



COMMON APPLICATION



**Vermont Housing Finance Agency
Vermont Housing & Conservation Board
Vermont Community Development Program**

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Instructions

This is a consolidated application for the Vermont Housing Finance Agency, the Vermont Community Development Program, and the Vermont Housing & Conservation Board. Use it to apply to one or all of the programs administered by these agencies. This application has been separated into sections, starting with the 'Common Application' form, which consolidates all the common information that existed in previous program-specific applications. Following that are informational 'Program Overviews' and 'Application Supplements' that collect data for each specific agency's program. Complete these sections only as necessary. This new consolidated application reduces many redundancies and should save considerable time.



Note: When you see this icon, it is a reminder that there may be additional attachments required that are not listed on the Checklist(s) of Required Attachments.

How do I fill out this new application?

- 1) ALL APPLICANTS must fill out the "Common Application" (Part II, tab 2) and submit the Common Application "Required Attachments" that follow (tab 3).
- 2) Applicants must also complete the "Application Supplements" and "Required Attachments" for each agency to which they are applying for funds. For instance, if you would like to apply for a VHCB HOME loan, VHFA 4% tax credits, and VHFA tax-exempt financing, you will complete all tabs in Parts II, III, V and VI.
- 3) Application packets should be formatted and organized as similarly to the application Table of Contents as possible (it is acceptable to attach large attachments separately and out of order.)

Submitting the Application:

Each funding source that you submit to will want a completed Common Application with its requisite attachments, as well as its specific Application Supplement. You do not need to submit all sections to each agency. However, all sections of the application should present the project consistently. Please submit finished applications to:

VHFA:

Vermont Housing Finance Agency
164 St. Paul St.
Burlington VT 05401-4634
(802) 652-6432

VHCB:

Vermont Housing and Conservation Board
149 State Street
Montpelier, VT 05602
(802) 828-3250

Send one original and five copies. Include 20 copies of the following attachments: photos, site plan, floor plan, elevations, and site location map.

VCDP:

Agency of Commerce and Community Development
Department of Housing and Community Affairs
National Life Office Building, 6th Floor
Drawer 20
Montpelier, VT 05620-0501
(802) 828-3211

Complete on-line application and, if done first, send copy to other funders as their applications.

COMMON APPLICATION - COVER SHEET

for VCDP, VHCB, HOME, and VHFA

Project Name: _____ Date: _____

Sponsor/Developer Name(s): _____

Sponsor Address (s): _____

Telephone Number: _____ Fax: _____

Contact Person: _____ E-mail: _____

Sponsor Status - please check all that apply:

non-profit 501(c)(3) 501(c)(4) public entity for-profit individual limited partnership other _____

Project Address (street number, town/city, county, zip): _____

Municipality: _____

For VCDP Applicants: Municipal Applicant Info (name, address, phone #, e-mail address): _____

Project Information (Check all appropriate)

_____ Row House/
Townhouse _____ Detached
Single Family _____ Detached
Two-family
_____ Apartment Building _____ Condominium
 _____ Elevator _____ Slab on Grade
 _____ # of Stories
_____ Full Basement _____ Partial Basement _____ Crawl Space

List Accessory Buildings (e.g. parking) _____
List Recreation and/or Common Area Facilities _____
List Commercial Facilities _____
Total Number of Parking Spaces _____
Other Amenities or Important Design Elements _____

Project Type (e.g. multi-family rental, mobile home park, special needs, SRO, Transient Housing, homeownership [describe]): _____

Total Units _____ Total Residential Square Footage _____
Affordable Units _____ # Accessible Units _____ # Adaptable Units _____
Buildings _____ # Family _____ # Elderly _____

Part II Tab 2

Proposed Funding (List All Sources & Specify Payment Terms for Each Source):

	\$ Amount	Terms (Years, <u>Deferred/Amortizing</u>)	<u>Approved?</u> Rate	Grant or <u>Loan</u>
VHCB	\$ _____	_____	Y / N _____	_____
Lead Paint Reduction	\$ _____	_____	Y / N _____	_____
HOME	\$ _____	_____	Y / N _____	_____
VHFA-Permanent Debt	\$ _____	_____	Y / N _____	_____
VCDP	\$ _____	_____	Y / N _____	_____
Tax Credit Equity	\$ _____	_____	Y / N _____	_____
FHLB - AHP	\$ _____	_____	Y / N _____	_____
Rural Development	\$ _____	_____	Y / N _____	_____
Other _____	\$ _____	_____	Y / N _____	_____
TOTAL SOURCES	\$ _____	_____	Y / N _____	_____

Total Development Cost of Project \$ _____ (should equal "TOTAL SOURCES" listed above)

Total Development Cost without cash accounts and reserves: \$ _____

Construction Financing Needed (source, amount, term, rate): _____

Funds Previously Received for this Project:

VHCB Feasibility \$ _____ VHCB Project Related Capacity \$ _____

VHFA Ventures \$ _____ VCDP Planning Grant \$ _____

Other Previous VHCB/HOME/VHFA/VCDP Funding \$ _____

For Acquisition of Existing Subsidized Developments:

- | | | |
|--|------------------------------|-----------------------------|
| HUD 221(d) | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| HUD 236..... | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| USDA RD 515 | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| HUD Section 8 Rent Supplement or PBRA..... | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Is HUD Transfer of Physical Assets Required..... | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

NARRATIVE SUMMARY SHEET
for VCDP, VHCB, HOME , and VHFA

Project Name: _____ Date: _____

Please provide a brief summary of the project. Limit your description to one page whenever possible. Name the entity(s) that will be involved and describe their roles in the project. State when the project will begin and when the project will be completed. Summarize the important goals of the project. Describe how the goals of the Consolidated Plan priorities will be met

Include a description of the type of housing, any special populations to be served, the number of buildings and the number of units. If this is a service-supported housing development, please describe the services to be provided and the entity that will provide them. Detail the affordability levels of projected rents or purchase price (# of units < 30% of median, # of units < 50% of median, # of units < 60% of median, # of units < 80% of median, number of units <100% of median, and number of units > 100% of median.)

For homeownership projects include number and type of units and buildings to be created, and projected sales price. Indicate if the proposed units are part of a larger housing or community development project, and if so, describe the entire project. (If so, narrative need not be limited to one page).

DEVELOPMENT TEAM INFORMATION
for VCDP, VHCB, HOME, and VHFA

PROJECT SPONSOR(S):		
Contact Person:	Phone:	Fax:
Street:	State/City/Zip:	E-mail:
PROJECT SPONSOR(S):		
Contact Person:	Phone:	Fax:
Street:	State/City/Zip:	E-mail:
ARCHITECT:		
Contact Person:	Phone:	Fax:
Street:	State/City/Zip:	E-mail:
REAL ESTATE ATTORNEY:		
Contact Person:	Phone:	Fax:
Street:	State/City/Zip:	E-mail:
DEVELOPMENT CONSULTANT:		
Contact Person:	Phone:	Fax:
Street:	State/City/Zip:	E-mail:
GENERAL CONTRACTOR / CONSTRUCTION MANAGER:		
Contact Person:	Phone:	Fax:
Street:	State/City/Zip:	E-mail:
PROPERTY MANAGER:		
Contact Person:	Phone:	Fax:
Street:	State/City/Zip:	E-mail:
Municipality Name:		
Contact Person: (VCDP applicants only)	Phone:	Fax:
Street:	State/City/Zip:	E-mail:
VCDP GRANT ADMINISTRATOR:		
Contact Person:	Phone:	Fax:
Street:	State/City/Zip:	E-mail:
VCDP PROGRAM MANAGER:		
Contact Person:	Phone:	Fax:
Street:	State/City/Zip:	E-mail:
Other Vendors/Professionals (i.e., tax attorney, engineers, homebuyer education/selection entity, service provider, etc.):		

Please attach resumes and describe any affordable housing experience for the development team members listed above who have not, in the last two years, worked on any developments funded by these agencies. For homeownership applications, describe the organization's experience with developing for-sale homes, stewarding homeownership units, and educating potential homebuyers.

Part II Tab 2

If this is a turnkey project, please describe the agreement between your organization and the developer. _____

Are there any direct or indirect financial or other interests whom a member of the development team may have with any other member of the development team? Yes No

If "Yes," please describe: _____

BUILDING, APARTMENT AND UTILITY INFORMATION
for VCDP, VHCB, HOME, and VHFA

Appliances/ Equipment included with Unit

<input type="checkbox"/> Range	<input type="checkbox"/> Refrigerator	<input type="checkbox"/> Dishwasher
<input type="checkbox"/> Laundry Facilities (On site)	<input type="checkbox"/> Washer & Dryer Hook-up	<input type="checkbox"/> Other _____

If there are any differences between the appliances or amenities between the income restricted units and any other units, please describe: _____

Monthly Utility Allowance Calculations (complete for rental housing applications only):

Utilities	Utility Type (Gas, Oil Electric, other)	Utilities paid by:	Utility Allowance for each BR size (only for utilities paid by tenants)				
			0-BR	1-BR	2-BR	3-BR	_ -BR
Heating	_____	<input type="checkbox"/> Owner <input type="checkbox"/> Tenant	_____	_____	_____	_____	_____
Hot Water	_____	<input type="checkbox"/> Owner <input type="checkbox"/> Tenant	_____	_____	_____	_____	_____
Cooking	_____	<input type="checkbox"/> Owner <input type="checkbox"/> Tenant	_____	_____	_____	_____	_____
Lighting	_____	<input type="checkbox"/> Owner <input type="checkbox"/> Tenant	_____	_____	_____	_____	_____
Other (_____)	_____	<input type="checkbox"/> Owner <input type="checkbox"/> Tenant	_____	_____	_____	_____	_____
Water	_____	<input type="checkbox"/> Owner <input type="checkbox"/> Tenant	_____	_____	_____	_____	_____
Sewer	_____	<input type="checkbox"/> Owner <input type="checkbox"/> Tenant	_____	_____	_____	_____	_____
Trash	_____	<input type="checkbox"/> Owner <input type="checkbox"/> Tenant	_____	_____	_____	_____	_____
Total Utility Allowance for units			_____	_____	_____	_____	_____

Source of data for Utility Allowance Calculation (check as appropriate):

<input type="checkbox"/>	Vermont State Housing Authority
<input type="checkbox"/>	Local Public Housing Authority (identify) _____
<input type="checkbox"/>	Utility Company _____
<input type="checkbox"/>	Other _____

Adequacy of Utility Systems (Existing Developments Only):

Are the following utility systems currently available and adequate for the project for the duration of the loan?
(For new construction, check "N/A.")

Municipal Sanitary Sewer	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> TBD	<input type="checkbox"/> N/A
On-Site Storm Sewer (if appl., e.g. MHPs)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> TBD	<input type="checkbox"/> N/A
Municipal Water System	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> TBD	<input type="checkbox"/> N/A
Electricity	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> TBD	<input type="checkbox"/> N/A
Gas	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> TBD	<input type="checkbox"/> N/A
On-site Septic	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> TBD	<input type="checkbox"/> N/A
On-site Well	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> TBD	<input type="checkbox"/> N/A

How and when was the assessment of the system adequacy done, and by whom? _____

Please refer to the Energy Standards adopted by VHFA, VHCB, and DHCA. Are you doing anything unique that exceeds the funders' energy standards that bears special explanation? _____

TRENDING ASSUMPTIONS

(Complete this page for rental housing developments only)

Estimated annual percentage increase in operating expenses? _____ %

Residential Vacancy Allowance _____% Commercial Vacancy / Other Income Loss Allowance _____%

INCOME:

		Average Annual <u>Percentage Increase:</u>
Income from Rents ¹ :	\$ _____	_____ %
Other Income:		
Laundry Income:	\$ _____	_____ %
Commercial Income:	\$ _____	_____ %
Other Income:	\$ _____	_____ %
Source(s) of Other Income:	_____ (e.g., HUD 202 PRAC, etc.)	
Total Income:	\$ _____	

ANNUAL OPERATING EXPENSES:

Administrative	<u>annual / per unit</u>	Maintenance	<u>annual / per unit</u>
Management Fee	_____	Maint. /Janitor Payroll	_____
Supportive Services ²	_____	Janitor Supplies	_____
Audit/Accounting	_____	Exterminating	_____
Legal	_____	Trash Removal	_____
Compliance Mon. Fee	_____	Snow Removal	_____
Marketing	_____	Grounds	_____
Other	_____	Repairs Material	_____
Total Admin. Cost	_____	Repairs Contract	_____
Utilities		HVAC Repairs/Maint.	_____
Electricity	_____	Elevator Contract/Repairs	_____
Fuel	_____	Painting and Decorating	_____
Water and Sewer	_____	Other	_____
Fire Alarm/Emerg	_____	Total Maintenance Cost	_____
Other	_____	Other	
Total Utilities Cost	_____	Real Estate Taxes	_____
		Property Insurance	_____
		Replacement Reserves ³	_____
		Primary Debt Service	_____
		Other "must pay"	_____
		debt service	_____
		Other	_____
		Total Other Cost	_____
		Total Operating Expense	_____



Note:

1. This should equal the total of the "Proposed Rent" column of the Rent Chart
2. Service enriched housing will have a separate itemized budget for supportive services. Please attach.
3. Replacement Reserves amount should be based on Capital Needs Assessment and not less than \$420 per unit per year.

Cash Flow

(rental housing developments only)

Project Name: _____

Date: _____

Cash Flow Budget: Show projection for the term of the loan if the project has amortizing debt (the reviewers understand the longer the projection, the less reliable the projections will be). For all other projects without amortizing debt, show the projection for 20 years. Indicate any changes in trending assumptions during the period. Please provide numbers in this format, using these categories. A fillable spreadsheet is available upon request.

	Year					
	1	2	3	4	5
Operating Income						
Gross Residential Rent						
Gross Commercial Rent						
Other Income						
Residential Vacancy						
Commercial Vacancy						
Other losses						
 Total Operating Income						
 Operating Expenses						
Total Expenses (excluding Reserves)						
Reserves						
 Total Operating Expense						
 Net Operating Income						
 Debt Service:						
Loan One:						
Loan Two:						
(etc.)						
 Annual Cash Flow						
Operating Subsidies/Sinking Fund						
Cumulative Cash Flow						
 Cumulative Reserves						



Note: Please include all cost categories relevant to your project whether or not they are listed above. Please provide a separate detail of all loan repayment schedules or amortization tables and distinguish between “must pay” debt and debt that is paid out of available cash flow.

DEVELOPMENT BUDGET

(Complete for rental developments only)
for VCDP, VHCB , HOME, &
VHFA

Project Name: _____

Date: _____

	Itemized Costs	Total Residential Development Costs	Cost per Unit	Cost per Square Foot	Allocation of Sources						Mixed-Use Only:	
					VHCB	HOME	VCDP	Debt	Equity	Other	Commercial Space Only:	Combined Commercial and Residential:
					Terms:	Terms:	Terms:	Source & Terms:	Source & Terms:	Source & Terms:		
	SYNDICATION COSTS											
40	Organizational (Partnership)											
41	Bridge Loan Fees & Expenses											
42	Syndication Consultant											
43	Tax Opinion											
	DEVELOPER'S FEES											
44	Developer's Fees											
45	Other Partnership Fees											
46	Consultant Fees											
	TOTALS EXCLUDING CASH ACCOUNTS AND RESERVES											
	RESERVES											
47	Working Capital											
48	Rent-up (Deficit Escrow) Reserve											
49	Other Operating Reserves											
50	Sinking Fund											
51	Replacement Reserve											
	SUBTOTAL - SOFT COSTS											
	TOTALS											
VCDP – GENERAL ADMIN												
VCDP - TOTAL												

Sources and Uses
(complete for Homeownership Developments only)

Total Residential Units:

Total Development Cost: \$
 Total Development Cost per Unit: \$
 Total Development Cost Per SF: \$

SOURCES

	% of Total Development Cost	Interest Rate	Amortization	Term
VHFA Construction Loan	%	%		
Project-wide Subsidy (e.g. VHCB, VCDP, etc.)	%			
Developer's Equity	%			
	%			
Seller Financing	%			
	%			
Seller Donation	%			
	%			
	%			
Sales Proceeds from Units	see const cash flow	N/A	N/A	
TOTAL SOURCES	%			

USES

Acquisition	%
Construction Hard Costs	%
Soft Costs	%
TOTAL USES	%

Gap

Pay off for Construction period Debt

Sales Proceeds from Condos \$
 Less: VHFA construction loan \$
 Excess sales proceeds \$

Development Budget
(Homeownership developments only)

			Cost Per Square Foot	Cost Per Unit
Acquisition		<u>% of Total</u>		
Land	\$	%	\$	\$
Building (s) (if any)	\$	%	\$	\$
Demolition (if any)	\$	%	\$	\$
Appraisal	\$	%	\$	\$
Legal- Title & Recording	\$	%	\$	\$
Other	\$	%	\$	\$
Transfer Tax	\$	%	\$	\$
Sub-total Acquisition	\$	%	\$	\$
Hard Costs				
Sitework	\$	%	\$	\$
Utilities	\$	%	\$	\$
Landscaping	\$	%	\$	\$
Hazardous Materials Abatement	\$	%	\$	\$
Off Site Improvements	\$	%	\$	\$
Bond	\$	%	\$	\$
Site Contingency	\$	%	\$	\$
Subtotal Site Construction	\$	%	\$	\$
Building Construction - New	\$	%	\$	\$
Building Construction - Rehabilitation	\$	%	\$	\$
Accessory Buildings	\$	%	\$	\$
Furnishings, Fixtures & Equipment	\$	%	\$	\$
FFE - Model	\$	%	\$	\$
Construction Contingency	\$	%	\$	\$
Sub-total Building Construction	\$	%	\$	\$
Construction Management	\$	%	\$	\$
General Conditions	\$	%	\$	\$
Contractor Overhead & Profit	\$	%	\$	\$
Bond	\$	%	\$	\$
Builders Risk Insurance	\$	%	\$	\$
Subtotal Construction Fees	\$	%	\$	\$
Sub-total Hard Costs	\$	%	\$	\$
Soft Costs	\$	%	\$	\$
Architect & Engineering - buildings	\$	%	\$	\$
Site Planning, Civil Engineering & Prof. fees thru Permits	\$	%	\$	\$
Environmental Site Assessment	\$	%	\$	\$

Part II Tab 2

Sub-total Arch & Eng.	\$	%	\$	\$
Permit Fees:	\$	%	\$	\$
Labor and Industry	\$	%	\$	\$
Act 250	\$	%	\$	\$
Local zoning, planning	\$	%	\$	\$
Local water impact & sewer	\$	%	\$	\$
Water Supply	\$	%	\$	\$
Wastewater	\$	%	\$	\$
Health Department	\$	%	\$	\$
Sub-total Permits	\$	%	\$	\$
Professional Fees:	\$	%	\$	\$
Legal - real estate, permits & finance	\$	%	\$	\$
Legal - organization & sales	\$	%	\$	\$
Accounting - organization	\$	%	\$	\$
Clerk of Works	\$	%	\$	\$
Project Management--HVT	\$	%	\$	\$
Sub-total Prof. Fees	\$	%	\$	\$
Marketing:	\$	%	\$	\$
Market Study	\$	%	\$	\$
Advertising/Marketing	\$	%	\$	\$
Model/Office Fit Up & Maint	\$	%	\$	\$
Commissions/Sales Staff	\$	%	\$	\$
Sub-total Marketing	\$	%	\$	\$
Financing:	\$	%	\$	\$
Construction Loan Fee	\$	%	\$	\$
Construction Loan Expenses	\$	%	\$	\$
Construction Period Interest	\$	%	\$	\$
Other Financing Costs	\$	%	\$	\$
Sub-total Financing	\$	%	\$	\$
Carrying Costs:	\$	%	\$	\$
Property Taxes	\$	%	\$	\$
Liability Insurance	\$	%	\$	\$
Acq Bridge Loan--one year	\$	%	\$	\$
Maintenance/Utilities	\$	%	\$	\$
Sub-total Carrying Costs	\$	%	\$	\$
Developer's Fees	\$	%	\$	\$
Working Capital (Owner's Association, if any)	\$	%	\$	\$
Contingency	\$	%	\$	\$
Sub-total Soft Costs	\$	%	\$	\$
TOTAL PROJECTED COST	\$	%	\$	\$

Square Foot Analysis and Unit Sales Schedule (Homeownership developments only)

