



HOUSING VERMONT

15

YEARS

Annual Report 2002

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 is celebrating an important milestone — our 15th year of raising private equity and providing affordable housing development services throughout this magnificent state. During that time, we've traveled the length and breadth of Vermont to create affordable rental housing which fulfills local needs and priorities. From Derby Line in the north to Bennington in the south, from White River in the east to Fair Haven in the west, from Vermont's largest city to some of our smallest villages, Housing Vermont has restored historic buildings in town centers, given tired school houses a fresh purpose and constructed new apartments to better meet the demands of expanding communities.

3000+

Apartment Units Created

Housing Vermont has not made this journey alone. Working with local non-profit agencies and community banks has been a central principle from the outset. Our combined success is clear

evidence of the wisdom of drawing upon an abundance of Vermonters knowledgeable and caring about their communities.

Together we have created more than 3,000 safe,

attractive and affordable apartments. These are homes that kids return to after school and living rooms where birthdays and anniversaries are joyously celebrated. While Housing Vermont and its non-profit, investor and public sector partners should be proud of what we have collectively accomplished in the past 15 years, we also know that there is much left to do. The journey is not over. With apologies to Vermont's favorite poet, there are *miles to go before we rest*.

Housing Vermont Board of Directors

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

Thomas Thompson, *Vice Chair*
Re/Max North, Colchester

Kenneth Perine, *Assistant Treasurer*
National Bank of Middlebury, Middlebury

Barbara Grimes, *Secretary*
Burlington Electric Department, Burlington

STANDING LEFT TO RIGHT

Winston "Chip" Hart, Barbara
Grimes, Tom Thompson

SEATED LEFT TO RIGHT

Rita Markley, Cynthia Borck,
Ken Perine



Paul Costello
Vermont Council on Rural Development, Montpelier
Cynthia Borck
Union Bank, Morrisville

Gloria Dawson,
Southeastern Vermont Community Action Agency, Weston

Chip Hart
Allen Agency, Burlington

Mary Houghton
Burlington Community Land Trust, Burlington

Rita Markley
Committee on Temporary Shelter, Burlington

William Morlock
Springfield Housing Authority, Springfield

Housing Vermont Staff

Andrew Broderick, *President*

Karen Allen, *Development Coordinator*

Dot Bechard, *Office Manager*

Kathleen Cannon, *Vice President, Finance*

Sue Cobb, *Senior Project Manager*

Amy Dohner, *Project Manager*



David Graves, *Accountant*

Erik Hoekstra, *Assistant Project Manager*

Martha Ibey, *Controller*

Martha Keenan, *Asset Manager*

Chris Lee, *Senior Asset Manager*

Chris Lyon, *Project Manager*

Lynn Mansfield, *Senior Project Manager*

Nancy Owens,
Vice President for Development

Kenn Sassorossi,
Vice President for Program Development

Eric Schmitt, *Asset Manager*

Rich Wickman, *Project Manager*

BACK ROW LEFT TO RIGHT

Lynn Mansfield, Rich Wickman,
Dot Bechard, Amy Dohner, Chris
Lyon, Kenn Sassorossi, Sue Cobb,
Chris Lee, Dave Graves

FRONT ROW LEFT TO RIGHT

Eric Schmitt, Karen Allen,
Martha Ibey, Erik Hoekstra,
Martha Keenan, Kathy Cannon,
Andy Broderick, Nancy Owens

Is Vermont a small state? You might not think so if you speak with our project managers who travel all over this state to oversee the development of affordable housing. Housing Vermont's asset managers are no strangers to our highways and byways as they annually visit the almost 100 properties in our portfolio. And most of the senior staff have memorized the stretch of I-89 between Burlington and Montpelier. While the roads we've traveled are many and miles we've logged countless, Housing Vermont has kept a firm eye on the destination—working with our nonprofit, investor and public sector partners to create community-based, affordable apartments for a range of Vermont families.

Just as mile markers provide a convenient way to measure progress on a trip, the number of apartments we have created in the last 15 years provide a meaningful gauge of our success. Since 1988, we have developed more than 3,000 units dotted across Vermont. These homes

are as diverse as the towns they are a part of: eight apartments in Morrisville over the post office in the center of town, a neighborhood of 430 homes redeveloped in Burlington's New North End, artists lofts and gallery space in North Bennington, and small new neighborhoods on the south end of St. Johnsbury. But the 94 properties developed over the last 15 years, whether eight apartments in Wells River or 160 units in South Burlington, have two things in common. These homes are safe, decent, and affordable, and the development was selected and undertaken by local citizens. Richford Renaissance Corporation is a small group of committed Richford residents who had seen enough disinvestment in their village.

Applegate Housing, Inc. started as a handful of largely abandoned Applegate tenants and broadened into a diverse group of Bennington residents committed to the redevelopment of the Applegate neighborhood. RAMP, a Bellows Falls group, understood the arts as an untapped community development resource and recognized value in a building everyone else avoided. A community group in Swanton saw opportunity in an abandoned school building; now that rejuvenated structure is home to 16 seniors, a nonprofit health center and an after-school program. Each community group, as each project, is unique. Each asked for different skills and needed a distinctive set of tools from Housing Vermont to help them be successful. But all shared the ability to

identify community priorities and bring the local support necessary to be successful.

