



HOUSING VERMONT
123 St. Paul Street Burlington, VT 05401
Phone: 802-863-8424 Fax: 802-660-9034



HOUSING
VERMONT
ANNUAL
REPORT
1999
e

MISSION STATEMENT

Housing Vermont is a private, non-profit development company founded in 1988. Our mission is to produce permanently affordable housing for Vermonters through partnerships with communities and the private sector. Our partnerships support state and local development goals, particularly downtown revitalization, and create safe living conditions for our residents.

HOUSING VERMONT
Annual Report 1999

Along with the production of affordable housing, Housing Vermont's mission embraces downtown revitalization. Downtown and village centers across the state contain many once-vital structures that represent Vermont's heritage. Many of our developments bring new life to the state's historic vitality.

When downtown centers were initially settled, the housing was safe, decent and freshly painted. Inevitably, times and economic fortunes change. Some properties decline; others are updated or modified

for alternative purposes. After decades of use – and many economic cycles – most properties need substantial capital reinvestment.

Federal, state and local policies encourage the reinvestments that Housing Vermont undertakes with our development, investment, and financing partners. We celebrate their contributions on behalf of the lower income households who make these buildings their homes. We also celebrate the people who preceded us in these buildings, and the uses that they served.

EXNER BLOCK

The Bellows Falls Bakery, located at No. 27 Canal Street, was the earliest established bakery in Bellows Falls. C.W. Stuart, proprietor, has for the last seven years, been necessitated by the demands of his business, to run his work nights as well as days, and is so situated as to give his customers prompt and careful attention at all times. (Bellows Falls & Vicinity, 1908)

In the days when Canal Street was important to the world, its insignia was the well-known cigar store Indian in front of Fred Exner's tobacco store, the same Indian which, they say, was later removed by nefarious means and which reappeared in an antique shop in a neighboring town. (History of the Town of Rockingham, Lovell, 1958)



At one time, Thomas Primer ran a little candy shop and lunch room here along with a parrot which was vastly enjoyed by his customers, especially the children. (Lovell, 1958)

One of the first bad fires after the turn of the century was on Christmas Day when the old Brown block on Canal Street was gutted in bitter zero weather that sheathed everything in ice as fast as water was pumped onto the flames. It started in the Come-Eat-A-Lunch room and when Fire Chief Gately arrived, he pulled in four alarms, calling all firemen out of bed. Before

it was controlled, damage to the extent of \$14,000 had ruined the lunchroom, a cobbler shop, Byrne's barber shop, the Stuart Bakery, Baldasaro's fruit store and Exner & Holmes Tobacco store. (Lovell, 1958)

Housing Vermont matured to another level in 1999. We added three staff members and acquired eleven tax credit developments. Nine of the 1999 projects will be occupied in 2000; two will be completed in 2001.

Housing Vermont now has a complement of 15 seasoned professionals who are involved in project development, asset management, and finance. In 1999 our portfolio grew to 77 properties containing 2,600 apartments.

As with most businesses, our vitality relies on sustaining existing relationships while developing new ones. This means new deals with both old and new partners.

Lake Champlain Housing Development Corporation, our local development partner on six previous projects, joined with us on three more in 1999. The projects are located in Burlington, Winooski, and Swanton.

Other repeat partners included the Gilman Housing Trust (a project in Barton), Lamoille Housing Partnership (Morrisville), Addison County Community Action Group (Vergennes/Middlebury), Cathedral Square Corporation (Burlington), and the Burlington Community Land Trust (Burlington). The Rockingham Area Community Land Trust (Bellows Falls and Saxtons River) and Twin Pines Housing Trust (Wilder) were first-time development partners.

We were also fortunate to renew and expand our investor relationships with Vermont banks. Merchants Bank, Chittenden, Howard, First Vermont, Franklin Lamoille, Union, National Bank of Middlebury, and Community National Bank each committed again to provide substantial investments based on low income and/or historic tax credits.

Finally, 1999 saw particularly strong support from the state legislature and the Dean administration. Significant new state monies were appropriated for affordable housing, and the major funding agencies – the Vermont Housing and Conservation Board, the Department of Housing and

Community Affairs, and the Vermont Housing Finance Agency – assured that the resources were effectively spent.

Housing Vermont is an energetic and creative housing development company. We are mindful, however, that our continued success relies on partnerships that were established in the past, have been cultivated over time, and are renewed with fresh undertakings.

Sincerely,

Peter Richardson *James Foster*
Peter Richardson James Foster
PRESIDENT BOARD CHAIR

~ PORTLAND STREET ~

During 1902 came an important change in postal matters with the introduction of rural free delivery in Morrystown. This necessitated more space than could be provided in the rooms then in use and with the building of the Drowne block in 1901, the (post) office was moved. (History of Morrystown, Vermont, Anna Mower, 1935)



In 1949, Rethel C. West acquired the Drowne Block on Portland Street. On the ground floor Drowne for many years carried on his own clothing and dry goods business and rented space for other uses. West renamed the store "Adrian's" after his son, who subsequently joined in management of this and another

Portland Street business, the Ben Franklin Store. All the "soft goods" – clothing, linens, fabrics – went to Adrian's, while

"hard goods" – housewares, toys, candy – remained at the Ben Franklin Store. A major change occurred in 1961 and 1962 when the two stores switched places. The "new" Ben Franklin Store not only used the existing store space in the Drowne Block but expanded into the portion on the north side of the building which was vacated by the Post Office in 1962. Under the Wests' sustained ownership, Morrisville's

Ben Franklin Store has long been the chain's oldest store under continuous ownership by the same family. (More About Morrystown, 1905-1980; Robert L. Hagerman, 1982)

~ SWANTON SCHOOL ~

The first Graduating Class of Swanton High School was in 1887. The Graduating Exercises were held in Bullard's Hall Friday evening, June 10. Their motto was "Non Scholae Sed Vitae." The class colors were light blue and white, and the class flower was a small pink rose picked from the rose bush of their music teacher, Miss Emily C. Carpenter.



During the year of 1921, Superintendent Homer E. Hunt recommended that all rural schools become standard schools. "What is a standard school?" "We mean that the school shall be properly heated and ventilated, adequately and correctly lighted, and that the toilet facilities shall be decent and sanitary. In addition to these physical qualifi-

cations the school must have a sufficient amount of such educational facilities as the consensus of opinion deems necessary to a good school. Then in back of all this there shall be a good teacher." The Swanton High School started to serve a hot lunch, which consisted of a bowl of soup, or an equivalent hot meal, for the sum of three cents.

In 1943 it was recommended that a resolution be passed not to engage any married teachers, and that any teacher who marries, while under contract to teach, be disqualified.

