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As the Vermont Housing Finance Agency (VHFA) reports on its activities of the past fiscal year, it is also looking forward to its bright future. This coming year, VHFA will celebrate its 40th anniversary of serving low- and moderate-income Vermonterns. Over the course of VHFA's history in our state, we have seen Vermont's population increase by 40 percent, and yet throughout this period, we have maintained a high level of homeownership and a commitment to affordability, as we have invested in our community centers and worked to improve the aging housing stock. VHFA has been a critical player in achieving these policy goals.

When I drive through our state's downtowns, I can see the clear mark of the Agency's work. VHFA has made investments to help turn around struggling downtowns like St. Johnsbury and to rebuild neighborhoods destroyed by fire in places like Lyndonville. VHFA's important work has enriched our communities and has a positive effect on all of us.

Over the course of its first 40 years, VHFA has assisted 28,000 homeowners, the majority of whom were first-time buyers. VHFA has spearheaded innovative projects such as the state's Housing Awareness Campaign, while maintaining a high-quality portfolio of loans to serve lower-income Vermonterns.

I am very proud of the work of the Vermont Housing Finance Agency and its impact on our great state. I look forward to its continued success in the next 40 years.

Sincerely,

Peter Shumlin
Governor

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Sarah Carpenter
VHFA Executive Director

Tom Pelletier
VHFA Board of Commissioners

The pages of this report describe the Vermont Housing Finance Agency's efforts of this past fiscal year. They also provide a trip down memory lane since the report reviews VHFA's role supporting the housing needs of thousands of Vermonterns over the Agency's first 40 years.

VHFA was created on April 11, 1974 by an act of the legislature during a time when affordable homeownership was a deep concern throughout Vermont. The 1970s were a period of rising home prices and increasing interest rates. Across the country, states' ability to respond to the need for affordable housing was expanded with the creation of Housing Finance Agencies (HFAs). Many HFAs were created in the 1970s and, like VHFA, charged with the authority to sell tax-exempt bonds to finance affordable housing. The introduction of VHFA home mortgages enabled lower-income Vermonterns to purchase homes and achieve financial security.

During this same time the federal government was directly funding the creation of publically subsidized affordable rental housing across the country. Tax laws in effect during the 1970s enabled private capital to fund limited partnerships which developed the housing. Starting in 1977, VHFA began using its tax-exempt bonding authority to provide additional funding. Affordable rental housing was - and remains - crucial in meeting the needs of the most vulnerable Vermonterns. As a result of VHFA's stewardship, all of the properties from Brattleboro to Burlington initially funded more than 40 years ago are still housing working Vermonterns today. In addition to ensuring the maintenance of affordable rental housing, VHFA has continued to support the development and financing of public and private quality housing throughout the State.

VHFA has worked tirelessly for 40 years with the goal of making Vermont housing affordable and accessible. We are ready to continue this work well beyond our 40th anniversary in April, to support the Vermonterns who need us most.

Thomas N. Pelletier, Chairperson
Sarah Carpenter, Executive Director
David Adams Inducted into the New England Mortgage Bankers Hall of Fame

VHFA’s Chief of Program Operations, David Adams, was inducted into the New England Mortgage Bankers Hall of Fame in September 2012. Hall of Fame induction is the highest honor bestowed peer-to-peer for New England mortgage banking professionals. It highlights the outstanding contributions inductees have made to the New England mortgage banking industry over the past 25 years and to the communities they serve.

Being selected “is a humbling experience,” Adams said. He attributes much of his success to those he’s worked with since he began his career in 1969. Since joining VHFA in 1999, Adams has overseen home ownership, development, and multifamily management departments. Prior to that, Adams worked at Vermont Federal Bank and Vermont National Bank.

Pat Loller Named Human Resources Professional of the Year

VHFA’s Director of Administration, Patricia Loller, was named Vermont’s Human Resources Professional of the Year by the Society of Human Resources Management’s Vermont State Council.

Pat has been at VHFA for over 15 years. During this time she helped guide the agency through transition and reorganization in her role first leading the IT department and then in an expanded role that covers all administrative operations, including human resources. With “her usual diligence, attention to detail and grace, Pat’s leadership in these areas has helped VHFA become a model place to be employed,” explained Executive Director Sarah Carpenter.

Sam Falzone Honored by New England Affordable Housing Management Assoc.