Capital is the fuel which powers this engine. Housing Vermont has raised over \$87 million over the last 15 years. From \$100,000 from one community bank to tens of millions from statewide financial institutions, Housing Vermont and our partners have received unparalleled support from Vermont's banks and investment community. And complementing this substantial private investment in remaking our downtowns and neighborhoods are state and federal agencies who have provided funds and institutional support.

As Housing Vermont sets out its road map for the future, the course set will be directed by the successes of our last 15 years, successes built on the unfailing support of Vermont banks, the strength and diversity of our partners, and Vermont's commitment to developing housing that meets a local need. These principles (and a healthy mileage allowance) should serve us well through the next 15 years.



Andrew Broderick



Stephen Pitkin

87
Million Dollars Raised



Butler House

ST. ALBANS

Location:

11-13 Lake Street

Number of Units:

6 residential
1 commercial

General Partners:

Lake Champlain Housing Ventures, Inc.
H.V. 2002, Inc.

Limited Partner:

Chittenden Trust Company

Financing:

Vermont Housing & Conservation Board
City of St. Albans through the Vermont Community Development Program
U.S. Department of Housing and Urban Development - HOME Program
Preservation Trust of Vermont
Efficiency Vermont
Champlain Valley Weatherization Service

Architect:

Arnold & Scangas Architects

General Contractor:

DEW Construction

Management Agent:

Lake Champlain Housing Ventures



Echo North

BURLINGTON

Locations:

Quattro Building – 21 N. Champlain Street
Mermaid Building – 84 North Avenue

Number of Units:

12 residential
1 commercial

General Partners:

BCLT Rental Development, Inc.
H.V. 2002, Inc.

Limited Partners:

CDC-Asbany Corp
Northfield Savings Bank

Financing:

Vermont Housing & Conservation Board
City of Burlington through the Housing Trust Fund
and HOME Program
U.S. Department of Housing & Urban Development –
HOME and HOPWA Programs
Neighborhood Reinvestment Corporation
Burlington Electric Department
Vermont Gas Systems

Architect:

Duncan – Wisniewski Architecture

General Contractor:

Neagley & Chase Construction Company

Management Agent:

Burlington Community Land Trust



Howard Block

BELLOWS FALLS

Location:

61 The Square

Number of Units:

13 residential
4-6 commercial spaces

General Partners:

Rockingham Area Community Land Trust, Inc.
H.V. 2002, Inc.

Limited Partners:

Merchants Bank
Apollo Housing Capital, L.L.C.

Financing:

Vermont Housing & Conservation Board
Town of Rockingham through the Vermont
Community Development Program
Town of Rockingham Revolving Loan Fund
Vermont Downtown Program
U.S. Department of Housing & Urban
Development – HOME Program
Neighborhood Reinvestment Corporation
Efficiency Vermont

Architect:

Williams & Frehsee, Inc.

General Contractor:

Naylor & Breen Builders, Inc.

Management Agent:

Rockingham Area Community Land Trust



Moose River

ST. JOHNSBURY

Location:

Spaulding Road

Number of Units: 28

General Partners:

Gilman Housing Trust, Inc.

H.V. 2001, Inc.

Limited Partners:

Community National Bank

Passumpsic Savings Bank

Financing:

Rural Housing Service –

U.S. Department of Agriculture

Vermont Housing Finance Agency

Passumpsic Savings Bank

Federal Home Loan Bank through its Affordable

Housing Program

Vermont Housing & Conservation Board

Neighborhood Reinvestment Corporation

Efficiency Vermont

Architect:

William Maclay Architects & Planners

General Contractor:

Laferriere Construction, Inc.

Management Agent:

Northern Community Management Corporation



Overlook

WHITE RIVER JUNCTION

Location:

The Morale House – 374 South Main Street
Overlook Apartments – 36 Overlook Drive

Number of Units: 13

General Partners:

South Main Street Housing Trust –
a subsidiary of Twin Pines Housing Trust
H.V. 2002, Inc.

Limited Partner:

Mascoma Savings Bank

Financing:

Vermont Housing & Conservation Board
U.S. Department of Housing & Urban Development –
HOME Program
Mascoma Savings Bank
Federal Home Loan Bank through its Affordable
Housing Program
Efficiency Vermont

Architect:

Vermont Architects Collaborative

General Contractor:

Neagley & Chase Construction Company

Management Agent:

Northern Community Management Corporation



Richford Community Housing

RICHFORD

Location:

10-12 Powell Street;
31-33 Intervale Avenue;
140 Intervale Avenue;
24 River Street

Number of Units:

15 residential;
2 commercial

General Partners:

Richford Renaissance Corporation
H.V. 2001, Inc.

Limited Partners:

Banknorth, N.A.
Community National Bank

Financing:

Rural Housing Service –
U.S. Department of Agriculture
Vermont Housing & Conservation Board
U.S. Department of Housing & Urban
Development – HOME and EDI Programs
Efficiency Vermont
Champlain Valley Weatherization Service

Architect:

John Q. Doane, Architect

General Contractor:

Stewart Construction, Inc.