Nineteen-seventy saw the last class to graduate from Swanton High School. ("The History of Swanton, Vermont;" 1988)

HOUSING VERMONT

GENERAL PARTNERS

Abbott Group, Inc.
 Applegate Housing, Inc.
 Brattleboro Area Community Land Trust
 Bristol Family Housing, Inc. a subsidiary of Addison County Community Action Group
 Bugbee Street Properties, Inc. a subsidiary of Twin Pines Housing Trust
 Burlington Community Land Trust
 Burlington Housing Authority
 Capital City Housing Foundation, Inc. a subsidiary of Montpelier Housing Authority
 Central Vermont Housing Opportunities a subsidiary of Central Vermont Community Land Trust
 Joseph M. Cloutier
 Gilman Housing Trust, Inc.
 Hardwick Nonprofit Housing Corporation
 Heineberg Senior Housing Corporation
 Highgate Housing, Inc.
 Holy Cross Senior Housing Corporation
 Housing Foundation, Inc. a subsidiary of Vermont State Housing Authority
 Interfaith Housing Corporation
 Lake Champlain Housing Ventures, Inc.
 LHP 1994, Inc. a subsidiary of Lamoille Housing Partnership
 Northgate Housing, Inc.
 Peacham Community Housing, Inc.
 Randolph Neighborhood Housing Services
 Regional Affordable Housing Corporation
 Revitalizing Waterbury, Inc.
 Rutland County Community Land Trust
 Springfield Housing Unlimited, a subsidiary of Springfield Housing Authority
 St. Johnsbury Housing Corporation
 Vermont Arts Realty Trust, Inc. a subsidiary of Vermont Arts Exchange
 Vermont Housing Enterprises, Inc. a subsidiary of Vermont State Housing Authority

Wells River Action Program
 Williston Elder Housing, Inc.
 White River Area Housing Development Corp.

LIMITED PARTNERS/INVESTORS

Charter One Bank
 Arrow Financial Corporation
 Bank Boston Investments, Inc.
 The Bank of Bennington
 Ben & Jerry's Homemade, Inc.
 Central Vermont Public Service Corporation
 Chittenden Bank
 Community National Bank
 Factory Point National Bank
 Federal National Mortgage Association
 First Vermont Bank & Trust Company
 Franklin Lamoille Bank
 Granite Savings Bank & Trust Company
 Robert and Cynthia Hoehl
 Holstein Friesian Association of America
 Howard Bank, N.A.
 Key Bank
 Lyndonville Savings Bank & Trust
 Merchants Bank
 Michel Associates, Ltd.
 National Bank of Middlebury
 National Life Insurance Company of Vermont
 Northfield Savings Bank
 Passumpsic Savings Bank
 The Richman Group, Inc.
 Union Bank
 Vermont National Bank
 Wells River Savings Bank
 Woodstock National Bank
 Woodsville Guaranty Savings Bank

Annual Report 1999

PROFESSIONAL SERVICES

Property Management Companies

Addison County Community Action Group
 Burlington Community Land Trust
 Burlington Housing Authority
 Cathedral Square Corporation
 Central Vermont Community Land Trust
 Lake Champlain Housing Ventures, Inc.
 Maloney Properties, Inc.
 Montpelier Housing Authority
 Moseley & Fucci Associates, Ltd.
 Northern Community Management Corporation
 Regional Affordable Housing Corporation
 Rockingham Area Community Land Trust
 Rutland County Community Land Trust
 Springfield Housing Authority
 Stewart Property Management
 Technical Planning & Management
 Vermont State Housing Authority

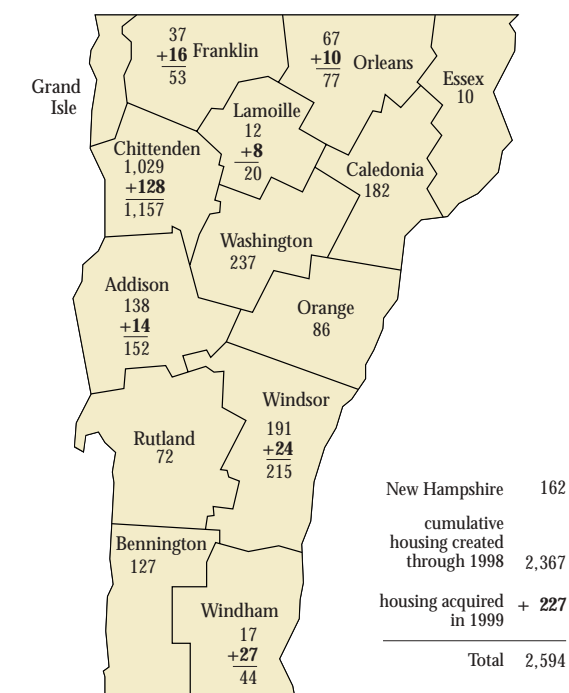
Accountants

A.M. Peisch & Company
 Otis, Atwell & Timberlake
 Stevens Wilcox Baker Potvin Cassidy & Jakubowski
 McCormack, Guyette & Associates

Counsel to Housing Vermont

Robert A. Gensburg, Esq.

