



Vermont Housing Finance Agency

2010 Annual Report

Message from Governor James H. Douglas



Gov. James H. DOUGLAS

As Vermonters continue their work to emerge from this Great Recession, I'm pleased there are innovative organizations like the Vermont Housing Finance Agency working with the residents of our state to help them afford a home and stabilize our communities. In the face of harsh economic times, VHFA has continued to finance and promote affordable, safe and decent housing opportunities for low- and moderate-income Vermonters through high quality loans, sound lending practices, and leadership in several aspects of housing policy.

Throughout VHFA's 36 year history, the Agency has remained focused on answering the state's growing need for affordable housing. VHFA has provided high quality underwriting and loan products and the results are shown in the Agency's loan portfolio performance. At the end of the Fiscal Year, VHFA's seriously delinquent loan rate was less than half of Vermont's, and only one quarter of the national rate.

This year, my administration hired VHFA to publish a Housing Needs Assessment that studied the state's housing market and projected the expected demand in the coming five years. The results are sobering:

- Vermont has among the very lowest vacancy rates in the nation;
- About 62% of the lower income renter households lack housing they can afford; and
- Of the 26,000 lower income Vermonters who own their homes and have a mortgage, about 82% have housing expenses that consume more than 30% of their incomes.

VHFA's analysis proves a real link between the health of our housing markets and our state's economy overall. Rental housing production has stalled almost everywhere in America, and Vermont has not been immune. In Vermont, the housing developments that did move forward were predominantly affordable units, keeping thousands of our state's workers employed. For just one rental program administered by VHFA, 430 construction jobs were created or retained, plus another 23 non-construction positions, all from the creation of 243 units of housing across our state. That's almost two jobs for every unit of housing.

More than 30 years ago my wife and I bought our home with a VHFA loan, and we're proud to still live there today. I'm also pleased to have served on the Board of Commissioners of VHFA for eight years prior to becoming Governor. I recognize that the housing and financial markets have not fully recovered from this recession, but with entities like the Vermont Housing Finance Agency working diligently on behalf of Vermonters, I am confident it will help lead the state to meeting its housing goals.

FORWARD-LOOKING STATEMENTS This publication contains statements about future results that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Readers are cautioned that these statements are not guarantees of future performance. There are a variety of factors, many of which are beyond VHFA's control, which affect the operations, performance, business strategy and results and could cause its actual results to differ materially from the expectations and objectives expressed in any forward-looking statements. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements which speak only as of the date they are made. VHFA does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements are made.

Message from the Chairperson and the Executive Director

In a year when the news has been dominated by unscrupulous lending practices, and now questionable foreclosure review procedures, we are proud of VHFA's longstanding commitment to finance and promote affordable housing and it does so responsibly and soundly.

VHFA's numbers are impressive, but not accidental. VHFA consciously avoided tactics less savory subprime lending institutions employed that helped lead to the country's economic downturn. We have always focused on responsible lending — solid loan products combined with homebuyer education.

At the close of Fiscal Year 2010, the number of VHFA loans in the foreclosure process was 1.37% of all VHFA loans, compared to Vermont's overall foreclosure rate of 2.71% and the national rate of 4.57%.

This stellar loan performance is even more impressive when you consider that VHFA only lends to low- and moderate-income borrowers, most of whom are first time buyers with little money to put down. About 75 percent had annual incomes of less than \$60,000 and 82 percent had incomes less than the median in their areas.

While the Agency is proud of its loan performance, it has always known that owning a home is not appropriate for every Vermont household. No one wins when a buyer ends up with a house they can't truly afford. Over the last 12 months VHFA financed the creation or rehabilitation of 574 units of affordable rental units.

The Agency is focused not just on its production totals, but on ensuring that the most vulnerable Vermonters and the most pressing needs of the state are met through its lending activities. As part of several state study committees on affordable housing delivery in Vermont, VHFA reviewed its recent multifamily activity and tenant income profile and found the following:

- 100% of the units were located in historic settlement patterns of the community;
- 65% of the units were in Designated Downtowns or Growth Centers, promoting smart growth principles;
- 82% of tax credit units were occupied by families with incomes under 50% of median income; and 48% were very low income with incomes under 30% of median income;
- 22% of the units were units designed for households with special needs; and
- More than half of the projects funded met seven or more goals like those listed above.

