

New Issue – Book Entry Only

In the opinion of Bond Counsel, interest on the 2018 Bonds will not be excludable from the gross income of the recipient thereof for federal income tax purposes. The Vermont Housing Finance Agency Act provides that the Bonds and the interest thereon are exempt from all Vermont taxation, franchise fees or special assessments except for transfer, inheritance and estate taxes. See “TAX MATTERS” herein.



\$37,825,000
VERMONT HOUSING FINANCE AGENCY
Vermont Property Transfer Tax Revenue Bonds
Series 2018 (Federally Taxable) (Sustainability Bonds)

Dated: Date of Delivery

Due: As shown on the inside cover hereof

The Vermont Housing Finance Agency (the “Agency”) Vermont Property Transfer Tax Revenue Bonds, Series 2018 (Sustainability Bonds) (the “2018 Bonds”) will be issued as fully registered bonds, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), an automated depository for securities and clearinghouse for securities transactions. Purchases of beneficial interests in the 2018 Bonds will be made in book-entry form (without certificates) in the denomination of \$5,000 or any integral multiple thereof. So long as DTC, or its nominee, Cede & Co., is the registered owner of the 2018 Bonds, payments of the principal of, premium, if any, and interest on the 2018 Bonds will be made directly to Cede & Co., which will remit such payments to DTC participants, which in return will remit such payments to the beneficial owners of the 2018 Bonds. See “BOOK-ENTRY ONLY SYSTEM” herein.

Interest on the 2018 Bonds will be payable semiannually on May 1 and November 1 of each year, commencing May 1, 2018. The 2018 Bonds will be subject to redemption prior to maturity as more fully described herein.

The proceeds of the 2018 Bonds are being used to (i) fund the creation and improvement of rental and owner-occupied housing for Vermont residents with very low to moderate income, in areas targeted for growth and reinvestment by the State and localities, through the transfer of such proceeds to the Vermont Housing & Conservation Board (the “VHCB”) to fund the Program and (ii) pay certain costs of issuing the 2018 Bonds.

The 2018 Bonds will be special, limited obligations of the Agency payable from and secured solely by a pledge of Transfer Tax Revenues, as defined herein, all rights to receive Transfer Tax Revenues, and all funds and accounts, other than the Rebate Fund, held under the Indenture of Trust dated as of January 1, 2018 (the “Trust Indenture”) between the Agency and Wilmington Trust, National Association, as trustee (the “Trustee”). Transfer Tax Revenues consist of the amount (the “Allocated Amount”) of property transfer tax revenues received monthly and payable to the Agency by the State of Vermont (the “State”), prior to any disbursements for any other purpose, pursuant to 32 V.S.A. §9610(d). The Allocated Amount is equal to the first \$2,500,000 of property transfer tax so collected annually, all as described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS” herein. In connection with the issuance of the 2018 Bonds, the Agency, the Trustee and the State, through its Vermont Department of Taxes, are entering into a Lockbox Agreement dated as of January 1, 2018 (the “Lockbox Agreement”), pursuant to which the Agency has given an irrevocable direction to the State that, so long as the 2018 Bonds remain Outstanding, the Allocated Amount shall be paid by the State directly to the Trustee for deposit in the Bond Fund held under the Trust Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Flow of Transfer Tax Revenues; Lockbox Agreement” herein.

THE 2018 BONDS, TOGETHER WITH INTEREST THEREON, ARE NOT A GENERAL OR MORAL OBLIGATION OF THE AGENCY OR VHCB AND DO NOT CONSTITUTE AN OBLIGATION, EITHER GENERAL OR SPECIAL, OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE AGENCY PAYABLE SOLELY FROM THE TRANSFER TAX REVENUES AND MONEYS AND SECURITIES HELD FROM TIME TO TIME IN THE FUNDS AND ACCOUNTS ESTABLISHED AND PLEDGED THERETO UNDER THE TRUST INDENTURE. NO OTHER REVENUES OR ASSETS OF THE AGENCY, NOR THE FULL FAITH AND CREDIT OF THE AGENCY, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE 2018 BONDS. THE AGENCY HAS NO TAXING POWER. THE 2018 BONDS ARE NOT INDEBTEDNESS OR OTHER OBLIGATION OF THE STATE, ARE NOT PUBLIC DEBT OF THE STATE, AND THE FULL FAITH AND CREDIT AND GENERAL TAXING POWER OF THE STATE ARE NOT PLEDGED TO THEIR PAYMENT OR FOR THE PAYMENT OF THE TRANSFER TAX REVENUES, IF ANY.

The 2018 Bonds are offered for delivery when, as and if issued and received by the Underwriters and subject to the approval of legality by Kutak Rock LLP, Bond Counsel. Certain legal matters will be passed upon for the Agency by George N. Demas, Esq., General Counsel of the Agency and for the Underwriters by their counsel, Locke Lord LLP, Boston, Massachusetts. It is expected that the 2018 Bonds will be delivered in book entry form through the facilities of the Securities Depository in New York, New York on or about January 25, 2018.

Morgan Stanley

Raymond James

January 9, 2018

MATURITY SCHEDULE

\$37,825,000

**VERMONT HOUSING FINANCE AGENCY
Vermont Property Transfer Tax Revenue Bonds
Series 2018 (Federally Taxable) (Sustainability Bonds)**

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>CUSIP[†]</u>
May 1, 2018	\$2,165,000	1.84%	92419R AA0
November 1, 2018	1,140,000	2.20	92419R AB8
November 1, 2019	1,165,000	2.30	92419R AC6
November 1, 2020	1,190,000	2.40	92419R AD4
November 1, 2021	1,220,000	2.55	92419R AE2
November 1, 2022	1,250,000	2.65	92419R AF9
November 1, 2023	1,290,000	2.80	92419R AG7
November 1, 2024	1,320,000	3.00	92419R AH5
November 1, 2025	1,370,000	3.05	92419R AJ1
November 1, 2026	1,410,000	3.15	92419R AK8
November 1, 2027	1,455,000	3.25	92419R AL6
November 1, 2028	1,500,000	3.35	92419R AM4
November 1, 2029	1,555,000	3.45	92419R AN2

\$14,795,000 3.80% Term Bonds maturing November 1, 2037 - CUSIP Number[†] - 92419R AQ5
\$5,000,000 3.75% Term Bonds maturing November 1, 2037 (NRO^{††}) - CUSIP Number[†] - 92419R AP7

Price of all 2018 Bonds: 100%

**Financial Advisor to the
Vermont Housing Finance Agency:
Piper Jaffray & Co.**

[†] CUSIP numbers have been assigned by an organization not affiliated with the Agency and are included for the convenience of the owners of the 2018 Bonds. The Agency is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the 2018 Bonds or as indicated above. A CUSIP number for a specific maturity may be changed after the issuance date. CUSIP[®] is a registered trademark of the American Bankers Association.

^{††} Not available to be reoffered to potential investors.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the 2018 Bonds, and, if given or made, such information or representations must not be relied upon as having been authorized by the Agency. This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy, nor shall there be any sale of the 2018 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been furnished by the Agency and the Vermont Housing & Conservation Board (“VHCB”) and obtained from other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and, except for information provided by the Agency or the VHCB, is not to be construed as a representation of the Agency or VHCB, respectively. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency or the VHCB since the date hereof. The 2018 Bonds may be offered and sold by the Underwriters to certain dealers at prices lower than the initial public offering prices set forth on the cover page, and such public offering prices may be changed from time to time by the Underwriters. The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

THE 2018 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE AGENCY, THE VHCB AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THE OFFERING OF THE 2018 BONDS, THE UNDERWRITERS MAY OVER-ALLOT AND EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

\$37,825,000

**VERMONT HOUSING FINANCE AGENCY
Vermont Property Transfer Tax Revenue Bonds
Series 2018 (Federally Taxable) (Sustainability Bonds)**

This Official Statement of the Vermont Housing Finance Agency (the “Agency”) is provided for the purpose of setting forth information concerning the Agency’s Vermont Property Transfer Tax Revenue Bonds, Series 2018 (Sustainability Bonds) to be issued in the aggregate principal amount of \$37,825,000 (the “2018 Bonds”), the Indenture of Trust dated as of January 1, 2018 (the “Trust Indenture”), by and between the Agency and Wilmington Trust, National Association, as trustee (the “Trustee”), the First Supplemental Indenture of Trust dated as of January 1, 2018 (the “First Supplemental Indenture,” and together with the Trust Indenture, the “Indenture”) by and between the Agency and the Trustee, and the Agency’s resolution authorizing the issuance and sale of the 2018 Bonds. Certain terms not defined elsewhere in this Official Statement are defined in **APPENDIX A** hereto.

INTRODUCTORY STATEMENT

General

The 2018 Bonds will be secured under the provisions of the Trust Indenture and will be issued in accordance with the provisions of the Trust Indenture, the First Supplemental Indenture and the Vermont Housing Finance Agency Act, being Vermont Statutes Annotated, Title 10, Chapter 25 (the “Agency Act”).

In 2017, the Vermont General Assembly enacted Act No. 85 of the 2017 Legislative session (“Act No. 85”). Section I of Act No. 85 amended several sections of Vermont law in order to enable the Vermont Housing & Conservation Board (the “VHCB”) to establish a program (the “Program”) for the creation and improvement of owner-occupied and rental housing for Vermont residents with very low to moderate income in areas targeted for growth and reinvestment. In particular, the Legislature (i) provided for the establishment of the Program in Section 314 of the Vermont Statutes Annotated, Title 10, Chapter 15 (the “VHCB Act”), and (ii) provided for the funding of such Program by adding Section 621(22) and Section 631(I) to the Agency Act, which authorize the issuance of bonds by the Agency to fund the Program, which bonds are secured by a pledge of certain property transfer tax revenues to be transferred to the Agency by the State of Vermont (the “State”). In addition, Act No. 85 established Section 9610(d) of the Vermont Statutes Annotated, Title 32, Chapter 231 (the “Transfer Tax Statute”), pursuant to which a designated amount (the “Allocated Amount”) of property transfer tax revenues are required to be transferred to the Agency annually (such amount payable to the Agency referred to herein as the “Transfer Tax Revenues”) to pay the principal and interest due on bonds issued under Section 621(22) of the Agency Act, prior to the distribution or use of such property transfer tax revenues for other State purposes. The Allocated Amount is equal to the first \$2,500,000 of property transfer tax collected annually. See “PROPERTY TRANSFER TAX REVENUES” herein.

The 2018 Bonds are not general obligations of the Agency, the State or VHCB and are not secured by the full faith and credit of the Agency, the State or VHCB. The 2018 Bonds are being issued as special, limited obligations of the Agency payable solely from the Transfer Tax Revenues and other moneys available to the owners of Bonds issued under the Indenture, as further described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS” herein.

Use of Proceeds

The proceeds of the 2018 Bonds are being used to (i) fund the creation and improvement of rental and owner-occupied housing for Vermont residents with very low to moderate income, in areas targeted for growth and reinvestment by the State and localities, through the transfer of such proceeds to the VHCB to fund the Program and (ii) pay certain costs of issuing the 2018 Bonds.

Vermont Housing & Conservation Board

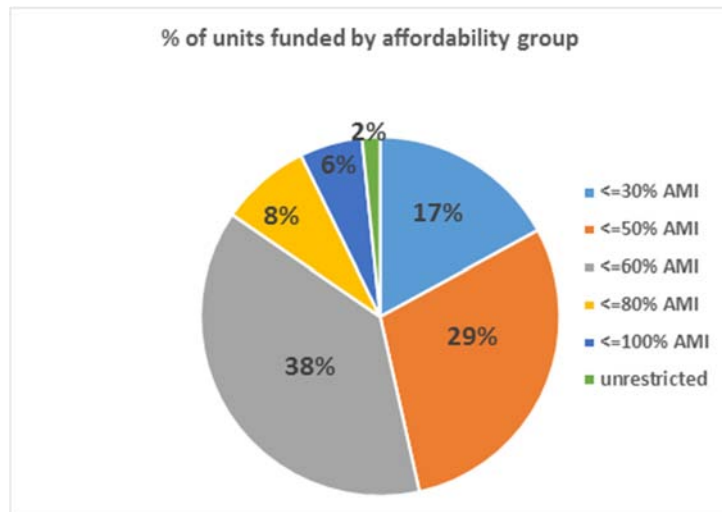
The VHCB was established in 1987 as a body politic and corporate of the State. Under the VHCB Act, the VHCB has the power, among other things, to provide funding in the form of grants or loans for any activity which will carry out either or both of the dual purposes of creating affordable housing and conserving and protecting important Vermont lands, including activities that will encourage or assist (a) the preservation, rehabilitation or development of residential dwelling units that are affordable to lower income Vermont residents, (b) the retention of agricultural land for agricultural use and of forestland for forestry use, (c) the protection of wildlife habitat and important natural areas, (d) the preservation of historic properties and resources, (e) the protection of areas suited for outdoor public recreational activity, and (f) the protection of lands for multiple conservation purposes.

Since its creation, VHCB has awarded \$321 million to projects in over 200 communities throughout the State. Together with other leveraged funding sources, it has supported over 12,500 affordable homes, conserved 426,280 acres of agricultural and recreational lands and natural areas, and restored 68 historic community buildings for public use. VHCB provides direct support to housing and conservation non-profits that own, manage and steward the VHCB funded projects. These projects, including the housing projects, provide other environmental benefits such as mitigating climate change, using renewable energy, carbon sequestration, flood resilience, and brownfield mitigation. VHCB also operates a Healthy Homes Project which provides funding for lead paint abatement. Housing developers receiving funds administered by VHCB or the State and its affiliated agencies must meet or demonstrate progress towards a goal of having at least 15% of the units in their portfolio serve homeless families and individuals.

During fiscal years 2015 -2016, VHCB funded loans and grants totaling approximately \$20 million for its affordable housing and conservation programs, of which \$12.2 million funded its affordable housing program. These awards were primarily in the form of deferred 0% loans that provided necessary gap financing that facilitated the development of over \$150 million in affordable housing development. The zero percent interest subordinated loans provided financing for projects that created affordable units within the income groupings broken down in the following charts.

Affordable Housing Developments Funded through VHCB, 2015-2016

Unit breakdown by household area median income (AMI)	Units	Units (%)
<=30% AMI	136	17%
<=50% AMI	235	29%
<=60% AMI	304	38%
<=80% AMI	65	8%
<=100% AMI	45	6%
unrestricted	13	2%
Total	798	100%



All of the multifamily housing developments funded by VHCBC incorporate environmental benefits including Smart Growth locations. All but one were built or rehabilitated to meet Green Building and Design Standards. See **APPENDIX E – SMART GROWTH LOCATION, GREEN BUILDING AND DESIGN STANDARDS, AND VHCBC FUNDED AFFORDABLE HOUSING PROJECTS, 2015 – 2016.**

Designation of the 2018 Bonds as Sustainability Bonds

The Agency is issuing the 2018 Bonds to provide funding to the VHCBC to finance affordable housing under its Program. VHCBC will accordingly use the proceeds of the 2018 Bonds to finance grants and loans to expand affordable housing options statewide in the form of rental housing, permanent supportive housing, and permanently affordable home ownership. By statute, the VHCBC's housing programs serve lower income Vermont residents with an emphasis on very low-income households. VHCBC ensures its grants and loans create a sustained benefit to Vermont residents through mechanisms that assure permanent affordability. Loans and grants funded from proceeds of the 2018 Bonds will be awarded by VHCBC to housing projects that would not otherwise be feasible and will largely consist of subordinate, deferred loans at very low or zero interest rates.

In addition to the socially beneficial attributes of the affordable housing that receive VHCBC subsidized funding, certain of the developments are expected to include environmental benefits. More specifically, housing investments through the VHCBC implement the State's sustainable land use planning statutes, rules, and standards under Act 250, and apply a rigorous process to promote smart growth development. One of VHCBC's founding principles 30 years ago was to promote smart growth. In the last decade the State has begun a process of more clearly designating those areas - downtowns, village centers, and neighborhood development areas with dense infill development. Additionally, in 2012, VHCBC and the Agency developed a "Roadmap to Energy Efficiency" which resulted in the adoption of Green Building and Design Standards (GBDS) for all multifamily projects funded by VHFA and VHCBC and can be found at <http://www.vhfa.org/documents/developers/gbs.pdf>. The information on such website is not incorporated herein by such reference or otherwise.

The Agency is issuing the 2018 Bonds as "Sustainability Bonds" due to the nature of VHCBC's statutory mission, track record and the intended use of proceeds of the 2018 Bonds. VHFA's Sustainability Bonds designation is designed to track the generally accepted "Green Bond Principles," "Social Bond Principles" and the "Sustainability Bond Guidelines" as updated in June 2017 and as promulgated by the International Capital Market Association. The purpose of identifying the 2018 Bonds as Sustainability Bonds is to allow investors to invest directly in bonds that finance socially beneficial projects with sustainable impacts. Holders of the 2018 Bonds do not assume any specific project risk and are not entitled to any security other than that described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS" herein.

Use of Proceeds. VHCBC's impact goal for the use of 2018 Bond proceeds is to allocate loans and grants based upon the highest priority needs in the State and to develop and rehabilitate 550-650 units of affordable housing statewide with an overall design of increasing the supply of affordable housing, stimulating economic growth, and revitalizing communities. VHCBC will target at least 25% of the proceeds of the 2018 Bonds to housing units affordable to very low income households with incomes below 50% of area median income ("AMI") and at least 25% to housing units affordable to households with incomes between 80% and 120% of AMI. The majority of the proceeds are expected to be used for housing affordable to low-income households—those below 80% of AMI. None of the proceeds of the 2018 Bonds are expected to be used for housing affordable to households above 120% AMI. The expected distribution of the proceeds of the 2018 Bonds among housing types is approximately 60% for affordable multifamily rental housing, 10% for permanent supportive housing, 10% for housing innovation funding, 18% for affordable single family housing, and 2% for home accessibility funding, although the actual distribution may vary.

Process for Evaluation and Selection. VHCBC monitors housing needs in the State through affordability and market assessments and seeks to invest in projects that fit the categories in most need of funding at the time. Current assessment indicates need across the affordable spectrum. Particular gaps are concentrated in households below 30% of AMI and those between 85% and 120% of AMI. Selected community development projects will be those that best fit VHCBC's highest priorities and community needs and achieve the most impact. Specifically, selected projects will be those that provide: (1) new units and the rehabilitation of substandard units, (2) environmental benefits, (3) community revitalization and development, (4) investment in areas identified for growth

with priority for State-designated downtowns, village centers, and neighborhoods, (5) building efficiency levels that exceed State standards and renewable energy sources, and (6) geographic distribution.

Management of Proceeds. Net of transaction costs, the proceeds of the 2018 Bonds will be deposited into a segregated Program Fund held by the Agency under the Trust Indenture and invested in Investment Obligations until disbursed. Funds will be drawn and disbursed through requisition by VHCB. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS” and “ESTIMATED SOURCES AND USES OF FUNDS” herein. The Agency will track all disbursement of proceeds of the 2018 Bonds.

Post-Issuance Reporting. The Agency will provide annual updates regarding: (i) the disbursement of proceeds of the 2018 Bonds for each community development project selected by VHCB, and (ii) the characteristics of each funded project including its location, population served, environmental benefits, and community benefits. The required reports to the Vermont State Legislature for the use of proceeds will also be posted and available See **APPENDIX F – FORM OF SUSTAINABILITY BOND ANNUAL REPORTING**. The Agency will cease to update such information when all proceeds of the 2018 Bonds have been expended. This tracking and reporting is voluntary and separate from the Agency’s obligations described under “CONTINUING DISCLOSURE” and will be provided on the Agency’s website (www.vhfa.org). Failure by the Agency to provide such updates shall not be a default or an event of default under the Trust Indenture or the Continuing Disclosure Agreement.

Security for the Bonds; Lockbox Agreement

The 2018 Bonds are special, limited obligations of the Agency payable from and secured solely by a pledge of Transfer Tax Revenues, all rights to receive Transfer Tax Revenues, and all funds and accounts, other than the Rebate Fund, held under the Trust Indenture. In connection with the issuance of the 2018 Bonds, the Agency, the Trustee and the State, through its Department of Taxes, are entering into a Lockbox Agreement dated as of January 1, 2018 (the “Lockbox Agreement”) pursuant to which the Agency has given an irrevocable direction to the State that, so long as any Bonds (defined below) remain Outstanding, all Transfer Tax Revenues payable to the Agency by the State pursuant to the Transfer Tax Statute in each fiscal year for payment of debt service on the 2018 Bonds shall instead be paid, prior to any distributions for any other purpose, by the State directly to the Trustee for deposit in the Bond Fund held under the Trust Indenture. **The Lockbox Agreement will be executed and delivered substantially in the form attached hereto as APPENDIX G, and should be reviewed in its entirety.** Under the Transfer Tax Statute, so long as any Bonds remain Outstanding under the Indenture, the Property Transfer Tax (defined below) shall not be reduced below a rate estimated, at the time of any reduction, to generate annual revenues of at least \$12,000,000. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS” herein.

Property Transfer Tax

Under 32 V.S.A. §9602, the State currently imposes a tax upon the transfer by deed of title to property located in the State, in an amount equal to one and one-quarter percent (1.25%) of the value of the property transferred (except with respect to transfers of certain principal residences, with respect to which the tax is 0.50% for the first \$100,000 in value of the residence transferred and 1.25% of the value of any amount in excess of \$100,000), with certain additional exceptions and limitations (the “Property Transfer Tax”). Receipts from the Property Transfer Tax in fiscal year 2017 were \$38,822,976. See “PROPERTY TRANSFER TAX REVENUES” herein.

Additional Bonds

The 2018 Bonds are the Agency’s first issue of property transfer tax revenue bonds under Section 621(22) of the Agency Act. Additional bonds may be issued on a parity with the 2018 Bonds (“Additional Bonds,” and together with the 2018 Bonds, the “Bonds”) under the conditions and in the manner provided in the Trust Indenture. Under current Vermont law, all Bonds must mature no later than June 30, 2039. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS” herein and the proposed form of the Trust Indenture contained in **APPENDIX B** hereto.

Miscellaneous

All quotations from and summaries and explanations of provisions of laws of the State, the Indenture and the Agency Act herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all reference to the definitive forms of the Indenture and the 2018 Bonds and their statutory authority. This Official Statement describes the terms and use of proceeds of, and security for, the 2018 Bonds. This introduction is subject in all respects to the additional information contained in this Official Statement, including Appendices A through E. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. All capitalized terms not otherwise defined herein shall have the meanings set forth in **APPENDIX A**.

THE AGENCY

Purpose and Powers

The Agency was created as a body politic and corporate of the State. Under the Agency Act of 1974, 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.

Under the Agency Act, the Agency has the power, among other things, to make loans to housing sponsors and mortgage lenders and to purchase mortgage loans from mortgage lenders to finance the making of new residential mortgage loans and rehabilitation mortgage loans for the benefit of persons and families of low and moderate income, to include in any borrowing amounts to pay Agency expenses necessary or incident to such borrowing, to issue bonds and notes, and to do any and all things necessary or convenient to carry out its purposes and exercise the powers granted in the Agency Act.

Management

The powers of the Agency are vested in nine commissioners, consisting of the Commissioner of the Vermont Department of Financial Regulation, the State Treasurer, the Secretary of Commerce and Community Development, the Executive Director of the VHCB, or their designees, and five members appointed by the Governor with the advice and consent of the State Senate. The appointed commissioners serve for terms of four years or until a successor is appointed and qualified. Members whose terms have expired continue to serve until reappointed or a successor has been appointed and qualified.

The present commissioners are:

L. Randolph Amis – Chair, term expires January 31, 2019.* Mr. Amis is an attorney in Burlington, Vermont and has been since he was admitted to practice law in Vermont in 1981. He currently practices in his firm of Montroll Backus & Oettinger, P.C. The firm has a wide variety of clients in residential and commercial real estate matters, business matters, estate planning and probate actions.

Mr. Amis has a broad range of service and leadership roles on numerous local, state and regional non profit, community and government boards and committees including: City of Burlington City Council as Councilor from Ward 5, 1988-1991; Champlain Housing Trust, Inc. (and its predecessor, Burlington Community Land Trust), January 2004 to January 2010, as President of both Boards through their merger, January 2005 to January 2010; Member, City of Burlington, Zoning Board of Adjustment (now known as the Development Review Board), 1986-1989; Member, Board of Directors, Vermont Affiliate of the American Diabetes Association, 1995-1998; Chair, Lake Champlain Leadership Council (Vermont), American Diabetes Association 1998-2000; Member, Board of Directors, New England Regional Affiliate of the American Diabetes Association, Vice President, Fundraising, June, 1997-2000; Board of Directors, Children's Legal Services, 1983-1990, President 1988-1990; Chair, City of Burlington Democratic Committee, 1993-1994; Member, Vermont State Democratic Committee, 1995-1997; Alternate, Vermont State Democratic Committee, 1997-1999; Advisory Board of Directors, Chittenden Emergency

* Subject to State Senate confirmation.

Food Shelf, 1990-2000; and, Member (appointed by Mayor Peter Clavelle), City of Burlington Skate Park Task Force, 1994-1999.