Construction Plans dated :					
# Residential Units	Type (single family detached, duplex, flat, townhouse)	# of Bedrooms	stories	square feet	Total
	A				
	B				
	C				
	D				
	E				
	F				
Accessory Buildings					
	common				
	laundry				
	storage & mechanical				
	parking				
	office				
total common area					

Unit #	Unit Type	Square Feet	# Bdrms	#Baths	Sales Price	Net Sales Price
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						

Totals

Homeowner's Association Operating Budget
(homeownership developments only)

ADMINISTRATIVE		<i>Notes:</i>
Telephone	\$	\$ /month
Postage and delivery	\$	\$ /month
Legal & Accounting	\$	allowance
Management		
Subtotal	\$	
UTILITIES		
Heat & hot water	\$	accessory buildings
Electricity	\$	site lights and accessory buildings
Water & Sewer	\$	allowance for maintenance & operation of pump, etc.
Other		
Subtotal	\$	
MAINTENANCE		
Custodial Supplies & Labor	\$	
Contract Repairs/Maintenance	\$	allowance for water and sewer maintenance
Painting/Decorating	\$	allowance
Trash Removal	\$	by homeowners
Landscaping	\$	__ months @ \$___/month
Snow Removal	\$	__ weeks @ \$___/week
Repair Materials	\$	allowance
Sprinkler Maintenance	\$	
Subtotal	\$	
FINANCIAL		
Property Taxes	\$	paid by individual owners
Insurance - Building	\$	
Insurance - Liability	\$	
Subtotal	\$	
TOTAL OPERATIONS	\$	
RESERVES		
Replacement - Building & FFE	\$	allowance
TOTAL RESERVES	\$	
Total Annual Operating Expense	\$	

HOMEOWNERSHIP AFFORDABILITY ANALYSIS (FOR HOMEOWNERSHIP PROJECTS ONLY)

**INSTRUCTIONS FOR
MANUAL ENTRY**

1. Fill in price of proposed units (use the gross price, before any grants have been deducted).
2. Fill in Source and Amount for each subsidy.
3. Fill in assumption for interest rate and term. If you want to show examples using more than one interest rate or term, please make another copy of this sheet to demonstrate that. **Get these from proposed/possible mortgage lender.**
4. Calculate the monthly principal and interest.
5. Enter in assumption for taxes and insurance.
6. Add the P and I and taxes and insurance payments together and enter in the "total payment" row.
7. Enter in the assumed housing ratio. **Get this from proposed/possible mortgage lender.**
8. Divide the "total payment" by the housing ratio and enter in the "gross monthly income required" column.
9. Multiply by 12 and enter that into the "annual income" row. **REPEAT THIS PROCESS FOR ALL POTENTIAL PRICE TIERS IN THE DEVELOPMENT.**
10. Enter in the levels of median income for the geographic area the project is based in.
11. To determine the affordability levels for each sales price in the project, enter the "annual income needed" for each price and divide it by the 100% median income for each family size.
12. **For a unit that might have difference household sizes in it, show the affordability based on all household sizes (for example, a two-bedroom condo might be occupied by a one person, two person or three person household).**

	SALE PRICE #1				SALE PRICE #2			
GROSS SALES PRICES (COST)								
LESS: OTHER SUBSIDY								
LESS: OTHER SUBSIDY								
LESS: OTHER SUBSIDY								
NET PRICE OF HOME (TO BUYER)								
INTEREST RATE								
MORTGAGE TERM								
MONTHLY PRINCIPAL & INTEREST								
TAXES & INSURANCE								
CONDO, LAND TRUST MEMBERSHIP FEE								
TOTAL PAYMENT								
HOUSING RATIO								
GROSS MONTHLY INCOME REQUIRED								
ANNUAL INCOME NEEDED								
	HH OF 1	HH OF 2	HH OF 3	HH OF 4	HH OF 1	HH OF 2	HH OF 3	HH OF 4
100% MEDIAN FOR COUNTY								
AFFORDABILITY FOR FIRST PRICE								
AFFORDABILITY FOR SECOND PRICE								

Part II Tab 2

	SALE PRICE #3				SALE PRICE #4			
GROSS SALES PRICES (COST)								
LESS: OTHER SUBSIDY								
LESS: OTHER SUBSIDY								
LESS: OTHER SUBSIDY								
NET PRICE OF HOME (TO BUYER)								
INTEREST RATE								
MORTGAGE TERM								
MONTHLY PRINCIPAL & INTEREST								
TAXES & INSURANCE								
CONDO, LAND TRUST MEMBERSHIP FEE								
TOTAL PAYMENT								
HOUSING RATIO								
GROSS MONTHLY INCOME REQUIRED								
ANNUAL INCOME NEEDED								
	HH OF 1	HH OF 2	HH OF 3	HH OF 4	HH OF 1	HH OF 2	HH OF 3	HH OF 4
100% MEDIAN FOR COUNTY								
AFFORDABILITY FOR THIRD PRICE								
AFFORDABILITY FOR FOURTH PRICE								

SITE INFORMATION
for VCDP, VHCB, HOME, & VHFA

Site Control

Please complete for *each* property:

Form of site control (check one):

<input type="checkbox"/> Deed (Date acquired __/__/__)	<input type="checkbox"/> Purchase & Sale Contract (Expires __/__/__)
Acquisition Price:	Contract Price:



Please attach evidence of site control.

Appraised Value _____

Date of Appraisal ____/____/____



Please attach copy of appraisal.

Are there any special circumstances that surround the purchase of the property, including but not limited to: deed restrictions on the use of the property, impediments to clear title, or the necessity to acquire easements or voter approval?

Site Information

Briefly describe the site including size, adjacent uses, existing buildings, archeological sites, the presence of prime agricultural soils or soils of statewide significance, and other significant features.

Please describe the proximity to services (e.g. grocery store, health services, schools, etc.).

Is the site located in or within walking distance to a designated downtown or village center as determined by the Downtown Development Board? ____yes ____no



(If yes please attach documentation)

Is the site located in or within walking distance to a growth center as determined by the Downtown Development Board? ____yes ____no



(If yes please attach documentation)

Is the proposed development planned to maintain the historic settlement pattern of the town/city? (See VHFA Qualified Allocation Plan for definition.) _____ yes _____ no

Is the site ___ eligible for or ___ on the National Register of Historic Places? (check either if applicable)
Is it within a National Register historic district? ____yes ____no

Is the site ___ eligible for or ___ on the State Register of Historic Sites? (check either if applicable)

Part II Tab 2

Is it within a State historic district? ____yes ____no

Is any portion of the site in the floodplain? ____yes ____no.



(If yes, please submit a floodplain map and identify site location on it.)

(for VCDP Applicants only: If yes, also see the Environmental Review Guide “8 Step Process for Flood Plain Management” on the VCDP website www.dhca.state.vt.us/vcdp under Environmental Review or contact a CD Specialist.)

Please describe the water and wastewater disposal system of this project including the distribution system? Are there any deficiencies that have been identified with either of these systems? For on site systems and distribution systems, please describe the age and condition. For public systems, please state who owns the on-site distribution system.

For sites with existing roads please describe the condition, ownership, and any plans to upgrade. If new roads will be constructed, to what standard will they be built and who will be the ultimate owner?

For sites with other existing infrastructure (e.g., stormwater, electrical distribution systems in a mobile home park) please describe the condition, ownership, and any plans to upgrade.



Please submit site plans indicating planned housing sites, open space, and significant natural resource and archeological features.



Please submit a site location map clearly indicating the location of the building(s).

PERMITS INFORMATION
for VCDP, VHCB, HOME, and VHFA

Local permits and approvals required:

Yes No

If yes, please list the names of the permits and approvals required and the dates you expect these to be issued by the municipality.

Please identify any issues and/or obstacles you foresee in obtaining the local permits and approvals and strategies for resolution.

Is the proposed project in conformance with adopted or proposed local and regional plans and zoning?



If yes: please attach documentation. (Either copy or attach relevant pages from local and regional plans, or copy excerpts of the relevant language into the explanation.)

If no: what is being done to assure conformance?

If applicable, how is the site zoned and what density does it allow?

State permits required (including but not limited to Act 250):

Yes No

Attach a completed Project Review Sheet from the Department of Environmental Conservation (DEC). Download the most current form from the following address:

www.anr.state.vt.us/dec/permit_hb/prs699gen.pdf. A list of contact information for the regional DEC offices can be found at www.nrb.state.vt.us/lup/commission_members.htm

Please identify any issues and/or obstacles you foresee in obtaining the state permits and strategies for resolution and the dates you expect these to be issued.

TARGET POPULATION, MARKET, AND REGIONAL DATA
for VCDP, VHCB , HOME, and VHFA

Please describe the target population, the need for the project, the urgency of that need, and how the need was determined. Please cite specific demographic data and submit any market studies and/or waiting list information.

1. If applying for Housing Credits, please refer to VHFA’s Market Study Standards at www.vhfa.org/documents/developers/market_study_standards.pdf

2. If applying for VCDP funds, please refer to the Regional Housing Needs Chart from Consolidated Plan Housing Needs Assessment: www.dhca.state.vt.us/VCDP/Application/GuideAppendices.htm

Describe why this proposal is the best approach to meet the need described above, and how the proposal will meet this need. Identify other approaches that were considered and explain why they were not pursued.

Describe the project’s marketing plan.

For homeownership developments: How are pre-sales estimates or sales projections derived?



Note: For all homeownership applications a market study *is* required.

TIMETABLE
for VCDP, VHCB , HOME, and VHFA

What is the timetable anticipated for development of the project? Please fill out the following:

	Month/Year
Receipt of funding commitments necessary for completion of the project.	(fill out table below)
Acquisition of the property	
Closing date with funding sources (if different from above)	
Construction start date	
Construction completion date	
Date of initial sale or occupancy	
Provision of supportive services (if applicable)	
Any other relevant development milestones	
Project closeout (for VCDP)	

Please describe, if applicable, any particular issues which make funding of this project time sensitive.

Funding Commitments (Rental Developments):

	\$ Amount	<u>Anticipated date of approval</u>	Contact name / #
VHCB	\$ _____	_____	_____
Lead Paint Reduction	\$ _____	_____	_____
HOME	\$ _____	_____	_____
VHFA-Permanent Debt	\$ _____	_____	_____
VCDP	\$ _____	_____	_____
Tax Credit Equity	\$ _____	_____	_____
FHLB - AHP	\$ _____	_____	_____
Other _____	\$ _____	_____	_____

Funding Commitments (Homeownership Developments):

	\$ Amount	<u>Anticipated date of approval</u>	Contact name / #
Proceeds from home sales	\$ _____	_____	_____
VHCB	\$ _____	_____	_____
Lead Paint Reduction	\$ _____	_____	_____
VCDP	\$ _____	_____	_____
FHLB - AHP	\$ _____	_____	_____
Other _____	\$ _____	_____	_____

MUNICIPAL AND COMMUNITY SUPPORT
for VCDP, VHCB , HOME, and VHFA

Describe how the municipality and broader community has supported the project. Were both public and private community members and groups contacted about the project and involved in planning it?

COMMON APPLICATION

Checklist of Required Attachments

Please attach copies of all the following documents listed to the left as required for your project type (either Homeownership or Rental Development). VDCP needs thirteen copies of the application with all attachments. VHCB needs six copies of the application with all attachments plus an additional 20 copies to VHCB of the following: site plans, floor plans, elevations, photos, and a site location map.

Requirements:

H.O. Rental

- | | | |
|------------------------------|------------------------------|--|
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | Site Plans |
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | Site Location Map |
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | Floodplain Map |
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | Preliminary Floor Plans |
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | Building Elevations |
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | One Original Set of Color Photographs (or color photocopies) |
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | Current Appraisal (include sample unit appraisals with for-sale housing developments) |
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | Purchase and Sales Agreement (or other form of site control) |
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | ANR / Act 250 Project Review Sheet (if applicable) |
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | Completed Energy Efficiency Checklist |
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | Resumes of Development Team (for team members who have done no affordable housing projects in the last two years) |
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | Market Demand Data (full independent market study if units are being added) |
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | Evidence of Other Funding Commitments |
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | Results of Any Tests for Lead-Based Paint or Other Hazardous Materials |
| ❖No | <input type="checkbox"/> Yes | Capital Needs Assessment (for moderate rehab projects; this may be waived if the scope of work incorporates an assessment of capital needs by the architect) |
| <input type="checkbox"/> Yes | ❖No | Unit Price Schedule, Including Unit Types and Designs |
| <input type="checkbox"/> Yes | ❖No | Homeownership Development Budget (including month-by-month sources and uses / construction draw schedule for Single-Family Developments) |

**VHCB/HOME PROGRAM
PROGRAM OVERVIEW**

General Information for Applicants Seeking VHCB Funds for Affordable Housing Development

A schedule of application deadlines and Board meeting dates is available on the VHCB website. Funds for housing will be awarded in three competitive rounds of funding, with the possibility of additional rounds subject to the availability of funds. Prior to submission of an application, grantees must inform VHCB staff of intent to submit an application and schedule a site visit with VHCB staff. Call with any questions, and be aware that:

1. Feasibility Funds, if needed, should be requested and feasibility work completed prior to submission of this application.
2. The Board will not fund projects in which the purchase price of a property exceeds the appraised value except under extremely special circumstances. The appraisal should be ordered by the prospective purchaser and must be acceptable to VHCB staff.
3. Applications should not be submitted prior to the applicant obtaining site control (Purchase and Sale Agreement or Option). Applicants are strongly discouraged from purchasing the property prior to commitment of funds from all sources.
4. Applicants should not expect to receive VHCB funds sooner than 45 days after the Board meeting at which an application is approved. Please consult with VHCB legal staff in setting a closing date.
5. The Board reserves the right to recapture VHCB funds with a penalty if a project does not remain perpetually affordable. HOME funds must be repaid if a project is not completed.
6. In general, at least one-third (1/3) of the units in rental housing projects should be affordable to and occupied by households earning 50% or less of median income.
7. All projects should be consistent with applicable VHCB policies listed below.
8. VHCB awards are a matter of public record. Following the Board's decision, VHCB may describe this project in a press release, identifying your organization as a contact point. Please contact Pam Boyd at 828-5075 with any suggestions regarding coverage of your project.

The following policies, guidelines, standards and specifications should be reviewed as applicable and are available upon request:

VHCB Housing Policies, Guidelines, Standards and Specifications

Affordable Housing Projects	Limited Equity Cooperatives
Development Fees	Mobile Home Parks
Elderly Housing Priorities	New Construction Guidelines
Energy and Water Conservation	Supplemental Standard for Appraisals of
Procurement Guidelines	Multi-Family Properties
Habitat/Voc. School-Built Housing	Supplementary Standards for Mobile
Income Verification	Home Park Appraisals
Lead-Based Paint & Other Hazardous Materials	Transitional Housing Fund
Development on Prime Agricultural Soils	Homeownership Policies and Guidelines

Federal Program Policies

HOME Program Initial Income Verification

ADDITIONAL INFORMATION FOR APPLICANTS SEEKING HOME PROGRAM FUNDS

HOME Program Guidelines

Please note that an award and acceptance of HOME funds will result in your agreement to comply with a series of federal regulations and requirements. You should be familiar with and understand the complexity of these requirements and be prepared to demonstrate compliance. The information provided here is not intended to cover all requirements, but rather to provide you with sufficient information to complete an application for funds. Please consult the HOME Program Manual (updated 4/06) or contact the HOME staff at VHCB with any questions.

To be considered for HOME funds for rental housing or Mobile Home Park projects, your project must meet HOME Program income targeting and rent limitation requirements which differ from VHCB requirements. Contact VHCB for the most recent HOME Rent Chart and HOME Program Income Limits.

A. Multi-family Rental Projects

Income Targeting Refer to the most recent HOME Program Income Limits to determine income limits for HOME units.

- To be eligible for HOME funds, tenants must have income at or below 60% of county median income.
- 20% of HOME units in each project with 5 or more HOME units must be occupied by tenants with income at or below 50% of county median income.

HOME Rents Refer to the most recent HOME Rent Chart for the High and Low HOME Rents to determine the maximum rents for your project.

- All HOME units in a project must have rents that are at or below the lessor of the HUD Fair Market Rent or the High HOME Rent.
- In projects with 5 or more HOME units, 20% of HOME units must have rents that are at or below the lessor of the HUD Fair Market Rent or the Low HOME Rent.

B. Mobile Home Parks

HOME funds may be used for acquisition and infrastructure rehabilitation of mobile home parks where the lots are rented to low income homeowners (80% of median income). HOME funds may also be used to complete renovations to owner-occupied mobile homes on HOME lots.

Part III Tab 4

C. Consolidated Plan Priorities

A mechanism of perpetual affordability will be required for all projects receiving HOME funds. In addition, HOME Program funds will be distributed to projects that meet at least one of the Consolidated Plan Housing Priorities, as follows:

1. Serve households with very low incomes with special preference to projects housing families and individuals at or below 30% of median income, including persons with special needs;
2. Address the preservation and production of mobile home parks, including infrastructure improvements and new site development;
3. Preserve and rehabilitate existing units, including acquisition, with priority to lead hazard reduction and with an emphasis on downtown preservation and revitalization;
4. Accomplish mixed income developments, including shared housing, to create integrated communities;
5. Demonstrate leverage of resources and cost-effectiveness, including building weatherization, energy efficiency, and fuel switching available from private and public programs;
6. Address the current and potential need for accessibility modifications and adaptable units to serve Vermonters with physical disabilities; and
7. Enhance opportunities to sustain and increase homeownership, including limited equity cooperatives among very-low and low-income households and households headed by individuals with special needs.

D. Minimum HOME Affordability Period

Throughout the affordability period, income must be verified annually, rents and utility allowances must be recalculated annually, and Housing Quality Inspections must be conducted every one, two, or three years based upon the number of units within the project.

<u>Per Unit HOME \$</u>	<u>Minimum Affordability Period</u>
<\$15,000	5 years
\$15,000 - \$40,000	10 years
>\$40,000	15 years
new construction	20 years

E. Maximum HOME Contribution Per Unit

<u>0BR</u>	<u>1BR</u>	<u>2BR</u>	<u>3BR</u>	<u>4BR</u>
\$35,106	\$40,242	\$45,734	\$59,163	\$64,943

VHCB / HOME APPLICATION SUPPLEMENT

Please answer all the following questions as completely as possible. Please be sure to refer to the question number in your response (i.e. "VHCB Application Supplement Question 1.").

1. Describe the importance of the resource in question to the community, region or state. Will the project result in the perpetual use of the resource in the manner described?
2. Provide a narrative summary of the construction scope of work.
3. Which of the VHCB policies listed in the instructions apply to the project? Concisely describe how the project meets (or doesn't) the applicable policies. In the case of new construction projects, discuss in detail how the project qualifies under the VHCB New Construction guidelines.
4. Does this project or the community in which it is located address the dual goals of housing and conservation? If it does, explain how the project furthers the VHCB goals of "creating affordable housing for Vermonters" and "conserving and protecting agricultural land, historic properties, important natural areas and recreational lands."
5. VHCB requires applicants to make the following contacts in writing to inform appropriate parties of the project: 1) regional planning commission; 2) appropriate municipal officials; 3) Vt. Division for Historic Preservation (unless you are applying for HOME or Lead Paint funding in which case VHCB will contact its historic preservation consultant); 4) Residential Energy Efficiency Program at Vermont Energy Investment Corp.. Please make these contacts sufficiently in advance to allow for a timely response. Please submit copies of any comments received.
6. How can the Housing and Conservation Board be assured that its investment will be protected and its goals accomplished in perpetuity? How will you meet your stewardship responsibilities?

VHCB/HOME APPLICANTS
Checklist of Required Attachments

Please attach copies of all the following documents listed to the left as required for your project type (either Homeownership or Rental Development).