VHFA tracks many state housing goals and uses them in its allocation of scarce resources. While it may sometimes be difficult to build high quality housing that meets multiple state objectives, the Agency refuses to compromise affordability to achieve these goals. As VHFA looks to 2011 and beyond, we are committed to continuing prudent lending activities while striving to achieve affordable housing for all Vermonters.



Thomas N. PELLETIER



Sarah CARPENTER

Agency accomplishments

Homeownership activity

Over the past year VHFA has focused additional staff resources to work with the organizations servicing its loans to prevent the need for foreclosure. While VHFA has experienced an increase in the number of delinquent loans due to the economy, its foreclosure rate is below other lenders in Vermont. The Agency believes this is due to the work VHFA is doing with its servicers and its policy to seek a solution as early as possible when borrowers experience difficulty in making their mortgage payments.

Moving to MBS

In July 2009, VHFA securitized approximately \$41 million in single family loans in its portfolio. Loans were sold to Freddie Mac, which created a security that was purchased by VHFA. This transaction helped balance the risk in our portfolio and partially offset the downgrade of insurance companies that provide credit enhancement on VHFA loans.

VHFA implements HUD's "Risk Share" Program

VHFA along with other similar organizations needs to find credit enhancement for its multifamily bonds in the current economic environment, and staff evaluated three public options: Rural Development 538 Loan Guarantees, HUD 221(d)4, and HUD Risk Share. Because of its cost, availability, and flexibility, staff chose HUD Risk Share and have pursued and obtained approval as a Risk Share lender with HUD. Staff have also submitted and been approved for our first Risk Share application for the Windsor Village development, and are working on several others.

*Common space at **Proctor Place**, a 12-unit elderly housing development in Proctor. \$236,000 from VHFA's pre-development loan program, funded by the MacArthur Foundation, helped restore the historic Main Street building following an August 2009 fire. As part of the funding, the owner agreed to extend the property's affordability contract beyond its 2012 expiration, and, in the future, sell to an owner who'll allow its project-based Section 8 units to continue so the apartments remain affordable.*

ANN MARIE PLANK



Housing/wages report

On June 15, VHFA published its 9th annual "Between a Rock and a Hard Place: Housing and Wages in Vermont." The report found, in spite of the softening real estate market, Vermonters earning the median income still couldn't afford the median priced home. Copies are available for download at vhfa.org.

Homeownership Web tool

In April, VHFA updated its Web site to include a tool to help homebuyers determine which VHFA home loan program might be best for them. By answering eight quick questions, the site helps broadly determine whether a homebuyer falls within the Agency's guidelines, and in which loan program they might be eligible to participate.

MacArthur funds made available

VHFA's Development Department launched new programs to facilitate preservation transactions, funded by the MacArthur Foundation: A pre-development loan program, equity bridge loans and energy/capital improvement loans. These programs should help developers gain additional time and leverage additional resources as they preserve Vermont's aging affordable housing stock. The Agency

was pleased to provide these new loans after economic conditions led to suspension of the Agency-funded Ventures pre-development loan program in December 2008.

Energy survey online

VHFA partnered with the Vermont Fuel Efficiency Partnership and Vermont Housing & Conservation Board to survey owners and managers of multifamily properties about their energy consumption. The online survey, the second undertaking for the partnership, will help determine where to best allocate resources to improve energy efficiency in Vermont's aging housing stock. 100 buildings have had energy audits after participating in the survey and incentives have been provided for "deep energy retrofits" in 70 projects now underway using 2010 funding. Typical retrofit measures include exterior wall insulation upgrades, spray-foaming cellar walls, attic insulation to R-60, replacing lower efficiency boilers and improving controls, solar hot water where appropriate and window replacement.