The New England Affordable Housing Management Association (NEAHMA) honored Sam Falzone, VHFA’s Director of Multifamily Programs at their 25th Annual Conference by recognizing him as this year’s Agency Staff Person of the Year. Sam was an original NEAHMA Board member in 1989 and has maintained his support for this prominent New England training organization for many years.

Sam has been the Multifamily Program Director at VHFA since 1991 and been with the Agency since 1979 where his major focus has been on preservation of Vermont’s affordable housing.

Down Payment and Closing Cost Assistance

In April 2013, VHFA began offering down payment and closing assistance grants to qualified home buyers for the first time since before the housing crisis. The grants are available through the MOVE Assist program as well as to borrowers who qualify for a VHFA first mortgage insured by USDA Rural Development or the Veterans Administration.

The grants enable qualified low- to moderate-income Vermonters to clear one of the most difficult barriers to buying a home – accumulating the required down payment or funds to pay closing costs.

State Housing Credits Expanded for Manufactured Housing Loan Program

After Tropical Storm Irene, 561 mobile home owners in Vermont were left with damaged or destroyed homes. Although funding became available through FEMA and private donations, many displaced mobile home owners could not access enough money to purchase affordable and energy efficient replacement homes.

The legislature authorized VHFA to allocate additional Affordable Housing Homeownership Tax Credit funding to assist low-income Vermonters to purchase or repair mobile homes, prioritizing those displaced by Tropical Storm Irene. VHFA, in partnership with the Champlain Housing Trust and the statewide network of NeighborWorks Home Ownership Centers, created the Manufactured Housing Loan Program to provide 10% second mortgages to income-qualified households to purchase new energy efficient mobile homes using the equity generated by the state tax credit.

Pat LOLler named human resources professional of the year

VHFA’s David Adams was inducted into the New England Mortgage Bankers Hall of Fame in 2012. Adams was inducted into the Hall of Fame because of his contributions to the New England mortgage banking industry over the past 25 years and his leadership at VHFA.

VHFA's Pat Loller was named Vermont's Human Resources Professional of the Year by the Society of Human Resources Management's Vermont State Council.

Sam Falzone was honored by the New England Affordable Housing Management Association as their 25th Annual Conference’s Agency Staff Person of the Year. Falzone has been with VHFA since 1991, serving as the Multifamily Program Director, and has helped VHFA become a model place to be employed.

VHFA has expanded its Down Payment and Closing Cost Assistance program to help qualified home buyers in Vermont.

VHFA has expanded its State Housing Credits for manufactured housing loan programs.

VHFA's Maura Collins received a Rising Star award from the Vermont Business Magazine in 2012. The award recognizes Vermont's most accomplished young leaders, all of whom are younger than 40. Collins has led VHFA's policy and planning initiatives for the past six years and has helped forge new roads for the Agency in housing research and data sharing.

Maura Collins Named Top-40 Under-40 in Vermont

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The Agency's pro-active planning, financial support and teamwork with partner agencies paid off in FY 2013.

Preserving Vermont’s Affordable Rental Housing Stock

VHFA’s pro-active planning, financial support and teamwork with partner agencies paid off in FY 2013 when two affordable rental housing locations in Burlington’s desirable waterfront neighborhood were preserved for the long-term. Since the 1980s, Wharf Lane and Bobbin Mill Apartments have been home to many area households whose incomes are not sufficient to afford prevailing market rate rents.

The preservation agreements that VHFA negotiated with the owner of both properties in 2001 paved the way for the Burlington Housing Authority to acquire them and ensure their continued availability to lower income Vermont renters. This fiscal year VHFA provided construction financing and a $1.95 million permanent loan for the building’s purchase and renovation. Although VHFA’s has been involved in the preservation of many rental properties statewide, these two are especially important successes due to their location near the waterfront and high real estate prices in the surrounding neighborhood.

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While conventional home mortgage loans made in the early 1970s were typically for 20 years, requiring 20 percent down payment, VHFA’s first sale of bonds allowed it to provide 600 Vermont households with mortgages at about one percent lower than conventional rates, a 25 year term and as little as 5 percent down.

Housing needs study shows need for 21,000 new or rehabilitated housing units.

VHFA receives a commitment of $1 million annually in Section 8 Rental Assistance funds.

VHFA issues its first two multifamily bond series totaling more than $13 million, providing long-term financing for 445 senior housing units.
Amid rising conventional interest rates, VHFA continues to issue bonds for home mortgages and development of multifamily rental housing, winning AA ratings from Moody’s and recognition as one of the strongest housing finance agencies in the country. VHFA’s programs expand to meet more types of need while the federal government starts limiting its role by reducing the availability of Section 8 rental subsidies.