Requirements:

H.O. Rental

- | | | |
|------------------------------|------------------------------|---|
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | Construction Cost Estimates (prepared by independent architect or cost estimator following AIA categories, including contingency) |
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | Environmental Site Review Checklist |
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | Copies of Local/State/Regional contact letters and any responses |
| ❖No | <input type="checkbox"/> Yes | HOME Program Income Verification Form and Third Party Verification (occupied units) |
| ❖No | <input type="checkbox"/> Yes | URA General Info Notices and Return Receipts (for existing tenants) |
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | Current List of Board of Directors, Addresses and Affiliations |

For NEW Nonprofit Applicants:

- | | | |
|------------------------------|------------------------------|---|
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | IRS 501(c) Designation |
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | Most Recent Audited Financial Statement |
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | Articles of Association |
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | Bylaws |
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | Most Recent 990 Filing |

For ALL Nonprofit Applicants:

- | | | |
|------------------------------|------------------------------|---|
| <input type="checkbox"/> Yes | <input type="checkbox"/> Yes | Most Recent Audited Financial Statement |
|------------------------------|------------------------------|---|

Process Checklist for HOME Program Projects

Name of Project _____ Project Number _____

Underwriting Phase

___ Receipt of Application

Site Information

___ Site Control

___ Pre-rehab Appraisal

___ Income Verification Forms and 3rd Party Verification for Tenant's in HOME Units

Uniform Relocation Act

___ Relocation Plan and Budget

___ List of existing tenants and incomes

___ List of pre-rehab rents & utility allowances and proposed post-rehab rents & utility allowances

Signed or Returned Receipts:

___ General Information Notice

___ Notice of Voluntary Acquisition

___ Notice of Non-Displacement

___ Notice of Temporary Relocation

___ Environmental Site Review Checklist

___ Environmental Review - Approval of release of funds from HUD

___ Environmental Review - 2nd tier review

___ Initial Review by Historic Consultant for compliance with Sec. 106

___ Historic Preservation Final Sign off

Project Financial

___ Development Budget including Sources and Uses

___ Operating Budget (Rents meet HOME and URA Requirements)

___ 20 year Budget Proforma

___ Commitment Letters from all Funding Sources (if applicable)

___ Plans and Specs

___ Estimated Cost of Rehab

___ Project Timetable

Closing Phase

___ Signed HOME Grant Agreement

___ All Special and Standard Conditions Met

Construction Phase

- ___ Compliance w/ Procurement Policy:
 - ___ HOME Program Bid Selection and Contract Award Summary
 - ___ Minority Business Enterprises (MBE) and Women Business Enterprises (WBE)
 - ___ Construction Contracts with HOME Attachment to Contract
 - ___ Contractor's Certification re: Debarment
 - ___ Contractor's Disclosure of Lobbying Activities
 - ___ Contractor's Certification for Contracts, Grants, Loans, Cooperative Agreements
 - ___ Certificate of Insurance
 - ___ Performance and Payment Bonds or Letters of Credit
- ___ Davis Bacon Compliance (if applicable)
 - ___ Pre-Construction Meeting
 - ___ Weekly Payroll sheets
 - ___ Random interview
 - ___ Wage Poster
- ___ Change Orders
- ___ Lien Waivers
- ___ Certificate of Completion/Certificate of Occupancy
- ___ Energy Star Certification (all new construction and most substantial rehab)

Tenant Selection

- ___ Tenant Selection Policy
- ___ Affirmative Marketing Plan
- ___ Tenant Lease (Include HOME Addendum)
- ___ "Protect Your Family From Lead In Your Home" letter for tenants with children under 6 years

Project Completion

- ___ Tenant Income Verifications (w/ 3rd party back-up) for HOME units
- ___ Rent Schedule w/ HOME units
- ___ Final Sources & Uses Budget

VCDP

PROGRAM OVERVIEW

PLACEHOLDER ONLY

VCDP APPLICATION SUPPLEMENT

Note: Applicants should thoroughly read the VCDP Application Guide and Instructions and refer to it while completing these additional sections. The Application Guide can be accessed on the website www.dhca.state.vt.us/vcdp or by calling 828-5219.

National Objective (check one):

- LMI
- Slums & Blight
- Urgent Need

Total Beneficiaries₁: _____ LMI Beneficiaries _____

Basis of LMI determination:

- L/M area benefit,
- L/M limited clientele,
- L/M Housing Survey
- Other (Please identify method)_____

State Objective: Housing

Is the project located in a floodplain? IF yes, for further information see Environmental Review Guide – Eight Step Process for Floodplain Management on the website www.dhca.state.vt.us/vcdp under Environmental Review, or contact your CD specialist.

Additional Narrative Questions:

All appropriate funding sources have been sought.

1. Describe the effort to obtain other funding (including municipal government financial support) and, why particular funding sources were considered but not pursued.
2. Does the municipality (ies) control a revolving loan fund capitalized with VCDP or other HUD funds? If such an RLF is not a funding source for this project, please explain.

How well the project meets a Consolidated Plan priority.

3.
 - (a) Describe how your project meets the priorities of the Consolidated Plan (See Appendix J in Application Guide for a current list of priorities). Cover all that apply since it is possible to address several with one project.
 - (b) Which regional housing need(s) is the project meeting? See chart in Appendix L of Application Guide or website (www.dhca.vt.us/vcdp/application/guideAppendices.htm) for breakdown of housing needs by region

How well the project meets priorities in local plan.

4.
 - (a) Describe how this project meets a priority(s) of the local plan.
 - (b) Please provide a statement documenting the municipal applicants past performance, current activities, and/or future plans to facilitate the provisions of affordable housing in the community.

How well the project meets priorities in the regional plan.

5. Describe how this project meets a priority(s) of the regional plan.
6. If proposed project is located in region with a completed Comprehensive Economic Development Strategy (CEDS), is the project identified as a priority? If yes, please provide applicable page from CEDS listing project as a priority. See Appendix M of Application Guide for list of regions with completed CEDS.

Degree of health/safety risks to beneficiaries.

7. If applicable, describe how this project directly addresses a health or safety issue for the intended beneficiaries.

Number of people directly benefiting.

(See Appendix F of the VCDP Grant Application Guide and Instructions→)

8. Provide the following:
 - ◆ Number of persons less than 30% of medium income benefiting
 - ◆ Number of persons between 30% and 50% of medium income benefiting
 - ◆ Number of persons between 50% and 60% of medium income benefiting
 - ◆ Number of persons between 60% and 80% of medium income benefiting
 - Sub-total of LMI persons directly benefiting
 - ◆ Number of persons over 80% of medium income directly benefiting
 - Total persons directly benefiting

NOTE: If your project is funded there will be additional outcome information required. For more information please review Appendix N in the Application Guide; it lists the additional information that will need to be reported.

9. Explain how the benefit numbers were determined/projected.

The longevity of the benefit.

10. Describe how long the benefit can be sustained and provide the basis for this determination. How will the beneficiaries be involved over the life of the project? Describe the commitment for carrying on the proposed programs and services once the grant program is completed.
11. Describe how persons of low- and moderate- income were involved in the development of this project. How have they shown support?

How well the project indirectly impacts the community and/or additional LMI people.

12. Describe the indirect impact to the community and other LMI beneficiaries that may be indirectly served by the project.

Cost estimates are reasonably supported

If applicable, applicants must complete Form H (attached) regarding enhancement options.

13. Please explain how project cost overruns will be addressed.

14.

- (a) Please explain how project will be sustainable over time i.e. plan for capital and operating reserves, debt coverage etc.
- (b) For housing projects intending to provide for perpetual affordability, please describe the financial mechanism that will be employed to guarantee affordability of the units in perpetuity. Be sure to describe, support, and quantify the mechanism.

Certification: I certify, on behalf of the Applicant(s) that the information presented in this Application is correct and the submission thereof has been authorized by resolution(s) adopted by the legislative body(ies).

Signature of CEO of Applicant or Lead Applicant

Date Signed

RESOLUTION FOR VCDP GRANT APPLICATION AUTHORITY
Single Applicant

WHEREAS, the _____ of _____ (hereinafter "Applicant") is applying for an Implementation Grant under the Vermont Community Development Program; and
WHEREAS, it is necessary that an application be made and agreements be entered into with the State of Vermont.
Now, THEREFORE, BE IT RESOLVED as follows:

1. that Applicant possesses legal authority as defined in the State Act [10 VSA Ch. 29] to apply for the grant and to administer the program; and
2. that Applicant apply for a grant under the terms and conditions of said program and agree hereby to enter into Certifications and Assurances there of; and
3. the Applicant has a duly adopted and current Municipal Plan _____ (Date Adopted) and that the project is consistent with said plan; and
OR
the Applicant has a duly adopted Community Development Plan _____ (Date Adopted) and that the project is consistent with said plan; and
4. the Applicant has received documentation from the Regional Planning Commission that the project is consistent with the "Regional Plan; and
5. that _____ is hereby authorized to be Contact Person and as such to provide, on behalf of Applicant, all documents and information necessary for the completion of said application and to provide such coordination as may be necessary for said application; and
6. that it is understood that, if the application is funded, the receipt of VCDP funds, as federal funds passed through the State of Vermont, may require that an audit of the Applicant be conducted under the provisions of the Single Audit Act, as amended, and that VCDP funds may be used to fund only a limited portion of the audit cost.

Passed this _____ day of _____, _____.

LEGISLATIVE BODY

The above resolution is a true and correct copy of the resolution as adopted at a meeting of the Legislative Body held on the ___ day of _____, _____, and duly filed in my office.

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

Clerk

Signature

**RESOLUTION FOR VCDP GRANT APPLICATION AUTHORITY
Lead Applicant of Consortium**

WHEREAS, the _____ of _____ (hereinafter "Lead Applicant") does join with the [list all other consortium members] to apply for an Implementation Grant under the Vermont Community Development Program; and

WHEREAS, it is necessary that an application be made and agreements be entered into with the State of Vermont.

Now, THEREFORE, BE IT RESOLVED as follows:

1. that Lead Applicant possesses legal authority as defined in the State Act [10 VSA Ch. 29] to apply for the grant and to administer the program; and
2. that Lead Applicant joins with the above named municipalities to apply for a grant under the terms and conditions of said program and agrees hereby to enter into Certifications and Assurances there of; and
3. the Lead Applicant has a duly adopted and current Municipal Plan _____ (Date Adopted) and that the project is consistent with said plan; and
OR
the Lead Applicant has a duly adopted Community Development Plan _____ (Date Adopted) and that the project is consistent with said plan; and
4. the Applicant has received documentation from the Regional Planning Commission that the project is consistent with the "Regional Plan; and
5. that _____ is hereby authorized to be Contact Person and as such to provide, on behalf of all Applicants, all documents and information necessary for the completion of said application and to provide such coordination as may be necessary for said application; and
6. that Lead Applicant, in so applying, consents to act in the capacity of Lead Applicant.
7. that it is understood that, if the application is funded, the receipt of VCDP funds, as federal funds passed through the State of Vermont, may require that an audit of the Lead Applicant be conducted under the provisions of the Single Audit Act, as amended, and that VCDP funds may be used to fund only a limited portion of the audit cost.

Passed this _____ day of _____, _____.

LEGISLATIVE BODY

The above resolution is a true and correct copy of the resolution as adopted at a meeting of the Legislative Body held on the ____ day of _____, _____, and duly filed in my office.

IN WITNESS WHEREOF, I hereunto set my hand this ____ day of _____, _____.

Clerk

Signature

**RESOLUTION FOR VCDP GRANT APPLICATION AUTHORITY
Participating Applicant of a Consortium**

WHEREAS, the _____ of _____ (hereinafter "Joint Applicant") does join with the [list all other consortium members including the lead applicant] to apply for an Implementation Grant under the Vermont Community Development Program; and
WHEREAS, it is necessary that an application be made and agreements be entered into with the State of Vermont.

Now, THEREFORE, BE IT RESOLVED as follows:

1. that Joint Applicant possesses legal authority as defined in the State Act [10 VSA Ch. 29] to apply for the grant and to administer the program; and
2. that Joint Applicant joins with the above named municipalities to apply for a grant under the terms and conditions of said program and agrees hereby to enter into Certifications and Assurances thereof; and
3. the Joint Applicant has a duly adopted and current Municipal Plan _____ (Date Adopted) and that the project is consistent with said plan; and

OR

- the Joint Applicant has a duly adopted Community Development Plan _____ (Date Adopted) and that the project is consistent with said plan; and
4. the Applicant has received documentation from the Regional Planning Commission that the project is consistent with the "Regional Plan; and
5. that Joint Applicant, in so applying, consents to the _____ of _____ acting in the capacity of Lead Applicant; and
6. that it is understood that, if the application is funded, the receipt of VCDP funds, as federal funds passed through the State of Vermont, may require that an audit of the Lead Applicant be conducted under the provisions of the Single Audit Act, as amended, and that VCDP funds may be used to fund only a limited portion of the audit cost.

Passed this _____ day of _____, _____.

LEGISLATIVE BODY

The above resolution is a true and correct copy of the resolution as adopted at a meeting of the Legislative Body held on the ____ day of _____, _____, and duly filed in my office.

IN WITNESS WHEREOF, I hereunto set my hand this ____ day of _____, _____.

Clerk	Signature

PUBLIC HEARING NOTICE

For publication on or before _____
Tear Sheet Requested.

Notice of Public Hearing

The City(ies)/Town(s)/Village(s) of _____ is/are considering making application to the State of Vermont for an Implementation Grant under the Vermont Community Development Program. A public hearing will be held at _____ on _____, _____ at _____ to obtain the views of citizens on community development, to furnish information concerning the amount of funds available and the range of community development activities that may be undertaken under this program, the impact to any historic and archaeological resources that may be affected by the proposed project, and to give affected citizens the opportunity to examine the proposed statement of projected use of these funds. The proposal is to apply for \$_____ in VCDP Funds which will be used to accomplish the following activities:

Copies of the proposed application are available at _____ and may be viewed during the hours of _____ on _____.

Legislative Body for the _____

(30)

Copy submitted by: _____ Phone: _____

Send tear sheet to: _____

Thank you

Minutes of the Public Meeting

Attach a copy of the minutes kept at the hearing(s). These should indicate the date, time, and place of the hearing, the approximate number of attendees, a brief description of what was presented and of any discussion that took place. If any written comments were received, this should be noted and copies attached. The minutes should be dated and signed by the recorder.

It is vital that the notice show that the hearing is being warned by the Legislative Body (of the lead applicant, in the case of a consortium).

Copy of the Notice

Attach a copy of the notice as it was published in the newspaper. This should be either the tear sheet provided by the newspaper office or a copy of the paper showing both the notice and the date of publication.

Attach a copy of the tear sheet from the newspaper

Be sure to read directions in the Application Guide and Instructions before completing form.

CERTIFICATION OF PROGRAM INCOME/UNRESTRICTED REVENUE AVAILABLE

Municipality _____ Reporting Date _____

Project Title _____

Check appropriate box Applicant consortium Lead Applicant Participating Applicant

Income/Revenue Generated From VCDP or HUD Funded Grants

Schedule 1 Establishment of the Current Cash Balance

	Third Previous Fiscal Year FY_____	Second Previous Fiscal Year FY_____	First Previous Fiscal Year FY_____	Current Fiscal Year FY_____
Opening balance	\$ _____	\$ _____	\$ _____	\$ _____
Plus total receipts during fiscal year				
Less total outlay during fiscal year				
Ending balance (becomes the opening balance in next FY)	\$ _____	\$ _____	\$ _____	
Current balance as of _____ (date)				\$ _____

Schedule 2 Establishment of the amount of Current Cash Balance that is Obligated²

Explanation of Obligation (attach additional sheets if necessary)	Amount Obligated
	\$ _____
Total of all Obligations	\$ _____

Determination of what should be considered for use in this application:

Current balance from Schedule 1 \$ _____

Less total of all Obligations from Schedule 2 _____

Equals the amount potentially available _____

Amount of this that is committed to the proposed project\$ _____

^{2 2}: “Obligated” - A legally committed liability to a third party through a purchase order, executed contract or a loan commitment letter; but not funds reserved or designated for a specific purpose. (re-number footnotes?)

Narrative (Explain the information displayed on this form)

Describe how the funds were used during the past three years. Give the purpose and amounts for each loan or grant.

Describe the process used to "Obligate" in Schedule 1 from the amounts listed in Schedule 2. Include a copy of loan policies that govern the expenditure of revolving loan funds.

Explain what loan payments are expected during the term of the proposed project(s), whether there will be balloon payments or other receipts of funds.

Indicate whether or not there has been any consideration given to selling the loan portfolio on the secondary market. If so, when would that happen?

Provide an explanation of any portion of the amount potentially available that is not being committed to the proposed project(s).

Housing Enhancement Options Cost Chart

Instructions: Complete this form for housing projects that include increased costs due to components in addition to the creation and/or rehabilitation of housing units. These other components might include the following options: historic preservation, downtown revitalization, accessibility, community facilities, etc.

A.	B.	C.	D.	E.	
Enhancement Option Category	Cost	Amount of Offsetting Funding Source	Name of Offsetting Source	Balance (B-C)	cost info on page
Historic Preservation					
Downtown Revitalization					
Handicapped Accessibility					
Blight Elimination					
Hazardous Materials					
Lead Abatement					
Special Services					
Community Facilities					
Other					
<u>Totals</u>					

VCDP APPLICANTS

List of Required Attachments

Please attach copies of all the following documents listed to the left as required for your project type (either Homeownership or Rental Development).

Requirements:

<u>H.O.</u>	<u>Rental</u>	
Yes	Yes	Construction Cost Estimates (prepared by independent architect or cost estimator following AIA categories, including contingency)
Yes	Yes	VCDP Additional Narrative Questions
Yes	Yes	Resolution for VCDP Grant Application Authority (Form E or E-2)
Yes	Yes	Notice of Public Hearing (Form F)
Yes	Yes	Certification of Program Income / Unrestricted Revenue Available (Form G)
Yes	Yes	Housing Enhancements Options Cost Chart (Form H)

**FEDERAL (LIHTC) HOUSING CREDIT &
VERMONT STATE HOUSING CREDIT**

PROGRAM OVERVIEW

A. **Introduction**

The Federal Housing Credit (“HC”) is a "tax vehicle" designed by Congress to assist in the creation and preservation of affordable rental housing for low-income households. It provides a direct cost-based reduction in federal tax liability over a 10-year period for owners of qualifying rental housing who agree to conform to certain operating restrictions for at least a 15-year period. The Tax Reform Act of 1986 (and succeeding revisions of that law) set a maximum Housing Credit allocation for each state based on population. Vermont's 2007 credit authority is \$2,275,000.

The Vermont Affordable Housing Tax Credit, or State Credit, was established in 2000. It is utilized with the Federal Housing Credit and is taken over a five-year period. The annual amount of State Credit is \$400,000. The Allocation Plan governs the allocation of State Credits as well as federal Housing Credits. This application is used to apply for both types of credit.

B. **Caveats**

The HC program has become increasingly complex. While VHFA has been given certain programmatic authority and responsibility by Congress and the Governor’s Office, **knowledge of and compliance with the HC program is ultimately the responsibility of the applicant/taxpayer. Primary enforcement responsibilities lie with the Internal Revenue Service.** The IRS also requires that VHFA implement fairly rigorous compliance monitoring procedures. **Applicants are strongly encouraged to seek competent legal and/or accounting assistance in fulfilling their responsibilities under this program.**

VHFA is charged with allocating Housing Credits, in compliance with an adopted Allocation Plan, to eligible projects in only those amounts necessary to make the selected developments economically feasible. These decisions shall be made solely at the discretion of VHFA, but VHFA in no way represents or warrants to any sponsor, investor, lender, or others that the project is in fact eligible, feasible, viable, or in compliance either before or after the final allocation decision. **VHFA makes no representations to the owner or anyone else as to compliance with the Internal Revenue Code, Treasury regulations, or any other laws or regulations governing the HC program.**

VHFA's review of documents submitted in connection with this allocation is for its own purposes. However, applicants should understand that **any information submitted to VHFA as part of an HC application is public information under Vermont law.**

No member, officer, agent, or employee of VHFA shall be personally liable concerning any matters arising out of, or in relation to, the allocation of the Housing Credits.

C. **Program Requirements**

Regulations require VHFA to have a compliance monitoring process for all Housing Credit projects for at least 15 years. Additional information about VHFA's compliance monitoring procedures is included in Appendix K.

The Federal Department of Housing and Urban Development (HUD) also issued Subsidy Layering Review rules in 1991 which affect HC applications in cases where HUD is being asked to contribute project-based Section 8 certificates, HUD mortgage insurance, or some other direct HUD based subsidy. Congress has now given state credit agencies authority to administer these rules.