Management Agent:

Lake Champlain Housing Ventures

Housing Vermont Developments 1988-2002

ANNUAL PRODUCTION AND SOURCES OF FUNDS

						Partners' Equity		Loans and Grants						
Project (by year acquired)	Number of Units	Total Cost	Cost Per Apt. Unit	LIHTC Per Year	Historic Tax Credit	Limited	General	VHFA	VHCB	HUD	CDBG	Bank	RD	Other
1988														
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
1989														
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
1990														
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
1991														
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
1992														
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
1993														
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

Housing Vermont Developments 1988-2002

ANNUAL PRODUCTION AND SOURCES OF FUNDS

						Partners' Equity		Loans and Grants						
Project (by year acquired)	Number of Units	Total Cost	Cost Per Apt. Unit	LIHTC Per Year	Historic Tax Credit	Limited	General	VHFA	VHCB	HUD	CDBG	Bank	RD	Other
1994														
27 Thelma Maple Coop - Burlington	20	1,879,560	93,978	165,763	—	1,085,000	10,960	—	266,000	320,000				197,600
28 Erastus Thayer House - Brandon	9	697,680	77,520	31,810	82,862	314,542	3,177	—	191,906	174,055	—	—	—	14,000
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
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
31 Olde Windsor Village - Windsor	77	4,216,072	54,754	165,945	—	989,004	9,990	2,802,822	—	—	—	—	—	414,256
32 School Street - Hartford	8	710,068	88,759	32,184	—	232,549	2,349	—	148,000	326,074	—	—	—	1,096
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
34 Congress & Park - Morrisville	12	873,472	72,789	37,548	—	281,261	2,841	—	247,365	342,005	—	—	—	—
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
1995														
35 Fairfield & Lincoln - St. Albans	7	663,312	94,759	32,078	0	203,925	50	—	140,000	317,927	—	—	—	1,410
36 Adams House - Fair Haven	13	1,250,443	96,188	79,609	191,400	664,865	6,716	—	248,600	—	280,000	—	—	50,262
1995 totals	20	1,913,755	95,688	111,687	191,400	868,790	6,766	—	388,600	317,927	280,000	0	0	51,672
1996														
37 Addison - Middlebury, Vergennes	19	1,377,134	72,481	79,465	204,395	727,713	7,351	—	232,100	239,500	158,600	—	—	11,870
38 BRHIP - Burlington	33	2,129,235	64,522	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	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	57,956	185,889	503,935	50	—	289,014	359,040	—	—	—	68,415
1996 totals	78	6,361,189	81,554	304,471	390,284	2,714,779	22,382	541,531	1,220,778	1,144,585	158,600	90,000	0	476,910
1997														
41 Applegate Apartments - Bennington	104	6,285,001	60,433	230,000	0	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	74,116	0	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	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	42,000	0	341,488	3,449	—	373,477	—	—	—	—	342,026
45 South Square (101 College) - Burlington	65	2,594,450 (1)	39,915	83,208	0	589,050	5,950	1,850,000	—	—	—	—	—	149,449
46 1306/E. Spring Street - Colchester, Winooski	42	2,998,459	71,392	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	79,661	225,260	871,200	8,800	—	404,442	—	308,127	—	—	302,680
48 Holy Cross - Colchester	40	2,843,693	71,092	151,408	0	1,059,788	10,705	715,000	270,700	—	—	—	—	787,500
49 N. Pleasant Rehab - Middlebury	25	1,992,292 (1)	78,209	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	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	3,531,769
50 Bemis Block - Hardwick	14	<div> <div>NCIC Portfolio</div> <div> <p>In partnership with two local nonprofits, Housing Vermont acquired ownership of these eleven properties from the Northern Community Investment Corporation (NCIC).</p> <p>The properties are located in Vermont's Northeast Kingdom and in northern New Hampshire. The local partner for the Vermont properties is Gilman Housing Trust (Newport). The local partner for the New Hampshire properties is AHEAD, Inc. (Littleton, NH).</p> </div> <div> <p>The transaction also included NCIC's interests in four properties that had been developed with Housing Vermont in the early-1990s, plus two properties that have subsequently been redeveloped.</p> <p>Simultaneous with the real estate acquisitions, Housing Vermont and the two local partners acquired NCIC's property management company. Northern Community Management Company (NCMC) manages over 800 units of affordable rental housing, including these properties.</p> </div> </div>												
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													