VHFA partners with two lenders to deliver the Agency’s first home improvement loans. The Agency commits $450,000 to the program, available at 7.5%.

VHFA commits $2 million for energy conservation loans for 1,500 households.

VHFA initiates the Graduated Payment Mortgage Program that allows borrowers smaller monthly payments in the early years of their loan.

It’s a challenging year for VHFA. Tax-exempt financing rates soar to 15%. Conventional rates end the year hovering near a high point of 17%.

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The apartments in the Wharf Lane building and Bobbin Mill complex were two of the ten affordable rental housing sites financed by VHFA in the early 1980s as part of the King Street Neighborhood Strategy Area program. The apartments at these two locations remain in the city’s stock of affordable housing today thanks to the forward thinking preservation agreements VHFA negotiated with the building’s owner in 2001. Photos: VHFA files

Debbie Alexander and her family moved to their Salmon Run apartment in Burlington in the 1980s.

VHFA and the City of Burlington complete the rehabilitation of 232 units in a 10-block historic district of the city under the federally-assisted King Street Neighborhood Strategy Area program.

VHFA sells its last new multifamily bond issue to finance rental housing subsidized with the Section 8 Substantial Rehabilitation/New Construction program.

In the absence of Section 8 subsidies, VHFA initiates financing of "mixed" income multifamily housing and small-scale rehabilitation programs.

VHFA finances its first Level III Community Care Home in Enosburg Falls, through an innovative partnership between state and federal agencies and the Franklin-Lamoille Bank.

Navigating federal housing policy changes, VHFA continues fast pace of rental and home mortgage financing.
Gary and Patricia Younger purchased their Brattleboro home in 1988 shortly before this photo was taken. "We couldn't have bought this house without VHFA's help through down payment assistance and the MOVE program." Photo: VHFA files

Michael Richardson, center, Housing Vermont President, with Elizabeth Mulliken, Housing Vermont, and Timothy Hayward, Vermont Bankers Association in June 1988. Photo: Manchester Journal

VHFA facilitates critical new housing programs for Vermont as federal real estate tax provisions change dramatically.

Michael Richardson.

While many Vermonters are finding it increasingly more difficult to purchase their first home, it is not for lack of interest or motivation, according to a recent survey conducted by the Vermont Housing Finance Agency.

"We need to be well informed so that we can offer better assistance and more appropriately targeted mortgage programs," says Allan Hiltz, Executive Director. "We already know the demand for affordable housing is great. If we can improve our understanding of the specific needs of the population we are trying to serve, we can develop better homeownership opportunities for low- and moderate-income Vermonters."

Since July of 1977 more than 800 loans have been made under the VHFA's Mortgage for Vermonters (MOVE) program. The median household income of current VHFA borrowers is $38,300. Over 53 percent of the survey respondents and household incomes between $20,000 and $35,000. The median household incomes of survey respondents was approximately $32,500.

Other demographic data gathered are also typical of what we would expect to find among the first-time home buyer markets. Minor of the respondents young households--10 percent were under the age of 35. Many households did not have children (45 percent) and if they did they were more likely to be of a very young age. Most of the respondents currently use renters (17 percent) and many live in households (24 percent)

A majority of the respondents cited the high price of real estate as the greatest difficulty they face in trying to buy a house, followed by escalating the cash necessary to cover down payment and closing costs. Over 60 percent of the respondents expect to pay between $50,000 and $100,000 less than 10 percent expect to spend in excess of $100,000 to purchase their home.

Finally, the survey asked about willingness to miss meals for the purpose of becoming more affordable home buyers who could afford the mortgage they could afford. A mortgage was unaffordable for 25 percent of the state, with 92 percent saying they would be likely to attend a free seminar or workshop.

On April 11, VHFA turns the big 4-0. During the past 40 years, VHFA has:

- Financed home purchases for 28,000 owner households.
- Financed the development of homes for 8,500 renter households.
- Supported construction or rehabilitation of 315 rental complexes.
- Supported renovation of 75 foreclosed upon homes.
- ...and much, much more!

Vermont Housing Finance Agency Conducts Homeowner Survey

Happy 40th Anniversary, VHFA!

VHFA shifts internal resources and creates a research and development aim to respond to housing needs and diminishing federal resources and support.