Presently, in addition to the position as Chair on the Vermont Housing Finance Agency Board, Mr. Amis serves the Burlington, Vermont based sustainable food, farming and farms and conservation organization Intervale Center, Inc. as Board Member, January 2013 to present. Mr. Amis also served the Chittenden County Bar Association as President of the Board, June 2014 to the end of his term in June 2015.

Mr. Amis graduated with a B.A. in American Studies from Hamilton College in Clinton, NY in 1977 and from Vermont Law School in South Royalton, Vermont where he was awarded a J.D. in 1980. In addition to several affordable housing conferences, Mr. Amis also attended the Harvard Business School professional development program, "Governing for Nonprofit Excellence" in November 2006, a four day certificate program examining some of the issues facing nonprofit boards and their organizations.

Gustave "Gus" Seelig – Vice Chair, Executive Director of the VHCB, ex officio member. Mr. Seelig has served as the Executive Director of the VHCB since its inception in 1987. The Board administers a variety of state and federal programs which have resulted in an investment by the State of Vermont of over \$321 million to projects in over 200 communities throughout the State. Together with other leveraged funding sources, it has created over 12,500 affordable homes, conserved 426,280 acres of agricultural and recreational lands and natural areas, and restored 68 historic community buildings for public use. Prior to his work for the Board, Mr. Seelig served as the Executive Director of the Central Vermont Community Action Council. Mr. Seelig previously served on the Affordable Housing Program Advisory Board for the Federal Home Loan Bank of Boston. He is currently the Chair of the Vermont Energy Investment Corp. and serves as Town Moderator in Calais. In 2010, Mr. Seelig was presented with the Art Gibb awarded by Smart Growth Vermont for safeguarding Vermont values and our unique landscape. Mr. Seelig received a B.A. from Goddard College in 1976 and completed the Harvard University's Program for Senior Executives in State and Local Government in 1996.

Lamont Barnett – Term expires January 31, 2018.* Mr. Barnett is an owner of The Rock and Hammer, a retail jewelry store in downtown Bellows Falls. Mr. Barnett currently serves as President of the Bellows Falls Downtown Alliance. In addition, he currently serves on the Board of the Bellows Falls Area Development Corporation and the Board of Civil Authority. In addition, Mr. Barnett is a Windham County Assistant Judge. He has been an active leader in the redevelopment of the Bellows Falls community and was instrumental in securing over \$10 million in government grants.

Dagyne T. Canney – Term expires January 31, 2018.* Ms. Canney is owner and principal broker of Green Mountain Realty and Properties in Rutland, where she has sold real estate for over 35 years. She currently serves on the Governor's Economic Advisory Board, the Vermont Electric Power Corporation (VELCO) Board of Directors and the District #1 State Environmental Board. She was formerly a member of the Judicial Nominating Committee. She was formerly a Director of the Vermont Association of Realtors, member of the Vermont Parole Board, member and Vice Chair of the Vermont Real Estate Commission, a director to the Rutland Region Chamber of Commerce and a two term past President of the Rutland County Board of Realtors. Ms. Canney is a graduate of the University of Vermont.

Thomas S. Leavitt – Term expires January 31, 2020.* Thomas Leavitt is president & CEO of Northfield Savings Bank (NSB) in Berlin, Vermont. NSB is a mutual institution founded in 1867. The bank has \$940 million in assets and operates 13 full service offices in Central Vermont and the Champlain Valley, providing community banking, mortgage banking, commercial banking, and investment services – all supported by an advanced new Operations Center opened in the fourth quarter of 2015. Mr. Leavitt has led NSB since October 2014.

In the community, Mr. Leavitt serves on the boards of Norwich University Applied Research Institutes, ECHO Leahy Center for Lake Champlain, and the Flynn Center for the Performing Arts. He represents the banking community on the Vermont Financial Literacy Commission and is a member of the Vermont Business Roundtable. He previously served on the boards of the Berkshire Chamber of Commerce, Berkshire Business Roundtable,

* Subject to State Senate confirmation.

Vermont Council on Rural Development, Vermont Bankers Association, Burlington Business Association, and Burlington Boys & Girls Club.

Mr. Leavitt holds an M.B.A. from the University of Pennsylvania's Wharton School. He earned a B.S. from the University of New Hampshire where he was starting quarterback and punter for the Wildcats. He grew up in Burlington, Vermont.

Jeanne Morrissey – Term expires January 31, 2021.* Ms. Morrissey is the President of J.A. Morrissey, Inc., a general contracting and construction management company headquartered in Williston, Vermont. Ms. Morrissey has managed a variety of project types, sizes and contracts over 30 years. Ms. Morrissey is a graduate of the University of Vermont and a licensed Civil Engineer in Vermont and California.

Elizabeth "Beth" Pearce – State Treasurer, ex officio member. Ms. Pearce was appointed Vermont State Treasurer in January 2011 and then elected in 2012. Treasurer Pearce has more than 30 years of experience in government finance at both the state and local levels. She served as Vermont's Deputy Treasurer for more than seven years before assuming her current role as Treasurer. As Deputy Treasurer, she was responsible for a full range of operations including retirement administration of the three state wide systems for State employees, teachers, and municipal employees. She also was responsible for unclaimed property, accounting, budget, debt and capital financing, cash management, investment of short term funds in State custody, and risk management.

Prior to joining the Vermont State Treasurer's Office, she served as Deputy Treasurer for Cash Management at the Massachusetts State Treasurer's Office from 1999 to 2003; Deputy Comptroller for the Town of Greenburgh, New York; and as the Accounting Manager and Financial Operations Manager for the Town of West Hartford, Connecticut. In addition, she has served as a fiscal officer with the Massachusetts Department of Social Services and as a project director for the Massachusetts Executive Office of Human Services. Ms. Pearce has a B.A. from the University of New Hampshire. She has prepared financial reports that have received the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association.

Michael Pieciak – Commissioner of the Vermont Department of Financial Regulation, ex officio member. Mr. Pieciak was appointed as Acting Commissioner of the Vermont Department of Financial Regulation ("DFR") on July 5, 2016 by Governor Peter Shumlin. Immediately prior to his appointment as Commissioner of DFR, Mr. Pieciak served as Deputy Commissioner of DFR's Securities Division. Prior to his appointment as Deputy Commissioner at DFR, Mr. Pieciak practiced law in New York City at Skadden, Arps, Slate, Meagher & Flom LLP in the Mergers and Acquisitions Group. He previously practiced law at Downs Rachlin Martin in Burlington in the Business Law Group.

Mr. Pieciak grew up in Brattleboro, Vermont and graduated cum laude from Union College with a degree in political science. He received his law degree summa cum laude from the University of Miami School of Law where he served as editor in chief of the Miami Law Review. Mr. Pieciak is an observer member of the SEC Advisory Committee on Small and Emerging Companies and is Chairman of the North American Securities Administrators Association (NASAA) Corporate Finance Section Committee, and serves on NASAA's Federal Legislation, State Legislation and Capital Formation Committees.

Michael Schirling – Secretary of the Vermont Agency of Commerce and Community Development, ex officio member. Mr. Schirling was appointed to Secretary of the Agency of Commerce and Community Development (ACCD) in January 2017 by Governor Phil Scott. Immediately prior to serving as Secretary, Mr. Schirling served as executive director of BTV Ignite, an economic development and technology accelerator initiative, where he oversaw the organization's efforts to expedite growth of the local tech sector to strengthen the economy by driving innovation. Schirling led projects and initiatives focused on science, technology, engineering and mathematics (STEM) learning opportunities, career coaching and workforce training programs, and development of innovation hubs. He has also worked as a contractor conducting trainings for the U.S. State Department's Anti Terrorism Assistance Program Cyber Division. Schirling also served in the Burlington Police Department for 25 years, including seven years as Burlington's chief of police. As chief, he was committed to innovation, collaboration and community engagement. He led efforts to enhance the Department's technology

* Subject to State Senate confirmation.

platforms and received recognitions from the International Association of Chiefs of Police for Civil Rights, and awards for excellence in victim service and community policing.

The following are the principal staff members of the Agency:

Sarah E. Carpenter was appointed as Executive Director of the Agency in October 1998. Before joining the Agency, Ms. Carpenter was the Executive Director of Cathedral Square Corporation in Burlington, Vermont for 15 years. Cathedral Square is a nationally recognized leader in combining affordable housing and community services. She currently serves on the Boards of the Vermont Community Development Program, the VHCB and the Champlain Senior Center. Ms. Carpenter served for 10 years on the board of the National Council of State Housing Agencies (NCSHA) and previously has served on a variety of boards, including the Board of Fletcher Allen Healthcare, Vermont's academic health care system, the national Board of the American Association of Homes and Services for the Aging (now Leading Age), AAHSA Assurances Limited, a captive liability insurance company, Housing Vermont, a nonprofit statewide developer and tax credit syndicator, the Community Development Advisory Board of the Federal Reserve Bank of Boston, the Advisory Board to the Federal Home Loan Bank of Boston, and a number of local charities. Ms. Carpenter is a cum laude graduate of the University of Vermont and holds an M.P.A. degree from Harvard University.

Thomas R. Connors is the Agency's Chief Financial Officer and Treasurer. Prior to joining the Agency in August 2006, Mr. Connors was Vice President of Finance and Operations at Trak Sports USA, Inc., a \$20 million ski and snowboard manufacturer. From 1993 to 2004, he was Director of Revenue Accounting for IDX Systems Corporation (now GE Healthcare), a \$500 million software company based in Burlington, Vermont. From 1990 to 1993, Mr. Connors was Vice President of Finance for the software division of Information Resources, Inc. in Waltham, Massachusetts. From 2001 to 2016, he served on the Board at ReSOURCE, a Nonprofit Community Enterprise, Inc. based in Burlington, Vermont, and most recently served as its Board President. Mr. Connors received a B.A. in Business Administration from St. Michael's College and an M.B.A. from Bentley University. He also earned a Certificate in Financial Accounting from Champlain College.

Maura Collins is the Agency's Deputy Director. In this role she oversees the Homeownership, Multifamily Development, Asset Management and Compliance, and Information Technology departments. Prior to joining the Agency in 2002, Ms. Collins worked for Technical Assistance Collaborative in Boston, Massachusetts. She currently serves as President of the board of Pathways Vermont, a social services nonprofit organization working with people with mental health challenges. Ms. Collins is a cum laude graduate of the University at Buffalo and holds a Masters of Public Administration from the University of Vermont.

Jacklyn R. Santerre is the Agency's Director of Homeownership Programs. Ms. Santerre has been with the Agency since 1984, most recently serving as Assistant Director of Homeownership Programs. Prior to joining the Agency, she was a loan processor and office manager for the Lomas and Nettleton Company in Burlington, Vermont for four years.

Kimberly A. Roy is Director of Asset Management and Compliance for the Agency. Ms. Roy has been with the Agency since 1989, overseeing asset management, loan servicing and compliance monitoring of multifamily properties. She is a graduate of St. Michael's College and is certified as a Housing Manager, Occupancy Specialist and Tax Credit Specialist.

Joseph A. Erdelyi is Director of Development for the Agency. Prior to joining the Agency in 1993, Mr. Erdelyi was a Housing Planner and Development Officer for the New Hampshire Housing Finance Authority. Mr. Erdelyi is a graduate of the University of Vermont and is certified as a Housing Development Finance Professional by the National Development Council.

George N. Demas, Esq. is General Counsel to the Agency. Prior to joining the Agency in 2009, Mr. Demas was Assistant General Counsel for the Vermont Department of Financial Regulation and also served as an officer for Bombardier Capital Inc. Mr. Demas holds a J.D. from the University of Georgia Law School.

As of October 31, 2017 the Agency had 38 full time equivalent employees who are responsible for the operation and management of the Agency. Of these employees, nine are charged with responsibility for the single

family program and ten are charged with responsibility for the Multifamily Program. Included on the staff of the Agency are professionals with experience in mortgage underwriting and portfolio and investment management.

Operations to Date

Pursuant to the Agency Act and agreements with bondowners, a substantial portion of the Agency's assets are pledged to secure specific obligations or are otherwise restricted. The Agency maintains separate restricted funds for each of its programs financed by the issuance of bonds under a particular general bond resolution or trust indenture. Such funds and programs have separate sets of self-balancing accounts set up in accordance with the Agency Act and the various general bond resolutions and trust indentures. Assets and revenues of such funds and programs are restricted by various resolutions and agreements and are not available in any manner other than as provided in the various general bond resolutions or trust indentures adopted by the Agency for its programs. Money in excess of restricted fund requirements is transferred periodically from these restricted funds to the General Fund. All of the Agency's outstanding bonds other than the Agency's Single Family Housing Bonds are general obligations of the Agency secured by and payable from any of the Agency's revenues, money or assets, including the General Fund, subject to agreements heretofore or hereafter made with holders of notes and bonds that pledge particular revenues, money or assets for the payment thereof. The Agency has not pledged any money in the General Fund to the payment of any particular bonds of the Agency.

Outstanding Indebtedness

The Indenture and the 2018 Bonds are one of a number of bond programs that have been utilized by the Agency to finance the construction of affordable housing in the State. The Agency is also authorized under the Agency Act to issue bonds to provide funds for the making or purchase of single family mortgage loans, the purchase of mortgage-backed securities guaranteed by GNMA, Fannie Mae or Freddie Mac (collectively, the "Federal Agency Certificates"), and the funding of multifamily mortgage loans. The financing activities of the Agency with respect to the financing of single family and multifamily mortgage loans and the purchase of Federal Agency Certificates under prior bond resolutions, prior indentures and subsequent indentures other than the Indenture are referred to herein as the Agency's "**Other Bond Programs.**" Since September 1974, the Agency has issued \$3,544,465,807 aggregate principal amount of bonds and notes, of which \$425,493,270 was outstanding as of November 30, 2017, to finance its various Other Bond Programs.

SINGLE FAMILY AND MULTIFAMILY MORTGAGE LOANS AND FEDERAL AGENCY SECURITIES PURCHASED WITH PROCEEDS OF BONDS RELATED TO THE AGENCY'S OTHER BOND PROGRAMS AND OTHER OBLIGATIONS RELATING THERETO AND THE FUNDS AND ACCOUNTS WHICH SECURE SUCH OBLIGATIONS ARE NOT PLEDGED AS SECURITY FOR THE 2018 BONDS. NONE OF THE ASSETS AND MONEYS HELD UNDER THE INDENTURE ARE PLEDGED TO ANY BONDS OR OTHER OBLIGATIONS ISSUED IN CONNECTION WITH SUCH OTHER BOND PROGRAMS.

THE 2018 BONDS

Description of the 2018 Bonds

The 2018 Bonds will be dated their date of delivery and will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. The 2018 Bonds will bear interest from their dated date until their maturity at the rates per annum set forth on the inside cover page of this Official Statement.

The 2018 Bonds will be issued by means of a book-entry system evidencing the beneficial ownership therein in principal amounts of \$5,000 or any integral multiple thereof on the records of the Depository Trust Company, New York, New York ("DTC") and its Participants. See "BOOK-ENTRY ONLY SYSTEM" herein.

The 2018 Bonds shall bear interest, payable semiannually on each May 1 and November 1, commencing May 1, 2018 (each an Interest Payment Date for the 2018 Bonds), from their date of original issue or the most recent date to which interest has been paid or duly provided for. The principal and redemption price of the 2018 Bonds shall be payable to the Owner upon presentation at the designated corporate trust office of the Trustee in such coin or currency of the United States of America as may be, on the respective dates of payment thereof, legal tender for the payment of public and private debts; provided, however, that so long as all Outstanding 2018 Bonds are

registered in the name of DTC or its designee, or other securities depository, DTC or such other securities depository may, in its discretion, make a notation on any 2018 Bond indicating the date and amount of any reduction of principal except in the case of final maturity, in which case the 2018 Bonds shall be surrendered to the Trustee for payment. Interest on the 2018 Bonds shall be paid by check or draft mailed to the Owners (as they appear on the registration books maintained by the Trustee as of the close of business on the applicable Record Date or Special Record Date) or, upon the written request of an Owner of 2018 Bonds in an aggregate principal amount of at least \$100,000, in form satisfactory to the Trustee, by wire transfer on each Interest Payment Date from the Trustee to a domestic bank or trust company designated by the Owner; provided, however, that so long as all of the Outstanding 2018 Bonds are registered in the name of DTC or its designee, or other securities depository, payment with respect to such 2018 Bonds shall be made in accordance with the operational arrangements of DTC or its designee, or other securities depository, as agreed to by the Agency. See “BOOK-ENTRY ONLY SYSTEM” herein.

Record Date

The record date for each payment of interest is the 15th date of the month, whether or not a business day, immediately preceding the month containing each Interest Payment Date, provided that, with respect to overdue interest or interest on any overdue amount, the Trustee may establish a special record date. The special record date may not be more than fifteen (15) or less than ten (10) days before the date set for payment. The Trustee will mail notice of a special record date to the registered owners at least ten (10) days before the special record date.

Optional Make-Whole Redemption

The 2018 Bonds are subject to redemption prior to maturity at the option of the Agency, in whole or in part, on any business day, at the Make-Whole Redemption Price, plus accrued and unpaid interest up to, but not including, the redemption date, on the 2018 Bonds to be redeemed on the date fixed for redemption.

The “Make-Whole Redemption Price” is the greater of (i) 100% of the principal amount of the 2018 Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the 2018 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2018 Bonds are to be redeemed, discounted to the date on which the 2018 Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 20 basis points.

“Treasury Rate” means, as of any redemption date for a particular 2018 Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the 2018 Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

At the request of the Trustee to the Agency, the Make-Whole Redemption Price of the 2018 Bonds to be redeemed shall be determined by an independent accounting firm, investment banking firm or financial advisor retained by Agency at the Agency’s expense to calculate such Make-Whole Redemption Price. The Trustee and the Agency may conclusively rely on the determination of such Make-Whole Redemption price by such independent accounting firm, investment banking firm or financial advisor and shall not be liable for such reliance.

Mandatory Sinking Fund Redemption

The Agency will, so long as any of the 2018 Bonds maturing November 1, 2037 (collectively, the “2018 Term Bonds”) are Outstanding, pay or cause to be paid to the Trustee, for deposit in the Bond Fund prior to each November 1 in the years and amounts shown below (each a Sinking Fund Payment Date for the respective 2018 Term Bonds) an amount (hereinafter referred to as a “Mandatory Sinking Fund Payment”) sufficient to redeem on such Sinking Fund Payment Date, at the principal amount thereof, 2018 Term Bonds of such maturity equal to the following principal amounts:

**2018 Term Bond Maturing November 1, 2037
and bearing interest at 3.80%**

<u>Sinking Fund Payment Date (November 1)</u>	<u>Principal Amount</u>	<u>Sinking Fund Payment Date (November 1)</u>	<u>Principal Amount</u>
2030	\$1,610,000	2034	\$1,880,000
2031	1,675,000	2035	1,945,000
2032	1,740,000	2036	2,030,000
2033	1,810,000	2037 [†]	2,105,000

[†] Stated maturity.

**2018 Term Bond Maturing November 1, 2037
and bearing interest at 3.75%**

<u>Sinking Fund Payment Date (November 1)</u>	<u>Principal Amount</u>	<u>Sinking Fund Payment Date (November 1)</u>	<u>Principal Amount</u>
2018	\$170,000	2028	\$250,000
2019	175,000	2029	260,000
2020	185,000	2030	270,000
2021	190,000	2031	280,000
2022	200,000	2032	290,000
2023	205,000	2033	300,000
2024	215,000	2034	310,000
2025	220,000	2035	325,000
2026	230,000	2036	335,000
2027	240,000	2037 [†]	350,000

[†] Stated maturity.

The principal amount of the 2018 Term Bonds of each maturity required to be redeemed on each Sinking Fund Payment Date set forth above shall be reduced by the principal amount of the 2018 Term Bonds of such maturity, accompanied by written instructions to such effect by the Authorized Officer at least 45 days prior to the redemption date, that have been either (i) purchased by and on behalf of the Agency and delivered to the Trustee for cancellation, or (ii) redeemed other than through the operation of the provisions of this section, and that have not been previously made the basis for a reduction of the principal amount of the 2018 Term Bonds of such maturity to be redeemed on a Sinking Fund Payment Date; provided, however, that for any such reduction, the Agency delivers to the Trustee an Agency Certificate certifying that the principal and interest payable on 2018 Bonds Outstanding in any future Fiscal Year does not exceed the maximum amount of Transfer Tax Revenues authorized by the Transfer Tax Statute to be payable in such Fiscal Year.

Selection of 2018 Bonds for Redemption

If the 2018 Bonds are no longer registered to DTC or its nominee, any redemption of less than all of a maturity of the 2018 Bonds shall be effected by the Trustee among owners on a pro-rata basis subject to minimum authorized denominations. The particular 2018 Bonds or portions thereof to be redeemed shall be determined by the Trustee, using such method as it shall deem fair and appropriate. If the 2018 Bonds are registered in book-entry only form and so long as DTC, or a successor securities depository, is the sole registered owner of such 2018 Bonds and if less than all of the 2018 Bonds of a maturity are called for prior redemption, the particular 2018 Bonds or portions thereof to be redeemed shall be selected on a “Pro Rata Pass-Through Distribution of Principal” basis in accordance with DTC procedures. However, so long as the 2018 Bonds are registered in book-entry form, the

selection for redemption of such 2018 Bonds shall be made in accordance with the operational arrangements of DTC then in effect. It is the Agency's intent that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the Agency and the Beneficial Owners be made on a "Pro Rata Pass-Through Distribution of Principal" basis as described above. However, the Agency can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among Beneficial Owners on such basis. If the DTC operational arrangements do not allow for the redemption of the 2018 Bonds on a Pro Rata Pass-Through Distribution of Principal basis as discussed above, then the 2018 Bonds will be selected for redemption in accordance with DTC procedures by lot. **The Agency can provide no assurance that DTC, its participants or any other intermediaries, will allocate redemptions of the 2018 Bonds of a particular maturity among the Beneficial Owners on such a proportional basis.**

Notice of Redemption

Notice of redemption of 2018 Bonds shall be mailed, first-class postage prepaid, not less than twenty (20) days before the date set for redemption, to the Owner of any 2018 Bonds to be redeemed; but neither the failure to mail such notice to the Owner of any particular 2018 Bond nor any defect in any notice so mailed shall affect the validity of the proceedings for redemption as to any 2018 Bond not affected by such defect. All notices of redemption shall state the redemption date, the redemption prices, the principal amount of 2018 Bonds to be redeemed and, if less than all Outstanding 2018 Bonds are to be redeemed, the identification (and in the case of partial redemption, the respective principal amounts) of the 2018 Bonds to be redeemed, the place or places where such 2018 Bonds are to be surrendered for payment and, if it be the case, that such 2018 Bonds are to be redeemed by the application of certain specified funds or for certain specified reasons. Such notice shall also state any condition to such redemption. Notice of redemption having been given as aforesaid, the 2018 Bonds so to be redeemed shall, on the redemption date, subject to the conditionality of such notice, become due and payable at the redemption price specified in such notice and on and after such date (unless the Agency shall default in the payment of the redemption price) such 2018 Bonds shall cease to bear interest.

SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS

Overview of Security Provisions

All Bonds issued under the Indenture, including the 2018 Bonds, are payable from and secured solely by a pledge of and lien on the Trust Estate. The Trust Estate includes all of the right, title and interest of the Agency in the Transfer Tax Revenues, and all amounts in the funds and accounts created and maintained under the Indenture (excluding the Rebate Fund), and any investments in which such amounts may be invested and the income therefrom and proceeds thereof, subject only to the provisions of the Indenture permitting the application thereof for other purposes. "Transfer Tax Revenues" consist of the Allocated Amount of Property Transfer Tax revenues collected annually, as set forth under the Transfer Tax Statute, which amount is required to be transferred to the Agency to pay the principal of and interest due on bonds issued under Section 621(22) of the Agency Act, including the 2018 Bonds. The Allocated Amount is equal to the first \$2,500,000 of Property Transfer Tax so collected annually. Under the Transfer Tax Statute, so long as any Bonds remain Outstanding under the Indenture, the Property Transfer Tax shall not be reduced below a rate estimated, at the time of any reduction, to generate annual revenues of at least \$12,000,000. For a discussion of the Property Transfer Tax and historical collections thereof, see "VERMONT PROPERTY TRANSFER TAX REVENUES" herein.

Special Obligations

The 2018 Bonds are special, limited obligations of the Agency. The 2018 Bonds are not general obligations of the Agency, the State or the VHCB and general funds of the Agency are not pledged to the payment of the 2018 Bonds or the interest thereon. Principal of, premium, if any, and interest on the 2018 Bonds are payable solely from the Trust Estate, consisting principally of, but not limited to, Transfer Tax Revenues. The 2018 Bonds shall in no event be payable from the general revenues or assets of the Agency. The Agency Act provides that the 2018 Bonds are not public debt of the State, and that the full faith and credit and general taxing power of the State are not pledged to their payment or of any payments that the State agrees to make thereunder.

Funds and Accounts

In order to administer the deposit of Transfer Tax Revenues related to the 2018 Bonds and the use of proceeds of the 2018 Bonds to fund the Program of the VHCB, the funds and accounts described below are established and held by the Trustee under the Trust Indenture.