Enhanced mapping functions and a streamlined display come to DoARH

In February, VHFA enhanced mapping applications at the online Directory of Affordable Rental Housing (DoARH). The upgrade allows users to display multiple properties on a map — all 520 subsidized properties contained in the database; or the results of a nearly infinite collection of possible custom searches. Additionally, users searching for properties in the DoARH now see a streamlined "call sheet" of housing listing the most important details of a property, so users can quickly contact each property meeting their needs.

Housing Needs Assessment published

In December, under contract by the Vermont Department of Economic, Housing and Community Development, VHFA produced the state's 2010 Vermont Housing Needs Assessment. According to the report, Vermont's aging housing stock is in-



2010 VERMONT HOUSING NEEDS ASSESSMENT

This assessment was conducted by Vermont Housing Finance Agency for the Vermont Department of Economic, Housing and Community Development, with financial and technical support from the Vermont Housing & Conservation Board, Vermont Agency for Human Services, and Vermont State Housing Authority.

Based on national and state data, this assessment estimates current housing needs in Vermont and projects trends for the next five years. Results focus on housing needs among the state's 55,000 lower income households that have incomes at or below \$41,000, approximately 80% of the state median.

Prepared by staff of
**VERMONT HOUSING
FINANCE AGENCY**

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Cover photo: Sam Falzone
December 11, 2009

- HIGHLIGHTS
- DEMOGRAPHICS
- HOUSING STOCK
- HOMEOWNERS
- RENTERS
- ELDERS
- SPECIAL NEEDS
- RACE/ETHNICITY

adequate, causing low-income households to spend more of their money on housing than they can afford. Staff provided testimony about the report to the legislature and its highlights have been quoted in the media extensively. The assessment examines housing issues in the following seven areas:

- Demographic Trends Among Vermont Households
- Vermont's Housing Stock Challenges
- Affordable Homeownership Options for Lower Income Vermonters
- Availability of Affordable Rental Housing for Lower Income Vermonters
- Vermont's Growing Number of Elders
- Vermonters with Special Needs
- Race, Ethnicity, and Housing

Server virtualization

During the first four months of this year the Agency's Information Technology staff planned and implemented a migration of its computer network environment to Server Virtualization. This new platform provides for a more efficient delivery of Information Technology initiatives and will also result in substantial energy savings to the Agency each year.

Housing Acquisition & Rehabilitation Program (HARP)

In June 2009, VHFA entered into an agreement with the Vermont Agency of Commerce and Community Development to administer the \$7 million Home Acquisition and Rehabilitation Program (HARP). This program is a portion of the \$19.6 million award to the state under the Federal Neighborhood Stabilization Program. VHFA's responsibilities under the HARP Program are to:

- Acquire single family homes that have been foreclosed upon;
- Rehabilitate them into safe, decent, energy efficient, affordable housing (including bringing them up to the latest building and energy codes); and
- Re-sell them using some of the HARP funding to provide significant down payment subsidy to low- and moderate-income families.

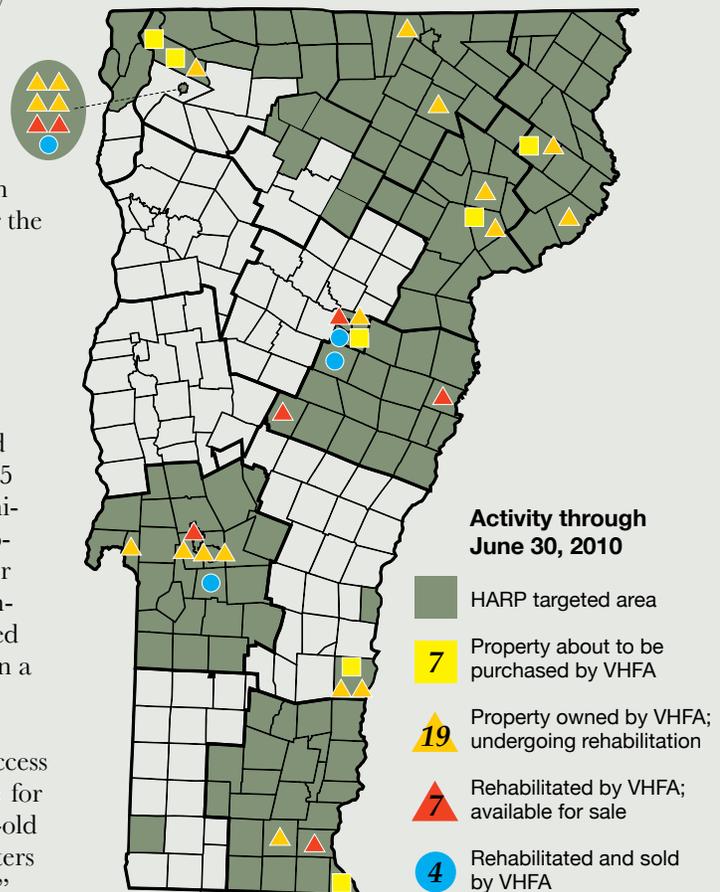
Using shared appreciation/limited equity covenants, or through an assumable second mortgage, these homes remain affordable in perpetuity and the subsidy is recycled for future generations. So, while the original home buyer may receive up to a \$75,000 subsidy to help with the down payment, when that household sells the home in the future, it leaves behind a portion of the earned appreciation of the home, which lowers the selling price for the next household that buys it.