Vermont Housing and Conservation Board legislatively created to prioritize funding for affordable housing, agriculture, land conservation and historic preservation.

With Vermont Energy Efficiency Corp., VHFA establishes Energy Rated Homes of Vermont, a rating system to help lower income and first-time home buyers avoid high energy costs.

VHFA founds Housing Vermont to help turn newly created federal Low-Income Housing Tax Credits into equity for housing development statewide.


VHFA supports its partners to enter the 90’s with an even stronger housing delivery system.

As part of its ongoing multifamily preservation program, VHFA helps preserve and rehabilitate the 336-unit Northgate Apartments complex in Burlington. The facility was at risk of being converted to market-rate units.

Under VHFA's leadership, construction begins on Officers' Row at Fort Ethan Allen in Colchester and Essex. Turn-of-the-century officers' housing is preserved, rehabilitated and developed into affordable housing.

VHFA creates a mortgage program to support efforts of non-profit organizations creating shared appreciation home ownership opportunities, called the Perpetually Affordable Housing Program.

Lynn Devereux, a single parent of two children, Ethan and Erin, purchased her Fair Haven home in 1990 through the Perpetually Affordable Housing Program. Photo: VHFA files.
VHFA continues prominent role serving a quarter of Vermont’s home buyers and allocating Low Income Housing Tax Credits to new rental housing developments around the state.
With VHFA’s support and partnership since 1996, Vermont’s five homeownership centers provide many essential services directly to Vermonters, including homebuyer education, delinquency prevention, home rehabilitation and disaster recovery assistance.

VHFA supports Burlington Community Land Trust, Gilman Housing Trust and Rutland West Neighborhood Housing Services in opening 3 homeownership centers. (Within the next two years, Rockingham Area Community Land Trust opens a center in Springfield and CVCLT opens one in Barre, also with VHFA support.)

A record-breaking year for single-family reservations: $79.3 million and the development of Vermont’s first housing facility for people living with HIV/AIDS begins when VHFA sells 600 Dalton Drive, Colchester, using below-market financing.

VTHomeOwnership.org
Breaking ground for construction of the Gardens in Williamstown, a 51-unit building for the elderly financed with Low-Income Housing Tax Credits and a VHFA loan. From left to right: VHFA’s Executive Director, Sarah Carpenter; John Weixel, Granite Savings Bank; Joe Boyd, Randolph National Bank; and property owners Richard Dybvig and Mary Norman. Photo: Sam Falzone

Green Mountain Seminary in Waterbury was the first building in Vermont to receive an allocation of state housing credits in 2000. The building contains 16 apartments. Photo: VHFA files

Jacklyn Santerre, of VHFA’s Homeownership Department, considers impacts of mortgage insurance changes for VHFA and VHMGB. Photo: VHFA files

VHFA and the HomeOwnership Centers receive a “Best Practices” award from HUD.

VHFA spearheads a successful effort to encourage Congress to increase caps for the Low-Income Housing Tax Credit Program and private activity bonds. A new Vermont State Housing Tax Credit program adds $100,000 in badly needed credits to supplement the federal allocation.

On Dec. 14, Sarah Carpenter succeeds Allan Hunt as VHFA Executive Director. A native of Burlington, Sarah had been Executive Director at Cathedral Square Corp. since 1983.

Vermont Home Mortgage Guarantee Board is sold to PMI and VHFA strikes a new relationship with MGIC.

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U.S. Department of Housing and Urban Development

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The Vermont Housing Data website, launched in 2003, has become the go-to location for information about Vermont’s residents and their homes.

As home prices soar at an unprecedented rate and demand for VHFA financing continues to run high, VHFA mobilizes the power of information to help address growing needs for affordable housing.
As the housing market soars, VHFA works to promote financial security among Vermont’s homeowners and renters.

VHFA helps launch the Vermont Responsible Lending Initiative, a public outreach campaign to educate consumers to be savvy when taking out loans and to watch out for unscrupulous lenders.

In light of expiring contracts, VHFA continues to preserve Vermont’s affordable rental housing stock by helping to extend contracts for five more properties.

VHFA begins to play a larger role in statewide homeless planning efforts and issues the first of a series of housing research issues papers.

The first of a series of issue papers published by VHFA to share the results of analysis about the Vermont housing market.

