THIS PAST YEAR HAS BEEN ONE OF GREAT CHALLENGES for all of us who’re working to provide an adequate supply of affordable housing for Vermonters and their families.

While the rapid rise in rents and home prices that characterized Vermont’s housing market in recent years has slowed, too many Vermonters are still finding it difficult to keep a roof over their heads while paying for other necessities. Many of us in government and the private sector have been working hard to come up with ways to create more housing that fits into an average Vermont family’s budget.

VHFA continues to play an essential role in providing financing for affordable housing and in developing housing policy that makes sense and addresses the continuing needs of Vermont and Vermonsters. As a former VHFA board member, I take pride in knowing VHFA made it possible for more than 900 Vermont families to move into new homes in the past year — many of them homeowners for the first time — and helped create more than 750 new affordable rental units. I have also valued VHFA’s efforts both in the Statehouse and across Vermont to educate officials about our housing needs, to create workable solutions and to help communities find ways to encourage the development of much-needed housing.

And, of course, I value the economic benefits VHFA’s work has brought to our state. As you can see from the data contained in this year’s annual report, VHFA’s investment in affordable housing created approximately $174 million worth of economic activity. The benefits of that activity, in terms of job creation, income and support for local and regional businesses, are significant. VHFA’s work has had a major positive impact on every area of the state, from Vernon to Richford, in communities large and small, and that work has helped Vermonsters of all ages and from many walks of life find a place to call home.

So on behalf of Vermont and Vermonsters, for all the work you have done, for all the good things you have brought to so many, for your commitment, your vision, your energy and your innovation, thank you to everyone at Vermont Housing Finance Agency. You’ve done well, by all of us, and I am looking forward to working closely with you to create a brighter future for the people of our state.

James H. Douglas
Governor
THIS PAST YEAR HAS BEEN MARKED BY MAJOR CHANGES in the real estate and housing finance worlds, and Vermont Housing Finance Agency has risen to the challenges presented by these changes.

By the time we closed our books on the 2007 fiscal year, VHFA had purchased more than $134 million worth of mortgage loans, an all-time high. Those mortgages helped Vermonters purchase more than 900 homes. At the same time, VHFA was creating new products to advance the mission of housing affordability, including our 4.75% program, which just celebrated its first anniversary. We also had our biggest year creating new homes, with more than $450,000 in pre-development loans and $12.3 million in construction loans. And it was a very productive year for creating multifamily rental housing. VHFA made nearly $26 million in loans, allocated more than $4.2 million in state and federal tax credits and supported the creation or rehabilitation of 754 affordable rental units.

You can read all about these and our other activities on the following page of this report.

We believe this success is not only a tribute to the hard work and creativity of VHFA’s staff, but also to the concept of housing finance agencies as leaders in the effort to support and develop safe, decent and affordable housing. Even though housing prices are no longer soaring higher each year by double-digit rates, affordability is still a major concern in Vermont. At the same time, consumers are wondering where credit markets will go. It is VHFA’s job to address those concerns.

VHFA was once again a major presence in housing policy and legislation in the year just past. We worked with a coalition of supporters of the New Neighborhoods initiative proposed by the Governor’s office, and we are active in the ongoing effort to shape this legislation and help move it to passage in the coming legislative session. We educated lawmakers about how Vermont’s housing market works and talked about the need for financial tools, such as an expansion of the state’s housing tax credit for homeownership projects.

We were active in communities across the state, working with local citizens’ groups who are coming together to support affordable housing, and we continued our support of the NeighborWorks® HomeOwnership Centers around the state, which provide education and counseling to Vermonters who’re buying homes or who face difficulties during homeownership.

This year, VHFA also published issue papers on the impact of affordable housing on school enrollments and the growing need for housing for seniors, and we again took a leading role in producing “Between a Rock and a Hard Place: Housing and Wages in Vermont,” the annual publication that has become required reading for housing policy in Vermont.

So while we take great satisfaction in a job well done, we are ready to continue VHFA’s leadership on behalf of Vermonters who need affordable housing. We look forward to the year ahead.