As of June 30, 2010, VHFA reviewed more than 100 homes for consideration into the program, 30 of which were acquired. Four homes have been completely renovated and re-sold during the year. VHFA has awarded over \$2 million in rehab contracts to over 85 contractors providing employment opportunities to more than 150 trades-people, and economic benefits to the lumber yards, and other Vermont suppliers that supported these contractors. Additionally, this program has served to redevelop blighted properties that have been a distress to many Vermont communities.

When the Rutland Herald reported on the success of this program, it wrote: "It's a tough time for first-time home buyers. ... But thanks to a year-old housing program, some low-income Vermonters are realizing their dream of home ownership."



Thad and Sarah Launderville of Williamstown — along with twins Clara and Milly-Ellen, and newcomer, Evan — are just some of the Vermonters helped over the past year by the federally funded Housing Acquisition & Rehabilitation Program (HARP) administered by VHFA.



Interest in Real Estate Trust Account (IORTA) Program

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 the financial institutions are required to remit the interest made to Vermont Housing Finance Agency for use in its homeownership programs.

For 18 years, funds from the proceeds of IORTA have been dedicated to VHFA for homeownership mortgage downpayment or closing cost assistance.

During that time, more than **989 loans** have been assisted with IORTA funds.

In FY00, VHFA launched a new downpayment assistance program using IORTA funds for borrowers purchasing homes through 12 non-profit housing organizations across the state.



CRAIG BAILEY

- Funds VHFA received in FY10 from IORTA accounts (i.e. deposits): **\$47,152.40**. These funds will provide assistance to HomeOwnership Center buyers with downpayment or closing costs.
- Balance of IORTA funds in VHFA's accounts as of June 30, 2010: **\$108,924.07**

| Total Volume of Mortgages Assisted with IORTA Funds | |
|---|--------------|
| County | Volume |
| Addison | \$5,984,620 |
| Bennington | \$2,630,508 |
| Caledonia | \$10,965,222 |
| Chittenden | \$17,062,811 |
| Essex | \$1,366,850 |
| Franklin | \$6,864,428 |
| Grand Isle | \$982,785 |
| Lamoille | \$2,477,830 |
| Orange | \$1,981,906 |
| Orleans | \$9,292,540 |
| Rutland | \$9,863,794 |
| Washington | \$7,095,510 |
| Windham | \$4,455,766 |
| Windsor | \$7,718,799 |
| Total | \$88,743,369 |

Amy and Jon Wilson, and their daughter, Harper, made Manchester Center's East Branch Farms, the condominiums featured on our front cover, their home last December. Six acres, with views of the Taconic and Green Mountain Ranges, East Branch Farms is the couple's first home of their own after time spent renting. "We shudder to think about all of the rent money we paid when we were first married. We love the fact we're building equity and our house is truly ours," Amy says. "We're so fortunate to have had VHFA as a resource because of its genuine desire to make homeownership affordable."