### THE VHFA TIME LINE

- **2004**: VHFA helps launch the Vermont Responsible Lending Initiative, a public outreach campaign to educate consumers to be savvy when taking out loans and to watch out for unscrupulous lenders.
- **2005**: In light of expiring contracts, VHFA continues to preserve Vermont’s affordable rental housing stock by helping to extend contracts for five more properties.
- **2006**: VHFA begins to play a larger role in statewide homeless planning efforts and issues the first of a series of housing research issues papers.
Throughout the uncertainty of the Great Recession, VHFA stays the course by providing an uninterrupted source of mortgage financing as well as new tools to help Vermont combat the downturn.

Since 2009, the HARP program has helped Vermont communities with foreclosed property and buyers like Joe and Meghan Swan purchase homes. The 4-bedroom home in St. Albans purchased by the Swan family was large enough for their family of four and had been fully renovated through the HARP program. Photo: Leslie Black-Plumeau.

Robin Lyndaker bought her first home in 2007 in Swanton with financing from VHFA. Photo: Craig Bailey.

VHFA’s Housing Matters blog began in 2008. By 2013, over 1,400 posts had shared Vermont housing information to its network of followers.

A common multifamily development funding application is launched through a partnership of VHFA with other housing agencies.

Publishing of the Housing Matters daily blog begins (www.vhfa.org/about/news/blog/) and VHFA issues its first multipurpose bond indenture for both home purchase mortgages and multifamily rental housing development.

VHFA implements Housing Assistance Rehabilitation (HARP) program funded through federal Neighborhood Stabilization program through which VHFA will purchase and rehabilitate foreclosed homes and resell them to qualified low- and moderate-income home buyers.

**THE VHFA TIME LINE**

**2007**

A common multifamily development funding application is launched through a partnership of VHFA with other housing agencies.

**2008**

Publishing of the Housing Matters daily blog begins (www.vhfa.org/about/news/blog/) and VHFA issues its first multipurpose bond indenture for both home purchase mortgages and multifamily rental housing development.

**2009**

VHFA implements Housing Assistance Rehabilitation (HARP) program funded through federal Neighborhood Stabilization program through which VHFA will purchase and rehabilitate foreclosed homes and resell them to qualified low- and moderate-income home buyers.

**OCTOBER 2014**

<table>
<thead>
<tr>
<th>SUNDAY</th>
<th>MONDAY</th>
<th>TUESDAY</th>
<th>WEDNESDAY</th>
<th>THURSDAY</th>
<th>FRIDAY</th>
<th>SATURDAY</th>
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<td>29</td>
<td>30</td>
<td>NOVEMBER 2 : DAYLIGHT SAVINGS TIME ENDS</td>
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<td>NOVEMBER 11 : VETERAN’S DAY</td>
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**DECEMBER 2014**

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<td>NOVEMBER 2 : DAYLIGHT SAVINGS TIME ENDS</td>
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</tbody>
</table>
HUD Secretary Shaun Donovan draws a record-breaking crowd delivering the keynote address at the Vermont Statewide Housing Conference in 2010. Photo: Craig Bailey

Aaron Keech and Justine Sears purchased their Burlington home in 2012 with the help of a low 3.75% fixed-rate 30-year mortgage through VHFA. Photo: Leslie Black-Plumeau

The largest statewide housing conference in Vermont’s history is held in November by VHFA with support from partners and VHFA sponsors.

VHFA launches the Vermont Rental Codes (www.rentalcodes.org) website in 2011.

VHFA launches Rental Housing Codes website (www.rentalcodes.org) to provide guidance on the health and safety standards for rental housing in Vermont.

In response to pleas of support service agencies who work with low-income Vermonters, VHFA led the development of a single housing application for tenants faced with the multiple applications created by multiple apartment subsidies.

In April 2013, VHFA began to offer down payment and closing cost assistance grants through its MOVE ASSIST program and to borrowers who qualify for a VHFA first mortgage insured by USDA Rural Development or the Veterans Association.
Homeownership Activity

The Interest on Real Estate Trust Account (IORTA) program is funded with the interest earned on earnest money and real estate contract deposits. Real estate brokers are required to put most of these deposits into pooled interest-bearing trust or escrow accounts and financial institutions are required to remit the interest made to Vermont Housing Finance Agency for use in its homeownership programs.

For 21 years, funds from the proceeds of IORTA have been dedicated to VHFA for homeownership mortgage down payment or closing cost assistance. During that time, more than 1,028 loans have been assisted with IORTA funds.

