | 0.86% |
| Total Delq FY 09 | 5.58% | 5.88% | 6.03% | 5.86% | 7.05% | 7.21% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 6.27% |
| Total Delq FY 08 | 5.91% | 5.66% | 6.29% | 5.57% | 5.85% | 6.80% | 6.00% | 5.87% | 5.42% | 5.65% | 5.12% | 5.57% | 5.81% |

### DOLLAR AMOUNT OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | $11.3 | $14.3 | $15.5 | $13.4 | $17.4 | $18.7 | | | | | | | $15.1 |
| 60 Days | $4.9 | $4.6 | $4.1 | $5.4 | $5.3 | $6.0 | | | | | | | $5.1 |
| 90+ Days | $5.8 | $5.4 | $6.2 | $6.2 | $6.6 | $6.3 | | | | | | | $6.1 |
| Total Delq FY 09 | $22.0 | $24.3 | $25.8 | $25.0 | $29.3 | $31.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $26.2 |
| Total Delq FY 08 | $20.5 | $19.8 | $22.8 | $20.6 | $22.2 | $26.1 | $23.7 | $23.3 | $21.0 | $22.7 | $20.8 | $22.3 | $22.2 |

# REO INVENTORY REPORT
## As of December 31, 2008

| Mortgagor | REO Date | City/Town | Princ. Bal. | Interest | Expenses | Receipts (1) | Total Cost Basis | Valuation Allowance | List Amount (2) | Current Appraisal | Date Last Appraised | Original Appraisal | Loan Date | Type | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Lockamy** | **2/1/2008** | **Morrisville** | **$ 101,299** | **$ 3,909** | **$ 13,414** | **$ 29,565** | **$ 89,057** | **$ -** | **$ 70,000** | **$ 124,000** | **12/14/07** | **$ 144,000** | **03/25/05** | **MH** | **UC $70,000; Closing 1/21/09** |
| **Sheldrick** | **4/14/2008** | **Whiting** | **$ 19,023** | **$ 969** | **$ 11,342** | **$ -** | **$ 31,334** | **$ -** | **$ 65,000** | **$ 86,000** | **4/21/08** | **$ 107,500** | **09/10/03** | **SF** | **Property Sold on 1/2/09** |
| Rivait | 5/14/2008 | Starksboro | $ 48,216 | $ 2,179 | $ 10,633 | $ 16,123 | $ 44,905 | $ - | $ 38,000 | $ 50,000 | 6/6/08 | $ 52,000 | 12/27/04 | MH | MH in Park- Price Reduced |
| Ford | 7/24/2008 | St. Albans | $ 97,128 | $ 3,136 | $ 10,189 | $ 26,669 | $ 83,784 | $ - | $ 95,000 | $ 120,000 | 3/5/08 | $ 110,000 | 03/08/06 | Condo | Price Reduced |
| Mailhiot | 8/21/2008 | Chittenden | $ 63,262 | $ 9,827 | $ 19,757 | $ 3,607 | $ 89,239 | $ - | $ 85,500 | $ 102,000 | 9/17/08 | $ 80,000 | 05/03/96 | SF | Price Reduced - Failed Septic System |
| Nichols | 10/3/2008 | Chester | $ 103,719 | $ 8,512 | $ 11,648 | $ - | $ 123,879 | $ - | $ 98,000 | $ 125,000 | 8/21/08 | $ 115,000 | 10/23/03 | SF | RD Insured |
| Aucoin | 10/7/2008 | Swanton | $ 135,296 | $ 5,967 | $ 6,608 | $ - | $ 147,871 | $ - | $ 139,000 | $ 142,000 | 8/29/08 | $ 140,000 | 06/13/05 | SF | RD Insured - Price Reduced |
| **Bowman** | **10/10/2008** | **Brighton** | **$ 86,161** | **$ 5,311** | **$ 6,649** | **$ 30,597** | **$ 67,524** | **$ -** | **$ 75,000** | **$ 70,000** | **9/30/08** | **$ 88,000** | **07/28/05** | **SF** | **UC $75,000; Closing 1/9/09** |
| Munukka | 11/3/2008 | Castleton | $ 61,265 | $ 12,393 | $ 16,539 | $ - | $ 90,197 | $ - | $ 99,500 | $ 105,000 | 10/7/08 | $ 78,000 | 03/01/96 | SF | Price Reduced |
| Nolan | 11/5/2008 | Grand Isle | $ 144,149 | $ 18,547 | $ 12,865 | $ 36,337 | $ 139,224 | $ - | $ 145,000 | $ 140,000 | 9/17/08 | $ 157,000 | 12/02/05 | MH | |
| Lattrell | 12/1/2008 | Vergennes | $ 29,423 | $ 1,642 | $ 3,651 | $ - | $ 34,716 | $ - | $ - | $ - | | $ 37,500 | 07/01/97 | MH | MH in Park; waiting for values to list |
| Campbell | 12/8/2008 | Barre | $ 29,850 | $ 2,653 | $ 8,745 | $ - | $ 41,248 | $ - | $ 48,000 | $ 48,000 | 5/15/08 | $ 60,000 | 09/26/94 | SF | Property is Poor Condition |
| **12** | | | **$ 918,791** | **$ 75,045** | **$ 132,040** | **$ 142,898** | **$ 982,978** | **$ -** | **$ 910,000** | **$ 1,112,000** | | **$ 1,136,000** | | | |

**REOS that are under deposit**

(1) Receipts column represents actual and projected/estimated mortgage insurance claim payments

(2) If Property is under deposit the List Price is the actual sale price.

(3) $33,840 in Receipts includes an insurance claim for damage from a fire - does not include RD Claim that will be determined after sale.

vhfa

**Vermont Housing Finance Agency**

| | |
|---|---|
| To: | VHFA Board of Commissioners and VHFA Staff |
| From: | Social Responsibility Committee |
| Date: | January 26, 2009 |
| Re: | Social Responsibility Committee Update |

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In April 2008, the Social Responsibility Committee issued a memorandum detailing the results of an energy audit from Burlington Electric Department as well as list of items VHFA had already completed as part of our Social Responsibility Inventory. Since that time VHFA has introduced a new initiative and continued work on our Socially Responsible Action Plan. The Committee's socially responsible mission has also dovetailed nicely with the Agency's recent initiative to reduce operating expenses. Various initiatives have been targeted at reducing energy costs, reducing the use of disposable dishware and utensils and leveraging carpooling to reduce travel expenses. Details of these accomplishments are listed below:

**August 2008**

VHFA Staff participated in a food drive for the Chittenden Emergency Food Shelf. During the week of August 18th, anyone wishing to wear jeans or shorts for the week could donate an item (one item = one day of jeans or shorts). VHFA staff could also donate $10 for a week of jeans/shorts wearing privileges. VHFA Staff donated 135 pounds of food and $65.

Also in August of 2008, the committee announced the creation of the Community Awareness Program (CAP). The intent of the CAP is to provide different ways to educate and involve VHFA staff in local community-related socially responsible groups through a speaker series that VHFA would host during lunch several times throughout the year.

**September 2008**

The Community Awareness Program (CAP) was kicked off in September 2009 when Tim Perrin from Efficiency Vermont (EVT) came to speak to staff about EVT's mission and programs as well as to share tips to make homes more efficient.

**November 2008**

The Community Awareness Program continued in November with a speaker from the Lund Family Center. Barbara Rachelson from the Lund Center spoke to staff about the Lund Center's history and mission, their programs and guidelines regarding their Adopt-a-Family program.

Also in November, VHFA Staff participated in a food drive for the Chittenden Emergency Food Shelf. This Pounds for Pounds program ran during the week of November 17th with VHFA staff members donating items in exchange for a chance to win a Green Mountain Coffee Roasters gift basket. This drive resulted in 250 pounds of food and $25, an amount which included donations from the Board Retreat. This total did not count the items that were donated at the Housing Conference, which was also very impressive.

**December 2008**

As part of the Lund Family Center presentation, VHFA agreed to participate in Lund's Adopt-a-Family program for the holiday season. VHFA staff donated over $500 in gifts to the family of three (mother, father and a 6 month old boy). This included many necessities like work boots, coats, hats, mittens, a vacuum, etc.

# VHFA'S SOCIAL RESPONSIBILITY INVENTORY

Below are the items VHFA's Socially Responsible Committee has inventoried as already been completed since the last update in April 2008 either in full, or through being included in the SR Committee's regular TIPS emails (Tools for Improving Performance and Sustainability).

## Office Practices

**Energy:**

- ✓ Install energy efficient light bulbs where possible
- ✓ Carpooling to business meetings is now mandatory when more than one staff member will be attending

**Work Schedules/Energy Use:**

**Recycling:**

- ✓ Create a Recycling Policy
- ✓ Label recycling containers with what is recyclable
- ✓ Make a glass/can recycling container available for the 2nd floor
- ✓ The basement was scoured for unused stationary and office supplies, and staff was all asked to clean out their personal offices to combine all extra inventories in one central location for all staff to access.
- ✓ A new office supply ordering procedure is being finalized.

**Toxins:**

- ✓ VHFA researched if our current cleaning supply company used green cleaning supplies. Weston's does not use green products currently. VHFA to budget for cost (approximately $1000/year) if we want to pursue.

**Purchasing Sustainable Products:**

- ✓ Encourage use of washable utensils, plates, cups – UPDATE: Items have been donated and/or purchased by VHFA to be used for staff
- ✓ Use disposable utensils, cups, plates for guests only – UPDATE: This is the current process

## Corporate Giving and Community Involvement

- ✓ VHFA organized two food drives benefiting the Chittenden Emergency Food Shelf and donated items for one family during the holiday season as part of the Lund Center's Adopt-a-Family program.
- ✓ The Agency collected from the community at large (via the UW volunteer program) and VHFA staff mittens, hats and scarves for the annual 'Mitten Stuffing' to benefit the King Street Youth Center (KSYC). VHFA staff stuff the items with candy just before the holidays and delivered over 230 bundles to the KSYC - a new record for the Agency.

## Employment Practices

**Transportation Benefits:**

- ✓ Bike rack – 2 bike racks were purchased and installed
- ✓ VHFA Carpooling signup was posted on VHFA Staff Bulletin Board

## Products

- ✓ VHFA's holiday card was published online only via the Housing Matters blog to save on paper and printing.

# MEMORANDUM

**TO:** VHFA Board of Commissioners

**FROM:** Tim Gutchell, Controller

**DATE:** February 03, 2009

**RE:** **Interim General Fund Operating Budget Report – Fiscal Year 2009 through 12/31/08**

Attached is the 12/31/08 Interim Budget Report showing the General Fund Operating results for the six months then ended, compared with the approved budget for the fiscal year. The approved budget column reflects the budget revisions that were approved by the Board at its December 18, 2008 meeting. Please note that this discussion is limited to the Agency's General Fund Operating budget and does not include the activities of the various bond funds which have been reported to you separately thru 12/31/08.

**Expenses**

Overall expenses as of 12/31/08 are very close to budget with total expenses incurred at 49% of budget at the halfway point in the fiscal year. Most of the individual line items are reasonable and within expectations. Audit Fees and Organizational Subsidies are high as a percentage of the annual budget expended only because these costs are front ended in the fiscal year.

Please note that the amount expended for *Professional Fees – Liquidity / VRD* of $63,412, which represents legal and other professional fees related to replacing liquidity providers, conversion of ARCs, and other credit issues, is only the amount charged to the General Operating Fund. The total of these fees for the Agency at 12/31/08 is $106,729, with the difference charged directly as program expenses to the underlying bond program...

**Income**

Total income at 12/31/08 is at 41.13% of budget. As discussed in our MD&A memo accompanying the Agency wide 12/31/08 financial statements, investment interest rates are at historic lows. This factor, along with lower average cash balances on hand in the General Fund from a $1.5mm pay-down on our general line of credit, resulted in interest income on investments well below expectations at 12/31/08.

Multi-family fees are also low at 12/31/08, due in large part to the timing of the receipt of our Tax Credit Monitoring Fees. These fees are not billed, nor received, until the late third quarter and early fourth quarter respectively. They total about $180k, and with them the Multi-Family fess would have been at about 46% of budget at 12/31/08.

Miscellaneous income at 76.79% of budget is high due to the recognition of $75k in IORTA deposits as income in order that they could be transferred to the 2008C Multiple Purpose Bond program as part of the Agency's contribution. The income is offset by a related fund balance transfer, and is in reality just a pass through to the General Fund, with no bottom line impact.

**Net Funds Transfers**

Net fund transfers are budgeted at a level to provide a small surplus in the general fund for the year. The actual transfers are typically done at debt service time. As of 12/31/08 we had transferred about a third of the anticipated full year transfers.

The Single Family Housing bonds program provides the majority of the Agency's net fund transfers. Related debt service is paid bi-annually on May 1st, and November 1s.t.

If after reviewing the attached reports you have any questions or a need for additional information, please feel free to e-mail (tgutchell@vhfa.org), or call me at your convenience.

## [redacted]mont Housing Finance Agency
## [redacted]nterim General Fund Budget Report
## Income And Fund Transfers
## 12/31/2008

| | BUDGET: | | EARNED (50% of year expired): | | | | REMAINING (50% of year remaining): | |
|---|---|---|---|---|---|---|---|---|
| | Approved Annual Budget | Prorata YTD Budget Thru 12/31/2008 | Amount Earned YTD Thru 12/31/2008 | Percentage of Annual Budget Earned Thru 12/31/2008 | Amount (Over) Under Prorata YTD Budget As of 12/31/08 | Percent Over(-) Under Prorata YTD Budget As of 12/31/08 | Amount Unearned As of 12/31/08 | Percent Unearned As of 12/31/08 |
| **Income:** | | | | | | | | |
| Interest Income-Loans | $ 849,500.00 | $ 424,750.00 | $ 465,634.85 | 54.81% | $ (40,884.85) | -4.81% | $ 383,865.15 | 45% |
| Multi-family Fees | $ 638,000.00 | $ 319,000.00 | $ 111,672.74 | 17.50% | $ 207,327.26 | 32.50% | $ 526,327.26 | 82% |
| Miscellaneous Income | $ 139,772.00 | $ 69,886.00 | $ 107,337.56 | 76.79% | $ (37,451.56) | -26.79% | $ 32,434.44 | 23% |
| Interest Income-Investments | $ 100,407.00 | $ 50,203.50 | $ 27,590.32 | 27.48% | $ 22,613.18 | 22.52% | $ 72,816.68 | 73% |
| Single Family Fees | $ 21,000.00 | $ 10,500.00 | $ 6,915.17 | 32.93% | $ 3,584.83 | 17.07% | $ 14,084.83 | 67% |
| **Total Income** | $ 1,748,679.00 | $ 874,339.50 | $ 719,150.64 | 41.13% | $ 155,188.86 | 8.87% | $ 1,029,528.36 | 59% |
| **Net Fund Transfers:** | | | | | | | | |
| SF Housing Bonds | $ 2,475,000.00 | $ 1,237,500.00 | $ 1,100,000.00 | 44.44% | $ 137,500.00 | 5.56% | $ 1,375,000.00 | 56% |
| SF Insured Mortgage Program | $ 550,000.00 | $ 275,000.00 | | 0.00% | $ 275,000.00 | 50.00% | $ 550,000.00 | 100% |
| SF Home Mtge Purch Program | $ 350,000.00 | $ 175,000.00 | | 0.00% | $ 175,000.00 | 50.00% | $ 350,000.00 | 100% |
| MF Mortgage Bonds (HWMF) | $ 575,000.00 | $ 287,500.00 | $ 220,000.00 | 38.26% | $ 67,500.00 | 11.74% | $ 355,000.00 | 62% |
| Multiple Purpose Bonds | $ (75,000.00) | $ (37,500.00) | $ (75,000.00) | 100.00% | $ 37,500.00 | -50.00% | $ - | 0% |
| MF Direct Placement Bonds | $ 125,000.00 | $ 62,500.00 | $ 8,500.00 | 6.80% | $ 54,000.00 | 43.20% | $ 116,500.00 | 93% |
| **Total Fund Transfers** | $ 4,000,000.00 | $ 2,000,000.00 | $ 1,253,500.00 | 31.34% | $ 746,500.00 | 18.66% | $ 2,746,500.00 | 69% |
| **Total Income & Transfers** | $ 5,748,679.00 | $ 2,874,339.50 | $ 1,972,650.64 | 34.31% | $ 901,688.86 | 15.69% | $ 3,776,028.36 | 66% |
| **Total Expenses** | $ 5,738,959.53 | $ 2,869,479.77 | $ 2,815,794.90 | 49.06% | $ 53,684.86 | 0.94% | $ 2,923,164.63 | 51% |
| **FY 09 Budget Surplus YTD** | $ 9,719.47 | $ 4,859.73 | $ (843,144.26) | -8674.80% | $ 848,004.00 | 8724.80% | $ 852,863.73 | 8775% |

## Vermont Housing Finance Agency
## Interim General Fund Budget Report
## Expenses and Other Costs
## 12/31/2008

| | BUDGET: | | EXPENDED (50% of year expired): | | | | REMAINING (50% of year remaining): | |
|---|---|---|---|---|---|---|---|---|
| | Approved Annual Budget | Prorata YTD Budget 12/31/2008 | Amount Expended YTD 12/31/2008 | Percentage of Annual Budget Expended 12/31/2008 | Amount (Over) Under Prorata YTD Budget As of 12/31/08 | Percent Over(-) Under Prorata YTD Budget As of 12/31/08 | Amount Unexpended As of 12/31/08 | Percent Unexpended As of 12/31/08 |
| **Expenses:** | | | | | | | | |
| Salaries and Wages | $ 2,345,310.94 | $ 1,172,655.47 | $ 1,158,201.04 | 49.38% | $ 14,454.43 | 0.62% | $ 1,187,109.90 | 50.62% |
| Employee Benefits | $ 515,867.00 | $ 257,933.50 | $ 249,617.19 | 48.39% | $ 8,316.31 | 1.61% | $ 266,249.81 | 51.61% |
| Trustee Fees | $ 252,220.00 | $ 126,110.00 | $ 107,804.41 | 42.74% | $ 18,305.59 | 7.26% | $ 144,415.59 | 57.26% |
| Pension | $ 239,296.00 | $ 119,648.00 | $ 117,175.24 | 48.97% | $ 2,472.76 | 1.03% | $ 122,120.76 | 51.03% |
| Payroll Taxes | $ 178,495.00 | $ 89,247.50 | $ 82,912.07 | 46.45% | $ 6,335.43 | 3.55% | $ 95,582.93 | 53.55% |
| Depreciation | $ 126,465.47 | $ 63,232.74 | $ 64,378.74 | 50.91% | $ (1,146.01) | -0.91% | $ 62,086.73 | 49.09% |
| Travel & Training | $ 85,575.00 | $ 42,787.50 | $ 48,524.60 | 56.70% | $ (5,737.10) | -6.70% | $ 37,050.40 | 43.30% |
| Marketing & Outreach | $ 83,100.00 | $ 41,550.00 | $ 41,550.00 | 50.00% | $ - | 0.00% | $ 41,550.00 | 50.00% |
| Maintenance Agreements | $ 95,270.00 | $ 47,635.00 | $ 50,115.37 | 52.60% | $ (2,480.37) | -2.60% | $ 45,154.63 | 47.40% |
| Occupancy | $ 92,830.00 | $ 46,415.00 | $ 41,719.56 | 44.94% | $ 4,695.44 | 5.06% | $ 51,110.44 | 55.06% |
| Contract Services | $ 84,986.00 | $ 42,493.00 | $ 41,313.31 | 48.61% | $ 1,179.69 | 1.39% | $ 43,672.69 | 51.39% |
| Software Conversion | $ 33,350.00 | $ 16,675.00 | $ 83.45 | 0.25% | $ 16,591.55 | 49.75% | $ 33,266.55 | 99.75% |
| Consulting | $ 44,450.00 | $ 22,225.00 | $ 27,493.17 | 61.85% | $ (5,268.17) | -11.85% | $ 16,956.83 | 38.15% |
| Audit | $ 62,500.00 | $ 31,250.00 | $ 62,500.00 | 100.00% | $ (31,250.00) | -50.00% | $ - | 0.00% |
| Legal | $ 71,000.00 | $ 35,500.00 | $ 17,392.15 | 24.50% | $ 18,107.85 | 25.50% | $ 53,607.85 | 75.50% |
| Dues & Subscriptions | $ 38,999.00 | $ 19,499.50 | $ 17,909.02 | 45.92% | $ 1,590.48 | 4.08% | $ 21,089.98 | 54.08% |
| Interest | $ 38,900.00 | $ 19,450.00 | $ 19,422.11 | 49.93% | $ 27.89 | 0.07% | $ 19,477.89 | 50.07% |
| Office Supplies | $ 28,422.00 | $ 14,211.00 | $ 11,816.09 | 41.57% | $ 2,394.91 | 8.43% | $ 16,605.91 | 58.43% |
| Telephone | $ 24,790.00 | $ 12,395.00 | $ 9,956.04 | 40.16% | $ 2,438.96 | 9.84% | $ 14,833.96 | 59.84% |
| Postage | $ 23,580.00 | $ 11,790.00 | $ 7,365.18 | 31.23% | $ 4,424.82 | 18.77% | $ 16,214.82 | 68.77% |
| Printing | $ 14,350.00 | $ 7,175.00 | $ 7,420.55 | 51.71% | $ (245.55) | -1.71% | $ 6,929.45 | 48.29% |
| Liability Insurance | $ 16,241.00 | $ 8,120.50 | $ 8,663.20 | 53.34% | $ (542.70) | -3.34% | $ 7,577.80 | 46.66% |
| Commisioners Fees | $ 12,998.00 | $ 6,499.00 | $ 4,871.91 | 37.48% | $ 1,627.09 | 12.52% | $ 8,126.09 | 62.52% |
| Miscellaneous | $ 4,735.53 | $ 2,367.77 | $ 3,331.69 | 70.36% | $ (963.93) | -20.36% | $ 1,403.84 | 29.64% |
| Temp Services | $ 3,000.00 | $ 1,500.00 | $ - | 0.00% | $ 1,500.00 | 50.00% | $ 3,000.00 | 100.00% |
| Professional Fees - Liquidity/VRD | $ 218,478.59 | $ 109,239.30 | $ 63,412.26 | 29.02% | $ 45,827.04 | 20.98% | $ 155,066.33 | 70.98% |
| **Total Operating Expenses** | $ 4,735,209.53 | $ 2,367,604.77 | $ 2,264,948.35 | 47.83% | $ 102,656.42 | 2.17% | $ 2,470,261.18 | 52.17% |
| **Other Costs (general fund):** | | | | | | | | |
| Loan Interest Cost | $ 613,750.00 | $ 306,875.00 | $ 286,253.52 | 46.64% | $ 20,621.48 | 3.36% | $ 327,496.48 | 53.36% |
| Organizational Subsidies | $ 290,000.00 | $ 145,000.00 | $ 264,593.03 | 91.24% | $ (119,593.03) | -41.24% | $ 25,406.97 | 8.76% |
| Ventures Loans Forgiveness | $ 100,000.00 | $ 50,000.00 | | 0.00% | $ 50,000.00 | 50.00% | $ 100,000.00 | 100.00% |
| **Total Other Costs** | $ 1,003,750.00 | $ 501,875.00 | $ 550,846.55 | 54.88% | $ (48,971.55) | -4.88% | $ 452,903.45 | 45.12% |
| **Total Expenses** | $ 5,738,959.53 | $ 2,869,479.77 | $ 2,815,794.90 | 49.06% | $ 53,684.86 | 0.94% | $ 2,923,164.63 | 50.94% |
| **Other Costs - Bond** | | | | | | | | |
| SF Loan Loses (gains) | $ 300,000.00 | $ 150,000.00 | $ 191,487.00 | 63.83% | $ (41,487.00) | -13.83% | $ 108,513.00 | 36.17% |
| MF Loan Loss Provisions | $ 300,000.00 | $ 150,000.00 | $ - | 0.00% | $ 150,000.00 | 50.00% | $ 300,000.00 | 100.00% |
| Advertising-New Bond COI | $ 88,000.00 | $ 44,000.00 | $ 24,215.59 | 27.52% | $ 19,784.41 | 22.48% | $ 63,784.41 | 72.48% |
| Servicing Release Premiums | $ 288,000.00 | $ 144,000.00 | $ 110,015.00 | 38.20% | $ 33,985.00 | 11.80% | $ 177,985.00 | 61.80% |
| SF Loan Origination Fees | $ 800,000.00 | $ 400,000.00 | $ 326,272.07 | 40.78% | $ 73,727.93 | 9.22% | $ 473,727.93 | 59.22% |

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**Vermont Housing Finance Agency**

**MEMORANDUM**

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: March 3, 2009

**RE: CONFIRMATION OF UPCOMING VHFA BOARD MEETING**

This is to notify you that the next meeting of the Vermont Housing Finance Agency Board of Commissioners has been confirmed. The meeting will be held:

**Monday, March 9, 2009**
Vermont Association of Realtors
148 State St., Montpelier
**8:00 a.m. – noon**

Attached are the Agenda and Board packet. Please feel free to contact me should you have any questions prior to the meeting.

Please note the timetable of the Agenda which indicates the meeting may end after two hours. However, please allow for more time should discussions take longer than anticipated.

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

EQUAL HOUSING OPPORTUNITY

**VHFA BOARD MEETING AGENDA**
**Monday, March 9, 2009**
Vermont Association of Realtors
148 State St., Montpelier
**8:00 a.m. – Noon**

| | |
|---|---|
| **Meeting Start** | **8:00 a.m.** |
| **Review and Approval of February 9, 2009** (5 minutes) | Enclosure |
| **Executive Director's Report** (5 minutes) | Carpenter/Enclosure |
| **Finance** | |
| • Renewal of KeyBank Credit Facilities for Working Capital and Construction Loans (10 minutes) | Connors/Enclosure |
| • Financial Update (20 minutes) | Connors/Discussion |
| **Development** | |
| • Stimulus Bill Impact On Tax Credit Programs (10 minutes) | Erdelyi/Enclosure |
| • Tax Credit Applications for April (5 minutes) | Erdelyi/Discussion |
| **Homeownership** | |
| • Fannie Mae Cash Window Option (15 minutes) | Adams/Enclosure |
| **Administration** | |
| • Annual Meeting (10 minutes) | Carpenter/Enclosure |
| • Legislative Update (20 minutes) | Carpenter/Discussion |
| **Executive Session** | |
| **Other Business** (10 minutes) | |
| **Adjournment** | |

| | |
|---|---|
| **Reports:** ***FYI Only*** | |
| ➢ Summary of Homeownership Activities/Reports | Crady/Enclosure |

# 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), Dagyne 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.



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EQUAL HOUSING OPPORTUNITY

**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.

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**Vermont Housing Finance Agency**

# MEMORANDUM

**TO:** VHFA Board of Commissioners

**FROM:** Sarah E. Carpenter, Executive Director

**DATE:** March 3, 2009

**RE:** **EXECUTIVE DIRECTOR'S REPORT**

## Administration

As part of the Community Awareness Program (CAP), the United Way Committee sponsored a Valentine's Day Pastry Cart. Several staff prepared and/or purchased tasty goodies to be sold in conjunction with various flavored coffees. This year's coordinator of the event, Erin Perrin, reported the event raised $103 for the United Way of Chittenden County.

Also as part of the CAP Speaker Series, we invited ReCycle North for a brown bag lunch informational meeting to tell us a little bit about what they do. Tom Longstreth, Executive Director from ReCycle North along with Andrew Forguites, a student in the Youthbuild Program at ReCycle North discussed the many programs offered by the organization, which have affected so many lives in Vermont over the last several years.

I happy to report Josh Slade was recently notified that his long awaited adoption opportunity was coming to fruition. Josh met his new daughter Amelia Hope, who was born January 6th and returned home to Vermont on February 6th. Both Josh and Amelia are doing well.

Last fall at the Worksite Wellness Conference, VHFA won a grant to be used on a worksite wellness initiative. Stuart Offer, Wellness Educator at the YMCA, was very well received in a presentation on Fast Healthy Cooking at our Health Awareness Day, so we decided to invite him back. He delivered two engaging and practical presentations one on January 23rd titled Nutrition Strategies to Maximize Weight Loss and one on February 27th titled Facts and Fallacies of Food and Nutrition.

The February full staff meeting featured a presentation by Tom Rugg of Hickok and Boardman of the Agency's health insurance plan, including the changes that will be taking place effective March 1st with the change from Plan B to Plan C. Tom also did an online demonstration of the BCBS website, with an in depth focus on the wellness portion of the site.



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I'm happy to announce that the Agency has hired Mark Westergard as General Counsel for the Agency. Mark comes to the Agency with 20 plus years of experience as a bond lawyer for one of the largest law firms in the US. (based out of Texas). Mark moved to Vermont 3 years ago and has been working as a Trial Court Law Clerk for the State of Vermont for the past 18 months.

Mark will have the opportunity to work with Elizabeth, allowing for a smooth transition. Mark's first day with the Agency will be March 16th.

**Development**

The new Federal stimulus package has set off a flurry of activity, as it contains some housing provisions. Staff attended a "webinar" sponsored by IPED and NCSHA on the housing provisions of the Act, and will need to follow some new regulations in order to implement them, but the new funding is very good news for the State. We expect to receive about $5.4 million to fill gaps left by the tax credit equity investment market. This would be for projects receiving credits in 2007, 2008, 2009. We will discuss this further at the Board meeting.

Cindy finalized the state's annual tax credit transmittal to the IRS (the "8610"), and staff had to do some forms right up to the deadline, for recently completed projects. Cindy also met with developers on Grandway II, a proposed development in South Burlington, and on Eastview in Middlebury, along with Dave and Sarah. She and Joe have started work on tax credit applications coming in for the April Board meeting, which will be numerous. Joe also attended a public hearing on the new NSP funds with Dave, who has been developing VHFA's piece of that funding which will address bank-foreclosed homes. (Dave also did substantial work on the program's memorandum with the State, and on setting up procedures with our partners such as the homeownership centers.) Joe also met with VHCB staff about updating the multi-agency common application form, and worked on River Station and East Branch Farms homeownership developments. He and Cindy had meetings with people from Cathedral Square, Housing Vermont, COTS, DHCA, and the City of Burlington on a variety of projects and funding issues.

We are very pleased to officially let you know that the MacArthur Foundation's has selected VHFA and VHCB as one of its 12 award recipients in their Partners in Innovation Program on Federal, State, and Local Rental Preservation Solutions. We were chosen out of 80 applicants. This is part of a $150 million national effort by the Foundation to preserve rental housing in America. VHFA will receive a $2 million project related investment that will allow us to provide some revolving funds for energy, predevelopment and equity bridge loans. VHCB will receive $600,000 to provide a number grants in these areas and provide technical assistance grants for rental housing preservation. Many thanks to Sam Falzone, Joe and Cindy, who worked on hard on this with VHCB staff.

**Homeownership**

Contracts and basic information about VHFA's switch from the purchase of whole loans to working with U.S. Bank and Fannie Mae are in the mail. Staff has spent a significant amount of time over the past several months reviewing process and procedures and coordinating the transfer of information with U.S. Bank for a smooth transition. By the end of March, lenders will have access to VHFA and U.S. Bank guides so they can begin to explore new information and regional trainings will be scheduled for April.

## Multifamily

The 2009 budget approval process is now 94% complete with the remaining project budgets showing unresolved deficits pending rent increase appeals or owner agreements to fund shortfalls. 2008 project audits have begun to arrive and staff is switching gears and beginning the tasks related to reviewing these financial statements and providing formal review letters to owners, managers and accountants.

Progress in our implementation of the HDS computer system is proceeding and staff is expected to move to a live conversion the week of March 9th. Kim Roy has lead this effort working closely with IT staff and along with multifamily staff have been trained using Go-To meetings with HDS staff in Florida.

Our Default and Foreclosure Judgment Order against the owner of Rockingham Canal House becomes effective on March 15th. Barring any last minute delays by the partnership's Boston and Burlington legal team, the Agency should have title to the property on March 16th and we hope to have the property for resale shortly thereafter. HUD's threat to terminate the HAP Contract because of repeated REAC inspection failures at the property has been held in abeyance pending the final outcome of the foreclosure action. VHFA secured perpetual affordability at the Canal House through a 75 year ground lease in a successful foreclosure judgment in 1987 against the same owner.

Staff has continued working with CHT senior staff to resolve operational issues in their property management and financial reporting areas. As a result of these meetings, VHFA has instituted specific performance benchmarks that CHT must successfully achieve in the next few months.

## Finance

We continue to search for replacement liquidity providers. We continue to talk to a number of banks as well as Fannie Mae. This is our top priority .We have had a number of lengthy discussions with the State Treasurer's office on how we might use the Moral Obligation authority we have available to assist us in getting investors; or as some form of credit enhancement, and we have been exploring the use of a pledged equity fund to do this. The legislature recently passed similar legislation to benefit VSAC. This would require a change in our statute to do this for VFHA, although no increased obligation.

The further downgrade of MGIC may have future effects for us, even though our defaults and loan losses remain stable. We will discuss this at the Board meeting.

VHFA's involvement in the new Neighborhood Stabilization Program (NSP) will create the need for special accounting and reporting in the Agency's financials. Tim Gutchell has been working with Dave Adams to make sure that the systems and procedures are in place from an accounting perspective to support the program when the first transactions are ready to be processed.

Finance and Homeownership departments have been working together on several other projects, including setting up the processes and procedures required to support the MBS program. We have also been looking into the possibility of working with Fannie Mae to securitize some of our

existing loan portfolio as well as accessing the cash window. The team has also been researching the best solution for using the remaining proceeds from the 2008C bond issue.

**Public Affairs**

On February 26th, VHFA and VHCB held a press conference in Montpelier to announce the $2.6 million MacArthur Foundation award. Eileen Peltier, of the Central Vermont Community Land Trust, joined us. The event was covered by Vermont Public Radio, who aired a very good story. http://www.vpr.net/news_detail/84196/. Unfortunately for press coverage, the Speaker and the Pro Tem announced that morning they would hold a press conference on the budget at 12:30, about the same time we were holding ours. However, John Fairbanks is working on follow-up.

The Wall Street Journal contacted VHFA on the 27th as part of a larger story on how HFAs generally are fairing in the current market situation. John and the reporter discussed the background of using variable rate debt, how HFAs are caught between a stalled bond market, downgrades of liquidity providers and restrictions on operating capital. The reporter thought the article might be published the week of March 2nd.

We have been working with peer HFA's in Wisconsin and Colorado in drafting an op-ed piece that is currently under consideration at USA-Today.

John, Leslie Black-Plumeau and Maura Collins are working a 2009 edition of the housing/wages report, which is scheduled to be released in late March. We expect to make it available primarily on-line,

There are a number of state bills of interest to housing and our residents, but one item that popped up, and we are not sure why, is a proposal to eliminate the state housing tax credit (among other tax credit elimination proposals) that is now part of the miscellaneous tax bill. We expect to be contacted for testimony if the Ways and Means Committee decides to take up the bill.

Craig Bailey is has been working to keep our web pages current. He recently added a charting feature to the housing data site (www.housingdata.org) so users looking at historical data on the site will get charts as well as tabular data. He also created a tax credit projects map of Vermont, showing where investment through the state's housing credit are located, and he has modified VHFA's Facebook page to include posts from the "Housing Matters" blog.

I will be in Washington, D.C. for the NCSHA Legislative Conference March 1-3. I expect we will get a number of updates and fill you at the Board meeting. I also have forwarded you a press release about housing programs we know of from the economic stimulus bill. I expect next week we will get more information about the recent announcements on the housing recovery and affordability plan; a lot of which involves FHA, Fannie Mae, and Freddie Mac. The President did mention HFA's which I hope is an optimistic sign, will keep you posted.

See you on the 9th.

vhfa

**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

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**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--

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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

| Working Capital Lines of Credit | Maximum on Line | Outstanding Balance[1] | Available to Draw |
|---|---|---|---|
| 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 |

| Construction Lines of Credit | | Maximum on Line | Outstanding Balance[1] | Available to Draw (Current Projects) | Available to Draw (Future Projects) |
|---|---|---|---|---|---|
| TD Bank | Revolving - all projects | 12,500,000 | 8,910,479 | 1,400,957 | 1,470,000 |
| KeyBank | 2007 projects | 11,000,000 | 9,059,319 | 1,769,642 | - |
| | 2008 projects | 3,000,000 | 763,454 | 2,136,546 | - |
| | 2009 projects | 31,000,000 | - | - | 31,000,000 |
| Total - Construction Lines | | 57,500,000 | 18,733,252 | 5,307,145 | 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.

| Liquidity Provider | VHFA Contacts | Title | Date of Last Contact | VHFA Contact | Most Recent Status |
|---|---|---|---|---|---|
| FHLB Boston | Dan Devine<br>Susan Elliott<br>Kathy Judge | First Vice President - Treasurer<br>Executive Vice President/Member Services<br>Vice President – Enterprise Risk Management | December 12, 2008<br>January 26, 2009<br>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<br>Public Entity Group, Fannie Mae | February 20, 2009 | Dave Adams | FNMA knows we are very interested in obtaining liquidity with them<br>They are waiting for direction from their regulator to work with HFA's<br>Having some support from the Sate of VT will be critical to getting liquidity from Fannie Mae |
| State Street Global Markets | Tim Batler<br>Michael Murray | Senior Managing Director | February 26, 2009 | Connors | Focusing on Liqudity for current cleints<br>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<br>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<br>Robin Ginsburg | Public Finance | February 27, 2009 | Sarah/Tom/Scott | Had a conference call 1/20/09<br>(laid off 2/27) |
| California Pension Fund (CALPERS) | | | | Al Hans | |
| JP Morgan | Kent Hitshew | 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 Taddei<br>Patrick Murphy | VP, Corporate Trust Services<br>Vice President | | | |
| TD Bank | Gisele Kloeckner | Vice President, Commercial Banking | February 20, 2009 | Connors | May be interested in one more series but will need Moodys to verify GO rating |
| US Bank | Jeff Heckman | Managing Director<br>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. |

| Liquidity Provider | VHFA Contacts | Title | Date of Last Contact | VHFA Contact | Most Recent Status |
|---|---|---|---|---|---|
| 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.<br><br>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 Comercial Paper program). |
| | Mike Koessel | Director | | | |
| | Raymond High | | | | |
| State of VT | Jim Douglas | Governor | February 27, 2009 | Sarah/Tom/Scott | Authoring a sign-on letter for the National Governors Association |
| | Jeb Spaulding | Treasurer | | | |
| | Beth Pearce | Deputy Treasurer | | | |
| VT State Pension Plan | Jeb Spaulding | Treasurer | | | |
| | Beth Pearce | Deputy Treasurer | | | |
| | David Minot | 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 |

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**Vermont Housing Finance Agency**

# MEMORANDUM

**TO:** VHFA Board of Commissioners

**FROM:** Joe Erdelyi, Director of Development JE

**DATE:** March 2, 2009

**RE:** American Recovery and Reinvestment Act – Changes for Vermont

**Board Action:** No Action is required.

**Summary:** This Act, H.R. 1, was signed into law on Tuesday, 2/17, and contained two provisions that relate to the Housing Credit program VHFA administers: HOME Supplement, and Monetized Credit. The purpose of both of these is to fill gaps in projects created by declining equity pricing, and from the general unavailability of tax credit equity for some already-approved developments. Technically neither of these funds are Housing Credits, and therefore the allocating agencies do not need to modify their Qualified Allocation Plans in order to distribute these funds.

HOME Supplement:

The Act allocates $2.25 billion to the HOME program to be distributed to States proportionate to the 2008 HOME funding distribution. (According to the HUD website Vermont will get $5.4 million). The Act specifies that the funds will go to the allocating agency, who will distribute the funds to project owners. VHFA is one of 15 allocating agencies nationally that do not also administer HOME funds already, so staff are looking into how we might draw upon the expertise of the VHCB staff in order to meet some of the program's administrative requirements. Some HOME provisions are retained, while others have been modified to mirror those of the tax credit program. These funds can only go to tax credit projects (both bond and allocated credits) that have received or will receive credits from 2007, 2008, or 2009 (see attached list). Staff intend to bring HOME projects to the VHFA Board for approval, following the same process we currently use with requests for Housing Credits or VHFA financing. Within one year of the enactment of this Act VHFA needs to have expended 75% of these funds, and within three years to have expended 100%. The Act specifies that the allocating agencies are to give priority to projects expected to be completed within three years of its enactment. HUD has begun to refer to this program as the Tax Credit Assistance Program, or TCAP.

Monetized Credit

VHFA can elect to return Housing Credits to the Treasury in exchange for cash. Specifically we could return any 2008 credits that were unused (or returned to VHFA) in 2009, and up to 40% of the 2009 "per-capita" and national pool credits. As of this writing VHFA has no unallocated 2008 credits and approximately $1.7 million in 2009/2010 credits left to allocate. Staff generally wait until later in the calendar year to finalize which developments utilize 2009 credits versus 2010 credits, but given the credit award process we follow it is accurate to say we have some 2009 credits available, should we want to undertake this "monetizing" of credits. The cash received can be given to projects that do not receive any Housing Credits, but the awards must be made in the same manner and with the same restrictions as the Housing Credit projects, and a good faith effort to obtain housing credit equity must first have been

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demonstrated by the applicant. Asset management similar to the Housing Credit compliance monitoring must be followed, and there are recapture provisions as well.

Staff see many approved Housing Credit projects with funding gaps and anticipate strong demand for all of the HOME supplemental funds. Most projects still are able to place equity, and staff expect the demand for monetized credits will be relatively smaller. Some developments (e.g. NAMCO Allocated) have a substantial funding gap based on the anticipation of federal earmarks that now appear unlikely, based on state credits that may be disappearing, or based on lost equity or other lost funding. These projects might use one, or the other, or both of these new sources to fill their gaps. Applications for Housing Credits will be brought to the Board at its April 6th meeting, and when the HOME funds have been received and administrative issues addressed, those developments will be brought forward as soon as possible.

| HOME "Supplement " (aka TCAP Funds) | | List of Eligible Projects |
|---|---|---|
| | | status |
| Birge & Worden | 2007 | placed in service |
| West River Assisted | 2007 | placed in service |
| West River Independent | 2007 | placed in service |
| Bemis Block | 2007 | placed in service |
| Willard Mill | 2007 | placed in service |
| King Street | 2007 | being occupied; final budget not in |
| Stonewall / Bianchi | 2007 | placed in service |
| Downtown Crossing | 2007 | placed in service |
| Wheeler Brook | 2007 | under construction |
| Callahan | 2007 | placed in service |
| Eastern Townships | 2007 | placed in service |
| Falls Housing | 2007 | placed in service |
| Meadowlane | 2008 | under construction |
| Tontine / Canal | 2008 | placed in service |
| NAMCO Allocated | 2008 | has potential gap (earmark) |
| Rutland Scattered | 2008 | under construction |
| Abbott Block | 2008 | has gap (state credits, bids high) |
| North Branch Apartments | 2008 | approved for credits, not yet under construction |
| Waits River | 2008 | placed in service |
| Cummings Street | 2008 | placed in service |
| Anne Wilder Richards | 2009 | approved for credits, not yet under construction |
| Brookside Colchester | 2009 | under construction |
| Brookside St Albans | 2009 | approved for credits, not yet under construction |
| Bellows Falls - Pine St | 2009 | under construction |
| Salisbury Square | 2009 | approved for credits, not yet under construction |
| Vergennes Senior | 2009 | approved for credits, not yet under construction |
| Alburgh Family | 2009 | approved for credits, not yet under construction |
| Grandway II | 2009-2010 | applying for credits for 4/09 decision |
| Ellis Block | 2009-2010 | applying for credits for 4/09 decision |
| Forest Park | 2009-2010 | applying for credits for 4/09 decision |
| Bove | 2009-2010 | applying for credits for 4/09 decision |
| Cottages at MSV | 2009-2010 | applying for credits for 4/09 decision |
| Upper Story | 2009-2010 | applying for credits for 4/09 decision |
| Wexford at Quarry Hill | 2009-2010 | applying for credits for 4/09 decision |
| Colby House | 2009-2010 | applying for credits for 4/09 decision |
| Shelburne Woods I | 2009-2010 | seeks 2010 credits - if so, ineligible for this HOME |
| Grange Hill | 2009-2010 | applying for credits for 4/09 decision |
| *any other project that gets an allocation of 2009 ceiling credits by 9/30/09* | | |
| Vernon Senior | bond | placed in service |
| Hardwick Family | bond | placed in service |
| Esteyville | bond | placed in service |
| Conant Square Inn | bond | placed in service |
| Linden Terrace | bond | placed in service |
| Proctorsville Green | bond | placed in service |
| Passumpsic North and South | bond | placed in service |
| South Square | bond | placed in service |
| Essex Senior Housing | bond | construction complete, being occupied |
| NAMCO Bond | bond | under construction |
| Rail City | bond | placed in service |
| Pine Meadow | bond | placed in service |
| Newport City Senior | bond | under construction |
| Bellows Falls Family | bond | under construction |
| *Pleasant Street* | *bond* | *VHFA approved - bond not issued* |
| *Missisquoi Manor* | *bond* | *anticipated* |
| *Pine Manor* | *bond* | *anticipated* |
| *Depot Square* | *bond* | *anticipated* |
| *any other project that gets an "out of cap" letter and has the tax-exempt bond issued by 9/30/09* | | |

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**Vermont Housing Finance Agency**

# MEMORANDUM

To: VHFA Board of Commissioners
From: Dave Adams and Pat Crady
Date: 3-02-09 for meeting of March 9th, 2009
Re: Board Authorization to deliver loans into the Fannie Mae Cash Window

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**Request**

Board approval is requested to authorize 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.

This authorization is intended be provide an alternative delivery option for the Agency, and not a replacement for delivery into a Mortgage Backed Security (MBS) or our ability to purchase loans for our own portfolio under our Whole Loan Program. The implementation of the MBS structure is well underway and continues to be our intended primary funding mechanism.

**What is the "Cash Window?"**

Fannie Mae (and Freddie Mac) offers daily cash pricing to lenders at various rates and for delivery periods typically ranging from 10 to 90 days. Lenders deliver loans within the delivery period they selected and are paid the price they were quoted when they took down the commitment for delivery into the Cash Window.

**Benefits of the Cash Execution**

1. The Process for loan origination and delivery to the Master Servicer is the same for our lenders regardless of whether the Agency exchanges loans for Mortgage Backed Securities or sells them for cash.
2. Selling loans into the Cash Window does not require any cash outlay from the Agency.
3. Selling loans for cash does not require the use of volume cap, should we need to leverage volume cap in the future.
4. The premiums generated from a cash execution may at times be worth more to the Agency than receiving a marginal spread over the life of the loans. This will become more evident at times when the Agency has had to reduce rates to stay competitive, therefore reducing the interest rate spread to minimal levels. (See spreadsheet attached)

**Other Considerations**

The Agency's Single Family loan rates will continue to be based on the bond issue in effect, which accomplishes the following:

a. Establishes the minimum desired spread to the Agency
b. Allows the Agency to put the loans into an MBS in the event cash prices are not favorable to the Agency.

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c. As long as we continue to set our rates and pricing based on bonds issued, the Agency will not take on any additional interest rate risk that we don't already have. Declining rates cause our greatest exposure.

It is Staff's intention to only use the cash window execution when it presents a financial advantage to the Agency. The decision to sell for cash, or exchange for MBS will be made by Staff only after loans have been delivered to and purchased by US Bank and are ready for delivery to Fannie Mae. Staff will execute the trade that best meets our financial needs at that time. The Cash Window offers an additional option that Staff feels may be financially beneficial to the Agency and a tool we feel should be available by the time we complete the transition to the MBS structure.

## VHFA 2008C ANALYSIS OF FNMA CASH EXECUTION VERSUS FNMA MBS EXECUTION

| | 2008C FNMA CASH EXECUTION | 2008C FNMA MBS EXECUTION |
|---|---|---|
| 2008C Full Spread | 5.50% with no points | 5.50% with no points |
| Points Paid by Borrower | 0% | 0% |
| Fee Paid to Lenders | -1.25% | -1.25% |
| Adverse Market Fees to Fannie Mae | -0.25% | -0.25% |
| USBank Cash Sale Transaction Fee | -0.15% | N/A |
| USBank Service Release Premium to VHFA | 1.31% | 1.54% |
| Loan Level Price Adjustment-FNMA .56% | Borrower to Pay | Borrower to Pay |
| **FNMA 30-Day Cash Price (February Average)** | **101.55%** | N/A |
| **NET IMPACT ON CASH TO(FR) VHFA** | 101.21% | 0.04% |

### INTEREST RATE SPREAD ANALYSISTO VHFA OVER LIFE OF LOANS

| | | |
|---|---|---|
| Cost of Funds 2008C | 5.25% | 4.63% |
| Servicing Fee to Lenders | 0.25% | 0.31% |
| Guarantee Fee to Fannie Mae | N/A | 0.19% |
| **Spread to VHFA** | **0.00%** | **0.37%** |
| Note Rate to Borrower | 5.50% | 5.50% |

The Cash Window provides an opportunity for the Agency to either take a one-time cash premium that would have averaged 1.21% for the month of February, or delivered into a Mortgage Backed Security that would have generated 37 basis points of income over the life of the loans, plus 4 basis points in cash from the USBank (SRP).

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**Vermont Housing Finance Agency**

**MEMORANDUM**

**TO:** VHFA Board of Commissioners

**FROM:** Elizabeth Mullikin Drake, General Counsel

**RE:** Annual Meeting

**DATE:** March 9, 2009

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**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.

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**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

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**Vermont Housing Finance Agency**

TO: VHFA Board of Commissioners

FROM: Patricia A. Crady, Director of Homeownership Programs

DATE: March 2, 2009

RE: Summary of Homeownership Activities

## PRODUCTION

Production reports by fiscal and calendar year are attached. VHFA's Homeownership Program continues to experience a substantial drop in activity both for the calendar and fiscal year; however, over the past week VHFA's interest rate has become more competitive and we are beginning to see more interest from lenders.

## COLLECTIONS

Delinquency and REO reports are attached. As of January 31, 2009 VHFA owns 10 properties; 1 was sold in the month of February. A number of properties currently owned by VHFA and in foreclosure are in NSP eligible areas. We will prepare information so they can be considered as VHFA works to implement HARP. VHFA continues to be proactive in working with servicers to identify borrowers who would benefit from a loan modification.

If you have any questions please do not hesitate to call me at 652-3442 or email me at pcrady@vhfa.org.

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# FY09 Production Summary

July 1, 2008 - June 30, 2009

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FY Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MOVE | 7,913,135 | 8,574,063 | 4,624,303 | 4,508,466 | 2,745,710 | 1,582,622 | 407,189 | | | | | | 30,355,488 |
| HOUSE | 436,200 | 1,387,090 | 655,500 | 234,670 | 148,000 | 458,570 | 440,565 | | | | | | 3,760,595 |
| LIMITED REFI | | | | | | | | | | | | | 0 |
| FIXED35 | | | | | | | | | | | | | 0 |
| Dollar Total | 8,349,335 | 9,961,153 | 5,279,803 | 4,743,136 | 2,893,710 | 2,041,192 | 847,754 | 0 | 0 | 0 | 0 | 0 | 34,116,083 |
| Total # of Loans | 58 | 72 | 42 | 37 | 22 | 19 | 7 | | | | | | 257 |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MOBILE HOME | 482,875 | 174,700 | 482,450 | 0 | 91,960 | 140,600 | 0 | | | | | | 1,372,585 |
| Total # of MH* | 5 | 2 | 6 | 0 | 1 | 1 | 0 | | | | | | 15 |

*The Mobile Home # is included in the above line item titled "Total # of Loans"

# FY08 Production Summary

July 1, 2007 - June 30, 2008

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FY Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MOVE | 15,006,819 | 22,493,246 | 18,558,175 | 9,782,437 | 12,998,387 | 7,847,269 | 5,248,251 | 3,427,331 | 3,778,513 | 6,998,305 | 7,773,157 | 4,597,940 | 118,509,830 |
| HOUSE | 753,673 | 932,565 | 537,140 | 629,082 | | 298,000 | 137,900 | 430,095 | 330,600 | 254,015 | 326,900 | 439,230 | 5,069,200 |
| LIMITED REFI | 74,638 | | | | | | | | | | 127,000 | | 201,638 |
| FIXED35 | | | | | 175,100 | 133,000 | | | | | | | 308,100 |
| Dollar Total | 15,835,130 | 23,425,811 | 19,095,315 | 10,411,519 | 13,173,487 | 8,278,269 | 5,386,151 | 3,857,426 | 4,109,113 | 7,252,320 | 8,227,057 | 5,037,170 | 124,088,768 |
| Total # of Loans | 109 | 158 | 132 | 72 | 89 | 58 | 40 | 28 | 30 | 53 | 59 | 37 | 865 |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MOBILE HOME | 1,749,881 | 1,764,831 | 1,747,220 | 709,668 | 874,370 | 658,000 | 253,450 | 190,400 | 168,200 | 693,610 | 900,875 | 472,464 | 10,182,969 |
| Total # of MH* | 17 | 17 | 17 | 9 | 8 | 6 | 3 | 2 | 3 | 7 | 9 | 4 | 102 |

*The Mobile Home # is included in the above line item titled "Total # of Loans"

# FY09 Dollar Volume by Lender

July 1, 2008- June 30, 2009

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CHITTENDEN MTG SVCS | 600,317 | 2,781,101 | 1,130,115 | 908,020 | 156,500 | 522,260 | 227,100 | | | | | | $6,325,413 |
| NEW ENGLAND FCU | 1,486,293 | 2,673,086 | 761,525 | 531,452 | 651,540 | 138,875 | | | | | | | $6,242,771 |
| UNIVERSAL | 967,528 | 460,200 | 1,178,845 | 460,550 | 464,825 | 106,295 | 160,365 | | | | | | $3,798,608 |
| COMMUNITY | 241,255 | 626,313 | 478,620 | 359,327 | 286,549 | 385,000 | 174,489 | | | | | | $2,551,553 |
| MTG FINANCIAL | 789,070 | 580,213 | 417,520 | 228,000 | 420,250 | 99,500 | | | | | | | $2,534,553 |
| HERITAGE FCU | 231,600 | 215,520 | 283,550 | 415,310 | 152,000 | 164,956 | 150,000 | | | | | | $1,612,936 |
| VT STATE ECU | 314,184 | 748,950 | 117,346 | 81,632 | | 243,806 | | | | | | | $1,505,918 |
| N.E. HOME LOAN | 254,625 | 125,000 | 427,462 | 376,500 | 175,100 | | | | | | | | $1,358,687 |
| NAT'L BNK MIDDLE | 477,260 | 335,100 | 273,600 | 98,400 | 132,686 | | | | | | | | $1,317,046 |
| NORTHFIELD | 716,055 | 120,000 | | | 216,800 | 97,000 | | | | | | | $1,149,855 |
| PEOPLES TRUST | 260,000 | 333,000 | | 359,750 | | | | | | | | | $952,750 |
| VT FEDERAL CU | 100,000 | 335,750 | 139,220 | 113,905 | 91,960 | 123,500 | | | | | | | $904,335 |
| NORTH COUNTRY CU | 275,400 | 284,970 | $72,000 | 130,800 | | | 135,800 | | | | | | $898,970 |
| UNION | 440,400 | | | 263,950 | | 160,000 | | | | | | | $864,350 |
| WELLS FARGO | 449,800 | 189,150 | | | | | | | | | | | $638,950 |
| CT RIVER | 217,600 | | | 129,540 | | | | | | | | | $347,140 |
| TDBANKNORTH | 206,700 | | | | | | | | | | | | $206,700 |
| NATIONAL CITY | | | | 160,000 | | | | | | | | | $160,000 |
| BRATTLEBORO | | 152,800 | | | | | | | | | | | $152,800 |
| COUNTRYWIDE | | | | | 145,500 | | | | | | | | $145,500 |
| RIVER VALLE CU | 0 | | | 126,000 | | | | | | | | | $126,000 |
| GMAC | 124,448 | | | | | | | | | | | | $124,448 |
| FIRST NAT'L BNK ORWELL | 116,000 | | | | | | | | | | | | $116,000 |
| LAKE SUNAPEE | 80,800 | | | | | | | | | | | | $80,800 |
| BANK OF BENN | | | | | | | | | | | | | $0 |
| BERKSHIRE BANK | | | | | | | | | | | | | $0 |
| CCO MORTGAGE | | | | | | | | | | | | | $0 |
| LIBERTYQUEST | | | | | | | | | | | | | $0 |
| MASCOMA | | | | | | | | | | | | | $0 |
| OPPORTUNITIES CU | | | | | | | | | | | | | $0 |
| SUMMIT (Merrimack Mtg) | | | | | | | | | | | | | $0 |
| TOTAL | $8,349,335 | $9,961,153 | $5,279,803 | $4,743,136 | $2,893,710 | $2,041,192 | $847,754 | $0 | $0 | $0 | $0 | $0 | $34,116,083 |

# FY09 Loan Volume by Lender

July 1, 2008 - [redacted] 30, 2009

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CHITTENDEN MTG SVCS | 4 | 21 | 9 | 7 | 2 | 5 | 2 | | | | | | **50** |
| NEW ENGLAND FCU | 8 | 16 | 6 | 5 | 5 | 2 | | | | | | | **42** |
| UNIVERSAL | 7 | 4 | 9 | 3 | 3 | 2 | 2 | | | | | | **30** |
| COMMUNITY | 2 | 6 | 4 | 3 | 3 | 3 | 1 | | | | | | **22** |
| MTG FINANCIAL SRV | 5 | 4 | 3 | 1 | 2 | 1 | | | | | | | **16** |
| HERITAGE FCU | 2 | 2 | 3 | 4 | 1 | 1 | 1 | | | | | | **14** |
| VT STATE ECU | 2 | 6 | 1 | 1 | | 2 | | | | | | | **12** |
| NAT'L BNK MIDDLE | 4 | 3 | 2 | 1 | 1 | | | | | | | | **11** |
| N.E. HOME LOAN | 1 | 1 | 3 | 3 | 1 | | | | | | | | **9** |
| NORTHFIELD | 5 | 1 | | | 2 | 1 | | | | | | | **9** |
| NORTH COUNTRY FCU | 2 | 2 | 1 | 1 | | | 1 | | | | | | **7** |
| VT FEDERAL CU | 1 | 2 | 1 | 1 | 1 | 1 | | | | | | | **7** |
| PEOPLES TRUST | 2 | 2 | | 2 | | | | | | | | | **6** |
| UNION | 3 | | | 2 | | 1 | | | | | | | **6** |
| WELLS FARGO | 3 | 1 | | | | | | | | | | | **4** |
| CT RIVER | 2 | | | 1 | | | | | | | | | **3** |
| TDBANKNORTH | 2 | | | | | | | | | | | | **2** |
| BRATTLEBORO | | 1 | | | | | | | | | | | **1** |
| COUNTRYWIDE | | | | | 1 | | | | | | | | **1** |
| FIRST NAT'L BNK ORWELL | 1 | | | | | | | | | | | | **1** |
| GMAC | 1 | | | | | | | | | | | | **1** |
| LAKE SUNAPEE | 1 | | | | | | | | | | | | **1** |
| NATIONAL CITY | | | | 1 | | | | | | | | | **1** |
| RIVER VALLEY CU | | | | 1 | | | | | | | | | **1** |
| BANK OF BENN | | | | | | | | | | | | | **0** |
| BERKSHIRE BANK | | | | | | | | | | | | | **0** |
| CCO MORTGAGE | | | | | | | | | | | | | **0** |
| LIBERTYQUEST | | | | | | | | | | | | | **0** |
| MASCOMA | | | | | | | | | | | | | **0** |
| OPPORTUNITIES CU | | | | | | | | | | | | | **0** |
| SUMMIT (Merrimack Mtg) | | | | | | | | | | | | | **0** |
| TOTAL | 58 | 72 | 42 | 37 | 22 | 19 | 7 | 0 | 0 | 0 | 0 | 0 | **257** |

## CY09 Production Summary

| | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MOVE | 407,189 | | | | | | | | | | | | **407,189** |
| HOUSE | 440,565 | | | | | | | | | | | | **440,565** |
| Total | **847,754** | **0** | **0** | **0** | | | | | | | | | 847,754 |
| | | | | | | | | | | | | | |
| MOBILE HOME | 0 | | | | | | | | | | | | **0** |

## CY08 Production Summary

| | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MOVE | 5,248,251 | 3,427,331 | 3,778,513 | 6,998,305 | 7,773,157 | 4,597,940 | 7,913,135 | 8,574,063 | 4,624,303 | 4,508,466 | 2,745,710 | 1,582,622 | **61,771,796** |
| HOUSE | 137,900 | 430,095 | 330,600 | 254,015 | 326,900 | 439,230 | 436,200 | 1,387,090 | 655,500 | 234,670 | 148,000 | 458,570 | **5,238,770** |
| LIMITED REFI | | | | | 127,000 | | | | | | | | **127,000** |
| Total | **5,386,151** | **3,857,426** | **4,109,113** | **7,252,320** | **8,227,057** | **5,037,170** | **8,349,335** | **9,961,153** | **5,279,803** | **4,743,136** | **2,893,710** | **2,041,192** | 67,137,566 |
| | | | | | | | | | | | | | |
| MOBILE HOME | 253,450 | 190,400 | 168,200 | 693,610 | 900,875 | 472,464 | 482,875 | 174,700 | 482,450 | 0 | 91,960 | 140,600 | **4,051,584** |

# CY09 Dollar Volume by Lender

| | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CHITTENDEN MTG SVCS | 227,100 | | | | | | | | | | | | 227,100 |
| COMMUNITY | 174,489 | | | | | | | | | | | | 174,489 |
| UNIVERSAL | 160,365 | | | | | | | | | | | | 160,365 |
| HERITAGE FCU | 150,000 | | | | | | | | | | | | 150,000 |
| NORTH COUNTRY CU | 135,800 | | | | | | | | | | | | 135,800 |
| BANK OF BENN | | | | | | | | | | | | | 0 |
| BERKSHIRE BANK | | | | | | | | | | | | | 0 |
| BRATTLEBORO | | | | | | | | | | | | | 0 |
| CCO MORTGAGE | | | | | | | | | | | | | 0 |
| COUNTRYWIDE | | | | | | | | | | | | | 0 |
| CT RIVER | | | | | | | | | | | | | 0 |
| CTX | | | | | | | | | | | | | 0 |
| FIRST COMMUNITY | | | | | | | | | | | | | 0 |
| FIRST NAT'L BNK ORWELL | | | | | | | | | | | | | 0 |
| GMAC | | | | | | | | | | | | | 0 |
| KEY BANK | | | | | | | | | | | | | 0 |
| LAKE SUNAPEE | | | | | | | | | | | | | 0 |
| LIBERTYQUEST | | | | | | | | | | | | | 0 |
| LYNDONVILLE | | | | | | | | | | | | | 0 |
| MASCOMA | | | | | | | | | | | | | 0 |
| MTG FINANCIAL | | | | | | | | | | | | | 0 |
| N.E. HOME LOAN | | | | | | | | | | | | | 0 |
| NATIONAL CITY | | | | | | | | | | | | | 0 |
| NAT'L BNK MIDDLE | | | | | | | | | | | | | 0 |
| NEW ENGLAND FCU | | | | | | | | | | | | | 0 |
| NORTHFIELD | | | | | | | | | | | | | 0 |
| OPPORTUNITIES CU | | | | | | | | | | | | | 0 |
| PEOPLES TRUST | | | | | | | | | | | | | 0 |
| RIVER VALLEY CU | | | | | | | | | | | | | 0 |
| SUMMIT (Merrimack Mtg) | | | | | | | | | | | | | 0 |
| TDBANKNORTH | | | | | | | | | | | | | 0 |
| UNION | | | | | | | | | | | | | 0 |
| VT FEDERAL CU | | | | | | | | | | | | | 0 |
| VT STATE ECU | | | | | | | | | | | | | 0 |
| WELLS FARGO | | | | | | | | | | | | | 0 |
| TOTAL | $847,754 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $847,754 |

# CY09 Number of loans

| | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CHITTENDEN MTG SVCS | 2 | | | | | | | | | | | | 2 |
| UNIVERSAL | 2 | | | | | | | | | | | | 2 |
| COMMUNITY | 1 | | | | | | | | | | | | 1 |
| HERITAGE FCU | 1 | | | | | | | | | | | | 1 |
| NORTH COUNTRY CU | 1 | | | | | | | | | | | | 1 |
| BANK OF BENN | | | | | | | | | | | | | 0 |
| BERKSHIRE BANK | | | | | | | | | | | | | 0 |
| BRATTLEBORO | | | | | | | | | | | | | 0 |
| CCO MORTGAGE | | | | | | | | | | | | | 0 |
| COUNTRYWIDE | | | | | | | | | | | | | 0 |
| CT RIVER | | | | | | | | | | | | | 0 |
| CTX | | | | | | | | | | | | | 0 |
| FIRST COMMUNITY | | | | | | | | | | | | | 0 |
| FIRST NAT'L BNK ORWELL | | | | | | | | | | | | | 0 |
| GMAC | | | | | | | | | | | | | 0 |
| KEY BANK | | | | | | | | | | | | | 0 |
| LAKE SUNAPEE | | | | | | | | | | | | | 0 |
| LIBERTYQUEST | | | | | | | | | | | | | 0 |
| LYNDONVILLE | | | | | | | | | | | | | 0 |
| MASCOMA | | | | | | | | | | | | | 0 |
| MTG FINANCIAL | | | | | | | | | | | | | 0 |
| N.E. HOME LOAN | | | | | | | | | | | | | 0 |
| NATIONAL CITY | | | | | | | | | | | | | 0 |
| NAT'L BNK MIDDLE | | | | | | | | | | | | | 0 |
| NEW ENGLAND FCU | | | | | | | | | | | | | 0 |
| NORTHFIELD | | | | | | | | | | | | | 0 |
| OPPORTUNITIES CU | | | | | | | | | | | | | 0 |
| PEOPLES TRUST | | | | | | | | | | | | | 0 |
| RIVER VALLEY CU | | | | | | | | | | | | | 0 |
| SUMMIT (Merrimack Mtg) | | | | | | | | | | | | | 0 |
| TDBANKNORTH | | | | | | | | | | | | | 0 |
| UNION | | | | | | | | | | | | | 0 |
| VT FEDERAL CU | | | | | | | | | | | | | 0 |
| VT STATE ECU | | | | | | | | | | | | | 0 |
| WELLS FARGO | | | | | | | | | | | | | 0 |
| TOTAL | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 |

VERMONT HOUSING FINANCE AGENCY
HOMEOWNERSHIP PROGRAM MONTHLY DELINQUENCY REPORT
January 31, 2009

| Lenders | Total Loans | 30 Days | | 60 Days | | 90+ Days | | In Foreclosure & Bankruptcy | | Total Delinquent | | REO | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Chittenden Mortgage Services | 1206 | 58 | 4.81% | 32 | 2.65% | 10 | 0.83% | 16 | 1.33% | 116 | 9.62% | 1 | 0.08% |
| Opportunities CU | 121 | 7 | 5.79% | 3 | 2.48% | 1 | 0.83% | 0 | 0.00% | 11 | 9.09% | 0 | 0.00% |
| Community National Bank | 352 | 11 | 3.13% | 12 | 3.41% | 2 | 0.57% | 4 | 1.14% | 29 | 8.24% | 0 | 0.00% |
| Graystone Solutions | 2495 | 109 | 4.37% | 26 | 1.04% | 28 | 1.12% | 23 | 0.92% | 186 | 7.45% | 7 | 0.28% |
| Union Bank | 323 | 11 | 3.41% | 5 | 1.55% | 3 | 0.93% | 2 | 0.62% | 21 | 6.50% | 0 | 0.00% |
| Peoples Trust Co. | 116 | 4 | 3.45% | 1 | 0.86% | 1 | 0.86% | 1 | 0.86% | 7 | 6.03% | 0 | 0.00% |
| Mascoma Savings Bank | 48 | 2 | 4.17% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 2 | 4.17% | 0 | 0.00% |
| Bank of Bennington | 57 | 2 | 3.51% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 2 | 3.51% | 0 | 0.00% |
| Connecticut River Bank | 66 | 1 | 1.52% | 0 | 0.00% | 1 | 1.52% | 0 | 0.00% | 2 | 3.03% | 0 | 0.00% |
| Heritage Family Credit Union | 168 | 3 | 1.79% | 1 | 0.60% | 1 | 0.60% | 0 | 0.00% | 5 | 2.98% | 0 | 0.00% |
| Brattleboro Savings & Loan | 96 | 0 | 0.00% | 1 | 1.04% | 1 | 1.04% | 0 | 0.00% | 2 | 2.08% | 0 | 0.00% |
| New England Federal CU | 638 | 3 | 0.47% | 0 | 0.00% | 2 | 0.31% | 0 | 0.00% | 5 | 0.78% | 2 | 0.31% |
| Totals | 5686 | 211 | 3.71% | 81 | 1.42% | 50 | 0.88% | 46 | 0.81% | 388 | 6.82% | 10 | 0.18% |
| Totals Previous Month | 5704 | 248 | 4.35% | 81 | 1.42% | 36 | 0.63% | 46 | 0.81% | 411 | 7.21% | 12 | 0.21% |
| Totals Same Mo. Last Yr. | 5620 | 197 | 3.51% | 64 | 1.14% | 31 | 0.55% | 45 | 0.80% | 337 | 6.00% | 3 | 0.05% |

**Note: Of the loans in foreclosure, a total of 19 are under a Chapter 13 Bankruptcy Plan**

VERMONT HOUSING FINANCE AGENCY

| Lenders | Jan 2008 | Feb 2008 | Mar 2008 | April 2008 | May 2008 | June 2008 | July 2008 | Aug 2008 | Sept 2008 | Oct 2008 | Nov 2008 | Dec 2008 | Jan 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bank of Bennington | 7.81% | 6.45% | 8.06% | 4.84% | 6.67% | 6.78% | 3.39% | 6.78% | 5.08% | 5.17% | 5.17% | 5.26% | 3.51% |
| Brattleboro Savings & Loan | 7.29% | 5.21% | 4.17% | 4.17% | 2.08% | 2.08% | 3.16% | 2.08% | 1.04% | 2.08% | 3.13% | 2.08% | 2.08% |
| Chittenden Mortgage Services | 9.33% | 8.43% | 8.17% | 7.96% | 7.45% | 8.30% | 9.02% | 8.59% | 9.15% | 9.07% | 10.84% | 10.59% | 9.62% |
| Community National Bank | 6.40% | 6.40% | 4.93% | 5.52% | 5.51% | 5.56% | 7.58% | 6.92% | 5.73% | 6.03% | 7.16% | 9.97% | 8.24% |
| Connecticut River Bank | 4.76% | 0.00% | 1.54% | 1.52% | 1.52% | 0.00% | 0.00% | 0.00% | 0.00% | 2.99% | 3.03% | 1.52% | 3.03% |
| Graystone | 6.06% | 6.42% | 5.93% | 6.27% | 5.45% | 5.81% | 5.32% | 6.07% | 6.26% | 5.88% | 7.31% | 7.83% | 7.45% |
| Heritage Family CU | 0.63% | 1.26% | 0.63% | 1.25% | 1.23% | 1.23% | 1.24% | 0.61% | 3.05% | 3.01% | 2.40% | 2.38% | 2.98% |
| Mascoma Savings Bank | 0.00% | 4.26% | 2.17% | 4.26% | 2.08% | 4.17% | 4.17% | 4.17% | 4.17% | 4.17% | 6.25% | 4.17% | 4.17% |
| New England Federal CU | 1.05% | 1.04% | 0.68% | 0.83% | 1.31% | 1.14% | 1.30% | 1.59% | 1.90% | 1.26% | 1.25% | 1.10% | 0.78% |
| Opportunites CU | 6.98% | 5.43% | 4.72% | 7.14% | 7.09% | 7.09% | 9.52% | 9.52% | 8.00% | 8.00% | 10.40% | 8.87% | 9.09% |
| Peoples Trust Co. | 4.27% | 2.56% | 4.42% | 2.61% | 3.42% | 5.08% | 5.08% | 4.24% | 3.39% | 4.24% | 4.24% | 3.42% | 6.03% |
| Union Bank | 4.49% | 5.15% | 4.24% | 5.49% | 4.31% | 5.81% | 4.28% | 5.86% | 5.86% | 5.85% | 6.79% | 5.54% | 6.50% |

# HOMEOWNERSHIP DELINQUENCY REPORT
## FISCAL YEAR 2009

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Portfolio # | 5659 | 5694 | 5702 | 5700 | 5704 | 5704 | 5686 | | | | | | 5693 |
| Total Portfolio $ | 557.5 | 563.9 | 565.8 | 566.9 | 568.3 | 568.0 | 565.7 | | | | | | 565.2 |

### NUMBER OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | 168 | 193 | 204 | 175 | 239 | 248 | 211 | | | | | | 205 |
| 60 Days | 71 | 68 | 60 | 78 | 71 | 81 | 81 | | | | | | 73 |
| 90 Days | 29 | 23 | 31 | 31 | 42 | 36 | 50 | | | | | | 35 |
| Foreclosure | 48 | 51 | 49 | 50 | 50 | 46 | 46 | | | | | | 49 |
| Total Delq FY 09 | 316 | 335 | 344 | 334 | 402 | 411 | 388 | | | | | | 361 |
| Total Delq FY 08 | 311 | 304 | 344 | 307 | 326 | 381 | 337 | 330 | 304 | 318 | 289 | 314 | 322 |

### PERCENT BY NUMBER OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | 2.97% | 3.39% | 3.58% | 3.07% | 4.19% | 4.35% | 3.71% | | | | | | 3.61% |
| 60 Days | 1.25% | 1.19% | 1.05% | 1.37% | 1.24% | 1.42% | 1.42% | | | | | | 1.28% |
| 90 Days | 0.51% | 0.40% | 0.54% | 0.54% | 0.74% | 0.63% | 0.88% | | | | | | 0.61% |
| Foreclosure | 0.85% | 0.90% | 0.86% | 0.88% | 0.88% | 0.81% | 0.81% | | | | | | 0.86% |
| Total Delq FY 09 | 5.58% | 5.88% | 6.03% | 5.86% | 7.05% | 7.21% | 6.82% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 6.35% |
| Total Delq FY 08 | 5.91% | 5.66% | 6.29% | 5.57% | 5.85% | 6.80% | 6.00% | 5.87% | 5.42% | 5.65% | 5.12% | 5.57% | 5.81% |

### DOLLAR AMOUNT OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | $11.3 | $14.3 | $15.5 | $13.4 | $17.4 | $18.7 | $16.1 | | | | | | $15.2 |
| 60 Days | $4.9 | $4.6 | $4.1 | $5.4 | $5.3 | $6.0 | $5.9 | | | | | | $5.2 |
| 90+ Days | $5.8 | $5.4 | $6.2 | $6.2 | $6.6 | $6.3 | $7.7 | | | | | | $6.3 |
| Total Delq FY 09 | $22.0 | $24.3 | $25.8 | $25.0 | $29.3 | $31.0 | $29.7 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $26.7 |
| Total Delq FY 08 | $20.5 | $19.8 | $22.8 | $20.6 | $22.2 | $26.1 | $23.7 | $23.3 | $21.0 | $22.7 | $20.8 | $22.3 | $22.2 |

# REO INVENTORY REPORT
## As of January 31, 2009

| Mortgagor | REO Date | City/Town | Princ. Bal. | Interest | Expenses | Receipts (1) | Total Cost Basis | Valuation Allowance | List Amount (2) | Current Appraisal | Date Last Appraised | Original Appraisal | Loan Date | Type | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Rivait | 5/14/2008 | Starksboro | $ 48,216 | $ 2,179 | $ 11,082 | $ 16,123 | $ 45,354 | $ - | $ 38,000 | $ 50,000 | 6/6/08 | $ 52,000 | 12/27/04 | MH | MH in Park- Price Reduced |
| Ford | 7/24/2008 | St. Albans | $ 97,128 | $ 3,136 | $ 10,495 | $ 26,669 | $ 84,090 | $ - | $ 95,000 | $ 120,000 | 3/5/08 | $ 110,000 | 03/08/06 | Condo | Price Reduced |
| Mailhiot | 8/21/2008 | Chittenden | $ 63,262 | $ 9,827 | $ 19,822 | $ 3,607 | $ 89,304 | $ - | $ 85,500 | $ 102,000 | 9/17/08 | $ 80,000 | 05/03/96 | SF | Price Reduced - Failed Septic System |
| Nichols | 10/3/2008 | Chester | $ 103,719 | $ 8,512 | $ 11,731 | $ - | $ 123,962 | $ - | $ 88,000 | $ 125,000 | 8/21/08 | $ 115,000 | 10/23/03 | SF | RD Insured - Property Sold on 2/20/09 |
| Aucoin | 10/7/2008 | Swanton | $ 135,296 | $ 5,967 | $ 6,955 | $ - | $ 148,218 | $ - | $ 139,000 | $ 142,000 | 8/29/08 | $ 140,000 | 06/13/05 | SF | RD Insured - Price Reduced |
| Munukka | 11/3/2008 | Castleton | $ 61,265 | $ 12,393 | $ 16,602 | $ - | $ 90,260 | $ - | $ 80,000 | $ 105,000 | 10/7/08 | $ 78,000 | 03/01/96 | SF | |
| Nolan | 11/5/2008 | Grand Isle | $ 144,149 | $ 18,547 | $ 20,320 | $ 36,337 | $ 146,679 | $ - | $ 145,000 | $ 140,000 | 9/17/08 | $ 157,000 | 12/02/05 | MH | |
| Lattrell | 12/1/2008 | Vergennes | $ 29,423 | $ 1,662 | $ 7,232 | $ - | $ 38,317 | $ - | $ 30,000 | $ 28,000 | 1/15/09 | $ 37,500 | 07/01/97 | MH | MH in Park - Offer Pending |
| Campbell | 12/8/2008 | Barre | $ 29,850 | $ 2,744 | $ 10,307 | $ - | $ 42,901 | $ - | $ 48,000 | $ 48,000 | 5/15/08 | $ 60,000 | 09/26/94 | SF | Property is Poor Condition |
| Gordon | 1/28/2009 | Colchester | $ 107,309 | $ 11,737 | $ 8,955 | $ 26,827 | $ 101,174 | $ - | $ 150,000 | $ 150,000 | 12/11/08 | $ 126,300 | 06/29/01 | SF | New Listing |
| 10 | | | **$ 819,617** | **$ 76,704** | **$ 123,501** | **$ 109,563** | **$ 910,259** | **$ -** | **$ 670,500** | **$ 1,010,000** | | **$ 955,800** | | | |

**REOS that are under deposit**

(1) Receipts column represents actual and projected/estimated mortgage insurance claim payments

(2) If Property is under deposit the List Price is the actual sale price.

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**Vermont Housing Finance Agency**

# MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: March 31, 2009

**RE: CONFIRMATION OF UPCOMING VHFA BOARD MEETING**

This is to notify you that the next meeting of the Vermont Housing Finance Agency Board of Commissioners has been confirmed. The meeting will be held:

**Monday, April 6 2009**
Central Vermont Chamber of Commerce
Beaulieu Place, Milne Room
963 Paine Turnpike North
Berlin, VT
**8:00 a.m. – 1:00 a.m.**

Attached are the Agenda and Board packet. **Please note the change of venue above.** Please feel free to contact me should you have any questions prior to the meeting.

Directions:
From I-89 take exit 7 toward US-302/BERLIN/BARRE. At the first light, take a left onto Paine Turnpike N. Drive about one mile and the building is on the left. There is a huge granite sign out front.

**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**

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**VHFA BOARD MEETING AGENDA**
**Monday, April 6, 2009**
Central Vermont Chamber of Commerce
Beaulieu Place, Milne Room
963 Paine Turnpike North, Berlin, VT
**8:00 a.m. – 1:00 p.m.**

| | |
|---|---|
| **Meeting Start** | **8:00 a.m.** |
| **Review and Approval of March 9, 2009** (5 minutes) | Enclosure |
| **Executive Director's Report** (5 minutes) | Carpenter/Enclosure |
| **Finance** | |
| • Finance Update (25 minutes) | Connors/Discussion |
| • Securitizing Existing Single Family Portfolio (25 minutes) | Adams/Enclosure |
| ○ Amendment of Bond Resolutions | Mullikin-Drake/Enclosure |
| • Unexpended Bond Proceeds for Single Family Series 2008C (20 minutes) | Connors/Enclosure |
| **Development** | |
| • Allocated Tax Credit Applications (160 minutes) | |
| · Anne Wilder Richards Building, Brattleboro | Reid/Enclosure |
| · Canal Street Veterans Housing, Winooski | Slade/Enclosure |
| · Centre Drive, Milton | Erdelyi/Enclosure |
| · Ellis Block, Springfield | Reid/Enclosure |
| · Forest Park Redevelopment, Rutland | Erdelyi/Enclosure |
| · Grand Way II Senior Housing, South Burlington | Reid/Enclosure |
| · Grange Hill, Woodstock – includes Construction Financing | Reid/Enclosure |
| · Salisbury Square, Randolph | Erdelyi/Enclosure |
| · Shelburnewood I, Shelburne | Erdelyi/Enclosure |
| · Upper Story Housing, Brattleboro | Reid/Enclosure |
| · Wexford at Quarry Hill, South Burlington | Erdelyi/Enclosure |
| • Tax Credit Status Report (5 minutes) | Erdelyi/Enclosure |
| **Homeownership** | |
| • Recommendation to increase income and purchase price limits (10 minutes) | Crady/Enclosure |
| **Administration** | |
| • 2010 Board of Commissioners Schedule (5 minutes) | Carpenter/Enclosure |
| • Housing Vermont Report (30 minutes) | Drake/Enclosure |
| **Executive Session** | |
| **Other Business** (10 minutes) | |
| **Adjournment** | |
| **Reports:** ***FYI Only*** | |
| ➢ Summary of Homeownership Activities/Reports | Crady/Enclosure |
| ➢ Interesting Housing Fact | Black-Plumeau/Enclosure |

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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, Dagyne 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



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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

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Vermont Housing Finance Agency

# MEMORANDUM

**TO:** VHFA Board of Commissioners

**FROM:** Sarah E. Carpenter, Executive Director

**DATE:** April 6, 2009

**RE:** **EXECUTIVE DIRECTOR'S REPORT**

## Administration

The Agency's Community Action Program (CAP) sponsored a food drive during the week of March 16th to benefit the Chittenden Emergency Foodshelf. Staff was again very generous and several bags of groceries were delivered to very appreciative staff at the Foodshelf.

Mark Westergard officially joined VHFA on Monday, March 16th. Elizabeth and Renee did a great job creating a training plan and Mark is off to a good start. Elizabeth will be actively involved with Mark's training and also with special projects for the next couple of months. The Agency is lucky to have this transition time for Mark with Elizabeth.

The IT staff has been very busy working with the HO staff and Mitas to finalize the software changes needed for the new MBS system. At the same time the HDS MF software conversion continues to progress well. The final data conversion is scheduled to be completed during the week of March 23rd. The HDS Company has been great to partner with for this project and the MF staff is looking forward to working with the live system.

Rick Jean and Chris MacAskill headed to Massachusetts for a test of our computer backup system. During the test in December some aspects of the test were not successful (bringing Mitas up, as well as remote connectivity). IT staff worked to identify the issues and returned to SunGard for a test mid-February. The remote connectivity and restoration of all files was successful!

Lori Gilding will be accepting the new NSP (HARP Specialist) position. While this program is still getting off the ground and the Agency and the State continue with the work associated with finalizing the MOU, Lori will continue to attend Board meetings and take minutes. Martha Panton, HR/Office Manager will take on the other Board responsibilities relative to scheduling meetings, preparing board packets, etc. Lori and Martha will be working together during this transition so you are all in good hands.



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## Development

Development has been very busy with the tax credit applications. There were twelve, although one has dropped out (Colby House, in Fairlee). In light of local resistance to the proposal the sponsor of that project is not moving it forward. Of the remaining eleven, five are increases or changes to projects already seen by the Board. Cindy has been working with the developers of Eastview in Middlebury to have some appraisal and market analysis work done, and Joe, Sam, and Erin met with the sponsors of Salmon Run, along with Dave Anderson and their engineer, to go over the status of that project. A great deal of effort has been made to develop the scope of work and to coordinate it around units occupied by tenants. There is a funding gap, but the project may be eligible for the new TCAP money. Construction will start this summer. Staff also had pre-application meetings with sponsors of two upcoming preservation projects that will be seeking VHFA financing and 4% credits. And finally, we are all very happy to have Josh back!

I was invited to D.C. March 16-17 with Gus to accept our MacArthur Foundation award and participate in a program with the National Housing Conference "Partners in Innovation: A Dialogue on Federal, State, and Local Rental Preservation Solutions". At the conference we heard from HUD Secretary Shaun Donovan, USDA\Rural Development Secretary Tom Vilsack, and Rep. Barney Frank, Chair of House Financial Services. VHFA will be receiving a $2 million project related investment at 2% to use for predevelopment, energy and equity bridge loans in preservation projects. VHCB will receive $600,000 for a variety of technical assistance grants related to preservation.

## Homeownership

Homeownership Staff have been busy working on internal process and procedures with US Bank to be ready for our program changes on May 1st. US Bank will be in Vermont the week of April 20th to train lenders on how to deliver loans to US Bank. Contracts were mailed to lenders in early March, and procedural guides for VHFA and US Bank were made available on our partner website on March 20th. At this time we have four contracts that have been returned and have spoken with a number of other lenders who anticipate they will sign contracts. We have been notified by Community National Bank that they will not participate, and Mascoma Savings Bank plans to defer their decision to participate until after the lender trainings at the end of April.

Over the past several weeks we have had a number of special requests for information from rating agencies and have spent a significant amount of time compiling that information and responding to the requests. In addition, with the elimination of a full time position within the department, all staff has had to share in additional responsibilities. They are all doing a great job – and rising to the challenges we face.

## Multifamily

The Multifamily HDS computer system conversion went live the week of March 23rd and things are looking pretty good. Staff is verifying and testing data and will begin data cleanup and any debugging that is necessary over the next several weeks. This has been long in coming and we are excited to now have the many expanded and flexible features that the HDS system offers.

2008 project audits have been rolling in at a good pace and staff has been able to complete reviews and send out formal audit letters on 30% of the portfolio. These financial statements will form much of the basis for the MF Risk Management Report that will be presented to the Board later this year.

As of March 19th, VHFA has title to the Rockingham Canal House when a Certificate of Non-Redemption was recorded with the Town of Rockingham. The Agency plans to sell the property to an owner who would undertake a complete project redevelopment. Paul Stewart has been managing the property since October and was unsuccessful in his attempts to purchase the property from the previous owner prior to the February 15th target date and final accounting with the Court. HUD has continued to hold their threat to terminate the HAP Contract in abeyance due to repeated REAC inspection failures at the property in the years prior to Stewart's takeover and our Foreclosure action.

**Finance**

The Finance team's priority continues to be replacing the Agency's troubled liquidity providers (Depfa and Dexia), who's downgraded ratings make it harder for VHFA to remarket its variable rate bonds. This is a challenge that faces many HFA's across the country. The Agency has a 5-page project plan and a team of VHFA managers who meet every week to develop new action items and review progress on the assignments made the previous week.

Having replaced liquidity for two series with TD Bank in February, the Agency is now considering a proposal from TD to replace one or possibly two more series. The new proposals are more expensive, but still may be in the Agency's best interest. Each of the two series is for approximately $13-$15 million. The total amount the Agency is trying to replace remains approximately $82 million. The problem for HFA's across the country is estimated to be around $10 billion.

The most promising option is with Fannie Mae. There has been significant discussion at the Federal level and liquidity issues has been raised by the Obama Administration as a priority. The problem is that Treasury is dealing with many financial challenges and they still have several high level leadership positions that have not yet been filled. The VHFA staff has also had recent conversations with JP Morgan, Bank of America and Lloyd's. The most recent and hopeful opportunity has resulted from discussions with Wells Fargo. VHFA currently has a business relationship with Wells Fargo, who serves as trustee on the multiple purpose bond resolution. They also replaced UBS as remarketer on half of our existing single family bond series. Representatives from Wells Fargo will be in Burlington to meet with Tom and Scott on April 1st.

The Agency has also worked with the State Treasurer's Office on potential ways to use the moral obligation of the State as some form of credit enhancement. The legislature recently passed

legislation to benefit VSAC. After several informational meetings, the Treasurer said he would support similar legislation for VHFA to use moral obligation as a form of a pledged equity fund.

The Finance Department continues to work with the Homeownership department on two major initiatives: MBS (Mortgage Backed Securities) and NSP (Neighborhood Stabilization Program) (NSP) to ensure that the systems and processes are in place to provide financial support for these programs.

We have also been looking into the possibility of working with Fannie Mae to securitize some of our existing loan portfolio as well as accessing the cash window. The team has also been researching the best solution for using the remaining proceeds from the 2008C bond issue.

The finance team has already begun planning the yearend audit for FY 2009. KPMG will be on site to do some pre-audit work in May.

**Public Affairs**

After working with the Treasurer's office I spoke before the Senate and the House Housing and General Committee about the draft of legislation related to use of our moral obligation authority for pledged equity and our need to try to attract new liquidity provides. This legislation also would provide us with the ability to buy our bonds back if it were economically advantageous. This would allow us to hold this debt without extinguishing the tax exempt attributes, similar to what was allowed in the federal legislation that passed this summer.

Dave has been active in providing comments related to a bill enabling the establishments of Clean Energy Assessment Districts. This would allow a municipality to set up a special tax assessment to provided energy improvement loans to individual homeowners. Because this is a tax assessment we had some concerns around the lien position of the first mortgagee and how this might affect the financial obligations of the mortgagor. Most of these have been addressed.

I also testified before House Ways and Means on a review of the State Affordable Housing tax credit, and have attended a series of meetings about the ARRA funds to prevent homelessness. Sam has been following the new funding the state will get for weatherization and energy improvement as we really need to follow through on needed work for our multifamily portfolio.

The 2009 housing/wages report, "Between A Rock and A Hard Place: Housing and Wages in Vermont," is scheduled for release on Tuesday, April 14th. The report will be released at an event in Montpelier, but the specific time and venue are yet to be decided. As usual, Commissioners will receive an advance copy via email the week before the release.

John has also been working with the Montpelier Housing Task Force on Affordable Housing Week in Montpelier, set for April 20 – 24. John is in charge of outreach and advertising, working with Pam Boyd at VHCB.

John has also been asked to make a brief presentation on Vermont's housing market situation at the Food and Fuel Task Force meeting on April 13th. He will preview the housing/wages report at that meeting.

Craig has been working on our stationery redesign. We'll be printing the VHFA letterhead — envelopes and business cards, included — on a different paper stock from now on. The new stock contains 100% post-consumer waste content. Our existing stock is 20%. The new stock is about 60% cheaper than the old.

He also continues to improve our web site. He has begun bringing VHFA.org to a higher level of standards compliance, and he will being making live new pages on April 30, as they're completed. They'll look almost exactly like our old documents, but will meet the highest level of web coding and accessibility standards, be better suited to viewing in a wide variety of devices, and easier to maintain.

See you on the 6th.

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**Vermont Housing Finance Agency**

# MEMORANDUM

To: VHFA Board of Commissioners
From: Dave Adams
Date: April 6th, 2009
Re: Securitizing Existing Single Family Portfolio

**Request**
Board approval is requested to authorize Staff to negotiate terms and all contracts 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.

**Background**
VHFA's Single Family Housing Bond Resolution was down-graded by Standard & Poors from A+ to BBB+ in January. More recently, MGIC was also downgraded raising concern by Staff that this Resolution could be further down-graded due to our concentration of loans insured by MGIC. In response to this sequence of events, staff has begun to evaluate the securitization of the existing single family loan portfolio with Fannie Mae.

The Homeownership staff has performed an analysis of the Graystone portfolio and has delivered a data-file including just over 2000 loans with balances of $212 million to Fannie Mae. The Homeownership staff is now working with Fannie Mae to facilitate their evaluation of the portfolio and VHFA's underwriting processes

We will not know how much of this portfolio Fannie Mae will accept for securitization, or what the guarantee fee will be until Fannie Mae completes their evaluation. We anticipate an offer from them in the next two or three weeks. Once we receive the offer from Fannie Mae, we will work with Piper Jaffrey to evaluate the financial feasibility of the transaction and decide whether or not to proceed.

The decision to move forward with the securitization of the portfolio will depend on the following:

1. There must be a sufficient number of loans securitized that our exposure to MGIC is reduced enough for the rating agencies to stabilize or improve our rating.

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2. Swapping loans for securities will improve the overall quality of the Resolution and should reduce the required amount of loan loss reserves that must be maintained, thereby freeing up restricted cash assets.
3. Securitizing the portfolio will reduce our exposure to future loan losses.

**The downside to this transaction** is a reduction of long term income to the Agency as shown below.

| | VHFA Portfolio | MBS Portfolio |
|---|---|---|
| Full spread rate to VHFA | 1.125% | 1.125% |
| Cost of Servicing (Graystone) | ( .110%) | ( .250%) |
| Guaranty Fee to Fannie Mae | ( .000%) | ( .375% ) |
| Current Net Spread to VHFA | 1.015% | .500% |

Cost of servicing will increase from .11% with Graystone to .25% with USBank who will likely assume this portfolio as part of the securitization process. We do not know what the Guaranty Fee will be but assume it will be close to the standard fee charged by Fannie Mae for conventional loans at .375%. In the end, VHFA will need to evaluate the potential loss of 50 basis points of income on whatever is securitized.

**Other issues:**
Staff has discussed this transaction with USBank. Since VHFA is not an active FNMA approved seller/servicer we need a partner who is. As part of this transaction, USBank would assume the representations and warranties that go along with selling loans to Fannie Mae. USBank would help facilitate the pooling of loans into securities, and assumes all the servicing rights and responsibilities. USBank has stated they are willing to handle this transaction, but will not purchase the servicing, other than to contribute upwards to .25% toward any fees that Fannie Mae may charge (adverse market fees). The transaction would involve a transfer of servicing from Graystone to USBank with notifications required to our VHFA borrowers.

The results from this analysis differ from the analysis used when we decided to transition all new single family production to an MBS structure. The major difference is the ability of the Agency to pass along the cost of the FNMA/GNMA guarantee fee to the borrower in the loan rate and not have to take it out of spread to the Agency. USBank will be purchasing the servicing on all new production, but will not pay for the acquisition of an existing portfolio.

**Board Action Requested:**
As noted above. Staff request Board authorization to determine the financial feasibility of securitizing the existing single family portfolio, and if deemed by staff with the advice of our Financial Advisor to be in the best interest of the Agency, that staff may in its discretion proceed with any and all acts necessary to complete the transaction. Should the Board desire to approve the transaction only after it has had the opportunity to review the financing analysis, the timing in which the Agency is required to respond to the offer may require the scheduling of a special Board meeting. Staff would then proceed only at the direction of the Board at that time.

vhfa

**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.

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

EQUAL HOUSING OPPORTUNITY

# 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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EXHIBIT A SERVICER SUBMISSION CERTIFICATE

**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").

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 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 depositary, 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 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

# 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").

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 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 depositary, 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

# 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

# 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:

| Federal Agency Certificates | Purchase Price Percentage |
|---|---|
| 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 depositary, 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 _____

## 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: _____

vhfa

Vermont Housing Finance Agency

# MEMORANDUM

To: VHFA Board of Commissioners
From: Tom Connors
Date: April 6th, 2009
Re: Unexpended Bond Proceeds for Single Family Series 2008C

**Purpose of this Memo**

The purpose of this memo is to inform the Board of the staff's intent to exercise the authority set forth in the Supplemental Indenture to (a) attempt to adjust the interest rate on certain of the fixed rate bonds, if market conditions allow, or (b) call a portion of the fixed rate bonds using unexpended proceeds from the Single Family Series 2008C bond issue, if market conditions do not allow the adjustment of the rate on these bonds. Because of several economic factors, the Agency has not been able to lend these funds at a reasonable rate and has been incurring excess interest expenses due to negative arbitrage. This memo will lay out the benefits and risks involved in implementing this strategy.

**Background**

In late September 2008, the Agency closed what at the time was considered a very successful single-family bond deal for $50 million. Over the next few months, we were able to lend approximately half of the proceeds at reasonable rates. However, due to the slowdown in the housing market, coupled with pressure on conventional mortgage rates, VHFA rates that were previously very favorable quickly became unattractive to the single family mortgage market. As a result, the Agency is currently sitting on approximately $25 million of bond proceeds that are not being loaned out. The borrowing cost on these funds is more than the return we are earning on the funds where the proceeds are invested (Guaranteed Investment Contracts). As a result, the net loss to the Agency is approximately $29,000 per month.

**Proposed Solution**

The Agency is considering a proposal to adjust the rate on or call up to $18 million of the $25 million that remains in 2008C bond proceeds. Only fixed rate bonds are involved, making this an attractive proposal. The benefits to this approach are:

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

EQUAL HOUSING OPPORTUNITY

- We avoid making any swap termination payments, which could be as high as $254,000. This preserves the cash to be used for funding operations or to be used for agency contribution for future bond sales.
- The goal of the bond rate reset/call will be to reduce the full-spread loan rate for remaining unexpended proceeds to approximately 4.75% with one point origination fee. The loan rate can be reduced because (i) the average rate of bonds being called is higher than the VRDO/swap rate; and, therefore, the yield is being reduced; and (ii) the higher rate loans originated to date provide a greater subsidy to the smaller amount of remaining unexpended bond proceeds.
- The Agency reduces its negative arbitrage expense from approximately $350,000 per year to approximately $139,000. This number will drop further as loan production accelerates.
- These non-AMT bonds have been trading at positive basis (VRDO rates are below swap receipt) and liquidity is provided by TD Bank, a strong liquidity provider. Therefore, we expect these bonds to continue to trade well.

The main risks to implementing this strategy are:

- If variable rate bonds pay down slower than projected, the Agency may have increased variable rate exposure.
- The market may not appreciate having bonds called prematurely, which could make future bond sales less attractive (but this is always a factor as would be the case in any high to low refunding, which are very common).
- If no VRDO's are called, the variable rate debt in this series goes from 24% to 35%, which is higher than the Agency's guideline. However, the Board did authorize up to 40% variable rate debt on this sale. Again, these bonds are non-AMT with good liquidity, so we expect them to continue to market well.
- Moodys stress runs have been prepared and there is no material impact on projections resulting from this strategy.

Staff will continue to analyze the best strategy to managing these proceeds, but is currently planning to move ahead with a version of this strategy in the near future. We encourage the Board to please ask any questions and provide feedback on this approach as soon as possible.

vhfa

**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).

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EQUAL HOUSING OPPORTUNITY

## 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<br>18 Housing Credit | **Unit Sizes:** | 4 0-Br @ 435 s.f.<br>15 1-Br @ 639 s.f.<br>2 2-Br @ 886 s.f. |
| **Total Cost:** | $4,849,552 | **Per Square Foot Land & Buildings Cost:** | $214 |
| **Housing Credits:** | $288,000 already committed;<br>$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<br>28 Housing Credit<br>1 Manager's Unit | **Unit Sizes:** | 23 0-Br @ 460 s. f.<br>2 1-Br @ 700 s. f.<br>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

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|---|---|---|---|
| **Name:** | Centre Drive | **Location:** | Milton |
| **Housing Type:** | General Occupancy | **Unit Type:** | Flats |
| **Unit Count:** | 24 Total<br>23 Housing Credit | **Unit Sizes:** | 8 1-Br @ 698 s. f.<br>14 2-Br @ 1,103 s. f.<br>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

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|---|---|---|---|
| **Name:** | Ellis Block | **Location:** | Springfield |
| **Housing Type:** | General Occupancy | **Unit Type:** | Flats |
| **Unit Count:** | 9 Total<br>9 Housing Credit | **Unit Sizes:** | 9 1-Br @ 560 s.f. |
| **Total Cost:** | $1,343,083<br>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

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|---|---|---|---|
| **Name:** | Forest Park | **Location:** | Rutland |
| **Housing Type:** | General Occupancy | **Unit Type:** | Townhouse and flats |
| **Unit Count:** | 78 Total (plus nine homeownership units)<br>64 Housing Credit | **Unit Sizes:** | 9 1-Br @ 682-875 s. f.<br>33 2-Br @ 860-985 s. f.<br>31 3-Br @ 985-1,300<br>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

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|---|---|---|---|
| **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, *Possibly TCAP Stimulus Funds* | | |

**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

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|---|---|---|---|
| **Name:** | Grange Hill | **Location:** | Woodstock |
| **Housing Type:** | General Occupancy | **Unit Type:** | Flats & Townhouses |
| **Unit Count:** | 28 Total<br>23 Housing Credit | **Unit Sizes:** | 10 1-Br @ 765 s.f.<br>15 2-Br @ 985 s.f.<br>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

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|---|---|---|---|
| **Name:** | Salisbury Square | **Location:** | Randolph |
| **Housing Type:** | General Occupancy | **Unit Type:** | Flats |
| **Unit Count:** | 14 Total<br>14 Housing Credit | **Unit Sizes:** | 5 1-Br @ 688 s. f.<br>8 2-Br @ 905 s. f.<br>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

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| **Name:** | Shelburnewood I | **Location:** | Shelburne |
| **Housing Type:** | General Occupancy | **Unit Type:** | Flats and townhouses |
| **Unit Count:** | 48 Total<br>34 Housing Credit<br>Note: info on the 34 unit development follows | **Unit Sizes:** | 3 1-Br @ 1,200 s. f.<br>30 2-Br @ 1,400 s. f.<br>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

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|---|---|---|---|
| **Name:** | Upper Story Housing | **Location:** | Brattleboro |
| **Housing Type:** | General Occupancy | **Unit Type:** | Flats |
| **Total Units:** | 24 Total<br>19 Housing Credit | **Unit Sizes:** | 4 0-Br @ 465 s.f.<br>18 1-Br @ 680 s.f.<br>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, *Possibly TCAP funds* | | |

**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

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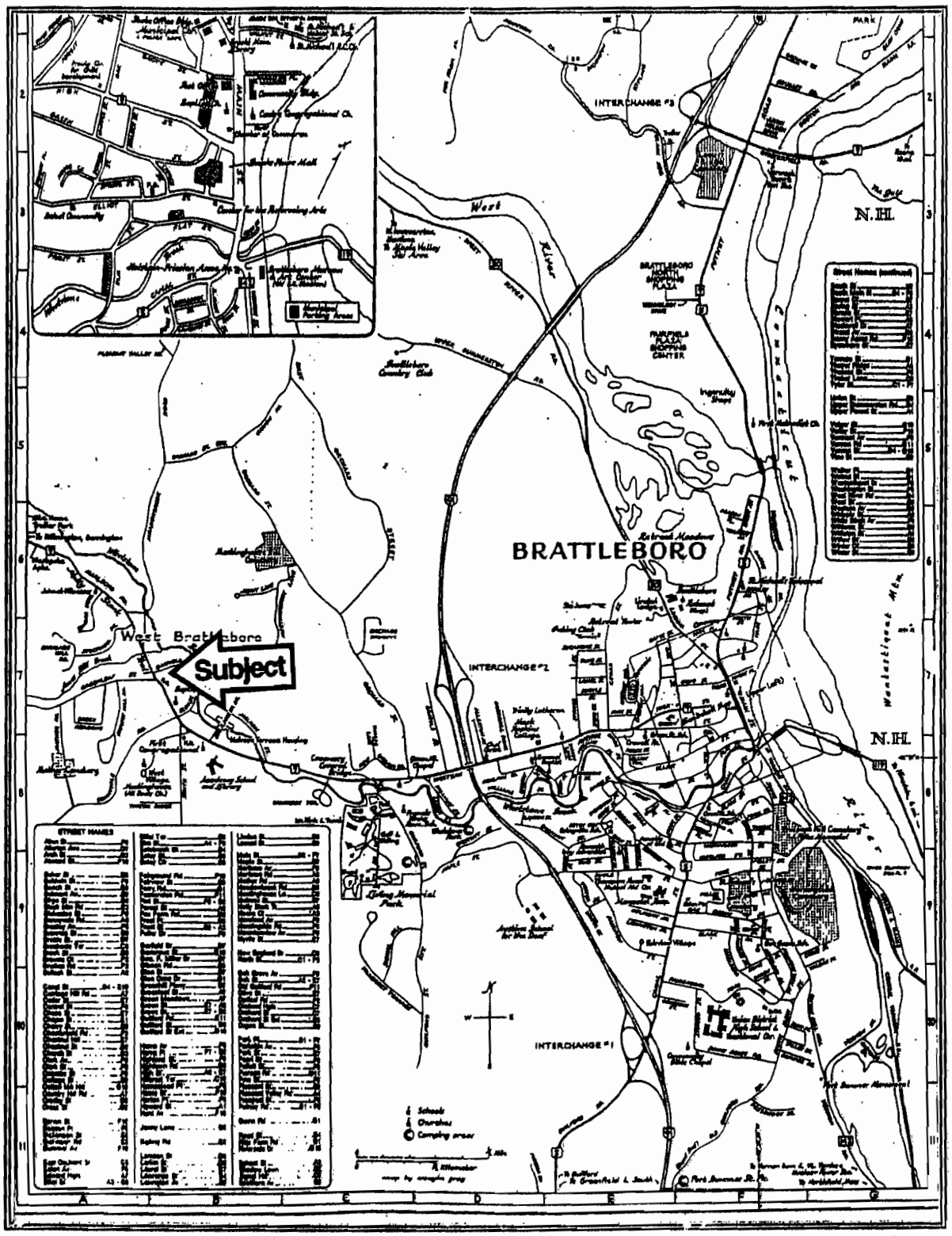
|---|---|---|---|
| **Name:** | Wexford at Quarry Hill | **Location:** | South Burlington |
| **Housing Type:** | General Occupancy | **Unit Type:** | Flats |
| **Unit Count:** | 32 Total<br>32 Housing Credit<br>(see write-up) | **Unit Sizes:** | 12 1-Br @ 713 s. f.<br>20 2-Br @ 929 s. f. |
| **Total 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 | | |

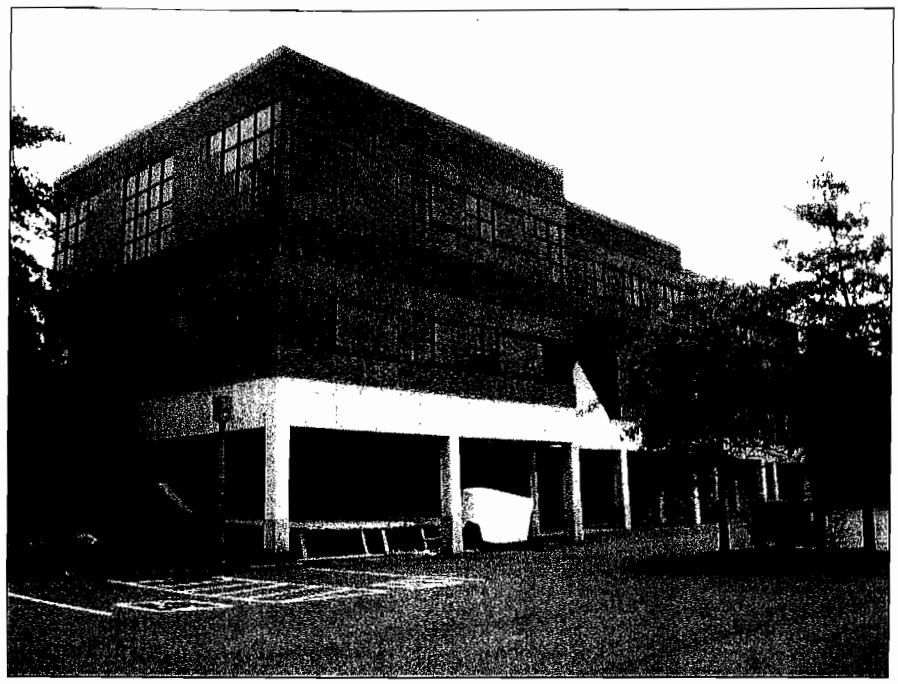
**Summary:** Homestead Design, Inc, (HDI) has site control for a parcel on the site of the former Quarry Hill Club in South Burlington. This larger site has been subdivided and permitted, and HDI anticipates a minor permit amendment is needed and can be secured by 6/30/09. HDI plans to construct 32 rental 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.

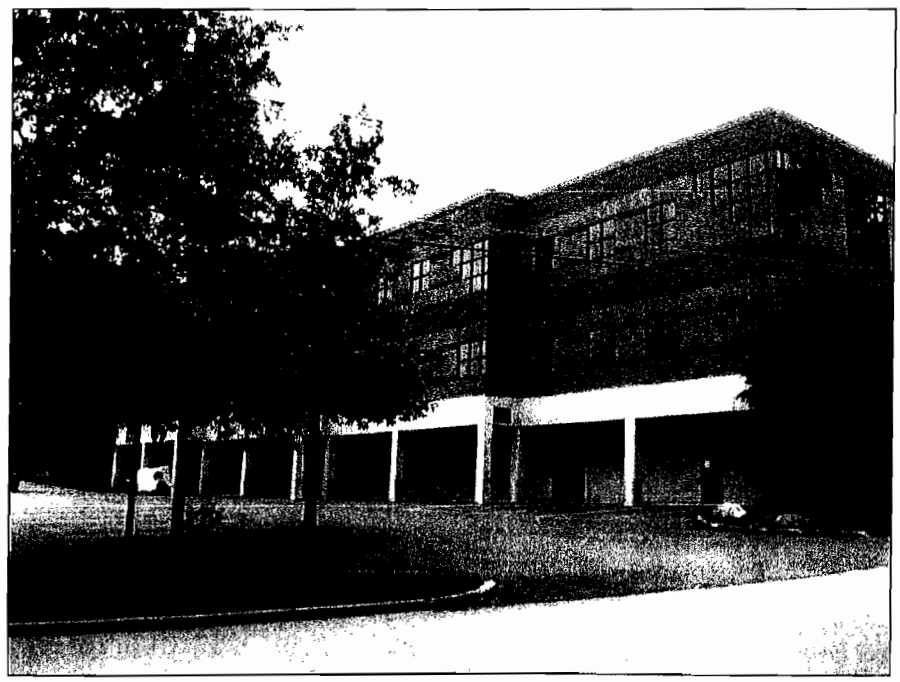



LOCATION MAP

**1063 Western Avenue**
**Brattleboro, Vermont**



**Northwest View of the Building**



**Southwest View of the Building from Garfield Drive**

L1.1
Mixed Use Conversion
1063 Western Avenue
West Brattleboro, VT 05301
Proposed Site
J COLEMAN + COMPANY ARCHITECTS
SVE Associates
BUILDING GROUP NO. 2
FUTURE ASSISTED LIVING
ANN WILDER RICHARDS BUILDING
POST OFFICE
GARFIELD DRIVE
WESTERN AVENUE - VT. ROUTE 9
Medical Village Center Boundary
NORTH
GRAPHIC SCALE

27-Mar-09 **Anne Wilder Richards, West Brattleboro**

| | | | | |
|---|---|---|---|---|
| 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% | | | |
| | 933,718 | Commercial | | | |
| **USES** | 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% |

27-Mar-09 **Anne Wilder Richards, West Brattleboro**

| | | 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 | | | 0.00 |
| 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 | | | 0.00 |
| 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 | | | 0.00 |
| 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 | | | 0.00 |
| 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 | | | 0.00 |
| 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 |

27-Mar-09 **Anne Wilder Richards, West Brattleboro** 70.63% 98.86%

| | | 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 |
| 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 |

27-Mar-09 **Anne Wilder Richards, West Brattleboro**

| HC Restricted Units<br>Bedrooms | Type | Average<br>Square Feet | Number | Average<br>Rent | Utilities | Total<br>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<br>Bedrooms | 0<br>0 | Square Feet | Number | Rent | Utilities | Total<br>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 |

OTHER INCOME

| | | |
|---|---|---|
| Laundry | | 1,200 |
| Interest | | 500 |
| Commercial Space Income | 65,376 | 58,838 |
| Other | | |
| | TOTAL INCOME | 212,352 |

27-Mar-

## Anne Wilder Richards, West Brattleboro

| | Check all Applicable | | | | | | | | | A | | | | | B | | | | | | C | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Building # | Unit # | HOME Unit | Lead Paint Unit | Project Based Assistance | Tax Credit Unit | VHCB Restricted | Accessible | Adaptable | Unrestricted | Number of Bedrooms | Proposed Square Footage | Proposed Rent | Utility Allowance for Tenant-Paid Utilities | Gross Rent (Rent + Tenant-Paid Utilities) | OCCUPIED BY: Income level of residents to be served: | | | | | | AFFORDABLE TO: Units affordable to residents at: | | | | | |
| | | | | | | | | | | | | | | | <30% | <50% | <60% | <80% | <100% | >100% | 30% | 50% | 60% | 65% | 80% | 100%+ |
| New Housing | 201 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 0 | 480 | 625 | 0 | 804 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| | 202 | 1 | 0 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 491 | 474 | 0 | 574 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| | 203 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 0 | 1 | 638 | 643 | 0 | 661 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| | 204 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 0 | 1 | 606 | 643 | 0 | 661 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| | 205 | 0 | 0 | 0 | 1 | 1 | 0 | 1 | 0 | 1 | 679 | 643 | 0 | 661 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| | 206 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 0 | 2 | 886 | 644 | 0 | 748 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| | 207 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 0 | 1 | 591 | 536 | 0 | 622 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| | 208 | 0 | 0 | 0 | 1 | 1 | 0 | 1 | 0 | 1 | 547 | 643 | 0 | 661 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| | 209 | 0 | 0 | 0 | 1 | 1 | 0 | 1 | 0 | 1 | 742 | 643 | 0 | 661 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| | 210 | 0 | 0 | 0 | 1 | 1 | 0 | 1 | 0 | 1 | 605 | 643 | 0 | 661 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| | 211 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 777 | 785 | 0 | 868 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| | 212 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 0 | 0 | 385 | 474 | 0 | 574 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| | 213 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 0 | 1 | 575 | 536 | 0 | 583 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| | 301 | 0 | 0 | 0 | 1 | 1 | 0 | 1 | 0 | 2 | 885 | 772 | 0 | 794 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| | 302 | 0 | 0 | 0 | 1 | 1 | 0 | 1 | 0 | 1 | 592 | 643 | 0 | 661 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| | 303 | 0 | 0 | 0 | 1 | 1 | 0 | 1 | 0 | 1 | 547 | 643 | 0 | 661 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| | 304 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 0 | 1 | 721 | 643 | 0 | 661 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| | 305 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 606 | 785 | 0 | 868 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| | 306 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 0 | 1 | 777 | 643 | 0 | 661 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| | 307 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 0 | 0 | 385 | 568 | 0 | 611 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| | 308 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 0 | 1 | 589 | 643 | 0 | 661 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 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** |

27-Mar-

## Anne Wilder Richards, West Brattleboro

| BRs | - | avg sf |
|---|---|---|
| 0 | 4 | 435 |
| 1 | 15 | 639 |
| 2 | 2 | 886 |

27-Mar-09 **Anne Wilder Richards, West Brattleboro**

| | 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** | | | | | | | | | | | | | | | |
| Gross Rent | 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 |
| Other Income | 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 |
| Vacancy and other losses | (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) |
| Total Operating Income | 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 |
| **Operating Expenses** | | | | | | | | | | | | | | | |
| Total Expenses (excl. Reserves) | 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 |
| 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 |
| Total Operating Expense | 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 |
| Net Operating Income | 86,066 | 85,184 | 84,249 | 83,260 | 82,216 | 81,114 | 79,953 | 78,731 | 77,446 | 76,097 | 74,681 | 73,196 | 71,641 | 70,013 | 68,311 |
| Less Primary Debt Service | 59,858 | 59,858 | 59,858 | 59,858 | 59,858 | 59,858 | 59,858 | 59,858 | 59,858 | 59,858 | 59,858 | 59,858 | 59,858 | 59,858 | 59,858 |
| Less Secondary 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 |
| Annual Cash Flow | 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) |
| Operating Subsidies - Sinking Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,156 | 2,711 | 4,339 | 6,042 |
| Net Cash | 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 |
| 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** | | | | | | | | | | | | | | | |
| Beginning Balance | 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 |
| Deposits | 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 |
| Interest 2.0% | 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 |
| Withdrawals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1,156) | (2,711) | (4,339) | (6,042) |
| Ending Balance | 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 |
| **Cumulative Replacement Reserves** | | | | | | | | | | | | | | | |
| Beginning Balance | 0 | 10,080 | 20,462 | 31,154 | 42,163 | 995 | 11,609 | 22,542 | 33,800 | 45,391 | 4,823 | 16,054 | 27,621 | 39,532 | 51,795 |
| Deposits | 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 |
| Interest 2.0% | 0 | 202 | 409 | 623 | 843 | 20 | 232 | 451 | 676 | 908 | 96 | 321 | 552 | 791 | 1,036 |
| Withdrawals | 0 | 0 | 0 | 0 | (52,500) | 0 | 0 | 0 | 0 | (52,500) | 0 | 0 | 0 | 0 | (52,500) |
| Ending Balance | 10,080 | 20,462 | 31,154 | 42,163 | 995 | 11,609 | 22,542 | 33,800 | 45,391 | 4,823 | 16,054 | 27,621 | 39,532 | 51,795 | 11,917 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Net Operating Income | 86,066 | 85,184 | 84,249 | 83,260 | 82,216 | 81,114 | 79,953 | 78,731 | 77,446 | 76,097 | 74,681 | 73,196 | 71,641 | 70,013 | 68,311 |
| 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) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Taxable 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 | 45,373 | 45,262 | 45,136 | 44,990 | 44,825 | 44,636 | 44,420 | 44,176 |
| Plus Tax Credits (state) | 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 | | | | | |
| After Tax Cash Flow | 432,196 | 432,151 | 432,100 | 432,043 | 431,978 | 391,904 | 391,820 | 390,373 | 390,262 | 390,136 | 44,990 | 44,825 | 44,636 | 44,420 | 44,176 |

Total Years 15
Reinvestment Rate 8.00%

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Current After Tax Cash Flows | 432,196 | 432,151 | 432,100 | 432,043 | 431,978 | 391,904 | 391,820 | 390,373 | 390,262 | 390,136 | 44,990 | 44,825 | 44,636 | 44,420 | 44,176 |
| Future Value of Cash Flows at Yr 15 | 1,371,000 | 1,269,310 | 1,175,149 | 1,087,957 | 1,007,217 | 846,092 | 783,250 | 722,553 | 668,841 | 619,096 | 66,106 | 60,983 | 56,228 | 51,812 | 47,710 |

Discount Rate 6.00%

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Capital Contribution Number: | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Date of Capital Contribution: | 15-Oct-09 | 30-Jun-10 | 30-Jun-11 | 30-Jul-12 | 30-Jul-13 | 27-Mar-09 | 27-Mar-09 | 27-Mar-09 |
| Amount of Capital Contribution: | 100 | 150,000 | 500,000 | 500,000 | 2,400,000 | 0 | 0 | 0 |
| Present Value of Contributions: | 100 | 143,687 | 450,692 | 421,909 | 1,905,646 | | | |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash Flows | (2,922,034) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9,833,305 |

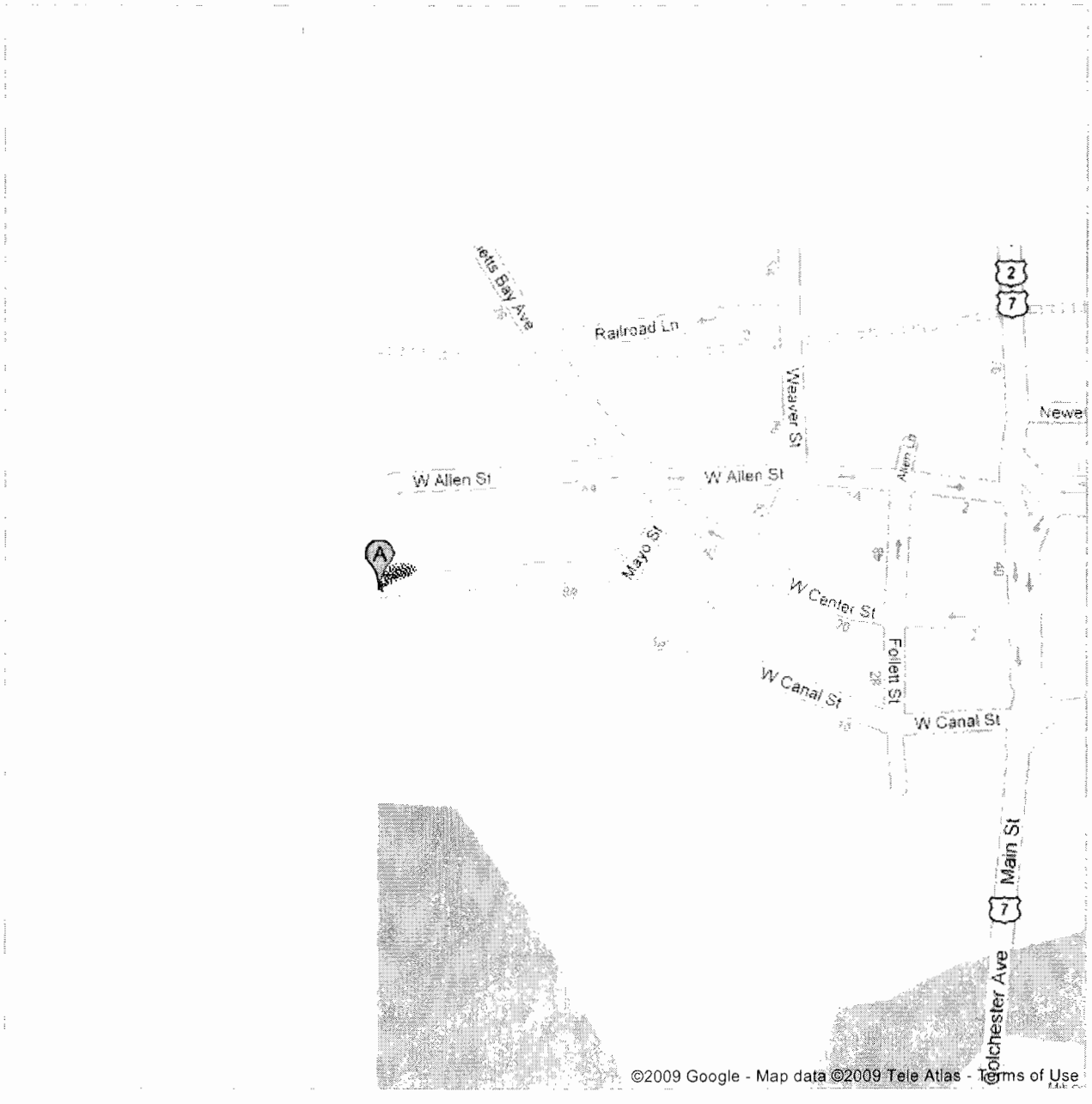
IRR 8.43%
Equity Yield 84.70%

form revision date: 2.27.97

Google Maps

Address **120 W Canal St**
**Winooski, VT 05404**

Get Google Maps on your phone
Text the word "GMAPS" to 466453



# CANAL STREET VETERANS HOUSING

WINOOSKI, VERMONT

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DUNCAN | WISNIEWSKI ARCHITECTURE
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ZONING PERMIT

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DATE 11.18.2008

PER-1

VERMONT
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Burlington, Vermont 05401
*Phone* 802/863-8424
*Fax* 802/660-9034
www.hvt.org

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

Printed on 100% Post Consumer Paper

# *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 in-take 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 Forth 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% |

30-Mar-09 **Canal Street Veterans Housing**

| | | Budget | Per Unit | Per s f | Allocation of Sources: VHCB Terms: | BOMI Terms | VCDP Terms | VA Terms | ID BN Debt Terms | other REEP and City of Winooski | Equity Terms | TOTAL SOURCES | check |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | ACQUISITION | | | | | | | | | | | | |
| 1 | Land | 383,300 | 13,217 | 26.69 | 325,000 | | | | 58,300 | | | 383,300 | 0 |
| 2 | Purchase of Building(s) | 60,300 | 2,079 | 4.20 | | | | | 60,300 | | | 60,300 | 0 |
| 3 | Demolition (without replacement) | - | 0 | 0.00 | | | | | | | | 0 | 0 |
| 4 | Property Appraisal | 5,000 | 172 | 0.35 | | | | | 5,000 | | | 5,000 | 0 |
| 5 | Legal - Title and Recording | 7,575 | 261 | 0.53 | | | | | 7,575 | | | 7,575 | 0 |
| | Subtotal - Acquisition | 456,175 | 15,730 | 31.77 | | | | | | | | | |
| | CONSTRUCTION HARD COSTS | | | | | | | | | | | | |
| 6 | Rehabilitation | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| 7 | New Building(s) | 3,421,454 | 117,981 | 238.26 | | 200,000 | 740,000 | 1,000,000 | | 39,500 | 1,441,954 | 3,421,454 | 0 |
| 8 | Accessory Buildings | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| 9 | Sitework | 153,546 | 5,295 | 10.69 | | | | 50,000 | | | 103,546 | 153,546 | 0 |
| 10 | Commercial Space Costs (if any) | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| 11 | General Requirements | 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 | 355,499 | 12,259 | 24.76 | | | | 190,000 | | | 165,499 | 355,499 | 0 |
| 15 | Construction Management | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| 16 | Construction Bond Fee | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| 17 | Hazardous Materials Abatement | 10,000 | 345 | 0.70 | | | | | | | 10,000 | 10,000 | 0 |
| 18 | Off-Site Improvements | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| 19 | Furnishings, Fixtures, & Equipment | 41,400 | 1,428 | 2.88 | | | | | | | 41,400 | 41,400 | 0 |
| 20 | Other (_____) | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| | Subtotal - Hard Costs | 3,981,899 | 137,307 | 277.29 | | | | | | | | | |
| | SOFT COSTS | | | | | | | | | | | | |
| 21 | Architectural | 319,295 | 11,010 | 22.24 | | | | | | | 319,295 | 319,295 | 0 |
| 22 | Engineering | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| 23 | Legal Accounting | 30,000 | 1,034 | 2.09 | | | | | | | 30,000 | 30,000 | 0 |
| 24 | Relocation | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| 25 | Environmental Assessment | 3,000 | 103 | 0.21 | | | | | | | 3,000 | 3,000 | 0 |
| 26 | Energy Assessment | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| 27 | Permits Fees | 65,967 | 2,275 | 4.59 | | | | | | | 65,967 | 65,967 | 0 |
| 28 | Independent Market Study | 2,000 | 69 | 0.14 | | | | | | | 2,000 | 2,000 | 0 |
| 29 | Insurance Taxes | 12,000 | 414 | 0.84 | | | | | | | 12,000 | 12,000 | 0 |
| 30 | Construction Interest | 95,000 | 3,276 | 6.62 | | | | | 2,523 | | 92,477 | 95,000 | 0 |
| 31 | Construction Loan Origination Fee | 22,500 | 776 | 1.57 | | | | | 22,500 | | | 22,500 | 0 |
| 32 | | | 0 | 0.00 | | | | | | | | 0 | 0 |
| 33 | Clerk of the Works | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| 34 | Marketing | 3,000 | 103 | 0.21 | | | | | | | 3,000 | 3,000 | 0 |
| 35 | Tax Credit Fees | 19,450 | 671 | 1.35 | | | | | | | 19,450 | 19,450 | 0 |
| 36 | Soft Cost Contingency | 3,500 | 121 | 0.24 | | | | | | | 3,500 | 3,500 | 0 |
| 37 | Permanent Loan Origination Fee | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| 38 | Lender's Counsel's Fee | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| 39 | Other (VCDP) | 15,000 | 517 | 1.04 | | | | | | | 15,000 | 15,000 | 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 | 596,000 | 20,552 | 41.50 | | | | | | | 596,000 | 596,000 | 0 |
| 45 | Other Partnership Fees | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| 46 | Consultant Fees | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| | RESERVES | | | | | | | | | | | | |
| 47 | Working Capital | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| 48 | Rent-up (Deficit Escrow) Reserve | 15,000 | 517 | 1.04 | | | | | 15,000 | | | 15,000 | 0 |
| 49 | Other Operating Reserves | 68,802 | 2,372 | 4.79 | | | | | 68,802 | | | 68,802 | 0 |
| 50 | Sinking Fund | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| 51 | Replacement Reserves | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| | Subtotal - Soft Costs | 1,270,514 | 43,811 | 88.48 | | | | | | | | | |
| | TOTAL DEVELOPMENT COSTS | 5,708,588 | 196,848 | 398 | 325,000 | 200,000 | 740,000 | 1,240,000 | 240,000 | 39,500 | 2,924,088 | 5,708,588 | 0 |
| | | | | | 325,000 | 200,000 | 740,000 | 1,240,000 | 240,000 | 39,500 | 2,924,088 | | |
| | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| | COST BASIS FOR DEVELPER | 5,028,786 | | | | | | | | | | | |
| | 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 | | 20% Historic Credit Rate | | | |
| | Total Eligible Basis | | 72,875 | 5,145,561 | | | 0 Annual Historic Credit | | | |
| 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 | 5,196,486 | | Long Term Depreciable Basis | | | |
| TIMES. | Applicable Percentage | | 3.29% | 9.00% | 27.5 | | Depreciation Schedule | | | |
| | Total Annual Credit Qualified | | 2,398 | 463,100 | 188,963 | | Annual Depreciation | | | |
| | Total Tax Credits Requested | 366,000 | | | 41,400 | | Short Term Depreciable Basis | | | |
| | Estimated Net Syndication Proceeds (Sec 42 Housing Credit only) | 2,926,088 | | | 7 | | Depreciation Schedule | | | |
| | Estimated Yield - Housing Credit Syndication | 79.96% | | | 5,914 | | Annual Depreciation | | | |
| | Equity Gap | 2,924,088 | | | | | | | | |
| | Credits Needed to fill Equity Gap | 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 |
| | | Less Vacancy | 5.00% | 2.50% | | (8,582) |
| | | | | | NET RENT | 229,354 |
| | | OTHER INCOME | | | | |
| | | Laundry | | | | 1,200 |
| | | Parking | | | | 0 |
| | | Commercial Space Income | | | | 0 |
| | | Other: Vets Services | | | | 86,328 |
| | | | | | TOTAL INCOME | 316,882 |

30-Mar-09

# Canal Street Veterans Housing

| | | Check all Applicable | | | | | | | | A | | | | B | | | | | | C | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Building # | Unit # | HOME Unit | Lead Paint Unit | Project Based Assistance | Tax Credit Unit | VHCB Restricted | Accessible | Adaptable | Unrestricted | Number of Bedrooms | Proposed Square Footage | Proposed Rent | Utility Allowance for Tenant-Paid Utilities | Gross Rent (Rent + Tenant-Paid Utilities) | OCCUPIED BY: Income level of residents to be served: | | | | | | AFFORDABLE TO: Units affordable to residents at: | | | | | |
| | | | | | | | | | | | | | | | <30% | <50% | <60% | <80% | <100% | >100% | 30% | 50% | 60% | 65% | 80% | 100%+ |
| Transitional | G-1 | | | 1 | 1 | 1 | | 1 | | 0 | 420 | 595 | 0 | 595 | | 1 | | | | | 1 | | | | | |
| | G-2 | 1 | | 1 | 1 | 1 | | 1 | | 1 | 700 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | G-3 | | | 1 | 1 | 1 | | 1 | | 0 | 420 | 595 | 0 | 595 | | 1 | | | | | 1 | | | | | |
| | "1-1" | | | | | | | 1 | | 0 | 420 | 595 | 0 | 595 | | | | | | | | | | | | |
| | "1-2" | 1 | | | 1 | 1 | 1 | | 1 | 0 | 420 | 750 | 0 | 750 | | 1 | | | | | 1 | 1 | | | | |
| | "1-3" | 1 | | | 1 | 1 | 1 | | 1 | 0 | 420 | 595 | 0 | 595 | | 1 | | | | | 1 | 1 | | | | |
| | "1-4" | | | | 1 | 1 | 1 | | 1 | 0 | 420 | 595 | 0 | 595 | | | | | | | | | | | | |
| | "2-1" | 1 | | | 1 | 1 | 1 | | 1 | 1 | 420 | 750 | 0 | 750 | | 1 | | | | | 1 | 1 | | | | |
| | "2-2" | 1 | | | 1 | 1 | 1 | | 1 | 0 | 420 | 595 | 0 | 595 | | 1 | | | | | 1 | 1 | | | | |
| | "2-3" | 1 | | | 1 | 1 | 1 | | 1 | 0 | 420 | 595 | 0 | 595 | | 1 | | | | | 1 | 1 | | | | |
| | "2-4" | 1 | | | 1 | 1 | 1 | | 1 | 0 | 420 | 595 | 0 | 595 | | 1 | | | | | 1 | 1 | | | | |
| | "2-5" | 1 | | | 1 | 1 | 1 | | 1 | 2 | 800 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | "3-1" | | | | 1 | 1 | 1 | | 1 | 2 | 800 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | "3-2" | | | | 1 | 1 | 1 | | | 0 | 420 | 595 | 0 | 595 | | 1 | | | | | 1 | | | | | |
| | "3-3" | | | | 1 | 1 | 1 | | 1 | 0 | 420 | 595 | 0 | 595 | | 1 | | | | | 1 | | | | | |
| | "3-4" | | | | 1 | 1 | 1 | | 1 | 0 | 420 | 595 | 0 | 595 | | 1 | | | | | 1 | | | | | |
| | "3-5" | | | | 1 | 1 | 1 | | 1 | 2 | 800 | 750 | 49 | 799 | | 1 | | | | | 1 | | | | | |
| | "3-6" | | | | 1 | 1 | 1 | | 1 | 0 | 420 | 595 | 0 | 595 | | 1 | | | | | 1 | | | | | |
| Permanent | "4-1" | | | | | 1 | 1 | | 1 | 2 | 800 | 825 | 49 | 874 | | | 1 | | | | | | 1 | | | |
| | "4-2" | | | | | 1 | 1 | | 1 | 0 | 420 | 665 | 31 | 696 | | | 1 | | | | | | 1 | | | |
| | "4-3" | | | | 1 | 1 | 1 | | 1 | 0 | 420 | 665 | 31 | 696 | | 1 | | | | | 1 | | | | | |
| | "4-4" | | | | | 1 | 1 | | 1 | 0 | 420 | 665 | 31 | 696 | | | 1 | | | | | | 1 | | | |
| | "4-5" | | | | | 1 | 1 | | 1 | 2 | 800 | 825 | 49 | 874 | | | 1 | | | | | | 1 | | | |
| | "4-6" | | | | 1 | 1 | 1 | | 1 | 0 | 420 | 825 | 31 | 856 | | 1 | | | | | 1 | | | | | |
| | "5-1" | | | | | 1 | 1 | | 1 | 0 | 420 | 825 | 31 | 856 | | | 1 | | | | | | 1 | | | |
| | "5-2" | | | | 1 | 1 | 1 | | 1 | 0 | 420 | 825 | 31 | 856 | | 1 | | | | | 1 | | | | | |
| | "5-3" | | | | 1 | 1 | 1 | | 1 | 0 | 420 | 665 | 31 | 696 | | 1 | | | | | 1 | | | | | |
| | "5-4" | | | | | 1 | 1 | | 1 | 0 | 420 | 665 | 31 | 696 | | | 1 | | | | | | 1 | | | |
| | "5-5" | | | | | 1 | 1 | | 1 | 0 | 420 | 665 | 31 | 696 | | | 1 | | | | | | 1 | | | |
| | "5-6" | | | | | 1 | 1 | | 1 | 0 | 420 | 665 | 31 | 696 | | | 1 | | | | | | 1 | | | |
| Total # Units | 29 | | | | | | | | | 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 | |
| | | | | per unit month |
| Real Estate Taxes | 24,360 | 2,030 | 70 | excl. ds & res. |
| Property Insurance | 6,960 | 580 | 20 | 723 |
| 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 Recepits/Cumulative Cash Flow | 269,016 |

revision date 8.6.2007

| 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 |
| 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 |
| 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 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 778 | 3,934 | 7,241 | 10,703 |
| 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 | 5,613 |
| 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 | 72,080 | 70,063 | 67,999 | 65,886 | 63,724 | 61,511 | 59,247 | 56,930 | 54,559 | 52,133 |
| 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 | 1,629 | 1,592 | 1,553 | 1,514 | 1,473 | 1,432 | 1,390 | 1,347 | 1,302 | 1,257 |
| Withdrawals | | 0 | 0 | 0 | 0 | 22,105 | 22,391 | 22,682 | 22,977 | 23,277 | 23,581 | 23,890 | 24,203 | 24,521 | 24,844 | 25,172 |
| Ending Balance | | 17,574 | 35,763 | 54,584 | 74,052 | 72,080 | 70,063 | 67,999 | 65,886 | 63,724 | 61,511 | 59,247 | 56,930 | 54,559 | 52,133 | 49,651 |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 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 |
| 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) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Taxable Income (Loss) | | (146,335) | (151,023) | (152,481) | (154,028) | (155,665) | (157,395) | (159,222) | (155,233) | (157,261) | (159,395) | (161,637) | (163,991) | (166,460) | (169,048) | (171,756) |
| 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 | 54,332 | 55,041 | 55,788 | 56,573 | 57,397 | 58,261 | 59,167 | (388,373) |
| Plus Historic Rehab Credits | | 0 | | | | | | | | | | | | | | |
| Plus State Credits | | 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 | | | | | |
| After Tax Cash Flow | | 467,217 | 468,858 | 469,369 | 469,910 | 470,483 | 421,088 | 421,728 | 420,332 | 421,041 | 421,788 | 56,573 | 57,397 | 58,261 | 59,167 | (388,373) |
| Total Years | 15 | | | | | | | | | | | | | | | |
| Reinvestment Rate | 6.00% | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Current After Tax Cash Flows | | 467,217 | 468,858 | 469,369 | 469,910 | 470,483 | 421,088 | 421,728 | 420,332 | 421,041 | 421,788 | 56,573 | 57,397 | 58,261 | 59,167 | (388,373) |
| Future Value of Cash Flows at Yr 15: | | 1,119,713 | 1,060,043 | 1,001,129 | 945,551 | 893,117 | 754,105 | 712,500 | 669,945 | 633,091 | 598,315 | 75,707 | 72,462 | 69,390 | 66,480 | (411,676) |
| 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 | 0 | 8,259,871 |
| IRR | 7.47% | | | | | | | | | | | | | | | |
| Equity Yield | 77% | | | | | | | | | | | | | | | |

30-Mar-09 **Canal Street Veterans Housing**

Construction Flow of Funds

| | Sources | | April-09 Land Purchase | May-09 1 | June-09 2 | July-09 Construction | August-09 2 | September-09 3 | October-09 4 | November-09 5 | December-09 6 | January-10 7 | February-10 8 | March-10 9 | April-10 10 | May-10 11 | June-10 Sub Compl | July-10 13 | August-10 14 | September-10 15 | October-10 16 | November-10 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | TD BN Debt | 240,000 | | | | | | | | | | | | | | | 240,000 | | | | | |
| | VHCB | 325,000 | | | | 325,000 | | | | | | | | | | | | | | | | |
| | HOME | 200,000 | | | | | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 10,000 | 10,000 | | | | | |
| | VCDP | 740,000 | | | | | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 65,000 | | | | | | |
| | VA | 1,240,000 | | | | | | | 300,000 | | | 300,000 | | | 300,000 | | 340,000 | | | | | |
| | #REF! | #REF! | | | | | | | | | | | | | | | | | | | | |
| | REEP Loan | 14,500 | | | | | | | | | | | 14,500 | | | | | | | | | |
| | City of Winooski | 25,000 | | | | 25,000 | | | | | | | | | | | | | | | | |
| | NSP Funds | 0 | | | | | | | | | | | | | | | | | | | | |
| | #REF! | #REF! | | | | | | | | | | | | | | | | | | | | |
| | Tax Credit Equity | 2,924,088 | | | | | | | | | | | | | | | 2,340,870 | | | | | 583,218 |
| | TOTALS: | #REF! | 0 | 0 | 0 | 350,000 | 95,000 | 95,000 | 395,000 | 95,000 | 95,000 | 395,000 | 109,500 | 95,000 | 395,000 | 75,000 | 2,930,870 | 0 | 0 | 0 | 0 | 583,218 |
| | Uses: | | | | | | | | | | | | | | | | | | | | | |
| | ACQUISITION | | | | | | | | | | | | | | | | | | | | | |
| 1 | Land | 383,300 | 383,300 | | | | | | | | | | | | | | | | | | | |
| 2 | Purchase of Building(s) | 60,300 | 60,300 | | | | | | | | | | | | | | | | | | | |
| 3 | Demolition (w/about replacement) | 0 | | | | | | | | | | | | | | | | | | | | |
| 4 | Property Appraisal | 5,000 | 5,000 | | | | | | | | | | | | | | | | | | | |
| 5 | Legal - Title and Recording | 7,575 | 2,000 | | | 5,575 | | | | | | | | | | | | | | | | |
| | CONSTRUCTION HARD COSTS | | | | | | | | | | | | | | | | | | | | | |
| 6 | Rehabilitation | 0 | | | | | | | | | | | | | | | | | | | | |
| 7 | New Building(s) | 3,421,454 | | | | 20,000 | 200,000 | 300,000 | 340,000 | 300,000 | 350,000 | 300,000 | 350,000 | 300,000 | 300,000 | 300,000 | 300,000 | 51,454 | | | | |
| 8 | Accessory Buildings | 0 | | | | | | | | | | | | | | | | | | | | |
| 9 | Site work | 153,546 | | | | | 20,000 | 30,000 | 30,000 | 30,000 | 0 | 0 | 0 | 0 | 25,000 | 10,000 | 8,546 | | | | | |
| 10 | Commercial Space Costs (if any) | 0 | | | | | | | | | | | | | | | | | | | | |
| 11 | General Requirements | 0 | | | | | | | | | | | | | | | | | | | | |
| 12 | Contractor Overhead | 0 | | | | | | | | | | | | | | | | | | | | |
| 13 | Contractor Profit | 0 | | | | | | | | | | | | | | | | | | | | |
| 14 | Construction Contingency | 355,499 | 1,000 | 1,000 | 1,000 | 1,000 | 40,000 | 40,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 3,500 | | | | |
| 15 | Construction Management | 0 | | | | | | | | | | | | | | | | | | | | |
| 16 | Construction Bond Fee | 0 | | | | | | | | | | | | | | | | | | | | |
| 17 | Hazardous Materials Abatement | 10,000 | | | | | | | | | | 5,000 | | | 5,000 | | | | | | | |
| 18 | Off-Site Improvements | 0 | | | | | | | | | | | | | | | | | | | | |
| 19 | Furnishings, Fixtures & Equipment | 41,400 | | | | | | | | | | | 15,000 | | 16,500 | 9,900 | | | | | | |
| 20 | Other ( ) | 0 | | | | | | | | | | | | | | | | | | | | |
| | SOFT COSTS | | | | | | | | | | | | | | | | | | | | | |
| 21 | Architectural | 319,295 | | | | 225,000 | 16,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 295 | 0 |
| 22 | Engineering | 0 | | | | | | | | | | | | | | | | | | | | |
| 23 | Legal Accounting | 30,000 | 15,000 | | | 8,000 | | | | | | | | | | | | 7,000 | | | 4,000 | |
| 24 | Relocation | 0 | | | | | | | | | | | | | | | | | | | | |
| 25 | Environmental Assessment | 3,000 | 3,000 | | | | | | | | | | | | | | | | | | | |
| 26 | Energy Assessment | 0 | | | | | | | | | | | | | | | | | | | | |
| 27 | Permits Fees | 65,967 | 5,000 | | | 60,000 | 967 | | | | | | | | | | | | | | | |
| 28 | Independent Market Study | 2,000 | 2,000 | | | | | | | | | | | | | | | | | | | |
| 29 | Insurance Taxes | 12,000 | 2,000 | | | 10,000 | | | | | | | | | | | | | | | | |
| 30 | Construction Interest | 95,000 | 0 | 0 | 0 | 15,000 | 2,200 | 650 | 2,000 | 2,100 | 4,000 | 5,500 | 5,900 | 7,250 | 9,000 | 9,000 | 10,100 | 12,500 | 1,900 | 1,265 | 1,642 | 1,693 |
| 31 | Construction Loan Origination Fee | 22,500 | 2,000 | | | 10,000 | 5,000 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | | | | |
| 32 | 0 | 0 | | | | | | | | | | | | | | | | | | | | |
| 33 | Clerk of the Works | 0 | | | | | | | | | | | | | | | | | | | | |
| 34 | Marketing | 3,000 | | | | | | | | | | | | | 1,500 | 1,500 | | | | | | |
| 35 | Tax Credit Fees | 19,450 | | | | 19,450 | | | | | | | | | | | | | | | | |
| 36 | Soft Cost Contingency | 3,500 | 500 | | | 1,000 | | | | | | 1,000 | | | | | 1,000 | | | | | |
| 37 | Permanent Loan Origination Fee | 0 | | | | | | | | | | | | | | | | | | | | |
| 38 | Lender's Counsel's Fee | 0 | | | | | | | | | | | | | | | | | | | | |
| 39 | Other (VCDP) | 15,000 | | | | 5,000 | | | 2,500 | | | | 2,500 | | | | | | | 5,000 | | |
| | SYNDICATION COSTS | | | | | | | | | | | | | | | | | | | | | |
| 40 | Organizational (Partnership) | 0 | | | | | | | | | | | | | | | | | | | | |
| 41 | Bridge Loan Fees and Expenses | 0 | | | | | | | | | | | | | | | | | | | | |
| 42 | Syndication Consultant | 0 | | | | | | | | | | | | | | | | | | | | |
| 43 | Tax Opinion | 0 | | | | | | | | | | | | | | | | | | | | |
| | DEVELOPERS FEES | | | | | | | | | | | | | | | | | | | | | |
| 44 | Developer's Fees | 596,800 | | | | 298,950 | | | | | | | | | | | 149,490 | | | | | 147,360 |
| 45 | Other Partnership Fees | 0 | | | | | | | | | | | | | | | | | | | | |
| 46 | Consultant Fees | 0 | | | | | | | | | | | | | | | | | | | | |
| | RESERVES | | | | | | | | | | | | | | | | | | | | | |
| 47 | Working Capital | 0 | | | | | | | | | | | | | | | | | | | | |
| 48 | Rent-up (Deficit Escrow) Reserve | 15,000 | | | | | | | | | | | | | | | 5,000 | | 5,000 | | 5,000 | |
| 49 | Other Operating Reserves | 68,802 | | | | | | | | | | | | | | | | | | | | 68,802 |
| 50 | Sinking Fund | 0 | | | | | | | | | | | | | | | | | | | | |
| 51 | Replacement Reserves | 0 | | | | | | | | | | | | | | | | | | | | |
| | Repay Construction Loan | | | | | | | | | | | | | | | | | | | | | |
| | TOTAL DEVELOPMENT COSTS | 5,708,588 | 481,100 | 1,000 | 1,000 | 679,005 | 284,167 | 377,150 | 418,500 | 371,100 | 390,500 | 348,000 | 409,900 | 343,750 | 393,500 | 366,900 | 510,636 | 76,954 | 12,500 | 12,565 | 10,937 | 218,924 |
| | Construction Loan Draw | | 481,100 | 1,000 | 1,000 | 329,005 | 189,167 | 282,150 | 23,500 | 276,100 | 295,500 | (47,000) | 300,400 | 248,750 | (1,500) | 291,900 | (2,420,234) | 76,954 | 12,500 | 12,565 | 10,937 | (367,997) |
| | Construction Loan Balance | | 481,100 | 482,100 | 483,100 | 812,105 | 1,001,272 | 1,283,422 | 1,306,922 | 1,583,022 | 1,878,522 | 1,831,522 | 2,131,922 | 2,380,672 | 2,379,172 | 2,671,072 | 250,838 | 327,792 | 340,292 | 352,857 | 363,794 | (4,203) |
| | Construction Loan Interest 6.5% | | 0 | 2,606 | 2,611 | 2,617 | 4,399 | 5,424 | 6,952 | 7,079 | 8,575 | 10,175 | 9,921 | 11,548 | 12,895 | 12,887 | 14,468 | 1,359 | 1,776 | 1,847 | 1,911 | 1,971 |

## NOTES:

1. THIS IS NOT A SURVEY. BOUNDARY INFORMATION SHOWN IS BASED ON A SURVEY BY J.L. WILSON DATED ... AND RECORDED IN BOOK ... PAGE ... IN THE TOWN LAND RECORDS AND SUPPLEMENTED BY GIS DATA.

2. THE LOCATION OF EXISTING UNDERGROUND UTILITIES AND SHOWN IN THIS APPROXIMATE WAY ONLY AND HAVE NOT BEEN INDEPENDENTLY VERIFIED BY THE OWNER OR HIS ENGINEER OR SURVEYOR. THE CONTRACTOR SHALL DETERMINE THE EXACT LOCATION OF ALL EXISTING UTILITIES BEFORE COMMENCING WORK, AND SHALL BE RESPONSIBLE FOR ANY AND ALL DAMAGE WHICH MIGHT BE OCCASIONED BY THE CONTRACTOR'S FAILURE TO EXACTLY LOCATE AND PRESERVE ANY AND ALL UNDERGROUND UTILITIES. IF IT APPEARS THAT ELECTRICAL CONFLICTS EXIST, CALL VERMONT ELECTRIC COOP. AT 1-800-832-2667 OR GREEN MOUNTAIN POWER AT 1-800-610-4850 TO HAVE LINES LOCATED AND MARKED.

3. FINAL ENGINEERING DESIGN AND CONNECTION TO THE EXISTING PUMP STATION WILL BE REVIEWED WITH THE TOWN OF MILTON ONCE THE TOWN ACQUIRES OWNERSHIP. CONSTRUCTION INVERTS, STORAGE AND PUMP STATION OPERATION TO BE FIELD VERIFIED.

4. INSTALL STABILIZED CONSTRUCTION ENTRANCE AND SILT FENCE AROUND PERIMETER PRIOR TO CONSTRUCTION.

5. THE PROPOSED WATER SYSTEM SHALL REMAIN PRIVATE. THE SEWER SYSTEM AND EASEMENT AREAS, HOWEVER, ALONG WITH ALL MULTI-FAMILY BUILDINGS, SHALL BENEFIT FROM INSTALLATION AND MAINTENANCE BY THE TOWN.

6. THE CONTRACTOR SHALL NOT, AT ANY TIME OR FOR ANY REASON, ENTER OR DISTURB ANY WETLAND OR WETLAND BUFFER AREAS.

7. UPSTREAM CONSTRUCTION SHALL BE COMPLETED AND STABILIZED BEFORE CONNECTION TO A DOWNSTREAM WATER QUALITY FACILITY. A DRAFT AND ACCURATE AS-BUILT OF OTHER PLANT OR INSTALLATIONS OVER THE CONTRIBUTING DRAINAGE AREAS BEFORE RUNOFF CAN BE ADDRESSED INTO THE FACILITY.

## OWNER OF RECORD:

P. CRAIG & KIMBERLY LEBLANC
2 SHADY ROAD
MILTON, VERMONT 05468
118 ACRES

APPLICANT:
BOVE BROTHERS REALTY
118 OVERLAND DRIVE
COLCHESTER, VT 05446

PROJECT LOCATION:
LOT 2 AHLA ET ALIA
OFF N. MAIN
MILTON, VERMONT
MEDIA TAX ID: 527
MAP 27-1-13

## ZONING:

| | | | |
|---|---|---|---|
| ZONE: | MULTI-FAMILY | | |
| | | REQUIRED | PROPOSED |
| LOT AREA: | | 5,000 SQ FT | 1 ACRES |
| FRONT SETBACK | | 10 FT | |
| SIDE SETBACK | | 0 FT | |
| REAR SETBACK | | 0 FT | |
| LOT COVERAGE: | | 80% | 50.45 (0.5") ACRES |
| BUILDING HEIGHT: | | 5 STORIES UP TO 70 FT | 4 STORIES |
| BUILDING FOOTPRINT: | | 45,000 SQ FT | 19,940 SQ FT |
| DOWNTOWN AT 50 FT | | | 7.5' TO 50 FT |
| PARKING: | | 5 DU AND OVER = 1.50 X BEDROOMS | |
| RESIDENTIAL: | | 1 SPACE TO PLANNING UNITS = | 17 SPACES |
| | | 1 SPACE PER BEDROOM UNITS = | 31 SPACES |
| | | | 48 SPACES |
| COMMERCIAL: | | 1 SPACE PER 300 SF: | |
| (RESIDENTIAL/PROFESSIONAL SERVICES) | | 121.30 SF + 1 SPACE/300 = | 21 SPACES |
| | | TOTAL REQUIRED | 69 SPACES |
| | | 36.4% REDUCED | 53 SPACES |
| | | 10% COMPACT SPACES | 53 PROVIDED SPACES + 16 SPACES TO BE SHARED |

## LEGEND

| | EXISTING | PROPOSED | DEMOLITION |
|---|---|---|---|
| SEWER MAINS | | | |
| WATER MAINS AND SERVICES | | | |
| STORM DRAINAGE | | | |
| LIQUID PROPANE OR NATURAL GAS | | | |
| OVERHEAD WIRES | | | |
| UNDERGROUND POWER & TELEPHONE | | | |
| TOPOGRAPHY CONTOURS | | | |
| PAVED (BITUMINOUS) | | | |
| GRAVEL DRIVE OR ROAD | | | |
| CURB | | | |
| CENTERLINE | | | |
| PROPERTY LINE | | | |
| EASEMENTS | | | |
| FENCE | | | |
| SIGN | | | |
| LIGHT (GENERIC) | | | |
| UTILITY POLE | | | |
| CATCH BASIN (CB) | | | |
| MANHOLE | | | |
| FIRE HYDRANT | | | |
| BENCH MARK | | | |
| TREE | | | |

HOLE MOUNTED
WALL MOUNT OPAQUE
WALL MOUNT DOWNCAST
BOLLARD

(PLEASE CONSULT WITH ENGINEERS (TCE))

## PLANT LIST

| KEY | SCIENTIFIC NAME | COMMON NAME | QUAN. | SIZE | COMMENTS |
|---|---|---|---|---|---|
| AF | Acer x freemanii Autumn Blaze | Autumn Blaze Maple | 4 | 2"-2½" | B&B |
| AS | Acer saccharum | Sugar Maple | 2 | 2"-2½" | B&B |
| AM | Aronia melanocarpa 'Autumn Magic' | Autumn Magic Chokeberry | 15 | 1 gal | CONT |
| CH | Calycanthus floridus | Spicebush | 6 | 2 gal | CONT |
| CA | Cotoneaster apiculatus | Cranberry Cotoneaster | 15 | 2 gal | CONT |
| JCSV | Juniperus chinensis 'Sargentii Wilts | Sargent Green Juniper | 18 | 2 gal | CONT |
| MA | Malus 'Adams' | Adams Crabapple | 4 | 7 gal | B&B |
| PA | Picea abies | Norway Spruce | 22 | 6-7 | B&B |
| PN | Pinus nigra | Austrian Pine | 15 | 6-7 | B&B |
| PM | Pinus mugo | Mugo Pine | 2 | 7 gal | CONT |
| PMH | Pinus mugo mughus | Dwarf Mugo Pine | 7 | 2 gal | CONT |
| PFS | Potentilla fruticosa 'Sundance' | Sundance Cinquefoil | 10 | 2 gal | CONT |
| RMA | Rhus aromatica 'Gro-Low' | Dwarf Fragrant Sumac | 19 | 3 gal | CONT |
| SI | Spiraea trilobata | Korean Spirea | 24 | 3 gal | CONT |
| UAP | Ulmus americana 'Princeton' | Princeton American Elm | 6 | 2"-2½" | B&B |

THIS FINAL PLAT HAS BEEN APPROVED BY RESOLUTION OF THE DEVELOPMENT REVIEW BOARD OF THE TOWN OF MILTON, VT. THIS ____ DAY OF _____ 200___ SUBJECT TO THE REQUIREMENTS AND CONDITIONS OF SAID RESOLUTION.

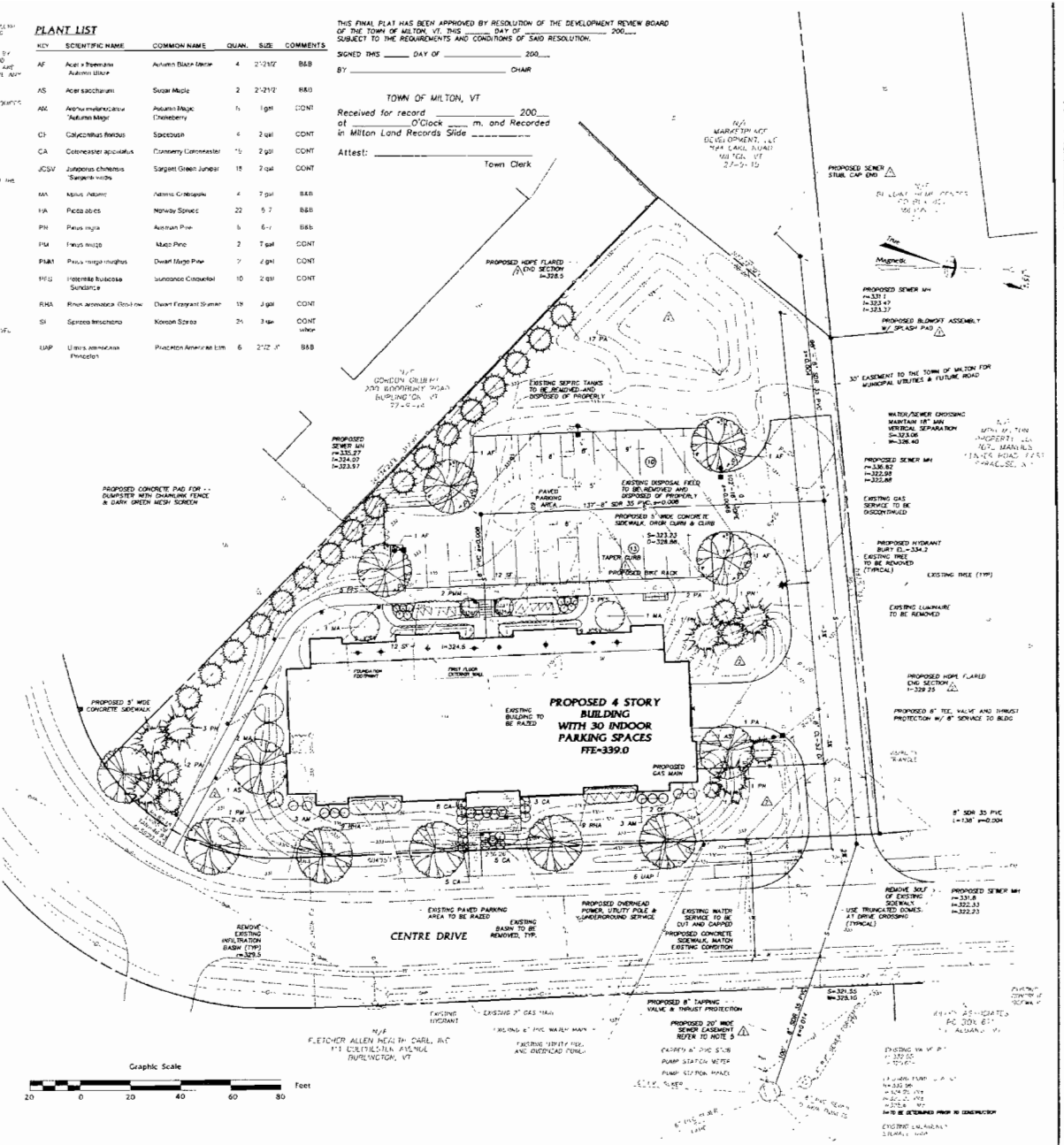
SIGNED THIS ____ DAY OF _____ 200___

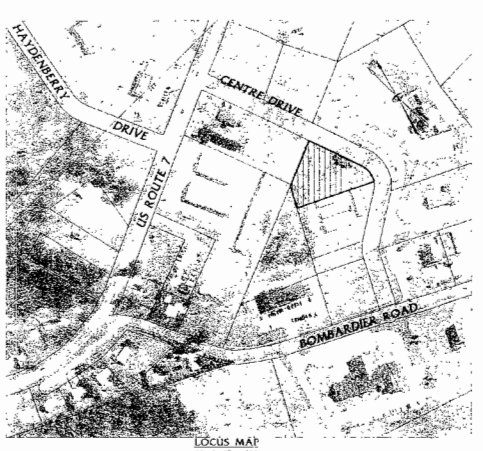
BY _____ CHAIR

TOWN OF MILTON, VT

Received for record _____ 200___
at _____O'Clock ___ m. and Recorded
in Milton Land Records Slide _____

Attest: _____
Town Clerk




LOCUS MAP
SCALE: 1" = 800'

TRUDELL CONSULTING ENGINEERS (TCE)
478 Blair Park Road P.O. Box 308 (802) 879-6331 (phone)
Williston, Vermont 05495 (802) 879-0060 (fax)
Visit Us on the Web at: www.TrudellConsulting.com

THESE PLANS ARE SUITABLE FOR THE PURPOSE OF:
- CONCEPTUAL APPROVAL SUBMISSION
- PRELIMINARY APPROVAL SUBMISSION
- ACT 250 SUBMISSION
- FINAL APPROVAL SUBMISSION
- CONSTRUCTION DRAWINGS

USE AND INTERPRETATION OF THE DRAWINGS

The scope of work for preparation of these plans and specifications is limited to the contents as described in our proposal and/or contract documents. Trudell Consulting Engineers (TCE) cannot be responsible for the use of these plans and specifications by any party for any project not specifically identified in our proposal and/or contract documents for this project without written authorization and adaptation by TCE. Any such unauthorized use of these plans and specifications shall be at the sole risk of the user and without liability to TCE. The user shall indemnify and hold TCE harmless against all claims, damages, losses and expenses including attorney's fees arising out of or resulting therefrom.

Any reproduction of these plans and specifications (including all or portions thereof) by any party is prohibited. Ownership of these plans and specifications is retained by TCE.

Project Location

| No. | Description | Date | By |
|---|---|---|---|
| | Stormwater design revisions to comply with VSMM standards | 1/20/08 | VTC |
| | Milton DRB revisions | 1/28/08 | VTC |

Revisions

Project Title

BOVE BROTHERS REALTY

Centre Drive
Milton, Vermont

Sheet Title

Site Plan

Drawing Number: 2008.1 A.S. Extension:
Project manager: VTC Drawn: VTC
Date: 01.21.08 F.B. 1205 Scale: 1"=20'
Project reference: 2008.1 X-Ref: 2008.1 Base
Bench File: ABS
Approved

SP1

27-Mar-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: | 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% |

27-Mar-09 **Cen[redacted]rive, Milton Vermont** 114.97

| | | Total Development Costs - Residential Only | | | Allocation of Sources | | | | | | | Mixed-Use Only | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Budget | Per Unit | Per s.f. | VHCB Terms:___ | HOME Terms:___ | VCDP Terms:___ | Debt Terms: 20/30 5.37%___ | Equity Terms:___ | Other Terms:___ | TOTAL SOURCES | Commercial Space Only | Combined commercial and Residential |
| | ACQUISITION | | | | | | | | | | | | |
| 1 | Land | 0 | 0 | 0.00 | | | | 0 | | | 0 | 0 | 0 |
| 2 | Purchase of Building(s) | | 0 | 0.00 | | | | | | | 0 | | |
| 3 | Demolition (without replacement) | | 0 | 0.00 | | | | | | | 0 | | |
| 4 | Property Appraisal | 0 | 0 | 0.00 | | | | 0 | | | 0 | 0 | 0 |
| 5 | Legal - Title and Recording | 0 | 0 | 0.00 | | | | 0 | | | 0 | 0 | 0 |
| | Subtotal - Acquisition | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| | CONSTRUCTION HARD COSTS | | | | | | | | | | | | |
| 6 | Rehabilitation | | 0 | 0.00 | | | | | | | 0 | 0 | 0 |
| 7 | New Building(s) | 2,573,426 | 107,226 | 91.82 | | | | 440,574 | 2,573,426 | | 3,014,000 | 440,574 | 3,014,000 |
| 8 | Accessory Buildings | | 0 | 0.00 | | | | | | | 0 | 0 | 0 |
| 9 | Sitework | 298,838 | 12,452 | 10.66 | | | | 51,162 | 298,838 | | 350,000 | 51,162 | 350,000 |
| 10 | Commercial Space Costs (if any) | | 0 | 0.00 | | | | | | | 0 | | |
| 11 | General Requirements | 58,658 | 2,444 | 2.09 | | | | 10,042 | 58,658 | | 68,700 | 10,042 | 68,700 |
| 12 | Contractor Overhead - in Construction | | 0 | 0.00 | | | | | | | 0 | | |
| 13 | Contractor Profit - in Construction | | 0 | 0.00 | | | | | | | 0 | | |
| 14 | Construction Contingency | 201,059 | 8,377 | 7.17 | | | | 188,170 | 47,310 | | 235,480 | 34,421 | 235,480 |
| 15 | Construction Management | | 0 | 0.00 | | | | | | | 0 | | |
| 16 | Construction Bond Fee | 62,640 | 2,610 | 2.23 | | | | 73,364 | | | 73,364 | 10,724 | 73,364 |
| 17 | Hazardous Materials Abatement | | 0 | 0.00 | | | | | | | 0 | | |
| 18 | Off-Site Improvements | | 0 | 0.00 | | | | | | | 0 | | |
| 19 | Furnishings, Fixtures, & Equipment | 27,600 | 1,150 | 0.98 | | | | 27,600 | | | 27,600 | | 27,600 |
| 20 | Other ( _____ ) | | 0 | 0.00 | | | | | | | 0 | | |
| | Subtotal - Hard Costs | 3,222,220 | 134,259 | 114.97 | | | | | | | | 546,923 | 3,769,144 |
| | SOFT COSTS | | | | | | | | | | | | |
| 21 | Architectural | 42,691 | 1,779 | 1.52 | | | | 50,000 | | | 50,000 | 7,309 | 50,000 |
| 22 | Engineering | 42,691 | 1,779 | 1.52 | | | | 50,000 | | | 50,000 | 7,309 | 50,000 |
| 23 | Legal Accounting | 23,538 | 981 | 0.84 | | | | 25,000 | | | 25,000 | 1,462 | 25,000 |
| 24 | Relocation | | 0 | 0.00 | | | | | | | 0 | | |
| 25 | Environmental Assessment | | 0 | 0.00 | | | | | | | 0 | | |
| 26 | Energy Assessment | 4,269 | 178 | 0.15 | | | | 5,000 | | | 5,000 | 731 | 5,000 |
| 27 | Permits Fees | 34,153 | 1,423 | 1.22 | | | | 40,000 | | | 40,000 | 5,847 | 40,000 |
| 28 | Independent Market Study | 7,000 | 292 | 0.25 | | | | 7,000 | | | 7,000 | 0 | 7,000 |
| 29 | Construction Period Insurance | 12,807 | 534 | 0.46 | | | | 15,000 | | | 15,000 | 2,193 | 15,000 |
| 30 | Construction Interest | 22,863 | 1,116 | 0.96 | | | | 26,778 | | | 26,778 | 3,914 | 26,778 |
| 31 | Construction Loan Origination Fee | 15,121 | 738 | 0.63 | | | | 17,710 | | | 17,710 | 2,589 | 17,710 |
| 32 | Taxes During Construction | 8,538 | 356 | 0.30 | | | | 10,000 | | | 10,000 | 1,462 | 10,000 |
| 33 | Clerk of the Works | | 0 | 0.00 | | | | | | | 0 | | |
| 34 | Marketing | 12,807 | 534 | 0.46 | | | | 15,000 | | | 15,000 | 2,193 | 15,000 |
| 35 | Tax Credit Fees | 14,778 | 616 | 0.53 | | | | 14,778 | | | 14,778 | | 14,778 |
| 36 | Soft Cost Contingency | | 0 | 0.00 | | | | | | | 0 | | |
| 37 | Permanent Loan Origination Fee | 15,121 | 738 | 0.63 | | | | 17,710 | | | 17,710 | 2,589 | 17,710 |
| 38 | Lender's Counsel's Fee | 8,538 | 356 | 0.30 | | | | 10,000 | | | 10,000 | 1,462 | 10,000 |
| 39 | Other ( _____ ) | | 0 | 0.00 | | | | | | | 0 | | |
| | SYNDICATION COSTS | | | | | | | | | | | | |
| 40 | Organizational (Partnership) | 10,000 | 417 | 0.36 | | | | 10,000 | | | 10,000 | | 10,000 |
| 41 | Bridge Loan Fees and Expenses | 74,813 | 3,117 | 2.67 | | | | 74,813 | | | 74,813 | | 74,813 |
| 42 | Syndication Consultant | 74,456 | 3,102 | 2.66 | | | | 74,456 | | | 74,456 | | 74,456 |
| 43 | Tax Opinion | 10,000 | 417 | 0.36 | | | | 10,000 | | | 10,000 | | 10,000 |
| | DEVELOPER'S FEES | | | | | | | | | | | | |
| 44 | Developer's Fees | 287,739 | 11,989 | 10.27 | | | | 337,000 | | | 337,000 | 49,261 | 337,000 |
| 45 | Other Partnership Fees | | 0 | 0.00 | | | | 0 | | | 0 | | |
| 46 | Consultant Fees | 67,400 | 2,808 | 2.40 | | | | 67,400 | | | 67,400 | | 67,400 |
| | RESERVES | | | | | | | | | | | | |
| 47 | Working Capital | 21,580 | 899 | 0.77 | | | | 25,275 | | | 25,275 | 3,695 | 25,275 |
| 48 | Rent-up (Deficit Escrow) Reserve | 68,306 | 2,846 | 2.44 | | | | 80,000 | | | 80,000 | 11,694 | 80,000 |
| 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 | 879,212 | 36,634 | 31.37 | | | | | | | | 103,708 | 982,920 |
| | TOTAL DEVELOPMENT COSTS | 4,101,432 | 170,893 | 146.34 | 0 | 0 | 0 | 1,773,831 | 2,978,232 | 0 | 4,752,063 | 650,631 | 4,752,063 |

revision date 8/6/2007

27-Mar-09 **Centre Drive, Milton Vermont**

| | | 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 | 20% | Historic Credit Rate |
| | Total Eligible Basis | | 0 | 3,820,851 | | 0 | Annual Historic Credit |
| TIMES: | Adjusted for QCT/DDA | 130.0% | | 4,967,107 | | | |
| TIMES: | Applicable Fraction | 95.83% | 0 | 4,760,144 | | | |
| | Total Qualified Basis | | 0 | 4,760,144 | 3,793,251 | | Long Term Depreciable Basis |
| TIMES: | Applicable Percentage | | 3.27% | 9.00% | 27.5 | | Depreciation Schedule |
| | Total Annual Credit Qualified | | 0 | 428,413 | 137,936 | | Annual Depreciation |
| | Total Tax Credits Requested | 363,199 | | | 27,600 | | Short Term Depreciable Basis |
| | Estimated Net Syndication Proceeds (Sec 42 Housing Credit only) | 2,978,232 | | | 7 | | Depreciation Schedule |
| | Estimated Yield - Housing Credit Syndication | 82.01% | | | 3,943 | | Annual Depreciation |
| | 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 | | 5,089 | | | | |
| | Grand Totals | 28,027 | 24 | | | 253,956 |
| | Less Vacancy | | 5.00% | | | (12,698) |
| | | | | | NET RENT | 241,258 |
| | OTHER INCOME | | | | | |
| | Laundry | | | | | 0 |
| | Parking | | | | | 0 |
| | Commercial Space Income | | 6,544 Sq. Ft. | | | 74,602 |
| | Other | | | | | 0 |
| | | | | | TOTAL INCOME | 315,860 |

27-Mar-09 **Centre Drive, Milton Vermont**

| | Check all Applicable | | | | | | | | | A | | | | | B | | | | | | C | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Building # | Unit # | HOME Unit | Lead Paint Unit | Project Based Assistance | Tax Credit Unit | VHCB Restricted | Accessible | Adaptable | Unrestricted | Number of Bedrooms | Proposed Square Footage | Proposed Rent | Utility Allowance for Tenant-Paid Utilities | Gross Rent (Rent + Tenant-Paid Utilities) | OCCUPIED BY: Income level of residents to be served: | | | | | | AFFORDABLE TO: Units affordable to residents at: | | | | | |
| | | | | | | | | | | | | | | | <30% | <50% | <60% | <80% | <100% | >100% | 30% | 50% | 60% | 65% | 80% | 100%+ |
| | 1 | | | | X | | | | | 2 | 879 | 911 | 41 | 952 | | | X | | | | | | X | | | |
| | 2 | | | | X | | | | | 2 | 879 | 911 | 41 | 952 | | | X | | | | | | X | | | |
| | 3 | | | | | | | | X | 1 | 698 | 950 | 27 | 977 | | | | | | X | | | | | | X |
| | 4 | | | | X | | | | | 1 | 698 | 767 | 27 | 794 | | | X | | | | | | X | | | |
| | 5 | | | | X | | | | | 1 | 698 | 767 | 27 | 794 | | | X | | | | | | X | | | |
| | 6 | | | | X | | | | | 1 | 698 | 767 | 27 | 794 | | | X | | | | | | X | | | |
| | 7 | | | | X | | | | | 1 | 698 | 767 | 27 | 794 | | | X | | | | | | X | | | |
| | 8 | | | | X | | | | | 1 | 698 | 767 | 27 | 794 | | | X | | | | | | X | | | |
| | 9 | | | | X | | | | | 1 | 698 | 767 | 27 | 794 | | | X | | | | | | X | | | |
| | 10 | | | | X | | | | | 1 | 698 | 767 | 27 | 794 | | | X | | | | | | X | | | |
| | 11 | | | | X | | | | | 2 | 879 | 911 | 41 | 952 | | | X | | | | | | X | | | |
| | 12 | | | | X | | | | | 2 | 879 | 911 | 41 | 952 | | | X | | | | | | X | | | |
| | 13 | | | | X | | | | | 2 | 1,123 | 911 | 41 | 952 | | | X | | | | | | X | | | |
| | 14 | | | | X | | | | | 3 | 1,304 | 1,045 | 56 | 1,101 | | | X | | | | | | X | | | |
| | 15 | | | | X | | | | | 2 | 1,123 | 911 | 41 | 952 | | | X | | | | | | X | | | |
| | 16 | | | | X | | | | | 2 | 1,123 | 911 | 41 | 952 | | | X | | | | | | X | | | |
| | 17 | | | | X | | | | | 2 | 1,123 | 911 | 41 | 952 | | | X | | | | | | X | | | |
| | 18 | | | | X | | | | | 2 | 1,123 | 911 | 41 | 952 | | | X | | | | | | X | | | |
| | 19 | | | | X | | | | | 2 | 1,123 | 911 | 41 | 952 | | | X | | | | | | X | | | |
| | 20 | | | | X | | | | | 2 | 1,123 | 911 | 41 | 952 | | | X | | | | | | X | | | |
| | 21 | | | | X | | | | | 2 | 1,123 | 911 | 41 | 952 | | | X | | | | | | X | | | |
| | 22 | | | | X | | | | | 2 | 1,123 | 911 | 41 | 952 | | | X | | | | | | X | | | |
| | 23 | | | | X | | | | | 2 | 1,123 | 911 | 41 | 952 | | | X | | | | | | X | | | |
| | 24 | | | | X | | | | | 3 | 1,304 | 1,045 | 56 | 1,101 | | | X | | | | | | X | | | |
| Total # Units | 24 | | | | | | | | | Totals: | 22,938 | 21,163 | | Total # Units: | 0 | 0 | 23 | 0 | 0 | 1 | 0 | 0 | 23 | 0 | 0 | 1 |

Total Annual Ren 264,780

revised date: 8.6.2007

27-Mar-09 **Centre Drive, Milton Vermont**

| | Residential Annual | Monthly | Per Unit 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 | |
| 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 | |

| per unit month excl. ds & res. |
|---|
| 439 |

revision date: 8 6 2007

27-Mar-09 **Centre Drive, Milton Vermont**

| | 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 | | 253,956 | 257,765 | 261,632 | 265,556 | 269,540 | 273,583 | 277,686 | 281,852 | 286,080 | 290,371 | 294,726 | 299,147 | 303,634 | 308,189 | 312,812 | 317,504 | 322,266 | 327,100 | 332,007 | 336,987 |
| 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 | 93,269 | 94,668 | 96,088 | 97,530 | 98,993 |
| Vacancy and other losses | | (12,698) | (12,888) | (13,082) | (13,278) | (13,477) | (13,679) | (13,884) | (14,093) | (14,304) | (14,519) | (14,736) | (14,957) | (15,182) | (15,409) | (15,641) | (15,875) | (16,113) | (16,355) | (16,600) | (16,849) |
| Total Operating Income | | 315,860 | 320,598 | 325,407 | 330,288 | 335,242 | 340,271 | 345,375 | 350,555 | 355,814 | 361,151 | 366,568 | 372,067 | 377,648 | 383,312 | 389,062 | 394,898 | 400,822 | 406,834 | 412,936 | 419,130 |
| Operating Expenses | | | | | | | | | | | | | | | | | | | | | |
| Total Expenses (excl. Reserves) | | 157,196 | 161,912 | 166,769 | 171,772 | 176,925 | 182,233 | 187,700 | 193,331 | 199,131 | 205,105 | 211,258 | 217,596 | 224,124 | 230,848 | 237,773 | 244,906 | 252,253 | 259,821 | 267,616 | 275,644 |
| 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 | 12,602 | 12,791 | 12,983 | 13,178 | 13,376 |
| Total Operating Expense | | 167,276 | 172,143 | 177,154 | 182,313 | 187,624 | 193,092 | 198,722 | 204,518 | 210,486 | 216,630 | 222,957 | 229,470 | 236,176 | 243,080 | 250,189 | 257,509 | 265,045 | 272,804 | 280,794 | 289,020 |
| Net Operating Income | | 148,584 | 148,455 | 148,253 | 147,975 | 147,618 | 147,178 | 146,653 | 146,037 | 145,327 | 144,520 | 143,612 | 142,597 | 141,472 | 140,232 | 138,873 | 137,389 | 135,777 | 134,030 | 132,143 | 130,111 |
| Less Primary Debt Service | | 118,939 | 118,939 | 118,939 | 118,939 | 118,939 | 118,939 | 118,939 | 118,939 | 118,939 | 118,939 | 118,939 | 118,939 | 118,939 | 118,939 | 118,939 | 118,939 | 118,939 | 118,939 | 118,939 | 1,037,670 |
| 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 | | 29,645 | 29,516 | 29,314 | 29,036 | 28,679 | 28,240 | 27,714 | 27,098 | 26,389 | 25,582 | 24,673 | 23,658 | 22,533 | 21,293 | 19,934 | 18,451 | 16,838 | 15,091 | 13,204 | (907,559) |
| Operating Subsidies - Sinking Fund | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 907,559 |
| Net Cash | | 29,645 | 29,516 | 29,314 | 29,036 | 28,679 | 28,240 | 27,714 | 27,098 | 26,389 | 25,582 | 24,673 | 23,658 | 22,533 | 21,293 | 19,934 | 18,451 | 16,838 | 15,091 | 13,204 | 0 |
| DCR | | 124.92% | 124.82% | 124.65% | 124.41% | 124.11% | 123.74% | 123.30% | 122.78% | 122.19% | 121.51% | 120.74% | 119.89% | 118.95% | 117.90% | 116.76% | 115.51% | 114.16% | 112.69% | 111.10% | 12.54% |
| Cumulative Cash Flow | | | | | | | | | | | | | | | | | | | | | |
| Beginning Balance | | 0 | 29,941 | 60,351 | 91,165 | 122,315 | 153,727 | 185,324 | 217,021 | 248,731 | 280,358 | 311,802 | 342,958 | 373,712 | 403,945 | 433,530 | 462,334 | 490,216 | 517,026 | 542,608 | 566,796 |
| Deposits | | 29,645 | 29,516 | 29,314 | 29,036 | 28,679 | 28,240 | 27,714 | 27,098 | 26,389 | 25,582 | 24,673 | 23,658 | 22,533 | 21,293 | 19,934 | 18,451 | 16,838 | 15,091 | 13,204 | 0 |
| Interest | 2.0% | 296 | 894 | 1,500 | 2,114 | 2,733 | 3,357 | 3,984 | 4,611 | 5,239 | 5,863 | 6,483 | 7,096 | 7,700 | 8,292 | 8,870 | 9,431 | 9,973 | 10,491 | 10,984 | 11,336 |
| Withdrawals | | | | | | | | | | | | | | | | | | | | | |
| Project Operating Needs | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (907,559) |
| 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 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 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 | | 29,941 | 60,351 | 91,165 | 122,315 | 153,727 | 185,324 | 217,021 | 248,731 | 280,358 | 311,802 | 342,958 | 373,712 | 403,945 | 433,530 | 462,334 | 490,216 | 517,026 | 542,608 | 566,796 | (329,427) |
| Cumulative Replacement Reserves | | | | | | | | | | | | | | | | | | | | | |
| 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 | 194,731 | 211,354 | 228,500 | 246,183 | 264,417 |
| 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 | 12,602 | 12,791 | 12,983 | 13,178 | 13,376 |
| Interest | 2.0% | 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 | 4,021 | 4,355 | 4,700 | 5,055 | 5,422 |
| Withdrawals | | 0 | 0 | 0 | 0 | 0 | 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 | 211,354 | 228,500 | 246,183 | 264,417 | 283,214 |

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net Operating Income | 148,584 | 148,455 | 148,253 | 147,975 | 147,618 | 147,178 | 146,653 | 146,037 | 145,327 | 144,520 | 143,612 | 142,597 | 141,472 | 140,232 | 138,873 |
| Plus 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 |
| Less Interest Expense | (94,507) | (93,162) | (91,744) | (90,247) | (88,668) | (87,001) | (85,243) | (83,389) | (81,432) | (79,368) | (77,190) | (74,892) | (72,467) | (69,909) | (67,211) |
| Less Long Depreciation | (137,936) | (137,936) | (137,936) | (137,936) | (137,936) | (137,936) | (137,936) | (137,936) | (137,936) | (137,936) | (137,936) | (137,936) | (137,936) | (137,936) | (137,936) |
| Less Short Depreciation | (3,943) | (3,943) | (3,943) | (3,943) | (3,943) | (3,943) | (3,943) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Taxable Income (Loss) | (77,723) | (76,356) | (74,985) | (73,611) | (72,230) | (70,843) | (69,448) | (64,101) | (62,686) | (61,258) | (59,816) | (58,357) | (56,880) | (55,381) | (53,858) |
| Cash Flow | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plus Tax Savings | 27,203 | 26,725 | 26,245 | 25,764 | 25,281 | 24,795 | 24,307 | 22,435 | 21,940 | 21,440 | 20,936 | 20,425 | 19,908 | 19,383 | 18,850 |
| Plus Historic Rehab Credits | 0 | | | | | | | | | | | | | | |
| Plus State Credits | 0 | 0 | 0 | 0 | 0 | | | | | | | | | | |
| Plus Federal Housing Credits | 363,199 | 363,199 | 363,199 | 363,199 | 363,199 | 363,199 | 363,199 | 363,199 | 363,199 | 363,199 | | | | | |
| After Tax Cash Flow | 390,402 | 389,924 | 389,444 | 388,963 | 388,480 | 387,994 | 387,506 | 385,634 | 385,139 | 384,639 | 20,936 | 20,425 | 19,908 | 19,383 | 18,850 |

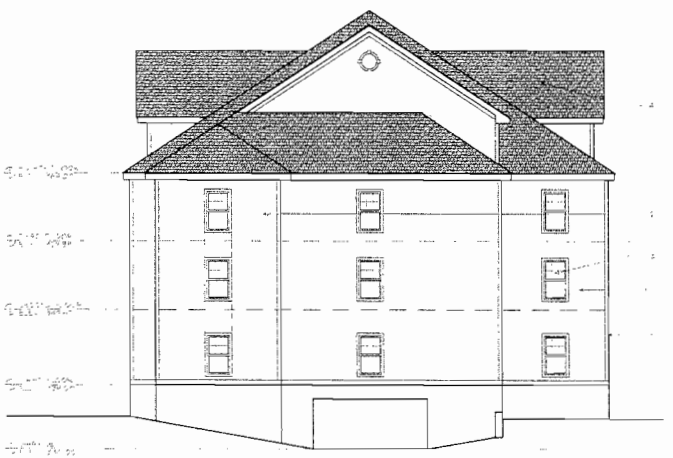
| | |
|---|---|
| Total Years | 15 |
| Reinvestment Rate | 6.00% |

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Current After Tax Cash Flows | 390,402 | 389,924 | 389,444 | 388,963 | 388,480 | 387,994 | 387,506 | 385,634 | 385,139 | 384,639 | 20,936 | 20,425 | 19,908 | 19,383 | 18,850 |
| Future Value of Cash Flows at Yr 15 | 935,621 | 881,580 | 830,656 | 782,669 | 737,450 | 694,838 | 654,683 | 614,643 | 579,107 | 545,618 | 28,017 | 25,786 | 23,711 | 21,779 | 19,981 |

| | |
|---|---|
| Original Basis | 3,820,851 |
| Less Depreciation | (2,096,646) |
| Basis at Sale | 5,917,497 |
| Sales Price | 1,223,347 |
| Gain | (4,694,151) |
| Exit Tax | 0 |

Version date: 3-6-2007

EAST ELEVATION



NORTH ELEVATION

EXTERIOR MATERIALS

SIGN INFORMATION

EXTERIOR ELEVATIONS

CENTRE DRIVE MIXED USE BUILDING

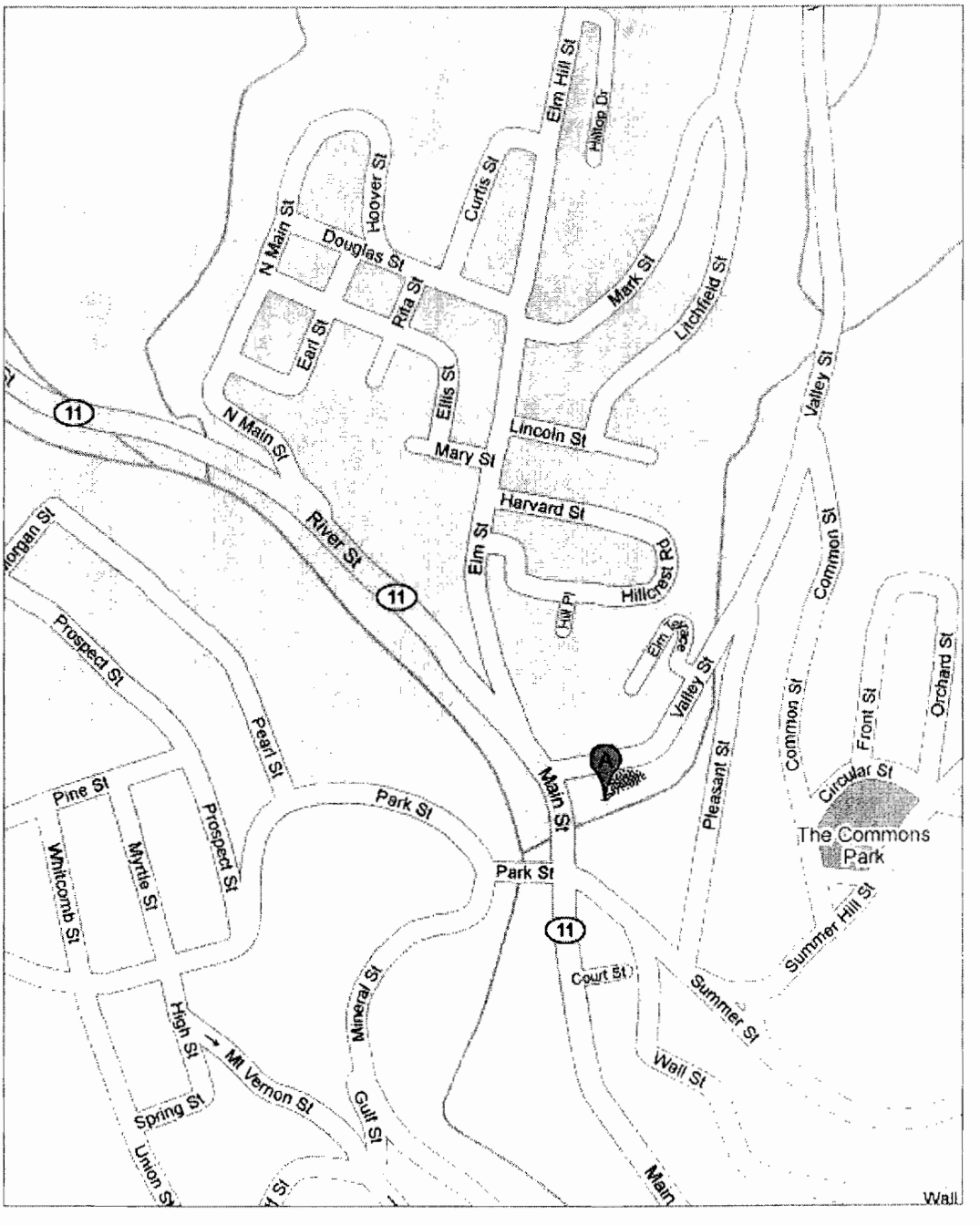
RABIDEAU ARCHITECTS

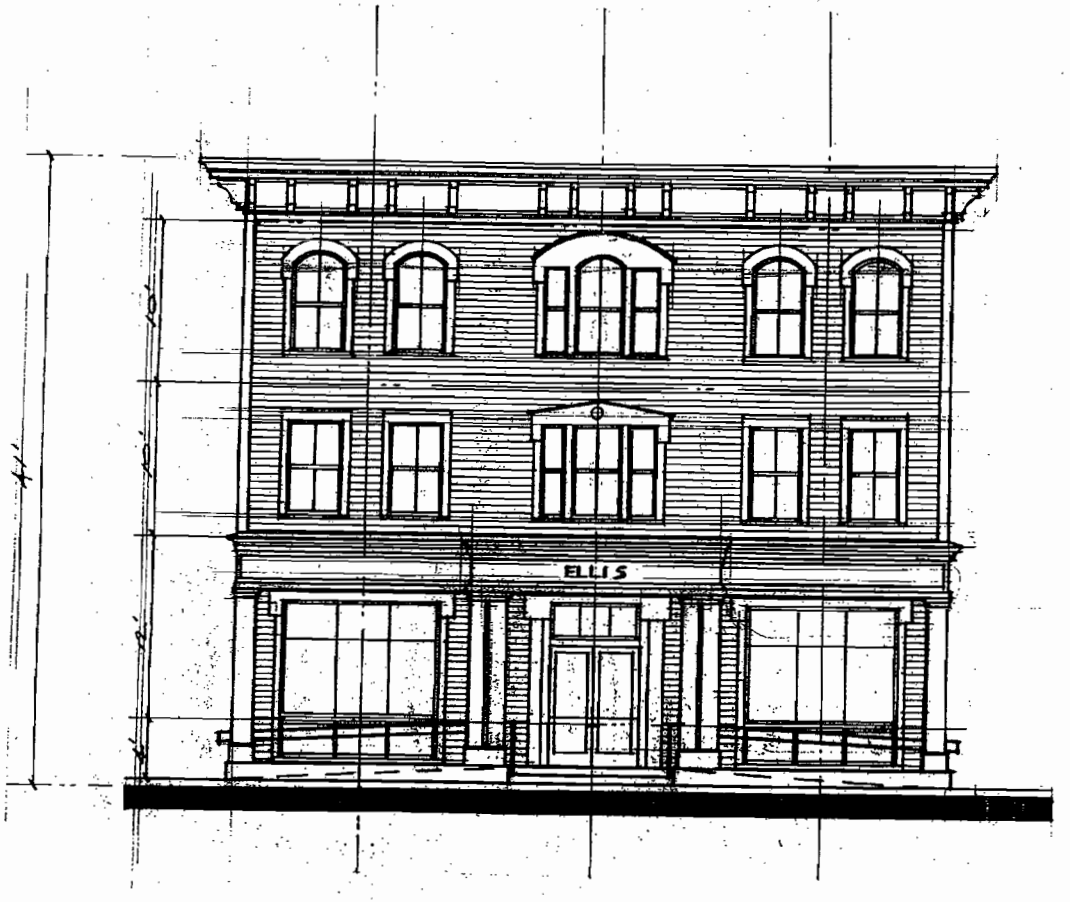
95 ST PAUL STR SUITE 110 ph 802.863.0202
Burlington VT 0540 fax 802.863.6401

Google Maps

Address **26 Main St**
**Springfield, VT 05156**

Get Google Maps on your phone
Text the word "GMAPS" to 466453

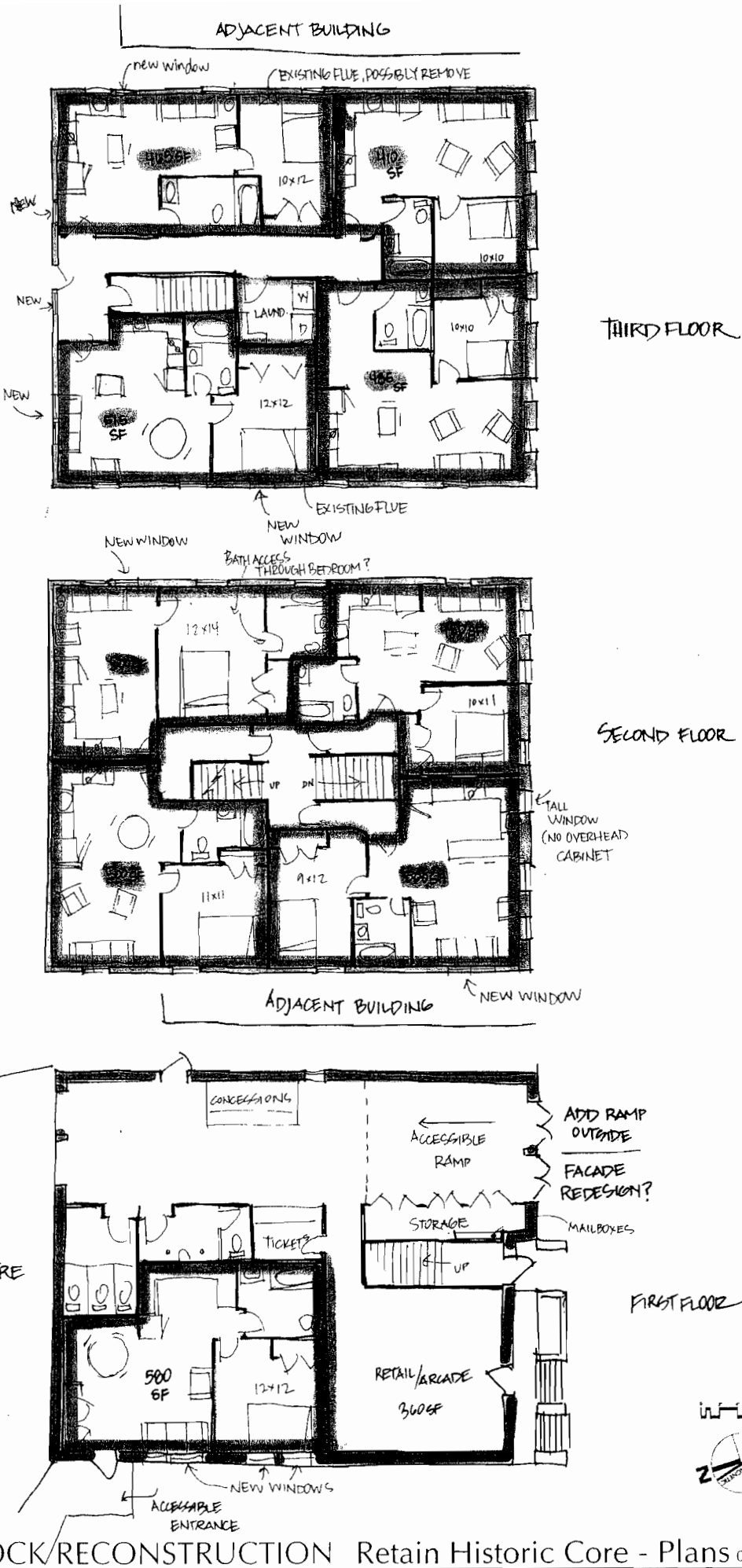





ELEVATION

THE ELLIS BLOCK
SPRINGFIELD, VT
PRELIMINARY SKETCH PLANS 1-2009

HOUSING VT.
123 ST PAUL ST
BURLINGTON VT 05401




ELLIS BLOCK/RECONSTRUCTION Retain Historic Core - Plans 03.05.09

WILLIAM MACLAY ARCHITECTS & PLANNERS HOUSING VERMONT 0902

30-Mar-09 **Ellis Block**

| | | | | | |
|---|---|---|---|---|---|
| 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 | |

| | | | |
|---|---|---|---|
| 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% |

30-Mar-09 **Ellis Block**

| | | 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 | 0.00 |
| 3 | Demolition (without replacement) | 0 | 0 | 0.00 | 0 | 0 | | 0 | 0.00 |
| 4 | Property Appraisal | 0 | 0 | 0.00 | 0 | 0 | | 0 | 0.00 |
| 5 | Legal - Title and Recording | 4,300 | 478 | 0.71 | 2,184 | 2,016 | 100 | 2,236 | 0.37 |
| | Acqusition/Carrying Costs | 0 | 0 | 0.00 | 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 | 0.00 |
| 11 | Clerk of the Works | 0 | 0 | 0.00 | 0 | 0 | | 0 | 0.00 |
| 12 | Contractor Overhead | 0 | 0 | 0.00 | 0 | 0 | | 0 | 0.00 |
| 13 | Contractor Profit | 0 | 0 | 0.00 | 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 | 0.00 |
| 16 | Construction Bond Fee | 0 | 0 | 0.00 | 0 | 0 | | 0 | 0.00 |
| 17 | Hazardous Materials Abatement | 0 | 0 | 0.00 | 0 | 0 | | 0 | 0.00 |
| 18 | Off-Site Improvements | 0 | 0 | 0.00 | 0 | 0 | | 0 | 0.00 |
| 19 | Furnishings, Fixtures, & Equipment | 9,000 | 1,000 | 1.49 | 9,000 | | | 9,000 | 1.49 |
| 20 | Other (_____) | | 0 | 0.00 | 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 | 15,080 | 13,920 | 6,000 | 18,200 | 3.01 |
| 24 | Relocation | 0 | 0 | 0.00 | | | 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 | 0.00 | 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 | 0.00 | 0 | 0 | | 0 | 0.00 |
| 32 | Taxes During Construction | 0 | 0 | 0.00 | 0 | 0 | | 0 | 0.00 |
| 33 | | | 0 | 0.00 | 0 | 0 | | 0 | 0.00 |
| 34 | Marketing | | 0 | 0.00 | 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 | 0.00 | 0 | 0 | | 0 | 0.00 |
| 39 | Other (_____) | | 0 | 0.00 | 0 | 0 | | 0 | 0.00 |
| | SYNDICATION COSTS | | | | 0 | 0 | | 0 | 0.00 |
| 40 | Organizational (Partnership) | | 0 | 0.00 | 0 | 0 | | 0 | 0.00 |
| 41 | Bridge Loan Fees and Expenses | | 0 | 0.00 | 0 | 0 | | 0 | 0.00 |
| 42 | Syndication Consultant | | 0 | 0.00 | 0 | 0 | | 0 | 0.00 |
| 43 | Tax Opinion | | 0 | 0.00 | 0 | 0 | | 0 | 0.00 |
| | DEVELOPER'S FEES | | | | 0 | 0 | | 0 | 0.00 |
| 44 | Developer's Fees | 280,000 | 31,111 | 46.30 | 145,600 | 134,400 | | 145,600 | 24.07 |
| 45 | Other Partnership Fees | | 0 | 0.00 | 0 | 0 | | 0 | 0.00 |
| 46 | Consultant Fees | | 0 | 0.00 | 0 | 0 | | 0 | 0.00 |
| | RESERVES | | | | 0 | 0 | | 0 | 0.00 |
| 47 | Working Capital | 0 | 0 | 0.00 | 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 | 0.00 |
| | 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 | | | | |

30-Mar-09 **Ellis Block**

| | | Budget | Acquisition Basis | Construction Basis | Residential Depreciation | Historic Credit Basis | Other | Costs Incurred to Date | To be Incurred | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | ACQUISITION | | | | | | | | | |
| 1 | Land | 10 | | | | | | | | |
| 2 | Purchase of Building(s) | 0 | 0 | | | | | | | |
| 3 | Demolition (without replacement) | 0 | | | | | | | | |
| 4 | Property Appraisal | 0 | 0 | | | | | | | |
| 5 | Legal - Title and Recording | 4,300 | 2,184 | | | | | | | |
| | Subtotal - Acquisition | 4,310 | | | | | | | | |
| | CONSTRUCTION HARD COSTS | | | | | | | | | |
| 6 | Rehabilitation | 1,290,000 | | 816,480 | | 816,480 | | | | |
| 7 | Commercial fit up | 441,420 | | 441,420 | | 441,420 | | | | |
| 8 | Abatement | 10,000 | | 0 | | 0 | | | | |
| 9 | Demolition & Stabilization | 168,000 | | 168,000 | | 168,000 | | | | |
| 10 | 0 | 0 | | 0 | | 0 | | | | |
| 11 | Clerk of the Works | 0 | | 17,600 | | 17,600 | | | | |
| 12 | Contractor Overhead | 0 | | 0 | | 0 | | | | |
| 13 | Contractor Profit | 0 | | 0 | | 0 | | | | |
| 14 | Construction Contingency | 192,743 | | 82,548 | | 82,548 | | | | |
| 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 | 9,000 | | 9,000 | | 9,000 | | | | |
| 20 | Other (_____) | 0 | | 0 | | 0 | | | | |
| | Subtotal - Hard Costs | 2,111,163 | | | | | | | | |
| | SOFT COSTS | | | | | | | | | |
| 21 | Architectural | 127,400 | | 53,000 | | 53,000 | | | | |
| 22 | Historic Preservation Consultant | 19,450 | | 2,300 | | 2,300 | | | | |
| 23 | Legal Accounting | 35,000 | | 15,080 | | 15,080 | | | | |
| 24 | Relocation | 0 | | 0 | | 0 | | | | |
| 25 | Environmental Assessment | 22,550 | | 11,726 | | 11,726 | | | | |
| 26 | Energy Assessment | 0 | | 0 | | 0 | | | | |
| 27 | Permits Fees | 17,224 | | 9,000 | | 9,000 | | | | |
| 28 | Independent Market Study | 18,000 | | 3,000 | | 3,000 | | | | |
| 29 | Construction Period Insurance | 10,211 | | 10,211 | | 10,211 | | | | |
| 30 | Construction Interest | 38,500 | | 16,016 | | 16,016 | | | | |
| 31 | Construction Loan Origination Fee | 0 | | 0 | | 0 | | | | |
| 32 | Taxes During Construction | 0 | | 0 | | 0 | | | | |
| 33 | Clerk of the Works | 0 | | 0 | | 0 | | | | |
| 34 | Marketing | 0 | | | | | | | | |
| 35 | Tax Credit Fees | 14,050 | | 0 | | 0 | | | | |
| 36 | Soft Cost Contingency | 5,000 | | 2,600 | | 2,600 | | | | |
| 37 | Permanent Loan Origination Fee | 29,800 | | 15,496 | | | | | | |
| 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 | 280,000 | | 280,000 | | 280,000 | | | | |
| 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 | 22,180 | | | | | | | | |
| 50 | Sinking Fund Capitalized Lease | 50,000 | | | | | | | | |
| 51 | Replacement Reserves | 0 | | | | | | | | |
| | Subtotal - Soft Costs | 704,365 | | | | | | | | |
| | TOTALS | 2,819,838 | 2,184 | 1,953,477 | 0 | 1,937,981 | | | | |
| LESS | Amount of Non-qualified Financing | | 0 | 223,612 | | | | | | |
| LESS | Historic tax Credit (Residential Portion) | | | 387,596 | 387,596 | | 20% Historic Credit Rate | | | |
| | Total Eligible Basis | | 2,184 | 1,342,243 | | | 387,596 Annual Historic Credit | | | |
| TIMES | Adjusted for QCT DDA | 100.0% | | 1,342,243 | | | | | | |
| TIMES | Applicable Fraction | 83.33% | 1,820 | 1,118,536 | | | | | | |
| | Total Qualified Basis | | 1,820 | 1,118,536 | (387,596) | Long Term Depreciable Basis | | | | |
| TIMES | Applicable Percentage | | 3.27% | 9.00% | 27.5 | Depreciation Schedule | | | | |
| | Total Annual Credit Qualified | | 60 | 100,668 | (14,094) | Annual Depreciation | | | | |

| | |
|---|---|
| Total Tax Credits Requested | 110,000 |
| Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only) | 1,344,837 |
| Estimated Yield - Housing Credit Syndication | 0.8450 |
| Equity Gap | |
| Credits Needed to fill Equity Gap | |