Homeownership activity

Fiscal year 2010

VHFA'S SINGLE FAMILY PROGRAMS experienced a significant reduction in activity in FY10. This can be attributed to financial market conditions. VHFA was unable to sell bonds at interest rates necessary to offer a competitive rate on its mortgages. In addition, USDA Rural Development — the primary source of loan guarantees for VHFA borrowers without a 20% downpayment — ran out of guarantee authority in May 2010. As a result, some loans were unable to close until authority was reinstated after the end of FY10 and many potential buyers were locked out of the market. For those borrowers VHFA was able to help, the Agency maintained its thorough underwriting and focus on lower income households as shown in the statistics below.

- VHFA's single-family mortgage activity continued to contract in FY10 in response to reduced home buying statewide and the recession's effects on the funds available to housing finance agencies.
- In FY10, VHFA helped **114 households** purchase homes in Vermont through its conventional, government-guaranteed and direct loan programs. Mortgages provided during FY10 totaled approximately **\$15.2 million**.

| VHFA borrower incomes as a percentage of the Area Median Income (AMI) | |
|---|-------------------------|
| Household income | Percentage of borrowers |
| More than 100% | 18% |
| 81% to 100% | 30% |
| 51% to 80% | 44% |
| At or below 50% | 8% |

| VHFA's average borrower profile | |
|---------------------------------|-----------|
| Income | \$50,407 |
| Mortgage amount | \$132,897 |
| Home price | \$150,306 |

| Program | Purchases | Loan volume |
|-----------------------|-----------|-------------|
| Conventional | 40 | \$4,891,432 |
| Government Guaranteed | 56 | \$8,141,248 |
| Direct Home Loan | 18 | \$2,117,594 |

State tax credits: VHFA also provided **\$115,000** in state tax credits, generating an estimated **\$506,000** in equity for **nine homeownership units** in **four projects**.

| Homeownership state tax credit activity | | | |
|---|------------|-------|-------------------|
| Project name | Town | Units | State Tax Credits |
| East Branch Farms | Manchester | 2 | \$15,000 |
| Hagan Hill | Charlotte | 4 | \$40,000 |
| Cascades | Winooski | 2 | \$40,000 |
| River Station | Montpelier | 1 | \$20,000 |

Multifamily activity

Fiscal year 2010

WITH THE SLOWED ECONOMY, demand for high-quality, affordable rental units has increased, as has multifamily housing development activity. Through funding for **17 projects** across the state, VHFA facilitated the creation or rehabilitation of **574 affordable rental housing units** this year.

The Agency provided **\$25.6 million** in construction/short-term financing to **10 projects**. Another **\$386,000** in loans were provided to **two projects** with funding from the MacArthur Foundation.

Approximately **\$900,000** in new allocated Housing Credits was awarded to **two projects**, generating **\$7.2 million** in tax credit equity. Additional tax credit equity of **\$8.3 million** was generated in conjunction with approximately **\$1.0 million** in bond credits dispersed among **seven projects**.

VHFA provided an additional **\$15.9 million** in federal funds to **10 projects** through the American Recovery and Reinvestment Act (ARRA) Section 1602 program and through the Tax Credit Assistance Program (TCAP). These programs provided much-needed capital to housing developers who would otherwise face recession-driven constraints on the ability of the Low-Income Housing Tax Credit to raise equity.

Building or renovating affordable housing stimulates the economy and benefits the entire community. The multifamily housing financed by VHFA in FY10 created an estimated **\$132 million** in economic activity across the state by creating and sustaining jobs and generating income for Vermont workers and businesses.