HOUSING UNITS BY COUNTY



HOUSING VERMONT DEVELOPMENTS 1988-1999

ANNUAL PRODUCTION AND SOURCE OF FUNDS

PROJECT (BY YEAR ACQUIRED)	NUMBER OF UNITS	TOTAL COST	COST PER APT. UNIT	EQUITY AS % OF TOTAL COST	LIHTC PER YEAR	HISTORIC TAX CREDIT	EQUITY		LOANS AND GRANTS							
							LIMITEDS	GPS	VHFA	VHCB	HUD	CDBG/VCDP	BANK	RD	OTHER	
1988																
1 SALMON RUN - Burlington	80	7,485,332	93,567	18%	113,287		1,315,243	2,748	2,528,579	270,000	2,900,000					468,762
2 HEINEBERG - Burlington	82	4,063,307	49,553	35%	179,265		1,417,857	14,354	1,929,496	625,000						76,600
1988 Totals	162	11,548,639	71,288	24%	292,552	0	2,733,100	17,102	4,458,075	895,000	2,900,000	0	0	0	0	545,362
1989																
3 WINCHESTER PLACE - Colchester	166	10,120,649	60,968	22%	157,450		2,272,693	22,956	7,825,000							
4 SWANTON VILLAGE - Swanton	16	666,211	41,638	21%	21,884		137,819	1,392	315,000	100,000						112,000
5 CUMMINGS STREET - Montpelier	20	935,637	46,782	12%	25,386		112,515	1,136	750,078							71,908
6 NORTHGATE APARTMENTS - Burlington	336	19,801,873	58,934	17%	422,280		3,376,402	34,105	6,080,378	3,049,500	6,407,488					854,000
1989 Totals	538	31,524,370	58,595	19%	627,000	0	5,899,429	59,589	14,970,456	3,149,500	6,407,488	0	0	0	0	1,037,908
1990																
7 PROSPECT STREET - Montpelier	29	1,598,138	55,108	12%	56,638		197,444	1,994							1,398,700	
8 PINE MEADOWS - Middlebury	30	2,184,720	72,824	47%	166,062		1,010,892	10,030	794,443	271,855		97,500				
9 MIDDLEBURY COMMONS - Middlebury	64	3,861,212	60,331	23%	133,901		877,845	8,867							2,974,500	
10 MOUNTAIN VIEW - Springfield	72	2,661,397	36,964	18%	72,816		486,946	4,917		435,430	1,135,104	599,000				
11 ST. JOHNSBURY SCATTERED SITES	32	2,568,059	80,252	26%	71,571	181,816	679,204	6,861	537,718	804,264	165,412	369,600				5,000
12 HIGHGATE APARTMENTS - Barre	120	8,307,393	69,228	19%	233,968		1,599,840	16,160	776,007	950,000	3,629,579	657,500				678,307
1990 Totals	347	21,180,919	61,040	23%	734,956	181,816	4,852,171	48,829	2,108,168	2,461,549	4,930,095	1,723,600	0	0	4,373,200	683,307
1991																
13 WHITNEY HILL HOMESTEAD - Williston	44	2,780,390	63,191	40%	160,462		1,111,655	11,342	1,375,700	281,693						
14 ABBOTT BLOCK - Brattleboro	17	1,132,640 (1)	66,626	24%	16,409	181,394	267,290	2,700			580,900	256,750	25,000			
1991 Totals	61	3,913,030	64,148	35%	176,871	181,394	1,378,945	14,042	1,375,700	281,693	580,900	256,750	25,000	0	0	0
1992																
15 RANDOLPH HOUSE - Randolph	48	2,391,789	49,829	13%	71,531		317,790	3,210	1,429,464							641,325
16 100 MAIN - Lyndonville	14	918,966	65,640	29%	36,949		266,842	2,695		254,000		388,375				7,054
17 PEACHAM ACADEMY APARTMENTS - Peacham	10	183,780	18,378	20%	6,197		36,630	500		75,000						71,650
18 CASWELL AVENUE - Derby	9	340,609	37,845	33%	15,637		111,474	1,135		180,000			48,000			
19 RUTLAND SCATTERED SITES	31	1,818,767	58,670	59%	156,139		1,030,279	10,407		432,631				345,450		
20 CALEDONIA SCATTERED SITES	28	2,123,098	75,825	19%	66,173		409,372	4,135		1,050,821		650,195		710		7,865
21 MAIN STREET COURT - Newport	13	984,743 (1)	75,749	25%	32,971		242,735	2,396		284,614	170,000			127,000		157,998
22 THE PARTNERSHIP BLOCK - Hardwick	7	940,542 (1)	134,363	16%	21,284		147,646	1,491		60,000	201,405	530,000				
23 NORTH BRANCH APARTMENTS - Montpelier	39	2,704,482	69,346	43%	195,497		1,171,665	11,835		570,000	300,000	276,000	238,582			136,400
1992 Totals	199	12,406,776	62,346	30%	602,378	0	3,734,433	37,805	1,429,464	2,907,066	671,405	1,844,570	759,742	0	0	1,022,292
1993																
24 STIMSON & GRAVES BUILDING - Waterbury	14	1,756,604 (1)	125,472	52%	93,194	290,074	895,840	9,049		93,400	202,500	535,000				20,823
25 LINDEN TERRACE - Rutland (2)	19	1,025,389	53,968	11%	N/A		N/A	103,500	779,868							129,000
26 GRAYSTONE VILLAGE - White River Junction	34	2,117,045	62,266	20%	87,704		428,670	4,330	1,402,604							
1993 Totals	67	4,899,038	73,120	30%	180,898	290,074	1,324,510	116,879	2,182,472	93,400	202,500	535,000	0	0	0	149,823
1994																
27 THELMA MAPLE COOP - Burlington	20	1,879,560	93,978	58%	165,763		1,085,000	10,960		266,000	320,000					197,600
28 ERASTUS THAYER HOUSE - Brandon	9	697,680	77,520	46%	31,810	82,862	314,542	3,177		191,906	174,055					14,000
29 BURLINGTON SCATTERED SITES	20	1,461,213	73,061	41%	92,926		599,321	6,054	210,000	367,000	242,812	28,000				8,026
30 QUEENSBURY COOP - So. Burlington	18	1,702,244	94,569	52%	133,633		881,769	8,907		242,500	294,000	87,150		73,600		114,318
31 OLDE WINDSOR VILLAGE - Windsor	77	4,216,072	54,754	24%	165,945		989,004	9,990								414,256
32 SCHOOL STREET - Hartford	8	710,068	88,759	33%	32,184		232,549	2,349		148,000	326,074					1,096
33 BENTLEY FARM - Arlington	8	735,473	91,934	51%	42,881	95,055	373,510	3,773		185,890	128,000			35,000		9,300
34 CONGRESS & PARK - Morrisville	12	873,472	72,789	33%	37,548		281,261	2,841		247,365	342,005					
1994 Totals	172	12,275,782	71,371	39%	702,690	177,917	4,756,957	48,050	3,012,822	1,648,661	1,826,946	115,150	108,600	0	0	758,596
1995																
35 FAIRFIELD & LINCOLN - St. Albans	7	663,312	94,759	31%	32,078	0	203,925	50		140,000	317,927					1,410
36 ADAMS HOUSE - Fair Haven	13	1,250,443	96,188	54%	79,609	191,400	664,865	6,716		248,600		280,000				50,262
1995 Totals	20	1,913,755	95,688	46%	111,687	191,400	868,790	6,766	0	388,600	317,927	280,000	0	0	0	51,672