- Program Fund;
- Transfer Tax Revenue Bond Fund (the “Bond Fund”); and
- Rebate Fund.

Collectively, the above-referenced funds and accounts are sometimes hereinafter referred to as the “Funds and Accounts.” The moneys deposited in the Funds and Accounts shall be held by the Trustee in trust for the owners of the Bonds. The moneys on deposit in the Funds and Accounts may be invested in Investment Obligations as provided for in the Trust Indenture. See **APPENDIX A – DEFINITIONS OF CERTAIN TERMS**.

Under the Trust Indenture, the Agency has pledged all of the moneys and any investment earnings with respect thereto in all Funds and Accounts, other than the Rebate Fund, to the Trustee for the benefit of the owners of the 2018 Bonds.

Flow of Transfer Tax Revenues; Lockbox Agreement

The Transfer Tax Revenues must be accounted for and deposited in accordance with the terms of the applicable Vermont statutes and the Trust Indenture. Under 32 V.S.A. §9602, the Property Transfer Tax is payable to the Commissioner of Taxes at the time of transfer of title to property subject to the tax.

Under the Lockbox Agreement, within ten (10) days after the end of each month, commencing with the first month of each fiscal year (July), the State, through its Department of Taxes, is required to pay to the Trustee Transfer Tax Revenues received by the State and due to the Agency pursuant to the Transfer Tax Statute. Such transfer shall happen each calendar month thereafter until the Allocated Amount of Property Transfer Tax revenues has been transferred to the Agency, at which point no further transfers by the State will be required for such fiscal year. Upon receipt of such amounts from the State, through its Department of Taxes, the Trustee shall immediately deposit such amounts to the Bond Fund for use to pay debt service on the 2018 Bonds. See **APPENDIX G – PROPOSED FORM OF LOCKBOX AGREEMENT**.

The General Assembly may amend the Transfer Tax Statute and other statutes that govern or otherwise impact the Transfer Tax Revenues, subject to the requirement under the Transfer Tax Statute that, so long as any Bonds remain Outstanding under the Indenture, the Property Transfer Tax shall not be reduced below a rate estimated, at the time of any reduction, to generate annual revenues of at least \$12,000,000. Any future amendments of the Transfer Tax Statute and other statutes that govern or otherwise impact the Transfer Tax Revenues would be subject to the covenant of the State under the Agency Act that it shall not in any way impair the rights and remedies of the holders of the Bonds. None of the Indenture, the Agency Act nor the Lockbox Agreement requires the State to increase the amount of the Property Transfer Tax revenues pledged as Transfer Tax Revenues.

Additional Bonds

Pursuant to the Trust Indenture, one or more series of Additional Bonds on a parity with the 2018 Bonds may be issued for the purposes of funding the Program, paying capitalized interest on the Bonds, and paying costs of issuance of such Bonds.

A series of Additional Bonds may be issued only upon receipt by the Trustee of, among other things:

(A) An Agency resolution authorizing the issuance of the Bonds and the sale thereof to the purchaser or purchasers named therein;

(B) An Agency Order directing the authentication of a specified principal amount of Bonds of a specified series and the delivery thereof to or upon the order of the purchaser or purchasers named therein upon payment of the purchase price set forth therein;

(C) An Agency Certificate to the effect that the principal and interest required to be paid on the Outstanding Bonds, including the Bonds to be issued, in the current and any future Fiscal Year, does not exceed the Transfer Tax Revenues authorized by the Transfer Tax Statute in any such Fiscal Year;

(D) An Opinion of Bond Counsel:

(1) stating that all conditions precedent provided in the Trust Indenture relating to the authentication and delivery of such Bonds have been complied with; and

(2) stating that the Bonds whose authentication and delivery are then applied for, when issued and executed by the Agency and authenticated and delivered by the Trustee, will be the valid and binding special, limited obligations of the Agency in accordance with their terms and entitled to the benefits of and secured by the lien of the Trust Indenture, subject to customary qualifications and assumptions;

(E) An executed counterpart of the supplemental indenture creating such Bonds; and

(F) Written confirmation from each Rating Agency that the issuance of such Bonds will not impair the then existing rating on Outstanding Bonds; provided that no such Rating Agency confirmation shall be required if there are no other series of Bonds Outstanding on the date of issuance of a series of Bonds.

Enforceability of Remedies

The remedies available to the Bondholders upon the occurrence of an Event of Default are limited and are in many respects dependent upon judicial actions, which are subject to discretion and delay.

PROPERTY TRANSFER TAX REVENUES

General

Under 32 V.S.A. §9602, the State currently imposes the Property Transfer Tax, which is a tax upon the transfer by deed of title to property located in the State, in an amount equal to one and one-quarter percent (1.25%) of the value of the property transferred (except with respect to transfers of certain principal residences, with respect to which the tax is 0.50% for the first \$100,000 in value of the residence transferred and 1.25% of the value of any amount in excess of \$100,000), with certain additional exceptions and limitations. The Property Transfer Tax is payable to the Commissioner of Taxes at the time of transfer of title to property subject to the tax.

Collections from the Property Transfer Tax fluctuate from year to year, but, since the State's fiscal year ending June 30, 2008, annual collections of this tax have been over \$23,000,000. See "Historical Information Regarding Property Transfer Tax Collections" below. Under the Transfer Tax Statute, so long as any Bonds remain Outstanding under the Indenture, the Property Transfer Tax shall not be reduced below a rate estimated, at the time of any reduction, to generate annual revenues of at least 12,000,000.

Historical Information Regarding Property Transfer Tax Collections

The following table sets forth, for fiscal years 1993 through 2017, as well as fiscal year 2018 information through November, 2017, the amount of Property Transfer Tax collected in July and August of each fiscal year, as well as total annual collections. As reflected in the table below, in each of the past ten fiscal years, the current Allocated Amount of Property Transfer Tax revenues was received by the State during the first two months of each fiscal year.

**Vermont Property Transfer Tax History
Monthly and Annual Totals
Fiscal Year 1993 – 2017, 2018 Year to Date**

Fiscal Year (June 30)	Collections July 1 - 31	Collections August 1 - 31	Aggregate Collections through August 31	Total Fiscal Year Collections
2018*	\$4,102,052	\$4,222,550	\$8,324,602	\$19,624,714**
2017	3,417,749	5,068,110	8,487,876	38,822,976
2016	4,181,234	3,419,716	7,602,966	35,700,436
2015	3,066,683	3,703,238	6,771,936	33,604,114
2014	3,157,868	3,350,118	6,510,000	30,930,639
2013	3,080,116	2,683,518	5,765,647	28,513,867
2012	2,396,654	2,389,523	4,788,189	24,096,924
2011	2,279,425	1,904,455	4,185,891	25,642,966
2010	2,081,902	2,042,814	4,126,726	23,818,570
2009	3,581,921	2,737,033	6,320,963	25,945,645
2008	3,328,961	3,951,858	7,282,827	33,991,556
2007	3,495,798	3,442,893	6,940,698	39,317,850
2006	5,376,473	4,044,271	9,422,750	43,682,205
2005	3,646,608	3,014,314	6,662,927	45,213,536
2004	2,468,725	2,995,064	5,465,793	33,951,657
2003	2,263,797	2,808,576	5,074,376	27,537,158
2002	2,105,721	2,540,466	4,648,189	25,015,562
2001	1,858,362	1,852,110	3,712,473	21,052,587
2000	1,705,122	2,192,400	3,899,522	20,725,654
1999	1,455,921	1,580,577	3,038,497	19,211,537
1998	1,245,722	1,290,636	2,538,356	15,141,597
1997	1,353,666	1,130,385	2,486,048	13,692,008
1996	1,229,496	1,092,944	2,324,436	12,291,207
1995	1,360,274	1,300,088	2,662,357	13,319,915
1994	993,421	1,021,188	2,016,603	12,723,007
1993	956,711	865,894	1,824,598	10,847,505

* Preliminary, unaudited.

** Represents fiscal year 2018 collections through November, 2017.

Source: Vermont Department of Taxes

For fiscal year 2018, the first \$2,500,000 of the Property Transfer Tax collections were transferred to the Agency in August 2017, reflecting a portion of the \$4,102,052 total Property Transfer Tax collections in July 2017. Such amount will be deposited in the Bond Fund established under the Trust Indenture on the date of issuance of the 2018 Bonds.

DEBT SERVICE REQUIREMENTS

The following table sets forth debt service on the 2018 Bonds for each fiscal year in which such 2018 Bonds will be outstanding (totals may not add due to rounding):

Fiscal Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$2,165,000	\$332,619	\$2,497,619
2019	1,310,000	1,191,758	2,501,758
2020	1,340,000	1,159,351	2,499,351
2021	1,375,000	1,124,924	2,499,924
2022	1,410,000	1,088,058	2,498,058
2023	1,450,000	1,048,628	2,498,628
2024	1,495,000	1,006,411	2,501,411
2025	1,535,000	960,676	2,495,676
2026	1,590,000	911,828	2,501,828
2027	1,640,000	860,290	2,500,290
2028	1,695,000	805,626	2,500,626
2029	1,750,000	747,670	2,497,670
2030	1,815,000	686,159	2,501,159
2031	1,880,000	618,808	2,498,808
2032	1,955,000	546,080	2,501,080
2033	2,030,000	470,508	2,500,508
2034	2,110,000	391,995	2,501,995
2035	2,190,000	310,448	2,500,448
2036	2,270,000	225,866	2,495,866
2037	2,365,000	137,966	2,502,966
2038	<u>2,455,000</u>	<u>46,558</u>	<u>2,501,558</u>
	\$37,825,000	\$14,672,224	\$52,497,224

VERMONT HOUSING & CONSERVATION BOARD

Management

The powers of the VHCB are vested in 11 board members, consisting of the Secretary of Agriculture, Food and Markets, the Secretary of Human Services, the Secretary of Natural Resources and the Executive Director of the Agency, or their designees, three members appointed by the Governor with the advice and consent of the State Senate, one member appointed by the Speaker of the House, one member appointed by the Senate Committee on Committees and two members appointed jointly by the Speaker of the House and the President Pro Tempore of the Senate. The appointed members serve for terms of three years beginning February 1 of the year of appointment.

The present board members are:

Neil Mickenberg, Chair, Burlington
 Emily Wadhams, Vice-Chair, Burlington
 Sarah E. Carpenter, Executive Director, Vermont Housing Finance Agency
 Joshua Laughlin, Putney
 Julie Moore, Secretary, Agency of Natural Resources
 David Marvin, Hyde Park
 Al Gobeille, Secretary, Agency of Human Services
 Bill Roper, Weybridge
 Anson Tebbetts, Secretary, Agency of Agriculture, Food and Markets
 Hanna Sessions, Salisbury
 Tom Yahn, Brattleboro

The following are principal staff members of the VHCB:

Gus Seelig, Executive Director
Larry Mires, Administrative Officer
Jennifer Hollar, Director of Policy and Special Projects
Martin Hahn, Housing Director
Karen Freeman, Conservation Director
Anne Duffy, Chief Financial Officer
Pam Boyd, Communications Director

Operations to Date

Since its creation, VHCB has awarded \$321 million to projects in over 200 communities throughout the State. Together with other leveraged funding sources, it has created over 12,500 affordable homes, conserved 426,280 acres of agricultural and recreational lands and natural areas, and restored 68 historic community buildings for public use.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds from the sale of the 2018 Bonds are as follows (rounded to the nearest dollar):

Sources of Funds:

Principal Amount of the 2018 Bonds	\$37,825,000
Fiscal Year 2018 Transfer Tax Revenues	<u>2,500,000</u>
Total Sources	\$40,325,000

Uses of Funds:

Deposit to Program Fund to fund the Program	\$36,995,756
Deposit to Program Fund to fund Program Expenses	330,785
Deposit to Transfer Tax Revenue Bond Fund	2,500,000
Deposit to Program Fund to pay Costs of Issuance	310,625
Underwriters' Fees	<u>187,834</u>
Total Uses	\$40,325,000

BOOK-ENTRY ONLY SYSTEM

DTC, New York, NY, will act as securities depository for the 2018 Bonds. The 2018 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered security certificate will be issued for each maturity of the 2018 Bonds of similar tenor in the aggregate principal amount thereof, and will be deposited with DTC.

DTC is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing

Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2018 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2018 Bond (a “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2018 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2018 Bonds, except in the event that use of the book entry system for the 2018 Bonds is discontinued.

To facilitate subsequent transfers, all 2018 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2018 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2018 Bonds. DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2018 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2018 Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such 2018 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2018 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the 2018 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2018 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Trustee or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its 2018 Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and shall effect delivery of such 2018 Bonds by causing the Direct Participant to transfer the Participant’s interest in the 2018 Bonds, on DTC’s records, to the Remarketing Agent. The requirement for physical delivery of 2018 Bonds in connection with an optional tender or a mandatory purchase

will be deemed satisfied when the ownership rights in the 2018 Bonds are transferred by Direct Participants on DTC's records and followed by a book entry credit of tendered 2018 Bonds to the Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the 2018 Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2018 Bond certificates are required to be printed and delivered.

The Agency may decide to discontinue use of the system of book entry only transfers through DTC (or a successor securities depository). In that event, 2018 Bond certificates will be printed and delivered to DTC.

The information included in this section concerning DTC and DTC's book entry system has been obtained from sources that the Agency believes to be reliable, but the Agency takes no responsibility for the accuracy thereof.

AGREEMENT OF THE STATE

Under the Agency Act, the State pledges and agrees with the Owners of bonds of the Agency that the State 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 Owners of its bonds or in any way impair the rights and remedies of the Owners of the bonds until the bonds and interest thereon are fully met, paid and discharged.

The Agency Act provides that bonds and other obligations of the Agency will not be deemed to constitute a debt or liability or obligation of the State or of any political subdivision thereof or a pledge of the faith and credit of the State or of any political subdivision, but will be payable solely from and secured solely by a pledge of the Trust Estate established under the Indenture.

NO LITIGATION

There is no controversy or litigation of any nature now pending or, to the knowledge of the Agency, threatened, restraining or enjoining the issuance, sale, execution or delivery of the 2018 Bonds or in any way contesting or affecting any authority for the issuance or validity of the 2018 Bonds, any proceedings of the Agency taken with respect to the issuance or sale thereof, the pledge or application of any money or security provided for the payment of the 2018 Bonds or the existence or powers of the Agency.

TAX MATTERS

General Matters. Bond Counsel is of the opinion that interest on the 2018 Bonds is not excludable from gross income for federal income tax purposes. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the 2018 Bonds under the laws of any jurisdiction. A copy of the proposed form of opinion of Bond Counsel with respect to the 2018 Bonds is attached as **APPENDIX D** to this Official Statement.

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the 2018 Bonds under the Internal Revenue Code of 1986, as amended (the "Code") and the applicable Treasury Regulations promulgated by the Secretary of the Treasury of the United States under the Code (the "Regulations"), and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws. Potential purchasers of the 2018 Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the 2018 Bonds.

In general, interest paid on the 2018 Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the 2018 Bonds, and principal payments (excluding the portion of such payments, if any, characterized as original issue discount or accrued market discount) will be treated as a return of capital.

Bond Premium. An investor that acquires a 2018 Bond for a cost greater than its remaining stated redemption price at maturity and holds such bond as a capital asset will be considered to have purchased such bond at a premium and, subject to prior election permitted by Section 171(c) of the Code, may generally amortize such premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Bond premium is generally amortized over the bond's term using constant yield principles, based on the purchaser's yield to maturity. Investors of any 2018 Bond purchased with a bond premium should consult their own tax advisors as to the effect of such bond premium with respect to their own tax situation and as to the treatment of bond premium for state tax purposes.

Market Discount. An investor that acquires a 2018 Bond for a price less than the adjusted issue price of such bond (or an investor who purchases a 2018 Bond in the initial offering at a price less than the issue price) may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, "market discount" means (a) in the case of a 2018 Bond originally issued at a discount, the amount by which the issue price of such bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a 2018 Bond not originally issued at a discount, the amount by which the stated redemption price of such bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a 2018 Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the bond, to recognize the gain on such sale or disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such a bond or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies. Investors of any 2018 Bond purchased at a market discount or original issue discount should consult their own tax advisors as to the effect of such discount with respect to their own tax situation and as to the treatment of such discount for state tax purposes.

Unearned Income Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals earning certain investment income. Holders of the 2018 Bonds should consult their own tax advisors regarding the application of this tax to interest earned on the 2018 Bonds and to gain on the sale of a 2018 Bond.

Sales or Other Dispositions. If an owner of a 2018 Bond sells the bond, such person will recognize gain or loss equal to the difference between the amount realized on such sale and such owner's basis in such bond. Ordinarily, such gain or loss will be treated as a capital gain or loss.

If the terms of a 2018 Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a 2018 Bond should consult its own tax advisor concerning the circumstances in which such bond would be deemed reissued and the likely effects, if any, of such reissuance.

Defeasance. The legal defeasance of the 2018 Bonds may result in a deemed sale or exchange of such bonds under certain circumstances. Owners of such 2018 Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

Backup Withholding. An owner of a 2018 Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the 2018 Bonds, if such owner, upon issuance of the 2018 Bonds, fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Foreign Investors. An owner of a 2018 Bond that is not a “United States person” (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a 2018 Bond will generally not be subject to United States income or withholding tax in respect of a payment on a 2018 Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term “United States person” means a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a 30% United States withholding tax will apply to interest paid and original issue discount accruing 2018 Bonds owned by foreign investors. In those instances in which payments of interest on the 2018 Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of 2018 Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a 2018 Bond.

Tax-Exempt Investors. In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for such entity’s exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a 2018 Bond incurs acquisition indebtedness with respect to such bond, interest paid or accrued with respect to such owner may be excluded by such tax-exempt owner from the calculation of unrelated business taxable income. Each potential tax exempt holder of a 2018 Bond is urged to consult its own tax advisor regarding the application of these provisions.

ERISA Considerations. The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, “ERISA Plans”) and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the 2018 Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan’s particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the 2018 Bonds could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the Agency or any dealer of the 2018 Bonds might be considered or might become a “party in interest” within the meaning of ERISA or a “disqualified person” within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the 2018 Bonds are acquired by such plans or arrangements with respect to which the Agency or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the 2018 Bonds. The sale of the 2018 Bonds to a plan is in no respect a representation by the Agency or the Underwriter that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Any plan proposing to invest in the 2018 Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

Vermont Taxes. The Agency Act provides that the 2018 Bonds and the interest thereon are exempt from all Vermont taxation, franchise fees or special assessments except for transfer, inheritance and estate taxes.

Changes in Federal and State Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the 2018 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2018 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2018 Bonds or the market value thereof would be impacted thereby. Purchasers of the 2018 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2018 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

RATING

Moody’s Investors Service, Inc. (“Moody’s”) has assigned its municipal bond rating of “Aa2” to the 2018 Bonds. Such rating reflects only the views of such organization and an explanation of the significance of such rating can only be obtained from the rating agency furnishing the same.

The rating is not a recommendation to buy, sell or hold the 2018 Bonds. There is no assurance that such rating will be maintained for any period of time or that such rating will not be withdrawn or revised downward by Moody’s if, in its judgment, circumstances so warrant. Therefore, after the date hereof, investors should not assume that such rating is still in effect. The Agency has not assumed any responsibility either to notify the beneficial owners of any proposed rating change or withdrawal of such rating subsequent to the date of this Official Statement, except in connection with the reporting of events as provided in the Continuing Disclosure Agreement (see “CONTINUING DISCLOSURE” below) or to contest any such revision or withdrawal. A downward revision or withdrawal of such rating, if taken, could have an adverse effect on the market price of the 2018 Bonds.

An explanation of the Moody’s rating may be obtained by writing to Moody’s Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007.

APPROVAL OF LEGALITY

All legal matters related to the authorization, issuance, sale and delivery of the 2018 Bonds are subject to the approval of Kutak Rock LLP, Bond Counsel. The unqualified approving opinion of Bond Counsel in substantially the form attached hereto as **APPENDIX D** hereto will be delivered with the 2018 Bonds. Certain legal matters will be passed upon for the Agency by George N. Demas, General Counsel of the Agency and for the Underwriters by Locke Lord LLP, Boston, Massachusetts, counsel to the Underwriters.

CONTINUING DISCLOSURE

The Agency has covenanted for the benefit of holders and beneficial owners of the 2018 Bonds to provide certain financial information relating to Property Transfer Tax collections by not later than within one year following the end of the State’s fiscal year (which currently is June 30) (the “Annual Report”), commencing with the report for the 2018 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. The event

notices, if any, and the Annual Report will be filed by the Agency with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“EMMA”) system. The specific nature of the information to be contained in the Annual Report or the event notices is summarized in **APPENDIX C – FORM OF CONTINUING DISCLOSURE AGREEMENT** hereto. These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2 12(b)(5).

During the previous five years, there have been instances where the Agency has not complied in all respects with the annual financial information and operating data requirements of its Continuing Disclosure Agreements related to (i) two series of its Multiple Purpose Bonds, (ii) its Single Family Housing Bonds, (iii) its Mortgage Revenue Bonds (Mortgage Backed Securities Program) and (iv) its Multi-Family Mortgage Bonds each of which have been issued by the Agency pursuant to separate bond indentures. With regards to the Multiple Purpose Bonds, the disclosure deficiencies were (i) the failure to properly cross reference a timely filed data chart required in connection with additional annual financial information to the CUSIPs for the 2007 Series C Bonds and 2008 Series C Bonds during the 2013 fiscal year; such information has since been associated with the CUSIPs for those bonds, and (ii) three late bond redemption notice filings by the Trustee (such redemption notices were posted by the Trustee on April 22, 2016, after the due date of March 30, 2016). For its timely filed annual financial information and operating data relating to its Single Family Housing Bonds, (i) for the Fiscal Year 2013 the annual data reports were timely submitted for each series of bonds but the content of such submissions was incomplete (the Agency has corrected those filings on EMMA) and (ii) for Fiscal Year 2014, the annual data report for each series of Single Family Housing Bonds was timely filed on December 23, 2014, but an amended report was filed on January 7, 2015, 12 days after the end of the reporting period. With regards to its HFA Initiative Multifamily Bonds (the “HFA Initiative MF Bonds”), there was a failure to properly associate the CUSIPs for its HFA Initiative MF Bonds, 2011 Series A and 2012 Series A with its timely filed HFA Initiative MF Bonds audited financial statements for the year ended June 30, 2012; such report was associated with all CUSIPs for its HFA Initiative MF Bonds six days after the end of the reporting period for such filing. With regards to its Multi-Family Mortgage Bonds, there was a failure to properly associate the CUSIPs for its Multi-Family Mortgage Bonds, 2014 Series ABC with its timely filed Multi-Family Mortgage Bond annual data report for Fiscal Year 2014; such report has since been associated with the CUSIPs for its Multi-Family Mortgage Bonds 2014 Series ABC. Additionally, the Agency failed to disclose three insurer-related downgrades of its Single Family Housing Bonds. The Agency has implemented procedures intended to ensure correct filings for its future continuing disclosure obligations.

UNDERWRITING

Morgan Stanley & Co. LLC (“Morgan Stanley”) and Raymond James & Associates, Inc. (“Raymond James,” and together with Morgan Stanley, the “Underwriters”) have jointly and severally agreed, subject to certain conditions, to purchase all of the 2018 Bonds from the Agency at the prices set forth on the inside cover page hereof, less an underwriters’ fee of \$187,834.18. The obligations of the Underwriters to purchase the 2018 Bonds are subject to certain terms and conditions set forth in the purchase contract for the 2018 Bonds.

The 2018 Bonds may be offered and sold to certain dealers, banks and others at prices lower than the initial public offering prices, and such initial offering prices may be changed from time to time, by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective affiliates, from time to time, may have performed and in the future may perform, various investment banking services for the Agency, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Agency.

Morgan Stanley & Co. LLC, an underwriter of the 2018 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of

Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2018 Bonds.

MISCELLANEOUS

The references herein to the Agency Act, the VHCB Act, the other Vermont statutes, the Trust Indenture, the First Supplemental Indenture and the Lockbox Agreement are brief outlines of the provisions thereof. Such outlines do not purport to be complete and reference is made to the Agency Act, the VHCB Act, the other Vermont statutes, the Trust Indenture, the First Supplemental Indenture and the Lockbox Agreement for full and complete statements of such provisions. The agreements of the Agency with the Owners of the 2018 Bonds are fully set forth in the Indenture and this Official Statement is not to be construed as a contract with the purchasers of the 2018 Bonds. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. Copies of the Agency Act, the Trust Indenture and the Supplemental Indenture are on file at the office of the Agency. The address of the Agency is 164 Saint Paul Street, Burlington, Vermont 05401 and its telephone number is (802) 864-5743.

The execution and delivery of this Official Statement by an Authorized Officer has been duly authorized by the Agency.

Dated: January 9, 2018

VERMONT HOUSING FINANCE AGENCY

/s/ Sarah E. Carpenter

Executive Director

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APPENDIX A

DEFINITIONS OF CERTAIN TERMS

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APPENDIX A – DEFINITIONS OF CERTAIN TERMS

Agency Act: Vermont Statutes Annotated, Title 10, Chapter 25, as in effect from time to time.