Lisa Mitiguy Randall  
Chairperson  
Sarah Carpenter  
Executive Director
Agency accomplishments • FY2007

Vermont Housing Data
Web site redesigned
VHFA re-launched Vermont Housing Data (www.housingdata.org) — an online trove of information on housing demand, supply, and cost. The new site conforms to Web code and accessibility standards, and streamlines access to the site’s core content.

Common application launched
VHFA partnered with other housing agencies to streamline applications for development funding. This partnership has created a common application for several federal and state funds needed to create new subsidized housing. These agencies are now working on common project monitoring responsibilities.

$10 million mortgage program launched
In August 2006, VHFA created a new mortgage program. The 30-year, fixed-rate mortgage with a 4.75% interest rate is for qualified borrowers purchasing new homes in developments located in VHFA-approved areas designated by communities for housing growth.

Reflecting on social responsibility
VHFA formed a Socially Responsible Committee, working to inventory the many ways the Agency works in a responsible and/or sustainable manner. The committee drafted an action plan of ways VHFA can increase its socially responsible actions as a part of its business practices. This will be a new focus for the Agency in coming years.

Capital Needs Assessment standards created
The Agency worked with other funding agencies to create Capital Needs Assessment (CNA) standards to be used in all existing and new multifamily rental properties to better determine their physical and financial needs. Applying these standards statewide will help improve the long-term sustainability of Vermont’s affordable housing inventory.

Energy program initiative
Working with Efficiency Vermont, Burlington Electric and VHCB, VHFA lead efforts to survey utility costs for 233 affordable housing properties; directed energy audits and weatherization work; and financed improvements for 14 properties with the highest cost per unit.

More homeownership units developed
FY07 marks VHFA’s biggest year creating new homes affordable to VHFA borrowers. With more than $450,000 in pre-development loans and another $12.3 million in short-term construction loans, VHFA works to ensure the homebuyers have affordable options in the marketplace.

Making it easier for lenders
For borrowers with high credit scores, VHFA now allows lenders to use traditional automatic underwriting programs — such as Fannie Mae’s Desktop Underwriter and Freddie Mac’s Loan Prospector — on VHFA loans. We’ve also expanded the production side of VHFA.net. Lenders can now manage their files, track approvals and monitor production totals. We’ve also changed our process for lenders so they can sell us loans with repair or rehabilitation escrows.
FY2007 initiatives to end homelessness

VHFA continues to partner with many groups that are dedicated to bringing an end to homelessness in Vermont. Below are a number of initiatives the Agency was involved with during FY07. They all share a common goal: creating more housing and service opportunities to help those Vermonters who most need it.

**New state funding**
The Vermont Coalition to End Homelessness (VCEH) has continued to thrive thanks to support from VHFA. The Agency has been working with this coalition of the state’s homeless shelters and service providers for five years, and has helped the organization grow tremendously. This year the coalition successfully advocated for an additional $150,000 in state funding to support the existing emergency shelter grantees. This much-needed funding will help shelter and serve more Vermonters who might have been turned away from agencies — so many of which operate at, or beyond, their capacity.

**Website tool**
Launched last year, the www.helpingtohouse.org website – authored, developed, and maintained by VHFA staff – has grown into a tremendous tool for helping a somewhat disconnected network of homeless providers share information, best practices, and upcoming training and fundraising opportunities. This site includes meeting information for the Vermont Interagency Council on Homelessness, a new Profile of Homelessness section with details on the annual point-in-time count of people who are homeless, and more.

**Vermont Interagency Council on Homelessness**
After the Vermont Interagency Council on Homelessness was re-launched with higher-level state officials and partnering agencies, VHFA delved into the task of ending homelessness with the Council by chairing its housing with supportive services subcommittee, which is inventorying all supportive housing programs in the state. The Agency is also helping the council’s data subcommittee inventory all homeless data systems statewide to help assure we have the best information to support planning efforts.

**Homeless advocacy**
The VCEH held its annual homeless vigil in December 2006 in Montpelier (below). Governor Jim Douglas spoke about the need to end homelessness in the Green Mountain State. Direct service workers who serve homeless Vermonters and people who are or have been homeless also spoke about their experiences. This heartfelt event, held annually, is one of several local events that aim to raise awareness and “put a face” on the homelessness problem.

