



# HOUSING VERMONT



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Karin Johnson Design / Queen City Printers, Inc.

ANNUAL REPORT 2001

## HOUSING



## VERMONT







#### 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.*

“To produce permanently affordable housing for Vermonters through partnerships with communities and the private sector” is not only Housing Vermont’s mission, it’s our business plan. Undertaking projects identified and co-developed by community groups ensures that the housing meets local needs. Partnering with area banks helps keep local dollars invested in town. Awarding contracts to Vermont contractors helps maintain our regional economy and jobs for our neighbors.

Sometimes the task is to take an abandoned, historic building and return it to usefulness—not only creating housing but supporting neighborhood revitalization. On occasion the units are built as part of a larger project adding enhanced community facilities like a post office or library. But new construction can also play a central role in community development. The link between affordable housing and economic growth is universally acknowledged. Both local businesses and prospective companies need to be able to attract workers, workers who will only be available if there is a good supply of attractive, quality housing. In many Vermont communities this has meant that Housing Vermont and its partners have needed to build new units.

This year was a year that demonstrated the depth and breadth of Housing Vermont’s commitment to work with communities. We built post offices, libraries, and retail space. We rebuilt village centers and helped initiate new urban centers. But above all, we built many, many places that Vermont’s current and future families can call home.



## HOUSING VERMONT BOARD OF DIRECTORS

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

Stephen Pitkin, *Vice Chair*  
Construction Consultant, Albany (VT)

Thomas Thompson, *Secretary*  
Re/Max North, Colchester

James Foster, *Assistant Treasurer*  
Edlund Company, Burlington

Cynthia Borck  
Union Bank, Morrisville

Paul Costello  
Vermont Council on Rural  
Development, Montpelier

Nancy Eldridge  
Cathedral Square Corporation,  
Burlington

Barbara Grimes  
Burlington Electric Department,  
Burlington

Rita Markley  
Committee on Temporary Shelter,  
Burlington

William Morlock  
Springfield Housing Authority,  
Springfield

Barbara Ternes  
Parks Place, Bellows Falls

## One size does not fit all

Housing Vermont's success is built on the successes of our partners. These local and regional nonprofit development companies work in their towns to make sure that their neighbors have safe, decent, and affordable housing and that their town and village centers remain vibrant. The size of the communities where our partners work and the scope of the projects they propose varies widely, and Housing Vermont works to scale its operations to appropriately meet the unique needs of each partner, each community, and each project. We work to provide the right combination of development, asset management, and financial services that will make our partners successful. One size does not fit all. And 2001 was a year in which we were able to test the limits of our flexibility and adaptability, and we proved up to the challenge.

In Chittenden County, Housing Vermont again showed that we can handle "big." We joined Lake Champlain Development Corporation (LCHDC) and Burlington Community Land Trust (BCLT) to squarely and formidably address the critical need for new family apartments. These sophisticated partners bring years of experience and the skills of their seasoned staff to each project they undertake. In Williston, BCLT and Housing Vermont developed 50 new family units at Maple Tree Place. In South Burlington, LCHDC and

Housing Vermont developed 48 units at Lime Kiln and 160 units on Farrell Street. These were large scale, new construction projects requiring thoughtful market analysis, complicated financial structuring, top of the line construction management, and more than \$10,000,000 in equity. The result: Housing Vermont provided its partners what was needed, and Chittenden County now has 258 new units of affordable housing.

In Wells River, a village of 1,021 people in Orange County, Housing Vermont had a different charge: not building 260,000 square feet of new housing but renovating an existing building of about 6,000 square feet. To add to the challenge, our partner, the Wells River Action Program (WRAP), was all volunteer with no paid staff. WRAP did, however, have the vision to put that single key downtown historic building, vacant for about five years, back into use. Because of our experience with historic village renovations, track record with local banks, and flexible project management, we were able to help WRAP turn a blighted building into eight family units and the village post office.

This was a year of big and small and everything in between. At Westgate in Brattleboro, we tackled the acquisition and renovation of an existing 30 year old HUD Section 236 project with 98 units. Deals do not get any more complicated than this one with a discounted sale of the HUD note to the Vermont Housing Finance Agency, Interest Reduction Payments, tax-exempt bond financing on one-half of the project and allocated tax credit on the other half, on-site relocation for every household, a resident-controlled co-general partner, and all of this on land owned by the Brattleboro Community Land Trust and leased to the partnerships. In Burlington, we faced a simpler task when we joined with Cathedral Square Corporation to renovate the Ruggles House (a Hill section home) that had long provided and, thanks to this work, would continue to provide housing to seniors. In Jeffersonville, we built 32 new units of family and elderly housing on adjacent sites in collaboration with the Lamoille Housing Partnership. In Middlebury, we rehabilitated three historic buildings and built four new units with Addison County Community Action Group, our local partner. And in Waterbury, we worked with Central Vermont Community Land Trust to renovate a stunning, historic school creating 16 family units and a small library. Across Vermont, we worked to meet the varying needs of partners, projects, and communities.

The local banks throughout Vermont again showed the depth of their commitment to meeting the needs of their communities. This year we renewed investment relationships with the Merchants Bank, Chittenden Bank, Community National Bank, National Bank of Middlebury, First Vermont Bank, Howard Bank, Franklin Lamoille Bank, Union Bank, Northfield Savings Bank, Wells River Savings Bank, and Woodsville Guaranty Savings Bank. Many of these banks have invested in community projects like these for many years.