Other aspects of the Code include:

1. Developments in "Qualified Census Tracts" ("QCTs") and "Difficult Development Areas" ("DDAs") can increase their Housing Credit eligible basis by up to 130% of that otherwise possible. (See maps of QCTs and DDAs in Appendices A & B.)
2. In addition to the existing 15-year compliance period for the rent-restricted units, owners must sign a recordable extended use covenant that extends the restrictions in perpetuity. Also, the owner must provide a Right of First Refusal to a qualified non-profit or VHFA (or its assignee) that can be exercised at year 15 of the compliance period. This Right of First Refusal must be for a price described in the Allocation Plan that will help assure long-term affordability for low-income tenants.
3. VHFA must adopt a formal statewide Allocation Plan, after a public hearing process. The Allocation Plan states the priorities and other evaluation criteria to be used by VHFA in judging applications. VHFA must make a good faith effort to ensure that the amount of any HC allocation does not exceed that necessary for the financial feasibility of the development and must consider the reasonableness of development costs and operating expenses in determining the amount of Housing Credits to issue. The result is that comprehensive financial and sponsor information must be submitted and evaluated by VHFA as part of the allocation process.
4. CDBG funds can be included in the eligible basis when using the 9% credit. HOME funds, however, are eligible for either the 4% credit or the 9% credit. An owner can receive the 9% credit for a project receiving HOME funds if the owner elects to restrict 40% of the units to occupancy by households earning 50% of area median income or less. If, however, a property is located in a Difficult Development Area and an owner elects to take the 9% credit, the project is not eligible for the 130% adjustment factor for Difficult Development Areas. However, if the HOME funds are lent to the project at the Applicable Federal Rate (AFR) or higher, the 130% adjustment may be taken.
5. If more than 50 percent of the development financing is tax-exempt, then the HC allocation may come from "outside the cap." This means that VHFA does not make the allocation (the owner files the relevant tax forms directly with the IRS) and the "out-of-cap" allocation does not reduce Vermont's allotted allocation authority. However, these projects must still satisfy the requirements of the Allocation Plan and must be reviewed by the Allocating Agency. These projects are required only to have a 15-year extended use period (a 30-year tax credit compliance period overall).

D. **Housing Credit Options**

There are two levels of Federal Housing Credits - generically known as the 9% credit and the 4% credit.¹ Selection of the applicable Housing Credit percentage (either 4% or 9%) depends on whether

¹ Note that the 4% and 9% Housing Credit figures are approximate. The U.S. Treasury Department is responsible for revising the Housing Credit figures monthly based on present value calculations using current interest rates. The rates are set to give the investor a credit yield equal to either 30% or 70% (depending on the type of credit requested) of the value of the qualified basis of the building, for a ten-year period. From an investor's perspective, the net effect of the monthly changes in the Housing Credit rate should be fairly minimal. As of March 2004, the two actual rates were 3.41% and 7.95%. Current rates are posted on VHFA's website under "Development".

a project is newly constructed or an existing building, the extent of rehabilitation involved, and whether the project is federally subsidized or not. An example of a federal subsidy is VHFA's tax-exempt bond financing.² In addition, there is the Vermont Affordable Housing Tax Credit.

The various Housing Credit options for 2004 - 2005 are:

1. New Construction or Substantial Rehabilitation (minimum of \$3,000 per unit average as per C. 2. above) with no federal subsidy. [9% credit]
2. New Construction or Substantial Rehabilitation (minimum \$3,000 per unit average with below market rate or tax-exempt federal subsidies)³ [4% credit]
3. Acquisition Costs of Existing Housing (minimum rehabilitation cost of at least \$3,000 per unit average must be undertaken to qualify for the acquisition credit). [4% credit]
4. State Credit: the lesser of 25% of the qualified basis of a project or \$150,000. (The State Credit is used in combination with the 9% credit or the 4% credit described above).

E. **Calculating the Housing Credit**

The calculation of the dollar amount of credit available is determined in three steps:

1. Determine the eligible basis of a building or project. Eligible basis is generally any cost that is a depreciable or capital budget item for all other IRS purposes. Land and working capital are two common project costs that are generally excluded from the eligible basis.
2. Determine if the development is in a Difficult Development Area (see map in Appendix A). If so, multiply the eligible basis by up to 130%.
3. Determine the qualified basis of a project. The "qualified basis" of a rental building is that portion of the "eligible basis" of a building that will be rented to low-income households for the initial 15-year period. The minimum number of units in a building or project that must be rented to low-income households are described in Section I. The percentage used must be the lesser of: 1) The number of low-income units/total units; or 2) The floor space square footage of low-income units/total floor space.
4. Multiply the appropriate Housing Credit percentage (e.g. 4% or 9%) times the "qualified basis" of a rental building.

F. **Eligible Project Types**

Most residential rental properties are eligible for the HC Program, with the exception of owner-occupied properties containing 4 or fewer units, nursing homes, hospitals, sanitariums, life care facilities, retirement homes, and mobile home parks. An owner-occupant in a four-unit (or smaller) building may be eligible if he/she acquires or rehabilitates the building in accordance with a state or

² Note that federal rental subsidies to individual renters through Section 8 certificates (or vouchers) do not affect the Housing Credit eligibility of those units. Thus, rental income from Section 8 units can exceed the HC rent limits, but the units are still considered HC rent restricted units. In these cases, the tenant contribution towards the contract rent cannot exceed the HC rent limits.

³ As an alternative, an owner may subtract a federal subsidy loan (or grant) from basis (i.e. the cost of building) and take the higher 9% credit on the remaining qualified basis.

local government or qualified non-profit organization sponsored development plan of action. Transient housing (i.e. leases less than 6 months) is not permitted unless the facility is an SRO (Single Room Occupancy) or a homeless shelter.

For projects consisting of more than one property, all sites must be contiguous, except that a scattered site project is permitted if 100% of the units are rent restricted (i.e. in compliance with the Housing Credit maximum incomes and rents)⁴. Buildings used in part for rental purposes and in part for other purposes may qualify for the Housing Credit, but only for that portion of the building which constitutes the qualifying rental housing.

A building is generally not eligible for the acquisition credits under the HC Program if it has been acquired or substantially improved by any party in a 10-year period prior to the HC application. However, the building may still be eligible for rehabilitation credits.

G. **Example of Housing Credit Calculation**

The example below illustrates the value of the credit to a housing sponsor who acquires a 15-unit building for \$120,000, expends \$200,000 on substantial rehabilitation, and subsequently rents 6 of the units (i.e. 40%) to low-income households.

Description	Rehabilitation Expenses	Acquisition Expenses	Total
Development Costs	\$200,000	\$120,000	
Less Land	- 0	- 20,000	
Eligible Basis	\$200,000	\$100,000	
Difficult Development Area? If yes, multiply eligible basis by up to 130%	No	No	
Percent of Low-Income Units	x 40%	x 40%	
Qualified Basis	\$ 80,000	\$ 40,000	
Annual Credit Percentage	x 9%	x 4%	
TOTAL ANNUAL CREDIT	\$ 7,200	\$ 1,600	\$ 8,800
Period of Credit (years)	x 10	x 10	x 10
Value of Credit	\$ 72,000	\$ 16,000	\$ 88,000

⁴ A developer may choose to submit a scattered site proposal as one application with the understanding that, for purposes of the Housing Credit Program, each building or group of contiguous buildings will receive separate allocations and will not, in that regard, be treated as separate projects. The loss of any building, however, will mean that the entire reservation/allocation will be returned. Alternatively, a developer may submit a separate application for each building/group of adjacent buildings. Under this situation, the loss of a building would require only that building's reservation/allocation be returned and the developer could proceed with the remaining buildings.

H. **Placed in Service**

The term "Placed in Service" means that a building is completed and ready to be occupied. The Placed in Service date is typically when a municipality issues a certificate of occupancy. A building must generally be Placed in Service in the same year for which the HC is approved, unless a Carryover Allocation is granted by VHFA (See Section O - Carryover Allocations). Owners must receive an allocation of credits (either a Carryover Allocation or a Final Allocation - IRS Form 8609) for a project in the calendar year in which the last building in the project is Placed in Service. Prior to being able to claim the credit, owners must receive the final allocation of credits (IRS Form 8609). The credit may be claimed either in the year the project is Placed in Service or in the subsequent year.

I. **Tenant Income and Rental Restrictions**

In order to qualify for the program, owners must agree to certain tenant income and rental restrictions, which must be continuously maintained for a 30-year compliance period. Tables showing the current income and gross rent limits for each county are located in the Appendix of this application packet. Income limits (and, thus, gross rent limits) are typically adjusted on an annual basis by HUD.

1. Income Restrictions: The owner must irrevocably elect to reserve a minimum of either:
 - a. 20% of the building units for occupancy by households at or below 50% of the Area Median Income; or
 - b. 40% of the units for occupancy by households at or below 60% of the Area Median Income; or
 - c. Deep Skewing - 15% of the building units for occupancy by households below 40% of Area Median Income. In addition, the market rents cannot exceed the deep skewing rents by more than 300%.
2. Rent Restrictions: The gross rent (including an allowance for utilities) paid by residents in the qualifying units cannot exceed 30% of the maximum qualifying income for a family of an assumed size given the number of bedrooms in the unit. Congress has mandated that there shall be an assumed 1.5 persons per bedroom for this purpose.

The rent limitation applies only to payments made directly by tenants and not to rental assistance payments (e.g. Section 8 certificate) paid on a tenant's behalf.

An increase in a tenant's income may result in a unit ceasing to qualify as occupied by a low-income household. A tenant who initially qualifies will continue to qualify so long as the tenant's income does not increase to more than 140% of the maximum qualifying income, adjusted for family size. If the tenant's income increases to over 140% of the maximum qualifying income, or the family size decreases so that a lower maximum family income applies, that unit is not in compliance as part of the "qualifying basis." However, no penalty is assessed as long as the next unit of comparable or smaller size that becomes vacant is occupied by qualifying tenants.

A household totally comprised of full-time students does not qualify as an eligible low-income household regardless of income level. However, there are exceptions for married students, TANF recipients, students involved in federal job training programs, and single parent households.

J. **Utility Allowances**

As indicated in the previous Section, utility allowances (shown in Appendix F) are subtracted from the maximum rents (shown Appendix E) that can be paid by residents in qualifying units.⁵ The IRS rules regarding utility allowances can be summarized as follows:

1. Owners of HUD regulated buildings must use HUD utility allowances.
2. If the building or any tenant is receiving U.S.D.A. Rural Development (RD) assistance, RD utility allowances must be used.
3. All other owners must use the utility allowances calculated by the Vermont State Housing Authority, unless the local Public Housing Authority has published its own utility allowances. However, any interested party (e.g. owner, tenant, local housing authority) can request a utility cost estimate from a local utility company and this estimate must be used, whether higher or lower. The estimate of the local utility will govern, except for individual units receiving assistance under the HUD Section 8 Certificate or Voucher Program. Units receiving such assistance shall use the utility allowances prepared by the local or state housing authority.

For information about the utility allowances for HUD regulated buildings, contact the HUD Office of Housing, Office of the Deputy Assistant Secretary for Multifamily Housing Programs at (202) 708-2495.

The Vermont State Housing Authority (VSHA) revises their utility allowances once per year, in November. A copy of the most current VSHA utility allowance figures is attached in Appendix F. For additional information, contact Holly Fancher at (802) 828-3020.

The Burlington, Winooski, Hartford, and Springfield Housing Authorities are the only local Public Housing Authorities known to VHFA which publish their own utility allowance figures. The Burlington Housing Authority publishes their utility allowances once a year in June. A copy of the most current Burlington Electric Department utility allowances is attached in Appendix F. For additional information about Burlington utility allowances, contact Claudia Donovan at (802) 864-4650 extension 207.

RD utility allowances are set on a project-by-project basis. Additional information can be secured from Sandra Mercier of Rural Development (RD) at (802) 828-6028.

K. **IRS Reporting Requirements**

The taxpayer must file certifications to the Secretary of the Treasury no later than the 90th day following the close of the first taxable year in the credit period. IRS Forms 8586 "Low-Income Housing Credit" and 8609 "Low-Income Housing Credit Allocation Certification" (including Schedule A) are the forms to be used for reporting purposes. VHFA will send a completed copy of Form 8609 to the taxpayer after the building is Placed in Service, all eligible costs have been certified by the owner (see Section Q), and a HC Housing Subsidy Covenant has been signed. The original signed Form 8609 is sent directly by VHFA to the IRS. It is the taxpayer's responsibility to obtain

⁵ Subtract utility allowances for those utility costs paid by the tenant. If the landlord pays a particular cost, no utility allowance needs to be deducted.

and file all the relevant IRS Forms and to seek appropriate accounting and tax advice for reporting and programmatic compliance.

L. **Compliance Monitoring**

VHFA is now required by law to perform program compliance monitoring on all developments that have received the benefit of Housing Credits. IRS regulations mandate that compliance monitoring procedures be set forth in the State Allocation Plan, which is attached. These procedures are found in Appendix K. VHFA charges additional fees to perform the monitoring. VHFA's monitoring fee will be \$4 per restricted unit per month, charged annually throughout the compliance period. A compliance monitoring fee should be incorporated into the operating budget.

M. **Application Process and Fees**

The Allocation Plan includes a description of the Application Process. Before an application for ceiling credit is submitted, a pre-application meeting between VHFA staff and the developer is held. The purpose of the meeting is to discuss: the project concept; how compatible the project is with the evaluation criteria in the Plan; assumptions about other funding sources; the compatibility of the use with the proposed site.

Once the initial meeting has taken place, site control has been obtained, and the developer has met with other funding agency staff, the Application can be submitted. The following must be submitted with the application:

- Purchase & Sales Agreement, Option, Deed or other form of Site Control;
- Elevation drawings or computer-generated image of buildings on site, and Site Plan (if project includes new construction) and photographs of building (for rehabs);
- Evidence of meeting with town zoning administrator (for new construction, adaptive re-use, and rehab projects which add units);
- Market Study;
- Capital Needs Assessment (for any rehab project that is not a gut-rehab. For new construction projects and gut-rehab projects, the CNA can be submitted at completion);
- Other documentation (See Submission Timing Chart for detail);
- Application Fee (see detail below).

An Application for Reservation of the Housing Credits is made to VHFA, using the Project and Sponsor Information, the attached HC Submittal Letter along with completed HC Worksheet.

Each HC application must include a non-refundable application fee of \$250 (due upon submission of the completed application). An additional reservation fee of 4% of the annual credit will be due upon issuance of the Reservation Certificate. The reservation fee will be refundable until the project receives either a Carryover Allocation or Final Allocation, whichever is earliest. These amounts do not include the fees discussed under Section L - Compliance Monitoring.

N. **Vermont Policy Priorities**

See the attached Allocation Plan for a listing of Vermont's Policy Priorities.

O. **Carryover Allocations**

If a project will not be completed (i.e. Placed in Service) before December 31, 2004, VHFA has the authority to grant a Carryover Allocation. The applicant must have spent at least 10% of the owner's

ultimate "reasonably expected basis" (depreciable real basis plus land) in the project by the end of 2004 and have a real ownership interest in the land and/or buildings. If a project receives a carryover allocation based on an award of credits that occurred in the second half of the calendar year (i.e. after July 1, 2004), the Sponsor has 6 months from the date of the carryover allocation to incur the 10% costs and document this to VHFA. A VHFA-approved cost certification will be required prior to the issuance of a Carryover Allocation. The project must be Placed in Service by December 31, 2006 at the latest.

P. **Binding Rate Election**

Federal regulations permit the applicant to elect the credit percentage rate in effect any time the Agency and the owner enter into a binding agreement pursuant to IRS Regulation 1.42-8. If no election to bind the Housing Credit percentage rate is made, the credit percentage that is applied is that rate in effect at the time the project is Placed in Service.

Q. **IRS Final Form 8609 and Final Cost Certification**

VHFA requires final cost certifications for all projects prior to issuance of IRS Form(s) 8609 which should be prepared based on the following guidelines:

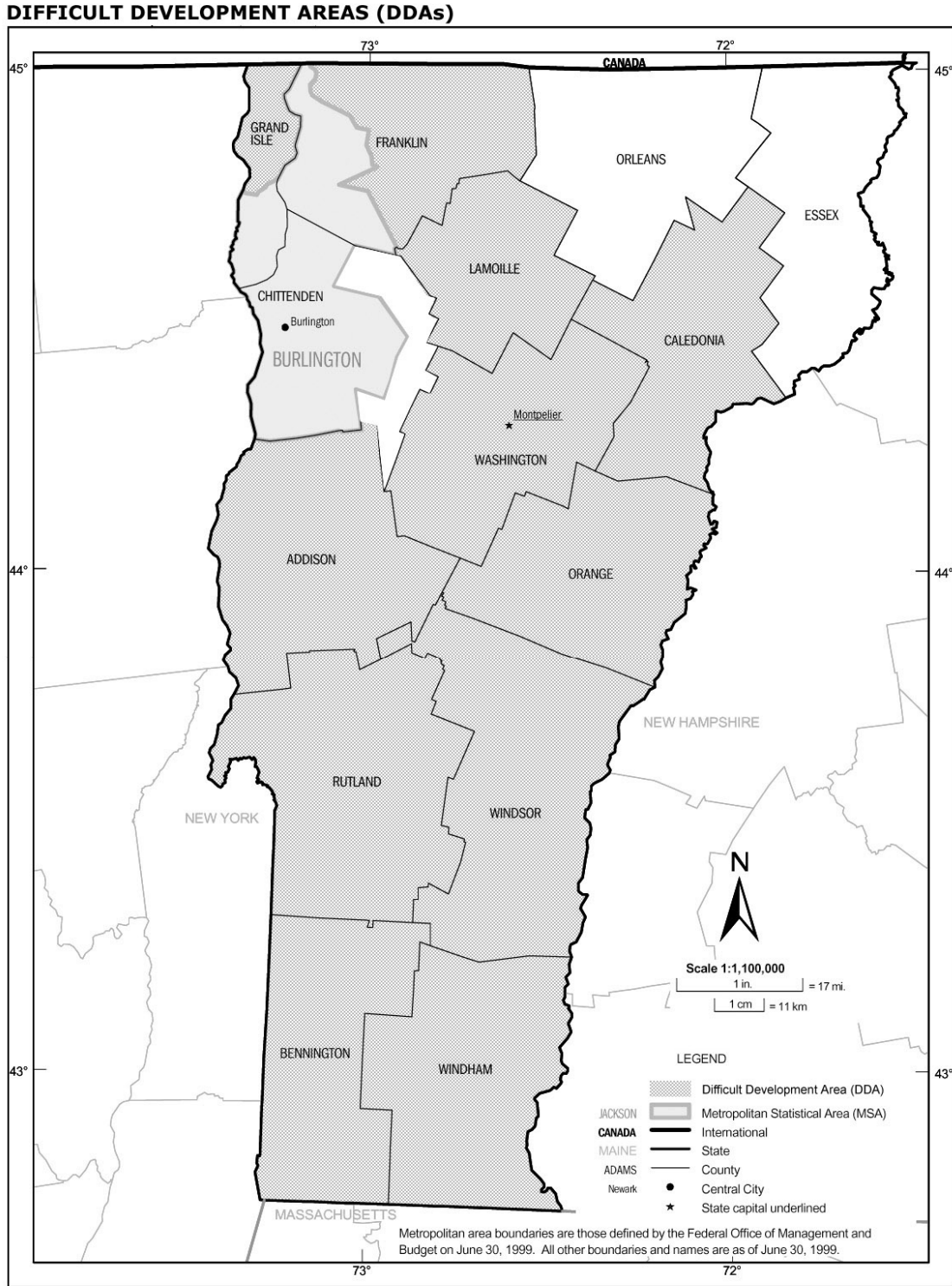
For projects of fewer than 10 units, final cost certifications prepared by the owner will be accepted.

For projects of 10 units or more, an independent CPA must prepare the final cost certification. If this is not possible prior to the end of the calendar year in which the last building is Placed in Service, VHFA will issue the IRS Form 8609 on the basis of an owner's final cost certification and supporting documentation, but requires the CPA cost certification to be submitted as soon thereafter as possible.