Housing Vermont Developments 1988-2002

ANNUAL PRODUCTION AND SOURCES OF FUNDS

ANNUAL PRODUCTION AND SOURCES OF FUNDS						Partners' Equity		Loans and Grants							
Project (by year acquired)	Number of Units	Total Cost	Cost Per Apt. Unit	LIHTC Per Year	Historic Tax Credit	Limited	General	VHFA	VHCB	HUD	CDBG	Bank	RD	Other	
1998															
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
62	Pearl & Union - Burlington	21	1,128,450	53,736	57,300	127,173	746,841	7,544	—	147,700	—	—	155,000	—	193,056
63	Lakeview - Newport	16	1,392,733	87,046	35,534	168,517	471,000	24,790	—	82,969	—	—	—	760,000	96,650
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
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
66	Highland Hill - Hardwick	14	1,389,252	99,232	47,500	223,962	622,215	6,286	—	197,477	—	—	—	—	562,883
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
1999															
67	Exner Block - Bellows Falls	10	2,134,242 (1,3)	173,363	63,512	299,361	820,833	11,056	—	215,000	390,000	—	—	—	614,242
68	Millview Apartments - Burlington	12	1,332,969 (3)	111,081	85,779	—	881,000	8,900	—	240,000	—	—	115,000	—	217,600
69	Bus Barns - Burlington	25	5,940,584 (1,3)	136,607	246,456	612,602	2,889,992	29,192	—	597,000	—	50,000	550,000	—	1,824,400
70	Vergennes / Middlebury	14	1,605,193 (3)	114,657	85,471	244,522	1,250,461	12,630	—	433,880	—	—	58,000	—	54,000
71	Meauley Square - Burlington	74	9,304,535 (3)	125,737	354,366	—	3,467,970	35,030	3,931,500	730,000	367,000	—	—	—	773,035
72	Crystal Lake Apartments - Barton	15	1,723,136 (3)	114,876	59,553	249,209	815,505	8,238	—	178,768	—	—	—	708,626	105,000
73	Allen & Canal - Winooski	17	969,130 (3)	57,008	28,609	—	231,660	2,340	714,000	—	—	—	—	—	63,000
74	Portland Street - Morrisville	8	1,058,972 (3)	132,372	37,500	172,417	470,250	4,750	—	119,445	—	—	370,000	—	94,651
75	Swanton School - Swanton	16	2,368,927 (1,3)	115,057	51,988	—	1,079,363	10,902	—	326,000	—	—	570,000	—	534,027
76	Saxtons River Scattered Sites	17	1,899,746 (3)	111,750	68,677	215,264	883,279	8,922	816,000	240,000	—	—	—	—	79,000
77	Briars Apartments - Wilder	24	1,568,624 (3)	65,359	23,306	—	402,020	4,060	681,000	242,000	—	—	—	—	342,904
1999 totals		232	29,906,058	117,031	1,105,217	1,793,375	13,192,333	136,020	6,142,500	3,322,093	757,000	50,000	1,663,000	708,626	4,701,859
2000															
78	Franklin Carriage House - Franklin	18	2,919,824 (3)	162,212	174,091	—	1,567,012	15,828	—	649,403	—	498,000	190,000	—	—
79	Anderson Parkway - South Burlington	18	1,426,626 (3)	79,257	36,857	—	388,872	3,928	—	280,000	—	396,000	—	—	357,826
2000 totals		36	4,346,450	120,746	210,948	0	1,955,884	19,756	0	929,403	0	894,000	190,000	0	357,826
2001															
80	Lime Kiln Apartments - South Burlington	48	6,141,511	127,948	238,474	—	2,421,540	24,460	1,497,063	1,713,070	—	735,398	—	—	81,980
81	Ruggles House - Burlington	15	1,841,000	122,733	58,000	348,288	857,340	8,660	—	201,500	208,500	30,000	275,000	—	260,000
82	Westgate Apartments - Brattleboro	98	11,682,581	119,210	593,831	—	6,089,678	56,482	2,112,887	2,280,794	737,000	604,500	—	—	451,199
83	Maple Tree Place - Williston	50	6,341,897	126,838	135,367	—	1,504,800	15,200	1,658,938	1,624,000	491,500	750,000	—	—	442,459
84	O'Dell Apartments - South Burlington	160	17,186,980	107,419	752,098	—	6,215,442	62,782	5,572,000	3,500,000	715,250	750,000	—	—	371,506
85	Smith & Seminary - Middlebury	17	2,778,540	163,444	75,664	391,788	1,531,332	15,468	235,798	660,029	—	349,000	—	—	209,213
86	Jeffersonville Community Housing	32	3,491,448	109,108	206,897	—	2,177,951	22,000	167,000	734,397	—	524,000	—	—	16,300
87	Green Mtn. Seminary - Waterbury Center	16	2,913,257 (1)	174,389	81,965	539,189	1,636,096	16,526	—	637,823	196,500	346,700	—	—	252,112
88	Baldwin Block - Wells River	7	1,991,806 (1)	168,161	35,408	362,830	979,308	9,892	—	443,586	195,000	—	463,000	—	24,025
2001 totals		443	54,369,020 (3)	120,612	2,177,704	1,642,095	23,413,487	231,470	11,243,686	11,795,199	2,543,750	4,089,598	738,000	0	2,108,794

Housing Vermont Developments 1988-2002

ANNUAL PRODUCTION AND SOURCES OF FUNDS

						Partners' Equity		Loans and Grants						
Project (by year acquired)	Number of Units	Total Cost	Cost Per Apt. Unit	LIHTC Per Year	Historic Tax Credit	Limited	General	VHFA	VHCB	HUD	CDBG	Bank	RD	Other
2002														
89 Moose River Apartments - St Johnsbury	28	3,902,246	139,366	159,224	—	1,590,811	16,170	—	592,999	—	—	757,540	1,000,000	67,600
90 Overlook Apartments - White River Junction	13	1,679,718	129,209	81,198	—	840,806	8,494	—	520,000	250,032	170,000	—	7,950	—
91 Richford Community Housing - Richford	15	2,851,401 (1)	184,213	91,853	482,149	1,349,370	13,630	—	365,706	325,000	—	670,000	95,678	—
92 Butler House- St. Albans	6	1,269,218 (1)	191,422	36,223	197,196	641,520	6,480	—	167,475	105,000	360,000	—	—	53,625
93 Echo North & North - Burlington	12	2,287,538 (1)	167,650	127,000	—	1,144,440	11,560	—	300,000	210,000	—	470,000	—	176,476
94 Howard Block - Bellows Falls	13	2,977,815 (1)	175,658	129,954	566,003	1,609,029	15,252	—	358,000	150,000	475,000	—	—	278,714
2002 totals	87	14,967,936 (3)	158,495	625,452	1,245,348	7,175,976	71,586	0	2,304,180	1,040,032	835,000	1,397,540	1,670,000	680,043