0 Short Term Depreciable Basis

7 Depreciation Schedule

0 Annual Depreciation

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 |
| | | 0 | | | | |
| Common Area Square Footage | | 1,008 | | | | |
| | Grand Totals | 6,048 | 9 | | | 66,528 |

| | | | |
|---|---|---|---|
| Less Vacancy | 5.00% | | (3,326) |
| | | NET RENT | 63,202 |
| OTHER INCOME | | | |
| Laundry | | | 0 |
| Parking | | | 0 |
| Commercial Space Income | | | 21,660 |
| Other | | | 0 |
| | | TOTAL INCOME | 84,862 |

30-Mar-09 **Ellis Block**

| | Check all Applicable | | | | | | | | | A | | | | | B | | | | | | | C | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Building # | Unit # | HOME Unit | Lead Paint Unit | Project Based Assistance | Tax Credit Unit | VHCB Restricted | Accessible | Adaptable | Unrestricted | Number of Bedrooms | Proposed Square Footage | Proposed Rent | Utility Allowance for Tenant-Paid Utilities | Gross Rent (Rent + Tenant-Paid Utilities) | OCCUPIED BY: Income level of residents to be served: | | | | | | | AFFORDABLE TO: Units affordable to residents at: | | | | | |
| | | | | | | | | | | | | | | | <30% | <50% | <60% | <80% | <100% | >100% | | 30% | 50% | 60% | 65% | 80% | 100%+ |
| | 1 | | | 1 | 1 | | 1 | | | 1 | 560 | 682 | 29 | 711 | | 1 | | | | | | 1 | | | | | |
| | 2 | | | 1 | 1 | | | | | 1 | 560 | 682 | 29 | 711 | | 1 | | | | | | 1 | | | | | |
| | 3 | | | 1 | 1 | | | | | 1 | 560 | 682 | 29 | 711 | | 1 | | | | | | 1 | | | | | |
| | 4 | | | | 1 | | | | | 1 | 560 | 563 | 29 | 592 | | | 1 | | | | | | | 1 | | | |
| | 5 | | | 1 | 1 | | | | | 1 | 560 | 682 | 29 | 711 | | 1 | | | | | | 1 | | | | | |
| | 6 | | | | 1 | | | | | 1 | 560 | 563 | 29 | 592 | | | 1 | | | | | | | 1 | | | |
| | 7 | | | | 1 | | | | | 1 | 560 | 563 | 29 | 592 | | | 1 | | | | | | | 1 | | | |
| | 8 | | | | 1 | | | | | 1 | 560 | 563 | 29 | 592 | | | 1 | | | | | | | 1 | | | |
| | 9 | | | | 1 | | 1 | | | 1 | 560 | 563 | 29 | 592 | | | 1 | | | | | | | 1 | | | |
| | theater | | | | | | | | | | 5,946 | | | | | | | | | | | | | | | | |
| | office | | | | | | | | | | 360 | | | | | | | | | | | | | | | | |
| Total # Units | 9 | 0 | 0 | 4 | 9 | 0 | 2 | 0 | 0 | Totals: 9 | 11,346 | 5,543 | | Total # Units: | 0 | 4 | 5 | 0 | 0 | 0 | | 4 | 0 | 5 | 0 | 0 | 0 |
| | | | | | | | | | | 9 | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | common SF | 660 | | | | | | | | | | | | | | | | |
| | | | | | | | | | | total rental SF | 12,006 | | | | | | | | | | | | | | | | |

| 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 | |
| | | | | per unit month |
| Real Estate Taxes | 13,836 | 1,153 | 128 | excl. ds & res. |
| Property Insurance | 3,780 | 315 | 35 | 618 |
| Replacement Reserves | 4,860 | 405 | 45 | |
| Primary Debt Service | 833 | 69 | 8 | |
| Other "must pay" debt service | | 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 Recepits/Cumulative Cash Flow | 72,449 | | | |

30-Mar-09

## Ellis Block

| 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 | 66,528 | 67,526 | 68,539 | 69,567 | 70,610 | 71,670 | 72,745 | 73,836 | 74,943 | 76,067 | 77,208 | 78,367 | 79,542 | 80,735 | 81,946 | 83,175 | 84,423 | 85,689 | 86,975 | 88,279 |
| Other Income | 21,660 | 21,985 | 22,315 | 22,649 | 22,989 | 23,334 | 23,684 | 24,039 | 24,400 | 24,766 | 25,137 | 25,514 | 25,897 | 26,286 | 26,680 | 27,080 | 27,486 | 27,899 | 28,317 | 28,742 |
| Vacancy and other losses | (3,326) | (3,376) | (3,427) | (3,478) | (3,531) | (3,583) | (3,637) | (3,692) | (3,747) | (3,803) | (3,860) | (3,918) | (3,977) | (4,037) | (4,097) | (4,159) | (4,221) | (4,284) | (4,349) | (4,414) |
| Total Operating Income | 84,862 | 86,135 | 87,427 | 88,738 | 90,069 | 91,420 | 92,791 | 94,183 | 95,596 | 97,030 | 98,485 | 99,963 | 101,462 | 102,984 | 104,529 | 106,097 | 107,688 | 109,303 | 110,943 | 112,607 |
| **Operating Expenses** | | | | | | | | | | | | | | | | | | | | |
| Total Expenses (excl. Reserves) | 66,756 | 68,258 | 69,794 | 71,364 | 72,970 | 74,612 | 76,290 | 78,007 | 79,762 | 81,557 | 83,392 | 85,268 | 87,187 | 89,148 | 91,154 | 93,205 | 95,302 | 97,447 | 99,639 | 101,881 |
| Reserves | 4,860 | 4,933 | 5,007 | 5,082 | 5,158 | 5,236 | 5,314 | 5,394 | 5,475 | 5,557 | 5,640 | 5,725 | 5,811 | 5,898 | 5,986 | 6,076 | 6,167 | 6,260 | 6,354 | 6,449 |
| Total Operating Expense | 71,616 | 73,191 | 74,801 | 76,446 | 78,128 | 79,847 | 81,605 | 83,401 | 85,237 | 87,114 | 89,032 | 90,993 | 92,997 | 95,046 | 97,141 | 99,281 | 101,470 | 103,706 | 105,993 | 108,330 |
| Net Operating Income | 13,246 | 12,944 | 12,626 | 12,292 | 11,941 | 11,573 | 11,187 | 10,782 | 10,359 | 9,916 | 9,453 | 8,970 | 8,465 | 7,938 | 7,388 | 6,815 | 6,219 | 5,597 | 4,950 | 4,277 |
| Less Primary Debt Service | 833 | 833 | 833 | 833 | 833 | 833 | 833 | 833 | 833 | 833 | 833 | 833 | 833 | 833 | 833 | 833 | 833 | 833 | 833 | 833 |
| 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 | 12,412 | 12,110 | 11,792 | 11,458 | 11,108 | 10,739 | 10,353 | 9,949 | 9,526 | 9,083 | 8,620 | 8,136 | 7,631 | 7,104 | 6,555 | 5,982 | 5,385 | 4,764 | 4,117 | 3,444 |
| Operating Reserves - Sinking Fund | 3,006 | 3,068 | 3,137 | 3,207 | 3,279 | 3,353 | 3,428 | 3,506 | 3,584 | 3,665 | 3,748 | 3,832 | 3,918 | 4,006 | 4,096 | 4,189 | 4,283 | 4,379 | 4,478 | 4,579 |
| Net Cash | 15,412 | 15,178 | 14,929 | 14,666 | 14,387 | 14,092 | 13,782 | 13,455 | 13,110 | 12,748 | 12,368 | 11,968 | 11,550 | 11,111 | 10,651 | 10,171 | 9,668 | 9,143 | 8,595 | 8,022 |
| 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 | N/A | N/A | N/A | N/A | N/A |
| **Cumulative Cash Flow** | | | | | | | | | | | | | | | | | | | | |
| Beginning Balance | 72,180 | 86,190 | 100,176 | 114,121 | 128,009 | 141,820 | 155,537 | 169,139 | 182,605 | 195,914 | 209,043 | 221,967 | 234,663 | 247,103 | 259,261 | 271,107 | 282,613 | 293,747 | 304,477 | 314,770 |
| Deposits | 15,412 | 15,178 | 14,929 | 14,666 | 14,387 | 14,092 | 13,782 | 13,455 | 13,110 | 12,748 | 12,368 | 11,968 | 11,550 | 11,111 | 10,651 | 10,171 | 9,668 | 9,143 | 8,595 | 8,022 |
| Interest 2.0% | 1,598 | 1,876 | 2,153 | 2,429 | 2,704 | 2,977 | 3,249 | 3,517 | 3,783 | 4,046 | 4,305 | 4,559 | 4,809 | 5,053 | 5,292 | 5,524 | 5,749 | 5,966 | 6,175 | 6,376 |
| **Withdrawals** | | | | | | | | | | | | | | | | | | | | |
| Project Operating Needs | (3,000) | (3,068) | (3,137) | (3,207) | (3,279) | (3,353) | (3,428) | (3,506) | (3,584) | (3,665) | (3,748) | (3,832) | (3,918) | (4,006) | (4,096) | (4,189) | (4,283) | (4,379) | (4,478) | (4,579) |
| 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 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 | 86,190 | 100,176 | 114,121 | 128,009 | 141,820 | 155,537 | 169,139 | 182,605 | 195,914 | 209,043 | 221,967 | 234,663 | 247,103 | 259,261 | 271,107 | 282,613 | 293,747 | 304,477 | 314,770 | 324,589 |
| **Cumulative Replacement Reserves** | | | | | | | | | | | | | | | | | | | | |
| Beginning Balance | 0 | 4,969 | 9,989 | 15,246 | 20,224 | 25,838 | 31,643 | 35,674 | 38,160 | 24,053 | 26,247 | 28,453 | 34,804 | 41,369 | 22,159 | 19,321 | 20,134 | 20,884 | 21,566 | (56,046) |
| Deposits | 4,860 | 4,933 | 5,007 | 5,082 | 5,158 | 5,236 | 5,314 | 5,394 | 5,475 | 5,557 | 5,640 | 5,725 | 5,811 | 5,898 | 5,986 | 6,076 | 6,167 | 6,260 | 6,354 | 6,449 |
| Interest 2.0% | 49 | 148 | 250 | 356 | 456 | 569 | 686 | 767 | 818 | 537 | 581 | 626 | 754 | 886 | 503 | 447 | 464 | 480 | 495 | (1,056) |
| Withdrawals | 0 | 0 | 0 | (460) | 0 | 0 | (1,969) | (3,675) | (20,400) | (3,899) | (4,016) | 0 | 0 | (25,994) | (9,328) | (5,711) | (5,882) | (6,058) | (84,460) | 0 |
| Ending Balance | 4,969 | 9,989 | 15,246 | 20,224 | 25,838 | 31,643 | 35,674 | 38,160 | 24,053 | 26,247 | 28,453 | 34,804 | 41,369 | 22,159 | 19,321 | 20,134 | 20,884 | 21,566 | (56,046) | (50,653) |

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net Operating Income | 13,246 | 12,944 | 12,626 | 12,292 | 11,941 | 11,573 | 11,187 | 10,782 | 10,359 | 9,916 | 9,453 | 8,970 | 8,465 | 7,938 | 7,388 |
| Plus Reserves | 4,860 | 4,933 | 5,007 | 5,082 | 5,158 | 5,236 | 5,314 | 5,394 | 5,475 | 5,557 | 5,640 | 5,725 | 5,811 | 5,898 | 5,986 |
| Less Interest Expense | 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) |
| Less Short Depreciation | (3,571) | (3,571) | (3,571) | (3,571) | (3,571) | (3,571) | (3,571) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Taxable Income (Loss) | (83,808) | (84,037) | (84,281) | (84,540) | (84,815) | (85,106) | (85,413) | (82,167) | (82,509) | (82,870) | (83,249) | (83,649) | (84,068) | (84,507) | (84,968) |
| Cash Flow | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plus Tax Savings | 29,333 | 29,413 | 29,498 | 29,589 | 29,685 | 29,787 | 29,895 | 28,758 | 28,878 | 29,004 | 29,137 | 29,277 | 29,424 | 29,578 | 29,739 |
| Plus Historic Rehab Credits | 387,596 | | | | | | | | | | | | | | |
| Plus State Credits | 0 | 0 | 0 | 0 | 0 | | | | | | | | | | |
| Plus Low-Income Housing Credits | 110,000 | 110,000 | 110,000 | 110,000 | 110,000 | 110,000 | 110,000 | 110,000 | 110,000 | 110,000 | | | | | |
| After Tax Cash Flow | 526,929 | 139,413 | 139,498 | 139,589 | 139,685 | 139,787 | 139,895 | 138,758 | 138,878 | 139,004 | 29,137 | 29,277 | 29,424 | 29,578 | 29,739 |

| | |
|---|---|
| Original Basis | (387,596) |
| Less Depreciation | [illegible] |
| Basis at Sale | 1,112,546 |
| Sales Price | #REF! |
| Gain | #REF! |
| Exit Tax | #REF! |

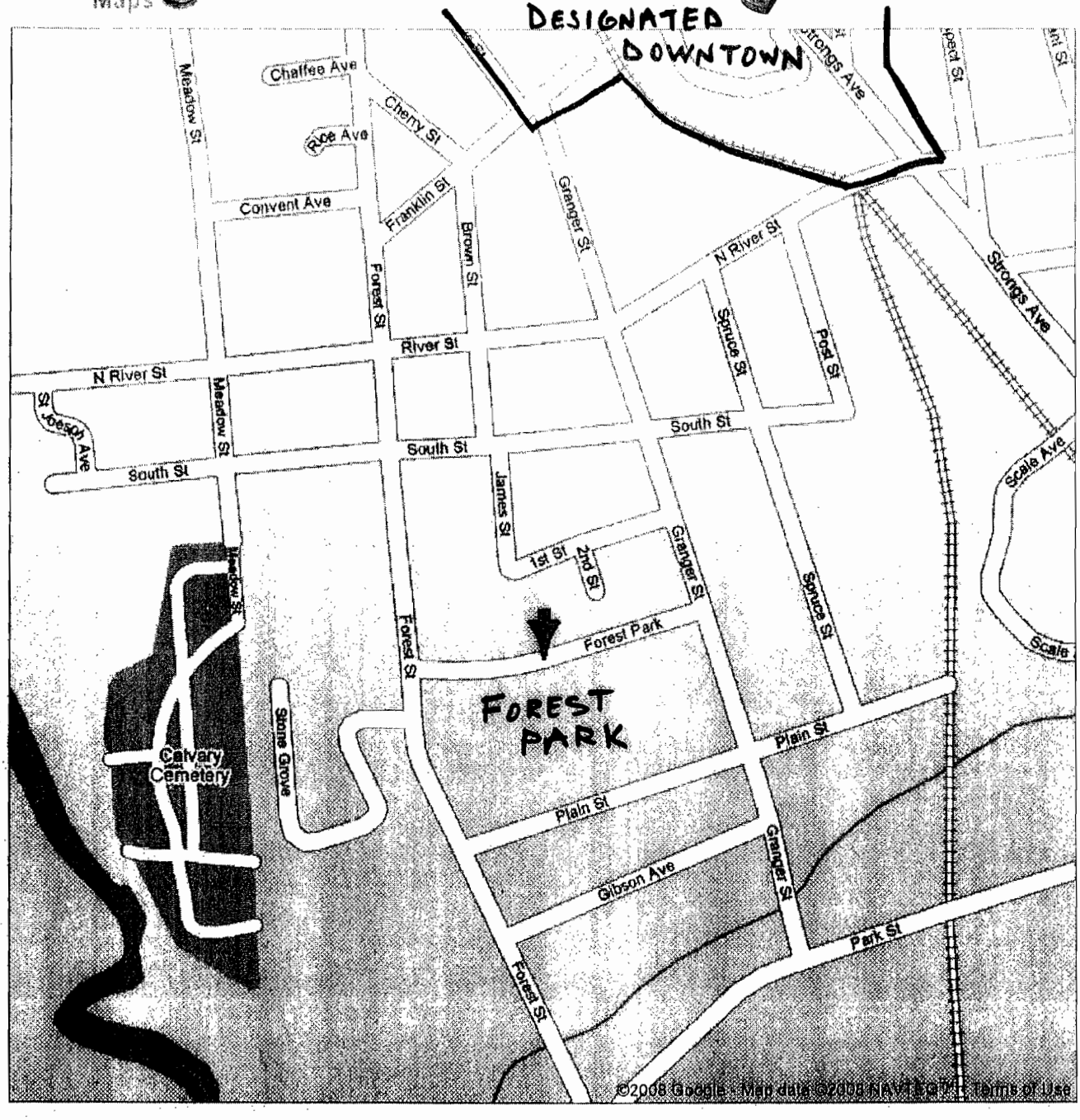
| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Years | 15 | | | | | | | | | | | | | | | |
| Reinvestment Rate | 6.00% | | | | | | | | | | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | |
| Annual After Tax Cash Flows | 526,929 | 139,413 | 139,498 | 139,589 | 139,685 | 139,787 | 139,895 | 138,758 | 138,878 | 139,004 | 29,137 | 29,277 | 29,424 | 29,578 | 29,739 | |
| Future Value of Cash Flows at Yr 15 | 1,262,816 | 315,200 | 297,540 | 280,881 | 265,164 | 250,337 | 236,349 | 221,160 | 208,821 | 197,180 | 38,992 | 36,962 | 35,044 | 33,233 | 31,523 | |
| Discount Rate | 7.50% | | | | | | | | | | | | | | | |
| Capital Contribution Number | 1 | 2 | 3 | 4 | | | | | | | | | | | | |
| Date of Capital Contribution | 30-Sep-08 | 30-Jun-09 | 30-Sep-09 | | | | | | | | | | | | | |
| Annual Capital Contribution | 1.00 | 1,075,870 | 268,967 | 0 | | | | | | | | | | | | |
| Present Value of Contributions | 1.00 | 1,016,393 | 249,182 | 0 | | | | | | | | | | | | |
| Cash Flows | (1,265,575) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,711,203 |

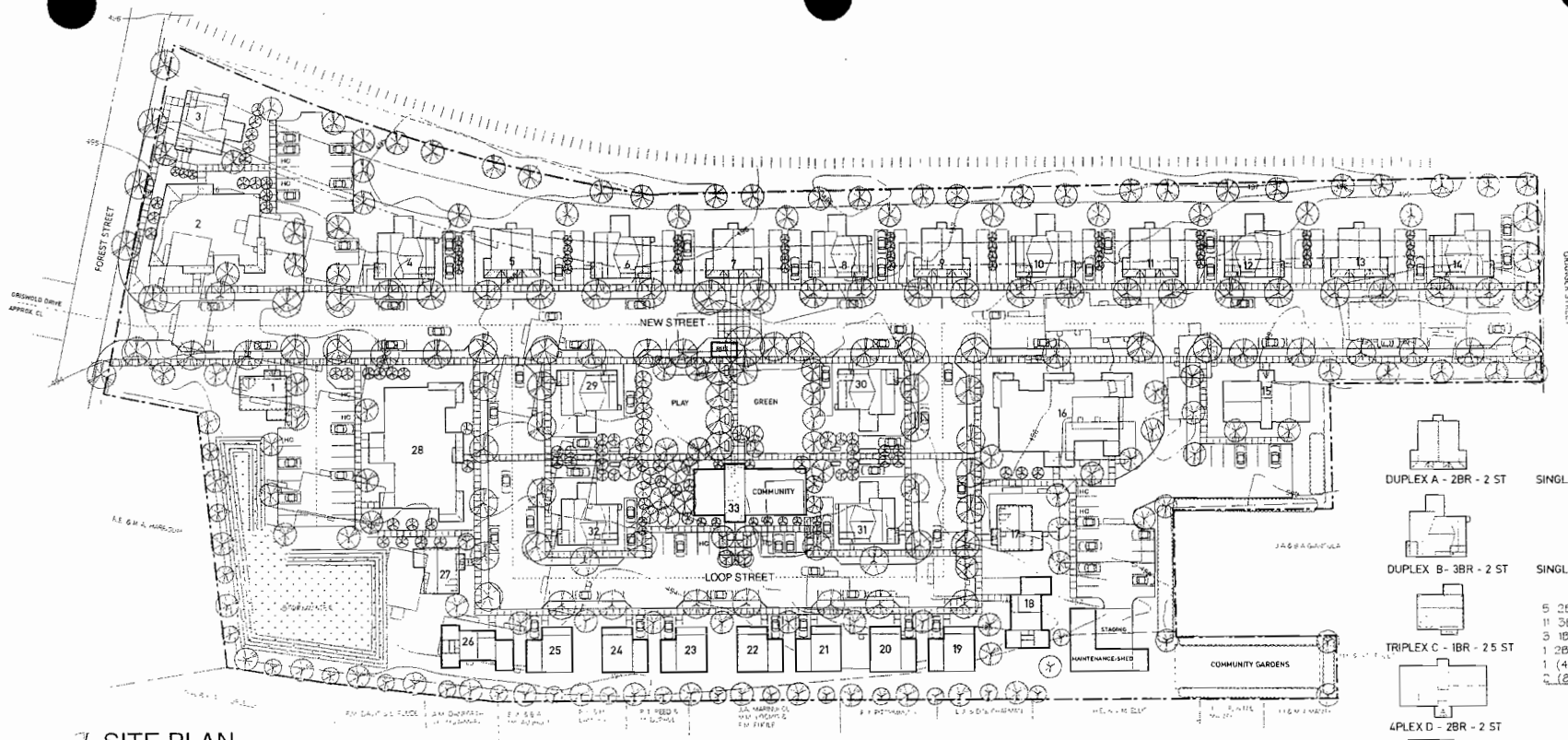
| | |
|---|---|
| IRR | 7.44% |
| Equity Yield | 11.5% |

Google Maps

Address **Forest Park**
**Rutland, VT 05701**

Get Google Maps on your phone
Text the word "GMAPS" to 466453






SITE PLAN

0 40 100

DUPLEX A - 2BR - 2 ST

SINGLE FAMILY G - 2BR - 2 ST

DUPLEX B- 3BR - 2 ST

SINGLE FAMILY H - 2BR - 1 ST

TRIPLEX C - 1BR - 2.5 ST

5 2BR DUPLEX
11 3BR DUPLEX
3 1BR TRIPLEX
1 2BR 4PLEX
1 (4)2BR/(5)3BR 9PLEX
2 (6)2BR/(4)3BR 2PLEX

4PLEX D - 2BR - 2 ST

9PLEX E - 2BR/3BR - 3 ST

RENTAL TYPES
1BR
2BR 34
3BR

12PLEX F - 2BR/3BR - 3 ST

DRIVEWAY/ GARAGE
LOTS
PRIVATE STREET
SUBTOTAL
PUBLIC STREET

# FOREST PARK

RUTLAND VERMONT

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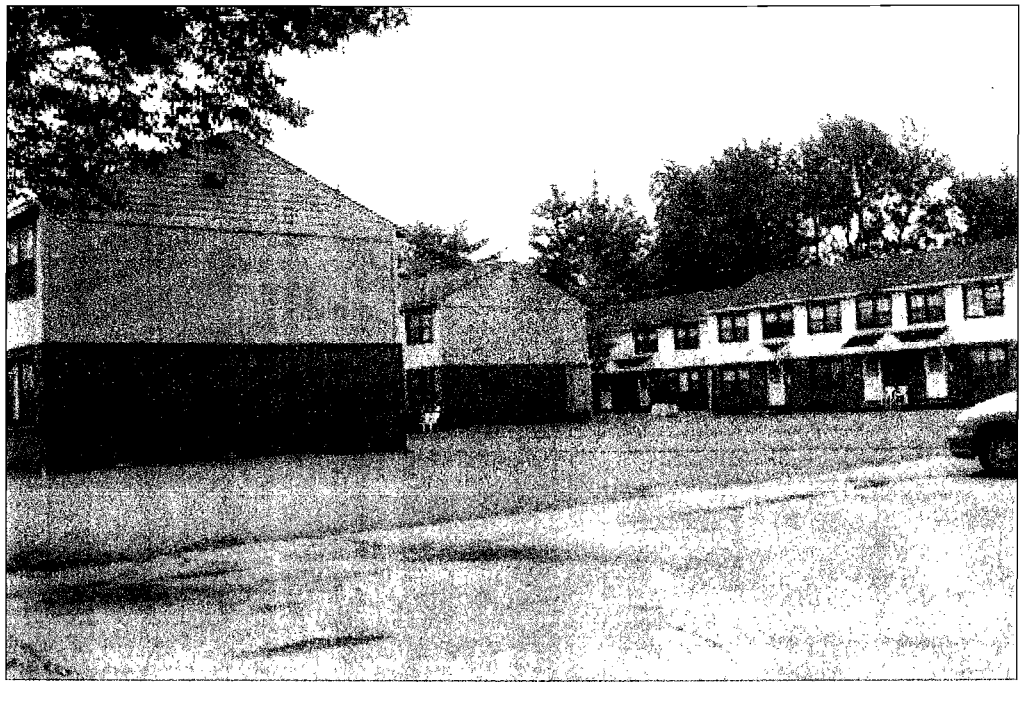
DUNCAN / WISNIEWSKI ARCHITECTURE
A Professional Corporation

PRELIMINARY CONCEPT - NOT FOR CONSTRUCTION

Duncan Wisniewski ARCHITECTURE
255 SOUTH CHAMPLAIN STREET
BURLINGTON, VERMONT 05401
T. 802.864.6492 F. 802.864.6932

DATE 04.28.2004
DATE 03.07.2004

Forest Park photographs continued



30-Mar-09 **Forest Park**

| | | | | | |
|---|---|---|---|---|---|
| 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 |

| **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 |

29-Mar-09 **Forest Park**

| | | 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 | | |
| 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 | 20% | Historic Credit Rate |
| | Total Eligible Basis | | 0 | 18,118,004 | | 0 | Annual Historic Credit |
| HMFS: | Adjusted for QCT/DDA | 100.0% | | 18,118,004 | | | |
| HMFS: | Applicable Fraction | 82.05% | 0 | 14,866,055 | | | |
| | Total Qualified Basis | | 0 | 14,866,055 | 18,505,435 | | Long Term Depreciable Basis |
| HMFS: | 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 | | | | | |

| 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 | | 18,588 | | | | |
| homeownership units | | 12,224 | 9 | | | |
| | Grand Totals | 82,861 | 87 | | | 633,012 |
| | 70,637 | | | | | |
| | | Less Vacancy | 5.00% | | | (31,651) |
| | | | | | NET RENT | 601,361 |
| | | OTHER INCOME | | | | |
| | | Laundry | | | | 0 |
| | | Parking | | | | 0 |
| | | Commercial Space Income | | | | 0 |
| | | Other | | | | 500 |
| | | | | | TOTAL INCOME | 601,861 |

| | Check all Applicable | | | | | | | | | | A | | | | | B | | | | | | C | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Building # | Unit # | HOME Unit | Lead Paint Unit | Project Based Assistance | Tax Credit Unit | VHCB Restricted | Accessible | Adaptable | Unrestricted | Number of Bedrooms | Proposed Square Footage | Proposed Rent | Utility Allowance for Tenant-Paid Utilities | Gross Rent (Rent + Tenant-Paid Utilities) | OCCUPIED BY: Income level of residents to be served: | | | | | | | AFFORDABLE TO: Units affordable to residents at: | | | | | | |
| | | | | | | | | | | | | | | | <30% | <50% | <60% | <80% | <100% | >100% | | 30% | 50% | 60% | 65% | 80% | 100%+ |
| Triplex A | 1 | | | 1 | | 1 | 1 | | | 1 | 728 | 620 | 29 | 649 | | 1 | | | | | | | 1 | | | | | |
| | 2 | | | | 1 | 1 | | | | 1 | 682 | 563 | 29 | 592 | | | 1 | | | | | | | 1 | | | | |
| | 3 | | | | 1 | 1 | | | | 1 | 875 | 563 | 29 | 592 | | | 1 | | | | | | | 1 | | | | |
| Triplex B | 4 | | | 1 | 1 | 1 | | | | 1 | 728 | 386 | 29 | 415 | | 1 | | | | | | | 1 | | | | | |
| | 5 | | | | 1 | 1 | 1 | | | 1 | 682 | 563 | 29 | 592 | | | 1 | | | | | | | 1 | | | | |
| | 6 | | | | 1 | 1 | | | | 1 | 875 | 563 | 29 | 592 | | | 1 | | | | | | | 1 | | | | |
| Triplex C | 7 | | | 1 | 1 | 1 | 1 | | | 1 | 728 | 386 | 29 | 415 | | 1 | | | | | | | 1 | | | | | |
| | 8 | | | | 1 | 1 | | | | 1 | 682 | 563 | 29 | 592 | | | 1 | | | | | | | 1 | | | | |
| | 9 | | | | 1 | 1 | | | | 1 | 875 | 563 | 29 | 592 | | | 1 | | | | | | | | | | 1 | |
| 4-plex A | 10 | | | 1 | 1 | 1 | | | | 2 | 905 | 676 | 44 | 720 | | 1 | | | | | | | 1 | | | | | |
| | 11 | | | | 1 | 1 | | | | 2 | 905 | 676 | 44 | 720 | | | 1 | | | | | | | 1 | | | | |
| | 12 | | | | 1 | 1 | | | | 2 | 905 | 676 | 44 | 720 | | | 1 | | | | | | | 1 | | | | |
| | 13 | | | | 1 | 1 | 1 | | | 4 | 1,400 | 683 | 44 | 727 | | | 1 | | | | | | | 1 | | | | |
| 12-plex A | 14 | | | 1 | 1 | 1 | | | | 2 | 864 | 464 | 44 | 508 | | 1 | | | | | | | 1 | | | | | |
| | 15 | | | 1 | 1 | 1 | | | | 2 | 860 | 464 | 44 | 508 | | 1 | | | | | | | 1 | | | | | |
| | 16 | | | 1 | 1 | 1 | | | | 2 | 895 | 676 | 44 | 720 | | 1 | | | | | | | 1 | | | | | |
| | 17 | | | | 1 | 1 | | | | 2 | 863 | 676 | 44 | 720 | | | 1 | | | | | | | 1 | | | | |
| | 18 | | | | 1 | 1 | | | | 2 | 864 | 676 | 59 | 735 | | | 1 | | | | | | | 1 | | | | |
| | 19 | | | | 1 | 1 | | | | 2 | 864 | 676 | 59 | 735 | | | 1 | | | | | | | 1 | | | | |
| | 20 | | | | | | | | 1 | 2 | 895 | 721 | 44 | 765 | | | | | 1 | | | | | | | | 1 | |
| | 21 | | | | | | | | 1 | 2 | 895 | 721 | 44 | 765 | | | | | 1 | | | | | | | | 1 | |
| | 22 | | | | 1 | 1 | | | | 3 | 1,100 | 536 | 59 | 595 | | | 1 | | | | | | | 1 | | | | |
| | 23 | | | | 1 | 1 | | | | 3 | 1,100 | 781 | 59 | 840 | | | 1 | | | | | | | 1 | | | | |
| | 24 | | | | 1 | 1 | | | | 3 | 1,100 | 781 | 59 | 840 | | | 1 | | | | | | | 1 | | | | |
| | 25 | | | | | | | | 1 | 3 | 1,100 | 953 | 59 | 1,012 | | | | | 1 | | | | | | | | 1 | |
| 12-plex B | 26 | | | 1 | 1 | 1 | | | | 2 | 864 | 464 | 44 | 508 | | 1 | | | | | | | 1 | | | | | |
| | 27 | | | 1 | 1 | 1 | | | | 2 | 860 | 464 | 44 | 508 | | 1 | | | | | | | 1 | | | | | |
| | 28 | | | 1 | 1 | 1 | | | | 2 | 895 | 676 | 44 | 720 | | 1 | | | | | | | 1 | | | | | |
| | 29 | | | | 1 | 1 | | | | 2 | 863 | 676 | 44 | 720 | | | 1 | | | | | | | 1 | | | | |
| | 30 | | | | 1 | 1 | | | | 2 | 864 | 676 | 44 | 720 | | | 1 | | | | | | | 1 | | | | |
| | 31 | | | | 1 | 1 | | | | 2 | 864 | 676 | 44 | 720 | | | 1 | | | | | | | 1 | | | | |
| | 32 | | | | 1 | 1 | | | | 2 | 895 | 676 | 44 | 720 | | | 1 | | | | | | | 1 | | | | |
| | 33 | | | | 1 | 1 | | | | 2 | 895 | 676 | 44 | 720 | | | 1 | | | | | | | 1 | | | | |
| | 34 | | | | 1 | 1 | | | | 3 | 1,100 | 781 | 59 | 840 | | | 1 | | | | | | | 1 | | | | |
| | 35 | | | | 1 | 1 | | | | 3 | 1,100 | 781 | 59 | 840 | | | 1 | | | | | | | 1 | | | | |
| | 36 | | | | 1 | 1 | | | | 3 | 1,100 | 536 | 59 | 595 | | 1 | | | | | | | 1 | | | | | |
| | 37 | | | | | | | | 1 | 3 | 1,100 | 953 | 59 | 1,012 | | | | | 1 | | | | | | | | 1 | |
| 9-plex | 38 | | | 1 | 1 | 1 | | | | 2 | 880 | 464 | 44 | 508 | | 1 | | | | | | | 1 | | | | | |
| | 39 | | | 1 | 1 | 1 | | | | 2 | 895 | 676 | 44 | 720 | | 1 | | | | | | | 1 | | | | | |
| | 40 | | | 1 | 1 | 1 | | | | 2 | 895 | 676 | 44 | 720 | | 1 | | | | | | | 1 | | | | | |
| | 41 | | | | 1 | 1 | | | | 2 | 895 | 676 | 44 | 720 | | | 1 | | | | | | | 1 | | | | |
| | 42 | | | | 1 | 1 | | | | 3 | 1,300 | 536 | 59 | 595 | | | 1 | | | | | | | 1 | | | | |
| | 43 | | | | 1 | 1 | | | | 3 | 1,265 | 781 | 59 | 840 | | | 1 | | | | | | | 1 | | | | |
| | 44 | | | | 1 | 1 | | | | 3 | 1,265 | 781 | 59 | 840 | | | 1 | | | | | | | 1 | | | | |
| | 45 | | | | | | | | 1 | 3 | 1,100 | 953 | 59 | 1,012 | | | | | 1 | | | | | | | | 1 | |
| | 46 | | | | 1 | 1 | | | | 3 | 1,100 | 781 | 59 | 840 | | | 1 | | | | | | | 1 | | | | |
| Duplex A | 47 | | | | 1 | 1 | 1 | | | 2 | 985 | 464 | 44 | 508 | | | 1 | | | | | | | 1 | | | | |
| | 48 | | | | 1 | 1 | | | | 2 | 985 | 676 | 44 | 720 | | | 1 | | | | | | | 1 | | | | |
| Duplex B | 49 | | | | | | | | 1 | 2 | 985 | 721 | 44 | 765 | | | | | 1 | | | | | 1 | | | | |
| | 50 | | | | | | | | 1 | 2 | 985 | 721 | 44 | 765 | | | | | 1 | | | | | 1 | | | | |
| Duplex C | 51 | | | | | | | | 1 | 2 | 985 | 721 | 44 | 765 | | | | | 1 | | | | | 1 | | | | |
| | 52 | | | | | | | | 1 | 2 | 985 | 721 | 44 | 765 | | | | | 1 | | | | | 1 | | | | |
| Duplex D | 53 | | | 1 | 1 | 1 | | | | 2 | 985 | 464 | 44 | 508 | | 1 | | | | | | | 1 | | | | | |
| | 54 | | | 1 | 1 | 1 | | | | 2 | 985 | 464 | 44 | 508 | | 1 | | | | | | | 1 | | | | | |
| Duplex E | 55 | | | 1 | 1 | 1 | | | | 2 | 985 | 676 | 44 | 720 | | | 1 | | | | | | | 1 | | | | |
| | 56 | | | 1 | 1 | 1 | | | | 2 | 985 | 676 | 44 | 720 | | | 1 | | | | | | | 1 | | | | |
| Duplex F | 57 | | | | 1 | 1 | | | | 3 | 985 | 781 | 44 | 825 | | | 1 | | | | | | | 1 | | | | |
| | 58 | | | | 1 | 1 | | | | 3 | 985 | 781 | 44 | 825 | | | 1 | | | | | | | 1 | | | | |
| Duplex G | 59 | | | | 1 | 1 | | | | 3 | 985 | 781 | 44 | 825 | | | 1 | | | | | | | 1 | | | | |
| | 60 | | | | 1 | 1 | | | | 3 | 985 | 781 | 44 | 825 | | | 1 | | | | | | | 1 | | | | |
| Duplex L | 61 | | | | | | | | 1 | 3 | 985 | 953 | 44 | 997 | | | | | 1 | | | | | 1 | | | | |
| | 62 | | | | | | | | 1 | 3 | 985 | 953 | 44 | 997 | | | | | 1 | | | | | 1 | | | | |
| Duplex M | 63 | | | | 1 | | | | | 3 | 1,260 | 781 | 59 | 840 | | | | | 1 | | | | | 1 | | | | |
| | 64 | | | | | | | | 1 | 3 | 1,232 | 953 | 59 | 1,012 | | | | | 1 | | | | | 1 | | | | |
| Duplex N | 65 | | | | 1 | 1 | | | | 3 | 1,260 | 781 | 59 | 840 | | | 1 | | | | | | | 1 | | | | |
| | 66 | | | | | 1 | | | 1 | 3 | 1,232 | 953 | 59 | 1,012 | | | 1 | | | | | | | 1 | | | | |
| Duplex O | 67 | | | | 1 | | | | | 3 | 1,260 | 953 | 59 | 1,012 | | | | | 1 | | | | | 1 | | | | |
| | 68 | | | | 1 | 1 | | | | 3 | 1,232 | 781 | 59 | 840 | | | 1 | | | | | | | 1 | | | | |
| Duplex P | 69 | | | 1 | 1 | 1 | | | | 3 | 1,260 | 781 | 59 | 840 | | | 1 | | | | | | | | | | | |

29-Mar-09

# Forest Park

| | | Check all Applicable | | | | | | | | A | | | | | B | | | | | | C | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Building # | Unit # | HOME Unit | Lead Paint Unit | Project Based Assistance | Tax Credit Unit | VHCB Restricted | Accessible | Adaptable | Unrestricted | Number of Bedrooms | Proposed Square Footage | Proposed Rent | Utility Allowance for Tenant-Paid Utilities | Gross Rent (Rent + Tenant-Paid Utilities) | OCCUPIED BY: Income level of residents to be served: | | | | | | AFFORDABLE TO: Units affordable to residents at: | | | | | |
| | | | | | | | | | | | | | | | <30% | <50% | <60% | <80% | <100% | >100% | 30% | 50% | 60% | 65% | 80% | 100%+ |
| | 70 | | | 1 | 1 | 1 | | | | 3 | 1,232 | 536 | 59 | 595 | | | 1 | | | | | 1 | | | | |
| Duplex Q | 71 | | | 1 | 1 | 1 | | | | 4 | 1,480 | 683 | 59 | 742 | | | 1 | | | | | 1 | | | | |
| | 72 | | | 1 | 1 | 1 | | | | 3 | 1,232 | 781 | 59 | 840 | | | 1 | | | | | 1 | | | | |
| Duplex R | 73 | | | 1 | 1 | 1 | | | | 4 | 1,480 | 683 | 59 | 742 | | 1 | | | | | | 1 | | | | |
| | 74 | | | 1 | 1 | 1 | | | | 3 | 1,232 | 781 | 59 | 840 | | 1 | | | | | | 1 | | | | |
| Duplex S | 75 | | | 1 | 1 | 1 | | | | 4 | 1,480 | 683 | 59 | 742 | | 1 | | | | | | 1 | | | | |
| | 76 | | | 1 | 1 | 1 | | | | 3 | 1,232 | 536 | 59 | 595 | | 1 | | | | | | 1 | | | | |
| Duplex T | 77 | | | 1 | 1 | 1 | | | | 4 | 1,480 | 683 | 59 | 742 | | 1 | | | | | | 1 | | | | |
| | 78 | | | 1 | 1 | 1 | | | | 3 | 1,232 | 536 | 59 | 595 | | 1 | | | | | | 1 | | | | |
| Total # Units | 78 | 0 | 0 | 27 | 64 | 64 | 5 | 0 | 13 | Totals: | 79,941 | 53,184 | | Total # Units: | 0 | 22 | 42 | 0 | 14 | 0 | 0 | 25 | 48 | 0 | 5 | 0 |
| | | | | | | | | | 77 | 188 | | | | | | | 64 | | 78 | | | 73 | | | 78 | |
| | | | | | | | | | | total rental SF | 107,487 | | | | | | | | | | | | | | | |

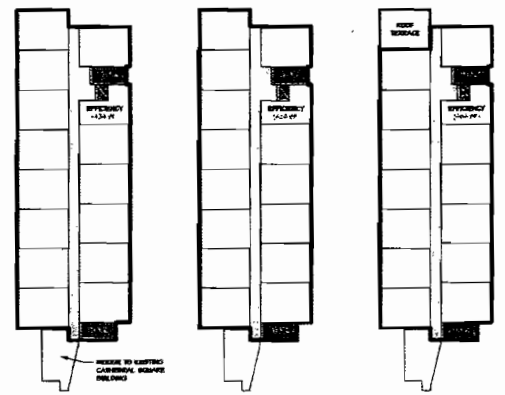
29-Mar-09 **Forest Park**

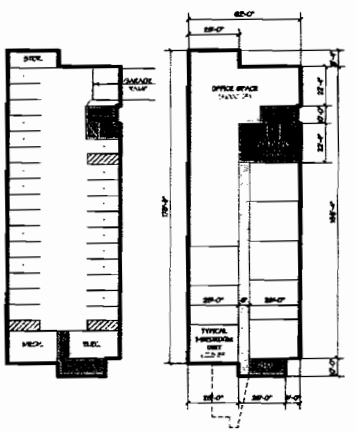
| | Annual | Monthly | Per Unit Per Month | |
|---|---|---|---|---|
| Administration | | | | |
| Management Fee | 65,520 | 5,460 | 63 | 10.9% |
| Supportive Services | 32,760 | 2,730 | 31 | |
| Audit/Accounting | 3,744 | 312 | 4 | |
| Legal | 4,680 | 390 | 4 | |
| Compliance Monitoring | 2,592 | 216 | 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 | |
| | | | | per unit month |
| Real Estate Taxes | 65,520 | 5,460 | 63 | excl. ds & res. |
| Property Insurance | 28,080 | 2,340 | 27 | 448 |
| 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 | |

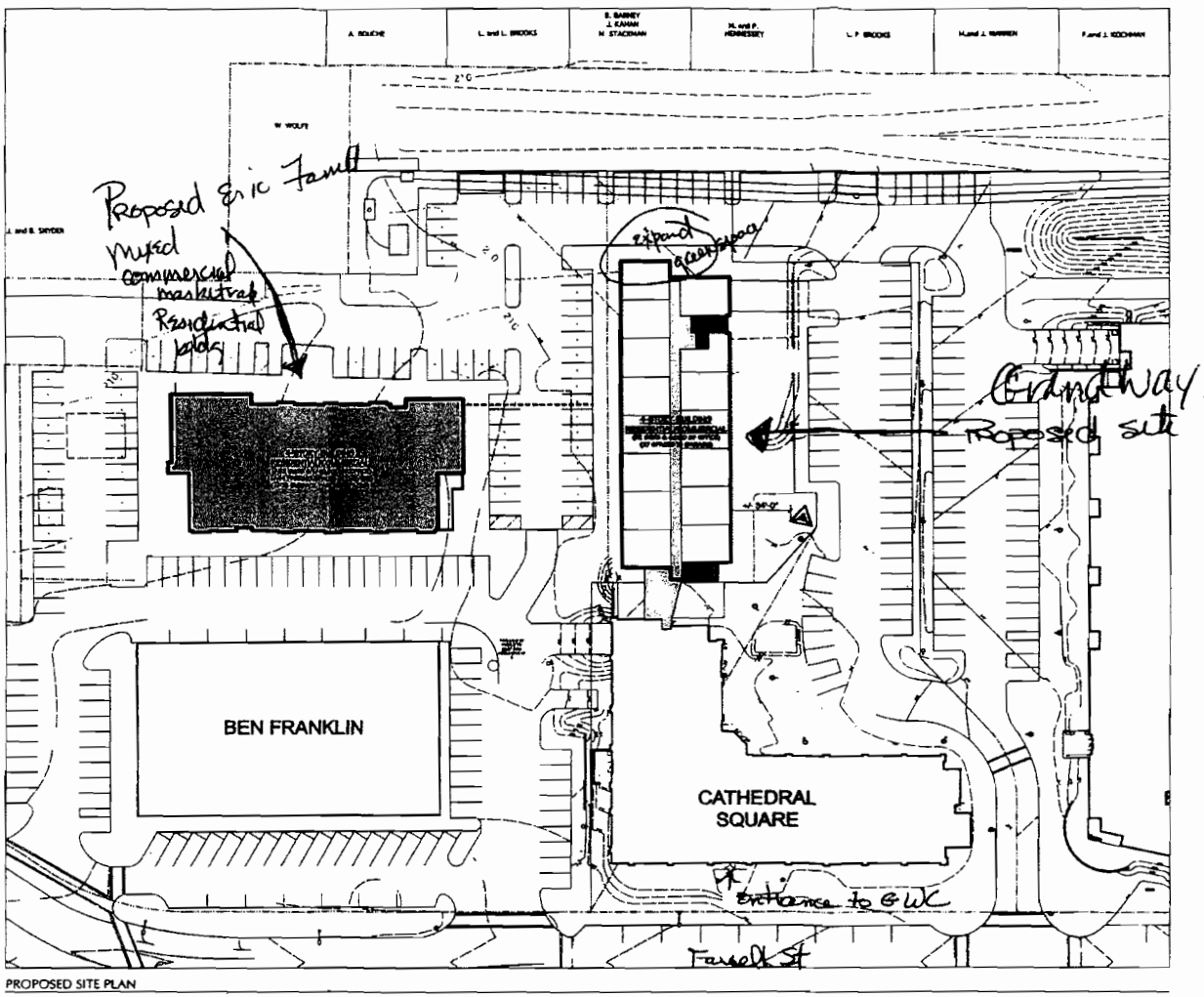
| 29-Mar-09 | | Forest Park | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Operating Income | | | | | | | | | | | | | | | | |
| Gross Rent | | 633,012 | 642,507 | 652,145 | 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 | 698,485 | 708,962 | 719,596 | 730,390 | 741,346 |
| Operating Expenses | | | | | | | | | | | | | | | | |
| Total Expenses (excl. Reserves) | | 467,784 | 481,818 | 496,272 | 511,160 | 526,495 | 542,290 | 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 | 587,665 | 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 |
| 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 - Sinking Fund | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 705 | 9,415 | 18,531 | 28,067 | 38,037 | 48,456 |
| 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 | | 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% |
| Cumulative Cash Flow | | | | | | | | | | | | | | | | |
| Beginning Balance | | 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 |
| Deposits | | 61,602 | 55,965 | 50,032 | 43,794 | 37,239 | 30,355 | 23,131 | 15,555 | 7,614 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest | 3.0% | 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 | | | | | | | | | | | | | | | | |
| Protect Operating Needs | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (705) | (9,415) | (18,531) | (28,067) | (38,037) | (48,456) |
| 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 | | 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 |
| Cumulative Replacement Reserves | | | | | | | | | | | | | | | | |
| 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 | 2.0% | 421 | 1,178 | 1,963 | 2,777 | 3,620 | 4,493 | 4,997 | 5,525 | 6,078 | 6,655 | 6,759 | 5,879 | 6,496 | 7,141 | 7,814 |
| Withdrawals | | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) | (25,000) | (25,000) | (25,000) | (25,000) | (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 |

Grand Way II site plan

(36)



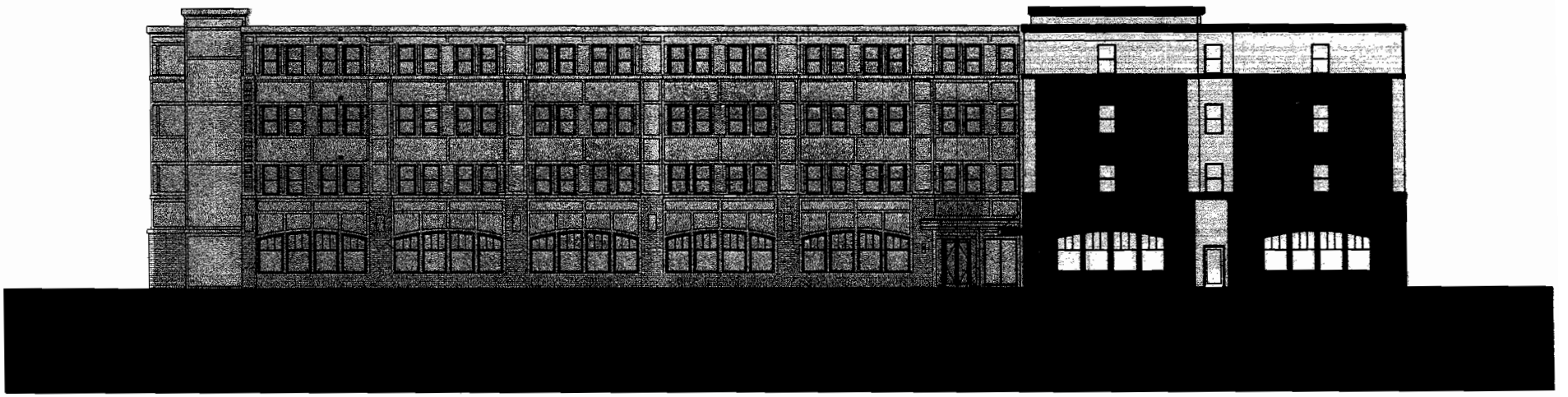

PROPOSED SITE PLAN

# BACON STREET LOFTS

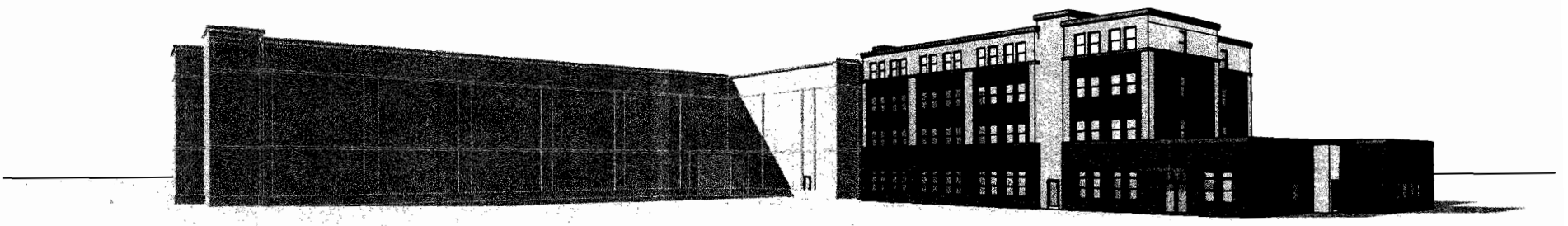
SOUTH BURLINGTON, VT.

Duncan Wisniewski ARCHITECTURE

PROGRESS DRAWINGS



NORTH ELEVATION
Scale: 1/16" = 1'-0"



NORTH EAST PERSEPCTIVE
Scale: 1/4" = 1'-0"

# CATHEDRAL SQAURE - FARRELL STREET EXPANSION

SOUTH BURLINGTON, VERMONT

PROGRESS PRINT

Duncan Wisniewski ARCHITECTURE

DATE: 3.24.2009

A5

EAST ELEVATION
Scale: 1/16" = 1'-0"

WEST ELEVATION
Scale: 1/16" = 1'-0"

# CATHEDRAL SQAURE - FARRELL STREET EXPANSION

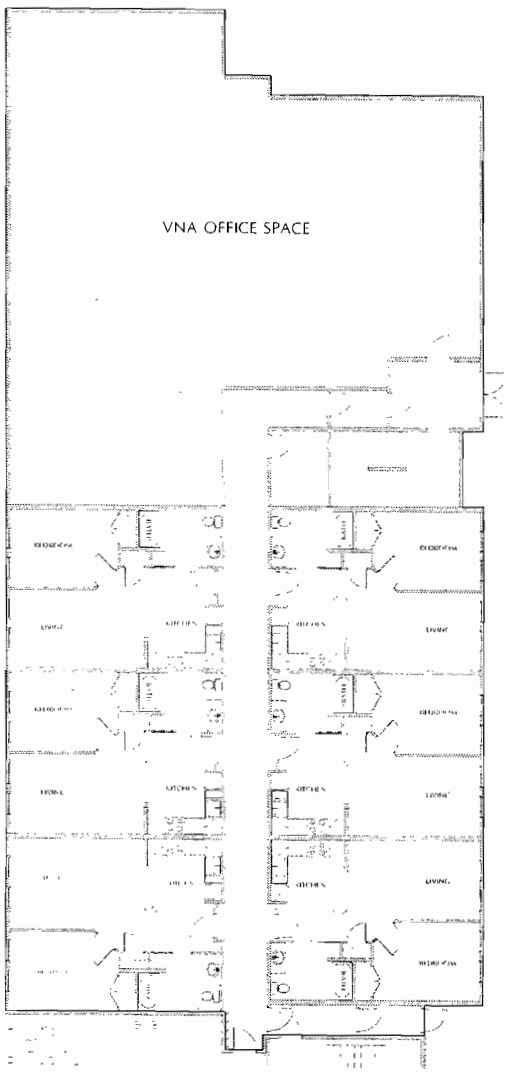
SOUTH BURLINGTON, VERMONT

PROGRESS PRINT

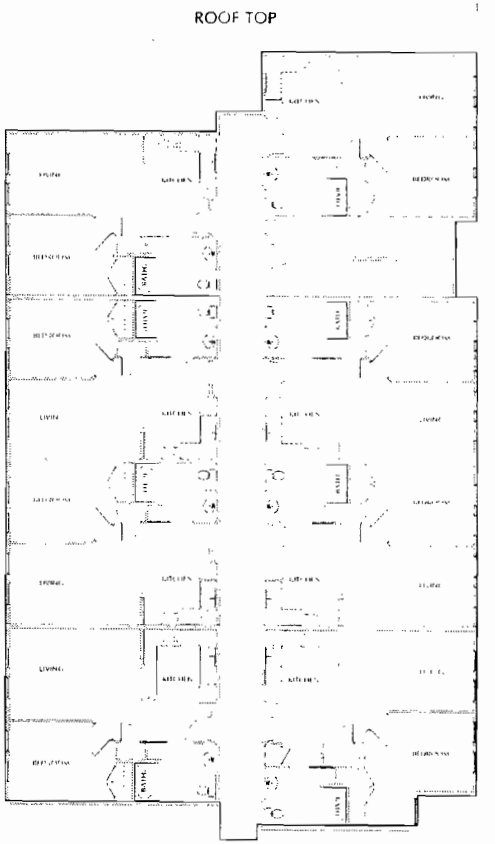
Duncan Wisniewski ARCHITECTURE

DATE: 3.24.2009

A4




FIRST FLOOR EXPANSION
Scale: 1/16" = 1'-0"




SECOND FLOOR EXPANSION
Scale: 1/16" = 1'-0"

# CATHEDRAL SQAURE - FARRELL STREET EXPANSION

SOUTH BURLINGTON, VERMONT

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& Professional Corporation

PROGRESS PRINT

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255 SOUTH CHAMPLAIN STREET
BURLINGTON VERMONT 05401
T. 802.864.6675 F. 802.864.6932

DATE 1.31.2019

A1-1.0

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% | |
| | | Long Depreciation Schedule: | 27.5 | years |
| Max Credit Potential: | 485,447 | Short Depreciation Schedule: | 5 | years |
| **Credit Amount Allocated:** | **484,000** | Sponsor's Estimated Yield: | 73.56% | |
| VT State Credit | 0 | | | |
| 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 | 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% |

27-Mar-09 **Grand Way II Senior Housing** | 30 | Total | | | | | 2,742,750 | | | | |

| | Total Project | Budget | Per Unit | Per s.f. | 3,560,000 | 425,000 | 550,000 | 85,000 | 307,000 | 380,000 | 30,000 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | ACQUISITION | | | | Tax Credit Equity LP | VHCB | VCDP | Development Fee loan | HUD SP/ stimulus | Grandway I Partnership | Efficiency VT | SOURCES |
| 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 | | | | | | | | |
| 4 | Property Appraisal | 3,500 | 117 | 0.13 | | 3,500 | | | | | | |
| 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** | 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** | 0 |
| | 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 representatve | 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 | | | | | | | |
| 38 | Soft Cost Contingency | 15,000 | 500 | 0.54 | 15,000 | | | | | | | |
| 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 | | | | 0 | | | | | | | 0 |
| 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 | | | | 0 | | | | | | | 0 |
| 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 | | | | 0 | | | | | | | 0 |
| 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 | **5,348,600** | 177,887 | 193.09 | 3,560,000 | 425,000 | 550,000 | 96,600 | 307,000 | 380,000 | 30,000 | 5,348,600 |
| | | | | | 3,560,000 | 425,000 | 550,000 | 75,000 | 307,000 | 380,000 | 30,000 | |

27-Mar-09 **Grand Way 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 | 2,724,150 | | 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 |
| | Total Eligible Basis | | 408,500 | 4,034,950 | | 0 | Annual Historic Credit |
| 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 | | | | | |

0.00

27-Mar-09 **Grand Way II Senior Housing**

**HC UNITS**

| Bedrooms | Type | Average Square Feet | Number | Average Rent | Utilities | Total Annual Rent |
|---|---|---|---|---|---|---|
| 1 Br | HUD sect 8 | 590 | 10 | 600 | | 72,000 |
| 1 Br | No RA | 590 | 20 | 750 | | 180,000 |
| 1 br | No RA | 590 | | | | 0 |
| 1 Br | Manager | 590 | | | | 0 |
| | | | | | | 0 |
| | | | | | | 0 |
| | | | | | | 0 |
| | | | | | | |
| | | | | | 0 | 0 |
| Common & Utility Space | | 10,000 | | | | |
| | Totals | 27,700 | 30 | | | 252,000 |

**NON HC UNITS**

| Bedrooms | Type | Square Feet | Number | Rent | Utilities | Annual Rent |
|---|---|---|---|---|---|---|
| 0 Br | | | | | 0 | 0 |
| 1 Br | | | | | 0 | 0 |
| 2 Br | | | | | 0 | 0 |
| 2 Br | | | | | | |
| 3 Br | | | | | 0 | 0 |
| 4 Br | | | | | 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 | |
| | | | | per unit month excl. ds & res. 523 |
| 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 | |

27-Mar-09

## Grand Way II Senior Housing

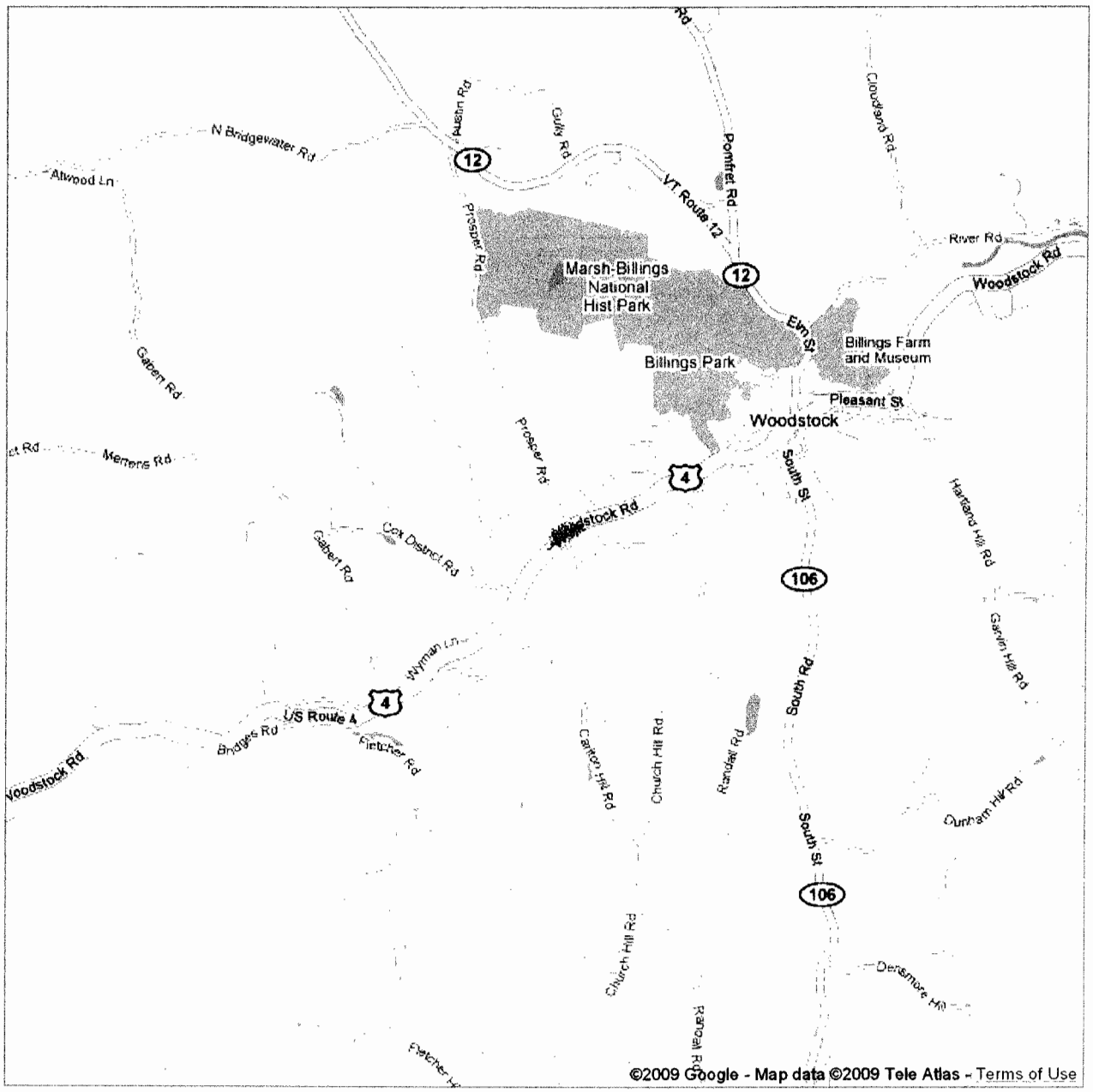
**RD 1% Loan, No Interest Credit**

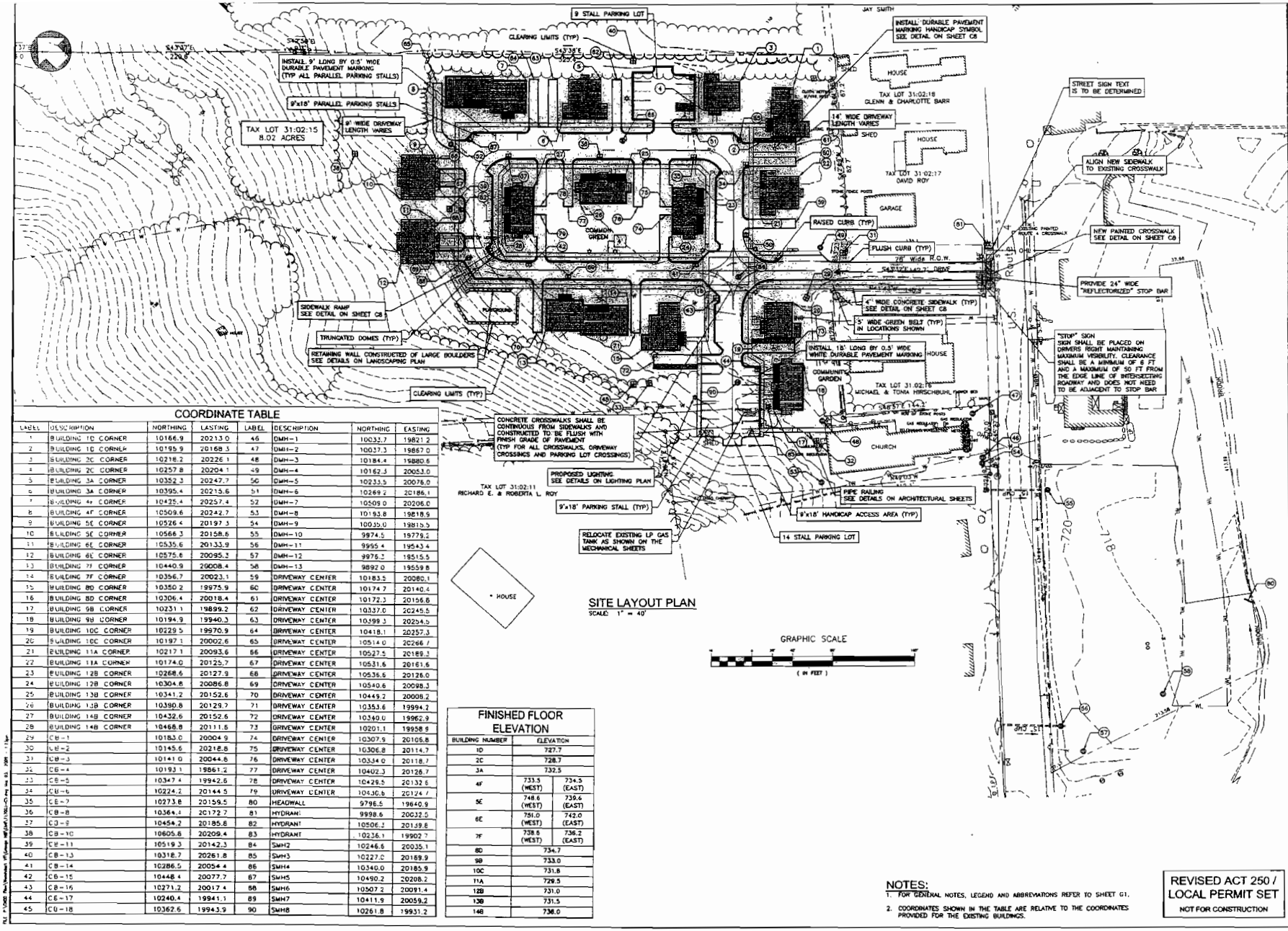
| Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Operating Income | | | | | | | | | | | | | | | |
| Gross Rent | 252.000 | 255.780 | 259.617 | 263.511 | 267.464 | 271.476 | 275.548 | 279.681 | 283.876 | 288.134 | 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 | 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 |
| Cumulative Cash Flow | | | | | | | | | | | | | | | |
| 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 2.0% | 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 2.0% | 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 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 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) |
| Plus 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 |
| 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 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plus Tax Savings | 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 |
| Plus Tax Credits | 484.000 | 484.000 | 484.000 | 484.000 | 484.000 | 484.000 | 484.000 | 484.000 | 484.000 | 484.000 | 0 | | | | |
| After Tax Cash Flow | 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 |

Google Maps

Address **473 Woodstock Rd**
**Woodstock, VT 05091**

Get Google Maps on your phone
Text the word "GMAPS" to 466453






SITE LAYOUT PLAN
SCALE: 1" = 40'

## COORDINATE TABLE

| LABEL | DESCRIPTION | NORTHING | EASTING | LABEL | DESCRIPTION | NORTHING | EASTING |
|---|---|---|---|---|---|---|---|
| 1 | BUILDING 1C CORNER | 10166.9 | 20213.0 | 46 | DMH-1 | 10032.7 | 19821.2 |
| 2 | BUILDING 1C CORNER | 10195.9 | 20168.3 | 47 | DMH-2 | 10037.3 | 19867.0 |
| 3 | BUILDING 2C CORNER | 10218.2 | 20226.1 | 48 | DMH-3 | 10184.4 | 19880.6 |
| 4 | BUILDING 2C CORNER | 10257.8 | 20204.1 | 49 | DMH-4 | 10162.3 | 20053.0 |
| 5 | BUILDING 3A CORNER | 10352.3 | 20247.7 | 50 | DMH-5 | 10233.9 | 20076.0 |
| 6 | BUILDING 3A CORNER | 10395.4 | 20215.6 | 51 | DMH-6 | 10269.2 | 20186.1 |
| 7 | BUILDING 4F CORNER | 10425.4 | 20257.4 | 52 | DMH-7 | 10509.0 | 20206.0 |
| 8 | BUILDING 4F CORNER | 10509.6 | 20242.7 | 53 | DMH-8 | 10193.8 | 19818.9 |
| 9 | BUILDING 5E CORNER | 10526.4 | 20197.3 | 54 | DMH-9 | 10035.0 | 19813.5 |
| 10 | BUILDING 5E CORNER | 10566.3 | 20158.6 | 55 | DMH-10 | 9974.5 | 19779.2 |
| 11 | BUILDING 6E CORNER | 10535.6 | 20133.9 | 56 | DMH-11 | 9955.4 | 19543.4 |
| 12 | BUILDING 6E CORNER | 10575.6 | 20095.3 | 57 | DMH-12 | 9976.2 | 19515.5 |
| 13 | BUILDING 7F CORNER | 10440.9 | 20008.4 | 58 | DMH-13 | 9892.0 | 19559.8 |
| 14 | BUILDING 7F CORNER | 10356.7 | 20023.1 | 59 | DRIVEWAY CENTER | 10183.5 | 20080.1 |
| 15 | BUILDING 8D CORNER | 10350.2 | 19975.9 | 60 | DRIVEWAY CENTER | 10174.7 | 20140.4 |
| 16 | BUILDING 8D CORNER | 10306.4 | 20018.4 | 61 | DRIVEWAY CENTER | 10172.3 | 20156.8 |
| 17 | BUILDING 9B CORNER | 10231.1 | 19899.2 | 62 | DRIVEWAY CENTER | 10337.0 | 20245.5 |
| 18 | BUILDING 9B CORNER | 10194.9 | 19940.3 | 63 | DRIVEWAY CENTER | 10398.3 | 20254.5 |
| 19 | BUILDING 10C CORNER | 10229.5 | 19970.9 | 64 | DRIVEWAY CENTER | 10418.1 | 20257.3 |
| 20 | BUILDING 10C CORNER | 10197.1 | 20002.6 | 65 | DRIVEWAY CENTER | 10514.0 | 20266.7 |
| 21 | BUILDING 11A CORNER | 10217.1 | 20093.6 | 66 | DRIVEWAY CENTER | 10527.5 | 20189.3 |
| 22 | BUILDING 11A CORNER | 10174.0 | 20125.7 | 67 | DRIVEWAY CENTER | 10531.6 | 20161.6 |
| 23 | BUILDING 12B CORNER | 10268.6 | 20127.9 | 68 | DRIVEWAY CENTER | 10536.6 | 20126.0 |
| 24 | BUILDING 12B CORNER | 10304.8 | 20086.8 | 69 | DRIVEWAY CENTER | 10540.6 | 20098.3 |
| 25 | BUILDING 13B CORNER | 10341.2 | 20152.6 | 70 | DRIVEWAY CENTER | 10449.2 | 20008.2 |
| 26 | BUILDING 13B CORNER | 10390.8 | 20129.7 | 71 | DRIVEWAY CENTER | 10353.6 | 19994.2 |
| 27 | BUILDING 14B CORNER | 10432.6 | 20152.6 | 72 | DRIVEWAY CENTER | 10340.0 | 19962.9 |
| 28 | BUILDING 14B CORNER | 10468.8 | 20131.6 | 73 | DRIVEWAY CENTER | 10201.1 | 19958.9 |
| 29 | CB-1 | 10183.0 | 20004.9 | 74 | DRIVEWAY CENTER | 10307.9 | 20106.8 |
| 30 | CB-2 | 10145.6 | 20218.8 | 75 | DRIVEWAY CENTER | 10306.8 | 20114.7 |
| 31 | CB-3 | 10141.0 | 20044.8 | 76 | DRIVEWAY CENTER | 10334.0 | 20118.7 |
| 32 | CB-4 | 10193.1 | 19861.2 | 77 | DRIVEWAY CENTER | 10402.3 | 20126.7 |
| 33 | CB-5 | 10347.4 | 19942.6 | 78 | DRIVEWAY CENTER | 10429.5 | 20132.6 |
| 34 | CB-6 | 10224.2 | 20144.5 | 79 | DRIVEWAY CENTER | 10430.8 | 20124.7 |
| 35 | CB-7 | 10273.8 | 20159.5 | 80 | HEADWALL | 9796.5 | 19640.9 |
| 36 | CB-8 | 10364.4 | 20172.7 | 81 | HYDRANT | 9998.6 | 20032.5 |
| 37 | CB-9 | 10454.2 | 20185.8 | 82 | HYDRANT | 10506.1 | 20139.8 |
| 38 | CB-10 | 10605.8 | 20209.4 | 83 | HYDRANT | 10236.1 | 19902.7 |
| 39 | CB-11 | 10519.3 | 20142.3 | 84 | SMH2 | 10246.6 | 20035.1 |
| 40 | CB-13 | 10318.7 | 20261.8 | 85 | SMH3 | 10227.0 | 20169.9 |
| 41 | CB-14 | 10286.5 | 20054.4 | 86 | SMH4 | 10340.0 | 20185.9 |
| 42 | CB-15 | 10448.4 | 20077.7 | 87 | SMH5 | 10490.2 | 20208.2 |
| 43 | CB-16 | 10271.2 | 20017.4 | 88 | SMH6 | 10507.2 | 20091.4 |
| 44 | CB-17 | 10240.4 | 19941.1 | 89 | SMH7 | 10411.9 | 20059.2 |
| 45 | CB-18 | 10362.6 | 19943.9 | 90 | SMH8 | 10261.8 | 19931.2 |

## FINISHED FLOOR ELEVATION

| BUILDING NUMBER | ELEVATION | |
|---|---|---|
| 1D | 727.7 | |
| 2C | 728.7 | |
| 3A | 732.5 | |
| 4F | 733.5 (WEST) | 734.5 (EAST) |
| 5E | 738.6 (WEST) | 739.6 (EAST) |
| 6E | 751.0 (WEST) | 742.0 (EAST) |
| 7F | 738.6 (WEST) | 736.2 (EAST) |
| 8D | 734.7 | |
| 9B | 733.0 | |
| 10C | 731.8 | |
| 11A | 729.5 | |
| 12B | 731.0 | |
| 13B | 731.5 | |
| 14B | 736.0 | |

NOTES:
1. FOR GENERAL NOTES, LEGEND AND ABBREVIATIONS REFER TO SHEET G1.
2. COORDINATES SHOWN IN THE TABLE ARE RELATIVE TO THE COORDINATES PROVIDED FOR THE EXISTING BUILDINGS.

REVISED ACT 250 / LOCAL PERMIT SET
NOT FOR CONSTRUCTION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CONSULTING ENGINEERS
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Windsor, Vermont 05089
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Barre, VT - Tel: (802) 479-5690 Fax: (802) 479-2661
St. Johnsbury, VT - Tel: (802) 748-8689 Fax: (802) 748-4151
Dufresne Group is owned by Dufresne & Associates, PC


STATE OF VERMONT — CHRISTOPHER E. DUFRESNE — NO. 3827 — REGISTERED PROFESSIONAL ENGINEER
3-3-09

REVISIONS

| DATE | COMMENTS | BY |
|---|---|---|
| | | |

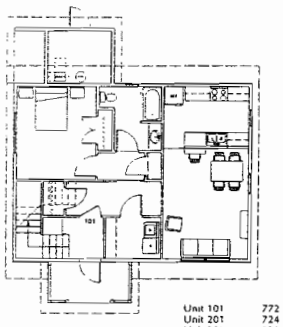
GRANGE HILL HOUSING PROJECT

PROPOSED SITE LAYOUT

| | |
|---|---|
| Project # | 717003 |
| Project Mgr | RED |
| Design by | RED |
| Drawn by | EAE |
| Reviewed by | |
| Approved by | RED |
| Date | MARCH 2, 2009 |
| Scale | AS SHOWN |

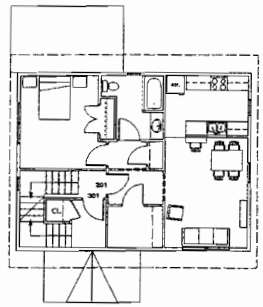
C5

SHEET 7 OF

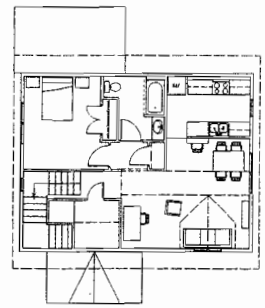


FIRST FLOOR PLAN
SCALE: 1/8" = 1'-0"

| | |
|---|---|
| Unit 101 | 772 |
| Unit 201 | 724 |
| Unit 301 | 836 |
| Common | 400 |
| TOTAL SF | 2,732 |
| Porch / Trash | 107 |



SECOND FLOOR PLAN
SCALE: 1/8" = 1'-0"



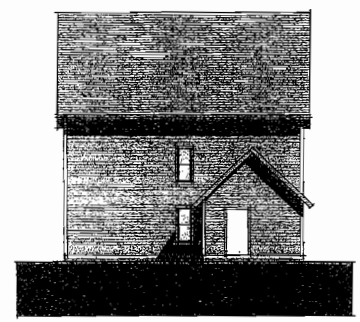
THIRD FLOOR PLAN
SCALE: 1/8" = 1'-0"

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 - TRIPLEX C

WEST WOODSTOCK, VERMONT

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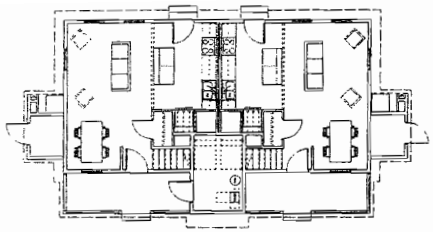
DUNCAN + WISNIEWSKI ARCHITECTURE
A Professional Corporation

ZONING / ACT 250

Duncan Wisniewski ARCHITECTURE
255 SOUTH CHAMPLAIN STREET
BURLINGTON, VERMONT 05401
T: 802.864.6693 F: 802.864.6932

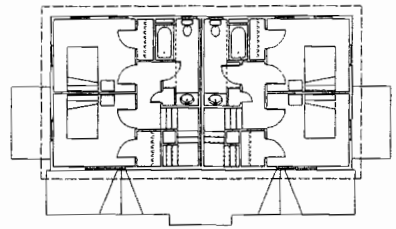
DATE: 03.02.2009

A3



FIRST FLOOR PLAN
SCALE: 1/8"-1"

| | |
|---|---|
| Unit 1 | 945 |
| Unit 2 | 945 |
| Common Mechanical | 95 |
| TOTAL SF | 1,985 |
| Storage / Trash | 316 |



SECOND FLOOR PLAN
SCALE: 1/8"-1"

PERSPECTIVE VIEW

FRONT ELEVATION
SCALE: 1/8"-1"

RIGHT ELEVATION
SCALE: 1/8"-1"

BACK ELEVATION
SCALE: 1/8"-1"

LEFT ELEVATION
SCALE: 1/8"-1"

PERSPECTIVE VIEW

# GRANGE HILL - DUPLEX B

WEST WOODSTOCK, VERMONT

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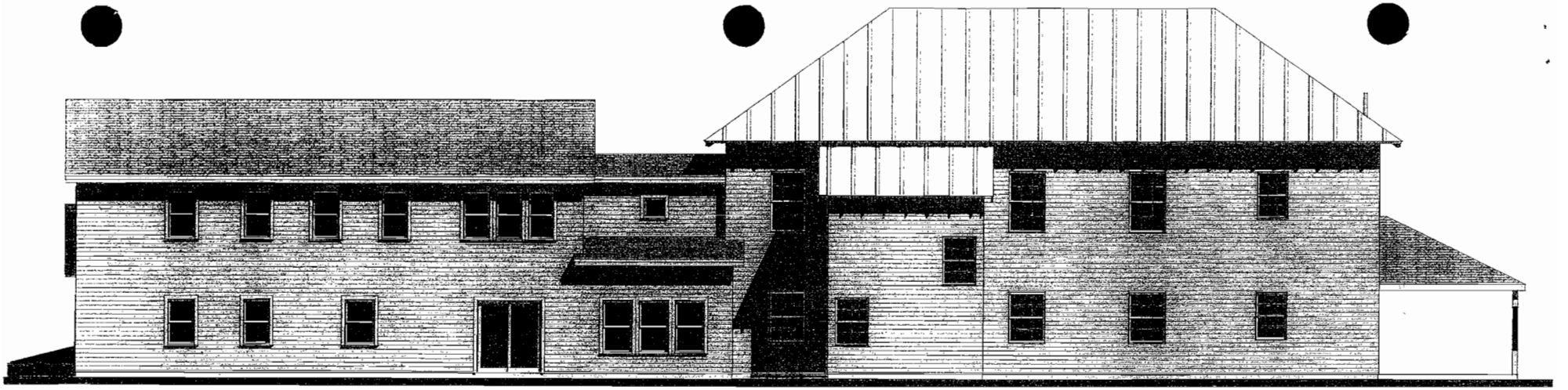
DUNCAN • WISNIEWSKI ARCHITECTURE
& PARTNERS CORPORATION

ZONING / ACT 250

Duncan Wisniewski ARCHITECTURE
255 SOUTH CHAMPLAIN STREET
BURLINGTON, VERMONT 05401
T: 802.864.6693 F: 802.864.5932

DATE: 03.02.2009

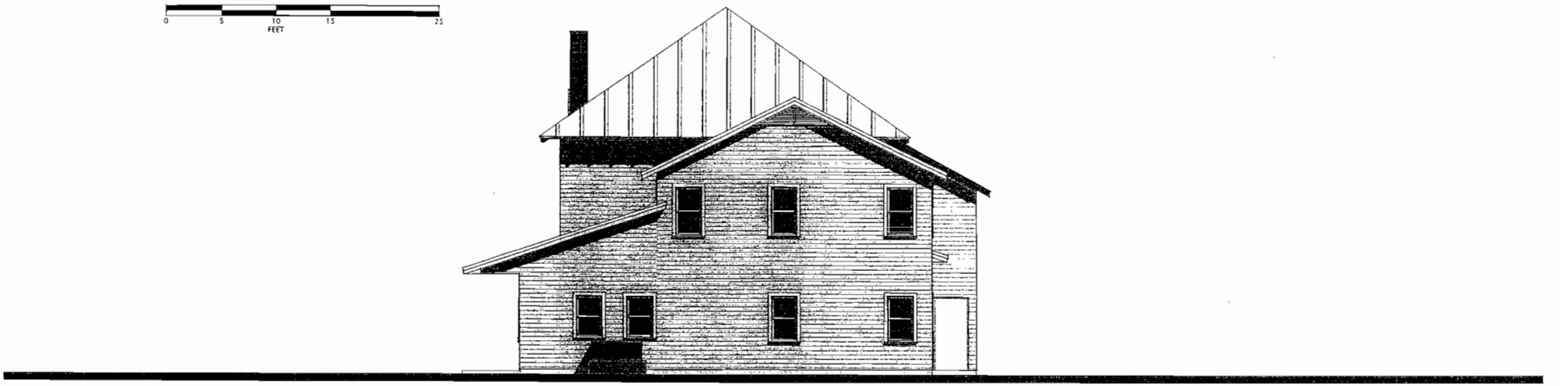
A2



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

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REBVISED ACT 250/LOCAL PERMIT SET

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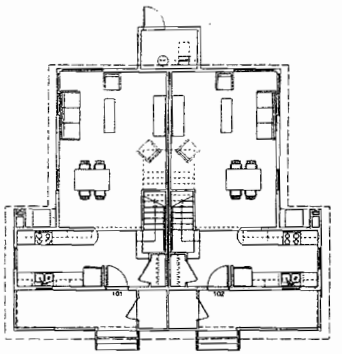
BURLINGTON, VERMONT 05401
T: 802.864.6693 F: 802.864.6932

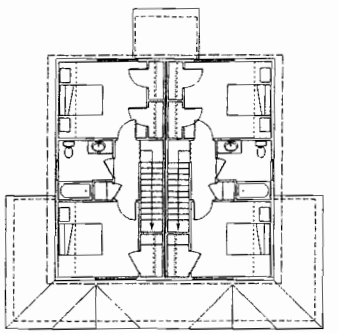
DATE: 03.02.2009

A8



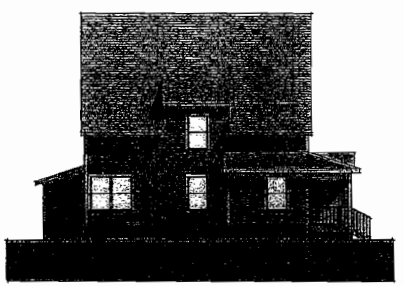
FIRST FLOOR PLAN
SCALE 1/8" = 1'-0"

| | |
|---|---|
| Unit 101 | 985 |
| Unit 102 | 985 |
| Common | 240 |
| Porch/Storage | 264 |
| TOTAL SF | 2,474 |



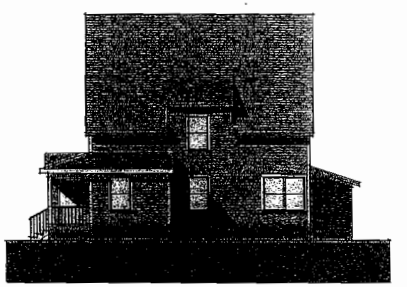
SECOND FLOOR PLAN
SCALE: 1/8" = 1'-0"

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

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ZONING / ACT 250

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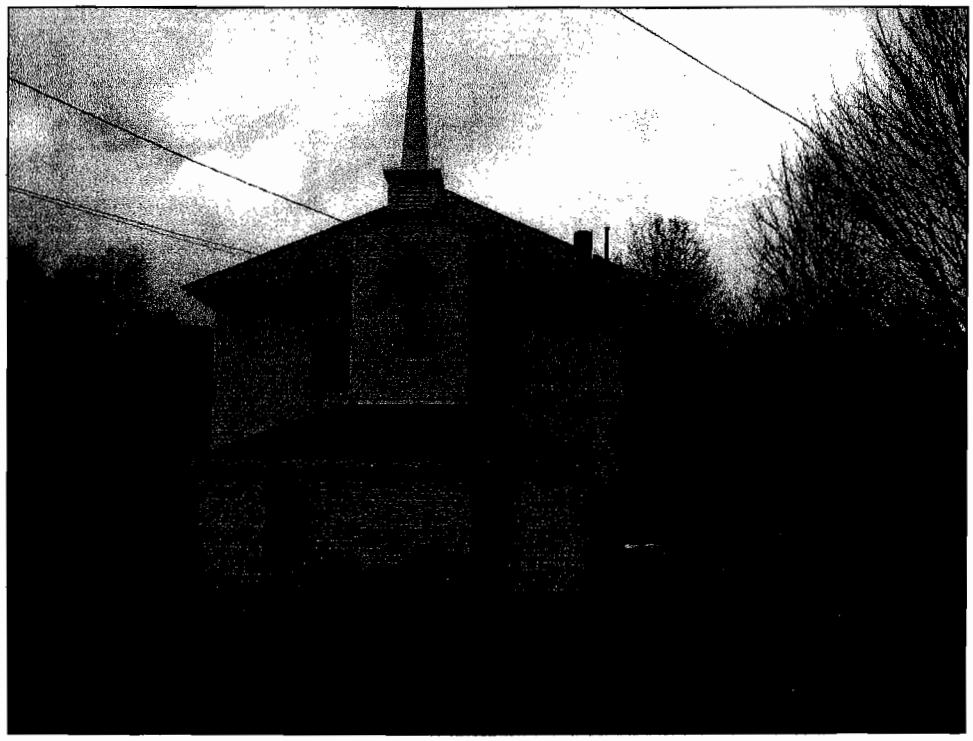
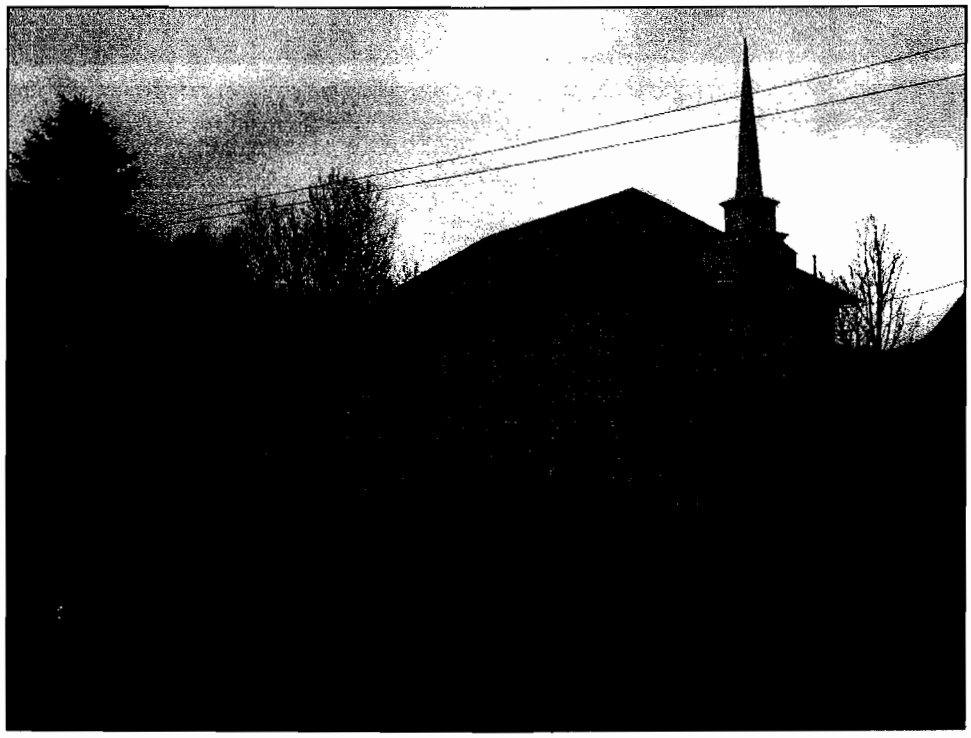
T: 802.864.6693 F: 802.864.4932

DATE: 03.02.2009

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** 186.16

| | | | Per Unit | Per s.f. | Allocation of Sources | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | VHCB Terms:___ | HOME Terms:___ | VCDP Terms:___ | AHO Debt Terms:___ | AHP Terms:___ | WCT Terms:___ | TD BN & EFF VT | Equity | TOTAL SOURCES |
| | ACQUISITION | | | | | | | | | | | | |
| 1 | Land | 211,334 | 7,548 | 6.43 | 211,334 | | | | | | | | 211,334 |
| 2 | Purchase of Building(s) | 268,666 | 9,595 | 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 | 7,632,190 |
| | | 6,960,558 | | | | | | | | | | | |
| | | 610,000 | | | | | | | | | | | |
| | | 8.76% | | | | | | | | | | | |

27-Mar-09 **Grange Hill, Woodstock**

| | 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 Bedrooms | Type | Average Square Feet | Number | Average Rent | Utilities | Total 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 Bedrooms | Type | Square Feet | Number | Rent | Utilities | Total 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 All Units | | 6,945 | | | | |
| | 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 |

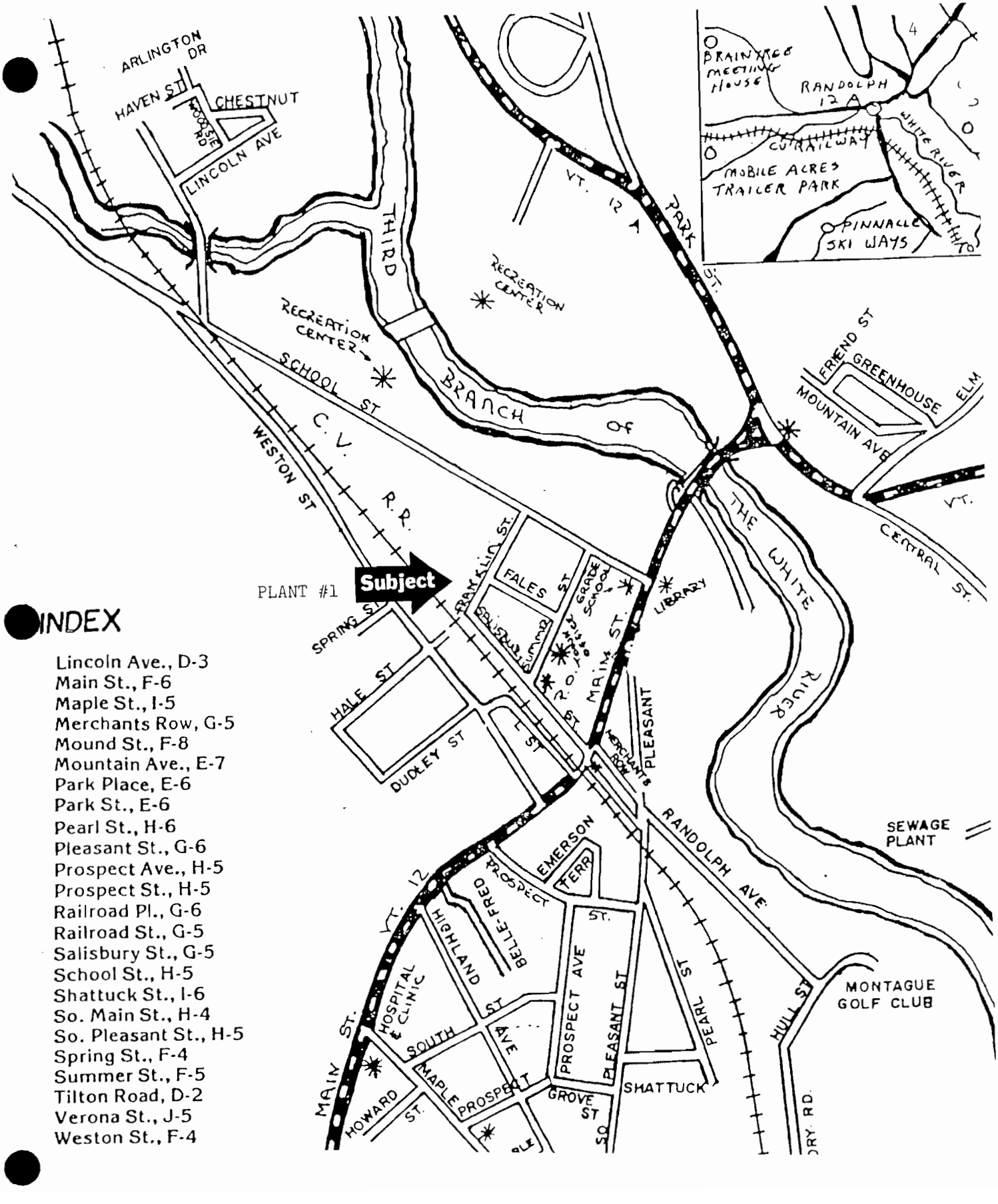
27-Mar-09 **Grange Hill, Woodstock**

| | Check all Applicable | | | | | | | | | A | | | | | B | | | | | | C | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Building # | Unit # | HOME Unit | Lead Paint Unit | Project Based Assistance | Tax Credit Unit | VHCB Restricted | Accessible | Adaptable | Unrestricted | Number of Bedrooms | Proposed Square Footage | Proposed Rent | Utility Allowance for Tenant-Paid Utilities | Gross Rent (Rent + Tenant-Paid Utilities) | OCCUPIED BY: Income level of residents to be served: | | | | | | AFFORDABLE TO: Units affordable to residents at: | | | | | |
| | | | | | | | | | | | | | | | <30% | <50% | <60% | <80% | <100% | >100% | 30% | 50% | 60% | 65% | 80% | 100%+ |
| | 1 | | | | 1 | 1 | | | | 2 | 945 | 735 | 49 | 784 | | | 1 | | | | | | 1 | | | |
| | 2 | | | | 1 | 1 | | | | 2 | 945 | 735 | 49 | 784 | | | 1 | | | | | | 1 | | | |
| | 3 | 1 | | | 1 | 1 | | | | 2 | 945 | 599 | 49 | 648 | | 1 | | | | | | 1 | | | | |
| | 4 | | | | 1 | 1 | | | | 2 | 945 | 735 | 49 | 784 | | | 1 | | | | | | 1 | | | |
| | 5 | | | | 1 | 1 | | | | 2 | 985 | 735 | 49 | 784 | | | 1 | | | | | | 1 | | | |
| | 6 | | | | | 1 | | | | 2 | 985 | 843 | 49 | 892 | | | | | | 1 | | | | 1 | | |
| | 7 | | | | 1 | 1 | | | | 3 | 1,220 | 850 | 62 | 912 | | | 1 | | | | | | 1 | | | |
| | 8 | 1 | | | 1 | 1 | | | | 3 | 1,220 | 692 | 62 | 754 | | 1 | | | | | | 1 | | | | |
| | 9 | | | | 1 | 1 | | | | 1 | 772 | 613 | 40 | 653 | | | 1 | | | | | | 1 | | | |
| | 10 | 1 | | | 1 | 1 | | | | 1 | 774 | 499 | 40 | 539 | | 1 | | | | | | 1 | | | | |
| | 11 | | | | | 1 | | | | 1 | 836 | 716 | 40 | 756 | | | | | | 1 | | | | 1 | | |
| | 12 | 1 | | | 1 | 1 | | | | 1 | 772 | 499 | 40 | 539 | | 1 | | | | | | 1 | | | | |
| | 13 | 1 | | | 1 | 1 | | | | 1 | 774 | 499 | 40 | 539 | | 1 | | | | | | 1 | | | | |
| | 14 | 1 | | | 1 | 1 | | | | 1 | 836 | 499 | 40 | 539 | | 1 | | | | | | 1 | | | | |
| | 15 | 1 | | | 1 | 1 | | | | 2 | 945 | 599 | 49 | 648 | | 1 | | | | | | 1 | | | | |
| | 16 | 1 | | | 1 | 1 | | | | 2 | 945 | 599 | 49 | 648 | | 1 | | | | | | 1 | | | | |
| | 17 | | | | 1 | 1 | | | | 2 | 945 | 735 | 49 | 784 | | | 1 | | | | | | 1 | | | |
| | 18 | 1 | | | 1 | 1 | | | | 2 | 945 | 599 | 49 | 648 | | 1 | | | | | | 1 | | | | |
| | 19 | | | | 1 | 1 | | | | 2 | 988 | 735 | 49 | 784 | | | 1 | | | | | | 1 | | | |
| | 20 | | | | 1 | 1 | | | | 2 | 724 | 613 | 49 | 662 | | | 1 | | | | | | 1 | | | |
| | 21 | 1 | | | 1 | 1 | | | | 1 | 836 | 499 | 40 | 539 | | 1 | | | | | | 1 | | | | |
| | 22 | | | | 1 | 1 | | | | 1 | 985 | 843 | 40 | 883 | | | 1 | | | | | | 1 | | | |
| | 23 | | | | | 1 | | | | 1 | 724 | 716 | 40 | 756 | | | | | | 1 | | | | 1 | | |
| | 24 | 1 | | | 1 | 1 | | | | 2 | 836 | 499 | 49 | 548 | | 1 | | | | | | 1 | | | | |
| | 25 | | | | | 1 | | | | 2 | 985 | 843 | 49 | 892 | | | | | | 1 | | | | 1 | | |
| | 26 | 1 | | | 1 | 1 | | | | 2 | 985 | 599 | 49 | 648 | | 1 | | | | | | 1 | | | | |
| | 27 | | | | 1 | 1 | | | | 3 | 1,120 | 850 | 62 | 912 | | | 1 | | | | | | 1 | | | |
| | 28 | | | | | 1 | | | | 1 | 985 | 843 | 40 | 883 | | | | | | 1 | | | | 1 | | |
| Total # Units | 28 | 12 | 0 | 0 | 23 | 28 | 0 | 0 | 0 | Totals: | 25,902 | 18,821 | | Total # Units: | 0 | 12 | 11 | 0 | 0 | 5 | 0 | 12 | 11 | 5 | 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 |

| 27-Mar-09 | | Grange Hill, Woodstock | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Operating Income | | | | | | | | | | | | | | | | |
| Gross Rent | | 224,304 | 227,669 | 231,084 | 234,550 | 238,068 | 241,639 | 245,264 | 248,943 | 252,677 | 256,467 | 260,314 | 264,219 | 268,182 | 272,205 | 276,288 |
| Other Income | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Vacancy and other losses | | (11,215) | (11,383) | (11,554) | (11,727) | (11,903) | (12,082) | (12,263) | (12,447) | (12,634) | (12,823) | (13,016) | (13,211) | (13,409) | (13,610) | (13,814) |
| Total Operating Income | | 213,089 | 216,285 | 219,529 | 222,822 | 226,165 | 229,557 | 233,001 | 236,496 | 240,043 | 243,644 | 247,298 | 251,008 | 254,773 | 258,594 | 262,473 |
| Operating Expenses | | | | | | | | | | | | | | | | |
| Total Expenses (excl. Reserves) | | 155,208 | 159,864 | 164,660 | 169,600 | 174,688 | 179,929 | 185,326 | 190,886 | 196,613 | 202,511 | 208,587 | 214,844 | 221,289 | 227,928 | 234,766 |
| 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 | | 168,648 | 173,506 | 178,506 | 183,654 | 188,953 | 194,407 | 200,022 | 205,803 | 211,753 | 217,878 | 224,184 | 230,676 | 237,359 | 244,238 | 251,321 |
| Net Operating Income | | 44,441 | 42,779 | 41,023 | 39,168 | 37,212 | 35,150 | 32,978 | 30,693 | 28,290 | 25,765 | 23,114 | 20,332 | 17,414 | 14,356 | 11,153 |
| Less Primary Debt Service | | 27,935 | 27,935 | 27,935 | 27,935 | 27,935 | 27,935 | 27,935 | 27,935 | 27,935 | 27,935 | 27,935 | 27,935 | 27,935 | 27,935 | 27,935 |
| Less Secondary Debt Service | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Annual Cash Flow | | 16,506 | 14,844 | 13,088 | 11,234 | 9,277 | 7,215 | 5,043 | 2,758 | 355 | (2,170) | (4,821) | (7,603) | (10,521) | (13,579) | (16,782) |
| Operating Subsidies / Sinking Fund | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,170 | 4,821 | 7,603 | 10,521 | 13,579 | 16,782 |
| Net Cash | | 16,506 | 14,844 | 13,088 | 11,234 | 9,277 | 7,215 | 5,043 | 2,758 | 355 | 0 | 0 | 0 | 0 | 0 | 0 |
| DCR | | 159.09% | 153.14% | 146.85% | 140.21% | 133.21% | 125.83% | 118.05% | 109.87% | 101.27% | 92.23% | 82.74% | 72.78% | 62.34% | 51.39% | 39.92% |
| Cumulative Cash Flow | | | | | | | | | | | | | | | | |
| Beginning Balance | | 51,632 | 70,458 | 88,319 | 105,082 | 120,603 | 134,732 | 147,306 | 158,153 | 167,091 | 173,925 | 178,451 | 180,449 | 179,717 | 176,095 | 169,336 |
| Deposits | | 16,506 | 14,844 | 13,088 | 11,234 | 9,277 | 7,215 | 5,043 | 2,758 | 355 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest | 3.8% | 2,320 | 3,017 | 3,675 | 4,288 | 4,851 | 5,359 | 5,804 | 6,180 | 6,479 | 6,695 | 6,819 | 6,871 | 6,898 | 6,820 | 6,628 |
| Withdrawals: | | | | | | | | | | | | | | | | |
| Project Operating Needs | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (2,170) | (4,821) | (7,603) | (10,521) | (13,579) | (16,782) |
| 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 | | 70,458 | 88,319 | 105,082 | 120,603 | 134,732 | 147,306 | 158,153 | 167,091 | 173,925 | 178,451 | 180,449 | 179,717 | 176,095 | 169,336 | 159,181 |
| Cumulative Replacement Reserves | | | | | | | | | | | | | | | | |
| Beginning Balance | | 0 | 13,695 | 28,132 | 43,336 | 59,341 | (13,421) | 1,338 | 16,370 | 32,209 | 48,890 | (23,179) | (7,279) | 8,859 | 25,582 | 43,199 |
| 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 | 3.8% | 255 | 795 | 1,358 | 1,951 | 3,637 | 280 | 336 | 923 | 1,541 | 3,227 | 302 | 307 | 654 | 1,307 | 2,993 |
| Withdrawals | 3.238 | 0 | 0 | 0 | 0 | (90,664) | 0 | 0 | 0 | 0 | (90,664) | 0 | 0 | 0 | 0 | (90,664) |
| Ending Balance | | 13,695 | 28,132 | 43,336 | 59,341 | (13,421) | 1,338 | 16,370 | 32,209 | 48,890 | (23,179) | (7,279) | 8,859 | 25,582 | 43,199 | (27,917) |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Net Operating Income | | 44,441 | 42,779 | 41,023 | 39,168 | 37,212 | 35,150 | 32,978 | 30,693 | 28,290 | 25,765 | 23,114 | 20,332 | 17,414 | 14,356 | 11,153 |
| 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 | | (41,451) | (42,384) | (43,375) | (44,426) | (45,541) | (46,724) | (47,979) | (49,310) | (50,721) | (52,218) | (53,804) | (55,485) | (57,266) | (59,154) | (61,154) |
| Less Long Depreciation | | (242,797) | (242,797) | (242,797) | (242,797) | (242,797) | (242,797) | (242,797) | (242,797) | (242,797) | (242,797) | (242,797) | (242,797) | (242,797) | (242,797) | (242,797) |
| Less Short Depreciation | | (5,286) | (5,286) | (5,286) | (5,286) | (5,286) | (5,286) | (5,286) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Taxable Income (Loss) | | (231,653) | (234,046) | (236,588) | (239,286) | (242,147) | (245,179) | (248,388) | (246,498) | (250,089) | (253,883) | (257,889) | (262,119) | (266,580) | (271,285) | (276,244) |
| Cash Flow | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plus Tax Savings | | 81,079 | 81,916 | 82,806 | 83,750 | 84,752 | 85,812 | 86,936 | 86,274 | 87,531 | 88,859 | 90,261 | 91,741 | 93,303 | 94,950 | 96,685 |
| Plus State Credits | | 122,700 | 122,700 | 122,700 | 122,700 | 122,700 | | | | | | | | | | |
| Plus Housing Credits | | 587,000 | 587,000 | 587,000 | 587,000 | 587,000 | 587,000 | 587,000 | 587,000 | 587,000 | 587,000 | | | | | |
| After Tax Cash Flow | | 790,779 | 791,616 | 792,506 | 793,450 | 794,452 | 672,812 | 673,936 | 673,274 | 674,531 | 675,859 | 90,261 | 91,741 | 93,303 | 94,950 | 96,685 |
| Total Years | 15 | | | | | | | | | | | | | | | |
| Reinvestment Rate | 6.00% | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Current After Tax Cash Flows | | 790,779 | 791,616 | 792,506 | 793,450 | 794,452 | 672,812 | 673,936 | 673,274 | 674,531 | 675,859 | 90,261 | 91,741 | 93,303 | 94,950 | 96,685 |
| Future Value of Cash Flows at Yr 15: | | 1,895,147 | 1,789,768 | 1,690,358 | 1,596,578 | 1,508,106 | 1,204,905 | 1,138,600 | 1,073,097 | 1,014,245 | 958,719 | 120,790 | 115,822 | 111,125 | 106,686 | 102,486 |
| Discount Rate: | 6.00% | | | | | | | | | | | | | | | |
| Capital Contribution Number: | 1 | 2 | 3 | 4 | | | | | | | | | | | | |
| Date of Capital Contribution: | 31-Dec-09 | 31-Mar-11 | 30-Jun-11 | 27-Mar-09 | | | | | | | | | | | | |
| Amount of Capital Contribution: | 4,725 | 3,780,280 | 940,345 | 0 | | | | | | | | | | | | |
| Present Value of Contributions: | 4,725 | 3,564,231 | 858,558 | 0 | | | | | | | | | | | | |
| Cash Flows | (4,367,514) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14,426,432 |
| IRR: | 8.29% | | | | | | | | | | | | | | | |
| Equity Yield: | 75.16% | | | | | | | | | | | | | | | |

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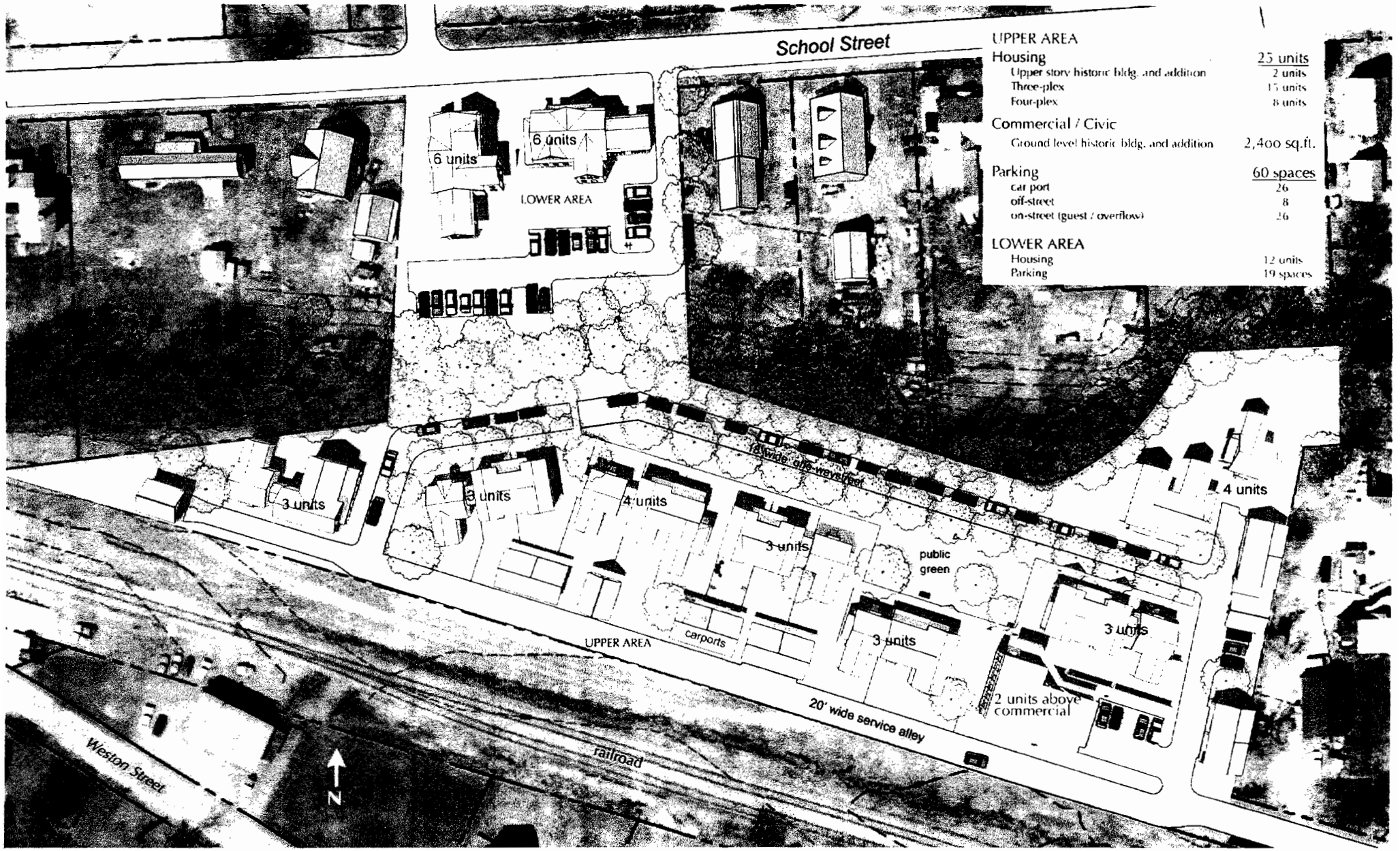



# Salisbury Square • Conceptual Site Plan

Scale: 1" = 40'

Randolph, Vermont

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 Apart 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 Caluculations**

| | 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 effici | 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 | |
| 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 |
| 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 |
| 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 |
| 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 | |
| Consultant Fees | 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 |

29-Mar-19

# Salisbury Square Apartmen Rent Summary

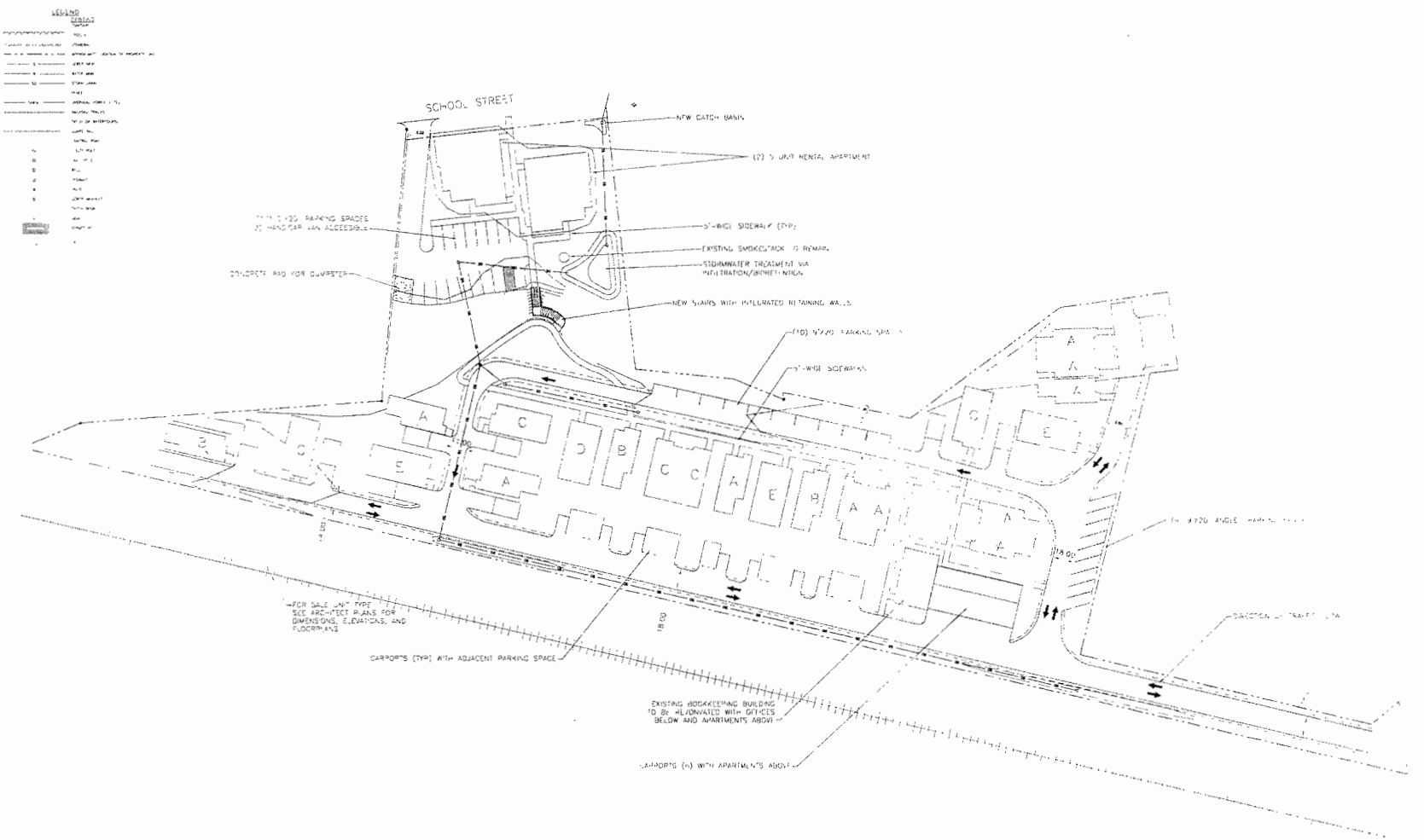
| | Check all Applicable | | | | | | | | | A | | | | | B | | | | | | C | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Building # | Unit # | HOME Unit | Lead Paint Unit | Project Based Assistance | Tax Credit Unit | VHCB Restricted | Accessible | Adaptable | Unrestricted | Number of Bedrooms | Proposed Square Footage | Proposed Rent | Utility Allowance for Tenant-Paid Utilities | Gross Rent (Rent + Tenant-Paid Utilities) | OCCUPIED BY: Income level of residents to be served: | | | | | | AFFORDABLE TO: Units affordable to residents at: | | | | | |
| | | | | | | | | | | | | | | | <30% | <50% | <60% | <80% | <100% | >100% | 30% | 50% | 60% | 65% | 80% | 100%+ |
| 1 | 1 | 1 | | | 1 | 1 | | | | 1 | 641 | $301 | $29 | $330 | 1 | | | | | | 1 | | | | | |
| 2 | 2 | | | | 1 | 1 | | 1 | | 1 | 700 | $566 | $29 | $595 | | | 1 | | | | | | 1 | | | |
| 2 | 3 | | | | 1 | 1 | 1 | | | 1 | 700 | $566 | $29 | $595 | | | 1 | | | | | | 1 | | | |
| 3 | 4 | | | | 1 | 1 | 1 | | | 1 | 700 | $566 | $29 | $595 | | | 1 | | | | | | 1 | | | |
| 3 | 5 | | | | 1 | 1 | | 1 | | 1 | 700 | $566 | $29 | $595 | | | 1 | | | | | | 1 | | | |
| 1 | 6 | 1 | | | 1 | 1 | | | | 2 | 756 | $683 | $44 | $727 | | | 1 | | | | | | 1 | | | |
| 1 | 7 | 1 | | | 1 | 1 | | | | 2 | 780 | $683 | $44 | $727 | | | 1 | | | | | | 1 | | | |
| 2 | 8 | 1 | | | 1 | 1 | | | | 2 | 950 | $683 | $44 | $727 | | | 1 | | | | | | 1 | | | |
| 2 | 9 | | | | 1 | 1 | | | | 2 | 950 | $701 | $44 | $745 | | | 1 | | | | | | 1 | | | |
| 2 | 10 | | | | 1 | 1 | | 1 | | 2 | 950 | $701 | $44 | $745 | | | 1 | | | | | | 1 | | | |
| 3 | 11 | | | | 1 | 1 | | 1 | | 2 | 950 | $701 | $44 | $745 | | | 1 | | | | | | 1 | | | |
| 3 | 12 | | | | 1 | 1 | | | | 2 | 950 | $701 | $44 | $745 | | | 1 | | | | | | 1 | | | |
| 3 | 13 | | | | 1 | 1 | | | | 2 | 950 | $701 | $44 | $745 | | | 1 | | | | | | 1 | | | |
| 1 | 14 | 1 | 1 | | 1 | 1 | | | | 3 | 1,275 | $706 | $59 | $765 | | 1 | | | | | | 1 | | | | |
| Total # Units | 14 | 5 | 1 | 0 | 14 | 14 | 2 | 4 | 0 | 24 | 11,952 | 8,825 | | Total # Units: | 1 | 1 | 12 | 0 | 0 | 0 | 1 | 1 | 12 | 0 | 0 | 0 |

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 | 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 |

## Salisbury 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 | (5,111) | 0 | 0 | 0 | 0 | (61,332) | 0 | 0 | 0 | 0 | (61,332) | 0 | 0 | 0 | | (61,332) |
| Ending Balance | (54,654) | 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) |

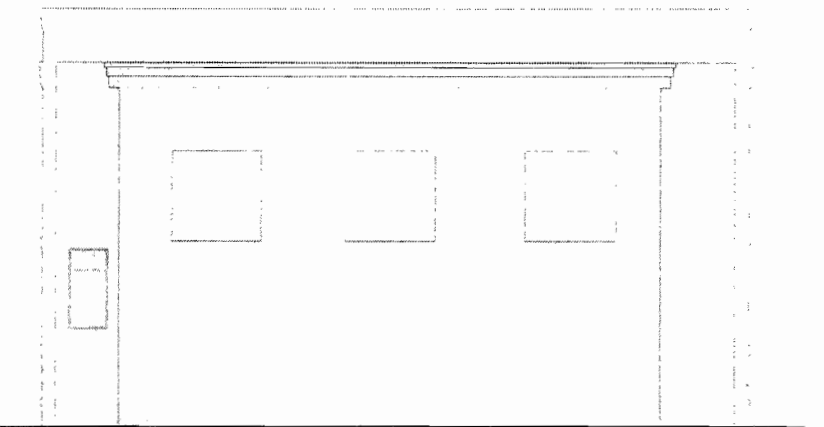



GRAPHIC SCALE

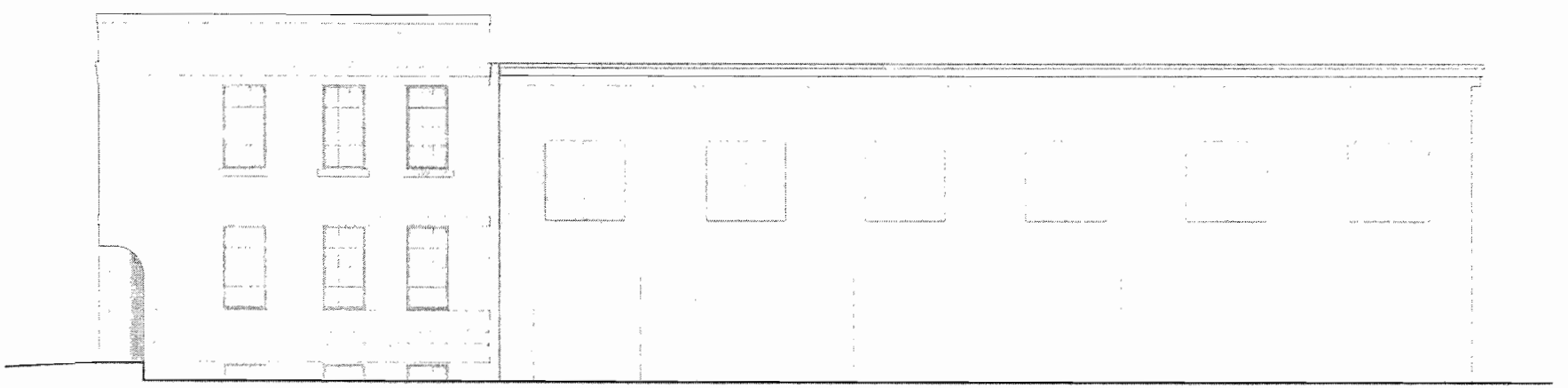
( IN FEET )
1 inch = 40 ft.

DuBois & King inc.

RACOC
RANDOLPH, VERMONT
SALISBURY SOLAR



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



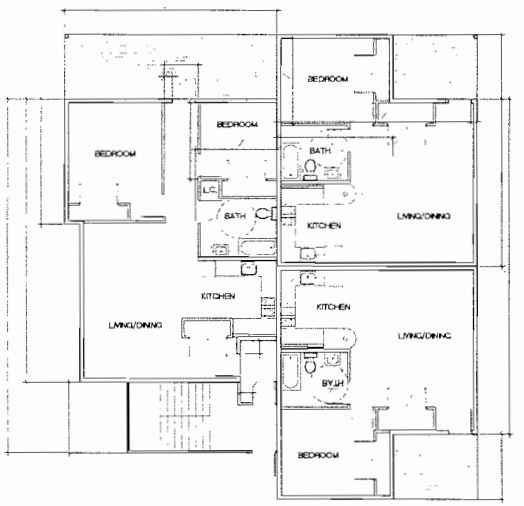
SOUTH ELEVATION
SCALE: 1/8"=1'-0"

SALISBURY SQUARE

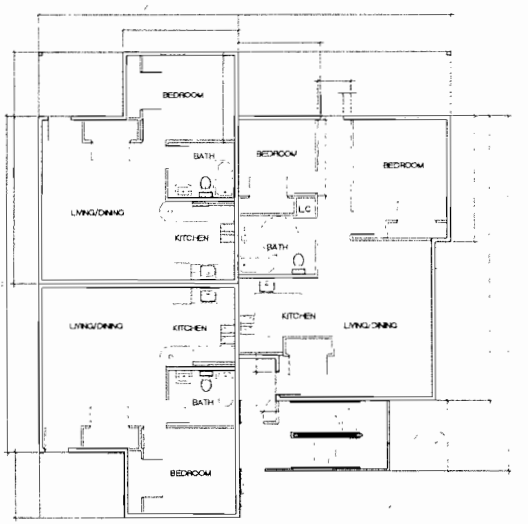
BLACK RIVER DESIGN

A3

1ST STORY APT TYP. BUILDING A



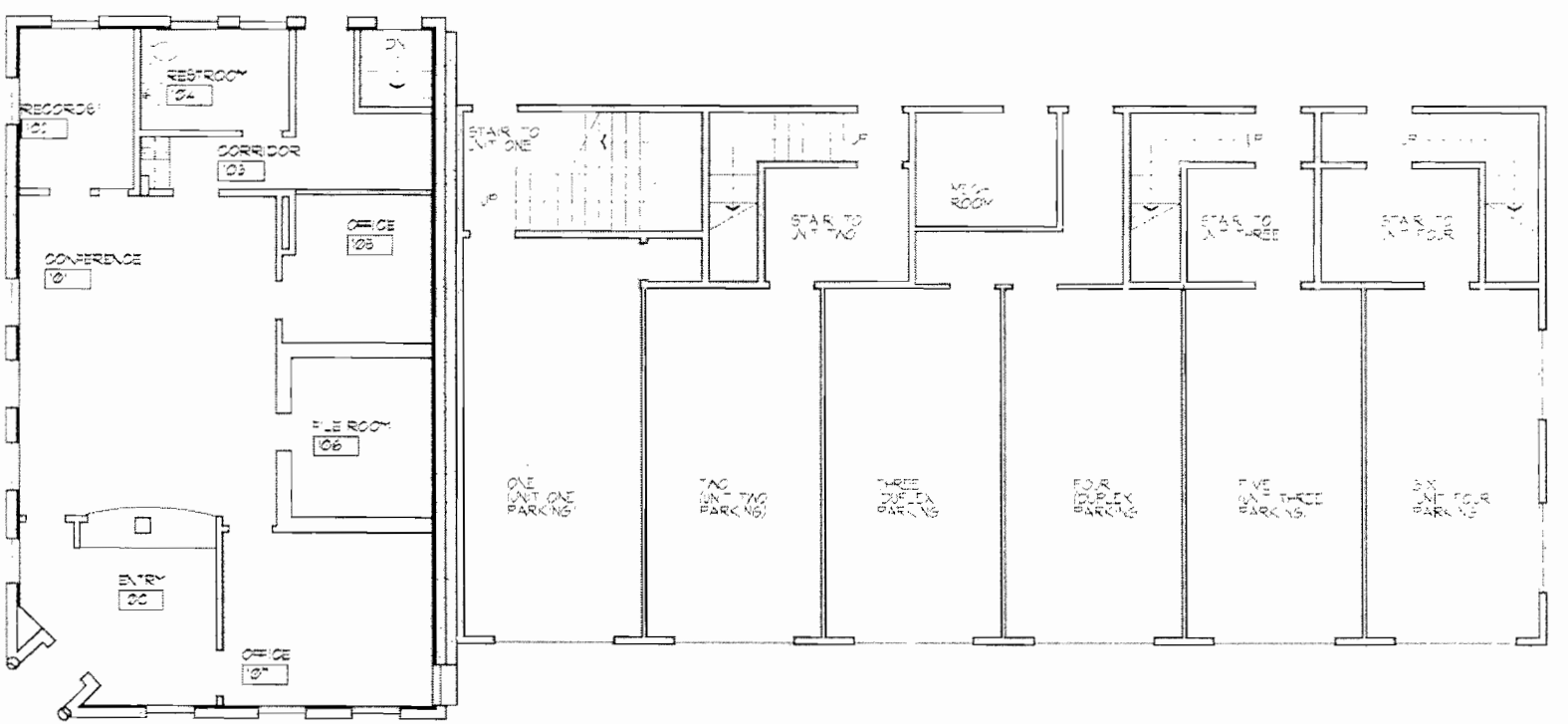

1ST STORY APT TYP. BUILDING B




MULTI FAMILY HOUSING SCHEMATIC DESIGN ---------- MARCH 25, 2009

# SALISBURY SQUARE


SCOTT + PARTNERS
ARCHITECTS
architecture
planning
interiors
20 main street, essex junction, vermont 05452
p. 802.879.5153 f. 802.872.2764




SCHEMATIC FIRST FLOOR PLAN

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

SALISBURY SQUARE

RANDOLPH, VERMONT

BLACK RIVER DESIGN

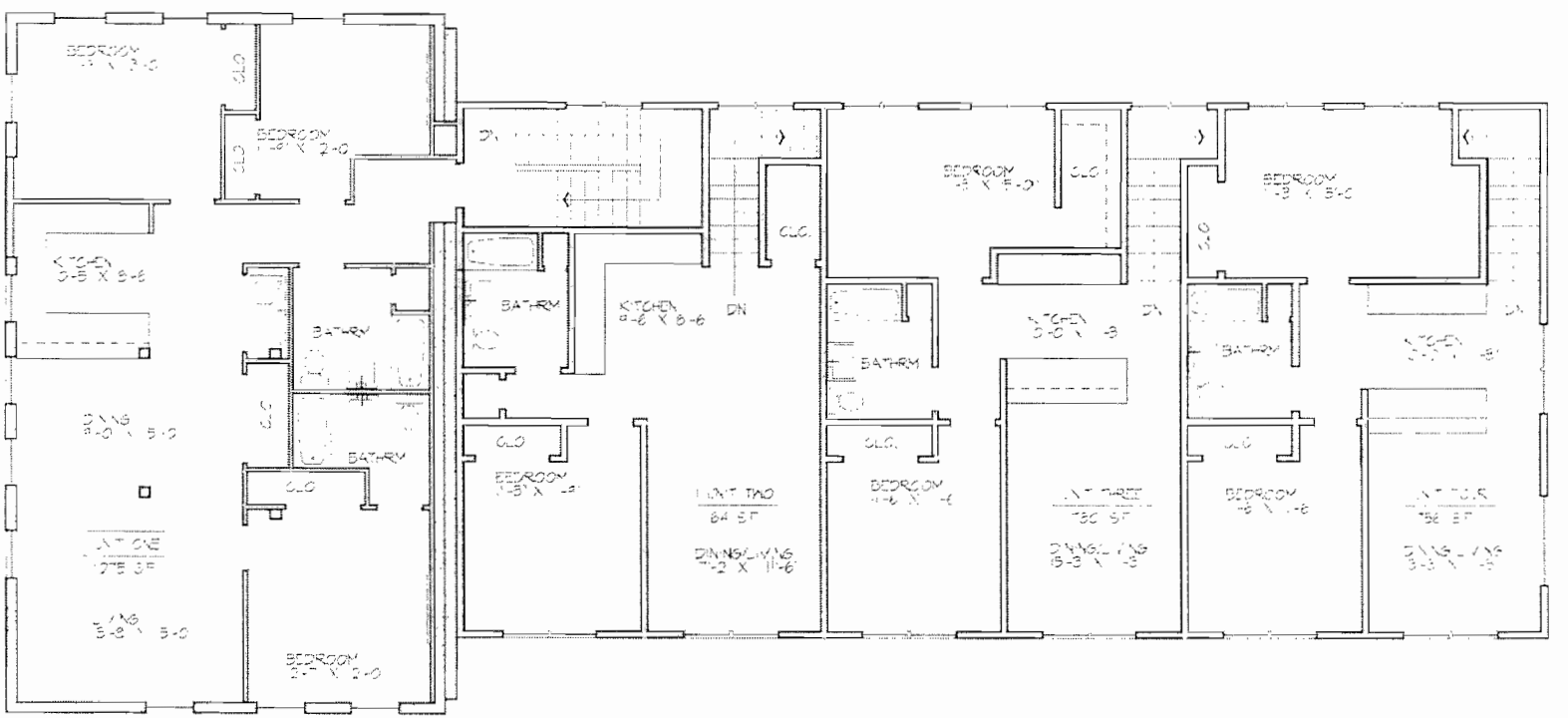
SCALE

DATE

DRAWN BY

CHECKED BY

A1




SCHEMATIC SECOND FLOOR PLAN

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

SALISBURY SQUARE

RANDOLPH, VERMONT

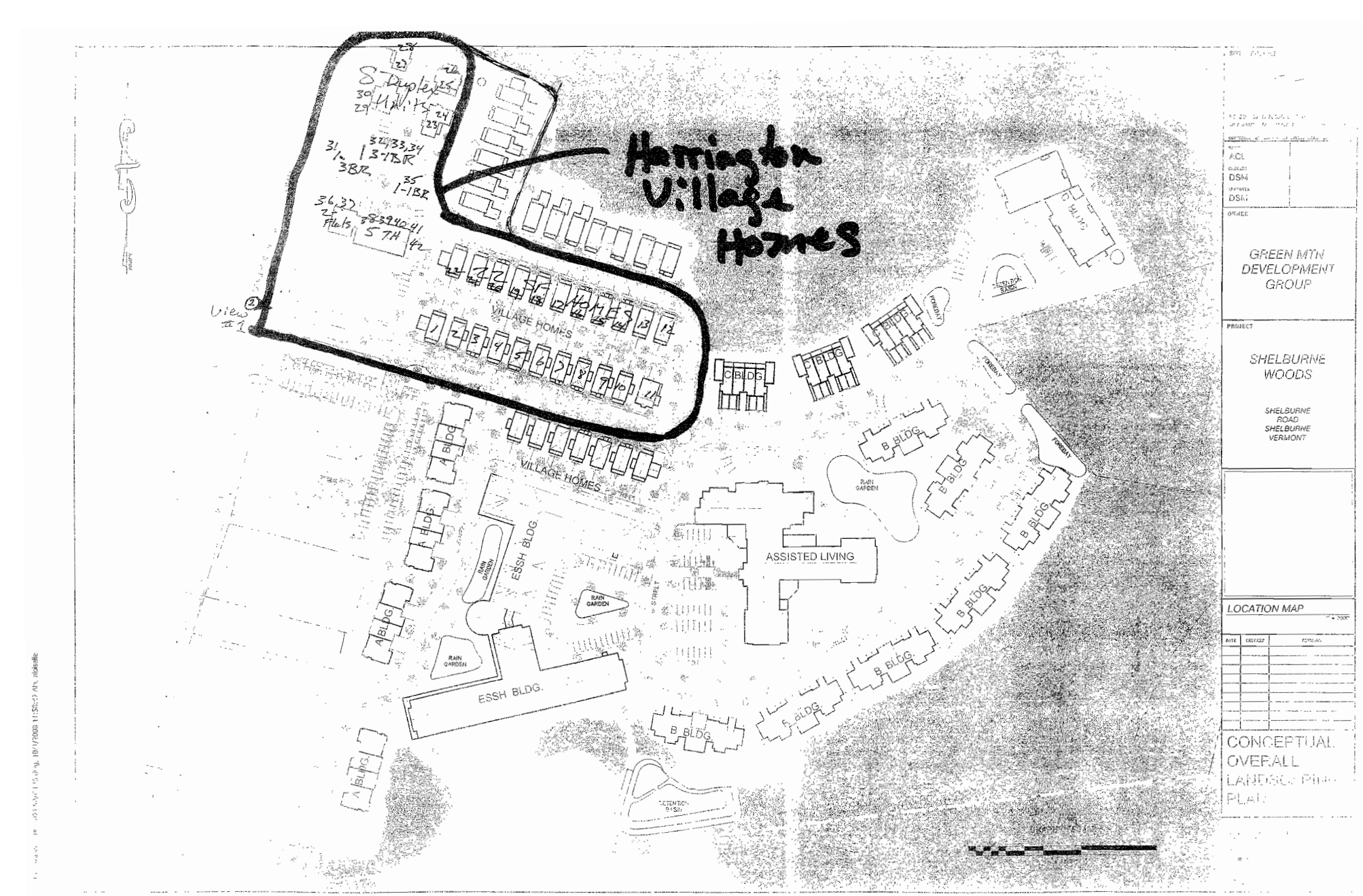
BLACK RIVER DESIGN

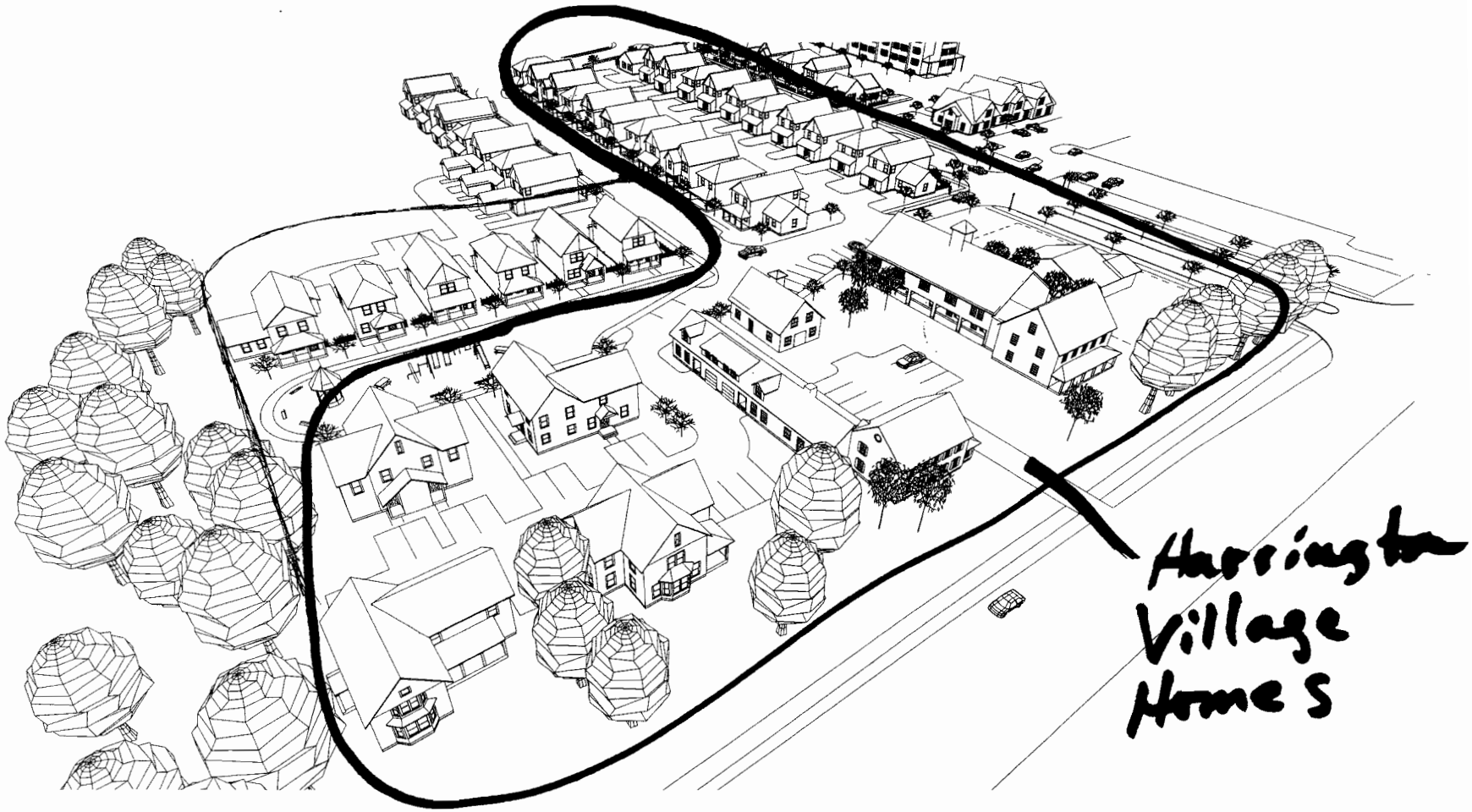
DATE

DRAWN BY

CHECKED BY

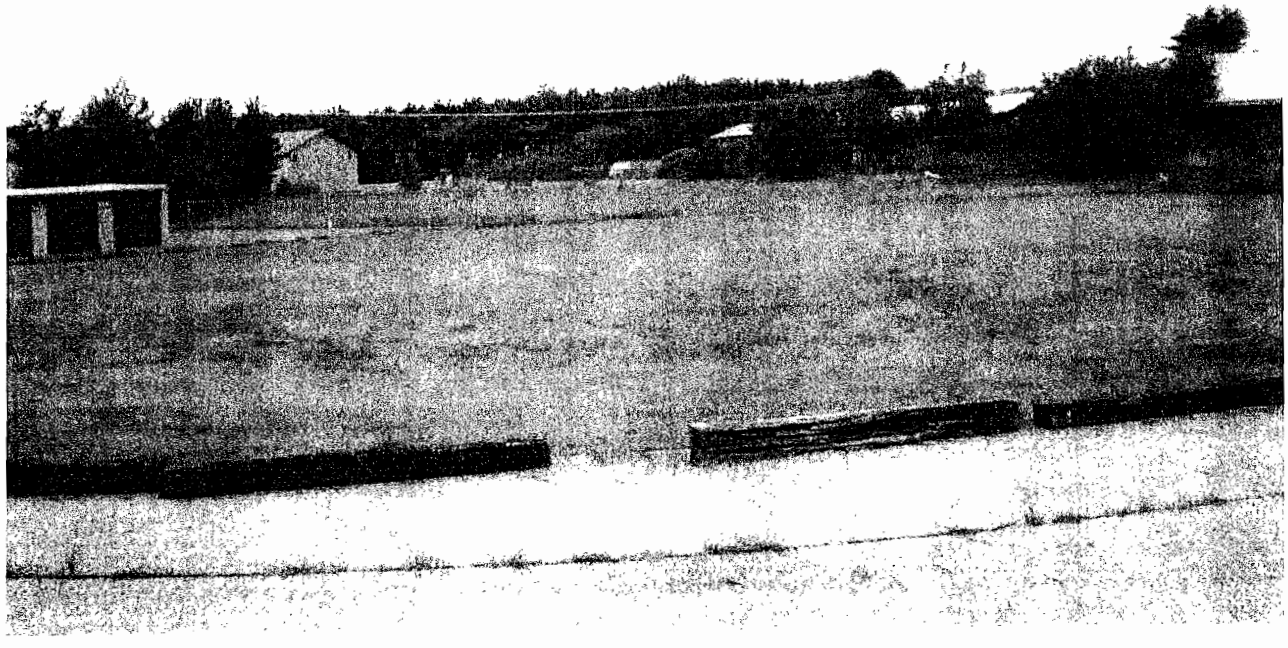
A2


Harrington Village Homes
S Duplex
Units
29
30
31
1-3BR
3BR
32,33,34
3-1BR
35
1-1BR
36,37
2 Flats
38,39,40,41
5 TH
42
View #1
VILLAGE HOMES
VILLAGE HOMES
A BLDG
A BLDG
A BLDG
A BLDG
C BLDG
C BLDG
B BLDG
B BLDG
B BLDG
B BLDG
B BLDG
B BLDG
B BLDG
B BLDG
FOREBAY
FOREBAY
FOREBAY
ASSISTED LIVING
ESSH BLDG.
ESSH BLDG.
RAIN GARDEN
RAIN GARDEN
RAIN GARDEN
RAIN GARDEN
DETENTION BASIN
DETENTION BASIN
ACL
DSM
DSM
GREEN MTN DEVELOPMENT GROUP
SHELBURNE WOODS
SHELBURNE ROAD
SHELBURNE
VERMONT
LOCATION MAP
CONCEPTUAL
OVERALL
LANDSCAPE
PLAN




Demo version (http://www.verypdf.com)

Harrington House
New Apt Bldg.
5-TH
2 Flats
RWR '00
Rte 7



Draft

6/30/08

# VILLAGE HOMES

Village Homes

Draft

6/30/08

3-BR UNIT

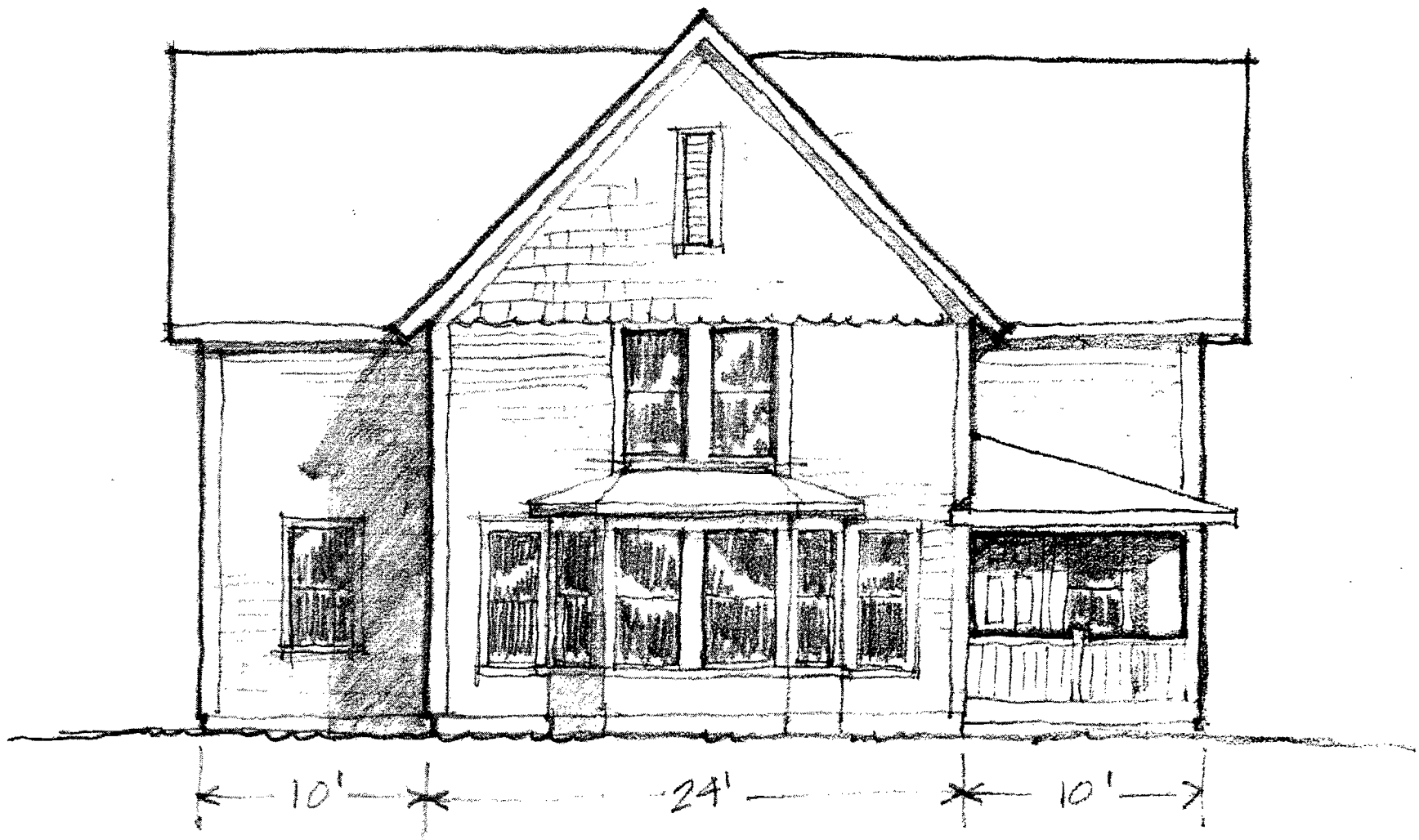
# Harrington Village Duplex

ROUTE 7 NORTH - HOUSE #2 9/9/05

STREET ELEVATION

1/8" = 1'-0"

# Harrington Village Duplex




ROUTE 7 NORTH · HOUSE #1 9/9/08

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

29-Mar-09 **SHELBURNE WOOD HARRINGTON VILLAGE HOMES - 34**

| | | | | | |
|---|---|---|---|---|---|
| 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 |

29-Mar-09 **SHELBURNE WOOD HARRINGTON VILLAGE HOMES - 34**

| | | 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) | | | 247,941 | 247,941 | 20% | Historic Credit Rate |
| | Total Eligible Basis | | 0 | 8,182,059 | | 247,941 | Annual Historic Credit |
| TIMES: | Adjusted for QCT DDA | 130.0% | | 10,636,676 | | | |
| TIMES: | Applicable Fraction | 100.00% | 0 | 10,636,676 | | | |
| | Total Qualified Basis | | 0 | 10,636,676 | 8,182,059 | | Long Term Depreciable Basis |
| TIMES: | Applicable Percentage | | 3.52% | 9.00% | 27.5 | | Depreciation Schedule |
| | Total Annual Credit Qualified | | 0 | 957,301 | 297,529 | | Annual Depreciation |
| | Total Tax Credits Requested | 957,301 | | | 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 | | | | | |

29-Mar-09 **SHELBURNE WOOD HARRINGTON VILLAGE HOMES - 34**

| 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 |
| | Less Vacancy | | 5.00% | | (17,911) |
| | | | | NET RENT | 340,313 |
| | OTHER INCOME | | | | |
| | Laundry | | | | 0 |
| | Parking | | | | 0 |
| | Commercial Space Income | | | | 0 |
| | Other (Interest) | | | | |
| | | | | TOTAL INCOME | 340,313 |

29 March

# SHELBURNE WOOD HARRINGTON VILLAGE HOMES - 34

| | Check all Applicable | | | | | | | | | A | | | | | B | | | | | | C | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Building # | Unit # | HOME 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: | | | | | | |
| | | | | | | | | | | | | | | | <30% | <50% | <60% | <80% | <100% | >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 | | | | 2 | 1,400 | 952 | 120 | 1,072 | X | | | | | | X | | | | | |
| 3 | 3 | | | X | X | X | | | | 2 | 1,400 | 952 | 120 | 1,072 | X | | | | | | X | | | | | |
| 4 | 4 | | | X | X | X | | | | 2 | 1,400 | 952 | 120 | 1,072 | X | | | | | | X | | | | | |
| 5 | 5 | | | X | X | X | | | | 2 | 1,400 | 952 | 120 | 1,072 | X | | | | | | X | | | | | |
| 6 | 6 | | | X | X | X | | | | 2 | 1,400 | 952 | 120 | 1,072 | X | | | | | | X | | | | | |
| 7 | 7 | | | X | X | X | | | | 2 | 1,400 | 952 | 120 | 1,072 | X | | | | | | X | | | | | |
| 8 | 8 | | | X | X | X | | | | 2 | 1,400 | 952 | 120 | 1,072 | X | | | | | | X | | | | | |
| 9 | 9 | | | X | X | X | | | | 2 | 1,400 | 952 | 120 | 1,072 | X | | | | | | X | | | | | |
| 10 | 10 | | | X | X | X | | | | 2 | 1,400 | 952 | 120 | 1,072 | X | | | | | | X | | | | | |
| 11 | 11 | | | X | X | X | | | | 2 | 1,400 | 952 | 120 | 1,072 | X | | | | | | X | | | | | |
| 12 | 12 | | | X | X | X | | | | 2 | 1,400 | 952 | 120 | 1,072 | X | | | | | | X | | | | | |
| 13 | 13 | | | | X | X | | | | 2 | 1,400 | 707 | 120 | 827 | | X | | | | | | X | | | | | |
| 14 | 14 | | | | X | X | | | | 2 | 1,400 | 707 | 120 | 827 | | X | | | | | | X | | | | | |
| 15 | 15 | | | | X | X | | | | 2 | 1,400 | 707 | 120 | 827 | | X | | | | | | X | | | | | |
| 16 | 16 | | | | X | X | | | | 2 | 1,400 | 707 | 120 | 827 | | X | | | | | | X | | | | | |
| 17 | 17 | | | | X | X | | | | 2 | 1,400 | 872 | 120 | 992 | | | X | | | | | | X | | | | |
| 18 | 18 | | | | X | X | | | | 2 | 1,400 | 872 | 120 | 992 | | | X | | | | | | X | | | | |
| 19 | 19 | | | | X | X | | | | 2 | 1,400 | 872 | 120 | 992 | | | X | | | | | | X | | | | |
| 20 | 20 | | | | X | X | | | | 2 | 1,400 | 872 | 120 | 992 | | | X | | | | | | X | | | | |
| 21 | 21 | | | | X | X | | | | 2 | 1,400 | 872 | 120 | 992 | | | X | | | | | | X | | | | |
| 22 | 22 | | | | X | X | X | | | 2 | 1,400 | 872 | 120 | 992 | | | X | | | | | | X | | | | |
| 23 | 23 | | | | X | X | | | | 3 | 2,000 | 998 | 150 | 1,148 | | | X | | | | | | X | | | | |
| 23 | 24 | | | | X | X | | | | 1 | 1,200 | 578 | 90 | 668 | | X | | | | | | X | | | | | |
| 23 | 25 | | | | X | X | | | | 1 | 1,200 | 578 | 90 | 668 | | X | | | | | | X | | | | | |
| 23 | 26 | | | | X | X | | | | 1 | 1,200 | 578 | 90 | 668 | | X | | | | | | X | | | | | |
| 24 | 27 | | | | X | X | X | | | 2 | 1,200 | 872 | 120 | 992 | | | X | | | | | | X | | | | |
| 25 | 28 | | | | X | X | | | | 2 | 1,200 | 872 | 120 | 992 | | | X | | | | | | X | | | | |
| 25 | 29 | | | | X | X | | | | 2 | 1,200 | 872 | 120 | 992 | | | X | | | | | | X | | | | |
| 25 | 30 | | | | X | X | | | | 2 | 1,400 | 872 | 120 | 992 | | | X | | | | | | X | | | | |
| 25 | 31 | | | | X | X | | | | 2 | 1,400 | 872 | 120 | 992 | | | X | | | | | | X | | | | |
| 25 | 32 | | | | X | X | | | | 2 | 1,400 | 872 | 120 | 992 | | | X | | | | | | X | | | | |
| 25 | 33 | | | | X | X | | | | 2 | 1,400 | 872 | 120 | 992 | | | X | | | | | | X | | | | |
| 25 | 34 | | | | X | X | | | | 2 | 1,400 | 872 | 120 | 992 | | | X | | | | | | X | | | | |
| | | | | | 34 | 34 | 3 | | 0 | | | | | | | | | | | | | | | | | | |
| Total # Units | 34 | | | | | | | | | Totals: | 47,000 | 29,192 | | Total # Units: | 12 | 7 | 15 | 0 | 0 | 0 | 12 | 7 | 15 | 0 | 0 | 0 |

revision date: 8 6 2007

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 | |
| | | | | per unit month |
| Real Estate Taxes | 34,000 | 2,833 | 83 | excl. ds & res. |
| Property Insurance | 25,000 | 2,083 | 61 | 454 |
| 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 | |

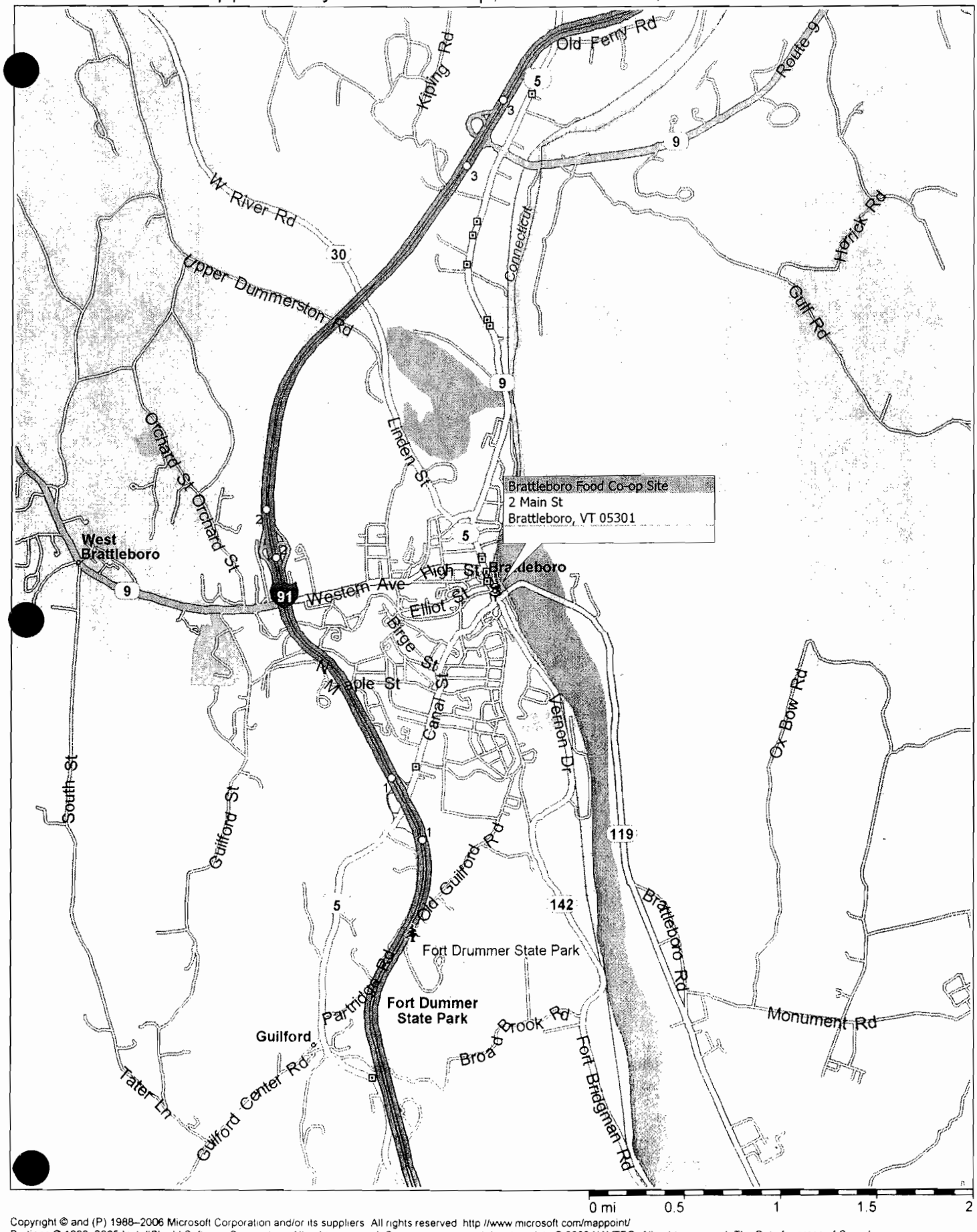
29-Mar-09

## SHELBURNE WOOD HARRINGTON VILLAGE HOMES - 34

| | Year | 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 | 387,753 | 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 | 390,912 | 398,731 | 406,705 | 414,839 | 423,136 | 431,599 | 440,231 | 449,036 |
| Operating Expenses | | | | | | | | | | | | | | | | |
| Total Expenses (excl. Reserves) | | 185,331 | 191,818 | 198,531 | 205,480 | 212,672 | 220,115 | 227,819 | 235,793 | 244,046 | 252,587 | 261,428 | 270,578 | 280,048 | 289,850 | 299,994 |
| Reserves | 3% | 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 - 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 |
| DCR | | 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% |
| Cumulative Cash Flow | | | | | | | | | | | | | | | | |
| Beginning 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 |
| Deposits | | 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 |
| Interest | 2.0% | 2,262 | 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 |
| Withdrawals: | | | | | | | | | | | | | | | | |
| 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 | | (26,472) | (26,279) | (25,980) | (25,567) | 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 | (25,036) | (24,379) | (23,591) | (22,664) | (21,591) | (20,366) | (18,981) | (17,427) | (15,696) | (13,780) | (11,670) |
| 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 | 2.0% | 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 |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 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 | | | | | | | | | | | | | | |
| Plus State Credits | | 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 | | | | | |
| 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 | 79,041 | 78,588 | 78,139 | 77,693 | 77,249 |
| Total Years | 15 | | | | | | | | | | | | | | | |
| Reinvestment Rate | 6.00% | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 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 | 79,041 | 78,588 | 78,139 | 77,693 | 77,249 |
| 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 | 105,774 | 99,215 | 93,064 | 87,295 | 81,884 |
| Discount Rate: | 3.00% | | | | | | | | | | | | | | | |
| Capital Contribution Number: | 1 | 2 | 3 | | | | | | | | | | | | | |
| Date of Capital Contribution | 01-Dec-09 | 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 | (7,190,396) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20,491,020 |
| IRR: | 7.23% | | | | | | | | | | | | | | | |
| Equity Yield: | 75.19% | | | | | | | | | | | | | | | |

revision date: 8/6/2007

# Upper Story Location Map, 2 Main Street, Brattleboro

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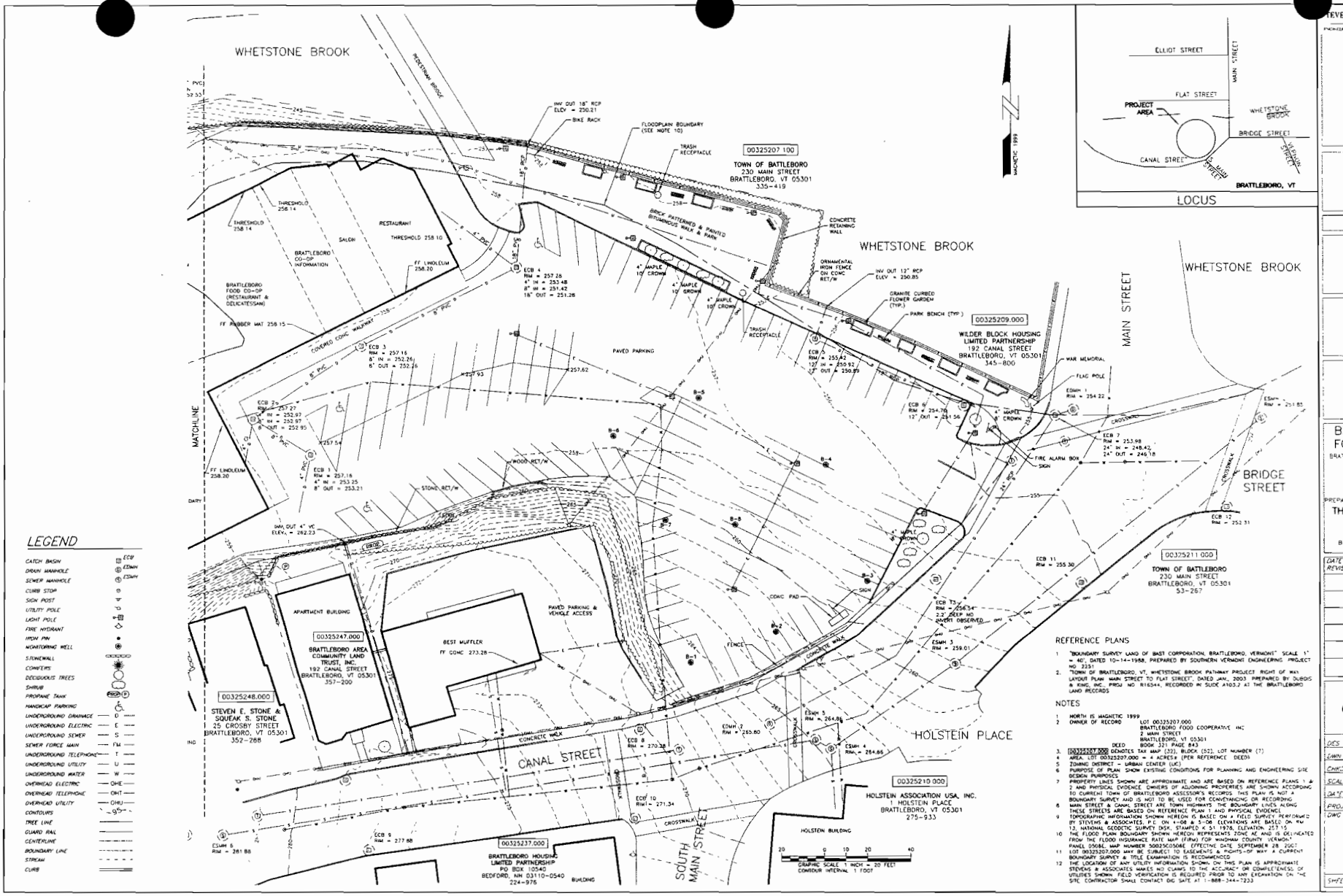



## LEGEND

CATCH BASIN — ECB
DRAIN MANHOLE — EDMH
SEWER MANHOLE — ESMH
CURB STOP
SIGN POST
UTILITY POLE
LIGHT POLE
FIRE HYDRANT
IRON PIN
MONITORING WELL
STONEWALL
CONIFERS
DECIDUOUS TREES
SHRUB
PROPANE TANK — PROP
HANDICAP PARKING
UNDERGROUND DRAINAGE — D
UNDERGROUND ELECTRIC — E
UNDERGROUND SEWER — S
SEWER FORCE MAIN — FM
UNDERGROUND TELEPHONE — T
UNDERGROUND UTILITY — U
UNDERGROUND WATER — W
OVERHEAD ELECTRIC — OHE
OVERHEAD TELEPHONE — OHT
OVERHEAD UTILITY — OHU
CONTOURS — 95
TREE LINE
GUARD RAIL
CENTERLINE
BOUNDARY LINE
STREAM
CURB

## REFERENCE PLANS

1. "BOUNDARY SURVEY LAND OF BAST CORPORATION, BRATTLEBORO, VERMONT" SCALE 1" = 40', DATED 10-14-1988, PREPARED BY SOUTHERN VERMONT ENGINEERING (PROJECT NO. 2251)
2. TOWN OF BRATTLEBORO, VT, WHETSTONE BROOK PATHWAY PROJECT RIGHT OF WAY LAYOUT PLAN MAIN STREET TO FLAT STREET", DATED JAN., 2003. PREPARED BY DUBOIS & KING, INC., PROJ NO. R16544, RECORDED IN SLIDE A103.2 AT THE BRATTLEBORO LAND RECORDS

## NOTES

1. NORTH IS MAGNETIC 1999
2. OWNER OF RECORD — LOT 00325207.000 BRATTLEBORO FOOD COOPERATIVE INC 2 MAIN STREET BRATTLEBORO, VT 05301 DEED BOOK 321 PAGE 843
3. 00325207.000 DENOTES TAX MAP (32), BLOCK (52), LOT NUMBER (7)
4. AREA: LOT 00325207.000 = 4 ACRES± (PER REFERENCE DEED)
5. ZONING DISTRICT = URBAN CENTER (UC)
6. PURPOSE OF PLAN: SHOW EXISTING CONDITIONS FOR PLANNING AND ENGINEERING SITE DESIGN PURPOSES
7. PROPERTY LINES SHOWN ARE APPROXIMATE AND ARE BASED ON REFERENCE PLANS 1 & 2 AND PHYSICAL EVIDENCE OWNERS OF ADJOINING PROPERTIES ARE SHOWN ACCORDING TO CURRENT TOWN OF BRATTLEBORO ASSESSOR'S RECORDS. THIS PLAN IS NOT A BOUNDARY SURVEY AND IS NOT TO BE USED FOR CONVEYANCING OR RECORDING.
8. MAIN STREET & CANAL STREET ARE TOWN HIGHWAYS. THE BOUNDARY LINES ALONG THESE STREETS ARE BASED ON REFERENCE PLAN 1 AND PHYSICAL EVIDENCE.
9. TOPOGRAPHIC INFORMATION SHOWN HEREON IS BASED ON A FIELD SURVEY PERFORMED BY STEVENS & ASSOCIATES, P.C. ON 4-08 & 5-08. ELEVATIONS ARE BASED ON NAD 83, NATIONAL GEODETIC SURVEY DISK, STAMPED K 51 1978, ELEVATION 257.15.
10. THE FLOOD PLAIN BOUNDARY SHOWN HEREON REPRESENTS ZONE AE AND IS DELINEATED FROM THE FLOOD INSURANCE RATE MAP (FIRM) FOR WINDHAM COUNTY, VERMONT, PANEL 0508C, MAP NUMBER 50025C0508E (EFFECTIVE DATE SEPTEMBER 28, 2007)
11. LOT 00325207.000 MAY BE SUBJECT TO EASEMENTS & RIGHTS-OF WAY. A CURRENT BOUNDARY SURVEY & TITLE EXAMINATION IS RECOMMENDED.
12. THE LOCATION OF ANY UTILITY INFORMATION SHOWN ON THIS PLAN IS APPROXIMATE. STEVENS & ASSOCIATES MAKES NO CLAIMS TO THE ACCURACY OR COMPLETENESS OF UTILITIES SHOWN. FIELD VERIFICATION IS REQUIRED PRIOR TO ANY EXCAVATION ON THE SITE. CONTRACTOR SHALL CONTACT DIG SAFE AT 1-888-344-7233

STEVENS & ASSOCIATES, P.C.
CIVIL & STRUCTURAL ENGINEERS • LAND PLANNERS
P.O. Box 1536, Brattleboro, VT 05302
(802) 257-0797

BRATTLEBORO FOOD CO-OP
BRATTLEBORO SHOPPING CTR
BRATTLEBORO VT

PREPARED FOR
THE BRATTLEBORO FOOD CO-OP
2 MAIN STREET
BRATTLEBORO, VT 05301

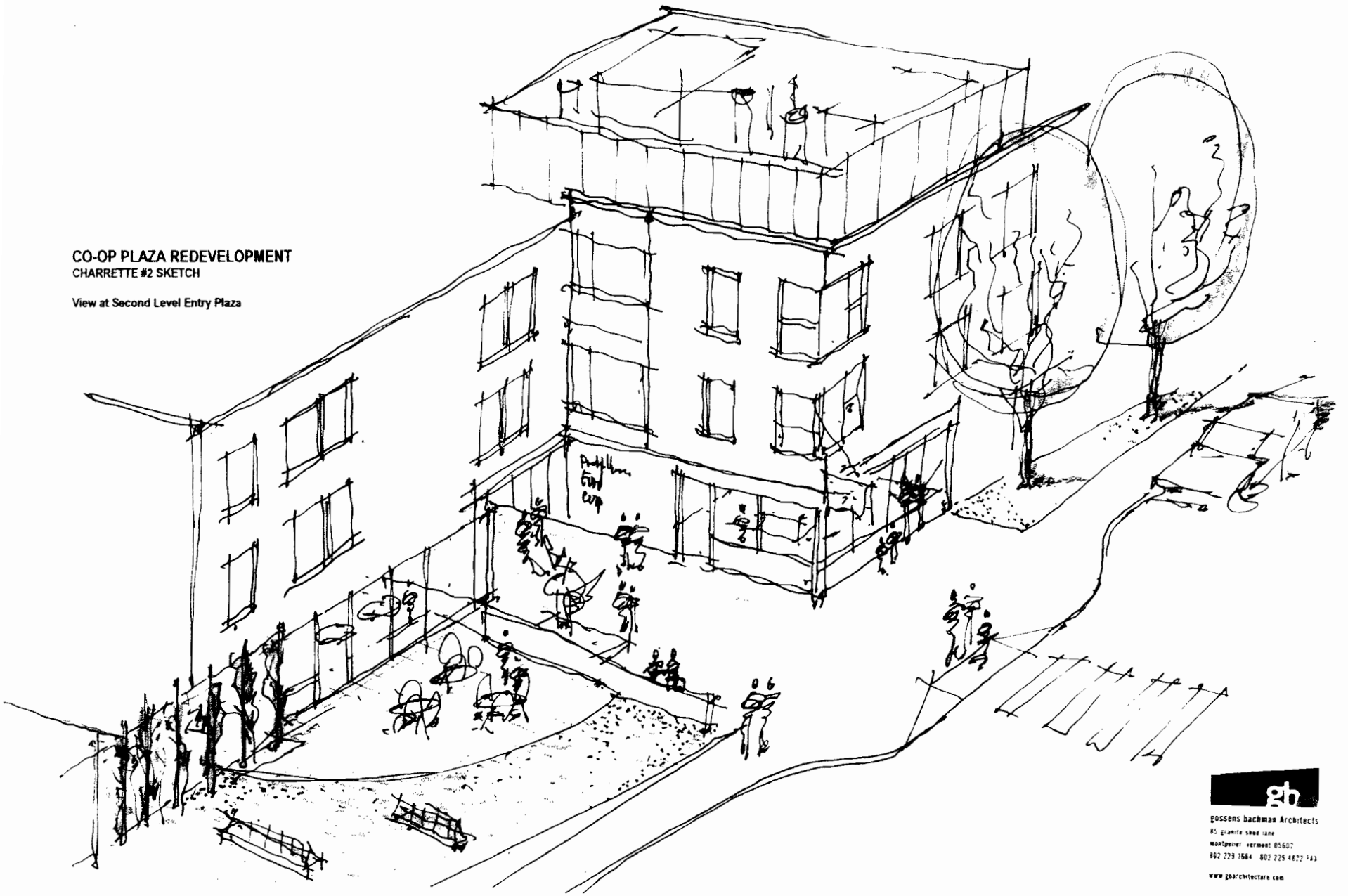
DATE
REVISION

EXISTING CONDITIONS PLAN

DES BY
DWN BY DPF
CHKD BY RWS
SCALE 1"=20'
DATE 05/02/08
PROJECT NUM #07-044
DWG NO
C-1
SHEET 2 OF 7

**CO-OP PLAZA REDEVELOPMENT**
CHARRETTE #2 SKETCH

**View at Second Level Entry Plaza**



gossens bachman Architects
85 granite shed lane
montpelier vermont 05602
802 229 1684 802 225 4622 FAX
www.gbarchitecture.com

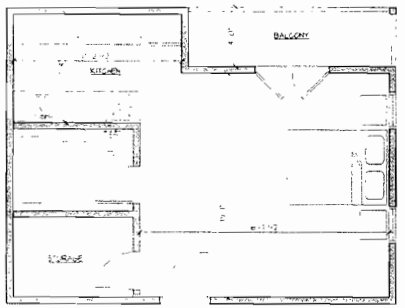
THIRD FLOOR PLAN

SCALE 1/16"=1'-0"

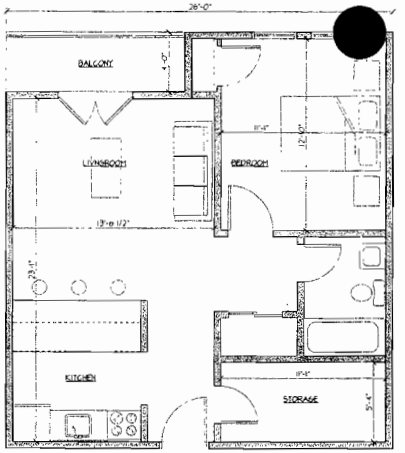
BRATTLEBORO FOOD CO-OP - WINDHAM HOUSING TRUST

10.09.2008

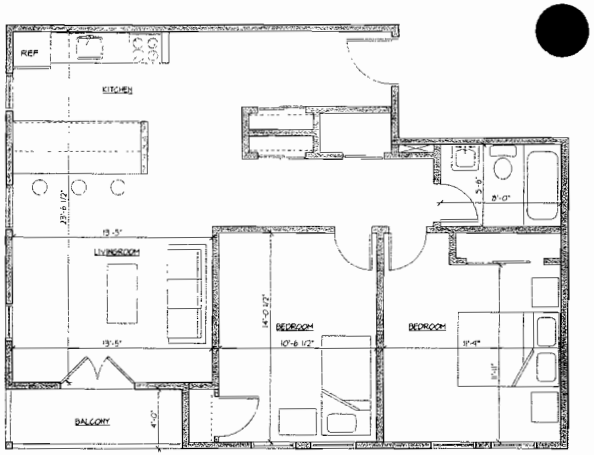
BreadLoaf
Architects
Planners
Builders



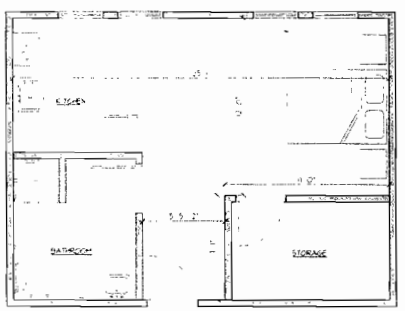

**EFFICIENCY APARTMENT (TYP)**
UNIT AREA: 465 SF



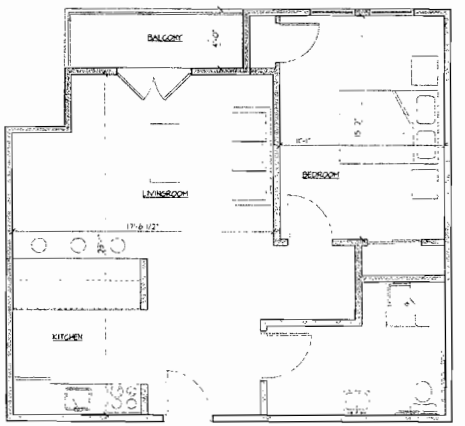

**ONE BEDROOM UNIT (TYP)**
UNIT AREA: 680 SF



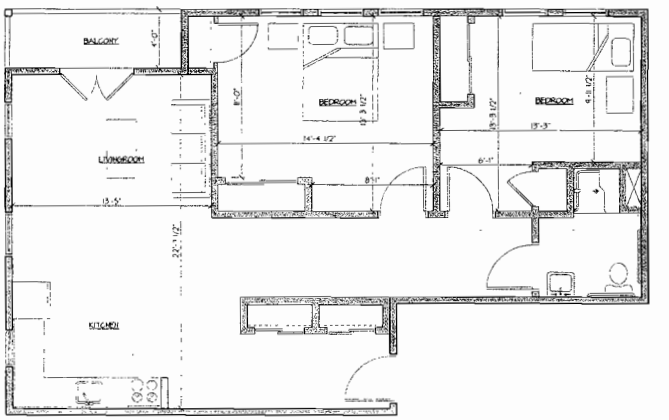

**TWO BEDROOM UNIT (TYP)**
UNIT AREA: 935 SF




**EFFICIENCY APARTMENT (H/C)**
UNIT AREA: 520 SF




**ONE BEDROOM UNIT (H/C)**
UNIT AREA: 760 SF




**TWO BEDROOM UNIT (H/C)**
UNIT AREA: 1010 SF

BRATTLEBORO FOOD CO-OP - WINDHAM HOUSING TRUST

10.09.2008

**UNIT FLOOR PLANS**

**Scale: 1/8"=1'-0"**

BreadLoaf
Architects
Planners
Builders

27-Mar-09 **Upper Story Housing, Brattleboro**

| | | | |
|---|---|---|---|
| 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 | 174.10<br>22,183<br>Per s.f | Allocation of Sources<br>First Mortgage | VHCB | HOME | #REF! | Efficiency Vermo TCAP | | LIHTC equity | TOTAL SOURCES |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | ACQUISITION | | | | 0 | 475,000 | 400,000 | #REF! | 12,000 | 495,000 | 3,604,500 | |
| 1 | Land | 0 | 0 | 0.00 | | | | | | | | 0 |
| 2 | Purchase of Building(s) | 0 | 0 | 0.00 | | | | | | | | 0 |
| 3 | Demolition (without replacement) | 0 | 0 | 0.00 | | | | | | | | 0 |
| 4 | Property Appraisal | 2,000 | 83 | 0.09 | | | | | | | 4,000 | 4,000 |
| 5 | Legal - Title and Recording | 5,500 | 229 | 0.25 | | | | | | | 5,500 | 5,500 |
| | Subtotal - Acquisition | 7,500 | 313 | 0.34 | | | | | | | | |
| | CONSTRUCTION HARD COSTS | | | | | | | | | | | |
| 6 | Construction | 3,406,900 | 141,954 | 153.58 | | 475,000 | 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 | 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 | 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 | 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 | 289,300 |
| 22 | Engineering | 0 | 0 | 0.00 | | | | | | | | 0 |
| 23 | Legal Accounting | 32,000 | 1,333 | 1.44 | | | | | | | 32,000 | 32,000 |
| 24 | Relocation | 0 | 0 | 0.00 | | | | | | | | 0 |
| 25 | Environmental Assessment | 6,500 | 271 | 0.29 | | | | | | | 6,500 | 6,500 |
| 26 | Energy Assessment | 0 | 0 | 0.00 | | | | | | | | 0 |
| 27 | Permits Fees | 56,978 | 2,374 | 2.57 | | | | | | | 55,314 | 55,314 |
| 28 | Independent Market Study | 4,500 | 188 | 0.20 | | | | | | | 4,500 | 4,500 |
| 29 | Construction Period Insurance | 25,552 | 1,065 | 1.15 | | | | | | | 24,207 | 24,207 |
| 30 | Construction Interest | 102,083 | 4,253 | 4.60 | | | | | | | 122,500 | 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 | 10,950 |
| 34 | Marketing | 5,000 | 208 | 0.23 | | | | | | | 5,000 | 5,000 |
| 35 | Loan & Lender Fees | 39,200 | 1,633 | 1.77 | | | | | | | 39,200 | 39,200 |
| 36 | Soft Cost Contingency | 5,500 | 229 | 0.25 | | | | | | | 5,500 | 5,500 |
| 37 | Market Study | | 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 | 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 | Tax Opinion | 0 | 0 | 0.00 | | | | | | | | 0 |
| | DEVELOPER'S FEES | | | | | | | | | | | |
| 44 | Developer's Fees - HVT | 250,000 | 10,417 | 11.27 | | | | | | | 500,000 | 500,000 |
| 45 | Other Partnership Fees - WHT | 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 | 8,500 |
| 49 | Other Operating Reserves | 76,176 | 3,174 | 3.43 | | | | | | | 70,242 | 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 | 400,000 | 236,500 | 120,000 | 95,000 | | 4,819,716 |
| | | 553 | | 0 | | | | | | | | |
| | COST BASIS FOR DEVEL FEE | 4,401,824 | | | | | | | | | | |
| | DEVELOPER FEE | 500,000 | | | | | | | | | | |
| | DEVEL FEE FILE | 11.36% | | | | | | | | | | |

revision date 8 6 2007

27-Mar-09 **Upper Story Housing, Brattleboro**

| | | 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 | Consruction | 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 |

27-Mar-09

# Upper Story Housing, Brattleboro

| | Check all Applicable | | | | | | | | | A | | | | | B | | | | | | C | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Building # | Unit # | HOME Unit | Lead Paint Unit | Project Based Assistance | Tax Credit Unit | VHCB Restricted | Accessible | Adaptable | Unrestricted | Number of Bedrooms | Proposed Square Footage | Proposed Rent | Utility Allowance for Tenant-Paid Utilities | Gross Rent (Rent + Tenant-Paid Utilities) | OCCUPIED BY: Income level of residents to be served: | | | | | | AFFORDABLE TO: Units affordable to residents at: | | | | | |
| | | | | | | | | | | | | | | | <30% | <50% | <60% | <80% | <100% | >100% | 30% | 50% | 60% | 65% | 80% | 100%+ |
| | 301 | | | | 1 | 1 | | 1 | | 1 | 680 | 585 | 40 | 625 | | | 1 | | | | | | 1 | | | |
| | 302 | | | | | | | 1 | 1 | 1 | 680 | 684 | 40 | 724 | | | | 1 | | | | | | | 1 | |
| | 303 | | | | 1 | 1 | | 1 | | 1 | 680 | 585 | 40 | 625 | | | 1 | | | | | | 1 | | | |
| | 304 | 1 | | | 1 | 1 | 1 | 1 | | 1 | 680 | 684 | 40 | 724 | | 1 | | | | | | 1 | | | | |
| | 305 | 1 | | | 1 | 1 | 1 | 1 | | 2 | 935 | 804 | 49 | 853 | | 1 | | | | | | 1 | | | | |
| | 306 | 1 | | | | 1 | 1 | 1 | | 0 | 465 | 440 | 31 | 471 | | 1 | | | | | | 1 | | | | |
| | 307 | 1 | | | | 1 | 1 | 1 | | 0 | 465 | 440 | 31 | 471 | | 1 | | | | | | 1 | | | | |
| | 308 | 1 | | | 1 | 1 | 1 | 1 | | 1 | 680 | 684 | 40 | 724 | | 1 | | | | | | 1 | | | | |
| | 309 | 1 | | | 1 | 1 | 1 | 1 | | 1 | 680 | 684 | 40 | 724 | | 1 | | | | | | 1 | | | | |
| | 310 | | | | | | | 1 | 1 | 1 | 680 | 684 | 40 | 724 | | | | 1 | | | | | | | 1 | |
| | 311 | | | | | | | 1 | 1 | 1 | 680 | 684 | 40 | 724 | | | | 1 | | | | | | | 1 | |
| | 312 | | | | 1 | 1 | 1 | | | 0 | 680 | 585 | 40 | 625 | | | 1 | | | | | | 1 | | | |
| | 401 | | | | 1 | 1 | | 1 | | 1 | 680 | 585 | 40 | 625 | | | 1 | | | | | | 1 | | | |
| | 402 | 1 | | | 1 | 1 | | 1 | | 1 | 680 | 535 | 40 | 575 | | 1 | | | | | | 1 | | | | |
| | 403 | | | | 1 | 1 | | 1 | | 1 | 680 | 585 | 40 | 625 | | | 1 | | | | | | 1 | | | |
| | 404 | | | | 1 | 1 | | 1 | | 1 | 680 | 585 | 40 | 625 | | | 1 | | | | | | 1 | | | |
| | 405 | | | 1 | 1 | 1 | | 1 | | 2 | 935 | 804 | 49 | 853 | | | 1 | | | | | | 1 | | | |
| | 406 | | | | 1 | 1 | 1 | | | 2 | 680 | 585 | 40 | 625 | | 1 | | | | | | 1 | | | | |
| | 407 | | | | 1 | 1 | 1 | | | 1 | 680 | 585 | 40 | 625 | | | 1 | | | | | | 1 | | | |
| | 408 | | | | 1 | 1 | | 1 | | 1 | 680 | 585 | 40 | 625 | | | 1 | | | | | | 1 | | | |
| | 409 | | | | | 1 | | 1 | 1 | 1 | 680 | 684 | 40 | 724 | | | | 1 | | | | | | | 1 | |
| | 410 | | | | | | | 1 | 1 | 1 | 680 | 684 | 40 | 724 | | | | 1 | | | | | | | 1 | |
| | 411 | | | | 1 | 1 | | 1 | | 0 | 465 | 524 | 31 | 555 | | | 1 | | | | | | 1 | | | |
| | 412 | | | | 1 | | | 1 | | | 465 | 524 | 31 | 555 | | | 1 | | | | | | 1 | | | |
| Total # Units | 24 | 7 | 0 | 5 | 19 | 19 | 3 | 21 | 5 | Totals: | 15,970 | 14,808 | | Total # Units: | 0 | 8 | 11 | 5 | 0 | 0 | 0 | 8 | 11 | 0 | 5 | 0 |

24

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 | |
| | | | | per unit month |
| Real Estate Taxes | 22,464 | 1,872 | 78 | excl. ds & res. |
| Property Insurance | 8,064 | 672 | 28 | 455 |
| 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 | |

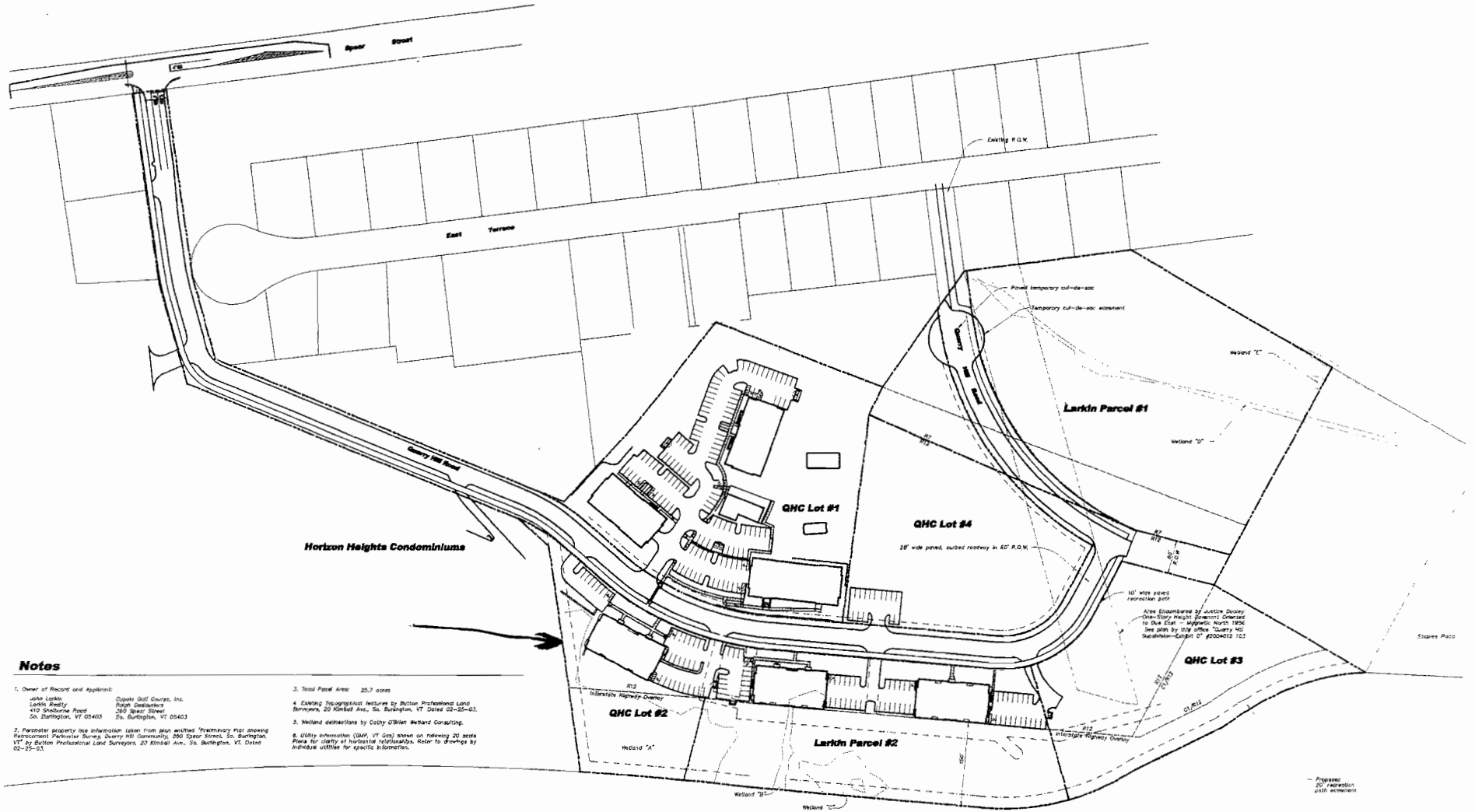
"Below-the-Line" Expenses:

| | |
|---|---|
| Special LP or GP Fee | 0 |
| Repayment of Deferred Fee | 0 |
| Partnership Audit or K-1 Fee | 0 |
| Distribution | 4,320 |
| Net to Residual Recepits/Cumulative Cash Flow | 148,248 |

revision date: 8 6 2007

| 27-Mar-09 | | **Upper Story Housing, Brattleboro** | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Operating Income | | | | | | | | | | | | | | | | |
| Gross Rent | | 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) | (9,715) | (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 | 184,585 | 187,354 | 190,165 | 193,017 | 195,912 | 198,851 | 201,834 | 204,861 | 207,934 |
| Operating Expenses | | | | | | | | | | | | | | | | |
| Total Expenses (excl. Reserves) | | 139,608 | 143,796 | 148,110 | 152,553 | 157,130 | 161,844 | 166,699 | 171,700 | 176,851 | 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 | 191,451 | 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 | | | | | | | | | | | | | | | | |
| 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 - Sinking Fund | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,286 | 3,958 | 6,750 | 9,665 | 12,709 | 15,885 | 19,199 |
| Net Cash | | 16,243 | 14,393 | 12,452 | 10,417 | 8,285 | 6,052 | 3,715 | 1,270 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DCR | | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Cumulative Cash Flow | | | | | | | | | | | | | | | | |
| Beginning Balance | | 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 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest | 1.25% | 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 | 8,866 | 23,026 | 37,573 | 52,516 | 67,863 | 23,623 | 39,053 | 54,902 | 71,181 | 87,896 |
| 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 | 1.25% | 81 | 245 | 414 | 587 | 765 | 198 | 376 | 560 | 748 | 941 | 389 | 584 | 783 | 988 | 1,198 |
| Withdrawals | | | 0 | | | (60,000) | | | | | (60,000) | | | | | (72,000) |
| Ending Balance | | 13,041 | 26,441 | 40,206 | 54,346 | 8,866 | 23,026 | 37,573 | 52,516 | 67,863 | 23,623 | 39,053 | 54,902 | 71,181 | 87,896 | 33,058 |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 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) | (22,027) | (22,982) | (23,980) | (25,023) | (26,113) | (27,252) | (28,442) | (29,685) | (30,984) | (32,342) | (33,760) |
| 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) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Taxable Income (Loss) | | (170,272) | (172,729) | (175,310) | (178,019) | (180,862) | (183,843) | (186,969) | (185,730) | (189,160) | (192,752) | (196,511) | (200,444) | (204,558) | (208,860) | (213,356) |
| Cash Flow | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plus Tax Savings | | 59,595 | 60,455 | 61,358 | 62,307 | 63,302 | 64,345 | 65,439 | 65,005 | 66,206 | 67,463 | 68,779 | 70,156 | 71,595 | 73,101 | 74,675 |
| Plus Historic Rehab Credits | | | | | | | | | | 69,813 | | | | | | |
| Plus State Credits | | 0 | 0 | 0 | 0 | 0 | | | | | | | | | | |
| Plus Federal Housing Credits | | 445,000 | 445,000 | 445,000 | 445,000 | 445,000 | 445,000 | 445,000 | 445,000 | 445,000 | 445,000 | | | | | |
| After Tax Cash Flow | | 504,595 | 505,455 | 506,358 | 507,307 | 508,302 | 509,345 | 510,439 | 510,005 | 581,019 | 512,463 | 68,779 | 70,156 | 71,595 | 73,101 | 74,675 |
| Total Years | 15 | | | | | | | | | | | | | | | |
| Reinvestment Rate | 6.00% | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Current After Tax Cash Flows | | 504,595 | 505,455 | 506,358 | 507,307 | 508,302 | 509,345 | 510,439 | 510,005 | 581,019 | 512,463 | 68,779 | 70,156 | 71,595 | 73,101 | 74,675 |
| 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 | 873,638 | 726,939 | 92,042 | 88,570 | 85,271 | 82,136 | 79,155 |
| 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 | 100 | 2,883,600 | 720,800 | 0 | | | | | | | | | | | | |
| Present Value of Contributions | 100 | 2,632,359 | 648,095 | 0 | | | | | | | | | | | | |
| Cash Flows | (3,280,554) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,032,969 |
| IRR | 7.74% | | | | | | | | | | | | | | | |
| Equity Yield | 73.73% | | | | | | | | | | | | | | | |

n date: 8/6/2007




## Notes

1. Owner of Record and Applicant:

| | |
|---|---|
| John Larkin | Cupola Golf Course, Inc. |
| Larkin Realty | Ralph Desloriers |
| 410 Shelburne Road | 260 Spear Street |
| So. Burlington, VT 05403 | So. Burlington, VT 05403 |

2. Perimeter property line information taken from plan entitled "Preliminary Plat showing Retracement Perimeter Survey, Quarry Hill Community, 260 Spear Street, So. Burlington, VT" by Dutton Professional Land Surveyors, 20 Kimball Ave., So. Burlington, VT. Dated 02-25-03.

3. Total Parcel Area: 25.7 acres

4. Existing Topographical features by Dutton Professional Land Surveyors, 20 Kimball Ave., So. Burlington, VT Dated 02-25-03.

5. Wetland delineations by Cathy O'Brien Wetland Consulting.

6. Utility information (GMP, VT Gas) shown on following 20 scale Plans for clarity of horizontal relationships. Refer to drawings by individual utilities for specific information.

## Legend

| | Proposed | Existing |
|---|---|---|
| Property Line | | |
| Easement Line | | |
| Wetland Limit | | |
| Wetland Buffer | | |
| Zoning Limit | | |

| Stage | Applied | Approved |
|---|---|---|
| Concept/Sketch Plan | ✓ | ✓ |
| Preliminary Plat | ✓ | ✓ |
| Final Plat | ✓ | ✓ |
| ACT 250 | ✓ | ✓ |
| Construction | ✓ | ✓ |

| No. | Revisions | Date |
|---|---|---|
| 1 | Preliminary Subdivision | 07.17.03 |
| 2 | Preliminary Plat (Exhibit D) | 09.15.03 |
| 3 | Site Plan, Subdivision & ROW Plan | 11.20.03 |
| 4 | Final Subdivision Plat | 12.18.03 |
| 5 | Revised Preliminary Plat (Exhibit D) | 01.26.04 |
| 6 | Site and ROW Plan Revisions | 02.16.04 |
| 7 | Final Subdivision Plat | 03.01.04 |
| 8 | Revised site and subdivision plans | 05.14.04 |
| 9 | Revised site and subdivision plans | 06.21.04 |

It is the client's responsibility to ensure this and subsequent plan revisions are submitted.

| | |
|---|---|
| 07.17.03 | Preliminary Subdivision |
| 12.18.03 | Final Subdivision Plat (Exhibit D) |
| 2.16.04 | Site and ROW Plan Revisions |

GRAPHIC SCALE

0 50' 100' 200'

1 inch = 80 ft.


LLEWELLYN - HOWLEY
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South Burlington
Vermont 05403
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T (802) 865-2100
https://www.hdinc.net


# QUARRY HILL SUBDIVISION

South Burlington — Vermont

## Overall Site Plan

| | |
|---|---|
| Project | 2002105 |
| Date | 10/28/02 |
| Drawn by | AL/JS |
| Drawings | 2002105.dwg |
| Sheet | 1 |

27-Mar-09 **Wexford at Quarry Hill**

| | | Budget | Per Unit | 123.45 Per s.f | 21.53% First Mortgage | Deferred Developer Fee | 78.47% Equity | Other | TOTAL SOURCES |
|---|---|---|---|---|---|---|---|---|---|
| | ACQUISITION | | | | 1,202,173 | 234,997 | 4,380,459 | | |
| 1 | Land | 632,340 | 19,761 | 17.09 | 136,169 | | 496,171 | | 632,340 |
| 2 | Purchase of Building(s) | | 0 | 0.00 | 0 | | 0 | | 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 | 388,484 | | 623,438 |
| 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 | 40.13 | | | | | |
| | TOTAL DEVELOPMENT COSTS | 6,052,629 | 189,145 | 164 | 1,273,956 | 128,840 | 4,643,846 | 0 | 6,046,642 |

| | |
|---|---|
| COST BASIS FOR DEVEL FEE | 5,245,204 |
| DEVELOPER FEE | 667,425 |
| DEVELOPER FEE % | 12.72% |

27-Mar-09 **Wexford at Quarry Hill**

| | | 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 | | |
| | Total Eligible Basis | | 0 | 5,236,939 | | | |
| TIMES: | Adjusted for QCT/DDA | 130.0% | | 6,808,021 | | | |
| TIMES: | Applicable Fraction | 100.00% | 0 | 6,808,021 | | | |
| | Total Qualified Basis | | 0 | 6,808,021 | | | |
| TIMES: | Applicable Percentage | | 3.23% | 9.00% | | | |
| | 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 Historic Credit Rate
0 Annual Historic Credit

0 Long Term Depreciable Basis
27.5 Depreciation Schedule
0 Annual Depreciation

0 Short Term Depreciable Basis
7 Depreciation Schedule
0 Annual Depreciation

revision date 8.6.20

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 | |
| | | | | per unit month |
| Real Estate Taxes | 44,940 | 3,745 | 117 | excl. ds & res. |
| Property Insurance | 9,250 | 771 | 24 | 409 |
| 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 | |

| 27-Mar-09 | | Wexford at Quarry Hill | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Operating Income | | | | | | | | | | | | | | | | |
| Gross Rent | | 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 |
| Other Income | | 4,000 | 4,060 | 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 |
| Vacancy and other losses | | (21,932) | (22,261) | (22,595) | (22,934) | (23,278) | (23,627) | (23,982) | (24,342) | (24,707) | (25,077) | (25,453) | (25,835) | (26,223) | (26,616) | (27,015) |
| Total Operating Income | | 295,388 | 299,818 | 304,316 | 308,880 | 313,514 | 318,216 | 322,990 | 327,834 | 332,752 | 337,743 | 342,809 | 347,952 | 353,171 | 358,468 | 363,845 |
| Operating Expenses | | | | | | | | | | | | | | | | |
| Total Expenses (excl. Reserves) | | 157,208 | 161,924 | 166,782 | 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 | 180,628 | 185,839 | 191,204 | 196,726 | 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 - Sinking Fund | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Cash | | 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 |
| DCR | | 123.66% | 123.18% | 122.62% | 121.98% | 121.26% | 120.44% | 119.54% | 118.54% | 117.44% | 116.24% | 114.94% | 113.52% | 111.99% | 110.33% | 108.56% |
| Cumulative Cash Flow | | | | | | | | | | | | | | | | |
| Beginning Balance | | 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 |
| 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 | 2.0% | 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 | | | | | | | | | | | | | | | | |
| 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 | | | | | | | | | | | | | | | | |
| Beginning Balance | | 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 |
| 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 | 2.0% | 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 |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 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) | (87,229) | (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) | | 38,993 | 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 | | | | | | | | | | | | | | |
| Plus State Credits | | 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 | | | | | |
| After Tax Cash Flow | | 594,797 | 594,727 | 594,666 | 594,612 | 594,565 | 594,525 | 594,490 | 594,461 | 594,435 | 594,411 | (14,055) | (14,078) | (14,102) | (14,131) | (14,165) |
| Total Years | 15 | | | | | | | | | | | | | | | |
| Reinvestment Rate | 6.00% | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Current After Tax Cash Flows | | 594,797 | 594,727 | 594,666 | 594,612 | 594,565 | 594,525 | 594,490 | 594,461 | 594,435 | 594,411 | (14,055) | (14,078) | (14,102) | (14,131) | (14,165) |
| Future Value of Cash Flows at Yr 15 | | 1,425,465 | 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 | 500,967 | 328,076 | | | | | | | | | | | | |
| Cash Flows | (4,249,397) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11,032,886 |
| IRR | 6.5% | | | | | | | | | | | | | | | |
| Equity Yield | 70.54% | | | | | | | | | | | | | | | |

## Housing Credit Applications - 2009-2010
## [redacted]ness and Criteria Summary

| Project | City/Town | County | Funding - Readiness | Permiting - 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 |
| [redacted] Grandway II | South Burlington | Chittenden | Needs everything:<br>VHCB - June<br>VCDP - June<br>TCAP - June | Local - May 09<br>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 addt'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<br>vcdp by 9/09 | needs local (4/2009); Act 250, water, stormwater all needed | 4/3 | smart growth endorsement; many detatched single family homes | 48 | 957,301 | 19,944 | Nov-09 |
| Upper Story Housing | Brattleboro | Windham | Needs everything:<br>VHCB June '09<br>HOME June '09<br>TCAP June '09<br>total $1.37 million | Local needed (no Act 250 needed - in designated downtown) needs state water & wastewater | 3/1 | downtown devel-opment; 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 |

Total -> 5,128,223

Key

[redacted] 3/1 * = # top tier criteria met/# second tier criteria met

# VHFA 2009-2010 HOUSING CREDIT
# EVALUATION CHECKLIST

| | | | |
|---|---|---|---|
| **PROJECT NAME** | | **LOCATION** | |
| **SPONSOR** | | **STATUS** | ___ Non-Profit ___ For-Profit |
| **UNITS: LIHTC**<br>**TOTAL** | _____ Commercial Space?<br>_____ ___Yes ___No | **PRE-APP. MEETING** | **Date** |
| **LIHTC REQUESTED** | $_____ | **APPLICATION RECEIVED** | **Date** |
| **CREDIT TYPE** | ___ Out of Cap ___ Acquisition<br>___ Allocated ___ Rehabilitation<br>___ Both ___ New Const. | **LETTER OF INTENT ISSUED or REJECTED** | **Date** |
| **STATE CREDIT REQUESTED** | $_____ | **RESERVATION CERTIFICATE or BINDING AGREEMENT** | **Date** |
| **MINIMUM SET-ASIDE ELECTION** | ___ 40/60<br>___ 20/50<br>___ Deep Rent Skewing | **CARRYOVER ALLOCATION** | **Date** |
| **SITE VISIT** | **Date** | **8609** | **Date** |

| **APPLICATION REQUIREMENTS** | **COMMENTS** | |
|---|---|---|
| 1. VHFA LIHTC Application form is complete, including all required attachments (elevations, zoning letter, site control, etc) and payment of required fees. | ___ Yes ___ No | **FEE:** $_____pd / _____date |
| 2. Meets the basic occupancy and rent restrictions, inc. design standards. | ___ Yes ___ No | |
| 3. Applicant has established the need & demand (i.e. market feasibility) for the type and cost of housing that is being proposed. | ___ Yes ___ No | **Market Study Date:** |
| 4. Reservations will be based upon the experience and capacity of the project team. | ___ Yes ___ No | |
| 5. Developer's Fee / Consultant Fees in the budget does not exceed the program limits. | ___ Yes ___ No | **FEE:** $ / % |
| 6. Builder's Profit / Overhead / General Requirements in the budget complies with Allocation Plan limits. | ___ Yes ___ No | / / |
| 7. Applicant must agree to perpetual rent & income restrictions, and may provide a right of first refusal to a nonprofit to purchase the property as described in the Allocation Plan. | | |
| 8. C.N.A for lesser rehabilitation projects. | ___ Yes ___ No | |
| 9. Mixed income development; under 20 unit project: none/20-49, 5% of units/ 50+, 10 of units over 60% | ___ Yes ___ No | |
| 10. At least three top-tier and one other evaluation criteria must be met. | ___ Yes ___ No | |
| **EVALUATION CRITERIA**<br>**(1 – 5 are in order of priority)** | | |
| 1. State Consolidated Plan Priorities / Other Priorities (**not in order of priority within each tier**):<br>Top Tier (weighted higher than second tier):<br>(a) Rehabilitation, including lead-based paint abatement, accessibility modifications, and energy efficiency upgrades; or infill new construction in communities with a vacancy rate of 3.5% or less, or in communities where there is insufficient rehabilitatable housing stock or a lack of affordable housing stock;<br>(b) Family housing (unless local or regional need for other housing is greater). Majority of units are 2 BR or larger;<br>(c) Project is planned to maintain the historic settlement pattern of compact village and urban centers separated by rural countryside;<br>(d) Project is in a designated downtown or village center, or close to one. Map showing location must be submitted;<br>(e) Project proposes removal of blight (significant portion of building uninhabitable or unusable due to reasons specified in Plan);<br>(f) Any project that incorporates a majority of special needs populations (as defined in Consolidated Plan), and provides service-enriched housing.<br>(g) Workforce housing in a ski area (see plan for details).<br>Second Tier (weighted less than top tier):<br>(a) Mixed-Income Housing Developments. To receive acknowledgment for meeting this priority no fewer than 20% of the units in the development must be either unrestricted as to income and rents, or restricted to households above 60% of the area median gross income. For developments of under 20 units that elect to meet the mixed-income housing priority, a single unit that is either unrestricted or restricted above 60% is needed for the development to meet this priority. ;<br>(b) Unique design;<br>(c) Housing affordable to households <=30% AMGI or targets homeless;<br>(d) Project serves families currently on public housing (state or local) waiting lists;<br>(e) Projects intended for eventual tenant ownership. | | |

Continued on next page

| | |
|---|---|
| 2. Preference must be given among selected projects to proposals: (a) serving the lowest income tenants, and (b) serving qualified tenants for the longest period | |
| 3. Acquisition and rehabilitation of existing "at risk" federally subsidized projects, defined as: any development currently occupied by low income households that faces, within the next 5 years: 1) a loss of deep rental assistance or other operating subsidy; and 2) faces prepayment of its mortgage or other action by its owner that would terminate fed. low income use restrictions. In addition, this includes any project(s) that is slated to receive fed. funding for preservation. | |
| 4. Geographic targeting: Project is in a location that has been underserved historically in having its affordable housing needs met (**not** just underserved by the Housing Credit program). | |
| 5. Project design meets LEED H or Green Communities standards | |

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**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.