*Gov. Jim Douglas speaks at an annual homeless vigil in Montpelier on Dec. 19, 2006*
In FY2007, VHFA purchased more than $134 million in home mortgage loans. This activity supported the purchase of 937 homes in Vermont. This is a 34 percent increase in volume over the previous fiscal year.

- VHFA budgeted $346,500 this fiscal year to fund operations of the five NeighborWorks® HomeOwnership Centers of Vermont and provided mortgage support to the Opportunities Credit Union.

In FY2007, VHFA received $101,514 in IORTA funds and will continue to provide assistance to HomeOwnership Center buyers with downpayments and closing costs.

The VHFA Homeownership Pre-development and Loan Program is a revolving fund providing low-cost working capital to eligible developers for: architectural and engineering services, financial packaging, development consultants, legal services, appraisals and more.

In FY2007, VHFA closed 10 pre-development and construction loans totaling $12.8 million supporting development of 170 units, listed in the table below.
The Agency provided $25.9 million in a combination of pre-development, construction, and/or permanent financing to 29 projects.

Approximately $3.7 million in allocated Housing Credits was awarded to 12 projects, generating $33.6 million in tax credit equity.

Additional tax credit equity estimated at $5.0 million was generated in conjunction with approximately $514,000 in private activity bond financing for six projects.

VHFA also allocated $531,000 in State Affordable Housing Credits to nine projects generating approximately $2.3 million in equity investment.

The Agency facilitated the creation or rehabilitation of 754 units of affordable rental housing.

Affordable housing not only helps tenants but the entire community benefits from the infusion of capital during the development process. The housing financed by VHFA this fiscal year will create approximately $174 million in economic activity across the state.

VHFA also provided a permanent loan of $300,000 to Green Mountain Habitat for Humanity to support their homeownership construction program for low-income families.

By providing Housing Credits to Vernon Senior Housing and West River Independent Living this year, VHFA has become one of the first states in the nation to facilitate combining housing credits with HUD Section 202 program funding for the provision of affordable rental housing for seniors. In addition, VHFA’s assistance to West River Valley Assisted Living marks VHFA’s first loan to a new facility licensed as assisted living.

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- □ Activity in FY2007
- □ Activity in prior FY
Beth Krueger and Daniel Hershel took advantage of a new VHFA loan program when they bought their first home in Burlington’s Manhattan Heights condos. The program, launched in August 2006, offers a 4.75% rate to qualified borrowers purchasing new homes in Agency-approved developments. “When we heard we qualified for a fixed VHFA interest rate and assistance with closing costs, we couldn't pass it up,” explains Beth. “It's reassuring to know programs like VHFA exist for young people trying to start out. We don't know many people our age who could possibly buy their first home without it.” (Photo: Craig Bailey)
CHITTENDEN COUNTY: VHFA’s multifamily loan and housing credit programs have created 2,913 units of affordable rental housing in Chittenden County. Additional VHFA financing was provided last year in Essex, Burlington, and Williston for 123 affordable rental units. In Milton and Burlington, VHFA provided financing for construction of 61 affordable owner units.
This renovation of a historic hotel was undertaken by Green Mountain Development Group. The South Burlington firm has constructed similar housing in Rutland, South Burlington and elsewhere. This property serves 39 low-income seniors, and provides a la carte services to residents and other area seniors. The fine woodwork and finishes throughout the building were restored using the Federal Historic Rehabilitation Tax Credit, which holds developers to high standards of historic accuracy and quality. VHFA provided Housing Credits, and construction and permanent financing. (Photo: Craig Bailey)
In Caledonia County, VHFA’s single-family mortgage programs helped 1,378 low- and moderate-income households buy homes. Thirty-one of these households bought their homes last year.
Gilman Housing Trust developed Glover Senior Housing with help from consultant Jeffrey Kantor and support from the Glover community. An old farmhouse in the Village of Glover was rehabbed into four rental units. The developers also constructed eight additional apartments and community space on the site. VHFA provided pre-development and construction financing, and bond credits. USDA/Rural Development provided permanent financing and rental assistance for seniors. (Photo: Craig Bailey)
ORLEANS/ESSEX COUNTIES: In Orleans and Essex counties, VHFA’s single-family mortgage programs have helped 1,257 low- and moderate-income households buy homes. Forty-six of these households bought their homes last year.
Green Woods Village, Shoreham