MARY CLAIRE CARROLL

Pleasant Street Apartments, Enosburgh Falls

| Multifamily loan program and Housing Credit activity | | Units | Short-term/construction loan | Section 1602 exchange loan | Tax Credit Assistance Program | MacArthur loan | Bond housing credits | Allocated housing credits | State housing credits |
|--|------------------|-------|------------------------------|----------------------------|-------------------------------|----------------|----------------------|---------------------------|-----------------------|
| Project name | Town | | | | | | | | |
| Alburgh Family Housing | Alburgh | 13 | ◆ | | | | | □ | ◆ |
| Anne Wilder Richards Building | Brattleboro | 21 | | ◆ | | | | □ | □ |
| Armory Square | Windsor | 58 | ◆ | ◆ | | | □ | □ | □ |
| Blake Commons | Swanton | 16 | | ◆ | | | | □ | |
| Brookside Village | Colchester | 37 | | ◆ | | | | | □ |
| Cathedral Square Senior Living (Senior) | Burlington | 108 | ◆ | | | ◆ | ◆ | | |
| Ellis Block | Springfield | 9 | | | | | | □ | ◆ |
| Grand Way Commons II (Senior) | South Burlington | 28 | ◆ | ◆ | ◆ | | ◆ | | |
| Johnson Community Housing | Johnson | 28 | ◆ | | | | | ◆ | |
| Missisquoi Manor (Senior) | Richford | 24 | ◆ | ◆ | | | ◆ | | |
| North Branch Apts | Montpelier | 45 | | ◆ | | | | | |
| Pine Manor (Senior) | Alburgh | 16 | ◆ | | ◆ | | ◆ | | ◆ |
| Pleasant Street Apartments | Enosburgh | 24 | ◆ | | ◆ | | ◆ | | |
| Proctor Place | Rutland | 12 | | | | ◆ | | | |
| River Bend Senior Housing (Senior) | Enosburgh | 30 | ◆ | | | | ◆ | | |
| Salmon Run Redevelopment | Burlington | 80 | ◆ | | ◆ | | ◆ | | |
| Vergennes Senior Housing (Senior) | Vergennes | 25 | | | | | | ◆ | □ |

◆ Activity in FY10 □ Activity in previous FY

Statement of Net Assets

Vermont Housing Finance Agency | June 30, 2010

| | Operating fund | Single-family programs | Multi-purpose program | Multifamily programs | TOTAL |
|---|---------------------|------------------------|-----------------------|----------------------|----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$4,583,419 | \$139,685,718 | \$10,918,902 | \$48,062,243 | \$203,250,282 |
| Investments | 100,000 | 22,069,282 | — | 5,073,473 | 27,242,755 |
| Mortgage and construction loans receivable | 12,275,079 | 328,253,564 | 134,592,556 | 104,009,300 | 579,130,499 |
| Mortgage backed securities | — | 32,404,226 | 17,155,995 | — | 49,560,221 |
| Accrued interest receivable — Mortgage and notes | 1,165,261 | 1,686,709 | 535,294 | 307,503 | 3,694,767 |
| Accrued interest receivable — Investments | 1,756 | 434,564 | 8,475 | 284,186 | 728,981 |
| Accrued interest receivable — Mortgage backed securities | — | 75,138 | 32,781 | — | 107,919 |
| Deferred costs of bond issuance, net | — | 2,435,552 | 641,286 | 943,751 | 4,020,589 |
| Deferred mortgage origination fees, net | — | 756,373 | 195,640 | — | 952,013 |
| Land | 775,000 | — | — | — | 775,000 |
| Building (Less accumulated depreciation) | 613,011 | — | — | — | 613,011 |
| Office furniture and fixtures (Less accumulated depreciation) | 226,847 | — | — | — | 226,847 |
| Other receivables and prepaid expenses | 272,874 | 2,858,254 | 1,388,168 | 160,862 | 4,680,158 |
| Interfund receivables (payables) | 1,159,158 | 436,596 | (82,621) | (1,513,133) | — |
| Deferred outflow of resources related to interest rate swaps | — | 9,405,002 | 4,510,770 | 1,080,209 | 14,995,981 |
| Other assets and REO | — | 2,553,830 | 265,316 | — | 2,819,146 |
| TOTAL ASSETS | \$21,172,405 | \$543,054,808 | \$170,162,562 | \$158,408,394 | \$892,798,169 |