HOUSING CREDIT APPENDICES

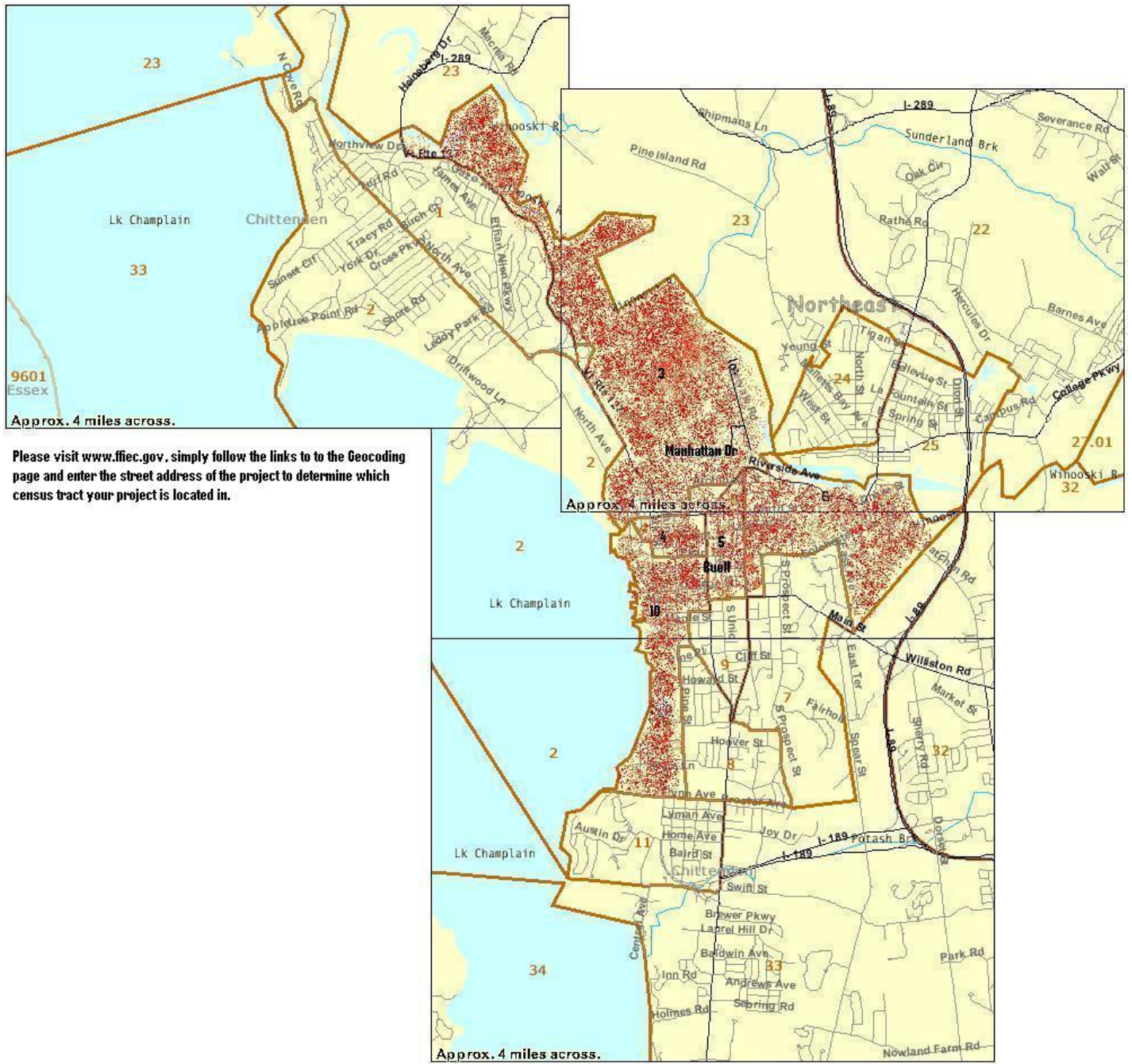
APPENDIX A

DIFFICULT DEVELOPMENT AREAS MAP



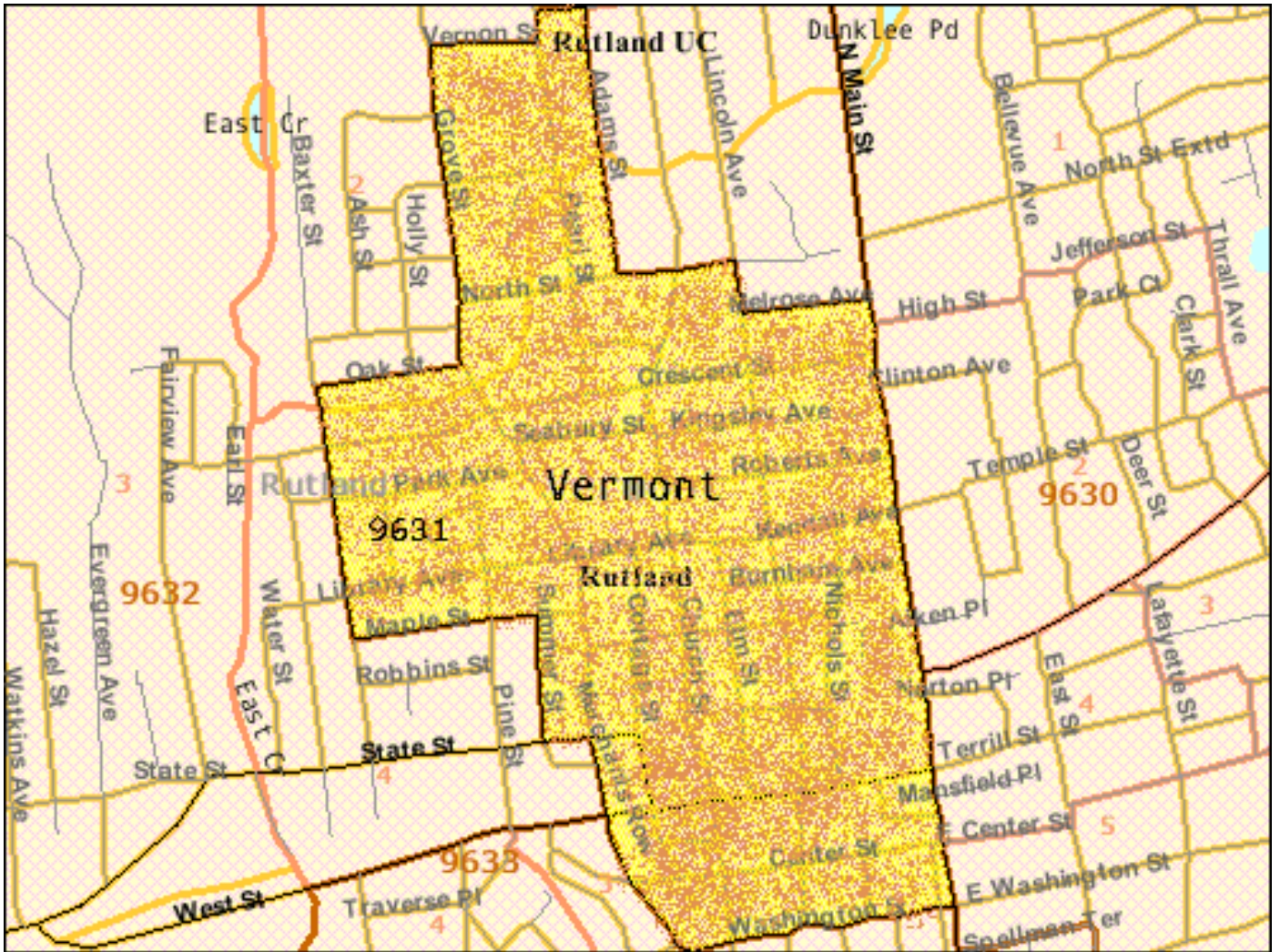
APPENDIX B

QUALIFIED CENSUS TRACTS
METROPOLITAN AREAS



APPENDIX B

QUALIFIED CENSUS TRACTS
NON-METROPOLITAN AREAS



**2004-2005 Housing Credit Allocation Plan
Submission Timing**

	Pre-Application Meeting with VHFA and Sponsor	Full Application	Board Approval & Letter of Intent to Provide Credits	Reservation Certificate or Binding Agreement to Allocate Credits	Carryover Allocation	8609
Site Control	-	Purchase & Sales (P & S) Agreement <i>or</i> other option <i>or</i> long-term land lease <i>or</i> deed			Deed or long-term land lease; Owner may be developer or affiliate or the taxpayer	Deed or long-term land lease; Owner must be the taxpayer, or lessee must be developer or affiliate or the taxpayer.
Plans & Specifications	Site location map	For New Construction or Mixed New Construction/Rehab: Elevation drawings or computer-generated image of buildings on the site, and site plan. For Rehabilitation: Photographs of building, and site plan.		Plans & specifications in a form sufficient to generate reliable cost estimates.	Plans & specs in final construction form	
Permits	-	For New Construction or Mixed New Construction/Rehab: Evidence of meeting with town zoning administrator; Letter from municipality finding the proposal's density conforms with current zoning. For Rehabilitation with no change in housing density: None		All local approvals required for construction have been issued and are past appeal period; Act 250 process has been started.	All permits to build issued.	Final certificate(s) of occupancy issued.
Financing Commitments	If VHCB- or VCDP-administered funds are an anticipated source, sponsor must have met with appropriate agency staff to discuss funding availability, and also funding compatibility with the proposed development. The sponsor will need to demonstrate the project's capacity for amortizing debt if any.			Conditional commitments from all sources \$100,000 or greater	All permanent sources in or committed. Except for equity, no sources can pay in later than permanent closing.	All permanent sources in but equity holdback.
Market Study	-	Required				
Other Documentation*	-	Required				
Cost Certification	-	-	-	-	10% Cost Certification	Final Cost Certification
Housing Credit Program Fees	-	\$250	4% of annual credit amount due upon receipt of Letter of Intent	Any increase in credits greater than 5%: \$5,000 Any increase less than 5%: 10% of the increment		Compliance monitoring fees throughout the extended period

*Includes documentation of growth center, designated downtown, serving special needs populations, eventual tenant ownership, and serving Section 8 waiting list tenants.

18 months to turn Letter of Intent into Reservation Certificate or Carryover Allocation; six month lockout from re-applying for credits if not. Two years of per capita credit ceiling available for Letters of Intent (\$4.15 million for 2004-2005)

**VERMONT HOUSING FINANCE AGENCY
2008 LIHTC RESERVATION CERTIFICATE**

The Vermont Housing Finance Agency (VHFA) hereby grants a Reservation of housing credit dollars in the amount of \$___ from Vermont's 2008 authority to _____ (Owner) for (#) Building(s) of the _____ project, a residential rental housing development located in the City/Town of _____, _____ County, Vermont.

1. This Reservation is based on the following information:
 - a. Credit Type(s): ___4% and/or ___9%
 - b. Building Type: ___ New Construction
 ___ Substantial Rehabilitation
 ___ Existing
 - c. Anticipated Eligible Basis \$
 - d. High Cost Area Yes ___ No
If Yes, Adjusted Eligible Basis \$
 - e. Anticipated Applicable Fraction ____%
 - f. Anticipated Qualified Basis \$
 - g. Anticipated Placed In Service Date
 - h. Anticipated year in which the credit is first claimed

Pursuant to Section 42(b)(2)(A)(ii)(I), the Owner and VHFA may enter into an agreement as to the housing credit amount allocated to such Project.

- [] If this box is checked, the Owner hereby irrevocably elects, pursuant to Section 42(b)(2)(A)(ii)(I) of the Code, to fix the applicable credit percentage(s) for each building in the Project as the percentage(s) prescribed by the Secretary of the Treasury for the month of _____, 2008, which is the month of this Reservation Certificate. VHFA and the Owner acknowledge that this Reservation Certificate constitutes an agreement binding upon VHFA, the Owner, and all successors in interest to the Owner as owners of the Project, as to the allocation of 2008 Tax Credit authority to the building(s) in the Project, subject to compliance by the Owner with the requirements of Section 42 of the Code and the additional requirements, if any, of VHFA.
- [] If this box is checked, the Owner has irrevocably elected, pursuant to Section 42(b)(2)(A)(ii)(I) of the Code, in a separate binding agreement executed on _____, to fix the applicable credit percentage(s) for each building in the Project as the percentage(s) prescribed by the Secretary for the month of _____, 20____.
- [] If this box is checked, the Owner has at this time made no election pursuant to Section 42(b)(2)(A)(i) of the Code, and accordingly, the applicable percentage for a building shall be set at the applicable percentage for the month in which the particular building is placed in service.

2. Pursuant to IRS regulations, an Owner of a LIHTC project may declare the date that the gross rent floor takes effect prior to the date the building is placed in service. The owner can elect this date

Part V Tab 10
APPENDIX D

to be either the placed in service date or the date VHFA initially allocates tax credits to the building (the earlier of either a Carryover Allocation or a Final Allocation - IRS form 8609). Once the placed in service date has passed, the Owner no longer has a choice in deciding between the two dates the gross rent floor takes effect and, pursuant to IRS Revenue Ruling 94-57, the gross rent floor date will be the date VHFA initially allocates tax credits.

- If this box is checked, the Owner hereby irrevocably elects, pursuant to IRS Revenue Ruling 94-57, to fix the applicable gross rent floor defined in Section 42(g)(2)(A) of the code at the date of the building's placed in service date.

- If this box is checked, the Owner has made no election pursuant to IRS Revenue Ruling 94-57. If no declaration is made by the owner prior to the placed in service date, then pursuant to Revenue Ruling 94-57, the applicable gross rent floor for a building shall be set at the date VHFA initially allocates a housing credit dollar amount, which shall be the earlier of: 1) the date the project receives a Carryover Allocation, or 2) the date the project receives a Final Allocation (IRS form 8609).

3. This Reservation is conditioned on the following:

a. The Owner must receive either a Carryover Allocation or a Final Allocation of credits no later than December 31, 2008. If the project is a "carry-over" into 2009, VHFA will require a formal Carryover Allocation by _____, 2008, and the Owner must provide detailed documentation to VHFA that at least 10% of reasonably expected basis (as defined in 26 CFR 1.42-6) has been spent by _____, 200_.

b. VHFA will specifically review actual, documentable costs at the time of completion to ensure that the proposed allocation does not exceed the amount necessary for the project's feasibility, and that the VHFA-approved qualified basis is at least as much as is necessary to substantiate the credit authority given as part of this Reservation Certificate. No additional development or consulting fees (beyond those set forth in the approved development budget of _____, 2008, attached) will be permitted as additions to qualified basis. A project must meet all of these tests, or the final tax credit allocation amount will be adjusted accordingly.

c. The sponsor will erect a highly visible sign on the site that shall acknowledge the "Housing Credit program, administered by Vermont Housing Finance Agency (VHFA)", as a source of financing for the development.

d. VHFA makes this reservation contingent upon the timely completion of the actions listed below, and upon agreement by owner, achieved by countersigning this Reservation Certificate, acknowledging that all the terms, conditions, obligations and deadlines set forth herein constitute conditions precedent to this reservation, and that the owner's failure to comply with all such terms and conditions will entitle VHFA, in its discretion, to deem this reservation to be canceled. After any such cancellation, Owner acknowledges that neither it nor the Project will have any right to claim credits pursuant to this reservation. VHFA reserves the right, in its sole discretion, to modify and/or waive any such failed condition precedent.

CONDITIONS:

1. Sponsor must demonstrate that requisite financing has been committed according to the following schedule:

<u>Source</u>	<u>Date</u>
---------------	-------------

"Requisite financing" means the amount and terms of each of the sources of funding represented on the tax credit application or their equivalent.

2. Sponsor must demonstrate that it has incurred at least 10% of the project's "reasonably expected eligible basis" costs by no later than _____ and that the sponsor (or a partnership formed by the sponsor) has basis in the property for tax purposes.

3.

e. The sponsor must agree to a perpetual Housing Subsidy Covenant. In addition, the sponsor may, at their option, enter into a Right of First Refusal with a non-profit organization as described in the state's Allocation Plan. This Right of First Refusal would allow the non-profit to purchase the development at a price specified by formula in the plan, and would be executed no later than at issuance of the Carryover Allocation.

f. If the project undergoes a significant change after the issuance of this Reservation Certificate, VHFA may revoke the Reservation Certificate at its sole discretion. A "significant change" will mean any reduction in the bedroom size or square footage of units, decrease in number of total units, increase in rents (other than because of the annual increase in the published tax credit rents), increase in overall density, or any change that, had it been in the original proposal, might have resulted in the project receiving a different ranking.

g. VHFA reserves the right to change the amounts and terms of this Reservation Certificate in order to comply with Section 42 of the Internal Revenue Code, VHFA rules, U.S. Treasury and other associated regulations, as the same may be amended from time to time.

This Reservation Certificate can be revoked by VHFA, at any time, if in the sole judgment of VHFA these conditions will not or cannot be met.

In issuing this Reservation Certificate, VHFA has relied upon information provided and representations made by the Owner or the Owner's designee in connection with this allocation request, and this reservation does not in any way constitute a representation, warranty, guaranty, advice or suggestion by VHFA as to the qualification of the Project for the Tax Credits, or the feasibility or viability of the Project, and may not be relied on as such by any owner, developer,

APPENDIX D

investor, tenant, lender, or other person, for any reason. The owner and any investors are advised to consult an accountant or attorney regarding possible consequences concerning the Housing Credit Program.

Vermont Housing Finance Agency

By: _____
Duly Authorized Agent

Date: _____ Its

STATE OF VERMONT
CHITTENDEN COUNTY, SS:

At Burlington in said County and State this _____ day of _____, 2008, personally appeared David S. Adams, duly authorized agent of Vermont Housing Finance Agency, and he acknowledged the foregoing document to be his free act and deed and the free act and deed of the Vermont Housing Finance Agency.

Before me,

Notary Public
Commission expires 2/10/2011

Owner:

By: _____
Its Duly Authorized Agent

Date: _____

STATE OF VERMONT
_____ COUNTY, SS:

At _____ in said County and State this _____ day of _____, 2008, personally appeared _____, duly authorized agent of _____, general partner of _____, and he/she acknowledged the foregoing document to be his/her free act and deed and the free act and deed of the _____.

Before me,

Notary Public
Commission expires 2/10/2011

APPENDIX E. 2007 MAXIMUM INCOMES AND RENTS BASED ON BEDROOM SIZE (eff. March 20, 2007)

COUNTY	2007 MED INC	% OF MED INC	ONE PERSON		TWO PERSON		THREE PERSON		FOUR PERSON		FIVE PERSON		SIX PERSON		SEVEN PERSON		EIGHT PERSON	
			MAX INCOME	MAX RENT	MAX INCOME	MAX RENT	MAX INCOME	MAX RENT	MAX INCOME	MAX RENT	MAX INCOME	MAX RENT	MAX INCOME	MAX RENT	MAX INCOME	MAX RENT	MAX INCOME	MAX RENT
ADDISON	61,200	60%	26,520	663	30,300	757	34,080	852	37,860	946	40,860	1,021	43,920	1,098	46,920	1,173	49,980	1,249
		50%	22,100	552	25,250	631	28,400	710	31,550	788	34,050	851	36,600	915	39,100	977	41,650	1,041
BENNINGTON	57,800	60%	25,020	625	28,560	714	32,160	804	35,700	892	38,580	964	41,400	1,035	44,280	1,107	47,100	1,177
		50%	20,850	521	23,800	595	26,800	670	29,750	743	32,150	803	34,500	862	36,900	922	39,250	981
BURLINGTON- SO BURL MSA	70,600	60%	29,640	741	33,900	847	38,100	952	42,360	1,059	45,720	1,143	49,140	1,228	52,500	1,312	55,920	1,398
		50%	24,700	617	28,250	706	31,750	793	35,300	882	38,100	952	40,950	1,023	43,750	1,093	46,600	1,165
CALEDONIA	52,600	60%	24,720	618	28,260	706	31,800	795	35,340	883	38,160	954	40,980	1,024	43,800	1,095	46,620	1,165
		50%	20,600	515	23,550	588	26,500	662	29,450	736	31,800	795	34,150	853	36,500	912	38,850	971
ESSEX	43,000	60%	24,720	618	28,260	706	31,800	795	35,340	883	38,160	954	40,980	1,024	43,800	1,095	46,620	1,165
		50%	20,600	515	23,550	588	26,500	662	29,450	736	31,800	795	34,150	853	36,500	912	38,850	971
LAMOILLE	56,000	60%	24,720	618	28,260	706	31,800	795	35,340	883	38,160	954	40,980	1,024	43,800	1,095	46,620	1,165
		50%	20,600	515	23,550	588	26,500	662	29,450	736	31,800	795	34,150	853	36,500	912	38,850	971
ORANGE	56,900	60%	24,720	618	28,260	706	31,800	795	35,340	883	38,160	954	40,980	1,024	43,800	1,095	46,620	1,165
		50%	20,600	515	23,550	588	26,500	662	29,450	736	31,800	795	34,150	853	36,500	912	38,850	971
ORLEANS	45,500	60%	24,720	618	28,260	706	31,800	795	35,340	883	38,160	954	40,980	1,024	43,800	1,095	46,620	1,165
		50%	20,600	515	23,550	588	26,500	662	29,450	736	31,800	795	34,150	853	36,500	912	38,850	971
RUTLAND	55,800	60%	24,720	618	28,260	706	31,800	795	35,340	883	38,160	954	40,980	1,024	43,800	1,095	46,620	1,165
		50%	20,600	515	23,550	588	26,500	662	29,450	736	31,800	795	34,150	853	36,500	912	38,850	971
WASHINGTON	63,700	60%	27,540	688	31,440	786	35,400	885	39,300	982	42,420	1,060	45,600	1,140	48,720	1,218	51,900	1,297
		50%	22,950	573	26,200	655	29,500	737	32,750	818	35,350	883	38,000	950	40,600	1,015	43,250	1,081
WINDHAM	58,200	60%	25,260	631	28,920	723	32,520	813	36,120	903	39,000	975	41,880	1,047	44,760	1,119	47,700	1,192
		50%	21,050	526	24,100	602	27,100	677	30,100	752	32,500	812	34,900	872	37,300	932	39,750	993
WINDSOR	60,800	60%	26,280	657	30,060	751	33,780	844	37,560	939	40,560	1,014	43,560	1,089	46,560	1,164	49,560	1,239
		50%	21,900	547	25,050	626	28,150	703	31,300	782	33,800	845	36,300	907	38,800	970	41,300	1,032

* Burlington MSA includes a large area around Burlington, including Burlington (city), Charlotte, Colchester, Essex, Fairfax, Georgia, Grand Isle, Hinesburg, Jericho, Milton, Richmond, St. Albans (city and town), St. George, Shelburne, South Burlington (city), South Hero, Swanton, Williston and Winooski (city).