Agency Certificate: As the case may be, a document signed by an Authorized Officer either (i) attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth, (ii) setting forth matters to be determined by the Agency or an Authorized Officer pursuant to the Indenture, or (iii) requesting or directing the Trustee or other party to take action pursuant to the Indenture.

Agency Resolution: A copy of a resolution certified by an Authorized Officer to have been duly adopted by the members of the Agency and to be in full force and effect on the date of such certification, and delivered to the Trustee.

Authorized Officer: The Chairperson, Vice Chairperson, Executive Director, Deputy Executive Director or Chief Financial Officer of the Agency or any other person authorized by resolution of the Agency to perform an act or sign a document.

Bond: Any Bond issued pursuant to the Indenture and a Supplemental Indenture.

Bond Counsel: Any attorney or firm of attorneys of nationally recognized standing in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds selected by the Agency.

Bond Fund: The Bond Fund created pursuant to the Indenture.

Business Day: Any day (a) other than a Saturday, Sunday or other day that is a legal holiday in the State, and (b) on which banks in the city in which the designated principal corporate trust office of the Trustee are located are not required or authorized by law to be closed.

Code: The Internal Revenue Code of 1986, as amended and the applicable temporary, proposed and final Treasury regulations promulgated thereunder or applicable thereto.

Fiscal Year: The 12-month period commencing July 1 and concluding on June 30 in the next succeeding calendar year, or any other 12-month period designated by the State as its fiscal year.

Government Obligations: Direct obligations of the United States of America or obligations the principal of and interest on which are guaranteed by the United States of America (including obligations issued or held in book-entry form on the books of the United States Department of the Treasury).

Housing and Conservation Board: The Vermont Housing and Conservation Board, created pursuant to the Housing and Conservation Board Act, or any successor in interest.

Housing and Conservation Board Act: Vermont Statutes Annotated, Title 10, Chapter 15, as is then in effect.

Indenture: The Indenture of Trust and any amendments or supplements thereto entered into in accordance with the provisions of the Indenture.

Interest Payment Date: The date on which interest is payable on any Bonds (other than upon redemption of a Bond on a date other than a regularly scheduled interest payment date).

Investment Obligations: Any of the following securities and other investments, if and to the extent the same are at the time legal for the investment of the Agency's moneys:

(a) Government Obligations;

(b) Obligations (i) that are backed by the full faith and credit of any state of the United States of America, (ii) of any agency of the United States of America, or (iii) of any public corporation sponsored by the United States of America, provided that, at the time of purchase, such obligations shall not adversely affect the Rating of the Bonds;

(c) Interest bearing time or demand deposits, certificates of deposit or other similar banking arrangements with any bank, trust company, national banking association or other savings institution (including the Trustee) provided that (i) such deposits, certificates and other arrangements are fully insured by the Federal Deposit Insurance Corporation or guaranteed by the State, the proceeds of which insurance are timely available, or (ii) such depository has combined capital and surplus of at least \$75,000,000 and such deposits, certificates and other arrangements are fully secured by obligations described in clause (a) or (b) of this definition, or a combination thereof, at such levels and valuation frequency as shall not adversely affect the Rating of the Bonds or (iii) the deposit of funds with such depository will not adversely affect the Rating of the Bonds;

(d) Repurchase agreements and reverse repurchase agreements with banks that are members of the Federal Deposit Insurance Corporation, or with government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by obligations described in the preceding clauses (a) and (b) of this definition;

(e) Shares of (i) an investment company registered under the federal investment company act of 1940, whose shares are registered under the federal securities act of 1933, whose only investments are in securities described in clause (a), (b) or (d) above, or (ii) a common trust fund established by a national banking association or a bank or trust company organized under the laws of any state with combined capital and surplus of at least \$75,000,000, under the supervision and regulation of the Comptroller of the Currency pursuant to 12 C.F.R. 9, or any successor regulation, whose only investments are in securities described in clause (a), (b) or (d) above;

(f) Any investment contract with any provider as long as such investment contract does not adversely affect the Rating of the Bonds; and

(g) Any other investment that will not adversely affect the Rating of the Outstanding Bonds.

Lockbox Agreement: The Lockbox Agreement date as of January 1, 2018, by and among the Agency, the Trustee and the State, by and through its Vermont Department of Taxes.

Opinion of Counsel: A written opinion of counsel selected by the Agency and acceptable to the Trustee or selected by the Trustee.

Outstanding: When used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under the Indenture except:

(i) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Bonds for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee in trust for the Owners of such Bonds; provided that if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;

(iii) Bonds which have been defeased pursuant to the Indenture; and

(iv) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Indenture;

provided, however, that in determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds owned by the Agency shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded.

Owner: With respect to any Bond, the Bondowner.

Person: Any individual, corporation, limited liability company, partnership, limited liability partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Program: The use of proceeds of the Bonds by the Housing and Conservation Board to fund the creation and improvement of owner-occupied and rental housing for Vermonters with very low to middle income, in areas targeted for growth and reinvestment, all as pursuant to the provisions of Section 314 of the Housing and Conservation Board Act.

Program Account: An account so designated within the Program Fund established pursuant to the Indenture.

Program Fund: The Program Fund created under the Indenture.

Rating: With respect to any Bonds, the rating or ratings issued by a Rating Agency or Rating Agencies in force immediately prior to the proposed action to be taken by the Agency hereunder, and an action that does not “impair” the Rating or Ratings with respect to any Bonds shall be an action that will not cause the Rating Agency to lower, suspend or withdraw the rating or ratings it has assigned to the Bonds.

Rating Agency: Any nationally recognized entity that, upon the request of the Agency, has issued a credit rating on any Bonds issued pursuant to the Indenture.

Rebate Fund: The Rebate Fund created under the Indenture.

Record Date: The 15th day of the month, whether or not a Business Day, immediately preceding the month containing each Interest Payment Date, unless otherwise specified in a Supplemental Indenture, and with respect to any redemption notice or other notice to be given by the Trustee pursuant to the Indenture, the 15th day, whether or not a Business Day, immediately preceding the date of mailing or other transmission of such notice.

Redemption Date: When used with respect to any Bond to be redeemed, the date fixed for such redemption by or pursuant to the Indenture.

Redemption Price: When used with respect to any Bond to be redeemed, the price at which it is to be redeemed pursuant to the Indenture.

Responsible Officer: As to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of the Indenture.

Sinking Fund Payment Date: A date set forth in any applicable provision of a Supplemental Indenture for the making of a mandatory principal payment for the redemption of a Term Bond.

Special Record Date: A date fixed by the Trustee pursuant to the Indenture for the payment of any interest not paid at its Stated Maturity; such date may not be more than fifteen (15) or less than ten (10) days before the date set for payment.

State: The State of Vermont.

Stated Maturity: When used with respect to any Bond or any installment of interest thereon means the date specified in such Bond as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

Supplemental Indenture: An amendment of or supplement to the Indenture entered into by the Agency and the Trustee pursuant to Article X of the Indenture.

Tax Certificate: A Tax Certificate, if any, entered into by the Agency and the Housing and Conservation Board with respect to (i) Bonds deemed to be “private activity bonds” under the Code, (ii) grants of proceeds of Bonds to 501(c)(3) organizations or (iii) any other use of proceeds of Bonds issued on a tax-exempt basis.

Term Bonds: Any Bond for the payment of the principal of which mandatory payments are required by a Supplemental Indenture to be made at times and in amounts sufficient to redeem all or a portion of such Bond prior to its Stated Maturity.

Transfer Tax Revenues: All amounts payable to the Agency by the State pursuant to the Transfer Tax Statute.

Transfer Tax Statute: Vermont Statutes Annotated, Title 32, Chapter 231, Section 9610(d), as is in effect from time to time.

Trust Estate: The assets, revenues and other property pledged pursuant to the Granting Clauses of the Indenture.

Trustee: The trustee at the time serving as such under the Indenture.

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APPENDIX B

PROPOSED FORM OF THE TRUST INDENTURE

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INDENTURE OF TRUST

between the

VERMONT HOUSING FINANCE AGENCY

and

WILMINGTON TRUST, NATIONAL ASSOCIATION,

as Trustee

Dated as of January 1, 2018

Relating to:

VERMONT PROPERTY TRANSFER TAX REVENUE BONDS

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of the 1st day of January, 2018 (this “Indenture”), between the VERMONT HOUSING FINANCE AGENCY, a body politic and corporate of the State of Vermont (as hereinafter defined, the “Agency”), and WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association with trust powers, organized under the laws of the United States and having its designated corporate trust office in Boston, Massachusetts (with any successor trustee, the “Trustee”).

RECITALS

Pursuant to Vermont Statutes Annotated, Title 10, Chapter 25, including, without limitation, Section 621(22), as amended (as hereinafter defined, the “Agency Act”), the Agency is authorized to issue bonds secured by certain property transfer tax revenues as further described in Section 1.01 hereof (the “Transfer Tax Revenues”) of the State of Vermont (the “State”) for the purpose of providing funds to the Vermont Housing and Conservation Board (the “Housing and Conservation Board”) to fund its Program for the creation and improvement of owner-occupied and rental housing for Vermont residents with very low to moderate income in areas targeted for growth and reinvestment, all as described and authorized in Vermont Statutes Annotated, Title 10, Chapter 10 (the “Housing and Conservation Board Act”) and other authorized purposes under the Agency Act.

The Agency has deemed it advisable to enter into this Indenture to provide for the issuance, from time to time, of bonds secured by the Transfer Tax Revenues to be designated “Vermont Property Transfer Tax Revenue Bonds” (collectively, the “Bonds”), which shall be fully registered bonds as in this Indenture hereinafter provided.

The Bonds issued hereunder will be secured equally and ratably by all Transfer Tax Revenues.

The execution and delivery of this Indenture have been in all respects duly and validly authorized by the Agency pursuant to an authorizing resolution adopted by the Agency on December 26, 2017 (the “Authorizing Resolution”).

In connection with the issuance of Bonds issued hereunder, the Agency, the State, acting by and through its Vermont Department of Taxes (the “Vermont Department of Taxes”), and the Trustee have entered into a Lockbox Agreement, dated as of January 1, 2018 (the “Lockbox Agreement”), whereby the Agency has given an irrevocable direction to the State that, so long as any Bonds remain Outstanding, all Transfer Tax Revenues payable to the Agency by the State pursuant to the Transfer Tax Statute (as hereinafter defined) in each fiscal year for payment of debt service on the Bonds shall be instead paid by the State directly to the Trustee for deposit in the hereinafter defined Bond Fund held under the Indenture.

All conditions, acts and things necessary and required by the Constitution and laws of the State, or otherwise, to exist, to have happened or to have been performed precedent to and in the execution and delivery of this Indenture and the Lockbox Agreement, do exist, have happened or

have been performed in regular form, time and manner, and the execution and delivery of this Indenture have been in all respects duly authorized.

The Trustee has accepted the trusts created by this Indenture and in evidence thereof has duly executed this Indenture and the Lockbox Agreement.

GRANTING CLAUSES

That the Agency, in order to secure the payment of the principal of, premium (if any) and interest on the Bonds issued under this Indenture according to their tenor and effect and the performance and observance of each and all of the covenants and conditions herein and therein contained, and for and in consideration of the premises and of the purchase and acceptance of the Bonds by the respective purchasers and Owners thereof, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, has executed and delivered this Indenture and has pledged, and by these presents does hereby pledge, absolutely unto the Trustee, and to its successor or successors in the trusts hereby created and to its or their assigns forever:

GRANTING CLAUSE I.

All of the right, title and interest of the Agency in the Transfer Tax Revenues and the Lockbox Agreement;

GRANTING CLAUSE II.

All amounts in the funds and accounts created and maintained under this Indenture (excluding the Rebate Fund), and any investments in which such amounts may be invested and the income therefrom and proceeds thereof, subject to the provisions of this Indenture and the Lockbox Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein;

GRANTING CLAUSE III

All proceeds from any property described in these Granting Clauses hereof, and any and all other property of every name and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred, as and for additional security hereunder, by the Agency or by anyone on its behalf or with its written consent, including any transfers by the State made pursuant to the Lockbox Agreement, 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 said property hereby pledged, or agreed or intended so to be, to the Trustee, its successor or successors in trust and its and their assigns, FOREVER.

IN TRUST NEVERTHELESS, upon the terms and trust herein set forth, for the equal and proportionate benefit, security and protection of all Owners of the Bonds issued or to be

issued under and secured by this Indenture, without preference, priority or distinction as to pledge or otherwise of any of the Bonds over any of the others;

PROVIDED, HOWEVER, that if the Agency, its successors or assigns, shall well and truly pay or cause to be paid the principal of the Bonds and the premium (if any) and interest due or to become due thereon, at the times and in the manner mentioned in the Bonds, according to the true intent and meaning thereof, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee sums sufficient to pay 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 the Lockbox Agreement to be kept, performed and observed by it and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof; then upon such final payment this Indenture and the rights hereby granted shall cease, determine and be void; otherwise, this Indenture to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared that, all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said property hereby pledged is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter 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, of the said Bonds, as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Article I shall, for all purposes of this Indenture and of any indenture supplemental hereto, have the meanings herein specified, such definitions to be equally applicable to both the singular and plural forms of any of the terms defined:

Agency: The Vermont Housing Finance Agency, or any successors to its functions under this Indenture.

Agency Act: Vermont Statutes Annotated, Title 10, Chapter 25, as in effect from time to time.

Agency Certificate: As the case may be, a document signed by an Authorized Officer either (i) attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth, (ii) setting forth matters to be determined by the Agency or an Authorized Officer pursuant to this Indenture, or (iii) requesting or directing the Trustee or other party to take action pursuant to this Indenture.

Agency Fees: An amount up to 0.50% of the proceeds of any Series of Bonds at the time of issuance and thereafter, annually, an amount up to 0.10% of the then-outstanding principal balance of the related Series of Bonds.

Agency Resolution: A copy of a resolution certified by an Authorized Officer to have been duly adopted by the members of the Agency and to be in full force and effect on the date of such certification, and delivered to the Trustee.

Authorized Officer: The Chairperson, Vice Chairperson, Executive Director, Deputy Executive Director or Chief Financial Officer of the Agency or any other person authorized by resolution of the Agency to perform an act or sign a document.

Bond: Any Bond issued pursuant to a Supplemental Indenture pursuant to Section 2.03 hereof.

Bond Counsel: Any attorney or firm of attorneys of nationally recognized standing in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds selected by the Agency.

Bond Fund: The Bond Fund created under Section 4.01 hereof.

Bondowner: A Person in whose name a Bond is registered in the Bond Register.

Bond Register and Bond Registrar have the respective meanings specified in Section 2.08 hereof.

Business Day: Any day (a) other than a Saturday, Sunday or other day that is a legal holiday in the State, and (b) on which banks in the city in which the designated principal corporate trust office of the Trustee are located are not required or authorized by law to be closed.

Code: The Internal Revenue Code of 1986, as amended and the applicable temporary, proposed and final Treasury regulations promulgated thereunder or applicable thereto.

Default: An Event of Default and an event or condition, the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

Event of Default has the meaning specified in Section 6.01.

Fiscal Year: The 12-month period commencing July 1 and concluding on June 30 in the next succeeding calendar year, or any other 12-month period designated by the State as its fiscal year.

Government Obligations: Direct obligations of the United States of America or obligations the principal of and interest on which are guaranteed by the United States of America (including obligations issued or held in book-entry form on the books of the United States Department of the Treasury).

Housing and Conservation Board: The Vermont Housing and Conservation Board, created pursuant to the Housing and Conservation Board Act, or any successor in interest.

Housing and Conservation Board Act: Vermont Statutes Annotated, Title 10, Chapter 15, as is then in effect.

Indenture: This Indenture of Trust and any amendments or supplements hereto entered into in accordance with the provisions hereof.

Interest Payment Date: The date on which interest is payable on any Bonds (other than upon redemption of a Bond on a date other than a regularly scheduled interest payment date).

Investment Obligations: Any of the following securities and other investments, if and to the extent the same are at the time legal for the investment of the Agency's moneys:

(a) Government Obligations;

(b) Obligations (i) that are backed by the full faith and credit of any state of the United States of America, (ii) of any agency of the United States of America, or (iii) of any public corporation sponsored by the United States of America, provided that, at the time of purchase, such obligations shall not adversely affect the Rating of the Bonds;

(c) Interest bearing time or demand deposits, certificates of deposit or other similar banking arrangements with any bank, trust company, national banking association or other savings institution (including the Trustee) provided that (i) such deposits, certificates and other arrangements are fully insured by the Federal Deposit Insurance Corporation or guaranteed by the State, the proceeds of which insurance are timely available, or (ii) such depository has combined capital and surplus of at least \$75,000,000 and such deposits, certificates and other arrangements are fully secured by obligations described in clause (a) or (b) of this definition, or a combination thereof, at such levels and valuation frequency as shall not adversely affect the Rating of the Bonds or (iii) the deposit of funds with such depository will not adversely affect the Rating of the Bonds;

(d) Repurchase agreements and reverse repurchase agreements with banks that are members of the Federal Deposit Insurance Corporation, or with government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by obligations described in the preceding clauses (a) and (b) of this definition;

(e) Shares of (i) an investment company registered under the federal investment company act of 1940, whose shares are registered under the federal securities act of 1933, whose only investments are in securities described in clause (a), (b) or (d) above, or (ii) a common trust fund established by a national banking association or a bank or trust company organized under the laws of any state with combined capital and surplus of at least \$75,000,000, under the supervision and regulation of the Comptroller of the Currency pursuant to 12 C.F.R. 9, or any successor regulation, whose only investments are in securities described in clause (a), (b) or (d) above;

(f) Any investment contract with any provider as long as such investment contract does not adversely affect the Rating of the Bonds; and

(g) Any other investment that will not adversely affect the Rating of the Outstanding Bonds.

Lockbox Agreement: The Lockbox Agreement date as of January 1, 2018, by and among the Agency, the Trustee and the State, by and through its Vermont Department of Taxes.

Opinion of Counsel: A written opinion of counsel selected by the Agency and acceptable to the Trustee or selected by the Trustee.

Outstanding: When used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under this Indenture except:

(i) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Bonds for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee in trust for the Owners of such Bonds; provided that if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(iii) Bonds which have been defeased within the meaning of Section 9.01 hereof; and

(iv) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to this Indenture;

provided, however, that in determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds owned by the Agency shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded.

Owner: With respect to any Bond, the Bondowner.

Person: Any individual, corporation, limited liability company, partnership, limited liability partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Program: The use of proceeds of the Bonds by the Housing and Conservation Board to fund the creation and improvement of owner-occupied and rental housing for Vermonters with very low to middle income, in areas targeted for growth and reinvestment, all as pursuant to the provisions of Section 314 of the Housing and Conservation Board Act.

Program Account: An account so designated within the Program Fund established pursuant to Section 3.01 of this Indenture.

Program Fund: The Program Fund created under Section 3.01 of this Indenture.

Rating: With respect to any Bonds, the rating or ratings issued by a Rating Agency or Rating Agencies in force immediately prior to the proposed action to be taken by the Agency hereunder, and an action that does not “impair” the Rating or Ratings with respect to any Bonds shall be an action that will not cause the Rating Agency to lower, suspend or withdraw the rating or ratings it has assigned to the Bonds.

Rating Agency: Any nationally recognized entity that, upon the request of the Agency, has issued a credit rating on any Bonds issued pursuant to this Indenture.

Rebate Fund: The Rebate Fund created under Section 4.03 of this Indenture.

Record Date: The 15th day of the month, whether or not a Business Day, immediately preceding the month containing each Interest Payment Date, unless otherwise specified in a Supplemental Indenture, and with respect to any redemption notice or other notice to be given by the Trustee pursuant to this Indenture, the 15th day, whether or not a Business Day, immediately preceding the date of mailing or other transmission of such notice.

Redemption Date: When used with respect to any Bond to be redeemed, the date fixed for such redemption by or pursuant to this Indenture.

Redemption Price: When used with respect to any Bond to be redeemed, the price at which it is to be redeemed pursuant to this Indenture.

Responsible Officer: As to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

Sinking Fund Payment Date: A date set forth in any applicable provision of a Supplemental Indenture for the making of a mandatory principal payment for the redemption of a Term Bond.

Special Record Date: A date fixed by the Trustee pursuant to Section 2.10 hereof for the payment of any interest not paid at its Stated Maturity.

State: The State of Vermont.

Stated Maturity: When used with respect to any Bond or any installment of interest thereon means the date specified in such Bond as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

Supplemental Indenture: An amendment of or supplement to this Indenture entered into by the Agency and the Trustee pursuant to Article X of this Indenture.

Tax Certificate: A Tax Certificate, if any, entered into by the Agency and the Housing and Conservation Board with respect to (i) Bonds deemed to be “private activity bonds” under the Code, (ii) grants of proceeds of Bonds to 501(c)(3) organizations or (iii) any other use of proceeds of Bonds issued on a tax-exempt basis.

Term Bonds: Any Bond for the payment of the principal of which mandatory payments are required by a Supplemental Indenture to be made at times and in amounts sufficient to redeem all or a portion of such Bond prior to its Stated Maturity.

Transfer Tax Revenues: All amounts payable to the Agency by the State pursuant to the Transfer Tax Statute.

Transfer Tax Statute: Vermont Statutes Annotated, Title 32, Chapter 231, Section 9610(d), as is in effect from time to time.

Trust Estate: The assets, revenues and other property pledged pursuant to the Granting Clauses of this Indenture.

Trustee: The trustee at the time serving as such under this Indenture.

Section 1.02. Additional Provisions as to Interpretation. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof. “Or” is not intended to be exclusive, but to permit or encompass one, more or all of the alternatives disjoined.

Whenever in this Indenture and the Lockbox Agreement it is provided or permitted that there be deposited with or held in trust by the Trustee money or funds in the necessary amount to pay or redeem any Bonds, the amount so to be deposited or held shall be the principal amount of such Bonds and all unpaid interest thereon to maturity, except that in the case of Bonds that are to be redeemed and in respect of which there shall have been furnished to the Trustee proof satisfactory to it that notice of such redemption on a specified redemption date has been duly given or provision satisfactory to the Trustee shall be made for such notice, the amount so to be deposited or held shall be the principal amount of such Bonds and interest thereon to the redemption date, together with the redemption premium, if any.

Section 1.03. Compliance Certificates and Opinions. Upon any application or request by the Agency to the Trustee to take any action under any provision of this Indenture, the Agency shall furnish to the Trustee an Agency Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such Counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

- (1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;
- (2) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and
- (3) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

Section 1.04. Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Agency may be based, in so far as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel. Any such certificate or Opinion of Counsel may be based, in so far as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Agency stating that the information with respect to such factual matters is in the possession of the Agency.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 1.05. Governing Law; Execution Counterparts. This Indenture shall be governed by and construed in accordance with the laws of the State, without giving effect to the conflicts-of-laws principles thereof. 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.

Section 1.06. Limitation on Agency Liability. No agreements or provisions contained in this Indenture or any agreement, covenant or undertaking by the Agency contained in any document executed by the Agency in connection with this Indenture or the Bonds shall give rise to any pecuniary liability of the Agency or a charge against its general credit, or shall obligate the Agency financially in any way except with respect to the Trust Estate, the proceeds of Bonds and investment income therefrom (collectively, for purposes of this Section 1.06, the “Pledged Revenues”). No failure of the Agency to comply with any term, condition, covenant or agreement herein shall subject the Agency to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent that the same can be paid or recovered from the Pledged Revenues; and no execution on any claim, demand, cause of action or judgment therefor shall be levied upon or collected from the general credit or general funds of the Agency

(except as such constitute Transfer Tax Revenues). Nothing herein shall preclude a proper party in interest from seeking and obtaining specific performance against the Agency for any failure to comply with any term, condition, covenant or agreement herein; provided, however, that no costs, expenses or other monetary relief shall be recoverable from the Agency except as may be payable from the Pledged Revenues.

Section 1.07. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.08. Successors and Assigns. All covenants and agreements in this Indenture by the Agency shall bind its successors and assigns, whether so expressed or not.

Section 1.09. Separability Clause. In case any provision in this Indenture or in the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.10. Immunity of Officers. No recourse for the payment of any part of the principal of, the Redemption Price of or interest on any Bond or for the satisfaction of any liability arising from, founded upon or existing by reason of the issue, purchase or ownership of the Bonds shall be had against any officer, member or agent of the Agency, as such, all such liability being hereby expressly released and waived as a condition of and as a part of the consideration for the execution of this Indenture and the issuance of the Bonds.