The Vermont Housing Finance Agency (VHFA) continued to support Housing Vermont and our partners by helping us identify and use new financing tools, particularly tax-exempt bond financing. VHFA staff brings together both a high level of technical expertise and a commitment to serving Vermont communities. The Vermont Housing and Conservation Board (VHCB) and its staff moved a significant amount of funds into Vermont communities through our projects in 2001. In addition, they provided critical financial and organizational support to our nonprofit partners. VHCB remains committed to keeping affordable housing

development locally-conceived and locally-owned. The Vermont Community Development Program (VCDP) was a fundamental part of the financing of eight of our nine projects this year. VCDP plainly has recognized the fundamental role of housing in community development. In 2001, the Vermont Rural Development Office of the U.S.

But of course, it is the people here at Housing Vermont that make all the difference. They are highly skilled, broadly experienced, and have an almost boundless commitment to their work. It is this staff that gives our partners, investors, and others the confidence to join with Housing Vermont to accomplish their important community work.

In 2001, each project, community, and partner required a "different" Housing Vermont. We are happy to say that with the support of the housing agencies, confidence of our investors, trust of our partners, and skills of our staff, we were able to provide what was needed. This ability to meet the challenges of a diverse and ever-changing market has resulted in Housing Vermont providing more than 3,000 Vermont households with a safe, decent, and affordable place to live.



Department of Agriculture (RD) worked closely with Housing Vermont and other developers to bring as many federal housing resources into Vermont as possible. RD was able to provide Housing Vermont's partners with commitments for financing two future projects.

*GK Perine*

Ken Perine

*Andrew Broderick*

Andy Broderick

## HOUSING VERMONT STAFF

(pictured left to right)

Sue Cobb  
*Senior Project Manager*

David Graves  
*Accountant*

Rich Wickman  
*Project Manager*

Nancy Owens  
*Vice President for Development*

Chris Lee  
*Senior Asset Manager*

Kenn Sessorossi  
*Vice President for Program Development*

Andrew Broderick  
*President*

Amy Dohner  
*Project Manager*

Lynn Mansfield  
*Senior Project Manager*

Eric Schmitt  
*Asset Manager*

Martha Ibey  
*Controller*

Dot Bechard  
*Office Manager*

Karen Allen  
*Development Coordinator*

Erik Hoekstra  
*Assistant Project Manager*

Mark Desrosiers  
*Data Manager*

Kathleen Cannon  
*Vice President, Finance*





## O'Dell Apartments

SOUTH BURLINGTON

LOCATION:  
Farrell Street

NUMBER OF UNITS:  
160

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

LIMITED PARTNER:  
Apollo Housing Capital, LLC

### FINANCING:

City of South Burlington through the Vermont Community Development Program, Vermont Housing & Conservation Board, Vermont Housing Finance Agency, U.S. Department of Housing & Urban Development – HOME, HUD Special Purpose and HOPWA Programs, Residential Energy Efficiency Program

### ARCHITECT:

Rabideau Architects, Inc.

### GENERAL CONTRACTOR:

Wright & Morrissey, Inc.

### MANAGEMENT AGENT:

Lake Champlain Housing Ventures, Inc.



## Lime Kiln Apartments

SOUTH BURLINGTON

LOCATION  
378-380 Lime Kiln Road

NUMBER OF UNITS:  
48

GENERAL PARTNERS:  
Lake Champlain Housing Ventures, Inc.  
H.V. 2001, Inc.

LIMITED PARTNER:  
Merchants Bank

### FINANCING:

Vermont Housing & Conservation Board, Vermont Housing Finance Agency, City of South Burlington through the Vermont Community Development Program, Merchants Bank, U.S. Department of Housing and Urban Development – HOME & HOPWA Programs, Residential Energy Efficiency Program

### ARCHITECT:

Vermont Architect's Collaborative

### GENERAL CONTRACTOR:

Neagley & Chase Construction Company

### MANAGEMENT AGENT:

Lake Champlain Housing Ventures, Inc.



## Baldwin Block

WELLS RIVER

LOCATION:  
23-25 Main Street

NUMBER OF UNITS:  
7 residential / 2 commercial

GENERAL PARTNERS:  
Wells River Action Program, Inc.  
H.V. 2001, Inc.

LIMITED PARTNERS:  
Wells River Savings Bank,  
Woodsville Guaranty Savings Bank

### FINANCING:

Vermont Center for Independent Living, REEP, Vermont Housing & Conservation Board, Vermont Housing Finance Agency, U.S. Department of Housing and Urban Development – HOME, and HUD Special Purpose Programs, Wells River Savings Bank, Woodsville Guaranty Savings Bank, Preservation Trust of Vermont

### ARCHITECT:

Black River Design Architects

### GENERAL CONTRACTOR:

Kingdom Construction Inc.

### MANAGEMENT AGENT:

Northern Community Management Corporation





# Ruggles House

BURLINGTON

LOCATION:  
262 South Prospect  
Street

NUMBER OF UNITS:  
15

GENERAL PARTNERS:  
CSC Partners, Inc.  
H.V. 2001, Inc.

LIMITED PARTNER:  
Banknorth Vermont

FINANCING:  
Vermont Housing & Conservation Board,  
Banknorth, Vermont Federal Home Loan  
Bank through its Affordable Housing  
Program, Vermont Gas Systems,  
Burlington Electric Department, City of  
Burlington through the Burlington  
Housing Trust Fund and the HOME  
Program, HUD Special Purpose Funds

ARCHITECT:  
Duncan-Wisniewski Architecture

GENERAL CONTRACTOR:  
Neagley & Chase Construction Company

MANAGEMENT AGENT:  
Cathedral Square Corporation

# Westgate Apartments

WEST BRATTLEBORO

LOCATIONS:  
First Level Drive, Second Level Drive,  
Third Level Drive and Westgate Drive

NUMBER OF UNITS:  
98

GENERAL PARTNERS:  
Westgate Housing, Inc.  
H.V. Westgate, Inc.