VSHA Utility Allowance Schedule (Effective 10/1/2006)

For more information, refer to the Section on "Utility Allowances" in Part I of the VHFA HC Program Summary.

UNIT TYPE: MULTIFAMILY

EFFECTIVE DATE: 11/1/2003

	0 BED	1 BED	2 BED	3 BED	4 BED	5 BED
HEATING						
<u>AVERAGE EFFICIENCY</u>						
NATURAL GAS	41	54	67	80	94	94
BOTTLE GAS	26	59	105	125	158	158
OIL	75	113	151	188	226	226
KEROSENE						
ELECTRICITY	59	65	71	78	84	84
<u>HIGH EFFICIENCY</u>						
NATURAL GAS						
BOTTLE GAS						
OIL						
KEROSENE						
ELECTRICITY						
WOOD						
COOKING						
NATURAL GAS	2	3	3	4	4	4
ELECTRICITY	5	7	8	9	10	10
BOTTLE GAS	4	5	6	7	8	8
OTHER						
ELECTRICITY	7	20	33	47	60	60
WATER HEATING						
NATURAL GAS	8	14	20	26	31	31
ELECTRICITY	7	20	33	47	60	60
BOTTLE GAS	15	26	37	47	58	58
OIL	20	36	52	67	83	83
WATER/SEWER						
OTHER						
TRASH	30/9 (PICK UP / DROP OFF)	30/9	30/18	30/18	30/18	30/18

APPENDIX F

Montpelier Housing Authority Utility Allowance Schedule

MHA no longer publishes an independent Utility Allowance Schedule. They now use the VSHA Schedule.

APPENDIX F**Burlington Electric Department Utility Allowance Schedule (Effective 6/1/2007)**

For more information, refer to the Section on “Utility Allowances” in Part I of the VHFA HC Program Summary.

UNIT TYPE: MULTIFAMILY

EFFECTIVE DATE: 06/01/2007

	0 BED	1 BED	2 BED	3 BED	4 BED	5 BED
HEATING						
<u>AVERAGE EFFICIENCY</u>						
NATURAL GAS	50	70	91	111	133	153
BOTTLE GAS	76	116	155	192	231	270
OIL	83	100	118	113	151	168
ELECTRIC	30	48	65	83	101	119
KEROSENE	94	114	133	151	170	190
WOOD	36	54	72	90	108	126
<u>HIGH EFFICIENCY</u>						
NATURAL GAS	39	54	67	82	97	111
BOTTLE GAS	53	81	109	134	162	189
OIL	58	70	83	93	105	118
ELECTRIC	21	33	46	58	71	83
KEROSENE	65	80	94	105	119	133
WOOD	36	36	54	72	72	90
COOKING						
NATURAL GAS	4	5	7	8	10	11
ELECTRICITY	3	4	5	6	7	8
BOTTLE GAS	9	12	14	16	18	21
OTHER						
ELECTRICITY	24	33	43	49	56	62
WATER HEATING						
NATURAL GAS	19	23	27	31	35	40
ELECTRICITY	28	33	39	45	51	56
BOTTLE GAS	37	44	51	60	67	74
OIL	28	35	40	45	50	58
WATER/SEWER	15.00 per person					
OTHER						
TRASH	18/32	18/32	18/32	18/32	18/32	18/32
	(drop-off/pick-up)					

APPENDIX G

**VERMONT HOUSING FINANCE AGENCY
HOUSING CREDIT (HC)
HOUSING SUBSIDY COVENANT**

This HC Housing Subsidy Covenant (the "Covenant"), dated as of this ___ day of _____, 2008, is declared, pursuant to 27 V.S.A. § 610, by _____ ("Owner"), a _____ (type of entity), with its principal place of business at _____ (complete mailing address) as a condition of the allocation of Housing Credits by the Vermont Housing Finance Agency, a public instrumentality of the State of Vermont, with its principal offices at 164 St. Paul Street, Burlington, Vermont 05401 ("VHFA" or the "Agency"). Housing Credits are made available pursuant to Section 42 of the Internal Revenue Code of 1986, as amended. The term "Section 42" shall mean Section 42, as the same may be amended, and all applicable rules, rulings, policies, procedures, regulations, or other official statements promulgated or proposed by the Internal Revenue Service heretofore or hereafter enacted or published.

VHFA has been designated by the Governor of the State of Vermont as the State housing credit agency responsible for the issuance of Housing Credits. If VHFA is no longer the State housing credit agency, the term "Agency" will mean any successor to its rights, duties, and obligations.

The Owner holds good and marketable title to property located at _____ (street address), in the Town/City of _____, County of _____, State of Vermont, more particularly described in the attached Schedule A and known as _____ (the "Project").

The Owner, in consideration of the receipt of **the allocation of** Housing Credits for the Project, in the approximate amount of _____ Dollars (\$_____), (which amount is subject to change) in the taxable year ending on December 31, 2008, hereby agrees to the following restrictive covenants, which are made in satisfaction of the requirements contained in Section 42(h)(6). This allocation of Housing Credits **is/is not** from the 10% non-profit set-aside.

1. The Owner is and shall continue to be duly organized and qualified under the laws of the State of Vermont as a _____ (type of entity), and is qualified to transact business under the laws of this state, has the power and authority to own its properties and assets and to carry on its business as now being conducted, and has the full legal right, power, and authority to execute and deliver this Covenant. If the Owner desires to change its form from that of a _____ (type of entity) to some other form of entity, it shall provide the Agency with an opinion of Vermont counsel in a form satisfactory to the Agency, that the change in type of entity will not affect the enforceability of this Housing Subsidy Covenant.

2. The Project is and shall remain a qualified low-income housing project as defined in Section 42 for the term of this Covenant. Rental units in the Project intended to be rent restricted units under Section 42 will be rented or available for rental on a continuous basis to members of the general public who qualify as Low Income Tenants under Section 42.

3. Pursuant to Section 42(h)(6)(D), the Owner shall be in compliance with the restrictions contained in this Housing Subsidy Covenant for an initial period of 15 years from the date the project is placed in service (the "Compliance Period"), and an extended use period beginning on the first day of the Compliance Period and **continuing for an additional 15 years from the end of the Compliance Period / extending in perpetuity** (the "Extended Use Period"), unless terminated sooner in accordance with the provisions of Section 42.

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APPENDIX G

4. As a condition and in consideration of the allocation of the Housing Credit, Owner, for itself and all successors in interest to the Project (or the low income portion thereof) shall maintain the applicable fraction for each building of the Project. The term "applicable fraction," as defined in Section 42(c)(1), means the smaller of the unit fraction or the floor space fraction. The applicable fraction shall not be decreased during any taxable year of the Compliance Period or the Extended Use Period except in accordance with the provisions described herein or in Section 42. The applicable fraction for each building of the Project is equal to that shown on Schedule B (also known as Exhibit A from the Carryover Allocation), attached and incorporated into this Covenant by reference.

5. As provided in Section 42(h)(6)(E)(i), the Extended Use Period shall terminate only (i) on the date the building(s) is (are) acquired by foreclosure (or instrument given in lieu of foreclosure). ***[This subparagraph (ii) applies only to Projects with detached single-family units; or (ii) with respect to each low-income building in the Project, pursuant to IRS Revenue Ruling 95-49 and Section 42(i)(7), on the date that the tenant through a right of first refusal acquires a low-income building. To the extent that the Extended Use Period is terminated with respect to one or more low-income building(s) pursuant to subparagraph (ii) of this paragraph 5, Schedule A of the Covenant will be amended to release the real property associated with the purchased low-income building(s)].*** During the Compliance Period and the Extended Use Period, no low income tenant may be evicted or his or her tenancy terminated for other than good cause, nor may the gross rent for low income units be increased beyond that permitted under Section 42. Should the Extended Use Period terminate prior to its full term pursuant to ***subparagraph (i) or subparagraph (ii) of this Paragraph 5***, for a three year period after such termination, no low income tenant may be evicted or his or her tenancy terminated, for other than good cause, nor may the gross rents for low income units be increased beyond that permitted under Section 42.

6. This Covenant shall run with the land, shall be binding upon all successors of the Owner and all subsequent owners of the Project for the term stated, and shall be enforceable in the courts of the State of Vermont by the Agency or its assignees as described in Paragraphs 13 and 14, below, or by any individual(s), whether a prospective, present, or former occupant of a building in the Project, who meets the income limitation under Section 42(g)(1) that is applicable to the particular building in the Project. Said individual(s) are express beneficiaries of this Covenant.

7. If the Owner becomes aware of any situation, event, or condition that would result in the Project not being in compliance with Section 42, Owner shall immediately provide written notice thereof to the Agency.

8. This Covenant may, from time to time, be amended but only with the prior written consent of the Agency. Owner expressly agrees to enter into such amendments as may be necessary to maintain compliance with the provisions of Section 42.

9. In order to enable monitoring of Owner's compliance with the use and occupancy restrictions included in this Covenant, Owner covenants and agrees to maintain documentation sufficient to evidence compliance with the rent and occupancy restrictions of Section 42, and to allow agents and/or employees of the Agency or its assignee to enter Owner's premises during normal business hours and inspect, copy, and audit all books, records, and accounts pertaining to the Project. Owner also agrees to pay the Agency's fees for compliance monitoring, as established by the Agency.

10. Owner covenants and agrees to submit to the Agency a report in form and content acceptable to the Agency, annually or more frequently upon request by the Agency, which shall demonstrate ongoing compliance with this Covenant, specifically, that the income levels of tenants are at or below applicable limits and all low-income units are occupied by eligible tenants in accordance with Section 42. Of ___ households in the development, ___ shall be at or below ___% of the Area Median Gross income as

Part V Tab 10
APPENDIX G

adjusted by household size ("AMGI"), and ___ shall be at or below 60% of the AMGI. The minimum set-aside election for the project under Section 42(g)(I) of the Internal Revenue Code is the "20-50" / "40-60" election.

11. Owner covenants and agrees that, in the event it sells or otherwise transfers ownership of the Project, it will notify in writing and obtain the written agreement of the purchaser or transferee to be bound by this Covenant and to the requirements of Section 42 of the Code and applicable regulations as they may be amended or supplemented. The Owner agrees to notify the Agency in writing of any sale, transfer, or exchange of the Project or any low-income portion thereof, and to supply the written agreement of the purchaser or transferee as required herein. No portion of any building to which this Covenant applies shall be disposed of to any person unless all of such building is disposed of to such person.

12. Owner shall not refuse to lease a dwelling unit in the Project on the basis of race, creed, color, gender, age (unless the Project is exempt as housing for elder persons as provided by the Fair Housing Act), handicap, possession of or application for rental assistance under the Section 8 Existing Certificate program or Housing Voucher program (or any other program), marital status, national origin, family status or religion, in the lease, sale, rental, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project or in connection with any improvements to be erected thereon or in connection with maintenance of the Project.

13. This Covenant may be enforced in accordance with its terms by VHFA, or upon assignment of the right of enforcement by a written instrument recorded in the land records of _____, by any other entity that is an assignee under the recorded assignment and is authorized to enforce the Covenant (the "Enforcing Entity"), or by an express beneficiary of the Covenant as defined in Paragraph 7 of this Covenant, under the provisions of 27 V.S.A. § 610, as the same may be amended, or under any successor statute. At any given time, only one entity, which shall be the most recent assignee of record, in addition to such express beneficiaries, shall be entitled to enforce the provisions of this Covenant.

14. The Owner has executed or will execute a Right of First Refusal in favor of _____ (name). Such Right of First Refusal is recorded in the land records of _____.

15. Reserved (for Special Needs Conditions of Project, if applicable)/ The Owner shall rent ___ of the units of housing which are rent restricted under Section 42 to persons with a disability to be referred by _____. The Owner shall give priority for ___ of the units of housing restricted under Section 42 to clients referred by _____.

16. The Owner acknowledges that the Project is impressed with a public interest and that money damages to the Enforcing Entity or an express beneficiary in the event of a violation are likely to be difficult or impossible to calculate. Accordingly, but without limitation, this Covenant may be enforced in equity, including a decree of specific performance. No action for enforcement may be brought unless the Enforcing Entity or an express beneficiary has first delivered to the Owner a written notice of violation hereunder, and such violation has not been remedied, or a written plan for remedy satisfactory to the Enforcing Entity or such express beneficiary has not been provided by Owner to the Enforcing Entity and such express beneficiary within sixty days after the delivery of such notice.

17. Except for the more stringent termination requirements described in Paragraph 5 of this Covenant, in the event of any conflict between this Covenant and the requirements of Section 42 the Section 42 requirements shall prevail

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APPENDIX G

18. The invalidity of any clause, part, or provision of this Covenant shall not affect the validity of the remaining portions of the Covenant.

19. This Covenant and all matters relating thereto shall be governed by and in accordance with the laws of the State of Vermont and, where applicable, the laws of the United States of America.

_____ Owner
By: _____
Witness Its Duly Authorized Agent

STATE OF VERMONT
_____ COUNTY, SS:

At _____ in said County and State this ___ day of _____, 2008, personally appeared
, duly authorized agent of _____ (owner), and h__ acknowledged the foregoing
document to be h_ free act and deed and the free act and deed of the _____
_____ (owner).

Before me,

Notary Public
Commission expires 2/10/2011

APPENDIX H

HC CARRYOVER ALLOCATION COST CERTIFICATION FORM

I. OWNER'S CERTIFICATION

The information and certifications requested below are used for purposes of establishing that the Housing Credit requested for allocation does not exceed the amount necessary to assure project feasibility, as required by Section 42 of the Internal Revenue Code of 1986, as amended, and to demonstrate that the Owner has basis in the property and, pursuant to 42(h)(1)(E)(ii), that ten percent (10%) of the project's "reasonably expected basis" costs have been incurred. This document must be completed prior to Agency issuance of a Carryover Allocation.

To comply with the certification, please attach the following:

- a full and detailed listing of all known or projected permanent (as opposed to construction period) sources of funds;
- development budget, dated and detailed by line item, and including a breakdown of development costs that constitute the eligible basis for the Housing Credit allocation (this should be the same budget used by the accountant or attorney in reviewing the development);
- a budget which shows an allocation of sources to uses;
- invoices, closing statements, or other documentation that is necessary to document that the ten percent threshold has been met (note: this documentation need not be provided if the CPA/attorney certification has been signed).

If multiple buildings and/or different Housing Credit types are needed, the eligible basis for each building for each credit type should be separately detailed, with sources and uses detailed for each building. If the Owner elects to receive the Carryover Allocation on a project basis pursuant to Section 42(h)(1)(f), separate building by building detail need not be submitted.

PROJECT NAME: _____

LOCATION (Town/City): _____

NUMBER OF BUILDINGS: _____

CREDIT TYPE (4% OR 9%): _____

HIGH COST AREA ADJUSTMENT? (Yes or No): _____

MINIMUM APPLICABLE FRACTION (20% or 40% Election)?: _____

REASONABLY EXPECTED BASIS (Eligible Basis plus Land): _____

OWNER'S ACTUAL BASIS (Total costs incurred to date): _____

% OF OWNER'S ACTUAL BASIS / REASONABLY EXPECTED BASIS: _____ %

APPENDIX H

AMOUNT OF CREDIT REQUESTED: \$ _____

I, _____, authorized agent for _____ (Owner), hereby certify, under pain and penalty of perjury, that the attached development costs, detailing eligible basis and applicable fractions by building or by project, constitute the Section 42 (LIHTC) qualified basis, incurred in 200__ to 200__ for the residential portion of the building(s) identified above. These basis numbers, using the credit type shown above, justify the requested annual allocation of \$ _____ of Vermont's 2004 Housing Credit authority.

I also certify, under pain and penalty of perjury, that the attached sources of funds (which must equal the total development costs, including non-depreciable and non-eligible costs) is accurate and that the full extent of all Federal, State, and local subsidies to the development have been disclosed to VHFA in the Housing Credit application or other material attached to this certification.

Name of Owner _____

Authorized Agent _____

Date _____

APPENDIX I

MODEL TEN PERCENT LETTER

Independent Auditors' Report

Date: XXXX XX, 200_

To: Vermont Housing Finance Agency (VHFA)
P.O. Box 408
Burlington, VT 05402-0408

and

XXXX (the "Owner")
Street
City, State Zip Code

Re: TCAA # XX-XXX

We have audited the accompanying Certification of Costs Incurred ("Exhibit XXX") of the Owner for XXXX (the "Project") as of XXXX, XX, 2004. Exhibit XXX is the responsibility of the Owner and the Owner's management. Our responsibility is to express an opinion on Exhibit XXX based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether Exhibit XXX is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in Exhibit XXX. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of Exhibit XXX. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Exhibit XXX was prepared in conformity with the accounting practices prescribed by the Internal Revenue Service under the accrual method of accounting and by the Tax Credit Allocation Agency ("TCAA"), which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, Exhibit XXX referred to above presents fairly, in all material respects, costs incurred for the Project as of XXXX XX, 200_, on the basis of accounting described above.

In addition to auditing Exhibit XXX, we have, at your request, performed certain agreed-upon procedures, as enumerated below, with respect to the Project. These procedures, which were agreed to by the Owner and TCAA, were performed to assist you in determining whether the Project has met the 10% test in accordance with Internal Revenue Code Section 42(h)(1)(E) and Treasury Regulation Section 1.42-6. These agreed-upon procedures were performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these .

APPENDIX I

procedures is solely the responsibility of the specified users of the report. Consequently, we make no representations regarding the sufficiency of the procedures below either for the purpose for which this report has been requested or for any other purpose.

We performed the following procedures:

- We calculated, based on estimates of total development costs provided by the Owner, the Project's total reasonably expected basis, as defined in Treasury Regulation Section 1.42-6, to be \$XXXX as of XXXX XX, 2004.
- We calculated the reasonably expected basis incurred by the Owner as of XXXX XX, 2004 to be \$XXXX.
- We calculated the percentage of the development fee incurred by the Owner based on the Owner's representation as of XXXX (date) to be XX% of the total development fee.
- We compared the reasonably expected basis of \$XXXXXX incurred as of XXXX XX, 200_ to the total reasonably expected basis of the Project, and calculated that XX% had been incurred as of XXXX XX, 200_.
- We determined that the Owner uses the accrual method of accounting, and has not included any construction costs in carryover allocation basis that have not been properly accrued.
- Based on the amount of total reasonably expected basis listed above, for the Owner to meet the 10% test in accordance with Internal Revenue Code Section 42(h)(1)(E) and Treasury Regulation Section 1.42-6, we calculated that the Project needed to incur at least \$XXXX of costs prior to December 31, 2004.