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EQUAL HOUSING OPPORTUNITY

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.

vhfa

**Vermont Housing Finance Agency**

# MEMORANDUM

**TO:** VHFA Board of Commissioners

**FROM:** Joe Erdelyi, Director of Development

**DATE:** March 30, 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 $3,415,916 of the 2009-2010 pool has been committed, leaving $1,701,969 available to allocate. Assuming the five recommended projects before the Board at this meeting are funded, totaling $1,243,000, there will then be $458,969 remaining in 2009-2010.

Please note that the 2010 pool is an estimated amount, and we will still receive some amount of national pool credits in 2009 and likely in 2010.

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 the current applicants compare to other projects that recently received Housing Credit commitments.

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EQUAL HOUSING OPPORTUNITY

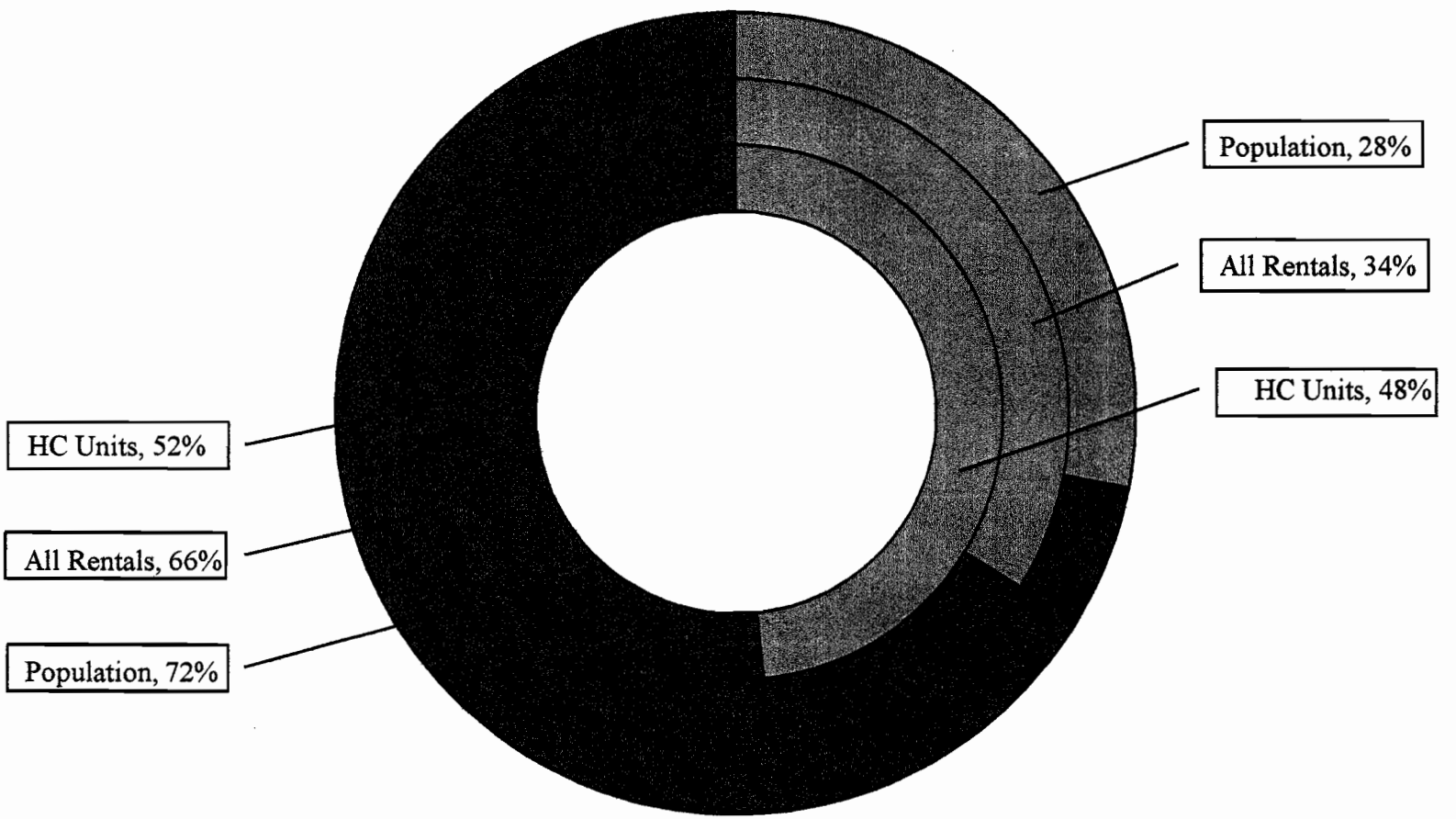
| | | | |
|---|---|---|---|
| 2008 Carry Forward to 2009 | | - | |
| Total 2009 Available | | 2,665,000 | |
| Total 2010 Available (est.) | | 2,450,000 | |
| 2009 National Pool | | - | |
| 2009 Returns | | 2,885 | |
| 2010 Returns | | - | |
| Total 2009-10 Available: | | 5,117,885 | |
| | | | |
| Less: LOI. Res. CA issued in 2009/10 | | 3,415,916 | |
| Remaining Available in 2009/10: | | | 1,701,969 |

| Project Name | City | County | MSA / Non MSA | Total # of Units | # of LIHTC Units | Project Type | Housing Credit Allocation | Allocation Per Unit |
|---|---|---|---|---|---|---|---|---|
| **Pipeline** | | | | | | | | |
| Barre Street Apartments (811) | Montpelier | Washington | Non MSA | 25 | 23 | Acq/Rehab | | |
| Cottages at Middlebury South | Middlebury | Addison | Non MSA | 23 | 23 | New Construction | 370,000 | 16,087 |
| | | | | | | | | |
| **Pre-Applicaton Meetings** | | | | | | | | |
| Centre Drive | Milton | Chittenden | MSA | 24 | 23 | New Construction | 363,199 | 15,133 |
| Forest Park | Rutland | Rutland | Non MSA | 78 | 64 | New Construction | 1,023,000 | 13,115 |
| Canal Street Veterans Housing | Winooski | Chittenden | MSA | 29 | 28 | New Construction | 366,000 | 12,621 |
| Anne Wilder Richards Building | Brattleboro | Windham | Non MSA | | | Rehabilitation | 57,000 | 16,429 |
| Grand Way II | South Burlington | Chittenden | MSA | 30 | 30 | New Construction | 484,000 | 16,133 |
| Ellis Block | Springfield | Windsor | Non MSA | 9 | 9 | Rehabilitation | 110,000 | 12,222 |
| Upper Story Housing | Brattleboro | Windham | Non-MSA | 24 | 19 | New Construction | 445,000 | 18,542 |
| Wexford at Quarry Hill | South Burlington | Chittenden | MSA | 32 | 32 | New Construction | 612,722 | 19,148 |
| Shelburne Woods I | Shelburne | Chittenden | MSA | 34 | 34 | Rehab & New Construction | 957,301 | 28,156 |
| Salisbury Square increase | Randolph | Orange | Non MSA | 2 | 2 | Rehab & New Construction | 160,000 | 22,857 |
| Grange Hill | Woodstock | Windsor | Non MSA | 28 | 23 | New Construction | 550,000 | 19,643 |
| | | | | | | | | |
| **Letter of Intent, Reservation, or Carryover Allocation Issued** | | | | | | | | |
| | | | | | | | | |
| Alburgh Family | Alburgh | Franklin | MSA | 14 | 14 | Acq/Rehab/New Constr | 200,000 | 14,286 |
| Johnson Community Housing | Johnson | Lamoille | Non-MSA | 28 | 26 | New Const & Acq/Rehab | 492,000 | 17,571 |
| Blake Commons | Swanton | Franklin | MSA | 16 | 16 | New Construction | 333,500 | 20,844 |
| Anne Wilder Richards Building (Western Ave) | Brattleboro | Windham | Non MSA | 21 | 18 | New Construction | 288,000 | 16,429 |
| North Branch and Barre Street Rehabilitation | Montpelier | Washington | Non MSA | 45 | 34 | Acq/Rehab | 290,000 | 6,444 |
| Bellows Falls Housing- Pine Street | Bellows Falls | Windham | Non MSA | 11 | 11 | Acq Rehab | 210,000 | 19,091 |
| Abbott Neighborhood Housing | Brattleboro | Windham | Non MSA | 29 | 27 | Acq Rehab | 283,500 | 9,776 |
| Salisbury Square | Randolph | Orange | Non MSA | 12 | 12 | New Construction | 160,000 | 22,857 |
| Vergennes Senior | Vergennes | Addison | Non MSA | 25 | 20 | New Construction | 410,000 | 16,400 |
| Rutland Scattered Sites 2008 | Rutland | Rutland | Non MSA | 27 | 25 | Acq Rehab New Const | 369,600 | 13,689 |
| Brookside - St Albans | St Albans | Franklin | MSA | 37 | 37 | New Construction | 692,067 | 18,705 |
| Brookside HVT | Colchester | Chittenden | MSA | 42 | 36 | New Construction | 585,000 | 13,929 |
| Meadowlane Apartments | Milton | Chittenden | MSA | 36 | 35 | Acq/Rehab/New Const | 326,000 | 9,056 |
| Cummings Street Apartments | Montpelier | Washington | Non MSA | 20 | 20 | Acq/Rehab | 77,700 | 3,885 |
| NAMCO Block Allocated | Windsor | Windsor | Non MSA | 43 | 43 | Acq/Rehab | 629,580 | 14,641 |
| Tontine Canal | Guilford/Brattleboro | Windham | Non MSA | 21 | 19 | Acq/Rehab | 229,500 | 10,929 |
| King Street Housing/Howard Bank Block | Burlington | Chittenden | MSA | 20 | 17 | New Construction | 410,000 | 20,500 |
| Wheeler Brook Housing | Warren | Washington | Non MSA | 18 | 18 | New Construction | 323,453 | 17,970 |
| Downtown Crossing | Bennington | Bennington | Non MSA | 12 | 11 | Rehab/New Construction | 152,379 | 12,698 |
| Stonewall / Bianchi | Montpelier | Washington | Non MSA | 18 | 18 | Acq/Rehab | 150,000 | 8,333 |
| Hardwick - Bemis Block | Hardwick | Caledonia | Non MSA | 14 | 14 | Rehabilitation | 98,000 | 7,000 |
| Willard Mill | St. Albans | Franklin | MSA | 27 | 24 | Acq/Rehab | 360,100 | 13,337 |
| Birge & Worden | Brattleboro | Windham | Non MSA | 17 | 15 | Acq/Rehab | 244,000 | 14,353 |
| Sylvan Woods Stowe | Stowe | Lamoille | Non MSA | 28 | 22 | New Construction | 519,000 | 18,536 |
| Village Housing | Middlebury | Addison | Non MSA | 30 | 25 | New Construction | 531,000 | 17,700 |
| Rutland AFS | Rutland | Rutland | Non MSA | 13 | 12 | New Construction/Rehab | 227,000 | 17,462 |
| Callahan Housing | Burlington | Chittenden | MSA | 28 | 28 | Acq/Rehab | 267,750 | 9,563 |
| Bradford | Bradford | Orange | Non MSA | 32 | 27 | Rehabilitation | 434,375 | 13,574 |
| Enosburg Falls Downtown Redevelopment | Enosburg Falls | Franklin | Non MSA | 28 | 25 | New Construction/Rehab | 509,250 | 18,188 |
| Eastern Townships (fka Main St Mill) | Richford | Franklin | Non MSA | 12 | 12 | Rehabilitation | 162,500 | 13,542 |
| Wilder Building | Brattleboro | Windham | Non MSA | 8 | 8 | Rehabilitation | 118,500 | 14,813 |
| West River Valley Senior Housing | Townshend | Windham | Non MSA | 52 | 34 | New Construction | 482,650 | 9,282 |

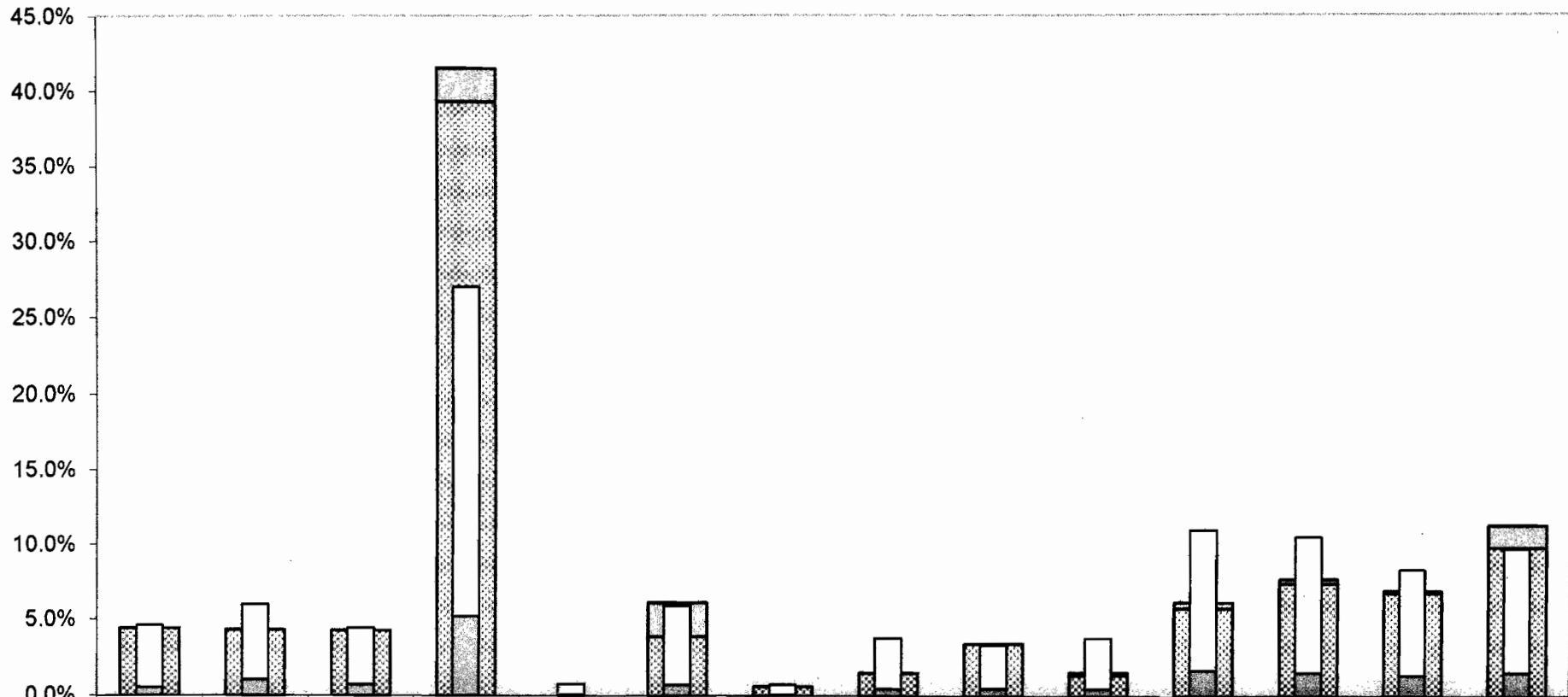
## State Consolidated Plan Priorities / Other Priorities Table

| | *First Tier* | | | | | | *Second Tier* | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2009-2010** | **Rehab or Vacancy <3.5%** | **Family Housing** | **Settlement Pattern** | **Downtown or Village Center** | **Removal of Blight** | **Special Needs** | **Mixed Income** | **Unique Design** | **<30% or targets homeless** | **Public Housing** | **Eventual Tenant Ownership** | **Total** | **Housing Credit Amount** |
| Anne Wilder Richards Bldg | XX | | XX | XX | | | | | X | X | | 47% | $ 57,000 |
| Canal Street Veterans Housing | XX | | XX | XX | XX | XX | | | X | | | 65% | $ 366,000 |
| Centre Drive | XX | XX | XX | | | | | X | | | | 41% | $ 363,199 |
| Ellis Block | XX | | XX | XX | XX | | | | | X | | 53% | $ 110,000 |
| Forest Park | | XX | XX | XX | | | | | X | X | | 47% | $ 1,023,000 |
| Grand Way II | XX | | XX | | XX | XX | | | | | | 47% | $ 484,000 |
| Grange Hill, Woodstock | XX | XX | XX | XX | | | | | | | | 47% | $ 550,000 |
| Salisbury Square | XX | XX | XX | XX | XX | | | | | | | 59% | $ 160,000 |
| Shelburne Wood I | XX | XX | XX | XX | | | X | | X | X | | 65% | $ 957,301 |
| Upper Story Housing | XX | | XX | XX | | | X | | | | | 41% | $ 445,000 |
| Wexford at Quarry Hill | XX | XX | XX | | | | | X | | | | 41% | $ 612,722 |
| | | | | | | | | | | | | | |
| Alburgh Family Housing | XX | XX | XX | XX | XX | | | | X | | | 65% | $ 200,000 |
| Johnson Community Housing | XX | XX | XX | XX | XX | | | | | | | 59% | $ 492,000 |
| Blake Commons | XX | XX | XX | XX | | | | | | | | 47% | $ 333,500 |
| | | | | | | | | | | | | | |
| **2009** | | | | | | | | | | | | | |
| Salisbury Square | XX | XX | XX | XX | XX | | | | | | | 59% | $ 160,000 |
| Vergennes Senior | XX | | XX | XX | | | X | | X | | | 47% | $ 410,000 |
| Brookside - Colchester | XX | XX | XX | XX | | | | | | | | 47% | $ 585,000 |
| Rutland Scattered Sites 2008 | XX | XX | XX | XX | | | | | | | | 47% | $ 352,000 |
| Anne Wilder Richards Bldg | XX | | XX | XX | | | | | X | | | 41% | $ 288,000 |
| Bellows Falls - Pine Street | XX | | XX | XX | | | | | X | | | 41% | $ 210,000 |
| Brookside - St. Albans | XX | XX | XX | | | | | X | | | | 41% | $ 492,000 |
| Colby House | XX | | XX | | XX | | X | | | | | 41% | $ 289,631 |
| Grange Hill | XX | XX | XX | | | | | | | | | 35% | $ 365,500 |
| | | | | | | | | | | | | | |
| **2008** | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| Cummings Street Apts | XX | XX | XX | XX | | | | | X | | | 53% | $ 77,700 |
| Tontine Canal | XX | XX | XX | XX | | | | | | | | 47% | $ 229,500 |
| King Street Housing | XX | | XX | XX | | | | | | | X | 41% | $ 410,000 |
| Armory Square Allocated | XX | | XX | XX | | | | | X | | | 41% | $ 629,580 |
| Meadowlane Apts. Milton | XX | | XX | | | | | | X | | | 29% | $ 326,000 |
| North Branch Barre St Rehab | XX | XX | XX | XX | X | | | | | | | 53% | $ 260,000 |
| Abbott Scattered Sites | XX | XX | XX | XX | X | | | | | | | 53% | $ 283,500 |
| | | | | | | | | | | | | | |
| **2007** | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| Stonewall Bianchi | XX | XX | XX | XX | XX | | X | | X | | | 71% | $ 150,000 |
| Downtown Crossing | XX | XX | XX | XX | | | X | | | | | 53% | $ 152,379 |
| Bemis Block | XX | | XX | XX | XX | | | | X | | | 53% | $ 98,000 |
| Willard Mill, St. Albans | XX | XX | XX | XX | | | X | | | | | 53% | $ 360,100 |
| Main Street Mill Revelopmt Richford | XX | | XX | XX | XX | | | | | | | 47% | $ 162,500 |
| West River Valley Senior | | | XX | XX | | XX | X | | X | | | 47% | $ 482,650 |
| Callahan | XX | XX | XX | XX | | | | | | | | 47% | $ 267,750 |
| Birge & Worden, Brattleboro | XX | | XX | XX | | | X | | X | | | 47% | $ 244,000 |
| Wheeler Brook Housing | XX | XX | | | | | X | | | | | 29% | $ 260,000 |

MSA / Non MSA


Population, 28%
All Rentals, 34%
HC Units, 48%
HC Units, 52%
All Rentals, 66%
Population, 72%
MSA
Non MSA

## Geographic Distribution




| | Addison | Bennington | Caledonia | Chittenden | Essex | Franklin | Grand Isle | Lamoille | Orange | Orleans | Rutland | Washington | Windham | Windsor |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| units in process | 0.0% | 0.0% | 0.0% | 2.2% | 0.0% | 2.2% | 0.0% | 0.0% | 0.0% | 0.2% | 0.4% | 0.3% | 0.2% | 1.5% |
| units in service | 4.4% | 4.3% | 4.3% | 39.3% | 0.0% | 3.9% | 0.6% | 1.5% | 3.4% | 1.4% | 5.8% | 7.4% | 6.8% | 9.8% |
| all rental housing | 4.6% | 6.0% | 4.5% | 27.0% | 0.8% | 5.9% | 0.7% | 3.8% | 3.4% | 3.8% | 11.0% | 10.5% | 8.3% | 9.7% |
| all assisted units | 0.56% | 1.06% | 0.74% | 5.24% | 0.11% | 0.74% | 0.07% | 0.46% | 0.50% | 0.47% | 1.67% | 1.55% | 1.34% | 1.52% |

vhfa

**Vermont Housing Finance Agency**

To: VHFA Board of Commissioners
From: Patricia A. Crady, Director of Homeownership Programs PC
Date: March 30, 2009
Re: Recommendations for New Income and Purchase Price Limits

The purpose of this memo is to propose new income and purchase price limits for VHFA's Homeownership Programs. Income limit recommendations are based on HUD's median family income limits and purchase price recommendations are based on Safe Harbor limits released by the U.S. Treasury Department.

**Income Limits**

On March 9, 2009, HUD released new median family income estimates for all areas of the state. Mortgage Revenue Bond (MRB) regulations require VHFA to use this information to establish income limits for its homeownership programs. VHFA may use the higher of area median or statewide median income. The last time that VHFA adjusted income limits was in 2006. HUD median family income limits did not change in 2007 and 2008.

In targeted areas (counties designated as Areas of Chronic Economic Distress and Qualified Census Tracts) the maximum income allowable is calculated by taking the higher of area median income or statewide median income multiplied by 120% for 1 and 2 person households and 140% for 3+ person households. In non-targeted counties the percentage of median income for 1 and 2 person households is 100% and 115% for 3+ person households.

Below, Table #1 provides VHFA's current income limits, the maximum incomes allowable for all areas of the state based on the calculations described above, and income limits proposed by staff. As in past years, the maximum allowable limits for the Burlington MSA (Chittenden, Franklin & Grand Isle Counties) were established as the standard for the rest of the state.

**Table #1 -- 2009 Median Income Limits and Maximum Allowable for MRB Programs**

| | Greater of | Maximum Limits | | Current Limits | | Proposed Limits | |
|---|---|---|---|---|---|---|---|
| County | State or Area | 1&2 Person | 3+ Person | 1&2 Person | 3+ Person | 1&2 Person | 3+ Person |
| Addison | 66,600 | 66,600 | 76,590 | 63,100 | 72,500 | 66,600 | 76,500 |
| Bennington | 64,800 | 64,800 | 74,520 | 62,100 | 74,100 | 64,800 | 74,500 |
| Burlington QCT | 75,100 | 90,120 | 105,140 | 75,000 | 88,000 | 80,000 | 90,000 |
| Caledonia | 64,800 | 77,760 | 90,720 | 67,000 | 75,000 | 75,100 | 86,300 |
| Chittenden | 75,100 | 75,100 | 86,365 | 70,500 | 81,000 | 75,100 | 86,300 |
| Essex | 64,800 | 77,760 | 90,720 | 67,000 | 75,000 | 75,100 | 86,300 |
| Franklin | 75,100 | 90,120 | 105,140 | 70,500 | 81,000 | 75,100 | 86,300 |
| Grand Isle | 75,100 | 75,100 | 86,365 | 70,500 | 81,000 | 75,100 | 86,300 |
| Lamoille | 64,800 | 77,760 | 90,720 | 70,500 | 81,000 | 75,100 | 86,300 |
| Orange | 64,800 | 77,760 | 90,720 | 67,000 | 75,000 | 75,100 | 86,300 |
| Orleans | 64,800 | 77,760 | 90,720 | 67,000 | 75,000 | 75,100 | 86,300 |
| Rutland | 64,800 | 77,760 | 90,720 | 70,500 | 81,000 | 75,100 | 86,300 |
| Washington | 67,900 | 81,480 | 95,060 | 70,500 | 81,000 | 75,100 | 86,300 |
| Windham | 64,800 | 77,760 | 90,720 | 70,500 | 81,000 | 75,100 | 86,300 |
| Windsor | 64,800 | 64,800 | 74,520 | 62,600 | 71,900 | 64,800 | 74,500 |

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**Purchase Price Limits**

MRB Regulations stipulate that purchase price limits be based on the average price of housing in the area. The Treasury Department recently released Safe Harbor limits that are based on FHA maximum loan amounts. The Safe Harbor Limits do not differentiate between existing homes and newly constructed homes.

Table #2 below includes the maximum purchase prices allowed, our current limits, and staff's proposed limits for 2009 for existing, newly constructed, and two-family homes. We propose establishing a statewide limit of $287,000 for all types of housing. This limit will allow borrowers within our targeted income limits to purchase an existing single family home, a two family home or a newly constructed home and is close to the maximum allowable loan amount for the FHA program.

**Table II -- Purchase Price Limit Recommendation**

| County/Area | FHA | Max PP Limit | VHFA Current Limits | | | VHFA Proposed Limits | |
|---|---|---|---|---|---|---|---|
| | Maximum | for MRB | existing | new | 2 Family | All types of Housing | |
| Addison | 287,434 | 340,382 | 237,000 | 274,000 | 266,000 | 287,000 | 287,000 |
| Bennington | 293,902 | 348,042 | 237,000 | 275,000 | 266,000 | 287,000 | 287,000 |
| Burlington QCT | 304,878 | 441,271 | 275,000 | 275,000 | 275,000 | 287,000 | 287,000 |
| Caledonia | 287,434 | 416,023 | 275,000 | 275,000 | 275,000 | 287,000 | 287,000 |
| Chittenden | 304,878 | 361,040 | 275,000 | 275,000 | 275,000 | 287,000 | 287,000 |
| Essex | 287,434 | 416,023 | 257,000 | 257,000 | 257,000 | 287,000 | 287,000 |
| Franklin | 304,878 | 441,271 | 275,000 | 275,000 | 275,000 | 287,000 | 287,000 |
| Grand Isle | 304,878 | 361,040 | 275,000 | 275,000 | 275,000 | 287,000 | 287,000 |
| Lamoille | 292,683 | 423,620 | 275,000 | 275,000 | 275,000 | 287,000 | 287,000 |
| Orange | 287,434 | 416,023 | 257,000 | 257,000 | 257,000 | 287,000 | 287,000 |
| Orleans | 287,434 | 416,023 | 257,000 | 257,000 | 257,000 | 287,000 | 287,000 |
| Rutland | 287,434 | 416,023 | 275,000 | 275,000 | 275,000 | 287,000 | 287,000 |
| Washington | 287,434 | 416,023 | 275,000 | 275,000 | 275,000 | 287,000 | 287,000 |
| Windham | 287,434 | 416,023 | 275,000 | 275,000 | 275,000 | 287,000 | 287,000 |
| Windsor | 287,434 | 340,382 | 237,000 | 264,000 | 264,000 | 287,000 | 287,000 |

**Board Action Requested**

Staff requests approval of the income limits and purchase price limits proposed in this memo.

# 2010 VHFA Board of Commissioners Meeting Schedule

**Last Revised: 04/06/09**

| Date | Day of Week | ~ # of wks since previous | Start/End Times | City/Town | Site |
|---|---|---|---|---|---|
| **January 11** | Monday | 3.5 | 8:00 a.m. – Noon | Montpelier | ACCD |
| **February 8** | Monday | 4 | 8:00 am – 12:00 noon | Montpelier | ACCD |
| **March 8** | Monday | 4 | 8:00 am – 12:00 noon | Montpelier | ACCD |
| **April 12** | Monday | 5 | 8:00 am – 12:00 noon | Montpelier | ACCD |
| **May 10** | Monday | 4 | 8:00 am – 12:00 noon | Montpelier | ACCD |
| **June 14** | Monday | 5 | 8:00 am – 12:00 noon | Burlington | VHFA offices |
| **No July meeting** | | | | | |
| **August 9** | Monday | 8 | 8:00 am – 12:00 noon | TBD | Site Visit TBD |
| **September 13** | Monday | 5 | 8:00 am – 12:00 noon | Burlington | VHFA offices |
| **October 11** | Monday | 4 | 8:00 am – 5:00 pm | Burlington | VHFA offices |
| **November 8** | Monday | 4 | 8:00 am – 12:00 noon | Burlington | VHFA offices |
| **December 13** | Monday | 5 | 8:00 am – 12:00 noon | Burlington | VHFA offices |

DRAFT

School Vacation Weeks May Vary by Region: Burlington: Winter Recess: 2/22 – 3/2
Spring Recess: 4/26 – 4/30

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Vermont Housing Finance Agency

**MEMORANDUM**

**TO:** VHFA Board of Commissioners

**FROM:** Sarah Carpenter, Executive Director

**RE:** Housing Vermont

**DATE:** March 30, 2009

---

**Staff Recommendation for Board Action:** Based on Housing Vermont's history and success at achieving its mission as originally envisioned by VHFA, staff recommends that VHFA no longer be a Sustaining Member of Housing Vermont.

---

For the benefit of new and old board members, this memo gives a brief history of Housing Vermont and its relationship with the Agency.

Brief History of Housing Vermont

05/04/1988 – Created by VHFA as a Vermont nonprofit corporation
VHFA became a Sustaining Member (described below)
05/31/1988 - Effective date of the Original Funding Agreement (described below)
05/31/1988 – Received 501c3 Advance Ruling
Sept 1988 - Board approved Bridge Loan facility (described below)
1989 - First Green Mountain Equity Fund
March 1998 – Board approved Amended and Restated Funding Agreement for future developments

As of 12/31/07: $171,491,953 in equity invested;
4000 housing units created

Sustaining Member of Housing Vermont

When Housing Vermont was created, VHFA incorporated the Sustaining Member concept to allow for some oversight in its early days. A Sustaining Member of Housing Vermont may be any political subdivision of the State of Vermont, including VHFA. To date, VHFA has been the only Sustaining Member. This membership requires annual

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membership dues of $15,000. As a Sustaining Member, VHFA has the exclusive right to elect not less than 50% of the directors of Housing Vermont, may amend the articles or bylaws and may remove a director for cause. Of the eleven (11) directors, the Governor may also designate one director.

Funding Agreement

The Funding Agreement between VHFA and Housing Vermont was a commitment by the Agency to provide Housing Vermont with working capital for both operating expenses and housing development costs through December 31, 1990. For a total of $2 million dollars, Housing Vermont could draw up to $1 million dollars in the first year and $500,000 during each of the following two years.

In March 1998, the status of the Funding Agreement was examined and the following was approved by the Board:

a. $171,500 were used as Operating Funds and would not be recovered.
b. $637,500 was invested in housing developments as Housing Development Funds and according to the Amended and Restated Funding Agreement, "full recovery is not anticipated."
c. $1,191,000 remain as Housing Development Funds available for use in partnerships created after May 26, 1998. Interest on idle funds, if any, is to be paid to VHFA annually.

To date, these dollars are invested in housing partnerships as equity contributions, deferred obligations or predevelopment funds. Housing Vermont carries a footnote in its financial statements referencing the $2,000,000 Funding Agreement. Repayment would only be triggered if there was an event of default, such as, misapplication of funds, dissolution of Housing Vermont or revocation of its 501c3 status.

Bridge Loan

In 1994, the Agency formalized an additional bridge loan facility in the amount of $1,000,000 to be used for predevelopment costs and bridging of tax credit equity for projects in which Housing Vermont or its affiliate is a general partner. In 2002, the Bridge Loan facility was increased to $1,500,000. This facility has been renewed for two, three and five year terms. Most recently, the line of credit was renewed until November 1, 2010. As of 12/31/08, $1,375,000 was outstanding.

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**Vermont Housing Finance Agency**

TO: VHFA Board of Commissioners

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

DATE: March 30, 2009

RE: Summary of Homeownership Activities

## PRODUCTION

Production reports by fiscal and calendar year are attached. Conventional rates range from 4.875% - 5.00%. VHFA's current rate of 5.50% with one point is not competitive. VHFA activity has been limited to HOUSE Program Loans, loans insured by RD, and 80/20 loans with second mortgages held by NeighborWorks of Western Vermont. All of those loan types are also eligible for sale to Fannie Mae or Freddie Mac.

## COLLECTIONS

Delinquency and REO reports are attached. As of February 28, 2009 VHFA owns 11 properties; 1 is under contract and expected to close in early March. VHFA continues to be proactive in working with servicers to identify borrowers who would benefit from a loan modification.

If you have any questions please do not hesitate to call me at 652-3442 or email me at pcrady@vhfa.org.

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# FY09 Production Summary

July 1, 2008 - June 30, 2009

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FY Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **MOVE** | 7,913,135 | 8,574,063 | 4,624,303 | 4,508,466 | 2,745,710 | 1,582,622 | 407,189 | 539,923 | 566,600 | | | | **31,462,011** |
| **HOUSE** | 436,200 | 1,387,090 | 655,500 | 234,670 | 148,000 | 458,570 | 440,565 | | | | | | **3,760,595** |
| **LIMITED REFI** | | | | | | | | | | | | | **0** |
| **FIXED35** | | | | | | | | | | | | | **0** |
| **Dollar Total** | **8,349,335** | **9,961,153** | **5,279,803** | **4,743,136** | **2,893,710** | **2,041,192** | **847,754** | **539,923** | **566,600** | **0** | **0** | **0** | **35,222,606** |
| **Total # of Loans** | **58** | **72** | **42** | **37** | **22** | **19** | **7** | **5** | **4** | | | | **266** |
| | | | | | | | | | | | | | |
| **MOBILE HOME** | 482,875 | 174,700 | 482,450 | 0 | 91,960 | 140,600 | **0** | **0** | **0** | | | | **1,372,585** |
| **Total # of MH*** | **5** | **2** | **6** | **0** | **1** | **1** | **0** | **0** | **0** | | | | **15** |

*The Mobile Home # is included in the above line item titled "Total # of Loans"

# FY08 Production Summary

July 1, 2007 - June 30, 2008

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FY Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **MOVE** | 15,006,819 | 22,493,246 | 18,558,175 | 9,782,437 | 12,998,387 | 7,847,269 | 5,248,251 | 3,427,331 | 3,778,513 | 6,998,305 | 7,773,157 | 4,597,940 | **118,509,830** |
| **HOUSE** | 753,673 | 932,565 | 537,140 | 629,082 | | 298,000 | 137,900 | 430,095 | 330,600 | 254,015 | 326,900 | 439,230 | **5,069,200** |
| **LIMITED REFI** | 74,638 | | | | | | | | | | 127,000 | | **201,638** |
| **FIXED35** | | | | | 175,100 | 133,000 | | | | | | | **308,100** |
| **Dollar Total** | **15,835,130** | **23,425,811** | **19,095,315** | **10,411,519** | **13,173,487** | **8,278,269** | **5,386,151** | **3,857,426** | **4,109,113** | **7,252,320** | **8,227,057** | **5,037,170** | **124,088,768** |
| **Total # of Loans** | **109** | **158** | **132** | **72** | **89** | **58** | **40** | **28** | **30** | **53** | **59** | **37** | **865** |
| | | | | | | | | | | | | | |
| **MOBILE HOME** | 1,749,881 | 1,764,831 | 1,747,220 | 709,668 | 874,370 | 658,000 | **253,450** | **190,400** | **168,200** | **693,610** | **900,875** | **472,464** | **10,182,969** |
| **Total # of MH*** | **17** | **17** | **17** | **9** | **8** | **6** | **3** | **2** | **3** | **7** | **9** | **4** | **102** |

*The Mobile Home # is included in the above line item titled "Total # of Loans"

# FY09 Dollar Volume by Lender

July 1, 2008- June 30, 2009

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CHITTENDEN MTG SVCS | 600,317 | 2,781,101 | 1,130,115 | 908,020 | 156,500 | 522,260 | 227,100 | 88,000 | 98,400 | | | | $6,511,813 |
| NEW ENGLAND FCU | 1,486,293 | 2,673,086 | 761,525 | 531,452 | 651,540 | 138,875 | | | | | | | $6,242,771 |
| UNIVERSAL | 967,528 | 460,200 | 1,178,845 | 460,550 | 464,825 | 106,295 | 160,365 | | 306,700 | | | | $4,105,308 |
| COMMUNITY | 241,255 | 626,313 | 478,620 | 359,327 | 286,549 | 385,000 | 174,489 | | 161,500 | | | | $2,713,053 |
| MTG FINANCIAL | 789,070 | 580,213 | 417,520 | 228,000 | 420,250 | 99,500 | | 86,725 | | | | | $2,621,278 |
| HERITAGE FCU | 231,600 | 215,520 | 283,550 | 415,310 | 152,000 | 164,956 | 150,000 | | | | | | $1,612,936 |
| VT STATE ECU | 314,184 | 748,950 | 117,346 | 81,632 | | 243,806 | | | | | | | $1,505,918 |
| N.E. HOME LOAN | 254,625 | 125,000 | 427,462 | 376,500 | 175,100 | | | | | | | | $1,358,687 |
| NAT'L BNK MIDDLE | 477,260 | 335,100 | 273,600 | 98,400 | 132,686 | | | | | | | | $1,317,046 |
| NORTHFIELD | 716,055 | 120,000 | | | 216,800 | 97,000 | | | | | | | $1,149,855 |
| PEOPLES TRUST | 260,000 | 333,000 | | 359,750 | | | | 150,000 | | | | | $1,102,750 |
| UNION | 440,400 | | | 263,950 | | 160,000 | | 100,880 | | | | | $965,230 |
| VT FEDERAL CU | 100,000 | 335,750 | 139,220 | 113,905 | 91,960 | 123,500 | | | | | | | $904,335 |
| NORTH COUNTRY CU | 275,400 | 284,970 | $72,000 | 130,800 | | | 135,800 | | | | | | $898,970 |
| WELLS FARGO | 449,800 | 189,150 | | | | | | | | | | | $638,950 |
| CT RIVER | 217,600 | | | 129,540 | | | | | | | | | $347,140 |
| TDBANKNORTH | 206,700 | | | | | | | | | | | | $206,700 |
| NATIONAL CITY | | | | 160,000 | | | | | | | | | $160,000 |
| BRATTLEBORO | | 152,800 | | | | | | | | | | | $152,800 |
| COUNTRYWIDE | | | | | 145,500 | | | | | | | | $145,500 |
| RIVER VALLE CU | 0 | | | 126,000 | | | | | | | | | $126,000 |
| GMAC | 124,448 | | | | | | | | | | | | $124,448 |
| FIRST NAT'L BNK ORWELL | 116,000 | | | | | | | | | | | | $116,000 |
| MASCOMA | | | | | | | | 114,318 | | | | | $114,318 |
| LAKE SUNAPEE | 80,800 | | | | | | | | | | | | $80,800 |
| BANK OF BENN | | | | | | | | | | | | | $0 |
| BERKSHIRE BANK | | | | | | | | | | | | | $0 |
| CCO MORTGAGE | | | | | | | | | | | | | $0 |
| LIBERTYQUEST | | | | | | | | | | | | | $0 |
| OPPORTUNITIES CU | | | | | | | | | | | | | $0 |
| SUMMIT (Merrimack Mtg) | | | | | | | | | | | | | $0 |
| TOTAL | $8,349,335 | $9,961,153 | $5,279,803 | $4,743,136 | $2,893,710 | $2,041,192 | $847,754 | $539,923 | $566,600 | $0 | $0 | $0 | $35,222,606 |

# FY09 Loan Volume by Lender

July 1, 2008 - [redacted]e 30, 2009

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CHITTENDEN MTG SVCS | 4 | 21 | 9 | 7 | 2 | 5 | 2 | 1 | 1 | | | | 52 |
| NEW ENGLAND FCU | 8 | 16 | 6 | 5 | 5 | 2 | | | | | | | 42 |
| UNIVERSAL | 7 | 4 | 9 | 3 | 3 | 2 | 2 | | 2 | | | | 32 |
| COMMUNITY | 2 | 6 | 4 | 3 | 3 | 3 | 1 | | 1 | | | | 23 |
| MTG FINANCIAL SRV | 5 | 4 | 3 | 1 | 2 | 1 | | 1 | | | | | 17 |
| HERITAGE FCU | 2 | 2 | 3 | 4 | 1 | 1 | 1 | | | | | | 14 |
| VT STATE ECU | 2 | 6 | 1 | 1 | | 2 | | | | | | | 12 |
| NAT'L BNK MIDDLE | 4 | 3 | 2 | 1 | 1 | | | | | | | | 11 |
| N.E. HOME LOAN | 1 | 1 | 3 | 3 | 1 | | | | | | | | 9 |
| NORTHFIELD | 5 | 1 | | | 2 | 1 | | | | | | | 9 |
| NORTH COUNTRY FCU | 2 | 2 | 1 | 1 | | | 1 | | | | | | 7 |
| PEOPLES TRUST | 2 | 2 | | 2 | | | | 1 | | | | | 7 |
| UNION | 3 | | | 2 | | 1 | | 1 | | | | | 7 |
| VT FEDERAL CU | 1 | 2 | 1 | 1 | 1 | 1 | | | | | | | 7 |
| WELLS FARGO | 3 | 1 | | | | | | | | | | | 4 |
| CT RIVER | 2 | | | 1 | | | | | | | | | 3 |
| TDBANKNORTH | 2 | | | | | | | | | | | | 2 |
| BRATTLEBORO | | 1 | | | | | | | | | | | 1 |
| COUNTRYWIDE | | | | | 1 | | | | | | | | 1 |
| FIRST NAT'L BNK ORWELL | 1 | | | | | | | | | | | | 1 |
| GMAC | 1 | | | | | | | | | | | | 1 |
| LAKE SUNAPEE | 1 | | | | | | | | | | | | 1 |
| MASCOMA | | | | | | | | 1 | | | | | 1 |
| NATIONAL CITY | | | | 1 | | | | | | | | | 1 |
| RIVER VALLEY CU | | | | 1 | | | | | | | | | 1 |
| BANK OF BENN | | | | | | | | | | | | | 0 |
| BERKSHIRE BANK | | | | | | | | | | | | | 0 |
| CCO MORTGAGE | | | | | | | | | | | | | 0 |
| LIBERTYQUEST | | | | | | | | | | | | | 0 |
| OPPORTUNITIES CU | | | | | | | | | | | | | 0 |
| SUMMIT (Merrimack Mtg) | | | | | | | | | | | | | 0 |
| TOTAL | 58 | 72 | 42 | 37 | 22 | 19 | 7 | 5 | 4 | 0 | 0 | 0 | 266 |

## CY09 Production Summary

| | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **MOVE** | 407,189 | 539,923 | 566,600 | | | | | | | | | | **1,513,712** |
| **HOUSE** | 440,565 | | | | | | | | | | | | **440,565** |
| **Total** | **847,754** | **539,923** | **566,600** | **0** | | | | | | | | | **1,954,277** |
| | | | | | | | | | | | | | |
| **MOBILE HOME** | 0 | 0 | 0 | | | | | | | | | | **0** |

## CY08 Production Summary

| | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **MOVE** | 5,248,251 | 3,427,331 | 3,778,513 | 6,998,305 | 7,773,157 | 4,597,940 | 7,913,135 | 8,574,063 | 4,624,303 | 4,508,466 | 2,745,710 | 1,582,622 | **61,771,796** |
| **HOUSE** | 137,900 | 430,095 | 330,600 | 254,015 | 326,900 | 439,230 | 436,200 | 1,387,090 | 655,500 | 234,670 | 148,000 | 458,570 | **5,238,770** |
| **LIMITED REFI** | | | | | 127,000 | | | | | | | | **127,000** |
| **Total** | **5,386,151** | **3,857,426** | **4,109,113** | **7,252,320** | **8,227,057** | **5,037,170** | **8,349,335** | **9,961,153** | **5,279,803** | **4,743,136** | **2,893,710** | **2,041,192** | **67,137,566** |
| | | | | | | | | | | | | | |
| **MOBILE HOME** | 253,450 | 190,400 | 168,200 | 693,610 | 900,875 | 472,464 | 482,875 | 174,700 | 482,450 | 0 | 91,960 | 140,600 | **4,051,584** |

# CY09 Dollar Volume by Lender

| | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| UNIVERSAL | 160,365 | | 306,700 | | | | | | | | | | 467,065 |
| CHITTENDEN MTG SVCS | 227,100 | 88,000 | 98,400 | | | | | | | | | | 413,500 |
| COMMUNITY | 174,489 | | 161,500 | | | | | | | | | | 335,989 |
| HERITAGE FCU | 150,000 | | | | | | | | | | | | 150,000 |
| PEOPLES TRUST | | 150,000 | | | | | | | | | | | 150,000 |
| NORTH COUNTRY CU | 135,800 | | | | | | | | | | | | 135,800 |
| MASCOMA | | 114,318 | | | | | | | | | | | 114,318 |
| UNION | | 100,880 | | | | | | | | | | | 100,880 |
| MTG FINANCIAL | | 86,725 | | | | | | | | | | | 86,725 |
| BANK OF BENN | | | | | | | | | | | | | 0 |
| BERKSHIRE BANK | | | | | | | | | | | | | 0 |
| BRATTLEBORO | | | | | | | | | | | | | 0 |
| CCO MORTGAGE | | | | | | | | | | | | | 0 |
| COUNTRYWIDE | | | | | | | | | | | | | 0 |
| CT RIVER | | | | | | | | | | | | | 0 |
| CTX | | | | | | | | | | | | | 0 |
| FIRST COMMUNITY | | | | | | | | | | | | | 0 |
| FIRST NAT'L BNK ORWELL | | | | | | | | | | | | | 0 |
| GMAC | | | | | | | | | | | | | 0 |
| KEY BANK | | | | | | | | | | | | | 0 |
| LAKE SUNAPEE | | | | | | | | | | | | | 0 |
| LIBERTYQUEST | | | | | | | | | | | | | 0 |
| LYNDONVILLE | | | | | | | | | | | | | 0 |
| N.E. HOME LOAN | | | | | | | | | | | | | 0 |
| NATIONAL CITY | | | | | | | | | | | | | 0 |
| NAT'L BNK MIDDLE | | | | | | | | | | | | | 0 |
| NEW ENGLAND FCU | | | | | | | | | | | | | 0 |
| NORTHFIELD | | | | | | | | | | | | | 0 |
| OPPORTUNITIES CU | | | | | | | | | | | | | 0 |
| RIVER VALLEY CU | | | | | | | | | | | | | 0 |
| SUMMIT (Merrimack Mtg) | | | | | | | | | | | | | 0 |
| TDBANKNORTH | | | | | | | | | | | | | 0 |
| VT FEDERAL CU | | | | | | | | | | | | | 0 |
| VT STATE ECU | | | | | | | | | | | | | 0 |
| WELLS FARGO | | | | | | | | | | | | | 0 |
| TOTAL | $847,754 | $539,923 | $566,600 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $1,954,277 |

# CY09 Number of loans

| | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CHITTENDEN MTG SVCS | 2 | 1 | 1 | | | | | | | | | | 4 |
| UNIVERSAL | 2 | | 2 | | | | | | | | | | 4 |
| COMMUNITY | 1 | | 1 | | | | | | | | | | 2 |
| HERITAGE FCU | 1 | | | | | | | | | | | | 1 |
| MASCOMA | | 1 | | | | | | | | | | | 1 |
| MTG FINANCIAL | | 1 | | | | | | | | | | | 1 |
| NORTH COUNTRY CU | 1 | | | | | | | | | | | | 1 |
| PEOPLES TRUST | | 1 | | | | | | | | | | | 1 |
| UNION | | 1 | | | | | | | | | | | 1 |
| BANK OF BENN | | | | | | | | | | | | | 0 |
| BERKSHIRE BANK | | | | | | | | | | | | | 0 |
| BRATTLEBORO | | | | | | | | | | | | | 0 |
| CCO MORTGAGE | | | | | | | | | | | | | 0 |
| COUNTRYWIDE | | | | | | | | | | | | | 0 |
| CT RIVER | | | | | | | | | | | | | 0 |
| CTX | | | | | | | | | | | | | 0 |
| FIRST COMMUNITY | | | | | | | | | | | | | 0 |
| FIRST NAT'L BNK ORWELL | | | | | | | | | | | | | 0 |
| GMAC | | | | | | | | | | | | | 0 |
| KEY BANK | | | | | | | | | | | | | 0 |
| LAKE SUNAPEE | | | | | | | | | | | | | 0 |
| LIBERTYQUEST | | | | | | | | | | | | | 0 |
| LYNDONVILLE | | | | | | | | | | | | | 0 |
| N.E. HOME LOAN | | | | | | | | | | | | | 0 |
| NATIONAL CITY | | | | | | | | | | | | | 0 |
| NAT'L BNK MIDDLE | | | | | | | | | | | | | 0 |
| NEW ENGLAND FCU | | | | | | | | | | | | | 0 |
| NORTHFIELD | | | | | | | | | | | | | 0 |
| OPPORTUNITIES CU | | | | | | | | | | | | | 0 |
| RIVER VALLEY CU | | | | | | | | | | | | | 0 |
| SUMMIT (Merrimack Mtg) | | | | | | | | | | | | | 0 |
| TDBANKNORTH | | | | | | | | | | | | | 0 |
| VT FEDERAL CU | | | | | | | | | | | | | 0 |
| VT STATE ECU | | | | | | | | | | | | | 0 |
| WELLS FARGO | | | | | | | | | | | | | 0 |
| TOTAL | 7 | 5 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16 |

VERMONT HOUSING FINANCE AGENCY
HOMEOWNERSHIP PROGRAM MONTHLY DELINQUENCY REPORT
February 28, 2009

| Lenders | Total Loans | 30 Days | | 60 Days | | 90+ Days | | In Foreclosure & Bankruptcy | | Total Delinquent | | REO | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Chittenden Mortgage Services | 1202 | 57 | 4.74% | 22 | 1.83% | 15 | 1.25% | 18 | 1.50% | 112 | 9.32% | 0 | 0.00% |
| Opportunities CU | 119 | 8 | 6.72% | 3 | 2.52% | 0 | 0.00% | 0 | 0.00% | 11 | 9.24% | 0 | 0.00% |
| Community National Bank | 351 | 11 | 3.13% | 8 | 2.28% | 6 | 1.71% | 4 | 1.14% | 29 | 8.26% | 0 | 0.00% |
| Graystone Solutions | 2483 | 97 | 3.91% | 27 | 1.09% | 32 | 1.29% | 22 | 0.89% | 178 | 7.17% | 8 | 0.32% |
| Union Bank | 321 | 9 | 2.80% | 6 | 1.87% | 3 | 0.93% | 2 | 0.62% | 20 | 6.23% | 0 | 0.00% |
| Connecticut River Bank | 65 | 3 | 4.62% | 0 | 0.00% | 1 | 1.54% | 0 | 0.00% | 4 | 6.15% | 0 | 0.00% |
| Brattleboro Savings & Loan | 95 | 3 | 3.16% | 1 | 1.05% | 0 | 0.00% | 0 | 0.00% | 4 | 4.21% | 0 | 0.00% |
| Peoples Trust Co. | 115 | 2 | 1.74% | 1 | 0.87% | 1 | 0.87% | 0 | 0.00% | 4 | 3.48% | 1 | 0.87% |
| Heritage Family Credit Union | 166 | 2 | 1.20% | 0 | 0.00% | 2 | 1.20% | 0 | 0.00% | 4 | 2.41% | 0 | 0.00% |
| Mascoma Savings Bank | 48 | 1 | 2.08% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 1 | 2.08% | 0 | 0.00% |
| Bank of Bennington | 57 | 1 | 1.75% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 1 | 1.75% | 0 | 0.00% |
| New England Federal CU | 635 | 2 | 0.31% | 3 | 0.47% | 1 | 0.16% | 0 | 0.00% | 6 | 0.94% | 2 | 0.31% |
| Totals | 5657 | 196 | 3.46% | 71 | 1.26% | 61 | 1.08% | 46 | 0.81% | 374 | 6.61% | 11 | 0.19% |
| Totals Previous Month | 5686 | 211 | 3.71% | 81 | 1.42% | 50 | 0.88% | 46 | 0.81% | 388 | 6.82% | 10 | 0.18% |
| Totals Same Mo. Last Yr. | 5626 | 197 | 3.50% | 68 | 1.21% | 23 | 0.41% | 42 | 0.75% | 330 | 5.87% | 5 | 0.09% |

**Note: Of the loans in foreclosure, a total of 17 are under a Chapter 13 Bankruptcy Plan**

| Lenders | Feb 2008 | Mar 2008 | April 2008 | May 2008 | June 2008 | July 2008 | Aug 2008 | Sept 2008 | Oct 2008 | Nov 2008 | Dec 2008 | Jan 2009 | Feb 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Bank of Bennington** | 6.45% | 8.06% | 4.84% | 6.67% | 6.78% | 3.39% | 6.78% | 5.08% | 5.17% | 5.17% | 5.26% | 3.51% | 1.75% |
| **Brattleboro Savings & Loan** | 5.21% | 4.17% | 4.17% | 2.08% | 2.08% | 3.16% | 2.08% | 1.04% | 2.08% | 3.13% | 2.08% | 2.08% | 4.21% |
| **Chittenden Mortgage Services** | 8.43% | 8.17% | 7.96% | 7.45% | 8.30% | 9.02% | 8.59% | 9.15% | 9.07% | 10.84% | 10.59% | 9.62% | 9.32% |
| **Community National Bank** | 6.40% | 4.93% | 5.52% | 5.51% | 5.56% | 7.58% | 6.92% | 5.73% | 6.03% | 7.16% | 9.97% | 8.24% | 8.26% |
| **Connecticut River Bank** | 0.00% | 1.54% | 1.52% | 1.52% | 0.00% | 0.00% | 0.00% | 0.00% | 2.99% | 3.03% | 1.52% | 3.03% | 6.15% |
| **Graystone** | 6.42% | 5.93% | 6.27% | 5.45% | 5.81% | 5.32% | 6.07% | 6.26% | 5.88% | 7.31% | 7.83% | 7.45% | 7.17% |
| **Heritage Family CU** | 1.26% | 0.63% | 1.25% | 1.23% | 1.23% | 1.24% | 0.61% | 3.05% | 3.01% | 2.40% | 2.38% | 2.98% | 2.41% |
| **Mascoma Savings Bank** | 4.26% | 2.17% | 4.26% | 2.08% | 4.17% | 4.17% | 4.17% | 4.17% | 4.17% | 6.25% | 4.17% | 4.17% | 2.08% |
| **New England Federal CU** | 1.04% | 0.68% | 0.83% | 1.31% | 1.14% | 1.30% | 1.59% | 1.90% | 1.26% | 1.25% | 1.10% | 0.78% | 0.94% |
| **Opportunites CU** | 5.43% | 4.72% | 7.14% | 7.09% | 7.09% | 9.52% | 9.52% | 8.00% | 8.00% | 10.40% | 8.87% | 9.09% | 9.24% |
| **Peoples Trust Co.** | 2.56% | 4.42% | 2.61% | 3.42% | 5.08% | 5.08% | 4.24% | 3.39% | 4.24% | 4.24% | 3.42% | 6.03% | 3.48% |
| **Union Bank** | 5.15% | 4.24% | 5.49% | 4.31% | 5.81% | 4.28% | 5.86% | 5.86% | 5.85% | 6.79% | 5.54% | 6.50% | 6.23% |

## HOMEOWNERSHIP DELINQUENCY REPORT
## FISCAL YEAR 2009

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Portfolio # | 5659 | 5694 | 5702 | 5700 | 5704 | 5704 | 5686 | 5657 | | | | | 5688 |
| Total Portfolio $ | 557.5 | 563.9 | 565.8 | 566.9 | 568.3 | 568.0 | 565.7 | 561.5 | | | | | 564.7 |

### NUMBER OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | 168 | 193 | 204 | 175 | 239 | 248 | 211 | 196 | | | | | 204 |
| 60 Days | 71 | 68 | 60 | 78 | 71 | 81 | 81 | 71 | | | | | 73 |
| 90 Days | 29 | 23 | 31 | 31 | 42 | 36 | 50 | 61 | | | | | 38 |
| Foreclosure | 48 | 51 | 49 | 50 | 50 | 46 | 46 | 46 | | | | | 48 |
| Total Delq FY 09 | 316 | 335 | 344 | 334 | 402 | 411 | 388 | 374 | | | | | 363 |
| Total Delq FY 08 | 311 | 304 | 344 | 307 | 326 | 381 | 337 | 330 | 304 | 318 | 289 | 314 | 322 |

### PERCENT BY NUMBER OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | 2.97% | 3.39% | 3.58% | 3.07% | 4.19% | 4.35% | 3.71% | 3.46% | | | | | 3.59% |
| 60 Days | 1.25% | 1.19% | 1.05% | 1.37% | 1.24% | 1.42% | 1.42% | 1.26% | | | | | 1.28% |
| 90 Days | 0.51% | 0.40% | 0.54% | 0.54% | 0.74% | 0.63% | 0.88% | 1.08% | | | | | 0.67% |
| Foreclosure | 0.85% | 0.90% | 0.86% | 0.88% | 0.88% | 0.81% | 0.81% | 0.81% | | | | | 0.85% |
| Total Delq FY 09 | 5.58% | 5.88% | 6.03% | 5.86% | 7.05% | 7.21% | 6.82% | 6.61% | 0.00% | 0.00% | 0.00% | 0.00% | 6.38% |
| Total Delq FY 08 | 5.91% | 5.66% | 6.29% | 5.57% | 5.85% | 6.80% | 6.00% | 5.87% | 5.42% | 5.65% | 5.12% | 5.57% | 5.81% |

### DOLLAR AMOUNT OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | $11.3 | $14.3 | $15.5 | $13.4 | $17.4 | $18.7 | $16.1 | $14.2 | | | | | $15.1 |
| 60 Days | $4.9 | $4.6 | $4.1 | $5.4 | $5.3 | $6.0 | $5.9 | $5.7 | | | | | $5.2 |
| 90+ Days | $5.8 | $5.4 | $6.2 | $6.2 | $6.6 | $6.3 | $7.7 | $8.1 | | | | | $6.5 |
| Total Delq FY 09 | $22.0 | $24.3 | $25.8 | $25.0 | $29.3 | $31.0 | $29.7 | $28.0 | $0.0 | $0.0 | $0.0 | $0.0 | $26.9 |
| Total Delq FY 08 | $20.5 | $19.8 | $22.8 | $20.6 | $22.2 | $26.1 | $23.7 | $23.3 | $21.0 | $22.7 | $20.8 | $22.3 | $22.2 |

# REO INVENTORY REPORT
## As of February 28, 2009

| Mortgagor | REO Date | City/Town | Princ. Bal. | Interest | Expenses | Receipts (1) | Total Cost Basis | Valuation Allowance | List Amount (2) | Current Appraisal | Date Last Appraised | Original Appraisal | Loan Date | Type | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Rivait | 5/14/2008 | Starksboro | $ 48,216 | $ 2,179 | $ 11,412 | $ 16,123 | $ 45,684 | $ - | $ 18,500 | $ 50,000 | 6/6/08 | $ 52,000 | 12/27/04 | MH | UC for $18,500; Closing 4/2/09; MH in Park; Poor Cond. |
| Ford | 7/24/2008 | St. Albans | $ 97,128 | $ 3,136 | $ 11,531 | $ 27,003 | $ 84,792 | $ - | $ 89,900 | $ 120,000 | 3 5 08 | $ 110,000 | 03 08 06 | Condo | Price Reduced |
| Mailhiot | 8/21/2008 | Chittenden | $ 63,262 | $ 9,827 | $ 19,884 | $ 3,607 | $ 89,366 | $ - | $ 75,500 | $ 102,000 | 9 17 08 | $ 80,000 | 05 03 96 | SF | Price Reduced - Failed Septic System: Offer Pending |
| Aucoin | 10/7/2008 | Swanton | $ 135,296 | $ 5,967 | $ 7,713 | $ - | $ 148,976 | $ - | $ 124,000 | $ 142,000 | 8 29 08 | $ 140,000 | 06 13 05 | SF | RD Insured - Price Reduced |
| Munukka | 11/3/2008 | Castleton | $ 61,265 | $ 12,393 | $ 17,309 | $ 18,379 | $ 72,588 | $ - | $ 80,000 | $ 105,000 | 10 7 08 | $ 78,000 | 03 01 96 | SF | |
| Nolan | 11/5/2008 | Grand Isle | $ 144,149 | $ 18,547 | $ 21,065 | $ 36,337 | $ 147,424 | $ - | $ 145,000 | $ 140,000 | 9 17 08 | $ 157,000 | 12 02 05 | MH | |
| Lattrell | 12/1/2008 | Vergennes | $ 29,423 | $ 1,662 | $ 8,045 | $ - | $ 39,130 | $ - | $ 30,000 | $ 28,000 | 1 15 09 | $ 37,500 | 07 01 97 | MH | MH in Park - Offer Pending |
| Campbell | 12/8/2008 | Barre | $ 29,850 | $ 2,744 | $ 13,886 | $ - | $ 46,480 | $ - | $ 48,000 | $ 48,000 | 5 15 08 | $ 60,000 | 09 26 94 | SF | Property is Poor Condition |
| Gordon | 1/28/2009 | Colchester | $ 107,309 | $ 11,737 | $ 14,052 | $ 26,827 | $ 106,271 | $ - | $ 150,000 | $ 150,000 | 12 11 08 | $ 126,300 | 06 29 01 | SF | New Listing |
| Thibodeau | 2/3/2009 | Swanton | $ 18,989 | $ 2,295 | $ 10,330 | | $ 31,614 | $ - | $ 94,900 | $ 75,000 | 1 9 09 | $ 106,000 | 08 09 02 | SF | Excess Proceeds go to RD after VHFA paid |
| Burns | 2/17/2009 | St. Albans | $ 144,623 | $ 12,104 | $ 6,704 | | $ 163,431 | $ - | $ 168,000 | $ 167,000 | 9 17 08 | $ 177,000 | 10 13 04 | 2F | |
| **11** | | | **$ 879,510** | **$ 82,591** | **$ 141,931** | **$ 128,276** | **$ 780,711** | **$ -** | **$ 532,900** | **$ 1,127,000** | | **$ 1,123,800** | | | |

**REOS that are under deposit**

(1) Receipts column represents actual and projected/estimated mortgage insurance claim payments

(2) If Property is under deposit the List Price is the actual sale price.

# Interesting Housing Fact

**April 2009 Board Meeting**
**Prepared by Leslie Black-Plumeau**

## Primary Home Sales in 2008: Vermont Sales Fall, But Price Remains Steady

Despite declines in many other states, the median price of a primary home sold last year in Vermont remained at $200,000--the same as in 2007.

| | Median Price | Change from prior year |
|---|---|---|
| ***Vermont*** | ***$200,000*** | ***0%*** |
| Addison | $211,500 | 0% |
| Bennington | $189,900 | -1% |
| Caledonia | $142,500 | -4% |
| Chittenden | $240,000 | -1% |
| Essex | $105,000 | -1% |
| Franklin | $175,900 | -5% |
| Grand Isle | $210,000 | 11% |
| Lamoille | $205,000 | 3% |
| Orange | $165,000 | -4% |
| Orleans | $125,000 | -13% |
| Rutland | $154,000 | -4% |
| Washington | $185,000 | 3% |
| Windham | $190,000 | -3% |
| Windsor | $194,500 | 6% |

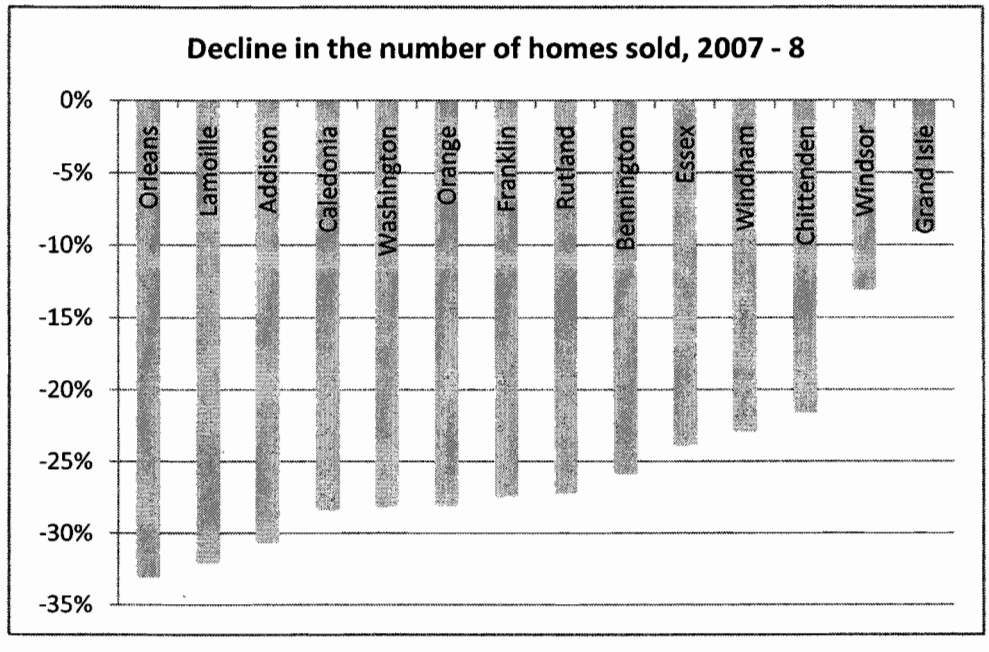
Nine counties experienced some drop in the median price of homes sold. The extent of these price declines ranged from 1% in Bennington, Chittenden, and Essex up to 13% in Orleans. Grand Isle and Windsor counties were on the other end of the spectrum with home prices that bounced up in 2008, despite the worsening economy.

The number of homes sold in Vermont in 2008 fell substantially as the recession unfolded—by an estimated 24% statewide compared to 2007. No counties escaped the slowing pace of sales in 2008. The most severe drop was in Orleans where 33% fewer homes were sold in 2008, compared to 2007. Grand Isle and Windsor suffered the most minimal declines in sales.

Every price group suffered comparable declines in the volume of sales, when comparing 2008 to 2007.

Vermont has not experienced sales volumes this low since 1990-2, when Vermont's housing market activity slowed in response to that recession.

Additional information regarding the dynamics of Vermont's housing markets will be available in an upcoming issue of *Interesting Housing Fact.*



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**Vermont Housing Finance Agency**

# MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: May 4, 2009

**RE: CONFIRMATION OF UPCOMING VHFA BOARD MEETING**

This is to notify you that the next meeting of the Vermont Housing Finance Agency Board of Commissioners has been confirmed. The meeting will be held:

**Monday, May 11, 2009**
Vermont Association of Realtors
148 State St., Montpelier
**8:00 a.m. – noon**

Attached are the Agenda and Board packet. Please feel free to contact me should you have any questions prior to the meeting.

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

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**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 Dextradeur, 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.



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**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.

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Vermont Housing Finance Agency

# MEMORANDUM

**TO:** VHFA Board of Commissioners

**FROM:** Sarah E. Carpenter, Executive Director

**DATE:** May 11, 2009

**RE:** **EXECUTIVE DIRECTOR'S REPORT**

## Administration

The Agency's Employee Assistance provider, Invest EAP attended the March 30th full staff meeting to review the features and benefits of the Agency's employee assistance plan (EAP) plan. Invest EAP also returned to the Agency on April 13th for additional training for managers regarding the EAP plan's tools available to them as managers. Given these challenging times it was a good time to re-familiarizing everyone with this great benefit.

On April16, 2009 the Agency received final approval from the IRS to merge the 401(k) plan with John Hancock into the new 403(b) plan with Newport Group. This merger needs to occur within 150 days of approval, but it is anticipated that the actual merger date will be well in advance of this deadline. A planning group consisting of Pat Loller, Martha Panton, Smith Barney, Pension Works and Newport Group will be meeting May 4th to commence the merger process.

The Pension Plan Trustees met on April 15, 2009 to conduct the annual plan review process. Chris Dubie, Smith Barney walked the group through the Annual Contract Review document supplied by John Hancock. Other than to very adverse market conditions for the past 9 months, the plan had no abnormalities and areas of concern. The new 403(b) plan with Newport Group has been successfully accepting new contributions and staff are comfortable with accessing their accounts online.

The Agency celebrated its 35 year anniversary on April 14th. Staff was invited to a brief meeting where I congratulated staff on all their hard work and contributions to making VHFA so successful for so many years. In the spirit of frugalness - the cupboards and files were searched for previously purchased VHFA goodies, which were shared with staff. The celebration continued with staff feasting on cake.



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The IT staff has been very busy for the past several weeks working with Homeownership on getting the new Mitas MBS changes in place for May 1st. They have also been working with Mitas on some system issues stemming back to the 2008 system release in December. As of today, it appears that a resolution has finally been identified by Mitas and staff has completed the necessary changes.

**Development**

Development have processed approval letters for the five tax credit developments that received awards in April, and have had meetings and discussions with the sponsors of the six that did not. Staff is continuing to look at those developments for the June Board meeting and the allocation decisions that will happen then. VDCP staff also initiated a telephone conference call on the status of these and other developments, with VHFA and VHCB staff, to coordinate on timing of project funding and to get a sense of what the other funders still have available for resources. Staff has processed VHFA financing commitment letters that had been on hold pending renewal of our lines of credit. Staff went on site visits, and participated in several other meetings: with COTS regarding NSP funding; with RD, VHCB, and the Federal Home Loan Bank of Boston on increasing banks involvement in affordable housing; with Housing Vermont on a potential allocation of New Markets Tax Credits to Vermont; and on possible changes to the Qualified Allocation Plan. Staff also participated in two national conference calls held by NCSHA on the new stimulus package funding.

**Homeownership**

Homeownership staff has been working incredibly hard to make the switch to MBS which happened May 1. This change was a huge project for VHFA as it requires both internal and external changes and coordination between VHFA, US Bank, Lenders, VHFA's Trustee, and MITAS. It was a great team effort between Homeownership, Finance, IT and Legal. A total of 17 lenders have returned contracts and we anticipate that six additional lenders will return contracts within the next several weeks. Two lenders – Community National Bank and National City Mortgage have indicated that they will not be participating.

U.S. Bank staff was in Vermont the week of April 20th to train lenders. Feedback was very positive and lenders appreciated the chance to meet Sheryl Krocek and Louis Caresani of U.S. Bank. Sheryl and Lou have been great to work with and we anticipate a very smooth transition.

Homeownership Staff have also are working very hard on a number of other projects including sending portfolio information to Fannie Mae to determine the feasibility of securitizing loans being serviced by Graystone, preparing and sending a similar file to Freddie Mac, and compiling information on VHFA's entire portfolio for valuation by First American Core Logic.

Carolynn Mossey and Pat Lafond continue to work with servicers to identify borrowers who might be a candidate for special repayment agreements or loan modifications. While we have a number of accounts that are in a trial period and performing well, we also had 11 new foreclosures in the month of April. In all cases the borrowers were given an opportunity to provide financial information so we could determine the feasibility of a loan modification or repayment agreement but they declined to do so.

## Multifamily

Multifamily continues to work on the HDS Conversion. The initial conversion of data went very smoothly. Staff is working hard cleaning up data and populating reference tables. The next big project is to create a manual for owners and managers on how to access the Web Based Compliance Monitoring System. This application will take Project Status Reports (which contain tenant rent and income information) as well as financial information; download it into the software and run compliance testing and reports. This will be a big time saver, since currently we are doing this manually.

The 2009 New England Resident Service Coordinators (NERSC) conference was hosted in Vermont this year. This 4 day conference was a complete success. It was well attended with over 300 participants. Participants came from Maine, New Hampshire, Connecticut, Rhode Island, Massachusetts and Vermont as well as 5 other states outside of New England. The Welcome Reception took place at the ECHO Center where Governor Douglas welcomed all as a guest speaker.

## Finance

The Agency has several major projects going on at this time that are finance related. As you know, the finance team's priority continues to be replacing the Agency's troubled liquidity providers (Depfa and Dexia). A cross-functional team has been meeting weekly to review status of the many tasks related to replacing liquidity. The focus of this team has now been expanded to include all financially related issues as well as liquidity. The Agency has a 10-page project plan tracking the status of all these activities to make sure all avenues are being pursued.

We are continuing to make progress with TD Bank in replacing liquidity for two more series. We expect final approval coming out of their May 13th credit committee meeting. As mentioned last month, the new proposals are more expensive, but still may be in the Agency's best interest. Each of the two series is for approximately $13-$15 million. The total amount the Agency is trying to replace remains approximately $82 million, excluding any additional series with TD Bank.

On April 1st representatives from Wells Fargo visited the VHFA offices to discuss the potential of replacing liquidity for one or more of the remaining series. The meeting was very promising, although progress has been stalled over the last few weeks. We have reconnected with their contact person, provided some ratings reports he requested and are waiting for feedback. They informed the Agency this week, they are still seriously pursuing this opportunity.

The other remaining option is with Fannie Mae. There has been significant discussion at the Federal level and liquidity issues has been raised by the Obama Administration as a priority. The Agency had another conference call with our contacts at Fannie Mae on May 17th. We are still hopeful to hear Fannie Mae announce a liquidity program in the near future.

On May 12th The Agency closed the renewal of its working, construction and permanent multifamily lines of credit with Keybank. Part of this negotiation required the Agency to reduce the limit of its working line of credit with the bank. The TD Bank working line was also reduced

a couple of months ago in order to make room for additional liquidity facilities with the bank. Because of this, as well as the need for additional financing options for construction and permanent multifamily financing, Tom, Scott and Dave Adams have been meeting with other banks in pursuit of additional funding sources. They have met with both Chittenden and Citizens Bank and will be meeting with the Citizens non-for-profit team out of New Hampshire on May 7th.

The Finance team has been working hard to close the third quarter and provide financial statements to the Board as quickly as possible. Tim Gutchell has done a nice job leading the team, holding regular meetings to make sure everything is on track, despite the reduction in hours for some of the team members. Everyone has been flexible and working well as a team to make sure the March financials were ready for the May Board package. The financials were produced a couple of days ahead of schedule, allowing Tim, Tom and Scott time to complete the analysis and forecast. Thanks to Martha, Sue, Ashley, Michelle and Lisa for their dedication and creativity in getting this done.

Tim and Tom have been working on the 2010 Budget with the Executive team. Tim has done a nice job coordinating the submission of department budgets and rolling up the reports in time for the scheduled budget meetings, while balancing his time with the quarter close.

The Finance Department continues to work with the Homeownership department on several major initiatives: MBS (Mortgage Backed Securities), NSP (Neighborhood Stabilization Program) and securitizing the existing single family loan portfolio, to ensure that the systems and processes are in place to provide financial support for these programs. Lisa Clark has been the Finance Department's liaison with the MBS project and worked hard to document procedures and get the Finance Department ready for the May 1 MBS kickoff.

Scott and Tom have been working with Homeownership and others on the potential engagement with FirstAmerican Core Logic, a third party consulting firm, on providing an independent appraisal of the properties supporting the single family loan portfolio. They have been working with the ratings agencies to determine the potential impact on the Agency's ratings of this project as well as the securitization of the single family loan portfolio.

The team has also been working on calling a portion of the remaining proceeds from the 2008C bond issue, which will happen on May 15th, reducing the balance of unexpended proceeds, but also resulting in a lower interest rate for our borrowers.

As mentioned last month, the finance team has already begun planning the yearend audit for FY 2009. KPMG will be on site to do some pre-audit work in May

**Public Affairs**

This year's release of the housing/wages report was a great success. After several re-schedulings to work around conflicts, we released the report at a press event April 28th at the Statehouse. I emcee'd the event, and joining me were Commissioner of Economic Development Betsy Bishop, President Pro Tem Peter Shumlin (a last-minute replacement for Sen. Vince Illuzzi), Rep. Helen Head, who chairs the House General, Housing and Military Affairs Committee, and Erhard Mahnke, coordinator of the Vermont Affordable Housing Coalition.

Media outlets that ran stories on the report were: AP (brief); WPTZ, Burlington; WCAX, Burlington (ran the AP piece); Fox44, Burlington, the Burlington Free Press (next-day story and an editorial on April 30th); the Vermont Press Bureau (Rutland Herald and Times Argus); the Brattleboro Reformer (AP story followed by an original local story); WTSA, Brattleboro (interview with me); and the Stowe Reporter. We understand the Valley News, in White River, is also working on a piece.

All stories are posted on the Housing Awareness Campaign website, www.housingawareness.org. Copies of the report are posted there and on the Agency site.

This was another great effort, under particularly challenging circumstances, by John, Craig, Leslie, Maura, Erhard and Rick DeAngelis, of VHCB. Thanks also go to staff at Champlain Housing Trust, who found Ms. Andrea Todd, a "real-life" story, for reporters.

John also made presentations of the report to the Montpelier City Council and the Central Vermont Housing Collaborative. He is scheduled to make another presentation to the Upper Valley Housing Coalition's business leaders' breakfast May 8th.John has also been asked to make the keynote speech at the annual meeting of Southeast Vermont Community Action on May 21st.

Craig is nearly finished with the Agency website redesign. The look won't be much different, but the site will meet higher standards of accessibility and coding and in more in line with current best practices.

I hope to be able to give you more information on Legislative outcomes at our meeting.

See you on the 11th.

**VHFA BOARD MEETING AGENDA**
**Monday, May 11, 2009**
Vermont Association of Realtors
148 State St., Montpelier
**8:00 a.m. – Noon**

National Life Bldg
ACCD

| | |
|---|---|
| **Meeting Start** | **8:00 a.m.** |
| **Review and Approval of April 6, 2009** (5 minutes) | Enclosure |
| **Executive Director's Report** (5 minutes) | Carpenter/Enclosure |
| **Finance** | |
| • 3rd Quarter Financials (15 minutes) | Connors/Enclosure |
| • Finance Update (15 minutes) | Connors/Discussion |
| **Administration** | |
| • 2010 Board of Commissioners Schedule (5 minutes) | Carpenter/Enclosure |
| • Housing Vermont Report (30 minutes) | Drake/Enclosure |
| • Pension Resolutions (5 minutes) | Loller/Enclosure |
| **Homeownership** | |
| • Program Updates (15 minutes) | Adams/Discussion |
| • Securitizing Existing Single Family Portfolio-Freddie Mac (10 minutes) | Adams/Enclosure |
| **Multifamily** | |
| • Rockingham Canal House Update (15 minutes) | Adams/Falzone/Discussion |
| BREAK | **10:00 a.m.** |
| **Development** | |
| • Missisquoi Manor, Richford: Construction Loan & Bond Tax Credit (10 minutes) | Slade/Enclosure |
| • Pine Manor, Alburgh: Construction Loan & Bond Tax Credit (10 minutes) | Slade/Enclosure |
| • Abbott Neighborhood Housing, Brattleboro: State Tax Credit (10 minutes) | Slade/Enclosure |
| • Qualified Allocation Plan – 2009-2010 Plan Revisions (60 minutes) | Reid/Discussion |
| **Executive Session** | |
| **Other Business** (10 minutes) | |
| **Adjournment** | |

**Reports:** ***FYI Only***

| | |
|---|---|
| ➢ Summary of Homeownership Activities/Reports | Crady/Enclosure |
| ➢ Interim FY2009 Budget Report 3/31/2009 | Gutchell/Enclosure |
| ➢ Interesting Housing Fact | Black-Plumeau/Enclosure |
| ➢ VHFA's Share of the single family home sales market in CY 2008 | Black-Plumeau/Enclosure |

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Vermont Housing Finance Agency

MEMORANDUM

**TO:** VHFA Board of Commissioners

**FROM:** Tom Connors, Chief Financial Officer

**RE:** Quarterly Financial Statements – March 31, 2009

**DATE:** **April 29, 2009**

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Attached please find the financial statements for the nine months ended March 31, 2009 along with some additional explanations and comparative schedules.

The March 2009 results continue to reflect how the credit crisis and the housing crisis are impacting the Agency. The two areas that have had the biggest impact on the Income Statement are the unanticipated negative basis on variable rate debt (i.e. high financing costs) as well as the low returns the Agency is now earning on many of its investments.

The Agency continues its quest to find replacement liquidity providers for its Depfa and Dexia-backed variable rate bonds. These bonds continue to experience serious remarketing problems, due to downgrade events of these banks. Financing costs increased $1.3 million for the first nine months compared to the same period last year, reflecting $2.9 million of unanticipated basis paid on variable rate debt. We have been working with TD Bank on replacing two more liquidity facilities for Series 22 and 26 (approximately $27mm of the $82mm challenge) and expect final approval by their May 13th Credit Committee Meeting. We had a promising meeting with Wells Fargo on April 1st, during which they were optimistic they could help us with at least part of our liquidity challenge. That opportunity has stalled, but we reconnected with our Wells Fargo contact April 29th and we are assured they are still working on this opportunity. The team has also had calls with both of our current remarketing agents to make sure they are getting us the lowest rates possible on our Depfa and Dexia liquidity, especially in light of the recent announcement that the German Government plans to nationalize Hypo Real Estate, parent of Depfa Bank. We saw some rate improvement during the last week of April, lowering our costs by about $35,000 per month. We hope to see additional improvement in the upcoming weeks. The Agency is also waiting anxiously for an announcement that Fannie Mae will finally be offering liquidity to the HFA's across the country that need it.

The attached narratives and financial schedules will provide a good summary of what has transpired over the first nine months of the fiscal year.



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phone (802) 864-5743 fax (802) 864-5746 www.vhfa.org

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Some key points from the financial results to date:

- The Agency reported an operating loss of $1,643,541 for the nine months ended March 31, 2009. This compares to an operating income of $2,935,161 for the same period ended March 31, 2008. When combined with an increase in market value of investments, the overall decrease in net assets for the nine months is ($1,508,302). This compares to an increase in net assets of $3,708,279 for the same period in the prior year.

- The impact of the credit crisis on many of our financial partners continues to translate into significant increased costs for the Agency.

    - Financing costs increased $1.3 million when compared to the first nine months last year, including $2.9 million of unanticipated basis paid on variable rate debt. This trend will continue until we close our replacement liquidity facilities, bringing variable interest expenses to more reasonable rates. Increased net financing costs project to be approximately $2-$2.5 million over what was anticipated for the year.
    - The Agency is also earning much lower returns on its investments, due to multiple factors including lower returns on money market funds and the liquidation of GIC's with Depfa. The balances in our investment accounts are also lower because bond proceeds were used to purchase new loans.
    - Professional fees were $124.5k for the nine months mostly related to unanticipated legal activity for the replacement of Depfa and Dexia as liquidity as well as the conversion of some ARC's (Auction Rate Certificates) to VRDO's (variable Rate Demand Obligations). We expect this trend of increased legal fees to continue for a while until these issues are resolved.
    - Consulting and trustee fees also saw unplanned increases over the previous year due to unexpected activities involving our financial advisor and rating agencies.

- The mortgage and construction loan portfolio decreased by $385 thousand net of collections. This included $35.3 million of single-family mortgage purchases (previous year's single family mortgage purchases for the same prior last year were $104.2 million).

The financial statements for the first nine months are attached, as well as more detailed explanations of the results. The combination of lower production, lower return on investments, higher financing costs, and higher professional fees (legal, financial) have combined to put significant pressure on the Agency's financial results. Although we have made progress in the area of liquidity replacement, progress has been slow. We hope we can report major progress in this area by the end of May. With the call of a portion of unexpended bond proceeds from Series 2008C as well as use of the Fannie Mae cash window, we expect to see loan originations start to pick up.

We will continue to keep the Board informed of any major financial events as soon as they occur. As always, feel free to contact me directly, if you have any questions.

## Discussion of changes in Statement of Net Assets

The Agency's Statement of Net Assets consists primarily of single family and multi-family mortgage loans, cash and investments, and related bonds and notes payable. It also includes a portfolio of mortgage and construction loans financed through its Operating Fund, as well as a variety of other assets such as property and equipment, other receivables, and deferred charges.

Cash and investments are used to fund loan purchases, bond debt service, and reserve funds, and are typically held in guaranteed investment contracts or other investment vehicles, as authorized in accordance with the Agency's investment policy.

The following table summarizes the net assets of the Agency as of March 31, 2009 with comparative data from the prior fiscal year.

| | March 31, 2009 | June 30, 2008 | March 31, 2008 | % Change March 2009 vs. June 2008 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and investments | $ 178,659,016 | 200,568,394 | 221,308,601 | (10.9) |
| Loans receivable, net | 704,956,360 | 705,340,994 | 697,857,730 | (0.1) |
| Other assets | 20,333,462 | 20,176,584 | 21,840,127 | 0.8 |
| Total assets | 903,948,838 | 926,085,972 | 941,006,458 | (2.4) |
| **Liabilities** | | | | |
| Bonds and notes payable | 800,771,152 | 828,973,611 | 835,427,279 | (3.4) |
| Other liabilities | 20,428,447 | 12,854,819 | 19,791,175 | 58.9 |
| Total liabilities | 821,199,599 | 841,828,430 | 855,218,454 | (2.5) |
| **Net Assets** | | | | |
| Invested in capital assets | 1,636,575 | 1,593,923 | 1,567,963 | 2.7 |
| Restricted: | | | | |
| Bond and other requirements | 64,032,038 | 66,371,231 | 67,408,933 | (3.5) |
| Excess yield loans | 8,455,328 | 8,539,071 | 8,539,071 | (1.0) |
| Unrestricted | 8,625,299 | 7,753,317 | 8,272,037 | 11.2 |
| Total net assets | $ 82,749,240 | 84,257,542 | 85,788,004 | (1.8) |

Total assets decreased by $22.1 million or 2.4% for the nine months ended March 31, 2009 when compared to the year ended June 30, 2008, primarily as a result of:

- Cash and investments decreased by $22 million, or 10.9%. Significant additions to cash were the proceeds of the new $50 million single-family bond deal that closed at the end of September, and $48.6 million in year-to-date mortgage loan P & I collections. Cash was used to pay off $58.8 million in notes and $30.0 million in bonds payable, and to purchase $48.9 million of mortgage loans.

- Total mortgage and construction loans receivable decreased by $385 thousand or 0.1% for the nine month period. Loan originations for the first nine months of fiscal year 2009 were $48.9 million (vs. $129.8 million for the comparable period last year). Single family originations represented $35.3 million of this amount (vs. $104.2 million last year).

| Mortgage Loans Receivable: | | Nine Months Ended March 2009 | Fiscal Year Ended June 2008 | Nine Months Ended March 2008 | % Chg Year to Year March 2009 vs. June 2008 |
|---|---|---|---|---|---|
| Beginning balance | $ | 705,340,994 | 623,559,509 | 623,559,509 | 13.1 |
| Mortgage loan originations | | 48,900,356 | 159,721,796 | 129,798,384 | (62.3) |
| Principal collections | | (48,609,944) | (76,527,169) | (54,850,946) | (11.4) |
| Loans transferred to REO status | | (1,344,801) | (940,445) | (649,217) | 107.1 |
| Loan loss provision | | 669,756 | (472,697) | - | n/a |
| Ending balance | $ | 704,956,361 | 705,340,994 | 697,857,730 | 1.0 |

Total liabilities of the Agency decreased by $20.6 million, or 2.5% for the nine months ended March 31, 2009 when compared to the year ended June 30, 2008, primarily as a net result of:

- $50 million in bonds issued under the Multiple Purpose resolution.
- Fifteen multi-family construction projects received $13.3 million in loan advances which were financed with notes payable from lending institutions. $10.8 million of prior loan advances were repaid.
- Two issues of Multiple Purpose Notes matured during the period, reducing notes payable by $48.2 million.
- $30.0 million of principle was paid on outstanding bonds payable.

## Discussion of changes in Statement of Revenues, Expenses and Changes in Net Assets

The Agency's operating revenues consist primarily of interest income on mortgage and construction loans, investment income, and miscellaneous fee income. Operating expenses consist of bond interest expense and other debt financing costs, operational expenses, and mortgage servicing fees.

The following summarizes the changes in net assets for the nine months ended March 31, 2009 with comparative data from the prior fiscal year.

| | Nine Months Ended March 2009 | Nine Months Ended March 2008 | Fiscal Year Ended June 30, 2008 | % Chg March 2009 vs. March 2008 |
|---|---|---|---|---|
| **Operating Revenues** | | | | |
| Interest on loans | $ 31,990,311 | 31,099,476 | 41,677,841 | 2.9 |
| Interest on investments | 4,455,821 | 8,462,446 | 9,717,928 | (47.3) |
| Fee income | 264,595 | 426,508 | 699,694 | (38.0) |
| Other revenue | 122,552 | 54,550 | 75,684 | 124.7 |
| Total operating revenues | 36,833,279 | 40,042,980 | 52,171,147 | (8.0) |
| **Operating Expenses** | | | | |
| Financing costs | 33,890,457 | 32,569,680 | 43,355,316 | 4.1 |
| Operational expenses | 3,561,366 | 3,570,333 | 4,900,926 | (0.3) |
| Mortgage servicing | 790,506 | 1,002,828 | 1,338,593 | (21.2) |
| Loan loss provision | 344,076 | 83,016 | 512,180 | 314.5 |
| Loss on bond redemptions | (109,585) | (118,038) | (187,468) | (7.2) |
| Total operating expenses | 38,476,820 | 37,107,819 | 49,919,547 | 3.7 |
| Operating income (loss) | (1,643,541) | 2,935,161 | 2,251,600 | (156.0) |
| **Non-Operating Revenues** | | | | |
| Net appreciation (depreciation) in fair value of investments: | 135,239 | 773,117 | (73,782) | (82.5) |
| Excess (deficiency) of revenues | (1,508,302) | 3,708,278 | 2,177,818 | (140.7) |

The Agency's net loss for the nine months ended March 31, 2009 was $1,508,302, compared to a surplus of $3,708,278 through the third quarter of last year. The change results primarily from the effects of:

- The operating loss for the period of $1,643,541, compared to a surplus of $2,935,161 for the comparable nine months last year. A large portion of the change in results is due to decreased investment interest income of $4,006,625, and an increase in financing costs of $1,320,777 offset by increased mortgage loan interest income of $890,835.

- The decrease in investment interest income by $4 million, or 47.3%, from the same period last year, was due to much lower rates on money market investments, and a decrease in the cash and investment portfolio balance of $41.6 million. This decrease was primarily due to the use of cash to purchase new mortgage loans.

- The increased financing costs reflect approximately $2.9 million of unanticipated basis paid on VHFA's variable rate debt during the nine month period.
- Net appreciation in the fair value of investments accounted for an increase in net assets of $135,239 through 03/31/09, compared to net appreciation of $773,117 in the three quarters of the prior year.
- Operational expenses decreased by $8,967, or 0.3% compared to the year earlier period.

VHFA

# VHFA CONSOLIDATED FINANCIAL STATEMENTS

Date: 03/31/2009

| | GENERAL FUND | SINGLE FAMILY | MULTIPLE PURPOSE BONDS | MULTI FAMILY | GENERAL OBLIGATION | | TOTAL |
|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | |
| Cash and cash equivalents | 4,021,765.59 | 48,952,309.94 | 69,662,302.42 | 23,002,172.21 | | | 145,638,550.16 |
| Investments | 100,000.00 | 27,844,321.26 | | 5,076,144.90 | | | 33,020,466.16 |
| Mortgage and construction loan | 15,121,287.64 | 425,834,583.63 | 156,521,415.66 | 111,530,734.97 | | | 709,008,021.90 |
| Less: reserve for loan loss | 2,000,000.00- | 247,301.00- | 1,514,361.00- | 290,000.00- | | | 4,051,662.00- |
| Accrued interest receivable | | | | | | | |
| -Mortgage and notes | 1,162,967.36 | 1,908,860.98 | 488,876.32 | 353,796.32 | | | 3,914,500.98 |
| -Investments | 442.88 | 921,550.56 | 775,863.61 | 88,721.07 | | | 1,786,578.12 |
| Deferred cost of bond issuance | | 2,606,210.25 | 862,741.39 | 905,747.60 | | | 4,374,699.24 |
| Deferred mortgage origination fees, net | 313,927.66- | 1,303,768.76 | 247,435.67 | | | | 1,237,276.77 |
| Office furniture and fixtures | 1,701,914.00 | | | | | | 1,701,914.00 |
| Less: accumulated depreciation | 1,841,173.08 | | | | | | 1,841,173.08 |
| Land | 775,000.00 | | | | | | 775,000.00 |
| Building | 1,000,833.95 | | | | | | 1,000,833.95 |
| Other receivables:prepaids | 387,167.91 | 3,759,789.85 | 1,562,939.81 | 92,587.95 | | | 5,802,485.52 |
| Interfund receivables | 1,845,266.31 | 137,245.91 | 1,312,119.63- | 670,392.59- | | | |
| Other assets | | 1,167,330.72 | 110,063.00 | 303,953.22 | | | 1,581,346.94 |
| TOTAL ASSETS | 21,961,544.90 | 514,188,670.86 | 227,405,157.25 | 140,393,465.65 | | | 903,948,838.66 |
| LIABILITIES & FUND BALANCE | | | | | | | |
| Deferred income | 171,483.62 | | | | | | 171,483.62 |
| Accounts payable | 474,551.04 | 2,744,205.16 | 328,246.30 | 52,494.00 | | | 3,599,496.50 |
| Escrowed cash deposits | 2,477,962.42 | 228.71- | | | | | 2,477,733.71 |
| Notes payable | 7,982,686.36 | | 21,845,000.00 | 21,956,655.34 | | | 51,784,341.70 |
| Accrued interest | 48,334.15 | 10,329,402.61 | 4,771,311.85 | 652,612.14 | | | 15,801,660.75 |
| Accreted interest | | | | | | | |
| Bonds payable | 544,653.37 | 463,155,000.00 | 181,115,000.00 | 104,172,156.63 | | | 748,986,810.00 |
| Unamort premium on bonds/notes | | 569,729.97- | 137,395.13- | 914,802.87- | | | 1,621,927.97- |
| Fund balance | 10,261,873.94 | 38,530,021.77 | 19,482,994.23 | 14,474,350.41 | | | 82,749,240.35 |
| TOTAL LIABILITIES & FUND BAL | 21,961,544.90 | 514,188,670.86 | 227,405,157.25 | 140,393,465.65 | | | 903,948,838.66 |

**VHFA** **VHFA CONSOLIDATED FINANCIAL STATEMENTS** **Date: 03/31/[illegible]9**

| | GENERAL FUND | SINGLE FAMILY | MULTIPLE PURPOSE BONDS | MULTI FAMILY | GENERAL OBLIGATION | | TOTAL |
|---|---|---|---|---|---|---|---|
| REVENUES: | | | | | | | |
| Interest Income: | | | | | | | |
| Mortgage & construction loans | 659,291.63 | 19,498,896.22 | 6,529,214.98 | 5,302,908.14 | | | 31,990,310.97 |
| Investments | 28,864.93 | 2,105,841.55 | 1,719,856.27 | 601,258.50 | | | 4,455,821.25 |
| Gain/loss on investment sale | | | | | | | |
| Fee income: | | | | | | | |
| Multi-family programs | 199,084.31 | | 95,802.29 | 41,832.00- | | | 253,054.60 |
| Single family programs | 10,786.73 | 65.18 | 688.00 | | | | 11,539.91 |
| Grant income | | | | | | | |
| VHMGB income | | | | | | | |
| Miscellaneous income | 122,551.73 | | | | | | 122,551.73 |
| TOTAL REVENUES | 1,020,579.33 | 21,604,802.95 | 8,345,561.54 | 5,862,334.64 | | | 36,833,278.46 |
| EXPENSES: | | | | | | | |
| Financing costs: including interest and amortization of premium, discount & costs of issuance | 517,819.01 | 20,157,358.93 | 8,128,684.14 | 5,086,595.23 | | | 33,890,457.31 |
| Mortgage service, contract administration fees, & property disposition expense | 2,686.83 | 628,214.59 | 159,604.31 | | | | 790,505.73 |
| Salaries and benefits | 2,452,373.86 | | | | | | 2,452,373.86 |
| Operating expenses | 793,937.01 | | | | | | 793,937.01 |
| Professional fees | 87,917.05 | 69,501.61 | 3,189.04 | | | | 160,607.70 |
| Trustee and assignee fees | 154,447.60 | | | | | | 154,447.60 |
| Loss on bond redemptions | | 109,584.52- | | | | | 109,584.52- |
| Foreclosed property loss | 8,236.20- | 338,761.91 | 13,549.84 | | | | 344,075.55 |
| TOTAL EXPENSES | 4,000,945.16 | 21,084,252.52 | 8,305,027.33 | 5,086,595.23 | | | 38,476,820.24 |
| Surplus before change in investment market value | 2,980,365.83- | 520,550.43 | 40,534.21 | 775,739.41 | | | 1,643,541.78- |
| Change in investment value | | 101,840.97 | | 33,398.43 | | | 135,239.40 |
| Excess (deficiency) of revenues over expenses | 2,980,365.83- | 622,391.40 | 40,534.21 | 809,137.84 | | | 1,508,302.38- |
| Fund balance, beginning | 9,347,239.85 | 44,469,130.29 | 16,192,460.02 | 14,248,712.57 | | | 84,257,542.73 |
| Transfer to General Fund (net) | 3,894,999.92 | 6,561,499.92- | 3,250,000.00 | 583,500.00- | | | |
| Fund balance, end of period | 10,261,873.94 | 38,530,021.77 | 19,482,994.23 | 14,474,350.41 | | | 82,749,240.35 |

# A Resolution in Appreciation Of the Contributions of John Fairbanks To Vermont Housing Finance Agency

*May 11, 2009*

**WHEREAS**, John Fairbanks has served Vermont Housing Finance Agency with dedication, professionalism and good humor for 8 years; and,

**WHEREAS**, John Fairbanks' service at the Agency has been critical to the development and success of the Agency's mission of providing safe, decent and affordable housing to so many Vermonters by ensuring the Agency's mission and vision were communicated across the State of Vermont; and,

**WHEREAS**, John Fairbanks has been an energetic, compassionate and colorful co-worker; and,

**WHEREAS**, the Commissioners and Staff of Vermont Housing Finance Agency have come to value and depend upon John Fairbanks' expert communication savvy, mastery of the written word, and promoter and supporter of affordable housing for so many;

**NOW THEREFORE**, It is hereby **RESOLVED**:

1. That the Board of Commissioners of Vermont Housing Finance Agency offers grateful thanks to John Fairbanks for his dedication and service to the Agency for 8 years.

2. That John Fairbanks has been a true "friend of affordable housing," and he has helped improve the lives of thousands of Vermonters during his tenure.

3. That we wish John all the best in the months and years to come.

# A Resolution in Appreciation Of the Contributions of Elizabeth Mullikin Drake To Vermont Housing Finance Agency

*May 11, 2009*

**WHEREAS**, Elizabeth Mullikin Drake has served Vermont Housing Finance Agency with dedication, professionalism and leadership for 8 years; and,

**WHEREAS**, Elizabeth Mullikin Drake's service at the Agency has been critical to the development and success of the Agency's mission of providing safe, decent and affordable housing to thousands of Vermonters by helping the Agency maintain a sound legal and financial foundation that inspires the confidence of investors who provide the necessary funding to support that mission; and,

**WHEREAS**, Elizabeth Mullikin Drake has been an excellent co-worker, general counsel extraordinaire, a meticulous and creative — in the best sense of the word — overseer of the Agency's legal needs; and,

WHEREAS, the Commissioners and Staff of Vermont Housing Finance Agency have come to value and depend upon Elizabeth Mullikin Drake's wise legal counsel and friendly, fashionable presence to not only guide and support us in our mission, but to make the daily work environment more pleasant;

**NOW THEREFORE**, It is hereby **RESOLVED**:

1. That the Board of Commissioners of Vermont Housing Finance Agency offers grateful thanks to Elizabeth Mullikin Drake for her leadership and service to the Agency over the past two decades, but most recently over the past 8 years.

2. That Elizabeth Mullikin Drake has been a true "friend of affordable housing," and she has helped improve the lives of so many Vermonters during her tenure.

3. That we wish Elizabeth all the best as she looks to broaden her legal prowess to govern Corporate Boards across the nation, allowing free time for the pursuit of her ultimate passion — Keith Urban.

# 2010 VHFA Board of Commissioners Meeting Schedule

**Last Revised: 04/06/09**

| Date | Day of Week | ~ # of wks since previous | Start/End Times | City/Town | Site |
|---|---|---|---|---|---|
| **January 11** | Monday | 3.5 | 8:00 a.m. – Noon | Montpelier | ACCD |
| **February 8** | Monday | 4 | 8:00 am – 12:00 noon | Montpelier | ACCD |
| **March 8** | Monday | 4 | 8:00 am – 12:00 noon | Montpelier | ACCD |
| **April 12** | Monday | 5 | 8:00 am – 12:00 noon | Montpelier | ACCD |
| **May 10** | Monday | 4 | 8:00 am – 12:00 noon | Montpelier | ACCD |
| **June 14** | Monday | 5 | 8:00 am – 12:00 noon | Burlington | VHFA offices |
| **No July meeting** | | | | | |
| **August 9** | Monday | 8 | 8:00 am – 12:00 noon | TBD | Site Visit TBD |
| **September 13** | Monday | 5 | 8:00 am – 12:00 noon | Burlington | VHFA offices |
| **October 11** | Monday | 4 | 8:00 am – 5:00 pm | Burlington | VHFA offices |
| **November 8** | Monday | 4 | 8:00 am – 12:00 noon | Burlington | VHFA offices |
| **December 13** | Monday | 5 | 8:00 am – 12:00 noon | Burlington | VHFA offices |

DRAFT

School Vacation Weeks May Vary by Region: Burlington: Winter Recess: 2/22 – 3/2
Spring Recess: 4/26 – 4/30

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Vermont Housing Finance Agency

**MEMORANDUM**

**TO:** VHFA Board of Commissioners

**FROM:** Sarah Carpenter, Executive Director

**RE:** Housing Vermont

**DATE:** March 6, 2009

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**Staff Recommendation for Board Action:** Based on Housing Vermont's history and success at achieving its mission as originally envisioned by VHFA, staff recommends that VHFA no longer be a Sustaining Member of Housing Vermont.

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For the benefit of new and old board members, this memo gives a brief history of Housing Vermont and its relationship with the Agency.

Brief History of Housing Vermont

05/04/1988 – Created by VHFA as a Vermont nonprofit corporation
VHFA became a Sustaining Member (described below)
05/31/1988 - Effective date of the Original Funding Agreement (described below)
05/31/1988 – Received 501c3 Advance Ruling
Sept 1988 - Board approved Bridge Loan facility (described below)
1989 - First Green Mountain Equity Fund
March 1998 – Board approved Amended and Restated Funding Agreement for future developments

As of 12/31/07: $171,491,953 in equity invested;
4000 housing units created

Sustaining Member of Housing Vermont

When Housing Vermont was created, VHFA incorporated the Sustaining Member concept to allow for some oversight in its early days. A Sustaining Member of Housing Vermont may be any political subdivision of the State of Vermont, including VHFA. To date, VHFA has been the only Sustaining Member. This membership requires annual

membership dues of $15,000. As a Sustaining Member, VHFA has the exclusive right to elect not less than 50% of the directors of Housing Vermont, may amend the articles or bylaws and may remove a director for cause. Of the eleven (11) directors, the Governor may also designate one director.

Funding Agreement

The Funding Agreement between VHFA and Housing Vermont was a commitment by the Agency to provide Housing Vermont with working capital for both operating expenses and housing development costs through December 31, 1990. For a total of $2 million dollars, Housing Vermont could draw up to $1 million dollars in the first year and $500,000 during each of the following two years.

In March 1998, the status of the Funding Agreement was examined and the following was approved by the Board:

a. $171,500 were used as Operating Funds and would not be recovered.
b. $637,500 was invested in housing developments as Housing Development Funds and according to the Amended and Restated Funding Agreement, "full recovery is not anticipated."
c. $1,191,000 remain as Housing Development Funds available for use in partnerships created after May 26, 1998. Interest on idle funds, if any, is to be paid to VHFA annually.

To date, these dollars are invested in housing partnerships as equity contributions, deferred obligations or predevelopment funds. Housing Vermont carries a footnote in its financial statements referencing the $2,000,000 Funding Agreement. Repayment would only be triggered if there was an event of default, such as, misapplication of funds, dissolution of Housing Vermont or revocation of its 501c3 status.

Bridge Loan

In 1994, the Agency formalized an additional bridge loan facility in the amount of $1,000,000 to be used for predevelopment costs and bridging of tax credit equity for projects in which Housing Vermont or its affiliate is a general partner. In 2002, the Bridge Loan facility was increased to $1,500,000. This facility has been renewed for two, three and five year terms. Most recently, the line of credit was renewed until November 1, 2010. As of 12/31/08, $1,375,000 was outstanding.

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**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**

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**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.

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

EQUAL HOUSING OPPORTUNITY

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 exluding 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

vhfa

**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**

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**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.

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

EQUAL HOUSING OPPORTUNITY

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.

vhfa

**Vermont Housing Finance Agency**

# MEMORANDUM

To: VHFA Board of Commissioners
From: Dave Adams
Date: May 11, 2009
Re: Securitizing Existing Single Family Portfolio-Freddie Mac

**Request**

Board approval is requested 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.

**Background**

At the April Board meeting, the Board gave Staff approval to securitize the VHFA single family portfolio with Fannie Mae and/or Ginnie Mae. We did not anticipate pursuing this transaction with Freddie Mac at that time.

We received Fannie Mae's Bid Indication dated April 8th. Of the 2006 loans, and $212 million in balances submitted, Fannie Mae only selected 557 (28%) loans with balances totaling $45.6 million (22%). The Guaranty Fee proposed is .30% which is considered very favorable. We understand that this is a much better deal that other states have received but there is concern on Staff's part that this may not be enough to satisfy the rating agencies.

After much discussion, Staff feels that we should submit the same portfolio to Freddie Mac to see if we get a higher selection rate and a comparable Guaranty Fee. We would then evaluate both transactions and chose to proceed with one or a combination of the two that provides the greatest benefit to the Agency.

We have reviewed the Fannie Mae Affinity Agreement to be sure we do not violate any of its terms. The Agreement only requires us to give Fannie Mae the opportunity to look at the portfolio first before all others. We have met that requirement and we have received approval from Fannie Mae to show the portfolio to Freddie Mac. Fannie Mae regrets their offer was not better.

In order to pursue this transaction with Freddie Mac, Board authorization is needed and recommended.

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

EQUAL HOUSING OPPORTUNITY

**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<br>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% |

29-Apr-09 **Missisquoi 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 | Rural Development 515 | VHCB HO ME | CVOEO WX | Existing cash | Developer Loan | LIHTC equity | TOTAL SOURCES |
| | ACQUISITION | | | | | 1.00% 50 | 0.00% 30 | 0.00% 30 | N/A 0.00% | 0.00% | N/A 0 N/A | |
| 1 | Land | 62,000 | 2,583 | 4.05 | 62,000 | 62,000 | | | | | | 62,000 |
| 2 | Purchase of Building(s) | 558,000 | 23,250 | 36.48 | 363,000 | 363,000 | 195,000 | | | | | 558,000 |
| 3 | Demolition (without replacement) | 0 | 0 | 0.00 | | | | | | | | 0 |
| 4 | Property Appraisal | 2,800 | 117 | 0.18 | 2,800 | 2,800 | | | | | | 2,800 |
| 5 | Legal - Title and Recording | 3,000 | 125 | 0.20 | 3,000 | 3,000 | | | | | | 3,000 |
| | Acquisition Carrying Costs | 0 | 0 | 0.00 | | | | | | | | 0 |
| | Subtotal - Acquisition | 625,800 | 26,075 | 40.92 | | | | | | | | |
| | CONSTRUCTION HARD COSTS | | | | | | | | | | | |
| 6 | Rehabilitation | 553,533 | 23,064 | 36.19 | 553,533 | 553,533 | | | | | | 553,533 |
| 7 | New Building(s) | 0 | 0 | 0.00 | | | | | | | | 0 |
| 8 | | 0 | 0 | 0.00 | | | | | | | | 0 |
| 9 | Sitework | 37,900 | 1,579 | 2.48 | 37,900 | 15,667 | | | | | 22,233 | 37,900 |
| 10 | | 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 | 94,971 | 3,957 | 6.21 | 94,971 | | | | | | 94,971 | 94,971 |
| 15 | Construction Management | 0 | 0 | 0.00 | | | | | | | | 0 |
| 16 | Construction Bond Fee | 0 | 0 | 0.00 | | | | | | | | 0 |
| 17 | Hazardous Materials Abatement | 19,580 | 816 | 1.28 | 19,580 | | | | | | 19,580 | 19,580 |
| 18 | Off-Site Improvements | 0 | 0 | 0.00 | | | | | | | | 0 |
| 19 | Furnishings, Fixtures, & Equipment | 22,125 | 922 | 1.45 | 22,125 | | | | | | 22,125 | 22,125 |
| 20 | Other (_____) | 0 | 0 | 0.00 | | | | | | | | |
| | Subtotal - Hard Costs | 728,109 | 30,338 | 47.61 | | | | | | | | |
| | SOFT COSTS | | | | | | | | | | | |
| 21 | Architectural | 51,195 | 2,133 | 3.35 | 51,195 | | | | | | 51,195 | 51,195 |
| 22 | Engineering | 0 | 0 | 0.00 | | | | | | | | 0 |
| 23 | Legal Accounting | 20,000 | 833 | 1.31 | 20,000 | | | | | | 20,000 | 20,000 |
| 24 | Relocation | 2,500 | 104 | 0.16 | 2,500 | | | | | | 2,500 | 2,500 |
| 25 | Environmental Assessment | 7,000 | 292 | 0.46 | 7,000 | | | | | | 7,000 | 7,000 |
| 26 | Energy Assessment | 0 | 0 | 0.00 | | | | | | | | 0 |
| 27 | Permits Fees | 3,000 | 125 | 0.20 | 3,000 | | | | | | 3,000 | 3,000 |
| 28 | Independent Market Study | 3,000 | 125 | 0.20 | 3,000 | | | | | | 3,000 | 3,000 |
| 29 | Construction Period Insurance | 10,000 | 417 | 0.65 | 10,000 | | | | | | 10,000 | 10,000 |
| 30 | Construction Interest | 34,375 | 1,432 | 2.25 | 34,375 | | | | | | 34,375 | 34,375 |
| 31 | Construction Loan Origination Fee | 8,000 | 333 | 0.52 | 8,000 | | | | | | 8,000 | 8,000 |
| 32 | Taxes During Construction | 0 | 0 | 0.00 | | | | | | | | 0 |
| 33 | | | 0 | 0.00 | | | | | | | | 0 |
| 34 | Marketing | 0 | 0 | 0.00 | | | | | | | | 0 |
| 35 | Tax Credit Fees | 2,475 | 103 | 0.16 | 2,475 | | | | | | 2,475 | 2,475 |
| 36 | Soft Cost Contingency | 8,500 | 354 | 0.56 | 8,500 | | | | | | 8,500 | 8,500 |
| 37 | Permanent Loan Origination Fee | 0 | 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 |
| | DEVELOPERS FEES | | | | | | | | | | | |
| 44 | Developer's Fees | 145,000 | 6,042 | 9.48 | 145,000 | | | | | | 145,000 | 145,000 |
| 45 | Other Partnership Fees | | 0 | 0.00 | | | | | | | | 0 |
| 46 | Consultant Fees | | 0 | 0.00 | | | | | | | | 0 |
| | RESERVES | | | | | | | | | | | |
| 47 | Working Capital | 10,000 | 417 | 0.65 | | | | | | | 10,000 | 10,000 |
| 48 | Rent-up (Deficit Escrow) Reserve | | 0 | 0.00 | | | | | | | | 0 |
| 49 | Other Operating Reserves | 46,822 | 1,951 | 3.06 | | | | | | | 46,822 | 46,822 |
| 50 | Sinking Fund | | 0 | 0.00 | | | | | | | | 0 |
| 51 | Replacement Reserves | 10,000 | 417 | 0.65 | | | | | | | 10,000 | 10,000 |
| | 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 | 0 | 520,776 | 1,715,776 |
| | | | | over/ (unde | (46,046) | 0 | 0 | 0 | 0 | 0 | 125,001 | 1,715,776 |
| | | | | | | | | | | | 125,001 | diff |
| | COST BASIS FOR DEVELOPER | 1,503,954 | | | | | | | | | 125,000 | gap |
| | DEVELOPER FEE | 145,000 | | | | | | | | | | |
| | DEVELOPER FEE | 9.64% | | | | | | | | | | |
| | COST BASIS FOR TE BON | 1,646,479 | | | | | | | | | | |
| | 50 TEST | 38 | | | | | | | | | | |

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 | | | |
| 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 | | | | | |
| 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 | | | |
| 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 | 20% | Historic Credit Rate |
| | Total Eligible Basis | | 563,800 | 1,013,778 | | 0 | Annual Historic Credit |
| 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 | | Long Term Depreciable Basis |
| TIMES: | Applicable Percentage | | 3.29% | 3.29% | 27.5 | | Depreciation Schedule |
| | Total Annual Credit Qualified | | 18,549 | 33,353 | 56,157 | | Annual Depreciation |
| | Total Tax Credits Requested | 48,900 | | 51,902 | 22,125 | | Short Term Depreciable Basis |
| | Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only) | 395,775 | | | 7 | | Depreciation Schedule |
| | Estimated Yield - Housing Credit Syndication | 80.94% | | | 3,161 | | Annual Depreciation |
| | Equity Gap | 520,776 | | | | | |
| | Credits Needed to fill Equity Gap | 64,345 | | | | | |

29-Apr-09 **Missisquoi Manor Senior Housing**

| HC Restricted Units<br>Bedrooms | Type | Average<br>Square Feet | Number | Average<br>Rent | Utilities | Total<br>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<br>Bedrooms | Type | Square Feet | Number | Rent | Utilities | Total<br>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 |

29-Apr-09

# Missisquoi Manor Senior Housing

| | Check all Applicable | | | | | | | | | A | | | | | B | | | | | | C | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Building # | Unit # | HOME Unit | Lead Paint Unit | Project Based Assistance | Tax Credit Unit | VHCB Restricted | Accessible | Adaptable | Unrestricted | Number of Bedrooms | Proposed Square Footage | Proposed Rent | Utility Allowance for Tenant-Paid Utilities | Gross Rent (Rent + Tenant-Paid Utilities) | OCCUPIED BY: Income level of residents to be served: | | | | | | AFFORDABLE TO: Units affordable to residents at: | | | | | |
| | | | | | | | | | | | | | | | <30% | <50% | <60% | <80% | <100% | >100% | 30% | 50% | 60% | 65% | 80% | 100%+ |
| | 1 | 1 | | 1 | 1 | 1 | | 1 | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 2 | 1 | | 1 | 1 | 1 | | 1 | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 3 | 1 | | 1 | 1 | 1 | | 1 | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 4 | 1 | | 1 | 1 | 1 | | 1 | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| HC | 5 | 1 | | 1 | 1 | 1 | 1 | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| HC | 6 | 1 | | 1 | 1 | 1 | 1 | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 7 | 1 | | 1 | 1 | 1 | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 8 | 1 | | 1 | 1 | 1 | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 9 | 1 | | 1 | 1 | 1 | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 10 | 1 | | 1 | 1 | 1 | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 11 | | | 1 | 1 | | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 12 | | | 1 | 1 | | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 13 | | | 1 | 1 | | | 1 | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 14 | | | 1 | 1 | | | 1 | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 15 | | | 1 | 1 | | | 1 | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 16 | | | 1 | 1 | | | 1 | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 17 | | | 1 | 1 | | | 1 | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 18 | | | 1 | 1 | | | 1 | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 19 | | | 1 | 1 | | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 20 | | | 1 | 1 | | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 21 | | | 1 | 1 | | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 22 | | | 1 | 1 | | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 23 | | | 1 | 1 | | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 24 | | | 1 | 1 | | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| Total # Units | 24 | 10 | 0 | 24 | 24 | 10 | 2 | 10 | 0 | Totals: | 12,384 | 18,000 | | Total # Units: | 0 | 24 | 0 | 0 | 0 | 0 | 24 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | | | 24 | 24 | | | | | | | 24 | | | | | 0 | | | | |
| | | | | | | | | | | gross SF | 15,294 | | | | | | | | | | | | | | | |
| | | | | | | | | | | common SF | 2,910 | | | | | | | 24 | | | | | | 0 | | |
| | | | | | | | | | | total rental SF | 12,384 | | | | | | | | | | | | | | | |

| 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 | |
| | | | | per unit month |
| Real Estate Taxes | 24,560 | 2,047 | 85 | excl. ds & res. |
| Property Insurance | 9,500 | 792 | 33 | 517 |
| Replacement Reserves | 13,000 | 1,083 | 45 | |
| 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 |

| 29-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 |
| DCR | | 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% |
| Cumulative Cash Flow | | | | | | | | | | | | | | | | |
| Beginning Balance | | 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 |
| Deposits | | 19,010 | 17,221 | 15,359 | 13,421 | 11,404 | 9,308 | 7,129 | 4,865 | 2,513 | 72 | 0 | 0 | 0 | 0 | 0 |
| Interest | 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 | 2.0% | 330 | 547 | 738 | 894 | 1,056 | 1,199 | 1,104 | 1,221 | 1,368 | 1,508 | 1,435 | 1,288 | 780 | 147 | 38 |
| Withdrawals | | (2,560) | (4,160) | (6,280) | (6,280) | (7,480) | (19,680) | (9,144) | (7,880) | (8,480) | (19,480) | (23,192) | (41,264) | (47,140) | (20,488) | (14,888) |
| Ending Balance | | 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) |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 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) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 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 | | | | | | | | | | | | | | |
| Plus State Credits | | 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 | | | | | |
| After Tax Cash Flow | | 53,060 | 53,551 | 54,137 | 54,714 | 55,317 | 55,947 | 56,605 | 56,185 | 56,901 | 57,647 | 9,525 | 10,335 | 11,178 | 12,055 | 12,967 |

**Missisquoi Manor Senior Housing**

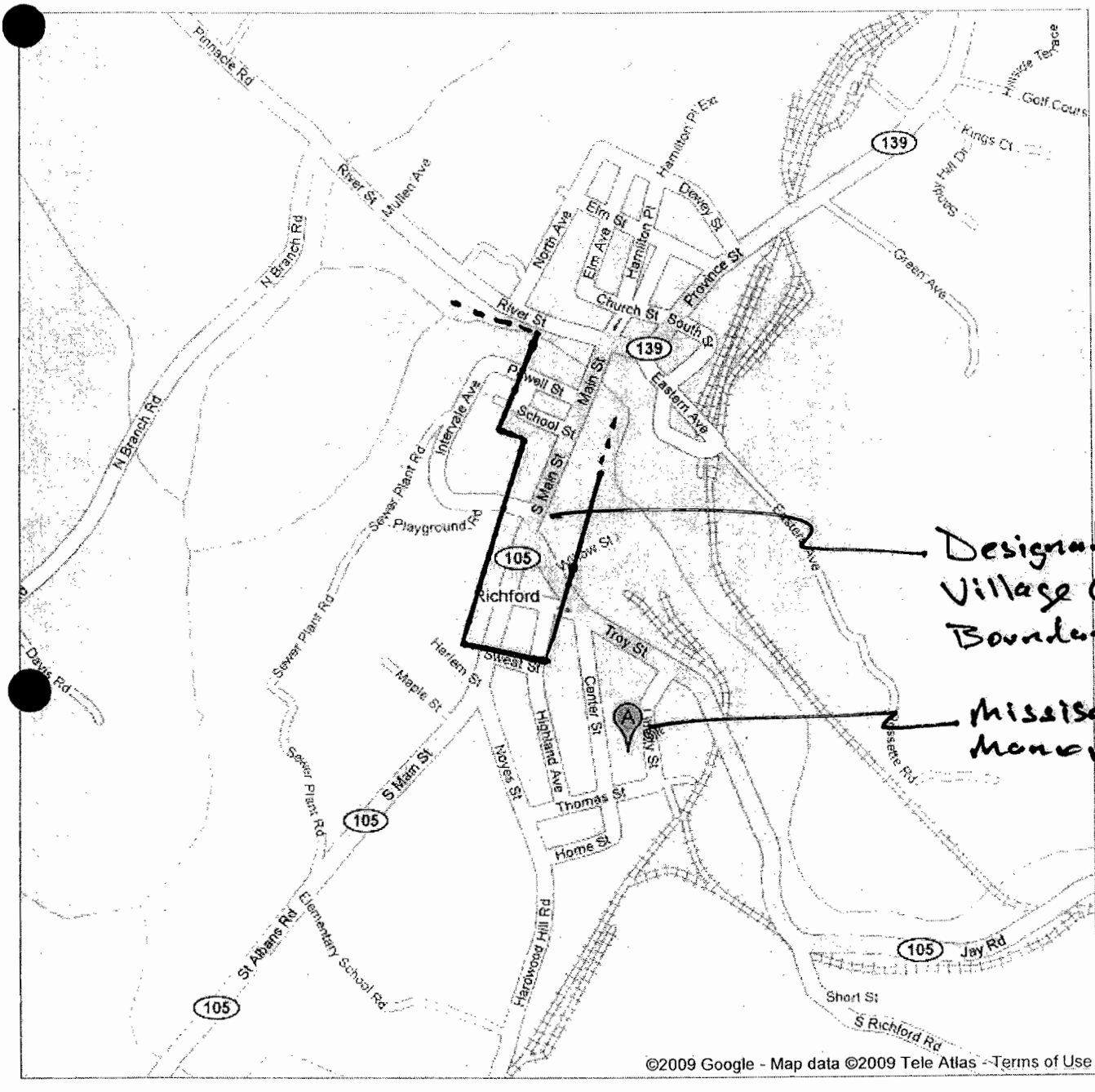
Construction Flow of Funds

| Sources: | Month | 2009 Constr Closing | Oct-09 | Nov-09 | Dec-09 | 2010 Jan-10 | Feb-10 Sub Compl | Mar-10 Permanent Closing | Apr-10 | May-10 8609 | Jun-10 | Jul-10 | Aug-10 | Sep-10 | Oct-10 | Nov-10 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| Construction Loan | | | | | | | | | | | | | | | | |
| Rural Development 515 | 1,000,000 | | | | | | | 1,000,000 | | | | | | | | |
| VHCB HOME | 195,000 | 195,000 | | | | | | | | | | | | | | |
| CVOLO WX | 0 | 0 | | | | | | | | | | | | | | |
| Existing cash | 0 | | | | | | | | | | | | | | | |
| Developer Loan | 0 | | | | | | | | | | | | | | | |
| GP Cap Contrib | | | | | | | | | | | | | | | | |
| LP Cap. Contrib | 395,775 | 100 | | | | | 316,620 | | | 79,055 | | | | | | |
| TOTALS: | 1,590,775 | 195,100 | 0 | 0 | 0 | 0 | 316,620 | 1,000,000 | 0 | 79,055 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | 12% | | | | | | | | | | | | | | |
| **Uses:** | | | | | | | | | | | | | | | | |
| ACQUISITION | | | | | | | | | | | | | | | | |
| Land | 62,000 | 62,000 | | | | | | | | | | | | | | |
| Purchase of Building(s) | 558,000 | 558,000 | | | | | | | | | | | | | | |
| Demolition (without replacement) | 0 | | | | | | | | | | | | | | | |
| Property Appraisal | 2,800 | 2,800 | | | | | | | | | | | | | | |
| Legal - Title and Recording | 3,000 | 3,000 | | | | | | | | | | | | | | |
| CONSTRUCTION HARD COSTS | | | | | | | | | | | | | | | | |
| Rehabilitation | 553,533 | 92,256 | 92,256 | 92,256 | 92,256 | 92,256 | 92,256 | | | | | | | | | |
| New Building(s) | 0 | | | | | | | | | | | | | | | |
| 0 | 0 | | | | | | | | | | | | | | | |
| Sitework | 37,900 | 18,950 | 9,475 | 9,475 | | | | | | | | | | | | |
| 0 | 0 | | | | | | | | | | | | | | | |
| Clerk of the Works | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | |
| Contractor Overhead | 0 | | | | | | | | | | | | | | | |
| Contractor Profit | 0 | | | | | | | | | | | | | | | |
| Construction Contingency | 94,971 | 15,829 | 15,829 | 15,829 | 15,829 | 15,829 | 15,829 | | | | | | | | | |
| Construction Management | 0 | | | | | | | | | | | | | | | |
| Construction Bond Fee | 0 | | | | | | | | | | | | | | | |
| Hazardous Materials Abatement | 19,580 | | 19,580 | | | | | | | | | | | | | |
| Off-Site Improvements | 0 | | | | | | | | | | | | | | | |
| Furnishings, Fixtures, & Equipment | 22,125 | | | 22,125 | | | | | | | | | | | | |
| Other (_____) | 0 | | | | | | | | | | | | | | | |
| SOFT COSTS | | | | | | | | | | | | | | | | |
| Architectural | 51,195 | 25,598 | 5,120 | 5,120 | 5,120 | 5,120 | 5,120 | | | | | | | | | |
| Engineering | 0 | | | | | | | | | | | | | | | |
| Legal Accounting | 20,000 | 15,000 | | | | | | | | 5,000 | | | | | | |
| Relocation | 2,500 | 1,250 | | | | 1,250 | | | | | | | | | | |
| Environmental Assessment | 7,000 | 7,000 | | | | | | | | | | | | | | |
| Energy Assessment | 0 | | | | | | | | | | | | | | | |
| Permits/Fees | 3,000 | 3,000 | | | | | | | | | | | | | | |
| Independent Market Study | 3,000 | 3,000 | | | | | | | | | | | | | | |
| Construction Period Insurance | 10,000 | 10,000 | | | | | | | | | | | | | | |
| Construction Interest | 34,375 | | 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 | 0 |
| Construction Loan Origination Fee | 8,000 | 8,000 | | | | | | | | | | | | | | |
| Taxes During Construction | 0 | | | | | | | | | | | | | | | |
| Clerk of the Works | 0 | | | | | | | | | | | | | | | |
| Marketing | 0 | | | | | | | | | | | | | | | |
| Tax Credit Fees | 2,475 | 2,475 | | | | | | | | | | | | | | |
| Soft Cost Contingency | 8,500 | | | | | | 8,500 | | | | | | | | | |
| Permanent Loan Origination Fee | 0 | | | | | | | | | 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 | 145,000 | 72,500 | | | | | 36,250 | | | 36,250 | | | | | | |
| Other Partnership Fees | 0 | | | | | | | | | | | | | | | |
| Consultant Fees | 0 | | | | | | | | | | | | | | | |
| RESERVES | | | | | | | | | | | | | | | | |
| Working Capital | 10,000 | | | | 10,000 | | | | | | | | | | | |
| Rent-up (Deficit Escrow) Reserve | 0 | | | | | | | | | | | | | | | |
| Other Operating Reserves | 46,822 | 46,822 | | | | | | | | | | | | | | |
| Sinking Fund | 0 | | | | | | | | | | | | | | | |
| Replacement Reserves | 10,000 | 10,000 | | | | | | | | | | | | | | |
| Repay Construction Loan | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | |
| TOTAL DEVELOPMENT COSTS | 1,715,776 | 957,479 | 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 | 0 |
| Construction Draw Amount | 125,001 | 762,379 | 146,326 | 149,541 | 128,627 | 120,466 | (152,102) | (994,132) | 1,311 | (36,488) | 1,150 | 1,155 | 1,161 | 1,166 | 0 | 0 |
| Construction Loan Interest 5.50% | | | 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 | 0 |
| Cumulative Constr Loan 7.0% | | 887,380 | 1,033,705 | 1,183,246 | 1,311,873 | 1,432,339 | 1,280,238 | 286,106 | 287,417 | 250,929 | 252,079 | 253,235 | 254,395 | 255,561 | 255,561 | 255,561 |

Google Maps

Address 70 Liberty St
Richford, VT 05476

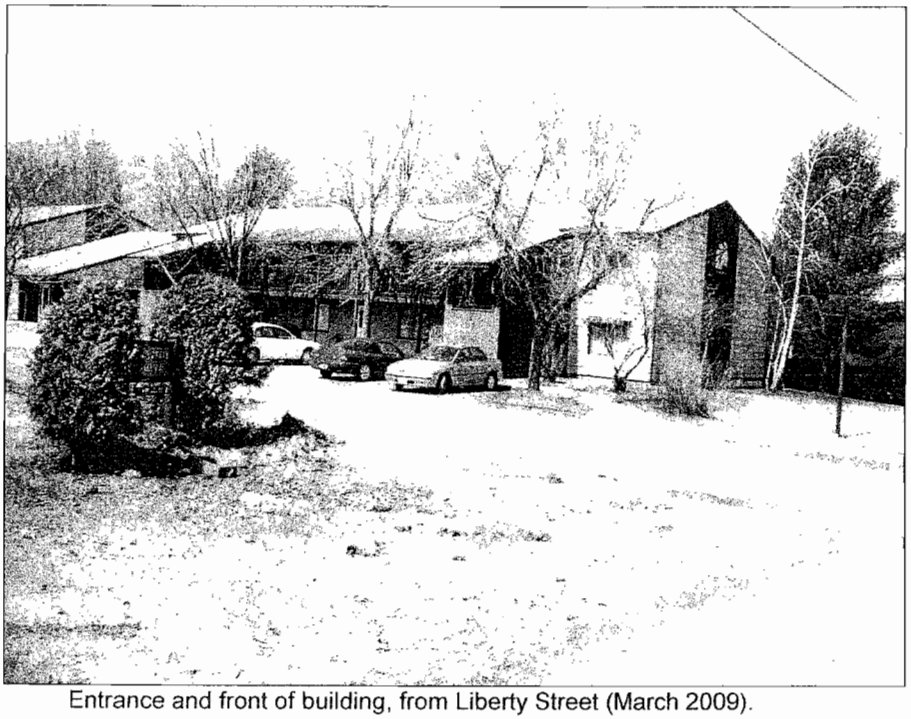
Get Google Maps on your phone
Text the word "GMAPS" to 466453



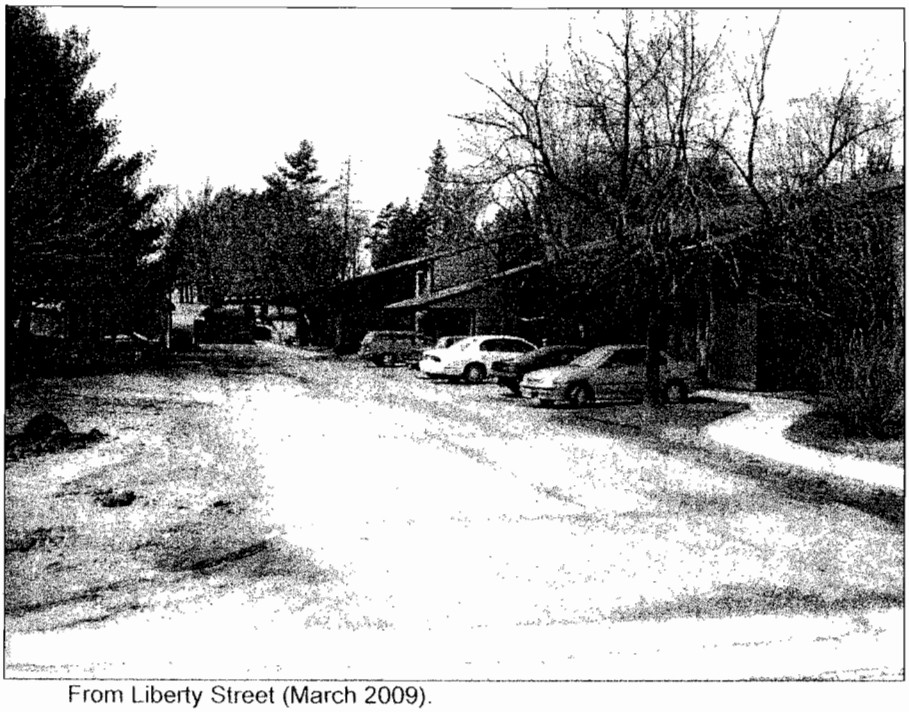

Designated Village Ctr. Boundary

Missisquoi Manor

# 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 JS

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<br>16 Housing Credit | **Unit Sizes:** | 14 – 1 BR; 682 sq ft<br>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% |

| | | Budget | Per Unit | Per s f. | Tax Exempt Bond | Allocation of Sources: Rural Development 515 | VHCB HOME | CVOEO WX | LIHTC equity | TOTAL SOURCES |
|---|---|---|---|---|---|---|---|---|---|---|
| | ACQUISITION | | | | | 1.00% | 0.00% | 0.00% N/A | | |
| | | | | | | 50 | 50 | 30 N/A | | |
| 1 | Land | 45,500 | 2,844 | 4.06 | 45,500 | | | | 45,500 | 45,500 |
| 2 | Purchase of Building(s) | 409,500 | 25,594 | 36.58 | 92,000 | | 240,000 | | 169,500 | 409,500 |
| 3 | Demolition (without replacement) | 0 | 0 | 0.00 | | | | | | 0 |
| 4 | Property Appraisal | 3,000 | 188 | 0.27 | 491 | 3,000 | | | | 3,000 |
| 5 | Legal - Title and Recording | 3,000 | 188 | 0.27 | | 3,000 | | | | 3,000 |
| | Acquisition Carrying Costs | 0 | 0 | 0.00 | | | | | | 0 |
| | Subtotal - Acquisition | 461,000 | 28,813 | 41.19 | | | | | | 0 |
| | CONSTRUCTION HARD COSTS | | | | | | | | | |
| 6 | Rehabilitation | 886,385 | 55,399 | 79.19 | 886,385 | 843,885 | | 42,500 | | 886,385 |
| 7 | New Building(s) | 0 | 0 | 0.00 | | | | | | 0 |
| 8 | | 0 | 0 | 0.00 | | | | | | 0 |
| 9 | Sitework | 88,000 | 5,500 | 7.86 | 88,000 | 88,000 | | | | 88,000 |
| 10 | | 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 | 149,803 | 9,363 | 13.38 | 149,803 | 62,115 | | | 87,688 | 149,803 |
| 15 | Construction Management | 0 | 0 | 0.00 | | | | | | 0 |
| 16 | Construction Bond Fee | 0 | 0 | 0.00 | | | | | | 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 |
| 19 | Furnishings, Fixtures, & Equipment | 18,300 | 1,144 | 1.63 | 18,300 | | | | 18,300 | 18,300 |
| 20 | Other (_____) | | 0 | 0.00 | | | | | | 0 |
| | Subtotal - Hard Costs | 1,148,488 | 71,781 | 102.60 | | | | | | |
| | SOFT COSTS | | | | | | | | | |
| 21 | Architectural | 74,072 | 4,630 | 6.62 | 74,072 | | | | 74,072 | 74,072 |
| 22 | Engineering | | 0 | 0.00 | | | | | | 0 |
| 23 | Legal-Accounting | 20,000 | 1,250 | 1.79 | 20,000 | | | | 20,000 | 20,000 |
| 24 | Relocation | 26,400 | 1,650 | 2.36 | 26,400 | | | | 26,400 | 26,400 |
| 25 | Environmental Assessment | 16,400 | 1,025 | 1.47 | 16,400 | | | | 16,400 | 16,400 |
| 26 | Energy Assessment | | 0 | 0.00 | | | | | | 0 |
| 27 | Permits Fees | 5,130 | 321 | 0.46 | 5,130 | | | | 5,130 | 5,130 |
| 28 | Independent Market Study | 3,000 | 188 | 0.27 | 3,000 | | | | 3,000 | 3,000 |
| 29 | Construction Period Insurance | 10,000 | 625 | 0.89 | 10,000 | | | | 10,000 | 10,000 |
| 30 | Construction Interest | 37,125 | 2,320 | 3.32 | 37,125 | | | | 37,125 | 37,125 |
| 31 | Construction Loan Origination Fee | 7,500 | 469 | 0.67 | 7,500 | | | | 7,500 | 7,500 |
| 32 | Taxes During Construction | 0 | 0 | 0.00 | | | | | 0 | 0 |
| 33 | | | 0 | 0.00 | | | | | | 0 |
| 34 | Marketing | 0 | 0 | 0.00 | | | | | | 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 |
| 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 | 180,000 | 11,250 | 16.08 | 180,000 | | | | 180,000 | 180,000 |
| 45 | Other Partnership Fees | | 0 | 0.00 | | | | | | 0 |
| 46 | Consultant Fees | | 0 | 0.00 | | | | | | 0 |
| | RESERVES | | | | | | | | | |
| 47 | Working Capital | 12,125 | 758 | 1.08 | | | | | 12,125 | 12,125 |
| 48 | Rent-up (Deficit Escrow) Reserve | | 0 | 0.00 | | | | | | 0 |
| 49 | Other Operating Reserves | 19,534 | 1,221 | 1.75 | | | | | 19,534 | 19,534 |
| 50 | Sinking Fund | | 0 | 0.00 | | | | | | 0 |
| 51 | Replacement Reserves | 8,640 | 540 | 0.77 | | | | | 8,640 | 8,640 |
| | Subtotal - Soft Costs | 434,115 | 27,132 | 38.78 | | | | | | |
| | TOTAL DEVELOPMENT COSTS | 2,043,603 | 127,725 | 183 | 1,680,295 | 1,000,000 | 240,000 | 42,500 | 761,103 | 2,043,603 |
| | | | | over/ funds | 180,295 | 0 | 0 | 0 | 270,001 | 2,043,603 |
| | | | | | | | | | 270,001 | diff |
| | COST BASIS FOR DEVELPT | 1,823,304 | | | | | | | 270,000 | gap |
| | DEVELOPER FEE | 180,000 | | | | | | | | |
| | DEVELOPER FEE | 9.87% | | | | | | | | |
| | COST BASIS FOR TE BON | 1,999,704 | | | | | | | | |
| | 50 TEST | 84 | | | | | | | | |

29-Apr-09 **Pine Manor Senior Housing**

| | | 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 | | | |
| 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 | | | | | |
| 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 | | | |
| 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 | 20% | Historic Credit Rate |
| | Total Eligible Basis | | 415,500 | 1,531,253 | | 0 | Annual Historic Credit |
| 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 | | Long Term Depreciable Basis |
| TIMES. | Applicable Percentage | | 3.29% | 3.29% | 27.5 | | Depreciation Schedule |
| | Total Annual Credit Qualified | | 13,670 | 50,378 | 70,527 | | Annual Depreciation |
| | Total Tax Credits Requested | 60,600 | | | 18,300 | | Short Term Depreciable Basis |
| | Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only) | 491,102 | | | 7 | | Depreciation Schedule |
| | Estimated Yield - Housing Credit Syndication | 0.8104 | | | 2,614 | | Annual Depreciation |
| | Equity Gap | 761,103 | | | | | |
| | Credits Needed to fill Equity Gap | 93,926 | | | | | |

29-Apr-09 **Pine 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 | | 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 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 | 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 |

29-Apr-09

# Pine Manor Senior Housing

| | Check all Applicable | | | | | | | | | A | | | | | B | | | | | | C | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Building # | Unit # | HOME Unit | Lead Paint Unit | Project Based Assistance | Tax Credit Unit | VHCB Restricted | Accessible | Adaptable | Unrestricted | Number of Bedrooms | Proposed Square Footage | Proposed Rent | Utility Allowance for Tenant-Paid Utilities | Gross Rent (Rent + Tenant-Paid Utilities) | OCCUPIED BY: Income level of residents to be served: | | | | | | AFFORDABLE TO: Units affordable to residents at: | | | | | |
| | | | | | | | | | | | | | | | <30% | <50% | <60% | <80% | <100% | >100% | 30% | 50% | 60% | 65% | 80% | 100%+ |
| A | 5 | | | 1 | 1 | | | | | 1 | 685 | 880 | 0 | 880 | | 1 | | | | | 1 | | | | | |
| | 6 | | | 1 | 1 | | | | | 1 | 685 | 880 | 0 | 880 | | 1 | | | | | 1 | | | | | |
| | 7 | | | 1 | 1 | | | | | 1 | 675 | 880 | 0 | 880 | | 1 | | | | | 1 | | | | | |
| | 8 | | | 1 | 1 | | | | | 1 | 685 | 880 | 0 | 880 | | 1 | | | | | 1 | | | | | |
| | 9 | | | 1 | 1 | | | | | 1 | 685 | 880 | 0 | 880 | | 1 | | | | | 1 | | | | | |
| | 10 | | | 1 | 1 | | | | | 1 | 675 | 880 | 0 | 880 | | 1 | | | | | 1 | | | | | |
| | 11 | | | 1 | 1 | | | | | 1 | 675 | 880 | 0 | 880 | | 1 | | | | | 1 | | | | | |
| | 12 | | | 1 | 1 | | | | | 1 | 685 | 880 | 0 | 880 | | 1 | | | | | 1 | | | | | |
| | 13 | | | 1 | 1 | | | | | 1 | 685 | 880 | 0 | 880 | | 1 | | | | | 1 | | | | | |
| | 14 | | | 1 | 1 | | | | | 1 | 675 | 880 | 0 | 880 | | 1 | | | | | 1 | | | | | |
| | 15 | | | 1 | 1 | | | | | 1 | 685 | 880 | 0 | 880 | | 1 | | | | | 1 | | | | | |
| | 16 | | | 1 | 1 | | | | | 1 | 685 | 880 | 0 | 880 | | 1 | | | | | 1 | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B | 1 | | | 1 | 1 | 1 | | 1 | | 1 | 630 | 880 | 0 | 880 | | 1 | | | | | 1 | | | | | |
| | 2 | | | 1 | 1 | 1 | 1 | | | 2 | 825 | 1,039 | 0 | 1,039 | | 1 | | | | | 1 | | | | | |
| | 3 | | | 1 | 1 | 1 | | 1 | | 2 | 825 | 1,039 | 0 | 1,039 | | 1 | | | | | 1 | | | | | |
| | 4 | | | 1 | 1 | 1 | 1 | | | 1 | 700 | 880 | 0 | 880 | | 1 | | | | | 1 | | | | | |
| Total # Units | 16 | 0 | 0 | 16 | 16 | 4 | 2 | 2 | 0 | Totals: | 11,160 | 14,398 | | Total # Units: | 0 | 16 | 0 | 0 | 0 | 0 | 16 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | | | 16 | 18 | | | | | | | 16 | | | | | 0 | | | | |
| | | | | | | | | | | gross SF | 14,116 | | | | | | | | 16 | | | | | | 0 | |
| | | | | | | | | | | common SF | 2,956 | | | | | | | | | | | | | | | |
| | | | | | | | | | | total rental SF | 11,160 | | | | | | | | | | | | | | | |

| 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 | |
| | | | | per unit month |
| Real Estate Taxes | 14,000 | 1,167 | 73 | excl. ds & res. |
| Property Insurance | 6,600 | 550 | 34 | 565 |
| 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 | 122,192 | 125,858 | 129,633 | 133,522 | 137,528 | 141,654 | 145,904 | 150,281 | 154,789 | 159,433 | 164,216 | 169,142 | 174,217 | 179,443 | 184,826 | 190,371 |
| 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 |
| Total Operating Expense | | 117,206 | 120,593 | 124,079 | 127,668 | 131,362 | 135,165 | 139,081 | 143,112 | 147,261 | 151,533 | 155,931 | 160,458 | 165,119 | 169,918 | 174,858 | 179,944 | 185,181 | 190,572 | 196,122 | 201,836 |
| Net Operating Income | | 47,531 | 46,616 | 45,638 | 44,594 | 43,484 | 42,303 | 41,050 | 39,721 | 38,314 | 36,826 | 35,254 | 33,594 | 31,843 | 29,999 | 28,058 | 26,015 | 23,869 | 21,613 | 19,246 | 16,762 |
| 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 | 1,555 | 3,810 | 6,177 | 8,661 |
| 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 | 0 | 0 | 0 | 0 |
| DCR | | 186.96% | 183.36% | 179.51% | 175.41% | 171.04% | 166.40% | 161.47% | 156.24% | 150.71% | 144.85% | 138.67% | 132.14% | 125.25% | 118.00% | 110.36% | 102.33% | 93.89% | 85.01% | 75.70% | 65.93% |
| Cumulative Cash Flow | | | | | | | | | | | | | | | | | | | | | |
| Beginning Balance | | 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 |
| Deposits | | 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 | 0 | 0 | 0 | 0 |
| Interest | 2.0% | 612 | 1,027 | 1,431 | 1,821 | 2,197 | 2,557 | 2,898 | 3,220 | 3,519 | 3,794 | 4,044 | 4,264 | 4,454 | 4,610 | 4,730 | 4,812 | 4,867 | 4,885 | 4,857 | 4,780 |
| Withdrawals: | | | | | | | | | | | | | | | | | | | | | |
| Project Operating Needs | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1,555) | (3,810) | (6,177) | (8,661) |
| Special LP or GP Fee | 3.0% | (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 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 | | 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 | 34,943 | 39,087 | 44,301 | 49,364 | 47,342 | 42,955 | 26,584 | 6,122 | 3,176 | 4,063 | 10,121 | (38,512) | (28,309) | (17,734) |
| 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 | 2.0% | 259 | 404 | 534 | 640 | 751 | 851 | 793 | 878 | 983 | 1,086 | 1,047 | 961 | 635 | 227 | 170 | 189 | 312 | (659) | (453) | (240) |
| Withdrawals | | (1,707) | (2,773) | (4,187) | (4,187) | (4,987) | (13,120) | (6,096) | (5,253) | (5,653) | (12,987) | (15,461) | (27,509) | (31,427) | (13,659) | (9,925) | (4,933) | (59,909) | (267) | (267) | (22,995) |
| Ending Balance | | 15,833 | 22,233 | 27,481 | 32,969 | 37,904 | 34,943 | 39,087 | 44,301 | 49,364 | 47,342 | 42,955 | 26,584 | 6,122 | 3,176 | 4,063 | 10,121 | (38,512) | (28,309) | (17,734) | (29,504) |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | | | | | |
| Net Operating Income | | 47,531 | 46,616 | 45,638 | 44,594 | 43,484 | 42,303 | 41,050 | 39,721 | 38,314 | 36,826 | 35,254 | 33,594 | 31,843 | 29,999 | 28,058 | | | | | |
| 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 | | | | | |
| 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 | | (70,527) | (70,527) | (70,527) | (70,527) | (70,527) | (70,527) | (70,527) | (70,527) | (70,527) | (70,527) | (70,527) | (70,527) | (70,527) | (70,527) | (70,527) | | | | | |
| Less Short Depreciation | | (2,614) | (2,614) | (2,614) | (2,614) | (2,614) | (2,614) | (2,614) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | |
| Taxable Income (Loss) | | (26,971) | (27,502) | (28,292) | (29,043) | (29,858) | (30,740) | (31,691) | (30,099) | (31,196) | (32,371) | (33,625) | (34,964) | (36,388) | (37,903) | (39,511) | | | | | |
| Cash Flow | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | |
| Plus Tax Savings | | 9,440 | 9,626 | 9,902 | 10,165 | 10,450 | 10,759 | 11,092 | 10,535 | 10,919 | 11,330 | 11,769 | 12,237 | 12,736 | 13,266 | 13,829 | | | | | |
| Plus Historic Rehab Credits | | 0 | | | | | | | | | | | | | | | | | | | |
| Plus State Credits | | 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 | | | | | | | | | | |
| After Tax Cash Flow | | 70,040 | 70,226 | 70,502 | 70,765 | 71,050 | 71,359 | 71,692 | 71,135 | 71,519 | 71,930 | 11,769 | 12,237 | 12,736 | 13,266 | 13,829 | | | | | |
| Total Years | 15 | | | | | | | | | | | | | | | | | | | | |
| Reinvestment Rate | 6.00% | | | | | | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | | | | | |
| Current After Tax Cash Flows | | 70,040 | 70,226 | 70,502 | 70,765 | 71,050 | 71,359 | 71,692 | 71,135 | 71,519 | 71,930 | 11,769 | 12,237 | 12,736 | 13,266 | 13,829 | | | | | |
| Future Value of Cash Flows at Yr 15: | | 167,854 | 158,774 | 150,376 | 142,393 | 134,875 | 127,793 | 121,122 | 113,378 | 107,538 | 102,034 | 15,749 | 15,449 | 15,169 | 14,906 | 14,658 | | | | | |
| Discount Rate: | 7.50% | | | | | | | | | | | | | | | | | | | | |
| Capital Contribution Number: | 1 | 2 | 3 | 4 | | | | | | | | | | | | | | | | | |
| Date of Capital Contribution: | 30-Sep-09 | 30-Apr-10 | 31-Jul-10 | | | | | | | | | | | | | | | | | | |
| Amount of Capital Contribution: | 100 | 392,882 | 98,120 | 0 | | | | | | | | | | | | | | | | | |
| Present Value of Contributions: | 100 | 375,909 | 92,099 | 0 | | | | | | | | | | | | | | | | | |
| Cash Flows | (468,108) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,402,068 | | | | | |
| IRR: | 7.59% | | | | | | | | | | | | | | | | | | | | |
| Equity Yield: | 77% | | | | | | | | | | | | | | | | | | | | |

| | |
|---|---|
| Original Basis | 1,957,804 |
| Less Depreciation | ######### |
| Basis at Sale | 3,034,015 |
| Sales Price | #REF! |
| Gain | #REF! |
| Exit Tax | #REF! |

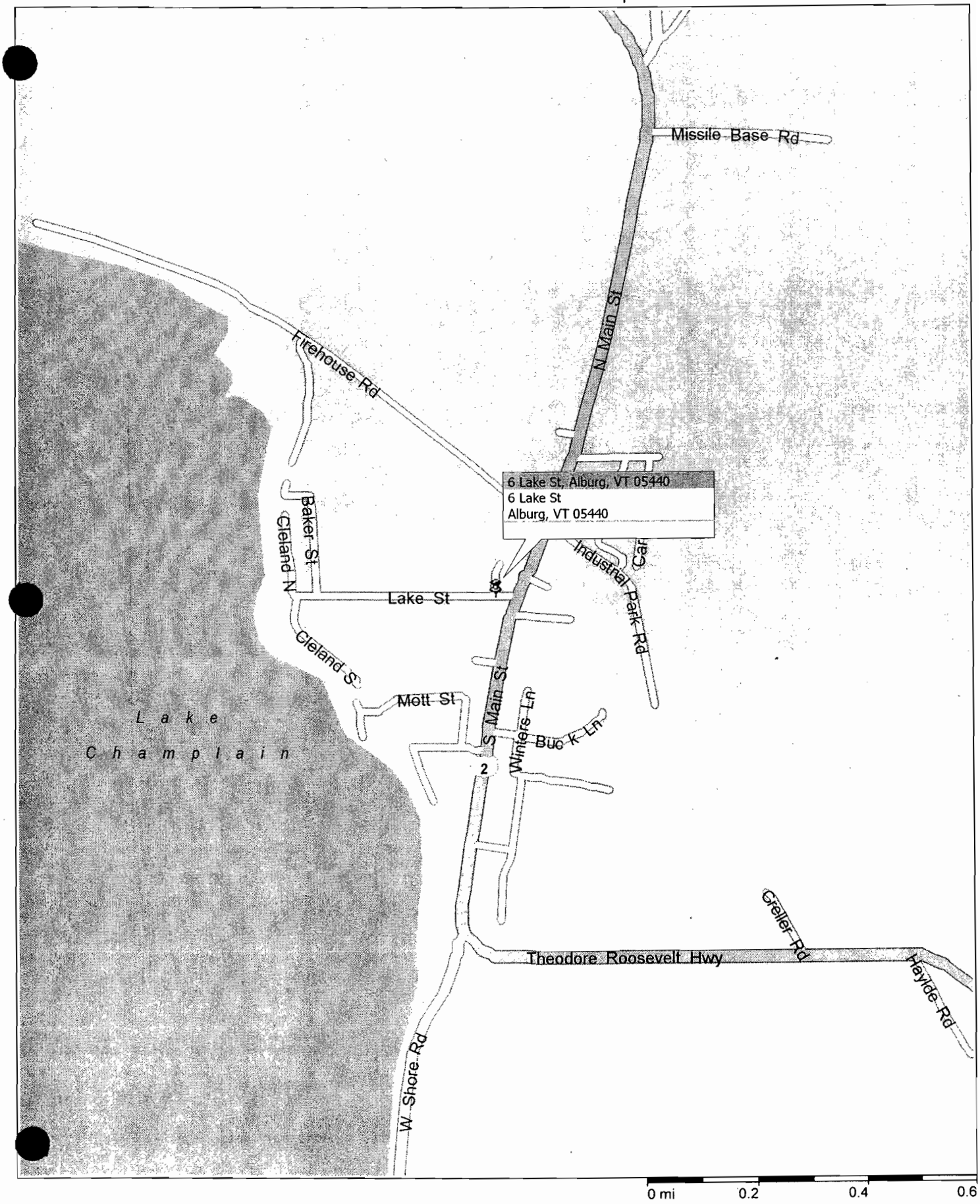


revision date: 8/6/2009

**Pine Manor Senior Housing**
Construction Flow of Funds

| | Month | 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Sources:** | | Constr Closing | | | | | | | Sub Compl | | | 8609 | | | | |
| | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| Construction Loan | | | | | | | | | | | | | | | | |
| Rural Development 515 | 1,000,000 | | | | | | | | 1,000,000 | | | | | | | |
| VHCB HOMI | 240,000 | 240,000 | | | | | | | | | | | | | | |
| CVOEO WX | 42,500 | | | | | | | 42,500 | | | | | | | | |
| GP Cap Contrib | | | | | | | | | | | | | | | | |
| LP Cap Contrib | 491,102 | 100 | | | | | | | 392,882 | | | 98,120 | | | | |
| TOTALS | 1,773,602 | 240,100 | 0 | 0 | 0 | 0 | 0 | 42,500 | 1,392,882 | 0 | 0 | 98,120 | 0 | 0 | 0 | 0 |
| | | 14% | | | | | | | | | | | | | | |
| **Uses:** | | | | | | | | | | | | | | | | |
| ACQUISITION | | | | | | | | | | | | | | | | |
| Land | 45,500 | 45,500 | | | | | | | | | | | | | | |
| Purchase of Building(s) | 409,500 | 409,500 | | | | | | | | | | | | | | |
| Demolition (without replacement) | 0 | | | | | | | | | | | | | | | |
| Property Appraisal | 3,000 | 3,000 | | | | | | | | | | | | | | |
| Legal - Title and Recording | 3,000 | 3,000 | | | | | | | | | | | | | | |
| CONSTRUCTION HARD COSTS | | | | | | | | | | | | | | | | |
| Rehabilitation | 886,385 | 147,731 | 147,731 | 147,731 | 147,731 | 147,731 | 147,731 | | | | | | | | | |
| New Building(s) | 0 | | | | | | | | | | | | | | | |
| 0 | 0 | | | | | | | | | | | | | | | |
| Sitework | 88,000 | 22,000 | | | | | | 22,000 | 22,000 | 22,000 | | | | | | |
| 0 | 0 | | | | | | | | | | | | | | | |
| Clerk of the Works | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | |
| Contractor Overhead | 0 | | | | | | | | | | | | | | | |
| Contractor Profit | 0 | | | | | | | | | | | | | | | |
| Construction Contingency | 149,803 | 18,725 | 18,725 | 18,725 | 18,725 | 18,725 | 18,725 | 18,725 | 18,725 | | | | | | | |
| Construction Management | 0 | | | | | | | | | | | | | | | |
| Construction Bond Fee | 0 | | | | | | | | | | | | | | | |
| Hazardous Materials Abatement | 6,000 | 6,000 | | | | | | | | | | | | | | |
| Off-Site Improvements | 0 | | | | | | | | | | | | | | | |
| Furnishings, Fixtures, & Equipment | 18,300 | | | | 18,300 | | | | | | | | | | | |
| Other (_____) | 0 | | | | | | | | | | | | | | | |
| SOFT COSTS | | | | | | | | | | | | | | | | |
| Architectural | 74,072 | 55,554 | | 14,814 | | | 3,704 | | | | | | | | | |
| Engineering | 0 | | | | | | | | | | | | | | | |
| Legal Accounting | 20,000 | 20,000 | | | | | | | | | | | | | | |
| Relocation | 26,400 | 4,400 | 4,400 | 4,400 | 4,400 | 4,400 | 4,400 | | | | | | | | | |
| Environmental Assessment | 16,400 | 16,400 | | | | | | | | | | | | | | |
| Energy Assessment | 0 | | | | | | | | | | | | | | | |
| Permits Fees | 5,130 | 5,130 | | | | | | | | | | | | | | |
| Independent Market Study | 3,000 | 3,000 | | | | | | | | | | | | | | |
| Construction Period Insurance | 10,000 | 10,000 | | | | | | | | | | | | | | |
| Construction Interest | 32,125 | | 4,170 | 4,953 | 5,804 | 6,671 | 7,484 | 8,254 | 8,391 | 2,401 | 2,550 | 2,550 | | | | |
| Construction Loan Origination Fee | 7,500 | 7,500 | | | | | | | | | | | | | | |
| Taxes During Construction | 0 | | | | | | | | | | | | | | | |
| Clerk of the Works | 0 | | | | | | | | | | | | | | | |
| Marketing | 0 | | | | | | | | | | | | | | | |
| Tax Credit Fees | 3,600 | 3,600 | | | | | | | | | | | | | | |
| Soft Cost Contingency | 10,589 | | | | | | | | | 10,589 | | | | | | |
| Permanent Loan Origination Fee | 0 | | | | | | | | | 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 | 180,000 | 90,000 | | | | | | | 45,000 | | | 45,000 | | | | |
| Other Partnership Fees | 0 | | | | | | | | | | | | | | | |
| Consultant Fees | 0 | | | | | | | | | | | | | | | |
| RESERVES | | | | | | | | | | | | | | | | |
| Working Capital | 12,125 | | | | | | | 12,125 | | | | | | | | |
| Rent-up (Deficit Escrow) Reserve | 0 | | | | | | | | | | | | | | | |
| Other Operating Reserves | 19,534 | | | | | | | 19,534 | | | | | | | | |
| Sinking Fund | 0 | | | | | | | | | | | | | | | |
| Replacement Reserves | 8,640 | 8,640 | | | | | | | | | | | | | | |
| Repay Construction Loan | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | 2,769 |
| TOTAL DEVELOPMENT COSTS | 2,043,603 | 879,680 | 175,026 | 190,623 | 194,960 | 177,527 | 182,014 | 80,638 | 94,116 | 34,990 | 2,550 | 47,550 | 0 | 0 | 0 | 0 |
| Construction Loan Balance | 270,001 | 639,580 | 175,026 | 190,623 | 194,960 | 177,527 | 182,014 | 38,138 | (1,298,765) | 34,990 | 2,550 | (50,570) | 0 | 0 | 0 | 0 |
| Construction Loan Interest 5.50% | | | 4,169 | 4,971 | 5,845 | 6,738 | 7,552 | 8,386 | 8,561 | 2,608 | 2,769 | 2,780 | 2,549 | 2,549 | 0 | 0 |
| Bridge Interest (Cumulative) 7.0% | | 909,581 | 1,084,607 | 1,275,230 | 1,470,190 | 1,647,717 | 1,829,731 | 1,867,870 | 569,104 | 604,094 | 606,645 | 556,074 | 556,074 | 556,074 | 556,074 | 556,074 |

# Pine Manor Location Map

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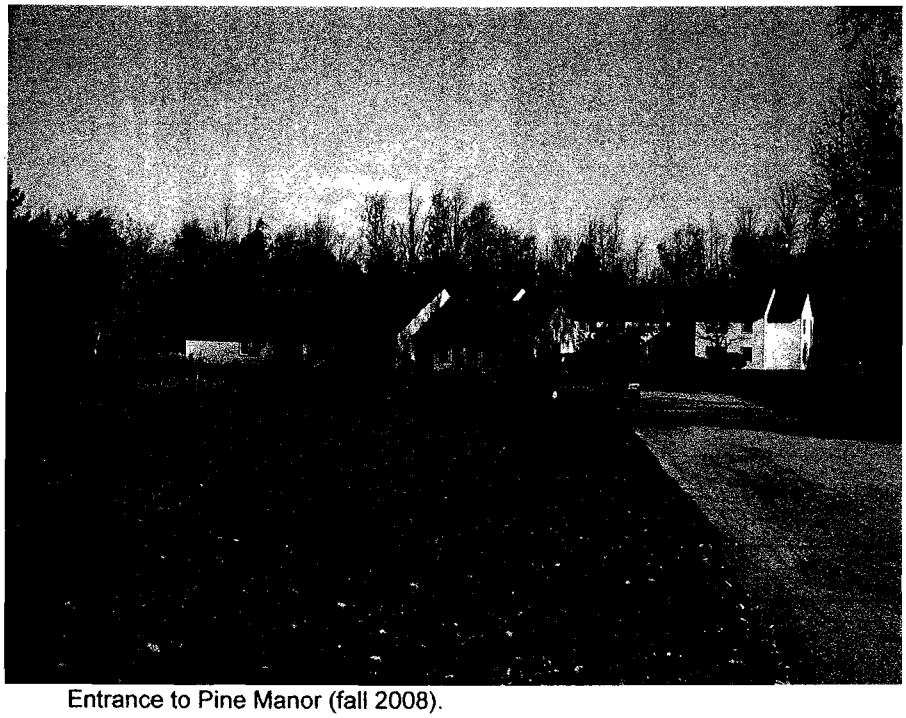
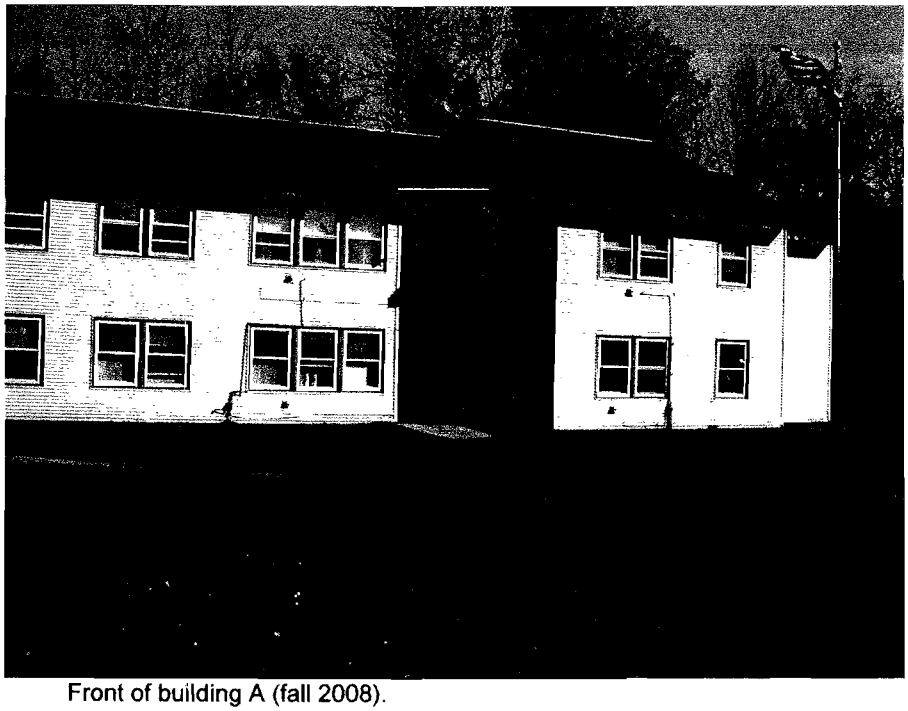
# Pine Manor Senior Housing, Alburgh



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.

vhfa

**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.

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**phone** (802) 864-5743 **fax** (802) 864-5746 **www.vhfa.org**

EQUAL HOUSING OPPORTUNITY

| 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 Housin; | 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

| USES OF FUNDS | Budget | Abbott Block | Abbott Block | 12& 6 Horton Pl | Elliot Street |
|---|---|---|---|---|---|
| ACQUISITION | Total | Residential | Commercial | | |
| 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 Rerserve | 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** |

| Abbott Neighborhood Housing | 29-Apr-09 | Abbott | | | | | Elliot | | | Horton | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | TOTAL BUDGET | Acquisition Basis | Construction Basis | Residential Depreciation | Commercial Basis | Historic Basis | Acquisition Basis | Construction Basis | Residential Depreciation | Acquisition Basis | Construction Basis | Residential Depreciation | Historic tax credit |
| 1 Land | 146,000 | | | | | | | | | | | | |
| 2 Abbott Block | 660,354 | 609,837 | | 609,837 | 50,517 | | 0 | | 0 | 0 | | 0 | |
| Elliot Street | 60,000 | | | | | | 0 | | | | | | |
| Horton Place | 219,000 | | | | | | | | | 219,000 | | 219,000 | |
| 3 | 0 | | | | | | | | | | | | |
| 4 | 0 | | | 0 | | | | | 0 | | | 0 | |
| 5 Property Appraisal | 5,500 | 1,575 | | 1,575 | 130 | | 1,430 | | 1,430 | 2,365 | | 2,365 | |
| Legal - Title and Recording | 9,500 | 2,720 | | 2,720 | 225 | | 2,470 | | 2,470 | 4,085 | | 4,085 | |
| 6 **Subtotal - Acquisition** | 1,100,354 | | | | | | | | | | | | |
| **CONSTRUCTION HARD COSTS** | | | | | | | | | | | | | |
| 7 Abbott Block | 590,694 | | 545,506 | 545,506 | 45,188 | 539,485 | | | 0 | | | 0 | |
| 8 Elliot Street | 502,289 | | | | | | | 502,289 | 502,289 | | | 0 | |
| 9 Horton Place | 830,883 | | | | | | | | 0 | | 830,883 | 830,883 | 732,258 |
| 10 SEVCA | 0 | | | | | | | | 0 | | 0 | 0 | |
| 11 | 0 | | | | | | | | | | | | |
| 12 solar hot water install $77,700 | 77,700 | | 23,314 | 23,314 | 1,931 | | | 10,710 | 10,710 | | 30,090 | 30,090 | |
| 13 Construction Contingency | 170,575 | | 48,833 | 48,833 | 4,045 | 52,878 | | 44,350 | 44,350 | | 73,347 | 73,347 | 73,347 |
| 14 Lead abatement | 52,500 | | 26,250 | 26,250 | | 26,250 | | | 0 | | 26,250 | 26,250 | 26,250 |
| 15 Hazardous Mat Abatement | 0 | | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | 0 |
| 16 Asbestos Abatement & Testing | 58,000 | | 16,605 | 16,605 | 1,375 | 17,980 | | 15,080 | 15,080 | | 24,940 | 24,940 | 24,940 |
| 17 0 | 0 | | 0 | 0 | | | | 0 | 0 | | 0 | 0 | |
| 18 Furnishings, Fixtures, & Equipment | 22,000 | | 6,820 | 6,820 | 0 | | | 5,720 | 5,720 | | 9,460 | 9,460 | |
| 19 0 | 0 | | 0 | 0 | | | | 0 | 0 | | 0 | 0 | |
| 20 **Subtotal - Hard Costs** | 2,304,641 | | | 0 | | | | | 0 | | | 0 | |
| **SOFT COSTS** | | | | | | | | | | | | | |
| 23 Architectural | 168,000 | | 48,096 | 48,096 | 3,984 | 52,080 | | 43,680 | 43,680 | | 72,240 | 72,240 | 72,240 |
| 24 Testing | 7,500 | | 2,147 | 2,147 | 178 | 2,325 | | 1,950 | 1,950 | | 3,225 | 3,225 | 3,225 |
| 25 Legal/Accounting | 22,000 | | 6,298 | 6,298 | 522 | 6,820 | | 5,720 | 5,720 | | 9,460 | 9,460 | 9,460 |
| 26 Civil Engineering | 48,000 | | 13,742 | 13,742 | 1,138 | 14,880 | | 12,480 | 12,480 | | 20,640 | 20,640 | 20,640 |
| 27 Cost Certification | 6,000 | | 1,718 | 1,718 | 142 | 1,860 | | 1,560 | 1,560 | | 2,580 | 2,580 | 2,580 |
| 28 Relocation | 48,000 | | 14,880 | 14,880 | 0 | 14,880 | | 12,480 | 12,480 | | 20,640 | 20,640 | 20,640 |
| 29 Environmental Assessment | 4,200 | | 1,202 | 1,202 | 100 | 1,302 | | 1,092 | 1,092 | | 1,806 | 1,806 | 1,806 |
| 30 Survey / Topo | 15,000 | | 4,294 | 4,294 | 356 | 4,650 | | 3,900 | 3,900 | | 6,450 | 6,450 | 6,450 |
| 31 Permits/Fees | 11,000 | | 3,149 | 3,149 | 261 | 3,410 | | 2,860 | 2,860 | | 4,730 | 4,730 | 4,730 |
| 32 Market Study | 2,000 | | 573 | 573 | 47 | 620 | | 520 | 520 | | 860 | 860 | 860 |
| 33 Construction Period Insurance | 8,500 | | 2,433 | 2,433 | 202 | 2,635 | | 2,210 | 2,210 | | 3,655 | 3,655 | 3,655 |
| 34 Construction Interest | 82,000 | | 23,475 | 23,475 | 1,945 | 25,420 | | 21,320 | 21,320 | | 35,260 | 35,260 | 35,260 |
| 35 Loan Origination Fee | 15,125 | | 4,330 | 4,330 | 359 | 4,689 | | 3,933 | 3,933 | | 6,504 | 6,504 | 6,504 |
| 36 Taxes During Construction | 5,700 | | 1,632 | 1,632 | 135 | 1,767 | | 1,482 | 1,482 | | 2,451 | 2,451 | 2,451 |
| 37 Clerk of the Works | 20,000 | | 5,726 | 5,726 | 474 | 6,200 | | 5,200 | 5,200 | | 8,600 | 8,600 | 8,600 |
| 38 Marketing | 2,500 | | | | | | | | | | | | |
| 39 VHFA Tax Credit Fees | 11,590 | | | 0 | | | | | | | | 0 | |
| 40 Inspection Fees | 2,200 | | 630 | 630 | 52 | 682 | | 572 | 572 | | 946 | 946 | 946 |
| 41 Soft Cost Contingency | 10,500 | | 3,006 | 3,006 | 249 | 3,255 | | 2,730 | 2,730 | | 4,515 | 4,515 | 4,515 |
| 42 Permanent Loan Origination Fee | 0 | | 0 | 0 | 0 | 0 | | | | | 0 | 0 | 0 |
| 43 Lenders Counsel's Fee | 0 | | 0 | 0 | 0 | 0 | | 0 | 0 | | 0 | 0 | 0 |
| 44 Historic Consultant & Fees | 23,000 | | 6,585 | 6,585 | 545 | 7,130 | | | 0 | | 15,870 | 15,870 | 15,870 |
| 45 Other ( CNA ) | 3,500 | | | | | | | | | | | | |
| **SYNDICATION COSTS** | | | | | | | | | | | | | |
| 46 LP Legal | 1,000 | | | | | | | | | | | | |
| 47 Bridge Loan Fees and Expenses | 18,500 | | | | | | | | | | | | |
| 48 Syndication Consultant | 2,500 | | | | | | | | | | | | |
| 49 Tax Opinion | 0 | | | | | | | | | | | | |
| **DEVELOPER'S FEES** | | | | | | | | | | | | | |
| 50 Developer's Fees | 298,797 | | 48,601 | 48,601 | 4,026 | 52,627 | | 117,687 | 117,687 | | 128,483 | 128,483 | 128,483 |
| 48 Other Partnership Fees for Reserves | 0 | | 0 | 0 | | 0 | | 0 | 0 | | 0 | 0 | 0 |
| 49 Consultant Fees | 64,000 | | 14,840 | 14,840 | | 14,840 | | 21,640 | 21,640 | | 27,520 | 27,520 | 27,520 |
| **RESERVES** | | | | | | | | | | | | | |
| 50 Working Capital | 17,000 | | | | | | | | | | | | |
| 51 Rent-up (Deficit Escrow) Reserve | 8,000 | | | | | | | | | | | | |
| 52 Other Operating Reserves | 0 | | 0 | | | | | 0 | | | 0 | | |
| 53 Sinking Fund | 0 | | 0 | | | | | 0 | | | 0 | | |
| 54 Replacement Reserves | 17,875 | | | | | | | | | | | | |
| 55 **Subtotal - Soft Costs** | 943,947 | | | | | | | | | | | | |
| **TOTAL DEVELOPMENT COSTS** | **4,348,942** | 614,131 | 874,684 | 1,481,995 | 67,611 | 858,665 | 3,900 | 841,164 | 839,344 | 225,450 | 1,371,405 | 1,587,395 | 1,233,230 |
| LESS: Amount of Non-qualified Financing | | 0 | | | | | 0 | | | 0 | | | |
| LESS: Adustment for per unit cost limits | 0% | | 0 | historic credit | | 171,733 | | 0 | | | 0 | | 1,233,230 |
| LESS: Historic tax Credit (Residential Portion) | | | 171,733 | solar credit | | | | 0 | | | 246,646 | historic credit | 246,646 |
| Total Eligible Basis | | 614,131 | 702,951 | | | | 3,900 | 841,164 | | 225,450 | 1,124,759 | | |
| TIMES: Adjusted for QCT/DDA | **130.0%** | | 913,836 | | | | | 1,093,513 | | | 1,462,186 | | |
| TIMES: Applicable Fraction | | 541,880 | 806,326 | **88.24%** | | | 3,900 | 1,093,513 | **100.00%** | 189,925 | 1,231,781 | **84.24%** | |
| Total Qualified Basis | | 541,880 | 806,326 | | | | 3,900 | 1,093,513 | | 189,925 | 1,231,781 | | |
| TIMES: Applicable Percentage | | 3.36% | 9.00% | | | | 3.36% | 9.00% | | 3.36% | 9.00% | | |
| Total Annual Credit Qualified | | 18,207 | 72,569 | | | | 131 | 98,416 | | 6,381 | 110,860 | | |
| Total Allocated Tax Credits | 283,500 | TOTAL HC'S | 90,777 | | | | TOTAL HC'S | 98,547 | | TOTAL HC'S | 117,242 | | |
| Estimated Net Syndication Proceeds (excluding historic credit equity) | 2,391,700 | | | | | | | | | | | | |
| Estimated Yield - Housing Credit Syndication | 84.36% | | | | | | | | | | | | |
| Equity Gap | 2,391,700 | | | | | | | | | | | | |
| Credits Needed to fill Equity Gap | 283,784 | | | | | | | | | | | | |
| | | 1,371,053 | Long Term Depreciable Basis | | | | 839,344 | Long Term Depreciable Basis | | 1,340,749 | Long Term Depreciable Basis | | |
| | | 27.5 | Depreciation Schedule | | | | 27.5 | Depreciation Schedule | | 27.5 | Depreciation Schedule | | |
| | | 49,856 | Annual Depreciation | | | | 30,522 | Annual Depreciation | | 48,755 | Annual Depreciation | | |
| | | 0 | Mid Term Depreciation | | | | 0 | Mid Term Depreciation | | 0 | Mid Term Depreciation | | |
| | | 15 | Depreciation Schedule | | | | 15 | Depreciation Schedule | | 15 | Depreciation Schedule | | |
| | | 0 | Annual Depreciation | | | | 0 | Annual Depreciation | | 0 | Annual Depreciation | | |
| | | 6,820 | Short Term Depreciable Basis | | | | 5,720 | Short Term Depreciable Basis | | 9,460 | Short Term Depreciable Basis | | |
| | | 7 | Depreciation Schedule | | | | 7 | Depreciation Schedule | | 7 | Depreciation Schedule | | |
| | | 974 | Annual Depreciation | | | | 817 | Annual Depreciation | | 1,351 | Annual Depreciation | | |

| | |
|---|---|
| Total Housing Credit | 306,566 |
| Total Long Depreciation | 129,133 |
| Total Short Depreciation | 7,143 |

| COST ALLOCATION | Cost | | Percent of Total |
|---|---|---|---|
| Abbott | 590,694 | | 31.00% |
| **Abbott Residential SF** | | 92.350% | 28.63% |
| **Abbott Commercial SF** | | 7.650% | 2.37% |
| Elliot | 502,289 | | 26.00% |
| Horton | 830,883 | | 43.00% |
| | | | 0.00% |
| | | | 0.00% |
| Total Cost | 1,923,866 | | 100.00% |

**APPLICABLE FRACTION CALC**

| **Abbott ST** | **UNITS** | **Square footage** |
|---|---|---|
| Housing Credit Units | 15 | 2,563 |
| Total Units | 17 | 2,563 |
| Applicable Fraction | 88.24% | 100.00% |
| **Elliot ST** | | |
| Housing Credit Units | 4 | 1,186 |
| Total Units | 4 | 1,186 |
| Applicable Fraction | 100.00% | 100.00% |
| **Horton Place** | | |
| Housing Credit Units | 6 | 5,004 |
| Total Units | 7 | 5,940 |
| Applicable Fraction | 85.71% | 84.24% |

29-Apr-09 **Abbott Neighborhood Housing**

| | **HC Restricted Units** Bedrooms | Type | Average Square Feet | Number | Average Rent | Utilities | Total 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** Bedrooms | Type | Square Feet | Number | Rent | Utilities | Total 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 | | | | 750 |
| | | | Commercial Income | 900 | | | 10,800 |
| | | | | | | TOTAL INC | 198,373 |

Abbott Neighborhood Housing

| | Check all Applicable | | | | | | | | A | | | | | B | | | | | | C | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Building # | Unit # | 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 | | | | | | 1 | | | | |
| | 5 | | | 1 | 1 | | | | 2 | 865 | 524 | 44 | 568 | | 1 | | | | | | | 1 | | | |
| | 6 | | | 1 | 1 | | | | 2 | 766 | 649 | 44 | 693 | | | 1 | | | | | 1 | | | | |
| | 7 | | | 1 | 1 | | | | 1 | 564 | 494 | 29 | 523 | | 1 | | | | | | 1 | | | | |
| | 8 | 1 | | 1 | 1 | | | | 1 | 528 | 550 | 29 | 579 | | | 1 | | | | | | 1 | | | |
| | 9 | | 1 | 1 | 1 | | | | 1 | 550 | 639 | 29 | 668 | 1 | | | | | | 1 | | | | | |
| | 10 | | | | 1 | | | | 1 | 480 | 580 | 29 | 609 | | | 1 | | | | | | 1 | | | |
| | 11 | | | | 1 | | | | 2 | 742 | 631 | 44 | 675 | | 1 | | | | | | | 1 | | | |
| | 12 | | 1 | 1 | 1 | | | | 1 | 564 | 639 | 29 | 668 | 1 | | | | | | 1 | | | | | |
| | 13 | | | 1 | 1 | | | | 1 | 528 | 524 | 29 | 553 | | 1 | | | | | | | 1 | | | |
| | 14 | | | 1 | 1 | | | | 1 | 550 | 494 | 29 | 523 | | 1 | | | | | | | 1 | | | |
| | 15 | | | 1 | 1 | | | | 1 | 528 | 445 | 29 | 474 | | 1 | | | | | | | 1 | | | |
| 18 Canal Street | 1 | | | 1 | 1 | | | | 3 | 1,650 | 640 | 59 | 699 | | 1 | | | | | | | 1 | | | |
| | 2 | 1 | 1 | 1 | 1 | | | | 2 | 1,650 | 640 | 44 | 684 | 1 | | | | | | 1 | | | | | |
| 12 Horton Pl | 1 | 1 | | 1 | 1 | | | | 2 | 936 | 625 | 44 | 669 | | 1 | | | | | | | 1 | | | |
| | 2 | 1 | | 1 | 1 | | | | 2 | 936 | 625 | 44 | 669 | | 1 | | | | | | | 1 | | | |
| | 3 | | | | | | | 1 | 2 | 936 | 625 | 44 | 669 | | | | | 1 | | | | 1 | | | |
| 16 Horton Pl | 1 | 1 | | 1 | 1 | 1 | | | 1 | 522 | 520 | 29 | 549 | | 1 | | | | | | | 1 | | | |
| | 2 | 1 | | 1 | 1 | | | | 1 | 521 | 520 | 29 | 549 | | 1 | | | | | | | 1 | | | |
| | 3 | 1 | | 1 | 1 | | | | 3 | 1,303 | 685 | 59 | 744 | | 1 | | | | | | | 1 | | | |
| | 4 | | | 1 | 1 | | | | 3 | 1,305 | 685 | 59 | 744 | | 1 | | | | | | | 1 | | | |
| 172 Elliot Street | 1 | | | 1 | 1 | | 1 | | 1 | 559 | 520 | 29 | 549 | | 1 | | | | | | | 1 | | | |
| | 2 | | | 1 | 1 | | 1 | | 1 | 559 | 520 | 29 | 549 | | 1 | | | | | | | 1 | | | |
| | 3 | | | 1 | 1 | | | | 1 | 559 | 520 | 29 | 549 | | 1 | | | | | | 1 | | | | |
| | 4 | | | 1 | 1 | | | | 1 | 559 | 520 | 29 | 549 | | 1 | | | | | | | 1 | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total # Units | | 9 | 4 | 25 | 27 | 2 | 2 | 1 | Totals: | 21,394 | 16,165 | | Total # Units: | 4 | 19 | 4 | 0 | 1 | 0 | 4 | 5 | 19 | 0 | 0 | 0 |

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 / Maintenanc | 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 | | | | |
| | | | | per unit month | | | |
| Real Estate Taxes | 19,500 | 1,625 | 56 | excl. ds & re | 13,000 | 2,300 | 4,200 |
| Property Insurance | 8,400 | 700 | 24 | 433 | 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 |

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.

vhfa

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

**RE:** 2009-2010 Qualified Allocation Plan

**DATE:** May 11, 2009

Staff has reviewed the current Qualified Allocation Plan as requested by the Board at the April 6, 2009 meeting. The following is a brief list of the areas staff believes should be addressed in this update:

1. **Evaluation Criteria – Consolidated Plan Priorities**

Staff would like to combine two criteria and make them a threshold - historic settlement pattern or Workforce Housing in a Ski Area. Staff would also like to recommend separating Universal Design from Creative Rehab of a Historic Building of statewide significance.

2. **Per Project Limit of Housing Credits**

Staff would like to recommend leaving the limit in place and discouraging developers from requesting more than the 30% limit.

3. **Two Year Rolling Process & Proposed Exception**

Staff is planning to recommend allowing an exception to the two-year rolling process for projects that will bring in substantial new outside Federal resources that are essential to the financial viability of a project, and that require an award of credits as a precondition to applying for that resource.

4. **Early Review of Projects vs. Re-visits**

Since developers are seeking an early-in-the-process award of credits from VHFA, staff is not proposing at this time to tighten up on what is required in terms of readiness.

These are the areas in which the staff will address when updating the QAP. Staff would like to allow the Board an opportunity to bring up other areas of the QAP which they would like to be addressed. The Board should also note that part of the process for changing the QAP includes a Joint Committee on Tax Credits meeting and public forum at which interested parties may request other changes be made to the QAP. After the JCTC public forum, the QAP will be brought back to the Board for approval.

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

EQUAL HOUSING OPPORTUNITY

vhfa

**Vermont Housing Finance Agency**

TO: VHFA Board of Commissioners

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

DATE: May 4, 2009

RE: Summary of Homeownership Activities

## PRODUCTION

Production reports by fiscal year are attached. VHFA's switch from the purchase of whole loans to MBS was effective on May 1, 2009. VHFA's rate is very competitive and we anticipate an increase in activity, particularly in government insured loans.

The majority of lenders have received training and a number of web based trainings are scheduled over the next several weeks.

## COLLECTIONS

Delinquency and REO reports are attached. As of March 31, 2009 VHFA owns 14 properties; 5 are under contract and 2 sold in April.

If you have any questions please do not hesitate to call me at 652-3442 or email me at pcrady@vhfa.org.

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

EQUAL HOUSING OPPORTUNITY

# FY09 Production Summary

July 1, 2008 - June 30, 2009

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FY Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **MOVE** | 7,913,135 | 8,574,063 | 4,624,303 | 4,508,466 | 2,745,710 | 1,582,622 | 407,189 | 539,923 | 566,600 | 703,623 | | | **32,165,634** |
| **HOUSE** | 436,200 | 1,387,090 | 655,500 | 234,670 | 148,000 | 458,570 | 440,565 | | | 75,000 | | | **3,835,595** |
| **LIMITED REFI** | | | | | | | | | | | | | **0** |
| **FIXED35** | | | | | | | | | | | | | **0** |
| **Dollar Total** | **8,349,335** | **9,961,153** | **5,279,803** | **4,743,136** | **2,893,710** | **2,041,192** | **847,754** | **539,923** | **566,600** | **778,623** | **0** | **0** | **36,001,229** |
| **Total # of Loans** | **58** | **72** | **42** | **37** | **22** | **19** | **7** | **5** | **4** | **8** | | | **274** |
| | | | | | | | | | | | | | |
| **MOBILE HOME** | 482,875 | 174,700 | 482,450 | 0 | 91,960 | 140,600 | **0** | **0** | **0** | **0** | | | **1,372,585** |
| **Total # of MH*** | **5** | **2** | **6** | **0** | **1** | **1** | **0** | **0** | **0** | **0** | | | **15** |

*The Mobile Home # is included in the above line item titled "Total # of Loans"

# FY08 Production Summary

July 1, 2007 - June 30, 2008

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FY Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **MOVE** | 15,006,819 | 22,493,246 | 18,558,175 | 9,782,437 | 12,998,387 | 7,847,269 | 5,248,251 | 3,427,331 | 3,778,513 | 6,998,305 | 7,773,157 | 4,597,940 | **118,509,830** |
| **HOUSE** | 753,673 | 932,565 | 537,140 | 629,082 | | 298,000 | 137,900 | 430,095 | 330,600 | 254,015 | 326,900 | 439,230 | **5,069,200** |
| **LIMITED REFI** | 74,638 | | | | | | | | | | 127,000 | | **201,638** |
| **FIXED35** | | | | | 175,100 | 133,000 | | | | | | | **308,100** |
| **Dollar Total** | **15,835,130** | **23,425,811** | **19,095,315** | **10,411,519** | **13,173,487** | **8,278,269** | **5,386,151** | **3,857,426** | **4,109,113** | **7,252,320** | **8,227,057** | **5,037,170** | **124,088,768** |
| **Total # of Loans** | **109** | **158** | **132** | **72** | **89** | **58** | **40** | **28** | **30** | **53** | **59** | **37** | **865** |
| | | | | | | | | | | | | | |
| **MOBILE HOME** | 1,749,881 | 1,764,831 | 1,747,220 | 709,668 | 874,370 | 658,000 | **253,450** | **190,400** | **168,200** | **693,610** | **900,875** | **472,464** | **10,182,969** |
| **Total # of MH*** | **17** | **17** | **17** | **9** | **8** | **6** | **3** | **2** | **3** | **7** | **9** | **4** | **102** |

*The Mobile Home # is included in the above line item titled "Total # of Loans"

# FY09 Dollar Volume by Lender

July 1, 2008 - June 30, 2009

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CHITTENDEN MTG SVCS | 600,317 | 2,781,101 | 1,130,115 | 908,020 | 156,500 | 522,260 | 227,100 | 88,000 | 98,400 | 74,400 | | | $6,586,213 |
| NEW ENGLAND FCU | 1,486,293 | 2,673,086 | 761,525 | 531,452 | 651,540 | 138,875 | | | | | | | $6,242,771 |
| UNIVERSAL | 967,528 | 460,200 | 1,178,845 | 460,550 | 464,825 | 106,295 | 160,365 | | 306,700 | 89,660 | | | $4,194,968 |
| COMMUNITY | 241,255 | 626,313 | 478,620 | 359,327 | 286,549 | 385,000 | 174,489 | | 161,500 | | | | $2,713,053 |
| MTG FINANCIAL | 789,070 | 580,213 | 417,520 | 228,000 | 420,250 | 99,500 | | 86,725 | | | | | $2,621,278 |
| HERITAGE FCU | 231,600 | 215,520 | 283,550 | 415,310 | 152,000 | 164,956 | 150,000 | | | 286,625 | | | $1,899,561 |
| VT STATE ECU | 314,184 | 748,950 | 117,346 | 81,632 | | 243,806 | | | | | | | $1,505,918 |
| NAT'L BNK MIDDLE | 477,260 | 335,100 | 273,600 | 98,400 | 132,686 | | | | | 148,938 | | | $1,465,984 |
| N.E. HOME LOAN | 254,625 | 125,000 | 427,462 | 376,500 | 175,100 | | | | | | | | $1,358,687 |
| NORTHFIELD | 716,055 | 120,000 | | | 216,800 | 97,000 | | | | | | | $1,149,855 |
| PEOPLES TRUST | 260,000 | 333,000 | | 359,750 | | | | 150,000 | | | | | $1,102,750 |
| NORTH COUNTRY CU | 275,400 | 284,970 | $72,000 | 130,800 | | | 135,800 | | | 104,000 | | | $1,002,970 |
| UNION | 440,400 | | | 263,950 | | 160,000 | | 100,880 | | | | | $965,230 |
| VT FEDERAL CU | 100,000 | 335,750 | 139,220 | 113,905 | 91,960 | 123,500 | | | | | | | $904,335 |
| WELLS FARGO | 449,800 | 189,150 | | | | | | | | | | | $638,950 |
| CT RIVER | 217,600 | | | 129,540 | | | | | | | | | $347,140 |
| TDBANKNORTH | 206,700 | | | | | | | | | | | | $206,700 |
| NATIONAL CITY | | | | 160,000 | | | | | | | | | $160,000 |
| BRATTLEBORO | | 152,800 | | | | | | | | | | | $152,800 |
| COUNTRYWIDE | | | | | 145,500 | | | | | | | | $145,500 |
| RIVER VALLE CU | 0 | | | 126,000 | | | | | | | | | $126,000 |
| GMAC | 124,448 | | | | | | | | | | | | $124,448 |
| FIRST NAT'L BNK ORWELL | 116,000 | | | | | | | | | | | | $116,000 |
| MASCOMA | | | | | | | | 114,318 | | | | | $114,318 |
| LAKE SUNAPEE | 80,800 | | | | | | | | | | | | $80,800 |
| OPPORTUNITIES CU | | | | | | | | | | 75,000 | | | $75,000 |
| BANK OF BENN | | | | | | | | | | | | | $0 |
| BERKSHIRE BANK | | | | | | | | | | | | | $0 |
| CCO MORTGAGE | | | | | | | | | | | | | $0 |
| LIBERTYQUEST | | | | | | | | | | | | | $0 |
| SUMMIT (Merrimack Mtg) | | | | | | | | | | | | | $0 |
| TOTAL | $8,349,335 | $9,961,153 | $5,279,803 | $4,743,136 | $2,893,710 | $2,041,192 | $847,754 | $539,923 | $566,600 | $778,623 | $0 | $0 | $36,001,229 |

# FY09 Loan Volume by Lender

July 1, 2008 - June 30, 2009

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CHITTENDEN MTG SVCS | 4 | 21 | 9 | 7 | 2 | 5 | 2 | 1 | 1 | 1 | | | 53 |
| NEW ENGLAND FCU | 8 | 16 | 6 | 5 | 5 | 2 | | | | | | | 42 |
| UNIVERSAL | 7 | 4 | 9 | 3 | 3 | 2 | 2 | | 2 | 1 | | | 33 |
| COMMUNITY | 2 | 6 | 4 | 3 | 3 | 3 | 1 | | 1 | | | | 23 |
| HERITAGE FCU | 2 | 2 | 3 | 4 | 1 | 1 | 1 | | | 3 | | | 17 |
| MTG FINANCIAL SRV | 5 | 4 | 3 | 1 | 2 | 1 | | 1 | | | | | 17 |
| NAT'L BNK MIDDLE | 4 | 3 | 2 | 1 | 1 | | | | | 1 | | | 12 |
| VT STATE ECU | 2 | 6 | 1 | 1 | | 2 | | | | | | | 12 |
| N.E. HOME LOAN | 1 | 1 | 3 | 3 | 1 | | | | | | | | 9 |
| NORTHFIELD | 5 | 1 | | | 2 | 1 | | | | | | | 9 |
| NORTH COUNTRY FCU | 2 | 2 | 1 | 1 | | | 1 | | | 1 | | | 8 |
| PEOPLES TRUST | 2 | 2 | | 2 | | | | 1 | | | | | 7 |
| UNION | 3 | | | 2 | | 1 | | 1 | | | | | 7 |
| VT FEDERAL CU | 1 | 2 | 1 | 1 | 1 | 1 | | | | | | | 7 |
| WELLS FARGO | 3 | 1 | | | | | | | | | | | 4 |
| CT RIVER | 2 | | | 1 | | | | | | | | | 3 |
| TDBANKNORTH | 2 | | | | | | | | | | | | 2 |
| BRATTLEBORO | | 1 | | | | | | | | | | | 1 |
| COUNTRYWIDE | | | | | 1 | | | | | | | | 1 |
| FIRST NAT'L BNK ORWELL | 1 | | | | | | | | | | | | 1 |
| GMAC | 1 | | | | | | | | | | | | 1 |
| LAKE SUNAPEE | 1 | | | | | | | | | | | | 1 |
| MASCOMA | | | | | | | | 1 | | | | | 1 |
| NATIONAL CITY | | | | 1 | | | | | | | | | 1 |
| OPPORTUNITIES CU | | | | | | | | | | 1 | | | 1 |
| RIVER VALLEY CU | | | | 1 | | | | | | | | | 1 |
| BANK OF BENN | | | | | | | | | | | | | 0 |
| BERKSHIRE BANK | | | | | | | | | | | | | 0 |
| CCO MORTGAGE | | | | | | | | | | | | | 0 |
| LIBERTYQUEST | | | | | | | | | | | | | 0 |
| SUMMIT (Merrimack Mtg) | | | | | | | | | | | | | 0 |
| TOTAL | 58 | 72 | 42 | 37 | 22 | 19 | 7 | 5 | 4 | 8 | 0 | 0 | 274 |

VERMONT HOUSING FINANCE AGENCY
HOMEOWNERSHIP PROGRAM MONTHLY DELINQUENCY REPORT
March 31, 2009

| Lenders | Total Loans | 30 Days | | 60 Days | | 90+ Days | | In Foreclosure & Bankruptcy | | Total Delinquent | | REO | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Chittenden Mortgage Services | 1188 | 51 | 4.29% | 25 | 2.10% | 19 | 1.60% | 18 | 1.52% | 113 | 9.51% | 2 | 0.17% |
| Union Bank | 319 | 15 | 4.70% | 3 | 0.94% | 2 | 0.63% | 2 | 0.63% | 22 | 6.90% | 0 | 0.00% |
| Mascoma Savings Bank | 48 | 3 | 6.25% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 3 | 6.25% | 0 | 0.00% |
| Graystone Solutions | 2467 | 74 | 3.00% | 27 | 1.09% | 24 | 0.97% | 25 | 1.01% | 150 | 6.08% | 7 | 0.28% |
| Community National Bank | 348 | 8 | 2.30% | 3 | 0.86% | 7 | 2.01% | 3 | 0.86% | 21 | 6.03% | 1 | 0.29% |
| Opportunities CU | 117 | 5 | 4.27% | 1 | 0.85% | 1 | 0.85% | 0 | 0.00% | 7 | 5.98% | 0 | 0.00% |
| Bank of Bennington | 56 | 3 | 5.36% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 3 | 5.36% | 0 | 0.00% |
| Peoples Trust Co. | 115 | 4 | 3.48% | 1 | 0.87% | 1 | 0.87% | 0 | 0.00% | 6 | 5.22% | 1 | 0.87% |
| Connecticut River Bank | 65 | 1 | 1.54% | 0 | 0.00% | 1 | 1.54% | 0 | 0.00% | 2 | 3.08% | 0 | 0.00% |
| Heritage Family Credit Union | 163 | 2 | 1.23% | 1 | 0.61% | 1 | 0.61% | 0 | 0.00% | 4 | 2.45% | 0 | 0.00% |
| Brattleboro Savings & Loan | 92 | 1 | 1.09% | 1 | 1.09% | 0 | 0.00% | 0 | 0.00% | 2 | 2.17% | 0 | 0.00% |
| New England Federal CU | 624 | 2 | 0.32% | 3 | 0.48% | 1 | 0.16% | 0 | 0.00% | 6 | 0.96% | 2 | 0.32% |
| **Totals** | 5602 | 169 | 3.02% | 65 | 1.16% | 57 | 1.02% | 48 | 0.86% | 339 | 6.05% | 13 | 0.23% |
| **Totals Previous Month** | 5657 | 196 | 3.46% | 71 | 1.26% | 61 | 1.08% | 46 | 0.81% | 374 | 6.61% | 11 | 0.19% |
| **Totals Same Mo. Last Yr.** | 5615 | 188 | 3.35% | 56 | 1.00% | 19 | 0.34% | 41 | 0.73% | 304 | 5.41% | 6 | 0.11% |

**Note: Of the loans in foreclosure, a total of 17 are under a Chapter 13 Bankruptcy Plan**

VHFA LENDER PERFORMANCE

| Lenders | Mar 2008 | April 2008 | May 2008 | June 2008 | July 2008 | Aug 2008 | Sept 2008 | Oct 2008 | Nov 2008 | Dec 2008 | Jan 2009 | Feb 2009 | Mar 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Bank of Bennington** | 8.06% | 4.84% | 6.67% | 6.78% | 3.39% | 6.78% | 5.08% | 5.17% | 5.17% | 5.26% | 3.51% | 1.75% | 5.36% |
| **Brattleboro Savings & Loan** | 4.17% | 4.17% | 2.08% | 2.08% | 3.16% | 2.08% | 1.04% | 2.08% | 3.13% | 2.08% | 2.08% | 4.21% | 2.17% |
| **Chittenden Mortgage Services** | 8.17% | 7.96% | 7.45% | 8.30% | 9.02% | 8.59% | 9.15% | 9.07% | 10.84% | 10.59% | 9.62% | 9.32% | 9.51% |
| **Community National Bank** | 4.93% | 5.52% | 5.51% | 5.56% | 7.58% | 6.92% | 5.73% | 6.03% | 7.16% | 9.97% | 8.24% | 8.26% | 6.03% |
| **Connecticut River Bank** | 1.54% | 1.52% | 1.52% | 0.00% | 0.00% | 0.00% | 0.00% | 2.99% | 3.03% | 1.52% | 3.03% | 6.15% | 3.08% |
| **Graystone** | 5.93% | 6.27% | 5.45% | 5.81% | 5.32% | 6.07% | 6.26% | 5.88% | 7.31% | 7.83% | 7.45% | 7.17% | 6.08% |
| **Heritage Family CU** | 0.63% | 1.25% | 1.23% | 1.23% | 1.24% | 0.61% | 3.05% | 3.01% | 2.40% | 2.38% | 2.98% | 2.41% | 2.45% |
| **Mascoma Savings Bank** | 2.17% | 4.26% | 2.08% | 4.17% | 4.17% | 4.17% | 4.17% | 4.17% | 6.25% | 4.17% | 4.17% | 2.08% | 6.25% |
| **New England Federal CU** | 0.68% | 0.83% | 1.31% | 1.14% | 1.30% | 1.59% | 1.90% | 1.26% | 1.25% | 1.10% | 0.78% | 0.94% | 0.96% |
| **Opportunites CU** | 4.72% | 7.14% | 7.09% | 7.09% | 9.52% | 9.52% | 8.00% | 8.00% | 10.40% | 8.87% | 9.09% | 9.24% | 5.98% |
| **Peoples Trust Co.** | 4.42% | 2.61% | 3.42% | 5.08% | 5.08% | 4.24% | 3.39% | 4.24% | 4.24% | 3.42% | 6.03% | 3.48% | 5.22% |
| **Union Bank** | 4.24% | 5.49% | 4.31% | 5.81% | 4.28% | 5.86% | 5.86% | 5.85% | 6.79% | 5.54% | 6.50% | 6.23% | 6.90% |

# HOMEOWNERSHIP DELINQUENCY REPORT
## FISCAL YEAR 2009

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Portfolio # | 5659 | 5694 | 5702 | 5700 | 5704 | 5704 | 5686 | 5657 | 5602 | | | | 5679 |
| Total Portfolio $ | 557.5 | 563.9 | 565.8 | 566.9 | 568.3 | 568.0 | 565.7 | 561.5 | 555.2 | | | | 563.6 |

### NUMBER OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | 168 | 193 | 204 | 175 | 239 | 248 | 211 | 196 | 169 | | | | 200 |
| 60 Days | 71 | 68 | 60 | 78 | 71 | 81 | 81 | 71 | 65 | | | | 72 |
| 90 Days | 29 | 23 | 31 | 31 | 42 | 36 | 50 | 61 | 57 | | | | 40 |
| Foreclosure | 48 | 51 | 49 | 50 | 50 | 46 | 46 | 46 | 48 | | | | 48 |
| Total Delq FY 09 | 316 | 335 | 344 | 334 | 402 | 411 | 388 | 374 | 339 | | | | 360 |
| Total Delq FY 08 | 311 | 304 | 344 | 307 | 326 | 381 | 337 | 330 | 304 | 318 | 289 | 314 | 322 |

### PERCENT BY NUMBER OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | 2.97% | 3.39% | 3.58% | 3.07% | 4.19% | 4.35% | 3.71% | 3.46% | 3.02% | | | | 3.53% |
| 60 Days | 1.25% | 1.19% | 1.05% | 1.37% | 1.24% | 1.42% | 1.42% | 1.26% | 1.16% | | | | 1.26% |
| 90 Days | 0.51% | 0.40% | 0.54% | 0.54% | 0.74% | 0.63% | 0.88% | 1.08% | 1.02% | | | | 0.70% |
| Foreclosure | 0.85% | 0.90% | 0.86% | 0.88% | 0.88% | 0.81% | 0.81% | 0.81% | 0.86% | | | | 0.85% |
| Total Delq FY 09 | 5.58% | 5.88% | 6.03% | 5.86% | 7.05% | 7.21% | 6.82% | 6.61% | 6.06% | 0.00% | 0.00% | 0.00% | 6.34% |
| Total Delq FY 08 | 5.91% | 5.66% | 6.29% | 5.57% | 5.85% | 6.80% | 6.00% | 5.87% | 5.42% | 5.65% | 5.12% | 5.57% | 5.81% |

### DOLLAR AMOUNT OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | $11.3 | $14.3 | $15.5 | $13.4 | $17.4 | $18.7 | $16.1 | $14.2 | $12.2 | | | | $14.8 |
| 60 Days | $4.9 | $4.6 | $4.1 | $5.4 | $5.3 | $6.0 | $5.9 | $5.7 | $4.9 | | | | $5.2 |
| 90+ Days | $5.8 | $5.4 | $6.2 | $6.2 | $6.6 | $6.3 | $7.7 | $8.1 | $8.1 | | | | $6.7 |
| Total Delq FY 09 | $22.0 | $24.3 | $25.8 | $25.0 | $29.3 | $31.0 | $29.7 | $28.0 | $25.2 | $0.0 | $0.0 | $0.0 | $26.7 |
| Total Delq FY 08 | $20.5 | $19.8 | $22.8 | $20.6 | $22.2 | $26.1 | $23.7 | $23.3 | $21.0 | $22.7 | $20.8 | $22.3 | $22.2 |

# REO INVENTORY REPORT

## As of March 31, 2009

| Mortgagor | REO Date | City/Town | Princ. Bal. | Interest | Expenses | Receipts (1) | Total Cost Basis | Valuation Allowance | List Amount (2) | Current Appraisal | Date Last Appraised | Original Appraisal | Loan Date | Type | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Rivait** | **5/14/2008** | **Starksboro** | **$ 48,216** | **$ 2,179** | **$ 11,759** | **$ 16,123** | **$ 46,031** | **$ 4,994** | **$ 18,500** | **$ 50,000** | **6/6/08** | **$ 52,000** | **12/27/04** | **MH** | **Property Sold on 4/22/09** |
| Ford | 7/24/2008 | St. Albans | $ 97,128 | $ 3,136 | $ 11,734 | $ 27,003 | $ 84,995 | $ - | $ 89,900 | $ 120,000 | 3 5 08 | $ 110,000 | 03 08 06 | Condo | Price Reduced |
| **Mailhiot** | **8/21/2008** | **Chittenden** | **$ 63,262** | **$ 9,827** | **$ 20,067** | **$ 3,607** | **$ 89,549** | **$ -** | **$ 40,000** | **$ 102,000** | **9/17/08** | **$ 80,000** | **05/03/96** | **SF** | **Property Sold on 4/24/09** |
| Aucoin | 10/7/2008 | Swanton | $ 135,296 | $ 5,967 | $ 7,829 | $ - | $ 149,092 | $ 1,325 | $ 124,000 | $ 142,000 | 8 29 08 | $ 140,000 | 06 13 05 | SF | RD Insured - Offer Pending - waiting for RD approval |
| Munukka | 11/3/2008 | Castleton | $ 61,265 | $ 12,393 | $ 17,354 | $ 18,956 | $ 72,056 | $ - | $ 80,000 | $ 105,000 | 10 7 08 | $ 78,000 | 03 01 96 | SF | Property in Poor Condition |
| Nolan | 11/5/2008 | Grand Isle | $ 144,149 | $ 18,547 | $ 21,258 | $ 36,337 | $ 147,617 | $ 47,655 | $ 140,000 | $ 140,000 | 9 17 08 | $ 157,000 | 12/02 05 | MH | price reduced |
| **Latrell** | **12/1/2008** | **Vergennes** | **$ 29,423** | **$ 1,662** | **$ 8,096** | **$ -** | **$ 39,181** | **$ 12,707** | **$ 21,000** | **$ 28,000** | **1/15/09** | **$ 37,500** | **07/01/97** | **MH** | **MH in Park; UC Closing May 2009** |
| **Campbell** | **12/8/2008** | **Barre** | **$ 29,850** | **$ 2,744** | **$ 14,026** | **$ -** | **$ 46,620** | **$ 1,601** | **$ 30,000** | **$ 48,000** | **5/15/08** | **$ 60,000** | **09/26/94** | **SF** | **UC $30,000; Closing 5/1/09** |
| **Gordon** | **1/28/2009** | **Colchester** | **$ 107,309** | **$ 11,737** | **$ 14,130** | **$ 26,827** | **$ 106,349** | **$ -** | **$ 115,000** | **$ 150,000** | **12/11/08** | **$ 126,300** | **06/29/01** | **SF** | **UC $115,000 - Property Sold on 4/30/09** |
| **Thibodeau** | **2/3/2009** | **Swanton** | **$ 18,989** | **$ 2,295** | **$ 10,343** | **$ -** | **$ 31,627** | **$ -** | **$ 90,000** | **$ 75,000** | **1/9/09** | **$ 106,000** | **08/09/02** | **SF** | **Excess Proceeds go to RD; UC closing 5/16/09** |
| Burns | 2/17/2009 | St. Albans | $ 144,623 | $ 12,104 | $ 11,721 | $ - | $ 168,448 | $ 11,472 | $ 168,000 | $ 167,000 | 9 17 08 | $ 177,000 | 10 13 04 | 2F | New Listing |
| Hebert | 3/6/2009 | Berlin | $ 18,783 | $ 1,838 | $ 7,698 | $ - | $ 28,319 | $ - | | | | $ 83,000 | 02 20 03 | SF | Excess Proceeds go to RD after VHFA paid |
| **Schraut** | **3/30/2009** | **Barre** | **$ 78,420** | **$ 5,802** | **$ 7,873** | **$ -** | **$ 92,095** | **$ 12,336** | **$ 75,000** | **$ 85,000** | **2/12/09** | **$ 84,000** | **11/21/02** | **SF** | **RD Insured; UC $75,000; closing 5/22/09** |
| Greene | 3/30/2009 | Randolph | $ 68,297 | $ 9,231 | $ 19,550 | $ - | $ 97,078 | $ - | | $ 128,000 | 9 4 08 | $ 82,000 | 10 27 95 | SF | RD Insured - Waiting for Values to List |
| 14 | | | $ 1,045,010 | $ 99,462 | $ 183,438 | $ 128,853 | $ 1,199,057 | $ 92,090 | $ 991,400 | $ 1,340,000 | | $ 1,372,800 | | | |

**REOS that are under deposit**

(1) Receipts column represents actual and projected/estimated mortgage insurance claim payments

(2) If Property is under deposit the List Price is the actual sale price.