LIMITED PARTNERS:  
Chittenden Bank, Merchants Bank,  
Banknorth Vermont

FINANCING:  
Vermont Housing & Conservation Board,  
Vermont Housing Finance Agency, Town  
of Brattleboro through the Vermont  
Community Development Program and  
the Revolving Loan Fund, Merchants  
Bank, U.S. Department of Housing &  
Urban Development – HOME and HUD  
Special Purpose Funds, Vermont Agency  
of Transportation, Residential Energy  
Efficiency Program

ARCHITECT:  
Williams and Frehsee, Inc.

GENERAL CONTRACTOR:  
Wesfield Construction Company, Inc.

MANAGEMENT AGENT:  
Stewart Property Management, Inc.

# Maple Tree Place

WILLISTON

LOCATION:  
Maple Tree Place

NUMBER OF UNITS:  
50

GENERAL PARTNERS:  
BCLT Rental Development, Inc.  
H.V. 2001, Inc.

LIMITED PARTNER:  
Merchants Bank

FINANCING:  
Merchants Bank , Vermont Housing &  
Conservation Board, Vermont Housing  
Finance Agency, Town of Williston through  
the Vermont Community Development  
Program, Neighborhood Reinvestment  
Corporation, U.S. Department of Housing  
& Urban Development – HOME, HUD  
Special Purpose and HOPWA Programs,  
Green Mountain Power, Residential  
Energy Efficiency Program

ARCHITECT:  
Scott & Partners Architects

GENERAL CONTRACTOR:  
Professional Construction Inc.

MANAGEMENT AGENT:  
Burlington Community Land Trust

# Green Mountain Seminary

WATERBURY CENTER

LOCATION  
38 Hollow Road

NUMBER OF UNITS:  
16 residential / 1 commercial

GENERAL PARTNERS:  
Central Vermont Community Land Trust  
H.V. 2001, Inc.

LIMITED PARTNERS:  
Northfield Savings Bank  
Community National Bank

FINANCING:  
Town of Waterbury through the Vermont  
Community Development Program and  
the Revolving Loan Fund, Vermont  
Housing & Conservation Board, Vermont  
Housing Finance Agency, Neighborhood  
Reinvestment Corporation, U.S.  
Department of Housing & Urban  
Development – HOME Program,  
Residential Energy Efficiency Program

ARCHITECT:  
NBF Architects P.C.

GENERAL CONTRACTOR:  
Naylor & Breen Builders

MANAGEMENT AGENT:  
Central Vermont Community Land Trust





## Smith & Seminary

MIDDLEBURY

LOCATIONS:  
76, 78, 88 South Pleasant Street & 32 Seminary Street

NUMBER OF UNITS:  
17

GENERAL PARTNERS:  
Bristol Affordable Housing, Inc.  
H.V. 2001, Inc.

LIMITED PARTNERS:  
National Bank of Middlebury  
Chittenden Bank  
Northfield Savings Bank

### FINANCING:

Vermont Housing & Conservation Board,  
Vermont Housing Finance Agency, Town  
of Middlebury through the Vermont  
Community Development Program, U.S.  
Department of Housing & Urban  
Development - HOME & HOPWA  
Programs, Federal Home Loan Bank  
through its Affordable Housing Program,  
Residential Energy Efficiency Program,  
Addison County Community Action Group

### ARCHITECT:

Scott & Partners Architects

### GENERAL CONTRACTOR:

Stewart Construction, Inc.

### MANAGEMENT AGENT:

Addison County Community Action Group

## Jeffersonville Family & Community Housing

### LOCATIONS:

100, 115 & 150 Mann's Meadow

### NUMBER OF UNITS

32

### GENERAL PARTNERS:

LHP 1994, Inc.  
H.V. 2001, Inc.

### LIMITED PARTNERS:

Union Bank  
Community National Bank  
Banknorth Vermont

### FINANCING:

Union Bank, Vermont Housing &  
Conservation Board, Vermont Housing  
Finance Agency, Town of Cambridge  
through the Vermont Community  
Development Program, U.S. Department  
of Housing & Urban Development –  
HOME Program, Vermont Community  
Loan Fund, Residential Energy Efficiency  
Program

### ARCHITECT:

Rabideau Architects, Inc.

### GENERAL CONTRACTOR:

Brewster River Land Co.

### MANAGEMENT AGENT:

Technical Planning & Management, Inc.