| | Operating fund | Single-family programs | Multi-purpose program | Multifamily programs | TOTAL |
|---|---------------------|------------------------|-----------------------|----------------------|----------------------|
| LIABILITIES AND FUND BALANCES | | | | | |
| Deferred loan origination fees, net | \$270,311 | — | — | — | \$270,311 |
| Deferred Income | 106,484 | — | — | — | 106,484 |
| Accounts payable | 521,014 | 898,928 | 128,314 | 25,790 | 1,574,046 |
| Arbitrage rebate payable | — | 1,217,480 | — | — | 1,217,480 |
| Deferred program income | 408,500 | — | — | — | 408,500 |
| Escrowed cash deposits | 1,354,829 | 19,223 | — | — | 1,374,052 |
| Accrued interest payable | 60,668 | 3,146,564 | 1,142,977 | 1,697,708 | 6,047,917 |
| Notes and lines of credit payable | 9,055,949 | — | — | 23,595,873 | 32,651,822 |
| Bonds payable | 534,461 | 488,765,000 | 143,735,000 | 118,166,791 | 751,201,252 |
| Fair value of derivative instrument — Interest rate swaps | — | 9,405,002 | 4,510,770 | 1,080,209 | 14,995,981 |
| Unamortized (discount) and premium on bonds | — | (1,114,400) | (106,269) | (767,346) | (1,988,015) |
| TOTAL LIABILITIES | \$12,312,216 | \$502,337,797 | \$149,410,792 | \$143,799,025 | \$807,859,830 |
| NET ASSETS | \$8,860,189 | \$40,717,011 | \$20,751,770 | \$14,609,369 | \$84,938,339 |
| TOTAL LIABILITIES AND NET ASSETS | \$21,172,405 | \$543,054,808 | \$170,162,562 | \$158,408,394 | \$892,798,169 |

Statement of Revenues, Expenses & Changes in Net Assets

Vermont Housing Finance Agency | Year ended June 30, 2010

| | Operating fund | Single-family programs | Multi-purpose program | Multifamily programs | TOTAL |
|--|--------------------|------------------------|-----------------------|----------------------|---------------------|
| OPERATING REVENUES | | | | | |
| Interest Income: | | | | | |
| Mortgage and construction loans receivable | \$805,538 | \$20,587,377 | \$8,295,873 | \$6,490,016 | \$36,178,804 |
| Investments | 5,132 | 3,283,171 | 244,173 | 755,532 | 4,288,008 |
| Mortgage backed securities | — | 1,777,269 | 512,120 | — | 2,289,389 |
| Fee Income: | | | | | |
| Multi-Family Mortgage Programs | 900,927 | — | 131,434 | — | 1,032,361 |
| Single Family Mortgage Programs | 88,865 | 20 | 90 | — | 88,975 |
| Gain (loss) on bond redemptions | — | 153,356 | 73,642 | (96,054) | 130,944 |
| Other revenue | 77,594 | — | — | — | 77,594 |
| TOTAL OPERATING REVENUES | 1,878,056 | 25,801,193 | 9,257,332 | 7,149,494 | 44,086,075 |
| OPERATING EXPENSES | | | | | |
| Financing costs, including interest and amortization of premium, discount and costs of issuance, net | 572,593 | 22,835,161 | 7,978,263 | 6,249,639 | 37,635,656 |
| Mortgage service and contract administration fees | — | 682,797 | 209,399 | 35,847 | 928,043 |
| Salaries and benefits | 3,011,098 | — | — | — | 3,011,098 |
| Operating expenses | 598,960 | — | — | — | 598,960 |
| Professional fees | 170,058 | 141,122 | 17,500 | 12,500 | 341,180 |
| Trustee and assignee fees | 204,073 | — | — | — | 204,073 |
| Property disposition and loan loss reserves (recoveries) | 52,364 | 484,877 | 292,624 | (62,000) | 767,865 |
| TOTAL OPERATING EXPENSES | 4,609,146 | 24,143,957 | 8,497,786 | 6,235,986 | 43,486,875 |
| OPERATING INCOME (LOSS) | (2,731,090) | 1,657,236 | 759,546 | 913,508 | 599,200 |
| NON-OPERATING REVENUES | | | | | |
| Net depreciation in fair value of investments | — | 2,589,558 | 916,601 | 12,469 | 3,518,628 |
| Federal programs: | | | | | |
| Federal grant revenue | 15,305,110 | — | — | — | 15,305,110 |
| Federal grant expenses | (15,025,510) | — | — | — | (15,025,510) |
| Administration and period costs | (279,600) | — | — | — | (279,600) |
| Income (Loss) before transfers | (2,731,090) | 4,246,794 | 1,676,147 | 925,977 | 4,117,828 |
| Net transfers to (from) operating fund | 1,643,846 | (1,144,150) | 29,588 | (529,284) | — |
| Increase (decrease) in net assets | (1,087,244) | 3,102,644 | 1,705,735 | 396,693 | 4,117,828 |
| Net assets at beginning of year | 9,947,433 | 37,614,367 | 19,046,035 | 14,212,676 | 80,820,511 |
| NET ASSETS AT END OF YEAR | \$8,860,189 | \$40,717,011 | \$20,751,770 | \$14,609,369 | \$84,938,339 |