- Funds VHFA received in FY13 from IORTA accounts (i.e. deposits): $37,639. These funds will assist Home Ownership Center buyers with down payment or closing costs.
- Balance of IORTA funds in VHFA’s accounts as of June 30, 2013: $114,986.

### Rental Activity

Through funding for 13 projects in the state, VHFA facilitated the creation or rehabilitation of 430 affordable rental housing units this year.

The Agency provided long term fixed rate financing totaling $4.6 million to seven projects.

The Agency provided $7.3 million in construction short term financing to four projects.

Another $7.1 million was loaned to Bobbin Mill and Lamolli View apartments through the MacArthur Foundation.

Allocated Housing Credits in the amount of $745,000 were awarded to two projects, generating $5.9 million in equity to help create these housing units.

Over $500,000 in Bond Housing Credits were awarded to five projects which used tax exempt bond financing, generating $5.0 million in equity.

The multifamily housing financed by VHFA in FY13 created an estimated $100.1 million in economic activity across the state by creating and sustaining jobs and generating income for Vermont workers and businesses.

### IORTA Funds Equity Volume

<table>
<thead>
<tr>
<th>Location</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addison</td>
<td>$4,055,754</td>
</tr>
<tr>
<td>Burlington</td>
<td>$5,217,732</td>
</tr>
<tr>
<td>Colchester</td>
<td>$1,581,905</td>
</tr>
<tr>
<td>Chelsea</td>
<td>$9,415,316</td>
</tr>
<tr>
<td>Essex</td>
<td>$4,619,150</td>
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</tbody>
</table>

### Homeownership Development Loan and State Tax Credit Activity

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Location</th>
<th>Units</th>
<th>VHFA Short-Term/Construction Loan</th>
<th>State Housing Credits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Village Glen (Cottages)</td>
<td>Middlebury</td>
<td>7</td>
<td>$1,180,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Manufactured Home Replacement Program</td>
<td>Statewide</td>
<td>6</td>
<td></td>
<td>37,108</td>
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</table>

### VHFA Average Borrower Profiles

<table>
<thead>
<tr>
<th>Income</th>
<th>$55,046</th>
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<tbody>
<tr>
<td>Mortgage Amount</td>
<td>$156,136</td>
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<tr>
<td>Home Price</td>
<td>$163,375</td>
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</table>

### Program Purchases Loan Volume

<table>
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<tr>
<th>Program</th>
<th>Purchases</th>
<th>Loan Volume</th>
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</thead>
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<tr>
<td>Conventional</td>
<td>107</td>
<td>$16,182,612</td>
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<tr>
<td>Govt. Guaranteed</td>
<td>295</td>
<td>$46,599,438</td>
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<tr>
<td>Total</td>
<td>402</td>
<td>$62,775,050</td>
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</tbody>
</table>

---

- Activity in FY 2013
- Activity in a prior FY
Through the HARP Program, VHFA has put nearly 1,500 construction and trades people to work.

Household incomes for homebuyers assisted through NSP I ranged from approximately $18,000 to $70,000 with an average of $43,000. About 950 contractors employing almost 1,500 individuals have been directly employed by these programs. This does not take into account sub-contractors who are hired by those who work as general contractors. The actual number of people working on these homes is therefore likely to be much higher. This has been a key employment tool for this industry in the state. According to the surveys VHFA has requested from each contractor who is self-employed or a sole proprietor:

- Half of the contractors responding report household income lower than the county median income where they live.
- One-quarter reported they had no other significant work in progress at the time they were awarded their HARP home contracts.

Virtually every home that comes through the HARP program has undergone significant energy improvements, such as installation of high efficiency heating systems, energy star replacement windows, air sealing and insulation upgrades, hot water heaters, high efficiency kitchen appliances and light fixtures, and low flow toilets and showerheads.

Buyers benefit because HARP homes are priced to be affordable. Properties are sold for the lesser of the total acquisition/rehabilitation cost or the appraised value upon completion. Grants of up to $75,000 provided by the HARP program combined with major improvements and energy savings result in a truly and perpetually affordable home. The grants stay with the home from one owner to the next so that the home remains affordable for subsequent buyers.