## HOUSING VERMONT DEVELOPMENTS 1988-2001

### ANNUAL PRODUCTION AND SOURCES OF FUNDS

					EQUITY			LOANS AND GRANTS						
PROJECT (BY YEAR ACQUIRED)	NUMBER OF UNITS	TOTAL COST	COST PER APT. UNIT	LIHTC PER YEAR	HISTORIC TAX CREDIT	LIMITEDS	GPS	VHFA	VHCB	HUD	CDBG	BANK	RD	OTHER
<b>1988</b>														
1 SALMON RUN - Burlington	80	7,485,332	93,567	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	179,265	—	1,417,857	14,354	1,929,496	625,000	—	—	—	—	76,600
1988 TOTALS	162	11,548,639	71,288	292,552	0	2,733,100	17,102	4,458,075	895,000	2,900,000	0	0	0	545,362
<b>1989</b>														
3 WINCHESTER PLACE - Colchester	166	10,120,649	60,968	157,450	—	2,272,693	22,956	7,825,000	—	—	—	—	—	—
4 SWANTON VILLAGE - Swanton	16	666,211	41,638	21,884	—	137,819	1,392	315,000	100,000	—	—	—	—	112,000
5 CUMMINGS STREET - Montpelier	20	935,637	46,782	25,386	—	112,515	1,136	750,078	—	—	—	—	—	71,908
6 NORTHGATE APARTMENTS - Burlington	336	19,801,873	58,934	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	627,000	0	5,899,429	59,589	14,970,456	3,149,500	6,407,488	0	0	0	1,037,908
<b>1990</b>														
7 PROSPECT STREET - Montpelier	29	1,598,138	55,108	56,638	—	197,444	1,994	—	—	—	—	—	1,398,700	—
8 PINE MEADOWS - Middlebury	30	2,184,720	72,824	166,062	—	1,010,892	10,030	794,443	271,855	—	97,500	—	—	—
9 MIDDLEBURY COMMONS - Middlebury	64	3,861,212	60,331	133,901	—	877,845	8,867	—	—	—	—	—	2,974,500	—
10 MOUNTAIN VIEW - Springfield	72	2,661,397	36,964	72,816	—	486,946	4,917	—	435,430	1,135,104	599,000	—	—	—
11 ST. JOHNSBURY SCATTERED SITES	32	2,568,059	80,252	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	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	734,956	181,816	4,852,171	48,829	2,108,168	2,461,549	4,930,095	1,723,600	0	4,373,200	683,307
<b>1991</b>														
13 WHITNEY HILL HOMESTEAD - Williston	44	2,780,390	63,191	160,462	—	1,111,655	11,342	1,375,700	281,693	—	—	—	—	—
14 ABBOTT BLOCK - Brattleboro	17	1,132,640 (1)	66,626	16,409	181,394	267,290	2,700	—	—	580,900	256,750	25,000	—	—
1991 TOTALS	61	3,913,030	64,148	176,871	181,394	1,378,945	14,042	1,375,700	281,693	580,900	256,750	25,000	0	0
<b>1992</b>														
15 RANDOLPH HOUSE - Randolph	48	2,391,789	49,829	71,531	—	317,790	3,210	1,429,464	—	—	—	—	—	641,325
16 100 MAIN - Lyndonville	14	918,966	65,640	36,949	—	266,842	2,695	—	254,000	—	388,375	—	—	7,054
17 PEACHAM ACADEMY APARTMENTS - Peacham	10	183,780	18,378	6,197	—	36,630	500	—	75,000	—	—	—	—	71,650
18 CASWELL AVENUE - Derby	9	340,609	37,845	15,637	—	111,474	1,135	—	180,000	—	—	48,000	—	—
19 RUTLAND SCATTERED SITES	31	1,818,767	58,670	156,139	—	1,030,279	10,407	—	432,631	—	—	345,450	—	—
20 CALEDONIA SCATTERED SITES	28	2,123,098	75,825	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	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	21,284	—	147,646	1,491	—	60,000	201,405	530,000	—	—	—
23 NORTH BRANCH APARTMENTS - Montpelier	39	2,704,482	69,346	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	602,378	0	3,734,433	37,805	1,429,464	2,907,066	671,405	1,844,570	759,742	0	1,022,292
<b>1993</b>														
24 STIMSON GRAVES BUILDING - Waterbury	14	1,756,604 (1)	125,472	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	N/A	—	103,500	779,868	—	—	—	—	—	129,000	—
26 GRAYSTONE VILLAGE - White River Junction	34	2,117,045	62,266	87,704	—	428,670	4,330	1,402,604	—	—	—	—	—	—
1993 TOTALS	67	4,899,038	73,120	180,898	290,074	1,324,510	116,879	2,182,472	93,400	202,500	535,000	0	0	149,823