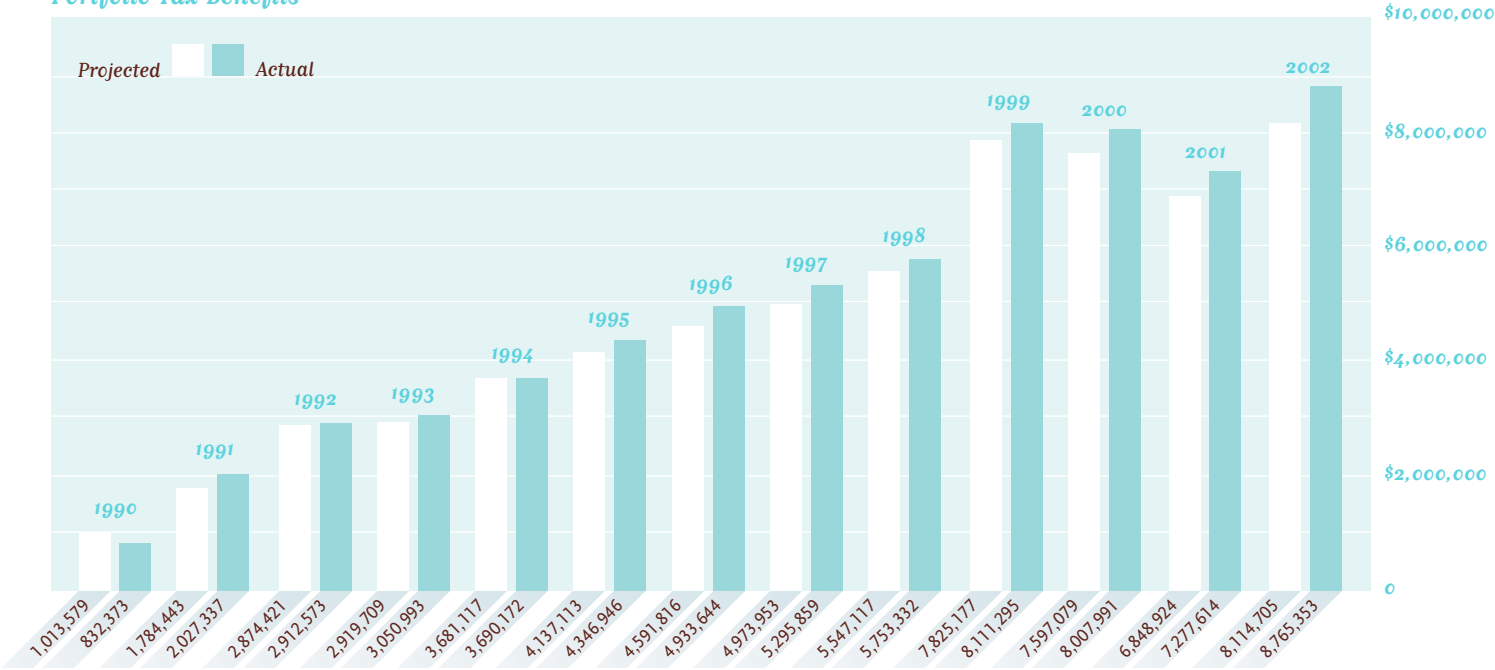
All properties

Tax Credit Properties (Excl. NCIC Acquisition, Linden Terrace)

Total Properties = 94	Number of Units	Total Cost	Cost Per Apt. Unit	LIHTC Per Year	Historic Tax Credit	Limiteds	General	VHFA	VHCB	HUD	CDBG	Bank	RD	Other
Grand totals	3,160	242,689,782	82,265	9,205,024	8,877,532	87,591,058	987,585	50,210,006	35,453,104	26,437,628	12,275,395	7,110,415	7,511,826	18,599,073
Average per year:	211	16,179,319	82,265	613,668	591,835	5,839,404	65,839	3,347,334	2,363,540	1,762,509	818,360	474,028	500,788	1,239,938

Unaudited - For Information Purposes Only
(1) Includes commercial space (2) Linden equity from HVT only (3) Development costs do not include equity bridge interest

Portfolio Tax Benefits



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
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

Joseph M. Cloutier

CSC Partners, Inc.
a subsidiary of Cathedral Square Corporation

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.