# MEMORANDUM

**TO:** VHFA Board of Commissioners

**FROM:** Tim Gutchell, Controller

**DATE:** April 30, 2009

**RE:** **Interim FY 2009 General Fund Operating Budget Report – Nine Months Ended 03/31/09**

Attached is the Interim Budget Report showing the General Fund Operating results for the nine months ended 03/31/2009. The report includes the original FY 2009 budget , the revisions approved by the Board on December 18, 2008, and the revised budget, against which the 03/31/09 results are measured.

This discussion is limited to the Agency's General Fund Operating budget and does not include the activity of the various bond funds which have been reported to you separately in this Board package.

## Expenses

The Agency's total operating expenses as of 03/31/09 were at 70% of plan. Salaries and wages expense, the largest single line item in the budget representing 40% of operating costs, were precisely on budget with exactly 75% of those costs incurred through March 31, 2009. The remaining individual line items are reasonable relative to budget. Material negative variances in maintenance agreements, audit fee expense, and organizational subsidies are all due to timing, and we expect each to be at or near budget for the full year.

A few accounts had material positive variances. Trustee Fees are under budget, and should be at year end, because we decided to defer for now the budgeted five year update to the Piper Jaffray financial study. Similarly software conversion costs are significantly under budget and should remain so, largely the result of doing training related to the HDS implementation electronically via "Go To" meetings, rather than having HDS personnel come on site, and because we pushed back implementation of a couple of the HDS modules. Legal fees are under budget because the fees related to the Rockingham foreclosure, budgeted at $27k, have been capitalized rather than expensed, and will be recovered as part of the sale proceeds on the property.

Professional fees related to the Agency's liquidity, remarketing, and variable rate debt issues will also come in well under the budgeted amount for the year. This is the result primarily of a decision, made after conferring with our FA, to push a share ($44k at 03/31/09) of these cost back to the related bond programs. Loan interest costs are benefitting from lower interest rates on our working line of credit and a generally lower average balance than we assumed for budgeting. Finally, we have had no write-offs through 03/31/09 against the $75k budgeted for Ventures loan forgiveness.

## Income

Total income is 16% under budget at 03/31/2009. This is largely a timing issue because we do not collect tax credit monitoring fees (approximately $180k) until the final quarter of the fiscal year. Factoring these fees in, we would be slightly less than 2% behind plan in overall income at the end of the third quarter.

Within the income category we do expect to have a significant full year negative variance in interest income investments. This is essentially a result of investment rates that have plunged throughout the fiscal year to levels much lower than we assumed in preparing the budget last April. In addition we have had less cash invested on average than we expected because we paid down our operating line by $1.5mm earlier in the fiscal year. You will note that our loan interest costs have a $59k positive variance as a result of the line of credit pay-down that mitigates the lower investment earnings.

**Interim FY 2009 General Fund Operating Budget Report – Nine Months Ended 03/31/09 (Cont'd.):**

**Net Funds Transfers**

Net fund transfers are at 97% of the annual budget at 03/31/2009. While we continue to physically transfer these funds into the general fund contemporaneous with debt service, this quarter we began booking accruals in the general fund for the portion of transfers earned. This has the effect of smoothing out the general fund results regardless of the timing of the actual cash transfer.

You will note that the fund transfers from the Single-Family Housing Bonds resolution are significantly ($756k) under budget at the end of the quarter. This is a result of the stresses within the resolution caused by our variable rate debt issues. The cash burn within the resolution related to approximately $2.9mm of unanticipated basis paid on variable rate debt in the nine month period precludes, in the short term, any further transfers to the general fund from the resolution.

The $3.9mm in total net fund transfers at 03/31/09 includes $1.6mm of inter-funds with the Single-Family Insured Mortgage program and Single-Family Mortgage Purchase program that were converted to fund balance transfers to bolster the General Fund Operating fund balance.

If after reviewing the attached reports you have any questions or a need for additional information, please feel free to e-mail (tgutchell@vhfa.org), or call me (652-3437) at your convenience.

**Vermont Housing Finance Agency**
**Interim Budget Report**
**Income And Fund Transfers**
**03/31/2009**

Portion

| | BUDGET: Original Approved Annual Budget | December 18,2008 Board Approved Budget revisions Additiona | Reductions | Board Approved Revised Annual Budget | Prorata YTD Budget Thru 03/31/09 | EXPENDED: Amount Earned YTD Thru 03/31/09 |
|---|---|---|---|---|---|---|
| **Income:** | | | | | | |
| Interest Income-Loans | $ 794,500.00 | $ 55,000.00 | | $ 849,500.00 | $ 637,125.00 | $ 659,291.63 |
| Multi-family Fees | 638,000.00 | | | 638,000.00 | $478,500.00 | 210,820.51 |
| Miscellaneous Income | 64,772.00 | 75,000.00 | | 139,772.00 | $104,829.00 | 122,647.25 |
| Interest Income-Investments | 128,250.00 | | 27,843.00 | 100,407.00 | $75,305.25 | 28,864.93 |
| Single Family Fees | 21,000.00 | | | 21,000.00 | $15,750.00 | 10,786.73 |
| **Total Income** | $ 1,646,522.00 | $ 130,000.00 | $ 27,843.00 | $ 1,748,679.00 | $ 1,234,891.50 | $ 1,032,411.05 |
| **Net Fund Transfers:** | | | | | | |
| SF Housing Bonds | $ 2,900,000.00 | | $ 425,000.00 | $ 2,475,000.00 | $ 1,856,250.00 | $ 1,100,000.00 |
| SF Insured Mortgage Program | 550,000.00 | | | 550,000.00 | 412,500.00 | 1,282,500.00 |
| SF Home Mtge Purch Program | 350,000.00 | | | 350,000.00 | 262,500.00 | 1,003,999.92 |
| MF Mortgage Bonds (HWMF) | 575,000.00 | | | 575,000.00 | 431,250.00 | 575,000.00 |
| Multiple Purpose Bonds | 0.00 | | 75,000.00 | (75,000.00) | (56,250.00) | (75,000.00) |
| MF Direct Placement Bonds | 125,000.00 | | | 125,000.00 | 93,750.00 | 8,500.00 |
| **Total Fund Transfers** | $ 4,500,000.00 | $ - | $ 500,000.00 | $ 4,000,000.00 | $ 3,375,000.00 | $ 3,894,999.92 |
| **Total Income & Transfers** | $ 6,146,522.00 | $ 130,000.00 | $ 527,843.00 | $ 5,748,679.00 | $ 4,311,509.25 | $ 4,927,410.97 |
| **Total Expenses** | 5,941,695.00 | 258,178.59 | 460,914.06 | 5,738,959.53 | $4,304,219.65 | 4,012,776.88 |
| **FY 09 Budget Deficit YTD** | $ 204,827.00 | $ (128,178.59) | $ 66,928.94 | $ 9,719.47 | $ 7,289.60 | $ 914,634.09 |





**Vermont Housing Finance Agency**
**Interim Budget Report**
**Expenses and Other Costs**
**03/31/2009**

| | BUDGET: Original Approved Annual Budget |
|---|---|
| **Expenses:** | |
| Salaries and Wages | $ 2,400,644. |
| Employee Benefits | 555,915. |
| Trustee Fees | 252,220. |
| Pension | 244,942. |
| Payroll Taxes | 182,728. |
| Depreciation | 140,723. |
| Travel & Training | 131,125. |
| Marketing & Outreach | 128,000. |
| Maintenance Agreements | 109,770. |
| Occupancy | 95,330. |
| Contract Services | 86,186. |
| Software Conversion | 71,150. |
| Consulting | 64,025. |
| Audit | 60,000. |
| Legal | 50,000. |
| Dues & Subscriptions | 44,874. |
| Interest | 38,900. |
| Office Supplies | 30,422. |
| Telephone | 24,790. |
| Postage | 24,080. |
| Printing | 19,750. |
| Liability Insurance | 16,241. |
| Commisioners Fees | 13,510. |
| Miscellaneous | 9,370. |
| Temp Services | 3,000. |
| Prof Fees - Liquidity/VRD | 0. |
| **Total Operating Expenses** | $ 4,797,695. |
| **Other Costs (general fund):** | |
| Loan Interest Cost | $ 629,000. |
| Organizational Subsidies | 415,000. |
| Ventures Loans Forgiveness | 100,000. |
| **Total Other Costs** | $ 1,144,000. |
| **Total Expenses** | $ 5,941,695. |
| **Other Costs - Bond:** | |
| SF Loan Loses (gains) | $ 300,000. |
| MF Loan Loss Provisions | $ 300,000. |
| Advertising-New Bond COI | $ 88,000. |
| Servicing Release Premiums | $ 288,000. |
| SF Loan Origination Fees | $ 800,000. |
| Prof Fees - Liquidity/VRD | $ - |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Portion of year expired = | | 75.00% | Portion of year remaining = | | 25.00% | |
| | | | | | EXPENDED: | | | | REMAINING: | | |
| December 18, 2008 Board Approved Budget Revisons | | Board Approved Revised Annual | Prorata YTD Budget | Amount Expended YTD | Percentage of Annual Budget Expended | Amount (Over) Under Prorata Budget | Percent Over(-) Under Prorata Budget | Amount Unexpended | Percent Unexpended | | |
| Additions | Reductions | Budget | 03/31/2009 | 03/31/2009 | 03/31/2009 | As of 03/31/09 | As of 03/31/09 | As of 03/31/09 | As of 03/31/09 | | |
| | $ 55,333.06 | $ 2,345,310.94 | $ 1,758,983.21 | $ 1,760,115.69 | 75.05% | $ (1,132.48) | -0.06% | $ 585,195.25 | 24.95% | | |
| | 40,048.00 | 515,867.00 | 386,900.25 | 372,441.05 | 72.20% | $14,459.20 | 3.74% | $143,425.95 | 27.80% | | |
| | | 252,220.00 | 189,165.00 | 154,447.60 | 61.24% | $34,717.40 | 18.35% | $97,772.40 | 38.76% | | |
| | 5,646.00 | 239,296.00 | 179,472.00 | 177,751.77 | 74.28% | $1,720.23 | 0.96% | $61,544.23 | 25.72% | | |
| | 4,233.00 | 178,495.00 | 133,871.25 | 129,133.66 | 72.35% | $4,737.59 | 3.54% | $49,361.34 | 27.65% | | |
| | 14,257.53 | 126,465.47 | 94,849.10 | 92,672.59 | 73.28% | $2,176.51 | 2.29% | $33,792.88 | 26.72% | | |
| 10,200.00 | 49,050.00 | 92,275.00 | 69,206.25 | 53,944.70 | 58.46% | $15,261.55 | 22.05% | $38,330.30 | 41.54% | | |
| | 44,900.00 | 83,100.00 | 62,325.00 | 62,325.00 | 75.00% | $0.00 | 0.00% | $20,775.00 | 25.00% | | |
| | 14,500.00 | 95,270.00 | 71,452.50 | 83,757.88 | 87.92% | ($12,305.38) | -17.22% | $11,512.12 | 12.08% | | |
| | 2,500.00 | 92,830.00 | 69,622.50 | 62,566.89 | 67.40% | $7,055.61 | 10.13% | $30,263.11 | 32.60% | | |
| | 1,200.00 | 84,986.00 | 63,739.50 | 48,646.04 | 57.24% | $15,093.46 | 23.68% | $36,339.96 | 42.76% | | |
| | 37,800.00 | 33,350.00 | 25,012.50 | 1,883.45 | 5.65% | $23,129.05 | 92.47% | $31,466.55 | 94.35% | | |
| | 26,275.00 | 37,750.00 | 28,312.50 | 32,496.93 | 86.08% | ($4,184.43) | -14.78% | $5,253.07 | 13.92% | | |
| 2,500.00 | | 62,500.00 | 46,875.00 | 62,500.00 | 100.00% | ($15,625.00) | -33.33% | $0.00 | 0.00% | | |
| 27,000.00 | 6,000.00 | 71,000.00 | 53,250.00 | 25,417.05 | 35.80% | $27,832.95 | 52.27% | $45,582.95 | 64.20% | | |
| | 5,875.00 | 38,999.00 | 29,249.25 | 30,422.60 | 78.01% | ($1,173.35) | -4.01% | $8,576.40 | 21.99% | | |
| | | 38,900.00 | 29,175.00 | 28,842.97 | 74.15% | $332.03 | 1.14% | $10,057.03 | 25.85% | | |
| | 2,000.00 | 28,422.00 | 21,316.50 | 18,185.92 | 63.99% | $3,130.58 | 14.69% | $10,236.08 | 36.01% | | |
| | | 24,790.00 | 18,592.50 | 16,069.83 | 64.82% | $2,522.67 | 13.57% | $8,720.17 | 35.18% | | |
| | 500.00 | 23,580.00 | 17,685.00 | 11,537.59 | 48.93% | $6,147.41 | 34.76% | $12,042.41 | 51.07% | | |
| | 5,400.00 | 14,350.00 | 10,762.50 | 7,420.55 | 51.71% | $3,341.95 | 31.05% | $6,929.45 | 48.29% | | |
| | | 16,241.00 | 12,180.75 | 12,931.69 | 79.62% | ($750.94) | -6.16% | $3,309.31 | 20.38% | | |
| | 512.00 | 12,998.00 | 9,748.50 | 7,376.55 | 56.75% | $2,371.95 | 24.33% | $5,621.45 | 43.25% | | |
| | 4,634.47 | 4,735.53 | 3,551.65 | 5,236.82 | 110.59% | ($1,685.17) | -47.45% | ($501.29) | -10.59% | | |
| | | 3,000.00 | 2,250.00 | 0.00 | 0.00% | $2,250.00 | 100.00% | $3,000.00 | 100.00% | | |
| 218,478.59 | | 218,478.59 | 163,858.94 | 80,022.16 | 36.63% | $83,836.78 | 51.16% | $138,456.43 | 63.37% | | |
| $ 258,178.59 | $ 320,664.06 | $ 4,735,209.53 | $ 3,551,407.15 | $ 3,338,146.98 | 70.50% | $ 213,260.17 | 6.00% | $ 1,397,062.55 | 29.50% | | |
| | $ 15,250.00 | 613,750.00 | $ 460,312.50 | $ 401,121.87 | 65.36% | $ 59,190.63 | 12.86% | $ 212,628.13 | 34.64% | | |
| | 125,000.00 | 290,000.00 | 217,500.00 | 273,508.03 | 94.31% | ($56,008.03) | -25.75% | $16,491.97 | 5.69% | | |
| | | 100,000.00 | 75,000.00 | 0.00 | 0.00% | $75,000.00 | 100.00% | $100,000.00 | 100.00% | | |
| $0.00 | $ 140,250.00 | $ 1,003,750.00 | $ 752,812.50 | $ 674,629.90 | 67.21% | $ 78,182.60 | 10.39% | $ 329,120.10 | 32.79% | | |
| $ 258,178.59 | $ 460,914.06 | $ 5,738,959.53 | $ 4,304,219.65 | $ 4,012,776.88 | 69.92% | $ 291,442.77 | 6.77% | $ 1,726,182.65 | 30.08% | | |
| 0.00 | 0.00 | $ 300,000.00 | $ 225,000.00 | $ 344,075.55 | 114.69% | $ (119,075.55) | -52.92% | $ (44,075.55) | -14.69% | | |
| 0.00 | 0.00 | $ 300,000.00 | $ 225,000.00 | $ - | 0.00% | $ 225,000.00 | 100.00% | $ 300,000.00 | 100.00% | | |
| 0.00 | 0.00 | $ 88,000.00 | $ 66,000.00 | $ 33,179.20 | 37.70% | $ 32,820.80 | 49.73% | $ 54,820.80 | 62.30% | | |
| 0.00 | 0.00 | $ 288,000.00 | $ 216,000.00 | $ 115,185.19 | 39.99% | $ 100,814.81 | 46.67% | $ 172,814.81 | 60.01% | | |
| 0.00 | 0.00 | $ 800,000.00 | $ 600,000.00 | $ 344,468.58 | 43.06% | $ 255,531.42 | 42.59% | $ 455,531.42 | 56.94% | | |
| 0.00 | 0.00 | $ - | $ - | $ 43,696.00 | n/a | n/a | n/a | n/a | n/a | | |

# Interesting Housing Fact

**May 2009 VHFA Board Meeting**

**Excerpt taken from *Multifamily Property Managers' Satisfaction with Service Coordination***

A recent study evaluated the level of satisfaction among property managers with the provision of service coordination that links residents of HUD-assisted, multifamily housing to needed supportive services. Overall, this study found a high level of satisfaction with the program and a strong belief among property managers that service coordination improves residents' quality of life.

Also, the study found that service coordination appears to lengthen tenure; the average length of occupancy was 6 months longer among residents of properties with HUD-funded service coordination as compared with residents of similar developments without service coordination. By forestalling or preventing unnecessary institutionalization, service coordination programs help to promote independent living, improve residents' quality of life, and ultimately save taxpayer dollars. The study also explored how residents in developments with service coordinators continue to live independently as compared with residents of developments without formal service coordination.

The full report is available online at http://www.huduser.org/Publications/PDF/Multifamily_prop.pdf.

# MEMORANDUM

To: VHFA Board of Commissioners
From: Leslie Black-Plumeau, Research Analyst
Date: April 17, 2009
Re: VHFA's share of the single-family home sales market in CY 2008

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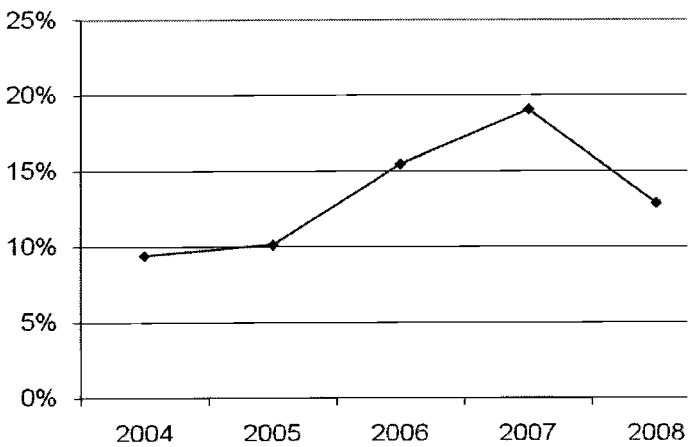
Among all Vermont homes sold at prices within VHFA's limits, VHFA's share fell to 13% in calendar year 2008. Between 2007 and 2008, the number of loans made through VHFA's homeownership programs dropped by just under 50%.

With the exception of Addison County, the decline in VHFA's market share was statewide.




| | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|
| Addison | 5% | 6% | 11% | 13% | 19% |
| Bennington | 8% | 6% | 6% | 5% | 3% |
| Caledonia | 11% | 13% | 16% | 18% | 17% |
| Chittenden | 8% | 12% | 18% | 22% | 15% |
| Essex* | 7% | 5% | 11% | 7% | 13% |
| Franklin | 11% | 12% | 18% | 23% | 13% |
| Grand Isle* | 9% | 2% | 11% | 12% | 9% |
| Lamoille | 15% | 14% | 17% | 24% | 21% |
| Orange | 8% | 5% | 13% | 11% | 9% |
| Orleans | 7% | 5% | 11% | 18% | 10% |
| Rutland | 14% | 12% | 18% | 27% | 18% |
| Washington | 12% | 10% | 20% | 22% | 11% |
| Windham | 8% | 10% | 12% | 13% | 7% |
| Windsor | 6% | 9% | 10% | 9% | 6% |

**Essex and Grand Isle have significantly smaller populations than Vermont's other counties. VHFA has made fewer than 10 loans each year in these counties.*

*Source: VHFA analysis of VHFA loan data and Vermont Property Transfer Tax data on primary homes sold for prices less than VHFA's purchase price limits. Excludes all mobile homes because few are likely to meet VHFA's property requirements.*

These figures provide information not available elsewhere on trends associated with VHFA's place in the Vermont home sales market. It is important to remember, however, that they compare VHFA's activity to a broad set of home sales, including some that would not meet VHFA's requirements. Due to data limitations, all transactions in the state, regardless of the home buyer's income, first-time home buyer status, and credit history must be included in the broader home sales set. The set also includes sales of all properties regardless of whether they meet VHFA's physical property standards and whether they actually involve a mortgage.

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**Vermont Housing Finance Agency**

# MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: June 12, 2009

**RE: CONFIRMATION OF UPCOMING VHFA BOARD MEETING**

This is to notify you that the next meeting of the Vermont Housing Finance Agency Board of Commissioners has been confirmed. The meeting will be held:

**Friday, June 19, 2009**
VHFA
164 St. Paul St., Burlington
**8:00 a.m. – noon**

Attached are the Agenda and Board packet. Please feel free to contact me should you have any questions prior to the meeting.

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

EQUAL HOUSING OPPORTUNITY

**VHFA BOARD MEETING AGENDA**
**Friday, June 19, 2009**
VHFA
164 St. Paul St., Burlington
**8:00 a.m. – noon**

**Meeting Start** **8:00 a.m.**

**Review and Approval of May 11, 2009 Minutes** (5 minutes) Enclosure

***Consent Agenda:*** **Action Requested** (10 minutes)

- Rockingham Canal House: Bridge Loan — Adams/Enclosure
- Cathedral Square Senior Living, Burlington: Increase in Construction Loan — Reid/Enclosure
- Freddie Mac Resolution Regarding Authorized Persons — Adams/Enclosure

**Executive Director's Report** (5 minutes) Carpenter/Enclosure

- VHFA Accomplishments/2010 Initiatives (60 minutes) — Carpenter/Discussion

**Finance**

- Approval of FY2010 Operating Budget (5 minutes) — Connors/Enclosure
- Finance Update (15 minutes) — Connors/Discussion

**Administration**

- 403(b) Retirement Plan Resolution (5 minutes) — Loller/Enclosure
- Reappointment of Housing Vermont Board Members (5 minutes) — Carpenter/Enclosure

**Break** **9:50 a.m.**

**Development**

- Qualified Allocation Plan (QAP) Changes (30 minutes) — Erdelyi, Slade, Reid/Enclosure
- TCAP Competitive Priorities – ARRA (15 minutes) — Erdelyi, Reid/Enclosure
- Allocation of 2009 / 2010 Housing Credits (60 minutes) — Erdelyi, Slade, Reid /Enclosure
  - Upper Story Housing, Brattleboro: Construction Loan and Allocated Credits
  - Shelburnewood I, Shelburne: Allocated Credits

**Homeownership**

- Reinstatement of Mortgage Credit Certification (MCC) Program (15 minutes) — Adams/Enclosure
- Summary of Homeownership Activities/Reports (30 minutes) — Crady/Enclosure

**Executive Session**

**Other Business**

**Adjournment**

**Reports:** ***FYI Only***

- Interesting Housing Fact — Collins /Enclosure
- State HFA Single Family Whole-Loan Programs See Increasing Delinquency/Foreclosure Rates — Crady/Enclosure
- Tax Credit Status Report — Erdelyi/Enclosure

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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), Dagyne 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.



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EQUAL HOUSING OPPORTUNITY

## 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.

vhfa

**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.

CONSENT AGENDA

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EQUAL HOUSING OPPORTUNITY

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.

vhfa

**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.

CONSENT AGENDA

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EQUAL HOUSING OPPORTUNITY

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.

vhfa

**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.

Consent Agenda

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EQUAL HOUSING OPPORTUNITY

# 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.

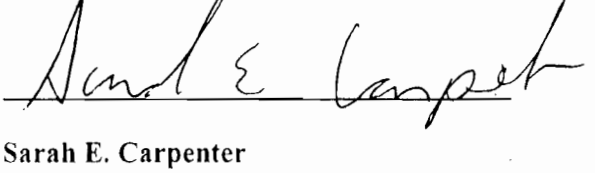
NOW, THEREFORE, BE IT RESOLVED that the persons listed on **Exhibit "A-1"**, attached hereto, are authorized and empowered (the "Authorized Persons") individually to provide the Federal Home Loan Mortgage Corporation ("Freddie Mac"), with instructions to transfer funds (cash or securities) by wire transfer, 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.

vhfa

Vermont Housing Finance Agency

# MEMORANDUM

**TO:** VHFA Board of Commissioners

**FROM:** Sarah E. Carpenter, Executive Director

**DATE:** June 19, 2009

**RE:** **EXECUTIVE DIRECTOR'S REPORT**

## Administration

As a result of the IRS' approval of the Agency's VCP submission, the Agency will be merging the 401(k) John Hancock plan funds into the 403(b) Newport Group plan on July 15th. Blackout notices for this merger have been mailed to all affected 401(k) plan participants. It is anticipated that the transferred funds will be out of the market for as little as one day to a max of 3 days. The merger team is working hard to ensure all systems are in place to ensure a smooth transition.

Mark's last day with the Agency was June 5th. Elizabeth has agreed to come back to the Agency working three days a week until the end of the summer or until she has another commitment lined up, whichever is sooner. The General Counsel ads have run in the local papers and Pat and I will commence the interview process within the next week.

## Public Affairs

John Fairbanks last day with the Agency was Friday, June 5th. One of John's primary focus areas was supporting state and local organizations foster affordable housing. Future support in this area will be substantially reduced in John's absence. Craig Bailey who reported to John will join the Policy and Planning department of Maura Collins and Leslie Black-Plumeau, reporting directly to Maura. Craig will assume the role of primary media contact for the Agency and I will be handling legislative activities.

VHFA's statute changes around the use of State Moral Obligation and the ability to buy our own bonds did pass with the budget bill on June 2nd.

The Vermont Housing and Conservation Board funding as passed by the Legislature means that VHCB will get $6.1 million in state general funds for housing and conservation, and $1 million under the capital bill for housing. VHCB will also receive $1 million in one-time state funds as a pass-through to the Vermont Center for Independent Living, $2 million in federal recovery funds



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for energy related improvements, and $3 million in federal Neighborhood Stabilization Program funds for foreclosed/blighted properties. The composition of VHCB's Board is expanded and changed.

There is broad language the VHFA and VHCB work on energy improvements for our buildings. This hopefully will give us more access to RGGI and ARRA energy funds.

There are two studies committees will require input from VHFA. One is legislative involving the review and possible reorganization of the Agency of Commerce and Community Affairs and the Dept. of Labor; the other which VHFA will sit on to look at the administration of previously awarded Community Development Program Block Grant funds.

I am still reviewing State legislative changes and will keep you posted.

**Development**

Development continued its work on the tax credit applications that were not funded in April, which included meeting with the sponsors, looking at alternate funding methods, and talking with the other funding agencies. In addition the proposed changes to the Qualified Allocation Plan were disseminated and a public hearing held. The application for TCAP funds was submitted to HUD. Staff also worked on moving projects forward including: the Courtyard Apartments in Winooski, Riverbend in Enosburg, Brookside in St Albans, others. Staff spent time evaluating the market analysis for Eastview in Middlebury and pursuing options for VHFA and other lenders to be involved in the financing. Two single-family developments with VHFA involvement (Proctorsville and River Station) have seen additional sales deposits. Staff after much effort gratefully received repayment of a pre-development loan on a stalled single-family project in Milton (Blackberry Commons). Meetings were held on a potential assisted living project in Bradford, and on the tax credit exchange possibilities for other projects. Staff attended webcasts on TCAP funds and other new stimulus package funding programs. Open houses were held for Town Meadows in Essex, Wheeler Brook in Warren, King Street in Burlington, and Meadow Lane in Milton.

**Homeownership**

After much negotiation by Dave, VHFA has a commitment to deliver approximately 540 loans for $45 million to Freddie Mac for securitization at the end of July. We are on target to transfer the servicing of the loans from Graystone Solutions to U.S. Bank, N.A. on July 15, 2009. This project has a number of firsts for VHFA and U.S. Bank, N.A. and will require careful coordination between VHFA, Graystone, U.S. Bank N.A. and Freddie Mac.

Freddie Mac has agreed to cover the services of a company called MDMC to assist us to transmit data to Freddie Mac. Some of the process is being created as we work so we are trying to avoid having to duplicate efforts so we can meet very tight timeframes. Pat Crady, Jacklyn, Erin and Veronica are working extremely diligently to get this accomplished within the time frames of Freddie Mac's Commitment and the Finance Department is prepared to work with Graystone to accomplish a mid-month cutoff for the transfer and work with Bank of New York so they are prepared to accept the securities from Freddie Mac. This effort will require assistance from all areas of VHFA, and Homeownership had has many offers of assistance. Special thanks to Martha Panton for assisting Homeownership to segregate the loan files so we can being to

compile missing data items and prepare documents for shipping to U.S. Bank servicing and document custodian areas.

Pat Crady is working with Elizabeth and Renee to get Confidentiality Agreements in place so the data on the loans can be shared by Graystone with U.S. Bank. VHFA will also have a special interim servicing agreement with U.S. Bank for the period of time between the transfer of loans and the settlement of the securities.

Carolynn Mossey and Pat Lafond continue their efforts to identify loans that can be modified to get borrowers back on track. Polly Thibault is also working hard to seek creative solutions after a loan has been referred for foreclosure. Our ultimate goal is to avoid having to complete the foreclosure with a full reinstatement, pre-foreclosure sale, or other workout. Unfortunately, many home owners have struggled for years and as a result there is significant deferred maintenance, which limits the options. Kathy Cawley is focusing the majority of her time in assisting Polly; however, Kathy is also working on the Freddie Mac project.

Dave, Pat Crady, Maura, Jacklyn, Scott and Tom, and Mark have been working on the engagement with 1st American Core Logic, a third party consulting firm, on providing an independent appraisal of the properties supporting the single family loan portfolio. They have been working with the ratings agencies to determine the potential impact on the Agency's ratings of this project as well as the securitization of the single family loan portfolio. This is another piece of significant work by staff.

**Multifamily**

Multifamily has made good process in the review of the 2008 Audited Financials and to date almost 80% have been completed. These financial statements are such an important tool as we evaluate the financial condition of each property and compare the actual income and expenses to the projected operating budgets.

As of today, we are happy to report that we have received just short of $147,000 in Low Income Housing Tax Credit compliance monitoring fees. We expect another $50,000 by the end of June.

In early March a letter was sent out to owners and managers of VHFA financed multi-family properties encouraging them to automate their mortgage payments. This request was very successful, as we are now receiving approximately $394,000 in ACH payments.

The HDS conversion continues to progress. Terrell Graham from HDS will be holding a Go To Meeting training session in July, to introduce staff to the report writer feature of the software system. Staff is very excited about this aspect of the system, as we are so often responding to information requests.

Sam has also been working on a number of initiatives related to preservation and energy improvements.

## Finance

Finance continues to be involved in several major initiatives for the Agency. The finance team's priority continues to be replacing the Agency's troubled liquidity providers (Depfa and Dexia). A cross-functional team has been meeting weekly to review status of the many tasks related to replacing liquidity as well as other finance-related priorities. A detailed status report is reviewed by the team, including the Agency's Financial Advisor from Piper Jaffray.

We recently signed commitment letters with TD Bank for two liquidity series (22 and 26). Each of the two series is for approximately $13-$14 million. As a contingency for closing, TD is requiring that our General Obligation rating be reaffirmed by Moody's. Moody's has been contacted and informed that we need this rating reaffirmed by June 30. July 15 has been targeted as the closing date with TD on both series. The total amount the Agency is trying to replace remains approximately $82 million, excluding any additional series with TD Bank.

In early April representatives from Wells Fargo visited the VHFA offices to discuss the potential of replacing liquidity for one or more of the remaining series. The meeting was very promising and we were under the impression that things had been progressing positively with their credit committee to replace two series currently with Dexia. However, on June 9th, we were informed that Wells Fargo cannot secure bank capacity for VHFA at this time.

In the meantime, Tom and Scott have been in regular contact with our remarketers, Keybank and Wells Fargo to make sure we are getting the lowest remarketing rates possible. Rates have come down some recently. Also, Fitch recently upgraded Depfa's short term rating to the highest possible rating, which we hope will help improve the remarketing of our Depfa-backed VRDO's. We are hoping S&P follows suit, which should make a big difference.

The other remaining option for liquidity remains with the GSE's. There has been significant discussion at the Federal level and the subject of liquidity raised by the Obama Administration as a priority. There are articles in the Bond Buyer every week suggesting that an announcement of a liquidity program from the Feds for HFA's is imminent. We are still hopeful to hear Fannie Mae announce a liquidity program in the near future.

The Finance team completed the 3rd quarter financial statements for the May Board package and immediately began preparing for the close of the 4th quarter and the year-end audit process. The 3rd quarter financials were produced a couple of days ahead of schedule, allowing Tim, Tom and Scott time to complete the analysis and forecast.

Tim and Tom have been working on the 2010 Budget with the Executive team. The budget was presented to the Board Audit/Risk Committee on June 4th and will go to the full Board for approval on June 19th.

The Finance Department continues to work with the Homeownership department on several major initiatives: MBS (Mortgage Backed Securities), NSP (Neighborhood Stabilization Program) and securitizing the existing single family loan portfolio, to ensure that the systems and processes are in place to provide financial support for these programs.

The team also worked on calling a portion of the remaining proceeds from the 2008C bond issue, which closed on May 15th, reducing the balance of unexpended proceeds, but also resulting in a lower interest rate for our borrowers.

**Other**

June 14 – 17 I will be at the NCSHA Board meeting in Los Angeles. There will a number of committee meetings going on which I will be involved with, including a Working Group on the GSE's and a Task Force on the Future of HFA's. These meetings also involve some major updates on the Tax Credit program. We know that representatives from Fannie, Freddie Mac, IRS and Treasury will be there, so hopefully I come back with more specific updates.

See you on the 19th.

# FY 2009 ACCOMPLISHMENTS

# FY 2010 INITIATIVES

# AGENCY-WIDE ACCOMPLISHMENTS - 5 Major Priorities

- Priority #1: Resolve Agency's Cash Flow Challenges
  - Replaced Liquidity providers on Series 24, 25 (Depfa) and signed commitments for series 22 and 26
  - Reduced remarketing rates on 6 additional series
  - Reduced remarketing fees on all VRDO series (replaced UBS)
  - Closed short-term low-cost line of credit with the State of VT, used mostly to warehouse SF mortgages until bond deal closed
- Priority #2: Protect Agency Credit ratings
  - Contracted with Freddie Mac to securitize $45 million of single family loans
  - Contracted with 1st American Core Logic for third party appraisal of single family loan portfolio
  - Secured new "pledged equity" using moral obligation with the state

# AGENCY-WIDE ACCOMPLISHMENTS – 5 Major Priorities

- Priority #3: Increase single family loan production
  - Closed major bond deal in Sept., selling mostly retail in VT
  - Implemented Mortgage Backed Securities Program
  - Completed partial call of unexpended bond proceeds, reducing negative arbitrage and reducing single family mortgage rates
  - Implemented Cash Execution with GSE's
- Priority #4: Increase Multifamily production
  - Renewed lines of credit with Keybank
  - Met with several banks on new financing options
  - Submitted proposals to the State Treasurer's Office and State Pension Fund
  - On-going meetings with Financial Advisor on the current market for MF bonds
  - Pursuing refunding of 1999 CD Resolution

# AGENCY-WIDE ACCOMPLISHMENTS – 5 Major Priorities

- Priority #5: evaluate and pursue opportunities to enhance the Agency's financial position
  - Implemented Neighborhood Stabilization Program (NSP)
  - Pursued and won McArthur preservation grant
  - Implemented Regional Greenhouse Gas Initiative program (RGGI)
  - Reduced Annual Operating Expenses by $1 million
  - Awarded State-Wide Housing Needs Assessment Contract

# Other AGENCY-WIDE ACCOMPLISHMENTS -

- Socially Responsible Committee
  - Multiple food drives for local food shelves
  - Holiday Adopt-A-Family Campaign
  - Guest Speakers (brown bag lunch):
    - Recycle North
    - VEIC
    - Lund Family Center

Lund Family Center

recycle NORTH

VERMONT ENERGY INVESTMENT CORPORATION

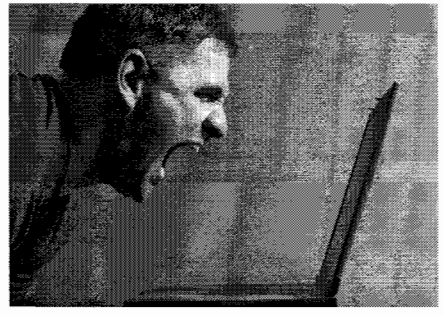
# Department – Specific Accomplishments

# ADMINISTRATION ACCOMPLISHMENTS

- Planned & implemented effective cost reductions
- Organizational Review & Assessment
- Pension: IRS VCP submission, 401k – 403b merger
- Analyzed and changed health insurance plans
- Converted payroll to web based system
- Redrafted employee handbook
- Successful United Way Campaign: President's Award, 85% participation and more than $75/capita in donations.
- Bronze Award from the Vermont Governor's Council on Physical Fitness and Sports.
- 2 Day Board Retreat

# IT ACCOMPLISHMENTS

- MF software (HDS) Conversion
- SharePoint Implementation
- Successful testing at Disaster Recovery backup site
- Implemented US Bank Servicing and Wells Fargo Trustee Interfaces
- Implemented Lender Portal
- Upgraded the VHFA Web Server
- Upgraded remote access
  (Citrix Secure Access Gateway)



# Public Affairs/Policy & Planning Accomplishments

- Affordable Housing Conference (418 attendees)
- Outreach/Support to Affordable Housing groups
- Revamp of Agency Website
- Report Issuance: Annual report, Housing Wages
- Hosted New England Resident Service Coordinators Conference

Lyn Millhiser (left) and Sarah Carpenter on Vox Radio

# Finance/Legal Accomplishments

- Converted Series 19 & 20 from ARCs to VRDOs
- Completed RFP Process for Financial Advisory Services
- Restructured bond underwriter team due to exit of UBS and Wachovia
- Completed RFP; replaced UBS as remarketer of VRDO's with Wells Fargo and Keybank
- Significant remediation due to downgrade of bond insurers, GIC providers, liquidity providers, mortgage insurers; resulting in: liquidation of GIC's with Depfa, collateralization of GIC's with AIG, securitization of $45 mm loans with Freddie Mac
- Achieved 30 day quarter close target despite numerous special projects and staffing reductions

# Homeownership Accomplishments

- Implemented Mortgage Backed Securities (US Bank, Fannie Mae, Ginnie Mae, and Freddie Mac)
- Securitize loans from existing portfolio to preserve ratings ($45/$200 million Graystone portfolio)
- Implemented Energy Saver Loan Program
- Significant effort to facilitate loan modifications, and loan workouts to:
  - help our borrowers stay in their homes
  - keep our foreclosures and delinquencies well managed
  - minimize loan loss exposure to VHFA.

# Multifamily/Development Accomplishments

- Tax Credit Assistance Program (TCAP)
- Monetized Credit Program
- MacArthur Foundation (Award of $2 million, supplement and finance existing projects)
- Regional Greenhouse Gas Initiative
- NSP Program
- Active HUD Risk Share Approval Status and approved underwriters in the HUD Multifamily Accelerated Underwriting Process (MAP)
- Housing and Development Software Conversion

# FY 2010 VHFA Initiatives

# ADMINISTRATION INITIATIVES

- Legislative/Regulatory
  - State Issues
    - Legislative Rental Housing Safety and Habitability Committee Chair
    - Continue to identify ways that State Officials can provide financial/programmatic support to the Agency
    - State housing agencies study committee participation
  - Federal Issues
    - NCSHA Task Force Involvement
      - Future of HFAs Working Group
      - Housing Tax Credits Task Force
      - Housing GSE Working Group
- Housing Conference
  - Commence 2010 conference planning

# ADMINISTRATION INITIATIVES

- HOUSING NEEDS ASSESSMENT
  - Department of Housing and Community Affairs (May-Oct 09)
- STRATEGIC DEVELOPMENT
  - Re-address Agency's long term strategic plan
- SUPPORTIVE HOUSING PARTNERSHIPS
  - Agency of Human Services (AHS)
  - Homeless Prevention and Rapid Re-Housing stimulus funding
  - Vermont Interagency Council on Homelessness
  - Continuums of Care

# INFORMATION TECHNOLOGY INITIATIVES

- Maintain latest versions Mitas & HDS software
- Intranet: Expand use of SharePoint across Agency
- Implement HDS Report Writer module
- Firewall Protection Upgrade
- Network upgrade of servers

# FINANCE INITIATIVES

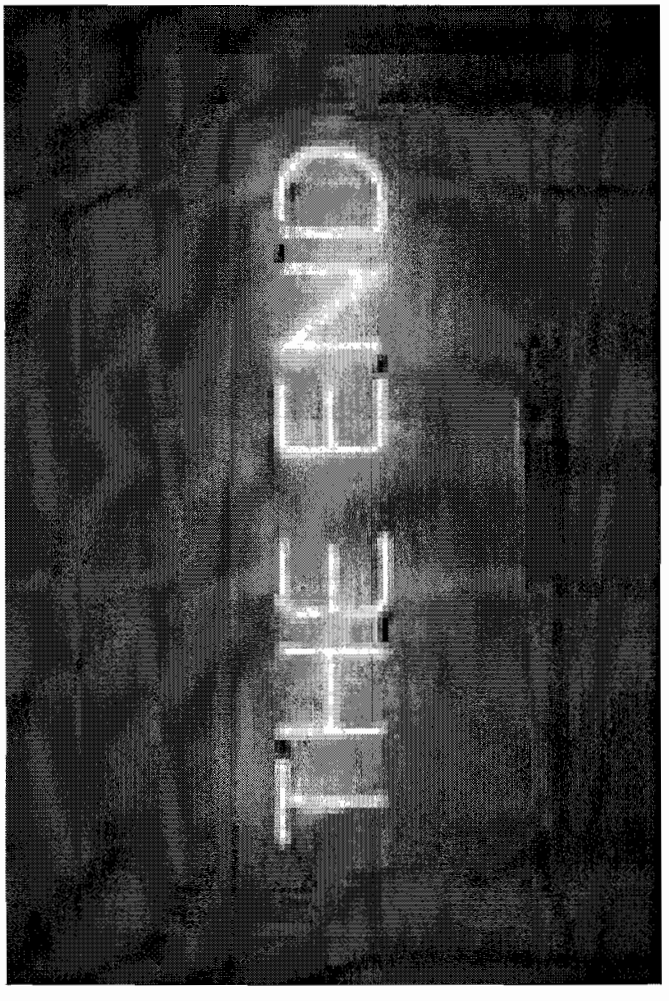
- LIQUIDITY
  - Pursue all avenues to replace remaining troubled liquidity facilities (TD Bank, Fannie Mae possible replacements for Depfa and Dexia)
  - RFP-Underwriters (Postponed in 2009; to be reconsidered in FY10)
- CAPITAL SOURCES
  - Short Term
    - Continue to lobby local banks
    - State Treasurer's Office : extend Operating Line of Credit expiration date
    - Other Banks
  - Long Term
    - Vermont State Pension (VPIC): investments in MF permanent financing
- FRAUD PREVENTION
  - Implement Positive Pay with TD Bank
  - Implement ACH Debit Filter Block
- RATINGS
  - Take all steps necessary to maintain /upgrade Agency ratings on bonds
- REPORTING
  - Implement Balance Sheet/Cash Forecast Process
  - Best Practice procedures to enhance quality and timeliness in producing financial statements and providing services
- BOND MANAGEMENT

# HOMEOWNERSHIP INITIATIVES

- PRODUCTION
  - 480 loans totaling $60 million
    - $58 million FNMA/GNMA ($23 Cash Window, $25 MBS)
    - $2 million Whole Loans
- MBS
  - Securitizing single family loans and selling loans for cash
  - Forward commitments to replace bonds as a hedge for SF production
- LOAN LOSS PROVISION
  - $500,000

# MULTIFAMILY INITIATIVES

- PRODUCTION
  - $30 million: 10 Projects (new and existing)
- PRODUCTION:TAX CREDIT APPL.
  - $2,300,000 ceiling
    - $350,000 out of cap credits
    - $500,000 in State credits ($400 MF, $100 HO)
  - Loan loss provisions $400,000
- PRESERVATION
  - HUD Risk Share Insurance (HUD 221(d)4 Program)
  - Refunding of MF1999 C & D
- RISK MANAGEMENT
  - Quarterly reviews of the Watch List Projects
  - Suspension of SF Development Construction Loans
- TAX CREDIT PROGRAM
  - $2.5 million VT State Housing credits available
    - $500,000 Housing Credits, $100,000 is for HO Tax Credits
- RURAL VENTURES INC.



vhfa

**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

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**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.



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EQUAL HOUSING OPPORTUNITY

**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 fess 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.

Vermont Housing Finance Agency

**FY 2010 GF OPERATING BUDGET COMPILATION**

**INCOME AND FUND BALANCE TRANSFERS**

Audit Risk Committee 06/04/09

| | PRIOR YEAR - FY 2009 | | | FY 2010 | COMPARISONS | | |
|---|---|---|---|---|---|---|---|
| | Original Budget FY 2009 | Amended Budget FY 2009 | Projected Actual FY 2009 | Budgeted FY 2010 | % 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 | 556,375 | -34.51% | 0.14% | -34.60% |
| Multi-Family Fees | 638,000 | 638,000 | 400,000 | 634,607 | -0.53% | -37.30% | 58.65% |
| Gain on Sale of Loans | n/a | n/a | 0 | 123,500 | n/a | n/a | n/a |
| Miscellaneous Income | 64,772 | 64,772 | 63,530 | 64,572 | -0.31% | -1.92% | 1.64% |
| IORTA Income | n/a | 75,000 | 75,000 | 0 | n/a | n/a | n/a |
| HARP & Special Programs | n/a | n/a | 0 | 84,000 | n/a | n/a | n/a |
| Interest Inc - Investments | 128,250 | 100,407 | 30,865 | 20,000 | -80.08% | -69.26% | -35.20% |
| Single Family Fees | 21,000 | 21,000 | 14,382 | 13,000 | -38.10% | -31.51% | -9.61% |
| **Total Income** | 1,646,522 | 1,748,679 | 1,434,499 | 1,496,054 | -14.45% | -17.97% | 4.29% |
| **Fund Transfers:** | | | | | | | |
| SF Housing Bonds | 2,900,000 | 2,475,000 | 1,100,000 | 0 | -100.00% | -55.56% | -100.00% |
| SF Insured Mtg Bonds | 550,000 | 550,000 | 550,000 | 650,000 | 18.18% | 0.00% | n/a |
| SF Home Mtg Purchase Pgm | 350,000 | 350,000 | 350,000 | 2,000,000 | 471.43% | 0.00% | 471.43% |
| MF Mortgage Bonds | 575,000 | 575,000 | 575,000 | 650,000 | 13.04% | 0.00% | 13.04% |
| MP Bonds | 0 | (75,000) | (75,000) | 0 | n/a | n/a | n/a |
| MF Direct Placement Bonds | 125,000 | 125,000 | 125,000 | 125,000 | 0.00% | 0.00% | 0.00% |
| **Total Fund Transfers** | 4,500,000 | 4,000,000 | 2,625,000 | 3,425,000 | -14.38% | -34.38% | 30.48% |
| ** **Use of General Fund Cash** | n/a | n/a | 1,054,660 | 0 | n/a | n/a | -100.00% |
| **Summary:** | | | | | | | |
| **Income, Fd Trsfrs & GF Cash** | 6,146,522 | 5,748,679 | 5,114,159 | 4,921,054 | -14.40% | -11.04% | -3.78% |
| **Expenses & Other Costs** | (5,941,695) | (5,738,960) | (5,114,159) | (4,906,658) | -14.50% | -10.89% | -4.06% |
| **Budgeted GF Surplus** | 204,827 | 9,719 | 0 | 14,396 | 48.12% | -100.00% | n/a |

** The Agency typically budgets a small cash surplus each year for it's 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

| | Admnistration (1-10-11) Administration | Public Affairs (1-10-12) Public Affairs | 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 |
|---|---|---|---|---|---|---|---|
| **Expenses:** | | | | | | | |
| Audit | | | | 70,000 | | | |
| Commissioner Expenses | 8,460 | | | | | | |
| Consulting | 5,000 | 15,000 | 7,240 | 5,000 | 8,000 | 1,000 | 3,100 |
| Contract Services | 6,717 | | | | 35,000 | 1,200 | 2,500 |
| Dues & Subscriptions | 23,000 | 500 | 1,352 | 1,000 | 1,925 | 6,750 | 2,300 |
| Employee Benefits | 75,329 | 23,575 | 42,621 | 96,123 | 62,084 | 108,328 | 82,838 |
| Interest Expense | | | | 37,023 | | | |
| Legal Expense | 5,000 | | | 7,000 | 15,000 | 9,000 | 5,000 |
| Liability Insurance | 19,446 | | | | | | |
| Maintenance Agreements | 13,734 | | 91,650 | | | | |
| Marketing & Outreach | 6,000 | 19,100 | | | 500 | 70,500 | 4,250 |
| Miscellaneous & Other | 4,105 | | | | | | |
| Occupancy | 93,322 | | | | | | |
| Office Supplies | 21,431 | | 4,820 | | | | |
| Payroll Taxes | 23,823 | 8,027 | 14,512 | 31,706 | 21,138 | 34,840 | 28,204 |
| Unemployment Contributions | 27,000 | | | | | | |
| Pension Expense | 29,218 | 10,792 | 19,510 | 42,628 | 28,420 | 46,841 | 37,920 |
| Postage | 17,720 | | | | | | |
| Printing | | 750 | | | 500 | 2,000 | 500 |
| Salaries and Wages | 285,400 | 105,411 | 190,571 | 416,381 | 277,597 | 457,538 | 370,393 |
| Loan Securitization | | | | | | 60,000 | |
| Staff Travel & Training | 20,625 | 3,075 | 5,215 | 7,950 | 7,915 | 11,334 | 14,275 |
| Telephone | 24,228 | | | | | | |
| Temp Services | 3,000 | | | | | | |
| Trustee & FA Fees | | | | 210,000 | | | |
| Prof Fees - Liquidity / VRD | | | | 50,000 | | | |
| Total Expenses | 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 | | | | | | | |

vhfa

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**

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**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.

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

EQUAL HOUSING OPPORTUNITY

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

Burlington, Vermont 05401
Phone 802/863-8424
Fax 802/660-9034
www.hvt.org

Sarah Carpenter
Executive Director
VHFA
PO Box 408
Burlington, VT 05402

June 1, 2009

Dear Sarah

I'm writing to request that the VHFA Board re-appoint three Housing Vermont Board members whose terms are up in the fall. Each of the board members has expressed a desire to continue serving. Two of the current VHFA members are officers of the board.

Chip Hart, a commercial real estate developer, is the Board Chair and was appointed in 2002.

Janet Spitler, CFO of Merchants Bank, is the Board Asst. Treasurer and was appointed in 2005.

Amy Demetrowitz, Director of Real Estate Development with Champlain Housing Trust, is our newest member and was appointed in 2007.

Thank you for your consideration.

Sincerely

Nancy Owens
President

Printed on 100% Post Consumer Paper

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**Vermont Housing Finance Agency**

**MEMORANDUM**

**TO:** VHFA Board of Commissioners

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

**DATE:** June 11, 2009

**RE:** Adoption of the Revised 2009-2010 Qualified Allocation Plan ("QAP")

**Recommended Board Action:** That the Board adopt the changes to the Qualified Allocation Plan as recommended by the Joint Tax Credit Committee and authorize staff to forward it to the Governor for approval.

**Summary:** Below are the recommended changes that were presented and voted on at a public hearing of the Joint Committee on Tax Credits on Tuesday June 2, 2009. All of the proposed changes in this memo were discussed by Committee members and the developers present.

Here is a link to the full Qualified Allocation Plan which has the incorporated changes: www.vhfa.org/plan.doc. If you would prefer to receive a paper copy in the mail, please call or email Cindy, 652-3462, creid@vhfa.org. A summary of discussion on each topic follows.

## ALLOCATION PLAN CHANGES

**Evaluation Criteria – Consolidated Plan Priorities, QAP page 24-25**

Staff proposed some changes to the Evaluation Criteria in order to 1) raise the bar for incoming projects and 2) further clarify existing criterion. A current threshold requirement that Housing Credit applications meet three upper tier and one "other" criteria (either upper or lower tier) will not change. However, we are in fact "raising the bar" in two ways: 1) by having projects meet four of a total of 11 criteria, wherein earlier projects needed to meet four of a total of 12 criteria; and 2) making a "top tier Consolidated Plan priority" into a threshold.

**Historic Settlement Pattern or Workforce Housing in Ski Area –**

Staff recommended making this a threshold requirement. This criterion has been met by the vast majority of tax credit projects for years. The committee and those present agreed.

Project is planned to maintain the historic settlement pattern of compact village and urban centers separated by rural countryside or provides workforce housing in a ski area. Workforce housing in a ski area is permissible when: development in the nearest downtown or village center is infeasible; the community's affordable housing needs are underserved; the site is available at a bargain-sale or other below market price; the housing is clustered on the site; and reasonable efforts have been made to connect the site to other services in the community.

**Universal Design –**

Staff recommended dividing section b. of the Second Tier Priorities into two. Currently section b. of the Second Tier Priorities combines "a creative rehabilitation of a historic structure of statewide significance" with Universal Design. For those not familiar with Universal Design, it is "a set of design practices intended to make space usable by many people, to the greatest extent possible, at little or no extra cost." Some Universal Design features include: entrances which do not involve steps, wide doorways, etc. Since historic rehabilitation and Universal Design are two very different things, and since staff would like to encourage Universal Design, we recommend splitting these into two separate criteria. One developer expressed concern about the potentially high cost of Universal Design, since there is not one specific code or specification. After discussion, it was agreed to change the Universal Design criterion to include the boldfaced text: "Project that **substantially** incorporates Universal Design **features**". The intent of this change is so that projects meeting this criterion need to make the majority of their buildings Universally Designed. And, since there is not one specific Universal Design specification or code, that a "number of features" will be included in the criterion, rather than requiring all possible features, which addressed developers concern regarding potential high cost.

The Committee agreed these criteria should now read:

b. Projects exhibiting a unique design, such as a creative rehabilitation of a historic structure of statewide significance. For purposes of this priority, "historic structure" refers to properties that are themselves designated as historic by the State Division of Historic Preservation, and not just structures that are located in (or contribute to) a historic district. Other proposals exhibiting unique design could also meet this priority and will be evaluated on a case-by-case basis.

f. Project substantially incorporates Universal Design features. Each project intending to meet this criterion will be required to submit documentation from the architect indicating that Universal Design features will be incorporated into the project's plans.

**Public Housing Waiting List -**

"Project that serves families currently on public housing (State or local) waiting lists" is the current language in the Second Tier Priorities, and is a requirement by Statute. Since only a handful of Housing Authorities in Vermont participate in the Public Housing Program, Staff recommended clarifying this. There was discussion as to what "project based in the Housing Credit development" meant, so in order to clarify this, the boldfaced words were incorporated into the revised public housing waiting list criterion:

"Projects that serve households currently on Public Housing waiting lists. Any program administered by a public housing authority (local or statewide) will be treated as equivalent to Public Housing for purposes of this section if it: 1) targets approximately the same income group as Public Housing; 2) is project-based **rental assistance** in the Housing Credit development; 3) is approximately as affordable to the household living in it as Public Housing would be. The local public housing authority will need to provide their written feedback, for developers seeking to meet this priority, as to whether the proposed project will serve the relevant households on their waiting lists."

**Per Project Limit of Housing Credits, QAP page 15, #11**

Currently, the QAP has an overall per project limit of 30% of the annual "per capita" tax credits. The credit ceiling amount in 2010 is estimated to be $2,450,000, 30% of which is $735,000. The QAP states that the VHFA Board can waive this limit for projects of "statewide significance". A project of statewide significance is defined as one which, if it does not go forward: 1) will result in a loss of considerable federal funding; 2) result in the displacement of a large number of low income households; or 3) will result in the continued presence of health hazards. The QAP also states that the Board can amend this definition and determine a project has statewide significance even if it doesn't meet one of these three 'tests'. Due to the continuous high demand for ceiling credits, the following would be added the following to this section. There was no disagreement with the proposed language:

Developers are discouraged from requesting more than 30% of the credit ceiling, and if they do so, should be prepared to document that all other potential sources of funding and financing have been requested, and that there is justification for their credit request. Developers are also encouraged to phase project development, when feasible, in order to keep credit requests at or below the per project limit.

**Developer Fee, QAP Definitions Section, page 3**

Developer Fee – there was support for increasing fees among the developers at the hearing. There is no Staff proposal to change the current policy on development fee. The fee policy is more stringent than the National Council of State Housing Agency's (NCSHA) Allocation and Underwriting Recommended Practices.

**Special Needs Housing, QAP Definitions Section, page 7-8**

This section was updated with assistance from Department of Disabilities Aging & Independent Living (DAIL) staff. The substance of this section is the same, it's merely been updated.

There is some additional text being added to this section in order to reflect the current practice of VHFA staff submitting special needs housing proposals to the Agency of Human Services (AHS) staff for review, as a part of the overall Housing Credit application review process. This proposed text is being reviewed by AHS and will be added to the QAP subject to their approval.

"VHFA will work with the Agency of Human Services (AHS) on projects intended to serve special needs populations. AHS will review any Service Plans being proposed by Housing Credit developers and provide written feedback to VHFA staff on how proposed developments meet the special needs definition in the Allocation Plan and meet community needs."

There was discussion by some developers as to why AHS and DAIL needs to render comment on special needs housing proposals. The Committee articulated the need to work together with the State, AHS and DAIL, in order that needs for housing and services are appropriate, and to enlist AHS/DAIL support of such projects.

**Two Year Rolling Process & Proposed Exception, QAP Board Approval Section, page 21**

Staff proposed to add language to allow for awards of credits beyond the two-year ceiling limit, for one exception which relates to bringing in significant outside resources to Vermont. The Committee members and others present discussed how "significant" should be defined. The following boldfaced language was proposed to be included into this revised section. The reason for doing this is the Committee thought "significant" should mean a percentage of a project, versus

a hard dollar amount, so that small projects would be on equal footing with larger projects that may meet this exception.

"The VHFA Board may decide to commit Credits in excess of two years' worth in one limited circumstance: If a development is bringing in substantial new resources to the State (that are not the sources commonly used that get annual funding appropriated, i.e. HOME, CDBG, state trust fund) that are in VHFA Staff's sole determination, essential to the financial strength and viability of the development, and which require an award of credits as a precondition to, or create a competitive benefit in applying for that resource. For purposes of this exception, "substantial" is defined as **at least 40% of a project's total cost including non-capital contributions such as funding for services or rental assistance."**

There was concern expressed about how long credits could be tied up in this process, and agreement that approximately six months would be appropriate if a funding award did not materialize.

## APPLICATION PROCESS CLARIFICATIONS

### Early Review of Projects

Currently developers are directed to VHFA early on in a project's development process. This has been an agreement among funders, and allows VHFA to have maximum influence in the early stages of project development. The trade off of this process is that permitting and funding decisions can affect the design and cost of a project. When a project faces a funding gap, staff work with developers to look at all possible funding sources and strategies. Sometimes developers return to VHFA for additional resources. Staff will continue to work with developers to minimize re-visits. However, re-visits occur because of the process that we currently have in place, which counts on VHFA seeing projects early.

### Readiness, QAP Full Application Section, page 18

Currently, the Plan requires a developer, upon submittal of an application, to provide evidence (i.e. a letter from the Town/City) they have met with the town's zoning administrator and the municipality finds the proposal's density is allowed under the current zoning for the site. The developer also submits an estimated timeline for local permitting and state permitting, and when the applicable permits are anticipated.

At this time staff is not proposing to tighten up on what is required in terms of readiness. The permit process is too complicated and uncertain to pin it down more than is already provided through estimated timelines and documentation from municipalities.

In addition to how the Consolidated Plan Priorities and other criteria are met, staff will continue to inform the Board of the status of permitting and funding readiness for each project, and include that status as a part of the credit award decision making for each application under consideration.

Once a project obtains a tax credit award, staff issues a Letter of Intent including a deadline by which the project needs to achieve certain benchmarks (including having obtained all funding and permits). If a project cannot move forward within that timeframe, staff can rescind credit awards to be returned to the pool. A credit award can be made again to a project that has had to return its credits upon staff review and Board approval. Staff manages the credit ceiling such that no credits are lost, but rather returned if they cannot be used within the time allotted, and re-allocated to other projects.

**Existing Applications & Existing QAP, Added to Section following "Threshold Criteria" on page 21**

The Committee agreed to adding language to the Plan to clarify going forward that:

"All applications approved by the Board will be held to the rules and requirements of the Plan in effect at the time of Board approval, unless there are retroactive changes to the Code that staff need to impose on all previous awardees. When a new Plan is adopted, it will apply to all applications submitted after its adoption only."

**Other topics raised at the public hearing:**

**Readiness**

There was some discussion regarding readiness, and one developer proposed that projects that are more "permit-ready" should be given priority over projects that are less so. Another developer suggested that funding readiness should be considered. After discussion, there was agreement that considering permit readiness, funding readiness, how projects meet Consolidated Plan Priorities, and how projects are geographically dispersed, is a balancing act which requires careful review and consideration. Sarah outlined how Staff manage the two-year credit ceiling pool. Each commitment of credits has a deadline by which to achieve certain benchmarks. If those benchmarks are not met on time, staff can pull back credit commitments and can either return them to the pool, or bring the project back to the Board for a revised approval. It was agreed that it is important not to de-commit credit commitments from project's facing permit appeals, but rather exchange them for future credits, so that current credits can be used to get housing built now, and create jobs. The developers at the public hearing discussed the permit process and were in agreement that it takes most projects at least three years to get completed, assuming no permit appeals.

**Smoke Free Housing**

A representative from the American Lung Association attended and requested that "smoke free housing" be added to the Allocation Plan criteria. After discussion of this subject, as it relates to enforcement, new units vs. existing units, making it a policy for all rental housing vs. affordable housing only, it was agreed to look into it further, discuss the idea with managers, tenant groups, and come back at a later time with a more researched proposal.

**The Committee passed a motion to adopt the underlined changes in this memo.**

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**Vermont Housing Finance Agency**

# MEMORANDUM

**TO:** VHFA Board of Commissioners

**FROM:** Joe Erdelyi, Director of Development JE
Cynthia Reid, Senior Development Underwriter CR

**DATE:** June 11, 2009

**RE:** American Recovery and Reinvestment Act (ARRA) – Implementation

**Board Action:** No action required (informational purposes only).

**Summary:** This Act, H.R. 1, was signed into law on Tuesday, 2/17/09, and contained two provisions that relate to the Housing Credit program VHFA administers: Tax Credit Assistance Program (TCAP) funds, and Monetized Credits (also called the Credit Exchange Program, or Section 1602). The purpose of both of these is to stimulate the economy by filling gaps in projects created by declining equity pricing, and from the general unavailability of tax credit equity for some already-approved developments. Technically, neither of these funds are Housing Credits, and therefore the allocating agencies do not need to modify their Qualified Allocation Plans in order to distribute these funds. Only projects that are using the Housing Credit (either allocated or bond credits) are eligible for an award of TCAP funds. Exchange funds can go to any project that generally meets the same income and rent targeting as a Housing Credit project, even if the project does not use Housing Credits.

TCAP:

The U.S. Department of Housing and Urban Development (HUD) published a notice on May 4th setting forth the parameters of this program. VHFA had until June 3rd to apply to HUD for these funds, which are anticipated to total approximately $5.4 million for Vermont. The allocating agency (VHFA) was required to prepare and publish competitive priorities (with a five-day comment period) for projects to receive these funds, as part of its application materials. The only statutory priority is that the allocating agency fund projects that are expected to be **completed** within three years of the date of enactment of ARRA (i.e. completed by February 16, 2012).

TCAP carries with it requirements for reporting, accountability and transparency, environmental reviews, and deadlines for committing and spending the funds. TCAP funds can only be used for capital expenses (costs that are allowable in eligible basis). VHFA is exploring the possibility of getting assistance from VHCB on the environmental reviews, which are similar to the HOME program.

Monetized Credit

States can exchange credits at any time, but all grant awards must be disbursed by 12/31/2010. Forty percent of: 1) the 2009 ceiling credits, plus 2) the unused 2008 carryforward credits can be exchanged (these credits total $1,066,000 for Vermont). The credits are exchanged at $.85 per dollar, so if all of these credits were exchanged, Vermont would get $9,061,000 in cash. Additionally, any 2007 or 2008 credits that are returned can be exchanged for $.85 per dollar. Only allocated credits (no bond credits) can be

exchanged. Before receiving cash from Monetized credits, developers must first have made a good-faith effort to obtain equity. Allocating agencies must develop a written process for determining what constitutes a good-faith effort (attached). The funds must be put into an eligible development as a grant, not a deferred loan.

In Vermont, the eligible Housing Credits have all been allocated or awarded to projects, so the only way to monetize credits is to get them back from a project. Staff recommend giving the cash raised from credit exchange back to the development that returned the credits, in an amount necessary to fill any funding gaps and enable that development to proceed. (There is no statutory requirement to give the cash to the project that returns credits to the allocating agency.) Should there be surplus cash remaining, staff recommend allocating those funds to other projects with funding gaps that meet the Housing Credit guidelines, along the same competitive priorities as the TCAP funds.

# Tax Credit Assistance Program (TCAP)

Competitive Priorities; Procedures to Commit and Expend Funds / Redistribution of Funds

Competitive Priorities

Developments that meet the following priorities will be given most weight for TCAP funds, in descending order:

1. Any developments that at one time had all permanent sources committed, are currently under construction, and now have a funding shortfall for any reason.
2. After the announcement of funding decisions from VHCB and DHCA at their June and July 2009 meetings, any developments that: 1) have sought all anticipated funding from sources including but not limited to VHCB's programs and DHCA's programs; 2) still have a funding gap; and 3) seem (but for that funding gap) more likely than not to begin construction in calendar year 2009, in VHFA staff's sole determination.
3. Any developments for which the sponsor has site control, has a preliminary plan for the development, and has at least one permanent funding source committed. (A letter of intent or letter of interest from a housing credit syndicator or investor does not constitute a permanent funding commitment.)

In moving down the list of competitive priorities in order, if there are two or more applications whose combined needs exceed available TCAP funds in the same competitive priority category, VHFA staff will consider first the number of priorities and evaluation criteria outlined in the QAP that the developments meet, and second the projects' earliest likely construction start dates.

Vermont defines a project as having received an award of credits as the date the VHFA Board of Commissioners has passed a resolution that approves either: 1) an allocation of ceiling credits, or 2) "exempt facilities" tax-exempt bond financing in an amount sufficient to qualify the development for the Section 42(h)(4) "automatic" Housing Credits. Any project that has had either action between October 1, 2006 and September 30, 2009, is potentially eligible for TCAP funds. TCAP funds can be awarded after or simultaneous to approval of allocated Housing Credits (or approval of tax-exempt bond financing that generates the "automatic" Housing Credits).

Procedures to Commit and Expend Funds / Redistribution of Funds

- Publish notice of funding in June 2009
- Receive applications in July 2009
- Perform Environmental Reviews
- Obtain Board approval in July, August or September 2009 – only projects that in staff's sole determination seem likely to be placed in service by 2/16/2012 will be recommended to the Board for approval.
- If applications total less than available funds, all requests will be awarded, based on staff determination of eligibility and funding amounts; otherwise, competitive priorities will be followed to the extent that funding allows. VHFA intends to commit at least 75% of the TCAP funds in this round.
- All awards will have a 2/28/10 construction start deadline. Failure to meet this deadline will mean TCAP commitment is automatically revoked and funds are returned to VHFA for reallocation.
- Hold a second round in April 2010, if any uncommitted TCAP funding remains. Same TCAP competitive priorities, 7/31/2010 deadline for construction start for the 4/2010 round.
- VHFA may condition an award of TCAP funds on the sponsor spending TCAP before other sources in order to meet the statutory goal of spending 75% of the TCAP funds in the aggregate by 2/16/2011.
- Any funds not disbursed by 2/16/2012 will be returned to HUD.

VHFA Definition of Good-Faith Effort for Obtaining Equity, for Exchange Credit Purposes

Good Faith Effort:
Developers seeking Section 1602 funds in exchange for their tax credits shall demonstrate that they have made a good faith effort to obtain tax credit equity commitments and been denied by at least two tax credit investors or syndicators. In order for the Agency to make its determination that a good faith effort has been made, developers shall submit written evidence (such as correspondence on a letterhead from a syndicator, investor, or other equity source) that their respective tax credit equity investment proposals were reviewed by at least two parties, and denied. In cases where a developer is seeking to exchange only a portion, and not 100% of the tax credits committed to a project, the developer shall provide written evidence that they made a good faith effort to place 100% of the tax credit equity with at least two parties, and that those parties offered a lower level of investment, thereby resulting in a significant financing gap. Significant means that the resulting financing gap cannot reasonably be filled with other obtainable funding sources.

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**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:** 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.

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EQUAL HOUSING OPPORTUNITY

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<br>19 Housing Credit | **Unit Sizes:** | 4 0-Br @ 465 s.f.<br>18 1-Br @ 680 s.f.<br>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<br>34 Housing Credit<br>Note: info on the 34 unit development follows | **Unit Sizes:** | 3 1-Br @ 1,200 s. f.<br>30 2-Br @ 1,400 s. f.<br>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 | | | | As of 6/18/09 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Project | City/Town | County | Funding Readiness | Permitting Readiness | Other Info | # Units | 9%/4% | VCDP | VHCB | TCAP Low | TCAP High |
| | | | | | | | | | | | |
| Alburgh Family | Alburgh | Grand Isle | Needs NSP | n/a | | 13 | 9% | 0 | 0 | $0 | $1,130,000 |
| Anne Wilder Richards | Brattleboro | Windham | All funded but $170,000 | All set | will start const 7/09 | 21 | 9% | Y | Y | $0 | $170,000 |
| Centre Drive | Milton | Chittenden | Credits & Debt only | Local Approval by 5/09 | | 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 VHCB & 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 onl | 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

vhfa

**Vermont Housing Finance Agency**

TO: VHFA Board of Commissioners

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

DATE: June 12, 2009

RE: Reinstatement of Mortgage Credit Certificate Program (MCCs)

MCCs were authorized by Congress in 1984, by giving states the authority to convert MRB volume cap authority to MCC authority at a 4 to 1 ratio (for example, $1 million in MRB volume cap authority can be used to issue $250,000 in MCCs). VHFA offered MCCs through the Mortgage Plus Program which was implemented in 1987 to assist buyers who qualified for conventional financing or a government insured loan. MCCs could not be used in conjunction with VHFA's MRB loans because Treasury regulations prohibit the use of a MCC with a MRB funded loan.

Under the Mortgage Plus Program, Mortgage Credit Certificates (MCCs) were issued by VHFA to provide an annual tax credit to home buyers equal to 20% of the interest paid on their home mortgage up to a maximum credit of $2,000/year. The credit was a direct reduction of the amount of federal income taxes paid each year. The theory is that the tax savings allow a home owner to reduce the amount of their withholding and have more income each month to make mortgage payments. All MRB eligibility requirements applied including income and purchase price limits, first-time home buyer requirements (where applicable), and recapture.

VHFA suspended it MCC Program in May 2002 because it competed against our own programs and was a less efficient use of volume cap which at that time, was only sufficient to support our MRB production.

Our inability to re-enter the municipal bond markets and the resulting down-turn in production is likely to result in a surplus of volume cap this year. VHFA currently has $200,898,869 in volume cap available and production estimates for FY2010 are $60 million for single family production, and $30 million for multifamily. If the bond markets don't improve over the next few months and production estimates continue to be low, reintroducing the MCC program may be a way to utilize the excess volume cap, while generating fee income to VHFA. Additionally, MCC's can be used on any VHFA loan that is purchased and sold into the cash windows at Fannie Mae and Freddie Mac and may help make our program more attractive.

A 90 day public notice is required to notify potential home buyers that VHFA may offer an MCC Program, eligibility for the program, and other details. A Public Notice to Lenders is also required; however, the notice could be delayed until a final decision is made to offer

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

EQUAL HOUSING OPPORTUNITY

an MCC Program. Staff would like to issue the public notice as soon as possible; however, we only plan to implement the program if VHFA cannot offer a competitive MRB program at the end of the public notice period. The Federal Recapture Tax also applies to MCCs; however, staff does not recommend that MCCs be included in our program to reimburse the home owner in the event that they have to pay recapture tax.

Board Action Requested

Staff requests approval from the Board to issue a public notice notifying home owners and lenders that a Mortgage Credit Certification Program may be available on or after October 1, 2009.

- VHFA will apply the same income limits and purchase price limits approved for the MOVE Program.
- VHFA will charge the borrower a $500 fee for the issuance of the MCC and allow the lender to charge a fee of up to $150 to process the application for submission to VHFA.
- The lender will have the option of waiving their fee.
- VHFA will not reimburse the home owner in the event that recapture applies when they sell their home.

vhfa

**Vermont Housing Finance Agency**

TO: VHFA Board of Commissioners
FROM: Patricia A. Crady, Director of Homeownership Programs PC
DATE: June 12, 2009
RE: Summary of Homeownership Activities

**PRODUCTION**

Production reports by fiscal year are attached. VHFA has experienced a slight increase in activity due to the switch from whole loans to MBS and a more competitive interest rate. We have approximately $3.8 million MOVE Program loans in the pipeline at various interest rates, and $1.4 million in Direct Loans. Our original plan was to sell some of the MOVE Program loans to Fannie Mae through the cash window; however, due to the recent rise in interest rates that may not be possible. Assuming that the $3.8 million in the pipeline will have to be securitized instead of sold for cash, VHFA will have $4.2 million available for MBS, and approximately $700,000 for Direct Loans in the 2008C bond series.

Staff also had to temporarily suspend reservations on loans that will be guaranteed by Rural Development. In mid-May Fannie Mae changed their pricing on RD guaranteed loans. If VHFA were to sell RD guaranteed loans originated at current market rates to Fannie Mae, we would have a loss of approximately 1.31% of the principal balance based on June 10, 2009 Fannie Mae pricing. Fannie Mae is in the process of revisiting their pricing on RD guaranteed loans and we hope that they will be more competition with their pricing in the future. The majority of the loans originated to date will probably be securitized with Fannie Mae or Ginnie Mae.

**COLLECTIONS**

Delinquency and REO reports are attached. Delinquencies continue to rise; however, we are being proactive in working with servicers and the Homeownership Centers to identify potential candidates for a loan modification. We have approximately 26 pending loan modifications and we have granted forbearance on 6 loans. We also have requested financial information from many other borrowers to determine if a loan modification or forbearance is feasible.

Moody's Public Finance recently issued a special report that discussed the increasing delinquencies within HFA Whole Loan Portfolios. It is their opinion that the increase in delinquencies is based on the general weakness in the economy and housing market. I believe that is also the case with VHFA's portfolio.

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

EQUAL HOUSING OPPORTUNITY

The following is a comparison of 60+ day accounts as of December 31, 2008 for all Housing Finance Agencies in New England.

| | |
|---|---|
| Connecticut | 6.58% |
| Maine | 5.95% |
| Massachusetts | 2.15% |
| New Hampshire | 4.65% |
| Rhode Island | 2.41% |
| Vermont | 2.72% |

As of May 31, 2009, VHFA owns 16 properties; 7 are under contract.

If you have any questions please do not hesitate to call me at 652-3442 or email me at pcrady@vhfa.org.

## FY09 Production Summary

July 1, 2008 - June 30, 2009

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FY Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **MOVE** | 7,913,135 | 8,574,063 | 4,624,303 | 4,508,466 | 2,745,710 | 1,582,622 | 407,189 | 539,923 | 566,600 | 703,623 | 955,630 | | **33,121,264** |
| **HOUSE** | 436,200 | 1,387,090 | 655,500 | 234,670 | 148,000 | 458,570 | 440,565 | | | 75,000 | 82,000 | | **3,917,595** |
| **LIMITED REFI** | | | | | | | | | | | | | **0** |
| **FIXED35** | | | | | | | | | | | | | **0** |
| **Dollar Total** | 8,349,335 | 9,961,153 | 5,279,803 | 4,743,136 | 2,893,710 | 2,041,192 | 847,754 | 539,923 | 566,600 | 778,623 | 1,037,630 | 0 | 37,038,859 |
| **Total # of Loans** | 58 | 72 | 42 | 37 | 22 | 19 | 7 | 5 | 4 | 8 | 9 | | 283 |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **MOBILE HOME** | 482,875 | 174,700 | 482,450 | 0 | 91,960 | 140,600 | 0 | 0 | 0 | 0 | 0 | | 1,372,585 |
| **Total # of MH*** | 5 | 2 | 6 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | | 15 |

*The Mobile Home # is included in the above line item titled "Total # of Loans"

## FY08 Production Summary

July 1, 2007 - June 30, 2008

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FY Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **MOVE** | 15,006,819 | 22,493,246 | 18,558,175 | 9,782,437 | 12,998,387 | 7,847,269 | 5,248,251 | 3,427,331 | 3,778,513 | 6,998,305 | 7,773,157 | 4,597,940 | **118,509,830** |
| **HOUSE** | 753,673 | 932,565 | 537,140 | 629,082 | | 298,000 | 137,900 | 430,095 | 330,600 | 254,015 | 326,900 | 439,230 | **5,069,200** |
| **LIMITED REFI** | 74,638 | | | | | | | | | | 127,000 | | **201,638** |
| **FIXED35** | | | | | 175,100 | 133,000 | | | | | | | **308,100** |
| **Dollar Total** | 15,835,130 | 23,425,811 | 19,095,315 | 10,411,519 | 13,173,487 | 8,278,269 | 5,386,151 | 3,857,426 | 4,109,113 | 7,252,320 | 8,227,057 | 5,037,170 | 124,088,768 |
| **Total # of Loans** | 109 | 158 | 132 | 72 | 89 | 58 | 40 | 28 | 30 | 53 | 59 | 37 | 865 |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **MOBILE HOME** | 1,749,881 | 1,764,831 | 1,747,220 | 709,668 | 874,370 | 658,000 | 253,450 | 190,400 | 168,200 | 693,610 | 900,875 | 472,464 | 10,182,969 |
| **Total # of MH*** | 17 | 17 | 17 | 9 | 8 | 6 | 3 | 2 | 3 | 7 | 9 | 4 | 102 |

*The Mobile Home # is included in the above line item titled "Total # of Loans"

# FY09 Dollar Volume by Lender

July 1, 2008- June 30, 2009

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CHITTENDEN MTG SVCS | 600,317 | 2,781,101 | 1,130,115 | 908,020 | 156,500 | 522,260 | 227,100 | 88,000 | 98,400 | 74,400 | 189,120 | | $6,775,333 |
| NEW ENGLAND FCU | 1,486,293 | 2,673,086 | 761,525 | 531,452 | 651,540 | 138,875 | | | | | | | $6,242,771 |
| UNIVERSAL | 967,528 | 460,200 | 1,178,845 | 460,550 | 464,825 | 106,295 | 160,365 | | 306,700 | 89,660 | | | $4,194,968 |
| COMMUNITY | 241,255 | 626,313 | 478,620 | 359,327 | 286,549 | 385,000 | 174,489 | | 161,500 | | 415,060 | | $3,128,113 |
| MTG FINANCIAL | 789,070 | 580,213 | 417,520 | 228,000 | 420,250 | 99,500 | | 86,725 | | | 144,300 | | $2,765,578 |
| HERITAGE FCU | 231,600 | 215,520 | 283,550 | 415,310 | 152,000 | 164,956 | 150,000 | | | 286,625 | | | $1,899,561 |
| VT STATE ECU | 314,184 | 748,950 | 117,346 | 81,632 | | 243,806 | | | | | | | $1,505,918 |
| NAT'L BNK MIDDLE | 477,260 | 335,100 | 273,600 | 98,400 | 132,686 | | | | | 148,938 | | | $1,465,984 |
| N.E. HOME LOAN | 254,625 | 125,000 | 427,462 | 376,500 | 175,100 | | | | | | | | $1,358,687 |
| NORTHFIELD | 716,055 | 120,000 | | | 216,800 | 97,000 | | | | | | | $1,149,855 |
| NORTH COUNTRY CU | 275,400 | 284,970 | $72,000 | 130,800 | | | 135,800 | | | 104,000 | 144,000 | | $1,146,970 |
| PEOPLES TRUST | 260,000 | 333,000 | | 359,750 | | | | 150,000 | | | | | $1,102,750 |
| VT FEDERAL CU | 100,000 | 335,750 | 139,220 | 113,905 | 91,960 | 123,500 | | | | | 145,150 | | $1,049,485 |
| UNION | 440,400 | | | 263,950 | | 160,000 | | 100,880 | | | | | $965,230 |
| WELLS FARGO | 449,800 | 189,150 | | | | | | | | | | | $638,950 |
| CT RIVER | 217,600 | | | 129,540 | | | | | | | | | $347,140 |
| TDBANKNORTH | 206,700 | | | | | | | | | | | | $206,700 |
| NATIONAL CITY | | | | 160,000 | | | | | | | | | $160,000 |
| BRATTLEBORO | | 152,800 | | | | | | | | | | | $152,800 |
| COUNTRYWIDE | | | | | 145,500 | | | | | | | | $145,500 |
| RIVER VALLE CU | 0 | | | 126,000 | | | | | | | | | $126,000 |
| GMAC | 124,448 | | | | | | | | | | | | $124,448 |
| FIRST NAT'L BNK ORWELL | 116,000 | | | | | | | | | | | | $116,000 |
| MASCOMA | | | | | | | | 114,318 | | | | | $114,318 |
| LAKE SUNAPEE | 80,800 | | | | | | | | | | | | $80,800 |
| OPPORTUNITIES CU | | | | | | | | | | 75,000 | | | $75,000 |
| BANK OF BENN | | | | | | | | | | | | | $0 |
| BERKSHIRE BANK | | | | | | | | | | | | | $0 |
| CCO MORTGAGE | | | | | | | | | | | | | $0 |
| LIBERTYQUEST | | | | | | | | | | | | | $0 |
| SUMMIT (Merrimack Mtg) | | | | | | | | | | | | | $0 |
| TOTAL | $8,349,335 | $9,961,153 | $5,279,803 | $4,743,136 | $2,893,710 | $2,041,192 | $847,754 | $539,923 | $566,600 | $778,623 | $1,037,630 | $0 | $37,038,859 |

VERMONT HOUSING FINANCE AGENCY
HOMEOWNERSHIP PROGRAM MONTHLY DELINQUENCY REPORT
May 31, 2009

| Lenders | Total Loans | 30 Days | | 60 Days | | 90+ Days | | In Foreclosure & Bankruptcy | | Total Delinquent | | REO | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Community National Bank | 347 | 15 | 4.32% | 7 | 2.02% | 5 | 1.44% | 4 | 1.15% | 31 | 8.93% | 1 | 0.29% |
| Chittenden Mortgage Services | 1163 | 49 | 4.21% | 20 | 1.72% | 13 | 1.12% | 19 | 1.63% | 101 | 8.68% | 3 | 0.26% |
| Union Bank | 311 | 14 | 4.50% | 7 | 2.25% | 3 | 0.96% | 3 | 0.96% | 27 | 8.68% | 0 | 0.00% |
| Brattleboro Savings & Loan | 54 | 3 | 5.56% | 0 | 0.00% | 1 | 1.85% | 0 | 0.00% | 4 | 7.41% | 0 | 0.00% |
| Graystone Solutions | 2416 | 89 | 3.68% | 27 | 1.12% | 21 | 0.87% | 29 | 1.20% | 166 | 6.87% | 9 | 0.37% |
| Peoples Trust Co. | 110 | 2 | 1.82% | 1 | 0.91% | 1 | 0.91% | 2 | 1.82% | 6 | 5.45% | 1 | 0.91% |
| Bank of Bennington | 90 | 3 | 3.33% | 1 | 1.11% | 0 | 0.00% | 0 | 0.00% | 4 | 4.44% | 0 | 0.00% |
| Opportunities CU | 118 | 3 | 2.54% | 2 | 1.69% | 0 | 0.00% | 0 | 0.00% | 5 | 4.24% | 0 | 0.00% |
| Connecticut River Bank | 65 | 1 | 1.54% | 0 | 0.00% | 0 | 0.00% | 1 | 1.54% | 2 | 3.08% | 0 | 0.00% |
| Heritage Family Credit Union | 164 | 4 | 2.44% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 4 | 2.44% | 0 | 0.00% |
| New England Federal CU | 612 | 11 | 1.80% | 2 | 0.33% | 0 | 0.00% | 1 | 0.16% | 14 | 2.29% | 2 | 0.33% |
| Mascoma Savings Bank | 48 | 0 | 0.00% | 1 | 2.08% | 0 | 0.00% | 0 | 0.00% | 1 | 2.08% | 0 | 0.00% |
| Totals | 5498 | 194 | 3.53% | 68 | 1.24% | 44 | 0.80% | 59 | 1.07% | 365 | 6.64% | 16 | 0.29% |
| Totals Previous Month | 5549 | 183 | 3.30% | 73 | 1.32% | 40 | 0.72% | 57 | 1.03% | 353 | 6.36% | 15 | 0.27% |
| Totals Same Mo. Last Yr. | 5643 | 171 | 3.03% | 46 | 0.82% | 29 | 0.51% | 43 | 0.76% | 289 | 5.12% | 7 | 0.12% |

**Note: Of the loans in foreclosure, a total of 19 are under a Chapter l3 Bankruptcy Plan**

VHFA LENDER PERFORMANCE

| Lenders | May 2008 | June 2008 | July 2008 | Aug 2008 | Sept 2008 | Oct 2008 | Nov 2008 | Dec 2008 | Jan 2009 | Feb 2009 | Mar 2009 | April 2009 | May 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Bank of Bennington** | 6.67% | 6.78% | 3.39% | 6.78% | 5.08% | 5.17% | 5.17% | 5.26% | 3.51% | 1.75% | 5.36% | 5.45% | 4.44% |
| **Brattleboro Savings & Loan** | 2.08% | 2.08% | 3.16% | 2.08% | 1.04% | 2.08% | 3.13% | 2.08% | 2.08% | 4.21% | 2.17% | 2.22% | 7.41% |
| **Chittenden Mortgage Services** | 7.45% | 8.30% | 9.02% | 8.59% | 9.15% | 9.07% | 10.84% | 10.59% | 9.62% | 9.32% | 9.51% | 8.96% | 8.68% |
| **Community National Bank** | 5.51% | 5.56% | 7.58% | 6.92% | 5.73% | 6.03% | 7.16% | 9.97% | 8.24% | 8.26% | 6.03% | 7.49% | 8.93% |
| **Connecticut River Bank** | 1.52% | 0.00% | 0.00% | 0.00% | 0.00% | 2.99% | 3.03% | 1.52% | 3.03% | 6.15% | 3.08% | 4.62% | 3.08% |
| **Graystone** | 5.45% | 5.81% | 5.32% | 6.07% | 6.26% | 5.88% | 7.31% | 7.83% | 7.45% | 7.17% | 6.08% | 6.91% | 6.87% |
| **Heritage Family CU** | 1.23% | 1.23% | 1.24% | 0.61% | 3.05% | 3.01% | 2.40% | 2.38% | 2.98% | 2.41% | 2.45% | 0.60% | 2.44% |
| **Mascoma Savings Bank** | 2.08% | 4.17% | 4.17% | 4.17% | 4.17% | 4.17% | 6.25% | 4.17% | 4.17% | 2.08% | 6.25% | 2.08% | 2.08% |
| **New England Federal CU** | 1.31% | 1.14% | 1.30% | 1.59% | 1.90% | 1.26% | 1.25% | 1.10% | 0.78% | 0.94% | 0.96% | 1.62% | 2.29% |
| **Opportunites CU** | 7.09% | 7.09% | 9.52% | 9.52% | 8.00% | 8.00% | 10.40% | 8.87% | 9.09% | 9.24% | 5.98% | 4.24% | 4.24% |
| **Peoples Trust Co.** | 3.42% | 5.08% | 5.08% | 4.24% | 3.39% | 4.24% | 4.24% | 3.42% | 6.03% | 3.48% | 5.22% | 4.46% | 5.45% |
| **Union Bank** | 4.31% | 5.81% | 4.28% | 5.86% | 5.86% | 5.85% | 6.79% | 5.54% | 6.50% | 6.23% | 6.90% | 7.28% | 8.68% |

# HOMEOWNERSHIP DELINQUENCY REPORT
## FISCAL YEAR 2009

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Portfolio # | 5659 | 5694 | 5702 | 5700 | 5704 | 5704 | 5686 | 5657 | 5602 | 5549 | 5498 | | 5650 |
| Total Portfolio $ | 557.5 | 563.9 | 565.8 | 566.9 | 568.3 | 568.0 | 565.7 | 561.5 | 555.2 | 549.1 | 543.7 | | 560.5 |

### NUMBER OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | 168 | 193 | 204 | 175 | 239 | 248 | 211 | 196 | 169 | 183 | 194 | | 198 |
| 60 Days | 71 | 68 | 60 | 78 | 71 | 81 | 81 | 71 | 65 | 73 | 68 | | 72 |
| 90 Days | 29 | 23 | 31 | 31 | 42 | 36 | 50 | 61 | 57 | 40 | 44 | | 40 |
| Foreclosure | 48 | 51 | 49 | 50 | 50 | 46 | 46 | 46 | 48 | 57 | 59 | | 50 |
| Total Delq FY 09 | 316 | 335 | 344 | 334 | 402 | 411 | 388 | 374 | 339 | 353 | 365 | | 360 |
| Total Delq FY 08 | 311 | 304 | 344 | 307 | 326 | 381 | 337 | 330 | 304 | 318 | 289 | 314 | 322 |

### PERCENT BY NUMBER OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | 2.97% | 3.39% | 3.58% | 3.07% | 4.19% | 4.35% | 3.71% | 3.46% | 3.02% | 3.30% | 3.53% | | 3.51% |
| 60 Days | 1.25% | 1.19% | 1.05% | 1.37% | 1.24% | 1.42% | 1.42% | 1.26% | 1.16% | 1.32% | 1.24% | | 1.27% |
| 90 Days | 0.51% | 0.40% | 0.54% | 0.54% | 0.74% | 0.63% | 0.88% | 1.08% | 1.02% | 0.72% | 0.80% | | 0.71% |
| Foreclosure | 0.85% | 0.90% | 0.86% | 0.88% | 0.88% | 0.81% | 0.81% | 0.81% | 0.86% | 1.03% | 1.07% | | 0.89% |
| Total Delq FY 09 | 5.58% | 5.88% | 6.03% | 5.86% | 7.05% | 7.21% | 6.82% | 6.61% | 6.06% | 6.37% | 6.64% | 0.00% | 6.37% |
| Total Delq FY 08 | 5.91% | 5.66% | 6.29% | 5.57% | 5.85% | 6.80% | 6.00% | 5.87% | 5.42% | 5.65% | 5.12% | 5.57% | 5.81% |

### DOLLAR AMOUNT OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | $11.3 | $14.3 | $15.5 | $13.4 | $17.4 | $18.7 | $16.1 | $14.2 | $12.2 | $14.4 | $15.4 | | $14.8 |
| 60 Days | $4.9 | $4.6 | $4.1 | $5.4 | $5.3 | $6.0 | $5.9 | $5.7 | $4.9 | $5.7 | $5.0 | | $5.2 |
| 90+ Days | $5.8 | $5.4 | $6.2 | $6.2 | $6.6 | $6.3 | $7.7 | $8.1 | $8.1 | $7.7 | $8.1 | | $6.9 |
| Total Delq FY 09 | $22.0 | $24.3 | $25.8 | $25.0 | $29.3 | $31.0 | $29.7 | $28.0 | $25.2 | $27.8 | $28.5 | $0.0 | $27.0 |
| Total Delq FY 08 | $20.5 | $19.8 | $22.8 | $20.6 | $22.2 | $26.1 | $23.7 | $23.3 | $21.0 | $22.7 | $20.8 | $22.3 | $22.2 |

# REO INVENTORY REPORT

## As of May 31, 2009

| Mortgagor | REO Date | City/Town | Princ. Bal. | Interest | Expenses | Receipts (1) | Total Cost Basis | Valuation Allowance | List Amount (2) | Current Appraisal | Date Last Appraised | Original Appraisal | Loan Date | Type | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ford | 7/24/2008 | St. Albans | $ 97,128 | $ 3,136 | $ 13,015 | $ 27,003 | $ 86,276 | | $ 89,900 | $ 120,000 | 3/5/08 | $ 110,000 | 03/08/06 | Condo | Price Reduced |
| Mailhiot | 8/21/2008 | Chittenden | $ 63,262 | $ 9,827 | $ 20,452 | $ 3,607 | $ 89,934 | $ - | $ 40,000 | $ 102,000 | 9/17/08 | $ 80,000 | 05/03/96 | SF | Was under contract - did not close |
| Aucoin | 10/7/2008 | Swanton | $ 135,296 | $ 5,967 | $ 8,511 | $ - | $ 149,774 | $ 4,325 | $ 119,900 | $ 142,000 | 8/29/08 | $ 140,000 | 06/13/05 | SF | RD Insured - UC $119,000 |
| Nolan | 11/5/2008 | Grand Isle | $ 144,149 | $ 18,547 | $ 23,322 | $ 36,337 | $ 149,681 | $ 47,655 | $ 110,000 | $ 140,000 | 9/17/08 | $ 157,000 | 12/02/05 | MH | UC $110,000; closing 7/5/09 |
| Lattrell | 12/1/2008 | Vergennes | $ 29,423 | $ 1,662 | $ 9,858 | $ - | $ 40,943 | $ 12,307 | $ 27,000 | $ 28,000 | 1 15/09 | $ 37,500 | 07/01/97 | MH | Was under contract - did not close |
| Burns | 2/17/2009 | St. Albans | $ 144,623 | $ 12,104 | $ 13,966 | $ - | $ 170,693 | $ 11,472 | $ 159,900 | $ 167,000 | 9 17 08 | $ 177,000 | 10 13 04 | 2F | New Listing |
| Hebert | 3/6/2009 | Berlin | $ 18,783 | $ 1,821 | $ 15,566 | $ - | $ 36,170 | $ - | $ 55,000 | $ 71,000 | 5/5/09 | $ 83,000 | 02/20/03 | SF | UC $55,000 |
| Schraut | 3/30/2009 | Barre | $ 78,420 | $ 5,802 | $ 12,139 | $ - | $ 96,361 | $ 12,326 | $ 75,000 | $ 85,000 | 2/12/09 | $ 84,000 | 11/21/02 | SF | RD Insured; UC $75,000; closing 5/22/09 |
| Greene | 3/30/2009 | Randolph | $ 68,297 | $ 9,733 | $ 21,466 | $ - | $ 99,496 | $ - | $ 125,000 | $ 128,000 | 9 4 08 | $ 82,000 | 10 27 90 | SF | RD Insured |
| Morey | 4/4/2009 | Barre | $ 42,994 | $ 6,125 | $ 6,096 | $ - | $ 55,215 | $ - | | | | $ 60,000 | 11 15 91 | MH | waiting for values, was occupied until 6 2/09 |
| Chase | 4/6/2009 | Derby | $ 52,418 | $ 4,659 | $ 14,189 | $ - | $ 71,266 | $ - | $ 45,000 | $ 60,000 | 3/10/09 | $ 72,000 | 04/19/94 | SF | RD Guaranteed; UC $45,--- |
| Brock | 4/22/2009 | Milton | $ 42,994 | $ 6,125 | $ 16,473 | $ - | $ 65,592 | $ - | $ 133,000 | $ 160,000 | 3/16/09 | $ 167,500 | 07/31/03 | SF | UC $133,000 |
| Downey | 5/11/2009 | Rutland | $ 33,744 | $ 4,313 | $ 7,658 | $ - | $ 45,715 | $ - | $ 20,000 | $ 30,000 | 4/27/2009 | $ 47,000 | 10/25/1995 | MH | UC $20,000; closing ASAP |
| Lovar | 5/20/2009 | Bolton | $ 29,964 | $ 1,270 | $ 3,122 | $ 10,500 | $ 23,856 | | | | | $ 32,500 | 10 1 2002 | MH | MH in Park; waiting for values |
| Fletcher | 5 22 2009 | Springfield | $ 64,245 | $ 8,358 | $ 7,524 | $ - | $ 80,127 | $ - | $ 85,000 | $ 80,000 | 4 21 2009 | $ 70,000 | 8 28 2000 | SF | RD Guaranteed, New Listing |
| Plaster | 5 22 2009 | Weathersfield | $ 114,117 | $ 10,512 | $ 7,521 | $ - | $ 132,150 | $ - | $ 97,000 | $ 95,000 | 4 21 2009 | $ 120,000 | 8 6 2004 | SF | RD Guaranteed, New Listing |
| 16 | | | $ 1,159,857 | $ 109,961 | $ 200,878 | $ 77,447 | $ 1,393,249 | $ 85,085 | $ 1,181,800 | $ 1,408,000 | | $ 1,519,500 | | | |

REOS that are under deposit

(1) Receipts column represents actual and projected/estimated mortgage insurance claim payments

(2) If Property is under deposit the List Price is the actual sale price.

# Interesting Housing Fact

By Maura Collins, Policy and Planning Manager
June 2009 Board Meeting

FHFA (formerly OFHEO) announced their 1st quarter 2009 home sale appreciation index in May. This is a good data source because it measures true appreciation (same house price changes) instead of tracking median sales prices.

**Vermont:**

- Vermont was ranked 24th for strongest home price appreciation over the past year of purchased homes (not including refis). Our prices fell by 3.52 percent for the past year. Only 4 states saw price increases.
- For 1st quarter 2009, Vermont's purchase-only home prices were up 1%.
- Looking at the past 5 years, Vermont's prices are up 27.48%, which ranks VT 10th nationally for highest 5-year appreciation. (National rate = 9.82).

**Nationally:**

- For purchased homes (not including refis), home prices were slightly up in January and February, but March's decline meant the quarter ended 0.5 percent lower (seasonally adjusted). This is less of a decline than the previous quarter (which was -3.3%).
- Year to date (1Q 08-1Q 09) seasonally adjusted purchase-only prices are down 7.1%.
- If you combine purchases with refis, prices were up 0.4% this quarter and are down only 3.3% year-over-year.
- When looking at regions, prices were strongest in New England.

Source: http://www.fhfa.gov/webfiles/2406/1q09hpi.pdf

Special Comment

Moody's U.S. Public Finance

May 2009

# State HFA Single Family Whole-Loan Programs See Increasing Delinquency and Foreclosure Rates

## Total Delinquencies and Foreclosures Increase 32% Although HFA Portfolio's Protective Features Are Expected to Moderate Losses

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## Summary Opinion


The Moody's-rated State Housing Finance Agency (HFA) single family portfolio experienced a decline in loan performance in 2008 and reported the highest levels of delinquencies and foreclosures in the past four years. The deterioration in performance reflects the general weakness in the economy and housing market. Moody's does not, however, expect delinquency and foreclosure rates alone to have a significant impact on most of our ratings in the near term, since the HFAs' foreclosure rates remain well below the rates that we use to form the basis for our projected loan loss calculations for each program in the portfolio.[1] However, if property values continue to decline and foreclosures continue to rise in the medium-term, some HFAs could experience an increase in their level of loan losses that could cause negative pressure on their ratings. For more information on how we incorporate delinquency and foreclosure rates into our credit analysis, please refer to the March 2009 Moody's Special Comment entitled, "HFA Roadmap: Evaluating State HFA Single Family Program Ratings in the Current Economic Environment."


[1] Moody's loan loss calculations assume a 25% to 45% probability of loan default for Aaa-rated programs, a 20% to 40% probability of loan default for Aa-rated programs, a 15% to 35% probability of loan default for A-rated programs and a 10% to 30% probability of default for Baa-rated programs.

State HFA Single Family Whole-Loan Programs See Increasing Delinquency and Foreclosure Rates

- On average, total delinquencies and foreclosures have risen 31.82%, from 3.38% in 2007 to 4.45% in 2008.
- 90+ day delinquency rates have shown the biggest jump proportionally, from 1.14% in 2007 to 1.81% in 2008 which is an increase of 58.36%.

Despite these trends, we do not expect rising delinquency rates to have a significant impact on the majority of HFA program ratings in the near term due to the following findings:

- Foreclosure rates have also increased, but at a much slower rate than 90+ day loans, from 0.94% in 2007 to 1.10% in 2008
- Although delinquencies and foreclosures are rising, the HFAs experienced a significant drop-off from loans in the 90+ days delinquent category to loans in foreclosure, from 1.81% in 90+ day delinquencies to 1.10% of loans in foreclosure as of December 31, 2008. HFAs have historically been able to forestall foreclosures and losses by reaching out to borrowers with seriously delinquent loans to develop payment plans or new financing terms. In the past, this has lowered the number of loans actually going into foreclosure from the 90+ days delinquent pool.
- Of the Moody's-rated whole-loan programs, many were in states that experienced less than a 5% one-year property value decline according to data produced by the Federal Housing Finance Agency (FHFA).

## Process for Reviewing Delinquencies and Foreclosures

In early 2009, the Moody's housing team surveyed all Moody's-rated State HFAs to obtain delinquency and foreclosure data for their single family whole-loan programs as of December 31, 2008. This data was compared on a state-by-state basis and a portfolio basis to the performance as of December 31st for the prior three years. The data was also compared to data provided by the Mortgage Banker's Association (MBA) on nation-wide housing market performance. Moody's typically compares HFA data to MBA's data on FHA loan delinquencies and foreclosures for the relevant state and national average since HFAs' borrowers generally have similar income characteristics and purchase similarly priced homes as the borrowers of FHA insured loans. Although FHA loans are the most important benchmark, Moody's also compares the HFA data to total loan delinquencies and foreclosures for the relevant state (referred to as "All Loans" in this report) as well as the national average in order to compare the HFAs to the broader housing market.

In the survey, Moody's requested that the HFAs supply information in a specific format. This format may differ from what is presented in an HFA's disclosure or official statement. Consequently, the data may differ somewhat from what is reported elsewhere. Furthermore, some HFAs have adjusted their delinquency and foreclosure data since it was last published by Moody's in April 2008. As a result, the foreclosure statistics in this special comment may differ slightly from those previously reported.

Typically, there is a lag of several months between the date of our survey request and our publication of the findings. This lag includes the time needed for the HFAs to gather the data in the format requested by Moody's and the time needed to review and analyze the data.

State HFA Single Family Whole-Loan Programs See Increasing Delinquency and Foreclosure Rates

# Highlights from Survey

### *HFA Delinquencies and Foreclosures: Foreclosures Remain Low, But The Rise in Delinquency Rates Could Offer Challenges in the Future*

HFA single family whole-loan programs experienced increases in their mortgage loan delinquency and foreclosure rates in 2008. Chart 1 below provides an aggregate summary of the delinquency and foreclosure statistics for the Moody's-rated State HFA portfolio.

**Chart 1: Average Delinquency and Foreclosure Rates for State HFA Single Family Whole-loan Programs, December 31, 2005 – 2008**

| | 12/31/08 | 12/31/07 | 12/31/06 | 12/31/05 |
|---|---|---|---|---|
| Delinquency Type* | | | | |
| 60+ | 1.54% | 1.30% | 1.25% | 1.35% |
| 90+ | 1.81% | 1.14% | 1.14% | 1.27% |
| Foreclosure | 1.10% | 0.94% | 0.83% | 0.98% |
| Total | 4.45% | 3.38% | 3.22% | 3.61% |
| One Year Percent Change | | | | |
| 60+ | 18.58% | 3.55% | -7.43% | |
| 90+ | 58.36% | 0.05% | -10.26% | |
| Foreclosure | 17.81% | 13.19% | -15.58% | |
| Total | 31.82% | 4.78% | -10.64% | |
| One Year Basis Point Change | | | | |
| 60+ | 24 | 4 | -10 | |
| 90+ | 67 | 0 | -13 | |
| Foreclosure | 17 | 11 | -15 | |
| Total Basis Point Change, One Year | 107 | 15 | -38 | |

**To create these averages, weighted average delinquencies and foreclosures were calculated for those states with more than one active single family program*

Based on our discussions with HFA management teams, we believe that the particularly large increase in 90+ day delinquencies is likely being driven by two factors. First, as the economy and the housing market worsened throughout 2008, a larger number of HFA delinquent loans made their way from the 60+ to 90+ days delinquent category. Additionally, HFAs and their servicers may be delaying foreclosure on some of their loans in an effort to offer loan modification programs to borrowers.

Although delinquencies are rising, the HFAs experienced a significant drop-off from loans in the 90+ days delinquent category to loans in foreclosure. We believe that this has occurred because HFAs have continued their traditional practice of reaching out to borrowers with seriously delinquent loans to work out problems. In the past, this has lowered the number of loans actually going into foreclosure from the 90+ days delinquent pool.

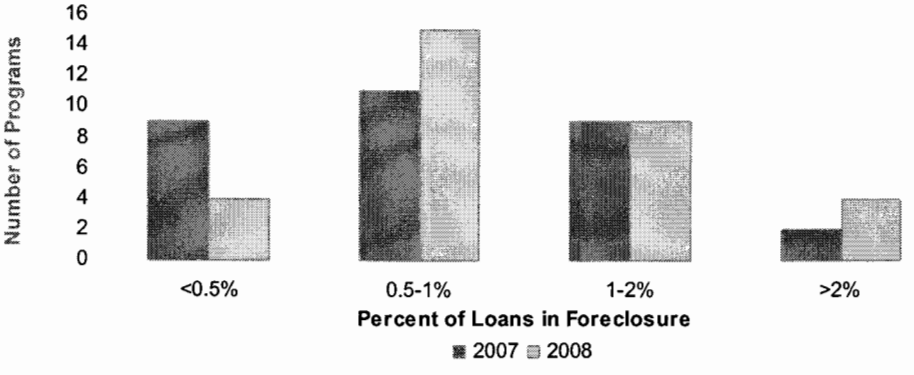
Below is a review of the key findings from the delinquency and foreclosure data provided by the HFAs as of December 31, 2008.

- On average, total delinquencies and foreclosures have risen 31.82%, or 107 basis points to 4.45%.

## State HFA Single Family Whole-Loan Programs See Increasing Delinquency and Foreclosure Rates

- While HFA foreclosure rates are rising, many programs still have foreclosure rates below 1%. As of December 31, 2008, 19 programs had foreclosure rates below 1% and 4 of the program had rates below 0.5%. This compares to 2007 when 20 programs had rates below 1% and 9 had rates below 0.5%, as shown in Chart 2 below.
- In terms of delinquencies, 90+ day delinquency rates have shown the biggest jump proportionally, from 1.14% in 2007 to 1.81% in 2008, which is an increase of 58.36%. In addition, the HFAs experienced a significant drop off from the average 90+ day delinquency rate of 1.81% to the average foreclosure rate of 1.10%.

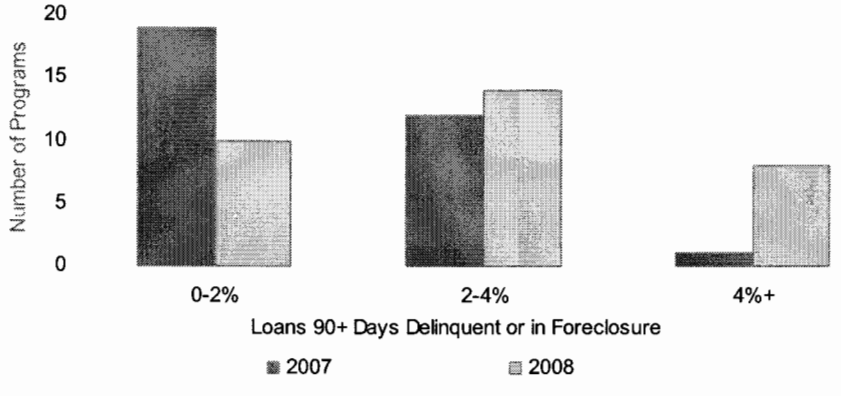
**Chart 2: Percent of Loans in Foreclosure, 12/31/07 versus 12/31/08***




**Note: 2007 figures do not include foreclosures for New Hampshire HFA*

- 28 of the 32 programs surveyed experienced a rise in total delinquencies and foreclosures between 2007 and 2008. The chart below compares the percentage of seriously delinquent loans (90+ days delinquent or in foreclosure) held by HFA programs in 2007 and 2008. In 2007, 19 programs had seriously delinquent loans of less than 2% and only one program had seriously delinquent loans of greater than 4%. In 2008, 10 programs had seriously delinquent loans of less than 2% and 8 programs had seriously delinquent loans of greater than 4%.

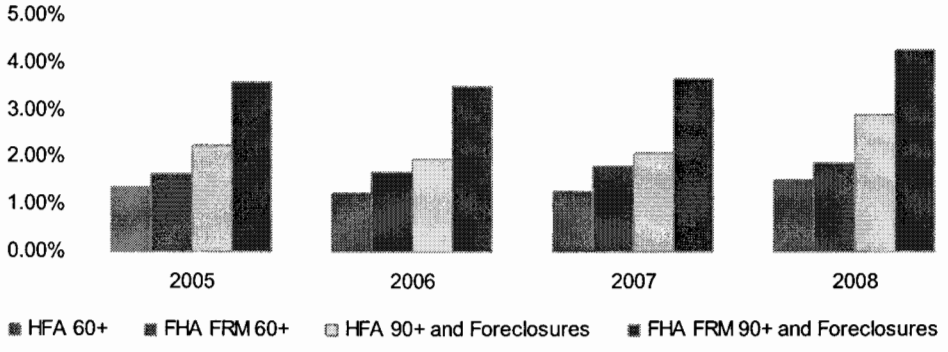
**Chart 3: Percentage of Seriously Delinquent Loans, 12/31/07 versus 12/31/08**




- The increases in the average delinquency rates experienced by the HFAs are directionally consistent with the increases in the average delinquency rates occurring for FHA fixed-rate mortgages (FRM) in the same states, as shown in Chart 4 below.

State HFA Single Family Whole-Loan Programs See Increasing Delinquency and Foreclosure Rates

**Chart 4: HFA Delinquency and Foreclosure Rates Versus FHA Fixed Rate Loans***




**The data for FHA fixed rate mortgages was obtained from the MBA National Delinquency Surveys from Q4 2005 to 2008 and only represents the states containing programs rated by Moody's*

- On average, as of December 31, 2008, HFA loans have lower delinquency and foreclosure rates than both the FHA fixed-rate loans in their states and an average of all loan types in their states as measured by data from MBA and shown in Chart 5.

**Chart 5: Comparison of HFA Loans Other Loan Types as of December 31, 2008**

| Rates, 12/31/08 | HFA Loans | FHA FRM* | All Loan Types* |
|---|---|---|---|
| 60+ | 1.54% | 1.90% | 1.43% |
| 90+ | 1.81% | 2.82% | 2.10% |
| Foreclosure | 1.10% | 1.48% | 2.21% |
| Total | 4.45% | 6.20% | 5.75% |

**Data for the fixed-rate FHA loans and all loan types are averages of data provided by the MBA for those states that contain Moody's rated HFA single family programs.*

### *Property Values: Continued Declines Could Increase Loan Losses for HFAs*

Continued property value declines nationwide could increase loan losses and cause stress within the agencies' portfolios, particularly in states where property value declines and foreclosure rates are most severe.

- Of the Moody's-rated whole-loan programs, 3 were in states that experienced greater than a 10% 1-year price decline in 2008 and 11 were in states that experienced between a 5% to 10% 1-year decline according to data produced by the Federal Housing Finance Agency (FHFA). [2] Appendix VI of this report contains state-by-state FHFA data as of fourth quarter 2008.

### *Mortgage Insurance: Substantial Percentage of Government Insurance in HFA Portfolio Tempers Negative Effect of Private Mortgage Insurer (PMI) Downgrades*

The risk of losses upon loan foreclosures is mitigated in state HFA programs by mortgage insurance on individual loans with loan-to-value ratios above 80%. HFA single family whole-loan programs rated by Moody's generally maintain diversity in primary mortgage insurance providers including government insurance and insurance from private companies.

[2] Formerly the Office of Federal Housing Enterprise Oversight (OFHEO)

## State HFA Single Family Whole-Loan Programs See Increasing Delinquency and Foreclosure Rates

On February 13, 2009, Moody's downgraded the insurance financial strength ratings of 7 private mortgage insurers to rating levels between Ba3 and A3. The strong presence of government insurance has somewhat tempered the impact that the PMI downgrades had on HFA ratings, but we expect that the downgrades may lead to downward rating pressure for some issuers.[3] Appendix VII of this report contains a list of Moody's-rated private mortgage insurers as of April 10, 2009.[4]

- As of December 31, 2008 approximately 46% of HFA's loan portfolios, on average, were insured by government-sponsored mortgage insurance providers such as FHA, Veteran's Administration (VA) guarantee, or Rural Housing Community Development Services Guarantee (RD), as indicated in Chart 7 below.

**Chart 6: Breakdown of Mortgage Insurance Providers for HFA Single Family Programs, December 31, 2008**

| Mortgage Insurance | % of Loans Outstanding as of 12/31/08 |
|---|---|
| FHA | 33.84% |
| VA | 4.47% |
| RD | 8.18% |
| Total Federal | 46.49% |
| | |
| MGIC | 12.34% |
| Genworth | 7.37% |
| UGRIC | 5.24% |
| Radian | 2.48% |
| RMIC | 1.61% |
| Triad | 0.28% |
| PMI Co. | 1.57% |
| Other Insurance | 6.20% |
| Total PMI and Other | 37.09% |
| | |
| Uninsured with LTV below 80% | 14.17% |
| Uninsured with LTV above 80% | 2.26% |
| Total Uninsured | 16.43% |

### *HFA Loan Types: Vast Majority of HFA Loans are 30-Year Fixed Rate Loans*

HFA programs are overwhelmingly comprised of fixed-rate, level payment, fully amortizing mortgage loans. This type of loan generally has more stable performance than other loan products, as the monthly mortgage payment remains unchanged for the life of the loan. Some HFAs have offered interest-only or step-rate loans. In a step-rate loan, a reduced interest rate is offered for the first few years of a loan and this rate steps up to a higher rate over a set period of time. However, unlike adjustable-rate loans, the increased rate and the increased monthly payment are known at the time the mortgage is entered into. Generally, many HFAs report that these step-rate loans have performed in line with the fixed-rate product. In the case of HFA's interest-only

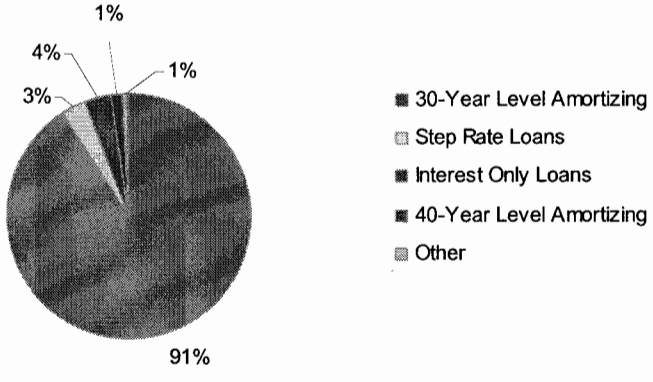
[3] On March 24, 2009, Moody's placed the following state HFA single family programs on watch for possible downgrade as a result of substantial exposure to the PMI companies: Illinois Housing Development Authority, Homeowner Mortgage Revenue Bonds (currently rated Aa2); South Carolina State Housing Finance and Development Authority Mortgage Revenue Bonds (currently rated Aa1); Wisconsin Housing and Economic Development Authority Home Ownership Revenue Bond Program (1988 Resolution) (currently rated Aa2); Wisconsin Housing and Economic Development Authority Home Ownership Revenue Bond Program (1987 Resolution) (currently rated Aa2).

[4] The support provided by a mortgage insurer, while important, is only one of many factors impacting the analysis of a single family whole-loan program. As a result there is not a direct relationship between the rating on the insurer and the rating on the bonds. Please refer to the March 2009 Moody's Special Comment entitled, "HFA Roadmap: Evaluating State HFA Single Family Program Ratings in the Current Economic Environment," for further information on the impact of these downgrades.

loans, the borrower pays only interest on the mortgage for a set period of time (generally 5 to 10 years) and then the principal on the loan begins to amortize for the remaining term of the loan (anywhere from 23 to 30 years). Unlike some riskier conventional mortgage products, the mortgage payment for these loans changes only once and the amount of the higher payment is known at loan closing. These loans have not seasoned sufficiently to convert to their higher payment upon amortization so the relative performance of these loans is unknown. Generally, we expect the interest-only and step-rate loans to have higher delinquencies and foreclosures and incorporate this expectation into our loan loss assumptions when reviewing and assigning ratings to HFA programs with these types of loans.

- As of December 31, 2008, nearly 91% of the average HFA portfolios are comprised of 30-year, fixed-rate loans, while another 1% are 40-year fixed-rate loans as shown in Chart 7 below.
- Of the HFA programs, 19 only offer fixed-rate, level payment options.
- 13 of the HFA programs have issued interest-only or step-rate loans. However in all 13 programs, fixed rate, level payment mortgages comprise more than half of the loans outstanding.

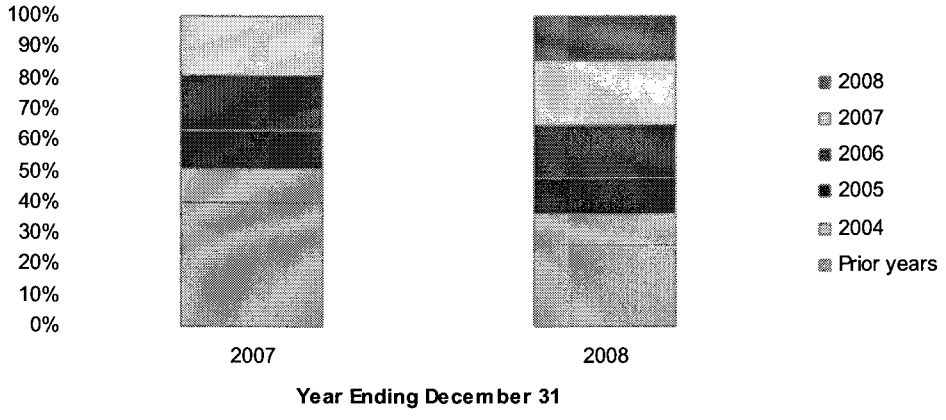
**Chart 7: Distribution of Loan Types in HFA Single Family Whole-Loan Programs, 12/31/08**




## *Loan Vintages: Seasoned Loans May Lend Strength, While Newer Loans May Present Challenges*

In general, HFA programs consist of loan pools that contain a diversity of loan vintages, including a large percentage of seasoned loans. Typically, the more seasoned loans lend strength to the programs because they have are lower loan-to-values and have demonstrated solid performance over time. Furthermore, the properties financed by more seasoned loans may have experienced enough home price appreciation to mitigate potential risks of losses upon foreclosure. In addition, more seasoned loan pools also typically contain a very high percentage of 30-year, fixed rate products, which generally have more stable performance than other loan types. Chart 8 below provides a breakdown of average loan vintages for HFA single family whole-loan programs as of December 31, 2007 and 2008.

**Chart 8: Average Loan Vintages for HFA Single Family Whole-Loan Programs, 12/31/07 versus 12/31/08**




The 2006, 2007 and 2008 vintage loans may experience more stress in states where home prices are experiencing depreciation or minimal growth. As these new loans begin to season, HFA delinquency and foreclosure rates will likely rise. The new loans also may be growing as a percent of HFA portfolios because many HFAs have slowed or stopped the issuance of new loans in 2009 while at the same time they have received prepayments on older vintage loans, increasing the proportion of the portfolio composed of the new loans.

## Conclusion

While single family loan delinquencies and foreclosures are on the rise for HFAs, we do not believe that this trend alone will significantly impact HFA credit ratings at this time. The delinquency and foreclosure rates HFAs' have experienced remain well below the rates we incorporate into our projected loan loss calculations that are considered during the rating process.

We believe that the very high percentage of fixed-rate, fully amortizing loans as well as the diversity in loan vintages will serve to limit the negative impact of the current economic and housing crisis on the HFAs' portfolios. For loans that do become delinquent, HFAs have historically been able to use tactics such as loan modification to limit foreclosures and losses.

However, if property values continue to decline and foreclosures continue to rise in the medium-term, some HFAs could experience a level of loan losses that could put negative pressure on their ratings. In this case we would view the severity of the projected loan losses in the context of the program's financial position, asset quality, debt structure, legal structure, and management quality in order to determine the potential impact to the rating. For more information about the impact of housing price declines, delinquencies and foreclosures on HFA ratings, please see the March 2009 Moody's Special Comment entitled, "HFA Roadmap: Evaluating State HFA Single Family Program Ratings in the Current Economic Environment."

State HFA Single Family Whole-Loan Programs See Increasing Delinquency and Foreclosure Rates

# Appendix I

## Delinquencies and Foreclosures for Moody's-Rated State HFA Single Family Whole Loan Programs (Percent by Total Number of Loans)

| # | HFA Single Family Whole Loan Program | As of 12/31/2008 | | | | As of 12/31/2007 | | | | As of 12/31/2006 | | | | As of 12/31/2005 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 60+ | 90+ | Foreclosure | Total | 60+ | 90+ | Foreclosure | Total | 60+ | 90+ | Foreclosure | Total | 60+ | 90+ | Foreclosure | Total |
| 1 | Alaska HFC - Home Mortgage Revenue Bonds | 0.72% | 0.24% | 0.32% | 1.29% | 0.68% | 0.24% | 0.35% | 1.27% | 0.63% | 0.20% | 0.30% | 1.14% | 0.63% | 0.22% | 0.33% | 1.18% |
| 2 | CalHFA - Home Mortgage Revenue Bond Program | 1.99% | 1.17% | 3.61% | 6.77% | 1.05% | 0.58% | 1.38% | 3.01% | 1.01% | 0.35% | 0.63% | 1.99% | 0.91% | 0.39% | 0.75% | 2.05% |
| 3 | Colorado HFA - Single Family Program | 1.56% | 2.88% | 1.15% | 5.58% | 1.28% | 2.27% | 0.92% | 4.46% | 1.07% | 2.44% | 0.76% | 4.27% | 1.46% | 2.96% | 0.98% | 5.40% |
| 4 | Connecticut HFA - Housing Mortgage Finance Bonds* | 2.33% | 3.18% | 1.07% | 6.58% | 1.97% | 1.14% | 2.10% | 5.20% | 1.72% | 1.18% | 1.96% | 4.86% | 2.16% | 1.29% | 2.13% | 5.58% |
| 5 | Idaho H&FA - Single Family Mortgage Bond Indentures | 1.50% | 2.37% | 2.24% | 6.11% | 0.84% | 2.03% | 1.93% | 4.80% | 0.76% | 2.30% | 2.68% | 5.74% | 1.16% | 2.59% | 2.69% | 6.44% |
| 6 | Illinois HDA - Homeowner Mortgage Revenue Bonds | 1.33% | 2.07% | 0.87% | 4.27% | 1.14% | 1.07% | 0.83% | 3.04% | 1.00% | 1.14% | 0.59% | 2.74% | 1.10% | 1.77% | 0.52% | 3.39% |
| 7 | Kentucky HC - Housing Revenue Bonds | 2.18% | 4.66% | 1.14% | 7.99% | 1.79% | 2.80% | 1.07% | 5.65% | 1.45% | 2.42% | 1.05% | 4.92% | 1.62% | 2.52% | 1.18% | 5.32% |
| 8 | Maine State HA - Mortgage Purchase Program | 2.19% | 2.67% | 1.09% | 5.95% | 2.20% | 1.63% | 0.86% | 4.70% | 1.96% | 1.36% | 0.97% | 4.29% | 2.09% | 1.22% | 1.04% | 4.35% |
| 9 | Maryland CDA - Residential Revenue Bonds | 2.05% | 4.05% | 0.82% | 6.92% | 1.73% | 2.07% | 0.19% | 3.99% | 1.78% | 1.83% | 0.25% | 3.86% | 1.35% | 2.93% | 0.28% | 4.57% |
| 10 | MassHousing - Single Family Housing Revenue | 0.77% | 0.65% | 0.73% | 2.15% | 0.46% | 0.25% | 0.39% | 1.10% | 0.41% | 0.31% | 0.27% | 0.98% | 0.34% | 0.21% | 0.34% | 0.90% |
| 11 | Minnesota HFA - Residential Housing Finance Bonds | 1.88% | 3.28% | 0.85% | 6.01% | 1.51% | 0.68% | 2.31% | 4.49% | 1.32% | 0.61% | 1.44% | 3.37% | 0.98% | 0.53% | 1.15% | 2.66% |
| 12 | Montana BoH - Single Family Mortgage (1977 Indenture) | 0.70% | 0.65% | 0.57% | 1.91% | 0.39% | 0.43% | 0.48% | 1.29% | 0.31% | 0.29% | 0.35% | 0.95% | 0.43% | 0.33% | 0.57% | 1.33% |
| 13 | Montana BoH - Single Family Program Bonds | 0.65% | 0.43% | 0.45% | 1.53% | 0.29% | 0.51% | 0.68% | 1.49% | 0.68% | 0.51% | 0.32% | 1.52% | 0.33% | 0.38% | 0.51% | 1.21% |
| 14 | New Hampshire HFA - Single Family Mortgage Acquisition Revenue Bonds** | 1.39% | 2.31% | 0.96% | 4.65% | 0.97% | 2.39% | NA*** | 3.36% | 0.74% | 2.40% | NA | 3.14% | 1.11% | 2.04% | NA | 3.15% |
| 15 | New Jersey Housing & Mortgage FA Housing Revenue Bond Resolution | 1.37% | 1.11% | 2.43% | 4.91% | 0.95% | 0.90% | 1.19% | 3.03% | 1.10% | 0.95% | 0.95% | 2.99% | 1.12% | 0.87% | 0.99% | 2.98% |
| 16 | North Carolina HFA - Home Ownership Revenue Bonds (1998) | 1.71% | 1.81% | 0.46% | 3.98% | 1.70% | 1.22% | 0.50% | 3.43% | 1.81% | 1.22% | 0.61% | 3.63% | 1.90% | 0.97% | 0.69% | 3.55% |
| 17 | North Dakota HFA - Home Mortgage Finance Program | 0.80% | 0.61% | 0.53% | 1.94% | 0.61% | 0.62% | 0.35% | 1.58% | 0.94% | 0.76% | 0.28% | 1.97% | 1.03% | 0.84% | 0.45% | 2.33% |
| 18 | Oregon HCSD - Single Family Mortgage Revenue Bonds | 0.60% | 1.09% | 1.35% | 3.03% | 0.50% | 0.78% | 0.91% | 2.18% | 0.34% | 0.91% | 1.06% | 2.31% | 0.46% | 1.30% | 1.41% | 3.17% |
| 19 | Pennsylvania HFA - Single Family Mortgage Revenue Bonds | 1.64% | 2.03% | 0.68% | 4.35% | 1.55% | 1.54% | 0.56% | 3.64% | 1.74% | 1.84% | 0.63% | 4.21% | 2.21% | 2.46% | 0.82% | 5.49% |
| 20 | Rhode Island HMFC - Homeownership Opportunity Bonds | 1.19% | 1.03% | 0.19% | 2.41% | 0.94% | 0.49% | 0.19% | 1.62% | 0.92% | 0.36% | 0.08% | 1.36% | 1.00% | 0.09% | 0.09% | 1.18% |
| 21 | SONYMA - Homeowner Mortgage Revenue Bonds | 0.68% | 0.35% | 0.59% | 1.62% | 0.61% | 0.24% | 0.86% | 1.70% | 0.59% | 0.32% | 0.60% | 1.51% | 0.54% | 0.32% | 0.74% | 1.60% |
| 22 | South Carolina State HFDA - Mortgage Revenue Bonds | 3.92% | 1.45% | 1.91% | 7.28% | 4.04% | 1.41% | 1.94% | 7.39% | 2.99% | 1.20% | 1.81% | 6.00% | 4.31% | 0.99% | 2.72% | 8.02% |
| 23 | South Dakota HDA - Homeownership Mortgage Bonds | 0.66% | 0.76% | 1.40% | 2.82% | 0.51% | 0.27% | 1.10% | 1.88% | 0.60% | 0.26% | 0.93% | 1.78% | 0.55% | 0.25% | 1.15% | 1.95% |
| 24 | Tennessee HDA - Homeownership Program Bonds | 3.16% | 4.58% | 0.84% | 8.59% | 2.90% | 4.02% | 0.66% | 7.58% | 3.22% | 4.57% | 0.87% | 8.65% | 3.56% | 5.78% | 0.97% | 10.31% |
| 25 | Utah HC - Single Family Mortgage Rev Bonds (2000 Indenture) | 2.05% | 3.01% | 0.85% | 5.91% | 1.07% | 0.80% | 0.93% | 2.80% | 1.75% | 1.19% | 0.82% | 3.76% | 1.65% | 1.25% | 0.65% | 3.55% |
| 26 | Vermont HFA - Single Family Housing Bonds | 1.32% | 0.62% | 0.79% | 2.72% | 1.17% | 0.55% | 0.76% | 2.48% | 1.49% | 0.44% | 0.65% | 2.57% | 1.29% | 0.69% | 0.69% | 2.66% |
| 27 | Virginia HDA - Commonwealth Mortgage Bonds | 1.61% | 1.87% | 0.57% | 4.05% | 1.15% | 1.05% | 0.46% | 2.66% | 1.06% | 1.00% | 0.26% | 2.32% | 0.86% | 0.58% | 0.29% | 1.73% |
| 28 | West Virginia HDF - Housing Finance Bonds | 1.44% | 0.93% | 1.29% | 3.65% | 1.36% | 0.63% | 1.20% | 3.20% | 1.25% | 0.57% | 0.95% | 2.78% | 1.21% | 0.78% | 1.14% | 3.13% |
| 29 | Wisconsin HEDA Homeownership Revenue Bonds (1988 Resolution) | 0.60% | 0.39% | 0.69% | 1.68% | 0.40% | 0.33% | 0.36% | 1.09% | 0.15% | 0.07% | 0.40% | 0.62% | 0.23% | 0.08% | 0.33% | 0.64% |
| 30 | Wisconsin HEDA Homeownership Revenue Bonds (1987 Resolution) | 0.70% | 0.40% | 0.58% | 1.68% | 0.30% | 0.23% | 0.38% | 0.91% | 0.19% | 0.10% | 0.35% | 0.63% | 0.26% | 0.08% | 0.43% | 0.77% |
| 31 | Wyoming CDA - Single Family Mortgage (1994 Indenture) | 1.32% | 0.72% | 2.12% | 4.15% | 2.25% | 0.71% | 1.43% | 4.40% | 2.15% | 0.58% | 1.08% | 3.80% | 2.24% | 0.70% | 2.45% | 5.39% |
| 32 | Wyoming CDA - Single Family Mortgage Revenue Bonds | 1.17% | 0.83% | 2.00% | 4.00% | 2.53% | 0.65% | 1.01% | 4.20% | 1.76% | 0.30% | 0.97% | 3.04% | 1.20% | 0.38% | 1.91% | 3.49% |

** Data includes information on loans that were pooled into Ginnie Mae securities. ** Foreclosures are included in 90+ days, NA = Not available*

State HFA Single Family Whole-Loan Programs See Increasing Delinquency and Foreclosure Rates

# Appendix II

## Delinquencies and Foreclosures for Moody's-Rated State HFA Single Family Whole Loan Programs (Number of Loans)

| # | HFA Single Family Whole Loan Program | As of 12/31/2008 | | | | As of 12/31/2007 | | | | As of 12/31/2006 | | | | As of 12/31/2005 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 60+ | 90+ | Foreclosure | Total | 60+ | 90+ | Foreclosure | Total | 60+ | 90+ | Foreclosure | Total | 60+ | 90+ | Foreclosure | Total |
| 1 | Alaska HFC - Home Mortgage Revenue Bonds | 170 | 58 | 77 | 23,734 | 164 | 57 | 85 | 24,137 | 151 | 49 | 73 | 24,010 | 156 | 54 | 81 | 24,697 |
| 2 | CalHFA - Home Mortgage Revenue Bond Program | 661 | 387 | 1,196 | 33,160 | 320 | 178 | 420 | 30,468 | 273 | 94 | 171 | 27,037 | 225 | 96 | 185 | 24,715 |
| 3 | Colorado HFA - Single Family Program | 453 | 837 | 334 | 29,100 | 298 | 530 | 214 | 23,356 | 203 | 462 | 144 | 18,958 | 243 | 491 | 163 | 16,602 |
| 4 | Connecticut HFA - Housing Mortgage Finance Bonds* | 628 | 857 | 290 | 26,987 | 516 | 298 | 552 | 26,251 | 427 | 293 | 488 | 24,837 | 525 | 312 | 516 | 24,267 |
| 5 | Idaho H&FA - Single Family Mortgage Bond Indentures | 170 | 269 | 254 | 11,342 | 85 | 207 | 196 | 10,173 | 54 | 164 | 191 | 7,125 | 75 | 168 | 174 | 6,476 |
| 6 | Illinois HDA - Homeowner Mortgage Revenue Bonds | 137 | 213 | 90 | 10,314 | 117 | 110 | 85 | 10,257 | 95 | 108 | 56 | 9,467 | 95 | 153 | 45 | 8,637 |
| 7 | Kentucky HC - Housing Revenue Bonds | 577 | 1,232 | 301 | 26,413 | 459 | 717 | 273 | 25,631 | 314 | 523 | 227 | 21,647 | 293 | 454 | 212 | 18,035 |
| 8 | Maine State HA - Mortgage Purchase Program | 262 | 319 | 130 | 11,955 | 260 | 193 | 102 | 11,815 | 234 | 162 | 116 | 11,937 | 255 | 149 | 127 | 12,214 |
| 9 | Maryland CDA - Residential Revenue Bonds | 271 | 536 | 109 | 13,233 | 197 | 236 | 22 | 11,397 | 145 | 149 | 20 | 8,142 | 91 | 197 | 19 | 6,721 |
| 10 | MassHousing - Single Family Housing Revenue | 67 | 57 | 64 | 8,735 | 37 | 20 | 31 | 8,002 | 29 | 22 | 19 | 7,154 | 21 | 13 | 21 | 6,093 |
| 11 | Minnesota HFA - Residential Housing Finance Bonds | 270 | 471 | 122 | 14,355 | 201 | 91 | 308 | 13,354 | 137 | 63 | 149 | 10,365 | 78 | 42 | 91 | 7,930 |
| 12 | Montana BoH - Single Family Mortgage (1977 Indenture) | 44 | 41 | 36 | 6,327 | 25 | 28 | 31 | 6,493 | 17 | 16 | 19 | 5,467 | 18 | 14 | 24 | 4,210 |
| 13 | Montana BoH - Single Family Program Bonds | 26 | 17 | 18 | 3,998 | 12 | 21 | 28 | 4,104 | 32 | 24 | 15 | 4,674 | 18 | 21 | 28 | 5,535 |
| 14 | New Hampshire HFA - Single Family Mortgage Acquisition Revenue Bonds** | 106 | 176 | 73 | 7,631 | 70 | 173 | NA | 7,239 | 48 | 157 | NA | 6,529 | 62 | 114 | NA | 5,580 |
| 15 | New Jersey Housing & Mortgage FA Housing Revenue Bond Resolution | 99 | 80 | 175 | 7,211 | 55 | 52 | 69 | 5,803 | 37 | 32 | 32 | 3,377 | 27 | 21 | 24 | 2,413 |
| 16 | North Carolina HFA - Home Ownership Revenue Bonds (1998) | 247 | 262 | 66 | 14,448 | 191 | 128 | 58 | 13,795 | 268 | 181 | 90 | 14,833 | 277 | 141 | 100 | 14,572 |
| 17 | North Dakota HFA - Home Mortgage Finance Program | 92 | 71 | 61 | 11,559 | 67 | 68 | 38 | 10,980 | 99 | 80 | 30 | 10,586 | 110 | 90 | 48 | 10,656 |
| 18 | Oregon HCSD - Single Family Mortgage Revenue Bonds | 53 | 96 | 119 | 8,831 | 39 | 61 | 71 | 7,845 | 24 | 65 | 75 | 7,104 | 31 | 88 | 96 | 6,787 |
| 19 | Pennsylvania HFA - Single Family Mortgage Revenue Bonds | 767 | 950 | 316 | 46,726 | 750 | 744 | 269 | 48,424 | 768 | 809 | 276 | 44,061 | 898 | 1,001 | 333 | 40,677 |
| 20 | Rhode Island HMFC - Homeownership Opportunity Bonds | 116 | 100 | 19 | 9,754 | 86 | 45 | 17 | 9,124 | 72 | 28 | 6 | 7,794 | 67 | 6 | 6 | 6,723 |
| 21 | SONYMA - Homeowner Mortgage Revenue Bonds | 236 | 121 | 204 | 34,575 | 238 | 92 | 334 | 39,002 | 229 | 125 | 235 | 39,023 | 210 | 122 | 286 | 38,710 |
| 22 | South Carolina State HFDA - Mortgage Revenue Bonds | 337 | 125 | 164 | 8,598 | 323 | 113 | 155 | 7,999 | 215 | 86 | 130 | 7,186 | 262 | 60 | 165 | 6,073 |
| 23 | South Dakota HDA - Homeownership Mortgage Bonds | 117 | 134 | 247 | 17,645 | 86 | 46 | 186 | 16,894 | 94 | 40 | 145 | 15,656 | 82 | 37 | 171 | 14,865 |
| 24 | Tennessee HDA - Homeownership Program Bonds | 736 | 1,067 | 195 | 23,273 | 637 | 884 | 145 | 21,985 | 621 | 880 | 167 | 19,273 | 647 | 1,049 | 176 | 18,159 |
| 25 | Utah HC - Single Family Mortgage Rev Bonds (2000 Indenture) | 118 | 173 | 49 | 5,756 | 68 | 51 | 59 | 6,357 | 119 | 81 | 56 | 6,809 | 96 | 73 | 38 | 5,825 |
| 26 | Vermont HFA - Single Family Housing Bonds | 77 | 36 | 46 | 5,847 | 68 | 32 | 44 | 5,801 | 78 | 23 | 34 | 5,243 | 62 | 33 | 33 | 4,804 |
| 27 | Virginia HDA - Commonwealth Mortgage Bonds | 616 | 715 | 218 | 38,273 | 415 | 381 | 167 | 36,214 | 348 | 326 | 84 | 32,718 | 257 | 172 | 87 | 29,760 |
| 28 | West Virginia HDF - Housing Finance Bonds | 182 | 118 | 163 | 12,676 | 174 | 81 | 154 | 12,800 | 152 | 70 | 116 | 12,178 | 144 | 92 | 135 | 11,858 |
| 29 | Wisconsin HEDA Homeownership Revenue Bonds (1988 Resolution) | 97 | 64 | 112 | 16,288 | 63 | 51 | 56 | 15,557 | 21 | 10 | 57 | 14,262 | 28 | 10 | 41 | 12,257 |
| 30 | Wisconsin HEDA Homeownership Revenue Bonds (1987 Resolution) | 87 | 50 | 72 | 12,447 | 37 | 29 | 47 | 12,402 | 19 | 10 | 35 | 10,083 | 23 | 7 | 38 | 8,815 |
| 31 | Wyoming CDA - Single Family Mortgage (1994 Indenture) | 125 | 68 | 201 | 9,496 | 203 | 64 | 129 | 9,007 | 171 | 46 | 86 | 7,967 | 166 | 52 | 181 | 7,400 |
| 32 | Wyoming CDA - Single Family Mortgage Revenue Bonds | 14 | 10 | 24 | 1,201 | 35 | 9 | 14 | 1,382 | 29 | 5 | 16 | 1,646 | 22 | 7 | 35 | 1,833 |

** Data includes information on loans that were pooled into Ginnie Mae securities..* *** Total loans outstanding* **** Foreclosures are included in 90+ days, NA = not available.*

State HFA Single Family Whole-Loan Programs See Increasing Delinquency and Foreclosure Rates

# Appendix III

## Mortgage Insurance Data for Moody's-Rated State HFA Single Family Whole Loan Programs as of December 31, 2008

| # | HFA Single Family Whole Loan Program | FHA | VA | RD | Total Federal | MGIC | Genworth | UGRIC | Radian | RMIC | Triad | PMI Co. | Other Insurance | Total PMI | Uninsured with LTV below 80% | Uninsured with LTV above 80% |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Alaska HFC - Home Mortgage Revenue Bonds | 22.13% | 23.70% | 0.00% | 45.83% | 1.74% | 0.00% | 0.17% | 1.63% | 0.03% | 0.00% | 0.67% | 14.16% | 18.40% | 25.40% | 10.37% |
| 2 | CalHFA - Home Mortgage Revenue Bond Program | 33.24% | 1.08% | 0.32% | 34.65% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.07% | 42.29% | 42.36% | 22.99% | 0.00% |
| 3 | Colorado HFA - Single Family Program | 65.64% | 7.04% | 2.63% | 75.31% | 6.69% | 4.78% | 0.00% | 0.40% | 2.18% | 0.51% | 1.07% | 1.93% | 17.56% | 7.34% | 0.00% |
| 4 | Connecticut HFA - Housing Mortgage Finance Bonds | 73.70% | 2.90% | 1.30% | 77.90% | 1.20% | 0.00% | 1.50% | 0.00% | 0.50% | 0.00% | 1.20% | 4.00% | 8.40% | 13.70% | 0.00% |
| 5 | Idaho H&FA - Single Family Mortgage Bond Indentures | 46.34% | 4.86% | 9.55% | 60.75% | 9.70% | 19.70% | 1.29% | 3.29% | 0.18% | 0.00% | 0.21% | 1.22% | 35.60% | 3.65% | 0.00% |
| 6 | Illinois HDA - Homeowner Mortgage Revenue Bonds | 0.11% | 0.00% | 5.89% | 6.00% | 33.18% | 2.87% | 18.10% | 8.43% | 4.19% | 0.00% | 1.41% | 0.00% | 68.18% | 25.78% | 0.04% |
| 7 | Kentucky HC - Housing Revenue Bonds | 46.92% | 4.34% | 19.39% | 70.64% | 0.25% | 0.48% | 0.32% | 0.02% | 0.02% | 0.08% | 0.07% | 26.81% | 28.06% | 0.28% | 1.02% |
| 8 | Maine State HA - Mortgage Purchase Program | 25.37% | 7.37% | 30.04% | 62.78% | 13.32% | 0.70% | 2.25% | 2.26% | 0.83% | 0.02% | 2.80% | 0.85% | 23.03% | 11.03% | 3.16% |
| 9 | Maryland CDA - Residential Revenue Bonds | 33.45% | 2.59% | 1.89% | 37.93% | 27.80% | 2.08% | 12.17% | 1.49% | 9.13% | 0.67% | 2.72% | 4.63% | 60.69% | 0.08% | 1.30% |
| 10 | MassHousing - Single Family Housing Revenue | 1.26% | 0.00% | 0.06% | 1.32% | 2.22% | 0.22% | 0.00% | 0.70% | 0.70% | 0.00% | 0.71% | 59.54% | 64.09% | 29.14% | 5.45% |
| 11 | Minnesota HFA - Residential Housing Finance Bonds | 19.25% | 1.41% | 19.63% | 40.29% | 24.31% | 9.94% | 3.32% | 0.00% | 6.54% | 0.29% | 2.07% | 1.42% | 47.89% | 11.82% | 0.00% |
| 12 | Montana BoH - Single Family Mortgage (1977 Indenture) | 49.00% | 12.14% | 18.42% | 79.56% | 3.65% | 12.29% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 15.94% | 4.11% | 0.30% |
| 13 | Montana BoH - Single Family Program Bonds | 65.47% | 9.53% | 25.00% | 100.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 14 | New Hampshire HFA - Single Family Mortgage Acquisition Revenue Bonds | 11.80% | 4.80% | 6.40% | 23.00% | 1.20% | 1.50% | 62.30% | 0.50% | 0.00% | 0.00% | 0.10% | 0.00% | 65.60% | 11.40% | 0.00% |
| 15 | New Jersey Housing & Mortgage FA Housing Revenue Bond Resolution | 48.23% | 4.18% | 1.73% | 54.14% | 15.12% | 0.43% | 6.03% | 0.10% | 0.23% | 0.09% | 0.50% | 0.78% | 23.28% | 16.61% | 5.97% |
| 16 | North Carolina HFA - Home Ownership Revenue Bonds (1998) | 33.26% | 5.72% | 10.24% | 49.22% | 8.71% | 24.99% | 3.98% | 1.04% | 4.22% | 0.46% | 2.14% | 0.00% | 45.54% | 5.24% | 0.00% |
| 17 | North Dakota HFA - Home Mortgage Finance Program | 53.89% | 7.23% | 10.16% | 71.28% | 8.32% | 8.57% | 0.00% | 0.34% | 0.00% | 0.00% | 0.33% | 0.88% | 18.44% | 9.94% | 0.34% |
| 18 | Oregon HCSD - Single Family Mortgage Revenue Bonds | 41.67% | 0.00% | 9.68% | 51.35% | 19.80% | 0.12% | 3.30% | 0.06% | 1.30% | 0.04% | 0.42% | 0.02% | 25.06% | 23.59% | 0.00% |
| 19 | Pennsylvania HFA - Single Family Mortgage Revenue Bonds | 45.00% | 4.00% | 7.00% | 56.00% | 10.00% | 5.00% | 2.00% | 2.00% | 2.00% | 0.46% | 0.00% | 5.54% | 27.00% | 17.00% | 0.00% |
| 20 | Rhode Island HMFC - Homeownership Opportunity Bonds | 11.77% | 1.77% | 0.33% | 13.87% | 27.08% | 11.24% | 5.13% | 5.81% | 0.42% | 0.00% | 9.14% | 1.53% | 60.35% | 25.78% | 0.00% |
| 21 | SONYMA - Homeowner Mortgage Revenue Bonds | 0.00% | 0.00% | 0.00% | 0.00% | 0.08% | 28.06% | 0.00% | 17.61% | 0.00% | 0.00% | 0.01% | 4.51% | 50.27% | 49.72% | 0.00% |
| 22 | South Carolina State HFDA - Mortgage Revenue Bonds | 34.64% | 0.29% | 0.23% | 35.16% | 14.85% | 5.70% | 20.27% | 0.34% | 6.62% | 4.66% | 5.07% | 0.03% | 57.54% | 7.30% | 0.00% |
| 23 | South Dakota HDA - Homeownership Mortgage Bonds | 30.13% | 6.96% | 29.33% | 66.42% | 16.51% | 3.73% | 2.28% | 0.00% | 0.00% | 0.00% | 0.37% | 0.41% | 23.30% | 10.28% | 0.00% |
| 24 | Tennessee HDA - Homeownership Program Bonds | 61.85% | 3.95% | 11.29% | 77.09% | 6.01% | 7.97% | 2.47% | 0.09% | 0.18% | 0.17% | 0.06% | 1.94% | 18.89% | 4.02% | 0.00% |
| 25 | Utah HC - Single Family Mortgage Rev Bonds (2000 Indenture) | 97.90% | 2.06% | 0.04% | 100.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 26 | Vermont HFA - Single Family Housing Bonds | 0.02% | 0.00% | 11.11% | 11.13% | 54.69% | 0.27% | 0.17% | 0.00% | 0.00% | 0.00% | 3.42% | 0.64% | 59.19% | 29.68% | 0.00% |
| 27 | Virginia HDA - Commonwealth Mortgage Bonds | 31.59% | 10.02% | 3.32% | 44.94% | 4.11% | 2.01% | 0.77% | 0.41% | 2.37% | 0.38% | 1.49% | 0.09% | 11.62% | 6.77% | 36.67% |
| 28 | West Virginia HDF - Housing Finance Bonds | 20.89% | 6.19% | 18.10% | 45.18% | 12.11% | 11.57% | 2.39% | 0.80% | 1.49% | 0.34% | 5.95% | 0.67% | 35.32% | 18.62% | 0.89% |
| 29 | Wisconsin HEDA Homeownership Revenue Bonds (1987 and 1988 Resolutions) | 0.00% | 0.00% | 0.00% | 0.00% | 36.33% | 32.71% | 1.79% | 0.04% | 3.49% | 0.00% | 3.58% | 5.29% | 83.22% | 16.74% | 0.00% |
| 30 | Wyoming CDA - Single Family Mortgage (1994 Indenture) | 35.06% | 6.09% | 6.03% | 47.18% | 0.05% | 25.29% | 0.00% | 23.21% | 0.00% | 0.00% | 0.00% | 0.04% | 48.59% | 4.23% | 0.00% |
| 31 | Wyoming CDA - Single Family Mortgage Revenue Bonds | 43.93% | 4.54% | 10.51% | 58.98% | 0.00% | 4.56% | 0.00% | 29.09% | 0.00% | 0.00% | 0.00% | 2.42% | 36.07% | 4.95% | 0.00% |

State HFA Single Family Whole-Loan Programs See Increasing Delinquency and Foreclosure Rates

# Appendix IV

## Loan Type Data for Moody's-Rated State HFA Single Family Whole Loan Programs as of December 31, 2008

| # | HFA Single Family Whole Loan Program | % Interest Only Loans For an Initial Period | % Step Rate Loans | % 30 Year Level Amortization* | % 40 Year Level Amortization | Other |
|---|---|---|---|---|---|---|
| 1 | Alaska HFC - Home Mortgage Revenue Bonds | 0.00% | 0.00% | 96.70% | 0.00% | 3.30% |
| 2 | CalHFA - Home Mortgage Revenue Bond Program | 24.06% | 0.00% | 71.81% | 4.13% | 0.00% |
| 3 | Colorado HFA - Single Family Program | 0.00% | 0.00% | 98.75% | 1.25% | 0.00% |
| 4 | Connecticut HFA - Housing Mortgage Finance Bonds | 0.00% | 0.00% | 100.00% | 0.00% | 0.00% |
| 5 | Idaho H&FA - Single Family Mortgage Bond Indentures | 0.00% | 17.72% | 82.28% | 0.00% | 0.00% |
| 6 | Illinois HDA - Homeowner Mortgage Revenue Bonds | 0.00% | 0.00% | 99.50% | 0.04% | 0.46% |
| 7 | Kentucky HC - Housing Revenue Bonds | 0.00% | 0.00% | 100.00% | 0.00% | 0.00% |
| 8 | Maine State HA - Mortgage Purchase Program | 0.00% | 0.00% | 96.75% | 0.40% | 2.85% |
| 9 | Maryland CDA - Residential Revenue Bonds | 36.00% | 0.00% | 58.00% | 6.00% | 0.00% |
| 10 | MassHousing - Single Family Housing Revenue | 0.46% | 0.00% | 97.97% | 1.57% | 0.00% |
| 11 | Minnesota HFA - Residential Housing Finance Bonds | 0.00% | 0.00% | 89.49% | 10.51% | 0.00% |
| 12 | Montana BoH - Single Family Mortgage (1977 Indenture) | 0.00% | 0.00% | 100.00% | 0.00% | 0.00% |
| 13 | Montana BoH - Single Family Program Bonds | 0.00% | 0.00% | 100.00% | 0.00% | 0.00% |
| 14 | New Hampshire HFA - Single Family Mortgage Acquisition Revenue Bonds | 0.00% | 0.00% | 98.73% | 1.27% | 0.00% |
| 15 | New Jersey Housing & Mortgage FA Housing Revenue Bond Resolution | 0.00% | 0.00% | 99.69% | 0.31% | 0.00% |
| 16 | North Carolina HFA - Home Ownership Revenue Bonds (1998) | 0.00% | 0.00% | 100.00% | 0.00% | 0.00% |
| 17 | North Dakota HFA - Home Mortgage Finance Program | 0.00% | 11.61% | 87.07% | 1.24% | 0.08% |
| 18 | Oregon HCSD - Single Family Mortgage Revenue Bonds | 0.00% | 0.01% | 99.85% | 0.00% | 0.14% |
| 19 | Pennsylvania HFA - Single Family Mortgage Revenue Bonds | 0.00% | 0.00% | 100.00% | 0.00% | 0.00% |
| 20 | Rhode Island HMFC - Homeownership Opportunity Bonds | 29.70% | 13.57% | 45.06% | 10.08% | 1.59% |
| 21 | SONYMA - Homeowner Mortgage Revenue Bonds | 0.00% | 1.49% | 94.93% | 2.69% | 0.89% |
| 22 | South Carolina State HFDA - Mortgage Revenue Bonds | 0.00% | 0.00% | 100.00% | 0.00% | 0.00% |
| 23 | South Dakota HDA - Homeownership Mortgage Bonds | 0.00% | 11.27% | 88.73% | 0.00% | 0.00% |
| 24 | Tennessee HDA - Homeownership Program Bonds | 0.00% | 0.00% | 99.61% | 0.00% | 0.39% |
| 25 | Utah HC - Single Family Mortgage Rev Bonds (2000 Indenture) | 0.00% | 0.00% | 100.00% | 0.00% | 0.00% |
| 26 | Vermont HFA - Single Family Housing Bonds | 0.00% | 13.00% | 87.00% | 0.00% | 0.00% |
| 27 | Virginia HDA - Commonwealth Mortgage Bonds | 16.10% | 1.23% | 82.68% | 0.00% | 0.00% |
| 28 | West Virginia HDF - Housing Finance Bonds | 0.00% | 0.00% | 88.00% | 0.00% | 12.00% |
| 29 | Wisconsin HEDA Homeownership Revenue Bonds (1987 and 1988 Resolutions) | 0.00% | 0.00% | 100.00% | 0.00% | 0.00% |
| 30 | Wyoming CDA - Single Family Mortgage (1994 Indenture) | 0.00% | 23.16% | 76.84% | 0.00% | 0.00% |
| 31 | Wyoming CDA - Single Family Mortgage Revenue Bonds | 0.00% | 34.34% | 65.66% | 0.00% | 0.00% |

**Loans may have a term of 30 years or less.*

State HFA Single Family Whole-Loan Programs See Increasing Delinquency and Foreclosure Rates

# Appendix V

**Loan Vintage for Moody's-Rated State HFA Single Family Whole Loan Programs as of December 31, 2008**

| # | HFA Single Family Whole Loan Program | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | Prior years |
|---|---|---|---|---|---|---|---|---|
| 1 | Alaska HFC - Home Mortgage Revenue Bonds | 0.00% | 13.60% | 15.69% | 11.85% | 9.34% | 10.93% | 38.59% |
| 2 | CalHFA - Home Mortgage Revenue Bond Program | 0.00% | 12.49% | 15.51% | 16.67% | 13.26% | 10.12% | 31.96% |
| 3 | Colorado HFA - Single Family Program | 0.06% | 20.23% | 20.33% | 14.66% | 12.96% | 12.26% | 19.50% |
| 4 | Connecticut HFA - Housing Mortgage Finance Bonds | 0.00% | 12.80% | 18.50% | 17.30% | 13.20% | 10.90% | 27.30% |
| 5 | Idaho H&FA - Single Family Mortgage Bond Indentures | 0.00% | 18.07% | 28.80% | 8.85% | 5.64% | 5.01% | 33.63% |
| 6 | Illinois HDA - Homeowner Mortgage Revenue Bonds | 0.00% | 9.32% | 19.47% | 18.41% | 14.75% | 10.57% | 27.48% |
| 7 | Kentucky HC - Housing Revenue Bonds | 0.40% | 11.42% | 18.08% | 21.92% | 13.86% | 8.83% | 25.49% |
| 8 | Maine State HA - Mortgage Purchase Program | 0.00% | 16.32% | 13.05% | 13.39% | 10.82% | 8.76% | 37.66% |
| 9 | Maryland CDA - Residential Revenue Bonds | 0.00% | 17.95% | 33.56% | 28.82% | 4.18% | 4.95% | 10.54% |
| 10 | MassHousing - Single Family Housing Revenue | 0.00% | 12.10% | 14.25% | 14.62% | 9.34% | 10.92% | 38.77% |
| 11 | Minnesota HFA - Residential Housing Finance Bonds | 0.00% | 11.92% | 28.70% | 19.26% | 17.75% | 11.58% | 10.79% |
| 12 | Montana BoH - Single Family Mortgage (1977 Indenture) | 0.00% | 8.24% | 33.37% | 27.60% | 9.73% | 0.71% | 20.35% |
| 13 | Montana BoH - Single Family Program Bonds | 0.00% | 15.05% | 1.78% | 0.82% | 13.78% | 30.12% | 38.45% |
| 14 | New Hampshire HFA - Single Family Mortgage Acquisition Revenue Bonds | 0.00% | 10.94% | 22.24% | 18.11% | 16.00% | 14.37% | 18.33% |
| 15 | New Jersey Housing & Mortgage FA Housing Revenue Bond Resolution | 0.00% | 25.33% | 36.43% | 17.06% | 4.87% | 8.00% | 8.32% |
| 16 | North Carolina HFA - Home Ownership Revenue Bonds (1998) | 0.00% | 9.70% | 29.90% | 17.00% | 8.90% | 6.20% | 28.30% |
| 17 | North Dakota HFA - Home Mortgage Finance Program | 0.00% | 20.04% | 21.02% | 13.69% | 10.07% | 9.06% | 26.12% |
| 18 | Oregon HCSD - Single Family Mortgage Revenue Bonds | 0.00% | 25.14% | 19.68% | 14.35% | 11.06% | 10.27% | 19.50% |
| 19 | Pennsylvania HFA - Single Family Mortgage Revenue Bonds | 0.00% | 14.00% | 21.00% | 19.00% | 13.00% | 13.00% | 20.00% |
| 20 | Rhode Island HMFC - Homeownership Opportunity Bonds | 0.00% | 12.41% | 24.57% | 19.24% | 12.40% | 9.05% | 22.32% |
| 21 | SONYMA - Homeowner Mortgage Revenue Bonds | 0.00% | 16.76% | 10.91% | 12.31% | 6.79% | 13.24% | 39.99% |
| 22 | South Carolina State HFDA - Mortgage Revenue Bonds | 0.00% | 16.83% | 20.49% | 20.51% | 7.56% | 9.07% | 25.54% |
| 23 | South Dakota HDA - Homeownership Mortgage Bonds | 0.00% | 13.72% | 15.23% | 12.64% | 10.24% | 9.91% | 38.26% |
| 24 | Tennessee HDA - Homeownership Program Bonds | 0.00% | 15.27% | 24.61% | 15.29% | 9.97% | 7.15% | 27.71% |
| 25 | Utah HC - Single Family Mortgage Rev Bonds (2000 Indenture) | 0.00% | 0.00% | 7.00% | 17.00% | 18.00% | 18.00% | 40.00% |
| 26 | Vermont HFA - Single Family Housing Bonds | 0.00% | 10.99% | 24.95% | 21.02% | 11.45% | 9.15% | 22.44% |
| 27 | Virginia HDA - Commonwealth Mortgage Bonds | 0.00% | 17.11% | 23.77% | 21.71% | 15.28% | 6.39% | 15.75% |
| 28 | West Virginia HDF - Housing Finance Bonds | 0.00% | 10.65% | 18.07% | 14.65% | 12.79% | 9.26% | 34.58% |
| 29 | Wisconsin HEDA Homeownership Revenue Bonds (1987 and 1988 Resolutions) | 0.00% | 7.11% | 17.19% | 16.77% | 18.84% | 11.83% | 28.25% |
| 30 | Wyoming CDA - Single Family Mortgage (1994 Indenture) | 0.00% | 21.78% | 28.73% | 18.13% | 8.76% | 7.23% | 15.39% |
| 31 | Wyoming CDA - Single Family Mortgage Revenue Bonds | 0.00% | 5.76% | 7.26% | 16.38% | 17.74% | 7.97% | 44.89% |

State HFA Single Family Whole-Loan Programs See Increasing Delinquency and Foreclosure Rates

# Appendix VI

## House Price Appreciation Since 1991, Reported by the FHFA*

| State | Rank | 1-Yr. | Qtr. | 5-Yr. | Since 1991Q1 |
|---|---|---|---|---|---|
| North Dakota | 1 | 1.89 | -0.8 | 31.42 | 117.69 |
| Wyoming | 2 | 1.53 | -0.98 | 48.31 | 210.85 |
| Alaska | 3 | 0.43 | -1.42 | 31.5 | 123.77 |
| Texas | 4 | 0.3 | -1.71 | 21.5 | 90.62 |
| Hawaii | 5 | 0.27 | 0.79 | 56.61 | 116.2 |
| South Dakota | 6 | 0.22 | -2.29 | 22.65 | 126.07 |
| West Virginia | 7 | -0.89 | -0.17 | 24.21 | 85.23 |
| Iowa | 8 | -0.95 | -0.64 | 12.81 | 99.96 |
| Kentucky | 9 | -1.25 | -2.66 | 12.54 | 89.47 |
| New Mexico | 10 | -1.32 | -1.63 | 39.8 | 140.09 |
| Kansas | 11 | -1.35 | -1.33 | 13.41 | 96.32 |
| Oklahoma | 12 | -1.69 | -3.03 | 19.58 | 92.7 |
| Louisiana | 13 | -1.98 | -1.05 | 28.25 | 131.56 |
| Alabama | 14 | -2.34 | -1.92 | 22.98 | 93.97 |
| Montana | 15 | -2.48 | -3.34 | 39.97 | 213.02 |
| Nebraska | 16 | -2.49 | -0.92 | 7.24 | 91.9 |
| Colorado | 17 | -2.61 | -3.04 | 9.24 | 167.74 |
| Arkansas | 18 | -2.69 | -0.41 | 17.74 | 89.43 |
| Pennsylvania | 19 | -2.99 | -2.28 | 28.58 | 98.04 |
| Vermont | 20 | -3.2 | 0.3 | 31.39 | 112.58 |
| New York | 21 | -3.28 | -2.53 | 20.71 | 118.48 |
| South Carolina | 22 | -3.42 | -3.49 | 19.82 | 92.14 |
| Wisconsin | 23 | -3.47 | -2.69 | 10.86 | 120.93 |
| Missouri | 24 | -3.55 | -3.44 | 10.56 | 94.95 |
| North Carolina | 25 | -3.66 | -3.6 | 21.64 | 93.87 |
| Mississippi | 26 | -3.72 | -1.11 | 20.06 | 83.98 |
| Indiana | 27 | -3.87 | -4.51 | 3.16 | 60.28 |
| Tennessee | 28 | -3.9 | -2.77 | 19.14 | 95.22 |
| District of Columbia | 29 | -3.93 | -1.86 | 46.62 | 234.08 |
| Maine | 30 | -5.01 | -5.28 | 14.57 | 116.63 |
| Massachusetts | 31 | -5.54 | -1.33 | 0.23 | 125.38 |
| Illinois | 32 | -5.75 | -3.03 | 11.64 | 99.21 |
| Ohio | 33 | -6.16 | -4.78 | -3.16 | 60.28 |
| Connecticut | 34 | -6.47 | -3.62 | 15.2 | 84.13 |
| Idaho | 35 | -6.5 | -4.05 | 41.27 | 146.11 |
| Utah | 36 | -6.58 | -4.2 | 42.91 | 197 |
| Oregon | 37 | -7.05 | -4.24 | 40.69 | 211.71 |
| New Jersey | 38 | -7.34 | -2.32 | 21.56 | 137.02 |
| Washington | 39 | -7.42 | -5.05 | 40.67 | 159.02 |

State HFA Single Family Whole-Loan Programs See Increasing Delinquency and Foreclosure Rates

**House Price Appreciation Since 1991, Reported by the FHFA***

| State | Rank | 1-Yr. | Qtr. | 5-Yr. | Since 1991Q1 |
|---|---|---|---|---|---|
| Delaware | 40 | -7.58 | -3.1 | 25.64 | 101.8 |
| New Hampshire | 41 | -7.63 | -4.12 | 1.4 | 106.74 |
| Minnesota | 42 | -8.11 | -4.52 | 0.35 | 125.57 |
| United States | - | -8.27 | -4.36 | 12.74 | 100.5 |
| Rhode Island | 43 | -9.41 | -2.34 | 5.34 | 104.48 |
| Virginia | 44 | -10.08 | -5.97 | 22.97 | 116.11 |
| Georgia | 45 | -10.26 | -7.58 | 2.89 | 75.4 |
| Michigan | 46 | -11.4 | -5.45 | -19.68 | 57.6 |
| Maryland | 47 | -11.83 | -5.13 | 29.43 | 132.48 |
| Arizona | 48 | -20.56 | -9.13 | 20.23 | 131.27 |
| Florida | 49 | -23.96 | -7.72 | 8.07 | 111.46 |
| California | 50 | -25.52 | -6.97 | -8.19 | 72.19 |
| Nevada | 51 | -28.24 | -10.91 | -2.76 | 70.65 |

**The above data is from FHFA's Purchase-Only House Price Index and is not seasonally-adjusted. The data can be found at www.fhfa.gov. Data is as of the period ended December 31, 2008.*

State HFA Single Family Whole-Loan Programs See Increasing Delinquency and Foreclosure Rates

# Appendix VII

| Rated Private Mortgage Insurance Companies | Rating | Outlook |
|---|---|---|
| Amerin Guaranty Corporation | Ba3 | DEV |
| Genworth Financial Assurance Corporation | Baa2 | DEV |
| Genworth Mortgage Insurance Corporation | Baa2 | DEV |
| Genworth Residential Mtg. Ins. Corp. of NC | Baa2 | DEV |
| MGIC Indemnity Corporation | Ba2 | DEV |
| Mortgage Guaranty Insurance Corp. | Ba2 | DEV |
| PMI Insurance Company | Ba3 | DEV |
| PMI Mortgage Insurance Co. | Ba3 | DEV |
| Radian Guaranty Inc. | Ba3 | DEV |
| Radian Insurance Inc. | B1 | DEV |
| Republic Mortgage Insurance Company | Baa2 | DEV |
| United Guaranty Mortgage Indemnity Company | A3 | NEG |

# Moody's Related Research

## Special Comments:

- HFA Roadmap: Evaluating State HFA Single Family Program Ratings in the Current Economic Environment, March 2009 (115376).
- State Housing Finance Agencies – Sector Outlook, November 2008 (112789).

*To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.*

# State HFA Single Family Whole-Loan Programs See Increasing Delinquency and Foreclosure Rates

Report Number: 117308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***Moody's Investors Service***

vhfa

**Vermont Housing Finance Agency**

# MEMORANDUM

**TO:** VHFA Board of Commissioners

**FROM:** Joe Erdelyi, Director of Development

**DATE:** June 11, 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 $4,624,268 of the 2009-2010 pool has been committed, leaving $499,617 available to allocate. Assuming the two recommended projects before the Board at this meeting are funded there will be no 2009-2010 credits remaining.

Please note that the 2010 pool is an estimated amount, and we will still receive some amount of national pool credits in 2009 and likely in 2010.

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 the current applicants compare to other projects that recently received Housing Credit commitments.

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

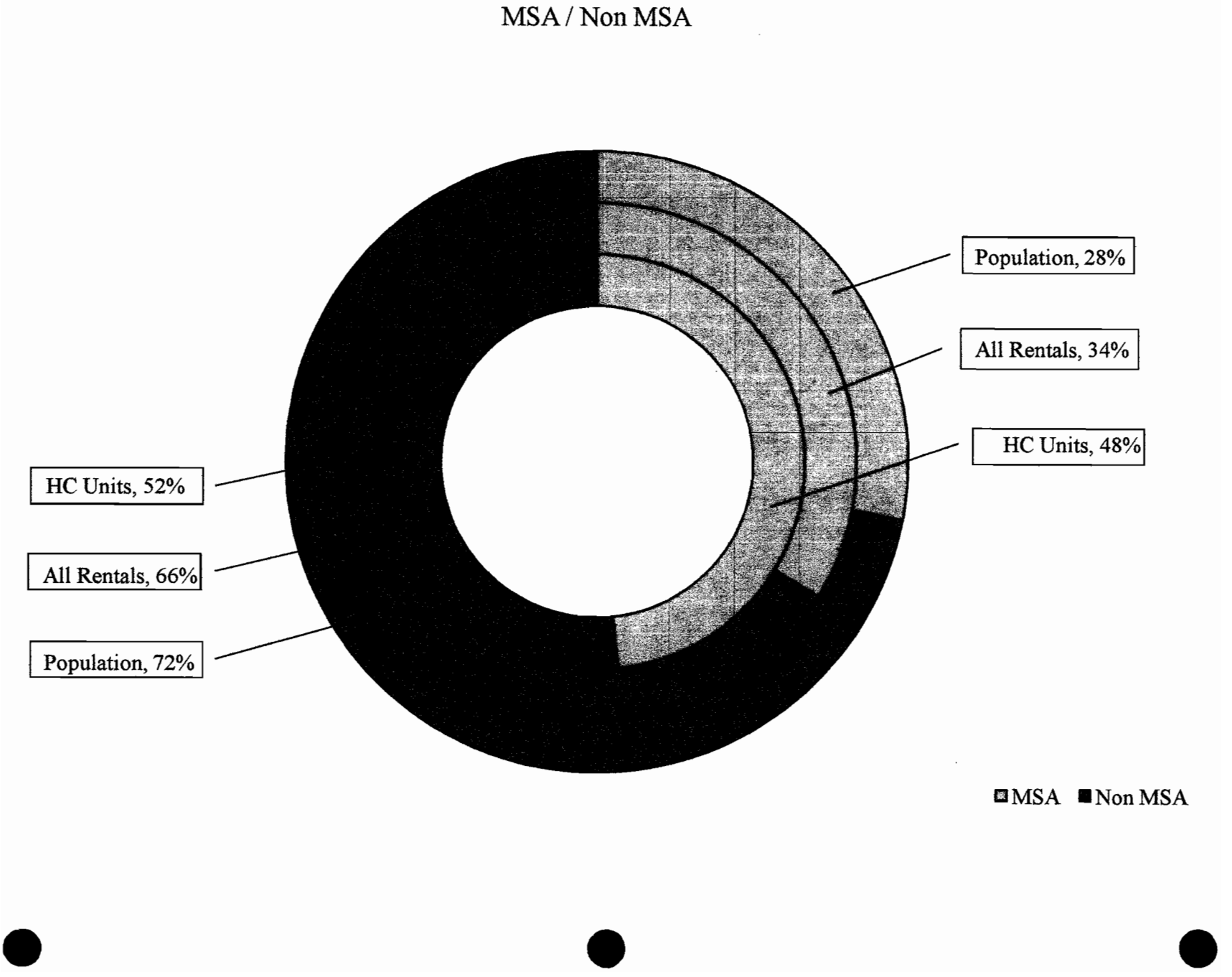
EQUAL HOUSING OPPORTUNITY

Housing Credit Status Report

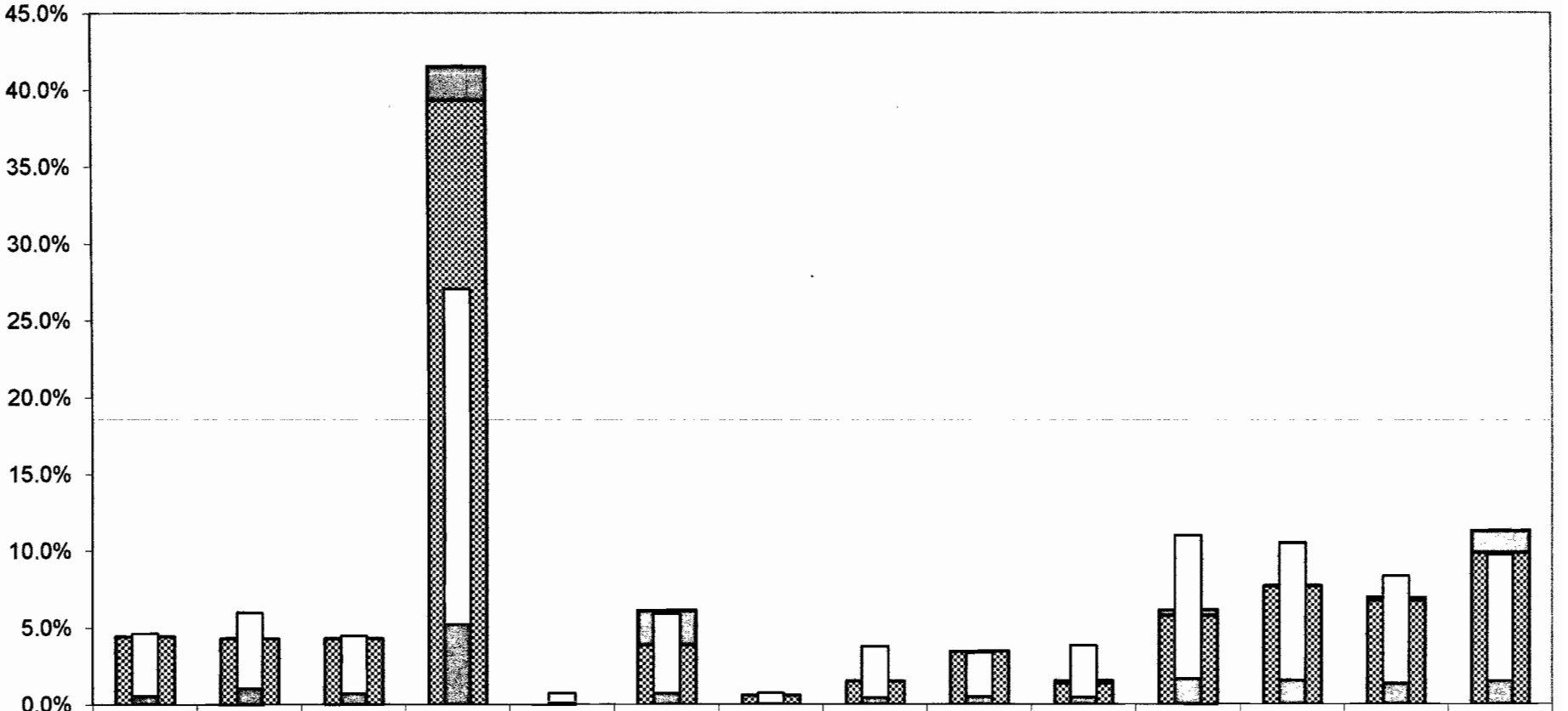
| | | | |
|---|---|---|---|
| 2008 Carry Forward to 2009 | | - | |
| Total 2009 Available | | 2,665,000 | |
| Total 2010 Available (est.) | | 2,450,000 | |
| 2009 National Pool | | - | |
| 2009 Returns | | 8,885 | |
| 2010 Returns | | - | |
| Total 2009-10 Available: | | 5,123,885 | |
| | | | |
| Less: LOI, Res, CA issued in 2009/10 | | 4,624,268 | |
| Remaining Available in 2009/10: | | | 499,617 |

| Project Name | City | County | MSA / Non MSA | Total # of Units | # of LIHTC Units | Project Type | Housing Credit Allocation | Allocation Per Unit |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| **Pipeline** | | | | | | | | |
| Barre Street Apartments (811) | Montpelier | Washington | Non MSA | 25 | 23 | Acq/Rehab | | |
| Cottages at Middlebury South | Middlebury | Addison | Non MSA | 23 | 23 | New Construction | 370,000 | 16,087 |
| | | | | | | | | |
| **Pre-Applicaton Meetings** | | | | | | | | |
| Centre Drive | Milton | Chittenden | MSA | 24 | 23 | New Construction | 363,199 | 15,133 |
| Forest Park | Rutland | Rutland | Non MSA | 78 | 64 | New Construction | 1,023,000 | 13,115 |
| Grand Way II | South Burlington | Chittenden | MSA | 30 | 30 | New Construction | 484,000 | 16,133 |
| Upper Story Housing | Brattleboro | Windham | Non-MSA | 24 | 19 | New Construction | 445,000 | 18,542 |
| Wexford at Quarry Hill | South Burlington | Chittenden | MSA | 32 | 32 | New Construction | 612,722 | 19,148 |
| Shelburne Woods 1 | Shelburne | Chittenden | MSA | 34 | 34 | Rehab & New Construction | 957,301 | 28,156 |
| | | | | | | | | |
| **Letter of Intent, Reservation, or Carryover Allocation Issued** | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| Canal Street Veterans Housing | Winooski | Chittenden | MSA | 29 | 28 | New Construction | 366,000 | 12,621 |
| Ellis Block | Springfield | Windsor | Non MSA | 9 | 9 | Rehabilitation | 110,000 | 12,222 |
| Salisbury Square increase | Randolph | Orange | Non MSA | 2 | 2 | Rehab & New Construction | 160,000 | 22,857 |
| Grange Hill | Woodstock | Windsor | Non MSA | 28 | 23 | New Construction | 550,000 | 19,643 |
| Alburgh Family | Alburgh | Franklin | MSA | 14 | 14 | Acq/Rehab/New Constr | 200,000 | 14,286 |
| Johnson Community Housing | Johnson | Lamoille | Non-MSA | 28 | 26 | New Const & Acq/Rehab | 492,000 | 17,571 |
| Blake Commons | Swanton | Franklin | MSA | 16 | 16 | New Construction | 333,500 | 20,844 |
| Anne Wilder Richards Building (Western Ave) | Brattleboro | Windham | Non MSA | 21 | 18 | New Construction | 345,000 | 16,429 |
| North Branch and Barre Street Rehabilitation | Montpelier | Washington | Non MSA | 45 | 34 | Acq/Rehab | 290,000 | 6,444 |
| Bellows Falls Housing - Pine Street | Bellows Falls | Windham | Non MSA | 11 | 11 | Acq Rehab | 175,352 | 15,941 |
| Abbott Neighborhood Housing | Brattleboro | Windham | Non MSA | 29 | 27 | Acq Rehab | 283,500 | 9,776 |
| Salisbury Square | Randolph | Orange | Non MSA | 12 | 12 | New Construction | 160,000 | 22,857 |
| Vergennes Senior | Vergennes | Addison | Non MSA | 25 | 20 | New Construction | 410,000 | 16,400 |
| Rutland Scattered Sites 2008 | Rutland | Rutland | Non MSA | 27 | 25 | Acq Rehab New Const | 369,600 | 13,689 |
| Brookside - St Albans | St Albans | Franklin | MSA | 37 | 37 | New Construction | 692,067 | 18,705 |
| Brookside HVT | Colchester | Chittenden | MSA | 42 | 36 | New Construction | 585,000 | 13,929 |
| Meadowlane Apartments | Milton | Chittenden | MSA | 36 | 35 | Acq/Rehab/New Const | 326,000 | 9,056 |
| Cummings Street Apartments | Montpelier | Washington | Non MSA | 20 | 20 | Acq/Rehab | 77,700 | 3,885 |
| NAMCO Block Allocated | Windsor | Windsor | Non MSA | 43 | 43 | Acq/Rehab | 629,580 | 14,641 |
| Tontine Canal | Guilford/Brattleboro | Windham | Non MSA | 21 | 19 | Acq/Rehab | 229,500 | 10,929 |
| King Street Housing/Howard Bank Block | Burlington | Chittenden | MSA | 20 | 17 | New Construction | 410,000 | 20,500 |
| Wheeler Brook Housing | Warren | Washington | Non MSA | 18 | 18 | New Construction | 317,453 | 17,636 |
| Downtown Crossing | Bennington | Bennington | Non MSA | 12 | 11 | Rehab/New Construction | 152,379 | 12,698 |
| Stonewall / Bianchi | Montpelier | Washington | Non MSA | 18 | 18 | Acq/Rehab | 150,000 | 8,333 |
| Hardwick - Bemis Block | Hardwick | Caledonia | Non MSA | 14 | 14 | Rehabilitation | 98,000 | 7,000 |
| Willard Mill | St. Albans | Franklin | MSA | 27 | 24 | Acq/Rehab | 360,100 | 13,337 |
| Birge & Worden | Brattleboro | Windham | Non MSA | 17 | 15 | Acq/Rehab | 244,000 | 14,353 |
| Sylvan Woods Stowe | Stowe | Lamoille | Non MSA | 28 | 22 | New Construction | 519,000 | 18,536 |
| Village Housing | Middlebury | Addison | Non MSA | 30 | 25 | New Construction | 531,000 | 17,700 |
| Rutland AFS | Rutland | Rutland | Non MSA | 13 | 12 | New Construction/Rehab | 227,000 | 17,462 |
| Callahan Housing | Burlington | Chittenden | MSA | 28 | 28 | Acq/Rehab | 267,750 | 9,563 |
| Bradford | Bradford | Orange | Non MSA | 32 | 27 | Rehabilitation | 434,375 | 13,574 |
| Enosburg Falls Downtown Redevelopment | Enosburg Falls | Franklin | Non MSA | 28 | 25 | New Construction/Rehab | 509,250 | 18,188 |
| Eastern Townships (fka Main St Mill) | Richford | Franklin | Non MSA | 12 | 12 | Rehabilitation | 162,500 | 13,542 |
| Wilder Building | Brattleboro | Windham | Non MSA | 8 | 8 | Rehabilitation | 118,500 | 14,813 |
| West River Valley Senior Housing | Townshend | Windham | Non MSA | 52 | 34 | New Construction | 482,650 | 9,282 |

| | State Consolidated Plan Priorities / Other Priorities Table | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *First Tier* | | | | | | *Second Tier* | | | | | | |
| 2009-2010 | Rehab or Vacancy <3.5% | Family Housing | Settlement Pattern | Downtown or Village Center | Removal of Blight | Special Needs | Mixed Income | Unique Design | <30% or targets homeless | Public Housing | Eventual Tenant Ownership | Total | Housing Credit Amount |
| Centre Drive | XX | XX | XX | | | | | X | | | | 41% | $ 363,199 |
| Grand Way II | XX | | XX | | XX | XX | | | | | | 47% | $ 484,000 |
| Shelburne Wood I | XX | XX | XX | XX | | | X | | X | X | | 65% | $ 957,301 |
| Upper Story Housing | XX | XX | XX | XX | | | X | | X | X | | 65% | $ 445,000 |
| Wexford at Quarry Hill | XX | XX | XX | | | | | X | | | | 41% | $ 612,722 |
| Grange Hill, Woodstock | XX | XX | XX | XX | | | | | | | | 47% | $ 550,000 |
| Ellis Block | XX | | XX | XX | XX | | | | | X | | 53% | $ 110,000 |
| Canal Street Veterans Housing | XX | | XX | XX | XX | XX | | | X | | | 65% | $ 366,000 |
| Alburgh Family Housing | XX | XX | XX | XX | XX | | | | X | | | 65% | $ 200,000 |
| Johnson Community Housing | XX | XX | XX | XX | XX | | | | | | | 59% | $ 492,000 |
| Blake Commons | XX | XX | XX | XX | | | | | | | | 47% | $ 333,500 |
| **2009** | | | | | | | | | | | | | |
| Salisbury Square | XX | XX | XX | XX | XX | | | | | | | 59% | $ 320,000 |
| Vergennes Senior | XX | | XX | XX | | | X | | X | | | 47% | $ 410,000 |
| Brookside - Colchester | XX | XX | XX | XX | | | | | | | | 47% | $ 585,000 |
| Rutland Scattered Sites 2008 | XX | XX | XX | XX | | | | | | | | 47% | $ 352,000 |
| Anne Wilder Richards Bldg | XX | | XX | XX | | | | | X | X | | 47% | $ 345,000 |
| Bellows Falls - Pine Street | XX | | XX | XX | | | | | X | | | 41% | $ 210,000 |
| Brookside - St. Albans | XX | XX | XX | | | | | X | | | | 41% | $ 492,000 |
| Colby House | XX | | XX | | XX | | X | | | | | 41% | $ 289,631 |
| ~~Grange Hill~~ | ~~XX~~ | ~~XX~~ | ~~XX~~ | | | | | | | | | ~~35%~~ | ~~$ 365,500~~ |
| **2008** | | | | | | | | | | | | | |
| Cummings Street Apts | XX | XX | XX | XX | | | | | X | | | 53% | $ 77,700 |
| Tontine Canal | XX | XX | XX | XX | | | | | | | | 47% | $ 229,500 |
| King Street Housing | XX | | XX | XX | | | | | | | X | 41% | $ 410,000 |
| Armory Square Allocated | XX | | XX | XX | | | | | X | | | 41% | $ 629,580 |
| Meadowlane Apts. Milton | XX | | XX | | | | | | X | | | 29% | $ 326,000 |
| North Branch Barre St Rehab | XX | XX | XX | XX | X | | | | | | | 53% | $ 260,000 |
| Abbott Scattered Sites | XX | XX | XX | XX | X | | | | | | | 53% | $ 283,500 |
| **2007** | | | | | | | | | | | | | |
| Stonewall / Bianchi | XX | XX | XX | XX | XX | | X | | X | | | 71% | $ 150,000 |
| Downtown Crossing | XX | XX | XX | XX | | | X | | | | | 53% | $ 152,379 |
| Bemis Block | XX | | XX | XX | XX | | | | X | | | 53% | $ 98,000 |
| Willard Mill, St. Albans | XX | XX | XX | XX | | | X | | | | | 53% | $ 360,100 |
| Main Street Mill Revelopmt Richford | XX | | XX | XX | XX | | | | | | | 47% | $ 162,500 |
| West River Valley Senior | | | XX | XX | | XX | X | | X | | | 47% | $ 482,650 |
| Callahan | XX | XX | XX | XX | | | | | | | | 47% | $ 267,750 |
| Birge & Worden, Brattleboro | XX | | XX | XX | | | X | | X | | | 47% | $ 244,000 |
| Wheeler Brook Housing | XX | XX | | | | | X | | | | | 29% | $ 260,000 |


MSA / Non MSA
Population, 28%
All Rentals, 34%
HC Units, 48%
HC Units, 52%
All Rentals, 66%
Population, 72%
MSA
Non MSA

## Geographic Distribution




| | Addison | Bennington | Caledonia | Chittenden | Essex | Franklin | Grand Isle | Lamoille | Orange | Orleans | Rutland | Washington | Windham | Windsor |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| units in process | 0.0% | 0.0% | 0.0% | 2.2% | 0.0% | 2.2% | 0.0% | 0.0% | 0.0% | 0.2% | 0.4% | 0.0% | 0.2% | 1.5% |
| units in service | 4.4% | 4.3% | 4.3% | 39.3% | 0.0% | 3.9% | 0.6% | 1.5% | 3.4% | 1.4% | 5.8% | 7.7% | 6.8% | 9.8% |
| all rental housing | 4.6% | 6.0% | 4.5% | 27.0% | 0.8% | 5.9% | 0.7% | 3.8% | 3.4% | 3.8% | 11.0% | 10.5% | 8.3% | 9.7% |
| all assisted units | 0.56% | 1.06% | 0.74% | 5.24% | 0.11% | 0.74% | 0.07% | 0.46% | 0.50% | 0.47% | 1.67% | 1.55% | 1.34% | 1.52% |

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**Vermont Housing Finance Agency**

**MEMORANDUM**

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: July 21, 2009

**RE: CONFIRMATION OF UPCOMING VHFA BOARD MEETING**

This is to notify you that the next meeting of the Vermont Housing Finance Agency Board of Commissioners has been confirmed. The meeting will be held:

**Tuesday, July 28, 2009**
VHFA
164 St. Paul St., Burlington
**8:00 a.m. – noon**

Attached are the Agenda and Board packet. Please feel free to contact me should you have any questions prior to the meeting.

**mailing address** P.O. Box 408, Burlington, VT 05402-0408 **delivery address** 164 Saint Paul St., Burlington, VT 05401-4364
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EQUAL HOUSING OPPORTUNITY

**VHFA BOARD MEETING AGENDA**
**Tuesday, July 28, 2009**
VHFA
164 St. Paul St., Burlington
**8:00 a.m. – noon**

**Meeting Start** **8:00 a.m.**

**Review and Approval of June 19, 2009 Minutes** (5 minutes) Enclosure

**Executive Director's Report** (10 minutes) Carpenter/Enclosure

**Finance**

- Finance Update (15 minutes) Connors/Discussion
- VHFA Purchase of VHFA Bonds (20 minutes) Mullikin Drake/Enclosure
  - Amendments to Single Family Housing Bond Resolution, Multiple Purpose Bonds Indenture and Multi-Family Mortgage Bonds Resolution

**Administration**

- Appointment of Housing Vermont Board Members (30 minutes) Carpenter/Enclosure

**Homeownership**

- Summary of Homeownership Activities/Reports (15 minutes) Crady/Enclosure
- Estimated Value of VHFA's Single Family Portfolio (10 minutes) Collins/Enclosure

**Development**

- MacArthur Foundation Borrowing Resolution (10 minutes) Mullikin Drake/Enclosure

**Break** **9:55 a.m.**

**Development** (continued)

- TCAP Recommendations by Project (1 hour) Erdelyi, Reid, Slade/Enclosure
- Centre Drive, Milton - Construction Financing and Bond Credits (10 minutes) Erdelyi/Enclosure
- Grand Way II, South Burlington - Construction Financing and Bond Credits (10 minutes) Reid/Enclosure
- Courtyard Apartments, Winooski - Construction and Permanent Financing, Bond Credits and 0% Loan (10 minutes) Slade/Enclosure
- Section 1602 Exchange Funds (5 minutes) Reid/Enclosure

**Executive Session**

**Other Business**

- August/September Board Meetings (5 minutes) Carpenter/Discussion

**Adjournment**

**Reports:** ***FYI Only***

- NSP Progress Report Gilding, Adams/Enclosure

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**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), Dagyne 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.



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EQUAL HOUSING OPPORTUNITY

## 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.

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Vermont Housing Finance Agency

# MEMORANDUM

**TO:** VHFA Board of Commissioners

**FROM:** Sarah E. Carpenter, Executive Director

**DATE:** July 28, 2009

**RE:** **EXECUTIVE DIRECTOR'S REPORT**

## Administration

We are pleased that George Demas will be joining the Agency on August 10th in the position of General Counsel. George currently is an Assistant General Counsel with BISHCA and prior to that was employed at Bombardier Capital for 9 years, with the last 3 years acting as Vice President of Legal Services. George will have the opportunity to transition into the position with assistance from Elizabeth for a few weeks.

At the July staff meeting we celebrated Rick Jean's birthday, Michelle Packard's 1 year anniversary with the Agency, and a Recognition Award for Renee Couture for her work on the Rockingham Canal House closing, the full staff meeting in July featured a presentation from Vtrim, which is a behavioral weight loss program offered through UVM. It is a 12 week program with a weekly online class that teaches participants how to manage eating and exercise behaviors for lifelong weight management. VHFA employees receive a 15% discount due to our broker relationship with Hickok & Boardman. The program starts July 29th.

The merger of the Agency's 401(k) retirement plan into the new 403(b) plan occurred the week of July 13th. The John Hancock 401(k) plan was closed effective 4:00 pm the 14th and funds were invested by end of day on July 15th into the 403(b) plan. Participant fund reconciliation was then completed by end of day Friday July 17th - ending the blackout period. All of the upfront planning and having partners who excelled in completing their portion of the merger made this a very successful and seamless transition for plan participants.

The Agency has been notified that effective with the August renewal, dental insurance premium rates will increase by 5.15% (less than the expected 8% in the budget). The Agency continues to have a low experience rating which is reflected in lower than expected increases.



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EQUAL HOUSING OPPORTUNITY

## Development

The Tax Credit Assistance Program (TCAP) application was approved by HUD, and this month staff has recommendations for the Board to allocate all $5,416,546 of it, to get projects started and/or fill gaps which have slowed projects down.

The 1602 Credit Exchange application was submitted to the Treasury Department and funded - $10,281,430. We exchanged all or a portion of tax credits in three projects which had been unable to obtain equity investors: Armory Square (Allocated), Brookside in Colchester, and North Branch in Montpelier. Staff anticipates the exchange proceeds will exceed the needs of these three projects, and therefore there may be a modest amount of surplus which will be utilized to fill other small gaps on existing projects.

Staff continues to work on the Eastview at Middlebury retirement community. Eastview is seeking $23 million in construction financing from VHFA. We have been working closely with the project developers, Northfield Savings Bank (NSB) (interested in participating in the construction loan and the permanent loan), and USDA Rural Development Community Facilities Loan Guarantee Program. We have obtained an appraisal, a market study analysis, and plan to go to Moody's Rating Agency to get a read from them on how such a financing using the Agency's General Obligation could be structured. If we determine that it is possible for VHFA to entertain this request, we will have a presentation to the Board. To date NSB and the National Bank of Middlebury have expressed interest in the financing. The project sponsors and VHFA have been contacting other potential investors as well.

Butterfield Commons in Dover has one of their three units under contract. Proctorsville Condos in Cavendish has three out of four units under contract. We are still hopeful we will be repaid in full on those respective construction loans.

## NSP\HARP

Dave and Lori have launched the HARP (Housing Assistance Rehabilitation Program) that is funded with federal NSP (Neighborhood Stabilization Program) funds through an MOU with the Department of Housing and Community Affairs. VHFA will draw down up to $7 million to purchase and rehab foreclosed homes, and then resell them to qualified low and moderate income borrowers. There is a copy of our first report enclosed. Dave can answer any questions you have at the Board meeting.

## Homeownership

On July 16, 2009, VHFA transferred the servicing of 499 loans from Graystone Solutions to U.S. Bank in anticipation of securitizing the loans with Freddie at the end of July. We anticipate that the total amount that will be securitized will be approximately $41.0 million; however, Freddie Mac still has the ability to drop loans from the security. This was a tremendous amount of work by staff to get all the files here, sorted out, reviewed, signed off on and delivered to Freddie Mac.

Staff is also working with U.S. Bank to securitize new loans that have been purchased by U.S. Bank from our participating lenders. Conventional loans will be securitized with Fannie Mae and government insured loans will be securitized with Ginnie Mae.

## Multifamily

Progress continues on the HDS computer system conversion with the recent implementation of the Report Writer module. Multifamily, IT and Policy and Planning staffs attended four half day training sessions to learn the nuances of linking database elements in order to increase access to data and also greatly enhance report generation abilities. In addition to the Report Writer Implementation, the MF staff has spent substantial time populating the HDS database with many fields that were not available within the Mitas system. Kim has led this effort and has been working closely with IT and HDS staff to help make this as successful, seamless and efficient as possible.

Over 90% of the 2008 project audits have been reviewed by staff and formal audit letters have been sent to owners, management agents and accountants for the portfolio. These financial statements will form much of the basis for the updated MF Risk Management Report that will be presented to the Board this fall.

On June 23rd, VHFA successfully closed a short term bridge loan allowing Paul Stewart to purchase title to the Rockingham Canal House from VHFA. Stewart received a $3.5 million check from NSP funds at a July 7th event that I attended at the Bellows Falls property. The terms of our loan call for repayment within 15 days following receipt of the NSP funds. I am happy to report that VHFA's gain from the sale is $336,747.

Our joint VHCB/VHFA online Energy Survey that was posted on our website in early June is beginning to be populated by project management staff. The new survey is seeking to quantify utility consumption data by building and provide the basis for accessing energy program funding that is being made available from several sources.

## Finance

Finance continues to focus on the top priorities for the Agency, especially in the area of liquidity substitution for Depfa and Dexia. Commitment letters have been signed with TD Bank for two liquidity series (22 and 26), each for approximately $13-$14 million. As a contingency for closing, TD requested that our General Obligation rating be reaffirmed by Moody's. Moody's recently informed the Agency (and TD Bank) they are currently conducting a portfolio review on the single family programs of all housing finance agencies (HFA), including VHFA, and expect the process to take 6-9 months. Moody's notified us that until that process is complete, they would not be addressing the VHFA General Obligation rating (A2 with a Stable outlook). Because of this, TD Bank agreed to move forward with the Series 22 and 26 transactions. Closing is scheduled for early August. Once these transactions are closed, the Agency will have approximately $55 million of liquidity remaining to replace. All HFA's are still expecting the Federal Government to announce a liquidity program for HFA's shortly.

In the meantime, Tom and Scott have been in regular contact with our remarketers, Keybank and Wells Fargo to make sure we are getting the lowest remarketing rates possible. Rates have come down some recently, which has helped lower the monthly interest cost on the Agency's VRDO's. Also, Fitch recently upgraded Depfa's short term rating to the highest possible rating, which may

have helped improve the remarketing of our Depfa-backed VRDO's. We are hoping S&P follows suit, which should make a big difference.

The Finance Department continues to work with Homeownership on several major initiatives: MBS (Mortgage Backed Securities), NSP (Neighborhood Stabilization Program) and securitizing the existing single family loan portfolio with Freddie Mac, to ensure that the systems and processes are in place to provide financial support for these programs.

Maura, Pat Crady, Jacklyn, Scott and Tom worked on the engagement with 1st American CoreLogic (FACL), a third party consulting firm, to provide an independent appraisal of the properties supporting the single family loan portfolio. FACL has provided their findings to the Agency, which were very positive and show significant appreciation in the single family loan portfolio. We will review this at the Board meeting. The reports were shared with both S&P and Moody's as part of an overall effort to encourage positive ratings activity. The Agency has been staying in regular contact with the ratings agencies to keep them informed of all initiatives being undertaken to solidify the Agency's loan portfolios and stabilize VHFA's financial condition.

The entire Finance team is now focused on closing the books for the year and preparing for the year-end audit. Tim Gutchell has worked with KPMG to ensure that the lines of communication are open and all documents are ready when KPMG arrives for the audit on August 18. The entire audit process will last for approximately 4 weeks.

**Public Affairs**

Things have been quiet legislatively. Unfortunately we still have heard little from the GSE's about HFA assistance. We understand that things are now with Treasury lawyers and FHFA. We being told we will not hear anything before the second week in August.

I mentioned above we received the tax credit gap funds authorized under the ARRA Recovery Act. Vermont was one of the first states to complete their applications and receive funds. I worked closely with the congressional offices on the press releases.

**Other**

We had a very productive meeting on July 15th to review with state officials some of the issues VHFA has faced this last year and discuss future trends. Mike Smith helped facilitate the meeting; attending were Secretary of Administration Neale Lunderville, Treasurer Jeb Spaulding, Beth Pearce, Steve Wisloski the Treasurer's office new Director of Finance and Investments, the State's financial advisor Chester Johnson, John Wagner from Kutak Rock, Lisa Randall, Tom Candon, Paulette Thabault Commissioner of BISHCA, Tom Connors, Dave Adams, and myself. We plan to follow this up with a meeting to discuss more specific ways we can work with the State.

See you on the 28th.