We were not engaged to, and did not, perform an audit of the Owner's financial statements or of the Project's total reasonably expected basis. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Owner and the Owner's management and for filing with TCAA and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

City, State
XXXX XX, 200_

APPENDIX J

MODEL FINAL COST CERTIFICATION LETTER

Independent Auditors' Report

Owner's Name: XXXX

Project Name: XXXX

Project Number: TCAA # XX-XXX

We have audited the costs included in the accompanying Tax Credit Allocation Agency ("TCAA") Final Cost Certification (the "Final Cost Certification") of XXXX (the "Owner") for XXXX ("the Project") as of XXXX XX, 200_. The Final Cost Certification is the responsibility of the Owner and the Owner's management. Our responsibility is to express an opinion on the Final Cost Certification based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Final Cost Certification is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Final Cost Certification. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Final Cost Certification presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Final Cost Certification was prepared in conformity with the accounting practices prescribed by the Internal Revenue Service, under the accrual method of accounting, and in conformity with the format and qualified allocation plan rules set by TCAA, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the Final Cost Certification presents fairly, in all material respects, the actual costs of \$XXXX and eligible basis of \$XXXX of the Owner for the Project as of XXXX XX, 200_, on the basis of accounting described above.

This report is intended solely for the information and use of the Owner and the Owner's management and for filing with TCAA and should not be used for any other purpose.

We have no financial interest in the Project other than in the practice of our profession.

City, State
XXXX XX, 200_

APPENDIX K

Compliance Monitoring Procedures

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

In order to implement this responsibility, all HC recipients will be required to execute and record a HC Housing Subsidy Covenant (the Covenant). The Covenant must be approved by VHFA. The Covenant must be signed by the Owner and returned to VHFA for recording prior to VHFA issuing a Carryover Allocation or IRS Form 8609. The Covenant will, at a minimum, require conditions wherein the developer and the development must continuously comply with Section 42 and other applicable Sections of the Internal Revenue Code of 1986, as amended, and the Treasury regulations issued thereunder and will bind any successors' interest for the specified time period. In the event that a project's funding source requires its own Housing Subsidy Covenant, the provisions of the HC Housing Subsidy Covenant may be incorporated into such Covenant and the requirement of a separate HC Housing Subsidy Covenant may be waived by VHFA. In addition, owners are required to provide VHFA with a copy of the IRS Form 8609, with Part II, and IRS Form 8586 completed by the Owner, for the first year of the credit period. Finally, a copy of VHFA's LIHTC Compliance Manual is available from VHFA's website at www.vhfa.org.

- a. VHFA is required to monitor compliance with the provisions of Section 42 and to notify the Internal Revenue Service of non-compliance and will charge fees to cover costs related to this monitoring. The fee structure is four dollars (\$4.00) per housing credit unit per month.

Housing Credit developments are very management-intensive and require a thorough understanding of the Section 42 regulations. The owner and/or management agent is required to attend compliance training or document that they have received training prior to lease up.

- b. Record Keeping and Record Retention

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

- i. The total number of residential rental units in the building, including square footage;
- ii. The percentage of residential rental units in the building that are Housing Credit-eligible units (square footage fraction vs. unit fraction);
- iii. The rent charged on each residential rental unit in the building, including utility allowance;
- iv. The Housing Credit eligible unit vacancies in the building and the occupancy of the next available units;
- v. The income certification of each Housing Credit eligible tenant;

APPENDIX K

- vi. Documentation to support each Housing Credit eligible tenant's income certification (for example, a copy of the tenant's federal income tax return, W-2 Forms, or verifications of income from third parties such as employers or state agencies paying unemployment compensation; owners should retain the right in their leases to obtain this documentation at any time, even after tenants have moved into the unit); and
- vii. The character and use of the nonresidential portion of the building included in the building's eligible basis under Section 42(d) (*e.g.* tenant facilities that are available on a comparable basis to all tenants and for which no separate fee is charged for use of the facilities or facilities reasonably required by the project).

The owner of a Housing Credit eligible development must retain the records specified in this Section b (Record Keeping and Record Retention) for each building in the project for a period of at least 6 years beyond the end of the compliance period for each building.

Annually, the owner must provide a project status report that summarizes the activity of the development. The format for this report is included in this application in Appendix L.

c. Certification and Review Procedures

The Agency will utilize a certification procedure as set forth by the IRS under their monitoring regulations.

i. Certification Procedure

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

- (a). The project meets the requirements of the 20-50 test under Section 42(g)(1)(A) or the 40-60 test under Section 42(g)(1)(B), according to the election made by the sponsor at the time of the allocation;
- (b). There has been no change in the applicable fraction of any building in the project or, when there has been a change, a description of the change; and
- (c). The owner has received an annual income certification from each Housing Credit eligible tenant and documentation to support that certification or, in the case of a tenant receiving Section 8 housing assistance payments, a statement from the appropriate public housing authority declaring that the tenant's income does not exceed the applicable income limit under Section 42(g);
- (d). Each Housing Credit eligible unit in the project is rent-restricted under Section 42(g)(2);
- (e). All units in the project are for use by the general public and are used on a non-transient basis;

APPENDIX K

- (f). No finding of discrimination under the Fair Housing Act, 42 U.S.C 3601-3619 has occurred for this project. A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency, 42 U.S.C 3616a(a)(1), or an adverse judgment from a federal court;
- (g). Each building in the project is suitable for occupancy, taking into account local health, safety, and building codes (or habitability standards), and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low-income unit in the project;
- (h). There has been no change in the eligible basis (as defined in Section 42(d)) of any building in the project or, when there has been a change, a description regarding the nature of the change;
- (i). All tenant facilities included in the eligible basis under Section 42(d) of any building in the project (such as swimming pools, other recreational facilities, and parking areas) are provided on a comparable basis without charge to all tenants in the building;
- (j). If a Housing Credit eligible unit in the project became vacant during the year, reasonable attempts were or are being made to rent that unit or another available unit of comparable or smaller size to tenants having a qualifying income before any units in the project were or will be rented to tenants not having a qualifying income.
- (k). If the income of tenants of a Housing Credit eligible unit in the project increases above the limit allowed in Section 42(g)(2)(D)(ii), the next available unit of comparable or smaller size in the project will be rented to tenants having a qualifying income.
- (l). An extended Low-Income Housing Tax Credit (Subsidy Covenant) commitment was in effect, including the requirement under section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C 1437s. Owner has not refused to lease a unit to an applicant based solely on their status as a holder of a Section 8 voucher and the project otherwise meets the provisions, including any special provisions, as outlined in the Subsidy Covenant. (This requirement is not applicable to buildings with credits from years 1987-1989.)
- (m). The owner received its credit allocation from the portion of the state ceiling set-aside for a project involving “qualified non-profit organizations’ under Section 42(h)(5) of the code and its non-profit entity materially participated in

APPENDIX K

the operation of the development within the meaning of Section 469(h) of the Code.

(n). There has been no change in the ownership or management of the project.

ii. Review Procedure

Under the review procedure, the Agency will review at least twenty percent (20%) of tax credit files at least once every three years.

iii. Exception for Certain Buildings

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

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

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

iv. The certifications required under paragraph i. of this Section c. (Certifications and Review Procedures) must be made at least annually through the end of the 15-year compliance period under Section 42(i)(1) and be under penalty of perjury. Annually, the owner must provide an Owner's Certificate of Continuing Program Compliance. This form is included in this application as Appendix M.

d. Auditing Procedure

The Agency has the right to perform an audit of any eligible Housing Credit development at least through the end of the compliance period of the buildings in the project. An audit includes a physical inspection of any building or buildings in the project, as well as a review of the records described in Section b. The audit may be performed in addition to any inspection of income certifications and documentation under the review procedure. The regulations require the Agency to conduct an initial physical inspection by the end of the second calendar year following the year the last building in the project is placed in service. The physical inspection is performed every three years.

e. Notification of Non-compliance

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

APPENDIX K

- ii. The Agency will file Form 8823, Low-Income Housing Credit Agencies Report of Non-compliance, with the Internal Revenue Service no later than 45 days after the end of the correction period described in paragraph c. of this Section, whether or not the non-compliance or failure to certify is corrected. The Agency must explain on Form 8823 the nature of the non-compliance or failure to certify and indicate whether the owner has corrected the non-compliance or failure to certify.
- iii. The correction period shall be up to 90 days from the date of the notice to the owner under paragraph a. of this Section and, during that period, the owner must supply any missing certifications and bring the project into compliance with the requirements of Section 42. For good cause shown, the Agency may extend the correction period for up to six months.

f. Delegation of Authority

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

g. Liability

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

APPENDIX L

VHFA LIHTC COMPLIANCE MONITORING STATUS REPORT

FOR YEAR ENDING: _____ **PAGE #** _____

PROJECT NAME _____ LOCATION _____ COUNTY _____ REPORT DATE ____ / ____ / ____ BIN # _____

DATE BLDG PLACED IN SERVICE ____ / ____ / ____ ALLOCATION YR(S) _____ 1ST YR LIHTC CLAIMED _____

TOTAL # UNITS IN BLDG _____ # LIHTC UNITS IN BLDG _____ TOTAL SQ FOOTAGE IN BLDG _____ TOTAL SQ FOOTAGE FOR LIHTC UNITS _____

PROJECT OWNER _____ MANAGEMENT AGENT _____

UNIT #	# OF BD (2)	TENANT NAME (3)	TTL # HSHLD (4)	MOVE-IN DATE (5)	MOVE-IN GR ANN INCOME (6)	RECERT DATE(S) (7)	RECERT INCOME (8)	TENANT RENT (9)	UTILITY ALLOW (10)	GROSS RENT (11)	SUB CODE (12)	MOVE-OUT DATE (13)	SQ FOOT PER UNIT (14)
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FORM PREPARED BY _____ PHONE # _____

APPENDIX M

OWNER'S CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

To: Vermont Housing Finance Agency P.O. Box 408 Burlington, VT 05402-0408

Certification Dates:	From: January 1, 20_____	To: December 31, 20_____
Project Name:	Project No:	
Project Address:	City:	Zip:
Tax ID # of Ownership Entity:		

<input type="checkbox"/> No buildings have been Placed in Service <input type="checkbox"/> At least one building has been placed in Service but owner elects to begin credit period in the following year. If either of the above applies, please check the appropriate box, and proceed to page 2 to sign and date this form.
--

The undersigned _____ on behalf of _____ ("the Owner"), hereby certifies that:

- The project meets the minimum requirements of: (check one)
 - 20-50 test under Section 42(g)(1)(A) of the Code
 - 40-60 test under Section 42(g)(1)(B) of the Code
 - 15-40 test for "deep rent-skewed" projects under Section 42(g)(4) and 142(d)(4)(B) of the Code
- There has been **no change in the applicable fraction** (as defined in Section 42(c)(1)(B) of the Code) for any building in the project:
 - NO CHANGE** **CHANGE**
 If "**Change**," list the applicable fraction to be reported to the IRS for each building in the project for the certification year on p. 3:
- The owner has received annual Tenant Income Certification from each low-income resident and documentation to support that certification.
 - YES** **NO**
- Each low-income unit in the project has been rent-restricted under Section 42(g)(2) of the Code:
 - YES** **NO**
- All low-income units in the project are and have been for use by the general public and used on a non-transient basis (except for transitional housing for the homeless provided under Section 42(i)(3)(B)(iii) of the Code):
 - YES** **NO** **HOMELESS**
- No finding of discrimination under the Fair Housing Act, 42 U.S.C 3601-3619, has occurred for this project. A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency, 42 U.S.C 3616a(a)(1), or an adverse judgment from a federal court:
 - NO FINDING** **FINDING**
- Each building in the project is and has been suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards), and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low income unit in the project:
 - YES** **NO**
 If "**No**," state nature of violation on page 3 and attach a copy of the violation report as required by 26 CFR 1.42-5 and any documentation of correction.

APPENDIX M

8. There has been **no change in the eligible basis** (as defined in Section 42(d) of the Code) of any building in the project since last certification submission:

NO CHANGE **CHANGE**

If "**Change**," state nature of change (e.g. a common area has become commercial space, a fee is now charged for a tenant facility formerly provided without charge, or the project owner has received federal subsidies with respect to the project which had not been disclosed to the allocating authority in writing) on page 3:

9. All tenant facilities included in the eligible basis under Section 42(d) of the Code of any building in the project, such as swimming pools, other recreational facilities, parking areas, washer/dryer hookups, and appliances were provided on a comparable basis without charge to all tenants in the buildings:

YES **NO**

10. If a low-income unit in the project has been vacant during the year, reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units were or will be rented to tenants not having a qualifying income:

YES **NO**

11. If the income of tenants of a low-income unit in any building increased above the limit allowed in Section 42(g)(2)(D)(ii) of the Code, the next available unit of comparable or smaller size in that building was or will be rented to residents having a qualifying income:

YES **NO**

12. An extended low-income commitment as described in section 42(h)(6) was in effect, including the requirement under section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437s. Owner has not refused to lease a unit to an applicant based solely on their status as a holder of a Section 8 voucher and the project otherwise meets the provisions, including any special provisions, as outlined in the extended low-income housing commitment (not applicable to buildings with tax credits from years 1987-1989):

YES **NO** **N/A**

13. The owner received its credit allocation from the portion of the state ceiling set-aside for a project involving "qualified non-profit organizations" under Section 42(h)(5) of the code and its non-profit entity materially participated in the operation of the development within the meaning of Section 469(h) of the Code.

YES **NO** **N/A**

14. There has been no change in the ownership or management of the project:

NO CHANGE **CHANGE**

If "**Change**," complete page 3 detailing the changes in ownership or management of the project.

Note: Failure to complete this form in its entirety will result in non-compliance with program requirements. In addition, any individual other than an owner or general partner of the project is not permitted to sign this form, unless permitted by the state agency.

The project is otherwise in compliance with the Code, including any Treasury Regulations, the applicable State Allocation Plan, and all other applicable laws, rules and regulations. This Certification and any attachments are made UNDER PENALTY OF PERJURY.

(Ownership Entity)

By: _____

Title: _____

Date: _____

APPENDIX M

**PLEASE EXPLAIN ANY ITEMS THAT WERE ANSWERED
“NO”, “CHANGE” OR “FINDING”
ON QUESTIONS 1-14.**

Question #	Explanation

CHANGES IN OWNERSHIP OR MANAGEMENT
(to be completed **ONLY** if “CHANGE”
marked for question 14 above)

TRANSFER OF OWNERSHIP

Date of Change:	
Taxpayer ID Number:	
Legal Owner Name:	
General Partnership:	
Status of Partnership (LLC, etc):	

CHANGE IN OWNER CONTACT

Date of Change:	
Owner Contact:	
Owner Contact Phone:	
Owner Contact Fax:	
Owner Contact Email:	

CHANGE IN MANAGEMENT CONTACT

Date of Change:	
Management Co. Name:	
Management Address:	
Management city, state, zip:	
Management Contact:	
Management Contact Phone:	
Management Contact Fax:	
Management Contact Email:	

APPENDIX M

ACT 200 PLAN

Act 200, the Growth Management Act of 1988, requires all state agencies having programs or taking actions affecting land use to adopt a plan consistent with the Act's 12 Vermont Planning Goals. In addition, compatibility must be sought with plans of other state agencies and with approved plans of regional planning commissions and municipalities. As part of VHFA's continual planning process, this Plan has been developed in accordance with Act 200 requirements.

The Planning Goals:

- (1) To plan development so as to maintain the historic settlement pattern of compact village and urban centers separated by rural countryside.
- (2) To provide a strong and diverse economy that provides satisfying and rewarding job opportunities and that maintains high environmental standards, and to expand economic opportunities in areas with high unemployment or low per capita incomes.
- (3) To broaden access to educational and vocational training opportunities sufficient to ensure the full realization of abilities of all Vermonters.
- (4) To provide for safe, convenient, economic and energy efficient transportation systems that respect the integrity of the natural environment, including public transit options and paths for pedestrians and bicyclists.
- (5) To identify, protect and preserve important natural and historic features of the Vermont landscape.
- (6) To maintain and improve the quality of air, water, wildlife and land resources.
- (7) To encourage the efficient use of energy and the development of renewable energy resources.
- (8) To maintain and enhance recreational opportunities for Vermont residents and visitors.
- (9) To encourage and strengthen agricultural and forest industries.
- (10) To provide for the wise and efficient use of Vermont's natural resources and to facilitate the appropriate extraction of earth resources and the proper preservation of the aesthetic qualities of the area.
- (11) To ensure the affordability of safe and affordable housing for all Vermonters.
- (12) To plan for, finance, and provide an efficient system of public facilities and services to meet future needs.

APPENDIX M

The Process Goals:

- (1) To establish a coordinated, comprehensive planning process and policy framework to guide decisions by municipalities, regional planning commissions and state agencies.
- (2) To encourage citizen participation at all levels of the planning process, and to assure that decisions shall be made at the most local level possible commensurate with their impact.
- (3) To consider the use of resources and the consequences of growth and development for the region and the state, as well as the community in which it takes place.
- (4) To encourage and assist municipalities to work creatively together to develop and implement plans.

**VHFA FEDERAL HOUSING CREDIT APPLICATION &
VERMONT STATE AFFORDABLE HOUSING TAX CREDIT**

APPLICATION SUPPLEMENT

Services

What services will the project provide (e.g. parking, laundry, storage, snow removal, air conditioning, electric surcharge, health/recreation club membership)? Please indicate in the following chart the specific service to be provided, whether it is optional or included, and if optional, what the monthly cost is (if services are required, they must be included in gross rent and cannot be charged for separately). For projects that meet the special needs definition as stated in the Allocation Plan, please instead submit a service plan (with cost information) with your application.

Type of Service (please be specific)	Optional (yes/no)	If optional, monthly cost per unit

Syndication Information

Provide information below concerning syndication and estimated proceeds from sale of Housing Credits.

Anticipated *equity* proceeds from:

Housing Credit \$ _____ Historic Credit \$ _____ State Credit \$ _____

When will the equity proceeds be invested?

	<u>Date</u>	<u>Amount</u>
1st Capital Contribution	_____	\$ _____
2nd Capital Contribution	_____	\$ _____
3rd Capital Contribution	_____	\$ _____
4th Capital Contribution	_____	\$ _____

Please describe the event that triggers the payment of each capital contribution.



(Provide additional attachments if more room is needed.)

Type of Offering (check one) Public Private

Part V Tab 11

Type of Investors (check one) _____ Individuals _____ Corporations

Name of Fund _____

Name of Syndicator _____ Telephone (____) _____

Address _____ State _____ Zip _____

Previous Experience of General Partner or Developer

List all projects in which the developer(s), general partner(s), or any parent subsidiaries, affiliates, or wholly-owned corporations have recently been involved (including all projects located in other states, if applicable):

Name of Project/Location

Status of Project

Indicate which, if any, of these projects have had **IRS Form 8823** (Low-Income Housing Credit Agencies Report of Non-compliance) issued and also indicate any projects that are, or have been, the subject of litigation regarding a reservation or allocation of Housing Credits.

Please indicate any instances in which the General Partner or developer have been the subject of any **Fair Housing complaints**, and any **Fair Housing judgments** that have been issued against the developer or General Partner.

Has the project been presented at one or more local hearings or public meetings?



(Please attach documentation.)

_____ Yes _____ No

If yes, type of meeting: _____ Date: _____

Acquisition of Existing Buildings

How many buildings will be acquired for the project? _____

Are all the buildings currently under control for the project?

_____ Yes _____ No

If no, how many buildings are under control for the project? _____

When will the rest of the buildings be under control for acquisition? _____

List Buildings Under Control Address(es) of Building	Type of Control (Option or Purchase Contract)	Exp. Date of Control Document	Number of Units	Cost of Building
1.				
2.				
3.				
4.				
5.				
6.				
7.				

Building(s) acquired or to be acquired from

_____ Related Party _____ Unrelated Party

Is the seller of the property a non-profit, governmental entity or quasi-governmental entity?

_____ Yes _____ No

Did the seller use state or federal subsidies or subsidized financing to acquire, build or rehabilitate the property?