PROJECT (BY YEAR ACQUIRED)	NUMBER OF UNITS	TOTAL COST	COST PER APT. UNIT	EQUITY AS % OF TOTAL COST	LIHTC PER YEAR	HISTORIC TAX CREDIT	EQUITY		LOANS AND GRANTS									
							LIMITEDS	GPS	VHFA	VHCB	HUD	CDBG/VCDP	BANK	RD	OTHER			
1996																		
37 ADDISON - Middlebury, Vergennes	19	1,377,134	72,481	53%	79,465	204,395	727,713	7,351								11,870		
38 BRHIP - Burlington	33	2,129,235	64,522	31%	92,616		653,892	6,605	541,531	458,848	263,045					205,314		
39 ROSE STREET - Burlington	12	1,634,366 (1)	110,577	51%	74,434		829,239	8,376		240,816	283,000			90,000		191,311		
40 FAIRFIELD STREET SCHOOL - St. Albans	14	1,220,454	87,175	51%	57,956	185,889	503,935	50		289,014	359,040					68,415		
1996 Totals	78	6,361,189	81,554	43%	304,471	390,284	2,714,779	22,382	541,531	1,220,778	1,144,585	158,600	90,000	0	0	476,910		
1997																		
41 APPLGATE APARTMENTS - Bennington	104	6,285,001	60,433	28%	230,000		1,712,700	17,300	50,000	385,000	3,115,000	625,000				380,000		
42 RICHMOND VILLAGE HOUSING - Richmond	16	1,729,786	94,880	35%	74,116		602,500	6,086		271,000		390,000	255,200			205,000		
43 PARK PLACE HOUSING COOP - Burlington	20	3,027,166 (1)	102,170	46%	115,500	764,827	1,371,150	13,850		400,000			766,333			510,906		
44 HEDDING DRIVE - Randolph	16	1,060,440	66,278	33%	42,000		341,488	3,449		373,477						342,026		
45 SOUTH SQUARE (101 COLLEGE) - Burlington	65	2,594,450 (1)	39,915	23%	83,208		589,050	5,950	1,850,000							149,449		
46 1306/E. SPRING STREET - Colchester, Winooski	42	2,998,459	71,392	36%	103,973	218,099	1,079,100	10,900	825,000	394,500						688,959		
47 WELLS RIVER REHAB - Wells River	22	1,895,250 (1)	71,367	46%	79,661	225,260	871,200	8,800		404,442		308,127				302,680		
48 HOLY CROSS - Colchester	40	2,843,693	71,092	38%	151,408		1,059,788	10,705	715,000	270,700						787,500		
49 N. PLEASANT ST. REHAB - Middlebury	25	1,992,292 (1)	78,209	43%	134,000	214,000	850,000	8,586		431,457		170,000	367,000			165,249		
Tax Credit Sub-Totals	350	24,426,537	65,339	35%	1,013,866	1,422,186	8,476,976	85,626	3,440,000	2,930,576	3,115,000	1,493,127	1,388,533	0	0	3,531,769		
50 BEMIS BLOCK - Hardwick	14																	
51 CANTERBURY NORTH/SOUTH - St. Johnsbury	28																	
52 DARLING INN - Lyndonville	27																	
53 GILMAN HOUSING - Lunenburg	10																	
54 GOVERNOR PROUTY APARTMENTS - Newport	24																	
55 HARDWICK FAMILY - Hardwick	8																	
56 GROVETON HOUSING - Northumberland, NH	10																	
57 LISBON INN - Lisbon, NH	20																	
58 MCKEE INN - Lancaster, NH	35																	
59 NORTHERN LIGHTS HOUSING - Berlin, NH	63																	
60 OPERA BLOCK - Woodsville, NH	34																	
NCIC Acquisition Sub-Totals	273																	
1997 Totals	623																	
1998																		
61 PARK PLACE PHASE II - Burlington	14	2,571,784 (1)	121,078	52%	75,000	414,494	1,317,982	13,313		192,900				575,000		735,549		
62 PEARL & UNION - Burlington	21	1,128,450	53,736	67%	57,300	127,173	746,841	7,544		147,700				155,000		193,056		
63 LAKEVIEW - Newport	16	1,392,733	87,046	36%	35,534	168,517	471,000	24,790		82,969					760,000	96,650		
64 BENNINGTON ARTS - Bennington	15	1,701,564	113,438	72%	73,000	237,000	1,207,800	12,200		233,860				20,000		469,176		
65 BAILEY BALDWIN BARRE - Montpelier	15	1,491,890 (1)	88,464	47%	50,000	190,497	747,450	7,550	85,000	270,500						435,598		
66 HIGHLAND HILL - Hardwick	14	1,389,252	99,232	45%	47,500	223,962	622,215	6,286		197,477						562,883		
1998 Totals	95	9,675,672	90,885	54%	338,334	1,361,643	5,113,288	71,683	85,000	1,125,406	0	0	750,000	760,000	0	2,492,912		
1999																		
67 EXNER BLOCK - Bellows Falls	10	2,134,242 (1)	173,363	39%	63,512	299,361	1,094,445	11,056		400,000	390,000	419,000				10,000		
68 MILLVIEW APARTMENTS - Burlington	12	1,332,969	111,081	57%	85,779		881,100	8,900		240,000	183,000			115,000		34,600		
69 BUS BARNs - Burlington	25	5,940,584 (1)	136,607	49%	246,456	612,602	3,366,667	34,006		597,000	205,000	50,000		550,000		1,619,400		
70 VERGENNES/MIDDLEBURY	14	1,605,193	114,657	66%	85,471	244,522	1,250,460	12,630		451,300		36,000		58,000		13,000		
71 MCAULEY SQUARE - Burlington	74	9,304,535	125,737	38%	354,366		4,484,543	45,298	3,680,989	730,000	432,000					708,000		
72 CRYSTAL LAKE APARTMENTS - Barton	15	1,723,136	114,876	42%	59,553	249,209	815,508	8,238		178,768					708,626	105,000		
73 ALLEN CANAL - Winooski	17	969,130	57,008	20%	28,609		231,660	2,340	714,000							63,000		
74 PORTLAND STREET - Morrisville	8	1,058,972	132,372	45%	37,500	172,417	544,500	5,500		191,429					370,000	14,000		
75 SWANTON SCHOOL - Swanton	16	2,368,927 (1)	115,057	40%	51,988	444,366	1,079,363	10,902		418,000		440,000			570,000	5,120		
76 SAXTONS RIVER SCATTERED SITES	17	1,899,746	111,750	40%	68,677	215,264	883,279	8,922	816,000	240,000						79,000		
77 BRIARS APARTMENTS - Wilder	24	1,568,624	65,359	20%	23,306		402,020	4,060	681,000	544,900						40,000		
1999 Totals	232	29,906,058 (3)	30,128	42%	1,105,217	1,793,375	15,033,545	151,852	5,891,989	3,991,397	1,210,000	945,000	723,000	1,648,626	0	2,691,120		
ALL PROPERTIES							TAX CREDIT PROPERTIES (EXCL. NCIC, LINDEN TERRACE)											
TOTAL PROPERTIES = 77	NUMBER OF UNITS	TOTAL COST	COST PER APT. UNIT	EQUITY AS % OF TOTAL COST	LIHTC PER YEAR	HISTORIC TAX CREDIT	EQUITY		LOANS AND GRANTS									
							LIMITEDS	GPS	VHFA	VHCB	HUD	CDBG/VCDP	BANK	RD	OTHER			
GRAND TOTALS	2,594	169,071,747	86,398	33.2%	6,190,920	5,990,089	55,562,413	577,105	38,715,809	21,093,626	23,306,846	7,351,797	3,844,875	6,781,826	13,312,671			
AVERAGE PER YEAR	216	14,089,312	86,398	33.2%	515,910	499,174	4,630,201	48,092	3,226,317	1,757,802	1,942,237	612,650	320,406	565,152	1,109,389			
Unaudited - For Information Purposes Only							(1) Includes commercial space	(2) Linden equity from HVT only	(3) Development costs do not include equity bridge interest	32.9%	0.3%	22.9%	12.5%	13.8%	4.3%	2.3%	4.0%	7.9%

HOUSING VERMONT
Annual Report 1999

BOARD OF DIRECTORS

James Foster, *Chair*
Edlund Company, Burlington

Kenneth Perine, *Vice Chair*
National Bank of Middlebury, Middlebury

Stephen Pitkin, *Secretary*
Construction Consultant, Albany (VT)

Cynthia Borck
Union Bank, Morrisville

Nancy Eldridge
Cathedral Square Corporation, Burlington

Rita Markley
Committee on Temporary Shelter, Burlington

William Morlock
Springfield Housing Authority, Springfield

Robert Skiff
Vermont Commons School, South Burlington

Barbara Ternes
Parks Place, Bellows Falls

Thomas Thompson
Re/Max North, Colchester

STAFF

Peter Richardson, *President*

Lynn Barnhart, *Director of Asset Management*

Dot Bechard, *Office Manager*

Andrew Broderick, *Senior Vice President*

Kathleen Cannon, *Vice President, Finance*

Sue Cobb, *Senior Project Manager*

Mark Desrosiers, *Senior Asset Manager*

Tom Dillon, *Project Manager*

Amy Dohner, *Project Manager*

David Graves, *Accountant*

Chris Lee, *Asset Manager*

Lynn Mansfield, *Project Manager*

Kim Moran, *Project Manager*

Nancy Owens, *Project Developer*

Rich Wickman, *Project Manager*

PROPERTIES CLOSED IN 1999

THE BRIARS - Wilder

LOCATION: *Bugbee Street*

NUMBER OF UNITS: *24*

GENERAL PARTNERS: *Bugbee Street Properties, Inc. - a subsidiary of Twin Pines Housing Trust, H.V. 1999, Inc.*