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PROJECT (BY YEAR ACQUIRED)	NUMBER OF UNITS	TOTAL COST	COST PER APT. UNIT	LIHTC PER YEAR	HISTORIC TAX CREDIT	LIMITEDS	GPS	VHFA	VHCB	HUD	CDBG	BANK	RD	OTHER	PROJECT (BY YEAR ACQUIRED)	NUMBER OF UNITS	TOTAL COST	COST PER APT. UNIT	LIHTC PER YEAR	HISTORIC TAX CREDIT	LIMITEDS	GPS	VHFA	VHCB	HUD	CDBG	BANK	RD	OTHER																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
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27 THELMA MAPLE COOP - Burlington	20	1,879,560	93,978	165,763	—	1,085,000	10,960	—	266,000	320,000				197,600	61 PARK PLACE PHASE II - Burlington	14	2,571,784 (1)	121,078	75,000	414,494	1,317,982	13,313	—	192,900	—	—	575,000	—	735,549																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
28 ERASTUS THAYER HOUSE - Brandon	9	697,680	77,520	31,810	82,862	314,542	3,177	—	191,906	174,055	—	—	—	14,000	62 PEARL & UNION - Burlington	21	1,128,450	53,736	57,300	127,173	746,841	7,544	—	147,700	—	—	155,000	—	193,056																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
29 BURLINGTON SCATTERED SITES	20	1,461,213	73,061	92,926	—	599,321	6,054	210,000	367,000	242,812	28,000	—	—	8,026	63 LAKEVIEW - Newport	16	1,392,733	87,046	35,534	168,517	471,000	24,790	—	82,969	—	—	—	760,000	96,650																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
30 QUEENSBURY COOP - South Burlington	18	1,702,244	94,569	133,633	—	881,769	8,907	—	242,500	294,000	87,150	73,600	—	114,318	64 BENNINGTON ARTS - Bennington	15	1,701,564	113,438	73,000	237,000	1,207,800	12,200	—	233,860	—	—	20,000	—	469,176																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
31 OLDE WINDSOR VILLAGE - Windsor	77	4,216,072	54,754	165,945	—	989,004	9,990	2,802,822	—	—	—	—	—	414,256	65 BAILEY BALDWIN BARRE - Montpelier	15	1,491,890 (1)	88,464	50,000	190,497	747,450	7,550	85,000	270,500	—	—	—	—	435,598																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
32 SCHOOL STREET - Hartford	8	710,068	88,759	32,184	—	232,549	2,349	—	148,000	326,074	—	—	—	1,096	66 HIGHLAND HILL - Hardwick	14	1,389,252	99,232	47,500	223,962	622,215	6,286	—	197,477	—	—	—	—	562,883																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
33 BENTLEY FARM - Arlington	8	735,473	91,934	42,881	95,055	373,510	3,773	—	185,890	128,000	—	35,000	—	9,300	1998 TOTALS			95	9,675,672	90,885	338,334	1,361,643	5,113,288	71,683	85,000	1,125,406	0	0	750,000	760,000	2,492,912																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
34 CONGRESS & PARK - Morrisville	12	873,472	72,789	37,548	—	281,261	2,841	—	247,365	342,005	—	—	—	—	1999																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
1994 TOTALS					172	12,275,782	71,371	702,690	177,917	4,756,957	48,050	3,012,822	1,648,661	1,826,946	115,150	108,600	0	758,596	67 EXNER BLOCK - Bellows Falls																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
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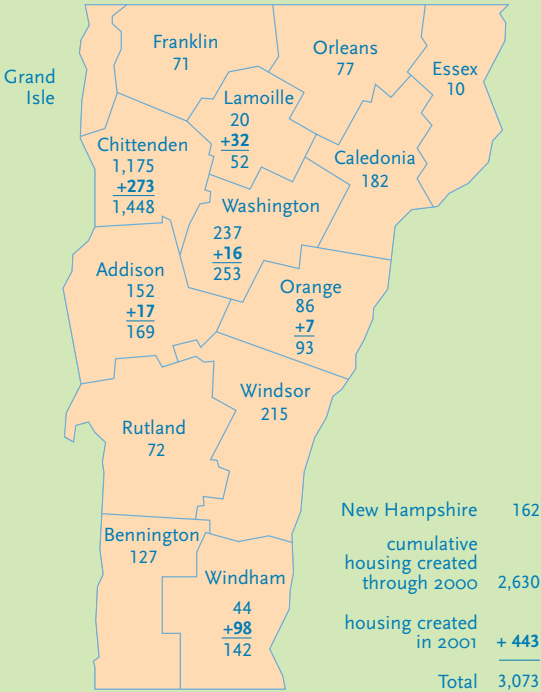


GENERAL PARTNERS

- 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 Pine Housing Trust
- Burlington Community Land Trust and its subsidiary, BCLT Rental Development Inc.
- 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
- CSC Partners, Inc., a subsidiary of Cathedral Square Corporation
- 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
- McAuley Square, Inc.
- 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
- Wells River Action Program
- Westgate Housing Inc.
- Williston Elder Housing, Inc.
- White River Area Housing Development Corp.

HOUSING UNITS BY COUNTY



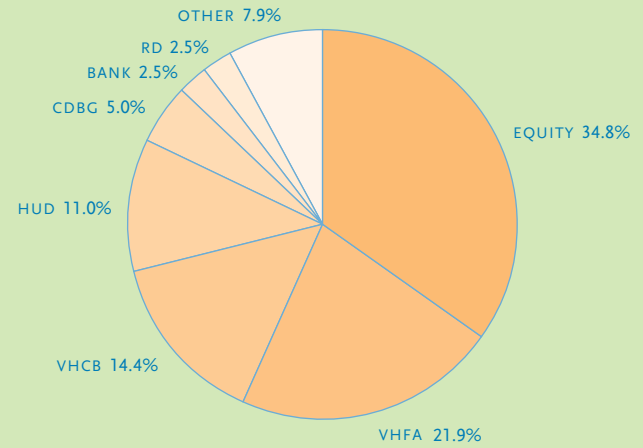
LIMITED PARTNERS/INVESTORS

- CDC-Asbany Corp.  
a division of Charter One Bank
- Arrow Financial Corporation
- The Bank of Bennington
- Banknorth Vermont (formerly First Vermont Bank, Franklin Lamoille Bank and Howard Bank)
- Ben & Jerry's Homemade, Inc.
- Central Vermont Public Service Corporation
- Chittenden Bank
- Community National Bank
- Factory Point National Bank
- Federal National Mortgage Association
- Fleet National Bank
- Robert and Cynthia Hoehl
- Holstein Friesian Association of America
- 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
- Wells River Savings Bank
- Woodsville Guaranty Savings Bank