Section 1.11. Notices etc., to Trustee and Agency. Any request, demand, authorization, direction, notice, consent of Bondowners or other document provided or permitted by this Indenture shall be sufficient for any purpose under this Indenture, when mailed certified mail, return receipt requested, postage prepaid or by overnight delivery service (except as otherwise provided in this Indenture) (with a copy to the other parties) at the following addresses (or such other address as may be provided by any party by notice) and shall be deemed to be effective upon receipt:

To the Agency: Vermont Housing Finance Agency
164 St. Paul Street
Burlington, VT 05401
Attn: Chief Financial Officer

To the Trustee: Wilmington Trust, National Association
280 Congress Street, Suite 1300
Boston, MA 02210
Attention:

ARTICLE II

THE BONDS

Section 2.01. General Title and Limitations. The general title of the Bonds of all series shall be “Vermont Property Transfer Tax Revenue Bonds.” The Bonds are special, limited obligations of the Agency. The Bonds are not general obligations of the Agency and general funds of the Agency are not pledged to the payment of the Bonds or the interest thereon. Principal of, premium, if any, and interest on the Bonds are payable solely from the Trust Estate, consisting principally of, but not limited to, Transfer Tax Revenues pursuant to the Lockbox Agreement. The Bonds shall in no event be payable from the general revenues or assets of the Agency. The Agency Act provides that the Bonds are not public debt of the State, and that the full faith and credit and taxing powers other than as contained in the Transfer Tax Statute of the State are not pledged to their payment or of any payments that the State agrees to make thereunder.

The aggregate principal amount of Bonds that may be authenticated and delivered and Outstanding under this Indenture is not limited, except as may be limited by law.

Section 2.02. Issuable in Series; Payment on Non-Business Days. The Bonds may be issued in series as from time to time authorized by Agency Resolution.

With respect to the Bonds of any particular series, the Agency may incorporate in or add to the general title of such Bonds any words, letters or figures designed to distinguish that series. Unless otherwise provided with respect to any particular series of Bonds, the Bonds of each series shall be dated as of their date of authentication.

If the Stated Maturity of any Bond or if any Interest Payment Date or Redemption Date shall not be a Business Day, then the principal, premium, or interest due on such date may be paid on the next succeeding Business Day, with the same force and effect as if paid on the Stated Maturity, Interest Payment Date, or Redemption Date, and without additional interest accruing thereon for the period after such Stated Maturity, Interest Payment Date, or Redemption Date (whether or not such next succeeding Business Day occurs in a succeeding month).

Section 2.03. Terms of Particular Series; Conditions Precedent to Issuance.

(a) Each series of Bonds shall be created by a Supplemental Indenture authorized by an Agency Resolution in accordance with paragraph (b) of this Section 2.03. The Bonds of any series may differ from the Bonds of any other series in any respect not in conflict with the provisions of this Indenture and as may be prescribed in the Supplemental Indenture creating such series. Without limiting the preceding sentence, the Bonds of any series shall bear such date or dates, shall be payable at such place or places, shall have such Stated Maturities and Redemption Dates, shall bear interest at such rate or rates, from such date or dates, payable in such installments and on such dates and at such place or places, and may be redeemable at such price or prices and upon such terms (in addition to the prices and terms herein specified for redemption of all Bonds) as shall be provided in the Supplemental Indenture creating that series. The

Agency may, at the time of the creation of any series of Bonds or at any time thereafter, make, and the Bonds of that series may contain, provision for:

- A. a sinking, amortization, improvement or other analogous fund;
- B. limiting the aggregate principal amount of the Bonds of that series;
- C. exchanging Bonds of that series, at the option of the Owners thereof, for other Bonds of the same series of the same aggregate principal amount of a different authorized kind and/or authorized denomination or denominations; and/or
- D. payment of the interest thereon by the Trustee; all upon such terms as the Agency may determine.

(b) Any series of Bonds issued hereunder shall be authorized by Agency Resolution and prescribed in a Supplemental Indenture executed by the Agency and the Trustee and which, when so issued, authorized and prescribed, shall be secured by this Indenture and the Trust Estate on a parity with the Bonds then Outstanding under this Indenture; provided, that no such series of Bonds shall be issued under this Indenture or secured by the Trust Estate on a parity with the Outstanding Bonds unless there shall be delivered to the Trustee the following:

(A) An Agency Resolution authorizing the issuance of the Bonds and the sale thereof to the purchaser or purchasers named therein;

(B) An Agency Certificate directing the authentication of a specified principal amount of Bonds of a specified series and the delivery thereof to or upon the order of the purchaser or purchasers named therein upon payment of the purchase price set forth therein;

(C) An Agency Certificate to the effect that the principal and interest required to be paid on the Outstanding Bonds, including the Bonds to be issued, in the current and any future Fiscal Year, does not exceed the maximum amount of Transfer Tax Revenues authorized by the Transfer Tax Statute in any such Fiscal Year;

(D) An Opinion of Bond Counsel:

(1) stating that all conditions precedent provided in this Indenture relating to the authentication and delivery of such Bonds have been complied with; and

(2) stating that the Bonds whose authentication and delivery are then applied for, when issued and executed by the Agency and authenticated and delivered by the Trustee, will be the valid and binding special, limited obligations of the Agency in accordance with their terms and entitled to

the benefits of and secured by the lien of this Indenture, subject to customary qualifications and assumptions;

(E) An executed counterpart of the Supplemental Indenture creating such Bonds; and

(F) Written confirmation from each Rating Agency that the issuance of such Bonds will not impair the then existing rating on Outstanding Bonds; provided that no such Rating Agency confirmation shall be required (i) in connection with the initial series of Bonds hereunder, (ii) in connection with any series of Bonds intended to refund all or any portion of Bonds Outstanding or (iii) if there are no other series of Bonds Outstanding on the date of issuance of a series of Bonds.

Section 2.04. Form and Denominations. The form of the Bonds of each series shall be established by the provisions of the Supplemental Indenture creating such series.

The Bonds of each series shall be issuable in fully registered form in such denominations as shall be provided in the provisions of this Indenture creating such series. In the absence of any other provision with respect to the Bonds of any particular series, the Bonds of such series shall be in the denomination of \$5,000 or any multiple thereof.

Section 2.05. Execution, Authentication and Delivery. Each Bond shall be executed on behalf of the Agency by the manual or facsimile signatures of the Chairperson and the Chief Financial Officer of the Agency and said signatures shall be authenticated by the Trustee, which is hereby designated as authenticating agent. In the event that any of the officers who shall have signed any of the Bonds shall cease to be officers of the Agency before the Bonds shall have been authenticated or delivered by the Trustee, or issued by the Agency, such Bonds may, nevertheless, be authenticated, delivered, and issued, and upon such authentication, delivery and issue, shall be binding upon the Agency as though those officers who signed the same had continued to be such officers of the Agency; and, also, any Bond may be signed on behalf of the Agency by such person who, at the actual date of execution of such Bond, shall be the proper officer of the Agency, although at the date of such Bond such person shall not have been such an officer of the Agency.

At any time and from time to time after the execution and delivery of this Indenture, the Agency may deliver Bonds executed by the proper officers of the Agency to the Trustee for authentication; and the Trustee shall authenticate and deliver such Bonds as in this Indenture provided and not otherwise.

Section 2.06. Certificate of Authentication. No Bond shall be secured by, or entitled to any lien, right or benefit under, this Indenture or be valid or obligatory for any purpose, unless there appears on such Bond a certificate of authentication substantially in the following form executed by the Trustee by manual signature, and such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly authenticated and delivered hereunder:

This is one of the Bonds of the series designated therein referred to in the within-mentioned Indenture.

WILMINGTON TRUST, NATIONAL
ASSOCIATION,
as Trustee

By.....
Authorized Representative

Section 2.07. Temporary Bonds. Pending the preparation of definitive Bonds, the Agency, if authorized by law, may execute, and upon Agency Request the Trustee shall authenticate and deliver, temporary Bonds which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are issued, in registered form, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the Agency executing such Bonds may determine, as evidenced by their signing of such Bonds.

If temporary Bonds are issued, the Agency will cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the temporary Bonds shall be exchangeable for definitive Bonds upon surrender of the temporary Bonds at the principal office of the Trustee, without charge to the Owner. Upon surrender for cancellation of any one or more temporary Bonds the Agency shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Bonds of authorized denominations. Until so exchanged the temporary Bonds shall in all respects be entitled to the security and benefits under this Indenture, and interest thereon, when and as payable, shall be paid to the Owners of temporary Bonds upon presentation thereof for notation of such payment thereon.

Section 2.08. Registration, Transfer and Exchange. The Agency shall cause to be kept at the designated principal corporate trust office of the Trustee a register (the "Bond Register") in which, subject to such reasonable regulations as it may prescribe, the Agency shall provide for the registration of Bonds of all series and of transfers of Bonds of all series. The Trustee is hereby appointed "Bond Registrar" for the purpose of registering Bonds and transfers of Bonds as herein provided.

Upon surrender for transfer of any Bond at the designated principal corporate trust office of the Bond Registrar, the Agency shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same series, of any authorized denomination or denominations, of like aggregate principal amount and having the same Stated Maturity and interest rate.

At the option of the Owner, Bonds may be exchanged, upon surrender thereof at the designated principal corporate trust office of the Trustee, for other Bonds of the same series, Stated Maturity and interest rate of a like aggregate principal amount, of any authorized denomination or denominations, as requested by the Owner surrendering the same. Whenever any Bonds are so surrendered for exchange, the Agency will execute, and the Trustee shall

authenticate and deliver, the Bonds which the Bondowner making the exchange is entitled to receive.

All Bonds surrendered upon any exchange or transfer provided for in this Indenture shall be promptly cancelled by the Trustee and thereafter disposed of as directed by Agency Order.

All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the Agency evidencing the same debt, and entitled to the same security and benefits under this Indenture as the Bonds surrendered upon such transfer or exchange.

Every Bond presented or surrendered for transfer or exchange shall (unless the requirement is waived by the Agency and the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Agency and the Bond Registrar duly executed by, the Owner thereof or his attorney duly authorized in writing.

No service charge shall be made for any transfer or exchange herein provided for, but the Agency may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of the Bonds, other than exchanges under Section 2.07 not involving any transfer.

The Agency and the Trustee shall not be required (i) to issue, transfer or exchange any Bond during a period beginning at the opening of business 15 days before the day of mailing a notice of redemption of Bonds selected for redemption and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Bond or portion thereof selected for redemption.

The Trustee shall administer and observe on behalf of the Agency all applicable requirements of the Code now or hereafter relating to information reporting, withholding and similar requirements with respect to ownership or payment of Bonds, including, without limitation, such requirements imposed by Sections 871(h)(2)(B), 1441, 1442, 3406, 6045 and 6049 of the Code.

Section 2.09. Mutilated, Destroyed, Lost and Stolen Bonds. If (i) any mutilated Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Bond and (ii) there is delivered to the Trustee such security and/or indemnity as may be required by the Trustee to save the Agency and the Trustee harmless, then, in the absence of notice to the Trustee that such Bond has been acquired by a bona fide purchaser, the Agency shall execute and upon Agency Request the Trustee shall authenticate and deliver, in exchange for or in lieu of such mutilated, destroyed, lost or stolen Bond, a new Bond of the same series and of like tenor, principal amount, Stated Maturity and interest rate, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Agency in its discretion may, instead of issuing a new Bond, pay such Bond.

Upon the issuance of any new Bond under this Section, the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed

in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bond shall constitute an original additional contractual obligation of the Agency, whether or not the destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture, equally and proportionately with any and all other Bonds duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds.

Section 2.10. Payment of Interest; Interest Rights Preserved. Interest on any Bond which is payable, and is punctually paid, on any Interest Payment Date shall be paid to the Person in whose name that Bond is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Bond which is payable, but is not punctually paid, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the registered Owner on the relevant Record Date by virtue of having been such Owner; and such Defaulted Interest shall be paid to the Persons in whose names the Bonds are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. When Defaulted Interest is to be paid hereunder, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 or less than 10 days before the date of the proposed payment. The Trustee shall promptly notify the Agency of such Special Record Date and, in the name and at the expense of the Agency, shall cause notice of the proposed payment of such Defaulted Interest (including interest thereon as provided herein, including Delinquent Interest) and the Special Record Date therefor to be mailed, first class postage prepaid, to each Bondowner at his address as it appears in the Bond Register, not less than 10 days before such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Bonds are registered on such Special Record Date.

Subject to the foregoing provisions of this Section, each Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

Section 2.11. Persons Deemed Owners. The Agency, the Trustee and any other agent of the Agency or the Trustee may treat the Person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of (and premium, if any), and (subject to Section 2.10 hereof) interest on, such Bond and for all other purposes whatsoever whether or not such Bond be overdue, and neither the Agency, the Trustee nor any other agent of the Agency shall be affected by notice to the contrary.

Section 2.12. Cancellation. All Bonds surrendered for payment, redemption, transfer or exchange shall be promptly cancelled. The Agency may at any time deliver to the Trustee for cancellation any Bonds previously authenticated and delivered hereunder which the Agency may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Trustee. No Bonds shall be authenticated in lieu of or in exchange for any Bond cancelled as provided in the Section, except as expressly permitted by this Indenture. All cancelled Bonds held by the Trustee shall be disposed of as required by law, and the Trustee shall retain a record of such disposal.

Section 2.13. Election to Redeem; Notice to Trustee. The election of the Agency to redeem any Bonds shall be evidenced by an Agency Order. In case of any redemption at the election of the Agency of less than all of the Outstanding Bonds of any series, the Agency shall, at least forty-five days before the Redemption Date fixed by the Agency (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date and of the principal amount of Bonds of such series to be redeemed. If such redemption is of less than all of the Outstanding Bonds, the Agency shall specify in writing the Bonds to be redeemed as provided in Section 2.14 hereof.

Section 2.14. Selection by Trustee of Bonds to Be Redeemed. If less than all of the Outstanding Bonds of any series are to be redeemed, the Agency shall specify, by Agency Order, the series and Stated Maturities of the Bonds to be redeemed. If the Agency fails to so specify, Bonds shall be redeemed ratably from every series then Outstanding, in proportion to the Outstanding principal amounts thereof, or within a series pro rata from each Stated Maturity of Outstanding Bonds or Sinking Fund Payment Date. If less than all Bonds of a single Stated Maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Trustee from the Outstanding Bonds of that Stated Maturity not previously called for redemption, by lot or in such other manner as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions of the principal of Bonds in a denomination larger than the smallest authorized denomination of the Bonds of that series.

The Trustee shall promptly notify the Agency in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Bonds shall relate, in the case of any Bond redeemed or to be redeemed only in part, to the portion of the principal of such Bond which has been or is to be redeemed.

Section 2.15. Notice of Redemption. Except as otherwise provided in a Supplemental Indenture with respect to a series of Bonds, notice of redemption, if required by this Indenture to be given to Bondowners, shall be mailed, first-class postage prepaid, not less than twenty days before the Redemption Date, to each Owner of Bonds to be redeemed; but, subject to any conditions set forth in the notice, neither the failure to mail such notice to the Owner of any particular Bond nor any defect in any notice so mailed shall affect the validity of the proceedings for redemption as to any Bond not affected by such defect.

All notices of redemption shall state:

- A. the Redemption Date,
- B. the Redemption Price,
- C. the principal amount of Bonds of each series to be redeemed, and, if less than all Outstanding Bonds of a series are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds of such series to be redeemed,
- D. that on the Redemption Date, the Redemption Price will become due and payable upon each such Bond, and that interest thereon shall cease to accrue on and after such date,
- E. the place or places where such Bonds are to be surrendered for payment of the Redemption Price,
- F. if it be the case, that such Bonds are to be redeemed by the application of certain specified funds or for certain specified reasons, and
- G. if it be the case, any condition required for such redemption.

Section 2.16. Deposit of Redemption Price. Except as otherwise provided in a Supplemental Indenture with respect to a series of Bonds, the Trustee shall not give notice of redemption of any Bonds hereunder (other than mandatory sinking fund redemption) unless the Agency has deposited, or caused to be deposited, with the Trustee, an amount of money sufficient to pay the Redemption Price of all the Bonds to be redeemed.

Section 2.17. Bonds Payable on Redemption Date. Notice of redemption having been given as aforesaid, the Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified and on and after such date (unless the Agency shall default in the payment of the Redemption Price) such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with such notice, such Bond shall be paid at the Redemption Price. Installments of interest whose Stated Maturity is on or prior to the Redemption Date shall continue to be payable to the Owners of Bonds registered as such on the relevant Record Dates according to the terms of such Bonds and Section 2.10 hereof.

If any Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the rate prescribed by the Bond.

Section 2.18. Bonds Redeemed in Part. Any Bond which is to be redeemed only in part shall be surrendered to the Trustee (with, if the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Trustee duly executed by, the Owner thereof or his attorney duly authorized in writing), and the appropriate officers of the Agency shall execute and the Trustee shall authenticate and deliver to the Owner of such Bond, without service charge, a new Bond or Bonds of the same series, of any authorized denomination or

denominations, as requested by such Owner, having the same Stated Maturity and interest rate in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

ARTICLE III

PROGRAM FUND

Section 3.01. Establishment of Program Fund. The Agency hereby establishes an account with the Trustee to be designated the “Program Fund.” Each Supplemental Indenture authorizing the issuance of a series of Bonds shall establish a separate Program Account within the Program Fund to be held by the Trustee and there shall be deposited with the Trustee to the credit thereof proceeds of Bonds as provided in the related Supplemental Indenture. As provided in Section 3.03 hereof, income and profit from the investment of moneys in a Program Account shall be credited to such Program Account. The moneys in a Program Account shall be held in trust by the Trustee and applied to the funding of the Program, and payment of Trustee Fees and Agency Fees, if any, and costs of issuance of the related series of Bonds. The Trustee shall create specific subaccounts within a Program Account, upon receipt of an Agency Certificate, to fund specific Program purposes.

Section 3.02. Payments from Program Fund. The Trustee shall from time to time pay out money in the Program Fund or any account therein held for the purpose of funding the Program, upon receipt by the Trustee of an Agency Certificate as to each payment or withdrawal, stating:

- (a) the Program purpose(s) which the payment is to be made, or that the payment is for costs of issuance of Bonds, including Agency Fees, if any, or to reimburse the Agency or the Housing and Conservation Board for payment of such costs; and
- (b) the amount to be paid.

The Agency shall direct the Trustee in writing to pay each such item from the applicable account in the Program Fund to the Housing and Conservation Board or shall direct for the transfer and deposit of the amount for such payment, as the Agency shall request in writing. Upon receipt by the Trustee of an Agency Certificate stating that all amounts to be paid with respect to particular Program purposes financed by Bonds of such series and related Agency Fees, if any, have been paid, any balance remaining in the Program Fund with respect to such Bonds shall be transferred to the Bond Fund.

Section 3.03. Investment of Moneys in Program Fund. The Trustee shall invest the moneys on deposit in the Program Fund at the written request and direction of an Authorized Officer in Investment Obligations. The type, amount and maturity of Investment Obligations made pursuant to this Section 3.03 shall conform to any instructions of the Authorized Officer. The Trustee may, from time to time, cause any such investments to be sold or otherwise be converted into cash, whereupon the proceeds derived from such sale or conversion shall be deposited into the related account in the Program Fund. Any interest or profit derived from investments shall be credited to the related account in the Program Fund. Investments permitted

under this Section 3.03 may be purchased from the Trustee or from any of its affiliates. To the extent there is issued any Series of Bonds the interest of which is intended to be tax-exempt, no portion of the Program Fund representing proceeds of such Bonds shall be invested or used in such manner that any of such Bonds would be “arbitrage bonds” under the Code; the Trustee may conclusively rely on the written direction of an Authorized Officer as to compliance with the Code. The Trustee shall be entitled to assume that any investment that at the time of purchase is an Investment Obligation remains an Investment Obligation thereafter absent receipt of written notice or information to the contrary. If no investment direction is received, the funds shall be held uninvested. The Trustee shall have no liability or responsibility for any loss or for failure to maximize earnings resulting from any investment made in accordance with the provision of this Section 3.03.

ARTICLE IV

DISPOSITION OF TRANSFER TAX REVENUES

Section 4.01. Bond Fund. The Agency hereby establishes, and shall maintain, so long as any of the Bonds are outstanding, with the Trustee, a separate account to be designated the “Transfer Tax Revenue Bond Fund,” into which the Agency and Trustee shall make the following deposits:

- (a) As received each year, all Transfer Tax Revenues paid by the State pursuant to the Transfer Tax Statute and the Lockbox Agreement.
- (b) All other moneys received by the Trustee from the Agency or by anyone on its behalf when accompanied by written directions of the Agency that such moneys are to be paid into the Bond Fund or used for purposes for which moneys in the Bond Fund may be used.
- (c) All other moneys required to be deposited in the Bond Fund pursuant to any provision of this Indenture or any Supplemental Indenture.

The moneys and investments in the Bond Fund are irrevocably pledged to and shall be used by the Trustee, from time to time, to the extent required, for the payment of principal of, premium (if any) on and interest on the Bonds, as and when such principal, premium and interest shall become due and payable; provided, however, that except as otherwise provided in Sections 6.03 and 7.10, so long as all principal, premium and interest on the Bonds have been paid when due, and the amount in the Bond Fund is sufficient to pay the principal of and interest on Outstanding Bonds in the current Fiscal Year, upon the written direction of the Agency pursuant to an Agency Certificate, the Trustee may use moneys in the Bond Fund allocable to investment earnings and, to the extent permitted by law, any other moneys in the Bond Fund, to (i) pay fees, charges and expenses with respect to the Bonds and (ii) subsequent to the payment of any amounts described in clause (i), transfer and deposit such funds to the Program Fund. Upon the written direction of the Agency, the Trustee may use moneys in the Bond Fund to purchase Bonds maturing or subject to redemption on a Sinking Fund Payment Date on either of the next two Interest Payment Dates after such purchase, provided that such Bonds are delivered to the Trustee for cancellation upon such purchase.

Section 4.02. Investment of Moneys in Bond Fund. Any moneys held as a part of the Bond Fund shall be invested or reinvested by the Trustee upon the request and written direction of an Authorized Officer in any Investment Obligation. The type, amount and maturity of Investment Obligations shall conform to the instructions, if any, in the request of the Authorized Officer. Investments permitted under this Section 4.02 may be purchased from the Trustee or from any of its affiliates. Obligations so purchased shall be deemed at all times to be a part of the Bond Fund, unless otherwise provided herein, but may from time to time be sold or otherwise converted into cash, whereupon the proceeds derived from such sale or conversion shall be credited to the Bond Fund. Any interest accruing on and any profit realized from such investment shall be credited to the Bond Fund; such interest and profits may be transferred to the Program Fund pursuant to Section 4.01. The Trustee shall redeem or sell, at fair market value, any obligations so purchased, whenever it shall be necessary to do so in order to provide moneys to make any payment from the applicable fund or account as the case may be. Neither the Trustee nor the Agency shall be liable for any loss resulting from any such investment, nor from failure to preserve rights against endorsers or other prior parties to instruments evidencing any such investment. Investment of funds pursuant to this Section 4.02 shall be limited as to amount and yield of investment in such manner that no part of a series of Bonds the interest on which is intended to be tax-exempt shall be deemed “arbitrage bonds” under the Code. The Trustee shall be entitled to assume that any investment that at the time of purchase is an Investment Obligation remains an Investment Obligation thereafter absent receipt of written notice or information to the contrary. If no investment direction is received, the funds shall be held uninvested. The Trustee shall have no liability or responsibility for any loss or for failure to maximize earnings resulting from any investment made in accordance with the provision of this Section 4.02.

Section 4.03. Rebate Fund. The Trustee shall establish a special fund designated as the “Rebate Fund.” The Rebate Fund is not a trust fund, is not part of the Trust Estate and is not subject to the lien of this Indenture. For each series of Bonds that is subject to the rebate requirements of Section 148(f) of the Code, or its equivalent, a separate account shall be established in the Rebate Fund. The Trustee shall make information regarding the investments hereunder available to the Agency and shall make deposits in and disbursements from the Rebate Fund in accordance with written instructions in an Agency Certificate delivered from time to time, shall invest the Rebate Fund pursuant to said written instructions, and shall deposit income from such investments immediately upon receipt thereof in the Rebate Fund.

The Trustee shall upon receipt of an Agency Certificate transfer moneys from the Bond Fund or moneys representing interest income from the Program Fund, as directed by the Agency Certificate, to the Rebate Fund in the amount of any required deposit. Records of transactions with respect to the separate account within the Rebate Fund for a series of Bonds shall be retained by the Trustee until six years after the Bonds of such series are no longer outstanding.

ARTICLE V

PARTICULAR COVENANTS OF THE AGENCY

Section 5.01. Payment of Bonds. The Agency covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, the Lockbox Agreement and in each and every Bond executed, authenticated and

delivered hereunder; will pay or cause to be paid, solely from the Trust Estate, including Transfer Tax Revenues, the principal of, premium (if any) on and interest on every Bond issued hereunder on the dates, at the places and in the manner prescribed in the Bonds in any coin or currency that, on the respective dates of payment of such principal and interest, is legal tender for the payment of public and private debts; and will cause such amounts received to be deposited with the Trustee prior to the due date of each installment of principal and interest and prior to the maturity of any Bond in amounts sufficient to pay such installment; provided, however, that the principal of and interest on any Bond are not and shall not be an indebtedness or other obligation of the State and the Bonds are not public debt of the State, and the full faith and credit of the State are not pledged to their payment or for any annual transfers of Transfer Tax Revenues to the Agency. The Agency covenants that it will take all actions required by the Lockbox Agreement, the Agency Act, or the Transfer Tax Statute, if any, to cause the Transfer Tax Revenues to be received by the Trustee on or prior to the dates such amounts are required to pay, with other amounts available in the Bond Fund, principal of and interest of Outstanding Bonds and will deposit all Transfer Tax Revenues as received in the Bond Fund.