LIMITED PARTNER: *Chittenden Bank*

FINANCING: *Vermont Housing Finance Agency, Vermont Housing & Conservation Board*

ARCHITECT: *Vermont Architects Collaborative*

GENERAL CONTRACTOR: *Randall Contracting, Inc.*

MANAGEMENT AGENT: *Northern Community Management Corporation*

Building 2



Building 3



PROPERTIES CLOSED IN 1999

EXNER BLOCK - Bellows Falls

LOCATION: *Canal Street*

NUMBER OF UNITS: *10 residential, 6 commercial*

GENERAL PARTNERS: *Rockingham Area Community Land Trust, H.V. 1998, Inc.*

LIMITED PARTNERS: *Chittenden Bank, First Vermont Bank*

FINANCING: *Town of Rockingham through the Vermont Community Development Program, Vermont Housing & Conservation Board, U.S. Department of Housing and Urban Development - Special Purpose Grant, REEP, SEVCA*

ARCHITECT: *Williams & Frehsee, Inc.*

GENERAL CONTRACTOR: *Wesfield Construction Company, Inc.*

MANAGEMENT AGENT: *Rockingham Area Community Land Trust in coordination with Rockingham Arts and Museum Project (RAMP)*

Before:



Robert McBride of RAMP



PHOTO: RAY BREWSTER

MILL VIEW APARTMENTS - Burlington

LOCATION: *222 Riverside Avenue*

NUMBER OF UNITS: *12*

GENERAL PARTNERS: *Lake Champlain Housing Ventures, Inc., H.V. 1999, Inc.*

LIMITED PARTNER: *Merchants Bank*

FINANCING: *City of Burlington through its HOME Program and Housing Trust Fund, Vermont Housing & Conservation Board, Agency of Natural Resources through its Petroleum Clean-up Fund, Vermont Community Loan Fund, Vermont Star Homes, VT Gas*

ARCHITECT: *Arnold & Scangas Architects*

GENERAL CONTRACTOR: *J.A. Morrissey, Inc.*

MANAGEMENT AGENT: *Lake Champlain Housing Ventures, Inc.*

Before:



After:



HOUSING VERMONT
Annual Report 1999

PORTLAND STREET - Morrisville

LOCATION: 16 Portland Street

NUMBER OF UNITS: 8

GENERAL PARTNERS: LHP 1994, Inc. - a subsidiary of Lamoille Housing Partnership, H.V. 1999, Inc.

LIMITED PARTNER: Union Bank

FINANCING: Rural Housing Service - U.S. Department of Agriculture, Vermont Housing & Conservation Board, Preservation Trust of Vermont, Morrisville Power & Light, CVAC

ARCHITECT: Vermont Architects Collaborative

GENERAL CONTRACTOR: Stewart Construction, Inc.

MANAGEMENT AGENT:

Technical Planning & Management

CRYSTAL LAKE APARTMENTS - Barton

LOCATION:

35 Main Street, 117 High Street, 109 Water Street

NUMBER OF UNITS: 15

LOCAL PARTNERS:

Gilman Housing Trust, Inc., H.V. 1999, Inc.

LIMITED PARTNERS:

Community National Bank, The Howard Bank, N.A.

FINANCING: Rural Housing Service - U.S. Department of Agriculture, Town of Barton through its Revolving Loan Fund, Vermont Housing & Conservation Board, Neighborworks

ARCHITECT: Vermont Architects Collaborative

GENERAL CONTRACTOR:

Laferriere Construction Inc.

MANAGEMENT AGENT:

Northern Community Management Corporation

Before:



After:



Main Street



King Block



PROPERTIES CLOSED IN 1999
(Continued)

SWANTON SCHOOL - Swanton

LOCATION: Church Street

NUMBER OF UNITS: 16

GENERAL PARTNERS: Lake Champlain Housing Ventures, Inc., H.V. 1999, Inc.

LIMITED PARTNER: Franklin-Lamoille Bank

FINANCING: Rural Housing Service - U.S. Department of Agriculture, Vermont Housing & Conservation Board, Town of Swanton through the Vermont Community Development Program

ARCHITECT: Duncan-Wisniewski Architecture

GENERAL CONTRACTOR: Burrcon, Inc.

MANAGEMENT AGENT:

Lake Champlain Housing Ventures, Inc.

VERGENNES & MIDDLEBURY RENOVATIONS

LOCATION:

14 South Maple Street - Vergennes, 10 South Water Street - Vergennes, 11 Seminary Street - Middlebury

NUMBER OF UNITS: 14

GENERAL PARTNERS: Bristol Affordable Housing, Inc. - a subsidiary of Addison County Community Action Group, H.V. 1999, Inc.

LIMITED PARTNERS: Chittenden Bank, Merchants Bank, National Bank of Middlebury

FINANCING: Vermont Housing & Conservation Board, Walter Cerf Foundation, Vermont National Bank, REEP, CVOEO

ARCHITECT: Scott & Partners Architects

GENERAL CONTRACTOR: Stewart Construction, Inc.

MANAGEMENT AGENT:

Addison County Community Action Group

Before:



After:



Before:



After:



PROPERTIES CLOSED IN 1999
(Continued)

SAXTONS RIVER RENOVATIONS

LOCATION:
1 Oak Street, 2 Mill Street, 6 River Street, 8 River Street, 17 River Street, 19 River Street, 36 Main Street

NUMBER OF UNITS: 17

GENERAL PARTNERS: *Rockingham Area Community Land Trust, Inc., H.V. 1999, Inc.*

LIMITED PARTNERS:
Chittenden Bank, First Vermont Bank

FINANCING: *Vermont Housing & Conservation Board, Vermont Housing Finance Agency, Vermont Community Loan Fund*

ARCHITECT: *Vermont Architects Collaborative*

GENERAL CONTRACTOR: *Stewart Construction, Inc.*

MANAGEMENT AGENT: *Stewart Property Management*

ALLEN CANAL APARTMENTS - Winooski

LOCATION:
43-45 West Allen Street, 47 West Allen Street, 51-53 West Allen Street, 214 West Allen Street, 241 West Canal Street

NUMBER OF UNITS: 17

GENERAL PARTNERS:
Lake Champlain Housing Ventures, Inc.; H.V. 1999, Inc.

LIMITED PARTNER: *Merchants Bank*

FINANCING: *Vermont Housing Finance Agency*

GENERAL CONTRACTOR: *Prime Construction Company*

MANAGEMENT AGENT:
Lake Champlain Housing Ventures, Inc.