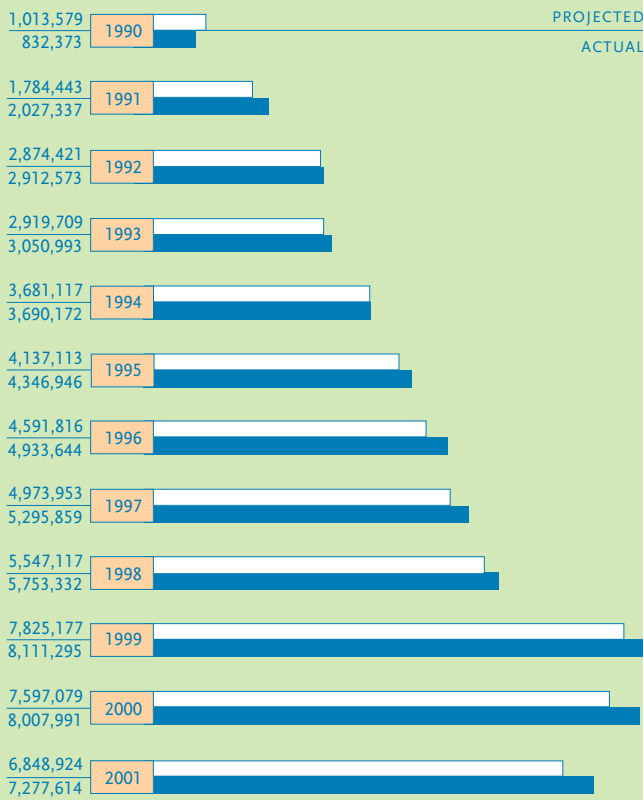
PROFESSIONAL SERVICES

- Property Management Companies:  
Addison County Community Action Group  
Burlington Community Land Trust  
Burlington Housing Authority  
Cathedral Square Corporation  
Central Vermont Community Land Trust  
Franklin Homestead, Inc.  
Lake Champlain Housing Ventures, Inc.  
Maloney Properties, Inc.  
Montpelier Housing Authority  
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 and Management Company  
Vermont State Housing Authority
- Accountants:  
A.M. Peisch & Company  
Otis, Atwell & Timberlake  
McCormack, Guyette & Associates
- Counsel to Housing Vermont:  
Robert A. Gensburg, Esq.

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, 2001 and 2000, 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 \$786,009 and \$830,954 as of December 31, 2001 and 2000, respectively, and total revenues of \$193,047 and \$187,625, 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 U.S. generally accepted auditing standards. 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, U.S. generally accepted accounting principles require that these investments be recorded under the consolidation or equity method. The effects on the consolidated financial statements of the preceding practice are not reasonably determinable.

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, 2001 and 2000, and the results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

*A. M. Pusch & Company LLP*

June 13, 2002  
Burlington, Vermont  
VT Reg. No 92-0000102

HOUSING VERMONT AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
December 31, 2001 and 2000

ASSETS	2001	2000
Cash and cash equivalents	\$ 245,989	\$ 199,181
Due from affiliated entities	1,557,233	1,090,050
Prepaid expenses	30,665	45,348
Notes receivable from affiliated entities, net	2,811,158	1,002,314
Tenant accounts receivable	9	5,479
Deferred income taxes	-0-	3,400
Total current assets	4,645,054	2,345,772
Cash - Reserved	248,205	417,252
Property and equipment, net	773,784	3,667,433
Notes receivable from affiliated entities, net	475,523	266,573
Investment in predevelopment project costs	17,873	694,394
Construction in progress	-0-	2,062,149
Investment in subsidiaries, at cost	321,372	273,091
Escrowed tenant security deposits	-0-	8,792
Other assets	14,263	5,607
	<u>\$ 6,496,074</u>	<u>\$ 9,741,063</u>

See accompanying notes.

HOUSING VERMONT AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
December 31, 2001 and 2000

LIABILITIES AND NET ASSETS	2001	2000
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	\$ 390,855	\$ 344,570
Lines of credit	2,450,000	875,000
Current installments of long-term debt	<u>19,701</u>	<u>854,230</u>
Total current liabilities	2,860,556	2,073,800
Security deposits	8,271	48,249
Due to affiliates	157,593	162,613
Deferred income taxes	5,514	11,621
Line of credit	-0-	500,000
Long-term debt, excluding current installments	<u>645,601</u>	<u>4,255,034</u>
Total liabilities	3,677,535	7,051,317
Commitments and Contingencies		
NET ASSETS		
Unrestricted	<u>2,818,539</u>	<u>2,689,746</u>
	<u>\$ 6,496,074</u>	<u>\$ 9,741,063</u>

HOUSING VERMONT AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
Years Ended December 31, 2001 and 2000

	2001	2000
Revenue		
Development fees	\$ 1,093,718	\$ 923,279
Asset management fees	200,998	177,980
Rental income	455,668	229,338
Membership fees	15,500	15,420
Interest income	223,375	157,036
Other income	<u>13,507</u>	<u>16,450</u>
Total revenues	<u>2,002,766</u>	<u>1,519,503</u>
Development Expenses		
Payroll and benefits	939,137	788,882
Management and general	133,112	144,287
Professional fees	21,537	26,336
Rent	83,706	72,352
Rental property expenses	504,736	204,942
Depreciation and amortization	24,487	23,212
Interest	100,252	156,578
Bad debts	<u>67,006</u>	<u>-0-</u>
Total expenses	<u>1,873,973</u>	<u>1,416,589</u>
Change in net assets	<u>128,793</u>	<u>102,914</u>
Net assets at beginning of year	<u>2,689,746</u>	<u>2,586,832</u>
Net assets at end of year	<u>\$ 2,818,539</u>	<u>\$ 2,689,746</u>

See accompanying notes.