# VHFA Board of Commissioners
# July Finance Update

**July 2009 Meeting**

**Finance Update**

# VHFA Board of Commissioners
## July 2009 Meeting Finance Update

- Agency's biggest current financial challenges
  - Liquidity
  - Maintaining / Improving Credit Ratings
  - Investment Income
  - Loan production
  - Sources of Capital
    - Single Family loans
    - Multifamily loans

# VHFA Board of Commissioners
## July 2009 Meeting Finance Update

- Liquidity Update
  - Will close replacement liquidity for Series 22 and Series 26 with TD Bank on August 5th ($27.3 million)
  - Re-approached Wells Fargo/Wachovia on Series 23 last week ($14.5 million) They are optimistic.
  - Have lobbied remarketers to bring rates down

# VHFA Board of Commissioners
## July 2009 Meeting Finance Update

- Liquidity Update
  - Rates have been coming down, especially on Dexia liquidity
  - Negative Basis (excess interest costs) have dropped from $500k per month in February to $158k per month after we close TD facilities in August
  - Still waiting to hear from the Federal Government on GSE liquidity

# VHFA Board of Commissioners
## July 2009 Meeting Finance Update

- Maintaining/Improving Credit Ratings
  - Scheduled to close the securitization deal with Freddie Mac today (July 28th). The first HFA to do so in the country (per MDMC).
  - Settled our first GNMA security Friday, July 24th
  - A copy of the Master Agreement and detailed loan files have been forwarded to rating agencies. Final file will be forwarded this week

# VHFA Board of Commissioners
## July 2009 Meeting Finance Update

- Maintaining/Improving Credit Ratings
  - Completed the engagement with 1st American CoreLogic, valuation analysis of our single family loan portfolio
  - Findings were very much in the Agency's favor (total VHFA SF portfolio gained in value by more than 29% overall)
  - Final report was forwarded to S&P and Moodys with loan level detail valuations

# VHFA Board of Commissioners
## July 2009 Meeting Finance Update

- General Obligation Rating with Moodys
  - As a requirement for closing our latest liquidity facilities, TD Bank wanted VHFA's GO rating re-affirmed
  - Moodys is conducting a portfolio review on the single family programs of all housing finance agencies including VHFA. Would not get to our request for 6-9 months
  - GO Rating remains at A2 with a Stable Outlook until further notice

# VHFA Board of Commissioners
## July 2009 Meeting Finance Update

- Investment Income
  - Agency is down $4 million in investment income YTD through March 2009 (compared to same period last year)
  - Combination of lower rates and lower balances ($42 million of notes matured; reserve funds are down)
  - Several GIC's had to be liquidated (due to provider rating downgrades) and placed in low-rate money market funds
  - Team is doing a full review of all liquid cash and investments to determine what steps we can take to overcome low market rates of return
  - Legal steps are being taken so that the Agency can buy its own bonds (i.e. Series 23 VRDO's at 7%)

# VHFA Board of Commissioners
## July 2009 Meeting Finance Update

- Sources of Capital – Single Family financing
  - Down to our last $3.9 million of lendable funds from Series 2008C
  - Recently worked with Piper Jaffray to price a pro forma $30 million SF bond deal, 100% fixed rate, with (1) point and (0) points. Resulting rate was 6.5% (1 point above conventional)
  - Looking at economic refunding of Series 9 & 10 to subsidize the rate
  - Looking into possibility of a small direct placement funding

# VHFA Board of Commissioners
## July 2009 Meeting Finance Update

- Sources of Capital – Multifamily financing
  - Working with Piper Jaffray to determine possibility of doing a MF bond deal on the open market
  - Have contacted several banks to identify what options are out there for direct placement
  - Going to Moodys to determine capital requirements of a $20 million bond for Eastview construction loan. What will be the impact on VHFA GO rating?
  - Looking into possibility doing a refunding of Series 99CD

# The End

vhfa

**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.

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

EQUAL HOUSING OPPORTUNITY

# 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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ARTICLE II
AMENDMENT OF RESOLUTION


Section 2.01. Amendment ..... 2

# 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

# 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").

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 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 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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EXHIBIT A SERVICER SUBMISSION CERTIFICATE

# 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").

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 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

# 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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EXHIBIT A SERVICER SUBMISSION CERTIFICATE

# 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").

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 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 _____

# 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.

KUTAK ROCK LLP
DRAFT 07/21/09

# 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.

vhfa

**Vermont Housing Finance Agency**

**MEMORANDUM**

**TO:** VHFA Board of Commissioners

**FROM:** Sarah Carpenter, Executive Director

**RE:** Housing Vermont

**DATE:** July 20, 2009

At the May Board meeting there was renewed 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.

In reviewing minutes of the 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." We provided you with a letter from Housing Vermont at the June 2009 meeting requesting that VHFA reappoint our three current representatives.

I am also attaching an updated memo of the VHFA history with Housing Vermont. Since there seems to be some question of appearance of a conflict of interest, staff is still that recommending that VHFA no longer needs to remain as a sustaining member.

Housing Vermont is a strong organization and by virtue of our other funding agreements VHFA will continue to review their financials. Individual projects where they serve as a co-general partner with a community group are reviewed regularly, and generally the risk of those projects is with each limited partnership that owns the projects. Housing Vermont's assets are primarily in loans and real estate equity of affordable projects. As we discussed at the October educational session the primary role of Housing Vermont as syndicator of the housing tax credits is critical to many of the priority projects we fund. A review of that that material can be found in the October 23, 2008 Board package.

**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**

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Sarah Carpenter
Executive Director
VHFA
PO Box 408
Burlington, VT 05402

RECEIVED
JUN 03 2009
VHFA

June 1, 2009

Dear Sarah

I'm writing to request that the VHFA Board re-appoint three Housing Vermont Board members whose terms are up in the fall. Each of the board members has expressed a desire to continue serving. Two of the current VHFA members are officers of the board.

Chip Hart, a commercial real estate developer, is the Board Chair and was appointed in 2002.

Janet Spitler, CFO of Merchants Bank, is the Board Asst. Treasurer and was appointed in 2005.

Amy Demetrowitz, Director of Real Estate Development with Champlain Housing Trust, is our newest member and was appointed in 2007.

Thank you for your consideration.

Sincerely

Nancy Owens
President

Printed on 100% Post Consumer Paper

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**Vermont Housing Finance Agency**

**MEMORANDUM**

**TO:** VHFA Board of Commissioners

**FROM:** Sarah Carpenter, Executive Director

**RE:** Housing Vermont

**DATE:** July 20, 2009 (memo updated from March 30, 2009)

---

**Staff Recommendation for Board Action:** Based on Housing Vermont's history and success at achieving its mission as originally envisioned by VHFA, staff recommends that VHFA no longer be a Sustaining Member of Housing Vermont.

---

For the benefit of new and old board members, this memo gives a brief history of Housing Vermont and its relationship with the Agency.

Brief History of Housing Vermont

| | |
|---|---|
| 05/04/1988 – | Created by VHFA as a Vermont nonprofit corporation<br>VHFA became a Sustaining Member (described below) |
| 05/31/1988 - | Effective date of the Original Funding Agreement (described below) |
| 05/31/1988 – | Received 501c3 Advance Ruling |
| Sept 1988 - | Board approved Bridge Loan facility (described below) |
| 1989 - | First Green Mountain Equity Fund |
| March 1998 – | Board approved Amended and Restated Funding Agreement for future developments |

As of 12/31/08: $186,471,058 in real estate equity has been created and invested in 4,231 housing units.

Sustaining Member of Housing Vermont

When Housing Vermont was created, VHFA incorporated the Sustaining Member concept to allow for some oversight in its early days. A Sustaining Member of Housing Vermont may be any political subdivision of the State of Vermont, including VHFA. To date, VHFA has been the only Sustaining Member. This membership requires annual membership dues of $15,000. As a Sustaining Member, VHFA has the exclusive right to elect not less than 50% of the directors of Housing Vermont, may amend the articles or

bylaws and may remove a director for cause. Of the eleven (11) directors, the Governor may also designate one director.

Funding Agreement

The Funding Agreement between VHFA and Housing Vermont was a commitment by the Agency to provide Housing Vermont with working capital for both operating expenses and housing development costs through December 31, 1990.For a total of $2 million dollars, Housing Vermont could draw up to $1 million dollars in the first year and $500,000 during each of the following two years.

In March 1998, the status of the Funding Agreement was examined and the following was approved by the Board:

a. $171,500 was used as Operating Funds and would not be recovered.
b. $637,500 was invested in housing developments as Housing Development Funds and according to the Amended and Restated Funding Agreement, "full recovery is not anticipated."
c. $1,191,000 remains as Housing Development Funds available for use in partnerships created after May 26, 1998. Interest on idle funds, if any, is to be paid to VHFA annually. Generally these funds are all lent out in predevelopment funding.

To date, these dollars are invested in housing partnerships as equity contributions, deferred obligations or predevelopment funds. Housing Vermont carries a footnote in its financial statements referencing the $2,000,000 Funding Agreement. Repayment would only be triggered if there was an event of default, such as, misapplication of funds, dissolution of Housing Vermont or revocation of its 501c3 status.

Bridge Loan

In 1994, the Agency formalized an additional bridge loan facility in the amount of $1,000,000 to be used for predevelopment costs and bridging of tax credit equity for projects in which Housing Vermont or its affiliate is a general partner. In 2002, the Bridge Loan facility was increased to $1,500,000. This facility has been renewed for two, three and five year terms. This is funded through our line of credit with TD Bank. Most recently, the line of credit was renewed until November 1, 2010. As of 12/31/08, $1,375,000 was outstanding. Staff recommends continued bridge loan funding. Not doing so could leave local partners without a source of development capital and push VHFA to consider a lot of small loans.

vhfa

**Vermont Housing Finance Agency**

TO: VHFA Board of Commissioners
FROM: Patricia A. Crady, Director of Homeownership Programs
DATE: July 21, 2009
RE: Summary of Homeownership Activities

**PRODUCTION**

Production reports as of June 30, 2009 are attached. We have a pipeline of approximately $5.8 million in loans at various interest rates. U.S. Bank has purchased approximately $1.3 million in VHFA program loans that will be securitized with Fannie Mae and Ginnie Mae by the end of July. So far we have not sold loans to Fannie Mae for cash because the interest rates are too low to generate a price that is feasible. Total funding available from the 2008C bonds is $4.2 million ($3.4 million for MBS and $800,000 for the Direct Loan Program).

**COLLECTIONS**

Delinquency and REO reports are attached. Delinquencies continue to be on the rise; however, we are proactively working with servicers, our borrowers, and the Homeownership Centers to identify potential candidates for a loan modification, repayment plan, or short sale. We have approximately 30 pending loan modifications and we have granted forbearance on 6 loans due to job loss or illness. In addition, we have asked for financial information on an estimated 50 loans. During the month of June, 2 loans reinstated from foreclosure and 4 loans were paid in full through pre-foreclosure sales. We also received 2 short sales and have filed claims with the mortgage insurance provider.

As of June 30, 2009, VHFA owns 12 properties; 1 is under contract and expected to close by the end of July.

If you have any questions please do not hesitate to call me at 652-3442 or email me at pcrady@vhfa.org.

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

EQUAL HOUSING OPPORTUNITY

# FY09 Production Summary

July 1, 2008 - June 30, 2009

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FY Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MOVE | 7,913,135 | 8,574,063 | 4,624,303 | 4,508,466 | 2,745,710 | 1,582,622 | 407,189 | 539,923 | 566,600 | 703,623 | 955,630 | 475,260 | **33,596,524** |
| HOUSE | 436,200 | 1,387,090 | 655,500 | 234,670 | 148,000 | 458,570 | 440,565 | | | 75,000 | 82,000 | | **3,917,595** |
| LIMITED REFI | | | | | | | | | | | | | **0** |
| FIXED35 | | | | | | | | | | | | | **0** |
| Dollar Total | 8,349,335 | 9,961,153 | 5,279,803 | 4,743,136 | 2,893,710 | 2,041,192 | 847,754 | 539,923 | 566,600 | 778,623 | 1,037,630 | 475,260 | 37,514,119 |
| Total # of Loans | 58 | 72 | 42 | 37 | 22 | 19 | 7 | 5 | 4 | 8 | 9 | 4 | 287 |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MOBILE HOME | 482,875 | 174,700 | 482,450 | 0 | 91,960 | 140,600 | 0 | 0 | 0 | 0 | 0 | 60,800 | 1,433,385 |
| Total # of MH* | 5 | 2 | 6 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 16 |

*The Mobile Home # is included in the above line item titled "Total # of Loans"

# FY08 Production Summary

July 1, 2007 - June 30, 2008

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FY Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MOVE | 15,006,819 | 22,493,246 | 18,558,175 | 9,782,437 | 12,998,387 | 7,847,269 | 5,248,251 | 3,427,331 | 3,778,513 | 6,998,305 | 7,773,157 | 4,597,940 | **118,509,830** |
| HOUSE | 753,673 | 932,565 | 537,140 | 629,082 | | 298,000 | 137,900 | 430,095 | 330,600 | 254,015 | 326,900 | 439,230 | **5,069,200** |
| LIMITED REFI | 74,638 | | | | | | | | | | 127,000 | | **201,638** |
| FIXED35 | | | | | 175,100 | 133,000 | | | | | | | **308,100** |
| Dollar Total | 15,835,130 | 23,425,811 | 19,095,315 | 10,411,519 | 13,173,487 | 8,278,269 | 5,386,151 | 3,857,426 | 4,109,113 | 7,252,320 | 8,227,057 | 5,037,170 | 124,088,768 |
| Total # of Loans | 109 | 158 | 132 | 72 | 89 | 58 | 40 | 28 | 30 | 53 | 59 | 37 | 865 |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MOBILE HOME | 1,749,881 | 1,764,831 | 1,747,220 | 709,668 | 874,370 | 658,000 | 253,450 | 190,400 | 168,200 | 693,610 | 900,875 | 472,464 | 10,182,969 |
| Total # of MH* | 17 | 17 | 17 | 9 | 8 | 6 | 3 | 2 | 3 | 7 | 9 | 4 | 102 |

*The Mobile Home # is included in the above line item titled "Total # of Loans"

# FY09 Dollar Volume by Lender

July 1, 2008- June 30, 2009

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CHITTENDEN MTG SVCS | 600,317 | 2,781,101 | 1,130,115 | 908,020 | 156,500 | 522,260 | 227,100 | 88,000 | 98,400 | 74,400 | 189,120 | 60,800 | $6,836,133 |
| NEW ENGLAND FCU | 1,486,293 | 2,673,086 | 761,525 | 531,452 | 651,540 | 138,875 | | | | | | | $6,242,771 |
| UNIVERSAL | 967,528 | 460,200 | 1,178,845 | 460,550 | 464,825 | 106,295 | 160,365 | | 306,700 | 89,660 | | | $4,194,968 |
| COMMUNITY | 241,255 | 626,313 | 478,620 | 359,327 | 286,549 | 385,000 | 174,489 | | 161,500 | | 415,060 | | $3,128,113 |
| MTG FINANCIAL | 789,070 | 580,213 | 417,520 | 228,000 | 420,250 | 99,500 | | 86,725 | | | 144,300 | 142,800 | $2,908,378 |
| HERITAGE FCU | 231,600 | 215,520 | 283,550 | 415,310 | 152,000 | 164,956 | 150,000 | | | 286,625 | | 136,000 | $2,035,561 |
| VT STATE ECU | 314,184 | 748,950 | 117,346 | 81,632 | | 243,806 | | | | | | | $1,505,918 |
| NAT'L BNK MIDDLE | 477,260 | 335,100 | 273,600 | 98,400 | 132,686 | | | | | 148,938 | | | $1,465,984 |
| N.E. HOME LOAN | 254,625 | 125,000 | 427,462 | 376,500 | 175,100 | | | | | | | | $1,358,687 |
| NORTHFIELD | 716,055 | 120,000 | | | 216,800 | 97,000 | | | | | | | $1,149,855 |
| NORTH COUNTRY CU | 275,400 | 284,970 | $72,000 | 130,800 | | | 135,800 | | | 104,000 | 144,000 | | $1,146,970 |
| PEOPLES TRUST | 260,000 | 333,000 | | 359,750 | | | | 150,000 | | | | | $1,102,750 |
| UNION | 440,400 | | | 263,950 | | 160,000 | | 100,880 | | | | 135,660 | $1,100,890 |
| VT FEDERAL CU | 100,000 | 335,750 | 139,220 | 113,905 | 91,960 | 123,500 | | | | | 145,150 | | $1,049,485 |
| WELLS FARGO | 449,800 | 189,150 | | | | | | | | | | | $638,950 |
| CT RIVER | 217,600 | | | 129,540 | | | | | | | | | $347,140 |
| TDBANKNORTH | 206,700 | | | | | | | | | | | | $206,700 |
| NATIONAL CITY | | | | 160,000 | | | | | | | | | $160,000 |
| BRATTLEBORO | | 152,800 | | | | | | | | | | | $152,800 |
| COUNTRYWIDE | | | | | 145,500 | | | | | | | | $145,500 |
| RIVER VALLE CU | 0 | | | 126,000 | | | | | | | | | $126,000 |
| GMAC | 124,448 | | | | | | | | | | | | $124,448 |
| FIRST NAT'L BNK ORWELL | 116,000 | | | | | | | | | | | | $116,000 |
| MASCOMA | | | | | | | | 114,318 | | | | | $114,318 |
| LAKE SUNAPEE | 80,800 | | | | | | | | | | | | $80,800 |
| OPPORTUNITIES CU | | | | | | | | | | 75,000 | | | $75,000 |
| BANK OF BENN | | | | | | | | | | | | | $0 |
| BERKSHIRE BANK | | | | | | | | | | | | | $0 |
| CCO MORTGAGE | | | | | | | | | | | | | $0 |
| LIBERTYQUEST | | | | | | | | | | | | | $0 |
| SUMMIT (Merrimack Mtg) | | | | | | | | | | | | | $0 |
| TOTAL | $8,349,335 | $9,961,153 | $5,279,803 | $4,743,136 | $2,893,710 | $2,041,192 | $847,754 | $539,923 | $566,600 | $778,623 | $1,037,630 | $475,260 | $37,514,119 |

# FY09 Loan Volume by Lender

July 1, 2008 - June 30, 2009

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CHITTENDEN MTG SVCS | 4 | 21 | 9 | 7 | 2 | 5 | 2 | 1 | 1 | 1 | 2 | 1 | 56 |
| NEW ENGLAND FCU | 8 | 16 | 6 | 5 | 5 | 2 | | | | | | | 42 |
| UNIVERSAL | 7 | 4 | 9 | 3 | 3 | 2 | 2 | | 2 | 1 | | | 33 |
| COMMUNITY | 2 | 6 | 4 | 3 | 3 | 3 | 1 | | 1 | | 4 | | 27 |
| MTG FINANCIAL SRV | 5 | 4 | 3 | 1 | 2 | 1 | | 1 | | | 1 | 1 | 19 |
| HERITAGE FCU | 2 | 2 | 3 | 4 | 1 | 1 | 1 | | | 3 | | 1 | 18 |
| NAT'L BNK MIDDLE | 4 | 3 | 2 | 1 | 1 | | | | | 1 | | | 12 |
| VT STATE ECU | 2 | 6 | 1 | 1 | | 2 | | | | | | | 12 |
| N.E. HOME LOAN | 1 | 1 | 3 | 3 | 1 | | | | | | | | 9 |
| NORTH COUNTRY FCU | 2 | 2 | 1 | 1 | | | 1 | | | 1 | 1 | | 9 |
| NORTHFIELD | 5 | 1 | | | 2 | 1 | | | | | | | 9 |
| UNION | 3 | | | 2 | | 1 | | 1 | | | | 1 | 8 |
| VT FEDERAL CU | 1 | 2 | 1 | 1 | 1 | 1 | | | | | 1 | | 8 |
| PEOPLES TRUST | 2 | 2 | | 2 | | | | 1 | | | | | 7 |
| WELLS FARGO | 3 | 1 | | | | | | | | | | | 4 |
| CT RIVER | 2 | | | 1 | | | | | | | | | 3 |
| TDBANKNORTH | 2 | | | | | | | | | | | | 2 |
| BRATTLEBORO | | 1 | | | | | | | | | | | 1 |
| COUNTRYWIDE | | | | | 1 | | | | | | | | 1 |
| FIRST NAT'L BNK ORWELL | 1 | | | | | | | | | | | | 1 |
| GMAC | 1 | | | | | | | | | | | | 1 |
| LAKE SUNAPEE | 1 | | | | | | | | | | | | 1 |
| MASCOMA | | | | | | | | 1 | | | | | 1 |
| NATIONAL CITY | | | | 1 | | | | | | | | | 1 |
| OPPORTUNITIES CU | | | | | | | | | | 1 | | | 1 |
| RIVER VALLEY CU | | | | 1 | | | | | | | | | 1 |
| BANK OF BENN | | | | | | | | | | | | | 0 |
| BERKSHIRE BANK | | | | | | | | | | | | | 0 |
| CCO MORTGAGE | | | | | | | | | | | | | 0 |
| LIBERTYQUEST | | | | | | | | | | | | | 0 |
| SUMMIT (Merrimack Mtg) | | | | | | | | | | | | | 0 |
| TOTAL | 58 | 72 | 42 | 37 | 22 | 19 | 7 | 5 | 4 | 8 | 9 | 4 | 287 |

# HOMEOWNERSHIP DELINQUENCY REPORT
## FISCAL YEAR 2009

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Portfolio # | 5659 | 5694 | 5702 | 5700 | 5704 | 5704 | 5686 | 5657 | 5602 | 5549 | 5498 | 5427 | 5632 |
| Total Portfolio $ | 557.5 | 563.9 | 565.8 | 566.9 | 568.3 | 568.0 | 565.7 | 561.5 | 555.2 | 549.1 | 543.7 | 535.8 | 558.5 |

### NUMBER OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | 168 | 193 | 204 | 175 | 239 | 248 | 211 | 196 | 169 | 183 | 194 | 215 | 200 |
| 60 Days | 71 | 68 | 60 | 78 | 71 | 81 | 81 | 71 | 65 | 73 | 68 | 72 | 72 |
| 90 Days | 29 | 23 | 31 | 31 | 42 | 36 | 50 | 61 | 57 | 40 | 44 | 55 | 42 |
| Foreclosure | 48 | 51 | 49 | 50 | 50 | 46 | 46 | 46 | 48 | 57 | 59 | 49 | 50 |
| Total Delq FY 09 | 316 | 335 | 344 | 334 | 402 | 411 | 388 | 374 | 339 | 353 | 365 | 391 | 363 |
| Total Delq FY 08 | 311 | 304 | 344 | 307 | 326 | 381 | 337 | 330 | 304 | 318 | 289 | 314 | 322 |

### PERCENT BY NUMBER OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | 2.97% | 3.39% | 3.58% | 3.07% | 4.19% | 4.35% | 3.71% | 3.46% | 3.02% | 3.30% | 3.53% | 3.96% | 3.54% |
| 60 Days | 1.25% | 1.19% | 1.05% | 1.37% | 1.24% | 1.42% | 1.42% | 1.26% | 1.16% | 1.32% | 1.24% | 1.33% | 1.27% |
| 90 Days | 0.51% | 0.40% | 0.54% | 0.54% | 0.74% | 0.63% | 0.88% | 1.08% | 1.02% | 0.72% | 0.80% | 1.01% | 0.74% |
| Foreclosure | 0.85% | 0.90% | 0.86% | 0.88% | 0.88% | 0.81% | 0.81% | 0.81% | 0.86% | 1.03% | 1.07% | 0.90% | 0.89% |
| Total Delq FY 09 | 5.58% | 5.88% | 6.03% | 5.86% | 7.05% | 7.21% | 6.82% | 6.61% | 6.06% | 6.37% | 6.64% | 7.20% | 6.44% |
| Total Delq FY 08 | 5.91% | 5.66% | 6.29% | 5.57% | 5.85% | 6.80% | 6.00% | 5.87% | 5.42% | 5.65% | 5.12% | 5.57% | 5.81% |

### DOLLAR AMOUNT OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | $11.3 | $14.3 | $15.5 | $13.4 | $17.4 | $18.7 | $16.1 | $14.2 | $12.2 | $14.4 | $15.4 | $17.2 | $15.0 |
| 60 Days | $4.9 | $4.6 | $4.1 | $5.4 | $5.3 | $6.0 | $5.9 | $5.7 | $4.9 | $5.7 | $5.0 | $5.5 | $5.3 |
| 90+ Days | $5.8 | $5.4 | $6.2 | $6.2 | $6.6 | $6.3 | $7.7 | $8.1 | $8.1 | $7.7 | $8.1 | $8.2 | $7.0 |
| Total Delq FY 09 | $22.0 | $24.3 | $25.8 | $25.0 | $29.3 | $31.0 | $29.7 | $28.0 | $25.2 | $27.8 | $28.5 | $30.9 | $27.3 |
| Total Delq FY 08 | $20.5 | $19.8 | $22.8 | $20.6 | $22.2 | $26.1 | $23.7 | $23.3 | $21.0 | $22.7 | $20.8 | $22.3 | $22.2 |

VERMONT HOUSING FINANCE AGENCY
HOMEOWNERSHIP PROGRAM MONTHLY DELINQUENCY REPORT
June 30, 2009

| Lenders | Total Loans | 30 Days | | 60 Days | | 90+ Days | | In Foreclosure & Bankruptcy | | Total Delinquent | | REO | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bank of Bennington | 52 | 5 | 9.62% | 1 | 1.92% | 1 | 1.92% | 0 | 0.00% | 7 | 13.46% | 0 | 0.00% |
| Chittenden Mortgage Services | 1147 | 53 | 4.62% | 22 | 1.92% | 19 | 1.66% | 16 | 1.39% | 110 | 9.59% | 2 | 0.17% |
| Connecticut River Bank | 66 | 5 | 7.58% | 0 | 0.00% | 0 | 0.00% | 1 | 1.52% | 6 | 9.09% | 0 | 0.00% |
| Community National Bank | 342 | 14 | 4.09% | 8 | 2.34% | 6 | 1.75% | 2 | 0.58% | 30 | 8.77% | 0 | 0.00% |
| Union Bank | 306 | 13 | 4.25% | 4 | 1.31% | 5 | 1.63% | 2 | 0.65% | 24 | 7.84% | 0 | 0.00% |
| Graystone Solutions | 2384 | 104 | 4.36% | 30 | 1.26% | 23 | 0.96% | 25 | 1.05% | 182 | 7.63% | 8 | 0.34% |
| Brattleboro Savings & Loan | 89 | 4 | 4.49% | 1 | 1.12% | 0 | 0.00% | 0 | 0.00% | 5 | 5.62% | 0 | 0.00% |
| Opportunities CU | 117 | 3 | 2.56% | 2 | 1.71% | 0 | 0.00% | 0 | 0.00% | 5 | 4.27% | 0 | 0.00% |
| Peoples Trust Co. | 108 | 2 | 1.85% | 0 | 0.00% | 1 | 0.93% | 1 | 0.93% | 4 | 3.70% | 1 | 0.93% |
| Heritage Family Credit Union | 165 | 4 | 2.42% | 1 | 0.61% | 0 | 0.00% | 0 | 0.00% | 5 | 3.03% | 0 | 0.00% |
| Mascoma Savings Bank | 47 | 1 | 2.13% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 1 | 2.13% | 0 | 0.00% |
| New England Federal CU | 604 | 7 | 1.16% | 3 | 0.50% | 0 | 0.00% | 2 | 0.33% | 12 | 1.99% | 1 | 0.17% |
| Totals | 5427 | 215 | 3.96% | 72 | 1.33% | 55 | 1.01% | 49 | 0.90% | 391 | 7.20% | 12 | 0.22% |
| Totals Previous Month | 5498 | 194 | 3.53% | 68 | 1.24% | 44 | 0.80% | 59 | 1.07% | 365 | 6.64% | 16 | 0.29% |
| Totals Same Mo. Last Yr. | 5642 | 198 | 3.51% | 44 | 0.78% | 22 | 0.39% | 50 | 0.89% | 314 | 5.57% | 5 | 0.09% |

**Note: Of the loans in foreclosure, a total of 15 are under a Chapter l3 Bankruptcy Plan**

## VHFA LENDER PERFORMANCE

| Lenders | June 2008 | July 2008 | Aug 2008 | Sept 2008 | Oct 2008 | Nov 2008 | Dec 2008 | Jan 2009 | Feb 2009 | Mar 2009 | April 2009 | May 2009 | June 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bank of Bennington | 6.78% | 3.39% | 6.78% | 5.08% | 5.17% | 5.17% | 5.26% | 3.51% | 1.75% | 5.36% | 5.45% | 4.44% | 13.46% |
| Brattleboro Savings & Loan | 2.08% | 3.16% | 2.08% | 1.04% | 2.08% | 3.13% | 2.08% | 2.08% | 4.21% | 2.17% | 2.22% | 7.41% | 5.62% |
| Chittenden Mortgage Services | 8.30% | 9.02% | 8.59% | 9.15% | 9.07% | 10.84% | 10.59% | 9.62% | 9.32% | 9.51% | 8.96% | 8.68% | 9.59% |
| Community National Bank | 5.56% | 7.58% | 6.92% | 5.73% | 6.03% | 7.16% | 9.97% | 8.24% | 8.26% | 6.03% | 7.49% | 8.93% | 8.77% |
| Connecticut River Bank | 0.00% | 0.00% | 0.00% | 0.00% | 2.99% | 3.03% | 1.52% | 3.03% | 6.15% | 3.08% | 4.62% | 3.08% | 9.09% |
| Graystone | 5.81% | 5.32% | 6.07% | 6.26% | 5.88% | 7.31% | 7.83% | 7.45% | 7.17% | 6.08% | 6.91% | 6.87% | 7.63% |
| Heritage Family CU | 1.23% | 1.24% | 0.61% | 3.05% | 3.01% | 2.40% | 2.38% | 2.98% | 2.41% | 2.45% | 0.60% | 2.44% | 3.03% |
| Mascoma Savings Bank | 4.17% | 4.17% | 4.17% | 4.17% | 4.17% | 6.25% | 4.17% | 4.17% | 2.08% | 6.25% | 2.08% | 2.08% | 2.13% |
| New England Federal CU | 1.14% | 1.30% | 1.59% | 1.90% | 1.26% | 1.25% | 1.10% | 0.78% | 0.94% | 0.96% | 1.62% | 2.29% | 1.99% |
| Opportunites CU | 7.09% | 9.52% | 9.52% | 8.00% | 8.00% | 10.40% | 8.87% | 9.09% | 9.24% | 5.98% | 4.24% | 4.24% | 4.27% |
| Peoples Trust Co. | 5.08% | 5.08% | 4.24% | 3.39% | 4.24% | 4.24% | 3.42% | 6.03% | 3.48% | 5.22% | 4.46% | 5.45% | 3.70% |
| Union Bank | 5.81% | 4.28% | 5.86% | 5.86% | 5.85% | 6.79% | 5.54% | 6.50% | 6.23% | 6.90% | 7.28% | 8.68% | 7.84% |

# REO INVENTORY REPORT

## As of June 30, 2009

| Mortgagor | REO Date | City/Town | Princ. Bal. | Interest | Expenses | Receipts (1) | Total Cost Basis | Valuation Allowance | List Amount (2) | Current Appraisal | Date Last Appraised | Original Appraisal | Loan Date | Type | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ford | 7/24/2008 | St. Albans | $ 97,128 | $ 3,136 | $ 13,271 | $ 27,003 | $ 86,532 | | $ 85,000 | $ 120,000 | 3-5-08 | $ 110,000 | 03-08-06 | Condo | Price Reduced |
| Mailhiot | 8/21/2008 | Chittenden | $ 63,262 | $ 9,827 | $ 20,782 | $ 3,607 | $ 90,264 | $ - | $ 59,500 | $ 102,000 | 9-17-08 | $ 80,000 | 05-03-96 | SF | Was under contract - did not close |
| Lattrell | 12/1/2008 | Vergennes | $ 29,423 | $ 1,662 | $ 10,725 | $ - | $ 41,810 | $ 12,307 | $ 27,000 | $ 28,000 | 1-15-09 | $ 37,500 | 07-01-97 | MH | |
| Burns | 2/17/2009 | St. Albans | $ 144,623 | $ 12,104 | $ 14,368 | $ - | $ 171,095 | $ 14,119 | $ 149,900 | $ 167,000 | 9-17-08 | $ 177,000 | 10-13-04 | 2F | New Listing |
| **Schraut** | **3/30/2009** | **Barre** | **$ 78,420** | **$ 5,802** | **$ 14,308** | **$ -** | **$ 98,530** | **$ 12,326** | **$ 75,000** | **$ 85,000** | **2/12/09** | **$ 84,000** | **11/21/02** | **SF** | **PROPERTY SOLD ON 7/3/09** |
| Greene | 3/30/2009 | Randolph | $ 68,297 | $ 9,733 | $ 21,636 | $ 3,943 | $ 95,723 | $ - | $ 128,000 | $ 128,000 | 9-4-08 | $ 82,000 | 10-27-90 | SF | RD Insured |
| Morey | 4/4/2009 | Barre | $ 42,994 | $ 6,125 | $ 6,543 | $ - | $ 55,662 | $ - | $ 58,000 | $ 58,000 | 7-9-09 | $ 60,000 | 11-15-91 | MH | new listing |
| **Brock** | **4/22/2009** | **Milton** | **$ 157,143** | **$ 13,899** | **$ 19,575** | **$ -** | **$ 190,617** | **$ -** | **$ 133,000** | **$ 160,000** | **3/16/09** | **$ 167,500** | **07/31/03** | **SF** | **UC $133,000; RD Guaranteed** |
| Lovar | 5/20/2009 | Bolton | $ 29,964 | $ 1,270 | $ 6,409 | $ 10,500 | $ 27,143 | $ 5,050 | $ 30,000 | $ 28,000 | 6-26-2009 | $ 32,500 | 10-1-2002 | MH | MH in Park; waiting for values |
| Fletcher | 5/22/2009 | Springfield | $ 64,245 | $ 8,358 | $ 11,806 | $ - | $ 84,409 | $ - | $ 85,000 | $ 80,000 | 4-21-2009 | $ 70,000 | 8-28-2000 | SF | RD Guaranteed; New Listing |
| Plaster | 5/22/2009 | Weathersfield | $ 114,117 | $ 10,512 | $ 13,058 | $ - | $ 137,687 | $ 1,010 | $ 95,000 | $ 95,000 | 4-21-2009 | $ 120,000 | 8-6-2004 | SF | RD Guaranteed; New Listing |
| Hillier | 6/23/2009 | Rutland | $ 87,967 | $ 7,410 | $ 7,922 | $ - | $ 103,299 | $ - | $ 80,000 | $ 82,500 | 5-26-2009 | $ 95,000 | 12-6-2006 | SF | RD Guaranteed; New Listing |
| **12** | | | **$ 977,583** | **$ 89,838** | **$ 160,403** | **$ 45,053** | **$ 1,182,771** | **$ 44,812** | **$ 1,005,400** | **$ 1,133,500** | | **$ 1,115,500** | | | |

**REOS that are under deposit**

(1) Receipts column represents actual and projected estimated mortgage insurance claim payments

(2) If Property is under deposit the List Price is the actual sale price.

vhfa

**Vermont Housing Finance Agency**

**MEMORANDUM**

To: VHFA Board of Commissioners
From: Maura Collins, Policy and Planning Manager
Date: July 20, 2009
Re: Estimated Value of VHFA's Single Family Portfolio

---

VHFA hired a third-party expert in home valuation, First American Core Logic (FACL), to provide an unbiased estimate of the value of VHFA's active single family portfolio. FACL is the national leader of automated valuation models, and is known for their impartial and accurate work. FACL works with many lenders, Housing Finance Agencies, and rating agencies evaluating portfolios as it did for VHFA.

The majority of the loans (3,765) were from the Single Family Housing Program bond resolution, rated by S&P and Moody's. VHFA sent memos to each of those agencies with results on the estimated value of those loans. Because that was limited to one bond resolution, those results differ from VHFA's overall portfolio loan results presented below.

## Results of Portfolio Analysis

- **Estimated Value of VHFA's Total Portfolio Rose 24%**
  - VHFA sent all loans (excluding mobile homes and REOs) to FACL for valuation. The value of VHFA's overall portfolio in this resolution rose by $145,078,587 (from $605,360,413 to $750,439,000).

- **Median Increase in Individual Homes Included in the Portfolio Was14%**
  - 77% of the loans increased in value, 22% decreased in value, and 1% saw no change.
  - Of the loans where the estimated value rose, the median increase was 33%.
  - Of the loans where the estimated value dropped, the median change was just -4%.
  - The median change of all home values was an increase of 14%.

- **Older Home Loans Show Doubling of Home Values**
  - The oldest loan analyzed was September 14, 1979, and the newest was April 1, 2009.
  - As can be seen below, the older loans have appreciated tremendously, but it's important to note that even the newest loans have still held their value and appreciated.

| | # of active loans | Average % change | Median % change | $ change |
|---|---|---|---|---|
| Homes purchased <1990 | 112 | 229% | 156% | $10,930,323 |
| Homes purchased 1990-1994 | 245 | 129% | 140% | $21,030,491 |
| Homes purchased 1995-1999 | 565 | 114% | 111% | $46,041,870 |
| Homes purchased 2000-2004 | 1,358 | 48% | 43% | $6,989,478 |
| Homes purchased 2005-2009 | 2,500 | 3% | 1% | $6,974,248 |

- **64% of Loans Have Current LTV Below 80%**
  - Using current balances as of mid-June, 2009 and comparing those with the estimated valuations from FACL, the average current loan-to-value was 64%, and the median was 69%. Only 36% of all the loans had a current estimated LTV of 80% or over.

vhfa

**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

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**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.

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

EQUAL HOUSING OPPORTUNITY

# 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<br>$1,000,000 - 2010 |
| **Repayment** | April 1, 2017 - $500,000<br>April 1, 2018 - $500,000<br>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.<br>a. Annual Reporting:<br>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.

vhfa

**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:** 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 Dousevicz, 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.

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

EQUAL HOUSING OPPORTUNITY

**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<br>18 Housing Credit | **Unit Sizes:** | 4 0-Br @ 435 avg s.f.<br>15 1-Br @ 639 avg s.f.<br>2 2-Br @ 886 avg s.f. |
| **Total Cost:** | $4,515,281<br>(residential only) | **Per Square Foot Land & Buildings Cost:** | $288<br>(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<br>23 Housing Credit | **Unit Sizes:** | 8 1-Br @ 698 s. f.<br>14 2-Br @ 1,053 s. f.<br>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<br>100 Housing Credit | **Unit Sizes:** | 86 – 596 sq ft; 1 bdrm<br>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<br>$3,837,000 Permanent<br>$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<br>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<br>16 – LIHTC | **Unit Sizes:** | 14 – 1 BR; 682 sq ft<br>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<br>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<br>24 – LIHTC | **Unit Sizes:** | 8 – One Bedroom (666 sq ft)<br>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<br>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<br>79 Rentals<br>(One Resident Mgr. Unit)<br>61 Tax Credit Units | **Unit Sizes:** | 40 two br. (974 sq. ft.)<br>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<br>19 Housing Credit | **Unit Sizes:** | 4 0-Br @ 465 s.f.<br>18 1-Br @ 680 s.f.<br>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 VHCB 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** |
| TCAP Available: | $ 5,416,546 | **$ 5,416,546** | |
| 1602 Exchange Available: | $ 170,000 | | **$ 170,000** |
| Total TCAP & 1602: | $ 5,586,546 | **$ 5,416,546** | **$ 170,000** |
| Shortfall: | $ (1,806,014) | $ - | $ - |

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.

20-Jul-09 **Anne Wilder Richards, West Brattleboro**

| | | | |
|---|---|---|---|
| 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% | | | |
| | 933,718 | Commercial | | | |
| **USES** | 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**

| | | | | | |
|---|---|---|---|---|---|
| | | | | 2,686,634 | |
| 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% |

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 Develpmnt 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 | 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 **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: | 2,043,439 | 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% |
| Gap | 0 | |
| **VHFA Construction Loan** | **1,500,000** | |

| | | | |
|---|---|---|---|
| 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% |
| 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

**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<br>23 Housing Credit | **Unit Sizes:** | 8 1-Br @ 698 s. f.<br>14 2-Br @ 1,053 s. f.<br>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.

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

EQUAL HOUSING OPPORTUNITY

**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.

## NOTES:

1) THIS IS NOT A SURVEY. BOUNDARY INFORMATION SHOWN IS BASED ON A SURVEY ENTITLED "MILTON CENTRE, FINAL PLAT" BY FITZPATRICK-LUEWELLYN INCORPORATED, ESSEX JUNCTION, VERMONT, DATED NOVEMBER 1984 AND RECORDED IN VAP SLIDE 179 OF THE TOWN OF MILTON LAND RECORDS AND DESIGNATED THEREIN AS MAP 179-8.

2) THE LOCATIONS OF EXISTING UNDERGROUND UTILITIES ARE SHOWN IN AN APPROXIMATE WAY ONLY AND HAVE NOT BEEN INDEPENDENTLY VERIFIED BY THE OWNER OR THE ENGINEER. THE CONTRACTOR SHALL DETERMINE THE EXACT LOCATION OF ALL EXISTING UTILITIES BEFORE COMMENCING WORK, AND AGREES TO BE FULLY RESPONSIBLE FOR ANY AND ALL DAMAGES WHICH MIGHT BE OCCASIONED BY THE CONTRACTORS FAILURE TO EXACTLY LOCATE AND PRESERVE ANY AND ALL UNDERGROUND UTILITIES. IT IS THE CONTRACTORS RESPONSIBILITY TO CONTACT "DIG SAFE" AT 1-800-225-4977 TO LOCATE ANY UNDERGROUND UTILITIES BEFORE EXCAVATION BEGINS. THE CONTRACTOR IS TO NOTIFY THE ENGINEER IMMEDIATELY OF ANY DISCREPANCY BETWEEN UTILITIES AS SHOWN AND AS FOUND.

3) FINAL ENGINEERING DESIGN AND CONNECTION TO THE EXISTING PUMP STATION WILL BE REVIEWED WITH THE TOWN OF MILTON ONCE THE TOWN ACQUIRES OWNERSHIP. CONNECTIONS, INVERTS, STORAGE AND PUMP STATION OPERATION TO BE FIELD VERIFIED.

4) INSTALL STABILIZED CONSTRUCTION ENTRANCE AND SILT FENCE AROUND PERIMETER PRIOR TO CONSTRUCTION.

5) THE 8" SEWER SERVICE SHALL REMAIN PRIVATE. THE SEWER SERVICE AND EASEMENT ACROSS FLETCHER ALLEN HEALTHCARE SHALL BENEFIT MARKETPLACE, LLC AND RICHARD AND KIMBERLY LEBLANC.

6) THE COMMUNITY ROOM WILL BE OPEN FOR USE BY BOTH COMMERCIAL AND RESIDENTIAL TENANTS.

7) UPSTREAM CONSTRUCTION SHALL BE COMPLETED AND STABILIZED BEFORE CONNECTION TO A DOWNSTREAM INFILTRATION FACILITY. A DENSE AND VIGOROUS VEGETATIVE COVER SHALL BE ESTABLISHED OVER THE CONTRIBUTING PERVIOUS DRAINAGE AREAS BEFORE RUNOFF CAN BE ACCEPTED INTO THE FACILITY.

## OWNER OF RECORD:

RICHARD & KIMBERLY LEBLANC
172 SANDHILL ROAD
ESSEX JUNCTION, VERMONT 05453
238-8253

APPLICANT:
BOVE BROTHERS REALTY
218 OVERLAKE DRIVE
COLCHESTER, VT 05446

PROJECT LOCATION
LOT 13, AREA 11 ACRES
CENTRE DRIVE
MILTON, VERMONT
BOOK 169, PG 577
MAP 27-9-13

## ZONING: DOWNTOWN BUSINESS DISTRICT (DB)

| | REQUIRED | PROPOSED |
|---|---|---|
| LOT AREA: | 5,000 SQ. FT. | 1.1 ACRES |
| ROAD FRONTAGE: | 0 FT. | |
| FRONT SETBACK: | 0 FT. | |
| SIDE SETBACK: | 0 FT. | |
| REAR SETBACK: | 0 FT. | |
| LOT COVERAGE: | 80% | 50.2% (0.57 ACRES) |
| BUILDING HEIGHT: | 5 STORIES UP TO 70 FT | 4 STORIES |
| BUILDING FOOTPRINT: | 65,000 SQ. FT. | 8,940 SQ. FT. |
| COMMERCIAL SQ. FT: | | 7,521 SQ. FT. |
| PARKING: HOUSING | 1.5 PER UNIT WITH 1 OR 2 BEDROOMS | |
| | 1.5x10 (1) BEDROOM UNITS = | 15 SPACES |
| | 1.5x14 (2) BEDROOM UNITS = | 21 SPACES |
| | | 36 SPACES |
| COMMERCIAL (PERSONAL/PROFESSIONAL SERVICES) | 3 SPACES/1000 GFA | |
| | 7,521 SQ. FT. x 3 SPACES/1000 = | 23 SPACES |
| | TOTAL REQUIRED | 59 SPACES |
| | TOTAL PROVIDED | 53 SPACES |

59 REQUIRED SPACES - 53 PROVIDED SPACES = 6 SPACES TO BE WAIVED

## LEGEND

| | EXISTING | PROPOSED | DEMOLITION |
|---|---|---|---|
| SEWER MAINS | S | S | S |
| WATER MAINS AND SERVICES | W | W | W |
| STORM DRAINAGE | D | D | D |
| LIQUID PROPANE OR NATURAL GAS | G | G | G |
| OVERHEAD POWER | OHP | OHP | OHP |
| UNDERGROUND POWER & TELEPHONE | UP/T | UP/T | UP/T |
| TOPOGRAPHIC CONTOURS | 324 | 330 | |
| PAVED DRIVE OR ROAD | | | |
| GRAVEL DRIVE OR ROAD | | | |
| STREAM OR SWALE | | | |
| PROPERTY LINE | | | |
| EASEMENTS | | | |
| FENCE | | | |
| SEWER MANHOLE (SMH) | | | |
| STORM CLEANOUT (CO) | | | |
| CATCH BASIN (CB) | | | |
| VALVE | | | |
| FIRE HYDRANT (HYD) | | | |
| UTILITY POLE | | | |
| LIGHT | | POLE MOUNTED<br>WALL MOUNT, DRIVEWAY<br>WALL MOUNT, DOORWAY<br>BOLLARD | |

TRUDELL CONSULTING ENGINEERS (TCE)

## PLANT LIST

| KEY | SCIENTIFIC NAME | COMMON NAME | QUAN. | SIZE | COMMENTS |
|---|---|---|---|---|---|
| AF | Acer x freemanii 'Autumn Blaze' | Autumn Blaze Maple | 4 | 2"-2½" | B&B |
| AS | Acer saccharum | Sugar Maple | 2 | 2"-2½" | B&B |
| AM | Aronia melanocarpa 'Autumn Magic' | Autumn Magic Chokeberry | 8 | 3 gal. | CONT. |
| CF | Calycanthus floridus | Spicebush | 4 | 2 gal. | CONT. |
| CA | Cotoneaster apiculatus | Cranberry Cotoneaster | 19 | 2 gal. | CONT. |
| JCSV | Juniperus chinensis 'Sargentii viridis' | Sargent Green Juniper | 18 | 2 gal. | CONT. |
| MA | Malus 'Adams' | Adams Crabapple | 4 | 7 gal. | B&B |
| PA | Picea abies | Norway Spruce | 22 | 6'-7' | B&B |
| PN | Pinus nigra | Austrian Pine | 8 | 6'-7' | B&B |
| PM | Pinus mugo | Mugo Pine | 2 | 7 gal. | CONT. |
| PMM | Pinus mugo mughus | Dwarf Mugo Pine | 2 | 2 gal. | CONT. |
| PFS | Potentilla fruticosa 'Sundance' | Sundance Cinquefoil | 10 | 2 gal. | CONT. |
| RHA | Rhus aromatica 'Gro-Low' | Dwarf Fragrant Sumac | 19 | 3 gal. | CONT |
| SF | Spiraea frisechiana | Korean Spirea | 24 | 3 gal. | CONT. white |
| UAP | Ulmus americana 'Princeton' | Princeton American Elm | 6 | 2½"-3" | B&B |

THIS FINAL PLAT HAS BEEN APPROVED BY RESOLUTION OF THE DEVELOPMENT REVIEW BOARD OF THE TOWN OF MILTON, VT. THIS _____ DAY OF _____ 200___, SUBJECT TO THE REQUIREMENTS AND CONDITIONS OF SAID RESOLUTION.

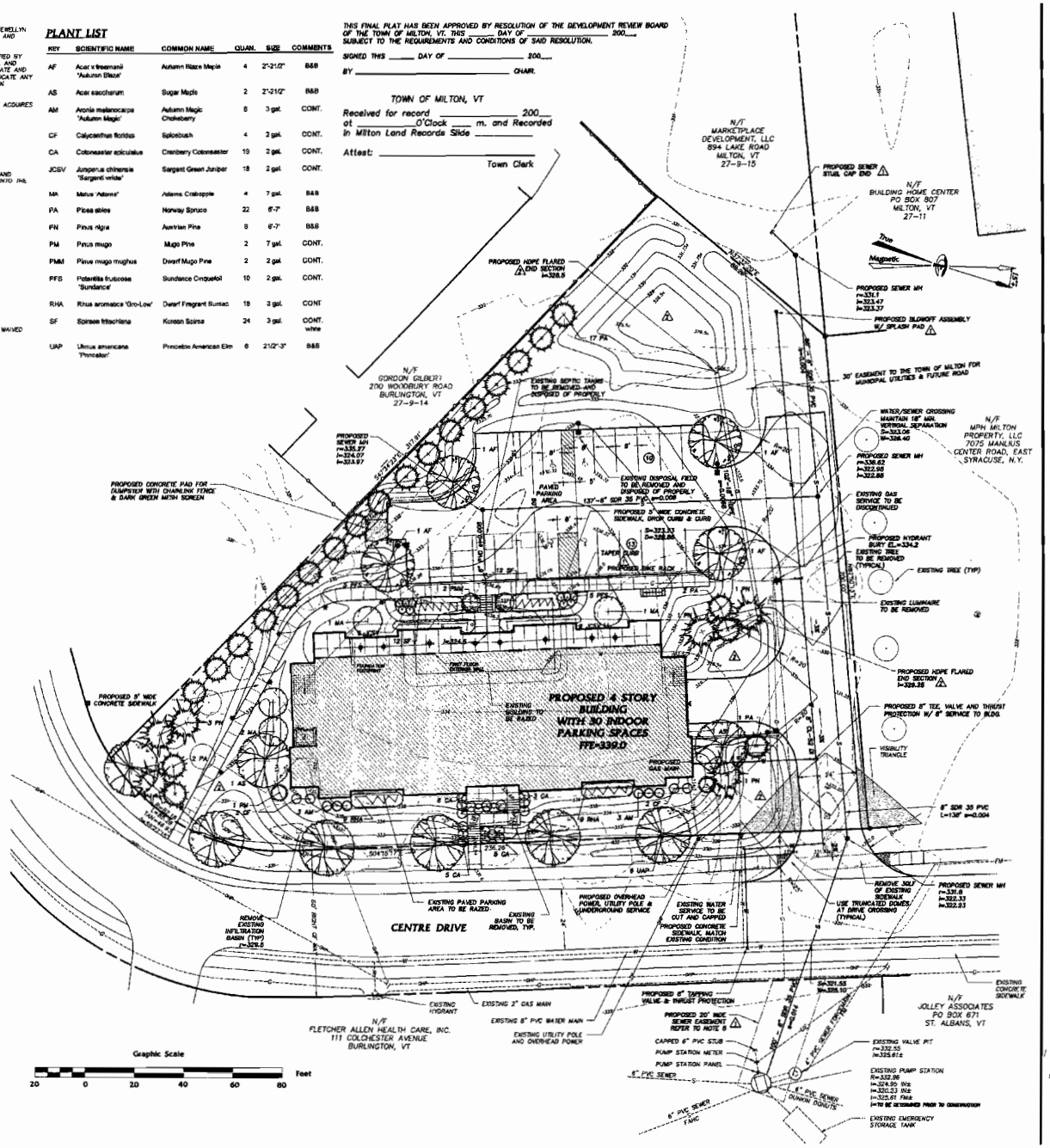
SIGNED THIS _____ DAY OF _____ 200___

BY _____ CHAIR.

TOWN OF MILTON, VT

Received for record _____ 200___
at _____O'Clock ____ m. and Recorded
in Milton Land Records Slide _____

Attest: _____
Town Clerk




Graphic Scale
20 0 20 40 60 80 Feet

LOCUS MAP
SCALE: 1" = 200'


TRUDELL CONSULTING ENGINEERS (TCE)
478 Blair Park Road P.O. Box 308 (802) 879-6351 (phone)
Williston, Vermont 05495 (802) 879-0030 (fax)
Visit Us on the Web at: www.TrudellConsulting.com


THESE PLANS ARE ISSUED FOR THE PURPOSE OF:

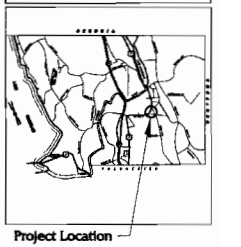
- CONCEPTUAL APPROVAL SUBMISSION
- PRELIMINARY APPROVAL SUBMISSION
- ACT 250 SUBMISSION
- FINAL APPROVAL SUBMISSION
- CONSTRUCTION DRAWINGS

USE AND INTERPRETATION OF THE DRAWINGS

1. Drawings prepared for submittal are intended for preliminary planning coordination with various documents, specifications, zoning/contractor agreements and to be fully coordinated with other disciplines. They are specific to the project. If errors are discovered they are to be brought to the attention of Trudell Consulting Engineers (TCE) before any use of the drawings is undertaken. TCE shall not be liable for any claims or damages resulting from unauthorized, or incomplete use drawings. Use drawings shall be considered "Final Approved Submission" once they receive state and local approval.

2. As professionals of service these drawings and copies thereof furnished by the Engineer are the property. Changes to the drawings may only be made by the Engineer.

4. It is the Client's responsibility to ensure this copy contains the most current revisions.




| No. | Description | Date | By |
|---|---|---|---|
| | Revisions | | |
| 1 | Stormwater design revisions to comply with VSMM standards | 8/30/08 | NTH |
| 2 | Milton DRB Revisions | 9/26/08 | NTH |

STATE OF VERMONT — NO. 2437 CIVIL — NORMAN T. HOUGH — REGISTERED PROFESSIONAL ENGINEER

Project Title
**BOVE BROTHERS REALTY**

**Centre Drive**
**Milton, Vermont**

Sheet Title
**Site Plan**

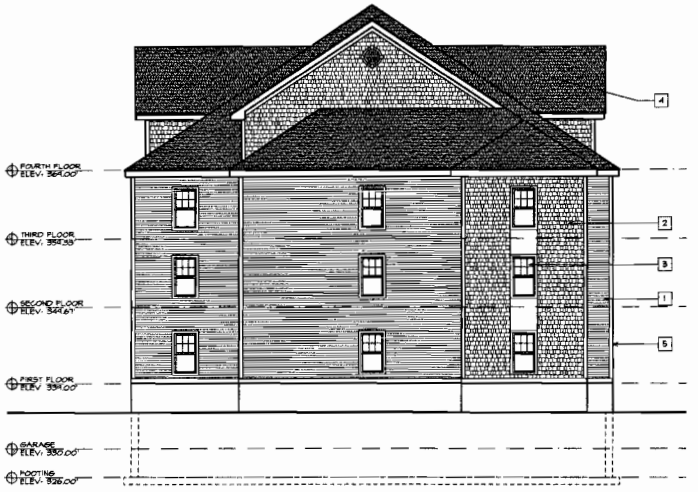
Drawing Number: 20080918-S1 Extension: 1
Project manager: GAB Drawn: RMP
Date: 03/21/08 P.S. 132 Scale: 1"=20'
Project reference: 20080918 X-Ref: 20080918xc
Bench File: XXX
Approved

S:_TCE DRAWINGS\2008\20080918.dwg 9/30/2008 3:07:53 PM EST

# SP1

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 MOSS JH50-20 |
| 2 | SIDING TYPE-2: | CONCRETE BOARD 'HARDISHINGLE' BY JAMES HARDIE OR APPROVED EQUAL. COLOR MOUNTAIN SAGE JH50-30 |
| 3 | WINDOWS: | CLAD WOOD LOW-E ARGON FILLED WINDOWS BY MARVIN OR APPROVED EQUAL. COLOR: WHITE |
| 4 | ROOFING: | ASPHALT THREE-DIMENSIONAL STYLE SHINGLES (ISO 90 OR EQUAL.) COLOR AS SELECTED BY ARCHITECT |
| 5 | EXTERIOR TRIM: | FIBER CEMENT 'HARDITRIM' FOR INSIDE & OUTSIDE CORNERS, SOFFITS, WINDOW & DOOR SURROUNDS, TRIM FOR FASCIAS, EAVES, RAKES, WATERTABLE, ETC. COLOR ALPINE FROST JH50-10 |
| 6 | STOREFRONT: | ALUMINUM STOREFRONT COMPONENTS WITH LOW-E ARGON FILLED GLASS. COLOR: WHITE |
| 7 | EXTERIOR FINISH: | SYNTHETIC STUCCO FINISH (E.F.I.S.) INSTALLED IN ACCORDANCE WITH MANUFACTURER'S SPECS COLOR HEATHERED MOSS JH50-20 |

## SIGN INFORMATION

SIGNS ARE REGULATED BY MILTON ZONING ORDINANCE SECTION 881.1
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 CRVED OR PAINTED WOOD WITH INDIRECT LIGHTING

| REVISIONS: | DATE: |
|---|---|
| PRELIMINARY PRICING SET | 09/18/08 |
| COLOR AND SIGN INFORMATION ADDED | 09/23/2008 |

EXTERIOR ELEVATIONS

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

CENTRE DRIVE MIXED USE BUILDING

MILTON, VERMONT

RABIDEAU ARCHITECTS
85 ST. PAUL STR. SUITE 80
Burlington, VT 05401
ph 802.863.0222
fax 802.863.6107

SHEET NUMBER

A-7

DATE: 09/18/08

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% |

21-Jul-09 **Centre Drive, Milton Vermont**

| | | Total Development Costs - Residential Only | | | Allocation of Sources - Commercial | | | Allocation of Sources - Residential | | | | Mixed-Use Only | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Budget | Per Unit | Per s.f. | Debt | Equity Terms: | Other Terms: | Debt | Equity Terms: | Other Terms: | TOTAL SOURCES | Commercial Space Only | Combined Commercial and Residential |
| | | | | | Terms: | | | Terms: | | | | | |
| | | | | | 20/30 | | | 20/30 | | | | | |
| | ACQUISITION | | | | 5.37% | | | 5.37% | | | | | |
| 1 | Land | 0 | 0 | 0.00 | | | | 0 | | | 0 | 0 | 0 |
| 2 | Purchase of Building(s) | | 0 | 0.00 | | | | | | | 0 | | |
| 3 | Demolition (without replacement) | | 0 | 0.00 | | | | | | | 0 | | |
| 4 | Property Appraisal | 0 | 0 | 0.00 | | | | 0 | | | 0 | 0 | 0 |
| 5 | Legal - Title and Recording | 0 | 0 | 0.00 | | | | 0 | | | 0 | 0 | 0 |
| | Subtotal - Acquisition | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| | CONSTRUCTION HARD COSTS | | | | | | | | | | | | |
| 6 | Rehabilitation | | 0 | 0.00 | | | | | | | 0 | 0 | 0 |
| 7 | New Building(s) | 2,573,426 | 107,226 | 91.83 | 440,574 | | | 1,569,792 | 1,003,634 | | 3,014,000 | 440,574 | 3,014,000 |
| 8 | Accessory Buildings | | 0 | 0.00 | | | | | | | 0 | 0 | 0 |
| 9 | Sitework | 298,838 | 12,452 | 10.66 | 51,162 | | | 298,838 | | | 350,000 | 51,162 | 350,000 |
| 10 | Commercial Space Costs (if any) | | 0 | 0.00 | | | | | | | 0 | | |
| 11 | General Requirements | 58,658 | 2,444 | 2.09 | 10,042 | | | 58,658 | | | 68,700 | 10,042 | 68,700 |
| 12 | Contractor Overhead - in Construction | | 0 | 0.00 | | | | | | | 0 | | |
| 13 | Contractor Profit - in Construction | | 0 | 0.00 | | | | | | | 0 | | |
| 14 | Construction Contingency | 201,059 | 8,377 | 7.17 | 34,421 | | | 201,059 | | | 235,480 | 34,421 | 235,480 |
| 15 | Construction Management | | 0 | 0.00 | | | | | | | 0 | | |
| 16 | Construction Bond Fee | 62,640 | 2,610 | 2.24 | 10,724 | | | 62,640 | | | 73,364 | 10,724 | 73,364 |
| 17 | Hazardous Materials Abatement | | 0 | 0.00 | | | | | | | 0 | | |
| 18 | Off-Site Improvements | | 0 | 0.00 | | | | | | | 0 | | |
| 19 | Furnishings, Fixtures, & Equipment | 27,600 | 1,150 | 0.98 | | | | 27,600 | | | 27,600 | | 27,600 |
| 20 | Other (_____) | | 0 | 0.00 | | | | | | | 0 | | |
| | 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 | | | 50,000 | 7,309 | 50,000 |
| 22 | Engineering | 42,691 | 1,779 | 1.52 | 7,309 | | | 42,691 | | | 50,000 | 7,309 | 50,000 |
| 23 | Legal/Accounting | 23,538 | 981 | 0.84 | 1,462 | | | 23,538 | | | 25,000 | 1,462 | 25,000 |
| 24 | Relocation | | 0 | 0.00 | 0 | | | 0 | | | 0 | | |
| 25 | Environmental Assessment | | 0 | 0.00 | 0 | | | 0 | | | 0 | | |
| 26 | Energy Assessment | 4,269 | 178 | 0.15 | 731 | | | 4,269 | | | 5,000 | 731 | 5,000 |
| 27 | Permits/Fees | 34,153 | 1,423 | 1.22 | 5,847 | | | 34,153 | | | 40,000 | 5,847 | 40,000 |
| 28 | Independent Market Study | 7,000 | 292 | 0.25 | 0 | | | 7,000 | | | 7,000 | 0 | 7,000 |
| 29 | Construction Period Insurance | 12,807 | 534 | 0.46 | 2,193 | | | 12,807 | | | 15,000 | 2,193 | 15,000 |
| 30 | Construction Interest | 21,727 | 1,060 | 0.91 | 3,720 | | | 21,727 | | | 25,447 | 3,720 | 25,447 |
| 31 | Construction Loan Origination Fee | 14,370 | 701 | 0.60 | 2,460 | | | 14,370 | | | 16,830 | 2,460 | 16,830 |
| 32 | Taxes During Construction | 8,538 | 356 | 0.30 | 1,462 | | | 8,538 | | | 10,000 | 1,462 | 10,000 |
| 33 | Clerk of the Works | | 0 | 0.00 | 0 | | | 0 | | | 0 | | |
| 34 | Marketing | 12,807 | 534 | 0.46 | 2,193 | | | 12,807 | | | 15,000 | 2,193 | 15,000 |
| 35 | Tax Credit Fees | 5,143 | 214 | 0.18 | 0 | | | 5,143 | | | 5,143 | | 5,143 |
| 36 | Soft Cost Contingency | | 0 | 0.00 | 0 | | | 0 | | | 0 | | |
| 37 | Permanent Loan Origination Fee | 14,370 | 701 | 0.60 | 2,460 | | | 14,370 | | | 16,830 | 2,460 | 16,830 |
| 38 | Lender's Counsel's Fee | 8,538 | 356 | 0.30 | 1,462 | | | 8,538 | | | 10,000 | 1,462 | 10,000 |
| 39 | Other (_____) | | 0 | 0.00 | 0 | | | 0 | | | 0 | | |
| | SYNDICATION COSTS | | | | | | | | | | | | |
| 40 | Organizational (Partnership) | 10,000 | 417 | 0.36 | 0 | | | 10,000 | | | 10,000 | | 10,000 |
| 41 | Bridge Loan Fees and Expenses | 25,211 | 1,050 | 0.90 | 0 | | | 25,211 | | | 25,211 | | 25,211 |
| 42 | Syndication Consultant | 25,091 | 1,045 | 0.90 | 0 | | | 25,091 | | | 25,091 | | 25,091 |
| 43 | Tax Opinion | 10,000 | 417 | 0.36 | 0 | | | 10,000 | | | 10,000 | | 10,000 |
| | DEVELOPER'S FEES | | | | | | | | | | | | |
| 44 | Developer's Fees | 287,739 | 11,989 | 10.27 | 49,261 | | | 287,739 | | | 337,000 | 49,261 | 337,000 |
| 45 | Other Partnership Fees | | 0 | 0.00 | 0 | | | 0 | | | 0 | | |
| 46 | Consultant Fees | 67,400 | 2,808 | 2.41 | 0 | | | 67,400 | | | 67,400 | | 67,400 |
| | RESERVES | | | | | | | | | | | | |
| 47 | Working Capital | 21,580 | 899 | 0.77 | 3,695 | | | 21,580 | | | 25,275 | 3,695 | 25,275 |
| 48 | Rent-up (Deficit Escrow) Reserve | 68,306 | 2,846 | 2.44 | 11,694 | | | 68,306 | | | 80,000 | 11,694 | 80,000 |
| 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 | 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 |

[redacted] [redacted] [redacted] on date: 8/6/2007

21-Jul-09 **Centre Drive, Milton Vermont**

| | | 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 Bedrooms | Type | Average Square Feet | Number | Average Rent | Utilities | Total Annual Rent |
|---|---|---|---|---|---|---|
| 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 Bedrooms | Type | Square Feet | Number | Rent | Utilities | Total Annual Rent |
|---|---|---|---|---|---|---|
| 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 | | | 255,804 |
| | Less Vacancy | | 5.00% | | | (12,790) |
| | | | | | NET RENT | 243,014 |
| | OTHER INCOME | | | | | |
| | 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

| | Check all Applicable | | | | | | | | | A | | | | | B | | | | | | | C | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Building # | Unit # | HOME Unit | Lead Paint Unit | Project Based Assistance | Tax Credit Unit | VHCB Restricted | Accessible | Adaptable | Unrestricted | Number of Bedrooms | Proposed Square Footage | Proposed Rent | Utility Allowance for Tenant-Paid Utilities | Gross Rent (Rent + Tenant-Paid Utilities) | OCCUPIED BY: Income level of residents to be served: | | | | | | AFFORDABLE TO: Units affordable to residents at: | | | | | |
| | | | | | | | | | | | | | | | <30% | <50% | <60% | <80% | <100% | >100% | 30% | 50% | 60% | 65% | 80% | 100%+ |
| | 1 | | | | X | | | | | 2 | 879 | 913 | | 913 | | | X | | | | | | X | | | |
| | 2 | | | | X | | | | | 2 | 879 | 913 | | 913 | | | X | | | | | | X | | | |
| | 3 | | | | | | | | X | 1 | 698 | 1,100 | | 1,100 | | | | | | X | | | | | | X |
| | 4 | | | | X | | | | | 1 | 698 | 761 | | 761 | | | X | | | | | | X | | | |
| | 5 | | | | X | | | | | 1 | 698 | 761 | | 761 | | | X | | | | | | X | | | |
| | 6 | | | | X | | | | | 1 | 698 | 761 | | 761 | | | X | | | | | | X | | | |
| | 7 | | | | X | | | | | 1 | 698 | 761 | | 761 | | | X | | | | | | X | | | |
| | 8 | | | | X | | | | | 1 | 698 | 761 | | 761 | | | X | | | | | | X | | | |
| | 9 | | | | X | | | | | 1 | 698 | 761 | | 761 | | | X | | | | | | X | | | |
| | 10 | | | | X | | | | | 1 | 698 | 761 | | 761 | | | X | | | | | | X | | | |
| | 11 | | | | X | | | | | 2 | 879 | 913 | | 913 | | | X | | | | | | X | | | |
| | 12 | | | | X | | | | | 2 | 879 | 913 | | 913 | | | X | | | | | | X | | | |
| | 13 | | | | X | | | | | 2 | 1,123 | 913 | | 913 | | | X | | | | | | X | | | |
| | 14 | | | | X | | | | | 3 | 1,304 | 1,054 | | 1,054 | | | X | | | | | | X | | | |
| | 15 | | | | X | | | | | 2 | 1,123 | 913 | | 913 | | | X | | | | | | X | | | |
| | 16 | | | | X | | | | | 2 | 1,123 | 913 | | 913 | | | X | | | | | | X | | | |
| | 17 | | | | X | | | | | 2 | 1,123 | 913 | | 913 | | | X | | | | | | X | | | |
| | 18 | | | | X | | | | | 2 | 1,123 | 913 | | 913 | | | X | | | | | | X | | | |
| | 19 | | | | X | | | | | 2 | 1,123 | 913 | | 913 | | | X | | | | | | X | | | |
| | 20 | | | | X | | | | | 2 | 1,123 | 913 | | 913 | | | X | | | | | | X | | | |
| | 21 | | | | X | | | | | 2 | 1,123 | 913 | | 913 | | | X | | | | | | X | | | |
| | 22 | | | | X | | | | | 2 | 1,123 | 913 | | 913 | | | X | | | | | | X | | | |
| | 23 | | | | X | | | | | 2 | 1,123 | 913 | | 913 | | | X | | | | | | X | | | |
| | 24 | | | | X | | | | | 3 | 1,304 | 1,054 | | 1,054 | | | X | | | | | | X | | | |
| Total # Units | 24 | | | | | | | | | Totals: | 22,938 | 21,317 | | Total # Units: | 0 | 0 | 23 | 0 | 0 | 1 | 0 | 0 | 23 | 0 | 0 | 1 |

Total Annual Ren 255,804

revision date: 8/6/2007

21-Jul-09 **Centre Drive, Milton Vermont**

| | RESIDENTIAL Annual | Monthly | Per Unit Per Month | | COMMERCIAL Annual | Monthly | TOTAL 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 |
| 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 |
| 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 |
| 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 |
| TOTAL MAINTENANCE | 33,842 | 2,820 | 118 | | 658 | 55 | 34,500 | 2,875 |
| | | | | per unit month | | | | |
| Real Estate Taxes | 35,861 | 2,988 | 125 | excl. ds & res. | 6,139 | 512 | 42,000 | 3,500 |
| Property Insurance | 10,246 | 854 | 36 | 469 | 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 |
| Other "must pay" debt service | 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) | | 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 | | 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 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 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 |
| 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% |
| Cumulative Cash Flow | | | | | | | | | | | | | | | | |
| 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 | 2.0% | 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 |
| 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 |
| 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 |
| Cumulative Replacement Reserves | | | | | | | | | | | | | | | | |
| 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 | 2.0% | 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 |
| 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 |

**vhfa**

**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<br>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

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

EQUAL HOUSING OPPORTUNITY

- 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.

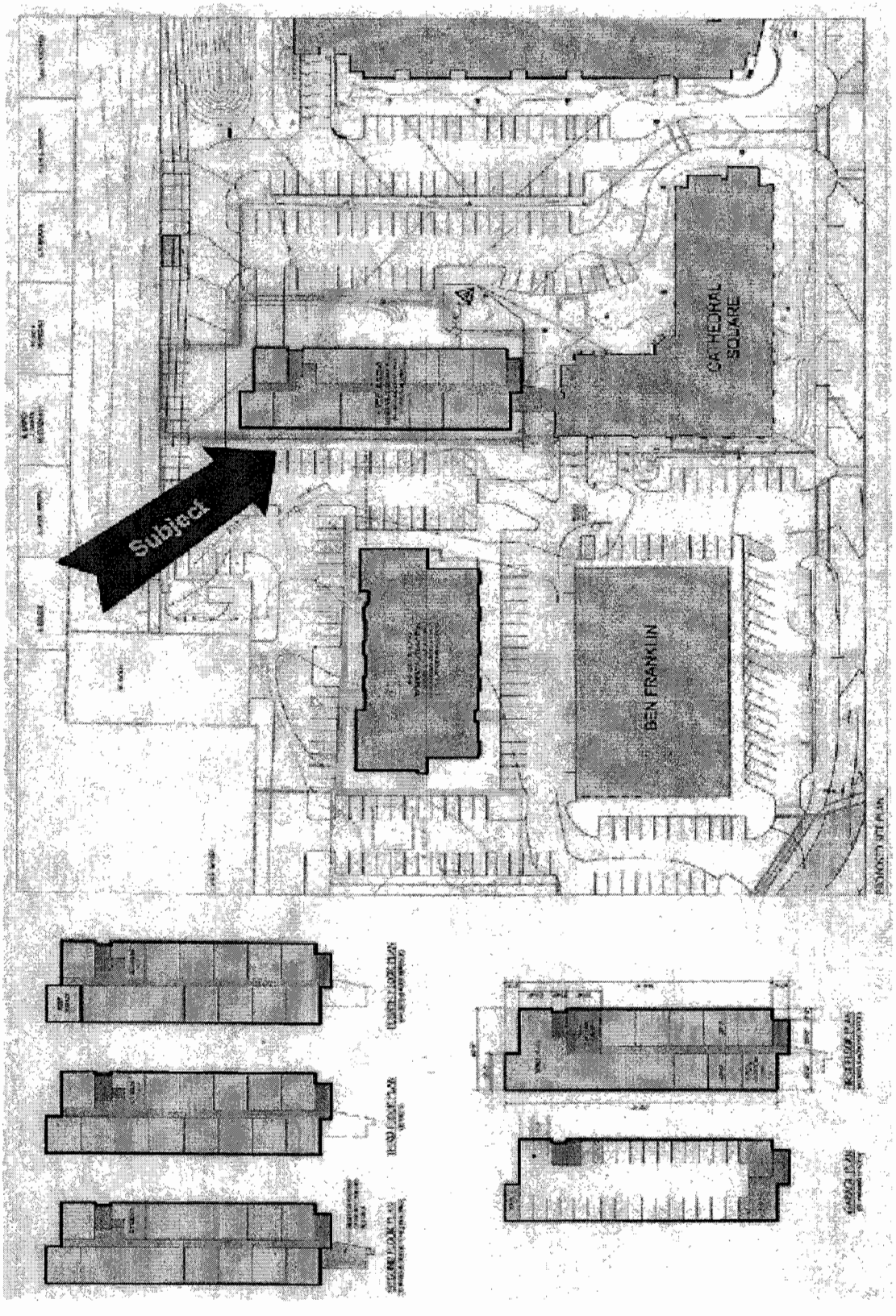
2. The Executive Director and the Loan Review Committee will establish the final source and amount of the loan for the Development, and such conditions and terms that are appropriate for the Development in accordance with all requirements of the Act, and the applicable regulations and policies of the Agency, including the Underwriting Guidelines, and the conditions, if any, described in the Memorandum.

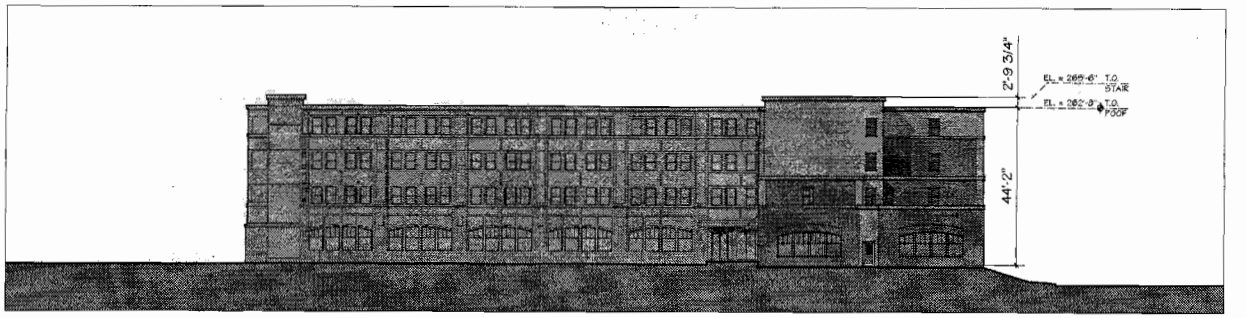
3. The recommendations for the use of Bond Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.

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.

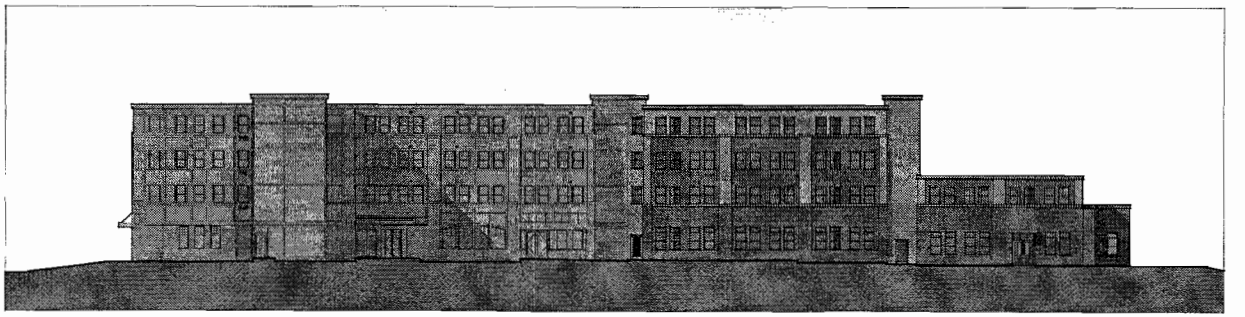
5. The findings and determinations set forth above are hereby incorporated as if set forth fully in this place and shall be and constitute the duly adopted findings and determinations of the Board.

## Proposed Building Sketch

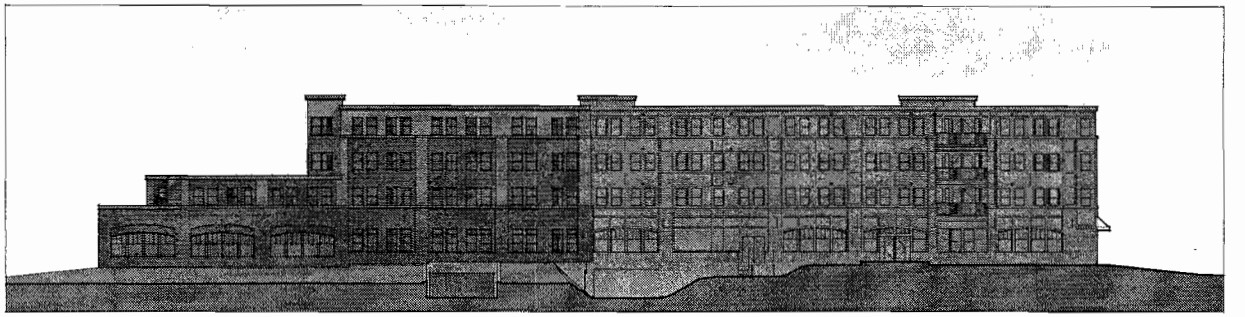





NORTH ELEVATION
SCALE: 1/32" = 1'-0"



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

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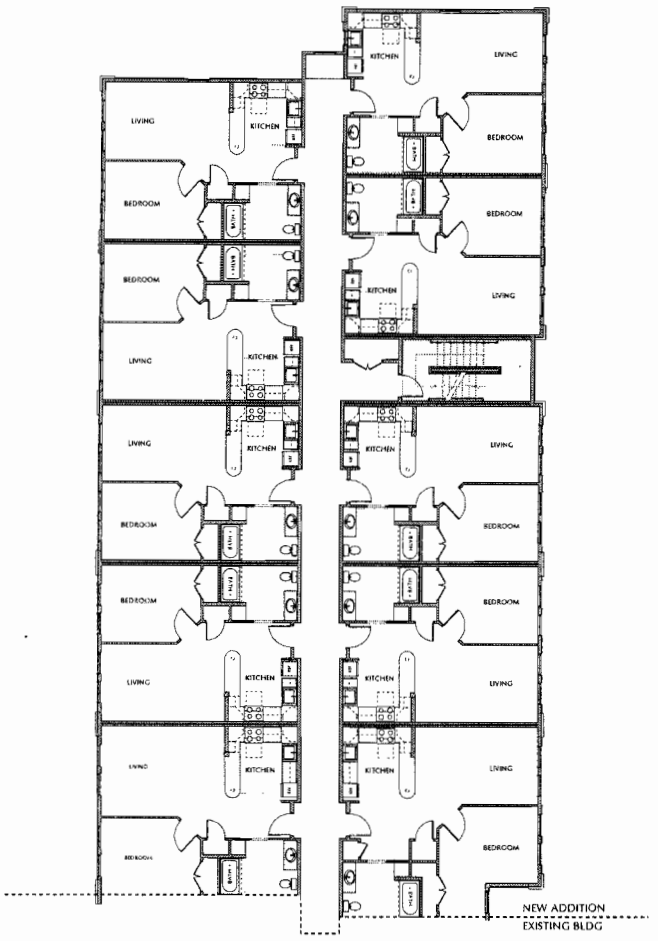
DESIGN PLANS

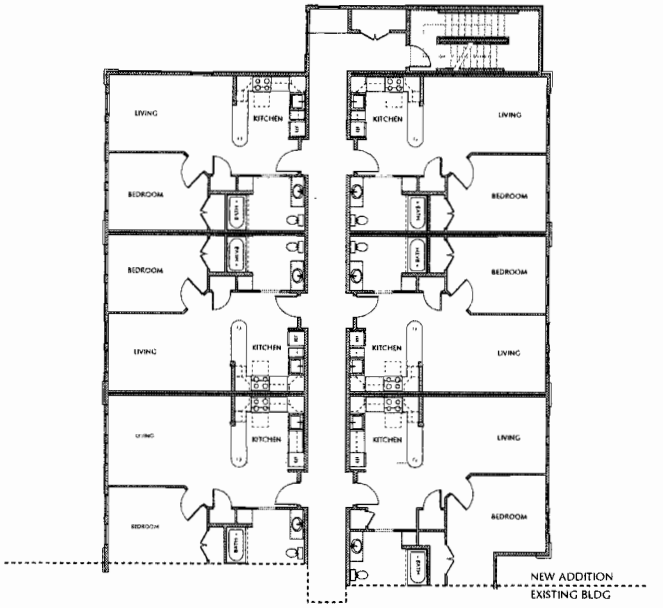
Duncan Wisniewski ARCHITECTURE
255 SOUTH CHAMPLAIN STREET
BURLINGTON, VERMONT, 05401
T. 802.864.1693 F. 802.864.5923

DATE: 7.14.2009

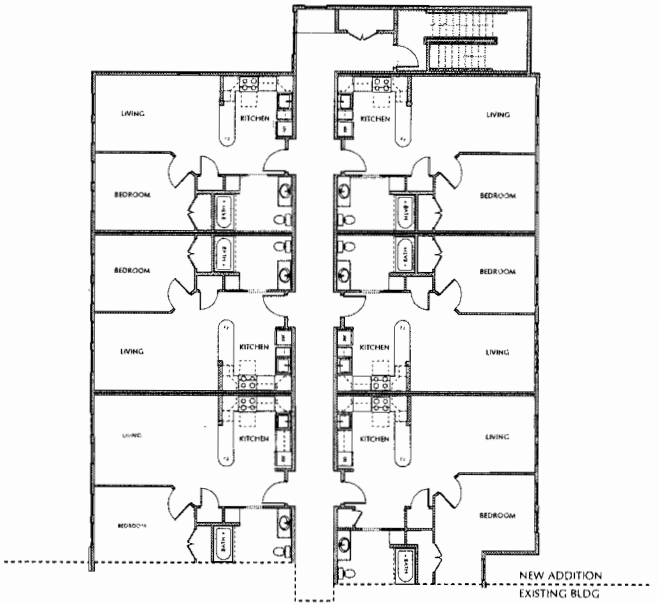
E1




SECOND FLOOR PLAN
Scale: 1/8" = 1'-0"




THIRD FLOOR PLAN
Scale: 1/8" = 1'-0"




FOURTH FLOOR PLAN
Scale: 1/8" = 1'-0"

# O'DELL PARKWAY P.U.D. (GRAND WAY-2)

SOUTH BURLINGTON, VERMONT

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DESIGN PLANS

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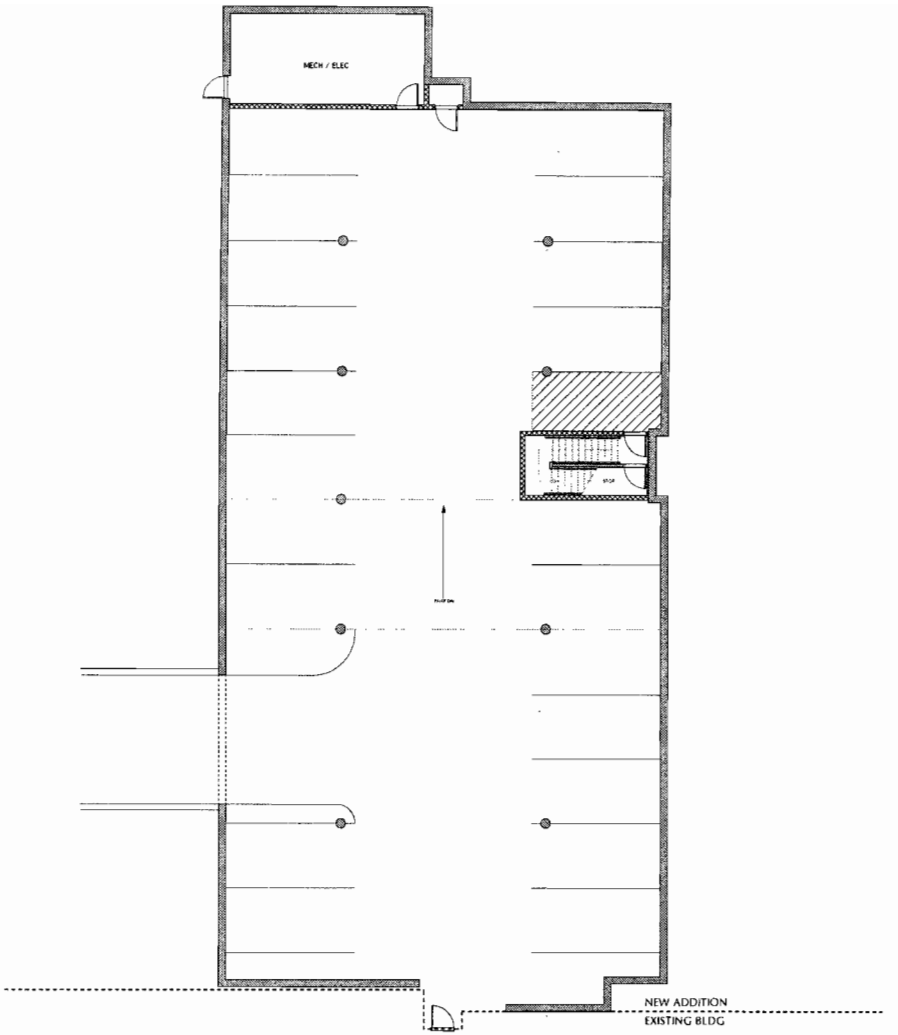
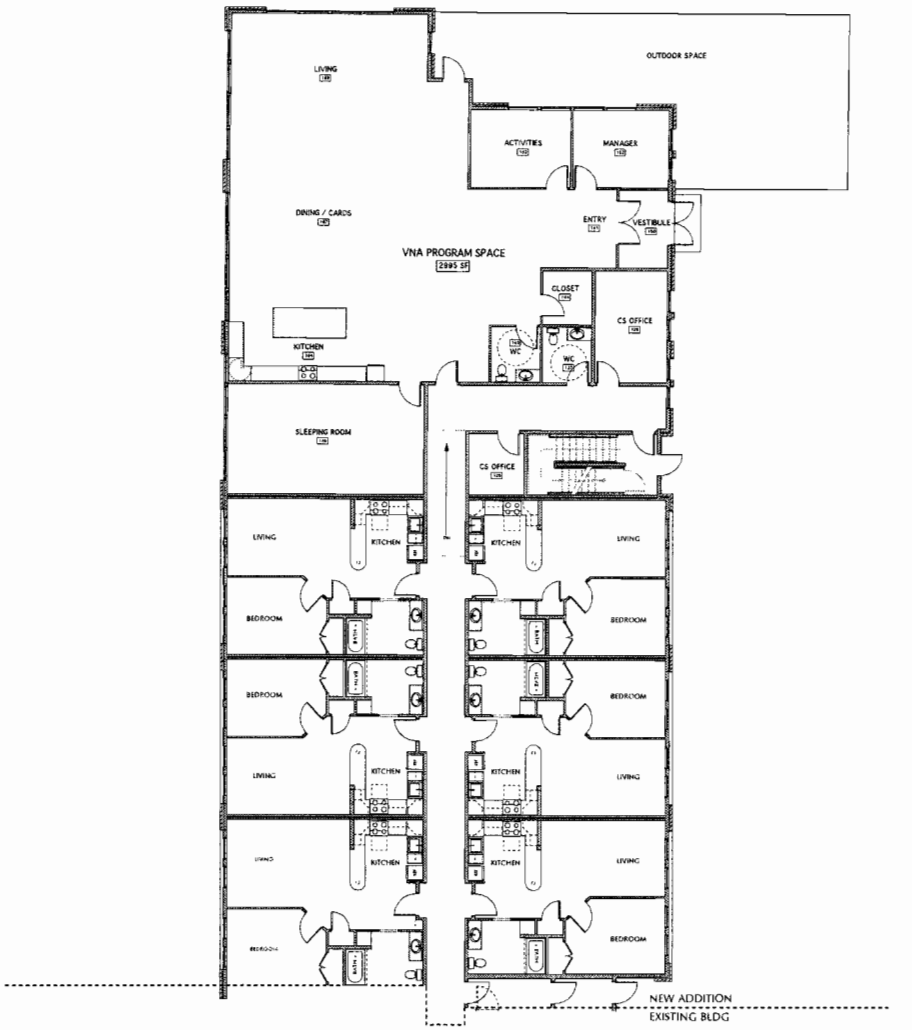
DATE: 7.14.2009

A1-1.0




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

DESIGN PLANS

Duncan Wisniewski ARCHITECTURE
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DATE: 7.14.2009

A1-0.0

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 Develpmnt 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 | 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 | | | | | 2,742,750 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Total Project** | **Budget** | Per Unit | Per s.f. | 3,560,000 | 425,000 | 550,000 | 85,000 | 307,000 | 380,000 | 30,000 |
| | ACQUISITION | | | | **TC Equity & TCAP** | **VHCB** | **VCDP** | **Development Fee loan** | **HOME** | **Grandway I Partnership** | **Efficiency VT** |
| 1 | Land | 400,000 | 14,286 | 15.38 | | | 400,000 | | | | |
| 2 | Site improvements in basis | 400,000 | 14,286 | 15.38 | 115,000 | 145,000 | 140,000 | | | | |
| 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 representatve | 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 | 0.00 | 0 | | | | | | |
| 42 | Cost Cert IRS & HUD | 6,500 | 232 | 0.25 | 6,500 | | | | | | |
| 43 | Capital Needs Assessment | | 0 | 0.00 | 0 | | | | | | |
| | SYNDICATION COSTS | | | | 0 | | | | | | |
| 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 | | | | 0 | | | | | | |
| 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 | | | | 0 | | | | | | |
| 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 | | | | | | | |
| 22 | Survey | 4,500 | | 4,500 | 4,500 | | |
| 23 | Legal/Accounting | 25,000 | | 25,000 | 25,000 | | |
| 24 | owners representatve | 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 | | |
| 30 | | | | 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 | |
| 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 |
| | Total Eligible Basis | | 408,500 | 3,854,650 | | 0 | Annual Historic Credit |
| TIMES: | Adjusted for QCT/DDA | 100.00% | | 3,854,650 | | | |
| TIMES: | Applicable Fraction | 100.00% | 408,500 | 3,854,650 | | | |
| | Total Qualified Basis | | 408,500 | 3,854,650 | 4,150,150 | | Long Term Depreciable Basis |
| TIMES: | Applicable Percentage | | 3.35% | 3.35% | 27.0 | | Depreciation Schedule |
| | Total Annual Credit Qualified | | 13,685 | 129,131 | 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 | |

20-Jul-09 **Grandway II Senior Housing**

**HC UNITS**

| Bedrooms | Type | Average Square Feet | Number | Average Rent | Utilities | Total Annual Rent |
|---|---|---|---|---|---|---|
| 1 Br | | 625 | 9 | 600 | | 64,800 |
| 1 Br | | 625 | 19 | 750 | | 171,000 |
| 1 br | No RA | | | | | 0 |
| 1 Br | Manager | | | | | 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 | Type | Square Feet | Number | Rent | Utilities |
|---|---|---|---|---|---|
| 0 Br | | | | | 0 |
| 1 Br | | | | | 0 |
| 2 Br | | | | | 0 |
| 2 Br | | | | | |
| 3 Br | | | | | 0 |
| 4 Br | | | | | 0 |
| | | | | | 0 |
| | Totals | 26,000 | 0 | | |

| | | | |
|---|---|---|---|
| | Total Units | 28 | **TOTAL All Units** | 235,800 |
| | Less Vacancy | 5.00% | | (11,790) |
| | | | NET RENT | 224,010 |

OTHER INCOME

| | |
|---|---|
| Laundry | 2,000 |
| Interest | 500 |
| Commercial Space Income | |
| Other | 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 | |
| VHFA Construction Loan | | | | per unit month excl. ds & res. |
| Real Estate Taxes | | | 0 | |
| Property Insurance | 5,000 | 417 | 15 | 450 |
| 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 | |

20-Jul-09 **Grandway II 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 | 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 | 2,775 | 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 | 279,005 | 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 | 0 | 0 | 0 | 0 | 0 |
| 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 | 252,334 | 259,400 | 266,678 | 274,174 | 281,895 |
| Net Operating Income | 54,030 | 52,892 | 51,669 | 50,358 | 48,955 | 47,457 | 45,859 | 44,159 | 42,352 | 40,434 | 38,401 | 36,249 | 33,973 | 31,569 | 29,032 | 30,857 | 28,038 | 25,072 | 21,952 | 18,673 |
| Less Primary Debt Service | 9,987 | 9,987 | 9,987 | 9,987 | 9,987 | 9,987 | 9,987 | 9,987 | 9,987 | 9,987 | 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 | 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 | 38,401 | 36,249 | 33,973 | 31,569 | 29,032 | 30,857 | 28,038 | 25,072 | 21,952 | 18,673 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Cash | 44,043 | 42,905 | 41,683 | 40,371 | 38,968 | 37,470 | 35,872 | 34,172 | 32,365 | 30,447 | 38,401 | 36,249 | 33,973 | 31,569 | 29,032 | 30,857 | 28,038 | 25,072 | 21,952 | 18,673 |
| 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 | 38,401 | 36,249 | 33,973 | 31,569 | 29,032 | 30,857 | 28,038 | 25,072 | 21,952 | 18,673 |
| Interest 2.0% | 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 | 156,381 | 165,545 | 175,700 | 176,257 | 194,820 | 205,368 | 216,022 | 218,382 | 218,566 | 134,351 | 152,495 | 161,620 | 170,836 | 181,044 |
| 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 2.0% | 168 | 770 | 945 | 1,123 | 1,302 | 1,473 | 1,564 | 1,655 | 1,757 | 1,763 | 1,948 | 2,054 | 2,160 | 2,184 | 2,186 | 1,344 | 1,525 | 1,616 | 1,708 | 1,810 |
| Withdrawals | 0 | 0 | 0 | 0 | (1,000) | (9,200) | (9,200) | (8,300) | (18,000) | 0 | (8,200) | (8,200) | (16,600) | (18,800) | (103,200) | 0 | (9,200) | (9,200) | (8,300) | (65,000) |
| Ending Balance | 76,968 | 94,538 | 112,283 | 130,206 | 147,308 | 156,381 | 165,545 | 175,700 | 176,257 | 194,820 | 205,368 | 216,022 | 218,382 | 218,566 | 134,351 | 152,495 | 161,620 | 170,836 | 181,044 | 134,655 |
| VHFA Construction Loan | | | | | | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | | | | | |
| Net Operating Income | 54,030 | 52,892 | 51,669 | 50,358 | 48,955 | 47,457 | 45,859 | 44,159 | 42,352 | 40,434 | 38,401 | 36,249 | 33,973 | 31,569 | 29,032 | | | | | |
| 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 | | | | | |
| Less Interest Expense | (15,908) | (817) | (725) | (632) | (538) | (443) | (347) | (250) | (153) | (54) | 0 | 0 | 0 | 0 | 0 | | | | | |
| 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) | | | | | |
| Less Short Depreciation | (11,300) | (11,300) | (11,300) | (11,300) | (11,300) | (11,300) | (11,300) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | 4,350 | | |
| Taxable Income (Loss) | (110,088) | (96,134) | (97,265) | (98,483) | (99,792) | (101,196) | (102,698) | (93,001) | (94,710) | (96,529) | (98,508) | (100,661) | (102,936) | (105,340) | (107,878) | | | | | |
| Cash Flow | 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 | 32,550 | 33,149 | 33,785 | 34,478 | 35,231 | 36,028 | 36,869 | 37,757 | | | | | |
| Plus Tax Credits | 139,000 | 139,000 | 139,000 | 139,000 | 139,000 | 139,000 | 139,000 | 139,000 | 139,000 | 139,000 | 0 | | | | | | | | | |
| After Tax Cash Flow | 177,531 | 172,647 | 173,043 | 173,469 | 173,927 | 174,419 | 174,944 | 171,550 | 172,149 | 172,785 | 34,478 | 35,231 | 36,028 | 36,869 | 37,757 | | | | | |

**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<br>100 LIHTC | **Unit Sizes:** | 86 – 596 sq ft; 1 bdrm<br>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<br>$3,837,000 Permanent<br>$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 site 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 other 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. | Allocation of Sources: VHCB Terms:___ | HOME Terms:___ | VCDP Terms:___ | Debt Terms:___ | Equity Terms:___ | Other Terms:___ | TOTAL SOURCES | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | ACQUISITION | | | | | | | | | | | |
| 1 | Land | 864,948 | 8,564 | 8.06 | | | | | | | 0 | 700,000 VCLF |
| 2 | Purchase of Building(s) | 3,459,792 | 34,255 | 32.23 | | | | | | | 0 | 3,624,740 TD Banknorth |
| 3 | Financing Cost | 125,000 | 1,238 | 1.16 | | | | | | | 0 | 4,324,740 Total assume 20% land value |
| 4 | Property Appraisal | 7,500 | 74 | 0.07 | | | | | | | 0 | |
| 5 | Legal - Title and Recording | 7,500 | 74 | 0.07 | | | | | | | 0 | |
| | Subtotal - Acquisition | 4,464,740 | 44,205 | 41.60 | | | | | | | | |
| | CONSTRUCTION HARD COSTS | | | | | | | | | | | |
| 6 | Rehabilitation | 1,351,045 | 13,377 | 12.59 | | | | | | | 0 | |
| 7 | New Building(s) | | 0 | 0.00 | | | | | | | 0 | |
| 8 | Accessory Buildings | | 0 | 0.00 | | | | | | | 0 | |
| 9 | Sitework | 66,600 | 659 | 0.62 | | | | | | | 0 | |
| 10 | Commercial Space Costs (if any) | | 0 | 0.00 | | | | | | | 0 | |
| 11 | General Requirements | 31,188 | 309 | 0.29 | | | | | | | 0 | 2.0% of construction |
| 12 | Contractor Overhead | 38,985 | 386 | 0.36 | | | | | | | 0 | 2.5% of construction |
| 13 | Contractor Profit | 116,956 | 1,158 | 1.09 | | | | | | | 0 | 7.5% of constructiion |
| 14 | Construction Contingency | 141,765 | 1,404 | 1.32 | | | | | | | 0 | 10.0% of construction |
| 15 | Construction Management | 31,188 | 309 | 0.29 | | | | | | | 0 | 2.0% of construction |
| 16 | Construction Bond Fee | 38,341 | 380 | 0.36 | | | | | | | 0 | 2% of construction |
| 17 | Hazardous Materials Abatement | | 0 | 0.00 | | | | | | | 0 | |
| 18 | Off-Site Improvements | | 0 | 0.00 | | | | | | | 0 | |
| 19 | Furnishings, Fixtures, & Equipment | 101,000 | 1,000 | 0.94 | | | | | | | 0 | ###### per unit |
| 20 | Other (_____) | | 0 | 0.00 | | | | | | | 0 | |
| | Subtotal - Hard Costs | 1,917,068 | 18,981 | 17.86 | | | | | | | | |
| | SOFT COSTS | | | | | | | | | | | |
| 21 | Architectural | 115,024 | 1,139 | 1.07 | | | | | | | 0 | 6.0% of hard costs |
| 22 | Engineering | 76,683 | 759 | 0.71 | | | | | | | 0 | 4.0% of hard costs |
| 23 | Legal/Accounting | 30,000 | 297 | 0.28 | | | | | | | 0 | includes $15,000 for final Tax Credit audit |
| 24 | Relocation | | 0 | 0.00 | | | | | | | 0 | |
| 25 | Environmental Assessment | 5,000 | 50 | 0.05 | | | | | | | 0 | |
| 26 | Energy Assessment | 10,000 | 99 | 0.09 | | | | | | | 0 | |
| 27 | Permits/Fees | 10,544 | 104 | 0.10 | | | | | | | 0 | 0.55% of hard costs |
| 28 | Independent Market Study | 7,500 | 74 | 0.07 | | | | | | | 0 | |
| 29 | Construction Period Insurance | 15,000 | 149 | 0.14 | | | | | | | 0 | |
| 30 | Construction Interest | 149,643 | 1,482 | 1.39 | | | | | | | 0 | 6.50% at 60% drawn for 1.0 year |
| 31 | Construction Loan Origination Fee | 38,370 | 380 | 0.36 | | | | | | | 0 | 1.0% of construction loan |
| 32 | Taxes During Construction | | 0 | 0.00 | | | | | | | 0 | |
| 33 | Clerk of the Works | | 0 | 0.00 | | | | | | | 0 | |
| 34 | Marketing | | 0 | 0.00 | | | | | | | 0 | |
| 35 | Tax Credit Fees | 8,373 | 83 | 0.08 | | | | | | | 0 | 4.0% of Tax Credits + $250 |
| 36 | Soft Cost Contingency | | 0 | 0.00 | | | | | | | 0 | |
| 37 | Permanent Loan Origination Fee | 38,370 | 380 | 0.36 | | | | | | | 0 | 1.0% of construction loan |
| 38 | Lender's Counsel's Fee | 5,000 | 50 | 0.05 | | | | | | | 0 | |
| 39 | Other (_____) | | 0 | 0.00 | | | | | | | 0 | |
| | SYNDICATION COSTS | | | | | | | | | | | |
| 40 | Organizational (Partnership) | 10,000 | 99 | 0.09 | | | | | | | 0 | |
| 41 | Bridge Loan Fees and Expenses | 56,691 | 561 | 0.53 | | | | | | | 0 | 3.36% at 60% drawn for 1.0 year |
| 42 | Syndication Consultant | 42,139 | 417 | 0.39 | | | | | | | 0 | 2.5% of Tax Credit Equity |
| 43 | Tax Opinion | 10,000 | 99 | 0.09 | | | | | | | 0 | |
| | DEVELOPER'S FEES | | | | | | | | | | | |
| 44 | Developer's Fees | 0 | 0 | 0.00 | | | | | | | 0 | |
| 45 | Other Partnership Fees | | 0 | 0.00 | | | | | | | 0 | |
| 46 | Consultant Fees | 143,064 | 1,416 | 1.33 | | | | | | | 0 | 2.0% of TDC |
| | RESERVES | | | | | | | | | | | |
| 47 | Working Capital | | 0 | 0.00 | | | | | | | 0 | |
| 48 | Rent-up (Deficit Escrow) Reserve | | 0 | 0.00 | | | | | | | 0 | |
| 49 | Other Operating Reserves | | 0 | 0.00 | | | | | | | 0 | |
| 50 | Sinking Fund | | 0 | 0.00 | | | | | | | 0 | |
| 51 | Replacement Reserves | | 0 | 0.00 | | | | | | | 0 | |
| | Subtotal - Soft Costs | 771,401 | 7,638 | 7.19 | | | | | | | | |
| | TOTAL DEVELOPMENT COSTS | 7,153,208 | 70,824 | 67 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |

| | |
|---|---|
| COST BASIS FOR DEVEL FEE | 6,968,005 |
| DEVELOPER FEE | 185,203 |
| DEVELOPER FEE % | 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 | | | | | | | | |
| 35 | Tax Credit Fees | 8,373 | | 0 | | | | | | |
| 36 | Soft Cost Contingency | 0 | | 0 | | | | | | |
| 37 | Permanent Loan Origination Fee | 38,370 | | | | | | | | |
| 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 | 0 | 20% | Historic Credit Rate | | | |
| | Total Eligible Basis | | 3,599,792 | 2,522,895 | | 0 | Annual Historic Credit | | | |
| 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 | Long Term Depreciable Basis | | | | |
| TIMES: | Applicable Percentage | | 3.35% | 3.35% | 27.5 | Depreciation Schedule | | | | |
| | Total Annual Credit Qualified | | 119,399 | 83,680 | 218,970 | Annual Depreciation | | | | |
| | | | | | 101,000 | Short Term Depreciable Basis | | | | |
| | | | | | 7 | Depreciation Schedule | | | | |
| | | | | | 14,429 | Annual Depreciation | | | | |

| | |
|---|---|
| Total Tax Credits Requested | 203,079 |
| Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only) | 1,685,558 |
| Estimated Yield - Housing Credit Syndication | 83.08% |
| Equity Gap | 1,824,662 |
| Credits Needed to fill Equity Gap | 219,839 |

83 cents/$

21-Jul-09 **Courtyard Apartments**

| HC Restricted Units Bedrooms | Type | Average Square Feet | Number | Average Rent | Utilities | Total 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 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 | | 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 |

revision date: 8/6/2007

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 | | |
| | | | | per unit month | |
| Real Estate Taxes | 129,448 | 10,787 | 107 | excl. ds & res. | |
| Property Insurance | 41,385 | 3,449 | 34 | 570 | |
| 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 Recepits/Cumulative Cash Flow | 735,848 |

| 21-Jul-09 | | Courtyard 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 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Annual Cash Flow | | 38,732 | 44,851 | 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 | 44,851 | 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 |
| DCR | | 114.49% | 116.78% | 119.12% | 121.50% | 123.93% | 126.41% | 128.94% | 131.52% | 134.15% | 136.83% | 139.57% | 142.36% | 145.21% | 148.11% | 151.07% |
| Cumulative Cash Flow | | | | | | | | | | | | | | | | |
| Beginning Balance | | 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 |
| Deposits | | 38,732 | 44,851 | 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 |
| Interest | 2.0% | 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 |
| Withdrawals: | | | | | | | | | | | | | | | | |
| 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 | 2.0% | 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 |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 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) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Taxable Income (Loss) | | (99,399) | (89,455) | (79,201) | (68,622) | (57,706) | (46,439) | (34,805) | (8,361) | 4,053 | 16,882 | 30,144 | 43,860 | 58,047 | 72,729 | 87,926 |
| 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 | 2,926 | (1,418) | (5,909) | (10,551) | (15,351) | (20,317) | (25,455) | (30,774) |
| Plus Historic Rehab Credits | | 0 | | | | | | | | | | | | | | |
| Plus State Credits | | 0 | 0 | 0 | 0 | 0 | | | | | | | | | | |
| Plus Federal Housing Credits | | 203,079 | 203,079 | 203,079 | 203,079 | 203,079 | 203,079 | 203,079 | 203,079 | 203,079 | 203,079 | | | | | |
| After Tax Cash Flow | | 237,869 | 234,389 | 230,799 | 227,097 | 223,276 | 219,333 | 215,261 | 206,006 | 201,661 | 197,171 | (10,551) | (15,351) | (20,317) | (25,455) | (30,774) |
| Total Years | 15 | | | | | | | | | | | | | | | |
| Reinvestment Rate | 6.00% | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 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 | (10,551) | (15,351) | (20,317) | (25,455) | (30,774) |
| Future Value of Cash Flows at Yr 15: | | 570,066 | 529,930 | 492,279 | 456,964 | 423,845 | 392,792 | 363,679 | 328,342 | 303,223 | 279,690 | (14,119) | (19,380) | (24,197) | (28,601) | (32,621) |
| Discount Rate: | 3.00% | | | | | | | | | | | | | | | |
| Capital Contribution Number: | 1 | 2 | 3 | 4 | | | | | | | | | | | | |
| Date of Capital Contribution: | 01-Nov-09 | 01-Nov-10 | | | | | | | | | | | | | | |
| Amount of Capital Contribution: | 337,449 | 1,349,796 | 0 | 0 | | | | | | | | | | | | |
| Present Value of Contributions: | 337,449 | 1,309,359 | 0 | 0 | | | | | | | | | | | | |
| Cash Flows | (1,646,808) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,021,892 |
| IRR: | 6.13% | | | | | | | | | | | | | | | |
| Equity Yield: | (1) | | | | | | | | | | | | | | | |

revision date: 8/6/2009

ONE WAY
RESIDENT PARKING

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.

vhfa

**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: Amory 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.

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EQUAL HOUSING OPPORTUNITY

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.

vhfa

**Vermont Housing Finance Agency**

July 17, 2009

TO: Ann Karlene Kroll

FROM: Lori Gilding/Dave Adams

SUBJECT: NSP Progress Report

A Grant Agreement between VHFA and the State of Vermont, Agency of Commerce and Community Development was signed June 15, 2009. The agreement granted VHFA the ability to administer $7 million as part of the NSP program awarded to the State of Vermont through HUD.

Much of the initial administrative responsibilities and program procedures were completed prior to signing the agreement with the State. Currently, most of Lori's time is devoted to tracking and reviewing REOs.

- VHFA has created an accounting system to track all NSP expenses and income on a property-by-property basis.
- A time tracking system and reporting system has been created to enable VHFA to bill DHCA for work completed and reimbursement of expenses.
- An internal working outline of the NSP program was created and a working draft is attached.
- Contracts were written and ultimately signed between VHFA and six homeownership centers throughout the state to act as consultants for VHFA on behalf of the NSP program.
- A data base was created consisting of all Vermont lending institutions.
- On February 23, 2009 a letter was mailed to all Vermont lending institutions explaining the NSP program and requesting information on any REOs they held on their books that they would like to sell to VHFA.
- Follow up phone calls were made to those lending institutions and a spreadsheet listing all important information regarding all REOs was created and is being managed daily.
- In mid-June a follow-up REO flyer was created and mailed to the lending institutions a second time as well as an electronic mailing to all Vermont real estate agents.
- A check list has been developed to assist with each procedure required when submitting an offer on a home.
- It was the original intent of the program to purchase foreclosed homes from Vermont lenders before moving to Tier II lenders. However we quickly discovered that most Vermont lenders had few REOs or are able to sell them on their own.



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- To-date approximately 100 REOs have been submitted for consideration into the program. (see attached REO Report.)
    - Approximately 46 REOs submitted are not eligible for the program, or are no longer available for purchase. Some were not eligible for the program because they were not in targeted communities (7), twenty were VHFA REOs that cannot be considered under the HARP program and (3) are priced too high. The REOs no longer available have already been sold.
    - It has been determined that 10 of the REOs submitted are not a good fit for the program for various reason; i.e. the homes were too big, excessive property taxes, wet land or were located on very busy streets.
    - Approximately 44 of the REOs submitted are in the process of being reviewed. Of that number, two single family homes have been purchased with closing dates scheduled and a purchase and sale agreement has been submitted on two additional single family homes.
    - Lori has reviewed an additional 21 REOs and has distributed them to the HOCs so that they can review and visit each property to determine if they are a good fit for the program. The HOCs are in the process of writing reports and will be submitting them soon.
    - Lori is in the process of determining who the lenders are for the remaining possible REOs.

The biggest obstacle has been receiving REOs from lenders and real estate agents. Some of the HOCs have been visiting local town clerk offices and conducting research, but little information on the lender is available from the town clerk's office. The majority of the active REOs listed have been submitted from a handful of real estate agents who have responded to the flyer that was mailed in mid-June. The flyer was mailed to 1,800 Vermont real estate agents.

Because of the lack of response, a conference call was held between VHFA and the National Community Stabilization Trust (NCST). NCST facilitates the transfer of foreclosed and abandoned property from financial institutions nationwide to localities to promote neighborhood stability. A second meeting will be scheduled for the end of the month to determine if assistance will be required to find and acquire available REOs in Vermont.

/ljg

Enclosures

# VHFA HOUSING ACQUISITION REHABILITATION PROGRAM OUTLINE OF GOALS, ROLES AND RESPONSIBILITIES

Notwithstanding Section XIV (Amendments) of the Grant Agreement, the statements in this Attachment C are aspirational and may be changed without notice or any agreement by the Agency in Grantee's sole discretion, provided such changes will, in Grantee's judgment, further implementation of activities referred to in Attachments A, B, and D and the Grant Agreement. To the extent of conflict between Attachment C and the remainder of the Agreement, Grantee will determine the controlling provision.

## PROGRAM GOALS:

1) To acquire single family homes (1-2 units) throughout the State that have been foreclosed upon by lenders (REOs) as identified in Vermont's Neighborhood Stabilization Plan.
2) The acquisition of REOs from lenders is intended to remove them from lenders' balance sheets and ultimately reduce the concentration of REOs throughout the State, with particular attention to areas where there is a higher concentration of REOs.
3) To negotiate for REO acquisitions, first from Vermont based financial institutions, and subsequently from any lending company, loan servicing company, and/or lenders' legal counsel, as appropriate.
4) To rehabilitate homes acquired based on a scope of work determined for each property from home inspections and energy audits performed by qualified professionals.
    a. Work generated from appraisals, property inspections and ultimately the rehabilitation of homes is intended to provide work to many unemployed or underemployed contractors throughout the State.
5) To increase affordability by improving energy efficiency in all homes acquired and rehabilitated to a standard that reinforces the State of Vermont's legislative policy established in 2008, to achieve a 25% reduction in energy consumption by 2020, with a minimum Home Energy Rating (HER) of 80, and within the financial constraints of HARP. HARP shall make best efforts to implement the maximum energy conservation measures recommended by the energy audit, based on the total life cycle costs and benefits of energy improvements to each particular home.
6) To sell all REOs acquired through the HARP program to Vermont households with incomes not to exceed 120% AMI and who will occupy the property as their primary residence. Since homes will be sold at a discount using NSP funds, a form of public subsidy, it is anticipated that many of these homes will be sold with shared or limited equity provisions, or with financing mechanisms as reviewed and approved by VHFA to insure long term affordability to targeted households.

## VHFA's ROLE AND RESPONSIBILITIES:

1) Identify REOs throughout the State
    a. Mass mailing to all lenders in Vermont to solicit participation in HARP. This will include coordination and cooperation with the Vermont Bankers Association, BISHCA, VMBA and others as appropriate.
    b. The lender mailing will be copied to the Vermont Association of REALTORS for distribution to its membership.

c. VHFA will identify any VHFA REOs that are appropriate for inclusion in HARP
d. VHFA will contact Rural Development to catalog the USDA REO inventory.
e. VHFA will work with the Home Ownership Centers and other local housing organizations around the State to identify and prioritize eligible REOs for consideration for the HARP program.

2) VHFA shall arrange for or conduct a drive-by inspection for each property.
3) VHFA shall select appraisers and arrange for property appraisals in each region for homes to be acquired. VHFA will work with the HomeOwnership Centers to develop and maintain a list of qualified appraisers in their respective regions.
    a. Appraisers shall be licensed by the State of Vermont
    b. Appraisals shall be performed with fees that are typical to the market area.
    c. VHFA shall be the client on all appraisals
    d. All appraisals shall conform to current USPAP standards.
4) VHFA shall negotiate with lender to determine acquisition price that takes into account property condition, anticipated marketing time, and lender carrying costs they would likely incur during the marketing period.
5) Acquire the property and contract for home improvements identified in the property inspection and energy audit for each.
6) Select qualified home inspectors in each region and arrange for home inspection for each home with a resulting defined scope of work.
    a. Home inspection reports shall be in typed form submitted in hard copy or electronic format and shall be comprehensive in content, and include digital photos (interia and exteria) sufficient to document the general condition of the property and any specific items of concern.
    b. Home inspectors shall have at a minimum comprehensive liability insurance in place and in good standing and workers compensation consistant with State requirements.
    c. Home inspectors shall be members of the American Society of Home Inspectors (ASHI) or the National Association of Home Inspectors (NAHI) or other nationally recognized home inspection organization acceptable to VHFA OR
    d. Be a staff member of a local organization with a demonstrated ability to provide home inspections to the satisfaction of VHFA.
    e. Others deemed qualified by VHFA based on its existing experience or from qualifications reviewed and approved by VHFA in its sole discretion.
7) VHFA shall arrange for environmental testing when deemed necessary for each home and may include, but not limited to, radon testing, lead, aspetous, potable water testing and septic inspection.
8) VHFA and/or the rehab/construction manager shall arrange for energy audits from inspectors who are Building Performance Institute (BPI)certified, or who are certified through the Home Performance with Energy Star or Weatherization Assistance Program.
    a. VHFA shall require the energy audit inspector to produce a cost benefit analysis that quantifies and supports the energy efficient improvements recommended.
    b. VHFA shall require any auditor to have the technological capability and submit all audit data to Efficiency Vermont so that energy savings can be documented in EVT's central databank.
    c. Work to be performed that results from the property inspection and/or energy audit, shall be performed by qualified contractors not associated or affliated with the inspector.

9) Following acquisition of a home, VHFA shall contract with qualified rehab or construction managers who have expertise in project coordination and management to develop a scope of work for each property based on property inspection and energy audit reports.
    a. Rehab or construction managers shall be trained by a nationally recognized industry training program with experience in non-profit rehab or construction project management OR
    b. Others deemed qualified by VHFA based on its existing experience or from qualifications reviewed and approved by VHFA in its sole discretion.
    c. VHFA shall insure that all rehab work is done in compliance with all local, state and federal lead-safe work practices regulations and that rehab/construction managers are familiar with these regulations
10) Construction managers, contractors and sub-contractors shall have at a minimum comprehensive liability insurance in place and in good standing and workers compensation consistant with State requirements.
11) At time of acquisition, VHFA shall arrange for insurance on the property and changeover of all utilities to reflect VHFA's ownership. VHFA shall assume responsibility for expenses related to ongoing maintenance expenses from date of acquisition until the property is sold.
12) Marketing for most, if not all properties acquired, shall be done either through the HOC's or local as applicable, or by a professional realtor as determined by VHFA HARP Coordinator.
13) VHFA shall identify a "HARP Program Coordinator" who shall coordinate and oversee all VHFA responsibilities.
14) VHFA shall establish systems, accounting, tracking and reporting procedures which include an accounting of VHFA staff time allocated to Program Management expenses, and General Administrative Expenses.
15) VHFA shall provide whatever information is necessary on a monthly/quarterly basis to support the reporting requirements imposed by NSP on DHCA.
16) VHFA shall requisition NSP funds from DHCA as properties are identified, placed under contract and with a defined scope of work for each.

**PROPERTY SELECTION GUIDELINES: VHFA will consider properties recommended by non-profit entities for acquisition, but shall have sole discretion in choosing properties it will consider under HARP. VHFA will use the following parameters in selecting properties it will consider**:

1) All properties must be located in targeted communities as identified in the plan and as listed on the attached addendum.
2) REO's located in municipalities that are eligible to be awarded funds through the Municipal component of the State NSP program **and that are awarded,** are not eligible under the HARP Program.
3) Acquisition prices under the HARP program must be at levels that when combined with proposed rehab costs, can then be resold within the NSP Program restrictions (i.e. not less than 50% of total acquisition and rehab costs), to be affordable to households at or below 120% AMI. In no event shall the combined acquisition rehab cost exceed $275,000.
4) One-unit, single family detached homes will be given priority over condominiums and/or duplex homes.
5) All homes must be eligible for and marketable through the Homeland Program or other programs using Shared Equity, Limited Appreciation, or other financing mechanisim

approved by VHFA, all of which insure long-term affordability with a minimum 15 years to NSP eligible homeowners.

a. It is anticipated that the "other financing mechanism" shall be a second mortgage, to be held by VHFA using NSP funds and will be assumable if the property is sold to a household with incomes at or below 120% of median income at time of re-sale. The second mortgage will be due and payable upon refinancing or sale to an ineligible household.

6) Properties which are determined to have significant environmental issues due to toxic waste, or which require significant abatement for lead, asbestos or other toxic contaminants may or may not be considered.
7) VHFA may conduct for itself, or work with the Home Ownership Centers and other housing organizations around the State to perform "drive-by" inspections to help determine whether or not an individual property should be considered for acquisition into the HARP program.
8) VHFA intends to review its own REO portfolio for submission of properties into the HARP program. It will submit its properties to the same process as required of other lenders and shall submit a proposal on each property to DHCA for independent review and authorization of the proposed transaction.
9) VHFA may purchase an REO and rehab the property for ultimate sale to a local housing organization and then rented to households with incomes at or below 50% AMI, with a lease term of not less than 2 years.

**HOUSING ORGANIZATIONS– ROLES**

1) Shall perform preliminary inspections of a "drive-by" and/or "walk-through" nature, which may require gaining access to property with lender and/or realtor of properties that may be appropriate for acquisition within the Service Area. Provide photos and a complete written report to include basic information such as general condition of property, description of neighborhood, number of units and occupancy of the Eligible Properties with a recommendation to VHFA for acuisition.
2) Develop, update as appropriate, and maintain a list of qualified residential real estate appraisers, home inspectors, energy auditors, and building contractors, subject to VHFA approval and in compliance with conflict of interest and procurement requirements. HOC shall provide such list to VHFA for review and approval, and shall seek approval of any updates. VHFA may refer residential real estate appraisers, home inspectors, energy audit professionals, and building contractors to HOC for consideration for the list. VHFA and HOC shall establish basic criteria so that VHFA may preliminarily vet such contractors for eligibility prior to referral to HOC
3) As directed by VHFA, coordinate the commissioning of appropriate third-party contractors with VHFA to conduct, energy audits, home inspections, environmental and historic preservation reviews for each Eligible Property acquired or to be acquired by VHFA, and develop recommended scopes of work based on the reports of such third party contractors Selection of third-party contractors mentioned herein and the work products that result thereof, shall comply with all program rules.
4) Solicit proposals from qualified building contractors to perform VHFA-approved scopes of work. Review resulting proposals and recommend work proposals to VHFA.
5) Negotiate contracts for work to be performed by selected building contractors, and submit to VHFA for final review.

6) Oversee rehabilitation work performed on acquired Eligible Properties to ensure all work performed is done in accordance with agreed upon contract, and done in a professional and workmanlike manner.
7) Alert VHFA of any unexpected problems that exceed 5% of rehab costs, encountered during rehabilitation and negotiate necessary change orders related thereto. and submit same to VHFA with recommendations for VHFA review and approval
8) Provide VHFA with the process they will use to facilitate the submission of requisitions with supporting documentation for payment of third party contractors to VHFA.
9) Manage standard property maintenance for Eligible Property prior to sale.
10) Directly market, or work with local realtors as needed, to promote and sell Eligible Properties.
11) Screen, make recommendations and process underwriting and closing of Homeland grants and/or other form of subsidy recapture programs similar to Homeland grants.
12) Ensure all buyers complete a NeighborWorks homebuyer education workshop and receive a workshop certificate.
13) If marketed directly, pre-screen all buyers, verify income, review mortgage eligibility, provide general information about the HARP program requirements and restrictions, show property, prepare and propose Purchase and Sales Agreements;
14) Coordinate the closing with lender, VHFA, and attorneys; educate buyer about legal documents; attend home inspection with buyer; resolve any outstanding property issues and attend closings on sales of properties.

**ACQUISITION GUIDELINES - Properties considered for acquisition under the HARP shall be acquired using the following guidelines:**

1) All homes acquired by VHFA with NSP funds shall be acquired at a discount to the current fair market appraised value.
2) Lenders and mortgage insurers must be willing to sell REOs at a price not to exceed 90% of current fair market value. Negotiated price shall take into account property condition; minimum energy improvements needed, anticipated marketing time, and anticipated carrying costs. The minimum discount for all NSP acquired properties shall be 10%.
3) VHFA may conduct an analysis for each property for the carrying cost likely to be incurred over the estimated holding period in determining its offer price. Carrying cost shall include but is not limited to: taxes, insurance, maintenance, marketing, and interest. VHFA may also take into account improvements that are deemed necessary to make the property marketable.
4) For properties where no analysis of carrying costs is performed, the average discount shall be 15%. Average negotiated prices over the HARP shall approximate 85%. [See above 2.]

**REHABILITATION GUIDELINES: Home improvements anticipated will comply with federal housing quality standards at a minimum, and also may include the following:**

1) Any repairs made to dwellings must have a life expectancy of at least 5 (minor repairs) to 15 years (major repairs).
2) All dwellings must include a living room, a kitchen area, a bathroom, and at least one bedroom.
3) The condition of the land that the dwelling rests on and all outdoor features of the dwelling (e.g. decks) must not threaten the health and safety of the occupants.

4) All dwellings built before 1978 will be evaluated for lead-based paint hazards. If lead-based paint hazards are found, all lead hazard reduction activities required under federal, state and local regulations must be completed. All rehab work must comply with local, state and federal lead-safe work practices.
5) All dwellings must have structurally sound and weather-tight roofs with at least 5 years of life remaining.
6) All dwellings must have a properly functioning heating system that heats all occupied rooms. The primary heating system cannot be portable and must have at least 5 years of remaining life and an efficiency level that supports a minimum HER of 80.
7) All dwellings must have access to a water heating system that meets industry standards.
8) All dwellings must be connected to a functioning sanitary water supply and sanitary waste/water disposal system. This system must comply with Vermont's universal jurisdiction regulations.
9) All dwellings must meet structural (walls and foundation) building standards.
10) All dwellings must have windows and doors that are functional and support the HARP's energy efficiency goals.
11) Each dwelling must have the appropriate number of operational smoke and carbon monoxide detectors in order to comply with the fire code.
12) Dwellings will have improvements needed to increase energy efficiency with a minimum HER of 80 or less if appropriate.
13) Any rehab work done shall be done in compliance with state and/or local building codes, whichever are more stringent.
14) Mobile homes on owned land shall be considered and will be evaluated for potential replacement with stick built housing or a modular home with a goal of improving energy efficiency, marketability and replacing depreciating real estate with appreciating real estate.

**USE OF NSP PROCEEDS: HARP shall have a stated goal to commit all of the HARP proceeds within 18 months.**

1) NSP proceeds allocated to HARP shall be used as described above and in accordance with NSP requirements and the provisions of related Community Development Program regulations.
2) VHFA anticipates it will acquire the bulk of the properties in the early stages of the program with the bulk of those by September 2009. Rehabilitation work will be contracted for and completed as soon as possible as each property is acquired and scope of work is defined.
3) VHFA will need to request a lump sum drawdown to make the initial acquisitions, and will submit supporting purchase and sales agreements, along with rehab contracts with on-going requisitions to DHCA, along with other required documentation.
4) VHFA will acquire properties and contract for rehab work with the intent to commit the full amount of the HARP allocation within 18 months of funding availability.
5) Sales proceeds and any other Program Income generated from properties acquired, completed and subsequently resold within the first 5 years of the Program shall be recycled to acquire additional properties and rehab work.
6) Program Income and repayments received by VHFA during the first 48 months shall be used to fund the Program prior to additional draws of NSP funds.
7) Any home acquired and rehabbed using NSP funds will be sold at a price equal to or less than 90% of the lesser of the total Acquisition/Rehab cost or appraised value, but not less than 50% of the total acquisition and rehab costs.

8) Homes sold at a price less than the total acquisition and rehab costs, shall be considered "sold at a discount". Said discount shall be considered a subsidy. In exchange for that subsidy, homes shall be subject to either a Shared or Limited Equity Covenant, or with VHFA's prior approval, other financing mechanism that insures the property remains affordable to homebuyers at or below 120% AMI for a minimum of 15 years.
9) Sales proceeds and other repayments after July 31, 2013 shall be returned to DHCA for repayment to HUD.
10) Expenses classified as Program Expenses and Administrative Expenses are shown on the attached spreadsheet.

# REO Status Report

| Status | HOC | Lender Name | REO Property Street Address | Town | County | Comments |
|---|---|---|---|---|---|---|
| 1 - Purchased | CHT | Realtor (Chase) | 10 Spruce Street | St. Albans | Franklin | 7/7/09 - $75K offer accepted 7/8/09 - Mark Lareau Appraiser 7/17 = $155K |
| 1 - Purchased | NWWVT | Realtor (HSBC Mortgage) | 44 Roberts Ave. | Rutland | Rutland | 7/10/09 - Counter offer (phone) $70K to bank accepted - deposit check requested appraiser Sargeant |
| 1 - Purchased | WHT | Realtor (PPH Mortgage) | 95 Whetstone Drive | Brattleboro | Windham | 7/15/09 - Offer made $174,900 countered at $185K countered back at $180K |
| 3 - Active | CHT | Realtor (Fannie Mae) | 8 Mud Point S | Alburg | Grand Isle | 7/13/09 Emailed listing to Rob for inspection |
| 3 - Active | CHT | Realtor | 275 Richard Road | Franklin | Franklin | 7/9/09 - Emailed listing to Rob for inspection |
| 3 - Active | CHT | Realtor | 3348 Hill West Road | Montgomery | Franklin | 7/9/09 - Emailed listing to Rob for inspection |
| 3 - Active | CHT | Realtor (Fannie Mae) | 18 Harlem Street | Richford | Franklin | 7/9/09 - Emailed listing to Rob for inspection |
| 3 - Active | CHT | Realtor (Fannie Mae) | 18 Elm Street | Richford | Franklin | 7/8/09 - Rob will visit property 7/9/09 |
| 3 - Active | CHT | Realtor | 248 South Main Street | Richford | Franklin | 7/13/09 - Emailed listing to Rob for inspection |
| 3 - Active | CHT | Realtor | 869 NW Cook Road | Sheldon | Franklin | 7/9/09 - Emailed listing to Rob for inspection |
| 3 - Active | CHT | Realtor | 72 Nason | St. Albans | Franklin | 7/9/09 - Emailed listing to Rob for inspection |
| 3 - Active | CVCLT | Opportunities Credit Union | 28 Plain St. | Barre | Washington | 7/2/09 R'cvd inspection report - Wait for Dave to return for answer |
| 3 - Active | CVCLT | Realtor | 46 Orchard Terrace | Barre | Washington | 7/7/09 - Email to Chandra to view property |
| 3 - Active | CVCLT | Realtor | 498 Blakeville Road | Eden | Lamoille | 7/9/09 - Emailed lisitng to Chandra for inspection |
| 3 - Active | CVCLT | Realtor | 30 Stygles Drive | Eden | Lamoille | 7/9/09 - Emailed lisitng to Chandra for inspection |
| 3 - Active | CVCLT | Realtor (Fannie Mae) | 649 VT Route 100C | Johnson | Lamoille | 7/9/09 - Emailed lisitng to Chandra for inspection |
| 3 - Active | CVCLT | Mascoma Savings | 4253 VT Route 113 | Vershire | Orange | 6/25/09 Lender on Vacation until 6/29 - F/U with April 7/9 Chandra will view next week |
| 3 - Active | Gilman | Realtor (Fannie Mae) | 1884 Scott Highway | Groton | Caledonian | 7/10/09 email to George waiting for next step b4 making offer |
| 3 - Active | Gilman | Realtor | 79 Church Street | Hardwick | Caledonian | 7/9/09 - Emailed listing to George for inspection George 7/10 wants closer inspection b4 recommendin |
| 3 - Active | NWWVT | Heritage Family Credit Union | 1455 Airport Road | Clarendon | Rutland | 7/10/09 - R'cvd from Gregg - Need Redemption Value 7/13 asked gregg to get redemption |
| 3 - Active | NWWVT | Realtor (Heritage) | 9 River Street | Proctor | Rutland | 7/10/09 - R'cvd from Gregg Would be excellent buy at $160K 7/13 asked gregg to get redemption |
| 3 - Active | NWWVT | Realtor | 123 Harrington Ave | Rutland | Rutland | 7/13/09 - Dave Adams wait for 3 weeks |
| 3 - Active | NWWVT (G | Berkshire Bank | 19 Campbell Road | Rutland | Rutland | 6/30/09 Bill Hice 802-773-5477 will get back to me re: status 7/7/09 - email to bill Whice |
| 4 - Possible | CHT | Fannie Mae | 3348 Hill West Road | Montgomery | Franklin | Need Contact name/# |
| 4 - Possible | CHT | Fannie Mae | 17 Oak Street | St. Albans | Franklin | Need Contact name/# |
| 4 - Possible | CVCLT | Fannie Mae | 1719 VT Route 232 | Marshfield | Washington | Need Contact name/# |
| 4 - Possible | CVCLT | Fannie Mae | 17 Foster Street | Montpelier | Washington | Need Contact name/# |
| 4 - Possible | CVCLT | Fannie Mae | 527 Cole Hill Road | Morristown | Lamoille | Need Contact name/# |
| 4 - Possible | CVCLT (Ch | Deutsche Bank | 72 Brook St | Barre City | Washington | Need Contact name/# |
| 4 - Possible | CVCLT (Ch | US Bank | 44 Batchelder St | Barre City | Washington | Need Contact name/# |
| 4 - Possible | CVCLT (Ch | Wells Fargo Bank | 94 Smith Street | Barre City | Washington | Need Contact name/# |
| 4 - Possible | Gilman | Passumpsic Savings Bank | Town Highway 34 | Hardwick | Caledonian | 6/15/09 follow up 6-9 months |
| 4 - Possible | Gilman | Fannie Mae | 1783 Route 14 | Irasburg | Orleans | Need Contact name/# |
| 4 - Possible | Gilman | Passumpsic Savings Bank | 53 Pleasant Street | St. Johnsbury | Caledonian | 6/15/09 follow up 6-9 months |
| 4 - Possible | NWWVT | Fannie Mae | 4953 Whipple Hollow Road | Pittsford | Rutland | Need Contact name/# |
| 4 - Possible | NWWVT | Fannie Mae | Cold Springs Road | Wells | Rutland | Need Contact name/# |
| 4 - Possible | NWWVT (G | Sovereign Bank | 3418 Route 31 | Poultney | Rutland | Need Contact name/# - Initial Report & photoes complete - Gregg Recommends @ 90% appraisal |
| 4 - Possible | NWWVT (G | US Bank | 314 York Street | Poultney | Rutland | Need Contact name/# - Initial Report & photoes complete |
| 4 - Possible | NWWVT (G | GMAC | 126 Forest Street | Rutland | Rutland | Need Contact name/# - Initial Report & photoes complete - Gregg Recommends demolishing |
| 4 - Possible | RACLT | Realtor | 8 Tuttle Street | Brattleboro | Windham | 7/14/09 - Bruce wants to make offer and convert to duplex. 7/17 - wait 4-6 weeks to revisit |
| 4 - Possible | Windham | Fannie Mae | 1022 Grafton Road | Townshend | Windham | Need Contact name/# |
| No | Gilman | Realtor | 4595 VT Route 14 | Irasburg | Orleans | 7/9/09 - George does NOT recommend purchase |
| No | Gilman | Connecticut River Bank | 1460 Severance Hill Road | St. Johnsbury | Caledonian | 7/1/09 George - No - Wet lot |
| No | NWWVT | Realtor | 85 Baxter Street | Rutland | Rutland | 7/1/09 - Gregg does not recommend |
| No | NWWVT (G | EverHome Mortgage | 66 Bent Road | Hubbardton | Rutland | No - Camp like (Gregg) |
| No | NWWVT (G | Citi Financial | 54-56 Cherry Street | Rutland | Rutland | Gregg - needs too much work |
| No | NWWVT (G | Indy Mac Bank | 18 Crescent Street | Rutland | Rutland | Gregg - Occupied, busy/noisy street |
| No | NWWVT (G | RBS Citizens Bank | 118 Forest Street | Rutland | Rutland | 6/30/09 - No too big (Dave) |

## REO Status Report

| Status | HOC | Lender Name | REO Property Street Address | Town | County | Comments |
|---|---|---|---|---|---|---|
| No | NWWVT (G | Soundview Bank | 122 Forest Street | Rutland | Rutland | Gregg - not high priority |
| No | RACLT | Mascoma Savings | 470 Taylor Drive | Windsor | Windsor | Waiting on deed & Lein - 2nd loan with Freddie Mac |
| No | RACLT | Realtor | 1933 Route 44 | Windsor | Windsor | 7/7/09 - Bruce does not recommend (see email) |
| No Longer Available | CHT | Realtor (freddie Mac) | 205 High Street | St. Albans | Franklin | 7/13/09 - Written offer sent with cc of check - $149,900 7/17 - Bank accepted another offer |
| No Longer Available | CVCLT | Brattleboro Savings & Loan | 63 Maple St | Brattleboro | Windham | 6/11/09 - Sold |
| No Longer Available | CVCLT | Brattleboro Savings & Loan | 15 Marshall Road | Chester | Orange | 6/11/09 - Under contract |
| No Longer Available | CVCLT | Brattleboro Savings & Loan | 15 Marshal Road | Chester | Orange | 6/11/09 - Under contract |
| No Longer Available | CVCLT | North Country Credit Union | 587 East Barre Road | East Barre | Washington | See email with listing bill smith 264-6701 |
| No Longer Available | CVCLT | Brattleboro Savings & Loan | 11 Ellis St | Springfield | Windsor | 6/11/09 Bank rehab themselves |
| No Longer Available | Gilman | Passumpsic Savings Bank | 4351 US Route 5 | Barnet | Caledonian | 6/15 working with borrower |
| No Longer Available | Gilman | Realtor | 4 Cliff Street | Barton | Orleans | 7/15/09 - Sold to another buyer deposit check returned to Ashley |
| No Longer Available | Gilman | Josh Lobe | 4595 Route 114 | Irasburg | Orleans | 22 acres |
| No Longer Available | NWWVT | Realtor | 33 Crescent Street | Rutland | Rutland | 7/6/09 - Offer of $48K submitted 7/8 - counter offer at $55K to bank 7/10 offer NOT accepted. Bank to |
| No Longer Available | NWWVT (G | GMAC | 121 Hillside Road | East Poultney | Rutland | 7/16/09 - Gregg said it has been sold |
| No Longer Available | NWWVT (G | JP Morgan | 56 Rae Terrace | Poultney | Rutland | 7/16/09 - owner said he was in a workout with the lending agency |
| No Longer Available | RACLT | Brattleboro Savings & Loan | 11 Ellis Street | Springfield | Windsor | 6/11/09 - Rehab by lender |
| No Longer Available | Windham | Brattleboro Savings & Loan | 63 Maple Street | Brattleboro | Windham | 6/11/09 - Sold |
| Not Eligible | CHT | Opportunities Credit Union | 31 Lexington Road | Colchester | Chittenden | Not Targeted Community |
| Not Eligible | CHT | Opportunities Credit Union | 314 Jourdan St. | Hinesburg | Chittenden | Not Targeted Community |
| Not Eligible | CVCLT | Opportunities Credit Union | Lague Drive Lot #3 | Montpelier | Washington | Not Targeted Community |
| Not Eligible | CVCLT | Realtor | 96 Parsons Lane | Northfield | Washington | Not Targeted Community |
| Not Eligible | CVCLT (Ch | First Horizon Home Loans | 8-10 Laurel St. | Barre City | Washington | 4 unit |
| Not Eligible | CVCLT (Ch | HSBC Bank USA National Bank | 13 East Street | Barre City | Washington | Over Cost Limit |
| Not Eligible | CVCLT (Ch | IB Property Holdings | 47 North Main St. | Barre City | Washington | Over Cost Limit |
| Not Eligible | Gilman | Fannie Mae | 2218 US Route 5 | Sutton | Caledonian | Cost too high - 1972 |
| Not Eligible | NWWVT | Realtor | 880 Delorm Road | Leicester | Addison | Not Targeted Community |
| Not Eligible | NWWVT (G | Frist Brandon Bank; Lake Sunapee Ba | 290 Marble Street | West Rutland | Rutland | Commerical/6 units (including 1 store space) |
| Not Eligible | RACLT | Mascoma Savings | 554 Redfield/Proctor Road | Quechee | Windsor | Not Targeted Community |
| Not Eligible | RACLT | Connecticut River Bank | 148 Avery Farm Road | South Royalton | Windsor | Construction being completed - Not Targeted Community |
| Not Eligible | RACLT | Mascoma Savings | 420 South Royalton Hill Road (M/H & land) | South Royalton | Windsor | Not Targeted Community |
| VHFA - Not Eligible | CHT | VHFA | 32 South Main St - Holmes Condos | St. Albans | Franklin | VHFA - Ford 46447 - Compliance Issues |
| VHFA - Not Eligible | CHT | VHFA | 6 Huntington Street | St. Albans | Franklin | VHFA - Burns 44850 |
| VHFA - Not Eligible | CHT | VHFA | 6 Gallup Court | Swanton | Franklin | VHFA - Thibodeau 42084 - Negotiating offer |
| VHFA - Not Eligible | CHT | VHFA | 9 Greenwich Street | Swanton | Franklin | VHFA - Aucoin 45348 |
| VHFA - Not Eligible | CVCLT | VHFA | 2107 Riford Brook Rd | Braintree | Orange | VHFA - Greene 32444 |
| VHFA - Not Eligible | CVCLT | VHFA | East Valley Road | Randolph | Orange | VHFA - Hammond 44090 - redeemed |
| VHFA - Not Eligible | CVCLT (Ch | VHFA | 12 Foster St | Barre City | Washington | SOLD |
| VHFA - Not Eligible | Gilman | VHFA | Pine Hill | Derby | Orleans | VHFA - Chase 10220 |
| VHFA - Not Eligible | Gilman | VHFA | Brown Farm Road | Lyndonville | Caledonian | VHFA - Emmonds 37954 - working with borrower possible reinstate |
| VHFA - Not Eligible | NWWVT | VHFA | 825 Belgo Road | Castleton | Rutland | VHFA - Munukka 33192 |
| VHFA - Not Eligible | NWWVT | VHFA | 98 Powerhouse Road | Chittenden | Rutland | VHFA - Mailhiot 33414 - Under deposit/close 4/24 |
| VHFA - Not Eligible | NWWVT | VHFA | 114 Plains Street | Rutland | Rutland | VHFA - Downey 32498 - Public Sale 5/7/09 |
| VHFA - Not Eligible | NWWVT | VHFA | 161 Spruce Street | Rutland | Rutland | VHFA - Hillier 47555 - Scheduling Public Sale |
| VHFA - Not Eligible | NWWVT | VHFA | 156 South Street | Rutland | Rutland | VHFA - Raymond 34551 - Scheduling Public Sale - Judgment not entered |

## REO Status Report

| Status | HOC | Lender Name | REO Property Street Address | Town | County | Comments |
|---|---|---|---|---|---|---|
| VHFA - Not Eligible | NWWVT (G | VHFA | 28 Crescent Street | Rutland | Rutland | VHFA - Comeau 42742 - Scheduling Public Sale after 6/11/09 Amt due at redemption date: $89,900 |
| VHFA - Not Eligible | RACLT | VHFA | 36 Dutton District | Springfield | Windsor | VHFA - Fletcher 39956 - Public Sale 5/4/09 |
| VHFA - Not Eligible | RACLT | VHFA | 25 Sheehan Avenue | Springfield | Windsor | VHFA - Goodrich 41032 - Scheduling Public Sale after 7/13 |
| VHFA - Not Eligible | RACLT | VHFA | 70 Union Street | Windsor | Windsor | VHFA - Moses 42004 - Scheduling Public Sale after 6/22/09 |
| VHFA - Not Eligible | Windham | VHFA | Tucker Road | Halifax | Windham | VHFA - Langevin 10043 - Public Sale 6/9/09 |
| VHFA - Not Eligible | Windham | VHFA | 34 Cross Road | Windham | Windham | VHFA - Clark 41283 - Just out of bankruptcy beginning foreclosure |

vhfa

Vermont Housing Finance Agency

# MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: August 19, 2009

**RE: CONFIRMATION OF UPCOMING VHFA BOARD MEETING**

This is to notify you that the next meeting of the Vermont Housing Finance Agency Board of Commissioners has been confirmed. The meeting will be held:

**Wednesday, August 26, 2009**
VHFA
Conference Call
**9:00 a.m. – 11:00 a.m.**

Attached are the Agenda and Board packet. Please feel free to contact me should you have any questions prior to the meeting.

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

EQUAL HOUSING OPPORTUNITY

# VHFA BOARD MEETING AGENDA

**Wednesday, August 26, 2009**
Conference Call
164 St. Paul St., Burlington
**9:00 a.m. – 11:00 a.m.**

**Meeting Start**

**Review and Approval of July 28, 2009 Minutes** (5 minutes) — Enclosure

**Executive Director's Report** (5 minutes) — Carpenter/Enclosure

**Finance**

- Financial Update (15 minutes) — Connors/Discussion

**Development**

- Request for Construction Financing:
  Johnson Community Housing, Johnson (5 minutes) — Reid/Enclosure
- 1602 Credit Exchange: Blake Commons (10 minutes) — Slade/Enclosure
- Homeownership State Tax Credit (5 minutes) — Reid/Enclosure
- UVM Student Housing (Spinner Place Update) (5 minutes) — Adams/Enclosure

**Executive Session**

**Other Business**

- Possible September Board Meeting (5 minutes) — Carpenter/Discussion

**Adjournment**

**Reports:** ***FYI Only***

- Interesting Housing Fact – Wall Street Journal Article — Collins /Enclosure
- Summary of Homeownership Activities — Crady/Enclosure

vhfa

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


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phone (802) 864-5743 fax (802) 864-5746 www.vhfa.org
EQUAL HOUSING OPPORTUNITY

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.

vhfa

Vermont Housing Finance Agency

# MEMORANDUM

**TO:** VHFA Board of Commissioners

**FROM:** Sarah E. Carpenter, Executive Director

**DATE:** August 19, 2009

**RE:** **EXECUTIVE DIRECTOR'S REPORT**

## Administration

We are very excited to have George Demas on board as our General Counsel. We are keeping him very busy. George started August 10th and Elizabeth will be leaving at the end of the month so it should be a smooth transition.

The Agency celebrated Kim Roy's 20 year anniversary with the Agency on Tuesday, August 18th. Sam once again drafted a unique Ode to Kim which I read during the staff celebration and Kim was also presented with a VHFA Captain's chair in recognition of her dedication and commitment to VHFA.

Ashley Lamell, staff account in Finance will be leaving the Agency on Thursday, August 20th to further her accounting career with Marsh. Ashley's contributions during her short tenure (2 years) with the Agency are many and she will be missed. We hope to have this position filled within the next few weeks.

Pat Loller is working with the United Way of Chittenden County as a United Way Ambassador for the upcoming campaign year. Pat will visit other nonprofit organizations and discuss their campaigns for the coming year - highlighting ways to enhance their previous year's participation.

## Development

Some good news – we have five upcoming closings on for-sale units on which we have construction loans outstanding: one at Butterfield Common, and four at Proctorsville Green. Construction loans at Meadowlane Apartments in Milton (36) and Newport (13) have paid off and all but one of those rental units are fully occupied (the only one that isn't occupied has no rental subsidy). Development and legal staff have been working out the details of implementing the TCAP and 1602 credit exchange awards and are drafting the documents so we can begin to get those funds out the door and "into the ground". After a long stretch of no closings, we have



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EQUAL HOUSING OPPORTUNITY

two construction loan closings coming up in September, Cathedral Square Senior Living in Burlington and River Bend in Enosburg. Cascades in Winooski had another condo sale this past month; to date they've sold 21 units with 5 more under contract (of 70 total). Staff feels that they are keeping a good sales pace and are working extremely diligently to secure more contracts.

We had a conference call with Moody's regarding the Eastview at Middlebury's request for a $20 million construction financing. It was evident from the call that the cash reserves required from the Agency for a private placement general obligation bond to fund the construction of the project would be prohibitive. We felt we need to resolve some of our single family bond issues first and complete our General Obligation rating review by Moody's later this fall before we can begin to look at a single financing of that size. Staff has notified the developers that we cannot consider financing at this time. This is a great project and we are disappointed to not be involved. Staff has offered to talk with other potential lenders who may be interested in providing the construction financing to the project.

**NSP\HARP**

To date the NSP program has closed on one property in St. Albans and one in Rutland. Four additional lenders have accepted contracts on other properties and are scheduled for closing within a month. Lori Gilding and Dave Adams have submitted formal offers on another seven properties are awaiting answers from the lender's selling agents. The homeownership centers are busy performing preliminary drive-by inspections and written reports with recommendations on whether to pursue the purchase of the properties submitted to them by Lori. Most of the properties that we are looking at have come from estate agents around Vermont and are owned by national lenders. There have been only three properties that have come directly to us from Vermont lenders. Beyond the properties we have made offers on, there are thirty-three properties under review with additions to the list daily. The biggest challenge so far has been agreeing to the terms of the addendums that the national lenders are requiring as part of the purchase and sale agreements. The terms of these addendums strip out most, if not all, the protections for the buyer of the property. They have been unwilling to consider changes or modifications to their addendums which could put the NSP money at risk. Lori and Dave continue to wrestle with this issue and negotiate protections to the greatest extent possible. It does point out why it is so difficult to resolve foreclosure issues with some of these national lenders.

**Homeownership**

Once again VHFA will recognize Top Producing Lending Institutions and Originators. We are very appreciative of those lenders and originators who have stuck by us during this challenging time.

Top Lenders are:

Chittenden Bank, New England Federal Credit Union, Universal Mortgage, Mortgage Financial Services and Heritage Family Credit Union

Top Originators are:

Addison – Michelle Shambo (Chittenden)
Bennington – Debbie Corey (Chittenden)
Caledonia/Essex/Orange – Susan Laferriere (Union Bank)
Chittenden/Grand Isle – Kelly Deforge (Universal Mortgage)
Franklin – Judy Smith (Peoples Trust Company)
Lamoille – Bill Bourne (Mortgage Financial)
Orange – Don Waterman (Wells River SB/Northeast Home Loan)
Rutland – Laurie Laliberte (Chittenden Bank)
Washington – Mary Ellen LaPerle (Northfield Savings Bank)
Windham – Cathy Eakins (Chittenden)
Windsor – Barbara Yankee (Chittenden)

Even though production has been slow, staff has been working hard to assisting lenders in the new MBS system and keeping up on our own loan servicing issues. Also to just to keep us busier S & P has asked us to provide them with single family loan information back 30 years! We hope that is a good sign they recognize the strength of HFA portfolios. It will be an extreme challenge for us and many HFA's to go back that far. It was interesting to note that they asked for some information, like FICO scores, that didn't exist 30 years ago.

**Multifamily**

The Rockingham Canal House had its final closing on August 12, 2009 which paid off the bridge loan at VHFA and secured over $3 million in financing using NSA funds. This property will continue to be part of our Section 8 Contract Administration.

Dogwood Glen II and Village Apartments are two projects in our Section 8 Contract Administration portfolio that have just come to the end of their 30 year subsidy contracts. Erin Philbrick diligently worked with the owners to finalize the contract renewals which resulted in successfully securing another 20 term for each property.

Bed bugs are starting to be a big issue with some of our multifamily housing projects. Burlington Housing Authority has detected bed bugs in a few of their apartments and is actively working to mediate the problem. Depot Square, a 47 unit property in St. Johnsbury has a much bigger issue; this building has an infestation of bed bugs. It has been inspected by professional exterminators as well as a bed bug detecting beagle dog to confirm the extent of the problem. The owner is aggressively working on a plan to eliminate the infestation which will include the relocation of tenants.

**Finance**

Finance continues to focus on the top priorities for the Agency, especially in the area of liquidity substitution for Depfa and Dexia. On August 5th the Agency successfully closed the replacement of Depfa liquidity with TD Bank for series 22 and 26 for a total of $27.3 million. The Agency really only has one remaining troublesome series (Series 23) with Depfa, that ultimately should be replaced. We have been discussing the replacement of Depfa with Wells Fargo/Wachovia, but have not been getting positive responses on this. We have also been speaking with Citi about

potentially using some TARP money in a creative way to provide liquidity. All HFA's are still expecting the Federal Government to announce a liquidity program for HFA's.

The other option for dealing with the high interest costs on Series 23 is for the Agency to buy its own bonds. This could be a piece of the puzzle for the Agency, not just to improve the liquidity issue, but also the meet challenge of increasing its return on investments. The interest rate on this series is currently 7%. Discussions are in progress with all related parties to make this a possible option.

The team has done a thorough review of the investment portfolio to see what cash might be reinvested in other instruments for a higher return. This will also help to determine what cash could be used for VHFA to by its own bonds. The Agency is also considering restructuring its lines of credit, to free up capacity for borrowing money at a lower rate to buy its own bonds.

Tom and Scott remain in regular contact with our remarketers, Keybank and Wells Fargo to make sure we are getting the lowest remarketing rates possible. Rates have come down some recently, which has helped lower the monthly interest cost on the Agency's VRDO's. The rates have come down quite a bit on Dexia-backed liquidity, which has led the Agency to focus on the one remaining Depfa series. Also, Fitch recently upgraded Depfa's short term rating to the highest possible rating, which may have helped improve the remarketing of our Depfa-backed VRDO's. We are hoping S&P follows suit, which should make a big difference.

The entire Finance team is focused on closing the books for the year and preparing for the year-end audit. Tim Gutchell has worked with KPMG to ensure that the lines of communication are open and all documents are ready when KPMG arrives for the audit on August 18. The entire audit process will last for approximately four weeks.

As I mentioned at the last meeting we had a very productive meeting with state officials bringing them up to date on VHFA. We had a follow-up meeting on August 13th. At that meeting we discussed several ways we might be able to use the Moral Obligation and Pledged Equity Authority we have with the State to issue bonds for new loan production. We felt this is our highest priority. Assisted by Mike Smith and the States financial advisor Chester Johnson we came up with several creative ideas. The next step will be to pull together a smaller working group to flesh out details of how this bond issue could be structured.

**Public Affairs**

I hope you all read the front page article in the Wall Street Journal about Vermont's lower foreclosure rate. Maura and I, as well as several others spent an afternoon with the reporter. We only hope some of our Wall Street partners also read the article.

See you on the 26th.

## Martha Panton

**From:** Sarah Carpenter
**Sent:** Tuesday, August 25, 2009 9:41 AM
**To:** 'Lisa Mitiguy Randall (LRandall@vtfcu.org)'; 'Gustave Seelig'; 'Kevin Dorn (kevin.dorn@state.vt.us)'; 'Beth Pearce (beth.pearce@state.vt.us)'; 'jeb.spaulding@state.vt.us'; 'Tom Candon (tcandon@bishca.state.vt.us)'; 'Dagyne Canney'; 'Thomas N. Pelletier'; 'Robert H. Alberts (ralberts@gmavt.net)'; 'Bart Frisbie'
**Cc:** Executive Management; Martha Panton
**Subject:** HVT By-Laws
**Attachments:** VHFA Memo on Bylaw Changes.docx

Attached is a memo from Housing Vermont concerning changing their by-laws and articles to reflect the elimination of the Sustaining Member provisions which we voted on last meeting. Under our funding agreement with Housing Vermont we retain the right to approve by-law and article changes as well as monitor their operations. We recommend the VHFA Board approve the attached changes to Housing Vermont by-laws and articles.

We will revise next week's agenda to put this item first. Let me know if you have any questions. Thanks.

*Sarah*

Sarah Carpenter
Executive Director
Vermont Housing Finance Agency
802-652-3421
scarpenter@vhfa.org

HOUSINGVERMONT
Building possibilities.

To: Sarah Carpenter, VHFA
VHFA Board of Directors

From: Nancy Owens, President

Date: August 21, 2009

Re: Amendment to HV Bylaws to Eliminate Sustaining Member Category

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The Housing Vermont Bylaws create two classes of members: Sustaining Members and General Members. The Sustaining Member was intended to reflect VHFA's unique relationship with Housing Vermont at the time that Housing Vermont was first created. Now that VHFA is no longer a Sustaining Member, we would like to amend our Bylaws to eliminate that category of membership and to conform other sections to that action.

In order to effect the amendment, the changes must be approved at our annual meeting on September 10. According to the terms of Housing Vermont's Amended and Restated Funding Agreement with VHFA, those changes must also be approved by your agency. We are asking for that consent.

The proposed change to the Bylaw section on Membership appears below both as a strikeout version so that you see the changes and as a clean version so that it is easier to read.

*Strikeout Version of Proposed Change Deleting Sustaining Member*

1. CLASSES OF MEMBERSHIP AND QUALIFICATIONS.

~~{~~ ~~}~~ A. There shall be ~~{two classes of Members, hereinafter identified, respectively, as "General Members" and "Sustaining Members", having the qualifications and rights hereinafter specified. The term "Members" includes General Members and Sustaining Members.~~

~~A. General Members.}~~one class of Members. Any natural person of majority age and any legal entity of either a public or private nature may become a~~{ General}~~ Member of the corporation upon payment of an annual membership fee as established from time to time by the board of directors in an amount not exceeding $50.00. Subject to the rights of the Governor of the State of Vermont to appoint a director, as specified in paragraph ~~{D of this section, General Members shall be entitled to participate in the election of not more than 50% of the directors to be elected at any Annual Meeting; provided, however, that in the event that no Sustaining Members or public entities entitled to vote exist at the time of an Annual Meeting or a special meeting of Members, but not otherwise, and subject to the rights of the Governor of the State of Vermont, as specified in paragraph D}~~B of this section, (~~{I}~~i)~~{ General}~~ Members shall ~~{be entitled}~~have the power to elect all of the directors to be elected at ~~{such}~~the annual meeting, (ii) a two-thirds majority of the ~~{General }~~Members present at such meeting shall ~~{be entitled}~~have the power to amend the ~~{articles}~~Articles of ~~{association}~~Incorporation or these bylaws, and (iii) a simple majority ~~{may}~~of the Members shall have the power remove a director for cause. ~~{General}~~ Members shall have no other rights.

~~{ B. Sustaining Members. Any political subdivision of the State of Vermont, including, without limitation, Vermont Housing Finance Agency, may become a Sustaining Member of the corporation for any calendar year noupon payment of an annual sustaining~~

~~membership fee in the amount of $15,000. Sustaining Members shall be entitled to participate in the election of all directors to be elected at any Annual Meeting, and shall have the exclusive right to elect not less than 50% of the directors to be elected at any Annual Meeting. Subject to applicable notice requirements, a two-thirds majority of Sustaining Members present at any Annual Meeting or special meeting of Members may amend the articles of association or these bylaws and a simple majority may remove a director for cause. Sustaining Members shall be entitled to call a special meeting of the Members as hereinafter provided. Sustaining Members shall have no other rights.~~

~~C. Rights of certain public entities. During such period as no Sustaining Member exists and is entitled to vote, but not otherwise, any public entity which could qualify as a Sustaining Member and which, during the then current fiscal year of the corporation, has made a grant or contribution to the corporation of at least $15,000, shall have all of the rights of a Sustaining Member.~~

*Clean Version of Proposed Section on Membership*

1. CLASSES OF MEMBERSHIP AND QUALIFICATIONS.

A. There shall be one class of Members. Any natural person of majority age and any legal entity of either a public or private nature may become a Member of the corporation upon payment of an annual membership fee as established from time to time by the board of directors in an amount not exceeding $50.00. Subject to the rights of the Governor of the State of Vermont to appoint a director, as specified in paragraph B of this section, (i) Members shall have the power to elect all of the directors to be elected at the annual meeting, (ii) a two-thirds majority of the Members present at such meeting shall have the power to amend the Articles of Incorporation or these bylaws, and (iii) a simple majority of the Members shall have the power remove a director for cause. Members shall have no other rights.

Other Conforming Changes

The elimination of the Sustaining Member classification necessitates conforming amendments to the sections on quorums and amendments to the Bylaws. The quorum section must be revised because currently the presence of one Sustaining Member constitutes a quorum. The section on amendments must be revised to delete the reference to Sustaining Members. Again, we present strikeout and clean versions of the proposed changes.

*Strikeout Version of Proposed Change to Quorum Section*

8. QUORUM.

At any meeting of Members, ~~{one Sustaining Member of record and whose current assessment is paid in full,}~~(i) 20 Members, or (ii) 15% of the number of Members, whichever is less, who are present in person or by proxy, shall constitute a quorum. ~~{ If no such Sustaining Member of record is present, and if no public entity entitled to vote is present, but not otherwise, a majority of the General Members of record~~

~~and whose current assessments are paid in full shall constitute a quorum.}~~ If no quorum exists, a majority of the~~{ General}~~ Members present in person or by proxy may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

*Clean Version of Proposed Change to Quorum Section*

8. QUORUM.

At any meeting of Members, (i) 20 Members, or (ii) 15% of the number of Members, whichever is less, who are present in person or by proxy, shall constitute a quorum. If no quorum exists, a majority of the Members present in person or by proxy may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

*Strikeout Version of Proposed Change to Amendment Section*

ARTICLE XI - AMENDMENTS TO ARTICLES OF ASSOCIATION

For the purposes of 11 V.S.A. §2452(a), pertaining to amendments of articles of association, "members entitled to vote" shall be understood consistently with the following: If the proposed amendment has been set out in the meeting notice, the articles of association may be amended by a vote of not less than two-thirds of the ~~{Sustaining }~~Members of record present at any annual Members' meeting or at any special Members' meeting~~{, or, if no Sustaining Members of record or public entities entitled to vote exist, but not otherwise, by a vote of not less than twothirds of all General Members of record present at such meeting. If no General Members of record exist, the articles of association may be amended as provided by law in such cases}~~.

*Clean Version of Proposed Change to Amendment Section*

ARTICLE XI - AMENDMENTS TO ARTICLES OF ASSOCIATION

For the purposes of 11 V.S.A. §2452(a), pertaining to amendments of articles of association, "members entitled to vote" shall be understood consistently with the following: If the proposed amendment has been set out in the meeting notice, the articles of association may be amended by a vote of not less than two-thirds of the Members of record present at any annual Members' meeting or at any special Members' meeting.

Thank you for your consideration and please let me know if you have any questions. I can be reached by phone at (802) 863-8424 or by email at nancy@hvt.org.

# VHFA Board of Commissioners
# August Finance Update

**August 2009 Meeting**

**Finance Update**

## VHFA Board of Commissioners
## August 2009 Meeting Finance Update

- Agency's biggest current financial challenges
  - Liquidity
  - Maintaining / Improving Credit Ratings
  - Investment Income
  - Loan production
  - Sources of Capital
    - Single Family loans
    - Multifamily loans

# VHFA Board of Commissioners
## August 2009 Meeting Finance Update

- Liquidity Update
  - Closed replacement liquidity for Series 22 and Series 26 with TD Bank on August 5th ($27.3 million)
  - Still talking with Wells Fargo/Wachovia on Series 23 last week ($14.5 million). After two rejections from Wachovia, our contact there is trying to work through the Wells Fargo credit process.
  - Have lobbied remarketers to bring rates down
  - Talked with Citi about leveraging TARP money and State of VT Pledged Equity to provide liquidity

# VHFA Board of Commissioners
## August 2009 Meeting Finance Update

- Liquidity Update
  - Rates continue to come down, especially on Dexia liquidity
  - Negative Basis (excess interest costs) have dropped from $500k per month in February to $120k per month after the TD facilities were closed in August
  - Still waiting to hear from the Federal Government on GSE liquidity

# VHFA Board of Commissioners
## August 2009 Meeting Finance Update

- Maintaining/Improving Credit Ratings
  - Closed the securitization deal with Freddie Mac today (July 28th). The first HFA to do so in the country (per MDMC).
  - Settled our first GNMA security Friday, July 24th
  - Have purchased 4 FNMA securities totaling $546k
  - Have purchased 3 GNMA securities for $1.8 million
  - A copy of the Master Agreement and detailed loan files have been forwarded to rating agencies. Final loan file was forwarded to rating agencies end of July

# VHFA Board of Commissioners
## August 2009 Meeting Finance Update

- Maintaining/Improving Credit Ratings
  - 1st American CoreLogic report was shared with all ratings agencies. (total VHFA SF portfolio gained in value by more than 29% overall).
  - Received a major data request from S&P (to all HFA's they rate) asking for 30 years of history. May indicate they are re-addressing the assumptions in their model.
  - Shared the article in the August 18th Wall Street Journal with the rating agencies, touting Vermont as one of the lowest foreclosure states in the country

# VHFA Board of Commissioners
## August 2009 Meeting Finance Update

- General Obligation Rating with Moodys
  - Moodys is conducting a portfolio review on the single family programs of all housing finance agencies including VHFA.
  - GO Rating remains at A2 with a Stable Outlook for the next 5-8 months, barring any unusual events

# VHFA Board of Commissioners
## August 2009 Meeting Finance Update

- Investment Income
  - Agency is down $4 million in investment income YTD through March 2009 (compared to same period last year) due to a combination of lower rates and lower balances ($42 million of notes matured; reserve funds are down)
  - Several GIC's had to be liquidated (due to provider rating downgrades) and placed in low-rate money market funds
  - Conducting full review of liquid cash and investments to develop strategy for achieving higher returns on investments
  - Legal steps are being taken so that the Agency can buy its own bonds (i.e. Series 23 VRDO's at 7%)
  - Negotiating with Depfa for approval to buy our own bonds

# VHFA Board of Commissioners
## August 2009 Meeting Finance Update

- Sources of Capital – Single Family financing
  - Down to our last $2.6 million of lendable funds from Series 2008C for MBS and direct loans
  - Committed $406k of loan sales to FNMA cash window, preserving lendable bond proceeds
  - Recently worked with Piper Jaffray to price a pro forma $30 million SF bond deal, 100% fixed rate, with (1) point and (0) points. Resulting rate was 6.5% (1 point above conventional)
  - Looking at economic refunding of Series 9-13 to subsidize rate
  - Working with the State of VT on possible way to use pledged equity form of moral obligation to structure a SF bond deal with a rate that can compete with the conventional market.

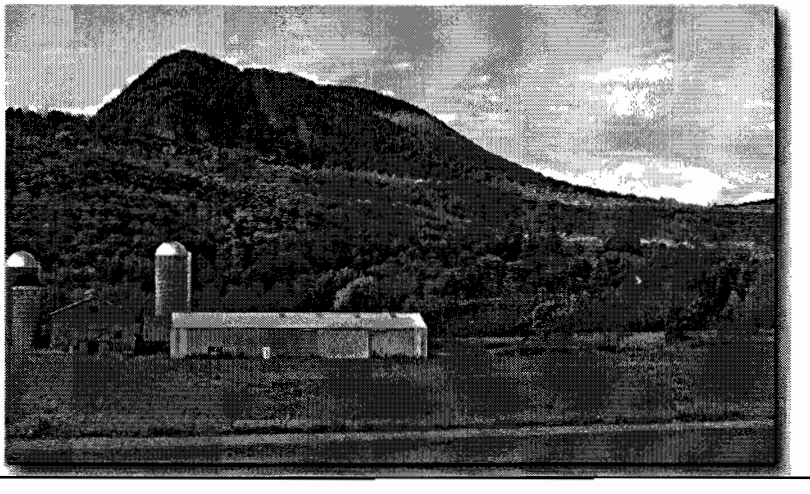
# VHFA Board of Commissioners
## August 2009 Meeting Finance Update

- Sources of Capital – Multifamily financing
  - Working with Piper Jaffray to determine possibility of doing a MF bond deal on the open market
  - Have contacted several banks to identify what options are out there for direct placement
  - Contacted Moodys to determine capital requirements of a $20 million bond for Eastview construction loan and the impact on VHFA GO rating?
  - Looking into possibility doing a refunding of Series 99CD

# VHFA Board of Commissioners
## August 2009 Meeting Finance Update

- FY2009 Estimate/ FY2010 Forecast
  - Expect to lose approximately $3.5 million in 2009 due to excessive financing costs and lower investment income
  - Should be able to achieve breakeven, given the current economic and financial environment due to:
    - Success in replacing Depfa liquidity with TD Bank
    - Reduced FY 2010 operating budget by $1 million over FY2009

# The End



vhfa

**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<br>26 tax credit units | **Unit Sizes:** | 12 1-BR @ 705 s.f.<br>15 2-BR @ 953 s.f.<br>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)

- 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 |
| Efficiciency 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% |

| | | Budget | Per Unit | Per s.f. | Allocation of Sources: First mortgage | NSP | HOME | VHCB | VEC cleanup escrow | Efficiciency Vermont | Existing VHCB/HOME | VHCB feasibility | LIHTC equity | TOTAL SOURCES |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | ACQUISITION | | | | 1.00% 30 | 0.00% 30 | 0.00% 30 | 0.00% 30 | 0.00% 30 | 0.00% 30 | 0.00% 30 | 0.00% N/A | N/A N/A | |
| 1 | Land | 81,829 | 2,922 | 2.92 | | | 0 | 0 | | 0 | 21,541 | | 60,288 | 81,829 |
| 2 | Purchase of Building(s) | 265,365 | 9,477 | 9.48 | | | 0 | | | | 265,365 | | | 265,365 |
| 3 | Demolition (without replacement) | 125,000 | 4,464 | 4.47 | | 125,000 | | | | | | | | 125,000 |
| 4 | Property Appraisal | 5,000 | 179 | 0.18 | | | | 5,000 | | | | 0 | | 5,000 |
| 5 | Legal - Title and Recording | 5,200 | 186 | 0.19 | | | | 5,200 | | | | 0 | | 5,200 |
| | Acquisition/Carrying Costs | 0 | 0 | 0.00 | | | | | | | | | | 0 |
| | Subtotal - Acquisition | 482,394 | 17,228 | 17.24 | | | | | | | | | | |
| | 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 |
| 8 | | 0 | 0 | 0.00 | | | | | | | | | 0 | 0 |
| 9 | Sitework | 403,700 | 14,418 | 14.43 | | | | | | | | | 403,700 | 403,700 |
| 10 | Solor 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 | 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 | | 0.00 | | | | | | | | | 0 | 0 |
| | Subtotal - Hard Costs | 4,853,257 | 173,331 | 173.45 | | | | | | | | | | |
| | SOFT COSTS | | | | | | | | | | | | | |
| 21 | Architectural | 299,337 | 10,691 | 10.70 | | | 200,000 | 0 | | | | 10,000 | 89,337 | 299,337 |
| 22 | Engineering | | 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 | 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 | 0.00 | | | | | | | | | 0 | 0 |
| | SYNDICATION COSTS | | | | | | | | | | | | | |
| 40 | Organizational (Partnership) | | 0 | 0.00 | | | | | | | | | 0 | 0 |
| 41 | Bridge Loan Fees and Expenses | | 0 | 0.00 | | | | | | | | | 0 | 0 |
| 42 | Syndication Consultant | | 0 | 0.00 | | | | | | | | | 0 | 0 |
| 43 | Tax Opinion | | 0 | 0.00 | | | | | | | | | 0 | 0 |
| | DEVELOPER'S FEES | | | | | | | | | | | | | |
| 44 | Developer's Fees | 710,000 | 25,357 | 25.38 | | | | | | | | | 710,000 | 710,000 |
| 45 | Other Partnership Fees | | 0 | 0.00 | | | | | | | | | 0 | 0 |
| 46 | Consultant Fees | | 0 | 0.00 | | | | | | | | | 0 | 0 |
| | RESERVES | | | | | | | | | | | | | |
| 47 | Working Capital | 30,000 | 1,071 | 1.07 | | | | | | | 0 | | 30,000 | 30,000 |
| 48 | Rent-up (Deficit Escrow) Reserve | | 0 | 0.00 | | | | | | | | | 0 | 0 |
| 49 | Other Operating Reserves | 42,916 | 1,533 | 1.53 | | | | | | | 0 | | 42,916 | 42,916 |
| 50 | Sinking Fund | | 0 | 0.00 | | | | | | | | | 0 | 0 |
| 51 | Replacement Reserves | 0 | 0 | 0.00 | | | | | | | 0 | | 0 | 0 |
| | Subtotal - Soft Costs | 1,438,256 | 51,366 | 51.40 | | | | | | | | | | |
| | TOTAL DEVELOPMENT COSTS | 6,773,907 | 241,925 | 1,642 | 90,000 | 1,195,515 | 400,000 | 603,000 | 125,000 | 14,000 | 286,906 | 10,000 | 4,049,486 | 6,773,907 |
| | | | | over/(unde: | 90,000 | (204,485) | 0 | 1,000 | 0 | 0 | 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 | 20% | Historic Credit Rate | | | |
| | Total Eligible Basis | | 275,565 | 5,456,292 | | 0 | Annual Historic Credit | | | |
| 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 | Long Term Depreciable Basis | | | | |
| TIMES: | Applicable Percentage | | 3.28% | 9.00% | 27.5 | Depreciation Schedule | | | | |
| | Total Annual Credit Qualified | | 7,156 | 505,438 | 197,393 | Annual Depreciation | | | | |

| | |
|---|---|
| Total Tax Credits Requested | 492,000 |
| Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only) | 3,936,000 |
| Estimated Yield - Housing Credit Syndication | 0.8000 |
| Equity Gap | 3,936,001 |
| Credits Needed to fill Equity Gap | 492,000 |

28,000 Short Term Depreciable Basis
7 Depreciation Schedule
4,000 Annual Depreciation

| 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 | |
| | | | | per unit month |
| Real Estate Taxes | 25,200 | 2,100 | 75 | excl. ds & res. |
| Property Insurance | 10,080 | 840 | 30 | 497 |
| Replacement Reserves | 15,120 | 1,260 | 45 | |
| Primary Debt Service | 0 | 0 | 0 | |
| Other "must pay" debt service | | 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 Recepits/Cumulative Cash Flow | 182,016 |

| 12-Aug-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 | | | | | | | | | | | | | | | | | | | | | |
| Gross Rent | | 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 |
| Other Income | | 1,700 | 1,734 | 1,769 | 1,804 | 1,840 | 1,877 | 1,914 | 1,953 | 1,992 | 2,032 | 2,072 | 2,114 | 2,156 | 2,199 | 2,243 | 2,288 | 2,334 | 2,380 | 2,428 | 2,477 |
| Vacancy and other losses | | (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) |
| Total Operating Income | | 196,845 | 199,806 | 202,812 | 205,863 | 208,960 | 212,104 | 215,295 | 218,534 | 221,821 | 225,159 | 228,546 | 231,985 | 235,475 | 239,018 | 242,614 | 246,265 | 249,970 | 253,731 | 257,549 | 261,425 |
| Operating Expenses | | | | | | | | | | | | | | | | | | | | | |
| Total Expenses (excl. Reserves) | | 166,896 | 171,903 | 177,060 | 182,372 | 187,843 | 193,478 | 199,283 | 205,261 | 211,419 | 217,761 | 224,294 | 231,023 | 237,954 | 245,092 | 252,445 | 260,019 | 267,819 | 275,854 | 284,129 | 292,653 |
| 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 |
| Total Operating Expense | | 182,016 | 187,250 | 192,637 | 198,182 | 203,891 | 209,767 | 215,815 | 222,042 | 228,451 | 235,049 | 241,842 | 248,834 | 256,032 | 263,441 | 271,069 | 278,922 | 287,006 | 295,329 | 303,896 | 312,717 |
| Net Operating Income | | 14,829 | 12,557 | 10,175 | 7,681 | 5,069 | 2,337 | (521) | (3,508) | (6,630) | (9,891) | (13,295) | (16,849) | (20,556) | (24,423) | (28,455) | (32,657) | (37,036) | (41,597) | (46,347) | (51,292) |
| Less Primary Debt Service | | 0 | 0 | 0 | 0 | 0 | 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 | 0 | 0 | 0 | 0 | 0 |
| Annual Cash Flow | | 14,829 | 12,557 | 10,175 | 7,681 | 5,069 | 2,337 | (521) | (3,508) | (6,630) | (9,891) | (13,295) | (16,849) | (20,556) | (24,423) | (28,455) | (32,657) | (37,036) | (41,597) | (46,347) | (51,292) |
| Operating Subsidies / Sinking Fund | | 0 | 0 | 0 | 0 | 0 | 0 | 521 | 3,508 | 6,630 | 9,891 | 13,295 | 16,849 | 20,556 | 24,423 | 28,455 | 32,657 | 37,036 | 41,597 | 46,347 | 51,292 |
| Net Cash | | 14,829 | 12,557 | 10,175 | 7,681 | 5,069 | 2,337 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DCR | | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Cumulative Cash Flow | | | | | | | | | | | | | | | | | | | | | |
| Beginning Balance | | 42,916 | 58,752 | 72,609 | 84,338 | 93,783 | 100,778 | 105,154 | 106,737 | 105,363 | 100,840 | 92,966 | 81,530 | 66,312 | 47,082 | 23,600 | (4,383) | (37,128) | (74,906) | (118,001) | (166,708) |
| Deposits | | 14,829 | 12,557 | 10,175 | 7,681 | 5,069 | 2,337 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest | 2.0% | 1,007 | 1,301 | 1,554 | 1,764 | 1,926 | 2,039 | 2,103 | 2,135 | 2,107 | 2,017 | 1,859 | 1,631 | 1,326 | 942 | 472 | (88) | (743) | (1,498) | (2,360) | (3,334) |
| Withdrawals: | | | | | | | | | | | | | | | | | | | | | |
| Project Operating Needs | | 0 | 0 | 0 | 0 | 0 | 0 | (521) | (3,508) | (6,630) | (9,891) | (13,295) | (16,849) | (20,556) | (24,423) | (28,455) | (32,657) | (37,036) | (41,597) | (46,347) | (51,292) |
| 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 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 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 | | 58,752 | 72,609 | 84,338 | 93,783 | 100,778 | 105,154 | 106,737 | 105,363 | 100,840 | 92,966 | 81,530 | 66,312 | 47,082 | 23,600 | (4,383) | (37,128) | (74,906) | (118,001) | (166,708) | (221,335) |
| Cumulative Replacement Reserves | | | | | | | | | | | | | | | | | | | | | |
| Beginning Balance | | 0 | 15,271 | 31,077 | 47,431 | 64,349 | 11,844 | 28,532 | 45,801 | 63,666 | 82,142 | 27,746 | 46,023 | 64,933 | 84,490 | 104,712 | 48,442 | 68,503 | 89,252 | 110,707 | 132,885 |
| Deposits | | 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 |
| Interest | 2.0% | 151 | 459 | 777 | 1,107 | 1,447 | 400 | 736 | 1,084 | 1,444 | 1,816 | 730 | 1,099 | 1,479 | 1,873 | 2,280 | 1,158 | 1,562 | 1,980 | 2,412 | 2,858 |
| Withdrawals | | 0 | 0 | 0 | 0 | (70,000) | 0 | 0 | 0 | 0 | (73,500) | 0 | 0 | 0 | 0 | (77,175) | 0 | 0 | 0 | 0 | (81,034) |
| Ending Balance | | 15,271 | 31,077 | 47,431 | 64,349 | 11,844 | 28,532 | 45,801 | 63,666 | 82,142 | 27,746 | 46,023 | 64,933 | 84,490 | 104,712 | 48,442 | 68,503 | 89,252 | 110,707 | 132,885 | 74,773 |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | | | | | |
| Net Operating Income | | 14,829 | 12,557 | 10,175 | 7,681 | 5,069 | 2,337 | (521) | (3,508) | (6,630) | (9,891) | (13,295) | (16,849) | (20,556) | (24,423) | (28,455) | | | | | |
| 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 | | | | | |
| Less Interest Expense | | 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) | | | | | |
| Less Short Depreciation | | (3,571) | (3,571) | (3,571) | (3,571) | (3,571) | (3,571) | (3,571) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | |
| Taxable Income (Loss) | | (71,965) | (74,011) | (76,162) | (78,423) | (80,797) | (83,288) | (85,902) | (85,070) | (87,940) | (90,946) | (94,091) | (97,381) | (100,822) | (104,417) | (108,174) | | | | | |
| Cash Flow | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | |
| Plus Tax Savings | | 25,188 | 25,904 | 26,657 | 27,448 | 28,279 | 29,151 | 30,066 | 29,775 | 30,779 | 31,831 | 32,932 | 34,083 | 35,288 | 36,546 | 37,861 | | | | | |
| Plus Historic Rehab Credits | | 0 | | | | | | | | | | | | | | | | | | | |
| Plus State Credits | | 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 | | | | | | | | | | |
| After Tax Cash Flow | | 517,188 | 517,904 | 518,657 | 519,448 | 520,279 | 521,151 | 522,066 | 521,775 | 522,779 | 523,831 | 32,932 | 34,083 | 35,288 | 36,546 | 37,861 | | | | | |
| Total Years | 15 | | | | | | | | | | | | | | | | | | | | |
| Reinvestment Rate | 6.00% | | | | | | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | | | | | |
| Current After Tax Cash Flows | | 517,188 | 517,904 | 518,657 | 519,448 | 520,279 | 521,151 | 522,066 | 521,775 | 522,779 | 523,831 | 32,932 | 34,083 | 35,288 | 36,546 | 37,861 | | | | | |
| Future Value of Cash Flows at Yr 15: | | 1,239,470 | 1,170,930 | 1,106,257 | 1,045,231 | 987,645 | 933,302 | 882,019 | 831,629 | 786,067 | 743,064 | 44,070 | 43,030 | 42,028 | 41,063 | 40,132 | | | | | |
| Discount Rate: | 7.50% | | | | | | | | | | | | | | | | | | | | |
| Capital Contribution Number: | 1 | 2 | 3 | 4 | | | | | | | | | | | | | | | | | |
| Date of Capital Contribution: | 30-Oct-09 | 30-Jun-10 | 30-Sep-10 | | | | | | | | | | | | | | | | | | |
| Amount of Capital Contribution: | 100 | 3,148,800 | 787,100 | 0 | | | | | | | | | | | | | | | | | |
| Present Value of Contributions: | 100 | 2,993,376 | 734,045 | 0 | | | | | | | | | | | | | | | | | |
| Cash Flows | (3,727,521) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9,935,939 | | | | | |
| IRR: | 6.75% | | | | | | | | | | | | | | | | | | | | |
| Equity Yield: | 76% | | | | | | | | | | | | | | | | | | | | |

| | |
|---|---|
| Original Basis | 5,456,318 |
| Less Depreciation | (1,500,142) |
| Basis at Sale | 6,956,460 |
| Sales Price | #REF! |
| Gain | #REF! |
| Exit Tax | #REF! |

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.

vhfa

**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.

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**phone** (802) 864-5743 **fax** (802) 864-5746 **www.vhfa.org**

EQUAL HOUSING OPPORTUNITY

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.

vhfa

**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.

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EQUAL HOUSING OPPORTUNITY

vhfa

**Vermont Housing Finance Agency**

TO: VHFA Board of Commissioners

FROM: Dave Adams, Chief of Program Operations

DATE: August 19, 2009

RE: UVM Student Housing Bonds – aka Spinner Place, Winooski
Changes to Indenture of Trust

In July 2004, VHFA issued Student Housing Facilities Revenues Bonds to finance the construction of West Block University of Vermont student housing complex, now known as Spinner Place in Winooski. This was a conduit bond issuance for VHFA with all risks associated with the project falling to Sovereign Bank by virtue of a Direct Pay Letter of Credit. Spinner Place has been in a workout status from its inception resulting from significant problems with lease-up, inability to achieve rents sufficient to cover costs, reserve requirements and debt service, and lack of support from UVM. It is only from the signing of a three year master lease with Champlain College for nearly all the beds that the project has been able to limp along waiting for a longer term solution.

In early July, The Bank of New York Mellon Trust Company, N.A. (Trustee) issued a notice that the Sovereign Bank direct pay letter of credit had expired. As per the Indenture requirements, Sovereign was required to and has purchased the outstanding bonds, and currently holds them as bank bonds pending reissuance of their Direct Pay Letter of Credit. Sovereign Bank has issued a Commitment Letter to extend the letter of credit to January 26, 2010.

In order to extend the term of the Letter of Credit, all parties to the transaction must agree to proposed changes to the Indenture. Changes to the Indenture involve modifications to the priority in which certain project expenses and reserve funds are paid. The changes under consideration were proposed a year ago, and it was thought that all parties has consented at that time, but the changes were never formally adopted. The expiration of the Letter of Credit has precipitated the need to formally adopt changes to the Indenture.

The most significant change to the cash flow priorities (waterfall) involves Sovereign Bank's proposal to reduce the Debt Service Reserve requirement from $1.5 million to $1.0 million by June 30, 2010. The reduction will enable other interested parties to receive payment sooner than proposed in the original waterfall. Negotiations are underway among VHFA, Sovereign Bank, the City of Winooski, Collegiate Housing Foundation, HallKeen, and the University of Vermont to make changes to the Indenture necessary to put the Letter of Credit back in place, and to allow the bonds to be remarketed.

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EQUAL HOUSING OPPORTUNITY

Beyond negotiations about the cash flow priorities, the most significant issue being discussed is extending the Letter of Credit for only 6 months. If not renewed by Sovereign at that time, the bonds once again will be put back to the Bank. All parties involved agree that Spinner Place is overleveraged, with rents that are above the market and not sustainable, and apartment designs that apparently are not desirable to UVM. All parties also agree that the proposed six month extension of the Sovereign Letter of Credit does not resolve the long term needs of the project, and that a permanent solution needs to be developed before the January 26, 2010 expiration date, if one cannot be agreed to now. The long term solution is likely to involve a substantial write-down of the Sovereign Bank debt on the project.

**Board Action Requested**

VHFA will need to continue to stay involved with the current negotiations, and ultimately issue its consent to any changes to the Indenture. It is important to note that the Agency continues to be insulated from risk of default by the project, and any changes made to the Trust Indenture will continue to ensure VHFA remains isolated from risk. Staff wants to keep the Board informed of the status of this high profile project and requests authorization to execute any and all agreements necessary to make changes to the Indenture and related documents.

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REAL ESTATE | AUGUST 18, 2009

# Vermont Mortgage Laws Shut the Door on Bust -- and Boom

By GARY FIELDS

BURLINGTON, Vt. -- In plenty of other states, Andrea Todd would have been a homeowner years ago. Here, she bought just this month -- a difference that helps explain how Vermont avoided the housing bust, and shows the possible pitfalls in President Barack Obama's plan to tighten mortgage regulation.

For the past five years, as home loans went to even Americans with poor credit and no proof of steady work, Ms. Todd couldn't get a mortgage in spite of her good credit and low debt. Vermont banks told the self-employed landscaper that her income stream was unreliable. The 32-year-old changed careers, taking a permanent job as a teacher, to boost her chances.

Vermont's strict mortgage-lending laws largely prevented the state's residents from signing the types of dubious home loans written in other markets across the country. Its 1990s legislation made mortgage lenders warn customers when their rates were relatively high, and put the brokers who arranged loans on the hook if their customers defaulted. Now, by at least one measure, the state has the lowest foreclosure rate in the U.S.

It came at a cost. The rules also kept some Vermonters like Ms. Todd from buying homes, keeping this rural corner of New England on the sidelines of the housing boom and the economic bonanza that came with it. Vermont's 10-year growth trails the national average.

"We generally do often lag the national economy -- both up and down," said Republican Gov. James Douglas. "We don't benefit from the boom times, but we don't fall as deeply into the abyss when things get tough."

The U.S. now faces a similar trade-off, as the administration seeks to tighten federal regulations on home loans as part of the financial-market overhaul it has been battling to push through Congress. At stake are competing visions of the U.S. economy: One would be restricted by rules but less prone to bubbles; the other would provide less restraint but also less protection against bubbles that can pop.

The White House says that creating a consumer agency to enforce tough new mortgage rules could help avoid a repeat of last year's financial meltdown and protect consumers against unscrupulous lenders. Banks, united in opposition to such an agency, say it will restrict choice and dissuade companies from designing new financial products.

Vermont's mortgage laws are just one reason it skirted a decade of housing boom and bust.

With a population of 620,000 that draws significant revenue from agriculture and tourism, Vermont has long sought to check development of its forested mountains and lush valleys. Its 1970 land-use law sets a high bar for big new projects or subdivisions. Local planning boards have a history of limiting speculative development. Fiscal conservatism

runs deep, too, among its many small community banks.

These tendencies help explain how, in the 1990s, the state moved to rein in mortgage lenders based on just a few instances its chief regulator says raised red flags. According to Vermont's Department of Banking, Insurance, Securities and Health Care Administration, one broker solicited customers through newspaper classified ads, charging up to $5,000 for referring customers to a lender. Another searched property records for owners' tax liens, a town clerk reported, searching for what the department believes were people who could be desperate to borrow.

In a third instance, a Louisiana-based subprime-mortgage lender was charging what officials saw as exorbitant fees, helping one resident with limited reading skills to get a loan with payments 30% higher than she had been led to believe. The regulator took the lender to court, successfully stopping it from doing business in the state.

Lawmakers were quick to respond. In laws passed between 1996 and 1998, Vermont required lenders to tell consumers when their rates were substantially higher than competitors', with notices printed on "a colored sheet of paper, chartreuse or passion pink." And in what officials believe is the first state law of its kind, Vermont declared that mortgage brokers' fiduciary responsibility was to borrowers, not lenders. This left Vermont brokers partly on the hook for loans gone sour.

**Safe Houses**

**Rank by home repossession rate since August 2008**

| | | No. per 10,000 houses |
|---|---|---|
| **HIGHEST** | | |
| 1. | Nevada | 396 |
| 2. | Arizona | 226 |
| 3. | California | 177 |
| **LOWEST** | | |
| 48. | Vermont | 3 |
| 49. | West Virginia | 2 |
| 50. | South Dakota | 2 |

Source: RealtyTrac

Vermont bankers also typically serviced their own loans, state officials say. In other states, lenders often sold the loans they originated to investors, giving them little stake in their success or failure.

As of the first quarter of 2009, subprime loans -- often offered to borrowers with low credit scores or little documentation of income -- accounted for about 5.8% of the state's loans outstanding. That's about half of the national average of 11.3%, according to the Mortgage Bankers Association, an industry group. Subprime loans accounted for an even higher share in onetime housing boom states California (11.5%), Arizona (12.5%), Nevada and Florida (both 15.7%).

Now, comparatively few Vermonters are losing their homes. In July, the state had one home in some stage of foreclosure per 28,300 housing units, according to research firm RealtyTrac Inc., the lowest among the 50 states. The No. 1 state, Nevada, had one home out of 56 in the process. In the year ending in July, Vermont ranked 48th in foreclosures.

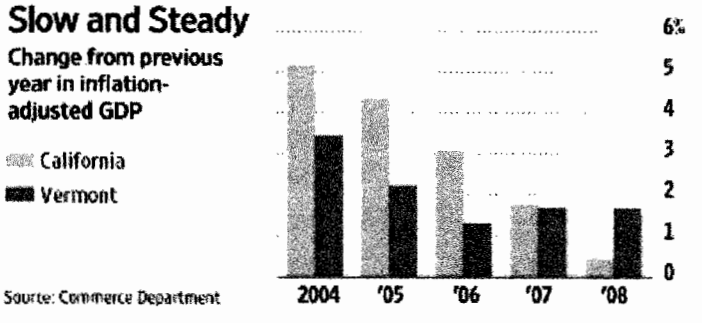
In recent years, North Carolina, Minnesota and other states have taken similar steps to regulate mortgages. The White House has recommended making lenders affix strong warnings to alternative loan products and requiring applicants to fill out "financial experience" questionnaires. Its proposed Consumer Financial Protection Agency would have the authority to ban financial products it deems overly risky.

"It's not that complicated," said U.S. Rep. Peter Welch, a Vermont Democrat. "There just has to be a connection between the amount you borrow and your ability to pay."

Critics say such rules put a brake on growth. Vermont politicians are "patting themselves on the back because we saved ourselves from this catastrophe," said Joel Schwartz, director of the economic development office for St. Johnsbury, a town in northeast Vermont. But developers and others "can't march into the state and start doing business."

Developer Jeff Davis, co-owner of J.L. Davis Realty near Burlington, says that in the three years it took him to get permits to begin work on a residential development on Lake Champlain, the market had already slowed. But he conceded that at least Vermont's banks are healthy. "Credit is available," he says, "because there's not a lot of demand for it."

Vermont, with its fairly stable population, saw its economy grow relatively slowly -- its aggregate state product up 2.2% in 2005, 1.3% in 2006 and 1.7% in 2007. By comparison, Arizona and Nevada, which enjoyed population explosions, had economic growth rates as high as 8% during those years. But by last year, those two boom states had both contracted while Vermont continued to grow, at 1.7%.




Over the decade, such differences appear to have evened out. Vermont's economy grew 60% in the 10 years ending in 2008, just behind the 63% rate nationally, according to the Commerce Department. Vermont lagged Arizona, Nevada and California over the decade but outpaced most of its New England neighbors.

Vermonters didn't see the same sharp rise in home ownership that swept much of America in recent decades, which, despite the bust, buoyed economic growth. And while part of the increase in U.S. home ownership reflected excesses in lending and borrowing, some of it represented real progress in the form of more Americans achieving the cherished goal of getting -- and keeping -- a home of their own. By 2007, the percentage of owner-occupied households as a whole reached 68.1%, up from 63.9% in 1990, according to U.S. Census data. Vermont started at a higher base but saw ownership rise just 1.1 percentage points in that span, to 73.7%.

Jeffrey Carr, Vermont's state economist, defends the state's market guardrails. "The critics of the regulatory environment would say, 'Great, you prevented the car accident by never getting in the car,'" he said. "We got in the car, and we went the speed limit instead of going 70 in a 35-mile-an-hour zone."

The state's strict regulations give banks leeway to act paternalistically, says Robert Bishop, vice president of Passumpsic Savings Bank in St. Johnsbury. "There's a lot of times that somebody would like to borrow money, and you could make a case for making the loan," he said. "But in the long run, it's not a good idea for the borrower to borrow the money."

Insurance adjustor Ginger Shields says she tried for years to qualify for a home loan. After a decade and a half of renting, she and her husband sought a loan in 2003 from a TD Banknorth office in her north-central Vermont town of Barre. The bank's loan officer said their credit score of 550 -- below the level considered healthy -- wouldn't allow them to qualify.

A local mortgage broker said the same thing, recalls Ms. Shields, now 59 years old. The couple had no savings, and were saddled with credit-card and other debts. They had liabilities she says they didn't know about, including debt on a totaled car they thought the insurance company had paid off.

TD Banknorth wouldn't discuss the specifics of Ms. Shields's application. But the rejection of someone who can't show their ability to repay a mortgage "is more common than not in the state of Vermont," said Stephen Kaminski, a senior vice president of mortgage products.

Ms. Shields and her husband went to a nonprofit mortgage-assistance program, NeighborWorks. There, a counselor guided them through paying down their debt and fixing their credit report. They were frustrated at missing out on houses they liked and tempted by mortgages they saw advertised on TV and the Internet, but heeded their counselor's advice to hold out for a loan they could afford.

Eventually they raised their credit score to 670, says their counselor, Harry Sanderson. In 2006, he helped the couple

buy a three-bedroom, ranch-style house on a quarter-acre lot, through a Department of Agriculture program that offers mortgages to lower-income households in rural areas.

Ms. Shields's husband died last year. She continues to meet her monthly payments. "With my husband gone, I really think I would not have been able to keep the house" under earlier loans they had considered, she said.

Ms. Todd, the onetime self-employed landscaper, was also turned down repeatedly starting in 2004. With a 750 credit rating, she wanted financing for a home in the $160,000 range.

Banks wanted Ms. Todd to prove her income could support a mortgage -- in contrast with brokers in many other states who wrote loans without requiring proof of income. It didn't help, Ms. Todd said, that she wanted to put no money down, also commonplace in other markets.

Ms. Todd enrolled in home-ownership classes at the Champlain Housing Trust, the Burlington office of NeighborWorks. She gave up her business, returned to school and got a graduate degree in special education, she said.

Now she teaches at a nonprofit literacy center. Earlier this month, she closed on a $159,000 condominium with a credit-union loan of about $107,000. A Housing Trust grant covered the rest, including the down payment. The extra hoops were a "great thing" in the end, she figures.

"Five years ago if I'd gotten the loan," she said, "I would have been in over my head now."

**Write to** Gary Fields at gary.fields@wsj.com

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**Vermont Housing Finance Agency**

TO: VHFA Board of Commissioners
FROM: Patricia A. Crady, Director of Homeownership Programs PC
DATE: August 19, 2009
RE: Summary of Homeownership Activities

**PRODUCTION**

Production reports as of July 31, 2009 are attached. In addition to the $41 million in portfolio loans pooled with Freddie Mac, VHFA pooled approximately $1.0 million in loans with Ginnie Mae and Fannie Mae. We have a pipeline of approximately $4.6 million in loans at various interest rates. So far we have not sold loans to Fannie Mae for cash because the interest rates on the loans purchased by U.S. Bank to date have been too low to make a cash sale feasible, or are government insured. We do anticipate that there may be some loans that will be eligible to be sold for cash by the end of August or in early September, provided rates do not increase dramatically. Total funding available from the 2008C bonds is approximately $3.0 million.

**COLLECTIONS**

Delinquency and REO reports are attached. We continue to work with servicers, borrowers, and the Homeownership Centers to assist our borrowers to resolve their delinquency. During the month of July we finalized a number of loan modification including the modification on two loans that were in foreclosure.

As of July 31, 2009, VHFA owns 12 properties; 2 are under contract and expected to close in August.

If you have any questions please do not hesitate to call me at 652-3442 or email me at pcrady@vhfa.org.

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

## FY10 Production Summary

July 1, 2009 - June 30, 2010

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FY Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **MOVE - MBS** | 996,691 | | | | | | | | | | | | 996,691 |
| **MOVE - Cash Sale** | | | | | | | | | | | | | 0 |
| **Direct Loan Program** | 603,661 | | | | | | | | | | | | 603,661 |
| **Dollar Total** | 1,600,352 | | | | | | | | | | 0 | 0 | 1,600,352 |
| **Total # of Loans** | 11 | | | | | | | | | | | | 11 |

## FY09 Production Summary

July 1, 2008 - June 30, 2009

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FY Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **MOVE** | 7,913,135 | 8,574,063 | 4,624,303 | 4,508,466 | 2,745,710 | 1,582,622 | 407.189 | 539,923 | 566,600 | 703,623 | 995,630 | 475,260 | 33,636,524 |
| **HOUSE** | 436,200 | 1,387,090 | 655,500 | 234,670 | 148,000 | 458,570 | 440,565 | | | 75,000 | 82,000 | | 3,917,595 |
| **Dollar Total** | 8,349,335 | 9,961,153 | 5,279,803 | 4,743,136 | 2,893,710 | 2,041,192 | 847,754 | 539,923 | 566,600 | 778,623 | 1,077,630 | 475,260 | 37,554,119 |
| **Total # of Loans** | 58 | 72 | 42 | 37 | 22 | 19 | 7 | 5 | 4 | 8 | 9 | 4 | 287 |

# FY10 Dollar Volume by Lender

July 1, 2009 [redacted] ne 30, 2010

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CHITTENDEN MTG SVCS | 311,757 | | | | | | | | | | | | $311,757 |
| NAT'L BNK MIDDLEBURY | 251,920 | | | | | | | | | | | | $251,920 |
| MTG FINANCIAL SRV | 174,454 | | | | | | | | | | | | $174,454 |
| VT FEDERAL CU | 163,761 | | | | | | | | | | | | $163,761 |
| HERITAGE FAMILY CU | 157,600 | | | | | | | | | | | | $157,600 |
| UNION BANK | 147,000 | | | | | | | | | | | | $147,000 |
| NEW ENGLAND FED CU | 146,300 | | | | | | | | | | | | $146,300 |
| NORTHFIELD SAVINGS | 142,500 | | | | | | | | | | | | $142,500 |
| CONNECTICUT RIVER | 105,060 | | | | | | | | | | | | $105,060 |
| BRATTLEBORO SVNGS | | | | | | | | | | | | | $0 |
| COUNTRYWIDE (BOA) | | | | | | | | | | | | | $0 |
| LAKE SUNAPEE BANK | | | | | | | | | | | | | $0 |
| NORTH COUNTRY CU | | | | | | | | | | | | | $0 |
| NORTHEAST HOME LOAN | | | | | | | | | | | | | $0 |
| OPPORTUNITIES CU | | | | | | | | | | | | | $0 |
| PEOPLES TRUST | | | | | | | | | | | | | $0 |
| UNIVERSAL MTG | | | | | | | | | | | | | $0 |
| VT STATE EMP CU | | | | | | | | | | | | | $0 |
| TOTAL | $1,600,352 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $1,600,352 |

# FY10 Loan Volume by Lender

July 1, 2009 - June 30, 2010

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CHITTENDEN MTG SVCS | 2 | | | | | | | | | | | | 2 |
| NAT'L BNK MIDDLEBURY | 2 | | | | | | | | | | | | 2 |
| CONNECTICUT RIVER | 1 | | | | | | | | | | | | 1 |
| HERITAGE FAMILY CU | 1 | | | | | | | | | | | | 1 |
| MTG FINANCIAL SRV | 1 | | | | | | | | | | | | 1 |
| NEW ENGLAND FED CU | 1 | | | | | | | | | | | | 1 |
| UNION BANK | 1 | | | | | | | | | | | | 1 |
| VT FEDERAL CU | 1 | | | | | | | | | | | | 1 |
| NORTHFIELD SAVINGS | 1 | | | | | | | | | | | | 1 |
| BRATTLEBORO SVNGS | | | | | | | | | | | | | 0 |
| COUNTRYWIDE (BOA) | | | | | | | | | | | | | 0 |
| LAKE SUNAPEE BANK | | | | | | | | | | | | | 0 |
| NORTH COUNTRY CU | | | | | | | | | | | | | 0 |
| NORTHEAST HOME LOAN | | | | | | | | | | | | | 0 |
| OPPORTUNITIES CU | | | | | | | | | | | | | 0 |
| PEOPLES TRUST | | | | | | | | | | | | | 0 |
| UNIVERSAL MTG | | | | | | | | | | | | | 0 |
| VT STATE EMP CU | | | | | | | | | | | | | 0 |
| TOTAL | 11 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11 |

VERMONT HOUSING FINANCE AGENCY
HOMEOWNERSHIP PROGRAM MONTHLY DELINQUENCY REPORT
July 31, 2009

| Lenders | Total Loans | 30 Days | | 60 Days | | 90+ Days | | In Foreclosure & Bankruptcy | | Total Delinquent | | REO | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bank of Bennington | 52 | 3 | 5.77% | 3 | 5.77% | 1 | 1.92% | 0 | 0.00% | 7 | 13.46% | 0 | 0.00% |
| Chittenden Mortgage Services | 1130 | 54 | 4.78% | 29 | 2.57% | 6 | 0.53% | 19 | 1.68% | 108 | 9.56% | 3 | 0.27% |
| Connecticut River Bank | 65 | 5 | 7.69% | 0 | 0.00% | 0 | 0.00% | 1 | 1.54% | 6 | 9.23% | 0 | 0.00% |
| Graystone Solutions | 1864 | 99 | 5.31% | 17 | 0.91% | 28 | 1.50% | 26 | 1.39% | 170 | 9.12% | 7 | 0.38% |
| Union Bank | 300 | 11 | 3.67% | 6 | 2.00% | 5 | 1.67% | 3 | 1.00% | 25 | 8.33% | 0 | 0.00% |
| Community National Bank | 338 | 14 | 4.14% | 4 | 1.18% | 5 | 1.48% | 3 | 0.89% | 26 | 7.69% | 0 | 0.00% |
| Opportunities CU | 116 | 2 | 1.72% | 3 | 2.59% | 0 | 0.00% | 0 | 0.00% | 5 | 4.31% | 0 | 0.00% |
| Peoples Trust Co. | 105 | 2 | 1.90% | 0 | 0.00% | 1 | 0.95% | 1 | 0.95% | 4 | 3.81% | 1 | 0.95% |
| Heritage Family Credit Union | 165 | 4 | 2.42% | 2 | 1.21% | 0 | 0.00% | 0 | 0.00% | 6 | 3.64% | 0 | 0.00% |
| Brattleboro Savings & Loan | 89 | 1 | 1.12% | 2 | 2.25% | 0 | 0.00% | 0 | 0.00% | 3 | 3.37% | 0 | 0.00% |
| New England Federal CU | 595 | 6 | 1.01% | 5 | 0.84% | 1 | 0.17% | 2 | 0.34% | 14 | 2.35% | 1 | 0.17% |
| Mascoma Savings Bank | 47 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% |
| Totals | 4866 | 201 | 4.13% | 71 | 1.46% | 47 | 0.97% | 55 | 1.13% | 374 | 7.69% | 12 | 0.25% |
| Totals Previous Month | 5427 | 215 | 3.96% | 72 | 1.33% | 55 | 1.01% | 49 | 0.90% | 391 | 7.20% | 12 | 0.22% |
| Totals Same Mo. Last Yr. | 5659 | 168 | 2.97% | 71 | 1.25% | 29 | 0.51% | 48 | 0.85% | 316 | 5.58% | 5 | 0.09% |

**Note: Of the loans in foreclosure, a total of 16 are under a Chapter 13 Bankruptcy Plan**

## VHFA LENDER PERFORMANCE

| Lenders | July 2008 | Aug 2008 | Sept 2008 | Oct 2008 | Nov 2008 | Dec 2008 | Jan 2009 | Feb 2009 | Mar 2009 | April 2009 | May 2009 | June 2009 | July 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Bank of Bennington** | 3.39% | 6.78% | 5.08% | 5.17% | 5.17% | 5.26% | 3.51% | 1.75% | 5.36% | 5.45% | 4.44% | 13.46% | 13.46% |
| **Brattleboro Savings & Loan** | 3.16% | 2.08% | 1.04% | 2.08% | 3.13% | 2.08% | 2.08% | 4.21% | 2.17% | 2.22% | 7.41% | 5.62% | 3.37% |
| **Chittenden Mortgage Services** | 9.02% | 8.59% | 9.15% | 9.07% | 10.84% | 10.59% | 9.62% | 9.32% | 9.51% | 8.96% | 8.68% | 9.59% | 9.56% |
| **Community National Bank** | 7.58% | 6.92% | 5.73% | 6.03% | 7.16% | 9.97% | 8.24% | 8.26% | 6.03% | 7.49% | 8.93% | 8.77% | 7.69% |
| **Connecticut River Bank** | 0.00% | 0.00% | 0.00% | 2.99% | 3.03% | 1.52% | 3.03% | 6.15% | 3.08% | 4.62% | 3.08% | 9.09% | 9.23% |
| **Graystone** | 5.32% | 6.07% | 6.26% | 5.88% | 7.31% | 7.83% | 7.45% | 7.17% | 6.08% | 6.91% | 6.87% | 7.63% | 9.12% |
| **Heritage Family CU** | 1.24% | 0.61% | 3.05% | 3.01% | 2.40% | 2.38% | 2.98% | 2.41% | 2.45% | 0.60% | 2.44% | 3.03% | 3.64% |
| **Mascoma Savings Bank** | 4.17% | 4.17% | 4.17% | 4.17% | 6.25% | 4.17% | 4.17% | 2.08% | 6.25% | 2.08% | 2.08% | 2.13% | 0.00% |
| **New England Federal CU** | 1.30% | 1.59% | 1.90% | 1.26% | 1.25% | 1.10% | 0.78% | 0.94% | 0.96% | 1.62% | 2.29% | 1.99% | 2.35% |
| **Opportunites CU** | 9.52% | 9.52% | 8.00% | 8.00% | 10.40% | 8.87% | 9.09% | 9.24% | 5.98% | 4.24% | 4.24% | 4.27% | 4.31% |
| **Peoples Trust Co.** | 5.08% | 4.24% | 3.39% | 4.24% | 4.24% | 3.42% | 6.03% | 3.48% | 5.22% | 4.46% | 5.45% | 3.70% | 3.81% |
| **Union Bank** | 4.28% | 5.86% | 5.86% | 5.85% | 6.79% | 5.54% | 6.50% | 6.23% | 6.90% | 7.28% | 8.68% | 7.84% | 8.33% |

## HOMEOWNERSHIP DELINQUENCY REPORT
## FISCAL YEAR 2010

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Portfolio # | 4866 | | | | | | | | | | | | 4866 |
| Total Portfolio $ | 488.1 | | | | | | | | | | | | 488.1 |

### NUMBER OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | 201 | | | | | | | | | | | | 201 |
| 60 Days | 71 | | | | | | | | | | | | 71 |
| 90 Days | 47 | | | | | | | | | | | | 47 |
| Foreclosure | 55 | | | | | | | | | | | | 55 |
| Total Delq FY 10 | 374 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 374 |
| Total Delq FY 09 | 316 | 335 | 344 | 334 | 402 | 411 | 388 | 374 | 339 | 353 | 365 | 391 | 363 |

### PERCENT BY NUMBER OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | 4.13% | | | | | | | | | | | | 4.13% |
| 60 Days | 1.46% | | | | | | | | | | | | 1.46% |
| 90 Days | 0.97% | | | | | | | | | | | | 0.97% |
| Foreclosure | 1.13% | | | | | | | | | | | | 1.13% |
| Total Delq FY 10 | 7.69% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 7.69% |
| Total Delq FY 09 | 5.58% | 5.88% | 6.03% | 5.86% | 7.05% | 7.21% | 6.82% | 6.61% | 6.06% | 6.37% | 6.64% | 7.20% | 6.44% |

### DOLLAR AMOUNT OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | $17.6 | | | | | | | | | | | | $17.6 |
| 60 Days | $5.4 | | | | | | | | | | | | $5.4 |
| 90+ Days | $8.2 | | | | | | | | | | | | $8.2 |
| Total Delq FY 10 | $31.2 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $31.2 |
| Total Delq FY 09 | $22.0 | $24.3 | $25.8 | $25.0 | $29.3 | $31.0 | $29.7 | $28.0 | $25.2 | $27.8 | $28.5 | $30.9 | $27.3 |

# REO INVENTORY REPORT

## As of July 31, 2009

| Mortgagor | REO Date | City/Town | Princ. Bal. | Interest | Expenses | Receipts (1) | Total Cost Basis | Valuation Allowance | List Amount (2) | Current Appraisal | Date Last Appraised | Original Appraisal | Loan Date | Type | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ford | 7/24/2008 | St. Albans | $ 97,128 | $ 3,136 | $ 14,266 | $ 27,003 | $ 87,527 | | $ 85,000 | $ 120,000 | 3 5 08 | $ 110,000 | 03 08 06 | Condo | Price Reduced |
| Mailhiot | 8/21/2008 | Chittenden | $ 63,262 | $ 9,827 | $ 22,073 | $ 3,607 | $ 91,555 | $ - | $ 59,500 | $ 102,000 | 9 17 08 | $ 80,000 | 05 03 96 | SF | Was under contract - did not close |
| Lattrell | 12/1/2008 | Vergennes | $ 29,423 | $ 1,662 | $ 12,346 | $ - | $ 43,431 | $ 12,307 | $ 27,000 | $ 28,000 | 1 15 09 | $ 37,500 | 07 01 97 | MH | Price Reduced |
| **Burns** | **2/17/2009** | **St. Albans** | **$ 144,623** | **$ 12,104** | **$ 15,628** | **$ -** | **$ 172,355** | **$ 14,119** | **$ 149,000** | **$ 167,000** | **9/17/08** | **$ 177,000** | **10/13/04** | **2F** | **UC $149,000; closing 8/31/09** |
| Greene | 3/30/2009 | Randolph | $ 68,297 | $ 9,733 | $ 21,923 | $ 3,943 | $ 96,010 | $ - | $ 128,000 | $ 128,000 | 9 4 08 | $ 82,000 | 10 27 90 | SF | RD Guaranteed |
| Morey | 4/4/2009 | Barre | $ 42,994 | $ 6,125 | $ 7,007 | $ - | $ 56,126 | $ - | $ 58,000 | $ 58,000 | 7 9 09 | $ 60,000 | 11 15 91 | MH | new listing |
| Lovar | 5/20/2009 | Bolton | $ 29,964 | $ 1,270 | $ 7,190 | $ 10,500 | $ 27,924 | $ 5,050 | $ 30,000 | $ 28,000 | 6 26 2009 | $ 32,500 | 10 1 2002 | MH | MH in Park |
| Fletcher | 5/22/2009 | Springfield | $ 64,245 | $ 8,358 | $ 15,716 | $ - | $ 88,319 | $ - | $ 85,000 | $ 80,000 | 4 21 2009 | $ 70,000 | 8 28 2000 | SF | RD Guaranteed; Price Reduced |
| Plaster | 5/22/2009 | Weathersfield | $ 114,117 | $ 10,512 | $ 15,108 | $ - | $ 139,737 | $ 1,010 | $ 95,000 | $ 95,000 | 4 21 2009 | $ 120,000 | 8 6 2004 | SF | RD Guaranteed |
| Hillier | 6/23/2009 | Rutland | $ 87,967 | $ 7,410 | $ 15,377 | $ - | $ 110,754 | $ - | $ 80,000 | $ 82,500 | 5 26 2009 | $ 95,000 | 12 6 2006 | SF | RD Guaranteed |
| **Highter** | **7/8/2009** | **Starksboro** | **$ 79,079** | **$ 2,979** | **$ 7,344** | **$ 25,462** | **$ 63,940** | **$ -** | **$ 50,000** | **$ 70,000** | **4/24/2009** | **$ 88,300** | **3/17/2004** | **MH** | **UC $50,000; closing 8/31/09** |
| Comeau | 7/28/2009 | Rutland | $ 83,989 | $ 7,333 | $ 7,316 | $ - | $ 98,638 | $ - | $ 74,500 | $ 67,000 | 6 13 2009 | $ 90,000 | 6 13 2003 | SF | RD Guaranteed; New Listing |
| 12 | | | **$ 905,088** | **$ 80,449** | **$ 161,294** | **$ 70,515** | **$ 1,076,316** | **$ 32,486** | **$ 921,000** | **$ 1,025,500** | | **$ 1,042,300** | | | |

**REOS that are under deposit**

(1) Receipts column represents actual and projected/estimated mortgage insurance claim payments

(2) If Property is under deposit the List Price is the actual sale price.