Section 5.02. [Reserved].

Section 5.03. Performance of Covenants and Terms. The Agency covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture and in all of its proceedings pertaining hereto. The Agency covenants that it is duly authorized under the Constitution and laws of the State, including particularly the Agency Act, and the Authorizing Resolution, to enter into this Indenture and the Lockbox Agreement, and to pledge the Transfer Tax Revenues in the manner and to the extent herein set forth. The Agency further covenants that all action on its part for the execution and delivery of this Indenture has been duly and effectively taken. The Agency covenants that it will issue as Bonds hereunder all property transfer tax revenue bonds authorized to be issued pursuant to the Agency Act and the Transfer Tax Statute, and that it will not issue or permit to be issued any Bonds hereunder in any manner other than in accordance with the provisions of this Indenture and the agreements in that behalf herein contained, but will faithfully observe and perform all the conditions, covenants and requirements hereof.

Section 5.04. Covenants Relating to the Program. The Agency covenants that the proceeds of the Bonds will be used solely to pay costs of issuance of the Bonds, including any Agency Fees, if any, to provide funds to the Housing and Conservation Board to fund its Program pursuant to Section 314 of the Housing and Conservation Board Act, and for other purposes authorized by the Agency Act and the Housing and Conservation Board Act as amended from time to time.

Section 5.05. Further Assurances. At any and all times the Agency, so far as it may be authorized by law, shall make, do, execute, acknowledge and deliver, all and every such further acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, revenues and other moneys, securities and property, pledged hereby or by a Supplemental Indenture, or intended so to be, or which the Agency may become bound to pledge.

Section 5.06. Tax Covenants. To the extent interest on a series of Bonds is excluded from gross income for federal income tax purposes (“Tax-Exempt Bonds”), the Agency shall not take any action or fail to take any action or permit any action to be taken on its behalf or cause, or permit any circumstance within its control to arise or continue, if such action or inaction would adversely affect such exclusion.

The Agency shall not use or permit the use of any proceeds of any Tax-Exempt Bonds or any other funds of the Agency, directly or indirectly, to acquire any securities, obligations, or other investment property, and shall not use or permit the use of any amounts received by the Agency or the Trustee with respect to any Tax-Exempt Bonds in any manner, and shall not take or permit to be taken any other action or actions, that would cause any Tax-Exempt Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code. The Agency acknowledges that Tax-Exempt Bonds are subject to the rebate requirements of Section 148(f) of the Code and applicable regulations. The Agency agrees that it will retain such records, make such determinations, file such reports and documents and pay such amounts at such times as required under Section 148(f) of the Code and applicable regulations to preserve the exclusion of interest on Tax-Exempt Bonds from gross income for federal income tax purposes.

The Supplemental Indenture executed in connection with the issuance of a Series of Tax-Exempt Bonds shall contain such additional covenants or requirements to establish the Agency’s intent that the interest thereon be excluded from the gross income for federal income tax purposes, including, without limitation, the execution of a Tax Certificate, as applicable, with respect to Program use to be funded with the proceeds of such Tax-Exempt Bonds.

ARTICLE VI

EVENTS OF DEFAULT; REMEDIES

Section 6.01. Events of Default. Each of the following events is hereby defined as, and is declared to be and to constitute, an “Event of Default”:

(a) If payment of the principal of, or premium, if any, on any of the Bonds, when the same shall become due and payable, whether at Stated Maturity or upon a Sinking Fund Payment Date, or otherwise, shall not be made.

(b) If payment of any interest on the Bonds when the same shall become due and payable shall not be made.

(c) If default shall be made in the performance or observance of any other of the covenants, agreement or conditions on the part of the Agency in this Indenture, or in the Bonds contained, and such failure shall continue for a period of 60 days after written notice thereof to the Agency by the Trustee or to the Agency and to the Trustee by the Bondowners of not less than 10% in principal amount of the Bonds Outstanding, provided that if (i) the Agency is proceeding with due diligence to remedy the same, (ii) the default is able to be remedied, and (iii) the Agency has commenced action during the 60-day period necessary to remedy such default, such 60-day period shall be

increased to such extent, but not more than an additional 180 days, as shall be necessary to enable the Agency to cure the default through the exercise of due diligence.

(d) The Agency shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State.

(e) The State has materially limited or altered the rights of the Agency pursuant to the Agency Act or the Transfer Tax Statute, as in force on the date of adoption of this Indenture, to fulfill the terms of any agreements made with the Owners of the Bonds or in any way impaired the rights and remedies of Owners of Bonds while any Bonds are Outstanding, and the effect of such action by the State has impaired the Rating or Ratings on the Bonds.

Section 6.02. Remedies.

(a) Upon the occurrence and continuation of any Event of Default, the Trustee may, and upon the written request of the Bondowners of not less than a majority in aggregate principal amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Bondowners under the Agency Act or the Transfer Tax Statute, the Bonds and this Indenture by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to:

- (1) Suit upon all or any part of the Bonds;
- (2) Suit to require the Agency to account as if it were the trustee of an express trust for the Bondowners;
- (3) Suit to enjoin any acts or things that may be unlawful or in violation of the rights of the Bondowners; and
- (4) Enforcement of any other right of the Bondowners conferred by law or by this Indenture.

(b) Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Bondowners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under this Indenture by any acts that may be unlawful or in violation of this Indenture, or (ii) to preserve or protect the interests of the Bondowners, provided that such request is in accordance with law and the provisions of this Indenture.

Section 6.03. Application of Revenues and Other Moneys After Event of Default.

(a) The Agency covenants that if an Event of Default shall happen and shall not have been remedied, the Agency, upon demand of the Trustee, shall pay or cause to

be paid over to the Trustee pursuant to the Lockbox Agreement, as promptly as practicable after receipt thereof, any Transfer Tax Revenues and other payments or receipts pledged under this Indenture. During the continuation of an Event of Default the Trustee shall apply such moneys, securities, revenues, payments and receipts and the income therefrom as follows and in the following order:

(1) To the payment of any expenses necessary in the opinion of the Trustee to protect the interest of the Owners of the Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee in the performance of duties under this Indenture;

(2) To the payment of the interest and principal or Redemption Price then due and payable on Outstanding Bonds, as follows:

First: To the payment to the Persons entitled thereto of all installments of interest then due and payable in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price of any Outstanding Bonds that shall have become due and payable, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all Outstanding Bonds due and payable on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the Persons entitled thereto, without any discrimination or preference.

Whenever all principal amounts of and interest on all Bonds have been paid under the provisions of this Section, and any required arbitrage rebate and all fees, expenses and charges of the Trustee have been paid, any balance remaining under this Indenture shall be paid to the Agency.

Section 6.04. Remedies Not Exclusive. No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or the Bondowners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Indenture or existing at law or in equity or by statute (including the Agency Act) on or after the date of adoption of this Indenture.

Section 6.05. 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 proceedings relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any

Bondowners of the Bonds. Subject to the provisions of Section 6.03 of this Indenture, any recovery of judgment shall be for the equal benefit of the Bondowners of the Outstanding Bonds.

Section 6.06. Majority of Bondowners Control Proceedings. If an Event of Default shall have occurred and be continuing, notwithstanding anything in this Indenture to the contrary, the Bondowners of at least a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding 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 under this Indenture, provided that such direction is in accordance with law and the provisions of this Indenture and provided that nothing in this Section 6.06 shall impair the right of the Trustee in its discretion to take any other action under this Indenture that it may deem proper; and provided, further, that the Trustee may refuse to follow any direction that conflicts with applicable law or would involve the Trustee in personal liability.

Section 6.07. Individual Bondowner Action Restricted.

(a) No Bondowner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust under this Indenture or for any remedy under this Indenture unless:

(1) an Event of Default has occurred (a) under subsection (a) or (b) of Section 6.01 of this Indenture, (b) as to which the Trustee has actual notice, or (c) as to which the Trustee has been notified in writing, and

(2) the Bondowners of at least a majority in aggregate principal amount of Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in this Indenture or to institute such action, suit or proceeding in its own name, and

(3) such Bondowners shall have offered the Trustee indemnity, and

(4) the Trustee shall have failed or refused to exercise the powers in this Indenture granted or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

(b) No one or more Bondowners shall have any right in any manner whatsoever to affect, disturb or prejudice the security of this Indenture or to enforce any right under this Indenture except in the manner in this Indenture provided and for the equal benefit of the Bondowners of all Bonds Outstanding appertaining thereto.

(c) Nothing contained in this Indenture shall affect or impair, or be construed to affect or impair, the right of a Bondowner (i) to receive payment of the principal of or interest on such Bond, as the case may be, on or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Bondowner may institute or prosecute any such suit or enter judgment therein, if, and to the extent that, the institution or prosecution of such suit or

the entry of judgment therein, under applicable law, would result in the surrender, impairment, waiver or loss of the lien of this Indenture on the moneys, accounts and properties pledged under this Indenture for the equal and ratable benefit of all Bondowners.

Section 6.08. Termination of Proceedings. In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondowners, the Agency, the Trustee and the Bondowners shall, subject to any final determination in such proceeding, be restored to their former positions and rights under this Indenture, and all rights, remedies and powers of the Trustee and the Bondowners shall continue as if no such proceeding had been taken.

Section 6.09. Waiver and Non-Waiver of Event of Default.

(a) No delay or omission of the Trustee or of any Bondowner to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein. Every power and remedy given by this Article VI to the Trustee and the Bondowners, respectively, may be exercised from time to time and as often as may be deemed expedient.

(b) The Trustee may waive any Event of Default that in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Indenture, or before the completion of the enforcement of any other remedy under this Indenture.

(c) Notwithstanding anything contained in this Indenture to the contrary, the Trustee, upon the written request of the Bondowners of at least a majority of the aggregate principal amount of Bonds then Outstanding (including, if more than one series of Bonds shall at the time be Outstanding, the Bondowners of a majority in principal amount of the Bonds of each such Series), shall waive any Event of Default under this Indenture and its consequences; provided, however, that except under the circumstances set forth in subsection (b) of this Section 6.09, a default in the payment of the principal, or Redemption Price, if any, of or interest on any Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Owner of such Bond.

(d) In case of any waiver by the Trustee of an Event of Default under this Indenture, the Agency, the Trustee and the Bondowners shall be restored to their former positions and rights under this Indenture, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with this Section 6.09.

Section 6.10. Notices of Defaults. Within 10 Business Days after the receipt of notice of an Event of Default or the occurrence of an Event of Default of which the Trustee has actual notice or is deemed to have notice, the Trustee, unless such Event of Default shall have

theretofore been cured, shall give written notice thereof by first class mail to each Owner of Bonds then Outstanding, provided that, except in the case of a default in the payment of principal or the Redemption Price of or interest on any of the Bonds, the Trustee may withhold such notice if, in its sole judgment, it determines that the withholding of such notice is in the best interests of the Bondowners. The Trustee shall immediately notify the Agency of any Default or Event of Default known to the Trustee.

ARTICLE VII

CONCERNING THE TRUSTEE

Section 7.01. Prudent Performance of Trusts. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default as may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default that has not been cured, 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 or her own affairs.

The Trustee shall not be required to take notice or be deemed to have notice of any Default hereunder, except Default in the deposits or payments specified herein, or failure by the Agency to file with it any of the documents required unless the Trustee shall be specifically notified in writing of such Default by the Agency, or by the Owners of at least 25% in aggregate principal amount of Bonds Outstanding hereunder, and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the designated corporate trust office of the Trustee and reference the Indenture, the Bonds and the Agency, and in the absence of such notice so delivered, the Trustee may conclusively assume that there is no Default, except as aforesaid.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(a) prior to an Event of Default hereunder, and after the curing of all Events of Default that may have occurred:

(1) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee, and

(2) in the absence of bad faith or gross negligence on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and to the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee conforming to the requirements of this Indenture; but in the case of any such certificate or opinion that by any provision hereof is

specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not it conforms in form to the requirements of this Indenture; and

(b) at all times, regardless of whether or not any Event of Default shall exist:

(1) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts, and

(2) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of all the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it.

Section 7.02. Trustee May Rely Upon Certain Documents and Opinions. Except as otherwise provided in Section 7.01:

(a) the Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, 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;

(b) any request, direction, election, order, certification or demand of the Agency shall be sufficiently evidenced by an instrument signed by an Authorized Officer (unless otherwise in this Indenture specifically prescribed), and any resolution of the Agency may be evidenced to the Trustee by a copy certified by an Authorized Officer;

(c) the Trustee may consult with counsel 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 with the opinion of such counsel;

(d) whenever, in the administration of the trusts of this Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Agency Certificate and such an Agency Certificate shall, in the absence of negligence or bad faith on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof;

(e) the Trustee may execute any powers and perform duties required of it hereunder through accountants, attorneys, receivers or other agents employed by the Trustee and it shall be entitled to pay the reasonable compensation and expenses of such attorneys, accountants, receivers, and agents but shall not be responsible for the misconduct or negligence of any agents or attorneys if the same were selected with due care to perform such duties, and may, in all cases pay such reasonable compensation to all such attorneys, and agents as may reasonably be employed in connection with trusts hereof; and

(f) before being required to take any remedial action, the Trustee may require an opinion of counsel reasonably acceptable to it, which opinion of counsel shall be made available to the other parties hereto upon request, or a verified certificate of any party hereto, or both concerning proposed actions.

Section 7.03. Trustee Not Responsible for Indenture Statements, Validity. The Trustee shall not be responsible for any recital or statement herein, or in the Bonds (except in respect of the certificate of the Trustee endorsed on such Bonds), or for the validity of the execution by the Agency of this Indenture, or of any supplemental instrument, or for the sufficiency of the security of the Bonds issued hereunder or intended to be secured hereby, or for the value or title of any of the Trust Estate, or otherwise as to the maintenance of the security hereof; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenant, condition or agreement on the part of the Agency; except as herein set forth, but the Trustee may require of the Agency full information and advice as to the performance of the covenants, conditions and agreements aforesaid and of the condition of the physical property included in the Trust Estate. The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee shall have no responsibility or liability with respect to any information, statement or recital in any offering document or other disclosure material prepared or distributed with respect to the issuance of these Bonds.

Section 7.04. Limits on Duties and Liabilities of Trustee. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty of the Trustee and the Trustee shall be answerable only for its own negligence or willful default. 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.

Section 7.05. Money Held in Trust. Money held by the Trustee hereunder is held in trust but need not be segregated from other funds except to the extent required by law.

Section 7.06. Obligation of Trustee. The Trustee shall be under no obligation to institute any suit, or to take any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall have reasonable grounds for believing that repayment of all costs and expenses, outlays and counsel fees and other reasonable disbursements in connection therewith and adequate indemnity against all risk and liability is assured to it; the Trustee may, nevertheless, but is not obligated to, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without assurance of reimbursement or indemnity, and in such case the

Trustee shall be reimbursed for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the Agency shall fail to make such reimbursement, the Trustee may reimburse itself from any moneys in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any of the Bonds or claims for interest outstanding hereunder.

Section 7.07. Intervention in Judicial Proceedings. In any judicial proceeding to which the Agency is a party and that in the opinion of the Trustee has a substantial bearing on the interest of Owners of Bonds issued hereunder, the Trustee may intervene on behalf of Bondowners and shall do so if requested in writing by the Owners of at least a majority in aggregate principal amount of Bonds Outstanding hereunder. The rights and obligations of the Trustee under this Section 7.07 are subject to the approval of the court having jurisdiction in the premises.

Section 7.08. Further Investigation by Trustee. The resolutions, opinions, certificates and other instruments provided for in this Indenture may be reasonably accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be in full warrant, protection and authority to the Trustee for its actions hereunder; but the Trustee may, in its unrestricted discretion, and shall, if requested in writing so to do by the Owners of not less than a majority in aggregate principal amount of Bonds Outstanding hereunder, cause to be made such independent investigation as it may see fit, and in that event may decline to release any property, or pay over cash, or take other action unless satisfied by such investigation of the truth and accuracy of the matters so investigated. The expense of such investigation shall be paid by the Agency from the Trust Estate, or, if paid by the Trustee, shall be repaid to it with interest at the lesser of 10% per annum or the maximum rate permitted by law, by the Agency from the Trust Estate.

Section 7.09. Trustee to Retain Financial Records. The Trustee shall keep proper books of record and account in which entries shall be made, in accordance with standard industry practice, of all transactions made by it relating to the receipt, disbursement, allocation and application of the Transfer Tax Revenues and the proceeds of the Bonds. Such records and other information shall be open to inspection by the Agency, the Agency's designee and any Owner of Bonds at any reasonable time on reasonable notice. The Trustee shall furnish to the Agency or the Agency's designee regular reports on such dates and containing such information as the Agency shall reasonably require and request in writing, covering the activities and responsibilities of the Trustee. The Trustee will maintain all of its records relating to the use of the proceeds of the Bonds of a series, the Bonds of a series and this Indenture (including but not limited to any rebate calculation and payments) for a period of four years after the later of (a) payment in full of the Bonds of the series or (b) payment in full of any bonds issued to refund the Bonds of the series. The Agency acknowledges that regulations of the Comptroller of the Currency grant the Agency the right to receive brokerage confirmations of the security transactions as they occur. The Agency specifically waives such notification to the extent permitted by law and will receive periodic cash transaction statements from the Trustee which will detail all investment transactions.

Section 7.10. Compensation of Trustee. All advances, counsel fees and other expenses reasonably made or incurred by the Trustee in and about the execution of the trust hereby created

and reasonable compensation to the Trustee for its services in the premises, including extraordinary fees such as default fees, if any, shall be paid by the Agency to the Trustee. The compensation of the Trustee shall not be limited to or by any provision of law in regard to the compensation of trustees of an express trust. The Trustee shall have a first lien, with right of payment prior to payment on account of interest or principal of any Bond issued hereunder, for reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts hereby created and exercise and performance of the powers and duties of the Trustee hereunder and the cost and expense incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful default of the Trustee). The Trustee's right to receive compensation, reimbursement, indemnification of money due and owing hereunder shall survive the Trustee's resignation or removal. The Agency, to the extent permitted by law, shall indemnify and save the Trustee 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.

Section 7.11. Trustee May Hold Bonds. The Trustee and its officers and directors may acquire and hold, or become the pledgee of, Bonds and otherwise deal with the Agency in the same manner and to the same extent and with like effect as though it were not Trustee hereunder.

Section 7.12. Appointment of Trustee. There shall at all times be a trustee hereunder which shall be a trust company or bank in good standing organized and doing business under the laws of the United States or any state thereof, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. If such association or corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining Agency above referred to, then for the purposes of this Section 7.12 the combined capital and surplus of such association or corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 7.12, and another association or corporation is eligible, the Trustee shall resign immediately in the manner and with the effect specified in Section 7.15 hereof.

Section 7.13. Merger of Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association, resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 7.14. Resignation or Removal of Trustee. The Trustee may resign and be discharged from the trusts created by this Indenture by giving to the Agency 30 days' notice in writing, and to the Bondowners 30 days' notice by certified mail at its or his address as set forth on the registration books of such resignation, specifying a date when such resignation shall take effect. Such resignation shall take effect on the day specified in such notice, if a successor

Trustee has been appointed, or upon such later date as a successor is appointed. If no successor Trustee shall have been appointed and have accepted appointment within 90 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee may petition a court of competent jurisdiction to appoint a successor Trustee. The court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

Any Trustee hereunder may be removed at any time by an instrument or instruments in writing, appointing a successor to the Trustee so removed, filed with the Trustee and executed by either (i) the Agency, if it is not then in Default hereunder; or (ii) the Owners of a majority in principal amount of the Bonds hereby secured and then Outstanding.

Section 7.15. Appointment of Successor Trustee. In case at any time the Trustee shall resign or shall be removed or otherwise shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if a public supervisory office shall take charge or control of the Trustee or of its property or affairs, a vacancy shall forthwith and ipso facto be created in the office of such Trustee hereunder, and a successor may be appointed by either (i) the Agency, if it is not then in Default hereunder; or (ii) the Owners of a majority in principal amount of the Bonds then Outstanding, by an instrument or instruments in writing filed with the Trustee and notification thereof being given to the Agency. In the event the Trustee has been removed by action of the Bondowners, until a new Trustee shall be appointed by the Bondowners as herein authorized, the Agency may, subject to the provisions hereof, appoint a Trustee to fill such vacancy. After any such appointment by the Agency, the Trustee so appointed shall cause notice of its appointment to be mailed within 30 days of such appointment to the Owners of the Bonds, and any new Trustee so appointed by the Agency shall immediately and without further act be superseded by a Trustee appointed in the manner above provided by the Owners of a majority in principal amount of said Bonds whenever such appointment by said Bondowners shall be made.

If, in a proper case, no timely appointment of a successor Trustee shall be made pursuant to the foregoing provisions the Owner of any Bond may apply to any court of competent jurisdiction to appoint a successor trustee. The court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor trustee.

Section 7.16. Transfer of Rights and Property to Successor Trustee. Every successor trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Agency an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Agency or of its successor execute and deliver an instrument transferring to such successor all the estate, properties, rights, powers and trusts of such predecessor hereunder, and every predecessor trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any assignment, conveyance or instrument in writing from the Agency be required by any successor trustee for more fully and certainly vesting in such successor trustee the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor trustee, any and all such assignments, conveyances and instruments in writing shall, on request, be executed and delivered by the Agency.

Section 7.17. Other Rights of the Trustee.

(a) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture, and may refuse to perform any duty or exercise any such rights or powers unless it shall have been offered and provided security and/or indemnity to its satisfaction against the costs, expenses and liabilities which may be incurred therein or thereby.

(b) The Trustee shall not be responsible for delays or failures in performance resulting from acts beyond its control, including without limitation acts of God, strikes, lockouts, riots, acts of war or terror, epidemics, governmental regulations, fire, communication line failures, computer viruses or failures, power failures, earthquakes or other disasters.

(c) The delivery of reports, information and documents to the Trustee under this Indenture for informational purposes only and the Trustee's receipt of the foregoing will not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Authority's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Agency Certificates).

(d) The Trustee's immunities, privileges, protections, and benefits, including its protections from liability and its right to indemnification in connection with the performance of its duties and functions under this Indenture shall extend to the Trustee in each of its capacities hereunder and the Trustee's officers, directors, employees and agents.

ARTICLE VIII

CONCERNING THE BONDOWNERS

Section 8.01. Execution of Instruments by Bondowners. Any request, direction, consent or other instrument in writing required by this Indenture (except assignments of Bonds which shall be accomplished as prescribed on the form of Bond) to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondowners in person or by agent duly appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments of deeds to be recorded within such jurisdiction, to the effect that the person signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution.

(b) The ownership of Bonds shall be proved by the registration books kept under the provisions of this Indenture.

Nothing contained in this Article shall be construed as limiting the Trustee to the proof specified in clause (a) above, it being intended that the Trustee may accept any other evidence of the matters herein stated that to it may seem sufficient.

Section 8.02. Waiver of Notice. Any notice or other communication required by this Indenture to be given by delivery, mail or otherwise to the Bondowners or any one or more thereof may be waived, at any time before such notice or communication is so required to be given, by a writing mailed or delivered to the Trustee by the Owner or Owners of the Bonds entitled to such notice or communication.

Section 8.03. Bondowners' Meeting. A meeting of the Bondowners (which may be by telephone or other electronic means) may be called at any time and from time to time for any of the following purposes:

(a) to give any notice to the Agency or to the Trustee, or to give any direction to the Trustee, or to make any request of the Trustee, or to consent to the waiving of any Default or Event of Default hereunder and its consequences, or to take any other action authorized to be taken by Bondowners pursuant to any of the provisions of Article VI hereof;

(b) to remove the Trustee or appoint a successor Trustee pursuant to the provisions of Article VII hereof;

(c) subject to Article X hereof, to consent to the execution of an indenture or indentures supplemental hereto; or

(d) to take any other action authorized to be taken by or on behalf of the Owners of any percentage of the Outstanding Bonds under any other provisions of this Indenture or under applicable law.

Any Bondowners' meeting may be called and held as follows:

(1) A meeting of Bondowners may be held at such place within the State where the Trustee has a corporate trust office as the Trustee or, in case of its failure to act, the Agency or Bondowners calling the meeting, shall prescribe.

(2) Notice of every meeting of Bondowners, setting forth the time and place and/or call-in number of such meeting and in general terms the action proposed to be taken at such meeting, shall be mailed by the Trustee, postage prepaid, not less than 20 nor more than 180 days prior to the date fixed for the meeting, to each Owner of Outstanding Bonds. Any failure of the Trustee to mail such notice, or any defect therein shall not, however, in any way impair or affect the validity of any such meeting.