17 River Street



19 River Street



West Allen Street

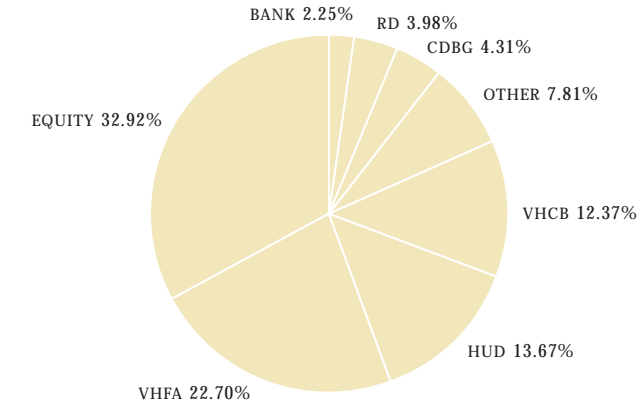


West Allen Street

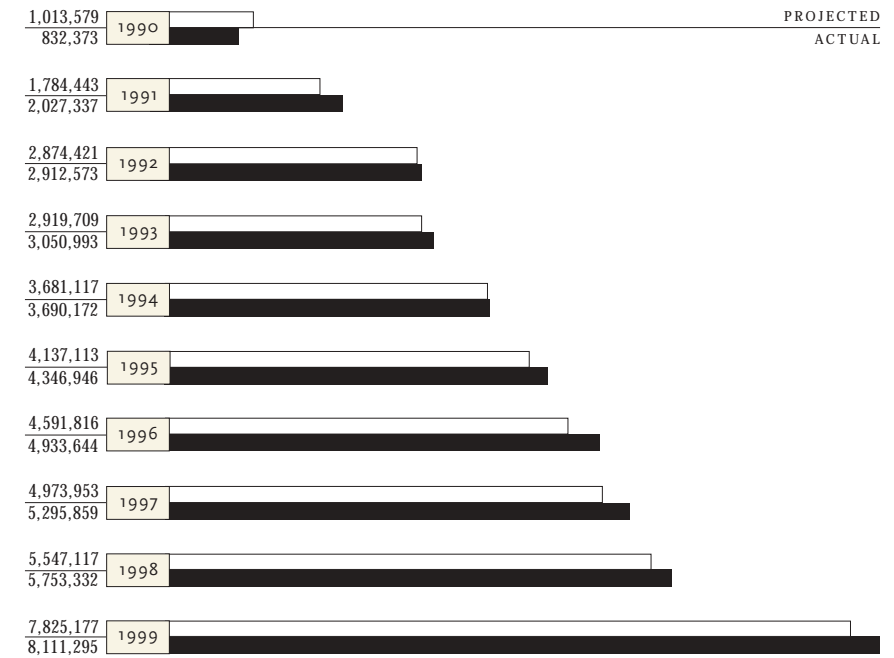


HOUSING VERMONT
Annual Report 1999

SOURCES OF FUNDS



PORTFOLIO TAX BENEFITS



INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS
HOUSING VERMONT AND SUBSIDIARIES
BURLINGTON, VERMONT

We have audited the accompanying consolidated statements of financial position of Housing Vermont and Subsidiaries (a nonprofit organization) as of December 31, 1999 and 1998, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of Housing Vermont's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of H.V. Linden Terrace, Inc., a wholly-owned subsidiary, which statements reflect total assets of \$854,224 and \$870,283 as of December 31, 1999 and 1998, respectively, and total revenues of \$188,794 and \$185,221, respectively, for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for H.V. Linden Terrace, Inc., is based solely on the report of the other auditors.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

As more fully described in Note 1 to the financial statements, the organization has recorded certain investments in subsidiaries at cost. In our opinion, generally accepted accounting principles require that these investments be recorded under the consolidation or equity method.

In our opinion, except for the effects of recording certain investments at cost, as discussed in the preceding paragraph, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Housing Vermont and Subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards we have also issued a report dated August 5, 1999 on our consideration of Housing Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

A. M. Peusch, Company LLP

March 16, 2000
(except for Note 14, as to which the date is June 28, 2000)
Burlington, Vermont
VT Reg. No 92-0000102

Housing Vermont and Subsidiaries
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 1999 and 1998

ASSETS	1999	1998 (Restated)
Cash and cash equivalents	\$ 232,881	\$ 231,238
Due from affiliated entities	1,342,213	775,571
Grant receivable	-	314,510
Prepaid expenses	18,254	25,175
Notes receivable from affiliated entities, net	2,211,002	2,666,438
Tenant accounts receivable	1,518	1,784
Deferred income taxes	<u>1,777</u>	<u>2,054</u>
Total current assets	3,807,645	4,016,770
Cash - Reserved	293,477	287,922
Property and equipment, net	819,698	804,945
Notes receivable from affiliated entities, net	101,017	83,606
Investment in predevelopment project costs	65,448	340,538
Organization costs, net of accumulated amortization of \$2,085 in 1999 and 1998	28	28
Debt issuance costs, net of accumulated amortization of \$1,978 in 1999 and \$1,666 in 1998	5,821	6,133
Investment in subsidiaries, at cost	225,417	191,935
Escrowed tenant security deposits	8,415	7,756
Other deposits	<u>70</u>	<u>70</u>
	<u>\$ 5,327,036</u>	<u>\$ 5,739,703</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Housing Vermont and Subsidiaries
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 1999 and 1998

LIABILITIES AND NET ASSETS	1999	1998 (Restated)
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	\$ 132,628	\$ 177,106
Grant payable	-	314,510
Lines of credit	1,250,000	1,400,000
Current installments of long-term debt	<u>16,828</u>	<u>349,803</u>
Total current liabilities	1,399,456	2,241,419
Security deposits	7,811	7,756
Due to affiliates	164,527	166,558
Deferred income taxes	9,900	8,162
Long-term debt, excluding current installments	<u>1,158,510</u>	<u>900,339</u>
Total liabilities	2,740,204	3,324,234
NET ASSETS		
Unrestricted	<u>2,586,832</u>	<u>2,415,469</u>
	<u>\$ 5,327,036</u>	<u>\$ 5,739,703</u>

Housing Vermont and Subsidiaries
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years ended December 31, 1999 and 1998

	1999	1998
Revenue		
Development fees	\$ 877,522	\$ 721,588
Asset management fees	166,618	155,896
Grant income	-	2,825,210
Membership fees	15,560	15,645
Interest income	147,732	200,932
Loss on sale of fixed assets	(2,546)	-
Other income	24,905	340
Net income from rental property (net of expense of \$178,422 in 1999 and \$177,592 in 1998)	<u>8,107</u>	<u>7,801</u>
Total revenues	<u>1,237,898</u>	<u>3,927,412</u>
Development Expenses		
Payroll and benefits	740,969	604,137
Management and general	150,586	129,997
Professional fees	29,377	21,084
Rent	65,602	28,590
Depreciation and amortization	16,387	11,680
Interest	63,614	189,415
Donated building expense	-	300,000
Grant expense	<u>-</u>	<u>2,825,210</u>
Total expenses	<u>1,066,535</u>	<u>4,110,113</u>
Change in net assets	<u>171,363</u>	<u>(182,701)</u>
Net assets at beginning of year,	<u>2,415,469</u>	<u>2,598,170</u>
Net assets at end of year	<u>\$ 2,586,832</u>	<u>\$ 2,415,469</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Housing Vermont and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
December 31, 1999 and 1998