## Martha Panton

**From:** Martha Panton
**Sent:** Thursday, September 10, 2009 3:11 PM
**To:** 'Rita.Robinson@mail.dol.state.vt.us'
**Cc:** Martha Panton
**Subject:** Notice - VHFA Board Meeting and Finance Committee Meeting - September 29, 2009

Hi Rita –

The purpose of this email is to provide Notice of the next meeting of the VHFA Board and Finance Committee.

Vermont Housing Finance Agency will hold its Board Finance Committee Meeting on Tuesday, September 29, 2009. The meeting will be will begin at 1:00 p.m. and end at 2:30 p.m. The VHFA Board Meeting on Tuesday, September 29, 2009 will begin at 2:30 p.m. and end at 3:30 p.m. The meetings will take place in the Board Room at VHFA, 164 Saint Paul St., Burlington, VT.

Thank you.

Martha Panton, PHR
Vermont Housing Finance Agency
Human Resource/Office Manager
mpanton@vhfa.org

802-652-3413
802-864-8081

164 St. Paul St.
Burlington, VT 05401

vhfa

**Vermont Housing Finance Agency**

**MEMORANDUM**

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: September 22, 2009

**RE: CONFIRMATION OF UPCOMING VHFA BOARD MEETING**

This is to notify you that the next meeting of the Vermont Housing Finance Agency Board of Commissioners has been confirmed. The meeting will be held:

**Tuesday, September 29, 2009**
VHFA
164 St. Paul St.
**2:30 p.m. – 3:00 p.m.**

Attached are the Agenda and Board packet. Please feel free to contact me should you have any questions prior to the meeting.

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

EQUAL HOUSING OPPORTUNITY

**VHFA BOARD MEETING AGENDA**
**Tuesday, September 29, 2009**
VHFA
164 St. Paul St., Burlington
**2:30p.m. – 3:00 p.m.**

**Meeting Start**

**Review and Approval of August 26, 2009 Minutes** (5 minutes) Enclosure

**Development**

- Forrest Park Credit Approval (15 minutes) Erdelyi/Under Separate Cover
- Request for Surplus 1602 Exchange Funds: Missisquoi Manor, Richford (10 minutes) Slade/Enclosure

**Executive Session**

**Other Business**

**Adjournment**

**Reports:** ***FYI Only***

- Interesting Housing Fact Black-Plumeau /Enclosure
- Summary of Homeownership Activities Crady/Enclosure

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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, Dagyne 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



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phone (802) 864-5743 fax (802) 864-5746 www.vhfa.org

EQUAL HOUSING OPPORTUNITY

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 Statues 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.

vhfa

**Vermont Housing Finance Agency**

TO: VHFA Board of Commissioners

FROM: Joe Erdelyi, Director of Development

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)<br><br>65 tax credit units | **Unit Sizes:** | 9 1-BR; 682-875 s.f.<br>33 2-BR; 860-985 s.f.<br>31 3-BR; 985 - 1,480 s.f.<br>5 3-BR; 985 - 1,480 s.f. |
| **Total Cost:** | $19,847,676 rental only<br><br>($22,259,382 including homeownership units) | **Per S.F. Acquisition & Construction Cost:** | $138.07 |
| **Credits Requested:** | $1,100,000 ("Allocated" Credits)<br>$495,000 Phase I<br>$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, VHCB, 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

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

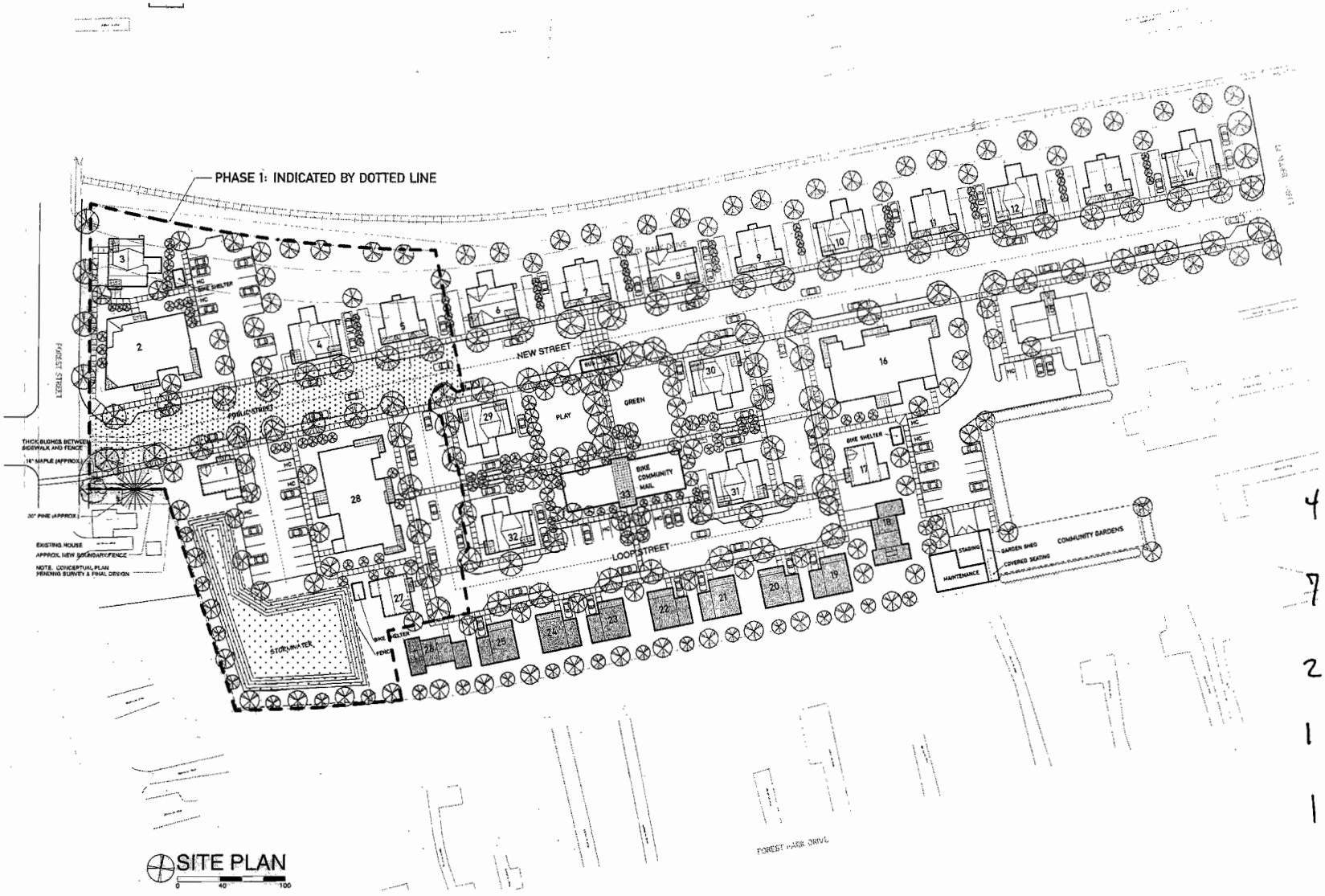
area median income – with the 34 Public Housing units). The Allocation Plan requires that projects meet at least three top tier and one other (top tier or lower tier) criteria. Some of the other criteria are met in part, or are borderline. For example, the "removal of blight" criterion defines blight 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.




SITE PLAN
0 40' 100

| 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 (8)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 | 33 |
| 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

1 12PLEX F
2BR/3BR - 3 ST

SINGLE FAMILY G
2BR - 2 ST

SINGLE FAMILY H
2BR - 1 ST

# FOREST PARK

UTLAND VERMONT

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PROGRESS PERMIT SITE PLAN

Duncan Wisniewski ARCHITECTURE
255 SOUTH CHAMPLAIN STREET
BURLINGTON, VERMONT 05401
T. 802.864.6693 F. 802.864.6932

DATE: 08.15.2008

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% | | |
| Credit Amount, Phase I: | 495,000 | | | 40,562 | 72,130 | 12,224 |
| Credit Amount, Phase II: | 605,000 | | | | | |
| | | | | Phase I | Phase II | |
| LIHTC - 9% | 9.00% | (Oct '09) | | 33 | 45 | 9 |
| LIHTC - 4% | 3.37% | | | | | |

| **SOURCES** | | % of Total Development Cost | Interest Rate | Amortization | Term | Rental | Rental | Homeownership |
|---|---|---|---|---|---|---|---|---|
| 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% |

| 25-Sep-09 | **Forest Park Phase I** | | | | 0 | 500,000 | 170,000 | 750,000 | 2,347,000 | 126,000 | 50,000 | 4,007,222 | 7,950,222 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Allocation of Sources | | | | | |
| | | Budget | Per Unit | Per s.f. | Bank debt | VHCB-HOME | VHCB | VCDP | HUD Pub Hsg Transformation | Rutland Housing Authority | VHCB Capacity | Tax Credit Equity | TOTAL SOURCES |
| | ACQUISITION | | | | | | | | | | | | |
| 1 | Land | 0 | 0 | 0.00 | | | | | | | | | 0 |
| 2 | Purchase of Building(s) | 0 | 0 | 0.00 | | | | | | | | | 0 |
| 3 | Demolition (without replacement) | 47,545 | 1,441 | 1.17 | | | | | | | | 47,545 | 47,545 |
| 4 | Property Appraisal | 4,500 | 136 | 0.11 | | | | | | | | 4,500 | 4,500 |
| 5 | Legal - Title and Recording | 6,000 | 182 | 0.15 | | | | | | | | 6,000 | 6,000 |
| | Asbestos Abatement | 481,000 | 14,576 | 11.86 | | | | | | | | 481,000 | 481,000 |
| | Subtotal - Acquisition | 539,045 | 16,335 | 13.29 | | | | | | | | | |
| | CONSTRUCTION HARD COSTS | | | | | | | | | | | | |
| 6 | Rehabilitation | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| 7 | New Building(s) | 4,478,217 | 135,704 | 110.40 | | 500,000 | 170,000 | 750,000 | 2,347,000 | | | 711,217 | 4,478,217 |
| 8 | Total Homeownership Costs | | 0 | 0.00 | | | | | | | | | 0 |
| 9 | Sitework | 677,119 | 20,519 | 16.69 | | | | | | 126,000 | | 551,119 | 677,119 |
| 10 | Community building & playground | 0 | 0 | 0.00 | | | | | | | | | 0 |
| 11 | City Road | 168,000 | 5,091 | 4.14 | | | | | | | | 168,000 | 168,000 |
| 12 | Contractor Overhead | | 0 | 0.00 | | | | | | | | | 0 |
| 13 | Contractor Profit | | 0 | 0.00 | | | | | | | | | 0 |
| 14 | Construction Contingency | 257,767 | 7,811 | 6.35 | | | | | | | | 257,767 | 257,767 |
| 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, & Equipmen | 45,000 | 1,364 | 1.11 | | | | | | | | 45,000 | 45,000 |
| 20 | Other ( ) | | 0 | 0.00 | | | | | | | | | 0 |
| | Subtotal - Hard Costs | 5,626,103 | 170,488 | 138.70 | | | | | | | | | |
| | SOFT COSTS | | | | | | | | | | | | |
| 21 | Architectural | 341,000 | 10,333 | 8.41 | | | | | | | 50,000 | 291,000 | 341,000 |
| 22 | Engineering | 0 | 0 | 0.00 | | | | | | | | | 0 |
| 23 | Legal/Accounting | 45,000 | 1,364 | 1.11 | | | | | | | | 45,000 | 45,000 |
| 24 | Relocation | 101,772 | 3,084 | 2.51 | | | | | | | | 101,772 | 101,772 |
| 25 | Environmental Assessment | 16,500 | 500 | 0.41 | | | | | | | | 16,500 | 16,500 |
| 26 | Energy Assessment | | 0 | 0.00 | | | | | | | | | 0 |
| 27 | Permits/Fees | 70,842 | 2,147 | 1.75 | | | | | | | | 70,842 | 70,842 |
| 28 | Independent Market Study | 6,000 | 182 | 0.15 | | | | | | | | 6,000 | 6,000 |
| 29 | Construction Period Insurance | 20,000 | 606 | 0.49 | | | | | | | | 20,000 | 20,000 |
| 30 | Construction Interest | 105,000 | 3,182 | 2.59 | | | | | | | | 105,000 | 105,000 |
| 31 | Construction Loan Origination Fee | 34,000 | 1,030 | 0.84 | | | | | | | | 34,000 | 34,000 |
| 32 | Taxes During Construction | 20,000 | 606 | 0.49 | | | | | | | | 20,000 | 20,000 |
| 33 | Clerk of the Works | | 0 | 0.00 | | | | | | | | | 0 |
| 34 | Marketing | | 0 | 0.00 | | | | | | | | | 0 |
| 35 | Tax Credit Fees | 21,000 | 636 | 0.52 | | | | | | | | 21,000 | 21,000 |
| 36 | Soft Cost Contingency | 10,000 | 303 | 0.25 | | | | | | | | 10,000 | 10,000 |
| 37 | Permanent Loan Origination Fee | | 0 | 0.00 | | | | | | | | | 0 |
| 38 | Lender's Counsel's Fee | | 0 | 0.00 | | | | | | | | | 0 |
| 39 | Other (Duvernay Brooks, Gilmore E | 70,000 | 2,121 | 1.73 | | | | | | | | 70,000 | 70,000 |
| | 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 | 800,000 | 24,242 | 19.72 | | | | | | | | 800,000 | 800,000 |
| 45 | Other Partnership Fees | | 0 | 0.00 | | | | | | | | | 0 |
| 46 | Consultant Fees | | 0 | 0.00 | | | | | | | | | 0 |
| | RESERVES | | | | | | | | | | | | |
| 47 | Working Capital | | 0 | 0.00 | | | | | | | | | 0 |
| 48 | Rent-up (Deficit Escrow) Reserve | 30,000 | 909 | 0.74 | | | | | | | | 30,000 | 30,000 |
| 49 | Other Operating Reserves | 93,960 | 2,847 | 2.32 | | | | | | | | 93,960 | 93,960 |
| 50 | Sinking Fund | | 0 | 0.00 | | | | | | | | | 0 |
| 51 | Replacement Reserves | | 0 | 0.00 | | | | | | | | | 0 |
| | Subtotal - Soft Costs | 1,785,075 | 54,093 | 44.01 | | | | | | | | | |
| | TOTAL DEVELOPMENT COSTS | 7,950,223 | 240,916 | 196.00 | 0 | 500,000 | 170,000 | 750,000 | 2,347,000 | 126,000 | 50,000 | 4,007,222 | 7,950,222 |
| | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,950,222 |
| | | | | | | | | | | | | | |
| | COST BASIS FOR DEVEL FEE | 7,026,263 | | | | | | | | | | | |
| | DEVELOPER FEE | 800,000 | | | | | | | | | | | |
| | DEVELOPER FEE % | 11.39% | | | | | | | | | | | |

| 25-Sep-09 | Forest [redacted] hase II | | | | 0 | 300,000 | 700,000 | 500,000 | 4,632,294 | 350,000 | 375 [redacted] | 75,000 | 4,965,160 | 11,897,454 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Allocation of Sources | | | | | | | |
| | | Budget | Per Unit | Per s.f. | Bank debt | VHCB-HOME | VHCB | VCDP | HOPE VI | FHLB-AHP advanced loan | FHLB-AHP grant | RPC | Tax Credit Equity | TOTAL SOURCES | check |
| | ACQUISITION | | | | | | | | | | | | | | |
| 1 | Land | 0 | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| 2 | Purchase of Building(s) | 0 | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| 3 | Demolition (without replacement) | 41,214 | 916 | 0.57 | | | | | | | | | 41,214 | 41,214 | 0 |
| 4 | Property Appraisal | 5,064 | 113 | 0.07 | | | | | | | | | 5,064 | 5,064 | 0 |
| 5 | Legal - Title and Recording | 3,798 | 84 | 0.05 | | | | | | | | | 3,798 | 3,798 | 0 |
| | Asbestos Abatement | 416,954 | 9,266 | 5.78 | | | | | | | | | 416,954 | 416,954 | 0 |
| | Subtotal - Acquisition | 467,030 | 10,378 | 6.47 | | | | | | | | | | | |
| | CONSTRUCTION HARD COSTS | | | | | | | | | | | | | | |
| 6 | Rehabilitation | 0 | 0 | 0.00 | | | | | | | | | 0 | 0 | 0 |
| 7 | New Building(s) | 6,740,654 | 149,792 | 93.45 | | 300,000 | 700,000 | 500,000 | 4,632,294 | | | | 608,360 | 6,740,654 | 0 |
| 8 | Total Homeownership Costs | | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| 9 | Sitework | 1,158,015 | 25,734 | 16.05 | | | | | | 350,000 | 375,000 | | 433,015 | 1,158,015 | 0 |
| 10 | Community building & playground | 304,167 | 6,759 | 4.22 | | | | | | | | | 304,167 | 304,167 | 0 |
| 11 | City Road | 262,500 | 5,833 | 3.64 | | | | | | | | 75,000 | 187,500 | 262,500 | 0 |
| 12 | Contractor Overhead | | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| 13 | Contractor Profit | | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| 14 | Construction Contingency | 399,610 | 8,880 | 5.54 | | | | | | | | | 399,610 | 399,610 | 0 |
| 15 | Construction Management | | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| 16 | Construction Bond Fee | | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| 17 | Hazardous Materials Abatement | | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| 18 | Off-Site Improvements | | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| 19 | Furnishings, Fixtures, & Equipmen | 62,459 | 1,388 | 0.87 | | | | | | | | | 62,459 | 62,459 | 0 |
| 20 | Other ( ) | | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| | Subtotal - Hard Costs | 8,927,405 | 198,387 | 123.77 | | | | | | | | | | | |
| | SOFT COSTS | | | | | | | | | | | | | | |
| 21 | Architectural | 552,083 | 12,269 | 7.65 | | | | | | | | | 552,083 | 552,083 | 0 |
| 22 | Engineering | 0 | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| 23 | Legal/Accounting | 41,667 | 926 | 0.58 | | | | | | | | | 41,667 | 41,667 | 0 |
| 24 | Relocation | 93,591 | 2,080 | 1.30 | | | | | | | | | 93,591 | 93,591 | 0 |
| 25 | Environmental Assessment | 13,750 | 306 | 0.19 | | | | | | | | | 13,750 | 13,750 | 0 |
| 26 | Energy Assessment | | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| 27 | Permits/Fees | 85,078 | 1,891 | 1.18 | | | | | | | | | 85,078 | 85,078 | 0 |
| 28 | Independent Market Study | 12,500 | 278 | 0.17 | | | | | | | | | 12,500 | 12,500 | 0 |
| 29 | Construction Period Insurance | 22,982 | 511 | 0.32 | | | | | | | | | 22,982 | 22,982 | 0 |
| 30 | Construction Interest | 227,890 | 5,064 | 3.16 | | | | | | | | | 227,890 | 227,890 | 0 |
| 31 | Construction Loan Origination Fee | 29,963 | 666 | 0.42 | | | | | | | | | 29,963 | 29,963 | 0 |
| 32 | Taxes During Construction | 15,000 | 333 | 0.21 | | | | | | | | | 15,000 | 15,000 | 0 |
| 33 | Clerk of the Works | | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| 34 | Marketing | | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| 35 | Tax Credit Fees | 24,000 | 533 | 0.33 | | | | | | | | | 24,000 | 24,000 | 0 |
| 36 | Soft Cost Contingency | 12,500 | 278 | 0.17 | | | | | | | | | 12,500 | 12,500 | 0 |
| 37 | Permanent Loan Origination Fee | | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| 38 | Lender's Counsel's Fee | | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| 39 | Other (Duvernay Brooks, Gilmore F | 100,000 | 2,222 | 1.39 | | | | | | | | | 100,000 | 100,000 | 0 |
| | SYNDICATION COSTS | | | | | | | | | | | | | | |
| 40 | Organizational (Partnership) | | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| 41 | Bridge Loan Fees and Expenses | | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| 42 | Syndication Consultant | | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| 43 | Tax Opinion | | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| | DEVELOPER'S FEES | | | | | | | | | | | | | | |
| 44 | Developer's Fees | 1,083,334 | 24,074 | 15.02 | | | | | | | | | 1,083,334 | 1,083,334 | 0 |
| 45 | Other Partnership Fees | | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| 46 | Consultant Fees | | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| | RESERVES | | | | | | | | | | | | | | |
| 47 | Working Capital | | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| 48 | Rent-up (Deficit Escrow) Reserve | 35,000 | 778 | 0.49 | | | | | | | | | 35,000 | 35,000 | 0 |
| 49 | Other Operating Reserves | 153,433 | 3,410 | 2.13 | | | | | | | | | 153,433 | 153,433 | 0 |
| 50 | Sinking Fund | | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| 51 | Replacement Reserves | | 0 | 0.00 | | | | | | | | | | 0 | 0 |
| | Subtotal - Soft Costs | 2,502,772 | 55,617 | 34.70 | | | | | | | | | | | |
| | TOTAL DEVELOPMENT COSTS | 11,897,207 | 264,382 | 164.94 | 0 | 300,000 | 700,000 | 500,000 | 4,632,294 | 350,000 | 375,000 | 75,000 | 4,964,912 | 11,897,206 | 0 |
| | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 248 | 11,897,206 | |
| | | | | | | | | | | | | | | | |
| | COST BASIS FOR DEVEL FEE | 10,625,440 | | | | | | | | | | | | | |
| | DEVELOPER FEE | 1,083,334 | | | | | | | | | | | | | |
| | DEVELOPER FEE % | 10.20% | | | | | | | | | | | | | |

| 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-AHP 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 |
| 2 | Purchase of Building(s) | 0 | 0 | 0.00 | 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 | 88,759 | 88,759 |
| 4 | Property Appraisal | 9,564 | 123 | 0.08 | 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 | 9,798 | 9,798 |
| | Asbestos Abatement | 897,954 | 11,512 | 7.97 | 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 |
| 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 | 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 |
| 9 | Sitework | 1,835,134 | 23,527 | 16.28 | 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 | 304,167 | 304,167 |
| 11 | City Road | 430,500 | 5,519 | 3.82 | 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 |
| 13 | Contractor Profit | 0 | 0 | 0.00 | 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 | 657,377 | 657,377 |
| 15 | Construction Management | 0 | 0 | 0.00 | 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 |
| 17 | Hazardous Materials Abatement | 0 | 0 | 0.00 | 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 |
| 19 | Furnishings, Fixtures, & Equipment | 107,459 | 1,378 | 0.95 | 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 |
| | 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 | 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 |
| 23 | Legal/Accounting | 86,667 | 1,111 | 0.77 | 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 | 195,363 | 195,363 |
| 25 | Environmental Assessment | 30,250 | 388 | 0.27 | 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 |
| 27 | Permits/Fees | 155,920 | 1,999 | 1.38 | 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 |
| 29 | Construction Period Insurance | 42,982 | 551 | 0.38 | 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 | 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 | 63,963 | 63,963 |
| 32 | Taxes During Construction | 35,000 | 449 | 0.31 | 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 |
| 34 | Marketing | 0 | 0 | 0.00 | 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 | 45,000 | 45,000 |
| 36 | Soft Cost Contingency | 22,500 | 288 | 0.20 | 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 |
| 38 | Lender's Counsel's Fee | 0 | 0 | 0.00 | 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 | 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 |
| 41 | Bridge Loan Fees and Expenses | 0 | 0 | 0.00 | 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 |
| 43 | Tax Opinion | 0 | 0 | 0.00 | 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 | 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 |
| 46 | Consultant Fees | 0 | 0 | 0.00 | 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 |
| 48 | Rent-up (Deficit Escrow) Reserve | 65,000 | 833 | 0.58 | 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 | 247,393 | 247,393 |
| 50 | Sinking Fund | 0 | 0 | 0.00 | 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 |
| | 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 | 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 | 20% | Historic Credit Rate |
| | Total Eligible Basis | | 0 | 17,951,712 | | 0 | Annual Historic Credit |
| TIMES: | Adjusted for QCT/DDA | 130.0% | | 23,337,226 | | | |
| TIMES: | Applicable Fraction | 83.33% | 0 | 19,447,688 | | | 82.00% |
| | Total Qualified Basis | | 0 | 19,447,688 | 18,819,733 | | Long Term Depreciable Basis |
| TIMES: | Applicable Percentage | | 3.37% | 9.00% | 27.5 | | Depreciation Schedule |
| | Total Annual Credit Qualified | | 0 | 1,750,292 | 684,354 | | Annual Depreciation |
| | Total Tax Credits Requested | 1,100,000 | | | 107,459 | | Short Term Depreciable Basis |
| | Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only) | 8,997,132 | | | 7 | | Depreciation Schedule |
| | Estimated Yield - Housing Credit Syndication | 81.87% | | | 15,351 | | Annual Depreciation |
| | Equity Gap | 8,972,135 | | | | | |
| | Credits Needed to fill Equity Gap | 1,096,944 | | | | | |

25-Sep-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 | | 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 Bedrooms | Type | Square Feet | Number | Rent | Utilities | Total 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 |

25-Sep-09

# Forest Park

| | | Check all Applicable | | | | | | | | | A | | | | | B | | | | | | C | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Building # | phase | Unit # | HOME Unit | Lead Paint Unit | Project Based Assistance | Tax Credit Unit | VHCB Restricted | Accessible | Adaptable | Unrestricted | Number of Bedrooms | Proposed Square Footage | Proposed Rent | Utility Allowance for Tenant-Paid Utilities | Gross Rent (Rent + Tenant-Paid Utilities) | OCCUPIED BY: Income level of residents to be served: | | | | | | AFFORDABLE TO: Units affordable to residents at: | | | | | |
| | | | | | | | | | | | | | | | | <30% | <50% | <60% | <80% | <100% | >100% | 30% | 50% | 60% | 65% | 80% | 100%+ |
| Triplex A | 1 | 1 | | | 1 | 1 | 1 | 1 | | | 1 | 728 | 386 | 29 | 415 | | 1 | | | | | | 1 | | | | |
| | 1 | 2 | | | 1 | 1 | 1 | | | | 1 | 682 | 386 | 29 | 415 | | 1 | | | | | | 1 | | | | |
| | 1 | 3 | | | | | | | | 1 | 1 | 875 | 620 | 29 | 649 | | | | | | 1 | | | | | 1 | |
| Triplex B | 1 | 4 | | | 1 | 1 | 1 | | | | 1 | 728 | 386 | 29 | 415 | | 1 | | | | | | 1 | | | | |
| | 1 | 5 | | | | 1 | 1 | 1 | | | 1 | 682 | 563 | 29 | 592 | | | 1 | | | | | | 1 | | | |
| | 1 | 6 | | | | 1 | 1 | | | | 1 | 875 | 563 | 29 | 592 | | | 1 | | | | | | 1 | | | |
| Triplex C | 2 | 7 | | | 1 | 1 | 1 | 1 | | | 1 | 728 | 386 | 29 | 415 | | 1 | | | | | | 1 | | | | |
| | 2 | 8 | | | | 1 | 1 | | | | 1 | 682 | 563 | 29 | 592 | | | 1 | | | | | | 1 | | | |
| | 2 | 9 | | | | 1 | 1 | | | | 1 | 875 | 563 | 29 | 592 | | | 1 | | | | | | | | 1 | |
| 4-plex A | 2 | 10 | | | | 1 | 1 | | | | 2 | 905 | 676 | 44 | 720 | | | 1 | | | | | | 1 | | | |
| | 2 | 11 | | | | 1 | 1 | | | | 2 | 905 | 676 | 44 | 720 | | | 1 | | | | | | 1 | | | |
| | 2 | 12 | | | | 1 | 1 | | | | 2 | 905 | 676 | 44 | 720 | | | 1 | | | | | | 1 | | | |
| | 2 | 13 | | | 1 | 1 | 1 | 1 | | | 4 | 1,400 | 683 | 44 | 727 | | 1 | | | | | | 1 | | | | |
| 12-plex A | 1 | 14 | | | 1 | 1 | 1 | | | | 2 | 864 | 464 | 44 | 508 | | 1 | | | | | | 1 | | | | |
| | 1 | 15 | | | 1 | 1 | 1 | | | | 2 | 860 | 464 | 44 | 508 | | 1 | | | | | | 1 | | | | |
| | 1 | 16 | | | 1 | 1 | 1 | | | | 2 | 895 | 464 | 44 | 508 | | 1 | | | | | | 1 | | | | |
| | 1 | 17 | | | | 1 | 1 | | | | 2 | 863 | 676 | 44 | 720 | | | 1 | | | | | | 1 | | | |
| | 1 | 18 | | | 1 | 1 | 1 | | | | 2 | 864 | 464 | 59 | 523 | | | 1 | | | | | | 1 | | | |
| | 1 | 19 | | | | | | | | 1 | 2 | 864 | 721 | 59 | 780 | | | | | | 1 | | | | | 1 | |
| | 1 | 20 | | | | 1 | 1 | | | | 2 | 895 | 676 | 44 | 720 | | | 1 | | | | | | 1 | | | |
| | 1 | 21 | | | | 1 | 1 | | | | 2 | 895 | 676 | 44 | 720 | | | 1 | | | | | | 1 | | | |
| | 1 | 22 | | | 1 | 1 | 1 | | | | 3 | 1,100 | 536 | 59 | 595 | | 1 | | | | | | 1 | | | | |
| | 1 | 23 | | | 1 | 1 | 1 | | | | 3 | 1,100 | 536 | 59 | 595 | | 1 | | | | | | 1 | | | | |
| | 1 | 24 | | | | 1 | 1 | | | | 3 | 1,100 | 871 | 59 | 930 | | | 1 | | | | | | 1 | | | |
| | 1 | 25 | | | | 1 | 1 | | | | 3 | 1,100 | 871 | 59 | 930 | | | 1 | | | | | | 1 | | | |
| 12-plex B | 2 | 26 | | | 1 | 1 | 1 | | | | 2 | 864 | 464 | 44 | 508 | | 1 | | | | | | 1 | | | | |
| | 2 | 27 | | | 1 | 1 | 1 | | | | 2 | 860 | 464 | 44 | 508 | | 1 | | | | | | 1 | | | | |
| | 2 | 28 | | | 1 | 1 | 1 | | | | 2 | 895 | 464 | 44 | 508 | | 1 | | | | | | 1 | | | | |
| | 2 | 29 | | | 1 | 1 | 1 | | | | 2 | 863 | 464 | 44 | 508 | | 1 | | | | | | 1 | | | | |
| | 2 | 30 | | | | 1 | 1 | | | | 2 | 864 | 676 | 44 | 720 | | | 1 | | | | | | 1 | | | |
| | 2 | 31 | | | | 1 | 1 | | | | 2 | 864 | 676 | 44 | 720 | | | 1 | | | | | | 1 | | | |
| | 2 | 32 | | | | 1 | 1 | | | | 2 | 895 | 676 | 44 | 720 | | | 1 | | | | | | 1 | | | |
| | 2 | 33 | | | | 1 | 1 | | | | 2 | 895 | 676 | 44 | 720 | | | 1 | | | | | | 1 | | | |
| | 2 | 34 | | | | 1 | 1 | | | | 3 | 1,100 | 781 | 59 | 840 | | | 1 | | | | | | 1 | | | |
| | 2 | 35 | | | | 1 | 1 | | | | 3 | 1,100 | 781 | 59 | 840 | | | 1 | | | | | | 1 | | | |
| | 2 | 36 | | | 1 | 1 | 1 | | | | 3 | 1,100 | 536 | 59 | 595 | | 1 | | | | | | 1 | | | | |
| | 2 | 37 | | | | | | | | 1 | 3 | 1,100 | 953 | 59 | 1,012 | | | | | 1 | | | | | | 1 | |
| 9-plex | 1 | 38 | | | | 1 | 1 | | | | 2 | 880 | 464 | 44 | 508 | | | 1 | | | | | | 1 | | | |
| | 1 | 39 | | | | | | | | 1 | 2 | 895 | 721 | 44 | 765 | | | | | | 1 | | | | | 1 | |
| | 1 | 40 | | | | | | | | 1 | 2 | 895 | 721 | 44 | 765 | | | | | | 1 | | | | | 1 | |
| | 1 | 41 | | | | | | | | 1 | 2 | 895 | 721 | 44 | 765 | | | | | | 1 | | | | | 1 | |
| | 1 | 42 | | | 1 | 1 | 1 | | | | 3 | 1,300 | 536 | 59 | 595 | | 1 | | | | | | 1 | | | | |
| | 1 | 43 | | | 1 | 1 | 1 | | | | 3 | 1,265 | 536 | 59 | 595 | | 1 | | | | | | 1 | | | | |
| | 1 | 44 | | | | 1 | 1 | | | | 3 | 1,265 | 676 | 59 | 735 | | | 1 | | | | | | 1 | | | |
| | 1 | 45 | | | | 1 | 1 | | | | 3 | 1,100 | 676 | 59 | 735 | | | 1 | | | | | | 1 | | | |
| | 1 | 46 | | | | 1 | 1 | | | | 3 | 1,100 | 676 | 59 | 735 | | | 1 | | | | | | 1 | | | |
| Duplex A | 1 | 47 | | | | 1 | 1 | 1 | | | 2 | 985 | 671 | 44 | 715 | | | 1 | | | | | | 1 | | | |
| | 1 | 48 | | | | | | | | 1 | 2 | 985 | 721 | 44 | 765 | | | | | | 1 | | | | | 1 | |
| Duplex B | 2 | 49 | | | 1 | 1 | 1 | | | | 2 | 985 | 464 | 44 | 508 | | 1 | | | | | | 1 | | | | |
| | 2 | 50 | | | | | | | | 1 | 2 | 985 | 721 | 44 | 765 | | | | | 1 | | | | | | 1 | |
| Duplex C | 2 | 51 | | | 1 | 1 | 1 | | | | 2 | 985 | 464 | 44 | 508 | | 1 | | | | | | 1 | | | | |
| | 2 | 52 | | | | | | | | 1 | 2 | 985 | 721 | 44 | 765 | | | | | 1 | | | | | | 1 | |
| Duplex D | 2 | 53 | | | 1 | 1 | 1 | | | | 2 | 985 | 464 | 44 | 508 | | 1 | | | | | | 1 | | | | |
| | 2 | 54 | | | 1 | 1 | 1 | | | | 2 | 985 | 464 | 44 | 508 | | 1 | | | | | | 1 | | | | |
| Duplex E | 2 | 55 | | | | 1 | 1 | | | | 2 | 985 | 676 | 44 | 720 | | | 1 | | | | | | 1 | | | |
| | 2 | 56 | | | | 1 | 1 | | | | 2 | 985 | 676 | 44 | 720 | | | 1 | | | | | | 1 | | | |
| Duplex F | 1 | 57 | | | 1 | 1 | 1 | | | | 3 | 985 | 536 | 59 | 595 | | 1 | | | | | | 1 | | | | |
| | 1 | 58 | | | | | | | | 1 | 3 | 985 | 953 | 59 | 1,012 | | | | | 1 | | | | | | 1 | |
| Duplex G | 1 | 59 | | | 1 | 1 | 1 | | | | 4 | 985 | 683 | 76 | 759 | | | 1 | | | | | | 1 | | | |
| | 1 | 60 | | | 1 | 1 | 1 | | | | 4 | 985 | 683 | 76 | 759 | | | 1 | | | | | | 1 | | | |
| Duplex L | 2 | 61 | | | 1 | 1 | 1 | | | | 3 | 1,260 | 536 | 59 | 595 | | 1 | | | | | | 1 | | | | |
| | 2 | 62 | | | | | | | | 1 | 3 | 1,260 | 934 | 59 | 993 | | | | | 1 | | | | | | 1 | |
| Duplex M | 2 | 63 | | | | 1 | 1 | | | | 3 | 1,260 | 781 | 59 | 840 | | | 1 | | | | | | 1 | | | |
| | 2 | 64 | | | | | | | | 1 | 3 | 1,232 | 953 | 59 | 1,012 | | | | | 1 | | | | | | 1 | |
| Duplex N | 2 | 65 | | | | 1 | 1 | | | | 3 | 1,260 | 781 | 59 | 840 | | | 1 | | | | | | 1 | | | |
| | 2 | 66 | | | | | | | | 1 | 3 | 1,232 | 953 | 59 | 1,012 | | | | | 1 | | | | | | 1 | |
| Duplex O | 2 | 67 | | | 1 | 1 | 1 | | | | 3 | 1,260 | 536 | 59 | 595 | | 1 | | | | | | 1 | | | | |

| | | Check all Applicable | | | | | | | | | A | | | | | B | | | | | | C | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Building #** | **phase** | **Unit #** | **HOME Unit** | **Lead Paint Unit** | **Project Based Assistance** | **Tax Credit Unit** | **VHCB Restricted** | **Accessible** | **Adaptable** | **Unrestricted** | **Number of Bedrooms** | **Proposed Square Footage** | **Proposed Rent** | **Utility Allowance for Tenant-Paid Utilities** | **Gross Rent (Rent + Tenant-Paid Utilities)** | **OCCUPIED BY: Income level of residents to be served:** | | | | | | **AFFORDABLE TO: Units affordable to residents at:** | | | | | |
| | | | | | | | | | | | | | | | | **<30%** | **<50%** | **<60%** | **<80%** | **<100%** | **>100%** | **30%** | **50%** | **60%** | **65%** | **80%** | **100%+** |
| | 2 | 68 | | | | 1 | 1 | | | | 3 | 1,232 | 781 | 59 | 840 | | | 1 | | | | | | 1 | | | |
| Duplex P | 2 | 69 | | | | 1 | 1 | | | | 3 | 1,260 | 781 | 59 | 840 | | | 1 | | | | | | 1 | | | |
| | 2 | 70 | | | 1 | 1 | 1 | | | | 3 | 1,232 | 536 | 59 | 595 | | 1 | | | | | | 1 | | | | |
| Duplex Q | 2 | 71 | | | 1 | 1 | 1 | | | | 4 | 1,480 | 683 | 76 | 759 | | 1 | | | | | | 1 | | | | |
| | 2 | 72 | | | | 1 | 1 | | | | 3 | 1,232 | 781 | 59 | 840 | | | 1 | | | | | | 1 | | | |
| Duplex R | 2 | 73 | | | 1 | 1 | 1 | | | | 4 | 1,480 | 683 | 76 | 759 | | 1 | | | | | | 1 | | | | |
| | 2 | 74 | | | | 1 | 1 | | | | 3 | 1,232 | 781 | 59 | 840 | | | 1 | | | | | | 1 | | | |
| Duplex S | 2 | 75 | | | 1 | 1 | 1 | | | | 4 | 1,480 | 683 | 76 | 759 | | 1 | | | | | | 1 | | | | |
| | 2 | 76 | | | 1 | 1 | 1 | | | | 3 | 1,232 | 536 | 59 | 595 | | 1 | | | | | | 1 | | | | |
| Duplex T | 2 | 77 | | | 1 | 1 | 1 | | | | 4 | 1,480 | 683 | 76 | 759 | | 1 | | | | | | 1 | | | | |
| | 2 | 78 | | | 1 | 1 | 1 | | | | 3 | 1,232 | 536 | 59 | 595 | | 1 | | | | | | 1 | | | | |
| **Total # Units** | | **78** | **0** | **0** | **34** | **65** | **65** | **5** | **0** | **13** | **Totals:** | 80,491 | 49,719 | | **Total # Units:** | 0 | 31 | 34 | 0 | 7 | 6 | 0 | 31 | 33 | 0 | 14 | 0 |
| | | | | | | | | | | 78 | 190 | | | | | | | 65 | | 72 | | | 64 | | | 78 | |
| | | | | | | | | | | | total rental SF | 107,487 | | | | | | | | | | | | | | | |

| 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 |
| | | | | per unit month | | |
| Real Estate Taxes | 65,520 | 5,460 | 70 | excl. ds & res. | 27,720 | 37,800 |
| Property Insurance | 28,080 | 2,340 | 30 | 503 | 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 | 3,586 | 13,664 |
| 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 |
| DCR | | 494.50% | 471.59% | 447.43% | 421.97% | 395.16% | 366.96% | 337.30% | 306.15% | 273.45% | 239.14% | 203.16% | 165.45% | 125.95% | 84.60% | 41.34% |
| Cumulative Cash Flow | | | | | | | | | | | | | | | | |
| 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 | 3.0% | 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 |
| Withdrawals: | | | | | | | | | | | | | | | | |
| 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 | 2.0% | 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 | 3,115 | | | | | (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.

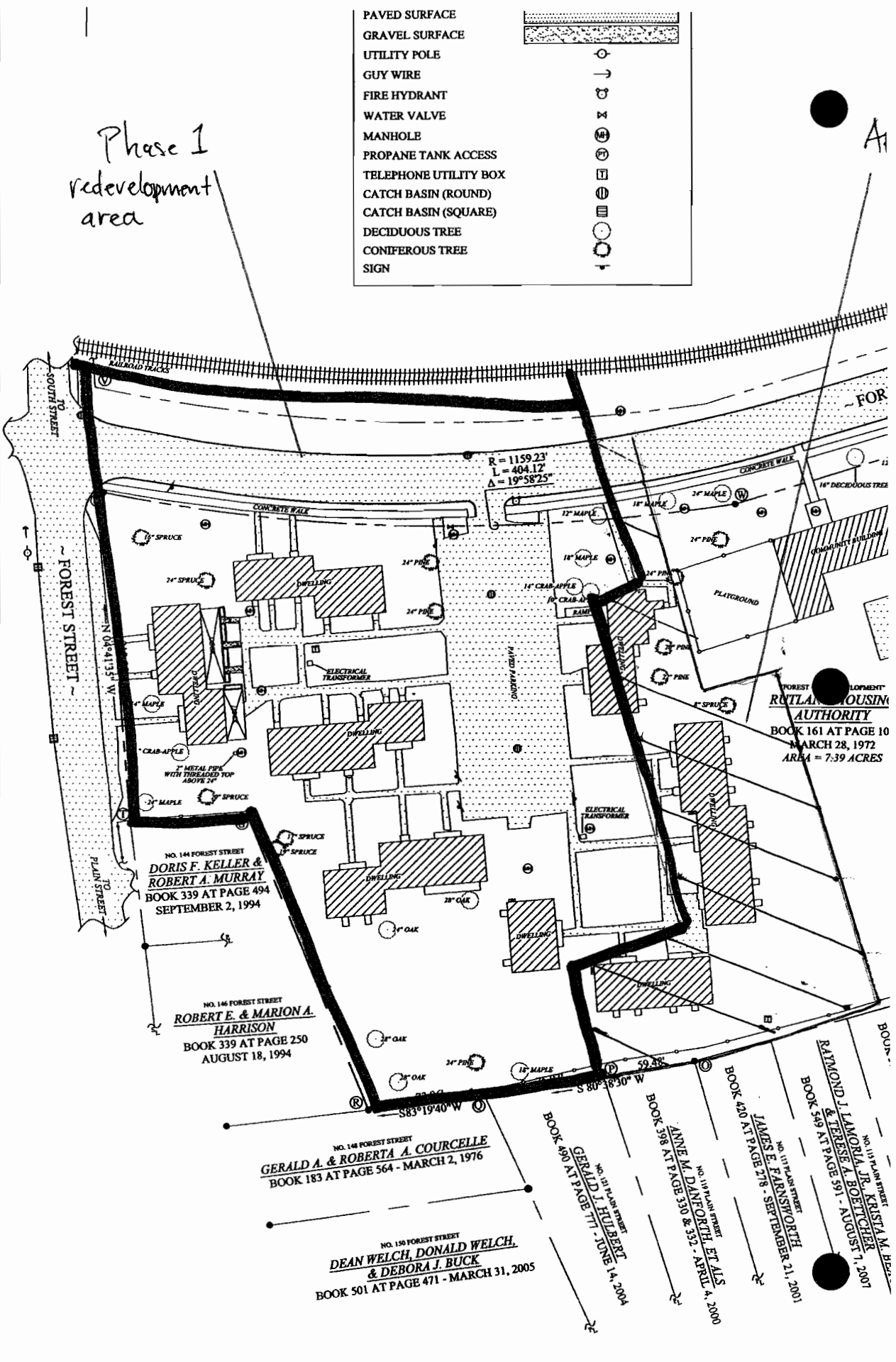
2. Upon the satisfaction of the conditions attached to the Letter of Interest, if any, and when deemed appropriate, the Executive Director or her designees may, in his or her discretion, issue one or more Commitment Letters for one or more mortgage loans to the Borrower for the construction financing 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.

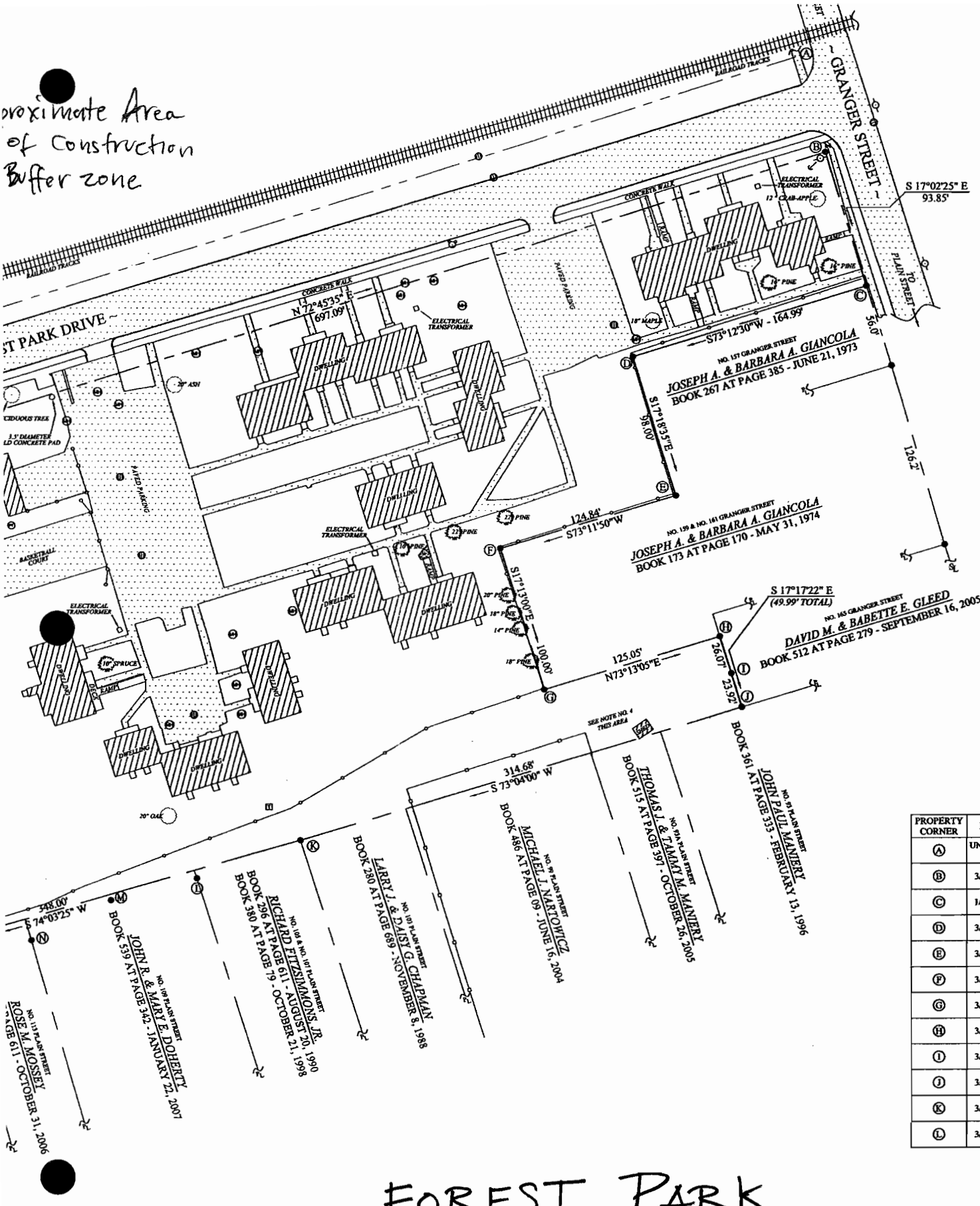
4. The recommendations for the allocation of Allocated Housing Credits contained in the Memorandum which is attached and incorporated by this reference are hereby approved.

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
Phase 1
redevelopment
area
RAILROAD TRACKS
SOUTH ST
~ FOREST STREET ~
PLAIN STREET
R = 1159.23'
L = 404.12'
Δ = 19°58'25"
CONCRETE WALK
DWELLING
PAVED PARKING
ELECTRICAL TRANSFORMER
PLAYGROUND
COMMUNITY BUILDING
N 04°41'35" W
S 80°38'30" W
S83°19'40"W
59.48'
NO. 144 FOREST STREET
DORIS F. KELLER & ROBERT A. MURRAY
BOOK 339 AT PAGE 494
SEPTEMBER 2, 1994
NO. 146 FOREST STREET
ROBERT E. & MARION A. HARRISON
BOOK 339 AT PAGE 250
AUGUST 18, 1994
NO. 148 FOREST STREET
GERALD A. & ROBERTA A. COURCELLE
BOOK 183 AT PAGE 564 - MARCH 2, 1976
NO. 150 FOREST STREET
DEAN WELCH, DONALD WELCH, & DEBORA J. BUCK
BOOK 501 AT PAGE 471 - MARCH 31, 2005
NO. 121 PLAIN STREET
GERALD J. HULBERT
BOOK 490 AT PAGE 777 - JUNE 14, 2004
NO. 119 PLAIN STREET
ANNE M. DANFORTH, ET ALS
BOOK 398 AT PAGE 330 & 332 - APRIL 4, 2000
NO. 117 PLAIN STREET
JAMES E. FARNSWORTH
BOOK 420 AT PAGE 278 - SEPTEMBER 21, 2001
NO. 115 PLAIN STREET
RAYMOND J. LAMORIA, JR., KRISTA M. BEATTCHER & TERESE A. BOETTCHER
BOOK 549 AT PAGE 591 - AUGUST 7, 2007
FOREST DEVELOPMENT
RUTLAND HOUSING AUTHORITY
BOOK 161 AT PAGE 10
MARCH 28, 1972
AREA = 7.39 ACRES

oximate Area
of Construction
Buffer zone




| PROPERTY CORNER | MONUMENT | RI |
|---|---|---|
| Ⓐ | UNMONUMENTED POINT | |
| Ⓑ | 3/4" IRON PIPE | |
| Ⓒ | 1/2" IRON PIPE | |
| Ⓓ | 3/4" IRON PIPE | |
| Ⓔ | 3/4" IRON PIPE | |
| Ⓕ | 3/4" IRON PIPE | |
| Ⓖ | 3/4" IRON PIPE | |
| Ⓗ | 3/4" IRON PIPE | |
| Ⓘ | 3/4" IRON PIPE | |
| Ⓙ | 3/4" IRON PIPE | |
| Ⓚ | 3/4" IRON PIPE | |
| Ⓛ | 3/4" IRON PIPE | |

FOREST PARK

vhfa

Vermont Housing Finance Agency

# MEMORANDUM

**TO:** VHFA Board of Commissioners

**FROM:** Joe Erdelyi, Director of Development JE

**DATE:** September 25, 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 $5,958,050 of the 2009-2010-2011 pool has been committed, which is $810,261 more than the two years' of ceiling credits we usually allocate (2009-2010).

Please note that the 2010 pool is an estimated amount, and we will still receive some amount of national pool credits in 2010.

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 the current applicants compare to other projects that recently received Housing Credit commitments.

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

EQUAL HOUSING OPPORTUNITY

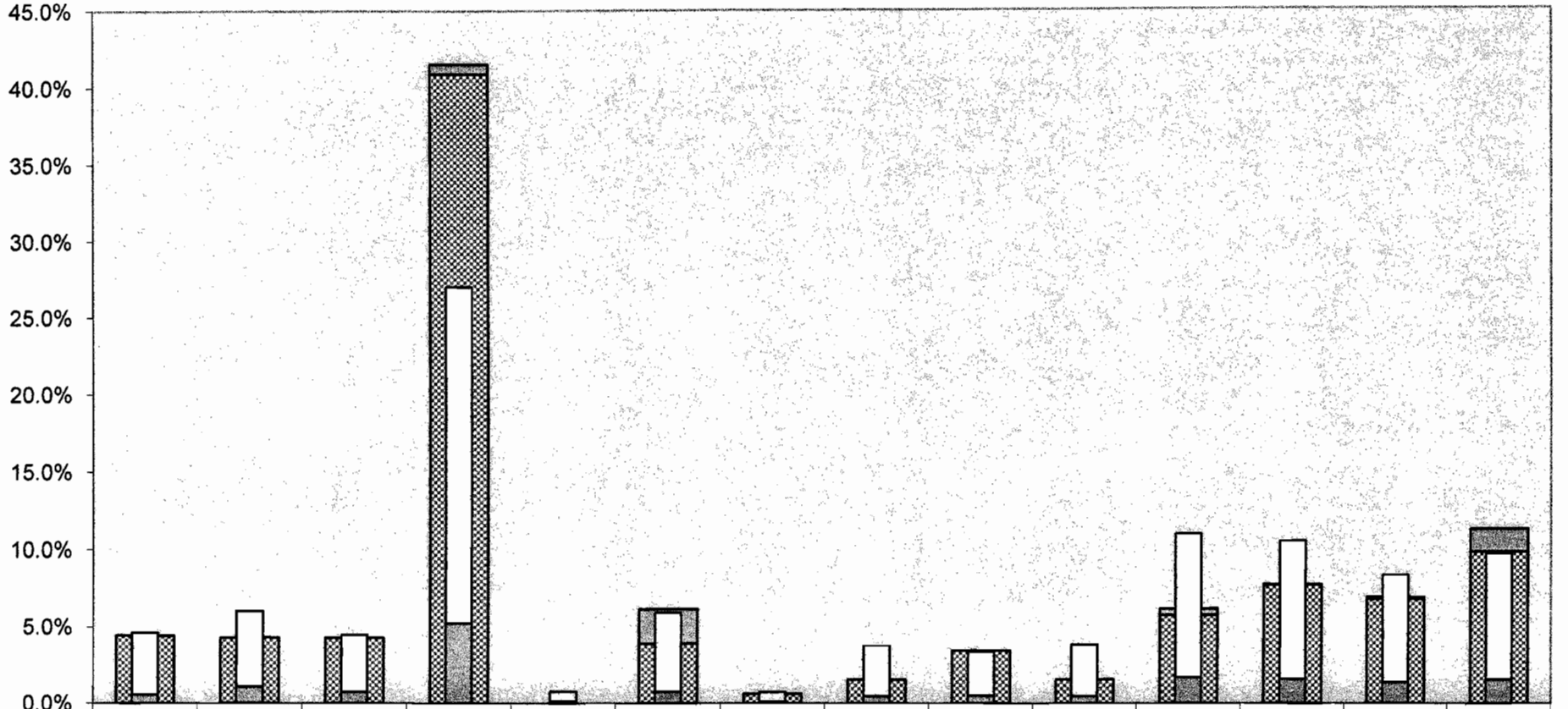
| | | | |
|---|---|---|---|
| 2008 Carry Forward to 2009 | | - | |
| Total 2009 Available | | 2,665,000 | |
| Total 2010 Available (est.) | | 2,450,000 | |
| 2009 National Pool | | 13,904 | |
| 2009 Returns | | 18,885 | |
| 2010 Returns | | - | |
| Total 2009-10 Available: | | 5,147,789 | |
| | | | |
| Less: LOI, Res, CA issued in 2009/10/11 | | 5,958,050 | |
| Remaining Available in 2009/10/11: | | | (810,261) |

| Project Name | City | County | MSA / Non MSA | Total # of Units | # of LIHTC Units | Project Type | Housing Credit Allocation | Allocation Per Unit |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| **Pipeline** | | | | | | | | |
| Barre Street Apartments (811) | Montpelier | Washington | Non MSA | 25 | 23 | Acq/Rehab | | |
| Cottages at Middlebury South | Middlebury | Addison | Non MSA | 23 | 23 | New Construction | 370,000 | 16,087 |
| | | | | | | | | |
| **Pre-Applicaton Meetings** | | | | | | | | |
| | | | | | | | | |
| Forest Park | Rutland | Rutland | Non MSA | 78 | 65 | New Construction | 1,100,000 | 14,103 |
| | | | | | | | | |
| | | | | | | | | |
| **Letter of Intent, Reservation, or Carryover Allocation Issued** | | | | | | | | |
| | | | | | | | | |
| Shelburne Woods 1 | Shelburne | Chittenden | MSA | 34 | 34 | Rehab & New Construction | 957,301 | 28,156 |
| Upper Story Housing | Brattleboro | Windham | Non-MSA | 24 | 19 | New Construction | 445,000 | 18,542 |
| Canal Street Veterans Housing | Winooski | Chittenden | MSA | 29 | 28 | New Construction | 366,000 | 12,621 |
| Ellis Block | Springfield | Windsor | Non MSA | 9 | 9 | Rehabilitation | 110,000 | 12,222 |
| Salisbury Square increase | Randolph | Orange | Non MSA | 2 | 2 | Rehab & New Construction | 160,000 | 22,857 |
| Grange Hill | Woodstock | Windsor | Non MSA | 28 | 23 | New Construction | 550,000 | 19,643 |
| Alburgh Family | Alburgh | Franklin | MSA | 14 | 14 | Acq/Rehab/New Constr | 200,000 | 14,286 |
| Johnson Community Housing | Johnson | Lamoille | Non-MSA | 28 | 26 | New Const & Acq/Rehab | 492,000 | 17,571 |
| Blake Commons | Swanton | Franklin | MSA | 16 | 16 | New Construction | 264,981 | 16,561 |
| Anne Wilder Richards Building (Western Ave) | Brattleboro | Windham | Non MSA | 21 | 18 | New Construction | 345,000 | 16,429 |
| North Branch and Barre Street Rehabilitation | Montpelier | Washington | Non MSA | 45 | 34 | Acq/Rehab | 290,000 | 6,444 |
| Bellows Falls Housing - Pine Street | Bellows Falls | Windham | Non MSA | 11 | 11 | Acq Rehab | 175,352 | 15,941 |
| Abbott Neighborhood Housing | Brattleboro | Windham | Non MSA | 29 | 27 | Acq Rehab | 283,500 | 9,776 |
| Salisbury Square | Randolph | Orange | Non MSA | 12 | 12 | New Construction | 160,000 | 22,857 |
| Vergennes Senior | Vergennes | Addison | Non MSA | 25 | 20 | New Construction | 410,000 | 16,400 |
| Rutland Scattered Sites 2008 | Rutland | Rutland | Non MSA | 27 | 25 | Acq Rehab New Const | 369,600 | 13,689 |
| Brookside - St Albans | St Albans | Franklin | MSA | 37 | 37 | New Construction | 692,067 | 18,705 |
| Brookside HVT | Colchester | Chittenden | MSA | 42 | 36 | New Construction | 585,000 | 13,929 |
| Meadowlane Apartments | Milton | Chittenden | MSA | 36 | 35 | Acq/Rehab/New Const | 326,000 | 9,056 |
| Cummings Street Apartments | Montpelier | Washington | Non MSA | 20 | 20 | Acq/Rehab | 77,700 | 3,885 |
| NAMCO Block Allocated | Windsor | Windsor | Non MSA | 43 | 43 | Acq/Rehab | 629,580 | 14,641 |
| Tontine Canal | Guilford/Brattleboro | Windham | Non MSA | 21 | 19 | Acq/Rehab | 229,500 | 10,929 |
| King Street Housing/Howard Bank Block | Burlington | Chittenden | MSA | 20 | 17 | New Construction | 410,000 | 20,500 |
| Wheeler Brook Housing | Warren | Washington | Non MSA | 18 | 18 | New Construction | 317,453 | 17,636 |
| Downtown Crossing | Bennington | Bennington | Non MSA | 12 | 11 | Rehab/New Construction | 152,379 | 12,698 |
| Stonewall / Bianchi | Montpelier | Washington | Non MSA | 18 | 18 | Acq/Rehab | 150,000 | 8,333 |
| Hardwick - Bemis Block | Hardwick | Caledonia | Non MSA | 14 | 14 | Rehabilitation | 98,000 | 7,000 |
| Willard Mill | St. Albans | Franklin | MSA | 27 | 24 | Acq/Rehab | 360,100 | 13,337 |
| Birge & Worden | Brattleboro | Windham | Non MSA | 17 | 15 | Acq/Rehab | 244,000 | 14,353 |
| Sylvan Woods Stowe | Stowe | Lamoille | Non MSA | 28 | 22 | New Construction | 519,000 | 18,536 |
| Village Housing | Middlebury | Addison | Non MSA | 30 | 25 | New Construction | 531,000 | 17,700 |
| Rutland AFS | Rutland | Rutland | Non MSA | 13 | 12 | New Construction/Rehab | 227,000 | 17,462 |
| Callahan Housing | Burlington | Chittenden | MSA | 28 | 28 | Acq/Rehab | 267,750 | 9,563 |
| Bradford | Bradford | Orange | Non MSA | 32 | 27 | Rehabilitation | 434,375 | 13,574 |
| Enosburg Falls Downtown Redevelopment | Enosburg Falls | Franklin | Non MSA | 28 | 25 | New Construction/Rehab | 509,250 | 18,188 |
| Eastern Townships (fka Main St Mill) | Richford | Franklin | Non MSA | 12 | 12 | Rehabilitation | 162,500 | 13,542 |
| Wilder Building | Brattleboro | Windham | Non MSA | 8 | 8 | Rehabilitation | 118,500 | 14,813 |
| West River Valley Senior Housing | Townshend | Windham | Non MSA | 52 | 34 | New Construction | 482,650 | 9,282 |

## State Consolidated Plan Priorities / Other Priorities Table

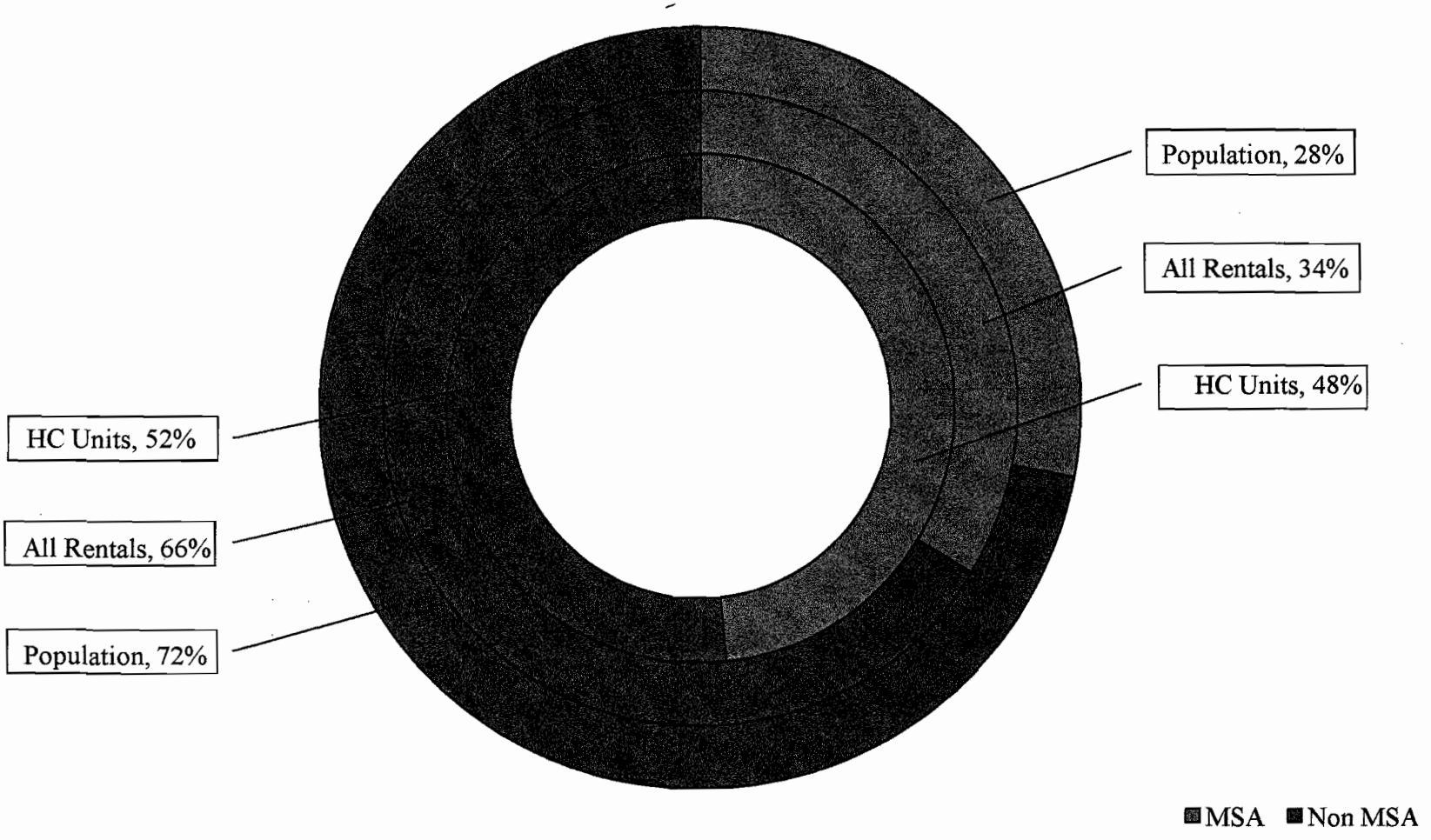
| | *First Tier* | | | | | | *Second Tier* | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2011** | **Rehab or Vacancy <3.5%** | **Family Housing** | **Settlement Pattern** | **Downtown or Village Center** | **Removal of Blight** | **Special Needs** | **Mixed Income** | **Unique Design** | **<30% or targets homeless** | **Public Housing** | **Eventual Tenant Ownership** | **Total** | **Housing Credit Amount** |
| Forest Park | | XX | XX | XX | | | | | | X | | 41% | $ 1,100,000 |
| Shelburne Wood I | XX | XX | XX | XX | | | X | | X | X | | 65% | $ 957,301 |
| **2010** | | | | | | | | | | | | | |
| Upper Story Housing | XX | XX | XX | XX | | | X | | X | X | | 65% | $ 445,000 |
| Grange Hill, Woodstock | XX | XX | XX | XX | | | | | | | | 47% | $ 550,000 |
| Ellis Block | XX | | XX | XX | XX | | | | | X | | 53% | $ 110,000 |
| Canal Street Veterans Housing | XX | | XX | XX | XX | XX | | | X | | | 65% | $ 366,000 |
| Alburgh Family Housing | XX | XX | XX | XX | XX | | | | X | | | 65% | $ 200,000 |
| Johnson Community Housing | XX | XX | XX | XX | XX | | | | | | | 59% | $ 492,000 |
| Blake Commons | XX | XX | XX | XX | | | | | | | | 47% | $ 333,500 |
| **2009** | | | | | | | | | | | | | |
| Salisbury Square | XX | XX | XX | XX | XX | | | | | | | 59% | $ 320,000 |
| Vergennes Senior | XX | | XX | XX | | | X | | X | | | 47% | $ 410,000 |
| Brookside - Colchester | XX | XX | XX | XX | | | | | | | | 47% | $ 585,000 |
| Rutland Scattered Sites 2008 | XX | XX | XX | XX | | | | | | | | 47% | $ 352,000 |
| Anne Wilder Richards Bldg | XX | | XX | XX | | | | | X | X | | 47% | $ 345,000 |
| Bellows Falls - Pine Street | XX | | XX | XX | | | | | X | | | 41% | $ 210,000 |
| Brookside - St. Albans | XX | XX | XX | | | | | X | | | | 41% | $ 492,000 |
| Colby House | XX | | XX | | XX | | X | | | | | 41% | $ 289,631 |
| **2008** | | | | | | | | | | | | | |
| Cummings Street Apts | XX | XX | XX | XX | | | | | X | | | 53% | $ 77,700 |
| Tontine Canal | XX | XX | XX | XX | | | | | | | | 47% | $ 229,500 |
| King Street Housing | XX | | XX | XX | | | | | | | X | 41% | $ 410,000 |
| Armory Square Allocated | XX | | XX | XX | | | | | X | | | 41% | $ 629,580 |
| Meadowlane Apts. Milton | XX | | XX | | | | | | X | | | 29% | $ 326,000 |
| North Branch Barre St Rehab | XX | XX | XX | XX | X | | | | | | | 53% | $ 260,000 |
| Abbott Scattered Sites | XX | XX | XX | XX | X | | | | | | | 53% | $ 283,500 |
| **2007** | | | | | | | | | | | | | |
| Stonewall / Bianchi | XX | XX | XX | XX | XX | | X | | X | | | 71% | $ 150,000 |
| Downtown Crossing | XX | XX | XX | XX | | | X | | | | | 53% | $ 152,379 |
| Bemis Block | XX | | XX | XX | XX | | | | X | | | 53% | $ 98,000 |
| Willard Mill, St. Albans | XX | XX | XX | XX | | | X | | | | | 53% | $ 360,100 |
| Main Street Mill Revelopmt Richford | XX | | XX | XX | XX | | | | | | | 47% | $ 162,500 |
| West River Valley Senior | | | XX | XX | | XX | X | | X | | | 47% | $ 482,650 |
| Callahan | XX | XX | XX | XX | | | | | | | | 47% | $ 267,750 |
| Birge & Worden, Brattleboro | XX | | XX | XX | | | X | | X | | | 47% | $ 244,000 |
| Wheeler Brook Housing | XX | XX | | | | | X | | | | | 29% | $ 260,000 |

## Geographic Distribution




| | Addison | Bennington | Caledonia | Chittenden | Essex | Franklin | Grand Isle | Lamoille | Orange | Orleans | Rutland | Washington | Windham | Windsor |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| units in process | 0.0% | 0.0% | 0.0% | 0.6% | 0.0% | 2.2% | 0.0% | 0.0% | 0.0% | 0.0% | 0.4% | 0.0% | 0.2% | 1.5% |
| units in service | 4.4% | 4.3% | 4.3% | 40.9% | 0.0% | 3.9% | 0.6% | 1.5% | 3.5% | 1.6% | 5.8% | 7.7% | 6.8% | 9.8% |
| all rental housing | 4.6% | 6.0% | 4.5% | 27.0% | 0.8% | 5.9% | 0.7% | 3.8% | 3.4% | 3.8% | 11.0% | 10.5% | 8.3% | 9.7% |
| all assisted units | 0.56% | 1.06% | 0.74% | 5.24% | 0.11% | 0.74% | 0.07% | 0.46% | 0.50% | 0.47% | 1.67% | 1.55% | 1.34% | 1.52% |

MSA / Non MSA


Population, 28%
All Rentals, 34%
HC Units, 48%
HC Units, 52%
All Rentals, 66%
Population, 72%
MSA
Non MSA

vhfa

**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<br>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<br>1602 Exchange Loan | **Sponsor:** | Housing Vermont &<br>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 | VHCB/HOME | 1602 Exchange Loan | Developer Loan | LIHTC equity | TOTAL SOURCES |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 1,500,000 | 1,000,000 | 195,000 | 169,652 | 58,674 | 418,700 | |
| | | | | | | Allocation of Sources | | | | | |
| | ACQUISITION | | | | | 100% | 0.00% | 0.00% | 0.00% | N/A | |
| | | | | | | 50 | 30 | 30 | 0 | N/A | |
| 1 | Land | 56,250 | 2,344 | 3.65 | 56,250 | 56,250 | | | | | 56,250 |
| 2 | Purchase of Building(s) | 693,750 | 28,906 | 45.07 | 498,750 | 498,750 | 195,000 | | | | 693,750 |
| 3 | Demolition (without replacement) | 0 | 0 | 0.00 | | | | | | | 0 |
| 4 | Property Appraisal | 8,800 | 367 | 0.57 | 8,800 | 8,800 | | | | | 8,800 |
| 5 | Legal - Title and Recording | 3,000 | 125 | 0.19 | 3,000 | 3,000 | | | | | 3,000 |
| | Acquisition/Carrying Costs | 40,045 | 1,669 | 2.60 | 40,045 | 40,045 | | | | | 40,045 |
| | Subtotal - Acquisition | 801,845 | 33,410 | 52.09 | | | | | | | |
| | CONSTRUCTION HARD COSTS | | | | | | | | | | |
| 6 | Rehabilitation | 531,199 | 22,133 | 34.51 | 531,199 | 393,155 | | | | 138,044 | 531,199 |
| 7 | New Building(s) | 0 | 0 | 0.00 | | | | | | | 0 |
| 8 | | 0 | 0 | 0.00 | | | | | | | 0 |
| 9 | Sitework | 4,400 | 183 | 0.29 | 4,400 | | | | | 4,400 | 4,400 |
| 10 | | 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 | 90,000 | 3,750 | 5.85 | 90,000 | | | | | 90,000 | 90,000 |
| 15 | Construction Management | 0 | 0 | 0.00 | | | | | | | 0 |
| 16 | Construction Bond Fee | 0 | 0 | 0.00 | | | | | | | 0 |
| 17 | Hazardous Materials Abatement | 19,580 | 816 | 1.27 | 19,580 | | | | | 19,580 | 19,580 |
| 18 | Off-Site Improvements | 0 | 0 | 0.00 | | | | | | | 0 |
| 19 | Furnishings, Fixtures, & Equipment | 22,125 | 922 | 1.44 | 22,125 | | | 18,482 | | 3,643 | 22,125 |
| 20 | Other (_____) | 0 | 0 | 0.00 | | | | | | | |
| | Subtotal - Hard Costs | 667,304 | 27,804 | 43.35 | | | | | | | |
| | SOFT COSTS | | | | | | | | | | |
| 21 | Architectural | 51,195 | 2,133 | 3.33 | 51,195 | | | 51,195 | | | 51,195 |
| 22 | Engineering | 0 | 0 | 0.00 | | | | | | | 0 |
| 23 | Legal/Accounting | 20,000 | 833 | 1.30 | 20,000 | | | 20,000 | | | 20,000 |
| 24 | Relocation | 10,000 | 417 | 0.65 | 10,000 | | | 10,000 | | | 10,000 |
| 25 | Environmental Assessment | 7,000 | 292 | 0.45 | 7,000 | | | 7,000 | | | 7,000 |
| 26 | Energy Assessment | 0 | 0 | 0.00 | | | | | | | 0 |
| 27 | Permits/Fees | 3,000 | 125 | 0.19 | 3,000 | | | 3,000 | | | 3,000 |
| 28 | Independent Market Study | 3,000 | 125 | 0.19 | 3,000 | | | 3,000 | | | 3,000 |
| 29 | Construction Period Insurance | 10,000 | 417 | 0.65 | 10,000 | | | 10,000 | | | 10,000 |
| 30 | Construction Interest | 28,000 | 1,167 | 1.82 | 28,000 | | | 28,000 | | | 28,000 |
| 31 | Construction Loan Origination Fee | 8,000 | 333 | 0.52 | 8,000 | | | 8,000 | | | 8,000 |
| 32 | Taxes During Construction | 0 | 0 | 0.00 | | | | | | | 0 |
| 33 | | | 0 | 0.00 | | | | | | | 0 |
| 34 | Marketing | 0 | 0 | 0.00 | | | | | | | 0 |
| 35 | Tax Credit Fees | 2,475 | 103 | 0.16 | 2,475 | | | 2,475 | | | 2,475 |
| 36 | Soft Cost Contingency | 8,500 | 354 | 0.55 | 8,500 | | | 8,500 | | | 8,500 |
| 37 | Permanent Loan Origination Fee | 0 | 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 | 150,000 | 6,250 | 9.74 | 91,325 | | | | 58,674 | 91,326 | 150,000 |
| 45 | Other Partnership Fees | | 0 | 0.00 | | | | | | | 0 |
| 46 | Consultant Fees | | 0 | 0.00 | | | | | | | 0 |
| | RESERVES | | | | | | | | | | |
| 47 | Working Capital | 10,000 | 417 | 0.65 | | | | | | 10,000 | 10,000 |
| 48 | Rent-up (Deficit Escrow) Reserve | 0 | 0 | 0.00 | | | | | | | 0 |
| 49 | Other Operating Reserves | 47,308 | 1,971 | 3.07 | | | | | | 47,308 | 47,308 |
| 50 | Sinking Fund | 0 | 0 | 0.00 | | | | | | | 0 |
| 51 | Replacement Reserves | 14,400 | 600 | 0.94 | | | | | | 14,400 | 14,400 |
| | Subtotal - Soft Costs | 372,878 | 15,537 | 24.22 | | | | | | | |
| | TOTAL DEVELOPMENT COSTS | 1,842,027 | 76,751 | 148 | 1,516,644 | 1,000,000 | 195,000 | 169,652 | 58,674 | 418,701 | 1,842,027 |
| | | | | over/(unde | 16,644 | 0 | 0 | 0 | 0 | 1 | 1,842,027 |
| | | | | | | | | | | 1 | diff |
| | | | | | | | | | | 0 | gap |
| | COST BASIS FOR DEVEL FEE | 1,620,319 | | | | | | | | | |
| | 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 | | | |
| 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 | | | | | |
| 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 | | | |
| 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 | 0 | 20% | Historic Credit Rate |
| | Total Eligible Basis | | 705,550 | 960,373 | | 0 | Annual Historic Credit |
| 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 | | Long Term Depreciable Basis |
| TIMES: | Applicable Percentage | | 3.36% | 3.36% | 27.5 | | Depreciation Schedule |
| | Total Annual Credit Qualified | | 23,706 | 32,269 | 59,271 | | Annual Depreciation |
| | Total Tax Credits Requested | 53,000 | | 55,975 | 22,125 | | Short Term Depreciable Basis |
| | Estimated Net Syndication Proceeds (Sec. 42 Housing Credit only) | 418,700 | | | 7 | | Depreciation Schedule |
| | Estimated Yield - Housing Credit Syndication | 79.01% | | | 3,161 | | Annual Depreciation |
| | Equity Gap | 418,701 | | | | | |
| | Credits Needed to fill Equity Gap | 53,000 | | | | | |

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 |
| | | 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 |

21-Sep-09

# Missisquoi Manor Senior Housing

| | Check all Applicable | | | | | | | | | A | | | | | B | | | | | | C | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Building # | Unit # | HOME Unit | Lead Paint Unit | Project Based Assistance | Tax Credit Unit | VHCB Restricted | Accessible | Adaptable | Unrestricted | Number of Bedrooms | Proposed Square Footage | Proposed Rent | Utility Allowance for Tenant-Paid Utilities | Gross Rent (Rent + Tenant-Paid Utilities) | OCCUPIED BY: Income level of residents to be served: | | | | | | AFFORDABLE TO: Units affordable to residents at: | | | | | |
| | | | | | | | | | | | | | | | <30% | <50% | <60% | <80% | <100% | >100% | 30% | 50% | 60% | 65% | 80% | 100%+ |
| | 1 | 1 | | 1 | 1 | 1 | | 1 | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 2 | 1 | | 1 | 1 | 1 | | 1 | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 3 | 1 | | 1 | 1 | 1 | | 1 | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 4 | 1 | | 1 | 1 | 1 | | 1 | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| HC | 5 | 1 | | 1 | 1 | 1 | 1 | | | 1 | 566 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| HC | 6 | | | 1 | 1 | 1 | 1 | | | 1 | 566 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 7 | | | 1 | 1 | 1 | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 8 | | | 1 | 1 | 1 | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 9 | | | 1 | 1 | 1 | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 10 | | | 1 | 1 | 1 | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 11 | | | 1 | 1 | | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 12 | | | 1 | 1 | | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 13 | | | 1 | 1 | | | 1 | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 14 | | | 1 | 1 | | | 1 | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 15 | | | 1 | 1 | | | 1 | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 16 | | | 1 | 1 | | | 1 | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 17 | | | 1 | 1 | | | 1 | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 18 | | | 1 | 1 | | | 1 | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 19 | | | 1 | 1 | | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 20 | | | 1 | 1 | | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 21 | | | 1 | 1 | | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 22 | | | 1 | 1 | | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 23 | | | 1 | 1 | | | | | 1 | 516 | 750 | 0 | 750 | | 1 | | | | | 1 | | | | | |
| | 24 | | | 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 | | Total # Units: | 0 | 24 | 0 | 0 | 0 | 0 | 24 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | | | 24 | 24 | | | | | | | 24 | | | | | 0 | | | | |
| | | | | | | | | | | gross SF | 15,469 | | | | | | | | 24 | | | | | | 0 | |
| | | | | | | | | | | common SF | 2,985 | | | | | | | | | | | | | | | |
| | | | | | | | | | | total rental SF | 12,484 | | | | | | | | | | | | | | | |

| 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 | |
| | | | | per unit month |
| Real Estate Taxes | 24,560 | 2,047 | 85 | excl. ds & res. |
| Property Insurance | 9,500 | 792 | 33 | 527 |
| 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 | | 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 | | 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 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Cash | | 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 |
| DCR | | 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 | 2.0% | 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 | | 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 | | (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 | 73,071 | 82,881 | 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 | 2.0% | 446 | 723 | 979 | 1,201 | 1,434 | 1,651 | 1,635 | 1,833 | 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) | (19,680) | (9,144) | (7,880) | (8,480) | (19,480) | (23,192) | (41,264) | (47,140) | (20,488) | (14,888) |
| Ending Balance | | 28,126 | 40,767 | 51,785 | 63,269 | 74,035 | 73,071 | 82,881 | 94,415 | 105,845 | 106,774 | 104,285 | 83,952 | 57,619 | 57,698 | 63,670 |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 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 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 |
| 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 |
| Taxable Income (Loss) | | (17,999) | (17,687) | (17,587) | (17,401) | (17,229) | (17,071) | (16,928) | (13,639) | (13,528) | (13,433) | (13,355) | (13,295) | (13,253) | (13,231) | (13,228) |
| 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 | | | | | | | | | | | | | | |
| Plus State Credits | | 0 | 0 | 0 | 0 | 0 | | | | | | | | | | |
| Plus Federal Housing Credits | | 53,000 | 53,000 | 53,000 | 53,000 | 53,000 | 53,000 | 53,000 | 53,000 | 53,000 | 53,000 | | | | | |
| 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

| Sources: | Month: | 2009 Dec-09 Constr Closing | Jan-10 | Feb-10 | Mar-10 | 2010 Apr-10 | May-10 Sub Compl | Jun-10 | Jul-10 | Aug-10 8609 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| Construction Loan | | | | | | | | | | | | | | | | |
| Rural Development 515 | 1,000,000 | | | | | | 1,000,000 | | | | | | | | | |
| VHCB/HOME | 195,000 | 195,000 | | | | | | | | | | | | | | |
| 1602 Exchange Loan | 169,652 | | | | | | 135,722 | | | 33,930 | | | | | | |
| Developer Loan | 58,674 | | | | | | 58,674 | | | | | | | | | |
| GP Cap Contrb | | | | | | | | | | | | | | | | |
| LP Cap. Contrib. | 418,700 | 100 | | | | | 334,960 | | | 83,640 | | | | | | |
| TOTALS: | 1,842,026 | 195,100 | 0 | 0 | 0 | 0 | 1,529,356 | 0 | 0 | 117,570 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | 11% | | | | | | | | | | | | | | |
| **Uses:** | | | | | | | | | | | | | | | | |
| ACQUISITION | | | | | | | | | | | | | | | | |
| Land | 56,250 | 56,250 | | | | | | | | | | | | | | |
| Purchase of Building(s) | 693,750 | 693,750 | | | | | | | | | | | | | | |
| Demolition (without replacement) | 0 | | | | | | | | | | | | | | | |
| Property Appraisal | 8,800 | 8,800 | | | | | | | | | | | | | | |
| Legal - Title and Recording | 3,000 | 3,000 | | | | | | | | | | | | | | |
| CONSTRUCTION HARD COSTS | | | | | | | | | | | | | | | | |
| Rehabilitation | 531,199 | 88,533 | 88,533 | 88,533 | 88,533 | 88,533 | 88,533 | | | | | | | | | |
| New Building(s) | 0 | | | | | | | | | | | | | | | |
| 0 | 0 | | | | | | | | | | | | | | | |
| Sitework | 4,400 | 2,200 | 1,100 | 1,100 | | | | | | | | | | | | |
| 0 | 0 | | | | | | | | | | | | | | | |
| Clerk of the Works | 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 | 15,000 | | | | | | | | | |
| Construction Management | 0 | | | | | | | | | | | | | | | |
| Construction Bond Fee | 0 | | | | | | | | | | | | | | | |
| Hazardous Materials Abatement | 19,580 | | 19,580 | | | | | | | | | | | | | |
| Off-Site Improvements | 0 | | | | | | | | | | | | | | | |
| Furnishings, Fixtures, & Equipment | 22,125 | | | 22,125 | | | | | | | | | | | | |
| Other (_____) | 0 | | | | | | | | | | | | | | | |
| SOFT COSTS | | | | | | | | | | | | | | | | |
| Architectural | 51,195 | 25,598 | 5,120 | 5,120 | 5,120 | 5,120 | 5,120 | | | | | | | | | |
| Engineering | 0 | | | | | | | | | | | | | | | |
| Legal/Accounting | 20,000 | 15,000 | | | | | | | | 5,000 | | | | | | |
| Relocation | 10,000 | 5,000 | | | | 5,000 | | | | | | | | | | |
| Environmental Assessment | 7,000 | 7,000 | | | | | | | | | | | | | | |
| Energy Assessment | 0 | | | | | | | | | | | | | | | |
| Permits/Fees | 3,000 | 3,000 | | | | | | | | | | | | | | |
| Independent Market Study | 3,000 | 3,000 | | | | | | | | | | | | | | |
| Construction Period Insurance | 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 | 8,000 | | | | | | | | | | | | | | |
| Taxes During Construction | 0 | | | | | | | | | | | | | | | |
| Clerk of the Works | 0 | | | | | | | | | | | | | | | |
| Marketing | 0 | | | | | | | | | | | | | | | |
| Tax Credit Fees | 2,475 | 2,475 | | | | | | | | | | | | | | |
| Soft Cost Contingency | 8,500 | | | | | | 8,500 | | | | | | | | | |
| Permanent Loan Origination Fee | 0 | | | | | | | | | 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 | | | 37,500 | | | | | | |
| Other Partnership Fees | 0 | | | | | | | | | | | | | | | |
| Consultant Fees | 0 | | | | | | | | | | | | | | | |
| RESERVES | | | | | | | | | | | | | | | | |
| Working Capital | 10,000 | | | | 10,000 | | | | | | | | | | | |
| Rent-up (Deficit Escrow) Reserve | 0 | | | | | | | | | | | | | | | |
| Other Operating Reserves | 47,308 | 47,308 | | | | | | | | | | | | | | |
| Sinking Fund | 0 | | | | | | | | | | | | | | | |
| Replacement Reserves | 14,400 | 14,400 | | | | | | | | | | | | | | |
| Repay Construction Loan | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | |
| TOTAL DEVELOPMENT COSTS | 1,801,982 | 1,083,314 | 133,220 | 136,376 | 123,776 | 119,343 | 160,890 | (35) | (35) | 42,465 | (379) | (381) | (383) | (385) | 0 | 0 |
| 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% | | | 3,887 | 4,498 | 5,123 | 5,690 | 6,237 | (35) | (35) | (35) | (379) | (381) | (383) | (385) | 0 | 0 |
| Cumulative Constr Loan 7.0% | | 848,170 | 981,390 | 1,117,765 | 1,241,541 | 1,360,884 | (7,581) | (7,616) | (7,651) | (82,756) | (83,136) | (83,517) | (83,899) | (84,284) | (84,284) | (84,284) |

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.

# Interesting Housing Fact

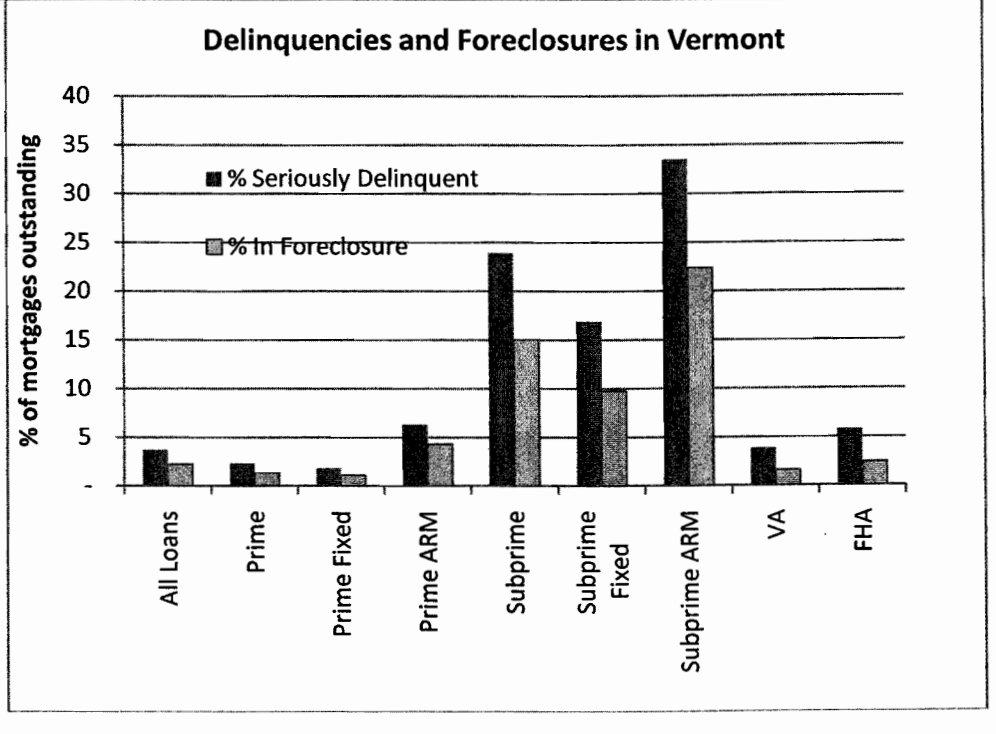
**September 2009 Board Meeting**
**Prepared by Leslie Black-Plumeau**

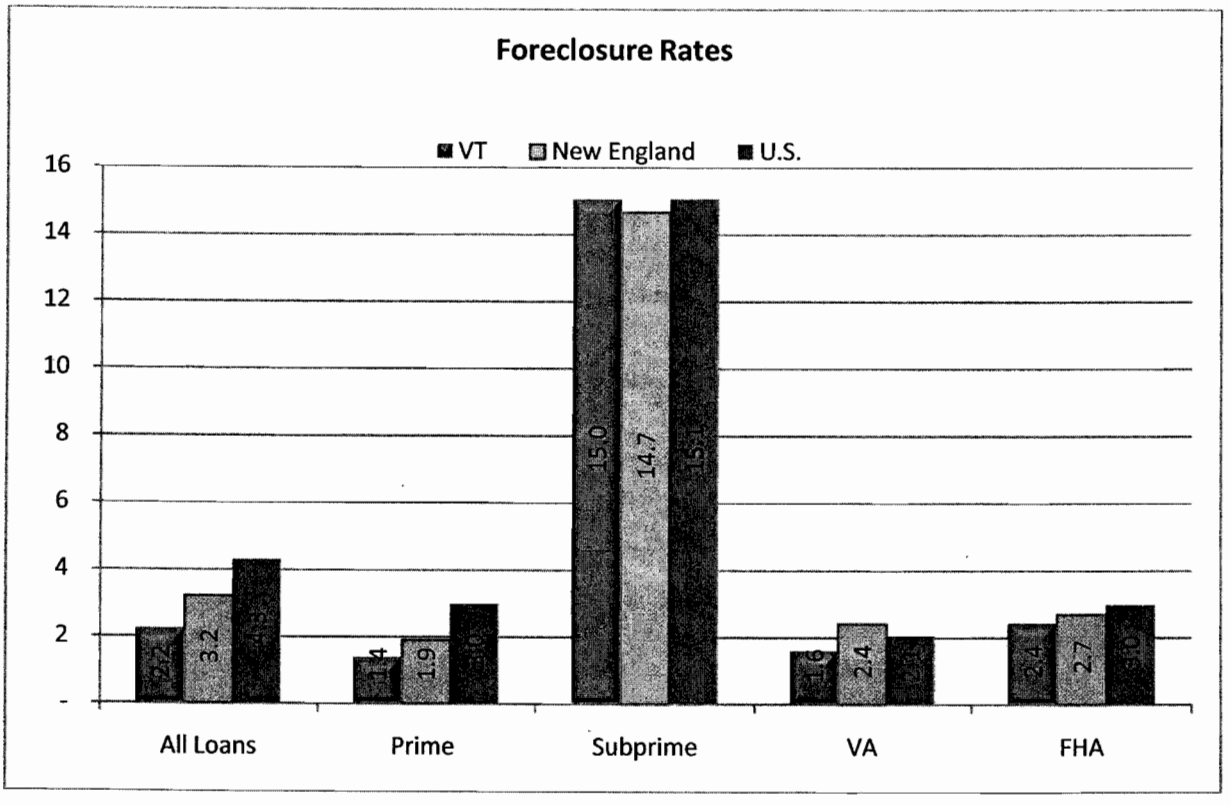
## Delinquencies, Foreclosures, and Mortgages Outstanding in Vermont

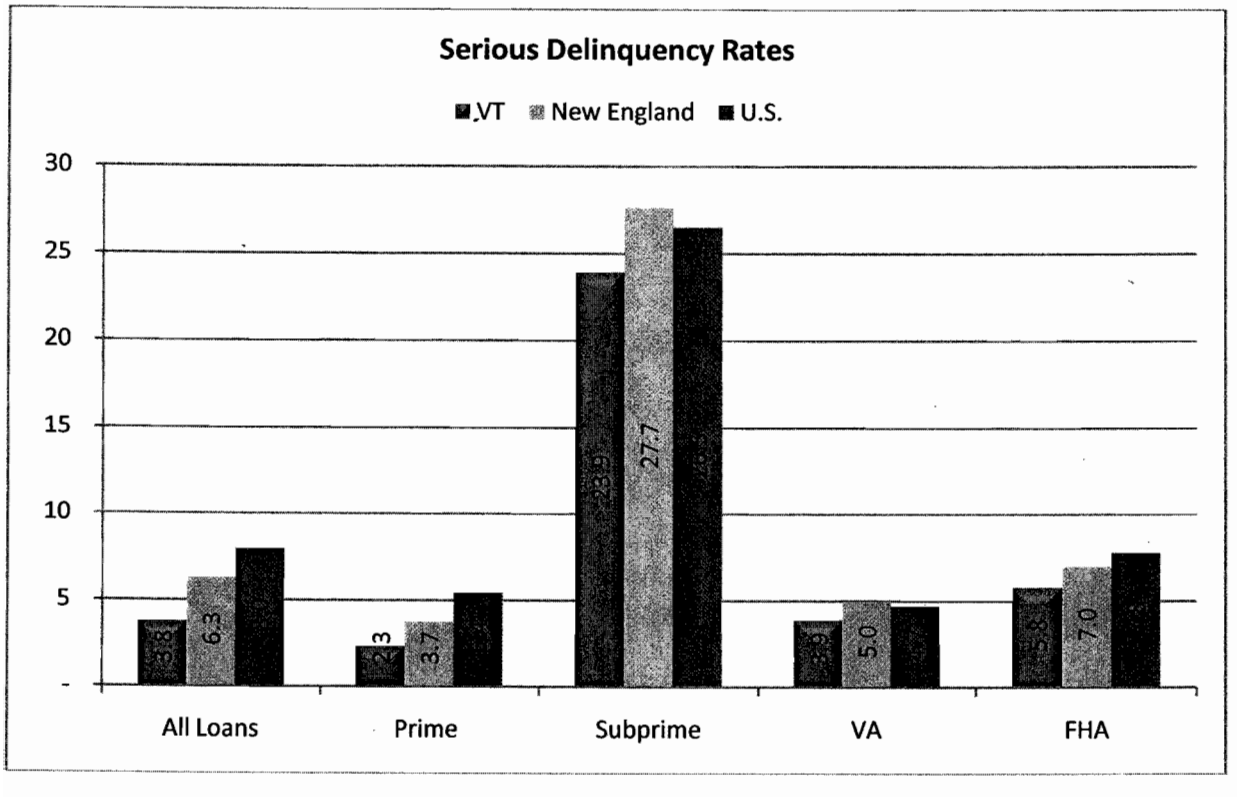
According to the quarterly National Delinquency Survey conducted by the Mortgage Bankers Association, Vermont is faring better than most states in terms of delinquencies and foreclosures. Only 6 states have a lower rate of serious delinquency and only 15 have a lower rate of loans in foreclosure, as of June 30, 2009. This survey is estimated to cover approximately 85% of all first-lien mortgages outstanding. In comparison to all 50 states, only North Dakota has fewer mortgage loans outstanding. No state has fewer VA and FHA loans. All of the following tables and graphs are based on the results of this survey:

**Mortgages Outstanding in Vermont, June 30, 2009**

| | Vermont | | US | |
|---|---|---|---|---|
| **Loan Type** | **Number of Loans** | **% of Loans** | **Number of Loans** | **% of Loans** |
| **All Loans** | 69,389 | 100% | 44,721,256 | 100% |
| **Prime** | 61,909 | 89% | 34,115,271 | 76% |
| Prime Fixed | 56,381 | 81% | 27,638,658 | 62% |
| Prime ARM | 4,248 | 6% | 5,247,260 | 12% |
| **Subprime** | 4,095 | 6% | 4,919,778 | 11% |
| Subprime Fixed | 2,390 | 3% | 2,677,050 | 6% |
| Subprime ARM | 1,705 | 2% | 2,091,556 | 5% |
| VA | 878 | 1% | 1,163,379 | 3% |
| FHA | 2,507 | 4% | 4,522,828 | 10% |




Foreclosure Rates
VT
New England
U.S.
16
14
12
10
8
6
4
2
-
2.2
3.2
4.3
1.4
1.9
2.9
15.0
14.7
15.1
1.6
2.4
2.0
2.4
2.7
3.0
All Loans
Prime
Subprime
VA
FHA


Serious Delinquency Rates
VT
New England
U.S.
30
25
20
15
10
5
-
3.8
6.3
7.8
2.3
3.7
5.3
23.9
27.7
26.3
3.6
5.0
4.4
5.6
7.0
7.6
All Loans
Prime
Subprime
VA
FHA

vhfa

**Vermont Housing Finance Agency**

TO: VHFA Board of Commissioners
FROM: Patricia A. Crady, Director of Homeownership Programs PC
DATE: September 22, 2009
RE: Summary of Homeownership Activities

## PRODUCTION

Production reports as of August 31, 2009 are attached. We have a pipeline of approximately $4.0 million in loans at various interest rates. Earlier this month we sold approximately $458,000 in loans to Fannie Mae for cash and have a commitment to deliver approximately $406,000 in loans in October 2009. Total funding available from the 2008C bonds is $2.9 million ($2.2 million for MBS and $700,000 for the Direct Loan Program). We plan to continue our strategy of selling conventional loans to Fannie Mae for cash whenever possible, and swapping government insured loans for Ginnie Mae securities.

## COLLECTIONS

Delinquency and REO reports as of August 31, 2009 are attached. We continue our strategy to be proactive in working with servicers, our borrowers, and the Homeownership Centers to identify potential candidates for a loan modification, repayment plan, or short sale. We have completed 25 modifications and have approximately 30 pending completion of their 3 month performance period

As of August 31, 2009, VHFA owned 13 properties; 1 sold in September and 2 properties are under contract.

If you have any questions please do not hesitate to call me at 652-3442 or email me at pcrady@vhfa.org.

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

EQUAL HOUSING OPPORTUNITY

## FY10 Production Summary

July 1, 2009 - June 30, 2010

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FY Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MOVE - MBS | 996,691 | 1,348,406 | | | | | | | | | | | 2,345,097 |
| MOVE - Cash Sale | | | | | | | | | | | | | 0 |
| Direct Loan Program | 603,661 | 380,736 | | | | | | | | | | | 984,397 |
| Dollar Total | 1,600,352 | 1,729,142 | | | | | | | | | 0 | 0 | 3,329,494 |
| Total # of Loans | 11 | 12 | | | | | | | | | | | 23 |

## FY09 Production Summary

July 1, 2008 - June 30, 2009

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FY Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MOVE | 7,913,135 | 8,574,063 | 4,624,303 | 4,508,466 | 2,745,710 | 1,582,622 | 407,189 | 539,923 | 566,600 | 703,623 | 955,630 | 475,260 | 33,596,524 |
| HOUSE | 436,200 | 1,387,090 | 655,500 | 234,670 | 148,000 | 458,570 | 440,565 | | | 75,000 | 82,000 | | 3,917,595 |
| Dollar Total | 8,349,335 | 9,961,153 | 5,279,803 | 4,743,136 | 2,893,710 | 2,041,192 | 847,754 | 539,923 | 566,600 | 778,623 | 1,037,630 | 475,260 | 37,514,119 |
| Total # of Loans | 58 | 72 | 42 | 37 | 22 | 19 | 7 | 5 | 4 | 8 | 9 | 4 | 287 |

# FY10 Dollar Volume by Lender

July 1, 2009- June 30, 2010

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PEOPLES TRUST | | 864,226 | | | | | | | | | | | $864,226 |
| VT FEDERAL CU | 163,761 | 162,006 | | | | | | | | | | | $325,767 |
| CHITTENDEN MTG SVCS | 311,757 | | | | | | | | | | | | $311,757 |
| UNION BANK | 147,000 | 136,730 | | | | | | | | | | | $283,730 |
| NORTHFIELD SAVINGS | 142,500 | 110,180 | | | | | | | | | | | $252,680 |
| NAT'L BNK MIDDLEBURY | 251,920 | | | | | | | | | | | | $251,920 |
| OPPORTUNITIES CU | | 222,000 | | | | | | | | | | | $222,000 |
| MTG FINANCIAL SRV | 174,454 | | | | | | | | | | | | $174,454 |
| HERITAGE FAMILY CU | 157,600 | | | | | | | | | | | | $157,600 |
| NORTHEAST HOME LOAN | | 152,000 | | | | | | | | | | | $152,000 |
| NEW ENGLAND FED CU | 146,300 | | | | | | | | | | | | $146,300 |
| CONNECTICUT RIVER | 105,060 | | | | | | | | | | | | $105,060 |
| NORTH COUNTRY CU | | 82,000 | | | | | | | | | | | $82,000 |
| BRATTLEBORO SVNGS | | | | | | | | | | | | | $0 |
| COUNTRYWIDE (BOA) | | | | | | | | | | | | | $0 |
| LAKE SUNAPEE BANK | | | | | | | | | | | | | $0 |
| UNIVERSAL MTG | | | | | | | | | | | | | $0 |
| VT STATE EMP CU | | | | | | | | | | | | | $0 |
| TOTAL | $1,600,352 | $1,729,142 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $3,329,494 |

# FY10 Loan Volume by Lender

July 1, 2009 - June 30, 2010

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PEOPLES TRUST | | 6 | | | | | | | | | | | 6 |
| CHITTENDEN MTG SVCS | 2 | | | | | | | | | | | | 2 |
| NAT'L BNK MIDDLEBURY | 2 | | | | | | | | | | | | 2 |
| UNION BANK | 1 | 1 | | | | | | | | | | | 2 |
| VT FEDERAL CU | 1 | 1 | | | | | | | | | | | 2 |
| NORTHFIELD SAVINGS | 1 | 1 | | | | | | | | | | | 2 |
| CONNECTICUT RIVER | 1 | | | | | | | | | | | | 1 |
| HERITAGE FAMILY CU | 1 | | | | | | | | | | | | 1 |
| MTG FINANCIAL SRV | 1 | | | | | | | | | | | | 1 |
| NEW ENGLAND FED CU | 1 | | | | | | | | | | | | 1 |
| NORTH COUNTRY CU | | 1 | | | | | | | | | | | 1 |
| NORTHEAST HOME LOAN | | 1 | | | | | | | | | | | 1 |
| OPPORTUNITIES CU | | 1 | | | | | | | | | | | 1 |
| BRATTLEBORO SVNGS | | | | | | | | | | | | | 0 |
| COUNTRYWIDE (BOA) | | | | | | | | | | | | | 0 |
| LAKE SUNAPEE BANK | | | | | | | | | | | | | 0 |
| UNIVERSAL MTG | | | | | | | | | | | | | 0 |
| VT STATE EMP CU | | | | | | | | | | | | | 0 |
| TOTAL | 11 | 12 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 23 |

VERMONT HOUSING FINANCE AGENCY
HOMEOWNERSHIP PROGRAM MONTHLY DELINQUENCY REPORT
August 31, 2009

| Lenders | Total Loans | 30 Days | | 60 Days | | 90+ Days | | In Foreclosure & Bankruptcy | | Total Delinquent | | REO | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Peoples United Bank | 1117 | 64 | 5.73% | 25 | 2.24% | 6 | 0.54% | 19 | 1.70% | 114 | 10.21% | 2 | 0.18% |
| Bank of Bennington | 50 | 2 | 4.00% | 1 | 2.00% | 2 | 4.00% | 0 | 0.00% | 5 | 10.00% | 0 | 0.00% |
| Graystone Solutions | 1850 | 106 | 5.73% | 21 | 1.14% | 25 | 1.35% | 26 | 1.41% | 178 | 9.62% | 8 | 0.43% |
| Community National Bank | 334 | 11 | 3.29% | 9 | 2.69% | 4 | 1.20% | 3 | 0.90% | 27 | 8.08% | 0 | 0.00% |
| Union Bank | 299 | 9 | 3.01% | 6 | 2.01% | 6 | 2.01% | 3 | 1.00% | 24 | 8.03% | 0 | 0.00% |
| Brattleboro Savings & Loan | 89 | 3 | 3.37% | 1 | 1.12% | 1 | 1.12% | 0 | 0.00% | 5 | 5.62% | 0 | 0.00% |
| Opportunities CU | 115 | 3 | 2.61% | 1 | 0.87% | 2 | 1.74% | 0 | 0.00% | 6 | 5.22% | 0 | 0.00% |
| Peoples Trust Co. | 104 | 1 | 0.96% | 1 | 0.96% | 1 | 0.96% | 1 | 0.96% | 4 | 3.85% | 1 | 0.96% |
| Connecticut River Bank | 65 | 1 | 1.54% | 1 | 1.54% | 0 | 0.00% | 0 | 0.00% | 2 | 3.08% | 1 | 1.54% |
| Heritage Family Credit Union | 163 | 3 | 1.84% | 0 | 0.00% | 2 | 1.23% | 0 | 0.00% | 5 | 3.07% | 0 | 0.00% |
| New England Federal CU | 592 | 5 | 0.84% | 4 | 0.68% | 3 | 0.51% | 2 | 0.34% | 14 | 2.36% | 1 | 0.17% |
| Mascoma Savings Bank | 46 | 1 | 2.17% | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 1 | 2.17% | 0 | 0.00% |
| Totals | 4824 | 209 | 4.33% | 70 | 1.45% | 52 | 1.08% | 54 | 1.12% | 385 | 7.98% | 13 | 0.27% |
| Totals Previous Month | 4866 | 201 | 4.13% | 71 | 1.46% | 47 | 0.97% | 55 | 1.13% | 374 | 7.69% | 12 | 0.25% |
| Totals Same Mo. Last Yr. | 5694 | 193 | 3.39% | 68 | 1.19% | 23 | 0.40% | 51 | 0.90% | 335 | 5.88% | 7 | 0.12% |

Note: Of the loans in foreclosure, a total of 16 are under a Chapter l3 Bankruptcy Plan

VHFA LENDER PERFORMANCE

| Lenders | Aug 2008 | Sept 2008 | Oct 2008 | Nov 2008 | Dec 2008 | Jan 2009 | Feb 2009 | Mar 2009 | April 2009 | May 2009 | June 2009 | July 2009 | Aug 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bank of Bennington | 6.78% | 5.08% | 5.17% | 5.17% | 5.26% | 3.51% | 1.75% | 5.36% | 5.45% | 4.44% | 13.46% | 13.46% | 10.00% |
| Brattleboro Savings & Loan | 2.08% | 1.04% | 2.08% | 3.13% | 2.08% | 2.08% | 4.21% | 2.17% | 2.22% | 7.41% | 5.62% | 3.37% | 5.62% |
| Chittenden Mortgage Services | 8.59% | 9.15% | 9.07% | 10.84% | 10.59% | 9.62% | 9.32% | 9.51% | 8.96% | 8.68% | 9.59% | 9.56% | 8.08% |
| Community National Bank | 6.92% | 5.73% | 6.03% | 7.16% | 9.97% | 8.24% | 8.26% | 6.03% | 7.49% | 8.93% | 8.77% | 7.69% | 3.08% |
| Connecticut River Bank | 0.00% | 0.00% | 2.99% | 3.03% | 1.52% | 3.03% | 6.15% | 3.08% | 4.62% | 3.08% | 9.09% | 9.23% | 9.62% |
| Graystone | 6.07% | 6.26% | 5.88% | 7.31% | 7.83% | 7.45% | 7.17% | 6.08% | 6.91% | 6.87% | 7.63% | 9.12% | 3.07% |
| Heritage Family CU | 0.61% | 3.05% | 3.01% | 2.40% | 2.38% | 2.98% | 2.41% | 2.45% | 0.60% | 2.44% | 3.03% | 3.64% | 2.17% |
| Mascoma Savings Bank | 4.17% | 4.17% | 4.17% | 6.25% | 4.17% | 4.17% | 2.08% | 6.25% | 2.08% | 2.08% | 2.13% | 0.00% | 2.36% |
| New England Federal CU | 1.59% | 1.90% | 1.26% | 1.25% | 1.10% | 0.78% | 0.94% | 0.96% | 1.62% | 2.29% | 1.99% | 2.35% | 5.22% |
| Opportunites CU | 9.52% | 8.00% | 8.00% | 10.40% | 8.87% | 9.09% | 9.24% | 5.98% | 4.24% | 4.24% | 4.27% | 4.31% | 3.85% |
| Peoples Trust Co. | 4.24% | 3.39% | 4.24% | 4.24% | 3.42% | 6.03% | 3.48% | 5.22% | 4.46% | 5.45% | 3.70% | 3.81% | 10.21% |
| Union Bank | 5.86% | 5.86% | 5.85% | 6.79% | 5.54% | 6.50% | 6.23% | 6.90% | 7.28% | 8.68% | 7.84% | 8.33% | 8.03% |

# HOMEOWNERSHIP DELINQUENCY REPORT
## FISCAL YEAR 2010

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Portfolio # | 4866 | 4824 | | | | | | | | | | | 4845 |
| Total Portfolio $ | 488.1 | 483.4 | | | | | | | | | | | 485.8 |

### NUMBER OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | 201 | 209 | | | | | | | | | | | 205 |
| 60 Days | 71 | 70 | | | | | | | | | | | 71 |
| 90 Days | 47 | 52 | | | | | | | | | | | 50 |
| Foreclosure | 55 | 54 | | | | | | | | | | | 55 |
| Total Delq FY 10 | 374 | 385 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 380 |
| Total Delq FY 09 | 316 | 335 | 344 | 334 | 402 | 411 | 388 | 374 | 339 | 353 | 365 | 391 | 363 |

### PERCENT BY NUMBER OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | 4.13% | 4.33% | | | | | | | | | | | 4.23% |
| 60 Days | 1.46% | 1.45% | | | | | | | | | | | 1.46% |
| 90 Days | 0.97% | 1.08% | | | | | | | | | | | 1.03% |
| Foreclosure | 1.13% | 1.12% | | | | | | | | | | | 1.13% |
| Total Delq FY 10 | 7.69% | 7.98% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 7.84% |
| Total Delq FY 09 | 5.58% | 5.88% | 6.03% | 5.86% | 7.05% | 7.21% | 6.82% | 6.61% | 6.06% | 6.37% | 6.64% | 7.20% | 6.44% |

### DOLLAR AMOUNT OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | $17.6 | $17.0 | | | | | | | | | | | $17.3 |
| 60 Days | $5.4 | $5.6 | | | | | | | | | | | $5.5 |
| 90+ Days | $8.2 | $9.0 | | | | | | | | | | | $8.6 |
| Total Delq FY 10 | $31.2 | $31.6 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $31.4 |
| Total Delq FY 09 | $22.0 | $24.3 | $25.8 | $25.0 | $29.3 | $31.0 | $29.7 | $28.0 | $25.2 | $27.8 | $28.5 | $30.9 | $27.3 |

# REO INVENTORY REPORT

## As of August 31, 2009

| Mortgagor | REO Date | City/Town | Princ. Bal. | Interest | Expenses | Receipts (1) | Total Cost Basis | Valuation Allowance | List Amount (2) | Current Appraisal | Date Last Appraised | Original Appraisal | Loan Date | Type | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ford | 7/24/2008 | St. Albans | $ 97,128 | $ 3,136 | $ 14,551 | $ 27,003 | $ 87,812 | | $ 85,000 | $ 120,000 | 3/5/08 | $ 110,000 | 03/08/06 | Condo | Price Reduced |
| Mailhiot | 8/21/2008 | Chittenden | $ 63,262 | $ 9,827 | $ 22,291 | $ 3,607 | $ 91,773 | $ - | $ 59,900 | $ 102,000 | 9/17/08 | $ 80,000 | 05/03/96 | SF | Was under contract - did not close |
| Lattrell | 12/1/2008 | Vergennes | $ 29,423 | $ 1,662 | $ 13,941 | $ - | $ 45,026 | $ 12,307 | $ 25,000 | $ 28,000 | 1/15/09 | $ 37,500 | 07/01/97 | MH | Price Reduced |
| **Burns** | **2/17/2009** | **St. Albans** | **$ 144,623** | **$ 12,104** | **$ 16,109** | **$ -** | **$ 172,836** | **$ 14,119** | **$ 149,000** | **$ 167,000** | **9/17/08** | **$ 177,000** | **10/13/04** | **2F** | **UC $149,000; Property sold on 9/3/09** |
| Greene | 3/30/2009 | Randolph | $ 68,297 | $ 9,733 | $ 22,170 | $ 3,943 | $ 96,257 | $ - | $ 128,000 | $ 128,000 | 9/4/08 | $ 82,000 | 10/27/90 | SF | RD Guaranteed |
| Morey | 4/4/2009 | Barre | $ 42,994 | $ 6,125 | $ 9,537 | $ - | $ 58,656 | $ - | $ 58,000 | $ 58,000 | 7/9/09 | $ 60,000 | 11/15/91 | MH | new listing |
| Lovar | 5/20/2009 | Bolton | $ 29,964 | $ 1,270 | $ 8,091 | $ 10,500 | $ 28,825 | $ 5,050 | $ 30,000 | $ 28,000 | 6/26/2009 | $ 32,500 | 10/1/2002 | MH | MH in Park |
| Fletcher | 5/22/2009 | Springfield | $ 64,245 | $ 8,358 | $ 16,525 | $ - | $ 89,128 | $ - | $ 79,000 | $ 80,000 | 4/21/2009 | $ 70,000 | 8/28/2000 | SF | RD Guaranteed; Price Reduced |
| **Plaster** | **5/22/2009** | **Weathersfield** | **$ 114,117** | **$ 10,512** | **$ 16,763** | **$ -** | **$ 141,392** | **$ 1,010** | **$ 69,000** | **$ 95,000** | **4/21/2009** | **$ 120,000** | **8/6/2004** | **SF** | **RD Guaranteed; Under Contract $69,000** |
| **Hillier** | **6/23/2009** | **Rutland** | **$ 87,967** | **$ 7,410** | **$ 16,525** | **$ -** | **$ 111,902** | **$ -** | **$ 68,000** | **$ 82,500** | **5/26/2009** | **$ 95,000** | **12/6/2006** | **SF** | **RD Guaranteed; UC $68,000; closing 12/18/09** |
| Comeau | 7/28/2009 | Rutland | $ 83,989 | $ 7,333 | $ 13,084 | $ - | $ 104,406 | $ - | $ 74,500 | $ 67,000 | 6/13/2009 | $ 90,000 | 6/13/2003 | SF | RD Guaranteed; New Listing |
| VanDenBent | 8/7/2009 | Bakersfield | $ 180,313 | $ 15,002 | $ 20,015 | $ 55,290 | $ 160,040 | $ - | $ 168,000 | $ 168,000 | 8/25/2009 | $ 192,000 | 6/16/2006 | SF | new listing |
| Rhoad | 8/25/2009 | Windsor | $ 146,030 | $ 7,386 | $ 3,801 | $ - | $ 157,217 | $ - | | | | $ 165,000 | 5/25/2007 | SF | Occupied by Tenant until 11/23/09 |
| **13** | | | **$ 1,152,352** | **$ 99,858** | **$ 193,403** | **$ 100,343** | **$ 1,188,053** | **$ 32,486** | **$ 993,400** | **$ 1,123,500** | | **$ 1,311,000** | | | |

**REOS that are under deposit**

(1) Receipts column represents actual and projected/estimated mortgage insurance claim payments

(2) If Property is under deposit the List Price is the actual sale price.

vhfa

Vermont Housing Finance Agency

# MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: October 8, 2009

**RE: CONFIRMATION OF UPCOMING VHFA BOARD MEETING**

This is to notify you that the next meeting of the Vermont Housing Finance Agency Board of Commissioners has been confirmed. The meeting will be held:

**Thursday, October 15, 2008**
The Great Room
Main Street Landing Performing Arts Center,
Corner of Lake & College Streets, Sixty Lake Street,
Burlington, Vermont
**8:00 a.m. – 9:00 a.m.**

Attached are the Agenda and Board packet. Please feel free to contact me should you have any questions prior to the meeting.

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

EQUAL HOUSING OPPORTUNITY

**VHFA BOARD MEETING AGENDA**
**Thursday, October 15, 2009**
The Great Room
Main Street Landing Performing Arts Center,
Corner of Lake & College Streets, Sixty Lake Street,
Burlington, Vermont
**8:00 a.m. – 9:00 a.m.**

**Meeting Start**

**Review and Approval of September 29, 2009 Minutes** (5 minutes) — Enclosure

**Executive Director's Report** (5 minutes) — Carpenter/Enclosure

**Administration**

- IT Planning (5 minutes) — Loller/Enclosure
- Server Replacements\Virtualization (5 minutes) — Loller/Enclosure

**Finance**

- KPMG Financial Audit (15 minutes) — Connors/Enclosure
- Authorized Officers for Morgan Stanley Smith Barney Account (5 minutes) — Connors/Enclosure

**Executive Session**

**Other Business**

**Adjournment**

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**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), Dagyne 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.



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**phone** (802) 864-5743 **fax** (802) 864-5746 **www.vhfa.org**

EQUAL HOUSING OPPORTUNITY

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.

vhfa

Vermont Housing Finance Agency

# MEMORANDUM

**TO:** VHFA Board of Commissioners

**FROM:** Sarah E. Carpenter, Executive Director

**DATE:** October 15, 2009

**RE:** **EXECUTIVE DIRECTOR'S REPORT**

## Administration

Sam Falzone celebrated his 30 year anniversary with the Agency on October 1st - where do the years go! Staff celebrated the occasion with cake and not one, but two very creative Ode's to Sam! Jacklyn Santerre also had a milestone celebration this year - reaching her 25 year anniversary also on October 1st. My congratulations to both Sam and Jacklyn for so many years of service to the Agency (and VHMGB!)!

Martha Panton attended the United Way Key Person training at the end of September. The United Way Committee has already met and mapped out the events for this year's campaign, which will kickoff at the November 3rd staff meeting.

The IT Staff just completed a software upgrade to the Agency's phone system, which was the first since it's installation in 2004. Engineers from Ronco were on site for the weekend upgrade and then subsequent after work completion on September 22nd. Staff also worked with SymQuest on the replacement of the network firewall, resulting in a seamless transition. The new firewall offers greater protection and response time for the network.

Sherri Mullin, Applications Specialist and Lisa Clark, SR Financial Analyst recently attended the Mitas annual Users Conference in Texas. The 2009 release is scheduled for early December. Mitas reported that future releases will be done on a monthly basis vs. annual to ensure all customers are current with patches/fixes. They also announced their future direction will be on the dot.net platform, though specifics were not yet available on how this might affect our current version of software.

The Socially Responsible Committee has been active this fall. On September 24th Tracy MacLean from Mobius, The Mentoring Movement, attended a staff brown bag luncheon to speak about mentoring opportunities in the community. Tracy shared the significant need in Chittenden



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EQUAL HOUSING OPPORTUNITY

County for adult mentors to provide guidance for young people of all ages. Several staff attended and Tracy was very thankful for the Agency being willing to have her come present to staff.

The second initiative is just getting underway - Coats for COTS. The Agency will be collecting coats for homeless individuals needing COTS services - this includes infant through adult XXXL sizes. Board members are also welcome to drop off coats through October 15th (or better yet bring to the retreat). All gently used and/or new coats are welcome (raincoats and umbrellas are also needed).

**Development**

Development has seen three closings recently: Cathedral Square Senior Living in Burlington; River Bend in Enosburg; and Salmon Run in Burlington. Salmon Run represents the culmination of several years of work on the part of the developer and is a large permanent financing for VHFA to retain in the Agency's portfolio. There has also been more activity in the single family area as previously reported – all of the Proctorsville condos have now sold, and (with the final pay-in of equity from homeownership tax credits) our construction loan will soon be fully paid off. Condos at Butterfield in Dover and East Branch Farms in Manchester have sold or are under deposit, and The Cascades in Winooski still sees steady (albeit slow) sales activity.

Staff have begun quarterly reporting to HUD and the Treasury on TCAP and Exchange loans, and have worked with counsel on implementing the details of those programs in our loans. Staff attended: a meeting of the Vermont Affordable Housing Coalition, two meetings of a subcommittee of the Preservation Council, two webcasts on HUD 202 and 811 funding, and a phone conference with Treasury on the Exchange program reporting. Dave and Josh also met with the developers of Middlebury South Village to examine alternatives for that site, and staff have had discussions with developers on projects in Essex, West Rutland, Windsor, and Pownal.

**NSP\HARP**

As of September 30th, the Agency has acquired 7 properties, with offers accepted on 10 others which will close during the month of October. Estimated NSP funds committed for acquisition and rehabilitation of these and 5 other properties where offers have been made but not yet accepted are now estimated at $3.2 million. Taking anticipated carrying and marketing expenses associated with these properties, along with our administrative expenses to date, we estimate will have spent $3.5 million of the $7 allocated to the HARP program. No rehab work has begun on any of the acquired properties pending final inspection reports and approval of scope of work and final contracts. We are hopeful that work on a number of these will begin in October.

Two examiners from the HUD Inspector General's Office will be on site October 12th to the 15th to review our program activities to date and to do site visits on several of the acquired properties. Lori Gilding and Dave have been preparing for that visit with the help of Ann Kroll from the ACCD who oversees the NSP Program for the State.

**Homeownership**

The Homeownership Department continues to see some volume in-spite of having to operate with interests .125% to .25% above conventional rates. Production consists predominantly of

loans originated using the Land Trust –Shared Appreciation model or loans using a 20% Community Second mortgage provided by the Home Ownership Centers (Rutland) in conjunction with an 80% first mortgage delivered to VHFA and sold to Fannie Mae. The Homeownership Department has done very well to work with the remaining 2008-C bond funds (approximately $2.3 million) by selling loans to the Fannie Mae cash window. Cash sales have totaled approximately $1.4 million, with gains on sale at just under $29,000.

Homeownership will continue to work toward putting together a bond deal, in hopes of a Treasury Announcement, or using a fixed rate structure but with a 10 to 15 year call provision. Fannie Mae has introduced a 100% LTV product with no requirement for mortgage insurance that will be exclusive to HFAs. There are a number of issues that the Agency will need to evaluate as part of and in order to implement this loan program. Piper Jaffrey has run cash flows on our single family resolutions and determined we have approximately $13.5 million in loan repayments that can be recycled and used to sustain our single family program for a while longer. The Mortgage Credit Certificate Program is still under consideration pending the outcome of the options noted above.

**Multifamily**

The Foreclosure action with our Alburgh Family property is moving forward with Frank Kochman representing VHFA. A hearing is scheduled for October 8th although the defendants have agreed to an immediate completion of the proposed Final Judgment Order and Decree of Foreclosure. The hearing may be cancelled as a result and we can expect a much shortened redemption period. We anticipate that a sale and redevelopment of this 13 unit family property will occur soon after our taking title.

The joint VHFA/VHCB on-line Energy Survey has been completed and 318 multifamily properties submitted data that will help prioritize properties for the many energy funding programs based on their consumption measured by total BTUs per square foot. RGGI, DOE & State Weatherization funds, Efficiency Vermont Electric, EECBG administered through VHCB and MacArthur funds are all available and these sources are working cooperatively to design a way to access and use these resources efficiently.

**Finance**

Finance continues to focus on liquidity substitution for Depfa and Dexia. After replacing Series 22 and 26 in August ($27.3 million), the Agency has one more Depfa series to replace for $14.5 million. The negative basis on the variable rate debt (or excess financing costs) that were once as high as $500k per month earlier in the year is now less than $75K per month. If the Agency can replace that remaining Depfa series, the monthly costs will drop to approximately $20k per month. The interest rates on the series with Dexia liquidity have come down on their own accord as the market has gotten more comfort over Dexia as a liquidity provider over the past few months. The Agency is hoping to have a couple of options to replace Series 23 (a rumored liquidity plan sponsored by the Federal Government or replacement liquidity with TD Bank). The rates on the remaining Depfa series, which were once as high as 8%, recently dropped to 5%, which results in significant savings. The Agency was informed recently that despite their best efforts, Wells Fargo/Wachovia will not be able to offer liquidity to VHFA.

As mentioned previously, the other option for dealing with the high interest costs on Series 23 is for the Agency to buy its own bonds. The Agency has taken several steps to make this possible, but ran into a challenge negotiating with Depfa, who needed to approve the transaction. Depfa wanted to negotiate the reduction of the term of the current contract from 2020 to 2010. The Agency is not willing to make such a major concession at this time and negotiations are on hold.

The team has completed a thorough review of the investment portfolio to see how cash might be put to better use, either by increasing return on investments or reducing financing costs. Several strategies have been put in motion, including calling bonds in advance using excess cash in the programs, reducing the Agency's financing costs and "recycling" principal collections into new mortgage loans.

The entire Finance team has been focused on closing the books for the year and completing the year-end audit. The audit has gone well and KPMG presented preliminary financial statements to the Board Audit Risk Committee on September 29th. The Committee will recommend that the full Board accept the financial statements at the October 15th Board Meeting. This was an excellent team effort by both the VHFA finance team and the KPMG audit team.

The Agency continues to look for ways to issue bonds both for single family and multifamily mortgages. There has been a working group involving representatives from the State of VT and VHFA discussing ways to leverage the moral obligation of the State to develop a bond structure that will result in an acceptable mortgage rate. The concept has been presented to Moody's and the process is progressing. The Agency is also hoping to soon hear the details of a possible bond purchasing program involving the Federal Government and the GSE's.

The Finance team is very pleased to announce the addition of Sara Hoehn to the Finance Department team. Sara joined us on October 1st to fill the Staff Accountant position recently vacated by Ashley. Sara is native Vermonter who hails from the Upper Connecticut River Valley area. She is a recent graduate of the University of Maine with a Bachelor of Science degree in Business Administration. She comes to VHFA via a short stop in Austin, Texas where she worked as a staff accountant for a local CPA firm.

**Policy and Planning**

As I mentioned earlier we still have not heard anything specific from the Feds about a program to assist HFA's with liquidity or bond purchases. Tom, George, Scott and I did attend the annual NCSHA meeting. If nothing else we felt in good company with our struggles.

The NCSHA Board, which I was reelected to, spent some time on their legislative agenda which I will forward to you under separate cover.

See you on the 15th.

vhfa

**Vermont Housing Finance Agency**

TO: Agency of Commerce and Community Development
Attn: Ann Karlene Kroll, Director of Grants Management

FROM: Vermont Housing Finance Agency by Dave Adams and Lori Gilding
NSP/HARP Program Administrators

SUBJECT: Progress report quarter ending September 30, 2009

DATE: October 9th, 2009

**Property Activity**

As of September 30th, VHFA has acquired 7 properties with acquisition cost totaling $816,295. The Agency has another 10 properties under contract that should close in October with additional acquisition costs of $1,097,900. We have offers pending on 5 other properties that if accepted will commit another $498,899 of NSP funds to the program. Rehab estimates for all of these properties are estimated at $833,800 but likely to increase as a final scope of work and contractor bids are put together. The current estimate for rehab is based on preliminary inspection reports provided by the home ownership centers and professional inspection services. These 22 properties are well disbursed around the State with Franklin County (5 properties) and Rutland Count (7 properties) showing a higher concentration than other areas. A property Summary spreadsheet is attached providing greater detail for property activity undertaken up to the date of this report.

VHFA continues to see the bulk of the REO's coming from various Realtors around the State. We have purchased several REO's directly from a few local Vermont lenders, but we found out early on in the program that Vermont lenders do not have a lot of REO's on their books, and have not had a lot of difficulty selling them. As reported last quarter, VHFA is working with the National Community Stabilization Trust to be able to see REO's from a number of the national lenders with a more buyer friendly Purchase and Sales Agreement that has been modified for better consistency with the NSP Program. VHFA has also enrolled in Fannie Mae's "First Look Program", under which only offers from owner-occupants or individuals/organizations using public funds will be entertained for the first 15 days. The First Look program also provides for Deposit Waivers, Appraisal protections consistent with the NSP program requirements, and a more generous time-frame (up to 45 days) to close. VHFA continues to work with Realtors on properties in the First Look program.

**Financial Status**

The above purchase activities and rehab estimates put the total funds committed or likely to be committed as of 9-30-09 at approximately $3.25 million with another $63,000 spent on other program/administrative expenses. Having therefore committed nearly 50% of the funds allocated to the HARP Program in the first 4 months of the program, VHFA feels it is on a comfortable pace with being able to commit all $7 million of NSP/HARP funds by the September 2010 deadline. We will monitor this closely to ensure there are sufficient funds available to cover ongoing administrative, carrying and marketing expenses from remaining

program funds, and anticipated program income. VHFA will create an income/expense report in spreadsheet form for the next quarterly report to make current and projected financial status of the NSP/HARP program easier to see and report.

**Other issues**

All properties that have been acquired or that are in the process of being acquired are in need of some level of rehabilitation. We anticipate a couple of the homes may be resold prior to year end, but most will be under construction and not ready for resale until January-March 2010 time-frame.

VHFA continues to have issues with the provisions of purchase and sale addendums required by the national lenders. An example from PHH Mortgage is attached. These contracts strip away most protections a typical homebuyer would want, protected only by "financing contingency" that are retained for a buyer financing the acquisition. In VHFA's case, it is a cash buyer and therefore does not have those typical protections. As a result, VHFA is making sure to order full and comprehensive property inspections, appraisal reports, and in a few cases title work, as soon as we have a verbal acceptance of our offer. While this leaves some exposure to spending NSP funds without resulting in a property acquisition, the time timelines and penalties for not meeting those timelines offset that risk. VHFA has walked away from only one property after a verbal offer was accepted as a result of the property inspection (also site visit by Lori Gilding and Dave Adams). In the case of 30 Stygles Drive in Eden, VHFA cancelled our offer after seeing the property and noting the difficult site, proximity of high water table around the home, unknown condition of a shallow well, and unknown condition of the septic system (mound system with pump). VHFA also withdrew (reduced our offer price by $30,000) our offer on 119 Fairground Road in Springfield based on a $29,000 cost estimate to repair the septic system. VHFA notes that we see a number of properties in very rural settings, that would require extensive rehabilitation that even once fixed up, may not be marketable. We continue to rely heavily on the recommendations of the homeownership centers and will generally pursue properties that they feel can be acquired, rehabbed and sold at prices, that with NSP subsidy, will be affordable to the income targeted home buyer.

The upcoming quarter will see the start of significant rehabilitation work, in addition to VHFA's acquisition activities. This entails reviewing proposed scopes of work in conjunction with property inspection reports and energy audits for each property to ensure all required work is identified. VHFA works with the Homeownership Centers to put the work out to bids, select contractors, and to monitor construction progress with requisitions. We expect this work will put many contractors who are out of work or underemployed back to work for the fall and winter months.

VHFA is happy to respond to any questions or provide additional information as requested.

SAMPLE CONTRACT

**COUNTER OFFER/ADDENDUM Loan # 0035367184**

*THIS IS INTENDED TO BE A LEGALLY BINDING AGREEMENT*
*READ IT CAREFULLY*

NRT REOExperts LLC

Corporate
Fax

**THIS FORM HAS IMPORTANT LEGAL CONSEQUENCES AND THE PARTIES SHOULD CONSULT LEGAL AND TAX OR OTHER COUNSEL BEFORE SIGNING.**

**PHH Mortgage Counterproposal to Purchase and Sale Agreement**

**SECTION I**

RE: This counterproposal amends the proposed Contract dated October 05, 2009 between PHH Mortgage, (Seller) and Vermont Housing Finance Agency, (Buyer), relating to the sale and purchase of the following described real estate in the County of _____, _____:

Known as 173 CLARENDON AVE, WEST RUTLAND, VT 5777. (Property)

The Buyer accepts the counterproposal which amends the proposed Contract as follows:

- **PRICE:** The total Purchase Price shall be $ 115,000. The Earnest Money of $ 1,000 is due upon acceptance and is to be held by the Seller's/buyer's Title Company or Seller's/buyer's Attorney.

- **SELLER CONCESSIONS:**

| | |
|---|---|
| Closing Costs (not to exceed): | $ 0 |
| Repair credit/allowance: | $ 0 |
| Negotiated Treatment and/or repairs: | $ 0 |
| Lender Required Repairs: | |
| Homeowners Warranty Amount: | $ 0 |
| Other: na $ 0 | |
| Other: | |

Commission is paid on gross sales price
If Seller has agreed to any costs on behalf of the Buyer, these costs will be reimbursed at the time of closing. In the event closing does not occur, Buyer will be responsible for any costs he or she has incurred resulting from this Contract. Agreed upon closing costs paid by Seller will be reimbursed at the time of closing based on actual closing costs (not a lump sum credit).

- **CLOSING:** The closing shall be on or before November 10, 2009. (the "Closing Date") The Seller's Closing Agent will be Lobe & Fortin (Title and Closing) / Corey Fortin x12.

**TIME IS OF THE ESSENCE IN THIS CONTRACT.**

**IN THE EVENT ANY PROVISIONS OF THIS COUNTERPROPOSAL CONFLICT IN WHOLE OR IN PART WITH THE TERMS OF THE CONTRACT FOR SALE TO WHICH IT IS ATTACHED, OR ANY ADDENDA TO THE CONTRACT, THE PROVISIONS OF THIS COUNTERPROPOSAL WILL PREVAIL UNLESS SUCH PROVISIONS ARE CONTRARY TO ANY LAWS OR OTHER APPLICABLE LEGAL PROHIBITIONS, IN WHICH CASE THE CONTRACT SHALL GOVERN ONLY TO THE LIMITED EXTENT NECESSARY FOR COMPLIANCE WITH SAME.**

**Buyer's Initials** _____

The terms and conditions of this Contract are further countered and/or modified to include the following:

1. **Special Warranty Deed.** The Seller shall furnish to Buyer at closing, either a **Special Warranty Deed**, a **Quitclaim Deed** or its local equivalent. **Buyer intends to hold title in the name of: Vermont Housing Finance Agency**

BUYER INITIALS: _____ SELLERS INITIALS: _____

**COUNTER OFFER/ADDENDUM Loan # 0035367184**

*THIS IS INTENDED TO BE A LEGALLY BINDING AGREEMENT*
*READ IT CAREFULLY*

NRT
REOExperts LLC

Corporate
Fax

**Buyer's Initials** _____

2. **Consideration of Offers.** Buyer acknowledges that Seller may have received offers prior to or may receive offers after receipt of this offer. Buyer acknowledges that the Seller may consider all offers to purchase, regardless of the date of receipt and that Seller may accept or reject any offer in its sole discretion. Seller's acceptance of this offer is evidenced solely by Seller's signature herein and no prior oral discussions or representations if any by Seller or its agents, shall be binding against Seller unless set forth in this Counterproposal. **SELLER RESERVES THE RIGHT TO CANCEL THIS CONTRACT AT ANY TIME, UP TO AND INCLUDING CLOSING, FOR ANY REASON. IN THE EVENT OF A CANCELATION BY SELLER, BUYER'S SOLE AND EXCLUSIVE REMEDY IS A REFUND OF THE BUYER'S EARNEST MONEY AND SELLER SHALL HAVE NO FURTHER OBLIGATIONS TO THE BUYER WHATSOEVER AND BUYER AGREES THAT IT SHALL HAVE NO FURTHER CLAIM AGAINST SELLER AT LAW, EQUITY OR OTHERWISE.**

**Buyer's Initials** _____

3. **Special Conditions.** Buyer acknowledges that Seller obtained the Property by foreclosure or a deed in lieu of foreclosure. The Contract may be subject to the following; (1) approval by the private mortgage insurer, (2) repurchase of the Property by the prior mortgage servicer or insurer, or (3) the ability of the Seller to clear title as required by the Contract. In the event that any of these conditions apply, the Seller shall notify the Buyer that the sale is canceled and the Seller shall promptly refund the Buyer's earnest money. This shall be the Buyer's sole and exclusive remedy and Seller shall have no further obligations to the Buyer whatsoever.

Neither Seller nor any person acting as Seller's representative or agent has occupied the Property and neither warrants or represents that the Property or any alterations or additions which may have been made to the Property conform to local building codes, zoning requirements or any other applicable laws, rules or regulations.

Buyer hereby acknowledges that Seller shall not be providing Buyer with a Real Estate Transfer Disclosure Statement and/or a Certificate of Occupancy with respect to the Property. Buyer hereby waives any requirement that Seller furnish Buyer with any such disclosure statement and/or a Certificate of Occupancy and hereby releases Seller and its representatives or agents from any and all liability resulting from the non-delivery of such disclosure statement and/or Certificate of Occupancy.

**Buyer's Initials** _____

Mold, mildew spores and/or other microscopic organisms and/or allergens (collectively referred to in this Agreement as "Mold") are environmental conditions that are common in residential properties and may affect the Property. Mold, in some forms, has been reported to be toxic and to cause serious physical injuries, including but not limited to, allergic and/or respiratory reactions or other problems, particularly in persons with immune system problems, young children and/or elderly persons. Mold has also been reported to cause extensive damage to personal and real property. Mold may have been removed or covered in the course of any cleaning or repairing of the Property. The Buyer acknowledges that, if Seller, or any of Seller's employees, contractors, or agents cleaned or repaired the Property or remediated Mold contamination, that Seller does not in any way warrant the cleaning, repairs or remediation. Buyer agrees to purchase the Property "AS-IS," subject to the Property conditions that exist as of the Closing Date. Buyer accepts full responsibility for all hazards that may result from the presence of Mold in or around the Property. Buyer is satisfied with the condition of the Property notwithstanding the past or present existence of Mold in or around the Property and Buyer has not in any way, relied upon any representations of Seller, Seller's employees, officers, directors, contractors, or agents concerning the past or present existence of Mold in or around the Property.

**Buyer's Initials** _____

**4. Personal Property.** Items of personal property are not included in this sale. Seller makes no representation or warranty as to the condition of personal property, title to personal property or whether any personal property is encumbered by liens. Buyer agrees that Seller shall have no liability for any claim or losses Buyer or Buyer's successors and/or assigns may incur as a result of any condition or defect which may now or hereafter exist with respect to the Property. **There will be no Bill of Sale provided at Closing with the exception of the Mobile Home title.**

**Buyer's Initials** _____

**5. Occupied Property.** In the event the Property is occupied by tenant(s), Seller makes no representations regarding (i) the existence of a written lease agreement, (ii) the term of such tenancy, (iii) whether or not the tenants are current with their rent payments, (iv) the amount of rent that should be paid, or (v) compliance with rent control or registration laws or any other applicable federal, state and/or local law. In addition the Seller does not hold any security deposits for any tenant(s) and will not transfer any security deposits to the Buyer. After closing of the purchase and sale of the subject Property, it shall be the Buyer's sole responsibility for the return of security deposits and any interest upon demand of any tenant(s).

**6. As Is Condition. Buyer accepts the Property in "AS IS" condition at the time of closing, including any hidden defects known or unknown. Buyer understands, acknowledges and agrees that neither Seller nor any person acting as Seller's representative and/or agent is making any warranties or representations, either express or implied, as to the condition of the Property. The Property is being conveyed to Buyer(s) in its "AS IS, WHERE IS" condition. It is the right and responsibility of the Buyer to inspect the Property and Purchaser must satisfy himself/herself as to the condition of the Property. Buyer hereby releases and agrees to hold harmless Seller and Seller's agents from any and all claims or liability with respect to the condition of the Property. Buyer acknowledges that any costs associated with treatment for wood-boring insects (termites, bees, etc), or to repair existing wood-boring insect damage, is to be at the expense of the buyer.**

Seller, most specifically, make no warranty or representation to whether the utilities serving the Property are public or private.

**Buyer's Initials** _____

**7. Buyer's Right to Inspect:** Buyer acknowledges its opportunity to inspect and investigate the Property and all improvements thereon, either independently or through agents of Buyer's selection. Buyer agrees that these inspections shall be made at Buyer's own expense and all such inspections shall be completed within seven (7) days from the execution of this Counterproposal by the Seller. Buyer shall rely solely on Buyer's inspection and review to evaluate the condition of the Property. Buyer further acknowledges and agrees that he/she is not relying on any statements or representations made by Seller or Seller's agents (including but not limited to information disclosed on the MLS) as to the condition of the Property and/or to any improvements thereon, including, but not limited to, heating, sewage, roof, foundations, soils, septic, lot size or suitability of the Property and/or its improvements for particular purposes or that any appliances, if any, plumbing and/or utilities are in working order, and/or that the improvements are structurally sound and/or in compliance with any local, city, county, state and/or federal statutes, codes or ordinances. Buyer acknowledges that it is Buyer's responsibility to obtain inspection reports as to the condition of the Property and/or to any improvements thereon, by qualified professionals on the appliances, structural components, heating / air conditioning, sewage, roof, foundations, soils, septic systems, plumbing, suitability for use of the Property, utilities and to determine the presence of any toxic or hazardous substances on the Property, including, but not limited to, radon, asbestos, lead paint, mold or any other factors that would render the Property uninhabitable or dangerous to the health of the occupants, or otherwise not in compliance with any law or regulation, or any other factors regarding the Property about which Buyer may be concerned. If Buyer fails to

Inspect the Property, such failure shall not alter or impair the understanding and agreement between the Seller and Buyer as set forth in the Contract. No inspections may be made by any building or zoning inspector or government employee without the prior consent of Seller.

Buyer agrees to indemnify Seller and fully protect, defend and hold Seller, its affiliates, parent, tenants, agents, employees and contractors, harmless from and against any and all claims, costs liens, loss, damages, attorney's fees and expenses of every kind and nature that may be sustained by or made against Seller or any damage to the Property or to any adjoining property, or any injury to Buyer or any other persons that may result or arise out of inspections made by Buyer or its agents, contractors, employees and/or contractors prior to closing.

8. **Risk of Loss:** Seller shall maintain the Property until transfer of title in materially the same condition as of the date of the acceptance of this Counterproposal, except for ordinary wear and tear. If prior to closing, the Property is damaged, the Seller may make repairs to restore it to the same condition as of the date of acceptance of this Counterproposal. If the Seller elects to not repair the Property, the Buyer may accept the Property in its damaged condition, re-negotiate the Contract or declare the contract null & void upon which the earnest money deposit will be returned to the Buyer which shall be Buyer's sole and only remedy. **Under no condition will Seller's insurance proceeds, if any, be assigned to the Buyer.**

Upon closing, Seller shall be relieved of all responsibility and liability for maintaining hazard, flood, or title insurance on the Property. All hazard, flood and title insurance policies shall be terminated by Seller immediately upon Closing. Buyer will be responsible for obtaining the required hazard, flood and mortgagee title insurance if lender so requires prior to closing.

9. **Subject to:** **(Initial applicable sections; non-applicable sections should be marked "N/A")**

JS ____ A. **CASH:** The Contract for Sale, to which the Counter Proposal is attached, is a cash transaction. Verification of funds required to close shall be provided to Seller with the Buyer Executed copy of this Counter Proposal. Buyer, herewith, acknowledges and agrees that five (5) days from the inspection deadline, the earnest money shall become non-refundable. If this sale fails to close on the Closing Date, herein, due to the Buyer's fail to provide cash at the Closing, or for any other related reasons including but not limited to a change from cash to financing, both the Buyer and Seller agree that all earnest monies shall be immediately released to the Seller as liquidated damages.

Execution of this document, will serve as a written release, and the only release necessary, for the escrow company or closing agent to immediately release this earnest money to the Seller.

____ ____ B. The Buyer may obtain financing from the lender of Buyer's choice. Within seventy-two (72) hours of execution of this Counter Proposal, Buyer agrees either to apply for financing or to provide evidence to the Seller that a lender has pre-approved Buyer for financing. Proof of lender's unconditional commitment to lend must be provided to Seller with __14__ days of execution of this Counter Proposal. Buyer shall pay for any and all costs associated with the loan application process, including but not limited to Application fee, appraisal and credit report, unless Buyer's payment of such a cost is restricted due to financing insured by a governmental agency.

10. **Survey and Other Costs:** If a survey is required to close, it will be the sole responsibility of Buyer to obtain a survey acceptable to the Title Company and the lender within the stated closing period

herein and will be at the Buyer's expense. In the event the Seller is obligated to give extended coverage, which is normal and customary, Seller will not be required to do so if the title company requires a survey and a survey has not been obtained by the Buyer at Buyer's sole cost which is acceptable to the title company. Additionally, if Buyer elects to have attorney representation at closing, it will be at the expense of the Buyer.

11. **Settlement/Closing.** The settlement/closing shall be held in the offices of the Seller's attorney or agent or at a place designated and approved by the Seller. **Closing shall occur on or before the November 10, 2009 and the Purchaser shall make every effort to meet this deadline. Should the closing extend beyond this date, through no fault of the Seller, Seller shall be entitled to a $100 Per Diem fee for each day of such. Said extension must be in writing and pre-approved by the Seller. Notwithstanding the foregoing, it is understood and agreed that Seller shall retain the right to cancel the Contract and pursue the remedies contained herein if the Buyer fails to meet the stated deadline.** The sale may not close in escrow without the prior written consent of the Seller.

12. **Negative Sale Proceeds:** It is agreed by Buyer and Seller that if unforeseen judgments, liens or assessments result in negative sales proceeds to the Seller, the Seller reserves the right to cancel the Contract and return any deposit monies to the Buyer.

13. **Prorations at Closing:** All prorations, including but not limited to, taxes, HOA/condo dues & assessments, utilities, gas, electric, water and sewer charges, shall be to date of closing. Any pre-payments made by the seller, covering any period of time past the date of closing, for taxes, HOA/condo dues & assessments, utilities, gas, electric, water and sewer charges will be refunded to the seller by the buyer at closing.

Tax prorations shall be based on 100% of the last available tax bill or upon the Tax Assessor's latest valuation and the current tax rate. Any special assessments which are now a lien on the Property and payable in installments shall be prorated to date of closing and shall be assumed and paid by the Buyer from that date forward. All pre-payments made by the seller covering any period of time past the date of closing will be refunded to the seller by the buyer at closing. In no instance shall the Seller be responsible for the payment of any assessment pending but not levied as of the date of closing.

HOA prorations shall be to date of closing and based on the assessment rate at time of closing. Any special assessments levied and payable in installments shall be prorated to date of closing and shall be assumed and paid by Buyer from that date forward. In no instance shall the Seller be responsible for the payment of any assessment pending but not levied as of the date of closing.

**THE SELLER WILL NOT BE RESPONSIBLE FOR ANY ADJUSTMENT OF SETTLEMENT CHARGES, INCLUDING BUT NOT LIMITED TO, TAXES OR HOA FEES AFTER CLOSING.**

14. **Lender-Required Repairs.** Should any lender, insuring entity or agency require that certain repairs be made to the Property or that certain other conditions be met, the Seller at its sole option, may comply with such requirements or terminate the Contract. Further, should any FHA Conditional Commitment or VA Certificate of Reasonable Value vary from the agreed upon purchase price of the Property, then Seller, at its sole option, may terminate the Contract. Seller's responsibility for any repairs required by Buyer as a result of inspection by Buyer, a lender or required as a condition set forth in a FHA/VA commitment shall not exceed $ 0 (the "Repair Limit Amount"), inclusive of termite repairs. If the cost for any such repairs exceeds the Repair Limit Amount then either (i) Buyer shall be responsible at its sole cost and expense for any amounts exceeding the Repair Limit Amount and the Contract shall remain in full force and effect without any abatement in the purchase price or, (ii) Seller shall have the right to terminate the Contract and return all earnest monies paid by Buyer to Buyer with no further obligation by Seller.

**Buyer's Initials** LBB

15. **Condition and Conveyance of Title:** Seller agrees to deliver insurable title and agrees to pay for the Buyer's policy of title insurance from the Title Insurance Company of Seller's choice. However, the

Buyer may choose to purchase title insurance from a different title company at their own expense. Seller will not be responsible for any "Gap" title insurance coverage and will not under any event provide an Affidavit of Title or other similar documents in which Seller is requested to make representations or warranties with respect to title.

If the Seller is unable to give **insurable** title or to make conveyance, or to deliver possession of the Property, all as herein stipulated, or if at the time of the delivery of the deed the Property does not conform with the provisions hereof, then the Seller shall bear any nominal expense and use reasonable efforts to remove any defects in title, or to deliver possession as provided herein. Seller is under no obligation to use extraordinary measures or to bring any actions or proceedings in order to convey title in accordance with this agreement. If this cannot be accomplished by ten (10) days after the scheduled Closing Date in the Contract, the Contract shall terminate and Buyer shall receive a refund of the earnest money deposit made hereunder as Buyer's sole and absolute remedy, or Buyer may, by written notice on or before the Closing Date under the Contract, waive any objections to Seller's inability to convey or deliver.

**Buyer's Initials** _____

**16. Occupancy of the Property. Under no circumstances is the Buyer to be granted, or assume possession of the Property prior to the seller receiving the full sales proceeds due the seller, as indicated on the HUD-1 settlement statement signed by the seller.** Violation of this prohibition by the listing agent, buyer's agent, or buyer, will result in legal remedy. In the event Buyer causes the Property to be altered, occupies the Property, or permits any other person to occupy the Property prior to the seller receiving the full sales proceeds, then Buyer shall be in default of the Contract of Sale and Buyer's earnest money deposit and rights to any improvements to the Property shall be forfeited to the Seller. In addition, any access to the Property prior to closing is prohibited unless accompanied by the Seller or Seller's Agent, unless otherwise agreed to in writing.

**17. Taxes.**

A. **Seller's Right to Contest Taxes.** Seller shall have the unrestricted right to contest the amount of or obligation to pay any ad valorem real or personal property taxes, real or personal property assessments or dues of any condominium, planned unit development or similar community or other homeowners' association, (collectively, "Taxes") for any calendar year, fiscal year or other accounting period for which Taxes are assessed or levied (a "Tax Period") that includes the date of the close of the escrow on the Property (the "Closing Tax Period") or that precedes the date of the close of escrow on the Property (the "Closing"). Seller may contest Taxes by any judicial, administrative, or other process that Seller chooses. If requested by Seller, Buyer shall join in any proceeding to contest Taxes to the extent necessary to permit Seller to exercise its rights under this Agreement. Seller shall have no duty to contest Taxes, and may dismiss, settle, or otherwise resolve any matter relating to contested Taxes on whatever terms Seller chooses.

B. **Entitlement to Refund.** Any refund of contested Taxes for the Closing Tax Period or any prior Tax Period shall be paid to Seller, and Purchaser hereby irrevocably assigns to Seller any right, title or interest it may have in any refund of contested Taxes for all such Tax Periods. If requested by Seller, Buyer shall execute whatever endorsements or other documents may be necessary to accomplish the refund of such contested Taxes to Seller. Notwithstanding anything in this Addendum or the Contract to the contrary, however, Seller shall not be entitled to any refund of Taxes that are attributable solely to any change in land usage or ownership of the Property occurring at or after Closing, all of which shall be paid by Buyer.

**18. Default. In the event Buyer defaults in the performance of this Contract, it is expressly**

**agreed that the entire earnest money deposit shall be paid to Seller as liquidated damages for, among other things, the additional cost of carrying the Property and lost marketing time which the parties acknowledge and agree are difficult to calculate.** The parties further specifically acknowledge and agree that said liquidated damages shall not be construed or deemed to constitute a penalty and the right given to the Seller to retain said earnest money shall not constitute Seller's sole and exclusive remedy. For purposes of this paragraph, if the Contract entered into between Buyer and Seller states that the Buyer will be purchasing the subject Property as an all cash transaction (i.e. Buyer will not be obtaining third party financing), it is expressly understood that Seller will be materially relying on said representation. As such, if the Buyer subsequently elects to purchase the Property via third party financing rather than cash as previously agreed, then Buyer's failure to close a cash transaction shall constitute a default by Buyer thereby entitling Seller to the liquidated damages referenced above. In the event of default by Seller, Buyer shall be entitled to a return of the earnest money deposit as the Buyer's sole and exclusive remedy.

**Buyer's Initials** _____

**19. Installation of New Locks and Transfer of Utilities.** Buyer shall be responsible for the installation of new locks and transferring of all Utilities on the Property immediately after the closing, and Buyer shall hold Seller and Seller's representative and agents harmless from and indemnify Seller and Seller's representatives and agents against any and all damages, claims, liens, losses liabilities, costs, injuries, attorney fees and expenses of every kind and nature that may be made against Seller and Seller's representative and agents as a result of Buyer's failure to install new locks or transfer all Utilities on the Property.

**20. Assignability.** Buyer may not assign or transfer this Contract. Any such attempted assignment shall be void and without effect.

**22. Performance. The acceptance of a deed by Buyer shall be deemed to be a full performance and discharge of this Contract in its entirety.**

**Buyer's Initials** _____

**23. Real Estate Broker Commissions.** The total commission payable by Seller pursuant to this sale shall be based upon the terms of the Listing Agreement. The closing agent is authorized and directed to pay said commission from the sale proceeds at closing as per the terms of the Commission Breakdown Form to be provided by Seller. No real estate broker commissions shall be paid unless the closing of the purchase and sale of the Property is consummated and title to the Property passes to Purchaser. The commission will be paid on the gross sales price on offers that includes Seller concessions.

**24. Additional Provisions:**
The undersigned approve and accept this Counter Proposal and acknowledge and agree that this Counter Proposal is a legally binding agreement and is made part of the aforementioned Contract in like manner as if it were directly set forth therein.

**25.** All other terms and conditions of the proposed Contract shall remain the same.

This counterproposal shall expire unless accepted in writing, by Buyer and Seller, as evidenced by their signatures below, and the offering party to this document received notice of such acceptance on or before October 07, 2009.

If accepted, the proposed Contract, as amended hereby, shall become a Contract between Seller and Buyer

**COUNTER OFFER/ADDENDUM Loan # 0035367184**

*THIS IS INTENDED TO BE A LEGALLY BINDING AGREEMENT*
*READ IT CAREFULLY*

NRT
RBOExperts LLC

Corporate
Fax

Buyer's Initials _____

BUYER
Date: 10-7-09

SELLER
Date: 10/7/09

DAVID S. ADAMS
Chief of Program Operations, VHFA
BUYER
Date: _____

**SECTION II TO COUNTERPROPOSAL.**

**LEAD -BASED PAINT DISCLOSURE**

**Lead Warning Statement**

Every Buyer of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also presents a risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

BUYER INITIALS: _____ SELLERS INITIALS: _____

**COUNTER OFFER/ADDENDUM Loan # 0035367184**

*THIS IS INTENDED TO BE A LEGALLY BINDING AGREEMENT*
*READ IT CAREFULLY*

NRT
REOExperts LLC

Corporate
Fax

## Seller's Disclosure to Buyer

Seller acknowledges that Seller has been informed of Seller's obligation. Seller is aware that Federal laws require Seller to permit Buyer a 10 calendar day period to conduct risk assessment or inspection for the presence of lead-based paint hazards before becoming obligated under a contract to purchase target housing (unless mutually agreed otherwise in writing). That opportunity will be provided within the 10-calendar day period immediately following final Seller's signature, herein. Seller is aware that Seller must retain a copy of this disclosure for not less than three years from the completion date of the sale.

A. Presence of lead-based paint and/or lead-based paint hazards (check one box below):

X Seller has no knowledge of any lead-based paint and/or lead-based paint hazards present in the housing.
_ Seller has knowledge of lead-based paint and/or lead-based paint hazards present in the housing (explain)
__N/A_____

B. Records and reports available to Seller (check one box below):

X Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.
_ Seller has provided Buyer will all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below):
__ N/A_____

## Buyer's Acknowledgment

C. Buyer has read the Lead Warning Statement above and understands its contents.

D. Buyer has received copies of all information, including any records and reports listed by Seller above.

E. Buyer has received the pamphlet "Protect Your Family From Lead in Your Home.

F. Buyer acknowledges federal law requires that before a buyer is obligated under any contract to buy and sell real estate, Seller shall permit Buyer a 10-day period (unless the parties mutually agree, in writing, upon a different period of time) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

G. Buyer, after having reviewed the contents of this form, and any records and reports listed by Seller, has elected to (check one box below):

X Obtain a risk assessment or an inspection of the Property for the presence of lead-based paint and/or lead-based paint hazards, within the time limit and under the terms of the Contract to Buy and Sell Real Estate, or

__ Waive the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

## Real Estate Licensee's Acknowledgment

Each real estate licensee signing below acknowledges receipt of the above Seller's Disclosure, has informed Seller of Seller's

BUYER INITIALS: _____ SELLERS INITIALS: _____

**COUNTER OFFER/ADDENDUM Loan # 0035367184**

*THIS IS INTENDED TO BE A LEGALLY BINDING AGREEMENT*
*READ IT CAREFULLY*

NRT
REOExperts LLC

Corporate
Fax

obligations and is aware of licensee's responsibility to ensure compliance.
Certification of Accuracy

I certify that the statement I have made are accurate to the best of my knowledge.

**SELLER** _____ **Date** 10-8-09

DAVID S. ADAMS
Chief of Program Operations, VHFA

**BUYER** _____ **Date** 10-7-09.

Seller's (Listing) Agent Date Buyer's (Selling) Agent Date

**BUYER INITIALS:** _____ **SELLERS INITIALS:** _____

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JBM

# VERMONT HOUSING FINANCE AGENCY - HOUSING ACQUISITION REHABILITATION PROGRAM - SUMMARY 9-30-2009

| Acquisition Status | Property Street Address | Date Initial Listing Received | List Price | Initial Rehab Estimate | VHFA Offer Price | Final Agreed Upon Price | Appraisal Date (Rcv'd) | Appraisal Amount | Contract Closing Date | Actual Closng Date |
|---|---|---|---|---|---|---|---|---|---|---|
| Offer Pending | 205 High Street, St. Albans, VT 05478 | 8/27/2009 | $ 149,900 | $ 25,000 | $ 149,900.00 | Pending | Pending | Pending | Pending | Pending |
| Offer Pending | 64 Church Street, W Rutland, VT 05777 | 9/29/2009 | $ 49,000 | $ 150,000 | $ 25,000.00 | Pending | Pending | Pending | Pending | Pending |
| Offer Pending | 173 Clarendon Avenue, West Rutland, 05777 | 9/28/2009 | $ 118,900 | $ 25,000 | $ 110,000.00 | Pending | Pending | Pending | Pending | Pending |
| Offer Pending | 119 Fairground Road, Springfield, 05156 | 8/7/2009 | $ 129,900 | $ 30,000 | $ 99,999.00 | Pending | 9/10/2009 | $ 144,000 | Pending | Pending |
| Offer Pending | 26 Enright Ave, Windsor 05089 | 9/17/2009 | $ 119,900 | $ 12,000 | $ 114,000.00 | Sellers counter | Pending | Pending | Pending | Pending |
| Offer Accepted Pending Closing | 20 Stowell Street, St. Albans 05478 | 9/10/2009 | $ 119,900 | $ 20,000 | $ 123,500.00 | $ 123,500 | 9/21/2009 | $ 135,000 | 10/16/2009 | Pending |
| Offer Accepted Pending Closing | 28 Plain St., Barre 05641 | 9/11/2009 | $ 107,520 | $ 10,000 | $ 85,000.00 | $ 85,000 | Pending | Pending | 10/14/2009 | Pending |
| Offer Accepted Pending Closing | 1116 Riford Brook Road, Braintree, 05060 | 8/12/2009 | $ 129,900 | $ 20,000 | $ 120,000.00 | $ 120,000 | 9/14/2009 | $ 133,000 | 9/30/2009 | Pending |

| Acquisition Status | Property Street Address | Date Initial Listing Received | List Price | Initial Rehab Estimate | VHFA Offer Price | Final Agreed Upon Price | Appraisal Date (Rcv'd) | Appraisal Amount | Contract Closing Date | Actual Closng Date |
|---|---|---|---|---|---|---|---|---|---|---|
| Offer Accepted Pending Closing | 398 Pleasant Street, Williamstown, 05678 | 7/23/2009 | $ 109,900 | $ 20,000 | $ 98,000.00 | $ 109,900 | 9/14/2009 | $ 134,000 | 11/2/2009 | Pending |
| Offer Accepted Pending Closing | 105 West Main Street, Lunenburg 05906 | 7/27/2009 | $ 67,900 | $ 20,000 | $ 60,000.00 | $ 62,500 | 9/9/2009 | $ 67,500 | 10/2/2009 | 10/2/2009 |
| Offer Accepted Pending Closing | 16 Cottage Street, St Johnsbury 05819 | 9/1/2009 | $ 69,900 | $ 20,000 | $ 65,000.00 | $ 65,000 | 9/23/2009 | $ 70,000 | 10/9/2009 | Pending |
| Offer Accepted Pending Closing | 256 Church Street, Rutland 05701 | 9/14/2009 | $ 134,900 | $ 30,000 | $ 115,000.00 | $ 121,000 | Pending | Pending | 10/30/2009 | Pending |
| Offer Accepted Pending Closing | 47 Caernavon Street, Fair Haven 05743 | 8/21/2009 | $ 102,500 | $ 40,000 | $ 80,000.00 | $ 86,000 | Pending | Pending | Pending | Pending |
| Offer Accepted Pending Closing | 95 Whetstone Drive, Brattleboro, 05301 | 7/9/2009 | $ 189,900 | $ 26,800 | $ 175,000.00 | $ 175,000 | 7/24/2009 | $ 189,000 | 10/15/2009 | Pending |
| Offer Accepted Pending Closing | 2639 Ames Hill Road, Marlboro 05344 | 9/1/2009 | $ 193,500 | $ 50,000 | $ 150,000.00 | $ 150,000 | Pending | Pending | Pending | Pending |
| Acquired | 8 Pine Street, St Albans 05478 | 7/31/2009 | $ 109,900 | $ 34,000 | $ 112,000.00 | $ 112,000 | 8/28/2009 | $ 115,000 | 9/30/2009 | 9/29/2009 |

| Acquisition Status | Property Street Address | Date Initial Listing Received | List Price | Initial Rehab Estimate | VHFA Offer Price | Final Agreed Upon Price | Appraisal Date (Rcv'd) | Appraisal Amount | Contract Closing Date | Actual Closng Date |
|---|---|---|---|---|---|---|---|---|---|---|
| Acquired | 128 Lower Weldon, St Albans 05478 | 7/31/2009 | $ 125,000 | $ 34,000 | $ 110,000.00 | $ 110,000 | 8/25/2009 | $ 147,000 | 8/27/2009 | 8/27/2009 |
| Acquired | 10 Spruce Street, St Albans 05478 | 6/30/2009 | $ 82,500 | $ 47,000 | $ 75,000.00 | $ 75,000 | 7/13/2009 | $ 85,000 | 8/5/2009 | 8/5/2009 |
| Acquired | 492 Bluff Road, Newport 05855 | 7/28/2009 | $ 139,900 | $ 20,000 | $ 120,000.00 | $ 119,295 | 8/18/2009 | $ 120,500 | 9/4/2009 | 9/4/2009 |
| Acquired | 1455 Airport Road, Clarendon 05759 | 7/13/2009 | $ 140,000 | $ 25,000 | $ 130,000.00 | $ 130,000 | 8/7/2009 | $ 136,000 | 9/24/2009 | 9/24/2009 |
| Acquired | 9 River Street, Proctor 05765 | 7/10/2009 | $ 224,900 | $ 25,000 | $ 195,000.00 | $ 200,000 | 8/24/2009 | $ 206,000 | 9/15/2009 | 9/15/2009 |
| Acquired | 44 Roberts Ave., Rutland 05701 | 7/1/2009 | $ 79,900 | $ 150,000 | $ 55,000.00 | $ 70,000 | 7/28/2009 | $ 80,000 | 8/20/2009 | 8/20/2009 |

| | | | Rehab | Acquisiton | | Total |
|---|---|---|---|---|---|---|
| **Properties Acquired** | **7** | | **$ 335,000** | **$ 816,295** | | **$ 1,151,295** |
| **Properties Accepted Pending Closing** | **10** | | **$ 256,800** | **$ 1,097,900** | | **$ 1,354,700** |
| **Offers Pending** | **5** | | **$ 242,000** | **$ 498,899** | | **$ 740,899** |
| **Totals** | **22** | | **$ 833,800** | **$ 2,413,094** | **$ -** | **$ 3,246,894** |

vhfa

**Vermont Housing Finance Agency**

**MEMORANDUM**

**TO:** VHFA Board of Commissioners

**FROM:** Tom Connors, Chief Financial Officer

**RE:** **Updated Financial 2009 Statements**

**DATE:** October 8, 2009

---

Attached please find an updated copy of the Financial Statements to be approved by the Board at the October 15th Board Meeting. Minor changes were made since the September 29th Audit Risk Meeting and will be discussed on the 15th.

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

EQUAL HOUSING OPPORTUNITY

DRAFT 18840BOS VHFA 9/29/09 10:00AM

*Final Editorial Review Not Completed*

*PLEASE COMPLETE*

***Date/Time Due***

_____ _____

***Services Requested***

_____ *Format*
_____ *Revisions*
_____ *Editorial Review*
_____ *Print*

***Return document via:***

*Name:* _____

*Tel./Ext.:* _____

***Special Instructions:***

_____

_____

# VERMONT HOUSING FINANCE AGENCY

(a component unit of the State of Vermont)

Financial Statements and
Required Supplementary Information

June 30, 2009

(With Independent Auditors' Report Thereon)

DRAFT 18840BOS VHFA 9/29/09 10:00AM

# VERMONT HOUSING FINANCE AGENCY

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| Notes to Financial Statements | 11 |

**Independent Auditors' Report**

The Honorable Thomas M. Salmon
State Auditor of the State of Vermont and
The Commissioners
Vermont Housing Finance Agency:

We have audited the accompanying financial statements of the business-type activities and each major fund of the Vermont Housing Finance Agency (the Agency), a component unit of the State of Vermont, as of and for the year ended June 30, 2009, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Vermont Housing Finance Agency as of June 30, 2009, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 2 to 6 is not a required part of the financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Date

# VERMONT HOUSING FINANCE AGENCY

Management's Discussion and Analysis

June 30, 2009

(Unaudited)

This section of the Vermont Housing Finance Agency's (the Agency) annual Financial Statements presents management's discussion and analysis of its financial performance and significant changes in financial position for the fiscal year ended June 30, 2009. Readers are encouraged to consider the information presented in conjunction with the financial statements as a whole.

## Overview of the Agency

The Agency was created in 1974 by an Act of the General Assembly of the State of Vermont. The purpose of the Agency is to promote the expansion of the supply of funds available for mortgages on residential housing and to encourage an adequate supply of safe and decent housing at reasonable costs. The Agency is authorized to issue bonds and other obligations to fulfill its corporate purposes. Obligations of the Agency do not constitute debt of the State of Vermont and are payable solely from the revenues or assets of the Agency.

The majority of the Agency's funding has been provided from the proceeds of sales of tax-exempt and taxable bonds and notes, and advances from lending institutions. Since September 1974, the Agency has issued $2.8 billion aggregate principal amount of bonds, notes and line of credit borrowings, of which $739.1 million was outstanding as of June 30, 2009, to finance its various programs. The proceeds of the debt have been or will be used to make mortgage loans to sponsors of multi-family residential housing units for persons and families of low and moderate income in the State, to purchase mortgage loans on single family residential housing units for persons and families of low and moderate income in the state, and to make loans to finance certain other multi-family housing developments. The bonds are secured pursuant to the terms of the resolutions under which they were issued.

## Overview of the Financial Statements

The Agency's financial statements consist of three parts – Management's Discussion and Analysis, the basic financial statements and the notes to the financial statements. The basic financial statements include the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. The notes to the basic financial statements are intended to provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

## Summary of Net Assets

The Agency's Statement of Net Assets consists primarily of single family and multi-family mortgage loans, cash and investments, and related bonds and notes payable. It also includes a portfolio of mortgage loans financed through its Operating Fund, as well as a variety of other assets such as property and equipment, other receivables, and deferred charges.

Cash and investments are used to fund loan purchases, bond debt service, and reserve funds, and are typically held in guaranteed investment contracts or other investment vehicles, as authorized in accordance with the Agency's investment policy.



(Continued)

VERMONT HOUSING FINANCE AGENCY

Management's Discussion and Analysis

June 30, 2009

(Unaudited)

The following table summarizes the net assets of the Agency as of June 30, 2009 with comparative data from the prior fiscal year.

| | 2009 | 2008 | Percentage change 2009 – 2008 |
|---|---|---|---|
| Assets: | | | |
| Cash and investments | $ 131,828,112 | 200,568,394 | (34.3)% |
| Loans receivable, net | 681,004,431 | 705,340,994 | (3.5) |
| Other assets | 18,873,402 | 20,176,584 | (6.5) |
| Total assets | 831,705,945 | 926,085,972 | (10.2) |
| Liabilities: | | | |
| Bonds and notes payable | 739,087,628 | 828,973,611 | (10.8) |
| Other liabilities | 11,797,806 | 12,854,819 | (8.2) |
| Total liabilities | 750,885,434 | 841,828,430 | (10.8) |
| Net assets: | | | |
| Invested in capital assets | 1,628,361 | 1,593,923 | 2.2 |
| Restricted: | | | |
| Bond and other requirements | 62,417,750 | 66,371,231 | (6.0) |
| Excess yield loans | 8,455,328 | 8,539,071 | (1.0) |
| Unrestricted | 8,319,072 | 7,753,317 | 7.3 |
| Total net assets | $ 80,820,511 | 84,257,542 | (4.1)% |

Total assets decreased by $94.4 million or 10.2% for the fiscal year ended June 30, 2009 when compared to the year ended June 30, 2008, primarily as a result of:

- Cash and investments decreased by $68.7 million, or 34.3%. Significant additions to cash were the issuance of $50.0 million in multiple-purpose bonds, and $19.2 million of notes, and $77.3 million of mortgage loan principal. Reductions in cash were the payment of $92.1 million in notes and $67.0 million of bonds, and mortgage loan originations of $55.9 million.
- Total mortgage and construction loans receivable decreased by $24.3 million or 3.5% for the twelve month period. Loan originations decreased by $103.8 million or 65% compared to the prior fiscal year. In fiscal year 2009 principal collections increased by $0.9 million or 1.1%.
- Included in restricted net assets is approximately $8.5 million of multi-family mortgages, net of a $1.5 million loan loss reserve, which were funded by mortgage interest income received in excess of that permitted by federal tax law (excess yield). To be in compliance with the aforementioned tax laws, the Agency believes that it may eventually forgive a portion of these loans, but that current reserves are adequate to cover such risk.



(Continued)

VERMONT HOUSING FINANCE AGENCY

Management's Discussion and Analysis

June 30, 2009

(Unaudited)

The following table summarizes the change in mortgage loans receivable for the year ended June 30, 2009, with comparative data from the prior fiscal year:

| | Fiscal year ended June 2009 | Fiscal year ended June 2008 | Percentage change year to year June 2009 vs. June 2008 |
|---|---|---|---|
| Mortgage loans receivable: | | | |
| Beginning balance | $ 705,340,994 | 623,559,508 | 13.1% |
| Mortgage loan originations | 55,931,834 | 159,721,796 | (65.0) |
| Principal collections | (77,372,687) | (76,527,169) | 1.10 |
| Loans transferred to REO status | (2,162,982) | (940,445) | 130.0 |
| Loan loss provision | (732,728) | (472,696) | 55.0 |
| Ending balance | $ 681,004,431 | 705,340,994 | (3.5)% |

The following table summarizes the changes in bonds, notes payable, and lines of credit borrowings for the fiscal year are as follows (in thousands):

| | Balance at June 30, 2008 | Increases | Decreases | Balance at June 30, 2009 |
|---|---|---|---|---|
| Bonds payable | $ 728,869 | 50,000 | (66,955) | 711,914 |
| Notes payable | 76,508 | — | (70,264) | 6,244 |
| Lines of credit borrowings | 23,596 | 19,153 | (21,819) | 20,930 |
| Total debt | $ 828,973 | 69,153 | (159,038) | 739,088 |

Total liabilities of the Agency decreased by $90.9 million, or 10.8% for the fiscal year ended June 30, 2009 when compared to the year ended June 30, 2008, primarily as a net result of:

- $50.0 million in bonds issued under the Multiple Purpose resolution.
- Fifteen multi-family construction projects received $19.2 million in loan advances, which were financed with notes payable from lending institutions. $21.8 million of notes were repaid.
- Two issues of Multiple Purpose Notes matured during the period, reducing notes payable by $70.3 million.
- $67.0 million of principal was paid on outstanding bonds payable.

**Summary of Revenues, Expenses and Changes in Net Assets**

The Agency's operating revenues consist primarily of interest income on mortgage and construction loans, investment income, and miscellaneous fee income. Operating expenses consist of bond interest expense and other debt financing costs, operational expenses, and mortgage servicing fees.



(Continued)

VERMONT HOUSING FINANCE AGENCY

Management's Discussion and Analysis

June 30, 2009

(Unaudited)

The following table summarizes the changes in net assets for the fiscal year ended June 30, 2009 with comparative data from the prior fiscal year.

| | 2009 | 2008 | Percentage change 2009 – 2008 |
|---|---|---|---|
| Operating revenues: | | | |
| Interest on loans | $ 42,364,370 | 41,677,841 | 1.6% |
| Interest on investments | 5,180,906 | 9,717,929 | (46.7) |
| Fee income | 727,525 | 755,469 | (3.7) |
| Gain on bond redemptions | 154,640 | 187,468 | (17.5) |
| Other revenue | 141,772 | 75,684 | 87.3 |
| Total operating revenues | 48,569,213 | 52,414,391 | (7.3) |
| Operating expenses: | | | |
| Financing costs | 45,194,711 | 43,355,316 | 4.2 |
| Operational expenses | 4,777,266 | 4,900,927 | (2.5) |
| Mortgage servicing | 1,101,184 | 1,394,369 | (21.0) |
| Loan losses and property disposition | 803,405 | 512,180 | 56.9 |
| Total operating expenses | 51,876,566 | 50,162,792 | 3.4 |
| Operating income (loss) | (3,307,353) | 2,251,599 | (246.9) |
| Nonoperating revenues: | | | |
| Gain on sale of investments | 384,051 | — | 100.0 |
| Net depreciation in fair value of investments | (513,729) | (73,782) | 596.3 |
| Increase (decrease) in net assets | (3,437,031) | 2,177,817 | (257.8) |
| Net assets at beginning of year | 84,257,542 | 82,079,725 | 2.7 |
| Net assets at end of year | $ 80,820,511 | 84,257,542 | (4.1)% |



(Continued)

VERMONT HOUSING FINANCE AGENCY

Management's Discussion and Analysis

June 30, 2009

(Unaudited)

The Agency's net loss for the fiscal year ended June 30, 2009 was $3,437,031, compared to a surplus of $2,177,817 for the fiscal year ending June 30, 2008. The change results primarily from the effects of:

- The operating loss for the period of $3,307,353, compared to a surplus of $2,251,599 for the comparable twelve months last year. A large portion of the change in operating results is due to decreased investment interest income of $4,537,023, and an increase in financing costs of $1,839,395 offset by increased mortgage loan interest income of $686,529.
- The decrease in investment interest income by $4.5 million, or 46.7%, from the same period last year was due to decreased reinvestment rates and a net decrease in the cash and investment portfolio balance of $68.7 million. This decrease was primarily due to mortgage loan originations and reduction of debt.
- The increased financing costs reflect approximately $4.5 million of interest expense paid on VHFA's variable rate debt during the twelve month period.
- Net depreciation in the fair value of investments accounted for a decrease in net assets of $513,729 compared to net depreciation of $73,782 in the same twelve month period of the prior year.

**Budgetary Information**

The Agency prepares an annual budget of income, expenses, and fund transfers (net of deferred loan origination costs and fees) for its Operating Fund. The operating budget is prepared by staff and reviewed and approved prior to the start of each fiscal year by the Agency's Board of Commissioners.

For fiscal year 2009, the Agency projected an Operating Fund budget surplus of $9,700 and achieved an actual budget surplus of $530,200 as a result of positive expense variances of $323,600 net of negative income variances of $268,500 and fund transfers $465,400 greater than budgeted.

The addition of net deferred loan origination costs and fees of $70,000 in fiscal year 2009 to the budget surplus of $530,200 results in an increase in Operating Fund net assets for fiscal year 2009 of $600,200, compared with an increase of $243,700 in the prior period.

**Contacting the Agency's Financial Management**

This financial report is designed to provide a general overview of the Agency's operations and insight into the financial statements. If you have questions about this report or need additional financial information, please contact the Chief Financial Officer at Vermont Housing Finance Agency, 164 St. Paul Street, Burlington, VT 05401 or visit our website at www.vhfa.org.

## VERMONT HOUSING FINANCE AGENCY

Statement of Net Assets

June 30, 2009

| Assets | Operating Fund | Single Family Mortgage Program Fund | Multiple Purpose Bond Fund | Multi-Family Mortgage Program Fund | Total |
|---|---|---|---|---|---|
| Cash and cash equivalents | $ 5,228,147 | — | — | — | 5,228,147 |
| Investments | 100,000 | — | — | — | 100,000 |
| Accrued interest receivable: | | | | | |
| Mortgage and notes | 1,176,896 | 1,900,888 | 516,736 | 339,476 | 3,933,996 |
| Investments | 461 | 363,574 | 83,681 | 265,581 | 713,297 |
| Current portion of mortgage loans receivable | 271,349 | 9,051,409 | 3,522,890 | 2,813,340 | 15,658,988 |
| Current costs of bond issuance expense | — | 97,186 | 33,087 | 46,611 | 176,884 |
| Current portion of deferred mortgage originating fees, net | — | 389,892 | 185,476 | — | 575,368 |
| Current receivables and prepaid expenses | 182,055 | 1,415,190 | 291,031 | 68,652 | 1,956,928 |
| Interfund receivables (payables) | 789,716 | 163,589 | (321,145) | (632,160) | — |
| Total current assets | 7,748,624 | 13,381,728 | 4,311,756 | 2,901,500 | 28,343,608 |
| Noncurrent assets: | | | | | |
| Restricted cash and cash equivalents | — | 45,643,342 | 25,220,137 | 24,639,315 | 95,502,794 |
| Restricted investments | — | 25,936,167 | — | 5,061,004 | 30,997,171 |
| Noncurrent portion of mortgage loans receivable, net | 12,453,628 | 398,654,460 | 149,263,961 | 104,973,394 | 665,345,443 |
| Deferred costs of bond issuance, net | — | 2,427,197 | 696,042 | 847,484 | 3,970,723 |
| Deferred mortgage origination fees, net | — | 803,007 | 54,715 | — | 857,722 |
| Noncurrent receivables and prepaid expenses | — | 2,334,667 | 1,338,203 | — | 3,672,870 |
| Land | 775,000 | — | — | — | 775,000 |
| Building (less accumulated depreciation of $362,802) | 638,032 | — | — | — | 638,032 |
| Office furniture and fixtures (less accumulated depreciation of $1,507,334) | 215,329 | — | — | — | 215,329 |
| Other assets and real estate owned | — | 1,360,933 | 26,320 | — | 1,387,253 |
| Total noncurrent assets | 14,081,989 | 477,159,773 | 176,599,378 | 135,521,197 | 803,362,337 |
| Total assets | $ 21,830,613 | 490,541,501 | 180,911,134 | 138,422,697 | 831,705,945 |
| **Liabilities and Net Assets** | | | | | |
| Liabilities: | | | | | |
| Current liabilities: | | | | | |
| Current notes payable and lines of credit | $ 2,505,869 | — | — | 18,245,450 | 20,751,319 |
| Current bonds payable | 10,193 | 10,575,000 | 2,955,000 | 3,641,603 | 17,181,796 |
| Accrued interest payable | 57,150 | 4,132,984 | 1,419,878 | 1,850,543 | 7,460,555 |
| Current unamortized bond and note premium (discount), net | — | (34,077) | (49,448) | (65,288) | (148,813) |
| Current deferred loan origination fees | 75,438 | — | — | — | 75,438 |
| Accounts payable | 574,228 | 951,924 | 140,934 | 10,290 | 1,677,376 |
| Escrowed cash deposits | 2,368,331 | — | — | — | 2,368,331 |
| Arbitrage rebate payable | — | 241,603 | — | — | 241,603 |
| Total current liabilities | 5,591,209 | 15,867,434 | 4,466,364 | 23,682,598 | 49,607,605 |
| Noncurrent liabilities: | | | | | |
| Noncurrent notes payable | 5,433,474 | — | — | 989,029 | 6,422,503 |
| Noncurrent bonds payable | 534,460 | 436,445,000 | 157,385,000 | 100,367,550 | 694,732,010 |
| Unamortized bond and note premium (discount), net | — | (727,287) | 13,735 | (833,200) | (1,546,752) |
| Arbitrage rebate payable | — | 1,341,987 | — | 4,044 | 1,346,031 |
| Noncurrent deferred mortgage loan origination fees | 324,037 | — | — | — | 324,037 |
| Total noncurrent liabilities | 6,291,971 | 437,059,700 | 157,398,735 | 100,527,423 | 701,277,829 |
| Total liabilities | 11,883,180 | 452,927,134 | 161,865,099 | 124,210,021 | 750,885,434 |
| Net assets: | | | | | |
| Invested in capital assets | 1,628,361 | — | — | — | 1,628,361 |
| Restricted | — | 37,614,367 | 19,046,035 | 14,212,676 | 70,873,078 |
| Unrestricted | 8,319,072 | — | — | — | 8,319,072 |
| Total net assets | 9,947,433 | 37,614,367 | 19,046,035 | 14,212,676 | 80,820,511 |
| Total liabilities and net assets | $ 21,830,613 | 490,541,501 | 180,911,134 | 138,422,697 | 831,705,945 |

See accompanying notes to financial statements.

## VERMONT HOUSING FINANCE AGENCY

Statement of Revenues, Expenses and Changes in Net Assets

Year ended June 30, 2009

| | Operating Fund | Single Family Mortgage Program Fund | Multiple Purpose Bond Fund | Multi-Family Mortgage Program Fund | Total |
|---|---|---|---|---|---|
| Operating revenues: | | | | | |
| Interest income: | | | | | |
| Mortgage and construction loans | $ 861,850 | 25,663,180 | 8,804,760 | 7,034,580 | 42,364,370 |
| Investments | 29,372 | 2,824,831 | 1,653,748 | 672,955 | 5,180,906 |
| Fee income: | | | | | |
| Multi-Family Mortgage Programs | 587,021 | — | 125,593 | — | 712,614 |
| Single Family Mortgage Programs | 14,086 | 65 | 760 | — | 14,911 |
| Gain (loss) on bond redemptions | — | 254,849 | (100,209) | | 154,640 |
| Other revenue | 141,772 | — | — | — | 141,772 |
| Total operating revenues | 1,634,101 | 28,742,925 | 10,484,652 | 7,707,535 | 48,569,213 |
| Operating expenses: | | | | | |
| Financing costs, including interest and amortization of premium, discount and costs of issuance, net | 665,372 | 27,146,572 | 10,590,320 | 6,792,447 | 45,194,711 |
| Mortgage service and contract administration fees | 2,687 | 827,014 | 215,707 | 55,776 | 1,101,184 |
| Salaries and benefits | 3,361,430 | — | — | — | 3,361,430 |
| Operating expenses | 948,626 | — | — | — | 948,626 |
| Professional fees | 135,074 | 98,322 | 19,448 | — | 252,844 |
| Trustee and assignee fees | 214,366 | — | — | — | 214,366 |
| Property disposition and loan loss recoveries | 171,764 | 261,513 | 40,022 | 330,106 | 803,405 |
| Total operating expenses | 5,499,319 | 28,333,421 | 10,865,497 | 7,178,329 | 51,876,566 |
| Operating income (loss) | (3,865,218) | 409,504 | (380,845) | 529,206 | (3,307,353) |
| Nonoperating revenues: | | | | | |
| Gain on sales of investments | — | 384,051 | — | — | 384,051 |
| Net appreciation (depreciation) in fair value of investments | — | (531,987) | — | 18,258 | (513,729) |
| Income (loss) before transfers | (3,865,218) | 261,568 | (380,845) | 547,464 | (3,437,031) |
| Net transfers to (from) operating fund | 4,465,411 | (7,116,331) | 3,234,420 | (583,500) | — |
| Increase (decrease) in net assets | 600,193 | (6,854,763) | 2,853,575 | (36,036) | (3,437,031) |
| Net assets at beginning of year | 9,347,240 | 44,469,130 | 16,192,460 | 14,248,712 | 84,257,542 |
| Net assets at end of year | $ 9,947,433 | 37,614,367 | 19,046,035 | 14,212,676 | 80,820,511 |

See accompanying notes to financial statements.

## VERMONT HOUSING FINANCE AGENCY

Statement of Cash Flows

Year ended June 30, 2009

| | Operating Fund | Single Family Mortgage Program Fund | Multiple Purpose Program Fund | Multi-Family Mortgage Program Fund | Total |
|---|---|---|---|---|---|
| Cash flows from operating activities: | | | | | |
| Interest collections on mortgages | $ 856,685 | 25,798,580 | 8,662,000 | 7,078,210 | 42,395,475 |
| Principal collections on mortgages | 1,005,575 | 46,075,955 | 9,787,176 | 20,503,981 | 77,372,687 |
| Purchases of mortgages | (992,300) | (1,561,314) | (36,372,482) | (17,005,738) | (55,931,834) |
| Fee income and other receipts | 516,954 | 65 | 126,353 | — | 643,372 |
| Salaries and benefits payments | (3,269,263) | — | — | — | (3,269,263) |
| Operating expense payments | (1,296,279) | (148,391) | (19,448) | (55,776) | (1,519,894) |
| Foreclosed property (gain) loss | 8,236 | 205,466 | (26,592) | 241,893 | 429,003 |
| Payment on prepaid origination fees | — | (18,550) | (444,890) | — | (463,440) |
| Service fee and other payments | — | (882,514) | (212,134) | — | (1,094,648) |
| Net cash provided by (used for) operating activities | (3,170,392) | 69,469,297 | (18,500,017) | 10,762,570 | 58,561,458 |
| Cash flows from investing activities: | | | | | |
| Proceeds from sales and maturities investments | — | 2,212,571 | 32,802,548 | — | 35,015,119 |
| Interest received on investments | 41,371 | 3,037,941 | 2,501,653 | 806,468 | 6,387,433 |
| Decrease in escrowed cash deposits | (37,617) | — | — | — | (37,617) |
| Cost of real estate owned | — | (956,462) | — | — | (956,462) |
| Proceeds from sales of real estate owned | — | 1,652,454 | — | — | 1,652,454 |
| Payment to IRS to rebate excess earnings | — | (152,070) | (283,676) | (105,599) | (541,345) |
| Net cash provided by investing activities | 3,754 | 5,794,434 | 35,020,525 | 700,869 | 41,519,582 |
| Cash flows from noncapital financing activities: | | | | | |
| Net proceeds from issuance of bonds payable | — | — | 49,654,903 | — | 49,654,903 |
| Principal payments on bonds | (9,526) | (41,320,000) | (21,760,000) | (3,865,657) | (66,955,183) |
| Interest payments on bonds and notes payable | (665,605) | (25,095,181) | (10,052,048) | (6,713,811) | (42,526,645) |
| Proceeds from issuance of notes payable | — | — | — | 19,153,161 | 19,153,161 |
| Repayment of notes payable | (1,668,701) | — | (70,095,000) | (20,320,260) | (92,083,961) |
| Payments to bond insurers | — | (374,679) | (109,006) | (17,458) | (501,143) |
| Cost of Issuance Reimbursements | 386,168 | — | — | — | 386,168 |
| Payments for cost of issuance | (276,821) | (82,814) | (250,106) | (42,204) | (651,945) |
| Transfers from (to) other funds | 713,388 | (2,775,515) | 2,262,920 | (200,793) | — |
| Net cash used for noncapital financing activities | (1,521,097) | (69,648,189) | (50,348,337) | (12,007,022) | (133,524,645) |
| Cash flows from capital related financing activities: | | | | | |
| Purchase of office furniture and fixtures | (156,075) | — | — | — | (156,075) |
| Net cash used for capital related financing activities | (156,075) | — | — | — | (156,075) |
| Net increase (decrease) in cash and cash equivalents | (4,843,810) | 5,615,542 | (33,827,829) | (543,583) | (33,599,680) |
| Cash and cash equivalents at beginning of year | 10,071,957 | 40,027,800 | 59,047,966 | 25,182,898 | 134,330,621 |
| Cash and cash equivalents at end of year | $ 5,228,147 | 45,643,342 | 25,220,137 | 24,639,315 | 100,730,941 |



(Continued)

VERMONT HOUSING FINANCE AGENCY

Statement of Cash Flows

Year ended June 30, 2009

| | Operating Fund | Single Family Mortgage Program Fund | Multiple Purpose Program Fund | Multi-Family Mortgage Program Fund | Total |
|---|---|---|---|---|---|
| Reconciliation of cash flows from operating activities: | | | | | |
| Operating income (loss) | $ (3,865,218) | 409,504 | (380,845) | 529,206 | (3,307,353) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | | |
| Depreciation | 121,637 | — | — | — | 121,637 |
| Amortization of discounts on bonds and notes payable, net | — | 25,167 | 103,642 | 65,260 | 194,069 |
| Amortization of costs of bond issuance and other fees | — | 101,063 | 91,317 | 39,235 | 231,615 |
| Amortization of deferred income | — | (1,233,287) | 257,396 | — | (975,891) |
| Advances for cost of issuance | 276,821 | — | — | — | 276,821 |
| Reimbursement for Cost of issue advances | (386,168) | — | — | — | (386,168) |
| Loss/(gain) on bond redemptions | — | (254,849) | 100,209 | — | (154,640) |
| Investment interest income | (29,372) | (2,824,831) | (1,653,748) | (672,955) | (5,180,906) |
| Bond and note interest expense | 665,372 | 25,590,617 | 10,049,670 | 6,670,394 | 42,976,053 |
| Bond insurance expense | — | 386,559 | 88,295 | 17,558 | 492,412 |
| Changes in assets and liabilities: | | | | | |
| Decrease (increase) in mortgage loans receivable | 193,275 | 46,605,084 | (26,532,039) | 4,070,243 | 24,336,563 |
| Increase in other assets | — | (436,480) | (26,320) | — | (462,800) |
| Decrease (increase) in accrued interest receivable | (5,165) | 135,400 | (106,976) | 15,455 | 38,714 |
| Decrease (increase) in other receivables and prepaid expenses | 44,767 | 826,140 | (455,303) | 28,174 | 443,778 |
| Increase (decrease) in deferred mortgage origination fees, net | (133,758) | 447,735 | (38,888) | — | 275,089 |
| Increase (decrease) in accounts payable | (52,583) | (308,517) | 3,573 | — | (357,527) |
| Net cash provided by (used for) operating activities | $ (3,170,392) | 69,469,305 | (18,500,017) | 10,762,570 | 58,561,466 |

Supplemental noncash operating/investing activities:
Mortgage loans receivable converted to real estate owned amounted to $2,162,982 in fiscal year 2009.

Supplemental noncash financing activities:
The fair value of investments decreased $513,729 in fiscal year 2009.

See accompanying notes to financial statements.

## (1) Authorizing Legislation and Nature of Funds

### *(a) Authorizing Legislation*

Vermont Housing Finance Agency (the Agency) was created as a body politic and corporate of the State of Vermont by an Act of the General Assembly approved on April 11, 1974 (the Act). The purpose of the Agency is to promote the expansion of the supply of funds available for mortgages on residential housing and to encourage an adequate supply of safe and decent housing at reasonable costs. The Agency is a component unit of the State of Vermont and the State of Vermont appoints a majority of the Agency's board of commissioners.

The Agency is empowered by the Act and subsequent amendments to issue bonds and notes. Instruments so issued do not constitute a debt or obligation of the State of Vermont and are payable solely from revenues or assets of the Agency.

The State of Vermont has pledged and agreed with the holders of bonds and notes of the Agency not to impair in any way the rights and remedies of such holders.

### *(b) Basis of Presentation and Nature of Funds*

The financial statements are presented on a program basis, combining the various restricted accounts required by each bond resolution into groups that account for the various bonds issued, related costs of issuance and debt service activity and the investment and related earnings of the bond proceeds in mortgages or loans and temporary investments and the maintenance of certain reserve fund requirements – all under the specific requirements of each resolution.

These accounts are in turn grouped by major fund as described below for the Single Family Mortgage Program fund, the Multiple Purpose Program Fund, the Multi-family Mortgage Program fund, and the unrestricted Operating fund of the Agency.

#### (i) Operating Fund

This fund derives its revenue principally from fees, mortgage interest and investment income. Operating expenses of the Agency are paid from this fund.

Transfers from program funds to the Operating Fund represent amounts allowed to be transferred pursuant to the terms of the Agency's bond resolutions.

#### (ii) Single Family Mortgage Program Fund

This fund has been established under the Single Family Insured Mortgage Bond Resolution adopted in September 1976, the Single Family Mortgage Purchase Bond Resolution adopted in June 1978, the Home Mortgage Purchase Bond Resolution adopted in July 1983 and the Single Family Housing Bond Resolution adopted in September 1990. Monies from these programs have been used by the Agency to purchase mortgage loans on single family residential housing units for persons and families of low and moderate income in Vermont.



(Continued)

**(iii) Multiple Purpose Program Fund**

This fund has been established under the Multiple Purpose Bond Indenture adopted in July 2007. Monies from these programs have been used by the Agency to finance mortgage loans on single family residential housing units and multi-family residential housing units for persons and families of low and moderate income within the state of Vermont.

**(iv) Multi-Family Mortgage Program Fund**

This fund has been established under the Multi-Family Mortgage Bond Resolution adopted in February 1977, the Multi-Family Housing Bond Resolution adopted in September 1981, and various individualized taxable and tax exempt bond resolutions adopted between December 1985 and May 2007. Monies from these programs are used by the Agency to make and finance mortgage loans to sponsors of multi-family residential housing units for persons and families of low and moderate income within the State of Vermont.

**(v) Reserve Requirements**

Under various bond resolutions of the Agency, certain amounts from bond proceeds are required to be set aside and maintained for potential debt service requirements in trusteed accounts. As of June 30, 2009, reserve requirements totaled $17,057,296 for the Single Family Mortgage Programs, $7,939,851 for the Multi-Family Mortgage Programs and $5,431,567 for the Multiple Purpose Programs. Amounts held in reserve accounts as of June 30, 2009 exceeded the required balances in all cases.

## (2) Summary of Significant Accounting Policies

### *(a) Basis of Accounting*

The Agency's financial statements have been prepared on the accrual basis of accounting using the economic resource management focus. Accordingly, the Agency recognizes revenue in the period earned and expenses in the period incurred.

As permitted under Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Agency has elected not to apply Statements of Financial Accounting Standards issued after November 30, 1989.

### *(b) Net Assets*

In accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the Agency's net assets have been classified for external financial reporting purposes into the following three net asset categories:

- *Invested in Capital Assets*: Capital assets, net of accumulated depreciation, and cost of construction or improvement of those assets.
- *Restricted*: Net assets subject to externally imposed stipulations, including those for excess yield loans.

- *Unrestricted*: Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Commissioners or may otherwise be limited by contractual agreements with outside parties.

### *(c) Cash Equivalents*

The Agency considers all highly liquid investments, including investment agreements with insurance companies, with original maturities of three months or less to be cash equivalents for purposes of the statement of cash flows. Cash equivalents also includes mortgage payments which are in transit to the trustee to be invested in collateralized repurchase agreements.

### *(d) Mortgage Loans Receivable*

Mortgage loans receivable are carried at their uncollected principal balances less an allowance for loan losses on mortgages. The loan loss allowances are established based on historical loss experience. Future additions to the allowance may be necessary based on changes in economic conditions. At June 30, 2009, the allowance for loan losses totaled $204,187 relating to Single Family mortgage loans, $1,538,204 for Multiple Purpose mortgage loans, $862,000 for Multi-Family mortgage loans and $2,100,000 for operating fund mortgage loans.

Included in Multi-Family mortgage loans receivable is approximately $8.5 million of mortgages funded by excess yield. The Agency estimates that it may be required to forgive or restructure up to this amount of these loans prior to the final maturity of the related 1999 and 2007 bond issues, in order to be in compliance with federal tax laws.

### *(e) Investments*

Investments are comprised of short-term investments other than cash equivalents that mature in one year or less, and long-term investments with maturities in excess of one year. The Agency follows the provisions of GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. GASB No. 31 requires investments to be reported at fair value in the statement of net assets. The net decrease in the fair value of investments, including both realized and unrealized gains and losses, is recognized in the statement of revenues, expenses, and changes in net assets. Fair values of guaranteed investment contracts (GICs) are recorded at contract value. Fair values of all other investments are based upon quoted market prices.

### *(f) Depreciation*

The Agency records purchases of its capital assets at cost and depreciates that cost over the estimated useful lives of the assets, which are forty years for the building and three to five years for furniture and fixtures, using the straight-line method.

### *(g) Amortization*

Costs of bond issuance, which represents underwriters' fees and legal costs are deferred and amortized over the lives of the respective issues using the straight-line method. Bond discounts and premiums are amortized using the effective interest method over the life of the bonds.