(3) In case at any time the Agency, pursuant to an Agency Resolution, or the Owners of at least 10% in aggregate principal amount of the Bonds then Outstanding, shall have requested the Trustee to call a meeting of the Bondowners, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have given the notice of such meeting within 20 days after receipt of such request, then the Agency or the Owners of Bonds in the amount above specified may call such meeting to take any action authorized in this Section 8.03 by giving notice thereof as provided in paragraph (2) of this Section 8.03.

(4) Only an Owner of one or more Bonds or a person appointed as proxy by an instrument in writing of such Owner shall be entitled to vote at or to participate with their counsel and the representatives of the Trustee or the Agency in such meeting. Each Owner shall be entitled to one vote for each \$5,000 in principal amount of Outstanding Bonds held.

(5) The Trustee or, in case of its failure to act, the Agency or Bondowners calling or requesting the meeting, may make such reasonable regulations as it may deem advisable for any meeting of Bondowners in regard to proof of the ownership of Bonds and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate.

(6) At any meeting of Bondowners, the presence (in person or by electronic means) of persons owning Bonds in an aggregate principal amount sufficient under the appropriate provision of this Indenture to take action upon the business for the transaction of which such meeting was called shall constitute a quorum. Any meeting of Bondowners duly called pursuant to this Section 8.03 may be adjourned from time to time by vote of the Owners (or proxies for the Owners) of a majority in principal amount of the Outstanding Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present; and the meeting may be held as so adjourned without further notice.

Section 8.04. Revocation by Bondowners. At any time prior to (but not after) the evidencing to the Trustee of the taking of any action by the Owners of the percentage in aggregate principal amount of the Bonds specified in this Indenture in connection with such action, any Owner of a Bond may, by filing written notice with the Trustee at its designated corporate trust office, revoke any consent given by such Owner or the predecessor Owner of such Bond. Except as aforesaid, any such consent given by the Owner of any Bond shall be conclusive and binding upon such Owner and upon all future Owners and owners of such Bond and of any Bond issued in exchange therefor or in lieu thereof, irrespective of whether or not any notation in regard thereto is made upon such Bond. Any action taken by the Owners of the percentage in aggregate principal amount of the Bonds specified in this Indenture in connection with such action shall be conclusively binding upon the Owners of all the Bonds.

ARTICLE IX

PAYMENT, DEFEASANCE AND RELEASE

Section 9.01. Payment and Discharge of Indenture. If the Agency, its successors or assigns, shall

(a) pay or cause to be paid the principal of and premium, if any, and interest on the Bonds at the time and in the manner stipulated therein and herein, or

(b) provide for the payment of principal and premium, if any, of the Bonds and interest thereon by depositing with the Trustee at or at any time before maturity amounts sufficient in cash and/or in Government Obligations (the principal and interest on which when due and payable or redeemable at the option of the holder thereof) and without consideration of any reinvestment thereof shall be sufficient to pay the entire amount due or to become due thereon for principal and premium, if any, and interest to maturity of all said Bonds Outstanding, or

(c) deliver to the Trustee (1) proof satisfactory to the Trustee that notice of redemption of all of the Outstanding Bonds to be called for redemption not surrendered or to be surrendered to it for cancellation has been given or waived as provided in Article II hereof, or that arrangements satisfactory to the Trustee have been made ensuring that such notice will be given or waived, or (2) a written instrument executed by the Agency and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Agency, or (3) file with the Trustee a waiver of such notice of redemption signed by the Owners of all of such Outstanding Bonds, and in any such case, deposit with the Trustee before the date on which such Bonds are to be redeemed, as provided in Article II, the entire amount of the Redemption Price, in cash and/or Government Obligation (which do not permit the redemption thereof at the option of the issuer) in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient to provide for the payment of such Redemption Price on the date such Bonds are to be redeemed, and on such prior dates when principal of and interest on the Outstanding Bonds is due and payable, or

(d) surrender to the Trustee for cancellation all Outstanding Bonds for which payment is not so provided, and shall also pay all other sums due and payable hereunder by the Agency,

then and in that case, if all required arbitrage rebate has been paid in respect of the Bonds, all the Trust Estate shall revert to the Agency, and the entire estate, right, title and interest of the Trustee and of the Owners of the Bonds shall thereupon cease, determine and become void; and the Trustee in such case, upon the cancellation of all Bonds for the payment of which cash or securities shall not have been deposited in accordance with the provisions of this Indenture, shall, upon receipt of a written request of the Agency, and at its cost and expense, execute to the Agency, or its order, proper instruments acknowledging satisfaction of this Indenture and surrender to the Agency all cash and deposited securities, if any (other than cash or securities for

the payment of the Bonds and interest thereon), which shall then be held hereunder as a part of the Trust Estate.

In case of any discharge of the lien of the Indenture pursuant to paragraphs (b) or (c) above, there shall be submitted to the Trustee an opinion of Bond Counsel to the effect that the interest on any series of Tax-Exempt Bonds being discharged will not become includable in gross income for federal income tax purposes.

Section 9.02. Bonds Deemed Not Outstanding After Deposits. When there shall have been deposited at any time with the Trustee in trust for the purpose, cash or Government Obligations the principal and interest on which shall be sufficient to pay the principal of any Bonds (and premium, if any) when the same become due, either at maturity or otherwise, or at the date fixed for the redemption thereof and to pay all interest with respect thereto at the due dates for such interest or to the date fixed for redemption, then upon such deposit all such Bonds shall cease to be entitled to any lien, benefit or security of this Indenture except the right to receive the funds so deposited, and such Bonds shall be deemed not to be Outstanding hereunder; and it shall be the duty of the Trustee to hold the cash and securities so deposited for the benefit of the Owners of such Bonds.

Section 9.03. Unclaimed Money to be Returned. Subject to applicable State law with respect to unclaimed property, if any moneys deposited with the Trustee pursuant to the terms of this Indenture for the payment or redemption of Bonds remain unclaimed by the Owners of the Bonds, (i) the Trustee shall notify the Bondowners at least annually of such unclaimed property or moneys, and (ii) if such unclaimed property or money remains unclaimed for a period of three years after the due date or the date fixed for redemption of the same, as the case may be, and if the Agency or any successor to the obligations of the Agency under this Indenture and the Bonds shall not at the time, to the knowledge of the Trustee, be in Default with respect to any of the terms and conditions contained in the Indenture or in the Bonds, such moneys shall be paid to the Agency, and such Owners of the Bonds shall thereafter look only to the Agency, for payment and then only to the extent of the amounts so received without interest thereon.

ARTICLE X

SUPPLEMENTAL INDENTURES

Section 10.01. Purposes for Which Supplemental Indentures May be Executed. The Agency, by Agency Resolution, and the Trustee from time to time and at any time, subject to the conditions and restrictions in this Indenture contained, may enter into such indentures supplemental hereto as the Agency may or shall deem necessary or desirable without notice to or consent of any Bondowner for any one or more of the following purposes:

- (a) To add to the covenants and agreements of the Agency in this Indenture or any Supplemental Indenture other covenants and agreements to be observed by the Agency that are not contrary to or inconsistent with this Indenture or the applicable Supplemental Indenture as theretofore in effect;

(b) To add to the limitations and restrictions in this Indenture or any Supplemental Indenture other limitations and restrictions to be observed by the Agency that are not contrary to or inconsistent with this Indenture or the applicable Supplemental Indenture as theretofore in effect;

(c) To surrender any right, power or privilege reserved to or conferred upon the Agency by the terms of 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;

(d) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture or any Supplemental Indenture, of the Transfer Tax Revenues or of any other part of the Trust Estate;

(e) To cure any ambiguity or to correct or supplement any provision contained herein or in any Supplemental Indentures that may be defective or inconsistent with any other provision contained herein or in any Supplemental Indenture, or to make such other provisions in regard to matters or questions arising under this Indenture or any Supplemental Indenture as the Agency may deem necessary or desirable and which shall not be inconsistent with the provisions of this Indenture or any Supplemental Indenture and which shall not impair the security of the same;

(f) To modify, eliminate and/or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar federal statute hereafter enacted, and to add to this Indenture such other provisions as may be expressly permitted by said Trust Indenture Act of 1939, excluding, however, the provisions referred to in Section 316(a)(2) of said Trust Indenture Act of 1939;

(g) To provide for the issuance of Bonds pursuant to this Indenture;

(h) To make any other change herein as shall not be, in the opinion of the Agency and the Trustee, materially adverse to the security or other interests of the Bondowners. With respect to the foregoing, the Trustee may rely upon the opinion of the Rating Agency with respect to whether the Rating of the Bonds has been adversely affected as conclusively establishing whether the change is materially adverse to the security or other interests of the Bondowners.

The Trustee shall not enter into a Supplemental Indenture under this Section 10.01 unless it obtains an Agency Certificate and an Opinion of Counsel stating that such Supplemental Indenture has been duly and lawfully adopted in accordance with the provisions of this Indenture and is authorized or permitted by this Indenture.

Section 10.02. Execution of Supplemental Indenture. The Trustee is authorized to join with the Agency in the execution of any such Supplemental Indenture, to make the further agreements and stipulations which may be therein contained, and accept the conveyance, transfer and assignment of any property thereunder, but the Trustee shall not be obligated to enter into

any such Supplemental Indenture that affects its rights, duties or immunities under this Indenture.

Section 10.03. Modification of Indenture with Consent of Bondowners.

(a) Subject to the terms and provisions contained in this Section 10.03, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the Agency and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the Agency for the purpose of modifying, altering, amending, adding to or deleting in any particular, any of the terms or provisions contained in this Indenture or in any Supplemental Indenture; provided, however, that, notwithstanding any other provision of this Indenture, nothing herein contained shall permit or be construed as permitting, without the consent of the Owners of all Outstanding Bonds affected thereby, (i) an extension of the maturity of any Bond issued hereunder, or (ii) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (iii) the creation of a lien upon or a pledge of revenues ranking prior to or on a parity with the lien or pledge created by this Indenture, or (iv) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (v) a reduction in the aggregate principal amount of the Bonds required to consent to Supplemental Indentures, or (vi) a reduction in the aggregate principal amount of the Bonds required to waive an Event of Default.

(b) If the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Agency from executing the same or from taking any action pursuant to the provisions thereof.

Section 10.04. Supplemental Indentures to be Part of Indenture. Any Supplemental Indenture executed in accordance with any of the provisions of this Article shall thereafter form a part of this Indenture; and all the terms and conditions contained in any such Supplemental Indenture as to any provisions authorized to be contained therein shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes, and the respective rights, duties and obligations under this Indenture of the Agency, the Trustee and all Owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments. If deemed necessary or desirable by the Trustee, reference to any such Supplemental Indenture or any of such terms or conditions thereof may be set forth in reasonable and customary manner in the text of the Bonds or in a legend stamped on the Bonds

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IN WITNESS WHEREOF, the Vermont Housing Finance Agency has caused this Indenture to be signed in its name by its Authorized Officer, and Wilmington Trust, National Association, as Trustee, to evidence its acceptance of the trusts hereby created, has caused this Indenture to be signed in its name by an authorized officer of the Trustee, all as of the day and year first above written.

VERMONT HOUSING FINANCE
AGENCY

By _____
Its Chief Financial Officer and Treasurer

[Signature page to Indenture of Trust]

WILMINGTON TRUST, NATIONAL
ASSOCIATION,
as Trustee

By _____
Its Vice President

[Signature page to Indenture of Trust]

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FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

Vermont Housing Finance Agency

Vermont Property Transfer Tax Revenue Bonds Series 2018 (Federally Taxable) (Sustainability Bonds)

This Continuing Disclosure Agreement (this “*Disclosure Agreement*”) is executed and delivered by the Vermont Housing Finance Agency (the “*Agency*”), and Wilmington Trust, National Association (the “*Trustee*”) in connection with the offering and sale of \$37,825,000 aggregate principal amount of the Agency’s Vermont Property Transfer Tax Revenue Bonds, Series 2018 (Federally Taxable) (Sustainability Bonds) (the “*Bonds*”) as more fully described in the official statement of the Agency dated January 9, 2018 (the “*Official Statement*”). The Bonds are being issued pursuant to an Indenture of Trust by and between the Agency and the Trustee, dated as of January 1, 2018 (the “*Trust Indenture*”), as supplemented by the First Supplemental Indenture of Trust by and between the Agency and the Trustee, dated as of January 1, 2018 (the “*Supplemental Indenture*”). The Trust Indenture and the Supplemental Indenture are sometimes collectively referred to herein as the “*Indenture*.” The Agency and the Trustee covenant and agree as follows:

Section 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Agency and the Trustee for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Beneficial Owner*” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“*Disclosure Representative*” shall mean the Chief Financial Officer of the Agency or his or her designee, or such other officer or employee as the Agency shall designate in writing to the Trustee from time to time.

“*Dissemination Agent*” shall mean the Agency, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Trustee a written acceptance of such designation.

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in *Exhibit A* attached hereto.

“*Participating Underwriter*” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“*Rule*” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports. (a) The Agency shall, or shall cause the Dissemination Agent to, within one year after the end of its fiscal year (presently June 30), commencing with the report for the 2018 Fiscal

Year, provide to the MSRB, through its Electronic Municipal Market Access system, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; *provided*, that the audited financial statements of the State may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the fiscal year of the Agency or the State changes, the Agency shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Agency shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Agency and the Dissemination Agent to determine if the Agency is in compliance with the first sentence of this subsection (b).

(c) If the Trustee is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Trustee shall send a notice to the MSRB in substantially the form attached as *Exhibit B*.

(d) The Dissemination Agent shall file a report with the Agency and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided to the MSRB.

Section 4. Content of Annual Reports. The Agency's Annual Report shall contain or include by reference the following:

(i) The audited financial statements of the State for the most recently ended fiscal year, prepared in accordance with generally accepted accounting principles ("*GAAP*") as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, which the State has agreed to provide to the Agency pursuant to Section 6 of the Lockbox Agreement (the "Lockbox Agreement"), executed as of the 1st day of January, 2018, by and among the Agency, the State of Vermont (the "State"), through its Vermont Department of Taxes (the "Vermont Department of Taxes") and the Trustee. The future audited financial statements of the State will be prepared either in accordance with GAAP as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board or using the modified cash basis of accounting which recognizes transactions only when cash changes hands. If the State's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements as provided in Section 6 of the Lockbox Agreement and the audited financial statements of the State shall be filed by the Agency in the same manner as the Annual Report when they become available; and

(ii) Summary of monthly collections of the Property Transfer Tax (as defined in the Official Statement) for the prior fiscal year, in substantially the same level of detail as found in the Official Statement under the heading "PROPERTY TRANSFER TAX REVENUES – Historical Information Regarding Property Transfer Tax Collections."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events. (a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) modifications to rights of Bondholders, if material;
- (4) bond calls, if material;
- (5) defeasances;
- (6) rating changes;
- (7) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (8) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (9) unscheduled draws on credit enhancements reflecting financial difficulties;
- (10) substitution of credit or liquidity providers, or their failure to perform;
- (11) release, substitution or sale of property securing repayment of the Bonds, if material;
- (12) tender offers;
- (13) bankruptcy, insolvency, receivership or similar event of the Agency or the State;¹
- (14) the consummation of a merger, consolidation or acquisition involving the Agency or the State, the sale of all or substantially all of the assets of the Agency or the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
- (15) appointment of a successor or additional trustee, or the change of name of a trustee, if material.

(b) The Agency shall file with the MSRB in a timely manner, not in excess of ten (10) business days after the occurrence thereof, a notice of the occurrence of any of the events described in subsection 5(a) above.

Section 6. Management Discussion of Items Disclosed in Annual Reports or as Significant Events. If an item required to be disclosed in the Agency's Annual Report under Section 4, or as a Listed Event under Section 5, would be misleading without discussion, the Agency shall additionally provide a statement clarifying the disclosure in order that the statement made will not be misleading in the context in which it was made.

Section 7. Termination of Reporting Obligation. The obligations of the Agency and the State under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the

¹ For purposes of the event identified in Section 5(a)(13) above, the event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Agency or the State in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Agency or the State, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Agency or the State.

Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

Section 8. Dissemination Agent; Duties and Liabilities. (a) The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Agency pursuant to this Disclosure Agreement. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Agency has provided such information to the Dissemination Agent as required by this Disclosure Agreement. The Dissemination Agent shall have no duty or obligation to review or verify any Annual Report, Listed Events or any other information, disclosures or notices provided to it by the Agency and shall not be deemed to be acting in any fiduciary capacity for the Agency, the Holders of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the Agency's failure to report a Listed Event to the Dissemination Agent. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Agency has complied with this Disclosure Agreement. The Dissemination Agent may conclusively rely upon certifications of the Agency at all times.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and the Dissemination Agent shall in no event incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Agency.

Section 9. Amendment and Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Agency, the State and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Agency), and any provision of this Disclosure Agreement may be waived, *provided* that the following conditions are satisfied:

(i) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(ii) The undertaking, as amended or taking into account such waiver, would have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(iii) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not materially impair the interests of the Holders or Beneficial Owners of the Bonds, as determined by a party unaffiliated with the Agency and the State (such as the Trustee); and

(iv) The amendment or waiver is otherwise permitted by the Rule.

As set forth in Section 1 of this Disclosure Agreement, the Agency and the State have executed and delivered this Disclosure Agreement solely and only to assist the Participating Underwriters in complying with the requirements of the Rule. Therefore, notwithstanding anything in this Disclosure Agreement to the contrary, in the event the Securities and Exchange Commission, the MSRB or other regulatory authority shall approve or require changes to the requirements of the Rule, the Agency and the State shall be permitted, but shall not be required, to unilaterally modify the covenants in this Disclosure Agreement, without complying with the requirements of this Section 9, in order to comply with, or conform to, such changes. In the event of any such modification of this Disclosure Agreement, the Agency shall file or cause the Dissemination Agent to file, a copy of this Disclosure Agreement, as revised, in the manner set forth in this Disclosure Agreement in a timely manner.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Agency shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Agency shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. (a) In the event of a failure of the Agency or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency or Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement.

(b) Notwithstanding the foregoing, no Holder or Beneficial Owner of the Bonds shall have the right to challenge the content or adequacy of the information provided pursuant to Sections 3, 4 or 5 of this Disclosure Agreement by mandamus, specific performance or other equitable proceedings unless Holders or Beneficial Owners of Bonds representing at least 66 2/3% in aggregate principal amount of the Bonds shall join in such proceedings.

(c) A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Agency or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VII of the Trust Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Agency:

Vermont Housing Finance Agency
164 St. Paul Street
Burlington, Vermont 05401-4634
Attention: Chief Financial Officer
Telephone Number: (802) 864-5743
Facsimile Number: (802) 864-5746

To the Trustee:

Wilmington Trust, National Association
280 Congress Street, Suite 1300
Boston, Massachusetts 02210
Telephone Number: (617) 457-2020
Facsimile Number: (617) 457-2001

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 14. Beneficiaries. This Disclosure Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule, however, this Disclosure Agreement shall inure solely to the benefit of the Agency, the State, the Trustee, the Dissemination Agent, if any, and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 16. Governing Law. This Agreement shall be governed by the laws of the State except for certain federal law requirements imposed hereunder, which shall be governed by federal law.

IN WITNESS WHEREOF, the parties hereto have caused this Disclosure Agreement to be duly executed and delivered as of this 25th day of January, 2018.

VERMONT HOUSING FINANCE AGENCY

By _____
Authorized Officer

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Officer

EXHIBIT A

Filing information relating to the Municipal Securities Rulemaking Board is as follows:

Municipal Securities Rulemaking Board

<http://emma.msrb.org>

EXHIBIT B

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD

OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Vermont Housing Finance Agency (the “Agency”)
Name of Bond Issue: \$37,825,000 Vermont Property Transfer Tax Revenue Bonds, Series 2018 (Federally Taxable) (Sustainability Bonds)
Date of Issuance: January 25, 2018

NOTICE IS HEREBY GIVEN that the Agency has not provided an Annual Report with respect to the above-named Vermont Property Transfer Tax Revenue Bonds, Series 2018 (Federally Taxable) (Sustainability Bonds) as required by Section 3 of the Continuing Disclosure Agreement dated as of January 25, 2018 between the Agency and Wilmington Trust, National Association, as Trustee. The Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

WILMINGTON TRUST, NATIONAL ASSOCIATION, on behalf
of the Agency

cc: Vermont Housing Finance Agency

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FORM OF BOND COUNSEL OPINION

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_____, 2018

Vermont Housing Finance Agency
Burlington, Vermont

Vermont Housing Finance Agency
Vermont Property Transfer Tax Revenue Bonds
Series 2018 (Federally Taxable)

We have acted as Bond Counsel in connection with the issuance by the Vermont Housing Finance Agency (the “Agency”) of \$_____ aggregate principal amount of its Vermont Property Transfer Tax Revenue Bonds, Series 2018 (Federally Taxable) (the “2018 Bonds”). The 2018 Bonds are authorized to be (i) issued pursuant to No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (the “Agency Act”) and a resolution of the Agency dated December 26, 2017 (the “Agency Resolution”) authorizing the issuance and sale of bonds pursuant to the hereinafter defined Trust Indenture and (ii) secured by certain property transfer tax revenues (the “Transfer Tax Revenues”) transferred by the State of Vermont (the “State”) to the Agency pursuant to 32 V.S.A. § 9160(d) (the “Transfer Tax Statute”). The 2018 Bonds are issued under and pursuant to the Agency’s Indenture of Trust between the Agency and Wilmington Trust, National Association, as trustee (the “Trustee”), dated as of January 1, 2018 (the “Trust Indenture”), and the First Supplemental Indenture by and between the Agency and the Trustee, dated as of January 1, 2018 (the “Supplemental Indenture”). The Trust Indenture and the Supplemental Indenture are sometimes collectively referred to herein as the “Indenture.”

The 2018 Bonds are being issued for the purpose of providing funds to the Vermont Housing and Conservation Board (the “Housing and Conservation Board”) to fund its program for the creation and improvement of owner-occupied and rental housing for Vermont residents with very low to middle income in areas targeted for growth and reinvestment, all as described and authorized in Vermont Statutes Annotated, Title 10, Chapter 15 (the “Housing and Conservation Board Act”) and other authorized purposes under the Agency Act. The 2018 Bonds, as well as any additional bonds to be issued under the Indenture (collectively, the “Bonds”), are equally and ratably secured by the Indenture.

The 2018 Bonds are dated, mature in the years, in the respective principal amounts and bear interest at the rates per annum set forth in the Supplemental Indenture. The 2018 Bonds are also subject to redemption prior to maturity upon the terms and conditions and at the redemption prices provided in the Supplemental Indenture and in the Indenture.

In rendering this opinion we have reviewed the Agency Act, the Transfer Tax Statute, the Agency Resolution, Indenture, the Lockbox Agreement by and among the Agency, the State, through its Vermont Department of Taxes and the Trustee, dated as of January 1, 2018 (the “Lockbox Agreement”) and certain other documents, certificates and other materials delivered in connection with the issuance of the 2018 Bonds.

Based on the foregoing it is our opinion that:

(a) The Agency is duly created and validly existing under the Agency Act as a body politic and corporate of the State and has the right and power under the Agency Act to adopt the Indenture and to authorize, issue and deliver the 2018 Bonds.

(b) The Indenture and the Lockbox Agreement have been duly and lawfully authorized and executed by the Agency, are in full force and effect and are valid and binding upon the Agency and enforceable in accordance with each of their terms and no other authorization for the Indenture or the Lockbox Agreement is required.

(c) The Indenture creates the valid pledge of which it purports to create of the Trust Estate (except the Rebate Fund, if any), including the Transfer Tax Revenues, subject only to the provisions of the Indenture permitting the application of amounts held thereunder for the purposes and on the terms and conditions set forth in the Indenture.

(d) The 2018 Bonds have been duly authorized, executed, issued and delivered by the Agency in accordance with the Agency Act, the Agency Resolution, the Transfer Tax Statute and the Indenture and constitute valid and binding special limited obligations of the Agency, which has no taxing power, enforceable in accordance with their terms and the terms of the Indenture and entitled to the benefits of the Agency Act, the Transfer Tax Statute and the Indenture. The 2018 Bonds are special limited obligations of the Agency payable from and secured solely by the pledge of Transfer Tax Revenues and the moneys and securities held from time to time in the funds and accounts established and pledged thereto under the Indenture; the 2018 Bonds are not a general or moral obligation of the Agency. The 2018 Bonds do not constitute an obligation or indebtedness, either general or special, of the State or of any political subdivision thereof and the full faith and credit and general taxing power of the State are not pledged to their payment or for the payment of the Transfer Tax Revenues.

(d) Interest on the 2018 Bonds will not be excludable from gross income of the recipients thereof for federal tax purposes.

The accrual or receipt of interest on the 2018 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient’s particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

The foregoing opinions are qualified only to the extent that the enforceability of the 2018 Bonds and the Indenture may be limited by the exercise of judicial discretion in accordance with general equitable principles and by bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally heretofore or hereafter enacted to the extent constitutionally enforceable.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressed herein. The opinions expressed herein are based upon existing law as of the date hereof, and we express no opinion herein as of any subsequent date or with respect to any pending legislation.