The HARP program is funded through $9.9 million in Housing and Economic Recovery Act funds from the U.S. Department of Housing & Urban Development (HUD). The funds are part of the larger Neighborhood Stabilization Program administered by Vermont’s Agency of Commerce and Community Development and HUD.
Statement of Net Position : June 30, 2013

**ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>Operating Fund</th>
<th>Single Family Programs</th>
<th>Multi-Purpose Programs</th>
<th>Multi-Family Programs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>2,654</td>
<td>38,536</td>
<td>16,070</td>
<td>10,887</td>
<td>67,377</td>
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<td><strong>ACCOUNT RECEIVABLE</strong></td>
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<tr>
<td>Interest</td>
<td>1,285</td>
<td>599</td>
<td>705</td>
<td>590</td>
<td>3,179</td>
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<td>Mortgage Income</td>
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<tr>
<td>Mortgage Loans</td>
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<tr>
<td>Mortgage Receivables</td>
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<tr>
<td>Mortgage Receivables, Net</td>
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<tr>
<td>Mortgage Receivables, Net</td>
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<tr>
<td><strong>ACCOUNTS RECEIVABLE</strong></td>
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<tr>
<td>Other Receivables and Prepaid Expenses</td>
<td>56</td>
<td>103</td>
<td>102</td>
<td>44</td>
<td>193</td>
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<tr>
<td>Investments</td>
<td>130</td>
<td>13,685</td>
<td>7,033</td>
<td>4,812</td>
<td>23,014</td>
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<td>Mortgage Loans Receivable, Net</td>
<td>30,995</td>
<td>139,208</td>
<td>14,510</td>
<td>113,580</td>
<td>379,200</td>
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<tr>
<td>Mortgage Receivables, Net</td>
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<td><strong>CAPITAL RESOURCES</strong></td>
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<tr>
<td>Capital Assets</td>
<td>736</td>
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<td></td>
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<td>756</td>
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<tr>
<td>Real Estate Owned</td>
<td>759</td>
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<td>1,028</td>
<td></td>
<td>1,787</td>
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<td>Due From (In) Other Funds</td>
<td>500</td>
<td></td>
<td>60</td>
<td>(575)</td>
<td>125</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>16,953</td>
<td>184,587</td>
<td>177,423</td>
<td>130,949</td>
<td>619,494</td>
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**DEFERRED OUTLAYS OF RESOURCES**

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<tr>
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<th>Operating Fund</th>
<th>Single Family Programs</th>
<th>Multi-Purpose Programs</th>
<th>Multi-Family Programs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated Decrease in Fair Value of Hedging Instruments</td>
<td>6,553</td>
<td>3,647</td>
<td>1,070</td>
<td>11,460</td>
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**LIABILITIES**

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<tr>
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<th>Multi-Purpose Programs</th>
<th>Multi-Family Programs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued Interest Payable</td>
<td>59</td>
<td>1,547</td>
<td>940</td>
<td>1,101</td>
<td>4,507</td>
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<tr>
<td>Other Payable</td>
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<td>549</td>
<td>54</td>
<td>6</td>
<td>668</td>
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<td>Funds Held on Behalf of Mortgagors</td>
<td>1,403</td>
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<td>693</td>
<td>2,093</td>
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<td>Notes Payable</td>
<td>7,841</td>
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<td>(7,390)</td>
<td>(33,931)</td>
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<td>Bonds Payable</td>
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<tr>
<td>Fair Value of Derivative Instruments - Interest Rate Swaps</td>
<td>1,353</td>
<td>3,074</td>
<td>5,120</td>
<td>1,007</td>
<td>11,497</td>
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<td>Unamortized Bond Premium (Discount), Net</td>
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<tr>
<td>Deferred Income</td>
<td>546</td>
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<td>546</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
<td>10,178</td>
<td>155,451</td>
<td>185,990</td>
<td>138,605</td>
<td>558,218</td>
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**NET POSITION**

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<tbody>
<tr>
<td>Operating Income</td>
<td>2,016</td>
<td>14,569</td>
<td>10,336</td>
<td>6,063</td>
<td>33,544</td>
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**OPERATING EXPENSES**

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<th>Multi-Purpose Programs</th>
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<th>Total</th>
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<tbody>
<tr>
<td>Interest</td>
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<tr>
<td>Investment</td>
<td>1,768</td>
<td>1,153</td>
<td>6,043</td>
<td>4,869</td>
<td>13,716</td>
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<td>Mortgage Loans</td>
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<tr>
<td>Mortgage Income</td>
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<td>Mortgage Income</td>
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<td>Fee Income</td>
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<td>Fee Income</td>
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<tr>
<td>Gain on Sales of Loans and Securities</td>
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<tr>
<td>Gain on Bond Redemptions, Net</td>
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<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>2,564</td>
<td>18,937</td>
<td>16,236</td>
<td>5,183</td>
<td>50,797</td>
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**NON-OPERATING INCOME**