Smart Growth Vermont (formerly Vermont Forum on Sprawl) approached Jeremiah Beach Parker about developing four acres of his land in Shoreham. Parker’s now in the middle of a seven-home phase of construction, with plans for a second phase. The homes are small, affordable, and built to a five-star energy rating. Design, materials, site layout, and construction all fit the location well. VHFA provided pre-development and construction financing, as well as affordable mortgage rates for homebuyers. Parker also teamed with Addison County Community Trust to secure HOMELAND subsidies for the homebuyers. (Photo: John Fairbanks)
ADDISON COUNTY: VHFA’s single-family mortgage programs have helped 1,083 Addison County low- and moderate-income households buy their first home. Thirty-eight of these households purchased their homes last year. VHFA also provided financing last year for construction of 34 affordable owner homes at Green Woods Village in Shoreham (pictured) and Middlebury South Village Cottages.
Erin Marston considered jobs in a number of states, before she chose Vermont in 2006. “I love the outdoors,” says Erin, an information technology worker at Rutland Regional Medical Center and avid rock-climber. When friends decided to sell their 1920s house on Rutland’s Leonard Street, Erin was first in line to buy. With a colorful garden and pond in the backyard, and space in the attic for a climbing wall, the home fit her style. And two floors and four bedrooms mean plenty of space for her dog, ‘Biner. “This place has a whole lot of character. It’ll probably take a whole lifetime to get it the way I want it, but it’ll be fun!” (Photo: Craig Bailey)

Erin Marston, Rutland
In Rutland County, VHFA’s single-family mortgage programs have helped 3,213 low- and moderate-income households buy homes. One-hundred and five of these households bought their homes last year.
Lamoille Housing Partnership and Housing Vermont worked hard and long to get Sylvan Woods off the ground, through the permitting process, and up and running. A wonderful new neighborhood of workforce housing in Stowe, the development consists of 28 rental units and eight homeownership units. VHFA provided construction financing, and allocated Tax Credits and state housing credits.

(Photo: Craig Bailey)
Lamoille County: In Lamoille County, VHFA’s single-family mortgage programs have helped 1,085 low- and moderate-income households buy homes. Forty-six of these households bought their homes last year. In addition, VHFA provided financing last year for the construction of eight affordable owner homes at Sylvan Woods in Stowe (pictured).
In 2003, the Bradford Steering Committee sought help from Central Vermont Community Land Trust (CVCLT) with some severely deteriorated housing. Six properties were chosen for renovation; one new structure was planned for construction. The undertaking has helped revitalize the town’s historic downtown core, stabilize the community, reduce criminal activity, and spur economic development. Waits River Housing will consist of 32 apartments — some historically restored — all of them new or like-new. CVCLT partnered with Housing Vermont. VHFA provided pre-development financing and Housing Credits. (Photo: Amy Dohner/Housing Vermont)
ORANGE COUNTY: VHFA’s loan and housing credit programs have created 300 units of affordable rental housing in Orange County. Last year, housing credits financed 32 additional units at Waits River Housing (pictured). In addition, VHFA provided pre-development loans last year for construction of 49 affordable owner homes in the Randolph area.
River Station Condominiums, Montpelier