Richford Renaissance Corporation

Rockingham Area Community Land Trust

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

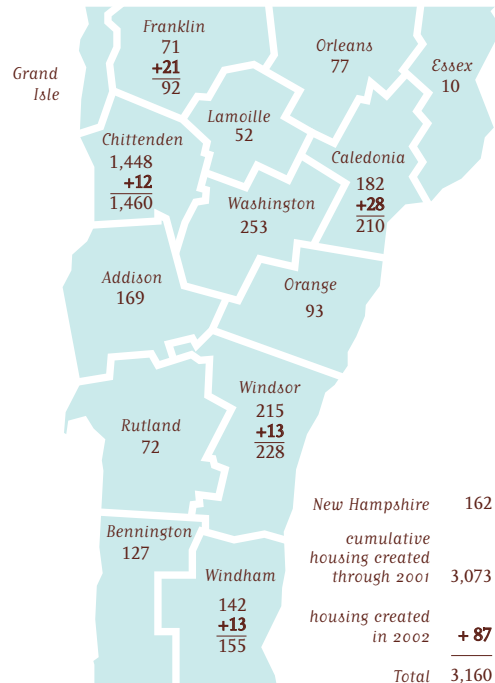
Wells River Action Program

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

Apollo Housing Capital, L.L.C.

Arrow Financial Corporation

The Bank of Bennington

Banknorth NA

Ben & Jerry's Homemade, Inc.

Brattleboro Savings & Loan Association

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 CDC

Lyndonville Savings Bank & Trust

Mascoma Savings Bank

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

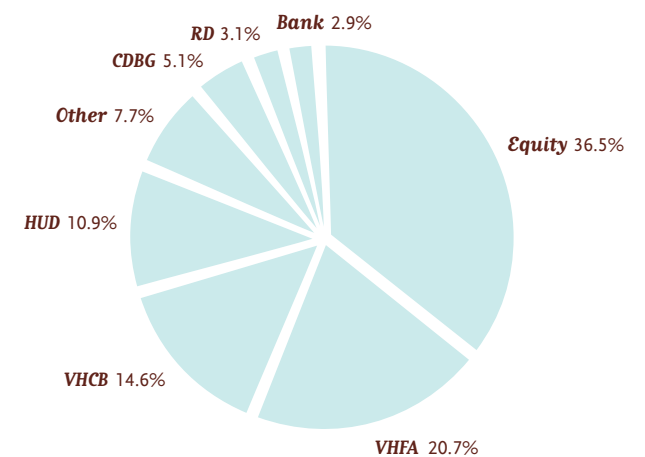
Otis, Atwell & Timberlake

McCormack, Guyette & Associates

Counsel to Housing Vermont:

Robert A. Gensburg, Esq.

Sources of Funds



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, 2002 and 2001 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 \$755,629 and \$786,009 as of December 31, 2002 and 2001, respectively, and total revenues of \$197,398 and \$193,047, 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 I 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, 2002 and 2001, 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. Peisch & Company LLP

April 30, 2003
Colchester, Vermont
VT Reg. No 92-0000102

HOUSING VERMONT AND SUBSIDIARIES
Consolidated Statements of Financial Position
December 31, 2002 and 2001

ASSETS	2002	2001
Cash and cash equivalents	\$ 148,559	\$ 245,989
Due from affiliated entities	1,496,606	1,557,233
Prepaid expenses	32,818	30,665
Notes receivable from affiliated entities, net	3,628,227	2,811,158
Tenant accounts receivable	<u>3,156</u>	<u>9</u>
Total current assets	5,309,366	4,645,054
Cash - Reserved	93,163	248,205
Property and equipment, net	776,871	773,784
Notes receivable from affiliated entities, net	517,127	475,523
Investment in predevelopment project costs	274,801	17,873
Investment in subsidiaries, at cost	387,112	321,372
Other assets	<u>14,095</u>	<u>14,263</u>
	<u>\$ 7,372,535</u>	<u>\$ 6,496,074</u>

See accompanying notes.

HOUSING VERMONT AND SUBSIDIARIES
Consolidated Statements of Financial Position
December 31, 2002 and 2001

<i>LIABILITIES AND NET ASSETS</i>	<i>2002</i>	<i>2001</i>
<i>LIABILITIES</i>		
Current liabilities		
Accounts payable and accrued expenses	\$ 70,636	\$ 390,853
Line of credit	3,454,661	2,450,000
Current installments of long-term debt	<u>21,316</u>	<u>19,701</u>
Total current liabilities	3,546,613	2,860,554
Security deposits	8,427	8,271
Due to affiliates	-0-	157,593
Deferred income taxes	7,548	5,514
Long-term debt, excluding current installments	<u>664,285</u>	<u>645,601</u>
Total liabilities	<u>4,226,873</u>	<u>3,677,533</u>
Commitments and Contingencies		
<i>NET ASSETS</i>		
Unrestricted	<u>3,145,662</u>	<u>2,818,541</u>
	<u>\$ 7,372,535</u>	<u>\$ 6,496,074</u>

HOUSING VERMONT AND SUBSIDIARIES
Consolidated Statements of Activities
December 31, 2002 and 2001

	<i>2002</i>	<i>2001</i>
Revenue		
Development fees	\$ 1,305,636	\$ 1,093,718
Asset management fees	264,152	200,998
Rental income	195,043	455,668
Membership fees	15,515	15,500
Interest income	180,056	223,375
Other income	<u>20,173</u>	<u>13,507</u>
Total revenues	<u>1,980,575</u>	<u>2,002,766</u>
Development Expenses		
Payroll and benefits	1,026,365	939,137
Management and general	150,355	133,112
Professional fees	36,000	21,535
Office rent and cleaning	82,101	83,706
Rental property expense	196,065	504,736
Depreciation and amortization	25,868	24,487
Interest	105,134	100,252
Bad debts	<u>31,566</u>	<u>67,006</u>
Total expenses	<u>1,653,454</u>	<u>1,873,971</u>
Change in net assets	327,121	128,795
Net assets at beginning of year	<u>2,818,541</u>	<u>2,689,746</u>
Net assets at end of year	<u>\$ 3,145,662</u>	<u>\$ 2,818,541</u>

See accompanying notes.