These condensed financial statements are based on audited financial statements. Complete audited financial statements are available at VHFA's Web site (www.vhfa.org) or upon request.

Staff

ADMINISTRATION

Executive Director Sarah Carpenter
Director of Administration Patricia Loller
Human Resources/Office Manager Martha Fidalgo
Administrative Assistant Sylvia White

INFORMATION TECHNOLOGY

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

LEGAL

General Counsel George Demas

POLICY AND PLANNING

Manager Maura Collins
Communications Coordinator Craig Bailey
Research Analyst Leslie Black-Plumeau

FINANCE

Chief Financial Officer Tom Connors
Controller Timothy Gutchell
Investment Manager Scott Baker
Finance Operations Manager Lisa Clark
Financial Analyst/Compliance Specialist Renee Couture
Loan Portfolio Specialist Martha Fleming
Accounting Specialist Susan Joachim
Financial Analyst Michelle Packard

PROGRAM OPERATIONS

Chief of Program Operations David Adams
HARP Coordinator Lori Gilding

DEVELOPMENT

Director Joe Erdelyi
Senior Development Underwriter Cynthia Reid
Development Underwriter Joshua Slade

HOMEOWNERSHIP

Director Patricia Crady
Assistant Director Jacklyn Santerre
Homeownership Admin Assistant Kathy Cawley
Homeownership Specialist Veronica DeVos
Homeownership Specialist Pat LaFond
Loan Servicing Specialist Carolynn Mossey
Outreach Coordinator Erin Navin Perrin
Loss Management Specialist Polly Thibault

MULTIFAMILY MANAGEMENT

Director Sam Falzone
Assistant Director Kimberly Roy
Multifamily Management Officer Kathy Curley
Multifamily Operations Specialist Nina McDonnell
Multifamily Management Officer Erin Philbrick
Multifamily Management Officer Ann-Marie Plank

FINANCIAL/LEGAL PARTNERS

Bond Counsel Kutak Rock LLP
Underwriters Citigroup
Bank of America Merrill Lynch
Trustees TD Bank NA
Bank of NY Trust Co. NA
Wells Fargo Bank NA
Auditor KPMG LLP
Financial Advisor Piper Jaffray & Co.

Board of Commissioners

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: Thomas J. Candon, *Ex Officio*, Deputy Commissioner of Banking (Designee for the Commissioner of Banking, Insurance, Securities and Health Care Administration); Dagny Canney, Principal Broker, Vermont Real Estate Sales Co.; Bart Frisbie, President/Owner, Sterling Construction; Gustave Seelig, *Ex Officio*, Vice Chairman (Executive Director, Vermont Housing & Conservation Board); Beth Pearce, *Ex Officio*, Deputy State Treasurer (Designee for the State Treasurer); Sarah Carpenter, Executive Director & Secretary; Robert Alberts, President, Eastview at Middlebury Inc.; Lisa Mitiguy Randall, Vice President of Lending, Vermont Federal Credit Union; Thomas N. Pelletier, Chairman (President and Chief Executive Officer, Northfield Savings Bank); and Kevin Dorn, *Ex Officio*, Secretary, Agency of Commerce and Community Development.

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ON THE COVER

East Branch Farms Condominiums, Manchester Center
Photo: Craig Bailey