River Station consists of two projects: 18 two-bedroom townhouse condominiums for homeownership (pictured), and a newly-constructed apartment building on the site of an old granite shed on Barre Street in downtown Montpelier. The City of Montpelier put some of its own revolving loan funds into River Station to make it happen. Central Vermont Community Land Trust and Housing Vermont developed the properties. VHFA provided pre-development loans and acquisition bridge loans for the condos and apartments, and allocated Housing Credits for the rental units. (Photo: John Fairbanks)
WASHINGTON COUNTY: VHFA’s loan and housing credit programs have created 508 units of affordable rental housing in Washington County. Last year, these programs financed 36 additional rental units in Montpelier and Warren, and construction of eight affordable owner condominiums in Waitsfield.
The Town of Proctorsville was a key player in Proctorsville Green Housing, a unique combination of homeownership, rental, new construction, and historic rehab. The development consists of four homeownership units; and 16 rental units. The Town extended a long-term lease to make possible a number of the units. Rockingham Area Community Land Trust and Housing Vermont partnered on the project. VHFA provided pre-development and construction financing, and bond credits. Permanent financing came from USDA/Rural Development. (Photo: John Fairbanks)
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<td>9</td>
<td>10</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>8</td>
<td>9</td>
<td>10</td>
<td>11</td>
<td>12</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>First Quarter</td>
<td><strong>Full Moon</strong></td>
<td>15</td>
<td>16</td>
<td>17</td>
<td>18</td>
<td>19</td>
</tr>
<tr>
<td>14</td>
<td>15</td>
<td>16</td>
<td>17</td>
<td>18</td>
<td>19</td>
<td>20</td>
</tr>
<tr>
<td>Grandparent's Day</td>
<td><strong>Last Quarter</strong></td>
<td>21</td>
<td>22</td>
<td>23</td>
<td>24</td>
<td>25</td>
</tr>
<tr>
<td>21</td>
<td>22</td>
<td>23</td>
<td>24</td>
<td>25</td>
<td>26</td>
<td>27</td>
</tr>
<tr>
<td>Autumnal Equinox (11:44 am EDT)</td>
<td><strong>New Moon</strong></td>
<td>28</td>
<td>29</td>
<td>30</td>
<td>31</td>
<td><strong>SEP 08</strong></td>
</tr>
<tr>
<td>28</td>
<td>29</td>
<td>30</td>
<td><strong>August 2008</strong></td>
<td><strong>Rosh Hashanah</strong> (Begins at sundown)</td>
<td><strong>Rosh Hashanah</strong></td>
<td></td>
</tr>
</tbody>
</table>

**WINDSOR COUNTY:** VHFA’s loan and housing credit programs have created 689 units of affordable rental housing in Windsor County. Last year, these programs financed 74 additional rental units in Windsor and Proctorsville, and construction of four affordable owner homes in Proctorsville.
At the end of 2005, Chip and Alisha Sawyer, and their young son Liam, bid farewell to renting and moved into their own home: a 1950s ranch-style house in downtown St. Albans. “We planned on expanding our family,” Chip explains, “so four bedrooms and a big backyard were a plus.” The couple made good on their plans with the birth of Andrew in August 2007. “We like having our own piece of America to grow our family on and spend our days,” he adds, “but we probably couldn’t have done it without VHFA’s help.” (Photo: Craig Bailey)
FRANKLIN/GRAND ISLE COUNTIES: VHFA’s multifamily loan and housing credit programs have created 577 units of affordable rental housing in Franklin and Grand Isle counties. Last year, these programs financed 27 additional units in St. Albans and supported 13 units in Alburg through a 0% loan.
Sarah Chipps grew up in a family that never lived in a home of their own. It helped her resolve: “I wanted to buy a home by age 25,” she says. So when she reached that age in the summer of 2006, she put her plan into action. With education from the NeighborWorks® HomeOwnership Center of Southeastern Vermont — and assistance from VHFA and the Brattleboro Area Community Land Trust’s “Homeland Program” — she moved into her Brattleboro home in October 2006. “With my VHFA loan, I didn’t have to pay property transfer tax on the first $100,000 at closing,” Sarah explains. “I have the stepped rate, and that really helped, too.” (Photo: Craig Bailey)
WINDHAM COUNTY: In Windham County, VHFA’s single-family mortgage programs have helped 1,105 low- and moderate-income households buy homes. Forty-one of these households bought their homes last year. In addition, VHFA provided financing last year for the construction of six affordable owner homes at Butterfield Commons in West Dover.
Bennington Center for the Homeless opened its Six Bank Street facility in March 1999. The shelter serves homeless families in transition with a home-like atmosphere within walking distance of a school, parks, a library and more. The Center served 32 households in 2007, many evicted from their homes because they couldn’t meet increasing rent or mortgage payments. VHFA plays a major role in finding solutions to homelessness in Vermont. (See “FY2007 initiatives to end homelessness.”) Inset: Bennington Coalition for the Homeless Associate Director Chris Oldham (left) and Executive Director Kendy Skidmore. (Photos: John Fairbanks)
BENNINGTON COUNTY: VHFA’s multifamily loan and housing credit programs have created 339 units of affordable rental housing in Bennington County. Last year, the Downtown Crossing project in Bennington received a VHFA pre-development loan for the development of 12 more affordable rental units.
VHFA IS GOVERNED BY A NINE-MEMBER BOARD OF COMMISSIONERS. The Board includes four *ex officio* members and five members appointed by the Governor of Vermont, representing private and public lending, real estate and housing development interests.