HOUSING VERMONT AND SUBSIDIARIES		
CONSOLIDATED STATEMENTS OF CASH FLOWS		
December 31, 2001 and 2000		
CASH FLOWS FROM OPERATING ACTIVITIES	2001	2000
Increase in net assets	\$ 128,793	\$ 102,914
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	45,682	43,498
Deferred income taxes	( 2,707)	98
(Increase) decrease in:		
Due from affiliated entities	( 467,183)	252,163
Prepaid expenses	( 4,932)	( 27,094)
Tenant accounts receivable	( 9)	( 3,961)
Escrowed tenant security deposits	8,792	( 377)
Other assets	( 8,656)	-0-
Increase (decrease) in:		
Accounts payable and accrued expenses	242,651	211,942
Security deposits	<u>19</u>	<u>40,438</u>
Net cash provided (used) by operating activities	( <u>57,550</u> )	<u>619,621</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in cash - restricted	30,277	( 123,775)
Purchases of property and equipment	( 5,030)	( 2,890,921)
(Increase) decrease in notes receivable from affiliated entities	( 1,542,550)	1,043,132
(Increase) decrease in investment in predevelopment project costs	676,521	( 628,946)
Increase in investment in subsidiaries	( 48,281)	( 47,674)
Increase in construction in progress	( 14,616)	( 2,062,149)
Cash paid in transfer of projects	( <u>43,735</u> )	<u>-0-</u>
Net cash used by investing activities	( <u>947,414</u> )	( <u>4,710,333</u> )
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	( 18,208)	( 1,850,635)
Proceeds from issuance of long-term debt	-0-	5,784,561
Net proceeds from issuance of lines of credit	5,608,250	125,000
Payments on lines of credit	( 4,533,250)	( 1,914)
Decrease in due to affiliate	( <u>5,020</u> )	<u>-0-</u>

	2001	2000
Net cash provided by financing activities	<u>1,051,772</u>	<u>4,057,012</u>
Net increase (decrease) in cash and cash equivalents	\$ 46,808	(\$ 33,700)
Cash and cash equivalents, beginning of year	<u>199,181</u>	<u>232,881</u>
Cash and cash equivalents, end of year	<u>\$ 245,989</u>	<u>\$ 199,181</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	\$ 132,990	\$ 156,578
Income taxes	\$ 250	\$ 250
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Transfer of projects to partnerships:		
Working capital other than cash	(\$ 646,516)	\$ -0-
Reserved cash	138,770	-0-
Property and equipment	2,852,997	-0-
Construction in progress	2,076,765	-0-
Security deposits	( 39,997)	-0-
Long term debt	( <u>4,425,754</u> )	<u>-0-</u>
Cash transferred to partnerships	<u>(\$ 43,735)</u>	<u>\$ -0-</u>

See accompanying notes.

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 U.S. generally accepted accounting principles which requires certain of the above investments to be accounted for under the equity or consolidation method.
CASH AND CASH EQUIVALENTS
The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.
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



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

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.

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 U.S. 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 \$1,093,718 and \$923,279 during the years ended December 31, 2001 and 2000, 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 partnerships. The Organization also earned asset management fees of \$200,998 and \$177,980 during the years ended December 31, 2001 and 2000, respectively. These fees consist of financial services provided to the limited partnerships. An allowance of \$52,572 and \$-0- for 2001 and 2000, respectively, has been recorded to reflect amounts management estimates to be uncollectible.

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 \$1,557,233 and \$1,090,050 at December 31, 2001 and 2000, 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, 2001 and 2000 the notes receivable, net of the allowance, totaling \$2,811,158 and \$1,002,314, 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 \$-0- and \$14,264 for 2001 and 2000, respectively, has been recorded to reflect amounts management estimates to be uncollectible.

In addition, the Organization, in exchange for interest and non-interest bearing notes receivable, paid certain development operating costs on behalf of affiliated limited partnerships. The non-interest bearing notes receivable have a face amount of

\$197,516 at December 31, 2001 and 2000 that have been discounted to present value at an imputed interest rate of 6.0 percent over 5, 8 or 15 years. At December 31, 2001 and 2000, the present value of the notes, net of the allowance, amounted to \$100,170 and \$105,118, respectively. Interest bearing notes receivable amounted to \$375,353 and \$161,455 at December 31, 2001 and 2000. An allowance of \$28,170 and \$13,737 for 2001 and 2000, respectively, 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, 2001 and 2000 the cash reserved and related obligation totaled \$157,592 and \$162,613, 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. and Westgate Apartments. 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.

Tenant security deposit reserve: Tenant security deposit reserve represents cash that is reserved to refund tenant security deposits.

Cash - Reserved consists of the following at December 31, 2001 and 2000:

	2001	2000
Reserve for replacement	\$ 26,802	\$ 153,084
Development escrow reserve	157,593	162,613
Sinking fund escrow reserve	63,810	61,558
Tenant security deposit reserve	-0-	39,997
	<u>\$ 248,205</u>	<u>\$ 417,252</u>

NOTE 4. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2001 and 2000 is as follows:

	2000	2000
Land	\$ 136,800	\$ 1,284,869
Building and improvements	717,869	2,422,798
Furniture and equipment	<u>174,321</u>	<u>169,291</u>
	1,028,990	3,876,958
Less accumulated depreciation	<u>255,206</u>	<u>209,525</u>
Net property and equipment	<u>\$ 773,784</u>	<u>\$ 3,667,433</u>

Depreciation expense for the years ended December 31, 2001 and 2000 was \$45,682 and \$43,498, respectively.