<table>
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<tr>
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<th>Multi-Purpose Programs</th>
<th>Multi-Family Programs</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Operating Income (Loss)</td>
<td>(3,993)</td>
<td>1,675</td>
<td>1,808</td>
<td>1,660</td>
<td>5,090</td>
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**NET POSITION**

<table>
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<tr>
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<th>Multi-Purpose Programs</th>
<th>Multi-Family Programs</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Net Position of Beginning of Year, as Earlier Reported</td>
<td>5,569</td>
<td>17,446</td>
<td>19,629</td>
<td>14,245</td>
<td>66,609</td>
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<tr>
<td>Cumulative Effect of Change in Accounting Principle</td>
<td>556</td>
<td>(144)</td>
<td>(3,314)</td>
<td>(1,147)</td>
<td>(5,605)</td>
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<tr>
<td>Net Position of Beginning of Year, as Restated</td>
<td>5,113</td>
<td>17,302</td>
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<td>13,098</td>
<td>71,004</td>
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<tr>
<td>Net Position of End of Year</td>
<td>6,777</td>
<td>17,519</td>
<td>18,496</td>
<td>15,044</td>
<td>79,316</td>
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TOLL-FREE IN VERMONT: 800.339.5866

These condensed financial statements are based on audited financial statements. Complete audited financial statements are available at VHFA's web site (www.vhfa.org) upon request.
ADMINISTRATION
EXECUTIVE DIRECTOR
Sarah Carpenter
DIRECTOR OF ADMINISTRATION
Patricia Loller
ADMINISTRATIVE ASSISTANT
Victoria Johnson
HUMAN RESOURCES/OFFICE COORDINATOR
Brittany Riley

INFORMATION SYSTEMS
MANAGER
Rick Jaen
NETWORK ADMINISTRATOR/SYSTEMS SPECIALIST
Chris MacAskill
SQL SERVER REPORT WRITER AND ANALYST
Tim Collins

LEGAL
GENERAL COUNSEL
George Dennes
LEGAL COORDINATOR
Brenda Hoodle

POLICY AND PLANNING
MANAGER
Maeva Colfane
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Leslie Black-Plumeau

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CHIEF FINANCIAL OFFICER
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Michelle Packard
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Tom Kinibal
FINANCE OPERATIONS MANAGER
Lisa Clark
ACCOUNTING SPECIALIST
Brittany Benton
MORTGAGE LOAN ANALYST
Patrick DiMambro
FINANCIAL ANALYST
Robert Purcell

PROGRAM OPERATIONS
CHIEF OF PROGRAM OPERATIONS
David Adams
HARP COORDINATOR
Lori Eldridge

DEVELOPMENT
DIRECTOR
Jon Gilardi
DEVELOPMENT UNDERWRITER
Joshua Sadle

HOMEOWNERSHIP
DIRECTOR
Jaclyn Santoro
ADMINISTRATIVE ASSISTANT/LOAN SERVICING
Kathy Cawley
LOAN SERVING ASSISTANT
Tara Brown
OPERATIONS COORDINATOR
Veronica Delrio
HOMEOWNERSHIP SPECIALIST
Dane Eiben
LOAN SERVING SPECIALIST
Pat LaFond
OUTREACH COORDINATOR
Seth Leonard
LOAN SERVING SPECIALIST
Carolyne Mossey
LOSS MANAGEMENT SPECIALIST
Polly Thibault

MULTIFAMILY MANAGEMENT
DIRECTOR
Sam Fatone
ASSISTANT DIRECTOR
Kimberly Roy
MULTIFAMILY MANAGEMENT OFFICER
Kathy Curley
MULTIFAMILY OPERATIONS SPECIALIST
Robin Howe
MULTIFAMILY MANAGEMENT OFFICER
Eco Phillips
MULTIFAMILY MANAGEMENT OFFICER
Ann Marie Park

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Citigroup Global Markets
Morgan Stanley
Raymond James & Associates, Inc.

TRUSTEES
TD Bank NA
Bank of New York Mellon Trust Company, N.A.
Wells Fargo Bank, N.A.

AUDITOR
CohnReznick LLP

FINANCIAL ADVISOR
Piper Jaffray & Co.

Alternative access formats available upon request.

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Bob Coker
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