**LEFT TO RIGHT, BACK ROW:** Kevin Dorn, *Ex Officio*, Secretary, Agency of Commerce and Community Development; Dagyne Canney, Principal Broker, Vermont Real Estate Sales Company; Gustave Seelig, *Ex Officio*, Vice-Chairman (Executive Director, Vermont Housing & Conservation Board); Lisa Mitiguy Randall, Chairperson (Vice President of Lending, Vermont Federal Credit Union); Bart Frisbie, President/Owner, Sterling Construction; and Robert Alberts, President, Eastview at Middlebury Inc.

**LEFT TO RIGHT, FRONT ROW:** Thomas J. Candon, *Ex Officio*, Deputy Commissioner of Banking (Designee for the Commissioner of Banking, Insurance, Securities and Health Care Administration); Paul J. Beaulieu, Executive Vice President/Chief Operating Officer, Factory Point National Bank; Executive Director Sarah Carpenter, Secretary; and Beth Pearce, *Ex Officio*, Deputy State Treasurer (Designee for the State Treasurer).
VHFA Staff

Administration
Sarah Carpenter
   Executive Director
Patricia M. Loller
   Director of Administration
Elizabeth Mullikin Drake
   General Counsel
Lori Gilding
   Executive Assistant
Renee Couture
   Legal Coordinator
Sylvia White
   Administrative Assistant

Finance
Tom Connors
   Chief Financial Officer
Timothy Gutchell
   Controller
Scott Baker
   Investment Manager
Lisa Clark
   Senior Financial Analyst
Martha Fleming
   Loan Portfolio Specialist
Susan B. Joachim
   Lender Accounting Coordinator
Ashley Lamell
   Staff Accountant

Program Operations
David Adams
   Chief of Program Operations
Maura Collins
   Policy and Planning Coordinator
Leslie Black-Plumeau
   Research Analyst

Homeownership
Patricia Crady
   Director
Jacklyn Santerre
   Assistant Director
Kathy Cawley
   Administrative Assistant
Veronica DeVos
   Homeownership Specialist

Development
Joe Erdelyi
   Director
Clarence E. Davis
   Multifamily Development Underwriter
Nina McDonnell
   Multifamily Operations Specialist
Cynthia Reid
   Senior Development Underwriter
Josh Slade
   Multifamily Operations Specialist

Multifamily Management
Samuel Falzone
   Director
Kim Roy
   Assistant Director
John Burczy
   Multifamily Management Officer
Kathy Curley
   Multifamily Tax Credit Compliance Specialist/Management Officer
Erin Philbrick
   Multifamily Tax Credit Compliance Specialist/Management Officer
Ann-Marie Plank
   Multifamily Management Officer

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   Multifamily Tax Credit Compliance Specialist/Management Officer
Ann-Marie Plank
   Multifamily Management Officer

Information Systems
Rick Jean
   Manager
Chris MacAskill
   Network Administrator/Systems Specialist
Sherri Mullin
   Applications Specialist/Analyst

Public Affairs
John Fairbanks
   Manager
Craig Bailey
   Communications Coordinator

Financial and Legal
Bond Counsel
Kutak Rock LLP
Underwriters
UBS Securities LLC
Citigroup
A.G. Edwards & Sons Inc.
Trustees/Paying Agents
TD Banknorth N.A.
Bank of New York
Auditors
KPMG LLP
Financial Advisors
Piper Jaffray & Co.
## Statement of Net Assets