NOTE 5. LINES OF CREDIT

Lines of credit at December 31, 2001 and 2000 consists of the following:

	2001	2000
Line of credit - Howard Bank, in the amount of \$1,500,000, interest at 4.75%, due December 2002, secured by accounts receivable and notes receivable	\$ 1,300,000	\$ 875,000
Line of credit - Vermont Housing Finance Agency (VHFA), in the amount of \$1,500,000, interest at 3.69%, due December 2002, secured by title, right, and interest in all affiliated partnerships	<u>1,150,000</u>	<u>500,000</u>
	2,450,000	1,375,000
Less current installments	<u>2,450,000</u>	<u>875,000</u>
	<u>\$ -0-</u>	<u>\$ 500,000</u>

Interest expense on the lines of credit was \$114,868 and \$125,389 for the years ended December 31, 2001 and 2000, respectively.

NOTE 6. LONG-TERM DEBT

Long-term debt at December 31, 2001 and 2000 consists of the following:

	2001	2000
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.	\$ 407,463	\$ 418,866
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.	257,839	264,644
Note payable - Vermont Housing Finance Agency (VHFA), interest at 0.0%, due December 2025, secured by real estate	-0-	887,887
Note payable - Vermont Housing Finance Agency (VHFA), interest at 7.5%, due December 2030, secured by real estate	-0-	850,000
Note payable - Vermont Housing Finance Agency (VHFA), in the amount of \$703,758, interest at 7.0%, due December 2012, secured by real estate	-0-	458,028
Note payable - City of Burlington, in the amount of \$150,000, interest at 7.0%, due September 2030, secured by real estate	-0-	75,000
Note payable - Cathedral Square Corporation, in the amount of \$18,965, interest at 7.0%, due September 2030, secured by real estate	-0-	5,284
Note payable - Vermont Housing and Conservation Board, interest at 4.25%, due September 2030, secured by real estate	-0-	78,762
Note payable - Vermont Housing and Conservation Board, in the amount of \$651,238, interest at 4.25%, due September 2030, secured by real estate	-0-	511,701



NOTE 6. LONG-TERM DEBT (CONTINUED)	2001	2000
Note payable - Vermont Housing Finance Agency (VHFA), in the amount of \$1,250,000, interest at 5.5%, due December 2001, secured by real estate	\$ -0-	\$ 772,268
Note payable - Cathedral Square Corporation, in the amount of \$348,035, interest at 7.0%, due September 2030, secured by real estate	-0-	107,948
Note payable - Cathedral Square Corporation, interest at 0.0%, due September 2030, secured by real estate	-0-	136,500
Note payable - Vermont Housing Finance Agency (VHFA), in the amount of \$510,320, interest at 0.0%, due September 2030, secured by real estate	-0-	343,280
Note payable - Sisters of Mercy of the Dioceses of Burlington, Vermont, Inc. interest at 8.0%, due on demand one year after satisfaction of occupancy requirements, secured by real estate	-0-	149,096
Note payable - Cathedral Square Corporation, interest at 2.75%, due September 2011, secured by real estate	<u>-0-</u>	<u>50,000</u>
	665,302	5,109,264
Less current installments	<u>19,701</u>	<u>854,230</u>
	<u>\$ 645,601</u>	<u>\$ 4,255,034</u>

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

Year ending December 31,	
2002	\$ 19,701
2003	21,316
2004	23,064
2005	24,955
2006	27,002
Thereafter	<u>549,264</u>
	<u>\$ 665,302</u>

Interest expense on the notes payable was \$53,331 and \$85,908 for the years ended December 31, 2001 and 2000, respectively.

NOTE 7. LEASES			
The Organization leases office and parking space under ten-year operating leases with an affiliated limited partnership expiring February 2009 and December 2009. Future minimum payments under the operating leases in the aggregate are as follows:			
	Building		Parking
2002	\$ 75,276	\$	8,580
2003	75,276		8,580
2004	75,276		8,580
2005	75,276		8,580
2006	75,276		8,580
Thereafter	<u>163,098</u>		<u>25,740</u>
	<u>\$ 539,478</u>	\$	<u>68,640</u>

Rent expense for the years ended December 31, 2001 and 2000 was \$84,961 and \$77,282, 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 2001 and 2000 amounted to \$42,684 and \$32,442, respectively.

NOTE 9. COMMITMENTS AND CONTINGENCIES

At December 31, 2001 the Organization and two other parties are jointly and severally liable for \$118,000 in a loan to Northern Community Investment Corporation.

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

The provision for income taxes for the years ended December 31, 2001 and 2000 consists of the following:

	2001	2000
Federal:		
Current	\$ -0-	\$ -0-
Deferred	( 2,957)	<u>98</u>
	<u>( 2,957)</u>	<u>98</u>
State:		
Current	\$ 250	\$ 250
Deferred	<u>-0-</u>	<u>-0-</u>
	<u>250</u>	<u>250</u>
Provision for (benefit from) income taxes	<u>( \$ 2,707)</u>	<u>\$ 348</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 (benefit) expense of (\$2,957) and \$98 for the years ended December 31, 2001 and 2000, respectively.

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

Expiration Date	Amount
January 1, 2012	\$ 6,638
January 1, 2013	2,249
January 1, 2015	8,111
January 1, 2016	<u>20,980</u>
	<u>\$ 37,978</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, 2001, cash balances exceeded \$100,000.

NOTE 12. FINANCIAL STATEMENT PRESENTATION

Certain amounts in the 2000 financial statements have been reclassified to conform to the 2001 presentation.