The difference between the reacquisition price and net carrying amount of defeased bonds is deducted from, or added to the refunding debt liability and amortized on the straight-line method over the shorter of the maturity of the new debt or the defeased debt.

***(h) Income Tax Status***

The Agency is generally exempt from federal and Vermont income taxes under Section 115 of the Internal Revenue Code and applicable state laws.

***(i) Deferred Loan Origination Fees and Costs***

In accordance with SFAS No. 91, *Accounting for Nonrefundable Fees and Cost Associated with Origination or Acquiring Loans and Initial Direct Costs of Leases*, loan origination fees and certain related costs are deferred and amortized over the estimated lives of the respective loans.

***(j) Arbitrage to be Rebated***

Bonds issued by the Agency are subject to a variety of Internal Revenue Service (IRS) regulations which limit the amount of income which may be earned with nonmortgage investments to an amount not greater than that amount which would have been earned had the funds been invested at the yield on the bonds as defined by the IRS. Excess earnings must be rebated every five years. In 2009 $541,000 was rebated to the IRS.

***(k) Operating and Nonoperating Revenues and Expenses***

The Agency records all revenues and expenses related to its Single Family and Multi-Family loan programs as operating revenues and expenses since they are generated from the Agency's daily operations needed to carry out its statutory purposes. Investment income is recorded as operating revenue in all funds. Net appreciation and depreciation in the fair value of investments is recorded as nonoperating revenues and expenses. Gains and losses on bond redemption are recorded in operating revenues or expenses because they are a part of the normal operations of the Agency's activities.

***(l) Use of Estimates***

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires estimates and assumptions that affect the reported amount of the assets and liabilities and contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to estimates and assumptions include the provision for loan losses and the valuation of investments.

**(3) Cash, Cash Equivalents and Investments**

For mortgage program investments, bond resolution requirements mandate specific classes of investment vehicles. Qualified investments are: direct obligations of the United States of America; obligations unconditionally guaranteed by the United States of America; indebtedness issued by certain federal agencies; bank time deposits evidenced by certificates of deposits insured by the Federal Depository Insurance Corporation (FDIC) and, if in excess of insured limits, collateralized in full by the aforementioned federal government investments; obligations of the State of Vermont, and/or federal or

state insured mortgages; collateralized repurchase agreements secured by obligations of the federal government; GICs with the collateral held by or at the direction of the appropriate trustee; and, investment agreements with banks or bank holding companies rated in the top categories by nationally recognized rating agencies.

The Agency has an investment policy with an overriding goal of providing optimum coverage of risk exposure and maintaining liquidity necessary for future cash needs while maximizing the return on investments. All investment agreements with banks or bank holding companies, insurance companies or other financial institutions must be rated at least "A" by nationally recognized credit rating agencies. All bonds are issued by U.S. Treasury or U.S. government agencies such as FNMA, FHLMC and FHLB, and have implied credit ratings of AAA.

### *(a) Custodial Credit Risk – Deposits*

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Agency's deposits may not be recovered. The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. The deposits (including certificates of deposit) at June 30, 2009, were $5.1 million. Of these, $2.8 million were exposed to custodial credit risk as uninsured and uncollateralized.

### *(b) Cash and Investments*

The Agency's cash and investments at June 30, 2009 are presented below.

**Investments by type**

June 30, 2009

(Expressed in thousands)

| Investment type | Fair value | Investment maturities (in years) | | | |
|---|---|---|---|---|---|
| | | Less than 1 | 1 – 5 | 6 – 10 | More than 10 |
| Cash | $ 5,120 | 5,120 | — | — | — |
| Money market | 48,753 | 48,753 | — | — | — |
| Certificate of deposit | 100 | 100 | — | — | — |
| Guaranteed investment contracts | 67,000 | 46,858 | — | — | 20,142 |
| U.S. Treasury securities | 8,538 | — | — | 8,538 | — |
| Government agency securities | 1,658 | — | — | 602 | 1,056 |
| Common stock | 659 | — | — | — | |
| | $ 131,828 | 100,831 | — | 9,140 | 21,198 |

### *(c) Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributable to the magnitude of the Agency's investment in a single issuer. More than 5% of the Agency's investments are invested in guaranteed investment contracts; AIG, Bayern LB, Calyon, and Transamerica. These investments are 30.3%, 22.4%, 18.2%, and 8.5%, respectively, of the Agency's total investments. The Agency's investment policy does not limit the amount invested in a single issue.

*(d) Interest Rate Risk – Investments*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Agency's policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**(4) Mortgage and Construction Loans Receivable**

*(a) Single Family Mortgage Loans Receivable*

Single Family mortgage loans earn interest at annual rates ranging from 4.5% to 12%. Mortgage payments are received monthly by the Agency from which a service fee is generally retained by servicing lenders or the subservicer.

At June 30, 2009, approximately 67% of the Single Family mortgage portfolios consist of primary insured mortgages.

Mortgage loans, not requiring primary insurance, are limited to 80% of the appraised value of the property.

*(b) Multi-Family Mortgage Loans and Construction Loans Receivable*

Multi-Family mortgage loans receivable earn interest at annual rates ranging predominantly from 1.07% to 14.00%, and are collateralized by first mortgage liens on all real and personal property of the mortgaged premises.

## (5) Capital Assets

Capital asset activity for the year ended June 30, 2009 is as follows:

| | Beginning balance | Additions | Deletions | Ending balance |
|---|---|---|---|---|
| Capital assets not being depreciated | | | | |
| Land | $ 775,000 | — | — | 775,000 |
| Total capital assets not being depreciated | 775,000 | — | — | 775,000 |
| Capital assets being depreciated | | | | |
| Building | 1,000,834 | — | — | 1,000,834 |
| Building improvements | 649,853 | 4,475 | — | 654,328 |
| Computer equipment | 719,417 | 148,910 | — | 868,327 |
| Furniture and fixtures | 197,318 | 2,690 | — | 200,008 |
| Total capital assets being depreciated | 2,567,422 | 156,075 | — | 2,723,497 |
| Less accumulated depreciation for: | | | | |
| Building | (337,780) | (25,022) | — | (362,802) |
| Building improvements | (627,349) | (14,128) | — | (641,477) |
| Computer equipment | (608,249) | (72,550) | — | (680,799) |
| Furniture and fixtures | (175,121) | (9,937) | — | (185,058) |
| Total accumulated depreciation | (1,748,499) | (121,637) | — | (1,870,136) |
| Total capital assets being depreciated, net | 818,923 | 34,438 | — | 853,361 |
| Capital assets, net | $ 1,593,923 | 34,438 | — | 1,628,361 |

Current period depreciation expense of $121,637 was charged to the operating fund.

## (6) Real Estate Owned

Real estate owned at June 30, 2009 consists of properties held pending sale as a result of foreclosure by the Agency. Real estate owned is carried at the lower of cost or fair value less estimated costs to sell. A valuation allowance has been established to account for the reduction in value of properties held. At June 30, 2009, the valuation allowance totaled $180,180.

## (7) Escrowed Cash Deposits

Escrowed cash deposits are received primarily from multi-family housing developers at the time the Agency makes permanent mortgage loans. Escrowed deposits are governed by agreements, and released upon satisfactory compliance with their terms.



(Continued)

## (8) Bonds Payable

All bonds payable are general or special obligations of the Agency and are collateralized by the operating revenues, loans, funds and investments pledged pursuant to the respective bond resolutions. Interest is payable semi-annually. All bonds are subject to redemption after various dates at par value.

Outstanding bonds payable at June 30, 2009 are as follows:

| | |
|---|---|
| A. Single Family Mortgage Program Fund: | |
| Home Mortgage Purchase Program: | |
| 1989 Series B, maturing 2009, interest at 7.450% | $ 380,000 |
| Housing Program: | |
| Series 9, maturing 2009 to 2037, interest at 4.65% to 5.400% | 12,075,000 |
| Series 10, maturing 2009 to 2030, interest at 4.45% to 5.250% | 7,300,000 |
| Series 11, maturing 2009 to 2030, interest at 5.15% to 5.950% | 2,900,000 |
| Series 12, maturing 2009 to 2031, interest at 5.60% to 6.400% | 2,855,000 |
| Series 13, maturing 2009 to 2031, interest at 5.05% to 5.970% | 6,845,000 |
| Series 14, maturing 2010 to 2032, interest at 4.625% to 6.050% | 9,055,000 |
| Series 15, maturing 2009 to 2032, interest at 4.30% to 5.375% | 12,855,000 |
| Series 16, maturing 2010 to 2033, interest at 4.75% to 5.600% | 26,245,000 |
| Series 17, maturing 2009 to 2034, interest at 3.182% to 5.100% | 18,710,000 |
| Series 18, maturing 2010 to 2034, interest at 3.50% to 4.950% | 18,900,000 |
| Series 19, maturing 2009 to 2035, interest at 2.80% to 5.000% | 21,460,000 |
| Series 20, maturing 2009 to 2035, interest at 3.85% to 5.500% | 22,895,000 |
| Series 21, maturing 2009 to 2035, interest at 2.55% to 5.000% | 32,615,000 |
| Series 22, maturing 2009 to 2035, interest at 3.65% to 5.000% | 33,290,000 |
| Series 23, maturing 2009 to 2035, interest at 3.50% to 5.000% | 48,325,000 |
| Series 24, maturing 2009 to 2036, interest at 3.70% to 5.000% | 36,725,000 |
| Series 25, maturing 2009 to 2037, interest at 3.95% to 6.000% | 46,350,000 |
| Series 26, maturing 2009 to 2038, interest at 3.65% to 5.750% | 47,720,000 |
| Series 27, maturing 2009 to 2038, interest at 3.85% to 5.500% | 39,520,000 |
| Total Housing Program | 446,640,000 |
| Total Single Family Mortgage Program Fund | 447,020,000 |
| B. Multiple Purpose Bond Program Fund: | |
| Multiple Purpose Bonds: | |
| 2007 Series A and B, maturing 2009 to 2038, interest at 4.10% to 5.750% | 60,675,000 |
| 2007 Series C, maturing 2009 to 2038, interest at 3.90% to 5.750% | 64,360,000 |
| 2008 Series C, maturing 2010 to 2040, interest at 2.15% to 5.35% | 35,305,000 |
| Total Multiple Purpose Bonds | 160,340,000 |



(Continued)

| | | |
|---|---|---|
| C. Multi-Family Mortgage Program Fund: | | |
| Mortgage Program: | | |
| 1999 Series A, maturing 2010 to 2020, interest at 4.65% to 5.125% | $ | 3,225,000 |
| 1999 Series B, maturing 2010 to 2030, interest at 5.45% to 6.000% | | 3,520,000 |
| 1999 Series C and D, maturing 2010 to 2021, interest at 5.15% to 5.800% | | 21,805,000 |
| 2000 Series A, maturing 2010 to 2039, interest at 5.900% | | 4,910,000 |
| 2000 Series B, C, and D, maturing 2009 to 2031, interest at 5.650% to 6.700% | | 2,150,000 |
| 2001 Series A, B, C, and D, maturing 2009 to 2032, interest at 5.400% to 7.270% | | 4,820,000 |
| 2002 Series A and B, maturing 2009 to 2039, interest at 4.55% to 7.200% | | 11,310,000 |
| 2003 Series A, maturing 2009 to 2043, interest at 5.050% to 5.250% | | 4,105,000 |
| 2003 Series C, maturing 2010 to 2034, interest at 3.60% to 5.100% | | 10,145,000 |
| 2004 Series A, B, and C, maturing 2009 to 2046, interest at 3.45% to 6.300% | | 13,805,000 |
| 2004 Series D, maturing 2009 to 2039, interest at 4.650% to 4.900% | | 2,680,000 |
| 2005 Series A, B, C, and D, maturing 2009 to 2035, interest at 4.400% to 5.750% | | 4,220,000 |
| Total Mortgage Program | | 86,695,000 |
| Direct Placement Program: | | |
| Northgate Housing Program: | | |
| Five series of bonds, maturing 2009 to 2031, interest at 7.085% to 9.230% | | 5,823,359 |
| Highgate Housing Program: | | |
| Two series of bonds, maturing 2009 to 2031, interest at 6.450% to 7.741% | | 1,032,262 |
| Kilbourn Mobile Home Park Bond: | | |
| Taxable bond, maturing 2009 to 2016, interest at 7.500% | | 188,500 |
| T.D. Banknorth Borrowing – Chittenden Housing Corp. Bond: | | |
| Maturing 2009 to 2012, interest at 5.410% | | 3,620,032 |
| Multi-Family variable rate demand bonds, Series 1 | | |
| Maturing 2010 to 2038, interest at 4.180% to 5.490% | | 4,085,000 |
| Multi-Family variable rate demand bonds, Series 2 | | |
| Maturing 2010 to 2038, interest at 3.756% to 4.610% | | 2,565,000 |
| Total Direct Placement Programs | | 17,314,153 |
| Total Multi-Family Mortgage Program Fund | | 104,009,153 |
| D. Operating Fund: | | |
| Northgate Housing Site Acquisition, maturing 2009 to 2031, interest at 7% | | 544,653 |
| Total bonds payable | $ | 711,913,806 |

All calendar year 2009 maturities on bonds payable occur after June 30, 2009.



(Continued)

## VERMONT HOUSING FINANCE AGENCY

Notes to Financial Statements

June 30, 2009

Future maturities on bonds payable as of June 30, 2009 are as follows (in thousands):

| | Multi-Family Mortgage Programs | | | | Multiple Purpose Programs | |
|---|---|---|---|---|---|---|
| | Mortgage Program | | Direct Placement Programs | | Multiple Purpose Bonds | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| Fiscal year ending June 30: | | | | | | |
| 2010 | $ 3,060 | 4,736 | 582 | 743 | 2,955 | 7,693 |
| 2011 | 3,230 | 4,580 | 567 | 703 | 3,510 | 7,566 |
| 2012 | 3,375 | 4,410 | 334 | 783 | 3,650 | 7,416 |
| 2013 | 3,500 | 4,230 | 3,830 | 744 | 3,355 | 7,260 |
| 2014 | 3,140 | 4,050 | 323 | 694 | 3,195 | 7,111 |
| 2015 – 2019 | 19,095 | 17,231 | 2,088 | 3,102 | 17,025 | 33,269 |
| 2020 – 2024 | 14,385 | 12,011 | 2,246 | 2,396 | 21,965 | 28,607 |
| 2025 – 2029 | 12,325 | 8,750 | 2,954 | 1,629 | 27,605 | 22,451 |
| 2030 – 2034 | 13,900 | 5,080 | 2,695 | 690 | 33,380 | 14,922 |
| 2035 – 2039 | 8,875 | 1,725 | 1,695 | 172 | 41,010 | 5,332 |
| 2040 – 2044 | 1,470 | 242 | — | — | 2,690 | 60 |
| 2045 – 2046 | 340 | 28 | — | — | — | — |
| Total | $ 86,695 | 67,073 | 17,314 | 11,656 | 160,340 | 141,687 |

| | Single Family Mortgage Programs | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Home Mortgage Purchase Program | | Housing Program | | Operating Fund | | Agency totals | |
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| Fiscal year ending June 30: | | | | | | | | |
| 2010 | $ 380 | 14 | 10,195 | 20,980 | 10 | 38 | 17,182 | 34,204 |
| 2011 | — | — | 10,645 | 20,550 | 11 | 37 | 17,963 | 33,436 |
| 2012 | — | — | 10,575 | 20,087 | 12 | 37 | 17,946 | 32,733 |
| 2013 | — | — | 10,700 | 19,615 | 13 | 36 | 21,398 | 31,885 |
| 2014 | — | — | 11,210 | 19,129 | 13 | 35 | 17,881 | 31,019 |
| 2015 – 2019 | — | — | 68,495 | 86,990 | 82 | 159 | 106,785 | 140,751 |
| 2020 – 2024 | — | — | 83,350 | 69,076 | 115 | 127 | 122,061 | 112,217 |
| 2025 – 2029 | — | — | 92,945 | 48,238 | 162 | 80 | 135,991 | 81,148 |
| 2030 – 2034 | — | — | 103,375 | 24,275 | 127 | 18 | 153,477 | 44,985 |
| 2035 – 2039 | — | — | 45,150 | 3,909 | — | — | 96,730 | 11,138 |
| 2040 – 2044 | — | — | — | — | — | — | 4,160 | 302 |
| 2045 – 2046 | — | — | — | — | — | — | 340 | 28 |
| Total | $ 380 | 14 | 446,640 | 332,849 | 545 | 567 | 711,914 | 553,846 |

A summary of bonds payable, discount on bonds, and premium on bonds and arbitrage rebate payable activity for the year ended June 30, 2009 is as follows (in thousands):

| | Balance at June 30, 2008 | Increases | Decreases | Balance at June 30, 2009 | Amounts due within one year | Amounts due thereafter |
|---|---|---|---|---|---|---|
| Bonds payable | $ 728,869 | 50,000 | (66,955) | 711,914 | 17,182 | 694,732 |
| Discount on bonds | (6,480) | (345) | 733 | (6,092) | (319) | (5,773) |
| Premium on bonds | 5,318 | — | (921) | 4,397 | 170 | 4,227 |
| Arbitrage rebate payable | 1,806 | 477 | (695) | 1,588 | 242 | 1,346 |



(Continued)

The Agency has entered into interest rate swap agreements with counterparties in connection with the Single Family Housing Bonds Variable Rate Demand Bonds (VRDB) in order to obtain a synthetic fixed interest rate at a cost expected to be less than that associated with variable rate debt. Under the swap agreement, the swap provider pays the Agency an amount based on the London InterBank Offered Rate (LIBOR) or the Securities Industry and Financial Markets Association (SIFMA), and the Agency pays the swap provider an amount at a fixed rate of interest.

Using rates as of June 30, 2009, debt service requirements of the variable rate bonds and net swap payments, assuming current interest rates remain constant, were as follows (in thousands):

| | Variable rate | | Interest rate swaps, net | Total |
|---|---|---|---|---|
| | Principal | Interest | | |
| Fiscal year ending June 30: | | | | |
| 2010 | $ 842 | 4,318 | 5,034 | 10,194 |
| 2011 | 1,172 | 4,299 | 5,001 | 10,472 |
| 2012 | 1,135 | 4,268 | 4,780 | 10,183 |
| 2013 | 1,200 | 4,247 | 4,741 | 10,188 |
| 2014 | 1,255 | 4,224 | 4,700 | 10,179 |
| 2015 – 2019 | 18,045 | 19,696 | 22,209 | 59,950 |
| 2020 – 2024 | 26,560 | 15,163 | 17,902 | 59,625 |
| 2025 – 2029 | 27,950 | 10,213 | 12,778 | 50,941 |
| 2030 – 2034 | 34,400 | 5,223 | 7,508 | 47,131 |
| 2035 – 2039 | 23,375 | 644 | 2,148 | 26,167 |
| 2040 | 2,690 | 5 | 52 | 2,747 |
| | $ 138,624 | 72,300 | 86,853 | 297,777 |



(Continued)

## VERMONT HOUSING FINANCE AGENCY

Notes to Financial Statements

June 30, 2009

A summary of the swap agreements follows:

| Issue | | Effective date | Face amount | Termination date | Termination option date | Fixed swap payment rate | Variable receivable rate | Fair value at June 30, 2009 |
|---|---|---|---|---|---|---|---|---|
| Series 17 | VRDB | 4/23/2003 | $ 5,420,000 | 5/1/2019 | — | 3.182 | 70% of LIBOR | $ (273,122) |
| Series 19 | VRDB | 4/8/2004 | 6,900,000 | 11/1/2027 | — | 3.492 | 70% of LIBOR | (513,575) |
| Series 20 | VRDB | 8/12/2004 | 7,000,000 | 5/1/2028 | 11/1/2014 | 4.166 | 70% of LIBOR | (707,727) |
| Series 21 | VRDB | 11/30/2004 | 10,250,000 | 5/1/2029 | | 3.682 | SIFMA + 0.10% (if LIBOR < 3.00%) 68% of LIBOR (if LIBOR > 3.00%) | (871,315) |
| Series 22 | VRDB | 6/8/2005 | 13,800,000 | 11/1/2034 | 5/1/2012 | 3.731 | 65% of LIBOR | (808,691) |
| Series 23 | VRDB | 10/26/2005 | 14,500,000 | 11/1/2034 | 11/1/2014 | 3.569 | 65% of LIBOR + 0.28% | (800,253) |
| Series 24 | VRDB | 4/19/2006 | 10,440,000 | 11/1/2035 | 5/1/2015 | 3.973 | 65% of LIBOR + 0.28% | (852,292) |
| Series 25 | VRDB | 7/12/2006 | 12,945,000 | 11/1/2036 | 11/1/2015 | 4.251 | 65% of LIBOR + 0.28% | (1,404,848) |
| Series 26 | VRDB | 10/26/2006 | 13,450,000 | 5/1/2037 | 5/1/2016 | 3.897 | 65% of LIBOR + 0.28% | (1,139,424) |
| MP2007 A | VRDB | 7/24/2007 | 12,800,000 | 5/1/2037 | 5/1/2017 | 4.197 | 65% of LIBOR + 0.28% | (1,450,865) |
| MP2007 C | VRDB | 9/12/2007 | 16,500,000 | 11/1/2037 | 5/1/2017 | 3.990 | 65% of LIBOR + 0.28% | (1,592,978) |
| MP2008 C | VRDB | 9/24/2008 | 11,980,000 | 5/1//2040 | — | 3.167 | SIFMA + 0.05% | (321,912) |
| TD BankNorth Chittenden Housing | | 6/28/2006 | 3,620,032 | 6/28/2011 | — | 5.410 | 69% of LIBOR | (221,808) |
| Series 1-A | VRDB | 1/25/2007 | 635,000 | 1/1/2022 | — | 4.240 | SIFMA + 0.15% | (55,073) |
| Series 1-B | VRDB | 1/25/2007 | 1,740,000 | 1/1/2022 | — | 4.180 | SIFMA + 0.10% | (148,844) |
| Series 1-C | VRDB | 1/25/2007 | 1,710,000 | 1/1/2022 | — | 5.490 | LIBOR + 0.05% | (269,580) |
| Series 2-A | VRDB | 1/24/2008 | 1,295,000 | 1/5/2023 | — | 3.800 | SIFMA + 0.15% | (54,248) |
| Series 2-B | VRDB | 1/24/2008 | 270,000 | 1/5/2023 | — | 3.756 | SIFMA + 0.10% | (11,408) |
| Series 2-C | VRDB | 1/24/2008 | 1,000,000 | 1/5/2023 | — | 4.610 | LIBOR + 0.05% | (76,795) |
| | | | $ 146,255,032 | | | | | $ (11,574,758) |

By using derivative financial instruments to hedge exposures to changes in interest rates, the Agency exposes itself to credit and market risk. Credit risk is the failure of the counter-party to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counter-party owes the Agency, which creates credit risk for the Agency. When the fair value of a derivative contract is negative, the Agency owes the counter-party and, therefore, it does not possess credit risk. The Agency minimizes its credit risk in derivative instruments by entering into transactions with high-quality counter-parties whose credit rating is higher than Aa. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rates is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.



(Continued)

## (9) Notes Payable

The Agency may borrow from the Federal Home Loan Bank (FHLB) in an amount not to exceed assets pledged to the FHLB. As of June 30, 2009, the Agency had outstanding borrowings totaling $5,744,342 which are secured by mortgage loans with a carrying value of $6,300,425. These borrowings have interest rates ranging from 6.32% to 7.66% and mature through November 2018.

The Agency is operating under unsecured variable rate lines of credit that total $70,050,000 with lending institutions expiring in 2010. At June 30, 2009, there was a $20,929,579 balance outstanding at 1.07% to 4.44%. The lines of credit were entered into in order to fund working capital, and to be used for specific construction projects financed by the Agency.

The Agency has a $500,000 note payable to the Vermont Community Foundation at a rate of 4.5%, maturing in February 2010. The note is uncollateralized.

Future maturities on notes payable and line of credit borrowings as of June 30, 2009 are as follows (in thousands):

| | Operating Fund | | Multi Family Direct Placement Program | | Agency totals | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| Year ending June 30: | | | | | | |
| 2010 | $ 2,506 | 464 | 18,246 | 359 | 20,752 | 823 |
| 2011 | 200 | 378 | 989 | 17 | 1,189 | 395 |
| 2012 | 244 | 363 | — | — | 244 | 363 |
| 2013 | 230 | 346 | — | — | 230 | 346 |
| 2014 | 248 | 328 | — | — | 248 | 328 |
| 2015 – 2019 | 4,511 | 895 | — | — | 4,511 | 895 |
| Total | $ 7,939 | 2,774 | 19,235 | 376 | 27,174 | 3,150 |

A summary of line of credit borrowings and notes payable activity for the year ended June 30, 2009 is as follows (in thousands):

| | Balance at June 30, 2008 | Increases | Decreases | Balance at June 30, 2009 | Amounts due within one year | Amounts due thereafter |
|---|---|---|---|---|---|---|
| Line of credit borrowings | $ 23,596 | 19,153 | (21,819) | 20,930 | 19,940 | 990 |
| Notes payable | 76,508 | — | (70,264) | 6,244 | 811 | 5,433 |
| | $ 100,104 | 19,153 | (92,083) | 27,174 | 20,751 | 6,423 |

## (10) Asset Restrictions

Pursuant to the Act and agreements with bondholders and other parties, the Agency's assets are pledged to secure specific obligations or are otherwise restricted.

Programs which are financed by the issuance of bonds are accounted for separately in accordance with each of the general bond resolutions. Program assets and revenues are pledged to bondholders. Revenues in excess of required amounts are available to be transferred to the Operating Fund.

Amounts transferred to the Operating Fund from the bond resolutions are free and clear of any lien or pledge created by the bond resolutions, and may be used for any lawful purpose under the Act, including payments to various accounts within the bond resolutions. All of the outstanding bonds, except for the Single Family Housing Bonds, are general obligations of the Agency. For general obligation bonds, the Agency covenants that it will restore deficiencies to the bond programs, as defined by the bond resolutions, from the Operating Fund.

The Operating Fund is also the primary source to pay administrative expenses in connection with current and future housing programs, and to provide collateral for credit agreements.

**(11) Retirement Plan**

Upon meeting certain eligibility requirements, the Agency's employees are eligible to participate in the Vermont Housing Finance Agency 403(b) Plan, a noncontributory defined contribution pension plan. For the year ended June 30, 2009, the Agency had a total payroll of $2,337,339, of which $2,290,009 was covered by the pension plan. The Agency's contribution to the Plan is 10% of the covered payroll. Employees are 30% vested in benefits under the plan upon hire, and vest in the remaining 70% on a pro-rata basis over the next five years of service. Forfeitures on nonvested benefits by terminated employees reduce the Agency's contribution. The cost of the plan was $239,640 for the year ended June 30, 2009, and is included in salaries and benefits expense. The Agency does not provide any postemployment benefits other than the 403(b) plan.

**(12) Gain on Bond Redemptions**

During the year ended June 30, 2009, the Agency redeemed $30,180,000 of its Single–Family Housing Program Bonds, and $19,770,000 of its Multiple Purpose Bonds. A gain on bond redemptions of $154,640 was recognized which represents the unamortized balance of bond premium and discount and cost of issuance costs associated with the bonds retired.

The following is a summary of the redeemed bonds (in thousands):

| | | |
|---|---|---|
| Single Family Housing Program: | | |
| Series 9 | $ | 1,320,000 |
| Series 10 | | 960,000 |
| Series 11 | | 505,000 |
| Series 12 | | 320,000 |
| Series 13 | | 885,000 |
| Series 14 | | 880,000 |
| Series 15 | | 790,000 |
| Series 16 | | 2,770,000 |
| Series 17 | | 1,655,000 |
| Series 18 | | 1,935,000 |
| Series 19 | | 1,880,000 |
| Series 20 | | 1,645,000 |
| Series 21 | | 2,715,000 |
| Series 22 | | 2,005,000 |
| Series 23 | | 1,925,000 |
| Series 24 | | 1,845,000 |
| Series 25 | | 2,085,000 |
| Series 26 | | 2,320,000 |
| Series 27 | | 1,740,000 |
| | $ | 30,180,000 |

| | | |
|---|---|---|
| Multiple Purpose Bonds: | | |
| 2007 Series A, B | $ | 3,430,000 |
| 2007 Series C | | 1,645,000 |
| 2008 Series C | | 14,695,000 |
| | $ | 19,770,000 |

**(13) Commitments and Contingencies**

At June 30, 2009, the Agency had outstanding commitments in the amount of $5,494,678 to purchase or finance mortgage loans pursuant to its normal funding from bond proceeds. In addition, there were commitments of $33,900,000 for general loans or future program subsidy purposes.

Under the Single Family Mortgage Programs, the Agency has obtained surety bonds in the amount of $23,534,719 expiring between 2030 and 2038, which satisfy the requirements of certain bond resolutions.



(Continued)

## (14) Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors; and omissions; injuries to employees; employees' health; and natural disasters. The Agency manages these risks through a combination of participating in the State self-insurance program and purchasing commercial insurance packages in the name of the Agency. The Agency has not experienced settled claims resulting from these risks which have exceeded its insurance coverage. In addition, the Agency's bylaws provide for the indemnification of Agency commissioners and officers by the Agency. This indemnification requirement is supported by various statutes related to claims against employees and entities of the State and the Agency's authorizing legislation which includes the benefit of sovereign immunity.

## (15) Subsequent Event

On July 28, 2009, the Agency securitized $41.2 million of Single Family mortgage loans receivable with Freddie Mac; $35.5 million from the Single Family Housing Program, and $5.7 million from the Multiple Purpose Bonds program. The mortgage backed securities (MBS) issued in exchange for the loans will amortize principal and interest over the terms of the underlying mortgages and will be carried as investments in the respective programs.

On July 1, 2009 VHFA entered into an agreement with the United States Department of Housing and Urban Development (HUD) to administer $5.4 million of funding available to eligible Vermont housing developments under the Federal Tax Credit Assistance Program (TCAP). The TCAP program, authorized by the American Recovery and Reinvestment Act will pay for capital items in developments that receive Section 42 Housing Credits.

On August 26, 2009 VHFA made its first distribution under Section 1602 of the American Recovery and Reinvestment Tax Act of 2009 which authorized the United States Department of the Treasury to issue grants to State housing credit agencies in lieu of low-income housing credits. The program allows states to exchange up to 100% of returned and unused pre-2009 ceiling credits and 40% of 2009 per capita and national pool credits for cash. VHFA will administer the distribution of the cash to eligible housing developments to pay for capital items. As of September 1, 2009, VHFA had exchanged $1.4 million of credits for $11.7 million in cash, and made distributions of $462,470.

On June 15, 2009 VHFA signed a memorandum of agreement with the State of Vermont to administer $7 million out of $19.6 million of Neighborhood Stabilization Program (NSP) funds allocated to the State under the Federal Housing and Economic Recovery Act of 2008. VHFA's portion to administer is called the Homeownership Acquisition and Rehabilitation Program (HARP). The NSP-HARP funds will be used to purchase foreclosed 1 to 4 unit residential properties, to pay for any required rehabilitation and related costs, and to find eligible buyers or renters. VHFA received its initial funding from the State of Vermont on July 27, 2009 and purchased the first property under the NSP-Harp program on August 5, 2009.

KPMG

# VERMONT HOUSING FINANCE AGENCY

(a component unit of the State of Vermont)

Financial Statements and
Required Supplementary Information

June 30, 2009

(With Independent Auditors' Report Thereon)

# VERMONT HOUSING FINANCE AGENCY

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KPMG LLP
P.O. Box 564
Burlington, VT 05402

Suite 400
356 Mountain View Drive
Colchester, VT 05446

## Independent Auditors' Report

The Honorable Thomas M. Salmon
State Auditor of the State of Vermont and
The Commissioners
Vermont Housing Finance Agency:

We have audited the accompanying financial statements of the business-type activities and each major fund of the Vermont Housing Finance Agency (the Agency), a component unit of the State of Vermont, as of and for the year ended June 30, 2009, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Vermont Housing Finance Agency as of June 30, 2009, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 2 to 6 is not a required part of the financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

KPMG LLP

October 14, 2009

Vt. Reg. No. 92-0000241

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# VERMONT HOUSING FINANCE AGENCY

Management's Discussion and Analysis

June 30, 2009

(Unaudited)

This section of the Vermont Housing Finance Agency's (the Agency) annual Financial Statements presents management's discussion and analysis of its financial performance and significant changes in financial position for the fiscal year ended June 30, 2009. Readers are encouraged to consider the information presented in conjunction with the financial statements as a whole.

## Overview of the Agency

The Agency was created in 1974 by an Act of the General Assembly of the State of Vermont. The purpose of the Agency is to promote the expansion of the supply of funds available for mortgages on residential housing and to encourage an adequate supply of safe and decent housing at reasonable costs. The Agency is authorized to issue bonds and other obligations to fulfill its corporate purposes. Obligations of the Agency do not constitute debt of the State of Vermont and are payable solely from the revenues or assets of the Agency.

The majority of the Agency's funding has been provided from the proceeds of sales of tax-exempt and taxable bonds and notes, and advances from lending institutions. Since September 1974, the Agency has issued $2.8 billion aggregate principal amount of bonds, notes and line of credit borrowings, of which $739.1 million was outstanding as of June 30, 2009, to finance its various programs. The proceeds of the debt have been or will be used to make mortgage loans to sponsors of multi-family residential housing units for persons and families of low and moderate income in the State, to purchase mortgage loans on single family residential housing units for persons and families of low and moderate income in the state, and to make loans to finance certain other multi-family housing developments. The bonds are secured pursuant to the terms of the resolutions under which they were issued.

## Overview of the Financial Statements

The Agency's financial statements consist of three parts – Management's Discussion and Analysis, the basic financial statements and the notes to the financial statements. The basic financial statements include the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. The notes to the basic financial statements are intended to provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

## Summary of Net Assets

The Agency's Statement of Net Assets consists primarily of single family and multi-family mortgage loans, cash and investments, and related bonds and notes payable. It also includes a portfolio of mortgage loans financed through its Operating Fund, as well as a variety of other assets such as property and equipment, other receivables, and deferred charges.

Cash and investments are used to fund loan purchases, bond debt service, and reserve funds, and are typically held in guaranteed investment contracts or other investment vehicles, as authorized in accordance with the Agency's investment policy.



(Continued)

The following table summarizes the net assets of the Agency as of June 30, 2009 with comparative data from the prior fiscal year.

| | 2009 | 2008 | Percentage change 2009 – 2008 |
|---|---|---|---|
| Assets: | | | |
| Cash and investments | $ 131,828,112 | 200,568,394 | (34.3)% |
| Loans receivable, net | 681,004,431 | 705,340,994 | (3.5) |
| Other assets | 18,873,402 | 20,176,584 | (6.5) |
| Total assets | 831,705,945 | 926,085,972 | (10.2) |
| Liabilities: | | | |
| Bonds and notes payable | 739,087,628 | 828,973,611 | (10.8) |
| Other liabilities | 11,797,806 | 12,854,819 | (8.2) |
| Total liabilities | 750,885,434 | 841,828,430 | (10.8) |
| Net assets: | | | |
| Invested in capital assets | 1,628,361 | 1,593,923 | 2.2 |
| Restricted: | | | |
| Bond and other requirements | 62,417,750 | 66,371,231 | (6.0) |
| Excess yield loans | 8,455,328 | 8,539,071 | (1.0) |
| Unrestricted | 8,319,072 | 7,753,317 | 7.3 |
| Total net assets | $ 80,820,511 | 84,257,542 | (4.1)% |

Total assets decreased by $94.4 million or 10.2% for the fiscal year ended June 30, 2009 when compared to the year ended June 30, 2008, primarily as a result of:

- Cash and investments decreased by $68.7 million, or 34.3%. Significant additions to cash were the issuance of $50.0 million in multiple-purpose bonds, and $19.2 million of notes, and $77.3 million of mortgage loan principal. Reductions in cash were the payment of $92.1 million in notes and $67.0 million of bonds, and mortgage loan originations of $55.9 million.
- Total mortgage and construction loans receivable decreased by $24.3 million or 3.5% for the twelve month period. Loan originations decreased by $103.8 million or 65% compared to the prior fiscal year. In fiscal year 2009 principal collections increased by $0.9 million or 1.1%.
- Included in restricted net assets is approximately $8.5 million of multi-family mortgages, net of a $1.5 million loan loss reserve, which were funded by mortgage interest income received in excess of that permitted by federal tax law (excess yield). To be in compliance with the aforementioned tax laws, the Agency believes that it may eventually forgive a portion of these loans, but that current reserves are adequate to cover such risk.



(Continued)

The following table summarizes the change in mortgage loans receivable for the year ended June 30, 2009, with comparative data from the prior fiscal year:

| | Fiscal year ended June 2009 | Fiscal year ended June 2008 | Percentage change year to year June 2009 vs. June 2008 |
|---|---|---|---|
| Mortgage loans receivable: | | | |
| Beginning balance | $ 705,340,994 | 623,559,508 | 13.1% |
| Mortgage loan originations | 55,931,834 | 159,721,796 | (65.0) |
| Principal collections | (77,372,687) | (76,527,169) | 1.10 |
| Loans transferred to REO status | (2,162,982) | (940,445) | 130.0 |
| Loan loss provision | (732,728) | (472,696) | 55.0 |
| Ending balance | $ 681,004,431 | 705,340,994 | (3.5)% |

The following table summarizes the changes in bonds, notes payable, and lines of credit borrowings for the fiscal year are as follows (in thousands):

| | Balance at June 30, 2008 | Increases | Decreases | Balance at June 30, 2009 |
|---|---|---|---|---|
| Bonds payable | $ 728,869 | 50,000 | (66,955) | 711,914 |
| Notes payable | 76,508 | — | (70,264) | 6,244 |
| Lines of credit borrowings | 23,596 | 19,153 | (21,819) | 20,930 |
| Total debt | $ 828,973 | 69,153 | (159,038) | 739,088 |

Total liabilities of the Agency decreased by $90.9 million, or 10.8% for the fiscal year ended June 30, 2009 when compared to the year ended June 30, 2008, primarily as a net result of:

- $50.0 million in bonds issued under the Multiple Purpose resolution.
- Fifteen multi-family construction projects received $19.2 million in loan advances, which were financed with notes payable from lending institutions. $21.8 million of notes were repaid.
- Two issues of Multiple Purpose Notes matured during the period, reducing notes payable by $70.3 million.
- $67.0 million of principal was paid on outstanding bonds payable.

**Summary of Revenues, Expenses and Changes in Net Assets**

The Agency's operating revenues consist primarily of interest income on mortgage and construction loans, investment income, and miscellaneous fee income. Operating expenses consist of bond interest expense and other debt financing costs, operational expenses, and mortgage servicing fees.



(Continued)

The following table summarizes the changes in net assets for the fiscal year ended June 30, 2009 with comparative data from the prior fiscal year.

| | 2009 | 2008 | Percentage change 2009 – 2008 |
|---|---|---|---|
| Operating revenues: | | | |
| Interest on loans | $ 42,364,370 | 41,677,841 | 1.6% |
| Interest on investments | 5,180,906 | 9,717,929 | (46.7) |
| Fee income | 727,525 | 755,469 | (3.7) |
| Gain on bond redemptions | 154,640 | 187,468 | (17.5) |
| Other revenue | 141,772 | 75,684 | 87.3 |
| Total operating revenues | 48,569,213 | 52,414,391 | (7.3) |
| Operating expenses: | | | |
| Financing costs | 45,194,711 | 43,355,316 | 4.2 |
| Operational expenses | 4,777,266 | 4,900,927 | (2.5) |
| Mortgage servicing | 1,101,184 | 1,394,369 | (21.0) |
| Loan losses and property disposition | 803,405 | 512,180 | 56.9 |
| Total operating expenses | 51,876,566 | 50,162,792 | 3.4 |
| Operating income (loss) | (3,307,353) | 2,251,599 | (246.9) |
| Nonoperating revenues: | | | |
| Gain on sale of investments | 384,051 | — | 100.0 |
| Net depreciation in fair value of investments | (513,729) | (73,782) | 596.3 |
| Increase (decrease) in net assets | (3,437,031) | 2,177,817 | (257.8) |
| Net assets at beginning of year | 84,257,542 | 82,079,725 | 2.7 |
| Net assets at end of year | $ 80,820,511 | 84,257,542 | (4.1)% |



(Continued)

The Agency's net loss for the fiscal year ended June 30, 2009 was $3,437,031, compared to a surplus of $2,177,817 for the fiscal year ending June 30, 2008. The change results primarily from the effects of:

- The operating loss for the period of $3,307,353, compared to a surplus of $2,251,599 for the comparable twelve months last year. A large portion of the change in operating results is due to decreased investment interest income of $4,537,023, and an increase in financing costs of $1,839,395 offset by increased mortgage loan interest income of $686,529.
- The decrease in investment interest income by $4.5 million, or 46.7%, from the same period last year was due to decreased reinvestment rates and a net decrease in the cash and investment portfolio balance of $68.7 million. This decrease was primarily due to mortgage loan originations and reduction of debt.
- The increased financing costs reflect approximately $4.5 million of interest expense paid on VHFA's variable rate debt during the twelve month period.
- Net depreciation in the fair value of investments accounted for a decrease in net assets of $513,729 compared to net depreciation of $73,782 in the same twelve month period of the prior year.

**Budgetary Information**

The Agency prepares an annual budget of income, expenses, and fund transfers (net of deferred loan origination costs and fees) for its Operating Fund. The operating budget is prepared by staff and reviewed and approved prior to the start of each fiscal year by the Agency's Board of Commissioners.

For fiscal year 2009, the Agency projected an Operating Fund budget surplus of $9,700 and achieved an actual budget surplus of $530,200 as a result of positive expense variances of $323,600 net of negative income variances of $268,500 and fund transfers $465,400 greater than budgeted.

The addition of net deferred loan origination costs and fees of $70,000 in fiscal year 2009 to the budget surplus of $530,200 results in an increase in Operating Fund net assets for fiscal year 2009 of $600,200, compared with an increase of $243,700 in the prior period.

**Contacting the Agency's Financial Management**

This financial report is designed to provide a general overview of the Agency's operations and insight into the financial statements. If you have questions about this report or need additional financial information, please contact the Chief Financial Officer at Vermont Housing Finance Agency, 164 St. Paul Street, Burlington, VT 05401 or visit our website at www.vhfa.org.

VERMONT HOUSING FINANCE AGENCY

Statement of Net Assets

June 30, 2009

| Assets | Operating Fund | Single Family Mortgage Program Fund | Multiple Purpose Bond Fund | Multi-Family Mortgage Program Fund | Total |
|---|---|---|---|---|---|
| Cash and cash equivalents | $ 5,228,147 | — | — | — | 5,228,147 |
| Investments | 100,000 | — | — | — | 100,000 |
| Accrued interest receivable: | | | | | |
| Mortgage and notes | 1,176,896 | 1,900,888 | 516,736 | 339,476 | 3,933,996 |
| Investments | 461 | 363,574 | 83,681 | 265,581 | 713,297 |
| Current portion of mortgage loans receivable | 271,349 | 9,051,409 | 3,522,890 | 2,813,340 | 15,658,988 |
| Current costs of bond issuance expense | — | 97,186 | 33,087 | 46,611 | 176,884 |
| Current portion of deferred mortgage originating fees, net | — | 389,892 | 185,476 | — | 575,368 |
| Current receivables and prepaid expenses | 182,055 | 1,415,190 | 291,031 | 68,652 | 1,956,928 |
| Interfund receivables (payables) | 789,716 | 163,589 | (321,145) | (632,160) | — |
| Total current assets | 7,748,624 | 13,381,728 | 4,311,756 | 2,901,500 | 28,343,608 |
| Noncurrent assets: | | | | | |
| Restricted cash and cash equivalents | — | 45,643,342 | 25,220,137 | 24,639,315 | 95,502,794 |
| Restricted investments | — | 25,936,167 | — | 5,061,004 | 30,997,171 |
| Noncurrent portion of mortgage loans receivable, net | 12,453,628 | 398,654,460 | 149,263,961 | 104,973,394 | 665,345,443 |
| Deferred costs of bond issuance, net | — | 2,427,197 | 696,042 | 847,484 | 3,970,723 |
| Deferred mortgage origination fees, net | — | 803,007 | 54,715 | — | 857,722 |
| Noncurrent receivables and prepaid expenses | — | 2,334,667 | 1,338,203 | — | 3,672,870 |
| Land | 775,000 | — | — | — | 775,000 |
| Building (less accumulated depreciation of $362,802) | 638,032 | — | — | — | 638,032 |
| Office furniture and fixtures (less accumulated depreciation of $1,507,334) | 215,329 | — | — | — | 215,329 |
| Other assets and real estate owned | — | 1,360,933 | 26,320 | — | 1,387,253 |
| Total noncurrent assets | 14,081,989 | 477,159,773 | 176,599,378 | 135,521,197 | 803,362,337 |
| Total assets | $ 21,830,613 | 490,541,501 | 180,911,134 | 138,422,697 | 831,705,945 |
| **Liabilities and Net Assets** | | | | | |
| Liabilities: | | | | | |
| Current liabilities: | | | | | |
| Current notes payable and lines of credit | $ 2,505,869 | — | — | 18,245,450 | 20,751,319 |
| Current bonds payable | 10,193 | 10,575,000 | 2,955,000 | 3,641,603 | 17,181,796 |
| Accrued interest payable | 57,150 | 4,132,984 | 1,419,878 | 1,850,543 | 7,460,555 |
| Current unamortized bond and note premium (discount), net | — | (34,077) | (49,448) | (65,288) | (148,813) |
| Current deferred loan origination fees | 75,438 | — | — | — | 75,438 |
| Accounts payable | 574,228 | 951,924 | 140,934 | 10,290 | 1,677,376 |
| Escrowed cash deposits | 2,368,331 | — | — | — | 2,368,331 |
| Arbitrage rebate payable | — | 241,603 | — | — | 241,603 |
| Total current liabilities | 5,591,209 | 15,867,434 | 4,466,364 | 23,682,598 | 49,607,605 |
| Noncurrent liabilities: | | | | | |
| Noncurrent notes payable | 5,433,474 | — | — | 989,029 | 6,422,503 |
| Noncurrent bonds payable | 534,460 | 436,445,000 | 157,385,000 | 100,367,550 | 694,732,010 |
| Unamortized bond and note premium (discount), net | — | (727,287) | 13,735 | (833,200) | (1,546,752) |
| Arbitrage rebate payable | — | 1,341,987 | — | 4,044 | 1,346,031 |
| Noncurrent deferred mortgage loan origination fees | 324,037 | — | — | — | 324,037 |
| Total noncurrent liabilities | 6,291,971 | 437,059,700 | 157,398,735 | 100,527,423 | 701,277,829 |
| Total liabilities | 11,883,180 | 452,927,134 | 161,865,099 | 124,210,021 | 750,885,434 |
| Net assets: | | | | | |
| Invested in capital assets | 1,628,361 | — | — | — | 1,628,361 |
| Restricted | — | 37,614,367 | 19,046,035 | 14,212,676 | 70,873,078 |
| Unrestricted | 8,319,072 | — | — | — | 8,319,072 |
| Total net assets | 9,947,433 | 37,614,367 | 19,046,035 | 14,212,676 | 80,820,511 |
| Total liabilities and net assets | $ 21,830,613 | 490,541,501 | 180,911,134 | 138,422,697 | 831,705,945 |

See accompanying notes to financial statements.

VERMONT HOUSING FINANCE AGENCY

Statement of Revenues, Expenses and Changes in Net Assets

Year ended June 30, 2009

| | Operating Fund | Single Family Mortgage Program Fund | Multiple Purpose Bond Fund | Multi-Family Mortgage Program Fund | Total |
|---|---|---|---|---|---|
| Operating revenues: | | | | | |
| Interest income: | | | | | |
| Mortgage and construction loans | $ 861,850 | 25,663,180 | 8,804,760 | 7,034,580 | 42,364,370 |
| Investments | 29,372 | 2,824,831 | 1,653,748 | 672,955 | 5,180,906 |
| Fee income: | | | | | |
| Multi-Family Mortgage Programs | 587,021 | — | 125,593 | — | 712,614 |
| Single Family Mortgage Programs | 14,086 | 65 | 760 | — | 14,911 |
| Gain (loss) on bond redemptions | — | 254,849 | (100,209) | | 154,640 |
| Other revenue | 141,772 | — | — | — | 141,772 |
| Total operating revenues | 1,634,101 | 28,742,925 | 10,484,652 | 7,707,535 | 48,569,213 |
| Operating expenses: | | | | | |
| Financing costs, including interest and amortization of premium, discount and costs of issuance, net | 665,372 | 27,146,572 | 10,590,320 | 6,792,447 | 45,194,711 |
| Mortgage service and contract administration fees | 2,687 | 827,014 | 215,707 | 55,776 | 1,101,184 |
| Salaries and benefits | 3,361,430 | — | — | — | 3,361,430 |
| Operating expenses | 948,626 | — | — | — | 948,626 |
| Professional fees | 135,074 | 98,322 | 19,448 | — | 252,844 |
| Trustee and assignee fees | 214,366 | — | — | — | 214,366 |
| Property disposition and loan loss recoveries | 171,764 | 261,513 | 40,022 | 330,106 | 803,405 |
| Total operating expenses | 5,499,319 | 28,333,421 | 10,865,497 | 7,178,329 | 51,876,566 |
| Operating income (loss) | (3,865,218) | 409,504 | (380,845) | 529,206 | (3,307,353) |
| Nonoperating revenues: | | | | | |
| Gain on sales of investments | — | 384,051 | — | — | 384,051 |
| Net appreciation (depreciation) in fair value of investments | — | (531,987) | — | 18,258 | (513,729) |
| Income (loss) before transfers | (3,865,218) | 261,568 | (380,845) | 547,464 | (3,437,031) |
| Net transfers to (from) operating fund | 4,465,411 | (7,116,331) | 3,234,420 | (583,500) | — |
| Increase (decrease) in net assets | 600,193 | (6,854,763) | 2,853,575 | (36,036) | (3,437,031) |
| Net assets at beginning of year | 9,347,240 | 44,469,130 | 16,192,460 | 14,248,712 | 84,257,542 |
| Net assets at end of year | $ 9,947,433 | 37,614,367 | 19,046,035 | 14,212,676 | 80,820,511 |

See accompanying notes to financial statements.

## VERMONT HOUSING FINANCE AGENCY

Statement of Cash Flows

Year ended June 30, 2009

| | Operating Fund | Single Family Mortgage Program Fund | Multiple Purpose Program Fund | Multi-Family Mortgage Program Fund | Total |
|---|---|---|---|---|---|
| Cash flows from operating activities: | | | | | |
| Interest collections on mortgages | $ 856,685 | 25,798,580 | 8,662,000 | 7,078,210 | 42,395,475 |
| Principal collections on mortgages | 1,005,575 | 46,075,955 | 9,787,176 | 20,503,981 | 77,372,687 |
| Purchases of mortgages | (992,300) | (1,561,314) | (36,372,482) | (17,005,738) | (55,931,834) |
| Fee income and other receipts | 516,954 | 65 | 126,353 | — | 643,372 |
| Salaries and benefits payments | (3,269,263) | — | — | — | (3,269,263) |
| Operating expense payments | (1,296,279) | (148,391) | (19,448) | (55,776) | (1,519,894) |
| Foreclosed property (gain) loss | 8,236 | 205,466 | (26,592) | 241,893 | 429,003 |
| Payment on prepaid origination fees | — | (18,550) | (444,890) | — | (463,440) |
| Service fee and other payments | — | (882,514) | (212,134) | — | (1,094,648) |
| Net cash provided by (used for) operating activities | (3,170,392) | 69,469,297 | (18,500,017) | 10,762,570 | 58,561,458 |
| Cash flows from investing activities: | | | | | |
| Proceeds from sales and maturities investments | — | 2,212,571 | 32,802,548 | — | 35,015,119 |
| Interest received on investments | 41,371 | 3,037,941 | 2,501,653 | 806,468 | 6,387,433 |
| Decrease in escrowed cash deposits | (37,617) | — | — | — | (37,617) |
| Cost of real estate owned | — | (956,462) | — | — | (956,462) |
| Proceeds from sales of real estate owned | — | 1,652,454 | — | — | 1,652,454 |
| Payment to IRS to rebate excess earnings | — | (152,070) | (283,676) | (105,599) | (541,345) |
| Net cash provided by investing activities | 3,754 | 5,794,434 | 35,020,525 | 700,869 | 41,519,582 |
| Cash flows from noncapital financing activities: | | | | | |
| Net proceeds from issuance of bonds payable | — | — | 49,654,903 | — | 49,654,903 |
| Principal payments on bonds | (9,526) | (41,320,000) | (21,760,000) | (3,865,657) | (66,955,183) |
| Interest payments on bonds and notes payable | (665,605) | (25,095,181) | (10,052,048) | (6,713,811) | (42,526,645) |
| Proceeds from issuance of notes payable | — | — | — | 19,153,161 | 19,153,161 |
| Repayment of notes payable | (1,668,701) | — | (70,095,000) | (20,320,260) | (92,083,961) |
| Payments to bond insurers | — | (374,679) | (109,006) | (17,458) | (501,143) |
| Cost of Issuance Reimbursements | 386,168 | — | — | — | 386,168 |
| Payments for cost of issuance | (276,821) | (82,814) | (250,106) | (42,204) | (651,945) |
| Transfers from (to) other funds | 713,388 | (2,775,515) | 2,262,920 | (200,793) | — |
| Net cash used for noncapital financing activities | (1,521,097) | (69,648,189) | (50,348,337) | (12,007,022) | (133,524,645) |
| Cash flows from capital related financing activities: | | | | | |
| Purchase of office furniture and fixtures | (156,075) | — | — | — | (156,075) |
| Net cash used for capital related financing activities | (156,075) | — | — | — | (156,075) |
| Net increase (decrease) in cash and cash equivalents | (4,843,810) | 5,615,542 | (33,827,829) | (543,583) | (33,599,680) |
| Cash and cash equivalents at beginning of year | 10,071,957 | 40,027,800 | 59,047,966 | 25,182,898 | 134,330,621 |
| Cash and cash equivalents at end of year | $ 5,228,147 | 45,643,342 | 25,220,137 | 24,639,315 | 100,730,941 |



(Continued)

VERMONT HOUSING FINANCE AGENCY

Statement of Cash Flows

Year ended June 30, 2009

| | Operating Fund | Single Family Mortgage Program Fund | Multiple Purpose Program Fund | Multi-Family Mortgage Program Fund | Total |
|---|---|---|---|---|---|
| Reconciliation of cash flows from operating activities: | | | | | |
| Operating income (loss) | $ (3,865,218) | 409,504 | (380,845) | 529,206 | (3,307,353) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | | |
| Depreciation | 121,637 | — | — | — | 121,637 |
| Amortization of discounts on bonds and notes payable, net | — | 25,167 | 103,642 | 65,260 | 194,069 |
| Amortization of costs of bond issuance and other fees | — | 101,063 | 91,317 | 39,235 | 231,615 |
| Amortization of deferred income | — | (1,233,287) | 257,396 | — | (975,891) |
| Advances for cost of issuance | 276,821 | — | — | — | 276,821 |
| Reimbursement for Cost of issue advances | (386,168) | — | — | — | (386,168) |
| Loss/(gain) on bond redemptions | — | (254,849) | 100,209 | — | (154,640) |
| Investment interest income | (29,372) | (2,824,831) | (1,653,748) | (672,955) | (5,180,906) |
| Bond and note interest expense | 665,372 | 25,590,617 | 10,049,670 | 6,670,394 | 42,976,053 |
| Bond insurance expense | — | 386,559 | 88,295 | 17,558 | 492,412 |
| Changes in assets and liabilities: | | | | | |
| Decrease (increase) in mortgage loans receivable | 193,275 | 46,605,084 | (26,532,039) | 4,070,243 | 24,336,563 |
| Increase in other assets | — | (436,480) | (26,320) | — | (462,800) |
| Decrease (increase) in accrued interest receivable | (5,165) | 135,400 | (106,976) | 15,455 | 38,714 |
| Decrease (increase) in other receivables and prepaid expenses | 44,767 | 826,140 | (455,303) | 28,174 | 443,778 |
| Increase (decrease) in deferred mortgage origination fees, net | (133,758) | 447,735 | (38,888) | — | 275,089 |
| Increase (decrease) in accounts payable | (52,583) | (308,517) | 3,573 | — | (357,527) |
| Net cash provided by (used for) operating activities | $ (3,170,392) | 69,469,305 | (18,500,017) | 10,762,570 | 58,561,466 |

Supplemental noncash operating/investing activities:
Mortgage loans receivable converted to real estate owned amounted to $2,162,982 in fiscal year 2009.

Supplemental noncash financing activities:
The fair value of investments decreased $513,729 in fiscal year 2009.

See accompanying notes to financial statements.

## (1) Authorizing Legislation and Nature of Funds

### *(a) Authorizing Legislation*

Vermont Housing Finance Agency (the Agency) was created as a body politic and corporate of the State of Vermont by an Act of the General Assembly approved on April 11, 1974 (the Act). The purpose of the Agency is to promote the expansion of the supply of funds available for mortgages on residential housing and to encourage an adequate supply of safe and decent housing at reasonable costs. The Agency is a component unit of the State of Vermont and the State of Vermont appoints a majority of the Agency's board of commissioners.

The Agency is empowered by the Act and subsequent amendments to issue bonds and notes. Instruments so issued do not constitute a debt or obligation of the State of Vermont and are payable solely from revenues or assets of the Agency.

The State of Vermont has pledged and agreed with the holders of bonds and notes of the Agency not to impair in any way the rights and remedies of such holders.

### *(b) Basis of Presentation and Nature of Funds*

The financial statements are presented on a program basis, combining the various restricted accounts required by each bond resolution into groups that account for the various bonds issued, related costs of issuance and debt service activity and the investment and related earnings of the bond proceeds in mortgages or loans and temporary investments and the maintenance of certain reserve fund requirements – all under the specific requirements of each resolution.

These accounts are in turn grouped by major fund as described below for the Single Family Mortgage Program fund, the Multiple Purpose Program Fund, the Multi-family Mortgage Program fund, and the unrestricted Operating fund of the Agency.

#### (i) Operating Fund

This fund derives its revenue principally from fees, mortgage interest and investment income. Operating expenses of the Agency are paid from this fund.

Transfers from program funds to the Operating Fund represent amounts allowed to be transferred pursuant to the terms of the Agency's bond resolutions.

#### (ii) Single Family Mortgage Program Fund

This fund has been established under the Single Family Insured Mortgage Bond Resolution adopted in September 1976, the Single Family Mortgage Purchase Bond Resolution adopted in June 1978, the Home Mortgage Purchase Bond Resolution adopted in July 1983 and the Single Family Housing Bond Resolution adopted in September 1990. Monies from these programs have been used by the Agency to purchase mortgage loans on single family residential housing units for persons and families of low and moderate income in Vermont.



(Continued)

**(iii) Multiple Purpose Program Fund**

This fund has been established under the Multiple Purpose Bond Indenture adopted in July 2007. Monies from these programs have been used by the Agency to finance mortgage loans on single family residential housing units and multi-family residential housing units for persons and families of low and moderate income within the state of Vermont.

**(iv) Multi-Family Mortgage Program Fund**

This fund has been established under the Multi-Family Mortgage Bond Resolution adopted in February 1977, the Multi-Family Housing Bond Resolution adopted in September 1981, and various individualized taxable and tax exempt bond resolutions adopted between December 1985 and May 2007. Monies from these programs are used by the Agency to make and finance mortgage loans to sponsors of multi-family residential housing units for persons and families of low and moderate income within the State of Vermont.

**(v) Reserve Requirements**

Under various bond resolutions of the Agency, certain amounts from bond proceeds are required to be set aside and maintained for potential debt service requirements in trusteed accounts. As of June 30, 2009, reserve requirements totaled $17,057,296 for the Single Family Mortgage Programs, $7,939,851 for the Multi-Family Mortgage Programs and $5,431,567 for the Multiple Purpose Programs. Amounts held in reserve accounts as of June 30, 2009 exceeded the required balances in all cases.

## (2) Summary of Significant Accounting Policies

### *(a) Basis of Accounting*

The Agency's financial statements have been prepared on the accrual basis of accounting using the economic resource management focus. Accordingly, the Agency recognizes revenue in the period earned and expenses in the period incurred.

As permitted under Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Agency has elected not to apply Statements of Financial Accounting Standards issued after November 30, 1989.

### *(b) Net Assets*

In accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the Agency's net assets have been classified for external financial reporting purposes into the following three net asset categories:

- *Invested in Capital Assets*: Capital assets, net of accumulated depreciation, and cost of construction or improvement of those assets.
- *Restricted*: Net assets subject to externally imposed stipulations, including those for excess yield loans.

- *Unrestricted*: Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Commissioners or may otherwise be limited by contractual agreements with outside parties.

### *(c) Cash Equivalents*

The Agency considers all highly liquid investments, including investment agreements with insurance companies, with original maturities of three months or less to be cash equivalents for purposes of the statement of cash flows. Cash equivalents also includes mortgage payments which are in transit to the trustee to be invested in collateralized repurchase agreements.

### *(d) Mortgage Loans Receivable*

Mortgage loans receivable are carried at their uncollected principal balances less an allowance for loan losses on mortgages. The loan loss allowances are established based on historical loss experience. Future additions to the allowance may be necessary based on changes in economic conditions. At June 30, 2009, the allowance for loan losses totaled $204,187 relating to Single Family mortgage loans, $1,538,204 for Multiple Purpose mortgage loans, $862,000 for Multi-Family mortgage loans and $2,100,000 for operating fund mortgage loans.

Included in Multi-Family mortgage loans receivable is approximately $8.5 million of mortgages funded by excess yield. The Agency estimates that it may be required to forgive or restructure up to this amount of these loans prior to the final maturity of the related 1999 and 2007 bond issues, in order to be in compliance with federal tax laws.

### *(e) Investments*

Investments are comprised of short-term investments other than cash equivalents that mature in one year or less, and long-term investments with maturities in excess of one year. The Agency follows the provisions of GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. GASB No. 31 requires investments to be reported at fair value in the statement of net assets. The net decrease in the fair value of investments, including both realized and unrealized gains and losses, is recognized in the statement of revenues, expenses, and changes in net assets. Fair values of guaranteed investment contracts (GICs) are recorded at contract value. Fair values of all other investments are based upon quoted market prices.

### *(f) Depreciation*

The Agency records purchases of its capital assets at cost and depreciates that cost over the estimated useful lives of the assets, which are forty years for the building and three to five years for furniture and fixtures, using the straight-line method.

### *(g) Amortization*

Costs of bond issuance, which represents underwriters' fees and legal costs are deferred and amortized over the lives of the respective issues using the straight-line method. Bond discounts and premiums are amortized using the effective interest method over the life of the bonds.

The difference between the reacquisition price and net carrying amount of defeased bonds is deducted from, or added to the refunding debt liability and amortized on the straight-line method over the shorter of the maturity of the new debt or the defeased debt.

*(h) Income Tax Status*

The Agency is generally exempt from federal and Vermont income taxes under Section 115 of the Internal Revenue Code and applicable state laws.

*(i) Deferred Loan Origination Fees and Costs*

In accordance with SFAS No. 91, *Accounting for Nonrefundable Fees and Cost Associated with Origination or Acquiring Loans and Initial Direct Costs of Leases*, loan origination fees and certain related costs are deferred and amortized over the estimated lives of the respective loans.

*(j) Arbitrage to be Rebated*

Bonds issued by the Agency are subject to a variety of Internal Revenue Service (IRS) regulations which limit the amount of income which may be earned with nonmortgage investments to an amount not greater than that amount which would have been earned had the funds been invested at the yield on the bonds as defined by the IRS. Excess earnings must be rebated every five years. In 2009 $541,000 was rebated to the IRS.

*(k) Operating and Nonoperating Revenues and Expenses*

The Agency records all revenues and expenses related to its Single Family and Multi-Family loan programs as operating revenues and expenses since they are generated from the Agency's daily operations needed to carry out its statutory purposes. Investment income is recorded as operating revenue in all funds. Net appreciation and depreciation in the fair value of investments is recorded as nonoperating revenues and expenses. Gains and losses on bond redemption are recorded in operating revenues or expenses because they are a part of the normal operations of the Agency's activities.

*(l) Use of Estimates*

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires estimates and assumptions that affect the reported amount of the assets and liabilities and contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to estimates and assumptions include the provision for loan losses and the valuation of investments.

## (3) Cash, Cash Equivalents and Investments

For mortgage program investments, bond resolution requirements mandate specific classes of investment vehicles. Qualified investments are: direct obligations of the United States of America; obligations unconditionally guaranteed by the United States of America; indebtedness issued by certain federal agencies; bank time deposits evidenced by certificates of deposits insured by the Federal Depository Insurance Corporation (FDIC) and, if in excess of insured limits, collateralized in full by the aforementioned federal government investments; obligations of the State of Vermont, and/or federal or


(Continued)

state insured mortgages; collateralized repurchase agreements secured by obligations of the federal government; GICs with the collateral held by or at the direction of the appropriate trustee; and, investment agreements with banks or bank holding companies rated in the top categories by nationally recognized rating agencies.

The Agency has an investment policy with an overriding goal of providing optimum coverage of risk exposure and maintaining liquidity necessary for future cash needs while maximizing the return on investments. All investment agreements with banks or bank holding companies, insurance companies or other financial institutions must be rated at least "A" by nationally recognized credit rating agencies. All bonds are issued by U.S. Treasury or U.S. government agencies such as FNMA, FHLMC and FHLB, and have implied credit ratings of AAA.

### *(a) Custodial Credit Risk – Deposits*

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Agency's deposits may not be recovered. The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. The deposits (including certificates of deposit) at June 30, 2009, were $5.1 million. Of these, $2.8 million were exposed to custodial credit risk as uninsured and uncollateralized.

### *(b) Cash and Investments*

The Agency's cash and investments at June 30, 2009 are presented below.

**Investments by type**

June 30, 2009

(Expressed in thousands)

| Investment type | Fair value | Investment maturities (in years) Less than 1 | 1 – 5 | 6 – 10 | More than 10 |
|---|---|---|---|---|---|
| Cash | $ 5,120 | 5,120 | — | — | — |
| Money market | 48,753 | 48,753 | — | — | — |
| Certificate of deposit | 100 | 100 | — | — | — |
| Guaranteed investment contracts | 67,000 | 46,858 | — | — | 20,142 |
| U.S. Treasury securities | 8,538 | — | — | 8,538 | — |
| Government agency securities | 1,658 | — | — | 602 | 1,056 |
| Common stock | 659 | — | — | — | |
| | $ 131,828 | 100,831 | — | 9,140 | 21,198 |

### *(c) Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributable to the magnitude of the Agency's investment in a single issuer. More than 5% of the Agency's investments are invested in guaranteed investment contracts; AIG, Bayern LB, Calyon, and Transamerica. These investments are 30.3%, 22.4%, 18.2%, and 8.5%, respectively, of the Agency's total investments. The Agency's investment policy does not limit the amount invested in a single issue.



(Continued)

*(d) Interest Rate Risk – Investments*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Agency's policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**(4) Mortgage and Construction Loans Receivable**

*(a) Single Family Mortgage Loans Receivable*

Single Family mortgage loans earn interest at annual rates ranging from 4.5% to 12%. Mortgage payments are received monthly by the Agency from which a service fee is generally retained by servicing lenders or the subservicer.

At June 30, 2009, approximately 67% of the Single Family mortgage portfolios consist of primary insured mortgages.

Mortgage loans, not requiring primary insurance, are limited to 80% of the appraised value of the property.

*(b) Multi-Family Mortgage Loans and Construction Loans Receivable*

Multi-Family mortgage loans receivable earn interest at annual rates ranging predominantly from 1.07% to 14.00%, and are collateralized by first mortgage liens on all real and personal property of the mortgaged premises.



(Continued)

## (5) Capital Assets

Capital asset activity for the year ended June 30, 2009 is as follows:

| | Beginning balance | Additions | Deletions | Ending balance |
|---|---|---|---|---|
| Capital assets not being depreciated | | | | |
| Land | $ 775,000 | — | — | 775,000 |
| Total capital assets not being depreciated | 775,000 | — | — | 775,000 |
| Capital assets being depreciated | | | | |
| Building | 1,000,834 | — | — | 1,000,834 |
| Building improvements | 649,853 | 4,475 | — | 654,328 |
| Computer equipment | 719,417 | 148,910 | — | 868,327 |
| Furniture and fixtures | 197,318 | 2,690 | — | 200,008 |
| Total capital assets being depreciated | 2,567,422 | 156,075 | — | 2,723,497 |
| Less accumulated depreciation for: | | | | |
| Building | (337,780) | (25,022) | — | (362,802) |
| Building improvements | (627,349) | (14,128) | — | (641,477) |
| Computer equipment | (608,249) | (72,550) | — | (680,799) |
| Furniture and fixtures | (175,121) | (9,937) | — | (185,058) |
| Total accumulated depreciation | (1,748,499) | (121,637) | — | (1,870,136) |
| Total capital assets being depreciated, net | 818,923 | 34,438 | — | 853,361 |
| Capital assets, net | $ 1,593,923 | 34,438 | — | 1,628,361 |

Current period depreciation expense of $121,637 was charged to the operating fund.

## (6) Real Estate Owned

Real estate owned at June 30, 2009 consists of properties held pending sale as a result of foreclosure by the Agency. Real estate owned is carried at the lower of cost or fair value less estimated costs to sell. A valuation allowance has been established to account for the reduction in value of properties held. At June 30, 2009, the valuation allowance totaled $180,180.

## (7) Escrowed Cash Deposits

Escrowed cash deposits are received primarily from multi-family housing developers at the time the Agency makes permanent mortgage loans. Escrowed deposits are governed by agreements, and released upon satisfactory compliance with their terms.



(Continued)

## (8) Bonds Payable

All bonds payable are general or special obligations of the Agency and are collateralized by the operating revenues, loans, funds and investments pledged pursuant to the respective bond resolutions. Interest is payable semi-annually. All bonds are subject to redemption after various dates at par value.

Outstanding bonds payable at June 30, 2009 are as follows:

| | |
|---|---|
| A. Single Family Mortgage Program Fund: | |
| Home Mortgage Purchase Program: | |
| 1989 Series B, maturing 2009, interest at 7.450% | $ 380,000 |
| Housing Program: | |
| Series 9, maturing 2009 to 2037, interest at 4.65% to 5.400% | 12,075,000 |
| Series 10, maturing 2009 to 2030, interest at 4.45% to 5.250% | 7,300,000 |
| Series 11, maturing 2009 to 2030, interest at 5.15% to 5.950% | 2,900,000 |
| Series 12, maturing 2009 to 2031, interest at 5.60% to 6.400% | 2,855,000 |
| Series 13, maturing 2009 to 2031, interest at 5.05% to 5.970% | 6,845,000 |
| Series 14, maturing 2010 to 2032, interest at 4.625% to 6.050% | 9,055,000 |
| Series 15, maturing 2009 to 2032, interest at 4.30% to 5.375% | 12,855,000 |
| Series 16, maturing 2010 to 2033, interest at 4.75% to 5.600% | 26,245,000 |
| Series 17, maturing 2009 to 2034, interest at 3.182% to 5.100% | 18,710,000 |
| Series 18, maturing 2010 to 2034, interest at 3.50% to 4.950% | 18,900,000 |
| Series 19, maturing 2009 to 2035, interest at 2.80% to 5.000% | 21,460,000 |
| Series 20, maturing 2009 to 2035, interest at 3.85% to 5.500% | 22,895,000 |
| Series 21, maturing 2009 to 2035, interest at 2.55% to 5.000% | 32,615,000 |
| Series 22, maturing 2009 to 2035, interest at 3.65% to 5.000% | 33,290,000 |
| Series 23, maturing 2009 to 2035, interest at 3.50% to 5.000% | 48,325,000 |
| Series 24, maturing 2009 to 2036, interest at 3.70% to 5.000% | 36,725,000 |
| Series 25, maturing 2009 to 2037, interest at 3.95% to 6.000% | 46,350,000 |
| Series 26, maturing 2009 to 2038, interest at 3.65% to 5.750% | 47,720,000 |
| Series 27, maturing 2009 to 2038, interest at 3.85% to 5.500% | 39,520,000 |
| Total Housing Program | 446,640,000 |
| Total Single Family Mortgage Program Fund | 447,020,000 |
| B. Multiple Purpose Bond Program Fund: | |
| Multiple Purpose Bonds: | |
| 2007 Series A and B, maturing 2009 to 2038, interest at 4.10% to 5.750% | 60,675,000 |
| 2007 Series C, maturing 2009 to 2038, interest at 3.90% to 5.750% | 64,360,000 |
| 2008 Series C, maturing 2010 to 2040, interest at 2.15% to 5.35% | 35,305,000 |
| Total Multiple Purpose Bonds | 160,340,000 |



(Continued)

| | | |
|---|---|---|
| C. Multi-Family Mortgage Program Fund: | | |
| Mortgage Program: | | |
| 1999 Series A, maturing 2010 to 2020, interest at 4.65% to 5.125% | $ | 3,225,000 |
| 1999 Series B, maturing 2010 to 2030, interest at 5.45% to 6.000% | | 3,520,000 |
| 1999 Series C and D, maturing 2010 to 2021, interest at 5.15% to 5.800% | | 21,805,000 |
| 2000 Series A, maturing 2010 to 2039, interest at 5.900% | | 4,910,000 |
| 2000 Series B, C, and D, maturing 2009 to 2031, interest at 5.650% to 6.700% | | 2,150,000 |
| 2001 Series A, B, C, and D, maturing 2009 to 2032, interest at 5.400% to 7.270% | | 4,820,000 |
| 2002 Series A and B, maturing 2009 to 2039, interest at 4.55% to 7.200% | | 11,310,000 |
| 2003 Series A, maturing 2009 to 2043, interest at 5.050% to 5.250% | | 4,105,000 |
| 2003 Series C, maturing 2010 to 2034, interest at 3.60% to 5.100% | | 10,145,000 |
| 2004 Series A, B, and C, maturing 2009 to 2046, interest at 3.45% to 6.300% | | 13,805,000 |
| 2004 Series D, maturing 2009 to 2039, interest at 4.650% to 4.900% | | 2,680,000 |
| 2005 Series A, B, C, and D, maturing 2009 to 2035, interest at 4.400% to 5.750% | | 4,220,000 |
| Total Mortgage Program | | 86,695,000 |
| Direct Placement Program: | | |
| Northgate Housing Program: | | |
| Five series of bonds, maturing 2009 to 2031, interest at 7.085% to 9.230% | | 5,823,359 |
| Highgate Housing Program: | | |
| Two series of bonds, maturing 2009 to 2031, interest at 6.450% to 7.741% | | 1,032,262 |
| Kilbourn Mobile Home Park Bond: | | |
| Taxable bond, maturing 2009 to 2016, interest at 7.500% | | 188,500 |
| T.D. Banknorth Borrowing – Chittenden Housing Corp. Bond: | | |
| Maturing 2009 to 2012, interest at 5.410% | | 3,620,032 |
| Multi-Family variable rate demand bonds, Series 1 | | |
| Maturing 2010 to 2038, interest at 4.180% to 5.490% | | 4,085,000 |
| Multi-Family variable rate demand bonds, Series 2 | | |
| Maturing 2010 to 2038, interest at 3.756% to 4.610% | | 2,565,000 |
| Total Direct Placement Programs | | 17,314,153 |
| Total Multi-Family Mortgage Program Fund | | 104,009,153 |
| D. Operating Fund: | | |
| Northgate Housing Site Acquisition, maturing 2009 to 2031, interest at 7% | | 544,653 |
| Total bonds payable | $ | 711,913,806 |

All calendar year 2009 maturities on bonds payable occur after June 30, 2009.



(Continued)

Future maturities on bonds payable as of June 30, 2009 are as follows (in thousands):

| | Multi-Family Mortgage Programs | | | | Multiple Purpose Programs | |
|---|---|---|---|---|---|---|
| | Mortgage Program | | Direct Placement Programs | | Multiple Purpose Bonds | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| Fiscal year ending June 30: | | | | | | |
| 2010 | $ 3,060 | 4,736 | 582 | 743 | 2,955 | 7,693 |
| 2011 | 3,230 | 4,580 | 567 | 703 | 3,510 | 7,566 |
| 2012 | 3,375 | 4,410 | 334 | 783 | 3,650 | 7,416 |
| 2013 | 3,500 | 4,230 | 3,830 | 744 | 3,355 | 7,260 |
| 2014 | 3,140 | 4,050 | 323 | 694 | 3,195 | 7,111 |
| 2015 – 2019 | 19,095 | 17,231 | 2,088 | 3,102 | 17,025 | 33,269 |
| 2020 – 2024 | 14,385 | 12,011 | 2,246 | 2,396 | 21,965 | 28,607 |
| 2025 – 2029 | 12,325 | 8,750 | 2,954 | 1,629 | 27,605 | 22,451 |
| 2030 – 2034 | 13,900 | 5,080 | 2,695 | 690 | 33,380 | 14,922 |
| 2035 – 2039 | 8,875 | 1,725 | 1,695 | 172 | 41,010 | 5,332 |
| 2040 – 2044 | 1,470 | 242 | — | — | 2,690 | 60 |
| 2045 – 2046 | 340 | 28 | — | — | — | — |
| Total | $ 86,695 | 67,073 | 17,314 | 11,656 | 160,340 | 141,687 |

| | Single Family Mortgage Programs | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Home Mortgage Purchase Program | | Housing Program | | Operating Fund | | Agency totals | |
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| Fiscal year ending June 30: | | | | | | | | |
| 2010 | $ 380 | 14 | 10,195 | 20,980 | 10 | 38 | 17,182 | 34,204 |
| 2011 | — | — | 10,645 | 20,550 | 11 | 37 | 17,963 | 33,436 |
| 2012 | — | — | 10,575 | 20,087 | 12 | 37 | 17,946 | 32,733 |
| 2013 | — | — | 10,700 | 19,615 | 13 | 36 | 21,398 | 31,885 |
| 2014 | — | — | 11,210 | 19,129 | 13 | 35 | 17,881 | 31,019 |
| 2015 – 2019 | — | — | 68,495 | 86,990 | 82 | 159 | 106,785 | 140,751 |
| 2020 – 2024 | — | — | 83,350 | 69,076 | 115 | 127 | 122,061 | 112,217 |
| 2025 – 2029 | — | — | 92,945 | 48,238 | 162 | 80 | 135,991 | 81,148 |
| 2030 – 2034 | — | — | 103,375 | 24,275 | 127 | 18 | 153,477 | 44,985 |
| 2035 – 2039 | — | — | 45,150 | 3,909 | — | — | 96,730 | 11,138 |
| 2040 – 2044 | — | — | — | — | — | — | 4,160 | 302 |
| 2045 – 2046 | — | — | — | — | — | — | 340 | 28 |
| Total | $ 380 | 14 | 446,640 | 332,849 | 545 | 567 | 711,914 | 553,846 |

A summary of bonds payable, discount on bonds, and premium on bonds and arbitrage rebate payable activity for the year ended June 30, 2009 is as follows (in thousands):

| | Balance at June 30, 2008 | Increases | Decreases | Balance at June 30, 2009 | Amounts due within one year | Amounts due thereafter |
|---|---|---|---|---|---|---|
| Bonds payable | $ 728,869 | 50,000 | (66,955) | 711,914 | 17,182 | 694,732 |
| Discount on bonds | (6,480) | (345) | 733 | (6,092) | (319) | (5,773) |
| Premium on bonds | 5,318 | — | (921) | 4,397 | 170 | 4,227 |
| Arbitrage rebate payable | 1,806 | 477 | (695) | 1,588 | 242 | 1,346 |



(Continued)

The Agency has entered into interest rate swap agreements with counterparties in connection with the Single Family Housing Bonds Variable Rate Demand Bonds (VRDB) in order to obtain a synthetic fixed interest rate at a cost expected to be less than that associated with variable rate debt. Under the swap agreement, the swap provider pays the Agency an amount based on the London InterBank Offered Rate (LIBOR) or the Securities Industry and Financial Markets Association (SIFMA), and the Agency pays the swap provider an amount at a fixed rate of interest.

Using rates as of June 30, 2009, debt service requirements of the variable rate bonds and net swap payments, assuming current interest rates remain constant, were as follows (in thousands):

| | Variable rate | | Interest rate swaps, net | Total |
|---|---|---|---|---|
| | Principal | Interest | | |
| Fiscal year ending June 30: | | | | |
| 2010 | $ 842 | 4,318 | 5,034 | 10,194 |
| 2011 | 1,172 | 4,299 | 5,001 | 10,472 |
| 2012 | 1,135 | 4,268 | 4,780 | 10,183 |
| 2013 | 1,200 | 4,247 | 4,741 | 10,188 |
| 2014 | 1,255 | 4,224 | 4,700 | 10,179 |
| 2015 – 2019 | 18,045 | 19,696 | 22,209 | 59,950 |
| 2020 – 2024 | 26,560 | 15,163 | 17,902 | 59,625 |
| 2025 – 2029 | 27,950 | 10,213 | 12,778 | 50,941 |
| 2030 – 2034 | 34,400 | 5,223 | 7,508 | 47,131 |
| 2035 – 2039 | 23,375 | 644 | 2,148 | 26,167 |
| 2040 | 2,690 | 5 | 52 | 2,747 |
| | $ 138,624 | 72,300 | 86,853 | 297,777 |



(Continued)

A summary of the swap agreements follows:

| Issue | | Effective date | Face amount | Termination date | Termination option date | Fixed swap payment rate | Variable receivable rate | Fair value at June 30, 2009 |
|---|---|---|---|---|---|---|---|---|
| Series 17 | VRDB | 4/23/2003 | $ 5,420,000 | 5/1/2019 | — | 3.182 | 70% of LIBOR | $ (273,122) |
| Series 19 | VRDB | 4/8/2004 | 6,900,000 | 11/1/2027 | — | 3.492 | 70% of LIBOR | (513,575) |
| Series 20 | VRDB | 8/12/2004 | 7,000,000 | 5/1/2028 | 11/1/2014 | 4.166 | 70% of LIBOR | (707,727) |
| Series 21 | VRDB | 11/30/2004 | 10,250,000 | 5/1/2029 | | 3.682 | SIFMA + 0.10% (if LIBOR < 3.00%) 68% of LIBOR (if LIBOR > 3.00%) | (871,315) |
| Series 22 | VRDB | 6/8/2005 | 13,800,000 | 11/1/2034 | 5/1/2012 | 3.731 | 65% of LIBOR | (808,691) |
| Series 23 | VRDB | 10/26/2005 | 14,500,000 | 11/1/2034 | 11/1/2014 | 3.569 | 65% of LIBOR + 0.28% | (800,253) |
| Series 24 | VRDB | 4/19/2006 | 10,440,000 | 11/1/2035 | 5/1/2015 | 3.973 | 65% of LIBOR + 0.28% | (852,292) |
| Series 25 | VRDB | 7/12/2006 | 12,945,000 | 11/1/2036 | 11/1/2015 | 4.251 | 65% of LIBOR + 0.28% | (1,404,848) |
| Series 26 | VRDB | 10/26/2006 | 13,450,000 | 5/1/2037 | 5/1/2016 | 3.897 | 65% of LIBOR + 0.28% | (1,139,424) |
| MP2007 A | VRDB | 7/24/2007 | 12,800,000 | 5/1/2037 | 5/1/2017 | 4.197 | 65% of LIBOR + 0.28% | (1,450,865) |
| MP2007 C | VRDB | 9/12/2007 | 16,500,000 | 11/1/2037 | 5/1/2017 | 3.990 | 65% of LIBOR + 0.28% | (1,592,978) |
| MP2008 C | VRDB | 9/24/2008 | 11,980,000 | 5/1//2040 | — | 3.167 | SIFMA + 0.05% | (321,912) |
| TD BankNorth Chittenden Housing | | 6/28/2006 | 3,620,032 | 6/28/2011 | — | 5.410 | 69% of LIBOR | (221,808) |
| Series 1-A | VRDB | 1/25/2007 | 635,000 | 1/1/2022 | — | 4.240 | SIFMA + 0.15% | (55,073) |
| Series 1-B | VRDB | 1/25/2007 | 1,740,000 | 1/1/2022 | — | 4.180 | SIFMA + 0.10% | (148,844) |
| Series 1-C | VRDB | 1/25/2007 | 1,710,000 | 1/1/2022 | — | 5.490 | LIBOR + 0.05% | (269,580) |
| Series 2-A | VRDB | 1/24/2008 | 1,295,000 | 1/5/2023 | — | 3.800 | SIFMA + 0.15% | (54,248) |
| Series 2-B | VRDB | 1/24/2008 | 270,000 | 1/5/2023 | — | 3.756 | SIFMA + 0.10% | (11,408) |
| Series 2-C | VRDB | 1/24/2008 | 1,000,000 | 1/5/2023 | — | 4.610 | LIBOR + 0.05% | (76,795) |
| | | | $ 146,255,032 | | | | | $ (11,574,758) |

By using derivative financial instruments to hedge exposures to changes in interest rates, the Agency exposes itself to credit and market risk. Credit risk is the failure of the counter-party to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counter-party owes the Agency, which creates credit risk for the Agency. When the fair value of a derivative contract is negative, the Agency owes the counter-party and, therefore, it does not possess credit risk. The Agency minimizes its credit risk in derivative instruments by entering into transactions with high-quality counter-parties whose credit rating is higher than Aa. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rates is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.



(Continued)

## (9) Notes Payable

The Agency may borrow from the Federal Home Loan Bank (FHLB) in an amount not to exceed assets pledged to the FHLB. As of June 30, 2009, the Agency had outstanding borrowings totaling $5,744,342 which are secured by mortgage loans with a carrying value of $6,300,425. These borrowings have interest rates ranging from 6.32% to 7.66% and mature through November 2018.

The Agency is operating under unsecured variable rate lines of credit that total $70,050,000 with lending institutions expiring in 2010. At June 30, 2009, there was a $20,929,579 balance outstanding at 1.07% to 4.44%. The lines of credit were entered into in order to fund working capital, and to be used for specific construction projects financed by the Agency.

The Agency has a $500,000 note payable to the Vermont Community Foundation at a rate of 4.5%, maturing in February 2010. The note is uncollateralized.

Future maturities on notes payable and line of credit borrowings as of June 30, 2009 are as follows (in thousands):

| | Operating Fund | | Multi Family Direct Placement Program | | Agency totals | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| Year ending June 30: | | | | | | |
| 2010 | $ 2,506 | 464 | 18,246 | 359 | 20,752 | 823 |
| 2011 | 200 | 378 | 989 | 17 | 1,189 | 395 |
| 2012 | 244 | 363 | — | — | 244 | 363 |
| 2013 | 230 | 346 | — | — | 230 | 346 |
| 2014 | 248 | 328 | — | — | 248 | 328 |
| 2015 – 2019 | 4,511 | 895 | — | — | 4,511 | 895 |
| Total | $ 7,939 | 2,774 | 19,235 | 376 | 27,174 | 3,150 |

A summary of line of credit borrowings and notes payable activity for the year ended June 30, 2009 is as follows (in thousands):

| | Balance at June 30, 2008 | Increases | Decreases | Balance at June 30, 2009 | Amounts due within one year | Amounts due thereafter |
|---|---|---|---|---|---|---|
| Line of credit borrowings | $ 23,596 | 19,153 | (21,819) | 20,930 | 19,940 | 990 |
| Notes payable | 76,508 | — | (70,264) | 6,244 | 811 | 5,433 |
| | $ 100,104 | 19,153 | (92,083) | 27,174 | 20,751 | 6,423 |

## (10) Asset Restrictions

Pursuant to the Act and agreements with bondholders and other parties, the Agency's assets are pledged to secure specific obligations or are otherwise restricted.

Programs which are financed by the issuance of bonds are accounted for separately in accordance with each of the general bond resolutions. Program assets and revenues are pledged to bondholders. Revenues in excess of required amounts are available to be transferred to the Operating Fund.



(Continued)

Amounts transferred to the Operating Fund from the bond resolutions are free and clear of any lien or pledge created by the bond resolutions, and may be used for any lawful purpose under the Act, including payments to various accounts within the bond resolutions. All of the outstanding bonds, except for the Single Family Housing Bonds, are general obligations of the Agency. For general obligation bonds, the Agency covenants that it will restore deficiencies to the bond programs, as defined by the bond resolutions, from the Operating Fund.

The Operating Fund is also the primary source to pay administrative expenses in connection with current and future housing programs, and to provide collateral for credit agreements.

## (11) Retirement Plan

Upon meeting certain eligibility requirements, the Agency's employees are eligible to participate in the Vermont Housing Finance Agency 403(b) Plan, a noncontributory defined contribution pension plan. For the year ended June 30, 2009, the Agency had a total payroll of $2,337,339, of which $2,290,009 was covered by the pension plan. The Agency's contribution to the Plan is 10% of the covered payroll. Employees are 30% vested in benefits under the plan upon hire, and vest in the remaining 70% on a pro-rata basis over the next five years of service. Forfeitures on nonvested benefits by terminated employees reduce the Agency's contribution. The cost of the plan was $239,640 for the year ended June 30, 2009, and is included in salaries and benefits expense. The Agency does not provide any postemployment benefits other than the 403(b) plan.

## (12) Gain on Bond Redemptions

During the year ended June 30, 2009, the Agency redeemed $30,180,000 of its Single–Family Housing Program Bonds, and $19,770,000 of its Multiple Purpose Bonds. A gain on bond redemptions of $154,640 was recognized which represents the unamortized balance of bond premium and discount and cost of issuance costs associated with the bonds retired.



(Continued)

The following is a summary of the redeemed bonds (in thousands):

| | | |
|---|---|---|
| Single Family Housing Program: | | |
| Series 9 | $ | 1,320,000 |
| Series 10 | | 960,000 |
| Series 11 | | 505,000 |
| Series 12 | | 320,000 |
| Series 13 | | 885,000 |
| Series 14 | | 880,000 |
| Series 15 | | 790,000 |
| Series 16 | | 2,770,000 |
| Series 17 | | 1,655,000 |
| Series 18 | | 1,935,000 |
| Series 19 | | 1,880,000 |
| Series 20 | | 1,645,000 |
| Series 21 | | 2,715,000 |
| Series 22 | | 2,005,000 |
| Series 23 | | 1,925,000 |
| Series 24 | | 1,845,000 |
| Series 25 | | 2,085,000 |
| Series 26 | | 2,320,000 |
| Series 27 | | 1,740,000 |
| | $ | 30,180,000 |
| Multiple Purpose Bonds: | | |
| 2007 Series A, B | $ | 3,430,000 |
| 2007 Series C | | 1,645,000 |
| 2008 Series C | | 14,695,000 |
| | $ | 19,770,000 |

## (13) Commitments and Contingencies

At June 30, 2009, the Agency had outstanding commitments in the amount of $5,494,678 to purchase or finance mortgage loans pursuant to its normal funding from bond proceeds. In addition, there were commitments of $33,900,000 for general loans or future program subsidy purposes.

Under the Single Family Mortgage Programs, the Agency has obtained surety bonds in the amount of $23,534,719 expiring between 2030 and 2038, which satisfy the requirements of certain bond resolutions.



(Continued)

## (14) Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors; and omissions; injuries to employees; employees' health; and natural disasters. The Agency manages these risks through a combination of participating in the State self-insurance program and purchasing commercial insurance packages in the name of the Agency. The Agency has not experienced settled claims resulting from these risks which have exceeded its insurance coverage. In addition, the Agency's bylaws provide for the indemnification of Agency commissioners and officers by the Agency. This indemnification requirement is supported by various statutes related to claims against employees and entities of the State and the Agency's authorizing legislation which includes the benefit of sovereign immunity.

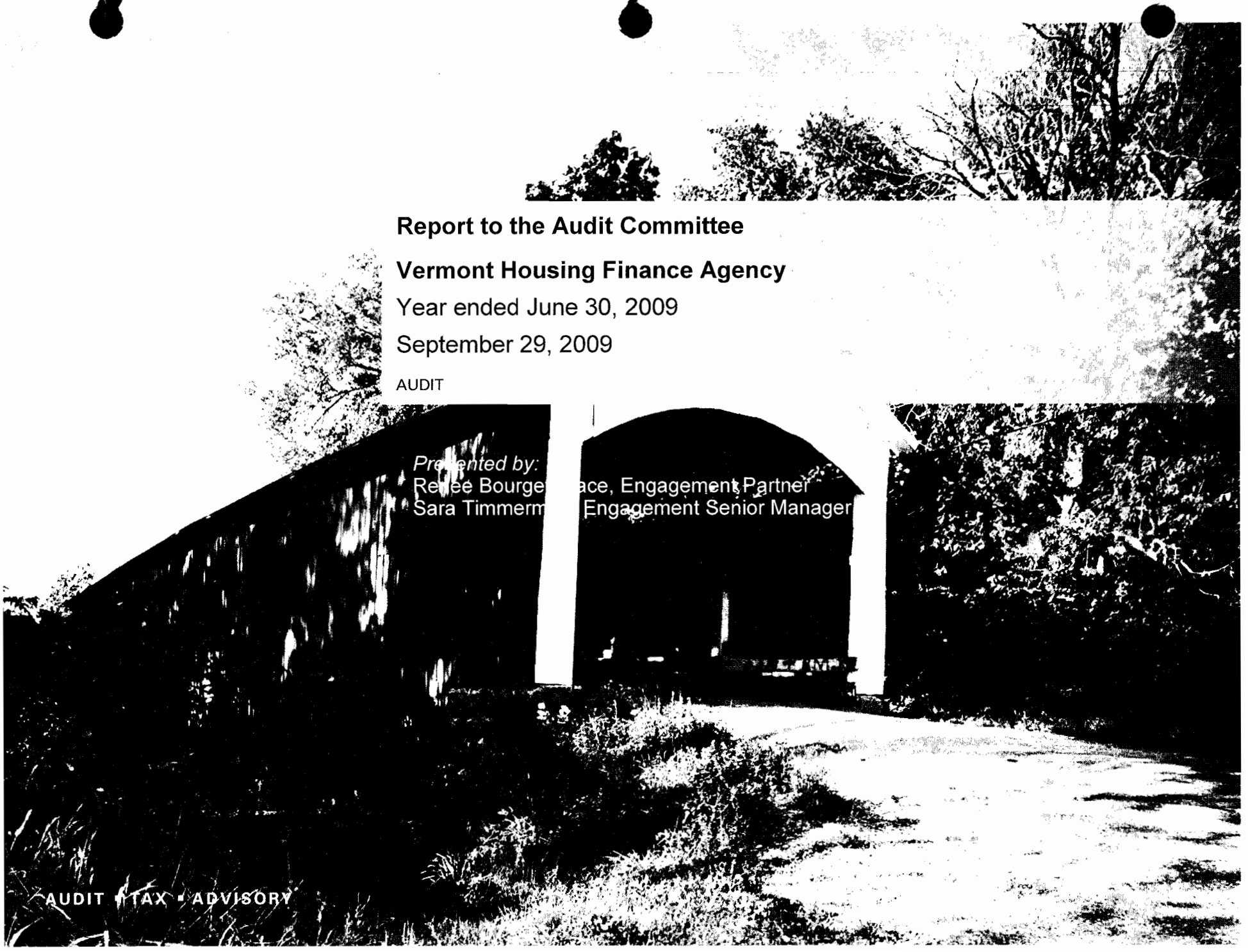
## (15) Subsequent Event

On July 28, 2009, the Agency securitized $41.2 million of Single Family mortgage loans receivable with Freddie Mac; $35.5 million from the Single Family Housing Program, and $5.7 million from the Multiple Purpose Bonds program. The mortgage backed securities (MBS) issued in exchange for the loans will amortize principal and interest over the terms of the underlying mortgages and will be carried as investments in the respective programs.

On July 1, 2009 VHFA entered into an agreement with the United States Department of Housing and Urban Development (HUD) to administer $5.4 million of funding available to eligible Vermont housing developments under the Federal Tax Credit Assistance Program (TCAP). The TCAP program, authorized by the American Recovery and Reinvestment Act will pay for capital items in developments that receive Section 42 Housing Credits.

On August 26, 2009 VHFA made its first distribution under Section 1602 of the American Recovery and Reinvestment Tax Act of 2009 which authorized the United States Department of the Treasury to issue grants to State housing credit agencies in lieu of low-income housing credits. The program allows states to exchange up to 100% of returned and unused pre-2009 ceiling credits and 40% of 2009 per capita and national pool credits for cash. VHFA will administer the distribution of the cash to eligible housing developments to pay for capital items. As of September 1, 2009, VHFA had exchanged $1.4 million of credits for $11.7 million in cash, and made distributions of $462,470.

On June 15, 2009 VHFA signed a memorandum of agreement with the State of Vermont to administer $7 million out of $19.6 million of Neighborhood Stabilization Program (NSP) funds allocated to the State under the Federal Housing and Economic Recovery Act of 2008. VHFA's portion to administer is called the Homeownership Acquisition and Rehabilitation Program (HARP). The NSP-HARP funds will be used to purchase foreclosed 1 to 4 unit residential properties, to pay for any required rehabilitation and related costs, and to find eligible buyers or renters. VHFA received its initial funding from the State of Vermont on July 27, 2009 and purchased the first property under the NSP-Harp program on August 5, 2009.



# Report to the Audit Committee

## Vermont Housing Finance Agency

Year ended June 30, 2009

September 29, 2009

AUDIT

*Presented by:*
Renee Bourge[illegible]ace, Engagement Partner
Sara Timmerm[illegible] Engagement Senior Manager

AUDIT • TAX • ADVISORY

## Audit Overview

- KPMG Audit Objectives
- Overview of 2009 Audit Results
- Areas of Emphasis
- Control Environment and Financial Statement Fraud Risks
- 2009 Performance Improvement Observations
- KPMG Deliverables
- Required Communications
- Emerging Issues

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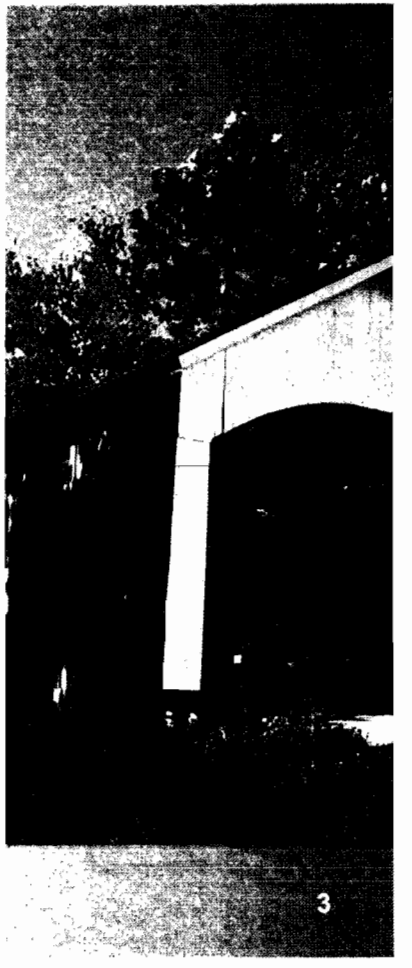
# KPMG Audit Objectives

**Audit Objectives**

- Conduct an independent audit of the Agency's financial statements in accordance with auditing standards generally accepted in the United States of America.
- Provide the Board of the Agency independent assurance as to whether or not the Agency's financial statements as of and for the year ended June 30, 2009 are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles.
- Provide the Board of the Agency with additional information regarding our audit and the Agency's accounting and financial reporting process as required under Statement of Auditing Standards (SAS) No. 114, *Communication with Audit Committees*.

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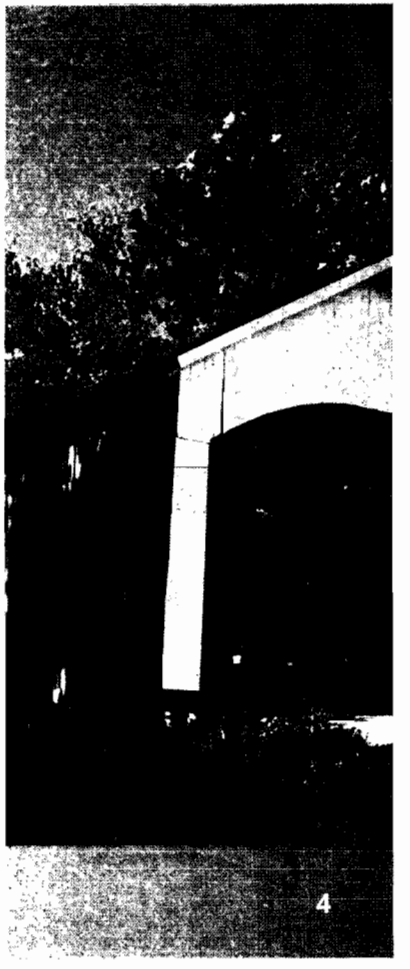
# Overview of 2009 Audit Results

**Independent Auditors' Report**

Our 2009 report will indicate that:

- The financial statements are the responsibility of management.
- Our responsibility is to express an opinion on the financial statements.
- We conducted our audit in accordance with generally accepted auditing standards.
- In our opinion, the 2009 financial statements are presented fairly in accordance with U.S. GAAP.
- The MD&A is required supplemental information and no opinion is given.

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## Areas of Emphasis

**Investments**

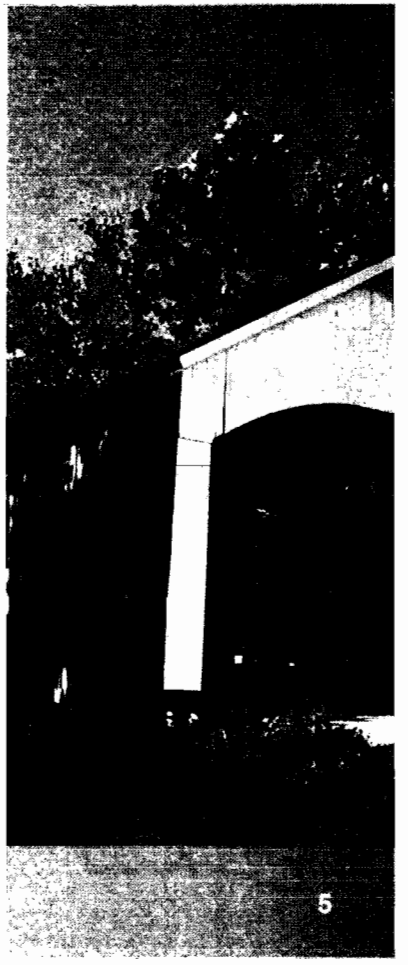
- Confirm ending balances and review activity, including custodial controls
- Test pricing of marketable securities
- Review required disclosures
- Test investment income, gains/losses

**Mortgage Loan Receivables**

- Test existence of loan agreements
- Evaluate allowance for loan loss reserves
- Confirm a sample of loans outstanding

**Notes and Bonds Payable**

- Confirm all outstanding debt balances
- Review accounting for new bond offering
- Test reasonableness of accrued interest
- Review required disclosures
- Review arbitrage payable

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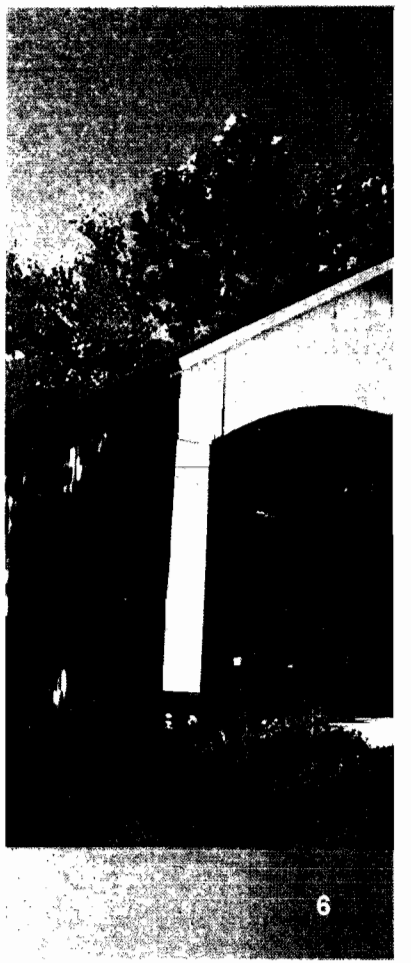
## Areas of Emphasis, continued

**Revenues**

- Test reasonableness of loan interest income and investment interest income
- Review fee income and other sources of revenue

**Expenses**

- Review of financing costs
- Test reasonableness of payroll expense and other related costs
- Test cutoff and valuation of year-end payables

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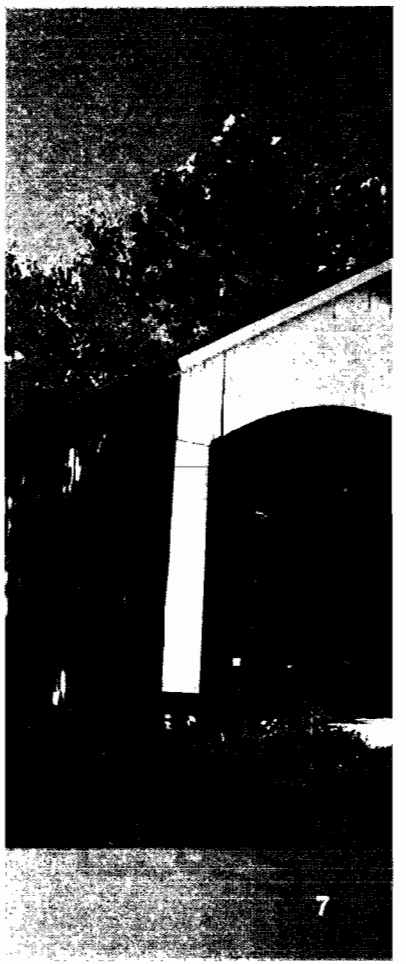
# Areas of Emphasis, continued




**Other 2009 General Areas**

- Review financial statements and notes for conformity with GAAP and consistency with industry practice
- Obtain legal letters and review any litigation assessments
- Review disclosure of other commitments and contingencies
- Obtain management representation letter
- Review subsequent events

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# Control Environment and Financial Statement Fraud Risks

**Control Environment**

Nature, timing and extent of our procedures determined by:

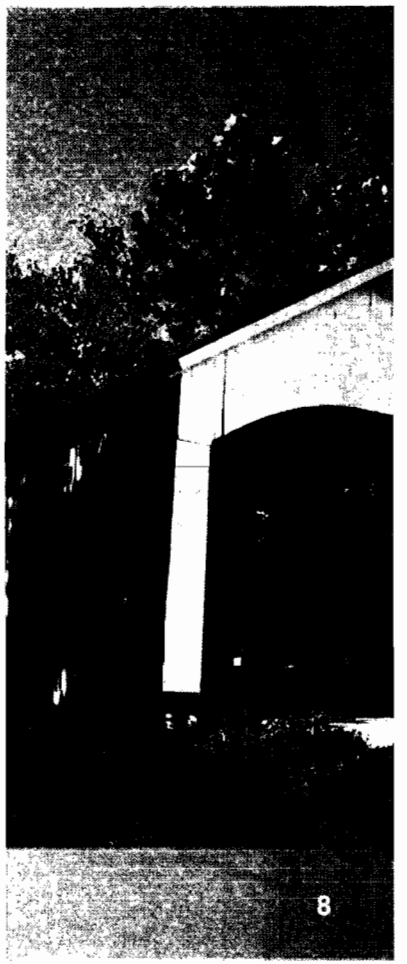
- Our understanding of the internal control system
- Our tests of control effectiveness
- Discussions with management regarding risks and strategies
- Assessment of the risk of fraud

Conclusions reached regarding the control environment:

- We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses

**Presumed Risk Factors by Statement of Auditing Standards No. 99**

- Risk of misstatement relating to revenue recognition
- Risk of management override of controls
  - Journal entries and adjustments
  - Significant accounting estimates
  - Significant unusual transactions
- General awareness of fraud prevention and detection
- Review of entity level controls (conflict of interest policies, etc.)

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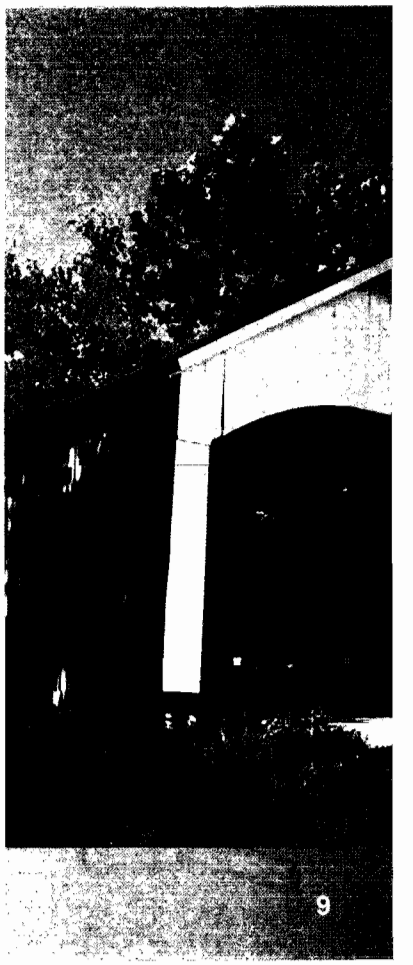
# Required Communications

| Topic | Response |
|---|---|
| Our responsibilities under generally accepted auditing standards | • Our audit was designed to obtain reasonable assurance that basic financial statements are free of material misstatement. |
| Significant accounting policies | • The significant accounting policies of the Agency are described in note 2 to the financial statements. |
| Management judgments and accounting estimates, including:<br>• Valuation of real estate owned<br>• Allowances for loan loss reserves<br>• Disclosures of contingencies | • Accounting estimates are an integral part of the financial statements.<br>• We evaluated key factors and assumptions used to develop management's estimates and found them reasonable in relation to the financial statements taken as as whole. |
| Significant audit adjustments affecting the financial reporting process | • There were no unadjusted audit differences. |
| Other information in documents containing audited financial statements | • None |





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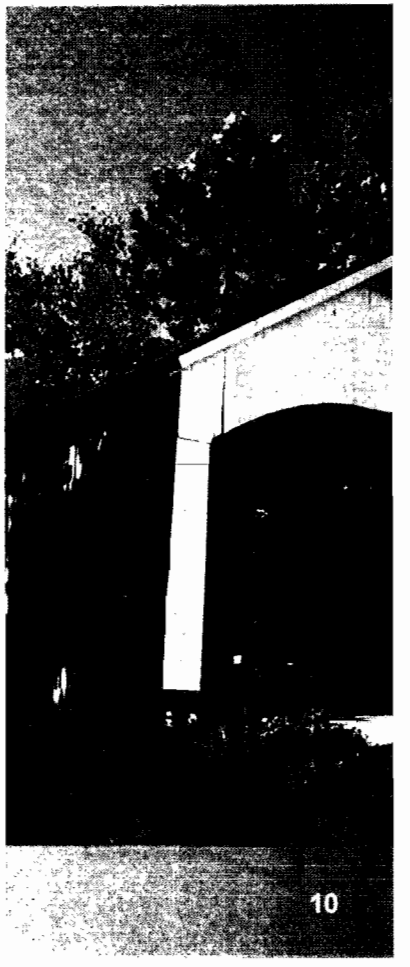
# Required Communications, continued

| Topic | Response |
|---|---|
| Disagreements with management | • None |
| Consultation with other accountants | • None |
| Major issues discussed with management prior to retention | • We discussed a variety of matters, including the application of accounting principles and auditing standards, with management each year. Such discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention. |
| Difficulties encountered in performing the audit | • None |
| Independence | • We hereby confirm that as of September 29, 2009, we are independent accountants with respect to the Agency under all relevant professional and regulatory standards. |





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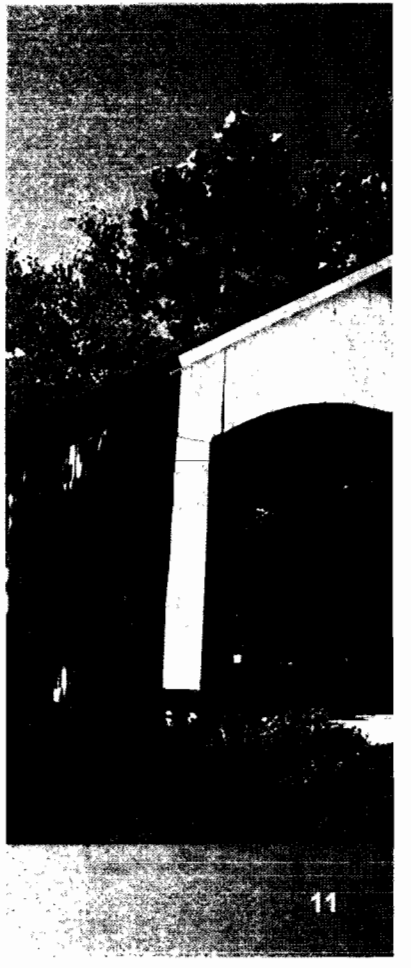
## 2009 Performance Improvement Observations

- Wire transfer authorizations
- Periodic third party review of arbitrage calculations

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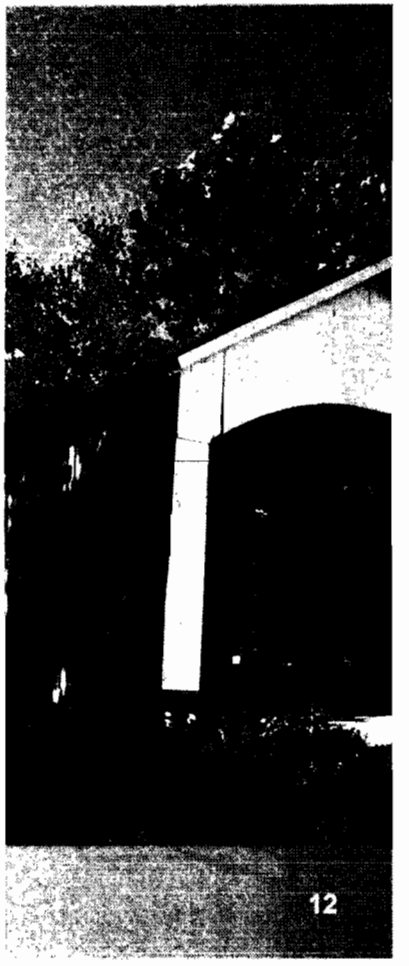
## Emerging Issues

- GASB Statement 53, *Accounting and Financial Reporting for Derivative Instruments*

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vhfa

**Vermont Housing Finance Agency**

# MEMORANDUM

**TO:** VHFA Board of Commissioners

**FROM:** Thomas R. Connors, Chief Financial Officer

**DATE:** October 8, 2009 (for October 15, 2009 Board Meeting packet)

**RE:** Resolution Naming Authorized Officers for Morgan Stanley Smith Barney Account

---

**Action Requested:** VHFA Board of Commissioners pass the attached Resolution

The Agency is setting up a retail brokerage account with Morgan Stanley Smith Barney, the entity that currently manages the Agency's retirement plan and that also has served as underwriter in recent bond issues, in order to have the option and ability to trade certain securities. The attached Resolution authorizes any two of the staff members listed in Section 1 of the Resolution to "sell, assign and endorse for transfer, certificates representing stocks, bonds, or other securities now registered or hereafter registered."

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

EQUAL HOUSING OPPORTUNITY

# Resolution Naming Authorized Officers

**(Association or other Non-corporate Organization)**

MorganStanley SmithBarney

**Please read carefully, sign and return to your Financial Advisor.**

| Account Number | | | |
|---|---|---|---|
| Branch | Account | T | FA |
| | | | |

Be it resolved that:

**1.** Name(s) and Title(s) of Officer(s): Any two of the following: Sarah E. Carpenter (Executive Director and Secretary), Thomas R. Connors (Chief Financial Officer and Treasurer), David S. Adams (Chief of Program Operations), Patricia M. Loller (Director of Administration), Scott A. Baker (Investment Manager), Timothy M. Gutchell (Controller)

are/is hereby authorized to sell, assign and endorse for transfer, certificates representing stocks, bonds, or other securities now registered or hereafter registered in the name of this

**2.** Type of Organization: a body politic and corporate and a public instrumentality of the State of Vermont

**3.** I, Name and Title of Officer: George N. Demas, General Counsel

**4.** of Name of Organization: Vermont Housing Finance Agency (the "Organization")

hereby certify that the foregoing is a true copy of a resolution duly adopted by the

**5.** Name of Governing Body of the Organization: Vermont Housing Finance Agency Board of Commissioners

of the Organization, at a meeting duly held on the 15th day of October, 2009

at which a quorum was present and voting and that the same has not been repealed or amended and remains in full force and effect and does not conflict with the

Name of Document under which Organization is Operating: 10 V.S.A. Chapter 25 of the Organization.

**THIS DOCUMENT MUST BE SIGNED IN THE PRESENCE OF A NOTARY PUBLIC**

Date

**(SEAL)**
*(If no seal certify that there is no seal)*

SECRETARY'S (or other attesting official's) SIGNATURE

**Must be signed by official(s) other than the individual(s) designated in section 1.**

Subscribed and Sworn to Before me this _____ day of _____, _____

**NOTARY PUBLIC**
*(Affix Seal)*

vhfa

Vermont Housing Finance Agency

# MEMORANDUM

**TO:** VHFA Board of Commissioner's Audit Risk Committee Members

**FROM:** Patricia M. Loller, Director of Administration
Rick Jean, Manager Information Technology

**DATE:** October 15, 2009

**RE:** **Server Replacements\Virtualization**

## Recommendation:

Staff is looking for the Board of Commissioners to approve the Audit/Risk Committee's recommendation to approving the Server Virtualization (SV) initiative outlined below and make the necessary capital budget adjustment to reflect this change (mostly depreciation).

## Overview

As you may remember, the Board approved the implementation of Server Virtualization (SV) in June 2008 (SV refresher information can be found at the end of this document) [1]. This winter we made a decision to postpone SV until a later time. Full SV implementation was not included in the FY2010 budget, but during the June FY2010 budget presentation it was noted that staff may come back to the Board for a budget adjustment if it made financial sense to pursue this initiative sooner than later.

The IT staff has done an excellent job over the past several years of leveraging the servers we have in order to keep expenses down; however, this has lead to a very aging portfolio of servers, many of which are at or close to end of life (past warranties and extended warranties). The FY2010 budget includes $26,000 for the replacement of 3 of these servers, additional periphery equipment and support services. This needs to be done soon. Over the next three years we will have similar expense levels in order to continue the replacement of this aging pool of servers.

In order to implement SV at this time an additional $79,000 would need to be invested now rather than spreading this out over the subsequent three years. Staff feels the investment is prudent at this time and is working to determine the best financing option available to the Agency.



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## Benefits of SV

Disaster Recovery

- Disaster Recovery will be greatly enhanced – several core applications are not covered by our current SunGard contract (Email, HDS software and SharePoint Intranet site). We really need to add these functions to our disaster recovery program and SV makes this much easier.

Efficiencies

- Expedited implementation of new servers when needed (most new software require its own server)
- Ability to create test environments on the fly – there is no extra equipment to do this at this time so testing is limited
- Backup processes and the installation of patches and upgrades will be streamlined
- Disk space can be shared by all servers and not dedicated as is the case now

Cost Effective

- The 4 year payback on this investment is easy to see on the attached SV Comparison – reduced hardware purchases, Burlington Electric Department cash incentive and lower ongoing electrical costs which was reviewed in an energy audit (denoted in red on the comparison spreadsheet attached).

Timing is Right

- Given the age of our servers within a few years time this is the perfect time to implement SV to optimize unnecessary spending on individual physical servers.

## Con for SV

Upfront outlay of $105,085 vs. the $26,000 currently budgeted for FY2010.

## Cost Analysis

Attached is a Server Virtualization Comparison of the costs associated with continuing with our current methodology for our network compared to moving to server virtualization for the next 4 years. There will be savings for the Agency over time (less required hardware, reduced electrical costs, as well as a onetime Power Saving Incentive from BED).

Our original analysis, conducted in the spring of 2008 for the FY 2009 budget year revealed an initial investment outlay of $101,800 vs. the ongoing server replacement expense of $116,000 over the next 5 years. A year and a half has passed since then and costs have already risen to the current estimate of $105, 085 and will continue to rise in the coming years if not implemented this year. Vendors are also eager to give their "best deals" at this time to stimulate sales. These incentives could easily go away in the near future.

## Conclusion

The Agency will need to continue to technically support its current portfolio of loans and finance systems well into the future. Staff sees no way to avoid the additional server investments in the next four years. This is the right time to make the system architecture change in the Agency's network configuration. The Finance team is working to identify the best financing solution available at this time.

Please contact Rick Jean, Information Systems Manager at 652-3441 or me at 652-3425 if you have any questions before the meeting.

***Footnote:***

[1] **What is Server Virtualization?**
Simply put, Server Virtualization (SV) is a method of running multiple independent 'virtual' servers on a 'single' physical computer. In VHFA's case, it would reduce the Agency's number of physical servers from twelve smaller servers to two very large servers. The need for two servers is required for fallback in the event of failure of the primary server. These two servers work in conjunction with a Storage Area Network (SAN) device to provide the same if not more processing power and storage space as our current network.

# Server Virtualization Comparison

| Server Upgrades | Without VmWare | | | | With VMWare | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Year 1 | Year 2 | Year3 | Year 4 | | Year 1 | Year 2 | Year3 | Year 4 |
| 2 Servers Replace, **Yoda, Saturn** (Do Not Replace Vader,) | $12,000.00 | | | | Purchase Equipment | $75,585.00 | | | |
| 1 Additiional Server (contingency) | $6,000.00 | | | | Phase One - Design & Implementation | $29,500.00 | | | |
| Additional Server Rack (optional/optimal) | $2,000.00 | | | | **Subtotal:** | **$105,085.00** | | | |
| Additional UPS (to handle increased power consumption) | $3,000.00 | | | | Power Incentive (1 time) | | | | |
| SymQuest Consulting | $3,000.00 | | | | Annual Power savings | | | | |
| **Total:** | ***$26,000.00*** | | | | **Total:** | ***$101,975.00*** | | | |
| 2 Servers **DRServ, SusServ** (DRServ is sharing the Track-ITAV server) | | $12,000.00 | | | | | | | |
| 1 Additiional Server (contingency) | | $6,000.00 | | | | | | | |
| SymQuest Consulting | | $3,000.00 | | | Annual Power savings | | | | |
| **Total:** | | ***$21,000.00*** | | | **Total:** | | ***$99,030.00*** | | |
| 3 Servers - **Trackitav, AVE1, Obie1** | | | $18,000.00 | | | | | | |
| 1 Additiional Server (contingency) | | | $6,000.00 | | | | | | |
| SymQuest Consulting | | | $3,000.00 | | Annual Power savings | | | | |
| **Total:** | | | ***$27,000.00*** | | **Total:** | | | ***$96,085.00*** | |
| 3 Servers (Docuserv, Appservr, Mailserv) | | | | $24,000.00 | | | | | |
| 1 Additiional Server (contingency) | | | | $6,000.00 | | | | | |
| SymQuest Consulting | | | | $1,500.00 | Annual Power savings | | | | |
| **Total:** | | | | ***$31,500.00*** | **Total:** | | | | ***$93,140.00*** |
| **Grand Total:** | | | | **$105,500.00** | | | | | ***$93,140.00*** |
| | | | | | ***Total Hardware Cost Savings for 4 years*** | | | | ***$12,360.00*** |

## Martha Panton

**From:** Martha Panton
**Sent:** Monday, November 02, 2009 4:13 PM
**To:** 'Rita.Robinson@mail.dol.state.vt.us'
**Cc:** Martha Panton
**Subject:** Notice - VHFA Board Meeting and Finance Committee Meeting - November 19, 2009

Hi Rita –

The purpose of this email is to provide Notice of the next meeting of the VHFA Board and Finance Committee.

Vermont Housing Finance Agency will hold its Board Finance Committee Meeting on Thursday, November 19, 2009. The meeting will be will begin at 8:00 p.m. and end at 10:00a.m. The VHFA Board Meeting on Thursday, November 19, 2009 will begin at 10:00 p.m. and end at 1:00 p.m. The meetings will take place in the Board Room at VHFA, 164 Saint Paul St., Burlington, VT.

Thank you.

Martha Panton, PHR
Vermont Housing Finance Agency
Human Resource/Office Manager
mpanton@vhfa.org

p 802-652-3413
802-864-8081

164 St. Paul St.
Burlington, VT 05401

## Martha Panton

**From:** Martha Panton
**Sent:** Wednesday, November 04, 2009 8:45 AM
**To:** Martha Panton; 'mtownsend@bfp.burlingtonfreepress.com'; 'randal.smathers@rutlandherald.com'; 'sue.allen@timesargus.com'
**Subject:** VHFA Board of Commissioners Special Meeting Notice

VHFA is emailing you to give notice to you that the Finance Committee of the VHFA Board of Commissioners will meet on Thursday, November 19, 2009 at 8:00am at the offices of VHFA located at 164 St. Paul Street in Burlington. The Agenda includes the following topic(s): Risk Report, Risk Management Score Card, Investment Portfolio Overview.

The Board of Commissioners of VHFA will meet at on Thursday, November 19, 2009 at 9:45 am at the offices of VHFA located at 164 St. Paul Street in Burlington. The Agenda includes the following topic(s): Swap Analysis, New Federal Housing Programs, 1st Quarter Financials, State Tax Credits, Development Projects.

You are receiving this email pursuant to Title 1, Sections 310 and 312, of the Vermont Statutes Annotated, known as the Vermont open meeting law.

- Under Section 310, Vermont Housing Finance Agency ("VHFA") Board of Commissioners is considered to be a "public body."
- According to Section 312(b)(2), "The time, place and purpose of a special meeting subject to this section shall be publicly announced at least 24 hours before the meeting."
- And, according to Section 310(4), " "Publicly announced" means that notice is given to an editor, publisher or news director of a newspaper or radio station serving the area of the state in which the public body has jurisdiction..."

Please note that the Sections of law mentioned above do not address the requirements of editors upon receiving notices such as this. VHFA considers its duty fulfilled upon emailing such notice to you. In addition, VHFA does not request a response from you.

If you would like to designate someone else to receive such emails in the future, please let me know.

For your information, the meetings of the VHFA Board of Commissioners are posted on VHFA's web site. In addition, the Vermont Department of Libraries is given notice of these meetings, which it then posts on its web site: http://info.libraries.vermont.gov/vtgov_meetings/meetings.htm

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Vermont Housing Finance Agency

# MEMORANDUM

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: November 12, 2009

**RE: CONFIRMATION OF UPCOMING VHFA BOARD MEETING**

This is to notify you that the next meeting of the Vermont Housing Finance Agency Board of Commissioners has been confirmed. The meeting will be held:

**Thursday, November 19, 2009**
The Board Room
VHFA,
Burlington, Vermont
**9:45 a.m. – 1:00 p.m.**

Attached are the Agenda and Board packet. Please feel free to contact me should you have any questions prior to the meeting.

Please note that this meeting does not end until 1:00 p.m. Please contact Martha Panton at 802-652-3413 or mpanton@vhfa.org if you would like a **bag lunch to-go from New Moon**. Please **send your requests by COB Tuesday, November 9th**. Below are the options:

- Roast Beef and Blue Cheese Sandwich
  - Baguette, roast beef, blue cheese, Dijon, lettuce or,
- Turkey Mufaletta
  - Mad river grain, havarti, turkey, tomato deli mustard or,
- House Salad
  - Field greens, roasted peppers, tomato, cucumber, cheese, pine nuts, balsamic vinaigrette

AND

- Coke, Diet Coke, Ginger Ale, Orange Soda, Root Beer or water

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**VHFA BOARD MEETING AGENDA**
**Thursday, November 19, 2009**
VHFA
164 St. Paul St., Burlington
**9:45 a.m. – 1:00 p.m.**

**Meeting Start**

**Review and Approval of October 15, 2009 Minutes** (5 minutes) — Enclosure

**Executive Director's Report** (5 minutes) — Carpenter/Enclosure

**Development**

- Sale of Alburgh Family Housing (5 minutes) — Adams/Enclosure
- Windsor Village, Windsor: Const & Permanent Debt, Bond Credits (5 minutes) — Reid/Enclosure
- Stanislaus Housing, West Rutland: Const Debt, Bond Credits (5 minutes) — Reid/Enclosure
- FY2011 State Housing Credits (15 minutes) — Erdelyi, Reid, Slade/Enclosure

**Finance**

- Swap Analysis (25 minutes) — Connors /Enclosure
- New Federal Housing Program Overview/Implementation (30 minutes) — Connors/Enclosure
    - Resolution Authorizing MBS Indenture
        - Trust Indenture Securing Mortgage Revenue Bonds (Mortgage Backed Securities Program)
    - Resolution Authorizing MF Indenture
        - Trust Indenture Securing HFA Initiative Multifamily Bonds
    - Resolution Confirming Authority to Obtain Replacement Liquidity
    - Single Family General Authorizing Resolution
    - Multi-Family General Authorizing Resolution
- 1st Quarter Financials (20 minutes) — Connors/Under Separate Cover

**Executive Session**

**Other Business**

- January Board Meeting – half day (5 minutes) — Carpenter/Discussion

**Adjournment**

**Reports:** ***FYI Only***

- Interesting Housing Fact — Collins/Enclosure
- Summary of Homeownership Activities — Crady/Enclosure
- Union Square (formerly Armory Square) Construction Completion Pictures — Reid/Enclosure

# 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), Dagyne 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,



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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.

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Vermont Housing Finance Agency

# MEMORANDUM

**TO:** VHFA Board of Commissioners

**FROM:** Sarah E. Carpenter, Executive Director

**DATE:** November 19, 2009

**RE:** **EXECUTIVE DIRECTOR'S REPORT**

## Administration

The Agency celebrated Tim Gutchell's 25 year anniversary with the Agency on November 3rd. Tim was treated to yet again another wonderful Ode, which had contributions by many staff and put together by Sam Falzone, the Agency's Ode Master! Congratulations to Tim on his many years of service!

Pat Loller and George Demas met with Gravel and Shea regarding reimbursement of expenses due to moving to the 403(b) plan earlier this year. The Agency recouped all of the legal costs associated with the second opinions and legal work associated with setting up the new 403(b) plan, though other expenses associated with the changeover (mostly staff time) were absorbed by the Agency. Overall the Agency is pleased to have settled on this; though it was still unfortunate we had to go through the process.

On October 27th the Agency provided staff with the opportunity to participate in health screenings, which were provided by Fletcher Allen Health Care. Several staff learned more about their cholesterol, blood sugar, heart and body mass indexes. These screenings were a bit more in depth than those in the past and the FAHC nurse was well versed in the screen process and the information associated with each individuals results.

We have had a difficult time getting the flu vaccine, but FAHC finally had enough to come to the Agency on Friday, November 6th. Twenty-five staff received flu shots!

As mentioned in the last ED report, the Socially Responsible Committee did a coat drive for the Coats for COTS program. Staff brought in a great assortment of sizes and types of coats ranging from infant to children to women's and men's. We collected approximately 20 coats/snowsuits total and COTS was impressed with how many we had for them. All of the coats delivered to COTS were all spoken for by the end of the day!



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For the month of November the Social Responsibility Committee is hosting a food drive the 17th through the 19th. Board members should feel free to contribute non-perishable foods. Protein rich foods are particularly helpful, such as tuna, peanut butter, etc.

Three staff received recognition award during November's staff meeting. Lori Gilding's award was for her work in administering the new NSP program. She is the primary staff person responsible for the acquisition and rehab of the properties. The Agency also passed the first HUD audit with flying colors due to good systems and procedures. The HUD auditors were very pleased with the work that has been done so far on the NSP program. Chris MacAskill's award was also related to the NSP program for his work in working with Lori to develop the SharePoint site which tracks for all the NSP activities. This is a very complex site and took substantial time for Chris to implement with Lori. Martha Fleming received a recognition award for her willingness to jump right in and perform the Accounts Payable work during the time between Ashley Lamell leaving and Sara Hoehn arriving. She agreed to come in an extra day a week to ensure the AP process continued to run smoothly.

The Agency kicked off its annual United Way Campaign during November's staff meeting. Sondra Behan from United Way and Cathy Nellis from 211 presented many reasons why staff would want to support the UW.

The Agency's Handbook was updated and also distributed to staff during the November staff meeting (yes this meeting was a busy one!). Though the content was pretty much the same, Pat Loller and Martha Panton reviewed any changes from the current version. Craig Bailey also contributed by giving it a very professional look.

**Development**

Staff worked on a number of administrative initiatives, including: preparing new loan programs that will use MacArthur Foundation funds (and their matching funds); education on HUD's accounting system for the new TCAP funds; responding to a lengthy survey from the GAO on the stimulus programs (TCAP and 1602 Exchange); and work on a two-day preservation conference in Waterbury, to help address expiring Section 8 and year 15 tax credit developments.

Staff worked on developments including COTS Winooski (groundbreaking ceremony); Pleasant Street in Enosburg (pre-closing); Stanislaus School, Windsor Village, and various State credit projects (underwriting for Board approval this month); a new Windsor/RACLT project and Armory Square (site visits, meeting with developers); Eastview in Middlebury (status meeting with consultant); and Forest Park (commitment letters, preparation for HOPE VI submission).

Staff worked on potential project/closing lists for the new GSE-Treasury initiative, and production lists for the annual report. Staff were invited to sit on a panel of credit allocators at an annual meeting in Boston of the National Housing and Rehabilitation Association. There was a mood of cautious optimism that there is a slow return to normal activity occurring, with new projects being closed, with real equity investors and not just stimulus funding (though at an unsteady pace, and with low pricing.)

## Homeownership

Loan volume continues to be slow. While we now have additional funds to lend due to the ability to recycle prepayments, conventional rates over the past two weeks have been below VHFA's current rate of 5.25%. Rates do appear to be on the rise of late and we are doing outreach to lenders to get more RD Guaranteed loan business. We also hope to use some of the recycled funds for loans that have been reserved at higher interest rates, which would free up an additional $3.3 million from the 2008C bond issue that we could lend out at 5%.

Fannie Mae has announced that they will introduce a 100% LTV product with no mortgage insurance that will be exclusive to HFAs. While we don't have a lot of details, Fannie Mae indicates that the program will compare very favorably with FHA Insurance Programs and result in a lower monthly payment for borrowers when compared to FHA. We are also waiting on details of the pricing for our current Affinity Agreement with Fannie Mae, which expires on December 31, 2009.

## Multifamily

Multifamily Assistant Director, Kim Roy is recovering from surgery she had in early October. Multifamily staff has been covering for her although she is greatly missed and we are all looking forward to a complete recovery and Kim's return.

Three members of staff attended the 20th annual New England HFA Management meetings that were hosted by Maine Housing and held in Freeport. Over 40 staff members from the New England HFAs and VSHA were present. This meeting will return to Vermont in 2011. Multifamily staff and I also attended the Vermont Housing Managers Association annual conference in Stowe where managers learned of HUD Contract renewal policies and heard updates from State Agency Directors.

The 2010 project budget season is well underway and we are glad to see the drop in fuel prices that caused such a crisis last year. Energy efficiency programs continue to unfold and are being coordinated through the Vermont Fuel Efficiency Partnership that is represented by State Weatherization program and local CAP agencies, RGGI program administered by CVCAC, Efficiency Vermont, VHCB and VHFA.

## Finance

KPMG presented preliminary financial statements to the Board Audit Risk Committee on September 29th. At the October 15th Board Meeting, the Committee recommended that the full Board accept the financial statements and the Board accepted that recommendation. This was an excellent team effort by both the VHFA finance team and the KPMG audit team. As a result of the audit, KPMG found no material weaknesses and complimented the VHFA team for a job well done. In its presentation to the Board, KPMG made two recommendations for process improvements: (1) a formal policy for authorization of wire transfers and (2) periodic third party review of arbitrage calculations. The Agency immediately implemented a more formal wire transfer policy. VHFA will also investigate the most cost effective option for more frequent third party review of arbitrage calculations. KPMG also notified the Agency that several of the new programs implemented in fiscal year 2010 (NSP, TCAP, 1602 Tax Credit Exchange) will

require an A133 Single Audit. The Agency and KPMG have already scheduled a meeting in December to start planning these audits. In addition, a new accounting rule (GASB Statement No. 53) will require a change in the way the Agency accounts for the fair value of derivatives.

As soon as the audit was completed, the Finance team jumped right into closing the first quarter of FY2010. That close is progressing well and the team is committed to provide financial statements for the November Board meeting. This is the first quarter that will require Finance to keep separate funds for the NSP-HARP and TCAP programs. The first accounting cycle for these programs went well. Several Finance staff members worked to get the General Ledger accounts set up and established new processes and training to support Lori Gilding in the administration of the NSP program.

On October 19th, the Obama Administration announced its long-awaited initiative for State and Local HFA's. We will spend time at the November Board meeting providing you with details. This set many gears in motion for staff, including several GSE-sponsored webinars and meetings with the VHFA Bond Working Group to decide how the Agency would take advantage of this new program. The New Issue Bond Program (NIBP) will provide temporary financing for HFAs to issue new mortgage revenue bonds. Using authority under the Housing and Economic Recovery Act of 2008 (HERA), Treasury will purchase securities of Fannie Mae and Freddie Mac backed by these new mortgage revenue bonds. VHFA submitted a request for both single family and multifamily bonds to be sold through this program through the end of calendar 2010 and we are awaiting formal notification of our approved allotment. The Bond Working Group is working on a new 100% MBS single family resolution and a new multifamily resolution specifically for use under this new program. Under the single family component the Treasury will purchase long-term bonds up to 60% of each issuance. The balance will include serial bonds sold on the open market. For the multi-family component, the GSE's will buy the entire issue. Once the dust settles, the Agency should be able to offer competitive lending rates through 2010.

The other component of the federal program is the Temporary Credit and Liquidity Program (TCLP). Fannie Mae and Freddie Mac will provide replacement credit and liquidity facilities available to HFAs that will help reduce the costs of maintaining existing financing for the HFAs. VHFA is currently considering the replacement of either one or two liquidity series, which would fully replace all series previously held with Depfa, and fully correcting the excess interest problem with the Agency's variable rate debt, which contributed to the deficit in FY 2009.

As mentioned in last month's report, the team has completed a thorough review of the investment portfolio to see how cash might be put to better use, either by increasing return on investments or reducing financing costs. Several strategies have been implemented, including calling bonds in advance using excess cash in the programs, reducing the Agency's financing costs and "recycling" principal collections into new mortgage loans. This will result in adding new Mortgage-Backed Securities into the Agency's existing Single Family and Multiple Purpose Indentures, bolstering the financial strength of those indentures.

In a recent development, the Agency was notified by Bayeriche Landesbank (BLB) that they had terminated their ratings contracts with Standard & Poors. VHFA currently holds several Guaranteed Investment Contracts with Bayeriche in its investment portfolio. In a subsequent conference call with S&P, the Agency was notified that, because S&P no longer rates BLB, and

despite the fact that the GIC's are guaranteed by the State of Bavaria (and rated AAA by S&P), S&P will no longer be giving VHFA credit for its BLB investments and the Agency will need to re-run its cash flows to reflect that. Based on the BLB action, S&P has confirmed its current VHFA rating of BBB+ on Negative Watch. The Agency is working with its financial partners to determine the course of action that is in the best interest of the Agency.

**Policy and Planning**

Staff is wrapping up the state's Housing Needs Assessment, which has been underway since May 2009. Leslie Black-Plumeau and Maura Collins conducted the research and analysis for this HUD-required report, and you probably remember that the state is paying over $18,000 to VHFA for this work. Maura and Leslie presented the findings to the Consolidated Plan Advisory Committee (HUD's Consolidated Plan is what requires this study), and are finalizing the report in November before Craig Bailey designs it and posts online. Maura will be presenting the highlights to the VHFA Board at the December meeting, and will share the findings with the Interagency Council on Homelessness, Affordable Housing Coalition, Home Builders' Developers Council, a network of in-state colleges, and other groups who request presentations. If there are entities who you think would like a presentation, please contact Maura directly.

Additionally, we've had a preliminary meeting with several key partners to discuss the future of the Housing Awareness Campaign and the 2010 Housing Conference. The Awareness Campaign's budget and activities have reduced to almost nothing except a web presence at www.housingawareness.org. This page has been redesigned by Craig to reflect the current status of the Campaign; leaving it as a place holder should organizations wish to revive the efforts in the future. This stakeholder meeting also discussed the feasibility of holding a Housing Conference, regularly scheduled for November 2010. There was unanimous interest in planning another event, although I explained that with eliminating the Public Affairs Manager position, VHFA would not be able to provide all organization and management for this major event for free as we have in the past. We have two price quotes from private event planning firms, and are estimating that VHFA's cost to plan would be similar to both quotes. No decision was made, but the committee will be sending preliminary request letters out to previous and new sponsors, requesting their support. If these letters are successful, and indications are that we can raise enough funds to cover the costs of the conference and necessary management of the event, we expect to move forward with either VHFA or an event planning firm managing the event. We do have Thursday, November 18th reserved at the Hilton Burlington for the conference.

See you on the 19th.

vhfa

Vermont Housing Finance Agency

# MEMORANDUM

To: VHFA Board of Commissioners
From: Dave Adams
Date: November 16th, 2009
Re: Sale of Alburgh Family Housing

VHFA acquired title to Alburgh Family Housing, a 13 unit multifamily section 8, housing project in October this year. VHFA published a notice of sale and request for offers with a deadline for receipt of offers expiring at the close of business on November 12th.

Attached for your review is the offer from Housing Vermont to acquire the project at a price of $352,000. The offer is subject to confirmation the VHFA can pass a clear and marketable title, and funding as shown on the "Housing Vermont Development Pro Forma" (also attached). The offer assumes that an allocation of 9% credits previously approved for Alburgh will remain available for this transaction. Funding also includes an allocation of State Housing Credits in the amount of $52,000, which the Board is asked to consider by separate memo at the meeting.

VHFA's cost basis in the project is approximately $345,000 including loan balances of $334,000 along with legal and other foreclosure expenses. Use of NSP funding to acquire the project limits the purchase price to no more than 99% of the current market value. It is our understanding that HVT has an appraisal in the amount of $356,000 that supports this offer price

**Board Action Requested**
Staff recommend and request Board approval of the attached resolution authorizing the acceptance of the offer by Housing Vermont and authorizes Staff to negotiate final terms of sale and to execute any and all documents related to the sale of the property.

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

Building possibilities.

123 St. Paul Street
Burlington, Vermont 05401
*Phone* 802/863-8424
*Fax* 802/660-9034
www.hvt.org

November 6, 2009

RECEIVED
NOV 0 6 2009
VHFA

Dave Adams
Chief of Program Operations
164 St. Paul Street
Burlington, VT 05401

Dear Mr. Adams,

Housing Vermont would like to submit the enclosed offer to purchase the property located in Alburgh as advertised in your October 22nd notice.

I am also enclosing a check for $8,800 to be held on deposit by VHFA.

Please give me a call if you have any specific questions regarding our proposal.

Sincerely,

Kathy Beyer
Vice President for Development

Printed on 100% Post Consumer Paper

PROPOSAL TO THE VERMONT HOUSING FINANCING AGENCY TO PURCHASE ALBURGH FAMILY HOUSING

November 6, 2009

Housing Vermont submits the following offer to purchase the fee simple interest to the land and improvements located at Buildings A, B, C and D Carle Street, 5 Milk Street, 4A North Main Street and 6 North Main Street, Town of Alburgh, VT (the "Property").:

1. Purchase price: $352,000
   Purchase price must be supported by a current appraisal and can be no more than 99% of appraised value.

2. Conditions precedent: Within 60 days, confirmation of marketable title.

3. Conditions precedent to closing: Financing from VHCB, VCDP and LIHTC in amounts adequate to complete the agreed upon scope of rehabilitation work at the site. Assignment of the Housing Assistance Payment contract. Estimated closing date: April 30, 2010.

Affordable housing covenant: HV, through a tax credit housing partnership, will sign a VHFA & VHCB housing subsidy covenant which requires perpetual affordability for all 13 units.

The draft management plan is attached.

Scope of rehabilitation work: Housing Vermont, through the creation of a tax credit limited partnership, will complete a substantial rehab of the property, correcting the deficiencies noted in the October 2005 Capital Needs Assessment and further noted in the September 13, 2007 letter from David M. Anderson.

At Carle Street, HV proposes to convert the heating system to a centralized heating system (one boiler per 4 units) and incorporate a solar domestic hot water system. This will greatly ease the cost of heating that is currently borne by the tenants---with an inefficient system. Windows, doors, roofs and exterior siding will be replaced. The front door entrances will be improved. One of the four bedroom units will converted into two one-bedroom units. The addition of one bedroom units better fits the rental market, and allows us to create a fully accessible unit at Carle Street. The failing pump station will be replaced.

At the Milk Street location, we proposed to subdivide the property and separate the Milk Street property for single family homeownership. We will not loose units (13 in total), due to the addition of the unit at Carle Street.

At Main Street, we propose to demolish the building. It is our understanding that the Main Street building has significant structural problems and rehab costs would be very high. We will replace the 4 unit building with a newly constructed, energy efficient building with three 2-bedroom units and one 1-bedroom unit. This will also allow us to create another fully accessible unit.

A summary of the sources and uses statement for our proposed purchase & rehabilitation of the Alburgh property is also attached.

# HOUSING VERMONT DEVELOPMENT PRO FORMA

## GENERAL INFORMATION

| | | | |
|---|---|---|---|
| Project Name: | Alburgh Family | TODAY'S DATE: | 10-Nov-09 |
| Housing Vermont Contact: | Kathy Beyer | ORIG. DRAFT: | 23-Jun-04 |
| Telephone/Fax: | 802-863-8424/802-660-9034 | | |
| E-Mail/Web | kbeyer@hvt.org www.hvt.org | | |
| File Name: | F:\DEV\Projects\Alburgh Family\Funding\VHFA\[alburgh family oct 09 for state tax credi | | |

| PROJECT SUMMARY | | | PRO FORMA ASSUMPTIONS | |
|---|---|---|---|---|
| Total Units: | | 13 | Vacancy Rate: | 5.00% |
| Unrestricted Units: | | 0 | Investment Rate | 4% |
| Restricted Units: | | 13 | Appreciation: | 3.0% |
| Project-wide Applicable Fraction | | 100.00% | Partner's Tax Rate: | 35% |
| Avg Net Monthly Rent: | | 0 | Partner's Capital Gain Tax Rate: | 35% |
| Monthly Operating Cost | | 680 | LIHTC Acquisitk October-09 | 3.33% |
| N.O.I. | | 12,948 | LIHTC Construction | 9.00% |
| Debt Service | | 0 | Proposed Return, IRR | 9.07% |
| Annual Replacement Reserve | | 7,800 | Income increase: | 1.5% |
| LIHTC Alloc.Possible/Assumed | 199,104 | 195,104 | Expense increase: | 3.0% |
| Historic Tax Credit--Federal | 0 | 0 | Fed. Hist.Tax Credit? (1=Yes) | 0 |
| Historic Tax Credit--State | | 0 | | |
| Total Cost | | 2,848,675 | VT. Hist. Tax Credit--Village? (1=\ | 0 |
| Cost Housing Per Unit | | 216,365 | High Cost Area? (1=Yes) | 0 |
| Syndication: Gross/Net | 1,541,324 | 1,541,324 | Acquis. Credit? (1=Yes) | 0 |
| LIHTC Efficiency | | 79.0% | Rehab. w/Bonds (1=Yes) | 1 |

| PRO FORMA SUMMARY | Yr 1 | Yr 15 | Yr 30 |
|---|---|---|---|
| Tot. Amortizing Debt | 0 | 0 | 0 |
| Annual Cash Flow | 5,148 | -21,425 | -72,400 |
| Operating Reserves | 75,102 | 10,375 | -890,871 |
| DCR | NA | NA | NA |

## SOURCES OF FUNDS

| | Amount | % of Total | Per Unit | Interest | Term |
|---|---|---|---|---|---|
| Equity - Total | 1,541,324 | 54% | 118,563 | | |
| VHFA | 0 | 0% | 0 | 7.25% | 30 |
| VHCB | 0 | 0% | 0 | 0.00% | 30 |
| HOME - Loan | 0 | 0% | 0 | 0.00% | 30 |
| VCDP - Loan | 375,000 | 13% | 28,846 | 0.0% | 0 |
| NSP | 795,000 | 28% | 61,154 | 0.00% | 8 |
| VHFA 0% | 0 | 0% | 0 | 0% | 30 |
| REEP | 6,500 | 0% | 500 | 0% | 20 |
| State tax credit | 126,000 | 4% | 9,692 | | |
| Cash accounts | 0 | | | | |
| Gap | 4,851 | 0% | 373 | | |
| TOTAL SOURCES | 2,848,675 | 100% | 219,129 | | |

## USES OF FUNDS

| | Budget | Per Unit | Cost Per Sq.Ft. |
|---|---|---|---|
| ACQUISITION | | | |
| Acquisition/Land | 31,527 | 2,425 | 2.17 |
| Acquisition/Buildings | 362,556 | 27,889 | 24.97 |
| Demolition | 35,000 | 2,692 | 2.41 |
| Title Ins/Recording/Appraisal | 7,000 | 538 | 0.48 |
| Accounts Payable | 98,000 | 7,538 | 6.75 |
| Acq Development Fee | 10,000 | 769 | 0.69 |
| TOTAL ACQUISITION | 544,083 | 41,853 | 37.47 |
| CONSTRUCTION | | | |
| Construction - Resid. | 1,315,600 | 101,200 | 90.61 |
| Constr--Commercial | 10,000 | 769 | 0.69 |
| Utilities | 34,000 | 2,615 | 201 |
| Abatement, Archeology & Clerk | 29,000 | 2,231 | 172 |
| Appliances | 13,000 | 1,000 | 0.90 |
| Conting@ | 184,184 | 14,168 | 12.68 |
| TOTAL CONSTRUCTION | 1,585,784 | 121,983 | 109.21 |
| SOFT COSTS | | | |
| Arch./Engin/Estimating/Testing/Alta Survey | 90,100 | 6,931 | 6.21 |
| Market Study | 3,500 | 269 | 0.24 |
| Relocation | 65,000 | 5,000 | 4.48 |
| Environment /Energy Ass./Capital Needs Ass | 6,000 | 462 | 0.41 |
| Legal/Accounting | 25,000 | 1,923 | 1.72 |
| Permits/Fees | 2,718 | 209 | 0.19 |
| Addl. Insurance/Taxes | 25,000 | 1,923 | 1.72 |
| Construction Loan Interest | 85,000 | 6,538 | 5.85 |
| Marketing/Syndication Costs | 3,500 | 269 | 0.24 |
| Loan/Lender Fees | 8,000 | 615 | 0.55 |
| Working capital & Oper Reserves, Repl Res | 125,000 | 9,615 | 8.61 |
| HP consultant, clerk, Dev consultant | 4,000 | 308 | 0.28 |
| Tax Credit Applications | 8,490 | 653 | 0.58 |
| Soft Cost Contigency | 7,500 | 577 | 0.52 |
| Development Fee - HV | 130,000 | 10,000 | 8.95 |
| Development Fee - CHT | 130,000 | 10,000 | 8.95 |
| TOTAL SOFT COSTS | 718,808 | 55,293 | 49.50 |
| TOTAL USES OF FUNDS | 2,848,675 | | 196.19 |
| TOTAL COST OF RESIDENTIAL UNITS | 2,812,746 | 216,365 | 205.01 |

VERMONT HOUSING FINANCE AGENCY

**RESOLUTION RE: APPROVAL OF OFFER TO PURCHASE ALBURGH FAMILY HOUSING, TOWN OF ALBURGH**

WHEREAS, the Agency desires to sell thirteen (13) units of general occupancy rental housing in the Town of Alburgh known as Alburgh Family Housing (the "Development"); and

WHEREAS, in response to a publicly noticed Request for Offers, a proposal for purchase of the Development dated November 6, 2009 has been submitted to the Agency by Housing Vermont (the "Offer"); and

WHEREAS, the Board of Commissioners has been presented with the terms of the Offer;

WHEREFORE, it is hereby RESOLVED:

The Board hereby authorizes the Executive Director, the Chief of Program Operations and the Chief Financial Officer, each individually, and with the approval of the General Counsel, to execute any and all documents and take any other actions necessary to accept the Offer and to negotiate the final terms (including the final purchase price) of and effectuate the sale of the Development to Housing Vermont or its designee.

vhfa

**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<br>77 Housing Credit units | **Unit Sizes:** | 59 1-BR @ 617 sf<br>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<br>$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

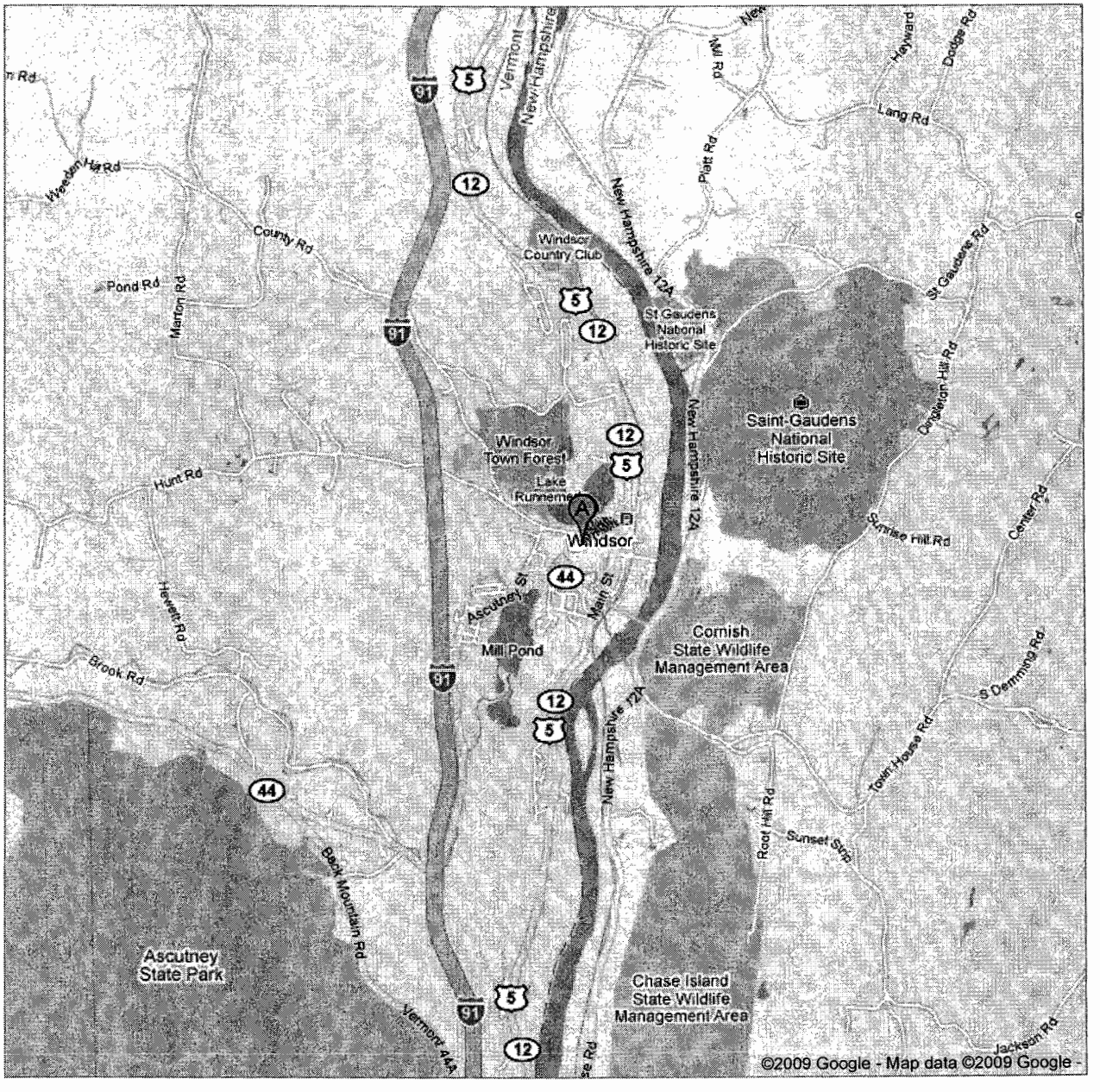
rehabilitation will be on energy improvements, including: new high efficiency boilers, solar domestic hot water, new windows, appliances and fixtures, improved ventilation, insulation and air sealing. The scope of work will also include new carpeting, new finishes, asbestos abatement, repaving driveways 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.

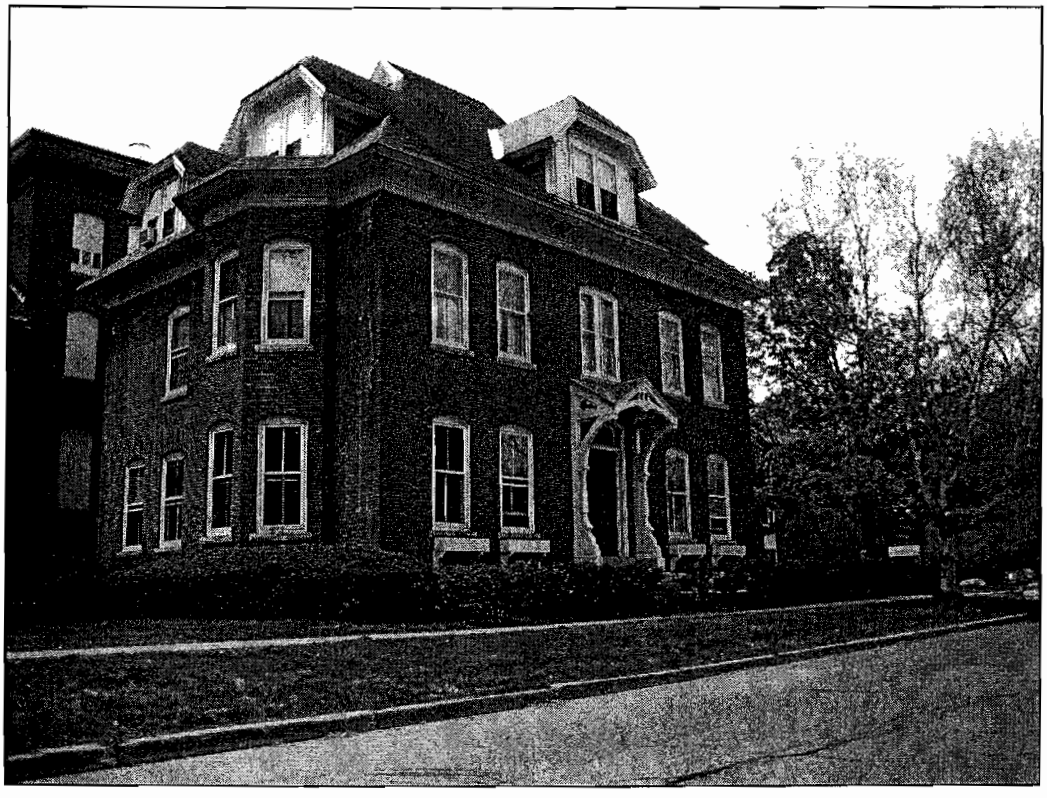
Stewart Property Management has managed the property since May 2008, has been doing a good job, and will continue on. A half-time Resident Services Coordinator assists the residents, and is funded in part by operating income and in part by the Ascutney Hospital. As part of this re-structuring, the to-be-formed 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**

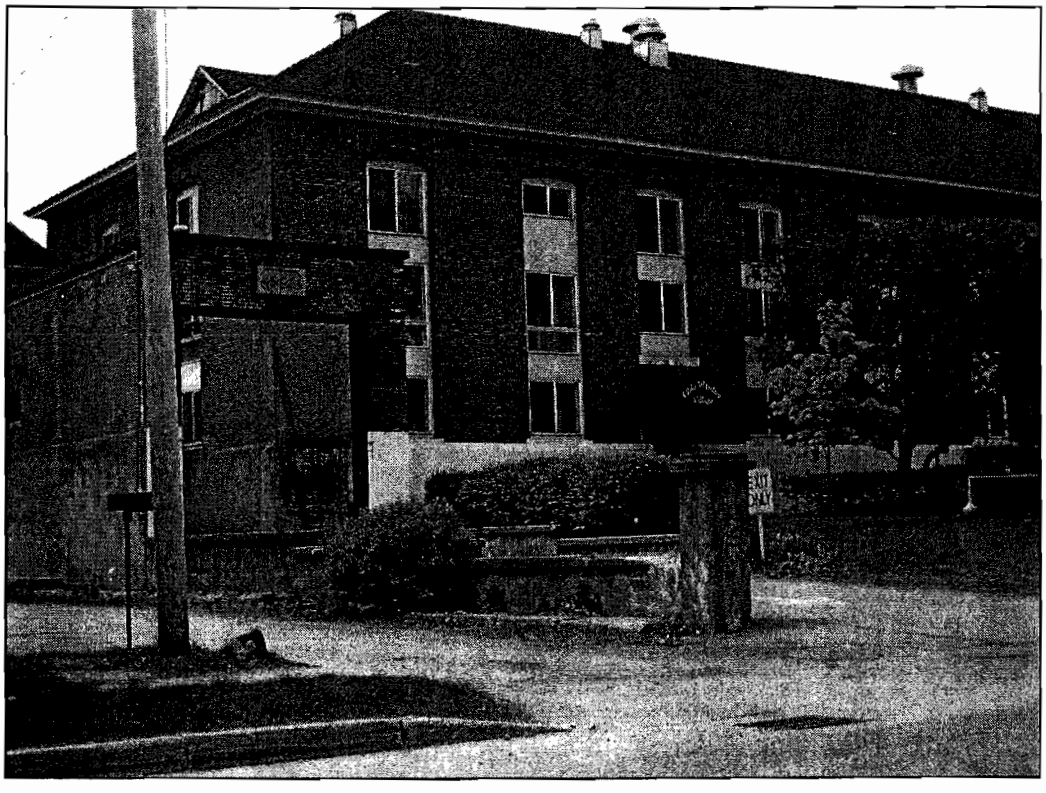
Notes Windsor Village



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 |

| | | |
|---|---|---|
| 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**

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 2,584,000 | 500,000 | 275,000 | 500,000 | 125,000 | 38,500 | 2,326,165 | 6,348,665 |
| | | | | | | Allocation of Sources | | | | | | | |
| | | Budget | Per Unit | Per s.f. | Tax Exempt Bond | VHFA permanent loan | VHCB- Energy Efficiency | NeighborWorks | VHCB/HOME | State tax credit equity | Efficiency VT - REEP | LIHTC & RITC equity | TOTAL SOURCES |
| | | | | | | 7.00% 30 | 0.00% 30 | 4.00% 30 | | | | N/A N/A | |
| | 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 | | 621 | 500,000 | 275,000 | 500,000 | | 38,500 | 1,626,731 | 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 | | | | | | | 102,440 |
| 10 | | 0 | 0 | 0.00 | | | | | | | | | 0 |
| 11 | Clerk of the Works | 25,000 | 325 | 0.48 | | 25,000 | | | | | | | 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 | | | | | | | 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 | | | | | | | 85,600 |
| 18 | Off-Site Improvements | 0 | 0 | 0.00 | | | | | | | | | 0 |
| 19 | Furnishings, Fixtures, & Equipment | 84,700 | 1,100 | 1.63 | | 84,700 | | | | | | | 84,700 |
| 20 | Other (_____) | | 0 | 0.00 | | | | | | | | | 0 |
| | Subtotal - Hard Costs | 3,613,592 | 46,930 | 69.72 | | | | | | | | | |
| | SOFT COSTS | | | | | | | | | | | | |
| 21 | Architectural | 213,000 | 2,766 | 4.11 | | 213,000 | | | | | | | 213,000 |
| 22 | Engineering | | 0 | 0.00 | | | | | | | | | 0 |
| 23 | Legal/Accounting | 25,000 | 325 | 0.48 | | 25,000 | | | | | | | 25,000 |
| 24 | Relocation | 90,950 | 1,181 | 1.75 | | 90,950 | | | | | | | 90,950 |
| 25 | Environmental Assessment | 8,500 | 110 | 0.16 | | 8,500 | | | | | | | 8,500 |
| 26 | Energy Assessment | | 0 | 0.00 | | | | | | | | | 0 |
| 27 | Permits/Fees | 20,000 | 260 | 0.39 | | | | | | | | 20,000 | 20,000 |
| 28 | Independent Market Study | 1,500 | 19 | 0.03 | | | | | | | | 1,500 | 1,500 |
| 29 | Construction Period Insurance | 2,500 | 32 | 0.05 | | 2,500 | | | | | | | 2,500 |
| 30 | Construction Interest | 106,250 | 1,380 | 2.05 | | 106,250 | | | | | | | 106,250 |
| 31 | Construction Loan Origination Fee | 55,760 | 724 | 1.08 | | | | | | | | 55,760 | 55,760 |
| 32 | Taxes During Construction | 0 | 0 | 0.00 | | | | | | | | 0 | 0 |
| 33 | | | 0 | 0.00 | | | | | | | | | 0 |
| 34 | Marketing | 0 | 0 | 0.00 | | | | | | | | | 0 |
| 35 | Tax Credit Fees | 6,750 | 88 | 0.13 | | | | | | | | 6,750 | 6,750 |
| 36 | Soft Cost Contingency | 35,205 | 457 | 0.68 | | | | | | | | 35,205 | 35,205 |
| 37 | Permanent Loan Origination Fee | 0 | 0 | 0.00 | | | | | | | | 0 | 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 | 500,000 | 6,494 | 9.65 | | | | | | 125,000 | | 375,000 | 500,000 |
| 45 | Other Partnership Fees | | 0 | 0.00 | | | | | | | | | 0 |
| 46 | Consultant Fees | | 0 | 0.00 | | | | | | | | | 0 |
| | RESERVES | | | | | | | | | | | | |
| 47 | Working Capital | 30,000 | 390 | 0.58 | | | | | | | | 30,000 | 30,000 |
| 48 | Rent-up (Deficit Escrow) Reserve | | 0 | 0.00 | | | | | | | | | 0 |
| 49 | Other Operating Reserves | 118,600 | 1,540 | 2.29 | | | | | | | | 118,600 | 118,600 |
| 50 | Sinking Fund | 0 | 0 | 0.00 | | | | | | | | | 0 |
| 51 | Replacement Reserves | 50,820 | 660 | 0.98 | | | | | | | | 50,820 | 50,820 |
| | Subtotal - Soft Costs | 1,264,835 | 16,426 | 24.40 | | | | | | | | | |
| | TOTAL DEVELOPMENT COSTS | 6,348,666 | 82,450 | 123 | 0 | 2,584,000 | 500,000 | 275,000 | 500,000 | 125,000 | 38,500 | 2,326,166 | 6,348,666 |
| | | | | over/(unde | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 6,348,666 |

11/6/09 **Windsor Village Green Retrofit**

| | | 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 | | | | | |
| 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 | 20% | Historic Credit Rate |
| | Total Eligible Basis | | 1,290,720 | 3,719,948 | | 906,033 | Annual Historic Credit |
| 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 | | | 7 | Depreciation Schedule | |
| | Estimated Yield - Housing Credit Syndication | 0.8033 | | | 12,100 | Annual Depreciation | |
| | Equity Gap | 1,556,037 | | | | | |
| | Credits Needed to fill Equity Gap | 193,719 | | | | | |

# 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 |

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# 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. |
| Property Insurance | 22,000 | 1,833 | 24 | 524 |
| 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 | | | | | | | | | | | | | | | | | | | | | |
| Gross Rent | | 827,964 | 836,244 | 844,606 | 853,052 | 861,583 | 870,198 | 878,900 | 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 |
| Other Income | | 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 |
| Vacancy and other losses | | (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) | (38,450) | (38,834) | (39,222) | (39,615) | (40,011) |
| Total Operating Income | | 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 | | | | | | | | | | | | | | | | | | | | | |
| Total Expenses (excl. Reserves) | | 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 |
| 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 |
| Total Operating Expense | | 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 |
| 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 |
| Less Primary Debt Service | | 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 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 | | 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) |
| Operating Subsidies / Sinking Fund | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 721 | 8,192 | 15,977 | 24,083 | 32,520 | 41,299 | 50,428 | 59,917 | 69,778 |
| Net Cash | | 63,187 | 58,621 | 53,828 | 48,801 | 43,532 | 38,016 | 32,244 | 26,209 | 19,903 | 13,318 | 6,446 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DCR | | 130.63% | 128.42% | 126.09% | 123.66% | 121.10% | 118.43% | 115.63% | 112.70% | 109.65% | 106.46% | 103.12% | 99.65% | 96.03% | 92.26% | 88.33% | 84.24% | 79.98% | 75.56% | 70.96% | 66.18% |
| Cumulative Cash Flow | | | | | | | | | | | | | | | | | | | | | |
| Beginning Balance | | 118,600 | 183,291 | 244,627 | 302,310 | 356,030 | 405,462 | 450,270 | 490,102 | 524,592 | 553,358 | 576,003 | 592,114 | 601,267 | 603,082 | 597,099 | 582,839 | 559,803 | 527,474 | 485,313 | 432,763 |
| Deposits | | 63,187 | 58,621 | 53,828 | 48,801 | 43,532 | 38,016 | 32,244 | 26,209 | 19,903 | 13,318 | 6,446 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest | 2.0% | 3,004 | 4,252 | 5,431 | 6,534 | 7,556 | 8,489 | 9,328 | 10,064 | 10,691 | 11,200 | 11,585 | 11,842 | 12,025 | 12,062 | 11,942 | 11,657 | 11,196 | 10,549 | 9,706 | 8,655 |
| Withdrawals: | | | | | | | | | | | | | | | | | | | | | |
| Project Operating Needs | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (721) | (8,192) | (15,977) | (24,083) | (32,520) | (41,299) | (50,428) | (59,917) | (69,778) |
| Special LP or GP Fee | 2.5% | (1,500) | (1,538) | (1,576) | (1,615) | (1,656) | (1,697) | (1,740) | (1,783) | (1,828) | (1,873) | (1,920) | (1,968) | (2,017) | (2,068) | (2,119) | (2,172) | (2,227) | (2,282) | (2,339) | (2,398) |
| 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 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 | | 183,291 | 244,627 | 302,310 | 356,030 | 405,462 | 450,270 | 490,102 | 524,592 | 553,358 | 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 | | | | | | | | | | | | | | | | | | | | | |
| Beginning Balance | | 50,820 | 103,165 | 157,069 | 188,571 | 227,726 | 250,692 | 271,653 | 303,572 | 328,674 | 352,828 | 288,022 | 305,481 | 321,855 | 368,630 | 378,419 | 326,988 | 351,118 | 360,327 | 400,322 | 427,724 |
| Deposits | | 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 |
| Interest | 2.0% | 1,525 | 2,577 | 3,660 | 4,295 | 5,083 | 5,548 | 5,973 | 6,616 | 7,124 | 7,612 | 6,322 | 6,677 | 7,010 | 7,951 | 8,153 | 7,130 | 7,618 | 7,808 | 8,614 | 9,168 |
| Withdrawals | | 0 | 0 | (24,000) | (17,500) | (35,000) | (38,000) | (28,000) | (36,000) | (38,000) | (128,000) | (45,000) | (47,000) | (17,500) | (56,000) | (118,000) | (42,000) | (58,000) | (28,000) | (42,000) | (150,000) |
| Ending Balance | | 103,165 | 157,069 | 188,571 | 227,726 | 250,692 | 271,653 | 303,572 | 328,674 | 352,828 | 288,022 | 305,481 | 321,855 | 368,630 | 378,419 | 326,988 | 351,118 | 360,327 | 400,322 | 427,724 | 348,289 |

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 |
| 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 |
| Less Interest Expense | (211,880) | (198,679) | (210,602) | (209,831) | (208,960) | (207,981) | (206,885) | (205,661) | (204,298) | (202,784) | (201,105) | (199,248) | (197,197) | (194,937) | (192,449) |
| 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) |
| Less Short Depreciation | (12,100) | (12,100) | (12,100) | (12,100) | (12,100) | (12,100) | (12,100) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Taxable Income (Loss) | (84,730) | (75,587) | (91,790) | (95,527) | (99,401) | (103,411) | (107,552) | (99,724) | (104,122) | (108,642) | (113,279) | (118,028) | (122,882) | (127,833) | (132,873) |
| Cash Flow | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plus Tax Savings | 29,655 | 26,455 | 32,126 | 33,435 | 34,791 | 36,194 | 37,643 | 34,903 | 36,443 | 38,025 | 39,648 | 41,310 | 43,009 | 44,742 | 46,506 |
| Plus Historic Rehab Credits | 906,033 | | | | | | | | | | | | | | |
| Plus State Credits | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | | | | | | | | | | |
| Plus Federal Housing Credits | 193,700 | 193,700 | 193,700 | 193,700 | 193,700 | 193,700 | 193,700 | 193,700 | 193,700 | 193,700 | | | | | |
| After Tax Cash Flow | 1,159,389 | 250,155 | 255,826 | 257,135 | 258,491 | 229,894 | 231,343 | 228,603 | 230,143 | 231,725 | 39,648 | 41,310 | 43,009 | 44,742 | 46,506 |

| | |
|---|---|
| Original Basis | 5,063,694 |
| Less Depreciation | (2,800,515) |
| Basis at Sale | 7,864,208 |
| Sales Price | #REF! |
| Gain | #REF! |
| Exit Tax | #REF! |

| | |
|---|---|
| Total Years | 15 |
| Reinvestment Rate | 6.00% |

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Current After Tax Cash Flows | 1,159,389 | 250,155 | 255,826 | 257,135 | 258,491 | 229,894 | 231,343 | 228,603 | 230,143 | 231,725 | 39,648 | 41,310 | 43,009 | 44,742 | 46,506 |
| Future Value of Cash Flows at Yr 15: | 2,778,543 | 565,577 | 545,659 | 517,405 | 490,692 | 411,705 | 390,850 | 364,359 | 346,049 | 328,706 | 53,058 | 52,153 | 51,224 | 50,272 | 49,296 |

| | | | | | |
|---|---|---|---|---|---|
| Discount Rate: | 7.50% | | | | |
| Capital Contribution Number: | 1 | 2 | 3 | 4 | |
| Date of Capital Contribution: | 30-Jun-10 | 30-Dec-10 | 30-Apr-11 | | |
| Amount of Capital Contribution: | 100 | 1,860,932 | 465,133 | 0 | |
| Present Value of Contributions: | 100 | 1,791,327 | 436,591 | 0 | |
| Cash Flows | (2,228,017) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,995,548 |

IRR: 7.93%
Equity Yield: 115%

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.

vhfa

**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<br>20 Housing Credit units | **Unit Sizes:** | 10 1-BR @ 545 avg sf<br>9 2-BR @ 771 avg sf<br>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 advises RCCLT has been in contact with the community of West Rutland about the two vacant

mailing address: P.O. Box 408 Burlington, VT 05402-0408 street address: 164 Saint Paul St. Burlington, VT 05401-4264
phone (802) 864-5743 fax (802) 864-5746 www.vhfa.org

EQUAL HOUSING OPPORTUNITY

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.

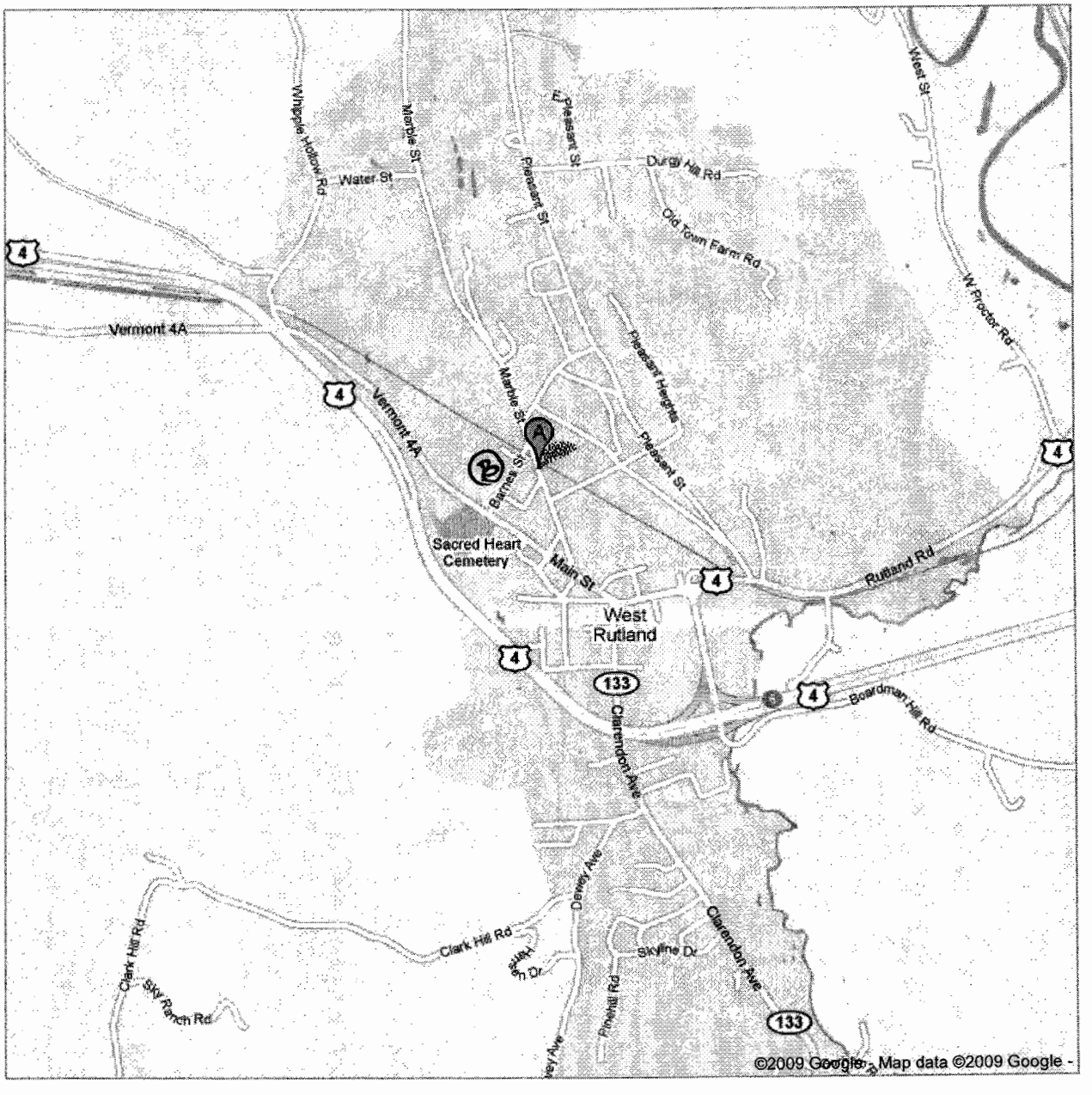
The buildings have municipal water and wastewater, and are located within or near a designated village center. They are also close to the school, grocery store, services, and there are free municipal busses which can transport residents to services, including health services, in Rutland.

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.

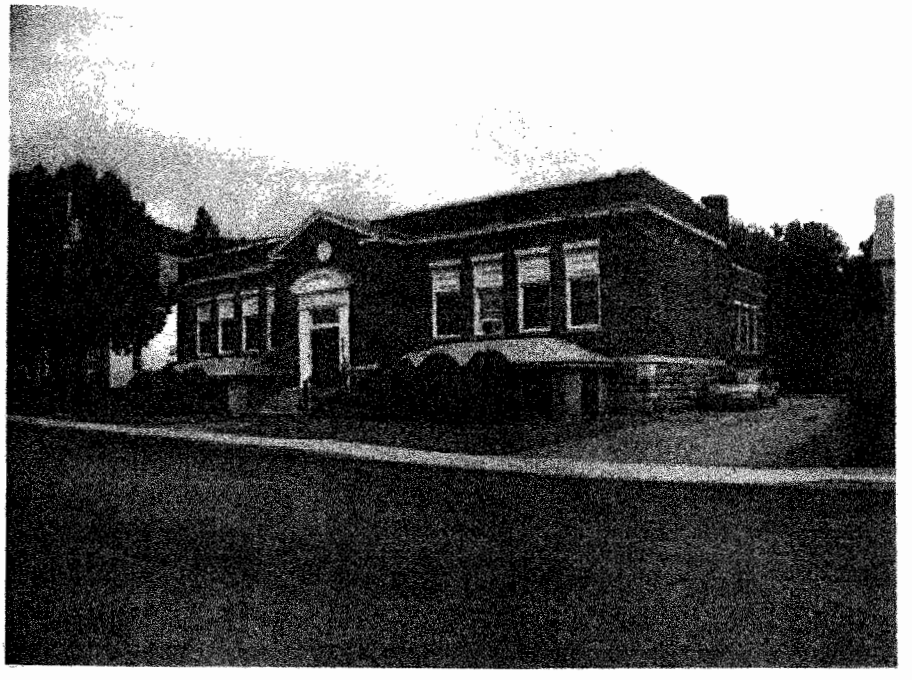
Local permit approval is anticipated by December; a minor Act 250 permit approval is anticipated by February 2010. Laz Scangas is the Architect and Jeff Kantor is the Development Consultant. RCCLT will provide the property management. The sponsor anticipates acquiring the properties in March 2010 and 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

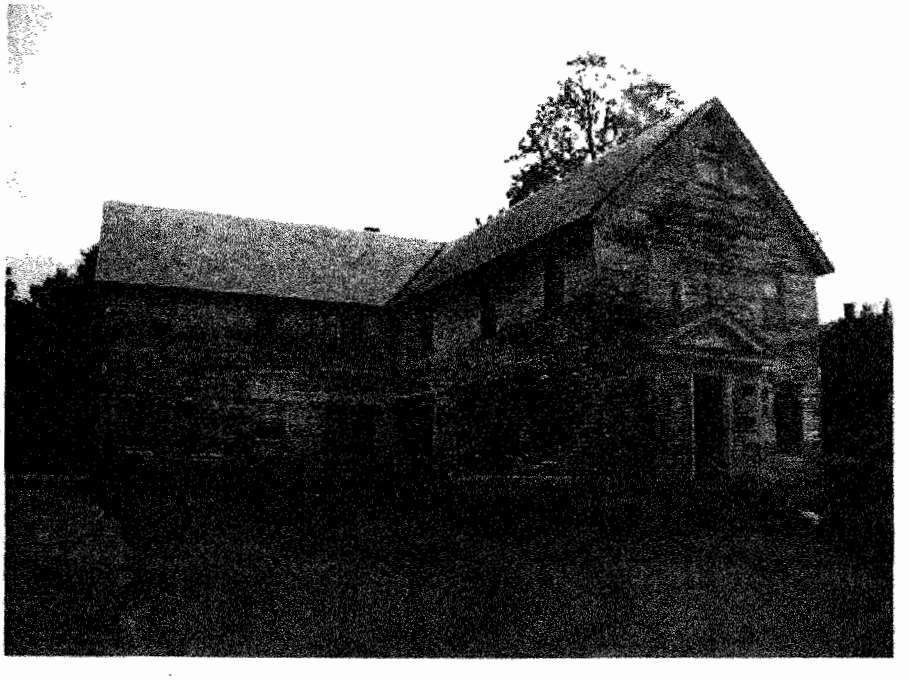


*View of the Former School across Barnes Street*



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% | DCR Yr 1 & 15 N/A | N/A |
| LIHTC - 9% | 3.33% | 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 Captial Contribution | |
| Lead Loan | 25,000 | 0.57% | 0.00% | 30 | deferred |
| VHCB Feasiblity | 10,000 | 0.23% | | GP Captial Contribution | |
| Existing Marble ST VHCB - VCDP | 482,120 | 10.95% | 0.00% | 30 | deferred |
| Efficiency VT | 10,000 | 0.23% | | GP Captial 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 NSP | VHCB & HOME Existing | State Tax Credit | REEP, Feas, SEVCA, Lead |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ACQUISITION | Total | | | | | | | | | |
| 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 | | | | | | | |
| 6 | 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 | | | | | | | |
| 16 | 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 | | | | |
| 39 | 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 | | | | | | | |
| 44 | 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 | | | |
| 48 | RESERVES | | | | | | | | | | |
| 49 | Operating Rerserve | 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. |
|---|---|---|---|---|---|
| USES OF FUNDS | | | | | |
| ACQUISITION | Total | School | Convent House | | |
| Land | 90,000 | 59,597 | 30,403 | 5,294 | 7.77 |
| Buildings | 335,000 | 221,834 | 113,166 | 19,706 | 28.90 |
| Property Appraisal | 2,000 | 1,324 | 676 | 118 | 0.17 |
| Legal - Title and Recording | 2,500 | 1,655 | 845 | 147 | 0.22 |
| **Subtotal - Acquisition** | 429,500 | 284,412 | 145,088 | 25,265 | 37.06 |
| CONSTRUCTION HARD COSTS | | | | | |
| Construction | 2,099,541 | 1,390,300 | 709,241 | 123,502 | 181.15 |
| Construction Contingency @ 10% | 209,954 | 139,030 | 70,924 | 12,350 | 18.12 |
| Lead abatement | 25,000 | 16,555 | 8,445 | 1,471 | 2.16 |
| Hazardous Mat Abatement | 10,705 | 7,089 | 3,616 | 630 | 0.92 |
| Asbestos Abatement & Testing | 30,000 | 19,866 | 10,134 | 1,765 | 2.59 |
| | | 0 | 0 | 0 | 0.00 |
| Furnishings, Fixtures, & Equipment | 15,000 | 9,933 | 5,067 | 882 | 1.29 |
| Other (Vacancy Operating Losses) | | 0 | 0 | 0 | 0.00 |
| **Subtotal - Hard Costs** | 2,390,200 | 1,582,772 | 807,428 | 140,600 | 206.23 |
| SOFT COSTS | | | | | |
| Architectural | 190,000 | 125,817 | 64,183 | 11,176 | 16.39 |
| Testing | 2,500 | 1,655 | 845 | 147 | 0.22 |
| Legal/Accounting | 20,000 | 13,244 | 6,756 | 1,176 | 1.73 |
| Cost Certification | 5,000 | 3,311 | 1,689 | 294 | 0.43 |
| Relocation | 24,000 | 24,000 | | 1,412 | 2.07 |
| Environmental Assessment | 2,500 | 1,655 | 845 | 147 | 0.22 |
| Survey / Topo | 5,000 | 3,311 | 1,689 | 294 | 0.43 |
| Permits/Fees | 20,000 | 13,244 | 6,756 | 1,176 | 1.73 |
| Market Study | 3,000 | 1,987 | 1,013 | 176 | 0.26 |
| Construction Period Insurance | 14,500 | 9,602 | 4,898 | 853 | 1.25 |
| Construction Interest | 75,000 | 49,664 | 25,336 | 4,412 | 6.47 |
| Loan Origination Fee | 15,000 | 9,933 | 5,067 | 882 | 1.29 |
| Taxes During Construction | 10,000 | 6,622 | 3,378 | 588 | 0.86 |
| Clerk of the Works | 0 | 0 | 0 | 0 | 0.00 |
| Marketing | 1,500 | 993 | 507 | 88 | 0.13 |
| VHFA Tax Credit Fees | 5,600 | 3,708 | 1,892 | 329 | 0.48 |
| Inspection Fees | 4,000 | 2,649 | 1,351 | 235 | 0.35 |
| Soft Cost Contingency | 10,000 | 6,622 | 3,378 | 588 | 0.86 |
| Permanent Loan Origination Fee | 0 | 0 | 0 | 0 | 0.00 |
| Lenders Counsel's Fee | 3,500 | 2,318 | 1,182 | 206 | 0.30 |
| Historic Consultant & Fees | 7,500 | 4,966 | 2,534 | 441 | 0.65 |
| Other (_CNA_) | 2,000 | 1,324 | 676 | 118 | 0.17 |
| SYNDICATION COSTS | | | | | |
| LP Legal | 1,500 | 993 | 507 | 88 | 0.13 |
| Bridge Loan Fees and Expenses | 20,000 | 13,244 | 6,756 | 1,176 | 1.73 |
| Syndication Consultant | 2,500 | 1,655 | 845 | 147 | 0.22 |
| Tax Opinion | 0 | 0 | 0 | 0 | 0.00 |
| DEVELOPER'S FEES | | | | | |
| Developer's Fees | 330,000 | 218,523 | 111,477 | 19,412 | 28.47 |
| Other Partnership | | 0 | 0 | 0 | 0.00 |
| Consultant Fees | 65,000 | 43,043 | 21,957 | 3,824 | 5.61 |
| RESERVES | | | | | |
| Operating Rerserve | 60,000 | 39,732 | 20,268 | 3,529 | 5.18 |
| Rent-up (Deficit Escrow) Reserve | 25,000 | 16,555 | 8,445 | 1,471 | 2.16 |
| Other Operating Reserves | | 0 | 0 | 0 | 0.00 |
| Sinking Fund | | 0 | 0 | 0 | 0.00 |
| Replacement Reserves | 10,000 | 6,622 | 3,378 | 588 | 0.86 |
| **Subtotal - Soft Costs** | 934,600 | 626,992 | 307,608 | 54,976 | 80.64 |
| **TOTAL DEVELOPMENT COSTS** | **3,754,300** | 2,494,176 | 1,260,124 | 220,841 | 323.93 |

| 259 Marble ST | Budget | Per Unit | Per s.f. |
|---|---|---|---|
| USES OF FUNDS | | | |
| ACQUISITION | Total | | |
| Land | 40,000 | 10,000 | 12.21 |
| Buildings | 459,120 | 114,780 | 140.19 |
| Property Appraisal | | 0 | 0.00 |
| Legal - Title and Recording | | 0 | 0.00 |
| **Subtotal - Acquisition** | 499,120 | 124,780 | 152.40 |
| CONSTRUCTION HARD COSTS | | | |
| Construction | 84,500 | 21,125 | 25.80 |
| Construction Contingency | 13,200 | 3,300 | 4.03 |
| Lead abatement | | 0 | 0.00 |
| Hazardous Mat Abatement | | 0 | 0.00 |
| Asbestos Abatement & Testing | | 0 | 0.00 |
| | | 0 | 0.00 |
| Furnishings, Fixtures, & Equipment | | 0 | 0.00 |
| Other (Vacancy Operating Losses) | | 0 | 0.00 |
| **Subtotal - Hard Costs** | 97,700 | 24,425 | 29.83 |
| SOFT COSTS | | | |
| Architectural | | 0 | 0.00 |
| Testing | | 0 | 0.00 |
| Legal/Accounting | 4,500 | 1,125 | 1.37 |
| Cost Certification | 1,000 | 250 | 0.31 |
| Relocation | | 0 | 0.00 |
| Environmental Assessment | | 0 | 0.00 |
| Survey / Topo | | 0 | 0.00 |
| Permits/Fees | | 0 | 0.00 |
| Market Study | | 0 | 0.00 |
| Construction Period Insurance | | 0 | 0.00 |
| Construction Interest | | 0 | 0.00 |
| Loan Origination Fee | | 0 | 0.00 |
| Taxes During Construction | | 0 | 0.00 |
| Clerk of the Works | | 0 | 0.00 |
| Marketing | | 0 | 0.00 |
| VHFA Tax Credit Fees | | 0 | 0.00 |
| Inspection Fees | | 0 | 0.00 |
| Soft Cost Contingency | | 0 | 0.00 |
| Permanent Loan Origination Fee | | 0 | 0.00 |
| Lenders Counsel's Fee | | 0 | 0.00 |
| Historic Consultant & Fees | | 0 | 0.00 |
| Other (_CNA_) | | 0 | 0.00 |
| SYNDICATION COSTS | | | |
| LP Legal | | 0 | 0.00 |
| Bridge Loan Fees and Expenses | | 0 | 0.00 |
| Syndication Consultant | | 0 | 0.00 |
| Tax Opinion | | 0 | 0.00 |
| DEVELOPER'S FEES | | 0 | |
| Developer's Fees | 17,500 | 4,375 | 5.34 |
| Other Partnership | | 0 | 0.00 |
| Consultant Fees | | 0 | 0.00 |
| RESERVES | | | |
| Operating Rerserve | | 0 | 0.00 |
| Rent-up (Deficit Escrow) Reserve | | 0 | 0.00 |
| Other Operating Reserves | | 0 | 0.00 |
| Sinking Fund | | 0 | 0.00 |
| Replacement Reserves | 28,000 | 7,000 | 8.55 |
| **Subtotal - Soft Costs** | 51,000 | 12,750 | 15.57 |
| **TOTAL DEVELOPMENT COSTS** | **647,820** | 161,955 | 197.81 |

| Stanislaus Housing, West Rutland | 10-Nov-09 | Stanislaus School | | | | Convent House | | | | 259 Marble ST | | 259 Marble ST | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | TOTAL BUDGET | Acquisition Basis | Construction Basis | Residential Depreciation | Historic Basis | Acquisition Basis | Construction Basis | Residential Depreciation | Historic basis | USES OF FUNDS | | Acquisition Basis | Construction Basis | Residential Depreciation | Commercial Depreciation |
| School & Convent | | | | | | | | | | | | | | | |
| 1 Land | 90,000 | | | | | | | | | Land | 40,000 | | | | |
| 2 Stanislaus & Convent | 335,000 | 221,834 | | 221,834 | | 113,166 | | 113,166 | | Buildings | 459,120 | 353,978 | | 353,978 | 105,142 |
| | | | | | | 0 | | | | Property Appraisal | 0 | | | | |
| | | | | | | | | | | Legal - Title and Recording | 0 | | | | |
| 3 | | | | | | | | | | | | | | | |
| 4 | | | | 0 | | | | 0 | | Construction | 84,500 | | 65,149 | 65,149 | 19,351 |
| 5 Property Appraisal | 2,000 | 1,324 | | 1,324 | | 676 | | 676 | | Construction Contingency | 13,200 | | 10,177 | 10,177 | 3,023 |
| Legal - Title and Recording | 2,500 | 1,655 | | 1,655 | | 845 | | 845 | | Lead abatement | 0 | | 0 | 0 | 0 |
| 6 Subtotal - Acquisition | | | | | | | | | | Hazardous Mat Abatement | 0 | | 0 | 0 | 0 |
| CONSTRUCTION HARD COSTS | | | | | | | | | | Asbestos Abatement & Testing | 0 | | 0 | 0 | 0 |
| 7 Construction | 2,099,541 | | 1,390,300 | 1,390,300 | 1,280,300 | | 709,241 | 709,241 | 664,241 | 0 | 0 | | 0 | 0 | |
| 8 | | | | | | | | 0 | 0 | Furnishings, Fixtures, & Equipment | 0 | | 0 | 0 | |
| 9 | | | | | | | | 0 | 0 | Other (Vacancy Operating Losses) | 0 | | 0 | 0 | |
| 10 | | | | | | | | 0 | | | | | | | |
| 11 | | | | | | | | | | | | | | | |
| 12 | | | | | | | | 0 | | Architectural | 0 | | 0 | 0 | 0 |
| 13 Construction Contingency | 209,954 | | 139,030 | 139,030 | 139,030 | | 70,924 | 70,924 | 70,924 | Testing | 0 | | 0 | 0 | 0 |
| 14 Lead abatement | 25,000 | | 16,555 | 16,555 | 16,555 | | 8,445 | 8,445 | 8,445 | Legal/Accounting | 4,500 | | 3,469 | 3,469 | 1,031 |
| 15 Hazardous Mat Abatement | 10,705 | | 7,089 | 7,089 | 7,089 | | 3,616 | 3,616 | 3,616 | Cost Certification | 1,000 | | | 0 | |
| 16 Asbestos Abatement & Testing | 30,000 | | 19,866 | 19,866 | 19,866 | | 10,134 | 10,134 | 10,134 | Relocation | 0 | | 0 | 0 | 0 |
| 17 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | Environmental Assessment | 0 | | 0 | 0 | 0 |
| 18 Furnishings, Fixtures, & Equipment | 15,000 | | 9,933 | 9,933 | | | 5,067 | 5,067 | | Survey / Topo | 0 | | 0 | 0 | 0 |
| 19 Other (Vacancy Operating Losses) | 0 | | 0 | 0 | | | 0 | 0 | | Permits/Fees | 0 | | 0 | 0 | 0 |
| 20 Subtotal - Hard Costs | | | | | | | | 0 | 0 | Market Study | 0 | | 0 | 0 | 0 |
| SOFT COSTS | | | | | | | | | 0 | Construction Period Insurance | 0 | | 0 | 0 | 0 |
| 23 Architectural | 190,000 | | 125,817 | 125,817 | 125,817 | | 64,183 | 64,183 | 64,183 | Construction Interest | 0 | | 0 | 0 | 0 |
| 24 Testing | 2,500 | | 1,655 | 1,655 | 1,655 | | 845 | 845 | 845 | Loan Origination Fee | 0 | | 0 | 0 | 0 |
| 25 Legal/Accounting | 20,000 | | 13,244 | 13,244 | 13,244 | | 6,756 | 6,756 | 6,756 | Taxes During Construction | 0 | | 0 | 0 | 0 |
| 26 | | | 0 | 0 | 0 | | 0 | 0 | | Clerk of the Works | 0 | | 0 | 0 | 0 |
| 27 Cost Certification | 5,000 | | 3,311 | 3,311 | 3,311 | | 1,689 | 1,689 | 1,689 | Marketing | 0 | | 0 | 0 | 0 |
| 28 Relocation | 24,000 | | 24,000 | 24,000 | 24,000 | | | 0 | 0 | VHFA Tax Credit Fees | 0 | | 0 | 0 | 0 |
| 29 Environmental Assessment | 2,500 | | 1,655 | 1,655 | 1,655 | | 845 | 845 | 845 | Inspection Fees | 0 | | 0 | 0 | 0 |
| 30 Survey / Topo | 5,000 | | 3,311 | 3,311 | 3,311 | | 1,689 | 1,689 | 1,689 | Soft Cost Contingency | 0 | | 0 | 0 | 0 |
| 31 Permits/Fees | 20,000 | | 13,244 | 13,244 | 13,244 | | 6,756 | 6,756 | 6,756 | Permanent Loan Origination Fee | 0 | | 0 | 0 | 0 |
| 32 Market Study | 3,000 | | 1,987 | 1,987 | 1,987 | | 1,013 | 1,013 | 1,013 | Lenders Counsel's Fee | 0 | | 0 | 0 | 0 |
| 33 Construction Period Insurance | 14,500 | | 9,602 | 9,602 | 9,602 | | 4,898 | 4,898 | 4,898 | Historic Consultant & Fees | 0 | | 0 | 0 | 0 |
| 34 Construction Interest | 75,000 | | 49,664 | 49,664 | 49,664 | | 25,336 | 25,336 | 25,336 | Other (_CNA_) | 0 | | 0 | 0 | 0 |
| 35 Loan Origination Fee | 15,000 | | 9,933 | 9,933 | 9,933 | | 5,067 | 5,067 | 5,067 | SYNDICATION COSTS | 0 | | 0 | 0 | 0 |
| 36 Taxes During Construction | 10,000 | | 6,622 | 6,622 | 6,622 | | 3,378 | 3,378 | 3,378 | LP Legal | 0 | | 0 | 0 | 0 |
| 37 Clerk of the Works | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | Bridge Loan Fees and Expenses | 0 | | 0 | 0 | 0 |
| 38 Marketing | 1,500 | | | | | | | | | Syndication Consultant | 0 | | 0 | 0 | 0 |
| 39 VHFA Tax Credit Fees | 5,600 | | | | | | | | | Tax Opinion | 0 | | 0 | 0 | 0 |
| 40 Inspection Fees | 4,000 | | 2,649 | 2,649 | 2,649 | | 1,351 | 1,351 | 1,351 | DEVELOPER'S FEES | 0 | | 0 | 0 | 0 |
| 41 Soft Cost Contingency | 10,000 | | 6,622 | 6,622 | 6,622 | | 3,378 | 3,378 | 3,378 | Developer's Fees | 17,500 | | 13,492 | 13,492 | 4,008 |
| 42 Permanent Loan Origination Fee | 0 | | 0 | 0 | 0 | | 0 | | 0 | Other Partnership | 0 | | 0 | 0 | 0 |
| 43 Lenders Counsel's Fee | 3,500 | | 2,318 | 2,318 | 2,318 | | 1,182 | 1,182 | 1,182 | Consultant Fees | 0 | | 0 | 0 | 0 |
| 44 Historic Consultant & Fees | 7,500 | | 4,966 | 4,966 | 4,966 | | 2,534 | 2,534 | 2,534 | RESERVES | 0 | | | | |
| 45 Other (_CNA_) | 2,000 | | | | | | | | | Operating Reserve | 0 | | | | |
| SYNDICATION COSTS | | | | | | | | | | Rent-up (Deficit Escrow) Reserve | 0 | | | | |
| 46 LP Legal | 1,500 | | | | | | | | | Other Operating Reserves | 0 | | | | |
| 47 Bridge Loan Fees and Expenses | 20,000 | | | | | | | | | Sinking Fund | 0 | | | | |
| 48 Syndication Consultant | 2,500 | | | | | | | | | Replacement Reserves | 28,000 | | | | |
| 49 Tax Opinion | 0 | | | | | | | | | Subtotal - Soft Costs | 51,000 | | | | |
| DEVELOPER'S FEES | | | | | | | | | | TOTAL DEVELOPMENT COSTS | 647,820 | | | | |
| 50 Developer's Fees | 330,000 | | 218,523 | 218,523 | 218,523 | | 111,477 | 111,477 | 111,477 | | | | | | |
| 48 Other Partnership Fees for Reserves | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | | | | | |
| 49 Consultant Fees | 65,000 | | 43,043 | 43,043 | 43,043 | | 21,957 | 21,957 | 21,957 | | | | | | |
| RESERVES | | | | | | | | | | | | | | | |
| 50 Working Capital | 60,000 | | | | | | | | | | | | | | |
| 51 Rent-up (Deficit Escrow) Reserve | 25,000 | | | | | | | | | | | | | | |
| 52 Other Operating Reserves | 0 | | 0 | | | | 0 | | | | | | | | |
| 53 Sinking Fund | 0 | | 0 | | | | 0 | | | | | | | | |
| 54 Replacement Reserves | 10,000 | | | | | | | | | | | | | | |
| 55 Subtotal - Soft Costs | | | | | | | | | | | | | | | |
| TOTAL DEVELOPMENT COSTS | 3,754,300 | 224,814 | 2,124,938 | 2,339,819 | 2,005,005 | 114,686 | 1,071,762 | 1,181,381 | 1,021,695 | | | 353,978 | 92,288 | 446,266 | 27,412 |
| LESS: Amount of Non-qualified Financing | | 0 | | | | 0 | | | | | | 0 | | | |
| LESS: Adjustment for per unit cost limits | 0% | | 0 | Historic Credit | 401,001 | | 0 | Historic Credit | 204,339 | | | | 0 | | 27,412 |
| LESS: Historic tax Credit (Residential Portion) | | | 401,001 | | | | 204,339 | | | | | | 0 | | |
| Total Eligible Basis | | 224,814 | 1,723,937 | | | 114,686 | 867,423 | | | | | 353,978 | 92,288 | | |
| TIMES: Adjusted for QCT/DDA | 130.0% | | 2,241,118 | 130.00% | | | 1,127,650 | 130.00% | | | | | 119,974 | | ###### |
| TIMES: Applicable Fraction | | 224,814 | 2,241,118 | 100.00% | | 114,686 | 1,127,650 | 100.00% | | | | 265,484 | 89,981 | 75.00% | |
| Total Qualified Basis | | 224,814 | 2,241,118 | | | 114,686 | 1,127,650 | | | | | 265,484 | 89,981 | | |
| TIMES: Applicable Percentage | | 3.33% | 3.33% | | | 3.33% | 3.33% | | | | | 3.33% | 3.33% | | |
| Total Annual Credit Qualified | | 0 | 74,629 | | | 0 | 37,551 | | | | | 8,841 | 2,996 | | |
| | | | | | | | | | | | | | | | |
| Total Allocated Tax Credits | 124,000 | TOTAL HC'S | 74,629 | | | TOTAL HC'S | 37,551 | | | | | TOTAL HC'S | 11,837 | | |

| | | | |
|---|---|---|---|
| Estimated Net Syndication Proceeds (excluding historic credit equity) | 1,040,000 | | |
| Estimated Yield - Housing Credit Syndicatio | 83.95% | 2,339,819 | Long Term Depreciable Basis |
| Equity Gap | #REF! | 27.5 | Depreciation Schedule |
| Credits Needed to fill Equity Gap | #REF! | 85,084 | Annual Depreciation |
| | | 0 | Mid Ter m Depreciation |
| | | 15 | Depreciation Schedule |
| | | 0 | Annual Depreciation |
| | | 9,933 | Short Term Depreciable Basis |
| | | 5 | Depreciation Schedule |
| | | 1,987 | Annual Depreciation |

| | | |
|---|---|---|
| 1,181,381 | Long Term Depreciable Basis | |
| 27.5 | Depreciation Schedule | |
| 42,959 | Annual Depreciation | |
| 0 | Mid Ter m Depreciation | |
| 15 | Depreciation Schedule | |
| 0 | Annual Depreciation | |
| 5,067 | Short Term Depreciable Basis | |
| 5 | Depreciation Schedule | |
| 1,013 | Annual Depreciation | |

| | |
|---|---|
| 446,266 | Long Term Depreciable Basis |
| 27.5 | Depreciation Schedule |
| 16,228 | Annual Depreciation |
| 0 | Mid Ter m Depreciation |
| 15 | Depreciation Schedule |
| 0 | Annual Depreciation |
| 0 | Short Term Depreciable Basis |
| 5 | Depreciation Schedule |
| 0 | Annual Depreciation |

10-Nov-09 **Stanislaus Housing, West Rutland**

| **HC Restricted Units** Bedrooms | Type | Average Square Feet | Number | Average Rent | Utilities | Total 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** Bedrooms | Type | Square Feet | Number | Rent | Utilities | Total 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**

| | Annual | Monthly | Per Unit 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 |
| | | | | per unit month | | |
| Real Estate Taxes | 18,000 | 1,500 | 71 | excl. ds & res | 15,000 | 3,000 |
| Property Insurance | 7,300 | 608 | 29 | 467 | 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 |

10-Nov-09 **Stanislaus Housing, West Rutland**

| | Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| 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 Mgmnt Fee | | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 0 | 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 | | 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 | | 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 |
| 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 | | 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 |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 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) |
| Plus 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 |
| Less Interest Expense | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Less Bridge Loan interest | | (20,000) | | | | | | | | | | | | | | |
| Less Long 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 Mid Depreciation | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | |
| Less Short Depreciation | | (3,000) | (3,000) | (3,000) | (3,000) | (3,000) | (3,000) | (3,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Taxable Income (Loss) | | (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) |
| Cash Flow | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plus Tax Savings | | 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 |
| Plus Tax Credits | | 724,000 | 124,000 | 124,000 | 124,000 | 124,000 | 124,000 | 124,000 | 124,000 | 124,000 | 124,000 | | | | | |
| After Tax Cash Flow | | 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.

vhfa

**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

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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**

**Rental Applications**

| Project | Amount | # Units | Town | County | Could Start Construction | | Recommended Allocation |
|---|---|---|---|---|---|---|---|
| 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 # Units | # Tax Credit Units | Project Type | Amount Allocated | VT-8609 Filed with Tax Dept |
|---|---|---|---|---|---|---|---|---|
| 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/VSH/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 | |
| 008 | 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 | |
| FY2010 | **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 Rental Credits |
|---|---|---|---|---|
| Alburgh Family Housing | Alburgh | Champlain Housing Trust, Inc.<br>Housing Vermont | 13 | $52,000 |
| Ellis Block | Springfield | Springfield Housing Authority<br>Housing Vermont | 9 | $50,000 |
| Forest Park – Phase II | Rutland | Rutland Housing Authority<br>Housing Vermont | 45 | $50,000 |
| Pine Manor Senior Housing | Alburgh | Champlain Housing Trust, Inc.<br>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<br>Housing Vermont | 25 | $28,000 |
| Windsor Village | Windsor | Rockingham Area Community Land Trust, Inc.<br>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 Homeownership Credits |
|---|---|---|---|---|
| Cascades Condominiums | Winooski | HKW Cascades LLC | 8 | $40,000 |
| River Station Condominiums | Montpelier | Central Vermont Community Land Trust, Inc.<br>Housing Vermont | 1 | $20,000 |
| | | | | |
| FY2011 STATE HOMEOWNERSHIP CREDITS AVAILABLE TO ALLOCATE | | | | **$100,000** |
| FY2011 STATE HOMEOWNERSHIP CREDITS ALLOCATED BY THIS RESOLUTION | | | | **$60,000** |

# Swap Update –
# Single Family Housing & Multiple Purpose Indentures

## Presentation to:

vhfa

Prepared by:

Al Hans
Melanie Lien

November 19, 2009

GUIDES FOR THE JOURNEY.® | PiperJaffray.