_____ Yes _____ No

Building(s) acquired or to be acquired with Buyer's Basis

_____ Determined with reference _____ Not Determined with
to Seller's Basis reference to Seller's Basis

List on the following chart for *each* building, the address, the date the building was placed-in-service, the date the building was or is planned for acquisition, and the number of years between the date the building was placed-in-service and date of acquisition.

Address(es) of Building	Placed-in-Service Date of Building by the most recent owner	Proposed Date of Acquisition by Applicant	# of years between PIS & Acquisition
1.			
2.			
3.			
4.			

Relocation Information

Provide information concerning any relocation of existing tenants as part of the project.

Does this project involve any relocation of tenants?

_____ Yes _____ No

If yes, please describe the proposed relocation assistance if any:

Source of Funds - Federally Subsidized

Is any portion of the Source of Funds for the project financed directly or indirectly with Federal, State, or Local Government Funds?

_____ Yes _____ No

If yes, cite the appropriate lines from the permanent financing sources table above.

If tax-exempt financing is used, list the percentage of the tax-exempt financing to the total cost of project _____ %

Credit Enhancements

Will the permanent financing have any type of credit enhancement?

_____ Yes _____ No

If yes, list type of enhancement _____

Application Fee

Total Amount of Annual Housing Credit Requested \$ _____



\$250 Application Fee is due upon submission of Application. In addition, a Reservation Fee equal to 4% of the annual credit is due upon the issuance of the Reservation Certificate.

The Application Fee must be included with the Application. The corresponding Reservation Fee will be calculated and due upon issuance of the Reservation Certificate. Make all checks payable to: Vermont Housing Finance Agency, P.O. Box 408, Burlington, VT 05402-0408. For information about application fees and refunds, see Section M of the HC Program Summary.

Compliance monitoring fees will be collected starting in the first year the credits are claimed.

Minimum Set-Aside Election

The Owner must irrevocably elect **one** of the following Minimum Set-Aside Requirements.

_____ At Least 20% of the rental residential units in this development are rent-restricted and to be occupied by individuals whose income is 50% or less of area median income.

_____ At Least 40% of the rental residential units in this development are rent-restricted and to be occupied by individuals whose income is 60% or less of area median income.

_____ Deep Rent skewing option as defined in Section 42 of the IRS Code.

Notification of Local Official

All proposed allocations must be reviewed by the chief executive officer of the appropriate political jurisdiction. Please provide the name of the local political jurisdiction (city, village or town) in which the project will be located and the name and address of the mayor or town board chairperson.

Name of Political Jurisdiction _____

Name of Chief Executive Officer _____

Title _____

Address _____ City _____

Zip Code _____ Telephone (____) _____

Type of Low-Income Housing Tax Credit Requested

1. Check appropriate box.

_____ New Construction

_____ Rehabilitation

_____ Acquisition/
Rehabilitation

_____ Acquisition with 10-year
waiver from Federal Agency

2. Is the project financing being federally subsidized (e.g. Rural Development)?

_____ Yes

_____ No

3. Is this project in a Qualified Census Tract or Difficult Development Area?⁸

_____ Yes

_____ No

Does this project contribute to a concerted community revitalization plan?

_____ Yes

_____ No



(If Yes, please provide documentation.)

4. Is the project intended for eventual tenant ownership?

_____ Yes

_____ No

If yes, please explain the ownership structure (e.g. cooperative, condominium, lease purchase program) and attach documentation that indicates what type of future tenant ownership will be incorporated into this project:

Housing Credit Applicant's Submittal Letter

Applicant's Name: _____

Federal Housing Credit:

The undersigned (the Applicant) hereby applies to Vermont Housing Finance Agency (VHFA) for Reservation of the Housing Credit (HC) in the (annual) amount of \$ _____ pursuant to Section 42 of the Internal Revenue Code of 1986, as amended, and the U.S. Department of Treasury Housing Credit Regulations. (IRC Section 1.42). Submitted with this completed Application is a check (or letter of credit) in the amount of \$ _____ in accordance with the fee schedule noted in the HC Application.

The applicant acknowledges that no allocation of Housing Credit authority (including Carryover Allocations) will be issued until the ownership entity has been legally created. Assignment Carryover Allocation or Reservation can only be made with the prior approval of VHFA.

The Applicant states that, based on current facts, circumstances and expectations, the proposed development will comply with all applicable requirements under Section 42 of the Internal Revenue Code of 1986, as amended, and U.S. Department of Treasury Regulations. The undersigned, being duly authorized, hereby certifies that the information set forth in this Application and the accompanying schedules and in any attachments in support hereof is true, correct, and complete to the best of his/her knowledge and belief. The Applicant hereby covenants to comply with all HC requirements imposed by federal and state law, rule, or regulation.

Allocation of HC Authority shall be issued only upon completion of all required HC applications, documents, and certifications, and upon verification that the proposed HC project has been Placed in Service. VHFA offers no advice or opinion as to the Applicant's compliance with said legal and financial requirements, and no guarantee that the applicant or the proposed HC project will ultimately qualify for a Housing Credit.

The undersigned agrees that VHFA and the State of Vermont will at all times be indemnified and held harmless against all losses, costs, damages, expenses and liabilities, whatsoever nature or kind (including, but not limited to attorney's fees, litigation and other court costs, amounts paid in settlement, amounts paid to discharge judgment, and any loss from judgment from Internal Revenue Service) directly or indirectly resulting from, arising out of, or related to acceptance, consideration and approval or disapproval of such Housing Credit allocation request.

State Affordable Housing Tax Credit:

The Applicant in addition hereby applies to VHFA for a Reservation of the Vermont Affordable Housing Tax Credit in the (annual) amount of \$ _____, pursuant to 32 V.S.A. Chapter 151, Subchapter 11 I, Section 5930 u.

In witness whereof this Applicant has caused this application to be executed in its name on this _____ day of _____ 200__.

By: _____
Its Duly Authorized Agent

Title

VHFA APPLICANTS

Checklist of Required Attachments

Please attach copies of all the following documents listed to the left as required for your project type (either Homeownership or Rental Development).

Requirements:

H.O. Rental

Yes Yes

Yes Yes

Yes Yes

Yes ❖No

Yes ❖No

Yes ❖No

Yes ❖No

Yes ❖No

Yes ❖No

Yes Yes

All Applications:

Construction Cost Estimate (by AIA Divisions, including contingency) including date prepared and name of estimator

Independently-prepared Market Study meeting VHFA Standards

Letter from Town Administrator re: zoning and permitted density

Full Plans and Specifications

Current Personal and Corporate Financial Statements

List of Developments Completed within the Last Five Years and In-Process Developments (That demonstrate experience and capacity to complete the proposed project)

Attach a Description of “Why this Loan is Being Requested from VHFA, and How the Project Will Benefit from this Loan”

Attach a Description of the “Specific Neighborhood and Community Benefits” of the Project

Construction Cost Estimate (by AIA Divisions, including contingency) including date prepared and name of estimator

Application Fee (\$250)

Credit Only Applications- also attach the following:

Yes Yes

Documentation of location relative to designated downtown or village center, if applicable (all Housing Credit applicants)

❖No Yes

Documentation of local public hearing / meeting (all Housing Credit applicants)

❖No Yes

Documentation that project is part of a concerted Community Revitalization Plan, if applicable (all Housing Credit applicants)

Requirements:

H.O. Rental

❖No Yes

Documentation that project serves tenants on Section 8 waiting lists, if applicable (all Housing Credit applicants)

ALL Financing - also attach the following:

Yes Yes

Phase I Environmental Site Assessment

Yes Yes

Month by Month sources and uses / construction draw schedule (if applying for construction financing)

Tax Exempt Bond Financing:

❖No Yes

TEFRA Notice Information Sheet

For Nonprofit Applicants:

Yes Yes

IRS 501(c) Designation

Yes Yes

Most Recent Audited Financial Statement

Yes Yes

Articles of Association

Yes Yes

Bylaws

Yes Yes

Most Recent 990 Filing

VHFA FINANCING

DEBT FINANCING SUPPLEMENT

Are there any law suits, liens or judgments pending against the housing sponsor or the general contractor?

Yes No

If "Yes," please attach separately a description of the action pending.

The undersigned (The Applicant) hereby makes application to the Vermont Housing Finance Agency (VHFA) for financing in the amount of \$ _____.

Assignment of a VHFA financing commitment can only be made with the prior approval of VHFA.

The undersigned, being duly authorized, hereby certifies that the information set forth in this Application and the accompanying schedules and in any attachments in support hereof is true, correct, and complete to the best of his/her knowledge and belief.

The undersigned agrees that it will at all times indemnify and hold harmless VHFA and the State of Vermont against and from all claims, suits, actions, judgments, losses, costs, damages, expenses and liabilities, whatsoever in nature or kind including, but not limited to attorney's fees, litigation and other court costs, amounts paid in settlement and amounts paid to discharge judgement, directly or indirectly resulting from, arising out of, or related to acceptance, consideration and approval or disapproval of this financing request.

In witness whereof this Applicant has caused this application to be executed in its name on this _____ day of _____, 20____.

By: _____
Applicant

Its Duly Authorized Agent

Title

VHFA SINGLE FAMILY CONSTRUCTION FINANCING

PROGRAM OVERVIEW

Program Summary

The Vermont Housing Finance Agency (VHFA) was created in 1974 by the Vermont Legislature. VHFA's mission is to finance and promote affordable housing opportunities for low- and moderate-income Vermonters. The Homeownership Construction Loan Program was developed by VHFA to increase the supply of affordable housing in communities in Vermont where a shortage of such housing exists. Financing is available for site acquisition, infrastructure development, and unit construction for owner occupied single family developments.

This program description details the features, guidelines, and requirements for the Homeownership Construction Loan Program. Interested applicants are encouraged to call a Development Officer at VHFA to discuss a specific development proposal.

VHFA HOMEOWNERSHIP CONSTRUCTION LOAN PROGRAM REQUIREMENTS

Eligible Borrower

VHFA will consider applications from for-profit and not-for-profit developers who have demonstrated financial strength and experience in for-sale single family housing development consistent with the nature and scope of the proposed development.

Eligible Developments

VHFA will consider proposals for developments with a minimum of five units under this program. There is no maximum development size; however, VHFA may require that the construction of larger developments be phased. Eligible housing types include: single family detached units, single family attached units, including condominium and planned unit developments. Units may be stick-built, modular, panelized or manufactured housing. At least 51% of the units must be priced at or below VHFA's maximum purchase price limits. It is also the intent of this program that the Housing Developer will use their best effort to market and sell 51% of the total units to households who are within VHFA's maximum income limits. (For detail on VHFA's current purchase price and household income limits, go to www.vhfa.org, click on the *Homebuyers/owners* button and scroll down to *Limits*.) In addition, more than one half of each of (a) the total floor area and (b) the total development cost of the Development will be allocated to dwelling units for persons and families of low and moderate income.

VHFA encourages coordination with local non-profit housing organizations and homeownership centers to facilitate perpetual affordability for some of the affordable units.

The Housing Developer must provide VHFA with information as to the tangible benefits that would be derived from VHFA's participation in the financing of the development, such as, enhanced affordability of units.

The project must be consistent with local and regional plans. Projects which demonstrate and employ smart growth characteristics and which are within targeted growth areas, downtowns or village districts will receive a priority for consideration. Among the smart growth characteristics of highest importance is the efficient use of existing infrastructure, including public services and access to public transportation.

The intent of the VHFA Homeownership Construction Loan Program is to facilitate the creation of affordable homeownership opportunities. The Program therefore will not provide financing to projects in which there will be a significant concentration of non-owner occupied or seasonal dwelling units. The Housing Developer must agree to provide sales documentation, upon request of the Agency that demonstrates at least 75% of the units in the development have been sold to owner occupants.

Maximum Loan Amount

The maximum construction loan shall not exceed 95% of the lesser of total housing development costs or the appraised value. Housing development costs include all typical costs incurred in connection with the construction and sale of residential housing in Vermont. Land owned by the Housing Developer that was purchased less than two years prior to the date of the application will be included as equity at the lesser of its purchase price or appraised value less outstanding debt. Land owned by the Housing Developer for more than two years, will be included as equity at its appraised value less outstanding debt. For non-profit Housing Developers, grant funds or "soft" second mortgages will be considered as equity. Commitments and evidence that all funding sources are in place shall be required prior to the construction loan closing.

Term of Loan/Repayment Schedule

Funds are generally available for the projected build-out period of the development (or the phase, in the case of a multi-phase development). Interest will be payable monthly (and is an eligible development cost). Principal will be payable at the time of sale of each unit according to a schedule to be negotiated by the borrower and VHFA. Repayment of the loan will be made in accordance with a negotiated release schedule but not later than the sale of the last unit.

Loan Security

A valid first lien position on land and improvements is required as loan security along with a first priority security interest in construction materials and personal property. A shared first lien position may be considered by VHFA if another lender participates in the loan. VHFA will require a collateral assignment of all major contracts and subcontracts, and will require lien waivers from major contractors, subcontractors, and suppliers.

Interest Rate

The interest rate shall be determined at the time of closing based on the term of the construction loan, market conditions at that time, and the Agency's cost of funds.

Pre-Application Meeting/Loan Application Fee/Commitment Fee/Loan Origination Fee

VHFA Development staff will be available to schedule a pre-application meeting to discuss the proposed development and financing request. A non-refundable application fee of \$250 is required at the time an application for financing is made and a loan origination fee of one percent (1%) of the loan amount is payable at closing. A commitment fee of: \$1,000 for loans up to \$500,000 or \$5,000 for loans greater than \$500,000, will be due from the Developer at time of approval and acceptance of the VHFA commitment letter. The commitment fee will be applied toward payment of the loan origination fee at the time of construction closing. If the loan does not close, this fee is non-refundable. In addition, all third party expenses such as appraisal fees, environmental assessments, market studies and construction inspections, will be paid by the Borrower, and are all eligible development expenses.

Priority for Funds

In the event that applications exceed the amount of funding available, priority will be given to developments that, in VHFA's sole discretion, are located in areas with the greatest need and which target the greatest number of households at or below 100% of the area median income.

Demonstrated Need and Market

VHFA's mandate is to finance the development of housing only if there is a demonstrated need for the housing. The Housing Developer must provide information satisfactory to VHFA that demonstrates a need for housing in the market area to be served by the proposed development, and a plan to market units. Information required may vary depending on the market area, the size of the development, whether or not phasing of the infrastructure development is possible, the number of units that are pre-sold, and other factors that may be known about the general market area. Information necessary includes current housing market conditions, general economic conditions, employment and wages, and information on units for sale within the

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market. The Housing Developer must provide VHFA with the projected demand and absorption period for the development based on the unit configuration and proposed price range. The Agency will require a Market Study that supports the demand and need for the project as prepared by a third party professional acceptable to the Agency.

Assurance of Completion/Personal Guarantees

VHFA will generally require from the Housing Developer or general contractor a performance and payment surety bond in the amount of 100% of the construction contract, a letter of credit equal to 25% of the construction contract, or other forms of additional security. Bond premiums and other fees to provide additional security are eligible development costs. A determination as to whether VHFA will require additional security will be based on the size and complexity of the proposed development and whether or not phasing of the infrastructure development is possible, the amount of the Housing Developer's equity in the development, the number of pre-sales, the strength of the market area, and other factors.

VHFA will require guarantees for completion of construction in form and substance acceptable to the Agency.

Financing for Home Buyers

VHFA anticipates that it will provide financing to qualified home buyers in the project. The Agency reserves the right to limit the number of units it will finance in a project. Housing Developers are encouraged to seek any necessary approvals from local lenders and government entities (i.e. Freddie Mac, Fannie Mae, USDA Rural Development, HUD and VA) to make the widest array of financing options available to home buyers.

Appraisal Requirements

VHFA requires an appraisal from an appraiser acceptable to VHFA of the site as permitted and as developed, and a sample unit appraisal for each unit type.

Energy Efficiency Requirements for Units

All homes must meet the State of Vermont's energy efficiency requirements.

Environmental Assessment

VHFA requires a Phase I Environmental Assessment of the site. If information on the Phase I Environmental Assessment indicates the potential for environmental hazards, a Phase II Environmental Assessment may be required. If a portion of the development involves demolition or rehabilitation of an existing structure, additional environmental review may also be required.

Other Requirements for VHFA Financed Projects

Whenever possible, an AIA contract form appropriate for the development should be used. Each construction contract must include a schedule of values which becomes the basis for all disbursements, retainage and certifications.

VHFA must also review and approve plans and specifications. The collective scope of work for each set of contracts must match the Plans and Specifications cited in the document "VHFA Acknowledgement of Plans and Specifications" signed at closing. VHFA may require review of the development plans and specifications by a qualified professional hired by the Agency at the Developer's expense. (An eligible development cost.)

Construction Inspections

VHFA or its agent will conduct periodic on-site inspections of the development throughout the construction period. Payment for VHFA's construction inspector will be the responsibility of the Developer and is an eligible development cost. VHFA construction inspections are not a substitute for developer, engineering, and architectural supervision of construction.

Disbursement requests are processed monthly by VHFA unless other terms are agreed upon.

Application and Approval

All proposals for financing are reviewed first by VHFA staff and senior management. Proposals that are eligible for financing are recommended to VHFA's Board of Commissioners for approval. The VHFA's Board meets monthly. The Housing Developer is expected to attend the meeting to answer any questions the VHFA Board members may have.

VHFA requires the following information to complete an underwriting review of a proposal for financing. VHFA will not schedule a closing until all loan approval conditions are met, construction permits have been received, construction contracts have been signed, and all funding sources are in place or committed.

- 1. Development Team:** Please provide the following information for each member of the development team: Name of organization or company, complete address, name(s) of contact person(s), telephone numbers and e-mail addresses. Development team members could include development partners, architects, engineers, consultants, attorneys, and general contractors, etc. The developer must submit a current personal and corporate financial statements with the loan application package.
- 2. Developer Experience:** Please provide a list of projects in process and completed within the last 5 years that demonstrate experience and capacity to complete the proposed project. This may be waived at the discretion of the Agency by the Development Officer at the time of the initial interview if the Agency has had previous and favorable experience with the Housing Developer.
- 3. Project Information:** Provide name and location of project. Describe the scope of the project, and why a Construction Loan is being requested of VHFA. Specifically describe how the project will benefit from this loan program. Please provide a listing of the unit types and design with price ranges for each unit type.
- 4. Site:** Provide a narrative description of the site and attach site and topographic maps with relevant development features (buildings, roads, sewer lines, wetlands, etc.) Indicate current zoning. Describe any zoning changes or other regulatory approvals (including Act 250) needed to implement the proposed development project, along with the expected timetable for those approvals. Copies of local and state permit approvals will be required prior to closing.
- 5. Site Control:** Provide the current status of ownership and provide a copy of documents that give site control to the applicant. These may include, but are not limited to, an in-force option agreement, a legally binding purchase and sale agreement, or a copy of current deed of record.
- 6. Project Appraisal:** The Agency will require and will order directly at the time of application a project appraisal and sample unit appraisals. The project will need to be appraised as a permitted site, and as an "as completed" value.
- 7. Environmental Site Assessment:** A Level I environmental site assessment will be required. A Level II and site mitigation will be required if adverse environmental issues associated with the site are indicated in the Level I report.
- 8. Project Plans and Specs:** Provide preliminary (or final if available) project plans and specifications for infrastructure and housing units.
- 9. Community and Public Benefits of Project:** Cite the expected specific neighborhood and community benefits of the project.

10. Proposed Development Schedule: Provide target dates for the following events: submission of financing applications; regulatory and zoning reviews and approvals; building permits; receipt of financing commitments; construction start and completion dates, with projected sale dates for each housing unit.

11. Market Demand: Provide an independent market study, or the name of the firm who will be providing the study if not completed, along with a copy of the scope of work.

12. Budget and Pro Forma: Provide the proposed project construction budget, including detailed sources and uses of funds (including rates and terms), construction schedule and proposed plan of repayment on VHFA provided format. Copies of bids from contractors must be provided prior to closing to support the final development budget.

13. Other Additional information requested by VHFA.

Loan Closing

At least 10 business days prior to the scheduled loan closing date, the Housing Developer shall provide VHFA with all information and documents necessary to satisfy standard and any special conditions. A pre-closing will be scheduled approximately one week before the scheduled closing date.