*Vermont Housing Finance Agency (VHFA)*

**June 30, 2007**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Operating fund</th>
<th>Single family mortgage program fund</th>
<th>Multifamily mortgage program fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$6,394,892</td>
<td>97,635,782</td>
<td>35,066,076</td>
<td>139,096,750</td>
</tr>
<tr>
<td>Investments</td>
<td>100,000</td>
<td>48,635,410</td>
<td>7,773,033</td>
<td>56,508,443</td>
</tr>
<tr>
<td>Mortgage and construction loans receivable</td>
<td>12,333,206</td>
<td>475,431,004</td>
<td>135,795,298</td>
<td>623,559,508</td>
</tr>
<tr>
<td>Accrued interest receivable — Mortgage and notes</td>
<td>1,183,229</td>
<td>1,939,288</td>
<td>416,165</td>
<td>3,538,682</td>
</tr>
<tr>
<td>Accrued interest receivable — Investments</td>
<td>18,075</td>
<td>1,473,308</td>
<td>533,194</td>
<td>2,024,577</td>
</tr>
<tr>
<td>Deferred costs of bond issuance</td>
<td>—</td>
<td>3,081,125</td>
<td>1,162,733</td>
<td>4,243,858</td>
</tr>
<tr>
<td>Deferred mortgage origination fees, net</td>
<td>—</td>
<td>2,022,225</td>
<td>—</td>
<td>2,022,225</td>
</tr>
<tr>
<td>Land</td>
<td>775,000</td>
<td>—</td>
<td>—</td>
<td>775,000</td>
</tr>
<tr>
<td>Building</td>
<td>1,000,834</td>
<td>—</td>
<td>—</td>
<td>1,000,834</td>
</tr>
<tr>
<td>Office furniture and fixtures</td>
<td>1,467,939</td>
<td>—</td>
<td>—</td>
<td>1,467,939</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(1,618,018)</td>
<td>—</td>
<td>—</td>
<td>(1,618,018)</td>
</tr>
<tr>
<td>Other receivables and prepaid expenses</td>
<td>376,830</td>
<td>5,215,853</td>
<td>308,817</td>
<td>5,901,500</td>
</tr>
<tr>
<td>Interfund receivables (payables)</td>
<td>971,793</td>
<td>2,954,976</td>
<td>(2,926,769)</td>
<td>—</td>
</tr>
<tr>
<td>Other assets and REO</td>
<td>—</td>
<td>111,500</td>
<td>—</td>
<td>111,500</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$23,003,780</td>
<td>638,500,471</td>
<td>177,128,547</td>
<td>838,632,798</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>Operating fund</th>
<th>Single family mortgage program fund</th>
<th>Multifamily mortgage program fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred loan origination fees, net</td>
<td>457,871</td>
<td>—</td>
<td>—</td>
<td>457,871</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>478,937</td>
<td>2,364,790</td>
<td>99,088</td>
<td>2,942,815</td>
</tr>
<tr>
<td>Escrowed cash deposits</td>
<td>2,579,068</td>
<td>—</td>
<td>—</td>
<td>2,579,068</td>
</tr>
<tr>
<td>Notes payable</td>
<td>9,761,655</td>
<td>50,000,000</td>
<td>21,787,200</td>
<td>81,548,855</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>59,587</td>
<td>4,931,262</td>
<td>2,318,871</td>
<td>7,309,720</td>
</tr>
<tr>
<td>Bonds payable</td>
<td>563,082</td>
<td>537,560,000</td>
<td>125,110,390</td>
<td>663,233,472</td>
</tr>
<tr>
<td>Unamortized (discount) and premium on bonds</td>
<td>—</td>
<td>(55,596)</td>
<td>(1,463,132)</td>
<td>(1,518,728)</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>$13,900,200</td>
<td>594,800,456</td>
<td>147,852,417</td>
<td>756,553,073</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET ASSETS</th>
<th>Operating fund</th>
<th>Single family mortgage program fund</th>
<th>Multifamily mortgage program fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$9,103,580</td>
<td>43,700,015</td>
<td>29,276,130</td>
<td>82,079,725</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td>$23,003,780</td>
<td>638,500,471</td>
<td>177,128,547</td>
<td>838,632,798</td>
</tr>
</tbody>
</table>