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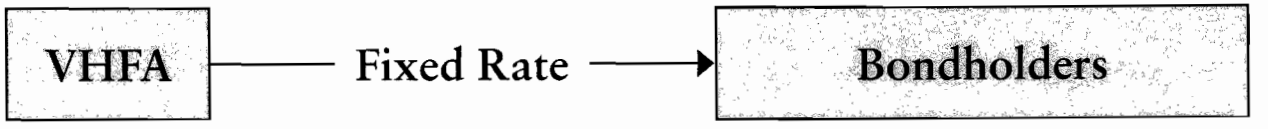
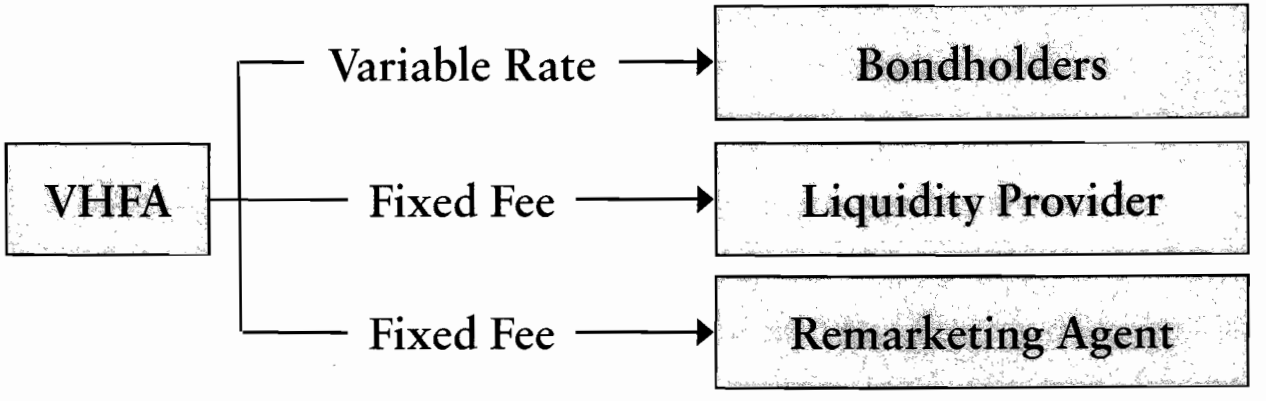
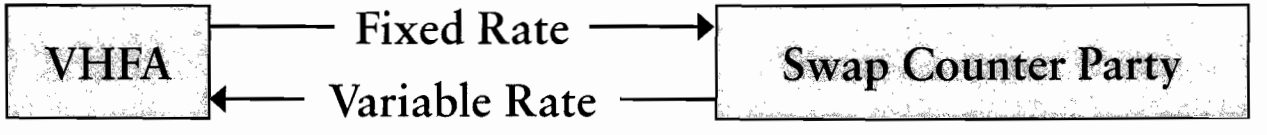
# Synthetic Fixed Rate Debt as Alternative to Fixed Rate Debt

- **Fixed Rate Debt**

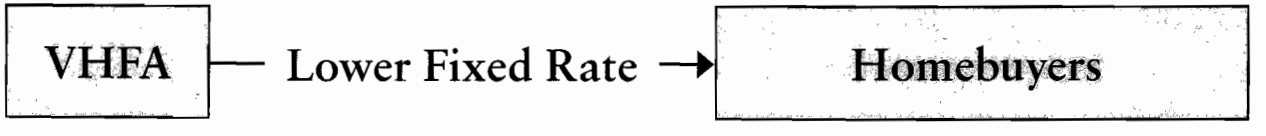



- **Synthetic Fixed Rate Debt**

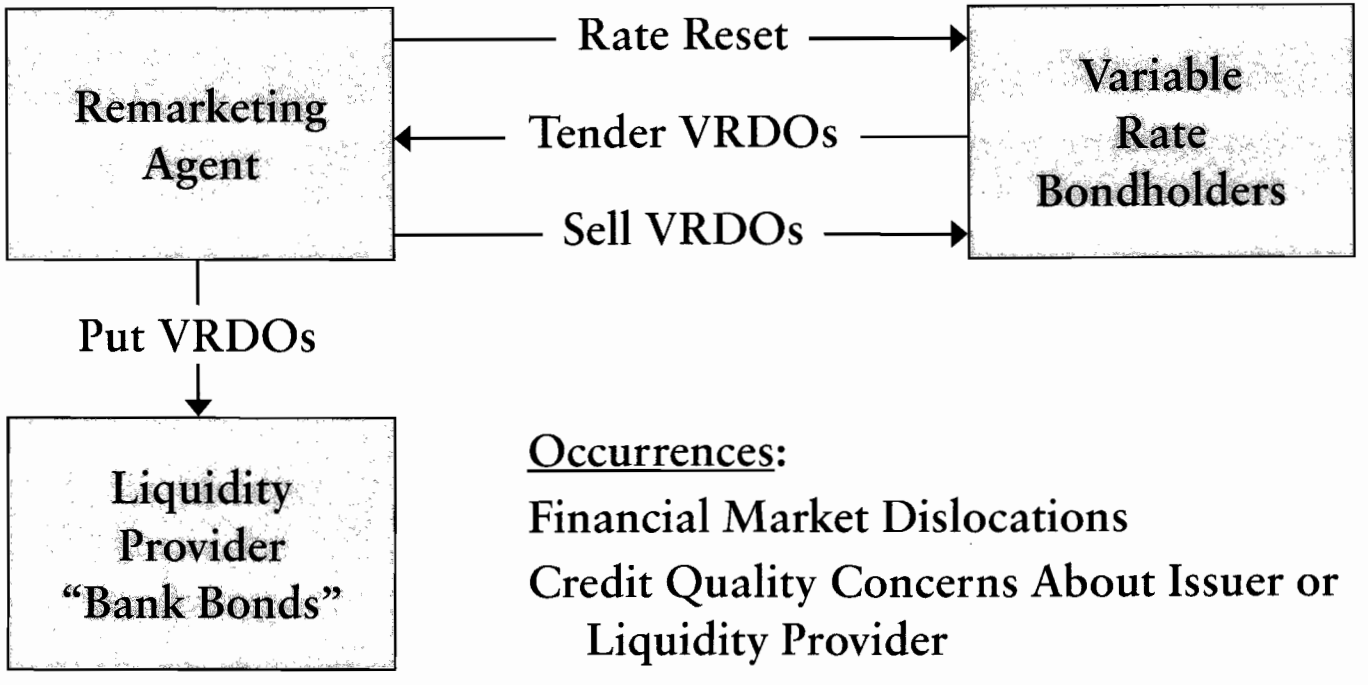



- **Objective**



# How VRDOs Work




Occurrences:

Financial Market Dislocations

Credit Quality Concerns About Issuer or Liquidity Provider

Long-dated bonds are priced at short term rates based upon a put feature at par that is secured by a liquidity provider.

# Swap Risks and Mitigation

| Risk | Definition | Mitigation |
|---|---|---|
| Basis Risk | The risk that variable rate payments to bondholders will not equal variable rate receipts from the counterparty. | Formula for variable rate receipts have been based upon a regression analysis of historical data. Monitored weekly and reported to Board semi-annually. |
| Amortization Risk | The difference between the variable rate bonds outstanding and the nominal amount of swaps outstanding. Differences could result in unhedged variable rate bonds or swap termination. | Swaps are amortized based upon historical levels of prepayments. Early termination dates at par have been used for eight of the twelve swaps. Pre-payment levels are monitored semi-annually. |
| Counterparty Risk | The financial ability of the counterparty to perform. | Counterparty credit ratings are constantly monitored. VHFA is protected by Baa1/BBB+ downgrade provisions requiring delivery of collateral. |
| Tax Risk | Consists of changes in historical trading relationships between short term tax-exempt (SIFMA) and taxables (30 Day LIBOR) due to changes in tax laws. | Monitored by staying on top of industry news and changes in tax law. |
| Termination and Market Risk | The risk that the swaps will be terminated and leave the variable rate bonds unhedged and result in a termination payment or receipt. | Termination events have been limited to low probability events. VHFA will have to deliver collateral if bond ratings are at Baa1/BBB+ or below. Assured Guaranty Municipal Corp. (previously FSA) is currently rated Aa3/AAA/AA. VHFA's underlying bond ratings are Aa3/BBB+ (SFH) and Aa3/AA (MP). |
| Liquidity Risk | VRDOs become bank bonds that have higher interest rates and shorter terms. | Maintain high long-term and short-term credit ratings on the bonds. |

# Summary of Variable Rate Demand Obligations (VRDOs) – 24% of Bonds Outstanding

| Series[1] | Outstanding Amount | Liquidity Provider | LT & ST Credit Ratings Moody's | LT & ST Credit Ratings S&P/Fitch[2] | VRDO Maturity | Liquidity Facility Maturity | Liquidity Fee | Original Liquidity Fee |
|---|---|---|---|---|---|---|---|---|
| 17 | 4,940,000 | FHLB | Aaa/P-1/Stable | AAA/A-1+/Stable | 5/1/2019 | 4/22/2011 | 30 bps | 10 bps |
| 19 | 6,650,000 | TD Bank | Aa2/P-1/Negative | AA-/A-1+/Stable | 11/1/2027 | 7/30/2013 | 25 bps | N/A |
| 20 | 6,850,000 | TD Bank | Aa2/P-1/Negative | AA-/A-1+/Stable | 5/1/2028 | 7/30/2013 | 25 bps | N/A |
| 21 | 10,000,000 | Dexia | A1/P-1/Negative | A/A-1/Stable | 5/1/2029 | 11/28/2016 | 20 bps | 20 bps |
| 22 | 13,800,000 | TD Bank | Aa2/P-1/Negative | AA-/A-1+/Stable | 11/1/2034 | 8/4/2011 | 60 bps | 15 bps |
| 23 | 14,500,000 | Depfa | A3/P-1/Negative | BBB/A-2/Positive | 11/1/2034 | 10/26/2020 | 15 bps | 15 bps |
| 24 | 10,440,000 | TD Bank | Aa2/P-1/Negative | AA-/A-1+/Stable | 11/1/2035 | 2/10/2012 | 50 bps | 15 bps |
| 25 | 12,945,000 | TD Bank | Aa2/P-1/Negative | AA-/A-1+/Stable | 11/1/2036 | 2/10/2012 | 50 bps | 15 bps |
| 26 | 13,450,000 | TD Bank | Aa2/P-1/Negative | AA-/A-1+/Stable | 5/1/2037 | 8/4/2011 | 130 bps | 15 bps |
| **SF Total** | **93,575,000** | | | | | | | |
| MP 2007A | 12,800,000 | Dexia | A1/P-1/Negative | A+/F1+/Stable | 5/1/2037 | 7/24/2019 | 10.25 bps | 10.25 bps |
| MP 2007C | 16,500,000 | Dexia | A1/P-1/Negative | A+/F1+/Stable | 11/1/2037 | 9/12/2019 | 10.25 bps | 10.25 bps |
| MP 2008C | 11,860,000 | TD Bank | Aa2/P-1/Negative | AA-/F1+/Stable | 5/1/2040 | 9/24/2013 | 45 bps | 45 bps |
| **MP Total** | **41,160,000** | | | | | | | |
| **Total Swaps** | **134,735,000** | | | | | | | |

[1]Single family swaps and variable rate bonds currently account for **22.49%** of total outstanding Single Family Bonds, multiple purpose account for **27.02%** of total outstanding Multiple Purpose Bonds, and in total, swaps account for **23.71%** of all outstanding bonds under both resolutions.

[2]Standard and Poor's ratings are listed for the Single Family Indenture and Fitch ratings for the Multiple Purpose Indenture.

# Summary of Swaps Outstanding

| Series | Outstanding Amount | Effective Date | Termination Date Maturity | Termination Date Optional | Original Average Life | Swap Provider | Fixed Rate Paid | Variable Rate Received |
|---|---|---|---|---|---|---|---|---|
| 17 | 4,940,000 | 4/23/2003 | 5/1/2019 | N/A | 8.4 years | UBS | 3.182% | SIFMA[2] + .10% to 5/1/04 70% LIBOR[3] thereafter |
| 19 | 6,650,000 | 4/8/2004 | 11/1/2027 | N/A | 11.7 years | UBS | 3.492% | SIFMA + .15% to 5/1/06 70% LIBOR thereafter |
| 20 | 6,850,000 | 8/12/2004 | 5/1/2028 | 11/1/2014 | 12.3 years | UBS | 4.166% | SIFMA + .15% to 5/1/06 70% LIBOR thereafter |
| 21 | 10,000,000 | 11/30/2004 | 5/1/2029 | N/A | 11.1 years | UBS | 3.682% | SIFMA + .10% (if LIBOR equal or less than 3.00%) 68% LIBOR (If LIBOR more than 3.00%) |
| 22 | 13,800,000 | 6/8/2005 | 11/1/2034 | 5/1/2012[1] | 15.0 years | UBS | 3.731% | 65% LIBOR + .28% |
| 23 | 14,500,000 | 10/26/2005 | 11/1/2034 | 11/1/2014 | 12.4 years | UBS | 3.569% | 65% LIBOR + .28% |
| 24 | 10,440,000 | 4/19/2006 | 11/1/2035 | 5/1/2015 | 12.6 years | UBS | 3.973% | 65% LIBOR + .28% |
| 25 | 12,945,000 | 7/12/2006 | 11/1/2036 | 11/1/2015 | 12.8 years | UBS | 4.251% | 65% LIBOR + .28% |
| 26 | 13,450,000 | 10/26/2006 | 5/1/2037 | 5/1/2016 | 13.6 years | UBS | 3.897% | 65% LIBOR + .28% |
| MP 2007A | 12,800,000 | 7/24/2007 | 5/1/2037 | 5/1/2017 | 13.6 years | UBS | 4.197% | 65% LIBOR + .28% |
| MP 2007C | 16,500,000 | 9/12/2007 | 11/1/2037 | 5/1/2017 | 13.4 years | UBS | 3.990% | 65% LIBOR + .28% |
| MP 2008C | 11,860,000 | 9/24/2008 | 5/1/2040 | N/A | 6.9 years | Wells Fargo | 3.167% | SIFMA + .05% |

[1]Option to terminate 25% of the swap on 5/1/2012 and option to terminate remainder on 5/1/2015

[2]The Securities Industry and Financial Market Association Index, which is known in the market as SIFMA, is a seven-day market index composed of tax-exempt VRDOs, calculated weekly. All of the issues in the Index must be weekly reset (effective on Wednesday), not be subject to the alternative minimum tax, have an outstanding amount of at least $10 million, have the highest short-term rating, and pay interest on a monthly basis.

[3]The London Interbank Overnight Rate (LIBOR) is used as a reference rate for short-term interest rates since it is the rate at which banks offer to lend unsecured funds to other bankers in the London interbank market. It is calculated daily by the British Bankers' Association.

# Counterparty, Termination and Market Risk

| Series | Counterparty | Long Term Credit Ratings | | Market Value[2] |
|---|---|---|---|---|
| | | Moody's | S&P/Fitch[1] | 8/31/2009 |
| 17 | UBS | Aa2/Review for Downgrade | A+/Stable | (319,731.22) |
| 19 | UBS | Aa2/Review for Downgrade | A+/Stable | (595,085.89) |
| 20 | UBS | Aa2/Review for Downgrade | A+/Stable | (793,044.88) |
| 21 | UBS | Aa2/Review for Downgrade | A+/Stable | (990,629.98) |
| 22 | UBS | Aa2/Review for Downgrade | A+/Stable | (963,737.96) |
| 23 | UBS | Aa2/Review for Downgrade | A+/Stable | (967,505.17) |
| 24 | UBS | Aa2/Review for Downgrade | A+/Stable | (972,723.23) |
| 25 | UBS | Aa2/Review for Downgrade | A+/Stable | (1,563,845.95) |
| 26 | UBS | Aa2/Review for Downgrade | A+/Stable | (1,304,334.77) |
| MP 2007A | UBS | Aa2/Review for Downgrade | A+/Stable | (1,614,666.22) |
| MP 2007C | UBS | Aa2/Review for Downgrade | A+/Stable | (1,799,448.14) |
| MP 2008C | Wells Fargo | Aa2/Stable | AA-/Stable | (465,361.73) |
| Total | | | | (12,350,115.14) |

[1]S&P's ratings are listed for the Single Family Indenture and Fitch ratings for the Multiple Purpose Indenture.

[2]Provided by UBS and Wells Fargo.

# Basis Receipts (Payments) through May 1, 2009

| Series | Cumulative Amount [1] | Annualized Percentage | Fixed Rate on Swap | Effective Rate on Swap |
|---|---|---|---|---|
| 17 | (80,778.53) | -0.182% | 3.182% | 3.364% |
| 19 | (70,237.60) | -0.181% | 3.492% | 3.673% |
| 20 | (73,276.29) | -0.201% | 4.166% | 4.367% |
| 21 | (338,294.52) | -0.681% | 3.682% | 4.363% |
| 22 | (558,808.17) | -1.039% | 3.731% | 4.770% |
| 23 | (599,614.57) | -1.177% | 3.569% | 4.746% |
| 24 | (262,114.13) | -0.828% | 3.973% | 4.801% |
| 25 | (255,007.16) | -0.703% | 4.251% | 4.954% |
| 26 | (634,838.09) | -1.878% | 3.897% | 5.775% |
| MP 2007A | (490,644.18) | -2.166% | 4.197% | 6.363% |
| MP 2007C | (637,939.89) | -2.363% | 3.990% | 6.353% |
| MP 2008C | 16,858.36 | 0.233% | 3.167% | 2.934% |
| Total | (3,984,694.77) | -0.9207% [2] | | |

[1] From Inception through May 1, 2009.

[2] Weighted average based on length of time and notional amount.



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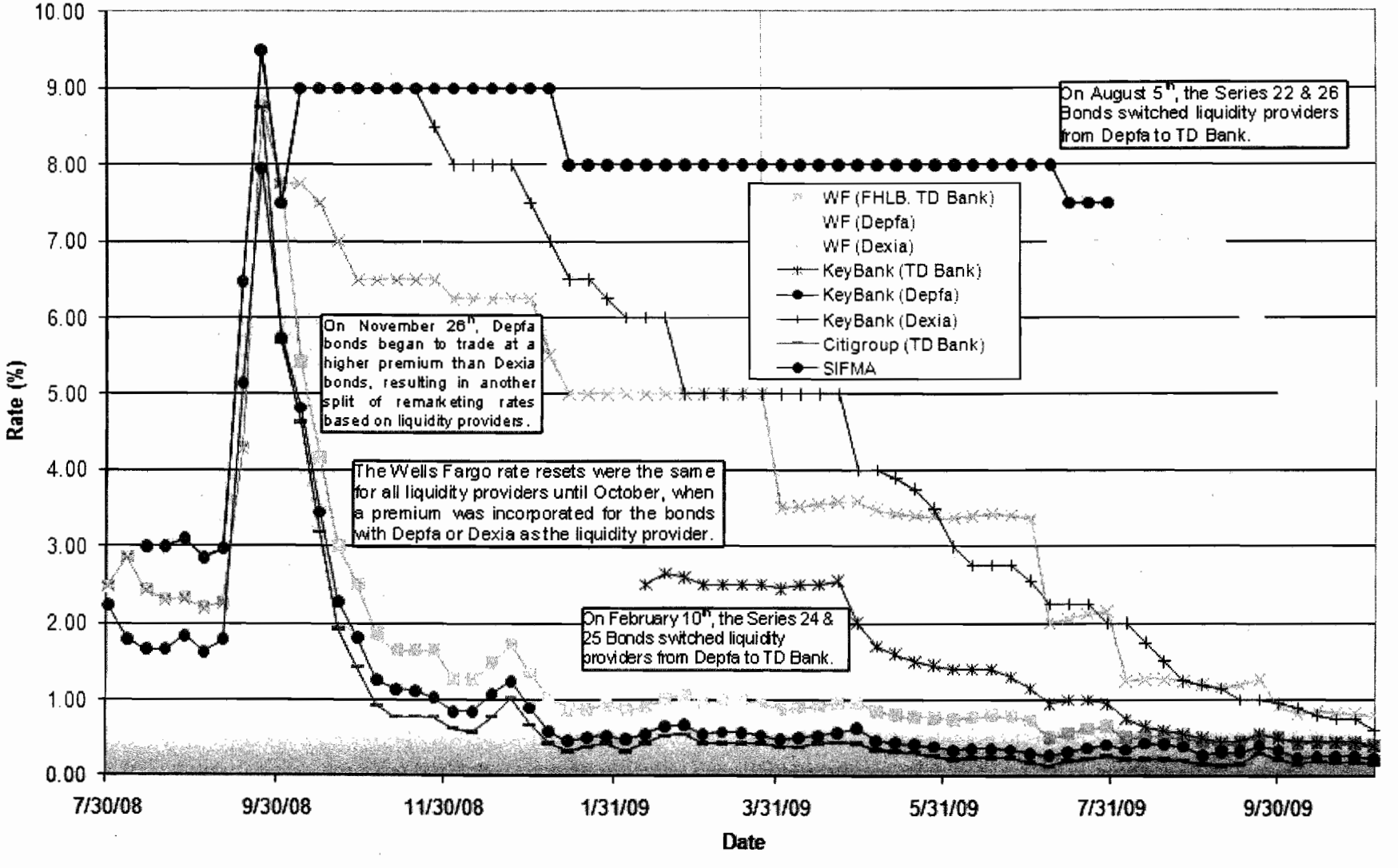
# Projected Swap Benefits

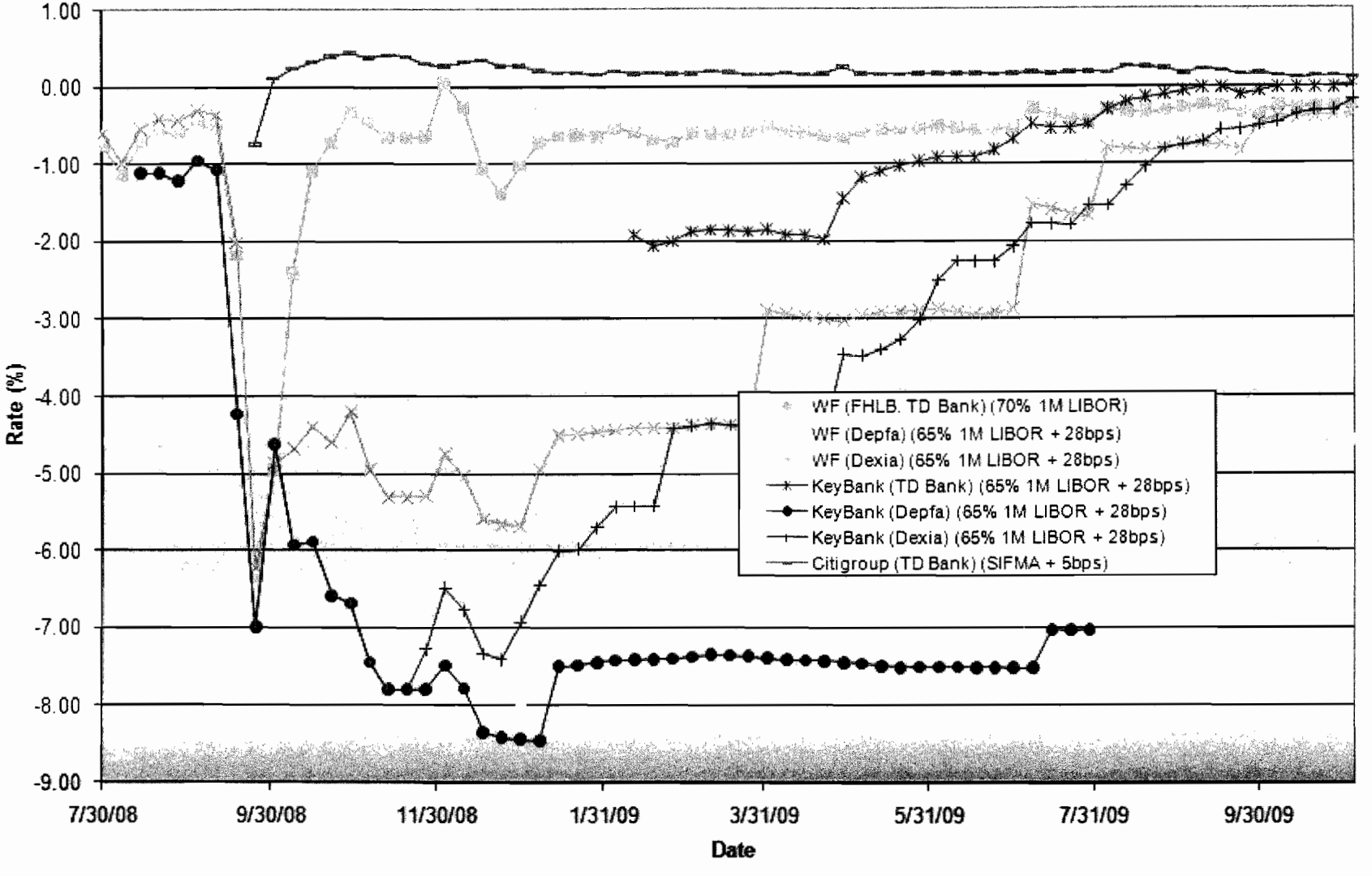
| Series | At Time of Issuance[1] | As of Today[1] |
|---|---|---|
| 17 | 1.593% | 1.438% |
| 19 | 0.898% | 0.828% |
| 20 | 0.699% | 0.629% |
| 21 | 0.743% | 0.788% |
| 22 | 0.694% | 0.289% |
| 23 | 0.881% | 0.901% |
| 24 | 0.577% | 0.247% |
| 25 | 0.599% | 0.269% |
| 26 | 0.553% | -0.577% |
| MP 2007A | 0.701% | 0.7205% |
| MP 2007C | 1.278% | 1.2775% |
| MP 2008C | 1.653% | 1.6530% |

[1]Savings calculated based upon fixed interest rate of swap plus liquidity fees plus remarketing fees minus interest rate of fixed rate bonds at time of issuance.

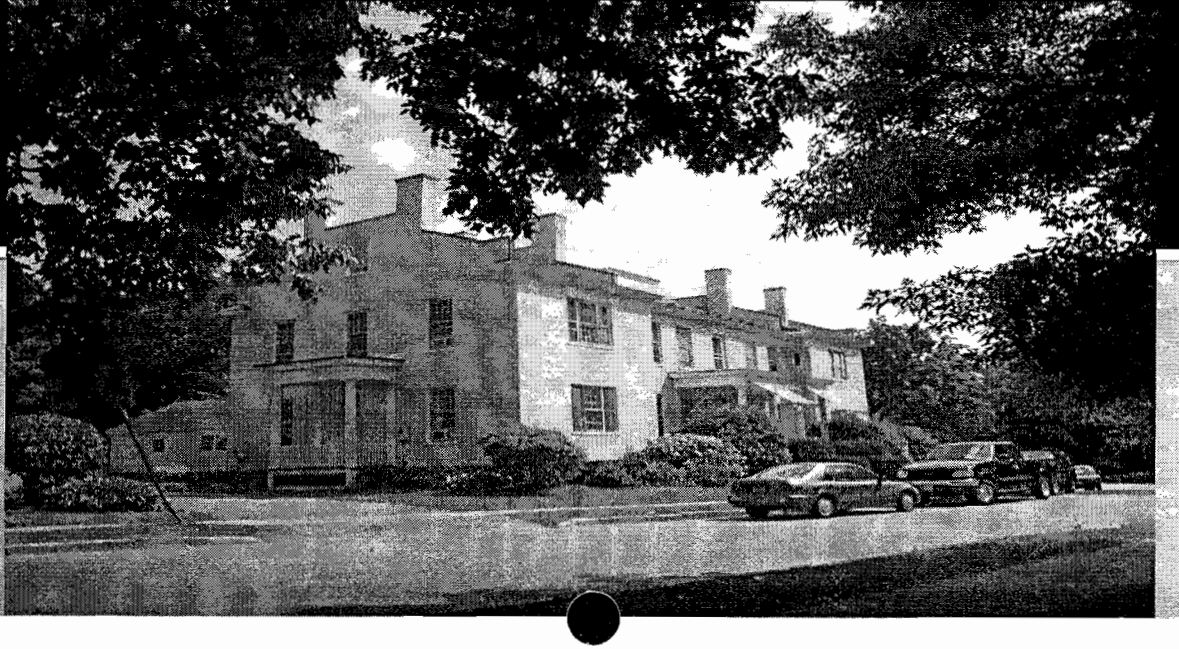
# VHFA Single Family and Multiple Purpose Indenture
# Variable Rate Demand Bonds – Rate Resets



# VHFA Single Family and Multiple Purpose Indenture
# Variable Rate Demand Bonds – Negative Basis



# Overview of New Federal Housing Program
# VHFA Implementation
## VHFA November Board Meeting
## November 19, 2009



# Federal Initiative for Housing Finance Agencies

- Overview of Initiative
  - Announced October 19, 2009
  - Using authority provided to Treasury by the Housing and Economic Recovery Act of 2008 (HERA)
  - Provides temporary (1 year) financing for HFAs
  - Two Major Programs:
    - New Issue Bond Program (NIBP) for Single Family and Multifamily Tax-exempt mortgage revenue Bonds
    - Temporary Credit and Liquidity Program (TCLP).

# Federal Initiative for Housing Finance Agencies

- **New Issue Bond Program (NIBP) Bond Structure**
  - GSE's will purchase up to 60% of bond issue. Term will be no more than 32 years, no less than 10 years
  - VHFA has been a Point of Contact (POC) at Fannie Mae
  - Bonds may be issued using one of two options:
    1. Simultaneous Issuance with Serial Bonds (end of 2009)
    2. Delayed Issuance of Bonds into escrow, using a Convertible Option Bond (COB). Will be taxable until drawn down. Held at 28 day Treasury rate until converted.
  - The Agency has decided to use option (2) to minimize the impact of negative arbitrage

# Federal Initiative for Housing Finance Agencies

- New Issue Bond Program (NIBP) Bond Structure
  - Minimum Rating
    - Bonds must have a long-term credit rating of 'Baa3'/'BBB-' or better.
    - To the extent the minimum rating threshold is not maintained, Term Bonds then held in escrow must be redeemed.
    - Not all bonds held in escrow must be drawn down. No Prepayment Penalty

# Federal Initiative for Housing Finance Agencies

- VHFA Single Family Implementation
  - VHFA has received an allocation of approximately $102 mm for single family bonds to be sold to the Treasury (approximates the VHFA allocation under HERA)
  - This will equate to 60% of the overall issuance (to be purchased by Fannie Mae who will securitize with the Treasury)
  - 40% ($68mm) must be matched with serial bonds sold to private investors
  - Gives VHFA capacity of up to $170mm in SF production

# Federal Initiative for Housing Finance Agencies

- VHFA Implementation – Single Family
  - Set up a new 100% MBS SF Indenture to be rated by Moodys and Fitch (vs. issuing out of existing Multi-purpose indenture).
    - Multiple Purpose indenture currently rated AA; would require new reserves and limit access to draw funds for operations
  - New indenture expected to be rated AAA
  - Decision to lock in rates – TBD
    - Rate lock at issuance of bonds in December for entire year
    - Rate set when bonds drawn down throughout the year

# Federal Initiative for Housing Finance Agencies

- New Issue Bond Program (NIBP) Bond Structure
  - Program Fees for GSE Term Bonds (over 10 year Treasury rate)

    AAA/Aaa = 60 bps
    AA/Aa = 75 bps
    A/A = 110 bps
    BBB/Baa = 225 bps

# Federal Initiative for Housing Finance Agencies

- New Issue Bond Program (NIBP) Bond Structure – Multifamily
  - Multifamily bond mortgages issued under the NIBP must meet one of the following requirements:
    - FHA or Ginnie Mae guarantee or risk-sharing.
    - Credit enhanced by the GSEs.
    - Underwritten by GSEs pursuant to a new multifamily underwriting standard to be developed by the GSEs in concert with NCSHA, NALHFA, FHFA, and Treasury.
    - Will buy 100% of bonds, tax-exempt, term equal to credit enhancement, no shorter than 10 years

# Federal Initiative for Housing Finance Agencies

- New Issue Bond Program (NIBP) Bond Structure – Multifamily
  - Minimum Rating
    - Eligible bonds must have a long-term credit rating of 'A3'/'A-' or better.
    - Program Fees for Term Bonds
      - AAA/Aaa = 60 bps
      - AA/Aa = 75 bps
      - A/A = 110 bps

# Federal Initiative for Housing Finance Agencies

- VHFA Implementation – Multifamily
  - Setting up a new MF Indenture to be rated by Moodys
  - Expected to be rated AA
  - Planning to issue bonds in 2009 into escrow (taxable convertible option bonds)
  - VHFA has received an allocation of approximately $23 mm for multifamily bonds

# Federal Initiative for Housing Finance Agencies

## VHFA Implementation Timetable

- October 19th - Program announced by Obama Administration
- October 27th – Participation form completed and submitted
- November 13 – Due diligence list announced
- November 16th – Due diligence list completed

# Federal Initiative for Housing Finance Agencies

## VHFA Implementation Timetable

- December Securitization Dates:
  - December 9th – Official Statement Due as well as Settlement Agreement and Placement Agreement
  - December 21st - Program bonds thru DTC
  - December 23rd – GSE Securities settle thru DTC
- Since there is a 30-day notice to Treasury to draw money out of escrow, VHFA has decided on a December closing

# Federal Initiative for Housing Finance Agencies

## VHFA Implementation Timetable

- January Securitization Dates:
  - December 18th – Official Statement Due as well as Settlement Agreement and Placement Agreement
  - December 30th - Program bonds thru DTC
  - January 12th – GSE Securities settle thru DTC

# Federal Initiative for Housing Finance Agencies

- **Temporary Credit and Liquidity Program (TCLP).**
  - Fannie Mae and Freddie Mac (GSEs) will provide 3 year temporary credit and liquidity facilities (CLFs) to replace existing liquidity facilities for outstanding variable-rate demand obligations (VRDOs).
  - VHFA Federal Allocation: $ 27,950,000

# Federal Initiative for Housing Finance Agencies

- **Temporary Credit and Liquidity Program (TCLP).**
  - Single Family VRDOs require long-term indenture credit ratings of at least Baa3/BBB-
  - CLF fees based upon lowest unenhanced long term credit rating of VRDO at origination, increasing annually.
  - BBB+ (S&P) Rating Equates to rates of:
    - Year 1 – 1.25%  Year 2 – 1.50%  Year 3 – 1.75%
  - Low bank bond rate (Prime Plus 1%); no term out during term of facility
  - At expiration of facility, bank bonds will be repaid based on indenture amortization schedule with a balloon payment at the end of 10 years

# Federal Initiative for Housing Finance Agencies

- **Temporary Credit and Liquidity Program (TCLP).**
  - TD Bank Alternative
    - VHFA has approached TD as replacement liquidity provider for Series 23 (last Depfa Series - $14,500,000)
    - TD is going to credit committee (decision expected 12/1)
    - Rates are similar to Federal program over 3 years, but less restrictive for withdrawing funds to finance operations

# Federal Initiative for Housing Finance Agencies

- **What do we need from the Board?**
  - Approval of the following resolutions:
    1. Resolution Authorizing the Execution and Delivery of a Trust Indenture, Providing for the Issuance of Special Obligation Mortgage Revenue Bonds (Mortgage Backed Security Program)
    2. Resolution Authorizing and Approving the Execution and Delivery of a (General ) Trust Indenture, Providing for the Issuance of HFA Initiative Multifamily Bonds

# Federal Initiative for Housing Finance Agencies

- **What do we need from the Board?**
  - Approval of the following resolutions:
    3. Resolution Authorizing the Issuance and Sale of a Maximum of $100,000,000 of Bonds and Notes in One of more Series to Finance Mortgage Loans
       - Staff has outstanding authority to issue $119,372,585
    4. Resolution Authorizing the Issuance and Sale of a Maximum of $25,000,000 of Bonds and Notes in One of more Series to Multi-family Projects
       - Staff has outstanding authority to issue $20,201,000 in bonds for multifamily programs

# Federal Initiative for Housing Finance Agencies

- **What do we need from the Board?**
  - Approval of the following resolution **(Liquidity):**
    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

# Federal Initiative for Housing Finance Agencies

Questions?

vhfa

**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.*



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

EQUAL HOUSING OPPORTUNITY

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").

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 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.

"*Depositary*" means any bank or trust company or national banking association selected by the Agency as a depositary 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 depositary, 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 depositary 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 depositary 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 field 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.

KUTAK ROCK LLP
DRAFT 11/09/09

# 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.

"*Depositary*" means any bank or trust company or national banking association selected by the Agency as a depositary 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 depositary, 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 of 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 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 _____ 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.

vhfa

**Vermont Housing Finance Agency**

**MEMORANDUM**

**TO:** VHFA Board of Commissioners

**FROM:** Tom Connors, Chief Financial Officer

**RE:** Quarterly Financial Statements – September 30, 2009

**DATE:** November 17, 2009

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Attached please find financial statements for the three months ended September 30, 2009 along with some additional explanations and comparative schedules. I will be reviewing the financial statements at the November 19th Board Meeting.

The Agency considers the first quarter of 2010 as a transition quarter. Although the Agency still expects to return to profitability this year, the first quarter still reported a reduction in net assets of $85 thousand compared to a $333 thousand increase in the same quarter of FY 2009. The results reflect an operating loss of $471 thousand versus an operating income of $36 thousand for the same quarter in FY 2009. The operating loss is offset by a net appreciation in fair value of investments of $386 thousand.

The operating loss was expected for the quarter. The positive impact of replacing Depfa with TD Bank as liquidity provider on Series 22 and 26 did not take effect until early August. Also, rates have come down on Dexia liquidity in the last couple of months, which weren't reflected in first quarter financial results. Most of the operating loss in Q1 attributable to the negative basis on our variable rate debt will be corrected by the replacement of Depfa with TD Bank and the reduction in Dexia rates.

The attached narrative and comparative schedules will provide some background into the results for the quarter. I will also provide a presentation at this week's Board meeting including an opportunity for questions and discussion.

Al Hans the Agency's Financial Advisor from Piper Jaffray will also be in attendance at the meeting to provide additional insight into the financial results and to contribute to some of the strategic discussions at the meeting.



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## Vermont Housing Finance Agency

## Discussion of changes in Statement of Net Assets – Quarter Ended 09/30/09

The Agency's Statement of Net Assets consists primarily of single family and multi-family mortgage loans, mortgage backed securities, cash and investments, and related bonds and notes payable. It also includes a portfolio of mortgage and construction loans financed through its Operating Fund, as well as a variety of other assets such as property and equipment, other receivables, and deferred charges.

Cash and investments are used to fund loan and MBS purchases, bond debt service, and reserve funds, and are typically held in guaranteed investment contracts or other investment vehicles, as authorized in accordance with the Agency's investment policy.

The following table summarizes the net assets of the Agency as of September 30, 2009 with comparative data from the prior fiscal year.

| | September 30, 2009 | June 30, 2009 | September 30, 2008 | % Change Sept 2009 vs. June 2009 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and investments | $ 195,695,001 | 131,828,112 | 211,524,393 | 48.4 |
| Loans receivable, net | 627,448,927 | 681,004,431 | 714,497,520 | (7.9) |
| Other assets | 18,759,277 | 18,873,402 | 20,359,487 | (0.6) |
| Total assets | 841,903,205 | 831,705,945 | 946,381,400 | 1.2 |
| **Liabilities** | | | | |
| Bonds and notes payable | 741,370,021 | 739,087,628 | 843,158,148 | 0.3 |
| Other liabilities | 19,797,686 | 11,787,806 | 18,633,140 | 68.0 |
| Total liabilities | 761,167,707 | 750,875,434 | 861,791,288 | 1.4 |
| **Net Assets** | | | | |
| Invested in capital assets | 1,602,259 | 1,628,361 | 1,566,805 | (1.6) |
| Restricted: | | | | |
| Bond and other requirements | 63,200,239 | 62,417,750 | 67,666,393 | 1.3 |
| Excess yield loans | 8,455,337 | 8,455,328 | 8,539,071 | — |
| Unrestricted | 7,477,663 | 8,319,072 | 6,817,843 | (10.1) |
| Total net assets | $ 80,735,498 | 80,820,511 | 84,590,112 | (0.1) |

Total assets increased by $10.2 million or 1.2% for the three months ended September 30, 2009 when compared to the year ended June 30, 2009, primarily as a result of:

- The increase in total assets from June 30, 2009 is mainly the net accumulation of cash from investment interest collections, and mortgage interest collections pending related debt service.
- The decrease in total assets from September 30, 2008 of $104.5 million reflects the net reduction of outstanding mortgage loans receivable by $87 million and cash and investments by $15.8 million. The decrease in assets is mirrored by a similar decrease in bonds and notes payable.

- Overall cash and investments increased by $63.9 million, or 48.4%, from June 30, 2009 largely as a result (net of interest collections discussed above) of the conversion of $41.2 million of mortgage loans to mortgage backed securities, basically a shift between two asset categories. The mortgage backed securities are carried as investments on the balance sheet, and summarized in the table below.

- Mortgage loans receivable decreased from June 30, 2009 by a net of $53.6 million or 12.2%. Excluding loans converted to MBS the net decrease was only 1.8%. Total loan originations in the quarter were $8.7 million including $3.8 million of loans originated for the first time using MBS or the FannieMae cash window. In addition, $2.2 million in loans were originated under the IRS Section 1602 Tax Credit Exchange program.

- The following table summarizes the change in mortgage loans receivable for the quarter ended September 30, 2009, with comparative data from the prior fiscal year:

| Mortgage Loans Receivable: | Three Months Ended September 2009 | Fiscal Year Ended June 2009 | Three Months Ended September 2008 | % Chg Year to Year Sept 2009 vs. Sept 2008 |
|---|---|---|---|---|
| Beginning balance | $ 681,004,431 | 705,340,994 | 705,340,994 | (3.5) |
| Whole loan originations | 2,621,161 | 55,931,834 | 26,752,598 | (90.2) |
| Tax credit exchange originations | 2,231,813 | | | n/a |
| Cash window loan sales | 863,353 | | | n/a |
| MBS loan originations | 2,953,070 | | | n/a |
| Principal collections | (16,673,479) | (77,372,687) | (17,258,879) | (3.4) |
| Loans converted to MBS | (41,223,550) | — | — | n/a |
| Loans transferred to REO status | (511,449) | (2,162,982) | (337,193) | 51.7 |
| Loan loss provision | | (732,728) | | n/a |
| Less: MBS & cash window sales | (3,816,423) | | | n/a |
| Ending mortgage loans balance | $ 627,448,927 | 681,004,431 | 714,497,520 | (12.2) |

The following table summarizes the change in mortgage backed securities for the quarter ended September 30, 2009:

| Mortgage Backed Securities (MBS): | Three Months Ended September 2009 |
|---|---|
| Beginning balance | $ — |
| Loans converted to MBS | 41,225,468 |
| MBS purchased | 2,953,070 |
| Principal paydowns | (682,106) |
| Unamortized discount points | (10,035) |
| Ending MBS balance | $ 43,486,397 |

Total liabilities of the Agency increased by $10.3 million, or 1.4% for the quarter ended September 30, 2009 when compared to the year ended June 30, 2009, primarily as a net result of:

- Notes payable related to construction loan funding increased by approximately $3.2million.
- Deferred liabilities increased by $2.2 million as a result of Federal funding received under the IRS Section 1602 Tax Credit Exchange program. The liability is offset by $2.2 million of mortgage loans funded by the Section 1602 proceeds.
- Accrued interest on Agency debt increased by $6.1 million pending related debt service payments in November, an increase due primarily to timing of the underlying debt service.
- Bonds payable decreased by $911.5 thousand from normal scheduled debt service.
- The decrease in total liabilities from September 30, 2008 of $100.6 million reflects the net reduction of bonds and notes payable of $101.8. The decrease in liabilities is mirrored by a similar decrease in assets for the same comparative period.

## Discussion of changes in Statement of Revenues, Expenses and Changes in Net Assets

The Agency's operating revenues consist primarily of interest income on mortgage and construction loans, investment income, and miscellaneous fee income. Operating expenses consist of bond interest expense and other debt financing costs, operational expenses, and mortgage servicing fees.

The following summarizes the changes for the quarter ended September 30, 2009 with comparative data from the prior fiscal year:

| | Three months Ended September 2009 | Three months Ended September 2008 | Fiscal Year Ended June 30, 2009 | % Chg Sept 2009 vs. Sept 2008 |
|---|---|---|---|---|
| **Operating Revenues** | | | | |
| Interest on loans | $ 9,396,632 | 10,635,299 | 42,364,370 | (11.6) |
| Interest on investments and MBS | 1,585,960 | 1,803,922 | 5,180,906 | (12.1) |
| Fee income | 157,572 | 91,475 | 727,525 | 72.3 |
| Other revenue | 17,531 | 101,991 | 141,772 | (82.8) |
| Total operating revenues | 11,157,695 | 12,632,687 | 48,414,573 | (11.7) |
| **Operating Expenses** | | | | |
| Financing costs | 10,190,422 | 10,892,156 | 45,194,711 | (6.4) |
| Operational expenses | 1,121,121 | 1,393,241 | 4,777,266 | (19.5) |
| Mortgage servicing | 233,313 | 262,672 | 1,101,184 | (11.2) |
| Loan loss provision | 84,090 | 48,267 | 803,405 | 74.2 |
| Loss on bond redemptions | — | — | (154,640) | n/a |
| Total operating expenses | 11,628,946 | 12,596,336 | 51,721,926 | (7.7) |
| Operating income (loss) | (471,251) | 36,351 | (3,307,353) | (1,396.4) |
| **Non-Operating Revenues** | | | | |
| Net appreciation (depreciation) in fair value of investments: | 386,238 | 296,218 | (513,729) | 30.4 |
| Gain on sale of investments | — | — | 384,051 | n/a |
| Excess (deficiency) of revenues over expenses | (85,013) | 332,569 | (3,437,031) | (125.6) |

The Agency's net operating loss was $471,251 for the quarter ended September 30, 2009, compared to net income of $36,351 for the same quarter last year. After appreciation in the market value of investments the overall net loss for the quarter ended September 30, 2009 is $85,013, compared with net income of $332,569 in the similar period last year. Income and expense highlights include:

- Interest income on loans decreased by $1.2 million reflecting normal portfolio runoff offset by a low level of originations, and the effects of converting over $40 million of loans to MBS during the quarter.
- Interest income on investments decreased by $217.9 thousand in spite of the large increase in investments from MBS, reflecting continuing historically low reinvestments rates.
- Financing costs decreased $701.7 thousand relative to the year earlier quarter due to the related reduction in outstanding bonds and notes payable of $101.8 million.
- Operational expenses decreased by $272.1 thousand compared with the prior year quarter, and represents approximately 26% of the overall reduction of $1.04 million in the fiscal year 2010 budget compared to the original fiscal year 2009 budget.
- Salaries and Wages, the largest component of operational expenses (43% of total) decreased by $70 thousand, or 11.7%, compared with the prior year, from $600 thousand in the first quarter of fiscal 2009 to $530 thousand in the quarter just ended.

# VHFA CONSOLIDATED FINANCIAL STATEMENTS

Date: 09/30/2009

| | GENERAL FUND | SINGLE FAMILY | MULTIPLE PURPOSE BONDS | MULTI FAMILY | GENERAL OBLIGATION | | TOTAL |
|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | |
| Cash and cash equivalents | 5,345,020.14 | 63,392,690.90 | 26,897,775.14 | 25,089,707.85 | | | 120,725,194.03 |
| Investments | 100,000.00 | 26,315,874.82 | | 5,067,535.53 | | | 31,483,410.35 |
| Mortgage and construction loan | 16,742,523.70 | 360,266,984.61 | 146,142,961.46 | 109,000,848.60 | | | 632,153,318.37 |
| Less: reserve for loan loss | 2,100,000.00- | 204,187.00- | 1,538,204.00- | 862,000.00- | | | 4,704,391.00- |
| Mortgage Backed Securities | | 34,824,650.32 | 8,661,746.53 | | | | 43,486,396.85 |
| Accrued interest receivable | | | | | | | |
| -Mortgage and notes | 1,169,544.91 | 1,820,086.42 | 522,928.30 | 342,710.41 | | | 3,855,270.04 |
| -Investments | 5,153.10- | 1,125,116.57 | 186,767.14 | 88,053.01 | | | 1,394,783.62 |
| -Mortgage Backed Securities | | 86,653.51 | 20,210.83 | | | | 106,864.34 |
| Deferred cost of bond issuance | | 2,500,107.64 | 718,700.03 | 882,442.11 | | | 4,101,249.78 |
| Deferred mortgage origination fees, net | 243,932.48- | 1,083,944.33 | 230,793.25 | | | | 1,070,805.10 |
| Office furniture and fixtures | 1,726,236.52 | | | | | | 1,726,236.52 |
| Less: accumulated depreciation | 1,899,811.37 | | | | | | 1,899,811.37 |
| Land | 775,000.00 | | | | | | 775,000.00 |
| Building | 1,000,833.95 | | | | | | 1,000,833.95 |
| Other receivables & prepaids | 70,211.82 | 3,465,244.65 | 1,555,100.76 | 148,347.79 | | | 5,238,905.02 |
| Interfund receivables | 140,222.29 | 151,975.66 | 316,047.86- | 23,849.91 | | | |
| Other assets | | 1,362,819.20 | 26,320.00 | | | | 1,389,139.20 |
| TOTAL ASSETS | 22,820,696.38 | 496,191,961.63 | 183,109,051.58 | 139,781,495.21 | | | 841,903,204.80 |
| LIABILITIES & FUND BALANCE | | | | | | | |
| Deferred income | 2,371,415.86 | | | | | | 2,371,415.86 |
| Accounts payable | 568,222.55 | 2,534,022.52 | 128,305.04 | 14,333.95 | | | 3,244,884.06 |
| Escrowed cash deposits | 2,293,794.61 | | 163.85- | | | | 2,293,630.76 |
| Notes payable | 7,896,329.17 | | | 22,471,410.72 | | | 30,367,739.89 |
| Accrued interest | 66,358.71 | 9,367,726.49 | 3,438,257.71 | 674,839.54 | | | 13,547,182.45 |
| Accreted interest | | | | | | | |
| Bonds payable | 544,653.37 | 447,020,000.00 | 160,340,000.00 | 103,097,627.70 | | | 711,002,281.07 |
| Unamort premium on bonds/notes | | 753,903.50- | 23,351.12- | 882,172.53- | | | 1,659,427.15- |
| Fund balance | 9,079,922.11 | 38,024,116.12 | 19,226,003.80 | 14,405,455.83 | | | 80,735,497.86 |
| TOTAL LIABILITIES & FUND BAL | 22,820,696.38 | 496,191,961.63 | 183,109,051.58 | 139,781,495.21 | | | 841,903,204.80 |

VHFA

# VHFA CONSOLIDATED FINANCIAL STATEMENTS

Date: 09/30/2009

| | GENERAL FUND | SINGLE FAMILY | MULTIPLE PURPOSE BONDS | MULTI FAMILY | GENERAL OBLIGATION | | TOTAL |
|---|---|---|---|---|---|---|---|
| REVENUES: | | | | | | | |
| Interest Income: | | | | | | | |
| Mortgage & construction loans | 202,310.01 | 5,409,076.06 | 2,142,290.57 | 1,642,955.14 | | | 9,396,631.78 |
| Investments | 1,406.24 | 790,334.91 | 114,565.72 | 180,846.82 | | | 1,087,153.69 |
| Mortgage Backed Securities | | 418,242.21 | 80,563.35 | | | | 498,805.56 |
| Gain/loss on investment sale | | | | | | | |
| Fee income: | | | | | | | |
| Multi-family programs | 109,649.05 | | 39,401.74 | 13,944.00- | | | 135,106.79 |
| Single family programs | 22,415.02 | | 50.00 | | | | 22,465.02 |
| Grant income | | | | | | | |
| VHMGB income | | | | | | | |
| Miscellaneous income | 17,531.44 | | | | | | 17,531.44 |
| TOTAL REVENUES | 353,311.76 | 6,617,653.18 | 2,376,871.38 | 1,809,857.96 | | | 11,157,694.28 |
| EXPENSES: | | | | | | | |
| Financing costs: including interest and amortization of premium, discount & costs of issuance | 152,964.52 | 6,274,558.30 | 2,139,289.20 | 1,623,609.58 | | | 10,190,421.60 |
| Mortgage service, contract administration fees, & property disposition expense | | 179,302.51 | 54,010.65 | | | | 233,313.16 |
| Salaries and benefits | 767,673.72 | | | | | | 767,673.72 |
| Operating expenses | 164,799.31 | | | | | | 164,799.31 |
| Professional fees | 83,588.76 | 53,262.81 | | | | | 136,851.57 |
| Trustee and assignee fees | 51,796.42 | | | | | | 51,796.42 |
| Loss on bond redemptions | | | | | | | |
| Foreclosed property loss | | 80,487.48 | 3,602.68 | | | | 84,090.16 |
| TOTAL EXPENSES | 1,220,822.73 | 6,587,611.10 | 2,196,902.53 | 1,623,609.58 | | | 11,628,945.94 |
| Surplus before change in investment market value | 867,510.97- | 30,042.08 | 179,968.85 | 186,248.38 | | | 471,251.66- |
| Change in investment value | | 379,706.97 | | 6,531.25 | | | 386,238.22 |
| Excess (deficiency) of revenues over expenses | 867,510.97- | 409,749.05 | 179,968.85 | 192,779.63 | | | 85,013.44- |
| Fund balance, beginning | 9,947,433.08 | 37,614,367.07 | 19,046,034.95 | 14,212,676.20 | | | 80,820,511.30 |
| Transfer to General Fund (net) | | | | | | | |
| Fund balance, end of period | 9,079,922.11 | 38,024,116.12 | 19,226,003.80 | 14,405,455.83 | | | 80,735,497.86 |

vhfa

Vermont Housing Finance Agency

**MEMORANDUM**

**TO:** VHFA Board of Commissioners

**FROM:** Tim Gutchell, Controller

**DATE:** November 13, 2009

**RE:** **Interim FY 2010 General Fund Operating Budget Report – Quarter Ended 09/30/2009**

Attached is the 09/30/09 interim budget report for VHFA's operating fund which covers the first three months of fiscal year 2010.

The 2010 budget, approved by the Board this past June, reflects all of the cost reductions on a full year basis that were implemented last December, half way through fiscal year 2009. Total costs projected for 2010 are $1,035,000 less than the original fiscal year 2009 budget, a 17% reduction, and $833,302 less than the total costs in the mid-year revision.

Significant cost reductions between the two years include projected savings in Salaries and benefits of $362,370 and $365,000 in organizational subsidies, as well as reduced professional fees related to liquidity and variable rate debt of $168,500 and $60,736 in staff travel and training costs.

**Income & Expenses through 09/30/09:**

The Agency's budget is essentially right on plan at 09/30/09. Overall expenses and overall income are both at 25% of budget at this point 25% of the way through the fiscal year.

Salaries and wages, which comprise 43% of the Agency's General Fund total operating budget, are at exactly 25% of budget at 09/30/09. Audit fees which appear high based on the percentage (94%) expended year-to-date are actually fully paid out for the year and in line with expectations.

Overall and by line item the Agency's costs through 09/30/09 appear reasonable and in line with expectations.

On the income side loan interest income appears high, but many of the permanent loans in the general fund portfolio are well seasoned and will see a sharp decline in the interest they throw off throughout the year, so we would expect that line item to have a positive variance in the early months of the year.

Interest income on investments is still lagging due to low reinvestment rates that refuse to budge. Multi-Family fee income is typically a bit low early in the year due to the billing of Tax Credit Monitoring fees, which make up about a third of total anticipated Multi-Family fees, in the spring (3rd quarter). However, even with the individual variances, overall income is at 25%, or exactly on budget.

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**Interim FY 2010 General Fund Operating Budget Report – Quarter Ended 09/30/2009 (Cont'd.):**

**Fund Transfers:**

No fund transfers were made to the general fund during the first quarter. We began the fiscal year with approximately $2mm in general fund cash, and that, along with normal fee and P&I collections, was adequate to fund operations for the first three months of fiscal year 2010. In the past we have always taken into the general fund the full amount of budgeted fund transfers. However the need to preserve program cash to cover increased cash needs resulting from liquidity and VRDO stresses has us taking a more conservative approach in determining the need, timing and amounts of actual transfer for operations.

As always, I am available to answer any questions or concerns you may have regarding the budget. Please feel free to contact me at 652-3437, or by email at tgutchell@vhfa.org.

**Vermont Housing Finance Agency**
**INTERIM BUDGET REPORT**
**INCOME AND FUND TRANSFERS**
**FY 2010 Through 09/30/2009**

Portion of year expired = 25%

Portion of year remaining = 75%

| | BUDGET: | | EARNED: | | | | REMAINING: | |
|---|---|---|---|---|---|---|---|---|
| | Approved Annual Budget | Prorata YTD Budget Thru 09/30/2009 | Amount Earned YTD Thru 09/30/2009 | Percentage of Annual Budget Earned Thru 09/30/2009 | Amount (Over) Under Prorata YTD Budget As of 09/30/2009 | Percent Over(-) Under Prorata YTD Budget Thru 09/30/2009 | Amount Unearned As of 09/30/2009 | Percent Unearned As of 09/30/2009 |
| **Income:** | | | | | | | | |
| Interest Income-Loans | $ 556,375.00 | $ 139,093.75 | $ 202,310.01 | 36.36% | $ (63,216.26) | -45.45% | $ 354,064.99 | 63.64% |
| Multi-family Fees | $ 634,607.00 | $ 158,651.75 | $ 109,649.05 | 17.28% | $ 49,002.70 | 30.89% | $ 524,957.95 | 82.72% |
| Gain on Sale of Loans | $ 123,500.00 | $ 30,875.00 | $ 19,548.68 | 15.83% | $ 11,326.32 | 36.68% | $ 103,951.32 | 84.17% |
| Miscellaneous Income | $ 64,572.00 | $ 16,143.00 | $ 17,531.44 | 27.15% | $ (1,388.44) | -8.60% | $ 47,040.56 | 72.85% |
| HARP & Special Programs | $ 84,000.00 | $ 21,000.00 | $ 23,266.53 | 27.70% | $ (2,266.53) | -10.79% | $ 60,733.47 | 72.30% |
| Interest Income-Investments | $ 20,000.00 | $ 5,000.00 | $ 1,406.24 | 7.03% | $ 3,593.76 | 71.88% | $ 18,593.76 | 92.97% |
| Single Family Fees | $ 13,000.00 | $ 3,250.00 | $ 2,866.34 | 22.05% | $ 383.66 | 11.80% | $ 10,133.66 | 77.95% |
| **Total Income** | $ 1,496,054.00 | $ 374,013.50 | $ 376,578.29 | 25.17% | $ (2,564.79) | -0.69% | $ 1,119,475.71 | 74.83% |
| **Net Fund Transfers:** | | | | | | | | |
| SF Insured Mortgage Program | $ 650,000.00 | $ 162,500.00 | $ - | 0.00% | $ 162,500.00 | 100.00% | $ 650,000.00 | 100.00% |
| SF Home Mtge Purch Program | $ 2,000,000.00 | $ 500,000.00 | $ - | 0.00% | $ 500,000.00 | 100.00% | $ 2,000,000.00 | 100.00% |
| MF Mortgage Bonds (HWMF) | $ 650,000.00 | $ 162,500.00 | $ - | 0.00% | $ 162,500.00 | 100.00% | $ 650,000.00 | 100.00% |
| MF Direct Placement Bonds | $ 125,000.00 | $ 31,250.00 | $ - | 0.00% | $ 31,250.00 | 100.00% | $ 125,000.00 | 100.00% |
| **Total Fund Transfers** | $ 3,425,000.00 | $ 856,250.00 | $ - | 0.00% | $ 856,250.00 | 100.00% | $ 3,425,000.00 | 100.00% |
| **Total Income & Transfers** | $ 6,402,712.00 | $ 1,230,263.50 | $ 376,578.29 | 5.88% | $ 853,685.21 | 69.39% | $ 6,026,133.71 | 94.12% |
| **Total Expenses** | $ 4,906,658.00 | $ 1,279,164.50 | $ 1,244,089.26 | 25.36% | $ 35,075.24 | 2.74% | $ 3,662,568.74 | 74.64% |
| **FY 09 Budget Surplus YTD** | $ 1,496,054.00 | $ (48,901.00) | $ (867,510.97) | -57.99% | $ 818,609.97 | -1674.01% | $ 2,363,564.97 | 157.99% |

**Vermont Housing Finance Agency**
**INTERIM BUDGET REPORT**
**EXPENSES AND OTHER COSTS**
**FY 2010 Through 09/30/09**

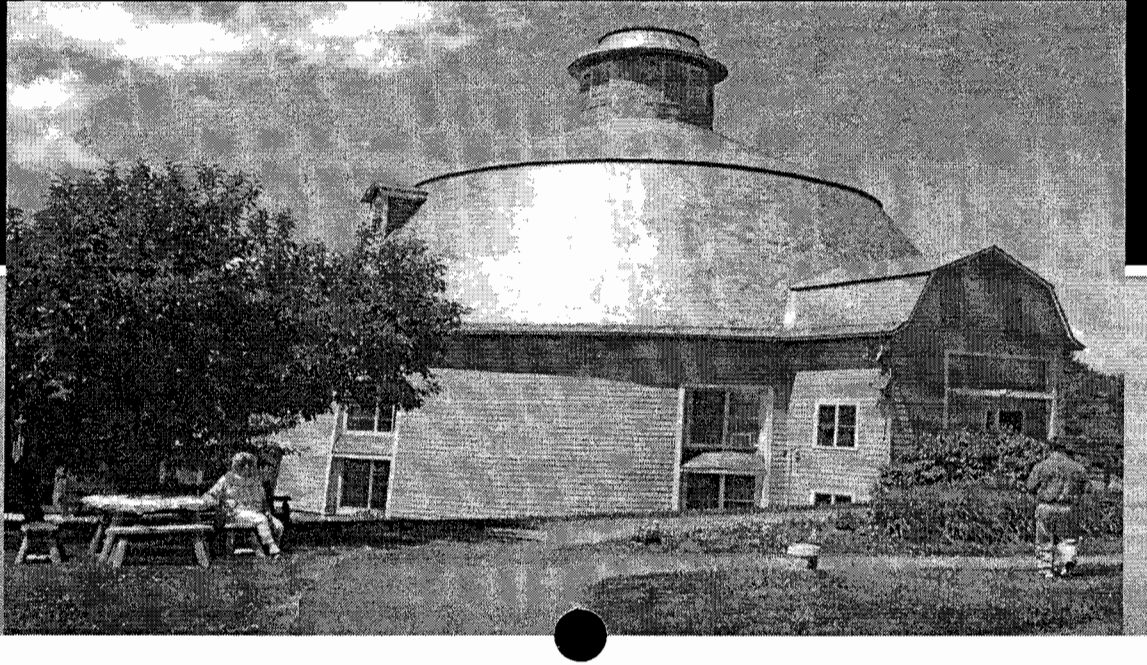
Portion of year expired = 25%

Portion of year remaining = 75%

| | BUDGET: | | EXPENDED: | | | | REMAINING: | |
|---|---|---|---|---|---|---|---|---|
| | Approved Annual Budget | Prorata YTD Budget 09/30/2009 | Amount Expended YTD 09/30/2009 | Percentage of Annual Budget Expended 09/30/2009 | Amount (Over) Under Prorata YTD Budget As of 09/30/09 | Percent Over(-) Under Prorata YTD Budget As of 09/30/09 | Amount Unexpended As of 09/30/09 | Percent Unexpended As of 09/30/09 |
| **Expenses:** | | | | | | | | |
| Salaries and Wages | $ 2,103,291.00 | $ 525,822.75 | $ 529,928.21 | 25.20% | $ (4,105.46) | -0.78% | $ 1,573,362.79 | 74.80% |
| Employee Benefits | $ 490,898.00 | $ 122,724.50 | $ 158,466.03 | 32.28% | $ (35,741.53) | -29.12% | $ 332,431.97 | 67.72% |
| Trustee Fees | $ 210,000.00 | $ 52,500.00 | $ 51,796.42 | 24.66% | $ 703.58 | 1.34% | $ 158,203.58 | 75.34% |
| Pension | $ 215,329.00 | $ 53,832.25 | $ 56,800.54 | 26.38% | $ (2,968.29) | -5.51% | $ 158,528.46 | 73.62% |
| Payroll Taxes | $ 162,250.00 | $ 40,562.50 | $ 41,627.80 | 25.66% | $ (1,065.30) | -2.63% | $ 120,622.20 | 74.34% |
| Depreciation | $ 125,878.00 | $ 31,469.50 | $ 29,675.70 | 23.57% | $ 1,793.80 | 5.70% | $ 96,202.30 | 76.43% |
| Travel & Training | $ 70,389.00 | $ 17,597.25 | $ 11,137.04 | 15.82% | $ 6,460.21 | 36.71% | $ 59,251.96 | 84.18% |
| Marketing & Outreach | $ 100,350.00 | $ 25,087.50 | $ 8,233.65 | 8.20% | $ 16,853.85 | 67.18% | $ 92,116.35 | 91.80% |
| Maintenance Agreements | $ 105,384.00 | $ 26,346.00 | $ 35,171.36 | 33.37% | $ (8,825.36) | -33.50% | $ 70,212.64 | 66.63% |
| Occupancy | $ 93,322.00 | $ 23,330.50 | $ 32,692.56 | 35.03% | $ (9,362.06) | -40.13% | $ 60,629.44 | 64.97% |
| Contract Services | $ 45,417.00 | $ 11,354.25 | $ 1,817.40 | 4.00% | $ 9,536.85 | 83.99% | $ 43,599.60 | 96.00% |
| Software Conversion | $ 11,000.00 | $ 2,750.00 | $ 2,400.00 | 21.82% | $ 350.00 | 12.73% | $ 8,600.00 | 78.18% |
| Consulting | $ 44,340.00 | $ 11,085.00 | $ 5,862.50 | 13.22% | $ 5,222.50 | 47.11% | $ 38,477.50 | 86.78% |
| Audit | $ 70,000.00 | $ 70,000.00 | $ 65,700.00 | 93.86% | $ 4,300.00 | 6.14% | $ 4,300.00 | 6.14% |
| Legal | $ 41,000.00 | $ 10,250.00 | $ 15,400.76 | 37.56% | $ (5,150.76) | -50.25% | $ 25,599.24 | 62.44% |
| Dues & Subscriptions | $ 36,827.00 | $ 9,206.75 | $ 8,963.24 | 24.34% | $ 243.51 | 2.64% | $ 27,863.76 | 75.66% |
| Interest | $ 37,023.00 | $ 9,255.75 | $ 9,609.77 | 25.96% | $ (354.02) | -3.82% | $ 27,413.23 | 74.04% |
| Office Supplies | $ 26,251.00 | $ 6,562.75 | $ 5,594.63 | 21.31% | $ 968.12 | 14.75% | $ 20,656.37 | 78.69% |
| Telephone | $ 24,228.00 | $ 6,057.00 | $ 5,086.04 | 20.99% | $ 970.96 | 16.03% | $ 19,141.96 | 79.01% |
| Postage | $ 17,720.00 | $ 4,430.00 | $ 1,786.51 | 10.08% | $ 2,643.49 | 59.67% | $ 15,933.49 | 89.92% |
| Printing | $ 3,750.00 | $ 937.50 | $ 148.00 | 3.95% | $ 789.50 | 84.21% | $ 3,602.00 | 96.05% |
| Liability Insurance | $ 19,446.00 | $ 4,861.50 | $ 4,117.67 | 21.17% | $ 743.83 | 15.30% | $ 15,328.33 | 78.83% |
| Commissioners Fees | $ 8,460.00 | $ 2,115.00 | $ 18.26 | 0.22% | $ 2,096.74 | 99.14% | $ 8,441.74 | 99.78% |
| Miscellaneous | $ 4,105.00 | $ 1,026.25 | $ 1,360.21 | 33.14% | $ (333.96) | -32.54% | $ 2,744.79 | 66.86% |
| Temp Services | $ 3,000.00 | $ 750.00 | $ - | 0.00% | $ 750.00 | 100.00% | $ 3,000.00 | 100.00% |
| Prof Fees - Liquidity / VRD | $ 50,000.00 | $ 12,500.00 | $ 4,931.70 | 9.86% | $ 7,568.30 | 60.55% | $ 45,068.30 | 90.14% |
| Unemployment Contributions | $ 27,000.00 | $ 6,750.00 | $ - | 0.00% | $ 6,750.00 | 100.00% | $ 27,000.00 | 100.00% |
| Loan Securitization | $ 60,000.00 | $ 15,000.00 | $ 12,125.91 | 20.21% | $ 2,874.09 | 19.16% | $ 47,874.09 | 79.79% |
| Total Operating Expenses | $ 4,206,658.00 | $ 1,104,164.50 | $ 1,100,451.91 | 26.16% | $ 3,712.59 | 0.34% | $ 3,106,206.09 | 73.84% |
| **Other Costs (general fund):** | | | | | | | | |
| Loan Interest Cost | $ 550,000.00 | $ 137,500.00 | $ 141,537.35 | 25.73% | $ (4,037.35) | -2.94% | $ 408,462.65 | 74.27% |
| Organizational Subsidies | $ 50,000.00 | $ 12,500.00 | $ 2,100.00 | 4.20% | $ 10,400.00 | 83.20% | $ 47,900.00 | 95.80% |
| Ventures Loans Forgiven | $ 100,000.00 | $ 25,000.00 | $ - | 0.00% | $ 25,000.00 | 100.00% | $ 100,000.00 | 100.00% |
| Total Other Costs | $ 700,000.00 | $ 175,000.00 | $ 143,637.35 | 20.52% | $ 31,362.65 | 17.92% | $ 556,362.65 | 79.48% |
| Total Expenses | $ 4,906,658.00 | $ 1,279,164.50 | $ 1,244,089.26 | 25.36% | $ 35,075.24 | 2.74% | $ 3,662,568.74 | 74.64% |
| **Other Costs - Bond** | | | | | | | | |
| SF Loan Loses (gains) | $ 500,000.00 | $ 125,000.00 | $ 84,090.00 | 16.82% | $ 40,910.00 | 32.73% | $ 415,910.00 | 83.18% |
| MF Loan Loss Provisions | $ 400,000.00 | $ 100,000.00 | $ - | 0.00% | $ 100,000.00 | 100.00% | $ 400,000.00 | 100.00% |
| Servicing Release Premiums | $ 25,000.00 | $ 6,250.00 | $ 3,048.85 | 12.20% | $ 3,201.15 | 51.22% | $ 21,951.15 | 87.80% |
| SF Loan Origination Fees | $ (40,000.00) | $ (10,000.00) | $ 2,658.43 | -6.65% | $ (12,658.43) | 126.58% | $ (42,658.43) | 106.65% |
| Professional Fees Liquidity/VRD | $ 50,000.00 | $ 12,500.00 | $ 33,447.00 | 66.89% | $ (20,947.00) | -167.58% | $ 16,553.00 | 33.11% |

# VHFA Financial Update

## First Quarter Fiscal Year 2010



# Q1 2009 Financial Highlights
# Balance Sheet

- Total Assets - $841.9 mm, up 1.2% from June 30, 2009
  - Down 11% from September 2008
  - Cash and investments - $195.7 mm, up $63.9 mm or 48.4%
    - $41.2 mm due to conversion of mortgage loans to MBS (moving from one asset class to another) and new MBS originations of $2.95 mm
    - Balance mostly due to accumulation of cash from investment interest and mortgage interest collections pending related debt service

# Q1 2009 Financial Highlights
# Balance Sheet

- Total Assets
  - Mortgage and Construction Loans Receivable - $627.5 mm, down 12.2% from September 2008
    - $41.2 mm due to conversion of mortgage loans to MBS
    - balance (net of MBS conversion) only down 1.8%
  - Loan originations – decreased 81.9% (vs. Q1 2008)
    - Total $8.7 million, including $3.8 mm of first time MBS or Fannie Mae cash window. Also $2.2 mm of loans under 1602 Tax Credit Exchange Program

# Q1 2009 Financial Highlights
# Balance Sheet

- Total Liabilities - $761.2 mm, up $10.3 mm (1.4 % since June 2009)
  - Notes Payable related to construction loan funding up $3.2 mm
  - Increase of $2.2 mm due to Federal funding received under 1602 TCAP; offset by $2.2 mm in mortgage loans
  - Accrued interest payable up $6.1 mm pending debt service payments

# Q1 2009 Financial Highlights
# Net Assets

- Net Assets decreased $85.0K vs. $332.6K increase in Q1 prior year
  - Operating loss of $471.3k vs. $36.4k operating income in Q1 prior year
  - Interest income on loans dropped $1.2 mm due to: reduction in loan portfolio, low level of originations and MBS conversion
  - Interest income on investments decreased by $218k (12.1%) due to historically low investment rates
  - Financing Costs decreased $701.7k vs. same quarter prior year due to reduction in outstanding bonds and notes of $101.8mm
  - Operating expenses decreased $272.17k compared to same quarter prior year
    - Represents approximately 26% of overall reduction of $1.04 mm in fiscal 2010 budget vs. original 2009 budget
    - Salary and Wages (43% of total budget) decreased by $70 thousand or 11.7% vs. same quarter prior year

# FY 2010 Financial Outlook

- Financing Costs will continue to decline
  - Replacement of Depfa Liquidity on Series 22 and 26 did not close until August 2009
  - Plans to replace Depfa on Series 22 either using TD Bank or the Federal TCLP (Temporary Credit and Liquidity Program) will save another $50k per month
  - Other remarketing rates have continued to come down
- Treasury purchase of HFA bonds will reduce interest rates, stimulating loan production
- Still forecasting profitability in FY2010

# FY 2010 Financial Outlook

- Risks:
  - Bayeriche no longer rated by S&P
  - VHFA holds $19 million of Bayeriche GIC's; $11 million in Single Family Indenture rated by S&P
  - Approval of Liquidity Replacement (either TD Bank or Treasury) depends on ratings being affirmed by Moody's and S&P

# Q1 2009 Financial Highlights

## Are there any Questions?

# Interesting Housing Fact

November 2009 Board Meeting

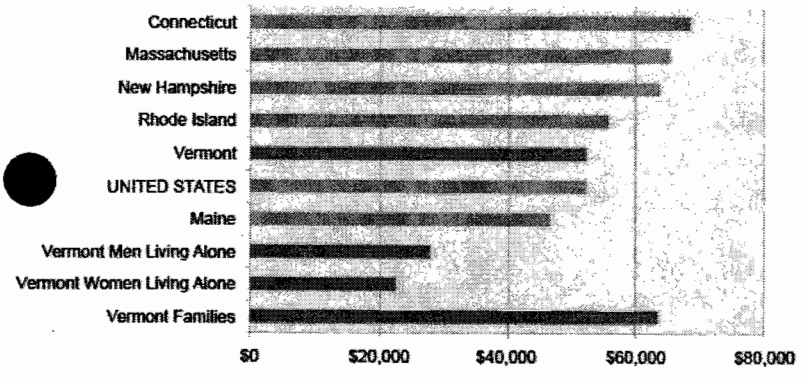
*Prepared by Maura Collins*

Two interesting economic-related reports were released recently:

| | US | New Eng. | VT |
|---|---|---|---|
| Home Price Index (2Q 2009) | | | |
| Percent change from prior quarter | -9.3% | -10.0% | -6.0% |
| Percent change from year ago quarter | -4.0% | -4.3% | -1.7% |
| Total Housing Permits (September 2009) | | | |
| Units authorized | 48,000 | 1,370 | 93 |
| Percent change from year ago month | -28.4% | -28.4% | -30.0% |
| Existing Home Sales (2Q 2009) | | | |
| Thousands of units | 4,757 | 196.8 | 9.6 |
| Percent change from year ago quarter | -2.9% | -10.9% | -17.2% |

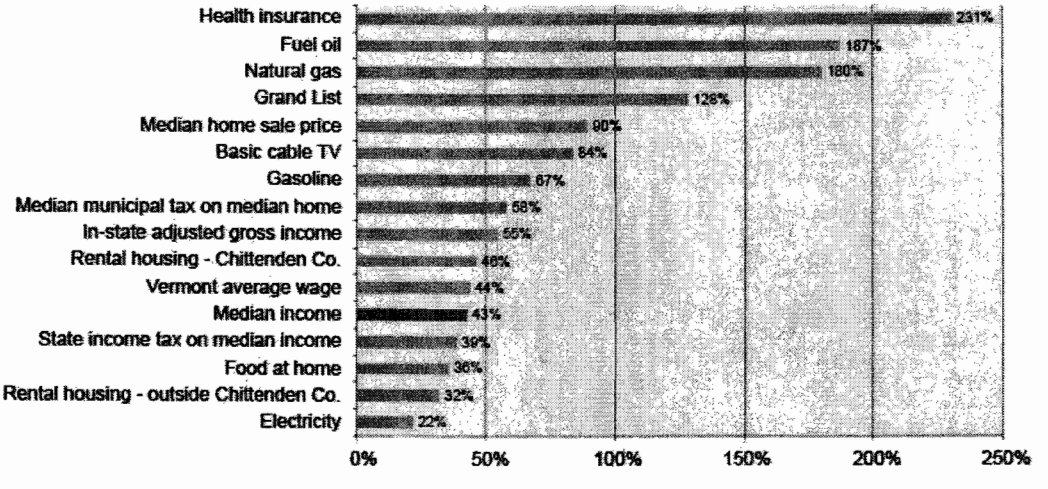
The **Federal Reserve Bank of Boston** releases housing related economic indicators monthly.[1] The results shown on the right are from the October release. Vermont's home prices have dropped less than New England's and the nation's, and the drop in the number of permits has been about equal to the decrease nationally. Interestingly, the number of existing home sales has declined more in Vermont compared to nationally. According to VHFA's analysis of Property Transfer Tax records, through the end of September the number of home sales was down 26 percent from the same time last year (this would include new and existing home sales).

**Figure 8. Median Income, 2008**




The local non-profit research firm, **Public Assets Institute**, released a report in October titled *State Of Working Vermont 2009*, and reported that the private sector construction industry lost the highest percentage of jobs between December 2007 and August 2009, with a 19.6 percent drop of 3,200 jobs. Manufacturing was next hardest hit with a 15.2 percent drop of 5,400 jobs. Finally, as can be seen in the charts from the report here, Vermont's median income has not kept up with other rising costs.

**Figure 9. Percent Change in Costs, 1998 - 2008 (not adjusted for inflation)**




[1] http://www.bos.frb.org/economic/neei/summaries/vt.pdf

vhfa

**Vermont Housing Finance Agency**

TO: VHFA Board of Commissioners
FROM: Patricia A. Crady, Director of Homeownership Programs PC
DATE: November 12, 2009
RE: Summary of Homeownership Activities

**PRODUCTION**

Production reports as of October 31, 2009 are attached. We have a pipeline of approximately $4.0 million in loans at various interest rates. Staff have identified up to $13 million in prepayments that can be recycled into new loans. Our plan is to switch loans in the pipeline that have higher interest rates to the recycled funds. This will free up a total of $4.8 million in Series 2008C that we can lend out at 5%. Lenders were notified of our reduced rate on November 6th and we are hopeful that our now slightly below market rate may get back some of the RD Guaranteed Loan business we lost to other investors.

You may recall that the Board authorized Staff several months ago to proceed with the development of a Mortgage Credit Certificate Program. It was our intent to implement this program in the event that VHFA had to shut down its MOVE Program. Since we now have recycled funds to lend, and a bond issue in early 2010 is likely, we plan to warehouse the work we have done for future implementation if necessary.

**COLLECTIONS**

Delinquency and REO reports as of October 31, 2009 are attached. We are trying to be as proactive as possible in our work with servicers, our borrowers, and the Homeownership Centers; however, we continue to see borrowers who will not respond to offers of assistance. This continues to be our greatest source of frustration. We are also beginning to see loans going into foreclosure where the borrowers have struggled for many years. In some cases the properties have suffered from years of neglect and have substantially lost their value.

As of October 31, 2009, VHFA owned 13 properties; 3 are under contract and expected to close in November and December.

If you have any questions please do not hesitate to call me at 652-3442 or email me at pcrady@vhfa.org.

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

EQUAL HOUSING OPPORTUNITY

## FY10 Production Summary

July 1, 2009 - June 30, 2010

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FY Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **MOVE - MBS** | 996,691 | 1,348,406 | 610,805 | 166,804 | | | | | | | | | **3,122,706** |
| **MOVE - Cash Sale** | | | 863,780 | 627,718 | | | | | | | | | **1,491,498** |
| **Direct Loan Program** | 603,661 | 380,736 | 179,400 | 110,102 | | | | | | | | | **1,273,899** |
| **Dollar Total** | 1,600,352 | 1,729,142 | 1,653,985 | 904,624 | | | | | | | 0 | 0 | 5,888,103 |
| **Total # of Loans** | 11 | 12 | 15 | 8 | | | | | | | | | 46 |

## FY09 Production Summary

July 1, 2008 - June 30, 2009

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FY Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **MOVE** | 7,913,135 | 8,574,063 | 4,624,303 | 4,508,466 | 2,745,710 | 1,582,622 | 407,189 | 539,923 | 566,600 | 703,623 | 955,630 | 475,260 | **33,596,524** |
| **HOUSE** | 436,200 | 1,387,090 | 655,500 | 234,670 | 148,000 | 458,570 | 440,565 | | | 75,000 | 82,000 | | **3,917,595** |
| **Dollar Total** | 8,349,335 | 9,961,153 | 5,279,803 | 4,743,136 | 2,893,710 | 2,041,192 | 847,754 | 539,923 | 566,600 | 778,623 | 1,037,630 | 475,260 | 37,514,119 |
| **Total # of Loans** | 58 | 72 | 42 | 37 | 22 | 19 | 7 | 5 | 4 | 8 | 9 | 4 | 287 |

# FY10 Dollar Volume by Lender

July 1, 2009- June 30, 2010

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PEOPLES UNITED (CHIT) | 311,757 | 864,226 | 945,319 | 94,800 | | | | | | | | | $2,216,102 |
| CONNECTICUT RIVER | 105,060 | | 263,546 | 110,102 | | | | | | | | | $478,708 |
| NORTHFIELD SAVINGS | 142,500 | 110,180 | 138,500 | | | | | | | | | | $391,180 |
| NAT'L BNK MIDDLEBURY | 251,920 | | | 128,000 | | | | | | | | | $379,920 |
| HERITAGE FAMILY CU | 157,600 | | 203,600 | | | | | | | | | | $361,200 |
| VT FEDERAL CU | 163,761 | 162,006 | | | | | | | | | | | $325,767 |
| UNIVERSAL MTG | | | | 300,118 | | | | | | | | | $300,118 |
| UNION BANK | 147,000 | 136,730 | | | | | | | | | | | $283,730 |
| VT STATE EMP CU | | | | 271,604 | | | | | | | | | $271,604 |
| NORTHEAST HOME LOAN | | 152,000 | 103,020 | | | | | | | | | | $255,020 |
| OPPORTUNITIES CU | | 222,000 | | | | | | | | | | | $222,000 |
| MTG FINANCIAL SRV | 174,454 | | | | | | | | | | | | $174,454 |
| NEW ENGLAND FED CU | 146,300 | | | | | | | | | | | | $146,300 |
| NORTH COUNTRY CU | | 82,000 | | | | | | | | | | | $82,000 |
| BRATTLEBORO SVNGS | | | | | | | | | | | | | $0 |
| COUNTRYWIDE (BOA) | | | | | | | | | | | | | $0 |
| LAKE SUNAPEE BANK | | | | | | | | | | | | | $0 |
| PEOPLES TRUST | | 0 | | | | | | | | | | | $0 |
| TOTAL | $1,600,352 | $1,729,142 | $1,653,985 | $904,624 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $5,888,103 |

# FY10 Loan Volume by Lender

July 1, 2009 - June [redacted], 2010

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PEOPLES UNITED (CHIT) | 2 | 6 | 8 | 1 | | | | | | | | | 17 |
| CONNECTICUT RIVER | 1 | | 3 | 1 | | | | | | | | | 5 |
| HERITAGE FAMILY CU | 1 | | 2 | | | | | | | | | | 3 |
| NAT'L BNK MIDDLEBURY | 2 | | | 1 | | | | | | | | | 3 |
| NORTHFIELD SAVINGS | 1 | 1 | 1 | | | | | | | | | | 3 |
| VT STATE EMP CU | | | | 3 | | | | | | | | | 3 |
| NORTHEAST HOME LOAN | | 1 | 1 | | | | | | | | | | 2 |
| UNION BANK | 1 | 1 | | | | | | | | | | | 2 |
| UNIVERSAL MTG | | | | 2 | | | | | | | | | 2 |
| VT FEDERAL CU | 1 | 1 | | | | | | | | | | | 2 |
| MTG FINANCIAL SRV | 1 | | | | | | | | | | | | 1 |
| NEW ENGLAND FED CU | 1 | | | | | | | | | | | | 1 |
| NORTH COUNTRY CU | | 1 | | | | | | | | | | | 1 |
| OPPORTUNITIES CU | | 1 | | | | | | | | | | | 1 |
| BRATTLEBORO SVNGS | | | | | | | | | | | | | 0 |
| COUNTRYWIDE (BOA) | | | | | | | | | | | | | 0 |
| LAKE SUNAPEE BANK | | | | | | | | | | | | | 0 |
| PEOPLES TRUST | | | | | | | | | | | | | 0 |
| TOTAL | 11 | 12 | 15 | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 46 |

# HOMEOWNERSHIP DELINQUENCY REPORT
## FISCAL YEAR 2010

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Portfolio # | 4866 | 4824 | 4801 | 4761 | | | | | | | | | 4813 |
| Total Portfolio $ | 488.1 | 483.4 | 480.7 | 476.6 | | | | | | | | | 482.2 |

### NUMBER OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | 201 | 209 | 224 | 219 | | | | | | | | | 213 |
| 60 Days | 71 | 70 | 70 | 62 | | | | | | | | | 68 |
| 90 Days | 47 | 52 | 62 | 57 | | | | | | | | | 55 |
| Foreclosure | 55 | 54 | 53 | 56 | | | | | | | | | 55 |
| Total Delq FY 10 | 374 | 385 | 409 | 394 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 391 |
| Total Delq FY 09 | 316 | 335 | 344 | 334 | 402 | 411 | 388 | 374 | 339 | 353 | 365 | 391 | 363 |

### PERCENT BY NUMBER OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | 4.13% | 4.33% | 4.67% | 4.60% | | | | | | | | | 4.43% |
| 60 Days | 1.46% | 1.45% | 1.46% | 1.30% | | | | | | | | | 1.42% |
| 90 Days | 0.97% | 1.08% | 1.29% | 1.20% | | | | | | | | | 1.14% |
| Foreclosure | 1.13% | 1.12% | 1.10% | 1.18% | | | | | | | | | 1.13% |
| Total Delq FY 10 | 7.69% | 7.98% | 8.52% | 8.28% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 8.12% |
| Total Delq FY 09 | 5.58% | 5.88% | 6.03% | 5.86% | 7.05% | 7.21% | 6.82% | 6.61% | 6.06% | 6.37% | 6.64% | 7.20% | 6.44% |

### DOLLAR AMOUNT OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | $17.6 | $17.0 | $17.1 | $16.7 | | | | | | | | | $17.1 |
| 60 Days | $5.4 | $5.6 | $5.5 | $5.0 | | | | | | | | | $5.4 |
| 90+ Days | $8.2 | $9.0 | $9.9 | $10.3 | | | | | | | | | $9.4 |
| Total Delq FY 10 | $31.2 | $31.6 | $32.5 | $32.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $31.8 |
| Total Delq FY 09 | $22.0 | $24.3 | $25.8 | $25.0 | $29.3 | $31.0 | $29.7 | $28.0 | $25.2 | $27.8 | $28.5 | $30.9 | $27.3 |

VERMONT HOUSING FINANCE AGENCY
HOMEOWNERSHIP PROGRAM MONTHLY DELINQUENCY REPORT
October 31, 2009

| Lenders | Total Loans | 30 Days | | 60 Days | | 90+ Days | | In Foreclosure & Bankruptcy | | Total Delinquent | | REO | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Graystone Solutions | 1833 | 117 | 6.38% | 20 | 1.09% | 28 | 1.53% | 25 | 1.36% | 190 | 10.37% | 0 | 0.00% |
| Bank of Bennington | 50 | 2 | 4.00% | 1 | 2.00% | 1 | 2.00% | 1 | 2.00% | 5 | 10.00% | 0 | 0.00% |
| Peoples United Bank | 1100 | 63 | 5.73% | 21 | 1.91% | 6 | 0.55% | 17 | 1.55% | 107 | 9.73% | 2 | 0.18% |
| Community National Bank | 331 | 13 | 3.93% | 7 | 2.11% | 6 | 1.81% | 4 | 1.21% | 30 | 9.06% | 0 | 0.00% |
| Union Bank | 294 | 6 | 2.04% | 6 | 2.04% | 7 | 2.38% | 4 | 1.36% | 23 | 7.82% | 0 | 0.00% |
| Peoples Trust Co. | 104 | 2 | 1.92% | 0 | 0.00% | 2 | 1.92% | 1 | 0.96% | 5 | 4.81% | 0 | 0.00% |
| Brattleboro Savings & Loan | 88 | 3 | 3.41% | 0 | 0.00% | 1 | 1.14% | 0 | 0.00% | 4 | 4.55% | 0 | 0.00% |
| Opportunities CU | 111 | 1 | 0.90% | 4 | 3.60% | 0 | 0.00% | 0 | 0.00% | 5 | 4.50% | 0 | 0.00% |
| Mascoma Savings Bank | 46 | 1 | 2.17% | 0 | 0.00% | 0 | 0.00% | 1 | 2.17% | 2 | 4.35% | 0 | 0.00% |
| Heritage Family Credit Union | 161 | 3 | 1.86% | 1 | 0.62% | 2 | 1.24% | 0 | 0.00% | 6 | 3.73% | 9 | 5.59% |
| Connecticut River Bank | 64 | 1 | 1.56% | 1 | 1.56% | 0 | 0.00% | 0 | 0.00% | 2 | 3.13% | 1 | 1.56% |
| New England Federal CU | 579 | 6 | 1.04% | 1 | 0.17% | 4 | 0.69% | 3 | 0.52% | 14 | 2.42% | 1 | 0.17% |
| Totals | 4761 | 218 | 4.58% | 62 | 1.30% | 57 | 1.20% | 56 | 1.18% | 393 | 8.25% | 13 | 0.27% |
| Totals Previous Month | 4801 | 224 | 4.67% | 70 | 1.46% | 62 | 1.29% | 53 | 1.10% | 409 | 8.52% | 13 | 0.27% |
| Totals Same Mo. Last Yr. | 5700 | 175 | 3.07% | 78 | 1.37% | 31 | 0.54% | 50 | 0.88% | 334 | 5.86% | 9 | 0.16% |

**Note: Of the loans in foreclosure, a total of 15 are under a Chapter 13 Bankruptcy Plan**

VERMONT HOUSING FINANCE AGENCY

| Lenders | Oct 2008 | Nov 2008 | Dec 2008 | Jan 2009 | Feb 2009 | Mar 2009 | April 2009 | May 2009 | June 2009 | July 2009 | Aug 2009 | Sept 2009 | Oct 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bank of Bennington | 5.17% | 5.17% | 5.26% | 3.51% | 1.75% | 5.36% | 5.45% | 4.44% | 13.46% | 13.46% | 10.00% | 10.00% | 10.00% |
| Brattleboro Savings & Loan | 2.08% | 3.13% | 2.08% | 2.08% | 4.21% | 2.17% | 2.22% | 7.41% | 5.62% | 3.37% | 5.62% | 5.62% | 4.55% |
| Community National Bank | 6.03% | 7.16% | 9.97% | 8.24% | 8.26% | 6.03% | 7.49% | 8.93% | 8.77% | 7.69% | 8.08% | 9.64% | 9.06% |
| Connecticut River Bank | 2.99% | 3.03% | 1.52% | 3.03% | 6.15% | 3.08% | 4.62% | 3.08% | 9.09% | 9.23% | 3.08% | 3.08% | 3.13% |
| Graystone | 5.88% | 7.31% | 7.83% | 7.45% | 7.17% | 6.08% | 6.91% | 6.87% | 7.63% | 9.12% | 9.62% | 10.36% | 10.36% |
| Heritage Family CU | 3.01% | 2.40% | 2.38% | 2.98% | 2.41% | 2.45% | 0.60% | 2.44% | 3.03% | 3.64% | 3.07% | 4.35% | 3.73% |
| Mascoma Savings Bank | 4.17% | 6.25% | 4.17% | 4.17% | 2.08% | 6.25% | 2.08% | 2.08% | 2.13% | 0.00% | 2.17% | 4.35% | 6.52% |
| New England Federal CU | 1.26% | 1.25% | 1.10% | 0.78% | 0.94% | 0.96% | 1.62% | 2.29% | 1.99% | 2.35% | 2.36% | 2.56% | 2.42% |
| Opportunites CU | 8.00% | 10.40% | 8.87% | 9.09% | 9.24% | 5.98% | 4.24% | 4.24% | 4.27% | 4.31% | 5.22% | 4.42% | 4.50% |
| Peoples Trust Co. | 4.24% | 4.24% | 3.42% | 6.03% | 3.48% | 5.22% | 4.46% | 5.45% | 3.70% | 3.81% | 3.85% | 5.77% | 4.81% |
| Peoples United Bank | 9.07% | 10.84% | 10.59% | 9.62% | 9.32% | 9.51% | 8.96% | 8.68% | 9.59% | 9.56% | 10.21% | 10.42% | 9.73% |
| Union Bank | 5.85% | 6.79% | 5.54% | 6.50% | 6.23% | 6.90% | 7.28% | 8.68% | 7.84% | 8.33% | 8.03% | 7.72% | 7.82% |

# REO INVENTORY REPORT

## As of October 31, 2009

| Mortgagor | REO Date | City/Town | Princ. Bal. | Interest | Expenses | Receipts (1) | Total Cost Basis | Valuation Allowance | List Amount (2) | Current Appraisal | Date Last Appraised | Original Appraisal | Loan Date | Type | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ford | 7/24/2008 | St. Albans | $ 97,128 | $ 3,136 | $ 15,174 | $ 27,003 | $ 88,435 | | $ 85,000 | $ 120,000 | 3/5/08 | $ 110,000 | 03/08/06 | Condo | 7 |
| Mailhiot | 8/21/2008 | Chittenden | $ 63,262 | $ 9,827 | $ 22,860 | $ 3,607 | $ 92,342 | $ - | $ 49,900 | $ 102,000 | 9/17/08 | $ 80,000 | 05/03/96 | SF | Price Reduced |
| Lattrell | 12/1/2008 | Vergennes | $ 29,423 | $ 1,662 | $ 14,774 | $ - | $ 45,859 | $ 18,939 | $ 25,000 | $ 28,000 | 1/15/09 | $ 37,500 | 07/01/97 | MH | Price Reduced |
| Greene | 3/30/2009 | Randolph | $ 68,297 | $ 9,733 | $ 22,549 | $ 3,943 | $ 96,636 | $ - | $ 62,000 | $ 128,000 | 9/4/08 | $ 82,000 | 10/27/90 | SF | RD Guaranteed; Price Reduced |
| Morey | 4/4/2009 | Barre | $ 42,994 | $ 6,125 | $ 11,786 | $ - | $ 60,905 | $ 5,822 | $ 38,000 | $ 58,000 | 7/9/09 | $ 60,000 | 11/15/91 | MH | UC $38,000; Closing by 11/12/2009 |
| Lovar | 5/20/2009 | Bolton | $ 29,964 | $ 1,270 | $ 9,349 | $ 12,119 | $ 28,464 | $ 6,794 | $ 26,000 | $ 28,000 | 6/26/2009 | $ 32,500 | 10/1/2002 | MH | MH in Park; Price Reduced |
| Plaster | 5/22/2009 | Weathersfield | $ 114,117 | $ 10,512 | $ 18,357 | $ - | $ 142,986 | $ 3,406 | $ 69,000 | $ 95,000 | 4/21/2009 | $ 120,000 | 8/6/2004 | SF | RD Guaranteed; Under Contract $69,000 |
| Hillier | 6/23/2009 | Rutland | $ 87,967 | $ 7,410 | $ 17,908 | $ - | $ 113,285 | $ 9,296 | $ 68,000 | $ 82,500 | 5/26/2009 | $ 95,000 | 12/6/2006 | SF | RD Guaranteed; UC $68,000; closing 12/18/09 |
| Comeau | 7/28/2009 | Rutland | $ 83,989 | $ 7,333 | $ 16,751 | $ - | $ 108,073 | $ - | $ 74,500 | $ 67,000 | 6/13/2009 | $ 90,000 | 6/13/2003 | SF | RD Guaranteed; Price Reduced |
| VanDenBent | 8/7/2009 | Bakersfield | $ 180,313 | $ 15,002 | $ 21,688 | $ 55,290 | $ 161,713 | $ 1,078 | $ 160,000 | $ 168,000 | 8/25/2009 | $ 192,000 | 6/16/2006 | SF | Price Reduced |
| Rhoad | 8/25/2009 | Windsor | $ 146,030 | $ 8,029 | $ 5,222 | $ 37,100 | $ 122,181 | $ 12,575 | $ - | $ - | | $ 165,000 | 5/25/2007 | SF | Occupied by Tenant until 11/23/09 |
| Bowen | 10/16/2009 | Williamstown | $ 49,557 | $ 4,311 | $ 4,883 | $ - | $ 58,751 | $ - | $ - | $ - | | $ 63,000 | 10/8/1997 | MH | Poor Condition |
| Stetson | 10/26/2009 | Newport | $ 89,388 | $ 5,017 | $ 4,625 | $ 31,285 | $ 67,745 | $ - | $ - | $ - | | $ 105,000 | 4/17/2007 | 2F | Poor Condition |
| **13** | | | **$ 1,082,429** | **$ 89,367** | **$ 185,926** | **$ 170,347** | **$ 1,187,375** | **$ 57,910** | **$ 657,400** | **$ 876,500** | | **$ 1,232,000** | | | |

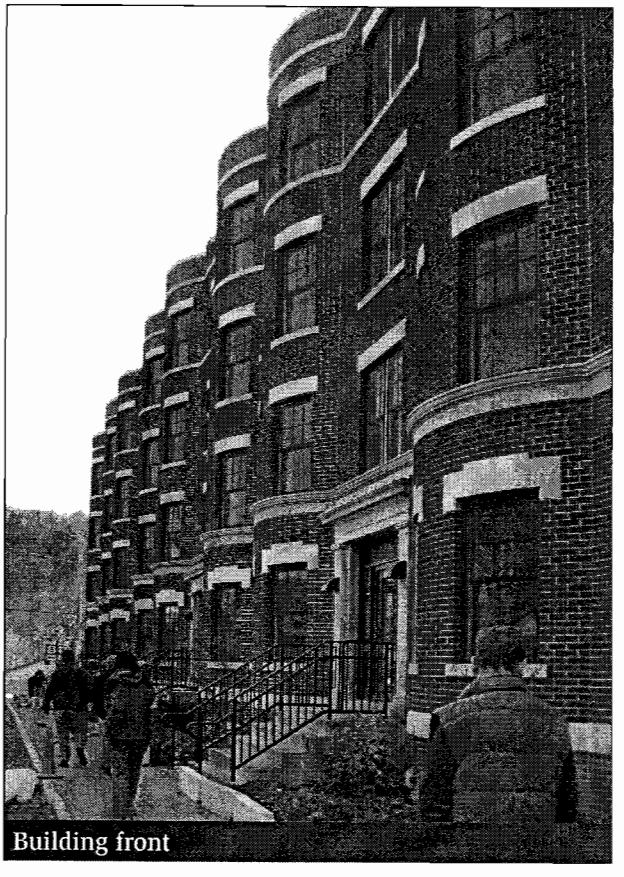
REOS that are under deposit

(1) Receipts column represents actual and projected/estimated mortgage insurance claim payments

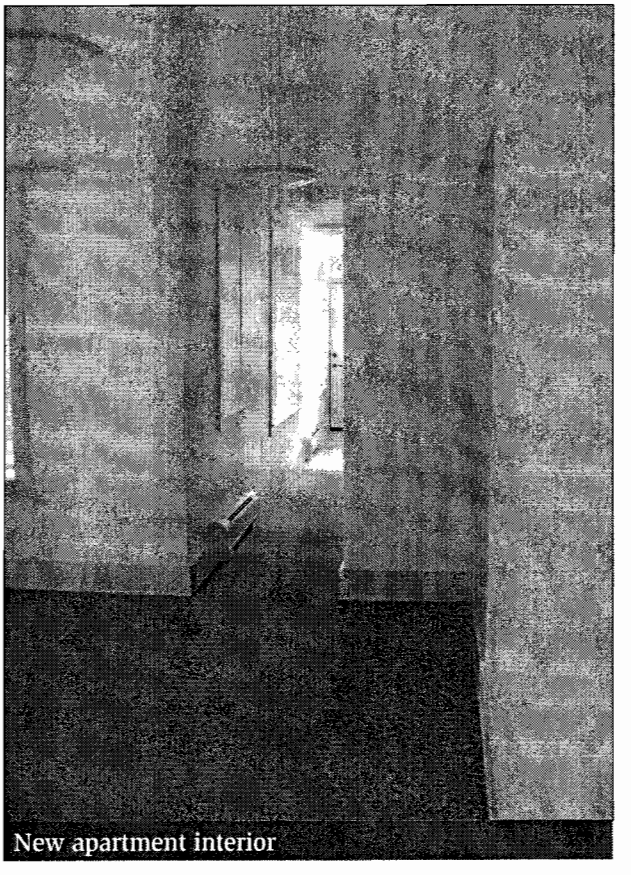
(2) If Property is under deposit the List Price is the actual sale price.

# Union Square

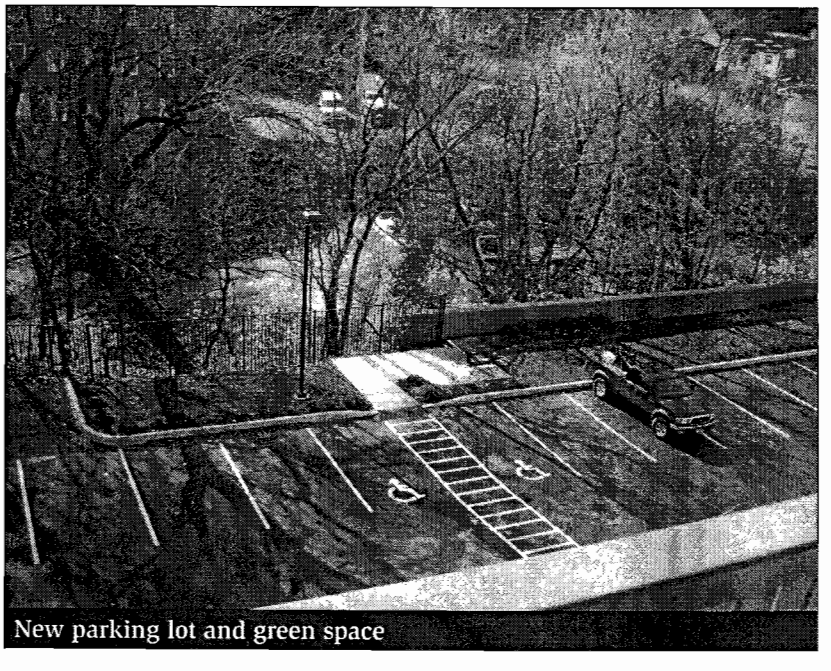
*(Formerly Armory Square)*



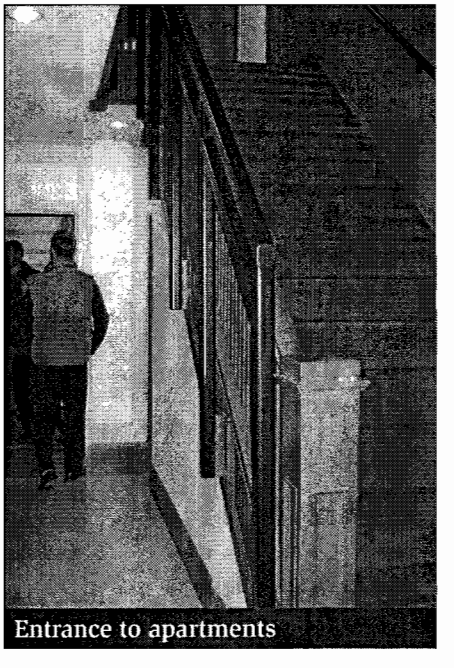
Building front



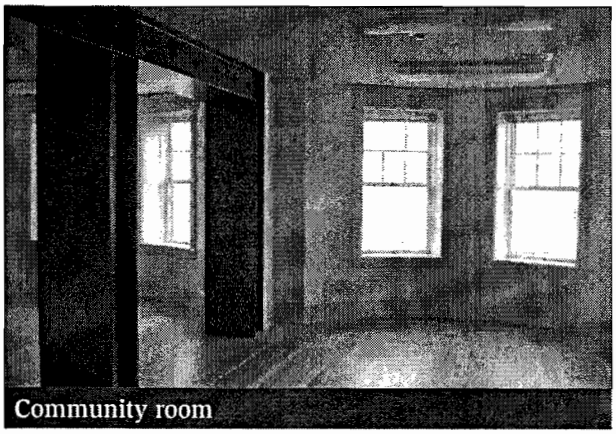
New apartment interior



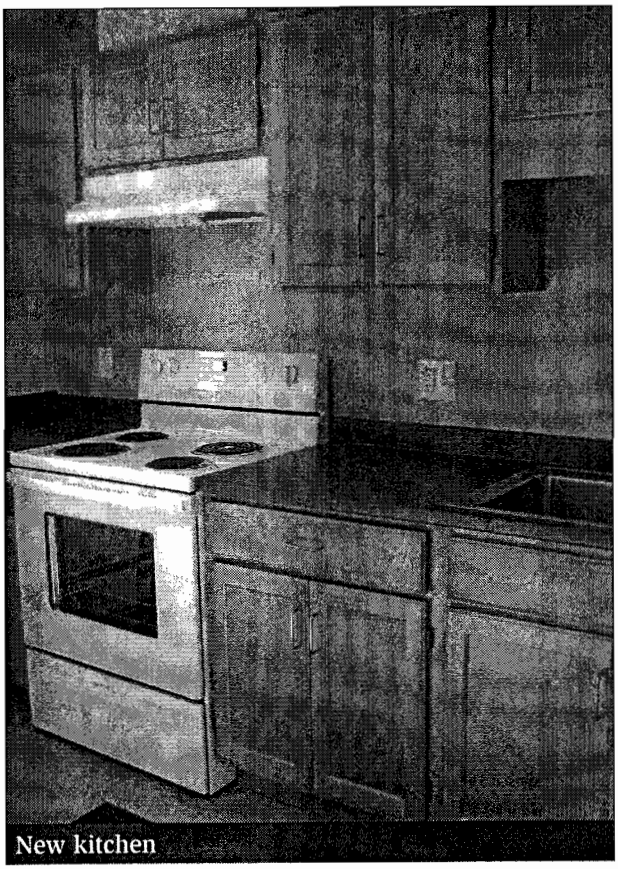
New parking lot and green space



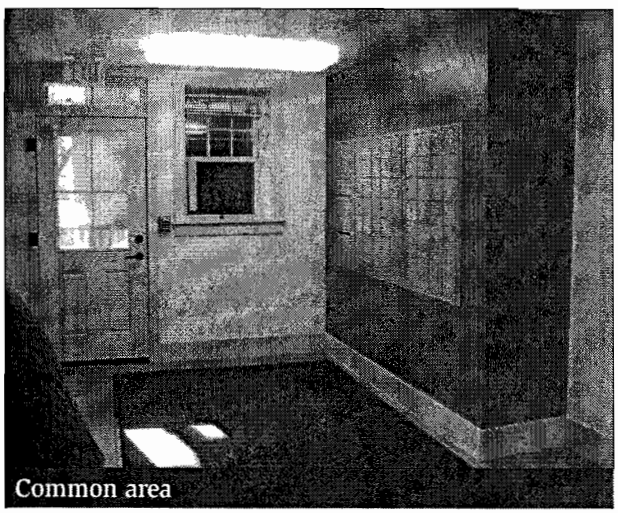
Entrance to apartments



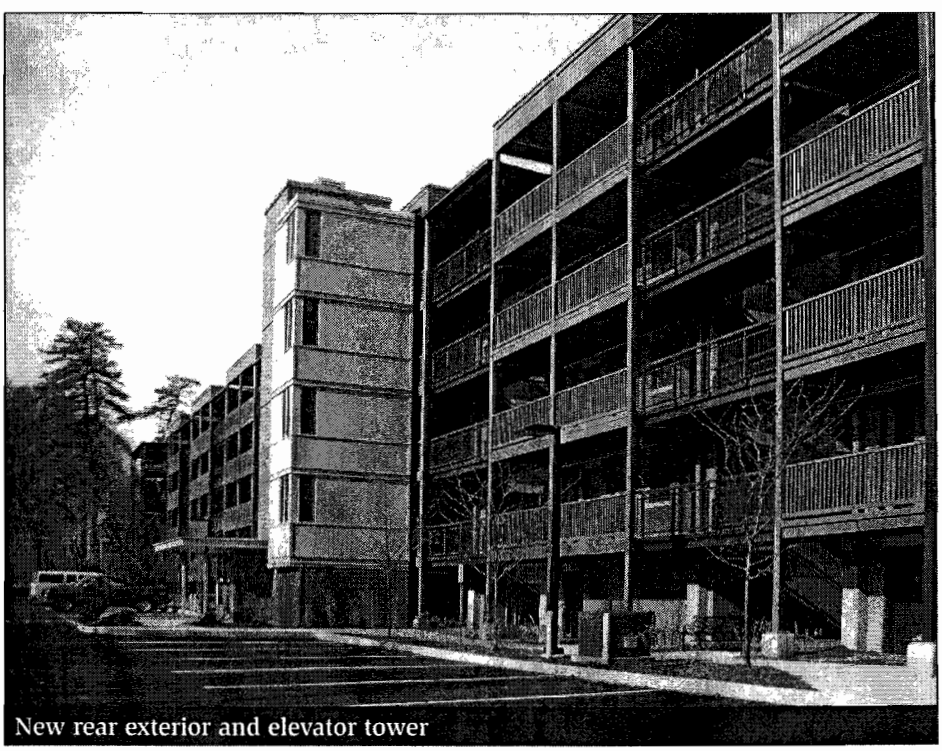
Community room



New kitchen



Common area



New rear exterior and elevator tower

vhfa

Vermont Housing Finance Agency

**MEMORANDUM**

TO: VHFA Board of Commissioners

FROM: Sarah E. Carpenter, Executive Director

DATE: December 10, 2009

**RE: CONFIRMATION OF UPCOMING VHFA BOARD MEETING**

This is to notify you that the next meeting of the Vermont Housing Finance Agency Board of Commissioners has been confirmed. The meeting will be held:

**Thursday, December 17, 2009**
The Board Room
VHFA,
Burlington, Vermont
**9:00 a.m. – 11:00 a.m.**

Attached are the Agenda and Board packet. Please feel free to contact me should you have any questions prior to the meeting.

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

EQUAL HOUSING OPPORTUNITY

**VHFA BOARD MEETING AGENDA**
**Thursday, December 17, 2009**
VHFA
164 St. Paul St., Burlington
**9:00 a.m. – 11:00 p.m.**

**Meeting Start**

**CONSENT AGENDA** (5 minutes)
**Administration**
- 403(b) Retirement Plan Amendment — Loller/Enclosure
- Flexible Benefit Plan Amendment — Loller/Enclosure

**Review and Approval of November 19, 2009 Minutes** (5 minutes) — Enclosure

**Executive Director's Report** (5 minutes) — Carpenter/Enclosure

**Finance**
- Financial Update (15 minutes) — Connors/Discussion
- Federal Program Update (10 minutes) — Connors/Discussion

**Development**
- Middlebury South Village/Cottages (15 minutes) — Adams/Enclosure
- MacArthur Pre-Development Loan Program (15 minutes) — Erdelyi/Enclosure

**Multi-Family**
- Abenaki Self-Help, Swanton (5 minutes) — Falzone/Discussion
- Depot Square, St. Johnsbury (5 minutes) — Falzone/Discussion

**Homeownership**
- Mobile Home Loaning Program Update/Changes (15 minutes) — Adams/Enclosure
- MGIC Substitution (15 minutes) — Crady/Discussion

**Other Business**

**Adjournment**

**Reports:** ***FYI Only***
- Summary of Homeownership Activities — Crady/Enclosure
- Annual Report — Collins, Black-Plumeau, Bailey/Enclosure

vhfa

**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

CONSENT

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

EQUAL HOUSING OPPORTUNITY

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



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**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.** [ X ] 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%): _____%.



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**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**



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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 [ **X** ] 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]**



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**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:
[ X ] 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:
[ X ] 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]**



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**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



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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.



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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.



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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 (QDIA). 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.



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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.



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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:_____



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vhfa

**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

DRAFT

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

EQUAL HOUSING OPPORTUNITY

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.

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**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



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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 to 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.

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**Vermont Housing Finance Agency**

**MEMORANDUM**

**TO:** VHFA Board of Commissioners

**FROM:** Sarah E. Carpenter, Executive Director

**DATE:** December 10, 2009

**RE:** **EXECUTIVE DIRECTOR'S REPORT**

**Administration**

The Agency's Socially Responsible Committee sponsored a food drive for the Chittenden County Emergency Food shelf the week of November 16th. Two large boxes of non-perishable items were collected. Other staff also donated turkeys directly to the food shelf - just in time for Thanksgiving!

The Agency was recently recognized for its worksite wellness initiatives by the Governor's Council on Physical Fitness and Sports. The Wellness Conference was held in Montpelier on December 1st and the Agency was one of 78 organizations recognized for their efforts in maintaining healthy workplaces.

The United Way Committee sponsored a Pie (or other goodie) silent auction during the week of Thanksgiving. Staff contributed wonderful pies - some homemade - like Joe's pineapple upside down cake and others from Mirabelle's, Fresh Market and The Dam Store in Milton. In total we had six entries and raised $113 for the United Way! In the process staff also had some lively competition during the auction!

Renee Couture received a recognition award for her work with the new federal housing programs coordination process. Many requests are made with very fast turnaround times and Renee has ensured that the data was collected and submitted by the very short deadlines.

Matt St. Peter completed his internship with the Agency on December 10th. Matt is a Business Major at Champlain College and worked with the Finance and Multifamily departments throughout the semester. Martha Panton managed Matt's activities while at the Agency, including Matt's evaluation for the semester. We all wish Matt good luck with his business career.

Rick Jean and Chris MacAskill traveled to Massachusetts for the Agency's annual computer disaster recovery testing at the SunGard facilities. The test was successful in that the system was reloaded and the Mitas system was restored. There was some difficulty with establishing remote connectivity, which was partially related to the recent upgrade to the Agency's firewall. Staff is



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looking forward to getting server virtualization up and running, as this will dramatically streamline the disaster recovery process, not to mention it will cover more systems than we currently have under contract.

The work on server virtualization has started. IT staff met with SymQuest a month ago to start the data gathering process that will ensure proper system design. The metric report will be reviewed with VHFA on December 10th. We will keep you all posted on this project as it progresses.

**Policy and Planning**

We have completed the statewide needs assessment we previewed with you at the October retreat and will provide that to you when we get it in final format. We have bid to some work for the City of Burlington on their housing needs analysis.

I am continuing as Chair of the study committee of the Rental Housing Safety Committee. It is difficult to get the group to come to consensus in this difficult fiscal environment but we hope to have some recommendations for the legislature to improve the process for compliance to rental housing codes.

I just attended a short NCSHA meeting in D.C. mostly focused on our work with the GSE's. There was a provision in the House just introduced as part of a tax extenders bill that would extend the 1602 program of exchanging part of our 9% allocated credits for cash. We hope there may be some opportunity for also exchanging some 4% credits and extension of our additional credit allocation from 2008 on the Senate side.

**Development**

Staff had only one closing (Pleasant Street in Enosburg) in the last month, but worked on a number of project and program initiatives.

Staff met with Chris Snyder regarding his involvement in the Cottages at Middlebury South Village which we will discuss at the Board meeting; with Gilman Housing Trust regarding some of their upcoming developments; and with VSHA regarding another potential development, senior housing using HUD 202 funds, also at Middlebury South Village.

Staff also attended meetings of the Vermont Affordable Housing Coalition, and an annual meeting held by Steven Allen and Mark Brooks (appraisers) on the state of the economy and the real estate market in Chittenden County.

Staff worked on developing the HUD Risk Share program, TCAP program policies, and 1602 Exchange program reporting. A home sold at East Branch Farms in Manchester, bringing the total to four units sold (out of ten constructed).

**Homeownership**

Good news -- Veronica Devos, VHFA Homeownership Specialist, was released from the hospital the weekend following the Thanksgiving holiday. We are all very thankful that

Veronica's health is improving and we look forward to the day that she is able to return to VHFA.

We still are waiting for details on a new Fannie Mae 100% LTV product with no mortgage insurance that will be exclusive to HFAs. Fannie Mae indicates that the program will compare very favorably with FHA Insurance Programs and we also expect that Fannie Mae will continue to offer special pricing under the current Affinity Agreement. Pat Crady plans to attend the NCSHA January workshops in Washington and we anticipate that additional information will be available at the workshop.

**NSP/HARP**

To date VHFA has purchased and closed on 17 homes using NSP funding. We are scheduled to close on six additional homes before the end of the year. Rehab work has begun on many of the homes purchased and one is near completion with a potential buyer qualified to purchase the home.

In late November VHFA officially partnered with the National Community Stabilization Trust to join their REO Acquisition Program. This program is designed to allow VHFA a "first look" at REOs owned by national lenders before they are made accessible to the general public. VHFA has reviewed two properties under this program so far.

REOs continue to be submitted to VHFA for consideration. Most need extensive rehab work ($40,000 to $60,000) to bring them up to VHFA's resale standards.

**Multifamily**

Multifamily Assistant Director, Kim Roy returned to work on a part time basis the week following Thanksgiving holidays and we are elated to have her back at VHFA.

We received a Notice of Option as required by our Loan Agreement from the Abenaki Self-Help Association by Certified mail on November 23rd. We now have until January 22nd to decide if we want to move forward with a $1,000 deposit and property appraisal that would establish a purchase price for potential acquisition of these 12 family units in Swanton. We will update you about this at the Board meeting.

The Depot Square property in St. Johnsbury received the first treatment for bedbugs and the owner currently is in compliance with the extermination plan for continuing monthly treatments to cure the problem. VSHA has agreed to a one year extension of the HAP Contract that expires this month. This property continues to be of great concern to us.

Last month we heard from HUD, through our subcontract with VSHA for Performance Based Contract Administration (PBCA) of some Section 8 contracts, that there was a finding concerning the management review of Highgate Apartments. We provided Highgate with a higher rating overall than they did, and we had a mismatch of some tenant data as a result of a hardware issue affecting some of the associated inspection data. We view this as one time issue, but under their incentive payments this is viewed as an inadequacy and it will reduce our annual payment for this year by about $6000. We strongly disagree with this and are appealing to HUD,

but they are under a lot of scrutiny related to the PBCA contracts as a result of a recent OIG audit. This is the first time we have ever had a finding. There also is a lot of concern by VSHA and VHFA that Section 8 contracts are being bid out by HUD, and there will be a lot of competition with private contractors not based in Vermont.

**Finance and Legal**

100% (or more!) of our attention since the last Board meeting has been focused on the GSE HFA New Bond Issuance Program. Our staff and team did an incredible amount of work in a very short period of time. They are all really to be commended. We will update you with details at the Board meeting.

The New Bond Issuance Program will provide temporary financing for HFAs to issue new mortgage revenue bonds. Using authority under the Housing and Economic Recovery Act of 2008 (HERA), Treasury will purchase securities of Fannie Mae and Freddie Mac backed by these new mortgage revenue bonds. VHFA submitted a request for both single family and multifamily bonds to be sold through this program through the end of calendar year 2010. We received the allocation we had requested, which will give VHFA the ability to do approximately $170 million in single family bonds and $23 million in multifamily bonds. The Agency also locked in its cost of funds for the bonds being sold to the GSE's, which at the moment looks like a favorable rate. The Bond Working Group is working on a new 100% MBS single family resolution and a new multifamily resolution specifically for use under this new program. Under the single family component the Treasury will purchase long-term bonds up to 60% of each issuance. The balance will include serial bonds sold on the open market. For the multi-family component, the GSE's will buy the entire issue. Once the dust settles, the Agency will hopefully be able to offer competitive lending rates through 2010.

The other component of the federal program is the Temporary Credit and Liquidity Program (TCLP), which would help HFA's who have struggled to replace troubled liquidity providers. . After a thorough review, the Agency decided that the liquidity program was not a good fit for VHFA for a few reasons. We feel we have other alternatives that will work in this area.

The first quarter of Fiscal Year 2010 was closed successfully in mid-November. Although the Agency still reported a loss, the positive impact of replacing troubled liquidity providers has started to take effect and should put the Agency on a profitable track for the year.

Finance has also been working with IT to prepare for the latest upgrade of the Mitas software. Once the first quarter was closed, the team made sure that all necessary testing was completed for the upcoming conversion.

See you on the 17th.

**Update on VHFA Participation in Federal Housing Bond Program**

**VHFA Board Meeting**

**December 17, 2009**

**Single Family:**

VHFA committed to $102 million in Single Family Housing Bonds with proceeds going into escrow, pending conversion to long term fixed rate mode during calendar year 2010. VHFA may direct funds to be released from the escrow account up to three times during 2010.

The bonds will initially bear interest at a short-term rate with no negative arbitrage impact, and will be converted to fixed-rate once released from escrow.

Bonds have to be closed before 12/31/09 as Treasury's authority under Housing and Economic Recovery Act (HERA) is due to expire at the end of the year.

Treasury is committed to buy up to 60% of SF bonds ($102 million). The other 40% needs to be sold publicly ($68 million).

This is the first offering under a new general indenture – 100% MBS; issued under series 2009A

Agency's cost of funds for the 60% of bonds purchased by Treasury was based on 10-year Treasury rate. VHFA locked its long term rate at 3.21%, a favorable rate, on December 9. (Rate was up to 3.60% on 12/15/09)

Ratings: Aaa by Moody's

AAA by Fitch Ratings

Closing scheduled for December 21, 2009; funds to be transferred by December 23, 2009

Up front cost of issuance: $242,716 from Agency funds. This puts additional pressure on Agency cash flows

**Multi-family:**

VHFA committed to $23 million of taxable bonds with proceeds going into escrow, pending conversion to long term fixed rate mode during calendar year 2010. VHFA may direct funds to be released from the escrow account up to three times during 2010.

Treasury will be buying 100% of the Multifamily bonds.

Closing scheduled for December 21, 2009; funds to be transferred by December 23, 2009

Rating: Aa2 by Moody's

Long-term cost of funds rate locked in at 3.21%

Up front cost of issuance: $120,716 from Agency funds, putting additional pressure on Agency cash flows

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**Vermont Housing Finance Agency**

# MEMORANDUM

To: VHFA Board of Commissioners
From: Dave Adams
Date: December 4th, for Board Meeting of December 17th, 2009
Re: Middlebury South Village – Snyder Companies Proposal.

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At its meeting on November 19th, staff updated the VHFA Board Audit/Risk Management Committee on the status of Middlebury South Village. Two options for a workout strategy were presented: The first being to convert the project from the existing 27 unit for-sale housing project to a 51 unit project consisting of 44 tax credit rental units and 7 for-sale units. The second option was to continue the project as a single family for-sale project partnering with the Snyder Company to take over marketing and construction of the remaining 22 home sites and the two model homes that remain unsold to date. After discussion, the Committee concurred with the staff recommendation to move forward with Middlebury South Village –Cottages as a for-sale single family housing project working in conjunction with the Snyder Company. In summary, the Snyder proposal as follows:

1. Snyder will build the homes on a turn-key basis for homebuyers only upon receipt of a Purchase and Sale Agreement, deposit, and commitment for financing from a lender
2. Snyder will secure all required permit amendments
3. Snyder will do all site work
4. Snyder will do all marketing and sales
5. Homes will be built and sold at prices determined jointly by Snyder and VHFA with a goal to deliver the homes under $200,000

Staff was directed to address a number of concerns raised by the Committee and provide an update at the full VHFA Board meeting in December. This memo is intended to update the Board on those issues raised by the Audit Risk Committee along with other issues related to the workout strategy and to request the Board's concurrence to move ahead with the Snyder proposal.

**Marketability of Snyder Home priced under $200,000.**

The Committee asked staff to do further market research to determine whether or not there was a market for newly constructed homes priced within the proposed range of $185,000 to $200,000 in Middlebury. Staff has been working with the Snyder Company to redesign the homes to include full basements, and larger garages. Design of the homes would be consistent with the existing 5 homes in terms of overall look and square footage. Feedback from the current Realtor and appraisers identified the lack of adequate parking and storage space as significant obstacles to marketability.

An appraisal was provided by Daisy Valgoi, Advantage Appraisal Services of the two model homes at $185,000 and $220,000 respectively. We discussed the Snyder proposal with her this week. She was surprised that the two model homes were not sold at the revised values. This is due in part to the expired listing agreement with the current Realtor while considering the workout options. Ms. Valgoi was optimistic that if we deliver homes at under $200,000, they would sell, but indicated she was not qualified to provide a full market study or to determine projected market absorption rates.

Staff contacted Bill Benton, an appraiser (and also town assessor) in the Middlebury area who has agreed to provide market area data, but due to his role as assessor he felt a conflict of interest would preclude him from providing an exhaustive market study. During the discussion, Mr. Benton indicated there are very few homes available in Middlebury priced under $200,000. Even small ranch homes that are on the market are priced at around $250,000 and prices for the limited supply of newly construction homes are much higher. Mr. Benton indicated he would be willing to provide market data and some commentary on how these homes would compete within the next three to four weeks.

In the most conservative approach, a project appraisal was provided by Larry Martin, MAI in September. The project in its current configuration had an estimated absorption rate of 2 lots per year for the next two years, and then increasing to 4 lots per year until sold out in 6.5 years. Staff feels that the Snyder homes, at the lower price points, will do better than these estimates.

**Control lot sales so as to preserve option to convert to tax credit rental if the Snyder proposal does not generate the desired results.**
The Committee suggested that sales efforts by the Snyder Company be structured to keep options open for reconfiguring the project to tax credit rental, should sales not be achieved at an acceptable pace. Chris Snyder has stated that this can be achieved and they will focus their sales efforts accordingly.

**Loan loss recovery from Neighborworks of Western Vermont.**
The Committee expressed concern for the Agency's loss exposure and instructed staff to determine the likelihood of recovery in full or in part from NWWVT. The borrower on the project is Middlebury South Cottages, LLC, a single purpose limited liability corporation with NWWVT as its sole member. Our Promissory Note is "Non-Recourse" which limits our ability to seek recovery and runs only to the assets of the LLC and not to the Borrower's members. Recovery from NWWVT is therefore a challenge, and even if possible the amount of recovery is likely to be minimal relative to the expense of recovery. The project is not in default of its obligations to the Agency; however, the maturity date of the current Note has expired and can either be extended, or demanded at this time. A demand on the Note would likely result in a default.

It should be noted that NWWVT received a grant from Neighborworks of America in the amount of $135,000. NWWVT then lent this money to the project to subsidize construction costs. NWWVT is carrying this loan as an asset on their books and will ultimately have to write this off. Additionally, NWWVT budgeted $270,000 in developer fees, of which $100,000 was always intended to stay in the project, and $170,000 was intended to be paid to NWWVT as a developer's fee. They will need to write this off as well. Staff also recognizes the extensive time and effort put forth by NWWVT during construction and throughout this difficult marketing period along with time required at various meetings with the Town of Middlebury and extensive time spent with the existing three homeowners. They have received no compensation for this work. The development of this site as a mixed use property with significant homeownership component was encouraged by VHFA.

**Continued involvement of NWWVT.** Staff recommends that we request NWWVT continue to own the project and that we execute an agreement that includes the following roles and responsibilities:

1) NWWVT to maintain ownership of the project to help insulate VHFA from any liability or responsibility for the construction of the project and the homes therein. The Snyder Company will assume the primary responsibility for construction issues with each home they build and any infrastructure work they undertake on the Agency's behalf.

Leaving title to the project as is also helps to avoid the potential of paying a Vermont Property Transfer Tax twice which could be the case if VHFA assumed title and conveyed the lots to Snyder prior to building and selling each home.

2) NWWVT will assume responsibility for assimilating bills and invoices that are currently being handled by Housing Vermont and will submit them to VHFA on a timely basis for payment by VHFA. Expenses to be handled by NWWVT will include such items as taxes, maintenance, insurance, etc. VHFA shall work directly with the Snyder Company for other project expenses that relate to the marketing and project infrastructure where VHFA will be involved with approving the work and related expenses.

3) Continued involvement of NWWVT to provide homebuyer education, and to facilitate grants or other homebuyer subsidies and to help support the Snyder Company's marketing efforts, can only help sell the project and provides NWWVT the opportunity to play a role in turning this project around and help VHFA minimize its loss.

**OTHER ISSUES:**

**Ongoing project expenses will be incurred by VHFA to complete project infrastructure improvements including:**

1. Boring holes are needed to confirm depth of foundations required for full basements and to determine design of additional footing drains: $2,500.
2. Engineering work related to plot plan changes and changes to existing permits. $3,500.
3. Engineering related to changes in lot lines, field surveys, and other $6,000.
4. Engineering/design and installation of drainage system to serve 13 homes affected: $45,000.
5. Final top coat of road to be completed once all homes are sold/constructed: Cost to be determined but estimated at $30,000
6. Movement of any power, phone, cable pedestals or lines that must be moved to accommodate reconfiguration of home sites. $5,000
7. Other project improvements yet to be completed: curb replacements, street lights not yet installed, site and privacy landscaping yet to be completed. $15,000
8. Make marketing improvements to the two existing model homes to improve saleability. Cost is estimated at $5,000
9. Contingency estimate $15,000

**VHFA will need to subordinate a portion of its construction loan to the construction lender for each home once under P & S Agreement. Or VHFA can consider providing construction financing to the Snyder Company for each home.**

**Summary of our loan loss projections including the above expenses, and assuming no increase in lot release fees from the $40,000 planned are as follows:**

| | **Expenses** | **Income** |
|---|---|---|
| Current VHFA Balance | $1,500,000 | |
| Marketing Expenses (3.5 year sell-out period) | $ 168,000 | |
| Property Taxes, Maintenance and Utilities | $ 63,600 | |
| Project Infrastructure, Permitting, Engineering | $ 127,000 | |
| Sale of Unit/Lots at $40,000/lot | | $1,160,000 |
| Projected Loan Loss at final sale | | ($ 698,600) |

**Ongoing Project Marketing:**
VHFA has instructed NWWVT to discontinue the current listing agreement and to sign with the Snyder Company. Snyder plans to do the following:

a) Press Release announcing their takeover of the project.
b) Direct mail targeted to households with incomes between $75,000 and $100,000
c) Realtor presentations describing the product and how they will be built Green and Energy Star certified
d) Create a marketing plan specifically targeted for Middlebury College
e) Addison County newspaper as well as online ads
f) Burlington Free Press Affordable homes section (theme "Great time to buy) homes under $250,000
g) Advertise any down payment assistance that can be made available (IORTA/NWWVT)
h) Advertise the currently available Federal Tax Credit
i) Show breakdown of true cost to own this home for the same price as a rental, etc.

Snyder has a full time marketing/sales manager on-site for their project in Middlebury who will be on the Cottages site as well. Sales/marketing manager will oversee all marketing and project maintenance issues, and will interact with current residents alongside NWWVT.

**VHFA will enter into an agreement with the Snyder Company that details the marketing and construction roles and responsibilities and will confirm a budget for anticipated expenses. As part of that agreement, VHFA will share the sales and marketing expense at a cost of $4,000 per month. No Real Estate Commissions shall be paid by VHFA beyond those fees except those that may be due the current Realtor on the existing model homes should she produce and close a sale within the next 90 days.**

A copy of the Snyder Homes construction specifications and draft elevations and floor plans are attached.

**Permit Changes Needed:**
In order to accommodate larger garages, changes to the State and local permits will be needed. Homes will be joined as duplex units separated only by two car garages. A zero lot line clearance will be needed. Snyder will take the lead and perform all work required to get the approvals.

**Summary Comments:**
As per the discussion from the Board Audit Risk, staff has and will continue to pursue the for-sale option transitioning the marketing and construction of the homes to the Snyder Companies. Staff feels this is the best course of action given the uncertainty and time it would take to determine whether or not converting the project to a tax credit rental would receive funding support, or be successful in the permitting process with a major redesign and significant increase in density. Staff believes that working with the Snyder Company to deliver homes under $200,000 is the best option to generate sales activity, after nearly a year and a half with no sales since April 2008. It is Staff's objective to reduce as much of the projected $700,000 loss as possible and we believe the continued but limited involvement of NWWVT while partnering with the Snyder Company is our best option. Staff is requesting the Board's concurrence.

# *South Village*
# *Quality Features*

## Plumbing:

- All bath fixtures are white, faucets are Moen® Chateau collection chrome.
- Kitchen sink is double bowl stainless steel.
- Kitchen sink faucet is Moen Chateau, chrome.
- Towel Bars and Paper Holders - chrome plated.
- Water Heater – (50 gallon) Purchased direct vent gas.
- Piping, PVC drainage and vent pipes.
- Two frost-free exterior faucets.
- Plumbing and electrical hookups for clothes washer and electric dryer.
- Anti-Scald valves on showers.
- Low consumption elongated-bowl toilets.

## Heating:

- American Standard® PEX domestic water supply 92% high-efficiency propane furnace, hot air heating system with fresh air intake.
- Programmable set-back thermostat.

## Electrical/Lighting:

- 150 Amp service.
- Weatherproof outlets at exterior doors.
- A total of six phone, cable or additional outlets are included (to be located).
- Smoke detectors & CO detectors for all levels wired into the electrical system with battery backups.
- Bathroom Fans - all bathrooms have a Panasonic fan or fan/light combination and timer for air exchange.
- Interior and exterior light fixtures and front door bell. An allowance of $150 for the dinette light.
- Under cabinet lighting

## Cabinets and Countertops:

- Wolf Contractors Choice® kitchen and bath cabinets per home plan.
- Countertops – laminate with E-2000 rounded or square edges per plan.
- Medicine cabinet to match vanity in full and master bathrooms.
- Vanity Tops - cultured marble with integrated sink.

## Flooring:

- Vinyl in all bathrooms, entry, kitchen and laundry.
- Carpet - stain resistant same color throughout with 8 lb. Urethane pad.

## Appliances:

- White, Black or Bisque GE ® Appliances.
- Refrigerator - GE® side-by-side 25 cubic ft.
- Electric range – GE® smooth top, self-cleaning oven.
- Range Hood – GE® Recirculating Vent
- Dishwasher - GE® 5 cycle Potscrubber, 2 level wash.
- Disposal - Insinkerator® Badger.

**PLEASE NOTE:**

We are continually improving the design and quality of our homes. Therefore, plans, specifications and options may change without notice. All plan dimensions are approximate and are subject to field variations.

Snyder Homes
Great neighborhoods to come home to

*The Snyder Companies ■ 15 Brickyard Road, Essex Junction, Vermont 05452 ■ Phone (802) 879-6726 ■ Fax (802) 879-4316*

# Standard Specifications for Ranch, Split Entry and Two Story Style PBS Homes

All PBS Homes are designed to provide energy efficiency and are built to meet or exceed wherever possible International Building Codes, 2006, Mechanical codes as well as State and Local Codes.

**FLOOR SYSTEM:**

- Double 2x12 rim joist with 9 3/8" open web type floor trusses. This type floor truss serves 2 very important purposes. They provide the possibility of minimum shrinkage to assure a quiet floor while providing room for mechanical and plumbing needs.
- Double 2 x12 girt each box.
- Floor sheathing is ¾" OSB tongue and groove, glued and nailed..
- Rim is insulated with expanded polystyrene insulation and foamed in place.
- 2x10@ 2nd floor on unfinished cape

**EXTERIOR:**

- 2 x 6 engineered studs at 16" o. c. with a double top plate.
- 2 x 12 insulated headers over all windows and exterior doors.
- Nu-Wool Cellulose insulation in exterior walls at R-21 and R38 ceiling.
- 7/16" OSB sheathing on exterior glued and nailed with Tyvek house wrap.
- Window and door openings protected with Vicor waterproofing membrane.
- Standard wall height is 8'1" Capes 7'7"
- Standard siding is Crane double 4 vinyl siding .042
- 
- Modern View Vinyl Double-Hung tilt/wash windows
- Windows with screens and soft coat low-e with argon gas and a .30 U-value.
- Sliding doors are ModernView.
- House doors are Therma-Tru Smooth Star fiberglass.

**ROOFING:**

- 6/12 roof pitch trusses w/ 5/8" OSB roof sheathing w/ice and water shield on the first 6 feet of the eaves.
- Standard 30-year Architectural type shingle and #15 felt.
- 12" eaves overhang with 8" aluminum drip edge, prefinished trim boards with ventilated vinyl soffit- 6/12- 6" eave overhang w/5" aluminum drip edge 12/12
- Gable O.H. opt. The gable ends have 1 x 6 Miratec, 1 x 2 Miratec, and 5" drip edge.
- Vented ridge cap.

**INTERIOR:**

- 2 x 4 engineered studs at 16" on center.
- ½" plasterboard glued, taped and primed with low VOC vapor retarder.
- Plumbing walls are engineered wall studs at 16" o. c..
- Fully sheathed marriage walls w/. 2x3 16 o.c.
- All interior doors are 6-panel style and factory primed H.C.
- Locksets are Schlage.
- All interior trim around windows is picture frame style unless specifically specified otherwise.
- Interior trim is 2-1/2" colonial for all windows and doors
- Baseboard is 3-1/2" primed.
- 5/8" plasterboard glued to ceilings taped and primed with low VOC vapor retarder and one coat ceiling paint.
- Closet shelving- ventilated vinyl covered metal.

**KITCHEN:**

- Standard cabinets are Kraftline/ Kraftmaid Brand
- Standard counter tops are laminate in a choice of 8 patterns.
- Kitchen sink is 8" double bowl stainless steel.
- Single lever Moen faucet with spray.
- Appliances not included
- Vented range hood.

**BATHS:**

- The vanities are of the same style as the kitchen cabinets.
- All baths have 2 towel bars, and a paper holder... 18" & 24"
- Medicine cabinets or Mirrors are furnished per plan.
- Fiberglass tub or shower by Maxx
- Moen anti-scald type tub/shower faucets.
- Elongated 1.6-gallon water saver toilet by Crane Hymont with insulated tank Model ADA
- Lavatory listed as per plans.

**UTILITIES:**

- All domestic hot and cold water is with PEX tubing.
- Forced hot Water Baseboard type heat.
- Boiler is not furnished.
- All drainage is Schedule 40 PVC with sizing per code.
- Radon vent pipes thru mod.
- 200 Amp Main Service Panel with circuit breakers all UL approved with fault protection as required by code.
- Two telephone jacks.
- 2 pre-wired television outlets.
- Receptacles and switches are white spec grade with paddle type switches.
- Hard-wired smoke detectors with back up battery.
- CO detectors with back up battery.
- Vented fan for all bathrooms.
- Basement and clothes closet lights furnished and installed.
- Attic pull chain light.
- Lighting fixture provided at kitchen, bath and bedrooms are Energy Star approved.
- Wiring for disposal, dishwasher, stove, washer and dryer when shown on main floor and shown on plan.

These specifications do not include available options or upgrades. PBS reserves the right to change or alter these specifications without prior notice.

REVISED 10/04/07

# *South Village*
# *Quality Features*

## Features:

- 5 Star Energy Rated
- Meets NAHB National Green Building Program

## Sitework/Landscaping:

- Foundation drainage system.
- Passive radon mitigation system.
- Municipal water and sewer.
- Underground electric, telephone and cable.
- Leased underground propane tank.
- Driveway - 2" asphalt.
- Covered Front Entry – Treated wood steps.
- Front Walkway – concrete walkway.
- Lawn planted in disturbed areas.

## Foundation:

- Concrete Footings - 20"x10" continuous.
- Concrete Walls - steel reinforced, 8" x 7'-10" insulated
- Concrete Slabs - 4" trowel finish.

## Framing:

- Floor Joists - 2x10 @ 16" o/c.
- Floor Decking - ¾" tongue and groove engineered sheathing, glued, nailed and screwed.
- Exterior Walls – 2X6 24" o/c with 7/16" OSB sheathing.
- Interior Walls - 2x4 16" o/c and 2x6 16" o/c plumbing walls.

## Roofing:

- Engineered roof trusses 24" o/c or rafters with 7/16" engineered sheathing and 'H' clips.
- Shingles - 3 tab asphalt shingles with 25-year warranty.
- 5" metal drip edge and 15lb felt border.
- Ridge vents.
- Seamless aluminum gutters and down spouts.

## Siding & Exterior Trims:

- Clapboard vinyl siding in wood grain finish.
- 3" wide vinyl outside corners.
- See elevations for specific exterior trim details that are included with each home plan.

## Exterior Doors:

- Front Door – Raised-panel steel insulated 9-Lite door with pressure seal weather-stripping and brass Schlage® Plymouth door knob.
- Garage/House Door – Raised-panel steel insulated 6 panel door with pressure seal weather-stripping and brass Schlage® Plymouth door knob.
- Rear Door – Full glass steel insulated door with pressure seal weather-stripping and brass Schlage® Plymouth door knob.

## Windows:

- Solid white vinyl windows with low 'e' insulated glass, argon gas and screens.
- Single hung windows.
- Grills - sculpted profile white airspace grills on all windows (top only).

## Insulation:

- Exterior Walls – 2X6 walls have 5 ½" high density fiberglass insulation. Both wall systems have a 4-mil polyethylene vapor barrier providing an R-20 wall system.
- Ceilings - 11" R-38 blown cellulose or 12" R-38 fiberglass batts as needed.
- Voids around all windows and doors are filled with expandable foam insulation.
- Bathroom walls are sound insulated with Owens-Corning® QuietZone™ fiberglass batts.

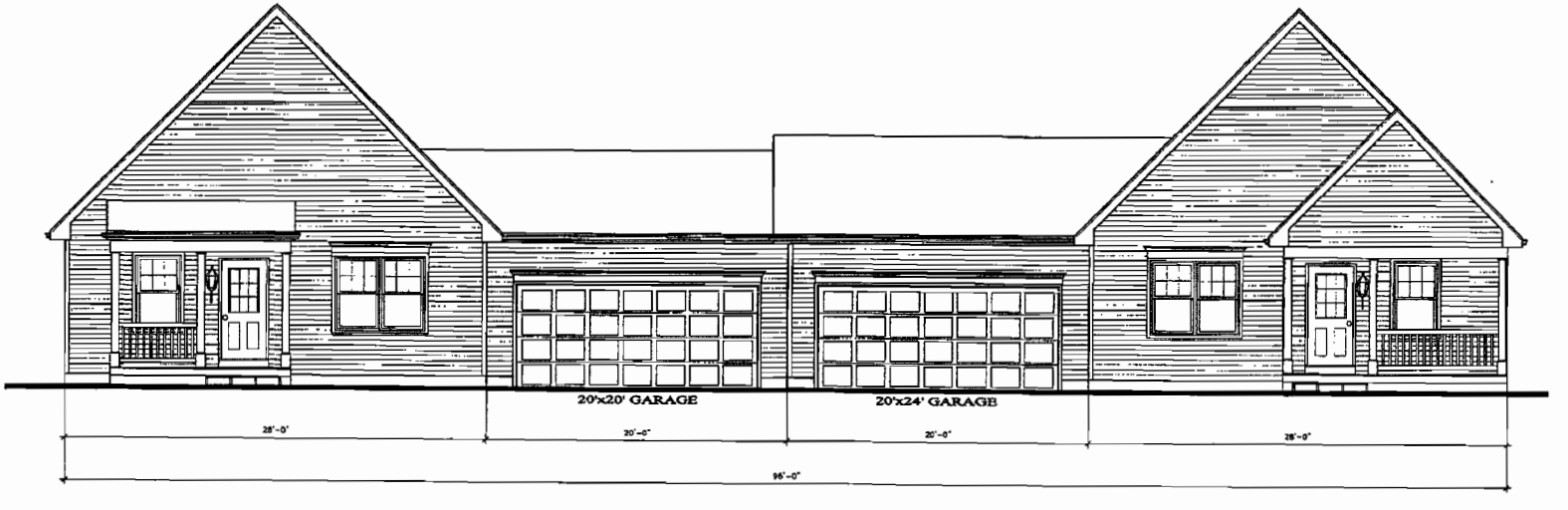
## Interior Millwork:

- Doors - colonial 6-panel wood-grain.
- Schlage® brass Plymouth door knobs.
- Colonial 2 ½" casing for windows and doors, 3 ½" baseboard, millwork is pre-primed and finger-jointed.
- Mirrors - full ground-edge mirrors above vanities.
- Closet Shelving - Closet Maid® vinyl covered steel. Pantries and linen closets feature 'close-mesh' shelving.
- Staircase (to second floor) rail detail is painted sheetrock with hardwood cap.

## Interior Finishes:

- Walls - ½" drywall with two coats of flat white paint.
- Ceilings - ½" non-textured drywall with flat white paint.
- Interior Millwork and Doors - window and door casings and interior doors are pre-primed and painted with satin finish paint.
- Interior of garage is unfinished

**NOT FOR CONSTRUCTION**




SOUTH VILLAGE
ADDISON CAPE

| | |
|---|---|
| 1st Floor Finished | 1,032 SF |
| 1st Floor Unfinished | 32 SF |
| TOTAL | 1,064 SF |

SOUTH VILLAGE
ADDISON CAPE

| | |
|---|---|
| 1st Floor Finished | 1,032 SF |
| 1st Floor Unfinished | 32 SF |
| TOTAL | 1,064 SF |

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Date: 12/7/09 PRELIM
Drawn By: JRP
Designer: JASON PETERS
Scale: 1/8"=1'-0"

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building great neighborhoods to come home to
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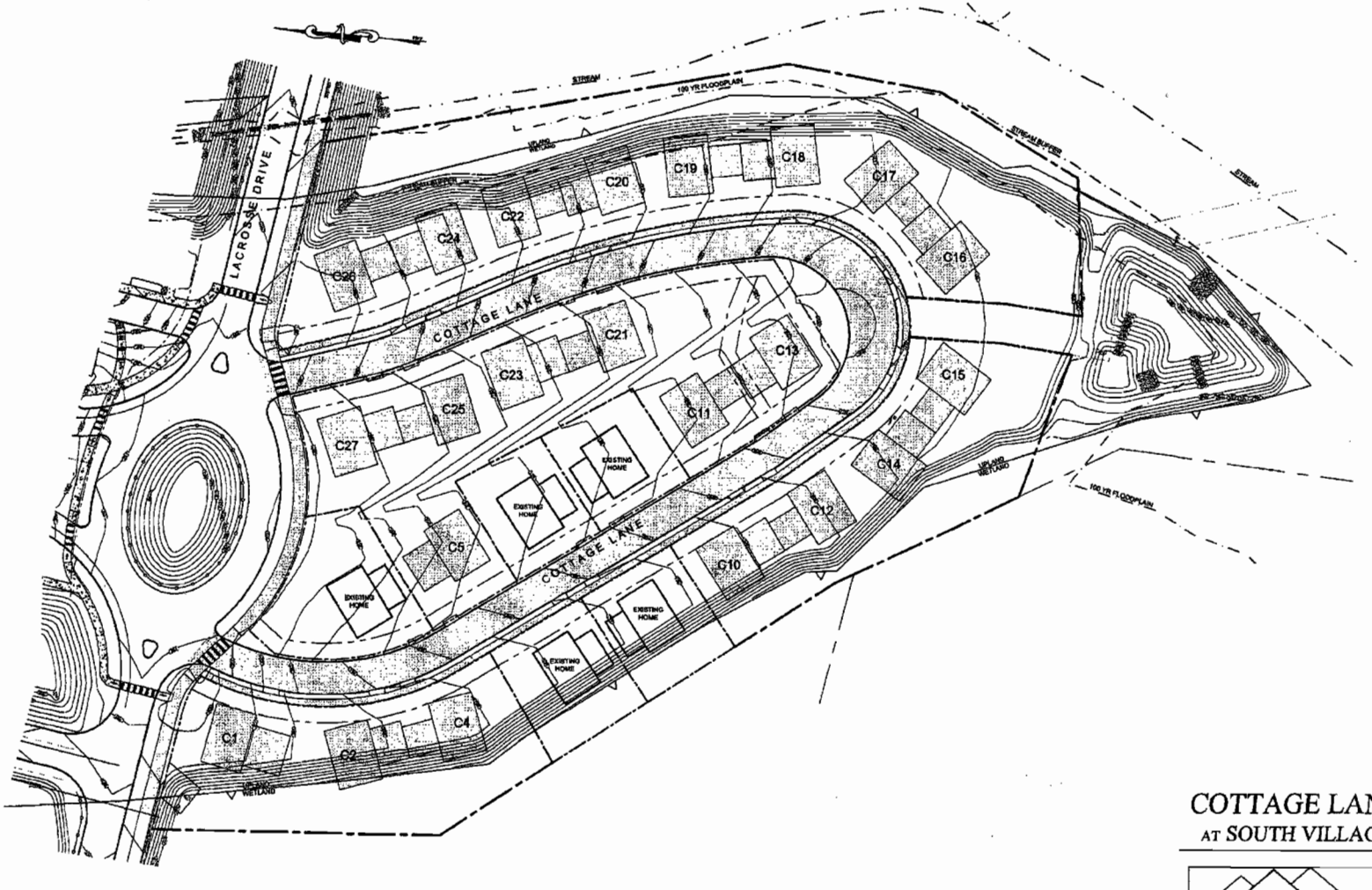
ADDISON CAPE (DUPLEX)
FRONT ELEVATION
—
MIDDLEBURY SOUTH VILLAGE

A-CAPE
3.0




# COTTAGE LANE
AT SOUTH VILLAGE

Snyder Homes

DECEMBER 8, 2009

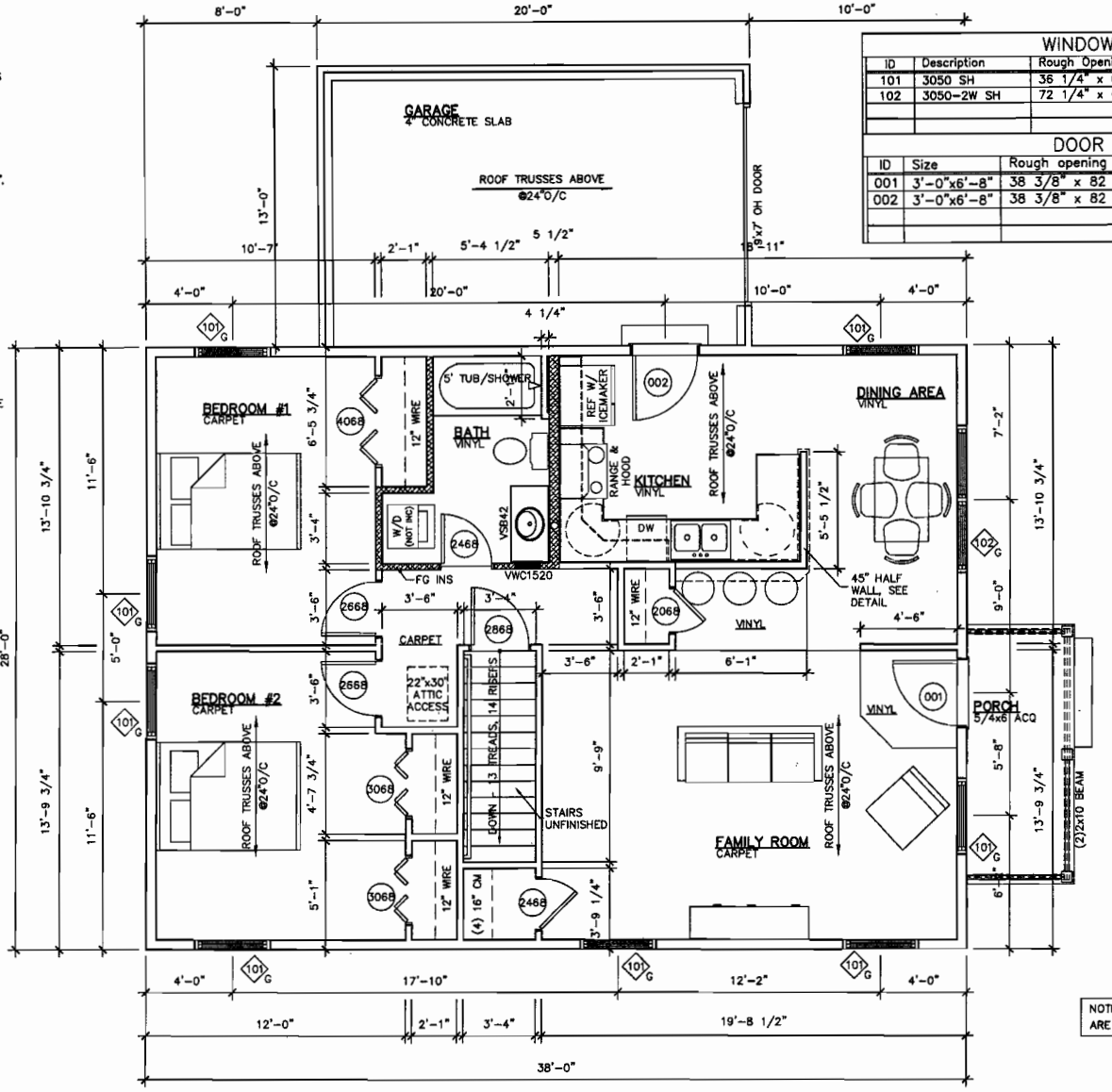
# NOT FOR CONSTRUCTION

GENERAL NOTES:
1. ALL INTERIOR DOOR OPENINGS ARE 83" HIGH.
2. ALL SHELVES ARE WIRE UNLESS NOTED OTHERWISE.
3. C.L. OF 14"x18 3/4" MEDICINE CAB OPENING 12" FROM STUD WALL & 60" FROM SUBFLOOR.
4. WINDOWS & DOORS W/ "S" AND/OR "C" LABELS DENOTES SHUTTERS AND GRILLES.
5. 1ST FLOOR WALLS ARE 97 1/8".
6. ALL 2ND FLOOR WINDOW HEADERS AT 84" AFF.
7. PROVIDE SOLID BLOCKING AT ALL TOWEL BAR LOCATIONS, EXTERIOR SHUTTERS & LIGHTS.
8. CEILING INSULATION IS BLOWN CELLULOSE.

EXTERIOR WALLS:
2X6 @ 24" O/C FRAMING & FIGERGASS BATT INSULATION W/ 7/16" OSB SHEATHING & HOUSE WRAP TYPICAL AT HOME WALLS ONLY.

2X4 @ 16" O/C FRAMING W/ 7/16" OSB SHEATHING TYPICAL AT GARAGE WALLS ONLY.

INTERIOR WALLS:
2X4 OR 2X6 @ 16" O/C UNLESS NOTE OTHERWISE.




WINDOW SCHEDULE

| ID | Description | Rough Opening | Manufacturer | Remarks |
|---|---|---|---|---|
| 101 | 3050 SH | 36 1/4" x 60 1/4" | Capitol | Grilles in Top Sash |
| 102 | 3050-2W SH | 72 1/4" x 60 1/4" | Capitol | Grilles in Top Sash |
| | | | | |
| | | | | |

DOOR SCHEDULE

| ID | Size | Rough opening | Manu. | Remarks |
|---|---|---|---|---|
| 001 | 3'-0"x6'-8" | 38 3/8" x 82 1/2" | Therma-tru | 9 Lite |
| 002 | 3'-0"x6'-8" | 38 3/8" x 82 1/2" | Therma-tru | 6 Panel |
| | | | | |
| | | | | |

NOTE: ALL FIRST FLOOR WINDOW HEADERS ARE (2) 2x10 AT 7' AFF

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Date: 12/10/08 PRELIM
Drawn By: JRP
Designer: JASON PETERS
Scale: 3/16"= 1'-0"

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building great neighborhoods to come home to
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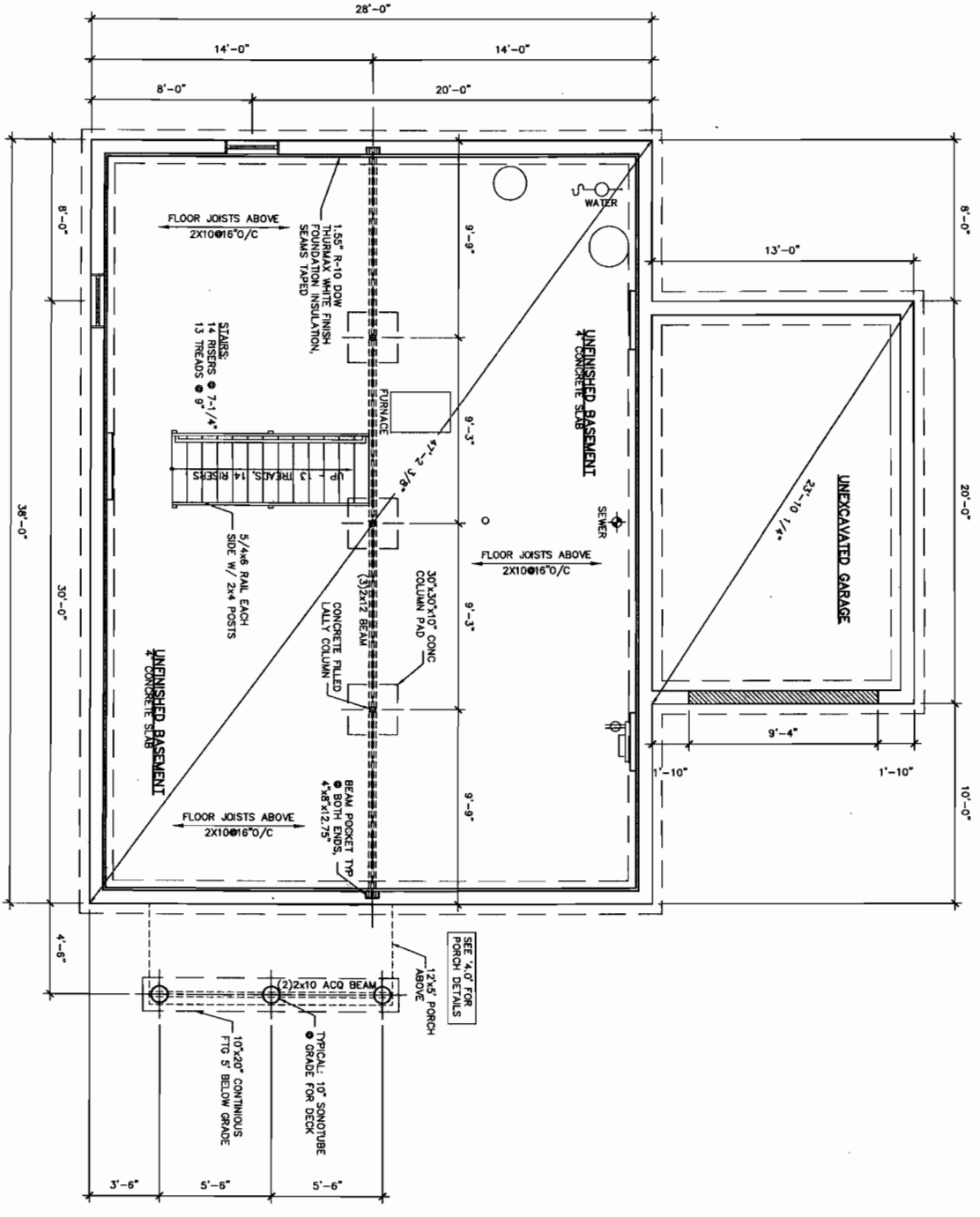
(802) 879-6726 . (802) 879-4316 Fax

SV##
1ST FLOOR PLAN
--
MIDDLEBURY SOUTH VILLAGE

A-CAPE
2.1

NOT FOR CONSTRUCTION

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A-CAPE 2.0

SV##
BASEMENT PLAN
--
MIDDLEBURY SOUTH VILLAGE

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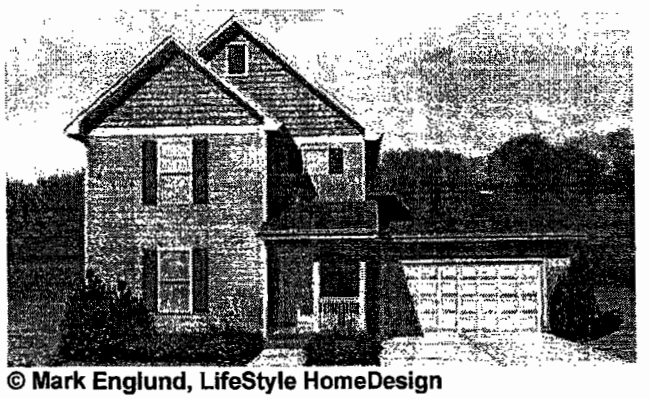
(802) 879-6726 . (802) 879-4316 Fax

Date: 12/10/08 PRELIM
Drawn By: JRP
Designer: JASON PETERS
Scale: 3/16"=1'-0"

Print | Close Window

# The Richardson (THD-NFA-1675)

**Contact The Designer: (866) 214-2242**



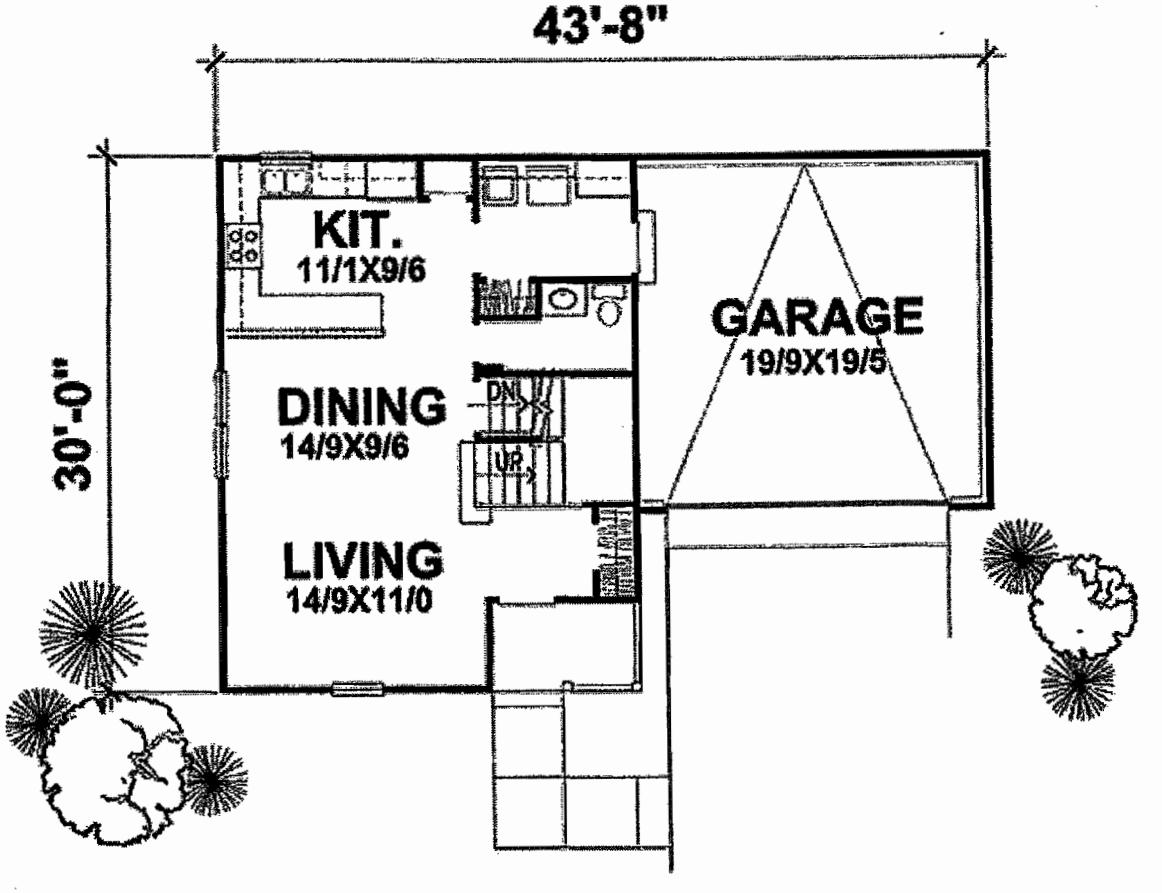
© Mark Englund, LifeStyle HomeDesign

**Stories:** 2
**Total Living Area:** 1277 s.f.
**First Floor:** 668 s.f.
**Second Floor:** 609 s.f.
**Bedrooms:** 3
**Full Baths:** 1, **Half Baths:** 1
**Width:** 44 ft.
**Depth:** 30 ft.
**Foundation:**
Basement

**Price:** $604.00 (Eight Sets)

Proposed

**Main Floor Plan:**

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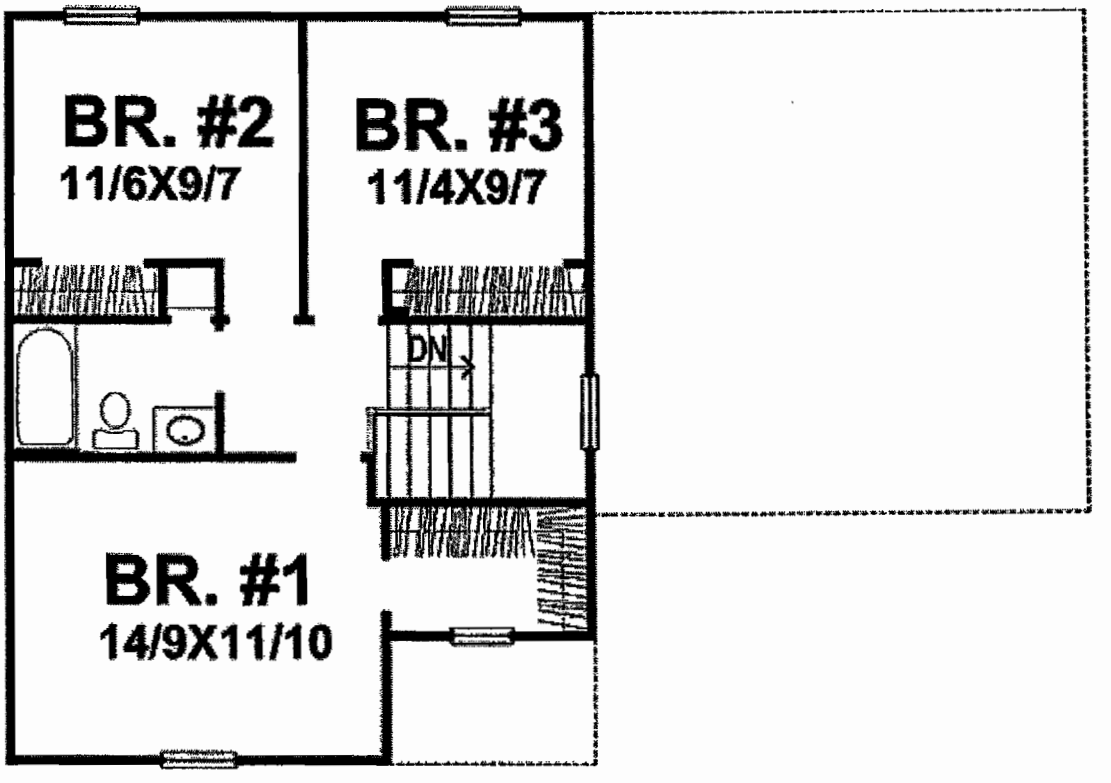
# The Richardson (THD-NFA-1675)

**Contact The Designer: (866) 214-2242**

**Upper Floor Plan:**

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# The Richardson (THD-NFA-1675)

**Contact The Designer: (866) 214-2242**

| | |
|---|---|
| **GENERAL HOUSE INFORMATION** | |
| Number of Stories: | 2 |
| Width: | 44' 0" |
| Depth: | 30' 0" |
| Dwelling Number: | Single |
| **EXTERIOR STYLE** | |
| Cottage | |
| Craftsman | |
| Traditional | |
| Mountain | |
| Vacation | |
| **NUMBERS OF ROOMS** | |
| Bedrooms: | 3 |
| Full Baths: | 1 |
| Half Baths: | 1 |
| **FINISHED SQUARE FOOTAGE** | |
| Main Level: | 668 Sq. Ft. |
| Upper Level: | 609 Sq. Ft. |
| Total: | 1277 Sq. Ft. |
| **GARAGE** | |
| Garage Type: | |
| **FOUNDATION** | |
| Basement | |
| **FRAMING INFORMATION** | |
| Roof Framing: | Combination |
| Exterior Wall Framing: | 2x4 |

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vhfa

Vermont Housing Finance Agency

**MEMORANDUM**

**TO:** VHFA Board of Commissioners

**FROM:** Joe Erdelyi, Director of Development

**DATE:** December 7, 2009

**RE:** MacArthur Foundation - Pre-development Loan Program

**Requested Board Action:** That the VHFA Board of Commissioners approve the MacArthur Pre-development loan program and authorize the Executive Director or her designee to implement the program and approve loans.

**Summary:** VHFA suspended its Ventures pre-development loan program in December 2008 due to pressures on the Agency's general fund, which was the program's funding source. A replacement program can now be implemented, but only for multifamily "preservation" projects, due to MacArthur Foundation program parameters. Staff intend to bring to the Board recommendations for two other potential programs using MacArthur funds (energy loans and equity bridge loans) in the near future.

History:

In 1988 VHFA began funding multifamily pre-development loans to non-profits under the Ventures program. Over time the program grew, and in the end was authorized to an overall lending limit of $900,000, with a maximum per project loan amount of $75,000. The loans were deferred with interest accruing at a fixed 3% rate, and generally were repaid when the development reached its construction closing. (In the event the loan did not repay then, the rate increased to 8%.) When the Agency began single family homeownership construction lending in 2003, a companion program for single family pre-development loans was begun.

The VHFA Board approved the specifics of the program and authorized staff to originate and manage the loans. The intent of the programs was to provide seed funding so developers could pay for initial feasibility work, engineering, site assessments, appraisals, deposits, and other early expenses, to determine whether a property was worth pursuing as an affordable housing development. Developers steadily used the programs, and staff consider them a success. When the programs were shut down, they had funded over $6.749 million in loan activity, and the rate of loan default was 2.9%.

In February 2009 VHFA received funding, in conjunction with VHCB, from the MacArthur Foundation. VHCB is administering $600,000 in grant funds for 13 programs or studies, and VHFA received $2,000,000 in loan funds (with a 2% fixed interest rate, and a ten year term) for three potential loan activities: pre-development loans, equity bridge loans, and energy improvement loans. The purpose of this funding from the Foundation is to preserve affordable housing.

Program Description:

The MacArthur application specified that VHFA would also use matching funds. After much careful discussion and evaluation, staff settled on Citizens Bank to provide that match. Their rate will adjust monthly, and they will only charge VHFA on funds advanced. VHFA has the option of moving some of

the borrowed funds into fixed-rate tranches, if there are sufficient balances (out for suitable durations), in order to achieve a lower rate.

The new MacArthur Pre-development Loan Program will differ from Ventures in significant ways. Ventures loans were deferred with interest accruing, and MacArthur Pre-development loans will be paying interest monthly. Ventures had a low fixed rate, and because of the blending of bank funds and MacArthur funds, the new program will have a higher rate (which will be fixed to the borrower when the loan closes, but will be recalculated for new borrowers monthly, and should start in the 5.5% range). Other changes are outlined on the attached table.

Staff would still like to have the flexibility to underwrite and close loans on an open timeline and are requesting the Board authorize the overall program in the same manner it authorized Ventures, and delegate to the Executive staff the individual loan approval authority. Staff need to report activity quarterly to the MacArthur Foundation and Citizens Bank, and will also provide periodic reports to the Board.

| | | Vermont Housing Ventures | | MacArthur Pre-development Program |
|---|---|---|---|---|
| | | | | |
| Program Summary | | $900,000 Revolving Loan Fund | | $6,000,000 for three uses:<br>$1 million energy loans<br>$1.35 million pre-development<br>$3.65 million equity bridge |
| Loan Term | | Up to 3 years | | Up to 3 years; VHFA must repay MacArthur in 2017-2019 so no new loans will be originated after around 2015 |
| Interest Rate | | 3% fixed | | Determined by weighted average cost of funds; published monthly on VHFA's internal rate sheet |
| Fees | | None | | None |
| Interest Paid | | Accrues; Payable at earlier of permanent or construction loan closing | | Payable monthly, to match Citizens repayment requirements |
| Maximum Loan Amount | | Up to 10 units: Lesser of $25,000 or $3,000/unit; 11-35 units: Lesser of $50,000 or $2,500/unit; 35+ units: Lesser of $60,000 or $1,500/unit. Maximum loan amount is $75,000 | | $100,000 per project |
| Affordability Restriction | | At least 51% of units < 100% AMI | | Must be used to preserve affordable multifamily housing, as defined by VHFA; adaptive re-use does not qualify, but acquisition and rehab of unrestricted apartments into affordable housing is allowed |
| Eligible Uses | | Approved pre-devel costs / no operating costs | | Approved pre-devel costs / no operating costs |
| Eligible Borrower | | 501(c)3 Organizations; Cooperative Housing Corporations; Municipalities | | No restrictions |
| Eligible Projects | | Rental housing - conventional , transitional, congregate, SROs, special needs housing; plus, mobile home parks, emergency shelters, residential care, cooperative housing, nursing homes | | Multifamily Housing |
| Site Control | | Not required | | Not required |
| Evaluation Criteria | | Likelihood of project's success, public benefits, # hshlds served; leverage; provisions for special needs; community support; long term or perpetual affordability | | Likelihood of project getting permanent financing in order to repay the predevelopment loan, within the term of the loan |
| Security & Documentation | | Loan Agreement executed; Not secured by Real Estate | | Recourse loan; security interests may be required |
| Application Process | | VHCB pre-development application or VHFA Ventures Application used | | VHCB pre-development application or VHFA Ventures Application, plus calculation of additional borrowing needed to pay interest until construction closing |
| Approval Process | | Individual loans approved at Staff level | | Loans approved at Staff level via review by Loan Review Committee |

vhfa

**Vermont Housing Finance Agency**

MEMORANDUM

TO: VHFA Board of Commissioners
FROM: David Adams, Chief of Program Operations and Patricia Crady, Director of Homeownership Programs
DATE: December 10, 2009
RE: Changes to Mobile Home Lending

At the October Planning Retreat, we discussed VHFA's current mobile home financing options and factors that limit VHFA's ability to finance mobile homes. VHFA has seen limited activity in mobile home lending since the conversion of our programs to Mortgage Backed Securities on May 1, 2009. We have not been able to deliver mobile home loans to the GSE's due to title insurance issues. All mobile home loans have therefore been funded through our Direct Loan Program. We increased the interest rate and points on mobile homes to cover actual loan losses and to build up loan loss reserves to meet rating agency requirements. We are currently using recycled funds from prepayments of loans in the Single Family Housing Program Resolution to purchase mobile home loans.

VHFA has approximately $60 million in mobile homes loans in the Single Family and MultiPurpose Resolutions. This represents 13% of our total portfolio. As of October 31, 2009, 27% of all loans that were 60+ days delinquent were secured by mobile homes, and 33% of loans in foreclosure are secured by mobile homes. As of November 30, 2009, VHFA owns 16 foreclosed homes; 4 of which are mobile homes.

Staff has carefully considered whether or not VHFA can continue to add new mobile homes loans to our portfolio or whether we now need to limit mobile home financing to only mobile homes that are currently financed by VHFA. Also, MGIC is currently the only mortgage insurance provider that will insure loans on mobile homes in our Direct Loan Program.

Mobile homes represent a concentration of risk to the Agency. To continue to provide mobile home financing, significant reserves are required and estimated at 30% to 35% based conversations with the rating agencies and our financial advisor. The Agency does not have the capacity to support expansion of the mobile home program given these reserve requirements. Staff does recognize that suspending mobile homes lending altogether would have a negative impact on our existing portfolio.

Staff recommends that VHFA limit mobile home financing to homes currently financed with VHFA. We will underwrite these loans according to current criteria. This will give the

buyers of those units an option for financing but not increase the percentage of mobile home loans in VHFA's portfolio.

In the event the Board desires to continue to offer mobile home financing beyond our existing portfolio, staff recommend the following changes to our underwriting criteria for those loans:

1. Reduce the maximum loan to value to 80% on all loans secured by a mobile home.

This change would discontinue adding loans with MGIC insurance to our portfolio, require borrowers to have a financial stake in the purchase, and give VHFA some cushion against depreciating value. This would not apply on units already financed by VHFA.

2. Limit financing to mobile homes built in 1990 and newer. Currently we will finance units built in 1976 and newer. Older units have limited value and hazard insurance coverage is not available to adequately protect VHFA. Again, this would not apply to units already financed by VHFA.

Recommendation for Board Consideration

vhfa

**Vermont Housing Finance Agency**

TO: VHFA Board of Commissioners
FROM: Patricia A. Crady, Director of Homeownership Programs PC
DATE: December 10, 2009
RE: Summary of Homeownership Activities

**MGIC INSURED LOANS**

Based on discussions at the Planning Retreat and the November Board Meeting, staff has explored options available to replace the mortgage insurance on all or part of the portfolio insured with MGIC. MGIC's current rating is BB-. Rating agencies discount or assume no loss recovery from mortgage insurance providers whose rating is below BBB+. Only Genworth Mortgage Insurance Company (Genworth) with a rating of BBB+ Stable and and Republic Mortgage Insurance Company (RMIC) with a rating of A- Stable have ratings at a sufficient level to add value to VHFA.

I recently spoke with Peter May at RMIC and Barbara Martin at Genworth. RMIC is not interested in reinsuring portfolio loans at this time nor do they offer supplemental insurance. Barbara Martin indicated that Genworth is not interested in reinsuring VHFA's MGIC portfolio, but may consider providing supplemental insurance. I expect to have additional information about this option for discussion at the Board meeting.

**PRODUCTION**

Production reports as of November 30, 2009 are attached. VHFA has a pipeline of approximately $3.0 million in loans. Many of the loans have closed or are expected to close in December and will be securitized with Fannie Mae or Ginnie Mae. VHFA's current rate is 5%. Conventional rates change daily; however, over the past month VHFA's rate has been at market or slightly above market.

**COLLECTIONS**

Delinquency and REO reports as of November 30, 2009 are attached. While 90+ day accounts and foreclosures have increased slightly compared to November 2008 numbers, 30 day and 60 day accounts are relatively unchanged. The percent of delinquent loans has increased because VHFA's portfolio has declined by approximately 1000 loans through payoffs and securitization of portfolio loans with Freddie Mac.

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

EQUAL HOUSING OPPORTUNITY

As of November 30, 2009, VHFA owned 16 properties; 2 are under contract and expected to close in December. Over the next 30 days we plan to complete an analysis of properties owned by VHFA to determine the feasibility of doing cost effective repairs and rehabilitation to make the properties more marketable.

If you have any questions please do not hesitate to call me at 652-3442 or email me at pcrady@vhfa.org.

## FY10 Production Summary

July 1, 2009 - June 30, 2010

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FY Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **MOVE - MBS** | 996,691 | 1,348,406 | 610,805 | 166,804 | 778,205 | | | | | | | | **3,900,911** |
| **MOVE - Cash Sale** | | | 863,780 | 627,718 | | | | | | | | | **1,491,498** |
| **Direct Loan Program** | 603,661 | 380,736 | 179,400 | 110,102 | 127,645 | | | | | | | | **1,401,544** |
| **Dollar Total** | 1,600,352 | 1,729,142 | 1,653,985 | 904,624 | 905,850 | | | | | | 0 | 0 | 6,793,953 |
| **Total # of Loans** | 11 | 12 | 15 | 8 | 7 | | | | | | | | 53 |

## FY09 Production Summary

July 1, 2008 - June 30, 2009

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FY Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **MOVE** | 7,913,135 | 8,574,063 | 4,624,303 | 4,508,466 | 2,745,710 | 1,582,622 | 407,189 | 539,923 | 566,600 | 703,623 | 955,630 | 475,260 | **33,596,524** |
| **HOUSE** | 436,200 | 1,387,090 | 655,500 | 234,670 | 148,000 | 458,570 | 440,565 | | | 75,000 | 82,000 | | **3,917,595** |
| **Dollar Total** | 8,349,335 | 9,961,153 | 5,279,803 | 4,743,136 | 2,893,710 | 2,041,192 | 847,754 | 539,923 | 566,600 | 778,623 | 1,037,630 | 475,260 | 37,514,119 |
| **Total # of Loans** | 58 | 72 | 42 | 37 | 22 | 19 | 7 | 5 | 4 | 8 | 9 | 4 | 287 |

# FY10 Dollar Volume by Lender

July 1, 2009- June 30, 2010

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PEOPLES UNITED (CHIT) | 311,757 | 864,226 | 945,319 | 94,800 | 229,200 | | | | | | | | $2,445,302 |
| CONNECTICUT RIVER | 105,060 | | 263,546 | 110,102 | | | | | | | | | $478,708 |
| NORTHFIELD SAVINGS | 142,500 | 110,180 | 138,500 | | | | | | | | | | $391,180 |
| NAT'L BNK MIDDLEBURY | 251,920 | | | 128,000 | 150,400 | | | | | | | | $530,320 |
| HERITAGE FAMILY CU | 157,600 | | 203,600 | | 225,825 | | | | | | | | $587,025 |
| VT FEDERAL CU | 163,761 | 162,006 | | | | | | | | | | | $325,767 |
| UNIVERSAL MTG | | | | 300,118 | 127,645 | | | | | | | | $427,763 |
| UNION BANK | 147,000 | 136,730 | | | | | | | | | | | $283,730 |
| VT STATE EMP CU | | | | 271,604 | | | | | | | | | $271,604 |
| NORTHEAST HOME LOAN | | 152,000 | 103,020 | | | | | | | | | | $255,020 |
| OPPORTUNITIES CU | | 222,000 | | | | | | | | | | | $222,000 |
| MTG FINANCIAL SRV | 174,454 | | | | 172,780 | | | | | | | | $347,234 |
| NEW ENGLAND FED CU | 146,300 | | | | | | | | | | | | $146,300 |
| NORTH COUNTRY CU | | 82,000 | | | | | | | | | | | $82,000 |
| BRATTLEBORO SVNGS | | | | | | | | | | | | | $0 |
| COUNTRYWIDE (BOA) | | | | | | | | | | | | | $0 |
| LAKE SUNAPEE BANK | | | | | | | | | | | | | $0 |
| PEOPLES TRUST | | | | | | | | | | | | | $0 |
| TOTAL | $1,600,552 | $1,729,142 | $1,653,985 | $904,624 | $905,850 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $6,793,953 |

# FY10 Loan Volume by Lender

July 1, 2009 - J[redacted]30, 2010

| | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | YTD TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PEOPLES UNITED (CHIT) | 2 | 6 | 8 | 1 | 2 | | | | | | | | 19 |
| CONNECTICUT RIVER | 1 | | 3 | 1 | | | | | | | | | 5 |
| HERITAGE FAMILY CU | 1 | | 2 | | 2 | | | | | | | | 5 |
| NAT'L BNK MIDDLEBURY | 2 | | | 1 | 1 | | | | | | | | 4 |
| NORTHFIELD SAVINGS | 1 | 1 | 1 | | | | | | | | | | 3 |
| VT STATE EMP CU | | | | 3 | | | | | | | | | 3 |
| NORTHEAST HOME LOAN | | 1 | 1 | | | | | | | | | | 2 |
| UNION BANK | 1 | 1 | | | | | | | | | | | 2 |
| UNIVERSAL MTG | | | | 2 | 1 | | | | | | | | 3 |
| VT FEDERAL CU | 1 | 1 | | | | | | | | | | | 2 |
| MTG FINANCIAL SRV | 1 | | | | 1 | | | | | | | | 2 |
| NEW ENGLAND FED CU | 1 | | | | | | | | | | | | 1 |
| NORTH COUNTRY CU | | 1 | | | | | | | | | | | 1 |
| OPPORTUNITIES CU | | 1 | | | | | | | | | | | 1 |
| BRATTLEBORO SVNGS | | | | | | | | | | | | | 0 |
| COUNTRYWIDE (BOA) | | | | | | | | | | | | | 0 |
| LAKE SUNAPEE BANK | | | | | | | | | | | | | 0 |
| PEOPLES TRUST | | | | | | | | | | | | | 0 |
| TOTAL | 11 | 12 | 15 | 8 | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 53 |

VERMONT HOUSING FINANCE AGENCY
HOMEOWNERSHIP PROGRAM MONTHLY DELINQUENCY REPORT
November 30, 2009

| Lenders | Total Loans | 30 Days | | 60 Days | | 90+ Days | | In Foreclosure & Bankruptcy | | Total Delinquent | | REO | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Peoples United Bank | 1083 | 73 | 6.74% | 24 | 2.22% | 12 | 1.11% | 14 | 1.29% | 123 | 11.36% | 2 | 0.18% |
| Community National Bank | 329 | 14 | 4.26% | 10 | 3.04% | 7 | 2.13% | 5 | 1.52% | 36 | 10.94% | 0 | 0.00% |
| Bank of Bennington | 48 | 2 | 4.17% | 1 | 2.08% | 1 | 2.08% | 1 | 2.08% | 5 | 10.42% | 0 | 0.00% |
| Graystone Solutions | 1790 | 105 | 5.87% | 24 | 1.34% | 23 | 1.28% | 30 | 1.68% | 182 | 10.17% | 11 | 0.61% |
| Opportunities CU | 110 | 5 | 4.55% | 4 | 3.64% | 0 | 0.00% | 1 | 0.91% | 10 | 9.09% | 0 | 0.00% |
| Union Bank | 290 | 12 | 4.14% | 4 | 1.38% | 6 | 2.07% | 4 | 1.38% | 26 | 8.97% | 1 | 0.34% |
| Peoples Trust Co. | 101 | 2 | 1.98% | 0 | 0.00% | 2 | 1.98% | 1 | 0.99% | 5 | 4.95% | 0 | 0.00% |
| Connecticut River Bank | 63 | 2 | 3.17% | 1 | 1.59% | 0 | 0.00% | 0 | 0.00% | 3 | 4.76% | 1 | 1.59% |
| Heritage Family Credit Union | 161 | 4 | 2.48% | 0 | 0.00% | 2 | 1.24% | 0 | 0.00% | 6 | 3.73% | 0 | 0.00% |
| Brattleboro Savings & Loan | 88 | 2 | 2.27% | 0 | 0.00% | 1 | 1.14% | 0 | 0.00% | 3 | 3.41% | 0 | 0.00% |
| New England Federal CU | 570 | 6 | 1.05% | 2 | 0.35% | 4 | 0.70% | 3 | 0.53% | 15 | 2.63% | 1 | 0.18% |
| Mascoma Savings Bank | 45 | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% | 1 | 2.22% | 1 | 2.22% | 0 | 0.00% |
| Totals | 4678 | 227 | 4.85% | 70 | 1.50% | 58 | 1.24% | 60 | 1.28% | 415 | 8.87% | 16 | 0.34% |
| Totals Previous Month | 4761 | 218 | 4.58% | 62 | 1.30% | 57 | 1.20% | 56 | 1.18% | 393 | 8.25% | 13 | 0.27% |
| Totals Same Mo. Last Yr. | 5704 | 239 | 4.19% | 71 | 1.24% | 42 | 0.74% | 50 | 0.88% | 402 | 7.05% | 10 | 0.18% |

**Note: Of the loans in foreclosure, a total of 18 are under a Chapter l3 Bankruptcy Plan**

VERMONT HOUSING FINANCE AGENCY

| Lenders | Nov 2008 | Dec 2008 | Jan 2009 | Feb 2009 | Mar 2009 | April 2009 | May 2009 | June 2009 | July 2009 | Aug 2009 | Sept 2009 | Oct 2009 | Nov 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bank of Bennington | 5.17% | 5.26% | 3.51% | 1.75% | 5.36% | 5.45% | 4.44% | 13.46% | 13.46% | 10.00% | 10.00% | 10.00% | 10.42% |
| Brattleboro Savings & Loan | 3.13% | 2.08% | 2.08% | 4.21% | 2.17% | 2.22% | 7.41% | 5.62% | 3.37% | 5.62% | 5.62% | 4.55% | 3.41% |
| Community National Bank | 7.16% | 9.97% | 8.24% | 8.26% | 6.03% | 7.49% | 8.93% | 8.77% | 7.69% | 8.08% | 9.64% | 9.06% | 10.94% |
| Connecticut River Bank | 3.03% | 1.52% | 3.03% | 6.15% | 3.08% | 4.62% | 3.08% | 9.09% | 9.23% | 3.08% | 3.08% | 3.13% | 4.76% |
| Graystone | 7.31% | 7.83% | 7.45% | 7.17% | 6.08% | 6.91% | 6.87% | 7.63% | 9.12% | 9.62% | 10.36% | 10.36% | 10.17% |
| Heritage Family CU | 2.40% | 2.38% | 2.98% | 2.41% | 2.45% | 0.60% | 2.44% | 3.03% | 3.64% | 3.07% | 4.35% | 3.73% | 3.73% |
| Mascoma Savings Bank | 6.25% | 4.17% | 4.17% | 2.08% | 6.25% | 2.08% | 2.08% | 2.13% | 0.00% | 2.17% | 4.35% | 6.52% | 2.22% |
| New England Federal CU | 1.25% | 1.10% | 0.78% | 0.94% | 0.96% | 1.62% | 2.29% | 1.99% | 2.35% | 2.36% | 2.56% | 2.42% | 2.63% |
| Opportunites CU | 10.40% | 8.87% | 9.09% | 9.24% | 5.98% | 4.24% | 4.24% | 4.27% | 4.31% | 5.22% | 4.42% | 4.50% | 9.09% |
| Peoples Trust Co. | 4.24% | 3.42% | 6.03% | 3.48% | 5.22% | 4.46% | 5.45% | 3.70% | 3.81% | 3.85% | 5.77% | 4.81% | 4.95% |
| Peoples United Bank | 10.84% | 10.59% | 9.62% | 9.32% | 9.51% | 8.96% | 8.68% | 9.59% | 9.56% | 10.21% | 10.42% | 9.73% | 11.36% |
| Union Bank | 6.79% | 5.54% | 6.50% | 6.23% | 6.90% | 7.28% | 8.68% | 7.84% | 8.33% | 8.03% | 7.72% | 7.82% | 8.97% |

# HOMEOWNERSHIP DELINQUENCY REPORT
## FISCAL YEAR 2010

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Portfolio # | 4866 | 4824 | 4801 | 4761 | 4678 | | | | | | | | 4786 |
| Total Portfolio $ | 488.1 | 483.4 | 480.7 | 476.6 | 469.2 | | | | | | | | 479.6 |

### NUMBER OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | 201 | 209 | 224 | 219 | 227 | | | | | | | | 216 |
| 60 Days | 71 | 70 | 70 | 62 | 70 | | | | | | | | 69 |
| 90 Days | 47 | 52 | 62 | 57 | 57 | | | | | | | | 55 |
| Foreclosure | 55 | 54 | 53 | 56 | 60 | | | | | | | | 56 |
| Total Delq FY 10 | 374 | 385 | 409 | 394 | 414 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 395 |
| Total Delq FY 09 | 316 | 335 | 344 | 334 | 402 | 411 | 388 | 374 | 339 | 353 | 365 | 391 | 363 |

### PERCENT BY NUMBER OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | 4.13% | 4.33% | 4.67% | 4.60% | 4.85% | | | | | | | | 4.52% |
| 60 Days | 1.46% | 1.45% | 1.46% | 1.30% | 1.50% | | | | | | | | 1.43% |
| 90 Days | 0.97% | 1.08% | 1.29% | 1.20% | 1.24% | | | | | | | | 1.16% |
| Foreclosure | 1.13% | 1.12% | 1.10% | 1.18% | 1.28% | | | | | | | | 1.16% |
| Total Delq FY 10 | 7.69% | 7.98% | 8.52% | 8.28% | 8.87% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 8.27% |
| Total Delq FY 09 | 5.58% | 5.88% | 6.03% | 5.86% | 7.05% | 7.21% | 6.82% | 6.61% | 6.06% | 6.37% | 6.64% | 7.20% | 6.44% |

### DOLLAR AMOUNT OF DELINQUENT LOANS

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Days | $17.6 | $17.0 | $17.1 | $16.7 | $17.3 | | | | | | | | $17.1 |
| 60 Days | $5.4 | $5.6 | $5.5 | $5.0 | $5.4 | | | | | | | | $5.4 |
| 90+ Days | $8.2 | $9.0 | $9.9 | $10.3 | $11.0 | | | | | | | | $9.7 |
| Total Delq FY 10 | $31.2 | $31.6 | $32.5 | $32.0 | $33.7 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 | $32.2 |
| Total Delq FY 09 | $22.0 | $24.3 | $25.8 | $25.0 | $29.3 | $31.0 | $29.7 | $28.0 | $25.2 | $27.8 | $28.5 | $30.9 | $27.3 |

# REO INVENTORY REPORT

## As of November 30, 2009

| Mortgagor | REO Date | City/Town | Princ. Bal. | Interest | Expenses | Receipts (1) | Total Cost Basis | Valuation Allowance | List Amount (2) | Current Appraisal | Date Last Appraised | Original Appraisal | Loan Date | Type | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ford | 7/24/2008 | St. Albans | $ 97,128 | $ 3,136 | $ 15,939 | $ 27,003 | $ 89,200 | | $ 85,000 | $ 120,000 | 3/5/08 | $ 110,000 | 03/08/06 | Condo | 7 |
| Mailhiot | 8/21/2008 | Chittenden | $ 63,262 | $ 9,827 | $ 22,998 | $ 3,607 | $ 92,480 | $ - | $ 49,900 | $ 102,000 | 9/17/08 | $ 80,000 | 05/03/96 | SF | Price Reduced |
| Lattrell | 12/1/2008 | Vergennes | $ 29,423 | $ 1,662 | $ 14,822 | $ - | $ 45,907 | $ 18,939 | $ 25,000 | $ 28,000 | 1/15/09 | $ 37,500 | 07/01/97 | MH | Price Reduced |
| Greene | 3/30/2009 | Randolph | $ 68,297 | $ 9,733 | $ 22,740 | $ 3,943 | $ 96,827 | $ - | $ 85,000 | $ 128,000 | 9/4/08 | $ 82,000 | 10/27/90 | SF | RD Guaranteed; Price Reduced |
| Lovar | 5/20/2009 | Bolton | $ 29,964 | $ 1,270 | $ 9,447 | $ 12,119 | $ 28,562 | $ 6,794 | $ 26,000 | $ 28,000 | 6/26/2009 | $ 32,500 | 10/1/2002 | MH | MH in Park; Price Reduced |
| Planter | 5/22/2009 | Weathersfield | $ 114,172 | $ 10,512 | $ 18,753 | $ - | $ 143,382 | $ 3,406 | $ 69,000 | $ 95,000 | 4/21/2009 | $ 120,000 | 8/6/2004 | SF | RD Guaranteed; Under Contract $69,000 |
| Hillier | 6/23/2009 | Rutland | $ 87,967 | $ 7,410 | $ 18,720 | $ - | $ 114,097 | $ 9,296 | $ 68,000 | $ 82,500 | 5/26/2009 | $ 95,000 | 12/6/2006 | SF | RD Guaranteed; UC $68,000; closing 12/18/09 |
| Comeau | 7/28/2009 | Rutland | $ 83,989 | $ 7,333 | $ 17,965 | $ - | $ 109,287 | $ - | $ 69,500 | $ 67,000 | 6/13/2009 | $ 90,000 | 6/13/2003 | SF | RD Guaranteed; Price Reduced |
| VanDenBent | 8/7/2009 | Bakersfield | $ 180,313 | $ 15,002 | $ 22,076 | $ 55,290 | $ 162,101 | $ 1,078 | $ 168,000 | $ 168,000 | 8/25/2009 | $ 192,000 | 6/16/2006 | SF | Price Reduced |
| Rhoad | 8/25/2009 | Windsor | $ 146,030 | $ 8,029 | $ 6,638 | $ 37,100 | $ 123,597 | $ 12,575 | $ 125,000 | $ 125,000 | 7/2/2009 | $ 165,000 | 5/25/2007 | SF | Occupied by Tenant until 11/23/09 |
| Bowen | 10/16/2009 | Williamstown | $ 49,557 | $ 4,311 | $ 7,173 | $ - | $ 61,041 | $ - | | $ 66,000 | 7/9/2009 | $ 63,000 | 10/8/1997 | MH | |
| Stetson | 10/26/2009 | Newport | $ 89,388 | $ 5,017 | $ 11,230 | $ 31,285 | $ 74,350 | $ - | $ 39,000 | $ 29,000 | 10/22/2009 | $ 105,000 | 4/17/2007 | 2F | Poor Condition |
| Moore | 10/30/2009 | Bolton | $ 59,861 | | $ 6,021 | $ 16,600 | $ 49,282 | | $ 59,000 | $ 64,000 | 11/17/2009 | $ 70,000 | 6/29/2001 | MH | MH in Park |
| Sears | 11/16/2009 | Rutland | $ 75,353 | | $ 2,993 | $ 28,700 | $ 49,646 | | $ 65,000 | $ 68,000 | 6/17/2009 | $ 83,000 | 6/18/2004 | SF | |
| White | 11/16/2009 | Swanton | $ 125,508 | | $ 4,211 | | $ 129,719 | | $ 135,000 | $ 121,000 | 6/11/2009 | $ 132,000 | 5/24/2005 | SF | RD Guaranteed |
| McCrillis | 11/19/2009 | Springfield | $ 134,301 | | $ 3,343 | $ 48,000 | $ 89,644 | | $ 120,000 | $ 117,000 | 10/20/2009 | $ 135,000 | 7/31/2006 | SF | |
| 16 | | | $ 1,434,458 | $ 83,242 | $ 201,726 | $ 263,647 | $ 1,369,478 | $ 52,088 | $ 1,068,400 | $ 1,408,500 | | $ 1,592,000 | | | |

REOs that are under deposit

(1) Receipts column represents actual and projected/estimated mortgage insurance claim payments

(2) If Property is under deposit the List Price is the actual sale price.

**Martha Panton**

**From:** Martha Panton
**Sent:** Wednesday, December 02, 2009 8:14 AM
**To:** Martha Panton; 'mtownsend@bfp.burlingtonfreepress.com'; 'randal.smathers@rutlandherald.com'; 'sue.allen@timesargus.com'
**Subject:** VHFA Board of Commissioners Special Meeting Notice

VHFA is emailing you to give notice to you that the Board of Commissioners of VHFA will meet at on Thursday, December 17, 2009 at 8:00am at the offices of VHFA located at 164 St. Paul Street in Burlington. The Agenda includes the following topic(s): Middlebury South, Mobile Home Recommendation, Finance Update, Federal Program Update, Flex Plan Amendment, Development Projects.

You are receiving this email pursuant to Title 1, Sections 310 and 312, of the Vermont Statutes Annotated, known as the Vermont open meeting law.

- Under Section 310, Vermont Housing Finance Agency ("VHFA") Board of Commissioners is considered to be a "public body."
- According to Section 312(b)(2), "The time, place and purpose of a special meeting subject to this section shall be publicly announced at least 24 hours before the meeting."
- And, according to Section 310(4), " "Publicly announced" means that notice is given to an editor, publisher or news director of a newspaper or radio station serving the area of the state in which the public body has jurisdiction..."

Please note that the Sections of law mentioned above do not address the requirements of editors upon receiving notices such as this. VHFA considers its duty fulfilled upon emailing such notice to you. In addition, VHFA does not request a response from you.

you would like to designate someone else to receive such emails in the future, please let me know.

For your information, the meetings of the VHFA Board of Commissioners are posted on VHFA's web site. In addition, the Vermont Department of Libraries is given notice of these meetings, which it then posts on its web site: http://info.libraries.vermont.gov/vtgov_meetings/meetings.htm

Martha Panton, PHR
Vermont Housing Finance Agency
Human Resource/Office Manager
mpanton@vhfa.org

p 802-652-3413
f 802-864-8081

164 St. Paul St.
Burlington, VT 05401

## Martha Panton

**From:** Martha Panton
**Sent:** Wednesday, December 02, 2009 8:19 AM
**To:** 'Rita.Robinson@mail.dol.state.vt.us'
**Cc:** Martha Panton
**Subject:** Notice - VHFA Board Meeting - December 17, 2009

Hi Rita –

The purpose of this email is to provide Notice of the next meeting of the VHFA Board.

Vermont Housing Finance Agency will hold its Board Meeting on Thursday, December 17, 2009 will begin at 8:00 a.m. and end at 12:00 p.m. The meeting will take place in the Board Room at VHFA, 164 Saint Paul St., Burlington, VT.

Thank you.

Martha Panton, PHR
Vermont Housing Finance Agency
Human Resource/Office Manager
mpanton@vhfa.org

p 802-652-3413
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Burlington, VT 05401