	1999	1998 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 171,363	(\$ 182,701)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization	36,090	31,674
Loss on sale of fixed assets	2,546	-0-
Building contribution	-0-	300,000
Deferred income taxes	2,015	(422)
(Increase) decrease in:		
Due from affiliated entities	(566,642)	135,797
Grant receivable	314,510	(314,510)
Prepaid expenses	6,921	(10,979)
Tenant accounts receivable	266	(656)
Escrowed tenant security deposits	(659)	(819)
Increase (decrease) in:		
Accounts payable and accrued expenses	(44,478)	145,441
Grant payable	(314,510)	314,510
Security deposits	55	519
Net cash provided (used) by operating activities	<u>(392,523)</u>	<u>417,854</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in cash - restricted	(5,555)	(1,064)
Purchases of property and equipment	(53,077)	(36,916)
Decrease (increase) in notes receivable from affiliated entities	438,025	(1,356,035)
Decrease (increase) in investment in predevelopment project costs	275,090	(94,542)
Increase in investment in subsidiaries	<u>(33,482)</u>	<u>(27,520)</u>
Net cash provided (used) by investing activities	<u>621,001</u>	<u>(1,516,077)</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	1999	1998 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(1,584,804)	(2,241,375)
Proceeds from issuance of long-term debt	1,360,000	3,509,250
Decrease in due to affiliate	<u>(2,031)</u>	<u>(824)</u>
Net cash provided (used) by financing activities	<u>(226,835)</u>	<u>1,267,051</u>
Net increase in cash and cash equivalents	\$ 1,643	\$ 168,828
Cash and cash equivalents, beginning of year	<u>231,238</u>	<u>62,410</u>
Cash and cash equivalents, end of year	<u>\$ 232,881</u>	<u>\$ 231,238</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	\$ 126,647	\$ 236,387
Income taxes	\$ 250	\$ 250
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Donation of building	\$ -0-	\$ 625,000
Note assumed by donee	-0-	(325,000)
Donation	<u>-0-</u>	<u>(300,000)</u>
Cash received from transfer of building	<u>\$ -0-</u>	<u>\$ -0-</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Housing Vermont (the Organization) is a non-profit organization created by the Vermont Housing Finance Agency (VHFA) with the express purpose of developing affordable housing within the State of Vermont. The Organization is a membership corporation with two classes of members, sustaining members and regular members. VHFA is a sustaining member. All operating expenses are for the purpose of the Organization's program, which is to develop affordable housing.

The Organization, pursuant to a funding agreement (the Agreement) between itself and VHFA, received \$2,000,000 from VHFA over a three year period ending in 1990. The proceeds were used for investment in qualifying projects, operating purposes, and to cover annual deficits, if any, resulting from the Organization's operations. The terms of the Agreement permit VHFA to monitor each project for proper management and tax compliance until the later of the date all operating funds advanced, as defined, are repaid, or the date the economic life of all residential housing assisted in whole or in part with housing development funds or recycled funds, as defined, ceases.

BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting which recognizes income when earned and expenses when incurred.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Organization and its wholly-owned for profit subsidiary, H.V. Linden Terrace, Inc. All significant intercompany balances have been eliminated in consolidation.

RELATED PARTIES

The Organization has formed two wholly-owned subsidiaries, H.V. Generals Corp. and H.V. Investment Corp., to act as general partners in limited partnerships organized to develop and rent qualified low income buildings. H.V. Investment Corp., acts as a managing general partner in two limited partnerships, the Vermont Equity Fund I and the Vermont Equity Fund II. These limited partnerships were organized to make equity investments in developments sponsored by the Organization's affiliated entities. The Organization has a 16.67 percent investment in H.V. Archibald Street, Inc. which is a one percent general partner in one of the low income housing limited partnerships. The Organization along with two other non-profit organizations have formed Northern New Hampshire Housing Company and Northeastern Vermont Housing Company to provide low income housing to qualified tenants.

Housing Vermont owns a 50 percent interest in each entity. The Organization has a 33 percent interest in Northern Community Management Corporation which provides

management services to low income housing organizations. The Organization's investments in H.V. Archibald Street, Inc., H.V. Generals Corp., H.V. Investment Corp., Northern New Hampshire Housing Company, Northeastern Vermont Housing Company, and Northern Community Management Corporation are carried at cost. This is not in accordance with generally accepted accounting principles which requires certain of the above investments to be accounted for under the equity or consolidation method.

CASH EQUIVALENTS

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

DEBT ISSUANCE COSTS

Debt issuance costs consist of legal fees and are amortized over the lives of the H.V. Linden Terrace, Inc. mortgage loans using the straight-line method.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the assets. The organization generally capitalizes property and equipment with costs exceeding \$500 and with an estimated useful life in excess of one year.

INVESTMENT IN PREDEVELOPMENT PROJECT COSTS

Investment in predevelopment project costs consists of fees paid by the Organization for the benefit of projects for which the corresponding partnership entity has not yet been formed. It is the intent of the Organization that the amounts will be repaid to Housing Vermont once the partnerships are formed.

FEDERAL INCOME TAXES

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and has been recognized by the Internal Revenue Service as an organization exempt from Federal income taxes on related income pursuant to Section 501(a) of the Code. The Company is not a private foundation.

H.V. Linden Terrace, Inc. the Organization's wholly-owned subsidiary, is not exempt from Federal income taxes on its income and uses the asset and liability method of accounting for income taxes.

Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES IN FINANCIAL STATEMENT PREPARATION

Management has made certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

The collectibility of investment in predevelopment project costs is dependent upon the feasibility of the project and the formation of the related partnership. The collectibility of due from affiliates and notes receivable from affiliates is dependent on the financial success of the affiliated partnerships. It is at least reasonably possible that the collectibility of these amounts will change in the near term.

NOTE 2. RELATED PARTY TRANSACTIONS

The Organization earned development fees in the amount of \$877,522 and \$721,588 during the years ended December 31, 1999 and 1998, respectively. The fees consist of services provided to affiliated limited partnerships in preparing development and financial plans for the construction of housing units owned by these limited partnership. The Organization also earned asset management fees of \$166,618 and \$155,896 during the years ended December 31, 1999 and 1998, respectively. These fees consist of financial services provided to the limited partnerships.

The Organization has incurred reimbursable housing development costs incident to the operation of certain limited partnerships. The balance due to the Organization on these unsecured advances amounted to \$1,342,213 and \$775,571 at December 31, 1999 and 1998, respectively.

The Organization, in exchange for notes receivable, advanced funds to affiliated limited partnerships. The sums advanced were used in connection with the construction and rehabilitation of certain approved housing projects. At December 31, 1999 and 1998 the notes receivable, net of the allowance, totaling \$2,211,002 and \$2,666,438, respectively, are unsecured and bear interest at rates ranging from 4.5 percent to 8.5 percent. The notes receivable are due on demand. An allowance of \$14,264 for 1999 and 1998 has been recorded to reflect amounts management estimates to be uncollectible.

In addition, the Organization, in exchange for notes receivable, paid certain development operating costs on behalf of affiliated limited partnerships. These notes receivable are non-interest bearing with a face amount of \$197,516 and \$180,116 at December 31, 1999 and 1998, respectively, that has been discounted to present value at an imputed interest rate of 6.0 percent over 5, 8 or 15 years. At December 31, 1999 and 1998, the present value of the notes, net of the allowance, amounted to \$101,017 and \$83,606, respectively. An allowance of \$13,737 for 1999 and 1998 has been recorded to reflect amounts management estimates to be uncollectible. The notes are payable from surplus cash of the affiliated limited partnerships, or, if not sooner paid, are due when the property is sold.