HOUSING VERMONT AND SUBSIDIARIES

Consolidated Statements of Cash Flows

December 31, 2002 and 2001

CASH FLOWS FROM OPERATING ACTIVITIES	2002	2001
Increase in net assets	\$ 327,121	\$ 128,795
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	47,060	45,682
Deferred income taxes	2,034	(2,707)
(Increase) decrease in:		
Due from affiliated entities	60,627	(467,183)
Prepaid expenses	(2,153)	(4,932)
Tenant accounts receivable	(3,147)	(9)
Escrowed tenant security deposits	-0-	8,792
Other assets	168	(8,656)
Increase (decrease) in:		
Accounts payable and accrued expenses	(320,217)	242,651
Security deposits	<u>156</u>	<u>17</u>
Net cash provided by (used in) operating activities	<u>111,649</u>	<u>(57,550)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in cash - restricted	155,042	30,277
Purchases of property and equipment	(50,147)	(5,030)
Increase in notes receivable from affiliated entities	(858,673)	(1,542,550)
Decrease (increase) in investment in predevelopment project costs	(256,928)	676,521
Increase in investment in subsidiaries	(65,740)	(48,281)
Increase in construction in progress	-0-	(14,616)
Cash paid in transfer of projects	<u>-0-</u>	<u>(43,735)</u>
Net cash used in investing activities	<u>(1,076,446)</u>	<u>(947,414)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(19,701)	(18,208)
Proceeds from issuance of long-term debt	40,000	-0-
Proceeds from draws on lines of credit	5,499,661	5,608,250
Payments on lines of credit	(4,495,000)	(4,533,250)
Decrease in due to affiliate	<u>(157,593)</u>	<u>(5,020)</u>
Net cash provided by financing activities	<u>867,367</u>	<u>1,051,772</u>

	2002	2001
Net increase (decrease) in cash and cash equivalents	(\$ 97,430)	\$ 46,808
Cash and cash equivalents, beginning of year	<u>245,989</u>	<u>199,181</u>
Cash and cash equivalents, end of year	<u>\$ 148,559</u>	<u>\$ 245,989</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	\$ 160,321	\$ 186,426
Income taxes	\$ 250	\$ 250
SCHEDULE OF NONCASH INVESTING AND FINANCE ACTIVITIES		
Transfer of projects to partnerships:		
Working capital other than cash	\$ -0-	(\$ 646,516)
Reserved cash	-0-	138,770
Property and equipment	-0-	2,852,997
Construction in progress	-0-	2,076,765
Security deposits	-0-	(39,997)
Long-term debt	<u>-0-</u>	<u>(4,425,754)</u>
Cash transferred to partnership	<u>\$ -0-</u>	<u>(\$ 43,735)</u>

See accompanying notes.

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 consist of fees paid by the Organization for the benefit of projects for which the corresponding partnership entities have 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

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

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 \$1,305,636 and \$1,093,718 during the years ended December 31, 2002 and 2001, 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 \$264,152 and \$200,998 during the years ended December 31, 2002 and 2001, 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 \$1,496,606 and \$1,557,233 at December 31, 2002 and 2001, respectively. No interest is charged on these amounts. No allowance has been recorded as management estimates all amounts will be collected based on past historical experience, management's estimate of ability to pay, and other factors. Accounts not paid by the due date are considered past due.

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, 2002 and 2001 the notes receivable, net of the allowance, totaling \$3,628,227 and \$2,811,158, respectively, are unsecured and bear interest at rates ranging from 4.5 percent to 8.5 percent. Interest is accrued monthly. The notes receivable are due on demand. An allowance of \$4,693 and \$-0- for 2002 and 2001, respectively, has been recorded to reflect amounts management estimates to be uncollectible. The allowance is based on historical experience, management's estimate of ability to pay, and other related circumstances. Amounts are charged off as uncollectible in the period that management determines the chance of collection to be remote. Accounts not paid by the due date are considered past due.

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 \$220,516 and \$197,516 at December 31, 2002 and 2001, respectively, that have been discounted to present value at an imputed interest rate of 6.0 percent over 5, 8 or 15 years. Interest is accrued annually. At December 31, 2002 and 2001, the present value of the notes amounted to \$121,877 and \$100,170, respectively. Interest bearing notes receivable amounted to \$395,250 and \$375,353 at December 31, 2002 and 2001. An allowance of \$55,047 and \$28,170 for 2002 and 2001, respectively, has been recorded to reflect amounts management estimates to be uncollectible. The allowance is based on historical experience, management's estimate of ability to pay, and other related circumstances. Amounts are charged off as uncollectible in the period that management determines the chance of collection to be remote. Accounts not paid by the due date are considered past due. 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 was holding in escrow funds received from Northgate Housing Limited Partnership, of which the Organization and one other organization are general partners, to provide for payment of future development fees to the general partners providing there was no recapture of the low income housing tax credits. At December 31, 2001 the cash reserved and related obligation totaled \$157,592. During 2002, the limited partners notified the partnership of their intention to exit the partnership and the funds, amounting to \$164,576, were transferred to the Organization.