*These condensed financial statements are based on audited financial statements. Complete audit reports are available at VHFA's Web site (www.vhfa.org) or upon request.*
Statement of Revenues, Expenses and Changes in Net Assets  
**Vermont Housing Finance Agency (VHFA)**  
Year ended June 30, 2007

### OPERATING REVENUES

<table>
<thead>
<tr>
<th>Interest income:</th>
<th>Operating fund</th>
<th>Single family mortgage program fund</th>
<th>Multifamily mortgage program fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage and construction loans receivable</td>
<td>$839,807</td>
<td>26,192,616</td>
<td>9,046,231</td>
<td>36,078,654</td>
</tr>
<tr>
<td>Investments</td>
<td>139,092</td>
<td>8,237,930</td>
<td>2,059,047</td>
<td>10,436,069</td>
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<tr>
<td><strong>Fee income:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multifamily mortgage programs</td>
<td>753,703</td>
<td></td>
<td>80,558</td>
<td>834,261</td>
</tr>
<tr>
<td>Single family mortgage programs</td>
<td>15,019</td>
<td>4,215</td>
<td>19,234</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>64,378</td>
<td></td>
<td></td>
<td>64,378</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING REVENUES</strong></td>
<td>$1,811,999</td>
<td>34,434,761</td>
<td>11,185,836</td>
<td>47,432,596</td>
</tr>
</tbody>
</table>

### OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Financing costs, including interest and amortization of premium, discount and costs of issuance</th>
<th>Operating fund</th>
<th>Single family mortgage program fund</th>
<th>Multifamily mortgage program fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage service and contract administration fees</td>
<td>—</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>2,925,560</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>1,142,519</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional fees</td>
<td>105,445</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trustee and assignee fees</td>
<td>136,542</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on bond redemptions</td>
<td>—</td>
<td>(132,514)</td>
<td></td>
<td>(132,514)</td>
</tr>
<tr>
<td>Property disposition and loan loss expenses (recoveries)</td>
<td>159,716</td>
<td>(42,681)</td>
<td>804,336</td>
<td>921,371</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td>$5,205,589</td>
<td>30,193,308</td>
<td>8,835,201</td>
<td>44,234,098</td>
</tr>
</tbody>
</table>

**Operating income (Loss)**:  
(3,393,590)  

### NON-OPERATING REVENUES:

| Net depreciation in fair value of investments | —              | 307,267                           | (8,630)                          | 298,637 |

Income (loss) before transfers:  
(3,393,590)  

Net transfers to (from) operating fund:  
3,561,465  

Increase (decrease) in net assets:  
167,875  

Net assets at beginning of year:  
8,935,705  

**NET ASSETS AT END OF YEAR**  
$9,103,580  

43,700,015  

29,276,130  

82,079,725
Thank you to everyone who allowed VHFA into their homes to take photographs for this publication. Thanks also to:

John Hunt, Summit Property Management Corp.; Ted Hartman, Green Mountain Development Group Inc.; Kathy Eakins and Laurie Laliberte, Chittenden Bank; Wanda Allaire, Universal Mortgage Corp.; Liz Curry, NeighborWorks® HomeOwnership Centers of Vermont; Amy Dohner, Housing Vermont; Steve Elder and Peter Williams, J.A. Morrissey Inc.; Rachel Bryan and Garth Genge, Central Vermont Community Land Trust; and Edward Bove, Regional Affordable Housing Corp.

ON THE COVER
Daniel Hershel & Beth Krueger, Burlington

Daniel Hershel and Beth Krueger took advantage of a new VHFA loan program when they bought their first home in Burlington’s Manhattan Heights condos. The program, launched in August 2006, offers a 4.75% rate to qualified borrowers purchasing new homes in Agency-approved developments. “When we heard we qualified for a fixed VHFA interest rate and assistance with closing costs, we couldn’t pass it up,” explains Beth. “We immediately stopped our search and started signing the papers. It’s reassuring to know programs like VHFA exist for young people trying to start out. We don’t know many people our age who could possibly buy their first home without it.”

(Phot: Craig Bailey)