The Organization is holding in escrow funds received from Northgate Housing Limited Partnership, to provide for payment of future development fees to the general partners providing there is no recapture of the low income housing tax credits. At December 31, 1999 and 1998 the cash reserved and related obligation totaled \$164,527 and \$166,558, respectively

NOTE 3. CASH - RESERVED

The following cash deposits have been reserved:

Reserve for replacements: Reserve for replacements account represents cash that is reserved for replacement of property and equipment at H.V. Linden Terrace, Inc. Written authorization by VHFA is required for disbursements from the account.

Development escrow reserve: Development escrow reserve account represents cash that is reserved for future building rehabilitation and development costs.

Sinking fund escrow reserve: Sinking fund escrow reserve represents cash that is reserved for future operating deficits in St. Johnsbury Housing Limited Partnership and Caledonia Housing Partnership.

Cash - Reserved consists of the following at December 31, 1999 and 1998:

	1999	1998
Reserve for replacement	\$ 70,650	\$ 65,624
Development escrow reserve	164,527	166,558
Sinking fund escrow reserve	<u>58,300</u>	<u>55,740</u>
	<u>\$ 293,477</u>	<u>\$ 287,922</u>

NOTE 4. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 1999 and 1998 is as follows:

	1999	1998
Land	\$ 136,800	\$ 136,800
Building and improvements	692,549	692,549
Furniture and equipment	<u>156,688</u>	<u>118,603</u>
	986,037	947,952
Less accumulated depreciation	<u>166,339</u>	<u>143,007</u>
Net property and equipment	<u>\$ 819,698</u>	<u>\$ 804,945</u>

Depreciation expense for the years ended December 31, 1999 and 1998 was \$35,778 and \$31,045, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 5. LINES OF CREDIT

Lines of credit at December 31, 1999 and 1998 consists of the following:

	1999	1998
Line of credit - Howard Bank, in the amount of \$1,000,000, interest at 8.25%, due December 2000, secured by accounts receivable and notes receivable	\$ 250,000	\$ 400,000
Line of credit - Vermont Housing Finance Agency (VHFA), in the amount of \$1,000,000, interest at 8.22%, due December 1999, secured by title, right, and interest in all affiliated partnerships	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 1,250,000</u>	<u>\$ 1,400,000</u>

Interest expense on the lines of credit was \$59,523 and \$115,078 for the years ended December 31, 1999 and 1998, respectively.

NOTE 6. LONG-TERM DEBT

Long-term debt at December 31, 1999 and 1998 consists of the following:

	1999	1998
Note payable - Vermont Housing Finance Agency (VHFA), interest at 7.7%, due October 2018, secured by land, buildings and all equipment and fixtures associated with H.V. Linden Terrace, Inc.	\$ 429,427	\$ 439,207
Note payable - Vermont Housing Finance Agency (VHFA), interest at 8.25%, due October 2018, secured by land, buildings and all equipment and fixtures associated with H.V. Linden Terrace, Inc.	270,911	276,685
Note payable - Union Bank, in the amount of \$400,000, interest at 7.98%, due March 1999, unsecured	-0-	334,250

Note payable - Chittenden Bank, in the amount of \$570,000, interest at 8.00%, due June 2001, secured by assignment of equity contribution commitments

	<u>475,000</u>	<u>200,000</u>
	1,175,338	1,250,142
Less current installments	<u>16,828</u>	<u>349,803</u>
	<u>\$ 1,158,510</u>	<u>\$ 900,339</u>

Maturities of long-term debt for the next five years and thereafter are as follows:

Year ending December 31,	
2000	\$ 16,828
2001	493,209
2002	19,701
2003	21,316
2004	23,064
Thereafter	<u>601,220</u>
	<u>\$ 1,175,338</u>

Interest expense on the notes payable was \$60,071 and \$131,521 for the years ended December 31, 1999 and 1998, respectively.

NOTE 7. LEASES

The Organization leases office space under a ten-year operating lease expiring February 28, 2009. Future minimum payments under the operating lease in the aggregate are as follows:

2000	\$ 48,113
2001	49,556
2002	51,044
2003	52,576
2004	54,153
Thereafter	<u>243,564</u>
	<u>\$ 499,006</u>

Rent expense for the years ended December 31, 1999 and 1998 was \$65,602 and \$28,590, respectively.

NOTE 8. PENSION PLAN

The Organization has established a defined contribution pension plan that covers eligible employees with six months of service. Contributions are determined annually by management and are allocated to employees based on compensation. Contributions in 1999 and 1998 amounted to \$29,139 and \$26,650, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 9. COMMITMENTS AND CONTINGENCIES

At December 31, 1999 the Organization and two other parties are jointly and severally liable for \$141,921 in a loan to Northern Community Investment Corporation.

The Organization has guaranteed a note payable from an affiliated partnership in the amount of \$285,198.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. As of December 31, 1999 the Organization estimates that no material liabilities will result from such audits.

NOTE 10. INCOME TAXES RELATING TO H.V. LINDEN TERRACE, INC.

The provision for income taxes for the years ended December 31, 1999 and 1998 consists of the following:

	1999	1998
Federal:		
Current	\$ -0-	\$ -0-
Deferred	<u>2,015</u>	<u>(274)</u>
	<u>2,015</u>	<u>(274)</u>
State:		
Current	250	250
Deferred	<u>-0-</u>	<u>(148)</u>
	<u>250</u>	<u>102</u>
 Provision for (benefit from) income taxes	 <u>\$ 2,265</u>	 <u>(\$ 172)</u>

Deferred income tax provisions arise from the differences in accounting for depreciation for book and tax purposes and net operating loss carryforwards. The tax effect of these temporary timing differences created the deferred tax asset and liability and the deferred expense and (benefit) of \$2,015 and (\$422) for the years ended December 31, 1999 and 1998, respectively.

The following net operating loss carryforwards are available to offset future taxable income of the corporation.

Expiration Date	Amount
January 31, 2002	\$ 6,638
January 31, 2008	<u>2,249</u>
	<u>\$ 8,887</u>

NOTE 11. CONCENTRATION OF RISK

Housing Vermont develops affordable housing within the State of Vermont. A substantial portion of the affiliates' ability to honor their accounts and notes receivable may be dependent upon the general economic climate within Vermont. The Organization does not require collateral on its accounts and notes receivable.

The Organization maintains cash balances at various banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At certain times during the year ended December 31, 1999, cash balances exceeded \$100,000.

NOTE 12. FEDERAL REPORTS

Federal reports are issued, under separate cover, for the year ended December 31, 1998, which comply with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

NOTE 13. PRIOR PERIOD ADJUSTMENT

The accompanying financial statements for 1998 have been restated to correct an error made in recording an assignment of a note payable. The error had no effect on net income for 1998.

NOTE 14. SUBSEQUENT EVENT

Subsequent to year end, the Organization refinanced its \$1,000,000 line of credit with the Vermont Housing Financing Agency, increasing the amount available to \$1,500,000 at a variable interest rate of LIBOR plus 1.75 percent, currently 8.22 percent. The line of credit matures on December 31, 2002 and is secured by title, right, and interest in all affiliated partnerships.