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.

Cash - Reserved consists of the following at December 31, 2002 and 2001:

	2002	2001
Reserve for replacement	\$ 28,001	\$ 26,802
Development escrow reserve	-0-	157,593
Sinking fund escrow reserve	65,161	63,810
	<u>\$ 93,162</u>	<u>\$ 248,205</u>

NOTE 4. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2002 and 2001 is as follows:

	2002	2001
Land	\$ 136,800	\$ 136,800
Building and improvements	734,001	717,869
Furniture and equipment	<u>179,872</u>	<u>174,321</u>
	1,050,673	1,028,990
Less accumulated depreciation	<u>273,802</u>	<u>255,206</u>
Net property and equipment	<u>\$ 776,871</u>	<u>\$ 773,784</u>

Depreciation expense for the years ended December 31, 2002 and 2001 was \$47,060 and \$45,682, respectively.

NOTE 5. LINES OF CREDIT

Lines of credit at December 31, 2002 and 2001 consists of the following:

	2002	2001
Line of credit - Banknorth, in the amount of \$2,000,000, interest at 4.25%, due December 2003, secured by accounts receivable and notes receivable	\$ 1,999,661	\$ 1,300,000
Line of credit - Vermont Housing Finance Agency (VHFA), in the amount of \$1,500,000, interest at 3.61%, due December 2002, secured by title, right, and interest in all affiliated partnerships	<u>1,455,000</u>	<u>1,150,000</u>
	3,454,661	2,450,000
Less current installments	<u>3,454,661</u>	<u>2,450,000</u>
	<u>\$ -0-</u>	<u>\$ -0-</u>

Interest expense on the lines of credit was \$105,134 and \$114,868 for the years ended December 31, 2002 and 2001, respectively.

The VHFA line of credit was renewed January 1, 2003 with the same terms, due November 2004.

NOTE 6. LONG-TERM DEBT

Long-term debt at December 31, 2002 and 2001 consists of the following:

	2002	2001
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.	\$ 395,150	\$ 407,463
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.	250,451	257,839
Note payable - Burlington Housing Authority, interest at 4.92%, due February 2033, secured by real estate	<u>40,000</u>	<u>-0-</u>
	685,601	665,302
Less current installments	<u>21,316</u>	<u>19,701</u>
	<u>\$ 664,285</u>	<u>\$ 645,601</u>

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

Year ending December 31,	
2003	\$ 21,316
2004	23,064
2005	24,955
2006	27,002
2007	29,217
Thereafter	<u>560,047</u>
	<u>\$ 685,601</u>

Interest expense on the notes payable was \$51,830 and \$53,331 for the years ended December 31, 2002 and 2001, respectively.

In February 2003 the note payable to Burlington Housing Authority in the amount of \$40,000 was assigned to an affiliated partnership.

NOTE 7. LEASES

The Organization leases office and parking space under non-cancelable operating leases with an affiliated limited partnership expiring February 2009 and December 2009, respectively. Future minimum payments under the operating leases in the aggregate are as follows:

	Building	Parking
2003	\$ 77,436	\$ 8,580
2004	77,436	8,580
2005	77,436	8,580
2006	77,436	8,580
2007	77,436	8,580
Thereafter	<u>90,342</u>	<u>17,160</u>
	<u>\$ 477,522</u>	<u>\$ 60,060</u>

Rent expense on the building for the years ended December 31, 2002 and 2001 was \$75,746 and \$76,381, respectively. Parking rent expense of \$8,580 for the years ended December 31, 2002 and 2001 is included in payroll and benefits expense.

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 2002 and 2001 amounted to \$45,763 and \$42,684, respectively.

NOTE 9. INCOME TAXES RELATING TO H.V. LINDEN TERRACE, INC.

The provision for income taxes for the years ended December 31, 2002 and 2001 consists of the following:

	2002	2001
Federal:		
Current	\$ -0-	\$ -0-
Deferred	<u>2,034</u>	<u>(2,957)</u>
	<u>2,034</u>	<u>(2,957)</u>
State:		
Current	250	250
Deferred	<u>-0-</u>	<u>-0-</u>
	250	250
Provision for (benefit from) income taxes	<u>\$ 2,284</u>	<u>(\$ 2,707)</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 tax (benefit) expense of \$2,034 and (\$2,957) for the years ended December 31, 2002 and 2001, respectively.

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

Expiration Date	Amount
January 1, 2012	\$ 3,271
January 1, 2013	2,249
January 1, 2015	8,111
January 1, 2016	<u>20,980</u>
	<u>\$ 34,611</u>

NOTE 10. 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, 2002, cash balances exceeded \$100,000. Management considers this a normal business risk.

NOTE 11. LEGAL MATTER

The Organization is a defendant in a lawsuit, filed by two tenants from an apartment complex once owned by the Organization. Outside counsel for the Organization has advised that at this stage of the proceedings, they cannot offer an opinion as to the probable outcome. The Organization believes the suit is without merit and is vigorously defending its position.

NOTE 12. SUBSEQUENT EVENT

The Organization entered into a 90 day promissory note with Banknorth dated March 14, 2003 for \$500,000 with a stated interest rate of 4.25 percent.



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