Very truly yours,

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**SMART GROWTH LOCATION, GREEN BUILDING AND DESIGN STANDARDS,
AND VHCB FUNDED AFFORDABLE HOUSING PROJECTS DURING 2015 – 2016**

VHCB goes through a rigorous review and board approval process for all projects it funds. VHCB tries to insure that each project is located in a Smart Growth location and follows the highest Green Building and Design Standards as described below.

Smart Growth Location – The State of Vermont (the “State”), through its land use planning statutes, rules, and standards under Act 250, has a very rigorous process to promote smart growth development. All State-funded housing projects must abide by that. One of VHCB’s founding principles 30 years ago was to promote smart growth. In the last decade, the State has begun a process of more clearly designating those areas – downtowns, village centers, and neighborhood development areas with dense infill development. For purposes of the summary information provided in the following table of VHCB affordable housing investments in 2015 and 2016, these developments are referred to as “Smart Growth” locations. VHCB and VHFA require that funding priority be given to projects located in those Smart Growth areas, and as a practical matter very rarely fund outside those areas unless it is preserving existing affordable housing.

Green Building and Design Standards – In 2012, VHCB and VHFA developed a “Roadmap to Energy Efficiency” (the “Roadmap”), which was funded under a MacArthur grant using experts in the industry. From this roadmap, Green Building and Design Standards (GBDS) were developed for all multifamily projects funded by VHFA and VHCB. For more information about the Roadmap, see <http://www.vhcb.org/pdfs/roadmapsm.pdf>, and for more information about GBDS, see <http://www.vhfa.org/documents/developers/gbs.pdf>. The information on such websites is not incorporated herein by reference or otherwise. VHCB has an energy efficiency expert on staff to review projects and it requires energy efficiency reviews and works closely with the statewide energy efficiency utility, Efficiency Vermont (Vermont Energy Efficiency Corp.). The State currently bases its energy codes on the International Energy Conservation Code 2015. In addition, the State has a “stretch code” for newer multifamily projects going through Act 250, which is more rigorous. According to the Vermont Public Service Department, the housing GBDS and the Roadmap are more stringent than State codes.

The table on the following page sets forth VHCB’s affordable housing investments in 2015 and 2016 at “Smart Growth” locations.

VHCB FUNDED PROJECTS, 2015 & 2016

All units are perpetually restricted as affordable, by covenant.

Development Name and Recipient	Location	Project Description	Units / Total Development Cost per Unit	VHCB Award and Type	Population Served, as % of AMI (as of 12/17)	Environmental Benefits (see notes)	Community Preservation Benefit
Development name: Safford Commons; Recipient: Twin Pines Housing Trust	Woodstock, VT Windsor County	36-unit housing development creating a new neighborhood across from the middle school and high school in Woodstock, a high cost community. 28 permanently affordable apartments, plus 8 future homeownership lots	28 units/ 8 undeveloped homeownership lots / \$ 9,432,201	\$660,000; Type: deferred 0% loan	3 units < 30%; 9 units < 50%; 11 < 60%; 3 units <80%; 2 market rate	Access to public transportation; Smart Growth location; meets "Green Building and Design Standards"	Village center location; mixed income; dense infill location
Development name: Barre Street Apartments; Recipient: Central Vermont Community Land Trust (Down Street Community Development)	Montpelier, VT Washington County	Preservation of three historic buildings. Provide service supported housing for clients of Washington County Mental Health Services (WCMHS)	19 units / \$ 4,014,276	\$100,000; Type: deferred 0% loan	3 units < 30%; 6 units < 50%; 9 units <60%; 1 units <80%	Access to public transportation; Smart Growth location; upgrade to "Green Building and Design Standards"	Targets Very Low income persons with disabilities; downtown location; historic preservation; housing preservation
Development name: Green Street Village; Recipient: Champlain Housing Trust	Hinesburg, VT Chittenden County	New construction of 23 units of multi-family rental housing as part of a planned residential development in the Village Center of Hinesburg	23 units / \$ 5,865,648	\$475,000; Type: deferred 0% loan	3 units < 30%; 7 units < 50%; 11<60%; 2 unrestricted units	Access to public transportation; Smart Growth location; Universal Design; meets "Green Building and Design Standards"	Mixed income; village center location
Development name: Bright Street Housing Cooperative; Recipient: Champlain Housing Trust	Burlington, VT Chittenden County	Acquire and re-develop an urban brownfields site in Burlington's Old North End into three buildings with 40 new units of mixed-income, resident-controlled family rental housing	40 units / \$ 11,385,329	\$1,000,000; Type: deferred 0% loan	13 < 50% median; 21 units < 60%; 2 < 80% median; 4<100% median	Access to public transportation; brownfield site cleaned and developed in city neighborhood; meets above code "Green Building and Design Standards"	Mixed income; downtown revitalization; dense infill location
Development name: Kelley's Field; Recipient: Cathedral Square Corporation	Hinesburg, VT Chittenden County	Rehabilitation preservation of of 24 subsidized apartments for seniors and people with disabilities located immediately adjacent designated village of Hinesburg	24 units / \$ 4,170,444	\$204,000; Type: deferred 0% loan	3 units < 30%; 8 units < 50%; 13 units <60%	Access to public transportation; Smart Growth location; upgrade to "Green Building and Design Standards"	Affordable housing; village center location; housing preservation
Development name: Darling Inn; Recipient: Gilman Housing Trust (Rural Edge Community Development)	Lyndon, VT Caledonia County	Purchase and rehabilitation of the Darling Inn, 28 units of subsidized service-supported senior housing in Lyndonville	28 units /community meal site/ \$ 5,438,284	\$425,000; Type: deferred 0% loan	26 < 50% median; 2 < 60% median	Access to public transportation; Smart Growth location; incorporate biomass fuel source and upgraded "Green Building and Design Standards"	Senior and supportive housing; senior and community meal site; village location; historic preservation; housing preservation

VHCB FUNDED PROJECTS, 2015 & 2016

All units are perpetually restricted as affordable, by covenant.

Development Name and Recipient	Location	Project Description	Units / Total Development Cost per Unit	VHCB Award and Type	Population Served, as % of AMI (as of 12/17)	Environmental Benefits (see notes)	Community Preservation Benefit
Development name: Summer Street Apartments; Recipient: Central Vermont Community Land Trust (Down Street Community Development)	Barre City, VT Washington County	Development of 28 units of affordable housing in new building in downtown Barre plus community office space for non-profit owner	27 units /office space/ \$8,503,387	\$700,000; Type: deferred 0% loan	12<30%, 14<60% and 1 unrestricted - 12 units with rent assistance	Access to public transportation; Smart Growth location; removal of blight; meets "Green Building and Design Standards"	Mixed income; dense infill location; downtown revitalization
Development name: Monument View; Recipient: Regional Affordable Housing Corporation (Shires Community Development)	Bennington, VT Bennington County	Construction 24 new units of family housing on infill site in existing neighborhood.	24 units / \$ 6,670,750	\$525,000; Type: deferred 0% loan	6 < 50% median; 16 < 60% median; 2<80% median	Access to public transportation; Smart Growth location; meets above "Green Building and Design Standards"	Mixed income; dense infill location; downtown location; mixed income
Development name: 95 North Avenue; Recipient: Committee on Temporary Shelter	Burlington, VT Chittenden County	New construction of 14 efficiencies and studio apartments serving very low income and homeless individuals. The project involves rehab of an existing building and new housing, and includes creation of new office space for a homeless service provider as well as a new day station for homeless persons	14 units / \$ 3,308,590	\$470,000; Type: deferred 0% loan	14<30%	Access to public transportation; Smart Growth location; upgrade to "Green Building and Design Standards" . The site contained contaminated soils that required removal. The building required asbestos abatement	Targets very low income and homeless; downtown location
Development name: Red Clover Commons; Recipient: Brattleboro Housing Authority	Brattleboro, VT Windham County	55 apartment senior housing development replacing federal public housing seriously damaged by Tropical Storm Irene	55 units / \$15,907,795	\$590,000; Type: deferred 0% loan	All units are affordable to <30% median because of the project based rental assistance	Access to public transportation; Universal Design; incorporates geothermal and meets "Green Building and Design Standards" ; Smart Growth location	Targets very low income; downtown or village center; removal of blight
Development name: Brattleboro Neighborhood Housing; Recipient: Windham Housing Trust	Brattleboro, VT Windham County	Preservation and rehabilitation of affordable housing in six historic properties and 26 multi-family rental units	29 units / \$ 6,498,125	\$325,000; Type: deferred 0% loan	9 units < 30%; 9 units < 50%; 9units <60%; 2 unrestricted units	Access to public transportation; Smart Growth location; meets "Green Building and Design Standards"	Mixed income; downtown location; housing preservation; historic preservation

VHCB FUNDED PROJECTS, 2015 & 2016

All units are perpetually restricted as affordable, by covenant.

Development Name and Recipient	Location	Project Description	Units / Total Development Cost per Unit	VHCB Award and Type	Population Served, as % of AMI (as of 12/17)	Environmental Benefits (see notes)	Community Preservation Benefit
Development name: Bennington Historic Rehabilitation Project; Recipient: Regional Affordable Housing Corporation (Shires Community Development)	Bennington, VT Bennington County	Preservation and rehabilitation of three of 6 buildings and 26 multi-family rental units	26 units / \$ 4,978,513	\$316,558; Type: deferred 0% loan	7 units < 30%; 8 units < 50%; 8 units <60%; 3 unrestricted units.	Access to public transportation; Smart Growth location; upgrade to "Green Building and Design Standards"	Mixed income; Bennington Designated Growth Center
Development name: Avenue 7; Recipient: Burlington Housing Authority	Burlington, VT Chittenden County	Construction of a "community house" and services for adults with developmental disabilities and to rehabilitate an existing multi-family building on an adjacent lot	12 units / \$ 1,445,750	\$233,000; Type: deferred 0% loan	10<50%, 2<80%	Access to public transportation; Smart Growth location; meets "Green Building and Design Standards"	Dense infill location; targets very low income
Development name: Middlebury transitional apts. ; Recipient: John Graham Homeless Shelter	Middlebury, VT Addison County	Transitional housing for homeless	7 units / \$ 617,100	\$133,000; Type: deferred 0% loan	4 units<80%; 3 <50%	Access to public transportation; Smart Growth location; upgrade to "Green Building and Design Standards"	Targets homeless; historic preservation; downtown location
Development name: Winchester Place; Recipient: Champlain Housing Trust	Burlington, VT Chittenden County	Preservation and Rehabilitation, 80 income restricted units in 148 unit rental project. Additional affordable condo units in second phase	80 units / \$ 15,581,003	\$405,000; Type: deferred 0% loan (federal HOME funds)	19 < 50% median; 54 <60% median; 7 < 100%	Access to public transportation. Smart Growth location	Mixed income; housing preservation, dense infill location
Development name: Elm Place Senior Housing; Recipient: Cathedral Square Corporation	Milton, VT Chittenden County	30 new apartments with support services; SASH site	30 units / \$ 8,459,725	\$550,000; Type: deferred 0% loan	4 units < 30%; 9 units < 50%; 17 units <60%	Passive House housing; Universal design; access to public transportation. Smart Growth location; exceeds "Green Building and Design Standards"	Affordable housing; dense infill location
Development name: Applegate Biomass Energy and Rehab; Recipient: Applegate Tenants Assoc, Shires CDC, and Housing Vermont	Bennington, VT Bennington County	Energy, accessibility and code improvements to 104 subsidized multi-family apartments	104 units / \$ 9,855,920	\$550,315; Type: deferred 0% loan	15 units < 30%; 30 units < 50%; 42 units <60%. 15 unrestricted units	District biomass system and upgraded to green building energy efficiency standards	Mixed income; housing preservation
Development name: Armstrong Mobile Home Park; Recipient: Randolph Area Community Development Corporation	Randolph, VT Orange County	Acquire and rehabilitate 16-lot mobile home park and 2 unit apartment building	14 units/ \$ 957,000	\$288,000; Type: grant	14 < 100% (with 7 < 80%); 3 lots and 1 apartment unrestricted	Upgraded on-site infrastructure. Preserve park	Mixed income

VHCB FUNDED PROJECTS, 2015 & 2016

All units are perpetually restricted as affordable, by covenant.

Development Name and Recipient	Location	Project Description	Units / Total Development Cost per Unit	VHCB Award and Type	Population Served, as % of AMI (as of 12/17)	Environmental Benefits (see notes)	Community Preservation Benefit
Development name: Beacon Place; Recipient: Champlain Housing Trust	S. Burlington, VT Chittenden County	Purchase of an operating motel, undertake extensive site work and rehabilitation of the building and convert the property into 19 units of permanent supportive housing for chronically homeless adults with existing medical conditions plus a live-in manager's apartment	19 units / \$ 2,096,547	\$500,000; Type: deferred 0% loan	19 units < 30% median; 1 unit < median income	Access to public transportation	Targets homeless and special needs
Development name: Evergreen Heights Apartments; Recipient: Windham Windsor Housing Trust	Springfield, VT Windsor County	Acquire 44 unit apartment complex to preserve affordability	44 units / \$ 5,756,550	\$700,000; Type: deferred 0% loan	44 < 50% median	Access to public transportation; Smart Growth location; upgrade to "Green Building and Design Standards"	Affordable housing; housing preservation
Development name: McKnight Lane; Recipient: Addison County Community Trust	Waltham, VT Addison County	Redevelop a vacant mobile home park using 14 energy efficient modular rental homes and improvements to water, sewer and electrical systems, roadways, drainage and landscaping	14 units / \$ 3,679,980	\$350,000; Type: deferred 0% loan	4 units < 50%, 10 units < 60%	Net 0% energy modular homes, net zero demo project; removal of blight; universal design . Smart Growth location; exceeds "Green Building and Design Standards"	Affordable housing
Development name: South Meadow ; Recipient: Champlain Housing Trust	Burlington, VT Chittenden County	Energy upgrades and rehabilitation of 64 units of affordable apartments at a 148 unit mixed income development	64 units / \$ 12,140,485	\$1,400,000; Type: deferred 0% loan	6 units<30%; 21<50%; 37<60%	Access to public transportation; Smart Growth location; upgrades in energy efficiency	Affordable housing; housing preservation
Development name: Adams House; Recipient: Housing Trust of Rutland County	Fair Haven, VT Rutland County	Energy retrofit, rehab and preservation of affordability of apartments elderly and disabled residents in historic marble building	13 units / \$ 2,170,404	\$104,142; Type: deferred 0% loan	3 units<30%; 5<50%; 5<60%	Access to public transportation; Smart Growth location; biomass system and upgrades in energy efficiency	Affordable housing; historic preservation of marble house; housing preservation
Development name: Homeland; Recipient: Regional Housing Nonprofits	Statewide	Purchase subsidies and rehabilitation loans to lower income Vermont households purchasing permanently affordable homes through community-based housing organizations	18 homeowners assisted in buying existing homes	\$600,000; Type: grants	<100%	Referrals to Vermont Energy Efficiency Corporation and local weatherization programs	Affordability for existing housing stock; shared equity home ownership
Development name: Habitat; Recipient: Regional Habitat Chapters	Statewide	Assist with the development of homes built by Habitat for Humanity Chapters, with permanent affordability	7 homeownership units produced TDC not available	\$157,000; Type: grant	<80%	High energy standards	Affordable home ownership; new housing built using volunteers
Development name: Home Access; Recipient: Vermont Center for Independent Living	Statewide	Providing grants for accessibility modifications to homes occupied by low-income Vermonters with physical disabilities throughout the state, allowing them to live independently	35 families assisted with accessibility modifications	\$475,000; Type: grant	persons with disabilities		Assist disabled persons to remain in their community

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PROPOSED FORM OF LOCKBOX AGREEMENT

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LOCKBOX AGREEMENT

VERMONT PROPERTY TRANSFER TAX REVENUE BONDS

THIS LOCKBOX AGREEMENT (the “Agreement”), executed as of the 1st day of January, 2018, by and among the Vermont Housing Finance Agency (the “Agency”), the State of Vermont (the “State”), through its Vermont Department of Taxes (the “Vermont Department of Taxes”) and Wilmington Trust, National Association, as trustee under the hereinafter defined Indenture (the “Trustee”);

WITNESSETH:

WHEREAS, pursuant to Vermont Statutes Annotated, Title 10, Chapter 25, including, without limitation, Section 621(22), as amended (as hereinafter defined, the “Agency Act”), the Agency is authorized to issue bonds secured by certain property transfer tax revenues as further described below (the “Transfer Tax Revenues”) of the State for the purpose of providing funds to the Vermont Housing and Conservation Board (the “Housing and Conservation Board”) to fund its Program for the creation and improvement of owner-occupied and rental housing for Vermont residents with very low to middle income in areas targeted for growth and reinvestment, all as described and authorized in Vermont Statutes Annotated, Title 10, Chapter 15 (the “Housing and Conservation Board Act”) and other authorized purposes under the Agency Act; and

WHEREAS, pursuant to an authorizing resolution adopted by the Agency on December 26, 2017 (the “Authorizing Resolution”), the Agency entered into an Indenture of Trust, dated as of January 1, 2018 (the “Indenture”), between the Agency and the Trustee, to provide for the issuance, from time to time, of bonds pursuant to Section 621(22) of the Agency Act and the Vermont Statutes Annotated, Title 32, Chapter 231, Section 9610(d) (the “Transfer Tax Statute”) secured by the Transfer Tax Revenues, to be designated “Vermont Property Transfer Tax Revenue Bonds” (collectively, the “Bonds”); and

WHEREAS, the Transfer Tax Statute provides that a specified amount (the “Allocated Amount”) of the first property transfer taxes collected by the State in each fiscal year until the earlier of (i) June 30, 2039 and (ii) the date on which the Bonds are no longer outstanding, shall be transferred to the Agency for the payment of the principal of and interest on the Bonds (the “State Transfer”); and

WHEREAS, the Transfer Tax Statute further provides that the State Transfer for each fiscal year shall occur prior to any other distribution of property transfer tax revenue collected by the State in such fiscal year; and

WHEREAS, the Vermont Department of Taxes is responsible for the collection, deposit and distribution of property transfer tax revenues of the State; and

WHEREAS, under the Indenture, the Agency has agreed that so long as any Bonds issued by the Agency pursuant to the Indenture remain outstanding and unpaid, it will cause all Transfer Tax Revenues due to the Agency pursuant to the Transfer Tax Statute to be paid by the State directly to the Trustee for deposit to the Transfer Tax Revenue Bond Fund (the “Bond Fund”), a fund created by the Agency pursuant to and held by the Trustee under the Indenture for the payment of the principal of and interest on the Bonds; and

WHEREAS, the Agency wishes to (a) direct the State, through its Vermont Department of Taxes, to submit the State Transfer directly to the Bond Fund held by the Trustee, (b) for the Trustee to accept such State Transfer of the Allocated Amount of Transfer Tax Revenues and (c) for the Trustee to deposit such Transfer Tax Revenues in the Bond Fund held under the Indenture; and

WHEREAS, the State, through its Vermont Department of Taxes, so long as any Bonds are outstanding pursuant to the Indenture and not later than June 30, 2039, wishes to agree to deposit the State Transfer due to the Agency directly to the Bond Fund held by the Trustee pursuant to the Indenture; and

WHEREAS, under the Indenture, the Trustee is obligated to accept the State Transfer of the Allocated Amount of Transfer Tax Revenues in each fiscal year from the Vermont Department of Taxes, and deposit such Transfer Tax Revenues received from the Vermont Department of Taxes to the Bond Fund.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

Section 1. The Agency hereby irrevocably directs the State, through its Vermont Department of Taxes, to deposit any State Transfer of Transfer Tax Revenues due to the Agency in each Fiscal Year pursuant to the Transfer Tax Statute directly in the Bond Fund held by the Trustee pursuant to the Indenture, until such time as the State, through its Vermont Department of Taxes, has received notice in writing from the Trustee that no Bonds are outstanding under the Indenture and in no event later than June 30, 2039.

Section 2. The State, through its Vermont Department of Taxes, acknowledges the direction of the Agency in Section 1 above, and hereby covenants that the State Transfer of the Allocated Amount of Transfer Tax Revenues due in any fiscal year to the Agency shall be directly deposited in the Bond Fund held by the Trustee pursuant to the Indenture, so long as any Bonds are outstanding under the Indenture and in no event later than June 30, 2039. Such deposit will be made not later than the tenth day of each month (solely from Transfer Tax Revenues collected during the prior month), beginning the second month of each fiscal year and ending for the remainder of such fiscal year once the entire Allocated Amount of the State Transfer has been paid in such fiscal year. .

Section 3. The Trustee hereby covenants that it will (a) accept such deposits of the State Transfer by the State, as sent by the Vermont Department of Taxes, (b) that all amounts of the State Transfer received by the Trustee will be immediately deposited to the Bond Fund and (c) simultaneously send a notice to the Agency of every State Transfer so deposited in the Bond Fund.

Section 4. (a) If the Trustee does not receive a State Transfer of Transfer Tax Revenues for deposit to the Bond Fund by the tenth day for any month in which a State Transfer is due pursuant to Section 3 above, the Trustee shall provide written notice thereof to the Department of Taxes, and within ten (10) Business Days of receipt of such written notice the Department of Taxes shall deposit into the Bond Fund the missed State Transfer of Transfer Tax Revenues.

(b) If the Department of Taxes, in its judgment reasonably exercised, determines that any Transfer Tax Revenues were improperly deposited to the Bond Fund, the Department of Taxes shall provide written notice thereof to the Trustee and the Agency (a “Discrepancy Notice”). Any Discrepancy Notice shall be delivered with evidence of the determination of improper deposit. Upon review of the evidence, the Trustee, with the written concurrence of the Agency, may return to the Department of Taxes any amounts of Transfer Tax Revenues which were improperly deposited to the Bond Fund.

Section 5. The Trustee will send a notice to the State, through its Vermont Department of Taxes, once no Bonds remain outstanding under the Indenture or that payment thereof has been fully provided for without the need for any additional State Transfer.

Section 6. The State shall provide the following information to the Agency at the following times, in each case to the extent such information is not otherwise publicly available:

- (i) monthly and annual totals of Transfer Tax Revenues for the prior fiscal year, in the format set forth in the table in the section of the Agency’s Official Statement for the Bonds labeled “PROPERTY TRANSFER TAX REVENUES – Historical Information Regarding Property Transfer Tax Collections,” within one year after the end of the State’s fiscal year (presently June 30), commencing with the report for the 2018 Fiscal Year, and
- (ii) audited financial statements of the State for the most recently ended fiscal year, prepared in accordance with generally accepted accounting principles (“GAAP”) as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board by the earlier of (x) 15 days after such audited financial statements are made public and (y) one year after the end of the State’s fiscal year. The future audited financial statements of the State will be prepared either in accordance with GAAP as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board or using the modified cash basis of accounting which recognizes transactions only when cash changes hands. If the State’s audited financial statements for any fiscal year are not available by the June 30 of the following fiscal year,

the State shall provide to the Agency unaudited financial statements in a format similar to the financial statements contained in the State's most recent Official Statement published by it with respect to its general obligation bonds, and the audited financial statements shall be filed with the Agency when they become available.

Section 7. It is understood and agreed that this Agreement shall not be subject to repeal, revocation, alteration or amendment until its provisions shall have been fully carried out; provided, that the Agency and the State, in order to (a) cure any ambiguity or formal defect or omission in this Agreement; or (b) make such changes as may be required, in the opinion of counsel of recognized experiences with respect to federal income tax aspects of municipal securities, to preserve the exemption from federal income taxation of interest on Bonds issued on a tax-exempt basis (if any) or any other obligations of the Agency hereafter issued. It shall be sufficient services of any notice, request other paper if the same shall be duly mailed by first class mail, email or by facsimile, addressed as follows:

If to the Agency: Vermont Housing Finance Agency
164 St. Paul Street
Burlington, VT 05401
Attention: Chief Financial Officer
Facsimile: (802) 863-5422

If to Vermont Department of Taxes: Vermont Department of Taxes
133 State Street
Montpelier, VT 05633

If to the Trustee: Wilmington Trust, National Association
280 Congress Street, Suite 1300
Boston, MA 02210
Facsimile: (617) 457-2001

Section 8. If any one or more of the covenants or agreements provided in this Agreement to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions hereof.

Section 9. This Agreement is for the benefit only of the undersigned parties hereto and is not intended to and shall not be construed as granting any rights to or otherwise benefitting any other person.

Section 10. This Agreement shall be governed by the laws of the State of Vermont.

Section 11. This Agreement may be executed in several counterparts, all of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument

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IN WITNESS WHEREOF, each of the Agency, the State, through its Vermont Department of Taxes, and the Trustee have caused this Agreement to be signed in its name by one of its authorized officers, and its corporate seal to be hereunto affixed, attested by one of its authorized officers, all as of the day and year first above written.

VERMONT HOUSING FINANCE AGENCY

By: _____
Thomas R. Connors
Treasurer and Chief Financial Officer

(SEAL)

Attest:

George N. Demas
General Counsel to the Agency

VERMONT DEPARTMENT OF TAXES

By: _____
Name: _____
Title: _____

[SEAL]

ATTEST:

By: _____
Name: _____
Title: _____

WILMINGTON TRUST, NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Representative

ATTEST:

By: _____
Title: _____

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Vermont Housing Finance Agency

